



AGENDA

RETIREMENT BOARD MEETING

SPECIAL MEETING
December 16, 2015
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.

CLOSED SESSION

3. The Board will go into closed session under Govt. Code Section 54956.81 to consider the sale of a particular pension fund investment.

OPEN SESSION

4. Consider and take possible action to adopt the 2016 CCCERA Budget.
5. Review of SACRS legislative proposal regarding Operating Authority legislation.
6. Consider authorizing the attendance of Board and/or staff:
 - a. The Pension Bridge Annual, Pension Bridge, April 5-6, 2016, San Francisco, CA.
7. 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.

Contra Costa County Employees' Retirement Association

Meeting Date
12/16/15
Agenda Item
#4

*2016 CCCERA Annual
Budget & Review*



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Executive Summary

December 16, 2015

Board of Retirement
Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, CA 94520-5728

Dear Board Members:

On January 1, 2015, Contra Costa County Employees' Retirement Association (CCCERA) became an independent employer. In the 2016 Budget, there are additional expenses allocated for employer insurance, HR service providers, and information technology services. Although there are ongoing changes at CCCERA, the priority will always remain effectively and efficiently administering the plan, ensuring that providing excellent customer service to members is paramount.

The operating budget is divided into three sections:

- *2016 Proposed Total Budget*—this section incorporates all expenses from the *2016 Proposed Administrative Budget* and *2016 Proposed Non-Administrative Budget*.
- *2016 Proposed Administrative Budget*—this section is comprised of expenses from the Executive, Administration, Accounting, IT, Member Services, and Benefits divisions. These expenses are capped by a statutory limit of 21 basis points of the Actuarial Accrued Liability.
- *2016 Proposed Non-Administrative Budget*—this section includes expenses for Disaster Recovery as well as expenses for the Investment and Legal divisions. These expenses are excluded from the statutory limit on administrative expenses.

The 2016 Proposed Total Budget is \$11.2 million, an increase of \$0.4 million compared to the 2015 budget. This increase is largely due to new and delayed hires anticipating being hired in 2016.

The 2016 Proposed Administrative Budget is \$9.3 million, an increase of \$0.2 million compared to the 2015 budget.

Section 31580.2 of the California Government Code limits administrative expenses to 0.21% of the current Actuarial Accrued Liability (AAL) of \$8,027,438,213, or \$16.9 million. The proposed 2016 administrative expenses of \$9.3 million are 0.11% of the AAL and well under the capped amount.

The 2016 Proposed Non-Administrative Budget is \$1.9 million, an increase of \$0.2 million compared to the 2015 budget.

Respectfully submitted,



Gail Strohl
Retirement Chief Executive Officer

2015 Budget Review - Division Accomplishments

ACCOUNTING

- Completed 2014 annual audit by Brown Armstrong CPAs with no reportable conditions.
- Implemented GASB Statement No. 67, *Financial Reporting for Pension Plans*, for the year ended December 31, 2014. Provided ongoing communication and support to plan sponsors for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.
- Improved the funding process to include additional automation.

ADMINISTRATION

- Completed RFP for property manager.
- Assisted outside consultant with marketing of Willows Office Park.
- Created check processing procedures for administration.
- Researched and contracted with new copy machine vendor to provide cost savings.

BENEFITS

- Implemented process for identifying and escalating any unusual compensation items.
- Updated documentation for key processes.
- Reviewed disability processes and revised documentation.

COMMUNICATIONS

- Created and launched new CCCERA website.
- Began collecting news/editorial articles related to CCCERA.
- Completed member handbooks.
- Hired Communications Coordinator.
- Revised retirement estimate worksheets.

COMPLIANCE

- Created Procedures Standards and Practices Guide.
- Created Audit Committee Guide.
- Procedures:
 - Benefits Division
 - » Compensation Review Procedures
 - » Revised Supervisory Review Procedures for Final Pension Calculations
 - Member Services
 - » Employer Import Procedures
 - Process & Tools Controls
 - » Validated Excel Template Integrity
- Voice/IT Migration Project:
 - Set Project Scope Documentation Standard.
 - Created inventory of system/application users and stakeholders.
 - Developed standard, data mapping, and workflow for employer import procedures.

- Recommended BAA & employer facing indemnification agreement for participating employers for secure site use.
- Set review protocol and oversaw contract analyst work product to support findings and BOR recommendations for HazMat on-call review.
- Created Compensation Earnable Determination Process and review tool to provide advisories to employers.
- Contracted and worked with CalPERS to establish medical benefits for CCCERA employees.
- Payroll/HRIS:
 - Completed RFP for HRIS, payroll and timekeeping services.
 - Worked with ADP to create a human resources information system, payroll system and timekeeping system.
 - Implemented electronic personnel transaction forms.

HUMAN RESOURCES

- Labor Relations:
 - Created and updated Unrepresented Employees Resolution for 2015 and 2016.
 - Created publicly available pay schedules including all differentials per PEPRA.
 - Handled Local 21 Disclaimer.
 - Negotiated Employer and Employee Labor Relations Policy.
 - Negotiated side letter regarding make-up time and section 7.2 of County and AFSCME MOU.
 - Created, met and conferred, and presented Personal Policies.
 - Negotiated CCCERA MOU with Local 2700 and Health Care Reopener.
- Benefits:
 - Researched and contracted medical, dental and other benefits.
 - Negotiated health benefits for 2016.
 - Hosted CCCERA's first benefits open enrollment.
- Recruitments/Personnel:
 - Completed 12 recruitments and hired 9 new staff members.
 - Hired Spin Recruitment to market job announcements.
 - Contracted with NeoGov to assist with recruitment in 2016.
 - Completed a classification and total compensation study of all CCCERA positions.
 - Finalized the CCCERA Injury and Illness Prevention Program and Emergency Action Plan.
- Staff Training and Motivation:
 - Planned and organized CCCERA picnic.
 - Provided intermediate and advanced level excel training to all staff twice in the year.
 - Planned and hosted CCCERA's first Staff Development Day.
 - Created the staff positivity committee.

INFORMATION TECHNOLOGY

- Upgraded computer room.
 - Replaced all computers and monitors for all departments and established a replacement schedule.
 - Upgraded Barracuda Spam Filter.
 - Improved computer and network security.
 - Upgraded backup system software with newest version.
 - Provided training for IT staff to integrate new skills and knowledge into their responsibilities.
 - Deployed Multiview system to San Diego hot-site.
 - Migrated voice services off of the county provided service lines.
 - Replaced existing internet bandwidth, VPN, routing and firewall services off of the County.
 - Helped plan and deploy new website.
- New Investments:
 - Approved Wastewater Opportunity Fund commitment of \$25 mm.
 - Approved opportunistic allocation of \$75-125 mm to Angelo Gordon Energy Credit Opportunities Fund.
 - Approved Pathway private equity commitment of \$50 mm.
 - Approved Ares Energy Investors Fund V private equity commitment of \$50 mm.
 - Approved Aether Real Assets IV commitment of \$50 mm.
 - Approved Siguler Guff Distressed Real Estate Opportunity Co-investments of \$25 mm.
 - Approved Ocean Avenue Fund II private equity commitment of \$50 mm.

INVESTMENT

- Completed investment consultant search which resulted in establishing a new relationship between CCCERA and Verus Investments.
 - Conducted Investment Strategy Development off-site workshop with the Board to explore various risk and asset allocation models.
 - Implemented a new risk monitoring platform using the Bloomberg service.
 - Contracted with Netage Dynamo, a Research Management System (RMS), and integrated into the investment workflow. This database tracks all staff interactions (email, phone and in person) with all investment managers, both current and prospective.
- Prepared or assisted in the preparation and amendments of Board regulations and administrative policies, including Non-Disability Hearing Policy, Procurement of Products and Services Policy and the CCCERA Audit Committee Charter.
 - As a result of the passage of SB 673, effective January 1, 2015, CCCERA and its Board of Retirement became the direct employer for its entire staff, including represented and unrepresented staff members. The independent employer status presented many new and evolving issues for CCCERA. General Counsel worked closely with the CEO and Administration/Human Resources Manager on a variety of issues:

Contra Costa County Employees' Retirement Association
2015 Budget Review - Division Accomplishments *(Continued)*

- Prepared board resolutions governing:
 - » Appointments of CEO and CCCERA staff
 - » CCCERA's replacement benefit plan
 - » CCCERA's I.R.C. 414(h)(2) Pick Up Provisions
 - » CCCERA's status as a district participating in the CCCERA retirement plan
- Advised regarding new insurance coverage needed, including Workers Compensation, employer liability.
- Advised regarding statutory requirement to publish actuarial future costs of changes in post-employment benefits to CCCERA employees.
- Assisted the CEO in research, documentation, and implementation of independence-related items.
- Prepared an amendment to the CEO employment contract to remove County items and cite the new CERL provisions pertaining to the appointment of CCCERA's Administrator.
- Provided legal advice to the Administrative Manager with regards to personnel policies, unrepresented resolution covering benefits and salary schedules for Board adoption.
- Prepared RFP for employment attorneys, reviewed RFP responses, led trustee and executive staff involvement in final interviews and full Board selection of two labor and employment law firms.
- Worked with specialized outside counsel on independence-related items.
- Researched and analyzed 2015 changes to plan provisions in CERL, PEPRA, and other applicable laws. Managed temporary paralegal work which resulted in a chart of applicable CERL provisions.
- In 2014, General Counsel worked with tax counsel on the Cycle C submission to the IRS, including the updated plan documents and additional current key documentation. CCCERA received a favorable letter of determination dated December 4, 2014 and, as a consequence, going forward, CCCERA will be on a regular 5-year cycle for filing an application with the IRS for a letter of determination, with the next filing due by January 31, 2019. In light of the IRS 2015 announcement that the letter of determination process will not be continuing, General Counsel has kept current on the implications of this change and the greater emphasis being placed on documenting and following internal controls within each of CCCERA's departments.
- Worked with outside counsel on specialized matters (Ice Miller on tax matters, Jonathan Funk on building management, Reed Smith on fiduciary, litigation and other matters as directed by the CEO).
- Worked with outside counsel on active CCCERA litigation:
 - CCCERA Board of Retirement v. Contra Costa County
 - Debra Carmel v. CCCERA, et al.
 - DSA v. CCCERA Board of Retirement (AB 197 lawsuit)
 - Public Employees Union, Local No. 1, et al. v. CCCERA and Board of Retirement, et al. (Straddling vacation sales lawsuit)
 - Margaret Richards matter— Probate Court, Oregon
 - Marianne Irvin v. CCCERA

Contra Costa County Employees' Retirement Association
2015 Budget Review - Division Accomplishments *(Continued)*

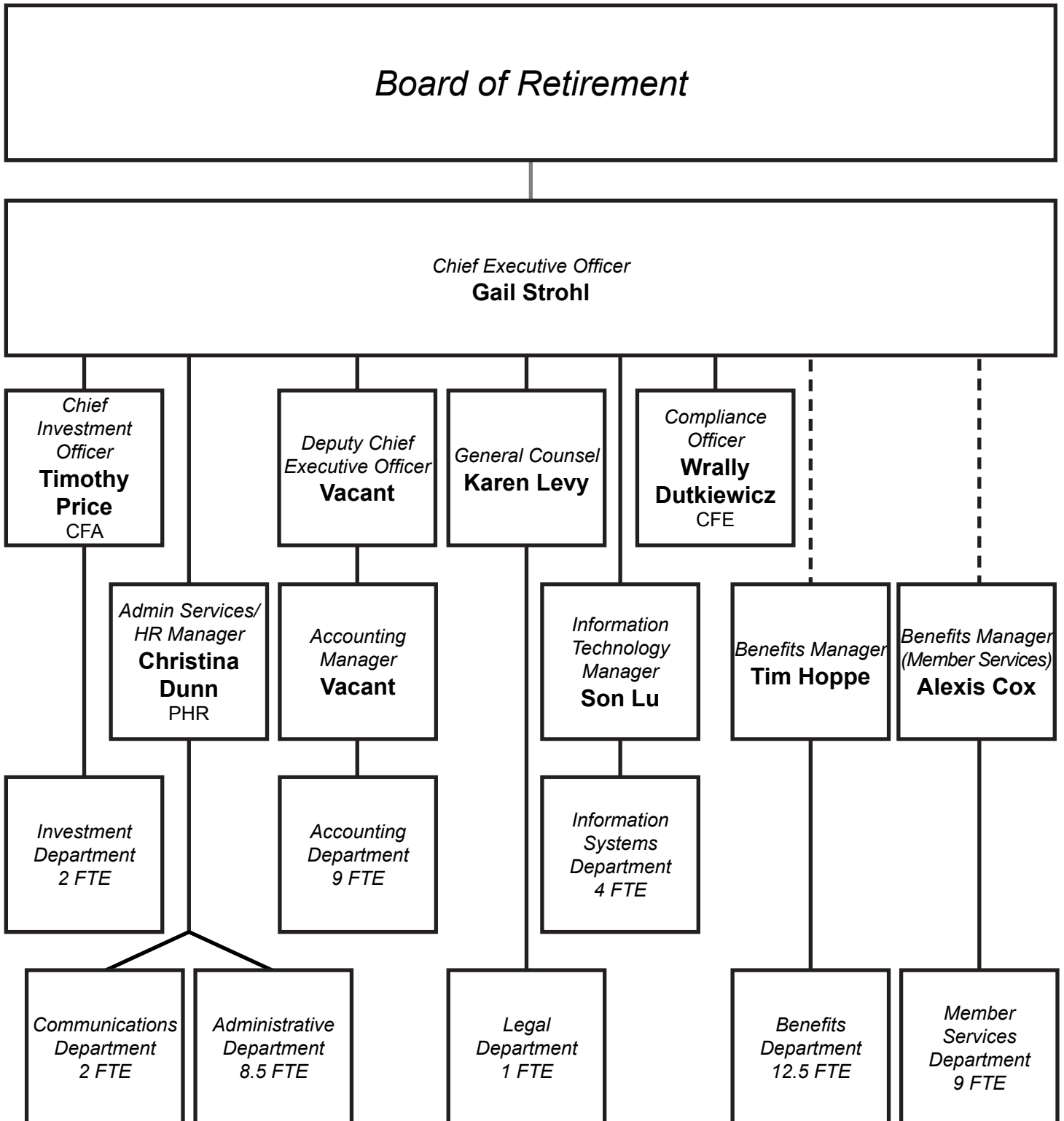
- On May 12, 2014, the Contra Costa County Superior Court entered a Judgment in the AB 197 litigation and a Writ directing CCCERA to proceed to comply with AB 197, except in one instance (the estoppel class). The case was appealed, but CCCERA is required to comply with the Superior Court's order. CCCERA is represented in the litigation by attorney Harvey Leiderman of Reed Smith. General Counsel worked with Mr. Leiderman and his team on appellate court filings and updates to the Board.
- Continued in the analysis and interpretation of the California Public Employees' Pension Reform Act of 2013 (PEPRA), Assembly Bill (AB) 340, passed by the California Legislature on August 31, 2012, and signed by the Governor on September 12, 2012. (Government Code ("GC") Sections 7522.02-7522.74.) In particular, at the request of the Board, General Counsel advised on options going forward with regards to CCCERA's inclusion of base pay and exclusion of items of compensation beyond base pay for PEPRA members. This was presented to the Board at a duly noticed public meeting.
- At the request of the Board, staff began analyzing past retiree pensions to isolate spiking cases and determine whether the benefit should be reduced going forward. General Counsel worked with staff and outside counsel to frame the parameters and criteria to be investigated, and assisted with reports and recommendations to the Board as well as communication to affected members in order to ensure the proper legal standards are clearly and accurately stated and applied to the facts in each case, as well as to ensure due process is afforded to the affected members.
- At the request of the Board, staff researched overpayment of benefits and contributions due to the County's reporting of "call back pay" as pensionable. Counsel worked with staff, tax and fiduciary counsel to fashion a correction procedure. At the same time, counsel prepared related error correction policies for the Board's consideration.
- Continued to advise staff on a variety of legal questions as needed, including responses relating to subpoenas, qualified domestic relations orders, guardianship, conservatorship, trust and probate matters, and power of attorney.
- Provided legal training and orientation to new retirement board members, new retirement board officers, and new staff. Legal topics included: Brown Act (open meetings law), Public Records Act, confidentiality, CERL provisions and specific legal topic pertaining to each position.
- Drafted correspondence and conducted contract review, contact revisions and negotiations as needed.
- Managed temporary paralegal in creating an inventory of all CCCERA contracts.
- Responded to records and information requests, trained senior staff and assisted in legal aspects of responding to public records requests.
- Updated trustees and staff on legal developments of interest to CCCERA.
- Continued to attend Board meetings, including closed sessions. Attended audit committee meeting and guided the committee in the analysis and revisions of a committee charter, which was ultimately adopted by the full Board.

- Provided legal counsel to the Board and management staff regarding new situations arising out of active deaths, a disability arising out of the member's drug use, and legally separated spouses seeking to receive a spousal continuance after the member's death.
- Reviewed and provided legal insight and revisions to benefits statements and new website. Drafted legal disclaimers to be included with these materials once published.
- Continued to provide legal advice to management regarding issues arising out of the implementation of the error correction policies (overpayment or underpayment of benefits or contributions).
- Continued to provide legal advice to management regarding issues arising out of the implementation of the compensation enhancement review of ongoing retirements.
- Participated in interviews of candidates for management positions.
- Attended educational conferences and roundtable discussions on public pension legal issues at the state and '37 Act level (CALAPRS, SACRS and NAPPA).
- Continued to attend management meetings and provide updates on legal matters while exercising caution not to disclose any highly confidential items.
- Continued to report to the CEO all ongoing legal matters, projects and items.

MEMBER SERVICES

- Completed all of monthly auditor payroll, imports, subledger updates and refunds deadlines per policy.
- Hired and trained the Member Services Technician and Member Services Manager.
- Provided additional training and education to Member Services staff.
- Progressed migration from Subledger to CPAS.
- Created Multiview departmental logs to assist CCCERA staff with questions and updates from member inquiries.
- Completed desk manuals for each Member Services staff position.

Organization Chart *(As of December 16, 2015)*



2016 Division Goals

ACCOUNTING

- Complete 2015 annual audit by Brown Armstrong CPAs with no reportable conditions.
- Revise period closing process for increased efficiency and effectiveness.
- Implement budget and fixed asset modules in the Multiview system.
- Revise cash management system to better support accounting and investing activities.
- Work with custodian to streamline cash movement process and fully optimize safeguards.

ADMINISTRATION

- Streamline administrative process for staff and board travel.
- Image all retiree files.
- Research records retention options for records maintenance.

BENEFITS

- Customer Service:
 - Deliver excellent customer service with the highest level of professionalism, courtesy and empathy.
- Staff Development and Coverage:
 - Ensure each staff member has completed, at a minimum, the intermediate CALAPRS class by December 31, 2016.

- Identify single resource processes and cross-train (increase bench strength/coverage/knowledge transfer).
 - » DRO cross-training (actives and retired)
 - » Garnishment/Levy cross-training
 - » Payroll cross-training
- Develop subject matter experts in key areas that can mentor and be resource to others.
- Deliver staff education/information/training sessions on key topics (DROs, garnishments, deaths, etc.).
- Benefit Delivery:
 - Provide accurate, timely and professional delivery of member benefits/services/requests 100% of the time.
- Policies and Controls:
 - Develop and implement additional tracking reports to measure efficiency and effectiveness.
 - Develop annual department calendar with key deliverables, projects and training.
- Team/Department:
 - Maximize team/department effectiveness and efficiency, and promote a culture of high performance, quality and accountability.
- Process/Quality Improvements:
 - Communicate to staff and implement five core processes/procedures.
 - Document and/or validate three to five additional key processes/procedures.
 - Develop and implement a communications standard and review process.

- Develop and implement escalation process with analysis and recommendation.
- Enhance relationships with other departments (workflow, communications and function understanding).
- Retirement of sub-ledger through CPAS data validation and utilization of existing functionality.

COMMUNICATIONS

- Create social media presence.
- Create retirement videos.
- Create and implement a branding campaign for CCCERA.
- Create Facts at a Glance.

COMPLIANCE

- Projects:
 - Pension Administration Review — Sub-Ledger vs. CPAS data validation
 - Employer Contribution Import Reconciliation Process
 - County and District Employer Retirement Administration Guide Handbook
- Procedures:
 - Accounting Department Process Review & Procedural Update
 - Member Services Procedures Update

- Investment Department Procedures and Supervisory Structure
- Employer Audits:
 - Health Services Audit

HUMAN RESOURCES

- Implement Safety Program and Safety Committee.
- Coordinate and streamline recruitment retirement process.
- Negotiate MOU with effective date of January 1, 2017.
- Create HR procedure manual for benefits, payroll and personnel transactions.
- Create imaged database of personnel files.

INFORMATION TECHNOLOGY

- Identify end-to-end disaster recovery solutions with server virtualization.
- Improve computer and network security.
- Identify and replace aging network infrastructure core components to help improve flow and speed of data over networks.
- Deploy network analyzer/network monitor to troubleshoot network problems and applications on the network.
- Streamline backup system with integrated software, appliance for storage efficiency and fast restores.
- Continue education and certification for IT staff.
- Implement help desk service to all users.

INVESTMENT

- Implement the newly adopted asset mix, finalize the redraft investment policy statement and begin implementation of new asset positioning.
- Establish new goals and reporting standards to highlight the effectiveness of the new asset allocation process at pursuing its various goals.
- Reorganize investment team along the functional goals of newly adopted asset mix and identify areas where we need additional resources, whether at a staff, consultant or asset manager level.

LEGAL

- Under the direction of the CCCERA Chief Executive Officer, General Counsel will continue the legal oversight of CCCERA, including:
 - Research, analysis and solution development for a variety of legal issues encountered during agency operation.
 - Liaison with specialized outside counsel and coordinate activities with other county agencies.
 - Assess CCCERA's needs to expand the legal department by hiring a second in-house attorney to the already approved and established position of Assistant General Counsel as well as a possible paralegal position.
 - Continue to provide legal advice and guidance to CCCERA as an independent public agency and the direct employer for all CCCERA staff, in consultation with labor and employment law legal counsel.

- Support the Board of Retirement and senior level staff on both day-to-day- and emerging issues specific to retirement, while keeping abreast of state, federal, and other applicable developments.
- Attend Board of Retirement meetings and ensure compliance with Ralph M. Brown Act, Govt. Code section 54950 et seq.
- Attend Board of Retirement Audit Committee meetings and ensure compliance with Ralph M. Brown Act, Govt. Code section 54950 et seq.
- Draft and review all contracts, in accordance with Board policy.
- Provide legal advice pertaining to public information requests under the California Public Records Act, Govt. Code section 6250 et seq., County Employees Retirement Law of 1937 ("CERL"), Govt. Code section 31532 governing the confidentiality of CCCERA member records, and other applicable law.
- Advise regarding staff handling of marriage dissolution proceedings and domestic relations orders involving CCCERA members to ensure divisions of benefits in accordance with the CERL.
- Advise regarding staff handling of guardianship, conservatorship and power of attorney issues.
- Handle and respond to subpoenas requesting records and deposition testimony and represent staff at depositions.

- Analyze, compile and update CCCERA's retirement plan documents, including the CERL provisions applicable to CCCERA, Contra Costa County resolutions and ordinances, Board of Retirement resolutions, and any other applicable legal instruments governing CCCERA.
- Work with outside tax counsel to analyze Internal Revenue Code provisions applicable to CCCERA and keep abreast of issues relating to the public retirement systems and the Internal Revenue Service, including letters of determination, voluntary compliance programs, and related CERL legislation. Assist in reviewing implementation of Internal Revenue Code provisions.
- Recommend, draft, revise and assist in implementation of new or current Board policies, as directed by the Board and/or CEO.
- Conduct orientation and education sessions on legal matters for new staff members and trustees, including subjects such as Brown Act, Public Records Act, CERL, PEPR, Political Reform Act and Fair Political Practices Commission regulations and records retention.

MEMBER SERVICES

- Assure Member Services is meeting and completing every monthly deadline per policy, responding to every member, internal or external, expeditiously, thoroughly and professionally.
- Review every process and implement any necessary changes to ensure consistency, continuity, and quality.
- Implement new monthly internal controls to enhance quality, dependability, and accuracy.
- Create a Member Services mission statement.
- Update current forms, organize into categories on CCCERA website, create online tutorials, and provide training to County and district employees who assist members in filling out CCCERA forms.
- Implement CPAS and sunset Subledger.
- Provide trainings to all of Member Services staff.
- Lead team building opportunities to foster stronger working relationships.

2016 Proposed Total Budget *1/01/2016 to 12/31/2016*

	2016 Budget	2015 Budget	\$ Better/(Worse) than PY Budget	% Better/(Worse) than PY Budget
Salaries and Benefits				
Administrative Budget				
Salaries	\$ 4,115,953	\$ 3,916,576	\$ (199,377)	(5.1%)
Benefits	2,627,731	2,696,812	(69,081)	(2.6%)
Total Administrative Budget	6,743,684	6,613,388	(130,296)	(2.0%)
Non-Administrative Budget				
Salaries	881,269	752,469	(128,800)	(17.1%)
Benefits	495,838	431,090	(64,748)	(15.0%)
Total Non-Administrative Budget	1,377,107	1,183,559	(405,290)	(34.2%)
Total Salaries and Benefits	8,120,791	7,796,947	(323,844)	(4.2%)
Operation Expenditures				
Benefit statement	75,000	75,000	-	-
Board/staff memberships	12,700	5,755	(6,945)	(120.7%)
Board Education				
Registrations	26,500	35,000	8,500	24.3%
Hotel	38,000	55,000	17,000	30.9%
Travel-airfare, mileage	45,000	56,000	11,000	19.6%
Meals, tips, phones, tolls	22,500	27,000	4,500	16.7%
Total Board Education	132,000	173,000	(41,000)	(23.7%)
Books and periodicals	4,400	5,850	1,450	24.8%
DOIT	15,000	57,000	42,000	73.7%
Equipment contract leases	32,000	55,240	23,240	42.1%
Equipment/furniture purchases	29,000	34,080	5,080	14.9%
Maintenance service contracts	18,000	20,000	2,000	10.0%

Contra Costa County Employees' Retirement Association
 2016 Proposed Total Budget 1/01/2016 to 12/31/2016 (Continued)

	2016 Budget	2015 Budget	\$ Better/(Worse) than PY Budget	% Better/(Worse) than PY Budget
Office Expenditures				
CPAS Maintenance Support	\$ 55,000	\$ 70,000	\$ 15,000	21.4%
Imaging	-	12,100	12,100	100.0%
Postage	86,700	73,120	(13,580)	(18.6%)
IT Licensing	-	16,690	16,690	100.0%
Service and Software Contracts	367,000	422,440	55,440	13.1%
Computer Consulting	255,600	138,000	(117,600)	(85.2%)
Recruitment	4,000	1,380	(2,620)	(189.9%)
Supplies	56,500	64,880	8,380	12.9%
Total Office Expenditures	824,800	798,610	(26,190)	(3.3%)
Office rent payments	400,000	400,000	-	-
Professional Services				
External Auditor	75,000	60,000	(15,000)	(25.0%)
Attorney-disabilities	120,000	130,000	10,000	7.7%
Board election	50,700	-	(50,700)	-
Medical advisor-disabilities	90,000	90,000	-	-
Consultants-non investment	135,000	145,000	10,000	6.9%
Hearings/doctors-disabilities	37,500	33,000	(4,500)	(13.6%)
Retiree death checks	1,500	1,400	(100)	(7.1%)
Investment Counsel	75,000	90,000	15,000	16.7%
Total Professional Services	584,700	549,400	(35,300)	(6.4%)
Property/liability insurance	47,316	25,000	(22,316)	(89.3%)

Contra Costa County Employees' Retirement Association
 2016 Proposed Total Budget 1/01/2016 to 12/31/2016 (Concluded)

	2016 Budget	2015 Budget	\$ Better/(Worse) than PY Budget	% Better/(Worse) than PY Budget
Staff Education				
Registrations	\$ 53,000	\$ 34,253	\$ (18,747)	(54.7%)
Training	62,000	67,000	5,000	7.5%
Hotel	59,950	31,200	(28,750)	(92.1%)
Travel-airfare, mileage	58,100	37,730	(20,370)	(54.0%)
Meals, tips, phones, tolls	15,900	14,800	(1,100)	(7.4%)
Tuition/Books reimbursement	10,100	4,500	(5,600)	(124.4%)
Total Staff Education	259,050	189,483	(69,567)	(36.7%)
Telephone Services	61,818	49,800	(12,018)	(24.1%)
Trustee Fiduciary insurance	145,000	145,000	-	-
Website hosting	6,950	420	(6,530)	(1,554.8%)
Written communication	116,500	101,300	(15,200)	(15.0%)
Total Operation Expenditures	2,764,234	2,684,938	(79,296)	(3.0%)
Depreciation	272,947	243,982	(28,965)	(11.9%)
Total Proposed Budget	\$11,157,972	\$10,725,867	\$ (432,105)	(4.0%)

2016 Proposed Administrative Budget 1/01/2016 to 12/31/2016

	2016 Budget	2015 Budget	\$ Better/(Worse) than PY Budget	% Better/(Worse) than PY Budget
Salaries and Benefits				
Retirement Board				
Meetings-compensation	\$ 22,500	\$ 25,000	\$ 2,500	10.0%
FICA/ related	2,834	4,200	1,366	32.5%
Total Retirement Board	25,334	29,200	3,866	13.2%
Executive/Support staff				
Permanent employees salary	525,505	422,531	(102,974)	(24.4%)
Temporary Salary	72,000	-	(72,000)	-
Benefits	294,234	228,266	(65,968)	(28.9%)
Total Executive/Support staff	891,739	650,797	(240,942)	(37.0%)
Accounting Division				
Permanent employees salary	634,596	727,292	92,696	12.7%
Temporary Salary	101,760	14,000	(87,760)	(626.9%)
Benefits	397,545	502,005	104,460	20.8%
Total Accounting Division	1,133,901	1,243,297	109,396	8.8%
Administration Division				
Permanent employees salary	653,333	753,331	99,998	13.3%
Temporary salary	70,000	72,000	2,000	2.8%
Benefits	449,579	549,748	100,169	18.2%
Total Administration*	1,172,912	1,375,079	202,167	14.7%
IT Division				
Permanent employees salary	442,736	426,206	(16,530)	(3.9%)
Benefits	303,276	284,192	(19,084)	(6.7%)
Total IT Division	746,012	710,398	(35,614)	(5.0%)

* In the 2015 Budget, Benefits and Member Services were combined in the Benefits budget.

**In the 2015 Budget, IT Licensing moved to service and software contracts.

Contra Costa County Employees' Retirement Association

2016 Proposed Administrative Budget 1/01/2016 to 12/31/2016 (Continued)

	2016 Budget	2015 Budget	\$ Better/(Worse) than PY Budget	% Better/(Worse) than PY Budget
Benefits Division*				
Permanent employees salary	\$ 816,606	\$ 1,446,216	\$ 629,610	43.5%
Temporary salary	12,000	30,000	18,000	60.0%
Benefits	559,469	996,401	436,932	43.9%
Total Benefits Division	1,388,075	2,472,617	1,084,542	43.9%
Member Services Division				
Permanent employees salary	764,917	-	(764,917)	-
Temporary salary	-	-	-	-
Benefits	457,726	-	(457,726)	-
Total Member Services Division	1,222,643	-	(1,222,643)	-
Staff retired-medical,dental	163,068	132,000	(31,068)	(23.5%)
Total Salaries and Benefits	6,743,684	6,613,388	(130,296)	(2.0%)
Operation Expenditures				
Benefit statement	75,000	75,000	-	-
Board/staff memberships	7,200	3,400	(3,800)	(111.8%)
Board Education				
Registrations	23,000	30,000	7,000	23.3%
Hotel	18,000	25,000	7,000	28.0%
Travel-airfare, mileage	17,000	20,000	3,000	15.0%
Meals, tips, phones, tolls	10,500	12,000	1,500	12.5%
Total Board Education	68,500	87,000	18,500	21.3%

2016 Proposed Administrative Budget 1/01/2016 to 12/31/2016 (Continued)

	2016 Budget	2015 Budget	\$ Better/(Worse) than PY Budget	% Better/(Worse) than PY Budget
Books and periodicals	\$ 2,200	\$ 1,650	\$ (550)	(33.3%)
DOIT	15,000	57,000	42,000	73.7%
Equipment contract leases	32,000	55,240	23,240	42.1%
Equipment/furniture purchases	28,000	33,080	5,080	15.4%
Maintenance service contracts	18,000	20,000	2,000	10.0%
Office Expenditures				
CPAS Maintenance Support	55,000	70,000	15,000	21.4%
Imaging	-	12,100	12,100	100.0%
Postage	86,700	73,000	(13,700)	(18.8%)
IT Licensing**	-	16,690	16,690	100.0%
Service and Software Contracts	210,000	200,920	(9,080)	(4.5%)
Computer Consulting	145,000	123,000	(22,000)	(17.9%)
Recruitment	2,500	1,300	(1,200)	(92.3%)
Supplies	54,000	59,050	5,050	8.6%
Total Office Expenditures	553,200	556,060	2,860	0.5%
Office rent payments	400,000	400,000	-	-
Professional Services				
External Auditor	75,000	60,000	(15,000)	(25.0%)
Attorney-disabilities	120,000	130,000	10,000	7.7%
Board election	50,700	-	(50,700)	-
Medical advisor-disabilities	90,000	90,000	-	-
Consultants-non investment	135,000	145,000	10,000	6.9%
Hearings/doctors-disabilities	37,500	33,000	(4,500)	(13.6%)
Retiree death checks	1,500	1,400	(100)	(7.1%)
Total Professional Services	509,700	459,400	(50,300)	(10.9%)

Contra Costa County Employees' Retirement Association

2016 Proposed Administrative Budget 1/01/2016 to 12/31/2016 (Concluded)

	2016 Budget	2015 Budget	\$ Better/(Worse) than PY Budget	% Better/(Worse) than PY Budget
Property/liability insurance	\$ 47,316	\$ 25,000	\$ (22,316)	(89.3%)
Staff Education				
Registrations	42,000	31,113	(10,887)	(35.0%)
Training	62,000	67,000	5,000	7.5%
Hotel	19,950	19,100	(850)	(4.5%)
Travel-airfare, mileage	23,100	24,330	1,230	5.1%
Meals, tips, phones, tolls	5,900	9,300	3,400	36.6%
Tuition/Books reimbursement	5,600	2,250	(3,350)	(148.9%)
Total Staff Education	158,550	153,093	(5,457)	(3.6%)
Telephone Services	61,818	48,000	(13,818)	(28.8%)
Trustee Fiduciary insurance	145,000	145,000	-	-
Website hosting	6,950	420	(6,530)	(1,554.8%)
Written communication	116,500	101,300	(15,200)	(15.0%)
Total Operation Expenditures	2,244,934	2,220,643	(24,291)	(1.1%)
Depreciation	272,947	243,982	(28,965)	(11.9%)
Total Proposed Admin Budget	\$9,261,565	\$9,078,013	\$(183,552)	(2.0%)

2016 Proposed Non-Administrative Budget 1/01/2016 to 12/31/2016

	2016 Budget	2015 Budget	\$ Better/(Worse) than PY Budget	% Better/(Worse) than PY Budget
Salaries and Benefits*				
Investments Division				
Permanent employees salary	\$ 577,985	\$ 482,892	\$ (95,093)	(19.7%)
Temporary Salary	-	10,500	(10,500)	(100.0%)
Benefits	336,447	284,877	(284,877)	(100.0%)
Total Investments Division	914,432	778,269	(136,163)	(17.5%)
Legal Division				
Permanent employees salary	283,284	259,077	(24,207)	(9.3%)
Temporary Salary	20,000	-	(10,500)	-
Benefits	159,391	146,213	(13,178)	(9.0%)
Total Legal Division	462,675	405,290	(57,385)	(14.2%)
Total Salaries and Benefits*	1,377,107	1,183,559	(193,548)	(16.4%)
Operation Expenditures				
Board/staff memberships	5,500	2,355	(3,145)	(133.5%)
Board and Staff Education				
Board Education				
Registrations	3,500	5,000	1,500	30.0%
Hotel	20,000	30,000	10,000	33.3%
Travel-airfare, mileage	28,000	36,000	8,000	22.2%
Meals, tips, phones, tolls	12,000	15,000	3,000	20.0%
Total Board Education	63,500	86,000	22,500	26.2%
Staff Education				
Registrations	11,000	3,140	(7,860)	(250.3%)
Hotel	40,000	12,100	(27,900)	(230.6%)
Travel-airfare, mileage	35,000	13,400	(21,600)	(161.2%)
Meals, tips, phones, tolls	10,000	5,500	(4,500)	(81.8%)
Tuition/Books reimbursement	4,500	2,250	(2,250)	(100.0%)
Total Staff Education (DR--\$2K 2015)	100,500	36,390	(64,110)	(176.2%)
Total Board and Staff Education*	164,000	122,390	(41,610)	(34.0%)

Contra Costa County Employees' Retirement Association

2016 Proposed Non-Administrative Budget 1/01/2016 to 12/31/2016 (Concluded)

	2016 Budget	2015 Budget	\$ Better/(Worse) than PY Budget	% Better/(Worse) than PY Budget
Books and periodicals	\$ 2,200	\$ 4,200	\$ 2,000	47.6%
Equipment/furniture purchases	1,000	1,000	-	-
Office Expenditures				
Postage	-	120	120	100.0%
Service and Software Contracts (DR-\$47K 2015)	157,000	221,520	64,520	29.1%
Computer Consulting (DR)	110,600	15,000	(95,600)	(637.3%)
Recruitment	1,500	80	(1,420)	(1,775.0%)
Supplies (DR-\$1.7K 2015)	2,500	5,830	3,330	57.1%
Total Office Expenditures	271,600	242,550	(29,050)	(12.0%)
Professional Services				
Investment Counsel	75,000	90,000	15,000	16.7%
Total Professional Services	75,000	90,000	15,000	16.7%
Telephone Services	-	1,800	1,800	100.0%
Total Operation Expenditures	519,300	464,295	(55,005)	(11.8%)
Total Proposed Non-Admin Budget	\$1,896,407	\$1,647,854	\$ (248,553)	(15.1%)

*Items denoted with DR are Disaster Recovery expenses.

Proposed Staffing Additions for 2016

BUSINESS ANALYST POSITION

The Business Analyst position will provide analytical support to the Compliance Officer. This position will contribute to the management and maintenance of CCCERA's internal control environment and compliance program. Key support activities will include workflow and data analysis to support procedure development and business process design; compilation of operational metrics in connection with change management and impact analysis; and will provide documentation support to the risk assessments performed by the Compliance Officer. The Business Analyst will also perform analytical tasks as directed by the Compliance Officer in connection with internal control reviews, employer reviews and audits, and special projects. Considering an estimated hire in April, the 2016 fiscal impact for salary and benefits is \$100,725. Full year impact is \$134,300.

EXECUTIVE ASSISTANT POSITION

The Executive Assistant position will provide confidential, administrative support to the CCCERA Board and executives. This position will assist with preparing the Board agenda as well as preparing represented and unrepresented employee Board materials. In addition, this position will be responsible for the effective maintenance of governance documents. Considering an estimated hire in March, the 2016 fiscal impact for salary and benefits is \$93,362. Full year impact is \$112,034.

INVESTMENT OFFICER POSITION

Hire an Investment Officer to support the Investment area. The investment team will be divided along functional lines. Due to the recent adoption of a new asset allocation, growth will make up 50-70% of the overall fund. This position will be a necessary part of the growth team. Considering an estimated hire in June, the 2016 fiscal impact for salary and benefits is \$109,863. Full year impact is \$188,337.

2016 Proposed Capital Budget *1/01/2016 to 12/31/2016*

	Original Cost	2016 Depreciation
2016 Capital Purchases		
Hardware (DR \$140K)	\$ 190,200	\$ 61,039
Prior Years' Capital Purchases		
Furniture and Equipment	257,710	26,907
Software	1,878,033	168,379
Hardware	49,867	16,622
Total Proposed Capital Budget	\$ 2,375,810	\$ 2,272,947



Executive Staff
Richard Stensrud
Chief Executive Officer
Vacant
Chief Investment Officer
Robert L. Gaumer
General Counsel
Kathryn T. Regalia
Chief Operations Officer
John W. Gobel, Sr.
Chief Benefits Officer

TO: SACRS Member Systems
FROM: Richard Stensrud
Chair
SACRS Legislative Committee

Meeting Date
12/16/15
Agenda Item
#5

DATE: December 4, 2015

SUBJECT: Information Regarding Operating Authority Legislative Proposal

As you know, one of the proposals being presented for consideration as SACRS-sponsored legislation would amend the 1937 Act to allow the Board of Retirement of a SACRS system to change from the legacy operating authority model in the 1937 Act to one of the alternative operating authority models set forth in the 1937 Act. The discussion that follows is intended to provide SACRS members with information to assist you in determining whether your system wishes to support the proposal as SACRS-sponsored legislation.

In this regard, it is not only important that SACRS member systems understand what the proposed legislation will and will not do, but that member systems understand what they are being asked to do and what they are not being asked to do with respect to the legislative proposal.

Specifically, the individual SACRS member systems are not being asked if they want to change their current operating authority structure. Nor are the individual member systems being asked if changing their operating authority structure would be a good thing for them. Rather, the member systems are only being asked if they would support legislation that would allow a change in operating authority to be available to those systems that would like to consider it.

Such a choice would turn on whether a system determined that a change in their operating authority structure was imperative for them to properly execute their fiduciary responsibilities. It has been the long-standing tradition and practice within the SACRS community that systems not seek to substitute or impose their judgment in administrative or fiduciary matters on other systems. This can be seen in the common feature of allowing SACRS systems to 'opt-in' to legislative changes rather than to mandate such changes. As discussed more fully below, the legislative proposal regarding operating authority will

be structured in this way. Accordingly, the SACRS Legislative Committee respectfully requests that member systems honor this practice by supporting the proposal in that it will provide individual systems with the ability to make operating authority changes if the system determines such changes are reasonable and necessary to carrying out the system's fiduciary duties.

What Does Operating Authority Mean?

The term 'operating authority' encompasses the wide array of decisions that must be made in administering 1937 Act retirement systems. For current purposes, the key decisions include: (1) The appropriate staffing levels and staffing structure for the retirement system; (2) The appropriate job descriptions and duties for the necessary staff; and (3) The terms and conditions of employment of necessary staff, including appropriate levels and forms of compensation.

The 'default' operating authority structure for 1937 Act systems is established via various provisions in the 1937 Act, many of which literally date from 1937. At that time, and for a number of years after, the retirement systems were smaller (both with respect to the number of members and the assets under management); the benefit plans and operating rules were simpler; and the financial markets were not as complex, sophisticated and global in nature. When our systems were smaller, simpler operations within the County Treasurer and Tax Collector's office, it made sense to have decisions such as those noted above rest, in the end, with the Board of Supervisors, often implemented through salary resolutions and/or job classifications established under the County Civil Service structure.

Today, a 1937 Act retirement system is a very different entity. We have evolved and grown into autonomous organizations, serving thousands of members, managing billions of dollars in assets, and operating a highly specialized business that is unique relative to the rest of county government. In recognition of this, and the importance of the mission served by public retirement systems, in 1992 the voters approved an amendment to the California Constitution (Article XVI, Section 17), which placed both the fiduciary responsibility and the plenary authority for the administration of the retirement system on the governing Retirement Board.

Unfortunately, however, the legacy operating authority structure under the 1937 Act has largely failed to keep up with these developments, and as a result, beginning in 2003, 1937 Act systems began efforts to gain a more modernized operating authority structure.

How Has Operating Authority Evolved Under the 1937 Act?

The first system to establish a different operating authority structure within the 1937 Act was the Orange County Employees' Retirement System (OCERS).^{*} Under the OCERS operating authority model, the management personnel of OCERS are deemed to be employees of OCERS, and the OCERS Board establishes the positions and terms of employment for those positions.

In 2004, the San Bernardino County Employees' Retirement Association (SBCERA) obtained legislative approval to operate under the same operating authority model. Then, in 2006, SBCERA gained legislative approval of a new operating authority model, which expanded the category of SBCERA employees to those positions deemed to require specialized retirement system knowledge or expertise, the practical effect of which was to allow virtually all SBCERA personnel to be SBCERA employees.

Between 2006 and 2012 efforts were initiated by other 1937 Act systems to follow a similar track as OCERS and SBCERA, but for various political reasons, those efforts were not successful.

Then, in 2012, the Contra Costa County Employees' Retirement Association (CCCERA) entered into litigation with Contra Costa County regarding the scope of CCCERA's operating authority. As part of the settlement of that litigation, legislation was approved that designated CCCERA as the employer of all personnel at CCCERA.

This was followed in 2015 by legislation giving the Ventura County Employees' Retirement Association (VCERA) operating authority over a set of identified executive management positions.

In sum, under the 1937 Act, there are four models that re-allocate operating authority relative to the legacy 1937 Act structure, with the scope of that re-allocation increasing as follows: (1) The VCERA model; (2) The OCERS model; (3) The SBCERA model; and (4) The CCCERA model.

*The Los Angeles County Employees' Retirement Association (LACERA) has had an operating authority agreement with Los Angeles County for many years, under which the county recognizes the authority of the LACERA Board over the administration of the retirement system and further agrees to take any ministerial action necessary to implement the decisions made by the LACERA Board. As a result of this agreement, LACERA has not needed to pursue a change in operating authority under the 1937 Act.

What Would the Proposed Legislation Do?

As reflected by the discussion above, the efforts to-date to obtain modernized operating authority have been made on a system-by-system basis. Those efforts were largely driven by the recognition by those systems that they had reached a 'tipping point,' where their size and the scope of their responsibilities required that operational decisions needed to be addressed in a different manner.

This perspective gained more wide spread acceptance with the passage of PEPRA. The drafters of PEPRA recognized that the new duties imposed on 1937 Act systems by PEPRA increased the potential conflicts of interest between the systems and the dominant participating employer, the county. The drafters further recognized that the legacy operating authority model could be used to compromise the ability of a 1937 Act system to carry out its responsibilities. For that reason, earlier drafts of PEPRA

authorized 1937 Act system Retirement Boards to shift to a different operating authority model. This change did not ultimately make it into the final version of PEPRA, but it continues to be viewed as a sensible change.

The proposal being considered as SACRS-sponsored legislation seeks to capitalize on the growing realization that change in operating authority is necessary, widely desired across the 1937 Act systems, and will produce beneficial results for all the stakeholders of these systems.

Specifically, the proposal under consideration would take the existing menu of operating authority options in the 1937 Act and allow the individual system Retirement Boards to decide if they want to shift from their current operating authority model to one of those other operating authority models. This decision would be at the discretion of each Retirement Board, with no approval or concurrence by the county required. At the same time, the Retirement Board is not required to change its operating authority model, and the Retirement Board is also free to coordinate/collaborate with the county in any such decision as it sees fit.

Central to the concept is flexibility rather than imposing a 'one size fits all' solution, and having the right fit determined by each system. If systems are happy where they are, they can stay there. If systems want to change, there are options for how far they go, again contingent on what works best for their circumstances.

Another element of the concept is that it is not a 'one and done' decision. A system can choose to start at the smaller end of the operating authority spectrum and then expand that authority if and when they believe it makes sense. This approach essentially allows a system to 'test and verify' that a change in operating authority works, and to be able to illustrate that as support for any subsequent increase in operating authority.

What the Proposed Legislation Will Not Do:

When our systems began to move out of the Treasurer/Tax Collectors' office and become more autonomous, many people predicted that it would be disastrous. That did not happen then and, as evidenced by the experience in those systems that have already changed their operating authority model, will not happen now.

- The governance of the systems will remain the same, with all the stakeholders having the same degree of representation and oversight as they have now. If a Retirement Board acts irresponsibly, the stakeholders can change its members.
- Transparency and accountability will not change. The 1937 Act cap on administrative expenses will still operate. Meetings and records will still be public. Budgets will be public. Salaries will be public.
- Retirement Board members will continue to be liable as fiduciaries.

- The legislation will be drafted to ensure that employees of the system will continue to be able to participate in the benefit plans (including the retirement system) offered by the county to county employees.
- The legislation will clearly note that nothing changes for those systems that have already obtained alternative operating authority. Those systems will not be required to take any new or additional action unless they wish to move to a different operating authority model.

Can Systems Review the Proposed Language?

Specific language has not yet been crafted for the proposal. Before anything is put in writing the Legislative Committee wants to consult with the key players in the Capitol and gauge where they stand with respect to the overall concept and then adapt/adjust the proposal as necessary. The Legislative Committee prefers to do this via discussion of basic concepts rather than specific language, because, once specific language is presented, people tend to get locked in on the minutia. In addition, before turning to discussion of specifics, the Legislative Committee wants to frame the issues properly and have a strategy established for winning support and rebutting opposition.

The Legislative Committee understands that many people like to see specific legislative language before they vote to support something. That is nice when it is feasible, but the reality is that once a legislative proposal is launched, there is no assurance that it will remain unchanged. Sometimes it needs to be modified to accommodate concerns or gain support, sometimes it is modified over your opposition. Accordingly, at this juncture the Legislative Committee is requesting that member systems consider this legislative proposal as a 'concept' and determine whether they will support it 'in concept.' If and when the proposal moves forward, and it is put into print, member systems will promptly be provided with a copy of the legislation.

As discussed at the SACRS Conference, the Legislative Committee is only requesting a preliminary position from the systems at this time. Formal approval of the proposal as SACRS-sponsored legislation will take place at the May Conference Business Meeting. If, at that point, the member systems do not believe that the legislation is reasonably consistent with the way it has been previously described, the systems can choose to withdraw SACRS sponsorship. If, at any point, the legislation is amended to negatively impact SACRS members, the legislation will be withdrawn.

The Legislative Committee hopes this information is helpful and thanks the member systems for your consideration.

Respectfully,

Richard Stensrud
Chair
SACRS Legislative Committee



Meeting Date

12/16/15

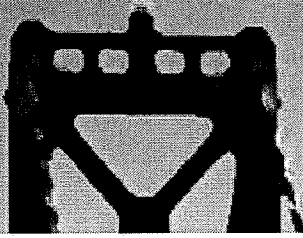
Agenda Item

#6a.

The Pension Bridge Annual

The Four Seasons Hotel, San Francisco.

April 5th & 6th, 2016

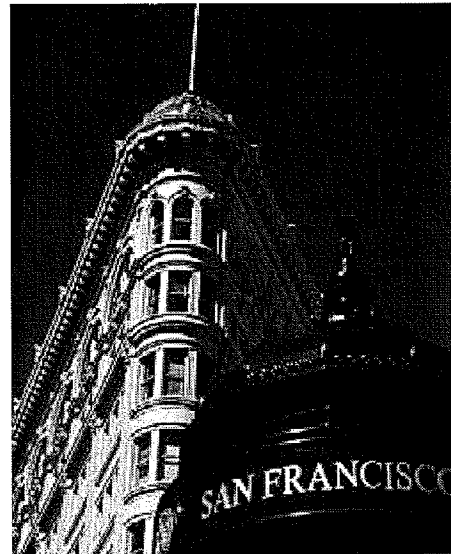


Welcome

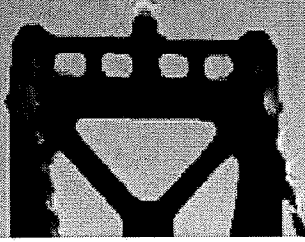
The Pension Bridge Annual Conference provides the highest level of education and networking for the Institutional Investment Community. A mix of Public Funds, Corporate Funds, Foundations, Endowments, Unions, Taft-Hartleys, Consultants and Investment Managers will come together for this exclusive event.

We provide the only controlled attendance structured events in the industry. It results in the best conference ratio. There will be **over 200 Pension Funds/Non-Discretionary Consultants** in attendance and we allow for **only 100 Manager Firms**. This favorable ratio, combined with participation from the most influential industry figures, creates a more enjoyable environment for all.

Learn from the experts about the most important issues, challenges, risks, trends, opportunities and strategies that will shape our industry for today and the future:



- Pension Plan Executive Directors/CEO's Chime in on the Future of our Industry
- CIO's Perspectives on Various Allocations and Macro-Based Decisions
- Code of Conduct for the Consulting Industry – A Principles-Based Approach
- Investment Committee Challenges and Best Practices
- Best Approaches to handle the Upcoming Rise in Interest Rates
- Using Risk Parity to Diversifying Away from the Equity Risk Premium
- A Board's Considerations when Infusing a Risk Culture
- Adoption and Progress of the New Risk Allocation Framework
- Where your Existential Tail Risks come from and how Big could they be?
- Constructing an Unconstrained Fixed Income Portfolio
- How to use Hedge Fund Strategies to Reduce Risk
- Where are the Best Opportunities in the Dislocated Energy Sector?
- How Deflationary Pressures could affect your Commodities Allocation
- How Default Rates will Play Out, Despite Fundamentals being Masked by the Fed
- How Regulatory Changes will Impact Credit Strategies and Market Liquidity
- Maturing CMBS Loans – Opportunity Set for Restructuring and Bridge Financing
- 2016 Private Equity Market Outlook
- Best Practices for Deploying Capital to Emerging Managers
- ESG Developments – Climate Change, Decarbonization and UNPRI Signatories
- What does the Future Hold for the Hedge Fund of Funds Space?
- Finding the Best Non-Correlated Investments to Prevent Portfolio Drawdowns
- Eurozone Opportunity Set
- Effects of Slowing Global Growth and Commodities Sell-Off on Emerging Markets
- Macro Economic View and State of the Markets
- Strategies that will Outperform in the Next Several Years



Welcome

We remain in a high risk, fully valued investment environment and are seeking the best ways to position portfolios in this era of deleveraging. In addition to the listed themes above, we will be covering many more challenging issues that are crucial to the investment decision making process during this uncertain economic time. We will learn from the best about how to adapt in our industry which is always evolving and transforming.

The Pension Bridge Annual has two goals in mind. First is to provide the **highest level of education** with the top speaker faculty. This highly regarded group will bring forth influential insights and concepts. The second goal is to help **build relationships** between the pension plans, consultants and investment managers. We have provided the best possible networking environment for this event. We will cap off the conference with a fun and enjoyable networking outing, necessary for maintaining relationships and connecting with your peers and prospective business contacts.

We look forward to a strong event and a very productive one from both an educational and relationship perspective. We have structured this conference in a manner that will be the most productive and beneficial for you. We look forward to including you amongst your industry peers as we learn about the most up-to-date insights, investment strategies and trends.



Tuesday, April 5th

7:10 AM – Breakfast

Sponsored By:

ClearBridge

Investments

8:10 AM – Opening Remarks

8:15 AM – Keynote Speaker

Risk Parity – Diversifying Away from the Equity Risk Premium

Speaker:

David Villa, CFA, Chief Investment Officer, State of Wisconsin Investment Board

8:45 AM – Macroeconomic View - State of the Markets

- Bull Market Length and Returns
- Fed's Effect on Markets
- High Valuations
- U.S. Deleveraging
- Expected Returns Going Forward
- International Factors – China, Japan and Europe
- Options to Take More Risk Efficiently
- Asset Class Risk and Returns

Speaker:

William J. Coaker Jr., CFA, MBA, Chief Investment Officer, San Francisco Employees' Retirement System, (SFERS)

9:15 AM – Risk Management and Adopting a Risk Culture

- Overview of the Shift from an Asset Allocation-Centered Process to a more Comprehensive Risk Allocation-Based Process
- Understanding Current Asset Class Behavior Risk – Tendency of Interest Rate and Inflation Shocks Driving Equities and Bonds in the Same Direction
- Asset Allocation Strategies – which are the most effective ones for dealing with Future Financial Challenges?
- From Asset Class Decisions to Risk Allocation Decisions – explain the Transformation and how could it be improved
- What are the Key Risk Challenges as it relates to Measuring and Managing Risk in Diverse Portfolios
- What Developments have we seen for Combining Several Risk Premiums as a part of Portfolio Diversification?
- Using Risk as a Communication Tool
- What are the Top Risks Pension Plans should be most wary of?
- Correlation and Drawdown Risk
- Transparency and Liquidity Risk – Basing it on a Cost/Benefit Evaluation
- Upgrading to Daily and Weekly Manager Pricing, Performance and Risk Measurement
- What's the best Approach to Liquidity Risk as it applies to Meeting Future Cash Flow Obligations?

- How does Stress Testing or Scenario Analysis factor into your Process?
- Leverage Risk – what are the Best Approaches to keep these Risks within Acceptable Parameters?
- Do your Hedge Fund Strategies and other Allocations provide a Cushion for the next Market Downturn?
- Monitoring Counterparty Risk being taken by Managers – any new measures?
- How has the Role of Fiduciary Responsibility Changed in this new Era of Risk?
- What should Boards/Organizations Consider when Building a Risk Culture?
- How can Fiduciaries Adapt and Safeguard against today's Challenges?
- How do you go about Educating a Board on Risk?
- What Metrics Aid in the Decision Making Process?
- How does a Plan's Size affect the Approach to Pension Risk Management?

Moderator:

Rob Feckner, President, Board of Administration, California Public Employees' Retirement System, (CalPERS)

Speakers:

Timothy F. McCusker, FSA, CFA, CAIA, Chief Investment Officer, Partner, NEPC, LLC

Kevin Zhu, CFA, CMT, Director, Strategy & Asset Mix, Ontario Teachers' Pension Plan

10:05 AM – Refreshment Break

10:35 AM – Risk Allocation Framework – A New Paradigm

Understanding how knocking down old walls and developing new asset class boundaries through risk allocation can protect your portfolio

- Is Risk Allocation Framework is the same as Asset Allocation?
- The Shifted Focus from Traditional Asset Class Allocations to a Dynamic Analysis of Cross-Asset Class Drivers of Risk and Return
- Problems with the Old Paradigm of Asset Class Based Allocation – Equity Risk Dominated, Proliferation of Classes, Dealing with Hybrid Classes, Liquidity Continuum, etc.
- Are we looking at the End of Asset Class Allocation when finding the Most Useful Way to Break Down particular Investments into Subsets?
- What Irregularities have we seen in Portfolios as Asset Classes are Redrawn and Renamed via Risk Allocation? Are we still too heavy with the “New” Equities Allocation?
- Might we see Duration or Lock-Up Periods being established to Distinguish Between Liquid and Illiquid?
- Hybrid Assets and Hybrid Factor Portfolios?
- More Managers to Develop Blended Vehicles?
- What is the Most Important Change to make when taking Steps towards the New Paradigm of Risk Asset Class Allocation?
- What's the Biggest Challenge that has Prevented Wide-Spread Adoption of Risk Factor-Based Portfolios?
- Changing Landscape of Fixed Income – Should Return Seeking Fixed Income such as Fixed Income Hedge Funds, High Yield/Bank Loans, Emerging Market Debt and other Alternative Approaches be a Separate Bucket from Traditional Risk Reducing Fixed Income?
- What Fixed Income Sub-Allocations make sense to meet Liquidity Needs?
- “Opportunity” or “Diversified Growth” as its own Separate Bucket. Any other terms that you prefer for this Subset? Which Investments belong in it?
- Equity Hedge Funds – have we seen Progress towards Re-Classifying this into the Equity Bucket?
- Where do Global Macro Hedge Funds fit?
- Private Equity – should Buyouts fit into the Equities Bucket because of the Historic Correlation?
- Real Assets – Own Separate Bucket or Classified in Inflation Linked Bucket?
- Strategies that provide a Low Correlation to Traditional Investments that can Provide Outsized Returns during Periods of Market Stress – which ones do you like the most? Should this be its own Bucket?

Moderator:

Kristen Doyle, CFA, Partner, Head of Public Pension Funds, Aon Hewitt Investment Consulting

Speakers:

Vijoy Chattergy, CAIA, Chief Investment Officer, Employees' Retirement System of the State of Hawaii (HIERS)

Girard Miller, CFA, Chief Investment Officer, Orange County Employees Retirement System, (OCERS)

11:05 AM – Simplify, Grow, Protect: Your Route to a Sustainable Pension Plan

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Speaker:

Tamara Burden, FSA, CFA, MAAA, Principal and Managing Director, Milliman Financial Risk Management LLC

11:25 AM – Tail Risk Hedging

- Understanding Tail Risk Frequency, Severity and Impact – are the Markets Vulnerable to a Substantial Decline Today?
- Connected Marketplace – Understanding Risk of the Globalization of Capital Markets
- Why is this a Good Time to Mitigate Equity Tail Risk?
- Is Raising Cash a Proper Tail-Risk Strategy?
- Importance of Understanding where in the Market your Existential Tail Risks come from and how Big they Could Be – Analysis of your Liquidity and Leverage. What Liquidity Considerations should Investors pay attention to?
- Implicit vs Explicit Hedging – what are the Advantages and Disadvantages of each?
- Limits of Diversification and Beta Hedging
- What Types of Strategies and Approaches are used to Hedge?
- Using Information from the Derivatives Markets to assess Stress Points – where we are seeing Tail Risks building?
- Option Overlay Strategy – Cash Flow Generation in Down Markets but can you Maintain Upside Exposure in Rising Markets?
- Does the Growth in the VIX Universe pose a Risk?
- Active Management
- Pension Plans developing a Contingency Plan – What are the Best Practices to Navigate through Stressful Periods?
- Disadvantages – Cost, Implementation, Risks, etc.
- Why is there often Difficulty Implementing a Tail Risk Program within the context of a Committee and how can we overcome this? Any other Implementation Challenges?

11:55 AM – Multi-Asset Strategies

Sponsored By:

JANUS CAPITAL
Institutional

- What are the Common Sub-Asset Classes Included in Multi-Asset Strategies?
- Why is Multi-Asset Investing Attractive to Investors?

- Investor Profile – are these Strategies Favored by Smaller Institutions?
- Do these Strategies Reduce Correlation, Lower Volatility and Limit Downside Risk or Drawdown? If so, by How Much?
- How do Investors utilize Multi-Asset Strategies in their Portfolios?
- Formulating an Asset Allocation Strategy – Customization and Flexibility
- Constructing the Portfolio – Risk Factor Approach
- How important is it to be Dynamic within this Style of Investing?
- How do you Measure Performance and Success?
- What Are the Skills Required to Make a Multi-Asset Strategy Product Successful?
- Do these Strategies Rely Too Heavily on Market Timing?
- Is Transparency often Obscure or Hazy?

Speaker:

Richard Lindsey, Chief Investment Strategist of the Liquid Alternatives Platform, Janus Capital Institutional

12:25 PM – Lunch

1:35 AM – Unconstrained Fixed Income Strategies

- Assessing the Current Environment – Fed and Global Central Bank Policy, Interest Rates, Spreads, U.S. Dollar, Foreign Investment in US Treasuries, Global Fixed Income Landscape and Default Rate Expectations
- Supply and Demand Imbalance in Long-Duration Fixed Income
- What are your Best Ideas for ways to Simplify the Sub-Allocations within the Fixed Income space? Any preferred Allocation Breakdowns or Weightings?
- Portfolio Construction – Need for Increased Disaggregation of Alpha Sources
- Impact of the Non-Linearity of Risk Correlations and Volatility Not being Stable through time – how do these Products Perform during Periods of Dislocation? Is that something you look to Measure?
- From a Risk Factor Approach, what Asset Class replaces Duration as a Deflation Hedge in a Portfolio?
- Modern Risk Management – what Progress have we seen for Developing a Risk Premium Approach?
- Is Smart Beta justifiable in Fixed Income?
- Using Structured Products, Swaps and Derivatives to Create Alpha and Hedge Volatility
- Opportunities in Global and Emerging Market Debt – why is it appealing?
- Emerging Markets Local Fixed Income – what are the Currency Risk Factors?
- Outlook for Corporate Debt
- Bank Loans – Attractive or Not a Good Hedge in Rising Rate Environment?
- Landscape for MBS Market with GSE Reform Considerations
- Risk/Reward for TIPS, Interest Rate and Inflation Swaps, Inflation Bonds and Overlays
- Where do you see the Greatest Risks in the Debt Markets and what might be the Trigger Points that enhance that potential?
- Understanding how to Select Alternative Managers – Multi-Sector, Multi-Region and Multi-Currency Skill Set
- Understanding the Correlation in Recent Years that Unconstrained Funds have had with High Yield, Leveraged Loan and Emerging Market Debt Funds

Speaker:

Allen Huang, CFA, Director of Fixed Income, Indiana Public Retirement System, (INPRS)

2:20 PM – Emerging Markets

- Macro Environment and Recent Developments
- Knowing the Historical Correlation of Commodity Prices and Emerging Markets, should we be Hesitant to Increase Allocations?
- Impact from U.S. Fed – how Large an Impact did it have on Capital Inflows?

- How are the Long-Term Growth Expectations?
- What would be the Effects on Emerging Markets if we see a Recession in Developed Markets?
- Impact from Instability in Eurozone?
- What might be the Impact from a Rise in U.S. Interest Rates? Are particular Sectors or Countries more at Risk?
- What Impact have we seen as a Result of the Strong U.S. Dollar?
- How do Valuations look Relative to Risk?
- Outlook for China – have we seen a Bubble and if so, did it pop? Understanding the Risks
- India to Benefit from its Fast Rate of Urbanization? Still in Need of Substantial Reform?
- Are you Investing in Higher Growth Markets such as Southeast Asia, Africa or Latin America? Which particular Countries? Do you see Higher Risk, Returns and Diversification Factors here?
- Which Markets in Frontier Countries can you Profit from Strong Growth? Lower Correlation to Developed and other Emerging Markets?
- The Case for Emerging Markets Corporate Debt
- What is an Appropriate Long-Term Allocation to Emerging Markets?
- Public vs. Private Emerging Markets – Benefits and Drawbacks of each
- Choosing an Emerging Markets Fund or Manager – should you be Investing by Region, Country or Sector?
- Broad Global Emerging Markets vs. Local Specialists
- Any Allocation Trends?
- Active vs. Passive Debate
- Given the Current Environment, will Emerging Markets Outperform Developed Markets?
- What are Realistic Return Expectations? How might that Differ based on Region?

2:55 PM – Refreshment Break

3:25 PM – Currency Overlay Hedging and Currency Alpha

(A) Currency Market Overview

- Central Bank Intervention, More Volatility, Liquidity Characteristics
- What is the Relationship Between Volatility and Currency Returns?
- Yuan Inclusion in the SDR Basket – what are the Implications?
- Can Currencies be Forecasted via Fundamentals, Cycles and Trends?
- Benefits of Active Management
- Widely Confused Difference Between Currency Hedging and Currency as an Asset Class – how do they Differ in terms of Implementation Approaches?

(B) Currency Overlay Hedging

- Importance of Currency Hedging to Reduce Portfolio Volatility and Risk
- Each Investment Tailored to the Home Currency of the Equities or Fund
- What might have been the Return Differential Between a Portfolio that was Hedged Against a Rising Dollar and one that wasn't?
- When Hedging against a Further Dollar Rise, what are the Risks if Dollar has a Significant Decline?
- Can it be More Beneficial to be Unhedged?
- Given Plan Sponsor Non-U.S. Exposure and the Move the U.S. Dollar has made, is it Time to Consider Implementation of Currency Hedging? Still Attractive to have a Program in place?
- Different Skills Required for Currency Hedging vs. Currency Alpha – should a Different Manager be used for Each Approach or is it Possible to be Skilled in Both?

(C) Currency Alpha

- Goals of a Currency Program
- Benefits of Non-Correlated Returns to Equities, Fixed Income, and Alternative Investments

- How does Investing in Currency Diversify and Reduce Risk? Natural Diversifier for the Duration Risk in Bonds?
- How do you Manage Risk Factors?
- When considering Investing in an Active Currency Strategy, what should you look for in a Manager?

Moderator:

Eileen L. Neill, CFA, Managing Director, Wilshire Consulting

Speaker:

Ian Toner, CFA, Managing Director, Verus

4:00 PM – ESG, (Environmental, Social and Governance)

- What are the Recent Market Developments in ESG for the U.S. and Abroad?
- How do you Approach ESG from a Fiduciary Standpoint and for the Development of your Plan's Investment Beliefs?
- How ESG should be best Incorporated into the Investment Process – Portfolio Integration into all Asset Classes?
- Do we have Proof that ESG Integration Adds Value?
- What are some ESG Misconceptions?
- ESG Fund Performance vs. Traditional Funds
- What type of ESG Research or Data is most helpful and are you using it?
- Climate Change and Investment – what's the Relationship and how do you Integrate Climate Risks into your Process? What are the Alternatives to Divestment?
- What should Pension Funds be asking their Existing Active Managers in terms of whether they are looking at Climate Risk or Opportunity?
- What Progress have we seen with Portfolio Decarbonization?
- For those Invested in an ESG Index, should we consider a Low Carbon Index?
- Will Supply Chain Management be the new Normal? – Looking past the Portfolio Company with a View on its Relationship with Large Enterprise Customers
- Do you believe there will come a time when Plan Sponsors Only Invest with UNPRI Investment Manager Signatories Firms?
- Relevant Benchmarks for ESG Risk Measurement and Assessing ESG Factors
- Do you have Internal Staff or an Outside ESG Consultant for Assistance with Implementation?
- What is the Current State of ESG Data? Will we have a Standardization of this Data?

Speaker:

Brian A. Rice, Portfolio Manager, Corporate Governance, California State Teachers' Retirement System, (CalSTRS)

4:35 PM – Investment Committee Best Practices

- What are the Common Challenges of Institutional Investment Committees?
- Defining the Scope of Authority and Establishing a Functional Delegation Framework
- Challenges of Selecting Investment Committee Members
- Establishing an Optimal Committee Size and Minimizing Turnover
- Identifying Key Member Roles
- Identifying Value-Added Member Attributes and Recruiting Qualified Committee Members
- Maintaining Strategic Continuity – Orientation for New Committee Members
- Periodic Formal Reviews of the Investment Strategy
- Optimizing Decision Making and Execution
- Engage Committee Members to Improve Meeting Preparation, Attendance and Participation – Guest Speakers, Pre-Meeting Conference Calls, Pre-Meeting Summary to Prep Committee Members, Decision Prioritization Framework

Speaker:

Mark Higgins, CFA, Consultant, RVK, Inc.

4:55 PM – Executive Director/CEO Roundtable

(A) Fiscal Health/Sustainability

- How are Demographics Affecting Retirement Systems?
- How do we approach Increases in Longevity and Costs for Healthcare Drugs for Retirees? What are some possible Solutions?
- What are the Key Attributes for a Successful Retirement Plan in the Future? Any Key Reforms for Non-Enrolled Workers?
- What does the Future hold for Raising the Retirement Age, Reducing Benefits and Increasing Employee Contributions?
- Discussing Quantitative Easing and Interest Rate Risk, how has Government Policies Impacted Retirement Funding?
- The Continued Struggle to Retain Top Talent due to Constraints on Compensation and Performance-Based Pay – will it get worse because of Increased Public Scrutiny? Any Solutions?
- Is your Fund adequately Protected for Liquidity and Cash Flow Requirements whether it is for Benefits and/or other Commitments?
- Has your Funded Status altered your Long Term Decisions with regards to Liquid or Illiquid Investments?
- Do you believe Plans in general will be able to Meet or Beat the Assumed Rate of Return over the next 10 Years?
- Do you see the Benefits of a Hybrid DB/DC Plan? What are the Drawbacks?
- Explain the Argument as to why States should not offer a 401(k) DC Plan as a Solution

(B) Governance

- Best Governance Practices to Keep Plans Optimally Invested, Managed, Funded, and in Regulatory Compliance
- Lowering your Costs as a Percentage of Assets Under Management – what are the Best Approaches for Lowering All-In Costs for Managing your Pension Plan?
- Do you think we'll see a Shift towards the Canadian Model with more Assets being Managed In-House to Lower Investment Costs? If so, which kind of Mandates should be Outsourced to External Managers?
- What do you feel is the Most Important Change to make when taking Steps towards the New Paradigm of Risk Asset Class Allocation?
- Requirement for Full Manager Transparency – Upgrading to Daily and Weekly Manager, Strategy and Aggregate Fund Pricing/Performance Measurement and Risk Measurement
- How do you ensure your Board Members receive Continual Education of their Fiduciary Roles, Duties and keep them Updated on Risk Factors?
- Dealing with Legislature – what is your Biggest Concern? Is Trust a Factor?

Moderator:

Gary A. Amelio, Chief Executive Officer, San Bernardino County Employees' Retirement Association

Speakers:

Gregory W. Smith, Executive Director, Colorado Public Employees' Retirement Association

Steve Yoakum, Executive Director, Public School and Education Employee Retirement Systems of Missouri, (PSRS/PEERS)

Brian Guthrie, Executive Director, Teacher Retirement System of Texas

5:45 PM – Cocktail Reception

7:00 PM – Cocktail Reception Concludes

Wednesday, April 6th

7:15 AM – Breakfast

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8:15 AM – A Principles-Based Approach for Alignment of Client Interests

- How do you Build a Trust Relationship between Managers and Fund Sponsors?
- Easing the Burden of Regulation while Reducing Complexity
- Regulators could Focus on Ethical Principles Rather than Writing New Rules
- Focus on Achieving Better Outcomes rather than just “Best Practices”
- CFA Institute Asset Manager Code of Conduct is a Principles Based Approach
- Three Fiduciary Elements: Expertise, Alignment and Accountability
- The Role of a Firm’s Values and a Vision for doing good things

Moderator:

Brian Golob, Global General Counsel & Chief Compliance Officer, Russell Investments

Speakers:

Ronald D. Peyton, Chairman & CEO, Callan Associates, Inc.

Andrew Junkin, CFA, CAIA, President, Wilshire Consulting

8:45 AM – Keynote Speaker – 2016 Private Equity Market Outlook

- Macroeconomic Overview – Economic Growth, Unemployment, Inflation, Sovereign Banks and Public Markets
- Buyouts – Fundraising, Investment Activity and Exits for North America & Europe
- Outlook for Buyouts
- Distressed Debt
- Mezzanine
- Secondaries
- Venture Capital

Speaker:

David Fann, President & Chief Executive Officer, TorreyCove Capital Partners

Interviewed By:

Michael J. Moy, Managing Director, Pension Consulting Alliance Inc., (PCA)

9:15 AM – Hedge Funds

(A) Current and Future State of the Hedge Fund Industry

- How Large is the Industry now? How many Good Hedge Funds are there?
- How much Risk Reduction should you get for 2 and 20?
- Pension Inflows – are they still going to the Largest Hedge Funds or has this Trend from a few years ago Shifted to Small and Mid-Sized Managers?
- What sort of Trends are you seeing for Overall Fees? Do Investors have the ability to Renegotiate?
- How do you assess the Tradeoff between Lower Fees and Longer Lock-ups?

- Returns of Liquid Hedge Fund Strategies Lagging Private Partnership Versions of the Same Approach – why and will this continue?
- What is the Future of the Fund of Funds Space? How is it Changing? Where will Fees be? What will it take to Stay Competitive?
- How do you see Succession Planning playing out? What Tends to Work and what Does Not?
- Importance of Operations Due Diligence. Any recent Developments? How often should Operations be Reviewed?
- Transparency and Risk Aggregation Data – are they Accurate?
- Valuation Procedures and Controls – when should Asset Managers use a Third-Party Valuation Advisor?

(B) Hedge Fund Portfolio Construction, Selection and Strategies

- Considerations for Selecting the right Hedge Fund or Fund of Funds – Due Diligence and Manager Selection. What are the Key Traits you should be looking for?
- Deciding Between Fund of Funds vs. Direct – what are the Key Considerations?
- What have you seen regarding Small Hedge Fund Performance vs. Large Hedge Fund Performance?
- Have Hedge Fund Managers Accumulated Too Many Assets which will Dilute their Alpha over a Larger Asset Base? If so, does this Increase Investor Risk because of the Larger Bets?
- How many Hedge Fund Strategies do you need? Should you focus on a few better Strategies or is the Size of your Portfolio a Factor?
- Long-Short Hedge Funds – should they be in the Domestic Equity Allocation to Reduce Exposure?
- Which Strategies offer more Transparency and Liquidity?
- Does Portfolio Construction change based on the Size of the Portfolio?
- Can Hedge Fund Strategies be Tactically Managed?
- Should you ask for a Separate Account?
- Do you find Opportunities within the Global Macro Space attractive and if so, why?
- Is the Trend towards Managed Accounts the Future? Understanding the Benefits of Increased Transparency and Control, more Liberal Liquidity Terms for Redemption/Termination, Outsourcing Operational Oversight/Support
- What are your thoughts on Other Liquid Hedge Funds such as UCITS and Hedge Fund Replication? Will it catch on? Has Performance Matched Hedge Funds? Is it Worth the Lower Fees?
- If the S&P loses 30%, what Drawdown or Return Range do you expect we'll see from each of the Different Hedge Fund Strategies?
- If there was a Hedge Fund Strategy you would Invest in over the next Few Years, which one would it be and why?

Moderator:

John Claisse, CEO, Albourne America LLC

10:05 AM – Refreshment Break

10:35 AM – Managed Futures

- Global Macro's place in the Hedge Fund Industry – what are the key Differences from other Hedge Fund Strategies?
- Diversification and Non-Correlation to Equities and Hedge Fund Strategies
- Qualitative Traits – Liquid, Transparent and Regulated
- Historical Performance of Managed Futures
- Performance during Periods of Market Stress or Crisis Events
- Decreasing Depth of Portfolio Drawdowns and Volatility
- Volatility is usually Perceived as Risk within Portfolios – is this the same within Managed Futures?
- Increasing your Exposure to Global Markets and Non-Financial Sectors
- How to Implement an Allocation to Managed Futures

- How do you Manage Risk and Volatility?
- What Questions should an Investor as a Prospective Manager?
- Size of the CTA in terms of Assets Under Management – any considerations to factor in?
- Is the Proliferation of Managed Futures as a Risk Premia going to Change the Landscape?

10:50 AM – Credit Strategies

- Current State of the Credit Market
- What will be the Catalyst that will cause Credit Spreads to Widen and Defaults to Rise? Is Global Central Bank Policy preventing this from happening?
- Global Financial Institution Balance Sheets – Pressure to Shrink and Deleverage
- Are Bargain Buys still Tough to Find and are Firms still Accumulating Dry Powder?
- High Yield Market – what's the Upside and Downside from here? Understanding the Risk Factors and how there's a Strong Correlation to Equities
- What Subsectors of Credit are Most Attractive? What are your Best Ideas for Finding Value? Any Areas you are Avoiding?
- State of Securitized Markets – how Cheap is Securitized Risk vs. Unsecuritized Risk and how do you measure that? Long-Term Prognosis for Spreads?
- Bank Loans Overview – High Risk in Covenant-Lite Loans?
- How is the Credit Quality of New Issuance?
- What do you expect will be New Issuance Volumes in ABS, CLOs, CMBS and RMBS in 2016?
- CLO Market Outlook and Reinvestment Challenge
- Regulatory Changes such as Dodd-Frank Risk Retention, Volcker Rule and Leveraged Lending Guidelines – how will it Impact Credit Strategies and Market Liquidity?
- European Market – are there Opportunities Now or More Downside Risk?
- How should Investors Approach their Outlook for Emerging Market Corporate Credit as part of their Portfolio Allocations?
- Considerations for Selecting a Manager and Strategy
- How will the Sector you Invest in Perform when Rates Rise? Is that a Concern and how do you Manage that?
- What are the Trade-offs between Mid-Market and Large Market Credit Investing?
- Do you see Investors being more willing to Trade Liquidity for Yield and should that be of Concern?
- Credit Investment Mandates – are they Too Narrow? Which Bucket or Asset Class does it fit into and should it be Defined as Opportunistic Credit?

Speaker:

Peter E. Ehret, CFA, Director of Internal Credit, Employees Retirement System of Texas

11:35 AM – Distressed Investing – Opportunistic and Special Situations

- Where are we in the Distressed Cycle? When will the Vast Sums of Undeployed Capital come in off the Sidelines?
- How does the Current Economic and Interest Rate Environment affect the Attractiveness of Distressed Strategies?
- Prevalent Covenant-Lite Deals – are we seeing Bubble Conditions setting us up for Problems during the Next Cycle?
- What are your Expectations for Default Rates going forward? Has the Fed and Easy Credit Masked Fundamentals?
- Use of Leverage – Attractive or too much of a Repeat of 2006-2007?
- How have Regulations Changed the Opportunity Set? Has it added to the Reduced Liquidity?
- How have Changes in the Financing Markets and Shadow Banking System affected the Opportunity Set and what is the Outlook? Is there still a looming Maturity Wall?
- Scope of the Distressed Market and Segments – Corporate Credit, Structured Credit, Commercial Real

- Estate, Hard Assets, Liquidations, Segmentation by Deal Size, etc.
- Which Sectors, Strategies and Geographies will create the Best Opportunities? Any Areas that should be Avoided?
- Do you find Europe Attractive or is it still Too Early? Which Countries, Sectors, Types of Deals should be looked at?
- What Distressed Opportunities are we seeing the Energy Sector?
- Marketable Distressed Strategies – how Correlated are they to Public Equities?
- How do Investors go about choosing the right Distressed Strategy, Investment Style and Approach?
- How will the Different Implementation Approaches affect Expected Returns? Control vs. Non-Control. Private vs. Public
- What Skill Sets/Characteristics should Pension Plans look for in a Distressed Manager?
- What are the Return and Risk Expectations? What are the Biggest Challenges you face to Delivering Returns?

12:10 PM – Emerging Managers

- How are Plans defining Emerging Managers and what has been the Evolution of the Programs?
- What are the Benefits and Opportunities offered by Investing in Next Generation Managers?
- Explain Diversity and how you Achieve it
- What are the Best Practices for Deploying Capital in this space?
- Due Diligence and Key Points of Analysis for Selecting Emerging Managers
- What Separates the Emerging Managers that will be Top Performers from the Rest of the Pack?
- What are the Perceived Risks of Emerging Managers? Are they Myths or Realities?
- Comparing the Risk/Return Profile of Emerging Managers to Established Managers
- Research Statistics and Results on Emerging Manager Performance
- Are there certain Asset Classes where Emerging Firms do better or have a Performance Advantage?
- Are there any Differences in Procedures for Monitoring Emerging Managers?
- New Firms Fundraising – how important is it to be spun out from Traditional or Name-Brand Firms? Key Differentiators that enable a Successful Fund Raising?
- Insider's View – Fundraising Process, Responsibilities, Balancing Time and Priorities
- What Success and Challenges have you Experienced? Any important Lessons Learned?
- Is there a Need for Niche Strategies to Capitalize on Market Inefficiencies in order to Expand in this Market?
- What is happening with Firms that have Reached Critical Mass?

Moderator:

Kelli Schrade, CFA, CAIA, Managing Partner, Director of Manager Research, Marquette Associates, Inc.

Speaker:

Laurie Weir, Senior Portfolio Manager, Targeted Investment Programs, California Public Employees' Retirement System, (CalPERS)

12:45 PM – Lunch

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Real Asset Strategies

1:50 PM – Commodities

- Current Market Environment – might Lower Commodity Prices be Here to Stay for the next Several Years?
- Deflationary Pressures – how should this affect our Allocation and Approach in the Commodities Space?
- What's your Long Term Outlook based on Global Supply, Demand, Pricing, Fed Policy and China/ Emerging Market Growth as Factors?
- Diversification and Low Historical Correlation to Equities
- Performance during Previous Down Equity Markets
- What are your Views on particular Sub-Sectors and Where are the Pockets of Value?
- Understanding the Different Approaches to Investing in Commodities – Equities, Indexes, Futures, Physical Commodities, Private Equity Real Assets
- Investing in Commodities through Private Equity vs. Stocks or Indexes – Benefits and Drawbacks
- Argument that Natural Resource Stocks are Not an Efficient Way to get Commodities Exposure – Less Correlation to Inflation than Commodities, Higher Correlation to Equities, Different Return Pattern to the Commodity, Higher Volatility, Lower Diversification Benefit
- Investing in Long/Short vs. Long Only
- Active vs. Passive
- Any Recent Developments in Commodities Risk Premia? Smart Beta as applied to Commodities?
- What are the Key Criteria that would lead to Manager Outperformance?
- Risk Factors

2:20 PM – Energy

- Portfolio Benefits – Inflation Hedge, Diversification, Low Correlation, Attractive Risk Adjusted Returns
- Projections of Global Energy Supply/Demand and Consumption
- China and Emerging Market Consumption Projections
- Oil and Gas Pricing Trends – Are Investments likely to produce Returns Independent of Prices?
- For those with Dry Powder, where are the Best Opportunities in this Dislocated Sector?
- Are the Debt Markets Attractive or have they seeing Less Distress?
- What are the Advantages of Investing in Private Energy?
- Market Underserved by Private Equity Capital?
- Recent and Long-Term Performance
- Upstream, Midstream and Downstream Overview
- Equipment and Services Sector
- What does the Future Hold for Shale?
- Is Portfolio Decarbonization a Concern and will it Accelerate Clean Energy Investments that Reduce Carbon Emissions?
- Access – Public, (Stocks and MLPs), Indexes, Futures, Private, (Direct, Funds, Fund of Funds). Which one is most likely to Benefit?
- Big vs. Small Funds, Deal Size

Moderator:

Kirk T. Rostron, Board of Trustees, Investment Committee, Florida State University Foundation

Speaker:

Ronald Funderburk, Investment Director, Credit & Inflation, North Carolina Department of State Treasurer

2:50 PM – 2016 Infrastructure Market Outlook

- Why should Investors consider Committing Capital to the Infrastructure Space?
- Deal Flow Activity and Fundraising Environment
- Is there Too Much Money Chasing Too Few Opportunities?

- In which Sectors will Investors find the Most Appealing Opportunities and Returns?
- Trend of Infrastructure Debt, (Non-Bank) – How Attractive is it?
- Mature vs. Emerging Markets Opportunities
- If the Low Interest Rate Environment has led to Increasing Valuations, what should we Expect when Interest Rates Rise?
- How has Performance been and what are the Return Expectations?
- How will Returns be Impacted by Low Oil Prices?
- What are the Biggest Challenges/Risks associated with Infrastructure Investing?
- Any Advantages or Limitations of the Particular Implementation Approaches?
- What are the Advantages of Open-Ended Funds over Closed-Ended Funds? Will we see a Surge in Open-Ended Funds in the Coming Years?
- Is the Rise in Public-Private Partnerships Inevitable due to Lack of Gov't Funding and High Debt? What Opportunities will this Create?

Speaker:

David Altshuler, Partner, StepStone Group

3:05 PM – Refreshment Break

3:30 PM – Real Estate

- Current State of the Real Estate Market – do you perceive it to be High Risk right now?
- How much has the Fed Impacted our Current Environment?
- What would be the Impact of Rising Rates on your Real Estate Portfolio? What are the Short-Term and Long-Term Implications?
- Has the Cycle of Expansion Ended?
- Is Supply and Demand in Balance?
- Is Core Too Expensive? Is it likely to get your Expected Returns right now?
- Do you see Capital Moving Out of Core and Into Value Added and Opportunistic?
- What Value-Added and Opportunistic Strategies are most appealing?
- What's happening with Leverage?
- Do you believe Commercial is Fully Priced and Not Pricing in Risk or Disruption?
- Opportunity Set for Commercial Mortgage-Backed Securities Maturing over the next Two Years that will need to be Refinanced or Restructured. Attracting Bridge Financing Opportunity in the CMBS space?
- Multifamily Conditions – might it become Less Desirable compared to the past few years?
- Tactical Strategy of Investing in Single-Family Homes and Institutionalizing the Sector – Thoughts on this Trend?
- Joint Ventures with REITs – will we see more Pension Plans re-enter the Market by Teaming up with Commercial REITs? Why are these Joint Ventures being done?
- Analysis of Cap Rates and Vacancy/Occupancy Rates – any Conclusions you can draw?
- Asia and European Real Estate Outlook – Opportunities, Investment Trends and Capital Flows
- Larger vs. Smaller Fund Size – which ones will Outperform going forward?
- Closed Ended Funds Unpopular?
- Entry Issues with Open-Ended Funds and Concentration into Fewer Funds?
- Will Co-Investments become more Common?
- Current State of the Real Estate Secondary Market
- What Strategies do you see as the Biggest Risks and the Biggest Rewards/Relative Value for the Future?

Moderator:

Jennifer Young, Principal, The Townsend Group

4:15 PM – CIO Roundtable

(A) Risk, Allocation and Macro-Based Decisions

- Do you believe Global Central Bank Intervention has created Overvaluation or a Bubble?
- With many of the Major Asset Classes Fully Valued, has your Fund taken adequate Risk Measures and Diversified via Non-Correlated Strategies? Which Strategies to you Like?
- How big a Concern is Slowing Global Growth and Geopolitics? Has it Impacted your Allocations or Strategies you Run?
- Has the Rise in the U.S. Dollar changed your Asset Allocations or Investments in Equities? Have you Hedged your Non-U.S. Exposure?
- What sort of De-Risking Strategies or Risk Management Approaches has your Fund Integrated into the Investment Decision Process?
- Does LDI or Risk Parity Make Sense Now Considering Current and Future Market Conditions?
- What Strategies do you incorporate for a Dynamic or Opportunistic Approach?
- Do you believe your Hedge Fund Strategies will provide a Cushion for the next Market Downturn? How do you use them to Reduce Risk?
- Have you Allocated to Liquid Alternatives and if so, through which Vehicles?
- Do you Incorporate Multi-Asset Investing and do you believe it can Limit Downside Risk?
- What Strategies does your Fund utilize that will Protect against Interest Rate Risk and Duration Risk?
- How has the Current Deflationary Environment seen in Commodities Impacted your Planning? Have you Allocated Funds to take Advantage of the Dislocation in Energy/Oil?
- What Strategies does your Fund utilize that will Protect or Hedge against Future Inflation?
- What do you feel is the proper Emerging Markets Allocation and are there any Regional or Frontier Strategies that interest you?
- Any Challenges related to the Impact of Regulation?

(B) Alignment of Interests

- What Changes or Trends have you noticed in Fee Structures/Terms and your Bargaining Power?
- What Tactics work best for you when attempting to Negotiate Private Placement Agreements?
- What are your Concerns about Operational Due Diligence and what have you done about this Issue?
- What Support would help you to do a better job of Addressing and Solving Investment Problems? What Discretion and Authority do you have with those Problems?
- Any Progress in granting you and your Investment Departments more Latitude in Tactically Managing your Portfolios in response to Extreme Economic Conditions?
- Any important Lessons Learned that you can share from your Individual Plan Experiences?

Moderator:

Richard Charlton, CEO/Chairman, NEPC, LLC

Speakers:

Gary R. Dokes, Chief Investment Officer, Arizona State Retirement System

Tom Tull, CFA, Chief Investment Officer, Employees Retirement System of Texas

John D. Skjervem, CFA, Chief Investment Officer, Oregon State Treasury; Oregon Investment Council

5:15 PM – Conference Concludes

5:20 PM – Tickets for Networking Event handed out in Conference Room - attendees must be present to attend event

6:00 PM – Wine Tasting Networking Event & Dinner

Hosted by The Pension Bridge – Join our group at for a wine tasting and dinner at the Press Club, located just next door to the Four Seasons. Meet your industry peers in great setting as California Wine Country comes to the heart of the city. Experience the finest winemakers with new and rare vintages. We'll have a fun wine tasting reception, followed by a tasteful dinner with the highest quality organic ingredients. The Pension Bridge will utilize the 9000 square feet of the award winning "Best Restaurant Design" event space for networking for our high quality conference group.

REGISTRATION:

To register or receive more information on The 2016 Pension Bridge Annual:

Florida Office Contact:

Brett Semel
(561) 455-2729
bsemel@pensionbridge.com

New York Office Contact:

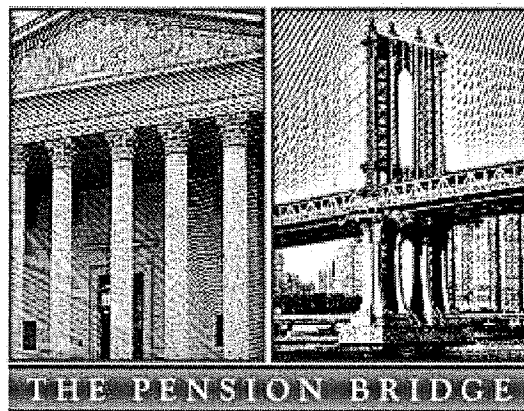
Andrew Blake
(516) 818-7989
ablake@pensionbridge.com

Please visit www.pensionbridge.com for additional details. Registration is not available online.

About The Pension Bridge:

We are an innovative company offering educational conferences of the highest quality. Our objective is to provide an education to the institutional investment community while providing an impressive speaker faculty in a setting that is conducive to great networking. We help institutional money managers connect with Pension Funds and Consultants across the country in a fun, enjoyable atmosphere. Our events can act as a stepping stone to a successful financial relationship or simply help build the investment education.

Our management team's unique skills, operating experience, and industry relationships help to make our events the main attraction in the industry. We pride ourselves on being there to cater to our clients' wants and needs. Our ratio of plan sponsor to investment manager allows our events to be the most desirable and accommodating in the conference industry. The Pension Bridge is known for its strength, stability, relationships and operational excellence.



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www.pensionbridge.com

The Pension Bridge Annual 2016
The Four Seasons Hotel, San Francisco