

***Via Electronic Mail***

May 17, 2023

Mr. Greg Levin  
Chief Executive Officer  
Santa Barbara City Employees Retirement System  
130 Robin Hill Road, Suite 100  
Goleta, California 93117

***Re: Proposed Fees for July 1, 2023 Contract Extension***

Dear Greg,

As requested, we are sending you this contract extension letter to present our proposed fees for a one-year extension and a six-year extension of the contract for actuarial services.

The fees for the one-year extension have been increased by approximately 9.0% from fiscal year ending June 30, 2023, reflecting inflationary increases since our last contract extension letter in May 2021. The fees for the six-year extension reflect a reduced starting inflationary increase of 7.0% for the current year, grading down to 2.75%, SBCERS' long-term inflation assumption, by the third year.

Actuarial services not included in the projects listed on the next page will continue to be billed based on our standard hourly rates, with the 2023 rates listed on page 3.

Thank you for considering this proposal. We look forward to continuing working with you, the rest of the Staff at SBCERS and the Board. Please let us know if you have any questions or would like to discuss further.

Sincerely,  
Cheiron

A handwritten signature in blue ink that reads "Anne Harper".

Anne D. Harper FSA, EA, MAAA  
Principal Consulting Actuary

A handwritten signature in blue ink that reads "Graham Schmidt".

Graham Schmidt, ASA, EA, MAAA, FCA  
Consulting Actuary

**Attachments**

cc: Brian Richard, SBCERS Assistant Chief Executive Officer  
Rico Pardo, SBCERS Controller  
Heather Fantz, FSA, EA, MAAA

### One-Year Extension Fee Proposal

Retainer Projections	Fiscal Year Ending	
	2023	Extension 2024
Pension Actuarial Valuation	\$69,000	\$75,200
GASB 67/68 Report	13,400	14,600
Consulting Services <sup>1</sup>	12,000	13,100
Actuarial Experience Study 2019-2022	47,500	
COLA Calculations	3,000	3,300
Health Subsidy (OPEB) Valuation	23,600	25,700
GASB 74/75 Report	<u>13,400</u>	<u>14,600</u>
Total Cost for All Services	\$181,900	\$146,500
Optional Form Benefit Calculations (fee per calculation)	\$480	\$520

<sup>1</sup> Billed on a quarterly basis, at 25% of the total annual rate, unless the hourly charges for services provided during the quarter exceeds 125% of the quarterly rate, in which case the amount of hourly charges in excess of 125% of the quarterly rate would be billed in addition to the quarterly fee.

### Six-Year Extension Fee Proposal

Retainer Projections	Fiscal Year Ending						
	2023	2024	2025	2026	2027	2028	2029
Pension Actuarial Valuation	\$69,000	\$73,800	\$76,800	\$78,900	\$81,100	\$83,300	\$85,600
GASB 67/68 Report	13,400	14,300	14,900	15,300	15,700	16,100	16,500
Consulting Services <sup>1</sup>	12,000	12,800	13,300	13,700	14,100	14,500	14,900
Actuarial Experience Study	47,500	-	-	54,300	-	-	58,900
COLA Calculations	3,000	3,200	3,300	3,400	3,500	3,600	3,700
Health Subsidy (OPEB) Valuation	23,600	25,300	26,300	27,000	27,700	28,500	29,300
GASB 74/75 Report	<u>13,400</u>	<u>14,300</u>	<u>14,900</u>	<u>15,300</u>	<u>15,700</u>	<u>16,100</u>	<u>16,500</u>
Total Cost for All Services	\$181,900	\$143,700	\$149,500	\$207,900	\$157,800	\$162,100	\$225,400
Optional Form Benefit Calculations (fee per calculation)	\$480	\$510	\$530	\$545	\$560	\$575	\$590

<sup>1</sup> Billed on a quarterly basis, at 25% of the total annual rate, unless the hourly charges for services provided during the quarter exceeds 125% of the quarterly rate, in which case the amount of hourly charges in excess of 125% of the quarterly rate would be billed in addition to the quarterly fee.



Actuarial services not included in the projects listed on the previous page will continue to be billed based on our standard hourly rates, with the 2023 plan year rates listed below. For subsequent plan years, actual inflationary increases, capped at 5.0% will apply.

<b>Category/Consultant</b>	<b>2023 Hourly Rates</b>
Principal Consulting Actuary	\$410 - \$525
Consulting Actuary	\$300 - \$491
Associate Actuary	\$210 - \$321
Senior Actuarial Analyst	\$192 - \$247
Actuarial Analyst	\$165 - \$210
Administrative Assistant	\$120 - \$158