F1. The California Employees Retirement Law requirements for approving the county pension in 2002 do not appear to have been followed.

Board of Supervisors response: The County agrees in part and disagrees in part with the finding. Many of the procedural requirements in the Grand Jury Report did not apply. It appears that the Grand Jury may have been referring to a later version of a statute and to requirements that were not in place in 2003 when the enhanced retirement benefits were adopted. Based on a review of historical documents, it appears that the County substantially complied with the procedural requirements, with the exception of one procedural notice requirement. Documents could not be located to clearly demonstrate that the County made the actuarial cost impacts public at a public meeting at least two weeks prior to the adoption of the enhanced retirement benefits. Going forward, the Board of Supervisors shall ensure that actuarial cost estimates are made available to the public in a timely manner.

RECOMMENDATIONS

R1 The Board of Supervisors examine the procedures and actions taken when the pension increase was approved in 2002 to determine if the required procedures were followed.

Board of Supervisors' Response: The recommendation has been implemented. The Office of County Counsel has examined historical documents and the procedures and actions taken when the enhanced retirement benefits were adopted to determine compliance with the required procedures. That information was provided to the Board of Supervisors in a report.

R2 The Board of Supervisors obtain legal advice on how to proceed regarding current pensions if legal procedures were not followed in 2002.

Board of Supervisors' Response: This recommendation has been implemented. The Office of County Counsel determined there was substantial compliance with the applicable statutes and provided the Board of Supervisors with a report. The report includes a legal analysis. The County also engaged an outside law firm — Steptoe & Johnson LLP — to independently review County Counsel's analysis. Its conclusions were also provided to the Board of Supervisors.