

California Actuarial Advisory Panel

**Minutes of
October 7, 2011**

**Locations:
State Controller's Office
300 Capitol Mall, 6th Floor, Room 635
Sacramento, CA 95814**

**EFI Actuaries
1050 Connecticut Ave., NW, Suite 1000
Washington, DC 20036**

1. Call to Order

Chair Milligan called the meeting to order at 9:31 AM and called the roll.

Present: Sacramento: Alan Milligan, Harold Loeb, Rick Reed, Leslie Finertie, and Paul Angelo
Washington, DC: Edward Friend

Absent: Lynn Miller and John Bartel (not at a noticed location, so participated as a member of the public, not as a Panel member)

Guests: Korene Woodard, CalPERS
Beverly Englund, SCO, Bureau Chief
John Bartel, Panelist

SCO Staff: Lindsey Ross, Administrative Assistant
Shawn Silva, Staff Counsel
Scott Taylor, Fiscal Analyst

2. Approval of Minutes of the September 7, 2011 Meeting

Mr. Milligan suggested a minor rephrasing of Item #2. Ms. Finertie moved and Mr. Loeb seconded to approve the minutes of the September 7, 2011 meeting as amended by Mr. Milligan. **The motion passed 6-0.**

3. 2011 Work Plan

No action was taken.

4. 2012 Work Plan

No action was taken.

5. Developing Disclosure Standards for Public Sector Actuarial Valuation Reports Working Group Update

Mr. Milligan provided an update on the Draft Disclosure Standards.

Mr. Friend expressed concern about any implication that the redirection of plan earnings was appropriate practice. A member of the public expressed concern about some of the proposed language. The Panel went through the document, making several changes to clarify meaning and intention. Mr. Angelo suggested that this document should be referred to as “Model Elements”, rather than “Model Standards”, to avoid any misunderstandings as to their advisory nature.

Mr. Angelo moved and Ms. Finertie seconded that the Panel adopt the proposed Model Disclosure Elements for Public Sector Actuarial Valuation Reports, as amended. **The motion passed 6-0.**

The Panel discussed how to best announce its decision. Mr. Milligan requested that the working group draft a cover memo and press release and distribute the document.

6. Developing Pricing and Disclosure Standards for Public Sector Benefits Improvements Working Group Update

Mr. Reed suggested to the Panel that this item should be addressed in 2012, after other Workplan items have been resolved.

7. Defining the Range of Model Funding Policies and Practices Working Group Update

Mr. Angelo provided an updated draft of the discussion. The Panel went through the document, making several changes to clarify meaning and intention.

Mr. Milligan called for a break in the meeting at 11:05 AM and resumed the meeting at 11:25 AM.

Mr. Loeb left the meeting at 11:05 AM.

The Panel continued to discuss the document.

Mr. Angelo stated that the document should define the use of 30-year rolling amortization as an unacceptable practice. Mr. Milligan stated that the document should define the use of 30-year rolling amortization as a non-recommended practice.

Further discussion was tabled until the next meeting.

8. Request for Support of Investigation into Private Sector Pension Inadequacies

In the interest of time, this item was tabled until the next meeting.

9. Legislation Assembly Bill 1247 Working Group Update (WP #14)

This item was tabled indefinitely.

10. Senate Constitutional Amendment 13

This item was tabled indefinitely.

11. Current Legislation

Mr. Milligan informed the Panel that a joint committee of the Legislature would be meeting in Southern California on October 26 to discuss pension reform.

12. Next Meeting – November 8, 2011 9:30 AM to 12:30 PM.

Mr. Milligan asked staff to solicit the Panel for suggestions as to when to schedule the next meeting.

13. Public Comment

There was no additional public comment.

14. Adjournment

Ms. Finertie moved and Mr. Angelo seconded to adjourn the meeting. **The motion passed 5-0, and the Panel adjourned at 12:38 PM.**