



Santa Barbara County Employees' Retirement System

DATE: May 24, 2023

Agenda Item # 4

TO: Santa Barbara County Board of Retirement

FROM: Gregory E. Levin, CPA 

RE: **Actuarial Services Contract Extension**

Recommended Action:

That the Board of Retirement receive the presentation on the contract terms and direct Staff to negotiate a one-year or six-year contract extension with Cheiron, Inc. for actuarial services.

Analysis

On February 15, 2013 the Santa Barbara County Employees' Retirement System ("System") hired Cheiron, Inc. to provide independent actuarial consulting, investigation and valuation services. Pursuant to the Board of Retirement's Service Provider Selection policy, the actuarial contract is required to be approved by the Board of Retirement.

The original Cheiron contract was for three years with an option for an extension. The fiscal year actuarial reports covered by the first phase of the contract were fiscal years ending June 30, 2013 – June 30, 2015. In July 2015, the Board approved a single year extension to provide for services for the actuarial report for fiscal year ending June 30, 2016, and the triennial experience study which is also due for completion that year. In June 2017, the board extended Cheiron's contract for an additional 5 years through the June 30, 2021 actuarial valuation. The contract was then extended for one additional year for the June 30, 2022 actuarial valuation and the conduct of a triennial experience study.

During the year ending June 30, 2022 the Board hired Milliman Inc. to conduct an audit of Cheiron's last three valuations and to perform a replication of the June 30, 2022 Valuation and Triennial Experience Studies. There were no significant findings resulting from the audit and the replication produced a consistent result.

Accordingly, staff recommends that the Board extend Cheiron's contract for a period of six years to cover Actuarial Valuations for the fiscal years ending June 30, 2023 – June 30, 2028 and triennial experience studies for the three fiscal years ending June 30, 2025 and June 30,

2028. If the board wishes to conduct a request for proposal process for actuarial services, then staff recommends extending the contract for one year in order to accommodate that process.

Attachments:

- Proposed Fees for July 1, 2023 Contract Extension