



**RETIREMENT BOARD MEETING
FIRST MONTHLY MEETING**

9:00 a.m.

December 11, 2013

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. Routine items for December 11, 2013.
 - 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

4. The Board will go into closed session under Gov. Code Section 54957 to consider recommendation from the Hearing Officer regarding the disability application of Charlene Barnes.
5. The Board will continue in closed session pursuant to Govt. Code Section 54956.9(a) to confer with legal counsel regarding existing litigation (four cases):
 - a. *Contra Costa County Deputy Sheriffs Association, et al., v. CCCERA, et al.,* Contra Costa County Superior Court, Case No. N12-1870.

OPEN SESSION

6. Consider and take possible action on staff recommendation for change in structure of Special Board meetings.
7. Consider and take action on 2014 Administrative Budget.

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 authorizing the attendance of Board and/or staff:
 - a. Forum 2014, Commonfund, March 8 – 11, 2014, Hollywood, FL.
 - b. Annual Conference, Pension Bridge, April 22-23, 2014, San Francisco, CA (note conflict with Board meeting).
 - c. Portfolio Concepts and Management, Wharton, May 5 – 8, 2014, Philadelphia, PA (note conflict with Board meeting).
 - d. 2014 Winter Seminar, NAPPA, February 19 – 21, 2014, Washington, DC.

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

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

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

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Items requiring Board Action

- A. Certifications of Membership – see list and classification forms.
- B. Service and Disability Retirement Allowances:

Meeting Date
12/11/13
Agenda Item
#3

<u>Name</u>	<u>Number</u>	<u>Effective Date</u>	<u>Option Type</u>	<u>Group</u>	<u>Selected</u>
Arora, Kailash	67059	10/01/13	SR	III	Unmod
Berger, Donald	D3406	09/04/13	SR	I	Unmod
Brothers, Richard	45644	09/17/13	SR	I	Unmod
Cade, Suzanne	39509	09/03/13	SR	III	Unmod
Crocker-Sylvia, Sharon	62815	10/01/13	SR	III	Unmod
De La Vega, Roy	67224	10/01/13	SR	III	Unmod
Holder, Gregory	43760	10/21/13	SR	SA	Unmod
Hunte, Verna	63527	09/07/13	SR	II & III	Unmod
Larieau, Adelina	39612	07/26/13	SR	II	Unmod
Latteri, Juleine	36997	10/30/13	SR	I & II	Unmod
Leigh, Gloria	57091	10/01/13	SR	III	Unmod
Papa, Nilo	52509	10/01/13	SR	II & III	Unmod
Parrish, Brian	D7830	12/07/12	SCD	SA & I	Unmod
Raner, Julie	66947	06/12/13	SCD	SA	Unmod
Santiago, Lance	52880	11/07/13	SR	SA	Unmod
Springer, James	51242	08/01/13	SR	SA	Unmod
Sweet, Elaine	60986	10/04/13	SR	II & III	Unmod

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>
Davis-Russell, DiAngela	57072	11/18/13	SCD

Deaths:

<u>Name</u>	<u>Date of Death</u>	<u>Employer</u>
Alfonso, Constanca	10/31/13	Contra Costa County
Allport, Marian	11/17/13	Beneficiary
Bartolomei, Roland	10/31/13	Contra Costa County
Bodel, Carmel	10/13/13	Beneficiary
Boyce, Hubert	11/03/13	Contra Costa County
Burton, Anne	10/22/13	Contra Costa County & Beneficiary
Cossey, James	11/25/13	Beneficiary
Cunningham, Marie	11/06/13	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

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Foley, Mary	10/30/13	Contra Costa County
Gipner, Gladys	10/18/13	Contra Costa County
Hanson, Gerald	11/08/13	Contra Costa County
Hershey, Stanley	09/27/13	Contra Costa County
Kerr, Patricia	11/11/13	Contra Costa County
Lowe, Charlotte	08/18/13	Beneficiary
March, Janet	10/30/13	Contra Costa County
Mathis, Charles	11/18/13	Contra Costa County
Perry, Earl	11/28/13	Contra Costa County
Silva, George	11/29/13	Beneficiary
Sprague, Clark	11/10/13	Contra Costa County
Winter, Gerald	11/15/13	Central Sanitary District

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

ASSET ALLOCATION

Current Assets (Market Value)

\$6,440,021,000

Reporting Month End: October 31, 2013

Prepared By: Chih-Chi Chu

Meeting Date
12/11/13
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#3

Robeco

Delaware Investment Adv.

Emerald Advisors

Intech (Core)

PIMCO Stock +

Ceredex

Total Domestic Equity

SSgM

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

GSAM "Park" Portfolio

Goldman Sachs Asset Management

Lord Abbett

Torchlight Debt Opportunity Fund II

Torchlight Debt Opportunity Fund III

Torchlight Debt Opportunity Fund IV

Total Domestic Fixed Income

Lazard Asset Management

Total Global Fixed Income

Allianz Global Investors (fka Nicholas Applegate)

Total High Yield Fixed Income

Wellington Real Total Return

PIMCO All Asset

Commonfund Natural Resources IX

Total Real Asset

Total Real Estate

Total Alternative Investments

County Treasurer

State Street Bank

Total Cash & Equivalents

Oaktree 2009

Total Market Opportunities

TOTAL ASSETS

A	B	C	D	C-B	D-A	Range
% of Target	Target Assets	Market Value	Actual Assets	Over (Under)	Over (Under)	
4.5%	289,800,945	288,636,000	4.48%	(1,164,945)	(0.02%)	
4.5%	289,800,945	305,912,000	4.75%	16,111,055	0.25%	
3.0%	193,200,630	210,743,000	3.27%	17,542,370	0.27%	
4.3%	276,920,903	280,133,000	4.35%	3,212,097	0.05%	
4.4%	283,360,924	266,435,000	4.14%	(16,925,924)	(0.26%)	
3.0%	193,200,630	203,606,000	3.16%	10,405,370	0.16%	
23.7%	1,526,284,977	1,555,465,000	24.15%	29,180,023	0.45%	
5.3%	341,321,113	345,338,000	5.36%	4,016,887	0.06%	
5.3%	341,321,113	354,570,000	5.51%	13,248,887	0.21%	
10.6%	682,642,226	699,908,000	10.87%	17,265,774	0.27%	
4.0%	257,600,840	273,816,000	4.25%	16,215,160	0.25%	
4.0%	257,600,840	264,455,000	4.11%	6,854,160	0.11%	
4.0%	257,600,840	265,279,000	4.12%	7,678,160	0.12%	
0.3%	19,320,063	21,440,000	0.33%	2,119,937	0.03%	
12.3%	792,122,583	824,990,000	12.81%	32,867,417	0.51%	
46.6%	3,001,049,786	3,080,363,000	47.83%	79,313,214	1.23%	40% TO 55%
3.2%	206,080,672	201,901,000	3.14%	(4,179,672)	(0.06%)	
5.0%	322,001,050	315,651,000	4.90%	(6,350,050)	(0.10%)	
0.0%	0	5,000	0.00%	5,000	0.00%	
3.7%	238,280,777	247,240,000	3.84%	8,959,223	0.14%	
4.2%	270,480,882	265,426,000	4.12%	(5,054,882)	(0.08%)	
1.0%	64,400,210	75,243,000	1.17%	10,842,790	0.17%	
1.4%	90,160,294	54,983,000	0.85%	(35,177,294)	(0.55%)	
1.1%	70,840,231	36,636,000	0.57%	(34,204,231)	(0.53%)	
19.6%	1,262,244,116	1,197,085,000	18.59%	(65,159,116)	(1.01%)	
4.0%	257,600,840	258,042,000	4.01%	441,160	0.01%	
23.6%	1,519,844,956	1,455,127,000	22.60%	(64,717,956)	(1.00%)	20% TO 30%
5.0%	322,001,050	314,479,000	4.88%	(7,522,050)	(0.12%)	
5.0%	322,001,050	314,479,000	4.88%	(7,522,050)	(0.12%)	2% TO 9%
2.4%	154,560,504	200,274,000	3.11%	45,713,496	0.71%	
1.8%	115,920,378	116,153,000	1.80%	232,622	0.00%	
0.8%	51,520,168	2,250,000	0.03%	(49,270,168)	(0.77%)	
5.0%	322,001,050	318,677,000	4.95%	(3,324,050)	(0.05%)	0% TO 10%
12.5%	805,002,625	796,241,000	12.36%	(8,761,625)	(0.14%)	10% TO 16%
6.0%	386,401,260	399,692,000	6.21%	13,290,740	0.21%	5% TO 12%
		40,593,000	0.00%			
		40,593,000	0.63%			
0.5%	32,200,105	40,593,000	0.63%	8,392,895	0.13%	0% TO 1%
0.8%	51,520,168	34,849,000	0.54%	(16,671,168)	(0.26%)	
0.8%	51,520,168	34,849,000	0.54%	(16,671,168)	(0.26%)	0% TO 5%
100.0%	6,440,021,000	6,440,021,000	100%	0	0%	

UNDER REVIEW:

Long Wharf - Performance, Organization, Board Action 05/23/12

Invesco IREF - Performance, Board Action 02/24/10

GMO - Terminated, Board Action 05/22/13

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

INTECH (both Core and Global Low Vol.) - Organization, Board Action 12/12/12

WHV - Terminated, Board Action 5/22/13

Real Estate & Alternative Investments
As of October 31, 2013

REAL ESTATE INVESTMENTS	Inception Date	Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
DLJ Real Estate Capital Partners, L.P. II	04/00/99	7/14/2009	40,000,000	4,076,000	0.06%	
DLJ Real Estate Capital Partners, L.P. III	06/01/05	1/1/2014	75,000,000	43,260,000	0.67%	18,958,000
DLJ Real Estate Capital Partners, L.P. IV	12/26/07	1/1/2016	100,000,000	77,703,000	1.21%	19,476,000
DLJ Real Estate Capital Partners, L.P. V	09/30/13	9/30/2020	75,000,000			75,000,000
Hearthstone Partners I	06/15/95	12/31/2003	3,750,000	53,000	0.00%	
Hearthstone Partners II	06/17/98	12/31/2009	6,250,000	(2,000)	0.00%	
Invesco IREF I	10/22/03	4/30/2011	50,000,000	13,596,000	0.21%	
Invesco IREF II	05/30/07	12/31/2015	85,000,000	39,242,000	0.61%	
Invesco IREF III	08/01/13	8/1/2021	35,000,000	16,191,000	0.25%	19,732,000
Long Wharf FREG II	02/26/04	2/26/2012	50,000,000	8,072,000	0.13%	
Long Wharf FREG III	03/31/07	3/31/2015	75,000,000	51,706,000	0.80%	
Long Wharf FREG IV	07/16/13	7/31/2021	25,000,000	5,442,000	0.08%	19,558,000
Oaktree Real Estate Opportunities Fund V	12/15/11	12/31/2016	50,000,000	55,850,000	0.87%	
Oaktree Real Estate Opportunities Fund VI	09/30/13	9/30/2020	80,000,000	37,600,000		53,682,000
Siguler Guff Distressed Real Estate Opportunities Fund	12/31/11	12/31/2016	75,000,000	58,147,000	0.90%	22,518,000
Siguler Guff Distressed Real Estate Opportunities Fund I	08/31/13	8/31/2020	70,000,000	10,500,000		59,500,000
Paulson Real Estate Fund II	11/10/13	11/10/2020	25,000,000			25,000,000
Angelo Gordon Realty Fund VIII	12/31/11	12/31/2018	80,000,000	40,961,000	0.64%	38,545,000
LaSalle Income & Growth Fund VI	01/31/12	1/31/2019	75,000,000	23,188,000	0.36%	51,812,000
Adelanto Capital Management (REIT)			0	209,945,000	3.26%	
INVESCO International REIT			0	92,711,000	1.44%	
Willows Office: \$10,774,100 ***			0	8,000,000	0.12%	
			1,180,000,000	796,241,000	11.62%	403,781,000

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

Outstanding Commitments	403,781,000
Total	1,200,022,000

PRIVATE DEBT INVESTMENTS	Inception Date	Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
ING Clarion Commercial Mortgage Fund II	09/28/06	9/30/2014	128,000,000	75,243,000	1.17%	
ING Clarion Commercial Mortgage Fund III	09/30/08	9/30/2016	75,000,000	54,983,000	0.85%	
Torchlight Commercial Mortgage Fund IV	08/01/12	8/30/2020	60,000,000	36,636,000	0.57%	33,047,000
			263,000,000	166,862,000	2.59%	33,047,000

Outstanding Commitments	33,047,000
Total	199,909,000

ALTERNATIVE INVESTMENTS	Inception Date	Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Adams Street Partners	12/22/95	INDEFINITE	180,000,000	91,775,000	1.43%	41,382,000
Adams Street Secondary II	12/31/08	12/31/2012	30,000,000	30,606,000	0.48%	13,552,000
Adams Street Secondary V	10/31/12	10/31/2016	40,000,000	4,608,000	0.07%	34,660,000
Pathway	11/09/98	11/9/2013	125,000,000	74,535,000	1.16%	18,249,000
Pathway 2008	07/31/09	12/31/2016	30,000,000	15,675,000	0.00%	16,664,000
Pathway 6	08/31/11	12/31/2018	40,000,000	4,989,000	0.00%	35,232,000
Pathway 7	07/10/13	7/31/2020	70,000,000	2,458,000	0.00%	69,065,000
EIF USPF I	11/26/03	6/30/2011	30,000,000	1,807,000	0.03%	0
EIF USPF II	07/13/05	6/30/2015	50,000,000	39,920,000	0.62%	0
EIF USPF III	05/30/07	3/31/2017	65,000,000	52,257,000	0.81%	0
EIF USPF IV	08/31/10	9/1/2020	50,000,000	9,211,000	0.14%	37,741,000
Nogales Investment	02/15/04	2/15/2014	15,000,000	2,760,000	0.04%	1,651,000
Bay Area Equity Fund	06/14/04	12/31/2012	10,000,000	11,144,000	0.17%	0
Bay Area Equity Fund II	2/29/09	12/31/2017	10,000,000	5,561,000	0.09%	3,598,000
Paladin III	11/30/07	12/31/2017	25,000,000	16,994,000	0.26%	4,841,000
Carpenter Community BancFund	01/31/08	1/31/2016	30,000,000	35,392,000	0.55%	6,032,000
			800,000,000	399,692,000	5.85%	282,667,000

Outstanding Commitments	282,667,000
Total	682,359,000

OPPORTUNISTIC INVESTMENTS	Inception Date	Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Oaktree Private Investment Fund 2009	02/28/10	1/31/2017	40,000,000	34,849,000	0.54%	5,163,000

Outstanding Commitments	5,163,000
Total	40,012,000

REAL ASSET INVESTMENTS	Inception Date	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	2,250,000	0.03%	47,750,000
Aether			75,000,000		0.00%	75,000,000
			125,000,000	2,250,000	0.03%	122,750,000

Outstanding Commitments	122,750,000
Total	125,000,000

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.

MEMORANDUM

Date: December 11, 2013
To: Board of Retirement
From: Timothy Price, Retirement CIO
Subject: Alternative Structures for Manager Presentations

Overview and Recommendation

One of the important duties of the Board of Retirement is to periodically receive updates from their investment managers regarding performance, portfolio composition, organizational shifts and personnel changes. This review can be completed by the Board, or delegated to staff or Consultant. CCCERA practice has been for the Board to meet the investment managers on a rotating schedule at three Special Board Meetings scheduled throughout the year. Practically speaking, the Board can hear from no more than five managers per meeting given the current formal presentation setup. This has led to the current rotation of having direct presentations from 15 managers per year.

CCCERA's current roster includes 39 firms and 56 investment strategies. This means that the Board presentation cycle is to hear from each firm approximately every two years. In an effort to have the Board hear from more of their investment managers on a more timely basis, we recommend that the Board grant consideration to the presentation options outlined in this memo.

Additional Special Meetings

If the Board is comfortable with the current presentation format, the simplest approach would be to simply hold more Special Board Meetings each year. While this approach would not necessarily elicit new or different information from the investment managers, it would allow the Board to receive the manager updates on a more frequent basis.

Panel Discussions

The current presentation approach lends itself towards the Board developing a deeper understanding of each individual firm, but not necessarily towards building a broader understanding of how the firms interact together to create the aggregate CCCERA total fund.

The Board could consider moving to a panel discussion format to explore cross asset class topics. Examples could include:

- Market outlook presentations from managers representing various asset classes
- Macroeconomic risks
- Risk modeling for pension funds
- Inflation forecasting
- Demographic trends around the world
- Liquidity analysis

These panel discussions could replace some or all of the Special Board Meeting presentation meetings.

Off Site Meetings

An additional option would be to move towards having an annual off site meeting. This would entail a 1-2 day meeting at a central location in the County. During this meeting, which would be open to the public, the Board could explore any of the topics noted above as well as any big picture issues that arise during the course of the year but for whatever reason do not fit well into the existing meeting schedule and/or format.

A central goal of the off site would be to get the Board to hear from as many of the investment managers as possible, most likely in the panel discussion format noted above. There could be presentations from individual managers, if warranted. We would also likely seek to bring in an outside speaker to address a timely economic or investment topic. This speaker may or may not come from a current investment manager. Additionally, we could bring in investment staff from other pension systems to provide the Board with a different perspective on investment-related operational or implementation procedures.

Some of the other 1937 Act systems have implemented this format, and the feedback has been quite positive.

Conclusion

The Board has historically provided direct oversight of the investment managers through a formal presentation process, but the growth of the number of strategies has now limited the Board's ability to hear from all managers on a timely basis. Further, the current format does not lend itself towards cross asset class discussion of broad themes that impact the total fund. Staff recommends that the Board consider replacing all or a portion of the Special Board Meeting presentations with panel discussions or an off site meeting in order to hear from more of the investment managers annually on a wider variety of topics that impact CCCERA's investment program.

Meeting Date
12/11/13
Agenda Item
#7

The Pace of Change . . .

Navigating the Rapids



CCCERA Annual Budget and Review 2014

Submitted by Marilyn Leedom

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Budget Review 2013

Benefits and Member Services Divisions Accomplishments

- **Recruitment and Staff Training**

In 2013, the Member Services Division recruited and hired one new Senior Data Specialist and one additional Member Services Data Specialist. The Benefits Division experienced some staffing challenges during 2013, as personnel transferred to other positions or were recruited by other counties. However, our goal of training two, new, full-time retiree counselors was achieved. Training for these two new counselors was shared by the senior Retiree Counselor and the temporary Retirement Benefits Coordinators.

- **Introduction of PEPRA in CPAS and Subledger system**

With the introduction of PEPRA as of 1/1/13, it was necessary to update our CPAS and subledger systems to accommodate the new provisions. Countless hours were spent constructing parameters and testing the new PEPRA software changes in both systems to ensure they are working correctly.

- **Electronic Imports**

Working in real time has been slightly delayed due to the reprogramming faced with the introduction of PEPRA. The first stage of this reprogramming has been completed. Staff worked at an aggressive pace to post the electronic import files into CPAS. Most of the special districts are up to date as of the last available payroll period; only the County lags slightly. Staff anticipates that all employer imports will be posted and balanced within the last available payroll period by 12/31/13.

- **Retiree Funding**

Staff is now transitioning to using CPAS for the transfer of employee contributions from the active reserve accounts to the retiree reserves. CPAS will be used to obtain funding totals and create journal entries.

- **New Hire Process**

The phasing out of the old subledger system also called for a complete overhaul of the new hire process. Staff cross-training was needed to accommodate the change in work flow; new procedures were developed to incorporate the electronic import process. The new hiring process has become more complicated due to the PEPRA tiers and rules.

- **December 2012 Retirements**

December 2012 marked an unusually high number of retirement applications with close to 200 members retiring. In order to be as accurate as possible, our staff must wait until the final paycheck is processed for each member, which is usually the 10th of the following month. Staff began working on this group of finals mid-January 2013. Retirement allowances were calculated, reviewed, checked, and options were mailed to 97% of these applicants before the end of February 2013.

Benefits Division Accomplishments

- Disability Counselor, Part Time
To support our Disability Counselor and meet our goals from 2012, an active counselor was designated to work in the Disability Unit. Duties and workload were divided between the disability process and applicants, and active member support. After training, this counselor left CCCERA for another county retirement system. After this employee left CCCERA, we were able to recruit a new active counselor to learn the complicated disability process, while sharing active counselor job tasks.
- Active Counselor – As a result of moving a full time active counselor to the Disability Unit, we recruited and hired a new active member counselor in April 2013. Training for this individual was shared by the Retirement Benefits Coordinators.
- Benefit Program Coordinators – In February 2013, we began rotating three Active Counselors through a sequential three month rotation as Benefits Program Coordinator to support the Interim Benefits Manager. These employees were instrumental in providing the second review of final retirement allowances so that we were able to get the majority of our retirees on payroll quicker, especially the large group for December 2012.



Administrative Services/ Human Resources Accomplishments

Board of Retirement

- Researched, coordinated installation, trained staff, and implemented software for audio recordings of Board Meetings.
- Created forms and spreadsheets to track Board Member continuing education hours. Provided trustees with updates on earned credits (AB 1519).
- Researched and established a method for electronic Board packet dissemination via DropBox.

Human Resources

Responsible for the recruitment process, including interview questions and identifying professional personnel for interview panels for the following positions:

- Compliance Officer
- Administrative Services/ HR Coordinator
- Information Technology Coordinator
- Accountant
- Two Senior Member Services Data Specialists
- Member Services Data Specialist
- Five Retirement Counselors

- Prepared information for Anderson and Associates to facilitate a Total Compensation Study.
- Commenced development of position specifications for Assistant General Counsel.
- Administered Family Medical Leaves (FMLA) for seven staff members.
- Conducted three exit interviews.
- Participated in “meet and confer” meetings, as needed.

Administration

- Liaison with Transwestern (property management) to refurbish building interior common areas, with new furniture, plants, baseboards, carpet, etc. Worked with Transwestern to complete replacement of air conditioning units, plus cooling and heating rebalancing throughout the building.
- Commenced revision of CCCERA forms.
- Replaced all copiers and provided additional machine in Benefits Division to improve workflow.

Information Technology Division Accomplishments

Hardware and Software Improvements

Although the actual pace of information technology innovation may not be as fast as Moore's Law (the number of transistors on integrated circuits doubles every year), evaluating, implementing, and maintaining the best hardware and software solutions for CCCERA is a challenging task. In 2013, this division:

- improved our security by choosing Sophos Protection for internet, email, and information systems,
- upgraded operating systems, imaging software, and ad hoc reporting capabilities,
- provided iPad tablets and Board Room wireless access for Board trustees,
- planned and added audio recording software to the Board Room sound system,
- replaced servers, copiers, and UPS systems as needed,
- answered questions, found solutions, fixed desktop problems on-the-fly, and
- finalized testing of our CPAS hot site at SDCERA.

CCCERA's programmer/analyst has improved integration between system functions in a variety of ways. Custom queries and reports are generated through Crystal Reports from our databases for tasks as diverse as public information requests and Electronic Funds Transfer (EFT) updates. The programmer/analyst is fine-tuning information system fields, by eliminating redundancies and adding detail that can be sorted depending on need, whether for in-house projects or actuarial studies. The programmer bridges the gap between our system and our member employer systems, and between internal divisions, streamlining the processes and procedures for electronic reporting, data manipulation, and compilation.



Legal Division Accomplishments

- Analyzed, summarized, and assisted in implementation of the California Public Employees' Pension Reform Act of 2013 (PEPRA), Assembly Bill (AB) 340, passed by the California Legislature on August 31, 2012, and signed by the Governor on September 12, 2012. (Government Code ("GC") Sections 7522.02-7522.74.) Issues included: PEPRA tier membership eligibility, new general and safety retirement tier structure, methodology used for calculating normal cost contributions, integration with social security, limitations on employer paid member contributions, limitations on cost sharing of employer contributions, compensation cap, pensionable compensation, restrictions on working after retirement and felony forfeiture.
- Conducted months of analysis along with CCCERA's Deputy Chief Executive Officer of hundreds of pay items offered by CCCERA participating employers beyond base pay and whether these "differentials" could meet the PEPRA definition of "pensionable compensation." Participated in follow up meetings with employers and other interested parties, as well as presentations to the Retirement Board regarding pensionable compensation.
- Added PEPRA plan provisions to the 2013 CCCERA Lawbook, as well as other statutory amendments to the CCCERA plan through the 2012-2013 legislative session. Worked with tax counsel on an updated submission to the IRS for the Letter of Determination, included the updated plan documents and additional current key documentation.
- Worked with outside counsel on specialized matters (Ice Miller on tax matters, Reed Smith on fiduciary, litigation, and other matters as directed by the Chief Executive Officer).
- Worked with outside counsel on active CCCERA litigation:
- Prepared or assisted in the preparation and amendments of administrative policies, including:
 - Policy Regarding Assessment and Determination of Compensation Enhancements
 - Travel Policy
- Presented or assisted other staff's presentation to the Retirement Board regarding:
 - Elements in CCCERA's benefit structure
 - FPPC gift reporting rules
 - Brown Act Open Meetings Laws
 - CCCERA disability process
- Continued to advise staff on a variety of legal questions as needed, including responses relating to subpoenas, qualified domestic relations orders, guardianship, conservatorship, trust and probate matters, and power of attorney.

- Continued to defend CCCERA staff in depositions.
- Assisted the interim Benefits Managers with legal issues including benefits, guardianships, marriage dissolution, and PEPRA issues.
- Provided legal training and orientation to new retirement board members, new retirement board officers, and new staff. Legal topics included: Brown Act (open meetings law), Public Records Act, confidentiality, CERL provisions and specific legal topic pertaining to each position.
- Drafted correspondence and conducted contract review, contract revisions, and negotiations as needed.
- Responded to records and information requests, trained senior staff, and assisted in legal aspects of responding to public records requests.
- Updated trustees and staff on legal developments of interest to CCCERA.
- Attended educational conferences and attorneys' roundtable discussions on public pension legal issues at the state and '37 Act level (CALAPRS and SACRS), prepared agenda and moderated CALAPRS attorneys' roundtable.

Investment Accomplishments for 2013

In the face of continued global political and macroeconomic headwinds, the CCCERA Investment Division staff continued to prudently implement the Association's strategic asset allocation plan and search for new investment opportunities. In contrast to our report from 2012, when the internal change in CIO slowed the pace of projects, 2013 was an active year for the investment staff.

Staff completed two strategic reviews over the past year. We outlined the potential allocations and opportunity sets within both private equity and real estate over the next several years. The private equity review resulted in the recommendation to launch a search for a new private equity fund of funds manager to focus on the small to middle end of the market. Sigular Guff was selected for this mandate and contract negotiations are currently underway. We also laid out the potential for follow-on commitments to existing managers.

Our real estate review discussed the likelihood that several of our 2004-2008 vintage funds would begin to sell properties in earnest and that this would likely result in large return of capital. In order to maintain our exposure to the private real estate markets, staff identified approximately \$240 million that could be committed to new funds in 2013. To date, the Board has committed \$60 million to value-added funds and \$150 to distressed funds.

Contract negotiations and reviews were conducted in association with external legal counsel. Contracts finalized in the past year include:

Public equities:	Artisan Partners Global Opportunities
Private real estate:	DLJ RECP Fund V, Long Wharf Real Estate Fund IV, INVESCO Real Estate Fund III, Sigular Guff DREOF II, Paulson Real Estate II and Oaktree Real Estate Opportunity Fund VI
Private equity:	Pathway Private Equity Fund 7
Real assets:	Commonfund Natural Resources IX, Aether

The Board identified four mandates for the new 5% allocation to real asset mandates. The PIMCO All Asset and Wellington Real Total Return funds were selected as the public market components of the program. Assets earmarked, but not yet invested, in the private markets are being held in the Wellington fund. The first private market mandate was awarded to Commonfund Natural Resources Fund IX and the second mandate has been awarded to Aether Real Assets.

The WHV domestic equity portfolio was terminated in May 2013 by Board action on the basis of underperformance and personnel changes. WHV was not replaced and the assets were redistributed to other domestic equity managers. The GMO International Value Extended Markets strategy was also terminated in May 2013 due to underperformance and the assets are currently being managed by State Street Global Markets on a passive basis. After a comprehensive search, the Board selected Pyrford as the new manager. We are currently engaged in contract negotiations with Pyrford as the new manager.

Asset allocation rebalancing occurred in February and July; monthly progress updates were provided to the Board throughout the year. The July rebalancing included a schedule for investing the proceeds from employer contribution pre-payments received at the end of the month.

Prudent investment of member funds demands due diligence and onsite visits to verify the prudent management of investments. Staff conducted on-site visits nationwide in the past year, conducting visits to Adams Street, Aether, Artisan, Carpenter, Commonfund, DBL Investors, DLJ RECP, Emerald, First Eagle, GMO, INTECH, INVESCO Real Estate, LaSalle Real Estate, Lazard, Long Wharf, Oaktree, Pathway Capital, Paulson, PIMCO, Siguler Guff, State Street, Wellington, WHV, William Blair. Staff also attended Manager/Client conferences at Adams Street, Angelo Gordon, DLJ RECP, Energy Investor Funds, GMO, INVESCO Real Estate and Long Wharf.

Accounting Division Accomplishments

- Joint accomplishment with the Communications Division for the completion and submission of CCCERA's 13th Comprehensive Annual Financial Report (CAFR) to GFOA.
- Received the PPCC (Public Pension Coordinating Council) Award for Funding and Administration for 2012.
- Joint accomplishment with the Communications Division for the completion and submission of CCCERA's 4th Popular Annual Financial Report (PAFR) to GFOA.
- Received GFOA Certificate of Achievement for Excellence in Financial Reporting for the December 31, 2011 CAFR, the twelfth consecutive year.
- Completion of 2012 annual audit by Brown Armstrong CPA's with one minor agreed-upon condition.
- Expanded cross-training within the Accounting Division positions.
- Reviewed and redefined processes for maximum efficiency.
- Implemented new category of Investments, Real Assets, to the division's accounting ledger. Researched this new type of investment to make sure it is accounted for and recorded correctly. The Accounting Division accounts for the tracking and recording of over 47 investment funds (Non-State Street) for the Plan.
- Completed the recruiting process for the Retirement Accountant.
- Continued with the research and planning of GASB Statement No. 67, "*Accounting and Financial Reporting for Pension Plans*" to be implemented for fiscal years beginning after June 15, 2013.

Communications Division Accomplishments

- Our fourth Popular Annual Financial Report (PAFR 2012).
- 2012 CAFR in conjunction with Accounting Division, incorporating new GFOA reporting requirements.
- 2 Issues of *FYI* and 3 Issues of *New Roads* newsletters.
- Commenced complete web site redesign, template-based with modified navigation on all pages and improved browser compatibility, including web links from member handbook to revised CCCERA specific version of CERL1937.
- Executive document draft assistance.
- Specialized member communication on web site as needed—PEPRA Revision continuing as web site undergoes redesign.
- Posting audio files for board meetings to web site.
- (currently part of web site redesign project).
- Photography, theme development, and graphic design for CAFR, PAFR, Benefit Statement, web site, etc.
- Draft Benefit Statement copy revision to reflect changes in benefit structure for new hires and pre-PEPRA 2013 employees.
- General writing, editing, and proofreading tasks (i.e., “What’s New,” organization charts, calendars, in-house reference lists, etc.).
- PEPRA estimate brochures for Safety Tiers and General Tiers.
- PEPRA General Member and Safety Member Handbook drafts.
- Retired Member Handbook created and posted to web site.
- Basic Disability information posted to web site.
- Logo redesign.
- Annual budget design.

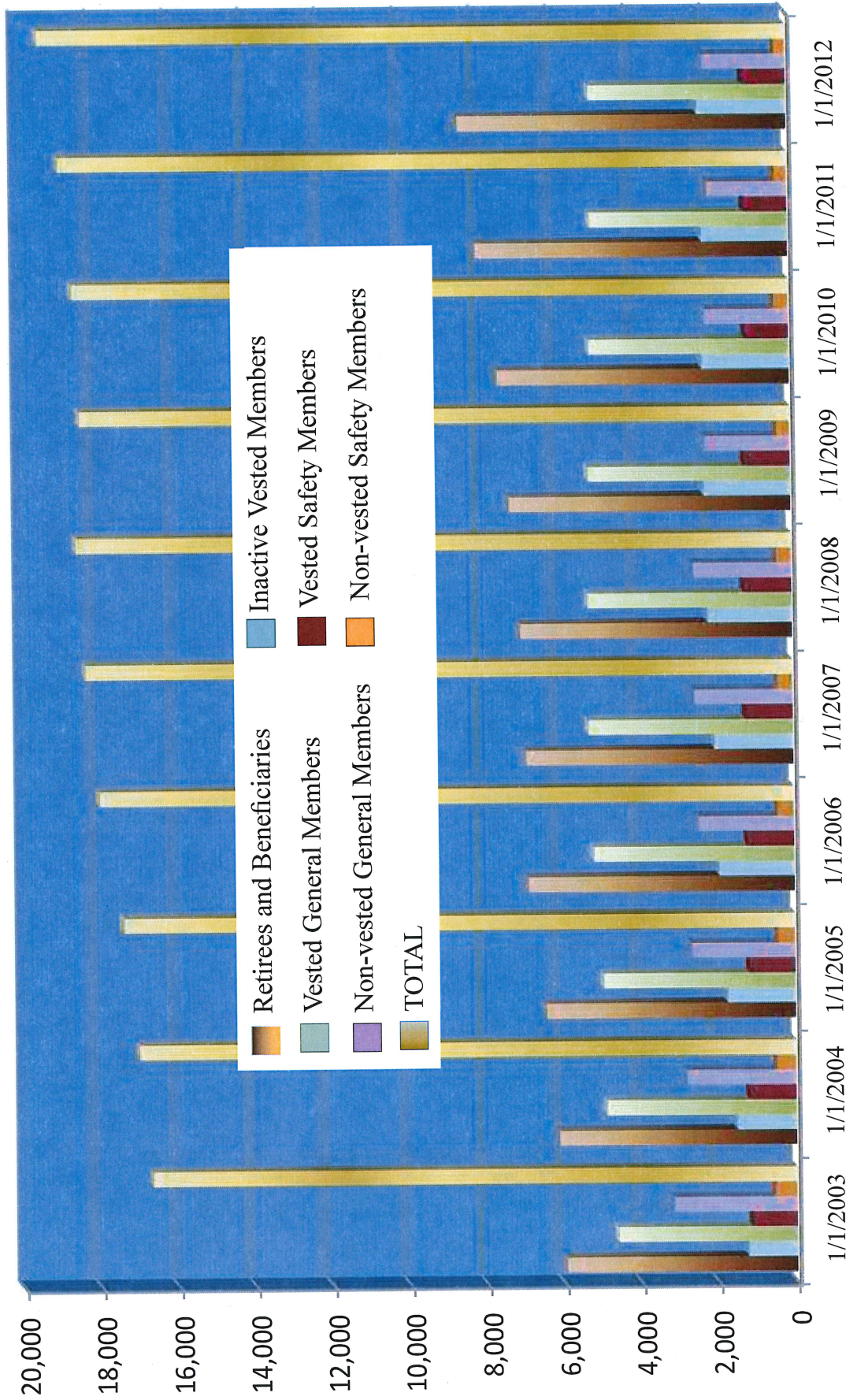
Benefits and Member Services Division Workload Statistics 2014

Benefits Division	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	1/1/13- 6/30/13
BASIC, PURCH, VESTED ESTIMATES PROCESSED	3873	3750	2346	3039	2540	2316	1846	2431	3146	2734	2681	1026
BASIC, PURCH, VESTED ESTIMATES RECEIVED	3685	2436	2492	2976	2540	2046	1797	2431	3201	2631	2815	681
TIER III CONVERSIONS PROCESSED	503	2838	2460	4487	325	584	375	304	249	135	64	46
TIER III CONVERSIONS RECEIVED	1447	1894	2719	4307	325	584	375	304	236	102	87	35
TIER III ESTIMATES PROCESSED	1001	3892	1875	2284	596	591	388	105	125	49	32	12
TIER III ESTIMATES RECEIVED	2407	1894	2055	1786	596	591	371	105	148	25	23	10
FINALS COMPUTED - By Number of Tiers				613	565	520	436	382	454	979	536	512
DEFERRED FILES SET-UP	51	46	80	76	216	273	112	95	134	213	221	131
COUNSEL ACTIVES MEMBERS	1105	1242	1201	1465	913	981	926	890	799	842	1020	409
GROUP COUNSELING ATTENDEES	684	340	408	343	240	218	141	67	160	231	193	44
NEW CERTS	1174	698	713	805	842	1025	745	328	522	705	946	420
BENEFICIARY CHANGES-ACTIVE	251	218	800	293	273	252	195	208	261	186	175	88
LUMP SUM PURCHASES					319	480	437	270	99	187	182	92
PRE TAX PURCHASE CONTRACTS - New	239	367	473	607	200	127	80	60	60	0	0	0
POST TAX PURCHASE CONTRACTS - New	51	25	22	28	3	4	6	3	2	14	4	8
Contract Purchases Completed	232	243	258	268	204	173	228	246	374	101	35	10
30 YEAR MEMBERS CERTIFIED	68	44	16	26	13	5	9	14	14	9	9	2
ADJUSTMENTS	297	193	232	161	119	104	100	68	49	70	126	55
RECTROCIITY-IN	88	51	64	50	83	85	55	24	43	33	50	14
RECTROCIITY-OUT/DEFERRED	33	43	39	17	57	91	64	29	24	29	35	17
DIVORCE ACCOUNT SPLITS	8	17	20	32	5	17	21	13	22	34	27	9
TERMINATION PACKETS SENT					471	567	576	409	441	300	398	148
TERMINATION REFUNDS PROCESSED					174	141	404	369	246	200	335	115
NEW SERVICE RETIREMENT RECORDS on P/R	416	364	505	615	587	371	369	449	437	976	497	349
POST RETIREMENT DEATH	213	181	107	163	158	145	178	170	143	121	102	104
PRE RETIREMENT DEATH PROCESSED									12	12	15	7
DISABILITY INTERVIEWS	82	88	85	88	79	74	93	115	89	28	85	31

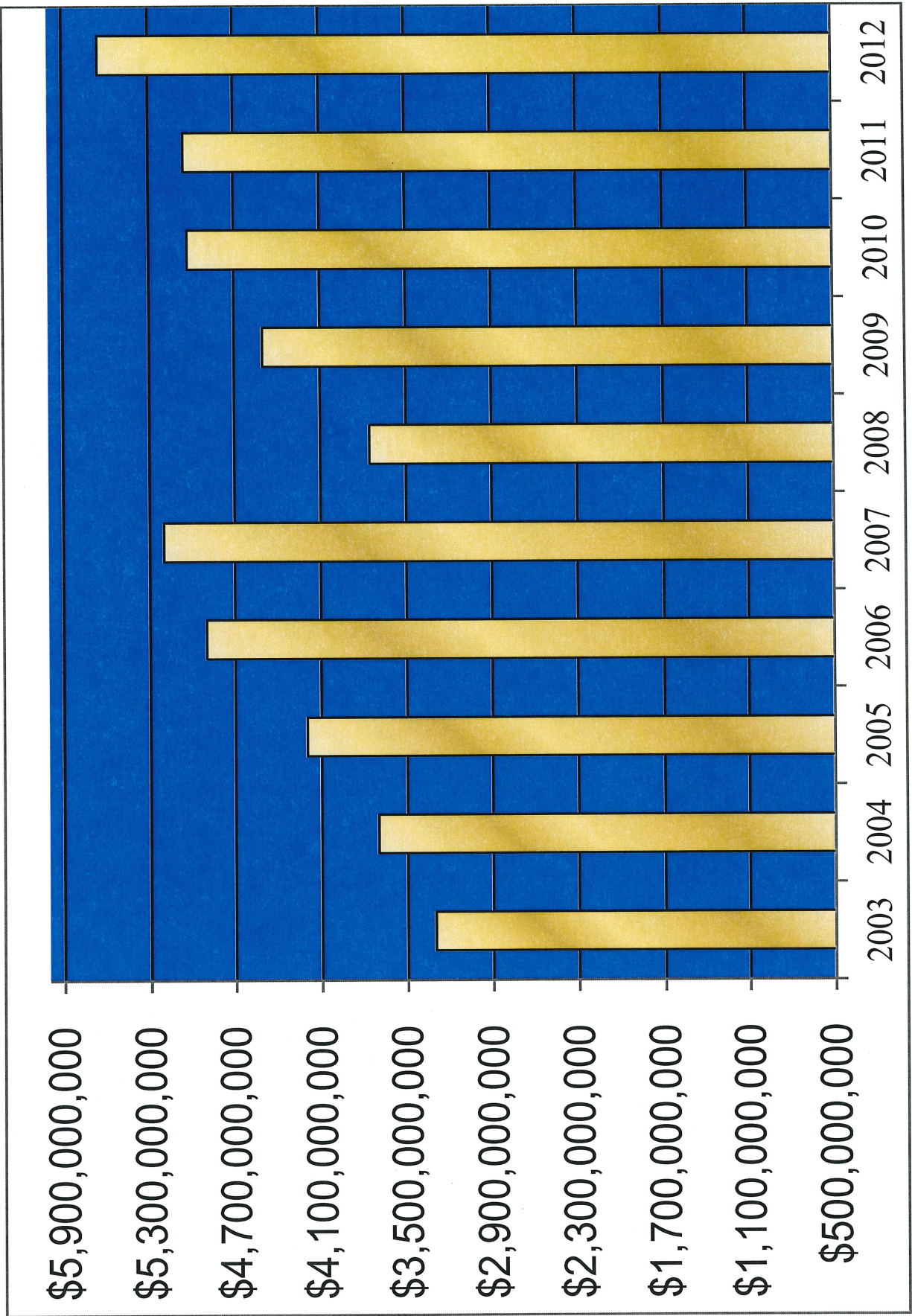
Membership Statistics 2014

Retirees and Beneficiaries 8,517 **Inactive Vested 2,288** **Non-Vested General 2,138**
Vested General 5,119 **Vested Safety 1,112** **Non-Vested Safety 284**

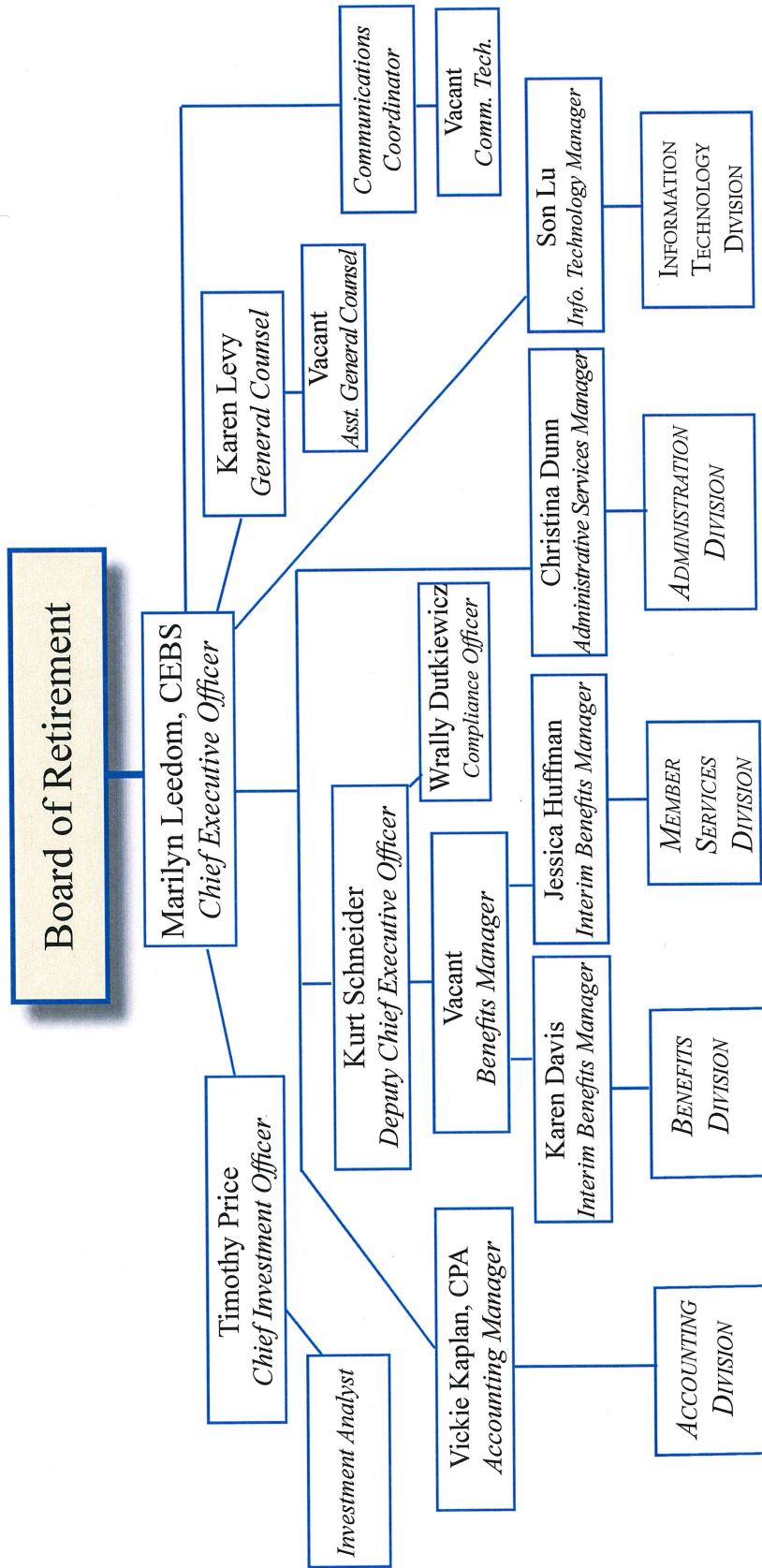
TOTAL Membership 19,445



CCCERA Net Assets Held in Trust for Pension Benefits



Organization Chart



Organization Strategies

Natural forces can change the stream of a river to a different course, diverting to a new direction. Retirement systems across California are also adapting to a new direction in pension administration, one that diverges from the benefit structures of the past.

STAFFING

In the last decade, the public pension industry, an enterprise that exists to provide safety and security to millions of older Americans, has undergone a series of legislative changes. Regardless of the merit of these changes, organizations like CCCERA must continue to administer their systems with transparency, efficiency, and integrity. New accounting disclosures, auditing requirements, benefit tiers, public records requests, investment management, data protection, and legal mandates have created a system that becomes more complicated to administer every year. In order to comply with service needs, we must rely on our most important resource, our staff.

The Information Technology Division is the electronic lifeline for all our business processes. Each year, more functions are dependent on reliable systems, from the desktop to the server rack. Due to this rapid growth, our IT Division needs experienced staff with specialized skills, to maintain server and network support, database administration, and business continuity implementation. To keep our service delivery at a high level of quality and efficiency, we plan to recruit an additional IT Coordinator, to provide comprehensive support to this division. (The IT Division also monitors and maintains the telephone and audio-visual systems at CCCERA, plus works in conjunction with the Administration Division on printers, faxes, and copying machines. Information systems don't sleep; many times IT personnel work after hours applying system upgrades, backing up servers, running queries, and testing functionality.) The salary for this position is not to exceed \$7317.58 monthly.

The Accounting Division is requesting one additional Accounting Technician. Investment related accounting tasks are increasing; we continue adding to the number of investment managers who handle assets outside of State Street. New GASB reporting requirements (GASB 67) must be implemented by 12/31/2014, and incorporated into the CAFR going forward. This position will also provide backup for accounts payable, public records request research, fixed assets inventory, cash receipts reconciliations, journal entry tracking, and general file maintenance. Our existing Accounting Specialists and Accountants are parsing their time between new investment accounting demands and traditional tasks. A new Accounting Technician position, with salary not to exceed \$4709.92 monthly, will improve our workflow and allow cross-training on vital processes.

The Administrative Division has been working for almost two years with 8½ positions, including the Division Manager, and the approved Administrative Services/HR Coordinator position, which is not yet filled. With this staffing level, we have completed reorganization of filing for the Legal and Investment Divisions, performed research and gathered documentation for the Member Services Division, and continued drafting and processing correspondence to members. Originally, we considered some of these tasks as "temporary;" however, we will continue these functions going forward. We have identified additional special projects that have been placed "on hold," due to lack of staff, since our customary workload is increasing. For these reasons, we are requesting an additional Retirement Office Specialist position on a permanent basis. This position, with salary not to exceed \$4314.99 monthly, will also add capacity in support of the Legal and Investment Divisions, and back up for Imaging, Reception, and file maintenance.

Currently, the Investment Division consists of CCCERA's Chief Investment Officer and one Investment Analyst, with duties divided in a general manner to maximize the effectiveness of our limited staff. Projecting forward, Investment Division plans include a substantial upgrade to internal investment documentation management by implementing an electronic database that indexes onsite visit reports, notes from due diligence visits, correspondence, contacts, etc., and integrating this information into an accessible, quantifiable, resource. This database will improve division functionality, increase oversight of the custodian and other operational vendors, i.e., securities lending, and lower our costs. Implementing a pension assets dashboard (comprehensive data summary) will improve monitoring of aggregate risk exposure. Over the next few years, the CIO will be less involved in operational issues in order to provide greater general oversight. Implementing these goals means an increase in staffing for implementation. Some of the tasks required to make this project successful are cataloguing our existing data, building and populating databases, and releasing an RFP to identify pension investment management software that fits our needs. For this improvement in division sophistication, we need additional energetic and experienced staff.

Our team of investment analysts will be dedicated to building and incorporating operational enhancements into the workflow. Each analyst will have specific focus areas, but will cross-train for division coverage. Assignments, as directed by the CIO, may include: becoming subject matter experts on the custodial relationship, overseeing and suggesting changes to the securities lending and commission recapture programs, special research projects on individual asset classes, monitoring CCCERA's liquidity profile, handling cash flow planning and notification, stress testing the overall fund, and other projects as needed. The salary for this position is not to exceed \$9096.00 monthly.

We are requesting a new position, Pension Administration System (PAS) Coordinator, for the Member Services Division. This specialized position, designed to maximize CPAS functionality and efficiency, will work closely with IT to make programming changes and bug fixes, audit and test new software releases, and problem solve for end users. The PAS Coordinator will work with the Compliance Officer on testing system data, oversee Form 1099R reporting and balancing, provide actuarial reporting and discrepancy investigation, and collaborate with the Programmer/Analyst to create reports as needed. The PAS Coordinator will also work with employers to facilitate correct electronic reporting procedures and verify data integrity. Miscellaneous project management duties will also be part of this position's job description. The salary for this position is not to exceed \$7315.00 monthly.

OFFICE ENVIRONMENT

As pension system management grows in complexity, so does the staff required to successfully administer the plan. To maintain and improve our functionality in several core divisions, office space capacity must be maximized by a combination of minimal square footage increases and redesign of existing space.

Our last renovation of the IT space and server room was in the late 1990s. Since then, we have grown from one IT staff member and 1 server, to a complex network and over 15 servers, administered by a manager, an IT coordinator, plus a programmer/analyst (with a request in this budget for one more IT coordinator position.) The programs and data IT supports are vital to CCCERA's operation. Our information system needs have outgrown our dedicated space.

Additionally, no system is immune to security breaches. Data compromise from malicious sources is a potential threat to any business that manages personal data and finances, as is hardware tampering, if installations are easily accessible. Relocating the IT Division to a less centralized, secure area is a prudent move.

We have considered the best use of available space, i.e., incorporating existing space repurposing, architectural design, review, and plan development. This analysis includes schematics for cabling, HVAC, etc., of a new, secure server area that will also be used for hosting our cooperative disaster recovery components for a sister system. The new server area will maximize the use of a vacant building space adjacent to CCCERA's current Member Services Division, which is less marketable space due to its configuration and lack of light. By removing one wall in this area, we can create a larger, more secure server and network administration area, which includes two offices for the IT manager and Programmer/Analyst, plus two cubicles for IT coordinators.

An adjacent space will house the retired member check printer, along with a temperature controlled storage area for checks, 1099 forms, EFT forms, etc. Processing these items on the printer creates fine "dust" that can compromise the integrity of servers located nearby. Just as servers are very susceptible to dust contamination (which clings due to surface static), ambient temperature control and air circulation are vital for functioning. This area will be an upgrade for CCCERA, designed specifically for optimal hardware and software performance, with controlled temperature and rack space allowing free air flow.

The 2014 estimated leasing costs for this 938 square foot expansion are:

- \$1.55 per square foot, \$1,453.90 per month.

The existing server room is next to the kitchen and lunchroom area, which was initially conceived to accommodate approximately 20 staff. Currently, CCCERA has 50 employees, not counting temporary assistance. During gatherings in this space, staff members are literally standing on top of one another, and there is no room for everyone to sit during lunch or other breaks. We can enlarge the lunchroom by opening the wall to the old server room, after relocating IT as discussed above. The existing IT manager's office will also be vacant. This space, with the addition of glass panels for lighting improvement, will be used for the disability counselor(s), as it is oversized and easily able to accommodate two employees. One existing office (currently occupied by the programmer/analyst) will be used for the compliance officer.

CCCERA's Legal Division will be recruiting for the previously approved position of Assistant General Counsel in late 2013 or early 2014. Currently, there is no developed office space for this position. The existing General Counsel's office is next to an office that is underused; while there is a tenant, the space is not filled. This existing tenant is willing to vacate a portion of their space in exchange for minor tenant improvements, i.e., storage space relocation and changing electrical outlet placement.

Concurrently, the Investment Division is recommending an additional Investment Analyst position, due to the increase in tasks associated with monitoring investments and reporting requirements. There is a small, shared conference space and entryway between the Legal and Investment Divisions, but no space for a second investment analyst. When we annex the space from the adjacent office, we will be able to develop space for the Assistant General Counsel, the proposed Investment Analyst position, and create a usable, confidential space for meetings that both divisions can share.

2014 leasing costs for this 787 square foot space expansion would also be:
•\$1.55 per square foot, equaling \$1,219.85 per month.

We anticipate the cost of tenant improvements to be partially covered by the landlord, as is standard with new leases, with the balance depreciated over the remaining term of the lease (approximately three years).

OUTSIDE PROFESSIONAL SERVICES

CCCERA's professional consultants provide valuable insight and specialized skills to assist the Board and staff with the oftentimes turbulent currents of pension administration.

In 2014, we will use the following agencies:

- The Segal Company, for actuarial services and benefit statements.
- Ice Miller, LLP for general tax counsel and IRS Letter of Determination.
- Milliman for investment planning, on site visits, and asset allocation management.
- Milliman for Actuarial Audit.
- Contra Costa County DOIT for network integration, data processing, and related services.
- Reed Smith, LLP for Board Fiduciary Counsel.
- County Counsel of Contra Costa County for disability services.
- CPAS for benefit administration systems maintenance, testing, and programming changes as needed.
- Transwestern Property Management Services for building management and maintenance services.
- Specialized outside Counsel for specific issues, as needed.

We acknowledge the pending retirement of Bob Helliesen of Milliman, who with his graceful, articulate, and intelligent approach to investment consulting, has used his expertise and experience to make our investment program successful for many years.

We plan to work with the Board of Retirement to determine whether such a major change may require an RFP for Investment Consulting Services.

CCCERA MEMBERSHIPS

CCCERA maintains membership in professional organizations that focus on good governance, responsible institutional investing, education, and advocacy for defined benefit retirement plans:

SACRS

SACRS, an acronym for State Association of County Retirement Systems, is an association of 20 California county retirement systems, enacted under the County Employees Retirement Law of 1937. The mission of this organization is to serve the 1937 Act Retirement Systems by exchanging information, providing education, and analyzing legislation.

CALAPRS

CALAPRS sponsors educational forums for sharing information and exchanging ideas among trustees and staff of California public retirement systems to enhance their ability to administer public pension plan benefits and manage investments consistent with their fiduciary responsibility. CALAPRS carries out its mission through an annual conference called the General Assembly, round table meetings for discussion of topics of interest, the Advanced Principles of Pension Management course for Trustees, the Overview, Intermediate, and Advanced Staff Training, Disability Staff Training, and the Management/Supervisory Academy.

NCPERS

The National Conference on Public Employee Retirement Systems (NCPERS) is the largest trade association for public sector pension funds, representing more than 550 funds throughout the United States and Canada. It is a non-profit network of trustees, administrators, public officials, and investment professionals who collectively manage nearly \$3 trillion in pension assets held in trust for approximately 21 million public employees and retirees.

CII

The Council of Institutional Investors is a nonprofit association of corporate, public, and union employee benefit funds, foundations and endowments with combined assets that exceed \$3 trillion. The organization supports effective corporate governance and strong shareowner rights.

IFEBP

The International Foundation of Employee Benefit Plans is a nonprofit organization, dedicated to education, information and research, and networking opportunities for thousands of benefits and compensation professionals. IFEBP is a source for employee benefits, compensation and financial literacy education and information.

PUBLIC PENSION FINANCIAL FORUM

Public Pension Financial Forum (P2F2) is organized for education, pension advocacy, and networking purposes. P2F2 provides educational programs, idea and information exchanges for efficient financial operations and reporting for public pension systems.

NIRS

The National Institute on Retirement Security (NIRS) conducts research, education, and outreach programs focused on retirement security that are national in scope. NIRS' mission is to "contribute to informed policymaking by fostering a deep understanding of the value of retirement security to employees, employers, and the economy."

Budget 2014 Strategies Summary

Staffing - (Retirement specific classifications)

- Information Technology Coordinator
- Accounting Technician
- Investment Analyst
- Pension Administration System Coordinator
- Office Specialist

Office Environment

- Remodel office entrance and Administrative Services Division to increase usable space, improve staff “traffic flow,” and create confidential office for Administrative Services/HR Coordinator and Administrative Assistants.
- Annex square footage adjacent to current Legal/Investment Divisions to develop confidential office space for new Assistant General Counsel and second Investment Analyst.
- Remove existing divider wall at southwest end of Member Services Division to occupy under-utilized building space and create secure IT Division, with enlarged server room and space for all staff and equipment.
- Enlarge kitchen/lunchroom area so that all staff can use room at the same time.

Requests for Proposals

- Possible release of an RFP for Investment Consultant
- Possible release of an RFP for Alternatives Investment Consultant

Disaster Recovery

- Complete final stages of cooperative Disaster Recovery Hosting.

Administrative Services/Human Resources Division

Board of Retirement

- Elections for three Board positions and Appointments for three Board members.

Human Resources

- Recruitment and hiring as necessary during the year.
- Specific recruitments for Accounting Technician, Investment Analyst, Information Technology Coordinator I, Office Specialist.
- Administrative Services/Human Resources Coordinator training.
- Continue review of all Retirement classifications (Counselor and Accounting Specialist series).
- Provide training for all staff on emergency action plan, Injury, Illness, and Protection Plan, plus furnish emergency route map to all work stations.
- Sexual Harassment Training (AB 1825) for all supervisors and managers.

Administration

- Create Procedure Manual for Payroll and Minutes Taking.
- Update Administrative Assistant's Procedure Manual.
- Continue assisting legal counsel with filing and items for public records requests.
- Continue assisting investments with file system organization and implementation.
- Identify and retain a translation service to improve service for members who are not fluent in English.



Information Technology

- Provide information technology assistance and support for systems, software, and hardware to ensure that staff can use the technology efficiently and effectively.
- Upgrade/Relocate data center.
- Increase server and storage infrastructure.
- Improve Computer, Network security.
- Identify and replace aging network infrastructure core components to help improve flow and speed of data over networks.
- Upgrade Audio system in Boardroom with digital capabilities. Replace the existing switch with a digital switch and add some digital inputs (PC and Blu-Ray) along with the analog inputs.
- Review the possibility of deploying SharePoint. SharePoint can be used as a records management system, and it can be used for informal document sharing spaces. SharePoint also can be used as a search solution for documents within an organization.
- Deploy Network Analyzer /Network Monitor, used to troubleshoot network problems and applications on the network.
- Eliminate archaic tape backup by using automatic, secure, redundant data storage (data is kept onsite and in a private cloud, i.e.,) for immediate data replication in case of in-house system failure.
- Research and test Windows 2012 Server.
- Research and test VMware (Server Virtualization)
- Continuing education and certification for IT staff.

Benefits and Member Services Divisions

- **Counselor III Finals Review**
Continue to train Counselor III staff to review and check final retirement allowances. With the departure of the part-time Disability Counselor, only one counselor is currently assisting with checking final retirement allowance calculations.
- **Active Death Forms, Support to Member Service**
To insure our members are aware of this benefit option, we will determine which active members do not have the Active Death Form on file. Active counselors can be available for this project.
- Provide continuing education to employee groups about their retirement system, including new PEPRA rules.
- **Beneficiary Validation** – Beneficiary information that could be retained in the old subledger system was very restricted. CPAS has the ability to hold expanded beneficiary details such as the beneficiaries' social security numbers, date of birth and the relationship to the member. In 2014, Member Services will continue to audit all member beneficiary information in CPAS, adding details that could not have been migrated from the subledger system.

Accounting Division

- Completion of CCCERA's 14th Comprehensive Annual Financial Report (CAFR) and submission to GFOA for Certificate of Achievement in Financial Reporting.
- Completion of CCCERA's 5th Popular Annual Financial Report (PAFR) and submission to GFOA for Certificate of Achievement in Financial Reporting.
- Continue with the integration of our MultiView Accounting System package with Master Custodian and Pension Administration System.
- Revisit the possibility of implementing the Division's Multiview accounting system upgrade, .NET over the next 18 months. This upgrade will provide a web-based accounting system with enhanced capabilities and efficiencies.
- Implement the Bank Recon Module within the Multiview accounting system.
- Complete 2014 annual audit by Brown Armstrong CPAs with no reportable conditions.
- Continue the review of accounting functions/tasks and readjust as needed with the implementation of Multiview Accounting System and the CPAS Wage and Contribution reporting.
- Provide accurate, timely, and current financial information for the Retirement Board.
- Continue cross-training of Accounting staff, to include the new accountant and accountant technician on critical account functions. Update or develop desk manuals/procedures for all major job tasks.
- Organize and implement imaging on most accounting records as well as District correspondence data folders.
- Hire an Accounting Technician for the Accounting Division. This person will be the Accounts Payable back-up to include assignments such as reviewing the department's travel demands for accuracy, assist with travel public requests and the fixed assets inventory system (maintain and conduct inventory), Cash Receipts/DPs recon, track the division's Journal Entries, and file maintenance.
- Continue researching and planning for GASB Statement No. 67, "*Accounting and Financial Reporting for Pension Plans*" to be implemented for fiscal years beginning after June 15, 2013. Form a task force group with essential partners, facilitated by CCCERA's Accounting Firm, Brown Armstrong, CPAs.

Legal Division

Under the direction of the Chief Executive Officer, General Counsel will continue the legal oversight of CCCERA, including:

- Research, analysis and solution development for a variety of legal issues encountered during agency operation.
- Liaison with specialized outside counsel and coordinate activities with other county agencies.
- Support the Board of Retirement and senior level staff on both day-to-day and emerging issues specific to retirement, while keeping abreast of state, federal, and other applicable developments.
- Attend Board of Retirement meetings and ensure compliance with Ralph M. Brown Act, Govt. Code section 54950 *et seq.*
- Draft and review contracts.
- Implement protocol for public information requests under the California Public Records Act, Govt. Code section 6250 *et seq.*, County Employees Retirement Law of 1937 (“CERL”), Govt. Code section 31532 governing the confidentiality of CCCERA member records, and other applicable law.
- Advise regarding staff handling of marriage dissolution proceedings and domestic relations orders involving CCCERA members to ensure divisions of benefits in accordance with the CERL.
- Advise regarding staff handling of guardianship, conservatorship and power of attorney issues.
- Handle and respond to subpoenas requesting records and deposition testimony and represent staff at depositions.
- Analyze, compile and update CCCERA’s retirement plan documents, including the CERL provisions applicable to CCCERA, Contra Costa County resolutions and ordinances, Board of Retirement resolutions, and any other applicable legal instruments governing CCCERA.
- Work with outside tax counsel to analyze Internal Revenue Code provisions applicable to CCCERA and keep abreast of issues relating to the public retirement systems and the Internal Revenue Service, including letters of determination, voluntary compliance programs, and related CERL legislation. Assist in reviewing implementation of Internal Revenue Code provisions.
- Recommend, draft, revise and implement new or current Board policies, as directed by the Board and/or CEO.
- Conduct orientation and education sessions on legal matters for new staff members and trustees, including subjects such as Brown Act, Public Records Act, CERL, Political Reform Act and Fair Political Practices Commission regulations and records retention.

Investment Division

CCCERA staff continues to implement the long-term, strategic asset allocation by monitoring our roster of institutional investment managers and seeking new investment opportunities when appropriate. At all times, our primary goal is to grow the investment portfolio while assuming a moderate risk level in accordance with the policy set by the Board of Retirement. We seek to safeguard the funds both for current retirees as well as for future generations of CCCERA beneficiaries.

2014 Investment Division goals include:

- Continue to research possible solutions for a comprehensive investment documentation management database. Ideally, this solution would encompass data aggregation from investment managers, document management, due diligence tracking, and integration with our custodial bank.
- Explore the use of a risk-based asset allocation approach.
- Provide education to the Board regarding the feasibility of using an overlay manager to assist with our cash flow and rebalancing requirements.
- Conduct a review of the fixed income program. Specifically, we will study the feasibility of allowing our fixed income managers to adopt a more defensive posture in times of rising interest rates.
- Maintain our schedule of on-site visits. We will specifically seek to meet with those firms that have not had an on-site visit in recent years, though much of this was accomplished in 2013.
- Spend more time conducting outreach to other institutional investors. In order to gather new investment and governance ideas, we will seek to meet directly with other investment staffs at public, corporate and endowment funds.
- Evaluate current investment opportunities which may fit into the market opportunity allocation. If appropriate opportunities are identified, bring them to the Board's attention.
- Recruit for a new Investment Analyst to join our team.

Communications Division

- 2013 CAFR, with design accommodating additional reporting required by GFOA.
- 2013 PAFR.
- Searchable Q&A section on the web site (in progress).
- 4 editions of *New Roads* and 3 editions of *FYI* (if required for *FYI*, considering web information).
- Brochure for age 63 and older members' calculations, with correct age factors. Reciprocity and divorce brochure development.
- Member Handbook revisions, depending on legislative changes, i.e., new tiers, potential mandated pension changes.
- Color coded 1937 Act sections to facilitate internal research by staff.
- Legal opinions, Board policies linked on internal database to CERL 1937 law sections and/or benefit handbooks for in-house research (the goal being to make a unified "network" of government codes, Board policies, background material, etc., for quick access to documentation on CCCERA subjects).
- Continued development of information and educational materials for the web site, including an improved legislative update page and improved investment reporting to members on web site, in conjunction with Investment Division. Reorganization of all web site files for easier accessibility for new staff (in progress). Continued web site revision and design including menu development, with jquery and/or YUI library incorporation. (in progress). Web site indexing. Redesigned search engine for web site.
- Member communication revisions to reflect new legislation, IRS rulings, etc.
- "Fact sheets," single page handouts easily mailed, or used as display, or during group counseling on specific subjects that may "slip" members' minds, for example: active death, spousal waivers, options and insurable interest, etc.
- General writing, editing, and proofreading tasks (i.e., "What's New," organization charts, calendars, lists, etc.).
- Group Counseling Web Video development, production, and posting/embedding in web site.
- Benefit Statement redesign, (if required) depending on legislative changes and member need-to-know information.
- Retirement Communications Technician training (recruitment 2013/2014).

Budget 2014

Section 31580.2 of the California Government Code currently provides that the entire expense of the administration (of the system) shall be paid from the earnings of CCCERA and limits the expense of administration to twenty-one-hundredths of one percent (21 basis points) of CCCERA's total accrued actuarial liability. In addition, 31580.2 provides that computer hardware, software, and computer technology consulting expenses are no longer subject to the administrative budget cap.

The maximum is computed following statute as:

Actuarial Accrued Liability as of December 31, 2012:

$\$7,761,316,000 \times 0.0021 = \$16,299,000$ available per law.

The budget amount we think we need for year 2014: **\$9,320,400**

The balance: Unallocated Expense Reserve: **\$6,978,600**



Budget 2014

01/01/2014 to 12/31/2014

Salaries and Benefits	2014	2013	% Change
Retirement Board			
Meetings-Compensation	\$ 20,000	\$ 20,000	
FICA	<u>3,000</u>	<u>3,000</u>	
Total Retirement Board	23,000	23,000	0%
Executive/Support Staff			
Permanent Employee Salaries	1,049,000	838,000	
Deferred Compensation 457	16,000	14,000	
FICA	73,000	58,500	
Retirement Contribution	456,000	314,000	
Medical, Dental & Life Insurance	145,000	106,500	
SUI	4,000	3,200	
Worker's Compensation	23,000	18,500	
CEO Auto Allowance	<u>5,500</u>	<u>6,000</u>	
Total Executive/Support Staff	1,771,500	1,358,700	30%
Accounting Division			
Permanent Employee Salaries	637,000	598,000	
Temporary Employees	30,000	45,000	
Deferred Compensation	5,500	5,700	
FICA	49,000	46,000	
Retirement Contribution	283,000	226,000	
Medical, Dental & Life Insurance	147,000	132,500	
SUI	2,500	2,500	
Worker's Compensation	<u>14,000</u>	<u>13,500</u>	
Total Accounting Division	1,168,000	1,069,200	9%
Administration			
Permanent Employee Salaries	572,000	491,000	
Temporary Salaries	20,000	35,000	
Deferred Compensation 457	11,000	8,500	
FICA	44,000	37,500	
Retirement Contribution	252,000	185,500	
Medical, Dental & Life Insurance	131,000	115,500	
SUI	2,100	2,000	
Worker's Compensation	<u>12,500</u>	<u>11,000</u>	
Total Administration	\$ 1,044,600	\$ 886,000	18%

Budget 2014

01/01/2014 to 12/31/2014

	2014	2013	% change
Benefit Division			
Permanent Employee Salaries	\$ 1,575,000	\$ 1,538,000	
Temporary-Contract Employees	70,000	70,000	
Overtime	30,000	30,000	
Deferred Compensation 457	17,000	17,500	
FICA	121,000	120,000	
Retirement Contribution	662,000	568,000	
Medical, Dental & Life Insurance	288,000	288,000	
SUI	6,000	6,000	
Worker's Compensation	35,000	35,000	
Total Benefit Division	<u>2,804,000</u>	<u>2,672,500</u>	5%
Staff Retired - Medical, Dental	<u>156,000</u>	<u>136,000</u>	15%
Total Salaries and Benefits	6,967,100	6,145,400	13%
Operations Expenditures			
Benefit Statement	65,000	65,000	0%
Board/Staff Memberships	35,000	40,000	-13%
Board Education			
Registrations	30,000	30,000	
Hotel	25,000	25,000	
Travel-airfare, car rental, BART	20,000	15,000	
Meals, Tips, Phones, Tolls, Mileage	12,000	12,000	
Total Board Education	<u>87,000</u>	<u>82,000</u>	6%
Books and Periodicals	8,000	5,000	60%
DOIT	60,000	60,000	0%
Equipment Contract Leases	40,000	40,000	0%
Equipment/Furniture Purchases	50,000	50,000	0%
Maintenance Service Contracts	30,000	35,000	-14%
Office Expenditures			
CPAS Maintenance Support	35,000	30,000	
Imaging	15,000	18,000	
Postage	80,000	80,000	
IT Licensing Fees	35,000	30,000	
Software Vendors-supplies/services	90,000	90,000	
Total Office Expenditures	<u>\$ 255,000</u>	<u>\$ 248,000</u>	3%

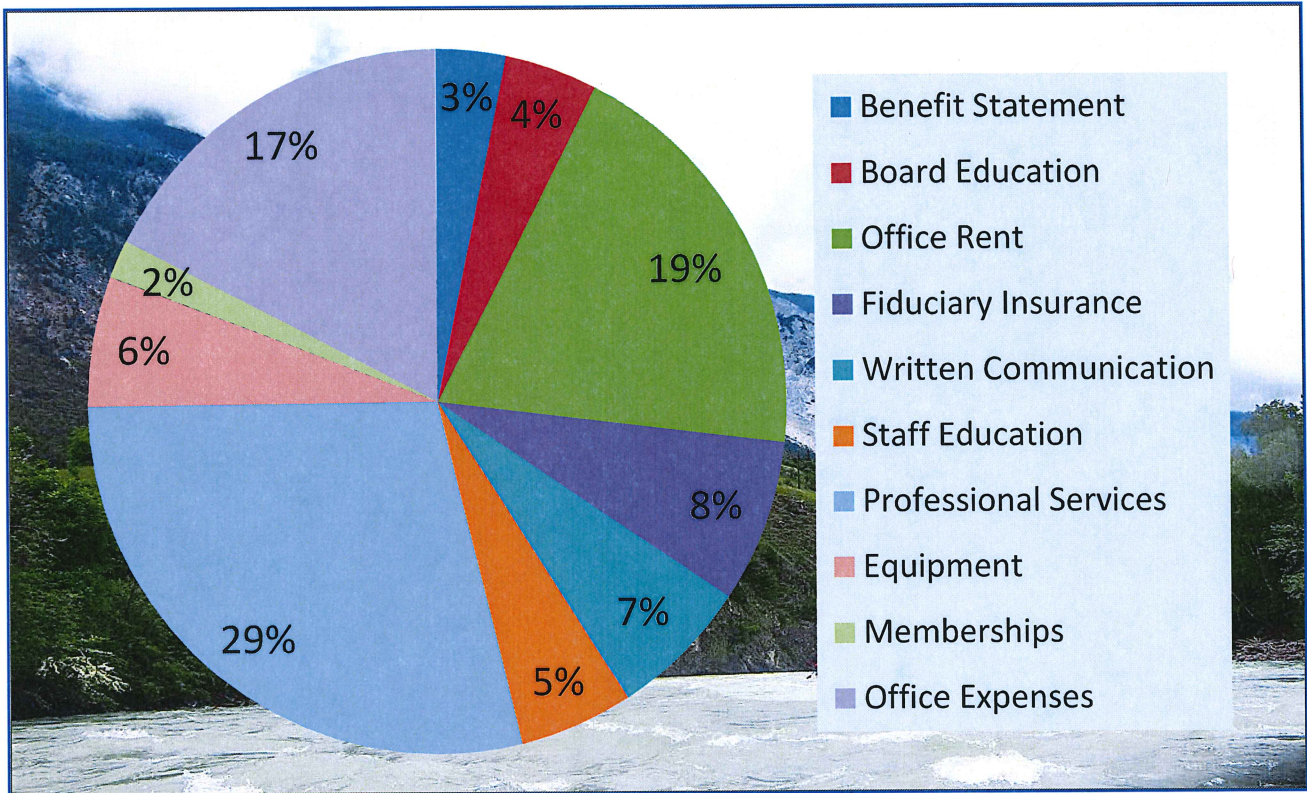
Budget 2014

01/01/2014 to 12/31/2014

	2014	2013	% change
Office Rent Payments	\$ 387,000	\$ 364,000	6%
Professional Services			
Auditor	45,000	45,000	
Attorney-Disabilities	125,000	115,000	
Board Election	55,000	79,500	
Medical Advisor-Disabilities	80,000	80,000	
Consultants - Non Investment	100,000	100,000	
General Counsel	10,000	10,000	
Hearings/Doctors-Disabilities	85,000	85,000	
Rehab Counselor-Disabilities	12,000	12,000	
Retiree Death Checks	2,500	2,500	
Total Professional Services	<u>514,500</u>	<u>529,000</u>	-3%
Property/Liability Insurance	25,000	25,000	0%
Staff Education			
Registrations	36,000	42,000	
Hotel	32,000	32,000	
Travel-airfare, car rental, BART	21,000	20,000	
Meals, Tips, Phones, Tolls, Parking	10,000	12,000	
Tuition/Books Reimbursement	7,000	7,000	
Total Staff Education	<u>106,000</u>	<u>113,000</u>	-6%
Telephone Services	60,000	55,000	9%
Trustee Fiduciary Insurance	150,000	100,000	50%
Web Site Hosting	800	800	0%
Written Communications	130,000	130,000	0%
Total Operation Expenditures	2,003,300	1,941,800	3%
Administrator's Discretionary	50,000	50,000	0%
Assets Depreciation	<u>300,000</u>	<u>280,000</u>	7%
Total Expense	<u>\$ 9,320,400</u>	<u>\$ 8,417,200</u>	11%

Budget 2014 Operations

Operating Expenses



IT, Investments, and Legal Budget



2014

IT, Investments, and Legal Budget

System expenses that are not subject to the administrative budget cap include:

- a. Section 31529.9 of the California Government Code provides that legal services be paid from system assets. This includes services provided by contract attorneys with County Counsel, attorneys in private practice, and staff attorneys.
- b. Section 31596.1 of the California Government Code provides that the expenses of investing moneys must not be considered a cost of administration of the retirement system, but instead a reduction in earnings from investments or a charge against the assets of the retirement system. These include:
 - i. the cost of actuarial valuations
 - ii. custodial bank expenses
 - iii. fees for investment counsel for consulting or management services
 - iv. fees for investment counsel

As mentioned in the *Organization Strategies* section of the 2013 Budget, the Legal Budget includes costs for outside legal professionals, to be accessed on an ad hoc basis, for specialized needs as they occur.



IT, Investments, and Legal Budget

	2014	2013	% change
Salaries and Benefits			
Executive/Support Staff			
Permanent Employee Salaries	\$ 797,000	\$ 572,000	
Project/Temporary	30,000	50,000	
Deferred Compensation 457	9,000	8,200	
FICA	50,000	37,000	
Retirement Contribution	335,000	213,500	
Medical, Dental & Life Insurance	46,000	50,500	
SUI	3,000	2,200	
Worker's Compensation	17,000	8,100	
CEO's Auto Allowance	2,000	1,200	
Total Executive/Support Staff	<u>1,289,000</u>	<u>942,700</u>	37%
 Operations Expenditures			
Board Education and On Site Visits			
Registrations	30,000	30,000	
Hotel	44,000	44,000	
Travel-airfare, car rental, BART	38,000	38,000	
Meals, Tips, Phones, Tolls	11,000	11,000	
Board Mileage	10,000	10,000	
Total Board/Staff Investment Travel	<u>133,000</u>	<u>\$ 133,000</u>	0%
Investment Subscription	\$ 15,000	\$ 12,000	25%
 IT Hardware/Software			
IT Expenditures			
IT Hardware	80,000	80,000	
IT Software including Legal/Investment	150,000	150,000	
IT Consulting	300,000	350,000	
Total IT Expenditures	<u>530,000</u>	<u>580,000</u>	-9%
Total Operations Expenditures	\$ 678,000	\$ 725,000	-6%
Total Legal and Investments	\$ 1,967,000	\$ 1,667,700	18%

Disaster Recovery Budget

We consider our era as a time period in which humankind has mastered mechanical and technological control over past dangers that threatened our survival. Recent earthquakes, tsunamis, hurricanes, and floods have punched holes in our perceived security, reminding us how vital disaster recovery processes are for organizations like CCCERA. Over 10,000 retired people depend on CCCERA to protect and provide their income stream, for themselves, and for their survivors.

Our disaster recovery project is designed to protect that trust, regardless of when or how disaster strikes. In 2014, user testing will begin, with a real-time “shut-down” to verify staff access to the remote servers in the event of a power failure. The remote system replicates our data through a T1 line every 15 minutes around-the-clock. In the event of a regional disaster, data losses would be minimal, and recovery almost immediate.



Disaster Recovery Budget

	2014	2013	% Change
Staff Education and Travel			
Hotel	\$ 2,000	\$ 2,000	
Travel-airfare, car rental, BART	4,000	4,000	
Meals, tips, phones, tolls, parking	1,000	1,000	
Mileage, meetings, presentations	2,000	2,000	
Total Staff Education	<u>9,000</u>	<u>9,000</u>	0%
IT Equipment Disaster Recovery			
Hardware	30,000	42,000	
Software	35,000	40,000	
T1 Lines	25,000	25,000	
Sungard/Consultants	35,000	39,000	
Storage/Supplies	3,000	3,000	
IT Mtn/Licensing	6,500		
Total Equipment	<u>134,500</u>	<u>149,000</u>	-10%
Total Operation Expenditures	<u>\$ 143,500</u>	<u>\$ 158,000</u>	-9%

Section 31522.6 of the California Government Code provides that the Board may contract with a third party to temporarily assume administration of the system if a catastrophic event destroys or severely damages the system's administrative facilities or otherwise prevents or significantly hinders continued local administration of the system. The costs of contracting with the third party for temporary administration of the system are a charge against the investment earnings of the retirement fund.

commonfund

forum2014

making a difference

Meeting Date
12/11/13
Agenda Item
#8a.



A focus on today's investment issues and opportunities that make a difference for you and the institution you serve.

Commonfund Forum

March 8 – 11, 2014

Westin Diplomat Resort & Spa
On the ocean in Hollywood,
Florida

About Forum 2014

What's next for U.S. equities? Has the bloom come off the rose for emerging markets, or will the global consumer rise and propel investor returns? Has the EU crisis passed or is a day of reckoning just prolonged? Are we poised for a normalized interest rate environment? What are the latest challenges and solutions for governing boards?

These are among the challenging questions facing endowments, foundations, charities, pension funds and other long-term investors.

At Forum 2014 we'll address long-term secular themes and evolving governance factors that drive policy decisions. We'll assess intermediate term opportunities and risks that emerge from changing economic cycles and investment regimes. And we'll present tactical strategies –tools to help you mitigate risks and seek out opportunities.

Most important, listen and learn from different points of view – from the best minds in institutional investment management, business and finance, economics, government and the media.

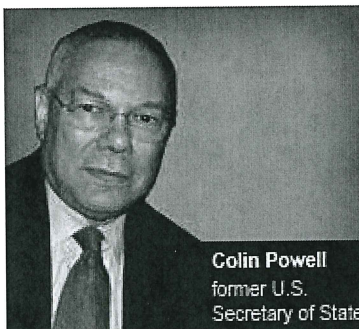
Commonfund Forum 2014: Making a

Overview

Commonfund Forum is the preeminent annual conference for institutional investors. For 2014, Forum features more than 40 different sessions ... 70-plus faculty representing academia, government, investment management, business and finance, and the financial media ... and world-class meeting facilities in the beautiful Westin Diplomat Resort & Spa.

Register for Forum 2014

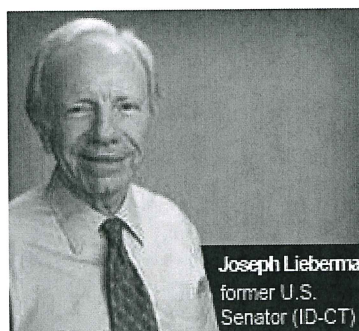
World Class Speakers



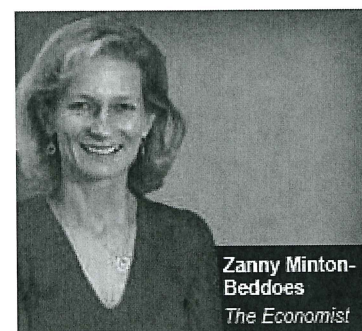
Colin Powell
former U.S.
Secretary of State



Olympia Snowe
former U.S.
Senator (R-ME)



Joseph Lieberman
former U.S.
Senator (ID-CT)



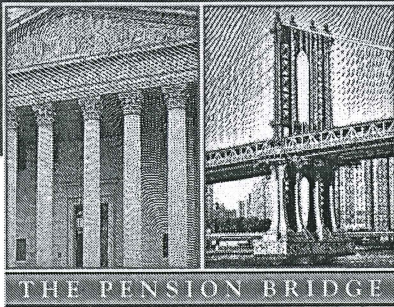
Zanny Minton-Beddoes
The Economist

Register for Forum 2014

Unable to join us at Forum 2014?

Decline from attending Forum 2014





THE PENSION BRIDGE Meeting Date

APRIL 22 & 23, 2014

12/11/13
Agenda Item
#8b.

FOUR SEASONS HOTEL, SAN FRANCISCO

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

We will limit the attendance in order to maintain **better than a 1:1 Ratio**. We will allow for only 100 Manager Firms to attend and there will be approximately 150 Pension Funds/Non-Discretionary Consultants joining us, creating an enjoyable atmosphere.

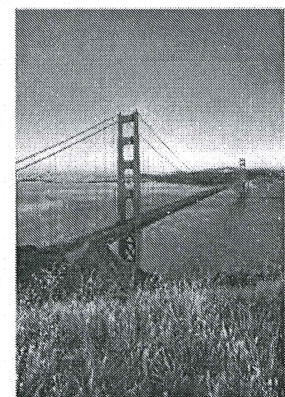
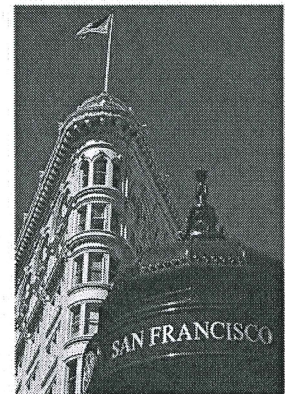
Learn from the experts about the most important Issues, Challenges, Trends, Opportunities and Strategies that will shape our Industry for today and the future:

- A Macro Economic View of the Economy
- Fed Tapering and its Impact on Equities and Bonds
- Best Approaches to handle the Upcoming Rise in Interest Rates
- Risk Parity and LDI Asset Allocation Models – which one will be Most Effective in Preserving Capital and Providing Steady Returns
- How a Dynamic Asset Allocation Model can Increase Returns while Managing Volatility and Risk
- Asset/Liability Evaluation
- The Changing Landscape of Fixed Income and the Shift into Next Generation Strategies
- Risk Allocation Approaches and De-Risking Strategies
- Understanding Proper Diversification to Prevent Portfolio Drawdowns
- Strategies that offer a Non-Correlation to Equities, Fixed Income, and Alternative Investments
- In-Depth Coverage of the Alternatives Space – Considerations for each Allocation and Strategy
- Best Practices for the way we Evaluate, Allocate and Invest
- A Glimpse of what our Industry will look like in the Future
- Strategies that will Outperform in the Next Few Years

We remain in a post-crisis environment and are going through an unprecedented era of a massive Fed experiment. In addition to the listed themes above, we will be covering many more challenging issues that are crucial to the investment decision making process during this uncertain economic time. We will learn from the best about how to adapt in our industry which is always evolving and transforming.

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

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



Tuesday, April 22nd

7:10 AM – Breakfast

8:10 AM – Opening Remarks

8:15 AM – Keynote Speaker

8:45 AM – Keynote Speaker – Macro Economic View

- Fed's Role in the Stock Market and Bond Market
- Effects of Fed Tapering – Should we expect a Bernanke Hangover?
- Fed's Balance Sheet
- How is the Health of the US Consumer? – Savings Rate, Disposable Income, Debt, Homeowner Equity
- Unemployment – how bad are the Actual Figures? Has the Employment-Population Ratio Improved and is that a More Accurate Measurement?
- Housing Market Outlook
- Stock Market Outlook
- Earnings Growth – Not Supporting Stock Market Run?
- Bond Market Expectations – will we reach the Historical Norm for Rates and what might be the Consequence?
- Derivatives Risk from Rising Interest Rates
- Outlook for the Dollar – is the World's Reserve Currency Status in Jeopardy?
- Inflation from Fed Policies – when will the Excess Bank Reserves make its way to the Consumer side and Create Inflation?
- European Sovereign Debt Crisis
- Future Municipal Bond Defaults – Expectations and Implications
- Is there a Black Swan Event in the Future? What would be the most likely cause?

9:15 AM – Keynote Panel – Contrasting Risk Parity and LDI Asset Allocation Models – the Benefits of a Dynamic Program

The market downturn in 2008 showed the shortcomings of the total return model. Unwinding an unsustainable asset allocation policy can be costly under market duress with little flexibility to adjust portfolio positioning. A dynamic asset allocation approach allows pension plans to manage assets in a manner that balances the rewards of investment return opportunities with the inherent risks embedded in the liabilities. Taking equity and bond market valuations and past performance into consideration, we'll hear about which asset allocation model makes the most sense going forward.

(A) Risk Parity

- Risk Parity Explained
- Risk/Return in the Past Decade
- Why does Risk Parity Make Sense Now?
- Risk Parity – the Poster Child for Current Environment or will Bonds become Less Likely to Protect against Volatility in Equities?
- Will there be Drawdowns during a Rising Rates Environment or will it be Muted?
- How would a Risk Parity Portfolio have Performed in Past Rate Increase Periods?
- Risk Parity Flaws – Discussion of the following and a Solution for each:
 1. Leverage and more importantly, Leveraging the Inappropriate Assets
 2. Over-Reliance on Bonds while Ignoring Valuations
 3. Don't have the Ability to go Short and only a Positive Weight to Asset
 4. Many Portfolio Construction Approaches only consider Volatility Risk, Not Tail Risk or Drawdown Risk
 5. Leverage and Illiquidity Do Not Mix
- Is Tail Risk Parity the newest Trend? Explain the Concept of Measuring Expected Tail Loss rather than Volatility, Cheaper Hedges for Protection, Reducing Tail Risks while Retaining More Upside than Risk Parity

(B) Liability Driven Investment, (LDI)

- What is LDI and how is it Interpreted in the Market?
- Does LDI make sense right now considering Current and Future Market Conditions?
- Low Pension Funded Status and Low Interest Rates – what are Plans doing to address these hurdles?

- Reducing Funding Ratio Volatility
- Risk/Return – does embracing LDI mean giving up much needed Returns?
- Are Plan Liabilities the only appropriate Benchmark?
- Understanding the Components of Performance Monitoring and Evaluation
- Beyond the Ability to Earn Excess Returns, what should Investors look for in Selecting LDI Managers?
- Understanding Implementation Approaches, Strategies and Issues
- How to Implement LDI in a Public Fund Context – are the LDI Methods Applicable?
- Risk Transfer – Lump Sum Payments, Buyouts – what Trends are we seeing?
- How is LDI Compatible with the New Developments in Pension Risk Transfer?

(C) Dynamic Asset Allocation Strategy

- Model Return Assumptions and Managing Risk more Effectively – Reflecting Valuations and Economic Regimes, Changing Risk Premium and Correlations
- Explanation of the Intent – Preserve Funded Status Improvements, De-Risk, Take Advantage of Market Anomalies with Flexibility, Negate Tactical Decisions, Incorporate Plan-Specific Considerations via the Glide Path
- Changes in Allocation – are we attempting to Time the Market or is it Based on Predefined Rules?
- How does the Dynamic Asset Allocation Model Map out Changes to the Plan's Makeup based on the Funded Status and Current Interest Rate Levels?
- Opportunistic Component – Benefiting from any level of Market Volatility?
- Implementing Dynamic Asset Allocation – Establishing a series of Target Allocations or Glide Path
- Which types of Triggers do you Favor for Moving Down the Glide Path?
- How have some Public Plans fared with a Dynamic Allocation Approach?
- What Changes or Steps need to be considered in order to Achieve a more Dynamic Approach to Asset Allocation?

10:00 AM – Refreshment Break

10:30 AM – Risk Management and Adopting a Risk Culture

- How has the Financial Crisis changed the way Pension Plans Measure and Manage Risk?
- What kinds of Future Risk should US Pension Plans be most wary of?
- Understanding Current Asset Class Behavior Risk – Interest Rate and Inflation Shocks tend to Drive Equities and Bonds in the Same Direction
- Integration of Risk Management and Portfolio Modeling
- Techniques – what are the most effective Asset Allocation Strategies for dealing with Future Financial Challenges?
- Correlation and Drawdown Risk
- Transparency and Liquidity Risk – Basing it on a Cost/Benefit Evaluation
- What's the best Approach to Liquidity Risk as Applies to Meeting Future Cash Flow Obligations?
- The Importance of Monitoring Counterparty Risk being taken by Managers
- Leverage Risk – what are the Best Approaches to keep these Risks within Acceptable Parameters?
- How has the Role of Fiduciary Responsibility Changed in this new Era of Risk?
- What Considerations do Boards Need in order to Adopt a more Risk Cultural View? How can Fiduciaries Adapt and Safeguard against today's Challenges?
- How do you go about Educating a Board on Risk?
- How does a Plan's Size affect the Approach to Pension Risk Management?
- What will Risk Management Best Practice look like in the Future? – Risk Adjusted Returns?
- What Developments have we seen for Combining Several Risk Premiums as a part of Portfolio Diversification?

11:15 AM – TBD

11:45 AM – Next Generation Fixed Income Strategies

With traditional fixed income at risk after a 30 year bull market, investors are expected to move an estimated \$1 trillion out of bonds and shift the assets into next generation debt strategies over the next three to five years. The landscape of the Asset Class is in the early stages of a drastic transformation.

- Assessing the Current Environment: Fed Policy, Interest Rates, Spreads, U.S. Dollar, Foreign Investment in US Treasuries, Global Fixed Income Landscape and Default Rate Expectations
- Supply and Demand Imbalance in Long-Duration Fixed Income

- Need and Appetite for Alternative, Opportunistic, Absolute Return, Unconstrained, Active Approaches
- Understanding how to Select Alternative Managers – Multi-Sector, Multi-Region and Multi-Currency Skill Set
- Portfolio Construction – Need for Increased Disaggregation of Alpha Sources and the Dangers of Correlations that are Unseen
- Modern Risk Management – what Progress have we seen for Developing a Risk Premium Approach applied to Next Generation Fixed Income Portfolios? What Dynamic Approaches are Valid?
- Using Structured Products, Swaps and Derivatives to Create Alpha and Hedge Volatility
- Why Invest in Emerging Markets Local Fixed Income? Is Currency Risk Higher?
- Opportunities in Global and Emerging Market Debt – why is it Appealing?
- Making the case for Corporate Debt – Less Sensitivity to Rising Rate Environment
- Bank Loans – Attractive or Not a Good Hedge in Rising Rate Environment?
- Landscape for MBS Market with GSE Reform Considerations
- Inflation Protection – Risk/Reward for TIPS, Interest Rate and Inflation Swaps, Inflation Bonds and Overlays
- The \$9 Trillion Trade Finance Market – will this Strategy Emerge because of Basel III?
- Attractive Characteristics of Trade Finance – Diversification, Non-Correlation, Low Volatility, Low Duration, Lower Risk
- Trade Finance Risk – Not Market Risk but Contract Risk making Execution/Operational Capabilities more Important

12:30 PM – Lunch

Allocations to Protect Against a Rising Interest Rate Environment (outside of Fixed Income Strategies), While Achieving Non-Correlation and Diversification

Real Asset Strategies

Where or when is the inflation? While assets of the Federal Reserve have tripled over the past few years, there has been little or no loan growth during that time. The money has remained in the banks with no incentive to lend because the Fed has paid interest on bank reserves. As rates rise, it will cause the excess reserves to make its way to the consumer side of the monetary base as banks will seek out the higher interest they will get paid. This will create the inflation many have been expecting, barring an unlikely flawless Fed exit strategy of tapering and draining reserves.

With many pension plans increasing their allocations to Real Asset Strategies, demand is expected to remain strong as they search for higher income potential, lower correlations and inflation protection.

1:40 PM – Commodities

- Current Market Environment and Outlook – why is now the Time to Increase your Allocation?
- View on Sub-Sectors or Pockets of Value
- Long Term Global Supply, Demand, Pricing, Fed Policy and China as Factors
- Diversification and Low Historical Correlation to Equities - will Inflation bring back Lower Correlation?
- Commodities as an Inflation Hedge
- Performance during Previous Down Equity Markets
- Understanding the Different Approaches to Investing in Commodities – Equities, Indexes, Futures, Real Assets
- Trend of Real Assets in Favor of Indexes – What are the Benefits?
- Argument that Natural Resource Stocks are a bad way to get Commodities Exposure – Less Correlation to Inflation than Commodities, Higher Correlation to Equities, Different Return Pattern to the Commodity, Higher Volatility, Lower Diversification Benefit
- Investing in Long/Short vs. Long Only
- Active vs. Passive
- What are the Key Criteria that would lead to Manager Outperformance?
- Risk Factors
- How concerned should we be with the Regulatory Environment – Effect on Pension Plans?

2:10 PM – Natural Resources - Agriculture/Farmland

- Attributes – Natural Inflation Hedge, Low Correlation, Diversification, Income Generation
- Positive Global Macro Trends – Population Growth, Emerging Markets, Increase in Pricing, Supply/Demand
- Federal Crop Insurance to Safeguard against Droughts
- Return Expectations – making sense in a Low Return Environment

- Various Ways to Invest in Global Agriculture
- Benefits of Active Management
- Long Term Performance – Low Risk, High Return
- What are the Key Criteria that would lead to Manager Outperformance?

2:25 PM – Energy

- Inflation Hedge, Diversification and Low Correlation Characteristics
- Projections of Global Energy Supply/Demand and Consumption
- China and Emerging Market Consumption Projections
- Oil and Gas Pricing Trends – Are Investments likely to produce Returns Independent of Prices?
- Access – Public, (Stocks and MLPs), Indexes, Futures, Private, (Direct, Funds, Fund of Funds)
- What are the Advantages of Investing in Private Energy?
- Market Underserved by Private Equity Capital?
- Recent and Long-Term Performance
- Upstream, Midstream and Downstream
- Equipment and Services Sector Growth Demands
- Rapid Growth of Oil and Gas Production
- The Shale Oil and Gas Revolution and what it means for the U.S.

2:40 PM – Infrastructure

- Deal Flow Activity and Fundraising Environment
- Objective in Portfolio – Diversification, Inflation Protection, etc.
- Infrastructure Demand and Size of the Market – where are they projected to be for the Future?
- Infrastructure Spending/Funding Gap – Explanation of the Shortfall and how it Translates into Increased Opportunities for Pension Plans
- What is a Suitable Benchmark?
- In which Sectors will investors find the best Opportunities and Returns?
- Energy Infrastructure – Big Opportunity Set or Too Much Capital rushing into the Sector?
- Trend of Infrastructure Debt, (Non-Bank) – How Attractive is it?
- Implementation Approaches – Primary Partnerships, Direct, Co-Investment, Fund of Funds, Publicly Listed – MLP's, Separate Accounts. What are the Advantages and Limitations of each?
- What are the Key Elements for a Good Infrastructure Investment?
- What should you look for when Selecting an Infrastructure Manager?
- Mature vs. Emerging Markets, U.S. vs. Europe
- How has Performance been and what are the Return Expectations from Plan Sponsors?
- Valuations of Infrastructure Assets over the past few years in a Low Interest Rate Environment and Implications for Valuations when Interest Rates Rise
- Risk/Return Profiling – which Infrastructure Assets are classified as High Risk and Low Risk?
- What are the Largest Challenges/Risks associated with Infrastructure Investing?

3:10 PM – Currency and Currency Alpha

Central banks stimulus policy around the world has crushed currency volatility. As developed economies begin to depart from global central bank easing, higher rates will cause currency volatility to recover. Unlike other asset classes, volatility is considered a positive for currency which supports increased opportunity and performance, especially for active management.

- Explanation of why Central Bank Efforts and Low Rates Created a Challenging Environment with Diminished Returns – why it will Improve
- Relationship of Volatility and Currency Returns – Extended Volatility Period Ahead?
- Goals of a Currency Program
- How does Investing in Currency Diversify and Reduce Risk? Natural Diversifier for the Duration Risk in Bonds?
- Non-Correlated Returns to Equities, Fixed Income, and other Alternative Investments
- Liquid and Transparent Market
- Active Management to Benefit in the Coming Years?
- What is Currency Alpha and how is it done?
- Can Currencies be Forecasted via Fundamentals, Cycles and Trends?
- Importance of Currency Hedging to Reduce Portfolio Volatility and Risk
- Managing Currency Risk Factors

3:40 PM – Refreshment Break

Additional Strategies to Achieve Non-Correlation and Diversification

We now understand that diversification models were flawed during the last market downturn. With the S&P rising as high as 155% since the 2009 lows, it's been widely agreed upon that Fed stimulus has played a large role in the rally. With slow economic growth and Fed tapering on the horizon, the importance of finding investments with a non-correlation to Equities, Alternatives and Fixed Income has become even more crucial for portfolio protection.

4:10 PM – Tail Risk Hedging

- Understanding Tail Risk Frequency, Severity and Impact
- Globalization of Capital Markets Leading to a Connected Marketplace
- Importance of Understanding where in the Market your Existential Tail Risks come from and how big they could be – Analysis of your Liquidity and Leverage
- Limits of Diversification and Beta Hedging
- What types of Strategies and Approaches are used to Hedge?
- Derivatives Overlay Hedges – Dedicated and Customized
- Option Overlay Strategy – Cash Flow Generation in Down Markets but can you Maintain Upside Exposure in Rising Markets?
- Active Management
- Pension Plans developing a Contingency Plan – What are the Best Practices to Navigate through Stressful Periods?
- Is this a good time to Mitigate Equity Tail Risk?
- Is Raising Cash a proper Tail-Risk Strategy?
- Disadvantages – Cost, Implementation, Risks, etc.

4:40 PM – Managed Futures

- Global Macro's place in the Hedge Fund Industry – what are the key Differences from other Hedge Fund Strategies?
- Diversification and Non-Correlation to Equities and Hedge Fund Strategies
- Performance during Periods of Stress or Crisis Events
- Decreasing Depth of Portfolio Drawdowns and Volatility
- Qualitative Traits – Liquid, Transparent and Regulated
- Increasing your Exposure to Global Markets and Non-Financial Sectors
- Do Managed Futures provide an Inflation Hedge?
- How to Implement an Allocation to Managed Futures
- How do you Manage Risk and Volatility?
- Historical Performance of Managed Futures
- CTA Recent Underperformance – why and what are the Expectations Going Forward?

5:10 PM – Mezzanine Debt

- How will the Debt Maturity Wall and Dry Powder Affect Mezzanine?
- Significant Demand for Mezzanine and how the Credit Crisis changed the Providers of Capital
- Banks – where are they as Lenders, Underwriters and Providers of Leverage due to Regulation from Dodd Frank? Is this a Secular Trend and what does it mean for Mezz?
- How much Activity are you seeing for Mezz Loans now? Expectations for the Future?
- Mezz Stability, Non-Correlation and Performance During Economically Challenged Times – Peak to Trough Drawdown compared to PE Sub-Sectors and other Asset Classes
- How are Deals being Structured and Priced?
- What does the Cash Flow Model and Return Structure look like?
- Obstacles, Competition, Liquidity, Pricing and Returns Expectations
- Middle Market Advantages – Funding Gap, Fewer Providers, etc.

5:25 PM – Life Settlements

- What are Life Settlements?
- Reasons for Investing in Life Settlements – Non-Correlation, Volatility Protection, Diversification, Cash Flow, Returns, etc.
- Demographics of Population

- Investment Structures/Methods of Participation
- Life Settlements tailored to meet LDI Needs of Pension Plans?
- What Returns can be expected?
- Who should Pension Plans seek out for Consulting on this Investment?
- What Asset Class/Bucket should it be in?
- Investor Hurdles/Risks

5:40 PM – Structured Investments in Healthcare Companies and Products

- Examining Trends in the Healthcare/Pharma Industry and the Role of Royalty Contracts
- How Large is the Opportunity? Why the Increased Popularity?
- Investment Characteristics – Liquidity/Cash Flow Strategy, Non-Correlation and Diversification from Private Equity Portfolio
- Cash Flows from Investments in Royalty Contracts
- Royalty Investing Structures – Passive/Traditional Royalties, Royalty Bonds, Synthetic Royalties, Structured Debt Collateralized by Royalties or Drug Revenues
- What Asset Class/Bucket should it be in?

5:55 PM – Lifetime Achievement Award – Presented to Ron Peyton, Chairman & CEO of Callan Associates

Mr. Peyton joined Callan Associates in 1974. His stability, experience and unwavering commitment to our industry is recognized by The Pension Bridge. Mr. Peyton is a leader and pioneer in our industry. His dedication to research and education is evident with the development of “Callan Investments Institute” in 1980 and “Callan College” in 1993. His many accomplishments have helped our industry evolve during his 40 years of service.

6:00 PM – Cocktail Reception

7:15 PM – Cocktail Reception Concludes

Wednesday, April 23rd

7:15 AM – Breakfast

8:15 AM – Keynote Speaker

8:45 AM – Emerging Markets

- Long Term Global Outlook – Weaker Growth Expectations?
- What are the Demographics driving Growth in Emerging Markets?
- What Major Developments have we seen in the Past Year?
- Will Concerns about an End to Monetary Easing in Developed Economies Weigh on Capital Inflows?
- What would be the Effects on Emerging Markets if we see a Recession in Developed Markets?
- BRIC Countries – GDP, Growth, Debt and Reserves in comparison to Developed Markets
- Breaking down BRIC Prospects – which Countries offer the best Opportunities and Returns?
- China's Slowing Growth – is a Hard Landing possible or will China avoid it with more Rate Cuts and Monetary Stimulus?
- Public vs. Private Emerging Markets – Benefits and Drawbacks of each
- Frontier Markets – Investing for Diversification and Lower Correlation to Developed Markets
- Which Markets in Frontier Countries can you profit from Growing Local Consumption?
- MENA Outlook – Pros and Cons
- How has the Asset Class Evolved?
- What is an appropriate Long-Term Allocation to Emerging Markets?
- Do you consider Emerging Markets to be an Inefficient Asset Class?
- Choosing an Emerging Markets Fund or Manager – should you be Investing by Region, Country or Sector?
- Which Rapidly Growing Sectors within Emerging Markets offer the Best Opportunity?
- The Case for Emerging Markets Corporate Debt
- Active vs. Passive Debate
- How do Valuations look Relative to Risk? Are Risk and Return in Balance?
- How should Inflation and Currency Risk be factored in?
- Given the Current Environment, will Emerging Markets Outperform Developed Markets?

9:25 AM – Hedge Funds

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

- How large is the Industry now? How many Good Hedge Funds are there?
- Pension Inflows – are they still going to the Largest Hedge Funds? Are there Capacity Constraints with the most Desirable Hedge Funds?
- What have you seen regarding Small Hedge Fund Performance vs. Large Hedge Fund Performance?
- How to go about debunking the Misconception that Hedge Funds are Risky
- What does the Future hold for Fund of Funds? How is the Industry Changing and how should you Adapt?
- Transparency and Risk Aggregation Data – are they valuable and accurate?
- Explain the Benefits of Open Protocol Enabling Risk Aggregation (OPERA), Standards
- Valuation Procedures and Controls
- Fees – what sort of Trends are you seeing? Do Investors have the ability to Renegotiate?
- How do you assess the Tradeoff between Lower Fees and Longer Lock-ups?
- Returns of Liquid Strategies Lagging Private Partnership Versions of the Same Approach – why and will this continue?
- Importance of Operations Due Diligence. Any recent Developments? How often should Operations be Reviewed?
- How do you Explain Recent Industry Underperformance?

(B) Hedge Fund Portfolio Construction, Selection and Strategies

- Considerations for Selecting the right Hedge Fund or Fund of Funds – Due Diligence and Manager Selection. What are the Key Traits you should be looking for?
- Deciding Between Fund of Funds vs. Direct – Key Considerations
- What sort of innovative Changes have Fund of Funds adopted to stay relevant to their Pension Clients?
- Specialization – the Future Norm?
- Long-Short Hedge Funds – should they be in the Domestic Equity Allocation to Reduce Exposure?

- Which Strategies offer more Transparency and Liquidity?
- Should you ask for a Separate Account?
- Is the Trend towards Managed Accounts the Future? Understanding the Benefits of Increased Transparency and Control, more Liberal Liquidity Terms for Redemption/Termination, Outsourcing Operational Oversight/Support
- Does Portfolio Construction change based on the Size of the Portfolio?
- How many Hedge Fund Strategies do you need?
- Can Hedge Fund Strategies be Tactically Managed?
- Do you find Opportunities within the Global Macro Space attractive and if so, why?
- Hedge Fund Replication – will this Strategy catch on? How do the Fees and Returns Compare?
- If there was a Hedge Fund Strategy you would Invest in over the next Decade, which one would it be and why?

10:15 AM – Refreshment Break

10:45 AM – Distressed Debt

- Where are we in the Distressed Cycle? How much of the Opportunity remains?
- How have Financing Markets Activity affected the Opportunity Set and what is the Outlook? Maturity Wall?
- Which Sectors, Strategies and Geographies will create the Best Opportunities?
- Scope of the Distressed Market and Segments – Corporate Credit, Structured Credit, Commercial Real Estate, Hard Assets, Liquidations, Segmentation by Deal Size, etc.
- Eurozone Opportunities – what Investments are sensible and when will they Arrive in Scale? Still Too Early? Which Countries, Sectors, Types of Deals should be looked at?
- U.S. Distressed Opportunity vs. the European Opportunity – what do we need to know before making Allocation Decisions?
- Do you see Opportunities in Asia?
- Control vs. Non-Control – which do you see as the Best Strategy?
- How does a Pension Plan go about choosing the right Distressed Strategy, Investment Style and Approach?
- What Skill Sets/Characteristics should Pension Plans look for in a Distressed Manager?
- Importance of Patience and staying Defensive
- Effects of Basel III, Dodd-Frank and Volker Rule on the Opportunity Set?
- What are the Implications and Risks associated with Investing in Distressed now? Pitfalls of the Economy?
- What Returns can Investors expect over the next Five Years?

11:20 AM – Credit Strategies

- Current State of the Credit Market
- Where are we in the Credit Cycle and how will it play out?
- Any Lessons Learned from 2008 that we can apply to Today's Environment?
- Debt coming Due in from Amend-and-Extend – how should Investors be Positioned?
- Default Rates and Expectations
- How is the Credit Quality of New Issuance?
- Where are we in the High Yield Market? What's the Upside and Downside from here?
- CLO Market Outlook and Reinvestment Challenge
- Dodd-Frank Risk Retention Requirement to Dramatically Shrink CLO Market by up to 75%? What are the Far-Reaching Effects?
- State of Securitized Markets
- Trade Finance – will this be the Future for Short Duration Credit because of Basel III?
- European Sovereign Debt Crisis and the Opportunity Set
- How do you Manage a Credit Program in a Volatile Market?
- How can Pension Plans take advantage of the available Opportunities and Profit from it?
- How should Pension Plans go about Analyzing and Selecting from the various Credit Funds and Direct Lending Strategies?
- Considerations for Selecting a Manager
- What are the Trade-offs between Mid-Market and Large Market Credit Investing?
- Are Credit Investment Mandates Too Narrow? Should it be Defined as Opportunistic Credit?
- How has the Competition (Fixed Income, Private Equity, Hedge Funds, etc.), altered the Market?
- What Subsectors of Credit are Most Attractive? What are your Best Ideas for Finding Value?

11:55 AM – Emerging Managers

- How are Plans defining Emerging Managers?
- What are the Benefits and Opportunities offered by Investing in Next Generation Managers?
- Exploiting Market Inefficiencies by utilizing Emerging Managers
- What are the Growth Prospects?
- Strategies for Implementing an Emerging Managers Program – how is Establishing this type of Program different from others?
- Due Diligence and Key Points of Analysis for Selecting Emerging Managers
- Comparing the Attributes of Prospective Emerging Managers
- Explain Diversity and how you Achieve it
- New Firms Fundraising – how important is it to be spun out from Traditional or Name-Brand Firms? Key Differentiators that enable a Successful Fund Raising?
- Research Statistics and Results on Emerging Managers
- Risk/Return Prospects of Emerging Manager Programs vs. Programs focused on Established Managers?
- What are the Perceived Risks of Emerging Managers? Are they Inappropriate?
- How do you Evaluate Performance and Measure Success?
- What is happening with Funds that have Reached Critical Mass?
- What is an important Lesson Learned from your Experiences?

12:30 PM – Lunch

1:35 PM – ESG, (Environmental, Social and Governance)

- Why should we consider ESG Issues and is there a Fiduciary Duty to address them?
- What are the Recent Market Developments for the U.S. and Abroad?
- Climate Change and Investment – what's the Relationship and how do you Integrate Climate Risks into your Process?
- Importance of Hiring an In-House ESG Specialist or Outside ESG Consultant
- How ESG should be best Incorporated into the Investment Process – Portfolio Integration into all Asset Classes
- ESG Fund Performance vs. Traditional Funds
- Do we have Proof that ESG Integration Adds Value?
- How has ESG Research and Data Evolved or Improved? How is it Incorporated into your Portfolio Construction Process?
- What should Pension Funds be asking their Existing Active Managers in terms of whether they are looking at Climate Risk or Opportunity?
- Relevant Benchmarks for ESG Risk Measurement and Assessing ESG Factors
- What are some ESG Misconceptions?

2:05 PM – Real Estate

(A) Current State of the Real Estate Market Understanding Tail Risk Frequency, Severity and Impact

- Real Estate Cycle – where are we?
- Current Conditions
- Commercial Real Estate Challenges and Debt Maturities coming due
- Commercial Pricing – Fully Priced and Not Pricing in Risk or Disruption?
- Residential Real Estate Challenges
- Loan Extensions/Refinancing

(B) Profiting from Distressed Real Estate

- Loan Maturities and Future Opportunities
- Are Lenders still Holding Nonperforming Assets or have they Yet to Unload?
- Role of the Fed and Government – what is their Effect on the Market?
- Tactical Strategy of Investing in Single-Family Homes and Institutionalizing the Sector – Thoughts on this Trend?
- What sort of Debt Investments are you looking at?
- Importance of Occupancy
- Cap Rates and Vacancy Rates
- Buying Distressed Residential Mortgage Pools

- Strategies for Selecting Investments
- Case Studies
- Drawbacks in this Environment

(C) Strategies in Real Estate

- What Strategies do you see as the Biggest Risks and the Biggest Rewards/Relative Value for the Future?
- Is Core likely to get your Expected Returns right now?
- Role of Leverage
- Larger vs. Smaller Fund Size – which ones will Outperform going forward?
- Choosing a Manager – Stand Alone vs. Captive
- Joint Ventures with REITs – will we see more Pension Plans re-enter the market by teaming up with Commercial REITs? Why are these Joint Ventures being done?
- Entry Issues with Open-End Funds and Concentration into Fewer Funds?
- Growth of Direct Real Estate for Defined Contribution
- Asia and Europe Real Estate Outlook – Opportunities, Investment Trends and Capital Flows
- Real Estate Secondary Market – Transaction Volume

2:50 PM – Refreshment Break

3:15 PM – Secondaries

- Reasons why are Pension Plans turning to the Secondary Market – what has been the recent Seller Motivation?
- LPs Using Secondary Market to Break up Zombie Funds
- What are the Expectations for the Future – Supply/Demand, who will be the Sellers and where are Valuations headed?
- What is the Current Deal Flow Environment and Volume of Secondary Activity?
- Why are Sellers Waiting?
- Current Pricing – Pressures/Opportunities. Relationship to Public Market Performance
- Impact of Volcker Rule and Basel III – what does this mean for Deal Activity?
- What Recent Developments have we seen in Secondary Technologies?
- Return of Staple Transactions – is it Different this Time? What have we Learned?
- What should LPs look for to Identify Differentiation?
- What will Increased Specialization look like going forward?
- What are the Risk/Return Characteristics of Secondaries vs. Private Equity in general?

3:45 PM – Private Equity

- Difficulty in Fundraising – What are the Key Characteristics of those who are successfully able to Raise a Fund?
- Will Sovereign Wealth Funds and the DC Plan Shift into Private Equity help for Future Fundraising? What will be the Impact?
- Fund of Funds Consolidation – how will the space Evolve during future Company Closures/Mergers? Specialization? What are the Points of Distinction?
- Trend of Committing More Capital to Fewer Managers
- Survival of the Fittest – how extreme will the GP Shakeout be? Impact from Zombie Funds?
- Who will Benefit most from the Volcker Rule?
- Trend of Big LPs committing to Customized GP Relationships with Separate Accounts – how will it affect the Industry?
- Trend of Co-Investments – Approach and Criteria. Do's and Don'ts of Co-Investing
- What are your Expectations for Deal Flow Volume? Effects of the PE Overhang?
- Financing Deals – is Credit Cheap or Expensive relative to the Risks? Might Credit Tighten for an Extended Period?
- What are your Expectations for Buyout Exits and Distributions? Will the Average Hold Period Remain Long and what are the Implications?
- Do you see Opportunities in Europe?
- Venture IPO and M&A Exit Pipeline Outlook. Thoughts on Lack of Performance over past Decade? Outperformance of Smaller Venture Funds?
- Can you Time Venture Investment based on Equity Peaks and Troughs? Any Relation?
- What Trends have you seen for Fees and Terms?
- Alignment in the LP/GP Relationship – what have we seen as a result of ILPA?
- Liquidity Concerns – which Strategies offer Shorter Time Horizons, Cash Yield and Greater Liquidity?
- Where do you expect that we'll see the Best Returns over the next Five Years? Favorite Sector?

4:30 PM – CIO Roundtable

(A) Fiscal Health and Asset/Liability Evaluation

- What is your Current Funded Status and has it changed your Long Term Decisions with Liquid or Illiquid Investments?
- Is your Fund adequately Protected for Liquidity and Cash Flow Requirements whether it is for Benefits and/or other Commitments?
- Has your Fund taken adequate Risk Measures and Diversified via Non-Correlation Strategies to guard against a Large or Prolonged Decline in Equities? Is your Fund Better Positioned to withstand Major Market Volatility than it was in 2008?
- Has your Fund done any Stress-Testing under Extreme Economic Scenarios?
- What sort of De-Risking Strategies or Risk Management Approaches has your Fund Integrated into the Investment Decision Process?
- Do you employ or have you considered Utilizing any Risk Parity Strategies in the Future?
- What Strategies do you incorporate for a Dynamic or Opportunistic Approach?
- Do you believe Plans in general will be able to meet or beat the Assumed Rate of Return over the next 10 Years?
- Defending DB Plans – What are the basic elements of a reasonable Plan to Save DBs? What bothers you most about the efforts to “fix” them?

(B) Allocation and Considerations for the Future

- What are your Biggest Concerns about the Tapering or End of Global Central Banks Stimulus Policies? Have you taken any steps as a result?
- Are you worried about the Long Term Aftermath of a “Bond Bubble” and have you positioned your Fund accordingly?
- What Strategies does your Fund utilize that will Protect against Rising Interest Rates?
- What Strategies does your Fund utilize that will Protect or Hedge against Future Inflation?
- What do you feel is the proper Emerging Markets Allocation and are there any Regional or Frontier Strategies that interest you?
- What Trends have you seen towards more Liquid Investments and has your Fund deployed Assets into these types of Investments?
- Which Strategies do you expect to Outperform in the next 3-5 Years?

(C) Alignment of Interests

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

5:35 PM – Conference Concludes

6:30 PM – Bus Leaves for Networking Event

7:00 PM – Networking Event, TBD

REGISTRATION:

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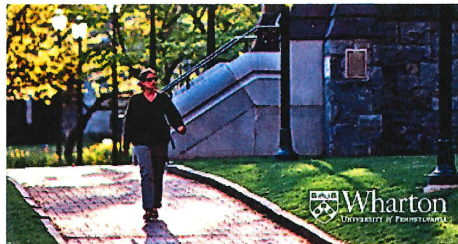
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- A welcome reception

Earning Your Certificate

A certificate of completion from the Wharton School will be awarded to those who:

- Attend all of the sessions
- Successfully complete the brief exam on Thursday, which will reinforce the practical takeaways from the content lectures and group work presentations.

If you wish to be eligible for a certificate, please make your travel plans accordingly.

A Note About Group Work

Teams will be formed to work through sample portfolios and/or scenarios facing pension fiduciaries. Each scenario will integrate topics from the program. Teams will meet to prepare for group work presentations that take place on Thursday morning. The group will also reinforce learning and help participants prepare for the short examination at the end of the week.

Additional Class Notes

You may find it helpful to bring a calculator for participating in examples and exercises throughout the course.

Registrants will be notified by e-mail if and when select materials are posted on the Wharton Web site that will serve as prereading for the course.

For course content call Tiffany Ulbing at (262) 373-7652; or e-mail tiffanyu@ifebp.org.

Learning Environment

Wharton School - University of Pennsylvania

Steinberg Executive Conference Center
255 South 38th Street
Philadelphia, Pennsylvania 19104-6359



Hotel Information

Please make your reservations directly with the hotel.

Sheraton Philadelphia University City Hotel

888-627-7071

Rate: \$165.00 Single/Double Occupancy
Mention International Foundation for special rate until April 14, 2014

Who Should Attend



ME PE CORP Training Paths



Classes in Philadelphia are held at the Steinberg Executive Conference Center of the Wharton School on the University of Pennsylvania campus. Lecture rooms offer a state-of-the-art, comfortable environment conducive to adult learning.

Wharton's skilled educators and researchers, award-winning authors and leading authorities in the investment management field teach and/or oversee the curriculum of the investment courses.

This course is intended for those who have little experience with investment-related course work.

- Multiemployer and public plan trustees
- Administrators and staff
- Human resources and benefits professionals
- Corporate officers and executives
- Finance personnel
- Investment professionals
- Fiduciaries from both defined benefit and defined contribution plans
- Representatives of plans of various types, sizes and geographic areas (United States and Canada)



Educational sessions at this program may qualify for CEBS continuing professional education (CPE) credit. Visit www.cebscpe.org for more information.

[Download the Brochure](#)



Registration Information

	Member	Nonmember	
Through 3/24/2014	\$4,495.00	\$4,795.00	Register Online
After 3/24/2014	\$4,695.00	\$4,995.00	Register Fax/Mail (#04-1404)



National Association of

NAPPA

Public Pension Attorneys

Meeting Date

12/11/13

Agenda Item

#8d.

2014

WINTER SEMINAR

Washington, DC
February 19 - 21, 2014

Deadline to Register: Wednesday, February 5, 2014



REGISTRATION INFORMATION & DEADLINES

Online registration begins Wednesday, December 4, 2013.

To register for the conference:

Go to **www.nappa.org**

Click on **Conference Registration**

December 4 - January 22	Conference registration open Conference Fee: \$475
December 4 - January 22	Binders available by pre-order only. Binders will not be available for purchase at the conference. Binder Fee: \$75
January 22	Last day to book hotel under the NAPPA block rate of \$259
January 23 - February 5	Late registration fee applied Late Fee: \$100
February 5	Last day to register for conference

CANCELLATION POLICY

Prior to January 23	Full refund
January 23 - February 5	\$100 administrative fee charged
February 6 or later	No refund

If you have any questions, please call the NAPPA office at (573) 616-1895, or send an email to:

Karen Holterman
Brenda Faken

karen@nappa.org
brenda@nappa.org

Sponsors and marketing are prohibited at all NAPPA meetings.

HOTEL INFORMATION



*All meetings will be held at
The Capital Hilton*

The Capital Hilton
1001 16th Street NW
Washington, DC 20036
Phone: (202) 393-1000
Toll Free: (800) 445-8667

Conference Rate: \$259 per night
Single/double occupancy

Block of rooms held for the NAPPA Winter Seminar **until:**
Wednesday, January 22, 2014

*After that date, room reservations or changes to existing room
reservations will be accepted based upon space and rate availability.*

SPECIAL DIETARY NEEDS

Please note any special dietary needs on your conference registration
(if applicable).

PLEASE NOTE!

- Continuing Legal Education (CLE) credits are **NOT** available for these meetings.
- You are responsible for your own airfare and hotel accommodations.
- There is a "No Smoking" policy at all sessions.
- Dress is business casual. Please note that most meeting rooms tend to be on the chilly side, so a sweater or jacket is recommended.

Sponsors and marketing are prohibited at all NAPPA meetings.

WEDNESDAY, FEBRUARY 19 AGENDA

7:00 a.m. - 5:00 p.m. Registration

7:30 a.m. - 8:15 a.m. Breakfast

INVESTMENT SECTION MEETING (8:30 a.m. - 11:30 a.m.)

8:30 a.m. - 9:45 a.m. **Negotiating New Agreements:
Understanding the Impact of Dodd-Frank
Rules As They Relate to Swaps**

The session will focus on how to navigate new agreements based on new substantive regulations that have been set out by the Commodity Futures Trading Commission and Securities and Exchange Commission.

9:45 a.m. - 10:15 a.m. Break

10:15 a.m. - 11:30 a.m. **A Primer on Investment Management
Agreements and Custodian Agreements**

This session will provide an overview of key terms and conditions for investment management agreements and custodian agreements. In addition, panelists will discuss current issues in negotiating such agreements.

12:00 noon - 1:15 p.m. Lunch

FIDUCIARY AND PLAN GOVERNANCE SECTION MEETING (1:30 p.m. - 4:30 p.m.)

1:30 p.m. - 2:20 p.m. **Trustees' Fiduciary Roles and
Responsibilities on Retirement System
Boards**

How does general counsel best assist retirement board members to understand and act in accordance with their fiduciary roles and responsibilities as trustees? This topic arises in the context of internal and external efforts to cutback retirement plan benefits, as well as in day-to-day matters such as considerations of disability retirement applications. When are admonitions to the trustees by general counsel required? When is recusal necessary?

WEDNESDAY, FEBRUARY 19 AGENDA

2:20 p.m. - 3:10 p.m.

Fiduciary Duty of Impartiality Among Those Whom the Board of Retirement Serves

How does the retirement board's duty of impartiality among its various member groups -- from the newest entrants to the oldest retirees, from the safety groups to general members, and from active members generally to retirees -- play out in the context of so many challenges facing retirement systems today? Those challenges include creating and maintaining a diversified portfolio with some short-term investments being more favorable to retirees and longer term investments more favorable to future retirees. They include interests of members who collectively bargain and those that don't. They include funding considerations and contribution rate determinations that impact all members, and their current or former employers, in different ways. And, in a few cases, they include municipal bankruptcy considerations.

3:10 p.m. - 3:40 p.m.

Break

3:40 p.m. - 4:30 p.m.

Fiduciary Duty of Care When Investing in Different Asset Classes

Why do the following create a massive headache for retirement system counsel: 1) mandated diversification, due diligence and monitoring responsibilities, and delegation of authority for such due diligence and monitoring; 2) expectations around contract negotiations; and 3) risks implicated by those contract negotiations that may vary among different asset classes? What can you do to mitigate the pain?

THURSDAY, FEBRUARY 20 AGENDA

7:00 a.m. - 5:00 p.m.

Registration

7:30 a.m. - 8:15 a.m.

Breakfast

BENEFITS SECTION MEETING

(8:30 a.m. - 11:30 a.m.)

8:30 a.m. - 9:45 a.m.

Issues Affecting Public Safety Officers Who Work Non-Standard Hours

THURSDAY, FEBRUARY 20 AGENDA

A discussion on computation of service credit, final compensation and other issues for public safety officers, including police officers, firefighters and EMTs, who work odd schedules and mandatory overtime.

9:45 a.m. - 10:15 a.m. Break

10:15 a.m. - 11:30 a.m. **State Implementation of the DOMA Decision and What's Coming Down the Pike**

A discussion on the differing effect of the DOMA decision in states where same-sex marriages are allowed vs. states where same-sex marriages are prohibited, as well as a look at issues yet to be addressed in anticipated litigation.

12:00 noon - 1:15 p.m. Lunch

TAX SECTION MEETING (1:30 p.m. - 4:30 p.m.)

1:30 p.m. - 2:15 p.m. **Federal Legislative Update**

This session will provide an update on pending federal legislative actions affecting the public pension community.

2:15 p.m. - 3:15 p.m. **Current Developments Update**

In this session, the following topics will be covered: 1) Implementation of DOMA Decision; 2) Treatment of Changes to Pick Up Contributions as Cash or Deferred Arrangements; and 3) Length of Service Award Programs (LOSAPs).

3:15 p.m. - 3:45 p.m. Break

3:45 p.m. - 4:30 p.m. **IRS Update**

This session will provide an overview of IRS Regulatory issues and responses to NAPPA member questions.

FRIDAY, FEBRUARY 21 AGENDA

7:00 a.m. - 11:30 a.m. Registration

7:30 a.m. - 8:15 a.m. Breakfast

SENIOR COUNSEL SEMINAR* (8:30 a.m. - 11:30 a.m.)

8:30 a.m. - 9:30 a.m. **The Evolving and Often Expanding Role
of the General Counsel**

Our clients very often don't appreciate the importance of maintaining clarity of role for the legal advisor. Our knowledge of the law and of the business of the system can make it tempting for others to delegate increasing amounts of responsibility to us. What are the organizational risks? What are the personal risks? Balancing administrative, executive, policy, and enforcement roles can be challenging, especially for attorneys. And what exactly is Fiduciary Counsel?

9:30 a.m. - 10:00 a.m. **Co-Investment of Trust Assets From
Multiple Types of Plans**

Do you co-invest OPEB funds with pension assets? Do you have multiple plans invested together? Do you invest closed plans with active plans? Does this raise any fiduciary issues? The panel will discuss the benefits and risks.

10:00 a.m. - 10:30 a.m. Break

10:30 a.m. - 11:30 a.m. **Strategies for Ensuring Compliance With
Ethical Standards and Fiduciary Duties**

Many plans have ethics standards and policies relating to financial interest disclosure, travel, gifts and meals, and revolving door service in place for board and staff. But how are these best monitored? What about the rogue board member? The presentation will look at policies from different agencies. The discussion will include how different funds handle difficult situations.

**The Senior Counsel Seminar is limited to members with 10 years of public fund experience and/or members serving as general counsel of a fund.*

SECTION STEERING COMMITTEES

Benefits Section Steering Committee

Elaine Reagan (San Diego City Employees' Retirement System), *Chair*
Julie Emch Becker (Ohio Public Employees' Retirement System)
James Love (City of Birmingham Retirement and Relief System)
Laurie McKinnon (Kansas Public Employees Retirement System)
David H. Nispel (Wisconsin Department of Employee Trust Funds)
Katherine Rupinen (Kentucky Retirement Systems)
Rosemarie Hewig, Board Liaison

Fiduciary & Plan Governance Section Steering Committee

Ashley K. Dunning (Manatt, Phelps & Phillips), *Chair*
Ian Lanoff (Groom Law Group)
Doreen McGokey (Fort Worth Employees' Retirement Fund)
Gina Ratto (California Public Employees' Retirement System)
James Salvie (Massachusetts Teachers' Retirement System)
Nancy Williams (Hewitt EnnisKnupp)
Robert Van Der Volgen (LA County Employees' Retirement Association)
Eric Wampler, Board Liaison

Investment Section Steering Committee

Jay Chaudhuri (North Carolina Department of the State Treasurer), *Chair*
Robert Feinstein (South Carolina Retirement System Investment Commission)
Andrew Malone (State of Wisconsin Investment Board)
Alan Manning (Los Angeles City Employees' Retirement System)
Yuliya Oryol (Nossman)
Erin Perales (Houston Municipal Employees Pension System)
Georgette A. Schaefer (Morgan, Lewis & Bockius)
Dulcie Brand, Board Liaison

Tax Section Steering Committee

Paul W. Madden (Whiteford, Taylor & Preston), *Chair*
John A. Nixon (Duane Morris)
Mary Alice McGreevy (Wisconsin Department of Employee Trust Funds)
Jonathan Needle (Houston Firefighters' Relief & Retirement Fund)
Terry A. M. Mumford, Board Liaison

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