Contra Costa County Employees' Retirement Association

AGENDA

RETIREMENT BOARD MEETING

REGULAR MEETING
March 24, 2021, 9:00 a.m.

Due to the Contra Costa County and State of California Coronavirus (COVID-19) Shelter In Place Orders, and as permitted by Executive Order N-29-20 issued on March 17, 2020, the Board of Retirement shall hold its meeting via teleconferencing. The meeting is accessible telephonically at (669) 900-6833, Webinar ID: 951 7715 8205, Passcode: 801649, or via the web at https://zoom.us/j/95177158205?pwd=ZkdkQVVpdFJPUHJjSEY2S1pkc0VqQT09 Passcode: 801649

Persons who wish to make public comment may submit their comment to: publiccomment@cccera.org on the day of the meeting, either before or during the meeting. Public comments are limited to any item of interest to the public that is within the subject matter jurisdiction of the Board of Retirement. (Gov't Code Section 54954.3(a).) All comments submitted will be included in the record of the meeting. The comments will be read into the record at the meeting, subject to a three-minute time limit per comment.

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

1. Pledge of Allegiance.

2. Roll Call.

3. Accept comments from the public.

4. Approve minutes from the February 24, 2021 meeting.

CLOSED SESSION

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

    a. *Wilmot v. CCCERA, et al.,* Court of Appeal, First Appellate District, Division Two, Case No. A152100

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.

OPEN SESSION

6. Consider and take possible action to amend the Investment Policy Statement.

7. Consider and take possible action to execute agreement with StoneX Futures Commission Merchant (FCM) for Sit LLCAR Strategy.

8. Consider and take possible action to adopt Board of Retirement Resolution 2021-2 to increase the salary of the Chief Executive Officer by 6.5% and provide a one-time lump sum payment of $5,000 effective April 1, 2021.

9. Consider and take possible action to adopt Board of Retirement Resolution 2021-3 providing for salary and benefits for unrepresented employees of CCCERA to reflect the new CEO monthly base salary effective April 1, 2021.

10. Consider authorizing the attendance of Board:
    a. CALAPRS Trustees Roundtable, May 10, 2021, Virtual Program.
    b. CALAPRS Advanced Principles of Pension Governance for Trustees, June 7, 9 & 11, 2021, Virtual Program. (Note: Conflict with meeting)

11. 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.

CCCERA
Contra Costa County Employees' Retirement Association

RETIREMENT BOARD MEETING MINUTES

REGULAR MEETING
February 24, 2021
9:00 a.m.

The Board of Retirement meeting was accessible telephonically at (669) 900-6833, Webinar ID 979-6853-0188, Passcode 906699 due to the Contra Costa County and State of California Coronavirus (COVID-19) Shelter In Place Orders, and as permitted by Executive Order N-29-20 issued on March 17, 2020.

1. **Pledge of Allegiance**

The Board and staff joined in the *Pledge of Allegiance.*

2. **Roll Call**

Present: Candace Andersen, Donald Finley, Scott Gordon, Jerry Holcombe, Louie Kroll, Jay Kwon, David MacDonald, John Phillips, Reggie Powell, Mike Sloan, Todd Smithey and Belinda Zhu (Deputy Treasurer, present and voting in Treasurer Russell Watts' absence)

Absent: None

Staff: Gail Strohl, Chief Executive Officer; Christina Dunn, Deputy Chief Executive Officer; Timothy Price, Chief Investment Officer; Karen Levy, General Counsel; Wrally Dutkiewicz, Compliance Officer; Anne Sommers, Administrative/HR Manager; Henry Gudino, Accounting Manager; Tim Hoppe, Retirement Services Manager; and Jasmine Lee, Member Services Manager

Outside Professional Support:	Representing:
Bryce Doty	Sit Investment Advisors
John Gibas	Sit Investment Advisors
Mark Book	Sit Investment Advisors
Chris Rasmussen	Sit Investment Advisors
Scott Whalen	Verus Consulting
John R. Botsford	Milliman, Inc.

3. Accept comments from the public

No member of the public offered comment.

4. Approval of Minutes

It was **M/S/C** to approve the minutes from the January 27, 2021 Board meeting. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Zhu)

5. Presentation from staff and Sit Investment Advisors regarding a potential allocation to Sit LLCAR strategy

Price provided an overview of the goals of the risk diversifying sub-portfolio. Taylor reviewed the research process and presented the recommendation.

Gibas provided an overview of the firm. Doty presented the Risk-Diversifying Strategy and Book reviewed the Taxable Municipal Strategy. Rasmussen reviewed the Closed-End Mutual Funds and Doty presented the investment process.

6. Consider and take possible action to approve an investment in Sit LLCAR strategy

It was **M/S/C** to approve an investment in the Sit Investment Associates Liquid Low Correlation Absolute Return Strategy. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Zhu)

7. Consider and take possible action to authorize the CEO to execute a contract with Milliman for Other Post-Employment Benefits (OPEB) Trust Actuarial Services

It was **M/S/C** to authorize the CEO to execute a contract with Milliman, Inc. for OPEB Trust Actuarial Services for the six fiscal years 2020-2025. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Zhu)

It was the consensus of the Board to move to Item 10.

10. Annual Statement of Compliance with Board Resolutions

Price presented the Annual Statement of Compliance with Board Resolutions.

8. Review of total portfolio performance for period ending December 31, 2020

a. Presentation from Verus

Whalen reviewed the economic climate for the fourth quarter of 2020 and CCCERA's investment fund performance for the period ending December 31, 2020.

b. Presentation from staff

Price reviewed CCCERA's sub-portfolios.

9. Investment benchmark recommendations

Whalen reviewed the framework on evaluating benchmarks and CCCERA's investment policy index, including recommended changes to the benchmarks shown quarterly in the Verus report

11. Consider authorizing the attendance of Board:

a. It was **M/S/C** to authorize the attendance of 3 Board members at the Siguler Guff's 2021 Annual Conference, April 28-29, 2021, Virtual. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Zhu)

12. Miscellaneous

(a) Staff Report –

Strohl reported CCCERA will be having two Virtual Pre-Retirement Workshops for members in March.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Phillips reported he attended the Sit Investment Client Conference.

It was **M/S/C** to adjourn the meeting. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Zhu)

Todd Smithey, Chairman

David MacDonald, Secretary

Verus

Meeting Date
03/24/2021
Agenda Item
#6

Memorandum

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

From: Scott J. Whalen, CFA, CAIA, Executive Managing Director|Senior Consultant

Date: March 24, 2021

Re: Amendments to Investment Policy Statement

Introduction

Updating the Investment Policy Statement ("IPS") was recognized as one of the key implementation steps to be completed following the Board decision late last year to adjust the strategic asset allocation ("SAA"). We have completed our review of the IPS and identified appropriate adjustments, which fall into three categories:

1. Liquidity sub-portfolio allocation;
2. Staff investment authority; and
3. General improvement opportunities.

The adjustments described below in additional detail have been reviewed by CCCERA's investment staff, internal legal department, and external fiduciary counsel. Red-lined version and final versions of the updated IPS are included as part of this agenda item to facilitate Board review.

Liquidity Sub-Portfolio

Adjustments to the language describing the allocation to the liquidity sub-portfolio were straightforward and only required in four places within Section 6, Investment Strategy. Specifically, the target allocation was changed to 36 months of projected benefit payments from 48 months with a minimum of 18 months during market corrections. Additionally, the expected allocation range was also reduced by 12 months to 24-36 months from 36-48 months.

Staff Investment Authority

When the SAA was originally approved five years ago, the investment portfolio totaled just over $7 billion, and the target allocation to private market assets was 32% or just over $2 billion. Five years on, total assets have grown to more than $10 billion, and the private markets target allocation has increased to 41% or more than $4 billion. In light of this growth, we recommend increasing investment staff authority for investments from the original limit of $100 million to $250 million. We believe this increase reasonably reflects the increased assets dedicated to private market investments and Staff's demonstrated ability to effectively manage implementation since program inception.

In addition to the increased authority, we recommend the metric by which the authority limits are measured change from committed capital to committed but undrawn capital. Such an adjustment will increase Staff's ability to manage to desired investment levels given the uncertain timing of the cash flows that results from capital calls and distributions. Reporting language has also been formalized in the IPS to ensure the Board is able to effectively monitor compliance with the increased authority limits.

General Improvement Opportunities

We also conducted a general review of the IPS and identified several opportunities to clarify or streamline the document. These minor adjustments can be found interspersed throughout the document.

Meeting Date
03/24/2021
Agenda Item
#6

Contra Costa County Employees' Retirement Association Investment Policy Statement

Adopted: January 14, 1986

Restated: September 28, 2016

~~Amended: April 24, 2019~~

Amended: March 24, 2021

CCCERA INVESTMENT POLICY STATEMENT

TABLE OF CONTENTS

Contra Costa County Employees' Retirement AssociationInvestment Policy Statement

Adopted: January 14, 1986

Restated: September 28, 2016

Amended: ~~April~~ March 24, 20~~19~~21

AMENDED: 1/14/86, 2/27/86, 10/13/87, 8/9/88, 6/13/89, 8/8/89, 1/8/91, 10/13/92, 2/9/93,5/2/94, 10/14/97, 5/4/99, 1/9/01, 2/12/02, 06/11/02, 11/06/02, 1/28/04, 5/26/04, 7/28/04, 12/14/05, 10/24/07, 4/08/09, 10/30/13, 9/28/16, 4/24/19, 3/24/21

The Contra Costa County Employees' Retirement Association (CCCERA) is a public employee retirement system that was established by the County of Contra Costa on July 1, 1945. CCCERA is administered by the CCCERA Board of Retirement (Board) to provide service retirement, disability, death, and survivor benefits for county employees and sixteen other participating agencies under the County Employees Retirement Law of 1937, California Government Code Section 31450 *et. seq.* (CERL), the California Public Employees' Pension Reform Act of 2013, California Government Code Section 7522 *et. seq*. (PEPRA) and other applicable laws.

1. PURPOSE

CCCERA has established an investment program (Investment Program) designed to provide sufficient assets in a timely manner to pay the benefits due to participants today and in the future, over the long-term. The purpose of this Investment Policy Statement (IPS) is to establish the policies that will guide the Investment Program. This IPS is intended to provide guidance to the Board and to its delegates, the Staff, and third-party professionals. This IPS is supported by the Board's Investment Resolutions, the Investment Procedures (Procedures), and Board policies that reflect the needs of the defined benefit plan (Plan) that the Board administers. The Investment Resolutions, policies and other Board documents identified in Appendix 1 hereto are incorporated into this IPS and made a part hereof by this reference.

2. AUTHORITY

The Investment Program shall be managed in accordance with applicable law, including but not limited to the following:

- The assets of the Plan are trust funds and shall be held for the exclusive purposes of providing benefits to the participants in the Plan and their beneficiaries and defraying reasonable expenses of administering the Plan (Cal. Const. art. XVI, sec. 17(b); Cal. Govt. Code sec. 31595).

- The board and its officers and employees shall discharge their duties with respect to the system:

  (a) Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.

  (b) With the care, skill, prudence, and diligence under the circumstances 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.

  (c) Shall 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.

  (Cal. Const. art. XVI sec. 17(b), (c) and (d); Cal. Gov. Code Sec. 31595 (a), (b) and (c)).

3. GOVERNANCE

The Board hereby adopts a governance model whereby specific authority, responsibility, and accountability are either retained by the Board or delegated to others based on areas of expertise and appropriate oversight. The Board retains sole responsibility governing the Plan, setting investment policy, and monitoring the Investment Program. It may choose to delegate specific areas of responsibility provided it retains appropriate oversight of the delegated activity.

A. Roles and Responsibilities

1. BOARD OF RETIREMENT

   The Board maintains the sole and plenary authority and fiduciary responsibility for the Investment Program. The Board also understands it may delegate certain responsibilities under the Investment Program for purposes of administrative efficiency and expertise. The areas of the Investment Program the Board may not delegate include:

   - The governance model of the Investment Program
   - Establishing and maintaining investment policy, including:
     - Investment philosophy
     - This IPS
     - Investment objectives
     - Strategic asset allocation
     - Allocation-level performance benchmarks
     - Risk philosophy
   - Engaging Board consultants and service providers
   - Monitoring the Investment Program

2. STAFF

CCCERA Staff (Staff), including the Chief Executive Officer (CEO) and Chief Investment Officer (CIO), is broadly responsible for supporting the Board in the effective execution of the Investment Program. The CEO provides general direction and supervision to the CIO. The CEO and the CIO have been delegated authority to execute specific elements of the Investment Program as outlined herein, including ~~as well as in~~ the Investment Resolutions. The CEO has the authority to execute and terminate contracts between CCCERA and investment managers or other service providers as approved by the Board. The CIO has the authority to rebalance the portfolio under Section 3.B.1. of this IPS. The CIO also has the authority to manage the investment managers within the Plan under Section 3.B.2 of this IPS.

3. GENERAL INVESTMENT CONSULTANT

The General Investment Consultant (Consultant) is engaged by the Board to provide independent, objective investment advice. The Consultant is and shall agree to be a fiduciary to the Plan under California law. The Consultant works with Staff in the development of recommendations while recognizing its fiduciary duty is to provide prudent investment advice to the Board. The Consultant provides advice without discretionary authority to execute on its advice. The specific duties of the Consultant are contained in an Agreement for Professional Investment Consulting Services, and generally include providing advice with respect to:

- Investment strategy development and implementation
- Investment policy development
- Asset allocation among classes and subclasses
- Investment manager selection, evaluation, and termination
- Investment performance monitoring
- Investment risk monitoring
- Capital markets projections
- Coordination with the Plan's actuary in conducting periodic asset/liabilitystudies and other required reporting
- Board education

4. SPECIALTY INVESTMENT CONSULTANTS

Specialty consultants may be hired by the Board to work with Staff, the Consultant, and/or the Board. These will typically be asset class consultants (e.g., real estate, private equity, hedge funds) that may operate on a discretionary or non-discretionary basis, as directed by the Board, to meet the objectives of the Investment Program.

5. INVESTMENT MANAGERS

CCCERA engages Investment Managers to invest and manage CCCERA's assets~~,~~ in accordance with this IPS, the manager's mandate, governing contractual documents and applicable state and federal laws and regulations. The Board has delegated the authority to CCCERA's Chief Investment Officer, on the advice of legal counsel, to negotiate terms of engagement with Investment Managers so as to assure that CCCERA's interests are appropriately furthered and Investment Managers observe a fiduciary standard of care. At a minimum, Investment Managers (and any affiliated General Partners) will be required to comply with all applicable state and federal laws and regulations. Investment Managers shall be registered investment advisors under the federal Investment Advisors Act of 1940, unless expressly exempted from registration.

Subject to this IPS and any specific contractual obligations to the Plan, Investment Managers are responsible for making all investment decisions on a discretionary basis regarding assets placed under their jurisdiction and will be accountable for achieving their investment objectives. Such discretion shall include decisions to buy, hold, and sell assets in amounts and proportions that are reflective of the agreed-upon investment mandate.

6. CUSTODIAN BANK

The Custodian Bank, selected by the Board to act as the principal custodian of assets of the trust, is delegated the responsibility of holding the assets and evidence of interests owned by CCCERA in investment vehicles and cash (and equivalents). The Board may authorize the Custodian Bank to invest in temporary short-term fixed income investments both for the investment strategies and as a part of the cash portion of Plan assets. Such investments will be managed in general accordance with short-term fixed income investment guidelines as detailed in the Custodial Agreement. Cash managed for investment strategies shall be considered to be sub-portions of the assets managed by the directing Investment Managers.

The Custodian Bank shall be authorized to conduct a securities lending program within liquidity and risk constraints as established by the Board.

B. **Delegation of Authority**

The Board has delegated authority to the CIO for certain functions as detailed below. Delegation of authority will be coordinated with workflow, compliance and reporting procedures that are clearly defined, reviewed, and approved. This IPS is used to describe the delegation of authority generally with the Investment Resolutions providing additional requirements and processes. The Board shall be notified in a timely manner of all investment decisions made by the CIO and their implications to the Plan.

1. REBALANCING

The Board recognizes there may be a cost to maintaining strict adherence to a target asset allocation in terms of both transaction costs and opportunity costs. The Board also recognizes that the benefit of cost minimization must be balanced against the assumption of active risk associated with allowing variances to asset allocation targets.

The CIO is delegated the authority to conduct portfolio rebalancing in order to meet two distinct objectives. The first is to maintain the long-term strategic asset allocation targets approved by the Board. The second is to capture valuation-based opportunities by deviating from the long-term strategic asset allocation targets within Zones 1 and 2 as follows:

i. Zone 1

The CIO may periodically rebalance the portfolio within Zone 1 ranges as set forth in the Investment Resolutions. When such rebalancing activity occurs, the CIO shall notify the Board at the next regularly scheduled meeting.

ii. Zone 2

With prior approval of the Board, the CIO may rebalance the portfolio within Zone 2 ranges as set forth in the Investment Resolutions. When such rebalancing activity occurs, the CIO shall notify the Board at the next regularly scheduled meeting.

For each of the zones listed above, special consideration will be given to illiquid asset classes recognizing that their funding and redemption processes are different than those of the liquid asset classes. As such, each illiquid asset class is assigned a liquid asset class to function as a holding place while the corresponding illiquid strategies are being invested.

Portfolio rebalancing may occur by adjusting allocations to individual investment strategies or managers or through the use of an overlay provider using derivatives.

2. INVESTMENT PORTFOLIO MANAGEMENT

While the Board believes the vast majority of investment return over the long term is dependent on the asset allocation decision and ongoing due diligence, it recognizes additional risk and return may be generated by how the asset allocation is implemented. These implementation decisions will largely be delegated to the CIO to be executed within the parameters established in the Investment Resolutions.

i. Hiring a new manager

The CIO shall have the authority to hire new managers (i.e., purchase interests in new investment vehicles) ~~in accordance with the Plan's active risk budget and~~ up to an investment amount of $250~~100~~ million, subject to the remaining terms of this IPS. The $250~~100~~ million shall represent the cumulative total amount of ~~originally~~ committed but undrawn capital under the management of a single investment manager and its affiliates. (By way of example, ~~two vintage year funds under one manager with a commitment of $50 million each would reachthe total of $100 million~~an investment manager with a commitment of $250 million and capital called to-date totaling $100 million would allow for an additional $150 million investment in a follow-on fund in the same series.) The CEO shall have authority to execute the contracts, consistent with the delegation of authority outlined in this IPS. Any cumulative committed~~ment~~ but undrawn investment amount above $250~~100~~ million shall require explicit Board approval. The CIO shall report hiring decisions to the Board once all contracting documentation has been finalized.

~~In all cases, the hiring process must be consistent with the requirements for vendor selection detailed in the Procedures and other Plan policy documents, including but not limited to the Code of Fiduciary Conduct and Ethics, Conflict of Interest Code, Placement Agent Disclosure Policy and Procurement of Products and Services Policy.~~

Subject to the foregoing limitations, the CIO, with the assistance of Staff, the Consultant, and Specialty Consultants, shall be responsible for conducting all due diligence activities in connection with hiring new managers. ~~The CIO shall invite the involvement of one or more Board members in the due diligence process Board members may participate at any point in the due diligence process, as appropriate and upon request.~~

Quiet period. During the process of hiring a new manager, a quiet period will apply during the evaluation process, during which time no Board member may knowingly have any communication with any actual or potential candidate for the mandate, unless authorized by the Board in connection with the due diligence process in selecting managers. The quiet period shall cease upon the Board entering into a contract with the Investment Manager(s) selected for the mandate. The CIO is responsible for alerting the candidates and the Board to the commencement and duration of the quiet period and its restrictions. A violation of the quiet period rule may result in disqualification of the candidate or other appropriate Board action. Board members may observe the due diligence process after being notified of the quiet period, as appropriate and upon request.

~~Investing in a new closed-end fund with an existing manager~~

~~In the case of closed-end funds with a limited investment lifecycle, additional investments are periodically required to maintain asset allocation targets. For such follow-on investments, Staff shall have the authority to make additional investments in an amount necessary to maintain the intended exposure, as~~

~~estimated by a detailed funding analysis. Any additional investment beyond that which is required to maintain the intended exposure must be pre-approved by the Board.~~

~~In all cases, the hiring process must be consistent with the requirements for vendor selection detailed in the Procedures and other Plan policy documents (e.g., Procurement of Products and Services Policy, Placement Agent Disclosure Policy, Conflict of Interest Code).~~

In all cases, the hiring process must be consistent with the requirements for vendor selection detailed in the Procedures and other Plan policy documents, including but not limited to the Code of Fiduciary Conduct and Ethics, Conflict of Interest Code, Placement Agent Disclosure Policy and Procurement of Products and Services Policy.

ii. Terminating existing managers

The Board recognizes investments may need to be adjusted or removed from the Plan portfolio from time to time for a variety of reasons, including:

- Organizational changes including those to the people and processes in place
- A manager's style has deviated from the initial investment thesis
- A manager's style, strategy, ethics, or philosophy is no longer appropriatefor the Investment Program
- Underperformance relative to benchmark or other expectations
- Uncompetitive pricing compared to available alternatives

The CIO shall have the authority to terminate investment managers. Absent emergency circumstances (described below), prior to terminating a manager, the CIO shall present a detailed termination memo to the Board that includes:

- Purpose of the mandate
- Reason(s) for termination
- Specific plan to replace or temporarily invest the assets

Although the Board's explicit approval is not required, it shall maintain veto authority should a majority of the Board decide the planned termination is not in the best interest of the Plan.

Emergency termination. An emergency will be deemed to exist when an investment strategy suffers the resignation or other loss of its portfolio manager(s) and no appropriate replacement is available; when an investment management firm dissolves, ceases to exist, or is otherwise incapable of carrying out its activities in the ordinary course of its business; when an investment management firm is actually or effectively shut down by a regulatory agency of a state or the Federal government or is accused of theft or fraud by a regulatory agency or other government body; when the Plan's investment is in jeopardy of material loss; or when such other developments with the investment management firm give concern to the CIO that the investment is no longer prudent for the Investment Program. Staff shall take action to transfer management of the affected investment strategy as soon as possible after CCCERA learns of the emergency. In the case of an emergency, the CEO, or in the CEO's absence, the Deputy CEO or the CIO will attempt to notify the Chair and Vice Chair of the Board immediately; notify the Custodian Bank that the Investment Manager's Managed Account is to be frozen and, except for those trades which are pending, no further trading is authorized; and may call a special meeting of the Board to take further action.

4. INVESTMENT PHILOSOPHY

The Investment Philosophy represents the foundational principles on which the Investment Program is based. Every investment decision should be made with these foundational principles in mind to promote the fulfillment of the fiduciary obligations. The statements below set forth the Board's Investment Philosophy:

Plan objectives should guide all decision making

The Investment Program is designed to provide benefits to participants over a long term without accepting undue risks that could be detrimental to the participants or Plan sponsors. The Investment Program, therefore, must be managed in a prudent manner recognizing the relationships between the benefits promised to participants and their beneficiaries, the financial health of the Plan sponsors, and the exposures within the Investment Program.

Asset allocation drives portfolio volatility and returns

It is impossible to accurately and consistently predict the future; therefore, the Plan is required to be prudently diversified across and within asset classes in anticipation of various economic conditions. In a well-diversified portfolio, the overall volatility of investment returns is principally driven by the asset allocation and secondarily driven by the individual investment strategies. As such, asset allocation is the primary tool by which the Board can manage the expected risk/return profile of the Plan.

Short-term investing

Over shorter investment periods of up to five (5) years, volatility can be more detrimental to the success of the Investment Program. Because paying benefits to participants and their beneficiaries occurs continuously, the forced selling of assets during broad market corrections to meet these payments could result in the long-term impairment of investable capital. By maintaining a portion of the portfolio invested in low-volatility, highly liquid securities and investment strategies, the Investment Program will be able to mitigate or avoid the forced selling of assets during broad market corrections.

Long-term investing

Over longer investment periods, volatility can be managed more effectively to produce beneficial results for the Investment Program. Market corrections will occur and when they do, patient and well-capitalized investors are able to wait until the market recovery takes place. Additionally, broad market corrections have historically provided investment opportunities for those with available capital and the foresight to make additional investments.

Fees

Fees directly impact the investment results of the Investment Program but are necessary to appropriately compensate the investment management of the Investment Program. Fees must, therefore, be measured closely against the value the Investment Program expects to earn and aligned to ensure incentives are consistent with the objectives of the Plan.

5. INVESTMENT OBJECTIVES

The investment objectives of the Investment Program are:

- To provide liquidity to meet retiree benefit payments in a timely manner;
- To produce long-term real growth to meet future retiree benefit payments and maintain a funding surplus or closing a funding gap over time; and
- To protect the assets against the adverse impacts of ~~rising inflation and~~ investment market volatility.

Investment objectives specific to the individual investment strategies are further defined in the Board's Investment Strategy portion of this IPS.

6. INVESTMENT STRATEGY

The Board has chosen to employ an investment strategy that seeks to align the Investment Program with the investment objectives listed in Section 5 of this IPS. The strategy divides the portfolio into three functional sub-portfolios—Liquidity, Growth, and Diversifying—to address each investment objective highlighted in Section 5. The Liquidity Sub-portfolio is dedicated to funding near-term benefit payments. It is joined with the longer-term Growth Sub-portfolio, as well as the Diversifying Sub-portfolio, which is intended to offset some of theinvestment risks embedded in the Growth Sub-portfolio. While the three sub-portfolios are aligned with the investment objectives individually, collectively they allow the Investment Program to provide appropriate risk and return characteristics.

A. Asset Allocation

The Board has adopted a strategic asset allocation based on the Plan's projected actuarial liabilities, liquidity needs, risk tolerance and the risk/return expectations for various asset classes. This asset allocation seeks to optimize long-term returns for the level of risk the Board considers appropriate. The current asset allocation table may be found in the Asset Allocation Investment Resolution.

Since projected liability and risk/return expectations will change over time, the Board will conduct a periodic review of the strategic asset allocation to maintain an expected optimal allocation. The Board may also revise the asset allocation in response to significantly changing conditions that have affected valuations and forward-looking expected returns of asset classes. The Board will review capital market expectations annually. The result of this review will be used to update the Investment Resolutions as needed.

B. Functional Sub-portfolios

As noted previously, the investment strategy for the Investment Program employs three functional sub-portfolios to construct the comprehensive asset allocation. The allocation to the Liquidity Sub-portfolio is assessed annually and is based on the projected benefit payments and expenses of the Plan. The remaining assets are invested in the Growth and Diversifying sub-portfolios. Annually the Board shall review the relative size and composition of these sub-portfolios and revise them as necessary through Investment Resolutions. The functional sub-portfolios are set forth below:

1. LIQUIDITY SUB-PORTFOLIO

The purpose of the Liquidity Sub-portfolio is to ensure adequate assets are available to pay benefits over an extended timeframe as outlined in the Investment Resolutions. The Board has established a target allocation amount of 36~~48~~ months' worth of projected benefit payments in the Liquidity Sub-portfolio, which will be drawn down and replenished annually. The assets will be invested in highly liquid, low volatility securities expected to generate modest levels of return while preserving capital throughout a market cycle. This portfolio ~~will~~ may contain assets such as cash, short-term bonds, laddered government bonds, derivatives, and other investments that provide fixed, contractual cash flows with an appropriate ~~minimum~~ level of credit risk. As a secondary purpose, a portion of the Liquidity Sub-portfolio may be allocated to the Growth Sub- portfolio during broad market corrections so long as at least 18~~24~~ months of projected benefit payments and expenses are maintained in the Liquidity Sub-portfolio.

The success of the Liquidity Sub-portfolio will be measured by its ability to directly fund benefit payments through low-risk, cash flowing investments, as well as providing a stable offset to the rest of the portfolio during periods of severe market stress.

2. GROWTH SUB-PORTFOLIO

The purpose of the Growth Sub-portfolio is to grow invested assets over the long term in order to pay future benefits. ~~Assets from the Growth Sub-portfolio may be sold over time and transferred to the Liquidity Sub-portfolio as needed.~~ This portfolio is characterized by a long investment horizon and can, therefore, accept a higher level of volatility. Assets in this portfolio may be volatile, have reduced liquidity, and derive the bulk of their return from capital appreciation. These assets include public and private equity, corporate and other debt with credit risk premiums, private real estate, and other private assets.

The success of this portfolio will be measured primarily by compounded annual growth rates in conjunction with the annualized standard deviation of returns as the primary measure of risk. Performance evaluation will, therefore, focus on the long-term total risk-adjusted return of the portfolio.

3. DIVERSIFYING SUB-PORTFOLIO

The purpose of the Diversifying Sub-portfolio is to offset the investment risk of the Growth Sub-portfolio. Investment strategies in the Diversifying Sub-portfolio are expected to have return profiles that have a low correlation to those in the Growth Sub-portfolio. This is expected to effectively dampen the market volatility across the entire portfolio. As a secondary objective, the investment strategies in the Diversifying Sub-portfolio will offer additional sources of return to those in the Liquidity and Growth sub-portfolios~~. Assets in the Diversifying Sub-portfolio may be sold during times of market stress or when the assets in the Growth Sub-portfolio are impaired in order to fund the Liquidity Sub-portfolio~~.

The success of the Diversifying Sub-portfolio will be measured by its ability to offset declines in value in the Growth Sub-portfolio, as well as its ability to provide liquidity during times of market stress.

4. INTERACTION BETWEEN THE FUNCTIONAL SUB-PORTFOLIOS

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Diversifying sub-portfolios or the use of contributions. Under normal market conditions, the balance in the Liquidity Sub-portfolio is expected to vary between 24~~36~~and 36~~48~~ months of projected benefit payments and expenses.

C. Investment Strategy Attributes

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The Board recognizes ~~that~~ the assumption of investment risk is necessary to meet the Plan's objectives. Investment risk is viewed as both the annualized standard deviation of investment returns (volatility) and drawdown exposure. Drawdown exposure measures the expected investment loss during a market correction. Additional sources of risk include regulatory, governmental, counterparty, environmental, social and currency. Investment risk, in and of itself, is intrinsically neither good nor bad; it is a condition accepted in the pursuit of investment returns. The goal in managing investment risk is to ensure ~~that~~ an acceptable level of risk is being taken at the total Plan portfolio level. To accomplish this goal, the Plan invests in broad asset classes, via specific investment strategies within those asset classes, which have desirable expected return, risk, and correlation characteristics. While the individual strategies have a wide range of risk and return characteristics, the correlations between the strategies allows for effective portfolio diversification.

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8. PORTFOLIO MONITORING

In discharging its fiduciary duty to prudently manage the Investment Program, the Board has developed the following structure for ongoing monitoring of existing investment managers. Reporting processes are, therefore, designed to provide the Board with the information needed to execute this oversight function. Accurate, timely, and clear reporting to the Board of the Plan’s assets, investment risks and returns, portfolio costs, and investment decisions are essential to assisting the Board in discharging its fiduciary duties.

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- CCCERA Board Investment Resolutions
- Placement Agent Disclosure Policy
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- Other Investment-Related Board Actions

Meeting Date
03/24/2021
Agenda Item
#6

Contra Costa County Employees' Retirement Association Investment Policy Statement

Adopted: January 14, 1986

Restated: September 28, 2016

Amended: March 24, 2021

CCCERA INVESTMENT POLICY STATEMENT

TABLE OF CONTENTS

Contra Costa County Employees' Retirement AssociationInvestment Policy Statement

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AMENDED: 1/14/86, 2/27/86, 10/13/87, 8/9/88, 6/13/89, 8/8/89, 1/8/91, 10/13/92, 2/9/93,5/2/94, 10/14/97, 5/4/99, 1/9/01, 2/12/02, 06/11/02, 11/06/02, 1/28/04, 5/26/04, 7/28/04, 12/14/05, 10/24/07, 4/08/09, 10/30/13, 9/28/16, 4/24/19

The Contra Costa County Employees' Retirement Association (CCCERA) is a public employee retirement system that was established by the County of Contra Costa on July 1, 1945. CCCERA is administered by the CCCERA Board of Retirement (Board) to provide service retirement, disability, death, and survivor benefits for county employees and sixteen other participating agencies under the County Employees Retirement Law of 1937, California Government Code Section 31450 *et. seq.* (CERL), the California Public Employees' Pension Reform Act of 2013, California Government Code Section 7522 *et. seq.* (PEPRA) and other applicable laws.

1. PURPOSE

CCCERA has established an investment program (Investment Program) designed to provide sufficient assets in a timely manner to pay the benefits due to participants today and in the future, over the long-term. The purpose of this Investment Policy Statement (IPS) is to establish the policies that will guide the Investment Program. This IPS is intended to provide guidance to the Board and to its delegates, the Staff, and third-party professionals. This IPS is supported by the Board's Investment Resolutions, the Investment Procedures (Procedures), and Board policies that reflect the needs of the defined benefit plan (Plan) that the Board administers. The Investment Resolutions, policies and other Board documents identified in Appendix 1 hereto are incorporated into this IPS and made a part hereof by this reference.

2. AUTHORITY

The Investment Program shall be managed in accordance with applicable law, including but not limited to the following:

- The assets of the Plan are trust funds and shall be held for the exclusive purposes of providing benefits to the participants in the Plan and their beneficiaries and defraying reasonable expenses of administering the Plan (Cal. Const. art. XVI, sec. 17(b); Cal. Govt. Code sec. 31595).

- The board and its officers and employees shall discharge their duties with respect to the system:

  (a) Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.

  (b) With the care, skill, prudence, and diligence under the circumstances 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.

  (c) Shall 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.

  (Cal. Const. art. XVI sec. 17(b), (c) and (d); Cal. Gov. Code Sec. 31595 (a), (b) and (c)).

3. GOVERNANCE

The Board hereby adopts a governance model whereby specific authority, responsibility, and accountability are either retained by the Board or delegated to others based on areas of expertise and appropriate oversight. The Board retains sole responsibility governing the Plan, setting investment policy, and monitoring the Investment Program. It may choose to delegate specific areas of responsibility provided it retains appropriate oversight of the delegated activity.

A. Roles and Responsibilities

1. BOARD OF RETIREMENT

The Board maintains the sole and plenary authority and fiduciary responsibility for the Investment Program. The Board also understands it may delegate certain responsibilities under the Investment Program for purposes of administrative efficiency and expertise. The areas of the Investment Program the Board may not delegate include:

- The governance model of the Investment Program
- Establishing and maintaining investment policy, including:
  - Investment philosophy
  - This IPS
  - Investment objectives
  - Strategic asset allocation
  - Allocation-level performance benchmarks
  - Risk philosophy
- Engaging Board consultants and service providers
- Monitoring the Investment Program

2. STAFF

CCCERA Staff (Staff), including the Chief Executive Officer (CEO) and Chief Investment Officer (CIO), is broadly responsible for supporting the Board in the effective execution of the Investment Program. The CEO provides general direction and supervision to the CIO. The CEO and the CIO have been delegated authority to execute specific elements of the Investment Program as outlined herein, including the Investment Resolutions. The CEO has the authority to execute and terminate contracts between CCCERA and investment managers or other service providers as approved by the Board. The CIO has the authority to rebalance the portfolio under Section 3.B.1. of this IPS. The CIO also has the authority to manage the investment managers within the Plan under Section 3.B.2 of this IPS.

3. GENERAL INVESTMENT CONSULTANT

The General Investment Consultant (Consultant) is engaged by the Board to provide independent, objective investment advice. The Consultant is and shall agree to be a fiduciary to the Plan under California law. The Consultant works with Staff in the development of recommendations while recognizing its fiduciary duty is to provide prudent investment advice to the Board. The Consultant provides advice without discretionary authority to execute on its advice. The specific duties of the Consultant are contained in an Agreement for Professional Investment Consulting Services, and generally include providing advice with respect to:

- Investment strategy development and implementation
- Investment policy development
- Asset allocation among classes and subclasses
- Investment manager selection, evaluation, and termination
- Investment performance monitoring
- Investment risk monitoring
- Capital markets projections
- Coordination with the Plan's actuary in conducting periodic asset/liabilitystudies and other required reporting
- Board education

4. SPECIALTY INVESTMENT CONSULTANTS

Specialty consultants may be hired by the Board to work with Staff, the Consultant, and/or the Board. These will typically be asset class consultants (e.g., real estate, private equity, hedge funds) that may operate on a discretionary or non-discretionary basis, as directed by the Board, to meet the objectives of the Investment Program.

5. INVESTMENT MANAGERS

CCCERA engages Investment Managers to invest and manage CCCERA's assets in accordance with this IPS, the manager's mandate, governing contractual documents and applicable state and federal laws and regulations. The Board has delegated the authority to CCCERA's Chief Investment Officer, on the advice of legal counsel, to negotiate terms of engagement with Investment Managers so as to assure that CCCERA's interests are appropriately furthered and Investment Managers observe a fiduciary standard of care. At a minimum, Investment Managers (and any affiliated General Partners) will be required to comply with all applicable state and federal laws and regulations. Investment Managers shall be registered investment advisors under the federal Investment Advisors Act of 1940, unless expressly exempted from registration.

Subject to this IPS and any specific contractual obligations to the Plan, Investment Managers are responsible for making all investment decisions on a discretionary basis regarding assets placed under their jurisdiction and will be accountable for achieving their investment objectives. Such discretion shall include decisions to buy, hold, and sell assets in amounts and proportions that are reflective of the agreed-upon investment mandate.

6. CUSTODIAN BANK

The Custodian Bank, selected by the Board to act as the principal custodian of assets of the trust, is delegated the responsibility of holding the assets and evidence of interests owned by CCCERA in investment vehicles and cash (and equivalents). The Board may authorize the Custodian Bank to invest in temporary short-term fixed income investments both for the investment strategies and as a part of the cash portion of Plan assets. Such investments will be managed in general accordance with short- term fixed income investment guidelines as detailed in the Custodial Agreement. Cash managed for investment strategies shall be considered to be sub-portions of the assets managed by the directing Investment Managers.

The Custodian Bank shall be authorized to conduct a securities lending program within liquidity and risk constraints as established by the Board.

B. **Delegation of Authority**

The Board has delegated authority to the CIO for certain functions as detailed below. Delegation of authority will be coordinated with workflow, compliance and reporting procedures that are clearly defined, reviewed, and approved. This IPS is used to describe the delegation of authority generally with the Investment Resolutions providing additional requirements and processes. The Board shall be notified in a timely manner of all investment decisions made by the CIO and their implications to the Plan.

1. REBALANCING

The Board recognizes there may be a cost to maintaining strict adherence to a target asset allocation in terms of both transaction costs and opportunity costs. The Board also recognizes that the benefit of cost minimization must be balanced against the assumption of active risk associated with allowing variances to asset allocation targets.

The CIO is delegated the authority to conduct portfolio rebalancing in order to meet two distinct objectives. The first is to maintain the long-term strategic asset allocation targets approved by the Board. The second is to capture valuation-based opportunities by deviating from the long-term strategic asset allocation targets within Zones 1 and 2 as follows:

i. Zone 1

The CIO may periodically rebalance the portfolio within Zone 1 ranges as set forth in the Investment Resolutions. When such rebalancing activity occurs, the CIO shall notify the Board at the next regularly scheduled meeting.

ii. Zone 2

With prior approval of the Board, the CIO may rebalance the portfolio within Zone 2 ranges as set forth in the Investment Resolutions. When such rebalancing activity occurs, the CIO shall notify the Board at the next regularly scheduled meeting.

For each of the zones listed above, special consideration will be given to illiquid asset classes recognizing that their funding and redemption processes are different than those of the liquid asset classes. As such, each illiquid asset class is assigned a liquid asset class to function as a holding place while the corresponding illiquid strategies are being invested.

Portfolio rebalancing may occur by adjusting allocations to individual investment strategies or managers or through the use of an overlay provider using derivatives.

2. INVESTMENT PORTFOLIO MANAGEMENT

While the Board believes the vast majority of investment return over the long term is dependent on the asset allocation decision and ongoing due diligence, it recognizes additional risk and return may be generated by how the asset allocation is implemented. These implementation decisions will largely be delegated to the CIO to be executed within the parameters established in the Investment Resolutions.

i. Hiring a new manager

The CIO shall have the authority to hire new managers (i.e., purchase interests in new investment vehicles) upto an investment amount of $250 million, subject to the remaining terms of this IPS. The $250 million shall represent the cumulative total amount of committed but undrawn capital under the management of a single investment manager and its affiliates. (By way of example, an investment manager with a commitment of $250 million and capital called to-date totaling $100 million would allow up to an additional $150 million investment in a follow-on fund in the same series.) The CEO shall have authority to execute the contracts, consistent with the delegation of authority outlined in this IPS. Any cumulative committed but undrawn investment amount above $250 million shall require explicit Board approval. The CIO shall report hiring decisions to the Board once all contracting documentation has been finalized.

Subject to the foregoing limitations, the CIO, with the assistance of Staff, the Consultant, and Specialty Consultants, shall be responsible for conducting all due diligence activities in connection with hiring new managers.

Quiet period. During the process of hiring a new manager, a quiet period will apply during the evaluation process, during which time no Board member may knowingly have any communication with any actual or potential candidate for the mandate, unless authorized by the Board in connection with the due diligence process in selecting managers. The quiet period shall cease upon the Board entering into a contract with the Investment Manager(s) selected for the mandate. The CIO is responsible for alerting the candidates and the Board to the commencement and duration of the quiet period and its restrictions. A violation of the quiet period rule may result in disqualification of the candidate or other appropriate Board action. Board members may observe the due diligence process after being notified of the quiet period, as appropriate and upon request.

In all cases, the hiring process must be consistent with the requirements for vendor selection detailed in the Procedures and other Plan policy documents, including but not limited to the Code of Fiduciary Conduct and Ethics, Conflict of Interest Code, Placement Agent Disclosure Policy and Procurement of Products and Services Policy.

ii. Terminating existing managers

The Board recognizes investments may need to be adjusted or removed from the Plan portfolio from time to time for a variety of reasons, including:

- Organizational changes including those to the people and processes in place
- A manager's style has deviated from the initial investment thesis
- A manager's style, strategy, ethics, or philosophy is no longer appropriatefor the Investment Program
- Underperformance relative to benchmark or other expectations
- Uncompetitive pricing compared to available alternatives

The CIO shall have the authority to terminate investment managers. Absent emergency circumstances (described below), prior to terminating a manager, the CIO shall present a detailed termination memo to the Board that includes:

- Purpose of the mandate
- Reason(s) for termination
- Specific plan to replace or temporarily invest the assets

Although the Board's explicit approval is not required, it shall maintain veto authority should a majority of the Board decide the planned termination is not in the best interest of the Plan.

Emergency termination. An emergency will be deemed to exist when an investment strategy suffers the resignation or other loss of its portfolio manager(s)and no appropriate replacement is available; when an investment management firm dissolves, ceases to exist, or is otherwise incapable of carrying out itsactivities in the ordinary course of its business; when an investment managementfirm is actually or effectively shut down by a regulatory agency of a state or the Federal government or is accused of theft or fraud by a regulatory agency or othergovernment body; when the Plan's investment is in jeopardy of material loss; or when such other developments with the investment management firm give concern to the CIO that the investment is no longer prudent for the Investment Program. Staff shall take action to transfer management of the affected investment strategyas soon as possible after CCCERA learns of the emergency. In the case of an emergency, the CEO, or in the CEO's absence, the Deputy CEO or the CIO will attempt to notify the Chair and Vice Chair of the Board immediately; notify the Custodian Bank that the Investment Manager's Managed Account is to be frozen and, except for those trades which are pending, no further trading is authorized; and may call a special meeting of the Board to take further action.

4. INVESTMENT PHILOSOPHY

The Investment Philosophy represents the foundational principles on which the Investment Program is based. Every investment decision should be made with these foundational principles in mind to promote the fulfillment of the fiduciary obligations. The statements below set forth the Board's Investment Philosophy:

Plan objectives should guide all decision making

The Investment Program is designed to provide benefits to participants over a long term without accepting undue risks that could be detrimental to the participants or Plan sponsors. The Investment Program, therefore, must be managed in a prudent manner recognizing the relationships between the benefits promised to participants and their beneficiaries, the financial health of the Plan sponsors, and the exposures within the Investment Program.

Asset allocation drives portfolio volatility and returns

It is impossible to accurately and consistently predict the future; therefore, the Plan is required to be prudently diversified across and within asset classes in anticipation of various economic conditions. In a well-diversified portfolio, the overall volatility of investment returns is principally driven by the asset allocation and secondarily driven by the individual investment strategies. As such, asset allocation is the primary tool by which the Board can manage the expected risk/return profile of the Plan.

Short-term investing

Over shorter investment periods of up to five (5) years, volatility can be more detrimental to the success of the Investment Program. Because paying benefits to participants and their beneficiaries occurs continuously, the forced selling of assets during broad market corrections to meet these payments could result in the long-term impairment of investable capital. By maintaining a portion of the portfolio invested in low-volatility, highly liquid securities and investment strategies, the Investment Program will be able to mitigate or avoid the forced selling of assets during broad market corrections.

Long-term investing

Over longer investment periods, volatility can be managed more effectively to produce beneficial results for the Investment Program. Market corrections will occur and when they do, patient and well-capitalized investors are able to wait until the market recovery takes place. Additionally, broad market corrections have historically provided investment opportunities for those with available capital and the foresight to make additional investments.

Fees

Fees directly impact the investment results of the Investment Program but are necessary to appropriately compensate the investment management of the Investment Program. Fees must, therefore, be measured closely against the value the Investment Program expects to earn and aligned to ensure incentives are consistent with the objectives of the Plan.

5. INVESTMENT OBJECTIVES

The investment objectives of the Investment Program are:

- To provide liquidity to meet retiree benefit payments in a timely manner;
- To produce long-term real growth to meet future retiree benefit payments and maintain a funding surplus or closing a funding gap over time; and
- To protect the assets against the adverse impacts of investment market volatility.

Investment objectives specific to the individual investment strategies are further defined in the Board's Investment Strategy portion of this IPS.

6. INVESTMENT STRATEGY

The Board has chosen to employ an investment strategy that seeks to align the Investment Program with the investment objectives listed in Section 5 of this IPS. The strategy divides the portfolio into three functional sub-portfolios—Liquidity, Growth, and Diversifying—to address each investment objective highlighted in Section 5. The Liquidity Sub-portfolio is dedicated to funding near-term benefit payments. It is joined with the longer-term Growth Sub-portfolio, as well as the Diversifying Sub-portfolio, which is intended to offset some of the investment risks embedded in the Growth Sub-portfolio. While the three sub-portfolios are aligned with the investment objectives individually, collectively they allow the Investment Program to provide appropriate risk and return characteristics.

A. Asset Allocation

The Board has adopted a strategic asset allocation based on the Plan's projected actuarial liabilities, liquidity needs, risk tolerance and the risk/return expectations for various asset classes. This asset allocation seeks to optimize long-term returns for the level of risk the Board considers appropriate. The current asset allocation table may be found in the Asset Allocation Investment Resolution.

Since projected liability and risk/return expectations will change over time, the Board will conduct a periodic review of the strategic asset allocation to maintain an expected optimal allocation. The Board may also revise the asset allocation in response to significantly changing conditions that have affected valuations and forward-looking expected returns of asset classes. The Board will review capital market expectations annually. The result of this review will be used to update the Investment Resolutions as needed.

B. Functional Sub-portfolios

As noted previously, the investment strategy for the Investment Program employs three functional sub-portfolios to construct the comprehensive asset allocation. The allocation to the Liquidity Sub-portfolio is assessed annually and is based on the projected benefit payments and expenses of the Plan. The remaining assets are invested in the Growth and Diversifying sub-portfolios. Annually the Board shall review the relative size and composition of these sub-portfolios and revise them as necessary through Investment Resolutions. The functional sub-portfolios are set forth below:

1. LIQUIDITY SUB-PORTFOLIO

The purpose of the Liquidity Sub-portfolio is to ensure adequate assets are available to pay benefits over an extended timeframe as outlined in the Investment Resolutions. The Board has established a target allocation amount of 36 months' worth of projected benefit payments in the Liquidity Sub-portfolio, which will be drawn down and replenished annually. The assets will be invested in highly liquid, low volatility securities expected to generate modest levels of return while preserving capital throughout a market cycle. This portfolio may contain assets such as cash, short-term bonds, laddered government bonds, derivatives, and other investments that provide fixed, contractual cash flows with an appropriate level of credit risk. As a secondary purpose, a portion of the Liquidity Sub-portfolio may be allocated to the Growth Sub-portfolio during broad market corrections so long as at least 18 months of projected benefit payments and expenses are maintained in the Liquidity Sub-portfolio.

The success of the Liquidity Sub-portfolio will be measured by its ability to directly fund benefit payments through low-risk, cash flowing investments, as well as providing a stable offset to the rest of the portfolio during periods of severe market stress.

2. GROWTH SUB-PORTFOLIO

The purpose of the Growth Sub-portfolio is to grow invested assets over the long term in order to pay future benefits. This portfolio is characterized by a long investment horizon and can, therefore, accept a higher level of volatility. Assets in this portfolio may be volatile, have reduced liquidity, and derive the bulk of their return from capital appreciation. These assets include public and private equity, corporate and other debt with credit risk premiums, private real estate, and other private assets.

The success of this portfolio will be measured primarily by compounded annual growth rates in conjunction with the annualized standard deviation of returns as the primary measure of risk. Performance evaluation will, therefore, focus on the long-term total risk-adjusted return of the portfolio.

3. DIVERSIFYING SUB-PORTFOLIO

The purpose of the Diversifying Sub-portfolio is to offset the investment risk of the Growth Sub-portfolio. Investment strategies in the Diversifying Sub-portfolio are expected to have return profiles that have a low correlation to those in the Growth Sub-portfolio. This is expected to effectively dampen the market volatility across the entire portfolio. As a secondary objective, the investment strategies in the Diversifying Sub-portfolio will offer additional sources of return to those in the Liquidity and Growth sub-portfolios.

The success of the Diversifying Sub-portfolio will be measured by its ability to offset declines in value in the Growth Sub-portfolio, as well as its ability to provide liquidity during times of market stress.

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Additionally and subsequent to the capital markets review, the CIO will present an annual funding plan, which will provide a recommendation of how best to replenish the Liquidity Sub-portfolio for the next projected 36 months of benefits payments and expenses. The CIO will provide a monthly report to the Board on the progress of funding the Liquidity Sub-portfolio through a combination of harvesting income from the Growth and Diversifying sub-portfolios, asset sales in the Growth and/or

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Contra Costa County Employees' Retirement Association

Date: March 24, 2021

To: CCCERA Board of Retirement

From: Tim Price, Chief Investment Officer

Subject: Recommendation to execute agreement with StoneX Futures Commission Merchant (FCM) for Sit LLCAR Strategy

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Summary and Recommendation

As part of the recently approved Sit LLCAR strategy, we are asking for Board approval to retain StoneX as a Futures Commission Merchant (FCM). FCMs buy and sell futures, options and swaps on behalf of investors and are required by regulators for such transactions. The Sit LLCAR employs S&P futures to hedge equity risk and StoneX is Sit's preferred FCM for such transactions. Unlike long only strategies where the investment firm is responsible for selecting brokers and other such parties, futures exposure management requires a direct agreement with the end client. The StoneX agreement will be ancillary to the Board-approved Sit LLCAR agreement.

Sit has an existing relationship with StoneX and found them to be an efficient, market priced and reliable service provider. Sit estimates that the upper bound of total cost of services to be less than $5,000 per annum.

BOR Reso. No. 2021-2

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

SALARY RESOLUTION FOR CHIEF EXECUTIVE OFFICER
PURSUANT TO GOVERNMENT CODE SECTION 31522.9

WHEREAS, effective July 1, 2017, the Board of Retirement ("Board") of the Contra Costa County Employees' Retirement Association ("CCCERA") entered into that certain Amended and Restated Employment Agreement for Chief Executive Officer with Gail Strohl, dated July 1, 2017 ("Employment Agreement"), pursuant to Government Code section 31522.9; and

WHEREAS, the Employment Agreement provides, at Section 3.1, that Strohl's annual base salary shall be as set by the Board in a Salary Resolution adopted by the Board from time to time.

NOW, THEREFORE, BE IT

RESOLVED that commencing as of April 1, 2021, Strohl's annual base salary for purposes of the Employment Agreement shall be Two Hundred Eighty Seven Thousand Eight Hundred and Eighty Dollars and Forty Cents ($287,880.40), payable in twelve monthly installments in arrears at a gross monthly rate of Twenty Three Thousand Nine Hundred Ninety Dollars and Three cents ($23,990.03), less applicable taxes, and other customary and applicable payroll deductions, and, be it further

RESOLVED that the annual base salary set by this Resolution shall remain in effect during the term of Gail Strohl's continuing employment in accordance with the terms of the Employment Agreement unless and until modified by further resolution of the Board of Retirement, and, be it further

RESOLVED that on April 1, 2021, Strohl shall also receive a Five Thousand Dollar ($5,000.00) one-time lump-sum payment, less applicable taxes, and other customary and applicable payroll deductions.

THIS RESOLUTION WAS ADOPTED BY THE AFFIRMATIVE VOTE OF THE BOARD OF RETIREMENT OF THE CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION THIS TWENTY FOURTH DAY OF MARCH, 2021.

AYES:

NOES:

ABSTAIN:

ABSENT:

Todd Smithey
Chairperson of the Board of Retirement

Attest:

David MacDonald
Secretary of the Board of Retirement

BOR Reso. No. 2021-3

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

CCCERA RESOLUTION FOR SALARY AND BENEFITS
FOR UNREPRESENTED EMPLOYEES

EFFECTIVE FEBRUARY 1, 2016
AMENDED MAY 25, 2016
AMENDED JUNE 22, 2016
AMENDED JUNE 14, 2017
AMENDED AUGUST 23, 2017
AMENDED MAY 23, 2018
AMENDED JULY 25, 2018
AMENDED AUGUST 22, 2018
AMENDED APRIL 10, 2019
AMENDED FEBRUARY 26, 2020
AMENDED FEBRUARY 10, 2021
AMENDED MARCH 24, 2021

Table of 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. <u>Paid Holidays:</u>

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

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

<u>Eligibility for Paid Holidays</u>: 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.

Flexible Compensation: 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. Personal Holidays:

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. Vacation:

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
15 through 19 years	13-1/3	320

Length of Service*	Monthly Accrual Hours	Maximum Cumulative Hours
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 monthly 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 monthly 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. <u>Sick Leave:</u>

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. <u>Sick Leave Incentive Plan:</u>

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. <u>Management Administrative Leave</u>

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. <u>Other Unpaid Leaves:</u>

CCCERA provides leaves of absence to eligible employees in a variety of circumstances. In all cases, CCCERA intends to comply with applicable federal and state laws. For additional information on unpaid leaves please refer to the CCCERA Personnel Policies.

- Pregnancy disability leave may be requested by any employee at any time.
- Workers' compensation leave is provided to any employee as needed.
- Leave as a reasonable accommodation of an employee's disability is provided to any employee as needed.

<u>Request for Leave</u>: As soon as an employee learns of the need for a leave of absence, the employee should submit a request for leave to the Administrative/HR Manager. Request forms are available from Human Resources. Any leave request must state the purpose of the leave being requested. If approved, the leave must be used for that purpose.

A. Medical/Family Illness/Child Care Leave (FMLA/CFRA LEAVE)

Eligible employees may request an unpaid Family Medical Leave Act ("FMLA") of up to 18 workweeks in a rolling 12-month period (measured backwards from the date the leave begins) for any of the following reasons:

- Birth of the employee's child and to care for the child within the first year of birth;
- The care of an adopted or foster child which the first year of placement with the employee;
- Care for the employee's child, spouse or domestic partner, or parent with a serious health condition;
- Serious health condition of the employee;
- A qualifying exigency arising out of an eligible family member's call to military duty; or
- To care for a covered military service member who is the employee's eligible family member/next-of-kin.

For purposes of this Resolution, an eligible employee is one who has completed one year of continuous employment with CCCERA and worked a minimum of 1,250 hours during the preceding 12 months.

Medical certification is required for leaves necessitated by the serious health condition of the employee or of a family member, but an employee or his/her health care provider need not, and should not, disclose the employee's underlying condition. medical history, results of tests, or any genetic information. A "serious health condition" means an illness, injury, impairment, or physical or mental condition that involves any of the following:

- Time or treatment in connection with inpatient care;
- Period of incapacity of more than three consecutive days that involves treatment by a health care provider; or
- Any period of incapacity or treatment that is permanent or long term.

Employees will continue to be covered by CCCERA health insurance benefits under pre-leave conditions during the entire approved FMLA leave.

FMLA leave is unpaid, except that employees [*may elect* to use any accrued vacation, sick, personal holiday or management administrative leave time.

Intermittent leave or a reduced work schedule may be approved with medical certification for an employee's Serious Health Condition, for the employee to care for a child, parent, spouse, or domestic partner (under the CFRA only) with a serious health condition.

Medical certification that the employee is released to return to work is required before the employee will be permitted to return.

If an employee needs to extend his or her leave, he/she must request an extension for FMLA/CFRA leave as soon as practicable after he/she has knowledge of the need for additional leave time. Recertification by a treating health care provider may be required every 30 calendar days in connection with an employee's absence where appropriate.

B. Pregnancy Disability Leave

Pregnancy Disability Leave (PDL) is a leave due to pregnancy, childbirth, or related reasons preventing the employee from performing her job functions. PDL includes leave needed for prenatal care and prenatal complications.

Employees may take up to a maximum of four months of PDL per pregnancy. Medical certification of the need for the leave is required, and the length of PDL will depend on the medical necessity for the leave. Medical certification that the employee is released to return to work is required before the employee will be permitted to return.

Employees will continue to be covered by CCCERA health insurance benefits under pre-leave conditions during the entire approved PDL.

Leave for pregnancy disability is unpaid, except that employees may elect to use any accrued vacation, sick, personal holiday or management administrative leave time.

C. 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. Health, Dental, and Related Benefits

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. Attached hereto as Attachment B, is the monthly premium subsidy for unrepresented employees.

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) up to the relevant amount set forth in Attachment B. 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, as stated in Attachment B, will pay the difference via pre-tax payroll deductions under the plan to the extent permitted by Internal Revenue Code Section 125.

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 10^{th} 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.

8. Long-Term and Short-Term Disability Insurance

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

9. State Disability Insurance

Unrepresented employees do not contribute towards State Disability Insurance.

10. Life Insurance

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.

11. 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.

12. 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 five hundred dollars ($500) is forfeited and cannot be recovered by the employee. Please refer to Human Resources for more information on the HCSA Program.

13. 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.

14. 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.

15. Vision Insurance

CCCERA will pay 100% of the employee only premium for EyeMed Option 2 vision coverage and up to two hours of CCCERA paid time for exam and to obtain glasses. Employees may obtain spouse and dependent coverage at their own cost.

16. 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.

17. 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.

18. 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.

19. 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.

20. Salary

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

21. 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.

22. Differential Pay

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 in the General Counsel classification 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.

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

CCCERA Resolution for Salary and Benefits for Unrepresented Employees
(BOR Reso. No. 2021-3)

Attachment A

Effective April 1, 2021

Revision Dates: 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	$37.67	$39.55	$41.53	$43.61	$45.79	Yes	Yes	No	No	Yes
Information Technology Coordinator	$39.55	$41.53	$43.61	$45.79	$48.08	Yes	Yes	No	No	Yes
Member Services Supervisor	$45.79	$48.08	$50.48	$53.01	$55.66	Yes	Yes	No	No	Yes
Retirement Services Supervisor	$45.79	$48.08	$50.48	$53.01	$55.66	Yes	Yes	No	No	Yes
Monthly (Exempt)										
Accountant	$6,219	$6,529	$6,856	$7,199	$7,559	Yes	Yes	No	Yes	Yes
Accounting Manager	$10,636	$11,168	$11,726	$12,312	$12,928	Yes	Yes	No	Yes	Yes
Accounting Supervisor	$7,937	$8,333	$8,750	$9,188	$9,647	Yes	Yes	No	Yes	Yes
Administrative/HR Manager	$10,383	$10,902	$11,447	$12,019	$12,620	Yes	Yes	No	No	Yes
Administrative/HR Supervisor	$7,937	$8,333	$8,750	$9,188	$9,647	Yes	Yes	No	No	Yes
Communications Coordinator	$7,379	$7,748	$8,135	$8,542	$8,969	Yes	Yes	No	No	Yes
Compliance Business Analyst	$8,135	$8,542	$8,969	$9,417	$9,888	Yes	Yes	No	No	Yes
Deputy General Counsel	$14,966	$15,714	$16,500	$17,325	$18,191	Yes	Yes	No	No	Yes
Information System Programmer/Analyst	$7,559	$7,937	$8,333	$8,750	$9,188	Yes	Yes	No	No	Yes
Information Technology Manager	$12,620	$13,251	$13,914	$14,609	$15,340	Yes	Yes	No	No	Yes
Investment Analyst	$10,902	$11,447	$12,019	$12,620	$13,251	Yes	Yes	No	No	Yes
Investment Officer	$15,340	$16,107	$16,912	$17,758	$18,646	Yes	Yes	No	No	Yes
Member Services Manager	$10,383	$10,902	$11,447	$12,019	$12,620	Yes	Yes	No	No	Yes
Retirement Services Manager	$10,383	$10,902	$11,447	$12,019	$12,620	Yes	Yes	No	No	Yes
	Monthly Salary Range (Exempt)									
Chief Executive Officer	$23,990.03					Yes	Yes	No	No	Yes
Chief Investment Officer	$20,479 - $26,623					Yes	Yes	No	No	Yes
Compliance Officer	$10,585 - $13,760					Yes	Yes	No	No	Yes
Deputy Chief Executive Officer	$16,419 - $21,344					Yes	Yes	No	No	Yes
General Counsel	$18,101- $23,531					Yes	Yes	Yes	No	Yes
Internal Auditor	$10,585 - $13,760					Yes	Yes	No	Yes	Yes

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

Attachment B

Health and Dental Coverage Monthly Premium Subsidy

Effective: January 1, 2019

CalPERS Health Plans - For 2019, CCCERA's employer monthly premium subsidy is a set dollar amount and is not a percentage of the medical plan premium charged by CalPERS. Below are the employer monthly premium subsidies provided for each medical plan for 2019 only:

CalPERS Health Plans	Employee Only	Employee & 1 Dependent	Employee & 2+ Dependents
	Employer Monthly Premium Subsidy	Employer Monthly Premium Subsidy	Employer Monthly Premium Subsidy
Anthem HMO Select	$782.95	$1,565.89	$2,035.66
Anthem HMO Traditional	$746.47	$1,492.94	$1,940.82
BSC Access +	$746.47	$1,492.94	$1,940.82
HealthNet SmartCare	$804.97	$1,609.95	$2,092.93
Kaiser Permanente	$763.16	$1,526.33	$1,984.23
PERS Choice	$746.47	$1,492.94	$1,940.82
PERS Select	$543.19	$1,086.38	$1,412.29
PERSCare	$746.47	$1,492.94	$1,940.82
Western Health Advantage	$746.47	$1,492.94	$1,940.82

Delta Dental - For 2019 CCCERA's employer monthly premium subsidy is a set dollar amount and is not a percentage of the dental plan premium charged by Delta Dental. Below are the employer monthly premium subsidies provided for 2019:

Employee Only: $46.21
Employee and Spouse: $103.72
Employee and Children: $103.41
Family: $169.38

Effective January 1, 2020, any change in the monthly medical plan premiums charged by CalPERS or the monthly dental plan premiums charged by Delta Dental in the plan year 2020 compared to the plan year 2019, will be shared equally by the employee and CCCERA. This change in monthly medical plan premiums or dental plan premiums will be added to or subtracted from the 2019 employer monthly premium subsidy listed in the table above.

Virtual Trustees Round Table

Register Tell a Friend

5/10/2021

Register

Online registration is available until: 5/10/2021

When: Monday, May 10, 2021
9:00 am - 2:30 pm

Where: Online - zoom link to be sent out upon registration
United States

Contact: CALAPRS
register@calaprs.org
415-764-4860

« Go to Upcoming Event List

The meeting agenda will be posted in the Round Table Group Forum and distributed via email once available. Share your suggestions for discussion topics with info@calaprs.org.

Advanced Principles of Pension Governance for Trustees

A Virtual Program • June 7, 9 & 11, 2021

Meeting Date
03/24/2021
Agenda Item
#10b.

Featuring select, abbreviated sessions from CALAPRS' popular educational program for experienced public pension fund trustees

ABOUT THE PROGRAM

Public Pension Fund Trustees bear a heavy fiduciary burden. On a cumulative basis, California's Constitution holds our members' **350** Trustees accountable for the stewardship of more than **$450** Billion in retirement fund assets. **40** California public pension systems belong to CALAPRS. For many years, Trustees of our member retirement systems have participated in CALAPRS' unique training programs presented exclusively for California public retirement system board members.

The Advanced course is about building trustee skills and strengthening board governance. Pension trustees have many opportunities to learn about the disciplines required to run a pension system: institutional investing, actuarial science, benefits law, etc. But another highly important area of knowledge is the business of being a trustee and of contributing to a well-functioning board. The **CALAPRS Advanced Principles of Pension Governance** course exposes veteran trustees to the most effective pension management thinking to help them enhance their service to their retirement systems.

To continue CALAPRS' mission of providing education for trustees during these unprecedented times, we have arranged with our faculty of subject-matter experts to present abbreviated versions of several key educational topics from this program in an online format in June 2021.

It is our hope that those who attend the online program this year will be able to join us next year as well, to experience the full educational program and the full agenda of important topics and networking that are offered in-person at UCLA Luskin Center in Los Angeles, CA.

PARTICIPANTS | WHO IS RIGHT FOR THE PROGRAM?

The program is designed for an experienced group of trustees. Trustees should have already acquired a basic understanding of board governance practices, actuarial and investment principles, and fiduciary responsibility. The CALAPRS Principles of Pension Governance program held at Pepperdine University is an excellent primer, but is not a prerequisite to attend this program.

THE VIRTUAL PLATFORM | HOW TO PARTICIPATE

The program will be held using the Zoom Meeting platform and attendees will need to participate using their computer or mobile tablet in order to access the visual portion of the sessions. Audio may be accessed by dialing in by phone or through computer audio using the Zoom platform. Detailed access instructions will be sent to each participant one week prior to the program.

CALAPRS plans to make this course interactive and allow attendees the option to enable their audio and video and participate actively in the discussion. In addition, a chat box will be available for attendees to communicate with each other in writing, as well as a written Q&A feature to submit questions directly to the presenters.

CURRICULUM | YOUR COURSE OF STUDY

Course attendees will hear from and discuss issues with top-level presenters in the areas of board/staff roles, governance, investment principles, economic forecasting and actuarial science.

Monday, June 7, 2021

8:30-9:00am ***Welcome & Introductions*** – Mark Hovey, Course Facilitator

9:00am-11:00am ***Policy-Focused Boards*** – Tom Iannucci, Cortex Consulting

Policy-focused Boards will provide attendees with a unique board-level perspective on the public pension business. Using interactive discussions and case studies, attendees will learn and discuss:

- Fiduciary and organizational risks and how to mitigate them through board-level policy;
- Discuss obstacles to board effectiveness and strategies for overcoming them;
- Discuss optimal board and staff roles, accountabilities and delegation of authority;
- Effective strategic and business planning practices

Wednesday, June 9, 2021

8:30-10:00am ***Economics Update & Forecast*** – Dr. Jerry Nickelsburg, Professor, UCLA Anderson School of Management

As we have now entered the second year of the COVID19 pandemic, the need for good forecasts of the future of the national, state and local economies becomes more important. However, the uncertainty surrounding the post-COVID world makes such forecasting all the more difficult. Will people return to the city? What about offices? How soon will government revenues recover? Using "similar as economic inference" and lessons from the 2006-2008 housing debacle will help us understand how to tap into that uncertainty to develop better forecasts. The economic outlook for the US and California are an illustration of navigating heightened uncertainty in an organized way in order to make better decisions, and to have a road map to changing those decisions.

10:00-11:00am ***Good Governance and the Investment Team*** – Steve Sexauer, Chief Investment Officer, San Diego County Employees' Retirement Association

Your actuary teaches the pension equation as C + I = B + E. What is the role of "I"? How is that role accomplished? This session will share the investment theory that underpins pension investments, and why we see consistent evidence that most public pension plan returns are below that of a simple 60% stock-40% bond fund. We'll also review how to ensure the Investment team skills, size, and work assignments are aligned with the goals of "I."

Friday, June 11, 2021

8:30-10:00am ***Advanced Actuarial Principles*** – Paul Angelo, Senior VP & Actuary, Segal & Todd Tauzer, VP & Actuary, Segal

- Focus on the two actuarial policy and decision areas for trustees: assumptions and funding policy
- Consider recent trends in public plan discount rates and why that topic is still controversial
- Review the three components of funding policy and then drill down on how to pay off the unfunded liability

10:00-11:00am ***Tying It All Together: Program Takeaways*** – Mark Hovey

REGISTRATION

Registration is open to any current trustee from a CALAPRS member retirement system.
Registration is open online at www.calaprs.org and must be submitted by May 31, 2021.

Pricing to attend the full virtual program (all 3 days) is $650 per trustee.

Register now at www.calaprs.org/events

Questions?
Contact register@calaprs.org or 415-764-4860 and a member of the CALAPRS staff will be happy to assist you.