



April 21, 2016

To: Members of the Actuarial Committee  
From: Elizabeth Rogers, Chair  
Subject: Summary of the April 21, 2016 Actuarial Committee Meeting

Actuarial Committee Chair Elizabeth Rogers called the April 21, 2016 Actuarial Committee meeting to order at 12:33 p.m. Committee members present were Elizabeth Rogers, Chair, Ophelia Basgal, Liz Koppenhaver, and George Wood. The other Board members present were Dale Amaral, Annette Cain-Darnes, Tarrell Gamble, and alternate member David Safer. Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Margo Allen, Fiscal Services Officer; Betty Tse, Chief Investment Officer; Harsh Jadhav, Chief Internal Auditor; Sandra Dueñas-Cuevas, Benefits Manager; Victoria Arruda, Human Resources Officer; and Joseph Fletcher, Chief Counsel.

### **ACTION ITEM**

#### **1. Discussion and possible motion to extend the engagement of Segal Consulting through December 31, 2017**

In conjunction with their presentation on actuarial services, Staff recommended that the Committee extend Segal Consulting's (Segal) contract through 2017; the current contract expires December 31, 2016. Staff's reasoning for the recommendation encompassed the following points: Segal's completed work on implementing GASB 74 and 75; limited staff resources, especially considering that an RFP for a new external auditor has been issued; and losing decades of ACERA specific knowledge embodied in Mr. Andy Yeung.

During the discussion, the Committee was assured that if Segal's contract were to be extended, ACERA's account would be handled by a team led by Mr. Yeung.

It was moved by Ms. Basgal and seconded by Liz Koppenhaver that the Actuarial Committee recommends to the Board of Retirement that the Board extend Segal Consulting's contract through December 31, 2017.

The motion carried 7 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

## **INFORMATION ITEMS**

### **1. Actuarial Valuation and Review as of December 31, 2015**

Mr. Yeung, Vice-President and Actuary, of Segal, presented the draft Actuarial Valuation and Review as of December 31, 2015. Despite being in draft form Segal asked the committee to consider the results of the valuation as final. The following key findings of the valuation were discussed by Segal:

- The funding ratio increased from 74.8% in 2014 to 77.3% in 2015 on a valuation value of asset basis.
- The unfunded actuarial accrued liability (UAAL) decreased from \$1.911 billion in 2014 to \$1.791 billion in 2015.
- The aggregate employer contribution rate decreased from 25.69% of payroll (2014) to 24.89% of payroll (2015).
- The aggregate member contribution rate decreased from 8.79% of payroll (2014) to 8.77% of payroll (2015).

Ophelia Basgal, Board Chair, asked if ACERA has ever formally met with Kern or Tulare counties to discuss any common issues the three systems may have regarding the adoption of Article 5.5 of the County Employees Retirement Law of 1937. After a brief discussion on the topic, Ms. Basgal directed Dave Nelsen to reach out to Kern and Tulare counties to set up a meeting between the three systems at the upcoming conference of the State Association of Retirement Systems (SACRS) in May 2016.

### **2. GASB 67 Valuation and Review as of December 31, 2015**

Staff informed the committee that no action was required on this item because there were no changes to the methodology for determining the Net Pension Liability and the previously approved 2014 valuation was used to determine the Total Pension Liability.

Segal provided supplemental discussion of the valuation.

### **3. Actuarial Services Work Compilation**

Staff gave a comprehensive presentation on the actuarial services Cheiron, Inc. (Cheiron) offers; comparing Cheiron and Segal; and on a list of actuarial consulting firms other than Segal.

## **RECOMMENDATION**

### **1. Annual Supplemental Cost of Living Adjustment**

The Committee recommends, and I move that the Board of Retirement extend Segal Consulting's contract through December 31, 2017.

## **TRUSTEE/PUBLIC INPUT**

None

## **ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for May 19, 2016 at 11:00 a.m.

**MEETING ADJOURNED**

The meeting adjourned at 1:59 p.m.