



## **AGENDA**

### **RETIREMENT BOARD MEETING**

#### REGULAR MEETING

June 23, 2021, 9:00 a.m.

The Board of Retirement will hold its meeting via teleconferencing as permitted by Executive Order N-29-20. The meeting is accessible telephonically at 669-900-6833, Webinar ID: 950 8516 8586, Passcode: 877519, or via the web at:

<https://zoom.us/j/95085168586?pwd=d3JvSUUvNXV0NGpUcmorOTI5bnBYdz09> Passcode: 877519

**Persons may request to make public comment by emailing [publiccomment@cccera.org](mailto:publiccomment@cccera.org)** the day before the Board meeting or the day of the Board meeting either before or during the meeting. Public comments are limited to any item that is within the subject matter jurisdiction of the Board of Retirement. Both written and oral comments will be accepted, subject to a three-minute time limit per speaker. Written comments will be read into the record at the meeting. All comments submitted will be included in the record of the meeting.

#### 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 May 26, 2021 meeting.
5. Presentation from Brown Armstrong on the audit of the December 31, 2020 financial statements.
6. Consider and take possible action to authorize the CEO to renew a maintenance and support agreement with CPAS.
7. Consider and take possible action to cancel the meeting on July 28, 2021.
8. Report from Audit Committee Chair on June 9, 2021 Audit Committee meeting.

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.

9. Consider authorizing the attendance of Board:
  - a. 2021 NASRA Annual Conference, August 4-11, 2021, Virtual. (Note: Conflict with meeting)
  - b. 2021 Invesco Real Estate Global Client Conference, November 2-4, 2021, San Diego, CA. (Note: Conflict with meeting)
  
10. Miscellaneous
  - a. Staff Report
  - b. Outside Professionals' Report
  - c. Trustees' comments



## **RETIREMENT BOARD MEETING MINUTES**

REGULAR MEETING

May 26, 2021

9:00 a.m.

The Board of Retirement meeting was accessible telephonically at (669) 900-6833, Webinar ID: 925 6489 6305, Passcode: 807968 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 and Russell Watts

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:

Harvey Leiderman	Reed Smith LLP
Scott Whalen	Verus Investments
Mike Kamell	Verus Investments

### **3. Accept comments from the public**

CCCERA staff read the following statements into public comments:

Lacey Friedman wrote about AB 197 and wanted a follow up to her question from last week on when she would be paid back her deductions and if she will receive the County's portion. She would like to be able to ask questions live and requested that the Board please consider putting this on the agenda. There are retirees waiting for the answer.

Melissa J. Hagen wrote about her on-call pay now that on-call pay is no longer counted. She wanted to know in writing where the money deducted for her on-call pay is for the last 5 + years and will it be repaid back with interest.

Gordon commented that public comments will be limited to 3 minutes and that we now have the capability to take public comments live during the meetings.

**4. Approve minutes from the April 28, 2021 meeting**

It was **M/S/C** to approve the minutes from the April 28, 2021 meeting. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Powell and Watts)

It was the consensus of the Board to move to Item 7.

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

Whalen reviewed amendments to the Investment Policy Statement based on direction from the Board.

It was **M/S/C** to amend the Investment Policy Statement. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Powell and Watts)

**CLOSED SESSION**

The Board moved into Closed Session pursuant to Govt. Code Section 54956.9(d)(1).

The Board moved into open session.

**5. Trustee MacDonald recused himself from Items 5a, 5b and 5c and was not present for subsequent discussion and voting.**

- a. There was no reportable action related to *Contra Costa County Deputy Sheriffs Association, et al., v. Board of Retirement of CCCERA, et al.*, Contra Costa County Superior Court, Case No. MSN12-1870
- b. There was no reportable action related to *Contra Costa County Deputy Sheriffs Association, et al., v. Board of Retirement of CCCERA, et al.*, Contra Costa County Superior Court, Case No. C15-00598
- c. There was no reportable action related to *Public Employees Union Local No. 1, et al, v. Board of Retirement of CCCERA, et al.*, Contra Costa County Superior Court, Case No. N14-2021

**6. Review of total portfolio performance for the period ending March 31, 2021**

- a. Presentation from Verus

Kamell reviewed CCCERA's investment fund performance for the period ending March 31, 2021.

b. Presentation from staff

Price reviewed CCCERA's sub-portfolio's noting CCCERA's total fund is performing as expected.

**8. Report from Audit Committee Chair on May 5, 2021 Audit Committee meeting**

Phillips reported on the May 5, 2021 Audit Committee meeting.

**9. Miscellaneous**

a. Staff Report –

Strohl reported staff is working on a plan to re-open the office. She also noted that even though staff is working remotely she does not expect any delays with March retirements.

b. Outside Professionals' Report -

None

c. Trustees' comments –

Phillips reported on the key points he took away from the SACRS 2021 Spring Conference.

Holcombe also commented on the SACRS 2021 Spring Conference.

Sloan reported that retirees he referred to the office have all given him high praise to the staff for their quick response to their inquiries, especially Tim Hoppe and his department.

MacDonald reported the SACRS Public Pension Investment Management Program, Modern Investment Theory & Practice for Retirement Systems is being presented by UC Berkeley's Haas School of Business in a webinar format from July 13-22, 2021. He noted the talks will be recorded so they can be listened to at the Trustees' convenience.

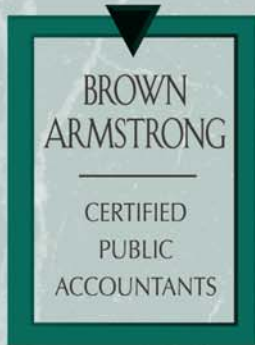
It was **M/S/C** to adjourn the meeting. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Powell and Watts)

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Scott Gordon, Chairman

---

Jerry Holcombe, Secretary



Meeting Date  
**06/23/2021**  
Agenda Item  
**#5**

# BROWN ARMSTRONG

*Certified Public Accountants*

## ***Contra Costa County Employees' Retirement Association Board of Retirement Presentation***

### **of the December 31, 2020 Audit Results**

**By: Andrew J. Paulden, CPA, and Brooke Baird, CPA**

**Brown Armstrong Accountancy Corporation**

**Date: June 23, 2021**

#### **BAKERSFIELD OFFICE (MAIN OFFICE)**

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1. Purpose of the Audit
2. The Audit Process
  - a. Timeline coordination with CCCERA staff
  - b. Understanding and evaluation of internal controls through inquiry and observation
  - c. Confirmations with independent third parties
  - d. Interim testing
  - e. Final fieldwork testing
  - f. Report presentation
3. Significant Audit Areas/Scope of Audit Work
  - a. Risk based approach
  - b. Investments and related earnings
  - c. Participant data and actuarial information
  - d. Employee and employer contributions
  - e. Benefit payments
4. Audit Opinions
  - a. Annual Audited Report
    - i. Independent Auditor's Report (opinion) on Financial Statements – unmodified (“clean”) opinion
  - b. Report to the Board of Retirement and Audit Committee
    - i. Required Communication to the Board of Retirement and Audit Committee in Accordance with Professional Standards (SAS 114)
    - ii. Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
    - iii. Agreed Upon Conditions Report Designed to Increase Efficiency, Internal Controls, and/or Financial Reporting
5. Questions and/or Comments?

**CONTRA COSTA COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION**

**REPORT TO THE BOARD OF RETIREMENT**

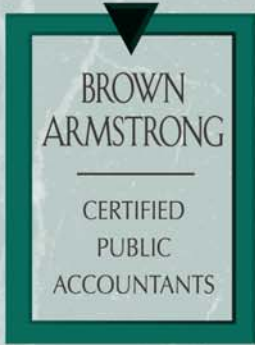
**FOR THE YEAR ENDED DECEMBER 31, 2020**



**CONTRA COSTA COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION**

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# BROWN ARMSTRONG

*Certified Public Accountants*

## **REQUIRED COMMUNICATION TO THE BOARD OF RETIREMENT AND AUDIT COMMITTEE IN ACCORDANCE WITH PROFESSIONAL STANDARDS**

To the Board of Retirement and Audit Committee of  
Contra Costa County Employees' Retirement Association  
Concord, California

We have audited the financial statements of Contra Costa County Employees' Retirement Association (CCCERA) as of and for the year ended December 31, 2020, and have issued our report dated June 15, 2021. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated January 18, 2021, and in our scope of services dated February 24, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by CCCERA are described in Note 2, Summary of Significant Accounting Policies, to the financial statements. In the current year CCCERA implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. We noted no transactions entered into by CCCERA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting CCCERA's financial statements were:

- Management's estimates of the fair value of investments which are derived by various methods as explained in the notes to the financial statements. We evaluated the key factors and assumptions used to develop the estimates of the fair value of investments in determining that they are reasonable in relation to the financial statements taken as a whole.

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- The recommended rates for employer contributions and net pension and net postemployment healthcare (OPEB) liabilities are based on the actuarial valuations including actuarially-presumed interest rate and assumptions which involve estimates of the value of reported amounts and probabilities about the occurrence of future events far into the future. We evaluated the key factors and assumptions used to develop the employer contribution amounts and net pension and net OPEB liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosures for deposits and investments in Notes 2, 3, and 4 to the financial statements, Summary of Significant Accounting Policies, Deposits and Investment Risk Disclosures, and Fair Value Measurements, respectively, were derived from CCCERA's investment policy. The estimated fair value of investments was derived by various methods as detailed in the notes to the financial statements.
- Additionally, the disclosures related to the net pension and net OPEB liabilities and actuarial methods and assumptions in Note 6, Net Pension Liability and Note 7, Other Post-Employment Benefits (OPEB) Liability and Section 115 Trust were derived from actuarial valuations, which involved estimates of the value of report amounts and probabilities about the occurrence of future events.

The disclosures in the financial statements are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 15, 2021.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to CCCERA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as CCCERA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Matters*

We have applied certain limited procedures to the Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contributions, Schedule of Investment Returns, Schedule of Changes in the Net OPEB Liability and Related Ratios, Schedule of Contribution History, Schedule of Deferred (Inflows)/Outflows of Resources, Schedule of Investment Returns, and Notes to the Required Supplementary Information (RSI), which are all part of the RSI that supplements the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Administrative Expenses, Schedule of Investment Expenses, and Schedule of Payments to Consultants, which accompany the financial statements but are not RSI. With respect to the other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the methods of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory, investment, actuarial, and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this information and we do not express an opinion or provide assurance on it.

**Restriction on Use**

This information is intended solely for the use of the Board of Retirement, Audit Committee, and management of CCCERA and is not intended to be, and should not be, used by anyone other than these specified parties.

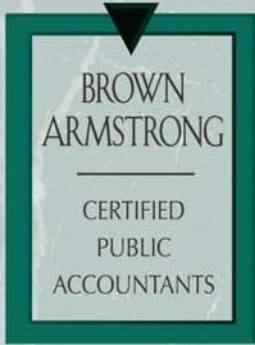
BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
June 15, 2021

**SUMMARY OF UNADJUSTED AUDIT DIFFERENCES**  
**12/31/2020**

	<u>Increase in Fiduciary Net Position</u>
Difference from timing of investments due to lag in fair value reporting for private equity	<u>\$ 89,691,418</u>
Total Increase in Fiduciary Net Position	<u><u>\$ 89,691,418</u></u>



# BROWN ARMSTRONG

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Retirement and Audit Committee of  
Contra Costa County Employees' Retirement Association  
Concord, California

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We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Contra Costa County Employees' Retirement Association (CCCERA), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise CCCERA's basic financial statements, and have issued our report thereon dated June 15, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered CCCERA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CCCERA's internal control. Accordingly, we do not express an opinion on the effectiveness of CCCERA's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of CCCERA's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

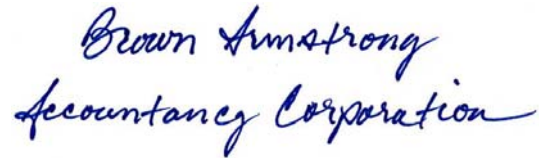
## Compliance and Other Matters

As part of obtaining reasonable assurance about whether CCCERA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

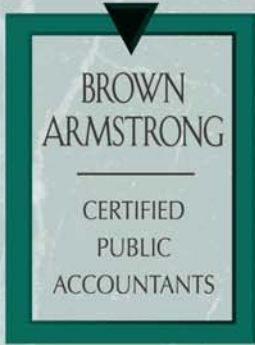
## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CCCERA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CCCERA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California  
June 15, 2021



BROWN ARMSTRONG  
Certified Public Accountants

**AGREED UPON CONDITIONS REPORT DESIGNED TO INCREASE  
EFFICIENCY, INTERNAL CONTROLS, AND/OR FINANCIAL REPORTING**

To the Board of Retirement and Audit Committee of  
Contra Costa County Employees' Retirement Association  
Concord, California

In planning and performing our audit of the financial statements of Contra Costa County Employees' Retirement Association (CCCERA) as of and for the year ended December 31, 2020, we considered its internal control structure over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CCCERA's internal control. Accordingly, we do not express an opinion on the effectiveness of CCCERA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the CCCERA's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of the Board of Retirement, Audit Committee, and management of CCCERA and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

Bakersfield, California  
June 15, 2021



## **CURRENT YEAR AGREED UPON CONDITIONS AND RECOMMENDATIONS**

### **Condition 2020-01: Participant Account:**

During our testing of active participants and employer confirmations, we noted one out of the forty participants selected for testing was listed in the CCCERA's participant management system, CPAS, twice. The participant was listed under a different member identifying key and social security number for each account. Upon our inquiry, CCCERA's member services team corrected the social security number on the erroneous account.

When the participant data used to locate a specific participant is incorrect in the participant management system, the participant's information is at risk of being lost. Duplicated participant accounts can also affect the data sent to the actuary, as the actuary is sent data directly from the participant management system.

### **Recommendation:**

We recommend the CCCERA follow its control procedures and ensure a second reviewer is verifying participant data more closely when entering participant information into the system to prevent a similar error from occurring in the future.

### **Management Response:**

We appreciate the recommendation. It is important to note this member retired in 1998 and the duplicate account occurred with a previous pension administration system's conversion. The duplicate account did not have any member contributions and therefore had no impact to the actuarial valuation. Our current data conditioning project with ICON in preparation for the new pension administration system focuses on data clean-up issues such as these. Additionally, before any member retires, there is an internal review process to assure accuracy and prevent errors in payments.

## **PRIOR YEAR AGREED UPON CONDITIONS AND RECOMMENDATIONS**

No recommendations in the prior year.

# 2020

COMPREHENSIVE ANNUAL

## FINANCIAL REPORT

For the Year Ended December 31, 2020

Contra Costa County Employees' Retirement Association  
Concord, California



**CCCERA's mission** is to administer pension benefits earned by our members and to be prudent stewards of plan assets.



## **2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended December 31, 2020

Issued by:

**GAIL STROHL**

Chief Executive Officer

**HENRY J. GUDINO, CPA**

Accounting Manager

Contra Costa County Employees' Retirement Association

1200 Concord Avenue, Suite 300

Concord, California 94520

[www.cccera.org](http://www.cccera.org)

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**INTRODUCTORY**

SECTION



# LETTER OF TRANSMITTAL

June 23, 2021

Board of Retirement  
Contra Costa County Employees' Retirement Association  
1200 Concord Avenue, Suite 300  
Concord, CA 94520-5728

Dear Board Members:

I am pleased to present the Contra Costa County Employees' Retirement Association's (CCCERA) Comprehensive Annual Financial Report (Annual Report) for the year ended December 31, 2020, the 75th year of operation.

CCCERA is a public employee retirement system that was established by the County of Contra Costa (the County) on July 1, 1945, and is administered by the Board of Retirement (Board) to provide service retirement, disability, death, and survivor benefits for County employees and 16 other participating agencies under the California State Government Code, Section 31450 et seq. (County Employees Retirement Law of 1937) and Section 7522 et seq. (California Public Employees' Pension Reform Act of 2013).

## REPORT CONTENTS

CCCERA management is responsible for both the accuracy of the data and the completeness and fairness of the presentation of financial information within this Annual Report, including all disclosures. The Annual Report is divided into five sections:

The **INTRODUCTORY SECTION** includes a description of CCCERA's management and organizational structure, a letter of transmittal, a listing of the members of the Board, and a listing of professional consultants.

The **FINANCIAL SECTION** presents the financial condition and funding status of CCCERA. This section contains the opinion of the independent certified public accountants, Brown Armstrong Accountancy Corporation, Management's Discussion and Analysis of CCCERA's financial activities, the financial statements, and the related supplementary financial information.

The **INVESTMENT SECTION** provides an overview of CCCERA's investment program. This section contains reports on investment activity, investment policies, investment results, and various investment schedules, charts, and graphs.

The ACTUARIAL SECTION communicates CCCERA's funding status and presents other actuarial related information including Other Post-Employment Benefits (OPEB). This section contains the certification of the consulting actuary, Segal Consulting, actuarial statistics, and general plan provisions.

The STATISTICAL SECTION presents information on CCCERA's operations on a multi-year basis.

## **CCCERA AND ITS SERVICES**

CCCERA was established on July 1, 1945, to provide retirement allowances and other benefits to the safety and general members employed by the County. Currently, Contra Costa County and 16 other participating agencies are members of CCCERA. The participating agencies include:

- Bethel Island Municipal Improvement District
- Byron-Brentwood-Knightsen Union Cemetery District
- Central Contra Costa Sanitary District
- Contra Costa County Employees' Retirement Association
- Housing Authority of the County of Contra Costa
- Contra Costa Mosquito and Vector Control District
- First 5 – Contra Costa Children & Families Commission
- In-Home Supportive Services Public Authority (IHSS)
- Local Agency Formation Commission (LAFCO)
- Rodeo Sanitary District
- Superior Court of California, Contra Costa County
- Contra Costa Fire Protection District
- East Contra Costa Fire Protection District
- Moraga-Orinda Fire Protection District
- Rodeo-Hercules Fire Protection District
- San Ramon Valley Fire Protection District

In addition, CCCERA administers retirement, disability, or survivor benefits to retirees or beneficiaries of the following former participating agencies:

- Alamo-Lafayette Cemetery District
- City of Pittsburg
- Delta Diablo Sanitation District
- Diablo Water District
- Ironhouse Sanitary District
- Kensington Fire Protection District
- Superintendent of Schools - Contra Costa County Office of Education
- Stege Sanitary District

CCCERA is governed by the California Constitution, the County Employees Retirement Law of 1937 (CERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures, and policies adopted by CCCERA's Board of Retirement. The Contra Costa County Board of Supervisors may also adopt resolutions, as permitted by CERL, which may affect benefits of CCCERA members.

The 12 member Board of Retirement is responsible for the general management of CCCERA. Of the 12 members, three are alternates, one for the appointed members, one for safety, and one for retirees. Five board members are appointed by the Contra Costa County Board of Supervisors, one as an alternate. Four board members, including the safety alternate, are elected by CCCERA's active membership. Two board members are elected by the retirees, one as an alternate. The County Treasurer serves as an ex-officio member. Board members, with the exception of the County Treasurer, serve three-year terms in office, with no term limits.

## **FINANCIAL INFORMATION**

This report has been prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. CCCERA's MD&A can be found immediately following the independent auditor's report.

Management of CCCERA is responsible for establishing and maintaining an internal control structure designed to ensure CCCERA's assets are protected from loss, theft, or misuse. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. Reasonable assurance recognizes the cost of a control relative to the benefits likely to be derived and that these judgments by management are based on estimates. Responsibility for the accuracy, completeness, fair representation of information and all disclosures rests with CCCERA's management. The accounting firm of Brown Armstrong Accountancy Corporation, a certified public accounting firm, provides financial statement independent audit services to CCCERA. The financial audit provides reasonable assurance that CCCERA's financial statements are presented in conformity with GAAP and are free from material misstatement.

## ACTUARIAL FUNDING STATUS

CCCERA contracts with an independent actuarial consulting firm, Segal Consulting, to act as the Pension (Plan's) actuary and conduct annual actuarial valuations, which are presented to the Board annually. On a triennial basis, the actuary also conducts an experience study of the members of CCCERA and makes recommendations to the Board on all economic and non-economic assumptions. The most recent triennial experience study is as of December 31, 2017.

CCCERA's funding objective is to meet long-term defined benefit obligations through contributions and investment income. Funds are derived from the excess of additions, which include contributions and investment earnings, over deductions which are comprised of benefits and administrative expenses. Funds are accumulated to meet future benefit obligations to retirees and beneficiaries. This accumulated balance is referred to as the "net position-restricted for benefits" in the Statement of Fiduciary Net Position in the Financial Section of the report. Due to GASB Statement No. 67, the total pension liability is not reported in the basic financial statements, but is disclosed in Note 6 to the basic financial statements and in the required supplementary information. The total pension liability is determined by the Plan's actuary and is a measure of the present value of actuarial accrued liabilities estimated to be payable in the future to current retirees, beneficiaries, and active members for service earned to date. The net pension liability is measured as the total pension liability less the amount of the Plan's fiduciary net position. The net pension liability is an accounting measurement for financial statement purposes.

Segal Consulting's actuarial valuation as of December 31, 2019, determined the funding ratio to be 90.6%, an increase of 1.3% over the prior year, using approved assumptions. This ratio compares the actuarial value of assets of the Plan to the actuarial accrued liabilities of the Plan. For a more in-depth review of the funding of the Plan, see the actuarial section of this report on page 91.

For fiscal years ending December 31, 2018 and 2020, CCCERA, as an employer for its staff, contracted with Milliman Inc. to prepare a biennial actuarial valuation of Other Post-Employment Benefits (OPEB) liabilities in accordance with GASB Statement Nos. 74 and 75, including the creation in 2018 of an IRS Section 115 Trust for pre-funding purposes. More information about OPEB liabilities and funding of the trust may be found in Note 7, *Other Post-Employment Benefits (OPEB) Liability and Section 115 Trust* and in the actuarial section of this report.

## INVESTMENTS

The Board maintains exclusive control of all retirement system investments and is responsible for establishing investment objectives, strategies, and policies. The California Constitution and Government Code Sections 31594 and 31595 authorize the Board to invest in any investment deemed prudent in the Board's opinion.

The Board has adopted an Investment Policy, which provides the framework for the management of CCCERA's investments. This policy establishes CCCERA's investment objectives and defines the principal duties of the Board, custodian bank, and investment managers. The asset allocation is an integral part of the Investment Policy and is designed to provide an optimum mix of asset classes with

return expectations that reflect expected liabilities. Within the Investment Section of this report, a summary of the asset allocation can be found on page 83, along with a schedule of investment management fees and brokerage commissions on pages 88 and 89.

On a fair value basis, the total net position-restricted for benefits increased from \$9.3 billion at December 31, 2019, to \$10.1 billion at December 31, 2020. For the year ended December 31, 2020, CCCERA's investment portfolio returned 9.2%, net of investment management fees, reflecting market conditions throughout the year. CCCERA's annualized rate of return was 6.8% over the last three years, 8.2% over the last five years, and 8.1% over the last 10 years, net of investment expenses.

## 2018-2020 STRATEGIC PLAN

In 2020, CCCERA completed its third year of its 2018-2020 strategic plan, which incorporates the core values of trust, innovation and accountability. These core values are supported with the following strategic initiatives:

- Improve communication within the organization and with external stakeholders.
- Expand use of technology across the organization to achieve goals in the most efficient manner.
- Implement measures to improve customer services to external and internal customers.
- Data integrity and security are of paramount importance. New projects will be implemented to ensure data is accurate and secured appropriately.
- Institute effective training and recognition programs to foster continued employee development.

This year, a number of activities were completed to further these initiatives. At the strategic plan's implementation, a strategic plan reference card was distributed to staff to provide a visual, living document, in an effort to make the strategic direction of CCCERA at the forefront of all activities.

## SERVICE EFFORTS

In March of 2020, the COVID-19 pandemic and resulting shelter in place required the large majority of CCCERA staff to quickly adapt to a remote working environment. The CCCERA physical office has remained closed since the beginning of the shelter in place, however, CCCERA has continued to perform its essential functions during this time. CCCERA continues to fulfill its mission to administer pension benefits earned by our members and to be prudent stewards of plan assets. All members, active and retired, are affected in some way by this pandemic. It is imperative that CCCERA continue to conduct essential operations. To that end, here is an update regarding how some of the primary functions performed in 2020:

- Retirement Benefit Payments: All retiree payrolls due on the first of the month were paid on time and CCCERA plans to continue meeting this essential function.
- Member Communication: Staff were available to receive member phone calls during limited phone hours Tuesday through Thursday. CCCERA responded to over 12,000 phone calls, over 4,000 email inquiries, sent over 7,000 letters, and distributed over 100,000 newsletters during the year.

- CCCERA's website is continuously updated with current information and now includes two videos: (1) *How To Use The Pension Calculator*; and (2) *Retirement Overview*. The *Retirement Overview* video is a voice narrated slideshow of the normal in-person presentation which has also been shared remotely to employers.
- Retirement Applications: CCCERA continues to accept and process service and disability retirement applications effectively.
- Employer Payroll Information and Contribution Payments: CCCERA works closely with all employer districts to receive payroll information and accept employer and member contributions electronically wherever possible.
- Vendor Payments: CCCERA processed all operating payments, tax withholding, and retiree health deductions promptly and accurately.
- Retirement Appointments: Member appointments are conducted via telephone and or virtually with a retirement counselor.
- Investment Program: CCCERA Investment staff continue to effectively monitor the portfolio performance along with Accounting staff managing cash movements at the custodian bank. Frequent communication with CCCERA's external investment managers and investment consultants remains one of the top priorities.

## ACCOMPLISHMENTS

### INVESTMENT PORTFOLIO MANAGEMENT:

As an integral part of the investment policy, CCCERA has an internally developed portfolio construction methodology, known as the Functionally Focused Portfolio (FFP), to assign portfolio allocations according to strategic priorities as defined by the Board. The FFP was approved by the Board in September 2016 and was rolled out in phases over approximately three years. The FFP consists of three sub-portfolios, Liquidity, Growth, and Risk Diversifying, and is designed to allocate a higher percentage of assets into the short-term, highly liquid fixed income instruments that will be used to accomplish CCCERA's primary function, paying for 3-4 years of pension benefits. CCCERA will continue to allocate the bulk of the remaining assets into a globally diversified growth sub-portfolio of stocks, real estate, and alternative asset strategies and the remaining into risk diversified investments.

The Liquidity Portfolio was implemented in October 2016 and is invested with three fixed income managers, all of whom pursue a high credit quality, low duration investment approach designed to produce monthly cash flows that fund the benefit payments. The Growth portfolio repositioning began in July 2017 with the selection of a private markets advisor and is designed to take advantage of capital appreciation and income opportunities globally. To achieve this, the Growth portfolio includes a variety of assets, from stocks and growth oriented bonds, to private equity, real estate, private credit. The risk diversifying phase was implemented in June 2018 to hold assets that are expected to diversify the Growth's sub-portfolio volatility while offering moderate growth.

The Board conducted a review of the strategic asset allocation in late 2020. The FFP structure was maintained, but the target allocation to the Liquidity sub-portfolio was reduced to three years from the prior four years. Other allocations were changed as well, most notably an increased target to private equity. The change to the Liquidity sub-portfolio will be implemented in 2021 and the increased allocation to private markets will be implemented over the next several years.

#### PENSION ADMINISTRATION SYSTEM PROJECT:

CCCERA strives to provide excellent customer service, operate the plan in an efficient and cost-effective manner, and to safely and accurately maintain member data. To accomplish these objectives, a pension administration system that is capable of workflow solutions and member and employer-facing web portals is needed. CCCERA issued a Request For Proposal (RFP) for a pension administration system in July 2020, and we are pleased to report that a contract was awarded to Sagitec Solutions LLP in April 2021 for a new pension administration system. Additionally, accurate data is essential in a pension administration system, therefore, CCCERA issued an RFP for a data services vendor to analyze and condition the data in preparation of a system migration. We are also happy to report that in October 2020, CCCERA contracted with ICON Integration and Design, Inc. to assist with the conditioning and preparing of our data for a new pension administration system.

#### MASTER CUSTODIAN BANK:

CCCERA successfully transitioned in March 2019 to The Northern Trust Company (Northern Trust) as its new custodian bank and completed a first full year of operations in 2020. The intended purpose for the transition was to take advantage of the most effective, cost efficient, custodian services with best use of technology, and in the best interests of CCCERA, its members, and beneficiaries. Amongst the features CCCERA utilized is Northern Trust's Capital Call Execution Services to effectively manage timely transactions within the alternative private market investments, and implementation of Data Direct to enhance financial reporting from the public market funds.

### **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CCCERA for its Annual Report for the year ended December 31, 2019. This was the 20th consecutive year that CCCERA has received this award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Report, the contents of which meet or exceed program standards. The Annual Report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Report continues to meet the Certificate of Achievement program requirements, and it is being submitted to the GFOA to determine its eligibility for another certificate.

CCCERA is a recipient also of the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the year ended December 31, 2019. This marks the 11th consecutive year to receive this honor.

CCCERA was awarded the Public Pension Coordinating Council's (PPCC) Public Pension Standards Award in 2020. The Public Pension Standards are intended to reflect minimum expectations for public retirement system management and administration, and to serve as a benchmark by which all defined benefit public plans should be measured.

## **ACKNOWLEDGMENTS**

The compilation of this report reflects the combined and dedicated effort of many individuals at CCCERA. It is intended to provide complete and reliable information as the basis for making management decisions, as a means of determining compliance with legal provisions, and as a means of determining responsible stewardship of the funds of CCCERA.

Thank you to the Board, the consultants, and staff for their commitment to CCCERA.

Respectfully submitted,



Gail Strohl  
Chief Executive Officer



## RETIREMENT BOARD (As of December 31, 2020)

*Chairperson*

**TODD SMITHEY**

Term Expires June 30, 2023

Elected by General Members

**CANDACE ANDERSEN**

Term Expires June 30, 2023

Appointed by Board of Supervisors

*Vice-Chairperson*

**SCOTT W. GORDON**

Term Expires June 30, 2022

Appointed by Board of Supervisors

**DONNIE FINLEY**

Term Expires June 30, 2023

Elected by Safety Members

*Secretary*

**DAVID J. MACDONALD**

Term Expires June 30, 2022

Elected by General Members

**LOUIE KROLL**

Term Expires June 30, 2022

Elected by Retirees

*County Treasurer*

**RUSSELL V. WATTS**

Ex Officio by Statute

*(Alternate)*

**MIKE SLOAN**

Term Expires June 30, 2022

Elected by Retirees

**JOHN B. PHILLIPS**

Term Expires June 30, 2023

Appointed by Board of Supervisors

*(Alternate)*

**JAY KWON**

Term Expires June 30, 2023

Appointed by Board of Supervisors

**JERRY R. HOLCOMBE**

Term Expires June 30, 2023

Appointed by Board of Supervisors

*(Alternate)*

**VACANT**

Term Expires June 30, 2023

Elected by Safety Members

## PROFESSIONAL CONSULTANTS (As of December 31, 2020)

### ACTUARIAL SERVICES

Segal Consulting  
Milliman Inc.

### LABOR RELATIONS COUNSEL

Wiley Price & Radulovich, LLP

### INDEPENDENT AUDITOR

Brown Armstrong Accountancy Corporation

### INVESTMENT CONSULTANTS

Verus Investments  
Stepstone Investments

### FIDUCIARY & INVESTMENT COUNSEL

Reed Smith, LLP  
DLA Piper, LLP  
Foley & Lardner, LLP

### MASTER CUSTODIAN

The Northern Trust Company

### GENERAL & TAX COUNSEL

Ice Miller, LLP

### FISCAL AGENT

Mechanics Bank

### DISABILITY COUNSEL

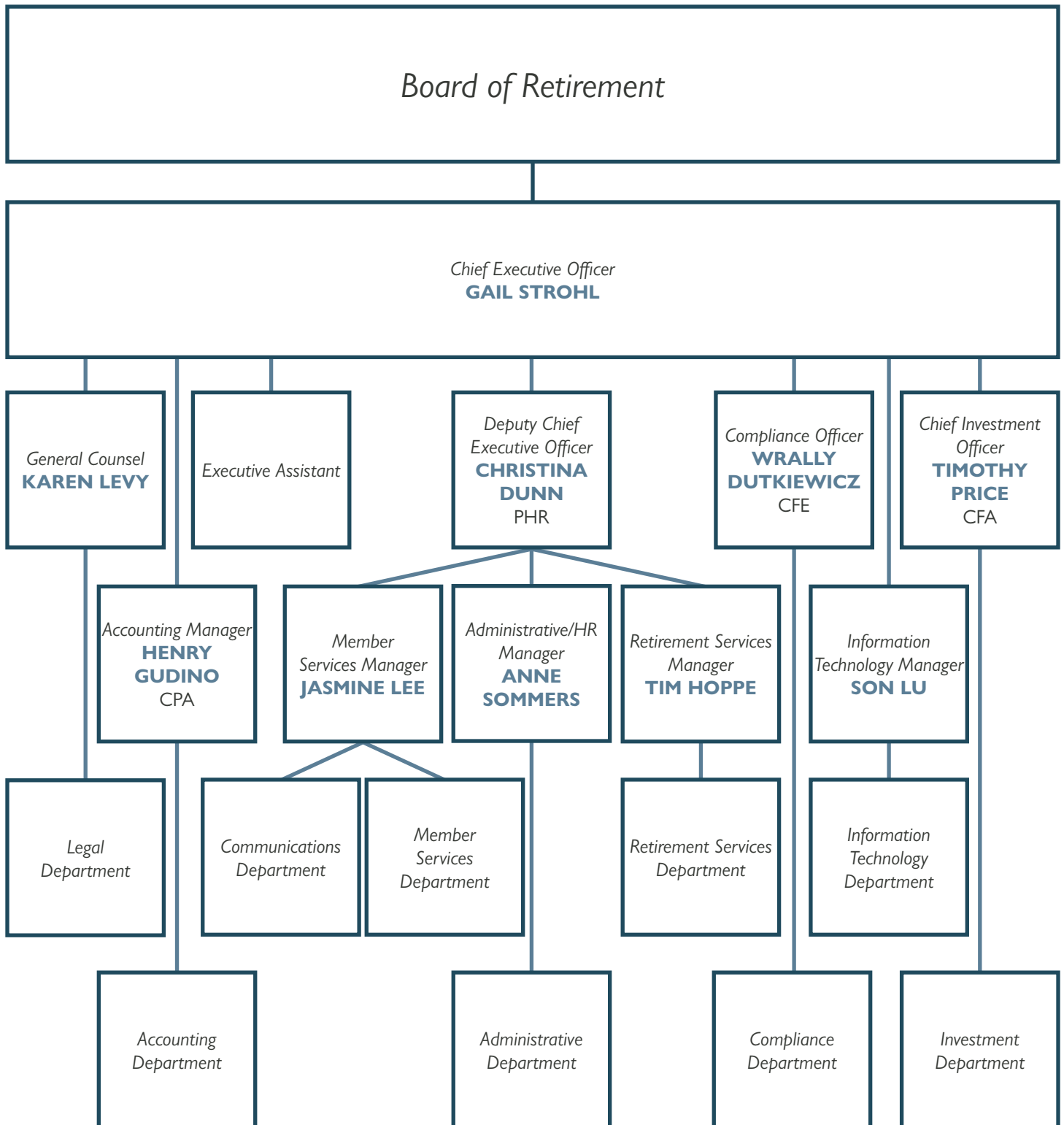
Laughlin, Falbo, Levy & Moresi, LLP

### PENSION ADMINISTRATION

Segal Consulting  
ICON Integration and Design  
Sagitec Solutions  
CPAS

Note: Please refer to the Investment Section of this report for a List of Investment Managers located on page 86 and Schedules of Investment Management Fees and Brokerage Commissions located on pages 88 and 89. In addition, refer to Other Supplementary Information in this report for a Schedule of Payments to Consultants on page 78.

# ADMINISTRATIVE ORGANIZATION CHART (As of December 31, 2020)



# GFOA CERTIFICATE OF ACHIEVEMENT AWARD



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Contra Costa County  
Employees' Retirement Association  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morill*

Executive Director/CEO

## PPCC PUBLIC PENSION STANDARDS AWARD



Public Pension Coordinating Council

***Public Pension Standards Award  
For Funding and Administration  
2020***

Presented to

***Contra Costa County Employees'  
Retirement Association***

In recognition of meeting professional standards for  
plan funding and administration as  
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

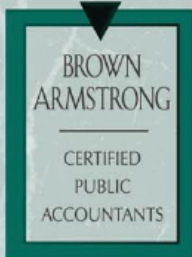
A handwritten signature in cursive script that reads "Alan H. Winkle".

Alan H. Winkle  
Program Administrator

**FINANCIAL**

SECTION

# INDEPENDENT AUDITOR'S REPORT



## BROWN ARMSTRONG

*Certified Public Accountants*

### INDEPENDENT AUDITOR'S REPORT

To the Board of Retirement and Audit Committee of  
Contra Costa County Employees' Retirement Association  
Concord, California

#### Report on the Financial Statements

We have audited the accompanying Retirement Plan and Postemployment Health Care Plan Statement of Fiduciary Net Position of the Contra Costa County Employees' Retirement Association (CCCERA), a pension trust fund of the County of Contra Costa, California, as of December 31, 2020; the related Retirement Plan and Postemployment Health Care Plan Statement of Changes in Fiduciary Net Position for the year then ended; and the related notes to the financial statements, which collectively comprise CCCERA's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to CCCERA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CCCERA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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FAX 661.324.4997  
EMAIL info@bacpas.com

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FRESNO, CA 93720  
TEL 559.476.3592

**STOCKTON OFFICE**  
1919 GRAND CANAL BLVD  
SUITE C6  
STOCKTON, CA 95207  
TEL 888.565.1040

WWW.BACPAS.COM

REGISTERED with the Public Company  
Accounting Oversight Board and  
MEMBER of the American Institute of  
Certified Public Accountants

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the Fiduciary Net Position of the Retirement Plan and Postemployment Health Care Plan of CCCERA as of December 31, 2020, and the Changes in Fiduciary Net Position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise CCCERA's basic financial statements. The other supplementary information and the introductory, investment, actuarial, and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory, investment, actuarial, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Report on Summarized Comparative Information*

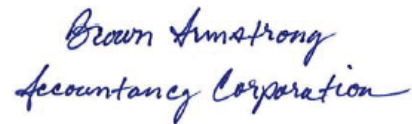
We have previously audited CCCERA's December 31, 2019 financial statements, and our report dated June 18, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2021, on our consideration of CCCERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CCCERA's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style.

Bakersfield, California  
June 15, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2020 and 2019

As management of the Contra Costa County Employees' Retirement Association (CCCERA), we offer readers of CCCERA's financial statements this discussion and analysis (MD&A) of the financial position and results of operation for the years ended December 31, 2020 and 2019. The information presented here, in conjunction with the Notes to the Financial Statements beginning on page 36, provide a clear picture of CCCERA's overall financial status and activities.

### FINANCIAL HIGHLIGHTS

#### Pension Plan

- The Net Position – Restricted for Benefits, as reported in the Statement of Fiduciary Net Position, totaled \$10.1 billion and \$9.3 billion at the close of December 31, 2020 and 2019, respectively. All of the net position is available to meet CCCERA's ongoing obligations to plan participants and their beneficiaries.
- CCCERA's total Net Position – Restricted for Benefits increased by \$813.2 million, or 8.8%, and \$1,107.0 million, or 13.6%, as of December 31, 2020 and 2019, respectively. The increases in 2020 and 2019 are primarily the result of positive investment returns as well as increases in employer and member contributions.
- Total Additions, as reflected in the Statement of Changes in Fiduciary Net Position, for the years ended December 31, 2020 and 2019 were \$1,341.9 million and \$1,614.0 million, respectively. This includes employer and plan member contributions of \$449.9 million, investment income of \$890.9 million, and net securities lending income of \$1.1 million for 2020, along with employer and plan member contributions of \$436.5 million, investment income of \$1,176.4 million, and net securities lending income of \$1.1 million for 2019. The 16.9% decrease in additions to net position over the prior year is attributed to less net investment income earned for the year.
- Total Deductions, as reflected in the Statement of Changes in Fiduciary Net Position, totaled \$528.6 million for the year ended December 31, 2020, an increase of \$21.7 million over the year ended December 31, 2019, or approximately 4.3%, mainly attributed to the increase in retiree payroll. Benefits paid to retirees and beneficiaries increased from \$477.8 million in 2019 to \$500.2 million in 2020, or approximately 4.7%. This increase can be attributed to an increase in the number of new retirees and an annual cost-of-living (COLA) increase.
- CCCERA's funding objective is to meet long-term benefit obligations through contributions and investment income. As of December 31, 2019, the date of CCCERA's last actuarial pension plan valuation prepared by Segal Consulting, the funded status for CCCERA (the ratio of the valuation of assets to the actuarial liabilities) was 90.6%, compared to 89.3% in the previous year. The increase in the funding ratio is due to contributions in excess of the value of benefits earned as well as investment earnings in excess of the assumed rate.
- The total investment portfolio finished 2020 with a positive return, net of investment management fees, of 9.2% compared to 14.6% in 2019.

- Based on the Governmental Accounting Standards Board (GASB) Statement No. 67, CCCERA has a net pension liability (NPL) of \$0.46 billion and \$0.86 billion as of December 31, 2020 and 2019, respectively. The plan fiduciary net position as a percentage of the total pension liability is 95.6% and 91.5% as of December 31, 2020 and 2019, respectively. The net pension liability as a percentage of covered payroll is 48.9% and 96.8% as of December 31, 2020 and 2019, respectively. Refer to Note 6, *Net Pension Liability* on page 54, and *Schedule of Changes in Net Pension Liability and Related Ratios* in the Required Supplementary Information section on page 69 of this report for more information.

### **Other Post-Employment Benefits (OPEB) Trust**

- The OPEB Trust Net Position – Restricted for Benefits, as reported in the Statement of Fiduciary Position and in the Statement of Changes in Fiduciary Net Position, was implemented in 2018 as a result of GASB Statement Nos. 74 and 75 reporting requirements. The OPEB Trust net position of \$4.7 million as of December 31, 2020 represents accumulated employer contributions and investments, net of OPEB Trust benefit related expenses, from CCCERA's Pension Plan.
- The total OPEB liability, as calculated by CCCERA's OPEB actuary Milliman Inc., was \$5.1 million as of the December 31, 2020 biennial valuation report. The OPEB Trust net position of \$4.7 million offsets the total OPEB liability resulting in a net OPEB liability of \$0.4 million which is reported as part of CCCERA's Pension Plan other liabilities. Refer to Note 7, *Other Post-Employment*

*Benefits (OPEB) Liability and Section 115 Trust* on page 56 for more information.

### **Overview of the Financial Statements**

This Management's Discussion and Analysis is intended to serve as an introduction to CCCERA's financial statements, which are comprised of these components:

1. Statement of Fiduciary Net Position
2. Statement of Changes in Fiduciary Net Position
3. Notes to the Financial Statements
4. Required Supplementary Information and related Notes
5. Other Supplementary Information

Please note, however, that this report also contains clarifying information to supplement the basic financial statements listed above.

The implementation of GASB Statement No. 67 (GASB 67) in 2014 increased the number of schedules in the Required Supplementary Information section. These new schedules provide a spectrum of financial information, including a pension liability measurement and changes to the liability, historical contributions, money-weighted investment return and additional actuarial related disclosures.

In 2018, CCCERA implemented GASB Statement No. 74 (GASB 74), *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 75 (GASB 75) *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

GASB 74 revises existing guidance for OPEB plans and benefits provided to employees subsequent to their retirement. GASB 74 addresses the financial report of defined benefit OPEB plans administered

through trusts that meet specified criteria. The rule requires a statement of fiduciary net position, as well as a statement of changes in fiduciary net position.

GASB 75 requires plan sponsors to report a liability on the face of the financial statements for the OPEB that they provide. In addition, plan sponsors that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, the difference between the total OPEB liability and assets accumulated and held in trust restricted to making benefit payments.

Similar to GASB 67, the implementation of GASB 74 and GASB 75 also requires additional note disclosures and required supplementary information (RSI) related to the measurement of the OPEB liabilities for which assets have been accumulated, changes in the liability, contributions, investment return and additional actuarial related disclosures.

**The Statement of Fiduciary Net Position** is a snapshot of account balances at year-end. It discloses the assets and deferred outflows of resources available for future payments to retirees and their beneficiaries and any current liabilities and deferred inflows of resources that are owed as of year-end. The net position, which is the assets and deferred outflows of resources less liabilities and deferred inflows of resources, reflects the funds available for future use. CCCERA established an irrevocable Other Post-Employment Benefit Trust in 2018. The purpose of this fund is for CCCERA, as an employer, to set aside assets to offset the OPEB retiree health care liability. The OPEB Trust is presented separately in the OPEB Trust's column on the Statement of Fiduciary Net Position.

**The Statement of Changes in Fiduciary Net Position** provides a view of all the activities that occurred during the fiscal year and shows the impact of those activities as additions to and deductions from the pension plan and the OPEB Trust.

Both financial statements and the required disclosures are in compliance with the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board (GASB), using the accrual basis of accounting. CCCERA complies with all material requirements of these principles and guidelines.

The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position report information about CCCERA's activities. These statements include all assets and liabilities, deferred inflows, and deferred outflows, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are recognized when they are earned and incurred, regardless of when cash is received or paid. All investment purchases and sales are reported as of the trade date, not the settlement date. Investments are reported at current fair value. Both realized and unrealized investment gains and losses are recognized. Each component of capital assets is depreciated over its useful life.

These two statements report CCCERA's net position-restricted for benefits and is one way to measure the pension plan's financial position. Over time, increases and decreases in CCCERA's net position are indicators of whether its financial position is improving or deteriorating. Other factors, such as market conditions, should be considered in measuring CCCERA's overall financial position. The increase in CCCERA's fiduciary net position for the year ended December 31, 2020, was 8.8%. This increase is due

primarily to positive investment returns generated as well as contributions received. CCCERA's total portfolio return was 9.2%, net of investment manager fees, for the year ending December 31, 2020. CCCERA's Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position appear on pages 34 and 35.

**Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes provide detailed discussion of key policies, programs, and activities that occurred during the year. Asset allocation, the long-term expected rate of return, discount rate, key actuarial assumptions, and the Schedule of Net Pension Liability based on GASB 67, and for OPEB based on GASB 74, are also included in this section. Notes to the Financial Statements appear on pages 36 through 68.

**Required Supplementary Information** follows the notes and includes several additional GASB 67 schedules. The Schedule of Net Pension Liability in the notes section, together with the Schedule of Changes in Net Pension Liability and Related Ratios, provides an up-to-date financial indication of the extent to which the total pension liability is covered by the fiduciary net position of the pension plan. This information will improve the financial statements users' ability to compare the total pension liability for similar types of pension plans. Please note that liabilities on these schedules are calculated solely for financial reporting purposes and are not intended to provide information about the funding of CCCERA's benefits.

Another schedule, the Schedule of Employer Contributions, helps the reader determine if plan sponsors are meeting the actuarially determined contributions over a period of time.

The Schedule of Investment Returns includes a money-weighted return performance calculation which is net of investment expenses. These schedules, as well as Notes to the Required Supplementary Information, appear on pages 69 through 75.

The Schedule of Funding Progress for funding purposes is presented in the Actuarial section on page 95.

**Other Supplementary Information** includes the Schedule of Administrative Expenses, Schedule of Investment Expenses, and Schedule of Payments to Consultants. It appears on pages 76 through 78.

## **Financial Analysis**

As of December 31, 2020, CCCERA has \$10.1 billion in net position-restricted for benefits, which means that assets of \$10.6 billion exceed liabilities and deferred inflows of resources of \$0.5 billion. As of December 31, 2019, CCCERA's net position-restricted for benefits totaled \$9.3 billion. The net position-restricted for benefits is available to meet CCCERA's ongoing obligation to plan participants and their beneficiaries.

As of December 31, 2020, the net position-restricted for benefits increased by 8.8% over 2019, primarily due to an increase in the fair value of investments. Current assets and current liabilities also changed by offsetting amounts due to recording of securities lending cash collateral.

Despite recent market volatility relating to the COVID-19 pandemic and competitive retirement benefits, CCCERA remains in a good financial position to meet its obligations to plan participants and beneficiaries.

**CAPITAL ASSETS** – Capital assets with an initial cost of more than \$10,000 and an estimated useful life in excess of three years may be capitalized and depreciated/amortized. Depreciation and amortization is calculated using the straight-line method over the estimated useful lives of the assets. CCCERA's capital assets, net of accumulated depreciation and amortization, decreased from \$1.3 million as of December 31, 2019 to \$1.0 million as of December 31, 2020. The investment in capital assets includes servers, equipment, furniture, and leasehold improvements. The overall decrease in CCCERA's investment in capital assets from 2019 to 2020 was 17.2% primarily due to normal depreciation and amortization of assets taken by CCCERA annually.

Starting in 2008, CCCERA follows Government Code Section 31580.3, which allows expensing of software, hardware, and computer technology project consulting services in support of the software or hardware used in the administration of the retirement system. During 2020 and 2019, CCCERA expensed \$852 thousand and \$571 thousand of software, hardware, and computer technology project consulting services, respectively.

<b>FIDUCIARY NET POSITION FOR PENSION BENEFITS</b> (Dollars in Thousands)				
	<b>2020</b>	<b>2019</b>	<b>Amount Increase/ (Decrease)</b>	<b>Percent Increase/ (Decrease)</b>
<b>Assets</b>				
Current and Other Assets	\$932,302	\$842,106	\$90,196	10.7%
Investments at Fair Value	9,622,472	8,891,601	730,871	8.2%
Capital Assets	1,036	1,251	(215)	(17.2%)
<b>Total Assets</b>	<b>10,555,810</b>	<b>9,734,958</b>	<b>820,852</b>	<b>8.4%</b>
<b>Liabilities</b>				
Current Liabilities	484,574	477,945	6,629	1.4%
<b>Total Liabilities</b>	<b>484,574</b>	<b>477,945</b>	<b>6,629</b>	<b>1.4%</b>
<b>Deferred Inflows of Resources - OPEB</b>				
	<b>998</b>	<b>-</b>	<b>998</b>	<b>-</b>
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS</b>				
	<b>\$10,070,238</b>	<b>\$9,257,013</b>	<b>\$813,225</b>	<b>8.8%</b>

CCCERA has annual pension plan valuations completed by its independent actuary, Segal Consulting. The purpose of the valuation is to determine the future contributions by the members and employers needed to provide for the prescribed benefits. The valuation takes into account CCCERA's policy to smooth the impact of market volatility by spreading each year's investment gains or losses over five years. Despite variations in the stock market, CCCERA's management and actuary concur that CCCERA remains in a financial position that will enable the plan to meet its obligations to participants and beneficiaries. CCCERA remains focused on the long-term performance of the fund, dependent on a strong and successful investment program, risk management, and strategic planning. CCCERA's latest Actuarial Valuation is as of December 31, 2019.

**RESERVES** – Pension plans establish reserves for various anticipated liabilities. CCCERA's reserves have been established to account for the accumulation of employer and employee contributions, the amounts available to meet the obligation of retired members as well as other items. A complete listing of CCCERA's reserves and corresponding balances for December 31, 2020 are presented in Note 10, *Reserves and Designations*.

### CCCERA's Activities

<b>CHANGES IN FIDUCIARY NET POSITION FOR PENSION BENEFITS</b> (Dollars in Thousands)				
<b>Additions:</b>	<b>2020</b>	<b>2019</b>	<b>Amount Increase/ (Decrease)</b>	<b>Percent Increase/ (Decrease)</b>
Employer Contributions	\$336,357	\$327,983	\$8,374	2.6%
Plan Member Contributions	113,494	108,488	5,006	4.6%
Net Investment Income (Loss)	890,943	1,176,419	(285,476)	(24.3%)
Net Security Lending Income	1,069	1,120	(51)	(4.6%)
<b>Total Additions</b>	<b>1,341,863</b>	<b>1,614,010</b>	<b>(272,147)</b>	<b>(16.9%)</b>
<b>Deductions:</b>				
Pension Benefits	500,234	477,760	22,474	4.7%
Contribution Prepayment Discount	9,618	9,368	250	2.7%
Administrative	10,750	10,200	550	5.4%
Refunds	5,925	7,617	(1,692)	(22.2%)
Other Expenses	2,111	2,038	73	3.6%
<b>Total Deductions</b>	<b>528,638</b>	<b>506,983</b>	<b>21,655</b>	<b>4.3%</b>
<b>INCREASE (DECREASE) IN NET POSITION - RESTRICTED FOR PENSION BENEFITS</b>	<b>\$813,225</b>	<b>\$1,107,027</b>	<b>\$(293,802)</b>	<b>(26.5%)</b>

### ADDITIONS TO FIDUCIARY NET POSITION

– The primary sources of funding for CCCERA member benefits are employer contributions, plan member contributions, and net investment income. Total additions to the pension plan fiduciary net position for the years ended December 31, 2020 and 2019, were \$1,341.9 million and \$1,614.0 million, respectively. The decrease in the current year is primarily due to lower investment gains earned compared to previous year. The net investment income (loss), before securities lending, for the years ended December 31, 2020 and 2019 totaled \$890.9 million and \$1,176.4 million, respectively. The investment section of this report reviews the results of investment activity for the year ended December 31, 2020. Employer Contributions were \$336.4 million as of December 31, 2020, an increase of \$8.4 million, or 2.6%, over 2019. Plan Member Contributions were \$113.5 million as of December 31, 2020, an increase of \$5.0 million, or 4.6%, from prior year. The increase is mostly due to higher employer and employee contribution rates.

### DEDUCTIONS FROM FIDUCIARY NET POSITION

– CCCERA was created to provide lifetime retirement annuities, survivor benefits, and permanent disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments as designated by the plan, refund of contributions to terminated employees, and the cost of administering the system. Total deductions from the pension plan fiduciary net position for the years ended December 31, 2020 and 2019, were \$528.6 million and \$507.0 million, respectively. Retirement allowances, survivor benefits, and permanent disability benefits were \$500.2 million as of December 31, 2020, an increase of \$22.5 million, or 4.7%, over 2019. The growth in benefit payments was due to the combined effects of the following: (1) the net increase in the number of

retirees and beneficiaries for the year and (2) the increase in the average retirement allowance of those who were added to the retirement payroll.

Administrative expense was \$10.8 million for 2020. Administrative expense covers the basic costs of operating the retirement system, including information technology systems. Operating costs include personnel, professional services, insurance, building lease, office supplies and materials, software, hardware, depreciation and amortization, and miscellaneous expenses. The system's administrative expenses increased by \$550 thousand, or 5.4% in 2020. The increase was mainly due to expected annual staff wage increases combined with consulting fees for hiring a project manager for the new pension administration system.

Member refunds were \$5.9 million in 2020, a decrease of \$1.7 million, or 22.2% lower than 2019. Member refunds were lower in the current year due to a decrease in the number of terminated members requesting withdrawals.

Other expenses increased by \$73 thousand over last year, or 3.6%, to \$2.1 million in 2020. The primary reason for the increase was in-house legal expense and retiree benefit adjustments.

The Board of Retirement approves the annual budget for CCCERA. The California Government Code Section 31580.2(a) limits the annual administrative expense to not exceed the greater of either of the following: (1) twenty-one hundredths of one percent (0.21%) of the accrued actuarial liability of the retirement system; or (2) two million dollars (\$2,000,000), as adjusted annually by the amount of the annual cost-of-living adjustment computed in accordance with Article 16.5. CCCERA has consistently met its administrative expense budget for the current year and prior years.

#### STATUTORY LIMITATION FOR ADMINISTRATIVE EXPENSES

As of December 31, 2020 and 2019  
(Dollars in Thousands)

		2020	2019
Actuarial Accrued Liability (AAL)	a	\$9,682,144	\$9,239,247
Statutory Limit For Administrative Expenses (AAL x 0.21%)		20,333	19,402
Actual Administrative Expenses Subject To Statutory Limit	b	10,750	10,200
Excess Statutory Limit Over Actual Administrative Expenses		\$9,583	\$9,202
Actual Administrative Expenses as a Percentage of AAL	b/a	0.11%	0.11%

Deductions of \$528.7 million were less than additions of \$1,341.9 million, resulting in an increase of \$813.2 million in fiduciary net position for the year ended December 31, 2020.

#### CHANGE IN FIDUCIARY NET POSITION

– The change in fiduciary net position consists of total additions reduced by total deductions. The change in fiduciary net position, as compared to the prior year, decreased by \$293.8 million for the year ended December 31, 2020. This decrease is due to lower investment gains in 2020 compared to the previous year.

**NET PENSION LIABILITY** – CCCERA is subject to the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*, beginning with the year ended December 31, 2014, and CCCERA's participating employers are subject to the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, beginning with the fiscal year ended June 30, 2015. These standards require governments to recognize their long-term obligation for pension benefits as a liability on their balance sheets, to recognize their annual pension expense as a comprehensive measurement of the annual cost of pension benefits, and expands note disclosures and Required Supplementary Information for pension plans and their participating employers.



Pursuant to GASB Statement No. 67, the funded status and unfunded actuarial accrued liability (UAAL) of the plan are no longer presented in the notes or required supplementary information. The UAAL was determined by subtracting the excess of the actuarial accrued liability (discounted at the plan's assumed rate of return) from the actuarial value of assets (determined by smoothing values over a certain number of years to reduce volatility) and represented the costs allocated to date for current plan members that are not covered by the actuarial value of assets. The UAAL has now been replaced by the net pension liability (NPL), which represents the excess of the total pension liability (using an entry age cost method, discounted at a discount rate that reflects the expected return on assets) over fiduciary net position (valued at fair value). NPL is similar to UAAL but uses market assets, not smoothed assets. This is a conceptual shift by the GASB in the measurement of pension liabilities to provide a consistent, standardized methodology that allows comparability of data and increased transparency of the pension liability across all plans. CCCERA has complied with GASB Statement No. 67 for the years ended December 31, 2020 and December 31, 2019.

Based on Segal Consulting's Governmental Accounting Standards Board (GASB) 67 Actuarial Valuation as of December 31, 2020, the Net Pension Liability (NPL) of participating employers on a market basis is \$0.46 billion as of December 31, 2020 and \$0.86 billion as of December 31, 2019. The decrease is primarily a result of a favorable return on the fair value of assets (about 9.6%) during fiscal year 2020 that was greater than the assumed return of 7.00%. Refer to Note 6, *Net Pension Liability*, and the Required Supplementary Information section of this report for further information.

<b>Changes in Net Pension Liability</b>				
As of December 31, 2020 and 2019 (Dollars in Thousands)				
	2020 (a)	2019 (b)	Amount Increase/ (Decrease) (c) = (a) - (b)	Percent Increase/ (Decrease) (c) / (b)
Total Pension Liability	\$10,531,688	\$10,121,098	\$410,590	4.1%
Less Plan Fiduciary Net Position	10,070,238	9,257,013	813,225	8.8%
<b>Net Pension Liability</b>	<b>\$461,450</b>	<b>\$864,085</b>	<b>\$(402,635)</b>	<b>(46.6%)</b>

Total Pension Liability as calculated by Segal Consulting GASB 67 report as of December 31, 2020.

**OPEB NET LIABILITY** – GASB Statements Nos. 74 and 75, require CCCERA to report the total OPEB liability of \$5.1 million and net OPEB liability of \$0.4 million as of December 31, 2020 from an actuarial valuation dated within 24 months of the OPEB Trust fiscal year-end. GASB Statements Nos. 74 and 75 also require the OPEB fiduciary net position to be presented as a percentage of the total OPEB liability which is 91.6% as of December 31, 2020. The OPEB liability, which is the responsibility of CCCERA as an employer, is calculated separately from the Pension Plan liabilities and is presented solely for financial statement purposes. More information is found in Note 7, *Other Post-Employment Benefits (OPEB) Liability and Section 115 Trust*.

<b>Changes in Net OPEB Liability</b>				
As of December 31, 2020 and 2019 (Dollars in Thousands)				
	2020 (a)	2019 (b)	Amount Increase/ (Decrease) (c) = (a) - (b)	Percent Increase/ (Decrease) (c) / (b)
Total OPEB Liability	\$5,092	\$5,139	(\$47)	(0.9%)
Less OPEB Trust Fiduciary Net Position	4,666	3,630	1,036	28.5%
<b>Net OPEB Liability</b>	<b>\$426</b>	<b>\$1,509</b>	<b>\$(1,083)</b>	<b>(71.8%)</b>

Total OPEB Liability as calculated by Milliman Inc. GASB 74 actuarial valuation as of December 31, 2020.

**PENSION REFORM** – Governor Jerry Brown signed the California Public Employees' Pension Reform Act of 2013 (PEPRA), which became effective January 1, 2013. While it has been called one of the largest pieces of pension reform legislation on record, it had minimal impact on current and retired CCCERA members hired prior to January 1, 2013. Most changes and provisions affected new public employees hired on or after January 1, 2013. Some new provisions that did impact current or retired CCCERA members were changes in what can be included in compensation for retirement purposes, new restrictions on the ability of a retiree to return to work with a CCCERA employer without reinstatement as an active member unless certain conditions are met, and elimination of employers' ability to adopt an enhanced benefit formula and apply it to past service. In addition, for new public employees, the legislation reduces benefit formulas, limits pensionable income, expands the final compensation period from one year to three years, and requires the new employee to pay a larger share of normal costs.

**OVERALL ANALYSIS** – For the year ended December 31, 2020, CCCERA's financial position and results from operations have experienced an increase over the prior year. For 2020, CCCERA's net position increased to \$10.1 billion from \$9.3 billion in 2019. The overall increase in net position for December 31, 2020 is primarily attributable to appreciation in the fair value of the plan's broadly diversified portfolio. Despite fluctuations in the financial markets, CCCERA remains in a sound financial position to meet its obligations to plan participants and beneficiaries. The current financial position results from a continued strong and successful investment program, risk management and strategic planning meeting expectations. As a long-term investor, CCCERA can take advantage of price volatility along with a diversified exposure to domestic, global and international equities, fixed income investments, real estate, private equity, private credit, and liquidity

programs. The plan has recovered well from the COVID pandemic market downturn as well as general market downturns which occurred in 2009 and 2008 and CCCERA is well positioned with value-focused assets to face market fluctuations.

### **CCCERA's Fiduciary Responsibilities**

CCCERA's Board of Retirement and management are fiduciaries of the pension trust fund. Under the California Constitution and other applicable law, the assets can only be used for the exclusive benefit of plan participants and their beneficiaries and to defray the administrative and investment expenses of the plan.

### **Requests for Information**

The Comprehensive Annual Financial Report is designed to provide the Board of Retirement, our membership, taxpayers, investment managers, and interested parties with a general overview of CCCERA's finances and to show accountability for the funds it receives.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Contra Costa County  
Employees' Retirement Association  
Attn: Accounting Department  
1200 Concord Avenue, Suite 300  
Concord, CA 94520-5728  
www.cccera.org  
Telephone: (925) 521-3960 Fax: (925) 521-3969

Respectfully submitted,



Henry J. Gudino, CPA  
Accounting Manager  
June 23, 2021

## BASIC FINANCIAL STATEMENTS

# STATEMENT OF FIDUCIARY NET POSITION

### Statement of Fiduciary Net Position

As of December 31, 2020 (with Comparative Totals)  
(Dollars in Thousands)

ASSETS	2020		2019	
	Pension Plan	OPEB Trust	Pension Plan	OPEB Trust
<b>Cash &amp; Cash Equivalents:</b>				
Cash equivalents	\$622,371	\$33	\$545,524	\$28
Cash collateral - securities lending	260,297		250,497	
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<b>882,668</b>	<b>33</b>	<b>796,021</b>	<b>28</b>
<b>Receivables:</b>				
Contributions	11,013		11,114	
Investment trades	10,046		20,893	
Investment income	19,539		3,319	
Installment contract (see Note 12)	8,418		10,435	
Other	158		24	
<b>TOTAL RECEIVABLES</b>	<b>49,174</b>	<b>-</b>	<b>45,785</b>	<b>-</b>
<b>Investments at fair value:</b>				
Equities	4,660,909	3,078	3,933,058	2,293
Fixed Income	2,486,583	1,621	2,512,386	1,378
Real assets	49,393		224,999	
Real estate	595,613		633,352	
Alternative investments	1,829,974		1,587,806	
<b>TOTAL INVESTMENTS AT FAIR VALUE</b>	<b>9,622,472</b>	<b>4,699</b>	<b>8,891,601</b>	<b>3,671</b>
<b>Other assets:</b>				
Prepaid expenses/deposits	460		300	
Capital assets, net of accumulated depreciation/amortization of \$3,379 and \$3,098 respectively	1,036		1,251	
<b>TOTAL ASSETS</b>	<b>10,555,810</b>	<b>4,732</b>	<b>9,734,958</b>	<b>3,699</b>
<b>LIABILITIES</b>				
<b>Investment Trades</b>	<b>11,231</b>		<b>21,286</b>	
<b>Securities Lending Collateral</b>	<b>260,297</b>		<b>250,497</b>	
<b>Employer Contributions Unearned</b>	<b>161,369</b>		<b>153,205</b>	
<b>Retirement Allowance Payable</b>	<b>40,368</b>		<b>38,412</b>	
<b>Accounts Payable</b>	<b>8,207</b>		<b>9,030</b>	
<b>Contributions Refundable</b>	<b>2,716</b>		<b>3,386</b>	
<b>Other Liabilities</b>	<b>386</b>	<b>66</b>	<b>2,129</b>	<b>69</b>
<b>TOTAL LIABILITIES</b>	<b>484,574</b>	<b>66</b>	<b>477,945</b>	<b>69</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
<b>Deferred OPEB Inflows</b>	<b>998</b>			
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>998</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION - RESTRICTED FOR BENEFITS</b>	<b>\$10,070,238</b>	<b>\$4,666</b>	<b>\$9,257,013</b>	<b>\$3,630</b>

See accompanying notes to the financial statements.

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

**Statement of Changes in Fiduciary Net Position**  
 For the Year Ended December 31, 2020 (with Comparative Totals)  
 (Dollars in Thousands)

ADDITIONS	2020		2019	
	Pension Plan	OBEB Trust	Pension Plan	OBEB Trust
<b>Contributions:</b>				
Employer contributions	\$336,357	\$536	\$327,983	\$828
Plan member contributions	113,494		108,488	
<b>TOTAL CONTRIBUTIONS</b>	<b>449,851</b>	<b>536</b>	<b>436,471</b>	<b>828</b>
<b>Investment income:</b>				
Net appreciation in fair value of investments	831,288	498	1,018,770	245
Net appreciation in fair value of real estate	(34,324)		21,910	
Interest	84,930	-	97,665	12
Dividends	40,829	92	46,338	88
Real estate income, net	3,068		17,416	
Alternative income	8,805		19,481	
Investment expense	(45,230)	(24)	(48,103)	(32)
Other income/(expense)	1,577		2,942	
<b>NET INVESTMENT INCOME, BEFORE SECURITIES LENDING</b>	<b>890,943</b>	<b>566</b>	<b>1,176,419</b>	<b>313</b>
<b>Securities lending income (expense):</b>				
Earnings	1,336		2,167	
Rebates	-		(744)	
Fees	(267)		(303)	
<b>NET SECURITIES LENDING INCOME</b>	<b>1,069</b>	<b>-</b>	<b>1,120</b>	<b>-</b>
<b>NET INVESTMENT INCOME</b>	<b>892,012</b>	<b>566</b>	<b>1,177,539</b>	<b>313</b>
<b>TOTAL ADDITIONS</b>	<b>1,341,863</b>	<b>1,102</b>	<b>1,614,010</b>	<b>1,141</b>
<b>DEDUCTIONS</b>				
<b>Benefits paid</b>	<b>500,234</b>		<b>477,760</b>	
<b>Contribution prepayment discount</b>	<b>9,618</b>		<b>9,368</b>	
<b>Administrative</b>	<b>10,750</b>	<b>66</b>	<b>10,200</b>	<b>53</b>
<b>Refunds of contributions</b>	<b>5,925</b>		<b>7,617</b>	
<b>Other</b>	<b>2,111</b>		<b>2,038</b>	
<b>TOTAL DEDUCTIONS</b>	<b>528,638</b>	<b>66</b>	<b>506,983</b>	<b>53</b>
<b>NET INCREASE IN NET POSITION</b>	<b>813,225</b>	<b>1,036</b>	<b>1,107,027</b>	<b>1,088</b>
<b>NET POSITION - RESTRICTED FOR BENEFITS</b>				
<b>Beginning of year</b>	<b>9,257,013</b>	<b>3,630</b>	<b>8,149,986</b>	<b>2,542</b>
<b>End of year</b>	<b>\$10,070,238</b>	<b>\$4,666</b>	<b>\$9,257,013</b>	<b>\$3,630</b>

See accompanying notes to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2020

### Note 1. PLAN DESCRIPTION

The Contra Costa County Employees' Retirement Association (CCCERA) is governed by the Board of Retirement (Board) under the County Employees Retirement Law of 1937 (CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Members should refer to CERL and PEPRA for more complete information.

#### General

CCCERA is a contributory defined benefit plan (the Plan) initially organized under the provisions of CERL on July 1, 1945. It provides benefits upon retirement, death or disability of members. CCCERA operates as a cost-sharing, multiple employer defined benefit pension plan that covers substantially all of the employees of the County of Contra Costa (the County) and 16 other member agencies.

In October 2009, the Board de-pooled CCCERA's assets, actuarial accrued liability (AAL), and normal cost both by tier and employer for determining employer contribution rates. This Board action yielded 12 separate cost groups by employer, with the exception of smaller employers (those with less than 50 active members at that time) who continue to be pooled with the applicable County tier. The December 31, 2009 valuation was the first to incorporate the new "de-pooled" employer contribution rates, and those rates were effective July 1, 2011.

Prior to the preparation of the December 31, 2019 actuarial valuation, Safety members at Contra Costa Fire Protection District were pooled with Safety members from East Contra Costa Fire Protection District in Cost Group 8. Upon a request made by East Contra Costa Fire Protection District to de-

pool their Safety members from Safety members of the Contra Costa County Fire Protection District, the Board took action to de-pool the members effective with the December 31, 2019 actuarial valuation. The de-pooled assets for the two employers were allocated based on their respective actuarial accrued liability as of December 31, 2018. Safety members of the East Contra Costa Fire Protection District are under their own cost group (Cost Group 13).

CCCERA's membership as of December 31, 2020 and 2019 is presented below.

<b>CCCERA Membership</b> As of December 31, 2020 and 2019				
	2020 <sup>(1)</sup>	2019	Amount Increase/ (Decrease)	Percent Increase/ (Decrease)
Active members	10,107	10,075	32	0.3%
Retired members or beneficiaries	10,012	9,737	275	2.8%
Terminated members entitled to, but not yet receiving benefits <sup>(2)</sup>	3,617	3,638	(21)	-0.6%
<b>TOTAL MEMBERSHIP</b>	<b>23,736</b>	<b>23,450</b>	<b>286</b>	<b>1.2%</b>

<sup>(1)</sup> 2020 total membership is preliminary and will be finalized upon completion of 12-31-20 Actuarial Valuation report anticipated in August 2021.

<sup>(2)</sup> Includes members who terminate with less than 5 years of service and leave accumulated contributions on deposit.

CCCERA, with its own governing board, is an independent governmental entity, separate and distinct from the County of Contra Costa. Costs of administering the Plan are financed through contributions and investment earnings.

Effective January 1, 2015, California Senate Bill 673 (SB 673) makes the CCCERA retirement system an independent "district" and the employer for its entire staff, subject to terms and conditions of employment established by the Board.

## Benefit Provisions

The Plan is currently divided into thirteen benefit levels in accordance with CERL and PEPRA. These levels are known as General Tier 1 (Enhanced and Non-enhanced); General Tier 2, General Tier 3 Enhanced, General Tier 4 (2% and 3% maximum Cost-of-Living Adjustments (COLAs)), General Tier 5 (2% and 3%/4% maximum COLAs), Safety Tier A (Enhanced and Non-enhanced), Safety Tier C Enhanced, Safety Tier D, and Safety Tier E.

On October 1, 2002, the Contra Costa County Board of Supervisors adopted Resolution No. 2002/608, which provides enhanced benefit changes commonly known as 3% at 50 for safety members and 2% at 55 for general members, effective on July 1, 2002 and January 1, 2003, respectively. Effective January 1, 2005, the enhanced benefits were applied to the bargaining units represented by the California Nurses Association and the non-represented employees within similar classifications as employees in bargaining units represented by the California Nurses Association, as well as the supervisors and managers of those employees. Effective July 1, 2005, East Contra Costa Fire Protection District adopted the enhanced benefit structure for its employees. In addition, each Special District that is a participant of CCCERA, and whose staff are not County employees covered by Resolution No. 2002/608, may elect to participate in the enhanced benefits. As of December 31, 2012, nine (9) general member agencies and four (4) safety member agencies have adopted enhanced benefits for their employees. A fifth safety member agency adopted enhanced benefits for its general members only in 2003. Under PEPRA, which became effective January 1, 2013, districts that have not adopted enhanced benefits will no longer be allowed to do so.

Legislation was signed by the Governor in 2002 which allowed the County, effective October 1, 2002, to provide Tier 3 to all new employees, to move those previously in Tier 2 to Tier 3 as of that date, and to apply all future service as Tier 3. Tier 3 was originally created on October 1, 1998 and made available to all members with five or more years of Tier 2 service who elected to transfer to Tier 3 coverage.

All members who moved to Tier 3 with five or more years of service prior to October 1, 2002, or were moved to Tier 3 effective October 1, 2002, January 1, 2005, or February 1, 2006, continue to have Tier 2 benefits for service prior to that date unless the service is converted to Tier 3. As of December 31, 2006, there are no active Tier 2 member accounts. Tier 1 includes members not mandated to be in Tier 2 or Tier 3 and reciprocal members who were placed in Tier 1 membership.

Safety includes members in active law enforcement, active fire suppression work, or certain other "Safety" classifications as defined in sections of CERL made operative by the Board of Supervisors.

Effective January 1, 2007, Contra Costa County and the Deputy Sheriffs' Association agreed to adopt a new Safety Tier C for sworn employees hired by the County after December 31, 2006. A Deputy Sheriff hired on or after January 1, 2007 through November 30, 2012, had a 3% at 50 benefit formula with a 2% maximum COLA and a 36 month final average salary period. Due to PEPRA, a Deputy Sheriff hired on or after January 1, 2013, has a 2.7% at 57 benefit formula with a 36 month final average salary period with compensation limited as noted below. The 2% maximum annual COLA is unchanged.

Effective January 1, 2012, members employed by the County and within certain bargaining units are responsible for the payment of 100% of the employees' basic retirement benefit contributions, determined annually by the Board, without the County paying any part of the employees' contributions. See Note 9, *Contributions*, for further description.

### **California Public Employees' Pension Reform Act (PEPRA)**

In September 2012, the California Public Employees' Pension Reform Act of 2013 (PEPRA) was signed into law by the Governor of California, establishing new tiers for General and Safety members entering CCCERA membership on or after January 1, 2013. The benefit formula for General members is 2.5% at age 67 and the Safety formula is 2.7% at age 57. Benefits under the new PEPRA tiers are based on a three-year final average compensation period. Additionally, PEPRA limits the amount of compensation CCCERA can use to calculate a retirement benefit. The 2020 compensation limits are \$126,291 for members covered by Social Security and \$151,549 for members not covered by Social Security and these limits increase to \$128,059 and \$153,671, respectively, in 2021. The PEPRA annual compensation limits will be adjusted in future years based on changes in the Consumer Price Index. The majority of CCCERA General members are covered by Social Security, while CCCERA Safety members are not covered by Social Security.

In September 2013, the Governor approved Assembly Bill 1380 (AB 1380), which makes various technical corrections and conforming changes that align the CERL with the provisions of PEPRA. In particular, the bill clarifies that Tier 4, Tier 5, Safety Tier D and Safety Tier E members are eligible to retire at age 70, regardless of years of service; that the Board may, but is not required

to, round these members contribution rates to the nearest quarter of one percent; and those rates may be adjusted for any change in the normal cost rate. AB 1380 was effective January 1, 2014. On January 22, 2014, CCCERA's Board exercised the discretion made available by AB 1380 to no longer round the members' contribution rates for PEPRA members to the nearest quarter of one percent as previously required by PEPRA. This allows for exactly one-half of the normal cost to be paid by the employees and by the employers covered under the PEPRA tiers.

In November 2012, the County Board of Supervisors approved two memoranda of understandings (Deputy District Attorneys' Association and Contra Costa County Public Defenders' Association) that stipulated new CCCERA members who become members after December 31, 2012 within these bargaining units will earn retirement benefits that will be subject to a maximum annual COLA of 2%. As a result, CCCERA created a second Tier 5 for general members subject to this COLA provision. Other bargaining units (including units covering Tier 4 members) have since agreed to this COLA provision for those who become members after a certain date. Members in bargaining units subject to this COLA provision will be placed in General Tier 4 or Tier 5 (2% maximum COLA) or Safety Tier E.

In September 2013, the Board approved using base pay only for purposes of pensionable compensation for PEPRA members and to exclude all other special compensation beyond base pay. In addition, the Board clarified that separate pay items for premium pay to comply with the Fair Labor Standards Act (FLSA) and the Fire Retirement Allotment for the Moraga-Orinda Fire Protection District are to be excluded from pensionable compensation. In September 2014, the Board adopted a written policy to this effect, "Policy On Determining Pensionable

Compensation Under PEPRA For Purposes Of Calculating Retirement Benefits.”

Benefits are administered by the Board under the provisions of CERL and PEPRA. Annual COLAs to retirement benefits are provided for under CERL. Service retirements are based on age, length of service, and final compensation. Members may withdraw contributions plus interest credited or leave them on deposit for a deferred retirement when they terminate or transfer to a reciprocal retirement system.

Pertinent provisions for each section follow:

### **General – Tier 1**

Members may elect service retirement at age 70 regardless of service, at age 50 with 10 years of service, or with 30 years of service regardless of age. Disability retirements may be granted as service connected with no minimum service credit required or non-service connected with five years of service credit required. The retirement benefit is based on Government Code Section 31676.11 for the Non-enhanced tier and Section 31676.16 for the Enhanced tier. The final compensation is based on a one-year average.

### **General – Tier 2**

Members may elect service retirement at age 70 regardless of service, at age 50 with 10 years of service, or with 30 years of service regardless of age. Previously, disability retirements were granted as service connected with no minimum service credit required or non-service connected with ten years of service credit required. Those members who elected in 1980 to transfer from Tier 1 to Tier 2 were eligible for non-service connected disability retirement with five years of service. The definition of a disability is stricter under Tier 2 than under Tier 1. The retirement benefit is based

on Government Code Section 31752. The final compensation is based on a three-year average.

### **General – Tier 3**

Members may elect service retirement at age 70 regardless of service, at age 50 with 10 years of service, or with 30 years of service regardless of age. Disability retirements may be granted as service connected with no minimum service credit or non-service connected with ten years of service credit required. The definition of disability is the same as Tier 2. The retirement benefit is based on Government Code Section 31676.16. The final compensation is based on a one-year average.

### **General – Tier 4**

Members may elect service retirement at age 70 regardless of service, or at age 52 with 5 years of service. Disability retirements may be granted as service connected with no minimum service credit or non-service connected with five years of service credit required. The definition of disability is the same as Tier 1. The retirement benefit is based on Government Code Section 7522.20. The final compensation is based on a three-year average.

### **General – Tier 5**

Members may elect service retirement at age 70 regardless of service, or at age 52 with 5 years of service. Disability retirements may be granted as service connected with no minimum service credit or non-service connected with ten years of service credit required. The definition of disability is the same as Tier 3. The retirement benefit is based on Government Code Section 7522.20. The final compensation is based on a three-year average.



### **Safety – Tier A**

Members may elect service retirement at age 70 regardless of service, or at age 50 with 10 years of service, or with 20 years of service regardless of age. Disability retirements may be granted as service connected with no minimum service credit required or non-service connected with five years of service credit required. The retirement benefit is based on Government Code Section 31664 for the Non-enhanced tier and Section 31664.1 for the Enhanced tier. The final compensation is based on a one-year average.

### **Safety – Tier C**

Members may elect service retirement at age 70 regardless of service, or at age 50 with 10 years of service, or with 20 years of service regardless of age. Disability requirements may be granted as service connected with no minimum service credit required or non-service connected with five years of service credit required. The retirement benefit is based on Government Code Section 31664.1. The final compensation is based on a three-year average.

### **Safety – Tier D and Tier E**

Members may elect service retirement at age 70 regardless of service, or at 50 with 5 years of service. Disability retirements may be granted as service connected with no minimum service credit required or non-service connected with five years of service credit required. The retirement benefit is based on Government Code Section 7522.25(d). The final compensation is based on a three-year average. Safety Tiers D and E differ only in the COLA provision.

Additional information regarding CCCERA's benefits is included in the Benefit Handbook, available at [www.cccera.org](http://www.cccera.org).

### **Cost-of-Living Adjustments (COLA)**

The CERL authorizes the Board to grant annual automatic and ad hoc cost-of-living increases to all eligible retired members. Article 16.5 requires the Board to apply a COLA effective April 1st of each year. This adjustment is based on the change in the San Francisco-Oakland-San Jose area Consumer Price Index and is limited to the maximum of two percent for certain Tier 4 and Tier 5 members, depending on Memoranda of Understanding (MOU), and all Safety Tier C and Safety Tier E members; a maximum of three percent for Tier 1, Tier 3 (service retirement), certain Tier 4 and Tier 5 (service retirement), Safety Tier A and Safety Tier D members; and a maximum of four percent for Tier 2, Tier 3 (disability retirement), and Tier 5 (disability retirement) members. Government Code Section 31874.3 allows the granting of a supplemental cost-of-living benefit, on a prefunded basis, to eligible retirees whose unused Consumer Price Index increase accumulations equal or exceed 20 percent. This supplemental increase is a permanent part of the retirees' monthly benefit and is known as "New Dollar Power".

### **Terminations**

Effective January 1, 2003, a member with less than five years of service may elect to leave accumulated contributions on deposit in the retirement fund regardless of years of service as a result of the enactment of AB 2766, which amends Section 31629.5 of CERL. A member who continues membership under this ruling is granted a deferred status and is subject to the same age, service, and disability requirements that apply to other members for service or disability retirement.

## **Other Post-Employment Benefits (OPEB) Trust**

On January 1, 2015, CCCERA became an independent employer. As an employer, CCCERA is responsible for the cost of retiree health benefits for CCCERA employees who retire on or after January 1, 2015. CCCERA contracts with California Public Employees' Retirement System (CalPERS) and Delta Dental, as health and dental insurance providers for those retired employees. For the retiree health benefits provided to employees that retire from CCCERA on or after January 1, 2015, Milliman Inc. (Milliman), CCCERA's OPEB actuary, prepared an actuarial valuation report of OPEB liability for those benefits in accordance with Governmental Accounting Standards Board (GASB) Statement No. 74 (GASB 74) and GASB Statement No. 75 (GASB 75) to determine the liability, annual required contribution, and other required financial disclosures.

Staff employees who retire directly from CCCERA may receive certain retiree benefits if they meet certain eligibility requirements. CCCERA will contribute an amount toward the cost of retiree health benefits for staff retirees consistent with the bargaining agreements between CCCERA and its bargaining units.

As to the cost of retiree health benefits for Contra Costa County employees who worked at CCCERA and retired prior to January 1, 2015, before CCCERA became an independent employer, those liabilities are included with Contra Costa County's OPEB Trust for funding purposes. CCCERA currently provides payments to Contra Costa County for these pre-January 1, 2015 retirees and expenses the payments on a "pay as you go" basis.

## **Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Accounting**

CCCERA follows the accounting principles and reporting guidelines set forth by the Governmental Accounting Standards Board (GASB). The financial statements are prepared using the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) in the United States of America, under which revenues are recognized when earned and deductions are recorded when the liability is incurred. Employee and employer contributions are recognized in the period in which the contributions are due, pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds of prior contributions are recognized when due and payable in accordance with the terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred. All investment purchases and sales are recorded on the trade date. The net appreciation and/or depreciation in fair value of investments held by CCCERA is recorded as an increase or decrease to investment income based on the valuation of investments on a quarterly basis.

### **Cash Equivalents**

Cash equivalents include deposits in the Plan's custodian bank, The Northern Trust Company (Northern Trust), investment managers, and County Treasurer's commingled cash pool. Cash equivalents are highly liquid investments with maturities of three months or less when purchased. Short-term investments with the custodian bank include foreign currencies, cash held in short-term investment funds and other short-term, highly liquid investments. Short-term

investments considered cash equivalents are recorded at cost, which approximates fair value.

### Methods Used to Value Investments

Investments are carried at fair value. Fair values for investments are derived by various methods, as indicated in the following chart:

Investment Fair Value Sources	
Investments	Source
Publicly Traded Securities, such as equities and fixed income. Fixed income include obligations of the U.S Treasury, U.S. agencies, non-U.S. governments, and both U.S. and non-U.S. corporations. Also included are mortgage-backed securities and asset-backed securities.	Valuations are provided by CCCERA's custodian bank, Northern Trust, based on end-of-day prices from external pricing vendors, Non-U.S. securities reflect currency exchange rates in effect at December 31, 2020 and 2019.
Private Real Estate	Fair value as provided by real estate fund managers, based on review of cash flow, exit capitalization rates, and market trends; fund managers commonly subject each property to independent third-party appraisal annually. Investments under development are carried at cumulative cost until developed.
Alternatives (Private Equity and Private Credit)	Fair value provided by investment managers as follows:  Private investments - valued by the General Partner giving consideration to financial condition and operating results of the portfolio companies, nature of investment, marketability, and other factors deemed relevant.  Public investments - valued based on quoted market prices, less a discount, if appropriate, for restricted securities.
Public Market Equity and Fixed Income Investments held in Institutional Commingled Fund/Partnership	Fair value is typically provided by third-party fund administrator, who performs this service for the fund manager.

### Investment Asset Allocation Policy

The allocation of investment assets within CCCERA's portfolio is approved by the Board as outlined in the investment policy. The asset allocation is an integral part of the Investment Policy. Plan assets

are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. In September 2016, the Board adopted a revised Investment Policy Statement, referred to as Functionally Focused Portfolio (FFP), that implemented long-term asset allocation targets in phases over a three year roll out period.

The first phase, Liquidity sub-portfolio, was implemented in October 2016 and is invested with three fixed income managers, all of whom pursue a high credit quality, low duration investment approach designed to produce monthly cash flows that fund four years of benefit payments. The Growth sub-portfolio phase repositioning began in July 2017 with the selection of a private markets advisor and is designed to take advantage of capital appreciation and income opportunities globally. The Risk Diversifying sub-portfolio phase was implemented in June 2018 to hold assets that are expected to diversify the Growth's sub-portfolio volatility while offering moderate growth. The Board conducted a review of the strategic asset allocation in late 2020. The Functionally Focused Portfolio (FFP) methodology was maintained, but the target allocation to the Liquidity sub-portfolio was reduced to three years from the prior four years to fund benefit payments. Other allocations were changed as well, most notably an increased target to private equity. The change to the Liquidity sub-portfolio will be implemented in 2021 and the increased allocation to private markets will be implemented over the next several years.

As of 2020, the long-term asset allocation targets determined by the Board are as follows:

- Liquidity 24%
- Growth 66%
- Risk Diversifying 10%

**Long-Term Asset Allocation Policy**

As of December 31, 2020

**LONG-TERM**

<b>Asset Class</b>	<b>Target Allocation</b>
<b>Liquidity</b>	<b>24%</b>
<b>Growth:</b>	
Domestic Equity	5%
Global & International Equity	24%
Private Equity	11%
Private Credit	12%
Real Estate - Value Add	4%
Real Estate - Opportunistic & Distressed	4%
Real Estate - REIT	1%
Risk Parity	5%
<b>Total Growth</b>	<b>66%</b>
<b>Risk Diversifying</b>	<b>10%</b>
<b>TOTAL</b>	<b>100%</b>

**Receivables**

Receivables consist primarily of interest, dividends, installment contracts, investments in transition (i.e., traded not settled) and contributions owed by plan sponsor employers as of December 31, 2020 and 2019.

**Capital Assets**

Capital assets, consisting of computer hardware, software, leasehold improvements, furniture and office equipment, are presented at historical cost, less accumulated depreciation and amortization. Capital assets with an initial cost of more than \$10,000 and an estimated useful life in excess of three years are capitalized and depreciated/amortized. Depreciation/amortization is calculated using the straight-line method, with estimated lives ranging from three years for software, five to ten years for all hardware, leasehold improvements, and pension administration system assets, and five years for office equipment.

**Income Taxes**

The Internal Revenue Service has ruled that plans such as CCCERA qualify under Section 401(a) of the Internal Revenue Code and are not subject to tax under present tax laws. In December 2014, CCCERA received a favorable letter of determination from the Internal Revenue Service (IRS). Accordingly, no provision for income taxes has been made in the accompanying basic financial statements, as the Plan is exempt from federal and state income taxes under provisions of the Internal Revenue Code, Section 401, and California Revenue and Taxation Code, Section 23701, respectively.

**Use of Estimates**

The preparation of CCCERA's financial statements in conformity with accounting principles generally accepted in the United States of America (i.e., GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes to the financial statements. Actual results could differ from those estimates.

**Reclassifications**

Comparative data for the prior year have been presented in the selected sections of the accompanying Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. Also, certain accounts presented in the prior year's data may have been reclassified to be consistent with the current year's presentation.

## **Implementation of New GASB Pronouncements**

In 2018, CCCERA implemented GASB Statement No. 74 (GASB 74), *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

In connection with the implementation of GASB 74 and GASB 75, GASB Statement No. 63 (GASB 63), *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Positions*, became applicable to CCCERA's Statement of Fiduciary Net Position as of December 31, 2020 as it relates to Other Post-Employment Benefits (OPEB).

GASB 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, which were originally defined in GASB Concepts Statement No. 4, *Elements of Financial Statements*, as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future reporting period, respectively. Additionally, it identified net position as the difference between (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources. As of December 31, 2020, CCCERA's fiduciary net position has no deferred outflows of resources and \$998 thousand of deferred inflows of resources related to OPEB as defined by GASB Statement No. 63.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, also became applicable to CCCERA's December 31, 2020 financial statements to provide temporary relief, in light of the COVID-19 pandemic, by postponing implementation on certain new pronouncements.

## **Note 3. DEPOSITS AND INVESTMENT RISK DISCLOSURES**

### **Investment Stewardship**

Except as otherwise expressly restricted by the California Constitution and by law, the Board may, at its discretion, invest, or delegate CCCERA to invest the assets of CCCERA through the purchase, holding, or sale of any form or type of instrument, or financial transaction when prudent in the informed opinion of the Board. In addition, the Board has established an investment policy, which places limits on the compositional mix of cash, fixed income and equity securities, real assets, alternative investments, and real estate investments. CCCERA currently employs external investment managers to manage its assets subject to the guidelines of the investment policy.

### **Investment Risk**

Investments are subject to certain types of risks, including interest rate risk, credit risk (including custodial credit risk and concentrations of credit risk), and foreign currency risk. The Board recognizes that the assumption of investment risk is necessary to meet the Plan's objectives. The goal in managing investment risk is to ensure that an acceptable level of risk is being taken at the total Plan portfolio level. CCCERA has no formal policy relating to interest rate risk. The following describes those risks:

#### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The fair value of fixed maturity investments fluctuates in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in

fair value of those investments. The fair value of interest sensitive instruments may also be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, and other general market conditions. Certain fixed maturity investments may have call provisions that could result in shorter maturity periods.

Holdings of Fixed Income Futures are allowed, on an unleveraged basis, such that the market notional value of long contracts shall be covered by cash, cash receivables, or cash equivalents with one year or less in duration.

The schedule below is a list of fixed income and short-term investments and the related maturity schedule for CCCERA as of December 31, 2020.

### Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a financial institution's failure,

CCCERA would not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not insured or not collateralized. Under California Government Code, a financial institution is required to secure deposits in excess of \$250,000 made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure governmental deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits. Such collateral is held by the pledging financial institution's trust department or agent in CCCERA's name.

At year-end, the carrying amount of CCCERA's cash deposits in non-interest bearing accounts was \$47,835,415 (which are included in cash equivalents) and the bank balance was

<b>Investment Maturities (In Years)</b>						
As of December 31, 2020 (Dollars in Thousands)						
<i>Investment Type</i>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>6-10 years</b>	<b>More than 10 years</b>	<b>Maturity Not Determined</b>	<b>Fair Value</b>
Asset Backed Securities	\$-	\$7,441	\$-	\$3,016	\$-	\$10,457
Commercial Mortgage-Backed	-	-	-	2,403	-	2,403
Commercial Paper	61,972	-	-	-	-	61,972
Corporate Bonds	309,420	911,227	89,129	6,495	618,462	1,934,733
Funds-Corporate Bond	-	-	-	-	269,765	269,765
Funds-Fixed Income ETF	-	-	-	-	49,758	49,758
Funds-Short Term Investment	-	-	-	-	208,691	208,691
Government Agencies	35,720	72,676	-	-	-	108,396
Government Bonds	54,699	85,973	-	4,434	-	145,106
Government Mortgage-Backed Securities	-	1,777	74,472	463,098	-	539,347
Govt-Issued Commercial Mortgage-Backed	-	-	-	7,153	-	7,153
Hedge Multi Strategy	-	-	-	-	127,591	127,591
Index Linked Govt Bonds	-	3,515	-	-	-	3,515
Municipal/Provincial Bonds	-	30,880	-	-	-	30,880
Non-Government Backed Collateralized Mortgage Obligations (CMO)	-	-	382	548	-	930
Short-Term Bills and Notes	115,904	-	-	-	-	115,904
<b>TOTALS:</b>	<b>\$577,715</b>	<b>\$1,113,489</b>	<b>\$163,983</b>	<b>\$487,147</b>	<b>\$1,274,267</b>	<b>\$3,616,601</b>

\$47,606,508. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Effective January 1, 2013, funds deposited in a non-interest bearing account no longer receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (FDIC). Non-interest bearing bank account balances in excess of the FDIC insurance coverage of \$250,000 are collateralized with qualifying securities held in pooled pledged custodial accounts earmarked as collateral against public fund deposits.

CCCERA's investment securities are not exposed to custodial credit risk because all securities held by CCCERA's custodial bank are in CCCERA's name. CCCERA has no general policy on custodial credit risk for deposits.

### **Money-Weighted Rate of Return**

For the years ended December 31, 2020 and 2019, the annual money-weighted rate of return on the assets of the Plan, net of investment expense, was 9.50% and 14.26%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the timing of cash flows and the changing amounts actually invested.

At the June 8, 2016 Board meeting, the Board adopted an investment return assumption for financial reporting purposes that is net of investment expenses and not net of administrative expenses equal to 7.00% per year.

### **Investment Concentrations**

The Board's investment policies and guidelines permit investments in numerous specified asset classes to take advantage of professional investment management advice and a well-

diversified portfolio. At December 31, 2020, CCCERA has no individual securities that represent five percent (5%) or more of the Plan's fiduciary net position. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are excluded from this requirement. However, there are six portfolio positions that exceed the 5% threshold, but each of these positions represents a diversified portfolio. As of December 31, 2020, the portfolios that exceed 5% of the Plan's fiduciary net position are:

- Insight Short-Duration Fixed Income 10.5%
- SIT Short-Duration Fixed Income 5.7%
- Pyrford International Equity 5.0%
- William Blair International Equity 6.2%
- Artisan Global Opportunities 5.9%
- Stepstone CC Opportunities 7.1%

As of December 31, 2019, CCCERA held the same portfolio positions that represented more than 5% of the Plan's fiduciary net position with the exception of Artisan Global Opportunities.

### **Credit Risk**

Credit risk is the risk that an issuer, or other counterparty to an investment, will not fulfill its obligations. CCCERA's general investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and for the exclusive purposes of providing benefits, minimizing contributions, and defraying reasonable expenses of administering the Plan. Investments should be diversified 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.

Nationally recognized statistical rating organizations provide ratings of debt securities' quality based on a variety of factors. For example,

the financial condition of the issuer provides investors with some idea of the issuer's ability to meet its obligations. Fixed-maturity investments may consist of rated or non-rated securities. Ratings can range from AAA (highest quality) to D (default). An investment grade is a rating that indicates that a bond has a relatively low risk of default. Debt securities with ratings of BBB or higher are considered investment grade issues, and debt securities with ratings of BB or lower are non-investment grade issues. Debt securities in the non-investment grade category are more speculative and are often referred to as "high-yield". This is due to the fact that lower rated debt securities generally carry a higher interest rate to compensate the buyer for taking on additional risk.

The following is a schedule of the credit risk ratings of CCCERA's fixed income and short-term investments as of December 31, 2020 as rated by Standard & Poor's (Dollars in Thousands):

<b>Credit Risk Ratings</b> As of December 31, 2020	
<b>Quality Ratings</b>	<b>Fair Value</b>
AAA	\$94,204
AA+	9,164
AA	12,811
AA-	61,386
A+	149,019
A	129,239
A-	261,448
BBB+	342,756
BBB	182,915
BBB-	47,576
BB+	10,993
BB	34,537
BB-	41,108
B+	28,089
B	22,341
B-	15,942
CCC+	13,918
CCC	5,015
CCC-	470
CC	3
NR	1,350,731
Guaranteed	802,936
<b>TOTAL SECURITIES SUBJECT TO CREDIT RISK</b>	<b>\$3,616,601</b>

<b>Investment Type</b>	<b>Quality Rating Range</b>
Asset-backed securities*	AAA to CCC
Convertible bonds	Not rated
CMBS	AAA to CCC
CMO*	AAA to D
Corporate bonds*	AAA to CCC-
Municipals	AAA to BBB+
Private placements	AAA to BBB+
Real estate investment trust*	A- to B+
Short-term	AA to A+
U.S. & foreign agencies*	AAA to CCC+
Mutual funds	Not rated

\*Investment type contained one or more investments that were not rated.



## Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates may adversely affect the fair value of an investment. CCCERA has no formal policy related to foreign currency risk. CCCERA's external investment managers may invest in international securities and must follow CCCERA's investment guidelines pertaining to these types of investments.

CCCERA's exposure to foreign currency risk in U.S. dollars as of December 31, 2020 is as follows:

<b>Foreign Currency Risk</b>			
As of December 31, 2020 (Dollars in Thousands)			
<b>Currency</b>	<b>Fixed Income</b>	<b>Equity</b>	<b>Total</b>
Australian Dollar	\$-	\$1,709	\$1,709
Brazilian Real	-	247	247
British Pound Sterling	-	19,637	19,637
Canadian Dollar	-	7,984	7,984
Euro Currency	-	38,694	38,694
Hong Kong Dollar	-	3,723	3,723
Indonesian Rupiah	701	-	701
Japanese Yen	-	46,796	46,796
Malaysian Ringgit	872	-	872
Mexican Peso	1,153	571	1,724
Norwegian Krone	-	1,232	1,232
Peruvian Nuevo Sol	925	-	925
Republic of Korea Won	-	11,750	11,750
Singapore Dollar	1,330	-	1,330
Swedish Krona	-	5,573	5,573
Swiss Franc	-	10,264	10,264
Thailand Baht	-	1,817	1,817
<b>TOTAL SECURITIES SUBJECT TO FOREIGN CURRENCY RISK</b>	<b>\$4,981</b>	<b>\$149,997</b>	<b>\$154,978</b>

## Note 4. FAIR VALUE MEASUREMENTS

CCCERA implemented GASB Statement No. 72 (GASB 72), *Fair Value Measurements and Application*, in the year ending December 31, 2016. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements and disclosures. The Plan's investments, including investments held in the OPEB Trust, are measured and reported within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- *Level 1* inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- *Level 2* inputs are inputs other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly. Inputs to the valuation include: 1) quoted prices for similar assets or liabilities in active markets; 2) quoted prices for identical or similar assets or liabilities in markets that are not active; 3) Inputs other than quoted prices that are observable for the asset or liability; and 4) market-corroborated inputs.
- *Level 3* inputs are unobservable inputs for an asset or liability where there are little market activities. The inputs into the determination of fair value are based upon the best information in the circumstances and may require management judgment or estimation.

## **Schedule of Investments by Fair Value Hierarchy**

Equity securities, real estate investment trusts, and commodities exchange traded funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The exchange traded Futures Contracts classified in Level 1 of the fair value hierarchy are valued using a daily settlement when available or as a daily mark-to-market.

Fixed income and equity securities classified in Levels 1 or 2 of the fair value hierarchy are valued using a matrix pricing technique based on the availability of the market price, the pricing source and type, and the country of incorporation of the securities. The hierarchy levels are determined based on the level of corroborative information obtained from other market sources to assert that the prices provided represent observable data.

Equity mutual funds classified in Level 2 of the fair value hierarchy are valued based on the availability of market price of the underlying assets, and using either a discounted cash flow or Comparable Company Analysis with internal assumptions.

Fixed income securities classified in Level 3 relate to unlisted securities with little to no market activity and based on best information available.

Certain investments which do not have a readily determinable fair value have been valued at Net Asset Value (NAV) per share (or its equivalent) provided that the NAV is calculated and used as a practical expedient to estimate fair value in accordance with GAAP requirements. These investments are not categorized within the fair value hierarchy but disclosed in the Schedule of Investments Measured at the NAV.

CCCERA has the following recurring fair value measurements as of December 31, 2020 (in thousands):

**Schedule of Investments by Fair Value Hierarchy**

The Plan has the following recurring fair value measurements as of December 31, 2020  
(Dollars in Thousands)

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level:</b>				
<b>Equities:</b>				
Domestic Equity	\$822,767	\$822,767	\$-	\$-
Global & International Equity	364,094	364,094	-	-
Real Estate - REIT	73,965	73,965	-	-
<b>Total Equity Securities</b>	<b>1,260,826</b>	<b>1,260,826</b>	<b>-</b>	<b>-</b>
<b>Fixed Income:</b>				
Liquidity Program	1,989,614	-	1,989,614	-
Global & International Held in Equity Portfolios	4,981	-	4,981	-
High Yield	165,396	-	162,993	2,403
Risk Diversifying	4,467	-	4,467	-
<b>Total Fixed Income Securities</b>	<b>2,164,458</b>	<b>-</b>	<b>2,162,055</b>	<b>2,403</b>
<b>Real Assets:</b>				
Risk Diversifying	49,225	49,225	-	-
<b>Cash Overlay</b>	<b>49,758</b>	<b>49,758</b>	<b>-</b>	<b>-</b>
<b>Total Investments By Fair Value Level</b>	<b>3,524,267</b>	<b>1,359,809</b>	<b>2,162,055</b>	<b>2,403</b>
<b>Investments Measured at the Net Asset Value (NAV):</b>				
Public Market Commingled Funds	3,673,265			
<b>Real Estate:</b>				
Value Added, Opportunistic & Distressed Funds	595,613			
<b>Alternatives:</b>				
Private Equity & Private Credit Funds	1,829,974			
<b>Total Investments Measured at the NAV</b>	<b>6,098,852</b>			
<b>TOTAL INVESTMENTS MEASURED AT FAIR VALUE</b>	<b>\$9,623,119</b>			
<b>Investment Derivative Instruments:</b>				
Futures Contracts	\$(647)	\$(647)	\$-	\$-
<b>Total Investment Derivative Instruments</b>	<b>(647)</b>	<b>(647)</b>	<b>-</b>	<b>-</b>

<b>Investments Measured at the Net Asset Value (NAV)</b> (Dollars in Thousands)				
	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Public Market Commingled Funds <sup>(1)</sup>	\$3,673,265	\$-	1-90 days	1-30 days
Real Estate:				
Value Added, Opportunistic & Distressed Funds <sup>(2)</sup>	595,613	243,346	N/A	N/A
Alternatives:				
Private Equity & Private Credit Funds <sup>(3)</sup>	1,829,974	749,854	N/A	N/A
<b>Total Investments Measured at the NAV</b>	<b>\$6,098,852</b>	<b>\$993,200</b>		

- Public Market Commingled Funds:* This investment type consists of eleven public market commingled funds that primarily invest in publicly traded equities and fixed income securities. The fair value of these investments has been determined using a practical expedient based on the investments' NAV per share (or its equivalent). These investments typically have monthly liquidity with ten days notice.
- Value Added, Opportunistic & Distressed Funds:* This investment type consists of twenty-one real estate funds that invest primarily in commercial real estate. The fair value of these investments has been determined using a practical expedient based on the investments' NAV. All of the funds are in closed-end fund vehicles and are not redeemable. It is expected that these investments will be held for the entire lives of the funds and will not be sold in the secondary market. Distributions from each fund will be received as underlying assets are liquidated by the fund managers. It is expected that the underlying assets of these funds will

be liquidated over the next one to 12 years, depending on the vintage year of each fund.

- Private Equity & Private Credit Funds:* This investment type consists of thirty private equity and five private credit funds. The private equity funds invest primarily in other private equity funds, privately held U.S., and non-U.S. companies. The private credit funds invest primarily in other private credit funds, commercial real estate debt and debt instruments of upstream energy firms. The fair value of these investments has been determined using a practical expedient based on the investments' NAV. It is expected that these investments will be held for the entire lives of the funds and will not be sold in the secondary market. Distributions from each fund will be received as the underlying assets are liquidated by the fund managers. It is expected that the underlying assets of these funds will be liquidated over the next one to 15 years, depending on the vintage year of each fund.

The OPEB Trust has the following recurring fair value measurements as of December 31, 2020 (in thousands). OPEB Trust assets are administered by Public Agency Retirement Services (PARS) with US Bank as trustee custodian, and HighMark Capital Management as investment manager. OPEB Trust investments are invested in a diversified portfolio of passively managed equity funds and actively managed fixed income funds. The investments are measured at NAV.

**OPEB Trust - Schedule of Investments by Fair Value Hierarchy**

The OPEB Trust has the following recurring fair value measurements as of December 31, 2020  
(Dollars in Thousands)

	Fair Value Measurements Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
<i>Total Investments By Fair Value Level</i>	\$-	\$-	\$-	\$-
	Fair Value	Redemption Frequency	Redemption Notice Period	
<i>Investments Measured at the Net Asset Value (NAV):</i>				
Public Market Commingled Funds	4,699	1-90 days	1-30 days	
<b>Total Investments Measured at the NAV</b>	<b>4,699</b>			
<b>TOTAL INVESTMENTS MEASURED AT FAIR VALUE</b>	<b>\$4,699</b>			

**Note 5**  
**SECURITIES LENDING TRANSACTIONS**

The Investment Policy, adopted by the Board, permits the use of a securities lending program with its principal custodian bank. Securities lending is an investment management activity that mirrors the fundamentals of a loan transaction. Securities are lent to brokers and dealers (borrower), and in turn CCCERA receives cash as collateral and invests the collateral with the goal of earning a higher yield than the interest rate paid to the borrower. Earnings generated above and beyond the interest paid to the borrower represent the net income to CCCERA from the transaction. The custodian bank provides loss indemnification to CCCERA if the borrower fails to return the securities.

The custodian bank manages the securities lending program and receives cash and/or securities as collateral. Cash open collateral is invested in a short-term investment pool. Non-cash collateral securities cannot be pledged or sold by CCCERA unless the borrower defaults. The collateral is marked-to-market daily, and if the market value of the securities rises, CCCERA receives additional collateral.

Securities on loan must be collateralized at 102 percent and 105 percent of the fair value of domestic securities and international equity securities, respectively, plus accrued interest (in the case of debt securities).

There are no restrictions on the amount of the securities that can be loaned at one time. CCCERA has the right to terminate any loan in whole or in part by providing the custodian bank with written notice (a "Recall Notice"). Because the loans are terminable at will, the term to maturity of the security loans is generally not matched with the term to maturity of the cash collateral. At year-end, CCCERA had no credit risk exposure to borrowers, because the

amount of collateral received exceeded the value of securities on loan. As of December 31, 2020, there were no violations of legal or contractual provisions. CCCERA had no losses on securities lending transactions resulting from the default of a borrower for the years ended December 31, 2020 and 2019.

The fair value of investments on loan at December 31, 2020 is \$329.3 million which was collateralized by cash and securities in the amount of \$337.0 million. The fair value of the cash collateral in the amount of \$260.3 million has been reported both as an asset and liability in the accompanying Statement of Fiduciary Net Position.

**Securities Lending**  
 Securities on Loan as of December 31, 2020  
 (Dollars in Thousands)

<i>Securities on Loan</i>	Fair Value of Securities on Loan	Cash Collateral	Non-Cash Collateral
Global Equities	\$1,083	\$1,159	\$-
<b>Total Non U.S. Securities</b>	<b>1,083</b>	<b>1,159</b>	<b>-</b>
U.S. Agencies	9,994	10,204	-
U.S. Corporate Fixed	47,708	41,687	7,143
U.S. Equities	164,619	146,344	22,282
U.S. Government Fixed	105,847	60,903	47,305
<b>Total U.S. Securities</b>	<b>328,168</b>	<b>259,138</b>	<b>76,730</b>
<b>TOTAL</b>	<b>\$329,251</b>	<b>\$260,297</b>	<b>\$76,730</b>

**NOTE 6.**  
**NET PENSION LIABILITY**

Statement No. 67 of the Governmental Accounting Standards Board (GASB) requires public pension plans to provide a net pension liability. The net pension liability is measured as the total pension liability less the amount of the pension plan's fiduciary net position. The net pension liability is an accounting measurement for financial statement reporting purposes. The components of CCCERA's net pension liability as of December 31, 2020 and 2019 are as follows:

<b>Net Pension Liability</b> (Dollars in Thousands)		
	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Total Pension Liability (a)	\$10,531,688	\$10,121,098
Plan Fiduciary Net Position (b)	10,070,238	9,257,013
<b>Net Pension Liability (a-b)</b>	<b>\$461,450</b>	<b>\$864,085</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)</b>	<b>95.6%</b>	<b>91.5%</b>

**Actuarial Assumptions**

In preparing an actuarial valuation, the actuary employs generally accepted actuarial methods and assumptions to evaluate the Plan's assets, liabilities, and future contributions requirements. The actuary utilizes member data and financial information provided by the Plan with economic and demographic assumptions made about the future to estimate the Plan's financial status as of a specified point in time. Examples of estimates include assumptions about future employment, mortality, future investment returns, future salary increases, expected retirements and other relevant factors. Actuarially determined amounts are subject to continual review or modification. The Board reviews the economic and demographic assumptions of the Plan every three years.

The actuarial assumptions used to determine the total pension liability as of December 31, 2020

were based on the results of the most recent Actuarial Experience Study which covered the period from January 1, 2015 through December 31, 2017. Key methods and assumptions used in the latest actuarial valuation and the total pension liability are presented below.

<b>Key Methods and Assumptions Used In Annual Actuarial Valuation and Total Pension Liability</b>	
Valuation Date	December 31, 2020
Actuarial Experience Study	3 Year Period Ending December 31, 2017
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll
Remaining Amortization Period	Remaining balance of December 31, 2007 Unfunded Actuarial Accrued Liability (UAAL) is amortized over a fixed (decreasing or closed) period with 3 years remaining as of December 31, 2019. Any changes in UAAL after December 31, 2007 will be separately amortized over a fixed 18-year period effective with that valuation. Effective December 31, 2013, any changes in UAAL due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 10-year fixed period effective with that valuation. The entire increase in UAAL resulting from a temporary retirement incentive will be funded in full upon adoption of the incentive.
Asset Valuation Method	Fair value of assets less unrecognized returns in each of the last nine semi-annual accounting periods. Unrecognized return is equal to the difference between the actual market return and the expected return on the fair value, and is recognized semi-annually over a five-year period. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves and designations.
Investment Rate of Return	7.00%, net of pension plan investment expenses, including inflation
Inflation Rate	2.75%
Administrative Expenses	1.14% of payroll allocated to both the employer and member based on the components of the normal cost rates for the employer and member.
Real Across-the-Board Salary Increase	0.50%
Projected Salary Increases <sup>(1)</sup>	General: 3.75% to 15.25% <sup>(1)</sup> Safety: 4.25% to 16.25% <sup>(1)</sup> varying by service, including inflation.
Cost-of-Living Adjustments	2.75% per year except for Safety Tier C, PEPRA Tier E benefits and PEPRA Tier 4 (2% COLA) and Tier 5 (2% COLA) benefits for members covered under certain memoranda of understanding are assumed to increase at 2% per year. All increases are contingent upon actual increases in Consumer Price Index (CPI).
Other Assumptions:	Same as those that will be used in the December 31, 2020 funding actuarial valuation.

<sup>(1)</sup>Includes inflation at 2.75% plus real "across-the-board" salary increases of 0.50% plus promotional and merit increases for December 31, 2020.

## Long-Term Expected Real Rate of Return

The long-term expected rate of return on Plan investments was determined in 2020 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. This information is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin. The target allocations (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class, are summarized in the table below.

Long-Term Expected Real Rate of Return		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Large Cap U.S. Equity	5.00%	5.44%
Developed International Equity	13.00%	6.54%
Emerging Market Equity	11.00%	8.73%
Short-Term Govt/Credit	23.00%	0.84%
U.S. Treasury	3.00%	1.05%
Value Add Real Estate	5.00%	8.80%
Opportunistic Real Estate	4.00%	12.00%
Risk Parity	5.00%	5.80%
REIT	1.00%	6.80%
Risk Diversifying Strategies	7.00%	3.53%
Global Infrastructure	3.00%	7.90%
Private Credit	12.00%	5.80%
Private Equity	8.00%	9.27%
<b>TOTAL</b>	<b>100.00%</b>	

## Mortality Rates

Mortality rates used in the latest actuarial valuation are based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median

Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2018 for General Members and the Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2018 for Safety Members. The rates used in evaluating disability allowances were based on the Pub-2010 Disabled Retiree Amount-Weighted Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2018 for General and Safety Members.

## Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2020 and December 31, 2019 was 7.00%. The projection of cash flows used to determine the discount rate assumed Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current Plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future Plan members and their beneficiaries, as well as projected contributions from future Plan members, are not included. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current Plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2020 and December 31, 2019, respectively.

The following table presents the net pension liability of participating employers calculated using



the discount rate of 7.00% as of December 31, 2020 as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

**Sensitivity of Net Pension Liability to Changes in the Discount Rate**

As of December 31, 2020  
 (Dollars in Thousands)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$1,863,212	\$461,450	\$(686,864)

**Note 7.  
 OTHER POST-EMPLOYMENT BENEFITS  
 (OPEB) LIABILITY AND SECTION 115  
 TRUST**

GASB 74 and GASB 75 require CCCERA to report the Total OPEB Liability and Net OPEB Liability as calculated by its actuary, Milliman, Inc. GASB 74 and GASB 75 also allow a biennial actuarial valuation may be used that is dated within 24 months of the OPEB Trust fiscal year-end. The most recent OPEB actuarial valuation was as of December 31, 2020. For the current year, the OPEB Fiduciary Net Position as a percentage of the Total OPEB Liability was 91.6% as of December 31, 2020. The Total OPEB Liability, which is the responsibility of CCCERA as an employer, is calculated separately from the Pension Plan liabilities and is presented solely calculated for financial statement purposes.

On February 14, 2018, the Board adopted the 2018 OPEB Actuarial Valuation Report by Milliman, and authorized the Chief Executive Officer (CEO) to establish an Irrevocable Trust agreement per IRS Code Section 115 for the purpose of pre-funding OPEB obligations, and to issue a Request For Proposal for OPEB Trust fund management services.

On November 28, 2018, the Board authorized the CEO to execute a contract with Public Agency Retirement Services (PARS) for OPEB Trust fund management services, appointed the CEO as CCCERA's plan administrator for the program, whose authority includes the selection of an appropriate investment option offered by PARS, and approved an initial employer contribution transfer of \$2.5 million from the previously set-aside liability to pre-fund the OPEB Trust.

On January 23, 2019, the Board adopted a funding policy to contribute to the OPEB Trust equal to the Actuarially Determined Contribution (ADC) each year and establish an amortization period of 30 years.

On July 24, 2019, the Board adopted a policy to change the amortization period and fully fund the ADC from 30 years to 10 years. For this valuation, the ADC is defined as the annual service cost, plus an amount to amortize the net OPEB liability over 10 years from 2018 on a level dollar basis, plus interest to account for the timing of contributions during the year.

The net OPEB liability is measured as the total OPEB liability less the amount of the OPEB Trust fiduciary net position. The net OPEB liability is an accounting measurement for financial statement reporting purposes which as of December 31, 2020 is as follows:

**Net OPEB Liability**

As of December 31, 2020 and 2019  
(Dollars in Thousands)

	2020	2019
Total OPEB Liability	\$5,092	\$5,139
Less OPEB Trust Fiduciary Net Position	4,666	3,630
<b>Net OPEB Liability</b>	<b>\$426</b>	<b>\$1,509</b>
<b>Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	<b>91.6%</b>	<b>70.6%</b>

**Key Methods and Assumptions Used In Actuarial Valuation of Total OPEB Liability**

Valuation Date	December 31, 2020
Actuarial Cost Method	Entry Age
Amortization Method	Level percent of payroll
Amortization Period	10 years (8 years remaining as of December 31, 2020)
Asset Valuation Method	Fair value of assets
Investment Rate of Return	6.50%
Inflation Rate	2.75%
Assumed Salary Increases	4.00% to 13.25% varying by years of service
Other Assumptions:	Consistent with those used in the December 31, 2019 CCCERA Pension Actuarial Valuation

**Investment Rate of Return**

The assumed investment rate of return used was 6.50%, net of expenses. This is based on the investment policy set by CCCERA for the OPEB Trust managed by PARS, annual funding equal to the ADC, and assumes a 2.75% long-term inflation.

**Discount Rate**

Under GASB 74/75, the discount rate should be the single rate that reflects the long-term rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits. To the extent that OPEB plan assets, along with expected future investment returns and expected future contributions are sufficient to finance all OPEB benefits, the discount rate should be based on the assumed investment on assets. CCCERA's current policy is to fund the Actuarial Determined Contribution each year. Based on CCCERA's funding policy, plan assets are projected

to be sufficient to fund OPEB liabilities. Therefore, a discount rate of 6.50% and a 2.75% rate of long-term inflation was assumed. Based on the OPEB Trust portfolio's target allocation table below, the expected annual return of Trust assets over the next 50 years is expected to be 6.53%.

**OPEB Trust Long-Term Expected Real Rate of Return**

Asset Class	Target Asset Allocation	Expected 1 -Year Nominal Return
Core Fixed Income	14.0%	3.25%
Short-Term Fixed Income	7.0%	2.86%
Intermediate-Term Fixed Income	7.0%	2.89%
U.S. Treasuries	7.0%	2.71%
Domestic Equity Large Cap	21.0%	6.32%
Domestic Equity Small Cap	5.0%	6.96%
International Developed Equity	20.0%	8.05%
International Emerging Market Equity	17.0%	8.78%
Real Estate	2.0%	6.86%
<b>TOTAL</b>	<b>100.00%</b>	

Expected annual return of OPEB Trust assets over 50 years 6.53%

**Demographic Assumptions**

A summary of the assumed rates for mortality, retirement, disability, and withdrawal, which are consistent with assumptions used in the December 31, 2019 CCCERA Actuarial Valuation is included in the OPEB Key Methods and Assumptions table in the Actuarial Section of this report on page 117.

**Sensitivity of Net OPEB Liabilities**

GASB 74/75 requires disclosure of the sensitivity of the Net OPEB Liability (NOL) to changes in the discount rate and health care cost trend rates. The liabilities shown below are based as of December 31, 2020. The following tables show what CCCERA's Net OPEB Liability would be if it were calculated using a rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate and the current healthcare cost trend rate.

**Sensitivity of Net OPEB Liability to Changes in the Discount Rate**

As of December 31, 2020  
(Dollars in Thousands)

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB Liability	\$1,095	\$426	\$(126)

**Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

As of December 31, 2020  
(Dollars in Thousands)

	1% Decrease	Current Healthcare Costs Trend Rate	1% Increase
Net OPEB Liability	\$(203)	\$426	\$1,204

**Note 8.  
DERIVATIVE FINANCIAL INSTRUMENTS**

A derivative is a security with a price that is dependent upon or derived from one or more underlying assets. As of December 31, 2020, the derivative instruments held by CCCERA are considered investments and not hedges for accounting purposes. The term hedging, as it is used elsewhere in the notes to these financial statements, denotes an economic activity and not an accounting method. The gains and losses from this activity are recognized as incurred in the Statement of Changes in Fiduciary Net Position.

CCCERA currently employs external investment managers to manage its assets as permitted by the California Government Code and CCCERA's investment policy and specific managers hold investments in swaps, options, futures, forward settlement contracts, and warrants and enter into forward foreign currency exchange security contracts within fixed income financial instruments. The fair value of options, futures, and warrants is determined based upon quoted market prices. The fair value of derivative investments that are not exchange traded, such as swaps, and TBAs (To Be Announced) is determined by an external pricing service using various proprietary methods, based upon the type of derivative instrument. Futures contracts are marked-to-market at the

end of each trading day, and the settlement of gains or losses occur on the following business day through variation margins. The fair value of international currency forwards represents the unrealized gain or loss on the related contracts, which is calculated as the difference between the specified contract exchange rate and the exchange rate at the end of the reporting period.

Forward foreign currency exchange contracts are used primarily to hedge against changes in exchange rates related to foreign securities. Due to the level of risk associated with certain derivative investment securities, it is conceivable that changes in the values of investment securities will occur in the near term, and such changes could affect the amounts reported in the financial statements.

CCCERA could be exposed to risk if the counterparties to contracts are unable to meet the terms of the contracts. CCCERA's investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. CCCERA anticipates that the counterparties will be able to satisfy their obligations under the contracts. The following is a summary of derivative instruments at December 31, 2020 with the net appreciation/(depreciation) that has occurred during the year:

<b>Investment Derivatives</b>				
As of December 31, 2020 (Dollars in Thousands)				
<i>Investment Derivatives by Type</i>	<i>Net Appreciation/ (Depreciation) in Fair Value</i>	<i>Classifications</i>	<i>Fair Value</i>	<i>Notional Amount</i>
Interest Rate Contracts-Longs	\$5,189	Futures	\$-	\$81,742
Forward Foreign Exchange Contracts	(112)	Forwards	(168)	-
Equity Contracts-Longs	309	Futures	-	220,647
Equity Contracts-Options	(23,663)	Options	(647)	-
Equity Contracts-Rights/Warrants	24	Rights/Warrants	33	-
Equity Contracts-Synthetic Equity (Swap)	19	Synthetic Contracts (Swap)	-	-
Other Contracts	(13)	Other	-	-
<b>TOTAL</b>	<b><u>\$(18,247)</u></b>		<b><u>\$(782)</u></b>	

Valuation methods are more fully described in Note 2, *Summary of Significant Accounting Policies*, to the basic financial statements. CCCERA's derivative instruments that are not exchange traded, including any swaps, are valued using methods employed for debt securities. CCCERA's investment policy does not require collateral to be held for derivative investments.

Futures contracts are instruments that derive their value from underlying indices or reference rates and are marked-to-market daily. Settlement of gains or losses occur the following business day. As a result, those instruments and other similar instruments do not have a fair value at December 31, 2020, or any other trading day. Daily settlement of gains and losses enhances internal controls as it limits counterparty credit risk. Futures variation margin accounts are also settled daily and recognized in the financial statements

under net appreciation/(depreciation) in fair value as they are incurred.

Foreign currency contracts are obligations to buy or sell a currency at a contractual exchange rate and quantity on a specific date in the future. The fair value of the foreign currency forwards is the unrealized gain or loss calculated as the difference between the contractual exchange rate and the closing exchange rate as of December 31, 2020.

### Counterparty Credit Risk

Credit risk of cash securities containing derivative features is based upon the creditworthiness of the issuers of such securities. It includes the risk that counterparties to contracts will not perform and/or the public exchange will not meet its obligation to assume the counterparty risk. Exchange traded derivatives are generally considered to be of lower credit risk than over-the-counter derivatives due to the exchange's margin requirements.

The following Credit Risk Analysis schedule discloses the counterparty credit ratings of CCCERA's derivative investments as of December 31, 2020:

<b>Credit Risk Analysis</b>			
At December 31, 2020 (Dollars in Thousands)			
<i>Derivative Type</i>	<i>S&amp;P Credit Rating</i>		
	<i>Not Available or Not Rated</i>	<i>Exchange Traded</i>	<i>Total Fair Value</i>
<b>Assets:</b>			
Equity Contracts-Rights/Warrants	\$33	\$-	\$33
<b>Liabilities:</b>			
Equity Contracts-Options	-	(647)	(647)
Foreign Exchange Contracts-Forwards	(168)	-	(168)
<b>TOTAL</b>	<b><u>\$(135)</u></b>	<b><u>\$(647)</u></b>	<b><u>\$(782)</u></b>

### **Custodial Credit Risk**

The custodial credit risk for exchange traded derivative instruments is made in accordance with custodial credit risk disclosure requirements outlined in Generally Accepted Accounting Principles (GAAP). As of December 31, 2020, all of CCCERA's investments are held in CCCERA's name and are not subject to custodial credit risk.

### **Interest Rate Risk**

CCCERA's investment in interest rate contracts are highly sensitive to changes in interest rates. CCCERA measures interest rate risk using duration with varying maturities of less than three months to more than 10 years. The investment maturities for the majority of derivative investments are three months or less. The investment maturity of \$49 thousand of investments in derivatives is three to six months.

### **Foreign Currency Risk**

CCCERA is exposed to foreign currency risk on its various investments denominated in foreign currencies. Currency forward contracts are derivatives and generally serve to hedge or offset the impact of foreign currency exchange rate fluctuations. CCCERA does not have a formal policy on foreign currency risk.

### **Note 9. CONTRIBUTIONS**

Participating employers and active Plan members are required to contribute a percentage of covered salary to the Plan. This requirement is pursuant to Government Code Sections 31453.5, 31454 and 7522.52, for participating employers, and Government Code Sections 31621.6, 31639.25 and 7522.30 for active Plan members. The contribution requirements are established and may be amended

by the Board pursuant to Article 1 of CERL, which is consistent with the Plan's Actuarial Funding Policy. The contribution rates are adopted yearly, based on an annual actuarial valuation, conducted by an independent actuary, that considers the mortality, service (including age at entry into the Plan, if applicable, and tier), and compensation experience of the members and beneficiaries, and also includes an evaluation of the Plan's assets and liabilities. Participating employers may pay a portion of the active Plan members' contributions through negotiations and bargaining agreements subject to restrictions in CERL and PEPRRA.

Employers are required to contribute at an actuarially determined rate calculated on the alternate funding method permitted by Government Code Section 31453.5. Pursuant to provisions of CERL, the Retirement Board recommends annual contribution rates for approval by the Board of Supervisors. These contribution rates are determined in accordance with the Plan's Actuarial Funding Policy, which has the following goals:

1. To determine future contributions that, together with current plan assets, are expected to be sufficient to provide for all benefits provided by CCCERA;
2. To seek reasonable and equitable allocation of the cost of benefits over time including the goal that annual contributions should, to the extent reasonably possible, maintain a close relationship to both the expected cost of each year of service and to variations around that expected cost;
3. To manage and control future contribution volatility to the extent reasonably possible, consistent with other policy goals; and,
4. To support the general public policy goals of accountability and transparency by being

clear as to both intent and effect, allowing for an assessment of whether, how and when the plan sponsors will meet the funding requirements of the Plan.

The "Entry Age" method is used to determine the normal cost and the Actuarial Accrued Liability (AAL). Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize the Unfunded Actuarial Accrued Liability (UAAL). Normal cost under the Entry Age method is the annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement benefit if all underlying assumptions are met. The UAAL is the difference between the Actuarial Accrued Liability and the Actuarial Value of Assets.

The rates for Legacy members (those subject to a benefit formula in CERL) are set to provide a retirement benefit equal to a fractional portion of the highest year(s) salary, based on membership and tier. The rates for PEPRA members (new members on or after January 1, 2013) are equal to one-half the normal cost of their defined benefit plan.

The recommended average member contribution rate for CCCERA members is 11.97% of annual covered salary, based on the most recent valuation. Certain Safety members contribute an additional percent of base pay towards the employer's increase in cost of the enhanced (3% at 50) safety benefit. Contra Costa Fire Protection District members paid 3% of base pay through June 30, 2020 when subvention arrangements were discontinued. Certain Safety members at Moraga-Orinda Fire District contribute 9% of base pay pursuant to a Memorandum of Understanding through June 30, 2021. San Ramon Valley Fire District members contribute 8% of base pay. Member contributions

are refundable upon termination of employment.

As of December 31, 2020, Contra Costa County and six other CCCERA employers subsidize some portion of the employee basic retirement contribution for at least some employees.

During the year ended December 31, 2020, contributions totaled approximately \$449.9 million, which included \$336.4 million in employer contributions and \$113.5 million in employee contributions. The contribution figures also include employee and employer purchase, redeposit, and conversion amounts.

Government Code Section 31582(b) allows the Board of Supervisors to authorize the County auditor to make an advance payment of all or part of the County's estimated annual contribution to the retirement fund, provided that the payment is made no later than 30 days after the beginning of the County's fiscal year. If the advance is only a partial payment of the County's estimated annual contribution, remaining transfers will be done monthly or at the end of each pay period until the total amount required for the year is contributed.

Government Code Section 31582(b) was amended in July 17, 2017 with Senate Bill 671 approved by the Governor, to also allow the Board of Supervisors to authorize the County Auditor to make a second advance payment for an additional year or partial year of contributions, provided that the payment is made no later than 30 days after the beginning of the County's fiscal year.

Government Code Section 31585(c) allows governing bodies of employer districts authorization for the same appropriations and transfers for all, part, or second additional annual advance payments. Contra Costa County and nine other participating employer districts "prepay" or make advance payments of all of the employer's estimated

annual contributions discounted by the assumed interest rate in effect on July 1. At the end of the fiscal year, a "true-up" is completed and employers are either billed for an underpayment or apply their overpayment towards the following year contributions.

Ten-year historical trend information, designed to provide information about CCCERA's progress in accumulating sufficient assets to pay benefits when due, is presented in the Actuarial Section of this report on page 95 .

As noted in Note 1, *Plan Description*, the Governor approved Assembly Bill 1380 (AB 1380) in September 2013, which makes various technical corrections and conforming changes that align CERL with the provisions of PEPRA. In particular, the bill stipulates that the Board may, but is not required to, round the member contribution rates for PEPRA members to the nearest quarter of one percent, and those rates may be adjusted for any change in the normal cost rate. AB 1380 was effective January 1, 2014. On January 22, 2014, CCCERA's Board exercised the discretion made available by AB 1380 to no longer round the member's contribution rates for PEPRA members to the nearest quarter of one percent as previously required. This should allow for exactly one-half of the normal cost to be paid by the employees and by the employers covered under the PEPRA plan.

The CERL requires an actuarial valuation be performed at least every three years for the purpose of measuring the Plan's funding progress and setting contribution rates. CCCERA exceeds this requirement by engaging an independent actuarial consulting firm to perform an actuarial valuation for the pension plan annually. The purpose of the valuation is to evaluate the assets and liabilities of the Plan and determine necessary changes in member and employer contribution rates. The actuarial assumptions and methods

have been selected in order to help ensure the systematic funding of future benefit payments for CCCERA members, and to maintain equity among generations of participants and taxpayers.

Actuarial standards guide the frequency to which an investigation of experience (experience study) is performed. CCCERA engages an independent actuarial consulting firm to perform the experience study at least every three years. The economic and demographic assumptions are reviewed and updated as required each time an experience study is performed. If assumptions are modified as a result of the experience study, member and employer contribution requirements are adjusted to take into account the change in the projected experience of the Plan. The most recent complete review of economic and demographic assumptions was for the period January 1, 2015 through December 31, 2017.

The latest actuarial valuation as of December 31, 2019 discloses the actuarial value of assets at \$9.1 billion with an actuarial accrued liability of \$10.1 billion for a funded ratio of 90.6%. The UAAL is \$0.9 billion, which is 101.0% of the \$937.5 million projected covered payroll. A schedule of CCCERA's funding progress may be found in the Actuarial Section on page 95. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time. Additional information regarding the actuarial methods and significant assumptions used as of the latest actuarial valuation of plan assets and liabilities is shown in the following table.

**Methods and Assumptions Used to Establish Actuarially Determined Contribution Rates**

<b>Valuation Date</b>	Actuarially determined contribution rates are calculated as of December 31, two and a half years prior to the end of the fiscal year in which contributions are reported.
<b>Actuarial Cost Method</b>	Entry Age Actuarial Cost Method
<b>Amortization Method</b>	Level Percent of payroll for total unfunded liability (3.25% payroll growth assumed)
<b>Amortization Period</b>	The UAAL (i.e., the difference between the AAL and the Valuation Value of Assets) as of December 31, 2014 will continue to be amortized over separate amortization layers based on the valuations during which each separate layer was previously established. <ul style="list-style-type: none"> <li>Any new UAAL as a result of actuarial gains or losses identified in the annual valuation as of December 31 will be amortized over a period of 18 years.</li> <li>Any new UAAL as a result of change in actuarial assumptions or methods will be amortized over a period of 18 years.</li> </ul>
<b>Remaining Amortization Period</b>	Remaining balance of December 31, 2007 UAAL is amortized over a fixed (decreasing or closed) period with 3 years remaining as of December 31, 2019. Any changes in UAAL after December 31, 2007 will be separately amortized over a fixed 18-year period effective with that valuation. Effective December 31, 2013, any changes in UAAL due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 10-year fixed period effective with that valuation. The entire increase in UAAL resulting from a temporary retirement incentive will be funded in full upon adoption of the incentive.
<b>Asset Valuation Method</b>	Fair value of assets less unrecognized returns in each of the last nine semi-annual accounting periods. Unrecognized return is equal to the difference between the actual market return and the expected return on the fair value, and is recognized semi-annually over a five-year period. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves and designations.
<b>Actuarial Assumptions:</b>	
Investment Rate of Return	7.00%, net of pension plan investment expenses, including inflation
Inflation Rate	2.75%
Administrative Expenses for December 31, 2019 Valuation	1.14% of payroll allocated to both the employer and member based on the components of the normal cost rates for the employer and member
Real Across-the-Board Salary Increases	0.50%
Projected Salary Increases - General	3.75% to 15.25% <sup>(1)</sup>
Projected Salary Increases - Safety	4.25% to 16.25% <sup>(1)</sup>
Cost-of-Living Adjustments	2.75% per year except for Safety Tier C, PEPRA Tier E benefits and PEPRA Tier 4 (2% COLA) and Tier 5 (2% COLA) benefits for members covered under certain memoranda of understanding are assumed to increase at 2% per year. All increases are contingent upon actual increases in Consumer Price Index (CPI).
Other Assumptions	Same as those used in the December 31, 2019 funding actuarial valuation.

<sup>(1)</sup>Includes inflation at 2.75%, plus "across-the-board" salary increases of 0.50%, plus promotional and merit increases that vary by service for December 31, 2019.

**OPEB Contributions**

On January 23, 2019, the Board adopted a funding policy to contribute to the OPEB Trust equal to the Actuarially Determined Contribution (ADC) each year. The latest OPEB biennial valuation as of December 31, 2020 defined the ADC as the annual service cost, plus an amount to amortize the net OPEB liability over 10 years from 2019 on a level dollar basis, plus interest to account for the timing of contributions during the year. The chart

below details the ADC used as of December 31, 2020:

<b>OPEB Actuarially Determined Contribution (ADC)</b>	
As of December 31, 2020 (Dollars in Thousands)	
	<b>2020</b>
Service Cost as of January 1, 2020	\$186
Amortization of net OPEB liability as of December 31, 2020	66
Interest to January 1, 2021	16
<b>ADC as of January 1, 2021</b>	<b>\$268</b>



**Note 10.**  
**RESERVES AND DESIGNATIONS**

All employer and Plan member contributions are allocated to various reserve accounts based on the recommendation of the Plan's actuary, as approved by the Board and, where applicable, as required by CERL. CCCERA currently does not set aside a separate reserve for purposes of benefit increases or reduced employer contributions. Reserves are established from employer and member contributions and the accumulations of investment income after satisfying investment and administrative expenses. The reserves do not represent the present value of assets needed, as determined by actuarial valuation, to satisfy retirements and other benefits as they become due. Following are brief explanations of the major classes of reserves and designations used by CCCERA:

**Member Deposits Reserve** represents the balance of members' accumulated contributions. Additions include member contributions and credited interest; deductions include refunds of member contributions and transfers to Retired Member Reserve upon retirement.

**Employer Advance Reserve** represents the balance of employer contributions for future retirement payments to current active members. Additions include contributions from the employer and related earnings; deductions include transfers to Retired Member Reserve, lump sum death benefits, and supplemental disability payments under legislated rehabilitation programs.

**Retired Member Reserve** represents transfers of accumulated contributions of members who have retired, employer contributions needed to fund retired member benefits as determined by the actuary and credited interest less payments to retired members.

**Contra Tracking Account** represents the amount of interest credited to the reserve accounts that has not been paid for out of current or excess earnings. A balance in this account is the result of applying the full interest crediting policy of the Board and will be reduced to zero before replenishing the Contingency Reserve or allocating earnings to any discretionary uses.

**Post Retirement Death Benefit Reserve** represents the balance of transfers from excess earnings and related earnings, less lump sum death benefit payments to the beneficiaries of retirees.

**Contingency Reserve** represents reserves accumulated for future earnings deficiencies, investment losses and other contingencies. Additions include investment income and other revenues. Deductions include investment expenses, administrative expenses, interest allocated to other reserves, funding of Supplemental COLA, and transfers of excess earnings to other Reserves and other Designations. The Contingency Reserve is used to satisfy the California Government Code requirement that CCCERA reserve one percent of its assets against deficiencies in interest earnings in other years, losses on investments, and other contingencies. As of December 31, 2003, the Contingency Reserve was completely used to pay interest to the reserve accounts. This account will be replenished in subsequent periods when there are sufficient earnings according to the interest crediting policy for CCCERA.

**Total Deferred Return** represents the unrecognized return after smoothing of investment gains and losses based on a five-year smoothing method. This method smoothes only the semi-annual deviation of total market return (net of expenses) from the actuarial assumption, currently 7.00 percent per annum.

Reserves and designated fiduciary net position as of December 31, 2020 and 2019 are as follows:

	2020		2019	
	Pension Plan	OPEB Trust	Pension Plan	OPEB Trust
<b>Reserved and Designated Fiduciary Net Position</b>				
As of December 31, 2020 and 2019 (Dollars in Thousands)				
<b>Valuation Reserves:</b>				
<b>Member Deposits Reserve</b>				
Basic	\$973,635		\$901,226	
Cost-of-Living	503,100		471,546	
<b>Employer Advance Reserve</b>				
Basic	2,759,387		2,507,971	
Cost-of-Living	1,129,650		1,134,373	
<b>Retired Member Reserve</b>				
Basic	3,735,883		3,621,508	
Cost-of-Living	2,952,638		2,704,580	
New Dollar Power Cost-of-Living Supplement	271		1,431	
<b>Contra Tracking Account</b>	<b>(2,392,281)</b>		<b>(2,213,966)</b>	
<b>TOTAL VALUATION RESERVES</b>	<b>9,662,283</b>		<b>9,128,669</b>	
<b>Supplemental Reserves:</b>				
<b>Post Retirement Death Benefit Reserve</b>	<b>16,225</b>		<b>15,912</b>	
<b>Other Reserves/ Designations</b>				
Contingency Reserve (one percent)	-		-	
<b>TOTAL ALLOCATED RESERVES/ DESIGNATIONS</b>	<b>9,678,508</b>		<b>9,144,581</b>	
<b>TOTAL DEFERRED RETURN</b>	<b>391,730</b>		<b>112,432</b>	
<b>OPEB TRUST</b>		<b>\$4,666</b>		<b>\$3,630</b>
<b>NET POSITION - RESTRICTED FOR PENSIONS</b>	<b>\$10,070,238</b>	<b>\$4,666</b>	<b>\$9,257,013</b>	<b>\$3,630</b>

## Note 11. LEASE OBLIGATION

The CCCERA headquarters moved effective September 1, 2019 to 1200 Concord Avenue, Suite 300, Concord, California. In March 2019, CCCERA entered into a 10 year operating lease agreement with 1200 Concord, LLC to occupy over 20,000 square feet of office space on the 3rd floor. The lease expires September 1, 2029.

The future minimum rental payment as of December 31, 2020 for the current lease is as follows:

<b>Lease Obligation</b>	
<b>Year Ending December 31</b>	<b>Amount</b>
2021	\$671,437
2022	691,580
2023	712,328
2024	733,697
2026	755,708
2027	778,380
2028	801,731
2029*	825,783

\*Lease expires September 1, 2029

## Note 12. PAULSON LAWSUIT SETTLEMENT

During the year ended December 31, 1999, CCCERA settled its litigation, entitled *Vernon D. Paulson, et al. vs. Board of Retirement of the Contra Costa County Employees' Retirement Association, et al.* The lawsuit was brought on behalf of a class of retired members of CCCERA regarding the inclusions and the exclusions from "final" compensation that are used in calculating members' retirement benefits. A settlement agreement was entered into with all parties and each employer invoiced for their share of the \$34.2 million additional liability plus interest up to the date of the payment. All employers except

Contra Costa County have paid off their liability. Contra Costa County chose to pay its share of the liability due over 19.5 years and entered into an agreement with CCCERA. The following summary lists the pertinent details of the County's agreement plus the amounts due at December 31, 2020.

<b>Installment Payments Due from Paulson Final Liability</b> (Dollars in Thousands)	
<b>Contra Costa County</b>	
<b>Agreement Details:</b>	
Effective Date of Agreement	December 16, 2003
First Payment Due	August 1, 2004
Last Payment Due	February 1, 2024
Rate of Interest	8%
<b>Annual Principal and Interest Payment</b>	<b>\$2,760</b>
<b>Original Principal</b>	<b>\$28,065</b>
<b>Receivable at December 31, 2020:</b>	
Future Principal Payments	\$8,146
Interest Accrued for 2020	272
	<b>\$8,418</b>

**Note 13.**  
**LITIGATION, COMMITMENTS, AND CONTINGENCIES**

CCCERA is subject to legal proceedings and claims arising in the ordinary course of its operations. CCCERA's management and legal counsel estimate that the ultimate outcome of such litigation will not have a material effect on CCCERA's financial statements.

On November 28, 2012, the Contra Costa County Deputy Sheriffs Association (DSA) and other employee groups filed a petition for a writ of mandate with the Contra Costa County Superior Court, seeking to prevent CCCERA from implementing AB 197. AB 197 added Subdivision 31461(b) to the CERL, mandating certain exclusions from compensation for retirement purposes. Final judgment was entered on May 12, 2014, and the matter has been appealed. Final

resolution of this lawsuit in the courts could take several years.

On August 21, 2014, the DSA and other employee groups filed a petition for a writ of mandate with the Contra Costa County Superior Court, seeking a permanent injunction requiring CCCERA to include multiple in-service leave cash outs in pensionable pay so long as the cash outs were paid or payable during the final average salary period. The lawsuit is related to the 2012 lawsuit referenced above, in that it involves questions regarding whether certain leave payments are "earned and payable" in the final average salary period and therefore pensionable. Final resolution in the court could take several years.

A CCCERA retired member, Peter Nowicki, filed a claim challenging the Board's decision to reduce his retirement allowance after the exclusion of excess compensation determined to have been improperly increased by the member.

A CCCERA retired member, Jon Wilmot, filed a claim challenging the Board's decision to reduce his retirement allowance as mandated by applicable felony forfeiture law following the member's conviction for a job-related felony. The Court of Appeal upheld the felony forfeiture. On May 12, 2021, the California Supreme Court denied Wilmot's petition for review.

As of December 31, 2020, CCCERA was committed to future investments in real estate of \$243.3 million and \$749.9 million in alternative investments.

**NOTE 14.**  
**ADMINISTRATIVE EXPENSES**

The Board of Retirement annually adopts the operating budget for the administration of CCCERA. The administrative expenses are charged against the earnings of the Plan.

California Government Code Section 31580.2(a) states that the annual budget for administrative expenses of a CERL retirement system may not exceed the greater of either of the following:

1. Twenty-one hundredths of one percent (0.21 percent) of the actuarial accrued liability of the retirement system or,
2. Two million dollars (\$2,000,000), as adjusted annually by the amount of the annual cost-of-living adjustment computed in accordance with Article 16.5 (commencing with Section 31870).

CCCERA has adopted the provisions of CERL which allows CCCERA to exclude actuarial, investment, legal, and disaster recovery costs from administrative expenses subject to the budget limits described above. Therefore, actuarial and investment costs are offset against investment income, and legal and disaster recovery costs are all reported on the Statement of Changes in Fiduciary Net Position as other expense.

The Board approved the administrative budget for fiscal year 2021 on November 18, 2020, which was prepared based upon the twenty-one hundredths of one percent (0.21 percent) CERL limit.

The following budget-to-actual analysis of administrative expenses as of December 31, 2020 and December 31, 2019 is based upon the budgets as approved by the CCCERA Board in comparison to actual administrative expenses:

<b>Budget-to-Actual Analysis of Pension Plan Administrative Expense</b>		
As of December 31, 2020 and 2019 (Dollars in Thousands)		
	2020	2019
Basis for Budget Limitation, Actuarial Accrued Liability (AAL) <sup>(1)</sup>	\$9,682,144	\$9,239,247
Maximum Allowable For Administrative Expenses (AAL x 0.21%)	20,333	19,402
Approved Administrative Budget	11,781	10,761
Actual Administrative Expenses	(10,750)	(10,200)
Actual Expenses (over) under Administrative Budget	<u>\$1,031</u>	<u>\$561</u>
Actual Administrative Expenses	\$10,750	\$10,200
Actuarial Accrued Liability (AAL)	9,682,144	9,239,247
Actual Administrative Expenses as a Percentage of AAL	<u>0.11%</u>	<u>0.11%</u>
Statutory Limit Allowable For Administrative Expenses per CERL		0.21%

<sup>(1)</sup>The AAL, as determined by CCCERA's actuary each year, is used to calculate the statutory limit for administrative expenses for the year after next. For example, the AAL as of December 31, 2018 was approved by the Board in October 2019, and was used to establish the statutory limit for budgeted administrative expenses for the year ended December 31, 2020.

**Note 15.**  
**SUBSEQUENT EVENTS**

In compliance with governmental accounting standards generally accepted in the United States of America, management has evaluated events that have occurred after year-end December 31, 2020 through June 23, 2021, the date the financial statements were issued, to determine if these events are required to be disclosed in these financial statements.

On February 24, 2021, the Board authorized the Chief Executive Officer to execute a six year agreement with Milliman, Inc. to provide actuarial consulting services relating to CCCERA's OPEB Trust beginning with 2020.

On April 14, 2021, the Board authorized the Chief Executive Officer to execute an agreement with Sagitec Solutions LLC to provide pension administration system software, implementation, hosting and support services in an amount not to exceed \$13 million.

CCCERA did not have any other events requiring recording or disclosure in the financial statements for the year ended December 31, 2020.

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF CHANGES IN NET PENSION LIABILITY & RELATED RATIOS

The schedule of changes in net pension liability and related ratios displays the components of the total pension liability and plan fiduciary net position for the pension plan, calculated in conformity with the requirements of GASB 67. Covered payroll represents payroll on which contributions to the pension plan are based.

<b>Schedule of Changes in Net Pension Liability and Related Ratios</b>								
For the Years Ended December 31, 2013 through 2020*								
(Dollars in Thousands)								
<b>Year Ended December 31</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Total Pension Liability</b>								
Service cost	\$238,569	\$231,469	\$229,098	\$212,258	\$202,697	\$192,923	\$192,257	\$196,463
Interest	707,427	678,035	647,734	616,273	591,972	582,343	561,216	564,441
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(10,633)	119,869	52,853	(29,192)	(19,957)	(62,118)	(183,605)	(77,223)
Changes of assumptions or other inputs <sup>(1)</sup>	(17,638)	-	(92,419)	-	-	72,186	(76)	(232,887)
Benefit payments, including refunds of employee contributions	(507,135)	(486,305)	(461,254)	(436,295)	(419,446)	(406,236)	(394,948)	(374,639)
<b>Net Change in Total Pension Liability</b>	<b>410,590</b>	<b>543,068</b>	<b>376,012</b>	<b>363,043</b>	<b>355,266</b>	<b>379,098</b>	<b>174,844</b>	<b>76,156</b>
<b>Total Pension Liability - Beginning</b>	<b>10,121,098</b>	<b>9,578,030</b>	<b>9,202,018</b>	<b>8,838,975</b>	<b>8,483,709</b>	<b>8,104,611</b>	<b>7,929,767</b>	<b>7,853,611</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$10,531,688</b>	<b>\$10,121,098</b>	<b>\$9,578,030</b>	<b>\$9,202,018</b>	<b>\$8,838,975</b>	<b>\$8,483,709</b>	<b>\$8,104,611</b>	<b>\$7,929,767</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer <sup>(2)</sup>	\$336,357	\$327,983	\$325,117	\$314,836	\$307,909	\$323,720	\$293,760	\$235,017
Contributions- plan members <sup>(2)</sup>	113,494	108,488	103,541	96,467	88,788	85,360	78,258	72,373
Net investment income (loss), including prepayment discount	882,394	1,168,171	(195,031)	987,416	493,874	73,611	480,502	877,761
Benefit payments, including refunds of employee contributions	(507,135)	(486,305)	(461,254)	(436,295)	(419,446)	(406,236)	(394,948)	(374,639)
Administrative expense	(10,750)	(10,200)	(9,337)	(9,146)	(8,486)	(8,115)	(6,980)	(6,776)
Other	(1,135)	(1,110)	(3,631)	(1,217)	(701)	(668)	-	-
<b>Net Changes in Plan Fiduciary Net Position</b>	<b>813,225</b>	<b>1,107,027</b>	<b>(240,595)</b>	<b>952,061</b>	<b>461,938</b>	<b>67,672</b>	<b>450,592</b>	<b>803,736</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>9,257,013</b>	<b>8,149,986</b>	<b>8,390,581</b>	<b>7,438,520</b>	<b>6,976,582</b>	<b>6,908,910</b>	<b>6,458,318</b>	<b>5,654,581</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$10,070,238</b>	<b>\$9,257,013</b>	<b>\$8,149,986</b>	<b>\$8,390,581</b>	<b>\$7,438,520</b>	<b>\$6,976,582</b>	<b>\$6,908,910</b>	<b>6,458,318</b>
<b>Net Pension Liability (a) - (b) = (c)</b>	<b>\$461,450</b>	<b>\$864,085</b>	<b>\$1,428,044</b>	<b>\$811,437</b>	<b>\$1,400,455</b>	<b>\$1,507,127</b>	<b>\$1,195,701</b>	<b>\$1,471,449</b>
<b>PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY (b) / (a)</b>								
	<b>95.6%</b>	<b>91.5%</b>	<b>85.1%</b>	<b>91.2%</b>	<b>84.2%</b>	<b>82.2%</b>	<b>85.3%</b>	<b>81.4%</b>
<b>COVERED PAYROLL (d)</b>								
	<b>\$943,422</b>	<b>\$892,379</b>	<b>\$850,929</b>	<b>\$809,960</b>	<b>\$755,139</b>	<b>\$709,819</b>	<b>\$671,486</b>	<b>\$638,636</b>
<b>NET PENSION LIABILITY AS PERCENTAGE OF COVERED PAYROLL (c) / (d)</b>								
	<b>48.9%</b>	<b>96.8%</b>	<b>167.8%</b>	<b>100.2%</b>	<b>185.5%</b>	<b>212.3%</b>	<b>178.1%</b>	<b>230.4%</b>

\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(1) For the December 31, 2020 measurement date, this is due to a refinement to the Entry Age actuarial cost method calculation of the TPL for active reciprocal members. (2) In accordance with GASB Statement No. 82, starting with the year ended December 31, 2016, employer-paid member contributions (employer subvention) are classified as Plan Member Contributions. Vice versa, plan member-paid employer contributions (reverse subvention) are classified as Employer Contributions.

## SCHEDULE OF EMPLOYER CONTRIBUTIONS

### Schedule of Employer Contributions

For the Years 2011 through 2020  
(Dollars in Thousands)

Year Ended December 31	Actuarially Determined Contributions (a)	Contributions in Relation to the Actuarially Determined Contributions (b) <sup>(1)</sup>	Contribution Deficiency/ (Excess) (b) - (a)	Covered Payroll (c) <sup>(2)</sup>	Contributions as a Percentage of Covered Payroll (b) / (c)
2011	\$200,389	\$200,389	\$-	\$687,443	29.15%
2012	212,321	212,321	-	666,394	31.86%
2013	228,017	228,017 (3)	-	638,636	35.70%
2014	288,760	288,760 (4)	-	671,486	43.00%
2015	321,220	321,220 (5)	-	709,819	45.25%
2016	307,909	307,909	-	755,139	40.78%
2017	314,512	314,512 (6)	-	809,960	38.83%
2018	324,863	324,863 (7)	-	850,929	38.18%
2019	326,717	326,717 (8)	-	892,379	36.61%
2020	336,067	336,067 (9)	-	943,422	35.62%

(1) Starting with the year ended December 31, 2016, includes "member subvention of employer contributions" and excludes "employer subvention of member contributions". Prior to that year, the contributions excluded "member subvention of employer contributions" and included "employer subvention of member contributions". (2) Covered payroll represents payroll on which contributions to the pension plan are based. (3) Excludes additional contributions towards UAAL of \$7,000,000. (4) Excludes additional contributions towards UAAL of \$5,000,000. (5) Excludes additional contributions towards UAAL of \$2,500,000. (6) Excludes additional contributions towards UAAL of \$324,000. (7) Excludes additional contributions towards UAAL of \$254,000. (8) Excludes additional contributions towards UAAL of \$1,266,000. (9) Excludes additional contributions towards UAAL of \$290,000.

## SCHEDULE OF INVESTMENT RETURNS

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the timing of cash flows and the changing amounts actually invested.

### Schedule of Investment Returns

For the Years 2013 through 2020\*

For Years	2020	2019	2018	2017	2016	2015	2014	2013
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.50%	14.26%	-2.18%	13.23%	7.10%	1.19%	7.51%	15.62%

\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

### Note 1. SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

The total pension liability contained in this schedule was provided by the Plan's actuary, Segal Consulting. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the Plan.

### Note 2 SCHEDULE OF EMPLOYER CONTRIBUTIONS

The required employer contributions and percent of those contributions actually made are presented in this schedule. Actuarial assumptions used for this schedule are presented in the following table.

<b>Additional Actuarial Information for 2020</b> Methods and Assumptions Used to Establish Actuarially Determined Contribution Rates:		
<b>Valuation Date</b>	Actuarial determined contribution rates are calculated as of December 31, two and a half years prior to the end of the fiscal year in which contributions are reported.	
<b>Actuarial Cost Method</b>	Entry Age Actuarial Cost Method	
<b>Amortization Method</b>	Level Percent of Payroll	
<b>Remaining Amortization Period</b>	Remaining balance of December 31, 2007 UAAL is amortized over a fixed (decreasing or closed) period with 3 years remaining as of December 31, 2019. Any changes in UAAL after December 31, 2007 will be separately amortized over a fixed 18-year period effective with that valuation. Effective December 31, 2013, any changes in UAAL due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 10-year fixed period effective with that valuation. The entire increase in UAAL resulting from a temporary retirement incentive will be funded in full upon adoption of the incentive.	
<b>Asset Valuation Method</b>	Fair value of assets less unrecognized returns in each of the last nine semi-annual accounting periods. Unrecognized return is equal to the difference between the actual market return and the expected return on the fair value, and is recognized semi-annually over a five-year period. The Actual Value of Assets is reduced by the value of the non-valuation reserves and designations.	
<b>Actuarial Assumptions:</b>		
<b>Valuation Date:</b>	<b>December 31, 2018 Valuation Date<sup>(1)</sup></b>	<b>December 31, 2017 Valuation Date<sup>(1)</sup></b>
Investment Rate of Return	7.00%, net of pension plan investment expenses, including inflation	7.00%, net of pension plan investment expenses, including inflation
Inflation Rate	2.75%	2.75%
Administrative Expenses	1.10% of payroll allocated to both the employer and member based on the components of the Normal Cost rates for the employer and member	1.13% of payroll allocated to both the employer and member based on the components of the Normal Cost rates for the employer and member
Real Across-the-Board Salary Increases	0.50%	0.50%
Projected Salary Increases <sup>(2)</sup>	General 3.75% to 15.25% and Safety 4.25% to 16.25%	General 4.0% to 13.25% and Safety 4.00% to 13.75%
Cost-of-Living Adjustments	"2.75% per year except for Safety Tier C, PEPRA Tier E benefits and PEPRA Tier 4 (2% COLA) and Tier 5 (2% COLA) benefits for members covered under certain memoranda of understanding are assumed to increase at 2% per year. All increases are contingent upon actual increases in CPI."	"2.75% per year except for Safety Tier C, PEPRA Tier E benefits and PEPRA Tier 4 (2% COLA) and Tier 5 (2% COLA) benefits for members covered under certain memoranda of understanding are assumed to increase at 2% per year. All increases are contingent upon actual increases in CPI."
Other Assumptions	Same as those that will be used in the December 31, 2018 funding actuarial valuation	Same as those that will be used in the December 31, 2017 funding actuarial valuation

<sup>(1)</sup> Actuarially determined contribution rates for the first six months of calendar year 2020 (or the second half of fiscal year 2019-2020) are calculated based on the December 31, 2017 valuation. Actuarially determined contribution rates for the last six months of calendar year 2020 (or the first half of fiscal year 2020-2021) are calculated based on the December 31, 2018 valuation.

<sup>(2)</sup> For December 31 2018 and December 31, 2017 valuation dates, includes inflation of 2.75% plus real across-the-board salary increases of 0.50% plus merit and promotion increases that vary by service.



The information presented in the required supplementary schedules was determined as part of the Governmental Accounting Standards Board (GASB) 67 actuarial valuation as of December 31, 2020 provided by the Plan's actuary. Additional information as of the actuarial valuation as of December 31, 2019 is in the Actuarial Section.

CCCERA implemented GASB Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73 (GASB 82)*, during the fiscal year ended December 31, 2017. GASB 82 was issued to address definition of payroll-related measures such as using covered payroll instead of covered-employee payroll; the selection of assumptions used to determine total pension liability and related measures; and classification of payments made by employers to satisfy employee contribution requirements.

## Other Post-Employment Benefits (OPEB) - SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
 For Years Ended December 31, 2018 through 2020\*  
 (Dollars in Thousands)

	2020	2019	2018
<b>Total OPEB Liability</b>			
Service cost	\$192	\$180	\$180
Interest on the total OPEB liability	358	299	299
Changes in benefit terms	329	-	-
Differences between actual and expected experience with regard to economic or demographic factors	(517)	-	-
Changes of assumptions	(336)	-	-
Benefit payments <sup>(1)</sup>	(73)	(50)	(50)
<b>Net Change in Total OPEB Liability</b>	<b>(47)</b>	<b>429</b>	<b>429</b>
<b>Total OPEB Liability - Beginning</b>	<b>5,139</b>	<b>4,710</b>	<b>4,281</b>
<b>Total OPEB Liability<sup>(2)</sup> - Ending (a)</b>	<b>\$5,092</b>	<b>\$5,139</b>	<b>\$4,710</b>
<b>OPEB Trust Fiduciary Net Position</b>			
Contributions - employer <sup>(3)</sup>	\$536	\$828	\$2,542
Net Investment Income	566	313	-
Administrative expenses	(66)	(53)	-
<b>Net Change in OPEB Trust Fiduciary Net Position</b>	<b>1,036</b>	<b>1,088</b>	<b>2,542</b>
<b>OPEB Trust Fiduciary Net Position - Beginning</b>	<b>3,630</b>	<b>2,542</b>	<b>-</b>
<b>OPEB Trust Fiduciary Net Position - Ending (b)</b>	<b>\$4,666</b>	<b>\$3,630</b>	<b>\$2,542</b>
<b>Net OPEB Liability (a) - (b) = (c)</b>	<b>\$426</b>	<b>\$1,509</b>	<b>\$2,168</b>
<b>OPEB TRUST FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY (b) / (a)</b>	<b>91.6%</b>	<b>70.6%</b>	<b>54.0%</b>
<b>COVERED PAYROLL (d)</b>	<b>\$5,910</b>	<b>\$5,385</b>	<b>\$4,997</b>
<b>NET POSITION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL (c) / (d)</b>	<b>7.2%</b>	<b>28.0%</b>	<b>43.4%</b>

\* Schedule is intended to show information for 10 years. Additional information will be displayed as it becomes available.

(1) The benefit payment shown is equal to the annual pay-as-you-go cost of \$66,000 as reported by CCCERA for the fiscal year ending December 31, 2020, increased by \$7,000 to reflect the estimated implicit subsidy.

(2) Total OPEB Liability as of December 31, 2020 is determined by an full actuarial valuation as prepared by Milliman Inc., on a biennial basis or within 24 months of the OPEB Trust's most recent fiscal year-end in accordance with GASB Statements Nos. 74 and 75.

(3) CCCERA's annual pay-as-you-go cost was reimbursed from the OPEB trust; this contribution amount includes the \$7,000 estimated implicit subsidy.

## Other Post-Employment Benefits (OPEB) - SCHEDULE OF CONTRIBUTION HISTORY

### Schedule of Contribution History

For Years Ended December 31, 2018 through 2020  
 (Dollars in Thousands)

Fiscal Year	Actuarially Determined Contributions (a)	Contributions in Relation to the Actuarially Determined Contributions (b)	Contribution Deficiency/ (Excess) (b) - (a)	Covered Payroll (c) <sup>(1)</sup>	Contributions as a Percentage of Covered Payroll (b) / (c)
2018	\$536	\$2,542	\$-	\$4,997	50.9%
2019	536	828	-	5,385	15.4%
2020	268	536	-	5,910	9.1%

(1) Covered payroll is informational only and does not represent how employer contributions to the OPEB Trust are funded.

## Other Post-Employment Benefits (OPEB) - SCHEDULE OF DEFERRED (INFLOWS) / OUTFLOWS OF RESOURCES

### Schedule of Deferred (Inflows) / Outflows of Resources

As of December 31, 2020

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$(457)	\$-
Changes of assumptions	(297)	-
Net difference between projected and actual earnings	(244)	-
Contributions made subsequent to measurement date	-	-
<b>TOTAL</b>	<b>\$(998)</b>	<b>\$-</b>

Amounts currently reported as deferred inflows of resources and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31	Recognized Deferred (Inflows) and Outflows of Resources
2021	\$(160)
2022	(160)
2023	(160)
2024	(160)
2025	(99)
Thereafter	(259)

## Other Post-Employment Benefits (OPEB) - SCHEDULE OF INVESTMENT RETURNS

### Schedule of Investment Returns

For Years Ended December 31, 2018 through 2020

For Years	2020	2019	2018
Total portfolio performance returns, net of investment expenses	13.12%	15.38%	0.01%

## **Other Post-Employment Benefits (OPEB) - NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

### **Note 1. SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**

The schedule of changes in net OPEB liability and related ratios displays the components of the total OPEB liability and OPEB Trust fiduciary net position, calculated in conformity with the requirements of GASB 74. GASB 74 allows for an actuarial valuation to be biennial or within 24 months of the OPEB Trust's most recent fiscal year-end. Covered payroll is informational only and does not represent how employer contributions to the OPEB Trust are based.

### **Note 2. SCHEDULE OF CONTRIBUTION HISTORY**

On January 23, 2019, the Board adopted a funding policy to contribute to the OPEB Trust equal to the Actuarially Determined Contribution (ADC) each year. On July 24, 2019, the Board adopted a policy to change the amortization period and fully fund the ADC from 30 years to 10 years. For the 2020 valuation, the ADC is defined as the annual service cost, plus an amount to amortize the net OPEB liability over 10 years from 2018 on a level dollar basis, plus interest to account for the timing of contributions during the year.

### **Note 3. SCHEDULE OF DEFERRED (INFLOWS)/ DEFERRED OUTFLOWS OF RESOURCES**

Investment (gains)/losses are recognized in OPEB expense over a period of 5 years. Economic/demographic (gains)/ losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

### **Note 4. SCHEDULE OF INVESTMENT RETURNS**

The required disclosure about factors that significantly affect trends in the total portfolio performance return is not provided as only three years' rates are available. As additional years' performance returns become available, CCCERA will disclose factors that significantly affect trends in the rate of return.

## OTHER SUPPLEMENTARY INFORMATION SCHEDULE OF ADMINISTRATIVE EXPENSES

### Schedule of Administrative Expenses

For the Year Ended December 31, 2020 (with Comparative Totals)  
(Dollars in Thousands)

	2020		2019	
	Pension Plan	OPEB Trust	Pension Plan	OPEB Trust
<b>Personnel Services:</b>				
Salaries and Wages	\$4,888	\$-	\$4,667	\$-
Employee Benefits and Retirement	3,541	66	3,460	53
<b>TOTAL PERSONNEL SERVICES</b>	<b>8,429</b>	<b>66</b>	<b>8,127</b>	<b>53</b>
<b>Operational Expenses:</b>				
<b>Professional Services:</b>				
Audit Services	69	-	134	-
Actuary - Benefit Statements	82	-	83	-
Disability Hearing/Medical Reviews	132	-	104	-
Other Professional Services	20	-	4	-
Total Professional Services	303	-	325	-
<b>Office Expenses:</b>				
Office Lease	464	-	402	-
Telephone & Internet Services	88	-	92	-
Equipment Lease & Maintenance	24	-	25	-
Furniture & Equipment	5	-	12	-
Office Supplies & Maintenance	43	-	121	-
Printing & Postage	161	-	124	-
Training & Education	47	-	86	-
Travel & Transportation	13	-	85	-
Insurance	293	-	260	-
Total Office Expenses	1,138	-	1,207	-
<b>Information Technology (IT) Systems:</b>				
Support Service & Software Contracts	345	-	353	-
Hardware & Equipment Maintenance	28	-	14	-
Project Consulting	269	-	42	-
Total IT Systems	642	-	409	-
<b>ASSETS DEPRECIATION/AMORTIZATION</b>	<b>238</b>	<b>-</b>	<b>132</b>	<b>-</b>
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>\$10,750</b>	<b>\$66</b>	<b>\$10,200</b>	<b>\$53</b>

## SCHEDULE OF INVESTMENT EXPENSES

### Schedule of Investment Expenses

For the Year Ended December 31, 2020 (with Comparative Totals)  
(Dollars in Thousands)

	2020		2019	
	Pension Plan	OPEB Trust	Pension Plan	OPEB Trust
<b>Investment Management Fees, by portfolio:</b>				
<b>Equities Managers</b>				
Domestic Equity	\$3,521	\$-	\$4,183	\$-
Global & International Equity	2,667	-	2,441	-
Real Estate - REIT	408	-	438	-
Public Market Commingled Funds	7,175	16	6,952	10
<b>Total Equities Managers</b>	<b>13,771</b>	<b>16</b>	<b>14,014</b>	<b>10</b>
<b>Fixed Income Managers</b>				
Liquidity Program	1,850	-	1,723	-
Held in Equity Portfolios	37	-	44	-
High Yield	744	-	1,067	-
Risk Diversifying	670	-	843	-
Public Market Commingled Funds	940	8	1,116	6
<b>Total Fixed Income Managers</b>	<b>4,241</b>	<b>8</b>	<b>4,793</b>	<b>6</b>
<b>Real Asset Managers</b>				
Risk Diversifying	602	-	294	-
Public Market Commingled Funds	149	-	650	-
<b>Total Real Asset Managers</b>	<b>751</b>	<b>-</b>	<b>944</b>	<b>-</b>
<b>Real Estate Managers</b>				
Value Added, Opportunistic & Distressed Funds	7,822	-	8,642	-
<b>Alternative Investment Managers</b>				
Private Equity & Private Credit Funds	14,699	-	15,927	-
<b>TOTAL INVESTMENT MANAGEMENT FEES</b>	<b>41,284</b>	<b>24</b>	<b>44,320</b>	<b>16</b>
<b>Investment Consulting Fees:</b>				
Consulting Services	960	-	1,060	-
Legal Services	70	-	127	-
Actuarial Services	265	-	403	16
<b>TOTAL INVESTMENT CONSULTING FEES</b>	<b>1,295</b>	<b>-</b>	<b>1,590</b>	<b>16</b>
<b>MASTER CUSTODIAN &amp; FISCAL AGENT SERVICES</b>	<b>527</b>	<b>-</b>	<b>485</b>	<b>-</b>
<b>OTHER INVESTMENT RELATED EXPENSES</b>	<b>2,124</b>	<b>-</b>	<b>1,708</b>	<b>-</b>
<b>TOTAL INVESTMENT EXPENSES</b>	<b>\$45,230</b>	<b>\$24</b>	<b>\$48,103</b>	<b>\$32</b>

## SCHEDULE OF PAYMENTS TO CONSULTANTS

### Schedule of Payments to Consultants

For the Year Ended December 31, 2020 (with Comparative Totals)  
(Dollars in Thousands)

Type of Service	2020		2019	
	Pension Plan	OPEB Trust	Pension Plan	OPEB Trust
<b>Actuarial Services &amp; Consulting</b>	\$265	\$-	\$403	\$16
<b>Benefit Statement Services</b>	82	-	83	-
<b>Information Technology Consulting</b>	269	-	65	-
<b>Audit &amp; Pension System Services</b>	69	-	134	-
<b>Other Professional Services</b>	20	-	4	-
<b>Legal Services:</b>				
Outside Legal - General, Fiduciary & Tax	159	-	161	-
Investments	70	-	127	-
Disabilities	63	-	39	-
Other Legal Services	29	-	44	-
<b>TOTAL LEGAL SERVICES</b>	321	-	371	-
<b>Investment Consultant Services</b>	930	24	1,034	16
<b>Investment Custodian &amp; Fiscal Agent Fees</b>	527	-	485	-
<b>Proxy Guideline Voting Agent Service</b>	30	-	26	-
<b>TOTAL PAYMENTS TO CONSULTANTS</b>	<b>\$2,513</b>	<b>\$24</b>	<b>\$2,605</b>	<b>\$32</b>

**INVESTMENT**

SECTION



## CHIEF INVESTMENT OFFICER'S REPORT

March 25, 2021

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

Re: Chief Investment Officer Review of 2020  
Investment Activity

Members of the Board:

2020 brought us three distinct market environments characterized by all time equity highs reached prior to COVID-19, a swift and sharp decline from mid-February to late March, and a long and sustained recovery on the impact of fiscal and monetary support, particularly in the United States, which initiated a rally led by technology companies that were in demand to support a remote working and shelter in place lifestyle in response to the pandemic. The net result was a strong year for equities and fixed income alike. The Russell 3000 Index of domestic stocks returned 20.9% for the year while the MSCI ACWI returned 11.1%. Emerging market securities lagged the U.S. market with a gain of 10.7%. The debt markets also experienced a strong year, with the Barclays Bloomberg Aggregate returning 7.5% and the 1-3 Year Government/Credit Index up 3.3%. Given the impact of COVID-19 related shutdowns on retail, office and travel, the real estate market had a difficult year with the NCREIF Property Index returning 1.6%. All return figures in this review are presented net of fees and time-weighted, and are calculated by CCCERA's investment consultant, Verus Investments.

### Total Fund Performance

CCCERA's Total Fund returned 9.2% (net of investment management fees) for the year ending December 31, 2020. This return was lower than the policy index return of 10.8%. Relative to the peer universe, CCCERA's conservative positioning resulted in a lower return than the median public fund return of 10.6% and ranked in the 76th percentile of public funds. Over the past 10 years ending December 31, 2020, CCCERA has returned 8.1% and ranked in the 32nd percentile.

Importantly, CCCERA has achieved these returns while assuming a lower risk posture than our peers, resulting in superior risk adjusted returns as measured by our Sharpe ratio. Over the trailing five years ending December 31, 2020, the fund achieved a Sharpe Ratio of 1.1 relative to the median public fund at 0.9, ranking in the 20th percentile of public funds.

### Strategic Review of Asset Allocation and Portfolio Construction

CCCERA's primary function is to deliver timely and accurate pension benefits to Association members. Pension benefits represent the total of employer and member contributions, and market returns on the investment of those contributions over time. Pension fund trustees have a fiduciary responsibility to carefully invest plan assets to generate market returns while being mindful of the safety of the hard-earned contributions. Pension funds typically accomplish that balance between investment returns and safety by allocating plan assets among several different types of investments, each with its own prospects for growth and safety.

Most pension funds, including CCCERA, have historically attempted to strike the right balance by allocating plan investments into three broad areas:

1. Bonds issued by governments and corporations, intended to provide income and reduce overall portfolio volatility
2. Equities (stocks) intended to provide long-term growth
3. Diversified alternative investments including real estate and private equity

In 2016, after considerable study and careful deliberation, the CCCERA Board of Trustees approved a significant change to CCCERA's investment allocation. The new allocation was dubbed a Functionally Focused Portfolio (FFP). The strategic asset allocation was reviewed in late 2020 and the Board opted to lower the allocation to short-term, highly liquid fixed income instruments. This allocation is used to accomplish CCCERA's primary function, paying for the next 2-3 years of pension benefits. CCCERA will continue to allocate the bulk of the remaining assets into a globally diversified growth sub-portfolio of stocks, real estate and alternative asset strategies and the remaining into risk diversified investments.

The Board believes that in addition to focusing more investable resources into short-term instruments intended to achieve the plan's primary function of paying near-term pension benefits, the new Functionally Focused Portfolio allocation strategy will reduce the inherently higher volatility of the returns generated by our historical allocation. The Trustees recognize that by reducing the volatility of investment returns, some higher returns may not necessarily be achieved during the

up markets. Conversely, CCCERA returns will be less likely to be as negatively impacted during the inevitable down years. The Board realizes that with this new strategy, CCCERA may not necessarily capture all the market highs, nor have to endure all the market lows either. This pattern was observed in 2020 when the fund protected against the COVID-19 related selloff in March, but lagged during the subsequent recovery.

### **Asset Allocation**

As of December 31, 2020, CCCERA's market value of assets was \$10.2 billion, an increase of approximately \$0.8 billion from the December 31, 2019 market value of \$9.4 billion. This was the result of investment returns experienced in 2020. All asset classes as of December 31, 2020 were within their respective target allocations.

Sincerely,



Timothy Price, CFA  
Chief Investment Officer

## GENERAL INFORMATION

Contra Costa County Employees' Retirement Association's (CCCERA) funding objective is to meet long-term benefit obligations through contributions and investment income. The plan's main investment objective is for the total fund return to exceed the Consumer Price Index (CPI) plus 400 basis points over a market cycle. This is accomplished by the implementation of a carefully planned and executed long-term investment program.

The California Constitution and Government Code Sections 31594 and 31595 authorize the Board of Retirement (Board) to invest in any investment deemed prudent in the Board's opinion. Investment decisions are to be made in the sole interest and for the exclusive purpose of providing benefits, minimizing employer contributions, and defraying reasonable expenses for administering the system. Investments are to be diversified to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent to not do so. The Board has adopted an Investment Policy, which provides the framework for the management of CCCERA's investments. This policy establishes CCCERA's investment policies and objectives and defines the principal duties of the Board and staff, the Custodian bank and investment managers. For the year ended December 31, 2020, the total fund returned 9.2% net of fees; less than the policy index return of 10.8% and lower than the median public fund return of 10.6%.

### Summary of Proxy Voting Guidelines and Procedures

Voting of proxy ballots shall be in accordance with CCCERA's Proxy Voting Guidelines. CCCERA utilizes the services of Institutional Shareholder Services to research and vote CCCERA's U.S. proxy ballots in order to protect and enhance returns.

## ASSET ALLOCATION

The asset allocation is an integral part of the Investment Policy. When a new asset class is implemented or a current asset class is expanded, the plan's policy is modified to reflect the change or revision. The Board implements the asset allocation plan by hiring investment managers to invest assets on CCCERA's behalf, subject to specific guidelines incorporated into each firm's contract.

The Board adopted an Investment Policy Statement in September 2016 in which the Board is to periodically set, review, and revise its asset allocation targets. As of 2020, the long-term asset allocation targets determined by the Board are as follows:

	Long-Term	Current Target
<b>Liquidity</b>	24%	25%
<b>Growth</b>	66%	68.5%
<b>Risk Diversifying</b>	10%	6.5%

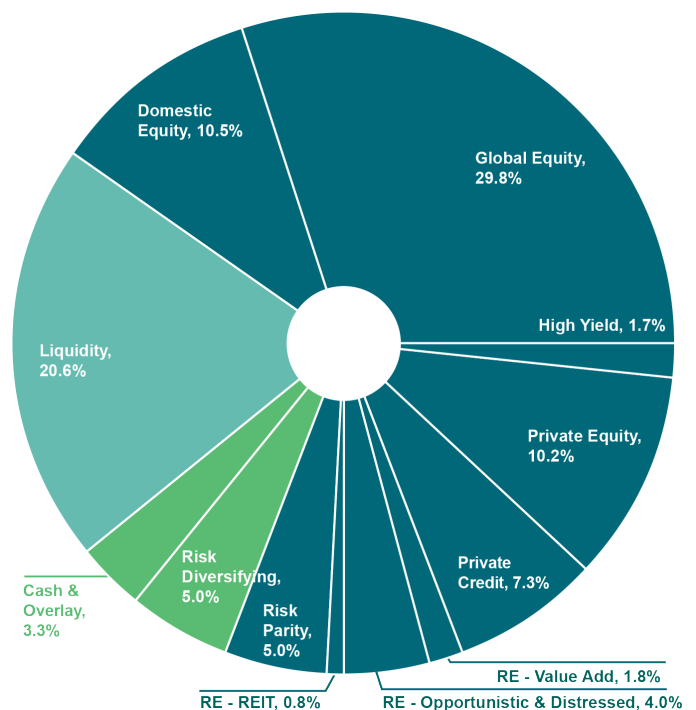
The first phase, Liquidity sub-portfolio, was implemented in October 2016 and is invested with three fixed income managers all of whom pursue a high credit quality, low duration investment approach designed to produce monthly cash flows that fund four years of benefit payments. The Growth sub-portfolio repositioning began in July 2017 with the selection of a private markets advisor and is designed to take advantage of capital appreciation and income opportunities globally. To achieve this, the Growth portfolio includes a variety of assets, from stocks and growth-oriented bonds, to private equity, real estate, and private credit. The Risk Diversifying sub-portfolio phase was implemented in June 2018 to hold assets that are expected to diversify the Growth's sub-portfolio volatility while offering moderate growth.

The Board conducted a review of the strategic asset allocation in late 2020. The Functionally Focused Portfolio (FFP) methodology was maintained, but the target allocation to the Liquidity sub-portfolio was reduced to three years from the prior four years to fund benefit payments. Other allocations were changed as well, most notably an increased

target to private equity. The change to the Liquidity sub-portfolio will be implemented in 2021 and the increased allocation to private markets will be implemented over the next several years.

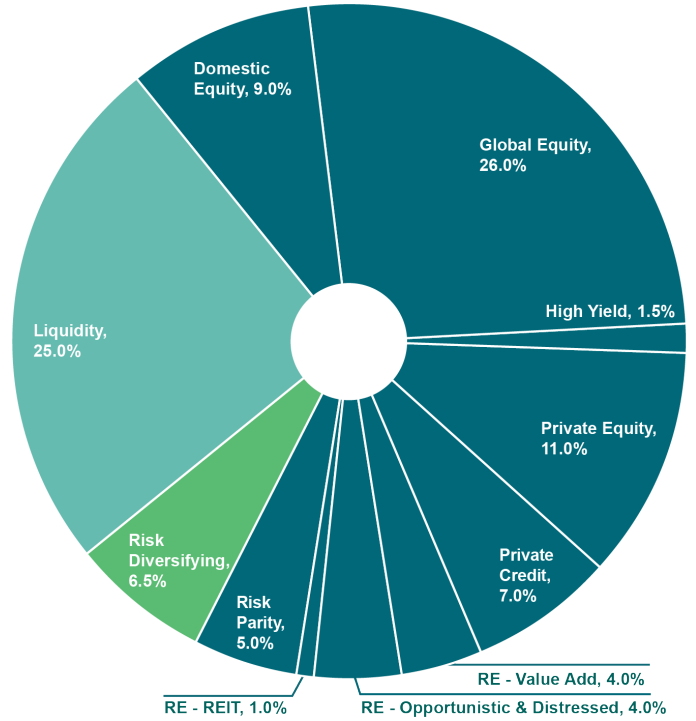
CCCERA's Chief Investment Officer and the outside investment consultant (Verus) assist the Board with the design and implementation of the new asset allocation as depicted in the following charts:

PERCENTAGE OF TOTAL FUND	
Asset Class	Actual % Allocation
Liquidity	20.6%
Growth:	
Domestic Equity	10.5%
Global & International Equity	29.8%
High Yield	1.7%
Private Equity	10.2%
Private Credit	7.3%
Real Estate - Value Add	1.8%
Real Estate - Opportunistic & Distressed	4.0%
Real Estate - REIT	0.8%
Risk Parity	5.0%
Total Growth	71.1%
Risk Diversifying	5.0%
Cash & Overlay	3.3%
<b>Total</b>	<b>100.0%</b>



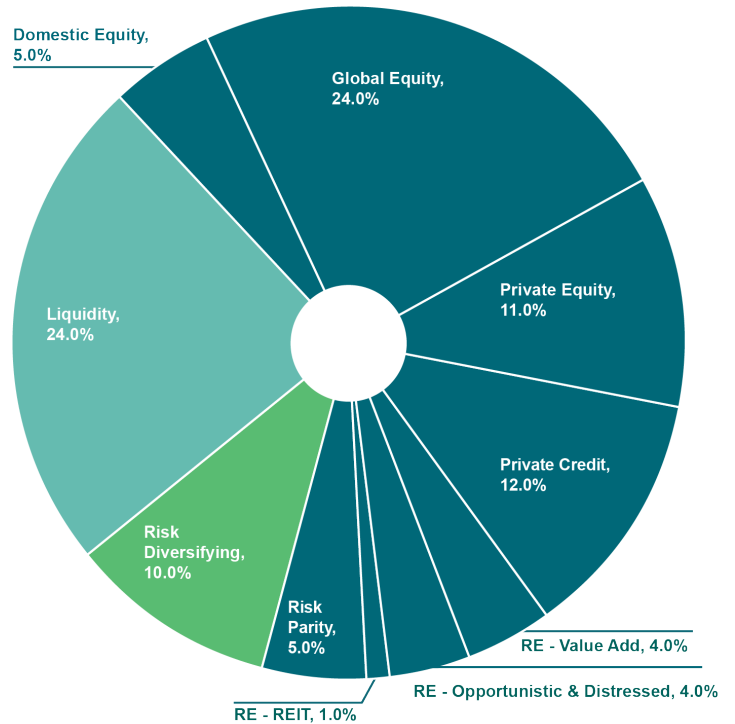
**CURRENT**

Asset Class	Actual % Allocation
Liquidity	25.0%
Growth:	
Domestic Equity	9.0%
Global & International Equity	26.0%
High Yield	1.5%
Private Equity	11.0%
Private Credit	7.0%
Real Estate - Value Add	4.0%
Real Estate - Opportunistic & Distressed	4.0%
Real Estate - REIT	1.0%
Risk Parity	5.0%
Total Growth	68.5%
Risk Diversifying	6.5%
<b>Total</b>	<b>100.0%</b>



**LONG-TERM**

Asset Class	Actual % Allocation
Liquidity	24.0%
Growth:	
Domestic Equity	5.0%
Global & International Equity	24.0%
Private Equity	11.0%
Private Credit	12.0%
Real Estate - Value Add	4.0%
Real Estate - Opportunistic & Distressed	4.0%
Real Estate - REIT	1.0%
Risk Parity	5.0%
Total Growth	66.0%
Risk Diversifying	10.0%
<b>Total</b>	<b>100.0%</b>



## INVESTMENT RESULTS BASED ON FAIR VALUE\*

<b>Investment Results Based on Fair Value*</b>		<i>Annualized (net of fees)</i>			
As of December 31, 2020		<b>Current Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
<b>Liquidity</b>		3.4%	3.30	-	-
Benchmark:					
BBgBarc US Govt/Credit 1-3 Yr TR		3.3%	3.0%	-	-
<b>Total Domestic Equity</b>		21.8%	12.4%	14.2%	13.3%
Benchmark:					
Russell 3000		20.9%	14.5%	15.4%	13.8%
<b>Total Global Equity</b>		24.4%	13.3%	13.8%	10.0%
Benchmark:					
MSCI ACWI		16.3%	10.1%	12.3%	9.1%
<b>Total International Equity</b>		15.2%	6.6%	8.8%	6.2%
Benchmarks:					
MSCI ACWI ex-USA Gross		11.1%	5.4%	9.4%	5.4%
MSCI EAFE Gross		8.3%	4.8%	8.0%	6.0%
<b>Total High Yield</b>		4.7%	5.2%	7.1%	6.0%
Benchmark:					
ICE BofA ML High Yield Master II		6.2%	5.9%	8.4%	6.6%
<b>Private Equity</b>		8.7%	9.7%	10.0%	10.6%
Benchmark:					
S&P 500 + 4% Lagged		19.7%	16.7%	18.7%	18.2%
<b>Private Credit</b>		4.0%	6.6%	7.4%	10.4%
Benchmarks:					
ICE BofA ML High Yield Master II+2%		8.3%	8.0%	10.6%	8.8%
<b>Total Real Estate</b>		-6.0%	2.9%	4.9%	8.9%
Benchmarks:					
Real Estate Benchmark		0.6%	4.9%	5.7%	8.9%
NCREIF - ODCE Index		1.2%	4.9%	6.2%	9.9%
NCREIF Property Index		1.6%	4.9%	5.9%	9.0%
<b>Diversifying</b>		-1.7%	0.9%	1.2%	1.6%
Benchmark:					
Custom Diversifying Benchmark		4.7%	4.0%	4.2%	3.9%
<b>Total Cash</b>		1.3%	2.1%	1.6%	3.1%
Benchmark:					
91 Day T-Bills		0.5%	1.5%	1.1%	0.6%
<b>Total Fund</b>		9.2%	6.8%	8.2%	8.1%
Benchmark:					
Policy Index		10.8%	7.9%	9.3%	8.8%
<b>Total Fund excl. Overlay &amp; Cash</b>		9.4%	6.9%	9.3%	8.2%
Benchmark:					
Policy Index		10.8%	7.9%	9.3%	8.8%

\*Using time-weighted rate of return based on the market rate of return.

## INVESTMENT MANAGERS (As of December 31, 2020)

### LIQUIDITY

- Dimensional Fund Advisors
- Insight Investment
- Sit Investments

### GROWTH

#### Domestic Equity

- BlackRock Institutional Trust
- Ceredex Value Advisors
- Emerald Advisors
- Jackson Square Partners
- Robeco Boston Partners

#### Global & International Equity

- Artisan Global Opportunities
- First Eagle Investment Management
- Pimco/RAE
- Pyrford International
- TT Emerging Markets
- William Blair & Company

#### High Yield Fixed Income

- Allianz Global Investors

#### Private Equity

- Adams Street Partners
- AE Industrial Partners
- Ares Energy Investors Funds
- DBL Investors (Bay Area Equity)
- Genstar Capital
- GTCR
- Oaktree Capital
- Ocean Avenue Capital Partners
- Paladin Capital Management
- Pathway Capital Management
- Siguler Guff
- Siris Capital Group
- Stone Point Capital (Trident)
- TPG Healthcare Partners
- Aether Investment Partners
- Commonfund
- Equilibrium Capital (Wastewater)

#### Private Credit

- Angelo Gordon Energy
- Torchlight Investors
- StepStone Group

#### Real Estate

- Angelo Gordon
- DLJ Real Estate Capital Partners LP
- Invesco Real Estate
- LaSalle Investment Management
- Long Wharf Real Estate Partners
- Oaktree Capital
- Paulson & Co.
- Siguler Guff

#### Real Estate Investment Trust (REIT)

- Adelante Capital Management

#### Risk Parity

- AQR GRP EL Fund
- PanAgora Asset Management

### RISK DIVERSIFYING

- Acadian Asset Management
- AFL-CIO Housing Investment Trust
- First Eagle Investment Management
- Parametric Defensive Equity
- Wellington Management

### CASH OVERLAY

- Parametric Portfolio Associates
- The Northern Trust Company

### SECURITIES LENDING PROGRAM

- The Northern Trust Company

# INVESTMENT SUMMARY

## Investment Summary

For the Year Ended December 31, 2020  
(Dollars in Thousands)

Type of Investment	Pension Plan		OPEB Trust	
	Fair Value	Percent of Total Fair Value	Fair Value	Percent of Total Fair Value
<b>Short-Term</b>				
Cash Equivalents	\$ 622,371	6.1%	\$33	0.7%
<b>TOTAL SHORT-TERM INVESTMENTS</b>	<b>622,371</b>	<b>6.1%</b>	<b>33</b>	<b>0.7%</b>
<b>Long-Term</b>				
<b>Investments By Fair Value Level</b>				
<b>Equities</b>				
Domestic Equity	822,120	8.0%		
Global & International Equity	364,094	3.6%		
Real Estate - REIT	73,965	0.7%		
Public Market Commingled Funds	3,400,730	33.2%	3,078	65.0%
<b>Total Equity Securities</b>	<b>4,660,909</b>	<b>45.5%</b>	<b>3,078</b>	<b>65.0%</b>
<b>Fixed Income</b>				
Liquidity Program	1,989,614	19.4%		
Held In Equity Portfolios	4,981	0.0%		
High Yield	165,396	1.6%		
Risk Diversifying	4,467	0.0%		
Cash Overlay	49,758	0.5%		
Public Market Commingled Funds	272,367	2.7%	1,621	34.3%
<b>Total Fixed Income Securities</b>	<b>2,486,583</b>	<b>24.2%</b>	<b>1,621</b>	<b>34.3%</b>
<b>Real Assets</b>				
Risk Diversifying	49,225	0.5%		
Public Market Commingled Funds	168	0.0%		
<b>Total Real Assets</b>	<b>49,393</b>	<b>0.5%</b>	<b>-</b>	<b>-%</b>
<b>Real Estate</b>				
Value Added, Opportunistic & Distressed Funds	595,613	5.8%		
<b>Alternatives</b>				
Private Equity & Private Credit Funds	1,829,974	17.9%		
<b>TOTAL LONG-TERM INVESTMENTS AT FAIR VALUE</b>	<b>9,622,472</b>	<b>93.9%</b>	<b>4,699</b>	<b>99.3%</b>
<b>TOTAL SHORT AND LONG-TERM INVESTMENTS</b>	<b>\$10,244,843</b>	<b>100.0%</b>	<b>\$4,732</b>	<b>100.0%</b>



## SCHEDULE OF INVESTMENT MANAGEMENT FEES

### Investment Management Fees

For the Year Ended December 31, 2020  
(Dollars in Thousands)

<i>Investment Activity</i>	Pension Plan		OPEB Trust	
	Assets Managed	Fees	Assets Managed	Fees
<b>Equities Managers</b>				
Domestic Equity	\$822,120	\$3,521	\$-	\$-
Global & International Equity	364,094	2,667	-	-
Real Estate - REIT	73,965	408	-	-
Public Market Commingled Funds	3,400,730	7,175	3,078	16
<b>TOTAL EQUITIES MANAGERS</b>	<b>4,660,909</b>	<b>13,771</b>	<b>3,078</b>	<b>16</b>
<b>Fixed Income Managers</b>				
Liquidity Program	1,989,614	1,850	-	-
Held in Equity Portfolios	4,981	37	-	-
High Yield	165,396	744	-	-
Risk Diversifying	4,467	670	-	-
Cash Overlay	49,758	-	-	-
Public Market Commingled Funds	272,367	940	1,621	8
<b>TOTAL FIXED INCOME MANAGERS</b>	<b>2,486,583</b>	<b>4,241</b>	<b>1,621</b>	<b>8</b>
<b>Real Asset Managers</b>				
Risk Diversifying	49,225	602	-	-
Public Market Commingled Funds	168	149	-	-
<b>TOTAL REAL ASSET MANAGERS</b>	<b>49,393</b>	<b>751</b>	<b>-</b>	<b>-</b>
<b>Real Estate Managers</b>				
Value Added, Opportunistic & Distressed Funds	595,613	7,822	-	-
<b>Alternative Investment Managers</b>				
Private Equity & Private Credit Funds	1,829,974	14,699	-	-
<b>TOTAL FEES FROM INVESTMENT ACTIVITY</b>	<b>9,622,472</b>	<b>41,284</b>	<b>4,699</b>	<b>24</b>
<b>Custodian Cash and Cash Equivalents</b>	<b>622,371</b>	<b>527</b>	<b>33</b>	<b>-</b>
<b>Securities Lending Activity</b>				
Management Fee	-	267	-	-
<b>TOTAL FEES FROM SECURITIES LENDING ACTIVITY</b>	<b>N/A</b>	<b>267</b>	<b>N/A</b>	<b>-</b>
<b>TOTAL INVESTMENT MANAGEMENT FEES</b>	<b>\$10,244,843</b>	<b>\$42,078</b>	<b>\$4,732</b>	<b>\$24</b>

## SCHEDULE OF BROKERAGE COMMISSIONS

<b>Schedule of Brokerage Commissions</b>			
For the Year Ended December 31, 2020 (Dollars and Shares in Thousands)			
<b>Brokerage Firm</b>	<b>Commissions</b>	<b>Shares/Par Value Traded</b>	<b>Commission Per Share</b>
GOLDMAN, SACHS AND CO.	\$71	112,170	\$0.001
J.P. MORGAN SECURITIES LLC	47	751,374	0.000
COWEN AND COMPANY LLC	47	1,642	0.029
MORGAN STANLEY AND CO., LLC	45	103,505	0.000
SANFORD C. BERNSTEIN AND CO., LLC	40	3,479	0.011
RBC CAPITAL MARKETS, LLC	37	119,427	0.000
DERIVATIVES	35	13,979	0.003
JEFFERIES LLC.	32	23,286	0.001
CITIGROUP GLOBAL MARKETS INC	30	286,355	0.000
LOOP CAPITAL MARKETS LLC	26	692	0.038
PIPER JAFFRAY & CO.	25	725	0.034
CREDIT SUISSE SECURITIES (USA) LLC	23	38,808	0.001
HSBC SECURITIES (USA) INC.	21	214,643	0.000
PERSHING LLC	19	45,469	0.000
LIQUIDNET EUROPE LIMITED	17	1,579	0.011
MERRILL LYNCH INTERNATIONAL LIMITED	15	15,540,610	0.000
STIFEL NICOLAUS & CO, INCORPORATED	12	66,576	0.000
UBS AG STAMFORD BRANCH	9	3,076	0.003
RAYMOND JAMES AND ASSOCIATES	8	341	0.023
INTERNATIONAL SECURITIES CLEARING	8	271	0.030
<b>TOP 20 Firms by Commission Dollars</b>	<b>567</b>	<b>17,328,007</b>	<b>0.185</b>
<b>All Other Brokerage Firms</b>	<b>98</b>	<b>2,143,257</b>	<b>0.000</b>
<b>TOTAL BROKERAGE COMMISSIONS</b>	<b>\$665</b>	<b>19,471,264</b>	<b>\$0.185</b>

## SCHEDULE OF TOP TEN EQUITIES AND FIXED INCOME SECURITIES\*

### Top 10 Equity Securities

As of December 31, 2020  
(Dollars and Shares in Thousands)

CUSIP	Shares	Security Name	Fair Value
C785998915	20,503,724	CF WILLIAM BLAIR INTERNATIONAL GROWTH COLLECTIVE FUND	\$624,338
C282999S44	16,152,988	CF ARTISAN GLOBAL OPPORTUNITIES TRUST FD	598,791
C96999CX25	37,336,404	CF INTERNATIONAL STOCK FUND LLC	508,279
C2D9999SE4	3,207,540	CF TT EMERGING MARKETS OPPORTUNITIES FUND II LIMITED CLASS B SHARES	433,114
C527995MI2	3,843,793	CF RUSSELL 1000 INDEX NON-LENDABLE FUND	229,776
S2588173	105,161	MICROSOFT CORP COM	23,390
S2661568	240,145	ORACLE CORP COM	15,535
S2000019	4,332	AMAZON COM INC COM	14,109
SBK6N347	273,474	UBER TECHNOLOGIES INC COM USD0.00001	13,947
SB2PZN04	61,581	VISA INC COM CL A STK	13,470
<b>TOTAL LARGEST EQUITY HOLDINGS</b>			<b>\$2,474,749</b>

### Top 10 Fixed Income Securities

As of December 31, 2020  
(Dollars in Thousands)

CUSIP	Security Name	Cost	Fair Value
C9934FC991	STEPSTONE CC OPPORTUNITIES FUND, LLC - SERIES B	\$246,219	\$286,785
C060993201	CF AFL CIO HOUSING INVESTMENT TRUST	249,877	269,765
C9934FB993	STEPSTONE CC OPPORTUNITIES FUND, LLC - SERIES A	160,783	168,076
C9934FD999	STEPSTONE CC OPPORTUNITIES FUND, LLC - SERIES C	149,627	163,601
C999599GH0	FUT MAR 21 10 YR T-NOTES	81,728	81,742
S2897404	MFC ISHARES TRUST CORE US AGGREGATE BD ETF	50,004	49,758
SBLB6070	TOYOTA MTR CR CORP MEDIUM TERM NTS BOOK .5% DUE 08-14-2023	23,982	24,123
C05578QAB9	PVTPL BPCE SUB NTS BOOK ENTRY 5.15 DUE 07-21-2024 BEO	23,089	23,344
SBJ7M2Q1	UNITED STATES TREAS NTS DTD 01/15/2019 2.5% DUE 01-15-2022 REG	22,424	22,272
SBYM4Z91	PVTPL ERAC USA FIN LLC GTD NT 144A 2.7% DUE 11-01-2023/10-18-2016 BEO	21,766	21,888
<b>TOTAL LARGEST FIXED INCOME HOLDINGS</b>			<b>\$1,111,354</b>

\*A complete list of portfolio holdings is available.

**ACTUARIAL**

SECTION

# ACTUARY CERTIFICATION LETTER



180 Howard Street  
Suite 1100  
San Francisco, CA 94105-6147  
T 415.263.8200  
segalco.com

## Via Email

June 15, 2021

Board of Retirement  
Contra Costa County Employees' Retirement Association  
1200 Concord Avenue, Suite 300  
Concord, CA 94520

**Re: Contra Costa County Employees' Retirement Association (CCCERA)  
December 31, 2019 Actuarial Valuation for Funding Purposes**

Dear Members of the Board:

Segal prepared the December 31, 2019 annual actuarial valuation of the CCCERA. We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices and CCCERA's funding policy that was last reviewed with the Board in 2019. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice (ASOPs).

As part of the December 31, 2019 actuarial valuation, Segal conducted an examination of all participant data for reasonableness. However, the scope of this examination does not qualify as an audit. Summaries of the employee data used in performing the actuarial valuations over the past several years are provided in our valuation report. We did not audit the Association's financial statements, however, the Association's auditor attested to the Association's financial statements. For actuarial valuation purposes, retirement plan assets are valued at Actuarial Value. Under this method, the assets used to determine employer contribution rates take into account market value by recognizing the semi-annual differences between the total return at market value and the expected investment return over a five-year period.

One of the general goals of an actuarial valuation is to establish contribution rates, which, over time, will remain level as a percentage of payroll for each generation of active members. Actuarial funding is based on the Entry Age Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize any unfunded actuarial accrued liability (UAAL).

In 2008, the Board of Retirement elected to amortize the remaining balance of the Association's unfunded actuarial accrued liability as of December 31, 2007 over a declining (or closed) period with 3 years remaining as of December 31, 2019. Any change in unfunded actuarial accrued liability that arises due to actuarial gains or losses or due to changes in actuarial assumptions or methods at each valuation after December 31, 2007 is amortized over its own declining (or closed) 18-year period. Effective with the December 31, 2013 valuation, any change in

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unfunded actuarial accrued liability that arises due to plan amendments is amortized over its own declining (or closed) 10-year period (with the exception of a change due to retirement incentives, which is funded in full upon adoption of the incentive). The progress being made towards meeting the funding objective through December 31, 2019 is illustrated in the Schedule of Funding Progress.

Certain information found in the Notes to Basic Financial Statements and the Required Supplementary Information (RSI) included in the Financial Section was prepared by the Association based on the results of the Governmental Accounting Standards Board (GASB) Statement No. 67 actuarial valuation as of December 31, 2020 prepared by Segal. For the Financial Section of the Comprehensive Annual Financial Report (Annual Report), Segal provided the Schedule of Changes in Net Pension Liability of Participating Employers and Schedule of Employer Contributions as shown in the RSI. A listing of the other supporting schedules prepared by the Association based on additional information provided by Segal and the results of the actuarial valuation as of December 31, 2019 for funding purposes is listed below.

- Schedule of Funding Progress
- Schedule of Employer Contributions
- Latest Actuarial Valuation Methods and Assumptions
- Summary of Valuation Results
- Summary of Significant Results
- Schedule of Active Member Valuation Data
- Retirants and Beneficiaries Added to and Removed from Retiree Payroll
- Schedule of Funded Liabilities by Type
- Actuarial Analysis of Financial Experience
- Summary of Statistical Data
- Schedule of Benefits Expenses by Type
- Schedule of Retired Members by Type of Benefit
- Schedule of Average Benefit Payment Amounts
- Participating Employers and Active Members

The valuation assumptions included in the Actuarial Section were adopted by the Retirement Board based on the December 31, 2017 Experience Study (for both the economic and non-economic assumptions). It is our opinion that the assumptions used in the December 31, 2019 valuation produce results, which in the aggregate, reflect the future experience of the retirement plan. Actuarial valuations are performed on an annual basis. An experience analysis is performed every three years and the next experience analysis is due to be performed after the December 31, 2020 valuation.

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In the December 31, 2019 valuation, the ratio of the valuation value of assets to actuarial accrued liabilities (funded percentage) increased from 89.3% to 90.6% while the funded percentage on a market value of assets basis increased from 84.2% to 91.9%. The average employer contribution rate has decreased from 35.73% of payroll to 35.66% of payroll, while the average member contribution rate has remained at 11.97% of payroll.

Under the asset smoothing method, the total unrecognized net investment gains are \$112 million as of December 31, 2019. These net investment gains will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years. The net deferred gains of \$112 million represent about 1.2% of the market value of assets as of December 31, 2019. Unless offset by future investment losses or other unfavorable experience, the recognition of the \$112 million market gains is expected to have an impact on the Association's future funded percentage and contribution rate requirements. This potential impact may be illustrated as follows:

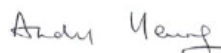
- If the net deferred gains were recognized immediately in the valuation value of assets, the funded percentage would increase from 90.6% to 91.7%.
- If the net deferred gains were recognized immediately in the valuation value of assets, the average employer rate would decrease from 35.66% to about 34.74% of payroll.

The actuarial calculations were directed under the supervision of Andy Yeung, ASA, MAAA, FCA and Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,



Paul Angelo, FSA, MAAA, FCA, EA  
Senior Vice President & Actuary



Andy Yeung, ASA, MAAA, FCA, EA  
Vice President & Actuary

EK/bbf

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## SCHEDULE OF FUNDING PROGRESS

Funded Ratio is a measurement of the funded status of the plan. The Funded Ratio is calculated by dividing the Valuation Value of Assets by the Actuarial Accrued Liability. In the following table, Contra Costa County Employees' Retirement Association's (CCCERA) Funded Ratio indicates assets are approximately 9% less than liabilities. The most significant reasons for the increase in the funded ratio have been the market appreciation of investments and contributions by the employer and employees.

<b>Schedule of Funding Progress</b>						
For Years 2010 through 2019 (Dollars in Thousands)						
<b>Actuarial Valuation Date</b>	<b>Valuation Value of Assets* (a)</b>	<b>Actuarial Accrued Liability (AAL)** (b)</b>	<b>Unfunded AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>Projected Covered Payroll (c)</b>	<b>UAAL as a Percentage of Projected Covered Payroll [(b) - (a)] / (c)</b>
12/31/2010	\$5,341,822	\$6,654,037	\$1,312,215	80.3%	\$687,443	190.9%
12/31/2011	5,426,719	6,915,312	1,488,593	78.5%	666,394	223.4%
12/31/2012	5,482,257	7,761,316	2,279,059	70.6%	652,312	349.4%
12/31/2013	5,907,416	7,731,097	1,823,681	76.4%	679,429	268.4%
12/31/2014	6,557,496	8,027,438	1,469,942	81.7%	697,832	210.6%
12/31/2015	7,136,801	8,448,624	1,311,823	84.5%	746,353	175.8%
12/31/2016	7,606,997	8,794,434	1,187,437	86.5%	784,412	151.4%
12/31/2017	8,179,891	9,239,247	1,059,356	88.5%	860,625	123.1%
12/31/2018	8,650,178	9,682,144	1,031,966	89.3%	896,391	115.1%
12/31/2019	9,128,669	10,075,722	947,053	90.6%	937,531	101.0%

\*Excludes Accounts Payable. Restated to exclude non-valuation reserves.

\*\*Excludes liabilities for non-valuation reserves.



## LATEST ACTUARIAL VALUATION METHODS AND ASSUMPTIONS

The Entry Age Actuarial Cost Method was used in conjunction with the following actuarial assumptions. The actuarial assumptions used in the valuations are intended to estimate the future experience of the members of CCCERA and of CCCERA itself in areas that affect the projected benefit flow and anticipated investment earnings.

The actuarial assumptions used to determine the liabilities for the December 31, 2019 valuation are based on the results of the actuarial experience study for the period January 1, 2015, through December 31, 2017. The study was prepared using updated economic and demographic assumptions, and mortality rates adopted by the Board of Retirement (Board) in May 2019. The experience study was also adopted by the Board in May 2019. An actuarial valuation is performed annually.

The following actuarial assumptions and methods listed were recommended by the plan's independent actuary, Segal Consulting, and were approved by the Board.

<b>Latest Actuarial Valuation of Plan Assets and Liabilities</b>	
<b>Valuation Date</b>	December 31, 2019
<b>Actuarial Funding Policy:</b>	
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of payroll for total unfunded liability (3.25% payroll growth assumed)
Actuarial Value of Assets	Fair value of assets less unrecognized returns in each of the last nine semi-annual accounting periods. Unrecognized return is equal to the difference between the actual market return and the expected return on the fair value, and is recognized semi-annually over a five-year period.
Valuation Value of Assets	The Actuarial Value of Assets reduced by the value of the non-valuation reserves and designations.
Amortization Policy	<p>The UAAL (i.e., the difference between the AAL and the Valuation Value of Assets) as of December 31, 2014 will continue to be amortized over separate amortization layers based on the valuations during which each separate layer was previously established.</p> <ul style="list-style-type: none"> <li>• Any new UAAL as a result of actuarial gains or losses identified in the annual valuation as of December 31 will be amortized over a period of 18 years.</li> <li>• Any new UAAL as a result of change in actuarial assumptions or methods will be amortized over a period of 18 years.</li> </ul>
<b>Economic Assumptions:</b>	
Investment Rate of Return	7.00%, net of pension plan investment expenses, including inflation
Inflation Rate	2.75%
Administrative Expenses	1.14% of payroll allocated to both the employer and member based on the components of the normal cost rates for the employer and member
Real Across-the-Board Salary Increases	0.50%
Consumer Price Index	Increases of 2.75% per year
Payroll Growth	Inflation of 2.75% per year plus "across the board" real salary increases of 0.50% per year, used to amortize the Unfunded Actuarial Accrued Liability as a level percentage of payroll.
Salary Increases	The average total assumed salary increase for active members in the December 31, 2019 actuarial valuation is 5.0%.
Projected Salary Increases - General	3.75% to 15.25% <sup>(1)</sup>
Projected Salary Increases - Safety	4.25% to 16.25% <sup>(1)</sup>
Cost-of-Living Adjustments (COLA)	2.75% per year except for Safety Tier C, PEPRA Tier E benefits and PEPRA Tier 4 (2% COLA) and Tier 5 (2% COLA) benefits for members covered under certain memoranda of understanding are assumed to increase at 2% per year. All increases are contingent upon actual increases in Consumer Price Index (CPI).
Other Assumptions	Same as those used in the December 31, 2019 funding actuarial valuation.

<sup>(1)</sup> Includes inflation at 2.75%, plus "across the board" salary increases of 0.50%, plus promotional and merit increases that vary by service for December 31, 2019.

### Demographic Assumptions-Changed Actuarial Assumptions

#### Post Retirement Mortality Rates

##### Healthy

General members	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2018.
Safety members	Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) multiplied by 105% for males and 100% for females, projected generationally with the two-dimensional mortality improvement scale MP-2018.
All Beneficiaries	Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table (separate tables for males and females) multiplied by 105% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2018.

##### Disabled

General Members	Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) multiplied by 105% for males and 100% for females, projected generationally with the two-dimensional mortality improvement scale MP-2018.
Safety Members	Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) multiplied by 105% for males and 100% for females, projected generationally with the two-dimensional mortality improvement scale MP-2018.

The Pub-2010 mortality tables and adjustments as shown in the 2019 Valuation Report reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

#### Mortality Rates for Member Contributions

General members	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected 30 years with the two-dimensional mortality improvement scale MP-2018, weighted 30% male and 70% female.
Safety members	Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) multiplied by 105% for males and 100% for females, projected 30 years with the two-dimensional mortality improvement scale MP-2018, weighted 85% male and 15% female.

#### Pre-Retirement Mortality Rates

General members	Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2018.
Safety members	Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2018.

#### Disability Rates

60% of General Tier 1 and Tier 4 disabilities are assumed to be service connected disabilities. The other 40% are assumed to be non-service connected disabilities. 30% of General Tier 3 and Tier 5 disabilities are assumed to be service connected disabilities. The other 70% are assumed to be non-service connected disabilities. 100% of Safety disabilities are assumed to be service connected disabilities.

#### Withdrawal Rates

The member is assumed to receive the greater of the member's contribution balance or a deferred retirement benefit. No termination is assumed after a member is first assumed to retire.

#### Service Retirement Rates

Based upon the Experience Analysis as of 12/31/17

#### Salary Scales

The average total assumed salary increase for active members of 5.0% per year reflecting approximately 2.75% for inflation, 0.50% for additional real "across-the-board" salary increases and approximately 1.75% for merit and longevity.

#### Value of Assets for Contribution Rate Purposes

Actuarial Value as described in Actuarial Valuation Basis of Valuation Report.

**Service Retirement Rates for General and Safety (%)**

Age	General						Safety				
	Tier 1 (Enhanced)		Tier 3 (Enhanced)		Tier 1 (Non-Enhanced)	Tiers 4 and 5 (PEPRA)	Tier A (Enhanced)		Tier C (Enhanced)	Tier A (Non-Enhanced) Tiers D and E (PEPRA)	
	Less than 30 Years of Service	Over 30 Years of Service	Less than 30 Years of Service	Over 30 Years of Service			Less than 30 Years of Service	Over 30 Years of Service			
45	-	-	-	-	-	-	7.00	8.75	2.00	-	
50	5.00	9.00	4.00	7.20	3.00	-	25.00	31.25	18.00	5.00	
55	15.00	27.00	8.00	14.40	10.00	5.00	20.00	30.00	18.00	10.00	
60	25.00	30.00	13.00	15.60	25.00	8.00	25.00	37.50	25.00	18.00	
65	35.00	35.00	32.00	32.00	40.00	25.00	100.00	100.00	100.00	100.00	
70	35.00	35.00	35.00	35.00	40.00	40.00	-	-	-	-	
75 & Over	100.00	100.00	100.00	100.00	100.00	100.00	-	-	-	-	

**Termination Rates (%) Before Retirement Mortality**

Age	General		Safety	
	Male	Female	Male	Female
20	0.04	0.01	0.04	0.02
25	0.02	0.01	0.03	0.02
30	0.03	0.01	0.04	0.02
35	0.04	0.02	0.04	0.03
40	0.06	0.03	0.05	0.04
45	0.09	0.05	0.07	0.06
50	0.13	0.08	0.10	0.08
55	0.19	0.11	0.15	0.11
60	0.28	0.17	0.23	0.14
65	0.41	0.27	0.35	0.20
70	0.61	0.44	0.66	0.39

All pre-retirement deaths are assumed to be non-service connected.

<b>Termination Rates (%) Before Retirement</b>				
Disability				
<b>Age</b>	<b>General Tier 1 and Tier 4*</b>	<b>General Tier 3 and Tier 5**</b>	<b>Safety***</b>	
20	0.01	0.01	0.02	
25	0.02	0.02	0.16	
30	0.04	0.03	0.32	
35	0.08	0.05	0.46	
40	0.22	0.08	0.56	
45	0.36	0.11	0.90	
50	0.52	0.13	2.54	
55	0.60	0.16	3.80	
60	0.60	0.22	4.30	
65	0.60	0.25	4.50	
70	0.60	0.25	4.50	

\*60% of General Tier 1 and Tier 4 disabilities are assumed to be duty disabilities. The other 40% are assumed to be ordinary disabilities.

\*\*30% of General Tier 3 and Tier 5 disabilities are assumed to be duty disabilities. The other 70% are assumed to be ordinary disabilities.

\*\*\*100% of Safety disabilities are assumed to be duty disabilities.

<b>Termination Rates (%) Before Retirement</b>		
Termination*		
<b>Years of Service</b>	<b>General</b>	<b>Safety</b>
Less than 1	14.00	12.50
1-2	9.50	10.00
2-3	9.25	8.25
3-4	6.50	5.75
4-5	5.25	5.00
5-6	5.00	4.25
6-7	4.50	3.50
7-8	4.25	3.25
8-9	3.75	3.00
9-10	3.50	2.50
10-11	3.25	2.25
11-12	3.00	2.10
12-13	2.75	2.00
13-14	2.50	1.90
14-15	2.50	1.80
15-16	2.25	1.70
16-17	2.25	1.60
17-18	2.00	1.50
18-19	2.00	1.25
19-20	1.75	1.00
20 & Over	1.25	0.75

\*The member is assumed to receive the greater of the member's contribution balance or a deferred retirement benefit. No termination is assumed after a member is first assumed to retire.

# SUMMARY OF DECEMBER 31, 2019 VALUATION RESULTS

## Summary of December 31, 2019 Valuation Results

*Dollars in Thousands*

	December 31, 2019	
	Total Rate	Estimated Annual Amount
<b>Average Employer Contribution Rates*:</b>		
<b>General</b>		
Cost Group #1 - County and Small Districts (Tiers 1 and 4)	32.61%	\$7,953
Cost Group #2 - County and Small Districts (Tiers 3 and 5)	26.19%	178,442
Cost Group #3 - Central Contra Costa Sanitary District	50.16%	19,002
Cost Group #4 - Contra Costa Housing Authority	43.11%	2,523
Cost Group #5 - Contra Costa County Fire Protection District	34.13%	2,170
Cost Group #6 - Small Districts (Non-Enhanced Tiers 1 and 4)	15.94%	150
<b>Safety</b>		
Cost Group #7 - County (Tiers A and D)	71.22%	40,304
Cost Group #8 - Contra Costa County Fire Protection District	67.06%	27,368
Cost Group #9 - County (Tiers C and E)	61.68%	28,573
Cost Group #10 - Moraga-Orinda Fire Protection District	70.62%	5,835
Cost Group #11 - San Ramon Valley Fire Protection District	76.62%	17,297
Cost Group #12 - Rodeo-Hercules Fire Protection District	92.95%	2,112
Cost Group #13 - East Contra Costa Fire Protection District	68.04%	2,658
<b>ALL EMPLOYERS COMBINED</b>	<b>35.66%</b>	<b>\$334,387</b>

## Average Member Contribution Rates\*:

<b>General</b>		
Cost Group #1 - County and Small Districts (Tiers 1 and 4)	10.99%	\$2,680
Cost Group #2 - County and Small Districts (Tiers 3 and 5)	10.69%	72,838
Cost Group #3 - Central Contra Costa Sanitary District	11.39%	4,315
Cost Group #4 - Contra Costa Housing Authority	11.40%	667
Cost Group #5 - Contra Costa County Fire Protection District	11.76%	748
Cost Group #6 - Small Districts (Non-Enhanced Tiers 1 and 4)	13.44%	127
<b>Safety</b>		
Cost Group #7 - County (Tiers A and D)	18.02%	10,197
Cost Group #8 - Contra Costa County Fire Protection District	16.96%	6,921
Cost Group #9 - County (Tiers C and E)	16.16%	7,486
Cost Group #10 - Moraga-Orinda Fire Protection District	17.29%	1,428
Cost Group #11 - San Ramon Valley Fire Protection District	17.00%	3,838
Cost Group #12 - Rodeo-Hercules Fire Protection District	13.38%	304
Cost Group #13 - East Contra Costa Fire Protection District	17.23%	673
<b>ALL CATEGORIES COMBINED</b>	<b>11.97%</b>	<b>\$112,222</b>

## Key Actuarial Assumptions

Annual Interest Rate:	7.00%	7.00%
Annual Inflation Rate:	2.75%	2.75%
Across-the-Board Salary Increase	0.50%	0.50%
Average Annual Salary Increase	5.00%	5.70%

\*Based on projected payroll as of each valuation date shown. These rates do not include any employer subvention of member contributions or any member subvention of employer contributions. The rates shown are averages based on all members regardless of their membership date.

## SUMMARY OF SIGNIFICANT RESULTS

Summary of Significant Results	
<i>Association Membership</i>	<b>December 31, 2019</b>
<b>Active Members:</b>	
1. Number of Members	10,075
2. Average Age	46.3
3. Average Service	10.1
4. Projected Total Payroll (Compensation)	\$937,531,264
5. Average Projected Monthly Payroll	\$93,055
<b>Retired Members and Beneficiaries:</b>	
1. Number of Members:	
Service Retirement	7,395
Disability Retirement	907
Beneficiaries	1,435
2. Average Age	70.6
3. Actual Retired Payroll	\$477,410,838
4. Average Monthly Benefit	\$4,116
<b>Vested Terminated Members:</b>	
1. Number of Terminated Vested Members*	3,638
2. Average Age	46.4
<b>Summary of Financial Data:</b>	
Market Value of Assets	\$9,257,012,679
Return on Market Value of Assets	14.39%
Actuarial Value of Assets	\$9,144,580,232
Return on Actuarial Value of Assets	6.24%
Valuation Value of Assets	\$9,128,668,718
Return on Valuation Value of Assets (VVA)	6.24%
<b>Funded Status:</b>	
Actuarial Accrued Liability (AAL)	\$10,075,722,222
Unfunded Actuarial Accrued	
Liability (UAAL) on VVA basis	\$947,053,504
<b>Funded Ratio</b>	
GASB Statement No. 25	90.6%

\*Includes 1,978 terminated members with member contributions on deposit as of December 31, 2019.

## SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Schedule of Active Member Valuation Data					
Valuation Date	Plan Type	Number	Projected Payroll	Average Annual Salary	% Increase/ (Decrease) in Average Salary
12/31/2010	General	7,325	\$533,351,975	\$72,813	0.59%
	Safety	1,486	154,091,231	103,695	0.32%
	<b>Total</b>	<b>8,811</b>	<b>687,443,206</b>	<b>78,021</b>	<b>0.42%</b>
12/31/2011	General	7,183	518,213,291	72,144	(0.92%)
	Safety	1,446	148,180,855	102,476	(1.18%)
	<b>Total</b>	<b>8,629</b>	<b>666,394,146</b>	<b>77,227</b>	<b>(1.02%)</b>
12/31/2012	General	7,244	513,920,662	70,944	(1.66%)
	Safety	1,396	138,391,516	99,134	(3.26%)
	<b>Total</b>	<b>8,640</b>	<b>652,312,178</b>	<b>75,499</b>	<b>(2.24%)</b>
12/31/2013	General	7,682	540,431,355	70,350	(0.84%)
	Safety	1,442	138,997,556	96,392	(2.77%)
	<b>Total</b>	<b>9,124</b>	<b>679,428,911</b>	<b>74,466</b>	<b>(1.37%)</b>
12/31/2014	General	7,774	561,430,096	72,219	2.66%
	Safety	1,385	136,401,741	98,485	2.17%
	<b>Total</b>	<b>9,159</b>	<b>\$697,831,837</b>	<b>76,191</b>	<b>2.32%</b>
12/31/2015	General	8,213	602,047,448	73,304	1.50%
	Safety	1,429	144,305,217	100,983	2.54%
	<b>Total</b>	<b>9,642</b>	<b>\$746,352,665</b>	<b>77,406</b>	<b>1.60%</b>
12/31/2016	General	8,378	\$634,246,734	75,704	3.27%
	Safety	1,470	\$150,165,527	102,153	1.16%
	<b>Total</b>	<b>9,848</b>	<b>\$784,412,261</b>	<b>79,652</b>	<b>2.90%</b>
12/31/2017	General	8,565	\$697,418,709	81,427	7.56%
	Safety	1,473	\$163,205,904	110,798	8.46%
	<b>Total</b>	<b>10,038</b>	<b>\$860,624,613</b>	<b>85,737</b>	<b>7.64%</b>
12/31/2018	General	8,562	\$724,903,207	84,665	3.98%
	Safety	1,459	\$171,487,561	117,538	6.08%
	<b>Total</b>	<b>10,021</b>	<b>\$896,390,768</b>	<b>89,451</b>	<b>4.33%</b>
12/31/2019	General	8,599	\$756,790,042	88,009	3.95%
	Safety	1,476	\$180,741,222	122,453	4.18%
	<b>Total</b>	<b>10,075</b>	<b>\$937,531,264</b>	<b>93,055</b>	<b>4.03%</b>



## SCHEDULE OF FUNDED LIABILITIES BY TYPE

Schedule of Funded Liabilities by Type (Dollars in Thousands)							
Valuation Data	Aggregate Accrued Liabilities For			Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets		
	1 Active Member Contributions*	2 Retirants and Beneficiaries	3 Active Members Employer Portion		1	2	3
12/31/2010	\$645,975	\$3,811,751	\$2,196,311	\$5,341,822	100%	100%	40%
12/31/2011	637,614	4,268,202	2,009,496	5,426,719	100%	100%	26%
12/31/2012	653,236	4,990,760	2,117,320	5,482,257	100%	97%	0%
12/31/2013	844,668	5,086,529	1,799,900	5,907,416	100%	100%	0%
12/31/2014	899,220	5,328,622	1,799,596	6,557,496	100%	100%	18%
12/31/2015	1,011,434	5,525,212	1,911,978	7,136,801	100%	100%	31%
12/31/2016	1,116,824	5,670,811	2,006,799	7,606,998	100%	100%	41%
12/31/2017	1,216,116	5,873,018	2,150,113	8,179,891	100%	100%	51%
12/31/2018	1,301,626	6,186,519	2,193,999	8,650,178	100%	100%	53%
12/31/2019	1,372,772	6,459,417	2,243,533	9,128,669	100%	100%	58%

\*Beginning 12/31/2013, Active Member Contributions are set equal to the reserve account maintained for member contributions.

## RETIRANTS AND BENEFICIARIES ADDED TO AND REMOVED FROM RETIREE PAYROLL

### Retirants and Beneficiaries Added To and Removed From Retiree Payroll

Year	At Beginning of Year	Added During Year	Allowances Added	Removed During Year	Allowances Removed	At End of Year	Retiree Payroll*	% Increase in Retiree Payroll	Average Annual Allowance	% Increase in Annual Allowance
2010	7,292	486	\$27,459,315	(219)	\$(5,356,600)	7,559	\$288,969,175	8.28%	\$38,228	4.46%
2011	7,559	758	37,949,896	(232)	(6,621,254)	8,085	320,297,817	10.84%	39,616	3.63%
2012	8,085	657	34,622,498	(225)	(7,351,271)	8,517	347,569,044	8.51%	40,809	3.01%
2013	8,517	379	30,637,741	(271)	(8,397,382)	8,625	369,809,403	6.40%	42,876	5.07%
2014	8,625	494	25,732,590	(248)	(8,515,665)	8,871	387,026,328	4.66%	43,628	1.75%
2015	8,871	391	19,997,703	(194)	(7,180,211)	9,068	399,843,820	3.31%	44,094	1.07%
2016	9,068	418	25,627,155	(386)	(13,691,575)	9,100	411,779,400	2.99%	45,250	2.62%
2017	9,100	396	26,242,182	(229)	(8,447,387)	9,267	429,574,195	4.32%	46,355	2.44%
2018	9,267	551	31,870,441	(271)	(10,072,991)	9,547	451,371,645	5.07%	47,279	1.99%
2019	9,547	487	36,835,136	(297)	(10,795,943)	9,737	477,410,838	5.77%	49,031	3.71%

\*Beginning 12/31/2015, Retiree Payroll excludes death benefits.

## ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE

### Actuarial Analysis of Financial Experience

Changes in the Unfunded Actuarial Accrued Liability (UAAL) During the Years Ended December 31, 2010 through 2019  
(Dollars in Thousands)

December 31	Expected UAAL	Change in Plan Provisions	Change in Assumptions/ Methods	Actuarial (Gain) or Loss Due to All Changes			Total Changes	UAAL
				Investment Return	Salary Increases (Decreases)	Other*		
2010	\$1,050,996	\$-	\$15,521	\$313,478	\$(83,073)	\$15,293	\$245,698	\$1,312,215
2011	1,293,836	-	-	264,597	(77,127)	7,287	194,757	1,488,593
2012	1,463,568	-	570,155	297,215	(102,697)	50,818	245,336	2,279,059
2013	2,238,120	-	(205,332)	(96,259)	(114,771)	1,923	(209,107)	1,823,681
2014	1,773,291	-	(52)	(244,463)	(42,976)	(15,858)	(303,297)	1,469,942
2015	1,409,789	-	115,137	(100,727)	(9,036)	(103,340)	(213,103)	1,311,823
2016	1,234,411	-	-	(2,853)	11,445	(55,566)	(46,974)	1,187,437
2017	1,099,936	-	-	(76,209)	59,574	(23,946)	(40,581)	1,059,356
2018	960,617	-	(89,872)	55,253	20,984	84,983	161,220	1,031,966
2019	918,865	-	(19,522)	65,571	38,641	(56,502)	47,710	947,053

\*Other experience includes employer and employee contributions, COLA increases, mortality, disability, withdrawal, retirement, and leave cashout other than expected.

# SUMMARY OF MAJOR PENSION PLAN PROVISIONS

## **Major Provisions of the Present System**

Briefly summarized below are the major provisions of CERL and PEPRA, as amended through December 31, 2013, and as adopted by Contra Costa County and special district employers.

### **A. GENERAL MEMBERS –**

- Tier 1 and Tier 3 Plans Non-Enhanced (Government Code (GC) 31676.11)
- Tier 1 and Tier 3 Plans Enhanced (GC 31676.16)
- Tier 2 Plan (GC 31752)
- PEPRA Tier 4 and Tier 5 Plans (GC 7522.20 (a))

#### **Coverage**

##### *Tier 1:*

- a. All General Members hired before July 1, 1980, and electing not to transfer to Tier 2.
- b. Reciprocal General Members hired before October 1, 2002, electing to not enter Tier 2.
- c. Participating agencies who have elected Tier 1.
- d. Certain General Members with membership dates before January 1, 2013 hired by specific employers who did not adopt Tier 2 are placed in Tier 1.

##### *Tier 2:*

- a. All General Members hired before July 1, 1980, and most General Members hired on or after August 1, 1980, electing to transfer to Tier 2. Effective October 1, 2002, Tier 2 was eliminated for all County employees (except California Nurses Association (CNA) employees); employees were placed in Tier 3.

CNA employees in Tier 2 were placed in Tier 3 as of January 1, 2005.

One special district's Tier 2 employees were placed in Tier 3 effective February 1, 2006.

##### *Tier 3:*

All County General Members (except CNA employees) hired on or after October 1, 2002, are placed in Tier 3. All CNA employees hired on or after January 1, 2005, are placed in Tier 3. All Contra Costa Mosquito and Vector Control District employees hired on or after February 1, 2006 are placed in Tier 3. General Members with membership dates before January 1, 2013 who are not placed in Tier 1 are placed in Tier 3.

All Tier 2 members for each of the agencies listed above were placed in Tier 3 as of the above respective dates.

##### *PEPRA Tier 4:*

All General Members hired on or after January 1, 2013 by specific employers who did not adopt Tier 2 are placed in Tier 4.

##### *PEPRA Tier 5:*

All General Members hired on or after January 1, 2013 who are not placed in Tier 4 are placed in Tier 5.

#### **Final Compensation (FC)**

##### *Tier 1 and Tier 3 Plans (GC 31462.1, 31462):*

- a. Highest consecutive twelve months of compensation earnable.

##### *Tier 2 Plan (GC 31462):*

- a. Highest consecutive thirty-six months of compensation earnable.

##### *PEPRA Tier 4 and Tier 5 Plans (GC 7522.32, 7522.34):*

- a. Highest consecutive thirty-six months of pensionable compensation. Base compensation subject to annual limit.

**Service Retirement**

*Tier 1 and Tier 3 Plans:*

- a. Requirement (GC 31672): Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years of service, regardless of age.
- b. Non-Enhanced Benefit (GC 31676.11)

**Retirement**

<b>Age</b>	<b>Benefit Formula</b>
50:	$(1.24\% \times FC - 1/3 \times 1.24\% \times \$350 \times 12) \times Yrs$
55:	$(1.67\% \times FC - 1/3 \times 1.67\% \times \$350 \times 12) \times Yrs$
60:	$(2.18\% \times FC - 1/3 \times 2.18\% \times \$350 \times 12) \times Yrs$
62:	$(2.35\% \times FC - 1/3 \times 2.35\% \times \$350 \times 12) \times Yrs$
65 or later:	$(2.61\% \times FC - 1/3 \times 2.61\% \times \$350 \times 12) \times Yrs$

*Maximum Benefit: 100% of Final Compensation.*

*Tier 2 Plan:*

- a. Requirement: Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years of service, regardless of age.
- b. Benefit (GC 31752)

**Retirement**

<b>Age</b>	<b>Benefit Formula</b>
50:	$(0.83\% \times FC \times Yrs - 0.57\% \times Yrs^* \times PIA)$
55:	$(1.13\% \times FC \times Yrs - 0.87\% \times Yrs^* \times PIA)$
60:	$(1.43\% \times FC \times Yrs - 1.37\% \times Yrs^* \times PIA)$
62:	$(1.55\% \times FC \times Yrs - 1.67\% \times Yrs^* \times PIA)$
65 or later:	$(1.73\% \times FC \times Yrs - 1.67\% \times Yrs^* \times PIA)$

*Maximum Benefit: None.*

*\*Not greater than 30 years, where PIA is the Social Security Primary Insurance Amount.*

- c. Tier 1 and 3 Plan Enhanced Benefit (GC 31676.16)

**Retirement**

<b>Age</b>	<b>Benefit Formula</b>
50:	$(1.43\% \times FC - 1/3 \times 1.43\% \times \$350 \times 12) \times Yrs$
55:	$(2.00\% \times FC - 1/3 \times 2.00\% \times \$350 \times 12) \times Yrs$
60:	$(2.26\% \times FC - 1/3 \times 2.26\% \times \$350 \times 12) \times Yrs$
62:	$(2.37\% \times FC - 1/3 \times 2.37\% \times \$350 \times 12) \times Yrs$
65 or later:	$(2.42\% \times FC - 1/3 \times 2.42\% \times \$350 \times 12) \times Yrs^{**}$

*Maximum Benefit: 100% of Final Compensation*

*\*\* Current Tier 1 and Tier 3 members retiring at age 62½ or older will receive the higher benefits formula under GC 31676.11. Employees with membership dates on or after the benefit enhancement effective date will retire with benefits computed under GC 31676.16.*

The offsets shown in all of the above formulas only apply to members integrated with Social Security.

*PEPRA Tier 4 and Tier 5 Plans*

- a. Requirement (GC 7522.20 (a), 31672.3): Age 52 with 5 years of service, or age 70 regardless of service.
- b. Benefit (GC 7522.20 (a))

**Retirement**

<b>Age</b>	<b>Benefit Formula</b>
52:	$1.00\% \times FC^3 \times Yrs$
55:	$1.30\% \times FC^3 \times Yrs$
60:	$1.80\% \times FC^3 \times Yrs$
62:	$2.00\% \times FC^3 \times Yrs$
65:	$2.30\% \times FC^3 \times Yrs$
67 or later:	$2.50\% \times FC^3 \times Yrs$

*Maximum Benefit: None.*

## Disability Retirement

### *Tier 1 and Tier 4:*

- a. Requirements (GC 31720)
  - (1) Service-connected: None
  - (2) Nonservice-connected: five years of service
- b. Benefit
  - (1) Service-connected: 50% Final Compensation or Service retirement benefit, if greater. (GC 31727.4)
  - (2) Nonservice-connected: 1.5% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 65, but total benefit cannot be more than one-third of Final Compensation. (GC 31727)

### *Tier 2, Tier 3, and Tier 5:*

- a. Requirements (GC 31720.1)
  - (1) Service-connected: None
  - (2) Nonservice-connected: ten years of service
  - (3) Definition of disability is more strict than in Tier 1 and Tier 4.
- b. Benefit (GC 31727.01)
  - (1) Service-connected or nonservice-connected is 40% Final Compensation plus 10% Final Compensation for each minor child (maximum of three).
  - (2) Disability benefits are offset by other plans of the County except Workers' Compensation and Social Security.

## Death Before Retirement

### *All tiers other than General Tier 2:*

- a. No eligibility requirement: Refund of employee contributions with interest plus one month's compensation for each year of service to a maximum of 6 months compensation (GC 31781); 50% of Final Compensation payable to spouse if Service-Connected Death (GC 31787);

- OR -

- b. 5 years of service (10 years for Tiers 3 and 5): Option 2 (100%) continuance of Nonservice-Connected Disability benefit payable to designated eligible beneficiary, if Form 104 is on file with CCCERA and granted by the Board.

### *General Tier 2:*

- a. Prior to eligibility to retire (less than ten years):
  - (1) \$2,000 lump sum benefit offset by any Social Security payment and a refund of employee of contributions with interest.
- b. While eligible to retire (ten years or service-connected death) 60% of Service or Disability Retirement Benefit (minimum benefit is 24% of Final Compensation) plus, for each minor child, 10% of the allowance otherwise paid to the member. Minimum family benefit is 60% of the member's allowance. Maximum family benefit is 100% of member's allowance.

## Death After Retirement

### *All tiers other than General Tier 2 (GC 31760.1, 31760.2)*

- a. After Service Retirement or Nonservice-Connected Disability - 60% of unmodified allowance continued to eligible spouse.

- OR -

- b. After Service-Connected Disability - 100% of the allowance continued to eligible spouse. (GC 31786, 31786.1)

- AND -

- c. Lump sum payment of \$5,000. (GC 31789.5)

### *General Tier 2 (GC 31760.11)*

- a. After Service or Disability Retirement 60% of unmodified allowance continued to eligible spouse plus 20% of allowance to each minor child. Minimum benefit is 60% of allowance. Maximum benefit is 100% of allowance.

- AND -

- b. Lump sum payment of \$7,000 less any Social Security lump sum payment. (GC 31789.01, 31789.5)

### **Withdrawal Benefits**

May elect a refund of employee contributions with interest or defer retirement until eligible.

Less than five years of service: Age 70

At least five years of service:

#### *Tier 1, Tier 2 and Tier 3*

The later of age 50 and when the member would have reached 10 years of service had the member remained a full-time employee.

#### *Tier 4 and Tier 5*

Age 52

### **Cost-of-Living (COL) Benefits**

#### *Tier 1, Tier 3, Tier 4 and Tier 5*

Based on changes in Consumer Price Index (CPI).

3% maximum change per year except for Tier 3 and PEPRA Tier 5 disability benefits which can increase 4% per year. Benefits for PEPRA Tier 4 and Tier 5 members covered under certain Memoranda of Understanding have a maximum of 2% per year.

#### *Tier 2*

Based on changes in CPI.

4% maximum change per year.

### **Employee's Contribution Rates**

#### *Tier 1 Non-Enhanced (GC 31621.1)*

- a. Basic: to provide for an average annuity at age 55 equal to 1/120 of FC1.
- b. COL: to provide for one-half of future COL costs.

#### *Tier 1 and Tier 3 Enhanced (GC 31621)*

- a. Basic: to provide for an average annuity at age 60 equal to 1/120 of FC1.
- b. COL: to provide for one-half of future COL costs.

#### *PEPRA General Tiers 4 and 5 (GC 7522.30)*

- a. 50% of the total normal cost rate.

### **Employer Contribution Rates**

#### *Tier 1, Tier 3, Tier 4 and Tier 5*

Enough to make up for the balance of the basic and COL contributions needed plus the amount required to amortize the Unfunded Actuarial Accrued Liability.

### **Other Information**

Transfers from the Tier 1 to the Tier 2 were made on an individual voluntary irrevocable basis. Credit is given under the Tier 2 Plan for future service only. The COL maximum is 4% only for the credit under the Tier 2 Plan.

Transferred Tier 2 Plan members keep the five year requirement for nonservice-connected disability. Those who were members on or before March 7, 1973 will be exempt from paying member contributions after 30 years of service.

## B. SAFETY MEMBERS –

- Tiers A and C (GC 31664 and 31664.1)
- PEPRA Safety Members Tiers D and E (GC 7522.25(d))

### Coverage

#### *Tiers A and C*

- a. Safety members with membership dates before January 1, 2013.
- b. County Sheriff's Department Safety members hired on or after January 1, 2007, but before January 1, 2013 are placed in Safety Tier C Enhanced.

#### *Tiers D and E*

- a. Safety members with membership dates on or after January 1, 2013. Safety members from certain bargaining units are placed in Safety Tier E.

### Final Compensation (FC)

#### *Tiers A and C (GC 31462.1, 31462)*

- a. Highest consecutive twelve months of compensation earnable.
- b. Highest consecutive thirty-six months of compensation earnable for Safety Tier C.

#### *Tiers D and E (GC 7522.32, 7522.34)*

- a. Highest consecutive thirty-six months of pensionable compensation. Base compensation will be subject to annual limit.

### Service Retirement

#### *Tiers A and C*

- a. Requirement (GC 31663.25): Age 50 with 10 years of service, or age 70 regardless of service, or after 20 years of service, regardless of age.
- b. Non-Enhanced Benefit at Retirement (GC 31664) (Rodeo-Hercules Fire Protection District)

Age	Benefit Formula
50	2.00% x FC1 x Yrs
55 or later	2.62% x FC1 x Yrs

*Maximum Benefit: 100% of Final Compensation*

- c. Enhanced Benefit at Retirement (GC 31664.1) - (All others)

Age	Benefit Formula
50 or later	3.00% x FC1 x Yrs (Tier A); 3.00% x FC3 x Yrs (Tier C)

*Maximum Benefit: 100% of Final Compensation*

#### *PEPRA Tiers D and E*

- a. Requirement (GC 7522.25(a) and 31672.3): Age 50 with 5 years of service, or age 70 regardless of service.
- b. Benefit at Retirement (GC 7522.25 (d))

Age	Benefit Formula
50	2.00% x FC3 x Yrs
55	2.50% x FC3 x Yrs
57 or later	2.70% x FC3 x Yrs

*Maximum Benefit: None*



### **Disability Retirement**

- a. Requirements (GC 31720)
  - (1) Service-connected: None
  - (2) Nonservice-Connected: five years of service
- b. Benefit
  - (1) Service-connected: 50% Final Compensation or Service Retirement benefit if greater. (GC 31727.4)
  - (2) Nonservice-Connected: 1.8% per year of service. If the benefit does not exceed one-third of Final Compensation, the service projected to 55, but total benefit cannot be more than one-third of Final Compensation. (GC 31727.2)

### **Death Before Retirement**

#### *Nonservice-Connected*

- a. Prior to retirement eligibility (less than 5 years)
  - (1) One month's salary for each year of service to a maximum of six month's compensation.
  - (2) Return of employee contributions with interest.
- b. While eligible to retire (after five years) 60% of Service or Disability Retirement Benefit.

#### *Service-connected*

- a. 50% of Final Compensation

### **Death After Retirement**

- a. After Service Retirement or Nonservice-Connected Disability - 60% of unmodified allowance continued to eligible spouse. (GC 31785, 31785.1)  
  
- *OR* -
- b. After Service-Connected Disability - 100% of the allowance continued to eligible spouse. (GC 31786, 31786.1)  
  
- *AND* -
- c. Lump sum payment of \$5,000. (GC 31789.5)

### **Withdrawal Benefits**

May elect a refund of employee contributions with interest or defer retirement until eligible.

Less than five years of service: Age 70

At least five years of service:

#### *Tier A and Tier C*

The later of age 50 and when the member would have reached 10 years of service had the member remained a full-time employee.

#### *Tier D and Tier E*

Age 50

### **Cost-of-Living (COL) Benefits**

- a. Based on change in CPI; 3% maximum change per year or Safety Tier A and Tier D.
- b. Based on change in CPI; 2% maximum change per year for Safety Tier C and Tier E.

**Employees' Safety Tier A Non-Enhanced (Section 31664) Contribution Rates**

- a. Basic - to provide for an average annuity at age 50 equal to 1/100 of FC1 (Tier A). (GC 31639.25)
- b. COL - to provide for one-half of future COL costs.

**Employees' Safety Tier A and Tier C Enhanced (Section 31664.1) Contribution Rates**

- a. Basic - to provide for an average annuity at age 50 equal to 1/100 of FC1 (Tier A). (GC 31139.25)  
  
Basic - to provide for an average annuity at age 50 equal to 1/100 of FC3 (Tier C).
- b. COL - to provide for one-half of future COL costs.

**PEPRA Safety Tiers D and E (GC 7522.30) Contribution Rates**

- a. 50% of the total normal cost rate.

**Employer Contribution Rate**

*Tiers A, C, D, and E*

Enough to make up the balance of the basic and COL contributions needed plus the amount required to amortize the Unfunded Actuarial Accrued Liability.

**Other Information**

Safety members under the enhanced benefit formula with membership dates on or before January 1, 2013 will be exempt from paying member contributions after 30 years of service.

## OPEB CERTIFICATION LETTER



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April 22, 2021

Contra Costa County Employees' Retirement Association  
1200 Concord Avenue, Suite 300  
Concord, CA 94520

**Actuarial Valuation of Other Post Employment Benefits for Staff Employees and Retirees as of January 1, 2020 and GASB 74/75 Disclosures as of December 31, 2020**

At the request of the Contra Costa County Employees' Retirement Association ("CCCERA"), we have prepared an actuarial valuation of Other Post Employment Benefits as of January 1, 2020 for CCCERA's staff employees and retirees, and GASB 74 and 75 disclosures for the fiscal year ending December 31, 2020, to comply with Statements No. 74 and 75 of the Governmental Accounting Standards Board (GASB).

In preparing this report, we relied, without audit, on information supplied by the CCCERA's staff. This information includes but is not limited to employee census data, financial information and plan provisions. While Milliman has not audited the financial and census data, they have been reviewed for reasonableness and are, in our opinion, sufficient and reliable for the purposes of our calculations. If any of this information as summarized in this report is inaccurate or incomplete, the results shown could be materially affected and this report may need to be revised.

All costs, liabilities, rates of interest, and other factors for CCCERA have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of CCCERA and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting CCCERA. Further, in our opinion, each actuarial assumption used is reasonably related to the experience of the Plan and to reasonable expectations which, in combination, represent our best estimate of anticipated experience for CCCERA. The valuation results were developed using models intended for valuations that use standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in the compliance with generally accepted actuarial practice and relevant Actuarial Standards of Practice (ASOPs).

This valuation report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of CCCERA's contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these

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measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. CCCERA has the final decision regarding the appropriateness of the assumptions.

Actuarial computations presented in this report under GASB Statements No. 74 and 75 are for purposes of assisting CCCERA in fulfilling its financial accounting requirements. The computations prepared for this purpose may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of CCCERA's funding policy and goals. The calculations in this report have been made on a basis consistent with our understanding of the OPEB plan provisions described in Appendix A of this report, and of GASB Statements No. 74 and 75. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work is prepared solely for the internal business use of CCCERA. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions:

- a) CCCERA may provide a copy of Milliman's work, in its entirety, to CCCERA's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit CCCERA.
- b) CCCERA may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs. The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel. The signing actuary is independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, the report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Actuarial Standards of Practice of the American Academy of Actuaries. The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,

A handwritten signature in black ink that reads "John R. Botsford".

John R. Botsford, FSA, MAAA  
Principal and Consulting Actuary

Milliman

## OPEB SCHEDULE OF FUNDING PROGRESS

Funded Ratio is a measurement of the funded status of the Other Post-Employment Benefits (OPEB) liabilities. The Funded Ratio is calculated by dividing the Fiduciary Net Position plan assets of the OPEB Trust by the Total OPEB Liability. In the table below, CCCERA's OPEB Trust indicates plan assets are approximately 8% less than Total OPEB Liability. The reason for the increase in the funded ratio is market appreciation of plan asset investments combined with employer contributions from CCCERA.

### OPEB Schedule of Funding Progress

As of December 31, 2020

(Dollars in Thousands)

Actuarial Valuation Date	Fiduciary Net Position (a)	Total OPEB Liability (TOL) (b)	Net OPEB Liability (NOL) (b) - (a)	Funded Ratio (a) / (b)	Projected Covered Payroll (c)	NOL as a Percentage of Projected Covered Payroll [(b) - (a)] / (c)
12/31/2018	\$2,542	\$4,710	\$2,168	54.0%	\$4,997	43.4%
12/31/2019	\$3,630	\$5,139	\$1,509	70.6%	\$5,385	28.0%
12/31/2020	\$4,666	\$5,092	\$426	91.6%	\$5,910	7.2%

## OPEB KEY METHODS AND ASSUMPTIONS

### Key Methods and Assumptions Used in Actuarial Valuation of Total OPEB Liability

<b>Valuation Date</b>	December 31, 2020
<b>Actuarial Cost Method</b>	Entry Age Normal Cost
<b>Amortization Method</b>	Level percent of payroll
<b>Amortization Period</b>	10 years (8 years remaining as of December 31, 2020)
<b>Asset Valuation Method</b>	Fair value of assets
<b>Investment Rate of Return</b>	6.50%
<b>Inflation Rate</b>	2.75%
<b>Assumed Salary Increases</b>	3.78% to 15.66% varying by years of service
<b>Other Assumptions</b>	Consistent with those used in the December 31, 2018 CCCERA Pension Actuarial Valuation.

### Demographic Assumptions

Below is a summary of the assumed rates for mortality, retirement, disability, and withdrawal, which are consistent with assumptions used in the December 31, 2019 CCCERA Pension Actuarial Valuation.

#### Pre/Post Retirement Mortality

##### Healthy

General Members	Pub-2010 General Healthy Retiree Head Count Weighted Mortality Tables for males and females, projected generationally with the two-dimensional MP-2020 projection scale.
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##### Disabled

General Members	Pub-2010 General Disabled Retiree Head Counted Weighted Mortality Tables for males and females, projected generationally with the two-dimensional MP-2020 projection scale.
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##### Beneficiaries

Pub-2010 Contingent Survivor Head Count Weighted Mortality Tables for males and females, projected generationally with the two-dimensional MP-2020 projection scale.

Withdrawal	Sample probabilities of terminating employment from CCCERA are shown below for selected years of CCCERA Service.
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<b>Years of Service</b>	<b>General</b>
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Less than 1	14.00%
1	9.50%
2	9.25%
3	6.50%
4	5.25%
5	5.00%
10	3.25%
15	2.25%
20 or more	1.25%

## SUMMARY OF OPEB BENEFITS

### ELIGIBILITY

#### Eligible for the Premium Subsidy

- Unrepresented CCCERA staff employees who were hired before January 1, 2009, upon completion of five years of CCCERA service, and retire with a CCCERA pension benefit.
- AFSCME CCCERA staff members who were hired before January 1, 2010, upon completion of five years of CCCERA service, and retire with a CCCERA pension benefit.

#### PEMHCA Minimum Contribution

- Unrepresented CCCERA staff employees hired on or after January 1, 2009, upon completion of five years of CCCERA service, and retire with a CCCERA pension benefit.
- AFSCME CCCERA staff members who were hired on or after January 1, 2010, upon completion of five years of CCCERA service, and retire with a CCCERA pension benefit.

### HEALTH BENEFITS

(Retirement date on or after January 1, 2015)

Eligible CCCERA staff retirees and their dependents may elect coverage under the health plans sponsored by California Public Employees' Retirement System (CalPERS). For retirees who meet the eligibility requirements to receive the premium subsidy, CCCERA will pay the monthly premium subject to maximum subsidies shown in the following table by rate tier for plan 2019 as listed in the Memorandum of Understandings between CCCERA and its bargaining units.

Employer Monthly Maximum Premium Subsidy			
CalPERS Health Plans	Employee Only	Employee & 1 Dependent	Employee & 2+ Dependents
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

For 2019 and beyond, if there is an increase in the monthly premium charged by a medical plan, CCCERA and the employee will each pay fifty percent (50%) of the monthly increase that is above the amount of the 2019 plan premium. The fifty percent (50%) share of the monthly medical plan increase paid by CCCERA is in addition to the amount paid by CCCERA for the 2019 plan year.

For dental coverage, CCCERA's monthly premium subsidy is a set dollar amount (shown in table below). For 2020 and beyond, if there is an increase in the monthly dental premium charged by the dental carrier, CCCERA and the employee will each pay fifty percent (50%) of the monthly increase that is above the amount of the 2020 plan premium. The fifty percent (50%) share of the monthly dental plan increase paid by CCCERA is in addition to the amount paid by CCCERA for the 2020 plan year.

Dental Coverage	
	2020
Employee Only	\$46.21
Employee and Spouse	46.21
Employee and Child	103.41
Family	169.38

For employees who meet the eligibility to receive the PEMHCA minimum contribution the benefit is (\$139 per month for 2020 and \$143 for 2021), subject to an annual increase based on the medical Consumer Price Index.

**STATISTICAL**

SECTION



## SUMMARY OF STATISTICAL DATA

The objective of the Statistical Section is to provide users with additional detailed information in order to promote a more comprehensive understanding of Contra Costa County Employees' Retirement Association's (CCCERA) financial statements, note disclosures and supplemental information. In addition, the multi-year trend information for the financial and operating segments of CCCERA provided in this section is intended to facilitate understanding of how the financial activities and positions have changed over time. The information is presented in two major categories: Financial Trends Information and Operating Information.

Financial Trends Information is intended to assist readers in understanding how CCCERA's financial activities and positions have changed over time. The Changes in Fiduciary Net Position for Years 2011 – 2020 presents additions by source, deductions by type, and the total change in fiduciary net position for each year. The Schedule of Benefit Expenses by Type for the last ten years presents benefit deductions by type of benefit, such as by Service Retirement and Disability Retirement, as well as by General and Safety benefits.

Operating Information is intended to provide contextual information about CCCERA's operations and membership to assist readers in using financial statement information to comprehend and evaluate CCCERA's fiscal condition. This section includes the Schedule of Retired Members by Type of Benefit, which presents information as of the current valuation period. The Schedule of Average Benefit Payment Amounts for the last ten years shows the average monthly benefit, and number of retirees and beneficiaries, organized by five-year increments. Participating Employers and Active Members for Years 2011 – 2020 presents the employers and number of their corresponding covered employees.

## CHANGES IN FIDUCIARY NET POSITION FOR YEARS 2011 - 2020

<b>Changes in Fiduciary Net Position</b>					
For Years 2011 - 2020 (Dollars in Thousands)					
	2020	2019	2018	2017	2016
<b>Additions</b>					
Employer Contributions	\$336,357	\$327,983	\$325,117	\$314,836	\$307,909
Plan Member Contributions	113,494	108,488	103,542	96,467	88,788
Net Investment Income (Loss)	890,943	1,176,419	(187,339)	995,678	501,733
Security Lending Income	1,069	1,120	1,582	878	1,630
<b>Total Additions</b>	<b>1,341,863</b>	<b>1,614,010</b>	<b>242,902</b>	<b>1,407,859</b>	<b>900,060</b>
<b>Deductions</b>					
Benefits paid	500,234	477,760	452,512	430,037	412,073
Refunds of contributions	5,925	7,617	8,093	5,518	7,154
Administrative Expense	10,750	10,200	9,337	9,146	8,486
Other Expenses	11,729	11,406	13,555	11,097	10,409
<b>Total Deductions</b>	<b>528,638</b>	<b>506,983</b>	<b>483,497</b>	<b>455,798</b>	<b>438,122</b>
<b>CHANGE IN FIDUCIARY NET POSITION</b>	<b>\$813,225</b>	<b>\$1,107,027</b>	<b>\$(240,595)</b>	<b>\$952,061</b>	<b>\$461,938</b>
	2015	2014	2013	2012	2011
<b>Additions</b>					
Employer Contributions	\$323,720	\$293,760	\$235,017	\$212,321	\$200,389
Plan Member Contributions	85,361	78,258	72,373	73,362	61,575
Net Investment Income (Loss)	82,429	488,873	884,870	680,538	100,363
Security Lending Income	1,165	1,167	1,148	1,535	951
<b>Total Additions</b>	<b>492,675</b>	<b>862,058</b>	<b>1,193,408</b>	<b>967,756</b>	<b>363,278</b>
<b>Deductions</b>					
Benefits paid	400,759	387,026	369,809	347,569	320,297
Refunds of contributions	4,434	6,798	3,844	3,276	3,909
Administrative Expense	8,115	6,980	6,776	6,030	6,290
Other Expenses	11,695	10,662	9,243	8,590	7,649
<b>Total Deductions</b>	<b>425,003</b>	<b>411,466</b>	<b>389,672</b>	<b>365,465</b>	<b>338,145</b>
<b>CHANGE IN FIDUCIARY NET POSITION</b>	<b>\$67,672</b>	<b>\$450,592</b>	<b>\$803,736</b>	<b>\$602,291</b>	<b>\$25,133</b>

## SCHEDULE OF BENEFIT EXPENSES BY TYPE (Annual Benefit Amounts)

<b>Schedule of Benefit Expenses by Type</b>										
Annual Benefit Amounts as of December 31 of Each Year (Dollars in Thousands)										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Service Retirement Payroll:</b>										
General	\$247,225	\$234,127	\$223,019	\$213,394	\$205,760	\$198,783	\$188,945	\$179,079	\$163,514	\$144,304
Safety	128,711	121,563	115,068	110,178	107,643	107,103	102,791	96,403	87,198	78,221
<b>Total</b>	<b>375,936</b>	<b>355,690</b>	<b>338,087</b>	<b>323,572</b>	<b>313,403</b>	<b>305,886</b>	<b>291,736</b>	<b>275,482</b>	<b>250,712</b>	<b>222,525</b>
<b>Disability Retirement Payroll:</b>										
General	12,514	12,286	12,315	12,432	12,531	12,215	12,371	12,049	11,974	12,013
Safety	41,869	39,726	37,111	35,664	35,168	33,631	32,346	29,725	28,341	27,349
<b>Total</b>	<b>54,383</b>	<b>52,012</b>	<b>49,427</b>	<b>48,096</b>	<b>47,699</b>	<b>45,846</b>	<b>44,717</b>	<b>41,774</b>	<b>40,315</b>	<b>39,362</b>
<b>Beneficiary Payroll:</b>										
General	25,798	24,849	23,971	22,877	22,938	20,249	19,511	18,011	17,825	16,727
Safety	21,643	19,960	18,552	17,528	16,718	15,044	13,845	12,302	11,445	10,355
<b>Total</b>	<b>47,441</b>	<b>44,809</b>	<b>42,523</b>	<b>40,405</b>	<b>39,656</b>	<b>35,293</b>	<b>33,356</b>	<b>30,313</b>	<b>29,270</b>	<b>27,082</b>
<b>Total Benefit Expense:</b>										
General	285,537	271,263	259,305	248,703	241,229	231,248	220,827	209,139	193,313	173,044
Safety	192,223	181,249	170,731	163,370	159,528	155,777	148,982	138,430	126,984	115,925
<b>TOTAL</b>	<b>\$477,760</b>	<b>\$452,512</b>	<b>\$430,037</b>	<b>\$412,073</b>	<b>\$400,759</b>	<b>\$387,026</b>	<b>\$369,809</b>	<b>\$347,569</b>	<b>\$320,297</b>	<b>\$288,969</b>

## SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

### Schedule of Retired Members by Type of Benefit

Summary of Monthly Allowances Being Paid as of December 31, 2019

<i>Amount of Monthly Benefit</i>	<b>Number of Retirees &amp; Beneficiaries</b>	<b>Service</b>	<b>Disability</b>	<b>Beneficiary</b>
<b>General Members</b>				
\$0 to \$999	1,378	1,065	3	310
\$1,000 to \$1,999	1,705	1,354	71	280
\$2,000 to \$2,999	1,401	1,073	151	177
\$3,000 to \$3,999	916	742	81	93
\$4,000 to \$4,999	592	512	33	47
\$5,000 to \$5,999	415	358	14	43
\$6,000 to \$6,999	288	263	5	20
\$7,000 to \$7,999	215	202	2	11
\$8,000 to \$8,999	148	137	-	11
\$9,000 to \$9,999	106	104	-	2
\$10,000 & Over	256	251	-	5
<b>TOTALS</b>	<b>7,420</b>	<b>6,061</b>	<b>360</b>	<b>999</b>
<b>Safety Members</b>				
\$0 to \$999	100	57	6	37
\$1,000 to \$1,999	136	64	4	68
\$2,000 to \$2,999	154	63	31	60
\$3,000 to \$3,999	231	78	81	72
\$4,000 to \$4,999	307	94	144	69
\$5,000 to \$5,999	239	117	75	47
\$6,000 to \$6,999	161	99	36	26
\$7,000 to \$7,999	143	108	21	14
\$8,000 to \$8,999	139	106	24	9
\$9,000 to \$9,999	162	123	27	12
\$10,000 & Over	545	425	98	22
<b>TOTALS</b>	<b>2,317</b>	<b>1,334</b>	<b>547</b>	<b>436</b>

## SCHEDULE OF AVERAGE BENEFIT PAYMENT AMOUNTS

### Schedule of Average Benefit Payment Amounts

Estimates Based on Years of Credited Service - General and Safety Combined

Retirement Effective Date	Years of Credited Service							Totals
	0-5	5-10	10-15	15-20	20-25	25-30	30+	
<b>1/1/2019 - 12/31/2019</b>								
Average monthly benefit	\$1,180	\$1,528	\$2,060	\$3,848	\$4,728	\$6,469	\$7,273	\$3,859
Average Final Compensation	\$10,816	\$8,003	\$6,958	\$8,633	\$8,991	\$9,554	\$10,725	\$8,712
Number of retired members	21	47	76	103	67	47	36	397
<b>1/1/2018 - 12/31/2018</b>								
Average monthly benefit	\$664	\$1,309	\$2,247	\$3,360	\$4,991	\$6,367	\$5,524	\$3,384
Average Final Compensation	\$8,021	\$7,448	\$7,452	\$7,829	\$9,144	\$9,653	\$7,984	\$8,165
Number of retired members	41	64	87	101	65	60	29	447
<b>1/1/2017 - 12/31/2017</b>								
Average monthly benefit	\$929	\$1,290	\$1,982	\$2,943	\$3,697	\$5,907	\$5,253	\$3,196
Average Final Compensation	\$9,131	\$6,537	\$6,669	\$7,566	\$7,477	\$9,326	\$8,101	\$7,605
Number of retired members	12	52	59	72	32	48	34	309
<b>1/1/2016 - 12/31/2016</b>								
Average monthly benefit	\$988	\$1,445	\$1,887	\$2,611	\$3,569	\$4,158	\$4,590	\$2,719
Average Final Compensation	\$8,064	\$7,085	\$6,616	\$6,783	\$7,368	\$7,953	\$7,674	\$7,208
Number of retired members	19	48	59	67	51	47	21	312
<b>1/1/2015 - 12/31/2015</b>								
Average monthly benefit	\$1,344	\$1,151	\$1,990	\$2,478	\$3,351	\$4,409	\$3,619	\$2,257
Average Final Compensation	\$8,753	\$6,379	\$6,536	\$6,418	\$7,670	\$8,065	\$7,706	\$6,867
Number of retired members	13	55	83	53	34	17	7	262
<b>1/1/2014 - 12/31/2014</b>								
Average monthly benefit	\$1,292	\$1,139	\$1,976	\$3,048	\$4,431	\$6,048	\$5,318	\$3,408
Average Final Compensation	\$7,236	\$6,426	\$6,959	\$7,834	\$8,740	\$9,941	\$8,260	\$7,959
Number of retired members	11	51	98	77	68	66	33	404
<b>1/1/2013 - 12/31/2013</b>								
Average monthly benefit	\$533	\$1,150	\$1,824	\$3,215	\$4,454	\$5,020	\$4,991	\$2,739
Average Final Compensation	\$7,171	\$6,454	\$6,399	\$8,744	\$8,625	\$8,993	\$9,138	\$7,537
Number of retired members	12	52	87	41	43	27	15	277

**Schedule of Average Benefit Payment Amounts**  
 Estimates Based on Years of Credited Service - General and Safety Combined

<i>Retirement Effective Date</i>	<i>Years of Credited Service</i>							<b>Totals</b>
	<b>0-5</b>	<b>5-10</b>	<b>10-15</b>	<b>15-20</b>	<b>20-25</b>	<b>25-30</b>	<b>30+</b>	
<b>1/1/2012 - 12/31/2012</b>								
Average monthly benefit	\$1,953	\$1,160	\$2,096	\$3,690	\$4,897	\$5,991	\$6,272	\$3,871
Average Final Compensation	\$10,284	\$5,938	\$6,949	\$8,901	\$9,206	\$9,710	\$8,780	\$8,344
Number of retired members	19	70	126	77	149	81	58	580
<b>1/1/2011 - 12/31/2011</b>								
Average monthly benefit	\$436	\$1,334	\$1,853	\$2,663	\$4,325	\$6,315	\$6,829	\$4,091
Average Final Compensation	\$7,653	\$5,871	\$6,543	\$7,091	\$8,476	\$9,629	\$9,410	\$8,044
Number of retired members	12	77	102	86	156	114	116	663
<b>1/1/2010 - 12/31/2010</b>								
Average monthly benefit	\$559	\$1,148	\$1,781	\$3,019	\$4,619	\$6,126	\$6,837	\$4,018
Average Final Compensation	\$8,826	\$6,015	\$6,670	\$7,280	\$9,422	\$9,473	\$9,099	\$8,081
Number of retired members	9	55	73	56	57	69	81	400

Contra Costa County Employees' Retirement Association  
**Schedule of Average Benefit Payment Amounts (Continued)**

<b>Schedule of Average Benefit Payment Amounts</b>									
Estimates Based on Annualized Benefit Amounts at December 31 of Each Year									
<b>GENERAL TIER 1</b>	<i>Years of Retirement</i>								
	<b>0-4</b>	<b>5-9</b>	<b>10-14</b>	<b>15-19</b>	<b>20-24</b>	<b>25-29</b>	<b>30-34</b>	<b>35-39</b>	<b>40+</b>
<b>2019 Average Monthly Benefit</b>	\$2,999	\$5,070	\$5,028	\$4,844	\$3,863	\$3,291	\$2,598	\$2,218	\$2,284
Number Retirees & Beneficiaries	212	479	507	587	469	374	276	191	111
<b>2018 Average Monthly Benefit</b>	\$3,151	\$5,041	\$4,999	\$4,441	\$3,580	\$3,099	\$2,432	\$2,142	\$2,306
Number Retirees & Beneficiaries	219	511	544	576	467	388	304	184	100
<b>2017 Average Monthly Benefit</b>	\$2,978	\$5,246	\$4,753	\$4,236	\$3,127	\$2,917	\$2,198	\$2,333	\$2,066
Number Retirees & Beneficiaries	227	538	616	563	447	414	301	182	90
<b>2016 Average Monthly Benefit</b>	\$3,364	\$5,011	\$4,649	\$3,853	\$3,116	\$2,694	\$2,188	\$2,117	\$2,011
Number Retirees & Beneficiaries	282	534	622	586	478	377	303	187	81
<b>2015 Average Monthly Benefit</b>	\$4,178	\$4,674	\$4,452	\$3,570	\$3,025	\$2,519	\$2,006	\$2,081	\$1,627
Number Retirees & Beneficiaries	387	503	650	550	489	395	341	194	78
<b>2014 Average Monthly Benefit</b>	\$4,505	\$4,453	\$4,203	\$3,336	\$2,952	\$2,325	\$1,927	\$2,069	\$1,543
Number Retirees & Beneficiaries	471	515	612	543	482	405	322	169	59
<b>2013 Average Monthly Benefit</b>	\$4,531	\$4,417	\$3,861	\$3,123	\$2,784	\$2,240	\$1,868	\$1,999	\$1,465
Number Retirees & Beneficiaries	500	559	602	528	487	435	317	158	47
<b>2012 Average Monthly Benefit</b>	\$4,697	\$4,202	\$3,693	\$2,854	\$2,618	\$2,055	\$1,986	\$1,773	\$1,490
Number Retirees & Beneficiaries	535	631	594	510	514	434	324	141	40
<b>2011 Average Monthly Benefit</b>	\$4,522	\$4,107	\$3,419	\$2,824	\$2,415	\$1,936	\$1,923	\$1,721	\$1,483
Number Retirees & Beneficiaries	524	633	621	550	486	440	328	124	32
<b>2010 Average Monthly Benefit</b>	\$4,261	\$3,933	\$3,238	\$2,744	\$2,336	\$1,764	\$1,900	\$1,531	\$1,477
Number Retirees & Beneficiaries	501	658	594	548	506	467	314	107	24

**Schedule of Average Benefit Payment Amounts**  
 Estimates Based on Annualized Benefit Amounts at December 31 of Each Year

<b>GENERAL TIER 2</b>	<i>Years of Retirement</i>								
	<b>0-4</b>	<b>5-9</b>	<b>10-14</b>	<b>15-19</b>	<b>20-24</b>	<b>25-29</b>	<b>30-34</b>	<b>35-39</b>	<b>40+</b>
<b>2019 Average Monthly Benefit</b>	\$528	\$439	\$822	\$1,046	\$1,248	\$1,071	\$1,307	\$851	-
Number Retirees & Beneficiaries	43	42	68	131	180	71	12	4	-
<b>2018 Average Monthly Benefit</b>	\$486	\$492	\$762	\$1,169	\$1,093	\$1,230	\$942	\$506	
Number Retirees & Beneficiaries	47	45	76	150	174	63	9	2	
<b>2017 Average Monthly Benefit</b>	\$456	\$715	\$734	\$1,118	\$1,098	\$1,137	\$947	\$405	
Number Retirees & Beneficiaries	38	55	80	174	154	54	8	1	
<b>2016 Average Monthly Benefit</b>	\$303	\$698	\$905	\$1,115	\$945	\$1,356	\$1,030		
Number Retirees & Beneficiaries	34	66	94	197	129	42	8		
<b>2015 Average Monthly Benefit</b>	\$366	\$731	\$940	\$1,091	\$929	\$1,643	\$681		
Number Retirees & Beneficiaries	37	72	122	193	120	25	6		
<b>2014 Average Monthly Benefit</b>	\$413	\$671	\$762	\$1,109	\$1,005	\$1,365	\$732		
Number Retirees & Beneficiaries	39	73	114	206	100	21	4		
<b>2013 Average Monthly Benefit</b>	\$440	\$654	\$919	\$1,003	\$1,140	\$922	\$524		
Number Retirees & Beneficiaries	45	77	136	202	85	15	3		
<b>2012 Average Monthly Benefit</b>	\$602	\$613	\$943	\$1,016	\$1,082	\$951	\$517		
Number Retirees & Beneficiaries	58	78	161	186	75	11	2		
<b>2011 Average Monthly Benefit</b>	\$600	\$651	\$1,023	\$890	\$1,091	\$923	\$661		
Number Retirees & Beneficiaries	67	80	209	158	51	9	1		
<b>2010 Average Monthly Benefit</b>	\$653	\$721	\$1,039	\$821	\$1,290	\$662			
Number Retirees & Beneficiaries	71	109	215	143	30	8			



**Schedule of Average Benefit Payment Amounts**

Estimates Based on Annualized Benefit Amounts at December 31 of Each Year

<b>GENERAL TIER 3</b>	<i>Years of Retirement</i>								
	<b>0-4</b>	<b>5-9</b>	<b>10-14</b>	<b>15-19</b>	<b>20-24</b>	<b>25-29</b>	<b>30-34</b>	<b>35-39</b>	<b>40+</b>
<b>2019 Average Monthly Benefit</b>	\$2,699	\$3,169	\$3,045	\$2,073	\$1,791	\$1,940			\$145
Number Retirees & Beneficiaries	1140	1345	786	333	36	2			1
<b>2018 Average Monthly Benefit</b>	\$2,566	\$3,172	\$2,730	\$1,740	\$1,491	\$1,558			
Number Retirees & Beneficiaries	1148	1285	731	259	2	1			
<b>2017 Average Monthly Benefit</b>	\$2,388	\$3,182	\$2,529	\$1,581	\$1,447	\$1,513			
Number Retirees & Beneficiaries	1043	1261	683	175	2	1			
<b>2016 Average Monthly Benefit</b>	\$2,549	\$3,043	\$2,307	\$1,494	\$1,398	\$1,466			
Number Retirees & Beneficiaries	1150	1105	568	140	2	1			
<b>2015 Average Monthly Benefit</b>	\$2,721	\$2,742	\$2,053	\$1,464	\$1,986	\$1,423			
Number Retirees & Beneficiaries	1368	858	476	77	1	1			
<b>2014 Average Monthly Benefit</b>	\$2,772	\$2,577	\$1,811	\$1,520	\$1,634				
Number Retirees & Beneficiaries	1364	844	375	46	2				
<b>2013 Average Monthly Benefit</b>	\$2,769	\$2,374	\$1,518	\$1,677	\$1,594				
Number Retirees & Beneficiaries	1297	776	306	3	2				
<b>2012 Average Monthly Benefit</b>	\$2,798	\$2,210	\$1,397	\$680	\$1,563				
Number Retirees & Beneficiaries	1286	724	220	1	2				
<b>2011 Average Monthly Benefit</b>	\$2,672	\$2,020	\$1,291	\$660	\$1,518				
Number Retirees & Beneficiaries	1102	626	164	1	2				
<b>2010 Average Monthly Benefit</b>	\$2,443	\$1,849	\$1,267	\$1,698	\$1,156				
Number Retirees & Beneficiaries	886	518	90	2	2				
<b>GENERAL TIER 5 (PEPRA)</b>									
<b>2019 Average Monthly Benefit</b>	\$586								
Number Retirees & Beneficiaries	20								
<b>2018 Average Monthly Benefit</b>	\$383								
Number Retirees & Beneficiaries	11								

NOTE: 2018 was the first year for which there were retirees in General Tier 5 (PEPRA).

Contra Costa County Employees' Retirement Association  
**Schedule of Average Benefit Payment Amounts (Concluded)**

**Schedule of Average Benefit Payment Amounts**

Estimates Based on Annualized Benefit Amounts at December 31 of Each Year

SAFETY TIER A and TIER C	Years of Retirement								
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+
<b>2019 Average Monthly Benefit</b>	\$5,963	\$7,756	\$8,326	\$7,749	\$6,497	\$5,860	\$4,656	\$4,514	\$4,484
Number Retirees & Beneficiaries	348	487	416	383	254	185	105	70	66
<b>2018 Average Monthly Benefit</b>	\$5,949	\$7,651	\$7,991	\$7,493	\$5,863	\$5,594	\$4,476	\$4,629	\$4,206
Number Retirees & Beneficiaries	328	502	414	383	215	169	110	72	57
<b>2017 Average Monthly Benefit</b>	\$5,640	\$7,737	\$7,899	\$6,943	\$5,574	\$5,144	\$4,182	\$4,553	\$4,023
Number Retirees & Beneficiaries	292	495	461	347	199	139	110	70	47
<b>2016 Average Monthly Benefit</b>	\$6,069	\$7,582	\$7,890	\$6,126	\$5,409	\$4,857	\$4,176	\$4,459	\$3,833
Number Retirees & Beneficiaries	341	459	470	298	208	123	108	64	43
<b>2015 Average Monthly Benefit</b>	\$6,590	\$7,444	\$7,262	\$5,984	\$5,033	\$4,775	\$3,983	\$4,336	\$3,676
Number Retirees & Beneficiaries	440	412	438	288	213	122	94	69	49
<b>2014 Average Monthly Benefit</b>	\$6,837	\$7,376	\$6,771	\$5,715	\$5,227	\$4,298	\$4,157	\$4,170	\$3,397
Number Retirees & Beneficiaries	487	426	403	263	205	121	89	73	38
<b>2013 Average Monthly Benefit</b>	\$6,858	\$7,145	\$6,583	\$5,150	\$5,117	\$4,155	\$4,255	\$3,986	\$3,093
Number Retirees & Beneficiaries	493	421	404	226	186	123	90	69	33
<b>2012 Average Monthly Benefit</b>	\$6,946	\$7,113	\$6,165	\$5,023	\$4,738	\$3,951	\$4,108	\$3,599	\$3,272
Number Retirees & Beneficiaries	487	471	364	205	158	125	91	61	28
<b>2011 Average Monthly Benefit</b>	\$6,763	\$7,040	\$5,513	\$4,892	\$4,409	\$3,909	\$3,880	\$3,711	\$2,940
Number Retirees & Beneficiaries	437	486	304	215	142	125	87	55	26
<b>2010 Average Monthly Benefit</b>	\$6,791	\$6,521	\$5,452	\$4,623	\$4,380	\$3,637	\$3,891	\$3,555	\$2,818
Number Retirees & Beneficiaries	406	453	287	223	133	107	86	50	21

**SAFETY TIER D and TIER E (PEPRA)**

<b>2019 Average Monthly Benefit</b>	\$1,679
Number Retirees & Beneficiaries	3
<b>2018 Average Monthly Benefit</b>	\$2,160
Number Retirees & Beneficiaries	1

NOTE: 2018 was the first year for which there were retirees in Safety Tiers D and E (PEPRA).

## PARTICIPATING EMPLOYERS AND ACTIVE MEMBERS FOR YEARS 2011 - 2020

Participating Employers and Active Members for Years 2011- 2020											
County of Contra Costa:	2020 <sup>(1)</sup>	% of Totals	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Members	7,680	75.99%	7,657	7,608	7,608	7,436	7,306	6,897	6,784	6,357	6,280
Safety Members	911	9.01%	910	937	947	951	936	894	951	912	888
<b>TOTAL:</b>	<b>8,591</b>	<b>85.00%</b>	<b>8,567</b>	<b>8,545</b>	<b>8,555</b>	<b>8,387</b>	<b>8,242</b>	<b>7,791</b>	<b>7,735</b>	<b>7,269</b>	<b>7,168</b>
<b>Participating Agencies:</b>											
Bethel Island Municipal Improvement District	5	0.05%	4	4	4	1	1	1	2	2	2
Byron, Brentwood, Knightsen Union Cemetery District	4	0.04%	3	4	4	4	5	5	5	5	5
Central Contra Costa Sanitary District	272	2.69%	283	278	279	282	272	262	260	255	248
Contra Costa County Employees' Retirement Association	59	0.58%	58	56	51	47	48	43	44	38	36
Contra Costa Housing Authority	84	0.83%	81	82	82	87	84	82	83	83	91
Contra Costa Mosquito and Vector Control District	35	0.35%	34	36	35	33	33	33	34	33	35
Local Agency Formation Commission (LAFCO)	1	0.01%	1	2	2	2	2	2	2	2	2
Rodeo Sanitary District	7	0.07%	6	7	7	7	8	7	7	6	8
In-Home Supportive Services Authority (IHSS)	15	0.15%	16	15	15	15	13	12	12	12	12
First 5 - Children & Families Commission	30	0.30%	28	30	29	28	26	22	21	20	22
Contra Costa County Fire Protection District	396	3.92%	380	348	326	337	304	297	286	299	331
East Contra Costa Fire Protection District	44	0.44%	42	37	36	43	35	38	49	38	48
Moraga-Orinda Fire Protection District	71	0.70%	65	61	64	63	62	62	70	62	65
Rodeo-Hercules Fire Protection District	21	0.21%	19	21	19	18	24	23	15	14	17
Superior Court of Contra Costa County	303	3.00%	318	331	323	330	331	324	344	342	357
San Ramon Valley Fire Protection District	169	1.67%	170	164	172	164	152	155	155	160	182
<b>TOTAL PARTICIPATING AGENCIES:</b>	<b>1,516</b>	<b>15.00%</b>	<b>1,508</b>	<b>1,476</b>	<b>1,448</b>	<b>1,461</b>	<b>1,400</b>	<b>1,368</b>	<b>1,389</b>	<b>1,371</b>	<b>1,461</b>
<b>TOTAL ACTIVE MEMBERSHIP</b>	<b>10,107</b>	<b>100.00%</b>	<b>10,075</b>	<b>10,021</b>	<b>10,003</b>	<b>9,848</b>	<b>9,642</b>	<b>9,159</b>	<b>9,124</b>	<b>8,640</b>	<b>8,629</b>

<sup>(1)</sup>2020 total active membership is preliminary and will be finalized upon completion of 12-31-20 Actuarial Valuation report anticipated in August 2021.

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## MEMORANDUM

Date: June 23, 2021  
To: CCCERA Board of Retirement  
From: Gail Strohl, Chief Executive Officer  
Subject: Consider and take possible action to authorize the CEO to renew a maintenance and support agreement with CPAS Systems, Inc.

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### Background

Since 2009, CCCERA has had a maintenance and system software support services agreement with CPAS Systems, Inc. for its pension administration system. It is typically renewed on an annual basis. These services include legislative compliance updates, maintenance updates, and overall system support services. The maintenance and support is necessary for continued operation of the system. The annual renewal amounts are \$27,576 for maintenance (prorated) and \$147,600 for system support services. The support amount reflects an increase in the number of support hours due to anticipated work related to the Icon project.

### Recommendation

Consider and take possible action to authorize the CEO to renew a maintenance and support agreement with CPAS Systems, Inc.

# BOARD MEETINGS 2021

Meeting Date  
**06/23/2021**  
Agenda Item  
**#7**

JANUARY						
Su	Mo	Tu	We	Th	Fr	Sa
					H	2
3	4	5	6	7	8	9
10	11	12	B	14	15	16
17	H	19	20	21	22	23
24	25	26	B	28	29	30
31						

1 - New Year's Day  
18 - Martin Luther King Jr. Day

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

15 - Presidents' Day

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

APRIL						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	B	15	16	17
18	19	20	21	22	23	24
25	26	27	B	29	30	

MAY						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	B	6	7	8
9	10	S	S	S	S	15
16	17	18	19	20	21	22
23	24	25	B	27	28	29
30	H					

31 - Memorial Day

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

JULY						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	H	6	7	8	9	10
11	12	13	B	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

2 - Independence Day Observed

AUGUST						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	B	12	13	14
15	16	17	18	19	20	21
22	23	24	B	26	27	28
29	30	31				

SEPTEMBER						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	H	7	B	9	10	11
12	13	14	15	16	17	18
19	20	21	B	23	24	25
26	27	28	29	30		

6 - Labor Day

OCTOBER						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	B	14	15	16
17	18	19	20	21	22	23
24	25	26	B	28	29	30
31						

NOVEMBER						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	B	4	5	6
7	8	S	S	S	S	13
14	15	16	B	18	19	20
21	22	23	24	H	H	27
28	29	30				

11 - Veterans Day  
25 and 26 - Thanksgiving

DECEMBER						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	B	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	H	25
26	27	28	29	30	H	

24 - Christmas Day Observed  
31 - New Year's Day Observed

**B** Board Meeting

**S** SACRS

**C** CALAPRS - General Assembly



Meeting Date  
**06/23/2021**  
Agenda Item  
**#9a.**

## NASRA Annual Conference Frequently Asked Questions

### Registration

#### Who may attend?

The Annual Conference is open to NASRA members in good standing. They may elect to bring staff members, trustees, or colleagues from their firm.

#### What are the registration fees?

System Members, Staff and Trustees and Education Alliance Members: \$395 per person

Premium and Associate Members: \$395 per person

#### How do I register a Trustee from my retirement system?

A trustee is a "guest" who pays the full registration fee. When a member registers, he/she can also add the trustee.

#### Can I register someone else?

Yes, as long as you can login to NASRA.org, you may register multiple individuals and then indicate that you are not attending on the final screen.

### Member Guests

**Since the NASRA annual conference is virtual this year, the only "guests" attending would be system staff or associate colleagues.**

If you have registered and paid to attend and later decide to add a colleague, please contact Mary Hiatte at [mary@nasra.org](mailto:mary@nasra.org) for an additional invoice.

Once you register, you cannot edit your answers to the custom questions on the registration form; however, if you notify NASRA of your change of plans, we can do it for you, and it will assist us in keeping a more accurate headcount.

#### If I need to split my payment to pay for colleagues separately, what do I do?

Register yourself and your colleagues. Then select payment by invoice (not credit card).

After registering, click on **My Invoices** to see your outstanding conference payment. You can divide the total to pay for colleagues separately via credit card online or by calling (859) 276-4612 or by check(s) to the address on the invoice.

### Associate Members' Questions

#### How many members from my firm can attend the conference?

Premium Associate Members may bring up to seven people to the conference. Regular Associate firms may have up to five people attend.

#### Is there an exhibit area?



At NASRA's Virtual Annual Meeting & Expo Hall, commercial members will have the opportunity to gain industry intelligence and insight and learn from the leaders who are moving their organizations forward, as well as provide a virtual 'booth' where pension professionals can view your products and service offerings. Discover how you might support the efforts of pension systems to stay on pace with an everchanging pension industry landscape. This is a new offering for this virtual event, free with conference registration! NASRA is diligently working on finalizing the new Premium and Regular Associate Member opportunities for the 2021 NASRA Virtual Annual Conference experience. NASRA will be providing additional information to our commercial members in the coming weeks.

## **Cancellation policy**

Cancellations must be submitted in writing to [administration@nasra.org](mailto:administration@nasra.org) for reimbursement accordingly:

- July 17: full refund
- July 18 to July 31: 50 percent of the registration fee
- August 1 and after: no refund

## **Agenda at a Glance** **(all times PDT)**

### **Wednesday, August 4, 2021**

**10:00 a.m.** - Director's Workshop

**2:00 p.m.** - Regional Meetings

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### **Friday, August 6, 2021**

**9:00 a.m.** – Senior Staff Workshop

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### **Monday, August 9, 2021 - FIRST GENERAL SESSION**

**8:30 a.m.** - Conference Opening | Jim Potvin, President

**8:45 a.m.** - Keynote | TBD

**9:55 a.m.** - Actuarial Interactive Discussion - Introduction of topics with breakout sessions for discussion

**11:00 a.m.** - Interactive ESG Discussion - Introduction of topic (pros, cons, pressures) with interactive breakout session to share thoughts and issues.

**12:00 p.m.** - Lunch Break

**12:30 p.m.** - Roll Call of the States, Part 1 | Steve Russo, Regional Vice President

**1:30 p.m.** - 1st Day Wrap Up and Notes for Tomorrow | Jim Potvin, NASRA President, and Dana Bilyeu, NASRA Executive Director

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### **Tuesday, August 10, 2021 - SECOND GENERAL SESSION**

**8:30 a.m.** - Opening Remarks | Don Drum, President Elect

**8:40 a.m.** - Keynote Address | TBD

**9:50 a.m.** - Interactive Roundtable - Security in the Virtual Office - Introduction of topics with breakouts for interactive discussion

**10:50 a.m.** - 2020 Federal Update | Jeannine Raymond, NASRA Director of Federal Relations and panel

**12:00 p.m.** - Lunch Break

**12:30 p.m.** - Roll Call of the States, Part 2 | Dan Andersen, Regional Vice President

**1:30 p.m.** - Second Day Wrap Up and Notes for Tomorrow | Don Drum, NASRA President-Elect, and Dana Bilyeu, NASRA Executive Director

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### **Wednesday, August 11, 2021 - THIRD GENERAL SESSION**

**8:30 a.m.** | Opening Remarks, Frank Karpinski, First Vice President

**8:40 a.m.** | NASRA Research Report, Keith Brainard, NASRA Research Director, Alex Brown, NASRA Research Manager

**10:00 a.m.** | Interactive Roundtable - Topic TBD following survey of membership

**11:00 a.m.** | Interactive Roundtable - Topic TBD following survey of membership

**12:00 p.m.** | Lunch Break

**12:30 p.m.** | Roll Call of the States, Part 3 | Karen Carraher, Regional Vice President

**1:30 p.m.** | Annual Business Meeting - Jim Potvin, NASRA President

**2:00 p.m.** | Wrap Up with NASRA Staff

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### **Registration Pricing**

**System Members and Education Alliance Members: \$395 per person**

**Associates and Premium Associates: \$395 per person**

Meeting Date  
**06/23/2021**  
Agenda Item  
**#9b.**



## Save the Date!

Please join us at the **2021 Invesco Real Estate Global Client Conference**.

**Location:**

The Lodge at Torrey Pines  
San Diego, California

**Date:**

Begins Tuesday, November 2\*  
Cocktails/Dinner 6:00 p.m.

Ends Thursday, November 4  
Cocktails/Dinner 6:00 p.m.

\*Fund meetings for Existing Fund Investors and Advisory Board Members will take place on Tuesday afternoon and Thursday morning.