



STANISLAUS COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION  
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April 19, 2013

## **NOTICE OF PUBLIC MEETING**

To: *Internal Governance Committee:*  
Maria De Anda, Chair  
Joan Clendenin, Trustee  
Donna Riley, Trustee

From: Rick Santos, Executive Director

**SUBJECT: StanCERA INTERNAL GOVERNANCE COMMITTEE**

The Internal Governance Committee will meet at 1:30 p.m., Tuesday, April 23, 2013.

The Committee will meet in the Conference Room at StanCERA's Office, located at 832 12<sup>th</sup> Street, Suite 600, 6<sup>th</sup> Floor, Modesto.

### **AGENDA**

1. Discussion and Action to Accept the Recommendation to hire *The Segal Company* on a Temporary Basis to Perform the Audit of the 2012 Actuarial Valuation and 2009-2012 Experience Study [View](#)



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**For the Retirement Board meeting  
Held on April 23, 2013**

TO: Internal Governance Committee  
Chair: Maria DeAnda, Joan Clendenin and Donna Riley

FROM: Luiana Irizarry

- I. SUBJECT: Actuarial Audit Services
- II. RECOMMENDATION: Hire *The Segal Company* on a temporary basis to perform the Audit of the 2012 Actuarial Valuation and 2009-2012 Experience Study
- III. ANALYSIS: StanCERA has recently received communications (attachment A) that Milliman will be unable to perform the actuarial audit for StanCERA's 2012 Actuarial Valuation and 2009-2012 Experience Study due to certain internal risk management requirements. This assignment would have been the last audit Milliman would complete prior to StanCERA placing a Request for Proposal (RFP) for another actuarial audit firm.

Staff recently spoke to the Segal Company regarding their ability to complete this project on time and at around the same cost quoted by Milliman. In the past, The Segal Company conducted a similar review of StanCERA's data and they are confident in their ability to complete this task at around the same time and price as Milliman would have. Should the Committee agree to engage Segal in this project, staff will secure a firm bid and projected completion date and seek the Committee's assistance if those terms appear to be unreasonable.

Upon completion of the above audit, staff intends to conduct an RFP, at its regularly scheduled time, and bring back to committee for evaluation and selection of the next contracted Actuarial firm.

- IV. RISK: None
- V. STRATEGIC PLAN: Goal 1, Strategy C: Investment Information. Review investment decisions regularly and ensure that the Board has a full range of information to make informed decisions regarding investment policy.
- IV. BUDGET IMPACT: None

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Luiana Irizarry, Investment/Accounting Technician

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Rick Santos, Executive Director



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April 16, 2013 **Via E-Mail Only**

Mr. Rick Santos  
Executive Director  
StanCERA  
832 12th Street, Suite 600  
Modesto, CA 95353

Re: Actuarial Audit

Dear Rick:

Per our discussion, Milliman will be unable to perform the actuarial audit of the most recent actuarial experience study and actuarial review for StanCERA. Milliman has certain internal risk management requirements designed to protect the viability of our firm and our continuing ability to provide the highest quality consulting advice to our clients. Due to the on-going litigation against StanCERA's prior actuary, both by StanCERA and related outside parties, this project does not meet our internal risk assessment guidelines.

I apologize for any inconvenience. If you have any questions, please let me know.

Sincerely,

A handwritten signature in black ink that reads "Nick Collier".

Nick J. Collier, ASA, EA, MAAA  
Consulting Actuary

NJC/nlo