

June 23, 2009

Honorable Judge J. William McLafferty
Santa Barbara County Superior Court
1100 Anacapa Street, 2nd floor
Santa Barbara, CA 93121-1107

**Board of Supervisors' Response to
Fiscal Year 2008-2009 Grand Jury Report –
*Santa Barbara County Employees' Retirement System***

Dear Judge McLafferty:

During its regular meeting on June 23, 2009 the Board of Supervisors (Board) adopted the following as the Board's response to the relevant findings and recommendations in the Grand Jury's Fiscal Year 2008-2009 Report entitled: *Santa Barbara County Employees' Retirement System*.

Finding 6: The cost of benefit increases are insufficiently explained to the general public.

Response to Finding 6: The Board partially agrees with the finding. As required by law, any retirement-related benefit increases must be approved in open (public) session by the County Board of Supervisors. Changes in benefit formulas are subject to an actuarial valuation, which must also be provided to the Board in public session. These actions routinely occur in public session after being publicly noticed two weeks in advance, and the public comments on these changes during the public comment section of the Board Meeting.

Pension-related issues and actuarial valuations are technical and complex. Actuarial valuations must adhere to actuarial guidelines in their preparation. Nonetheless, the Board recognizes that communications on these complex issues can be improved.

Recommendation 6: That the Board of Supervisors adopt, as a policy, the pertinent parts of Recommendation 13 of the Public Employee Post-employment Benefits Commission report, "*Funding Pensions & Retiree Health Care for Public Employees*". Specifically, any material provided should be presented in a manner that is easily understood by the public.

Response to Recommendation 6: This recommendation has been implemented. At the June 23, 2009 Board meeting, the Board adopted a policy consistent with the relevant portions of Recommendation 13 of the Public Employee Post-employment Benefits Commission report as follows:

- Consistent with past practices, all pension or OPEB benefit changes will be publicly noticed;
- An actuarial valuation will continue to be performed on any changes which, by law, require a valuation and the County's actuary will be available to answer questions regarding the valuation and provide additional information at the public hearing; and
- Pension-related benefit changes submitted for adoption by the Board of Supervisors will be placed on the Board Agenda as a departmental item.

The Board would like to thank the Grand Jury for its Report on the Santa Barbara County Employees' Retirement System.

Sincerely,

Joseph Centeno, Chair
County of Santa Barbara
Board of Supervisors

cc: Grand Jury Foreperson
Chair, Board of Retirement
Chief Executive Officer, Retirement System
Michael F. Brown, County Executive Officer
Susan Paul, Assistant CEO/Human Resources Director