CONTRA COSTA COUNTY CCCERA
Employees' Retirement Association

AGENDA

RETIREMENT BOARD MEETING

FIRST MONTHLY MEETING
October 8, 2014
9:00 a.m.

Retirement Board Conference Room
The Willows Office Park
1355 Willow Way, Suite 221
Concord, California

THE RETIREMENT BOARD MAY DISCUSS AND TAKE ACTION ON THE FOLLOWING:

1. Pledge of Allegiance.

2. Accept comments from the public.

3. Approve minutes from the June 25, July 9 and August 13, 2014 meetings.

4. Routine items for October 8, 2014.

   a. Approve certifications of membership.
   b. Approve service and disability allowances.
   c. Accept disability applications and authorize subpoenas as required.
   d. Approve death benefits.
   e. Accept Asset Allocation Report.

CLOSED SESSION

5. The Board will continue in closed session pursuant to Govt. Code Section 54956.9(d)(1) to confer with legal counsel regarding pending litigation:

   a. *Contra Costa County Deputy Sheriffs Association, et al., v. Board of Retirement of Contra Costa County Employees' Retirement Association, et al.*, Court of Appeal, 1st Appellate District, Division Four, Case No. A141913.

   b. *Public Employees Union, Local No. 1, et al. v. CCCERA and Board of Retirement, et al.*, Contra Costa County Superior Court Case No. N14-1221.

6. The Board will continue in closed session pursuant to Govt. Code Section 54956.81 to consider the sale and purchase of a particular pension fund investment.

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.

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OPEN SESSION

7. Presentation from Segal regarding the December 31, 2013 Valuation Report.

8. Consider and take possible action to adopt the December 31, 2013 Valuation Report and contribution rates for the period July 1, 2015 – June 30, 2016.

9. Consider and take possible action regarding the interest crediting rate on member accounts.

10. Consider and take possible action regarding the Deputy Sheriffs' Association's request for a recoupment of retirement contributions paid by members and the County for "terminal pay."

11. Consider and take possible action on request from the Superior Court to determine whether anticipated furloughs are a reduction in compensation for retirement purposes.

12. Consider and take possible action to adopt:

    a. Policy Governing the Overpayment Or Underpayment of Member Contributions
    b. Policy Governing the Overpayment Or Underpayment of Member Benefits

13. Presentation of CCCERA expenses: Budget vs. Actual as of June 30, 2014.

14. Miscellaneous
    a. Staff Report
    b. Outside Professionals' Report
    c. Trustees' comments

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.

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CONTRA COSTA COUNTY CCCERA
Employees' Retirement Association

MEETING DATE
OCT 08 2014
#3
AGENDA ITEM

RETIREMENT BOARD MEETING MINUTES

SECOND MONTHLY BOARD MEETING
9:00 a.m.

June 25, 2014

Retirement Board Conference Room
The Willows Office Park
1355 Willow Way, Suite 221
Concord, California

Present: Debora Allen, Brice Bins, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, Karen Mitchoff, John Phillips, William Pigeon, Gabe Rodrigues and Jerry Telles

Absent: Russell Watts

Staff: Kurt Schneider, Deputy Retirement Chief Executive Officer; Timothy Price, Retirement Chief Investment Officer; Karen Levy, Retirement General Counsel; Vickie Kaplan, Retirement Accounting Manager; and Christina Dunn, Retirement Administration Manager

Outside Professional Support:	Representing:
Paul Angelo	Segal Consulting
John Monroe	Segal Consulting
Bob Helliesen	Milliman
Marty Dirks	Milliman
Rosalva Flores	Brown Armstrong
Stephanie King	PIMCO
Sabrina Callin	PIMCO
Sasha Talcott	PIMCO

1. **Pledge of Allegiance**

Hast led all in the *Pledge of Allegiance.*

2. **Accept comments from the public**

Hast announced the new Retirement Chief Executive Officer, Gail Strohl will start employment on July 14, 2014.

Hast confirmed the Retirement Board election results noting Todd Smithey received the most votes for seat number 3 and Rodrigues had the most votes for seat number 7 and Pigeon will hold seat number 7 (alternate). He also confirmed that the current appointed members will remain in their seats for another term.

David Rolley, active member at Central Contra Costa County Sanitary District, commented on Item Number 11 noting Robert Rules of Order requires a 2/3rds vote for a change to a previous vote made. He noted that the Board took a vote to maintain the status quo for members hired before January 1, 2011 and in order to change that decision a 2/3rds vote is needed to overturn the past vote.

Mike Sloan, president of CCCREA, discussed the letter that was sent to members dated May 8, 2014 regarding the Board's statement of intent to review past incidents of unusual compensation increases at the end of employment. He noted he understood that clarification will be provided but many retirees are concerned of what this means to their pension.

3. **Presentation by Brown Armstrong on the audit of the December 31, 2013 financial statements** –Rosalva Flores

Kaplan introduced Flores and discussed the changes to the 2013 Comprehensive Annual Financial Report (CAFR) noting GASB Statements 61, 65 and 66 were implemented in this CAFR.

Flores gave an overview of the purpose of the audit and the audit process noting this year more time was spent reviewing the information technology processes.

Flores reported Brown Armstrong gave CCCERA an unmodified opinion, which is the highest form of opinion, on the financial statements and congratulated the Board. She also reported there were no material weaknesses.

The Board discussed the Current Year Agreed Upon Conditions and Recommendations and the Status of the Prior Year Agreed Upon Conditions and Recommendations. They also discussed the possibility of creating an audit committee of the Board.

4. **Presentation from PIMCO on StocksPLUS Absolute Return** – Stephanie King, Sabrina Callin, and Sasha Talcott

Dirks and Helliesen discussed the fees and performance of the StocksPLUS Absolute Return Fund.

King discussed the general strategy of the StocksPLUS Absolute Return noting the StocksPLUS suite has evolved to meet the growing needs of investors seeking higher return potential over a passive equity index.

Callin discussed the advantages of StocksPlus Absolute Return.

5. **Consider and take possible action regarding consultant recommendation to change PIMCO StocksPLUS mandate**

It was **M/S/C** to accept the consultant's recommendation and change the PIMCO StocksPLUS mandate to StocksPLUS Absolute Return subject to fee negotiation and legal review. (Yes: Allen, Bins, Gordon, Hast, Mitchoff, Phillips, Pigeon, Rodrigues and Telles)

After discussion on the different fee structures available, it was **M/S/C** to pursue a performance based fee structure with the StocksPLUS Absolute Return mandate. (Yes: Allen, Bins, Gordon, Hast, Mitchoff, Phillips, Pigeon, Rodrigues and Telles)

6. **Request from Rodeo-Hercules Fire Protection District to modify the contribution requirement for the 2014/2015 fiscal year**

Schneider reviewed his memo noting the change in methodology is only being proposed based on the specific facts and circumstances involved, including the small size of the District and the fact that the District is in its own cost group.

It was **M/S/C** to accept the staff recommendation to modify the employer contribution requirement for Cost Group #12 for the 2014-15 fiscal year based on the proposed methodology. (Yes: Bins, Gordon, Hast, Mitchoff, Phillips, Pigeon, Rodrigues and Telles. Abs: Allen)

7. **Terminal pay assumptions for the December 31, 2013 Actuarial Valuation in light of the pending AB 197 appeal** – Angelo and Monroe

Angelo reviewed the Segal Consulting memo regarding Terminal Pay Assumptions for the December 31, 2013 Actuarial Valuation noting this is not a discussion on the cost sharing of the terminal pay assumption.

He noted AB 197 changed how county retirement boards were permitted to calculate their current members' retirement allowances. For CCCERA, this would effectively make members with membership dates before January 1, 2011 subject to the policy that currently applies to members with membership dates on or after January 1, 2011.

It was **M/S/C** to continue this item to the July 9, 2014 Board meeting.

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54956.9(d)(1).

The Board moved into open session.

8. a. There was no reportable action related to Govt. Code Section 54956.9(d)(1).

9. **Consider and take possible action to schedule additional Board meeting on July 31, 2014**

It was **M/S/C** to schedule an additional Board meeting on July 31, 2014. (Yes: Allen, Bins, Gordon, Hast, Mitchoff, Phillips, Pigeon, Rodrigues and Telles)

10. **Depletion of the "bank" of leave time for "estoppel class" members who use or sell leave between January 1, 2013 and retirement**

It was **M/S/C** that the "estoppel class" leave bank, so long as the member does not use or sell back after December 31, 2012 more leave time that they can accrue going forward, the bank is preserved. (Yes: Bins, Gordon, Hast, Mitchoff, Pigeon, Rodrigues and Telles. No: Allen and Phillips)

11. **Inclusion of payments for multiple leave sales during a 12-month final average salary period**

It was **M/S** regarding active leave sell backs, where the employer allows leave sales annually (for example, once every calendar year), no more than one annual cash out counts as compensation earnable for retirement purposes. (Yes: Allen, Gordon, Mitchoff and Phillips. No: Hast, Pigeon, Rodrigues and Telles. Abs: Bins) **Motion failed.**

The Board had a lengthy discussion on the final average salary period and the practice of other retirement systems governed by the County Employees' Retirement Law of 1937.

It was **M/S** regarding active leave sell backs, so long as leave payouts do not exceed maximum leave that the member can earn during the final average salary period, payments for leave count as compensation earnable for retirement purposes even if the employer allows more than one sale during the final average salary period. **The second was withdrawn.**

The Board directed staff to revise the FAQs and continue to allow the two sales to be included in compensation earnable for legacy members so long as the leave cash out does not exceed what is earned and payable in the 12 month final average salary period.

12. **Conference Seminar Attendance**

a. It was **M/S/C** to authorize the attendance of all Board members and appropriate staff members at the 25th Annual Northern California Public Retirement Seminar, The Public Retirement Journal, September 25, 2014, Sacramento, CA. (Yes: Allen, Bins, Gordon, Hast, Mitchoff, Phillips, Pigeon, Rodrigues and Telles)

b. It was **M/S/C** to authorize the attendance of two Board members and three staff members at the Roundtable for Consultants & Institutional Investors, Institutional Investor, October 8 – 10, 2014, Chicago, IL. (Yes: Allen, Bins, Gordon, Hast, Mitchoff, Phillips, Pigeon, Rodrigues and Telles)

13. Miscellaneous

(a) Staff Report –

Price reported Verne Sedlacek, the President of Commonfund will be retiring within the next two years.

Dunn reported a Communications Coordinator has been hired.

Kaplan reported there was a meeting with plan sponsors on GASB 67 and 68 with more meetings to follow.

She also reported the CAFR and PAFR will be sent to the printers and to the GFOA at the end of the week.

Davis reported staff continue to get many questions regarding July 11, 2014 retirements.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

None

It was **M/S/C** to adjourn the meeting. (Yes: Allen, Bins, Gordon, Hast, Mitchoff, Phillips, Pigeon, Rodrigues and Telles)

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Brian Hast, Chairman

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Jerry Telles, Secretary

CONTRA COSTA COUNTY CCCERA Employees' Retirement Association

MEETING DATE

OCT 08 2014

#3

AGENDA ITEM

RETIREMENT BOARD MEETING MINUTES

FIRST MONTHLY BOARD MEETING
9:00 a.m.

July 9, 2014

Retirement Board Conference Room
The Willows Office Park
1355 Willow Way, Suite 221
Concord, California

Present: Debora Allen, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, Karen Mitchoff, John Phillips, William Pigeon, Gabe Rodrigues, Todd Smithey, Jerry Telles and Russell Watts

Absent: None

Staff: Kurt Schneider, Deputy Retirement Chief Executive Officer; Timothy Price, Retirement Chief Investment Officer; Karen Levy, Retirement General Counsel; Vickie Kaplan, Retirement Accounting Manager; and Christina Dunn, Retirement Administration Manager

Outside Professional Support:	Representing:
Harvey Leiderman	Reed Smith

1. **Pledge of Allegiance**

   Hast led all in the *Pledge of Allegiance.*

2. **Accept comments from the public**

   No members of the public offered comment.

3. **Election of Board Officers**

   It was **M/S/C** to nominate Hast as Board Chairperson. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey and Telles. Abs: Watts)

   It was **M/S/C** to nominate Phillips as Board Vice-Chairperson. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey and Telles. Abs: Watts)

   It was **M/S/C** to nominate Telles as Board Secretary. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey and Telles. Abs: Watts)

4. **Minutes Approval**

   It was **M/S/C** to approve the June 11, 2014 minutes. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey and Telles. Abs: Watts)

5. **Routine Items**

Price distributed a revised asset allocation report for Item 5.e. noting the values for the private equities were incorrect.

It was **M/S/C** to approve the routine items of the July 9, 2014 Board meeting. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957 and 54956.9(d)(1).

The Board moved into open session.

6. It was **M/S/C** to accept the Medical Advisor's recommendation and grant the following disability benefits:

   a. David Poppi –Service Connected (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

7.
   a. There was no reportable action related to Govt. Code Section 54956.9(d)(1).

8. **Clarification of the Board's June 25, 2014 confirmation that multiple leave sales during the 12-month FAS period are earned and payable in the FAS period and therefore pensionable for Legacy (pre-PEPRA) members so long as they do not exceed the number of leave hours earned in the FAS period.**

Leiderman provided an overview of AB 197 and the recent Superior Court ruling. He noted the Superior Court provided a stay order which was due to expire on July 12, 2014. Once the stay order expires the Board of Retirement is required to implement AB 197.

In public comment, Margaret Hanlon-Gradie, Executive Director of Contra Costa County Labor Council, noted current property tax assessments are improving and will help the County's general fund. She feels that with continued wage reductions, benefit cost increases and reductions in retirement to County employees it will have an impact on current negotiations. She feels it is time to rebuild the middle class. She also feels by eroding the pension benefits it does not assist with providing them to others.

Jonathan Wright, IFPTE Local 21, stated he does not feel the union was properly noticed of this action and has filed a grievance with Contra Costa County.

Hast disclosed some members of the Board of Retirement may have a personal interest on this subject.

It was **M/S** regarding active leave sell backs, where the employer allows leave sales annually (for example, once every calendar year), no more than one annual cash out counts as compensation earnable for retirement purposes.

Hast stated this Board has a fiduciary duty to the members of the system. He noted in the CCCERA Code of Fiduciary Conduct and Ethics item 3 states "In those situations where the law is not clear, the best interests of the fund beneficiaries must be served." He feels in this case the law is not clear so the Code of Fiduciary Conduct and Ethics that this Board established states that the Board must side with the members. He will vote against the motion since he feels the motion would violate the

CCCERA Code of Fiduciary Conduct and Ethics by taking away one of the annual leave sales currently included in compensation earnable.

After a lengthy discussion on the role the Board of Retirement has regarding benefits and determining what is pensionable it was **M/S/C** regarding active leave sell backs, where the employer allows leave sales annually (for example, once every calendar year), no more than one annual cash out counts as compensation earnable for retirement purposes. (Yes: Allen, Gordon, Mitchoff, Phillips and Watts. No: Hast, Rodrigues, Smithey and Telles)

9. Proposed statement explaining the Board's intent to review past incidents of unusual compensation increases at end of employment

Levy reviewed her memo dated July 9, 2014 noting trustees Kroll and Telles requested that the Board consider the adoption of a statement explaining the Board's intent to not review past retirement calculations based upon: normal vacation and compensatory time sales; normal pay for on call work that was regularly required and ordinarily worked by everybody in the same job classification during the same time period; or terminal pay which was comprised of benefits ordinarily earned or permanent and reoccurring.

It was noted this statement was to clarify the original statement from May 7, 2014.

After discussion it was **M/S/C** to not adopt the proposed statement. (Yes: Allen, Gordon, Hast Phillips, Mitchoff, Rodrigues, Smithey and Watts. No: Telles)

10. Non-service connected disability retirement allowance of deceased member Cheryl Sousa

Schneider reviewed his memo dated July 9, 2014 regarding Cheryl Sousa's application for non-service connected disability. He reviewed the active death process noting the member has died while in active (not retired) status and had filed an active death form electing Optional Settlement 2 before her death. The Board is now called upon to make a determination as to whether the member became permanently unable to engage in any substantial gainful employment and would then be eligible for a non-service connected disability retirement allowance.

Schneider noted the medical records were analyzed by the Board's medical advisor, who concluded that the evidence clearly shows that Ms. Sousa was totally disabled from any substantial gainful employment on April 9, 2014, as defined by Government Code Section 31720.1.

It was **M/S/C** to grant a non-service connected disability retirement effective April 9, 2014 to Cheryl Sousa and to approve payment to the named beneficiary under Optional Settlement 2. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

The Board requested a review of the active death process on a future agenda.

11. Terminal pay assumptions for the December 31, 2013 Actuarial Valuation in light of the pending AB 197 appeal

Schneider reviewed the history of the Retirement Board policy, "Determining Which Pay Items Are Compensation for Retirement Purposes". He also reviewed how AB 197 may change portions of this policy and noted in order to continue processing the December 31, 2013 valuation report the actuaries need direction on the terminal pay assumptions to use in the valuation report.

Leiderman noted if the court ruling is overturned the Board would have the authority to collect past uncollected contributions.

It was **M/S/C** to direct Segal Consulting to calculate the actuarial valuation report using the terminal pay assumptions established previously for members with membership dates on or after January 1, 2011 for all members in the actuarial valuation report. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

12. Investment manager under review

Price stated we were recently notified that there was a personnel change at DBL investors that we were not notified of in a timely manner. On June 14, 2014 we were notified that Seth Miller left DBL investors effective January 1, 2014.

It was **M/S/C** to place DBL investors on the watch list for personnel changes and conduct an on-site visit. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

13. Conference Seminar Attendance

a. It was **M/S/C** to authorize the attendance of two staff members at the Administrators' Institute, CALAPRS, September 24 – 26, 2014, Long Beach, CA. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

b. It was **M/S/C** to authorize the attendance of two Board members and two staff members at the 2014 Fall Conference, Council of Institutional Investors, September 29 – October 1, 2014, Los Angeles, CA. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

c. There was no reportable action on this item.

d. It was **M/S/C** to authorize the attendance of four Board members and two staff members at the US Client Conference, Invesco, November 4 – 6, 2014, La Jolla, CA. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

Gordon was not present for subsequent discussion and voting.

14. Miscellaneous

(a) Staff Report –

Levy reported a notification has been sent to all active members notifying them of the expiration of the stay order in the AB 197 lawsuit. She stated the notification is included in the agenda packet as a miscellaneous item.

She also reported a press release announcing the new Retirement Chief Executive Officer, Gail Strohl, has been issued as directed by the Board.

Schneider reported that CCCERA has received around 100 retirement applications this month.

Price reminded the Board there will be a special board meeting on July 31, 2014.

Kaplan reported the CAFR and PAFR have been submitted to the GFOA.

She also reported pre-payments of contributions from employers are coming in.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Telles reported he was contacted by the SACRS President to find out how the Board of Retirement felt about providing support for a public relations firm to educate the public on defined benefit plans. He would like this item on a future agenda.

Allen reported she reviewed the Blue Ribbon Panel on Public Pension Funding report from the Society of Actuaries and would like to have Bob Stein come and present at a meeting.

She requested the Board consider creating an agenda committee for compiling the agenda for each meeting.

Mitchoff was no longer present for subsequent discussion and voting.

Rodrigues asked who notifies members when contribution rates change.

Hast reported that at the April 2, 2014 meeting, under Agenda Item 13, the Board met in closed session pursuant to Govt. Code Section 54956.81 to consider the purchase of particular pension fund investment. He reported that: It was **M/S/C** to rescind the $50 million commitment to Siguler Guff SBOF Fund II and make a $200 million commitment to the negotiated account structure, Siguler Guff CCCERA Opportunities Fund, subject to legal review. (Yes: Allen, Gordon, Hast, Phillips, Pigeon, Rodrigues, Telles, Watts.)

It was **M/S/C** to adjourn the meeting. (Yes: Allen, Hast, Holcombe, Phillips, Rodrigues, Smithey, Telles and Watts)

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Brian Hast, Chairman	Jerry Telles, Secretary

CONTRA COSTA COUNTY CCCERA
Employees' Retirement Association

MEETING DATE
OCT 08 2014
#3
AGENDA ITEM

MINUTES

RETIREMENT BOARD MEETING MINUTES

FIRST MONTHLY BOARD MEETING
9:00 a.m.

August 13, 2014

Retirement Board Conference Room
The Willows Office Park
1355 Willow Way, Suite 221
Concord, California

Present: Debora Allen, Scott Gordon, Jerry Holcombe, Louie Kroll, Karen Mitchoff, John Phillips, William Pigeon, Gabe Rodrigues, Todd Smithey, Jerry Telles and Russell Watts

Absent: Brian Hast

Staff: Gail Strohl, Retirement Chief Executive Officer; Kurt Schneider, Deputy Retirement Chief Executive Officer; Timothy Price, Retirement Chief Investment Officer; Karen Levy, Retirement General Counsel; Vickie Kaplan, Retirement Accounting Manager; and Christina Dunn, Retirement Administration Manager

Outside Professional Support:	Representing:
Paul Angelo	Segal Consulting
John Monroe	Segal Consulting
Harvey Leiderman	Reed Smith

1. **Pledge of Allegiance**

   Phillips led all in the *Pledge of Allegiance.*

2. **Accept comments from the public**

   No members of the public offered comment.

3. **Routine Items**

   It was **M/S/C** to approve the routine items of the August 13, 2014 Board meeting. (Yes: Holcombe, Phillips, Pigeon, Rodrigues, Smithey, Telles and Watts)

Gordon was present for subsequent discussion and voting.

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957.

The Board moved into open session.

4. It was **M/S/C** to accept the Medical Advisor's recommendation and grant the following disability benefits:

a. Carlos Aguilar – Non-Service Connected (Yes: Gordon, Holcombe, Phillips, Pigeon, Rodrigues, Smithey, Telles and Watts)

b. Lynn Barajas – Non-Service Connected (Yes: Gordon, Holcombe, Phillips, Pigeon, Rodrigues, Smithey, Telles and Watts)

c. Jeff Beaty – Service Connected (Yes: Gordon, Holcombe, Phillips, Pigeon, Rodrigues, Smithey, Telles and Watts)

d. Robert McLendon – Service Connected (Yes: Gordon, Holcombe, Phillips, Pigeon, Rodrigues, Smithey, Telles and Watts)

e. Kelly Morris – Service Connected (Yes: Gordon, Holcombe, Phillips, Pigeon, Rodrigues, Smithey, Telles and Watts)

f. Donald Williams – Service Connected (Yes: Gordon, Holcombe, Phillips, Pigeon, Rodrigues, Smithey, Telles and Watts)

Mitchoff was present for subsequent discussion and voting.

5. Presentation from Segal Consulting regarding methodologies used for interest crediting on reserves –Angelo and Monroe

Angelo discussed the current policy used for crediting interest to the reserves and member contribution accounts. He noted the current policy is to credit using one-half of the annual actuarial investment return assumption on June 30th and December 31st. He also discussed the effective date that the new investment return assumption is implemented for the purpose of crediting reserves when there is a change in the actuarial valuation investment return assumption.

Angelo discussed Segal Consulting's recommendation to change the methodology for the rate of interest that is credited to reserves to be the semi-annual compounded rate that would result in an annual rate that equals the investment return assumption. He noted the semi-annual crediting rate would be 3.5616%.

Monroe discussed the impact of the interest crediting on the reserve values and the Contra Tracking Account. He noted the recommended change in methodology for the rate of interest credited to reserves would result in a slightly smaller member contribution account. It would also result in a slightly smaller Contra Tracking Account.

It was **M/S** to accept Segal Consulting's recommendation to change the methodology for the rate of interest that is credited to reserves to be the semi-annual compounded rate that would result in an annual rate that equals the investment return assumption. Based on the 7.25% investment return assumption, the semi-annual crediting rate would be 3.5616%.

6. Consider and take possible action regarding methodologies used for interest crediting on reserves

After discussion, it was **M/S/C** to accept Segal Consulting's recommendation to change the methodology for the rate of interest that is credited to reserves to be the semi-annual compounded rate that would result in an annual rate that equals the investment return assumption. Based on the 7.25% investment return assumption, the semi-annual crediting rate would be 3.5616%. (Yes: Gordon, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Smithey, Telles and Watts)

It was the consensus of the Board to return to Item 5.

5. **Presentation from Segal Consulting regarding methodologies used for interest crediting on reserves** –Angelo and Monroe

Angelo discussed the current methodology used when the Board changes the actuarial valuation investment return assumption noting there is currently an 18-month delay between the actuarial valuation date and the effective date to credit the reserves with the new interest rate and also to use it in the asset smoothing calculation. He noted the effect of the delay on the interest crediting of reserves would not have any impact on contribution rates. The difference between what is assumed to be earned and what is being used in the smoothing calculation for the actuarial value of assets does create a small actuarial gain or loss which is amortized over 18 years.

He discussed Segal Consulting's recommendation to eliminate the specific actuarial gains or losses associated with the 18-month delay that applies to the effective date for the new interest rate used to credit the reserves and for the asset smoothing calculation. He noted the most direct way would be to make the new interest rate effective with the interest crediting period that follows the valuation date when the new investment return assumption is effective.

It was **M/S/C** to accept Segal Consulting's recommendation and make the new interest rate effective with the interest crediting period that follows the valuation date for which the new investment return assumption is effective. (Yes: Gordon, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Smithey, Telles and Watts)

7. **Presentation from Segal Consulting regarding interest crediting rate on member accounts** – Angelo and Monroe

Angelo discussed the current Board policy to credit member contributions with interest at a rate equal to the actuarial investment return assumption. This interest rate is credited to member contributions independent of what investment return is actually earned by CCCERA. He discussed the policy questions regarding the rate for crediting interest on member contributions: 1) should the member crediting rate be based on the assumed earnings rate or on a current market savings account rate; and 2) should the member crediting rate be independent of actual earnings or should it be limited to actual CCCERA investment earnings in each period.

There was discussion on the reason this item was placed on the agenda at this time. The Board directed staff to include this item with a staff report on a future agenda.

Allen was present for subsequent discussion and voting.

8. **Consider and take possible action to adopt Member Crediting Rate**

There was no reportable action on this item.

9. **Consider and take possible action on terminal pay assumptions for the December 31, 2013 Actuarial Valuation in light of AB 197 implementation**

Angelo noted this item had been presented to the Board at the July 9, 2014 meeting and is returning to the Board for consideration in light of the AB 197 implementation. Angelo reviewed the history of the terminal pay assumption and the effect the implementation of AB 197 has on the terminal pay assumption. He noted the Board made an additional change to the terminal pay assumption by eliminating "straddling".

He described the terminal pay assumption noting the terminal pay assumption is a broad term that includes such items as vacation sell backs, administrative leave sell backs and some other pay items. He noted for these pay items a new term, leave cash out assumption, has been created to replace the term terminal pay assumption. Based on the changes noted above, Segal Consulting is proposing a new leave cash out assumption be used in the December 31, 2013 actuarial valuation for non-PEPRA members.

It was **M/S** to adopt the proposed leave cash out assumptions effective for the December 31, 2013 actuarial valuation for non-PEPRA members.

In public comment, Ken Westermann, Deputy Sheriff's Association, asked what the normal cost of terminal pay is for the employers.

In public comment, Dan Borenstein, Contra Costa Times, asked if the proposed numbers were post the AB 197 court ruling.

It was **M/S/C** to adopt the proposed leave cash out assumptions effective for the December 31, 2013 actuarial valuation for non-PEPRA members. (Yes: Allen, Gordon, Mitchoff, Phillips, Pigeon, Rodrigues, Smithey, Telles and Watts)

10. Presentation from Segal Consulting regarding employer/member cost sharing of terminal pay assumption – Angelo and Monroe

Leiderman provided a confidential memo to the Board noting he feels the memo does not need to be confidential. He discussed the statutes that defines the structure of the benefit plan. He noted the law clearly requires that member contribution rates be premised on the same "final compensation" that the actuary uses to project future benefits.

It was **M/S/C** to waive confidentiality of the Reed Smith memo dated August 11, 2014 regarding member contribution rates and terminal pay assumption. (Yes: Allen, Gordon, Mitchoff, Phillips, Pigeon, Rodrigues, Smithey, Telles and Watts)

Angelo discussed the current practice and the assumptions used to calculate the basic member rate, the COLA member rate, the basic employer rate and the COLA employer rate. He also discussed the history of the leave cash out assumption noting it is currently not included in the basic member rate calculation.

He noted a legal opinion now exists recommending that the leave cash out assumption be included in the basic member rate calculation. He discussed two different options for including the leave cash out assumption in the basic member rate calculation. For "Option A" an average assumption is developed and applied by tier and for "Option B" the assumption is developed and applied for each cost group. He noted for "Option A" and "Option B" there is the same impact on the total average employer rate.

In public comment, Ken Westermann, Deputy Sherriff's Association, wonders why the member rate would be increased for all members even though most of the members do not receive terminal pay.

In public comment, Dan Borenstein, Contra Costa Times, since the numbers are post AB 197 then if this would have been done before AB 197 the impact would have been larger.

Leiderman provided clarification on the term terminal pay and described what is included in that assumption.

In public comment, Jim Bickert, Rains Lucia and Stern, stated he understands what is included in the terminal pay assumption but asks if the Board really understands the level of contempt members have for the Board and the process. He feels the majority of the Board is insulated from the contempt that the members have. He feels that the members that receive terminal pay should pay for it and should not be shared with members that do not receive the same benefit.

In public comment, Vince Wells, Local 1230, asked when the terminal pay was eliminated in 2011 if that was taken into account for the member's rates at that time.

Angelo compared "Option A" and "Option B" noting there would be a higher subsidization with "Option A" since the option is pooled by tier and not by cost group. He noted "Option A" is consistent with the current practice used for COLA member rates and "Option B" is consistent with the current practice for employer rates since it is pooled by cost group.

In public comment, Dan Borenstein, Contra Costa Times, questioned what items are included in terminal pay and can the items that are included by identified?

In public comment, Ken Westermann, Deputy Sherriff's Association, stated that in Cost Group C there are not any managers that are able to sell back vacation so he would like clarification on what items are included in the assumption.

11. Consider and take possible action to amend Actuarial Funding Policy regarding employer/member cost sharing of terminal pay assumption

It was **M/S** to amend the actuarial funding policy regarding the employer/member cost sharing of the terminal pay assumption and use "Option B" to calculate the basic member rate as recommended by legal counsel.

A substitute motion was **M/S** to table this this item and direct staff to bring back information on what pay items are included in the terminal pay assumption and how many employees receive the included pay items.

There was discussion on the timing of the valuation report.

In public comment, Bob Campbell, Contra Costa County Auditor/Controller, clarifying that the Board has adopted the terminal pay assumption and reminds the Board that the rates have already been delayed and employers are starting to work on budgets and need the rates to incorporate them into the budget for next year.

In public comment, Jim Bickert, Rains Lucia and Stern, questions if there is still the option of not doing anything and leaving the rate calculations the way they are currently. It appears this impacts a very small number of members.

An amended substitute motion was **M/S** to direct Segal to complete the December 31, 2013 valuation report without including the terminal pay assumption in the basic member rate and direct staff to bring back information on what pay items are included in the terminal pay assumption and how many employees receive the included pay items with input from employers and employee organization groups.

After a lengthy discussion, it was **M/S/C** to call for the question. (Yes: Allen, Gordon, Mitchoff, Phillips, Pigeon, Rodrigues, Smithey, Telles and Watts)

The amended substitute motion **failed**. (Yes: Pigeon, Rodrigues and Smithey; No: Allen, Gordon, Mitchoff, Phillips, Telles and Watts).

The original motion was withdrawn.

It was **M/S** to adopt a policy to include leave cash out assumptions in the basic member rate effective for the December 31, 2013 valuation and request staff bring back information regarding the various cost groups and tiers to the September 10, 2014 meeting.

A substitute motion was **M/S** to table this item until the September 10, 2014 meeting and direct staff to bring back information on what pay items are included in the terminal pay assumption and how many employees receive the included pay items with input from employers and employee organization groups.

Telles was not present for subsequent discussion and voting.

Leiderman discussed the issues with making policy changes that effect previous years.

The substitute motion **failed.** (Yes: Kroll, Pigeon, Rodrigues and Watts; No: Allen, Gordon, Mitchoff, Phillips, and Smithey)

The original motion was amended to adopt a policy to include leave cash out assumptions in the basic member rate effective for the December 31, 2014 valuation.

Telles was present for subsequent discussion and voting.

After a lengthy discussion, It was **M/S/C** to adopt a policy to include leave cash out assumptions in the basic member rate effective for the December 31, 2014 valuation. (Yes: Allen, Gordon, Mitchoff, Rodrigues and Watts; No: Pigeon, Smithey and Telles)

12. Consider and take possible action to implement terminal pay assumption changes for the current fiscal year

Angelo stated that with the elimination of terminal pay and "straddling" the terminal pay assumptions have been lowered which decrease the member and employer rates. The lower terminal pay assumptions will be applied to future valuations. He noted a Board member requested a discussion to adjust the contribution rates effective July 1, 2014 by the lower terminal pay assumption.

Leiderman reviewed legal precedence on changing contribution rates mid-year noting there is nothing in the law that precludes a Board from making changes in contribution rates mid-year.

It was **M/S** to change the contribution rates for members and employers as soon as possible going prospective.

After discussion on the timing of implementing revised contribution rates, it was **M/S** to amend the original motion to table this item to the September 10, 2014 meeting and direct staff to provide information on the timing to implement the revised contribution rates.

A substitute motion was **M/S** to revise the contribution rates effective January 1, 2015.

The substitute motion was withdrawn.

The amended original motion was **M/S/C** to table this item to the September 10, 2014 meeting and direct staff to provide information on the timing to implement the revised contribution rates. (Yes: Allen, Gordon, Mitchoff, Phillips, Pigeon, Rodrigues, Smithey, Telles and Watts)

13. Consider and take possible action on employer contribution rates as recommended by Segal Consulting for Con Fire PEPRA Tier 4 (2% COLA)

Schneider reviewed the memo regarding the employer contribution rates for a member in PEPRA General Tier 4 with a 2% COLA noting there is one person currently in this tier.

It was **M/S/C** to adopt the employer contribution rates as shown in the Segal Consulting letter for members employed by Contra Costa County Fire Protection District (Cost Group #5) in PEPRA General Tier 4 (2% COLA). (Yes: Allen, Gordon, Mitchoff, Phillips, Pigeon, Rodrigues, Smithey, Telles and Watts)

14. Presentation from staff regarding 18-month delay of implementation of contribution rate changes

Schneider reviewed the reasons the 18-month delay was implemented for contribution rate changes. He discussed the practical considerations for the implementation of the 18-month delay noting the delay allows employers to more accurately budget for pension contributions.

He discussed other alternatives including CCCERA changing the plan year from the calendar year to the July 1st fiscal year noting this change would reduce the delay of implementation of contribution rates to 12 months.

15. Consider and take possible action to amend Actuarial Funding Policy to adjust for the 18-month delay

After discussion on the cost of the 18-month delay, it was **M/S/C** to not institute any changes to the 18-month delay in implementing contribution rate changes. (Yes: Allen, Gordon, Mitchoff, Phillips, Pigeon, Rodrigues, Smithey, Telles and Watts)

16. Consider and take possible action on retroactive correction to retirement allowance

Schneider reviewed his memo regarding the retroactive correction to retirement allowance noting the Board directed staff to begin reviewing past retirement calculations to determine whether any retired CCCERA members were receiving benefits that were calculated on amounts that should not have been included in their pensionable compensation. The error in the spreadsheet created a final compensation period of 13 months of base salary rater than 12 months. He discussed the options CCCERA can provide the member to repay the $32,612.13 overpayment noting the amount does not include interest since the error was no fault of the member.

It was **M/S** to accept the staff recommendation and authorize staff to recover the overpayment retroactive to the date of retirement over the next 23 months.

After discussion on the past practices of recovering overpayments and the legal statutes associated with overpayments, the motion was amended to include directing staff to confirm with tax counsel if interest is required to be collected on the overpayment.

It was **M/S/C** to accept the staff recommendation and authorize staff to recover the overpayment retroactive to the date of retirement over the next 23 months and direct staff to confirm with tax counsel if interest is required to be collected on the overpayment. (Yes: Allen, Gordon, Mitchoff, Phillips, Pigeon, Rodrigues, Smithey and Watts; No: Telles)

17. Discuss SACRS letter concerning education program on DB plans

Strohl stated SACRS recently sent out letters requesting the systems in SACRS provide input on SACRS providing educational information to the public regarding defined benefit plans. She noted at this point there is not a cost to the system regarding this educational program.

There was a discussion on the role of the Board in the politics and public education on defined benefit plans. It was noted the role of political support for defined benefit plans should be a role the employer and members pursue and not something the Board should be involved in.

It was the consensus of the Board to support SACRS providing educational information on defined benefit plans.

18. Report from staff on semi-annual rebalancing

Price reviewed his memo noting it was a fairly routine rebalancing.

Gordon was not present for subsequent discussion and voting.

19. Consider and take possible action to execute assignment letter reflecting new ownership structure of Aether

Price discussed the new ownership structure for the Aether management company. He discussed the positives and negatives of the structure.

It was **M/S/C** to accept the recommendation from Milliman and staff to consent to the continuation of the investment agreement with Aether following the ownership structure transaction. (Yes: Allen, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Smithey, Telles and Watts)

20. Consider authorizing the attendance of Board and/or staff

It was **M/S/C** to authorize the attendance of three Board members to the Trustees Roundtable, CALAPRS, September 12, 2014, Burbank, CA. (Yes: Allen, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Smithey, Telles and Watts)

21. Miscellaneous

(a) Staff Report –

Price reported the onsite for DBL was held on August 11, 2014.

He also reported the onsite for Adams Street has been scheduled for August 29, 2014.

He noted he will be speaking to Cortex regarding the Investment Consultant RFP and will follow up with the Investment Consultant committee on the next steps after that phone call.

Kaplan reported accounting has been busy with the pre-payment true-ups and GASB 67 and 68. She also reported accounting is in the process of an accounting system upgrade.

Strohl reported SB 673, which is the legislation to create CCCERA as an independent district, has passed the assembly.

She also reported the Communications Coordinator has resigned and we are actively recruiting for a replacement.

She noted a new Benefits Manager is schedule to begin employment on August 25, 2014.
She reported the internal re-model has begun to accommodate the growing staff.

She noted the email system has been down and staff are working on alternatives.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Kroll reported he attended the UC Berkeley public pension program and felt it was very good.

Rodrigues noted he thought this was a very good meeting.

Holcombe reported he attended DBL with Gordon, Price, Strohl, Youngman and Young and felt underwhelmed. The managing partners did not seem sincere with their apologies regarding notification of the staff changes within the firm. The positive item that came out of the meeting was that they would notify us of any staff changes during the quarterly updates. He recommended keeping them on the watch list.

It was **M/S/C** to adjourn the meeting. (Yes: Allen, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Smithey, Telles and Watts)

____________________________________ ____________________________________

Brian Hast, Chairman Jerry Telles, Secretary

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

October 8, 2014

MEETING DATE
OCT 08 2014
#4
AGENDA ITEM

Items requiring Board Action

A. Certifications of Membership – see list and classification forms.

B. Service and Disability Retirement Allowances:

Name	Number	Effective Date	Option Type	Group	Selected
Aguilar, Carlos	60055	07/11/14	NSD	III	Option 2
Awenius, Richard	43864	07/11/14	SR	III	Unmod
Bantugan, Alex	47903	07/11/14	SR	II and III	Unmod
Baranov, Antoinette	52678	07/10/14	SR	II & III	Unmod
Belser, Beverly	36649	07/11/14	SR	II & III	Unmod
Berkery, Richard	31515	06/28/14	SR	II & S/A	Unmod
Blumenfeld, Doris	53595	07/08/14	SR	II & III	Unmod
Bogardus, Laura	D9500	07/11/14	SR	I	Unmod
Branson, Cheryl	68730	07/11/14	SR	III	Unmod
Brooks, Susan	D7830	07/11/14	SR	I	Unmod
Burges, Gwendolyn	46590	07/10/14	SR	II & III	Unmod
Cassell, David	68231	07/01/14	SR	III	Unmod
Cerri, Bill	42682	07/11/14	SR	II & III	Unmod
Challand, Kelly	53753	07/11/14	SR	II & S/A	Unmod
Chan, Florence	56853	07/08/14	SR	II & III	Unmod
Chiado, Penelope	52519	07/11/14	SR	III	Unmod
Collins, Kevin	D3406	07/11/14	SR	I	Unmod
Conyers, Rodney	51241	07/02/14	SR	S/A	Unmod
Cortez, Ana	40965	06/27/14	SR	II & III	Unmod
Dronkers, Alexandra	47464	07/11/14	SR	III	Unmod
Dudley, Denise	25226	07/11/14	SR	II & III	Unmod
Elias, Edy	41627	07/11/14	SR	S/A	Optiion 1
Fearn, Clarence	68420	07/01/14	SR	III	Unmod
Fish, Jeremy	48790	07/10/14	SR	III	Unmod
Flanders, Helena	64571	07/11/14	SR	S/A	Unmod
Francois, Lorene	38213	07/11/14	SR	II & III	Option 1
Freeman, Donald	D3406	07/11/14	SR	I	Unmod
Gawley, Kathryn	46721	06/03/14	SR	II & III	Unmod
Gutierrez, Sandra	56998	02/13/14	SR	II & III	Option 1

KEY:

Group
I = Tier I
II = Tier II
III = Tier III
S/A = Safety Tier A
S/C = Safety Tier C

Option
* = County Advance Selected w/option

Type
NSP = Non-Specified
SCD = Service Disability
SR = Service Retirement
NSD = Non-Service Disability

Haggard, Scott	53423	07/10/14	SR	S/A	Unmod
Hahn-Smith, Stephen	55580	07/11/14	SR	III	Unmod
Harvey, Ann	51797	07/11/14	SR	III	Unmod
Heymans, Donna	49549	07/09/14	SR	I	Unmod
Hibbard, Suzanne	44978	07/11/14	SR	II & S/A	Unmod
Hopkins, Emily	70853	07/06/14	SR	I	Unmod
Jones, David	D9500	07/05/14	SR	III	Option 2
Lazure, Linda	47176	07/11/14	SR	III	Unmod
Leyva, Yolanda	52086	07/11/14	SR	III	Unmod
Lierly, Shelley	36129A/P	07/01/14	SR	III	Unmod
Lucca, Salvador	41894	07/11/14	SR	II & III	Unmod
Mann, Anita	25913	07/11/14	SR	I	Unmod
Mueller, Monica	56281	07/11/14	SR	III	Unmod
Newberry, Cheryll	53343	08/01/14	SR	II & III	Unmod
O'Day, Gypsy	68386	07/11/14	SR	III	Unmod
Olivier, Nancy	43142A/P	07/07/14	SR	S/A	Unmod
Pezzotti, Marlene	D9990	05/31/14	SR	I	Option 1
Rayfield, Dee Dee	51703	07/11/14	SR	I	Unmod
Roche, Patrick	48184	07/11/14	SR	I	Unmod
Roden II, Harold	41931	07/10/14	SR	S/A	Unmod
Sanchez, Louis	46927	07/11/14	SR	S/A	Unmod
Shambaugh, Kathleen	D9500	07/05/14	SR	II & III	Option 2
Turner, Julie	46364	07/11/14	SR	II & III	Unmod
Villanueva, Elizabeth	57029	07/11/14	SR	II & III	Unmod
Wardley, Patricia	36492	07/11/14	SR	II & III	Unmod
Wedl, Michael	64015	07/01/14	SR	S/A	Unmod
White, Vanessa	D9500	07/11/14	SR	II & III	Unmod
Williams, Michael	D9990	07/11/14	SR	I	Unmod
Yates, Robert	D3406	07/11/14	SR	I	Unmod

C. Disability Retirement Applications: The Board's Hearing Officer is hereby authorized to issue subpoenas in the following cases involving disability applications:

Name	Number	Filed	Type
Nicks, Tracey	54169	09/10/14	NSD
Williams, Daniel	63798	09/08/14	SCD

KEY:

Group
I = Tier I
II = Tier II
III = Tier III
S/A = Safety Tier A
S/C = Safety Tier C

Option
* = County Advance Selected w/option

Type
NSP = Non-Specified
SCD = Service Disability
SR = Service Retirement
NSD = Non-Service Disability

D. Deaths:

Name	Date of Death	Employer
Aguilar, Carlos	09/08/14	Contra Costa County
Berg, Betty	09/09/14	Beneficiary
Critchfield, Shari	09/14/14	Contra Costa County
Fink, Geoffrey	09/13/14	Contra Costa County
Galvan, Noe	09/07/14	Contra Costa County
Hilton, Betty	09/06/14	Contra Costa County
Law, Phyllis	08/26/14	Contra Costa County
Leidy, Elissa	09/21/14	Contra Costa County
Limjoco, Reynaldo	07/22/14	Central Contra Costa Sanitary District & Beneficiary
Mallory, Dennis	08/27/14	Contra Costa County
Mc Campbell, Richard	09/09/14	Contra Costa County
Murray, Jade	08/19/14	Contra Costa County
Richards, Margaret	11/24/02	Contra Costa County
Shumate, Ella	08/11/14	Beneficiary
Smith, Michael M	08/06/14	Contra Costa County
Todesco, Lois	08/06/14	Beneficiary
Vu, Manh	09/12/14	Contra Costa County
Williams, Clarence	09/28/14	Beneficiary

MEETING DATE

OCT 08 2014

#4a.

AGENDA ITEM

CERTIFICATION OF MEMBERSHIPS

Name	*Employee Number*	*Tier*	*Membership Date*	*Employer*
Acevedo-Quichocho, Jessica	80468	P5.2	08/01/14	Contra Costa County
Aguila, Fernando	78104	P5.2	08/01/14	Contra Costa County
Alexander, Mark	78727	S/D	08/01/14	Contra Costa County
Arias, Alma	77585	P5.2	08/01/14	Contra Costa County
Ballesteros, Taisce	80456	S/D	08/01/14	Contra Costa County
Bayes, Christopher	80058	S/D	08/01/14	Contra Costa County
Birdsell, Adam	80388	S/D	08/01/14	Rodeo-Hercules Fire
Black, Jessie	78185	P5.2	08/01/14	Contra Costa County
Brooks, Sarah	70844	P5.2	08/01/14	Contra Costa County
Burns, Mary	79128	P5.2	08/01/14	Contra Costa County
Cannon, Patrick	46097	III	08/01/14	Contra Costa County
Cardaleen, Paula	80467	P5.2	08/01/14	Contra Costa County
Carney, Douglas	80417	P5.2	08/01/14	Contra Costa County
Casanova, Jose	80385	P5.2	08/01/14	Contra Costa County
Castro, Rommel	80056	P5.2	08/01/14	Contra Costa County
Chapman, Leslie	79712	P5.2	08/01/14	Contra Costa County
Custodio, Raquel	76541	P5.2	08/01/14	Contra Costa County
Dingman, Matthew	80396	S/D	08/01/14	Rodeo-Hercules Fire
Farry, Catherine	80419	P5.2	08/01/14	Contra Costa County
Faumui, Marcus	80397	S/D	08/01/14	Rodeo-Hercules Fire
Galarza, Yahaira	79547	P5.2	08/01/14	Contra Costa County
Garcia, Hector	D3603	P4.3	08/01/14	Byron/Brentwood Cemetery
Garrison, Jeffrey	74937	P5.2	08/01/14	Contra Costa County
Gilbert, Kristina	80358	P5.2	08/01/14	Contra Costa County
Gingrich, John	80439	P5.2	08/01/14	Contra Costa County
Gonzales, Shauna	68271	III	08/01/14	Contra Costa County
Gray, Carol	79101	P5.2	08/01/14	Contra Costa County
Guskov, Lurii	80395	S/D	08/01/14	Rodeo-Hercules Fire
Gutierrez, Graciela	80069	S/D	08/01/14	Contra Costa County
Hampton II, John	78424	P5.2	08/01/14	Contra Costa County

Key:

I = Tier I	P4.2 = PEPRA Tier 4 (2% COLA)	S/A = Safety Tier A
II = Tier II	P4.3 = PEPRA Tier 4 (3% COLA)	S/C = Safety Tier C
III = Tier III	P5.2 = PEPRA Tier 5 (2% COLA)	S/D = Safety Tier D
	P5.3 = PEPRA Tier 5 (3% COLA)	S/E = Safety Tier E

CERTIFICATION OF MEMBERSHIPS

Name	*Employee Number*	*Tier*	*Membership Date*	*Employer*
Hanavan, Yolanda	80351	P5.2	08/01/14	Contra Costa County
Harr, Chaterine	77581	P5.2	08/01/14	Contra Costa County
Harrington, Krista	80121	P5.2	08/01/14	Contra Costa County
Hernandez, Meriflor	79809	P5.2	08/01/14	Contra Costa County
Hinojosa, Krystal	80399	P5.2	08/01/14	Contra Costa County
Iglesias, Rowena	78176	P5.3	08/01/14	Contra Costa County
Jaschek, Chad	D3406	P4.3	08/01/14	Central Sanitary District
Jones, David	70555	P5.2	08/01/14	Contra Costa County
Kelly, Caitlin	79648	P5.3	08/01/14	Contra Costa County
Kiel, Donovan	78451	S/D	08/01/14	Rodeo-Hercules Fire
Mallare, Romeo	77663	P5.2	08/01/14	Contra Costa County
Martinez, Salvador	79510	P5.2	08/01/14	Contra Costa County
Mauricio, Genevieve	80493	P5.2	08/01/14	Contra Costa County
McIlroy, Mary	79111	P5.2	08/01/14	Contra Costa County
McPherson, Cela	80445	P5.2	08/01/14	Contra Costa County
Mendoza-Rivera, Cynthia	79401	P5.2	08/01/14	Contra Costa County
Negrete, Adelita	79508	P5.2	08/01/14	Contra Costa County
Nushi, Sharon	79691	P5.2	08/01/14	Contra Costa County
Osimalo, Luapi	76427	P5.2	08/01/14	Contra Costa County
Patterson, Maureen	80434	P5.2	08/01/14	Contra Costa County
Pearson, Steven	80391	S/D	08/01/14	Rodeo-Hercules Fire
Peregrino, Renato	80349	P5.2	08/01/14	Contra Costa County
Petko, George	78429	P5.2	08/01/14	Contra Costa County
Ramos, Marietta	64562	III	08/01/14	Contra Costa County
Rassi, Mahdieh	75558	III	08/01/14	Contra Costa County
Reich, Sarah	76644	P5.2	08/01/14	Contra Costa County
Rewal, Mridula	80431	P5.2	07/01/14	Contra Costa County
Reyes, Elsa	80403	P5.2	08/01/14	Contra Costa County
Robinson, Elissa	77509	P5.2	08/01/14	Contra Costa County
Salazar, Charlis	64444	P5.2	08/01/14	Contra Costa County

Key:

I = Tier I	**P4.2 = PEPRA Tier 4 (2% COLA)**	**S/A = Safety Tier A**
II = Tier II	**P4.3 = PEPRA Tier 4 (3% COLA)**	**S/C = Safety Tier C**
III = Tier III	**P5.2 = PEPRA Tier 5 (2% COLA)**	**S/D = Safety Tier D**
	P5.3 = PEPRA Tier 5 (3% COLA)	**S/E = Safety Tier E**

CERTIFICATION OF MEMBERSHIPS

Name	*Employee Number*	*Tier*	*Membership Date*	*Employer*
Salcido, Philip	79926	P5.2	08/01/14	Contra Costa County
Santuario, Claudia	79891	S/D	08/01/14	Contra Costa County
Sartor, Lucinda	79048	P5.2	08/01/14	Contra Costa County
Shakya, Tenzin	78669	P5.2	08/01/14	Contra Costa County
Shan, Santosh	D9500	P5.3	08/01/14	Superior Courts
Shanker, Shamarlata	61648	P5.2	08/01/14	Contra Costa County
Stockholm, Alexander	79037	P5.2	08/01/14	Contra Costa County
Strohl, Gail	80421	P4.3	08/01/14	CCCERA
Suarez, Fanny	80454	P5.2	08/01/14	Contra Costa County
Suman, Manjeet	74246	III	08/01/14	Contra Costa County
Taguinod, Rosalie	80352	P5.2	08/01/14	Contra Costa County
Tallett, Kyla	80392	S/D	08/01/14	Rodeo-Hercules Fire
Tames, Gabriel	D9500	P5.3	08/01/14	Superior Courts
Tang, David	80398	P5.2	07/01/14	Contra Costa County
Tanyag, Kristin	80350	P5.2	08/01/14	Contra Costa County
Temeltas, Ates	80487	P5.2	08/01/14	Contra Costa County
Tieu, Kim	65766	P5.2	08/01/14	Contra Costa County
Trinidad, Rene	77700	P5.2	08/01/14	Contra Costa County
Vikayanont, Taungpun	80329	P5.2	08/01/14	Contra Costa County
Vouchilas, Teresa	80393	S/D	08/01/14	Rodeo-Hercules Fire
Weaver, Vincent	80394	S/D	08/01/14	Rodeo-Hercules Fire
Westermann, Edward	77259	P5.2	08/01/14	Contra Costa County
Wilhelm, Marcy	80362	P5.2	08/01/14	Contra Costa County
Williams, Yolanda	51923	III	08/01/14	Contra Costa County
Yoo, Jane	80484	P5.2	08/01/14	Contra Costa County
Young, James	61843	P5.2	08/01/14	Contra Costa County
Zonis, Leah	79073	P5.2	08/01/14	Contra Costa County

Key:

I = Tier I	**P4.2 = PEPRA Tier 4 (2% COLA)**	**S/A = Safety Tier A**
II = Tier II	**P4.3 = PEPRA Tier 4 (3% COLA)**	**S/C = Safety Tier C**
III = Tier III	**P5.2 = PEPRA Tier 5 (2% COLA)**	**S/D = Safety Tier D**
	P5.3 = PEPRA Tier 5 (3% COLA)	**S/E = Safety Tier E**

TIER CHANGES

Name	*Employee Number*	*Old Tier*	*New Tier*	*Effective Date*	*Employer*	*Reason for Change*
Gonzalez, Veronica	66670	III	S/A	8/1/2014	Contra Costa County	Position Change
Judson, Jessica	79995	P5.3	III	5/1/2014	Contra Costa County	Recip
Lee, Traci	80046	P5.3	III	5/1/2014	Contra Costa County	Recip
Weiss, Karen	79065	P5.3	III	8/1/2013	Contra Costa County	Prior Membership

Key:

I = Tier I	**P4.2 = PEPRA Tier 4 (2% COLA)**	**S/A = Safety Tier A**
II = Tier II	**P4.3 = PEPRA Tier 4 (3% COLA)**	**S/C = Safety Tier C**
III = Tier III	**P5.2 = PEPRA Tier 5 (2% COLA)**	**S/D = Safety Tier D**
	P5.3 = PEPRA Tier 5 (3% COLA)	**S/E = Safety Tier E**

ASSET ALLOCATION
Current Assets (Market Value)
$7,096,649,000
Reporting Month End: Aug 31, 2014
Prepared By: Chih-Chi Chu

Meeting Date
10/08/14
Agenda Item
#4e.

	A	B	C	D	C-B	D-A	
	% of Target	Target Assets	Market Value	Actual Assets	Over (Under)	Over (Under)	Range
Robeco	4.3%	305,155,907	309,430,000	4.36%	4,274,093	0.06%	
Jackson Square Partners (fka Delaware)	4.3%	305,155,907	306,630,000	4.32%	1,474,093	0.02%	
Emerald Advisors	3.0%	212,899,470	208,580,000	2.94%	(4,319,470)	(0.06%)	
Intech (Core)	4.1%	290,962,609	292,669,000	4.12%	1,706,391	0.02%	
PIMCO Stocks+ Absolute Return	4.0%	283,865,960	307,100,000	4.33%	23,234,040	0.33%	
Ceredex	3.0%	212,899,470	202,956,000	2.86%	(9,943,470)	(0.14%)	
Total Domestic Equity	22.7%	1,610,939,323	1,627,365,000	22.93%	16,425,677	0.23%	
Pyrford (BMO)	5.3%	376,122,397	369,766,000	5.21%	(6,356,397)	(0.09%)	
William Blair	5.3%	376,122,397	370,298,000	5.22%	(5,824,397)	(0.08%)	
Total International Equity	10.6%	752,244,794	740,064,000	10.43%	(12,180,794)	(0.17%)	
JPMorgan Global Opportunities	4.0%	283,865,960	280,016,000	3.95%	(3,849,960)	(0.05%)	
First Eagle	4.0%	283,865,960	279,577,000	3.94%	(4,288,960)	(0.06%)	
Artisan Global Opportunities	4.0%	283,865,960	288,395,000	4.06%	4,529,040	0.06%	
Intech (Global Low Volatility)	0.3%	21,289,947	23,237,000	0.33%	1,947,053	0.03%	
Total Global Equity	12.3%	872,887,827	871,225,000	12.28%	(1,662,827)	(0.02%)	
Total Equity	**45.6%**	**3,236,071,944**	**3,238,654,000**	**45.64%**	**2,582,056**	**0.04%**	**40% TO 55%**
AFL-CIO Housing Investment Trust	3.3%	234,189,417	231,507,000	3.26%	(2,682,417)	(0.04%)	
PIMCO Total Return	5.6%	397,412,344	395,682,000	5.58%	(1,730,344)	(0.02%)	
GSAM "Park" Portfolio	0.0%	0	4,000	0.00%	4,000	0.00%	
Goldman Sachs Asset Management	4.6%	326,445,854	324,069,000	4.57%	(2,376,854)	(0.03%)	
Lord Abbett	4.6%	326,445,854	324,280,000	4.57%	(2,165,854)	(0.03%)	
Torchlight Debt Opportunity Fund II	1.1%	78,063,139	74,866,000	1.05%	(3,197,139)	(0.05%)	
Torchlight Debt Opportunity Fund III	0.2%	14,193,298	13,312,000	0.19%	(881,298)	(0.01%)	
Torchlight Debt Opportunity Fund IV	0.6%	42,579,894	42,553,000	0.60%	(26,894)	(0.00%)	
Total Domestic Fixed Income	20.0%	1,419,329,800	1,406,273,000	19.82%	(13,056,800)	(0.18%)	
Lazard Asset Management	4.0%	283,865,960	278,422,000	3.92%	(5,443,960)	(0.08%)	
Total Global Fixed Income	**24.0%**	**1,703,195,760**	**1,684,695,000**	**23.74%**	**(18,500,760)**	**(0.26%)**	**20% TO 30%**
Allianz Global Investors (fka Nicholas Applegate)	5.0%	354,832,450	348,339,000	4.91%	(6,493,450)	(0.09%)	
Total High Yield Fixed Income	**5.0%**	**354,832,450**	**348,339,000**	**4.91%**	**(6,493,450)**	**(0.09%)**	**2% TO 9%**
Wellington Real Total Return	0.8%	53,224,868	206,567,000	2.91%	153,342,133	2.16%	
PIMCO All Asset	1.8%	124,191,358	123,426,000	1.74%	(765,358)	(0.01%)	
Private Real Asset	2.5%	177,416,225	23,253,000	0.33%	(154,163,225)	(2.17%)	
Total Real Asset	**5.0%**	**354,832,450**	**353,246,000**	**4.98%**	**(1,586,450)**	**(0.02%)**	**0% TO 10%**
Total Real Estate	**12.5%**	**887,081,125**	**902,244,000**	**12.71%**	**15,162,875**	**0.21%**	**10% TO 16%**
Total Alternative Investments	**7.0%**	**496,765,430**	**477,955,000**	**6.73%**	**(18,810,430)**	**(0.27%)**	**5% TO 12%**
County Treasurer			-	0.00%			
State Street Bank			59,467,000	0.84%			
Total Cash & Equivalents	**0.5%**	**35,483,245**	**59,467,000**	**0.84%**	**23,983,755**	**0.34%**	**0% TO 1%**
Oaktree 2009	0.4%	28,386,596	32,049,000	0.45%	3,662,404	0.05%	
Total Market Opportunities	**0.4%**	**28,386,596**	**32,049,000**	**0.45%**	**3,662,404**	**0.05%**	**0% TO 5%**
TOTAL ASSETS	**100.0%**	**7,096,649,000**	**7,096,649,000**	**100%**	**0**	**0%**	

UNDER REVIEW:
Adelante - Performance, Board Action 05/22/13, DBL - Organizational & Personnel, Board Action 7/9/2014
Nogales Investors - Performance, Board Action 05/28/08
Lord Abbett - Personnel, Board Action 10/20/13
PIMCO - Organization & Personnel, Board Action 2/12/14, Adams Street - Personnel, Board Action 7/29/14

Real Estate & Alternative Investments
As of August 31, 2014

REAL ESTATE INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
DLJ Real Estate Capital Partners, L.P. II	07/31/99	07/31/09	3rd 2 YR	LP	6/30/2015	40,000,000	3,756,000	0.05%	
DLJ Real Estate Capital Partners, L.P. III	06/30/05	06/30/14	1st 2 YR	GP	6/30/2016	75,000,000	47,196,000	0.67%	18,958,000
DLJ Real Estate Capital Partners, L.P. IV	12/31/07	09/30/16				100,000,000	84,066,000	1.18%	19,476,000
DLJ Real Estate Capital Partners, L.P. V	07/31/13	12/31/22				75,000,000	26,799,000	0.38%	48,201,000
Hearthstone Partners I	06/15/95	12/31/03				3,750,000	69,000	0.00%	
Hearthstone Partners II	06/17/98	12/31/09				6,250,000	(18,000)	0.00%	
Invesco IREF I	10/22/03	04/30/11				50,000,000	9,715,000	0.14%	
Invesco IREF II	05/30/07	12/31/15				85,000,000	42,703,000	0.60%	
Invesco IREF III	08/01/13	08/01/21				35,000,000	25,353,000	0.36%	12,958,000
Long Wharf FREG II	07/18/03	02/28/12	NOT DEF	LP	12/31/2014	50,000,000	1,069,000	0.02%	
Long Wharf FREG III	03/30/07	12/30/15				75,000,000	32,893,000	0.46%	
Long Wharf FREG IV	08/14/13	09/30/21				25,000,000	11,025,000	0.16%	14,833,000
Oaktree Real Estate Opportunities Fund V	12/15/11	12/31/16				50,000,000	57,077,000	0.80%	
Oaktree Real Estate Opportunities Fund VI	09/30/13	09/30/20				80,000,000	59,100,000	0.83%	29,682,000
Oaktree Real Estate Opportunities Fund VII	02/28/15	02/28/23				65,000,000	0	0.00%	65,000,000
Siguler Guff Distressed Real Estate Opp. Fund	12/31/11	12/31/16				75,000,000	67,893,000	0.96%	22,518,000
Siguler Guff Distressed Real Estate Opp. Fund II	08/31/13	08/31/20				70,000,000	23,489,000	0.33%	70,700,000
Paulson Real Estate Fund II	11/10/13	11/10/20				20,000,000	14,998,000	0.21%	8,524,000
Angelo Gordon Realty Fund VIII	12/31/11	12/31/18				80,000,000	59,157,000	0.83%	22,145,000
Angelo Gordon Realty Fund IX	10/10/14	10/10/22				65,000,000	0	0.00%	65,000,000
LaSalle Income & Growth Fund VI	01/31/12	01/31/19				75,000,000	50,558,000	0.71%	26,203,000
Adelante Capital Management (REIT)						0	176,918,000	2.49%	
INVESCO International REIT						0	98,428,000	1.39%	
Willows Office: $10,774,100 ***						0	10,000,000	0.14%	
						1,305,000,000	902,244,000	12.71%	424,198,000
	Outstanding Commitments						424,198,000		
	Total					626,898,000	1,326,442,000		

*** Purchase price $10,600,000 plus acquisition cost and fees $174,100.

PRIVATE DEBT INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
ING Clarion Commercial Mortgage Fund II	09/28/06	09/30/14				128,000,000	74,866,000	1.05%	
ING Clarion Commercial Mortgage Fund III	09/30/08	09/30/16				75,000,000	13,312,000	0.19%	
Torchlight Commercial Mortgage Fund IV	08/01/12	08/30/20				60,000,000	42,553,000	0.60%	9,143,000
						263,000,000	130,731,000	1.84%	9,143,000
	Outstanding Commitments						9,143,000		
	Total						139,874,000		

Real Estate & Alternative Investments
As of August 31, 2014

ALTERNATIVE INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Adams Street Partners	12/22/95	INDEFINITE				180,000,000	111,113,000	1.57%	117,308,000
Adams Street Secondary II	12/31/08	12/31/20				30,000,000	29,088,000	0.41%	13,283,000
Adams Street Secondary V	10/31/12	10/31/22				40,000,000	9,843,000	0.14%	29,792,000
Pathway	11/09/98	05/31/21				125,000,000	72,197,000	1.02%	18,249,000
Pathway 2008	12/26/08	12/26/23				30,000,000	20,071,000	0.00%	11,493,000
Pathway 6	05/24/11	05/24/26				40,000,000	13,752,000	0.00%	28,199,000
Pathway 7	02/07/13	02/07/28				70,000,000	6,498,000	0.00%	63,478,000
Siguler Guff CCCERA Opportunities	06/03/14	05/31/25				200,000,000	2,750,000	0.00%	197,250,000
EIF USPF I	11/08/02	11/08/12	3rd 1YR	LP	11/08/15	30,000,000	844,000	0.01%	0
EIF USPF II	06/15/05	06/15/15				50,000,000	41,385,000	0.58%	0
EIF USPF III	02/28/07	02/28/17				65,000,000	49,738,000	0.70%	0
EIF USPF IV	06/28/10	06/28/20				50,000,000	17,146,000	0.24%	28,979,000
Nogales Investment	02/15/04	02/15/14			UNTIL LIQ	15,000,000	3,342,000	0.05%	1,651,000
Bay Area Equity Fund	06/14/04	01/15/13	1st 2 YR	LP	1/15/2015	10,000,000	24,532,000	0.35%	0
Bay Area Equity Fund II	2/29/09	12/31/17				10,000,000	9,842,000	0.14%	1,952,000
Paladin III	11/30/07	12/31/17				25,000,000	19,166,000	0.27%	1,048,000
Carpenter Community BancFund	01/31/08	01/31/16				30,000,000	38,409,000	0.54%	6,032,000
Ocean Avenue Fund II	06/11/14	05/31/24				30,000,000	8,239,000	0.12%	21,761,000
						1,030,000,000	477,955,000	6.01%	540,475,000
	Outstanding Commitments						540,475,000		
	Total						1,018,430,000		

OPPORTUNISTIC INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Oaktree Private Investment Fund 2009	02/28/10	01/31/17				40,000,000	32,049,000	0.45%	5,163,000
	Outstanding Commitments						5,163,000		
	Total						37,212,000		

REAL ASSET INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Commonfund Capital Natural Resources IX	06/30/13	06/30/20				50,000,000	10,523,000	0.15%	40,250,000
Aether III & III Surplus	11/30/13	11/30/20				75,000,000	12,730,000	0.18%	62,073,000
						125,000,000	23,253,000	0.33%	102,323,000
	Outstanding Commitments						102,323,000		
	Total						125,576,000		

Market value column is the latest ending quarter plus any additional capital calls after the ending quarter.
The Target Termination column is the beginning of liquidation of the fund, however, some funds may be extended for an additional two or three years.

Contra Costa County Employees' Retirement Association

Actuarial Valuation and Review
As of December 31, 2013

Segal Consulting

This report has been prepared at the request of the Board of Retirement to assist in administering the Fund. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Retirement and may only be provided to other parties in its entirety. The measurements shown in this actuarial valuation may not be applicable for other purposes.

THE SEGAL GROUP
Founded in 1939

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September 30, 2014

Board of Retirement
Contra Costa County Employees' Retirement Association
1335 Willow Way, Suite 221
Concord, CA 94520

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of December 31, 2013. It summarizes the actuarial data used in the valuation, establishes the funding requirements for the fiscal year beginning July 1, 2015 and analyzes the preceding year's experience.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Plan. The census information on which our calculations were based was prepared by CCCERA and the financial information was provided by the Association's staff. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

SEGAL CONSULTING

By:

Paul Angelo, FSA, EA, MAAA, FCA	*John Monroe, ASA, EA, MAAA*
Senior Vice President and Actuary	*Vice President and Associate Actuary*

AW/bqb

SECTION 1

VALUATION SUMMARY

SECTION 2

VALUATION RESULTS

SECTION 3

SUPPLEMENTARY INFORMATION

SECTION 4

REPORTING INFORMATION

PURPOSE AND SCOPE

This report has been prepared by Segal Consulting to present a valuation of the Contra Costa County Employees' Retirement Association (CCCERA) as of December 31, 2013. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution rate requirements presented in this report are based on:

- The benefit provisions of the Retirement Association, as administered by the Board;
- The characteristics of covered active members, terminated members, and retired members and beneficiaries as of December 31, 2013, provided by the Association's staff;
- The assets of the Plan as of December 31, 2013, provided by the Association's staff;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

One of the general goals of an actuarial valuation is to establish contributions that fully fund the system's liabilities, and that, as a percentage of payroll, remain as level as possible for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

The actuarial valuation required for the Contra Costa County Employees' Retirement Association has been prepared as of December 31, 2013 by Segal Consulting. In preparing this valuation, we have employed generally accepted actuarial methods and assumptions to evaluate the Association's assets, liabilities and future contribution requirements. Our calculations are based upon member data and financial information provided to us by the Association's staff. This information has not been audited by us, but it has been reviewed and found to be reasonably consistent, both internally and with prior years' information.

The contribution requirements are determined as a percentage of payroll. The Association's employer rates provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. In 2008, the Board elected to amortize the remaining balance of the Association's unfunded actuarial accrued liability (UAAL) through December 31, 2007 over a decreasing period with 9 years remaining as of December 31, 2013. Any change in the UAAL that arises at each valuation after December 31, 2007 is amortized over its own separate declining 18-year period.

Effective with the December 31, 2013 valuation, any change in UAAL that arises due to plan amendments is amortized over its own declining 10-year period (with the exception of a change due to retirement incentives, which is to be funded in full upon adoption of the incentive).

We recommend that the rates calculated in this report be adopted by the Board for the fiscal year that extends from July 1, 2015 through June 30, 2016.

SIGNIFICANT ISSUES IN VALUATION YEAR

The following key findings were the result of this actuarial valuation:

Ref: Pg. 89

- The results of this valuation reflect changes in the leave cashout (terminal pay) assumptions adopted by the Board. These changes were adopted in response to changes in leave cashouts (terminal pay) consistent with AB 197. They were documented in our letter dated August 5, 2014 and are also outlined in Section 4, Exhibit V of this report. These assumption changes resulted in a decrease in the average employer rate of 4.1% of payroll and a decrease in the average member rate of 0.3% of payroll. In addition, the results of the valuation also reflect changes as part of the Board's review of the funding policy. Those changes did not impact the employer contribution rate as they only changed amortization periods for possible future changes in liability.

Ref: Pg. 80
Ref: Pg. 66

- The ratio of the valuation value of assets to actuarial accrued liabilities increased from 70.6% to 76.4%. The Association's UAAL has decreased from $2.3 billion to $1.8 billion. This decrease is primarily due to changes in leave cashout assumptions, an investment return on actuarial value (i.e. after smoothing) greater than the 7.25% assumed rate and lower than expected individual salary increases. A reconciliation of the Association's UAAL is provided in Section 3, Exhibit I.

Ref: Pg. 32

- The average employer rate calculated in this valuation (excluding any employer subvention of member rates or member subvention of employer rates) has decreased from 49.82% of payroll to 43.58% of payroll. This decrease is primarily due to changes in leave cashout assumptions, the investment gain and lower than expected individual salary increases. A complete reconciliation of the Association's aggregate employer rate is provided in Section 2, Subsection D (see Chart 15).

Separate employer contribution rates are shown in Chart 14 for members with membership dates before January 1, 2013 (non-PEPRA members) and on or after January 1, 2013 (PEPRA members). However, the average employer contribution rates shown on page v are based on all members regardless of their membership date. The schedule of the employer contribution rates is provided in Section 2, Subsection D, Chart 14. Chart 14 no longer shows separate employer contribution rates based on a membership date breakpoint of January 1, 2011 as non-PEPRA members are no longer subject to different leave cashout assumptions depending on membership date.

Ref: Pg. 33

➤ The average member rate calculated in this valuation has decreased from 12.20% of payroll to 11.91% of payroll. This decrease is primarily due to changes in leave cashout assumptions. A complete reconciliation of the Association's aggregate member rate is provided in Section 2, Subsection D (see Chart 16).

Based on our recommendation, the Board has exercised the discretion made available by AB 1380 to no longer round the member's contribution rates for PEPRA members to the nearest 1/4% as previously required by the California Public Employees' Pension Reform Act of 2013 (PEPRA). This should allow for exactly one-half of the Normal Cost to be paid by the employees and by the employers covered under the PEPRA plans. The detailed member rates are provided in Appendix A and B of this report.

Ref: Pg. 5

➤ The total unrecognized net investment gain as of December 31, 2013 is about $536 million as compared to an unrecognized net investment gain of $157 million in the previous valuation. This net investment gain will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years. This means that if the Association earns the assumed rate of investment return of 7.25% per year (net of expenses) on a **market value** basis, then the net deferred gains of $536 million would be recognized over the next few years as shown in the footnote in Chart 7.

➤ The net deferred gains of $536 million represent about 8% of the market value of assets. Unless offset by future investment losses or other unfavorable experience, the recognition of the $536 million market gains is expected to have an impact on the Association's future funded ratio and contribution rate requirements. This potential impact may be illustrated as follows:

- If the net deferred gains were recognized immediately in the valuation value of assets, the funded percentage would increase from 76.4% to 83.3%.

- If the net deferred gains were recognized immediately in the valuation value of assets, the average employer contribution rate would decrease from 43.6% to about 37.7% of payroll.

➤ The actuarial valuation report as of December 31, 2013 is based on financial information as of that date. Changes in the assets subsequent to that date, to the extent that they exist, are not reflected. Declines in asset values will increase the actuarial cost of the plan, while increases will decrease the actuarial cost of the plan.

- PEPRA contribution rates for certain cost group without actual members (i.e., Cost Group #6) have been developed based on generally the same methodology used to estimate contribution rates for all of the PEPRA tiers in the December 31, 2012 valuation. We have assumed in this valuation that their demographic profiles (e.g., entry age, composition of male versus female, etc.) can be approximated by the data profiles of current active members with membership dates on and after January 1, 2011.
- This report reflects the $2 million additional contribution made by the First-5 Children & Families Commission towards their UAAL. As adopted by the Board, this amount will be amortized as a level dollar amount over a period of eleven years beginning with the December 31, 2011 valuation. This report also reflects the $5 million additional contribution made by the Central Contra Costa Sanitary District towards their UAAL. Based on CCCERA's funding policy, this amount will be amortized as a level percent of pay over a period of eighteen years beginning with the December 31, 2012 valuation.

Ref: Pg. 79

- The Governmental Accounting Standards Board (GASB) approved two new Statements affecting the reporting of pension liabilities for accounting purposes. Statement 67 replaces Statement 25 and is for plan reporting. Statement 68 replaces Statement 27 and is for employer reporting. It is important to note that the new GASB rules only redefine pension expense for financial reporting purposes, and do not apply to contribution amounts for actual pension funding purposes. Employers and plans can still develop and adopt funding policies under current practices. Because these new statements are not effective until the calendar year ending December 31, 2014 for plan reporting and the fiscal year ending June 30, 2015 for employer reporting, the financial reporting information in this report continues to be prepared in accordance with Statements 25 and 27.

<u>Impact of Future Experience on Contribution Rates</u>

Future contribution requirements may differ from those determined in the valuation because of:

- Differences between actual experience and anticipated experience;
- Changes in actuarial assumptions or methods;
- Changes in statutory provisions; and
- Differences between the contribution rates determined by the valuation and those adopted by the Board.

Summary of Key Valuation Results

	December 31, 2013		December 31, 2012	
Average Employer Contribution Rates[1]:		Estimated		Estimated
General	Total Rate	Annual Amount	Total Rate	Annual Amount
Cost Group #1 – County and Small Districts (Tier 1 and 4)	35.48%	$8,400,094	41.59%	$10,611,239
Cost Group #2 – County and Small Districts (Tier 3 and 5)	32.28%	154,922,757	37.08%	168,815,252
Cost Group #3 – Central Contra Costa Sanitary District	60.51%	16,446,846	73.93%	17,620,915
Cost Group #4 – Contra Costa Housing Authority	43.65%	2,196,992	47.04%	2,377,319
Cost Group #5 – Contra Costa County Fire Protection District	35.04%	1,283,642	42.81%	1,522,178
Cost Group #6 – Small Districts (Non-Enhanced Tier 1 and 4)	29.13%	230,791	32.16%	240,133
Safety				
Cost Group #7 – County (Tier A and D)	80.27%	53,484,103	89.83%	59,805,301
Cost Group #8 – Contra Costa and East Fire Protection Districts	82.98%	26,034,468	89.79%	29,274,716
Cost Group #9 – County (Tier C and E)	74.50%	11,435,422	81.53%	11,166,934
Cost Group #10 – Moraga-Orinda Fire District	70.45%	5,293,654	80.03%	5,669,942
Cost Group #11 – San Ramon Valley Fire District	88.33%	14,581,928	95.39%	15,961,561
Cost Group #12 – Rodeo-Hercules Fire Protection District	110.23%	1,784,422	110.02%	1,865,548
All Employers combined	43.58%	$296,095,119	49.82%	$324,931,038
Average Member Contribution Rates[1]:		Estimated		Estimated
General	Total Rate	Annual Amount	Total Rate	Annual Amount
Cost Group #1 – County and Small Districts (Tier 1 and 4)	10.58%	$2,504,556	10.90%	$2,781,559
Cost Group #2 – County and Small Districts (Tier 3 and 5)	10.60%	50,889,675	10.81%	49,226,376
Cost Group #3 – Central Contra Costa Sanitary District	11.10%	3,016,823	11.26%	2,684,595
Cost Group #4 – Contra Costa Housing Authority	11.17%	562,261	11.59%	585,541
Cost Group #5 – Contra Costa County Fire Protection District	11.05%	404,760	11.14%	396,160
Cost Group #6 – Small Districts (Non-Enhanced Tier 1 and 4)	12.41%	98,322	12.86%	96,073
Safety				
Cost Group #7 – County (Tier A and D)	17.41%	11,600,517	17.80%	11,851,328
Cost Group #8 – Contra Costa and East Fire Protection Districts	17.18%	5,390,352	17.43%	5,681,658
Cost Group #9 – County (Tier C and E)	13.66%	2,096,818	14.06%	1,926,255
Cost Group #10 – Moraga-Orinda Fire District	17.01%	1,278,057	17.31%	1,226,374
Cost Group #11 – San Ramon Valley Fire District	16.88%	2,786,567	17.20%	2,878,150
Cost Group #12 – Rodeo-Hercules Fire Protection District	15.90%	257,382	16.36%	277,408
All Categories Combined	11.91%	$80,886,090	12.20%	$79,611,477

(1) *Based on projected payroll as of each valuation date shown. These rates do not include any employer subvention of member contributions or any member subvention of employer contributions. The rates shown are averages based on all members regardless of their membership date.*

Note: Pages 19 and 20 contain a summary that shows which employers are in each cost group.

Summary of Key Valuation Results (continued)

	December 31, 2013		December 31, 2012	
Refundability Factors				
General	**Legacy Tiers**	**PEPRA Tiers**	**Legacy Tiers**	**PEPRA Tiers**
Cost Group #1 – County and Small Districts (Tier 1)	0.9603		0.9845	
PEPRA Tier 4 (2% COLA)		0.9598		0.9845
PEPRA Tier 4 (3% COLA)		0.9693		0.9845
Cost Group #2 – County and Small Districts (Tier 3)	0.9571		0.9360	
PEPRA Tier 5 (2% COLA)		0.9725		0.9360
PEPRA Tier 5 (3%/4% COLA)		0.9650		0.9360
Cost Group #3 – Central Contra Costa Sanitary District	0.9581	0.9650	0.9486	0.9486
Cost Group #4 – Contra Costa Housing Authority	0.9560	0.9769	0.9811	0.9811
Cost Group #5 – Contra Costa County Fire Protection District	0.9586		0.9602	
PEPRA Tier 4 (2% COLA)		0.9598		0.9602
PEPRA Tier 4 (3% COLA)		0.9646		0.9602
Cost Group #6 – Small Districts (Non-Enhanced Tier 1 and 4)	0.9546	0.9640	0.9338	0.9338
Safety				
Cost Group #7 – County (Tier A and D)	0.9741	0.9784	0.9924	0.9924
Cost Group #8 – Contra Costa and East Fire Protection Districts	0.9748	0.9811	0.9897	0.9897
Cost Group #9 – County (Tier C and E)	0.9755	0.9787	0.8718	0.8718
Cost Group #10 – Moraga-Orinda Fire District	0.9765	0.9828	0.9938	0.9938
Cost Group #11 – San Ramon Valley Fire District	0.9765	0.9831	0.9905	0.9905
Cost Group #12 – Rodeo-Hercules Fire Protection District	0.9754	0.9828	0.9860	0.9860
Funded Status:				
Actuarial accrued liability (AAL)	$7,731,097,407		$7,761,315,535	
Valuation value of assets (VVA)	$5,907,416,432		$5,482,257,062	
Market value of assets (MVA)	$6,458,317,596		$5,654,581,124	
Funded percentage on VVA basis (VVA/AAL)	76.4%		70.6%	
Funded percentage on MVA basis (MVA/AAL)	83.5%		72.9%	
Unfunded Actuarial Accrued Liability (UAAL) on VVA basis	$1,823,680,975		$2,279,058,473	
Unfunded Actuarial Accrued Liability (UAAL) on MVA basis	$1,272,779,811		$2,106,734,411	
Key Assumptions:				
Interest rate	7.25%		7.25%	
Inflation rate	3.25%		3.25%	
Across the board salary increase	0.75%		0.75%	

Note: Pages 19 and 20 contain a summary that shows which employers are in each cost group.

Summary of Key Valuation Demographic and Financial Data

	December 31, 2013	December 31, 2012	Percentage Change
Active Members:			
Number of members	9,124	8,640	5.6%
Average age	45.8	45.9	N/A
Average service	10.1	10.2	N/A
Projected total payroll (compensation)	$679,428,911	$652,312,178	4.2%
Average projected payroll	$74,466	$75,499	-1.4%
Retired Member and Beneficiaries:			
Number of members:			
Service retired	6,438	6,375	1.0%
Disability retired	927	923	0.4%
Beneficiaries	1,260	1,219	3.4%
Total	8,625	8,517	1.3%
Average age	69.3	69.0	N/A
Average Monthly Benefit	$3,579	$3,518	1.7%
Vested Terminated Members:			
Number of terminated vested members(1)	2,345	2,288	5.9%
Average age	47.0	46.8	N/A
Summary of Financial Data:			
Market value of assets	$6,458,317,596	$5,654,581,124	14.2%
Return on market value of assets	15.50%	13.31%	N/A
Actuarial value of assets	$5,922,449,192	$5,497,193,662	7.7%
Return on actuarial value of assets	9.01%	2.25%	N/A
Valuation value of assets	$5,907,416,432	$5,482,257,062	7.8%
Return on valuation value of assets	9.02%	2.24%	N/A

(1) *Includes 933 terminated members with less than five years of service as of December 31, 2013 and 888 as of December 31, 2012.*

A. MEMBER DATA

The Actuarial Valuation and Review considers the number and demographics of covered members, including active members, vested terminated members, retired members and beneficiaries.

This section presents a summary of significant statistical data on these member groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, C and D.

A historical perspective of how the member population has changed over the past ten valuations can be seen in this chart.

CHART 1

Member Population: 2004 – 2013

Year Ended December 31	Active Members	Vested Terminated Members[1]	Retired Members and Beneficiaries	Ratio of Non-Actives to Actives
2004	9,358	1,517	6,118	0.82
2005	9,205	1,731	6,437	0.89
2006	9,210	1,919	6,646	0.93
2007	9,421	2,008	6,911	0.95
2008	9,385	2,153	7,012	0.98
2009	8,938	2,209	7,292	1.06
2010	8,811	2,231	7,559	1.11
2011	8,629	2,214	8,085	1.19
2012	8,640	2,288	8,517	1.25
2013	9,124	2,345	8,625	1.20

(1) *Includes members who terminate with less than five years of service and leave accumulated contributions on deposit.*

Active Members

Plan costs are affected by the age, years of service and payroll of active members. In this year's valuation, there are 9,124 active members with an average age of 45.8, average years of service of 10.1 years and average payroll of $74,466. The 8,640 active members in the prior valuation had an average age of 45.9, average service of 10.2 years and average payroll of $75,499.

Among the active members, there were none with unknown age or service information.

Inactive Members

In this year's valuation, there were 2,345 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their employee contributions versus 2,288 in the prior valuation.

These graphs show a distribution of active members by age and by years of service.

CHART 2

Distribution of Active Members by Age as of December 31, 2013

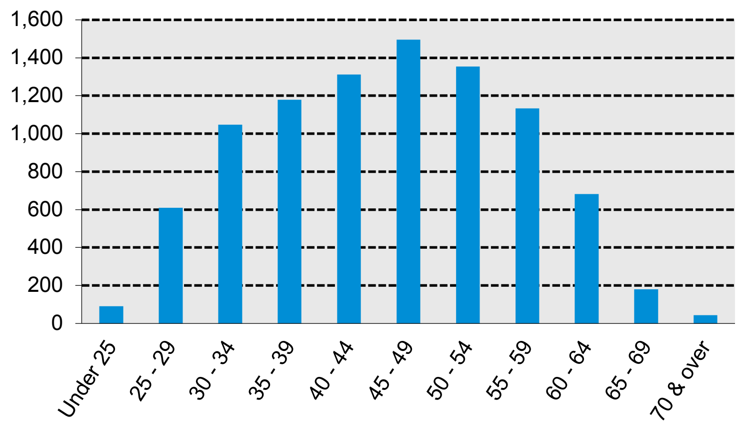
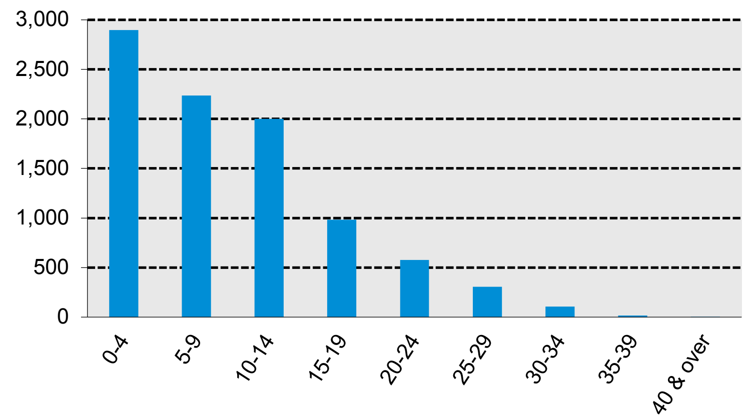


CHART 3

Distribution of Active Members by Years of Service as of December 31, 2013



Retired Members and Beneficiaries

As of December 31, 2013, 7,365 retired members and 1,260 beneficiaries were receiving total monthly benefits of $30,866,774. For comparison, in the previous valuation, there were 7,298 retired members and 1,219 beneficiaries receiving monthly benefits of $29,964,786.

These graphs show a distribution of the current retired members and beneficiaries based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Members and Beneficiaries by Type and by Monthly Amount as of December 31, 2013

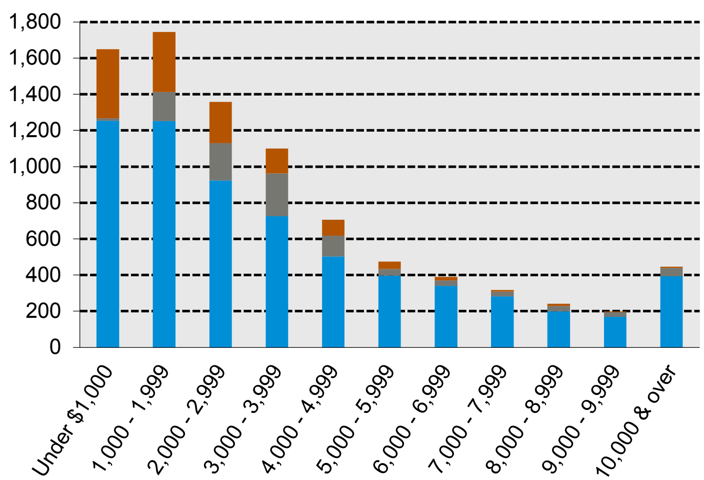
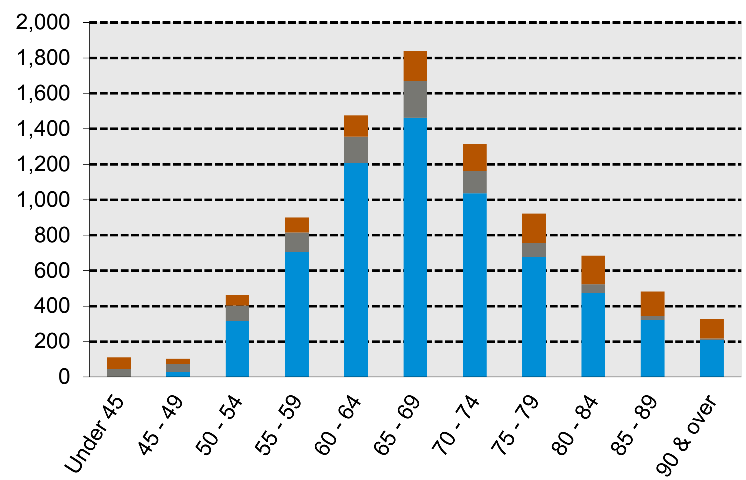


CHART 5

Distribution of Retired Members and Beneficiaries by Type and by Age as of December 31, 2013



Beneficiary
Disability
Service

B. FINANCIAL INFORMATION

Retirement plan funding anticipates that, over the long term, both contributions and net investment earnings (less investment and administrative fees) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. The adjustment toward market value shown in the chart is the "non-cash" earnings on investment implicitly included in the Actuarial Value of Assets. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits E and F.

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Retirement has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuation is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart depicts the components of changes in the actuarial value of assets over the last ten years. Pension Obligation Bonds in the amount of $153 million for 2005 and $11.7 million for 2006 are included in the contributions. Also included are UAAL prepayments of $8.6 million for 2006, $3.0 million for 2007, and $7.0 million for 2013.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended December 31, 2004 - 2013

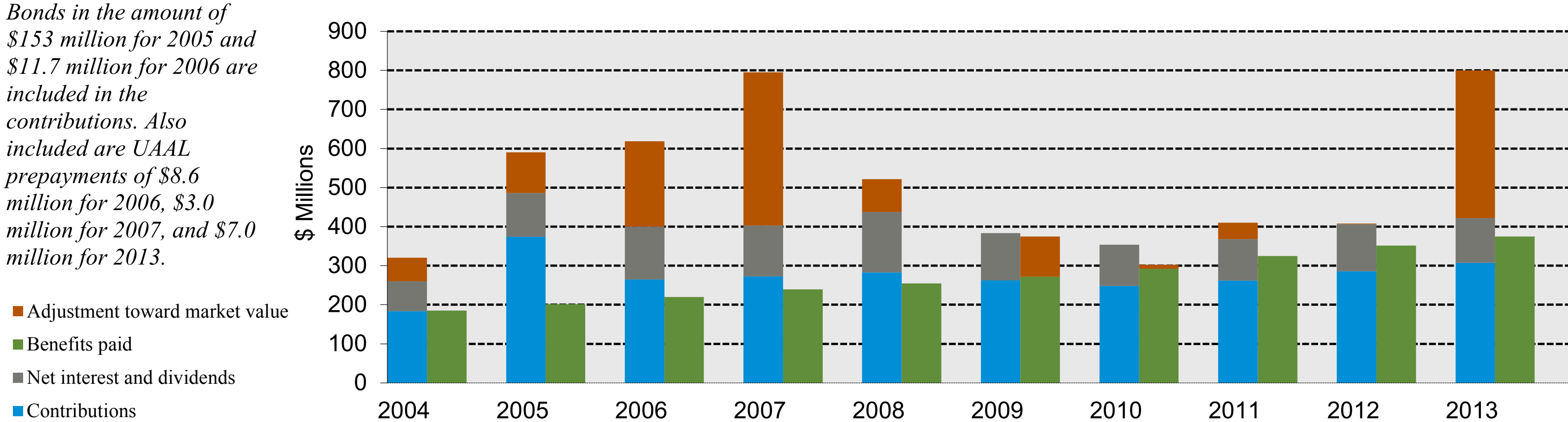


CHART 7

Determination of Actuarial and Valuation Value of Assets for Year Ended December 31, 2013

The chart shows the determination of the actuarial and valuation value of assets as of the valuation date.

Six Month Period		Total Actual				
From	To	Market Return (net)	Expected Market Return (net)	Investment Gain (Loss)	Deferred Factor	Deferred Return
7/2008	12/2008	$(1,128,210,678)	$189,989,366	$(1,318,200,044)	0.0	$0
1/2009	6/2009	106,872,212	146,385,892	(39,513,680)	0.0	0
7/2009	12/2009	628,870,712	150,326,140	478,544,572	0.1	47,854,457
1/2010	6/2010	(94,057,382)	174,278,387	(268,335,769)	0.2	(53,667,154)
7/2010	12/2010	687,503,854	169,679,293	517,824,561	0.3	155,347,368
1/2011	6/2011	292,872,483	195,544,414	97,328,069	0.4	38,931,228
7/2011	12/2011	(205,242,203)	204,284,793	(409,526,996)	0.5	(204,763,498)
1/2012	6/2012	296,675,568	195,294,521	101,381,047	0.6	60,828,628
7/2012	12/20/12	371,057,645	205,350,894	165,706,751	0.7	115,994,726
1/2013	6/2013	281,608,945	218,386,047	63,222,898	0.8	50,578,319
7/2013	12/20/13	588,758,958	227,909,702	360,849,256	0.9	324,764,330

1.	Total Deferred Return[(1)]	$535,868,404
2.	Market Value of Assets	6,458,317,596
3.	Actuarial Value of Assets (Item 2 – Item 1)	5,922,449,192
4.	Actuarial Value as Percentage of Market Value (Item 3 / Item 2)	91.7%
5.	Non-valuation Reserves and Designations:	
	a. Post Retirement Death Benefit	$15,032,760
	b. Statutory Contingency	0
	c. Additional One Percent Contingency	0
	d. Unrestricted Designation	0
	e. Total	$15,032,760
6.	Valuation Value of Assets (Item 3 – Item 5e)	$5,907,416,432

(1) *Deferred Return Recognized in each of the next 5 years:*

(a)	*Amount Recognized during 2014*	*$173,544,421*
(b)	*Amount Recognized during 2015*	*127,574,660*
(c)	*Amount Recognized during 2016*	*97,279,290*
(d)	*Amount Recognized during 2017*	*101,385,107*
(e)	*Amount Recognized during 2018*	*36,084,926*
(f)	*Subtotal*	*$535,868,404*

Note: Results may not add due to rounding.

CHART 8

Allocation of Valuation Value of Assets as of December 31, 2013

The calculation of the valuation value of assets from December 31, 2012 to December 31, 2013 by cost groups is provided below.

		General				
		Cost Groups #1 and #2 General County and Small Districts	Cost Group #3 Central Contra Costa Sanitary District	Cost Group #4 Contra Costa Housing Authority	Cost Group #5 Contra Costa County Fire Protection District	Cost Group #6 Small Districts (General Non-Enhanced)
1	Allocated Valuation Value of Assets As of Beginning of Plan Year	$3,053,006,557	$184,214,514	$36,238,717	$36,092,223	$4,423,558
2	Contributions:					
	a. Total Member Contributions	43,834,901	1,509,131	345,520	364,139	60,400
	b. Employer Contributions - Excludes POB and other Special Contributions	133,885,123	15,849,057	1,770,063	987,831	224,059
	c. Employer Contributions - Special (POB, Termination, etc.)	2,154,061	5,000,000	0	0	0
	d. Total Contributions	179,874,085	22,358,188	2,115,583	1,351,970	284,459
3	Total Payments Excluding Post-Retirement Death	201,574,588	16,738,898	2,536,209	2,555,015	269,144
4	Total Transfers Into or Out of Valuation Assets	0	0	0	0	0
5	Subtotal (Item 1 + 2d - 3 + 4)	3,031,306,054	189,833,804	35,818,091	34,889,178	4,438,873
6	Weighted Average Fund Balance	3,042,156,306	187,024,159	36,028,404	35,490,701	4,431,216
7	Earnings Allocated in Proportion to Item 6	274,295,733	16,863,015	3,248,498	3,200,016	399,540
8	Allocated Valuation Value of Assets As of End of Plan Year (Item 5 + 7)	$3,305,601,787	$206,696,819	$39,066,589	$38,089,194	$4,838,413

Note: Results may not add due to rounding.

CHART 8 (continued)

Allocation of Valuation Value of Assets as of December 31, 2013

		Safety					
		Cost Groups #7 & 9 Safety County	Cost Group #8 Contra Costa & East Fire Protection Districts	Cost Group #10 Moraga-Orinda Fire District	Cost Group #11 San Ramon Valley Fire District	Cost Group #12 Rodeo-Hercules Fire Protection District	**Total**
1	Allocated Valuation Value of Assets As of Beginning of Plan Year	$1,133,572,324	$669,515,717	$119,893,798	$224,603,944	$20,695,715	$ 5,482,257,062
2	Contributions:						
	a. Total Member Contributions	14,086,216	7,364,555	1,755,799	2,867,116	185,477	72,373,254
	b. Employer Contributions - Excludes POB and other Special Contributions	45,993,091	14,907,649	2,848,910	10,248,331	1,149,277	227,863,391
	c. Employer Contributions – Special (POB, Termination, etc.)	0	0	0	0	0	7,154,061
	d. Total Contributions	60,079,307	22,272,204	4,604,709	13,115,447	1,334,754	307,390,706
3	Total Payments Excluding Post-Retirement Death	76,716,427	49,114,072	9,161,135	13,200,190	1,689,968	373,555,644
4	Total Transfers Into or Out of Valuation Assets	0	0	0	0	0	0
5	Subtotal (Item 1 + 2d – 3 + 4)	1,116,935,204	642,673,849	115,337,372	224,519,201	20,340,501	5,416,092,124
6	Weighted Average Fund Balance	1,125,253,764	656,094,783	117,615,585	224,561,573	20,518,108	5,449,174,593
7	Earnings Allocated in Proportion to Item 6	101,458,398	59,156,724	10,604,798	20,247,573	1,850,013	491,324,308
8	Allocated Valuation Value of Assets As of End of Plan Year (Item 5 + 7)	$1,218,393,602	$701,830,573	$125,942,170	$244,766,774	$22,190,514	$ 5,907,416,432

Note: Results may not add due to rounding.

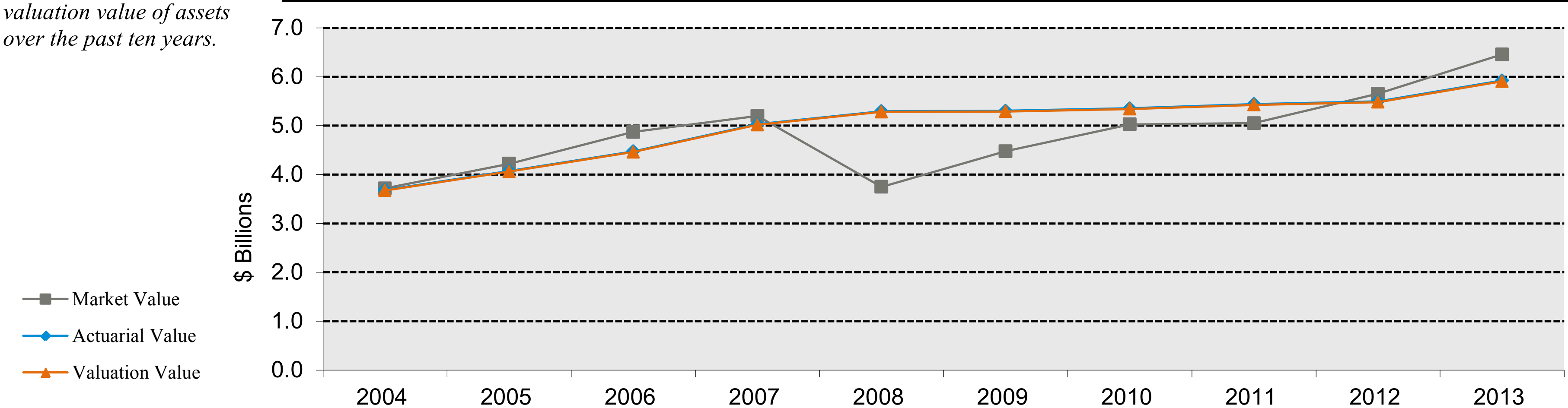
The market value, actuarial value and valuation value of assets are representations of the Plan's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets, but with less volatility. The valuation value of assets is the actuarial value, excluding any non-valuation reserves.

The valuation value of assets is significant because the Plan's liabilities are compared to this measure of its assets to determine what portion, if any, remains unfunded. Amortization of the unfunded liability is an important element in determining the contribution requirement.

This chart shows the change in the relative values of market value, actuarial value and valuation value of assets over the past ten years.

CHART 9

Relative Values of Market Value, Actuarial Value and Valuation Value of Assets for Years Ended December 31, 2004 – 2013



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total gain is $209.1 million, $96.3 million gain from investments and $112.8 million gain from all other sources. The net experience variation from individual sources other than investments was 1.5% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 10

Actuarial Experience for Year Ended December 31, 2013

1.	Net gain/(loss) from investments*	$96,259,150
2.	Net gain/(loss) from other experience**	112,848,298
3.	Net experience gain/(loss): (1) + (2) + (3)	$209,107,448

* *Details in Chart 11*

** *See Section 3, Exhibit I. Does not include the effect of plan or assumption changes, if any.*

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the Plan's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets during 2013 was 7.25%. The actual rate of return on the actuarial value for the 2013 Plan Year was 9.01%.

The market value return reflects the entire impact of the investment performance during the current year and ignores returns from prior years.

The actuarial and valuation value returns reflect the fact that investment gains and losses are gradually taken into account. This is because these returns reflect only a portion of the investment gain or loss from the current year as well as portions of the gains and losses from prior years in accordance with the Board's asset valuation method.

Since the actual return for the year was greater than the assumed return, the Plan experienced an actuarial gain on the actuarial and valuation value of assets during the year ended December 31, 2013.

This chart shows the gain/(loss) due to investment experience.

CHART 11

Investment Experience for Year Ended December 31, 2013 – Market Value, Actuarial Value and Valuation Value of Assets

	Market Value	Actuarial Value	Valuation Value
1. Actual return	$870,984,744	$492,503,802	$491,324,308
2. Average value of assets	5,620,956,988	5,463,569,526	5,449,174,593
3. Actual rate of return: (1) ÷ (2)	15.50%	9.01%	9.02%
4. Assumed rate of return	7.25%	7.25%	7.25%
5. Expected return: (2) x (4)	407,519,382	396,108,791	395,065,158
6. Actuarial gain/(loss): (1) – (5)	$463,465,362	$96,395,011	$96,259,150

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rates of return on an actuarial, valuation and market value basis for the last ten years.

CHART 12

Investment Return – Market Value, Actuarial Value, and Valuation Value: 2004 – 2013

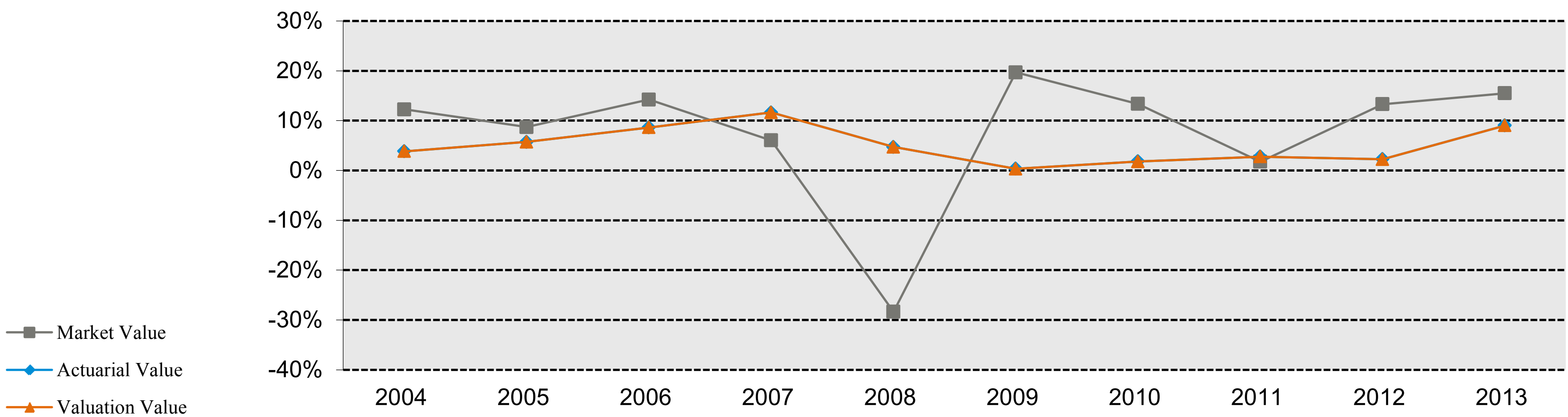
	Market Value Investment Return		Actuarial Value Investment Return		Valuation Value Investment Return	
Year Ended December 31	**Amount**	**Percent of Assets**	**Amount**	**Percent of Assets**	**Amount**	**Percent of Assets**
2004	$406,427,237	12.27%	$136,674,234	3.85%	$135,741,405	3.84%
2005	331,400,271	8.71%	216,618,073	5.74%	215,737,484	5.74%
2006	603,899,378	14.23%	353,776,306	8.63%	352,838,472	8.64%
2007	294,694,885	6.03%	522,206,583	11.63%	521,211,436	11.64%
2008	(1,477,705,765)	(28.35%)	238,397,117	4.73%	237,402,129	4.72%
2009	736,956,891	19.68%	18,226,933	0.34%	17,021,116	0.32%
2010	594,637,090	13.35%	95,918,913	1.82%	94,835,030	1.80%
2011	88,042,268	1.76%	148,058,548	2.78%	146,988,614	2.77%
2012	668,138,997	13.31%	121,921,302	2.25%	120,826,177	2.24%
2013	870,984,744	15.50%	492,503,802	9.01%	491,324,308	9.02%
Total	$3,117,475,996		$2,344,301,811		$2,333,926,171	
Five-Year Average Return		12.41%		3.27%		3.26%
Ten-Year Average Return		6.88%		4.90%		4.90%

Note: Each year's yield is weighted by the average asset value in that year.

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

CHART 13

Market, Actuarial and Valuation Value Rates of Return for Years Ended December 31, 2004 - 2013



Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

Please see Exhibit I in Section 3 for a detailed reconciliation of changes in the Unfunded Actuarial Accrued Liability.

D. RECOMMENDED CONTRIBUTION

Employer contributions consist of two components:

Normal Cost	The annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution rate is expressed as a level percentage of the member's compensation.
Contribution to the Unfunded Actuarial Accrued Liability (UAAL)	The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative UAAL) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the Association) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the combined annual inflation and "across the board" salary increase rate of 4.00% along with expected payroll. The remaining balance of the December 31, 2007 UAAL is being amortized over a 9-year declining period as of December 31, 2013. Any change in the UAAL that arises at each valuation after December 31, 2007 is amortized over its own separate declining 18-year period. Effective with the December 31, 2013 valuation, any change in the UAAL that arises due to plan amendments is amortized over its own declining 10-year period (with the exception of a change due to retirement incentives, which is to be funded in full upon adoption of the incentive).
Employer Contribution Rates	The current and recommended employer contribution rates are shown in Chart 14. County contribution rates also include the Superior Court. Separate rates for non-PEPRA members with membership dates prior to or on or after January 1, 2011 are no longer shown or necessary. This is because of the leave cashout assumption change that results in the same leave cashout assumption for both of these membership groups. Therefore, combined employer contribution rates for those groups have been determined effective with this valuation.

For the PEPRA cost groups without actual membership data (i.e. Cost Group #6), we have assumed in this valuation that their demographic profiles can be approximated by the data profiles of current active members with membership dates on or after January 1, 2011.

The amortization cost for the UAAL has been expressed as a percentage of total future payroll, including members with membership dates on or after January 1, 2013. This has been done in order to continue the open group level percent of payroll amortization methodology for the UAAL associated with members with membership dates before January 1, 2013. It is also consistent with the methodology applied when Safety Tier C was implemented.

The employer contribution rates shown in Chart 14 are the aggregate rates before reflecting the under and over $350 of monthly compensation contribution provisions for members integrated with Social Security. The detailed contribution rates reflecting these provisions will be provided in the contribution rate packet that goes to the Board of Supervisors.

Member Contributions

Non-PEPRA Members

Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for non-PEPRA General and Safety members, respectively. The basic contribution rate is determined as that percentage of compensation which if paid annually from a member's first year of membership through the prescribed retirement age would accumulate to the amount necessary to fund a prescribed annuity.

The annuity is equal to:

- 1/120 of one year Final Average Salary per year of service at age 55 for General Tier 1 and Tier 3 Non-enhanced members
- 1/100 of one year Final Average Salary per year of service at age 50 for Safety Tier A Non-enhanced members
- 1/120 of one year Final Average Salary per year of service at age 60 for General Tier 1 and Tier 3 Enhanced members

- 1/100 of one year Final Average Salary per year of service at age 50 for Safety Tier A Enhanced
- 1/100 of three year Final Average Salary per year of service at age 50 for Safety Tier C Enhanced members

Member contributions are accumulated at an annual interest rate adopted annually by the Board. Note that recently negotiated MOU's for County General members no longer include the 50% employer subvention of the members' basic contributions. Districts pay varying portions, of the members' basic contributions on a nonrefundable basis. Members also pay 50% of the cost-of-living benefit. For most Safety Tier A employers, Safety members also subvent a portion of the employer rate, currently up to 9% of compensation (depending on their MOU). Chart 14 does not include any employer subvention of member contributions or any member subvention of employer contributions. The age specific contribution rates are provided in Appendix A.

For determining the cost of the basic benefit (i.e. non-COLA component), the cost of this pay element is currently recognized in the valuation as an employer only cost and does not affect member contribution rates. The leave cashout assumptions are only used in establishing cost-of-living member contributions. Note that the Board has adopted a change in this methodology effective with the next (December 31, 2014) valuation. Under that new methodology, the leave cashout assumptions will be included in the determination of the basis member contribution rates.

PEPRA Members

Pursuant to Section 7522.30(a) of the Government Code, PEPRA members are required to contribute at least 50% of the Normal Cost rate.

When previously calculating member rates, there were certain additional requirements that had to be met such as requiring the employee rates be rounded to the nearest one quarter of one percent and requiring the new employees to pay the contribution rate of "similarly situated employees", if it is greater. (reference: Section 7522.30(c)). Furthermore, Section 7522.30(d) indicated that "once established, the employee contribution rate described in subdivision (c) shall not be adjusted on account of a change to the normal cost rate unless the normal cost rate increases or decreases by more than 1 percent of payroll above or below the normal cost rate in effect at the time the employee contribution rate is first established or, if later, the normal cost rate in effect at the time of the last adjustment to the employee contribution rate under this section."

However, as we referenced in our letter dated December 17, 2013, Assembly Bill 1380 (AB 1380) was approved by the Governor on September 6, 2013. In particular, Section 31620.5(a) was added to the Government Code to provide the Board with the discretion to not apply the rounding previously required under Section 7522.30(c). We understand that our recommendation in that letter to no longer apply the rounding rule effective with the December 31, 2013 valuation was adopted by the Board, and the results in this valuation reflect that action taken by the Board.

Section 31620.5(b) of AB 1380 also stipulates that the "one percent rule" under Section 7522.30(d) "shall not apply to the contribution rates of members of retirement systems established pursuant to this chapter."

Therefore, in preparing the Normal Cost rates in this report, we have assumed that exactly 50% of the Normal Cost would be paid by PEPRA members. In addition, we have calculated the total Normal Cost rate for the PEPRA tiers to the nearest one-fiftieth of one percent (i.e., the nearest even one-hundredth) as that will allow the Normal Cost rate to be shared exactly 50:50 without going beyond two decimal places.

Cost Sharing Adjustments

Starting with the December 31, 2009 Actuarial Valuation, the Board took action to depool CCCERA's assets, liabilities and normal cost by employer when determining employer contribution rates. The Board action included a review of experience back to December 31, 2002. This did not involve recalculation of any employer rates prior to December 31, 2009. However, it did involve reflecting the separate experience of the employers in each individual cost group back from December 31, 2002 through December 31, 2009. The cost groups are detailed on pages 19 and 20. In addition, the Board action called for a discontinuation of certain cost sharing adjustments for both member and employer contribution rates for General Tier 1 and Safety Tier A. Even under the depooling structure, there are a few remaining cost sharing arrangements.

Here is a summary of the cost sharing arrangements that were implemented in the December 31, 2009 Actuarial Valuation:

- Smaller employers (less than 50 active members as of December 31, 2009) were pooled with the applicable County tier. Safety members from the East Contra Costa Fire Protection District were pooled with Safety members of the Contra Costa County Fire Protection District.
- Due to a statutory requirement, the Superior Court was pooled with the County regardless of how many members the Court has.
- UAAL costs are pooled between Cost Group #1 and Cost Group #2 which represent General County and Small Districts. UAAL costs are also pooled for Cost Groups #7 and #9 which are Safety County tiers.

Other Adjustments

Other adjustments made in the determination of rates are as follows:

- Adjustments are made to some UAAL amounts for the County, the Contra Costa County Fire Protection District (CCCFPD), the Moraga-Orinda Fire District (Moraga) and First 5 – Children & Families Commission (First Five) to account for Pension Obligation Bonds (POBs) and any other any other special contributions that they previously made. These adjustments serve to reduce the UAAL contribution rate for these employers. The outstanding balances of these adjustments as of December 31, 2013 are as follows:

	County General	Moraga General	First Five General	CCCFPD Safety
Basic	$212,288,457	$373,847	$890,704	$60,934,463
COL	$170,108,873	$216,977	$673,745	$46,471,350

Summary of Cost Groups and Employers

GENERAL

Cost Group	Employer Name	Benefit Structure	Special Adjustment
(1)	County General	Tier 1 Enhanced/PEPRA Tier 4	Yes
	Local Agency Formation Commission	Tier 1 Enhanced/PEPRA Tier 4	
	Contra Costa Mosquito and Vector Control District	Tier 1 Enhanced/PEPRA Tier 4	
	Bethel Island Municipal District (Non-Integrated)	Tier 1 Enhanced/PEPRA Tier 4	
	First 5-Children & Families Commission	Tier 1 Enhanced/PEPRA Tier 4	Yes
	Contra Costa County Employees' Retirement Association	Tier 1 Enhanced/PEPRA Tier 4	
	Superior Court	Tier 1 Enhanced/PEPRA Tier 4	Yes
	East Contra Costa Fire Protection District (Non-Integrated)	Tier 1 Enhanced/PEPRA Tier 4	
	Moraga-Orinda Fire District (Non-Integrated)	Tier 1 Enhanced/PEPRA Tier 4	Yes
	Rodeo-Hercules Fire Protection District (Non-Integrated)	Tier 1 Enhanced/PEPRA Tier 4	
	San Ramon Valley Fire District (Non-Integrated)	Tier 1 Enhanced/PEPRA Tier 4	
(2)	County General	Tier 3 Enhanced/PEPRA Tier 5	Yes
	In-Home Supportive Services Authority	Tier 3 Enhanced/PEPRA Tier 5	
	Contra Costa Mosquito and Vector Control District	Tier 3 Enhanced/PEPRA Tier 5	
	Superior Court	Tier 3 Enhanced/PEPRA Tier 5	Yes
(3)	Central Contra Costa Sanitary District (Non-Integrated)	Tier 1 Enhanced/PEPRA Tier 4	
(4)	Contra Costa Housing Authority	Tier 1 Enhanced/PEPRA Tier 4	
(5)	Contra Costa County Fire Protection District (Non-Integrated)	Tier 1 Enhanced/PEPRA Tier 4	
(6)	Rodeo Sanitary District	Tier 1 Non-Enhanced/PEPRA Tier 4	
	Byron Brentwood Cemetery	Tier 1 Non-Enhanced/PEPRA Tier 4	

Summary of Cost Groups and Employers (continued)

SAFETY

Cost Group	Employer Name	Benefit Structure	Special Adjustment
(7)	County Safety	Tier A Enhanced/PEPRA Tier D	
(8)	Contra Costa County Fire Protection District	Tier A Enhanced/PEPRA Tier D	Yes
	East Contra Costa Fire Protection District	Tier A Enhanced/PEPRA Tier D	
(9)	County Safety	Tier C Enhanced/PEPRA Tier E (Members hired on or after January 1, 2007)	
(10)	Moraga-Orinda Fire District	Tier A Enhanced/PEPRA Tier D	
(11)	San Ramon Valley Fire District	Tier A Enhanced/PEPRA Tier D	
(12)	Rodeo-Hercules Fire Protection District	Tier A Non-Enhanced/PEPRA Tier D	

A special adjustment is made for employers that have a remaining balance of a Pension Obligation Bond or any other special contributions as described on page 18.

CHART 14
Components of Current and Recommended Employer Contribution Rates

	December 31, 2013 (Recommended Rates for FY 15-16)				December 31, 2012 (Current Rates for FY 14-15)			
Cost Group #1	**Basic**	**COLA**	**Total**	**Estimated Annual Amount**	**Basic**	**COLA**	**Total**	**Estimated Annual Amount**
County General Tier 1 w/Courts								
Normal Cost	11.78%	3.62%	15.40%	$2,233,850	13.19%	3.74%	16.93%	$2,754,607
UAAL	12.75%	4.77%	17.52%	2,541,367	15.00%	6.25%	21.25%	3,457,583
Total Contributions	24.53%	8.39%	32.92%	$4,775,217	28.19%	9.99%	38.18%	$6,212,190
	Payroll = $14,505,517				Payroll = $16,269,974			
Cost Group #1								
District General Tier 1 w/o POB								
Normal Cost	11.78%	3.62%	15.40%	$1,053,061	13.19%	3.74%	16.93%	$1,201,861
UAAL	18.37%	9.27%	27.64%	1,890,039	20.67%	10.79%	31.46%	2,233,346
Total Contributions	30.15%	12.89%	43.04%	$2,943,100	33.86%	14.53%	48.39%	$3,435,207
	Payroll = $6,838,058				Payroll = $7,099,001			
Cost Group #1								
District General Tier 1 w/ POB (Moraga)								
Normal Cost	11.78%	3.62%	15.40%	$74,942	13.19%	3.74%	16.93%	$90,180
UAAL	8.38%	3.46%	11.84%	57,618	11.89%	5.69%	17.58%	93,642
Total Contributions	20.16%	7.08%	27.24%	$132,560	25.08%	9.43%	34.51%	$183,822
	Payroll = $486,636				Payroll = $532,663			
Cost Group #1								
District General Tier 1 w/ UAAL Prepayment (First Five)								
Normal Cost	11.78%	3.62%	15.40%	$244,640	13.19%	3.74%	16.93%	$272,902
UAAL	10.52%	3.34%	13.86%	220,176	20.67%	10.79%	31.46%	507,118
Total Contributions	22.30%	6.96%	29.26%	$464,816	33.86%	14.53%	48.39%	$780,020
	Payroll = $1,588,570				Payroll = $1,611,944			

Note: The rates from the December 31, 2012 valuation for First Five are before reflecting their UAAL prepayment.

CHART 14 (continued)
Components of Current and Recommended Employer Contribution Rates

	December 31, 2013 (Recommended Rates for FY 15-16)				December 31, 2012 (Current Rates for FY 14-15)			
Cost Group #1	**Basic**	**COLA**	**Total**	**Estimated Annual Amount**	**Basic**	**COLA**	**Total**	**Estimated Annual Amount**
County General Tier 4 (3% COLA) w/ Courts								
Normal Cost	8.68%	3.27%	11.95%	$0	7.97%	2.95%	10.92%	$0
UAAL	12.75%	4.77%	17.52%	0	15.00%	6.25%	21.25%	0
Total Contributions	21.43%	8.04%	29.47%	$0	22.97%	9.20%	32.17%	$0
		Payroll = $0				Payroll = $0		
Cost Group #1								
District General Tier 4 (3% COLA) w/o POB								
Normal Cost	8.68%	3.27%	11.95%	$16,392	7.97%	2.95%	10.92%	$0
UAAL	18.37%	9.27%	27.64%	37,914	20.67%	10.79%	31.46%	0
Total Contributions	27.05%	12.54%	39.59%	$54,306	28.64%	13.74%	42.38%	$0
		Payroll = $137,172				Payroll = $0		
Cost Group #1								
District General Tier 4 (3% COLA) w/ POB (Moraga)								
Normal Cost	8.68%	3.27%	11.95%	$0	7.97%	2.95%	10.92%	$0
UAAL	8.38%	3.46%	11.84%	0	11.89%	5.69%	17.58%	0
Total Contributions	17.06%	6.73%	23.79%	$0	19.86%	8.64%	28.50%	$0
		Payroll = $0				Payroll = $0		
Cost Group #1								
District General Tier 4 (3% COLA) with UAAL Prepayment (First Five)								
Normal Cost	8.68%	3.27%	11.95%	$13,934	7.97%	2.95%	10.92%	$0
UAAL	10.52%	3.34%	13.86%	16,161	20.67%	10.79%	31.46%	0
Total Contributions	19.20%	6.61%	25.81%	$30,095	28.64%	13.74%	42.38%	$0
		Payroll = $116,599				Payroll = $0		

Note: The rates from the December 31, 2012 valuation for First Five are before reflecting their UAAL prepayment.

CHART 14 (continued)
Components of Current and Recommended Employer Contribution Rates

	December 31, 2013 (Recommended Rates for FY 15-16)				December 31, 2012 (Current Rates for FY 14-15)			
Cost Group #1	**Basic**	**COLA**	**Total**	**Estimated Annual Amount**	**Basic**	**COLA**	**Total**	**Estimated Annual Amount**
County General Tier 4 (2% COLA) w/ Courts								
Normal Cost	8.25%	1.85%	10.10%	$0	8.04%	1.81%	9.85%	$0
UAAL	12.75%	4.77%	17.52%	0	15.00%	6.25%	21.25%	0
Total Contributions	21.00%	6.62%	27.62%	$0	23.04%	8.06%	31.10%	$0
	Payroll = $0				Payroll = $0			
Cost Group #2								
County General Tier 3 w/ Courts								
Normal Cost	11.50%	3.49%	14.99%	$66,765,809	12.15%	3.62%	15.77%	$71,268,528
UAAL	12.75%	4.77%	17.52%	78,084,673	15.00%	6.25%	21.25%	96,128,635
Total Contributions	24.25%	8.26%	32.51%	$144,850,482	27.15%	9.87%	37.02%	$167,397,163
	Payroll = $445,733,711				Payroll = $452,214,416			
Cost Group #2								
District General Tier 3 w/o POB								
Normal Cost	11.50%	3.49%	14.99%	$464,123	12.15%	3.62%	15.77%	$473,497
UAAL	18.37%	9.27%	27.64%	855,795	20.67%	10.79%	31.46%	944,592
Total Contributions	29.87%	12.76%	42.63%	$1,319,918	32.82%	14.41%	47.23%	$1,418,089
	Payroll = $3,096,219				Payroll = $3,002,517			
Cost Group #2								
County General Tier 5 (3%/4% COLA) w/ Courts								
Normal Cost	7.74%	2.79%	10.53%	$3,172,436	7.61%	2.69%	10.30%	$0
UAAL	12.75%	4.77%	17.52%	5,278,355	15.00%	6.25%	21.25%	0
Total Contributions	20.49%	7.56%	28.05%	$8,450,791	22.61%	8.94%	31.55%	$0
	Payroll = $30,127,599				Payroll = $0			

CHART 14 (continued)
Components of Current and Recommended Employer Contribution Rates

	December 31, 2013 (Recommended Rates for FY 15-16)				December 31, 2012 (Current Rates for FY 14-15)			
Cost Group #2	**Basic**	**COLA**	**Total**	**Estimated Annual Amount**	**Basic**	**COLA**	**Total**	**Estimated Annual Amount**
District General Tier 5 (3%/4% COLA) w/o POB								
Normal Cost	7.74%	2.79%	10.53%	$9,313	7.61%	2.69%	10.30%	$0
UAAL	18.37%	9.27%	27.64%	24,445	20.67%	10.79%	31.46%	0
Total Contributions	26.11%	12.06%	38.17%	$33,758	28.28%	13.48%	41.76%	$0
		Payroll = $88,441				Payroll = $0		
Cost Group #2								
County General Tier 5 (2% COLA) w/ Courts								
Normal Cost	6.58%	1.52%	8.10%	$84,670	7.75%	1.66%	9.41%	$0
UAAL	12.75%	4.77%	17.52%	183,138	15.00%	6.25%	21.25%	0
Total Contributions	19.33%	6.29%	25.62%	$267,808	22.75%	7.91%	30.66%	$0
		Payroll = $1,045,307				Payroll = $0		
Cost Group #2								
District General Tier 5 (2% COLA) w/o POB								
Normal Cost	6.58%	1.52%	8.10%	$0	7.75%	1.66%	9.41%	$0
UAAL	18.37%	9.27%	27.64%	0	20.67%	10.79%	31.46%	0
Total Contributions	24.95%	10.79%	35.74%	$0	28.42%	12.45%	40.87%	$0
		Payroll = $0				Payroll = $0		

CHART 14 (continued)
Components of Current and Recommended Employer Contribution Rates

	December 31, 2013 (Recommended Rates for FY 15-16)				December 31, 2012 (Current Rates for FY 14-15)			
Cost Group #3	**Basic**	**COLA**	**Total**	**Estimated Annual Amount**	**Basic**	**COLA**	**Total**	**Estimated Annual Amount**
CCCSD General Tier 1								
Normal Cost	13.26%	4.20%	17.46%	$4,680,654	15.89%	5.02%	20.91%	$4,983,792
UAAL	28.69%	14.43%	43.12%	11,559,552	35.10%	17.92%	53.02%	12,637,123
Total Contributions	41.95%	18.63%	60.58%	$16,240,206	50.99%	22.94%	73.93%	$17,620,915
	Payroll = $26,807,867				Payroll = $23,833,773			
Cost Group #3								
CCCSD General Tier 4 (3% COLA)								
Normal Cost	9.20%	3.42%	12.62%	$46,785	7.97%	2.95%	10.92%	$0
UAAL	28.69%	14.43%	43.12%	159,855	35.10%	17.92%	53.02%	0
Total Contributions	37.89%	17.85%	55.74%	$206,640	43.07%	20.87%	63.94%	$0
	Payroll = $370,722				Payroll = $0			
Note: The rates from the December 31, 2012 valuation for CCCSD are before reflecting their UAAL prepayment.								
Cost Group #4								
Contra Costa Housing Authority General Tier 1								
Normal Cost	12.74%	3.78%	16.52%	$806,784	12.83%	3.37%	16.20%	$818,699
UAAL	15.91%	11.44%	27.35%	1,335,687	18.03%	12.81%	30.84%	1,558,620
Total Contributions	28.65%	15.22%	43.87%	$2,142,471	30.86%	16.18%	47.04%	$2,377,319
	Payroll = $4,883,683				Payroll = $5,054,117			
Cost Group #4								
Contra Costa Housing Authority General Tier 4 (3% COLA)								
Normal Cost	6.55%	2.45%	9.00%	$13,499	7.97%	2.95%	10.92%	$0
UAAL	15.91%	11.44%	27.35%	41,022	18.03%	12.81%	30.84%	0
Total Contributions	22.46%	13.89%	36.35%	$54,521	26.00%	15.76%	41.76%	$0
	Payroll = $149,988				Payroll = $0			

CHART 14 (continued)
Components of Current and Recommended Employer Contribution Rates

	December 31, 2013 (Recommended Rates for FY 15-16)				December 31, 2012 (Current Rates for FY 14-15)			
Cost Group #5	**Basic**	**COLA**	**Total**	**Estimated Annual Amount**	**Basic**	**COLA**	**Total**	**Estimated Annual Amount**
CCCFPD General Tier 1								
Normal Cost	12.00%	3.62%	15.62%	$562,937	12.89%	3.67%	16.56%	$588,816
UAAL	11.93%	7.52%	19.45%	700,968	16.48%	9.77%	26.25%	933,362
Total Contributions	23.93%	11.14%	35.07%	$1,263,905	29.37%	13.44%	42.81%	$1,522,178
	Payroll = $3,603,948				Payroll = $3,555,471			
Cost Group #5								
CCCFPD General Tier 4 (3% COLA)								
Normal Cost	10.15%	3.83%	13.98%	$8,254	7.97%	2.95%	10.92%	$0
UAAL	11.93%	7.52%	19.45%	11,483	16.48%	9.77%	26.25%	0
Total Contributions	22.08%	11.35%	33.43%	$19,737	24.45%	12.72%	37.17%	$0
	Payroll = $59,039				Payroll = $0			
Cost Group #5								
CCCFPD General Tier 4 (2% COLA)								
Normal Cost	8.25%	1.85%	10.10%	$0	8.04%	1.81%	9.85%	$0
UAAL	11.93%	7.52%	19.45%	0	16.48%	9.77%	26.25%	0
Total Contributions	20.18%	9.37%	29.55%	$0	24.52%	11.58%	36.10%	$0
	Payroll = $0				Payroll = $0			

CHART 14 (continued)
Components of Current and Recommended Employer Contribution Rates

	December 31, 2013 (Recommended Rates for FY 15-16)				December 31, 2012 (Current Rates for FY 14-15)			
Cost Group #6	**Basic**	**COLA**	**Total**	**Estimated Annual Amount**	**Basic**	**COLA**	**Total**	**Estimated Annual Amount**
Non-Enhanced District General Tier 1								
Normal Cost	12.32%	3.88%	16.20%	$128,349	13.86%	4.22%	18.08%	$134,999
UAAL	10.78%	2.15%	12.93%	102,442	11.22%	2.86%	14.08%	105,134
Total Contributions	23.10%	6.03%	29.13%	$230,791	25.08%	7.08%	32.16%	$240,133
	Payroll = $792,280				Payroll = $746,787			
Cost Group #6								
Non-Enhanced District General Tier 4 (3% COLA)								
Normal Cost	8.25%	3.01%	11.26%	$0	7.97%	2.95%	10.92%	$0
UAAL	10.78%	2.15%	12.93%	0	11.22%	2.86%	14.08%	0
Total Contributions	19.03%	5.16%	24.19%	$0	19.19%	5.81%	25.00%	$0
	Payroll = $0				Payroll = $0			
Cost Group #7								
County Safety Tier A								
Normal Cost	21.66%	7.39%	29.05%	$19,122,294	24.29%	8.08%	32.37%	$21,550,723
UAAL	28.69%	22.62%	51.31%	33,775,039	32.80%	24.66%	57.46%	38,254,578
Total Contributions	50.35%	30.01%	80.36%	$52,897,333	57.09%	32.74%	89.83%	$59,805,301
	Payroll = $65,825,451				Payroll = $66,575,441			
Cost Group #7								
County Safety Tier D								
Normal Cost	15.14%	6.36%	21.50%	$173,267	11.88%	5.21%	17.09%	$0
UAAL	28.69%	22.62%	51.31%	413,503	32.80%	24.66%	57.46%	0
Total Contributions	43.83%	28.98%	72.81%	$586,770	44.68%	29.87%	74.55%	$0
	Payroll = $805,891				Payroll = $0			

CHART 14 (continued)
Components of Current and Recommended Employer Contribution Rates

	December 31, 2013 (Recommended Rates for FY 15-16)				December 31, 2012 (Current Rates for FY 14-15)			
Cost Group #8	**Basic**	**COLA**	**Total**	**Estimated Annual Amount**	**Basic**	**COLA**	**Total**	**Estimated Annual Amount**
CCCFPD Safety Tier A								
Normal Cost	21.22%	7.39%	28.61%	$8,057,977	22.86%	7.67%	30.53%	$9,167,228
UAAL	21.90%	27.67%	49.57%	13,961,339	26.63%	29.09%	55.72%	16,731,038
Total Contributions	43.12%	35.06%	78.18%	$22,019,316	49.49%	36.76%	86.25%	$25,898,266
	Payroll = $28,164,897				Payroll = $30,027,438			
Cost Group #8								
East CCCFPD Safety Tier A								
Normal Cost	21.22%	7.39%	28.61%	$797,446	22.86%	7.67%	30.53%	$786,893
UAAL	49.95%	49.06%	99.01%	2,759,704	52.02%	48.45%	100.47%	2,589,557
Total Contributions	71.17%	56.45%	127.62%	$3,557,150	74.88%	56.12%	131.00%	$3,376,450
	Payroll = $2,787,298				Payroll = $2,577,443			
Cost Group #8								
CCCFPD Safety Tier D								
Normal Cost	14.28%	6.24%	20.52%	$20,032	11.88%	5.21%	17.09%	$0
UAAL	21.90%	27.67%	49.57%	48,390	26.63%	29.09%	55.72%	0
Total Contributions	36.18%	33.91%	70.09%	$68,422	38.51%	34.30%	72.81%	$0
	Payroll = $97,620				Payroll = $0			
Cost Group #8								
East CCCFPD Safety Tier D								
Normal Cost	14.28%	6.24%	20.52%	$66,880	11.88%	5.21%	17.09%	$0
UAAL	49.95%	49.06%	99.01%	322,700	52.02%	48.45%	100.47%	0
Total Contributions	64.23%	55.30%	119.53%	$389,580	63.90%	53.66%	117.56%	$0
	Payroll = $325,927				Payroll = $0			

CHART 14 (continued)
Components of Current and Recommended Employer Contribution Rates

	December 31, 2013 (Recommended Rates for FY 15-16)				December 31, 2012 (Current Rates for FY 14-15)			
Cost Group #9	**Basic**	**COLA**	**Total**	**Estimated Annual Amount**	**Basic**	**COLA**	**Total**	**Estimated Annual Amount**
County Safety Tier C								
Normal Cost	19.45%	4.00%	23.45%	$3,448,703	19.96%	4.11%	24.07%	$3,296,761
UAAL	28.69%	22.62%	51.31%	7,545,969	32.80%	24.66%	57.46%	7,870,173
Total Contributions	48.14%	26.62%	74.76%	$10,994,672	52.76%	28.77%	81.53%	$11,166,934
	Payroll = $14,706,624				Payroll = $13,697,308			
Cost Group #9								
County Safety Tier E								
Normal Cost	13.64%	3.55%	17.19%	$110,606	11.54%	3.05%	14.59%	$0
UAAL	28.69%	22.62%	51.31%	330,144	32.80%	24.66%	57.46%	0
Total Contributions	42.33%	26.17%	68.50%	$440,750	44.34%	27.71%	72.05%	$0
	Payroll = $643,431				Payroll = $0			
Cost Group #10								
Moraga-Orinda FD Safety Tier A								
Normal Cost	20.57%	7.23%	27.80%	$1,956,557	23.29%	8.00%	31.29%	$2,216,825
UAAL	19.40%	23.83%	43.23%	3,042,517	23.16%	25.58%	48.74%	3,453,117
Total Contributions	39.97%	31.06%	71.03%	$4,999,074	46.45%	33.58%	80.03%	$5,669,942
	Payroll = $7,037,975				Payroll = $7,084,771			
Cost Group #10								
Moraga-Orinda FD Safety Tier D								
Normal Cost	12.98%	5.73%	18.71%	$88,983	11.88%	5.21%	17.09%	$0
UAAL	19.40%	23.83%	43.23%	205,597	23.16%	25.58%	48.74%	0
Total Contributions	32.38%	29.56%	61.94%	$294,580	35.04%	30.79%	65.83%	$0
	Payroll = $475,589				Payroll = $0			

CHART 14 (continued)
Components of Current and Recommended Employer Contribution Rates

	December 31, 2013 (Recommended Rates for FY 15-16)				December 31, 2012 (Current Rates for FY 14-15)			
Cost Group #11	**Basic**	**COLA**	**Total**	**Estimated Annual Amount**	**Basic**	**COLA**	**Total**	**Estimated Annual Amount**
San Ramon FD Safety Tier A								
Normal Cost	20.93%	7.40%	28.33%	$4,582,145	22.94%	7.92%	30.86%	$5,163,752
UAAL	36.46%	23.74%	60.20%	9,736,855	39.60%	24.93%	64.53%	10,797,809
Total Contributions	57.39%	31.14%	88.53%	$14,319,000	62.54%	32.85%	95.39%	$15,961,561
	Payroll = $16,174,178				Payroll = $16,733,471			
Cost Group #11								
San Ramon FD Safety Tier D								
Normal Cost	12.84%	5.70%	18.54%	$61,909	11.88%	5.21%	17.09%	$0
UAAL	36.46%	23.74%	60.20%	201,019	39.60%	24.93%	64.53%	0
Total Contributions	49.30%	29.44%	78.74%	$262,928	51.48%	30.14%	81.62%	$0
	Payroll = $333,919				Payroll = $0			
Cost Group #12								
Non-Enhanced Rodeo-Hercules FPD Safety Tier A								
Normal Cost	17.29%	5.91%	23.20%	$359,833	20.19%	6.60%	26.79%	$454,263
UAAL	52.98%	34.24%	87.22%*	1,352,787	51.45%	31.78%	83.23%	1,411,285
Total Contributions	70.27%	40.15%	110.42%	$1,712,620	71.64%	38.38%	110.02%	$1,865,548
	Payroll = $1,551,005				Payroll = $1,695,645			
Cost Group #12								
Non-Enhanced Rodeo-Hercules FPD Safety Tier D								
Normal Cost	12.99%	5.77%	18.76%	$12,710	11.88%	5.21%	17.09%	$0
UAAL	52.98%	34.24%	87.22%*	59,092	51.45%	31.78%	83.23%	0
Total Contributions	65.97%	40.01%	105.98%	$71,802	63.33%	36.99%	100.32%	$0
	Payroll = $67,750				Payroll = $0			

* *Total UAAL dollar contribution for Rodeo-Hercules FPD is $1,497,433 for FY 15-16. It is based on the UAAL rate shown above multiplied by estimated payroll for FY 15-16. The estimated payroll for FY 15-16 was determined by increasing payroll amounts shown above for 2014 by 18-months of assumed wage inflation.*

CHART 14 (continued)
Components of Current and Recommended Employer Contribution Rates

	December 31, 2013 (Recommended Rates for FY 15-16)				December 31, 2012 (Current Rates for FY 14-15)			
	Basic	COLA	Total	Estimated Annual Amount	Basic	COLA	Total	Estimated Annual Amount
Total All Employers Combined (Aggregate)								
Normal Cost	13.35%	4.20%	17.55%	$119,239,774	14.70%	4.50%	19.20%	$125,224,326
UAAL	16.70%	9.33%	26.03%	176,855,345	19.55%	11.07%	30.62%	199,706,712
Total Contributions	30.05%	13.53%	43.58%	$296,095,119	34.25%	15.57%	49.82%	$324,931,038
	Payroll = $679,428,911				Payroll = $652,312,180			

The employer contribution rates as of December 31, 2013 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Employer Contribution Rate

The chart below details the changes in the recommended employer contribution rate from the prior valuation to the current year's valuation.

CHART 15

Reconciliation of Recommended Average Employer Contribution from December 31, 2012 to December 31, 2013 Valuation

	Contribution Rate*	Estimated Annual Dollar Cost**
Recommended Average Employer Contribution Rate in December 31, 2012 Valuation	49.82%	$324,931,038
Effect of investment (gain)/loss[1]	(1.05%)	(7,134,004)
Effect of difference in actual versus expected contributions due to delay in implementation of contribution rates calculated in 12/31/2012 valuation	1.18%	8,017,261
Effect of lower than expected individual salary increases	(1.25%)	(8,492,861)
Effect of amortizing prior year's UAAL over a greater than expected projected total payroll	(0.05%)	7,986,910[2]
Effect of lower than expected COLA increases for retirees and beneficiaries	(0.52%)	(3,533,030)
Effect of mortality gain for retirees and beneficiaries	(0.37%)	(2,513,887)
Effect of net other experience (gains)/losses[3]	(0.13%)	4,350,563
Effect of changes in actuarial assumptions[4]	(4.05%)	(27,516,871)
Total change	(6.24%)	$(28,835,919)
Recommended Average Employer Contribution Rate in December 31, 2013 Valuation	43.58%	$296,095,119

* *These rates do not include any employer subvention of member contributions, or member subvention of employer contributions.*

** *Based on projected total payroll for each valuation date shown.*

(1) *Return on the valuation value of assets of 9.02% was greater than the 7.25% assumed in the 2012 valuation.*

(2) *The dollar amount shown represents the dollar increase in UAAL amortization payments for amortization bases established prior to the December 31, 2013 valuation.*

(3) *Other differences in actual versus expected experience including (but not limited to) disability, withdrawal, retirement and leave cashout experience. Estimated annual dollar cost also reflects change in payroll from prior valuation.*

(4) *The Board approved changes in leave cashout assumptions.*

The member contribution rates as of December 31, 2013 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Member Contribution Rate

The chart below details the changes in the recommended member contribution rate from the prior valuation to the current year's valuation.

The chart reconciles the member contribution from the prior valuation to the amount determined in this valuation.

CHART 16

Reconciliation of Recommended Average Member Contribution from December 31, 2012 to December 31, 2013 Valuation

	Contribution Rate*	Estimated Annual Dollar Cost**
Recommended Average Member Contribution Rate in December 31, 2012 Valuation	12.20%	$79,611,477
Effect of changes in actuarial assumptions[1]	(0.30%)	(2,038,287)
Effect of other experience (gains)/losses[2]	0.01%	3,312,900
Total change	(0.29%)	$1,274,613
Recommended Average Member Contribution Rate in December 31, 2013 Valuation	11.91%	$80,886,090

* *These rates do not include any employer subvention of member contributions, or member subvention of employer contributions.*

** *Based on projected total payroll for each valuation date shown.*

(1) *The Board approved changes in leave cashout assumptions.*

(2) *Other differences in actual versus expected experience. Estimated annual dollar cost also reflects change in payroll from prior valuation.*

E. INFORMATION REQUIRED BY GASB

Government Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to GASB is the historical comparison of the GASB required contributions to the actual contributions. This comparison demonstrates whether a plan is being funded on an actuarially sound basis and in accordance with the GASB funding requirements. Chart 17 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the valuation value of assets of the plan to the liabilities of the plan as calculated under GASB requirements. High ratios indicate a well-funded plan with assets sufficient to cover the Plan's liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other changes.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 17

Required Versus Actual Contributions

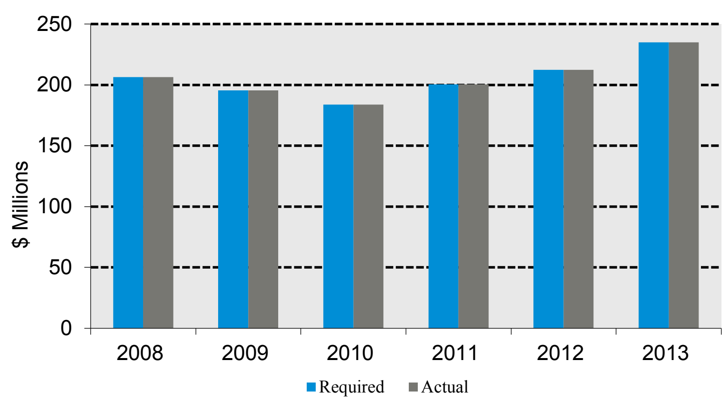
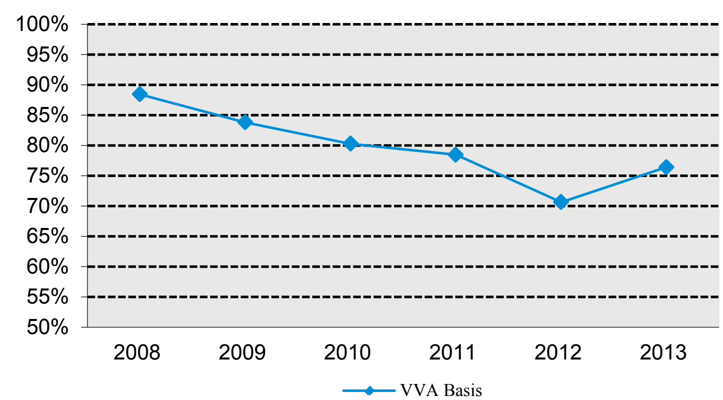


CHART 18

Funded Ratio



F. VOLATILITY RATIOS

Retirement plans are subject to volatility in the level of required contributions. This volatility tends to increase as retirement plans become more mature.

The Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total payroll, provides an indication of the potential contribution volatility for any given level of investment volatility. A higher AVR indicates that the plan is subject to a greater level of contribution volatility. This is a current measure since it is based on the current level of assets.

For CCCERA, the current AVR is about 9.5. This means that a 1% asset gain/(loss) (relative to the assumed investment return) translates to about 9.5% of one-year's payroll. Since CCCERA amortizes actuarial gains and losses over a 18-year period, there would be a 0.7% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The Liability Volatility Ratio (LVR), which is equal to the Actuarial Accrued Liability divided by payroll, provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. This is because, over an extended period of time, the plan's assets should track the plan's liabilities. For example, if a plan is 50% funded on a market value basis, the liability volatility ratio would be double the asset volatility ratio and the plan sponsor should expect contribution volatility to increase over time as the plan becomes better funded.

The LVR also indicates how volatile contributions will be in response to changes in the Actuarial Accrued Liability due to actual experience or to changes in actuarial assumptions.

For CCCERA, the current LVR is about 11.4. This is about 20% higher than the AVR. Therefore, we would expect that contribution volatility will increase over the long-term.

This chart shows how the asset and liability volatility ratios have varied over time.

CHART 19

Volatility Ratios for Years Ended December 31, 2008 – 2013

Year Ended December 31	Asset Volatility Ratio	Liability Volatility Ratio
2008	5.3	8.5
2009	6.4	9.1
2010	7.3	9.7
2011	7.6	10.4
2012	8.7	11.9
2013	9.5	11.4

EXHIBIT A

Table of Plan Coverage

i. General Tier 1

Category	Year Ended December 31 2013	Year Ended December 31 2012	Change From Prior Year
Active members in valuation			
Number	661	686	-3.6%
Average age	48.7	48.2	N/A
Average service	14.1	13.6	N/A
Projected total payroll(1)	$59,506,557	$58,703,729	1.4%
Projected average payroll	$90,025	$85,574	5.2%
Account balances	$50,639,503	$46,348,419	9.3%
Total active members with at least five years of service	554	544	1.8%
Vested terminated members	260	267	-2.6%
Retired members			
Number in pay status	2,647	2,726	-2.9%
Average age	73.7	73.6	N/A
Average monthly benefit	$3,735	$3,634	2.8%
Disabled members			
Number in pay status(2)	292	307	-4.9%
Average age	70.1	69.6	N/A
Average monthly benefit	$2,599	$2,534	2.6%
Beneficiaries			
Number in pay status	694	690	0.6%
Average age	76.8	76.6	N/A
Average monthly benefit	$1,975	$1,915	3.1%

(1) *Calculated by increasing actual calendar year salaries by the assumed salary scale.*

(2) *For 2013, includes 219 members receiving a service-connected disability and 73 members receiving an ordinary disability.*

EXHIBIT A (continued)

Table of Plan Coverage

ii. General Tier 2

Category	Year Ended December 31 2013	2012	Change From Prior Year
Active members in valuation			
Number[1]	0	0	0.0%
Average age	N/A	N/A	N/A
Average service	N/A	N/A	N/A
Projected total payroll[2]	N/A	N/A	N/A
Projected average payroll	N/A	N/A	N/A
Account balances	N/A	N/A	N/A
Total active members with at least five years of service	0	0	0.0%
Vested terminated members	259	266	-2.6%
Retired members			
Number in pay status	420	428	-1.9%
Average age	73.2	72.6	N/A
Average monthly benefit	$812	$800	1.5%
Disabled members			
Number in pay status[3]	43	46	-6.5%
Average age	69.4	68.8	N/A
Average monthly benefit	$2,023	$1,982	2.1%
Beneficiaries			
Number in pay status	100	97	3.1%
Average age	65.5	63.5	N/A
Average monthly benefit	$820	$849	-3.4%

(1) *As of the December 31, 2005 valuation, there are no longer any Tier 2 Active Members since they have all transferred to Tier 3.*

(2) *Calculated by increasing actual calendar year salaries by the assumed salary scale.*

(3) *For 2013, includes 25 members receiving a service-connected disability and 18 members receiving an ordinary disability.*

EXHIBIT A (continued)
Table of Plan Coverage
iii. General Tier 3

Category	Year Ended December 31 2013	Year Ended December 31 2012	Change From Prior Year
Active members in valuation			
Number	6,222	6,558	-5.1%
Average age	47.6	46.8	N/A
Average service	10.6	9.7	N/A
Projected total payroll[(1)]	$448,829,930	$455,216,933	-1.4%
Projected average payroll	$72,136	$69,414	3.9%
Account balances	$381,375,951	$334,502,172	14.0%
Total active members with at least five years of service	4,656	4,562	2.1%
Vested terminated members	1,460	1,435	1.7%
Retired members			
Number in pay status	2,181	2,054	6.2%
Average age	65.8	65.2	N/A
Average monthly benefit	$2,542	$2,527	0.6%
Disabled members			
Number in pay status[(2)]	87	78	11.5%
Average age	61.6	61.5	N/A
Average monthly benefit	$2,146	$2,174	-1.3%
Beneficiaries			
Number in pay status	116	101	14.9%
Average age	59.4	58.5	N/A
Average monthly benefit	$1,518	$1,475	2.9%

(1) *Calculated by increasing actual calendar year salaries by the assumed salary scale.*

(2) *For 2013, include 28 members receiving a service-connected disability and 59 members receiving an ordinary disability.*

EXHIBIT A (continued)

Table of Plan Coverage

iv. General Tier 4 – 3% COLA

Category	Year Ended December 31		
	2013	2012	Change From Prior Year
Active members in valuation			
Number	16	0	N/A
Average age	39.3	N/A	N/A
Average service	0.5	N/A	N/A
Projected total payroll[1]	$833,519	N/A	N/A
Projected average payroll	$52,095	N/A	N/A
Account balances	$29,905	N/A	N/A
Total active members with at least five years of service	0	0	0.0%
Vested terminated members	0	0	0.0%
Retired members			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Disabled members			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Beneficiaries			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A

(1) *Calculated by increasing actual calendar year salaries by the assumed salary scale. Projected compensation for 2014 has been limited. It is our understanding that in the determination of pension benefits under the PEPRA formulas, the compensation that can be taken into account for 2014 is equal to $115,064. (For an employer that is not enrolled in Social Security, the maximum amount is 120% of $115,064, or $138,077). (reference: Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2014. (reference: Section 7522.10(d))*

EXHIBIT A (continued)

Table of Plan Coverage

v. General Tier 5 – 2% COLA

Category	Year Ended December 31 2013	2012	Change From Prior Year
Active members in valuation			
Number	19	0	N/A
Average age	31.5	N/A	N/A
Average service	0.4	N/A	N/A
Projected total payroll[(1)]	$1,045,307	N/A	N/A
Projected average payroll	$55,016	N/A	N/A
Account balances	$47,453	N/A	N/A
Total active members with at least five years of service	0	0	0.0%
Vested terminated members	1	0	N/A
Retired members			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Disabled members			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Beneficiaries			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A

(1) *Calculated by increasing actual calendar year salaries by the assumed salary scale. Projected compensation for 2014 has been limited. It is our understanding that in the determination of pension benefits under the PEPRA formulas, the compensation that can be taken into account for 2014 is equal to $115,064. (For an employer that is not enrolled in Social Security, the maximum amount is 120% of $115,064, or $138,077). (reference: Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2014. (reference: Section 7522.10(d))*

EXHIBIT A (continued)

Table of Plan Coverage

vi. General Tier 5 – 3% COLA

	Year Ended December 31		
Category	**2013**	**2012**	**Change From Prior Year**
Active members in valuation			
Number	764	0	N/A
Average age	39.1	N/A	N/A
Average service	0.4	N/A	N/A
Projected total payroll[1]	$30,216,040	N/A	N/A
Projected average payroll	$39,550	N/A	N/A
Account balances	$1,192,204	N/A	N/A
Total active members with at least five years of service	1	0	N/A
Vested terminated members	40	0	N/A
Retired members			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Disabled members			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Beneficiaries			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A

(1) *Calculated by increasing actual calendar year salaries by the assumed salary scale. Projected compensation for 2014 has been limited. It is our understanding that in the determination of pension benefits under the PEPRA formulas, the compensation that can be taken into account for 2014 is equal to $115,064. (For an employer that is not enrolled in Social Security, the maximum amount is 120% of $115,064, or $138,077). (reference: Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2014. (reference: Section 7522.10(d))*

EXHIBIT A (continued)

Table of Plan Coverage

vii. Safety Tier A

Category	Year Ended December 31 2013	Year Ended December 31 2012	Change From Prior Year
Active members in valuation			
Number	1,176	1,209	-2.7%
Average age	42.3	41.9	N/A
Average service	13.0	12.6	N/A
Projected total payroll[1]	$121,540,804	$124,694,208	-2.5%
Projected average payroll	$103,351	$103,138	0.2%
Account balances	$292,572,360	$268,197,775	9.1%
Total active members with at least five years of service	1,067	1,086	-1.7%
Vested terminated members	300	304	-1.3%
Retired members			
Number in pay status	1,190	1,167	2.0%
Average age	65.1	64.7	N/A
Average monthly benefit	$7,210	$7,122	1.2%
Disabled members			
Number in pay status[2]	504	492	2.4%
Average age	61.9	61.6	N/A
Average monthly benefit	$5,350	$5,209	2.7%
Beneficiaries			
Number in pay status	350	331	5.7%
Average age	67.9	68.1	N/A
Average monthly benefit	$3,302	$3,204	3.1%

(1) *Calculated by increasing actual calendar year salaries by the assumed salary scale.*

(2) *For 2013, include 483 members receiving a service-connected disability and 21 members receiving an ordinary disability.*

EXHIBIT A (continued)

Table of Plan Coverage

viii. Safety Tier C

Category	Year Ended December 31 2013	Year Ended December 31 2012	Change From Prior Year
Active members in valuation			
Number	195	187	4.3%
Average age	32.5	31.8	N/A
Average service	3.4	2.7	N/A
Projected total payroll[1]	$14,706,624	$13,697,308	7.4%
Projected average payroll	$75,419	$73,248	3.0%
Account balances	$6,132,795	$4,188,009	46.4%
Total active members with at least five years of service	58	26	123.1%
Vested terminated members	24	16	50.0%
Retired members			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Disabled members			
Number in pay status[2]	1	0	N/A
Average age	37.7	N/A	N/A
Average monthly benefit	$3,640	N/A	N/A
Beneficiaries			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A

(1) *Calculated by increasing actual calendar year salaries by the assumed salary scale.*

(2) *For 2013, include 1 member receiving a service-connected disability.*

EXHIBIT A (continued)

Table of Plan Coverage

ix. Safety Tier D

Category	Year Ended December 31 2013	Year Ended December 31 2012	Change From Prior Year
Active members in valuation			
Number	45	0	0%
Average age	33.4	N/A	N/A
Average service	0.4	N/A	N/A
Projected total payroll[1]	$2,106,696	N/A	N/A
Projected average payroll	$46,815	N/A	N/A
Account balances	$198,045	N/A	N/A
Total active members with at least five years of service	0	0	0.0%
Vested terminated members	1	0	N/A
Retired members			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Disabled members			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Beneficiaries			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A

[1] *Calculated by increasing actual calendar year salaries by the assumed salary scale. Projected compensation for 2014 has been limited. It is our understanding that in the determination of pension benefits under the PEPRA formulas, the compensation that can be taken into account for 2014 is equal to $115,064. (For an employer that is not enrolled in Social Security, the maximum amount is 120% of $115,064, or $138,077). (reference: Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2014. (reference: Section 7522.10(d))*

EXHIBIT A (continued)

Table of Plan Coverage

x. Safety Tier E

Category	Year Ended December 31 2013	Year Ended December 31 2012	Change From Prior Year
Active members in valuation			
Number	26	0	N/A
Average age	30.5	N/A	N/A
Average service	0.3	N/A	N/A
Projected total payroll[1]	$643,431	N/A	N/A
Projected average payroll	$24,747	N/A	N/A
Account balances	$54,160	N/A	N/A
Total active members with at least five years of service	0	0	0.0%
Vested terminated members	0	0	0.0%
Retired members			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Disabled members			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Beneficiaries			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A

(1) *Calculated by increasing actual calendar year salaries by the assumed salary scale. Projected compensation for 2014 has been limited. It is our understanding that in the determination of pension benefits under the PEPRA formulas, the compensation that can be taken into account for 2014 is equal to $115,064. (For an employer that is not enrolled in Social Security, the maximum amount is 120% of $115,064, or $138,077). (reference: Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2014. (reference: Section 7522.10(d))*

EXHIBIT B

Members in Active Service and Projected Payroll as of December 31, 2013
By Age and Years of Service

i. General Tier 1 Non-Enhanced

		Years of Service								
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	2	2	- -	- -	- -	- -	- -	- -	- -	- -
	$36,694	$36,694	- -	- -	- -	- -	- -	- -	- -	- -
35 - 39	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
40 - 44	2	- -	1	1	- -	- -	- -	- -	- -	- -
	114,879	- -	$72,622	$157,135	- -	- -	- -	- -	- -	- -
45 - 49	1	- -	- -	- -	1	- -	- -	- -	- -	- -
	70,293	- -	- -	- -	$70,293	- -	- -	- -	- -	- -
50 - 54	4	3	1	- -	- -	- -	- -	- -	- -	- -
	63,688	58,288	79,889	- -	- -	- -	- -	- -	- -	- -
55 - 59	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
60 - 64	2	- -	1	- -	- -	- -	- -	1	- -	- -
	58,348	- -	38,214	- -	- -	- -	- -	$78,483	- -	- -
65 & over	1	- -	1	- -	- -	- -	- -	- -	- -	- -
	47,391	- -	47,391	- -	- -	- -	- -	- -	- -	- -
Total	12	5	4	1	1	- -	- -	1	- -	- -
	$66,023	$49,651	$59,529	$157,135	$70,293	- -	- -	$78,483	- -	- -

EXHIBIT B (continued)

Members in Active Service and Projected Payroll as of December 31, 2013
By Age and Years of Service

ii. General Tier 1 Enhanced

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	4	4	- -	- -	- -	- -	- -	- -	- -	- -
	$76,619	$76,619	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	24	21	3	- -	- -	- -	- -	- -	- -	- -
	79,860	79,979	$79,024	- -	- -	- -	- -	- -	- -	- -
30 - 34	51	22	24	5	- -	- -	- -	- -	- -	- -
	81,837	72,820	89,245	$85,961	- -	- -	- -	- -	- -	- -
35 - 39	57	16	17	21	3	- -	- -	- -	- -	- -
	83,943	77,409	86,818	86,559	$84,182	- -	- -	- -	- -	- -
40 - 44	78	15	19	31	12	1	- -	- -	- -	- -
	90,160	82,054	90,049	93,088	87,993	$149,074	- -	- -	- -	- -
45 - 49	118	10	18	52	18	16	4	- -	- -	- -
	95,971	113,975	95,840	97,567	87,332	86,214	$108,718	- -	- -	- -
50 - 54	123	12	22	34	20	18	13	4	- -	- -
	94,379	94,083	81,933	93,440	89,108	110,880	112,388	$65,253	- -	- -
55 - 59	116	14	16	31	18	13	12	6	6	- -
	91,586	84,753	99,778	99,198	78,682	106,135	90,553	88,486	$58,718	- -
60 - 64	62	4	17	18	7	8	2	3	3	- -
	92,874	91,557	91,861	90,920	69,634	89,740	111,522	158,220	96,888	- -
65 - 69	12	- -	3	3	3	2	- -	- -	1	- -
	82,799	- -	64,705	118,017	80,486	65,782	- -	- -	72,399	- -
70 & over	4	2	- -	1	1	- -	- -	- -	- -	- -
	47,837	32,770	- -	77,860	47,947	- -	- -	- -	- -	- -
Total	649	120	139	196	82	58	31	13	10	- -
	$90,469	$82,871	$89,537	$94,527	$83,606	$99,200	$103,406	$97,430	$71,537	- -

EXHIBIT B (continued)

Members in Active Service and Projected Payroll as of December 31, 2013
By Age and Years of Service

iii. General Tier 3 Enhanced

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	24	24	- -	- -	- -	- -	- -	- -	- -	- -
	$42,236	$42,236	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	252	211	41	- -	- -	- -	- -	- -	- -	- -
	54,137	53,285	$58,522	- -	- -	- -	- -	- -	- -	- -
30 - 34	607	298	264	45	- -	- -	- -	- -	- -	- -
	65,550	64,805	66,431	$65,312	- -	- -	- -	- -	- -	- -
35 - 39	760	262	297	173	28	- -	- -	- -	- -	- -
	71,858	69,105	76,643	68,317	$68,751	- -	- -	- -	- -	- -
40 - 44	821	211	260	230	104	14	2	- -	- -	- -
	74,185	69,286	73,560	78,032	79,046	$61,245	$67,877	- -	- -	- -
45 - 49	1,011	203	245	276	169	88	29	1	- -	- -
	74,327	65,677	70,424	74,422	82,259	87,950	79,754	$63,387	- -	- -
50 - 54	1,062	168	223	248	171	133	83	36	- -	- -
	76,291	64,984	70,125	76,832	80,379	90,083	87,861	66,469	- -	- -
55 - 59	912	129	204	224	130	105	80	36	4	- -
	74,571	68,620	68,532	72,707	74,338	81,687	91,899	80,958	$95,573	- -
60 - 64	576	94	146	131	103	60	28	12	2	- -
	71,181	66,026	68,161	74,397	73,839	75,863	71,613	68,240	57,644	- -
65 - 69	159	21	44	51	20	11	8	2	1	1
	69,970	67,019	69,292	64,970	75,601	70,187	97,506	48,806	97,836	$95,953
70 & over	38	3	12	15	4	3	- -	1	- -	- -
	67,552	98,424	72,745	66,774	55,080	45,732	- -	39,628	- -	- -
Total	6,222	1,624	1,736	1,393	729	414	230	88	7	1
	$72,136	$64,843	$70,606	$73,688	$77,907	$83,614	$86,427	$71,896	$85,060	$95,953

EXHIBIT B (continued)

Members in Active Service and Projected Payroll as of December 31, 2013
By Age and Years of Service

iv. General Tier 4 – 3% COLA

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	1	1	- -	- -	- -	- -	- -	- -	- -	- -
	$30,993	$30,993	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	2	2	- -	- -	- -	- -	- -	- -	- -	- -
	42,096	42,096	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	4	4	- -	- -	- -	- -	- -	- -	- -	- -
	42,993	42,993	- -	- -	- -	- -	- -	- -	- -	- -
35 - 39	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
40 - 44	2	2	- -	- -	- -	- -	- -	- -	- -	- -
	71,460	71,460	- -	- -	- -	- -	- -	- -	- -	- -
45 - 49	5	5	- -	- -	- -	- -	- -	- -	- -	- -
	62,132	62,132	- -	- -	- -	- -	- -	- -	- -	- -
50 - 54	1	1	- -	- -	- -	- -	- -	- -	- -	- -
	45,310	45,310	- -	- -	- -	- -	- -	- -	- -	- -
55 - 59	1	1	- -	- -	- -	- -	- -	- -	- -	- -
	47,471	47,471	- -	- -	- -	- -	- -	- -	- -	- -
60 - 64	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
65 - 69	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	16	16	- -	- -	- -	- -	- -	- -	- -	- -
	$52,095	$52,095	- -	- -	- -	- -	- -	- -	- -	- -

EXHIBIT B (continued)

Members in Active Service and Projected Payroll as of December 31, 2013
By Age and Years of Service

v. General Tier 5 – 2% COLA

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	9	9	- -	- -	- -	- -	- -	- -	- -	- -
	$51,015	$51,015	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	8	8	- -	- -	- -	- -	- -	- -	- -	- -
	58,387	58,387	- -	- -	- -	- -	- -	- -	- -	- -
35 - 39	1	1	- -	- -	- -	- -	- -	- -	- -	- -
	63,940	63,940	- -	- -	- -	- -	- -	- -	- -	- -
40 - 44	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
45 - 49	1	1	- -	- -	- -	- -	- -	- -	- -	- -
	55,131	55,131	- -	- -	- -	- -	- -	- -	- -	- -
50 - 54	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
55 - 59	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
60 - 64	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
65 - 69	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	19	19	- -	- -	- -	- -	- -	- -	- -	- -
	$55,016	$55,016	- -	- -	- -	- -	- -	- -	- -	- -

EXHIBIT B (continued)

Members in Active Service and Projected Payroll as of December 31, 2013
By Age and Years of Service

vi. General Tier 5 – 3% COLA

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	33	33	- -	- -	- -	- -	- -	- -	- -	- -
	$33,259	$33,259	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	142	142	- -	- -	- -	- -	- -	- -	- -	- -
	36,401	36,401	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	158	158	- -	- -	- -	- -	- -	- -	- -	- -
	41,649	41,649	- -	- -	- -	- -	- -	- -	- -	- -
35 - 39	116	116	- -	- -	- -	- -	- -	- -	- -	- -
	43,030	43,030	- -	- -	- -	- -	- -	- -	- -	- -
40 - 44	91	91	- -	- -	- -	- -	- -	- -	- -	- -
	39,464	39,464	- -	- -	- -	- -	- -	- -	- -	- -
45 - 49	82	82	- -	- -	- -	- -	- -	- -	- -	- -
	40,837	40,837	- -	- -	- -	- -	- -	- -	- -	- -
50 - 54	57	57	- -	- -	- -	- -	- -	- -	- -	- -
	36,131	36,131	- -	- -	- -	- -	- -	- -	- -	- -
55 - 59	55	55	- -	- -	- -	- -	- -	- -	- -	- -
	39,542	39,542	- -	- -	- -	- -	- -	- -	- -	- -
60 - 64	24	24	- -	- -	- -	- -	- -	- -	- -	- -
	39,212	39,212	- -	- -	- -	- -	- -	- -	- -	- -
65 - 69	6	6	- -	- -	- -	- -	- -	- -	- -	- -
	43,723	43,723	- -	- -	- -	- -	- -	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	764	764	- -	- -	- -	- -	- -	- -	- -	- -
	$39,550	$39,550	- -	- -	- -	- -	- -	- -	- -	- -

EXHIBIT B (continued)

Members in Active Service and Projected Payroll as of December 31, 2013
By Age and Years of Service

vii. Safety Tier A Non-Enhanced

		Years of Service						
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30 & over
Under 25	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	1	1	- -	- -	- -	- -	- -	- -
	$36,383	$36,383	- -	- -	- -	- -	- -	- -
35 - 39	2	- -	- -	2	- -	- -	- -	- -
	119,181	- -	- -	$119,181	- -	- -	- -	- -
40 - 44	2	- -	- -	2	- -	- -	- -	- -
	126,985	- -	- -	126,985	- -	- -	- -	- -
45 - 49	5	1	- -	- -	- -	3	1	- -
	104,977	19,055	- -	- -	- -	$120,564	$144,141	- -
50 - 54	2	- -	- -	- -	- -	1	1	- -
	142,114	- -	- -	- -	- -	152,570	131,657	- -
55 - 59	1	1	- -	- -	- -	- -	- -	- -
	213,176	213,176	- -	- -	- -	- -	- -	- -
60 - 64	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -
65 & over	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -
Total	13	3	- -	4	- -	4	2	- -
	$119,308	$89,538	- -	$123,083	- -	$128,566	$137,899	- -

EXHIBIT B (continued)

Members in Active Service and Projected Payroll as of December 31, 2013
By Age and Years of Service

viii. Safety Tier A Enhanced

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	5	5	- -	- -	- -	- -	- -	- -	- -	- -
	$82,544	$82,544	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	73	52	21	- -	- -	- -	- -	- -	- -	- -
	89,610	86,872	$96,389	- -	- -	- -	- -	- -	- -	- -
30 - 34	149	41	87	21	- -	- -	- -	- -	- -	- -
	96,190	88,117	98,765	$101,278	- -	- -	- -	- -	- -	- -
35 - 39	214	10	73	123	8	- -	- -	- -	- -	- -
	97,975	86,684	99,291	97,232	$111,515	- -	- -	- -	- -	- -
40 - 44	298	12	62	140	67	16	1	- -	- -	- -
	104,192	111,182	100,356	101,072	107,363	$122,132	$195,539	- -	- -	- -
45 - 49	266	2	32	77	65	61	28	1	- -	- -
	111,132	90,797	97,967	103,657	105,110	124,808	131,864	$125,210	- -	- -
50 - 54	97	6	9	31	19	20	11	1	- -	- -
	109,388	102,117	97,753	99,178	109,653	121,085	128,482	125,210	- -	- -
55 - 59	42	3	13	10	9	4	2	1	- -	- -
	105,535	129,628	100,206	85,676	99,247	162,169	136,758	68,724	- -	- -
60 - 64	17	2	6	4	4	- -	1	- -	- -	- -
	110,555	130,654	91,541	126,852	112,583	- -	111,150	- -	- -	- -
65 - 69	1	- -	- -	1	- -	- -	- -	- -	- -	- -
	126,299	- -	- -	126,299	- -	- -	- -	- -	- -	- -
70 & over	1	- -	1	- -	- -	- -	- -	- -	- -	- -
	77,601	- -	77,601	- -	- -	- -	- -	- -	- -	- -
Total	1,163	133	304	407	172	101	43	3	- -	- -
	$103,173	$91,642	$98,787	$100,204	$106,654	$125,126	$132,226	$106,381	- -	- -

EXHIBIT B (continued)

Members in Active Service and Projected Payroll as of December 31, 2013
By Age and Years of Service

ix. Safety Tier C Enhanced

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	17	17	- -	- -	- -	- -	- -	- -	- -	- -
	$56,883	$56,883	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	77	70	7	- -	- -	- -	- -	- -	- -	- -
	71,987	70,237	$89,483	- -	- -	- -	- -	- -	- -	- -
30 - 34	47	31	16	- -	- -	- -	- -	- -	- -	- -
	74,398	69,340	84,197	- -	- -	- -	- -	- -	- -	- -
35 - 39	25	9	16	- -	- -	- -	- -	- -	- -	- -
	81,624	71,128	87,528	- -	- -	- -	- -	- -	- -	- -
40 - 44	15	7	8	- -	- -	- -	- -	- -	- -	- -
	85,498	81,577	88,929	- -	- -	- -	- -	- -	- -	- -
45 - 49	6	3	3	- -	- -	- -	- -	- -	- -	- -
	110,559	129,498	91,621	- -	- -	- -	- -	- -	- -	- -
50 - 54	4	3	1	- -	- -	- -	- -	- -	- -	- -
	88,776	88,982	88,155	- -	- -	- -	- -	- -	- -	- -
55 - 59	4	1	3	- -	- -	- -	- -	- -	- -	- -
	89,599	89,558	89,613	- -	- -	- -	- -	- -	- -	- -
60 - 64	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
65 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	195	141	54	- -	- -	- -	- -	- -	- -	- -
	$75,419	$70,846	$87,357	- -	- -	- -	- -	- -	- -	- -

EXHIBIT B (continued)

Members in Active Service and Projected Payroll as of December 31, 2013
By Age and Years of Service

x. Safety Tier D

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	2	2	- -	- -	- -	- -	- -	- -	- -	- -
	$46,561	$46,561	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	18	18	- -	- -	- -	- -	- -	- -	- -	- -
	43,444	43,444	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	14	14	- -	- -	- -	- -	- -	- -	- -	- -
	41,935	41,935	- -	- -	- -	- -	- -	- -	- -	- -
35 - 39	4	4	- -	- -	- -	- -	- -	- -	- -	- -
	58,052	58,052	- -	- -	- -	- -	- -	- -	- -	- -
40 - 44	3	3	- -	- -	- -	- -	- -	- -	- -	- -
	52,547	52,547	- -	- -	- -	- -	- -	- -	- -	- -
45 - 49	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
50 - 54	2	2	- -	- -	- -	- -	- -	- -	- -	- -
	69,229	69,229	- -	- -	- -	- -	- -	- -	- -	- -
55 - 59	1	1	- -	- -	- -	- -	- -	- -	- -	- -
	67,637	67,637	- -	- -	- -	- -	- -	- -	- -	- -
60 - 64	1	1	- -	- -	- -	- -	- -	- -	- -	- -
	48,550	48,550	- -	- -	- -	- -	- -	- -	- -	- -
65 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	45	45	- -	- -	- -	- -	- -	- -	- -	- -
	$46,815	$46,815	- -	- -	- -	- -	- -	- -	- -	- -

EXHIBIT B (continued)

Members in Active Service and Projected Payroll as of December 31, 2013
By Age and Years of Service

xi. Safety Tier E

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	4	4	- -	- -	- -	- -	- -	- -	- -	- -
	$24,476	$24,476	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	13	13	- -	- -	- -	- -	- -	- -	- -	- -
	24,485	24,485	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	6	6	- -	- -	- -	- -	- -	- -	- -	- -
	18,754	18,754	- -	- -	- -	- -	- -	- -	- -	- -
35 - 39	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
40 - 44	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
45 - 49	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
50 - 54	2	2	- -	- -	- -	- -	- -	- -	- -	- -
	50,312	50,312	- -	- -	- -	- -	- -	- -	- -	- -
55 - 59	1	1	- -	- -	- -	- -	- -	- -	- -	- -
	14,074	14,074	- -	- -	- -	- -	- -	- -	- -	- -
60 - 64	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
65 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	26	26	- -	- -	- -	- -	- -	- -	- -	- -
	$24,747	$24,747	- -	- -	- -	- -	- -	- -	- -	- -

EXHIBIT C

Average Monthly Benefit and Membership Distribution of Retired Members and Beneficiaries
i. General Tier 1 as of December 31, 2013

		Years of Retirement								
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	1	- -	- -	- -	1	- -	- -	- -	- -	- -
	$390	- -	- -	- -	$390	- -	- -	- -	- -	- -
25 - 29	4	3	- -	- -	1	- -	- -	- -	- -	- -
	789	$922	- -	- -	390	- -	- -	- -	- -	- -
30 - 34	3	- -	1	- -	2	- -	- -	- -	- -	- -
	739	- -	$601	- -	808	- -	- -	- -	- -	- -
35 - 39	5	- -	- -	- -	3	1	- -	1	- -	- -
	698	- -	- -	- -	556	$917	- -	$906	- -	- -
40 - 44	4	- -	1	- -	2	1	- -	- -	- -	- -
	1,253	- -	2,194	- -	948	923	- -	- -	- -	- -
45 - 49	9	- -	1	3	3	2	- -	- -	- -	- -
	1,183	- -	1,960	$1,333	714	1,274	- -	- -	- -	- -
50 - 54	54	33	6	4	6	2	3	- -	- -	- -
	1,636	1,800	1,361	1,514	1,583	1,341	$853	- -	- -	- -
55 - 59	225	153	40	12	8	6	3	2	- -	1
	3,512	4,186	2,116	2,147	2,475	1,843	1,524	$1,772	- -	$355
60 - 64	494	208	163	77	16	16	6	4	1	3
	3,890	4,949	3,804	2,262	2,547	2,293	1,824	1,669	$355	843
65 - 69	643	89	232	187	84	18	14	9	9	1
	4,062	5,060	5,147	3,734	1,973	2,019	2,684	1,607	1,441	$1,732
70 – 74	542	13	95	196	123	74	21	14	4	2
	3,624	6,379	4,747	4,452	2,679	1,877	1,949	2,627	1,973	1,829
75 – 80	507	1	14	102	168	108	87	19	5	3
	3,331	230	4,642	4,780	3,825	2,697	1,638	2,398	1,781	1,608
80 – 84	471	- -	3	17	97	143	116	66	20	9
	2,773	- -	6,837	3,084	3,849	3,333	2,079	1,314	1,976	1,730
85 – 89	381	- -	3	1	11	106	119	91	46	4
	2,551	- -	6,894	1,320	4,504	3,091	2,760	1,764	1,659	1,839
90 & over	290	- -	- -	3	3	10	66	111	73	24
	2,236	- -	- -	815	3,396	3,017	2,510	2,136	2,328	1,368
Total	3,633	500	559	602	528	487	435	317	158	47
	$3,307	$4,531	$4,417	$3,861	$3,123	$2,784	$2,240	$1,868	$1,999	$1,465

Note: Total retired benefit $12,015,502, average age 74.0 and average years retired 17.5.

EXHIBIT C (continued)

Average Monthly Benefit and Membership Distribution of Retired Members and Beneficiaries
ii. General Tier 2 as of December 31, 2013

		Years of Retirement								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	1	- -	- -	1	- -	- -	- -	- -	- -	- -
	$1,716	- -	- -	$1,716	- -	- -	- -	- -	- -	- -
30 - 34	2	- -	- -	1	1	- -	- -	- -	- -	- -
	739	- -	- -	992	$485	- -	- -	- -	- -	- -
35 - 39	4	- -	- -	- -	2	2	- -	- -	- -	- -
	836	- -	- -	- -	$649	$1,022	- -	- -	- -	- -
40 - 44	11	- -	- -	2	6	3	- -	- -	- -	- -
	887	- -	- -	692	984	822	- -	- -	- -	- -
45 - 49	5	- -	1	- -	2	2	- -	- -	- -	- -
	1,079	- -	$575	- -	1,313	1,098	- -	- -	- -	- -
50 - 54	11	9	- -	- -	2	- -	- -	- -	- -	- -
	582	$212	- -	- -	2,250	- -	- -	- -	- -	- -
55 - 59	32	10	13	2	5	2	- -	- -	- -	- -
	753	407	662	1,161	1,294	1,310	- -	- -	- -	- -
60 - 64	55	11	20	17	6	1	- -	- -	- -	- -
	717	445	695	567	1,481	2,096	- -	- -	- -	- -
65 - 69	110	13	25	26	36	7	3	- -	- -	- -
	849	617	614	791	951	1,602	$1,359	- -	- -	- -
70 – 74	102	1	15	31	45	9	1	- -	- -	- -
	937	76	583	1,089	951	1,084	432	- -	- -	- -
75 – 80	107	1	3	41	42	16	4	- -	- -	- -
	1,018	836	1,053	998	1,054	916	1,259	- -	- -	- -
80 – 84	81	- -	- -	13	39	24	3	2	- -	- -
	1,051	- -	- -	920	1,050	1,258	315	$530	- -	- -
85 – 89	33	- -	- -	2	14	13	3	1	- -	- -
	794	- -	- -	886	654	897	1,027	513	- -	- -
90 & over	9	- -	- -	- -	2	6	1	- -	- -	- -
	1,026	- -	- -	- -	466	1,341	254	- -	- -	- -
Total	563	45	77	136	202	85	15	3	- -	- -
	$906	$440	$654	$919	$1,003	$1,140	$922	$524	- -	- -

Note: Total retired benefit $510,000, average age 71.5 and average years retired 14.8.

EXHIBIT C (continued)

Average Monthly Benefit and Membership Distribution of Retired Members and Beneficiaries
iii. General Tier 3 as of December 31, 2013

		Years of Retirement								
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	2	2	- -	- -	- -	- -	- -	- -	- -	- -
	$1,006	$1,006	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	3	- -	1	1	1	- -	- -	- -	- -	- -
	1,234	- -	$1,272	$1,736	$694	- -	- -	- -	- -	- -
30 - 34	3	- -	2	1	- -	- -	- -	- -	- -	- -
	857	- -	546	$1,479	- -	- -	- -	- -	- -	- -
35 - 39	5	2	2	1	- -	- -	- -	- -	- -	- -
	1,523	2,011	1,056	$1,479	- -	- -	- -	- -	- -	- -
40 - 44	6	1	2	3	- -	- -	- -	- -	- -	- -
	1,071	1,645	828	1,041	- -	- -	- -	- -	- -	- -
45 - 49	17	7	8	2	- -	- -	- -	- -	- -	- -
	2,089	2,570	1,936	1,022	- -	- -	- -	- -	- -	- -
50 - 54	114	105	5	4	- -	- -	- -	- -	- -	- -
	1,506	1,500	1,949	1,115	- -	- -	- -	- -	- -	- -
55 - 59	345	262	70	13	- -	- -	- -	- -	- -	- -
	2,522	2,783	1,620	2,113	- -	- -	- -	- -	- -	- -
60 - 64	602	389	172	40	1	- -	- -	- -	- -	- -
	2,677	3,041	2,185	1,219	3,813	- -	- -	- -	- -	- -
65 - 69	684	385	226	73	- -	- -	- -	- -	- -	- -
	2,834	3,036	2,890	1,592	- -	- -	- -	- -	- -	- -
70 – 74	431	120	217	91	1	2	- -	- -	- -	- -
	2,243	2,275	2,484	1,658	525	1,594	- -	- -	- -	- -
75 – 80	147	21	59	67	- -	- -	- -	- -	- -	- -
	1,634	2,104	1,786	1,354	- -	- -	- -	- -	- -	- -
80 – 84	20	2	9	9	- -	- -	- -	- -	- -	- -
	1,821	4,490	1,520	1,529	- -	- -	- -	- -	- -	- -
85 – 89	5	1	3	1	- -	- -	- -	- -	- -	- -
	2,757	844	3,515	2,396	- -	- -	- -	- -	- -	- -
90 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	2,384	1,297	776	306	3	2	- -	- -	- -	- -
	$2,477	$2,769	$2,374	$1,518	$1,677	$1,594	- -	- -	- -	- -

Note: Total retired benefit $5,906,262, average age 65.3 and average years retired 5.4.

EXHIBIT C (continued)

Average Monthly Benefit and Membership Distribution of Retired Members and Beneficiaries
iv. Safety Tier A and Tier C as of December 31, 2013

		Years of Retirement								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	6	3	3	- -	- -	- -	- -	- -	- -	- -
	$1,688	$2,098	$1,278	- -	- -	- -	- -	- -	- -	- -
25 - 29	1	- -	1	- -	- -	- -	- -	- -	- -	- -
	800	- -	800	- -	- -	- -	- -	- -	- -	- -
30 - 34	5	3	- -	- -	- -	2	- -	- -	- -	- -
	2,527	$3,474	- -	- -	- -	$1,106	- -	- -	- -	- -
35 - 39	12	4	7	- -	- -	1	- -	- -	- -	- -
	3,572	3,563	3,973	- -	- -	$803	- -	- -	- -	- -
40 - 44	33	12	12	8	- -	1	- -	- -	- -	- -
	3,466	3,027	4,365	3,110	- -	803	- -	- -	- -	- -
45 - 49	73	44	12	10	4	3	- -	- -	- -	- -
	4,911	5,622	4,580	3,937	3,555	873	- -	- -	- -	- -
50 - 54	284	216	26	23	14	5	- -	- -	- -	- -
	6,310	7,188	3,530	3,611	3,555	3,011	- -	- -	- -	- -
55 - 59	297	130	118	24	10	10	4	1	- -	- -
	7,091	7,714	7,862	3,935	2,876	3,232	$4,378	$2,557	- -	- -
60 - 64	325	53	142	76	28	12	11	1	1	1
	6,863	7,143	8,277	6,748	2,879	3,514	2,946	3,485	$3,565	$1,291
65 - 69	403	18	82	183	55	25	20	13	6	1
	6,225	5,461	7,526	7,481	3,927	3,609	2,744	3,073	3,347	3,185
70 – 74	239	7	16	67	73	47	15	5	7	2
	6,061	3,209	3,323	7,114	7,719	4,948	3,463	2,949	4,030	2,732
75 – 80	161	3	2	12	31	62	29	15	4	3
	5,381	3,809	1,500	4,191	5,303	6,944	4,396	3,693	3,491	3,294
80 – 84	113	- -	- -	1	11	17	35	27	20	2
	4,660	- -	- -	8,824	4,250	5,975	5,019	4,419	3,420	3,009
85 – 89	64	- -	- -	- -	- -	1	8	23	20	12
	4,524	- -	- -	- -	- -	971	5,956	5,098	4,248	3,225
90 & over	29	- -	- -	- -	- -	- -	1	5	11	12
	4,385	- -	- -	- -	- -	- -	3,489	6,057	5,080	3,127
Total	2,045	493	421	404	226	186	123	90	69	33
	$6,081	$6,858	$7,145	$6,583	$5,150	$5,117	$4,155	$4,255	$3,986	$3,093

Note: Total retired benefit $12,435,009, average age 64.8 and average years retired 13.6.

EXHIBIT D

Reconciliation of Member Data – December 31, 2012 to December 31, 2013

	Active Participants	Vested Terminated Members	Pensioners	Disableds	Beneficiaries	Total
Number as of December 31, 2012	8,640	2,288	6,375	923	1,219	19,445
New participants	960	54	0	0	100	1,114
Terminations – with vested rights	-179	179	0	0	0	0
Contributions Refunds	-110	-82	0	0	0	-192
Retirements	-200	-56	256	0	0	0
New disabilities	-17	-3	-15	35	0	0
Return to work	37	-32	-5	0	0	0
Died with or without beneficiary	-7	-3	-171	-31	-62	-274
Data adjustments	0	0	-2	0	3	1
Number as of December 31, 2013	9,124	2,345	6,438	927	1,260	20,094

EXHIBIT E

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended December 31, 2013		Year Ended December 31, 2012	
Contribution income:				
Employer contributions	$235,017,452		$212,321,325	
Employee contributions	72,373,254		73,361,712	
Net contribution income		$307,390,706		$285,683,037
Investment income:				
Interest, dividends and other income	$158,886,435		$161,163,771	
Adjustment toward market value[1]	378,551,480		1,151,230	
Less investment and administrative fees	(44,934,113)		(40,393,699)	
Net investment income		492,503,802		121,921,302
Total income available for benefits		$799,894,508		$407,604,339
Less benefit payments:				
Benefits paid	$(369,809,403)		$(347,569,044)	
Refunds of contributions	(3,844,376)		(3,275,968)	
Adjustments/transfers	(985,199)		(685,356)	
Net benefit payments		$(374,638,978)		$(351,530,368)
Change in reserve for future benefits		$425,255,530		$56,073,971

(1) *Equals the "non-cash" earnings on investments implicitly included in the Actuarial Value of Assets.*

EXHIBIT F

Summary Statement of Assets

	Year Ended December 31, 2013		Year Ended December 31, 2012	
Cash equivalents		$856,340,856		$375,051,326
Other Assets		1,444,726		1,682,574
Accounts receivable:				
Investment trades	$560,196,591		$349,375,172	
Investment income	30,970,440		19,631,875	
Employee and employer contributions	8,067,883		8,105,409	
Additional contributions[1]	20,267,913		21,048,104	
Total accounts receivable		619,502,828		398,160,560
Investments:				
Stocks	$2,523,485,927		$2,733,435,352	
Bonds	1,868,682,216		1,688,952,924	
Real estate	828,561,519		741,660,064	
Alternative investments and real assets	760,678,445		396,452,549	
Total investments at market value		5,981,408,107		5,560,500,889
Total assets		$7,458,696,517		$6,335,395,349
Less accounts payable:				
Investment trades	$(610,567,716)		$(429,062,199)	
Security lending	(262,983,553)		(145,423,087)	
Employer contributions unearned	(112,308,231)		(92,762,859)	
Other	(14,519,421)		(13,566,080)	
Total accounts payable		$(1,000,378,921)		$(680,814,225)
Net assets at market value		$6,458,317,596		$5,654,581,124
Net assets at actuarial value		$5,922,449,192		$5,497,193,662
Net assets at valuation value		$5,907,416,432		$5,482,257,062

(1) *Equals the sum of additional contribution receivables for the final Paulson Settlement.*

EXHIBIT G

Actuarial Balance Sheet

An overview of the Plan's funding is given by an Actuarial Balance Sheet. In this approach, we first determine the amount and timing of all future payments that are projected/anticipated to be made by the Plan for current participants. We then discount these payments at the valuation interest rate to the date of the valuation, thereby determining their present value. We refer to this present value as the "liability" of the Plan.

Second, we determine how this liability will be met. These actuarial "assets" include the net amount of assets already accumulated by the Plan, the present value of future member contributions, the present value of future employer normal cost contributions, and the present value of future employer amortization payments.

Assets	Basic	COLA	Total
1. Total valuation value of assets	$3,733,792,771	$2,173,623,661	$5,907,416,432
2. Present value of future contributions by members	$409,710,887	$221,299,897	$631,010,784
3. Present value of future employer contributions for:			
(a) entry age normal cost	$690,116,394	$212,936,153	$903,052,547
(b) unfunded actuarial accrued liability	$1,181,199,068	$642,481,907	$1,823,680,975
4. Total actuarial assets	$6,014,819,120	$3,250,341,618	$9,265,160,738
Liabilities			
5. Present value of benefits for retirees and beneficiaries	$3,026,801,664	$2,059,727,000	$5,086,528,664
6. Present value of benefits for vested terminated members(1)	$153,739,346	$60,092,722	$213,832,068
7. Present value of benefits for active members	$2,834,278,110	$1,130,521,896	$3,964,800,006
8. Total present value of benefits	$6,014,819,120	$3,250,341,618	$9,265,160,738

(1) Includes nonvested terminated members.

EXHIBIT H

Summary of Total Allocated Reserves

Reserves	December 31, 2013	December 31, 2012
Member Deposits [1]	$554,688,703	$698,208,398
Member Cost of Living [1]	289,979,180	334,087,401
Employer Advance [1]	1,919,723,014	2,526,748,906
Employer Cost of Living [1]	1,370,664,993	1,568,890,491
Retired Members [1]	2,409,084,264	1,332,381,216
Retired Cost of Living [1]	1,164,711,751	698,157,521
Smoothed Market Value Valuation [1] [2]	0	0
Dollar Power Cost of Living Supplement Pre-Funding [1]	10,330,314	12,253,103
Post Retirement Death Benefit [3]	15,032,760	14,936,600
Statutory Contingency (one percent) [3]	0	0
Additional One Percent Contingency Designation [3]	0	0
Contra Tracking Account [1]	(1,811,765,783)	(1,688,469,971)
Total Allocated Reserves	$5,922,449,192	$5,497,193,662
Total Deferred Return	535,868,404	157,387,462
Net Market Value	$6,458,317,596	$5,654,581,124

Note: Results may not add due to rounding.

(1) *Included in valuation value of assets.*

(2) *The balance in this reserve was transferred to the Employer Advance reserve.*

(3) *Not included in valuation value of assets.*

EXHIBIT I

Development of Unfunded Actuarial Accrued Liability

			Year Ended December 31, 2013
1.	Unfunded actuarial accrued liability at beginning of year		$2,279,058,473
2.	Gross Normal Cost at middle of year		212,718,379
3.	Expected employer and member contributions		(411,675,942)
4.	Interest (whole year on (1) plus half year on (2) - (3))		158,019,528
5.	Expected unfunded actuarial accrued liability at end of year		$2,238,120,438
6.	Actuarial (gain)/loss due to all changes:		
	(a) Investment return	$(96,259,150)	
	(b) Actual contributions less than expected[1]	107,999,434	
	(c) Lower than expected individual salary increases	(114,770,746)	
	(d) Lower than expected COLA increases for retirees and beneficiaries	(47,612,620)	
	(e) Mortality gain for retirees and beneficiaries	(33,713,727)	
	(f) Other experience (gain)/loss[2]	(24,750,639)	
	(g) Changes in actuarial assumptions	(205,332,015)	
	(h) Total changes		$(414,439,463)
7.	Unfunded actuarial accrued liability at end of year		$1,823,680,975

Note: The "net gain from other experience" of $112,848,298 shown in Section 2, Chart 10 is equal to the sum of items 6(b), (c), (d), (e) and (f).

(1) *Includes additional contributions of $2 million by First-5 Children & Families Commission and $5 million from Central Contra Costa Sanitary District.*

(2) *Other differences in actual versus expected experience including (but not limited to) disability, withdrawal, retirement and leave cashout experience.*

EXHIBIT J
Table of Amortization Bases

	Date Established	Source	Initial Amount	Outstanding Balance	Years Remaining	Annual Payment[1]
Cost Groups #1 and #2	December 31, 2007	Restart of Amortization	$789,616,678	$665,123,524	9	$86,535,429
General County and Small Districts	December 31, 2008	Actuarial (Gain)/Loss	80,496,792	76,958,689	13	7,346,348
	December 31, 2009	Actuarial (Gain)/Loss	165,997,327	161,425,775	14	14,515,189
	December 31, 2009	Assumption Change[2]	39,793,000	38,697,104	14	3,479,592
	December 31, 2009	Depooling Implementation	-75,134,625	-73,065,424	14	-6,569,945
	December 31, 2010	Actuarial (Gain)/Loss	153,957,206	151,552,636	15	12,901,399
	December 31, 2011	Actuarial (Gain)/Loss	95,298,919	94,546,968	16	7,653,234
	December 31, 2012	Actuarial (Gain)/Loss	117,707,008	117,245,781	17	9,059,092
	December 31, 2012	Assumption Change[2]	290,475,776	289,337,567	17	22,355,905
	December 31, 2013	Actuarial (Gain)/Loss	-135,591,002	-135,591,002	18	-10,034,133
	December 31, 2013	Assumption Change[3]	-108,176,293	-108,176,293	18	-8,005,364
Total for Cost Groups #1 and #2				$1,278,055,326		$139,236,746

Note: Results may not add due to rounding.

	Date Established	Source	Initial Amount	Outstanding Balance	Years Remaining	Annual Payment[1]
Cost Group #3	December 31, 2007	Restart of Amortization	$36,185,000	$30,479,973	9	$3,965,575
Central Contra Costa	December 31, 2008	Actuarial (Gain)/Loss	3,709,835	3,546,775	13	338,569
Sanitary District	December 31, 2009	Actuarial (Gain)/Loss	10,118,261	9,839,605	14	884,764
	December 31, 2009	Assumption Change[2]	2,003,000	1,947,838	14	175,147
	December 31, 2009	Depooling Implementation	20,037,235	19,485,411	14	1,752,102
	December 31, 2010	Actuarial (Gain)/Loss	18,178,489	17,894,570	15	1,523,332
	December 31, 2010	Assumption Change[3]	11,479,648	11,300,354	15	961,979
	December 31, 2011	Actuarial (Gain)/Loss	10,514,535	10,431,571	16	844,398
	December 31, 2012	Actuarial (Gain)/Loss	12,564,241	12,515,009	17	966,982
	December 31, 2012	Assumption Change[2]	22,455,342	22,367,352	17	1,728,232
	December 31, 2012	UAAL Prepayment	-4,666,477	-4,648,192	17	-359,146
	December 31, 2013	Actuarial (Gain)/Loss	582,962	582,962	18	43,141
	December 31, 2013	Assumption Change[3]	-14,950,866	-14,950,866	18	-1,106,408
Total for Cost Group #3				$120,792,362		$11,718,667
Cost Group #4	December 31, 2007	Restart of Amortization	$7,770,000	$6,544,960	9	$851,527
Contra Costa Housing	December 31, 2008	Actuarial (Gain)/Loss	1,573,513	1,504,352	13	143,603
Authority	December 31, 2009	Actuarial (Gain)/Loss	1,277,079	1,241,908	14	111,671
	December 31, 2009	Assumption Change[2]	425,000	413,296	14	37,163
	December 31, 2009	Depooling Implementation	-189,275	-184,062	14	-16,551
	December 31, 2010	Actuarial (Gain)/Loss	619,697	610,018	15	51,930
	December 31, 2010	Assumption Change[3]	-920,656	-906,277	15	-77,150
	December 31, 2011	Actuarial (Gain)/Loss	1,059,328	1,050,970	16	85,072
	December 31, 2012	Actuarial (Gain)/Loss	1,912,999	1,905,503	17	147,230
	December 31, 2012	Assumption Change[2]	3,722,862	3,708,274	17	286,523
	December 31, 2013	Actuarial (Gain)/Loss	-2,220,704	-2,220,704	18	-164,339
	December 31, 2013	Assumption Change[3]	-1,077,289	-1,077,289	18	-79,723
Total for Cost Group #4				$12,590,949		$1,376,956

Note: Results may not add due to rounding.

	Date Established	Source	Initial Amount	Outstanding Balance	Years Remaining	Annual Payment[1]
Cost Group #5	December 31, 2007	Restart of Amortization	-$1,011,000	-$851,603	9	-$110,797
Contra Costa County Fire	December 31, 2008	Actuarial (Gain)/Loss	45,963	43,942	13	4,195
Protection District	December 31, 2009	Actuarial (Gain)/Loss	1,614,180	1,569,726	14	141,148
	December 31, 2009	Assumption Change[2]	336,000	326,747	14	29,381
	December 31, 2009	Depooling Implementation	2,142,538	2,083,533	14	187,348
	December 31, 2010	Actuarial (Gain)/Loss	2,722,306	2,679,788	15	228,125
	December 31, 2011	Actuarial (Gain)/Loss	1,350,620	1,339,963	16	108,465
	December 31, 2012	Actuarial (Gain)/Loss	1,787,426	1,780,422	17	137,566
	December 31, 2012	Assumption Change[2]	3,184,172	3,171,695	17	245,064
	December 31, 2013	Actuarial (Gain)/Loss	-2,500,665	-2,500,665	18	-185,057
	December 31, 2013	Assumption Change[3]	-985,653	-985,653	18	-72,941
Total for Cost Group #5				$8,657,894		$712,497
Cost Group #6	December 31, 2007	Restart of Amortization	$1,028,000	$865,923	9	$112,660
Small Districts	December 31, 2008	Actuarial (Gain)/Loss	61,240	58,548	13	5,589
(General Non-enhanced)	December 31, 2009	Actuarial (Gain)/Loss	385,148	374,541	14	33,678
	December 31, 2009	Assumption Change[2]	126,000	122,530	14	11,018
	December 31, 2009	Depooling Implementation	-1,028,581	-1,000,254	14	-89,941
	December 31, 2010	Actuarial (Gain)/Loss	194,488	191,450	15	16,298
	December 31, 2011	Actuarial (Gain)/Loss	-137,086	-136,005	16	-11,009
	December 31, 2012	Actuarial (Gain)/Loss	177,439	176,744	17	13,656
	December 31, 2012	Assumption Change[2]	225,958	225,073	17	17,390
	December 31, 2013	Actuarial (Gain)/Loss	59,503	59,503	18	4,403
	December 31, 2013	Assumption Change[3]	-152,973	-152,973	18	-11,320
Total for Cost Group #6				$785,080		$102,422

Note: Results may not add due to rounding.

	Date Established	Source	Initial Amount	Outstanding Balance	Years Remaining	Annual Payment[1]
Cost Groups #7 and #9	December 31, 2007	Restart of Amortization	$129,233,744	$108,858,394	9	$14,162,945
County Safety	December 31, 2008	Actuarial (Gain)/Loss	25,934,594	24,794,682	13	2,366,859
	December 31, 2009	Actuarial (Gain)/Loss	55,813,557	54,276,456	14	4,880,466
	December 31, 2009	Assumption Change[2]	11,213,000	10,904,195	14	980,491
	December 31, 2009	Depooling Implementation	24,145,656	23,480,687	14	2,111,352
	December 31, 2010	Actuarial (Gain)/Loss	57,993,092	57,087,331	15	4,859,740
	December 31, 2011	Actuarial (Gain)/Loss	45,765,799	45,404,686	16	3,675,345
	December 31, 2012	Actuarial (Gain)/Loss	53,914,024	53,702,766	17	4,149,388
	December 31, 2012	Assumption Change[2]	140,056,457	139,507,656	17	10,779,174
	December 31, 2013	Actuarial (Gain)/Loss	-35,456,009	-35,456,009	18	-2,623,849
	December 31, 2013	Assumption Change[3]	-44,310,461	-44,310,461	18	-3,279,105
Total for Cost Groups #7 and #9				$438,250,383		$42,062,806
Cost Group #8	December 31, 2007	Restart of Amortization	$124,138,710	$104,566,657	9	$13,604,571
Contra Costa and East Fire	December 31, 2008	Actuarial (Gain)/Loss	6,780,436	6,482,414	13	618,800
Protection Districts	December 31, 2009	Actuarial (Gain)/Loss	27,018,706	26,274,613	14	2,362,578
	December 31, 2009	Assumption Change[2]	4,945,000	4,808,815	14	432,402
	December 31, 2009	Depooling Implementation	47,818,666	46,501,744	14	4,181,375
	December 31, 2010	Actuarial (Gain)/Loss	38,165,445	37,569,360	15	3,198,211
	December 31, 2010	Assumption Change[3]	-1,599,051	-1,574,076	15	-133,998
	December 31, 2011	Actuarial (Gain)/Loss	26,533,166	26,323,808	16	2,130,817
	December 31, 2012	Actuarial (Gain)/Loss	31,501,440	31,378,004	17	2,424,447
	December 31, 2012	Assumption Change[2]	68,193,356	67,926,145	17	5,248,369
	December 31, 2013	Actuarial (Gain)/Loss	-22,661,640	-22,661,640	18	-1,677,028
	December 31, 2013	Assumption Change[3]	-17,910,676	-17,910,676	18	-1,325,443
Total for Cost Group #8				$309,685,168		$31,065,101

Note: Results may not add due to rounding.

	Date Established	Source	Initial Amount	Outstanding Balance	Years Remaining	Annual Payment[1]
Cost Group #10	December 31, 2007	Restart of Amortization	-$2,591,000	-$2,182,496	9	-$283,952
Moraga-Orinda Fire District	December 31, 2008	Actuarial (Gain)/Loss	2,002,150	1,914,149	13	182,721
	December 31, 2009	Actuarial (Gain)/Loss	5,671,684	5,515,486	14	495,945
	December 31, 2009	Assumption Change[2]	1,012,000	984,130	14	88,492
	December 31, 2009	Depooling Implementation	4,873,631	4,739,412	14	426,162
	December 31, 2010	Actuarial (Gain)/Loss	5,334,964	5,251,640	15	447,063
	December 31, 2010	Assumption Change[3]	806,018	793,429	15	67,543
	December 31, 2011	Actuarial (Gain)/Loss	6,791,005	6,737,421	16	545,370
	December 31, 2012	Actuarial (Gain)/Loss	8,924,598	8,889,628	17	686,864
	December 31, 2012	Assumption Change[2]	12,149,892	12,102,284	17	935,093
	December 31, 2013	Actuarial (Gain)/Loss	-1,027,440	-1,027,440	18	-76,034
	December 31, 2013	Assumption Change[3]	-3,613,981	-3,613,981	18	-267,445
Total for Cost Group #10				$40,103,662		$3,247,822
Cost Group #11	December 31, 2007	Restart of Amortization	$58,766,000	$49,500,790	9	$6,440,265
San Ramon Valley	December 31, 2008	Actuarial (Gain)/Loss	10,216,694	9,767,637	13	932,402
Fire District	December 31, 2009	Actuarial (Gain)/Loss	9,262,105	9,007,027	14	809,900
	December 31, 2009	Assumption Change[2]	2,453,000	2,385,445	14	214,496
	December 31, 2009	Depooling Implementation	-20,174,500	-19,618,896	14	-1,764,105
	December 31, 2010	Actuarial (Gain)/Loss	6,585,812	6,482,952	15	551,882
	December 31, 2010	Assumption Change[3]	5,093,420	5,013,869	15	426,822
	December 31, 2011	Actuarial (Gain)/Loss	5,513,071	5,469,570	16	442,742
	December 31, 2012	Actuarial (Gain)/Loss	14,600,741	14,543,529	17	1,123,718
	December 31, 2012	Assumption Change[2]	26,672,143	26,567,630	17	2,052,770
	December 31, 2013	Actuarial (Gain)/Loss	-4,492,900	-4,492,900	18	-332,488
	December 31, 2013	Assumption Change[3]	-12,984,002	-12,984,002	18	-960,854
Total for Cost Group #11				$91,642,651		$9,937,550

Note: Results may not add due to rounding.

	Date Established	Source	Initial Amount	Outstanding Balance	Years Remaining	Annual Payment[1]
Cost Group #12	December 31, 2007	Restart of Amortization	$3,960,000	$3,335,655	9	$433,983
Rodeo-Hercules Fire	December 31, 2008	Actuarial (Gain)/Loss	957,150	915,080	13	87,352
Protection District	December 31, 2009	Actuarial (Gain)/Loss	2,872,360	2,793,256	14	251,166
	December 31, 2009	Assumption Change[2]	1,154,000	1,122,219	14	100,908
	December 31, 2009	Depooling Implementation	-1,809,374	-1,759,544	14	-158,216
	December 31, 2010	Actuarial (Gain)/Loss	1,502,503	1,479,037	15	125,908
	December 31, 2010	Assumption Change[3]	662,085	651,744	15	55,482
	December 31, 2011	Actuarial (Gain)/Loss	2,067,217	2,050,906	16	166,013
	December 31, 2012	Actuarial (Gain)/Loss	2,246,131	2,237,329	17	172,869
	December 31, 2012	Assumption Change[2]	3,018,796	3,006,967	17	232,336
	December 31, 2013	Actuarial (Gain)/Loss	413,088	413,088	18	30,570
	December 31, 2013	Assumption Change[3]	-1,169,821	-1,169,821	18	-86,570
Total for Cost Group #12				$15,075,916		$1,411,801

Note: Results may not add due to rounding.

	Date Established	Source	Initial Amount	Outstanding Balance	Years Remaining	Annual Payment[1]
All Cost Groups Combined	December 31, 2007	Restart of Amortization	$1,147,096,132	$966,241,777	9	$125,712,206
	December 31, 2008	Actuarial (Gain)/Loss	131,778,368	125,986,268	13	12,026,438
	December 31, 2009	Actuarial (Gain)/Loss	280,030,406	272,318,394	14	24,486,505
	December 31, 2009	Assumption Change[2]	63,460,000	61,712,317	14	5,549,090
	December 31, 2009	Depooling Implementation	681,371	662,606	14	59,581
	December 31, 2010	Actuarial (Gain)/Loss	285,254,002	280,798,783	15	23,903,888
	December 31, 2010	Assumption Change[3]	15,521,464	15,279,043	15	1,300,678
	December 31, 2011	Actuarial (Gain)/Loss	194,756,575	193,219,858	16	15,640,447
	December 31, 2012	Actuarial (Gain)/Loss	245,336,047	244,374,715	17	18,881,812
	December 31, 2012	Assumption Change[2]	570,154,754	567,920,643	17	43,880,856
	December 31, 2012	UAAL Prepayment	-4,666,477	-4,648,192	17	-359,146
	December 31, 2013	Actuarial (Gain)/Loss	-202,894,807	-202,894,807	18	-15,014,814
	December 31, 2013	Assumption Change[3]	-205,332,015	-205,332,015	18	-15,195,173
Total for All Cost Groups				$2,315,639,391		$240,872,368
Special Adjustments[4]	December 31, 2007	County General POBs	-$453,973,319	-$382,397,332	9	-$49,751,536
	December 31, 2007	Moraga General POBs	-701,412	-590,823	9	-76,869
	December 31, 2007	CCCFPD Safety POBs	-127,509,711	-107,405,812	9	-13,973,958
	December 31, 2011	First Five UAAL Prepayment	-1,794,205	-1,564,449	9	-234,972
Total for Special Adjustments				-$491,958,416		-$64,037,335
Grand Total				$1,823,680,975		$176,835,033

(1) *As of middle of year. The annual payment amounts shown for the Special Adjustments represent the credit allocated to the employer to reflect the receipt of the proceeds for Pension Obligation Bonds (POBs) or any other special contributions. These adjustments serve to reduce the UAAL contribution rate for these employers. The cost of debt service associated with the POBs is not reflected in this report.*

(2) *Changes in actuarial assumptions and methods from actuarial experience study.*

(3) *The Board approved changes in actuarial assumptions. Effective with the December 31, 2010 valuation, leave cashouts (terminal pay) assumptions are now based on cost groups. Effective with the December 31, 2013 valuation, the leave cashout assumption were reduced to reflect AB 197.*

(4) *Includes remaining balance of POBs and any other special contributions made by the County (including Courts), First 5 – Children & Families Commission or Moraga-Orinda Fire District that have been allocated to the County General cost groups or for Contra Costa Fire Protection District that have been allocated to their Safety cost group.*

Note: Results may not add due to rounding.

EXHIBIT K

Section 415 Limitations

Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active participants could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit of $160,000 indexed for inflation. That limit is $210,000 for 2014. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must generally be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions. Limits are also affected by the "grandfather" election under Section 415(b)(10).

For non-PEPRA members, benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

Contribution rates determined in this valuation have not been reduced for the Section 415 limitations. Actual limitations will result in actuarial gains as they occur.

EXHIBIT L
Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age; and

(d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost: The amount of contributions required to fund the level cost allocated to the current year of service.

Actuarial Accrued Liability For Actives: The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability For Pensioners: The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and of the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability: The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan.

Amortization of the Unfunded Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

Investment Return: The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the market gains and losses to avoid significant swings in the value of assets from one year to the next.

Payroll or Compensation: Payroll for pension purposes expected to be paid to active members during the twelve months following the valuation date. Only pay that would possibly go into the determination of retirement benefits is included.

Asset Volatility Ratio: Equal to the market value of assets divided by total projected payroll. This provides an indication of the potential contribution volatility for any given level of investment volatility.

Liability Volatility Ratio: Equal to the Actuarial Accrued Liability divided by total projected payroll. This provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. It also indicates how volatile contributions will be in response to changes in the Actuarial Accrued Liability due to actual experience or to changes in actuarial assumptions.

EXHIBIT I

Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:			
1.	Retired members as of the valuation date (including 1,260 beneficiaries in pay status)		8,625
2.	Members inactive during year ended December 31, 2013 with vested rights		2,345
3.	Members active during the year ended December 31, 2013		9,124
The actuarial factors as of the valuation date are as follows (amounts in 000s):			
1.	Normal cost		$200,126
2.	Present value of future benefits		9,265,161
3.	Present value of future normal costs		1,534,064
4.	Actuarial accrued liability*		7,731,097
	Retired members and beneficiaries	$5,086,528	
	Inactive members with vested rights	213,832	
	Active members	2,430,737	
5.	Valuation value of assets** ($6,458,318 at market value as reported by Retirement Association)		5,907,416
6.	Unfunded actuarial accrued liability		$1,823,681

* *Excludes liabilities for non-valuation reserves*

** *Excludes assets for non-valuation reserves*

EXHIBIT I (continued)

Summary of Actuarial Valuation Results

The determination of the recommended average employer contribution is as follows (amounts in 000s):

		Dollar Amount	% of Payroll
1.	Total normal cost	$200,126	29.46%
2.	Expected employee contributions	-80,886	-11.91%
3.	Employer normal cost: (1) + (2)	$119,240	17.55%
4.	Amortization of unfunded actuarial accrued liability	176,855	26.03%
5.	Total recommended average employer contribution: (3) + (4)	$296,095	43.58%
6.	Projected payroll	$679,429	

EXHIBIT II

Supplementary Information Required by GASB – Schedule of Employer Contributions

Plan Year Ended December 31	Annual Required Contributions	Actual Contributions	Percentage Contributed
2008	$206,518,693	$206,518,693	100.0%
2009	195,613,673	195,613,673	100.0%
2010	183,950,930	183,950,930	100.0%
2011	200,388,994	200,388,994	100.0%
2012	212,321,325	212,321,325	100.0%
2013	228,017,452	228,017,452 (1)	100.0%

(1) *Excludes additional contributions towards UAAL of $7 million.*

EXHIBIT III

Supplementary Information Required by GASB – Schedule of Funding Progress

Actuarial Valuation Date	Valuation Value of Assets[1] (a)	Actuarial Accrued Liability (AAL)[2] (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
12/31/2008	$5,282,505,159	$5,972,471,074	$689,965,915	88.45%	$704,947,668	97.87%
12/31/2009	5,290,114,102	6,314,787,187	1,024,673,085	83.77%	694,443,999	147.55%
12/31/2010	5,341,821,711	6,654,036,801	1,312,215,090	80.28%	687,443,206	190.88%
12/31/2011	5,426,719,066	6,915,311,649	1,488,592,583	78.47%	666,394,146	223.38%
12/31/2012	5,482,257,062	7,761,315,535	2,279,058,473	70.64%	652,312,180	349.38%
12/31/2013	5,907,416,432	7,731,097,407	1,823,680,975	76.41%	679,428,911	268.41%

(1) *Excludes assets for non-valuation reserves.*

(2) *Excludes liabilities for non-valuation reserves.*

EXHIBIT IV

Supplementary Information Required by GASB

Valuation date	December 31, 2013
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percent of payroll for total unfunded liability (4.00% payroll growth assumed)
Remaining amortization period	Remaining balance of December 31, 2007 UAAL is amortized over a fixed (decreasing or closed) period with 9 years remaining as of December 31, 2013. Any changes in UAAL after December 31, 2007 will be separately amortized over a fixed 18-year period effective with that valuation. Effective December 31, 2013, any changes in UAAL due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 10-year fixed period effective with that valuation. The entire increase in UAAL resulting from a temporary retirement incentive will be funded in full upon adoption of the incentive.
Asset valuation method	Market value of assets less unrecognized returns in each of the last nine semi-annual accounting periods. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized semi-annually over a five-year period. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves and designations.
Actuarial assumptions:	
Investment rate of return	7.25%
Inflation rate	3.25%
Projected salary increases[1]	General: 4.75% to 13.50%; Safety: 4.75% to 14.00%
Cost of living adjustments	3% per year except for Tier 3 disability benefits and Tier 2 benefits that are valued as a 3.25% increase per year. Safety Tier C and E benefits and benefits for PEPRA Tier 4 and Tier 5 members covered under certain memoranda of understanding are assumed to increase at 2% per year. All increases are contingent upon actual increases in CPI.
Plan membership:	
Retired members and beneficiaries receiving benefits	8,625
Terminated members entitled to, but not yet receiving benefits	2,345
Active members	9,124
Total	20,094

(1) *Includes inflation at 3.25%, plus "across the board" salary increases of 0.75%, plus merit and promotional increases. See Exhibit V for these increases. The average total assumed salary increase for active members in the December 31, 2013 valuation is 5.7%.*

EXHIBIT V

Actuarial Assumptions and Methods

Actuarial Assumptions

Post – Retirement Mortality Rates:

Healthy:	For General Members: RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set back one year. For Safety Members: RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set back two years.
Disabled:	For General Members: RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set forward six years for males and set forward seven years for females. For Safety Members: RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set forward three years.
Beneficiaries:	Beneficiaries are assumed to have the same mortality as a General Member of the opposite sex who has taken a service (non-disability) retirement. The mortality tables projected with Scale AA to 2015 and adjusted by the applicable set backs and set forwards shown above reasonably reflect the projected mortality experience as of the measurement date. The additional projection to 2030 is a provision for future mortality improvement.
Member Contribution Rates:	For General Members: RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set back one year, weighted 30% male and 70% female. For Safety Members: RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set back two years, weighted 85% male and weighted 15% female.

Termination Rates Before Retirement:

	Rate (%) Mortality			
	General		Safety	
Age	Male	Female	Male	Female
25	0.03	0.01	0.02	0.01
30	0.04	0.02	0.03	0.02
35	0.06	0.03	0.05	0.03
40	0.08	0.04	0.08	0.04
45	0.10	0.07	0.09	0.06
50	0.12	0.09	0.11	0.08
55	0.17	0.18	0.16	0.15
60	0.37	0.38	0.33	0.34
65	0.74	0.74	0.66	0.66

All pre-retirement deaths are assumed to be non-service connected.

Termination Rates Before Retirement (continued):

	Rate (%)		
	Disability		
Age	General Tier 1[(1)]	General Tier 3[(2)]	Safety[(3)]
20	0.01	0.01	0.02
25	0.02	0.02	0.22
30	0.04	0.03	0.42
35	0.08	0.05	0.56
40	0.16	0.08	0.66
45	0.32	0.13	0.94
50	0.52	0.17	2.54
55	0.66	0.21	4.10
60	0.70	0.27	4.80
65	0.70	0.36	5.00
70	0.70	0.44	5.00

(1) 70% of General Tier 1 disabilities are assumed to be duty disabilities. The other 30% are assumed to be ordinary disabilities.

(2) 35% of General Tier 3 disabilities are assumed to be duty disabilities. The other 65% are assumed to be ordinary disabilities.

(3) 100% of Safety disabilities are assumed to be duty disabilities.

Termination Rates Before Retirement (continued):

	Rate (%) Withdrawal*	
Years of Service	**General**	**Safety**
Less than 1	13.50	11.50
1	9.00	6.50
2	9.00	5.00
3	6.00	4.00
4	4.50	3.50
5	4.00	3.00
6	3.75	2.75
7	3.50	2.50
8	3.25	2.25
9	3.00	2.00
10	2.75	1.90
11	2.50	1.80
12	2.40	1.70
13	2.30	1.60
14	2.20	1.50
15	2.10	1.40
16	2.00	1.30
17	2.00	1.20
18	2.00	1.10
19	2.00	1.00
20 or more	2.00	1.00

* The member is assumed to receive the greater of the member's contribution balance or a deferred retirement benefit. No withdrawal is assumed after a member is first assumed to retire.

Retirement Rates (General):

Age	Rate (%) General Tier 1 (Enhanced)	General Tier 3 (Enhanced)	General Tier 1 (Non-enhanced)	PEPRA General Tiers 4 and 5
50	5.00	4.00	3.00	0.00
51	4.00	3.00	3.00	0.00
52	6.00	3.00	3.00	2.00
53	6.00	5.00	3.00	3.00
54	12.00	5.00	3.00	3.00
55	20.00	10.00	10.00	5.00
56	20.00	10.00	10.00	5.00
57	20.00	10.00	10.00	6.00
58	22.00	12.00	10.00	8.00
59	25.00	12.00	10.00	9.00
60	30.00	15.00	25.00	10.00
61	35.00	20.00	15.00	14.00
62	35.00	27.00	40.00	21.00
63	35.00	27.00	25.00	21.00
64	35.00	30.00	30.00	21.00
65	40.00	40.00	40.00	27.00
66	40.00	40.00	35.00	33.00
67	40.00	40.00	35.00	33.00
68	40.00	40.00	35.00	33.00
69	40.00	40.00	35.00	33.00
70	100.00	40.00	100.00	50.00
71	100.00	40.00	100.00	50.00
72	100.00	40.00	100.00	50.00
73	100.00	40.00	100.00	50.00
74	100.00	40.00	100.00	50.00
75	100.00	100.00	100.00	100.00

Retirement Rates (Safety):

	Rate (%)			
Age	Safety Tier A (Enhanced)	Safety Tier C (Enhanced)	Safety Tier A (Non-enhanced)	PEPRA Safety Tiers D and E
45	2.00	1.00	0.00	0.00
46	2.00	1.00	0.00	0.00
47	7.00	3.00	0.00	0.00
48	7.00	3.00	0.00	0.00
49	20.00	10.00	0.00	0.00
50	25.00	15.00	5.00	5.00
51	25.00	15.00	4.00	4.00
52	25.00	15.00	4.00	4.00
53	25.00	15.00	5.00	5.00
54	25.00	15.00	5.00	5.00
55	30.00	20.00	6.00	6.00
56	25.00	15.00	8.00	8.00
57	25.00	15.00	12.00	12.00
58	35.00	25.00	18.00	18.00
59	35.00	25.00	20.00	20.00
60	40.00	35.00	20.00	20.00
61	40.00	35.00	20.00	20.00
62	40.00	35.00	20.00	20.00
63	40.00	35.00	20.00	20.00
64	40.00	35.00	100.00	100.00
65	100.00	100.00	100.00	100.00

Retirement Age and Benefit for Deferred Vested Members:	For deferred vested benefits, we make the following retirement assumption: General: Age 59 Safety: Age 54 We assume that 40% and 60% of future General and Safety deferred vested members, respectively, will continue to work for a reciprocal employer. For reciprocals, we assume 5.25% compensation increases per annum.
Future Benefit Accruals:	1.0 year of service per year for the full-time employees. Continuation of current partial service accrual for part-time employees.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Percent Married:	75% of male members and 50% of female members are assumed to be married at pre-retirement death or retirement. There is no explicit assumption for children's benefits.
Age of Spouse:	Females are 3 years younger than their spouses.
Offsets by Other Plans of the Employer for Disability Benefits:	The Plan requires members who retire because of disability from General Tier 3 and PEPRA General Tier 5 to offset the Plan's disability benefits with other Plans of the employer. We have not assumed any offsets in this valuation.

Leave Cashout Assumptions:

The following assumptions for leave cashouts as a percentage of final average pay are used:

General Tiers 1, 2 and 3
Safety Tiers A and C

	Membership Date before January 1, 2013
Cost Group 1:	1.50%
Cost Group 2:	0.50% for Tier 2 0.75% for Tier 3
Cost Group 3:	6.50%
Cost Group 4:	0.25%
Cost Group 5:	1.50%
Cost Group 6:	1.25%
Cost Group 7:	0.75%
Cost Group 8:	0.75%
Cost Group 9:	0.25%
Cost Group 10:	1.50%
Cost Group 11	3.00%
Cost Group 12:	3.50%

For determining the cost of the basic benefit (i.e. non-COLA component), the cost of this pay element is currently recognized in the valuation as an employer only cost and does not affect member contribution rates.

PEPRA General Tiers 4 and 5
PEPRA Safety Tiers D and E

None

Service From Accumulated Sick Leave:

The following assumptions for additional service due to accumulated sick leave as a percentage of service at retirement are used:

All Retirements Excluding Disability:

General:	1.25%
Safety:	2.00%

Disability Retirements:

General:	0.10%
Safety:	1.25%

Pursuant to Section 31641.01, the cost of this benefit for the non-PEPRA tiers will be charged only to employers and will not affect member contribution rates.

Net Investment Return: 7.25%, net of administration and investment expenses.

Employee Contribution Crediting Rate: 7.25%, compounded semi-annually.

Consumer Price Index: Increase of 3.25% per year; retiree COLA increases due to CPI subject to a 3.00% maximum change per year except for Tier 3 and PEPRA Tier 5 disability benefits and Tier 2 benefits which are subject to a 4.00% maximum change per year (valued as a 3.25% increase). Safety Tier C benefits and benefits for PEPRA Tier 4 and Tier 5 members covered under certain memoranda of understanding are subject to a 2.00% maximum change per year.

Salary Increases:

Annual Rate of Compensation Increase

Inflation: 3.25% per year, plus "across the board" salary increases of 0.75% per year, plus the following merit and promotional increases.

Years of Service	General	Safety
Less than 1	9.50%	10.00%
1	6.50	6.50
2	4.75	5.25
3	3.25	4.00
4	2.25	2.25
5	1.50	1.00
6	1.25	0.75
7	1.00	0.75
8	0.75	0.75
9	0.75	0.75
10	0.75	0.75
11	0.75	0.75
12	0.75	0.75
13	0.75	0.75
14	0.75	0.75
15	0.75	0.75
16	0.75	0.75
17	0.75	0.75
18	0.75	0.75
19	0.75	0.75
20 & over	0.75	0.75

Actuarial Methods

Actuarial Cost Method: Entry Age Actuarial Cost Method. Entry Age is calculated as age on the valuation date minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percent of compensation, as if the current benefit formulas have always been in effect (i.e., "replacement life").

Actuarial Value of Assets: Market value of assets less unrecognized returns in each of the last nine semi-annual accounting periods. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized semi-annually over a five-year period.

Valuation Value of Assets: Actuarial Value of Assets reduced by the value of the non-valuation reserves and designations.

Amortization Policy: The UAAL (i.e., the difference between the AAL and the Valuation Value of Assets) as of December 31, 2012 will continue to be amortized over separate amortization layers based on the valuations during which each separate layer was previously established.

Any new UAAL as a result of actuarial gains or losses identified in the annual valuation as of December 31 will be amortized over a period of 18 years.

Any new UAAL as a result of change in actuarial assumptions or methods will be amortized over a period of 18 years.

Unless the Board adopts an alternative amortization period after receiving an actuarial analysis:

i. With the exception noted in ii., below, the increase in UAAL as a result of any plan amendments will be amortized over a period of 10 years;

ii. The entire increase in UAAL resulting from a temporary retirement incentive will be funded in full upon adoption of the incentive. If the increase in UAAL is due to the impact of benefits resulting from additional service permitted in Section 31641.04 of the 1937 CERL (Golden Handshake), the entire increase in UAAL will be funded in full upon adoption of the Golden Handshake.

The UAAL will be amortized over "closed" amortization periods so that the amortization period for each layer decreases by one year with each actuarial valuation.

The UAAL will be amortized as a level percentage of payroll so that the amortization amount in each year during the amortization period shall be expected to be a level percentage of covered payroll, taking into consideration the current assumption for general payroll increase (i.e., wage inflation).

If an overfunding or "surplus" exists (i.e., the Valuation Value of Assets exceeds the AAL, so that the total of all UAAL amortization layers become negative), any prior UAAL amortization layers will be considered fully amortized, and any subsequent UAAL will be amortized as the first of a new series of amortization layers, using the above amortization periods.

If the surplus exceeds 20% of the AAL per Section 7522.52 of the Government Code, then the amount of surplus in excess of 20% of the AAL (and any subsequent surpluses in excess of that amount) will be amortized over an "open" amortization period of 30 years, but only if the other conditions of Section 7522.52 have also been met. If those conditions are not met, then the surplus will not be amortized and the full Normal Cost will be contributed.

These amortization policy components will generally apply separately to each of CCCERA's UAAL cost groups with the exception that the conditions of Section 7522.32 apply to the total plan.

Changes in Actuarial Assumptions and Methods:

Based on a review of CCCERA's funding policy, changes in the amortization periods for future plan amendments and surplus were adopted. In addition, changes in the leave cashout assumption were adopted in response to changes in leave cashouts consistent with AB 197. Previously, this assumption was as follows:

Changes in Actuarial Assumptions and Methods – Prior Assumptions:

Leave Cashout (Terminal Pay) Assumptions:

General Tiers 1, 2 and 3
Safety Tiers A and C

The following assumptions for leave cashout as a percentage of final average pay are used:

	Membership Date before January 1, 2011	Membership Date on or after January 1, 2011
Cost Group 1:	12.50%	3.00%
Cost Group 2:	4.00% for Tier 2 8.00% for Tier 3	1.00%
Cost Group 3:	24.00%	8.75%
Cost Group 4:	5.75%	0.75%
Cost Group 5:	11.50%	2.75%
Cost Group 6:	9.00%	2.25%
Cost Group 7:	12.00%	1.50%
Cost Group 8:	10.50%	1.25%
Cost Group 9:	4.00%	0.50%
Cost Group 10:	13.00%	1.50%
Cost Group 11	14.00%	3.50%
Cost Group 12:	15.50%	6.25%

EXHIBIT VI
Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Membership Eligibility:

General Tier 1	General members hired before July 1, 1980 and electing not to transfer to Tier 2 Plan. Certain General members with membership dates before January 1, 2013 hired by specific employers who did not adopt Tier 2 are placed in Tier 1.
General Tier 2	Most General members hired on or after August 1, 1980 and all General members hired before July 1, 1980 electing to transfer to the Tier 2 Plan. Effective October 1, 2002, for the County, Tier 2 was eliminated and all County employees (excluding CNA employees) in Tier 2 were placed in Tier 3. Effective January 1, 2005, all CNA employees in Tier 2 were placed in Tier 3.
General Tier 3	General members with membership dates before January 1, 2013 who are not placed in Tier 1 are placed in Tier 3.
PEPRA General Tier 4	General members with membership dates on or after January 1, 2013 hired by specific employers who did not adopt Tier 2 are placed in Tier 4.
PEPRA General Tier 5	General members with membership dates on or after January 1, 2013 who are not placed in Tier 4 are placed in Tier 5.
Safety Tiers A and C	Safety members with membership dates before January 1, 2013. County Sheriff's Department Safety members hired on or after January 1, 2007, but before January 1, 2013 are placed in Safety Tier C Enhanced.
PEPRA Safety Tiers D and E	Safety members with membership dates on or after January 1, 2013. Safety members from certain bargaining units are placed in Safety Tier E.

Final Compensation for Benefit Determination:	
General Tier 1, Tier 3 (non-disability), and Safety Tier A	Highest consecutive twelve months of compensation earnable. (FAS1) (§31462.1)
General Tier 2, Tier 3 (disability), and Safety Tier C	Highest consecutive thirty-six months of compensation earnable. (FAS3) (§31462)
PEPRA General Tiers 4 and 5 *PEPRA Safety Tiers D and E*	Highest consecutive thirty-six months of pensionable compensation. (FAS3) (§7522.10(c), §7522.32 and §7522.34)
Social Security Primary Insurance Amount:	
General Tier 2	Estimated Social Security award at age 62 assuming level future earnings. (PIA)
Service:	
All tiers	Years of service*. (Yrs)
General Tier 2	Years of service up to a maximum of 30 years*. (Yrs30)
	*Includes accumulated sick leave as of the date of retirement (§31641.01).
Service Retirement Eligibility:	
General Tiers 1, 2 and 3	Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years of service, regardless of age. (§31672)
PEPRA General Tiers 4 and 5	Age 52 with 5 years of service, or age 70 regardless of service. (§7522.20(a)) and §31672.3)
Safety Tiers A and C	Age 50 with 10 years of service, or age 70 regardless of service, or after 20 years of service, regardless of age. (§31663.25)
PEPRA Safety Tiers D and E	Age 50 with 5 years of service, or age 70 regardless of service. (§7522.25(a)) and §31672.3)

Benefit Formula:

	Retirement Age	Benefit Formula
General Tiers 1 and 3 (Non-enhanced)(§31676.11)		
	50	(1.24%xFAS1 – 1/3x1.24%x$350x12)xYrs
	55	(1.67%xFAS1 – 1/3x1.67%x$350x12)xYrs
	60	(2.18%xFAS1 – 1/3x2.18%x$350x12)xYrs
	62	(2.35%xFAS1 – 1/3x2.35%x$350x12)xYrs
	65 or later	(2.61%xFAS1 – 1/3x2.61%x$350x12)xYrs
General Tier 1 and Tier 3 (Enhanced) (§31676.16)	50	(1.43%xFAS1 – 1/3x1.43%x$350x12)xYrs
	55	(2.00%xFAS1 – 1/3x2.00%x$350x12)xYrs
	60	(2.26%xFAS1 – 1/3x2.26%x$350x12)xYrs
	62	(2.37%xFAS1 – 1/3x2.37%x$350x12)xYrs
	65 or later	(2.42%xFAS1 – 1/3x2.42%x$350x12)xYrs

For members previously covered under the non-enhanced §31676.11 formula, they are entitled to at least the benefits they could have received under §31676.11.

General Tier 2 (§31752)	50	0.83%xFAS3xYrs – 0.57%xYrs30xPIA
	55	1.13%xFAS3xYrs – 0.87%xYrs30xPIA
	60	1.43%xFAS3xYrs – 1.37%xYrs30xPIA
	62	1.55%xFAS3xYrs – 1.67%xYrs30xPIA
	65 or later	1.73%xFAS3xYrs – 1.67%xYrs30xPIA

The offsets shown in all of the above formulas only apply to members integrated with Social Security.

Benefit Formula:

	Retirement Age	Benefit Formula
PEPRA General Tiers 4 and 5 (§7522.20(a))		
	52	1.00%xFAS3xYrs
	55	1.30%xFAS3xYrs
	60	1.80%xFAS3xYrs
	62	2.00%xFAS3xYrs
	65	2.30%xFAS3xYrs
	67 or later	2.50%xFAS3xYrs
Safety Tier A (Non-enhanced)(§31664)	50	2.00%xFAS1xYrs
	55 or later	2.62%xFAS1xYrs
Safety Tier A (Enhanced)(§31664.1)	50 or later	3.00%xFAS1xYrs
Safety Tier C (Enhanced)(§31664.1)	50 or later	3.00%xFAS3xYrs
PEPRA Safety Tiers D and E	50	2.00%xFAS3xYrs
(§7522.25(d))	55	2.50%xFAS3xYrs
	57 or later	2.70%xFAS3xYrs

Maximum Benefit:

General Tiers 1 and 3 *Safety Tiers A and C*	100% of Final Compensation (§31676.11, §31676.16, §31664, §31664.1)
General Tier 2 *PEPRA General Tiers 4 and 5* *PEPRA Safety Tiers D and E*	None

Ordinary Disability:

General Tiers 1 and 4	
Eligibility	Five years of service (§31720).
Benefit Formula	1.5% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 65, but total benefit cannot be more than one-third of Final Compensation (§31727).
General Tiers 2, 3 and 5	
Eligibility	Ten years of service (definition of disability is more strict than Tier 1 Plan) (§31720.1).
Benefit Formula	40% of Final Compensation plus 10% of Final Compensation used in the benefit determination for each minor child (maximum of three) (§31727.01).
Offset	Disability benefits are offset by other plans of the employer except Workers Compensation and Social Security.
Safety	
Eligibility	Five years of service (§31720).
Benefit Formula	1.8% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 55, but total benefit cannot be more than one-third of Final Compensation (§31727.2).

Line-of-Duty Disability:

General Tiers 1 and 4, and Safety	
Eligibility	No age or service requirements (§31720).
Benefit Formula	50% of the Final Compensation (§31727.4).
General Tiers 2, 3 and 5	
Eligibility	No age or service requirements (§31720).
Benefit Formula	40% of Final Compensation plus 10% of Final Compensation for each minor child (maximum of three) (§31727.01).
Offset	Disability benefits are offset by other plans of the Employer except Workers Compensation and Social Security.

Pre-Retirement Death:

<u>*Non-General Tier 2*</u>

Eligibility - A	None.
Benefit - A	Refund of employee contributions with interest plus one month's compensation for each year of service to a maximum of six month's compensation (§31781); 50% of Final Compensation payable to spouse if Line of Duty death (§31787).
	OR
Eligibility - B	Five years of service (Ten years for Tiers 3 and 5).
Benefit - B	Option 2 (100% continuation) of Service Retirement or Ordinary Disability benefit payable to designated beneficiary.
Death in line of duty	50% of Final compensation.

<u>*General Tier 2*</u>

Eligibility - A	None.
Benefit - A	Refund of employee contributions with interest plus $2,000 lump sum benefit offset by any Social Security payment. (§31781.01); If a Line of Duty death, then 60% of Service or Disability Retirement Benefit (minimum benefit is 24% of Final Compensation) plus, for each minor child, 10% of the allowance otherwise paid to the member. Minimum family benefit is 60% of the member's allowance. Maximum family benefit is 100% of member's allowance.
	OR
Eligibility - B	Ten years of service.
Benefit - B	Option 2 (100% continuation) of Service Retirement or Ordinary Disability benefit payable to designated beneficiary.

Death After Retirement:

<u>*Non-General Tier 2*</u>

Service or Ordinary Disability Retirement	60% of member's unmodified allowance continued to eligible spouse. An eligible spouse is a surviving spouse who was married to the member one year prior to member's retirement or at least two years prior to the date of death and has attained age 55 on or prior to the date of death (§31760.2). An additional lump sum benefit of $5,000 is payable to the member's beneficiary (§31789.12).
Line-of-Duty Disability	100% of members allowance continued to eligible spouse (§31786). An additional lump sum benefit of $5,000 is payable to the member's beneficiary (§31789.12).

<u>*General Tier 2*</u>

Service or Disability Retirement	60% of member's unmodified allowance continued to eligible spouse plus 10% of allowance to each minor child. Minimum benefit is 60% of allowance. Maximum benefit is 100% of allowance. $7,000 lump sum benefit, less any Social Security Lump sum payment payable to member's beneficiary.

Withdrawal Benefits:

Less than Five Years of Service	Refund of accumulated employee contributions with interest, or earned benefit at age 70 (§31628).
Five or More Years of Service	If contributions left on deposit, entitled to earned benefits commencing at any time after eligible to retire (§31700).

Post-Retirement Cost-of-Living Benefits:	
General Tiers 1, 3, 4 and 5 *Safety Tiers A and D*	Future changes based on Consumer Price Index to a maximum of 3% per year, excess "banked." Tier 3 and PEPRA Tier 5 disability benefits have a maximum of 4% per year, excess "banked." Benefits for PEPRA Tier 4 and Tier 5 members covered under certain memoranda of understanding have a maximum of 2% per year, excess "banked".
General Tier 2	Future changes based on Consumer Price Index to a maximum of 4% per year, excess "banked."
Safety Tiers C and E	Future changes based on Consumer Price Index to a maximum of 2% per year, excess "banked."
Member Contributions:	Please refer to Appendices A and B for the specific rates.
General Tiers 1 and 3 (Non-enhanced)	
Basic	Provide for one-half of the §31676.11 benefit payable at age 55.
Cost-of-Living	Provide for one-half of future Cost-of-Living costs.
General Tiers 1 and 3 (Enhanced)	
Basic	Provide for an average annuity at age 60 equal to 1/120 of FAS1.
Cost-of-Living	Provide for one-half of future Cost-of-Living costs.
PEPRA General Tiers 4 and 5	50% of the total Normal Cost rate.
Safety Tier A (Non-enhanced)	
Basic	Provide for one-half of the §31664 benefit payable at age 50.
Cost-of-Living	Provide for one-half of future Cost-of-Living costs.

Member Contributions (continued):	
Safety Tier A (Enhanced)	
Basic	Provide for an average annuity at age 50 equal to 1/100 of FAS1.
Cost-of-Living	Provide for one-half of future Cost-of-Living costs.
Safety Tier C (Enhanced)	
Basic	Provide for an average annuity at age 50 equal to 1/100 of FAS3.
Cost-of-Living	Provide for one-half of future Cost-of-Living costs.
PEPRA Safety Tiers D and E	50% of the total Normal Cost rate.
Other Information:	Transfers from the Tier 1 Plan to the Tier 2 Plan were made on an individual voluntary irrevocable basis. Credit is given under the Tier 2 Plan for future service only. The Cost-of-Living maximum is 4% only for the credit under the Tier 2 Plan. Transferred Tier 2 Plan members keep the five-year requirement for nonservice-connected disability. Those who were members on or before March 7, 1973 and Safety members under the enhanced benefit formula with membership dates on or before January 1, 2013 will be exempt from paying member contributions after 30 years of service.
Plan Provisions Not Valued:	Additional $5,000 lump sum post-retirement death benefit payable to a member's beneficiary. This benefit is paid from a reserve that is not included in the Valuation Value of Assets and is subject at all times to the availability of funds.
Plan Changes:	There have been no changes in plan provisions since the previous actuarial valuation.

NOTE: The summary of major plan provisions is designed to outline principal plan benefits as interpreted for purposes of the actuarial valuation. If the Association should find the plan summary not in accordance with the actual provisions, the Association should alert the actuary so that both can be sure the proper provisions are valued.

Appendix A

Member Contribution Rates for Members with Membership Dates before January 1, 2013

General Tier 1 (Non-enhanced) Members' Contribution Rates for Members Not Receiving Benefits under 2% at 55 Formula (Expressed as a Percentage of Monthly Payroll) For Members with Membership Dates before January 1, 2013

Calculated Under Recommended Assumptions

	Basic		COLA		Total	
Entry Age	First $350	Over $350	First $350	Over $350	First $350	Over $350
15	4.05%	6.07%	1.90%	2.85%	5.95%	8.92%
16	4.10%	6.15%	1.93%	2.89%	6.03%	9.04%
17	4.16%	6.24%	1.95%	2.93%	6.11%	9.17%
18	4.22%	6.33%	1.99%	2.98%	6.21%	9.31%
19	4.27%	6.41%	2.01%	3.01%	6.28%	9.42%
20	4.33%	6.50%	2.04%	3.06%	6.37%	9.56%
21	4.39%	6.59%	2.07%	3.10%	6.46%	9.69%
22	4.46%	6.69%	2.09%	3.14%	6.55%	9.83%
23	4.52%	6.78%	2.13%	3.19%	6.65%	9.97%
24	4.58%	6.87%	2.15%	3.23%	6.73%	10.10%
25	4.65%	6.97%	2.19%	3.28%	6.84%	10.25%
26	4.71%	7.06%	2.21%	3.32%	6.92%	10.38%
27	4.77%	7.16%	2.25%	3.37%	7.02%	10.53%
28	4.84%	7.26%	2.27%	3.41%	7.11%	10.67%
29	4.91%	7.36%	2.31%	3.46%	7.22%	10.82%
30	4.97%	7.46%	2.34%	3.51%	7.31%	10.97%
31	5.04%	7.56%	2.37%	3.55%	7.41%	11.11%
32	5.11%	7.67%	2.40%	3.60%	7.51%	11.27%
33	5.18%	7.77%	2.43%	3.65%	7.61%	11.42%
34	5.25%	7.88%	2.47%	3.70%	7.72%	11.58%
35	5.33%	8.00%	2.51%	3.76%	7.84%	11.76%
36	5.41%	8.11%	2.54%	3.81%	7.95%	11.92%
37	5.49%	8.23%	2.58%	3.87%	8.07%	12.10%
38	5.56%	8.34%	2.61%	3.92%	8.17%	12.26%

General Tier 1 (Non-enhanced) Members' Contribution Rates for Members Not Receiving Benefits under 2% at 55 Formula (Expressed as a Percentage of Monthly Payroll)
For Members with Membership Dates before January 1, 2013

Calculated Under Recommended Assumptions

	Basic		COLA		Total	
Entry Age	First $350	Over $350	First $350	Over $350	First $350	Over $350
39	5.64%	8.46%	2.65%	3.98%	8.29%	12.44%
40	5.73%	8.59%	2.69%	4.04%	8.42%	12.63%
41	5.81%	8.72%	2.73%	4.10%	8.54%	12.82%
42	5.90%	8.85%	2.77%	4.16%	8.67%	13.01%
43	5.99%	8.99%	2.82%	4.23%	8.81%	13.22%
44	6.09%	9.13%	2.86%	4.29%	8.95%	13.42%
45	6.19%	9.29%	2.91%	4.37%	9.10%	13.66%
46	6.31%	9.47%	2.97%	4.45%	9.28%	13.92%
47	6.41%	9.62%	3.01%	4.52%	9.42%	14.14%
48	6.53%	9.80%	3.07%	4.61%	9.60%	14.41%
49	6.63%	9.94%	3.11%	4.67%	9.74%	14.61%
50	6.74%	10.11%	3.17%	4.75%	9.91%	14.86%
51	6.76%	10.14%	3.18%	4.77%	9.94%	14.91%
52	6.80%	10.20%	3.19%	4.79%	9.99%	14.99%
53	6.71%	10.07%	3.15%	4.73%	9.86%	14.80%
54	6.47%	9.70%	3.04%	4.56%	9.51%	14.26%
55	6.47%	9.70%	3.04%	4.56%	9.51%	14.26%
56	6.47%	9.70%	3.04%	4.56%	9.51%	14.26%
57	6.47%	9.70%	3.04%	4.56%	9.51%	14.26%
58	6.47%	9.70%	3.04%	4.56%	9.51%	14.26%
59	6.47%	9.70%	3.04%	4.56%	9.51%	14.26%
60	6.47%	9.70%	3.04%	4.56%	9.51%	14.26%

Interest: 7.25%
Salary Increase: See Exhibit V.
COLA Loading: 47.00%
Mortality: RP-2000 Combined Healthy Mortality Table Projected to 2030 with Scale AA, set back one year, weighted 30% Male and 70% Female.

General Tier 1 (Enhanced) Members' Contribution Rates for Members Receiving Benefits under 2% at 55 Formula
(Expressed as a Percentage of Monthly Payroll)
For Members with Membership Dates before January 1, 2013

Calculated Under Recommended Assumptions

	Basic		COLA		Total	
Entry Age	First $350	Over $350	First $350	Over $350	First $350	Over $350
15	3.54%	5.31%	2.03%	3.05%	5.57%	8.36%
16	3.59%	5.39%	2.07%	3.10%	5.66%	8.49%
17	3.65%	5.47%	2.09%	3.14%	5.74%	8.61%
18	3.69%	5.54%	2.12%	3.18%	5.81%	8.72%
19	3.75%	5.62%	2.15%	3.23%	5.90%	8.85%
20	3.80%	5.70%	2.18%	3.27%	5.98%	8.97%
21	3.85%	5.78%	2.21%	3.32%	6.06%	9.10%
22	3.91%	5.86%	2.25%	3.37%	6.16%	9.23%
23	3.96%	5.94%	2.27%	3.41%	6.23%	9.35%
24	4.01%	6.02%	2.31%	3.46%	6.32%	9.48%
25	4.07%	6.11%	2.34%	3.51%	6.41%	9.62%
26	4.13%	6.19%	2.37%	3.55%	6.50%	9.74%
27	4.19%	6.28%	2.41%	3.61%	6.60%	9.89%
28	4.25%	6.37%	2.44%	3.66%	6.69%	10.03%
29	4.30%	6.45%	2.47%	3.70%	6.77%	10.15%
30	4.36%	6.54%	2.51%	3.76%	6.87%	10.30%
31	4.42%	6.63%	2.54%	3.81%	6.96%	10.44%
32	4.48%	6.72%	2.57%	3.86%	7.05%	10.58%
33	4.55%	6.82%	2.61%	3.92%	7.16%	10.74%
34	4.61%	6.91%	2.65%	3.97%	7.26%	10.88%
35	4.67%	7.01%	2.69%	4.03%	7.36%	11.04%
36	4.73%	7.10%	2.72%	4.08%	7.45%	11.18%
37	4.80%	7.20%	2.75%	4.13%	7.55%	11.33%
38	4.87%	7.30%	2.79%	4.19%	7.66%	11.49%
39	4.93%	7.40%	2.83%	4.25%	7.76%	11.65%
40	5.01%	7.51%	2.87%	4.31%	7.88%	11.82%
41	5.07%	7.61%	2.91%	4.37%	7.98%	11.98%

General Tier 1 (Enhanced) Members' Contribution Rates for Members Receiving Benefits under 2% at 55 Formula
(Expressed as a Percentage of Monthly Payroll)
For Members with Membership Dates before January 1, 2013

Calculated Under Recommended Assumptions

	Basic		COLA		Total	
Entry Age	**First $350**	**Over $350**	**First $350**	**Over $350**	**First $350**	**Over $350**
42	5.15%	7.73%	2.96%	4.44%	8.11%	12.17%
43	5.22%	7.83%	3.00%	4.50%	8.22%	12.33%
44	5.30%	7.95%	3.05%	4.57%	8.35%	12.52%
45	5.38%	8.07%	3.09%	4.63%	8.47%	12.70%
46	5.46%	8.19%	3.13%	4.70%	8.59%	12.89%
47	5.54%	8.31%	3.18%	4.77%	8.72%	13.08%
48	5.63%	8.44%	3.23%	4.85%	8.86%	13.29%
49	5.72%	8.58%	3.29%	4.93%	9.01%	13.51%
50	5.82%	8.73%	3.34%	5.01%	9.16%	13.74%
51	5.93%	8.90%	3.41%	5.11%	9.34%	14.01%
52	6.03%	9.04%	3.46%	5.19%	9.49%	14.23%
53	6.13%	9.20%	3.52%	5.28%	9.65%	14.48%
54	6.23%	9.34%	3.57%	5.36%	9.80%	14.70%
55	6.33%	9.49%	3.63%	5.45%	9.96%	14.94%
56	6.35%	9.52%	3.65%	5.47%	10.00%	14.99%
57	6.39%	9.58%	3.67%	5.50%	10.06%	15.08%
58	6.30%	9.45%	3.62%	5.43%	9.92%	14.88%
59	6.07%	9.11%	3.49%	5.23%	9.56%	14.34%
60	6.07%	9.11%	3.49%	5.23%	9.56%	14.34%

Interest: 7.25%
Salary Increase: See Exhibit V.
COLA Loading: 57.43%
Mortality: RP-2000 Combined Healthy Mortality Table Projected to 2030 with Scale AA, set back one year, weighted 30% Male and 70% Female.

General Tier 3 (Enhanced) Members' Contribution Rates for Members Receiving Benefits under 2% at 55 Formula
(Expressed as a Percentage of Monthly Payroll)
For Members with Membership Dates before January 1, 2013

Calculated Under Recommended Assumptions

	Basic		COLA		Total	
Entry Age	**First $350**	**Over $350**	**First $350**	**Over $350**	**First $350**	**Over $350**
15	3.54%	5.31%	1.78%	2.67%	5.32%	7.98%
16	3.59%	5.39%	1.81%	2.71%	5.40%	8.10%
17	3.65%	5.47%	1.83%	2.75%	5.48%	8.22%
18	3.69%	5.54%	1.86%	2.79%	5.55%	8.33%
19	3.75%	5.62%	1.89%	2.83%	5.64%	8.45%
20	3.80%	5.70%	1.91%	2.87%	5.71%	8.57%
21	3.85%	5.78%	1.94%	2.91%	5.79%	8.69%
22	3.91%	5.86%	1.97%	2.95%	5.88%	8.81%
23	3.96%	5.94%	1.99%	2.99%	5.95%	8.93%
24	4.01%	6.02%	2.02%	3.03%	6.03%	9.05%
25	4.07%	6.11%	2.05%	3.07%	6.12%	9.18%
26	4.13%	6.19%	2.07%	3.11%	6.20%	9.30%
27	4.19%	6.28%	2.11%	3.16%	6.30%	9.44%
28	4.25%	6.37%	2.14%	3.21%	6.39%	9.58%
29	4.30%	6.45%	2.17%	3.25%	6.47%	9.70%
30	4.36%	6.54%	2.19%	3.29%	6.55%	9.83%
31	4.42%	6.63%	2.23%	3.34%	6.65%	9.97%
32	4.48%	6.72%	2.25%	3.38%	6.73%	10.10%
33	4.55%	6.82%	2.29%	3.43%	6.84%	10.25%
34	4.61%	6.91%	2.32%	3.48%	6.93%	10.39%
35	4.67%	7.01%	2.35%	3.53%	7.02%	10.54%
36	4.73%	7.10%	2.38%	3.57%	7.11%	10.67%
37	4.80%	7.20%	2.41%	3.62%	7.21%	10.82%
38	4.87%	7.30%	2.45%	3.67%	7.32%	10.97%
39	4.93%	7.40%	2.48%	3.72%	7.41%	11.12%

General Tier 3 (Enhanced) Members' Contribution Rates for Members Receiving Benefits under 2% at 55 Formula
(Expressed as a Percentage of Monthly Payroll)
For Members with Membership Dates before January 1, 2013

Calculated Under Recommended Assumptions

	Basic		COLA		Total	
Entry Age	**First $350**	**Over $350**	**First $350**	**Over $350**	**First $350**	**Over $350**
40	5.01%	7.51%	2.52%	3.78%	7.53%	11.29%
41	5.07%	7.61%	2.55%	3.83%	7.62%	11.44%
42	5.15%	7.73%	2.59%	3.89%	7.74%	11.62%
43	5.22%	7.83%	2.63%	3.94%	7.85%	11.77%
44	5.30%	7.95%	2.67%	4.00%	7.97%	11.95%
45	5.38%	8.07%	2.71%	4.06%	8.09%	12.13%
46	5.46%	8.19%	2.75%	4.12%	8.21%	12.31%
47	5.54%	8.31%	2.79%	4.18%	8.33%	12.49%
48	5.63%	8.44%	2.83%	4.25%	8.46%	12.69%
49	5.72%	8.58%	2.88%	4.32%	8.60%	12.90%
50	5.82%	8.73%	2.93%	4.39%	8.75%	13.12%
51	5.93%	8.90%	2.99%	4.48%	8.92%	13.38%
52	6.03%	9.04%	3.03%	4.55%	9.06%	13.59%
53	6.13%	9.20%	3.09%	4.63%	9.22%	13.83%
54	6.23%	9.34%	3.13%	4.70%	9.36%	14.04%
55	6.33%	9.49%	3.19%	4.78%	9.52%	14.27%
56	6.35%	9.52%	3.19%	4.79%	9.54%	14.31%
57	6.39%	9.58%	3.21%	4.82%	9.60%	14.40%
58	6.30%	9.45%	3.17%	4.76%	9.47%	14.21%
59	6.07%	9.11%	3.05%	4.58%	9.12%	13.69%
60	6.07%	9.11%	3.05%	4.58%	9.12%	13.69%

Interest:	7.25%
Salary Increase:	See Exhibit V.
COLA Loading:	50.32%
Mortality:	RP-2000 Combined Healthy Mortality Table Projected to 2030 with Scale AA, set back one year, weighted 30% Male and 70% Female.

Safety Tier A (Non-enhanced) Members' Contribution Rates for Members Not Receiving Benefits under 3% at 50
(Expressed as a Percentage of Monthly Payroll)
For Members with Membership Dates before January 1, 2013

Calculated Under Recommended Assumptions

Entry Age	Basic	COLA	Total
15	8.90%	5.32%	14.22%
16	8.90%	5.32%	14.22%
17	8.90%	5.32%	14.22%
18	8.90%	5.32%	14.22%
19	8.90%	5.32%	14.22%
20	8.90%	5.32%	14.22%
21	8.90%	5.32%	14.22%
22	9.02%	5.40%	14.42%
23	9.15%	5.47%	14.62%
24	9.27%	5.55%	14.82%
25	9.40%	5.62%	15.02%
26	9.53%	5.70%	15.23%
27	9.66%	5.78%	15.44%
28	9.80%	5.86%	15.66%
29	9.94%	5.95%	15.89%
30	10.07%	6.02%	16.09%
31	10.21%	6.11%	16.32%
32	10.36%	6.20%	16.56%
33	10.50%	6.28%	16.78%
34	10.66%	6.38%	17.04%
35	10.81%	6.47%	17.28%
36	10.98%	6.57%	17.55%
37	11.14%	6.67%	17.81%
38	11.31%	6.77%	18.08%
39	11.50%	6.88%	18.38%
40	11.70%	7.00%	18.70%
41	11.90%	7.12%	19.02%
42	12.13%	7.26%	19.39%
43	12.38%	7.41%	19.79%
44	12.65%	7.57%	20.22%

Safety Tier A (Non-enhanced) Members' Contribution Rates for Members Not Receiving Benefits under 3% at 50
(Expressed as a Percentage of Monthly Payroll)
For Members with Membership Dates before January 1, 2013

Calculated Under Recommended Assumptions

Entry Age	Basic	COLA	Total
45	12.86%	7.69%	20.55%
46	12.86%	7.69%	20.55%
47	12.87%	7.70%	20.57%
48	12.80%	7.66%	20.46%
49	12.51%	7.48%	19.99%
50	12.51%	7.48%	19.99%
51	12.51%	7.48%	19.99%
52	12.51%	7.48%	19.99%
53	12.51%	7.48%	19.99%
54	12.51%	7.48%	19.99%
55	12.51%	7.48%	19.99%
56	12.51%	7.48%	19.99%
57	12.51%	7.48%	19.99%
58	12.51%	7.48%	19.99%
59	12.51%	7.48%	19.99%
60	12.51%	7.48%	19.99%

Interest: 7.25%
Salary Increase: See Exhibit V.
COLA Loading: 59.83%
Mortality: RP-2000 Combined Healthy Mortality Table Projected to 2030 with Scale AA, set back two years, weighted 85% Male and 15% Female.

Safety Tier A (Enhanced) Members' Contribution Rates for Members Receiving Benefits under 3% at 50 Formula
(Expressed as a Percentage of Monthly Payroll)
For Members with Membership Dates before January 1, 2013

Calculated Under Recommended Assumptions

Entry Age	Basic	COLA	Total
15	8.90%	6.61%	15.51%
16	8.90%	6.61%	15.51%
17	8.90%	6.61%	15.51%
18	8.90%	6.61%	15.51%
19	8.90%	6.61%	15.51%
20	8.90%	6.61%	15.51%
21	8.90%	6.61%	15.51%
22	9.02%	6.70%	15.72%
23	9.15%	6.80%	15.95%
24	9.27%	6.89%	16.16%
25	9.40%	6.99%	16.39%
26	9.53%	7.08%	16.61%
27	9.66%	7.18%	16.84%
28	9.80%	7.28%	17.08%
29	9.94%	7.39%	17.33%
30	10.07%	7.48%	17.55%
31	10.21%	7.59%	17.80%
32	10.36%	7.70%	18.06%
33	10.50%	7.80%	18.30%
34	10.66%	7.92%	18.58%
35	10.81%	8.03%	18.84%
36	10.98%	8.16%	19.14%
37	11.14%	8.28%	19.42%
38	11.31%	8.41%	19.72%
39	11.50%	8.55%	20.05%
40	11.70%	8.70%	20.40%
41	11.90%	8.84%	20.74%
42	12.13%	9.02%	21.15%
43	12.38%	9.20%	21.58%
44	12.65%	9.40%	22.05%

Safety Tier A (Enhanced) Members' Contribution Rates for Members Receiving Benefits under 3% at 50 Formula
(Expressed as a Percentage of Monthly Payroll)
For Members with Membership Dates before January 1, 2013

Calculated Under Recommended Assumptions

Entry Age	Basic	COLA	Total
45	12.86%	9.56%	22.42%
46	12.86%	9.56%	22.42%
47	12.87%	9.56%	22.43%
48	12.80%	9.51%	22.31%
49	12.51%	9.30%	21.81%
50	12.51%	9.30%	21.81%
51	12.51%	9.30%	21.81%
52	12.51%	9.30%	21.81%
53	12.51%	9.30%	21.81%
54	12.51%	9.30%	21.81%
55	12.51%	9.30%	21.81%
56	12.51%	9.30%	21.81%
57	12.51%	9.30%	21.81%
58	12.51%	9.30%	21.81%
59	12.51%	9.30%	21.81%
60	12.51%	9.30%	21.81%

Interest:	7.25%
Salary Increase:	See Exhibit V.
COLA Loading:	74.32%
Mortality:	RP-2000 Combined Healthy Mortality Table Projected to 2030 with Scale AA, set back two years, weighted 85% Male and 15% Female.

These rates exclude up to an extra 9% of compensation (depending on their MOU) that most Safety Tier A (Enhanced) members contribute that reduces the employer's contribution rate.

Safety Tier C (Enhanced) Members' Contribution Rates for Members Receiving Benefits under 3% at 50 Formula
(Expressed as a Percentage of Monthly Payroll)
For Members with Membership Dates before January 1, 2013

Calculated Under Recommended Assumptions

Entry Age	Basic	COLA	Total
15	8.50%	3.55%	12.05%
16	8.50%	3.55%	12.05%
17	8.50%	3.55%	12.05%
18	8.50%	3.55%	12.05%
19	8.50%	3.55%	12.05%
20	8.50%	3.55%	12.05%
21	8.50%	3.55%	12.05%
22	8.62%	3.60%	12.22%
23	8.74%	3.65%	12.39%
24	8.86%	3.70%	12.56%
25	8.98%	3.75%	12.73%
26	9.11%	3.80%	12.91%
27	9.23%	3.85%	13.08%
28	9.36%	3.91%	13.27%
29	9.49%	3.96%	13.45%
30	9.62%	4.01%	13.63%
31	9.76%	4.07%	13.83%
32	9.90%	4.13%	14.03%
33	10.04%	4.19%	14.23%
34	10.18%	4.25%	14.43%
35	10.33%	4.31%	14.64%
36	10.49%	4.38%	14.87%
37	10.64%	4.44%	15.08%
38	10.81%	4.51%	15.32%
39	10.99%	4.59%	15.58%
40	11.17%	4.66%	15.83%
41	11.38%	4.75%	16.13%
42	11.57%	4.83%	16.40%
43	11.76%	4.91%	16.67%
44	11.87%	4.95%	16.82%

Safety Tier C (Enhanced) Members' Contribution Rates for Members Receiving Benefits under 3% at 50 Formula
(Expressed as a Percentage of Monthly Payroll)
For Members with Membership Dates before January 1, 2013

Calculated Under Recommended Assumptions

Entry Age	Basic	COLA	Total
45	11.89%	4.96%	16.85%
46	11.80%	4.92%	16.72%
47	11.51%	4.80%	16.31%
48	11.90%	4.97%	16.87%
49	12.51%	5.22%	17.73%
50	12.51%	5.22%	17.73%
51	12.51%	5.22%	17.73%
52	12.51%	5.22%	17.73%
53	12.51%	5.22%	17.73%
54	12.51%	5.22%	17.73%
55	12.51%	5.22%	17.73%
56	12.51%	5.22%	17.73%
57	12.51%	5.22%	17.73%
58	12.51%	5.22%	17.73%
59	12.51%	5.22%	17.73%
60	12.51%	5.22%	17.73%

Interest: 7.25%
Salary Increase: See Exhibit V.
COLA Loading: 41.73%
Mortality: RP-2000 Combined Healthy Mortality Table Projected to 2030 with Scale AA, set back two years, weighted 85% Male and 15% Female.

Appendix B

Member Contribution Rates for Members with Membership Dates on or after January 1, 2013

General Members' Contribution Rates for Members with Membership Dates on or after January 1, 2013
(Expressed as a Percentage of Monthly Payroll)

Calculated Under Recommended Assumptions

	Basic	COLA	Total
Cost Group #1 – PEPRA Tier 4 (3% COLA)	8.68%	3.27%	11.95%
Cost Group #2 - PEPRA Tier 5 (2% COLA)	6.58%	1.52%	8.10%
Cost Group #2 - PEPRA Tier 5 (3%/4% COLA)	7.74%	2.79%	10.53%
Cost Group #3 - PEPRA Tier 4 (3% COLA)	9.20%	3.42%	12.62%
Cost Group #4 - PEPRA Tier 4 (3% COLA)	6.55%	2.45%	9.00%
Cost Group #5 - PEPRA Tier 4 (2% COLA)	8.25%	1.85%	10.10%
Cost Group #5 - PEPRA Tier 4 (3% COLA)	10.15%	3.83%	13.98%
Cost Group #6 - PEPRA Tier 4 (3% COLA)	8.25%	3.01%	11.26%

Note: It is our understanding that in the determination of pension benefits under the PEPRA formulas, the compensation that can be taken into account for 2014 is equal to the Social Security Taxable Wage Base or $115,064. (For an employer that is not enrolled in Social Security, the maximum amount is $138,077 or 120% of the Social Security Taxable Wage Base). (reference: Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2014. (reference: Section 7522.10(d))

Safety Members' Contribution Rates for Members with Membership Dates on or after January 1, 2013
(Expressed as a Percentage of Monthly Payroll)

Calculated Under Recommended Assumptions

	Basic	COLA	Total
Cost Group #7 - PEPRA Tier D	15.14%	6.36%	21.50%
Cost Group #8 - PEPRA Tier D	14.28%	6.24%	20.52%
Cost Group #9 - PEPRA Tier E	13.64%	3.55%	17.19%
Cost Group #10 - PEPRA Tier D	12.98%	5.73%	18.71%
Cost Group #11 - PEPRA Tier D	12.84%	5.70%	18.54%
Cost Group #12 - PEPRA Tier D	12.99%	5.77%	18.76%

Note: It is our understanding that in the determination of pension benefits under the PEPRA formulas, the compensation that can be taken into account for 2014 is equal to the Social Security Taxable Wage Base or $115,064. (For an employer that is not enrolled in Social Security, the maximum amount is $138,077 or 120% of the Social Security Taxable Wage Base). (reference: Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2014. (reference: Section 7522.10(d))

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CONTRA COSTA COUNTY **CCCERA**
Employees' Retirement Association

MEETING DATE
OCT 08 2014
#9
AGENDA ITEM

MEMORANDUM

Date: October 8, 2014

To: CCCERA Board of Retirement

From: Kurt Schneider, Deputy Retirement Chief Executive Officer

Subject: Consider and Take Possible Action Regarding Member Crediting Rate

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Introduction

At the May 21, 2014 meeting, CCCERA staff delivered an educational presentation on CCCERA's interest crediting process. The Board requested more information about the Member Crediting Rate and how it was determined. At the August 13, 2014 meeting, the System's actuary, Segal Consulting, presented a report dated August 6, 2014 outlining various policy considerations in setting the Member Crediting Rate. The Board tabled the discussion for a future meeting.

Background

CCCERA currently credits all reserves, including member reserves, at the actuarial assumed rate of return. By statute, interest crediting is done on June 30th and December 31st of each year. Interest is credited to member accounts at a default statutory rate of 2.5% per annum, unless the Board adopts another rate (Gov. Code §31591). The Board has the discretion to adopt a rate that is different from the actuarial assumed rate of return (Gov. Code §31453(a)). The Board adopted Member Crediting Rate is not only the rate members earn when they leave funds on deposit, it is also the rate members are charged when redepositing withdrawn contributions or purchasing service (Gov. Code §31472.1).

In the early years of CCCERA, the Board took action every six months to adopt a Member Crediting Rate for that period equal to the actuarial assumed rate of return. In the 1950's the Board changed the practice to use the actuarial assumed rate of return as the Member Crediting Rate until further notice and no longer took specific action every six months. Note that during this time period the System's assets were primarily invested in fixed income securities.

Following the passage of Proposition 21 and the change to Gov. Code §31594 in 1984, which removed limits on how much of the System's assets could be invested in equities, CCCERA and other public retirement systems in California began taking on more equity risk. Contingency reserves of a few percent of assets no longer ensured that available earnings would be sufficient to credit reserves at the actuarial assumed rate of return. In 1995 the Board adopted a new policy to credit all reserves, including member reserves, with interest at the lesser of the assumed rate of return or the actual rate of return.

In 2003, following the stock market correction that lasted from 2000 to 2002, the Board adopted an interest crediting policy that included a Contra Tracking Account. The Board returned to its former practice of crediting all reserves, include member reserves, at the actuarial assumed rate of return, with any shortfalls tracked in the Contra Tracking Account. This means that while the net valuation reserves are only credited with actual earnings, the member reserves are credited with more than was actually earned.

Current Policy

In 2006 the Board's current Interest Crediting and Excess Earnings Policy was adopted. The current policy refers to both a board adopted Member Crediting Rate as well as a board adopted Regular Interest Rate, leaving open the possibility that they may be two different rates. The policy specifies that total valuation reserves are to be credited with interest at the actuarial assumed rate, but does not specify that each reserve is to be credited at the same rate. CCCERA continues to credit member reserves at the actuarial assumed rate of return based on the Board's 2003 decision.

In recent years, other '37 Act systems have adopted policies that have some type of contra account like CCCERA's, which allows them to credit total valuation reserves with the actuarial assumed rate of return even though actual earnings are less than assumed. Not all of these systems, however, credit the actuarial rate of return to the member reserves (and to the member accounts). It is becoming more prevalent to credit the member reserves with one rate and make up the difference in the interest credited to the employer advance reserve. For reference, the table below shows Segal's survey results for the various methodologies used to determine the Member Crediting Rate by 15 of the '37 Act systems:

Policy	Fixed Rate	Actual Investment Earnings on an Actuarial Value Basis	Market or Savings Based Rate	Actuarial Investment Return Assumption
Number of Systems	2	3	4	6

Conclusion

The Board has the discretion to adopt a Member Crediting Rate at any time. The Member Crediting Rate can be lower than, equal to, or higher than the actuarial assumed rate of return. We recommend that the Board consider and take possible action to set an appropriate Member Crediting Rate based on the considerations discussed in the Segal Consulting report.

Segal Consulting

100 Montgomery Street Suite 500 San Francisco, CA 94104-4308
T 415.263.8200 www.segalco.com

August 6, 2014

Mr. Kurt Schneider
Deputy Chief Executive Officer
Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, CA 94520

**Re: Contra Costa County Employees' Retirement Association
Interest Crediting Rate on Member Contributions**

Dear Kurt:

This letter responds to your request for information concerning Board policy decisions related to the interest crediting rate on Member contributions.

Current Policy and Impact on Benefits and Contribution Rates

Current Board policy is that Member contributions are credited with interest at a rate equal to the actuarial investment return assumption. This rate is credited independent of what investment return is actually earned by CCCERA.

The interest crediting rate applied to member contributions impacts the amount of refund members will receive if they terminate employment and elect to withdraw their contributions. Other benefits affected are some of the pre- and post-retirement death benefits, including benefits paid under Option 1. In addition, it affects the amount charged when a Member redeposits their contributions.

As far as the effect on employer contribution rates, we note first that anything that changes the benefits being paid out by the system will to some extent also change the cost of the system. In this case, a change to the member interest crediting rate would lead to slightly different benefit payments (as just described) and, therefore to very slightly different employer contribution rates. Also, we would expect that the refundability factors could change very slightly which leads to a minor change in contribution amounts for the employer when they "subvent" part of the member contribution rate. Overall, the change in employer rate and refundability factors due to these effects are *de minimis* considerations.

Note that part of Section 31453(a) of the Government Code (quoted below) appears to grant the Board authority to adopt a member interest crediting rate that is different than the actuarial investment return assumption, however we defer to CCCERA's legal counsel regarding the interpretation of this section.

> *"With respect to the rates of interest to be credited to members and to the county or district, the board may, in its sound discretion, recommend a rate which is higher or lower than the interest assumption rate established by the actuarial survey."*

Board Policy Questions

Broadly, there are two policy issues regarding the rate for crediting interest on Member contributions:

(1) Should the member crediting rate be based on the assumed earnings rate or on a current (external) market savings account rate

(2) Should the member crediting rate be independent of actual earnings, or should it be limited to actual CCCERA investment earnings in each period

We believe that these issues lead to three realistic policy options that the Board could consider for crediting interest on Member contributions:

(A) Continue current policy of crediting the actuarial investment return assumption regardless of actual CCCERA investment earnings

(B) Credit the actuarial investment return assumption with a limit that is based on actual CCCERA investment earnings on an actuarial value basis

(C) Credit a market or savings based rate to Member contributions regardless of actual CCCERA investment earnings

For reference, the table below shows the survey results for the various member interest crediting options used by fifteen of the 1937 Act county retirement systems:

Policy	Fixed Rate	Actual Investment Earning on an Actuarial Value Basis	Market or Savings based Rate	Actuarial Investment Return Assumption
Number of systems	2	3	4	6

We will first address the issue of whether the member crediting rate should be based on the actuarial investment return assumption or a market based savings rate.

Setting the Basic Member Crediting Rate

Historically, 1937 Act systems have credited the actuarial investment return assumption to Member contributions. Only recently have some boards established rates for Member contributions that are lower than the assumed rate. Setting a lower rate is consistent with a philosophy that:

- The primary purpose of the system is to provide retirement benefits to members and not to serve as a savings depository for shorter-term members; and
- Member contributions should receive interest at a rate consistent with that available from savings deposits in the marketplace.

The decision on what rate to use for crediting interest on Member contributions is really a plan design issue. This decision should be driven by the amount of benefits the Board believes should be paid to those Members who terminate and elect a refund of contributions, some pre- and post-retirement benefits, or Option 1 benefits. However, as noted above, this will also affect the amount of contributions collected from Members that are making a redeposit.

If the Board wants to use the assumed actuarial investment return to credit Member contributions as compared to a market based rate, then higher amounts of the above mentioned benefits will be paid and higher amounts of contributions collected from Members that are making a redeposit. If a variable market or savings based rate is used, then the interest rate credited to member accounts would change frequently, but would still be fairly straightforward to administer. Note that the interest rates that the Member is charged on redeposits would be known at the time of the redeposit as those rates would be based on the rates through the six-month period ending on June 30 or December 31 prior to the redeposit.

On a side note, we would recommend that the actuarial investment return assumption continue to be used to calculate the installment payments whenever a service purchase contract is initiated since the interest charged for the installment payments is essentially to account for the time value of money.

Member Crediting Rate vs. Actual Fund Earnings

Once the Board has decided on whether to use the actuarial investment return assumption or a market based rate, then the next key board policy question is whether the chosen rate of interest should be credited to member contributions regardless of the fund's actual earnings. Using such a "fixed" rate[1] would follow from a board philosophy that interest credits on member contributions are in fact benefit accruals, and benefit accruals should not depend upon the fund's actual investment results. Such a philosophy may be appealing given the basic structure of 1937 Act systems as defined benefit plans.

[1] Note that both the actuarial assumptions and the market savings rates vary over time so are not really "fixed". Here we use fixed to mean "not limited to actual earnings".

This question draws special attention in times of low or even negative investment earnings. Does it make sense to credit the member accounts with more earnings than the fund actually earned, especially if the fund actually incurs losses? As noted above, the defense would be to view these interest credits as a form of benefit accrual. Just as members accrue service independent of the fund's year-to-year earnings, so the member's accounts would grow at a fixed interest rate, independent of actual earnings.

However, if the Board chooses to credit the actuarial investment return assumption to Member contributions then the member is already receiving an advantage over what savings accounts could earn. For that reason, if the actuarial rate is used then we would recommend that the Board consider a cap or limit based on CCCERA's actual earnings. Under this approach we would recommend basing the limit on the return on actuarial value so as to introduce some stability in the member crediting rate. This approach is listed above as policy option B.You may have noticed that we did not include a policy option to credit a market or savings based rate to Member contributions with a limit that is based on actual CCCERA investment earnings on an actuarial value basis. If the Board chooses to credit a market based rate to Member contributions, then we believe that not including a cap or limit based on CCCERA's actual earnings would be most consistent with the philosophy that leads to the use of a market rate.

Impact on Reserves

When interest is credited to Member reserves at a member interest crediting rate lower than the actuarial investment return assumption, then any difference between the rates should be credited to some other valuation reserve. This is done so that the total valuation reserves are credited with the full valuation earnings assumption. There are a few different ways that this can be handled.

In our experience with 1937 Act systems that use a market based interest crediting rate for Member contributions, the difference between the actuarial investment return assumption and the rate actually credited is credited to another reserve such as the Employer Advance Reserve. This difference is sometimes called the "make-up" credit and is not available to the member who elects a refund upon termination nor is it treated as being part of the member contribution account for any other calculations. We recommend that this difference be credited to the Employer Advance Reserve because that reserve is more of a "balancing" item that is not linked to any other value (unlike the Retired Member or Member Deposit Reserves).

We understand that there is at least one system that credits a rate lower than the actuarial investment return assumption to member contributions for refunds paid to a member who terminates employment. For some other purposes (e.g., transfers to Retired Member Reserves or calculation of Option 1 benefits), the member contributions are credited with the full actuarial investment return assumption. In effect this means that two member contribution accounts are tracked for each member (one is the refundable amount based on the lower rate and the other is the nonrefundable amount based on the actuarial rate). Using this method would involve a more significant administrative burden as both the refundable and nonrefundable portion of the member accounts would need to be tracked and the correct one applied. Also, we would need to determine which reserve balance is used in the interest crediting and excess earnings policy.

In the situation where there is a cap or limit on the rate to be credited, in years where the cap applies (i.e. the actual actuarial value investment return is less than the assumption), then the difference would be credited to some valuation reserve (just like the "make up" credit described above, and an identical, offsetting amount tracked in the Contra Tracking Account. The details on how to implement the reserving mechanics can be determined based upon what is adopted by the Board.

Conclusion

We do not believe that there is a significant financial advantage to the system from making a change to the rate at which interest is credited to Member contributions since the interest credited to Member contributions affects both (1) the benefits paid out of the system for those Members who terminate and elect a refund of contributions, some pre- and post-retirement benefits, etc. and (2) the amount of contributions collected from Members that are making a redeposit. This is because the benefits paid and the amounts collected will both move in the same direction as the crediting rate and so will offset each other to some extent. However, we anticipate that the savings from item (1) will be greater than the cost increase from item (2).

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please give us a call if you have any questions.

Sincerely,

Paul Angelo, FSA, MAAA, FCA
Senior Vice President & Actuary

John Monroe
John Monroe, ASA, MAAA, EA
Vice President & Associate Actuary

JR/hy

ReedSmith

MEETING DATE
OCT 08 2014
#10
AGENDA ITEM

MEMORANDUM

Reed Smith LLP
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reedsmith.com

From: Harvey L. Leiderman
Direct Phone: +1 415 659 5914
Email: HLeiderman@reedsmith.com

By Electronic Mail

To: Board of Retirement
Contra Costa County Employees' Retirement Association

Cc: Gail Strohl, Chief Executive Officer

Date: September 19, 2014

Subject: Executive Summary re Member Refund Issue

On October 8, 2104, the Board will be discussing whether and to what extent, if any, CCCERA should refund any contributions paid by Legacy Members of the system due to the passage of AB 197 and the final Judgment and Writ entered in *DSA, et al. v. CCCERA*.

The Memorandum provides an Executive Summary of our recommendations contained in the accompanying confidential letter dated September 19, 2014 to the Board. This Memorandum is intended for inclusion in the public record.

EXECUTIVE SUMMARY

AB 197 and the Judgment and Writ limit the amounts of certain elements of compensation received by Legacy Members that may be considered "compensation earnable" to be included in the calculation of their retirement allowances after July 11, 2014. The Board is considering whether and to what extent, if any, Legacy Members may be entitled to refunds of contributions paid into the system that were premised on the inclusion of those elements of pay that are now excluded from "compensation earnable." Based on our legal and factual analysis as set forth in the accompanying confidential letter, we recommend that the Board not take action at this time on this issue, pending the final outcome of the appeals and cross-appeals from the Judgment and Writ filed by the petitioners, the State of California and the Central Sanitation District in the *DSA et al. v. CCCERA* litigation. We recommend that the Board not proceed with the costly and time-consuming administrative and actuarial processes that would be required if the Board concluded that refunds should be made, until the uncertainty of the appellate process has been resolved. Any refund process engaged in at this time could have to be reversed should the appellate courts come to different conclusions from the trial court. We question whether it would be a prudent expenditure of system assets to initiate a refund process at this time without knowing for certain the impact of further court rulings on these issues.

On the other hand, given the effectiveness of the Judgment and Writ as of July 11, 2014 and the fact that no appellate stay of the Judgment and Writ has been issued, we also recommend that CCCERA begin now to make appropriate adjustments to its practices in order to comply with the trial court's orders. The actuary should cease including now-excluded pay elements from the calculation of both employer and employee contribution rates, and CCCERA's employers should cease collecting and reporting contributions on those now-excluded elements of pay received either during service or at retirement. This adjustment will be similar to the adjustments needed in order to put the new PEPRA "pensionable compensation" rules and limits into place for new members.

We will be available to discuss these matters with the Board on October 8th.

RLS Rains Lucia Stern, PC

Zachery A. Lopes
Attorney at Law
ZLopes@RLSlawyers.com

August 27, 2014

Via Certified Mail:

7013 3020 0001 8137 0112
Board of Trustees
CCCERA
1355 Willow Way, Suite 221
Concord, CA 94520

7013 3020 0001 8137 0129
Gail Strohl, Chief Executive Officer
CCCERA
1355 Willow Way, Suite 221
Concord, CA 94520

**Re: Contra Costa County Deputy Sheriffs' Association
Request for Recoupment of Member Contributions**

Dear Board Trustees and CEO Strohl:

This firm represents the Contra Costa County Deputy Sheriffs' Association ("DSA"). This letter is written on behalf of DSA members concerning their rights and interests as members of the Contra Costa County Retirement Association ("CCCERA").

As you are no doubt aware, in May of this year Judge Flinn of the Contra Costa County Superior Court issued a ruling and judgment in Case No. MSN12-1870, which significantly reduced the expected retirement benefit of DSA members hired prior to January 1, 2011. In brief, Judge Flinn's judgment ordered that CCCERA members, no matter their hire date (with some caveats), could not receive a retirement benefit that included "terminal" and other annual accrual pay in the calculation of their pensions. Based on a preliminary accounting, the effect of Judge Flinn's ruling is that affected DSA members will suffer a substantial reduction in their expected retirement benefit, some suffering a reduction of up to 17% depending on their particular situation. Prior to Judge Flinn's ruling, "terminal" and other annual accrual pay was included in the calculation of a DSA-represented CCCERA member's "final compensation" and used to determine the member's retirement benefit.

The CCCERA Board funds its system by setting and collecting actuarially-determined contributions from its individual members and participating employers. Specifically, for members hired prior to January 1, 2011, the CCCERA Board mandated and received individual member contributions set at an amount needed to fund a retirement benefit based in part on "terminal" and other annual accrual pay. Similarly, the Board mandated and received contributions from the County of Contra Costa, the DSA-represented CCCERA members' employer, set at an amount needed to fund that same retirement benefit. These contributions made by the County were recognized and understood by the County to be compensation in lieu of salary for work performed by its DSA-represented employees. In setting such contributions, the Board calculated what it would need to meet the projected cost of the expected retirement benefits, which prior to Judge Flinn's judgment, included elements of "terminal" pay.

With Judge Flinn's ruling, DSA-represented CCCERA members can no longer receive a retirement benefit calculated to include "terminal" or other annual accrual pay. Yet, the Board has required, collected, and now retains individual and employer contribution payments based on calculations that were intended to fund that now-defunct expected benefit. Further, DSA members have performed work in exchange for contributions made by their employer to CCCERA, yet have received no new advantage comparable to the difference between the salary they have received and the salary they would have received but for the contributions made by the County to CCCERA for a retirement benefit that was intended to include "terminal" pay. More succinctly, CCCERA currently possesses funds paid by DSA-represented CCCERA members and the County that CCCERA no longer needs for DSA-represented CCCERA members' expected retirement benefits.

The DSA does not believe CCCERA is entitled to retain previously collected individual member and employer contributions for retirement benefits that will not be provided to those members. Accordingly, please accept this letter as a formal request on behalf of all DSA-represented CCCERA members for recoupment of the contributions made by each individual member and the County on each individual members' behalf, equal to the difference between the amount contributed based on the inclusion of terminal pay and the reduced amount the member and employer should have contributed without terminal pay.[1] Undoubtedly, determining the amount owed to each DSA-represented CCCERA member will take some effort. The DSA offers any assistance it may provide to effectuate this recoupment for its members as soon as administratively feasible.

The DSA's members are entitled to these funds. CCCERA would be unjustly enriched by retaining these contributions made to fund a benefit that is now denied to its membership. All assets held by CCCERA are held in trust solely for the benefit of its members and their beneficiaries. CCCERA's retention of these funds, obtained on the basis of an unfulfilled expectation, amounts to an unexpected benefit for CCCERA realized by a substantial detriment to its members.

[1] With appropriate interest.

It is unclear if the above circumstances and request are subject to any applicable administrative process before the Board or CEO. We have found nothing in CCCERA's Regulations that would seem to contemplate these circumstances and our request. If, however, you believe this matter is subject to a particular administrative process before the Board or CEO, please advise promptly, as it should be both parties' goal to resolve the situation as soon as practical.

Thank you for your consideration and anticipated prompt response. If you wish to discuss this matter further, please feel free to contact me.

Very Truly Yours,

RAINS LUCIA STERN, PC

Zachery A. Lopes

ZAL:mmm

CONTRA COSTA COUNTY CCCERA
Employees' Retirement Association

MEETING DATE
OCT 08 2014
#11
AGENDA ITEM

MEMORANDUM

Date: October 8, 2014

To: CCCERA Board of Retirement

Copy: Gail Strohl, Chief Executive Officer

From: Karen Levy, General Counsel

Subject: Consider and Take Possible Action to Regarding Impact of Court Furlough (Reduction In Pay) On Compensation For Retirement Purposes For Both Legacy and PEPRA CCCERA Members

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I. Issue Presented

One of CCCERA's participating employers is anticipating additional furloughs for its employees. In 2009, the Retirement Board determined that temporary furloughs are to be considered an absence that does not impact the furloughed employees' compensation for retirement purposes. In 2013, the Retirement Board determined that the furloughs then contemplated by the Court were not a "temporary absence" and therefore the furlough reduction in pay would count as a reduction in "compensation earnable." Now, the Court advises that additional furlough pay reductions are being planned. The Court has requested the Board's determination of the impact of the planned furloughs on compensation for retirement purposes as well as retirement contributions. If the Board determines that the furloughs contemplated here are temporary in nature, it may determine that the furlough reduction in pay for Legacy (pre-PEPRA) members would not impact "compensation earnable." For PEPRA members, however, different rules apply and the furlough pay reduction will result in a reduction in "pensionable compensation."

II. Background

The Contra Costa County Superior Court ("District") instituted furloughs in 2009. At that time, following the Board's direction that temporary furloughs are considered an "absence" and do not impact compensation for purposes of retirement, CCCERA advised the District that the 2009 furloughs would not impact retirement. In 2012, the District advised CCCERA that additional furloughs were contemplated for its employees. On January 9, 2013, the matter came before the Board at its regularly scheduled public meeting and the Board determined that the furlough time appeared to be of longer duration and thus would not constitute a "temporary absence." Therefore, the resultant pay reductions were to be treated as a reduction in "compensation earnable" for retirement purposes.

The District advised CCCERA on August 4, 2014, that another round of furlough time and pay reductions are anticipated for fiscal years 2014-2015 and 2015-2016. (See enclosed letter.) The

District is again requesting that the planned furloughs be deemed "temporary absences" and should not affect members' compensation calculations for purposes of retirement. The District also advised that the previously planned furloughs for fiscal years 2012-13 were canceled. The District advised that if it receives sufficient funding next fiscal year, it will cancel or reduce the furlough days for the next fiscal year as well.

CCCERA has notified the District that this matter will come before the Retirement Board on October 8, 2014, and the District has advised it will send its representative to attend the meeting and represent the District.

III. Applicable Law

Different rules apply to compensation for retirement purposes for Legacy (pre-PEPRA) members and for PEPRA members, as follows:

A. Legacy (pre-PEPRA) – "Compensation Earnable"

For Legacy (pre-PEPRA) members, Government Code Section 31461(a) provides:

> "Compensation earnable" by a member means the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. <u>The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence</u>.
>
> (Emphasis added.)

The Retirement Board had previously determined that a furlough that is temporary in nature is to be treated as an "absence" under Section 31461 and therefore the retirement computation is based on the compensation held by the member at the beginning of the absence, i.e., it is unaffected by the reduction in pay due to the furlough.

B. PEPRA – "Pensionable Compensation"

For PEPRA members (generally those first entering CCCERA membership for the first time after January 1, 2013), Government Code Section 7522.43(a) provides:

> "Pensionable compensation" of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules, subject to the limitations of subdivision (c).

Subdivision (c) of the Section provides that "[n]otwithstanding any other law," pensionable compensation of a new member does not include:

- Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a); and
- Any other form of compensation a public retirement board determines should not be pensionable compensation.

(Government Code § 7522.34(c)(11) and (12).)

Unlike the Legacy plan provision, the PEPRA plan provision does not contain language authorizing computing compensation for retirement purposes for an absence based on the compensation of the position held by the member at the beginning of the absence. Thus, PEPRA appears to require that "pensionable compensation" reflect the reduction in pay caused by furloughs, because members' "normal working hours" reflect the furlough time off.

IV. Determination of Temporary vs. Non-Temporary Nature of Furlough Pay Reductions and Impact On Compensation For Retirement Purposes

A final determination on this matter is within the sound discretion of the Retirement Board.

For Legacy members working for the District, the matter to be determined is, given the details provided by the District about its contemplated additional furloughs, are the furloughs "temporary" in nature and should the furloughs be treated as an absence and therefore have no impact on compensation for retirement purposes as well as contributions? Or, are the furloughs not temporary, and therefore to be treated as a reduction in "compensation earnable"?

For PEPRA members, PEPRA appears to require that "pensionable compensation" reflect the reduction in pay caused by furloughs. The reduction in pay will therefore result in a reduction in "pensionable compensation" for PEPRA members.

IV. Recommendation

1. On the matter of the impact of furlough pay reductions for Legacy members, the Board is advised to consider the District's information regarding its planned furloughs for fiscal years for fiscal years 2014-2015 and 2015-2016 and determine whether the planned furloughs will be deemed "temporary absences" that would not affect members' compensation calculations for purposes of retirement.

2. On the matter of the impact of furlough pay reductions for PEPRA members, the Board should determine that the pay reduction that would result from the planned furlough would be reflected in pensionable compensation as mandated by the PEPRA statutory provisions.

Superior Court of California
COUNTY OF CONTRA COSTA
P.O. BOX 431
MARTINEZ, CA 94553-0091

Stephen H. Nash
Court Executive Officer
Phone: (925) 957-5600

August 4, 2014

Kurt Schneider
Retirement Assistant Executive Officer
Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, California 94520

Re: Impact of Court Furlough Days on Retirement Benefits

Dear Mr. Schneider:

The purpose of this letter is to request a determination by the Contra Costa County Employee Retirement Association (CCCERA) Board of Retirement that the furloughs planned by the Superior Court for Contra Costa County (Court) for the next two fiscal years are temporary in nature and should not be treated as a reduction in pay for retirement purposes.

The Board had considered this issue at its January 9, 2013 Board of Retirement meeting (See Exhibit A, February 11, 2013 Letter from Marilyn Leedom); however, circumstances for the Court have changed since that time. Specifically, the Court was able to cancel the furloughs planned for fiscal year 2012-13 and has reduced the furloughs planned for fiscal year 2014-15 from nine days to four days. Moreover, as discussed below, the Court believes the Board's January 2013 determination may not have included consideration of all relevant facts. Accordingly, the Court is asking the Board to consider the issue in light of the currently planned furloughs and the facts summarized below.

BACKGROUND

In July 2009, the Board was asked to determine whether a temporary absence program proposed by Contra Costa County (County) was a temporary absence that would not be considered a reduction in pay for purposes of determining retirement compensation or a permanent reduction in work time. The County's program called for up to 48 hours (6 full-time work days) of unpaid leave in each of two years. The program was implemented for only two of the four year contract cycle with the unions and was a program negotiated with the unions. (See Exhibit B, June 30, 2009 Letter from Harvey L. Liederman.) The program also anticipated that contributions would continue based on the employee's gross salary. (Id.) Based on the analysis of the Board's outside counsel, the Board determined that the County's furlough program was a temporary absence program and would have no impact on "compensation earnable." (See Exhibit C, Minutes from July 8, 2009 CCCERA Board of Retirement Meeting.)

In August 2009, the Court asked the Board to similarly determine that a furlough of up to twelve (12) days for some or all of its employees in fiscal year 2009-10 was a temporary absence that would not affect retirement compensation. (See Exhibit D, August 14, 2009 letter from Kiri Torre.) The proposed furlough days were anticipated as a result of mandatory court closures imposed by the state legislature. (Id.) In September 2009, the Board confirmed that *any* furlough resulting from court closures would be considered a temporary absence. (See Exhibit E, September 10, 2009 Letter from Marilyn Leedom.) The Court subsequently negotiated with its Court Reporters to impose nine (9) furlough days in fiscal year 2009-10 for that bargaining unit only.

The Court did not impose furlough days for the following bargaining cycle, which covered fiscal years 2010-11 and 2011-12.

In 2012, the Court negotiated and agreed with its unions for temporary furloughs in three years of the four-year contract cycle as follows: eight (8) furlough days in year two of the contract (fiscal year 2013-14), nine (9) furlough days in year three (fiscal year 2014-15), and ten (10) furlough days in year four (fiscal year 2015-16). The agreements with the unions provide that the furloughs would be applicable to all Court employees and that corresponding pay reductions would be smoothed equally over all pay periods in each 12-month period. (See Exhibit F, December 2012 Side Letter Agreements with AFSCME Local 2700 and Local 512 and SEIU Local 1021.)

As a result of unexpected, one-time funding and a delay in the sweep of the Court's reserves, the Court was able to cancel furloughs for fiscal year 2012-13. (See Exhibit G, May 2013 Side Letter Agreements with AFSCME Local 2700 and Local 512 and SEIU Local 1021.) In this current fiscal year, the Court received an increase in its base budget allocation and, accordingly, has approved a reduction in furlough days from nine days to four days.[1] Similarly, if sufficient additional funding is allocated to the Court for fiscal year 2015-16, the Court anticipates it will either reduce or eliminate the furlough days currently planned for that year.

For the reasons discussed above, the planned furloughs reviewed by CCCERA in January 2013 have changed significantly. Accordingly, the Court is again seeking a determination by the Board as to the temporary nature of the planned furloughs.

<u>ANALYSIS</u>

Government Code section 31461(a) provides:

> "Compensation earnable" by a member means the average compensation as determined by the board, for the period under consideration <u>upon the basis of the average number of days ordinarily worked</u> by persons in the

[1] The Court has already implemented this reduction for approximately 85% of its employees based on agreements with applicable bargaining units and has offered the reduction to the remaining units.

> same grade or class of positions during the period, and at the same rate of pay. The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation, as defined in Section 31460, that has been deferred shall be deemed "compensation earnable" when earned, rather than when paid.

Harvey Leiderman, outside counsel for the Board, previously advised the Board that the purpose of this section is to include in final compensation the time worked and compensation received "under ordinary conditions" and to disregard the effect of temporary absences. (See Exh. B.)

Consistent with this stated purpose, Mr. Leiderman found, and the Board agreed, that the County's 2009 temporary absence program that called for up to six (6) furlough days each year in two years of a three year contract cycle was a temporary absence. (See Exh. C.) The Board similarly determined that any furlough days imposed by the Court in fiscal year 2009-10 as a result of the State's court closure days were temporary absences. (See Exh. E.)

It is the Court's position that the currently planned furloughs for fiscal years 2014-15 and 2015-16 are also temporary absences and should not affect members' compensation calculations for purposes of retirement. This conclusion is based on the following factors:

- The furloughs were negotiated at arms length with the Court's employee bargaining units;
- The furloughs are planned for only two years in a four year bargaining cycle;
- The Court has eliminated or reduced the number of furlough days in years when it has received sufficient additional funding;
- The Court anticipates similarly eliminating or reducing the number of furlough days in future years if sufficient additional funding is received; and
- In years when furlough days are planned, the Court anticipates employer and employee contributions will continue to be calculated based on gross salary.

The Board's January 2013 determination that the Court's planned furloughs were not temporary in nature appears to be based on the assumption that the currently planned furloughs were a continuation of a limited, one time furlough the Court negotiated with its Court Reporters in 2009. In fact, there is no connection between the Court's 2009 furlough and the current planned furloughs.

The 2009 furlough was the result of state mandated court closure days and occurred in the final year of that bargaining cycle, which covered fiscal years 2006-07 to 2009-10. No furloughs were imposed in the following bargaining cycle for fiscal years 2010-11 and 2011-12. The currently planned furloughs are scheduled for the final two years of a four year bargaining cycle ending in fiscal year 2015-16 and were negotiated to temporarily reduce the impact of significant cuts to state funding for all California trial courts.

For the reasons set forth above, the Court respectfully requests the above details be presented to the CCCERA Board of Retirement at the upcoming August 13, 2014 meeting for reconsideration of the Board's January 2013 determination.

Should you have any questions, please contact Lucy Fogarty, Assistant Executive Officer, at (925) 957-5600 or via e-mail at lfoga@contracosta.courts.ca.gov.

Sincerely,

Stephen H. Nash

Stephen H. Nash
Court Executive Officer

Attachments

Exhibit A:

February 11, 2013
Letter from Marilyn Leedom

ATTACHMENT

contra costa county
Employees' Retirement Association
1355 willow way suite 221 concord ca 94520
925.521.3960 fax 925.646.5747

February 11, 2013

Kiri Torre
Court Executive Officer
Superior Court of California
County of Contra Costa
725 Court Street
P.O. Box 911
Martinez, California 94553-0091

Re: Impact of Court Furlough Days on Retirement Benefits

Dear Ms. Torre:

At the January 9, 2013 Board meeting the Retirement Board considered your request for clarification and a decision regarding the anticipated furlough period for Court employees.

The District advised that the anticipated furloughs would take place during the last three years of the four year contract period, and would not exceed 12 days per year. Discussion revolved around the issue and question of whether the furlough time was considered a temporary absence or whether a reduction in the members' compensation due to the furloughs should result in a reduction to the members' pensionable compensation.

The Board determined that the upcoming furloughs are not temporary absences and are to be treated as a reduction in pay for retirement purposes.

Please feel free to contact me with any questions.

Sincerely,

Marilyn Leedom

Marilyn Leedom
Retirement Chief Executive Officer

Exhibit B:

June 30, 2009
Letter from Harvey L. Liederman

JUL 08 2009
AGENDA ITEM
#11

ReedSmith

Reed Smith LLP
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Suite 2000
San Francisco, CA 94111-3922
+1 415 543 8700
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reedsmith.com

Harvey L. Leiderman
Direct Phone: +1 415 659 5914
Email: HLeiderman@reedsmith.com

June 30, 2009

Board of Retirement
Contra Costa County Employees' Retirement Assn.
1355 Willow Way, Suite 221
Concord, CA 94520

Impact of County Temporary Absence Program on CCCERA Contributions and Benefits

Dear Members of the Board:

We are informed that Contra Costa County is in the process of bargaining with certain of its employee representatives to reach agreement on a temporary absence program. If adopted, the program will be in existence for the next two fiscal years only, less than the current contract cycle (which runs from October 1, 2008 through June 30, 2011), and will temporarily reduce the hours worked and compensation received by certain County employees. Since CCCERA members will be working up to 48 fewer hours per year than they ordinarily work and will be receiving a pro rata reduction in their compensation, the Retirement Board must determine whether the program will impact (1) members' "compensation earnable" for purposes of calculating their retirement allowances, (2) members' retirement contributions and (3) the County's retirement contributions.

The primary applicable statute is Government Code section 31461, which defines "compensation earnable" for purposes of calculating a member's retirement allowance. Section 31461 provides:

> *"Compensation earnable" by a member means the average compensation as determined by the board, for the period under consideration <u>upon the basis of the average number of days ordinarily worked</u> by persons in the same grade or class of positions during the period, and at the same rate of pay. <u>The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence.</u> Compensation, as defined in Section 31460, that has been deferred shall be deemed "compensation earnable" when earned, rather than when paid.*

The purpose of Section 31461 is to include in the retirement allowance calculation the time worked and compensation received by similarly situated employees under ordinary conditions, and to ignore the effect of temporary absences during the relevant period.

It is our understanding that the County's proposed absence program will be temporary and will be applied across the board to specified grades and classes of employees. This will result in a reduction of days worked across the board, with a pro rata reduction in pay for all, during the next two fiscal years.

A reasonable argument could be made that such a "furlough" program should result in a reduction of "compensation earnable" (and a corresponding reduction in member and County contributions), because

ReedSmith

the "average number of days ordinarily worked" during the period by all similarly situated employees will be reduced. We also think, however, that a reasonable argument could be made that, so long as the program is temporary in nature and employer and employee contributions continue to be made on the employees' gross salaries, no reduction in "compensation earnable" should occur. This is because (1) a member's chosen "final compensation" period (one or three years) may not precisely mirror the mandated absence period (causing ambiguity as to what was "ordinarily worked" during each employee's final compensation period) and (2) the mandated days off may be fairly characterized as an "absence," which would not require any reduction in "compensation earnable."

If there will be no change in members' "compensation earnable," then it will be equally important to maintain the full level of member and County contributions to the retirement system, to support the full level of future retirement allowances.

We know of no direct legal precedent that would make one approach more defensible than the other, or that would help predict how a court might rule in these circumstances. Ordinarily, where there are two reasonable interpretations of a statute, courts can be expected to defer to the public agency's own interpretation of the statute that governs its operations.

We do note that making no change in the calculation of retirement allowances during this temporary period would be more administratively efficient for CCCERA staff. The reporting systems between the County and CCCERA are currently set up to calculate contributions based on the gross pay amount, before considering any reductions due to temporary absences. Changing those systems on a temporary basis could create a significant administrative burden.

We should carefully monitor the County's program going forward. In the event that what is now temporary becomes the future standard for County offices and employees, then we would expect that retirement allowances and contributions would have to be ratcheted down accordingly, based on revised actuarial calculations.

Considering all of the present circumstances, we believe on balance that it would be more appropriate to treat the temporary absence program as an anomaly that will have no impact on "compensation earnable," on member contributions or on County contributions. A final determination on these matters, of course, is within the sound discretion of the Board. We will be available to discuss these matters with the Board at the next meeting.

Respectfully,

Harvey L. Leiderman

HLL:ad

cc: Marilyn Leedom, CEO
Karen Levy, Counsel

Exhibit C:

July 8, 2009
Minutes from CCCERA Board of Retirement Meeting

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, July 8, 2009 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Terry Buck, Richard Cabral, Dave Gaynor, John Gioia, Brian Hast, Jerry Holcombe, Paul Katz, Sharon Naramore, William J. Pollacek, Jim Remick, Jerry Telles, and Maria Theresa Viramontes.

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Cary Hally, Retirement Chief Investment Officer; Kathy Somsen, Retirement Benefits Manager; Toni Warren, Retirement Administration Manager; Karen Levy, Counsel.

Outside Professional Support:	Representing:
Harvey Leiderman	Reed Smith LLP
Paul Angelo	Segal Company
John Monroe	Segal Company

Other Attendees:

Tracy Kroll	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Joelle Luhn	CCCERA Staff
Luz Casas	CCCERA Staff
Karen Davis	CCCERA Staff
Lucy Fogarty	Superior Court
Mary Lou Williams	CCC Retirees' Association
Suzie Griffith	AFSCME
Lois McKinney	SEIU 1021
Anna Lowenthal	Superior Court
Debbie Ratcliff	CCC Sanitary District
Silvina Leroux	Self
Robert Leete	San Ramon Valley Fire Protection District
Bob Campbell	Auditor Controller
Mike George	CCC Fire Protection District
Michelle Johnston	Auditor Controller
Marie Rulloda	Auditor Controller
Pete Nowicki	Moraga Orinda Fire Department (MOFD)
Laura Strobel	County Administrator's Office (CAO)
Lisa Driscoll	CAO
Sue Casey	MOFD
Kris Hunt	CC Taxpayers' Association
Rollie Katz	Local One
Jo Bates	AFSCME

1. **Pledge of Allegiance**

Remick led all in the *Pledge of Allegiance.*

2. **Public Comment**

No members of the public offered comment.

3. **Board Reorganization**

Hast, as Chair, noted the incumbents were Hast, Chair; Pollacek, Vice Chair; and Telles, Secretary.

There was a **motion** to nominate Hast for Chair.

Pollacek was nominated for Chair; it was *M/S/C* to close the nominations and cast a ballot for Pollacek as Chair. (Yes: Gaynor, Gioia, Katz, Pollacek, Viramontes)

Hast congratulated Pollacek on his election to Chair.

Hast was acknowledged for his work as chair and for the personal and professional manner he displayed during very trying economic times.

Hast thanked the Board for the compliments, noting this period has been a difficult time and the Board has navigated through the era successfully.

Pollacek resumed the responsibilities of Chair.

Telles was nominated for Vice Chair; it was *M/S/C* to close the nominations and cast a unanimous ballot for Telles as Vice Chair. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Telles, and Viramontes)

Gaynor was nominated for Secretary; it was *M/S/C* to close the nominations and cast a unanimous ballot for Gaynor as Secretary. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Telles, and Viramontes)

4. **Approval of Minutes**

It was *M/S/C* to approve the minutes of the June 24, 2009 meeting. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Telles, and Viramontes)

5. **Routine Items**

It was *M/S/C* to approve the routine items of the July 8, 2009 meeting. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Telles, and Viramontes)

6. <u>Valuation Report for the Period Ending 12/31/08</u> - Paul Angelo, John Monroe

Angelo began by discussing five-year smoothing and the effect on contribution rates. He noted that the report summarizes the actuarial data used in the valuation, establishing the funding requirements for the fiscal year beginning July 1, 2010 and analyzing the preceding year's experience.

He summarized the key valuation results noting that the ratio of the valuation value of assets to actuarial accrued liabilities decreased from 89.9% to 88.5%. The Association's UAAL has increased from $565 million to $690 million. This increase is primarily due to an investment return on actuarial value that fell short of the 7.8% assumed rate.

The aggregate employer rate calculated in the valuation (before considering the employer subvention of member rates and member subvention of employer rates) has increased from 24.7% of payroll to 25.9% of payroll.

The aggregate member rate calculated in this valuation (before considering the employer subvention of these rates or member subvention of employer rates) has decreased from 10.66% of payroll to 10.62% of payroll. This decrease is due to the changes in the member population for the December 31, 2008 valuation.

The results of this valuation reflect a change in the methodology used for amortizing the Association's UAAL that was adopted by the Association starting with this valuation. The remaining balance of the UAAL as of December 31, 2007 continues to be amortized over a declining period with 14 years remaining as of December 31, 2008. Any annual gain or loss in the UAAL that arises after December 31, 2007 will be amortized over its own separate declining 18-year period.

Angelo noted the total unrecognized investment loss of December 31, 2008 is about $1.5 billion. This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, and will serve to offset any investment gains that may occur after December 31, 2008.

There was discussion on adding further information to the actuarial valuation regarding subvention rates. There was continued discussion on the new layered approach for unfunded liability and that the amortization of future gains and losses will be more easily identifiable.

Angelo concluded by noting that the 2009 experience study will review demographic changes and discussion of the effects of the economic downturn on experience.

It was *M/S/C* to accept Segal's Actuarial Valuation as of December 31, 2008. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Telles, and Viramontes)

7. Contribution Rates, Effective July 1, 2010

It was *M/S/C* to accept the contribution rates, effective July 1, 2010 to June 30, 2011, as recommended by the actuary. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Telles, and Viramontes)

It was the consensus of the Board to move to Items 11 and 12.

Katz recused himself, because of his relationship with one of the parties involved, and was not present for subsequent discussion and voting.

11. Temporary Absence Program

Leiderman discussed his analysis regarding the impact of the County temporary absence program on CCCERA contributions and benefits. He noted it is within the Board's discretion to determine the impact of the temporary absence program on compensation earnable for use in final average salary, consistent with applicable law.

He stated the '37 Act can be interpreted in different ways, and provided different options in his analysis. He commented on several circumstances which might be persuasive: the program is designed to last for less than a full bargaining cycle, the County's work week is not being reduced, the item was a negotiated item and is not being imposed by the employer; and contributions will continue to be paid on gross salary by both the employer and employee. The County will continue to report gross salary for the purposes of retirement calculations. Based on those considerations, Leiderman stated that the furlough program appeared to be closer to a temporary absence situation rather than a permanent reduction of work time.

Leiderman noted he had received the draft Memorandum of Understanding (MOU) language being negotiated by the County and its bargaining units. According to others, the MOU has been ratified by employees and will be going to the Board of Supervisors for adoption.

There was discussion on the past practice for voluntary County furlough days.

There was continued discussion regarding the pension formula. One Board member commented that there is no guarantee when the furloughs will end, and that the furloughs are regular and recurring, with four hours withheld from paychecks each month. Others stated there would have to be negotiations to extend the furloughs beyond the next two years.

Leiderman stated there could be arguments on both sides; however, he felt it was more appropriate to treat furloughs as an anomaly with no impact on retirement, since the MOU indicated that the furloughs would be a temporary absence. An important factor is that full contributions would be made by both the employee and the employer.

There was a motion to accept outside counsel's analysis and determine that it would be more appropriate to treat the temporary absence program as an anomaly with no impact on "compensation earnable" on member contributions or on County contributions.

In public comment, Rollie Katz, of Local One, noted he supports the motion. He wanted to emphasize counsel's opinion. He stated according to agreements, the time off is a temporary absence. The Board of Supervisor's will adopt the contract in two weeks for the two remaining years. The agreement is for 48 hours of temporary leave time for the fiscal year 2009-2010, and an additional 48 hours for the fiscal year 2010-2011, with nothing beyond that date, unless re-negotiated. Negotiations were that monthly salary and hourly wages remain the same, employees will still be full-time, accruing all leave time and all monthly benefits.

Jo Bates, Business Agent for Local 2700, noted if an employee chooses to take time off during a month, the time off does not affect accruals, since the individual's gross amount does not change.

Lois McKinney, Business Agent for SEIU 1021, concurred with Rollie Katz and Jo Bates, noting furloughs and their effect on retirement are not new. Members have ratified this contract and she asked this board to approve counsel's recommendation.

After more discussion on the gross amount reported, the question was called.

It was **M/S/C** to call for the question. (Yes: Buck, Gaynor, Gioia, Hast, Holcombe, Pollacek, Telles, and Viramontes; No: Cabral)

On the motion, it was **M/S/C** to accept outside counsel's analysis that it would be more appropriate to treat the temporary absence program as an anomaly that will have no impact on "compensation earnable," on member contributions or on County contributions. (Yes: Buck, Gaynor, Gioia, Hast, Holcombe, Pollacek, Telles, and Viramontes; No: Cabral)

Katz was present for subsequent discussion and voting.

Viramontes and Gioia were not present for subsequent discussion and voting.

12. Conference Seminar Attendance

(a) It was **M/S/C** to authorize the attendance of Buck, Naramore, Remick and appropriate staff at the Annual Northern California Public Retirement Seminar, Public Agency Coalition, August 6, 2009, Sacramento, CA (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Pollacek, and Telles)

13. Miscellaneous

(a) Staff Report - Leedom reported on legislation that was introduced to change the limit of 18 basis points from asset value to actuarial accrued liability. Hally will assist Mendocino County with reviewing the RFP response for an Investment Consultant. McKinley on-site has been set for the following Monday. She noted the new Imaging Area has been completed and construction of the new Investment area will start next.

Viramontes was present for subsequent discussion and voting.

(b) Outside Professionals' Report - nothing further to report

(c) Trustees' Comments - Buck noted he has finished Wharton Portfolio Concepts and Management, Stanford and the Public Pension and Investment Program put on by SACRS.

Holcombe attended two conferences: Wharton Portfolio Concepts and Management and the SACRS Public Pension and Investment Program in Berkeley, and he thought both were interesting.

Viramontes has completed eight certificate programs through the combined resources of CCCERA and Richmond City Council. She noted she has completed the executive education and received a Certificate of Professional Development in Finance in the Master's Program from the University of Pennsylvania, Wharton School.

The Board moved into closed session pursuant to Govt. Code Section 54957 to consider the Medical Advisor and or staff's recommendation regarding disability retirement applications, under Gov. Code Section 54956.9(a) to consult with counsel regarding *Irwin vs. Contra Costa County Employees' Retirement Association, et al*, and under Gov. Code Section 54956.81.

The Board moved into open session.

8. Disability Retirements

It was M/S/C to accept the Medical Advisor's recommendation and grant the following disability benefit:

(a) Mary Hill Non-Service Connected (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Pollacek, Telles, and Viramontes)

Telles recused himself from Item 9 and was not present for subsequent discussion and voting.

9. *Irwin vs. Contra Costa County Employees' Retirement Association, et al*

No reportable action taken; however, the Retirement Board will comply with the Court's Order once the Temporary Restraining Order is lifted and the Application for Preliminary Injunction is denied as indicated in the Judge's July 2, 2009 ruling in *Irwin vs. Contra Costa County Employees' Retirement Association, et al.*

10. <u>Gov. Code Section 54956.81</u>

No reportable action taken.

It was M/S/C to adjourn. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Naramore, Pollacek, and Viramontes)

William J. Pollacek, Chairman

David Gaynor, Secretary

Exhibit D:

August 14, 2009
Letter from Kiri Torre

Superior Court of California

Kiri Torre
Court Executive Officer
925-957-5607 Phone
925-957-5605 Fax

COUNTY OF CONTRA COSTA
725 COURT STREET
P.O. BOX 911
MARTINEZ, CA 94553-0091

August 14, 2009

RECEIVED
AUG 18 2009
By

Marilyn Leedom
Retirement Administrator
Contra Costa County Employees'
  Retirement Association
1355 Willow Way, Suite 221
Concord, CA 94520

RE: Impact of Court Furlough Days on Retirement Benefits

Dear Ms. Leedom:

On July 28, 2009, Governor Schwarzenegger signed into law Senate Bill (SB) 4X 13 which was an urgency legislation that was enacted in conjunction with the 2009-10 Budget Act (copy enclosed). SB 4X 13 adds Section 68106 to the Government Code authorizing the state's Judicial Council to close the courts for the transaction of judicial business one day per month. The Judicial Council has ordered that the courts be closed the third Wednesday of every month commencing on September 16, 2009, through and including June 16, 2010.

Government Code Section 68106(b)(3) in pertinent part provides that, "Notwithstanding any other law, any court closure or reduction in earnings as a result of this section shall not constitute a reduction in salary or service for the purpose of calculation of retirement benefits or other employment-related benefits for court employees otherwise eligible for those benefits."

The closure of the courts to the public does not necessarily mean that court employees will be furloughed on court closure days. Our court is currently evaluating the situation to determine whether employees will be furloughed on court closure dates.

The Court is seeking confirmation from the Retirement Association of service time and compensation level to be credited to permanent Court employees who participate in either mandatory furloughs or Voluntary Time Off Programs, based on the following two situations:

1. **MANDATORY FURLOUGHS:** If mandatory furloughs on Court Closure Days are enacted, the Court will continue to forward the full employer and employee retirement contributions to the Retirement Association.

   Please confirm that, consistent with the §68106(b)(3) of the Government Code, if the Court does furlough employees on court closure dates it will not constitute a reduction in either salary or service for the purpose of calculation of retirement benefits for Court employees.

2. **VOLUNTARY TIME OFF PROGRAM:** Besides the possibility of mandatory furloughs of court staff, the Court has had a Voluntary Time Off (VTO) Program in effect for over a year. When employees take VTO, they are not in paid status. If an employee's earnings during the month continue to cover their retirement contributions, the Court submits the entire employer and employee retirement contributions to the Retirement Association.

   Please confirm that, if the full retirement contributions are being submitted when employees are on VTO, their salary and service time will not be reduced for purposes of calculating retirement benefits.

It is very important that we receive a response from the Retirement Association regarding these issues. Employees who are nearing retirement are understandably hesitant to participate in the VTO Program if there is a possibility it may affect their retirement pensions.

Please contact me if you have any questions regarding this request at either ktorr@contracosta.courts.ca.gov or at 925-957-5607. Thank you for your assistance on this important matter.

Sincerely,

Kiri Torre

Kiri Torre
Court Executive Officer

KT/tkr
Enclosure

Exhibit E:

September 10, 2009
Letter from Marilyn Leedom

Courts

contra costa county
Employees' Retirement Association
1355 willow way suite 221 concord ca 94520
925.521.3960 fax 925.646.5747

September 10, 2009

Kiri Torre
Court Executive Officer
Superior Court of California
County of Contra Costa
725 Court Street
P.O. Box 911
Martinez, California 94553-0091

Re: Impact of Court Furlough Days on Retirement Benefits

Dear Ms. Torre:

This letter responds to your letter of August 14, 2009. CCCERA confirms that any furloughs resulting from court closures will not result in a reduction of either "compensation earnable" or service credit for the purpose calculating the retirement benefits of the furloughed employees. The full employer and employee contributions (as if there were no furloughs) should be forwarded to CCCERA.

CCCERA also confirms that an employee who takes time off under the Voluntary Time Off Program will not experience a reduction in either "compensation earnable" or service credit for the purpose of calculating that employee's retirement benefits. The full employer and employee contributions (as if the employee did not take time off under the Program) should be forwarded to CCCERA. Provided, however, that an employee may experience a negative impact on her retirement benefits, if she takes off so much time under the Program that she becomes excluded from CCCERA membership under CCCERA's Regulations. Please see the enclosed copy of CCCERA's Regulations, at Section III(1)(B) and (C).

Please feel free to contact me with any questions.

Sincerely,

Marilyn Leedom

Marilyn Leedom
Retirement Chief Executive Officer

Encl.

Exhibit F:

December 2012
Side Letter Agreements with
AFSCME Local 2700 and Local 512
and SEIU Local 1021

EXHIBIT D

SIDE LETTER OF AGREEMENT
to the
MEMORANDUM OF UNDERSTANDING
between
SUPERIOR COURT OF CALIFORNIA, COUNTY OF CONTRA COSTA
and
AFSCME LOCAL 2700
For the term October 1, 2012 through September 30, 2016

During negotiations specific to this Agreement, October 1, 2012 through September 30, 2016, the parties have agreed to the matters set forth below for the term of this Agreement only.

1. Lump Sum Payment

   Effective the first payroll period feasible following bargaining unit ratification of Agreement, each bargaining unit member will receive a one-time taxable lump sum payment of $500.

2. Furloughs (Section 11)

   In lieu of permanent salary cuts, bargaining unit members will have unpaid furlough days as follows:

   - No furlough days during FY 2012-2013
   - 8 furlough days during FY 2013-14, with an economic re-opener 10/1/13
   - 9 furlough days during FY 2014-15, with an economic re-opener 10/1/14
   - 10 furlough days during FY 2015-16, with an economic re-opener 10/1/15

   Furlough days to be assigned in conjunction with existing paid holidays, e.g., Thanksgiving, Christmas and New Year holidays. Employees will receive pay for such holidays, per Section 12. Employees working essential services on such furlough days will furlough on alternate days to be schedule in advance. Corresponding pay reductions will be smoothed equally over all pay periods in each 12-month period.

   It is the Court's intent that furlough days during the term shall be uniform Court wide. Accordingly, all Court employees (non-judicial officers) including management, unrepresented, and represented groups shall have the same number of furlough days. Any furlough days reinstituted for any group will also be reinstituted for Local 2700 bargaining unit members.

3. Temporary Increase to Personal Holiday Credit

   Effective January 1 of each year of the new Agreement only (2013, 2014, 2015 and 2016): Local 2700 bargaining unit members will receive one (1) additional floating holiday of eight (8) hours. Effective January 1, 2013, and for the term of this four-year Agreement only, the accrual cap on personal holiday credit shall be increased from forty (40) to forty-eight (48) hours.

4. The parties agreed to utilize the Labor Management Committee (LMC) to discuss the following items:

   Sick Leave Management (Section 14.7)
   Limited Term Employees prior to extending the term of employment
   Removal of the "Deep class" language in the MOU (Section 10.2.E)
   DMV-Employee "Pull Notice" Program

SUPERIOR COURT OF CALIFORNIA COUNTY OF CONTRA COSTA	AFSCME, LOCAL #2700
[signature]	[signature]
Joseph Caprucsco	[signature]
Date: December 20, 2013	Date: Dec 12, 13

TENTATIVE AGREEMENT
Contra Costa Superior Court
and
AFSCME Local 512

January 3, 2013

1. <u>Duration</u>

Four years. 10-1-12 through 9-30-16

2. <u>Lump Sum Payment</u>

Effective the first payroll period feasible following ratification and approval of this Agreement:

One-time taxable lump sum payment of $500 to every bargaining unit member.

3. <u>Temporary Increase to Personal Holiday Credit for Term of This Agreement Only</u>

Effective upon ratification and approval of this Agreement in 2013, and on January 1 of each subsequent year of this Agreement (2014, 2015, and 2016): Each employee will receive one *additional* floating holiday of eight (8) hours. This increase applicable <u>only</u> for each year of this four-year Agreement. Effective upon ratification and approval of this Agreement, and for the term of this four-year Agreement only, the accrual cap on personal holiday credit shall be increased to forty-eight (48) hours.

4. <u>Furloughs</u>

Section 6 - Wages

In lieu of permanent salary cuts, bargaining unit members will have unpaid furlough days as follows:

- No furlough days during FY 2012-13
- 8 furlough days during FY 2013-14, with an economic re-opener 10/1/13
- 9 furlough days during FY 2014-15, with an economic re-opener 10/1/14
- 10 furlough days during FY 2015-16, with an economic re-opener 10/1/15

Furlough days to be assigned in conjunction with existing paid holiday periods, e.g., Thanksgiving holidays, Christmas holiday, and New Year holiday. Employees will receive pay for such holidays, per Section 12. Employees working essential services on such furlough days will furlough on alternate days to be scheduled in advance. Corresponding pay reductions will be smoothed equally over all pay periods in each 12-month period.

5. <u>Leaves</u>

Section 12 – Paid Personal Leave

Effective ~~January 1, 2002~~ <u>upon ratification and approval of this Agreement</u>, permanent employees in the classifications of ~~Mediator~~ <u>Child Custody Recommending Counselor</u> - Family

Court Services~~, and Lead Mediator – Family Court Services~~ shall be afforded ~~sixty (60)~~ seventy-five (75) hours of paid personal leave each calendar year. Said personal leave is provided to recognize both the fact that these employees do not and will not receive payment for overtime and the unavailability of compensatory time off for these employees. The personal leave is credited on January 1st each year and is pro-rated for employees in part-time positions. Any unused balance of personal leave is "zeroed out" at calendar year end. The use of personal leave is subject to mutual agreement between the supervisor and the employee.

***

Section 13 – Sick Leave

***

Delete current Sick Leave section 13.5.G (Death of a Family Member), and replace with a new, separate section of the Agreement (separate from the Sick Leave article) entitled Bereavement Leave:

~~G. Death of a Family Member. When an employee's immediate family member dies. In each case, the employee may use up to three (3) working days, plus up to two (2) additional working days for necessary travel. Use of additional accruals, including sick leave, when appropriate, may be authorized by the Executive Officer or designee.~~

New, separate section (separate from the Sick Leave article):
Bereavement Leave. When an employee's immediate family member, as currently defined in Section 13.7.A, dies, the employee may use up to five (5) working days per occurrence, paid time off for bereavement purposes without the use of employee accruals. Use of additional accruals, including sick leave, when appropriate, may be authorized by the Executive Officer or designee.

***

Section 16 – Leaves of Absence

***

16.2 Medical Leave

***

C. Duration

An employee eligible for medical leave under this policy is eligible to take up to a maximum of ~~18~~ 12 (twelve) workweeks of family care/medical leave within a rolling 12-month period (measured backwards from the date the leave begins). *[remainder of section unchanged]*

***

16.4 Family Care Leave

***

C. Duration

Eligible employees may take up to ~~18~~ 12 (twelve) workweeks of family care/medical leave within a rolling 12-month period (measured backwards from the date the leave begins). *[remainder of section unchanged]*

6. Domestic Partners

Section 19 – Health and Welfare, Life and Dental Care

***

Add new subsection: 19.9 Effective for employees hired after January 1, 2013, the Court will provide health benefits for registered domestic partners only.

7. Retiree benefit for employees yet-to-be hired

Section 26 - Retirement

Court employees are covered under the county's retirement system administered by the Contra Costa County Retirement Association. The court shall make contributions towards employee retirement costs in the same manner as the county does in accordance with Section 28 of the 1999-2005 MOU between the union and the county.
The court agrees to continue 2 for 1 conversion program through October 31, 2005, or if continued by the County, through 12/31/05.

Retiree Health Benefits: Effective January 1, 2008, newly appointed employees must complete 15 years of permanent service with the Contra Costa County Superior Court in order to be eligible for retiree medical coverage.

For employees hired on or after January 1, 2015 and their eligible family members, no monthly premium subsidy will be paid by the Court for any medical, dental or other health plan after they separate from Court employment.

Employees hired on or after January 1, 2015 will be eligible for a special benefit deferred compensation plan as follows.

The Court will make biweekly contributions equivalent to one hundred fifty dollars ($150) per month to an employee's account in the Court's Deferred Compensation Plan, for all employees who meet all of the following qualifications.

a. The employee was first hired by the Court on or after January 1, 2015; and

b. The employee is a permanent full-time or permanent part-time employee regularly scheduled to work at least 20 hours per week; and

c. The employee defers on a biweekly basis an amount equivalent to a minimum of twenty-five dollars ($25) per month to the Court Deferred Compensation Plan; and

d. The employee has completed, signed and submitted to Court Payroll the required enrollment form for the account; and

e. The annual maximum contribution as defined under the relevant IRC provision has not been exceeded (adding together both the employee's contributions and the Court's contributions) for the employee's account for the calendar year.

8. Compensatory Time

- ~~D. Employees may not use more than 90 hours of compensatory time in any fiscal year period (July 1 – June 30).~~
- Effective upon ratification and approval of this Agreement, on a one-time basis only, each Investigator shall have twelve (12) hours of compensatory time off added to his/her compensatory time accrual bank.

9. LMC issues

- *Parties to address efficiency issues re Probate Investigations Unit, in the LMC.*
- *Parties to address health care options in the LMC.*

10. Section 29 - Length of Service Definition (For Service Awards and Vacation Accruals)

The following change will be effective following ratification and approval of this Agreement – Prospective Effect Only – Accrual at Higher Rate to Begin First Full Payroll Period Following Ratification and Approval of this Agreement:

The length of service credits of each employee of the Court shall date from the beginning of the last period of ~~continuous~~ Court employment (including temporary and permanent status, and absences on approved leaves of absence, and continuous service time as a County employee). When an employee separates from a permanent position in good standing and ~~within two (2) years~~ is reemployed in a permanent Court position, or is reemployed in a permanent Court position from a layoff list within the period of layoff eligibility, service credits shall include all credits accumulated at time of separation, but shall not include the period of separation. The Human Resources Officer shall determine these matters based upon the employee status records in the Court and/or the County Human Resources Department.

SO AGREED. January 3, 2013.

For AFSCME Local 512:	For Contra Costa Superior Court:
Felix M. Huerta	
	JOSEPH ARRUESCO

TENTATIVE AGREEMENT
SEIU Local 1021
and
Contra Costa Superior Court
December 14, 2012

1. **Duration**

Four years. 10-1-12 through 9-30-16

2. **Furloughs**

Section 7 - Wages

In lieu of permanent salary cuts, bargaining unit members will have unpaid furlough days as follows:

- No furlough days during FY 2012-13
- 8 furlough days during FY 2013-14, with an economic re-opener 10/1/13
- 9 furlough days during FY 2014-15, with an economic re-opener 10/1/14
- 10 furlough days during FY 2015-16, with an economic re-opener 10/1/15

Furlough days to be assigned in conjunction with existing paid holiday periods, e.g., Thanksgiving holidays, Christmas holiday, and New Year holiday as follows: Employees will receive pay for such holidays, per Section 10.

Employees working essential services on such furlough days will furlough on alternate days to be scheduled in advance. Corresponding pay reductions will be smoothed equally over all pay periods in each 12-month period.

(*Tentative Agreement continued on next page*)

3. Domestic Partners

Section 15 – Health and Welfare, Life and Dental Care
Section 15.1 Health and Welfare, Life, Dental and Vision Care

* * *

Add new subsection:

H. Effective for employees hired after January 1, 2013, the Court will provide health benefits for registered domestic partners only.

The parties agree to recommend this Tentative Agreement to their respective constituencies.

SO AGREED. December 14, 2012.

For SEIU Local 1021:	For Contra Costa Superior Court:

Exhibit G:

May 2013
Side Letter Agreements with AFSCME Local 2700 and Local 512 and SEIU Local 1021

EXHIBIT E

TENTATIVE AGREEMENT
AFSCME Local 2700
&
Contra Costa Superior Court
May20, 2013

The parties agree to AMEND their labor contract, being the MOU for the term October 1, 2012, through September 30, 2016, as follows:

> The parties having met pursuant to the economic reopener for 2013, it is agreed that there shall be **No furlough days for FY 2013-14.**

The parties agree to recommend this tentative agreement to their respective constituencies.

Date: 5/20/13

For AFSCME Local 2700

Tracy Zell-Bennett 5/20/13

5/20/13

5-20-13

5/20/13

5/20/13

Date: 5/20/13

For Contra Costa Superior Court

5/20/13

Joseph Arnuesco 5/20/13

SO AGREED.

TENTATIVE AGREEMENT
AFSCME Local 512
&
Contra Costa Superior Court
May 20, 2013

The parties agree to AMEND their labor contract, being the MOU for the term October 1, 2012, through September 30, 2016, as follows:

> The parties having met pursuant to the economic reopener for 2013, it is agreed that there shall be **No furlough days for FY 2013-14**.

The parties agree to recommend this tentative agreement to their respective constituencies.

SO AGREED.

Date: 5/20/13

For AFSCME Local 512

Sue Mayo 5/20/13

5/20/13

Scott Thomas 05-20-13

Date: 5/20/13

For Contra Costa Superior Court

5/20/13

5/20/13

TENTATIVE AGREEMENT
SEIU Local 1021
&
Contra Costa Superior Court
May 20, 2013

The parties agree to AMEND their labor contract, being the MOU for the term October 1, 2012, through September 30, 2016, as follows:

> The parties having met pursuant to the economic reopener for 2013, it is agreed that there shall be **No furlough days for FY 2013-14**.

The parties agree to recommend this tentative agreement to their respective constituencies.

SO AGREED.

For SEIU Local 1021 — Date: 5/20/13

5/20/13

5/20/13

5/20/13

For Contra Costa Superior Court — Date: 5/20/13

5/20/13

5/20/13

CONTRA COSTA COUNTY CCCERA
Employees' Retirement Association

MEETING DATE
OCT 08 2014
#12
AGENDA ITEM

MEMORANDUM

Date: October 8, 2014

To: Board of Retirement

From: Karen Levy, General Counsel

Subject: Consider and Take Possible Action to Adopt Policies Governing the Overpayment and Underpayment of Retirement Contributions and Benefits

I. Background

Currently, when CCCERA discovers an overpayment or underpayment of retirement contributions or of benefits, CCCERA makes the necessary corrections on a case by case basis. Enclosed, for the Board's consideration, are formal written procedures for the consistent handling of overpayments and underpayments that protect the integrity of fund assets, for the benefit of the members and beneficiaries of the CCCERA trust fund, in a cost effective manner. The enclosed policies have been drafted in accordance with applicable federal and state law, for the Board's consideration. In general, full error correction is to be achieved when feasible, and appropriate interest should be applied. The Board, in exercising its discretion, will need to set the appropriate interest to be utilized by CCCERA in making overpayment and underpayment adjustments. These policies are designed for use when calculation and other errors affect an individual member's retirement benefits. In the event of a system-wide error that affects multiple members' benefits, the Board may implement a system-wide correction process that it determines is appropriate under all the circumstances.

II. Applicable Law

The County Employees Retirement Law of 1937 ("CERL") provisions applicable to CCCERA do not address how clerical errors are to be handled.[1] They only address circumstances where erroneous benefit payments are due to:

(1) Fraud (G.C. Section 31455.5);
(2) Fraudulent reports for compensation made, or caused to be made, by the member (G.C. Section 31539(a)(1)); or
(3) Improper increase or overstated final compensation caused by the member (G.C. Section 31539(a)(2)).

[1] G.C. Sections 31540 and 31541 address general corrections methods but is applicable to L.A. County only.

1355 Willow Way Suite 221 Concord CA 94520 925.521.3960 FAX: 925.646.5747 www.cccera.org

As a tax-qualified governmental pension pursuant to Section 401(a) of the Internal Revenue Code, CCCERA is subject to federal tax law, as well. We have been advised by tax counsel that, under federal law, the plan must take reasonable steps to accomplish full error correction when feasible, and appropriate interest should be applied. See IRS Revenue Ruling 2013-12.

III. Policy Governing Overpayment and Underpayment of Retirement Contributions

The enclosed Policy Governing the Overpayment Or Underpayment of Member Contributions sets forth the steps to be taken in the event CCCERA discovers an overpayment or underpayment of retirement contributions. Every reasonable effort must be made to remit to a member the amount of any overpayment of retirement contributions and to recover from a member the amount of any underpayment of retirement contributions. Written notice must be promptly sent to the member advising him or her of the discovery of error and the method of correction. The over/under payments of retirement contributions would be addressed as follows:

A. When a member has overpaid retirement contributions:
   - (i) CCCERA will make prospective adjustments to correct the overpayment;
   - (ii) CCCERA will make a lump sum payment for all past overpayments, with appropriate interest in accordance with the Board's Interest Crediting Policy.[2] The Board, in exercising its discretion, may wish to adopt a different interest rate to be utilized for this purpose.
   - (iii) If the member is not yet in retired status, the adjustments must be made through the employer payroll as soon as is reasonably practicable following CCCERA's discovery of the overpayment.

B. When a member has underpaid retirement contributions:
   - (i) CCCERA will make a prospective adjustment to the member's contributions and take all reasonable steps to recover the full amount of all past underpayments, with appropriate interest,
   - (ii) If the underpayment was the result of an error by CCCERA or the member's employer, appropriate interest may be 3% per annum[3] for the period in which the underpayments were made, applied to the outstanding amount due until such amount is fully repaid. The Board, in exercising its discretion, may wish to adopt a different interest rate to be utilized for this purpose.

---

[2] As previously directed by the Board, CCCERA currently credits all reserves, including member reserves, using the actuarial assumed rate of return. This means that member retirement contributions are credited interest at the assumed rate of return twice a year. The governing CERL statute provides for a default statutory rate of 2.5% per annum, unless the Retirement Board adopts another rate (G.C. Section 31591). CERL authorizes the Board to adopt a rate that is different from the actuarial assumed rate of return (G.C. Section 31453(a)).
[3] Some public plans utilize a 3% rate of interest in these circumstances, representing an average long term Treasury Bill rate.

(iii)If the underpayment was due to fraud, dishonest or improper conduct by the member, or to the member providing inaccurate information to CCCERA or the member's employer, appropriate interest shall be CCCERA's actuarially assumed rate of return that was applicable for the period in which the underpayments were made, applied to the outstanding amount due until such amount is fully repaid. The Board, in exercising its discretion, may wish to adopt a different interest rate to be utilized for this purpose.

IV. Policy Governing Overpayment and Underpayment of Retirement Benefits

The enclosed Policy Governing the Overpayment Or Underpayment of Member Benefits sets forth the steps to be taken in the event CCCERA discovers an overpayment or underpayment of retirement benefits. Every reasonable effort must be made to remit to a member the amount of any overpayment of retirement contributions and to recover from a member the amount of any underpayment of retirement benefits. Written notice must be promptly sent to the member advising him or her of the discovery of error and the method of correction. The over/under payments of benefits would be addressed as follows:

A. When a member has been underpaid retirement benefits:
   (i) CCCERA will make prospective adjustments to the member's retirement benefits to correct the underpayment, as well as a lump sum payment for all past underpayments, with interest at CCCERA's actuarially assumed rate(s) of return throughout the applicable period of underpayment. Interest accrues on each underpayment amount from the date of the underpayment to the date of the lump sum corrective payment. The Board, in exercising its discretion, may wish to adopt a different interest rate to be utilized for this purpose.

B. When a member has been overpaid retirement benefits:
   (i) CCCERA will adjust the Member's monthly benefit going forward to the correct amount at the earliest practical time after discovering the error.
   (ii) CCCERA will take all reasonable steps to recover the full amount of all overpayments, with "appropriate interest." This may include offsetting amounts due against the Member's future monthly benefit payments, or recovery through other periodic or lump sum payments.
   (iii)If the overpayment was due to fraudulent, improper or inaccurate information provided to CCCERA by the member, appropriate interest shall be CCCERA's actuarially assumed rate of return that was applicable during the period in which the overpayments were made, running until such amounts are fully repaid. The Board, in exercising its discretion, may wish to adopt a different interest rate to be utilized for this purpose.
   (iv)If the overpayment was the result of an error by CCCERA or the member's employer, appropriate interest shall be 3% per annum during the period in which the overpayments were made, running until such amounts are fully repaid. The

Board, in exercising its discretion, may wish to adopt a different interest rate to be utilized for this purpose.

V. Recommendation

Consider and take possible action to adopt the enclosed polices governing the:

(1) Overpayment and Underpayment of Retirement Contributions; and

(2) Overpayment and Underpayment of Retirement Benefits.

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT

POLICY GOVERNING THE OVERPAYMENT OR UNDERPAYMENT OF MEMBER CONTRIBUTIONS

Adopted: __/__/____

I. INTRODUCTION

The Board of Retirement ("Board") has a fiduciary obligation to conserve retirement fund assets and protect the integrity of the fund, for the benefit of the members and beneficiaries of the Contra Costa County Employees' Retirement Association ("CCCERA").

The Board determines the required member contributions in accordance with law and in consultation with its actuary. Subject to all applicable laws, it shall be CCCERA's policy to make every reasonable effort to recover from a member the amount of any underpayment of contributions, and to remit to a member the amount of any overpayment of contributions, consistent with this Policy and the procedures established by the Board.

Accordingly, after discovery of an overpayment or underpayment of member contributions, and within a reasonable period of time after written notification to the affected member, CCCERA will correct any overpayment or underpayment of member contributions.

This Policy is designed for use when errors affect an individual member's contributions. In the event of a system-wide error that affects multiple members' contributions, the Board may implement a system-wide correction process that it determines is appropriate under all the circumstances.

In the event of any inconsistency between applicable law and this Policy, the law shall take precedence.

Notwithstanding this Policy, if an overpayment results from provisions of federal tax law, any correction procedures specified by the IRS will be followed to the extent feasible.

II. PURPOSE

The purpose of this Policy is to set forth procedures for handling the overpayment and underpayment of retirement contributions.

III. POLICY

A. Overpayments of Contributions By Members

1. When a Member has overpaid contributions, the Member shall be entitled to a prospective adjustment to his or her contributions necessary to correct the overpayment, as well as a lump sum payment for all past overpayments, with interest at CCCERA's actuarially assumed rate(s) of return throughout the applicable period of overpayment. Interest shall accrue on each overpaid amount in accordance with the Board's Interest Crediting Policy. The adjustment shall be made in the Member's pay from their CCCERA participating employer as soon as is reasonably practicable following CCCERA's discovery of the overpayment.

2. If a Member who overpaid contributions has died prior to payment of the lump sum amount due, the following procedures will be followed:

   A. Member With Designated Beneficiary

   - If the Member has named a designated beneficiary, the payment will be made directly to the designated beneficiary. *See* County Employees Retirement Law of 1937 ("CERL"), Government Code Section 31452.7.

   B. Member Without Designated Beneficiary

   - If there is an open estate (*i.e.*, no order for final distribution yet), payment will be made to the estate (through the personal representative).

   - If final distribution of the estate has already been made, CCCERA staff will review the order for final distribution to determine how assets that were unknown at the time of final distribution are to be distributed under the order. Payment will then be made in compliance with the order for final distribution, if possible.

   - If an estate was not established, distribution will be made in accordance with any applicable and valid Affidavit for Payment of Personal Property on file with CCCERA. *See* Prob. Code Section 13101.

   - CCCERA staff shall make reasonable efforts to locate the person(s) entitled to payment by sending a letter by certified mail, return receipt requested, to the last known address of each such person, or by other means of similar intended effect. The letter shall request written confirmation that the person entitled to payment still lives at that address and will accept payment. Upon receipt of such written confirmation, the payment will be mailed to that person at that address. *See* CERL Section 31783.5(b).

   - If, after taking the above steps, CCCERA staff has not been able locate a person entitled to payment, CCCERA shall hold the funds on behalf of that person for five years. If the funds are not claimed within five years, the funds may be transferred into the system's pension reserve fund. If someone later claims the funds, the Board will consider such claims on a case-by-case basis. *See* CERL Section 31783.5(c).

- CCCERA will maintain a permanent record of all amounts of outstanding refunds of overpayments and any amounts that have been transferred into the pension reserve fund.
- In cases where there is no designated beneficiary and the total amount of overpayment is less than $50, CCCERA staff need not take proactive measures to locate the person(s) entitled to such funds. All claims presented to CCCERA, however, will be considered regardless of size.

3. Overpayments of $5 or less will only be refunded at the request of the Member.

B. <u>Underpayment of Retirement Contributions By Members</u>

1. Whenever an underpayment of contributions is discovered, CCCERA shall make a prospective adjustment to the member's contributions and take all reasonable steps to recover the full amount of all past underpayments, with "appropriate interest," subject to the provisions of this Policy and applicable law. If the underpayment was due to fraud, dishonest or improper conduct by the member, or by the member providing inaccurate information to CCCERA or the member's employer, appropriate interest shall be CCCERA's actuarially assumed rate of return that was applicable for the period in which the underpayments were made, applied to the outstanding amount due until such amount is fully repaid. If the underpayment was the result of an error by CCCERA or the member's employer, appropriate interest shall be 3% per annum for the period in which the underpayments were made, applied to the outstanding amount due until such amount is fully repaid.

2. CCCERA will recover underpayments by (a) a lump sum payment from the member, (b) installment payments from the member, (c) additional amounts added to the member's future contributions, over a period of time as determined by the Board, (d) offsets to future benefit payments to the member, over a period of time as determined by the Board or (e) a combination of the foregoing, unless the Board, in its discretion and because of legal or practical considerations, determines that another process is warranted.

3. The Board believes that considerations of cost effectiveness make it prudent and reasonable to pursue recovery of underpayments only where the cumulative total amount underpaid by the member is $50 or more. Accordingly, the Retirement CEO is authorized to not seek recovery of any underpayments where the total amount underpaid by the member is less than $50.

4. The Retirement CEO shall have authority, on the advice of legal counsel, to compromise recovery of underpayments when the total amount of underpayment, not including interest, is less than $5,000. Only the Board may compromise claims in which the total amount of underpayment, not including interest, is $5,000 or more. Among other things, the likelihood of collection, the cost of collection, the amount of possible recovery and

extreme hardship to the member will be considered by the Retirement CEO and/or the Board when determining whether to compromise a claim. Compromising claims may include a different method of repayment than is otherwise provided by this Policy and/or a partial forgiveness of the amounts underpaid.

5. The Board adopts the following procedures for accomplishing the recovery of underpaid contributions:

A. Upon discovery of an underpayment, CCCERA shall send a letter by certified mail, return receipt requested, or by express delivery service, to the member advising the member of the underpayment and proposing a repayment schedule, as follows:

i. The letter will identify the circumstances of the underpayment and the fact that adjustments will be made to all future contribution amounts.

ii. The letter will request payment to CCCERA of the past amount underpaid, subject to the provisions of this Policy.

iii. The letter will include an agreement to pay the amounts underpaid and a consent form for the spouse or beneficiaries, if applicable.

iv. The agreement to pay the amounts underpaid will provide two options, one of which may be selected by the Member:

(1) Option 1 — equal installments deducted from the Member's pay (in addition to the contributions otherwise required of the member), or benefit payments (if the Member is retired), over the same length of time that the underpayments occurred, with appropriate interest (as that phrase is defined in No. 1 above) applied for the underpayment period and the payment period. If the Member's employment terminates during the payment period, the Member shall be liable for all remaining unpaid amounts, which may be deducted from any amounts CCCERA owes the Member (in retirement benefits or otherwise), if the member does not make a lump sum payment.

(2) Option 2 — lump sum payment to CCCERA for the full amount underpaid, with appropriate interest (as that phrase is defined in No. 1 above) applied during the underpayment period.

(3) Option 3 – installment payments to CCCERA for the full amount underpaid, with appropriate interest (as that phrase is defined in No. 1 above) applied during the underpayment period.

v. The letter and agreement to pay underpaid amounts will provide that Option 1 will go into effect by default if a written response from the member is not received within 30 days following the date the letter was delivered.

B. If the amount of the underpayment, not including interest, is $5,000 or more, CCCERA staff will attempt to contact, the Member by phone to discuss the contents of the letter before the letter is sent out for delivery.

C. CCCERA may pursue, all legal remedies to collect underpayments, including making a claim on an estate or trust, if appropriate.

D. Upon the death of the Member before full repayment has been made, CCCERA shall pursue a claim or claims against the Member's estate, survivors, heirs and/or beneficiaries to recover the unpaid amounts.

CCCERA will maintain a permanent record of all amounts of underpayments and the payment to CCCERA of those underpayments.

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT

POLICY GOVERNING THE OVERPAYMENT OR UNDERPAYMENT OF MEMBER BENEFITS

Adopted: __/__/____

I. INTRODUCTION

The Board of Retirement ("Board") has a fiduciary obligation to the retirement fund to conserve fund assets and protect the integrity of the fund, for the benefit of the members and beneficiaries ("Members") of the Contra Costa County Employees' Retirement Association ("CCCERA").

Members have a right to accurate pension benefit payments. Except as determined by a court of law or this Board pursuant to this Policy, no Member has the right to receive or retain retirement benefit payments that exceed the amounts to which a Member is entitled, and no Member should be deprived of any benefit payments that he or she is entitled to receive. Subject to all applicable laws, it shall be CCCERA's policy to remit to a Member the amount of any underpayment of benefits, and to make every reasonable effort to recover from a Member the amount of any overpayment of benefits consistent with this Policy and the procedures established herein by the Board.

Accordingly, after discovery of an overpayment or underpayment of benefits, and within a reasonable period of time after written notification to the affected Member, CCCERA will adjust future benefit payments to the Member to reflect the correct total amount to which the Member is entitled, as indicated below; and will pay or assess the Member for the overpayment or underpayment, as the case may be, in a lump sum, installment payments, adjustments to future monthly benefits, or a combination of these methods.

This Policy is designed for use when calculation and other errors affect an individual member's retirement benefits. In the event of a system-wide error that affects multiple members' benefits, the Board may implement a system-wide correction process that it determines is appropriate under all the circumstances.

In the event of any inconsistency between applicable law and this Policy, the law shall take precedence.

II. PURPOSE

The purpose of this Policy is to set forth procedures for handling the overpayment and underpayment of benefits to members.

III. POLICY

A. Overpayment of Benefits To Members

1. CCCERA will adjust the Member's monthly benefit going forward to the correct amount at the earliest practical time after discovering the error.

2. CCCERA shall take all reasonable steps to recover the full amount of all overpayments, with "appropriate interest," subject to the provisions of this Policy and applicable law. If the overpayment was due to fraudulent, improper or inaccurate information provided to CCCERA by the member, appropriate interest shall be CCCERA's actuarially assumed rate of return that was applicable during the period in which the overpayments were made, running until such amounts are fully repaid. If the overpayment was the result of an error by CCCERA or the member's employer, appropriate interest shall be 3% per annum during the period in which the overpayments were made, running until such amounts are fully repaid.

3. CCCERA will recover overpayments by (a) a lump sum payment from the Member, (b) periodic installment payments from the member or (c) offsetting the amount to be recovered against future benefits, over a period of time as determined by the Board, or a combination of these methods; unless the Board, in its discretion and because of legal or practical considerations, determines that another process is warranted.

4. The Board believes that considerations of cost effectiveness make it prudent and reasonable to pursue recovery of overpayments only where the cumulative total amount overpaid to the Member is $50 or more. Accordingly, the Retirement CEO is authorized to not seek recovery of any overpayments where the total amount overpaid to the Member is less than $50.

5. The Retirement CEO shall have authority, on the advice of legal counsel, to compromise recovery of overpayments when the total amount of overpayment, not including interest, is less than $5,000. Only the Board may compromise claims in which the total amount of overpayment, not including interest, is $5,000 or more. Among other things, the likelihood of collection, the cost of collection, the amount of possible recovery and extreme hardship to the member will be considered by the Retirement CEO and/or the Board when determining whether to compromise a claim. Compromising claims may include a different method of repayment than is otherwise provided by this Policy and/or a partial forgiveness of the amounts overpaid. The Retirement CEO and Board will also consider seeking recovery from the employer.

6. The Board adopts the following procedures for accomplishing the recovery of overpaid benefits:

   A. Upon discovery of an overpayment, CCCERA shall send a letter by certified mail, return receipt requested, or by express delivery service, to the Member advising the Member of the overpayment and proposing a repayment schedule, as follows:

i. The letter will identify the circumstances of the overpayment and the fact that adjustments will be made to all future benefit payments.

ii. The letter will request payment to CCCERA of the amount overpaid, subject to the provisions of this Policy.

iii. The letter will include an agreement to repay excess benefits and a consent form for the spouse or beneficiaries, if applicable.

iv. The agreement to repay excess benefits will provide three options, one of which may be selected by the Member:

(1) Option 1 — equal installments over the same length of time that the overpayments occurred, with appropriate interest (as that phrase is defined in No. 2 above) applied during the overpayment period and during the repayment period.

(2) Option 2 — lump sum payment to CCCERA for the full amount overpaid, with appropriate interest (as that phrase is defined in No. 2 above) applied during the overpayment period.

(3) Option 3 — reduction of monthly benefit to zero until the overpayment is paid in full, with appropriate interest (as that phrase is defined in No. 2 above) applied during the overpayment period and during the repayment period.

v. The letter and agreement to repay excess benefits will provide that Option 3 will go into effect by default if a written response from the Member is not received within 30 days following the date the letter was delivered.

B. If the amount of the overpayment, not including interest, is $5,000 or more, CCCERA staff will attempt to contact the Member by phone to schedule a meeting to discuss the contents of the letter before the letter is sent out for delivery.

C. CCCERA may pursue all legal remedies to collect overpayments, including making a claim on an estate or trust, if appropriate.

D. Upon the death of the Member before full repayment has been made, CCCERA shall pursue a claim or claims against the Member's estate, survivors, heirs and/or beneficiaries to recover the unpaid amounts.

E. CCCERA will maintain a permanent record of all amounts of overpayments and the repayment to CCCERA of those overpayments.

B. <u>Underpayment of Benefits To Members</u>

1. When CCCERA has underpaid benefits, the Member shall be entitled to a prospective adjustment to his or her retirement benefits necessary to correct the underpayment, as well as a lump sum payment for all past underpayments, with interest at CCCERA's actuarially assumed rate(s) of return throughout the applicable period of underpayment. Interest shall accrue on each underpayment amount from the date of the underpayment to the date of the lump sum corrective payment. The payment shall be made as soon as is reasonably practicable following CCCERA's discovery of the underpayment.

2. If a Member who was underpaid benefits has died prior to payment of the lump sum amount due, the following procedures will be followed:

   A. Member With Designated Beneficiary

   - If the Member has named a designated beneficiary, the payment will be made directly to the designated beneficiary. *See* CERL Section 31452.7.

   B. Member Without Designated Beneficiary

   - If there is an open estate (*i.e.*, no order for final distribution yet), payment will be made to the estate (through the personal representative).

   - If final distribution of the estate has already been made, CCCERA staff will review the order for final distribution to determine how assets that were unknown at the time of final distribution are to be distributed under the order. Payment will then be made in compliance with the order for final distribution, if possible.

   - If an estate was not established, distribution will be made in accordance with any applicable and valid Affidavit for Payment of Personal Property on file with CCCERA. *See* Prob. Code Section 13101.

   - CCCERA staff shall make reasonable efforts to locate the person(s) entitled to payment by sending a letter by certified mail, return receipt requested, to the last known address of each such person, or by other means of similar intended effect. The letter shall request written confirmation that the person entitled to payment still lives at that address and will accept payment. Upon receipt of such written confirmation, the payment will be mailed to that person at that address. *See* CERL Section 31783.5(b).

   - If, after taking the above steps, CCCERA staff has not been able locate a person entitled to payment, CCCERA shall hold the funds on behalf of that person for five years. If the funds are not claimed within five years, the funds may be transferred into the system's pension reserve fund. If someone later appears to claim the funds, the Board will consider such claims on a case-by-case basis. *See* CERL Section 31783.5(c).

- CCCERA will maintain a permanent record of all amounts of outstanding refunds of underpayments and any amounts that have been transferred into the pension reserve fund.
- In cases where there is no designated beneficiary and the total amount of underpayment is less than $50, CCCERA staff need not take proactive measures to locate the person(s) entitled to such funds. All claims presented to CCCERA, however, will be considered regardless of size.

3. Underpayments of $5 or less will only be refunded at the request of the member.

MEETING DATE
OCT 08 2014
#13
AGENDA ITEM

Contra Costa County Employees' Retirement Association
Administrative Expenses
January 2014 - June 2014

	Actual Jan. - June 2014	Budget Jan. - June 2014	Actual Better/(Worse) than Budget
Administrative Expenses			
Salaries and Benefits	$ 2,803,566	$ 3,483,550	$ 679,984
Operation Expenditures	1,260,558	2,003,300	742,742
Administrator's Discretionary	-	25,000	25,000
Depreciation	101,029	150,000	48,971
Total Administrative Expenses	$ 4,165,153	$ 5,661,850	$ 1,496,697