AGENDA

RETIREMENT BOARD MEETING

REGULAR MEETING
January 24, 2024
9:00 a.m.

Board Conference Room
1200 Concord Avenue, Suite 350
Concord, California

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

1. Pledge of Allegiance.

2. Public Comment (3 minutes/speaker).

CLOSED SESSION

3. PUBLIC EMPLOYMENT (Government Code § 54957(b))
   Title: Chief Executive Officer

4. The Board will continue in closed session pursuant to Govt. Code Section 549569(d)(1) to confer with legal counsel regarding pending litigation:
   a. *Stewart v. CCCERA Board of Retirement, et al.,* Contra Costa County Superior Court, Case No. T23-1589

5. The Board will continue in closed session pursuant to Govt. Code Section 54956.9(d)(4) to confer with legal counsel regarding requesting publication of opinion in *Ventura County Employees' Retirement Association v. Criminal Justice Attorneys Association of Ventura County, et al.*, Second District Court of Appeals Case No. B325277.

OPEN SESSION

6. Educational presentation on fiduciary duties presented by fiduciary counsel. (Presentation Item)

7. Consider and take possible action to implement the recommended investment benchmark structure. (Action Item)

8. Pension administration system project update: (Presentation Item)
    a. Update from staff
    b. Presentation from Segal
    c. Presentation from Sagitec

9. Consider and take possible action to amend CCCERA's Records Retention Policy. (Action Item)

10. Consider and take possible action to adopt Board of Retirement Resolution 2024-1 with benefit modifications including to increase the salary ranges by 6% for all unrepresented classifications effective April 1, 2024, with the exception of the Chief Executive Officer. (Action Item)

11. Update on private equity allocations. (Presentation Item)

12. Consider authorizing the attendance of Board: (Action Item)
    a. SACRS Board of Directors and Program Committee Meetings, January 22-23, 2024, Riverside, CA.
    b. DFA 2024 Annual Institutional Symposium, February 28-29, 2024, Santa Monica, CA. (Note: Conflict with Board Meeting)
    c. Pension Bridge Annual Conference, April 15-17, 2024, Half Moon Bay, CA.
    d. Institutional Investor Public Funds Roundtable, April 30-May 1, 2024, Los Angeles, CA. (Note: Conflict with Board Meeting)

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

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

Meeting Date
01/24/2024
Agenda Item
#6

Fiduciary Education for Public Retirement System Trustees

Presentation to the Board of Retirement
Contra Costa County Employees’ Retirement Association
January 24, 2024

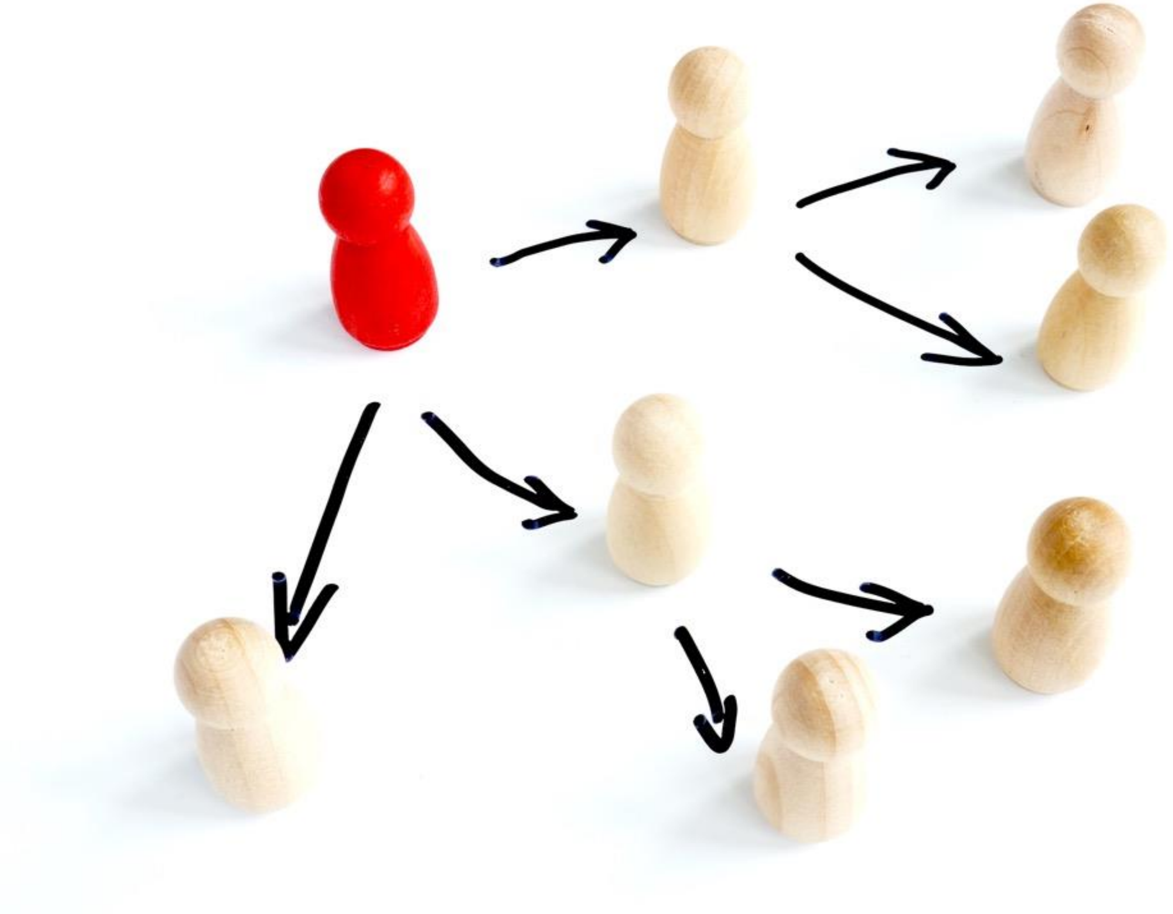
NOSSAMAN LLP

Your Presenter

Ashley K. Dunning, CCCERA Fiduciary Counsel
Co-Chair, Pensions, Benefits & Investment Group
Nossaman LLP

Overview

- What is a Fiduciary
- Five Basic Fiduciary Duties
- Discussion of Hypotheticals



What is a Fiduciary?

- **Definition:**
  - Restatement 3d Trusts: A fiduciary is any person who exercises discretionary authority or control over management or disposition of retirement plan assets, renders investment advice for a fee or other compensation, or has discretionary authority or responsibility for plan administration.
  - Key Concept—if a person exercises any discretion over the administration or investments of a pension plan, the person is likely a fiduciary and fiduciaries must act with a very high standard of care and loyalty.

What is a Fiduciary? (cont.)

- **By definition, therefore:**
  - All CCCERA Board members and executive officers:
    - are **fiduciaries**
    - who thus owe **duties of care and loyalty**
    - to CCCERA **members and their qualified beneficiaries**
    - with respect to the **benefits due to them**
    - by **the retirement system**.

Five Basic Duties of a Public Retirement Board Fiduciary in California*

1. Duty of loyalty
2. Duty of prudence
3. Duty to diversify investments
4. Duty to assure competency of retirement system assets to pay promised benefits
5. Duty to administer plan in accordance with plan terms and applicable law

*See “cautionary note” in next slide

Cautionary Note*

- Federal, as opposed to State, case law referenced in this presentation applies fiduciary duties under the Employee Retirement Income Security Act of 1974 (ERISA), which govern *private sector* retirement and healthcare plans.
- CCCERA, and other governmental plans, are *exempt from* ERISA (though such plans are subject to certain tax qualification rules applicable under Internal Revenue Code section 401(a)).
- Some guidance may, however, be drawn from fiduciary analyses in cases decided under ERISA, subject to distinctions as between defined benefit and defined contribution plans, and with respect to different plan terms and other laws that may apply to California public retirement systems and not to ERISA plans.

Fiduciary Duty of Loyalty: Exclusive Benefit and Primary Duty Rules

- Under the California Constitution (Article XVI, Section 17) and the County Employees Retirement Law of 1937 (Gov. Code sec. 31588), a fiduciary must discharge its duties:
  - Solely in the interest of, and for the exclusive purposes of providing benefits to, members (including retired members), and their qualified survivors and any other qualified beneficiaries
- Under both constitutional and statutory law, the Board's duty to its members and beneficiaries "**shall take precedence over any other duty**." In trust law, this is referred to as the "primary duty" rule.
- Constitutional and statutory obligations of "minimizing employer contributions" and "defraying reasonable expenses" of administering the system are secondary to the primary duty.
- Note that duty to employer is not a "fiduciary" duty.

Fiduciary Duty of Loyalty

- Basically a conflict-of-interest rule—fiduciaries cannot have conflicting loyalties. A fiduciary has a duty not to use or deal with trust assets for the fiduciary's profit, the benefit of a third person, including that of the plan sponsor/settlor, or for any other purpose unconnected with the trust. (*O'Neal v Stanislaus County Employees' Retirement Association*, 8 Cal.App.5th 1184, 1209, 1218 (2017) ("*O'Neal*").)
- Putting the plan sponsor's, union's, etc. interests ahead of the overall best interests of plan members and beneficiaries in the security of their vested retirement benefits is a **breach of a fiduciary's duty of loyalty**.

Fiduciary Duty of Loyalty: Conflicting Interests Among Various Members and Beneficiaries

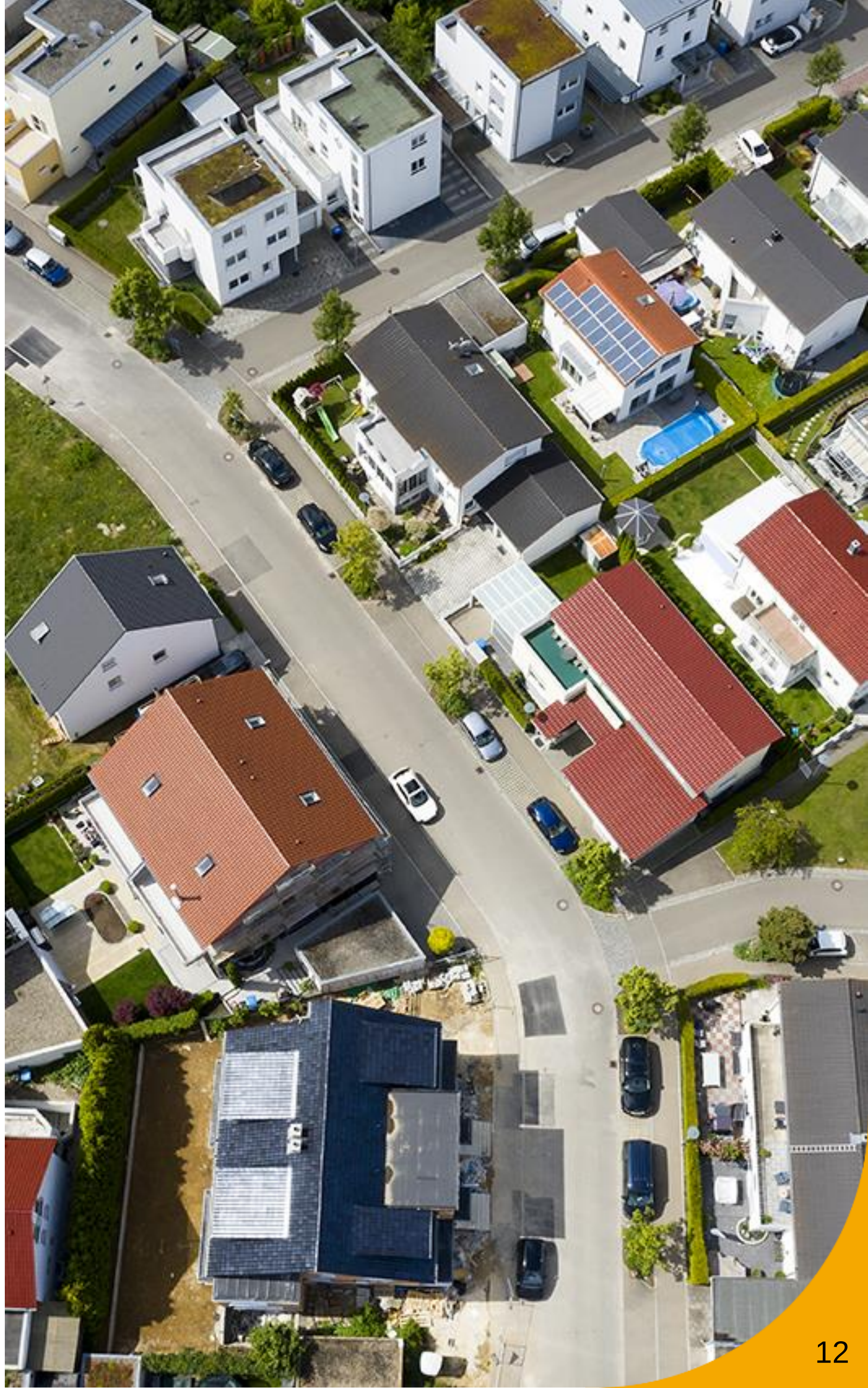
- Can be complex and crosscutting.
- Determinations of priorities among members and beneficiaries must serve the overall best interest of members and beneficiaries of the retirement system with respect to benefits and related services provided by the retirement system.
- Appropriate balance may not be obvious when the interests within the member and beneficiary groups are not the same.

Fiduciary Duty of Loyalty: Not an "agent" for another

- Trustees are not permitted to administer the retirement system as an "agent" for the party that appointed, or subgroup of members that elected, that individual to the Board.
- On the contrary, the California Constitution, Art. XVI, Sec. 17 (Prop. 162) seeks to prevent such political "meddling" or "interference" by others and mandates loyalty to the overall best interest of members and beneficiaries.

Hypothetical No. 1: Fiduciary Duty of Loyalty

- Samantha is a member of the Board of Retirement. Samantha also has been active for many years with various organizations focused on addressing homelessness challenges.
- An active member in the retirement system presents to the Board in public comment, urging the Board to invest in local companies that build affordable housing.
- The retirement system's CIO previously recommended a higher allocation to real estate, with a component that includes affordable housing.
- What are, and are not, fiduciarily appropriate considerations for Samantha, and other Board members, with respect to this topic?



Fiduciary Duty of Care

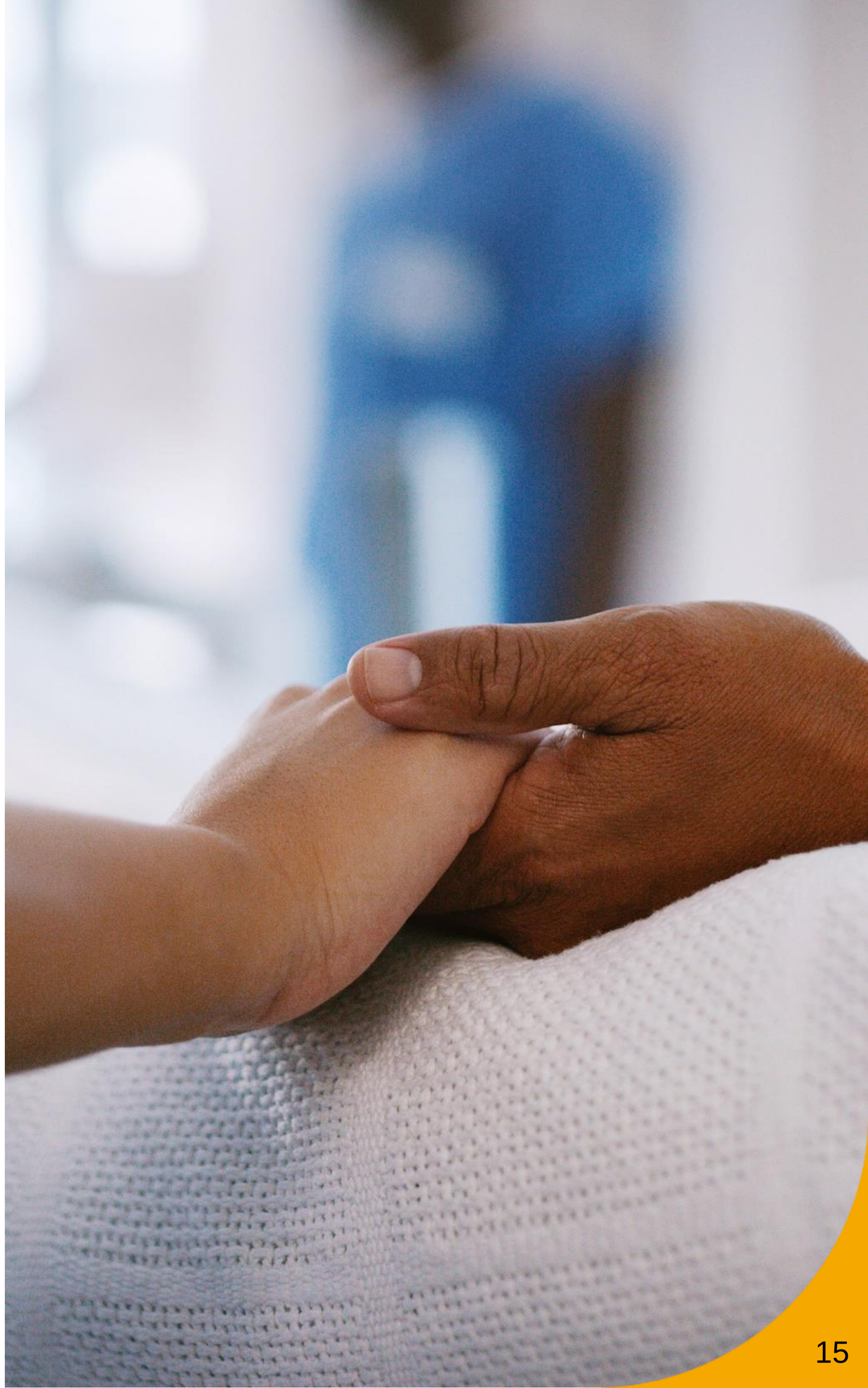
- Under Article XVI, Section 17, a fiduciary must discharge its duties:
  - “With the care, skill, prudence, and diligence then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.”
- Courts have interpreted the duty of prudence to be a “prudent fiduciary with experience” standard.
  - The question is whether the fiduciary, at the time it made the decision, employed the appropriate methods. (*California Ironworkers Field Pension Trust v. Loomis Sayles & Company*, 259 F.3d 1036, 1043 (9th Cir. 2001).)

Fiduciary Duty of Care: the “Prudent Fiduciary with Experience”

- Good faith is not enough.
  - An “abuse of discretion occurs when a trustee acts from an improper, even though not dishonest motive, such as when the act is undertaken in good faith but for a purpose other than to further the purposes of the trust, or more specifically, the purpose for which the power was granted.” (*O’Neal, supra*, 8 Cal. App.5th at p. 1209 (quoting Rest. 3d Trusts §87, com. c, p. 244).)

Hypothetical No. 2: Fiduciary Duty of Care

- Board member, Morris, is personal friends with an ailing active member of the retirement system who has applied for disability retirement (DR). Morris has spoken with the member about the application.
- The competent medical evidence establishes that the member is not permanently incapacitated under the applicable legal standards, and retirement system staff recommends that the Board deny the DR application.
- The applicant attends the Board meeting at which the DR application is considered and speaks to the Board about the application, urging the Board to grant it.
- What are, and are not, fiduciarily appropriate considerations for all Board members, and in particular Morris, with respect to this topic?



Fiduciary Duty of Care: the “Prudent Fiduciary with Experience”

- Skill required of trustees
  - The “prudence standard is ‘not that of a prudent lay person, but rather that of a prudent fiduciary with experience dealing with a similar enterprise’.” *Whitfield v. Cohen*, 682 F. Supp. 188, 194 (S.D.N.Y. 1998) (quoting *Marshall v. Snyder*, 1 Empl.Ben. Cases (BNA) 1878, 1886 (E.D.N.Y. 1979)).
  - Courts may probe the thoroughness of a fiduciary’s analysis and basis for its decisions, rather than simply deferring to a determination that a fiduciary may make. See *Howard v. Shay*, 100 F.3d 1484, 1488 (9th Cir. 1996), cert. denied, 520 U.S. 1237.
  - A fiduciary need not be the expert but may need to consult an expert. When using experts, the fiduciary may take into consideration the advice of experts; however, the fiduciary retains ultimate liability for those responsibilities (including the selection and monitoring of the expert). (*Donovan v. Mazzola*, 716 F.2d 1226, 1235 (9th Cir. 1983).)

Fiduciary Duty of Care: both process and substance matter

- Duty of prudence does not require a fiduciary to guarantee specific outcomes, but does requires use of a prudent process
- Sometimes referred to as “procedural prudence”—the ability to demonstrate that the fiduciary followed a prudent process in making a fiduciary decision
- Highlights the importance of documenting fiduciary considerations and decision-making
- Note, however, that substantively, a prudent decision may be neither “arbitrary” nor “capricious,” and deliberations by fiduciaries should illustrate the relationship between the information presented and the action taken, if any

Fiduciary Duty of Care: Maintenance of Retirement System Confidential Information

- As a Board member, trustees will receive:
  - Confidential investment information;
  - Confidential attorney-client privileged information; and
  - Confidential member, including health, information.
- It is imperative that Board members not disclose that confidential information to those who are not authorized by law to receive it.
- A single Board member does not have the authority, or right, to waive that confidentiality.

Fiduciary Duty of Care: Consult with Experts

- "To the extent necessary or appropriate to the making of informed investment judgments by the particular trustee, care also involves securing and considering the advice of others [such as legal, actuarial and investment counsel] on a reasonable basis." Rest. 3d Trusts, *supra*, § 227, p. 15, comment d.
- The implicit corollary to the duty to consult with experts is that if a fiduciary fails to follow the advice of its professional consultants, it must demonstrate an informed, reasonable, and prudent rationale for failing to do so.
- Another implicit corollary is that expert advice from a reasonable source should provide the basis for a Board's decision to take an alternative course of action on a topic within that area of expertise (e.g., investment, actuarial, legal).

Delegation of Fiduciary Duty

- "A trustee has a duty personally to perform the responsibilities of the trusteeship **except as a prudent person might delegate those responsibilities to others**. In deciding whether, to whom and in what manner to delegate fiduciary authority in the administration of a trust, and thereafter in supervising agents, the trustee is under a duty to the beneficiaries to exercise fiduciary discretion and to act as a prudent person would in act in similar circumstances."
  - Rest. 3d Trusts, *supra* (Prudent Investor Rule, § 171, adopted in 1992) (emphasis added).
- **Prudence** is the key to delegation as to all aspects of the topic:
  - Whether, how, to whom to delegate, and how to supervise effectively, including through frequent reporting
  - Ensure delegate has adequate information and resources
  - Ensure standards of care and loyalty apply to delegate

Delegations by Board, Committees and Staff

- When the Board or Committees delegate their fiduciary duties to Staff, Staff generally become fiduciaries to the extent of those delegated duties and the same fiduciary standards apply to Staff when carrying out delegated fiduciary functions.
- When the duty of loyalty is delegated to third parties (e.g., investment consultant, outside counsel, etc.), each delegate has a fiduciary duty of loyalty to CCCERA but not to CCCERA's members and beneficiaries.
- Effective delegation is a key component of fiduciary risk management.
    - For example, competent benefits staff do benefit calculations, not Board members.
- Appointing a fiduciary is itself a fiduciary function, thus when doing so:
    - Act solely in the overall best interest of members and beneficiaries
    - Apply the required standard of care, skill, prudence and diligence required by the fiduciary standard of care
    - Continue to monitor performance

Fiduciary Duty of Care:
Examples of Pitfalls for Fiduciaries

- How have fiduciaries gotten in trouble?
  - Not doing what the laws and governance documents say
    - Governance documents should be both frequently reviewed and updated.
  - Having no record of what was considered/who was consulted
    - Fiduciaries may have consulted with experts, but if sufficient information regarding the basis for decision-making is not in the agenda, minutes, resolutions, etc., the fact of that consultation generally does not help.

(continued on next slide)

Fiduciary Duty of Care: Examples of Pitfalls for Fiduciaries

- How have fiduciaries gotten in trouble? (cont.)
  - Having no record of what decision was made
    - Even maintaining the status quo can be a fiduciary decision to be documented.
  - Having a record of the decision, but the decision itself was deemed, by a court, to be unreasonable.
    - Example: Paying for retail-class fund shares when less expensive institutional-class fund share were available to the investor with no difference other than cost.
    - Example: Applying retirement plan terms in a manner that court determines breaches fiduciary duties because members were not “fully and fairly” informed of rights, or where court disagrees with retirement system’s interpretation of law.

Duty to Diversify Investments

- Under Article XVI, Section 17, of the California Constitution a fiduciary must “diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.”
- Diversification is generally considered based on the plan’s entire portfolio.

Hypothetical No 3: Fiduciary Duties of Care and Loyalty

- Board member Xavier is a retired fixed income manager. Xavier is passionate about fixed income investment opportunities, and is a self-professed contrarian as to any other investment asset class.
- Board member Xanadu is active with a group that is urging public retirement systems nationally to divest from fossil fuels, citing climate change risks.
- Retirement system’s Chief Investment Officer and Investment Consultant are presenting the retirement system’s annual asset-liability study, and they are proposing various alternative tilts in the allocations of the retirement system, all of which result in a well-diversified portfolio, but with varying levels of anticipated risk-adjusted return.

Hypothetical No 3: Fiduciary Duties of Care and Loyalty (cont.)

- A retired member of the system presents in public comment to the Board and urges the Board not to adopt any of the recommended asset allocations, and instead to adopt policies that will remove all fossil fuels from the portfolio, citing to the work performed by Board member Xanadu in other contexts.
- A fixed income manager who used work with Board member Xavier urges the Board to increase the allocation to fixed income beyond that which is proposed in all of the recommended alternatives.
- What considerations should Board members take into account with respect to this topic?

Divestment mandates?

- Statutorily-provided divestment
  - “The Legislature may by statute continue to prohibit certain investments by a retirement board where it is in the public interest to do so, and *provided that the prohibition satisfies the standards of fiduciary care and loyalty required of a retirement board pursuant to this section*.”
    - Cal. Const., art. XVI, § 17(g) (emphasis added).

Duty to Control Actuarial Services and Assure "Competency" of Assets

- Under Article XVI, Section 17 of the California Constitution, the Board:
  - "consistent with the exclusive fiduciary responsibilities vested in it, shall have the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of the public pension or retirement system."

Duty to Control Actuarial Services and Assure "Competency" of Assets

- In *O'Neal*, petitioners challenged various board of retirement decisions relating to the actuarial methodologies and transfers of funds among reserves authorized by the board of retirement.
- *O'Neal* concluded that the retirement board had not violated its fiduciary duty of care by making certain actuarial decisions that resulted in lowering the employer contribution rate (such as permitting negative amortization), though it deferred a final decision on that topic with respect to the alleged breach of the duty of loyalty.
    - *O'Neal, supra,* 8 Cal. App. 5th at pp. 1209, 1221, n. 10.

Hypothetical No 4: Fiduciary Duties of Care and Loyalty

- Board’s actuarial funding policy includes layered amortization that results in some tail volatility when layers with reflecting larger unfunded liabilities are paid off.
- Board’s consulting actuary presents three different approaches with respect to managing this tail volatility, all of which have differing impacts on employer contribution rates, in the short-term and/or long-term.
- An active member of the system presents in public comment to the Board and urges the Board to select the alternative that results in lowest employer cost in the short-term, because her employer’s already constrained budget is preventing it from providing raises to its employees.

Hypothetical No 4: Fiduciary Duties of Care and Loyalty (cont.)

- A retired member of the system presents in public comment to the Board and urges the Board to adopt the alternative the results in the highest employer cost in the short-term, expressing concern about the security of her retirement benefits if funding of those benefits is delayed.
- A department head from one of the retirement system’s participating employers presents in public comment and argues that the Board should reject all of actuary’s recommendations, and instead use a different funding method that it argues is “fairer” to it given its own employment practices.
- What considerations should Board members take into account with respect to this topic?

Duty to Act in Accordance with Plan Terms and Other Applicable Law

- Fiduciaries have a duty to administer plans in accordance with plan terms and applicable law. (See *San Diego City Firefighters, Local 145 v. Board of Administration of the San Diego City Employees' Retirement System*, 206 Cal.App.4th 594, 629 (2012).)
- "As an initial guideline, a trustee 'has a duty to administer the trust, diligently and in good faith, in accordance with the terms of the trust and applicable law.'" (*O'Neal, supra*, at p. 1209, quoting Rest. 3d Trusts, §76, accord, Prob. Code, §16000]")

Processes to Demonstrate Fiduciary Compliance

- Recognize that although Courts afford Board's broad discretion in decision-making, "exclusive authority" is not absolute discretion
- Avoid "abuse of discretion"
  - Process important – make sure record reflects that process: minutes reflecting deliberation, written materials provided by expert consultants
  - Education, inquiry, disclosure of reasons for action, reflecting due consideration to overall best interest of members and beneficiaries
  - Active independent actuarial oversight
  - Active independent investment oversight
  - Legal consultation and compliance with applicable law

Fiduciary Goal & Guidance

- **FIDUCIARY GOAL:** The Board and its delegees must use informed judgment and act in the overall best interest of system members/beneficiaries in a manner that is consistent with applicable laws when exercising its plenary authority over administration and investments, and its actions in that regard may not be "arbitrary" or "capricious" and must be rationally related to the information presented to the Board.

- **FIDUCIARY GUIDANCE**: The Board's **Code of Fiduciary Conduct and Ethics** provides an excellent framework and guide for all retirement system trustees and staff on the topics it covers– and it should be a frequently referenced source of guidance for all.

Thank you for your time

Ashley K. Dunning, CCCERA Fiduciary Counsel
Co-Chair Pensions, Benefits & Investment Group
Nossaman LLP
50 California Street, 34th Floor, San Francisco, CA 94111
415.398.3600
adunning@nossaman.com

Verus

Meeting Date
01/24/2024
Agenda Item
#7

PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS

JANUARY 2024

Assessing portfolio performance

CCCERA

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Session objectives

— Review historical efforts to identify and address tracking error

— Explain the challenges we encountered in addressing this issue so far

— Understand all sources of tracking error over time

— Provide recommendations to remediate

Stubborn underperformance relative to CCCERA's Policy Index has led to multiple one-off analyses to identify the source of the performance and band-aid efforts to fix it.

This analysis is a deep dive review of all the possible sources of tracking error across time to reveal the complete set of sources and recommend solutions for the Board's consideration.

I. Background

Why are we here?

Underperformance relative to the Policy Benchmark has been persistent and not completely explained by typical causes, i.e., asset allocation and manager selection.

	YTD '23	2022	2021	2020	2019	2018	2017	2016	2015
CCCERA	3.3	-10.6	13.9	9.2	14.6	-2.7	13.9	6.9	2.1
Policy Index	4.2	-8.4	15.3	10.8	14.6	-0.9	13.7	8.9	0.6
Out/Under Performance	-0.9	-2.2	-1.4	-1.6	--	-1.8	0.2	-2.0	1.5

The CCCERA portfolio has underperformed its benchmark in six of the nine last calendar years.

Net of fee calendar year performance through 9/30/23. Policy Index was adjusted to include actual private markets performance as of 1/1/21.

Steps taken so far

2021 – Adjusted Policy Index to remove the tracking error caused by private markets benchmark mismatch

2022 – Conducted detailed attribution analysis to identify causes of underperformance: timing of private markets benchmark adjustment; international equity manager underperformance, cash overlay (see Appendix)

2023 – Began reporting Adjusted Policy Index retroactively

Despite detailed attribution analysis and some corrective action, under-performance has persisted.

	YTD '23	2022	2021	2020	2019	2018	2017	2016	2015
CCCERA	3.3	-10.6	13.9	9.2	14.6	-2.7	13.9	6.9	2.1
Policy Index	4.2	-8.4	15.3	10.8	14.6	-0.9	13.7	8.9	0.6
Policy Index (adjusted)	4.2	-8.4	15.3	8.5	14.1	-1.5	13.5	8.0	1.1
Out/Under Performance (to adjusted)	-0.9	-2.2	-1.4	0.7	0.5	-1.2	0.4	-1.1	1.0

Where are we now

- To date, we have focused our efforts on identifying underperformance due to selection and allocation, which allowed us to identify a clear second-order benchmark mismatch within the private equity allocation.
- We have augmented this analysis to look specifically at the impact of benchmark mismatch across the portfolio. That is the focus of the remainder of this presentation.

II. Analysis

Sources of return differences

There are 3 sources of return differences:

— Differences in asset class weights relative to policy targets

— The use of active management. The greater the investment strategy deviates from the benchmark, the larger the return differences can be

— Benchmark mismatch between the manager level (implemented portfolio) and composite levels (Policy Index)

Benchmark mismatch exists when the portfolio implementation deviates structurally from the strategic asset allocation. A simple example is if the policy equity benchmark is ACWI and the portfolio only hires a small cap domestic equity manager for the mandate.

Aggregated Returns

To measure the disaggregated components of the investment process, we must create two new benchmarks:

1) Policy Index (No Benchmark Mismatch) - uses manager benchmarks at the target weights of the policy resolution; and

2) Passive Portfolio Benchmark - uses manager benchmarks at manager weights in the portfolio.

Total Fund
Executive Summary (Net of Fees)

Contra Costa County Employees' Retirement Association
Period Ending: September 30, 2023

	% of Portfolio	QTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	2022	2021	2020
Total Fund	**100.0**	**-1.7**	**7.5**	**-2.4**	**4.4**	**4.6**	**-10.6**	**13.9**	**9.2**
Total Fund ex Overlay & Cash		*-1.8*	*7.3*	*-2.2*	*4.7*	*4.8*	*-10.1*	*14.3*	*9.4*
Policy Index		*-1.5*	*8.7*	*-0.3*	*5.9*	*6.2*	*-8.4*	*15.3*	*10.8*
Policy Index (Adjusted)		*-1.5*	*8.7*	*-0.3*	*5.8*	*5.6*	*-8.4*	*15.3*	*8.5*
Policy Index (No Benchmark Mismatch)		*-1.5*	*7.9*	*-1.0*	*5.3*	*5.3*	*-8.7*	*14.2*	*9.3*
Passive Benchmark		*-1.3*	*9.1*	*-0.3*	*6.5*	*6.4*	*-8.3*	*15.7*	*11.0*

Portfolios to measure decisions

Component	Benchmark	Description	Value Added
A	Policy Index	Measures the return from the strategic asset allocation	Value added from investing in risk markets
B	Policy Index (No Benchmark Mismatch)	From the board resolution policy, we use the manager targets and the respective manager benchmarks	**(B- A)** measures the value added from benchmark mismatch (manager benchmarks deviating from policy benchmarks
C	Passive Benchmark	Manager Benchmarks at portfolio implemented weights	**(C-B)** measures the value added from manager weights deviating from targets. This includes allowing the portfolio to drift between benefit payment funding.
D	Total Fund ex Overlay and Cash	Total portfolio investment manager aggregate returns excluding overlay and cash	**(D-C)** measures the value added from active management
E	Total Fund	Total portfolio investment manager aggregate returns including the overlay and cash	**(E-D)** measures the value added from cash and overlay

Investment process attribution

Value Add	Measurement	QTD	1-Yr	2-Yr	3-Yr	4-Yr	2022	2021	2020
	Policy Index **(A)**	-1.5	8.7	-0.3	5.8	5.6	-8.4	15.3	8.5
Value Added from benchmark mismatch	No Mismatch Benchmark less Policy Index **(B-A)**	0	-0.8	-0.7	-0.5	-0.3	-0.3	-1.1	0.8
Value Added from Rebalance/Tactical Allocations/Liquidity portfolio drift	Passive Benchmark less No Mismatch Benchmark **(C-B)**	0.2	1.2	0.7	1.2	1.1	0.4	1.5	1.7
Value Added From Active Management	Total Fund ex Overlay & Cash less Passive Benchmark **(D-C)**	-0.5	-1.8	-1.9	-1.8	-1.6	-1.8	-1.4	-1.6
Value added from Cash and Overlay	Total Fund less Total Fund ex Overlay & Cash **(E-D)**	0.1	0.2	-0.2	-0.3	-0.2	-0.5	-0.4	-0.2
	Total Fund	**-1.7**	**7.5**	**-2.4**	**4.4**	**4.6**	**-10.6**	**13.9**	**9.2**

By measuring the difference in return between each portfolio, we can identify the value added throughout the investment process.

Observations

Benchmark mismatch <u>negatively impacted performance</u> in the portfolio:

— 80 basis points over the 1-year period

— 50 basis points (annualized) over the 3-year period

Tactical allocations and rebalance decisions <u>positively impacted performance</u> in the portfolio

— 120 basis points over the 1-year period

— 120 basis points (annualized) over the 3-year period

Active management <u>negatively impacted performance</u> in the portfolio

— 180 basis points over the 1-year period

— 180 basis points (annualized) over the 3-year period

Overlay and cash have had <u>mixed</u> performance on the portfolio

— Added 20 basis points of positive performance over the 1-year period

— Detracted 30 basis points of performance over the 3-year period

Recommended benchmark structure

FFP Allocation		Asset Class	Current Policy Index		Recommended Policy Index (No Mismatch Benchmark)	
Portfolio Sleeve	Target %	Asset Class	Benchmark	Weight	Benchmark	Weight
Growth	76.0%	Domestic Equity	Russell 3000	10.0%	Russell 1000 Index	10.0%
					Russell 1000 Value	3.0%
					Russell 2000 Growth	1.5%
					Russell 2000 Value	1.5%
		Non-US Equity	MSCI ACWI ex-US	12.0%	MSCI AC World ex USA Value	4.0%
					MSCI AC World ex USA Growth	4.0%
					MSCI Emerging Markets	2.0%
					MSCI Emerging Markets Value	2.0%
		Global Equity	MSCI ACWI	10.0%	MSCI ACWI Growth NR USD	5.0%
					MSCI ACWI Value NR USD	5.0%
		HY	ICE BofA High Yield Master II	2.0%	No change	2.0%
		Public RE	Wilshite REIT	2.0%	No change	1.0%
						1.0%
		Private RE	Private RE Composite Returns	8.0%	No change	8.0%
		Private Credit	Private Equity Composite Returns	10.0%		10.0%
		Private Equity	Private Equity Composite Returns	13.0%		13.0%
		Risk Parity	60% MSCI ACWI (Net) / 40% Bloomberg Global Aggregate	3.0%	No change	3.0%
Liquidity	17.0%	S/T Fixed Income	Bloomberg 1-3 Yr Gov/Cred	17.0%	Bloomberg 1-3 Yr Gov/Cred	6.5%
					ICE BofA 1-5 Year U.S. Corp/Gov't Index	4.0%
					Bloomberg 1-3 Yr Govt index	6.5%
Risk Diversifying	7.0%	Various	Bloomberg US Aggregate TR	2.5%	No change	2.5%
			FTSE 3-month T-bill + 5%	2.0%		2.0%
			Bloomberg US Aggregate TR +100	2.5%		2.5%
Total	100.0%			100.0%		100.0%

We recommend the policy index be changed to minimize benchmark mismatch and reflect the structural positioning identified in the board resolution documents.

Recommendation

— Apply “recommended benchmark structure” retroactively back to the initial Board Resolution following FFP implementation

Appendix -

Excerpt from 2022 attribution analysis

High level attribution

Two of the four periods had significant underperformance relative to policy but for different reasons. Period 2 was primarily due to private equity benchmark mismatch. Period 4 was primarily due to multiple factors, including manager performance and the overlay program.

		Policy Periods: Largest Contributors/Detractors			
Bucket	Asset Class	1	2	3	4
Growth	Domestic Equity	-0.53%	0.31%	-0.02%	-0.60%
Growth	International Equity	0.14%	0.47%	0.53%	-0.95%
Growth	Global Equity	0.71%	-0.30%	-0.43%	-0.38%
Growth	High Yield	-0.02%	-0.01%	-0.02%	0.04%
Growth	Core Real Estate	0.04%	0.01%	-0.02%	-0.02%
Growth	Private Equity	0.48%	-2.58%	-0.12%	0.18%
Growth	Private Credit	-0.07%	-0.40%	-0.01%	0.03%
Growth	Private Real Estate	-0.27%	-0.21%	0.05%	-0.49%
Growth	Risk Parity	-0.04%	-0.05%	-0.11%	-0.12%
Diversifying	Diversifying	-0.45%	0.31%	0.26%	-0.30%
Liquidity	Liquidity	-0.23%	0.51%	0.55%	-0.19%
Cash	Cash	0.06%	-0.28%	-0.18%	0.15%
Overlay	Overlay	-0.13%	0.20%	0.12%	-1.12%
Total (Portfolio - Policy)		-0.32%	-2.03%	0.61%	-3.77%

Period 1: 7/1/2019 - 6/30/2020
Period 2: 7/1/2020 - 12/31/2020
Period 3: 1/1/2021 - 6/30/2021
Period 4: 7/1/2021 - Now

Detailed attribution – periods by effect

This chart splits each of the four periods into the three attribution effects, i.e., Allocation, Selection, and Interaction. In the first and third periods, the larger effects were mostly offsetting. In period two private equity "selection" overwhelmed the other effects, and in period four, the largest effects were all detractors.

		Period 1: 7/1/2019 - 6/30/2020				Period 2: 7/1/2020 - 12/31/2020				Period 3: 1/1/2021 - 6/30/2021				Period 4: 7/1/2021 - 6/30/22			
Bucket	Asset Class	Allocation	Selection	Interaction	Total	Allocation	Selection	Interaction	Total	Allocation	Selection	Interaction	Total	Allocation	Selection	Interaction	Total
Growth	Domestic Equity	-0.06%	-0.45%	-0.02%	-0.53%	0.07%	0.22%	0.02%	0.31%	0.13%	-0.11%	-0.04%	-0.02%	0.06%	-0.69%	0.03%	-0.60%
Growth	International Equit	-0.11%	0.28%	-0.03%	0.14%	-0.06%	0.52%	0.01%	0.47%	0.02%	0.47%	0.04%	0.53%	-0.13%	-0.80%	-0.02%	-0.95%
Growth	Global Equity	0.08%	0.79%	-0.16%	0.71%	-0.08%	-0.24%	0.03%	-0.30%	-0.02%	-0.42%	0.02%	-0.43%	-0.11%	-0.25%	-0.02%	-0.38%
Growth	High Yield	-0.01%	-0.01%	0.00%	-0.02%	0.00%	-0.01%	0.00%	-0.01%	-0.01%	0.00%	0.00%	-0.02%	0.04%	0.00%	0.00%	0.04%
Growth	Core Real Estate	0.02%	0.03%	0.00%	0.04%	0.00%	0.00%	0.00%	0.01%	-0.03%	0.01%	0.00%	-0.02%	-0.10%	0.08%	0.00%	-0.02%
Growth	Private Equity	-0.10%	0.56%	0.02%	0.48%	0.05%	-2.53%	-0.10%	-2.58%	-0.12%	0.00%	0.00%	-0.12%	0.18%	0.00%	0.00%	0.18%
Growth	Private Credit	0.00%	0.03%	-0.10%	-0.07%	-0.01%	-0.37%	-0.03%	-0.40%	-0.01%	0.00%	0.00%	-0.01%	0.03%	0.00%	0.00%	0.03%
Growth	Private Real Estate	-0.04%	-0.22%	0.00%	-0.27%	0.19%	-0.46%	0.06%	-0.21%	0.05%	0.00%	0.00%	0.05%	-0.49%	0.00%	0.00%	-0.49%
Growth	Risk Parity	-0.08%	0.00%	0.04%	-0.04%	-0.73%	0.00%	0.68%	-0.05%	-0.41%	0.00%	0.30%	-0.11%	-0.18%	0.03%	0.02%	-0.12%
Diversifyin	Diversifying	-0.05%	-0.53%	0.13%	-0.45%	0.37%	-0.10%	0.04%	0.31%	0.24%	0.04%	-0.02%	0.26%	0.05%	-0.34%	-0.01%	-0.30%
Liquidity	Liquidity	-0.17%	-0.09%	0.03%	-0.23%	0.43%	0.09%	-0.01%	0.51%	0.50%	0.06%	-0.02%	0.55%	-0.18%	-0.02%	0.01%	-0.19%
Cash	Cash	0.02%	0.00%	0.04%	0.06%	-0.29%	0.00%	0.01%	-0.28%	-0.19%	0.00%	0.01%	-0.18%	0.13%	0.00%	0.02%	0.15%
Overlay	Overlay	0.00%	0.00%	-0.13%	-0.13%	-0.13%	0.00%	0.33%	0.20%	-0.11%	0.00%	0.23%	0.12%	0.03%	0.00%	-1.15%	-1.12%
Total		-0.50%	0.39%	-0.20%	-0.32%	-0.19%	-2.86%	1.02%	-2.03%	0.05%	0.04%	0.52%	0.61%	-0.66%	-1.99%	-1.11%	-3.77%

Green and orange reflect any effect greater than +/- 20 basis points, respectively.

International equity – quarter-by-quarter

		Period 4: Q3 2021				Period 4: Q4 2021				Period 4: Q1 2022				Period 4: Q2 2022			
Bucket	Asset Class	Allocation	Selection	Interaction	Total	Allocation	Selection	Interaction	Total	Allocation	Selection	Interaction	Total	Allocation	Selection	Interaction	Total
Growth	Domestic Equity	0.03%	-0.06%	0.03%	0.00%	-0.02%	-0.47%	0.01%	-0.48%	-0.01%	-0.17%	0.00%	-0.18%	0.06%	-0.04%	0.00%	0.03%
Growth	International Equit	-0.15%	-0.21%	-0.01%	-0.38%	-0.02%	-0.24%	0.00%	-0.27%	0.00%	-0.52%	0.00%	-0.53%	0.03%	0.13%	0.00%	0.16%
Growth	Global Equity	-0.05%	0.12%	0.02%	0.09%	0.02%	-0.22%	-0.02%	-0.22%	-0.03%	-0.15%	-0.01%	-0.20%	-0.05%	-0.01%	0.00%	-0.06%
Growth	High Yield	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.02%	0.01%	0.00%	0.00%	0.01%	0.01%	0.00%	0.00%	0.01%
Growth	Core Real Estate	0.00%	0.02%	-0.01%	0.01%	-0.14%	-0.01%	0.00%	-0.14%	0.05%	0.00%	0.00%	0.05%	-0.03%	0.07%	0.01%	0.05%
Growth	Private Equity	-0.08%	0.00%	0.00%	-0.08%	0.02%	0.00%	0.00%	0.02%	0.06%	0.00%	0.00%	0.06%	0.17%	0.00%	0.00%	0.17%
Growth	Private Credit	0.03%	0.00%	0.00%	0.03%	0.01%	0.00%	0.00%	0.01%	-0.03%	0.00%	0.00%	-0.03%	0.03%	0.00%	0.00%	0.03%
Growth	Private Real Estate	-0.06%	0.00%	0.00%	-0.06%	-0.01%	0.00%	0.00%	-0.01%	-0.20%	0.00%	0.00%	-0.20%	-0.22%	0.00%	0.00%	-0.22%
Growth	Risk Parity	-0.05%	0.04%	0.03%	0.01%	-0.01%	-0.03%	-0.01%	-0.05%	-0.05%	0.02%	0.01%	-0.02%	-0.07%	0.00%	0.00%	-0.07%
Diversifyin	Diversifying	0.02%	-0.03%	0.00%	-0.01%	0.00%	-0.11%	0.01%	-0.10%	0.02%	-0.16%	-0.01%	-0.15%	0.01%	-0.05%	-0.01%	-0.04%
Liquidity	Liquidity	0.02%	-0.02%	0.00%	0.00%	0.16%	0.02%	0.00%	0.17%	0.03%	0.01%	0.00%	0.03%	-0.36%	-0.02%	0.01%	-0.37%
Cash	Cash	-0.08%	0.00%	0.00%	-0.07%	-0.18%	0.00%	0.00%	-0.18%	0.07%	0.00%	0.01%	0.08%	0.29%	0.00%	0.01%	0.30%
Overlay	Overlay	-0.03%	0.00%	-0.16%	-0.18%	-0.05%	0.00%	0.12%	0.07%	0.03%	0.00%	-0.32%	-0.30%	0.07%	0.00%	-0.77%	-0.70%
Total		-0.39%	-0.16%	-0.09%	-0.64%	-0.20%	-1.06%	0.09%	-1.17%	-0.07%	-0.98%	-0.34%	-1.38%	-0.05%	0.08%	-0.76%	-0.72%

		Period 2: Q3 2020				Period 2: Q4 2020				Period 3: Q1 2021				Period 3: Q2 2021			
Bucket	Asset Class	Allocation	Selection	Interaction	Total	Allocation	Selection	Interaction	Total	Allocation	Selection	Interaction	Total	Allocation	Selection	Interaction	Total
Growth	Domestic Equity	0.02%	-0.18%	-0.01%	-0.17%	0.05%	0.40%	0.03%	0.47%	0.05%	0.03%	0.00%	0.08%	0.07%	-0.14%	-0.03%	-0.10%
Growth	International Equit	-0.01%	0.28%	-0.01%	0.26%	-0.05%	0.21%	0.02%	0.18%	0.01%	0.05%	0.00%	0.06%	0.01%	0.41%	0.04%	0.45%
Growth	Global Equity	-0.03%	0.22%	-0.01%	0.18%	-0.05%	-0.45%	0.03%	-0.47%	-0.01%	-0.40%	0.02%	-0.39%	-0.01%	0.00%	0.00%	-0.01%
Growth	High Yield	0.00%	0.01%	0.00%	0.01%	0.00%	-0.02%	0.00%	-0.02%	0.00%	0.00%	0.00%	-0.01%	0.00%	0.00%	0.00%	-0.01%
Growth	Core Real Estate	0.01%	0.00%	0.00%	0.01%	-0.01%	0.00%	0.00%	-0.01%	-0.01%	0.00%	0.00%	-0.01%	-0.01%	0.00%	0.00%	-0.01%
Growth	Private Equity	0.03%	-2.09%	-0.04%	-2.10%	0.01%	-0.25%	-0.06%	-0.30%	-0.08%	0.00%	0.00%	-0.08%	-0.03%	0.00%	0.00%	-0.03%
Growth	Private Credit	0.00%	-0.05%	0.00%	-0.06%	-0.01%	-0.29%	-0.03%	-0.33%	-0.01%	0.00%	0.00%	-0.01%	0.00%	0.00%	0.00%	0.00%
Growth	Private Real Estate	0.06%	-0.43%	0.06%	-0.32%	0.12%	0.01%	0.00%	0.13%	-0.01%	0.00%	0.00%	-0.01%	0.06%	0.00%	0.00%	0.06%
Growth	Risk Parity	-0.29%	0.00%	0.22%	-0.07%	-0.40%	0.00%	0.42%	0.02%	-0.16%	0.00%	-0.08%	-0.23%	-0.24%	0.00%	0.37%	0.14%
Diversifyin	Diversifying	0.13%	-0.05%	0.02%	0.10%	0.22%	-0.04%	0.01%	0.19%	0.16%	0.08%	-0.03%	0.21%	0.06%	-0.04%	0.01%	0.04%
Liquidity	Liquidity	0.20%	0.04%	-0.01%	0.23%	0.20%	0.05%	0.00%	0.25%	0.16%	-0.01%	0.00%	0.16%	0.32%	0.07%	-0.02%	0.37%
Cash	Cash	-0.14%	0.00%	0.00%	-0.13%	-0.13%	0.00%	0.00%	-0.13%	-0.08%	0.00%	0.00%	-0.08%	-0.10%	0.00%	0.00%	-0.10%
Overlay	Overlay	-0.03%	0.00%	0.08%	0.05%	-0.09%	0.00%	0.23%	0.14%	-0.04%	0.00%	0.04%	0.00%	-0.06%	0.00%	0.19%	0.12%
Total		-0.04%	-2.28%	0.32%	-2.00%	-0.15%	-0.38%	0.65%	0.12%	-0.02%	-0.25%	-0.06%	-0.32%	0.06%	0.29%	0.56%	0.92%

		Period 1: Q3 2019				Period 1: Q4 2019				Period 1: Q1 2020				Period 1: Q2 2020			
Bucket	Asset Class	Allocation	Selection	Interaction	Total	Allocation	Selection	Interaction	Total	Allocation	Selection	Interaction	Total	Allocation	Selection	Interaction	Total
Growth	Domestic Equity	0.02%	-0.14%	-0.01%	-0.13%	0.03%	-0.19%	-0.01%	-0.18%	-0.07%	-0.25%	-0.01%	-0.32%	-0.03%	0.17%	0.00%	0.14%
Growth	International Equit	-0.01%	-0.23%	0.01%	-0.22%	-0.03%	0.31%	-0.01%	0.27%	0.08%	-0.11%	0.01%	-0.03%	-0.17%	0.36%	-0.04%	0.15%
Growth	Global Equity	0.03%	0.08%	-0.01%	0.09%	-0.13%	-0.20%	0.05%	-0.28%	0.36%	0.66%	-0.16%	0.85%	-0.24%	0.18%	-0.01%	-0.08%
Growth	High Yield	0.00%	0.01%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	-0.01%	0.04%	0.01%	0.04%	0.01%	-0.07%	-0.01%	-0.07%
Growth	Core Real Estate	-0.01%	0.00%	0.00%	-0.01%	0.01%	0.00%	0.00%	0.01%	0.03%	0.02%	0.00%	0.05%	-0.01%	0.00%	0.00%	-0.01%
Growth	Private Equity	0.02%	-0.40%	-0.02%	-0.40%	-0.01%	-0.01%	0.00%	-0.01%	0.10%	-0.79%	-0.04%	-0.74%	-0.23%	1.94%	0.09%	1.80%
Growth	Private Credit	0.00%	0.04%	-0.01%	0.03%	-0.01%	-0.07%	-0.01%	-0.09%	-0.06%	0.62%	0.16%	0.72%	0.08%	-0.67%	-0.26%	-0.85%
Growth	Private Real Estate	0.00%	-0.02%	0.00%	-0.02%	0.02%	-0.03%	0.00%	0.00%	-0.09%	0.07%	-0.02%	-0.03%	0.04%	-0.25%	0.01%	-0.21%
Growth	Risk Parity	-0.05%	0.00%	0.15%	0.09%	-0.21%	0.00%	0.08%	-0.13%	0.42%	0.00%	-0.48%	-0.06%	-0.30%	0.00%	0.36%	0.06%
Diversifyin	Diversifying	-0.01%	0.05%	-0.01%	0.03%	0.08%	0.01%	0.00%	0.08%	-0.21%	-0.48%	0.12%	-0.58%	0.13%	-0.05%	0.01%	0.09%
Liquidity	Liquidity	0.03%	0.04%	0.00%	0.07%	0.08%	-0.02%	0.00%	0.06%	-0.33%	-0.36%	0.05%	-0.64%	0.09%	0.31%	-0.03%	0.38%
Cash	Cash	-0.01%	0.00%	0.01%	0.00%	-0.06%	0.00%	0.01%	-0.05%	0.19%	0.00%	0.01%	0.20%	-0.12%	0.00%	0.01%	-0.11%
Overlay	Overlay	0.00%	0.00%	0.00%	0.00%	-0.01%	0.00%	0.13%	0.12%	0.04%	0.00%	-0.37%	-0.33%	-0.03%	0.00%	0.15%	0.13%
Total		-0.01%	-0.59%	0.12%	-0.48%	-0.25%	-0.19%	0.25%	-0.20%	0.45%	-0.59%	-0.75%	-0.88%	-0.79%	1.92%	0.28%	1.42%

Most of the periods appear reasonably varied with no persistent pattern of out or under performance.

Even period 4 appears somewhat random with 3 quarters of under performance for international equity viewed as unfortunate but not a persistent pattern over the longer period.

Updated with 3Q results

We added the third quarter to the analysis as it was made available, and as can be seen here, the performance difference relative to policy has decreased significantly across asset classes.

		Period 1: 7/1/2019 - 6/30/2020				Period 2: 7/1/2020 - 12/31/2020				Period 3: 1/1/2021 - 6/30/2021				Period 4: 7/1/2021 - 6/30/2022				Period 5: 7/1/2022 - 9/30/22			
Bucket	Asset Class	Allocation	Selection	Interaction	Total	Allocation	Selection	Interaction	Total	Allocation	Selection	Interaction	Total	Allocation	Selection	Interaction	Total	Allocation	Selection	Interactior	Total
Growth	Domestic Equity	-0.06%	-0.45%	-0.02%	-0.53%	0.07%	0.22%	0.02%	0.31%	0.13%	-0.11%	-0.04%	-0.02%	0.06%	-0.69%	0.03%	-0.60%	-0.08%	0.06%	0.01%	-0.01%
Growth	International Equit	-0.11%	0.28%	-0.03%	0.14%	-0.06%	0.52%	0.01%	0.47%	0.02%	0.47%	0.04%	0.53%	-0.13%	-0.80%	-0.02%	-0.95%	0.05%	0.05%	-0.01%	0.10%
Growth	Global Equity	0.08%	0.79%	-0.16%	0.71%	-0.08%	-0.24%	0.03%	-0.30%	-0.02%	-0.42%	0.02%	-0.43%	-0.11%	-0.25%	-0.02%	-0.38%	-0.02%	0.09%	0.00%	0.08%
Growth	High Yield	-0.01%	-0.01%	0.00%	-0.02%	0.00%	-0.01%	0.00%	-0.01%	-0.01%	0.00%	0.00%	-0.02%	0.04%	0.00%	0.00%	0.04%	0.00%	0.00%	0.00%	0.00%
Growth	Core Real Estate	0.02%	0.03%	0.00%	0.04%	0.00%	0.00%	0.00%	0.01%	-0.03%	0.01%	0.00%	-0.02%	-0.10%	0.08%	0.00%	-0.02%	-0.02%	0.03%	0.00%	0.01%
Growth	Private Equity	-0.10%	0.56%	0.02%	0.48%	0.05%	-2.53%	-0.10%	-2.58%	-0.12%	0.00%	0.00%	-0.12%	0.18%	0.00%	0.00%	0.18%	-0.03%	0.00%	0.00%	-0.03%
Growth	Private Credit	0.00%	0.03%	-0.10%	-0.07%	-0.01%	-0.37%	-0.03%	-0.40%	-0.01%	0.00%	0.00%	-0.01%	0.03%	0.00%	0.00%	0.03%	0.05%	0.00%	0.00%	0.05%
Growth	Private Real Estate	-0.04%	-0.22%	0.00%	-0.27%	0.19%	-0.46%	0.06%	-0.21%	0.05%	0.00%	0.00%	0.05%	-0.49%	0.00%	0.00%	-0.49%	-0.11%	-0.01%	0.00%	-0.12%
Growth	Risk Parity	-0.08%	0.00%	0.04%	-0.04%	-0.73%	0.00%	0.68%	-0.05%	-0.41%	0.00%	0.30%	-0.11%	-0.18%	0.03%	0.02%	-0.12%	0.00%	-0.05%	0.00%	-0.05%
Diversifyin	Diversifying	-0.05%	-0.53%	0.13%	-0.45%	0.37%	-0.10%	0.04%	0.31%	0.24%	0.04%	-0.02%	0.26%	0.05%	-0.34%	-0.01%	-0.30%	0.00%	0.13%	0.00%	0.13%
Liquidity	Liquidity	-0.17%	-0.09%	0.03%	-0.23%	0.43%	0.09%	-0.01%	0.51%	0.50%	0.06%	-0.02%	0.55%	-0.18%	-0.02%	0.01%	-0.19%	0.09%	0.00%	-0.02%	0.08%
Cash	Cash	0.02%	0.00%	0.04%	0.06%	-0.29%	0.00%	0.01%	-0.28%	-0.19%	0.00%	0.01%	-0.18%	0.13%	0.00%	0.02%	0.15%	-0.05%	0.00%	0.01%	-0.03%
Overlay	Overlay	0.00%	0.00%	-0.13%	-0.13%	-0.13%	0.00%	0.33%	0.20%	-0.11%	0.00%	0.23%	0.12%	0.03%	0.00%	-1.15%	-1.12%	0.04%	0.00%	-0.17%	-0.13%
	Total	-0.50%	0.39%	-0.20%	-0.32%	-0.19%	-2.86%	1.02%	-2.03%	0.05%	0.04%	0.52%	0.61%	-0.66%	-1.99%	-1.11%	-3.77%	-0.06%	0.30%	-0.16%	0.08%

MEMORANDUM

Date: January 24, 2024

To: CCCERA Board of Retirement

From: Karen Levy, General Counsel

Subject: Consider and take possible action to amend CCCERA's Records Retention Policy

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Background

The Board of Retirement adopted a Records Retention Policy on May 6, 2009 to establish retention periods and record maintenance processes for CCCERA records. The policy has been reviewed and it is recommended to include a two-year retention period on e-mails, except in situations where exceptions are approved by the Chief Executive Officer or a litigation hold is in place.

Enclosed, for the Board's consideration, is an amended Records Retention Policy that contains the suggested changes. (See Attachment A.) A redline reflecting the changes is enclosed as Attachment B.

Recommendation

Consider and take possible action to amend CCCERA's Records Retention Policy.

Attachment A

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

RECORDS RETENTION POLICY

PURPOSE

The Board of Retirement ("Board") of the Contra Costa County Employees' Retirement Association ("CCCERA") adopts this policy to establish guidelines and procedures for the retention and disposition of the records of CCCERA in accordance with their administrative, legal, fiscal and historical value.

The Board and all CCCERA employees are required to comply with the policies and procedures set forth in this document.

AUTHORITY

The County Employees Retirement Law of 1937 ("CERL") provides: "The board may establish efficient records management procedures, which may include, but need not be limited to, maintenance and, when determined by the board to be necessary, disposal of records in its jurisdiction." Govt. Code section 31537.

Additionally, the California State Records Management Act (Government Code Section 14740) establishes procedures for maintaining and discarding public records, but does not apply to local government, county or city government agencies. To address this gap, the 1999 legislature added Section 12236 to the Government Code, which directs the Secretary of State to develop a Local Government Records Program to establish guidelines for local government record retention. CCCERA has relied on these guidelines where applicable in developing this Records Retention Policy.

POLICY

This policy establishes retention period and record maintenance processes for all CCCERA records, as set forth below.

1. The record retention schedule will be administratively reviewed and updated as necessary. Changes to the retention policy require Board action.

2. The minimum retention period of a record must be consistent with applicable laws, orders, rules or regulations. When no such criteria exist a reasonable retention period will be established based on CCCERA's needs and the usefulness of the information.

3. Once records have fulfilled their administrative, fiscal, or legal function they will be disposed of as soon as practical in accordance with the Records Retention Schedule ("Retention Schedule", Exhibit A), unless they have enduring historical value.

4. Board action is not required for the destruction of documents in accordance with the Records Retention Schedule.

5. Exceptions to the published retention policy may be made by the appropriate Manager in consultation with the Chief Executive Officer. Exceptions should weigh the need for retaining the record against the cost to store and retrieve the record.

6. Retained information must be stored in a manner designed to ensure its accessibility, integrity, confidentiality, authenticity, and legibility.

7. Preliminary drafts, notes, and interagency or intra-agency correspondence may be destroyed if they are no longer needed and there is no legal or policy requirement that they be retained.

8. Copies or duplicates of Original Records may be maintained by CCCERA employees in their own offices or elsewhere for convenient reference or other purposes. Such copies may be in the same or different format or medium as the Original Record. Copies of an Original Record may be kept no longer than the retention period set forth in the Records Retention Schedule, and may be destroyed at any time prior to the expiration of the original record.

9. A duplicate record can become a "new" record and become subject to the records retention policy when annotations of substantive nature are made to a duplicate record giving it added value as a separate record.

10. Imaged files or other electronic reproduction of records shall be deemed to be an “original” record of the “paper” record, and the “paper” records may be destroyed, upon a determination by the Chief Executive Officer that:

    a) The records were electronically imaged or recorded on a medium that is a trusted system and that does not permit additions, deletions, or changes to the original document;

    b) The device used to reproduce the record, paper, or document on the medium is one which accurately and legibly reproduces the original thereof in all details and that does not permit additions, deletions, or changes to the original document images;

    c) The imaged or reproduced records are used by CCCERA in the ordinary conduct of its business in lieu of the “paper” records, and made as accessible for public reference as the “paper” records were;

    d) A true copy of archival quality of the reproduction medium shall be kept in a safe and separate place for security purposes; and

e) No pages of any record shall be destroyed if any page cannot be reproduced with full legibility. Every unreproducible page shall be permanently preserved in a manner that will afford easy reference.[1]

11. Non-records may be disposed of at any time. However, if a non-record is retained as an integral part of a file or in conjunction with Original Records, then it will be retained in accordance with the appropriate retention schedule.

12. Electronic communications, including E-Mail, are considered transitory in nature, and are not customarily kept or retained by CCCERA as the primary means for preserving information for future reference. E-Mail may be periodically or routinely purged from the system without any necessary action by the sender or the recipient of the communication. In addition, employees are encouraged to delete messages daily, immediately after reading, replying, or taking other action concerning them. **Exception** - If the content of an E-Mail message is necessary for, or convenient to, the conduct of CCCERA business and was made for the purpose of preserving its informational content, employees are required to store the E-Mail in the relevant hard copy or electronic file, to be kept in accordance with the Records Retention Schedule.

RESPONSIBILITIES

Departments

Employees in each of CCCERA's departments are directly responsible for the management of that department's records, documents, files, data, and other information pertaining to CCCERA's official business. To fulfill this responsibility, the managers of each department must:

1. Ensure that each person within the department implements the Records Retention Policy.

2. Conduct one or more Records Purge Days per year.

3. Dispose of all expired records, as required by the Records Retention Schedule.

4. Work with CCCERA General Counsel to periodically update the Records Retention Schedule.

5. Prevent the disposal of records or information following notification by CCCERA General Counsel that disposal must be suspended for litigation or other reasons.

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1 See e.g. Government Code sections 26205 and 26205.5.

Administration Services

In addition to responsibilities set forth above, the Administration Manager (or others as designated by the Chief Executive Officer) is responsible for the following:

1. Assisting with the development, maintenance and periodic review of the records retention program. The program will consist of this Policy, the Records Retention Schedule and the records inventory.

2. Coordinating the use of and offsite storage facilities for the storage and retrieval of records.

3. Maintaining a master inventory of records stored in off-site locations.

CCCERA General Counsel

CCCERA General Counsel is responsible for the following:

1. Assisting with the development, maintenance and periodic review of the Records Retention Schedule.

2. Advising departments and employees, as appropriate, of actual or potential litigation, government investigations, or other circumstances that may affect records retention or disposal actions. For example, pre-trial discovery proceedings may prohibit destruction of all relevant records - including non-records, or records that should have been destroyed previously in accordance with the Records Retention Schedule.

3. Issuing Disposal Suspensions that formally suspend records disposal, specifying the types of records to which these suspensions relate, and removing these suspensions when appropriate. A Disposal Suspension means, among other reasons, that the information contained in the records is or may be subject to production under a subpoena or document discovery order and that disposal under authority of the Records Retention Schedule is not authorized.

4. Providing legal advice to all departments concerning all matters related to the legal aspects of the Records Retention Policy and Schedule.

PROCEDURES

A. On-Site Storage

For the on-site storage time period specified in the Retention Schedule, records should be retained under the control of the Administrative Services Manager (or others as designated by the Chief Executive Officer).

B. Off-Site Storage

For records to be stored off-site according to the record retention policy, the Administrative Services Manager (or others as designated by the Chief Executive Officer) should prepare them for off-site storage. The records should be inventoried, boxed and clearly labeled, including a final disposal date or "retain indefinitely" designation. The Administrative Services Manager will be responsible for coordinating delivery to the off-site storage facility and will maintain a detailed and current inventory of all records stored off-site.

C. Electronic Records Storage

For electronic mail (E-Mail) and other electronic records stored in E-Mails, Departments are required to separately save any records that require storage under this policy in order to facilitate routine purging of E-Mail older than 24 months.

D. Retrieval from Off-Site Storage

To request a record from offsite storage, submit a request form to the Administrative Services Manager (or designee). The request form must include the corresponding box number.

E. Destruction / Disposal of Off-Site Documents

The Administrative Services Manager (or designee) will designate at least one day each year for the destruction and disposal of off-site records that have expired and will provide the appropriate Manager with a comprehensive list of documents scheduled to be destroyed. Managers should review the list and provide notice to the Administrative Services Manager (or designee) the records that are ready for destruction and disposal and the records whose retention date should be extended or made permanent. For records with an extended destruction date the notice must include a justification for the change and a new "dispose of" date or permanent retention designation.

F. Disposal of on-site Documents

At least once per year, each department must dispose of expired on-site records. The department manager will coordinate the effort.

VI. DEFINITIONS

Administrative Value – Records created to help accomplish the day-to-day functions of all offices, and that are needed only as long as they assist the organization in performing current or future work.

Appraisal – The process of determining the need to retain or dispose of records.

Convenience File – Extra copies of records, personal papers, or publications maintained for ease of access and reference. Also known as a personal file.

Copy – A reproduction of the contents of an original document prepared simultaneously or separately.

Correspondence – Letters, postcards, memoranda, notes, telecommunications, E-Mails, and any other form of addressed, written communications sent or received.

Current records – A record that is in force even though there is no activity or ongoing process directly related to it. Policies, procedures, standards, guidelines and organizational charts (the record copy or original with the background material) would be "current" until revised, superseded or rescinded.

Discovery – The pretrial disclosure of pertinent facts or documents by one or both parties to a civil or criminal action or proceeding. Nothing requested during discovery may be destroyed – even non-records and records that should have been destroyed earlier. Discovery effectively freezes selected holdings until released by Counsel.

Disposal – Physical movement of records for destruction or recycling, or for transfer to a storage facility.

Disposition – The actions taken with regard to records following their appraisal. The term includes but is not synonymous with disposal.

Document – Recorded information regardless of the medium or physical characteristics. Frequently used interchangeably with record. See also RECORDS.

Electronic records – Those records in a form that only a computer can process and store. Databases and other data compilations that are used for multiple purposes are records. Computer back-up tapes and other duplicate computer files are non-records. Electronic mail, voice mail and word processing files are non-records when destroyed or, for word-processing files, when they are superseded by more recent versions and historical data is not preserved in the file, or when they are printed. The final printed outputs are records. When computer information is characterized as a record material, it must be retained according to CCCERA records retention schedule.

Electronic mail (E-Mail) – Those records stored in employee E-Mail accounts, including both the E-Mail correspondences themselves, as well as any attachments.

Expired Records – On or off-site records whose retention period has passed.

Fiscal Value – Fiscal records pertain to the financial transactions of the agency, such as budgets, ledgers, allotments, payrolls and vouchers. After some records have served a basic administrative function, they may still have sufficient fiscal value to justify additional retention.

Historical Records – Records that document the history and development of an agency or contain data that can be useful for research.

Historical Value – The determination by appraisal that historical records are worthy of permanent preservation.

Legal Value – Records with legal value contain evidence of legally enforceable rights or obligations of the agency. Examples are records that provide the basis for action, such as agency decisions and legal opinions; fiscal documents representing agreements, such as leases, titles and contracts; and records of action in particular cases, such as claim papers and legal dockets.

Non-Records – Material not usually included within the definition of records, such as unofficial copies of documents kept only for convenience or reference, working papers, appointment logs, stocks of publications, requests for printed material after the requests have been filled, transmittal letters and acknowledgments that do not contribute any information to the material transmitted, shorthand notes and dictating media that have been transcribed and miscellaneous notices of agency affairs, meetings, holidays and the like. Also, documents such as rough notes, calculations or drafts used in the preparation or analysis of other documents.

Permanent Records – Records that are required in perpetuity, usually identified by statute or other written guidance.

Public Records – Any information relating to the conduct of the public's business prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics.

Records – All papers, maps, exhibits, magnetic or paper tapes, photographic films and prints, electronic documents and other documents produced, received, owned or used by CCCERA, regardless of physical form or characteristics. Supplies of publications and printed blank forms are not defined as records.

Records Management – Record creation, storage and destruction.

Records Retention Schedule – A document governing, on a continuing basis, the mandatory disposition of the records of an organization or agency. It lists all records produced or maintained by an organization and the actions taken with regard to those records. A retention schedule is an organization's legal authority to receive, create, retain, and dispose of official public records. It assists the organization by documenting which records require office or temporary storage, have historic or research value, or should be destroyed because they no longer have administrative, fiscal, or legal value.

Retention Period – The length of time a record must be retained to fulfill its administrative, fiscal and/or legal function.

VII. APPENDIX

Exhibit A – Retention Schedule

VIII. HISTORY

Adopted: May 6, 2009

Amended: February 12, 2020, January __, 2024

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

EXHIBIT A – RECORDS RETENTION SCHEDULE

Adopted 05/06/2009
Revised 01/27/2020, XX/XX/2024

A09-1

LEGEND:
AU: Audit CU: Current PERM: Permanent CL: Closed/Completed EOE: End of Employment

	DESCRIPTION	RETENTION PERIOD (In Years)	PRIOR BOARD ACTION	REFERENCE / REMARKS
	Accounting			
ACC-1	Accounting Cash Reconciliation Worksheet	AU+7		G.C. § 31537
ACC-2	Accounts Payable	AU+7		G.C. § 31537
ACC-3	Administrative Expense Records	AU+7		G.C. § 31537
ACC-4	Period End Audit Records	AU+7		G.C. § 31537; OMB A-133 recommends 3yrs for certain audit records
ACC-5	System Trial Balances & General Ledgers	PERM	11/4/97	G.C. § 31537
ACC-6	Bank Statements/Reports/Redeemed checks – operating and retirement payroll accts	CL+7		G.C. § 31537; 7 yrs after all benefit obligations regarding the participant or alternate payee have been satisfied
ACC-8	Comprehensive Annual Financial Report	PERM		G.C. § 31537
ACC-10	Custodian Bank Investment Reports, Statements	7	1/13/98	G.C. § 31537
ACC-14	Investment (Real Estate, Alternative) reports/spreadsheets/worksheets dev. By Acctg.	7		G.C. § 31537
ACC-15	Investment Capital Calls and Transfer Letters	7		G.C. § 31537
ACC-16	Investment Monthly Financial Reports	7	1/11/94	G.C. § 31537
ACC-17	Prepayment Agreements	L+4		G.C. § 31537
ACC-18	State Controllers Reports	7	11/4/97	G.C. § 31537
ACC-22	Final Operating Budgets	7		G.C. § 31537
ACC-23	Travel Expense Records	1	3/12/1996	G.C. § 31537
	Administration			
ADM-1	Actuarial Experience Study	PERM		G.C. § 31537
ADM-2	Actuarial Valuations	PERM		G.C. § 31537
ADM-3	Board Agendas and Packets	PERM		G.C. § 31537
ADM-4	Board Elections	PERM		G.C. § 31537
ADM-5	Board Member Files	PERM		G.C. § 31537
ADM-6	Board Minutes	PERM		G.C. § 31537

ADM-9	Contracts	L + 4		G.C. § 31537; Life of Contract + 4 yrs after expiration; contracts include the RFPs/RFIs/RFQs and responses thereto by the chosen party.
ADM-10	Terminated Employer Records, Files (Incl. Corr.)	PERM		G.C. § 31537
ADM-11	Establishment of Retirement System	PERM		G.C. § 31537
ADM-14	Grand Jury Documents related to CCCERA	PERM		G.C. § 31537
ADM-15	Historical Files System Administration	PERM		G.C. § 31537
ADM-16	Insurance Policies	L + 5		G.C. § 31537; Contracts Statute of Limitations is 4 years; C.C.P. 337
ADM-17	Internal Revenue Code Qualification	PERM		G.C. § 31537
ADM-18	CCCERA MOUs and Employee Contracts	PERM		G.C. § 31537
ADM-20	Pension Obligation Bonds	PERM		C.C.P. 337.5; G.C. § 31537
ADM-25	Personnel Records (active)	EOE + 7		Title VII of the Civil Rights Act of 1964, including the Pregnancy Discrimination Act (Title VII), *42 U.S.C. § 2000e et seq.,* FEHA *§7287.0*, ADA *29 C.F.R. § 1602.14.*, ADEA *29 C.F.R. § 1627.3(b)*.
ADM-26	Board Policies, Procedures, Guidelines	PERM		G.C. § 31537
ADM-27	Public Records Requests and Responses	7		G.C. § 31537
ADM-28	Recruitment Files, Job Applications, Resumes	2		Title Vll, FEHA, ADA, ADEA
ADM-29	Requests For Proposals, Requests For Interest, requests for quotation (RFPs/RFIs/RFQs)	L + 4		G.C. § 31537
ADM-30	RFPs/RFIs/RFQs Responses of parties that are not awarded a contract	3		G.C. § 31537; retention of responses to RFPs/RFIs/RFQs of chosen parties is under “contracts” above
ADM-31	Participating Employer Files	PERM		G.C. § 31537
ADM-33	Trip Authorization	CU+1		G.C. § 31537
	Member Services			
MEM-5	Differentials	PERM		G.C. § 31537
MEM-12	Member & Emplr Contribution Reports	PERM		G.C. § 31537
MEM-19	Year End Statements	3		G.C. § 31537
MEM-20	Terminated Members	9	6/9/1998	G.C. § 31537; min 7yrs after all benefit obligations regarding the participant or alternate payee have been satisfied

	Retirement Services/Benefits			
BEN-1	1099Rs	7	1/10/98	26 U.S.C. § 6501; G.C. § 31537
BEN-3	Active Deceased Member	7	9/3/94	G.C. § 31537; at minimum must be retained 7 yrs after all benefit obligations regarding a participant or beneficiary have been satisfied
BEN-6	Disability Medical Records	7	1/11/94	Keep 7 yrs from final action
BEN-7	Early Retirement Incentives	PERM		G.C. § 31537
BEN-9	Member Files (Including Member Corr.)	PERM		G.C. § 31537; at minimum must be retained 7yrs after all benefit obligations regarding a participant or beneficiary have been satisfied
BEN-16	Microfiche	PERM	9/13/94	G.C. § 31537
BEN-18	Tier III Implementation	PERM		G.C. § 31537
	Information Technologies			
IT-1	Computer Backup Media	CU+2		G.C. § 31537
IT-2	Computer Hardware Warranties	CU		G.C. § 31537
IT-3	Computer Software Licenses	CU		G.C. § 31537
IT-4	Electronic Mail	2		G.C. § 31537
	Investments			
INV-1	Investment Consultant quarterly Reports	PERM		G.C. § 31537
INV-2	Investment Managers Quarterly Reports	L+2		G.C. § 31537
INV-3	Investment Managers Search (finalists only)	1		G.C. § 31537
INV-4	Investment Managers Presentations (after hired)	L+2		G.C. § 31537
	Legal			
LEG-1	County Employees Retirement Law of 1937 Books	CU		G.C. § 31537; 20 CFR 1627.3(b)(2)
LEG-2	Legal Opinions	PERM		G.C. § 31537
LEG-3	Legislation	CU		G.C. § 31537
LEG-4	Litigation	20		G.C. § 31537; C.C.P. 583.320(a); if disposition effects member benefits retain at minimum 7 yrs after all benefit obligations regarding a participant or beneficiary have been satisfied
LEG-5	Resolutions, Regulations, Ordinances	PERM		G.C. § 31537; 29 CFR 1627.3(b)(2)
LEG-6	Subpoenas	1		G.C. § 31537

	Audit			
AUT-1	Audit reports/plans	PERM		
AUT-2	Audit workpapers	AU+7		
AUT-3	Audit related investigation files	AU+7		

Attachment B

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

RECORDS RETENTION POLICY

PURPOSE

The Board of Retirement ("Board") of the Contra Costa County Employees' Retirement Association ("CCCERA") adopts this policy to establish guidelines and procedures for the retention and disposition of the records of CCCERA in accordance with their administrative, legal, fiscal and historical value.

The Board and all CCCERA employees are required to comply with the policies and procedures set forth in this document.

AUTHORITY

The County Employees Retirement Law of 1937 ("CERL") provides: "The board may establish efficient records management procedures, which may include, but need not be limited to, maintenance and, when determined by the board to be necessary, disposal of records in its jurisdiction." Govt. Code section 31537.

Additionally, the California State Records Management Act (Government Code Section 14740) establishes procedures for maintaining and discarding public records, but does not apply to local government, county or city government agencies. To address this gap, the 1999 legislature added Section 12236 to the Government Code, which directs the Secretary of State to develop a Local Government Records Program to establish guidelines for local government record retention. CCCERA has relied on these guidelines where applicable in developing this Records Retention Policy.

POLICY

This policy establishes retention period and record maintenance processes for all CCCERA records, as set forth below.

1. The record retention schedule will be administratively reviewed and updated as necessary. Changes to the retention policy require Board action.

2. The minimum retention period of a record must be consistent with applicable laws, orders, rules or regulations. When no such criteria exist a reasonable retention period will be established based on CCCERA's needs and the usefulness of the information.

3. Once records have fulfilled their administrative, fiscal, or legal function they will be disposed of as soon as practical in accordance with the Records Retention Schedule ("Retention Schedule", Exhibit A), unless they have enduring historical value.

4. Board action is not required for the destruction of documents in accordance with the Records Retention Schedule.

5. Exceptions to the published retention policy may be made by the appropriate Manager in consultation with the Chief Executive Officer. Exceptions should weigh the need for retaining the record against the cost to store and retrieve the record.

6. Retained information must be stored in a manner designed to ensure its accessibility, integrity, confidentiality, authenticity, and legibility.

7. Preliminary drafts, notes, and interagency or intra-agency correspondence may be destroyed if they are no longer needed and there is no legal or policy requirement that they be retained.

8. Copies or duplicates of Original Records may be maintained by CCCERA employees in their own offices or elsewhere for convenient reference or other purposes. Such copies may be in the same or different format or medium as the Original Record. Copies of an Original Record may be kept no longer than the retention period set forth in the Records Retention Schedule, and may be destroyed at any time prior to the expiration of the original record.

9. A duplicate record can become a "new" record and become subject to the records retention policy when annotations of substantive nature are made to a duplicate record giving it added value as a separate record.

10. Imaged files or other electronic reproduction of records shall be deemed to be an “original” record of the “paper” record, and the “paper” records may be destroyed, upon a determination by the Chief Executive Officer that:

    a) The records were electronically imaged or recorded on a medium that is a trusted system and that does not permit additions, deletions, or changes to the original document;

    b) The device used to reproduce the record, paper, or document on the medium is one which accurately and legibly reproduces the original thereof in all details and that does not permit additions, deletions, or changes to the original document images;

    c) The imaged or reproduced records are used by CCCERA in the ordinary conduct of its business in lieu of the “paper” records, and made as accessible for public reference as the “paper” records were;

    d) A true copy of archival quality of the reproduction medium shall be kept in a safe and separate place for security purposes; and

e) No pages of any record shall be destroyed if any page cannot be reproduced with full legibility. Every unreproducible page shall be permanently preserved in a manner that will afford easy reference.[1]

11. Non-records may be disposed of at any time. However, if a non-record is retained as an integral part of a file or in conjunction with Original Records, then it will be retained in accordance with the appropriate retention schedule.

12. Electronic communications, including E~~e~~-M~~m~~ail, are considered transitory in nature, and are not customarily kept or retained by CCCERA as the primary means for preserving information for future reference. E-M~~m~~ail may be periodically or routinely purged from the system without any necessary action by the sender or the recipient of the communication. In addition, employees are encouraged to delete messages daily, immediately after reading, replying, or taking other action concerning them. **Exception** - If the content of an E~~e~~-M~~m~~ail message is necessary for, or convenient to, the conduct of CCCERA business and was made for the purpose of preserving its informational content, employees are required to store the ~~e~~E-M~~m~~ail in the relevant hard copy or electronic file, to be kept in accordance with the Records Retention Schedule.

RESPONSIBILITIES

Departments

Employees in each of CCCERA's departments are directly responsible for the management of that department's records, documents, files, data, and other information pertaining to CCCERA's official business. To fulfill this responsibility, the managers of each department must:

1. Ensure that each person within the department implements the Records Retention Policy.

2. Conduct one or more Records Purge Days per year.

3. Dispose of all expired records, as required by the Records Retention Schedule.

4. Work with CCCERA General Counsel to periodically update the Records Retention Schedule.

5. Prevent the disposal of records or information following notification by CCCERA General Counsel that disposal must be suspended for litigation or other reasons.

[1] See e.g. Government Code sections 26205 and 26205.5.

Administration Services

In addition to responsibilities set forth above, the ~~Human Resources/~~Administration Manager (or others as designated by the Chief Executive Officer) is responsible for the following:

1. Assisting with the development, maintenance and periodic review of the records retention program. The program will consist of this Policy, the Records Retention Schedule and the records inventory.

2. Coordinating the use of and offsite storage facilities for the storage and retrieval of records.

3. Maintaining a master inventory of records stored in off-site locations.

CCCERA General Counsel

CCCERA General Counsel is responsible for the following:

1. Assisting with the development, maintenance and periodic review of the Records Retention Schedule.

2. Advising departments and employees, as appropriate, of actual or potential litigation, government investigations, or other circumstances that may affect records retention or disposal actions. For example, pre-trial discovery proceedings may prohibit destruction of all relevant records - including non-records, or records that should have been destroyed previously in accordance with the Records Retention Schedule.

3. Issuing Disposal Suspensions that formally suspend records disposal, specifying the types of records to which these suspensions relate, and removing these suspensions when appropriate. A Disposal Suspension means, among other reasons, that the information contained in the records is or may be subject to production under a subpoena or document discovery order and that disposal under authority of the Records Retention Schedule is not authorized.

4. Providing legal advice to all departments concerning all matters related to the legal aspects of the Records Retention Policy and Schedule.

PROCEDURES

A. On-Site Storage

For the on-site storage time period specified in the Retention Schedule, records should be retained under the control of the ~~Human Resources/~~Administrative Services~~on~~ Manager (or others as designated by the Chief Executive Officer).

B. Off-Site Storage

For records to be stored off-site according to the record retention policy, the ~~Human Resources/~~Administrative Services~~on~~ Manager (or others as designated by the Chief Executive Officer) should prepare them for off-site storage. The records should be inventoried, boxed and clearly labeled, including a final disposal date or "retain indefinitely" designation. The ~~Human Resources/~~Administrative Services~~on~~ Manager will be responsible for coordinating delivery to the off-site storage facility and will maintain a detailed and current inventory of all records stored off-site.

C. Electronic Records Storage

For electronic mail (E-Mail)~~email~~ and other electronic records stored in E-Mails~~emails~~, Departments are required to separately save any records that require storage under this policy in order to facilitate routine purging of E-M~~em~~ail older than 24 months.

D. Retrieval from Off-Site Storage

To request a record from offsite storage, submit a request form to the ~~Human Resources/~~Administrative Services~~on~~ Manager (or designee). The request form must include the corresponding box number.

~~D~~E. Destruction / Disposal of Off-Site Documents

The ~~Human Resources/~~Administrative Services~~on~~ Manager (or designee) will designate at least one day each year for the destruction and disposal of off-site records that have expired and will provide the appropriate Manager with a comprehensive list of documents scheduled to be destroyed. Managers should review the list and provide notice to the ~~Human Resources/~~Administrative Services~~on~~ Manager (or designee) the records that are ready for destruction and disposal and the records whose retention date should be extended or made permanent. For records with an extended destruction date the notice must include a justification for the change and a new "dispose of" date or permanent retention designation.

~~E~~F. Disposal of on-site Documents

At least once per year, each department must dispose of expired on-site records. The department manager will coordinate the effort.

VI. DEFINITIONS

Administrative Value ~~-~~– Records created to help accomplish the day-to-day functions of all offices, and that are needed only as long as they assist the organization in performing current or future work.

Appraisal ~~-~~– The process of determining the need to retain or dispose of records.

Convenience File ~~-~~– Extra copies of records, personal papers, or publications maintained for ease of access and reference. Also known as a personal file.

Copy ~~-~~– A reproduction of the contents of an original document prepared simultaneously or separately.

Correspondence ~~-~~– Letters, postcards, memoranda, notes, telecommunications, E~~e~~-M~~m~~ails, and any other form of addressed, written communications sent or received.

Current records ~~-~~– A record that is in force even though there is no activity or ongoing process directly related to it. Policies, procedures, standards, guidelines and organizational charts (the record copy or original with the background material) would be ~~"~~“current~~"~~” until revised, superseded or rescinded.

Discovery – The pretrial disclosure of pertinent facts or documents by one or both parties to a civil or criminal action or proceeding. Nothing requested during discovery may be destroyed – even non-records and records that should have been destroyed earlier. Discovery effectively freezes selected holdings until released by Counsel.

Disposal ~~-~~– Physical movement of records for destruction or recycling, or for transfer to a storage facility.

Disposition ~~-~~– The actions taken with regard to records following their appraisal. The term includes but is not synonymous with disposal.

Document ~~-~~– Recorded information regardless of the medium or physical characteristics. Frequently used interchangeably with record. See also RECORDS.

Electronic records ~~-~~– Those records in a form that only a computer can process and store. Databases and other data compilations that are used for multiple purposes are records. Computer back-up tapes and other duplicate computer files are non-records. Electronic mail, voice mail and word processing files are non-records when destroyed or, for word-processing files, when they are superseded by more recent versions and historical data is not preserved in the file, or when they are printed. The final printed outputs are records. When computer information is characterized as a record material, it must be retained according to CCCERA records retention schedule.

Electronic mail (E-Mail)~~/e-mail~~ – Those records stored in employee E-~~e~~M~~m~~ail accounts, including both the E~~e~~-M~~m~~ail correspondences themselves, as well as any attachments.

Expired Records – On or off-site records whose retention period has passed.

Fiscal Value ~~-~~– Fiscal records pertain to the financial transactions of the agency, such as budgets, ledgers, allotments, payrolls and vouchers. After some records have served a basic administrative function, they may still have sufficient fiscal value to justify additional retention.

Historical Records – Records that document the history and development of an agency or contain data that can be useful for research.

Historical Value – The determination by appraisal that historical records are worthy of permanent preservation.

Legal Value ~~-~~– Records with legal value contain evidence of legally enforceable rights or obligations of the agency. Examples are records that provide the basis for action, such as agency decisions and legal opinions; fiscal documents representing agreements, such as leases, titles and contracts; and records of action in particular cases, such as claim papers and legal dockets.

Non-Records ~~-~~– Material not usually included within the definition of records, such as unofficial copies of documents kept only for convenience or reference, working papers, appointment logs, stocks of publications, requests for printed material after the requests have been filled, transmittal letters and acknowledgments that do not contribute any information to the material transmitted, shorthand notes and dictating media that have been transcribed and miscellaneous notices of agency affairs, meetings, holidays and the like. Also, documents such as rough notes, calculations or drafts used in the preparation or analysis of other documents.

Permanent Records – Records that are required in perpetuity, usually identified by statute or other written guidance.

Public Records ~~-~~– Any information relating to the conduct of the public~~'~~’s business prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics.

Records ~~-~~– All papers, maps, exhibits, magnetic or paper tapes, photographic films and prints, electronic documents and other documents produced, received, owned or used by CCCERA, regardless of physical form or characteristics. Supplies of publications and printed blank forms are not defined as records.

Records Management – Record creation, storage and destruction.

Records Retention Schedule – A document governing, on a continuing basis, the mandatory disposition of the records of an organization or agency. It lists all records produced or maintained by an organization and the actions taken with regard to those records. A retention schedule is an organization’s legal authority to receive, create, retain, and dispose of official public records. It assists the organization by documenting which records require office or temporary storage, have historic or research value, or should be destroyed because they no longer have administrative, fiscal, or legal value.

Retention Period – The length of time a record must be retained to fulfill its administrative, fiscal and/or legal function.

VII. APPENDIX

Exhibit A – Retention Schedule

VIII. HISTORY

Adopted: May 6, 2009

Amended: February 12, 2020, ~~Octobe~~January __, 2024

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

EXHIBIT A – RECORDS RETENTION SCHEDULE

Adopted 05/06/2009
Revised 01/27/2020, XX/XX/202~~3~~4

A09-1

LEGEND:
AU: Audit   CU: Current   PERM: Permanent   CL: Closed/Completed   EOE: End of Employment

	DESCRIPTION	RETENTION PERIOD (In Years)	PRIOR BOARD ACTION	REFERENCE / REMARKS
	Accounting			
ACC-1	Accounting Cash Reconciliation Worksheet	AU+7		G.C. § 31537
ACC-2	Accounts Payable	AU+7		G.C. § 31537
ACC-3	Administrative Expense Records	AU+7		G.C. § 31537
ACC-4	Period End Audit Records	AU+7		G.C. § 31537; OMB A-133 recommends 3yrs for certain audit records
ACC-5	System Trial Balances & General Ledgers	PERM	11/4/97	G.C. § 31537
ACC-6	Bank Statements/Reports/Redeemed checks – operating and retirement payroll accts	CL+7		G.C. § 31537; 7 yrs after all benefit obligations regarding the participant or alternate payee have been satisfied
ACC-8	Comprehensive Annual Financial Report	PERM		G.C. § 31537
ACC-10	Custodian Bank Investment Reports, Statements	7	1/13/98	G.C. § 31537
ACC-14	Investment (Real Estate, Alternative) reports/spreadsheets/worksheets dev. By Acctg.	7		G.C. § 31537
ACC-15	Investment Capital Calls and Transfer Letters	7		G.C. § 31537
ACC-16	Investment Monthly Financial Reports	7	1/11/94	G.C. § 31537
ACC-17	Prepayment Agreements	L+4		G.C. § 31537
ACC-18	State Controllers Reports	7	11/4/97	G.C. § 31537
ACC-22	Final Operating Budgets	7		G.C. § 31537
ACC-23	Travel Expense Records	1	3/12/1996	G.C. § 31537
	Administration			
ADM-1	Actuarial Experience Study	PERM		G.C. § 31537
ADM-2	Actuarial Valuations	PERM		G.C. § 31537
ADM-3	Board Agendas and Packets	PERM		G.C. § 31537
ADM-4	Board Elections	PERM		G.C. § 31537
ADM-5	Board Member Files	PERM		G.C. § 31537
ADM-6	Board Minutes	PERM		G.C. § 31537

ADM-9	Contracts	L + 4		G.C. § 31537; Life of Contract + 4 yrs after expiration; contracts include the RFPs/RFIs/RFQs and responses thereto by the chosen party.
ADM-10	Terminated Employer Records, Files (Incl. Corr.)	PERM		G.C. § 31537
ADM-11	Establishment of Retirement System	PERM		G.C. § 31537
ADM-14	Grand Jury Documents related to CCCERA	PERM		G.C. § 31537
ADM-15	Historical Files System Administration	PERM		G.C. § 31537
ADM-16	Insurance Policies	L + 5		G.C. § 31537; Contracts Statute of Limitations is 4 years; C.C.P. 337
ADM-17	Internal Revenue Code Qualification	PERM		G.C. § 31537
ADM-18	CCCERA MOUs and Employee Contracts	PERM		G.C. § 31537
ADM-20	Pension Obligation Bonds	PERM		C.C.P. 337.5; G.C. § 31537
ADM-25	Personnel Records (active)	EOE + 7		Title VII of the Civil Rights Act of 1964, including the Pregnancy Discrimination Act (Title VII), *42 U.S.C. § 2000e et seq.,* FEHA *§7287.0*, ADA *29 C.F.R. § 1602.14.*, ADEA *29 C.F.R. § 1627.3(b)*.
ADM-26	Board Policies, Procedures, Guidelines	PERM		G.C. § 31537
ADM-27	Public Records Requests and Responses	7		G.C. § 31537
ADM-28	Recruitment Files, Job Applications, Resumes	2		Title Vll, FEHA, ADA, ADEA
ADM-29	Requests For Proposals, Requests For Interest, requests for quotation (RFPs/RFIs/RFQs)	L + 4		G.C. § 31537
ADM-30	RFPs/RFIs/RFQs Responses of parties that are not awarded a contract	3		G.C. § 31537; retention of responses to RFPs/RFIs/RFQs of chosen parties is under “contracts” above
ADM-31	Participating Employer Files	PERM		G.C. § 31537
ADM-33	Trip Authorization	CU+1		G.C. § 31537
	Member Services			
MEM-5	Differentials	PERM		G.C. § 31537
MEM-12	Member & Emplr Contribution Reports	PERM		G.C. § 31537
MEM-19	Year End Statements	3		G.C. § 31537
MEM-20	Terminated Members	9	6/9/1998	G.C. § 31537; min 7yrs after all benefit obligations regarding the participant or alternate payee have been satisfied

	Retirement Services/Benefits			
BEN-1	1099Rs	7	1/10/98	26 U.S.C. § 6501; G.C. § 31537
BEN-3	Active Deceased Member	7	9/3/94	G.C. § 31537; at minimum must be retained 7 yrs after all benefit obligations regarding a participant or beneficiary have been satisfied
BEN-6	Disability Medical Records	7	1/11/94	Keep 7 yrs from final action
BEN-7	Early Retirement Incentives	PERM		G.C. § 31537
BEN-9	Member Files (Including Member Corr.)	PERM		G.C. § 31537; at minimum must be retained 7yrs after all benefit obligations regarding a participant or beneficiary have been satisfied
BEN-16	Microfiche	PERM	9/13/94	G.C. § 31537
BEN-18	Tier III Implementation	PERM		G.C. § 31537
	Information Technologies			
IT-1	Computer Backup Media	CU+2		G.C. § 31537
IT-2	Computer Hardware Warranties	CU		G.C. § 31537
IT-3	Computer Software Licenses	CU		G.C. § 31537
IT-4	Electronic Mail	2		G.C. § 31537
	Investments			
INV-1	Investment Consultant quarterly Reports	PERM		G.C. § 31537
INV-2	Investment Managers Quarterly Reports	L+2		G.C. § 31537
INV-3	Investment Managers Search (finalists only)	1		G.C. § 31537
INV-4	Investment Managers Presentations (after hired)	L+2		G.C. § 31537
	Legal			
LEG-1	County Employees Retirement Law of 1937 Books	CU		G.C. § 31537; 20 CFR 1627.3(b)(2)
LEG-2	Legal Opinions	PERM		G.C. § 31537
LEG-3	Legislation	CU		G.C. § 31537
LEG-4	Litigation	20		G.C. § 31537; C.C.P. 583.320(a); if disposition effects member benefits retain at minimum 7 yrs after all benefit obligations regarding a participant or beneficiary have been satisfied
LEG-5	Resolutions, Regulations, Ordinances	PERM		G.C. § 31537; 29 CFR 1627.3(b)(2)
LEG-6	Subpoenas	1		G.C. § 31537

	Audit			
AUT-1	Audit reports/plans	PERM		
AUT-2	Audit workpapers	AU+7		
AUT-3	Audit related investigation files	AU+7		

CCCERA
Contra Costa County Employees' Retirement Association

MEMORANDUM

Date: January 24, 2024

To: CCCERA Board of Retirement

From: Christina Dunn, Acting Chief Executive Officer

Subject: Consider and take possible action to adopt Board of Retirement Resolution 2024-1 with benefit modifications including to increase the salary ranges by 6% for all unrepresented classifications effective April 1, 2024, with the exception of the Chief Executive Officer.

Background

The successor Memorandum of Understanding between CCCERA and AFSCME, Local 2700 "MOU" was approved by this Board on January 10, 2024. To align the CCCERA Resolution for Salary and Benefits for Unrepresented Employees 2024-1 with that MOU the following notable modifications were made.

- A 6% salary increase effective April 1, 2024, for all unrepresented classifications excluding the Chief Executive Officer.
- Section 1 – Paid Holidays
    - Adds June 19th, known as Juneteenth as a CCCERA observed holiday.
- Section 8 – Health, Dental, and Related Benefits
    - For the plan year that begins on January 1, 2024, CCCERA will pay ninety percent (90%) of the total medical plan premium for each tier. Employees will pay the remaining ten (10%) of the total plan premium.
    - For the plan year that begins on January 1, 2024, CCCERA will pay ninety percent (90%) of the total dental plan premium for each tier of the dental plan. Employees will pay the remaining ten (10%) of the total plan premium.
- Section 16 – Vision Insurance
    - CCCERA will pay 100% of the employee only premium, including spouse and dependent coverage, for EyeMed Option 2 vision coverage and up to two hours of CCCERA paid time for exam and to obtain glasses.
- Section 23 – A. Longevity
    - Employees who have completed twenty (20) years of service for CCCERA will receive an additional two percent (2%) longevity differential effective on the first

day of the month following the month in which the employee qualifies for the twenty (20) year service award.

Enclosed is Board of Retirement Resolution 2024-1 reflecting all recommended changes, including a 6% increase to the salary ranges reflected in Attachment A, an updated publicly available pay schedule. A publicly available pay schedule is required under the Public Employees' Pension Reform Act of 2013 (PEPRA), Government Code Section 7522.34 and CCCERA's Policy on Determining "Pensionable Compensation" under PEPRA For Purposes of Calculating Retirement Benefits.

Recommendation
Consider and take possible action to adopt Board of Retirement Resolution 2024-1 to make all the recommended benefit changes, including to increase the salary ranges by 6% for all unrepresented classifications effective April 1, 2024, with the exception of the Chief Executive Officer.

BOR Reso. No. 2024-1

RESOLUTION OF THE BOARD OF RETIREMENT
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

CCCERA RESOLUTION FOR SALARY AND BENEFITS FOR UNREPRESENTED EMPLOYEES

AMENDED JANUARY 24, 2024

Contents

WHEREAS, the Contra Costa County Employees' Retirement Association ("CCCERA") is a public agency established by virtue of, and governed by the County Employees' Retirement Law of 1937, Government Code sections 31450, *et seq*., ("CERL") and Article XVI, section 17 of the California Constitution.

WHEREAS, CCCERA administers a retirement system for the County of Contra Costa and for other participating employers located within the County, including CCCERA, by and through its Board of Retirement ("Board"), and as the Board delegates to its employees who are appointed by CCCERA pursuant to CERL section 31529.9 ("CCCERA Employees.")

WHEREAS, the Board wishes to provide salary and benefits to the unrepresented employees of CCCERA, effective from January 1, 2015 until further notice;

NOW THEREFORE IT IS HEREBY RESOLVED that effective January 1, 2015 and until further notice employees of CCCERA in the job classifications identified on Attachment A hereto shall receive the following salary and benefits:

1. Paid Holidays:

CCCERA observes the following paid holidays during the term covered by this Resolution:

New Year's Day
Martin Luther King Jr. Day
Presidents' Day
Memorial Day
Juneteenth
Independence Day
Labor Day
Veterans' Day
Thanksgiving Day
Day after Thanksgiving
Christmas Day

Any paid holiday observed by CCCERA that falls on a Saturday is observed on the preceding Friday and any paid holiday that falls on a Sunday is observed on the following Monday.

Eligibility for Paid Holidays: Regular full-time employees are entitled to a paid day off in recognition of the holiday without a reduction in monthly base pay for CCCERA-observed holidays listed above.

Part-time employees [*who are regularly scheduled to work a minimum of 20 hours per week*] are entitled to the listed paid holidays on a pro rata basis. For example, a part time employee whose position hours are 24 per week is entitled to 4.8 hours off work on a holiday (24/40 x 8 = 4.8).

When a paid holiday falls on a part-time employee's normally scheduled work day and the part-time paid holiday hours are more than the normally scheduled work hours the employee is entitled to receive flexible compensation hours or pay at the rate of one times the employees' base rate of pay for the difference between the employee's normally scheduled work hours and the paid part-time holiday hours.

When a paid holiday falls on a part-time employee's normally scheduled work day and the part-time paid holiday hours are less than the normally scheduled work hours the employee must use non-sick leave accruals for the difference between the employee's normally scheduled work hours and the part-time paid holiday hours. If the employee does not have any non-sick leave accrual balances, leave without pay will be authorized.

<u>Flexible Compensation</u>: Flexible Compensation may not be accumulated in excess of 288 hours. After 288 hours are accrued by an employee, the employee will receive flexible pay at the rate of 1.0 times the employee's base rate of pay. Flexible compensation may be taken on those dates and times determined by mutual agreement of the employee and their supervisor.

2. <u>Personal Holidays:</u>

Regular employees subject to this Resolution are entitled to accrue up to two hours of personal holiday credit each month.

Part-time employees [*who are regularly scheduled to work a minimum of 20 hours per week*] accrue personal holiday hours on a pro rata basis.

No employee may accrue more than forty hours of personal holiday credit at any time. Once the employee reaches forty hours of personal holiday, the employee will cease accruing such paid time off until he/she uses sufficient such time to reduce his/her bank below the forty-hour maximum, after at which time the employee may begin to accrue additional hours up to the forty-hour maximum.

On separation from CCCERA service, employees shall be paid for any accrued and unused personal holiday hours at the employee's then-current rate of pay.

3. <u>Vacation:</u>

Regular full-time employees subject to this Resolution are entitled to accrue paid vacation as follows:

Length of Service*	Monthly Accrual Hours	Maximum Cumulative Hours
Fewer than 11 years	10	240
11 years	10-2/3	256
12 years	11-1/3	272
13 years	12	288
14 years	12-2/3	304

Length of Service*	Monthly Accrual Hours	Maximum Cumulative Hours
15 through 19 years	13-1/3	320
20 through 24 years	16-2/3	400
25 through 29 years	20	480
30 years and up	23-1/3	560

* Includes County service if employed at CCCERA before January 1, 2015.

Part-time employees [*who are regularly scheduled to work a minimum of 20 hours per week*] are entitled to the listed paid vacation on a pro rata basis.

Employees may accrue paid vacation time up to a maximum of twice their annual vacation accrual. That is, for a full-time employee with 8 years of service, the employee may accrue up to a maximum of 240 hours (120 hours maximum annual accrual x 2 = 240 hours). Once the employee reaches this maximum cumulative hours, she/he will cease accruing paid vacation time until he/she uses sufficient vacation to drop below the maximum cumulative hours after which time the employee may begin to accrue additional hours up to the maximum cumulative hours.

On separation from CCCERA service, employees shall be paid for any accrued and unused vacation hours at the employee's then-current rate of pay.

Vacation Buy Back:

A. With the exception of the Chief Executive Officer, employees may elect payment of up to one-third (1/3) of their annual vacation accrual, subject to the following conditions:
   (1) the choice can be made only once every thirteen (13) months and there must be at least twelve (12) full months between each election;
   (2) payment is based on an hourly rate determined by dividing the employee's current salary by 173.33; and
   (3) the maximum number of vacation hours that may be paid in any one sale is one-third (1/3) of the annual accrual.

B. The Chief Executive Officer may elect payment of up to one-third (1/3) of their annual vacation accrual, subject to the following conditions:
   (1) the choice can be made only once in each calendar year;
   (2) payment is based on an hourly rate determined by dividing the employee's current salary by 173.33; and
   (3) the maximum number of vacation hours that may be paid in any one sale is one-third (1/3) of the annual accrual.

C. The vacation buy back election must be made in the calendar year preceding the year of the vacation sale. Hours that an employee elects to cash out are not available for the employee to use as vacation. If a vacation buy back election is not made in the preceding calendar year, it will be considered a declination of the vacation sale for the year.

NOTE: Where a lump-sum payment is made to employees as a retroactive general salary adjustment for a portion of a calendar year that is subsequent to the exercise by an employee of the vacation buy-back provision herein, that employee's vacation buy-back will be adjusted to reflect the percentage difference in base pay rates upon which the lump-sum payment was computed, provided that the period covered by the lump-sum payment includes the effective date of the vacation buy-back. *For example: In May a salary increase is approved with an effective date of January 1st and the employee completed a vacation buy-back in March, a lump sum payment for the difference in base pay of the vacation buy-back would be calculated.*

4. **Sick Leave:**

Regular full-time employees subject to this Resolution shall earn paid sick leave benefits at the rate of eight (8) hours per month. Regular part-time employees [*who are regularly scheduled to work a minimum of 20 hours per week*] are entitled to sick leave benefits on a pro rata basis.

Unused sick leave hours accumulate from year to year. When an employee is separated, other than through retirement, accumulated sick leave hours shall be cancelled, unless the separation results from layoff, in which case the accumulated hours shall be restored if reemployed in a regular position within the period of layoff eligibility. At retirement, employees are credited, at the rate of one day for each one day earned, with sick leave accumulated as of the day of retirement and that sick leave credit counts as additional retirement service credit.

For more information on sick leave benefits please refer to the CCCERA Personnel Policies.

5. **Sick Leave Incentive Plan:**

Employees may be eligible for a payoff of a part of unused sick leave accruals at separation. The sick leave incentive plan is an incentive for employees to safeguard sick leave accruals as protection against wage loss due to time lost for injury or illness. Payoff must be approved by the Chief Executive Officer, and is subject to the following conditions:

- The employee must have resigned in good standing
- Payout is not available if the employee is eligible to retire
- The balance of sick leave at resignation must be at least 70% of accruals earned in the preceding continuous period of employment excluding any sick leave use

covered by the Family and Medical Leave Act (FMLA), the California Family Rights Act (CFRA) or the California Pregnancy Disability Act (PDL).

- Payout is by the following schedule:

Years of Payment Continuous Service	Payment of Unused Sick Leave Payable
3 – 5 years	30%
5 – 7 years	40%
7 plus years	50%

- No payoff will be made pursuant to this section unless CCCERA certifies that an employee requesting as sick leave payoff has terminated membership in, and has withdrawn their contributions from CCCERA.
- It is the intent of the Board of Retirement that payments made pursuant to this section are in lieu of CCCERA retirement benefits resulting from employment with any of the employers in the CCCERA retirement plan.

6. Management Administrative Leave

Management Administrative Leave is authorized time away from the job for any personal activities and needs which are not charged to sick leave or vacation hours. Unrepresented employees who are exempt from the payment of overtime are eligible for this benefit.

Use of Management Administrative Leave may be requested whenever desired by the employee; however; approval of request shall be subject to the same department process as used for vacation requests.

All unused Management Administrative Leave will be cancelled at 11:59 p.m. on December 31st of each year.

A. On January 1st of each year, all full-time unrepresented employees, who are exempt from the payment of overtime and in paid status, will be credited with ninety four (94) hours of paid Management Administrative Leave. All Management Administrative Leave is non-accruable and all balances will be zeroed out on December 31st of each year.

B. Regular part-time employees [*who are regularly scheduled to work a minimum of 20 hours per week*] are eligible for Management Administrative Leave on a prorated basis, based upon their position hours.

C. Employees appointed (hired or promoted) to a management position are eligible for Management Administrative Leave on the first day of the month following their appointment date and will receive Management Administrative Leave on a prorated basis for that first year.

7. **Other Unpaid Leaves:**

Requests for leave without pay shall be made upon forms prescribed by Human Resources and shall state specifically the reason for the request, the date when it is desired to begin the leave, and the probable date of return.

A. Leave of Absence (Non-Statutory)

Leave without pay may be granted by the Appointing Authority for any of the following reasons that are not otherwise covered by FMLA, CFRA, and PDL:

1. Employee’s own illness, disability, or serious health condition;
2. Pregnancy or pregnancy disability;
3. To bond with the employee’s newborn or with a child placed in an employee’s family for adoption or foster care;
4. Family care to care for a spouse, child, parent, or domestic partner who has a serious health condition;
5. To take a course of study such as will increase the employee's work-related knowledge or skills on return to the position;
6. For other reasons or circumstances acceptable to the Appointing Authority.

An employee must request a leave of absence at least thirty (30) days before the leave is to begin if the need for the leave is foreseeable. If the need is not foreseeable, the employee must provide written notice to the employer of the need for leave as soon as possible and practical.

A leave without pay may be for a period not to exceed one (1) year, provided the Appointing Authority may extend such leave for additional periods. The procedure in granting extensions shall be the same as that in granting the original leave, provided that the request for extension must be made not later than thirty (30) calendar days before the expiration of the original leave.

Whenever an employee who has been granted a leave without any pay desires to return before the expiration of such leave, the employee shall submit a request to the Appointing Authority in writing at least fifteen (15) days in advance of the proposed return. Early return is subject to prior approval by the appointing authority. The Human Resources Department shall be notified promptly of such return.

The decision of the Appointing Authority on granting or denying non-statutory leave or early return from non-statutory leave shall be subject to appeal to the Human Resources Manager and not subject to appeal through the grievance procedure set forth in this MOU.

B. Leaves Pursuant to Family and Medical Leave Act (FMLA), California Family Rights Act (CFRA) and Pregnancy Disability Leave Act (PDL)

FMLA: Upon request to CCCERA Human Resources, any employee who meets the legal eligibility requirements for FMLA shall be entitled to at least twelve (12) weeks of FMLA, which will be extended for up to an additional six (6) weeks of leave with the same FMLA leave, measured backward from the date an employee uses any FMLA leave (less if so requested by the employee), for a qualifying reason in accordance with federal laws. FMLA leave will run concurrently with CFRA and PDL leaves to the extent permitted by law. CCCERA will grant an additional six (6) weeks of leave with the same FMLA protections, for a total of eighteen (18) weeks during a rolling twelve (12) month period.

CFRA: Upon request to CCCERA Human Resources, any employee who meets the legal eligibility requirements for CFRA shall be entitled to at least twelve (12) weeks of CFRA leave, measured backward from the date an employee uses any CFRA leave (less if so requested by the employee), for a qualifying reason in accordance with state law. CFRA leave will run concurrently with FMLA leave to the extent permitted by law, except that CFRA leave will not run concurrently with pregnancy disability leave under the PDL. CCCERA will grant an additional six (6) weeks of leave with the same CFRA protections, for a total of eighteen (18) weeks during a rolling twelve (12) month period.

PDL: Upon request to CCCERA Human Resources, any employee who meets the legal eligibility requirements for PDL shall be entitled to up to four (4) months of PDL as provided in state law.

C. Medical Certification

The employee must provide medical certification of the need for non-statutory family care, pregnancy disability, or medical leave, or for FMLA, CFRA and/or PDL. Leave for periods that exceed the leave allowed under the FMLA, CFRA, and/or PDL, may be granted at the discretion of the Appointing Authority. No medical certification is required for baby/child bonding.

D. Intermittent Use of Leave

The FMLA/CFRA/PDL entitlement, and the additional six (6) weeks that CCCERA grants, may be used in broken periods, intermittently on a regular or irregular basis, or may include reduced work schedules depending on the specific circumstances and situations surrounding the request for leave. The leave may include use of appropriate available paid leave accruals when accruals are used to maintain pay status, but use of such accruals is not required. When paid leave accruals are used for FMLA, CFRA, and/or PDL, such time shall be counted as a part of the leave entitlement.

E. Aggregate Use for Spouses for FMLA Leave Only

In the situation where husband and wife are both employed by CCCERA, the family care of medical leave entitlement based on the birth, adoption or foster care of a child is limited to an aggregate for both employees together of eighteen (18) weeks during a "rolling" twelve (12) month period measured backward from the date the employee uses his/her FMLA leave. Employees requesting family care leave are required to advise their appointing authority(ies) when their spouse is also employed by CCCERA.

F. Definitions

For leaves of absence under this section, the following definitions apply:

a) <u>Child:</u> A biological, adopted, or foster child, stepchild, legal ward, conservatee or a child who is under eighteen (18) years of age for whom an employee stands in loco parentis or for whom the employee is the guardian or conservator, or an adult dependent child of the employee.

b) <u>Parent:</u> A biological, foster, or adoptive parent, a step-parent, legal guardian, conservator, or other person standing in loco parentis to a child.

c) <u>Spouse:</u> A partner in marriage as defined in California Civil Code Section 4100.

d) <u>Domestic Partner:</u> An unmarried person, eighteen (18) years or older, to whom the employee is not related and with whom the employee resides and shares the common necessities of life.

e) <u>Serious Health Condition:</u> An illness, injury, impairment, or physical or mental condition and involves either inpatient care in a hospital, hospice or residential health care facility or continuing treatment or continuing supervision by a health care provider (e.g. physician or surgeon) as defined by state and federal law.

f) <u>Certification for Medical Leave:</u> A written communication to the employer from a health care provider of a person for whose care the leave is being taken which need not identify the serious health condition involved, but shall contain:

1. the date, if known, on which the serious health condition commenced;

2. the probable duration of the condition;

3. for family care, an estimate of the frequency and duration of the leave required to render care or supervision for the family member;

4. for the employee’s serious health condition, a statement whether the employee is able to work, or is unable to perform one or more of the essential functions of their position;

5. for intermittent leave or a reduced work schedule leave, the certification should indicate that the intermittent leave or reduced leave schedule is needed for the employee’s serious health condition or for the care of the employee’s family member, and its expected duration.

G. Military Leave

Federal and state mandated-military leaves of absence are granted without pay to members of the United States Uniformed Services, the California National Guard, or the reserves. To be eligible, an employee must submit written verification from the appropriate military authority. Such leaves will be granted in accordance with state and federal law.

When an employee goes on Military Leave for more than 30 days, any applicable group insurance (existing provisions will apply) continues for 90 days following the commencement of unpaid Military Leave. Beyond the 90 days, the employee may elect to continue the same group health care coverage, including dependent coverage, if applicable, for up to 24 months at his/her own expense.

An employee may elect to use accrued personal holidays, vacation, and/or management administrative leave at the beginning of unpaid military service or may retain earned and accrued vacation for use upon return from the leave. The employee must provide this request/election in writing to Administrative/HR Manager prior to the start of the military leave.

At the conclusion of military service, an employee will be reinstated upon giving notice of his/her intent to return to work by either (1) reporting to work or (2) submitting a timely oral or written request to CCCERA for reinstatement within 90 days of days after their release from active duty or any extended period required by law. The Military Leave will expire upon the employee’s failure to request reinstatement or return to work in a timely manner after conclusion of service.

8. <u>Health, Dental, and Related Benefits</u>

Regular full-time and part-time employees [*who are regularly scheduled to work a minimum of 20 hours per week*] and their eligible dependents may be entitled to receive medical and dental insurance coverage through CCCERA Plans.

Effective January 1, 2016, CCCERA shall offer an Internal Revenue Code Section 125 Flexible

Benefits Plan that offers (i) CalPERS health plan coverages for each eligible employee and the employee's eligible family members and (ii) at least one other nontaxable benefit. CCCERA shall make monthly contributions under the plan for each eligible employee and their dependents (if applicable). Such contributions shall consist of (i) the Minimum Employer Contribution (MEC) established by the Public Employees' Medical and Hospital Care Act, and designated by CCCERA as the MEC, and (ii) the additional amount of such contributions in excess of the MEC.

Any eligible employee who enrolls in health coverage with a higher total premium than CCCERA's contributions with respect to the eligible employee, will pay the difference via pre-tax payroll deductions under the plan to the extent permitted by Internal Revenue Code Section 125.

For the plan year that begins on January 1, 2024, CCCERA will pay ninety percent (90%) of the total medical plan premium for each tier. Employees will pay the remaining ten (10%) of the total plan premium.

For the plan year that begins on January 1, 2024, CCCERA will pay ninety percent (90%) of the total dental plan premium for each tier of the dental plan. Employees will pay the remaining ten (10%) of the total plan premium.

Dual Coverage: Each employee, eligible dependent and retiree may be covered by only a single CCCERA health or dental plan.

Please refer any questions about medical/dental benefits to Human Resources.

Health and Dental Coverage Upon Retirement

1. Any CCCERA retiree or their eligible dependent who becomes age 65 on or after January 1, 2009 and who is eligible for Medicare must immediately enroll in Medicare Parts A and B.

2. For employees hired by Contra Costa County or CCCERA on or after January 1, 2009 and their eligible dependents, upon completion of five (5) years of CCCERA service, an eligible employee who retires from CCCERA may retain continuous coverage of a CCCERA health and/or dental plan provided that:

    i. he or she begins to receive a monthly retirement allowance from CCCERA within 120 days of separation from CCCERA employment and
    ii. he or she pays the difference between the Public Employees' Medical and Hospital Care Act (PEMHCA) minimum contribution and the premium cost of

the health plan. He or she pays the full premium of the dental plan without any CCCERA premium subsidy.

3. For employees hired by Contra Costa County before January 1, 2009 and their eligible dependents, upon completion of five (5) years of CCCERA service, an eligible employee who retires from CCCERA may retain continuous coverage of a CCCERA health and/or dental plan provided that they meet the requirements listed below:

   i. he or she begins to receive a monthly retirement allowance from CCCERA within 120 days of separation from CCCERA employment and
   ii. he or she pays the difference between the monthly premium subsidy established by the Board of Retirement for eligible employees and their eligible dependents and the premium cost of the health/dental plan.[1]

[1] CCCERA will pay the health/dental plan monthly premium subsidy established by the Board of Retirement for eligible retirees and their eligible dependents.

4. All periods of benefit eligible employment will be included in the five (5) years of service calculation for purposes of health and dental coverage upon retirement.

5. Employees who were on an authorized leave of absence without pay prior to retiring must have maintained coverage through CCCERA and paid the applicable premiums during their authorized leave of absence in order to be eligible for coverage under this Section.

6. Employees, who resign and file for a deferred retirement and their eligible dependents, may continue in their CCCERA group health and/or dental plan under the following conditions and limitations:
   i. Health and dental coverage during the deferred retirement period is totally at the expense of the employee, without any CCCERA contributions.
   ii. Life insurance coverage is not included.
   iii. To continue health and dental coverage, the employee must:

      a. be qualified for a deferred retirement under the 1937 Retirement Act provisions;
      b. be an active member of a CCCERA group health and/or dental plan at the time of filing their deferred retirement application and elect to continue plan benefits;
      c. be eligible for a monthly allowance from the Retirement System and direct receipt of a monthly allowance within one hundred twenty (120) days of application for deferred retirement; and
      d. file an election to defer retirement and to continue health benefits hereunder with CCCERA within thirty (30) days before separation from CCCERA service.

iv. Deferred retirees who elect continued health benefits hereunder and their eligible dependents may maintain continuous membership in their CCCERA health and/or dental plan group during the period of deferred retirement by paying the full premium for health and dental coverage on or before the 10th of each month, to CCCERA. When the deferred retirees begin to receive retirement benefits, they will qualify for the same health and/or dental coverage listed above, as similarly situated retirees who did not defer retirement.

v. Deferred retirees may elect retiree health benefits hereunder without electing to maintain participation in their CCCERA health and/or dental plan during their deferred retirement period. When they begin to receive retirement benefits, they will qualify for the same health and/or dental coverage as listed above, as similarly situated retirees who did not defer retirement.

vi. Employees who elect deferred retirement will not be eligible in any event for CCCERA health and/or dental premium subsidies unless the member draws a monthly retirement allowance within one hundred twenty days (120) after separation from CCCERA employment.

vii. Deferred retirees and their eligible dependents are required to meet the same eligibility provisions for retiree health/dental coverage as similarly situated retirees who did not defer retirement.

7. For employees who retire and are eligible to receive a medical premium subsidy that is greater than the PEMHCA minimum contribution, each month during which such retiree medical coverage continues, CCCERA will provide each such retiree with a medical expense reimbursement plan (MERP), also known as a health reimbursement arrangement (HRA), subject to Internal Revenue Code Section 105, with a monthly credit equal to the excess of (i) the relevant medical coverage monthly premium subsidy set forth in Attachment B for such eligible retiree and his or her eligible family members over (ii) the then current MEC.

9. <u>Long-Term and Short-Term Disability Insurance</u>

CCCERA will provide Long-Term and Short-Term Disability Insurance.

10. <u>State Disability Insurance</u>

Unrepresented employees do not contribute towards State Disability Insurance.

11. <u>Life Insurance</u>

For employees who are enrolled in CCCERA's program of medical or dental coverage as either the primary or the dependent, term life insurance in the amount of ten thousand dollars ($10,000) will be provided by CCCERA.

Management employees, with the exception of the Chief Executive Officer will also receive fifty-seven thousand dollars ($57,000) in addition to the life insurance provided above. The Chief Executive Officer will receive an additional sixty thousand dollars ($60,000) in addition to the ten thousand dollars ($10,000) insurance provided above.

In addition to the life insurance benefits provided by CCCERA, employees may subscribe voluntarily and at their own expense for supplemental life insurance. Please refer to Human Resources for additional information.

12. Workers Compensation Insurance

CCCERA provides workers' compensation benefits to employees who sustain a work-related injury or illness, and claims are processed through an adjusting agent/insurance carrier as designated by CCCERA, which administers workers' compensation claims and provides benefits and services to injured employees. A worker's compensation injury is any injury or illness that arises out of and in the course of employment (AOE/COE) (Labor Code section 3600).

1. Waiting Period: There is a three (3) calendar day waiting period before workers' compensation benefits commence. If the injured worker loses any time on the date of injury, that day counts as day one (1) of the waiting period. If the injured worker does not lose time on the date of the injury, the waiting period is the first three (3) days following the date of the injury. The time the employee is scheduled to work during this waiting period will be charged to the employee's sick leave and/or vacation accruals. In order to qualify for workers' compensation the employee must be under the care of a physician. Temporary compensation is payable on the first three (3) days of disability when the injury necessitates hospitalization, or when the disability exceeds fourteen (14) days.

2. Continuing Pay: Permanent employees shall continue to receive the appropriate percent as per Labor Code section 4650 et. seq. of their regular monthly salary during any period of compensable temporary disability not to exceed one year. Payment of continuing pay and/or temporary disability compensation is made in accordance with Part 2, Article 3 of the Workers' Compensation Laws of California. "Compensable temporary disability absence" for the purpose of this Section, is any absence due to work connected disability which qualifies for temporary disability compensation as set forth in Part 2, Article 3 of the Workers' Compensation Laws of California.

   When any disability becomes medically permanent and stationary and/or reaches maximum medical improvement, the salary provided in this Section shall terminate. No charge shall be made against sick leave or vacation for these payments. Sick leave and vacation rights shall not accrue for those periods during which continuing pay is received.

Employees shall be entitled to a maximum of one (1) year of continuing pay benefits for any one injury or illness.

Continuing pay begins at the same time that temporary workers' compensation benefits commence and continues until either the member is declared medically permanent/stationary, or until one (1) year of continuing pay, whichever comes first, provided the employee remains in an active employed status. Continuing pay is automatically terminated on the date an employee is separated from CCCERA by resignation, retirement, layoff, or the employee is no longer employed by CCCERA. In these instances, employees will be paid workers' compensation benefits as prescribed by workers' compensation laws. All continuing pay must be cleared through CCCERA.

3. Physician Visits: Whenever an employee who has been injured on the job and has returned to work is required by an attending physician to leave work for treatment during working hours, the employee is allowed time off, up to three (3) hours for such treatment, without loss of pay or benefits. Said visits are to be scheduled contiguous to either the beginning or end of the scheduled workday whenever possible. This provision applies only to injuries/illnesses that have been accepted by CCCERA as work related.

13. Health Care Spending Account

After six (6) months of regular employment, full time and part time (20/40 or greater) employees may elect to participate in a Health Care Spending Account (HCSA) Program designated to qualify for tax savings under Section 125 of the Internal Revenue Code, but such savings are not guaranteed. The HCSA Program allows employees to set aside a predetermined amount of money from their pay, before taxes, for health care expenses not reimbursed by any other health benefit plans. HCSA dollars may be expended on any eligible medical expenses allowed by Internal Revenue Code Section 125. Any unused balance over six hundred-ten dollars ($610) is forfeited and cannot be recovered by the employee. Please refer to Human Resources for more information on the HCSA Program.

14. Dependent Care Assistance Program

Full time and part time (20/40 or greater) employees may elect to participate in a Dependent Care Assistance Program (DCAP) designed to qualify for tax savings under Section 129 of the Internal Revenue Code, but such savings are not guaranteed. The program allows employees to set aside up to five thousand ($5,000) of annual salary (before taxes) per calendar year to pay for eligible dependent care (child and elder care) expenses. According to IRS regulations, any unused balance is forfeited and may not be recovered by the employee. Please refer to Human Resources for more information on DCAP.

15. Premium Conversion Plan

CCCERA offers the Premium Conversion Plan (PCP) designed to qualify for tax savings under Section 125 of the Internal Revenue Code, but tax savings are not guaranteed. The program allows employees to use pre-tax salary to pay health and dental premiums. Please refer to

Human Resources for more information on the PCP.

16. Vision Insurance

CCCERA will pay 100% of the premium, including spouse and dependent coverage, for EyeMed Option 2 vision coverage and up to two hours of CCCERA paid time for exam and to obtain glasses.

17. Retirement:

CCCERA Membership:

Contributions: Employees are responsible for the payment of one hundred percent of the employees' basic retirement benefit contributions determined annually by the Board. Employees are also responsible for the payment of the employee's contributions to the retirement cost-of-living program as determined annually by the Board. CCCERA is responsible for payment of one hundred percent of the employer's retirement contributions as determined annually by the Board.

A. Employees who are not classified as new members under PEPRA will be enrolled in Retirement Tier 1 enhanced. For more information on retirement tiers please refer to the CCCERA member handbooks.
B. Employees who are classified as new members under PEPRA will be enrolled in Retirement IV (3% COLA). For more information on retirement tiers please refer to the CCCERA member handbooks.
C. CCCERA will implement Section 414(h) (2) of the Internal Revenue Code which allows CCCERA to reduce the gross monthly pay of employees by an amount equal to the employee's total contribution to the CCCERA Retirement Plan before Federal and State income taxes are withheld, and forward that amount to the CCCERA Retirement Plan. This program of deferred retirement contribution will be universal and non-voluntary as required by statute.

Deferred Compensation:

A. CCCERA will contribute eighty-five dollars ($85) per month to each employee who participates in CCCERA's Deferred Compensation Plan. To be eligible for this Deferred Compensation Incentive, the employee must contribute to the deferred compensation plan as indicated below:

Employees with Current Monthly Salary of:	Qualifying Base Contribution Amount	Monthly Contribution Required to Maintain Incentive Program Eligibility
$2,500 and below	$250	$50
$2,501 – 3,334	$500	$50
$3,335 – 4,167	$750	$50
$4,168 – 5,000	$1,000	$50
$5,001 – 5,834	$1,500	$100

$5,835 – 6,667	$2,000	$100
$6,668 and above	$2,500	$100

Employees who discontinue contributions or who contribute less than the required amount per month for a period of one (1) month or more will no longer be eligible for the eighty-five dollars ($85) Deferred Compensation Incentive. To reestablish eligibility, employees must again make a Base Contribution Amounts as set forth above based on current monthly salary. Employees with a break in deferred compensation contributions either because of an approved medical leave or an approved financial hardship withdrawal will not be required to reestablish eligibility. Further, employees who lose eligibility due to displacement by layoff, but maintain contributions at the required level and are later employed in an eligible position, will not be required to reestablish eligibility.

B. Regular employees hired on and after January 1, 2009 will receive one hundred and fifty dollars ($150) per month to an employee's account in the Contra Costa County Deferred Compensation Plan or other tax-qualified savings program designated by CCCERA, for employees who meet all of the following conditions:

1. The employee must be hired by CCCERA on or after January 1, 2009.
2. The employee is not eligible for a monthly premium subsidy for health and/or dental upon retirement as set forth in Section 8.
3. The employee must be appointed to a regular position. The position may be either full time or part time (designated at a minimum of 20 hours per week).
4. The employee must have been employed by CCCERA or Contra Costa County for at least 90 calendar days.
5. The employee must contribute a minimum of twenty-five dollars ($25) per month to the Contra Costa County Deferred Compensation Plan, or other tax-qualified savings program designated by CCCERA.
6. The employee must complete and sign the required enrollment form(s) for his/her deferred compensation account and submit those forms to Human Resources.
7. The employee may not exceed the annual maximum contribution amount allowable by the United States Internal Revenue Code.
8. Employees are eligible to apply for loans from the Contra Costa County Deferred Compensation Plan loan program. For more information on the loan program refer to Human Resources.

18. General Training

CCCERA periodically provides training to employees on its harassment prevention and equal opportunity/discrimination policies. The purpose of these training sessions is to inform and remind employees of CCCERA's policies on these matters. These training sessions are mandatory.

Employees also receive safety training as part of CCCERA's Injury and Illness Prevention program.

19. Other Job-Related Training

Employees may request to attend training sessions on topics that are directly related to the employee's current job and that are likely to improve the employee's job knowledge and skills. Requests to attend training must be submitted to the employee's department manager. It is within the sole discretion of CCCERA whether or not to grant a training request.

20. Professional Development Reimbursement

To encourage personal and professional growth which is beneficial to both CCCERA and the employee, CCCERA reimburses for certain expenses incurred by employees which are related to an employee's current work assignment.

Expenses that may be eligible for reimbursement include certification programs and courses offered through accredited colleges, universities and technical schools.

Guidelines: Prior to registering for a course, the employee must provide appropriate information to Human Resources to begin the approval process.

If granted, reimbursement may be used to defray actual costs of tuition, registration, testing materials, testing fees and books only and is limited to $2,000 per year.

Course attendance, study, class assignments and exams must be accomplished outside of the employee's regular working hours.

Reimbursement: Reimbursement will only be provided for course work in which the employee achieves a grade of C or better. Reimbursement will be provided only to employees who are employed by CCCERA at the time CCCERA receives evidence of satisfactory completion of the course or certification exam.

If the employee does not successfully complete the course or certification exam, no reimbursement will be provided.

Exceptions: For classifications which require a certification or technical license, CCCERA will reimburse the entire cost of certification fees and membership dues without reducing the maximum annual Professional Development Reimbursement amount.

21. Salary

Attached hereto as Attachment A, is the salary schedule for all classifications of unrepresented employees.

22. Overtime

Unrepresented employees who are exempt from the payment of overtime are not entitled to receive overtime pay, flexible compensatory, or overtime compensatory time. Unrepresented employees who are non-exempt from the payment of overtime will receive overtime for hours worked in excess of 40 hours in the workweek and paid at a rate of time and one-half their hourly rate of pay.

23. <u>Differential Pay</u>

A. Longevity

Ten Years of Service:

Employees who have completed ten (10) years of service for CCCERA* are eligible to receive a two and one-half percent (2.5%) longevity differential effective on the first day of the month following the month in which the employee qualifies for the ten (10) year service award.

Fifteen Years of Service:

Employees who have completed fifteen (15) years of service for CCCERA* are eligible to receive an additional two and one-half percent (2.5%) longevity differential effective on the first day of the month following the month in which the employee qualifies for the fifteen (15) year service award.

Twenty Years of Service:

Employees who have completed twenty (20) years of service for CCCERA* will receive an additional two percent (2%) longevity differential effective on the first day of the month following the month in which the employee qualifies for the twenty (20) year service award.

*For employees hired prior to January 1, 2019 upon completion of required years of service for Contra Costa County and/or CCCERA will qualify.

B. Certificate Differentials

NOTE: No employee may receive more than one certificate differential at one time, regardless of the number of certificates held by that employee.

- Accounting Certificate Differential

Incumbents of unrepresented professional accounting, auditing or fiscal officer positions who possess one of the following active certifications will receive a differential of five percent (5%) of base monthly salary:

(1) a Certified Public Accountant (CPA) license issued by the State of California, Department of Consumer Affairs, Board of Accountancy;

(2) a Certified Internal Auditor (CIA) certification issued by the Institute of Internal Auditors;

(3) a Certified Management Accountant (CMA) certification issued by the Institute of Management Accountants; or

(4) a Certified Government Financial Manager (CGFM) certification issued by the Association of Government Accountants.

- Associate of the Society of Actuaries (ASA)

Employees who possess an active ASA certification will receive a differential of five percent (5%) of base monthly salary. Verification of eligibility for any such differential must be provided to Human Resources.

Meeting Date
01/24/2024
Agenda Item
#10

Resolution of the Board of Retirement
Contra Costa County Employees' Retirement Association

CCCERA Resolution for Salary and Benefits for Unrepresented Employees
(BOR Reso. No. 2024-1)

Attachment A

Effective April 1, 2024

Revision Dates: 4/1/24, 2/1/23, 1/1/23, 7/27/2022, 7/13/2022, 4/1/2022, 1/1/2022, 4/1/2021, 4/1/2020, 1/1/2020, 7/1/19, 4/1/19, 7/1/18, 7/1/17, 7/1/16, 2/1/16, 7/1/15, 1/1/15

						Eligible for Differential*				
						10 year Longevity	15 year Longevity	20 year Longevity	CPA, CGFM, CIA, CMA	ASA
	Step 1	Step 2	Step 3	Step 4	Step 5	2.50%	2.50%	2.00%	5%	5%
Hourly (Non-Exempt)										
Executive Assistant	$43.59	$45.77	$48.06	$50.46	$52.98	Yes	Yes	Yes	No	Yes
Information Technology Coordinator	$45.77	$48.06	$50.46	$52.98	$55.63	Yes	Yes	Yes	No	Yes
Member Services Supervisor	$52.98	$55.63	$58.41	$61.33	$64.40	Yes	Yes	Yes	No	Yes
Retirement Services Supervisor	$52.98	$55.63	$58.41	$61.33	$64.40	Yes	Yes	Yes	No	Yes
Monthly (Exempt)										
Accountant	$7,195	$7,555	$7,933	$8,330	$8,746	Yes	Yes	Yes	Yes	Yes
Accounting Manager	$12,307	$12,922	$13,568	$14,247	$14,959	Yes	Yes	Yes	Yes	Yes
Accounting Supervisor	$9,183	$9,643	$10,125	$10,631	$11,163	Yes	Yes	Yes	Yes	Yes
Administrative Services Manager	$12,014	$12,614	$13,245	$13,907	$14,603	Yes	Yes	Yes	No	Yes
Human Resources Manager	$12,014	$12,614	$13,245	$13,907	$14,603	Yes	Yes	Yes	No	Yes
Human Resources Coordinator	$9,183	$9,643	$10,125	$10,631	$11,163	Yes	Yes	Yes	No	Yes
Communications Coordinator	$8,538	$8,965	$9,413	$9,884	$10,378	Yes	Yes	Yes	No	Yes
Compliance Business Analyst	$9,413	$9,884	$10,378	$10,897	$11,442	Yes	Yes	Yes	No	Yes
Deputy General Counsel	$17,317	$18,183	$19,092	$20,046	$21,049	Yes	Yes	Yes	No	Yes
Information System Programmer/Analyst	$8,746	$9,183	$9,643	$10,125	$10,631	Yes	Yes	Yes	No	Yes
Network Security Engineer	$10,125	$10,631	$11,163	$11,721	$12,307	Yes	Yes	Yes	No	Yes
Information Technology Manager	$14,603	$15,333	$16,099	$16,904	$17,750	Yes	Yes	Yes	No	Yes
Investment Analyst	$12,614	$13,245	$13,907	$14,603	$15,333	Yes	Yes	Yes	No	Yes
Investment Officer	$17,750	$18,637	$19,569	$20,547	$21,575	Yes	Yes	Yes	No	Yes
Member Services Manager	$12,014	$12,614	$13,245	$13,907	$14,603	Yes	Yes	Yes	No	Yes
Retirement Services Manager	$12,014	$12,614	$13,245	$13,907	$14,603	Yes	Yes	Yes	No	Yes
Senior Investment Analyst	$13,907	$14,603	$15,333	$16,099	$16,904	Yes	Yes	Yes	No	Yes
Senior Investment Officer	$19,569	$20,547	$21,575	$22,654	$23,786	Yes	Yes	Yes	No	Yes

	Monthly Salary Range (Exempt)					
Chief Executive Officer	$24,823.37	Yes	Yes	Yes	No	Yes
Chief Investment Officer	$23,701 - $30,811	Yes	Yes	Yes	No	Yes
Compliance Officer	$12,250 - $15,924	Yes	Yes	Yes	No	Yes
Deputy Chief Executive Officer	$19,003 - $24,701	Yes	Yes	Yes	No	Yes
General Counsel	$20,949 - $27,232	Yes	Yes	Yes	No	Yes
Internal Auditor	$12,250 - $15,924	Yes	Yes	Yes	Yes	Yes

*NOTE: Certificate Differentials cannot be combined with other certificate differentials

Contra Costa County Employees' Retirement Association

Memorandum

Date: January 24, 2024

To: CCCERA Board of Retirement

From: Timothy Price, Chief Investment Officer

Subject: Update on Private Equity Allocation

Overview

CCCERA recently made an additional commitment to TPG Healthcare Partners II, a private equity fund that CCCERA had previously committed to in June 2022. This commitment was made using the delegated authority granted in the Investment Policy Statement. This memo is for informational purposes only and no action is required from the Board at this time.

Investment Policy Statement

The CCCERA Investment Policy Statement adopted by the Board on September 28, 2016 (amended on April 24, 2019 and May 26, 2021) outlines the hiring process for new investment mandates. Commitments up to a $150 million per strategy may be approved via a staff review process, while mandates above this threshold require approval by the Board.

TPG Partners IX and TPG Healthcare Partners II

TPG Healthcare Partners II is designed to capitalize on the Firm's experience, deal flow, and success in the healthcare sector. Healthcare investments are expected to be split 50/50 between Fund IX and THP II, depending on portfolio construction and other considerations. CCCERA committed an additional $25 mm to TPG Healthcare Partners II, bringing our total commitment to the fund to $60 mm.

Meeting Date
01/24/2024
Agenda Item
#12b.

Dimensional

You are cordially invited

Annual Institutional Symposium

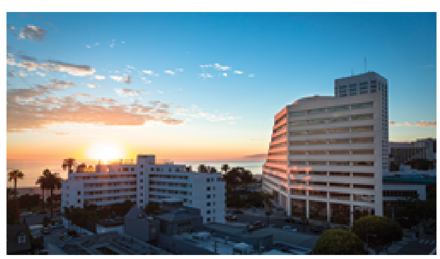
Dimensional Forum | 1299 Ocean Avenue, Santa Monica, California

**Tuesday, February 27 –
Thursday, February 29, 2024**

Register Now

We are pleased to invite you to our Annual Institutional Symposium. This year, it will be hosted in our sunny Santa Monica, CA office. Events begin on the evening of February 27th through the 29th. As Dimensional's premier institutional event of the year, the Symposium is designed to bring investment professionals together from around the world, to share their thoughts and ideas.

Along with peer-to-peer interactions, the event offers an opportunity for participants to hear the latest thinking from leading academics, industry experts, and leaders at Dimensional. This year the symposium features leading economists John Cochrane of the Hoover Institution, Professor Robert Novy-Marx of the University of Rochester, and Nobel Laureate Professor Gene Fama of the University of Chicago.



We invite you to join us and your peers in Santa Monica for special in-person sessions and social events, as well as the opportunity to enjoy the California sun.

To register and for more information, please click the "Register Now" button above.

We hope to see you in Santa Monica!

Sincerely,
Dimensional Fund Advisors

US_Events@dimensional.com

Meeting Date
01/24/2024
Agenda Item
#12c.

Pension Bridge
The Annual 2024

April 15 - 17, Half Moon Bay, CA

Agenda

with.
Intelligence

Day One

1:00PM Analyst Workshop

Pension Bridge's inaugural Analyst Workshop will convene the region's best and brightest analysts for an afternoon of interactive content, networking and learning. The workshop will see panel discussions on market trends but also on best-in-class internal processes of how analysts can be effective in their day-to-day roles.

1:00PM Portfolio Construction: Building for the Future

Portfolio construction today is wracked with difficulties. Higher-for-longer rates have upended a decade-long sense of comfortable investing. Geopolitical fallout threatens how portfolios perform. The traditional 60/40 portfolio seems moribund in today and the future's economic environment. Analysts need to act nimbly if they are to maximize their value in contributing to portfolio construction. But how?

- How will the denominator effect alter exposure to private markets in the long-term?
- How should analysts most effectively balance risk and liquidity considerations when making recommendations?
- How does data play its part in portfolio construction from an analyst's perspective?
- Which fund structures are preferential in today's environment?
- How should analysts approach diversification within their remit?

1:40PM Fund Research: Cutting the Wheat from the Chaff

Within an analyst's career, today, fund selection has never been more important. Most analysts have never been through a period of such economic uncertainty and managers have had a decade of low rates and the longest bull market on record in which to perform. As scrutiny intensifies, how can analysts pick the best managers for the portfolio's purpose?

2:20PM Analysts in the Hotseat

This closing session, moderated by an allocator Chief Investment Officer, will convene four leading allocator analysts to discuss the challenges facing them in today's environment, their career development goals, how they intend to achieve those goals, and how they see allocator organizations changing in the future, from both internal and external perspectives.

3:00PM Registration and Refreshments

3:55PM Opening remarks

4:05PM Keynote Interview

Keynote:

Michael Shackelford, Chief Investment Officer, **Public Employees Retirement Association of New Mexico**

Moderator:

Mike Krems, Partner, Portfolio Strategies, **Aksia**

4:30PM Networking Cocktail Reception

7:00PM End of Day One

Day Two

7:30AM

Breakfast and Trustee Exchange	**Allocator-only Breakfast: Diversity, Inclusion and Talent**	**Registration and Breakfast for All Attendees**

8:30PM Opening remarks

8:35PM Fireside Chat with Asset Owner CIO

Keynote:

John D. Skjervem, Chief Investment Officer, **Utah State Retirement Systems**

Moderator:

Janet Becker-Wold, CFA, Senior Vice President and Manager, **Callan LLC**

8:55PM What-Landing? Portfolios and America's Economic Future

America's economy is forecasted to grow at 6% in the third quarter of 2023, a feat almost unheard of in the last 20 years. Retail sales, construction, manufacturing, and a hot labor market—all point to an economy steaming ahead. Yet the very success of the economy, growing at an alarming rate at a time of rising rates, raises questions for the future.

- To what extent would a 'no landing' cause a rebound in inflation?
- How will higher-for-longer rates drive changes in asset owner strategic allocation?
- How are asset owners pre-empting rate cuts and when do they expect the Fed to act?
- What does a buoyant period for US markets mean for equity allocations and risk mitigation strategies?
- Should policymakers hike inflation targets and what might this mean for portfolio construction?

Panelists:

Farouki Majeed, Chief Investment Officer, **Ohio School Employees Retirement System**

9:30AM Asset Allocation: A Material Change…

The denominator effect hasn't hit portfolio construction strategies as much as feared, given rebounds in equities and high yields in bond markets, although some LPs are still in a tough spot. But more generally the death of lower-for-longer rates and uncertain macroeconomic and geopolitical outlooks are triggering more fundamental discussions about longer term asset allocation mixes.

- Is there a material change required in how asset allocation considerations are thought of?
- How can asset owners maintain liquidity in an increasingly illiquid world?
- What is the successor to the 60/40 model of asset allocation given higher-for-longer rates?
- How are pension fund reforms and regulations affecting asset allocation strategies?
- How will the denominator effect alter exposure to private markets in the long-term?
- What role does risk parity play in today's uncertain market?
- To what extent do asset owners need to accept more risk premia to meet return targets for their stakeholders?
- Has current market uncertainty re-sparked the debate between active and passive strategies?
- Evaluating the tactics of investors who are looking to get more defensive

Moderator:

Eileen Neill, Managing Director, Senior Consultant, **Verus Investments**

Panelists:

Steve Davis, Chief Investment Officer, **Sacramento County Employees' Retirement System (SCERS)**

James Nield, Chief Risk Officer, Senior Managing Director Risk & Portfolio Management, **Teacher Retirement System of Texas**

Toni Rinnevaara, Chief Investment Officer, **American Industrial Partners**

10:05PM Headline Presentation

10:25PM Networking Coffee

10:55AM The Looming Credit Crisis: Fail to Prepare…

Moody's and S&P downgraded a string of banks in August, reminding markets that the banking crisis earlier in 2023 might not be over. Many institutions are sitting on risky loan books in areas such as real estate debt and as higher lending costs continue to pressure businesses, all eyes are on default rates.

- To what extent is the banking system well capitalized against future credit crises and what role will asset managers play?
- Would the government repeat its aggressive response that saw it manage the March 2023 crisis and if not, what would be the impact on asset owner portfolios?
- Discuss asset manager opportunities. Particularly in private credit.
- How will sustained high rates impact treasury and government-backed mortgage securities?
- How should asset owners hedge against credit and interest rate risk?

Moderator:

Mary Bates, Managing Principal / Private Markets Consultant, Meketa

11:30AM The Digitalization of Everything

Artificial intelligence (AI) enhances the investment and risk management function in myriad ways: From predicting future events, to identifying patterns in markets, and from automating operations to strengthening risk performance. Yet events in 2023 highlighted that the artificially intelligent Chief Investment Officer was caught off guard, with events like the banking crisis missed by quant funds and roboadvisors alike. How should asset owners define their relationship with artificial intelligence and where does it offer material value?

- Identifying the risks of machine learning in investing
- What material changes to asset owner portfolio construction is technology creating?
- To what extent will AI overhaul asset allocation in the future?
- How are active managers learning to use AI and data?
- How can AI result in better executions, lower transaction costs and faster investment of new cashflows in fixed income?
- How can customization through technology benefit asset owner portfolios?
- How can asset owners identify bona fide masters of AI?

Panelists:
Zhang Zhang, Investment Analytics & Data Science Director, **Polen Capital**

12:05AM Scenario Setting: Private Credit in a Recessionary Environment

Predictions on when the next recession will hit and how long and how deep it will be, are rampant in the public discourse. Given very few companies have entered today's environment with interest hedging tools, inflationary pressures and higher rates will cause multi-sector distress opportunities.

- To what extent will a recessionary environment create buying opportunities in private credit, particularly in distressed?
- How will the middle-to large-cap market react to a recession?
- How will covenant-lite deals fare in a world of skyrocketing refinancing costs?
- What debt structures should asset owners look at to secure from their GPs?
- What origination strategies are GPs pursuing in identifying good companies with bad balance sheets?
- What distressed-for-control opportunities are there for asset owners?
- How can asset owners most effectively choose their managers, where most funds have never operated through a downturn?
- How should an allocator decipher who will be the best at private credit?
- Do private credit firms have the infrastructure to take ownership of defaulting companies, and how might the lack of it affect asset owner sentiment in the asset class?
- How should allocators incorporate 'capital call' structures within their workings with GPs?

Panelists:

Nicholas Brown, Investment Portfolio Manager, **CSAA Insurance Group, a AAA Insurer**
Zhuoying (Joy) Xu, CFA, Vice President of Strategic Asset Allocation and Fixed Income, **Verizon Investment Management Corp. (VIMCO)**
Michael Lowry, Co-Founder & Global Portfolio Manager, **SC Lowry**
Alona Gornick, Managing Director, Senior Investment Strategist, **Nuveen**
Jon Segal, Portfolio Manager, Managing Director, **Highbridge Capital Management (JP Morgan)**

12:40PM Networking Lunch

1:40PM Breakout Sessions

Emerging Markets: Back from the Dead?

Emerging markets are in one of their longest bear markets. The MSCI Emerging Markets Index is down by about 40% of its February 2021 highs. China's economic woes have largely driven this poor performance, from lockdowns to deflation and dampened post-Covid growth to debt crises. Yet the long-term fundamentals remain bullish, driven by economic growth in Latin America, India and Southeast Asia, as well as an eventually resurgent China.

- Identifying divergent growth opportunities in EMs which have decoupled from the Fed
- An outlook on the US dollar and its effect on asset owner portfolios
- Assessing valuations of EM versus world stock markets
- How will China's continued economic woes affect allocation to emerging markets dependent on its growth?

Panelists:
Zachary Rasure, Associate Director of Investments, **Ascension Investment Management**
Paul O'Brien, Board Member, **Wyoming Retirement System**

Real Estate: Diamonds in the Rough

The commercial real estate industry is facing significant headwinds, as an estimated $1.5 trillion in debt maturity walls hit by 2025. Added to this are higher costs of refinancing and a glut of liquidity, driven by bank lending retrenchment in wake of March's bank failures.

- What opportunities do private equityled acquisitions present for asset owners looking to tap distressed real estate equity and debt opportunities?
- To what degree does strong commercial real estate historicals trump short-term market disruptions?
- How can asset owners identify asset repricing opportunities in the sector?
- Which thematic diamonds in the rough, such as data centers and logistics, are driving investment?

Moderator:
Chae Hong, Partner, The Townsend Group, **an Aon Company**
Panelists:
Dhinesh Ganapathiappan, CFA, Senior Investment Officer and Head of Private Markets, **City of San Jose**
Robert Brown, Head of CRE Finance Investment Platform, Portfolio Manager, **ArrowMark Partners**

2:15PM **Breakout Sessions**

The Hedge Fund Strikes Back

As macroeconomic and geopolitical environments continue to sow uncertainty in the world's financial markets. A protracted war in Ukraine, differing inflationary regimes and rising rates create difficulties for allocators. Yet well positioned hedge funds stand to benefit. which hedge funds strategies are best positioned to bloom?

- Assessing the right strategy: Macro, multi-strat, CTAs, relative value, credit, or long/short equity?
- Tactics for hard-to-access managers and should you be considering well pedigreed spinouts?
- Have hedge funds regained the power in the fee debate and how should LPs handle such conversations?
- Best practice for pass-through fee models and red flags to watch out for.
- How can asset owners identify the best emerging managers?

Panelists:

Darren Wolf, Global Head of Investments, **Abrdn**

Infrastructure: Defense is the Best Offense

Secular trends such as decarbonization and digitalization are driving infrastructure growth. That the asset class is inflation-hedging is a boon. Yet dry powder levels are high, competition for the best deals is rife, and long-duration fixed income products with higher yields threaten demand. How have asset owner hurdle rates changed in wake of rising financing costs?

- Given ample dry powder levels, how can asset owners access the best deals?
- To what degree will high long-duration treasury securities dampen demand in infrastructure?
- What is the outlook for US core and core-plus assets?
- How can asset owners access inflationhedging assets at fair valuations?

Panelists:

George Emerson, Senior Investment Officer, **SCERS**

Michael Steingold, Director, Private Markets, **Russell Investments**

Scott Litman, Managing Director, Infrastructure Investments, **GCM Grosvenor**

2:50PM **Breakout Sessions**

Carbon Credits: An Eye to 2050

According to the World Bank, carbon markets and Emission Trading Systems (ETS) reached a record high of $95 billion in 2023. Increased volumes in this space have led to renewed activity, with recent carbon credit auctions generating new opportunities for investors, but also risk as the carbon certification schemes behind many voluntary offset come under greater scrutiny.

- Existing carbon market plays—recent activity and opportunities
- How can asset owners avoid the financial, regulatory and reputational risks of voluntary carbon credits?
- Should asset owners push the portfolio to issue carbon pricing for net zero targets and what would this mean for asset allocation?
- What are the biggest reasons why carbon offsetting schemes fail to meet sustainability standards?

Panelists:

Darren Wolf, Global Head of Investments, **Abrdn**

Private Equity: Playing Heads and Tailwinds

As dealflow continues to slow, the private equity industry is facing a re-rating in valuations in 2024. And as higher-for-longer rates look increasingly likely, allocators must source managers who are able to identify winners and losers in an increasingly difficult environment.

- Assessing the outlook in mid-market and special situations
- How are higher financing costs impacting buyout valuations?
- How can LPs effectively negotiate terms in investments in the current environment?
- Determining the outlook of mega buyouts

Moderator:

Daniel Hennessy, Senior Consultant, **NEPC, LLC**

Panelists:

Mark Braganza, Partner, **EQT**

3:25PM **Breakout Sessions**

Talking Timber

Strong cash yields, decarbonization thematics, undeveloped housing needs in the US and the rest of the developed world and an increasing interest in carbon markets all point to solid fundamentals for timber going into 2024. Yet forestry investments carry currency, legal and environmental risks and costs.

• Assessing optimum access for asset owners: Open-ended funds, closed-end funds, or ETFs?
• To what extent will demand for carbon offsets exceed supply in the long term?
• How should asset owners assess timber as a defensive and strategic play in 2024?
• How does timber satisfy asset owner ESG objectives?
• To what extent does timber offer inflation-hedging strategies to asset owners?

Panelists:
Darren Wolf, Global Head of Investments, **Abrdn**

Distressed: Hitting the Wall

The check for a decade-long borrowing binge is about to be cashed. Debt piles accumulated in the pandemic are due for repayment and with current high costs of financing, over-leveraged firms have little options, other than asset sales, to service their debt. But with pain comes opportunity.

• What is the outlook for distressed M&A as maturity walls are hit?
• What are the opportunities for private creditors in taking ownership of PE-backed distressed firms?
• With the highest share of lower-rated European debt maturing within the next three years since 2015, what are the opportunities for asset owners?
• What level of risk premium should asset owners take in buying commercial real estate distressed debt?
• To what extent should asset owners be using trigger funds to take advantage of timely opportunities?
What is the ideal structure for investing in distressed credit?

Panelists:
Scott Klein, Chief Investment Officer, **Beach Point Capital**

4:00PM **Networking Coffee Break**

4:30PM **Headline Presentation**

4:50PM **The GP-LP Relationship: The Times, they are A Changin'**

New SEC rulings have the potential to overhaul the relationship between GPs and LPs in favor of the latter. Preferential treatment to certain LPs in a deal will be a thing of the past, and LPs will benefit from more transparency in general.

- How will new regulations determine what terms will or will not have a material negative impact on other investors?
- How much will preferential treatment disclosures disrupt LP/GP relationships?
- How will the SEC's ruling on third-party valuations of GP-led secondaries affect the market for LPs?
- Will the new rulings fundamentally alter asset allocations?
- To what degree will the growth in co-investments alter the GP-LP relationship?
- Is there a material growth in US pension fund direct investment, and to what extent will this develop in the future?
- How is fee-conscious investing changing the relationship between LPs and GPs?

Moderator:
Sheila Ryan, Partner, **Cambridge Associates**

5:25PM **Closing Remarks**

5:30PM **Wine Tasting Reception**

7:30PM **End of Day Two**

Day Three

7:40AM **Breakfast for All Attendees**

8:40AM **Welcome Remarks**

8:45AM **Exit the Dragon: US-China Decoupling and Portfolios**

The US-China relationship is under unprecedented pressure. The Biden's administration's decision to restrict US investment in key Chinese industries, tension over Taiwan, and China's drive to create a multipolar world all point to a continued decoupling. Investors must assess how their portfolios will be impacted by an increasingly complex relationship.

- To what extent will China's increasing ties with Saudi Arabia and other oil-producing countries lead to global dedollarization and how would that affect portfolios?
- Should China be forced to defend a weakening yuan, and sell off US treasuries—causing bond markets to skyrocket—what would be the effect on equity portfolios?
- Is there any future for US allocation to Chinese securities or assets and if so, where?
- How will China's real estate sector emerge from its astonishing debt problem?
- How will a stagnated China affect the asset owner exposure to emerging markets?
- Is an enlarged BRICS membership a threat to the hegemony of the Western world order and will a multipolar world threaten asset owner portfolios?
- Should dedollarization accelerate, what will be the outlook for gold?

Panelists:

Idanna Appio, PhD, **First Eagle Investment Management**

Max Gold, Head of Gold Strategies, **State Street**

9:20AM Fixed Income: A Defining Moment…

After a decade of suppressed yields, fixed income is having a defining moment. High quality bonds are close to longer-term averages for equity returns, while offering less volatility and more downside protection.

- To what extent will higher-for-longer rates, through to 2025, affect allocator's exposure to fixed income?
- Short-duration vs long-duration corporate: Where to increase exposure
- Assessing the market for high yield in an environment of higher costs of financing
- Investment grade core fixed income as a tool for risk-adjusted returns, capital appreciation, diversification and attractive yield
- Opportunities in global fixed income portfolios

Panelists:

Steve Pulley, Senior Investment Officer, **Arkansas State Treasury**

Jim Cielinski, Global Head of Fixed Income, **Janus Henderson**

9:55AM Headline Presentation

10:15AM Secondaries Wave: Will the Surf Ever Stop?

The wave of secondaries deal making continues to be robust, driven by dry exit markets, asset owner liquidity needs and a frozen IPO market. But headwinds remain. Equity markets are back to near record levels, so mismatch in public vs private weight has balanced since 2022's skew. And higher-for-longer rates threaten growth across the board.

- How will macroeconomic forces effect secondary transaction volumes in the years to come?
- What are the current pricing discounts on offer across PE, venture, real estate, infra and private credit?
- Key considerations when looking at GP-led secondaries
- Assessing the growth of credit secondaries and how asset owners might capitalize
- What is the outlook for shorter-duration secondaries strategies that can exploit dislocations?
- How is the secondaries market developing in Europe and Asia?

Moderator:

Chason Beggerow, Global Leader – Co-investments and Secondaries, **Mercer**

Panelists:

Ben Perl, Global Co-Head of Secondary Private Equity, **Neuberger Berman**

Tom Newby, Partner, **Lexington Partners**

10:50AM Networking Coffee Break

11:20AM Pension Bridge Debates: ESG and Fiduciary Duty—For or Against?

Proponents of ESG argue that firms and assets strong in environmental, societal and in good governance areas are beneficial for long-term financial performance and therefore fulfil fiduciary duty to stakeholders, whether they be pensioners or insurance policyholders. Detractors highlight that higher yields can be sought in non-ESG products and therefore that investing in ESG contravenes fiduciary duty. This session will convene opposing thought-leaders to determine the truth. Audience members will be polled at the beginning and the end of the session to determine sentiment.

Moderator:

Sarah Bernstein, Head of Sustainability, Managing Principal, Consultant, **Meketa Investment Group**

Panelists:

Andrew Collins, Director of ESG Investing, **San Francisco Employees' Retirement System (SFERS)**

Paul O'Brien, Board Member, **Wyoming Retirement System**

Charlie Donovan, Senior Economic Advisor, **Impax Asset Management**

Annie Chor Joyce, Head of ESG, **Amundi**

11:55AM Keynote Interview

12:15PM Networking Lunch

1:15PM Pension Bridge Triva Round

To break up the content of the day, The Annual will launch its first Pension Bridge Trivia Round. Tables will be given the chance to compete against one another with local beer and refreshments served.

1:50PM The Energy Transition: Legislation, Legislation, Legislation

The Inflation Reduction Act (IRA) aims to put the United States' goal of a 50-52% reduction in GHG emissions relative to 2025 within reach. The effect on pension funds and other asset owners is clear. More bankable projects, larger ticket sizes and changing market conditions all point to increased allocation. Yet major barriers to investment remain.

- How should asset owners capture value in nascent technologies such as hydrogen, grid transmission, carbon capture, offshore wind, nuclear, battery storage and other industries receiving a boost by the IRA?
- To what extent is the IRA influencing increased ticket sizes more favourable for major asset owners, and in which areas do opportunities lie?
- How is the IRA's tax incentive restructuring aiding asset owners in allocating to associated projects?
- Addressing headwinds: Political barriers, local and national regulations, inflationary pressures and supply chain issues
- To what degree does the IRA represent an opportunity to overhaul asset owner portfolios in favour of more responsibly-sound investment?
- Will inconsistent state-led legislation prevent asset owners from capturing the full potential value?

2:25PM Networking Coffee

3:00PM Scenario Setting: Equities and the Fed

Wall Street has been predictable in only one thing recently: In forecasting the end of the Fed's rate hiking cycle incorrectly. The consensus now suggests that the central bank will start cutting at the end of 2023. But what if they're wrong?

- How will equity portfolios be impacted by higher-for-longer rates?
- How will a rate cutting cycle affect asset owner allocation strategies for the long-term?
- How will the proliferation of artificial intelligence affect US equities in the next five years?
- Will recession-mongers ever see their expected downturn, and how should asset owners react?
- Where do asset owners see opportunity in global equities?

3:35PM CIO Closing Panel

The closing session will see some of the most progressive investors in the region discuss their long-term asset allocation strategies and the changes they expect will be made by 2030.

- How will portfolio construction strategies materially change by 2030?
- Which areas of the asset allocation process requires overhaul?
- What regulatory forces will impact risk premia levels?
- What will be the public-private mix in 2030 and how will investment committees get there?
- To what degree should or can American pension funds follow their Canadian counterparts in developing a more influential direct investment function, and how would that change the markets?

Panelists:
Don Walker, Executive Vice President/Chief Investment Officer, **The Board of Pensions of the Presbyterian Church (U.S.A.)**
Joe Aguilar, Chief Investment Officer, **Illinois State Treasurer**

4:10PM Closing Remarks

4:20PM End of Event

Meeting Date
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Agenda Item
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ALTERNATIVE INVESTOR INSTITUTE & INSTITUTIONAL INVESTOR INSTITUTE

Institutional Investor

Public Funds Roundtable

APRIL 29 - MAY 1, 2024
THE BEVERLY HILTON
LOS ANGELES, CA

ALTERNATIVE INVESTOR INSTITUTE & INSTITUTIONAL INVESTOR INSTITUTE | Institutional Investor

Public Funds Roundtable

April 29th – May 1st, 2024, The Beverly Hilton | Los Angeles, CA

Allocator Advisory Board Members

Marcus Frampton, *Chief Investment Officer,* **Alaska Permanent Fund Corporation**

Justin Lord, *Senior Managing Director, Public Equities*, **Alberta Investment Management Corporation (AIMCo)**

Mark Steed, *Chief Investment Officer,* **Arizona Public Safety Personnel Retirement Systems**

Mario Therrien, *Head of Investment Funds and External Management*, **Caisse de depot et placement du Quebec (CDPQ)**

Chris Ailman, *Chief Investment Officer,* **California State Teachers' Retirement System**

Scott Chan, *Deputy Chief Investment Officer,* **CalSTRS**

Craig Slack, *Chief Investment Officer,* **City of Chicago**

Sandy McPherson, *Chief Investment Officer,* **City of Edmonton**

David Silber, *Chief Investment Officer,* **City of Milwaukee Employees' Retirement System**

Prabhu Palani, *Chief Investment Officer,* **City of San José Retirement System**

Scott Simon, *Chief Investment Officer,* **Colorado Fire & Police Pension Association**

Timothy Price, *Chief Investment Officer,* **Contra Costa County Employees' Retirement Association**

Cheryl Alston, *Executive Director,* **Dallas Employees' Retirement Fund**

Ryan Wagner, *Chief Investment Officer,* **Dallas Police & Fire Pension System**

Katherine Molnar, *Chief Investment Officer,* **Fairfax County Police Officers Retirement System**

Angela Miller May, *Chief Investment Officer,* **Illinois Municipal Retirement Fund**

Joe Aguilar, *Chief Investment Officer,* **Illinois State Treasurer**

Scott Davis, *Chief Investment Officer,* **Indiana Public Retirement System**

Rod June*, Chief Investment Officer,* **Los Angeles City Employees' Retirement System**

Bryan Fujita, *Chief Investment Officer,* **Los Angeles Fire and Police Pensions**

Jeremy Wolfson, *Chief Investment Officer*, **Los Angeles Water & Power Employees' Retirement Plan**

Matthew J. Freedman, *Chief Investment Officer,* **Louisiana School Employees Retirement System**

Public Funds Roundtable

April 29th – May 1st, 2024, The Beverly Hilton | Los Angeles, CA

Allocator Advisory Board Members Continued

Andy Palmer, *Chief Investment Officer,* **Maryland State Retirement and Pension System**

Michael Trotsky, *Chief Investment Officer*, **Massachusetts Pension Reserves Investment Management Board**

T.J. Carlson, *Chief Investment Officer,* **Missouri State Employees' Retirement System**

Kevin Killeavy, *Chief Investment Officer,* **Montgomery County Employees Retirement System**

Bob Jacksha, *Chief Investment Officer,* **New Mexico Educational Retirement Board**

Scott McIntosh, *Executive Vice President & Head of Global Multi-Asset Strategies,* **OMERS**

James Davis, *Chief Investment Officer,* **OPTrust**

Molly Murphy, *Chief Investment Officer,* **Orange County Employees Retirement System**

Steve Swanson, *Chief Investment Officer,* **Park Employees' Annuity & Benefit Fund of Chicago**

Craig Husting, *Chief Investment Officer,* **Public School and Education Employee Retirement Systems of Missouri**

Steve Davis, *Chief Investment Officer,* **Sacramento County Employees' Retirement System (SCERS)**

Don Pierce, *Chief Investment Officer,* **San Bernardino County Employees' Retirement Association**

Alison Romano, *Chief Investment Officer,* **San Francisco Employees' Retirement System**

Jason Malinowski, *Chief Investment Officer,* **Seattle City Employees' Retirement System**

Lamar Taylor, *Interim Executive Director & Chief Investment Officer*, **State Board of Administration of Florida**

Edwin Denson, *Executive Director/Chief Investment Officer,* **State of Wisconsin Investment Board**

Glenn Hubert, *Chief Investment Officer*, **Teachers' Pension Plan Corporation Newfoundland and Labrador**

David Hunter, *Chief Investment Officer,* **Texas Municipal Retirement System**

Andy Greene, *Chief Investment Officer,* **Toronto Transit Committee Pension Plan (TTCPP)**

John Skjervem, *Chief Investment Officer,* **Utah Retirement Systems**

Jon Spinney, *Chief Investment Officer,* **Vestcor**

Andrew Junkin, Chief Investment Officer, **Virginia Retirement System**

Sam Masoudi, *Chief Investment Officer,* **Wyoming Retirement Syste**

ALTERNATIVE INVESTOR INSTITUTE & INSTITUTIONAL INVESTOR INSTITUTE | Institutional Investor

Public Funds Roundtable

April 29th – May 1st, 2024, The Beverly Hilton | Los Angeles, CA

The evolving macro environment continues to bring new twists to perennial issues faced by CIOs of public funds.

From governance amidst some of the most polarized times in recent history (never the twain shall meet - particularly in a presidential election year?)....

....to managing liquidity, risk and liabilities amid an uncertain macroeconomic outlook and unprecedented investment landscape in which drawing actionable intelligence from a mass of data is increasingly challenging (a magic eight ball, anyone?)...

....to attracting and retaining high performing teams during a talent crisis, and at the lower end of the industry compensation scale.

And everything else in between....

One certainty in times of such uncertainty is that public fund CIOs have a lot to navigate.

How. to. move. forward.?
............in an increasingly polarized environment?
............in an era of unprecedented geopolitical challenges?
............in an uncertain regulatory environment?
............in an uncertain and evolving macro-economic and investment climate?
............amid a backdrop of technological innovation and industry disruption?
............when (add your own comment here)?

While there are no one-size-fits-all answers, there is an opportunity to share, compare, address, and explore paths forward together.

And that's where we come in.

Join us at *Institutional Investor's* Public Funds Roundtable, April 30-May 1, 2024, Los Angeles, where your public fund CIO peers will collectively be discussing how they are tackling these issues......with the objective of moving forward.

We look forward to welcoming you April 29-May 1, at the Beverly Hilton in Los Angeles!

ALTERNATIVE INVESTOR INSTITUTE & INSTITUTIONAL INVESTOR INSTITUTE | Institutional Investor

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Monday, April 29, 2024

4:00 p.m. | Early Registration
Beverly Hills Ballroom Foyer

4:30 – 5:30 p.m. | Private Conversation for Asset Allocators Only
Beverly Hills Salon

Innovative Approaches to Talent Recruitment & Retention in Public Funds: What is (and isn't) Working?
Against a backdrop of wage inflation, budget restrictions and increased turnover, public funds face particular challenges: how to recruit and retain key talent when better compensated positions exist elsewhere? This closed-door discussion provides a platform for an open exchange between public fund peers in sharing the successes of their recruitment and retention approaches and in effectively managing turnover to minimize disruption. Come prepared to share!

- The ins and outs of successful compensation schemes and getting them board approved
- Beyond compensation: innovative approaches to securing and retaining key talent beyond $
- Addressing the training crisis for your asset class personnel and wage inflation in public plans
- Fostering a good team culture: defining what a 'good' culture really is and what it takes to achieve
- Managing staff turnover and approaches to minimizing disruption

5:30 – 6:30 p.m. | Welcome Reception for all attendees
California Terrace

Tuesday, April 30, 2024

7:45 a.m. | Registration Check-in Opens
Beverly Hills Ballroom Foyer

8:00 – 8:55 a.m. | Private Breakfasts

Allocators Only Chair's Closed-Door Breakfast Discussion:
Surviving the Politics of Investing & Fostering Better Practices as Investors in 2024 – Lessons from Small, Medium and Large Plans
Allocators are invited to an exclusive closed-door working breakfast hosted by III & AII Chair, Cynthia Steer. During this informal 55-minute discussion, allocators will have the opportunity to gain insights and share best practices with their peers from across the country and Canada. Discussion points include:

- Governance: a battle of good vs. bad? How to maintain focus on fiduciary duties in light of political pressures? Examining approaches to fostering better practices and to ensure that the twain does meet....
- The Canadian model: what aspects can work in the U.S.?
- Differences between investment boards and traditional public pension plans
- Corporate governance/proxy voting: is the era of customization over with a reversion to more generic proxy voting?

Hosted by: Cynthia Steer, *Chair, Alternative Investor Institute & Institutional Investor Institute,* **Institutional Investor**

Members Only Breakfast Closed Door Discussion
Content to be announced.

Board Members Only Breakfast Closed Door Discussion
Fostering Better Practices as a Board Member: Navigating Common Challenges in the Fulfillment of Fiduciary Responsibilities

9:05 – 9:10 a.m. | Welcome & Introductory Remarks
Beverly Hills Ballroom
Catherine Martin, *Senior Director*, *Alternative Investor Institute & Institutional Investor Institute*, **Institutional Investor**

9:10 – 9:25 a.m. | Chair's Welcome & Polling
Beverly Hills Ballroom

Attendees will be polled on several high-interest topics using an anonymous, interactive electronic response system in the opening session and subsequent sessions. The aggregated results of the poll will be displayed instantaneously on-screen to help illuminate the discussions which follow. By doing this, we will provide all attendees with valuable benchmarks and unique insights.

Cynthia Steer, *Chair, Alternative Investor Institute & Institutional Investor Institute,* **Institutional Investor**

9:25 - 9:45 a.m. | Opening Address: The 2024 Macro-Economic Growth Outlook for the U.S.
Beverly Hills Ballroom

Discussion points include:
- Global macro-economic outlook: developed, emerging and frontier markets – the inhibitors vs. drivers to watch.
- Labor market: what can we expect in 2024 and what will be the drivers behind this?
- Hard or soft landing? Which and when? "Higher for longer": how much longer? Inflation and interest rates - where will they land? To what extent is stagflation a possibility?
- What is the sustainability of the current fiscal path? When will the U.S. deficit matter?
- Banking crisis 2.0? What is the possibility of an impending liquidity crisis if banks' unrealized losses become realized? Will the wall of maturities in commercial real estate tip the balance at regional banks? Can we expect loan sales? Further consolidation?
- Where are we in the default cycle? Where are levels of distress across market sectors?
- How resilient will the U.S. consumer be in 2024?
- Are we in a period of deglobalization or globalization reimagined? What does this mean for the markets in actuality?
- Assessing the impact of recent geopolitical risk on the markets: is this the new normal? What further disruption is anticipated? What are the long-term implications?

9:45 - 10:15 a.m. | A Debate: Now is an Amazing Time to be a Pension Fund, Right? What Does Higher for Longer Mean?
Beverly Hills Ballroom

Jumping into a key theme of this year's Roundtable, this debate examines the impact of the current inflation and interest rate environment on portfolios and pension plans. From the impact of higher inflation on liabilities to the higher cost of capital on liquidity to funding status and surplus, we examine what the current environment means for pensions. In this debate we invite allocators with contrary perspectives on the current market environment discuss how they will operate in 2024-2025 and ultimately whether now is a prime time for public pension funds.

10:15 - 11:10 a.m. | Rapid Fire Round followed by Tabletop Discussions
Beverly Hills Ballroom

10:15 - 10:45 a.m. | Allocator CIO Rapid Fire Round: Rethinking Asset Allocation for Long-Term Portfolios in a New & Evolving Investment Risk Environment
As many public plans contend with a lower than ideal funded status, they now also have to grapple with a period of rapid and unprecedented change within the global investment landscape. The only certainty is uncertainty and the fact that the next thirty years will not look like the last. In this rapid-fire round, our panel of CIOs will take questions on how they are viewing asset allocation and if/how their thinking is changing.

- What lessons can be learned from recent economic and market upheaval to better position long-term portfolios for greater resiliency?
- To what degree has the higher inflation and interest rate environment led to meaningful changes in your asset allocation? How are you approaching overweighting in private market allocations? How are you stress-testing liquidity?
- Have you made changes to your asset allocation due to geopolitics? Is there a way to incorporate geopolitical risk and some form of tactical approach? How do you deal with tail risk?
- How to be more proactive than reactive to make asset allocation more relevant going forward? Is there a need for an 'all-weather' portfolio, and if so, what should it look like?
- How do you make sure your portfolio is diversified and is providing the protection you anticipate? Is there a better way to get protection?
- Funding levels have generally improved, how are you working with your treasury/comptroller colleagues relative to contributions and benefits?

10:45 – 11:10 a.m. | Tabletop Discussions: How Do You Even Form an Opinion? Building Investment Viewpoints in an Unprecedented Geopolitical, Interest Rate and Inflation Risk Environment
After three decades of reasonable economic stability, we are now in an era marked by uncertainty, disruption, and radical shifts and CIOs need to navigate this unprecedented economic environment. Similarly, it's now a part of the job for CIOs to have investment views on U.S.- and geo-political risk. How to form an investment opinion in such political and economic climates, and with a lot of (at times conflicting) data? What investment dogmas are being challenged in the current environment? Are market dynamics - inflation, monetary policy, and growth - different to what we have previously thought and hence need to be reconsidered? How to cut through the noise to determine where we are now and then build this into an investment viewpoint, or do you?

In small groups, attendees will spend the next 25 minutes sharing their thoughts on these and related questions, building on the content delivered in the previous panels.

11:10 - 11:30 a.m. | Coffee & Networking Break
Beverly Hills Ballroom Foyer

TRACK 1	TRACK 2	TRACK 3

NAVIGATING BENCHMARKS IN A NEW WORLD	AI/DATA	GEOPOLITICS & INVESTING INTERNATIONALLY VS. DOMESTICALLY

11:30 am – 12:30 p.m. | Tracks

TRACK 1
Navigating Benchmarks in a New World

In this track we begin with a brief history of benchmarks, outlining how we got where we are today. We then take an in-depth look at how to navigate benchmarks in the new market regime to answer such questions as:

- Divide into the 'Magnificent 7' and 'everything else'? S&P 7 vs. S&P 493: what's going on and where do we go from here? Go neutral? Passive vs. active: do you stick with your guns and stay active?
- Fixed income – integrate credit with everything else?
- Global benchmarks without China? If there is increased legislation on what public funds can/can't invest in, global benchmarks don't work anymore: how to navigate?

11:30 a.m. – 11:45 a.m.
Part One: A Short Presentation
A Brief History of Benchmarks: How Did We Get Here?

11:45 a.m. - 12:30 p.m.
Part Two: A Panel Discussion
Domestic/Global & Public/Private Benchmarks: Are Dominant Companies or Countries a Fact of Life?

TRACK 2
AI/Data/Modeling

The following two sessions each open with a case study presentation of novel applications of AI in the investment management process followed by a period of Q&A from the floor. The objective is for audience participants to ask questions that give further insights into the content and how it may be directly applicable to their own institutions.

11:30 a.m. – 12:00 p.m.
Asset Manager Case Study: Leading Edge Applications of AI in Investment Management Today

12:00 - 12:30 p.m.
Allocator Case Study: Leading Edge Applications of AI in Investment Management Today

TRACK 3
Geopolitical Risk Vs. Reward &
Investing Internationally Vs. Domestically

11:30 a.m. – 12:00 p.m.
Debating Geopolitical Risk Vs. Reward: "Get Out Now!" Vs. "It's a Great Buying Opportunity!"

Whether you invest in China or not the world's second biggest economy, which accounts for around 40% of global growth, has a significant and far-reaching impact on the global economy. With deteriorating U.S.-China relations; an executive order limiting U.S. investment in China; Taiwan invasion concerns; a property crisis highlighted by the bankruptcy of the mainland's second biggest developer; it's fall into deflation; high youth unemployment; and overall fears of a looming recession, investors have a lot to navigate. In this debate we hear from allocators who believe China and other geopolitically tense regions currently offer a great investment opportunity battle it out with those who see such regions as uninvestable.

- Which regions are you looking at from a geopolitical risk standpoint? What is your Board/Investment Committee saying? Your General Counsel?
- From a plan perspective, where do you have exposure in geopolitically sensitive areas? Are you holding steady, pulling back or increasing investments? Based on what factors? Are you considering distressed opportunities?
- With the continued production restrictions out of Russia and China, the supply chain shifting away from China, and weaker demand for goods and services within China, how are you viewing commodities?
- Where are you reallocating the capital that would have gone to investments in geopolitically tense regions?

12:00 - 12:30 p.m.

Rethinking Emerging Market Exposure & Investing Domestically Vs. Internationally

Regardless of the kind of a portfolio you manage, the decision of investing domestically vs. internationally is an important one. Historically, U.S. stocks have outperformed international ones, but in 2022-2023 international stocks outperformed the U.S. on a total return basis. Has the king's crown lost its shine? In this session our panelists discuss their approaches to deciding whether to invest domestically vs. internationally and in doing so discuss their perspectives on emerging market (EM) exposure. Talking points include:

- Does it really matter if you invest in EMs given the current climate?
- What factors are driving the reversal in U.S. stock outperformance and how long is expected to last?
- To what degree should the reversal in stock performance lead to a rethink for portfolios overweighted in U.S. investments?
- What does the international market look like? Are things cheap for a reason? Should the approach be more selective on a country-by-country basis rather than taking a global approach?
- How are you currently approaching the decision to invest in the U.S. vs. internationally?
- How to price U.S. political risk?
- Rethinking EM exposure: debt vs. equity and long vs. short positioning in an era of rising geopolitical risk
- What are the impacts of friend-shoring? What countries are moving the supply chain from China? Are there opportunities to explore in Mexico, Canada, Korea, etc.?

12:30 pm – 2:00 p.m. | Seated Lunch & Guest Speaker

2:00 – 2:45 p.m. | Think Tank Networking: Setting the Scene followed by Think Tank Networking

In the Think Tank Networking sessions, the audience actively participates in the discussions. Session leaders first set the scene of the discussion by outlining the key issues. The discussion is then opened to the floor with the audience sharing their insights and perspectives. These sessions run concurrently.

TRACK 1
The New Age of Fixed Income

The New Age of Fixed Income & the Coming Revolution in Asset Allocation

What income-seeking strategies are allocators pursuing? What changes should be made to the fixed income bucket in this higher rate environment? This Think Tank session explores allocator approaches in this 'new age of fixed income'.

- How attractive is fixed income today and how much risk are you willing to take? At today's rates, what percentage of the portfolio should be in fixed income – be it public or private - in lieu of other strategies?
- Is this higher rate environment a good time to sell off long maturity bonds? Is this a good opportunity to lengthen duration?
- How much liquidity is there in the high yield/sub-investment grades within the public markets?
- Fixed income as an alternative to equities to hit actuarial targets
- High yield bonds vs private credit: how much high yield do you want relative to private credit in a higher rate environment?
- Private credit within a public fixed income portfolio: how are allocators approaching this, and what are the upsides?

TRACK 2
Data Sourcing, Management & Models

The 'Moneyball of Investing': Do Today's Models Hold Up? How Are Data Points Evolving? How to Draw Actionable Information from a Mass of Data?
As we heard in sessions earlier today, the macro landscape going forward is going to be very different to what we've experienced previously, and with that comes different ways to generate alpha. What data points for underwriting risk and examining growth opportunities are needed today that weren't needed 10-15 years ago? How good is the accuracy of some data over the last few decades? Do today's models hold up going forward, particularly in a higher interest rate environment? What resources are firms putting into gathering and organizing information? Will data analysts and programmers soon outweigh investment staff in teams? How to see through the 'noise' and draw actionable intelligence from such a mass of data? Join us in this session as we focus on what to consider in pursuit of answers to these questions.

TRACK 3
Divesting

LP & GP Perspectives: The Considerations and Ramifications of Divesting
What are the implications of divesting for both allocators and asset managers? What does it mean for both LPs and GPs to take money out of a fund or to ask that certain companies or exposures are excluded? Can that be done in a side letter? What are policy/legal considerations of divesting? The operational considerations? What are the potential implications for the LP-GP relationship? How to then reinvest the capital to get a similar risk profile? Conversely, how to capitalize on the way that other allocators are forced to divest?

2:45 – 3:30 pm | Interactive Networking & Coffee Break

3:30 - 4:00 pm | Panel Discussion:

Key Issue Deep Dive: The Latest Thinking on Funding and Benefits for Defined Benefit Plans
In this deep dive discussion, our panelists examine the impact of funding and surplus on defined benefit (DB) plans. What else is there for employers beside defined benefit and 457 plans in a higher interest rate environment?

4:00 - 4:30 p.m. | Fireside Chat:

Effecting Real Change in DE&I - a Conversation with Allocator CIO and an Asset Manager
Discussing how they are driving efforts to shift the paradigm on diversity, equity and inclusion (DE&I) within their own institutions and with their partners, our speakers address the steps they are taking to effect real change, how they are overcoming stumbling blocks, what their achievements have been to-date and what they are continuing to work towards.

4:30 – 5:00 p.m. | Closing Featured Interview:

5:15 p.m. | Depart for Reception & Dinner

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Wednesday, May 1, 2024

7:45 a.m. | Registration Check-in Opens
Beverly Hills Ballroom Foyer

8:00 – 8:55 a.m. | Private Breakfasts

Canadian Allocators Only
Chair's Breakfast: A Closed-Door Discussion Among Peers
Canadian allocators are invited to an exclusive closed-door working breakfast hosted by III & AII Co-Chair, Cynthia Steer. During this informal 55-minute discussion, allocators will have the opportunity to gain insights and share best practices with their peers, as well as inquiring about the challenges that are keeping you up at night.

U.S. Allocators Only
Closed-Door Breakfast Discussion Among Peers: Pursuing Simplicity Over Complexity in Pension Plans
CIOs are questioning the need for investment strategy complexity, especially in an environment in which 5% returns are possible from cash. As some pension plans look to simplify rather than pursue a course of complexity, what are the pros/cons? What are the obstacles to achieving simplicity? When to invest in internal resources/team vs. allocate budget externally? With an industry built around servicing and complexity how can pension plans navigate a path to simplicity?

Members Only
Closed Door Breakfast Discussion Among Peers
Content to be announced.

9:05 – 9:10 a.m. | Welcome and Introductory Remarks
Beverly Hills Ballroom

Catherine Martin, *Senior Director*, *Alternative Investor Institute & Institutional Investor Institute*, **Institutional Investor**

9:10 – 9:25 a.m. | Chair's Welcome and Polling
Beverly Hills Ballroom

Attendees will be polled on several high-interest topics using an anonymous, interactive electronic response system in the opening session and subsequent sessions. The aggregated results of the poll will be displayed instantaneously on-screen to help illuminate the discussions which follow. By doing this, we will provide all attendees with valuable benchmarks and unique insights.

Chair: Cynthia Steer, *Co- Chair, Alternative Investor Institute & Institutional Investor Institute,* **Institutional Investor**

9:25 - 9:45 a.m. | Opening Address: The State of the Industry 2024
Beverly Hills Ballroom

Providing a current (Q2 2024) snapshot of the health of the public and private markets, this session discusses as near real-time information as possible to determine what needs to be on the industry's radar as we progress through continued economic and market uncertainty and a presidential election year. Among the discussion points:

- Public vs. private market valuations: where are they currently? How has the new economic regime of higher rates impacted asset valuation?
- Are we back in the '90s in real estate?
- Assessing today's private equity landscape: are the implications of "higher for longer" being realized?
- Where are we in the default cycle? Are we now shifting from a stressed to a distressed environment in different markets? What investment opportunities is this creating? Are distressed opportunities becoming the new darling?
- The return of fixed income...
- Concentration in public equities: The 'Magnificent Seven' - what's going on? Can public equities hold up in the higher rate environment?
- The latest on fundraising, capital flows and cash flow patterns – calls and distributions
- Regulation on, regulation off: a non-partisan viewpoint on market performance under the last two administrations
- Liquidity concerns during an election year: how to maneuver in the wake of the U.S. presidential elections?

9:45 - 10:15 a.m. | Fireside Chat
Beverly Hills Ballroom

Best Practices in Navigating Boards - A Candid Conversation
Former & current CIOs of public pension funds come together in a frank and open discussion to share best practices in one of the most challenging aspects of their job, navigating boards. This discussion will include approaches to board education, building portfolios with a new board, fostering a good culture, and navigating organizations through difficult times.

10:15 -11:10 a.m. | Panel Discussion Followed by Tabletop Discussions:

10:15 - 10:45 a.m. | Board Member Perspective Panel - A Candid Conversation
Following from the previous panel, we now welcome the board member perspective in their pursuit of adhering to fiduciary responsibilities. We discuss a total portfolio approach vs. strategic asset allocation and how this impacts the investment decision framework and the governance framework. We also discuss board education and how to adhere to fiduciary responsibility. How has oversight of staff and communication evolved during the last decade?

10:45 – 11:10 a.m. | Tabletop Discussions: Fiduciary Obligation

Fiduciary Obligation: What Does This Actually Mean Today? A Tabletop Discussion
In small discussion groups, attendees will spend the next 25 minutes sharing their thoughts on the sessions of this morning and discuss the meaning of fiduciary obligation today.

11:10 - 11:30 a.m. | Coffee Break

11:30 am – 12:30 p.m. | Tracks

TRACK 1 PRIVATES - NAVIGATING A SHIFTING INVESTMENT LANDSCAPE	TRACK 2 PROVIDING & MANAGING LIQUIDITY IN A TOUGH EXIT ENVIRONMENT	TRACK 3 ENERGY TRANSITION & CLIMATE RISK

TRACK 1
PRIVATES - NAVIGATING A SHIFTING INVESTMENT LANDSCAPE

11:30 a.m. – 12:00 p.m.

The Changing Face of Private Equity: Good or Bad?

- How is the repricing of private equity impacting allocators' portfolios? Do you reprice early or late? What are the advantages of both?
- How are allocators approaching pacing in this market – putting more $ in or pulling back?
- In this tough fundraising environment, to what degree is there a divergence between large funds and small-mid sized funds? What does this mean for the private equity market as a whole?
- Addressing the backlash to private equity and its 'vulture' reputation: is all fair in money and war? What in turn are the considerations for allocators?
- Is the leveraged buyout model subtractive in a higher rate environment?
- Where are the best opportunities to maximize returns within private equity in the current market environment?
- To what extent are we entering another zombie fund apocalypse? Adapt and survive? What are the dynamics that will enable managers to succeed?
- Liquidity, liquidity, liquidity...or do we really need it in this asset class?

12:00 - 12:30 p.m.

Private Credit 3.0? Examining the Opportunities & Risks Within Direct Lending, Specialty and Niche Finance
Our allocator panelists represent different stages of the private credit evolutionary scale– from having recently started making allocations to experience of several years within this market sector. Their varying perspectives will help provide a broader picture of the current landscape of the private credit market and where current and future opportunities lie.

- To expand the role of credit in allocations, or not to expand? That is the question for allocators in this environment.....
- ....with the follow up question of where to put them - within private allocations or in the public fixed income bucket?
- Private credit vs. traditional private equity
- Where are the best risk-adjusted returns? Beyond middle market and direct lending, what other credit opportunities are you looking at and why? Royalties? Sports franchise? Life sciences? Asset-based? Distressed? How are you structuring your risk in credit?
- To what extent will borrowers continue to turn to the private markets for financing? Will funds take the place of regional banks?
- Is there too much money chasing too few deals in direct lending? Are we at the end of covenant-lite? Are trouble spots starting to appear? Is the 'golden age for private credit' starting to look a bit brassy?
- Is the private credit industry ready for a downturn? How will different sectors of the private credit market fare in a downturn?
- Lending money is all about people, even with a good agreement: as an allocator how are you selecting managers? How are you ensuring that they are doing their homework on the borrowers?

TRACK 2
PROVIDING & MANAGING LIQUIDITY IN A TOUGH EXIT ENVIRONMENT

11:30 a.m. – 12:00 p.m.

Providing & Managing Liquidity Today

With exits limited and fundraising slowing, how are managers getting creative in their financial engineering? And with the slow pace of distributions being a pain point for many allocators in the tough exit environment, how are they in turn getting creative in generating liquidity?

Is the balance between financial engineering and financial responsibility in the quest for liquidity being adequately struck?

In this track GPs and LPs address their approaches to and perspectives on generating liquidity and in doing so we consider the pros and cons and what this can mean for GP-LP alignment and relationships.

Part One: GP Perspective
What strategies are GPs adopting to generate liquidity? What additional layers of leverage are being used to preserve and provide additional liquidity? When does/doesn't it make sense to employ these strategies? What in turn does this mean for LPs?

- NAV loans
- Continuation funds

12:00 - 12:30 p.m.
Part Two: LP Perspective
Allocators address their views on NAV loans and continuation funds, including their approaches to navigating such opportunities; and also address their own approaches to generating and managing liquidity.

- LP perspectives on continuation funds and NAV loans:
  - Navigating additional layers of complexity and transactional due diligence
  - Navigating potential conflicts of interest and misalignment between GP and LPs
  - Navigating the noise to get to the value
  - Internal resource allocation based on the opportunity or necessity
- LP-led liquidity strategies:
  - Approaches to planning around cash flows and pacing
  - Securitizing parts of a portfolio to generate near-term liquidity/selling part of the book

TRACK 3

ENERGY TRANSITION & CLIMATE RISK

11:30 a.m. – 12:00 p.m. Energy & Infrastructure Transition: Risks, Rewards & the Reality for Public Funds

- Energy transition: what is it really? Is it just energy with a different name on it? Does your IPS currently encompass an all-asset energy class? When politics and reality hit, how to please everyone AND get a return?
- Traditional energy: will there be stranded assets? What assets will be written down? To what extent with there be a vibrant secondary market for energy trading?
- Infrastructure transition: how is infrastructure evolving and what in turn does that mean for energy? From smart roads to smart cars, what is being built and what investment opportunities does this create?
- Technologies to reduce power vs. reduce demand: what's the latest and how do investment opportunities compare?
- What can U.S. public plans learn from their peers in other countries?

12:00 - 12:30 p.m. Managing Climate Risk within Investment Portfolios

12:30 pm – 2:00 p.m. | Seated Lunch & Guest Speaker

Regulatory Spotlight

With the spotlight firmly on the private markets as capital continues to flow into alternatives, what further regulation can be expected and when? What are the practical implications of the SEC's Private Fund Advisers rule for allocators? In a presidential election year, what are the politics of regulation?

2:00 – 2:45 p.m. | Think Tank Networking: Setting the Scene followed by Think Tank Networking

In the Think Tank Networking sessions, the audience actively participates in the discussions. Session leaders first set the scene of the discussion by outlining the key issues. The discussion is then opened to the floor with the audience sharing their insights and perspectives. These sessions run concurrently.

TRACK 1

The Shift to Privates: Is the Megatrend Coming to an End? Assessing Privates vs. Publics in Today's Environment

A common sentiment in the higher interest rate environment has been "invest in cash because cash is 5%." This is against the backdrop of several private market sectors struggling with higher rates, and liquidity concerns amongst allocators. But, in typical fashion, the discussion is not so cut and dried with an opposing view of "cash is a short-term investment, and structurally misaligned with investing". These opposing views will form the backdrop of this think tank discussion as we address such questions as:

- To what degree are privates worth the additional complexity or cost? How can you see their value clearly? Is the illiquidity premium going to persist?
- To what extent are privates still valued at optimistic levels vs. publics? Have privates lost their shine in this higher rate environment?
- Does it matter if a shoe about to drop in alternatives?
- Which alternatives are you sticking with in the higher interest rate environment? What private market opportunities are overdone vs. not yet fully realized?
- Pacing, pacing, pacing.....

TRACK 2
NEW PRODUCT CREATION

New Product Creation in a Rapidly Evolving Macro-Environment

Evolving asset allocation strategies arguably make existing products sets less relevant. As product demand rapidly evolves, so too does the use and availability of investment products, spurred on by such factors as technological innovation, regulation, a shifting macro-economic environment, and a desire to lower costs. What trends are shaping production creation within alternatives in the current environment? What product innovation are allocators seeking? What new product ideas are on the horizon? What will be "coming to you from an asset manager soon"? This session invites allocator and asset manager to discuss how they are viewing product creation within the alternatives space currently.

TRACK 3
Stewardship & Sustainability

Allocator Closed Door: Stewardship & Sustainability? Natural Capital? What's in a Name?

New Approaches to Finding Common ~~ESG~~ Ground in a Politically Heightened Environment

With anti-ESG and anti-DEI legislation still playing out, how can public funds navigate the intricacies of implementing stewardship and sustainability policies into their investment processes and portfolios? How can CIOs focus on getting return and mitigating risk with such political overhang? Is ESG the villain? Where does your fiduciary lie? How to approach at the city-, county- and state-level and develop a common ground and deliver a message that resonates with all?

2:50 – 3:30 p.m. | Interactive Networking & Coffee Break
Wilshire Garden

3:30 - 4:00 p.m. | Panel Discussion
Beverly Hills Ballroom

Real Estate: Survive or Thrive? Defensive and Offensive Strategies Within and Beyond the Main 'Food Groups'

- Where are valuations? Are we still in a period of price correction? How is the repricing of real estate impacting portfolios?
- What are your current sentiments on real estate as an asset class? Are you in survive or thrive mode? Have you calculated how much you need to contribute to real estate over the next couple of years as you restructure? How do you achieve returns in this market?
- How and where to invest? In the current uncertain macro-economic climate, what property types are of greatest interest and in which geos? Data centers? Cold storage? Medical office? Other? Where are the best long-term opportunities?
- With a wall of maturities hitting, what does refinancing look like in the current environment? When to restructure vs. hand back the keys?
- One person's trash is another's gold: what distressed real estate opportunities are you considering?
- How will capital lock-ups be resolved? Will it be another 5-6 years before real estate funds start releasing capital?
- Is real estate's secondaries market moment coming?
- How do you make your CRE portfolio work for the next decade in an era of right downs, acquisitions, defaults and reinvestment.

4:00 - 4:40 p.m. | Founders Spotlight
Beverly Hills Ballroom

Asset Allocation Today - Targeted Returns Vs. Real Returns in Product Creation
In this featured session we will be hearing from three leading founders, and entrepreneurs from different parts of the investment world. We will be hearing their unique investment philosophies as well as their perspectives on the current macro environment and how it is expected to impact their investment activities and product creation.

4:40 – 5:10 p.m. | Closing Featured Presentation
Beverly Hills Ballroom

Decision-Making in Periods of Ambiguity with a Lack of Historical Data

5:10 p.m. | Depart for Reception & Dinner