

# ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



## STAFF REPORT

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**MEETING DATE:** 3/25/2026

**Staff Report No.** 26-125

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**TO:** AC Transit Board of Directors  
**FROM:** Salvador Llamas, General Manager/Chief Executive Officer  
**SUBJECT:** BP 360 - Actuarial Valuations

### ACTION ITEM

**AGENDA PLANNING REQUEST:**

**RECOMMENDED ACTION(S):**

Consider approving amendments to Board Policy 360 - Actuarial Valuations for Retirement Fund Policy.

Staff Contact:

Chris Andrichak, Chief Financial Officer

**STRATEGIC IMPORTANCE:**

Goal - Financial Stability and Resiliency

Initiative - Financial Efficiency and Revenue Maximization

Clear and concise policies help the Board and staff in assessing the financial status of the retirement fund in an efficient manner.

**BUDGETARY/FISCAL IMPACT:**

The proposed changes to the Board Policy will reduce the cost of the actuarial services contract that the District regularly procures. Staff estimates the savings could be over \$10,000 per year.

**BACKGROUND/RATIONALE:**

The purpose of Board Policy 360 is to reconcile the requirements of Transit District Law with the plenary authority given to the Retirement Board by Proposition 162 to determine the District's contributions to the pension plan. It further covers the District's requirements for when it would do its own actuarial valuations and analyses. Staff last brought the policy for review with no amendments in August 2025. In the discussion at that meeting, staff noted that they planned to review the requirements in the policy since they seemed to be beyond what was legally required and overly thorough.

The main argument for reducing the required analyses in the policy is that for many years staff has not had any issues with or felt it necessary to reproduce the actuarial valuation and analyses from the Retirement Plan consultants. With this in mind, staff worked with outside counsel to review how the requirements in the policy could be reduced while keeping within the relevant statutes and still fulfilling the District's financial

responsibilities. The revised policy in Attachment 1 is the result of this review.

The changes in Section I. Purpose reflect the changes in the later requirements - from performing redundant analyses to reviewing the Retirement Plan analyses for sufficiency. The changes in Section IV.A eliminate redundancy with Section I. Purpose.

The revisions to Section IV.B are as follows:

- The District will annually have a credentialed actuary review the actuarial valuation from the Retirement Plan and the Actuarially Determined Contribution (ADC) for reasonableness and professional standard. If it does not measure up the District will perform its own valuation.
- Similarly, the District will have a credentialed actuary review the experience study (typically every three years) from the Retirement Plan for reasonableness and professional standard. If it does not measure up the District will perform its own experience study.

The revisions to Section IV.C clarify when the actuarial assumptions and methods must be identified. If the District does not perform an actuarial valuation, it does not need to produce the memorandum mentioned. The Retirement Plan identifies its assumptions and methods in its actuarial valuation and the District would review them along with the valuation report.

The changes in Section IV.D just increase the time between full scope audits from five to six years. The Government Finance Officers Association recommends between five to eight years between audits.

The Board can request a valuation or experience study be done at any time. Requiring them to be done regularly via this policy without any motivating reason does not further the District's interests. Staff, in consultation with outside counsel, feel that the revisions strike a good balance between financial responsibility and prudent cost management.

#### **ADVANTAGES/DISADVANTAGES:**

The primary advantage to approving the proposed amendments is that it would reduce cost and effort while still meeting the District's responsibility to prudently monitor its obligations to the Retirement Plan. Staff cannot identify any disadvantages.

#### **ALTERNATIVES ANALYSIS:**

The primary alternative is to leave the requirements in the policy as they are.

#### **PRIOR RELEVANT BOARD ACTION/POLICIES:**

SR 25-424 - Consider a review of Board Policy 360 - Actuarial Valuations for Retirement Fund Policy

#### **ATTACHMENTS:**

1. Board Policy 360 - Redline

#### **Prepared by:**

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**In Collaboration with:**

Kenneth Myers, Controller

**Approved/Reviewed by:**

Chris Andrichak, Chief Financial Officer

Aimee L. Steele, General Counsel/Chief Legal Officer