

Attachment 5
AGREEMENT
FOR
ACTUARIAL SERVICES

THIS AGREEMENT for actuarial services is made and entered into this ____ day of _____, 2009, by and between the Board of Retirement ("Board") of the Kern County Employees' Retirement Association ("KCERA") and _____, an (ACTUARY) formed under the laws of the State of _____, with its principal place of business located in _____.

WITNESSETH:

WHEREAS:

- (a) KCERA was established under and is governed by the provisions of the County Employees' Law of 1937; and
- (b) Government Code sections 31610-31618, inclusive, have been made operative in Kern County by resolutions of the Board and the Board of Supervisors of the County of Kern; and
- (c) The Board has determined that it is beneficial to conduct audits of the June 30, 2009 actuarial valuation and June 30, 2008 Investigation of Experience; and
- (d) In order to obtain and retain the most competent actuarial professional services available, the Board solicited proposals in 2009 from several actuarial firms and determined from its written and oral response to the request for proposals that ACTUARY can best meet the needs of KCERA for experienced and skilled actuarial services;

NOW, THEREFORE, it is hereby agreed as follows:

1. Actuarial Services. ACTUARY agrees to perform the following services:

A. Peer Review Audit of the Actuarial Experience Study during the period January 1, 2006 through June 30, 2008

ACTUARY shall perform an actuarial peer review audit of the Actuarial Experience Study as of June 30, 2008. ACTUARY shall consult with KCERA's consulting actuary and staff in the course of the audit. The data used in the last four actuarial valuations will be supplied to the ACTUARY by KCERA's consulting actuary. Such audit shall include but not be limited to:

- (1) Evaluation of the available data for the performance of the experience study, the degree to which such data is sufficient to support the conclusions of the study, and the use and appropriateness of any assumptions made regarding such data.
- (2) Evaluation of the results and reconciliation of any discrepancies between the findings, assumptions, methodology, rates, and or adjustments of the ACTUARY and KCERA's consulting actuary.
- (3) It is KCERA's intent that peer review audit results be communicated to the consulting actuary prior to their completion of work so that the consulting actuary may consider such adjustments and recommendations for inclusion in their completed valuation.

B. Parallel Valuation

ACTUARY shall conduct a parallel valuation (independent reproduction of the detailed valuation results) of KCERA's June 30, 2009 valuation. ACTUARY shall consult with KCERA's consulting actuary and staff in the course of the engagement. KCERA's consulting actuary will supply both "scrubbed" and raw data to the ACTUARY from the current valuation period. Such audit shall include but not be limited to:

- (1) Evaluation of the available data for the performance of such valuation, the degree to which such data is sufficient to support the conclusions of the valuation, and the use and appropriateness of any assumptions made regarding such data.
- (2) Evaluation of recommended economic and non-economic assumptions as presented in KCERA's consulting actuary's Review of Economic Actuarial Assumptions.
- (3) Perform parallel valuation as of June 30, 2009 using the assumptions, methodologies and funding method used by KCERA's consulting actuary in their performance of the June 30, 2009 valuation. ACTUARY shall reproduce all work and not rely on the work of KCERA's consulting actuary.
- (4) Evaluation of the parallel valuation results and reconciliation of any discrepancies between the findings, assumptions, methodology, rates, and or adjustments of the ACTUARY and KCERA's consulting actuary.
- (5) Audit to be performed concurrently with consulting actuary's performance of the actuarial valuation. It is KCERA's intent that parallel valuation results and the reconciliation of any discrepancies between the findings, assumptions, methodology, rates, and or adjustments be communicated to the consulting actuary prior to their completion of work so that the consulting actuary may consider such adjustments and recommendations for inclusion in their completed valuation.

2. Delivery of Actuarial Audit Reports. ACTUARY and the Board mutually understand and agree that the valuation audit and investigation of experience audit reports will be completed within six months of execution of Agreement.
3. Report. ACTUARY agrees to furnish to the Board twenty-five (25) copies of ACTUARY'S final written report prepared upon completion of studies described in paragraph 1 A and 1 B of this Agreement. Any final report shall be presented in a format which clearly communicates its contents to the Board.
4. Attendance at Meetings. ACTUARY shall personally meet with the Board or any committee thereof at the request of the Executive Director at such times and places as are designated by KCERA. ACTUARY agrees that ACTUARY shall include attendance at up to two (2) meetings over the term of this Agreement as requested by the Board or KCERA Executive Director as part of its standard service and shall not receive any additional compensation therefore. If required to attend more than two (2) meetings over the term of this Agreement, ACTUARY shall be entitled to additional compensation on a time and expense basis, not to exceed _____ per meeting attended. ACTUARY shall not be entitled to additional compensation for meetings held by conference call, regardless of number.
5. Responsibility of Board. To assist ACTUARY in the performance of services under this Agreement, Board agrees to furnish necessary data concerning each active and retired member of the KCERA on a timely basis at ACTUARY'S request.
6. Consideration. In consideration of the performance of audit actuarial valuation report services described in paragraph 1 A and 1 B, Board agrees to pay ACTUARY an amount which shall not exceed _____.
7. Term. This Agreement shall commence as of _____ and shall terminate on _____; provided, however, that either party may terminate this Agreement without cause upon thirty (30) days prior written notice to the other.
8. Indemnification and Insurance. ACTUARY agrees to indemnify, defend, and save harmless KCERA, its officers, agents and employees, and each of them, from any and all actions, claims, costs, demands, liabilities, losses, damages and expenses, including attorney's fees, for injuries to persons, or damage to property, proximately caused by the negligence of ACTUARY or ACTUARY'S officers, agents or employees.

ACTUARY further agrees that they will provide services under this Agreement in a skillful and competent manner in accordance with the acceptable standards of professional and enrolled actuaries and shall perform all duties hereunder in accordance with the fiduciary standard required of KCERA's Board members, as provided in Government Code section 31595. ACTUARY agrees to indemnify, defend and hold harmless KCERA, its officers, agents and employees, and each of them, from any and all actions, claims, costs, demands, liabilities, losses, damages and expenses (including attorney's fees) arising out of or in any way connected with any negligent errors or omissions by Consultant in the provision of services under this Agreement or any failure to perform in accordance with the standard required of a fiduciary as provided herein.

At ACTUARY'S sole cost and expense, ACTUARY shall obtain, and keep in force at all times during this Agreement, the following policies of insurance:

- A. Workers' Compensation Insurance. ACTUARY shall submit written proof that ACTUARY is insured against liability for workers' compensation in accordance with the provisions of section 3700 of the California Labor Code.
- B. Commercial General Liability Insurance, including, but not limited to, Contractual Liability Insurance (specifically concerning the indemnity provisions of this Agreement), Personal Injury (including bodily injury and death), and Property Damage for liability arising out of ACTUARY'S performance of work under this Agreement. Such insurance coverage shall have minimum limits for bodily injury and property damage liability of One Million Dollars (\$1,000,000) each occurrence and Five Million Dollars (\$5,000,000) in aggregate.
- C. Automobile Liability Insurance against claims of Personal Injury (including bodily injury and death) and Property Damage covering all owned, leased, hired and non-owned vehicles used in the performance of services pursuant to this Agreement with minimum limits for Bodily Injury and Property Damage liability of One Million Dollars (\$1,000,000) per occurrence. Such insurance shall be provided by a business or commercial vehicle policy.
- D. Professional Liability (Errors and Omissions) Insurance, for liability arising out of, or in connection with, the performance of all required services under this Agreement, with limits of not less than Five Million Dollars (\$ (minimum of \$10 Million) per claim. If any of the insurance coverage required under this Agreement are written on a claims-made basis, the insurance policy shall provide

an extended reporting period of not less than four (4) years following the termination of this Agreement or completion of all work performed by ACTUARY specified in this Agreement, whichever is later.

All insurance shall be issued by a company or companies listed in the current "Best's Key Rating Guide" publication with a minimum of a "A-;VII" rating. All insurance coverage required to be maintained by ACTUARY shall be maintained until the completion of all of ACTUARY'S obligations under this Agreement, and shall not be reduced, modified in any material respect, or canceled without thirty (30) days prior written notice to KCERA. Failure by ACTUARY to maintain all such insurance in effect at times required by this Agreement shall be a material breach of this Agreement by ACTUARY. KCERA, at its sole option, may terminate this Agreement and obtain damages from ACTUARY resulting from such breach. Alternatively, KCERA may purchase such required insurance coverage, and without further notice to ACTUARY, KCERA shall deduct from sums due to ACTUARY any premiums and associated costs advanced or paid by KCERA for such insurance. If sums due ACTUARY pursuant to this Agreement are insufficient to reimburse KCERA for the premiums and any associated costs, ACTUARY agrees to reimburse KCERA for the premiums and pay for all costs associated with the purchase of such insurance.

All insurance policies required in this Agreement shall include an endorsement naming the KCERA and KCERA's board members, officials, officers, agents and employees as additional insureds for liability arising out of this Agreement and any operations related thereto.

Insurance coverage in the minimum amounts set forth herein shall not be construed to relieve ACTUARY for any liability, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall it preclude the KCERA from taking such other actions as are available to it under any other provision of this Agreement or otherwise in law. All insurance afforded by ACTUARY pursuant to this Agreement shall be primary to and not contributing to any other insurance maintained by the KCERA.

9. General Provisions.

A. At all time during the term of this Agreement, the consulting services shall be performed under the direct supervision of _____, FSA, an actuary who is a member of Actuaries' firm and who is an enrolled actuary under the Employees' Retirement Income Security Act. It is understood that no substitution for the actuary will be permitted without the express written consent of the Board. In the event _____ is removed from KCERA's account for any reason during the term of this Agreement, Board may terminate this Agreement effective immediately upon mailing written notification to ACTUARY.

B. All working papers, reports and other documentation prepared in the performance of this Agreement are the property of KCERA and will be provided by ACTUARY to this Board upon request or at termination of this Agreement.

C. ACTUARY, in the course of its duties, will handle investment, financial, accounting, member and statistical information pertaining to KCERA. All such information is confidential and ACTUARY may not disclose such information, directly or indirectly, or use it in any way, either during the term of this Agreement or at any time thereafter, except as required to perform its duties under this Agreement or upon prior written consent of the Board of the KCERA Executive Director. Any disclosure of information contrary to this provision shall be considered a material breach of this Agreement.

D. ACTUARY and ACTUARY'S personnel are and shall be considered as independent contractors and shall not be considered to be employees of the KCERA.

E. This Agreement shall consist of the terms of this Agreement and Exhibits thereto, as well as the following documents which are incorporated herein:

(1) Request for Proposals to Provide Actuarial Services, issued by KCERA on or about _____; and

(2) ACTUARY'S response to KCERA's Request for Proposals, dated _____.

F. In the event that there are any inconsistencies or ambiguities between the terms of this Agreement and the incorporated

documents, the following precedence shall be used to interpret this Agreement's requirements:

- (1) Applicable state laws.
- (2) Terms and conditions of this Agreement, including any exhibits.
- (3) KCERA's Request for Proposals.
- (4) ACTUARY' response to KCERA's RFP, dated xxxxxxxx.
- (5) Any other provisions, terms or materials incorporated herein by reference or otherwise incorporated herein.

10. Notices. All notices and communications deemed by either party to be necessary or desirable to be given to the other party in writing may be given by personal delivery to a representative of the parties or by first class mail, postage prepaid, addressed as follows:

To KCERA: Anne M. Holdren, Executive Director
 Kern County Employees' Retirement
 Association
 1115 Truxtun Ave., First Floor
 Bakersfield, CA 93301

To ACTUARY:

11. Applicable Law. This Agreement, in its interpretation and services performed hereunder, shall be governed by the laws of the State of California.
12. Venue. If either party to this Agreement initiates any legal or equitable action to enforce the terms of this Agreement, to determine the rights, obligations and/or duties of the parties under this Agreement, or which relates to this Agreement in any manner, KCERA and ACTUARY agree that the proper venue for any such action shall be the Superior Court of the State of California, in and for the County of Kern.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first written above.

APPROVED AS TO CONTENT:
Kern County Employees'
Retirement Association

KERN COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

By _____
Anne M. Holdren , Executive Director

by _____
Joseph Hughes, Chairman
Board of Retirement

"KCERA"

APPROVED AS TO FORM:
Office of the County Counsel

By _____
Patricia J. Randolph, Deputy

By _____

" ACTUARY "