



MINUTES
 SPECIAL MEETING
 BOARD OF RETIREMENT
 SAN BERNARDINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
 August 15, 2011
 9:00 AM
 Board Room
 348 West Hospitality Lane, First Floor
 San Bernardino, California

Trustees Present:

DAWN STAFFORD, Retired Member (Chairman)
 BRENDAN BRANDT, Appointed Member
 LOUIS FIORINO, General Member
 DONALD NEELY, General Member
 JANICE RUTHERFORD, Appointed Member
 LARRY WALKER, Treasurer
 NEAL WANER, Appointed Member
 DAVID WILLIAMS, Safety Member
 HARRY HATCH, Alternate Retired Member

Others Present:

NORM RUGGLES, Chief Executive Officer
 ANDREW KJELDGAARD, Counsel
 DONALD PIERCE, Interim Chief Investment Officer
 CAROL FENN, Recorder

Not Present:

BRET HENRY, Alternate Safety Member

1. Call meeting to order.

Chairman Stafford called the meeting to order at 9:05 a.m.

2. Approve minutes of Administrative Committee of March 21, 2011.

Fiorino moved, Neely seconded, to Approve minutes of Administrative Committee of March 21, 2011.

Absent: Henry
 Motion Passed.

3. Presentation by The Segal Company regarding education for the Actuarial Valuation.

Paul Angelo, The Segal Company, provided an "Actuarial 101" presentation, which included the actuarial principles, purposes and considerations of an actuarial valuation.

4. Presentation by The Segal Company of the Economic Actuarial Assumptions for the June 30, 2011 Actuarial Valuation.

Paul Angelo, The Segal Company, reviewed the Economic Actuarial Assumptions for the June 30, 2011 Actuarial Valuation. The Segal Company recommended the following:

- Reduce the Investment Return Assumption Rate from 8.00% per annum to 7.75% per annum.
- Reduce the Price Inflation Assumption Rate from 3.75% per annum to 3.50% per annum.
- Reduce the current inflationary salary increase assumption from 3.75% to 3.5% and maintain the current real "across the board" salary increase assumption at 0.50%. This means that the combined inflationary and real "across the board" salary increases will decrease from 4.25% to 4.00%.

Kjeldgaard reviewed the fiduciary considerations of maintaining the actuarial assumption rate at 8%. Pierce and Allan Martin, NEPC (via teleconference), reviewed the long-term asset forecasts.

5. Approve The Segal Company's recommendations on the Economic Actuarial Assumptions for the June 30, 2011 Actuarial Valuation.

Bob Blough, San Bernardino Public Employees' Association, addressed the Board and made a statement in favor of maintaining the current economic assumption rate of 8%.

Rutherford moved, Stafford seconded, to Approve The Segal Company's recommendations on the Economic Actuarial Assumptions for the June 30, 2011 Actuarial Valuation, revised as follows:

- Reduce the Investment Return Assumption Rate from 8.00% per annum to 7.75% per annum, with a three-year phase-in for employer and employee contributions.
- Reduce the Price Inflation Assumption Rate from 3.75% per annum to 3.50% per annum.
- Reduce the current inflationary salary increase assumption from 3.75% to 3.5% and maintain the current real "across the board" salary increase assumption at 0.50%. This means that the combined inflationary and real "across the board" salary increases will decrease from 4.25% to 4.00%.

Against: Fiorino, Neely; Absent: Henry
Motion Passed.

6. Presentation by The Segal Company regarding the Review of SBCERA'S Funding Policy.

Paul Angelo, The Segal Company, reviewed SBCERA's Funding Policy, and suggested a comprehensive Funding Policy document be prepared in early 2012.

PUBLIC COMMENT

No further Public Comment was provided.

ADJOURN

The meeting adjourned at 1:07 p.m.

Respectfully submitted,

DAWN STAFFORD, Chairman

NORMAN L. RUGGLES, Secretary

DATED _____