



AGENDA

RETIREMENT BOARD MEETING

FIRST MONTHLY MEETING
 April 8, 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.
3. Approve minutes from the January 28 and February 11, 2015 Board meeting.
4. Routine items for April 8, 2015.
 - a. Approve certifications of membership.
 - b. Approve service and disability allowances.
 - c. Accept disability applications and authorize subpoenas as required.
 - d. Approve death benefits.
 - e. Accept Asset Allocation Report.

CLOSED SESSION

5. The Board will go into closed session under Govt. Code Section 54957 to consider recommendations from the Medical Advisor and/or staff regarding the following disability retirement applications:

<u>Member</u>	<u>Type Sought</u>	<u>Recommendation</u>
Mark Thompson	Service Connected	Service Connected
Brian Givins	Service Connected	Service Connected

6. The Board will continue in closed session pursuant to Govt. Code Section 54956.9(d)(2) to confer with legal counsel regarding anticipated litigation (one case).

OPEN SESSION

7. Consider and take possible action to change the Board's policy and include more than base pay in pensionable compensation for PEPRAs members.

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.

8. Consider and take possible action regarding the retiree lookback project: review of past incidents of unusual compensation increases at the end of employment.
9. Consider and take possible action regarding non-service connected disability retirement allowance of deceased member Elizabeth Maaske.
10. Consider and take possible action regarding the next steps pertaining to call back pay erroneously reported as pensionable which resulted in overpayments of benefits to retirees.
11. Consider and take possible action to establish an audit committee and adopt an audit committee charter.
12. Presentation of the Byron-Brentwood-Knightsen Union Cemetery District employer audit report.
13. Presentation of the Contra Costa Mosquito & Vector Control District employer audit report.
14. Presentation of the Central Contra Costa Sanitary District employer audit report.
15. Presentation of cash flow report for the period ending December 31, 2014.
16. Consider and take possible action regarding scheduling of May 28, 2015 meeting.
17. Consider authorizing the attendance of Board and/or staff:
 - a. 2015 Milken Institute Global Conference, Milken Institute, April 26 – 29, 2015, Los Angeles, CA. (Note: Staff Only)
 - b. SACRS Spring Conference, SACRS, May 12 – 15, 2015, Anaheim, CA
18. 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.



Meeting Date
04/08/15
Agenda Item
#3

MINUTES

RETIREMENT BOARD MEETING MINUTES

SECOND MONTHLY MEETING
9:00 a.m.

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

January 28, 2015

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

Absent: William Pigeon

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

Outside Professional Support:

Harvey Leiderman
Paul Angelo
John Monroe
Joe Wiley

Representing:

Reed Smith LLP
Segal Consulting
Segal Consulting
Wiley, Price & Radulovich LLP

1. Pledge of Allegiance

Hast led all in the *Pledge of Allegiance*.

2. Accept comments from the public

No members of the public offered comment.

3. Staff presentation on survey of 1937 Act systems regarding pay items included in "Pensionable Compensation"

Schneider reviewed the results of the survey requested by the Board pertaining to what elements of pay beyond base pay other 1937 Act systems include in "pensionable compensation." He noted that the CalPERS regulation includes 99 pay items beyond base pay in "pensionable compensation" for PEPRA members.

There was a discussion on including pay items beyond base pay in "pensionable compensation" for PEPRA members and the previous Board decisions to limit "pensionable compensation" to base pay and exclude items of compensation beyond base pay. There was a lengthy discussion on employers including differentials in base pay. It was noted that Stanislaus County recently included FLSA pay in base pay.

Telles requested that the item of changing the Board's policy and including more than base pay in pensionable compensation be placed on a future agenda. Chairperson Hast so directed. Leiderman noted that the Board may consider whether to change its policy and this is not a motion for reconsideration under Roberts Rules of Order.

In public comment, Jared Palant, Local 1230, spoke in regards to employers including the differentials into base pay. He noted during the last contract negotiation between Local 1230 and the Contra Costa County Fire Protection District they requested the differentials be included in base pay and the County denied the request. He feels that members are paying more for retirement and are receiving lower benefits than what CalPERS is providing their members. This difference in contribution rates has created a retention and recruitment problem for the Contra Costa County Fire Protection District.

Levy noted that none of CCCERA's stakeholders including employers have expressed an official position on this issue. The only exception is the letter from the Deputy Sheriffs Association (DSA), which is included in the agenda materials. Gordon noted that the matter has been on the Board's publicly noticed agendas but employers have not appeared to speak to the issue.

Ken Westermann, DSA Board member, thanked the board for considering the letter he wrote to the Board in September. He feels this issue really transcends DSA. They have lost 50 deputy sheriffs within the last year to competing agencies. At competing agencies the salaries and retirement benefits are higher at a lower cost to the employee. He feels that employers should be concerned with this due to the high cost of recruitment and training.

Jim Bickert, Rains Lucia Stern representing the DSA, noted when PEPR was introduced in late 2012 it was not clear what pay items should be included in "pensionable compensation". Since that time other retirement systems, CalPERS and the Governor have determined certain differentials should be included "pensionable compensation". With this additional information he encourages the Board to reconsider their previous determination to limit "pensionable compensation" to base pay.

Mark Williams, Contra Costa County Assistant Sheriff, noted he is speaking on behalf of Sheriff Livingston, and that they are in full support of reconsideration of this issue. He stated the Sheriff's Office is struggling with retention and recruitment.

Mike Mohun, Local 3546, noted the Local 3546 and San Ramon Valley Fire contract does not end until 2018. There are requirements of the position that are compensated through a differential so it should be included in "pensionable compensation". When the Board made the decision to limit "pensionable compensation" some of the Board members cited it was due to the decision that CalPERS originally made. He will be negotiating to have these differentials included in base pay when the contract is negotiated in 2018 but feels it would be prudent for the Board to take action now to collect the necessary retirement contributions on the differentials paid to PEPR members. He believes that these incentives will be ultimately included in base pay in his district.

Mitchoff noted that it is not clear whether CalPERS is in fact implementing its policy of including more than base pay in pensionable compensation and requested staff to research the item.

4. Consider and take possible action on leave cashout assumption for Tier Safety C

Angelo provided an overview of the leave cashout assumptions used in the annual actuarial valuation. He noted at the August 13, 2014 meeting there was significant discussion regarding the adopted Safety Tier C leave cashout assumption of .25%. After researching the actual experience during the period from January 1, 2010 through December 31, 2012 and the benefits provided to

members in this Tier he recommended that the leave cashout assumption be reduced from .25% to 0%.

It was M/S/C to reduce the Safety Tier C leave cashout assumption from 0.25% to 0% effective with the December 31, 2014 actuarial valuation. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

5. **Consider and take possible action regarding employer/member cost sharing of leave cashout assumption**

Angelo discussed the items included in the leave cashout assumption and provided a background on how the leave cashout assumption is funded. He noted at the August 13, 2014 meeting the Board took action to also include the leave cashout assumptions in the development of the Basic member contribution rates effective with the December 31, 2014 valuation. However, no action was taken regarding which option would be used in the implementation. He reviewed the two options noting they differ in how the leave cashout assumptions are pooled across different cost groups with the same tier. Option A (more pooling and is less reflective of individual member experience) pools by tier while Option B (less pooling and is more reflective of individual member experience) pools by cost group.

In public comment, Ken Westermann, DSA Board member, noted that Option B increases the rates for members and decreases the rates for employers. Most members do not receive terminal pay but they are now paying more to not receive the benefit because there may be others in their cost group that do receive terminal pay.

Dan Borenstein, Contra Costa Times, questioned if differentials were included in "pensionable compensation" would this discussion need to be had for PEPRAs members.

Levy noted that leave cashouts are specifically excluded from "pensionable compensation" for PEPRAs members by statute.

Angelo noted the differentials are throughout the member's career so it would not be included in the leave cashout assumption.

It was M/S/C to adopt Option B as recommended by Segal Consulting and apply the leave cashout assumptions for each cost group in developing separate Basic member rates for members in each cost group. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

Allen and Rodrigues were not present for subsequent discussion and voting.

6. **Consider and take possible action on employer contribution rates effective July 1, 2015 for Central Contra Costa Sanitary District**

Schneider reported Central Contra Costa Sanitary District (District) made a \$5 million prepayment towards the District's Unfunded Actuarial Accrued Liability (UAAL). He noted with the reduction in the UAAL, the prepayment reduces the District's required UAAL contribution rate. The effect of the prepayment is a reduction of the District's UAAL contribution rate of 1.27% of payroll.

It was M/S/C to adopt the contribution rates for Central Contra Costa Sanitary District as recommended by Segal Consulting effective July 1, 2015. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Smithey, Telles and Watts)

7. **Consider and take possible action on contribution rates effective January 1, 2015 and July 1, 2015 for Contra Costa County Fire Protection District**

Schneider reported the Board of Directors of the Contra Costa County Fire Protection District approved a Memorandum of Understanding (MOU) with IAFF, Local 1230, which grants employees who become new Safety members of CCCERA, on or after January 1, 2015, a post retirement cost-of-living adjustment limited to 2% per year. Segal Consulting has calculated member and employer rates for the Contra Costa County Fire Protection District for Safety Tier E.

It was **M/S/C** to adopt the employer contribution rates as shown in the Segal Consulting letter for members employed by Contra Costa County Fire Protection District in PEPRA Safety Tier E. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Smithey, Telles and Watts)

In public comment, Bob Campbell, Contra Costa County Auditor-Controller, asked when this would be provided to the Board of Supervisors for adoption.

Allen and Rodrigues were present for subsequent discussion and voting.

8. **Consider and take possible action on renewal of contract with Segal Consulting for actuarial services**

Strohl reported the current agreement between CCCERA and Segal Consulting expired on December 31, 2014.

It was **M/S/C** to approve the renewal of the contract with Segal Consulting as presented. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

9. **Consider and take possible action to adopt Resolution 2015-1 providing for salary and benefits for unrepresented employees of CCCERA effective January 1, 2015**

It was **M/S** to adopt Resolution 2015-1 providing for salary and benefits for unrepresented employees of CCCERA effective January 1, 2015.

In public comment, Kurt Schneider, Deputy Retirement Chief Executive Officer, expressed concerns that the draft CCCERA unrepresented employees resolution does not include a differential for the CEBS designation. He encouraged the Board to consider continuing to offer a differential for the designation for unrepresented employees at CCCERA.

The Board discussed the CEBS designation and whether the knowledge gained from the designation provides a benefit to CCCERA.

Dunn reviewed the changes in the CCCERA Unrepresented Employees Resolution from the Contra Costa County Management Resolution noting staff are working on streamlining the documents that currently govern positions at CCCERA.

A substitute motion was **M/S** to adopt Resolution 2015-1 providing for salary and benefits for unrepresented employees of CCCERA effective January 1, 2015 including a 2.5% differential for the CEBS designation. (Yes: Hast, Rodrigues, Smithey, Telles; No: Allen, Gordon, Mitchoff, Phillips and Watts) **motion failed.**

The original motion was **M/S/C** to adopt Resolution 2015-1 providing for salary and benefits for unrepresented employees of CCCERA effective January 1, 2015. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey and Watts; No: Telles)

10. **Consider and take possible action to adopt the pay schedules for all CCCERA classifications effective January 1, 2015.**

It was M/S/C to adopt the pay schedules for all CCCERA classifications effective January 1, 2015 as presented. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

It was M/S/C to add an item to consider and take possible action to adopt Resolution 2015-2 to continue the tax deferred status of retirement contributions for CCCERA employees pursuant to Govt. Code Section 54954.2(b)(2) because there is a need for the board to take immediate action and the need for action came to the attention of CCCERA subsequent to the agenda being posted. Levy discussed the immediate need for action noting that CCCERA was just notified by the County Auditor-Controller that the Resolution must be adopted prior to the first payroll of 2015 in order to be in compliance. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

Consider and take possible action to adopt Resolution 2015-2 to continue the tax deferred status of retirement contributions for CCCERA employees

Hast stated this is a housekeeping item to comply with requirements from the IRS. Prior to January 1, 2015 CCCERA staff were covered under the Contra Costa County Internal Revenue Code (I.R.C.) Section 414(h)(2) resolution, which provides that employee retirement contributions are not included in the employee's gross income in the year in which such amounts are contributed, but instead, such contributions are includable in the gross income of the employee in the taxable year in which such amounts are distributed. In order to preserve status quo, the Board of Retirement, as the governing board of the CCCERA District, must take formal action and adopt its own I.R.C. Section 414(h)(2) resolution covering District employees.

It was M/S/C to adopt Resolution 2015-2 to continue the tax deferred status of retirement contributions for CCCERA employees. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

11. Consider and take possible action to approve the proposed CCCERA CEO employment agreement and authorize Board Chairperson to execute on behalf of the Board

It was M/S/C to approve the proposed CCCERA CEO employment agreement and authorize the Board Chairperson to execute on behalf of the Board. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

12. Consider and take possible action to revise investment guidelines for Adelante Capital Management

Price noted that investment managers understand that if they have concerns with the investment guidelines they should provide these requests to the staff and Board. Adelante Capital Management has requested two changes to the investment guidelines for the US REIT portfolio that they manage on behalf of CCCERA.

Price noted he believes both requests are reasonable updates and would align the CCCERA portfolio with the firm's recommendation for other Total Return Strategy institutional clients.

It was M/S/C to revise the investment guidelines for Adelante Capital Management and authorize the CEO to execute and amend the investment guideline appendix of the existing Adelante contract. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

13. Consider and take possible action regarding recommendation from Investment Consultant Search Committee regarding finalist candidates

Phillips noted there were 13 responses to the Investment Consultant request for proposal.

Price reviewed the process the Investment Consultant Search committee and staff used to review all of the responses. He noted the Board committee and staff completed due diligence and interviewed the eight qualified firms.

Phillips discussed the Committee's recommendation to the Board noting the current investment consultant is not the recommended firm. The Committee members discussed the reasons for the recommendation noting that Wurts and Associates appears to provide services that can meet the needs of CCCERA.

It was M/S/C to accept the Investment Consultant Search Committee's recommendation and interview Wurts and Associates. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

14. Conference Seminar Attendance

- a. It was M/S/C to authorize the attendance of up to 4 Board members and 1 staff member at the RFK Compass Conference, West Coast, Sausalito, CA, March 4-5, 2015. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)
- b. It was M/S/C to authorize the attendance of 1 staff member at the PIMCO Client Conference, INSIGHT 2015, Newport Beach, CA, March 15-18, 2015. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

15. Miscellaneous

(a) Staff Report –

Strohl noted CCCERA recently received a public records request for the current Board's Form 700 from pension360.org; the bid responses for the exterior construction project for the Willows building have been received from contractors and are currently being evaluated.

Schneider reported the December 2014 CPI was published and the retiree COLA will be based on a 2.5% increase in CPI from the prior December.

Levy reported Leiderman and she are not able to attend the next meeting. Attorney Jeff Rieger from Reed Smith LLP will be at the meeting to provide legal guidance.

Dunn noted there is a new mileage reimbursement form effective January 1, 2015 and it has been placed in the dropbox.com folder.

Davis recognized staff for their hard work during her absence.

(b) Outside Professionals' Report -

Leiderman suggested placing on a future agenda a discussion on fiduciary insurance.

(c) Trustees' comments –

Mitchoff asked when the discussion on pay items included in "pensionable compensation" will return to the Board. Strohl reported the item will be on an agenda for discussion within a month or two.

Telles reported he understood that the Board directed staff to only review the 188 past retirements that had an increase of 30% or more but recently discovered that staff were reviewing every retirement in the last ten years. Dutkiewicz noted that he has reviewed all

retirements that had a 30% or more increase in their pension amount compared to their salary and then used that parameter on the other retirees to determine how much that particular pay item increased their pension. Telles sought clarification about the Board's direction, noting that he thinks the Board should focus only on the 30% or more cases. He requested this item be placed on a future agenda.

Allen reported there have been changes in the affiliate board members on the SACRS board.

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

Brian Hast, Chairman

Jerry Telles, Secretary



Meeting Date
04/08/15
Agenda Item
#3

MINUTES

RETIREMENT BOARD MEETING MINUTES

FIRST MONTHLY MEETING
9:00 a.m.

February 11, 2015

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

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

Absent: Gabe Rodrigues

Staff: Gail Strohl, Retirement Chief Executive Officer; Kurt Schneider, Deputy Retirement Chief Executive Officer; Timothy Price, Retirement Chief Investment Officer; Wrally Dutkiewicz, Retirement Compliance Officer; Karen Davis, Retirement Benefits Manager and Christina Dunn, Retirement Administration Manager

Outside Professional Support: Jeffrey Rieger
Representing: Reed Smith LLP

1. Pledge of Allegiance

Hast led all in the *Pledge of Allegiance*.

2. Recognition of Luz Winkler for 15 years of service

Hast recognized and congratulated Winkler for her 15 years of service.

It was the consensus of the Board to move to Item 4.

4. Approval of Minutes

It was M/S/C to approve the minutes of the December 10, 2014 meeting. (Yes: Gordon, Hast, Holcombe, Pigeon, Phillips, Smithey, Telles and Watts)

It was M/S/C to approve the minutes of the December 17, 2014 meeting. (Yes: Gordon, Hast, Holcombe, Pigeon, Phillips, Smithey, Telles and Watts)

It was M/S/C to approve the minutes of the January 14, 2015 meeting. (Yes: Gordon, Hast, Holcombe, Pigeon, Phillips, Smithey, Telles and Watts)

It was M/S/C to approve the minutes of the January 21, 2015 meeting. (Yes: Gordon, Hast, Holcombe, Pigeon, Phillips, Smithey, Telles and Watts)

5. Routine Items

It was M/S/C to approve the routine items of the February 11, 2015 meeting. (Yes: Gordon, Hast, Holcombe, Pigeon, Phillips, Smithey, Telles and Watts)

Mitchoff was present for subsequent discussion and voting.

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957 and 54956.9(d)(2).

The Board moved into open session.

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

James Lee – Non-service Connected (Yes: Gordon, Hast, Holcombe, Mitchoff, Pigeon, Phillips, Smithey, Telles and Watts)

Allen was present for subsequent discussion and voting.

Pigeon was not present for subsequent discussion and voting.

7. It was M/S/C to accept the Hearing Officer's recommendation and deny the service-connected disability retirement for Kenneth Robb. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Smithey, Telles and Watts)

Pigeon was present for subsequent discussion and voting.

8. There was no reportable action related to Govt. Code Section 54956.9(d)(2).

It was the consensus of the Board to move to Item 3.

3. Public Comment

Chris Wenzel, retiree, discussed the mistake CCCERA made in the calculation of his retirement benefit and how it affects his life. He noted that he was originally told he would not need to pay interest on the over payment but later received a letter stating he would need to pay the overpayment with 7.25% interest. He noted he found other retirees that received overpayments and were not required to pay. He feels this is disparate treatment and he does not feel that it is fair.

9. Call Back Pay Erroneously Reported As Pensionable Resulting in Overpayments of Benefits to Retirees and Overpayment of Retirement Contributions

- a. Schneider provided an update on call back pay noting that as directed by the Board on December 10, 2014 letters were sent to 43 members whose allowances are expected to be impacted by this issue. He noted staff have identified that there is one issue that may require further analysis.

The issue that may require further analysis is regarding pay that physicians receive for scheduled work on a weekend referred to as "weekend rounds". He noted some physicians have explained that the "Physician Call Back Pay" pay code was used by some physicians to report both call back pay and weekend rounds. He stated in 2013 CCCERA was advised that active physicians now report scheduled work on a weekend as weekend rounds as opposed to call back pay.

He noted there are 13 retired physicians who may claim that some of their time reported as call back was actually for weekend rounds and that time should have been reported as such.

Rieger added the scope of the discussion was regarding prospective adjustments to retirement allowances that included call back pay. He noted the Board previously decided that call back pay should not be included in retirement allowances and the Board will now have the opportunity to decide if there are individual cases that should be examined further.

- b. In public comment, the following discussed the nature of the work completed, the purpose of weekend rounds, the letter sent to the 43 affected retirees, how the time was reported on time cards and the circumstances which lead to their understanding of the pay item being pensionable:

Mark Wille, retired physician

Roger Barrow, retired physician

Sharon Hiner on behalf of Steve Tremain, retired physician

Charles Nicholson, retired hazmat

David Stone, retired physician

Hye Kim, retired physician

Sharon Hiner, retired physician

Jack Funk, retired public defender

William Walker, retired physician and Director of Health Services

Sergio Urcuyo, Health Services physician

Eric Jonsson, retired hazmat

Charles Berletti, retired physician

Rieger discussed past legal rulings with similar situations and the options the Board has for discussion. The Board discussed the next steps including the type of letter to be sent to the affected members and possible hearing request response forms.

The Board discussed the additional research needed noting it may not be able to implement the reduction in the retirement benefit on the March 2nd benefit payment.

It was **M/S** to change the March 2nd date to indefinitely for the retirement benefit reduction of the 43 affected members.

The Board discussed the amount of time that should be provided to members that would like to appeal the benefit payment reduction.

A substitute motion was **M/S** to extend the March 2nd date for the retirement benefit reduction and to mail a signed letter with an appeal form, which has been reviewed by Counsel, notifying the affected members whom are not physicians to appeal by April 1st.

The Board discussed which members should receive the letter and what information should be included in the letter.

The substitute motion was amended to include an appeal deadline of April 1st for all 43 affected members with an implementation of the retirement benefit payment reduction on May 1st for members that did not request an appeal. For members that request an appeal the retirement benefit payment reduction would be stayed until after the hearing process is complete.

The amended motion was **M/S/C** to send a second written notice to all 43 affected members advising them that if they wish to present further information for the Board to consider regarding the call back pay, they must deliver to CCCERA by April 1, 2015 their written request to do so. CCCERA is to call the affected members who do not respond by April 1, 2015 and verify whether they wish to seek the further hearing. CCCERA is to implement the pension benefit reductions as to all affected members who do not request an appeal in writing, effective with the May 2015 payroll. The pension benefit reductions for those who request a further opportunity to provide additional information about the pay at issue will not be implemented until after the further hearing process is complete and a determination has been made by the Board. As a next phase, the Board will discuss the next steps in this process. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Smithey and Watts. No: Pigeon and Telles)

The Board directed staff to mail the letter by the end of February and to provide a telephone call to any members that did not respond to the letter by mid-March.

Gordon and Pigeon were not present for subsequent discussion and voting.

10. Adopt the cost-of-living adjustment (COLA) for retirees as of April 1, 2015

Schneider reviewed his memo noting the increase in the consumer price index values from December 2013 to December 2014 was 2.67%. In accordance with the statute this is rounded to 2.5%.

It was **M/S/C** to adopt the 2015 COLA and bank adjustments as outlined in the Segal Consulting January 27, 2015 letter. (Yes: Allen, Hast, Holcombe, Mitchoff, Phillips, Smithey, Telles and Watts)

Pigeon was present for subsequent discussion and voting.

11. Revise Attachment A to the CCCERA Unrepresented Employees Resolution (2015-1) due to Local 21's notice of withdrawal

Dunn noted on January 30, 2015 IFPTE Local 21 informed CCCERA that effective January 1, 2015 they will no longer be able to provide ongoing representation of the staff members at CCCERA.

The Board discussed the benefit changes that would affect the CCCERA staff members that were represented by IFPTE, Local 21 prior to January 1, 2015.

The Board directed staff to research what benefits should be provided to the affected staff members.

It was **M/S/C** to recognize the non-representation of CCCERA staff members in IFPTE, Local 21. (Yes: Allen, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Smithey, Telles and Watts)

12. Revise CCCERA pay schedules to reflect Local 21's notice of withdrawal from representation of CCCERA employees

This item was tabled for a future meeting.

Phillips was not present for subsequent discussion and voting.

13. Conference Seminar Attendance

- a. No action was taken on the 17th Annual Client Conference, Klausner Kaufman Jensen & Levinson, March 15 – 18, 2015, Ft. Lauderdale, FL

- b. It was **M/S/C** to authorize the attendance of 1 Board member at the Portfolio Concepts and Management, IFEBP, April 27 -30, 2015, Philadelphia, PA (Yes: Allen, Hast, Holcombe, Mitchoff, Pigeon, Smithey, Telles and Watts)

14. **Miscellaneous**

(a) Staff Report –

Strohl reported information technology measures have been updated to update the network. There will be a full policy review of all CCCERA policies. There has been a new benefit statement design.

Dutkiewicz reported the Contra Costa County Fire Department audit will begin at the end of the month. He is working through the internal CCCERA process regarding correspondence. Corrected 1099Rs have been completed and are in the mail.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Telles reported the SACRS nominating committee is working on approving a slate for approval by the '37 Act Counties. He provided an update on the SACRS affiliate board.

Watts reported Rodrigues, Kroll and himself attended the CALAPRS trustee's roundtable and felt it was interesting.

Allen clarified a comment she made at the January 28th meeting in trustee comments noting that she spoke of the SACRS affiliate board and not the SACRS board.

Holcombe noted there was an interesting editorial on the Stockton bankruptcy.

Mitchoff reported she is resigning from the Board of Retirement at the end of the month because she will be serving on the Bay Area Air Quality Management District. Supervisor Candace Andersen will be serving the remainder of her term on the Retirement Board.

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

Brian Hast, Chairman

Jerry Telles, Secretary

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

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April 8, 2015

Items requiring Board Action

<p><i>Meeting Date</i> 04/08/15 <i>Agenda Item</i> #4</p>
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A. Certifications of Membership – see list and classification forms.

B. Service and Disability Retirement Allowances:

<u>Name</u>	<u>Number</u>	<u>Effective Date</u>	<u>Option Type</u>	<u>Group</u>	<u>Selected</u>
Bermudez, Greicy	66351	01/02/15	SR	III	Unmod
Craver, Nathan	D9500	01/21/15	SR	II & III	Unmod
Finney, Donald	61515	0218/15	SR	II & III	Unmod
Gary, Brenda	46029	01/01/15	SR	II & III	Unmod
Grassano, Lynn	65998	01/31/15	SR	III	Unmod
Gross, Melissa	D9990	12/27/14	SR	I	Unmod
Kolin, Jeffrey	D9991	02/02/15	SR	I	Unmod
Macaulay, Oludolapo	62559	01/02/15	SR	II & III	Unmod
Matthey, Glenda	33406	01/31/15	SR	I, II & III	Unmod
McCurley, Lisa	51080	12/27/14	SR	II	Unmod
Phommavong, Maly	65639	07/27/12	NSCD	Safety	Unmod
Sagar, Pradeep	68758	11/18/14	SR	III	Unmod
Saum, Paulette	52157	02/20/15	SR	II & III	Unmod
Stewart-Terry, Lisa	33298	01/13/15	SR	II & III	Option 1
Todd, Michael	39549	11/09/06	SR	II	Unmod

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

<u>Name</u>	<u>Number</u>	<u>Filed</u>	<u>Type</u>
Farley, Charles	71963	3/13/2015	SCD

D. Deaths:

<u>Name</u>	<u>Date of Death</u>	<u>Employer</u>
Archambault, Thomas	03/08/15	Contra Costa County
Dillon, Duayne	03/08/15	Contra Costa County & Beneficiary
Flynn, Cynthia	02/07/15	Contra Costa County
Hudson, Roger	02/17/15	Contra Costa County
Jemme, Frieda	02/23/15	Contra Costa County
Kendall, Nellie	03/04/15	Contra Costa County
Lee, James E	03/14/15	San Ramon Valley Fire Protection District
Martinez, Phyllis	01/10/15	Contra Costa County
Russel, Rau	01/30/15	Beneficiary
Schmidt, Frank	03/15/15	Beneficiary
Trevisano, John	03/18/15	Contra Costa County
Warburton, Anne	02/24/15	Contra Costa County

KEY:

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

Option
 * = County Advance
 Selected w/option

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

CERTIFICATION OF MEMBERSHIPS

Meeting Date
04/08/15
Agenda Item
#4a.

<i>Name</i>	<i>Employee Number</i>	<i>Tier</i>	<i>Membership Date</i>	<i>Employer</i>
Aguilar, Yesenia	80637	S/D	02/01/15	Contra Costa County
Agustin, Jennifer	81165	P5.2	02/01/15	Contra Costa County
Allured, Jesse	81211	P5.2	02/01/15	Contra Costa County
Anderson, Joseph	81303	P5.2	02/01/15	Contra Costa County
Ary, Gwenette	D9500	P5.3	02/01/15	Superior Court
Bates, Aaron	81305	P5.2	02/01/15	Contra Costa County
Belarde, Alina	79520	P5.2	02/01/15	Contra Costa County
Bennett, Angelic	D9500	P5.3	02/01/15	Superior Court
Bess, Cielita	68634	III	02/01/15	Contra Costa County
Boutros, Shadi	81214	P5.2	02/01/15	Contra Costa County
Bowen, Bradford	80674	P5.2	02/01/15	Contra Costa County
Brenes, Danielle	76367	III	02/01/15	Contra Costa County
Caballero, Ronald	81089	P5.3	02/01/15	Contra Costa County
Cao, Tianjun	81156	P5.2	02/01/15	Contra Costa County
Cardona, Luis	81270	P5.2	02/01/15	Contra Costa County
Cienfuegos, Becky	81164	P5.2	02/01/15	Contra Costa County
Coupe, Stephen	81301	P5.2	02/01/15	Contra Costa County
Cruz, Michelle	81225	P5.3	02/01/15	Contra Costa County
Dabandan-Cid, Bessie	69437	III	02/01/15	Contra Costa County
Davis, Daniel	81205	P5.2	02/01/15	Contra Costa County
Delgado, Ari	81304	P5.2	02/01/15	Contra Costa County
Dyer, Courtney	80672	P5.2	02/01/15	Contra Costa County
Emmanuel, Jean	78581	P5.2	02/01/15	Contra Costa County
Favis, Gina	81088	P5.3	02/01/15	Contra Costa County
Gibson, Laniece	81291	P5.2	02/01/15	Contra Costa County
Godinez, Oscar	79750	P5.2	02/01/15	Contra Costa County
Gonzalez, Melbourne	81215	P5.3	02/01/15	Contra Costa County

Key:

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

CERTIFICATION OF MEMBERSHIPS

<i>Name</i>	<i>Employee Number</i>	<i>Tier</i>	<i>Membership Date</i>	<i>Employer</i>
Hanson, Brandyn	81160	P5.2	01/01/15	Contra Costa County
Harris, Nache	D9500	P5.3	02/01/15	Superior Court
Hax, Andrew	81308	P5.2	02/01/15	Contra Costa County
Him, Azimah	77317	P5.2	02/01/15	Contra Costa County
Hofsass, Pamela	81289	S/E	02/01/15	Contra Costa County
Hoy, Kristen	78830	P5.2	02/01/15	Contra Costa County
Jackson, Lakresha	81306	P5.2	02/01/15	Contra Costa County
Jewett, Kathryn	80683	P5.2	02/01/15	Contra Costa County
Johnson, Shirlee	75094	P5.2	02/01/15	Contra Costa County
Jose, Edvigail	81212	P5.2	02/01/15	Contra Costa County
Julian, Maycheal	81213	P5.2	02/01/15	Contra Costa County
Kahan, Kyle	80666	P5.2	02/01/15	Contra Costa County
Kranzthor, Matthew	80679	P5.2	02/01/15	Contra Costa County
Lee, Tomikka	81186	P5.2	02/01/15	Contra Costa County
Malana, Mark	81255	P5.2	02/01/15	Contra Costa County
Mann, Gary	81246	P5.2	02/01/15	Contra Costa County
Martinez, Vincent	81262	P5.2	02/01/15	Contra Costa County
McCollin, Kyle	81307	P5.2	02/01/15	Contra Costa County
McLeod, Anne	80383	P5.2	02/01/15	Contra Costa County
Mitchell, Surjit	81249	P5.2	02/01/15	Contra Costa County
Mizzi, Michelle	81269	P5.2	02/01/15	Contra Costa County
Mulkearns, David	81298	P5.2	02/01/15	Contra Costa County
Myovich, Julie	68475	P5.2	02/01/15	Contra Costa County
Ndubuigi, Chinyeake	78583	P5.3	02/01/15	Contra Costa County
Nguyen, Uyenth	81256	P5.2	02/01/15	Contra Costa County
Nnodim, Okechukwu	81184	P5.2	02/01/15	Contra Costa County
Ochoa, Fernando	81272	P5.2	02/01/15	Contra Costa County
Parra, Yecenia	81259	P5.2	02/01/15	Contra Costa County

Key:

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

CERTIFICATION OF MEMBERSHIPS

<i>Name</i>	<i>Employee Number</i>	<i>Tier</i>	<i>Membership Date</i>	<i>Employer</i>
Pasic, Elvina	81251	P5.2	02/01/15	Contra Costa County
Patricio, Corinne	79686	P5.2	02/01/15	Contra Costa County
Patrick, Zakiya	81194	P5.2	02/01/15	Contra Costa County
Perazzo, Samantha	74195	P5.2	02/01/15	Contra Costa County
Peterson-Fisher, Gretchen	D9500	P5.3	02/01/15	Superior Court
Poe, Shelly	81147	P5.2	02/01/15	Contra Costa County
Ribeiro, Fabiola	81151	P5.2	02/01/15	Contra Costa County
Rogers, Robert	81243	P5.2	02/01/15	Contra Costa County
Sanders, Randolph	81158	P5.2	02/01/15	Contra Costa County
Smith, Bridget	78334	P5.2	02/01/15	Contra Costa County
St. Onge, Putita	81196	P5.2	02/01/15	Contra Costa County
Stevens, Christina	78283	P5.2	02/01/15	Contra Costa County
Sullivan, Justin	81204	P5.2	02/01/15	Contra Costa County
Veliz, Adrian	81207	P5.2	02/01/15	Contra Costa County
Ward, Matthew	81202	P5.2	02/01/15	Contra Costa County
Watson, Nicole	81187	P5.2	02/01/15	Contra Costa County
Whalen, Lauren	79204	P5.2	02/01/15	Contra Costa County
Zambrano, Rosa	78737	P5.3	02/01/15	Contra Costa County

Key:

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

TIER CHANGES

<i>Name</i>	<i>Employee Number</i>	<i>Old Tier</i>	<i>New Tier</i>	<i>Effective Date</i>	<i>Employer</i>	<i>Reason for Change</i>
Smith, Miriam	80034	S/E	P5.2	2/1/2015	Contra Costa County	Position Change
Tittle, Ryan	76783	III	S/A	2/1/2015	Contra Costa County	Position Change

Key:

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

ASSET ALLOCATION

Current Assets (Market Value)

\$7,182,371,000

Reporting Month End: February 28, 2015

Prepared By: Chih-Chi Chu

Robeco

Jackson Square Partners (fka Delaware)

Emerald Advisors

Intech (Core)

PIMCO Stocks+ Absolute Return

Ceredex

Total Domestic Equity

Pyrford (BMO)

William Blair

Total International Equity

JPMorgan Global Opportunities

First Eagle

Artisan Global Opportunities

Intech (Global Low Volatility)

Total Global Equity

Total Equity

AFL-CIO Housing Investment Trust

PIMCO Total Return

GSAM "Park" Portfolio

Goldman Sachs Asset Management

Lord Abbett

Torchlight Debt Opportunity Funds

Total Domestic Fixed Income

Lazard Asset Management

Total Global Fixed Income

Alliant Global Investors (fka Nicholas Applegate)

Total High Yield Fixed Income

Wellington Real Total Return

PIMCO All Asset

Private Real Asset

Total Real Asset

Total Real Estate

Total Alternative Investments

County Treasurer

State Street Bank

Total Cash & Equivalents

Oaktree 2009

Total Market Opportunities

TOTAL ASSETS

Meeting Date
04/08/15
Agenda Item
#4e.

A	B	C	D	C-B	D-A	D-A
% of Target	Target Assets	Market Value	Actual Assets	Over (Under)	Over (Under)	Range
4.3%	308,841,953	305,384,000	4.25%	(3,457,953)	(0.05%)	
4.3%	308,841,953	314,014,000	4.37%	5,172,047	0.07%	
3.0%	215,471,130	225,524,000	3.14%	10,052,870	0.14%	
4.0%	287,294,840	292,260,000	4.07%	4,965,160	0.07%	
4.0%	287,294,840	289,784,000	4.03%	2,489,160	0.03%	
3.0%	215,471,130	207,394,000	2.89%	(8,077,130)	(0.11%)	
22.6%	1,623,215,846	1,634,360,000	22.76%	11,144,154	0.16%	
5.3%	380,665,663	389,875,000	5.43%	9,209,337	0.13%	
5.3%	380,665,663	389,397,000	5.42%	8,731,337	0.12%	
10.6%	761,331,326	779,272,000	10.85%	17,940,674	0.25%	
4.0%	287,294,840	288,741,000	4.02%	1,446,160	0.02%	
4.0%	287,294,840	290,062,000	4.04%	2,767,160	0.04%	
4.0%	287,294,840	295,190,000	4.11%	7,895,160	0.11%	
0.3%	21,547,113	22,448,000	0.31%	900,887	0.01%	
12.3%	883,431,633	896,441,000	12.48%	13,009,367	0.18%	
45.5%	3,267,978,805	3,310,073,000	46.09%	42,094,195	0.59%	40% TO 55%
3.3%	237,018,243	233,734,000	3.25%	(3,284,243)	(0.05%)	
5.6%	402,212,776	396,216,000	5.52%	(5,996,776)	(0.08%)	
0.0%	0	4,000	0.00%	4,000	0.00%	
4.6%	330,389,066	325,217,000	4.53%	(5,172,066)	(0.07%)	
4.6%	330,389,066	325,722,000	4.54%	(4,667,066)	(0.06%)	
1.9%	136,465,049	121,461,000	1.69%	(15,004,049)	(0.21%)	
20.0%	1,436,474,200	1,402,354,000	19.52%	(34,120,200)	(0.48%)	
4.0%	287,294,840	275,170,000	3.83%	(12,124,840)	(0.17%)	
24.0%	1,723,769,040	1,677,524,000	23.36%	(46,245,040)	(0.64%)	20% TO 30%
5.0%	359,118,550	345,216,000	4.81%	(13,902,550)	(0.19%)	
5.0%	359,118,550	345,216,000	4.81%	(13,902,550)	(0.19%)	2% TO 9%
0.8%	53,867,783	200,245,000	2.79%	146,377,218	2.04%	
1.8%	125,691,493	123,848,000	1.72%	(1,843,493)	(0.03%)	
2.5%	179,559,275	29,572,000	0.41%	(149,987,275)	(2.09%)	
5.0%	359,118,550	353,665,000	4.92%	(5,453,550)	(0.08%)	0% TO 10%
12.5%	897,796,375	891,805,000	12.42%	(5,991,375)	(0.08%)	10% TO 16%
7.0%	502,765,970	531,778,000	7.40%	29,012,030	0.40%	5% TO 12%
			0.00%			
		40,261,000	0.56%			
0.5%	35,911,855	40,261,000	0.56%	4,349,145	0.06%	0% TO 1%
0.5%	35,911,855	32,049,000	0.45%	(3,862,855)	(0.05%)	
0.5%	35,911,855	32,049,000	0.45%	(3,862,855)	(0.05%)	0% TO 5%
100.0%	7,182,371,000	7,182,371,000	100%	0	0%	

UNDER REVIEW:

DBL - Organization & Personnel, Board Action 7/9/2014

Nogales Investors - Performance, Board Action 05/28/08

Lord Abbett - Personnel, Board Action 10/20/13

PIMCO - Organization & Personnel, Board Action 2/12/14

**Private Real Estate Alternative Investments
As of February 28, 2015**

REAL ESTATE INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
DLJ Real Estate Capital Partners, L.P. II	07/31/99	07/31/09	3rd 2 YR	LP	6/30/2015	40,000,000	3,828,000	0.05%	
DLJ Real Estate Capital Partners, L.P. III	06/30/05	06/30/14	1st 2 YR	GP	6/30/2016	75,000,000	47,842,000	0.67%	18,958,000
DLJ Real Estate Capital Partners, L.P. IV	12/31/07	09/30/16				100,000,000	79,226,000	1.10%	19,476,000
DLJ Real Estate Capital Partners, L.P. V	07/31/13	12/31/22				75,000,000	23,858,000	0.33%	48,201,000
Hearthstone Partners II	06/17/98	12/31/09				6,250,000	(32,000)	0.00%	
Invesco IREF I	10/22/03	04/30/11	3rd 1 YR	GP	4/30/2014	50,000,000	9,769,000	0.14%	
Invesco IREF II	05/30/07	12/31/15				85,000,000	37,694,000	0.52%	
Invesco IREF III	08/01/13	08/01/20				35,000,000	25,353,000	0.35%	12,958,000
Invesco IREF IV	12/01/14	12/01/21				35,000,000	0	0.00%	35,000,000
Long Wharf FREG II	07/18/03	02/28/12	NOT DEF	LP	12/31/2014	50,000,000	794,000	0.01%	
Long Wharf FREG III	03/30/07	12/30/15				75,000,000	25,923,000	0.36%	5,639,000
Long Wharf FREG IV	08/14/13	09/30/21				25,000,000	16,480,000	0.23%	
Oaktree Real Estate Opportunities Fund V	12/15/11	12/31/16				50,000,000	44,547,000	0.62%	
Oaktree Real Estate Opportunities Fund VI	09/30/13	09/30/20				80,000,000	59,100,000	0.82%	29,682,000
Oaktree Real Estate Opportunities Fund VII	02/28/15	02/28/23				65,000,000	0	0.00%	65,000,000
Siguler Guff Distressed Real Estate Opp. Fund	12/31/11	12/31/16				75,000,000	70,893,000	0.99%	19,518,000
Siguler Guff Distressed Real Estate Opp. Fund II	08/31/13	08/31/20				70,000,000	25,700,000	0.36%	63,700,000
Paulson Real Estate Fund II	11/10/13	11/10/20				20,000,000	14,750,000	0.21%	5,800,000
Angelo Gordon Realty Fund VIII	12/31/11	12/31/18				80,000,000	65,279,000	0.91%	18,145,000
Angelo Gordon Realty Fund IX	10/10/14	10/10/22				65,000,000	0	0.00%	65,000,000
LaSalle Income & Growth Fund VI	01/31/12	01/31/19				75,000,000	77,285,000	1.08%	3,946,000
Adelante Capital Management (REIT)						0	179,387,000	2.50%	
INVECO International REIT						0	74,129,000	1.03%	
Willows Office: \$10,774,100 ***							10,000,000	0.14%	
*** Purchase price \$10,600,000 plus acquisition cost and fees \$174,100.									
Outstanding Commitments						1,336,250,000	891,805,000	12.42%	411,023,000
Total						638,289,000	411,023,000		

638,289,000

PRIVATE DEBT INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Torchlight Debt Opportunity Fund II	09/28/06	09/30/14				128,000,000	57,896,000	0.81%	
Torchlight Debt Opportunity Fund III	09/30/08	09/30/16				75,000,000	12,967,000	0.18%	
Torchlight Debt Opportunity Fund IV	08/01/12	08/30/20				60,000,000	50,598,000	0.70%	3,143,000
Torchlight Debt Opportunity Fund V	09/17/14	09/17/22				75,000,000	0	0.00%	75,000,000
Outstanding Commitments						338,000,000	121,461,000	1.69%	78,143,000
Total						78,143,000	199,604,000		

78,143,000

199,604,000

**Private Real Estate Alternative Investments
As of February 28, 2015**

ALTERNATIVE INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Adams Street Partners	12/22/95	INDEFINITE				180,000,000	120,378,000	1.68%	108,820,000
Adams Street Secondary II	12/31/08	12/31/20				30,000,000	28,912,000	0.40%	13,283,000
Adams Street Secondary V	10/31/12	10/31/22				40,000,000	13,632,000	0.19%	26,538,000
Pathway	11/09/98	05/31/21				125,000,000	73,424,000	1.02%	18,249,000
Pathway 2008	12/26/08	12/26/23				30,000,000	23,967,000	0.00%	8,737,000
Pathway 6	05/24/11	05/24/26				40,000,000	18,827,000	0.00%	23,778,000
Pathway 7	02/07/13	02/07/28				70,000,000	12,874,000	0.00%	57,025,000
Siguler Guif CCCERA Opportunities	06/03/14	05/31/25		LP	11/08/15	200,000,000	17,159,000	0.00%	182,841,000
EIF USPF I	11/08/02	11/08/12	3rd YR			30,000,000	835,000	0.01%	0
EIF USPF II	06/15/05	06/15/15				50,000,000	40,060,000	0.56%	0
EIF USPF III	02/28/07	02/28/17				65,000,000	49,839,000	0.69%	0
EIF USPF IV	06/28/10	06/28/20				50,000,000	24,473,000	0.34%	28,979,000
Nogales Investment	02/15/04	02/15/14			UNTIL LIQ	15,000,000	3,342,000	0.05%	1,651,000
Bay Area Equity Fund	06/14/04	01/15/13	1st 2 YR	LP	1/15/2015	10,000,000	23,266,000	0.32%	0
Paladin III	2/29/09	12/31/17				10,000,000	10,544,000	0.15%	1,604,000
Carpenter Community BancFund	11/30/07	12/31/17				25,000,000	22,145,000	0.31%	0
Ocean Avenue Fund II	01/31/08	01/31/16				30,000,000	38,409,000	0.53%	6,032,000
	06/11/14	05/31/24				30,000,000	9,692,000	0.13%	19,384,000
Total						1,030,000,000	531,778,000	6.26%	496,921,000

Outstanding Commitments
Total 1,028,699,000

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

REAL ASSET INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Commonfund Capital Natural Resources IX	06/30/13	06/30/20				50,000,000	13,719,000	0.19%	37,250,000
Aether III & III Surplus	11/30/13	11/30/20				75,000,000	15,853,000	0.22%	59,426,000
Total						125,000,000	29,572,000	0.41%	96,676,000

Outstanding Commitments
Total 126,248,000

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



Meeting Date
04/08/15
Agenda Item
#7

MEMORANDUM

Date: April 8, 2015
To: Board of Retirement
From: Karen Levy, General Counsel
Subject: Consider and Take Possible Action to Change the Board's Policy and Include More Than Base Pay In Pensionable Compensation For PEPRAs Members

Summary

On January 28, 2015, after reviewing a survey of the types of pay items beyond base pay that other CERL systems are including in "pensionable compensation" for PEPRAs members, it was directed that this item be placed on a future CCCERA Board agenda in order to allow the Board to consider whether to change its policy and include more than base pay in pensionable compensation for PEPRAs Members. This memorandum summarizes the background pertaining to this issue and proposes possible next steps for the Board's consideration.

Background

In 2012, the California Legislature enacted and the Governor signed into law Assembly Bill 340, which included the California Public Employees' Pension Reform Act of 2013 ("PEPRA.") PEPRA changed the terms, conditions and calculation of retirement allowances for "new members," i.e., those members of CCCERA who become "new members" of the retirement system, as defined in PEPRA, Gov. Code Section 7522.04(f), on or after January 1, 2013.

On December 12, 2012, the CCCERA Retirement Board voted to notify all CCCERA employers that "pensionable compensation" for PEPRA members would be limited to "base pay only" until the statute is further clarified. CCCERA employers were therefore notified to report as pensionable and collect retirement contributions on base pay only for PEPRA members. On September 4, 2013, after consideration and analysis of all pay items beyond base pay for all participating employers, the CCCERA Board determined that no special compensation pay items beyond base pay would be used in the calculation of the PEPRA members' retirement benefit, and reaffirmed its December 2012 directive that all participating employers should continue to report to CCCERA as pensionable, and collect contributions on, base pay only.

On September 10, 2014, the Board adopted its Policy On Determining "Pensionable Compensation" Under PEPRA For Purposes of Calculating Retirement Benefits ("PEPRA Pensionable Compensation Policy"), which reflects PEPRA provisions as well as the Board's

prior determination that "Pensionable Compensation" includes "base pay" and excludes any pay other than base pay, in accordance with Govt. Code Sections 7522.34(c)(11) and (12). The Policy also defines "publicly available pay schedules" and requires that the schedules be adopted by the governing board of the employer at a public meeting, be available for public inspection, etc.

Consistent with CalPERS' initial direction to its participating employers to continue to collect contributions on special compensation pay items beyond base pay, CalPERS ultimately adopted regulations that include some 99 types of pay other than base pay that CalPERS is treating as "pensionable compensation" and on which it is requesting employers to pay contributions. (C.C.R. § 571.1.) The special pay items beyond base pay that CalPERS includes in pensionable compensation are summarized as follows:

1. Incentive Pay: Longevity pay, marksmanship pay, etc.
2. Education Pay: CPA incentive, educational pay for course, certificates and degrees which enhance ability to do the job, Peace Officer Standard Training (POST) Certificate Pay, etc.
3. Premium Pay: Temporary upgrade pay.
4. Special Assignment Pay: Accountant premium, administrative secretary premium, bilingual premium, canine officer/animal premium pay, confidential premium, hazard premium, lead worker/supervisor premium, motorcycle patrol premium, narcotics division premium, patrol premium, shift differential, etc.
5. Additional pay items:
 - Fair Labor Standards Act (FLSA) pay (compensation paid for normal full-time work schedule including premium pay required by FLSA); and
 - Holiday pay (additional compensation for employees who are normally required to work on an approved holiday because they work in positions that require scheduled staffing without regard to holidays).

On January 28, 2015, as requested by the Board, CCCERA staff provided the results of a survey of the type of pay items beyond base pay that other CERL systems are including in "pensionable compensation" for PEPRA members. It was directed that this item be placed on a future Board agenda in order to allow the Board to consider changing the Board's policy and including more than base pay in pensionable compensation for PEPRA Members.

In order to assist the Board in considering this item, included with this memorandum are the following attachments:

- Attachment 1 Policy On Determining "Pensionable Compensation" Under PEPRA For Purposes of Calculating Retirement Benefits
- Attachment 2 California Public Employees' Pension Reform Act of 2013, Government Code Section 7522.34
- Attachment 3 Minutes of CCCERA public Board meeting, December 12, 2012, Agenda Item 9.
- Attachment 4 Memorandum dated December 21, 2012 from CCCERA to all CCCERA employers notifying that the Board determined that "Pensionable Compensation" under PEPRA is limited to base pay only, and that if CalPERS takes a position that differs, the Board will revisit the issue.
- Attachment 5 Minutes of CCCERA public Board meeting, September 4, 2013, Agenda Item 8.
- Attachment 6 Memorandum dated September 6, 2013 from CCCERA to all CCCERA employers notifying that the Board, after consideration and analysis of all pay items beyond base pay, determined that no pay items beyond base pay will be used in the calculation of the retirement benefit for members covered by the PEPRA benefit formulas.
- Attachment 7 Results of survey of pay items beyond base pay included in pensionable compensation by other CERL systems, presented to the CCCERA Board on January 28, 2015.
- Attachment 8 CalPERS Regulation 571.1.

Recommendation

Due to the complexity of this matter, a multiple step approach is recommended, as follows:

Step One – Consider whether to change the Board's policy for the purpose of including any elements of pay other than base pay in pensionable compensation for PEPRA Members.

Step Two – If the Board decides to change its policy to include pay items beyond base pay, the next step would be to determine the parameters governing the inclusion of additional pay items and to direct staff to compile and analyze all current pay differentials for all CCCERA employers based on those parameters. In the previously compiled pay differentials analysis, CCCERA utilized the following parameters to further define what is the "normal monthly rate of

pay" paid to "similarly situated members of the same group of class of employment" beyond base pay:

- Is the differential paid on an ongoing and recurring basis?
- Is the differential permanent rather than temporary?
- Is it paid for work or skill required of all employees in the job classification rather than a select few?
- Is it paid for work or skill that is required rather than voluntary?
- Is it paid for an essential skill or service of the job classification?
- Is the pay posted on a publicly available pay schedule?

It will be important to consider and set these parameters before proceeding with a review of all current differentials for all CCCERA employers.

Step Three – For any pay differentials determined to be includable, analyze and determine prospective and retroactive reporting and collection of employer and employee retirement contributions.

Step Four – Draft an amended pensionable compensation policy that reflects the Board's determinations pertaining to the items set forth above.

Attachment

#1

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT

**POLICY ON DETERMINING "PENSIONABLE COMPENSATION"
UNDER PEPRA
FOR PURPOSES OF CALCULATING RETIREMENT BENEFITS**

Adopted: 9/10/2014

I. INTRODUCTION

In 2012, the Legislature enacted and the Governor signed into law Assembly Bill 340, which included the California Public Employees' Pension Reform Act of 2013 ("PEPRA.") PEPRA changes the terms, conditions and calculation of retirement allowances for new CCCERA members from those previously in place for "Legacy Members" of CCCERA. This Policy is effective as to the calculation and amount of retirement allowances for those members of CCCERA who become "new members" of the retirement system, as defined in PEPRA, Gov. Code Section 7522.04(f), on or after January 1, 2013.

II. PURPOSE

The purpose of this Policy is to implement provisions of PEPRA relating to member compensation included in pensionable compensation in accordance with G.C. Section 7522.34. Pursuant to PEPRA, "pensionable compensation" is used to calculate members' retirement allowances. (Note: "Pensionable compensation" under PEPRA is comparable to "compensation earnable" under the County Employees' Retirement Law of 1937, which is used to calculate the retirement allowances of Legacy Members.)

III. POLICY

Applicable Law: PEPRA defines "pensionable compensation" as follows:

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

Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid.

(Gov. Code Section 7522.34(a) and (b).)

PEPRA excludes from "pensionable compensation" the following:

- (1) *Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.*
- (2) *Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.*
- (3) *Any one-time or ad hoc payments made to a member.*
- (4) *Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.*
- (5) *Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.*
- (6) *Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.*
- (7) *Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.*
- (8) *Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code [FLSA].*
- (9) *Employer contributions to deferred compensation or defined contribution plans.*
- (10) *Any bonus paid in addition to the compensation described in subdivision (a) [of G.C. § 7522.34].*
- (11) *Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a) [of G.C. § 7522.34].*
- (12) *Any other form of compensation a public retirement board determines should not be pensionable compensation.*

(Gov. Code Section 7522.34(a) and (b).)

CCCERA Policies and Practices. The CCCERA Board has determined that "Pensionable Compensation" includes "base pay." Pensionable compensation does not include any pay other than base pay, in accordance with Govt. Code Sections 7522.34(c)(11) and (12).

For purposes of determining the amount of "pensionable compensation," pensionable compensation shall be limited to the amount listed on "publicly available pay schedules." A "publicly available pay schedule" must meet all of the following requirements:

1. Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
2. Identifies the position title for every employee position;
3. Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;

4. Indicates the time base, including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually;
5. Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
6. Indicates an effective date and date of any revisions;
7. Is retained by the employer and available for public inspection for not less than five years; and
8. Does not reference another document in lieu of disclosing the pay rate.

Whenever an employer fails to meet all of the foregoing requirements, the Retirement Board, in its sole discretion, may determine an amount that will be considered to be "pensionable compensation," taking into consideration all information it deems relevant including, but not limited to:

- (a) Documents approved by the employer's governing body in accordance with requirements of public meetings laws and maintained by the employer; and
- (b) Pensionable compensation earned by the member that last met the foregoing requirements.

This policy was adopted by the Board of Retirement on September 10, 2014 and supersedes the predecessor "Second Addendum to Policy for Determining Which Pay Items are 'Compensation' for Retirement Purposes."

Attachment

#2

California Public Employees' Pension Reform Act of 2013

California Government Code Section 7522.34. Pensionable compensation

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

(b) Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid.

(c) Notwithstanding any other law, "pensionable compensation" of a new member does not include the following:

- (1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.
- (2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.
- (3) Any one-time or ad hoc payments made to a member.
- (4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.
- (5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
- (6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
- (7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.
- (8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.
- (9) Employer contributions to deferred compensation or defined contribution plans.
- (10) Any bonus paid in addition to the compensation described in subdivision (a).
- (11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).
- (12) Any other form of compensation a public retirement board determines should not be pensionable compensation.
- (13) (A) Any form of compensation identified that has been agreed to be nonpensionable pursuant to a memorandum of understanding for state employees bound by the memorandum of understanding. The state employer subject to the memorandum of understanding shall inform the retirement system of the excluded compensation and provide a copy of the memorandum of understanding.
(B) The state employer may determine if excluded compensation identified in subparagraph (A) shall apply to nonrepresented state employees who are aligned with state employees subject to the memorandum of understanding described in subparagraph (A). The state employer shall inform the retirement system of the exclusion of this compensation and provide a copy of the public pay schedule detailing the exclusion.

Attachment

#3

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 1

December 12, 2012

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, December 12, 2012 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Debora Allen, Terry Buck, Richard Cabral, John Gioia, Brian Hast, Jerry Holcombe, Sharon Naramore, John Phillips, Gabe Rodrigues, Jerry Telles, Maria Theresa Viramontes and Russell Watts

Absent: None

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

Outside Professional Support: Harvey Leiderman
Representing: Reed Smith LLP

Other Attendees:

Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Karen Davis	CCCERA Staff
Christina Dunn	CCCERA Staff
Jessica Huffman	CCCERA Staff
Tracy Kroll	CCCERA Staff
Joelle Luhn	CCCERA Staff
Justine Rossini	CCCERA Staff
Liz Walker	CCCERA Staff
Mike Sloan	Contra Costa County Retired Employees Association
Kris Hunt	Contra Costa County Taxpayers Association
Peter Cheung	Paladin
Jim Bickert	Deputy Sheriff's Association (DSA)
Ken Westermann	DSA
Michelle Johnston	Auditor-Controller
Teji O'Malley	Central Contra Costa Sanitary District (CCCSD)
Lucy Fogarty	Superior Court
Brandy Sandborn	Superior Court
Lisa Driscoll	County Administrators Office
Vincent Wells	Contra Costa County Fire Protection District
Todd Smithey	CCCSD
Rollie Katz	Local One
Mike Mohun	San Ramon Valley Fire

1. Pledge of Allegiance

Viramontes led all in the *Pledge of Allegiance*.

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 2

December 12, 2012

2. Recognition of Liz Walker for 15 years of service

Viramontes recognized and congratulated Liz Walker for her 15 years of service.

Viramontes reported Item 8 will be discussed at 11:00 a.m. Paul Angelo from The Segal Company is unable to attend and will call at that time.

3. Public Comment

Kris Hunt, Contra Costa Taxpayers Association, expressed her disappointment that audio recording of the Board meetings and changing the schedule for the closed session portion of the Board meetings has not been placed on the agenda for discussion.

4. Approval of Minutes

It was *M/S/C* to approve the minutes of the October 24, 2012 Board meeting. (Yes: Allen, Buck, Cabral, Gioia, Hast, Phillips, Telles, Viramontes and Watts)

5. Routine Items

It was *M/S/C* to approve the routine items of the December 12, 2012 meeting. (Yes: Allen, Buck, Cabral, Gioia, Hast, Phillips, Telles, Viramontes and Watts)

It was the consensus of the board to move to item 9.

9. Addendum to "Compensation for Retirement Purposes" policy for new members on or after January 1, 2013 (PEPRA)

Levy reported the proposed second addendum to this policy is another step in implementing the California Public Employees Pension Reform Act of 2013, or PEPRA. She noted this addendum applies to new members only, not "legacy" members. She noted PEPRA uses the term, "pensionable compensation" to define the compensation used for retirement purposes.

Levy reviewed the statutory definition of "pensionable compensation" and the pay items that are excluded from "pensionable compensation" as defined by Government Code Section 7522.34. There was discussion on the definitions of "normal working hours" and "base pay."

Discussion followed on whether to adopt the proposed policy and amend at a later date if more information becomes available as to the definition of "base pay". Leiderman noted that it was his understanding that the CalPERS Chief Counsel felt that "base pay" does not include any pay items other than base pay.

Levy also reviewed implementation approaches taken by other CERL Systems noting that CalPERS, who is also subject to this new statute, has not published a position on whether it will be implementing "pensionable compensation" to include base pay only or base pay plus special items of compensation. She

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 3

December 12, 2012

recommended that the pensionable compensation implementation approach selected for CCCERA should be subject to further clarification of the law, including legislative and decisional law, as well as clarification from CalPERS on how they intend to implement "pensionable compensation."

Lisa Driscoll, County Administrators Office, requested clarification on whether it would create an unfunded liability if the "base pay only" approach was adopted and then later amended causing employers to under-collect contributions.

Jim Bickert, DSA, stated Sonoma County has recently gone through pay codes one by one and determined a vast majority of the pay codes will remain in "pensionable compensation". He feels that since other CERL systems are taking a different approach than the "base pay only" approach, the law does not appear to be clear on the definition of "pensionable compensation."

Discussion followed regarding the timeframe the decision needs to be made within and which decision would have the least amount of impact on members and employers if it later needs to be amended.

It was **M/S** to adopt the second amended policy as presented with the understanding the policy can be amended.

A substitute motion was **M/S** to notify employers the definition of "pensionable compensation" is limited to "base pay only" and to adopt the second amended policy excluding Item 3(h) until January when it can be clarified.

Levy noted by excluding Item 3(h), a portion of the statute defining "pensionable compensation" is being removed from the policy.

After discussion on the substitute motion, the question was called.

It was **M/** to call for the question. The motion was lost.

The substitute motion was **M/S/C** to notify employers that "pensionable compensation" for PEPRAs members is limited to "base pay only" until January or as soon as it can be clarified and to adopt the second addendum to the board's compensation policy excluding Item 3(h). (Yes: Allen, Gioia, Hast, Phillips, Telles, Viramontes and Watts. No: Buck. Abs.: Cabral)

It was the consensus of the Board to move to item 8.

8. Implementation of rate methodology for new members on or after January 1, 2013 (PEPRA)

Schneider noted the Board began discussion at the November 28, 2012 Board meeting whether member contribution rates for PEPRAs members should be calculated using a flat rate method or an age at entry method. At the November meeting the Board requested input from the employers to determine the employer's preference. Schneider distributed a letter from the County which stated the preference of the County was to use the age at entry methodology for calculating contribution rates for PEPRAs members. He noted the other employers that responded to his inquiry either expressed a preference for

Attachment

#4

MEMO

Date: December 21, 2012
To: CCCERA Employers
From: Kurt Schneider, Retirement Deputy Chief Executive Officer
Subject: Pensionable Compensation for PEPRA Tiers Effective January 1, 2013

Introduction:

The California Public Employees' Pension Reform Act of 2013 (PEPRA) created a new definition of "Pensionable Compensation" that applies to new CCCERA members that are covered under the PEPRA benefit formulas. At the December 12, 2012 CCCERA Board meeting, the Retirement Board adopted a policy regarding which pay items are included as Pensionable Compensation.

CCCERA Pensionable Compensation:

Since PEPRA uses language identical to that in regulations that cover CalPERS, the Board has relied on language in those regulations to help interpret the meaning of the PEPRA statute. Based on the advice of legal counsel and a Board vote of 7 to 2 in favor of the motion, the Board has determined that "pensionable compensation" under PEPRA is limited to base pay only, since PEPRA requires that pensionable compensation be limited to:

1. the normal monthly rate of pay or base pay of the member,
2. amounts paid in cash to similarly situated members in the same grade or class of employment,
3. payments for services rendered on a full-time basis during normal working hours, and
4. compensation pursuant to publicly available pay schedules.

With the understanding that CalPERS has not issued a formal position on how they will interpret the PEPRA statute, the Board has decided that if CalPERS takes a position that differs from the one our Board has adopted, our Board will revisit this issue.

Flat Member Contribution Rate for PEPRA Tiers:

Also at the Board meeting on December 12, the Board decided that new members covered under the PEPRA benefit formulas will have a flat contribution rate. This means that every member in a given PEPRA tier will have the same member contribution rate. This is consistent with most defined benefit plans including CalPERS and the surrounding county and city retirement systems. The member and employer contribution rates for the CCCERA PEPRA tiers will be presented to the Board for adoption at the January 9, 2013 Board meeting.

Pensionable Compensation Limit for 2013:

PEPRA also places an annual dollar limit on Pensionable Compensation. The dollar limit for 2013 is **\$113,700** for members enrolled in Social Security and **\$136,440** for members who are **not** enrolled in Social Security. These limits will be adjusted in future years based on changes in the Consumer Price Index for All Urban Consumers.

Annual compensation of a plan member which exceeds the pensionable compensation limit may not be taken into account in determining **benefits or contributions** due for any plan year.

Employees who are covered under the CERL benefit formulas (e.g. 2% at 55 or 3% at 50) **are not** subject to the pensionable compensation limit. See the 401(a)(17) Compensation Limit memo for the dollar limits that apply to these members.

Employees who are covered under the PEPRA benefit formulas (e.g. 2% at 62 or 2.7% at 57) **are** subject to the pensionable compensation limit.

Administrative Procedures for PEPRA Members:

1. It is the obligation of each agency payroll department to ensure compliance with the pensionable compensation limit for affected CCCERA members.
2. The agency payroll department must stop **both member and employer** contributions to CCCERA when the pensionable compensation limit is met. The agency must resume the required contributions with the first payroll check dated in the next calendar year.
3. CCCERA can assist the agency in determining which limit applies to which members upon request. **It is the responsibility of each agency to request assistance from CCCERA if necessary.**

Please contact me with any questions regarding this memorandum.

Attachment

#5



RETIREMENT BOARD MEETING MINUTES

REGULAR BOARD MEETING
9:00 a.m.

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

September 4, 2013

Present: Debora Allen, Richard Cabral, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, Karen Mitchoff, John Phillips, Gabe Rodrigues, Jerry Telles, and Rusty Watts

Absent: None

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

Outside Professional Support: Harvey Leiderman
Representing: Reed Smith LLP

1. Pledge of Allegiance

Hast led all in the *Pledge of Allegiance*.

2. Accept comments from the public

No members of the public offered comment.

3. Approval of Minutes

It was M/S/C to approve the minutes of the June 26, 2013 meeting. (Yes: Cabral, Hast, Holcombe Mitchoff, Phillips, Rodrigues, Telles and Watts. Abs.: Gordon)

Allen was present for subsequent discussion and voting.

It was M/S/C to approve the minutes of the July 10, 2013 meeting with an amendment to add Rebecca Byrnes, County Counsel, as an Outside Professional in attendance. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Telles and Watts)

4. Routine Items

It was M/S/C to approve the routine items of the September 4, 2013 Board meeting. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Telles and Watts)

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957, 54956.9(a) and 54956.9(b).

The Board moved into open session.

5. It was **M/S/C** to accept the Medical Advisor's recommendation and grant the service connected disability retirement for Julie Raner. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Telles and Watts)
6. There was no reportable action related to Govt. Code Section 54956.9(a).
7. There was no reportable action related to Govt. Code Section 54956.9(b).
8. **Consider and take possible action to direct staff regarding pay items beyond base pay for PEPRA tiers**

Levy gave an update regarding possible legislation and CalPERS' current implementation of "pensionable compensation" under the Public Employees' Pension Reform Act of 2013 ("PEPRA") statute.

Levy reported that, as directed by the Board, CCCERA staff met with employers and interested parties to discuss specific pay items beyond base pay and is recommending some modifications to the preliminary analysis and pay item spreadsheets presented to the Board in April based on information obtained through this process.

After a lengthy discussion, it was **M/S** to exclude bilingual pay differential from pensionable compensation.

In public comment, Rollie Katz, Local 1, urged the Board to continue to include bilingual pay as pensionable compensation.

In public comment, Joe Young, member of the public, asked the Board to be conservative and include only base pay in pensionable compensation.

In public comment, Bill Cullen, retiree, stated that bilingual pay differential should be included in base pay. He also stated that everyone who is eligible to receive any differentials beyond base pay should have the differentials included in pensionable compensation and not be penalized.

After discussion, a substitute motion was **M/S** to use base pay only for pensionable compensation for PEPRA members and to exclude all other special pay items.

The original motion and second were withdrawn.

After a lengthy discussion, the question was called.

It was **M/S/C** to call for the question. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Telles and Watts. No: Cabral and Rodrigues)

It was **M/S/C** to use base pay only for purposes of pensionable compensation for PEPRA members and to exclude all other special compensation. (Yes: Allen, Gordon, Mitchoff, Phillips and Watts. No: Cabral, Rodrigues and Telles. Abs.: Hast). Hast noted that his reason for abstaining is that he agrees with making it more simplistic for employers and employees, but he feels it provides a deterrent to employees and the services they provide and would hope in the future they would eliminate differentials and create different classifications which would include the differentials in the employee's base salaries.

Hast announced that the vote would be taken and recorded again after Public Comment.

In public comment, Vince Wells, President Local 1230, urged the Board to consider the reason why the differentials were put into place and wanted to remind the Board that differentials benefit the employer by saving the employer money.

In public comment, Joe Young, member of the public, expressed his desire for getting back to base pay only since that is what the public wants and what they voted for.

In public comment, Rollie Katz, Local 1, stated he doesn't remember the public voting on this matter. He doesn't feel employers are going to agree to pay all employees in a classification an extra 10% because some of the employees deserve it. He also stated he thinks it's a mistake to think that the base salary matter will be resolved in negotiations.

In public comment, Steve Anderson, board member of a special district in the County but speaking as a private citizen, stated that since we are talking about new employees he does not think there is anything being taken away. He stated that the survival of many special districts is predicated on what the Board decides since including additional pay items in pensionable compensation could make the difference between closing a fire station or not.

In public comment, Alex Aliferis, Contra Costa Taxpayers Association, urged the Board to continue with pension reform. He feels people are leaving California due to the high cost of living. Continued reform will help the state.

It was M/S/C to use base pay only for purposes of pensionable compensation for PEPRAs members and to exclude all other special compensation beyond base pay. (Yes: Allen, Gordon, Mitchoff, Phillips and Watts. No: Cabral, Rodrigues and Telles. Abs.: Hast).

Levy asked for clarification on two pay items for the Moraga-Orinda Fire District. The Board clarified that FLSA Pay and Fire Retirement Allotment would be excluded from pensionable compensation because they are beyond base pay and directed staff to notify the Moraga Orinda Fire District and all employers of the Board's determination.

9. **Consider and take possible action to direct staff regarding pay items used to enhance the final retirement benefit**

Schneider reported the Board had requested information regarding certain pay items which were the focus of recent media reports, including on-call pay reportedly paid to members who volunteered to work additional on-call hours during their final compensation period and additional on-call pay reportedly paid to physicians who did not provide on-call services for the time paid. He reviewed his memo on the compensation policy, pay items and compensation enhancements.

Schneider reviewed an example of a compensation enhancement using on-call pay. Leiderman stated it would not be known whether these types of enhancements to compensation can be revisited by the Board until we know the outcome of the AB 197 litigation.

Mitchoff was no longer present for subsequent discussion and voting.

There was a lengthy discussion on on-call pay, call-back pay and spiking.

It was M/S/C to direct staff to calculate this member's retirement benefit without on-call pay and send a letter to the member explaining that CCCERA is reviewing the on-call pay further. (Yes: Allen, Cabral, Gordon, Hast, Holcombe, Phillips, Telles and Watts. Abs.: Rodrigues)

In public comment, Rollie Katz, Local 1, stated that on-call pay has always been compensable and now it is an item of concern. He doesn't think the Board should deny the on-call pay as pensionable to the member used in the example.

There was further discussion regarding voluntary and mandatory on-call pay.

In public comment, Rollie Katz, Local 1, asked the Board to be careful comparing what they consider voluntary to what the employers and the unions consider as voluntary.

10. Consider and take possible action to cause an election to be held to fill the vacancy in the seventh member seat

Leedom reported the Board has the authority to call an election to fill the vacancy of the seventh (Safety) member seat. The nomination period would be from September 30 through October 25, 2013. The ballots will be mailed on December 23rd with an election on January 21, 2014.

It was M/S/C to hold an election at the earliest possible date in order to fill the vacancy in the seventh safety member seat. (Yes: Allen, Cabral, Gordon, Hast, Holcombe, Phillips, Rodrigues, Telles and Watts)

11. Consider and take possible action regarding the investment consultant for CCCERA

Price reported the Board Chair requested that staff prepare a memo with options for the Board to consider regarding how to respond to personnel changes recently announced by Milliman.

The Board discussed different options including implementing a policy to review investment consultants, the possibility of having a separate investment consultant and a separate real estate consultant, and the amount of time needed to issue an RFP.

The Board directed staff to conduct an on-site visit to the Milliman office.

12. Presentation of Administrative expenses: Budget vs. Actual as of June 30, 2013

Leedom distributed a detailed report of the budget, noting we are currently at 75% of budget. She will present the 2014 budget for approval at a meeting in November or December.

It was M/S/C to accept the Budget vs. Actual Report as of June 30, 2013. (Yes: Allen, Cabral, Gordon, Hast, Holcombe, Phillips, Rodrigues, Telles and Watts).

13. SACRS Voting Proxy

It was M/S/C to appoint Jerry Telles as CCCERA's Voting Delegate and Gabe Rodrigues as the Alternate Voting Delegate at the upcoming SACRS Conference. (Yes: Allen, Cabral, Gordon, Hast, Holcombe, Phillips, Rodrigues, Telles and Watts).

Telles was no longer present for subsequent discussion and voting.

14. Consider and take possible action to reschedule the October 9, 2013 Board meeting

It was M/S/C to reschedule the October 9, 2013 meeting to Wednesday, October 2, 2013. (Yes: Allen, Cabral, Gordon, Hast, Holcombe, Kroll, Phillips, Rodrigues, and Watts)

15. Conference Seminar Attendance

a. It was M/S/C to authorize the attendance of 2 Board members at the Investment Fundamentals, PIMCO, September 19-20, 2013, Newport Beach, CA. (Yes: Allen, Cabral, Gordon, Hast, Holcombe, Kroll, Phillips, Rodrigues and Watts)

- b. It was M/S/C to authorize the attendance of 1 Board member at the Fall Conference, CRCEA, October 21-23, 2013, Fresno, CA. (Yes: Allen, Cabral, Gordon, Hast, Holcombe, Kroll, Phillips, Rodrigues and Watts)
- c. It was M/S/C to authorize the attendance of all Board members and all appropriate staff members at the Fall Conference, SACRS, November 12-15, 2013, Indian Wells, CA. (Yes: Allen, Cabral, Gordon, Hast, Holcombe, Kroll, Phillips, Rodrigues and Watts)

16. Miscellaneous

(a) Staff Report –

Leedom reported the agenda packets including the quarterly information for the September 11, 2013 meeting have been distributed to Board members.

She noted a dry rot problem with The Willows Office building. The property manager will present information to the Board at a future meeting.

Leedom reported Brown Armstrong will begin training the accounting staff on the new GASB reporting requirements.

Schneider reported progress has been made on the transition from the old retirement software system to the new retirement software system.

Price reported Long Wharf is selling a number of properties in Fund III so there will be some returns coming in soon.

He reported at the next meeting Paulson will be presenting on a possible real estate investment opportunity.

He reported he will be attending an on-site at Aether in Denver on October 28 and 29, 2013.

(b) Outside Professionals' Report -

None


(c) Trustees' comments –

Phillips reported he attended the Harvard course.

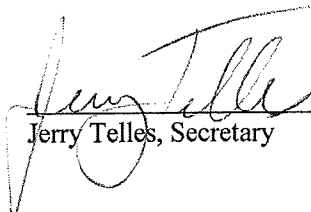
Cabral corrected a comment from the previous meeting noting Rebecca Byrnes has never been a County employee and does not collect a CCCERA pension.

Rodrigues reported some DSA members feel the Board is a pro-employer board and not supportive of employees. He questioned if there was a way to get information to members informing them why decisions are made by the Board.

It was M/S/C to adjourn the meeting. (Yes: Allen, Cabral, Gordon, Hast, Holcombe, Kroll, Phillips, Rodrigues, and Watts)



Brian Hast, Chairman



Jerry Telles, Secretary

Attachment

#6



MEMORANDUM

Date: September 6, 2013
To: CCCERA Employers
From: Kurt Schneider, Retirement Deputy Chief Executive Officer
Subject: Pensionable Compensation for PEPRA Tiers

This is an update regarding pensionable compensation for PEPRA Tiers. On December 21, 2012, CCCERA advised all employers to report as pensionable and collect contributions only on PEPRA members' base pay. After consideration and analysis of all pay items beyond base pay ("differentials"), the CCCERA Board determined on September 4, 2013 that no additional differentials will be included in pensionable compensation. All employers should continue to report to CCCERA as pensionable, and collect contributions on, base pay only. No pay items beyond base pay will be used in the calculation of the retirement benefit for members covered by the PEPRA benefit formulas.

Please contact me with any questions regarding this memorandum.

Attachment

#7



MEETING DATE

JAN 28 2015

AGENDA ITEM

3

MEMORANDUM

Date: January 28, 2015
To: CCCERA Board of Retirement
From: Kurt Schneider, Deputy Retirement Chief Executive Officer
Subject: Survey of CERL Systems Regarding Pensionable Compensation

Background

On September 12, 2012, PEPRRA was enacted and created a new definition of "pensionable compensation" which applies to new members entering CCCERA on or after January 1, 2013.

At the December 12, 2012 CCCERA Board meeting, the Retirement Board determined that "pensionable compensation" under Government Code §7522.34 is limited to base pay but that the determination is subject to being revisited based on future developments in the law, and also on any future positions taken by CalPERS.

On December 27, 2012, CalPERS published a Circular Letter to its participating employers with information regarding PEPRRA. CalPERS' circular stated that CalPERS intends to promulgate regulations to, among other things, include a list of these additional pay items as "pensionable compensation" which CalPERS' participating employers would be reporting as pensionable. CalPERS statutes and regulations refer to these pay items as "special compensation," which includes certification pay, special shift or assignment pay, longevity and bilingual bonuses, etc.

In light of this development, the Board directed CCCERA staff to conduct an analysis of all pay items beyond base pay for all participating employers in order to determine whether they meet the definition of "pensionable compensation." On April 10, 2013 and September 4, 2013, staff presented analyses which included detailed spreadsheets for all pay items under consideration. At the September 4, 2013 meeting the Board determined that "pensionable compensation" would be limited to base pay. This decision is reflected in the Board's Policy on "pensionable compensation" adopted September 10, 2014. (Copy enclosed.)

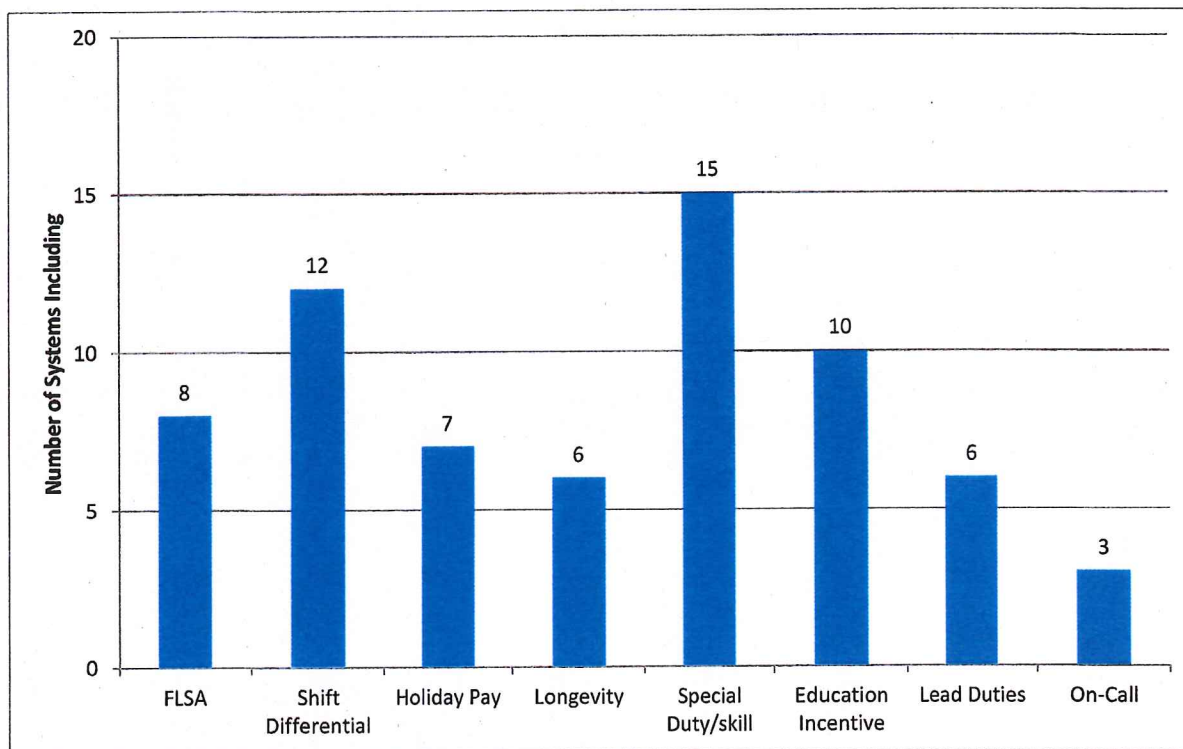
On August 20, 2014, CalPERS adopted its final regulation defining "pensionable compensation" for CalPERS members. The CalPERS regulation includes 99 pay items beyond base pay in "pensionable compensation" for CalPERS members. In light of this action, the Board directed CCCERA staff to survey other 1937 Act systems to determine what pay items beyond base pay are included in "pensionable compensation" in other counties.

Survey Results

The results of the survey are below.

Aside from CCCERA, there are 19 other 1937 Act systems. All 19 systems were surveyed and were able to provide information on included pay items. A sample of pay items included by the other 1937 Act systems are shown below.

Included Pay Items by Type



Two other CERL systems, Stanislaus and Sacramento, like CCCERA, include only base pay in pensionable compensation. Marin and Ventura, meanwhile, currently include only one pay item in addition to base pay, FLSA pay.

Issues to consider

- As directed by the Board, no retirement contributions have been collected on any items of pay beyond base pay for CCCERA PEPRA members.
- CCCERA stakeholders have not officially weighed in on this matter. The Board has received correspondence from the DSA requesting a re-evaluation of the policy. (Copy enclosed.)

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT

**POLICY ON DETERMINING "PENSIONABLE COMPENSATION"
UNDER PEPRA
FOR PURPOSES OF CALCULATING RETIREMENT BENEFITS**

Adopted: 9/10/2014

I. INTRODUCTION

In 2012, the Legislature enacted and the Governor signed into law Assembly Bill 340, which included the California Public Employees' Pension Reform Act of 2013 ("PEPRA.") PEPRA changes the terms, conditions and calculation of retirement allowances for new CCCERA members from those previously in place for "Legacy Members" of CCCERA. This Policy is effective as to the calculation and amount of retirement allowances for those members of CCCERA who become "new members" of the retirement system, as defined in PEPRA, Gov. Code Section 7522.04(f), on or after January 1, 2013.

II. PURPOSE

The purpose of this Policy is to implement provisions of PEPRA relating to member compensation included in pensionable compensation in accordance with G.C. Section 7522.34. Pursuant to PEPRA, "pensionable compensation" is used to calculate members' retirement allowances. (Note: "Pensionable compensation" under PEPRA is comparable to "compensation earnable" under the County Employees' Retirement Law of 1937, which is used to calculate the retirement allowances of Legacy Members.)

III. POLICY

Applicable Law: PEPRA defines "pensionable compensation" as follows:

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

Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid.

(Gov. Code Section 7522.34(a) and (b).)

PEPRA excludes from "pensionable compensation" the following:

- (1) *Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.*
- (2) *Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.*
- (3) *Any one-time or ad hoc payments made to a member.*
- (4) *Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.*
- (5) *Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.*
- (6) *Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.*
- (7) *Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.*
- (8) *Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code [FLSA].*
- (9) *Employer contributions to deferred compensation or defined contribution plans.*
- (10) *Any bonus paid in addition to the compensation described in subdivision (a) [of G.C. § 7522.34].*
- (11) *Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a) [of G.C. § 7522.34].*
- (12) *Any other form of compensation a public retirement board determines should not be pensionable compensation.*

(Gov. Code Section 7522.34(a) and (b).)

CCCERA Policies and Practices. The CCCERA Board has determined that "Pensionable Compensation" includes "base pay." Pensionable compensation does not include any pay other than base pay, in accordance with Govt. Code Sections 7522.34(c)(11) and (12).

For purposes of determining the amount of "pensionable compensation," pensionable compensation shall be limited to the amount listed on "publicly available pay schedules." A "publicly available pay schedule" must meet all of the following requirements:

1. Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
2. Identifies the position title for every employee position;
3. Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;

4. Indicates the time base, including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually;
5. Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
6. Indicates an effective date and date of any revisions;
7. Is retained by the employer and available for public inspection for not less than five years; and
8. Does not reference another document in lieu of disclosing the pay rate.

Whenever an employer fails to meet all of the foregoing requirements, the Retirement Board, in its sole discretion, may determine an amount that will be considered to be "pensionable compensation," taking into consideration all information it deems relevant including, but not limited to:

- (a) Documents approved by the employer's governing body in accordance with requirements of public meetings laws and maintained by the employer; and
- (b) Pensionable compensation earned by the member that last met the foregoing requirements.

This policy was adopted by the Board of Retirement on September 10, 2014 and supersedes the predecessor "Second Addendum to Policy for Determining Which Pay Items are 'Compensation' for Retirement Purposes."



REF'D SEP 24 2014

Contra Costa County Deputy Sheriffs Association

September 23, 2014

CCCERA
1355 Willow Way, Suite 221
Concord, CA 94520

Subject: Determining pensionable compensation for PEPRA members

Board of Trustees:

In October 2012, Governor Brown signed AB 340 (PEPRA) changing the future of public employee pensions in the State of California. This new law, intended to affect "new members", went into effect on January 1, 2013, and was designed to bring greater transparency and consistency to California's pension systems operating under PERL and CERL; these include CalPERS, CalSTRS, and the 20 "1937-Act" Counties.

As a result, the various governing bodies of these pension systems set out to interpret and apply this new law. On December 12, 2012, agenda item number 9: Addendum to "Compensation for Retirement Purposes" policy for new members on or after January 1, 2013 (PEPRA)", was discussed. During the Board's conversation of this item, there appears to have been considerable discussion about how other 37-Act systems and CalPERS were viewing and defining terms within the new statute. CCCERA Council, Karen Levy, recommended that the pensionable compensation implementation approach selected by CCCERA should be subject to further clarification of the law, including legislative and decisional law, as well as clarification from CalPERS on how they intend to implement "pensionable compensation."

Between December 2012 and April 2013, CCCERA underwent an analysis of determining which employer pay codes met the statutory requirements for pensionable compensation under PEPRA, Government Code Section 7522.34. The analysis required the individual pay code items meet four statutory requirements in order to be considered as pensionable compensation. The analysis concluded that there were existing employer pay codes which did, and not, meet the requirements to be included in pensionable compensation for PEPRA members. At the April 10, 2013 CCCERA Board meeting, and despite the above mentioned extensive efforts to clarify legislative intent, the Board remained divided about whether or not items beyond base pay were intended by the legislature to be included in final compensation.

During the September 4, 2013, CCCERA Board meeting, a divided board voted to take the position that base pay ONLY would be included when calculating a new PEPRA members final average salary. This decision was voted on despite available information that other 37 Act systems, and CalPERS, were still including items above base pay and had yet to amend their respective final compensation policies for PEPRA members.

Nearly one year later, CalPERS finally decided to formally adopt their final compensation policy for PEPRA Members. Prior to formally adopting their new policy, CalPERS published a circular letter outlining which pay items beyond "base pay" would be used in calculating final average salary for PEPRA members. Similarly, other 37 Act systems like ACERA (Alameda County) and LACERA (Los Angeles County) have adopted policies which reasonably include pay items beyond that of base pay. In a letter from Gov. Brown, dated August 15, 2014 (attached), to the Director of CalPERS, Governor Brown states the following:

While the proposed regulations are largely consistent with the purposes of our Pension Reform Act (emphasis added), they would improperly allow temporary pay resulting from short-term promotions to count towards workers' pensions. This disregards the rule that pensions will be based on normal monthly pay and not on short term, ad hoc pay increases.

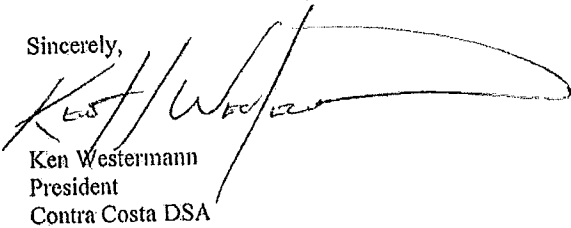
This paragraph in Governor Brown's letter, finally makes very clear the intent of the PEPRA legislation, and supports the DSA's long-held position that using base-pay only to determine a PEPRA members final average salary was not the intent of the Governor or the Legislature. What is equally clear is that the viewpoint and analysis held by retirement associations representing the majority of public employees statewide is inconsistent with those of CCCERA.

From the beginning, the DSA has stated that there is a difference between "base pay" and "normal monthly rate of pay". These words do not mean the same thing; nor should they be an "option" for retirement boards to select according to which definition better suits their political taste.

The fact is, some classifications are truly base pay only, while other classifications have built in, institutionally recognized, permanent or semi-permanent pay premiums which make up the normal monthly rate of pay for similarly situated members within the classification. Consistency on this issue statewide is extremely important for Contra Costa County to recruit and retain quality employees for its workforce.

With this new light being shed on the California pension landscape, the Deputy Sheriff's Association is requesting CCCERA reevaluate its pensionable compensation policy for PEPRA members. Additionally, we respectfully request the topic be placed on the next available Board of Trustees agenda for open discussion/take possible action, and that notification be sent to all stakeholders.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ken Westermann', with a long, sweeping horizontal stroke extending to the right.

Ken Westermann
President
Contra Costa DSA

Attachment

#8

Title 2. California Public Employees' Retirement System (CALPERS)

Proposed Adoption of Article 4, Section 571.1 of Chapter 2 of Division 1 of Title 2 of the California Code of Regulations

(a) For purposes of determining "pensionable compensation" pursuant to Government Code section 7522.34 for new members under 7522.04(f), it must meet all the following four criteria:

(1) "Pensionable compensation" means the normal monthly rate of pay or base pay and;

(A) Must be for normally required duties.

(B) Must be historically consistent with prior payments for the job classification.

(C) Must be reported periodically as earned.

(2) "Pensionable compensation" is paid in cash to similarly situated members of the same group or class of employment;

(A) As used in this part, "group or class of employment" means a number of employees considered together because they share similarities in job duties, work location, collective bargaining unit, or other logical work-related grouping. One employee may not be considered a group or class.

(B) Increases in pensionable compensation granted to an employee shall be limited during the final compensation period applicable to the employee, as well as the two years immediately preceding the final compensation period, to the average increase in pensionable compensation during the same period reported by the employer for all employees who are in the closest related group or class.

(3) "Pensionable compensation" is for services rendered on a full-time basis during normal working hours; and

(4) "Pensionable compensation" is paid pursuant to a publicly available pay schedule which meets all the following criteria;

(A) Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;

(B) Identifies the position title for every employee position used by the agency;

(C) Specifies the pensionable compensation amount of each identified position, which may be stated as a single amount or as multiple amounts within a range;

(D) Indicates the conditions for payment of the item of pensionable compensation, including, but not limited to, eligibility for, and amount of each component of pay;

(E) Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;

(F) Indicates an effective date and date of any revisions;

- (G) Is retained by the employer and available for public inspection for not less than five years; and
- (H) Does not reference another document in lieu of disclosing the item of pensionable compensation other than those outlined in GCS 20049.

(b) The following list exclusively identifies and defines the types of pay the Board has determined meet the criteria of "pensionable compensation" for those individuals that are "new members" as defined by Government Code section 7522.04(f), so long as each of the criteria in subdivision (a) have been met. For Public Agency and Schools, all items in this subsection must be reported if contained in a publicly available pay schedule as defined in subsection (a) above.

(1) INCENTIVE PAY

Dictation/Shorthand/Typing Premium - Compensation to clerical employees for shorthand, dictation or typing at a specified speed.

Longevity Pay - Additional compensation to employees who have been with an employer, or in a specified job classification, for a certain minimum period of time exceeding five years.

Marksmanship Pay - Compensation to local police officers, county peace officers and school police or security officers who meet an established criterion such as "certification" as a marksperson.

Master Police Officer - Compensation to local police officers, county peace officers and school police or security officers who meet specified requirements, years of employment, performance standards, education, Peace Officer Standard Training (POST), and perform a specialty assignment.

Physical Fitness Program - Compensation to local safety members, school security officers and California Highway Patrol officers who meet an established physical fitness criterion.

(2) EDUCATIONAL PAY

The items of pensionable compensation outlined below shall not include reimbursement to an employee for the cost of an application or test, books, tuition or travel.

Applicator's Differential - Compensation to employees who are required to maintain a Qualified Pesticide Applicator's Certificate.

Certified Public Accountant Incentive - Compensation to miscellaneous employees passing an exam and receiving a license as a Certified Public Accountant.

Educational Incentive - Compensation to employees for completing educational courses, certificates and degrees which enhance their ability to do their job. A program or system must be in place to evaluate and approve acceptable courses.

The cost of education that is required for the employee's current job classification is not included in this item of pensionable compensation.

Emergency Medical Technician Pay - Compensation to safety employees who obtain and maintain an emergency medical technical (EMT) certification.

Engineering Registration Premium - Compensation to engineers who have taken and passed a California engineering proficiency exam and are registered with the State of California.

Government Agency Required Licenses - Compensation to employees receiving and maintaining a license required by government or regulatory agencies to perform their duties.

International Conference of Building Officials (ICBO) Certificate -

Compensation to building inspectors who obtain and maintain an International Conference of Building Officials (ICBO) certificate in one or more certified areas.

Mechanical Premium (Brake Adjustment License, SMOG Inspector License) - Compensation to employees who obtain and maintain state-required mechanical licenses.

National Institute of Automotive Service Excellence (NIASE) Certificate -

Compensation to mechanics who obtain and maintain a National Institute of Automotive Service Excellence (NIASE) certificate.

Notary Pay - Compensation to clerical employees who obtain and maintain a notary public certificate from the State of California or are deputized by an agency's chief administrative officer to sign legal or financial documents for the agency.

Paramedic Pay - Compensation to employees who obtain and maintain certification in auxiliary medical techniques.

Peace Officer Standard Training (POST) Certificate Pay - Compensation to local police officers, county peace officers, school police or security officers and State members who obtain Peace Officer Standard Training (POST) certification.

Reading Specialist Premium - Compensation to certificated employees who have obtained special training and provide literacy instruction as part of their teaching duties.

Recertification Certificate - Compensation to local firefighters who obtain and maintain a fire safety and prevention certificate for a specified period of time.

Special Class Driver's License Pay - Compensation to school bus drivers or street maintenance employees who are required to obtain and maintain a special class driver's license to perform their duties.

Undergraduate/Graduate/Doctoral Credit - Compensation to school district employees and State members who are required to obtain a specified degree.

(3) PREMIUM PAY

Temporary Upgrade Pay - Compensation to employees who are required by their employer or governing board or body to work in an upgraded position/classification of limited duration.

(4) SPECIAL ASSIGNMENT PAY

Accountant Premium - Compensation to rank and file employees who are routinely and consistently responsible for developing the employer's budget.

Administrative Secretary Premium - Compensation to an administrative secretary responsible for coordinating meetings, plans and other specialized activities for the governing body of the contracting agency or school employer.

Aircraft/Helicopter Pilot Premium - Compensation to safety employees who are routinely and consistently assigned as aircraft/helicopter pilots.

Asphalt Work Premium - Compensation to miscellaneous employees who are routinely and consistently assigned to mix, transport and/or apply a tar-like substance for sidewalks, roads, roofs and/or parking lots.

Audio Visual Premium - Compensation to miscellaneous employees who are routinely and consistently responsible for operating audio visual equipment.

Auditorium Preparation Premium - Compensation to school employees who are routinely and consistently assigned to prepare auditorium(s), i.e. setting up stages, lighting, props and chairs for performing arts purposes.

Bilingual Premium - Compensation to employees who are routinely and consistently assigned to positions requiring communication skills in languages other than English.

Branch Assignment Premium - Compensation to employees who are routinely and consistently assigned to a branch office or work site that is identified as "rural", "remote", or "unique".

Canine Officer/Animal Premium - Compensation to local police officers, county peace officers, school police or security officers or State members who are routinely and consistently assigned to handle, train and board a canine or horse. Pensionable compensation shall not include veterinarian fees, feed or other reimbursable expenses for upkeep of the animal.

Cement Finisher Premium - Compensation to miscellaneous employees who are routinely and consistently assigned to finish cement work, e.g. watering, brushing or surfacing.

Circulation Librarian Premium - Compensation to library staff who are routinely and consistently assigned to the circulation desk of the library.

Computer Operations Premium - Compensation to employees who have special knowledge of computer processes and applications.

Confidential Premium - Compensation to rank and file employees who are routinely and consistently assigned to sensitive positions requiring trust and discretion.

Contract Administrator Coordinator Premium - Compensation to school employees who routinely and consistently coordinate administrative contracts for instruction or facility maintenance.

Crime Scene Investigator Premium - Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to analyze and explore a crime scene.

Critical Care Differential Premium - Compensation to nursing staff who are routinely and consistently assigned to critical and intensive medical or psychological care areas.

D.A.R.E. Premium - Compensation to local police officers, county peace officers and school police or security officers who routinely and consistently provide training to students on drug abuse resistance.

Detective Division Premium - Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to a detective or investigative division or intelligence duties.

Detention Services Premium - Compensation to employees who are routinely and consistently assigned to areas where criminally charged persons are confined and nursing staff who are routinely and consistently assigned to an adult facility where criminally charged persons are confined.

DUI Traffic Officer Premium - Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to enforce Driving Under the Influence (DUI) of alcohol or drug laws.

Extradition Officer Premium - Compensation to local police officers and county peace officers who are routinely and consistently assigned to return a person to the custody of another jurisdiction.

Fire Inspector Premium - Compensation to "fire inspector" personnel who are routinely and consistently assigned to inspect buildings and other permanent structures for compliance with governmental safety standards.

Fire Investigator Premium - Compensation to "fire investigation" personnel who are routinely and consistently assigned to investigate causes of destructive burning.

Fire Prevention Assignment Premium - Compensation to rank and file local firefighters who are routinely and consistently assigned to specific fire inspections and investigative work during normal hours of employment that may differ from the work schedule of fire suppression personnel.

Fire Staff Premium - Compensation to rank and file local firefighters who are routinely and consistently assigned to administrative work during normal hours of employment that may differ from the work schedule of fire suppression personnel.

Flight Time Premium - Compensation to safety employees for time spent as co-pilot or crew on work related air missions.

Float Differential Premium - Compensation for nurses not specifically assigned to a specific station.

Front Desk Assignment (Jail) - Compensation to employees staffing a jail who are routinely and consistently assigned the duty of responding to questions from the public.

Fugitive Officer Premium - Compensation to local police officers and county peace officers who are routinely and consistently assigned to pursue persons who have or are fleeing from justice.

Gang Detail Assignment Premium - Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to enforce laws relating to a group of individuals banded together for unlawful activities.

Gas Maintenance Premium - Compensation to maintenance employees who are routinely and consistently assigned to inspect gas construction, repair instruments or perform pipeline welder duties.

Grading Assignment Premium - Compensation to employees who are routinely and consistently assigned to inspect the degree of rise or descent of a sloping surface.

Hazard Premium - Compensation to employees who are routinely and consistently exposed to toxic, radioactive, explosive or other hazardous substances or perform hazardous activities to implement health or safety procedures.

Heavy/Special Equipment Operator - Compensation to employees who are routinely and consistently assigned to operate heavy equipment or specialized equipment.

Height Premium - Compensation to employees who are routinely and consistently required to work on ladders or mechanical devices at heights over 40 feet.

Housing Specialist Premium - Compensation to city housing specialists who are routinely and consistently assigned to perform administrative functions of the housing division.

Juvenile Officer Premium - Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to enforce laws that restrict the activities of juveniles.

Lead Worker/Supervisor Premium - Compensation to employees who are routinely and consistently assigned to a lead or supervisory position over other employees, subordinate classifications, or agency-sponsored program participants.

Library Reference Desk Premium - Compensation to library staff who are routinely and consistently assigned to provide direction or resources to library patrons.

MCO Instructor Premium - Compensation to miscellaneous employees who are routinely and consistently assigned to train Motor Coach Operators, i.e. bus drivers.

Motorcycle Patrol Premium - Compensation to local police officers, county peace officers and California Highway Patrol officers who are routinely and consistently assigned to operate and/or patrol on motorcycle.

Mounted Patrol Premium - Compensation to local police officers and county peace officers who are routinely and consistently assigned to patrol on horseback.

Narcotic Division Premium - Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to drug enforcement.

Paramedic Coordinator Premium - Compensation to paramedics who are routinely and consistently assigned to coordinate training activities in auxiliary medical techniques.

Park Construction Premium - Compensation to groundskeepers who are routinely and consistently assigned to build park equipment.

Park Maintenance/Equipment Manager Premium - Compensation to park maintenance employees who are routinely and consistently assigned to equipment management and other administrative duties.

Parking Citation Premium - Compensation to employees who are routinely and consistently assigned to read parking meters and cite drivers who have violated parking laws.

Patrol Premium - Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to patrol detail.

Plumber Irrigation System Premium - Compensation to plumbers who are routinely and consistently assigned as irrigation systems plumbing specialists.

Police Administrative Officer - Compensation to rank and file police officers, county peace officers and school police or security officers who are routinely and consistently assigned to police administration to provide support for the police chief and command staff in the operation of the police department.

Police Investigator Premium - Compensation to rank and file local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to analyze crimes or investigate accidents.

Police Liaison Premium - Compensation to rank and file local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to function as a liaison between special persons, groups or courts and the police/sheriff department.

Police Polygraph Officer - Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to administer and interpret polygraph exams.

Police Records Assignment Premium - Compensation to employees who are routinely and consistently assigned to the police records division.

Rangemaster Premium - Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to supervise the target range facilities and all related activities.

Refugee Arrival Cleanup Premium - Compensation to employees who are routinely and consistently assigned to cleanup from activities directly related to refugee arrival flights.

Refuse Collector Premium - Compensation to maintenance employees who are routinely and consistently assigned to collect refuse.

Safety Officer Training/Coordinator Premium - Compensation to employees who are routinely and consistently assigned to instruct personnel in safety procedures.

Sandblasting Premium - Compensation to miscellaneous employees who are routinely and consistently assigned to operate sandblasting equipment.

School Yard Premium - Compensation to part-time school district employees who are routinely and consistently assigned to supervise students during recreation.

Search Pay Premium - Compensation to employees who are routinely and consistently assigned to search and process prisoners in the induction area of jails.

Severely Disabled Premium - Compensation to school instructional aides who are routinely and consistently assigned to work with severely disabled students.

Sewer Crew Premium - Compensation to laborers who are routinely and consistently assigned to repair and maintain sewer systems.

Shift Differential - Compensation to employees who are routinely and consistently scheduled to work other than a standard "daytime" shift, e.g. graveyard shift, swing shift, shift change, rotating shift, split shift or weekends.

Solo Patrol Premium - Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to patrol alone in vehicles.

Sprinkler and Backflow Premium - Compensation to groundskeepers who are routinely and consistently assigned to repair large sprinkler head controllers, valves and backflow prevention devices.

Street Lamp Replacement Premium - Compensation to maintenance employees who are routinely and consistently assigned to replace street lamps from an aerial bucket.

Tiller Premium - Compensation to local firefighters who are routinely and consistently assigned to operate the tiller on an aerial ladder.

Tire Technician Premium - Compensation to equipment attendants who are routinely and consistently assigned to work on heavy duty tires, e.g. for buses and large construction equipment.

Traffic Detail Premium - Compensation to employees who are routinely and consistently assigned to direct traffic.

Training Premium - Compensation to employees who are routinely and consistently assigned to train employees.

Tree Crew Premium - Compensation to maintenance workers who are routinely and consistently assigned to remove, prune, or otherwise care for trees.

Utility Meter Premium - Compensation to miscellaneous employees who are routinely and consistently assigned to re-read utility meters, repair or set and install meters.

Utilities Systems Operation Premium - Compensation to maintenance or carpenter employees who are routinely and consistently assigned to planner duties in the maintenance division.

Water Certification Premium - Compensation to miscellaneous employees who are routinely and consistently assigned to test local water quality for compliance with governmental health standards.

(5) ADDITIONAL ITEMS

Fair Labor Standards Act (FLSA) - Compensation paid for normal full-time work schedule including premium pay required by FLSA.

Holiday Pay - Additional compensation for employees who are normally required to work on an approved holiday because they work in positions that require scheduled staffing without regard to holidays.

- (c) "Pensionable compensation" for all "new members" does not include;
- (1) Payments determined to have been paid to increase retirement.
 - (2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.

- (3) Any one-time or ad hoc payments.
- (4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment.
- (5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
- (6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
- (7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.
- (8) Payment for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.
- (9) Employer contributions to deferred compensation or defined contribution plans.
- (10) Any bonus.
- (11) Any other form of compensation inconsistent with the requirements of subsection (a).
- (12) Any other form of compensation not listed and described in subsections (b).

(d) The Board reserves the right to add to or delete from the lists provided in subdivisions (b) and (c).

Authority cited: Sections 20120 - 20124, Government Code.

Reference: Sections 7522.04, 7522.34, Government Code.



Meeting Date
04/08/15
Agenda Item
#8

MEMORANDUM

Date: March 31, 2015

To: CCCERA Board of Retirement

From: Wrally Dutkiewicz, Retirement Compliance Officer

Copy: Gail Strohl, Chief Executive Officer

Subject: CCCERA Retiree Look Back Project – Compensation Enhancement Study
Further Review of Compensation Items

I. Background

The purpose of this memo is to summarize the findings from a further review of compensation items performed by CCCERA staff and present a plan for the review other compensation items that may have contributed to the enhancement of retirees' final average salaries of as directed by the Board of Retirement on December 10, 2014. During that meeting staff presented its findings found in the *CCCERA Retiree Lookback Project – Compensation Enhancement Study* which noted that compensation items that were variable in nature appeared to have high percentage changes in payments to members when the pre-final average salary (pre-FAS) period was compared to the final average salary (FAS) period. The *Lookback Project* identified one hundred and eighty-eight (188) out of three-thousand eight hundred and eighty-one (3,881) that had a FAS over pre-FAS increase of thirty percent (30%) or more.

Variable compensation encompasses those compensation differentials that are dependent on other parameters such as scheduling, varying shift-work, supervisory discretion with respect to allocating work assignment time, voluntary shift-work performed by members, and specialized work activity. The *Lookback Project* noted that there were forty-two (42) retirees of the one hundred and eighty-eight (188) that were identified as having variable compensation items included in their final average salary.

The focus of this review was to examine other compensation items, specifically shift-pay and other FAS differential compensation items in addition to the other on-call and

standby pay items that had been included in retirees' final average salaries and had previously been reported on in the December 10, 2014 Board of Retirement Meeting.

II. Observations

This further review looked at the other compensation elements including differential payments for education, credentialing, longevity, and other occupational specific compensation components. The data indicated that these differential items did not display high percentage changes between the pre-FAS and FAS periods due to the manner in which eligibility to receive the compensation item is determined, and then once eligibility was established, the member would continue to receive the compensation element until they were no longer eligible or qualified for another form of differential compensation which would replace that which they were receiving. It was observed that percentage increases over time related to new negotiated rates memorialized in MOU for the compensation items. Any high changes in the differential rates that were noted were isolated instances and reflected the member having achieved new eligibility criteria such as a longevity milestone, or additional education or training requirement.

There were thirty-eight (38) earn code items that were variable in nature that were identified in the *Lookback Project*. Additional sampling on the remaining thirty-one variable earn code items were reviewed and the following was found:

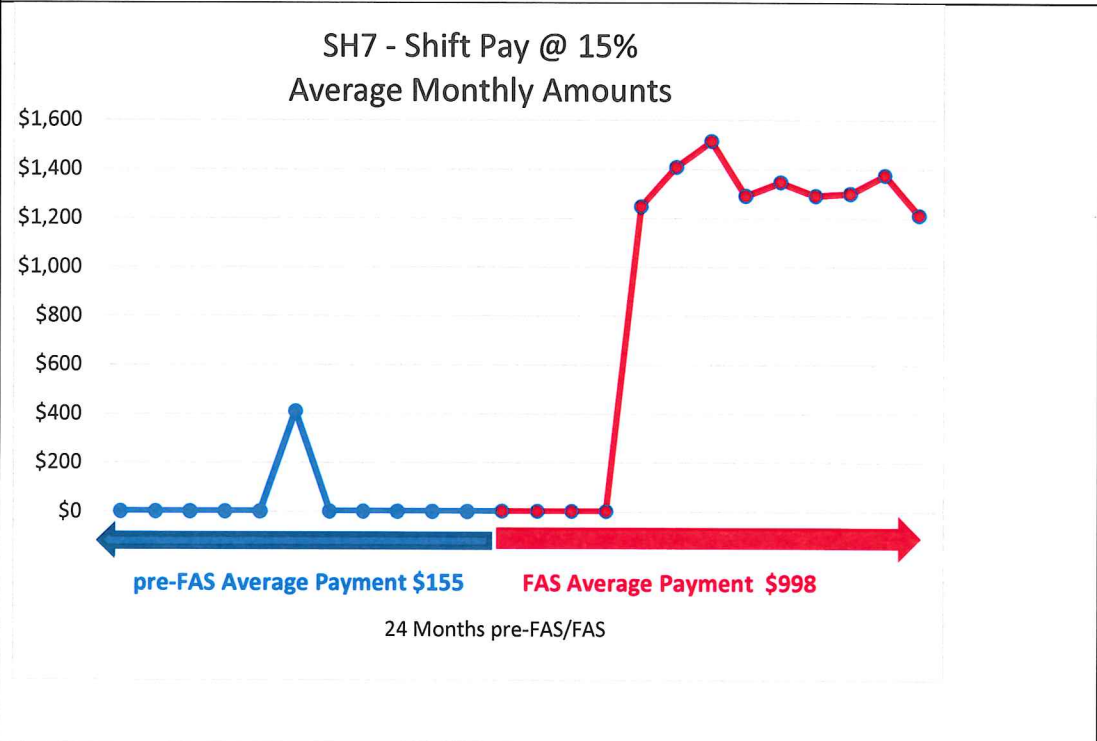
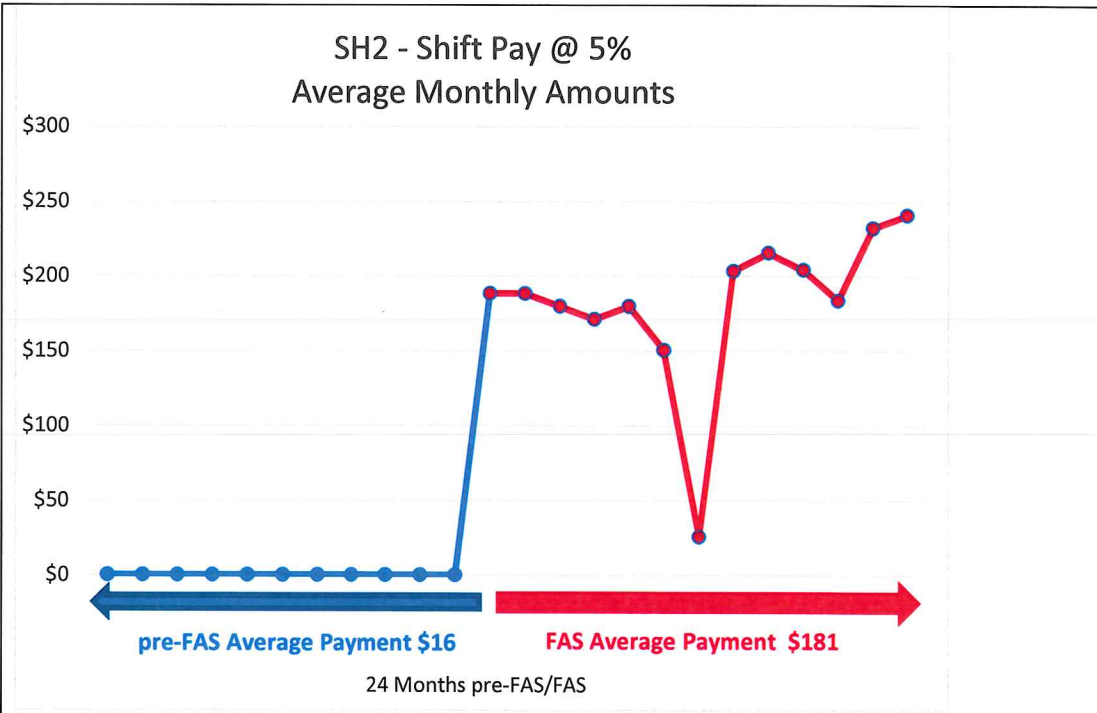
Shift Pay:

Generally, to qualify for a shift differential payment a member must have a regularly assigned daily work schedule that requires a defined number of hours to be worked over and above the normal actual working time. In addition, shift pay may also be paid for time that a member works outside of normal daylight working hours such as during the evening, night or early morning.

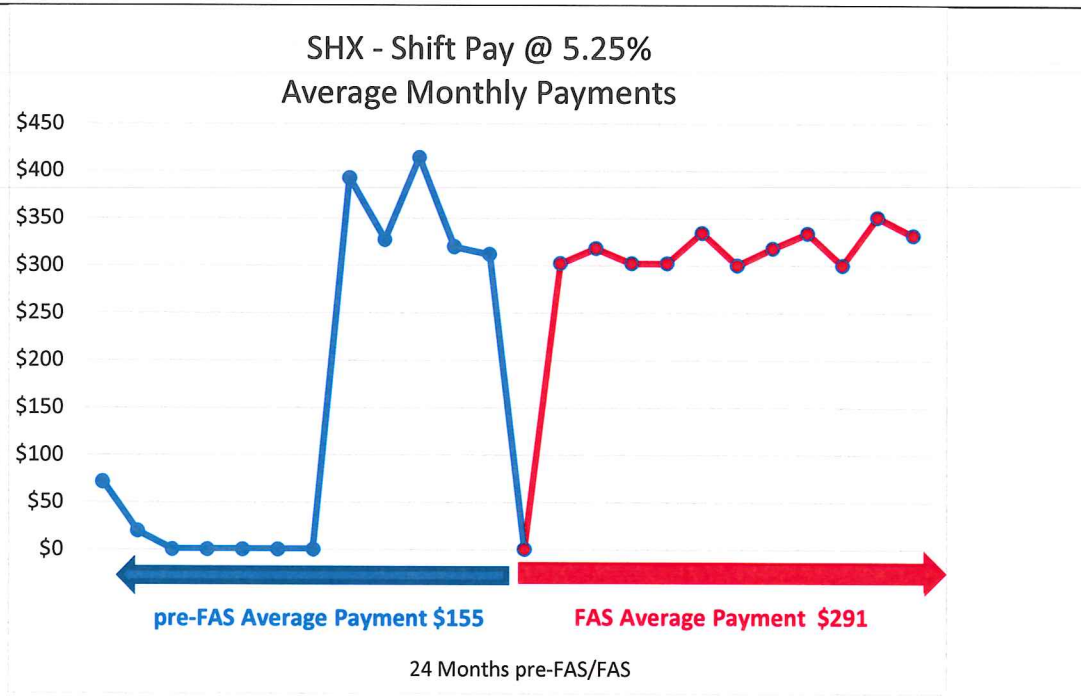
There were seven (7) shift-pay differentials that were reviewed:

Differential Name	Differential Earn Code
Shift Pay @ 5%	SH2
Shift Pay @ 7.5%	SH3
Shift Pay @ 12%	SH5
Shift Pay @ 15%	SH7
Shift Pay @ 12%	SHM
Shift Pay @ 15%	SHN
Shift Pay @ 5.25%	SHX

There were three shift pay differentials that had marked increases between the members' pre-FAS and FAS periods. In two instances, SH2 (Shift Pay @ 5%) and SH7 (Shift Pay @ 15%) the average monthly amount paid to the member was negligible during the pre-FAS period and sharply increased during the FAS periods.



The third shift pay differential SHX (Shift Pay @ 5.25%) did appear to be paid in a more consistent fashion with payments starting during the pre-FAS period and then continuing on through the FAS period with the noted abrupt fall in the average amount of payments immediately preceding the FAS period.

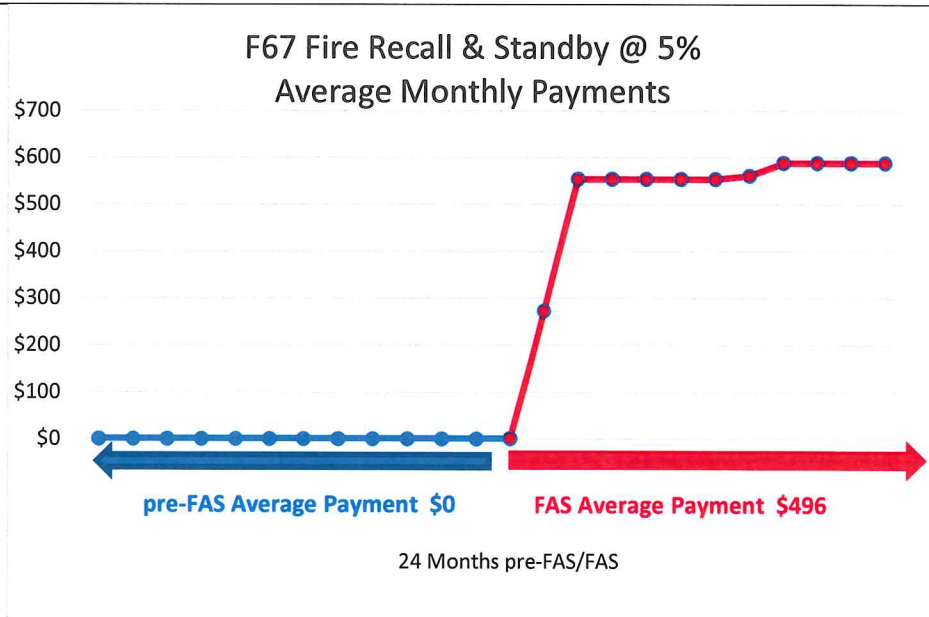


Other Variable Differentials:

The review also examined another twenty-four (24) variable differentials including such items as weekend and evening bonus pay, occupational specialization pay, recall standby pay, and worksite/facility assignment pay. There were two variable compensation items that appeared to have a marked increase between the pre-FAS and FAS periods:

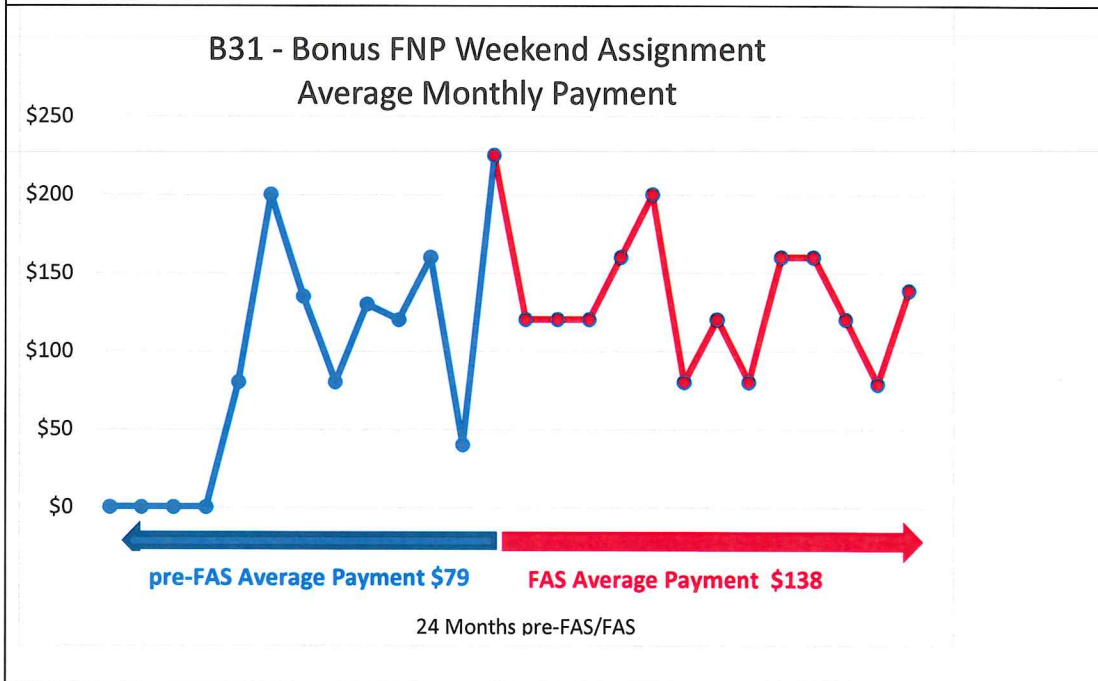
Fire Services Emergency Recall and Standby Differential:

In order to be eligible to receive the F67 Fire Recall & Standby @ 5% differential, the member has to be assigned to standby and emergency recall duty for a minimum of two (2) weeks each month. Payments of the F67 differential that were observed indicated that the members had not been paid the differential during their pre-FAS period.



Bonus FNP Weekend Assignment:

Family Nurse Practitioners (FNP) are eligible to receive the B31 Bonus FNP Weekend Assignment differential when working in the hospital and clinic division in the evening and weekends. FNPs with twenty years of service are not required to work weekend shifts but may volunteer to do so.



III. Summary :

The *Lookback Project* encompassed a population of 3,881 retirees and focused on the 188 retirees that had a FAS over pre-FAS increase of 30% or more. Although the findings provided insights into the compensation components that led to the high increases in FAS over pre-FAS, there are potentially members of the retiree population that had increases in FAS over pre-FAS attributed to the inclusion of variable compensation items that may have had significant increases in the individual differential payments which translated into moderate increases in FAS.

This further review of variable compensation items including “Shift Pay” compensation highlights additional items that the Board may choose to include in a wider and deeper review of Final Average Salary compensation components across the full study population during the period. The following list of variable differential compensation components appeared to have high percentage changes between pre-FAS and FAS periods.

Differential Name	Differential Earn Code
Shift Pay @ 5%	SH2
Shift Pay @ 7.5%	SH3
Shift Pay @ 12%	SH5
Shift Pay @ 15%	SH7
Shift Pay @ 12%	SHM
Shift Pay @ 15%	SHN
Shift Pay @ 5.25%	SHX
Fire Recall & Standby	F67
Bonus FNP Weekend	B31

From the Board of Retirement Meeting 12/10/2014 – Agenda Item #7 – Minutes

Item (b). If the Board determines that any other compensation increases to variable compensation items (such as shift differentials, holiday compensation, education/certification pay, etc.) are types of potential “improper increase” in compensation that the Board would like to further review for possible exclusion, the next step will also be to proceed with Board hearings affording the affected retired members the opportunity to appear before the Board, as set forth above.

It was M/S/C to direct staff to move forward with Items a, b & c as outlined on page 4 of Schneider’s December 10, 2014 memo. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)



Meeting Date
04/08/15
Agenda Item
#9

MEMORANDUM

Date: April 8, 2015
To: CCCERA Board of Retirement
From: Karen Davis, Retirement Benefits Manager
Subject: Elizabeth Maaske, Application for Non-Service Connected Disability, Tier 3

On January 3, 2015, Elizabeth Maaske, a Contra Costa County employee, and an active CCCERA member, not in retired status, died as a result of anaphylactic shock. Prior to her death, Ms. Maaske filed an "active death" form with CCCERA authorizing CCCERA to apply for a non-service connected disability retirement on her behalf in the event that she is permanently incapacitated by reason of injury or other disability leading to her death while in active membership. Ms. Maaske elected in writing Optional Settlement 2 in the event that the disability retirement is granted. Ms. Maaske is vested in terms of her eligibility for non-service connected disability because she had approximately 12 years of service (GC 31720).

CCCERA has filed an application for disability on behalf of the member. The Board is now called upon to make a determination as to whether the member became permanently unable to engage in any substantial gainful employment. If so, the member would be entitled to a non-service connected disability, effective on the date of death or some earlier date (G31720.1). The nominated beneficiary, the member's spouse, would then receive a lifetime monthly allowance equal to 100% of the Optional Settlement 2 allowance (GC 31760).

The member was a 52-year old Licensed Vocation Nurse in the Health Services Department. Medical records were analyzed by the Board's medical advisor, who concluded that the evidence showed Ms. Maaske was totally disabled from any substantial gainful employment as defined by GC 31720.1, prior to her death. She became disabled on January 2, 2015 or earlier and remained totally disabled from any substantial gainful employment for the remainder of her life. Therefore, she meets the medical requirements of permanent disability for Tier III member on a non-service connected basis.

Recommendation:

Find that the member was permanently unable to engage in any substantial gainful employment and grant a non-service connected disability retirement effective January 2, 2015.

Approve payment to the named beneficiary, member's spouse, of the retirement allowance to which the deceased member would have been entitled if she had retired by reason of non-service-connected disability and elected Optional Settlement 2 as of the date of her death.

Notes:

Had the member not filed an active death form, or if the application for disability retirement is denied, the spouse would be eligible for a monthly continuance under GC 31781.1; or the standard death benefit, which is a lump sum death benefit under GC 31781 equal to the member's accumulated contributions plus 50% of the member's annual compensation.

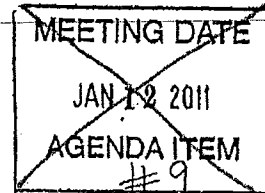
From: Harvey L. Leiderman
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To: Board of Retirement
Contra Costa County Employees' Retirement Association

Date: December 20, 2010

Subject: Active Death/Disability Applications



As explained in the legal analysis contained in our Confidential Memorandum to the Board of this same date, we believe that CCCERA's current practice relating to active death/disability applications reflects a reasonable interpretation of its governing law. The practice is also consistent with the Legislature's policy to allow active members to maximize their survivors' benefits in the event of the members' untimely demise. Accordingly, we do not believe that the Board needs to adopt any additional written policy in connection with its application for a tax determination letter from the Internal Revenue Service. We understand tax counsel agrees with this assessment.

Going forward, we recommend that CCCERA's practices be revised as follows:

1. The member should make a written election of Optional Settlement 2 (effective upon vesting), obtain the written consent of his current spouse (if possible) and file the election form with the Board at some time during active service. The member may change his election during his final pre-retirement processing with CCCERA staff, if Option 2 is no longer appropriate for his particular marital, parental, health or economic situation.
2. A member who elects Optional Settlement 2 during service should also execute a written authorization for CCCERA to file on his behalf an application for non-service connected disability if, immediately prior to his death, he is permanently incapacitated for non-service connected reasons.
3. The Board should proceed to make a formal determination whether the member was permanently incapacitated for the performance of duty at the time it filed the application for non-service connected disability.

For members who currently have the active death/disability form on file with CCCERA, we believe the system may continue to honor those forms, but should still separately file a formal disability application on behalf of the member if and when appropriate, and make the determination of disability, as indicated in steps 2 and 3, above. For new applicants, we recommend that the application form be revised consistent with steps 1 and 2, above. A proposed revised form is attached to this Memorandum for the Board's consideration.

Memorandum to CCCERA Board of Retirement
December 20, 2010

Finally, we recommend that staff regularly advise active members of their choices in this regard, through inclusion in the member benefit handbook, informational postings on its website and discussions in employer and employee meetings and member retirement interviews.



Member Election Form for Non-Service Connected Disability in the Event of Death During Active Membership

**Form
104**
(Rev. 2013)

Purpose of the Form

- This form authorizes CCCERA to file an application for non-service connected disability on your behalf, in the event that you are permanently incapacitated by reason of injury or other disability leading to death while you are an active member of CCCERA.
- This form allows you to preselect an Optional Settlement, pursuant to CERL Section 31762 or 31764 or the successor section.

Instructions

Complete the form in blue or black ink.

Member Information		
Full Name	Employee #	Social Security #

To The Board of Retirement:

Election of Optional Settlement

In accordance with the provisions of the County Employees Retirement Law of 1937 (CERL), and the by-laws and regulations governing the Contra Costa County Employees' Retirement Association (CCCERA), I hereby elect an Optional Settlement, pursuant to CERL Section 31762 or 31764 or successor section.

I choose Optional Settlement 2 (up to 100% continuance to one beneficiary)

I choose Optional Settlement 4 (up to 100% continuance divided among more than one beneficiary)

I understand that the beneficiary(ies) of the allowance that continues after my death is (are) the beneficiary(ies), having an insurable interest in my life, on file at CCCERA at the time of my death as were designated by me on a separate form.

I understand that by signing this form I elect a monthly allowance for my beneficiary(ies) in lieu of any other death benefit including the return of accumulated contributions under CERL Section 31781.

I understand that this election is binding on me unless I withdraw this election before the first payment of any retirement allowance is made to me, and that at retirement I may make another election of an Optional Settlement, or choose to receive the unmodified allowance, under CERL.

Authorization to File Non-Service Connected Disability Retirement Application

In accordance with the provisions of CERL, I hereby authorize CCCERA to file an application for a non-service connected disability retirement on my behalf in the event that I am permanently incapacitated by reason of injury or other disability leading to death while I am an active member of CCCERA. I understand that, if granted, this will entitle my survivor(s) to receive a non-service connected disability retirement survivor continuance under Optional Settlement 2 or 4.

Acknowledgments	
Member Signature (required)	Date - mm/dd/yyyy
Consenting Spouse Signature (required if married and any beneficiary is not the spouse)	Date - mm/dd/yyyy
Adult Witness Signature (required)	Date - mm/dd/yyyy
Adult Witness Name (please print)	

MEMORANDUM

Date: April 8, 2015
To: CCCERA Board of Retirement
From: Karen Levy, General Counsel
Subject: Consider and Take Possible Action Regarding the Next Steps Pertaining to Call Back Pay Erroneously Reported As Pensionable Which Resulted In Overpayments of Benefits to Retirees

Background

For many years the County has been erroneously reporting call back pay to CCCERA as "compensation earnable." At the December 10, 2014 meeting, the Board resolved to make corrections to the prospective retirement allowances of the 43 members whose "final compensation" had been improperly increased due to the inclusion of call back pay. The Board provided all affected members with notice and an opportunity to respond. At the February 11, 2015 meeting, after reviewing available information, including hearing responses by some affected members, the Board decided to provide further opportunity for each retired member impacted by the call back pay issue to provide additional information regarding their pay. As directed by the Board, CCCERA sent a second written notice to all 43 retirees affected by the call back issue advising them that they would need to notify CCCERA in writing by April 1, 2015 if they would like a further opportunity to submit additional information.

The written responses received as of April 1 to the second notice are summarized as follows: 15 of the 43 retirees requested a further opportunity to submit information regarding their pay. Of the 15, 8 are physicians who received pay reported as "Physician Call Back Pay," one was a charge nurse, one was a radiology tech, and the remaining five were hazardous materials specialists.

CCCERA staff also contacted all affected retired members who did not respond in writing by April 1, as directed by the Board.

The Board further directed on February 11 that CCCERA implement the payroll adjustment starting with the May 2015 payroll as to those members who do not notify CCCERA by April 1 that they are requesting an opportunity to present further information.

Lastly, the Board resolved on February 11 to discuss the next steps in the process at its April 8, 2015 meeting.

Recommendation

Consider and take possible action regarding the next steps pertaining to call back pay erroneously reported as pensionable which resulting in overpayments of benefits to retirees, as follows:

1. Proceed with the fact finding phase as to the members who requested a further opportunity to provide information about their pay.
2. Send a third written notice to those members only, outlining the issues and types of information needed to make a determination on the pensionability of the pay at issue. The notice will provide a period of time by which all written submissions are to be received by CCCERA. We suggest a 30-day period.
3. After the written submissions and relevant records are gathered and received, the Board may consider the best approach to resolving the claims of those members, based on all information before the Board at that time. Possible approaches may include (a) final decisions by the Board based on the information before the Board at that time; (b) further hearings to develop additional facts at a public Board meeting; or (c) further hearings before a hearing officer, as authorized under Government Code Section 31533.
4. The question of collection of retroactive overpayments resulting from the inclusion of call back pay for all 43 members will continue to be deferred to a final phase and considered after all final determinations are made by the Board as to the pensionability of the pay at issue.



Meeting Date
04/08/15
Agenda Item
#11

MEMORANDUM

Date: April 8, 2015
To: CCCERA Board of Retirement
From: Karen Levy, General Counsel
Subject: Consider and Take Possible Action to Establish An Audit Committee

Background

As requested by the Board, CCCERA Board Regulations have been amended to provide that committees of the Board may be established if deemed necessary to carry out the business of the Board. (Regulations, Section II.8.) The Board may now proceed to consider whether it wishes to establish an audit committee, as previously discussed by the Board.

Analysis

A standing committee, as distinguished from an ad hoc committee, has continuing subject matter jurisdiction and an indefinite duration. Standing committee meetings would be subject to the same Brown Act requirements that govern full Board meetings. Committee meeting agendas must be published and the public must be afforded the opportunity to attend and comment.

Generally, the purpose of an audit committee is to assist the full Board in its oversight responsibilities of the integrity of the trust fund's finances, financial reports, operations and internal controls. When establishing a standing committee, it is advisable for the Board to adopt a committee charter which sets forth the responsibilities given to the committee by the full Board, the composition of the committee, and the scheduling of committee meetings. Enclosed, for the Board's consideration, is a draft Audit Committee Charter.

Recommendation

1. Consider and take possible action to establish an audit committee comprised of a maximum of four trustees to make recommendations to the full Board regarding audit matters.
2. Consider and take possible action to adopt an Audit Committee Charter.

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT

AUDIT COMMITTEE CHARTER

Adopted: __/__/2015

I. INTRODUCTION

The Board of Retirement ("Board") has established an Audit Committee to assist it in overseeing the audit function within the Contra Costa County Employees' Retirement Association ("CCCERA").

II. PURPOSE

The purpose of the Audit Committee is to serve as an advisory committee to the full Board on matters of the integrity of the trust fund's finances, financial reports, operations and internal controls.

III. MEMBERSHIP

The Audit Committee will consist of **four [or three]** members of the Board. The Board Chairperson will appoint members of the Audit Committee as provided in the CCCERA Regulations and designate one member to serve as the Committee Chairperson and another member to serve as the Committee Vice-Chairperson.

Ideally, members should have expertise in accounting, auditing, financial reporting, and internal control. Although these desired traits are not mandatory, members should be sufficiently knowledgeable about these topics to make informed recommendations with the assistance of a financial expert.

IV. MEETINGS

The Audit Committee will meet at least quarterly, with authority to convene additional meetings as circumstances require. All Audit Committee members are expected to attend each meeting. The Administrator/Chief Executive Officer will appoint appropriate staff to attend the Audit Committee meetings. Meeting notices will be provided to interested parties in conformance with applicable laws, regulations, customs, and practices. All meetings are subject to the Ralph M. Brown Act, Government Code Section 54950 *et seq.* Meeting agendas will be prepared and provided in advance to Audit Committee members, along with appropriate briefing materials. Minutes of meetings will be prepared. Minutes of the meeting will contain a record of persons present, decisions taken, and a high level summary of the discussion.

V. RESPONSIBILITIES AND DUTIES

The Audit Committee's areas of responsibility are:

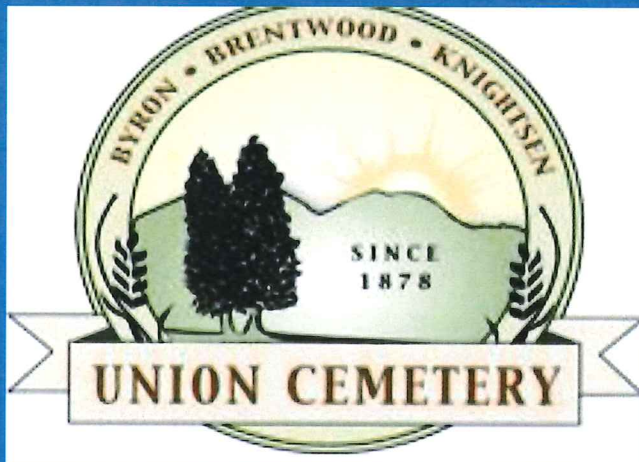
1. Reviewing recommendations of CCCERA staff and outside auditor regarding the audited financial statements, CCCERA internal controls and audit and compliance plans;
2. Reviewing and addressing audit and compliance review findings;
3. Monitoring compliance with policies;
4. Overseeing the appointment of the outside auditor;
5. Ensuring the independence of outside auditor;
6. Ensuring that the outside auditor has all necessary opportunities to share its findings with the committee or the Board as appropriate;
7. Other specific subject matters that the full Board deems appropriate.

VI. REPORT AND RECOMMENDATION TO THE FULL BOARD

The Audit Committee will report its activities and make recommendations to the full Board. All formal actions taken at committee meetings must be considered for approval by the full Board at a scheduled and properly noticed full Board meeting.

BYRON BRENTWOOD KNIGHTSEN UNION CEMETERY DISTRICT

Employer Review



© 2014 Byron Brentwood Knightsen Union Cemetery District

EAU2014100 – BBKUCD

Meeting Date
04/08/15
Agenda Item
#12

Final Findings
Report dated
2/16/2015

Prepared by:



Byron Brentwood Knightsen Union Cemetery District

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Byron Brentwood Knightsen Union Cemetery District

Background

The Contra Costa County Employees' Retirement Association is a public employee retirement system that was established by the County of Contra Costa (County) on July 1, 1945, and is administered by the Board of Retirement (Board) to provide service retirement, disability, death, and survivor benefits for County employees and 16 other participating agencies under the California State Government Code, Section 31450, et. seq. (County Employees Retirement Law of 1937 or CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA).

CCCERA administers the retirement benefits for the employees of Contra Costa County and participating District employers. Participating employers within the CCCERA retirement system transmit payroll information and contributions to fund the benefits for their employees. CCCERA sets up retirees' accounts, processes applications, calculates retirement allowances, prepares monthly retirement benefit payment rolls, and makes adjustments to retirement benefits when needed.

Retirement allowances are computed in accordance with statute using three factors: years of service, age at retirement, and final compensation. For Legacy (pre-PEPRA) members, final compensation is defined as the highest average annual compensation earnable (as defined in G.C. Section 31461) by a member during the last one or three consecutive years of employment depending on the member's Tier, unless the member elects a different period with a higher average. For PEPRA members, final compensation is defined as the highest average annual pensionable compensation (as defined in G.C. Section 7522.34) earned by the member during a period of 36 consecutive months.

The employer's knowledge of the laws relating to membership and payroll reporting facilitates the employer in providing CCCERA with appropriate employee information. Correct enrollment of eligible employees and correct reporting of payroll information are necessary for the accurate computation of a member's retirement allowance.

Since 1878 the Byron-Brentwood-Knightsen Union Cemetery Association has been serving the community by providing scenic grounds and dignified professional services to the citizens of East Contra Costa County. In 1928 a special district was created under the Public Cemetery Act of 1909 which transformed the cemetery association into a government agency and allowed for the public administration of the grounds and services. The District entered the retirement system in 1988.

Byron Brentwood Knightsen Union Cemetery District

Scope

The 2013 Pension Reform legislation granted CCCERA the authority under Government Code Section 31543 for CCCERA to conduct audits of employers to ensure that employee and payroll information used in the calculation of Retiree pension benefits is correct and verifiable. The scope of these on-site reviews include:

- Correctness of retirement benefits;
- Reportable compensation;
- Enrollment in, and reinstatement to the system (GC 31543);
- Pensionable compensation (GC 31461 and 7522.34);
- Determine if employees convicted of certain felonies have forfeited benefits earned or accrued from the commission of the felony (GC 7522.72(g) and GC 7522.74(g));
- Evaluate whether MOUs are being complied with (i.e. EE Contribution Rates, Vacation Sales etc.);
- Determine if compensation is paid to enhance a member's retirement benefit (GC 31461(b)(1) and 7522.34(c)(1)).

The on-site review of the District was conducted on October 1st, 2014. The review period encompassed active employee records for 2013 through 2014 and retired employees from 2011 through 2014.

Byron Brentwood Knightsen Union Cemetery District

The following review activities were performed:

- Reviewed the District's *"Employee Handbook"*
- Interviewed key staff members to obtain an understanding of the District's personnel and payroll procedures;
- Reviewed the payroll transactions and compared the District's payroll register with the data reported to CCCERA to determine whether the district correctly reported employees' compensation;
- Reviewed the District's payroll information reported to CCCERA for all employees to determine whether pay-rates were reported pursuant to public salary information;
- Reviewed the District's process for reporting payroll to CCCERA to determine whether the payroll reporting elements were reported correctly;
- Reviewed the District's employer and employee retirement contribution calculations for accuracy;
- Reviewed the District's enrollment practices pertaining to temporary/part-time employees, retired annuitants, and independent contractors to determine whether individuals met CCCERA membership requirements;
- Reviewed the District's tracking and calculation of unused sick leave balances for retired members;
- Reviewed timesheets and payroll data for retired employees.

Byron Brentwood Knightsen Union Cemetery District

Findings & Observations

<p>Accuracy of Payroll information provided to CCCERA</p>	<p>The review included a comparison of payroll data provided during the on-site field work with the compensation and contribution reports submitted to CCCERA for the 2013 – 2014 time periods. The review included noting the methodology used by the District’s administrative staff to calculate monthly compensation amounts and the application of the appropriate contribution rates pursuant to Government Code Section §31454.</p> <p>The District employs a manual physical ledger process to maintain its financial accounts including payroll and retirement contributions. Manual ledger entries are made for bi-weekly payroll and are manually reconciled on a monthly, quarterly, and annual basis. Ending account postings are carried forward from period to period by manually entering period ending account amounts as opening account balances for the new period.</p> <p>Review of the contribution reports and remittances to CCCERA for the period indicated that the contribution rates applied to the reported base earnings salaries were appropriate. It was noted that there were two adjusted contribution reports submitted for April 2013 (\$46.68) filed in November 2013 and for July 2013 (\$10) submitted in October 2013.</p>
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Byron Brentwood Knightsen Union Cemetery District

<p>Salary Reported in accordance with published salary schedules</p>	<p>The District does not publish publicly available salary schedules pursuant to GC §7522.34(a).</p> <p>The District has one employee enrolled in a PEPRRA Tier with a hire date of 7/1/2014 and membership date of 8/1/2014. Pursuant to PEPRRA requirements, the District would need to ensure that it makes its salary schedules publicly available and in accordance with Board of Retirement policy. (<i>Policy on Determining "Pensionable Compensation" Under PEPRRA [adopted 9/10/2014]</i>)</p>
<p>Enrollment of all eligible employees</p>	<p>The District has four employment categories:</p> <ul style="list-style-type: none"> • Introductory Employee; • Regular Full Time; • Regular Part-Time; • Temporary, Seasonal and Casual. <p>Reviewed time card data for the period 2013 – 2014 for seven (7) employees and all eligible employees were enrolled pursuant to GC 31543.</p>
<p>Accuracy of employee sick leave accrual balances</p>	<p>Reviewed sick leave accrual procedures and balances and no exception or variance was noted.</p>

Byron Brentwood Knightsen Union Cemetery District

<p>Accuracy of employee vacation accrual balances</p>	<p>It was observed for one Retiree that vacation accruals for the period between 8/21/2008 and 1/18/2009 were converted to its cash equivalent at a rate of 0.6 hours and in the amount of \$25 each month to cover cell phone charges. In addition, the Retiree had 11.546 hours converted to its cash value equivalent to reimburse the District for personal use of a District vehicle.</p> <p>Review of corresponding salary and contribution reports submitted by the District to CCCERA for the period indicated that the vacation accrual conversions were not included in the reported pensionable salary for the Retiree, but were reflected in the vacation accrual and used report detail recorded in the District ledger. It was noted that under the District's <i>Employee Handbook</i> under the "<u>Vacation, Conversion of Accrued Vacation to Pay</u>" on p.44 it states that the "...District does not allow the payment of wages in lieu of accrued vacation time during employment..."</p> <p>District accrual and vacation balance tracking were reconciled on an annual basis. No other variance or exception found other than that which was noted above.</p>
<p>Forfeiture of benefits earned or accrued from the commission of a felony</p>	<p>At the date of this review there were no known retirees with felony convictions pursuant to GC 7522.72(g) and GC 7522.74(g).</p>

Byron Brentwood Knightsen Union Cemetery District

Follow- Up Items

The following items were noted during the course of the review and require follow-up by the District and CCCERA:

- Ensure that District policies are adhered to prohibiting the conversion of vacation accruals to cash and its equivalent value in lieu of the employee taking vacation time while in active membership.
- Make salary schedules publicly available per regulations and provide updates and amendments to CCCERA as the need appears on a timely basis.

Byron Brentwood Knightsen Union Cemetery District

District's Response

Items that appear in the "Follow-Up" section of this report require a written response from the District to acknowledge each of the points indicated that pertain to the District and provide CCCERA with feedback on how the District may propose to address the items noted. CCCERA received the District's response to the follow up items noted in the *Preliminary Report* dated 11/14/2014 on 2/13/2015 and is as follows:



Mailing: P.O. Box 551
Location: 11545 Brentwood, Blvd.
Brentwood, CA 94513
Phone (925) 634-4748; Fax (925) 634-9783
Email: ucemetery@yahoo.com
Web: unioncemeterydistrict.com

January 22, 2015

CCCERA
1355 Willow Way, Suite 221
Concord, CA 94520

Dear Wrally,

Thank you very much for your thorough report of the On-Site review you had here at Union Cemetery District on October 1, 2014.

I submitted your review to our Board of Trustee's at their December 17, 2014 Board Meeting. They also found your report very informative and useful.

We will gladly follow through on the couple of items you noted.

Thank you again for your time and efforts with this task.

It was a pleasure meeting you.

Yours truly,

Barbara Fee
District Manager

Meeting Date
04/08/15
Agenda Item
#13

Contra Costa Mosquito & Vector Control District Employer Review

*Preliminary
Findings Report
dated 3/31/2015
prepared by:*



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EAU2014100 – CCMVCD

Contra Costa Mosquito & Vector Control District

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Contra Costa Mosquito & Vector Control District

Background

The Contra Costa County Employees' Retirement Association is a public employee retirement system that was established by the County of Contra Costa (County) on July 1, 1945, and is administered by the Board of Retirement (Board) to provide service retirement, disability, death, and survivor benefits for County employees and 16 other participating agencies under the California State Government Code, Section 31450, et. seq. (County Employees Retirement Law of 1937 or CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA).

CCCERA administers the retirement benefits for the employees of Contra Costa County and participating District employers. Participating employers within the CCCERA retirement system transmit payroll information and contributions to fund the benefits for their employees. CCCERA sets up retirees' accounts, processes applications, calculates retirement allowances, prepares monthly retirement benefit payment rolls, and makes adjustments to retirement benefits when needed.

Retirement allowances are computed in accordance with statute using three factors: years of service, age at retirement, and final compensation. For Legacy (pre-PEPRA) members, final compensation is defined as the highest average annual compensation earnable (as defined in G.C. Section 31461) by a member during the last one or three consecutive years of employment depending on the member's Tier, unless the member elects a different period with a higher average. For PEPRA members, final compensation is defined as the highest average annual pensionable compensation (as defined in G.C. Section 7522.34) earned by the member during a period of 36 consecutive months.

The employer's knowledge of the laws relating to membership and payroll reporting facilitates the employer in providing CCCERA with appropriate employee information. Correct enrollment of eligible employees and correct reporting of payroll information are necessary for the accurate computation of a member's retirement allowance.

The District was formed in 1927 and has been protecting the public health by reducing the spread of diseases by controlling the proliferation of insects and animals that are known to host disease vectors. Funded through tax dollars, the District serves a community of more than a million residents covering 736 square miles in Contra Costa County. The District entered into the CCCERA retirement system on May 20, 1953.

Contra Costa Mosquito & Vector Control District

Scope

The 2013 Pension Reform legislation granted CCCERA the authority under Government Code Section 31543 for CCCERA to conduct audits of employers to ensure that employee and payroll information used in the calculation of Retiree pension benefits is correct and verifiable. The scope of these on-site reviews include:

- Correctness of retirement benefits;
- Reportable compensation;
- Enrollment in, and reinstatement to the system (GC 31543);
- Pensionable compensation (GC 31461 and 7522.34);
- Determine if employees convicted of certain felonies have forfeited benefits earned or accrued from the commission of the felony (GC 7522.72(g) and GC 7522.74(g));
- Evaluate whether MOUs are being complied with (i.e. EE Contribution Rates, Vacation Sales etc.);
- Determine if compensation is paid to enhance a member's retirement benefit (GC 31461(b)(1) and 7522.34(c)(1)).

The on-site review of the District was conducted between October 28th & 29th, 2014. The review period encompassed active employee records for 2013 through 2014 and retired employees from 2010 through 2014.

Contra Costa Mosquito & Vector Control District

The following review activities were performed:

- Reviewed the District's *"Employee Handbook"*
- Interviewed key staff members to obtain an understanding of the District's personnel and payroll procedures;
- Reviewed the payroll transactions and compared the District's payroll register with the data reported to CCCERA to determine whether the district correctly reported employees' compensation;
- Reviewed the District's payroll information reported to CCCERA for all employees to determine whether pay-rates were reported pursuant to public salary information;
- Reviewed the District's process for reporting payroll to CCCERA to determine whether the payroll reporting elements were reported correctly;
- Reviewed the District's employer and employee retirement contribution calculations for accuracy;
- Reviewed the District's enrollment practices pertaining to temporary/part-time employees, retired annuitants, and independent contractors to determine whether individuals met CCCERA membership requirements;
- Reviewed the District's tracking and calculation of unused sick leave balances for retired members;
- Reviewed timesheets and payroll data for retired employees.

Contra Costa Mosquito & Vector Control District

Findings & Observations

<p>Accuracy of Payroll information provided to CCCERA</p>	<p>The review included the reconciliation of payroll data provided during the on-site field work with the compensation and contribution reports submitted to CCCERA for the 2013 – 2014 time periods. The reconciliation included a review of the methodology used by the District’s administrative staff to calculate monthly compensation amounts and the application of the appropriate contribution rates.</p> <p>The District had thirty-five (35) active members at this time of the review. Payroll and contribution records for a sample of thirteen (13) active members were reviewed.</p> <p>It was observed that for the 2013 year contribution reports for a six month period (February through July) had to be revised for one member to reflect corrected employee contribution and subvention percentage rates. CCCERA accounting worked with the District payroll to correct and reconcile the contribution records. In addition it was also observed that the basic and COLA contribution amounts had been transposed for one member which was detected through a reconciliation process and was subsequently corrected through revised contribution reports.</p> <p>A reconciliation was performed which compared the pensionable compensation amounts indicated on the District’s Retirement Contribution Report for November 2013 including its raw I30 differential compensation detail against the 2013 CPAS Actuarial Extract report. For current active members no variance or exception was noted between the actuarial extract and District’s contribution report.</p>
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Contra Costa Mosquito & Vector Control District

<p>Salary Reported in accordance with published salary schedules</p>	<p>District maintains published, publicly available salary schedules that are available on demand.</p> <p>Review of thirteen (13) payroll histories indicated that the salaries fell within the published scales for position and steps. It was also noted that the salary schedules included other compensation components such as straight time and overtime for the specified position classifications that are eligible to receive these additional compensation elements.</p>
<p>Enrollment of all eligible employees</p>	<p>The District has three employment categories:</p> <ul style="list-style-type: none"> • Regular Full Time; • Regular Part-Time; • Temporary. <p>Regular Full-Time employees are defined as those individuals that are scheduled for and do work forty (40) hours per week.</p> <p>Regular Part-Time employees are defined as those individuals that are scheduled for and do work for less than forty (40) hours per week.</p> <p>Temporary employees are individuals hired for short-term assignments for periods of up to three months or less.</p> <p>Review of the District's employee roster and employment status of each individual indicated that all eligible employees had been enrolled in the retirement system.</p>
<p>Accuracy of employee sick leave accrual balances</p>	<p>Reviewed sick leave accrual procedures and balances and no exception or variance was noted.</p>

Contra Costa Mosquito & Vector Control District

Accuracy of employee vacation accrual balances	The District transmits its active employee vacation accrual balances to CCCERA on its I30 compensation and contribution reports. A reconciliation of the I30 reports against thirteen (13) employee timesheets for the 2013 and 2014 years revealed that the District had recorded "OT/CT" accruals from ten (10) of the thirteen active employees' timesheets as "Admin Leave" on the I30 reports for the period. This mischaracterization in accrual type has led to an overstatement in the Admin Leave accrual balances for the effected employees in CCCERA's pension administration system.
Forfeiture of benefits earned or accrued from the commission of a felony	At the date of this review there were no known retirees with felony convictions pursuant to GC 7522.72(g) and GC 7522.74(g).

Contra Costa Mosquito & Vector Control District

Follow- Up Items

The following items were noted during the course of the review and require follow-up by the District and CCCERA:

- Ensure that accrual items are accurately reflected in the District's I30 report when submitted to CCCERA. OT/COMP accruals should not be reported as Admin Leave on the I30 report and should be reported as a separate advice item on the report.

Contra Costa Mosquito & Vector Control District

District's Response

Items that appear in the "Follow-Up" section of this report require a written response from the District to acknowledge each of the points indicated that pertain to the District and provide CCCERA with feedback on how the District may propose to address the items noted. CCCERA received the District's response to the follow up items noted in the *Preliminary Report* dated 2/20/2015 on 3/27/2015 and is as follows:



155 Mason Circle
Concord, CA 94520
phone (925) 685-9301
fax (925) 685-0266
www.conmvecd.ci.ca.us

March 26, 2015

Wrally Dutkiewicz, CFEA
Retirement Compliance Officer
CCCERA
1355 Willow Way, Suite 221
Concord, CA 94520

RE: Preliminary Findings Report - Employer Review

Dear Mr. Dutkiewicz,

In regards to the request for a written response on the follow-up item(s) listed below:

Follow-Up Items

The following items were noted during the course of the review and require follow-up by the District and CCCERA:

Ensure that accrual items are accurately reflected in the District's I30 report when submitted to CCCERA. OT/COMP accruals should not be reported as Admin Leave on the I30 report and should be reported as a separate advice item on the report.

The district has reviewed its internal process and as OT/COMP are not pensionable in any form, we will no longer report these hours on the I30 report.

Sincerely,


Craig Downs

Protecting Public Health Since 1927

BOARD OF TRUSTEES

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CENTRAL CONTRA COSTA SANITARY DISTRICT

Employer Review



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Meeting Date
04/08/15
Agenda Item
#14

Final Findings
Report Dated
3/23/2015

Prepared by:



EAU2014100 – CCCSD

Central Contra Costa Sanitary District

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Central Contra Costa Sanitary District

Background

The Contra Costa County Employees' Retirement Association is a public employee retirement system that was established by the County of Contra Costa (County) on July 1, 1945, and is administered by the Board of Retirement (Board) to provide service retirement, disability, death, and survivor benefits for County employees and 16 other participating agencies under the California State Government Code, Section 31450, et. seq. (County Employees Retirement Law of 1937).

The agencies contract with CCCERA to administer retirement benefits for its employees. Participating agencies within the CCCERA retirement system transmits payroll information and contributions to fund the benefits for their employees. CCCERA sets up retirees' accounts, processes applications, calculates retirement allowances, prepares monthly retirement benefit payment rolls, and makes adjustments to retirement benefits when needed.

Retirement allowances are computed using three factors: years of service, age at retirement, and final compensation. Final compensation is defined as the highest average annual compensation earnable by a member during the last one or three consecutive years of employment depending on the member's Tier, unless the member elects a different period with a higher average.

The employer's knowledge of the laws relating to membership and payroll reporting facilitates the employer in providing CCCERA with appropriate employee information. Appropriately enrolling eligible employees and correctly reporting payroll information is necessary to accurately compute a member's retirement allowance.

The Central Contra Costa Sanitation District has been serving residents and businesses in Contra Costa County since 1946 by providing the collection and treatment of wastewater. The District maintains 1,500 miles of underground sewer pipelines which deliver the wastewater to its treatment plant in Martinez. The District entered the retirement system May 18, 1949.

Central Contra Costa Sanitary District

Scope

The California Public Employees' Pension Reform Act of 2013 (PEPRA) and related County Employees' Retirement Law (CERL) created the authority under GC§31543 for CCCERA to conduct on-site reviews of employers to ensure that employee and payroll information used in the calculation of Retiree pension benefits is correct and verifiable. The scope of these on-site reviews include:

- Correctness of retirement benefits;
- Reportable compensation;
- Enrollment in, and reinstatement to the system (GC 31543);
- Pensionable compensation (GC 7522.31 (c)(1), (c)(11), (c)(12));
- Determine if employees convicted of certain felonies have forfeited benefits earned or accrued from the commission of the felony (GC 7522.72(g) and GC 7522.74(g));
- Evaluate whether MOUs are being complied with (i.e. EE Contribution Rates, Vacation Sales etc.);
- Determine if compensation is paid to enhance a member's retirement benefit (GC 31461(b)(1)).

The on-site review of the District was conducted October 8th through 10th, 2014. The review period encompassed active employee records for 2013 through 2014 and retired employees from 2012 through 2014.

Central Contra Costa Sanitary District

The following review activities were performed:

- Reviewed the District's *"Employee Handbook, 2011 Edition"*
- Reviewed the District's *"Human Resources Procedures"*
- Interviewed key staff members to obtain and understanding of the District's personnel and payroll procedures;
- Reviewed the payroll transactions and compared the District's payroll register with the data reported to CCCERA to determine whether the district correctly reported employees' compensation;
- Reviewed the District's payroll information reported to CCCERA for all employees to determine whether pay-rates were reported pursuant to public salary information;
- Reviewed the District's process for reporting payroll to CCCERA to determine whether the payroll reporting elements were reported correctly;
- Reviewed the District's employer and employee retirement contribution calculations for accuracy;
- Reviewed the District's enrollment practices pertaining to temporary/part-time employees, retired annuitants, and independent contractors to determine whether individuals met CCCERA membership requirements;
- Reviewed the District's tracking and calculation of unused sick leave balances for retired members;
- Reviewed timesheets and payroll data for retired employees.

Central Contra Costa Sanitary District

Findings & Observations

Accuracy of Payroll information provided to CCCERA	<p>The review included the reconciliation of payroll data provided during the on-site field work with the compensation and contribution reports submitted to CCCERA for the 2013 – 2014 time periods. The reconciliation included a review of the methodology used by the District’s administrative staff to calculate monthly compensation amounts and the application of the appropriate contribution rates.</p> <p><u>Active Members:</u></p> <p>The review was comprised of a comparison of salary data transmitted to CCCERA from the District for thirty-five (35) active members against the District’s payroll reports for the 2013 and 2014 years. Employee and employer contributions recorded in CCCERA’s pension administration system (CPAS) were reconciled against the District contribution and I30 reports. It was noted that the District transmits salary information to CCCERA as a grossed up number which appears in CPAS as “Base Earnings” and is inclusive of all pensionable compensation including differentials. The District currently has thirty-three (33) earn codes [see Appendix A] of which thirteen (13) have been deemed non-pensionable by statute and Board of Retirement policy.</p> <p><u>Retirees:</u></p> <p>Thirty-five (35) retirees were randomly selected for review for the 2012 through 2014 years. The review consisted of a comparison of the District’s payroll information against the <i>Retirement Verification Form & Reporting Worksheet</i> submitted to the retirement system for each of the sample retirees at the time of their retirement. Items that were compared included employee and employer contributions, base pay, differentials, vacation sales, and terminal pay items as allowed per the date of the individual’s retirement. Payroll items were further reconciled against the retirement pension benefit calculation worksheets.</p>
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Central Contra Costa Sanitary District

	<p><u>Observations</u></p> <ul style="list-style-type: none">○ Although the District reported its employee's compensation on the I30 report including adjustments, it was noted that the I30 reports did not have the differential earn code detail broken out.○ With respect to retirees, the retirement system requires all pensionable salary components to be disclosed in order to verify and validate that the compensation reported does not include items determined by the Board of Retirement that have been paid to specifically enhance a member's retirement benefit. <i>(Policy Regarding Assessment and Determination of Compensation Enhancements Adopted 1/9/2013)</i>○ Through the submission of I29 reports employee demographic information is submitted to the retirement system. Items that are to be transmitted on the I29 reports include:<ul style="list-style-type: none">○ Position changes;○ Bargaining unit changes;○ Leave of absences;○ New hires;○ Terminations;○ Name Changes; <p>Items that were noted during the review:</p> <ul style="list-style-type: none">○ Position changes were not consistently reported;○ Temporary and provisional appointments were not indicated.
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Central Contra Costa Sanitary District

<p>Salary Reported in accordance with published salary schedules</p>	<p>In accordance with GC §7522.34(a), salary schedules are to be publicly available.</p> <p>Reviewed the District’s Code of Laws governing personnel. Under Title 4, Chapter 4.12 – Classifications, it sets out the standards under which a class of employment is established, maintained, and changed within the District. There were 120 position classifications as of the date of review including management and management support (MSCG Group) classifications which are recorded in the Districts salary table as of 7/17/2014.</p> <p>The salary tables are maintained in hard and soft copy and are publicly available via the District’s website and upon request in the administrative office. Approval of salaries and classifications are evidenced through archived Board of Directors meeting minutes indicating approval resolutions.</p> <p>It was noted that when an active member works “out-of-class” for a short duration, or receives a temporary upgrade to meet District staffing needs, a “Personnel Action Form” is completed indicating the specific classification, salary rate, and duration of the classification change. The District has three classes of appointment:</p> <ul style="list-style-type: none"> • Temporary Appointments which are limited to periods of up to twelve months; • Special Emergency Appointment of up to ninety days in duration; • Provisional Appointments to fill a vacated position generally for not less than thirty days and no more than one year. <p>The District maintains a “<i>Temp Tracking Roster</i>” which only tracks the District’s temporary employees and does not include provisional appointments and out of class assignments as these are monitored separately. The roster is broken out by department indicating the name of the employee, the position title, anticipated completion date of the upgrade, and cumulative hours worked in the appointed position.</p>
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Central Contra Costa Sanitary District

	<p>Observations:</p> <ul style="list-style-type: none"> • The payroll records reviewed for the period for employees that had received additional compensation for temporary, provisional, and emergency appointments had corresponding payroll adjustments back to their original classification. • The review of payroll records for both active members and retirees indicated that the District followed its classification and salary policies during the review period. No exception or variance was noted.
<p>Enrollment of all eligible employees</p>	<p>The District had two hundred and seventy-five (275) employees in active membership within the retirement system as of the review date. There are four different types of employment statuses within the District:</p> <ul style="list-style-type: none"> • Regular Probationary; • Regular; • Regular Part-Time; • Temporary. <p><small>(CCCSD Human Resources Procedures Manual Chapter 4.12.050)</small></p> <p>Temporary employees are hired to perform seasonal work and are not to exceed 2,080 hours (unless explicit permission is received from the District's bargaining units) or twelve months from the first date of hire and are not eligible for benefits or entry in to the retirement system. <i>(Employee Handbook, 2011 Edition, p. 10)</i></p> <p>Regular Part-Time employees are those employees that work up to thirty-hours per week and are eligible for participation in the retirement system when twenty hours per week or more are worked. <small>(CCCSD Human Resources Procedures Manual Work Status and Benefit Application, Revised 12/20/1999)</small></p> <p>District retirees can be rehired on a temporary basis subject to a statutory limitation of 960 hours per fiscal year. Additional rules governing the re-employment of retirees include:</p>

Central Contra Costa Sanitary District

	<ul style="list-style-type: none">○ Reinstatement from retirement requirement if rehired by an employer in the same public retirement system from which the retiree receives the benefit; PEPRA §7522.56(b)○ Waiting period of 180 days between retirement date and rehire of retiree CERL §31641.04(b)(f)○ Twelve month exclusion from re-employment if the retiree receives unemployment insurance CERL §31680.2(b)(2)○ Compensation limits. <p>Observations:</p> <ul style="list-style-type: none">● A review of the District's work schedules and time-sheets did not reveal any retirement system eligible employees had not been enrolled. It was noted that the District had three retirees that had been re-hired post retirement and the District was monitoring the hours worked via its "<i>Temp Tracking Roster</i>" to limit the hours worked to the 960 hours per fiscal year statutory limit.● The District, in its "<i>Policy and Procedure for Hiring District Retirees</i>" (Revised 9/14/2010), provides guidance with respect to the conditions under which a retiree can be rehired on a temporary basis. The policy limits retirees to working up to 960 hours per fiscal year. In addition, the policy provides guidance when the employment of a retiree may exceed the 960 hour statutory limit and indicates that the retiree has two options:<ul style="list-style-type: none">○ Independent Contractor which is defined in the policy as an individual who "<i>...establish her/his own working hours, provide his/her own vehicle, equipment, and tools, not be supervised by District Staff, contract for a project or number of hours, etc.</i>)○ Contract Employee through a third party provider where that third party is providing a service to the district and the retiree is the employee of that vendor and then is
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Central Contra Costa Sanitary District

	<p style="text-align: center;">subsequently assigned to do work for the District by the vendor.</p> <p>Government Code Section 7522.56 provides that a retired person cannot serve, be employed by, or be employed through a contract directly by, a public employer in the same public retirement system from which the retiree receives benefits without reinstatement from retirement, except as permitted. The key word in the statutory language is the term “serve”. In both of the retiree options indicated in the District’s policy the retiree would be serving the District.</p>
<p>Accuracy of employee sick leave accrual balances</p>	<p>Reviewed sick leave accrual procedures and balances for both active employees and retirees. A reconciliation was performed between the sick leave accrual balances indicated on the I30 reports transmitted to the retirement system and the hard copy timesheets and schedules maintained by the District. No exception or variance was noted.</p>
<p>Accuracy of employee vacation accrual balances</p>	<p>Reviewed vacation accrual procedures for both active employees and retirees. A reconciliation was performed between the vacation accrual balances indicated on the I30 reports transmitted to the retirement system and the hard copy timesheets and schedules maintained by the District. No exception or variance was noted.</p>
<p>Forfeiture of benefits earned or accrued from the commission of a felony</p>	<p>At the date of this review there were no known retirees with felony convictions pursuant to GC 7522.72(g) and GC 7522.74(g) that require the District to notify the retirement system.</p> <p>The review of the District’s human resources policies indicated that these had not yet been updated to incorporate the requirements set forth in GC 7522.72(g) and GC 7522.74(g).</p>

Central Contra Costa Sanitary District

Follow- Up Items

The following items were noted during the course of the review and require follow-up by the District:

- Update I30 report preparation procedures to report all pensionable differentials as separate earn code items;
- Update I29 report preparation procedures to report all employee position changes including temporary and provisional upgrades;
- Review District policy on hiring District retirees and update to reflect the statutory limitations for post-retirement employment;
- Update District policy to reflect retirement benefit forfeiture by retirees that commit an employment related felony including a notification procedure to inform the retirement system when a covered felony event and case disposition occurs.

Central Contra Costa Sanitary District

District's Response

Items that appear in the "Follow-Up" section of this report require a written response from the District to acknowledge each of the points indicated that pertain to the District and provide CCCERA with feedback on how the District may propose to address the items noted. CCCERA received the District's response to the follow up items noted in the *Preliminary Report* dated 2/10/2015 on 3/19/2015 and is as follows:



March 17, 2015

PHONE: (925) 228-9500
FAX: (925) 335-7744
www.centrafsan.org

CCCERA
Attention: Wrally Dutkiewicz
1355 Willow Way, Suite 221
Concord, CA 94520

ROGER S. BAILEY
General Manager
KENTON L. ALM
Counsel for the District
(319) 808-2000
ELAINE R. BOEHME
Secretary of the District

Dear Mr. Dutkiewicz,

As instructed in your letter dated February 10, 2015, this letter serves as Central Contra Costa Sanitary District's formal response to the preliminary findings in the "Employer Review" that was conducted by the Contra Costa County Employees' Retirement Association (CCCERA).

Four items were noted during the course of the review that required follow-up and a response from the District. Each of the findings and the District's corresponding responses are detailed in the table below:

CCCERA Finding	District Response
Update I30 report preparation procedures to report all pensionable differentials as a separate earn code items	The District is currently revising its I30 report preparation procedures. The District will provide CCCERA, by April 25, 2015, a template of the revised I30 report prior to implementing the final changes to the report so as to ensure all conditions outlined in the finding have been met.
Update I29 report preparation procedures to report all employee positions changes including temporary and provisional upgrades	With the exception of temporary (Out of Class and Provisional assignments) and Personnel Advancements, all employee position changes are reported in the current I29 report. The District is currently revising its I29 report procedures to now include both Provisional assignments (more than 30 days) and Personnel Advancements. However, due to the very limited duration of Out of Class assignments (less than 30 days) and after consultation with you on March 12, 2015, the Out of Class assignments will be reported on the I30 report. The District will

Recycled Paper

Central Contra Costa Sanitary District

	provide CCCERA, by April 25, 2015, a template of the revised I29 report prior to implementing the final changes to the report so as to ensure all conditions outlined in the finding have been met.
Review District policy on hiring District retirees and update to reflect the statutory limitations for post-retirement employment	The District has updated its policy on the hiring of District retirees. A copy of the revised policy is attached to this letter.
Update District policy to reflect retirement benefit forfeiture by retirees that commit an employment related felony including a notification procedure to inform the retirement system when a covered felony event and case disposition occurs.	The District has drafted a policy that details the forfeiture of retirement benefits for those District employees that commit an employment related felony and a notification procedure. A copy of the draft policy is attached to this letter.

Please contact me, if after review, the District's responses to mitigate the issues set forth in the preliminary "Employer Review" are not sufficient.

Sincerely,

Teji O'Malley
Human Resources Manager

Central Contra Costa Sanitary District



Central Contra Costa Sanitary District

HUMAN RESOURCES PROCEDURE

Effective Date: May 18, 2006
Revised: March 13, 2015

Sheet 1 of 2

Subject: POLICY AND PROCEDURE FOR HIRING RETIREES

Established by: Randall M. Musgraves, Director of Administration
Revised by: Teji O'Malley, Human Resources Manager

The District occasionally may hire a retired employee for legitimate business reasons. The District may hire, without reinstatement to the retirement system, a former District employee if the retiree is needed due to an emergency situation that has the potential to halt critical public services or if they possess a skill set needed to perform specialized work of a limited duration. The intent of the District in hiring any District retiree is to address a short-term need and not as a means for providing on-going employment or income to the retiree.

The Contra Costa County Employee Retirement Association (CCCERA) and Section 7522.56 of the California Government Code dictate many of the rules governing the hiring of District retirees. The District may hire District retirees subject to the following conditions:

The retiree cannot work more than 960 hours per fiscal year. The 960 hour limit is inclusive of any service(s) performed by the retiree for any **employer** that is governed by the County Employees' Retirement Law (CERL).

The retiree's hourly rate of pay cannot be less than the minimum or exceed the maximum of the published salary range for the job classification for which they are hired.

The retiree will receive no service credit or retirement rights for the temporary assignment.

If the retiree received any unemployment insurance compensation in the 12 months preceding the appointment, he or she is ineligible to be reemployed by the District.

The retiree must wait 180 days following the effective date of retirement in order to be reemployed at the District UNLESS the District certifies that the appointment is necessary prior to conclusion of the 180 day waiting period and the action is approved

Central Contra Costa Sanitary District

HUMAN RESOURCES PROCEDURE

Sheet 2 of 2

in a public meeting, by the Board of Directors. If the retiree received any retirement incentive from the District, he or she is ineligible to be hired prior to the 180 days.

The Department Director must submit, in writing, justification to the Human Resources Division as to why the services of the retiree are needed.

The Human Resources Division will determine if the justification warrants the hiring of the retiree and contact the retiree to complete CCCERA Form 213 (copy attached) to determine eligibility for reemployment.

If the retiree is eligible for reemployment, Human Resources will process the appropriate hire paperwork.

The Human Resources Division is responsible for ensuring that all of the above-mentioned conditions have been met prior to the hiring of the retiree.

Central Contra Costa Sanitary District



Central Contra Costa Sanitary District

HUMAN RESOURCES PROCEDURE

Effective Date: March 15, 2015

Sheet 1 of 2

Subject: FORFEITURE OF PENSION BENEFITS AS A RESULT OF A FELONY
CONVICTION AND REPORTING OF SUCH FELONY

Established by: Teji O'Malley, Human Resources Manager

After the passage of Public Employers Pension Reform Action (PEPRA) of 2013, all public employees, which includes District employees, are subject to the provisions set forth in California Government Code, Sections 7522.72 and 7522.74 which specifically speaks to the forfeiture of pension benefits which are governed by the Contra Costa County Employees' Retirement Association (CCCERA).

These sections state that if a public employee is convicted by a state or federal court of any felony for conduct arising out of or in the performance of his or her official duties as a public employee or in connection with obtaining salary, disability retirement, service retirement, or other benefits, he or she shall forfeit all accrued rights and benefits in any public retirement system in which he or she is a member and shall not accrue further benefits in that public retirement system, effective on the date of the conviction.

The rights and benefits shall remain forfeited notwithstanding any reduction in sentence or expungement of the conviction following the date of the employee's conviction. Rights and benefits attributable to the service performed prior to the date of the first commission of the felony for which the member was convicted shall not be forfeited.

Any contributions made by the employee convicted of the felony shall be returned, without interest, to the employee upon the occurrence of a qualifying distribution event unless otherwise ordered by a court or CCCERA.

An employee must notify the Human Resources Division within 60 days of the conviction and provide the following information:

1. The date of the conviction
2. The date of the first known commission of the felony

The District and the employee must notify CCCERA of the felony conviction within 90 days of the conviction.

Central Contra Costa Sanitary District

HUMAN RESOURCES PROCEDURE

Sheet 2 of 2

If an employee's conviction is reversed and that decision is final, the employee shall be entitled to do either of the following:

1. Recover the forfeited rights and benefits as adjusted for the contributions received.
2. Redeposit those contributions and interest that would have accrued during the forfeiture period, as determined by a CCCERA actuary, and then recover the full amount of the forfeited rights and benefits.

Central Contra Costa Sanitary District

Appendix A:

Earnings Code Description	Earn Code	Compensation Earnable (§31461)			Pensionable Compensation (§7522.34)
		Prior to Implementation of AB 197		After Implementing AB 197	Membership on or after 1/1/2013
		Membership before 1/1/2011	Membership on or after 1/1/2011		
REGULAR HOURS	1	YES	YES	YES	YES
SYSTEM ADJUSTMENT	SA	YES	YES	YES	YES
LONGEVITY PAY	LP	YES	YES	YES	NO
REGISTRATION DIFFERENTIAL	RD	YES	YES	YES	NO
PROVISIONAL APPOINTMENT	1	YES	YES	YES	NO
CLASS A/B LICENSE PAY	AB	YES	YES	YES	NO
CAFETERIA PLAN CASH	C1/C2/C3	YES	YES	YES	NO
CAFETERIA PLAN BENEFIT	C4	YES	YES	YES	NO
OUT OF CLASS	OC	YES	YES	YES	NO
VACATION PAYOUT	VV	YES	YES ⁽¹⁾	YES ⁽¹⁾	NO
SALARY ADJUSTMENT (RET)	RA	YES	YES	YES	YES
TERMINAL COMPENSATION	RA	YES	YES ⁽¹⁾	YES ⁽¹⁾	NO
MEAL ALLOWANCE	MA	YES	YES	YES	NO
SWING	4	YES	YES	YES	NO
NIGHT	5	YES	YES	YES	NO
STANDBY (Mandatory)	12	YES	YES	YES ⁽²⁾	NO
SCHEDULED HOLIDAY OT	24	YES	YES	YES	NO
SCHEDULED HOLIDAY SWING OT	25	YES	YES	YES	NO
SCHEDULED HOLIDAY NIGHT OT	32	YES	YES	YES	NO
SCHEDULED HOLIDAY DT	31	YES	YES	YES	NO

Note (1): Only included to the extent it is earned and payable in each 12-month period during the final average salary period. (Gov. Code §3146(b)(2)).
 Note (2): The Board of Retirement on April 10, 2013, that AB 197 requires the exclusion for services rendered outside of normal working hours (standby pay, on call pay). Only scheduled, employer required, and performed by all similarly classified employees is pensionable. (Gov. Code. §31461(b)(3)). This was reaffirmed by the Board of Retirement in its "Policy On Determining "Compensation Earnable" Under Assembly Bill 197 for purposes of Calculating Retirement Benefits for "Legacy" (Pre-PEPRA Members) Adopted 9/10/2014.

Central Contra Costa Sanitary District

Non-Pensionable Earn Codes					
		Compensation Earnable (§31461)		Pensionable Compensation (§7522.34)	Pensionable Compensation (§7522.34)
		Prior to Implementation of AB 197			Membership on or after 1/1/2013
		Membership before 1/1/2011	Membership on or after 1/1/2011		
OVERTIME AT 100%	22	NO	NO		NO
REGULAR OVERTIME	2	NO	NO		NO
CALL OUT OVERTIME	27	NO	NO		NO
CAPITAL OVERTIME AT 150%	CO	NO	NO		NO
COMP EARNED	13	NO	NO		NO
SWING OVERTIME	14	NO	NO		NO
NIGHT OVERTIME	15	NO	NO		NO
DOUBLE OVERTIME	3	NO	NO		NO
CAPITAL OVERTIME AT 200%	CD	NO	NO		NO
HOLIDAY COMP EARNED	20	NO	NO		NO
COMP OVERTIME PAID	CP	NO	NO		NO
MANUAL SALARY ADJUSTMENT	MS	NO	NO		NO
STANDBY (Voluntary)	28	NO	NO		NO

MEMORANDUM

Date: April 8, 2015
 To: CCCERA Board of Retirement
 From: Vickie Kaplan, Retirement Accounting Manager
 Subject: **Cash Flow Report - December 31, 2014**

Overview

CCCERA's cash position as of December 31, 2014 increased over prior year and is mostly due to timing differences. Below are some of the highlights summarized from the Cash Flow Report attached to this memo:

Cash Flow Report - Page 1

Cash Inflow

Employee Contributions: Slight increase of 7% from prior year. Retirements remained flat in March which is atypical. Increase in August can be attributed to contribution rate increases effective July 1st.

Employer Contributions: Down 18% from prior year. The decrease in August is the result of San Ramon Valley Fire re-entering the Prepayment Program FY2014-15. December reflects Central Sanitary District's \$5M prepayment toward its UAAL.

Employer Prepayments: Six month period reflects Employer Prepayments of \$308 million in the month of July 2014 versus \$213 million in prior year. Each employer calculates and determines their prepayment for the new fiscal year. Largest prepayments were: CCC \$242M; Central San \$21M; CC Consolidated Fire \$22M; and San Ramon Valley Fire District \$15M.

Employer True-ups: A decrease of 98% from prior year. True-up amount reflects In Home Supportive Services (IHSS) payment of \$37K; LAFCO payment of \$4K; and Rodeo San payment of \$4K.

CCC Final Paulson & Districts' Term Liability: 104% increase from prior year. July reflects CCC Final Paulson annual payment of \$2.8M as well as City of Pittsburg's unfunded liability contribution of \$2.3M. December reflects Delta Diablo Sanitary District (\$329K) and Diablo Water District's (\$154K) annual unfunded liability contribution payments. Districts' Term Liability reflects those employers who left CCCERA's system to CalPERS.

Distributions:

Alternatives	+37% or \$19M increase from prior year	Adams Street \$22M; Pathway \$19M; Bay Area Equity Fund \$17M; EIF-USPF \$8M; Paladin \$2M
Market Opportunity	-39% or \$4M decrease from prior year	Oaktree \$7M

Real Estate	-11% or \$12M decrease from prior year	Siguler Guff \$35M; FREG \$22M; Oaktree \$19M; Invesco I&II \$10M; DLJ \$8M; Angelo Gordon \$4M
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Rebalancing & transfers: 16% increase from prior year. Rebalancing done by CIO in Jan/Feb and July/Aug as well as CCCERA's monthly cash movement from the County Treasurer's Office to State Street.

Cash Outflow:

Retiree payroll: Overall, slight increase of 5% from prior year.

Post Retirement Death benefits: Down 14% from prior year.

Refunds & Active Member Deaths: 21% increase from prior year. Increase can be attributed to more people terminating and taking refunds.

Capital Calls:

Alternatives	+74% or \$37M increase from prior year	Adams Street \$25M; Pathway \$21M; Siguler Guff \$17M; Ocean Ave \$11M; EIF-USPF \$8M; Paladin \$4M
Global Real Assets	+218% or \$14M increase from prior year	Aether Real Assets \$13M; Commonfund Cap Natl Resources IX \$8M
Real Estate	-6% or \$8M decrease from prior year	LaSalle \$39M; Oaktree \$29M; DLJ \$27M; Siguler Guff \$18M; Angelo Gordon \$15M; Long Wharf \$9M; Invesco III \$7M

Cash Allocation/Managers: 14% increase from prior year. Rebalancing done by CIO in Jan/Feb and July/Aug as well as CCCERA's monthly cash movement from the County Treasurer's Office to State Street.

Net External Cash Inflow/Outflow

Net external outflow of \$4 million in current year versus \$79 million outflow in prior year, for a 95% decrease. This decrease in outflow is a result of a contribution rate increase in current year.

Net Cash Inflow/Outflow

Overall, \$18 million inflow in current year versus \$13 million in prior year, for a 40% increase. This increase is mostly due to timing differences.

Cash Flow Report - Page 2

Schedule of Investment Manager/Consultant/Attorney Fees

Investment Management Fees: 10% increase from prior year. Most fees are tied to market value of assets.

Consulting Fees: 12% increase from prior year. Breakdown provided on page 2 of Cash Flow Report. Increase mostly related to additional work performed (i.e. actuarial audit) by Milliman, as noted in the prior six month period.

State Street: Reflects only a 10% increase from prior year as a result of 3rd quarter payment processed in early 2015.

Attorney Fees (Non-investment): 26% decrease as a result of higher legal needs with PEPRA compliance and the AB197 lawsuit in prior year.

Schedule of Investment Related Travel/Education Costs/Attorney Fees/Salaries

Investment Travel/Education Costs: 11% increase from prior year. Amount reflects due diligence trips and trustee trainings.

Investment Attorney Fees: 54% decrease from prior year as a result of less investment legal services related to contract review and legal proceedings.

Investment Staff Salaries: 17% increase from prior year due to the hiring of a new analyst.

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

CASH FLOW 2014

Month Ending:	01/31/14	02/28/14	03/31/14	04/30/14	05/31/14	06/30/14	07/31/14	08/31/14	09/30/14	10/31/14	11/30/14	12/31/14	2014 Jan thru Dec	2013 Jan thru Dec	% Change
Receipts:															
Employee Contributions	5,787,668	5,799,969	5,851,617	5,907,671	6,074,099	5,923,289	5,893,237	6,473,593	6,707,331	7,011,488	6,669,649	6,908,887	75,008,498	69,960,740	7.2%
Purchases/conversions - "EE" & "ER"	517,320	50,909	169,572	99,004	232,628	257,205	264,309	103,263	39,408	419,416	81,853	343,333	2,578,220	2,813,211	-8.4%
Employer Contributions	2,115,166	1,325,112	1,977,941	1,881,124	1,925,830	1,927,300	1,901,766	1,256,734	1,922,854	873,339	1,378,282	6,543,493	25,028,941	30,634,514	-18.3%
Employer Prepayments	-	-	-	-	-	-	308,493,573	-	-	-	-	-	308,493,573	213,070,096	44.8%
Employer True-ups	-	-	-	-	-	-	-	44,887	-	-	-	-	1,900,360	-	-97.6%
CCC Final Paulson & Districts' Term Liability	329,438	-	-	-	-	-	5,102,458	-	-	-	-	483,499	5,915,395	2,903,227	103.8%
SUBTOTAL CASH INFLOW	8,749,592	7,175,990	7,999,130	7,887,799	8,232,557	8,107,794	321,655,343	7,878,477	8,669,593	8,304,243	8,129,784	14,279,212	417,069,514	321,282,148	29.8%
Interest/Dividends	5,595,183	6,257,960	8,105,447	8,105,447	6,501,062	7,213,746	10,329,495	5,444,860	5,393,561	10,419,287	5,830,431	7,800,857	8,895,138	87,787,027	3.0%
Distributions - Alternatives	3,636,525	4,229,036	5,235,878	3,768,178	4,896,038	5,421,970	3,509,986	17,136,359	1,159,458	7,699,092	3,052,863	8,929,354	68,674,737	50,205,164	36.8%
Distributions - Market Opportunity	-	-	3,304,673	-	-	-	-	-	1,753,192	-	-	1,681,308	6,739,173	11,040,066	-39.0%
Distributions - Global Real Assets	202,128	219,530	815,650	467,072	167,348	946,047	172,488	199,311	1,235,351	469,571	197,059	3,403,464	8,495,019	8,098,946	4.9%
Distributions - Real Estate	1,140,090	19,310,536	4,042,938	11,142,705	-	9,532,103	13,070,375	-	22,146,359	6,816,027	-	11,921,498	99,122,631	110,740,777	-10.5%
Distributions - Domestic Fixed (Torchtlight)	5,881,264	-	-	21,760,078	1,270,495	5,392,866	8,284,815	-	-	9,881,970	-	-	52,471,488	55,235,763	-5.0%
SUBTOTAL INTEREST/DIVIDENDS & DISTRIBUTIONS	16,455,190	30,017,062	21,504,586	43,639,095	13,547,627	31,622,481	30,482,524	22,729,231	36,713,647	30,697,091	11,050,779	34,830,762	323,290,075	320,564,043	0.9%
Liquidate assets-cash needs	-	32,000,000	13,035,908	45,000,000	-	27,000,000	22,000,000	31,000,000	-	-	14,000,000	54,000,000	238,035,908	239,000,000	-0.4%
Rebalancing & transfers (MOVEMENT)	190,500,000	7,600,000	7,700,000	7,000,000	8,000,000	8,000,000	11,500,000	10,200,000	-	24,200,000	8,000,000	7,600,000	290,300,000	251,100,000	15.6%
TOTAL CASH INFLOW, INTEREST/DIVIDENDS & DISTRIBUTIONS, LIQUIDATION & MOVEMENT	215,704,782	76,793,052	50,239,624	103,526,894	29,780,184	74,730,275	385,637,867	71,807,708	45,383,240	63,201,334	41,180,563	110,709,974	1,268,695,497	1,131,946,191	12.1%
Disbursements:															
Retiree payroll	(30,725,065)	(31,152,098)	(31,051,996)	(31,078,634)	(31,980,015)	(32,339,086)	(32,587,017)	(32,271,269)	(32,408,728)	(32,839,299)	(32,869,158)	(32,647,386)	(383,949,752)	(366,601,153)	4.7%
Post Retirement Death benefits	(69,000)	(47,000)	(81,084)	(59,000)	(91,000)	(73,667)	(67,167)	(65,500)	(85,000)	(57,000)	(60,000)	(124,000)	(879,417)	(1,018,334)	-13.6%
Refunds & Active Member Deaths (including taxes)	(145,623)	(202,604)	(305,808)	(656,344)	(311,812)	(550,860)	(434,773)	(486,948)	(512,121)	(285,847)	(677,771)	(368,895)	(4,939,408)	(4,074,986)	21.2%
Administration expense	(526,844)	(590,933)	(516,127)	(483,776)	(471,441)	(483,776)	(487,608)	(501,203)	(508,440)	(609,725)	(656,579)	(591,221)	(6,589,385)	(6,264,345)	5.2%
Invest related travel/educ/atty/salaries*	(51,592)	(54,682)	(57,237)	(59,939)	(69,558)	(58,565)	(67,362)	(64,313)	(67,385)	(79,919)	(69,185)	(69,723)	(769,461)	(720,886)	6.7%
Professional (Mgr/Consult/Atty) fees*	(1,227,705)	(2,362,847)	(2,426,353)	(501,514)	(3,369,954)	(1,457,798)	(1,728,402)	(3,875,001)	(1,264,474)	(505,745)	(1,587,583)	(3,406,462)	(23,713,838)	(21,633,387)	9.6%
SUBTOTAL CASH OUTFLOW	(32,745,829)	(34,410,165)	(34,438,605)	(33,000,917)	(36,293,780)	(34,963,752)	(35,372,328)	(37,264,234)	(34,846,148)	(34,377,535)	(35,920,278)	(37,207,687)	(420,841,260)	(400,313,090)	5.1%
Capital calls - Alternatives	(2,570,788)	(1,921,313)	(1,213,000)	(4,375,155)	(6,533,243)	(11,644,323)	(11,063,684)	(4,391,220)	(3,954,864)	(9,167,844)	(13,419,010)	(17,325,460)	(87,579,904)	(50,284,034)	74.2%
Capital calls - Global Real Assets	(1,500,000)	-	(750,000)	(9,330,965)	(1,000,000)	-	(3,845,957)	(1,250,000)	-	(2,232,754)	-	(750,000)	(20,659,676)	(6,500,523)	217.8%
Capital calls - Real Estate	(16,202,166)	(19,866,706)	(14,222,129)	(20,306,021)	(3,000,000)	(1,617,676)	(16,593,085)	(8,281,574)	(11,646,654)	-	(4,800,000)	(27,973,993)	(144,510,004)	(152,964,715)	-5.5%
Capital calls - Domestic Fixed (Torchtlight)	-	-	-	(5,929,306)	(6,000,000)	(6,000,000)	-	-	(6,000,000)	-	-	-	(23,929,306)	(23,927,710)	0.0%
SUBTOTAL CAPITAL CALLS	(20,272,954)	(21,788,019)	(16,185,129)	(39,941,447)	(16,533,243)	(19,261,999)	(31,502,726)	(13,922,794)	(21,601,518)	(11,400,598)	(18,219,010)	(46,049,453)	(276,678,890)	(233,676,982)	18.4%
Cash Allocation/Managers (MOVEMENT)	(170,500,000)	(7,600,000)	(7,700,000)	(7,000,000)	(8,000,000)	(8,000,000)	(263,500,000)	(41,200,000)	-	(24,200,000)	(8,000,000)	(7,600,000)	(553,300,000)	(485,219,827)	14.0%
TOTAL CASH OUTFLOW, CAPITAL CALLS & MOVEMENT	(223,518,783)	(63,798,184)	(58,323,734)	(79,942,364)	(60,827,023)	(62,225,751)	(330,375,054)	(92,387,028)	(56,447,666)	(69,978,133)	(62,139,288)	(90,857,140)	(1,250,820,150)	(1,119,209,899)	11.8%
NET EXTERNAL CASH INFLOW/(OUTFLOW)	(23,996,237)	(27,234,175)	(26,439,475)	(25,113,118)	(28,061,223)	(26,855,958)	286,283,015	(29,385,757)	(26,176,555)	(26,073,292)	(27,790,494)	(22,928,475)	(3,771,746)	(79,030,942)	-95.2%
NET CASH INFLOW/(OUTFLOW)	(7,814,001)	12,994,868	(8,084,110)	23,584,530	(31,046,839)	12,504,524	55,262,813	(20,579,320)	(11,064,426)	(6,776,799)	(20,958,725)	19,852,834	17,875,347	12,736,291	40.3%

*see attachment for detail (page 2 of 2)

KEY TO CASH FLOW 2014

Receipts

Subtotal Cash Inflow shows outside funds coming in to CCCERA.

Liquidate assets shows funds generated from sales of investments by CCCERA staff direction to managers - cash requirements.

Rebalancing & transfers shows movements of funds from Managers initiated by CCCERA staff (see cash allocation/Managers).

Employer Prepayments are booked in July of each year; *Employer True-ups* are booked in August of each year.

Disbursements

Subtotal Cash Outflow shows funds leaving CCCERA.

Capital calls shows funds requested by Investment Managers.

Cash Allocation/Managers shows funds distributed to managers for rebalancing and transfers initiated by CCCERA staff (see rebalancing & transfers).

Schedule of Professional (Manager/Consultant/Attorney) Fees as of Dec 31, 2014

Month ending:	<u>1/31/2014</u>	<u>2/28/2014</u>	<u>3/31/2014</u>	<u>4/30/2014</u>	<u>5/31/2014</u>	<u>6/30/2014</u>	<u>7/31/2014</u>	<u>8/31/2014</u>	<u>9/30/2014</u>	<u>10/31/2014</u>	<u>11/30/2014</u>	<u>12/31/2014</u>	Current year 2014	Prior year 2013	% Change
Investment Management Fees	1,105,029	2,086,093	2,126,072	315,000	3,194,948	1,288,575	1,542,447	3,578,111	1,208,781	352,512	1,561,147	3,290,288	21,649,002	19,620,685	10.3%
Consulting Fees <i>(see detail below)</i>	104,007	7,298	11,750	133,036	141,170	100,237	130,938	29,046	-	83,438	-	43,424	784,345	698,035	12.4%
State Street Custodian Fees	-	230,444	247,283	-	-	-	-	246,771	-	-	-	-	724,497	660,753	9.6%
Attorney Fees (Non-investment)	-	19,971	22,207	34,436	14,795	49,944	35,966	650	35,270	49,900	6,814	53,127	323,080	435,649	-25.8%
Attorney Staff Salary (Non-investment)	18,668	19,041	19,041	19,041	19,041	19,041	19,051	20,423	20,423	19,896	19,623	19,623	232,915	218,265	6.7%
TOTAL:	<u>1,227,705</u>	<u>2,362,847</u>	<u>2,426,353</u>	<u>501,514</u>	<u>3,369,954</u>	<u>1,457,798</u>	<u>1,728,402</u>	<u>3,875,001</u>	<u>1,264,474</u>	<u>505,745</u>	<u>1,587,583</u>	<u>3,406,462</u>	<u>23,713,838</u>	<u>21,633,387</u>	9.6%
Consulting Fees															
Milliman	100,007	7,298	-	81,536	82,500	20,737	79,438	-	-	79,438	-	-	450,955	325,582	38.5%
Segal	4,000	-	11,750	51,500	58,670	59,000	51,500	29,046	-	4,000	-	43,424	312,890	342,141	-8.5%
ISS*	-	-	-	-	-	20,500	-	-	-	-	-	-	20,500	30,313	-32.4%
	<u>104,007</u>	<u>7,298</u>	<u>11,750</u>	<u>133,036</u>	<u>141,170</u>	<u>100,237</u>	<u>130,938</u>	<u>29,046</u>	<u>-</u>	<u>83,438</u>	<u>-</u>	<u>43,424</u>	<u>784,345</u>	<u>698,036</u>	12.4%

* Institutional Shareholder Services Inc - proxies

Schedule of Investment Related Travel/Education Costs/Attorney Fees/Salaries as of Dec 31, 2014

Investment Travel/Education Costs	2,175	3,411	5,223	3,465	21,124	4,514	2,815	2,906	886	13,846	6,149	2,818	69,333	62,586	10.8%
Attorney Fees (Investment)	-	583	2,597	3,286	4,664	10,282	11,660	-	3,657	3,392	-	3,869	43,990	95,824	-54.1%
Attorney Staff Salary (Investment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Investment Staff Salaries	49,417	50,688	49,417	53,188	43,769	43,770	52,886	61,407	62,842	62,682	63,036	63,036	656,138	562,476	16.7%
TOTAL:	<u>51,592</u>	<u>54,682</u>	<u>57,237</u>	<u>59,939</u>	<u>69,558</u>	<u>58,565</u>	<u>67,362</u>	<u>64,313</u>	<u>67,385</u>	<u>79,919</u>	<u>69,185</u>	<u>69,723</u>	<u>769,461</u>	<u>720,886</u>	6.7%

CCCERA Board Meetings 2015

Meeting Date
04/08/15
Agenda Item
#16

Eff. 4.1.15

January						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	B	15	16	17
18	19	20	SB	22	23	24
25	26	27	B	29	30	31

H - New Year's Day
H - Martin Luther King Jr. Day

February						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	B	12	13	14
15	16	17	SB	19	20	21
22	23	24	Q	26	27	28

H - Presidents' Day

March						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	C
C	C	C	B	12	13	14
15	16	17	18	SB	20	21
22	23	24	B	26	27	28
29	CII	CII				

April						
Su	Mo	Tu	We	Th	Fr	Sa
			CII	2	3	4
5	6	7	B	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	W	W	W	W		

May						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
N	N	N	B	N	8	9
10	S	S	S	S	S	16
17	18	19	20	21	22	23
24	25	26	27	Q	29	30
31						

H - Memorial Day

June						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	B	11	12	13
14	15	16	17	18	19	20
21	22	23	B	25	26	27
28	29	30				

July						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	B	9	10	11
12	13	14	15	16	17	18
PPI	PPI	PPI	SB	23	24	25
26	27	28	29	30	31	

H - Independence Day

August						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	B	13	14	15
16	17	18	19	20	21	22
23	24	P	Q	P	P	29
30	31					

September						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	B	10	11	12
13	14	15	16	17	18	19
20	21	22	B	24	25	26
27	28	29	CII			

H - Labor Day

October						
Su	Mo	Tu	We	Th	Fr	Sa
				CII	CII	3
4	5	6	B	8	9	10
11	12	13	14	SB	16	17
18	19	20	B	22	23	24
25	26	27	28	29	30	31

November						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	B	5	6	7
I	I	I	I	11	12	14
15	16	S	S	S	S	21
22	23	Q	25	26	27	28
29	30					

H - Veterans Day
H - Thanksgiving

December						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	B	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

H - Christmas Day

B	Board Meeting	CII	CII	P	Pepperdine University: Principles of Pension Management
Q	Quarterly Meeting	C	CALAPRS	PPI	SACRS: Public Pension Investment Management
SB	Special Board Meeting	N	NCPERS	W	Wharton: Portfolio Concepts
S	SACRS	I	IFEBP		

Timothy Price

Meeting Date
04/08/15
Agenda Item
#17a.

From: Sean Sandbach <ssandbach@milkeninstitute.org>
Sent: Tuesday, January 20, 2015 4:08 PM
To: Timothy Price
Subject: Invitation to the 2015 Milken Institute Global Conference | April 26-29 | Los Angeles

[View web version »](#)



MILKEN INSTITUTE

GLOBAL CONFERENCE

APRIL 26 - 29, 2015 • LOS ANGELES

Dear Timothy,

Please join us for the **2015 Milken Institute Global Conference** (April 26-29 in Los Angeles). You may register online at globalconference.org. Plan to arrive no later than the morning of Sunday, April 26 to attend our invitation-only CEO fireside chats – last year we had Mark Weinberger of EY, Tidjane Thiam of the FTSE 100's Prudential Plc, Bill Simon of Wal-Mart U.S., as well as many more. In the meantime, please [click here](#) for a preview of chief research officer Ross DeVol's take on the global economy.

The Global Conference draws more than 3,500 of the world's leading decision-makers from more than 60 countries. Among the participants are investors with more than \$18 trillion in assets under management, CEOs from Fortune-100 companies, Nobel laureates, high-level executives in the international capital markets, senior international and U.S. government officials, academic experts and leaders in energy, education, health, telecommunications, technology and philanthropy.

In addition to 160 sessions over the course of 4 days of programming, there are many private meetings and roundtable discussions, two of which convene our Global Capital Markets Advisory Council (GCMAC). The GCMAC is made up of senior leadership of large funds from around the globe who represent more than \$18 trillion in assets under management. These curated roundtable discussions are designed to help investors understand immediate and long-term macroeconomic trends.

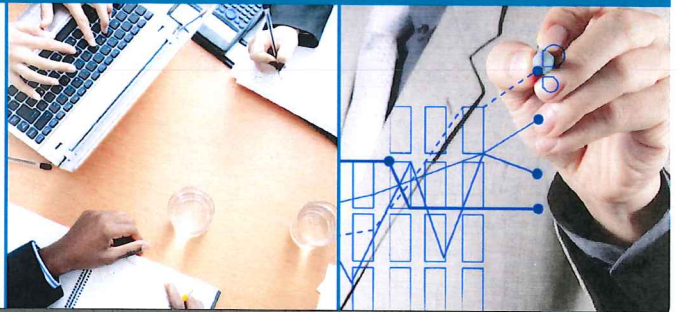
The agenda for the 2015 Global Conference has yet to be finalized.

But to help you plan arrival/departure schedules, here's a **draft schedule** of the activities during the Global Conference.

Sunday, April 26	Monday, April 27	Tuesday, April 28	Wednesday, April 29
3:00 PM - 8:00 PM Registration opens	6:00 AM Registration Opens	6:00 AM Registration Opens	7:00 AM Registration Opens
5:00 PM - 7:00 PM Welcome Reception	6:00 AM – 8:30 AM Continental Breakfast	6:00 AM – 8:30 AM Continental Breakfast	6:00 AM – 8:30 AM Continental Breakfast
	6:30 AM – 7:45 AM Private Breakfasts	6:30 AM - 7:45 AM Private Breakfasts	6:30 AM - 7:45 AM Private Breakfasts
	8:00AM – 9:15 AM Breakout Sessions	8:00 AM - 9:15 AM Breakout Sessions Roundtables	8:00 AM - 9:15 AM Breakout Sessions Roundtables
	9:30 AM – 10:45 AM Breakout Sessions Roundtables	8:00 AM - 9:15 AM Breakout Sessions Roundtables	9:30 AM - 10:45 AM Breakout Sessions Roundtables
	11:00 AM – 12:15 PM Breakout Sessions Roundtables	9:30 AM - 10:45 AM Breakout Sessions Roundtables	11:00 AM – 12:15 PM Breakout Sessions Roundtables
	12:15 PM – 2:00 PM Lunch Panel (Doors Open at 12:00 PM)	11:00 AM - 12:15 PM Breakout Sessions Roundtables	12:15 PM - 2:15 PM Lunch Panel (Doors Open at 12:00 PM)
	2:30 PM - 3:40 PM Breakout Sessions Roundtables	12:15 PM - 2:00 PM Lunch Panel (Doors Open at 12:00 PM)	2:30 PM - 3:45 PM Breakout Sessions Roundtables
	3:50 PM – 5:00 PM Breakout Sessions Roundtables	2:30 PM - 3:45 PM Breakout Sessions Roundtables	4:00 PM – 5:15 PM Breakout Sessions Roundtable
	5:15 PM – 6:15 PM Plenary	4:00 PM - 5:15 PM Breakout Sessions Roundtables	5:30 PM - 6:30 PM Closing Reception
	6:30 PM – 7:30 PM Speaker & Sponsor Reception General Reception Private Receptions	5:30 PM - 6:45 PM Speaker & Sponsor Reception General Reception Private Receptions	
	7:30 PM - 9:15 PM Dinner Panel		

SACRS SPRING CONFERENCE

← MAY 12-15, 2015 →



PRELIMINARY AGENDA

Anaheim Marriott | Anaheim, CA

Meeting Date
04/08/15
Agenda Item
#17b.

► Tuesday, May 12, 2015

Golf Tournament

CONTACT: Contact Crystal Stokey, StepStone Group for sponsorship opportunities and to register. Crystal Stokey at cstokey@stepstoneglobal.com

3:00 PM - 6:30 PM	Registration
3:00 PM - 5:00 PM	New Trustee Breakout SPEAKER: Graham Schmidt, Cheiron
3:00 PM - 5:00 PM	Ethics Training SPEAKERS: Ashley Dunning, Nossaman, LLP Michael Toumanoff, Nossaman, LLP
3:00 PM - 5:00 PM	Disability/Ops Breakout Mutual Assistance
5:30 PM - 6:30 PM	SACRS Reception

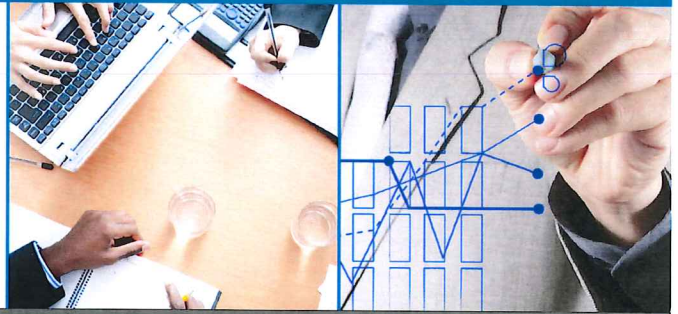
► Wednesday, May 13, 2015

6:45 AM - 7:45 AM	SACRS Yoga
7:30 AM - 8:30 AM	Breakfast
7:30 AM - 6:00 PM	Registration
8:30 AM - 9:00 AM	General Session Welcome & Awards
9:00 AM - 10:00 AM	General Session - Keynote SPEAKER: Bob Zoellick, World Bank
10:00 AM - 10:30 AM	Networking Break
10:30 AM - 11:45 AM	General Session Cyber Security
Noon - 12:45 PM	General Session California Economic Update SPEAKER: John Chiang, California State Treasurer
12:45 PM - 1:50 PM	Lunch

*Please check sacrs.org for updates

SACRS SPRING CONFERENCE

← MAY 12-15, 2015 →



PRELIMINARY AGENDA

Anaheim Marriott | Anaheim, CA

► Wednesday, May 13, 2015 CONTINUED

2:00 PM - 3:00 PM	General Session Saving Public Defined Benefit Plans SPEAKER: Ronald Payton, Callan Associates
3:15 PM - 5:00 PM	Administrators Breakout
	Affiliate Breakout
	Attorney Breakout
	Disability Breakout
	Accounting/Internal Auditors Breakout
	Investment Breakout
	Ops/Benefit Breakout
	Safety Breakout
	Trustee Breakout - GIPS SPEAKER: John Meier, SIS
4:30 PM - 5:30 PM	SACRS Legislative Committee Meeting SPEAKER: Richard Stensrud, Committee Chair
5:30 PM - 6:30 PM	SACRS Reception

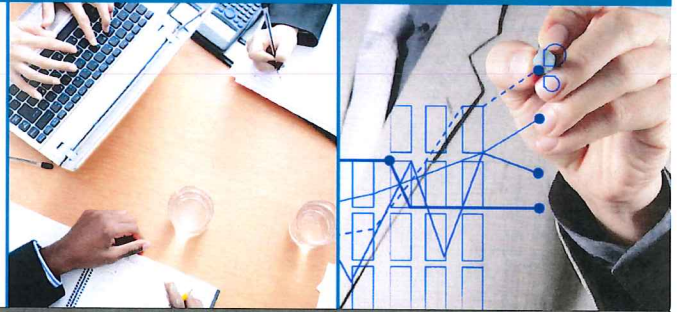
► Thursday, May 14, 2015

6:45 AM - 7:45 AM	SACRS 5K Fun Run/Walk
7:30 AM - 8:30 AM	Breakfast
7:30 AM - 6:00 PM	Registration
8:30 AM - 9:00 AM	General Session Welcome
9:00 AM - 10:00 AM	General Session The Magic-Magnitude-and Memories of the Olympic Games SPEAKER: Al Beata, US Olympic Track and Field Coach
10:00 AM - 10:30 AM	Networking Break

*Please check sacrs.org for updates

SACRS SPRING CONFERENCE

← MAY 12-15, 2015 →



PRELIMINARY AGENDA

Anaheim Marriott | Anaheim, CA

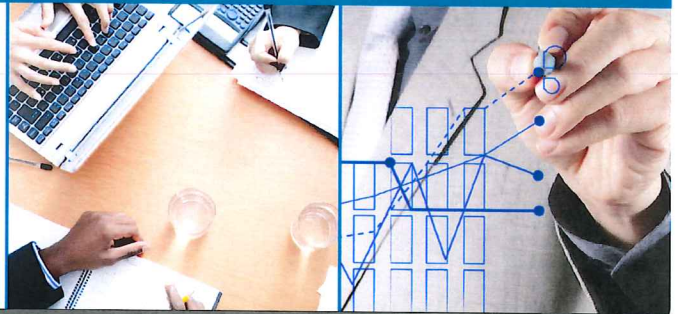
► Thursday, May 14, 2015 CONTINUED

10:30 AM - 11:30 AM	General Session Asset Allocation in a Geopolitically Uncertain World: An Alternate Perspective on Risk SPEAKER: Brian Singer, William Blair
11:40 AM - 12:40 PM	General Session ESG Responsible Investment: Challenging Misperceptions; Creating Value <p>The panel will focus on how environmental, social and governance (ESG) factors can be integrated into investments to enhance investment returns while also creating benefits for society. Investment examples will be shared, from across different asset classes, that illustrate clearly the different ways in which ESG factors can be relevant – for creating additional value and mitigating investment risks. The panel will also consider how responsible investment is compatible with trustees' fiduciary duty.</p> SPEAKERS: Adam Frost, Partners Group Sonal Mahida, PRI Louis Fiorino, San Bernardino CERA
12:40 PM - 2:00 PM	Lunch
2:15 PM - 3:15 PM	Concurrent Session A High Frequency Trading
	Concurrent Session B Obesity Wellness SPEAKER: Robin Rager, Keenan
	Concurrent Session C Emerging Managers SPEAKER: Victor Hymes, Legato Capital Mgmt.
3:15 PM - 3:45 PM	Network Break

*Please check sacrs.org for updates

SACRS SPRING CONFERENCE

← MAY 12-15, 2015 →



PRELIMINARY AGENDA

Anaheim Marriott | Anaheim, CA

► Thursday, May 14, 2015 CONTINUED

3:45 PM - 5:00 PM	<p>Concurrent Session A SACRS Legislative Update</p> <p>SPEAKERS: Richard Stensrud, Sacramento CERS Jim Lites, SACRS Consultant Trent Smith, SACRS Lobbyist Mike Robson, SACRS Lobbyist</p>
	<p>Concurrent Session B SACRS Movie Frontline</p>
4:30 PM - 5:30 PM	Education Committee Meeting
5:30 PM - 6:30 PM	SACRS Reception

► Friday, May 15, 2015

7:30 AM - 8:30 AM	Breakfast
8:30 AM - 9:30 AM	<p>General Session Will Your Retirement Money be Spent on Medications or Vacations?</p> <p>Consumers, union health and welfare funds and local governments, spend millions of dollars each year on prescription drugs. When pharmaceutical companies unlawfully block generic versions of brand-name prescription drugs from entering the market, everyone is forced to pay higher prices - up to 80% more. With a total annual cost to consumers of over \$3.5 billion, will you be able to afford a vacation or will your retirement be filled with expensive medications.</p> <p>SPEAKER: Peggy J. Wedgworth, Milberg, LLP</p>
9:30 AM - 9:45 AM	Break
9:45 AM - Upon Adj	<p>SACRS Business Meeting SACRS Board of Directors</p>
Upon Adj	<p>SACRS BOD MEETING SACRS Board of Directors</p>

*Please check sacrs.org for updates