

**ACTUARIAL SERVICES AGREEMENT**

**between**

**VENTURA COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION**

**and**

**THE SEGAL COMPANY**

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# ACTUARIAL SERVICES AGREEMENT

between

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

and

THE SEGAL COMPANY

This Agreement is made and entered into as of April 1st, 2003 in Ventura, California, by and between the VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (hereinafter referred to as "VCERA") and The Segal Company (hereinafter referred to as "ACTUARY").

WHEREAS, the VCERA was created pursuant to the County Employees Retirement Law of 1937 (hereinafter referred to as the "'37 ACT") and is administered by the Board of Trustees (hereinafter referred to as the "BOARD");

WHEREAS, pursuant to Government Code section 31453, the Board, has a duty and a need to engage the services of an actuary;

WHEREAS, ACTUARY warrants and represents that it meets the standards of a qualified actuary under the provision of the Employee Retirement Income Security Act of 1974 and it is specially qualified and experienced to perform the actuarial services hereinafter described; and

WHEREAS, the BOARD has determined that it would be in the best interest of the VCERA if ACTUARY were to be retained to provide the actuarial services set forth herein below and, accordingly, has voted to approve this Agreement;

NOW, THEREFORE, in consideration of the above-stated premises, the terms, covenants and conditions hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. DESCRIPTION OF ACTUARIAL SERVICES. The BOARD hereby delegates to ACTUARY the duties and ACTUARY hereby accepts and assumes responsibility to provide the actuarial services described in Exhibit "A", (hereto,



"Actuarial Services"), and described in Exhibit "C", the BOARD's RFP and the ACTUARY's written responses to the RFP.

2. PAYMENTS FOR ACTUARIAL SERVICES. In consideration of the services rendered in accordance with all terms and conditions and specifications set forth herein and set forth in Exhibits "A" and "C", BOARD shall make payment for actuarial services to ACTUARY as set forth in Exhibit "B", (hereto, "Fee Schedule"). Said payments shall be made within thirty (30) days after full completion of the services by the ACTUARY. Any amendments to the fee schedule, Exhibit "B", agreed to by both parties shall be set forth in a written modification to the Agreement. The fees set forth in this section shall be the sole compensation owed by or to any person for ACTUARY's services under this Agreement.

3. RELATIONSHIP OF THE PARTIES. It is understood that this is an Agreement by and between the BOARD and an Independent Contractor and it is not intended to, and shall not be construed to, create the relationship of agent, servant, employee, partnership, joint venture or association, or any other relationship whatsoever other than that of Independent Contractor.

4. NON-ASSIGNABILITY. Contractor shall not assign this Agreement or any portion thereof to a third party without the prior written consent of the BOARD, and any attempted assignment without such prior written consent in violation of this section automatically shall terminate this Agreement.

5. TERM AND TERMINATION. This Agreement shall be in effect for a term of three years, starting March 1, 2003. Either party may terminate this Agreement at any time for any reason by providing thirty (30) days written notice. Termination to be effective on the date specified in the notice. In the event of termination under this paragraph, ACTUARY shall be paid for all work provided to the date of termination.

6. INDEMNIFICATION. The ACTUARY agrees to indemnify, defend and hold harmless the VCERA, its BOARD, trustees, officers and employees from any and

all claims, actions, losses, damages, and/or liability arising from ACTUARY's negligent acts, errors or omissions.

7. INSURANCE. Without in anyway affecting the indemnity herein provided and in addition thereto, the ACTUARY shall secure and maintain throughout the Agreement the following types of insurance with limits as shown:

A. Workers' Compensation - A program of Workers' Compensation Insurance or a State Approved Self-Insurance Program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with Two Hundred and Fifty Thousand Dollars (\$250,000.00) limits, covering all persons providing services on behalf of ACTUARY and all risks to such persons under this Agreement.

B. Comprehensive General And Automobile Liability Insurance - This coverage to include contractual coverage and automobile liability coverage for owned, hired and non-owned vehicles. The policy shall have combined single limits for bodily injury and property damage or not less than Five Hundred Thousand Dollars (\$500,000.00)

C. Professional Errors and Omissions Liability Insurance - ACTUARY will secure an insurance policy for Professional Errors and Omissions insurance with coverage of at least one million dollars (\$1,000,000.00) per claim or occurrence and shall cover all ACTUARY's officers, owners, and employees.

8. ADDITIONAL NAMED INSURED. All policies, except for the Workers' Compensation and Professional Errors and Omissions Liability Insurance policies shall contain additional endorsements naming VCERA and its officers, employees, agents, and volunteers as additional named insureds with respect to liabilities arising out of the performance of services hereunder.

9. WAIVER OF SUBROGATION RIGHTS. Except for Professional Errors and Omissions Liability, ACTUARY shall require the carriers of the above required coverages to waive all rights of subrogation against VCERA, its BOARD, trustees, officers, and employees.

10. POLICIES PRIMARY AND NON-CONTRIBUTORY. All policies required above are to be primary and non-contributory with any insurance or self insurance programs carried or administered by VCERA.

11. PROOF OF COVERAGE. ACTUARY shall immediately furnish certificates of Insurance to the VCERA evidencing the Insurance coverage, including endorsements, above required prior to the commencement of performance of services hereunder, and ACTUARY shall maintain such insurance from the time ACTUARY commences performance of services hereunder until the completion of such services.

12. FORCE MAJEURE.

A. In the event ACTUARY is unable to comply with any provision of this Agreement due to causes beyond their control relating to acts of God, acts of war, civil disorders, or other similar acts, ACTUARY shall not be held liable to VCERA for such failure to comply.

B. In the event VCERA is unable to comply with any provision of this Agreement due to causes beyond their control relating to acts of God, acts of war, civil disorders, or other similar acts, VCERA shall not be held liable to ACTUARY for such failure to comply.

13. NOTICES AND REPORTS.

Any notices and reports required or desired to be services by either party upon the other shall be addressed to respective parties as set forth below:

VCERA: Van Perris, Administrator  
Ventura County Employees' Retirement Association  
1190 S. Victoria Avenue, Suite 200  
Ventura, CA 93003-6572  
(805) 339-4267; FAX (805) 339-4269

ACTUARY: Paul Angelo  
The Segal Company  
120 Montgomery Street, Suite 500  
San Francisco, California 94104-4308

And

Office of the of the President  
The Segal Company  
One Park Avenue  
New York, NY 10016-5895

14. GOVERNING LAW AND VENUE. This Agreement will be construed in accordance with and governed by the laws of the State of California. Should any party file a lawsuit over any matter arising out of this Agreement, said lawsuit will be filed and prosecuted in the County of Ventura, State of California, and all parties hereto hereby consent to such venue and the personal jurisdiction of all courts sitting within such local.

15. ASSURANCE OF COMPLIANCE WITH CIVIL RIGHTS LAWS.

ACTUARY hereby agrees and represents that it is an equal opportunity employer and has adopted policies to implement the purpose and provisions of the Civil Rights Act of 1964, 42 USC § 2000(e) et seq. to assure that no person is denied employment on the basis of race, creed, color, sex or national origin in connection with its performance of this Agreement.

16. AFFIRMATIVE ACTION. The ACTUARY shall take affirmative action to ensure that qualified applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex, handicap, ancestry or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

17. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original.

18. CONFIDENTIALITY. Except as provided by applicable law, or by order of a court or regulatory authority, ACTUARY shall maintain the confidentiality of all its records with respect to this Agreement, including, but not limited to, billing and the VCERA records. ACTUARY shall maintain the same confidentiality of these records as it does for other accounts.

19. VALIDITY. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision

20. WAIVER. No waiver of a breach of any provision of this Agreement by either party shall constitute a waiver of any other breach of said provision or any other provision of this Agreement. No waiver will be enforceable unless it is a written agreement executed by the party granting the waiver, making specific reference to this Agreement and reciting the parties' intention that it constitute a waiver. Failure of either party to enforce at any time, or from time to time, any provisions of this Agreement shall not be construed as a waiver thereof. The remedies herein reserved shall be cumulative and additional to any other remedies in law or equity.

21. ATTORNEY FEES. In the event of any litigation regarding this Agreement, the prevailing party as determined by the appropriate court shall be entitled to recover reasonable attorney's fees.

22. CHANGES AND AMENDMENTS. The VCERA and ACTUARY reserve the right to amend any such terms and conditions of this Agreement which may become necessary. Any revisions hereto will be accomplished by written agreement executed by both of the parties making specific reference to this Agreement and reciting the parties' intention that it constitute an amendment.

23. MERGER. This Agreement, and the Exhibits attached hereto, will constitute the complete and exclusive statement of understanding between the parties, superseding all previous agreements, written or oral, and all other previous communication between the parties relating to the subject matter of this Agreement.

24. SOLE PROPERTY OF THE BOARD. The data and analyses in reports developed, produced or provided under this Agreement shall become the sole property of the BOARD, but not the format.

25. AGREEMENT RENEWAL. This Agreement may be renewed for additional time periods provided that both parties sign renewal documents and the total payments during the renewal terms are specified.

EXECUTED AND AGREED TO by the parties as of the date first written above by their duly authorized representatives:

THE SEGAL COMPANY

By: \_\_\_\_\_

PAUL ANGELO  
Vice President & Actuary

VENTURA COUNTY  
EMPLOYEES' RETIREMENT  
ASSOCIATION

By: \_\_\_\_\_

VAN PERRIS  
Administrator

CONTRACT WITHOUT THE EXHIBITS  
APPROVED AS TO FORM:

FRANK O. SIEH  
\_\_\_\_\_  
County Counsel

By: \_\_\_\_\_

LORI A. NEMIROFF  
\_\_\_\_\_  
Assistant County Counsel

## **Exhibit A – Actuarial Services**

### **Actuarial Valuation Services**

The Segal Company (“Segal”) will prepare three actuarial valuations for VCERA during the course of this contract, beginning with the June 30, 2003 valuation. Results will be presented in a formal written report and an oral presentation.

In addition to contribution rates, and unless eliminated in discussions with VCERA, our valuation reports will include, but not be limited to, the following information:

- i. An executive summary designed to provide highlights of the valuation results.
- ii. A narrative discussion of the key valuation results.
- iii. An actuarial valuation certification.
- iv. An analysis of actuarial gain/loss including a comparison of actual to expected assets and the impact of actuarial gain/loss on recommended contribution rates.
- v. Measures of funding progress (funding ratios) relative to the present value of accrued benefits and to the accrued liability (under VCERA’s actuarial cost method).
- vi. Analysis of Financial Experience as specified by the Government Financial Officers Association.
- vii. Supplemental calculations and financial disclosures required by GASB Statement 25, or successor standards.
- viii. Tabular or graphic presentation of demographic information, including age and service matrices for actives and age and benefit type for retirees.
- ix. Summary of plan provisions.
- x. Description of actuarial assumptions and methods.
- xi. A glossary of terms and sufficient explanatory text regarding methods and assumptions.

### **Experience Analysis Services**

Segal will prepare actuarial experience analyses for VCERA for the three-year period ending June 30, 2005. Results will be presented in a formal written report and an oral presentation.

As appropriate, the assumptions that will be included in the experience investigation are:

- |                                               |                                                        |
|-----------------------------------------------|--------------------------------------------------------|
| • Withdrawal of member contributions          | • Termination with a Vested Benefit                    |
| • Ordinary Death                              | • Duty Death                                           |
| • Service Retirement                          | • Disability Retirement                                |
| • Percentage of members married at retirement | • Reciprocity percentage for terminated vested members |



- Rates of service purchase
- Mortality after service retirement
- Investment return
- Aggregate payroll growth
- Terminal pay
- Mortality after disability retirement
- Individual compensation increases
- Inflation and COLA increases

Segal will also review the asset smoothing method and any other actuarial methods or practices.

As for the investment return assumption, the experience analysis and valuation reports will include a detailed development of a recommended investment return assumption by component, including the real returns by asset class and the risk adjustment.

### **Consulting Services**

Generally Segal will provide advice on any technical, policy or administrative issues arising in the course of operation. This advice will be delivered by meetings, telephone calls, e-mail and written correspondence. Segal will discuss legal issues with the understanding that they are not attorneys and do not give legal advice.

This advice will include making recommendations relative to possible improvements in the financing and benefit structure of VCERA and keeping VCERA apprised of trends in the public pension industry and the actuarial profession. Other advisory services include assisting in the drafting of proposed legislative changes and advising on the administrative and policy aspects of new legislation.

Segal will prepare various tables and factors required by the System, establish specifications for VCERA's data files, and prepare the auditor's information.

Segal will carry out special studies requested by the Board, and will appear at selected meetings and hearings to discuss actuarial issues, including those relating to funding benefits and to pricing legislation. Segal will also participate in educational programs for VCERA's staff. Fees for these items could vary significantly depending on the scope of our involvement, and will be based on actual time charges at the rates in Exhibit B.

Three visits to VCERA per year are included in the schedule of fees, plus an additional meeting in 2005 to cover presentation of the Experience Analysis.

Segal's VCERA team (and other required resources) will be made fully available to perform all services to VCERA and provide VCERA's deliverables within required time frames. Segal will be readily accessible to VCERA's Administrator or a designee within one working day, and will be available for meetings within five working days of the request.



## Exhibit B – Fees Schedule

Segal's fees for the services detailed in Exhibit A are shown below. These fees are guaranteed over a three-year contract term. Adjustments in the fees will most likely be made after the third year.

### Fixed Fees for Services

Task	Cost per Service
Actuarial Valuation (includes one meeting)	\$35,000
STAR COLA Valuation	\$5,000
Review of June 30, 2002 Experience Analysis	\$12,000
June 30, 2005 Experience Analysis (includes one meeting)	\$20,000
Vested \$108.44 Supplemental Benefit Valuation	\$3,000
\$5,000 Death Benefit Valuation	\$4,000
General Consulting Services (includes two meetings)	\$12,000/ year

### Additional Services

Segal's hourly rates for consulting services not included above and for any additional services are as follows. For any such services, as appropriate, Segal will estimate the time charges required and receive VCERA approval before commencing the project. These rates are guaranteed for the first three years of the contract. For later years Segal will present a schedule of current rates for review by VCERA prior to the beginning of each year. These rates would go into effect only upon mutual agreement between VCERA and Segal.

Class of Personnel	Hourly Rate
Paul Angelo, Drew James Principal Actuaries	\$350
Ted Shively, Dave Bergerson Reviewing Actuaries	\$330
John Monroe, Primary Support Actuary	\$300
Senior Actuarial Analysts	\$160 - \$290
Actuarial Analysts	\$130 - \$155
Rod Crane, Compliance Consultant	\$330

**Proposal to Provide  
Actuarial and Consulting Services to**

**Ventura County Employees' Retirement Association  
(VCERA)**



**120 Montgomery Street, Suite 500  
San Francisco, CA 94104**

*December 2002*



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THE SEGAL COMPANY

120 Montgomery Street, Suite 500 San Francisco, CA 94104-4308

T 415.263.8200 F 415.263.8290 www.segalco.com

December 26, 2002

Mr. Van Perris, Administrator  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003

Re: **Ventura County Employees' Retirement Association –  
Proposal for Actuarial and Consulting Services**

Dear Mr. Perris:

We are pleased to submit this proposal to provide actuarial consulting services to the Ventura County Employees' Retirement Association (VCERA) in accordance with its Request for Proposal (RFP).

As a comprehensive benefits consulting and actuarial firm, The Segal Company is able and willing to provide the entire scope of requested services. We have assembled a team with the experience and diversity of retirement plan consulting that most closely matches the structure and needs of VCERA.

The Segal Company is dedicated to total client satisfaction and is the architect of responsive and creative solutions to our clients' benefit needs. In particular, we want to highlight our:

- **Commitment to Service:** Our well-recognized position as a benefits consulting firm ensures VCERA of highly qualified services and diverse consulting perspectives which we are able to draw upon from our other clients. In addition to meeting the technical requirements of this contract, we look forward to developing an excellent rapport with VCERA and staff to achieve the Association's goals.
- **Commitment to Quality:** Actuarial work requires complex calculations and high-level computer programming, as well as a sophisticated understanding of the client's environment and objectives. Our intensive and multi-layered quality review process not only checks the accuracy of the calculations, but also analyzes the results and recommendations to assure consistency with both client needs and standards of practice.

Benefits, Compensation and HR Consulting ATLANTA BOSTON CHICAGO CLEVELAND DENVER HARTFORD HOUSTON LOS ANGELES MINNEAPOLIS  
NEW ORLEANS NEW YORK PHILADELPHIA PHOENIX SAN FRANCISCO SEATTLE TORONTO WASHINGTON, DC



Multinational Group of Actuaries and Consultants AMSTERDAM BARCELONA GENEVA HAMBURG LONDON MELBOURNE MEXICO CITY OSLO PARIS

Mr. Van Perris, Administrator  
Ventura County Employees' Retirement Association  
**Proposal for VCERA Actuarial and Consulting Services**  
December 26, 2002  
Page 2

- **Commitment to Clarity:** Actuarial consulting often involves arcane technical issues, which nevertheless have definite policy implications. Our consultants are skilled in making the technical issues clear and accessible so that our clients can make informed and independent policy decisions. These communication skills are developed not only in our client assignments but also in our many seminars and presentations to California and national retirement associations.
- **Commitment to Dependability:** Many of the services we perform must be completed within a very short time frame. We will dedicate the staff and resources necessary to meet deadlines. The trust that is developed over time with our long-term clients is something we value and strive to reinforce.
- **Commitment to Innovation:** Technical competence is important, but we also strongly believe that our role as actuarial consultant will be to add value for VCERA. We will identify emerging issues and propose innovative solutions to assist VCERA in meeting its vision and operational goals.

#### **Format of Proposal**

For your ease of reference, we have arranged our proposal in sections consistent with the lettered items from the "Proposal Questionnaire" of the RFP (Part III). Here is our contact information

**The Segal Company, 120 Montgomery Street, Suite 500, San Francisco, CA 94104-4308**

**Primary Contact: Paul Angelo, FSA (415) 263-8273**

**Secondary Contact: Drew A. James, FSA (415) 263-8270**


Detailed resumes for our primary staff are included in Section F. A sample contract is in Section G. A short consulting work sample is included in Section H. We have included several sample Segal publications (Section I), along with our sample reports (Sections J and K).

The Segal Company would be privileged to serve as actuarial consultant to VCERA. Our proposal is intended to be fully responsive to the RFP. We would welcome the opportunity to meet with you to discuss our experience and qualifications in greater detail.

Sincerely,



Paul Angelo, FSA, EA, MAAA  
Vice President and Actuary



Drew A. James, FSA, EA, MAAA  
Consulting Actuary

PPA:jc  
Enclosures

cc: Cathie G. Eitelberg

160970/96043.902

# Section A. – Organization and Background

## 1. *About Segal.*

Segal's National Office is located at:  
One Park Avenue  
New York, New York 10016-5895

Services to VCERA will be performed out of our San Francisco office:

120 Montgomery Street, Suite 500  
San Francisco, CA 94104  
Phone: (415) 263-8200  
Fax: (415) 263-8290

The Segal Company has over 750 employees. Our Board consists of one outside and the remaining inside directors. There are three primary market divisions (Public Sector, Corporate and Multiemployer/Collective Bargaining), all of which provide pension, health and welfare, compliance, technology and communications consulting. We have an affiliate firm, Segal Advisors, Inc., that provides investment consulting services.

Comprehensive services are provided in all our offices by consultants and actuaries with broad experience and extensive knowledge of the employee benefits field. In addition to our New York City office, we have offices in San Francisco, Los Angeles and throughout the United States and Canada:

*Atlanta*

*Boston*

*Chicago*

*Cleveland*

*Denver*

*Edmonton*

*Hartford*

*Houston*

*Los Angeles*

*Minneapolis*

*New Orleans*

*Phoenix*

*St. Louis*

*San Francisco*

*Seattle*

*Toronto*

*Washington, D.C.*

The San Francisco office currently has 50 employees, including 10 consultants, 13 health analysts, 6 compliance analysts, 2 health actuaries and 10 pension actuaries, plus national office and local support staff. Nine of our local employees are credentialed actuaries.

The Segal Company provides services in nearly all areas of human resource and benefits consulting. Our primary practices are Defined Benefit Actuarial and Consulting Services and Health Plan Analytic and Consulting Services. Our other services include:

- *Defined Contribution Plan Consulting Services*
- *Employee Communications Services*

- *Compensation Planning Services*
- *Flexible Benefit Plan Services*
- *Human Resources Consulting Services*
- *Administration and Technology Services*
- *Investment Performance Services (through our subsidiary, Segal Advisors)*

### *Our History*

In 1999, The Segal Company celebrated our 60th anniversary. As a private employee-owned actuarial and consulting firm, The Segal Company is a completely independent organization. Our independence allows us to provide totally unbiased consulting services for our clients.

Founded in 1939, early in the development of employee benefit plans in American industry, The Segal Company first conceived, designed and introduced many innovations that are now widely accepted benefit practices. The Segal Company's commitment to continued creativity is confirmed in our Statement of Values and Vision Statement.

### *Type of Business Entity and Ownership Structure of the Firm*

The Segal Company is an international corporation of employee benefit plan actuaries and consultants. Since its inception, the firm has been an independent employee-owned firm. The Segal Company is the business name of a group of companies that are wholly owned by a holding company, The Segal Group, Inc, which is incorporated in the State of Delaware. All stock issued by The Segal Group, Inc. is owned by the officers of the Company. The corporate headquarters for The Segal Group, Inc. is located at One Park Avenue, New York, NY 10016. Ownership or control has not changed in the past twenty-five years. We are committed to remaining an independent organization, and have no future plans that involve any changes of ownership or the ownership structure.

**2. *Are there any changes in ownership structure planned or anticipated in the next 24 months?***

No changes in ownership structure are planned or anticipated.

**3. *How many years has your firm provided actuarial services to public pension plans?***

Segal has served public pension plan clients for most, if not all, of its 63-year history.

4. *Number of public pension plan clients.*

Segal currently serves approximately 65 public pension plan clients. Following is a representative list of clients. Clients served by our San Francisco office are listed first, in bold type.

State	System Name	Number of Participants	Number of Years Retained	Scope of Services
<b>California</b>	<b>San Bernardino County Employees Retirement Association</b>	<b>25,000</b>	<b>&lt;1</b>	<b>Annual Valuations, Special projects</b>
<b>California</b>	<b>Los Angeles Water and Power Employees Retirement Plan</b>	<b>18,000</b>	<b>4</b>	<b>Annual Valuation</b>
<b>California</b>	<b>Los Angeles County Employees Retirement Association</b>	<b>128,000</b>	<b>4</b>	<b>Annual Audits, Special projects</b>
<b>Oregon</b>	<b>ATU/TRI-MET Pension Plan</b>	<b>2,700</b>	<b>12</b>	<b>Annual Valuation</b>
Michigan	State Retirement Systems (4)	536,000	9	Annual valuations
Missouri	University of Missouri	20,000	2	Annual Valuations
Missouri	St. Louis Retirement System	3,000	15	Annual Valuations
Nevada	Public Employees' Retirement System	76,000	22	Annual Valuations
Nevada	Judges' Retirement System	80	1	Annual Valuations
North Dakota	Retiree Health Insurance Credit Fund	15,000	8	Annual Valuations
North Dakota	Public Employees' Retirement System	15,000	20	Annual Valuations
North Dakota	Highway Patrolmen's Retirement System	185	20	Annual Valuations
North Dakota	Judges' Retirement System	70	20	Annual Valuations
Ohio	Police and Fire Pension Fund	50,000	2	Annual Valuations
Pennsylvania	Municipal Retirement System	10,000	14	Annual Valuations
Texas	Municipal Retirement System	110,000	5	Annual Valuations



**5. *List of five largest public pension clients.***

Our five largest clients (included on the list under 4., above) are:

- *Los Angeles County Employees' Retirement Association*
- *Texas Municipal Retirement System*
- *Public Employees' Retirement System of Nevada*
- *Michigan State Retirement Systems*
- *North Dakota Public Employees Retirement System*

**6. *Three actuarial accounts added and three actuarial accounts lost over the last two years.***

Three actuarial clients added are:

- *San Bernardino County Employees' Retirement Association*
- *Nevada Judges Retirement System*
- *Ohio Police and Fire Pension Fund*

Three actuarial clients lost are:

- *Santa Clara Valley Transportation Agency*
- *Employees' Retirement System of Hawaii*
- *El Paso County Retirement System*

**7. *Are there limits on the number of new clients we will accept? How will we manage growth of our list of clients?***

There are currently no formal limits on growing the number of Segal's clients. Segal maintains a strong commitment to growth, particularly in the public sector. We have developed "normal growth" staffing plans as well as contingency plans in the event that actual growth exceeds our expectations. However, before we submit a proposal for any new actuarial services, we consult with national and local leadership (including the local Actuarial Manager) to ensure that we can provide the prospective client with the high quality and responsive service they deserve.

8. *Has any company officer been involved in litigation relating to actuarial services during the last five years? Describe the level of errors and omissions coverage.*

With over 2,500 clients, the Segal Company is occasionally named as a party in litigation involving the performance of its services. The following is a description of litigation matters pending against The Segal Company:

- A. Frederic Breidenbach v. International Brotherhood of Electrical Workers Local 82 Joint Pension Fund: Union dissidents and participants in the Pension Plans are challenging various actions taken by the Trustees in 1984 (before The Segal Company was hired) and in 1989 (when Segal was the consultant) regarding the allocation and reallocation of funds between the defined benefit and defined contribution plans. It is alleged that Segal is a fiduciary, which is the basis for Segal's inclusion in the lawsuit. Segal contends that it acted as a consultant and not as a fiduciary, and has been actively defending itself. A settlement between the parties is being finalized. If the lawsuit is not settled, Segal will file a motion for summary judgment.
- B. Bretall v. Carlough: A participant in the Sheet Metal Workers National Pension Fund brought a lawsuit against the estates of two former Trustees of the Fund for actions taken in adopting a COLA benefit. The Segal Company had been the actuary and consultant to the Fund. Prior to the initiation of this lawsuit, Segal had entered into settlement discussions with the Fund. Segal and representatives of the Fund agreed upon a settlement, which required a bar order from the Court. In the interim, one of the defendants has brought Segal into the pending party through a third party complaint. We expect to resolve the matter in accordance with the settlement reached by the Fund.
- C. Burke, et al. v. Bodewes, et al: The current chair of the Board of Trustees of the Buffalo Carpenters Pension Fund and two named participants have filed a complaint in federal district court against current and former Trustees and The Segal Company alleging fiduciary breaches and other causes of action. The Segal Company was consultant and actuary to this Fund from approximately 1970 to 1999. We deny the allegations in the complaint and will vigorously defend our position that The Segal Company was not responsible for the Fund's financial problems."
- D. Randy Lang: Certain former Trustees of the Local 231-613-614 Welfare Fund alleged professional negligence on the part of Segal and the Fund's auditors. The complaint sought indemnification and contribution for the plaintiff's liability, if any, arising from allegations of breach of fiduciary duty asserted in an action commenced by the independent fiduciary of the Fund. A settlement was reached on an underlying action against the Trustees and the matter against Segal has been withdrawn. In a related matter, Silverman, an independent fiduciary appointed by a Federal Court Judge, initiated an action against 70 defendants alleging RICO

violations, and against Segal for one count of malpractice. The Silverman matter has been resolved subject to the approval of The Department of Labor.

Segal maintains \$5 million of errors and omissions insurance.

9. ***Segal's actuarial consulting specialties, strengths and limitations.***

- ***Stability and Independence*** - Founded in 1939, we have extensive experience in providing actuarial and consulting services to the state and local government retirement sector. Our Company is employee owned and independent of any financial, insurance or investment entity.
- ***Top Talent*** - We are qualified for this assignment and have assigned one of our top teams of public retirement system consultants. Your Supervising Actuaries, Paul Angelo and Drew James, have extensive and recent experience in public sector consulting on actuarial matters, including particular experience with California county retirement systems.
- ***Valuation System Resources*** - The Segal Company has designed and programmed its own software for all actuarial functions for many years. Our Actuarial Technology and Systems (ATS) department is comprised of a group of dedicated systems developers responsible for providing and supporting the Segal Company's actuarial valuation system. The state-of-the-art actuarial valuation system has been designed internally to maintain control and flexibility to allow for modifications to best meet the unique needs of our clients.
- ***Commitment to Quality and Service*** - Our internal quality control standards require a three-stage production and review process of actuarial work. Also, our chief actuary, Tom Levy, annually reviews the work of all of our actuarial departments.
- ***Clear and Innovative Communication*** - Not only do we write our reports in a manner that effectively convey technical material and concepts to the reader, but we can work with the Board to communicate impacts of the results of the valuation in various formats. In addition to our work in board and client meetings, our consultants hone their communication skills by serving frequently as speakers, lecturers and panelists, and by authoring articles and papers in trade publications.
- ***Exploring the Cutting-Edge*** - Public plans today are facing a number of challenges: interest in defined contribution plans, demographic shifts, cash flow issues, protection of the trust and assets, federal law compliance and communicating with an increasing number of constituencies, to name but a few. The Segal Company has recent consulting experience in all of these areas and we help our clients to anticipate future demands and opportunities. For example, we are currently working with 1937 Act system boards, attorneys and accountants to address the policy and accounting issues for crediting interest on reserves in years of reduced or negative earnings.

- ***Federal Legislation Monitoring*** - Through a combination of our National Public Sector Practice Leader, Cathie Eitelberg, our National Director of Public Sector Compliance, Roderick B. Crane, and our Legal and Research Division, we are able to help our public retirement clients remain up-to-date on current federal legislative activity affecting governmental retirement and deferred compensation plans. We actively work with the public retirement plan industry groups (listed below) to monitor and evaluate federal legislation.

**10. *Does Segal act as a fiduciary when providing actuarial services?***

Segal does not act as a fiduciary in conducting its actuarial services. We partner with the Association's fiduciaries to assist them in making proper and prudent decisions. Actuarial decisions are ultimately made by the Board of Retirement based upon our recommendations. We work with the Board to develop a clear understanding of their funding policies and objectives. With this information, we can educate the Board about available alternatives and make recommendations that we believe are most suitable for those policies and objectives.

**11. *What distinguishes Segal from its competitors?***

Briefly, our distinguishing competitive advantages are:

- Two highly experienced consulting actuaries assigned to VCERA
- Senior level actuaries who have prior working experience with VCERA
- Independence of ownership, resources and systems
- Industry standard valuation systems and quality control procedures
- National resources and local responsiveness
- National commitment to Public Sector Retirement Systems
- Substantial experience with all types of public retirement systems in California
- Leading edge research and expertise on excess earnings issues for 1937 Act systems
- Superior communication skills of both of your assigned consulting actuaries

We will elaborate on two of these advantages, Commitment to Public Sector and Quality Control.

***Leadership in the Public Sector***

The Segal Company has taken a leadership role in the employee benefits field, and particularly with regard to the public sector. We actively participate in many public retirement organizations including the following:

***National Associations***

- *The National Association of State Retirement Administrators*
- *National Council on Teacher Retirement*
- *Government Finance Officers Association*

- *State and Local Government Benefits Association*
- *National Association of Governmental Deferred Compensation Administrators*
- *National Association of Public Pension Attorneys*
- *Association of Private Pension and Welfare Plans*
- *Employee Benefit Research Institute*
- *The International Foundation of Employee Benefit Plans (IFEBP)*

#### *State Associations*

- *The California Association of Public Retirement Systems (CALAPRS)*
- *The State Association of County Retirement Systems (SACRS)*

Our Company's role in the review and development of public employee benefit programs has been widely recognized. Our officers and professionals are frequent speakers at national and regional conferences on public sector benefits, and are consulted by governments, educational institutions, and leading publications on various aspects of retirement systems and group insurance programs for public employees.

In particular your Supervising Actuaries, Paul Angelo and Drew James, are frequent speakers at conferences, workshops and seminars sponsored by SACRS, CALAPRS and the IFEBP. For example, Mr. Angelo recently addressed the SACRS conference in Anaheim, California on *Public Retirement Benefit Plan Design*, and the IFEBP conference in Hawaii on *The Political Aspects of Overfunding*. Mr. Angelo and Mr. James recently authored a pair of articles in the Public Retirement Journal on excess earnings policies and practices, and interest crediting and reserve accounting for 1937 Act systems. Copies of that article are included in Section I.

#### ***Quality Control Procedures***

Segal has a battery of quality control practices and enforcement policies that is second to none in our industry. We have various quality control policies and procedures for our different services and practices. Here are the three policies most relevant to the actuarial services we would provide to VCERA.

***Actuarial Department.*** Our internal quality control standards for require a three-stage production and review process for all major actuarial projects, including annual valuations and experience investigations. After basic production, all results receive a “detailed review” that specifically checks all computer programs, valuation summaries and reports. Then a senior actuary in the department performs a “final review” insuring that all procedures and checklists have been followed, as well as providing a fresh look to insure that our results are consistent with all external documents such as plan documents, summary booklet and financial reports. Each level of review is documented in “review notes” that become part of the ongoing documentation for each client.

Departmental quality procedures are detailed, thorough and rigorous. They include standardized file contents and organization, procedural checklists specific to the type of valuation and exhaustive individual “test life” requirements.

**Annual Quality Audits.** At least once each year our Chief Actuary performs a two-day audit of each actuarial department. About ten valuations are selected at random for detailed review to check that all department procedures have been followed. The audit also includes a review of the consulting advice contained in our reports. The results of the audits are discussed in detail with local actuarial manager, the office head, and the senior staff for the audited cases.

**Senior Review.** Every piece of client communication that leaves our office is review by another consultant with expertise in the specific field who is does not work on the assignment in question. This review focus on the consulting information and presentation, and complements the technical review performed within the actuarial department.

12. ***Potential Conflicts***

We are not aware of any potential conflicts that Segal would have in servicing VCERA.

## Section B. – Segal’s VCERA Team

### 1. *Principal Actuary and Support Staff*

Your Lead Actuary will be Paul Angelo, Vice President and Actuary. Mr. Angelo has a number of key areas of expertise and experience in public retirement consulting, including:

- *Mr. Angelo has consulted to many retirement systems, with a particular focus on plan design, asset valuation methods, and funding policies. He is the lead actuary for the San Bernardino County Employees’ Retirement Association and the Los Angeles Water and Power Employees Retirement Plan.*
- *Mr. Angelo has conducted actuarial audits of the Orange County Employees Retirement System and the Los Angeles Water and Power Employees Retirement Plan, and is the retained audit actuary for the Los Angeles County Employees Retirement System (LACERA).*
- *Mr. Angelo is currently consulting to LACERA on a review of their funding policies, with particular emphasis on the measurement and distribution of excess earnings.*
- *Mr. Angelo is currently consulting to Ventura County and its employee organizations on various retirement benefit issues by conducting educational meetings (with both the bargaining parties and the Board of Supervisors), carrying out funding projections under alternative benefit designs, working with the system actuary and administrator, and identifying related practices and experience at other county retirement systems.*

Mr. Angelo has been assigned primary responsibility for eight clients.

Your second Lead Actuary will be Drew James, Consulting Actuary. Mr. James is an experienced public sector consultant and actuary who has served as valuation actuary for several city and county retirement systems in California. He is the second supervising actuary for the San Bernardino County Employees’ Retirement Association. Some of Mr. James’ past assignments include:

- *Creation of a DROP program for City of Ventura employees*
- *Managing a major CalPERS study on the impact of IRC Section 415 and assisting CalPERS develop Section 415 testing software and replacement benefit plans.*
- *Actuarial consultant to the Select Commission on Judicial Retirement with the charge of developing a new retirement benefit structure for California Judges*
- *Actuarial consultant to the Los Angeles County Economy and Efficiency Commission to solve “pension spiking” problem*



Mr. James has been assigned secondary responsibility for three clients.

Full resumes for both Mr. Angelo and Mr. James resumes can be found in Section F. They both exceed the Standards for Supervising Actuaries specified in the California Government Code. In particular:

- A. Both Mr. Angelo and Mr. James are Members of the American Academy of Actuaries and Enrolled Actuaries under ERISA. In addition, they are each Fellows of the Society of Actuaries, the most rigorous credential for actuaries practicing in North America.
- B. Both Mr. Angelo and Mr. James have over 20 years of experience each in providing consulting and technical actuarial services to large retirement systems, including public retirement systems.
- C. Mr. Angelo has supervised actuarial valuation work and provided direct consulting services to the San Bernardino County Employees' Retirement Association (25,000 members, \$3 billion), Los Angeles County Employees' Retirement Association (128,000 members, \$30 billion), Orange County Employees' Retirement System (33,000 members, \$5.5 Billion) and the Los Angeles Department of Water and Power Retirement System (18,000 members, \$5.8 billion), as well as many others.
- D. Mr. James has supervised actuarial valuation work and provided direct consulting services to the San Bernardino County Employees' Retirement Association (25,000 members, \$3 billion), Contra Costa County Employees' Retirement Association (14,000 members, \$2.9 billion), Alameda County Employees' Retirement System (15,000 members, \$3.8 billion) and the Sacramento County Employees' Retirement System (16,000 members, \$3.8 billion), as well as many others.
- E. Both Mr. Angelo and Mr. James have testified before legislative and/or administrative bodies in support of actuarial positions and/or the principles used in valuing retirement systems or pricing legislation. Mr. Angelo has testified before the Minnesota state legislature regarding the funding of the Minnesota State Teachers Retirement System. Mr. James has testified before various California State Assembly and Senate Committees, the Montana State Legislature Subcommittee, the Ohio State Legislature Subcommittee and the California Judicial Council.
- F. In addition to appearing before legislative bodies, Segal Company actuaries, including Mr. Angelo and Mr. James, regularly appear before Boards of Supervisors, City Councils and (non-client) Boards of Retirement to make formal presentations on the principles used in valuing the system or pricing legislation. Mr. Angelo has made such presentations recently before the Oakland City Council and the Oakland Police and Fire Retirement System, as well as the Ventura County Board of Supervisors. Mr. James has presented before the Fresno City Council and various county Boards of Supervisors.



- G. Communications is a crucial aspect of the consulting actuarial business, one that is sometimes under-emphasized. Actuarial concepts can be obscure, and there is a difficult balance to be found between providing too much or too little detail. Both written reports and oral presentations should make the essential decision information and concepts clear and accessible. This can be especially important for a public retirement system, where the interested parties come from a variety of backgrounds with various levels of experience.
- H. Both Mr. Angelo and Mr. James have statewide and national reputations for their ability to make the sometimes arcane business of actuarial science accessible to lay persons and policy makers. One measure of this ability is their active roles as speakers and lecturers on retirement topics for public sector audiences. Another is the testimonials they regularly receive from their clients who "never really understood this actuarial stuff before".

For a client's perspective on our communication skills, we suggest you contact:

Ms. Barbara A. Journet  
Director - Human Resources Department  
County of Ventura  
800 S. Victoria Avenue  
Ventura, CA 93009  
(805) 654-2561

Mr. Keith B. Filegar  
President  
Service Employees International Union, Local 998 AFL-CIO, CLC  
2472 Eastman Avenue, Unit 30  
Ventura, CA 93003  
(805) 644-8291

Ms. Pat Wiegert  
Retirement Administrator  
Contra Costa County Employees' Retirement Association  
1355 Willow Way, Suite 221  
Concord, CA 94520  
(925) 646-5741

Mr. Richard Goss  
Administrator  
California Association of Public Retirement Systems  
P.O. Box 7223  
Auburn, CA 95604  
(916) 788-0757

In addition to our sample reports, we wished VCERA to see a sample of “day to day” actuarial communication. We have include in Section H of our proposal an actual consulting work sample prepared by Mr. Angelo for the Los Angeles County Employees’ Retirement Association (LACERA). LACERA had requested independent advice regarding an extremely technical distinction between two variants of a particular actuarial funding method. This work sample is included not so much for its technical content as for its demonstration of how everyday examples can be used to explain even the most difficult and subtle actuarial concepts. Section I contains another technical communications example, the articles Mr. Angelo and Mr. James recently authored in the Public Retirement Journal on excess earnings policies and practices, and interest crediting and reserve accounting for 1937 Act systems.

#### *Other Personnel*

Your supervising actuaries will be Ted Shively, A.S.A. and Dave Bergerson, A.S.A., who will have primary responsibility for supervising the production and certification of our actuarial services.

Mr. Shively is an experienced public sector actuary, and recently served as valuation actuary for the State of Hawaii. Mr. Angelo and Mr. Shively will work together on any actuarial or valuation policy issues relative to our work for VCERA. Mr. Shively holds degrees in mathematics and business, and has been with the Segal Company for 18 years.

Mr. Bergerson is the manager of our San Francisco actuarial department, and serves as the supervising actuary on our work for two other major California public retirement systems. Mr. Bergerson holds a degree in mathematics, has 15 years of actuarial consulting experience, and has been with The Segal Company for five years

Your primary support actuary will be John Monroe. Mr. Monroe currently serves as primary support actuary for the Los Angeles Water and Power Employees’ Retirement Plan and for the San Bernardino Employees’ Retirement Association.

Compliance service will be provided by Rod Crane, J.D. of our Denver office. Mr. Crane has over 15 years of consulting experience, all with The Segal Company.

Full resumes for Messrs. Shively, Bergerson, Monroe and Crane may also be found in Section F.

#### *Statement of Availability to VCERA*

With the exception of Mr. Crane (who is in the Denver office) all of the services for VCERA will be provided by our San Francisco office. Segal’s VCERA team (and other required resources) will be made fully available to perform all services to VCERA and provide VCERA’s deliverables within required time frames.

2. ***Number of Accounts Assigned to Segal Actuaries***

Segal does not have a formal process or formula for determining the number of accounts assigned to each actuary, since we find that different clients of comparable size can require varying degrees of attention and time commitment. Our office head works closely with each consulting actuary to monitor workload, including such considerations as the number and location of meetings during the year. A careful assessment is made to assure available capacity before a new client-consultant relationship is established.

Currently, Mr. Angelo is assigned as the primary consultant on eight accounts. Mr. James serves as the secondary consultant on three accounts. Both Mr. Angelo and Mr. James have ready capacity to serve VCERA.

3. ***Turnover of Segal's Personnel***

Over the past three years Segal has experienced a turnover rate of approximately 3% per year.

## Section C. – Client References

1. Mr. Timothy Barrett, CFA  
Executive Director / Chief Investment Officer  
San Bernardino County Employees' Retirement Association  
348 W. Hospitality Lane, 3<sup>rd</sup> Floor  
San Bernardino, CA 92415-0014  
(909) 885-7980
2. Mr. Greg Rademacher, Assistant Executive Officer  
Los Angeles County Employees' Retirement Association  
300 North Lake Avenue  
Pasadena, CA 91101  
(808) 586-1735
3. Mr. Duamel Vellon, Retirement Plan Manager  
Los Angeles Water and Power Employees Retirement Plan  
111 N. Hope Street, Room 357  
Los Angeles, CA 90012  
(213) 367-1689

Please see page 12 for additional references.

## Section D – General Information

### 1. *Description of computer facilities*

We have chosen to provide a rather brief description of our computer equipment. More information can be provided, if necessary.

All of the computer hardware and software is owned by Segal. The hardware is located in the San Francisco Office.

*Hardware Systems.* Actuarial processing is performed on Dell personal computers utilizing Windows NT workstations connected to Novell file servers located on the local area network (LAN) in the local office where actuarial work is performed. Your services will be performed in the San Francisco office.

Each local office LAN is connected via a frame relay network to form the Segal Company's wide area network (WAN). The current system has been in place for many years and is constantly upgraded. For example, in 2001 we upgraded the speed of the WAN as well as optimizing its networking features. Most recently, all the PCs used by the actuaries were upgraded (replaced) in 2002.

*Software Systems.* The Segal Company has designed and programmed its own software for all actuarial functions for many years. The Actuarial Technology and Systems (ATS) department is comprised of a group of dedicated systems developers responsible for providing and supporting the Segal Company's actuarial valuation system. The state-of-the-art actuarial valuation system has been designed internally to maintain control and flexibility to allow for modifications to best meet the unique needs of our clients. The PC-based actuarial valuation system is comprised of the following major components:

- ***Segal Data Handler*** - interactive processing of the participant data to generate a unified database that becomes the single source for all actuarial processing needs.
- ***PC-MESVAL*** - a multi-decrement actuarial valuation program that produces a comprehensive set of liability calculations associated with a wide range of benefit plans. The modular structure of the program allows for improvements to be implemented with a high degree of ease, speed and accuracy.
- ***Costs and Report Generator*** - the set of demographic and liability calculations produced by PC-MESVAL are automatically imported into an integrated costs and report generator program. This program produces actuarial calculations associated with the liabilities to meet regulatory, legislative and client requirements. The results of these calculations are electronically linked to a report generator that creates the valuation report including tables and graphs.

- ***Actuarial Utility Programs*** - these user-friendly tools are readily available to the actuaries for use in performing various actuarial calculations such as Section 415 limitations, social security calculations and generating annuity values.

The PC-based version of the Segal Company's actuarial valuation system has been in place since 1988. We are constantly upgrading our software to keep up with legislative, regulatory and technological changes.

2. ***Sample Actuarial Reports***

We have included a sample experience study report in Section J and a sample actuarial valuation report in Section K.

3. ***Standard Contract***

We have included a copy of our standard contract in Section G.

## Section E. – Proposed Fees

Our fees for the tasks detailed in Section II.E. of our proposal are shown in the following table. We have shown the cost for each performance of the task. We understand that the contract term is open and that these tasks would be performed at various times over the term of the contract. These fees are guaranteed over a three-year contract term. Adjustments in the fees will most likely be made after the third year.

Task	Cost per Service
Actuarial Valuation (each year)	\$35,000
Investigation of Experience	20,000
STARCOLA Valuation (each year)	5,000
Vested \$108.44 Supplemental Benefit Valuation	3,000
\$5,000 Death Benefit Valuation	4,000

### Handling of June 30, 2002 Experience Analysis Results

Section II of the RFP requested that we address the handling of the June 30, 2002 experience analysis results in the valuation process. Ordinarily we prefer to incorporate experience study results into the valuation process as of the same date that the experience analysis period closes. For example, we would include the July 1, 1999 to June 30, 2002 experience analysis results into the June 30, 2002 actuarial valuation. We understand that the June 30, 2002 actuarial valuation will not use the June 30, 2002 experience study results.

Given that the first valuation under this contract would be as of June 30, 2003, we suggest that the Board have the new actuary review the June 30, 2002 experience analysis results prior to incorporating them into the June 30, 2003 actuarial valuation. This could probably be done at a fee of about 60% of the ordinary experience analysis charge.

### Additional Services

Our hourly rates for additional services are as follows. For any such services, we would estimate the time charges required and receive VCERA approval before commencing the project.

<u>Class of Personnel</u>	<u>Hourly Rate</u>
Paul Angelo, Drew James Lead Actuaries	\$350
Ted Shively, Dave Bergerson Supervising Actuaries	\$330
John Monroe, Primary Support Actuary	<del>\$280</del> 300 <sup>00</sup>
Senior Actuarial Analysts	\$160 - \$275
Actuarial Analysts	\$130 - \$155
Rod Crane, Compliance Consultant	\$330

The above rates are all-inclusive. The Segal Company does not charge or load for computer time or system usage, nor do we charge for clerical support.

These rates are guaranteed for the first three years of the contract. For later years we would present a schedule of our current rates for review by VCERA prior to the beginning of each year. These rates would go into effect only upon mutual agreement between VCERA and The Segal Company.



## Section F – Resumes

### LEAD ACTUARY

**PAUL ANGELO, F.S.A., E.A., M.A.A.A., F.C.A.**  
**Vice President and Actuary**

Paul Angelo is a Vice President and Actuary in the San Francisco office of the Segal Company, having joined the firm in January of 1998. Mr. Angelo has over twenty-two years of actuarial consulting experience, and is a Fellow of the Society of Actuaries and an ERISA Enrolled Actuary. He is also a Member of the American Academy of Actuaries and a Fellow of the Conference of Consulting Actuaries.

As a consulting actuary, Mr. Angelo's focus areas include the design, funding and administration of large defined benefit plans, including 1937 CERL Systems and other public retirement systems in California. His assignments for these systems have included actuarial audits, in-depth analyses of excess earnings distribution policies, the design of ad hoc supplemental COLAs, and consulting to bargaining parties on the design of a new tier.

Mr. Angelo also has extensive experience with Taft-Hartley (joint labor/management trustees) and other collectively bargained plans. In addition to regular valuation and consulting assignments, his work with these plans has included numerous collective bargaining negotiations and arbitrations on matters of plan design and funding.

In addition to his consulting activities, Mr. Angelo is an active speaker on retirement topics. Mr. Angelo has made presentations to the national Enrolled Actuaries Meeting on many topics, including divorce settlements in pension plans and asset smoothing methods. His presentations for CALAPRS include the all day seminar on Pension Funding and Actuarial Valuations, and the new trustees' course presented by at Stanford University. In November 2000, Mr. Angelo addressed the IFEBP conference on the political aspects of overfunding. Mr. Angelo is also on the faculty of the IFEBP CAPPP Program (Certificate of Achievement in Public Plan Policy).

Recent projects include:

- Review of funding, reserving and excess earnings distribution policy for a major county system.
- Review of asset valuation and reserving policies for a major California public utility.
- Consulting with bargaining parties to resolve plan design and funding issues that had lead to a recent work stoppage.
- Redesign of transit district negotiated plan based on coordinated consulting assignments from both labor and management.

## **LEAD ACTUARY**

### **DREW JAMES, F.S.A., E.A., M.A.A.A. Consulting Actuary**

Drew James is a consulting actuary in Segal's San Francisco office. He has more than 30 years experience in retirement, insurance, and health care benefits. He is a recognized expert in public retirement systems, including states, cities, counties, universities and public agencies. His assignments include those involving plan design, funding, financial reporting, administration, communications and actuarial valuations.

Mr. James has testified on actuarial issues before numerous government bodies, including various California and Montana legislative hearings, and meetings of numerous boards of supervisors, city councils, school boards and retirement boards. In this capacity, he has repeatedly demonstrated the capability to communicate complex actuarial principles and issues to wide audiences with a high degree of success. He was very heavily involved in the design and passage of SB65, which created the first actuarially funded retirement system for California judges.

Mr. James has served as actuarial consultant to several multi-billion dollar public retirement systems. Some of his relevant projects include:

- Creation of a DROP program for City of Fresno employees
- Managing a major CalPERS study on the impact of IRC Section 415 and assisting CalPERS develop Section 415 testing software and replacement benefit plans
- Actuarial consultant to the Select Commission on Judicial Retirement with the charge of developing a new retirement benefit structure for California Judges
- Actuarial consultant to the Los Angeles County Economy and Efficiency Commission to solve "pension spiking" problem

Drew joined Segal in March 2002 after eight years with William M. Mercer, Inc. Prior to that he spent 16 years with W F Corroon and its organizational predecessors. He graduated magna cum laude from San Francisco State University and is a Fellow of the Society of Actuaries, an ERISA Enrolled Actuary and a Member of the American Academy of Actuaries.

Drew has been a frequent speaker at public retirement conferences (CALAPRS, SACRS, etc.) and various actuarial organizations. He has authored articles on GASB pension reporting proposals, the role of the actuary, and has co-authored an article on the PERS Section 415 Benefit Replacement Program adopted by the CalPERS Board of Administration. Drew also serves on the investment committee of the Sisters of St. Dominic's Retirement Fund.

## **SUPERVISING ACTUARY**

**THEODORE J. SHIVELY, A.S.A., E.A., M.A.A.A.**

**Vice President and Actuary**

Mr. Shively joined The Segal Company's Chicago office in 1978. In 1984, he transferred to the San Francisco office where he worked until 1990. After working a few years at a property and casualty insurance company, Mr. Shively returned as an associate actuary in 1994.

Mr. Shively is a Phi Beta Kappa graduate of Michigan State University where he received a B.S. degree in mathematics. In addition, Mr. Shively received a M.B.A. degree from California State University at Hayward. He is an Associate of the Society of Actuaries, a Member of the American Academy of Actuaries and an Enrolled Actuary.

Mr. Shively recently served as valuation actuary to the State of Hawaii Employees Retirement System.

## **SUPERVISING ACTUARY**

**DAVE T. BERGERSON, A.S.A., M.A.A.A., E.A.**

**Vice President and Actuary**

Mr. Bergerson joined The Segal Company in 1996, and currently serves as the actuarial manager in our San Francisco office. Mr. Bergerson has over fifteen years of actuarial consulting experience, and is an Associate of the Society of Actuaries and an ERISA Enrolled Actuary. He is also a Member of the American Academy of Actuaries.

Mr. Bergerson is a graduate of the University of Minnesota where he received a B.A. degree in mathematics. Mr. Bergerson currently serves as valuation actuary to the Los Angeles Water and Power Employees Retirement Plan and the audit actuary for the Los Angeles County Employees' Retirement Association.

## **PRIMARY SUPPORT ACTUARY**

**JOHN MONROE**

**Actuarial Associate**

Mr. Monroe is a Senior Actuarial Analyst in the San Francisco office of the Segal Company, having joined the firm in April 1996.

Mr. Monroe currently serves as primary support actuary for the Los Angeles Water and Power Employees Retirement Plan. He recently served as the primary support actuary for the actuarial audit of the Orange County Employees Retirement System.

Mr. Monroe is a graduate of Oregon State University where he received a B.S. degree in mathematics.

## **COMPLIANCE CONSULTANT**

**RODERICK B. CRANE, J.D.**

**Vice President**

**National Government Compliance Director**

Mr. Crane is an attorney and an expert in the design and administration of public-sector retirement and savings plans including IRC §401 qualified defined benefit and defined contribution plans, §457 deferred compensation plans, §403(b) tax-sheltered annuities and §401(k) cash or deferred arrangements. Mr. Crane, before coming to The Segal Company, was counsel to the North Dakota Legislative Council's Committee on Public Employee Retirement Programs. Mr. Crane is also an expert on compliance with federal laws affecting governmental plans and serves in this capacity as the Company's National Government Compliance Director.

Mr. Crane is an active participant in the National Association of State Retirement Administrators, the National Association of Governmental Deferred Compensation Administrators, the National Association of Public Pension Plan Attorneys and the Government Finance Officers Association. He is a frequent speaker on public-sector retirement and deferred compensation issues, and has provided legislative testimony on numerous occasions. Most recently, he has authored two parts of the GFOA 's "Regulatory Compliance Guide" series: *Federal Health Care and Pension Laws Affecting State and Local Governments* and *Federal Workplace Laws Affecting Public-Sector Employee Benefit Programs*. He also recently presented a paper written for the Wharton School of Business – Pension Research Council titled *Federal Regulation and Taxation of Public Pension Plans*.

Mr. Crane received his B.A. degree in Economics from the University of North Dakota and his J.D. from the University of North Dakota School of Law. He has over 15 years of consulting experience, all of which have been with The Segal Company.

## Section I – Segal Publications

This Section includes the following:

- **The Public Retirement Journal, March 2002**  
Ver-r-r-y Interesting!  
1937 Act Interest Crediting and Reserve Accounting
- **The Public Retirement Journal, July/August 2002**  
Of Passing Interest  
Excess Earnings Principles and Practices Under the 1937 Act
- **Segal Public Sector Letter, December 2002**  
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