Contra Costa County Employees' Retirement Association

AGENDA

RETIREMENT BOARD MEETING

FIRST MONTHLY MEETING	Retirement Board Conference Room
December 10, 2014	The Willows Office Park
9:00 a.m.	1355 Willow Way, Suite 221
	Concord, California

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

1. Pledge of Allegiance.

2. Accept comments from the public.

3. Approve minutes from the October 22 and November 5, 2014 meetings.

4. Routine items for December 10, 2014.

   a. Approve certifications of membership.
   b. Approve service and disability allowances.
   c. Accept disability applications and authorize subpoenas as required.
   d. Approve death benefits.
   e. Accept Asset Allocation Report.

CLOSED SESSION

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

	Member	Type Sought	Recommendation
a.	James Argo	Service Connected	Service Connected
b.	Eugene Dick	Service Connected	Service Connected
c.	Matthew Hopkins	Service Connected	Service Connected
d.	Phillip Wisotsky	Service Connected	Service Connected

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

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.

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OPEN SESSION

7. Consider and Take Possible Action Regarding the Retiree Lookback Project: Review of past incidents of unusual compensation increases at the end of employment.

8. Consider and Take Possible action to adopt:

   a. Policy Governing the Overpayment Or Underpayment of Member Contributions
   b. Policy Governing the Overpayment Or Underpayment of Member Benefits

9. Consider and Take Possible Action To Recover Erroneous Spousal Continuance Payments to Ineligible Spouse.

10. Consider and Take Possible Action to Correct Call Back Pay Erroneously Reported As Pensionable Which Resulted In Overpayments of Benefits to Retirees and Overpayment of Retirement Contributions.

11. Consider and Take Possible Action to adopt BOR Resolution 2014-4 providing a 2.75% Prospective Adjustment in Base Pay for all CCCERA Employees, except the Retirement CEO position.

12. Consider authorizing the attendance of Board and/or staff:
    a. 4th Annual Risk and Liquidity Forum, Institutional Investor, January 27-28, 2015, San Francisco, CA. (Note: Conflict with Board Meeting)
    b. Forum 2015, Commonfund, March 14-17, 2015, Orlando, FL.
    c. The Chief Investment Officer Summit, Asset International, April 15-17, 2015, New York, NY. (Note: Staff Only)

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

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

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MINUTES

RETIREMENT BOARD MEETING

SECOND MONTHLY MEETING
9:00 a.m.

October 22, 2014

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

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

Absent: None

Staff: Gail Strohl, Retirement Chief Executive Officer; Timothy Price, Retirement Chief Investment Officer; Karen Levy, Retirement General Counsel; Christina Dunn, Retirement Administration Manager; Wrally Dutkiewicz, Retirement Compliance Officer and Chih-chi Chu, Retirement Investment Analyst

Outside Professional Support:	Representing:
Bob Helliesen	Milliman
Marty Dirks	Milliman
Dorian Young	Milliman

1. **Pledge of Allegiance**

   Hast led all in the *Pledge of Allegiance.*

2. **Accept comments from the public**

   No members of the public offered comment.

Gordon was present for subsequent discussion and voting.

3. **Presentation from staff and INVESCO regarding potential commitment to the INVESCO U.S. Real Estate Fund IV** – Max Swango, Jay Hurley, Kevin Conroy

   Price reviewed the background on investing in real estate noting we are looking at a $35 million allocation to Fund IV. He discussed the fees and noted in the future there will be an example on how the fees will be paid.

   Chu reported INVESCO is one of CCCERA's three value add managers. He gave an overview of CCCERA's relationship with INVESCO. He also reviewed Fund IV noting it has closed one notable transaction in San Francisco to date.

Pigeon was present for subsequent discussion and voting.

Chu reviewed the past performance of Funds I, II and III.

Allen was present for subsequent discussion and voting.

Swango gave an overview of the firm and the real estate team. He reviewed CCCERA's investments in Fund I, II and III and gave a summary of Fund IV.

Conroy summarized Funds I, II and III.

Hurley reviewed their value added performance track record. He also reviewed their relative performance noting capital has been returned to investors at a faster pace than their peers. He also reviewed their investment philosophy and portfolio construction including their portfolio construction targets for Value Fund IV.

Swango reviewed the current market fundamentals – supply, demand and revenue growth. He also reviewed the terms of Fund IV and the current investments in the Fund.

4. <u>Consider and take possible action regarding potential commitment to the INVESCO U.S. Real Estate Fund IV</u>

It was **M/S/C** to invest $35 million in the INVESCO U.S. Real Estate Fund IV subject to due diligence, legal review and authorize the CEO to sign all necessary contracts. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

5. <u>Update for Board on status of Investment Consultant Search</u>

Price distributed a memo from Cortex on the respondents noting 3 of the firms have been removed from consideration based on different factors. Cortex and staff are preparing their evaluation on the remaining 10 firms. He reported a summary report will be available on November 17th and is on schedule at this point. The final presentations will be in the first quarter of 2015. He noted the firms listed on the memo are in a quiet period and should not have communication with Board members regarding the RFP.

6. <u>Consider appointment of an ad hoc committee to review the request for proposal responses for labor and employment legal counsel</u>

Levy reported this committee is a limited purpose and limited duration committee. The purpose of the ad hoc committee is to review the responses to the request for proposal and make a recommendation to the full Board regarding the selection of one or more labor and employment law firms. Gordon, Holcombe, Telles and Watts volunteered for the ad hoc committee.

Holcombe was no longer present for subsequent discussion and voting.

7. <u>Consider and take possible action to establish an audit committee of the Board</u>

The Board discussed the purpose of having a standing audit committee. They questioned how many '37 Act Boards have a standing audit committee. Levy noted there are quite a few in the larger systems. Strohl noted the Government Finance Officers Association (GFOA) recommends public pension boards have a standing audit committee and they have specific documentation that the committee would be privy to.

There was a discussion on the pros and cons of an ad hoc committee versus a standing committee. Levy noted standing committees are subject to the Brown Act requirements of open and public meetings with notice to the public. It was recommended that the Board adopt a written policy or charter regarding the establishment of the standing audit committee that would set forth the subject matters within the purview of the committee. A standing committee could not take final action but would provide recommendations to the full Board. The Board requested information on how many '37 Acts have a standing audit committee and if those boards feel they are beneficial.

It was **M/S** to establish a standing audit committee with their initial charge being 1) reviewing recommendations of CCCERA staff and outside auditor regarding the audited financial statements, CCCERA internal controls and audit and compliance plans; and 2) review and address audit and compliance review findings; and direct a committee to be formed and return with further recommendations regarding the scope of the audit committees functions and a sampling of what other systems do with respect to their audit committee and strongly encourage committee membership with both employee organizations and appointed trustees.

Levy noted the Board may have to amend its regulations and submit them to the Board of Supervisors for approval and then a committee charter would need to be adopted.

An amended motion was **M/S/C** to direct staff/CEO/general counsel to conduct a survey with all other plans and bring back information on all of the necessary steps to establish an audit committee. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

Gordon was no longer present for subsequent discussion and voting.

8. Conference Seminar Attendance

a. It was **M/S/C** to authorize the attendance of two staff members at the Annual Partners Meeting, Long Wharf Real Estate Partners, November 19-20, 2014, Boston, MA. (Yes: Allen, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

Gordon was present for subsequent discussion and voting.

9. Miscellaneous

(a) Staff Report –

Price reported on a correction regarding Oaktree RE Opportunities Fund VII and the Cayman Islands feeder fund noting everything is in a Cayman fund and it was set up that way because they expected a higher percentage of non-US investors and to avoid double taxation. The process still goes through Reed Smith Legal counsel.

Strohl reported the interior renovations are continuing; investments will be in their suite in the beginning of November; she gave an update on the website development RFP noting they have received 5 proposals and are in the process of evaluating them.

She provided some updates on CCCERA becoming an independent district: staff is working with the County on service agreements so everything will be in place by January for CCCERA to become the employer of its staff; staff will be coming back to the Board with 2 resolutions, one confirming CCCERA as an independent district and one consenting to CCCERA's continued participation in the CCCERA retirement system.

Dutkiewicz reported he is continuing to work on employer audits; his first report of preliminary findings was delivered to Bethel Island and he is waiting for their response; he is working on his second employer on-site audit.

(b) Outside Professionals' Report –

None

(c) Trustees' comments –

Telles reported he attended the Torchlight Client Service Conference in New York and felt the conference was well worth it. He also met with Sigular Guff. He attended the Angelo Gordon on-site visit and was comfortable with their investment presentation. He also attended the Torchlight on-site visit. He attended the California Retirees Conference in Sacramento and stated CCCERA was the topic of discussion because we are the only system that has completely separated from the county. He reported one issue that came up is whether or not to allow differentials to PEPRA members for '37 Act systems. It was noted all but two systems (including CCCERA) are allowing differentials.

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

Brian Hast, Chairman	Jerry Telles, Secretary

MINUTES

RETIREMENT BOARD MEETING MINUTES

FIRST MONTHLY BOARD MEETING
9:00 a.m.

November 5, 2014

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

Present: Brian Hast, Jerry Holcombe, Louie Kroll, Karen Mitchoff, John Phillips, William Pigeon, Gabe Rodrigues, Todd Smithey and Russell Watts

Absent: Debora Allen, Scott Gordon and Jerry Telles

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

Outside Professional Support: Representing:
None

1. **Pledge of Allegiance**

Hast led all in the *Pledge of Allegiance.*

2. **Accept comments from the public**

No members of the public offered comment.

3. **Approval of Minutes**

It was **M/S/C** to approve the minutes of the September 10, 2014 meeting correcting the spelling of Phillips name on page 5, Item 17 (c). (Yes: Hast, Holcombe, Kroll, Mitchoff, Phillips, Rodrigues, Smithey and Watts)

It was **M/S/C** to approve the minutes of the September 17, 2014 meeting. (Yes: Hast, Holcombe, Kroll, Mitchoff, Phillips, Rodrigues, Smithey and Watts)

4. **Routine Items**

It was **M/S/C** to approve the routine items of the November 5, 2014 Board meeting. (Yes: Hast, Holcombe, Kroll, Mitchoff, Phillips, Rodrigues, Smithey and Watts)

It was the consensus of the Board to move to Item 6.

6. **Consider and take possible action to adopt BOR Resolution 2014-2 confirming the participation of the CCCERA "District" in the CCCERA retirement system**

Levy reported this Resolution confirms the participation of CCCERA as an independent district in CCCERA the retirement system.

It was **M/S/C** to adopt BOR Resolution 2014-2 confirming the participation of the CCCERA "District" in the CCCERA retirement system. (Yes: Hast, Holcombe, Kroll, Mitchoff, Phillips, Rodrigues, Smithey and Watts)

7. **Consider and take possible action to adopt BOR Resolution 2014-3 consenting to the continued participation of CCCERA in the retirement system**

Levy reported this Resolution is the consent of CCCERA the retirement system to the continued participation of CCCERA the independent district in the retirement. She explained that as a result of the passage of Senate Bill 673, CCCERA will be designated as a district effective January 1, 2015 pursuant to the County Employees Retirement Law of 1937 (CERL), Government Code Section 31468(l)(3). Independent districts may elect to be included as a participating employer in CCCERA by adoption of a resolution by a two-thirds vote of the districts' governing body, with the consent of CCCERA, pursuant to CERL Section 31557(b).

It was **M/S/C** to adopt BOR Resolution 2014-3 consenting to the continued participation of CCCERA in the retirement system. (Yes: Hast, Holcombe, Kroll, Mitchoff, Phillips, Rodrigues, Smithey and Watts)

8. **Consider and take possible action to approve firm to offer Labor Relations and Consultation Services as the Chief Labor Negotiator**

Strohl reported an RFP was issued in September to provide Labor Relations and Consultation Services as the Chief Labor Negotiator. She reported we received 2 proposals that met the minimum requirements.

The Board interviewed Joseph Wiley of Wiley Price & Radulovich, LLP and Chet Quaide and Todd Goluba of Atkinson, Anderson, Loya, Ruud & Romo.

After a discussion, it was **M/S/C** to appoint Joseph Wiley of Wiley Price & Radulovich, LLP as the Chief Labor Negotiator for CCCERA subject to contract negotiations. (Yes: Hast, Holcombe, Kroll, Mitchoff, Phillips, Rodrigues, Smithey and Watts)

9. **Presentation of Cash Flow Report for the 6 months ended June 30, 2014**

Kaplan presented the Cash Flow Report for the 6 months ended June 30, 2014 noting that without the prepayment program, CCCERA's monthly cash inflow would be increased by approximately $19 million.

10. **Consider and take possible action on SACRS legislative proposal**

Levy reported about the SACRS 2015 legislative proposal. The proposal would introduce legislation to clarify that a member who retired for service and is later granted a disability retirement benefit may change their retirement option. Staff recommends supporting the proposal as it is consistent with CCCERA current practice as well as the practice of many other CERL systems.

It was **M/S/C** to support the SACRS legislative proposal. (Yes: Hast, Holcombe, Kroll, Mitchoff, Phillips, Rodrigues, Smithey and Watts)

11. Report of Purchase and/or Sale of a Pension Fund Investment: PIMCO

Hast read the following into the record: The Board met in closed session pursuant to Government Code Section 54956.81 to consider the sale and purchase of a particular pension fund investment on October 8, 2014, Agenda Item No. 6. In accordance with Government Code Section 54957.1(a)(7), the following action is hereby reported: It was **M/S/C** to direct PIMCO to sell the CCCERA investments in the sector funds and invest the proceeds in a separate account broadly intended to track the Barclays Aggregate Index. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Smithey, Telles, Watts. Opp: None. Abs: None)

12. Consider and take possible action on Board meeting schedule for 2015

It was **M/S/C** to accept the Board meeting schedule for 2015 as presented. (Yes: Hast, Holcombe, Kroll, Mitchoff, Phillips, Rodrigues, Smithey and Watts)

13. Conference Seminar Attendance

a. It was **M/S/**C to authorize the attendance of 1 Board member and 1 staff member at the 2014 Annual Review, Paulson Real Estate Funds, November 21, 2014, New York, NY. (Yes: Hast, Holcombe, Kroll, Mitchoff, Phillips, Rodrigues, Smithey and Watts)

It was the consensus of the Board to move to Item 5.

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957.

The Board moved into open session.

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

a. Michael Espinoza – Service Connected (Yes: Hast, Holcombe, Kroll, Mitchoff, Phillips, Rodrigues, Smithey and Watts)
b. Kenneth Gmeiner – Service Connected (Yes: Hast, Holcombe, Kroll, Mitchoff, Phillips, Rodrigues, Smithey and Watts)
c. Jeffrey Nelson – Service Connected (Yes: Hast, Holcombe, Kroll, Mitchoff, Phillips, Rodrigues, Smithey and Watts)
d. Christopher Wilson – Service Connected (Yes: Hast, Holcombe, Kroll, Mitchoff, Phillips, Rodrigues, Smithey and Watts)
e. Sonya Pye – Non-service Connected (Yes: Hast, Holcombe, Kroll, Mitchoff, Phillips, Rodrigues, Smithey and Watts

14. Miscellaneous

(a) Staff Report –

Price reviewed the PIMCO transaction which was reported in Item 11 noting the assets were successfully transferred. He received an announcement from Energy Investor Funds that they are selling the corporate company to Ares Management, L.P. noting the transaction is expected to close by year end.

Levy reported SACRS is undertaking a project to reorganize the '37 Act book by re-numbering the statutes in order to make the '37 Act more user-friendly. The proposed statutory changes would have to go through the legislative process. If enacted, the changes in the statute numbers would then require CCCERA to amend the numbers on many of our documents, including Board resolutions, policies, etc.

Kaplan reported she attended the P2F2 Conference and felt it was a great conference. She noted we are on target with GASB 67 and 68. She announced CCCERA received the Public Pension Standards Award for 2014.

Strohl reported the County is working on a draft service agreement for the services they will be providing to CCCERA; she also reported the County is only able to use their federal and state tax ID numbers when processing CCCERA's payroll noting she spoke to tax counsel and they stated it is ok to use the County's numbers on a temporary basis. She thanked Levy and Dunn for their behind the scenes work on the transition of CCCERA into a separate district; The Retirement Benefits Manager resigned and Schneider will be acting as the interim.

Dunn gave update on the remodel noting the installation of the door FOBs will be done this week.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Rodrigues asked what agenda the PEPRA base-pay only item will be on. It was noted it will be in the next few months.

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

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Brian Hast, Chairman	Jerry Telles, Secretary

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

December 10, 2014

Meeting Date
12/10/14
Agenda Item
#4

Items requiring Board Action

A. Certifications of Membership – see list and classification forms.

B. Service and Disability Retirement Allowances:

Name	Number	Effective Date	Option Type	Group	Selected
Andreev, Elena	62584	09/24/14	SR	II & III	Unmod
Descalzo, Janis	47920	08/01/14	SR	III	Unmod
Fernandez, Carolyn	25464	08/15/14	SR	II & III	Unmod
Gonzales, Phillip	51889	09/06/14	SR	S/A	Unmod
Holcomb, Steven	49708	09/15/14	SR	II & III	Unmod
Jirik, Gale	D3301	07/07/14	SR	II & III	Unmod
Kelly, Juliet	66980	07/07/14	SR	III	Unmod
Loes, Mark	64294	05/15/14	SR	II & III	Unmod
Martin, Nannette	45321	08/30/14	SR	III	Unmod
Mata, David	67765	08/27/14	SR	III	Unmod
Melton, Christine	68270	09/13/14	SR	III	Unmod
Meneses, Noel	65313	08/30/14	SR	II & III	Unmod
Morgan, Lynn	45042	08/22/14	SR	II & III	Unmod
Morris, Kelly	D7274	01/01/14	SCD	S/A	Unmod
Nunnelly, Tommy	32383	07/11/14	SR	II & III	Unmod
Olson, Pamela	44506	09/06/14	SR	I	Unmod
Orlando-Malo, Patricia	54570	08/30/14	SR	III	Unmod
Penaloza, Carole	32101A/P	08/04/14	SR	S/A	Unmod
Reinthaler, Louis	64001	09/18/14	SR	III	Unmod
Scahill, Michael	D3406	09/27/14	SR	I	Unmod
Shaw, Howard	52702	07/11/14	SR	III	Unmod
Stratton, Tracy	48154A/P	09/29/14	SR	S/A	Unmod
Venturino, Susan	63469	09/13/14	SR	II & III	Option 3
Wimberly, Sandra	45347	09/02/14	SR	II & III	Unmod
Witherspoon, Pamela	49634	10/01/14	SR	II & III	Unmod
Yowakeem, Antionette	50317	07/11/14	SR	II & III	Unmod

KEY:

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

Option
* = County Advance Selected w/option

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

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

Name	Number	Filed	Type
Hooper-Britton, Debra	51707	11/05/14	NSCD
Henkel, Joyce	67461	11/04/14	NSCD

D. Deaths:

Name	Date of Death	Employer
Almond, Dorothy	11/11/14	Contra Costa County
Anonuevo, Emmanuel	11/07/14	Contra Costa County
Campbell, Jack	11/14/14	Central Contra Costa Sanitary District
Dechter, Jil	11/01/14	Contra Costa County
Fahimi, Fahim	09/15/14	Contra Costa County
Gutierrez, Edna	09/18/14	Contra Costa County
Hall, Edward	10/24/14	Stege Sanitary District
Luna, Virginia	11/26/14	Beneficiary
Lynch, Daniel	11/26/14	Contra Costa County
Mc Mahon, John	11/08/14	Contra Costa County
Mena, Sara	11/13/14	Contra Costa County
Peters, Camille	09/22/14	Contra Costa County
Pousard, Alfred	10/29/14	Contra Costa County
Rebhahn, Dorothy	11/06/14	Contra Costa County
Reilly, Ethel	11/10/14	Beneficiary
Ross, Kathryn	11/11/14	Contra Costa County
Schopflin, Jo Ann	10/31/14	Contra Costa County
Silva, Carol	10/14/14	Contra Costa County
Slusher, Margaret	11/11/14	Beneficiary
Tipton, Drusilla	11/12/14	Contra Costa County
Wandry, Karl	10/29/14	Contra Costa County
Wight, Stuart	11/11/14	Contra Costa County

KEY:

Group	Option	Type
I = Tier I	* = County Advance Selected w/option	NSP = Non-Specified
II = Tier II		SCD = Service Disability
III = Tier III		SR = Service Retirement
S/A = Safety Tier A		NSD = Non-Service Disability
S/C = Safety Tier C		

Meeting Date
12/10/14
Agenda Item
#4a.

CERTIFICATION OF MEMBERSHIPS

Name	Employee Number	Tier	Membership Date	Employer
Aguilar, Desiree	78203	P5.3	10/01/14	Contra Costa County
Anaya, Martha	77995	P5.2	10/01/14	Contra Costa County
Andrews, Alana	80629	P5.2	10/01/14	Contra Costa County
Arguello, Lisa	78355	P5.2	10/01/14	Contra Costa County
Atkinson, Ian	80700	P5.2	10/01/14	Contra Costa County
Bath, Stephen	80389	P5.2	10/01/14	Contra Costa County
Baumann, Andrew	80623	P5.2	10/01/14	Contra Costa County
Bianucci, Nicolas	80779	P5.2	10/01/14	Contra Costa County
Bledsoe, Jessica	80736	P5.2	10/01/14	Contra Costa County
Block, Alison	80698	P5.2	10/01/14	Contra Costa County
Blue, Kenneth	77402	P5.2	10/01/14	Contra Costa County
Briner, Cherie	80702	P5.2	10/01/14	Contra Costa County
Bryant, Xavier	80762	S/E	10/01/14	Contra Costa County
Buelna, Christine	67201	P5.2	10/01/14	Contra Costa County
Calipes, Roland	78166	P5.3	10/01/14	Contra Costa County
Cantoran, Concepcion	80695	P5.2	10/01/14	Contra Costa County
Cardoza, Katherine	78580	P5.2	10/01/14	Contra Costa County
Carranza, Natalie	77391	P5.2	10/01/14	Contra Costa County
Clifton, Paul	80622	P5.2	10/01/14	Contra Costa County
Cody, Christopher	80697	P5.2	10/01/14	Contra Costa County
DeHart, Matthew	80267	S/D	10/01/14	ConFire
Dominguez, Joshua	80789	P5.2	10/01/14	Contra Costa County
Doppe, Peter	80155	S/D	10/01/14	ConFire
Dunham, Michael	70319	S/A	10/01/14	Confire
Fentress, Matthew	73402	III	10/01/14	Contra Costa County
Flores, Christine	78619	P5.2	10/01/14	Contra Costa County
Francisco, Aleah	77530	P5.2	10/01/14	Contra Costa County
Frick, Brian	77408	P5.2	10/01/14	Contra Costa County
Gorton, Mike	80156	S/D	10/01/14	ConFire
Guzman, Orlando	73890	P5.2	10/01/14	Contra Costa County

Key:

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

CERTIFICATION OF MEMBERSHIPS

Name	*Employee Number*	*Tier*	*Membership Date*	*Employer*
Ha, Nikki	80694	P5.3	10/01/14	Contra Costa County
Hayden, Luke	80167	S/D	10/01/14	ConFire
Heller, Seth	80763	S/E	10/01/14	Contra Costa County
Hernandez, Alberto	53618	III	10/01/14	Contra Costa County
Heskett, Brooke	80721	P5.2	10/01/14	Contra Costa County
Higdon, Danielle	79652	S/D	10/01/14	Contra Costa County
Jeulich, Donald	78955	P5.2	10/01/14	Contra Costa County
Jinks, Shani	D9500	P5.3	10/01/14	Superior Courts
Jones, Loida	80655	P5.2	10/01/14	Contra Costa County
Ju, Daniel	80157	S/D	10/01/14	ConFire
Keller, Matthew	D3406	P4.3	10/01/14	Central San
Klein, Carmen	60342	III	09/01/14	Contra Costa County
Klein, Jennifer	80693	P5.2	10/01/14	Contra Costa County
Kosanke, Charles	80168	S/D	10/01/14	ConFire
Lapointe, Nicole	61710	P5.2	10/01/14	Contra Costa County
Linden, Erika	80729	P5.2	10/01/14	Contra Costa County
Madrid, Mirna	75056	P5.2	10/01/14	Contra Costa County
Maney, Suzie	34204	P5.2	10/01/14	Contra Costa County
Manor, Terrina	D3406	I	10/01/14	Central San
Martinez, Michelle	80708	P5.2	10/01/14	Contra Costa County
McGovern, Thomas	68806	P5.2	10/01/14	Contra Costa County
Mead, Angela	80754	P5.2	10/01/14	Contra Costa County
Miller, Amy	D9500	III	10/01/14	Superior Courts
Montero-Brambila, Marisol	80667	P5.3	10/01/14	Contra Costa County
Mortensen, Aillen	71089	P5.2	10/01/14	Contra Costa County
Ng, Michelle	80719	P5.2	10/01/14	Contra Costa County
Nobori, Michelle	80727	P5.2	10/01/14	Contra Costa County
Nunez, Annette	47439	III	10/01/14	Contra Costa County
Ortiz, Morgan	78480	S/A	10/01/14	Confire
Owens, Quera	72670	III	10/01/14	Contra Costa County

Key:

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

CERTIFICATION OF MEMBERSHIPS

Name	*Employee Number*	*Tier*	*Membership Date*	*Employer*
Palacio, Alyssia	80790	P5.2	10/01/14	Contra Costa County
Perlacia, Monica	80730	P5.3	10/01/14	Contra Costa County
Peterson, Britien	80158	S/D	10/01/14	ConFire
Pettit, Heather	D9500	P5.3	10/01/14	Superior Courts
Phillips, Eric	80177	P5.2	10/01/14	Contra Costa County
Pierce, Jeffrey	77952	P5.2	10/01/14	Contra Costa County
Piol, Kevin	80164	S/D	10/01/14	ConFire
Primm, Carol	77917	P5.2	10/01/14	Contra Costa County
Puerto, Juana	80083	P5.2	10/01/14	Contra Costa County
Reimer, Timothy	80159	S/D	10/01/14	ConFire
Reinthaler, Matthew	80169	S/D	10/01/14	ConFire
Reyes, Josefina	80731	P5.2	10/01/14	Contra Costa County
Richey, Sara	80725	P5.2	10/01/14	Contra Costa County
Rivera, Darlyn	75014	P5.2	10/01/14	Contra Costa County
Robinson, Brock	80802	S/E	10/01/14	Contra Costa County
Rodriguez, Rachel	78487	P5.2	10/01/14	Contra Costa County
Sanchez, Alycia	80734	P5.2	10/01/14	Contra Costa County
Sciancalepore, Linda	80681	P5.2	10/01/14	Contra Costa County
Sharpe, Cynthia	76606	P5.3	10/01/14	Contra Costa County
Skowronski, Scott	80268	S/D	10/01/14	ConFire
Slatten, Quincy	80682	P5.2	10/01/14	Contra Costa County
Sosa, Claudia	80728	P5.2	10/01/14	Contra Costa County
Spinner, Nicholas	79626	P5.2	10/01/14	Contra Costa County
Stanovich, Devin	D3406	P4.3	10/01/14	Central San
Steiger, Shonette	80733	P5.2	10/01/14	Contra Costa County
Sutrave, Vaibhav	80621	P5.2	10/01/14	Contra Costa County
Suzuki, Eisho	80160	S/D	10/01/14	ConFire
Sylvia, Matthew	80161	S/D	10/01/14	ConFire
Titirojnoparat, Chalit	80162	S/D	10/01/14	ConFire
Trammel, Rashonda	78924	P5.2	09/01/14	Contra Costa County
Vallerga, Darren	80163	S/D	10/01/14	ConFire
Vogel, Kristin	75194	P5.2	10/01/14	Contra Costa County

Key:

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

CERTIFICATION OF MEMBERSHIPS

Name	*Employee Number*	*Tier*	*Membership Date*	*Employer*
Walhovd, Sara	80710	P5.2	10/01/14	Contra Costa County
Wijetunge, Harsha	80735	P5.2	10/01/14	Contra Costa County
Wood, Colin	80732	P5.2	10/01/14	Contra Costa County
Zelaya Morales, Maria	D9500	P5.3	10/01/14	Superior Courts

Key:

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

TIER CHANGES

Name	*Employee Number*	*Old Tier*	*New Tier*	*Effective Date*	*Employer*	*Reason for Change*
Crowley, Crystal	80217	P5.3	III	6/1/2014	Contra Costa County	Reciprocity
Gates, Cahterine	80199	P5.3	III	6/1/2014	Contra Costa County	Reciprocity
Howells, David	77483	III	S/C	10/1/2014	Contra Costa County	Recruit to sheriff
Scott, Brenda	78145	P5.3	III	1/1/2013	Contra Costa County	Reciprocity

Key:

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	P5.3 = PEPRA Tier 5 (3% COLA)	**S/E = Safety Tier E**

ASSET ALLOCATION

Current Assets (Market Value)
$7,063,884,000
Reporting Month End: October 31, 2014
Prepared By: Chih-Chi Chu

Meeting Date
12/10/14
Agenda Item
#4e.

	A	B	C	D	C-B	D-A	
	% of Target	Target Assets	Market Value	Actual Assets	Over (Under)	Over (Under)	Range
Robeco	4.3%	303,747,012	309,335,000	4.38%	5,587,988	0.08%	
Jackson Square Partners (fka Delaware)	4.3%	303,747,012	313,823,000	4.44%	10,075,988	0.14%	
Emerald Advisors	3.0%	211,916,520	212,378,000	3.01%	461,480	0.01%	
Intech (Core)	4.1%	289,619,244	297,789,000	4.22%	8,169,756	0.12%	
PIMCO Stocks+ Absolute Return	4.0%	282,555,360	308,082,000	4.36%	25,526,640	0.36%	
Ceredex	3.0%	211,916,520	202,460,000	2.87%	(9,456,520)	(0.13%)	
Total Domestic Equity	22.7%	1,603,501,668	1,643,867,000	23.27%	40,365,332	0.57%	
Pyrford (BMO)	5.3%	374,385,852	358,060,000	5.07%	(16,325,852)	(0.23%)	
William Blair	5.3%	374,385,852	357,925,000	5.07%	(16,460,852)	(0.23%)	
Total International Equity	10.6%	748,771,704	715,985,000	10.14%	(32,786,704)	(0.46%)	
JPMorgan Global Opportunities	4.0%	282,555,360	277,573,000	3.93%	(4,982,360)	(0.07%)	
First Eagle	4.0%	282,555,360	269,614,000	3.82%	(12,941,360)	(0.18%)	
Artisan Global Opportunities	4.0%	282,555,360	282,561,000	4.00%	5,640	0.00%	
Intech (Global Low Volatility)	0.3%	21,191,652	23,286,000	0.33%	2,094,348	0.03%	
Total Global Equity	12.3%	868,857,732	853,034,000	12.08%	(15,823,732)	(0.22%)	
Total Equity	**45.6%**	**3,221,131,104**	**3,212,886,000**	**45.48%**	**(8,245,104)**	**(0.12%)**	**40% TO 55%**
AFL-CIO Housing Investment Trust	3.3%	233,108,172	231,357,000	3.28%	(1,751,172)	(0.02%)	
PIMCO Total Return	5.6%	395,577,504	397,954,000	5.63%	2,376,496	0.03%	
GSAM "Park" Portfolio	0.0%	0	4,000	0.00%	4,000	0.00%	
Goldman Sachs Asset Management	4.6%	324,938,664	323,304,000	4.58%	(1,634,664)	(0.02%)	
Lord Abbett	4.6%	324,938,664	323,350,000	4.58%	(1,588,664)	(0.02%)	
Torchlight Debt Opportunity Fund II	1.1%	77,702,724	74,866,000	1.06%	(2,836,724)	(0.04%)	
Torchlight Debt Opportunity Fund III	0.2%	14,127,768	13,312,000	0.19%	(815,768)	(0.01%)	
Torchlight Debt Opportunity Fund IV	0.6%	42,383,304	48,553,000	0.69%	6,169,696	0.09%	
Torchlight Debt Opportunity Fund V	0.0%	0	0	0.00%	0	0.00%	
Total Domestic Fixed Income	20.0%	1,412,776,800	1,412,700,000	20.00%	(76,800)	(0.00%)	
Lazard Asset Management	4.0%	282,555,360	270,488,000	3.83%	(12,067,360)	(0.17%)	
Total Global Fixed Income	**24.0%**	**1,695,332,160**	**1,683,188,000**	**23.83%**	**(12,144,160)**	**(0.17%)**	**20% TO 30%**
Allianz Global Investors (fka Nicholas Applegate)	5.0%	353,194,200	339,410,000	4.80%	(13,784,200)	(0.20%)	
Total High Yield Fixed Income	**5.0%**	**353,194,200**	**339,410,000**	**4.80%**	**(13,784,200)**	**(0.20%)**	**2% TO 9%**
Wellington Real Total Return	0.8%	52,979,130	197,979,000	2.80%	144,999,870	2.05%	
PIMCO All Asset	1.8%	123,617,970	118,808,000	1.68%	(4,809,970)	(0.07%)	
Private Real Asset	2.5%	176,597,100	25,486,000	0.36%	(151,111,100)	(2.14%)	
Total Real Asset	**5.0%**	**353,194,200**	**342,273,000**	**4.85%**	**(10,921,200)**	**(0.15%)**	**0% TO 10%**
Total Real Estate	**12.5%**	**882,985,500**	**918,722,000**	**13.01%**	**35,736,500**	**0.51%**	**10% TO 16%**
Total Alternative Investments	**7.0%**	**494,471,880**	**489,126,000**	**6.92%**	**(5,345,880)**	**(0.08%)**	**5% TO 12%**
County Treasurer			-	0.00%			
State Street Bank			46,230,000	0.65%			
Total Cash & Equivalents	**0.5%**	**35,319,420**	**46,230,000**	**0.65%**	**10,910,580**	**0.15%**	**0% TO 1%**
Oaktree 2009	0.4%	28,255,536	32,049,000	0.45%	3,793,464	0.05%	
Total Market Opportunities	**0.4%**	**28,255,536**	**32,049,000**	**0.45%**	**3,793,464**	**0.05%**	**0% TO 5%**
TOTAL ASSETS	**100.0%**	**7,063,884,000**	**7,063,884,000**	**100%**	**0**	**0%**	

UNDER REVIEW:
DBL - Organizational & Personnel, Board Action 7/9/2014
Nogales Investors - Performance, Board Action 05/28/08
Lord Abbett - Personnel, Board Action 10/20/13
PIMCO - Organization & Personnel, Board Action 2/12/14

Real Estate & Alternative Investments
As of October 31, 2014

REAL ESTATE INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
DLJ Real Estate Capital Partners, L.P. II	07/31/99	07/31/09	3rd 2 YR	LP	6/30/2015	40,000,000	3,756,000	0.05%	
DLJ Real Estate Capital Partners, L.P. III	06/30/05	06/30/14	1st 2 YR	GP	6/30/2016	75,000,000	47,196,000	0.67%	18,958,000
DLJ Real Estate Capital Partners, L.P. IV	12/31/07	09/30/16				100,000,000	84,066,000	1.19%	19,476,000
DLJ Real Estate Capital Partners, L.P. V	07/31/13	12/31/22				75,000,000	26,799,000	0.38%	48,201,000
Hearthstone Partners I	06/15/95	12/31/03				3,750,000	69,000	0.00%	
Hearthstone Partners II	06/17/98	12/31/09				6,250,000	(18,000)	0.00%	
Invesco IREF I	10/22/03	04/30/11	3rd 1 YR	GP	4/30/2014	50,000,000	9,715,000	0.14%	
Invesco IREF II	05/30/07	12/31/15				85,000,000	42,703,000	0.60%	
Invesco IREF III	08/01/13	08/01/20				35,000,000	25,353,000	0.36%	12,958,000
Invesco IREF IV	12/01/14	12/01/21				35,000,000	0	0.00%	35,000,000
Long Wharf FREG II	07/18/03	02/28/12	NOT DEF	LP	12/31/2014	50,000,000	1,069,000	0.02%	
Long Wharf FREG III	03/30/07	12/30/15				75,000,000	32,893,000	0.47%	
Long Wharf FREG IV	08/14/13	09/30/21				25,000,000	11,568,000	0.16%	11,725,000
Oaktree Real Estate Opportunities Fund V	12/15/11	12/31/16				50,000,000	57,077,000	0.81%	
Oaktree Real Estate Opportunities Fund VI	09/30/13	09/30/20				80,000,000	59,100,000	0.84%	29,682,000
Oaktree Real Estate Opportunities Fund VII	02/28/15	02/28/23				65,000,000	0	0.00%	65,000,000
Siguler Guff Distressed Real Estate Opp. Fund	12/31/11	12/31/16				75,000,000	70,893,000	1.00%	19,518,000
Siguler Guff Distressed Real Estate Opp. Fund II	08/31/13	08/31/20				70,000,000	25,589,000	0.36%	68,600,000
Paulson Real Estate Fund II	11/10/13	11/10/20				20,000,000	14,998,000	0.21%	8,524,000
Angelo Gordon Realty Fund VIII	12/31/11	12/31/18				80,000,000	59,157,000	0.84%	22,145,000
Angelo Gordon Realty Fund IX	10/10/14	10/10/22				65,000,000	0	0.00%	65,000,000
LaSalle Income & Growth Fund VI	01/31/12	01/31/19				75,000,000	56,562,000	0.80%	20,199,000
Adelante Capital Management (REIT)						0	184,021,000	2.61%	
INVESCO International REIT						0	96,156,000	1.36%	
Willows Office: $10,774,100 ***						0	10,000,000	0.14%	
						1,340,000,000	918,722,000	13.01%	444,986,000
	Outstanding Commitments						444,986,000		
	Total					638,545,000	1,363,708,000		

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

PRIVATE DEBT INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
ING Clarion Commercial Mortgage Fund II	09/28/06	09/30/14				128,000,000	74,866,000	1.06%	
ING Clarion Commercial Mortgage Fund III	09/30/08	09/30/16				75,000,000	13,312,000	0.19%	
Torchlight Commercial Mortgage Fund IV	08/01/12	08/30/20				60,000,000	48,553,000	0.69%	3,143,000
Torchlight Commercial Mortgage Fund V	09/17/14	09/17/22				75,000,000	0	0.00%	75,000,000
						338,000,000	136,731,000	1.94%	78,143,000
	Outstanding Commitments						78,143,000		
	Total						214,874,000		

Real Estate & Alternative Investments
As of October 31, 2014

ALTERNATIVE INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Adams Street Partners	12/22/95	INDEFINITE				180,000,000	113,466,000	1.61%	114,955,000
Adams Street Secondary II	12/31/08	12/31/20				30,000,000	29,088,000	0.41%	13,283,000
Adams Street Secondary V	10/31/12	10/31/22				40,000,000	11,193,000	0.16%	28,442,000
Pathway	11/09/98	05/31/21				125,000,000	72,197,000	1.02%	18,249,000
Pathway 2008	12/26/08	12/26/23				30,000,000	22,032,000	0.00%	9,532,000
Pathway 6	05/24/11	05/24/26				40,000,000	13,752,000	0.00%	28,199,000
Pathway 7	02/07/13	02/07/28				70,000,000	9,978,000	0.00%	59,998,000
Siguler Guff CCCERA Opportunities	06/03/14	05/31/25				200,000,000	3,854,000	0.00%	196,146,000
EIF USPF I	11/08/02	11/08/12	3rd 1YR	LP	11/08/15	30,000,000	844,000	0.01%	0
EIF USPF II	06/15/05	06/15/15				50,000,000	41,385,000	0.59%	0
EIF USPF III	02/28/07	02/28/17				65,000,000	49,738,000	0.70%	0
EIF USPF IV	06/28/10	06/28/20				50,000,000	17,146,000	0.24%	28,979,000
Nogales Investment	02/15/04	02/15/14			UNTIL LIQ	15,000,000	3,342,000	0.05%	1,651,000
Bay Area Equity Fund	06/14/04	01/15/13	1st 2 YR	LP	1/15/2015	10,000,000	24,532,000	0.35%	0
Bay Area Equity Fund II	2/29/09	12/31/17				10,000,000	9,888,000	0.14%	1,906,000
Paladin III	11/30/07	12/31/17				25,000,000	19,166,000	0.27%	1,048,000
Carpenter Community BancFund	01/31/08	01/31/16				30,000,000	38,409,000	0.54%	6,032,000
Ocean Avenue Fund II	06/11/14	05/31/24				30,000,000	9,116,000	0.13%	20,884,000
						1,030,000,000	**489,126,000**	**6.09%**	**529,304,000**
Outstanding Commitments							**529,304,000**		
Total							**1,018,430,000**		

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

REAL ASSET INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Commonfund Capital Natural Resources IX	06/30/13	06/30/20				50,000,000	11,773,000	0.17%	39,000,000
Aether III & III Surplus	11/30/13	11/30/20				75,000,000	13,713,000	0.19%	61,089,000
						125,000,000	**25,486,000**	**0.36%**	**100,089,000**
Outstanding Commitments							**100,089,000**		
Total							**125,575,000**		

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

CONTRA COSTA COUNTY CCCERA
Employees' Retirement Association

MEETING DATE
DEC 10 2014
AGENDA ITEM
7

MEMORANDUM

Date: December 10, 2014

To: CCCERA Board of Retirement

From: Kurt Schneider, Deputy Retirement Chief Executive Officer

Subject: Consider and Take Possible Action Regarding the Retiree Lookback Project Report:
(a) Whether to proceed with a thorough Board examination of on-call pay to Hazardous Materials Incident Response Team;
(b) Whether to proceed with a thorough Board examination of other variable and discretionary pay items observed in the study (such as shift differentials, holiday pay, etc.)
(c) Whether to proceed with a retroactive correction of on call time coded as comp time

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Background

The Board requested the review of past incidents of unusual compensation increases at the end of employment. The Board initially voted on May 7, 2014 to begin the review. On July 23, 2014, the Board directed as follows:

1. The Board's intent is to scrutinize apparently intentional acts of pension spiking, through members' receipt of pay items that were not earned as part of their regularly recurring employment compensation during their careers.
2. The review will concentrate on specific, unique items of pay and not on regularly recurring vacation, sick or compensatory leave time.

The Board further announced: "Any proposed adjustments to retirement benefits will occur only after the Board has conducted a thorough examination of all applicable facts and applicable law, and only after affording any affected members the opportunity to appear before, and present their positions to, the Board before any action is taken."

The Board discussed On-call Pay in particular with regard to Hazardous Materials Specialists participating on the Incident Response Team. At the direction of the Board, staff is in the process conducting a "Retiree Lookback" review of past incidents of unusual compensation increases at the end of employment, and several Hazardous Materials Specialists stand out primarily as a result of an increase in On-call Pay in the final year of employment.

The purpose of this memorandum is to summarize the findings made to date and propose options for the Board's consideration regarding how to proceed with unusual compensation increases at the end of employment, and in particular, on-call pay increases at the end of employment.

"On Call" Pay

Contra Costa County defines "on-call" pay as pay for time during which the employee "is not actually on duty but must be ready to immediately report for duty." (County Salary Regs., Section 8.)

Hazardous Materials Incident Response Team

Contra Costa County employs trained professionals to respond in the event of a release or threatened release of hazardous materials (incident). In some counties and in some parts of Contra Costa County these incidents are handled by fire department or fire district personnel, but in most of Contra Costa County the incidents are managed through the Hazardous Materials Program (HazMat), which is organized under the Contra Costa County Department of Health Services. HazMat employs a number of Hazardous Materials Specialists who are trained to responds to hazardous materials incidents.

Unlike firefighters and sheriff's deputies, Hazardous Materials Specialists are not on duty around the clock. They work 40 hour shifts Monday through Friday. In order to be available to respond to incidents, an Incident Response Team is formed and several team members are required to be on-call at all times. Hazardous Materials Specialists receive a differential for participating on the Incident Response Team, which is currently $163 per month.

In addition to the monthly differential, team members receive one hour of straight time pay for each four hours designated as on-call duty (on-call pay). If an employee is called back to work while assigned to on-call duty, the employee is paid time and one-half (call back pay). Under the current Local 1 MOU, the employee continues to earn on-call pay while also earning call back pay, but under previous MOUs the on-call pay ceased once the employee started earning call back pay.

During our compensation review, two issues have been raised. The first is that there is no distinction made by the employer between assigned on-call duty and voluntary on-call duty. The second is that the employer has not treated all on-call duty the same with regard to whether or not a retirement contribution was collected on it.

Assigned On-call Duty Versus Voluntary On-call Duty

Under the Local 1 MOU it is the department head or his designee who assigns on-call duty. According to the current Local 1 MOU, "the Department Head designates and approves those permanent full-time or part-time employees who will be assigned to on-call duty." In practice, however, it is not the Health Services Department Head that maintains the on-call schedule for the Incident Response Team, it is the Assistant Director of Hazardous Materials.
Once the on-call schedule is issued, those assigned to on-call duty are not necessarily required to serve that duty. Team members are allowed to trade shifts, give up shifts, or volunteer for shifts that others wish to give up. As a result, the on-call duty is not spread equally among the team members, and team members tend to work more on-call duty when the on-call pay has a greater

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value, that is, during the final compensation period. All assigned and voluntary on-call duty is paid using the same pay code even though the Local 1 MOU only describes pay when the employee is assigned to on-call duty.

This practice is different from other CCCERA employers who do make the distinction between required on-call duty and voluntary on-call duty. The Central Sanitary District, for example, assigns its Maintenance Crew Members to two separate weeks of on-call duty per year. Only pay for those two weeks can be counted towards retirement. The Crew Member may decline one of those assigned weeks of service. That second, declined week must then be covered by a volunteering Crew Member, but pay for that voluntary on-call service does not count toward retirement.

Under the HazMat Program, on the other hand, the Director of Hazardous Materials and the Health Services Department Head believe that a certain amount of coverage is required, thus all duty served to provide that coverage is required duty. The on-call duty is required of someone in the department even though there is no requirement for any Hazardous Materials Specialist to serve any on-call duty as a condition of employment.

Mis-Coding and Mis-Reporting of On-call Time by the County Resulting in Underpayment of Retirement Contributions to CCCERA

The charts below show the on-call pay during the final five years of employment for five retired Hazardous Materials Specialists. The first chart illustrates that the employee's on-call pay is at one level during the majority of his or her career and at a higher level during the final compensation period. The on-call pay in the last two months is about triple what it was in previous years. However, the other charts look very different in that they contain periods in which there was no on-call pay. We know, however, that these individuals were on the Incident Response Team during those periods, since they received the $163 monthly differential for participating on the team.

The explanation is that when some County employees work overtime, they have the option to receive “comp time” in lieu of overtime pay. Currently this election is allowed annually, but in prior years employees could change their election monthly. This comp time can be taken as additional leave, but when the amount of accrued comp time exceeds 120 hours, any additional comp time is paid in cash. When the excess above 120 hours is paid in cash, the County uses the pay code Overtime Comp Excess or OCE. This is an overtime pay code, so no retirement contribution is paid by the employee or the employer.

Hazardous Materials Specialists were permitted to receive comp time in lieu of on-call pay, even though the Local 1 MOU appears to only permit comp time in lieu of overtime pay. Furthermore, the employees were not required to take the comp time, which allowed them to receive pay for on-call duty without making a retirement contribution. During the final year of employment, however, everyone elected to receive on-call pay rather than comp time.

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On March 28, 2012, the Auditor-Controller's office reminded all County departments, including HazMat, that all on-call duty should be coded as on-call pay, after which time the practice appears to have ceased.

Conclusion

The purpose of this analysis is to determine if any retirement calculations were completed using amounts that should not have been included in pensionable compensation. In particular, we have attempted to isolate instances where the member may have caused his or her final compensation to be improperly reported. Since assigned and voluntary on-call duty were treated the same for compensation purposes, and since Hazardous Materials Specialists were given the option to have on-call duty result in compensation that was either included in or excluded from pensionable compensation, we believe it is likely that compensation was reported erroneously or improperly at one time or another.

The more difficult question is how much on-call pay (if any) should have been included for retirement purposes? This question is especially difficult to answer, since the employer still insists that all on-call duty served by members of the Incident Response Team is required and should all be included, while the job description and the MOU still indicate that none of it is required as a condition of employment. We request the Board give direction on how to proceed. We have prepared the following list of possible next steps for the Board's consideration:

<u>Item (a)</u>. If the Board determines that the "on-call" scenarios outlined in this memorandum are the types of potential "improper increase" in compensation that the Board would like to further review for possible exclusion, the next step will be to proceed with Board hearings. As stated in the Board's Statement of Intent, any proposed adjustments to retirement benefits may occur only after the Board has conducted a thorough examination of all applicable facts and applicable law, and only after affording any affected retired members the opportunity to appear before, and present their positions to, the Board before any action is taken.

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

<u>Item (c)</u>. As explained above, it was discovered that certain on-call time was mis-coded and mis-reported to CCCERA. This practice reportedly stopped sometime after March 28, 2012. For a period of time, the practice resulted in underpayment of retirement contributions to CCCERA. The Board may take action to correct this and collect the underpaid retirement contributions. This would require the County to first ascertain the correct on-call time worked during that period of time, before the correct retirement contribution can be calculated.

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Attachment 1
Monthly On Call Pay for Hazardous Materials Technicians

Chart 1
Retirement Date: October 1, 2009

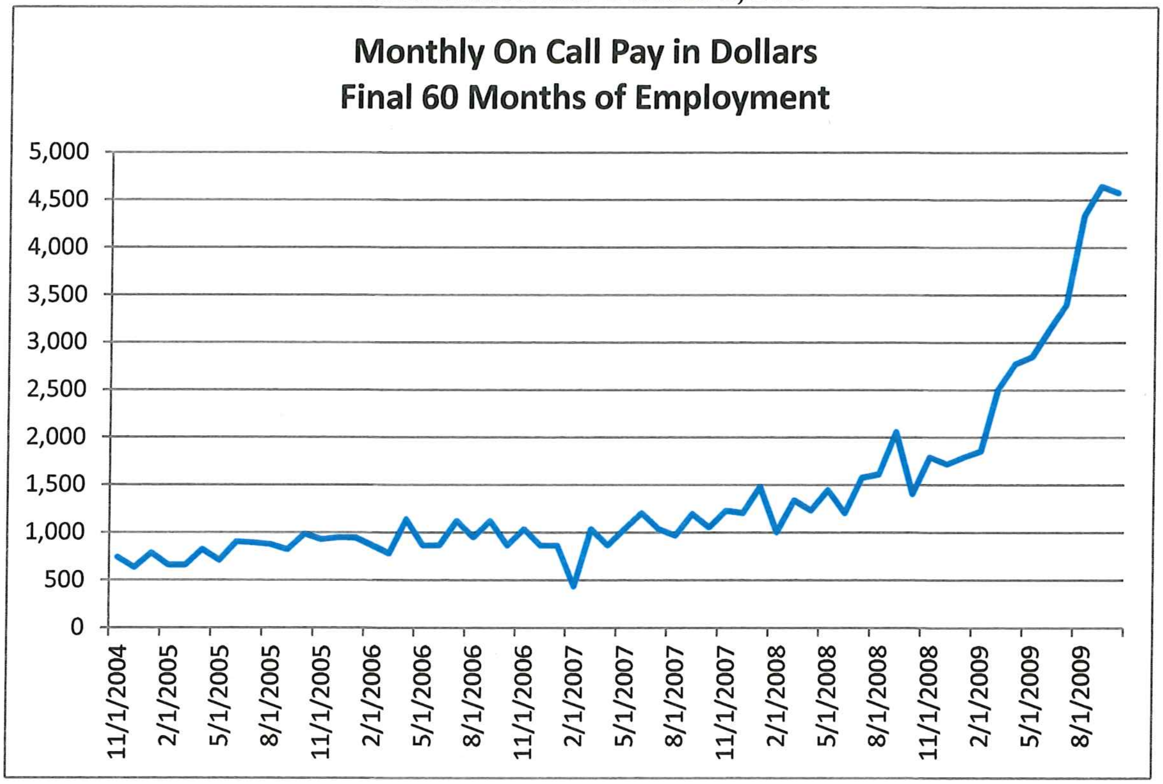


Chart 2
Retirement Date: February 29, 2012

Attachment 1
Monthly On Call Pay for Hazardous Materials Technicians

Chart 3
Retirement Date: March 1, 2012

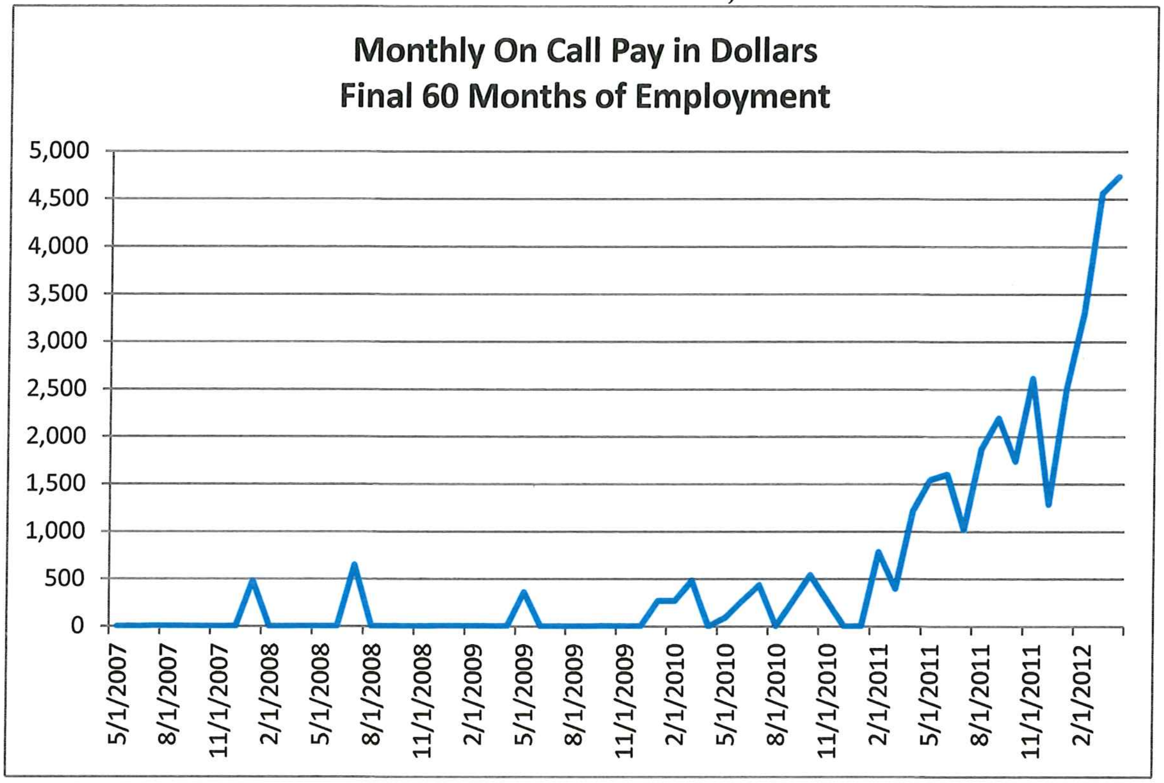
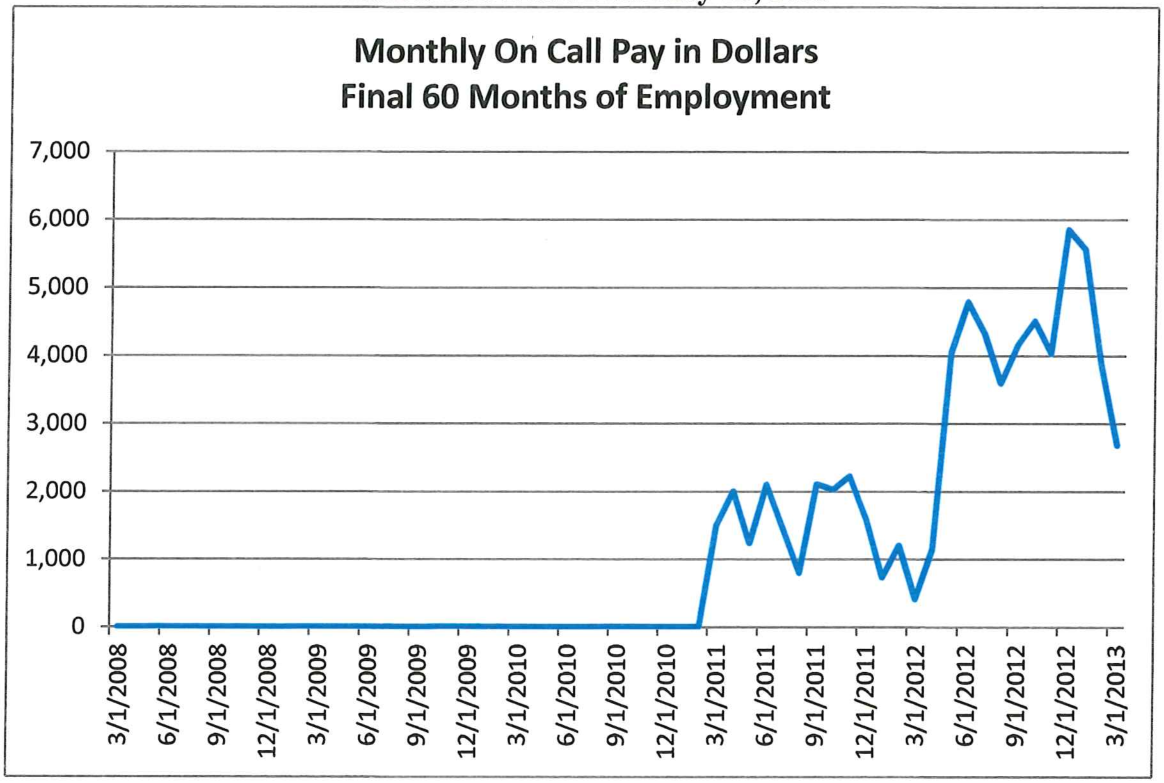


Chart 4
Retirement Date: November 1, 2012

Attachment 1
Monthly On Call Pay for Hazardous Materials Technicians

Chart 5
Retirement Date: February 23, 2013



CONTRA COSTA COUNTY CCCERA
Employees' Retirement Association

July 31, 2014

To: CCCERA Employers
Employee Groups
Retiree Groups

This is to inform you that the Retirement Board for the Contra Costa County Employees' Retirement Association (CCCERA) has provided supplemental direction regarding the review of past incidents of unusual compensation increases at the end of employment. The Board initially voted on May 7, 2014 to begin the review. On July 23, 2014, the Board directed as follows:

1. The Board's intent is to scrutinize apparently intentional acts of pension spiking, through members' receipt of pay items that were not earned as part of their regularly recurring employment compensation during their careers.

2. The review will concentrate on specific, unique items of pay and not on regularly recurring vacation, sick or compensatory leave time.

As previously stated, any proposed adjustments to retirement benefits will occur only after the Board has conducted a thorough examination of all applicable facts and applicable law, and only after affording any affected members the opportunity to appear before, and present their positions to, the Board before any action is taken.

Thank you for your attention to this matter.

Sincerely,

B D Hast.

Brian Hast
Retirement Board Chair

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CONTRA COSTA COUNTY CCCERA
Employees' Retirement Association

May 8, 2014

To: CCCERA Employers
Employee Groups
Retiree Groups

This is to inform you that the Retirement Board for the Contra Costa County Employees' Retirement Association (CCCERA) voted on May 7, 2014 to adopt the following public statement to be disseminated to all interested parties:

STATEMENT OF BOARD INTENT TO REVIEW PAST INCIDENTS OF UNUSUAL COMPENSATION INCREASES AT END OF EMPLOYMENT

The CCCERA Board of Retirement has a fiduciary obligation to pay only the legally correct benefits earned by its members. Having recently been granted additional auditing authority and responsibility by the State Legislature, the Board announces its intention to review past retirement calculations to determine whether any retired CCCERA members may be receiving benefits that were calculated on amounts that should not have been included in their pensionable compensation. As a first step, the Board will conduct an analysis of data pertaining to all unusual increases in the final average salary year for all CCCERA members who retired during the past several years.

The Board assures all CCCERA members that any proposed adjustments to retirement benefits will occur only after the Board has conducted a thorough examination of all applicable facts and applicable law, and only after affording any affected members the opportunity to appear before, and present their positions to, the Board before any action is taken.

Thank you for your attention to this matter.

Sincerely,

BD Hast

Brian Hast
Retirement Board Chair

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CCCERA RETIREE LOOKBACK PROJECT – COMPENSATION ENHANCEMENT STUDY

Prepared for

CCCERA Board of Retirement

December 2014

Summary of Findings
Final Average Salary (FAS) versus pre-Final Average Salary Ten Year Comparative Analysis
2004 - 2014

Purpose of Review

The purpose of this review was to provide insights for the CCCERA Board of Retirement and Executive Management into the trending and tracking of Service Retirement Pension Benefits calculation components with the emphasis being on the calculation of Retirees Final Average Salary (FAS) and perform a comparative analysis between Retirees pre-FAS compensation and their FAS as calculated and used to determine their pension benefit.

Direction to CCCERA Staff was provided in two Board of Retirement Statements:

- *Statement of the Board Intent to Review Past Incidents of Unusual Compensation Increases At End of Employment (May 8, 2014)*
- *Supplemental Direction Regarding Review of Past Incidents of Unusual Compensation Increases at the End of Employment (July 23, 2014)*

Control Description

CCCERA Staff conducted its study using the guidance provided by the following:

- California Employees' Retirement Law (CERL):
  - §31460 "Compensation" Defined
  - §31461 "Compensation Earnable" Defined
- CCCERA Board of Retirement Policies:
  - A-97-4 *Policy on Monitoring for Final Average Salary (FAS) Spiking*
  - A97-5 *Determining Which Pay Items are "Compensation" for Retirement Purposes*
  - A98-4 *Final Compensation Period*
  - A13-1 *Policy Regarding Assessment and Determination of Compensation Enhancements*

CCCERA Staff designed the study of compensation enhancements within the following parameters:

Test Plan

- Identify all Service Retirement Pension Benefit Calculations performed during the period June 2004 – June 2014;
- Perform an analysis on the identified Retirees during the period which included:
    - Calculate percentage change on compensation between the Final Average Salary (FAS) year and the Retirees' pre-FAS year;
    - Identify the specific compensation components that led to the change (if any) between Retirees' FAS and pre-FAS year;
    - Conduct a trending and tracking analysis of FAS compensation components to identify any ineligible compensation that may have been included in FAS calculations.
- Review of Retirees with a FAS versus pre-FAS increase that had:
    - Unique items of pay that were not recurring;
    - Earn code items that appeared in FAS year versus pre-FAS year and note those instances when any appeared only in FAS year;
    - Earn codes appear in FAS year that were variable in nature, contain elements of discretion in scheduling and work assignment, or other allotment either by supervisory discretion or voluntary assignment;
    - Any unique earn code or adjustments that did not have sufficient documentation to provide an adequate description of the nature of the compensation to support it inclusion as pensionable compensation.

Test Performed

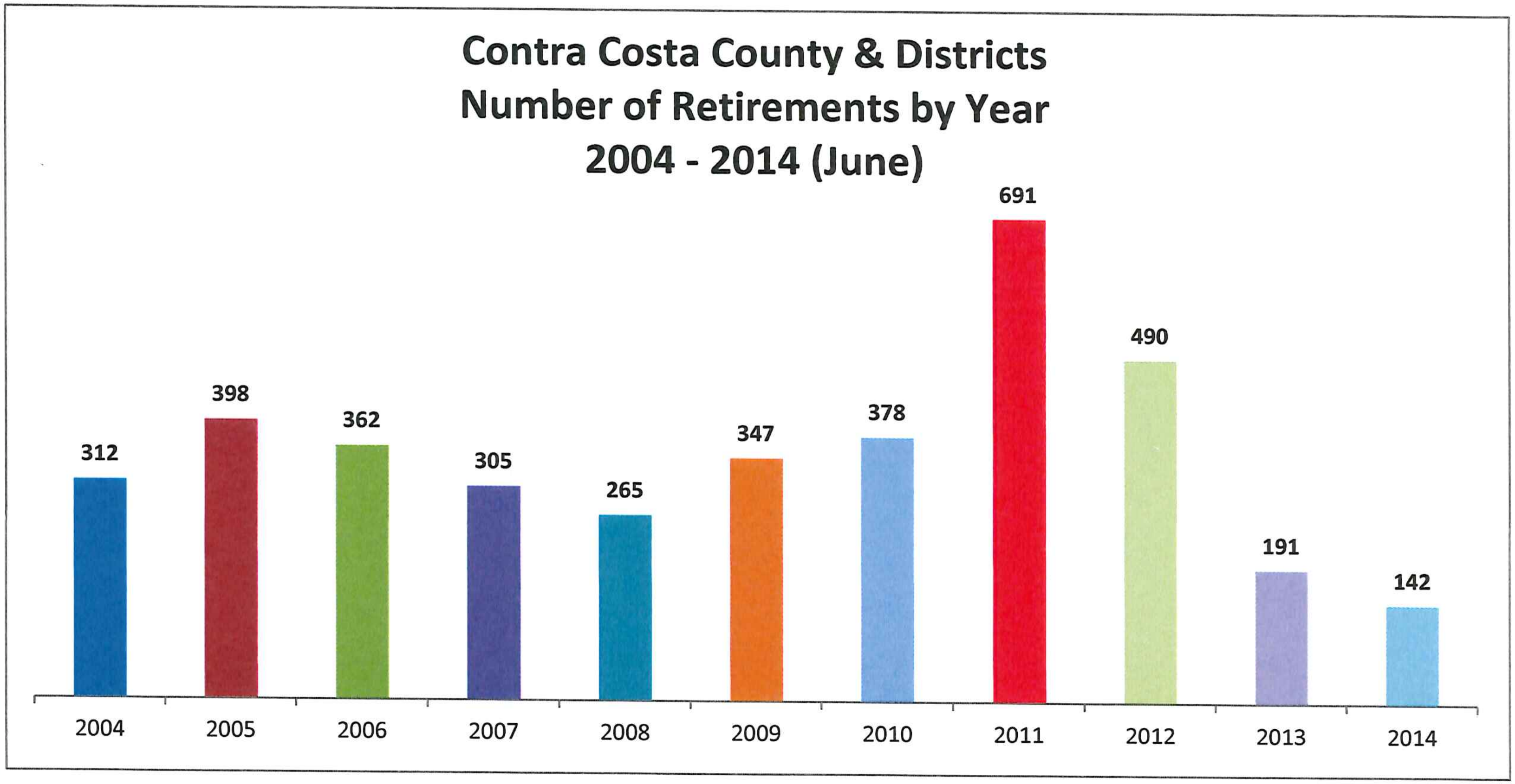
CCCERA Staff performed the following:

- Performed a data extract from its CPAS pension administration system to capture the following:
  - All Service Pension Benefit Retirees during the period 2004 – 2014 which generated a population of 3,881 records;
  - All Base Compensation Histories for all identified Retirees for the five (5) years preceding their retirement date;
  - All Differential Compensation paid to Retirees during their FAS and pre-FAS period broken out by each Earn Code;
- Identified all Retirees during the period that had a positive percentage change in FAS over pre-FAS and noted the following:
  - All unique compensation items paid and included in the Retirees' FAS calculation;
  - All non-recurring compensation items that appeared in the population;
  - Any illegible component of FAS used in a Retiree's pension benefit calculation.

The Study Population:

There were 3,881 Retirees during the 2004 – 2014 study period. Amongst the total population there were 3,448 Retirees that had an increase in their FAS over pre-FAS compensation. The analysis of the Retirees that had a positive increase in FAS revealed that across the sub-population Retirees averaged a 13.59% increase in FAS over pre-FAS. Further analysis of the sub-population that experienced increases in FAS over the period identified 188 Retirees that as a group had an average increase of 36.22% which is over 1.5 times the average of the population.

The number of Retirees during the period 2004 through June 2014 was not evenly distributed year to year from the beginning of the study timeline to the end. Prior to 2011 CCCERA would process on average three hundred retirement applications and service retirement benefit calculations each year. During the period 2011 through 2012 the retirement systems saw a significant increase in the number of retirees nearly doubling the previous annual average.



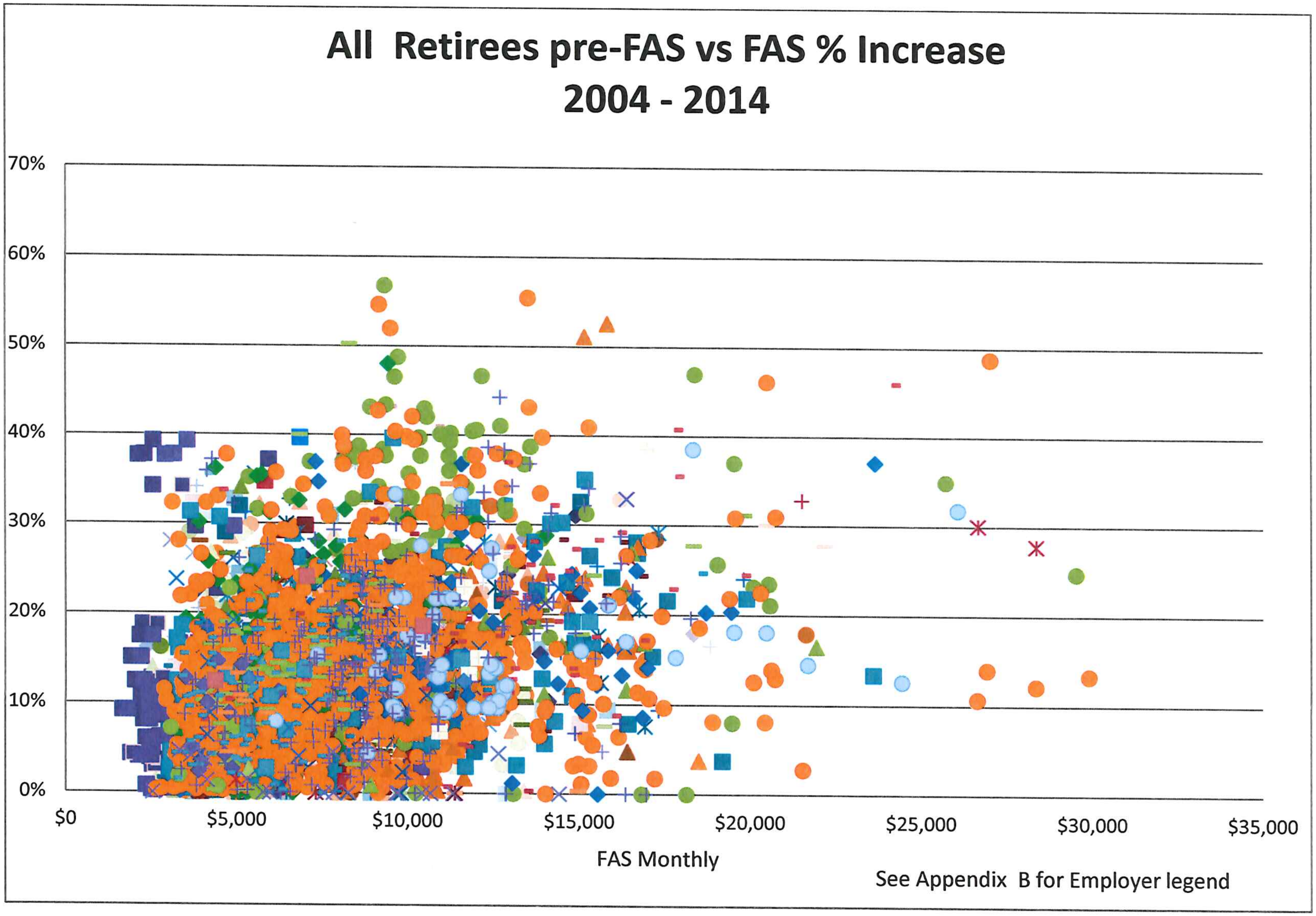
Across all employers that had Retirees with an increase in FAS versus pre-FAS above the experience of the sub populaiton the average increase was 36.22%. There were three notable exceptions: Contra Costa Fire Protection District which had two Retirees with FAS over pre-FAS increased over 50%; Delta Diablo Sanitary District with one Retiree over 40%; and Contra Costa County Hazardous Materials Department whose Retirees averaged a FAS over pre-FAS change of over 40%.

Districts	Average Increase FAS vs. pre-FAS	Number of Retirees with FAS vs pre-FAS Increase
Contra Costa County Fire Protection District	51.86%	2
Delta Diablo Sanitary District	42.97%	1
Rodeo-Hercules Fire Protection District	38.53%	1
Contra Costa Central Sanitation District	37.33%	55
Superior Court	35%	3
East Contra Costa County Fire Protection District	34.73%	1
Moraga-Orinda Fire Protection District	34.09%	2
San Ramon Valley Fire Protection District	34.07%	5

County	Average Change FAS vs. pre-FAS	Number of Retirees with FAS vs pre-FAS Increase
HazMat	41.04%	7
Public Defender	36.54%	7
Health Services	36.41%	35
District Attorney	35.81%	2
Sheriff	35.61%	17
General (All other Dept.)	34.19%	39
Probation	33.23%	11

Findings

The average increase between FAS and pre-FAS periods for the 3,881 Retirees in the study population was 11.28%. Within the population there were 3,448 Retirees that had an average FAS over pre-FAS increase of 13.59%. The following chart displays the distribution of FAS over pre-FAS increases during the period which indicates that 94% or 3,260 of the Retirees averaged a 12.28% increase. The remaining 6% of the Retirees had an average increase in FAS over pre-FAS of over 36%.



General Observations:

On the whole, the majority of the 3,881 Retirees in the study population had an increase in FAS over pre-FAS. There were a number of observable factors that generally contributed to the increase in compensation during the FAS year:

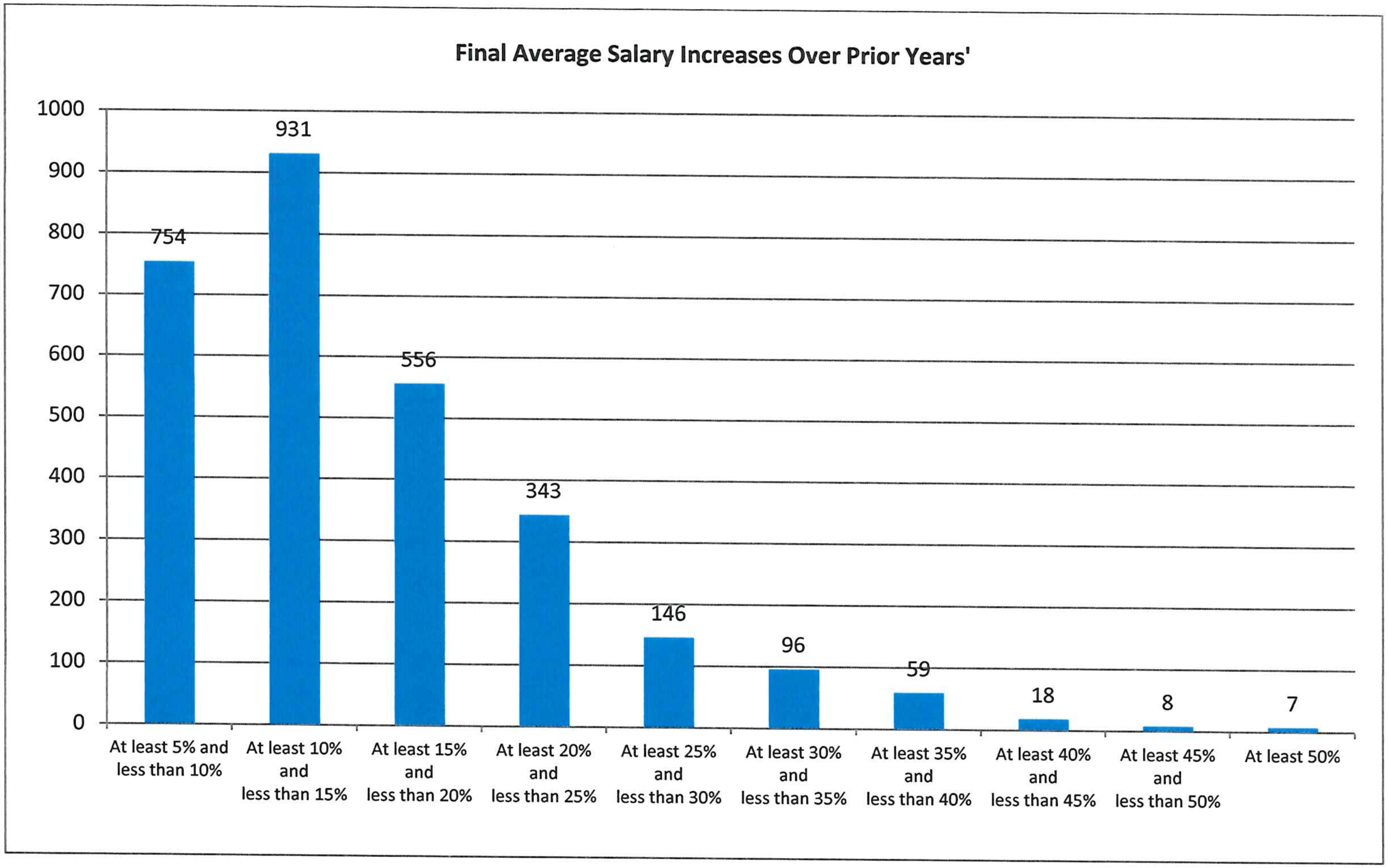
- Changes in Base Earnings attributed to promotions and grade enhancements as the Member entered their final year before retirement;
- Sale of Accrued Vacation Time as permitted by memorandum of understanding and employer policy;
- Terminal pay-off of accrued vacation and holiday time;
- Payment of differential compensation;
- Payment of pensionable variable compensation;
- Payment of unique compensation items during final year before retirement.

Throughout the study it was observed in a general way that it was the cumulative effect of several compensation components coming together when a Retiree's FAS was calculated that lead to an increase over their pre-FAS compensation. Predominant elements that were noted as contributing to increases in FAS over pre-FAS included the following:

- Length of service which lead to a Retiree's receipt of higher longevity differential payments as service milestones coincided with their FAS year in addition to attaining higher vacation accrual levels available for terminal pay at retirement as allowed by their employer policy or negotiated benefit;
- Promotion into management or further advancement into executive level compensation levels allowing the Retiree to become eligible for additional differential and management class compensation components;
- Specialization by occupation, skill, or education leading to a Retiree's eligibility to receive additional fixed and variable compensation.

Findings

The following chart shows the distribution of FAS versus pre-FAS percent changes over the ten year period with the majority of Retirees having a percent change within the range between 5% and 25%. It was observed that for those FAS calculations falling within this range the changes were attributed mostly to differential items that have a high correlation to a Member's length of service such as longevity based earn code amounts. In addition, those Members that had long employment tenures also derived a benefit of being either at the maximum or close to the allowed maximum accrual pay-off amounts for vacation and holiday.



<u>High FAS over pre-FAS Increase Observations:</u>

Retirees with FAS vs. pre-FAS Change Greater than 50%:

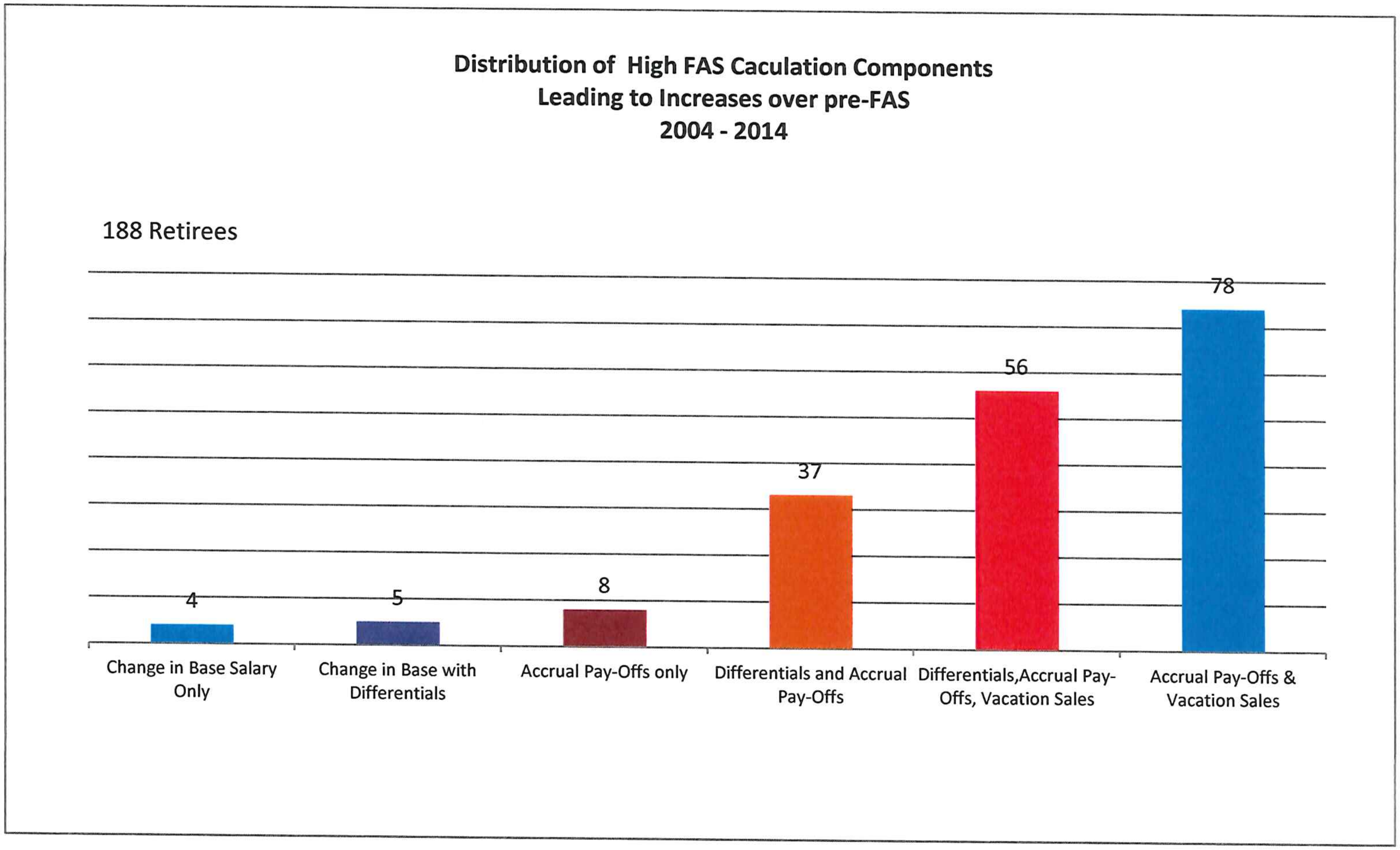
There were seven (7) Retirees that were identified with FAS versus pre-FAS changes in excess of 50%. The study revealed that there were four instances where a change in the base earnings contributed greatly to the change in salary amounts and there were three instances where differentials made a significant impact on the gain for the FAS year over the pre-FAS year. The observations are as follows:

Significant Change in Base Earnings	Four of the seven retirees experienced significant increases in their base earnings going into their FAS year ranging from 19% to 27%. The four individuals entered into higher pay classes and management positions for their final FAS year. In one case a Retiree was given a temporary upgrade which was then subsequently used as the base for their FAS calculation when they decided to retire while receiving the higher pay amounts.
High Differential Payment Amounts	Three of the seven Retirees received significant variable differential compensation pay during their FAS year with the most notable being one Retiree receiving $119,641 in combined "on-call" and "call back" pay. The other two Retirees also received "on-call" and "call back" pay, although to a lesser extent, that contributed between 18% to 27% as a component of their FAS.

Findings

Cumulative Effect of Differential & Accrual Payments:

The cumulative effect of two or more differential compensation items being included in FAS calculations in addition to allowable accrual pay-off items at retirement contributed to significant increases in FAS versus pre-FAS.



For the 188 Retirees in the sub-population that had high increases in FAS over pre-FAS additional analysis was performed. In order to ensure that each FAS calculation only included items that were allowable each FAS component was verified with the applicable memorandum of understanding (MOU), contract, and written CCCERA policy governing pensionable compensation.

During the course of the study it was observed that the impact of the inclusion of certain types of compensation items above base salaries was dependent on what the employer allowed to be paid as indicated in its MOU for represented Members and contracts with un-represented Members and management classification groups. Generally, pensionable compensation items that were variable in nature such as shift-pay and on-call pay tended to contribute more to increases in FAS versus pre-FAS amounts rather than regularly recurring compensation items. The following was found:

Change in Base with Differentials:

Changes in base salary alone can be attributed to a number of factors including negotiated increases, merit increases, changes in position and classification, and promotion. It was found during the study that typical corresponding increases in associated differentials occurred such as the attainment of service milestones leading to increased longevity percentage payment rates in addition to other position classification, management, and other training, education, and certification differentials. In some of the cases observed, Retirees that had long service tenures became eligible for multiple longevity and educational differential payments which, given their combination of attained age and service years, coincidently occurred with their eligibility for retirement under their respective tiers.

- Two Retirees had a change in longevity payment rates from 2.5% (L05) to 5% (L06). In these two instances the percent change between pre-FAS and FAS periods appeared greater given that there was a rise in base pay accompanied by a corresponding raise in the differential rate. It was noted that there was a corresponding 100% decrease in the lower L05 payment amounts in the Retirees FAS year as it was wholly replaced by the L06 differential payment rate.

- There was one Retiree that had attained a longevity milestone having attained their fifteen year service mark thus making the Retiree eligible for the longevity differential L17 which increased the differential rate to 15% during the Retiree's FAS period and correspondingly contributed to the increase of FAS over pre-FAS.

Differentials & Accrual Pay-Offs:

The review found that differential compensation paid and included in FAS calculations alone did not contribute to the FAS versus pre-FAS change in most cases, but when added to the allowable accrual pay-offs per MOU and employer contract, a significant FAS versus pre-FAS percentage change occurred.

- Three Retirees from the same safety employer all had the same retirement date and coinciding FAS periods to capture maximum holiday pay (HOL) and corresponding holiday shift pay @ 1.5% (HP2) contributing to an average increase in holiday related pay between the two codes paid to the three Retirees of 162.40%. When considered in concert with the Retirees' other differential pay including emergency paramedic pay (ALS, BLS), FLSA pay (FOT), the cumulative contribution of all of these differential items along with each of the Retiree's accrual pay-offs led to an average change in FAS over pre-FAS of 33.33%.

- For the remaining retirees it was the cumulative effect of both differentials and accrual pay-offs that led to an average increase of FAS over pre-FAS of 36.5%.

Differentials, Accrual Pay-Offs & Vacation Sales:

It was found that the cumulative effect of having several differentials and accruals included in FAS calculations was further compounded by the inclusion of vacation sales in FAS when allowed by MOU or employer contract. The following was noted:

- For fifty-six (56) Retirees it was found that the impact of differentials, accrual pay-offs and vacation sales when all were included in FAS calculations resulted in an average increase of 36.52%.

Findings

Accrual Pay-offs & Vacation Sales:

The review indicated that for Retirees that did not have any differential compensation items included in their FAS calculations and only accrual pay-offs and vacation sales as allowed by MOU and employer contract. The following was observed:

- Longevity of Retirees realizing maximum accrual rates at the date of their retirement contributed to the high amounts of vacation accruals that were available to the retiree to sell;
- Vacation Sale policies that are provided by the employer through MOU, contract and policy allowed for vacation sales to occur within the same FAS period but within two separate calendar years;
- Although most retirees would sell some vacation when eligible to do so in the years prior to their FAS as a recurring practice, it was noted that ten retirees did not sell any vacation in their pre-FAS period thus maximizing their vacation sale election during their FAS period.

Unique non-Recurring Items of FAS Compensation:

During the earn code trending and comparison analysis the goal was to identify any and all earn codes that may have been paid during a Retiree's FAS period that either alone, or in concert with other differentials may have caused the Retiree's FAS to increase significantly over their pre-FAS compensation amounts. Across the 188 Retirees that had high FAS increases there were 118 earn codes represented that were paid within the Retirees FAS and pre-FAS periods. Out of the earn codes represented there were forty-five (45) earn codes that had percentage increases of 10% or more in payment amounts when FAS and pre-FAS periods were compared.

Amongst the earn codes observed in the study there were two that were identified as being unique to each of the Retirees receiving them:

EAN **Differential Exec Adv. Notice**: This differential is paid to Members that provide the County with advance notice of their intention to retire at least twelve months prior to their proposed retirement date. The EAN payment is paid in the last pay period that the member is on active payroll immediately preceding the Member's retirement date. There was only one Member that received this differential that had a pre-FAS vs FAS change over 30% in the amount of $2142.78 which represented 16.72% of the Member's FAS.

ZSP **Special Project Compensation**: The differential was paid to augment an employee's compensation while participating in a project or being on loan to another government agency during which the employee would incur additional living and travel expenses. The Member's FAS increased over pre-FAS by 48.02% due to the inclusion of this one differential.

Non-Recurring Compensation Components of FAS:

It was observed that a Retiree may only receive some forms of differential compensation on a sporadic or non-recurring basis. Typically items that were found to be non-recurring included the following:

- Compensation for specialized skills;
- Compensation for special or additional services performed;

To illustrate the non-recurring nature of these differentials, the following observations were made:

D39 **Differential In House OB GYN:** Retiree received D39 in two months during pre-FAS period and then four months in FAS period. Review of period preceding pre-FAS indicated that no D39 was paid.

D44 **Differential Charge Nurse**: Retiree received D44 in eight of the months in FAS period and five in pre-FAS period. Review period preceding pre-FAS indicated that none had been paid.

SH2 **SH2 Shift Pay @ 5%**: Three Retirees had the differential included in FAS calculations. Two of the three received the differential only during their FAS periods.

Non-Recurring and Increased Variable Compensation Components to FAS:

Across the spectrum of other variable differentials that were paid to Retirees, observations were made with respect to low or no differential payments being made during the Retirees' pre-FAS year and then a corresponding up-tick in the differential payments during the FAS year. The study found that there were forty-two (42) retirees that had variable differential compensation included in their FAS calculation.

In order to provide a clearer assessment of the impact that differential payments had on changes between a Retiree's FAS and pre-FAS amounts, differentials that were variable in nature and were dependent on such other parameters such as scheduling, varying shift-work, volunteered work or shift-time, or supervisory discretion to allocate work assignment time were examined. In addition, a year-over-year comparison was made for those Retirees that received variable differentials during their FAS and pre-FAS years and the percentage change between the two periods was calculated.

The following table summarizes the findings of the FAS versus pre-FAS earn code change percentages that are variable and represent additional compensation that was paid to the Retirees that for work activity that was in addition to their regular base salary work activity. The review noted that the Retirees during the ten year period that had variable differential compensation payments included in their FAS calculations and also had high percentage changes in the payments of the variable differential and trended towards the higher overall FAS over pre-FAS changes.

% Change Individual Differential Payments
FAS over pre-FAS Period

	Differential Phys Call Back	Differential Call Back @ 1.5	Differential Weekend Rounds	Differential On Call Pay @ 1.0	Differential On Call
EMP	D16	D19	D20	D32	D33
HAZMAT		110.30%			104.41%
HAZMAT					110.97%
HAZMAT		370.16%			125.64%
HAZMAT					891.82%
HAZMAT		913.68%			158.00%
HLTH SVCS			1979.63%		
HLTH SVCS					4567.37%
HLTH SVCS	38.24%			198.49%	
HLTH SVCS	716.13%			187.17%	
HLTH SVCS				335.15%	
HLTH SVCS					1118.00%
HLTH SVCS					435.03%

* D19 was originally included in Retiree FAS but was subsequently removed and FAS revised for final calculation at a later date

Findings

During the course of CCCERA's implementation of a procedure to identify and assess compensation enhancements, it was discovered that "call back" pay had erroneously been reported to CCCERA as pensionable since 1998, despite the Retirement Board's determination in 1997 and instruction to the County in 1998 that the pay was to be excluded from compensation for retirement purpose as overtime. During the pendency of the AB 197 lawsuit with the Superior Court, Petitioners argued that "call back" pay should be pensionable. At CCCERA's instruction, the County stopped reporting "call back" pay as a pensionable item. CCCERA has been working on the correction of this error.

The following was observed with respect to variable differential compensation components:

D16 **Differential Phys Call Back:**
One Member with a high FAS over pre-FAS change had varying payments of the differential in pre-FAS years but was paid every month during FAS period.

D19 **Differential Call Back @ 1.5:**
Marked difference pre-FAS versus FAS period payments was observed. During the Retiree's pre-FAS period payments were not seen to have been paid consistently. However, the Retiree consistently received payment of the differential each month during FAS period. One Member had payments of the differential double during the FAS period. Six (6) of the Retirees had differential D19 included in FAS calculations.

D20 **Differential Weekend Rounds:**
Member received D20 one time in 2005, two times in 2006 (pre-FAS) and twelve times (every month) FAS period.

D21 **Differential Phone Call Back:**
Two Retirees had this differential included in their FAS calculations. D21 has been defined as payment for services outside of normal working hours and is therefore not pensionable compensation.

D32 **Differential On Call Pay @ 1.0:**
One out of the three members with high percentage changes was not paid the differential during their preFAS period. The remaining two had a sharp increase in the payment amount of the differential in the FAS period.

D33 **Differential On Call @ 1.05:**
Two out of the eight had not been paid D33 in the periods immediately preceding FAS leading to very high percentage changes.

Unique Items of Compensation Requiring Manual Review for Inclusion in FAS:

It was observed that Retirees would have unique items of compensation included in FAS that would have to be manually reviewed by CCCERA staff to make a determination as to whether it is pensionable and therefore eligible for inclusion in the Retiree's FAS. These items include:

- Compensation adjustments for retro pay earned within the FAS period but paid in a later part of the FAS period;
- Shift differential and holiday compensation adjustments;
- Payment for "out of class" services performed;
- Other payroll corrections that are deemed to be pensionable;

RPR The RPR differential code is used to report a variety of adjustments to a Member's pay including retro-pay items. In November 1999 the County discontinued use of the RPN (Lump Sum not in Retirement Base) code and began to report these items under the RPR code. Due to the delay in reporting retro-pay items in some cases these lump sum amounts may have appeared during Retirees' FAS periods and included in their benefit calculations. Retro-pay items attributed to pay periods preceding a Retiree's FAS period and were not normally included for FAS calculations. CCCERA staff must manually review each of these to make a determination if the payment is pensionable. There were twenty-nine (29) Retirees that received RPR payments during their FAS year with twelve (12) of them having had the RPR earn code included in their FAS calculation which on average contributed an additional 3% to the Member's annualized FAS compensation.

D01 The D01 differential code is used to pay adjusted compensation items that are pensionable. Although the D01 differential code is to be used only for pensionable compensation items, CCCERA staff must manually review each instance as it appears in the payroll records for a Retiree during their FAS year to determine the payment's exact nature and confirm it as a pensionable item. There were twenty-three (23) Retirees that received D01 payments during their FAS year.

Findings

Calculation Errors:

In reviewing each of the 188 Service Retirement Benefit Calculations for Retirees that had high increases in FAS in the study errors in benefit calculations were found:

- One over-payment of a pension benefit to a Retiree over $32,000 due to FAS calculation error;
- One underpayment of pension benefit to a Retiree of $95 per month attributed to a pro-rated salary amount being overlooked during FAS calculation;

Summary Findings:

- The results of the analysis found that for all Retirees with a high increase in FAS over their pre-FAS compensation a uniform presentation of most earn codes was observed and was mostly attributed to the recurring payment of differential compensation items such as longevity, education incentives, and other pensionable occupational based differentials.

- During the course of the study the most observed cause leading to increased FAS over pre-FAS was the cumulative impact of a Retiree's differentials, accrual pay-offs, and changes to base salary all working in concert when included in FAS calculations to provide the Retiree with a FAS upon which their retirement benefit allowance was based.

- There were observed instances that had the appearance of providing the Retiree with a much higher retirement allowance based on enhanced FAS calculation components that either increased dramatically during the Retiree's FAS period or had not been present as a compensation component during the Retiree's pre-FAS or earlier periods. The most notable of the components that were found to either have increased from the pre-FAS period or appeared for the first time as a compensation component were differentials that were variable in nature and had some element of discretion either on the part of supervisors and managers in allocating schedules or by the volition of the Retiree to volunteer to perform the work activity and receive the enhanced compensation over their base salary. Variable differential items noted included on call pay, shift pay, and holiday shift pay.

- The study revealed that there were Retirees that had differential components included in FAS for which were unique and not widely paid.

- The study revealed two errors relating to FAS calculations, one leading to an overstatement of the Retiree's pension benefit allowance and the other leading to an understatement. In addition, through a separate and distinct compensation review, "call back" pay was deemed not to be pensionable and is no longer being reported by the County and CCCERA is working to make corrections.

- It was observed that Retirees maximized FAS differential components and accruals when eligible during their FAS periods. Although the exact intent of each Retiree cannot be determined by the data, the trending and tracking analysis performed suggests that some Retirees benefitted by the timing of their receipt of additional variable compensation during their FAS periods.

- In the case of those Retirees that had a sharp increase in variable differential compensation in their FAS year versus their pre-FAS year it appeared to be limited to three employer groups and was not a general trend that was observed across the entire study population.

Appendix A

List of Differentials with Increases in FAS Year

Variable Differentials

Variable Differential Compensation		∞ Denotes differential only appeared in FAS year		
County	**Differential Name**	**Differential Earn Code**	**FAS vs pre-FAS Increase in Differential Pay**	**Number of Retirees in sub-population that Received the Differential Compensation**
	Differential OBGYN On Call	E39	∞	1
	Fire Recall & Standby @ 5%	F67	∞	2
	Differential Weekend Rounds	D20	975%	2
	Differential On Call @ 1.05	D33	939%	8
	Shift Pay @ 5%	SH2	859%	1
	Differential In House OB GYN	D39	467%	1
	Differential Phys Call Back	D16	377%	2
	Differential On Call Pay @ 1.0	D32	240%	3
	Differential Call Back @ 1.5	D19	239%	5
	Holiday Pay @ 1.50	HP2	151%	11
	Bonus FNP Weekend Assignment	B31	76%	1
	Holiday Comp Excess Hours Pay	HCE	63%	1
	FLSA Overtime Pay	FOT	40%	3
	Holiday Pay	HOL	40%	3
	Differential Lieut On-Call	D25	39%	4
	Differential Physican FallBack	D98	31%	1
	Differential Name	**Differential Earn Code**	**FAS vs pre-FAS Increase in Differential Pay**	**Number of Retirees in sub-population that Received the Differential Compensation**
Districts	Standby Pay		77%	2
	Out of Class Pay		∞	2
	Swing		13%	2
	Night		8%	4

Unique & Non-Recurring Differentials

Unique Differential Compensation		∞ Denotes differential only appeared in FAS year		
	Differential Name	**Differential Earn Code**	**FAS vs pre-FAS Increase in Differential Pay**	**Number of Retirees in sub-population that Received the Differential Compensation**
County	Differential Exec Adv Notice	EAN	∞	1
	Special Project Compensation	ZSP	∞	1
Districts	NONE			

Non-Recurring Earn Codes				
	Differential Name	**Differential Earn Code**	**FAS vs pre-FAS Increase in Differential Pay**	**Number of Retirees in sub-population that Received the Differential Compensation**
County	Bonus Special Pay	B79	∞	1
	Fire Schedule FLSA Adjustment	F29	∞	1
	Lump Sum Pay	RPR	104%	15
	Retirement CompRate	RXX	25%	3
	Differential VDT	D38	8%	1
	Differential Name	**Differential Earn Code**	**FAS vs pre-FAS Increase in Differential Pay**	**Number of Retirees in sub-population that Received the Differential Compensation**
Districts	Signing Bonus		∞	1

Education & Training Differentials

Education & Training Differentials		∞ Denotes differential only appeared in FAS year		
	Differential Name	**Differential Earn Code**	**FAS vs pre-FAS Increase in Differential Pay**	**Number of Retirees in sub-population that Received the Differential Compensation**
County	Fire Mgmt Education Incentive	F05	∞	2
	Fire Mgmt Continuing Education Incentive	F07	∞	2
	Continuing Education Allow 5%	AC2	30%	11
	Differential Assessor Education	D09	18%	1
	Certificate Hazardous Materals	C28	9%	6
	Differential Training Assignment	E29	13%	1
Districts	**Differential Name**	**Differential Earn Code**	**FAS vs pre-FAS Increase in Differential Pay**	**Number of Retirees in sub-population that Received the Differential Compensation**
	NONE			

Recurring Differentials

Recurring Differential Compensation		∞ Denotes differential only appeared in FAS year		
	Differential Name	**Differential Earn Code**	**FAS vs pre-FAS Increase in Differential Pay**	**Number of Retirees in sub-population that Received the Differential Compensation**
County	Differential DA Office Manager	D54	∞	2
	Differential HM Program Leader	E42	∞	1
	Fire Mgmt Longevity Pay	F08	∞	2
	Longevity Nurs Mgmr 20 yrs	L28	∞	1
	Bi Lingual Pay $80	M80	∞	1
	Differential Police Manager 9%	D69	386%	4
	Longevity 4% for CNA 15 years	L17	263%	4
	Longevity Pay @ 5%	L06	181%	13
	In Lieu of Def Comp Bene-Elect	M43	91%	1
	Differential HM Prog Coord	E41	75%	2
	Longevity 6% for CNA 20 Years	L18	74%	4
	Differential Police Svcs 10%	D61	65%	1
	Uniform Allowance EDFD	A75	61%	1
	Uniform Allowance	A80	50%	1
	ALS (Paramedic) Pay	ALS	43%	1
	Retirement Allotment	RET	41%	3
	BLS (EMT) Pay	BLS	38%	2
	Uniform Allowance $40	A76	36%	1
	Longevity/Mgmt Incen @ 2.5%	L05	27%	69
	Auto Allow Department Heads	AU3	18%	3
	Bonus Hazard Matl Response TM	B95	14%	6
	Differential Longevity Law Enf	D73	14%	17
	Performance Registrar Stipend	M49	13%	2
	Auto Allowance	AU1	8%	1
	MH Supervisor Stipend	M47	8%	1
	Performance Stipend	M48	6%	4

Recurring Differentials

Districts	Differential Name	Differential Earn Code	FAS vs pre-FAS Increase in Differential Pay	Number of Retirees in sub-population that Received the Differential Compensation
	Longevity	n/a	8%	24
	Licensing	n/a	8%	1
	Cafeteria Plan/Benefits - Cash - Pensionable	n/a	8%	19

Leave Cash-Outs & Pay-Offs

Leave Cash-Outs & Pay-Offs		∞ Denotes differential only appeared in FAS year		
County	**Differential Name**	**Differential Earn Code**	**FAS vs pre-FAS Increase in Differential Pay**	**Number of Retirees in sub-population that Received the Differential Compensation**
	Personal Holiday Hrs Pay Off	PHP	∞	1
	PersHoliday Pay Off - L	PLP	∞	56
	Pers Hol Pay Off L 5%	PP5	∞	31
	Sabbitical Hours Pay Off	SBP	∞	9
	Vacation Pay Off Subject to Retirement (1 Year Accruals)	V07	∞	1
	Vacation Pay Off – L	V12	∞	61
	Vacation Pay Off L 5.0%	V22	∞	17
	Holiday Comp Hrs Pay Off - Ret	HPR	680%	1
	Vacation Sale	V01	158%	2
	Sale of Vacation L 5.0%	V21	136%	2
	Sale of Vacation – L	V11	100%	18
Districts	**Differential Name**	**Differential Earn Code**	**FAS vs pre-FAS Increase in Differential Pay**	**Number of Retirees in sub-population that Received the Differential Compensation**
	Vacation Sale		1305%	7
	Vacation Sale in FAS year only		∞	24

Appendix B
Employer Symbol Key

Employer Symbol Key

Employer Symbol Key for Chart on p. 7	
County Departments and Special Districts – Limited List	
● CCCSD	Contra Costa Central Sanitation District
✶ CAO	Contra Costa County Chief Administration Office
■ COM SVCS	Contra Costa County Community Services
■ COMMUNITY SERVICES	Contra Costa County Community Services
◆ EMP & H S	Contra Costa County Employment & Human Services
▲ C C C FIRE	Contra Costa County Fire Protection District
- PUBLIC DEF	Contra Costa County Public Defender
— PUBLIC WRKS	Contra Costa County Public Works
+ SHERIFF	Contra Costa County Sheriff Department
■ COURTS	Contra Costa County Superior Courts
● HEALTH SVCS	Contra Costa County Health Health Services
■ EAST CC FP	East Contra Costa Fire Protection District
◆ MOFD	Moraga-Orinda Fire Protection District
● SRVFPD	San Ramon Valley Fire Protection District

CONTRA COSTA COUNTY CCCERA Employees' Retirement Association

MEETING DATE

DEC 10 2014

AGENDA ITEM

8

MEMORANDUM

Date: December 10, 2014

To: Board of Retirement

From: Karen Levy, General Counsel

Subject: Consider and Take Possible Action to Adopt Policies Governing the Overpayment and Underpayment of Retirement Contributions and Benefits

I. Background

Currently, when CCCERA discovers an overpayment or underpayment of retirement contributions or of benefits, CCCERA makes the necessary corrections on a case by case basis. Enclosed, for the Board's consideration, are formal written procedures for the consistent handling of overpayments and underpayments that protect the integrity of fund assets, for the benefit of the members and beneficiaries of the CCCERA trust fund, in a cost effective manner. The enclosed policies were considered by the Board at its October 8, 2014 meeting. At that time, the Board discussed what "appropriate" interest might be and whether there is a limitation period beyond which the Board is precluded from reaching back and collecting from members overpayments of benefit or underpayment of contributions. The Board requested additional time to review the policies.

The enclosed policies have been drafted in accordance with applicable federal and state law, for the Board's consideration. In general, reasonable steps are to be taken to achieve full error correction when feasible, and appropriate interest should be applied. The Board, in exercising its discretion, will need to set the appropriate interest to be utilized by CCCERA in making overpayment and underpayment adjustments. These policies are designed for use when calculation and other errors affect an ***individual*** member's retirement benefits. In the event of a system-wide error that affects ***multiple*** members' benefits, the Board may implement a system-wide correction process that it determines is appropriate under all the circumstances.

II. Applicable Law

The County Employees Retirement Law of 1937 ("CERL") provisions applicable to CCCERA do not address how clerical errors are to be handled.[1] They only address circumstances where

[1] G.C. Sections 31540 and 31541 address general corrections methods but is applicable to L.A. County only.

erroneous benefit payments are due to:

(1) Fraud (G.C. Section 31455.5);
(2) Fraudulent reports for compensation made, or caused to be made, by the member (G.C. Section 31539(a)(1)); or
(3) Improper increase or overstated final compensation caused by the member (G.C. Section 31539(a)(2)).

As a tax-qualified governmental pension pursuant to Section 401(a) of the Internal Revenue Code, CCCERA is subject to federal tax law, as well. We have been advised by tax counsel that, under federal law, the plan must take reasonable steps to accomplish full error correction when feasible, and appropriate interest should be applied. See IRS Revenue Ruling 2013-12.

III. Policy Governing Overpayment and Underpayment of Retirement Contributions

The enclosed Policy Governing the Overpayment Or Underpayment of Member Contributions sets forth the steps to be taken in the event CCCERA discovers an overpayment or underpayment of retirement contributions. Every reasonable effort must be made to remit to a member the amount of any overpayment of retirement contributions and to recover from a member the amount of any underpayment of retirement contributions. Written notice must be promptly sent to the member advising him or her of the discovery of error and the method of correction. The over/under payments of retirement contributions would be addressed as follows:

A. When a member has overpaid retirement contributions:
   (i) CCCERA will make prospective adjustments to correct the overpayment;
   (ii) CCCERA will make a lump sum payment for all past overpayments, with appropriate interest in accordance with the Board's Interest Crediting Policy.[2] The Board, in exercising its discretion, may wish to adopt a different interest rate to be utilized for this purpose.
   (iii)If the member is not yet in retired status, the adjustments must be made through the employer payroll as soon as is reasonably practicable following CCCERA's discovery of the overpayment.

B. When a member has underpaid retirement contributions:
   (i) CCCERA will make a prospective adjustment to the member's contributions and take all reasonable steps to recover the full amount of all past underpayments, with appropriate interest,

[2] As previously directed by the Board, CCCERA currently credits all reserves, including member reserves, using the actuarial assumed rate of return. This means that member retirement contributions are credited interest at the assumed rate of return twice a year. The governing CERL statute provides for a default statutory rate of 2.5% per annum, unless the Retirement Board adopts another rate (G.C. Section 31591). CERL authorizes the Board to adopt a rate that is different from the actuarial assumed rate of return (G.C. Section 31453(a)).

(ii) If the underpayment was the result of an error by CCCERA or the member's employer, appropriate interest may be 3% per annum[3] for the period in which the underpayments were made, applied to the outstanding amount due until such amount is fully repaid. The Board, in exercising its discretion, may wish to adopt a different interest rate to be utilized for this purpose.

(iii) If the underpayment was due to fraud, dishonest or improper conduct by the member, or to the member providing inaccurate information to CCCERA or the member's employer, appropriate interest shall be CCCERA's actuarially assumed rate of return that was applicable for the period in which the underpayments were made, applied to the outstanding amount due until such amount is fully repaid. The Board, in exercising its discretion, may wish to adopt a different interest rate to be utilized for this purpose.

IV. Policy Governing Overpayment and Underpayment of Retirement Benefits

The enclosed Policy Governing the Overpayment Or Underpayment of Member Benefits sets forth the steps to be taken in the event CCCERA discovers an overpayment or underpayment of retirement benefits. Every reasonable effort must be made to remit to a member the amount of any overpayment of retirement contributions and to recover from a member the amount of any underpayment of retirement benefits. Written notice must be promptly sent to the member advising him or her of the discovery of error and the method of correction. The over/under payments of benefits would be addressed as follows:

A. When a member has been underpaid retirement benefits:

(i) CCCERA will make prospective adjustments to the member's retirement benefits to correct the underpayment, as well as a lump sum payment for all past underpayments, with interest at CCCERA's actuarially assumed rate(s) of return throughout the applicable period of underpayment. Interest accrues on each underpayment amount from the date of the underpayment to the date of the lump sum corrective payment. The Board, in exercising its discretion, may wish to adopt a different interest rate to be utilized for this purpose.

B. When a member has been overpaid retirement benefits:

(i) CCCERA will adjust the Member's monthly benefit going forward to the correct amount at the earliest practical time after discovering the error.

(ii) CCCERA will take all reasonable steps to recover the full amount of all overpayments, with "appropriate interest." This may include offsetting amounts due against the Member's future monthly benefit payments, or recovery through other periodic or lump sum payments.

(iii) If the overpayment was due to fraudulent, improper or inaccurate information provided to CCCERA by the member, appropriate interest shall be CCCERA's

[3] Some public plans utilize a 3% rate of interest in these circumstances, representing an average long term Treasury Bill rate.

actuarially assumed rate of return that was applicable during the period in which the overpayments were made, running until such amounts are fully repaid. The Board, in exercising its discretion, may wish to adopt a different interest rate to be utilized for this purpose.

(iv) If the overpayment was the result of an error by CCCERA or the member's employer, appropriate interest shall be 3% per annum during the period in which the overpayments were made, running until such amounts are fully repaid. The Board, in exercising its discretion, may wish to adopt a different interest rate to be utilized for this purpose.

V. Recommendation

Consider and take possible action to adopt the enclosed policies governing the:

(1) Overpayment and Underpayment of Retirement Contributions; and
(2) Overpayment and Underpayment of Retirement Benefits.

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT

POLICY GOVERNING THE OVERPAYMENT OR UNDERPAYMENT OF MEMBER CONTRIBUTIONS

Adopted: __/__/____

I. INTRODUCTION

The Board of Retirement ("Board") has a fiduciary obligation to conserve retirement fund assets and protect the integrity of the fund, for the benefit of the members and beneficiaries of the Contra Costa County Employees' Retirement Association ("CCCERA").

The Board determines the required member contributions in accordance with law and in consultation with its actuary. Subject to all applicable laws, it shall be CCCERA's policy to make every reasonable effort to recover from a member the amount of any underpayment of contributions, and to remit to a member the amount of any overpayment of contributions, consistent with this Policy and the procedures established by the Board.

Accordingly, after discovery of an overpayment or underpayment of member contributions, and within a reasonable period of time after written notification to the affected member, CCCERA will correct any overpayment or underpayment of member contributions.

This Policy is designed for use when errors affect an ***individual*** member's contributions. In the event of a system-wide error that affects ***multiple*** members' contributions, the Board may implement a system-wide correction process that it determines is appropriate under all the circumstances.

In the event of any inconsistency between applicable law and this Policy, the law shall take precedence.

Notwithstanding this Policy, if an overpayment results from provisions of federal tax law, any correction procedures specified by the IRS will be followed to the extent feasible.

II. PURPOSE

The purpose of this Policy is to set forth procedures for handling the overpayment and underpayment of retirement contributions.

III. POLICY

A. Overpayments of Contributions By Members

1. When a Member has overpaid contributions, the Member shall be entitled to a prospective adjustment to his or her contributions necessary to correct the overpayment, as well as a lump sum payment for all past overpayments, with appropriate interest. Appropriate interest shall be the rate set forth in the Board's Interest Crediting Policy (currently the actuarially assumed rate of return) for each applicable pay period. The adjustment shall be made in the Member's pay from their CCCERA participating employer as soon as is reasonably practicable following CCCERA's discovery of the overpayment.

2. If a Member who overpaid contributions has died prior to payment of the lump sum amount due, the following procedures will be followed:

   A. Member With Designated Beneficiary

   - If the Member has named a designated beneficiary, the payment will be made directly to the designated beneficiary. *See* County Employees Retirement Law of 1937 ("CERL"), Government Code Section 31452.7.

   B. Member Without Designated Beneficiary

   - If there is an open estate (*i.e.*, no order for final distribution yet), payment will be made to the estate (through the personal representative).
   - If final distribution of the estate has already been made, CCCERA staff will review the order for final distribution to determine how assets that were unknown at the time of final distribution are to be distributed under the order. Payment will then be made in compliance with the order for final distribution, if possible.
   - If an estate was not established, distribution will be made in accordance with any applicable and valid Affidavit for Payment of Personal Property on file with CCCERA. *See* Prob. Code Section 13101.
   - CCCERA staff shall make reasonable efforts to locate the person(s) entitled to payment by sending a letter by certified mail, return receipt requested, to the last known address of each such person, or by other means of similar intended effect. The letter shall request written confirmation that the person entitled to payment still lives at that address and will accept payment. Upon receipt of such written confirmation, the payment will be mailed to that person at that address. *See* CERL Section 31783.5(b).
   - If, after taking the above steps, CCCERA staff has not been able locate a person entitled to payment, CCCERA shall hold the funds on behalf of that person for five years. If the funds are not claimed within five years, the funds

may be transferred into the system's pension reserve fund. If someone later claims the funds, the Board will consider such claims on a case-by-case basis. *See* CERL Section 31783.5(c).

- CCCERA will maintain a permanent record of all amounts of outstanding refunds of overpayments and any amounts that have been transferred into the pension reserve fund.

- In cases where there is no designated beneficiary and the total amount of overpayment is less than $50, CCCERA staff need not take proactive measures to locate the person(s) entitled to such funds. All claims presented to CCCERA, however, will be considered regardless of size.

3. Overpayments of $5 or less will only be refunded at the request of the Member.

B. <u>Underpayment of Retirement Contributions By Members</u>

1. Whenever an underpayment of contributions is discovered, CCCERA shall make a prospective adjustment to the member's contributions and take all reasonable steps to recover the full amount of all past underpayments, with "appropriate interest," subject to the provisions of this Policy and applicable law. If the underpayment was due to fraud, dishonest or improper conduct by the member, or by the member providing inaccurate information to CCCERA or the member's employer, appropriate interest shall be CCCERA's actuarially assumed rate of return that was applicable for the period in which the underpayments were made, applied to the outstanding amount due until such amount is fully repaid. If the underpayment was the result of an error by CCCERA or the member's employer, appropriate interest shall be 3% per annum for the period in which the underpayments were made, applied to the outstanding amount due until such amount is fully repaid.

2. CCCERA will recover underpayments by (a) a lump sum payment from the member, (b) installment payments from the member, (c) additional amounts added to the member's future contributions, over a period of time as determined by the Board, (d) offsets to future benefit payments to the member, over a period of time as determined by the Board or (e) a combination of the foregoing, unless the Board, in its discretion and because of legal or practical considerations, determines that another process is warranted.

3. The Board believes that considerations of cost effectiveness make it prudent and reasonable to pursue recovery of underpayments only where the cumulative total amount underpaid by the member is $50 or more. Accordingly, the Retirement CEO is authorized to not seek recovery of any underpayments where the total amount underpaid by the member is less than $50.

4. The Retirement CEO shall have authority, on the advice of legal counsel, to compromise recovery of underpayments when the total amount of underpayment, not including interest, is less than $5,000. Only the Board may compromise claims in which the total amount of underpayment, not including interest, is $5,000 or more. Among other things, the likelihood of collection, the cost of collection, the amount of possible recovery and

extreme hardship to the member will be considered by the Retirement CEO and/or the Board when determining whether to compromise a claim. Compromising claims may include a different method of repayment than is otherwise provided by this Policy and/or a partial forgiveness of the amounts underpaid.

5. The Board adopts the following procedures for accomplishing the recovery of underpaid contributions:

A. Upon discovery of an underpayment, CCCERA shall send a letter by certified mail, return receipt requested, or by express delivery service, to the member advising the member of the underpayment and proposing a repayment schedule, as follows:

i. The letter will identify the circumstances of the underpayment and the fact that adjustments will be made to all future contribution amounts.

ii. The letter will request payment to CCCERA of the past amount underpaid, subject to the provisions of this Policy.

iii. The letter will include an agreement to pay the amounts underpaid and a consent form for the spouse or beneficiaries, if applicable.

iv. The agreement to pay the amounts underpaid will provide two options, one of which may be selected by the Member:

(1) Option 1 — equal installments deducted from the Member's pay (in addition to the contributions otherwise required of the member), or benefit payments (if the Member is retired), over the same length of time that the underpayments occurred, with appropriate interest (as that phrase is defined in No. 1 above) applied for the underpayment period and the payment period. If the Member's employment terminates during the payment period, the Member shall be liable for all remaining unpaid amounts, which may be deducted from any amounts CCCERA owes the Member (in retirement benefits or otherwise), if the member does not make a lump sum payment.

(2) Option 2 — lump sum payment to CCCERA for the full amount underpaid, with appropriate interest (as that phrase is defined in No. 1 above) applied during the underpayment period.

(3) Option 3 – installment payments to CCCERA for the full amount underpaid, with appropriate interest (as that phrase is defined in No. 1 above) applied during the underpayment period.

v. The letter and agreement to pay underpaid amounts will provide that Option 1 will go into effect by default if a written response from the member is not received within 30 days following the date the letter was delivered.

B. If the amount of the underpayment, not including interest, is $5,000 or more, CCCERA staff will attempt to contact, the Member by phone to discuss the contents of the letter before the letter is sent out for delivery.

C. CCCERA may pursue, all legal remedies to collect underpayments, including making a claim on an estate or trust, if appropriate.

D. Upon the death of the Member before full repayment has been made, CCCERA shall pursue a claim or claims against the Member's estate, survivors, heirs and/or beneficiaries to recover the unpaid amounts.

CCCERA will maintain a permanent record of all amounts of underpayments and the payment to CCCERA of those underpayments.

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT

POLICY GOVERNING THE OVERPAYMENT OR UNDERPAYMENT OF MEMBER BENEFITS

Adopted: __/__/____

I. INTRODUCTION

The Board of Retirement ("Board") has a fiduciary obligation to the retirement fund to conserve fund assets and protect the integrity of the fund, for the benefit of the members and beneficiaries ("Members") of the Contra Costa County Employees' Retirement Association ("CCCERA").

Members have a right to accurate pension benefit payments. Except as determined by a court of law or this Board pursuant to this Policy, no Member has the right to receive or retain retirement benefit payments that exceed the amounts to which a Member is entitled, and no Member should be deprived of any benefit payments that he or she is entitled to receive. Subject to all applicable laws, it shall be CCCERA's policy to remit to a Member the amount of any underpayment of benefits, and to make every reasonable effort to recover from a Member the amount of any overpayment of benefits consistent with this Policy and the procedures established herein by the Board.

Accordingly, after discovery of an overpayment or underpayment of benefits, and within a reasonable period of time after written notification to the affected Member, CCCERA will adjust future benefit payments to the Member to reflect the correct total amount to which the Member is entitled, as indicated below; and will pay or assess the Member for the overpayment or underpayment, as the case may be, in a lump sum, installment payments, adjustments to future monthly benefits, or a combination of these methods.

This Policy is designed for use when calculation and other errors affect an ***individual*** member's retirement benefits. In the event of a system-wide error that affects ***multiple*** members' benefits, the Board may implement a system-wide correction process that it determines is appropriate under all the circumstances.

In the event of any inconsistency between applicable law and this Policy, the law shall take precedence.

II. PURPOSE

The purpose of this Policy is to set forth procedures for handling the overpayment and underpayment of benefits to members.

III. POLICY

A. Overpayment of Benefits To Members

1. CCCERA will adjust the Member's monthly benefit going forward to the correct amount at the earliest practical time after discovering the error.

2. CCCERA shall take all reasonable steps to recover the full amount of all overpayments, with "appropriate interest," subject to the provisions of this Policy and applicable law. If the overpayment was due to fraudulent, improper or inaccurate information provided to CCCERA by the member, appropriate interest shall be CCCERA's actuarially assumed rate of return that was applicable during the period in which the overpayments were made, running until such amounts are fully repaid. If the overpayment was the result of an error by CCCERA or the member's employer, appropriate interest shall be 3% per annum during the period in which the overpayments were made, running until such amounts are fully repaid.

3. CCCERA will recover overpayments by (a) a lump sum payment from the Member, (b) periodic installment payments from the member or (c) offsetting the amount to be recovered against future benefits, over a period of time as determined by the Board, or a combination of these methods; unless the Board, in its discretion and because of legal or practical considerations, determines that another process is warranted.

4. The Board believes that considerations of cost effectiveness make it prudent and reasonable to pursue recovery of overpayments only where the cumulative total amount overpaid to the Member is $50 or more. Accordingly, the Retirement CEO is authorized to not seek recovery of any overpayments where the total amount overpaid to the Member is less than $50.

5. The Retirement CEO shall have authority, on the advice of legal counsel, to compromise recovery of overpayments when the total amount of overpayment, not including interest, is less than $5,000. Only the Board may compromise claims in which the total amount of overpayment, not including interest, is $5,000 or more. Among other things, the likelihood of collection, the cost of collection, the amount of possible recovery and extreme hardship to the member will be considered by the Retirement CEO and/or the Board when determining whether to compromise a claim. Compromising claims may include a different method of repayment than is otherwise provided by this Policy and/or a partial forgiveness of the amounts overpaid. The Retirement CEO and Board will also consider seeking recovery from the employer.

6. The Board adopts the following procedures for accomplishing the recovery of overpaid benefits:

   A. Upon discovery of an overpayment, CCCERA shall send a letter by certified mail, return receipt requested, or by express delivery service, to the Member advising the Member of the overpayment and proposing a repayment schedule, as follows:

i. The letter will identify the circumstances of the overpayment and the fact that adjustments will be made to all future benefit payments.

ii. The letter will request payment to CCCERA of the amount overpaid, subject to the provisions of this Policy.

iii. The letter will include an agreement to repay excess benefits and a consent form for the spouse or beneficiaries, if applicable.

iv. The agreement to repay excess benefits will provide three options, one of which may be selected by the Member:

(1) Option 1 — equal installments over the same length of time that the overpayments occurred, with appropriate interest (as that phrase is defined in No. 2 above) applied during the overpayment period and during the repayment period.

(2) Option 2 — lump sum payment to CCCERA for the full amount overpaid, with appropriate interest (as that phrase is defined in No. 2 above) applied during the overpayment period.

(3) Option 3 — reduction of monthly benefit to zero until the overpayment is paid in full, with appropriate interest (as that phrase is defined in No. 2 above) applied during the overpayment period and during the repayment period.

v. The letter and agreement to repay excess benefits will provide that Option 3 will go into effect by default if a written response from the Member is not received within 30 days following the date the letter was delivered.

B. If the amount of the overpayment, not including interest, is $5,000 or more, CCCERA staff will attempt to contact the Member by phone to schedule a meeting to discuss the contents of the letter before the letter is sent out for delivery.

C. CCCERA may pursue all legal remedies to collect overpayments, including making a claim on an estate or trust, if appropriate.

D. Upon the death of the Member before full repayment has been made, CCCERA shall pursue a claim or claims against the Member's estate, survivors, heirs and/or beneficiaries to recover the unpaid amounts.

E. CCCERA will maintain a permanent record of all amounts of overpayments and the repayment to CCCERA of those overpayments.

B. Underpayment of Benefits To Members

1. When CCCERA has underpaid benefits, the Member shall be entitled to a prospective adjustment to his or her retirement benefits necessary to correct the underpayment, as well as a lump sum payment for all past underpayments, with interest at CCCERA's actuarially assumed rate(s) of return throughout the applicable period of underpayment. Interest shall accrue on each underpayment amount from the date of the underpayment to the date of the lump sum corrective payment. The payment shall be made as soon as is reasonably practicable following CCCERA's discovery of the underpayment.

2. If a Member who was underpaid benefits has died prior to payment of the lump sum amount due, the following procedures will be followed:

   A. Member With Designated Beneficiary

   - If the Member has named a designated beneficiary, the payment will be made directly to the designated beneficiary. *See* CERL Section 31452.7.

   B. Member Without Designated Beneficiary

   - If there is an open estate (*i.e.*, no order for final distribution yet), payment will be made to the estate (through the personal representative).
   - If final distribution of the estate has already been made, CCCERA staff will review the order for final distribution to determine how assets that were unknown at the time of final distribution are to be distributed under the order. Payment will then be made in compliance with the order for final distribution, if possible.
   - If an estate was not established, distribution will be made in accordance with any applicable and valid Affidavit for Payment of Personal Property on file with CCCERA. *See* Prob. Code Section 13101.
   - CCCERA staff shall make reasonable efforts to locate the person(s) entitled to payment by sending a letter by certified mail, return receipt requested, to the last known address of each such person, or by other means of similar intended effect. The letter shall request written confirmation that the person entitled to payment still lives at that address and will accept payment. Upon receipt of such written confirmation, the payment will be mailed to that person at that address. *See* CERL Section 31783.5(b).
   - If, after taking the above steps, CCCERA staff has not been able locate a person entitled to payment, CCCERA shall hold the funds on behalf of that person for five years. If the funds are not claimed within five years, the funds may be transferred into the system's pension reserve fund. If someone later appears to claim the funds, the Board will consider such claims on a case-by-case basis. *See* CERL Section 31783.5(c).

- CCCERA will maintain a permanent record of all amounts of outstanding refunds of underpayments and any amounts that have been transferred into the pension reserve fund.
- In cases where there is no designated beneficiary and the total amount of underpayment is less than $50, CCCERA staff need not take proactive measures to locate the person(s) entitled to such funds. All claims presented to CCCERA, however, will be considered regardless of size.

3. Underpayments of $5 or less will only be refunded at the request of the member.

CONTRA COSTA COUNTY CCCERA
Employees' Retirement Association

MEETING DATE
DEC 10 2014
AGENDA ITEM
9

MEMORANDUM

Date: December 10, 2014

To: CCCERA Board of Retirement

From: Kurt Schneider, Deputy Retirement Chief Executive Officer

Subject: Consider and Take Possible Action to Recover Erroneous Spousal Continuance Payments to Ineligible Spouse

---

Background

When a CCCERA member retires and elects the Unmodified Allowance (as opposed to optional settlement allowances), payments continue for the lifetime of the retiree. Upon the death of the retiree (either for service retirement or non-service connected disability), 60 percent of the retirement allowance continues for the lifetime of an eligible surviving spouse. To be eligible under Gov. Code §31760.1 the spouse must have been married to the retiree at least one year prior to the date of his or her retirement.

In 2000, the Board expanded the definition of eligible spouse by making Gov. Code §31760.2 applicable to all CCCERA retirees who die on or after January 1, 2000. Under this statute a surviving spouse would also be eligible for the 60 percent continuance if he or she was married to the member at least two years prior to the date of death and had attained the age of 55 years on or prior to the date of death.

Summary

Roland Brault retired from CCCERA in 1971 and was unmarried at that time. In 1978 Mr. Brault married Penelope Brault. In 2001 the retiree passed away. On the date of the member's death, his spouse had *not yet* attained the age of 55 years. When CCCERA processed the death it was noted on the Retiree Death Information Sheet that Mrs. Brault was an eligible survivor under Gov. Code §31760.2. However, since Section 31760.2 requires that the spouse "attain[s] the age of 55 years on or prior to the date of death," the note was incorrect and Mrs. Brault was not an eligible survivor under Gov. Code Section 31760.2 or any other statute.

In late October 2014, CCCERA staff discovered the error. Since the payee is not eligible to receive the current allowance, the allowance was terminated effective October 31, 2014. The gross amount of the payments to the spouse from July 7, 2001 through October 31, 2014 is $172,470.68 without interest. The total, including interest at the Member Crediting Rate, through December 1, 2014 is approximately $285,000.

Recommendation: Authorize CCCERA to seek recovery of the overpayment and appropriate interest.

CONTRA COSTA COUNTY CCCERA Employees' Retirement Association

MEETING DATE

DEC 10 2014

AGENDA ITEM
10

MEMORANDUM

Date: December 10, 2014

To: CCCERA Board of Retirement

From: Kurt Schneider, Deputy Retirement Chief Executive Officer

Subject: Consider and Take Possible Action to Correct Call Back Pay Erroneously Reported As Pensionable Which Resulted In Overpayments of Benefits to Retirees and Overpayment of Retirement Contributions

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Background

Contra Costa County included non-pensionable compensation (call-back pay) in its data transmission of pensionable compensation CCCERA over a 15-year period of time. This resulted in overpayments of benefits to retirees and overpayments of employee contributions. The last payroll affected by this issue was the July 10, 2013 payroll. After that, pursuant to notification sent to the County by CCCERA, active employees no longer paid inflated contribution amounts to CCCERA, but affected retirees continued to receive a monthly overpayment of benefits. CCCERA proceeded to research and compile overpayment data and sought the advice of tax counsel regarding the appropriate implementation of a correction process. Certain member groups argued in the AB 197 litigation that they are entitled to the inclusion of call-back pay in their pension calculations. The "call back" pay correction implementation was therefore delayed.

Currently there are forty-three (43) retirees who are receiving overpayments from CCCERA due to the erroneous inclusion of call back pay in retirement compensable compensation. Monthly overpayments for affected monthly pensions range from $.30 to $2,960, with an average monthly pension error of $347. In addition, some current employees overpaid excess retirement contributions due to the erroneous coding of call back pay as a pensionable pay item.

"Call back" Pay

Contra Costa County defines "call back" pay as pay for employee called back to duty. (County Salary Regs., Section 8.)

Prospective Correction

CCCERA Board Regulations, Section 4.E, delegate to the Retirement CEO the duty to, "correct prospectively any administrative error in the calculation of retirement benefits, with the issue of retroactive corrections, if any, to be reserved for the Board's exercise of discretion in accordance with the law." Accordingly, CCCERA notified the County to stop reporting call back pay as pensionable.

Retroactive Correction

CCCERA compiled overpayment data and sought the advice of tax counsel regarding the appropriate implementation of a correction process. Tax counsel advises that a full retroactive correction can be made as a self-correction process, not requiring a VCP (Voluntary Correction Program) filing with the IRS. Full retroactive self-correction would entail:

Adjusting member and employer contributions

For each member who received call back pay since the County began reporting it as a separate pay item, compile the amount of call back pay received each month. This includes 482 active members and 72 retirees.

Calculate the actual contribution deducted from the member's call back pay. This is the member's contribution rate (excluding any portion subvented by the employer or paid by the Board with a transfer from excess earnings) applied to the call back pay.

Calculate the actual contribution paid by the employer. This is the employer contribution rate (including any portion of the member's contribution subvented by the employer and excluding any COLA contribution paid by the Board with a transfer from excess earnings) applied to the call back pay.

Accumulate those contributions with appropriate interest through the date of refund.

Adjusting pension payments retroactively

Calculate the overpayment for each month for the 43 retirees who require recalculations, taking into account actual COLAs granted since retirement.

Accumulate those contributions with appropriate interest.

We anticipate that the process outlined above can be completed in approximately four to six months, not including the time it takes to make corrections by adjusting future benefit payments for retirees and contributions for actives.

Written notice to all affected retirees and active members will be sent.

Recommendation
Consider and take possible action to authorize staff to:

1. Reduce retiree benefit amount to the correct amount excluding the non-pensionable call-back pay;
2. Recover past overpayment to retirees whose benefit was erroneously calculated including non-pensionable call-back pay;
3. Remit to retirees overpayment of employee contributions collected on non-pensionable call-back pay;

4. Remit to active members (through payroll adjustments) overpayment of employee contributions collected on non-pensionable call-back pay;
5. The corrections listed above can be made as an offset to benefit payments
6. All corrections are to be made with appropriate interest. Determine what appropriate interest is under the circumstances.

CONTRA COSTA COUNTY CCCERA
Employees' Retirement Association

MEETING DATE
DEC 10 2014
AGENDA ITEM
11

MEMORANDUM

Date: December 10, 2014

To: CCCERA Board of Retirement

From: Gail Strohl, Retirement Chief Executive Officer

Subject: Consider and Take Possible Action to adopt BOR Resolution 2014-4 providing a 2.75% Prospective Adjustment in Base Pay for all CCCERA Employees, except the Retirement CEO position.

Background

In 2011, the County implemented a 2.75% reduction in base pay for all CCCERA employees (except the Retirement CEO position), despite the CCCERA Board of Retirement requesting that a reduction not be implemented. This action culminated in litigation between CCCERA and the County and an eventual Settlement Agreement. This Agreement resulted in a jointly sponsored bill, Senate Bill 673 (SB 673).

On May 7, 2014, the CCCERA Board of Retirement voted to recommend to the County Board of Supervisors to grant a 2.75% prospective increase in base pay for AFCSME Local 2700 staff members. The County Board of Supervisors declined this request.

In August 2014, Governor Brown signed SB 673, allowing CCCERA to become an independent employer on January 1, 2015. As such, the Board of Retirement has the authority to approve compensation and benefit decisions for all of its employees. In consideration of the Board's previous decision, it is requested that the Board consider a 2.75% increase in prospective base pay.

Recommendation

Consider adopting BOR Resolution 2014-4 providing a 2.75% prospective increase in base pay for all unrepresented and represented CCCERA employees (except the Retirement CEO position), effective January 1, 2015.

BOR Reso. No. 2014-4

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

**GRANTING A 2.75% PROSPECTIVE INCREASE IN BASE PAY, EFFECTIVE JANUARY 1, 2015, TO ALL CCCERA PERSONNEL (REPRESENTED AND UNREPRESENTED) WITH THE EXCEPTION OF THE RETIREMENT CHIEF EXECUTIVE OFFICER
PURSUANT TO GOVERNMENT CODE SECTION 31522.9**

WHEREAS, on March 9, 2011, the Board of Retirement of the Contra Costa County Employees' Retirement Association (CCCERA) took action to request that Contra Costa County (County) maintain all CCCERA staff members' (both represented and unrepresented) wages and benefits at the *status quo*; and

WHEREAS, the County denied the request and proceeded to implement base pay reductions of 2.75% effective October 1, 2011 as to all unrepresented CCCERA staff positions with the exception of the Retirement Chief Executive Officer as well as to all represented staff positions represented by Professional and Technical Engineers IFPTE, Local 21; and

WHEREAS, the County also proceeded to implement base pay reductions of 2.75% effective July 1, 2012 as to all CCCERA staff positions represented by AFSCME Local 2700; and

WHEREAS, these unilateral actions by the County resulted in litigation between the Retirement Board and the County, which culminated in June of 2013 in a court-approved settlement agreement which, among other things, stipulated that the parties would work jointly to sponsor legislation that would grant CCCERA independent district status and make CCCERA the direct employer of its entire staff, including represented and unrepresented staff positions; and

WHEREAS, the Retirement Board voted on May 7, 2014 to recommend to the County as follows: "To grant a 2.75% prospective increase in base pay in the AFSCME contract currently under negotiation. This increase would be in addition to whatever increases are otherwise negotiated between the County and AFSCME Local 2700. The total employee compensation would be paid entirely by CCCERA"; and

WHEREAS, on May 27, 2014, the County declined CCCERA's request "due to its potential negative impact on pending negotiations with AFSCME Local 2700 and other employee organizations"; and

WHEREAS, in August 2014 the California Legislature adopted, and the Governor signed into law, Senate Bill 673 (Statutes 2014, Chapter 244), amending the County Employees' Retirement Law of 1937, Government Code sections 31450, et seq. ("CERL") in certain respects, and making other changes to California law ("SB 673"); and

WHEREAS, SB 673 becomes effective on January 1, 2015 (the "Effective Date"); and

WHEREAS, pursuant to CERL section 31522.9, on the Effective Date, the CCCERA personnel "shall not be county employees but shall become employees of the retirement system, subject to terms and conditions of employment established by the board of retirement, including those set forth in memoranda of understanding executed by the board of retirement and recognized employee organizations."; and

WHEREAS, the Board of Retirement is the governing body of CCCERA (*see, Corcoran v. Contra Costa County Employees Retirement Board (1997) 60 Cal. App. 4th 89*); and

WHEREAS, reinstating the salaries of CCCERA staff is consistent with the Board's long-standing position that its staff should not have been subjected to the 2.75% reduction in base pay implemented by the County in reaction to the County's fiscal constraints in 2011.

NOW, THEREFORE BE IT RESOLVED that all officers and employees of CCCERA serving as CCCERA personnel on the Effective Date, with the exception of the Retirement Chief Executive Officer, are hereby granted a 2.75% prospective increase in base pay, effective January 1, 2015. As to represented CCCERA staff, this increase is in addition to any base pay adjustments already negotiated between the County and its labor organizations in the current Memoranda of Understanding. As to unrepresented staff, this increase is in addition to any base pay adjustments already implemented by the County.

NOW, THEREFORE, BE IT FURTHER RESOLVED that this Resolution shall become effective on January 1, 2015, the Effective Date.

THIS RESOLUTION WAS ADOPTED BY THE AFFIRMATIVE VOTE OF THE BOARD OF RETIREMENT OF THE CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION THIS _____ DAY OF ___, 2014.

AYES:

NOES:

ABSTAIN:

ABSENT:

____

Brian Hast
Chairperson of the Board of Retirement

Attest:

____

Jerry Telles
Secretary

County Administrator

County Administration Building
651 Pine Street, 10th Floor
Martinez, California 94553-1229
(925) 335-1080
(925) 335-1098 FAX

David J. Twa
County Administrator

Contra Costa County

May 27, 2014

Mr. Brian Hast
Retirement Board Chair
Contra Costa County Employees' Retirement Association
1355 Willow Way, Ste. 221
Concord, CA 94520

RE: May 7, 2014, Recommendation

Dear Mr. Hast:

The Board of Supervisors reviewed the Retirement Board's May 7, 2014, recommendation that the County propose a prospective 2.75% increase in base pay for those members of AFSCME Local 2700 in classifications working at CCCERA, in addition to the other negotiated increases. After careful consideration, the Board of Supervisors must decline this request due to its potential negative impact on pending negotiations with AFSCME Local 2700 and other employee organizations.

Should our jointly sponsored bill, SB 673, become law, CCCERA, as an independent employer, will have the opportunity to grant such a salary increase early next year. We appreciate your continued efforts to work with us in support of the bill.

Sincerely,

David J. Twa
County Administrator

cc: Board of Supervisors

CONTRA COSTA COUNTY CCCERA
Employees' Retirement Association

May 8, 2014

Contra Costa County
Board of Supervisors
651 Pine Street
Martinez, CA 94553

Honorable Members of the Board of Supervisors:

As you know, the CCCERA Board has consistently taken the position that its staff should not have been subjected to the 2.75% reduction in base pay and other reductions in benefits implemented by the County in response to the County's fiscal constraints in 2011. That unilateral action by the County resulted in litigation between CCCERA and the County, which culminated in a court-approved Settlement Agreement.

Pursuant to Section 6.B of the Settlement Agreement, the CCCERA Board of Retirement voted on May 7, 2014 to recommend to the County Board of Supervisors the following with regard to staff represented by AFSCME Local 2700 who work at CCCERA: To grant a 2.75% prospective increase in base pay in the AFSCME contract currently under negotiation. This increase would be in addition to whatever increases are otherwise negotiated between the County and AFCSME Local 2700. The total employee compensation would be paid entirely by CCCERA.

We expect that our jointly sponsored bill, SB 673, will become law and effective on or about January 1, 2015, at which time CCCERA will assume all responsibilities as the direct employer of its entire staff.

Thank you for your careful consideration of our recommendation.

Sincerely,

BDHast.

Brian Hast
Retirement Board Chair

Copy: Suzie Griffith, AFSCME

contra costa county
Employees' Retirement Association
1355 willow way suite 221 concord ca 94520
925.521.3960 fax 925.646.5747

Meeting Date
05/07/14
Agenda Item
#15

March 11, 2011

Mr. Ted Cwick
Director of Human Resources
651 Pine St., 2nd Floor
Martinez, CA

Re: Retirement Board Direction

Dear Mr. Cwick:

At the Retirement Board meeting on March 9, 2011, the Board provided direction to staff requesting a letter to County Human Resources regarding the upcoming negotiations for both represented and unrepresented positions. This letter represents the wishes of the Board.

It is the Retirement Board's desire to maintain all Retirement employee wages and benefits at the status quo.

Sincerely,

Marilyn Leedom

Marilyn Leedom
Retirement Chief Executive Officer

cc: Board of Retirement

Institutional Investor FORUMS

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MEETING DATE

DEC 10 2014

AGENDA ITEM
12a.

REC'D NOV 20 2014

October 31, 2014

Gail Strohl
Chief Executive Officer
Contra Costa County Employees' Retirement Association
1355 Willow Way Ste 221
Concord, CA 94520-5728

Dear Ms. Strohl,

You are invited to join *Institutional Investor Forums*, as our guest, for our **3rd Annual Risk & Liquidity: *The Alpha & Omega of Asset Management*** taking place **January, 27-28** at **The Ritz-Carlton** in **San Francisco.** We will gather leading investors, investment managers and academics to discuss and debate the new role of liquid beta in institutional portfolios and the radical way that this new investment class is reshaping asset allocation. Please accept our invitation by registering online at www.iiforums.com/risk&liquidity

Key themes to be examined include:

- Retooling investment policies to meet the new investment reality
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- Applying risk-factor investing to asset allocation decisions
- Assessing the utility of strategic v. tactical asset allocation: Objectives, techniques, and inputs
- The utility of risk policies: Do you manage to a volatility limit, a liquidity limit, or neither?
- Understanding liquidity management
- What stock selection strategies go into constructing smart beta solutions?
- Measuring risks for the new asset classes and strategies that are emerging
- How concentrated should you be?
- Measuring risk and liquidity premia
- What is the true cost of hedging?
- Using risk overlays
- Educating the investment committee
- The increasing risk of concentration

Participation is by invitation only. As a guest of Institutional Investor Forums, you are responsible only for your travel and hotel accommodations; there is no fee to attend. If you wish to attend please complete the online response form found at www.iiforums.com/risk&liquidity or contact Katarina Storfer at (212) 224-3073, or kstorfer@institutionalinvestor.com.

Sincerely,

SL OL

Steven Olson
Editor in Chief / Managing Director
Institutional Investor Forums

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Risk & Liquidity

For registration inquiries: Katarina Storfer
Tel (212) 224-3073 **Fax** (212) 224-3802 **Email** kstorfer@institutionalinvestor.com
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New Investment Landscape = New Asset Allocations = New Decisions

New Investment Landscape = New Asset Allocations = New Decisions

THE NEW GLOBAL INVESTMENT LANDSCAPE necessitates that institutions reassess, and in many instances, recalibrate their asset allocations. This then presents new risks and other issues, such as liquidity, which have to be identified and managed.

The 2015 Risk & Liquidity Forum, our fourth annual, will present the latest, best thinking on the solutions and risk management strategies which are being developed. This day and a half program will be stocked with experts from both leading asset management firms as well as some academic thinkers and speakers from leading, innovative institutions. These speakers will provide their expertise—through panel sessions, discussion groups, and real-world case studies—on how the new investment landscape we are confronting is altering their institutions' asset allocations and, ultimately, the investment and risk management decisions which are resulting from these changes.

Program Topics

- Retooling investment policies to meet the new investment reality
- Is too much money chasing too few viable opportunities?
- Why are markets not reacting to global events as we would expect them to?
- Applying risk-factor investing to asset allocation decisions
- Assessing the utility of strategic v. tactical asset allocation: Objectives, techniques, and inputs
- The utility of risk policies: Do you manage to a volatility limit, a liquidity limit, or neither?
- Understanding liquidity management
- What stock selection strategies go into constructing smart beta solutions?
- Measuring risks for the new asset classes and strategies that are emerging
- How concentrated should you be?
- Measuring risk and liquidity premia
- What is the true cost of hedging?
- Using risk overlays
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San Francisco City & County Employees' Retirement System
San Francisco Employees' Retirement System
San Joaquin County Employees' Retirement Association
San Mateo County Employees' Retirement Association
Circle of Service Foundation c/o Sawdust Investment
Smithsonian Institution
Sony Corporation of America
St. Paul Teachers' Retirement Fund Association
Stanford Management Company
State of New Jersey, Division of Investments
State of Wisconsin Investment Board
Strategic Investment Solutions
Sync Capital
Teacher Retirement System of Texas
Terra Foundation for American Art
Texas Municipal Retirement System
Texas Permanent School Fund
Thomson Reuters
Towers Watson
Tulane University
UC Davis Foundation
UFCW National Pension Fund
United Nations Joint Staff Pension Fund
United Parcel Service of America, Inc. (UPS)
University of Chicago
University of Iowa Foundation
University of Notre Dame
University of Pennsylvania
University of Utah
University of Virginia Investment Management Company
University of Washington
The University System of Maryland Foundation, Inc.
UTIMCO
Vanderbilt University
Victoria Funds Management Corporation
Virginia Retirement System
Washington State Investment Board
William K. Warren Foundation
Wilshire Associates
The World Bank
Wurts & Associates
Wyoming Retirement System
Xerox Corporation
Yeshiva University

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Program at a Glance

TUESDAY, JANUARY 27, 2015

8:00 - 8:15 am
Registration and Continental Breakfast

8:15 - 8:25 am
Forum Welcome

8:25 - 8:35 am
Benchmarking Survey

8:35 - 9:20 am
Presentation Series I

9:20 - 10:00 am
Table Discussions and Audience Q&A

10:00 - 10:45 am
Investor Case Study

10:45 - 11:15 am
Coffee Break

11:15 - 12:00 pm
Presentation Series II

12:00 - 12:40 pm
Table Discussions and Audience Q&A

12:40 - 2:10 pm
Lunch

2:10 - 2:15 pm
Benchmarking Survey

2:15 - 3:00 pm
Presentation Series III

3:00 - 3:20 pm
Table Discussions and Audience Q&A

3:40 - 4:10 pm
Coffee Break

4:10 - 4:55 pm
Panel Discussion & Investor Case Study

4:55 - 5:15 pm
Investor Case Study

5:15 - 6:30 pm
Cocktail Reception

WEDNESDAY, JANUARY 28, 2015

8:00 - 9:00 am
Breakfast Discussion Tables

9:00 - 9:10 am
Benchmarking Survey

9:10 - 9:55 am
Presentation Series IV

9:55 - 10:40 am
Table Discussions and Audience Q&A

10:40 - 11:10 am
Coffee Break

11:10 - 12:15 pm
Investor Presentation & Panel Discussion

12:15 - 2:00 pm
Lunch & Guest Presentation

2:00 pm
Forum Concludes

Information

FOR MORE INFORMATION

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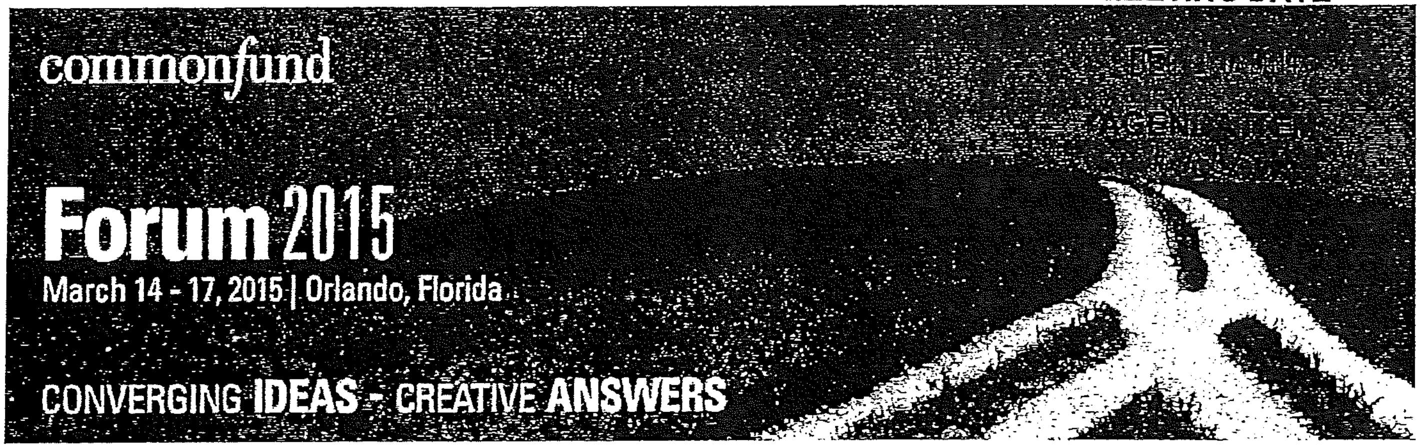
MEETING DATE



Saturday, March 14, 2015

Welcome Reception	**6:00 PM - 7:00 PM**

Welcome, Dinner and Keynote Address	**7:00 PM - 9:30 PM**

Walter Isaacson - Timeless Leadership

What secrets do history's luminaries share? Esteemed author Walter Isaacson — who was given exclusive and unprecedented access to the subject of his most recent book, Steve Jobs - is widely considered to be one of today's most insightful biographers. Isaacson's ability to brilliantly capture the unique cultural currents surrounding America's greatest leaders and creative thinkers is showcased in his best-selling books on Steve Jobs, Albert Einstein, Ben Franklin and Henry Kissinger. Bringing audiences closer to these remarkable figures, Isaacson discusses the vital information that can be learned from them—including the common traits they share and how those traits can be used to empower today's business leaders. Sharing fascinating details of how success came to each of these men through the questioning of conventional wisdom and a willingness to explore new ideas, he provides an astute analysis of timeless leadership principles and the lessons they can teach us on fostering the creativity necessary to compete in a new century of globalization. *Walter Isaacson, best-selling author and highly acclaimed journalist as well as President/CEO of the Aspen Institute, former chairman/CEO of CNN and former managing editor of TIME Magazine.*

Sunday, March 15, 2015

Networking Buffet Breakfast	**7:30 AM - 8:30 AM**

Join your fellow attendees for an informal breakfast buffet and networking discussion. We will set aside tables for you to engage in specific topics most relevant to you and your peers.

General Session: The Global Economy and the Return of Risk	**8:30 AM - 9:30 AM**

Most of the global economy has been awash in accommodative central bank policy since the financial crisis, and many believe that this has inflated asset prices and kept volatility relatively low. In this opening General Session our panelists will assess the state and outlook for the global economy and capital markets and debate whether we face a regime change marked by elevated risk and volatility. And, more important, they will offer perspectives on what institutions should do about it.

General Session: Private Capital | Frameworks for Long-Term Success	**10:00 AM - 12:15 PM**

There are myriad investment opportunities in the world of private capital that institutional investors must critically evaluate to find those that will best align with their long-term objectives. In this session, Commonfund Capital will share their global investment point-of-view across private equity, venture capital and natural resources. This session will feature two panel discussions as described below:

Natural Resources Transitions - The Biggest Change in 100 Years
This presentation will focus on significant changes that are transforming the energy and related Natural Resources industries. Emphasis will be on trends and opportunities that investors need to think about today and tomorrow, versus strategies from the past.

Private Equity – The "Ultimate Active Management" Investment
Leading practitioners will discuss private equity today, the ultimate active management investment strategy. Through board leadership, strategic guidance and operating influence, today's private equity firms can transform an operating company with the goal of increasing revenue, profits, and shareholder value. Can we outperform public markets and embrace environmental, Social and Governance issues at the same time?

Luncheon and Featured Speaker	**12:30 PM - 2:00 PM**

Age of Ambition: Truth, Faith and Fortune in China - Evan Osnos, Author and China Expert
Our featured luncheon speaker has spent most of his professional life living in and reporting on all things related to China. His 2014 book, *Age of Ambition: Truth, Faith and Fortune in China* was called "a splendid and entertaining picture of 21st century China" by the *Wall Street Journal*. Unlike most China experts that report on the Chinese electorate and economy, Evan Osnos chronicles the lives of ordinary citizens that are going through the throes of dramatic change. This insight will provide a perspective from the ground up on what China's rise and transformation means for us all.

General Session: Asset Allocation 2020 – Hindsight and Foresight	**2:15 PM - 3:15 PM**

For much of the last period since the global financial crisis, investment returns for institutions that have followed the so called "endowment model" of investing have lagged those that have followed a simple allocation anchored by large cap U.S. equities, specifically the S&P 500. Few strategies and asset classes have been able to keep up with the booming U.S. equity markets. So is past prologue, or will investors again be rewarded for diversification? This session will provide the audience with insights and perspectives on asset allocation as we look ahead.

General Session: Today's Capital Markets: Irrational Exuberance? **3:45 PM - 4:45 PM**

Amidst all market uncertainty, one truth is that markets never go up forever, and in fact corrections are common. An institution's policy portfolio, supported by a diversified asset allocation is the primary buffer against irrational exuberance and the inevitable mean reversion of markets. However, most investment policies still allow for considerable flexibility around allocations, providing investment committees and their advisors the opportunity to adjust to market momentum and valuation imbalances. Our panelists at this session will provide their perspectives on valuations, credit spreads, market risks and the effectiveness of strategies that help insulate portfolios from large draw downs, within the policy guidelines.

Special Session: Private Capital Performance Review **5:00 PM - 6:00 PM**

This session, primarily for existing investors in the programs of Commonfund Capital, will provide an in-depth review of recent fund performance and attribution. We will review benchmark data, traditional measures such as IRR and multiples – and will discuss how best to use Public Market Equivalents (PME) to judge long-term performance in the context of your overall portfolio.

Open Dinner **6:30 PM - 9:00 PM**

Monday, March 16, 2015

Concurrent Sessions	**7:15 AM - 8:15 AM**

Commonfund Capital Breakfast: Insights on Our Open Private Capital Investment Programs

As institutional investors seek growth in an uncertain and potentially volatile global equity market, the importance of allocations to strategies in private equity, venture capital and natural resources is magnified. This in-depth session by the investment team of Commonfund Capital will provide details on the new private capital programs currently being raised (available for existing and new investors) and distinct point of view that will guide each of these programs.

Networking Breakfast

Join your fellow attendees for an informal breakfast buffet and networking discussion. We will set aside tables for you to engage in specific topics most relevant to you and your peers.

General Session: Does the Future Still Belong to the Emerging Markets?	**8:30 AM - 9:30 AM**

Over the last few decades, investor capital has rushed into and out of emerging markets. Attracted by the prospects of strong economic growth and favorable demographics, many investors significantly increased their allocations to emerging markets in the last decade. More recently, growth in the export, commodity and traditional industry sectors has moderated while many consumer, technology driven and healthcare sectors show stronger growth. Where might investors expect both public and private emerging markets outperformance relative to developed economies?

Concurrent Sessions	**9:45 AM - 10:45 AM**

CIO Trends: Separating Passing Fads from Secular Shifts

The asset management industry has had a long history of trends that have at their outset promised to change how we invest, from risk parity to LDI to smart beta and today ESG. Trends by their very nature can persist or they can fade away. But, understanding what represents a secular shift versus a passing fad can separate top quartile performers from also-rans over the long term. And it can have real implications on risk. In this session, we bring together leading strategic thinkers from the investment world to offer their views on today's trends and those of tomorrow – what will change how we invest and what will fade away

Private Capital Secondaries: A Powerful Investment Tool

Over the past 15 years the market for private capital secondaries has expanded and matured to the point where this powerful tool is used by many institutional investors. The potential benefits are numerous, from increasing the speed of distributions to attractive returns to minimizing the so-called "j-curve". In this session, you'll gain insights into how a secondary market strategy can change the dynamics of your entire private capital program. What makes for a successful "secondaries" strategy and what should you look for? What are current market dynamics in terms of trends, pricing and supply? Our panel of experts will address these questions and more.

Getting the Most Out of Your Board

How often are your Board meetings dominated by routine tasks and listening to never-ending reports? Effective Board governance is a dynamic exercise that requires constant care and feeding. Left alone and not constantly challenged and engaged, Boards can atrophy and missions can fail. On the other hand, Boards that engage in "generative thinking" strengthen governance and are much more likely to achieve their missions. In this session leading governance experts will provide insights to help boards engage in deeper inquiry and new ideas.

General Session: Featured Speaker	**11:00 AM - 12:00 PM**

The Path to Radical Innovation, Frans Johansson
Innovation is a vital component of economic growth and investment opportunity. But in today's fast paced economy, innovations can become obsolete and market leaders can fall to the wayside with remarkable speed. In this session, bestselling author of The Medici Effect, Frans Johansson shares his research into the breeding ground of breakthrough ideas that apply to all industries and sectors of the economy – including nonprofit institutions. Frans Johansson challenges the world where expertise is rewarded, walls are raised every day to divide and exclude, and comfort zones are commonly untested. He urges individuals to step into the "intersection", allowing ideas and concepts from different fields, disciplines and cultures to converge.

Concurrent Sessions	**12:00 PM - 1:15 PM**

Solving the Carbon Conundrum

Even as the debate on how best to address fossil fuels in institutional portfolios gains momentum, practical solutions remain elusive. Join this session to hear about tangible examples that prominent institutions have taken to respond to this question in ways that are unique to their specific situation and needs.

Global Valuations: Where are the Tail Risks & Opportunities?

As the S&P 500 and other U.S. indices have soared in recent years while the emerging markets have lagged, does this mean that U.S. equities are expensive and EM stocks are cheap? Or, do you get what you pay for? In this session, we'll look at the relative valuations of capital markets around the world in developed and emerging economies to provide insights on asset prices, multiples and spreads – what makes sense, what doesn't and where values and risks lie across asset classes? Our presenters will go beyond the numbers to help provide an investment roadmap for attendees.

Assessing OCIO Performance and Fees

As the OCIO marketplace has boomed with scores of new competitors and increasing investor demand, the two criteria on which buy decisions are often made – performance and fees – are very difficult to compare among providers. So how do you assess the performance and fees of OCIO providers so that you can have apples to apples comparisons? In this session we'll share some tips for comparing performance and for parsing and understanding fees.

Best Practices in Board Structure and Composition

What criteria determine the right sized Board? What Committees make sense and how should they be staffed? Do term limits provide for a more dynamic engagement or lead to a lack of continuity? When does a finance committee suffice or when is an investment committee necessary? Is board structure and composition impacted by your investment model? Nonprofit boards have clear legal responsibilities, but their structure and composition vary widely in practice. In this session, leading experts share their insights and suggestions.

Do Emerging Managers Fit Your Portfolio?

The old adage is that no one ever got fired for hiring IBM. And similar parallels exist in investment management. Large asset managers are getting bigger, and in the space where it used to be that size was the enemy of returns – hedge funds – more and more money is flowing to the biggest players. So what is the role of small, new and emerging managers in portfolios – inclusive of minority managers? In this session, our panel looks at the landscape of emerging managers from traditional long only strategies to alternatives to discuss how and why women, minority and other emerging managers can be appropriate fits for long-term institutional portfolios.

Do Liquid "Alts" Make Sense?

Historically, the words "liquid" and "alternatives" have not shared a marquis. However, some alternative investment strategies, such as commodities and managed futures are very liquid. But the recent trend toward alternative investment strategies offered as registered mutual funds has led some to conclude that liquid alternatives may become mainstream. McKinsey forecasts that alternative strategy mutual funds will account for 13 percent of all mutual funds by 2015. So do "liquid alts" have a role in institutional portfolios?

Concurrent Sessions	**1:30 PM - 2:30 PM**

ESG: Overcoming Obstacles to Adoption

ESG – Environmental, Social and Governance – factors have received a lot of press attention over the last couple of years, but broad integration of ESG in policy execution has thus far been modest in the U.S. Survey data continues to reflect adoption rates among U.S. colleges and universities at around 15 percent, which has led some to question whether ESG represents a secular change or an investment "fad". What is hindering broader adoption? In this session, leading ESG experts address the obstacles to implementation and provide their insights as to what the future is likely to hold.

The Working Capital Challenge and Opportunity

Over the past five years, liquidity has become the primary concern for colleges and universities and other operating nonprofits that have historically had large cash and near cash portfolios to support operating needs. All of us are adjusting to the new world of negative real yields on cash investments. For that reason, more and more are re-thinking priorities and managing operating funds as strategic assets with different goals and liquidity demands. In this session, our panel will review the state of treasury operations among nonprofit institutions and offer approaches to strategic investment of operating balances.

Pain Management - When the Fed Normalizes Interest Rates

For some, the assertion that interest rates are going up is akin to the boy who cried wolf. But today it appears that the proverbial boy is more believable. QE bond purchases have ended and 2015 – whether in the first quarter or second – is where most see the Fed slowly increasing short term rates. History has demonstrated that not all rate increases are painful for the market, but what should investors do to protect against the potential risks?

General Session: Are Financial Markets Prepared for the Next Crisis?	**2:45 PM - 3:45 PM**

The financial market crisis is a fading memory for many investors thanks to strong equity markets since the market low of March 2009. But for those charged with the implementation and oversight of regulatory reforms, visions of the demise of Lehman, AIG and others remain clear. Dodd-Frank legislation was intended to create rigorous standards and supervision and to serve as the "canary in the coal mine" to head off future crises. But has it and other regulatory reforms served to lessen the risks of another market crisis? Or has the massive complexity and cost of regulations and inconsistencies in implementation outweighed any benefits? In this session our panel of experts will offer their views – and what it means for institutional investors.

Concurrent Sessions	**4:00 PM - 5:00 PM**

Why Bother Investing in Hedge Funds?

Even as record assets have flowed into hedge funds the past three years, many institutions have questioned their value, pointing to poor relative performance and high fees as persistent problems. Recently CalPERS made headlines when it announced that hedge funds would no long be including among its investment strategies. At the same time, the short and medium-term outlook for traditional stocks and bonds seems muted. What is a conflicted investor to do? This panel will provide perspectives on how to objectively evaluate the role and the value of a hedge fund allocation.

Risk Happens - What Matters and How do you Mitigate it?

It is said that without taking risk there is no reward. So the tug of war between risk managers (who think about all that can go wrong) and portfolio managers (who are paid to take risk and provide return commensurate to it), is a constant battle. But this battle often leaves investors confused with a lack of understanding of what risks matter and what they can do about them. In this session, our panel provides practical guidance and advice for defining, understanding and managing risk.

The OCIO Model in Practice: Investors Share their Stories

In the past 10 years the OCIO model has grown from an innovative idea to a mainstream practice. There is now enough experience to take a hard look at how it is working in practice. In this session our panelists will reveal their experience implementing and living with an OCIO –the good, the bad and the unexpected.

Reception	**6:30 PM - 7:30 PM**

Dinner and Entertainment	**7:30 PM - 9:30 PM**

Tuesday, March 17, 2015

Breakfast and Featured Speaker	7:30 AM - 9:00 AM

Top Risks 2015: Are the World's Hot Spots Set to Burn Even More Fiercely?
Ian Bremmer
Is global turmoil priced into world capital markets? That's the question on the minds of many investors who face the constant stream of news of geopolitical unrest from Russian and the Ukraine to north and sub-Saharan Africa, Asia and elsewhere. For Forum 2015, we welcome back one of the preeminent experts on geopolitical risk and the global economy. Larry Summers writes of Ian Bremmer, "Global political economy has no sharper or more prescient analyst than Ian Bremmer". During his breakfast talk, Dr. Bremmer will span the globe and challenge your thinking.

General Session: Energy, the Environment and Investing	9:30 AM - 10:30 AM

Few investment topics today generate the discourse that exists at the intersection of the global energy complex and the environment. Many focus on the prospect of U.S. energy "independence" and the resulting tail wind for economic growth. Others cite concerns about the environmental impact of carbon emissions. Many clamor for opportunities in clean energy investments, but the track record there has been generally weak. In this session, our expert panelists look at the economics of energy and the global private investment environment in the energy and the broader natural resource sector.

Concurrent Sessions	10:45 AM - 11:30 AM

The Brain Bias and Board Dynamics

Boards and committees face many challenges – none perhaps as great as the ability to govern effectively as a group. We want to do the right thing, but can we? In this Forum session, we feature a leading expert on human behavior, decision-making, optimism and emotion to reveal the forces that shape our decision, beliefs and expectations of the future. She will share her research on such challenges as the "ostrich effect", "the wisdom of crowds", the "optimism bias" and more – and will provide insights to help you and your decision making bodies become more effective.

Calling All Contrarians: Europe Amidst the Turmoil

From the vantage point of many in the U.S. who look "across the pond", European economies are in shambles, facing headwinds of poor demographics, often high unemployment and weak labor productivity – and most recently geopolitical concerns from Russia and the Ukraine. But, as we often have seen, top line economic growth and investment opportunity are not always well correlated. Also, with great economic dislocation, new opportunities often emerge. In this panel discussion, leading investors will assess the macro and micro outlook for European investment over the next five years, from both public and private market perspectives. We'll focus on valuations and growth to help the audience find value and avoid traps.

The Promise and Peril of Direct Hedge Fund Investing

Hedge fund-of-funds appear to be pariah of investing of late. Based on fund flows – seven consecutive years of outflows – the future certainly appears bleak. By the numbers, hedge FOFs have fallen by nearly one-third to fewer than 1800 and the sector is increasingly dominated by the biggest players. Is the future likely to bring more of the same, or is a new model emerging that creates a new kind of "middleman" at a fraction of the cost? Join this session for a look at the hedge fund landscape and for what's next.

Concurrent Sessions	11:45 AM - 12:30 PM

Chasing Hedge Fund Winners: The Appeal and the Risk

Within the universe of several thousand active hedge funds, many managers have received outsized benefits from the extended broad market updraft, and for an allocator selecting managers to hire – and perhaps selecting among others to fire – the draw of managers that have produced outsized recent winners can be powerful. Yet, such a strategy can work against investors in the long run. Join this session to learn what the data says about chasing winners – and how other approaches may lead to better results.

Real Asset Strategies in the Absence of Inflation

Notwithstanding years of aggressive monetary policy across the globe, few large countries face real concerns about inflation. Continental Europe, in fact, may be facing a greater risk from Japanese style deflation than inflation. In the U.S., inflation remains at the low end of the Fed's range. So where does that leave real asset strategies and their role in institutional portfolios? In this session, asset allocators, investors and academics debate and discuss approaches to real asset strategies when inflation poses a modest threat.

Venture Capital: A Pure Play on Innovation

Identifying and investing in the next great company can have its risks, but as the venture investors behind firms like Alibaba and Facebook can attest, the rewards can also be tremendous. Finding success in this realm, like most in life, requires experience, insight and access. This session will feature a panel discussion with a sector leading venture backed company and a domain expert venture capitalist. Through their eyes, we will get a view on the forces of change that shape compelling venture capital investment opportunities.

Closing Luncheon and Featured Speaker: General David H. Petraeus (U.S. Army, Ret.)	12:30 PM - 2:00 PM

Extremism, the Middle East and the Impact on the West

Our closing speaker for Commonfund Forum 2015 is one of the most effective military leaders in recent U.S. history. Deployed for nearly seven years following 9/11, General David Petraeus is uniquely qualified to provide insights to the challenges the West faces against terrorist organizations, including ISIS and Al Queda. General Petreaus will share his experiences and perspectives from the front lines and as head of the CIA as to the risks ahead and the strategies to combat the continuing extremist threat. *Interviewed by: Ann Compton, former White House Correspondent, ABC News.*

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THE CHIEF INVESTMENT OFFICER SUMMIT

April 15 -17, 2015
The Harvard Club of New York City

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asset international

chief investment officer

Day 1
April 15, 2015

The Missing Women of Asset Management

Ten percent of senior asset managers are women. This is appalling. How do we fix it?

The CIO Investment Summit

Managing assets since 2009 has been awkwardly easy, given rising equity markets, low volatility, and few true crises. When the party ends, will you be ready?

Day 3
April 17, 2015

The Day of Dangerous Ideas

There is a dearth of ambitious ideas in investment management. It need not be that way. Here's a start.