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### **Required Guidelines for the Independent Actuarial Review of the System's Valuation**

1. The ERFC Board of Trustees (Board) shall have an independent actuarial review of the System's actuarial valuation performed at least every eighth year. A full replication study should be considered if the Board has retained the same actuary since the last review.
2. An actuarial review is a written evaluation by an independent, qualified actuary, other than the actuary who performed the System's regular annual actuarial evaluation. The qualified actuary shall be a Fellow of the Society of Actuaries, with significant experience in performing valuations for public retirement systems.
3. A full replication actuarial review is based upon the independent actuary receiving full census and financial data from the Retirement System staff, and replicating the retained actuary's work under the qualified actuary's independent valuation system. A limited actuarial review is based upon the independent actuary's limited review of the actuarial and experience study reports, and may also include testing sample lives from the retained actuary's valuation system.
4. The review shall be performed for the purpose of acquiring a "second opinion" of the findings and processes included in the regular valuation, by a different and independent qualified actuary.
5. After soliciting bids from qualified candidates, the Executive Director/CIO, working on behalf of the Board of Trustees, shall enter into a contract with the independent, qualified actuary to conduct the actuarial review. The fee for the actuarial review shall be paid out of the System's budget for the fiscal year during which the review takes place.
6. The independent actuary shall perform such procedures and testing as deemed necessary for the actuarial review, in addition to those specifically enumerated in item 3 above.
7. The ERFC shall provide the information the independent actuary requires for the actuarial review.
8. The independent actuary shall issue a report to the Board including:
  - a. An opinion statement regarding the reasonableness of the existing actuarial valuation process

- b. An opinion statement regarding the reasonableness and/or accuracy of the existing actuarial assumptions, the actuarial cost method used in the original valuation, and the valuation results
- c. A statement confirming that the independent review was conducted by a qualified actuary as described in item 2 above, and that the review was performed in accordance with the standards of practice prescribed by the Actuarial Standards Board
- d. Recommendations for improvements or changes to the existing actuarial work
- e. Alternative points of view regarding actuarial issues affecting the retirement system