



AGENDA

RETIREMENT BOARD MEETING

REGULAR MEETING
December 11, 2019
9:00 a.m.

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

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

1. Pledge of Allegiance.
2. Accept comments from the public.
3. Approve minutes from the November 6 and November 20, 2019 meetings.
4. Routine items for December 11, 2019.
 - 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.
 - f. Accept liquidity report.

CLOSED SESSION

5. The Board will go into closed session pursuant to Govt. Code Section 54957 to consider recommendations from the medical advisor and/or staff regarding the following disability retirement applications:

<u>Member</u>	<u>Type Sought</u>	<u>Recommendation</u>
a. Margaret Freudenthal	Service Connected	Service Connected

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.

6. The Board will continue in closed session pursuant to Govt. Code Section 54957 to evaluate the performance of the following public employee:

Title: Chief Executive Officer

7. The Board will continue in closed session pursuant to Govt. Code Section 54956.9(d)(1) to confer with legal counsel regarding pending litigation:
 - a. *Nowicki v. CCCERA, et al.*, Contra Costa County Superior Court, Case No. C17-01266

OPEN SESSION

8. Educational presentation on fiduciary duties presented by fiduciary counsel.
9. Educational presentation on Ralph M. Brown Act open meetings laws.
10. Legislative update.
11. Consider and take possible action to add CCCERA staffing:
 - a. Add one Retirement Services Supervisor, one Retirement Services Technician, and establish an Internal Auditor classification;
 - b. Amend Attachment A of Resolution 2019-2 providing salary and benefits for unrepresented employees of CCCERA effective January 1, 2020; and
 - c. Adopt the CCCERA Position Pay Schedules effective January 1, 2020.
12. Consider and take possible action to adopt the 2020 CCCERA budget.
13. Presentation of 2020 Compliance Activity Plan.
14. Presentation of the Contra Costa County Department of Agriculture employer audit report.
15. Presentation of the Contra Costa County Office of the Sheriff employer audit report.
16. Presentation of the Contra Costa County Probation Department employer audit report.
17. Report from Audit Committee Chair on November 20, 2019 Audit Committee meeting.

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

18. Consider authorizing the attendance of Board:
 - a. 38th Annual Client Workshop, Sit Investment Associates, Inc., February 13-16, 2020, Carlsbad, CA.
 - b. The Pension Bridge Annual 2020, April 14-15, 2020, San Francisco, CA.

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

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



Meeting Date
12/11/19
Agenda Item
#3

MINUTES

RETIREMENT BOARD MEETING MINUTES

SPECIAL MEETING
November 6, 2019
9:00 a.m.

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

Present: Candace Andersen, Donald Finley, Louie Kroll, Jay Kwon, David MacDonald, John Phillips, Mike Sloan, Todd Smithey and Russell Watts

Absent: Scott Gordon, Jerry Holcombe and William Pigeon

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

Outside Professional Support:	Representing:
Anne Harper	Cheiron
William Hallmark	Cheiron
Paul Angelo	Segal Consulting
John Monroe	Segal Consulting

1. Pledge of Allegiance

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

2. Accept comments from the public

No member of the public offered comment.

3. Approval of minutes

It was **M/S/C** to approve the minutes of the October 9, 2019 Board meeting. (Yes: Andersen, Finley, Kroll, Kwon, MacDonald, Phillips, Smithey and Watts).

4. Routine Items

It was **M/S/C** to approve the routine items of the November 6, 2019 meeting. (Yes: Andersen, Finley, Kroll, Kwon, MacDonald, Phillips, Smithey and Watts)

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957 and 54956.9(d)(1).

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. Neal Bassett – Non-Service Connected (Yes: Andersen, Finley, Kroll, Kwon, MacDonald, Phillips, Smithey and Watts)
- b. Tracy Kenney – Service Connected (Yes: Andersen, Finley, Kroll, Kwon, MacDonald, Phillips, Smithey and Watts)
- c. Alex Ray – Service Connected (Yes: Andersen, Finley, Kroll, Kwon, MacDonald, Phillips, Smithey and Watts)

6. There was no reportable action related to *CCCERA v. Salgado*, Contra Costa County Superior Court, Case No. MSC19-00580.

7. Presentation of the Actuarial Audit Report by Cheiron

Bill Hallmark, Anne Harper

Hallmark reported the liabilities and costs computed in the valuation provided by Segal as of December 31, 2018 are materially accurate and were computed in accordance with generally accepted actuarial principles. He stated the valuation is reasonable and can be relied on by the Board.

Harper reported on recommended methodology changes for future valuation reports.

Angelo stated Segal will make many of the recommended changes.

8. Consider and take possible action concerning the SACRS legislative proposals to be voted on at the November 2019 SACRS Conference

Levy reviewed the SACRS legislative proposals to be voted on at the SACRS 2019 Fall Conference.

After a discussion, it was **M/S/C** to direct the CCCERA Board voting delegate to vote in support of the two legislative proposals at the November 2019 SACRS Fall Conference with direction to recommend to the Legislative Committee that they add a \$5,000 cap on the lump-sum minimum age distributions; Timing and Lump-Sum Options proposal. (Yes: Andersen, Finley, Kroll, Kwon, MacDonald, Phillips, Smithey and Watts)

9. Consider authorizing the attendance of Board:

- a. It was **M/S/C** to authorize the attendance of all Board members at the General Assembly, CALAPRS, March 7-10, 2020, Rancho Mirage, CA. (Yes: Andersen, Finley, Kroll, Kwon, MacDonald, Phillips, Smithey and Watts)
- b. There was no action taken on this item. Advanced Principles of Pension Management for Trustees, CALAPRS, March 30-April 1, 2020, Los Angeles, CA.

10. Miscellaneous

- (a) Staff Report –

Strohl reported some of the annual Benefit Statements had errors.

- (b) Outside Professionals' Report -

None

- (c) Trustees' comments –

Kwon reported on the CALAPRS Trustees' Roundtable he attended.

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

Todd Smithey, Chairman

David MacDonald, Secretary



Meeting Date
12/11/19
Agenda Item
#3

MINUTES

RETIREMENT BOARD MEETING MINUTES

REGULAR MEETING
November 20, 2019
9:00 a.m.

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

Present: Candace Andersen, Scott Gordon, Jerry Holcombe, Louie Kroll, Jay Kwon, David MacDonald, John Phillips, Mike Sloan, Todd Smithey and Russell Watts

Absent: Donald Finley and William Pigeon

Staff: Gail Strohl, Chief Executive Officer; Christina Dunn, Deputy Chief Executive Officer; Timothy Price, Chief Investment Officer; Karen Levy, General Counsel; Wrally Dutkiewicz, Compliance Officer; and Henry Gudino, Accounting Manager

Outside Professional Support: Eileen Neill
Representing: Verus Investments

1. Pledge of Allegiance

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

2. Accept comments from the public

No member of the public offered comment.

3. Approval of minutes

It was **M/S/C** to approve the minutes of the October 23, 2019 Board meeting. (Yes: Andersen, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Watts).

4. Review of total portfolio performance for period ending September 30, 2019

a. Presentation from Verus

Neill reviewed CCCERA's investment fund performance for the period ending September 30, 2019.

b. Presentation from staff

Price reviewed CCCERA's sub-portfolios noting all of them are meeting expectations except for achieving positive real returns in the Risk Diversifying sub-portfolio.

5. **Update from StepStone Group on private equity** – Tom Keck and Natalie Walker

Keck gave a brief overview of the firm and the private equity market.

Walker reviewed the private equity investment objectives for CCCERA, their investment process, CCCERA commitments during 2019, and priorities for 2020. She also reviewed CCCERA's performance from inception to June 30, 2019.

6. **Update from StepStone Group on private credit implementation** – Urs von Buren and Ariel Goldblatt

Buren provided an update on the private debt market. He also reviewed CCCERA's private debt investment objectives, CCCERA's commitments to date, and the investment process.

Andersen was no longer present for subsequent discussion and voting.

Goldblatt reviewed the outlook for 2020, an activity report, and CCCERA's performance through June 30, 2019.

7. **Presentation of the alternate investment fees and expense report**

Garbharran presented the alternate investment fees and expense report for the 2018 calendar year.

8. **Consider and take possible action on Board meeting schedule for 2020**

It was **M/S/C** to adopt the Board meeting schedule for 2020. (Yes: Gordon, Holcombe, Kroll, Kwon, MacDonald, Phillips, Smithey and Watts)

9. **Consider authorizing the attendance of Board:**

- a. It was **M/S/C** to authorize the attendance of 1 Board member at the 2020 Legislative Conference, National Conference on Public Employee Retirement Systems, January 26-28, 2020, Washington, DC. (Yes: Gordon, Holcombe, Kroll, Kwon, MacDonald, Phillips, Smithey and Watts).
- b. It was **M/S/C** to authorize the attendance of 2 Board members at the Commonfund Forum 2020, March 8-10, 2020, Orlando, Fl. (Yes: Gordon, Holcombe, Kroll, Kwon, MacDonald, Phillips, Smithey and Watts).

10. **Miscellaneous**

(a) Staff Report –

Strohl provided an update to the East Contra Costa Fire Protection District's (ECCFPD) request from the July 24, 2019 Board meeting. She reported Segal is working on responses and they should have something for the Board at the beginning of next year.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Phillips reported on the key points he took away from the SACRS 2019 Fall Conference.

Gordon reported on the Torchlight 2019 Annual Investment Conference he recently attended with Garbharran noting it was an excellent conference.

MacDonald reported on the 17th Annual Global Arc Conference he attended with Price and encouraged Board members to attend next year. He also commented on the SACRS 2019 Fall Conference.

Smithey reported there is an Audit Committee meeting following this meeting.

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

Todd Smithey, Chairman

David MacDonald, Secretary

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

Meeting Date
12/11/19
Agenda Item
#4

Items requiring Board Action

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

B. Service and Disability Retirement Allowances:

<u>Name</u>	<u>Number</u>	<u>Effective Date</u>	<u>Option Type</u>	<u>Tier</u>	<u>Selected</u>
Adams, Brenda	56369	09/16/19	SR	Tier II and III	Unmodified
Benedict, Barbara	61627	09/25/19	SR	PEPRA 5.3	Unmodified
Berry, Lisa	62549	08/10/19	SR	Tier II and Safety A	Unmodified
Bickford, Kent	47594	10/01/19	SR	Tier II and III	Unmodified
Brown, Roderick	56337	03/30/19	SR	Safety A	Unmodified
Compton, Stacey	69116	09/01/19	SR	Tier II	Unmodified
Conway, Vicki	56770	09/01/19	SR	Tier II and III	Option 1
Delumpa, Lilia	74487	08/31/19	SR	Tier III	Unmodified
Farar, Wendy	D3814	09/20/19	SR	Tier I	Unmodified
Fernandez, Dorianne	47526	08/01/19	SR	Tier II and III	Unmodified
Frey, Melinda	64628	08/27/19	SR	Tier II and III	Unmodified
Guevarra, Editha	44389	09/21/19	SR	Tier II and III	Unmodified
Gutierrez, Leslie	40817	09/07/19	SR	Tier II and III	Unmodified
Inciong, Vicente	63993	08/24/19	SR	Tier III	Unmodified
Lameiras, Sonia	68733	08/31/19	SR	Tier III	Unmodified
Leonard, Kathryn	D7274	07/03/19	SR	Tier I	Unmodified
Lindsey, Jimmy	34812	07/10/19	SR	Tier II and III	Unmodified
Mahr, Judy	D7274	07/01/19	SR	Tier I	Unmodified
Martinez, Martha	55013	08/01/19	SR	Tier III	Unmodified
Nagel, Mark	61957	08/24/19	SR	Safety A	Unmodified
Parsons, Andrew	47854	08/27/19	SR	Tier II, III & Safety A	Unmodified
Pascual, Dominga	68941	08/28/19	SR	Tier III	Unmodified
Pavlisin, Anne	54971	03/25/19	SR	Tier II	Unmodified
Petersen, Valerie	68764	08/16/19	SR	Tier III	Unmodified
Rich, Adam	81265	02/11/19	SCD	Safety A	Unmodified
Smith, Sharon	46634	08/01/19	SR	Tier II and III	Option 1
Stealman, Buck	64755	09/01/19	SR	Tier II and III	Unmodified
Suppanich, Linda	D9500	08/01/19	SR	Tier III	Unmodified
Thomas, Jennifer	42309	08/31/19	SR	Tier II and III	Unmodified
Turnham, Paula	D3406	09/18/19	SR	Tier I	Unmodified
Witty, Patrice	64163	08/01/19	SR	Tier II and III	Unmodified
Zimmerman, Linda	53437	08/01/19	SR	Tier III	Unmodified

Option Type
 NSP = Non-Specified
 SCD = Service Connected Disability
 SR = Service Retirement
 NSCD = Non-Service Connected Disability
 * = County Advance
 Selected w/option

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

Pepra 4.2 = Pepra Tier 4 (2% COLA)
 Pepra 4.3 = Pepra Tier 4 (3% COLA)
 Pepra 5.2 = Pepra Tier 5 (2% COLA)
 Pepra 5.3 = Pepra Tier 5 (3% COLA)
 S/D = Pepra Safety Tier D
 S/E = Pepra Safety Tier E

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

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

<u>Name</u>	<u>Number</u>	<u>Filed</u>	<u>Type</u>
None			

D. Deaths:

<u>Name</u>	<u>Date of Death</u>	<u>Employer as of Date of Death</u>
Brasier, Ted	10/03/19	Contra Costa County
Dade, Genevieve	08/11/19	Contra Costa County Superior Courts
Dalton, Kathleen	07/22/19	Contra Costa County
Etherton, Larry	10/23/19	Contra Costa County Fire Protection District
Gregory, Karen	10/29/19	Contra Costa County
Hight, Nola	11/20/19	Contra Costa County
Lalgudi, Kalyani	10/05/19	Contra Costa County
Le Brun, Shirley	11/05/19	Contra Costa County
Loureiro, Jeanette	10/19/19	Contra Costa County Superior Courts
Silber, Gary	09/21/19	Contra Costa County Superior Courts
Starr, Terrence	11/15/19	Contra Costa County
Wall, George	11/02/19	Moraga-Orinda Fire District
Waterman Jr., Charles	11/06/19	Contra Costa County
Weedon, Sue	10/31/19	Contra Costa County

Option Type
 NSP = Non-Specified
 SCD = Service Connected Disability
 SR = Service Retirement
 NSCD = Non-Service Connected Disability
 * = County Advance
 Selected w/option

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

Pepra 4.2 = Pepra Tier 4 (2% COLA)
 Pepra 4.3 = Pepra Tier 4 (3% COLA)
 Pepra 5.2 = Pepra Tier 5 (2% COLA)
 Pepra 5.3 = Pepra Tier 5 (3% COLA)
 S/D = Pepra Safety Tier D
 S/E = Pepra Safety Tier E

CERTIFICATION OF MEMBERSHIPS

Name	Employee Number	Tier	Membership Date	Employer
Aburto, Katushka	88424	P5.2	10/01/19	Contra Costa County
Agustin, Milicent	88707	P5.2	10/01/19	Contra Costa County
Alcantara, Gerardo	88618	P5.2	10/01/19	Contra Costa County
Aldana, Wilfredo	85119	P5.2	10/01/19	Contra Costa County
AlQaisi, Ramsey	88570	P5.2	10/01/19	Contra Costa County
Anderson, Kurnesha	D3406	P4.3	10/01/19	Central Contra Costa Sanitary District
Arrozal, Carlos	88642	P5.2	10/01/19	Contra Costa County
Augustine, Alexandria	88579	P5.2	10/01/19	Contra Costa County
Avila, Yaneli	88071	P5.2	10/01/19	Contra Costa County
Balthrop, Carrie	88722	P5.2	10/01/19	Contra Costa County
Bassiouni, Noha	84194	P5.2	10/01/19	Contra Costa County
Begin, Laura	D7830	P4.3	10/01/19	San Ramon Valley Fire Protection District
Bishay, Nancy	88763	P5.2	10/01/19	Contra Costa County
Bostick, Terri	88700	P5.2	10/01/19	Contra Costa County
Bowie, Allison	88755	P4.2	10/01/19	Contra Costa County Fire Protection District
Boyt, Georgia	88648	P5.2	10/01/19	Contra Costa County
Brackett, Devin	88825	P5.2	10/01/19	Contra Costa County
Braz, Marisela	88600	P5.2	10/01/19	Contra Costa County
Brown, Robyn	88671	P5.2	10/01/19	Contra Costa County
Brown, Alex, Jr.	88649	P5.2	10/01/19	Contra Costa County
Brown, Jasmine	88308	P5.2	10/01/19	Contra Costa County
Buckman, Samantha	88647	P5.2	10/01/19	Contra Costa County
Callejas, Nicholas	88826	P5.2	10/01/19	Contra Costa County
Cannon, Jennifer	88587	P5.2	10/01/19	Contra Costa County
Carver, Matthew	D9500	P5.3	10/01/19	Contra Costa County Superior Courts
Chang, Janice	88601	P5.2	10/01/19	Contra Costa County
Chavez, Jessa Camille	88657	P5.2	10/01/19	Contra Costa County
Chicas-Uribe, Cristina	88694	P5.2	10/01/19	Contra Costa County
Cloud, Tammy	88705	P5.2	10/01/19	Contra Costa County
Coburn, Hollee	88682	P5.2	10/01/19	Contra Costa County
Cookson, Yolanda	88712	P5.2	10/01/19	Contra Costa County
Costello, Jacob	88819	P5.2	10/01/19	Contra Costa County
Crowe, Beth	88756	P4.2	10/01/19	Contra Costa County Fire Protection District
Curiel, Charles, Jr.	D3406	P4.3	10/01/19	Central Contra Costa Sanitary District
Datse, Tenzin	88589	P5.2	10/01/19	Contra Costa County
Daughenbaugh, Adonnis	88817	P5.2	10/01/19	Contra Costa County
Daysh, Cheryl	88613	P5.2	10/01/19	Contra Costa County
DeAnnunzio, Beverly	88750	P5.2	10/01/19	Contra Costa County
Del Rosario, Marie Irene	88674	P5.2	10/01/19	Contra Costa County
Dorr, Evan	88816	P5.2	10/01/19	Contra Costa County

Key:

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

CERTIFICATION OF MEMBERSHIPS

Name	Employee Number	Tier	Membership Date	Employer
Dunlap, Karima	87767	P5.2	10/01/19	Contra Costa County
Dyer, Jessica	88576	P5.2	10/01/19	Contra Costa County
Endriss, Sean	88713	P5.2	10/01/19	Contra Costa County
Estrada, Noemi Ruth	73195	P5.2	10/01/19	Contra Costa County
Fiel, Jonathan	85116	P5.2	10/01/19	Contra Costa County
Figoni, Erin	88646	P5.2	10/01/19	Contra Costa County
Figuroa, Diego	88660	P5.2	10/01/19	Contra Costa County
Flores, Ivan	88818	P5.2	10/01/19	Contra Costa County
Fredrickson, Colton	D7830	S/D	10/01/19	San Ramon Valley Fire Protection District
Gallardo Guzman, Jessica	88824	P5.2	10/01/19	Contra Costa County
Geiser, Kaitlynn	88651	P5.2	10/01/19	Contra Costa County
Gerber-Sisneros, Johnathan	88798	P5.2	10/01/19	Contra Costa County
Gilbert, Venetta	88299	P5.2	10/01/19	Contra Costa County
Gonsalves, Carmen	84064	P5.2	10/01/19	Contra Costa County
Gutierrez, Alexis	88607	P5.2	10/01/19	Contra Costa County
Guzman, Tanya	88616	P5.2	10/01/19	Contra Costa County
Han, Soo Jung	88610	P5.2	10/01/19	Contra Costa County
Hazzard, Jessamyn	86911	P5.2	10/01/19	Contra Costa County
Hernandez, Cassandra	88620	P5.2	10/01/19	Contra Costa County
Hollis, Kiana	83560	P5.2	10/01/19	Contra Costa County
Ibebuike, Erasmus	88621	P5.2	10/01/19	Contra Costa County
Jackson, Alani	88614	P5.2	10/01/19	Contra Costa County
Jamerson, Susan	88706	P5.2	10/01/19	Contra Costa County
Jensen, Kyle	87675	P5.2	10/01/19	Contra Costa County
Kalinoff, Jennifer	88716	P5.2	10/01/19	Contra Costa County
Karnsouvang, Athena	88631	P5.2	10/01/19	Contra Costa County
Khath, Stephanie	D9990	P4.3	10/01/19	Contra Costa County Housing Authority
Lee, Han	D9500	P5.3	10/01/19	Contra Costa County Superior Courts
Lee, Heerah	88662	P5.2	10/01/19	Contra Costa County
Lee, Kyu Yong	88665	P5.2	10/01/19	Contra Costa County
Lobb, Auris	88693	P5.2	10/01/19	Contra Costa County
Lopez, Alex	88676	P5.2	10/01/19	Contra Costa County
Lopez, Katlyn	D9990	P4.3	10/01/19	Contra Costa County Housing Authority
Mallillin, Dennis	88632	P5.2	10/01/19	Contra Costa County
Manipon, Annaleah	86868	P5.2	10/01/19	Contra Costa County
Marks, Danna	78862	P5.2	10/01/19	Contra Costa County
Martinez, Gabriela	88678	P5.2	10/01/19	Contra Costa County
Martinez, Jillian	D9990	P4.3	10/01/19	Contra Costa County Housing Authority
Matsumura, Brenda	D9500	P5.3	10/01/19	Contra Costa County Superior Courts
Mayorga, Marissa	88585	P5.2	10/01/19	Contra Costa County

Key:

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

CERTIFICATION OF MEMBERSHIPS

Name	Employee Number	Tier	Membership Date	Employer
Medina, Albert	88827	P5.2	10/01/19	Contra Costa County
Morris, Victoria	88626	P5.2	10/01/19	Contra Costa County
Murphy, Finella	D9500	P5.3	10/01/19	Contra Costa County Superior Courts
Murray-Badal, Daniel	88711	P5.2	10/01/19	Contra Costa County
Newton, Makenna	88701	P5.2	10/01/19	Contra Costa County
Norman-Hyde, Brandy	88663	P5.2	10/01/19	Contra Costa County
Paslay, Juliana	88740	P5.2	10/01/19	Contra Costa County
Quilici, Kelli	88744	P5.2	10/01/19	Contra Costa County
Ralls, Sara	88644	P5.2	10/01/19	Contra Costa County
Rabara, Lynette	88735	P4.2	10/01/19	Contra Costa County Fire Protection District
Ramos, Junee Marie	88640	P5.2	10/01/19	Contra Costa County
Resendes, Michelle	88325	P5.2	10/01/19	Contra Cost County
Rodriguez, Norma	88595	P5.2	10/01/19	Contra Costa County
Rodriguez-Gomez, Brenda	88304	P5.2	10/01/19	Contra Costa County
Rodriguez-Montgomery, Nicole	88661	P5.2	10/01/19	Contra Costa County
Rodriguez Santana, Perla	87552	P5.2	10/01/19	Contra Costa County
Rosaaen, Kimberlee	88311	P5.2	10/01/19	Contra Costa County
Ross, Kaitlyn	88764	P5.2	10/01/19	Contra Costa County
Roy, Maria	88728	P5.2	10/01/19	Contra Costa County
Ruaro, Caroline	D9500	P5.3	10/01/19	Contra Costa County Superior Courts
Rubio, Lyzel	88658	P5.2	10/01/19	Contra Costa County
Rzepka, Maciej	85277	P5.2	10/01/19	Contra Costa County
Sanchez, Patrice	88615	P5.2	10/01/19	Contra Costa County
Sandhu, Harleen	88751	P5.2	10/01/19	Contra Costa County
Sargent, Phillip	83582	P5.2	10/01/19	Contra Costa County
Scofield, John	88821	P5.2	10/01/19	Contra Costa County
Shepard, Cassandra	87601	P5.2	10/01/19	Contra Costa County
Simon, Sandra	88653	P5.2	10/01/19	Contra Costa County
Smith, Bessie	D9990	P4.3	10/01/19	Contra Costa County Housing Authority
Smith, Robert	D7830	S/D	10/01/19	San Ramon Valley Fire Protection District
Smith, Serena	85266	P5.2	10/01/19	Contra Costa County
Stone, Melina	88745	P5.2	10/01/19	Contra Costa County
Swan, Taron	88625	P5.2	10/01/19	Contra Costa County
Talbert, Lauren	84321	P5.2	10/01/19	Contra Costa County
Tarrance, Raven	88598	P5.2	10/01/19	Contra Costa County
Thind, Kulwinder	74098	P5.2	10/01/19	Contra Costa County
Thomas, Randy	88823	P5.2	10/01/19	Contra Costa County
Thompson, David	88822	P5.2	10/01/19	Contra Costa County
Thurston, Leslie	88639	P5.2	10/01/19	Contra Costa County
Tittle, Tiffany	88305	P5.2	10/01/19	Contr Costa County
Tizzoni, Angelo	88766	P5.2	10/01/19	Contra Costa County
Turner, Mark	D3406	I	10/01/19	Central Contra Costa Sanitary District

Key:

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

CERTIFICATION OF MEMBERSHIPS

Name	Employee Number	Tier	Membership Date	Employer
Ureda, Nicole	88759	P5.2	10/01/19	Contra Costa County
Vallee, Jennifer	D3406	P4.3	10/01/19	Central Contra Costa Sanitary District
Vazquez, Mariano	88839	P5.2	10/01/19	Contra Costa County
Veeramachaneni, Vijaya	88590	P5.2	10/01/19	Contra Costa County
Virdi, Sukhndan	88685	P5.2	10/01/19	Contra Costa County
Vu, Mitch	88629	P5.2	10/01/19	Contra Costa County
Walker, Kamilla	60190	P5.2	10/01/19	Contra Costa County
Weinberg, Sarah	88718	P5.2	10/01/19	Contra Costa County
Williams, Alicia	78005	P4.2	10/01/19	Contra Costa County Fire Protection District
Wurtzbacher, David	88357	P5.2	10/01/19	Contra Costa County
Zapata, Gabriela	88710	P5.2	10/01/19	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

TIER CHANGES

<i>Name</i>	<i>Employee Number</i>	<i>Old Tier</i>	<i>New Tier</i>	<i>Effective Date</i>	<i>Employer</i>	<i>Reason for Change</i>
Cooper, Emily	83665	P5.2	P4.2	10/01/19	Contra Costa County Fire Protection District	Dept. Transfer Tier Change
Gargalikis, Mark	D7160	S/E	S/D	08/01/19	East Contra Costa County Fire Protection District	Tier Correction
Nelson, Daniel	D7160	S/E	S/D	08/01/19	East Contra Costa County Fire Protection District	Tier Correction
Ortiz, Jason	D7160	S/E	S/D	09/01/19	East Contra Costa County Fire Protection District	Tier Correction
Parks, Jason	87939	P5.2	III	10/01/19	Contra Costa County	Recip In Age & Tier Change
Parslow, Matthew	D7160	S/E	S/D	08/01/19	East Contra Costa County Fire Protection District	Tier Correction

Key:

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

Contra Costa County Employees' Retirement Association
Asset Allocation as of October 31, 2019

Meeting Date
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#4

	Market Value	Percentage of Total Fund	Current Target Percentage	Current Target Over/(Under)	Long Term Target	Long Term Over/(Under)
Liquidity						
Insight	1,006,054,108	10.9%	12.0%	-1.1%		
Sit	541,886,884	5.9%	6.0%	-0.1%		
Dimensional Fund Advisors	488,896,723	5.3%	6.0%	-0.7%		
Total Liquidity	2,036,837,715	22.2%	24.0%	-1.8%	24.0%	-1.8%
		Range				
		16% - 28%				
Growth						
Domestic Equity						
Boston Partners	236,115,626	2.6%	2.5%	0.1%		
Jackson Square	234,255,929	2.5%	2.5%	0.0%		
BlackRock Index Fund	191,620,628	2.1%	2.0%	0.1%		
Emerald Advisors	149,287,044	1.6%	1.5%	0.1%		
Ceredex	157,127,355	1.7%	1.5%	0.2%		
Total Domestic Equity	968,406,581	10.5%	10.0%	0.5%	5.0%	5.5%
Global & International Equity						
Pyrford (BMO)	465,177,996	5.1%	5.0%	0.1%		
William Blair	468,584,706	5.1%	5.0%	0.1%		
First Eagle	376,641,145	4.1%	4.0%	0.1%		
Artisan Global Opportunities	377,375,831	4.1%	4.0%	0.1%		
PIMCO/RAE Emerging Markets	345,079,050	3.8%	4.0%	-0.2%		
TT Emerging Markets	328,452,139	3.6%	4.0%	-0.4%		
Total Global & International Equity	2,361,310,868	25.7%	26.0%	-0.3%	24.0%	1.7%
Private Equity	1,025,369,544	11.2%	11.0%	0.2%	11.0%	0.2%
Private Credit	516,827,536	5.6%	5.0%	0.6%	12.0%	-6.4%
Real Estate - Value Add	171,662,851	1.9%	4.0%	-2.1%	4.0%	-2.1%
Real Estate - Opportunistic & Distressed	488,242,895	5.3%	4.0%	1.3%	4.0%	1.3%
Real Estate - REIT (Adelante)	81,683,051	0.9%	1.0%	-0.1%	1.0%	-0.1%
High Yield (Allianz)	204,522,080	2.2%	2.0%	0.2%	0.0%	2.2%
Risk Parity			5.0%	-0.1%	5.0%	-0.1%
AQR GRP EL	230,760,428	2.5%				
PanAgora	223,825,924	2.4%				
Total Other Growth Assets	2,942,894,309	32.0%	32.0%	0.0%	37.0%	-5.0%
Total Growth Assets	6,272,611,758	68.2%	68.0%	0.2%	66.0%	2.2%
		Range				
		60% - 80%				
Risk Diversifying						
AFL-CIO	337,664,322	3.7%	3.5%	0.2%	3.0%	0.7%
Parametric Defensive Equity	204,997,213	2.2%	2.5%	-0.3%	3.5%	-1.3%
Wellington Real Total Return	188,393,363	2.0%	2.0%	0.0%	3.5%	-1.5%
Total Risk Diversifying	731,054,898	8.0%	8.0%	-0.0%	10.0%	-2.0%
		Range				
		0% - 10%				
Cash and Overlay						
Overlay (Parametric)	30,794,075	0.3%		0.3%		
Cash	119,713,758	1.3%		1.3%		
Total Cash and Overlay	150,507,833	1.6%	0.0%	1.6%	0.0%	1.6%
Total Fund	9,191,012,204.27	100%	100%	0%	100%	0%

*Current targets and ranges reflect asset allocation targets accepted by the Board on June 26, 2019 (BOR Resolution 2019-4)

Private Market Investments
As of October 31, 2019

REAL ESTATE - Value Add	Inception Date	Target Termination	# of Extension in full liq.	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Invesco IREF II	05/30/07	12/31/15				85,000,000	11,858	0.00%	
Invesco IREF III	08/01/13	08/01/20				35,000,000	3,411,598	0.04%	
Invesco IREF IV	12/01/14	12/01/21				35,000,000	21,578,003	0.23%	5,191,261
Invesco IREF V	09/11/18	09/11/25				75,000,000	22,973,120	0.25%	52,482,955
Long Wharf FREG IV	08/14/13	09/30/21				25,000,000	7,529,410	0.08%	
Long Wharf FREG V	10/31/16	09/30/24				50,000,000	44,066,432	0.48%	3,946,000
LaSalle Income & Growth Fund VI	01/31/12	01/31/19				75,000,000	25,228,175	0.27%	20,836,646
LaSalle Income & Growth Fund VII	10/31/16	09/30/24				75,000,000	46,864,255	0.51%	82,456,862
Outstanding Commitments						580,000,000	171,662,851	1.87%	82,456,862
Total							82,456,862		254,119,713

Outstanding Commitments

Total 82,456,862

REAL ESTATE -Opportunistic & Distressed	Inception Date	Target Termination	# of Extension in full liq.	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
DJ Real Estate Capital Partners, L.P. III	06/30/05	06/30/14				75,000,000	21,299,106	0.23%	4,031,338
DJ Real Estate Capital Partners, L.P. IV	12/31/07	09/30/18				100,000,000	80,379,965	0.87%	2,890,809
DJ Real Estate Capital Partners, L.P. V	07/31/13	12/31/22				75,000,000	51,562,989	0.56%	15,635,816
DJ Real Estate Capital Partners, L.P. VI	02/28/19	01/31/29				50,000,000	28,827,136	0.31%	20,386,999
Oaktree Real Estate Opportunities Fund V	02/01/11	02/01/21				50,000,000	4,713,271	0.05%	25,750,000
Oaktree Real Estate Opportunities Fund VI	09/30/13	09/30/20				80,000,000	31,040,602	0.34%	18,400,000
Oaktree Real Estate Opportunities Fund VII	02/28/15	02/28/23				65,000,000	56,923,691	0.62%	18,720,000
Siguler Guff Distressed Real Estate Opp. Fund I	07/30/11	07/30/22				75,000,000	32,853,926	0.36%	5,625,000
Siguler Guff Distressed Real Estate Opp. Fund II	08/31/13	08/31/25				70,000,000	48,811,970	0.53%	8,015,000
Siguler Guff Distressed Real Estate Opp. II Co-Inv	01/31/16	10/31/25				25,000,000	20,366,495	0.22%	4,462,138
Paulson Real Estate Fund II	11/10/13	11/10/20				20,000,000	25,503,076	0.28%	654,377
Angelo Gordon Realty Fund VIII	12/31/11	12/31/18				80,000,000	22,359,154	0.24%	12,334,302
Angelo Gordon Realty Fund IX	10/10/14	10/10/22				65,000,000	63,601,514	0.69%	12,122,500
Outstanding Commitments						830,000,000	488,242,895	5.31%	149,028,279
Total							149,028,279		637,271,174

Outstanding Commitments

Total 149,028,279

PRIVATE CREDIT	Inception Date	Target Termination	# of Extension 2nd 1 YR	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Torchlight Debt Opportunity Fund III	09/30/08	06/30/16			06/30/18	75,000,000	0	0.00%	0
Torchlight Debt Opportunity Fund IV	08/01/12	08/30/20		LP		60,000,000	11,236,654	0.12%	0
Torchlight Debt Opportunity Fund V	12/31/14	09/17/22				75,000,000	32,185,871	0.35%	15,000,000
Angelo Gordon Energy Credit Opportunities	09/10/15	09/10/20				16,500,000	4,292,137	0.05%	2,319,783
CCCERA StepStone	12/01/17	11/30/27				920,000,000	469,112,874	5.10%	476,811,099
Outstanding Commitments						1,274,500,000	516,827,536	5.62%	494,130,882
Total							494,130,882		1,010,958,418

Outstanding Commitments

Total 494,130,882

**Private Market Investments
As of October 31, 2019**

PRIVATE EQUITY	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	12/22/25				269,565,614	152,255,623	1.66%	26,205,080
Adams Street Secondary II	12/31/08	12/31/20				30,000,000	6,895,357	0.08%	1,635,000
Adams Street Secondary V	10/31/12	10/31/22				40,000,000	20,904,594	0.23%	9,388,100
Adams Street Venture Innovation Fund	03/09/16	03/09/28				75,000,000	51,250,010	0.56%	29,587,500
AE Industrial Partners Fund II	05/18/18	05/18/28				35,000,000	4,471,762	0.05%	29,896,316
Bay Area Equity Fund	06/14/04	12/31/14	2nd 2 YR	LP	12/31/2017	10,000,000	2,407,545	0.03%	0
Bay Area Equity Fund II	2/29/09	12/31/19				10,000,000	12,346,571	0.13%	0
Carpenter Community BancFund	10/31/09	10/31/19				30,000,000	0	0.00%	0
EIF USPF II	06/15/05	06/15/15	3rd 1 YR	LP	06/15/18	50,000,000	6,665,595	0.07%	0
EIF USPF III	02/28/07	02/28/17	1st 1 YR	LP	02/28/18	65,000,000	16,736,968	0.18%	0
EIF USPF IV	06/28/10	06/28/20				50,000,000	47,326,520	0.51%	4
Ares EIF V	09/09/15	11/19/25				50,000,000	41,702,913	0.45%	9,566,328
Genstar Capital Partners IX, L.P.	02/21/19					50,000,000	6,982,967		42,536,291
Oaktree Private Investment Fund 2009	02/28/10	12/15/19				40,000,000	2,003,266	0.02%	6,308,961
Ocean Avenue Fund II	05/07/14	05/07/24				30,000,000	29,959,808	0.33%	3,900,000
Ocean Avenue Fund III	12/09/15	12/09/25				50,000,000	51,655,372	0.56%	6,500,000
Paladin III	08/15/08	08/15/18				25,000,000	32,754,167	0.36%	256,983
Pathway	11/09/98	05/31/21				125,000,000	15,578,647	0.17%	10,921,435
Nogales Investment	02/15/04	02/15/14			sold last inv.	15,000,000	0	0	0
Pathway 2008	12/26/08	12/26/23				30,000,000	19,440,533	0.21%	3,279,613
Pathway 6	05/24/11	05/24/26				40,000,000	36,298,655	0.39%	4,287,760
Pathway 7	02/07/13	02/07/23				70,000,000	69,760,440	0.76%	8,769,962
Pathway 8	11/23/15	11/23/25				50,000,000	45,705,194	0.50%	15,199,631
Siguler Guff CCCERA Opportunities	06/03/14	05/31/25				200,000,000	168,022,347	1.83%	60,224,772
Siguler Guff Secondary Opportunities	12/31/16	12/31/26				50,000,000	169,034	0.00%	46,394,813
Siris Partners IV	05/18/18	05/18/28				35,000,000	10,333,894	0.11%	24,327,036
TPG Healthcare Partners, L.P.	06/28/19					24,000,000	0		23,886,912
Trident VIII, L.P.	05/24/19					40,000,000	0		40,000,000
Real Assets									
Aether III & III Surplus	11/30/13	11/30/20				75,000,000	71,063,705	0.77%	7,224,092
Aether IV	01/01/16	01/01/28				50,000,000	40,962,382	0.45%	15,187,389
Commonfund Capital Natural Resources IX	06/30/13	06/30/20				50,000,000	43,771,673	0.48%	6,675,005
Wastewater Opportunity Fund	12/31/15	11/30/22				25,000,000	17,944,002	0.20%	4,353,023
Outstanding Commitments						1,818,565,614	1,025,369,544	12.74%	436,512,006
Total							436,512,006		1,461,881,550

Market value equals the most recent reported net asset value, plus capital calls after net asset value date, less distributions after net asset value date. 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.



Meeting Date
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**Contra Costa County Employees' Retirement Association
Liquidity Report – October 2019**

October 2019 Performance

	Cash Flow	Coverage Ratio
Benefit Cash Flow Projected by Model	\$42,000,000	
Liquidity Sub-Portfolio Cash Flow	\$42,000,000	100%
Actual Benefits Paid	\$40,742,399	103%
Next Month's Projected Benefit Payment	\$42,500,000	

Monthly Manager Positioning – October 2019

	Beginning Market Value	Liquidity Program Cash Flow	Market Value Change/Other Activity	Ending Market Value
Sit	\$542,662,117	(\$1,250,000)	\$474,768	\$541,886,884
DFA	\$501,752,961	(\$14,500,000)	\$1,643,763	\$488,896,723
Insight	\$1,028,461,532	(\$26,250,000)	\$3,842,575	\$1,006,054,108
Liquidity	\$2,072,876,610	(\$42,000,000)	\$5,961,105	\$2,036,837,715
Cash	\$96,443,107	\$1,257,601	\$22,013,049	\$119,713,758
Liquidity + Cash	\$2,169,319,717	(\$40,742,399)	\$27,974,154	\$2,156,551,473

Functional Roles

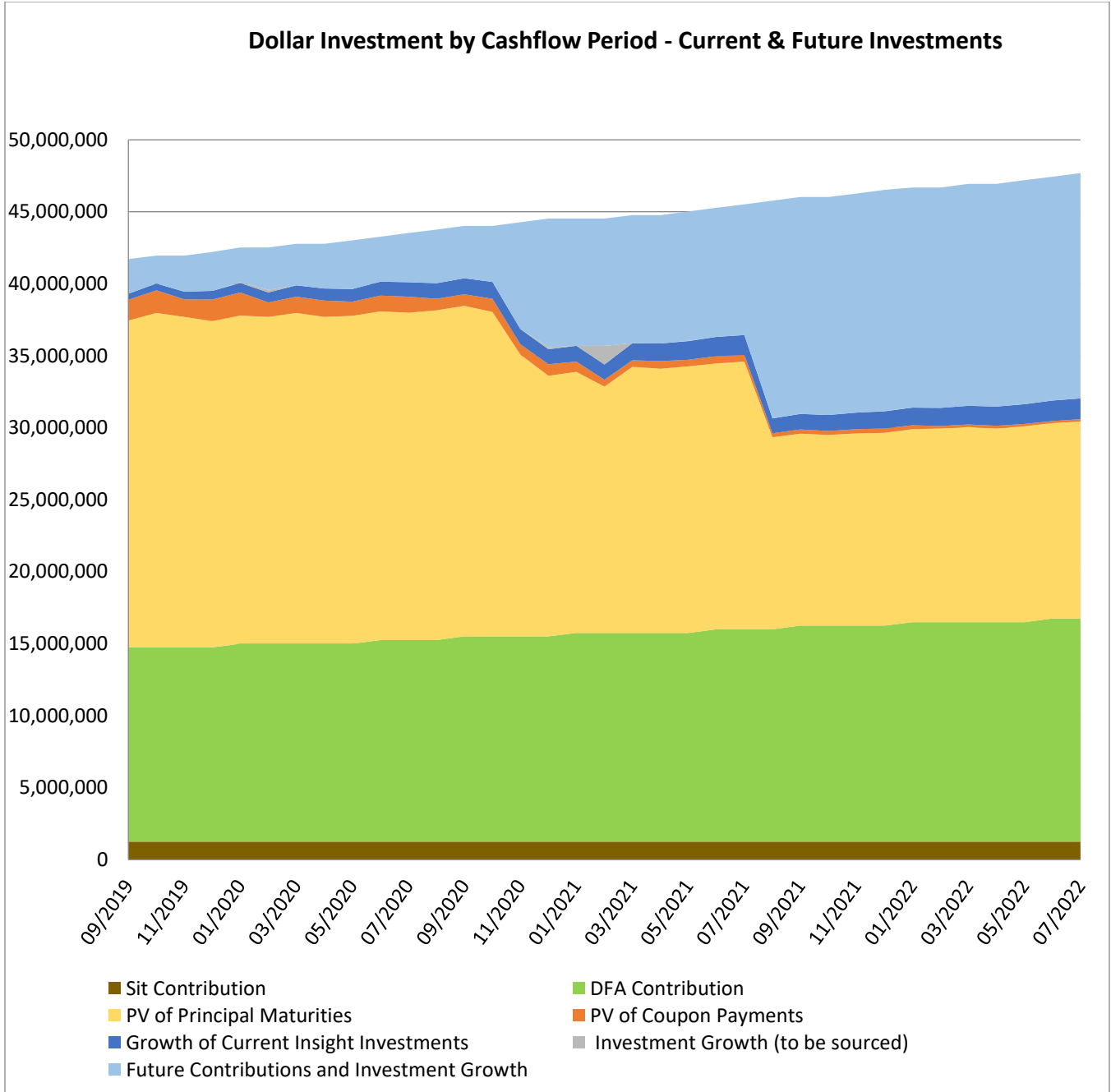
Manager	Portfolio Characteristics	Liquidity Contribution
Sit	High quality portfolio of small balance, government guaranteed mortgages with higher yields.	Pays out net income on monthly basis.
DFA	High quality, short duration portfolio of liquid, low volatility characteristics.	Pays out a pre-determined monthly amount. DFA sources liquidity from across their portfolio.
Insight	Buy and maintain (limited trading) portfolio of high quality, short duration, primarily corporates.	Completion portfolio makes a payment through net income and bond maturities that bridges the gap between other managers and projected payment.
Cash	STIF account at custodial bank.	Buffer in the event of any Liquidity shortfall/excess.

Notes

The tenth cash flow for 2019 from the liquidity program was completed on October 23rd. The actuarial model cash flow was slightly higher than actual experience, producing \$1,258 thousand more than the actual benefits paid.

Cash Flow Structure

The chart below shows the sources of cash flow for the next several years of CCCERA's projected benefit payments. This table will change slightly as the model is tweaked and as the portfolios receive new rounds of funding each August as part of the Annual Funding Plan.



**FIDUCIARY AND ETHICS TRAINING
CCCERA BOARD OF RETIREMENT
DECEMBER 11, 2019**

HARVEY L. LEIDERMAN, REED SMITH, LLP

<i>Meeting Date</i> 12/11/19 <i>Agenda Item</i> #8

1. What are the fundamental fiduciary duties?

EXHIBIT A

- Primary Loyalty Rule
- Exclusive Benefit Rule
- Prudent Expert Rule
- Duty to Diversify the Portfolio
- Duty to Follow the Law

2. What are the requirements of the CCCERA Code of Fiduciary Conduct and Ethics?

EXHIBIT B

- Adhere to fundamental fiduciary duties
- Obey conflict of interest laws and CCCERA's Conflicts Code
- Avoid activities that improperly influence or impair your judgment, or are inconsistent with your duty to act in the best interest of the system
- Disclose conflicting interests; when in doubt, disclose
- Comply with all legal limitations on gifts and things of value
- Honor the "quiet period" during investment manager searches
- Avoid using your public position for private gain or influence
- Maintain the confidentiality of closed sessions
- Conduct yourself civilly and respectfully at board meetings
- Use care in communications with service providers, members and plan sponsors

3. When does a member of the Board or staff have a conflict because his/her outside interests are contrary to the interests of the system?

- Personal financial interests in contracts
- Personal financial interests in other board agenda items
- Litigation against the system or board
- Interests of your "constituency" clouding your independent judgment

4. When should a member of the Board or staff recuse him/herself from considering a matter before the Board? **EXHIBIT C**

- "Materiality" rule for government salaries under the Political Reform Act
- "Public generally" rule under the Political Reform Act
- Adverse litigant

5. What and when should a member of the Board or staff disclose so that others are aware of their outside interests? **EXHIBIT D**

- Annual Form 700, Statement of Economic Interests
- Content of disclosure for Board meetings
- Timing of disclosure for Board meetings
- Recording of disclosure at Board meetings

6. What obligation does a member of the Board have to keep closed session discussions confidential? **EXHIBITS E, B**

- Brown Act section 54963
- CCCERA Code of Fiduciary Conduct and Ethics, Part 7

EXHIBIT A

**THE FUNDAMENTAL FIDUCIARY DUTIES OF TRUSTEES
OF COUNTY EMPLOYEES' RETIREMENT SYSTEMS**

CALIFORNIA CONSTITUTION, ART. XVI, § 17

1. Primary Loyalty Rule

The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty.

2. Exclusive Benefit Rule

The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system.

3. Prudent Person Rule/Duty to Diversify Investments

The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims....[They] shall diversify the investments of the system so as to minimize the risk of loss and maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.

THE COUNTY EMPLOYEES RETIREMENT LAW OF 1937, § 31695

The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system....The board and its officers and employees shall discharge their duties with respect to the system:

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

(b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

(c) Shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

Reed Smith, LLP

EXHIBIT B

**CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT
ASSOCIATION**
Code of Fiduciary Conduct and Ethics
Adopted 7/23/03

WHEREAS, the National Conference on Public Employee Retirement Systems has published NCPERS' Model Code of Ethics, the Guiding Principles of which are as follows:

1. Service to the beneficiaries of public pension funds is the primary function of public pension fund trustees.
2. The beneficiaries of public pension funds are sovereign and the trustees of those funds are ultimately responsible to them.
3. In those situations where the law is not clear, the best interests of the fund beneficiaries must be served. Conscience is critical. Good ends never justify unethical means.
4. Efficient and effective administration and investment management is basic to public pension funds. Misuse of influence, fraud, waste or abuse is unacceptable conduct.
5. Safeguarding the trust of fund beneficiaries is paramount. Conflicts of interest, bribes, gifts or favors which subordinate fund trustees to private gains are unacceptable.
6. Service to public pension fund beneficiaries demands special sensitivity to the qualities of justice, courage, honesty, equity, competence and compassion.
7. Timely and energetic execution of fiduciary responsibilities is to be pursued at all times by pension fund trustees.

WHEREAS, the Political Reform Act of 1974 and Government Code section 1090 set forth specific circumstances which require public officials to disqualify themselves from making, participating in, or attempting to influence governmental decisions which may affect any of their financial interests.

NOW, THEREFORE, BE IT RESOLVED, that the Board of the Contra Costa County Employees' Retirement Association (the "Board") hereby adopts the following Code of Fiduciary Conduct and Ethics:

PREAMBLE

The Contra Costa County Employees' Retirement Association ("CCCERA") is a public pension plan organized under the County Employees Retirement Law of 1937. (California Government Code Section 31450, et seq.)

The management of CCCERA is vested in the Retirement Board.

Each member of CCCERA's Board shall discharge his or her duties with respect to the system solely in the interests of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system, with the duty to the participants and beneficiaries taking precedence over any other duty. (California Constitution Article XVI, Section 17(b).)

The members of CCCERA's Board are mindful of the positions of trust and confidence held by them. They adopt this Code to ensure the proper administration of CCCERA, and to foster unquestioned public confidence in CCCERA's institutional integrity as a prudently managed and fiduciarily governed public pension system.

CCCERA's *Code of Fiduciary Conduct and Ethics* provides a fiduciary framework for the proper conduct of CCCERA's affairs.

1. Fiduciary Duties.

Each member of CCCERA's Board shall execute their duties as set forth in the County Employees' Retirement Law of 1937, as amended, with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

Each member of CCCERA's Board shall diligently attend to the business of the Board and shall not leave to other Board members control over the administration of the affairs of the Board.

Each member of CCCERA's Board shall comply with CCCERA's *Code of Fiduciary Conduct and Ethics*.

2. Fiduciary Conflicts of Interest.

Each member of CCCERA's Board shall abide by the provisions of California Government Code Sections 1090 et seq., which prohibit Board Members from being financially interested, directly or indirectly, in any contract made by the Board.

Each member of CCCERA's Board shall abide by the provisions of the Political Reform Act, Government Code sections 81000, et seq, including section 87100 which prohibits Board Members from making, participating in making, or using their positions to influence Board and Association decisions in which they have a financial interest.

No member of CCCERA's Board shall engage in any employment, activity, or enterprise for compensation which is inconsistent, incompatible, or in conflict with, his or her duties as a member of CCCERA's Board, or with the duties, functions, or responsibilities of CCCERA's Board.

No member of CCCERA's Board shall perform any work, service, or counsel for compensation outside his or her Board responsibilities where any part of his or her efforts will be subject to approval by any other members of the Board on which he or she serves.

Each member of CCCERA's Board shall abide by the provisions of California Government Code Sections 87200 et seq., which require the public disclosure of economic interests as prescribed therein.

In keeping with the provisions of the Government Code, a member of CCCERA's Board shall not become an endorser, surety, or obligor on, or have any personal interest, direct or indirect, in the making of any investment for the Board, or in the gains or profits accruing therefrom. These people are prohibited from having any financial interest in any contract made by them in their official capacity and from making or influencing official decisions in which they have a financial interest.

Each member of CCCERA's Board shall strive to avoid activities which may impair the ability to exercise independent judgment in the discharge of official duties.

In order to maintain the highest standards of conduct and ethics above the minimum requirements of the California Government Code and to avoid even the appearance of a conflict of interest, each member of CCCERA's Board should conduct official and private affairs so as to avoid giving rise to a reasonable conclusion that he or she can be improperly influenced in the performance of his or her public duty.

Members of the CCCERA Board shall be accountable for recognizing a potential or actual conflict of interest and for disqualifying themselves from making, participating in, or attempting to influence Board decisions which may affect any of their financial interests. Immediately prior to the Board's consideration of the matter, a Member shall publicly disclose the actual or potential conflict in detail sufficient to be understood by the public, recuse himself or herself from acting on the matter, and, except in the case of consent agenda items, leave the room until the matter is concluded. Disclosure during Board meetings may be made 1) orally or 2) by handing a written statement to the Chair of the CCCERA Board, with a

copy to all trustees and the Retirement Administrator. Such a disclosure shall be reflected in the official record of the meeting.

3. Limitations on Gifts, Honoraria and Personal Loans; and Disclosure of Gifts on the Record.

Each member of CCCERA's Board and designated staff shall comply with the gift limitation provisions and the prohibition on acceptance of honoraria under California Government Code Sections 89500 et seq.

Each member of CCCERA's Board and designated staff shall abide by the loan limitation provisions of California Government Code Sections 87460 et seq., which prohibits receiving personal loans from any officer, employee, member, consultant, or contractor with the CCCERA.

In addition to the minimum gift limitation requirements of California Government Code Sections 89500 et seq., CCCERA Board Members shall not accept or solicit gifts, favors, services or promises of future benefits which might compromise or impair the Board Member's exercise of independent judgment, or which the Board Member knows, or should know, are being offered with the intent to influence that Board Member's official conduct.

If a Board Member or designated staff has received gifts of \$75.00 or more in the current calendar year from a person, firm or entity conducting business or seeking to conduct business with the CCCERA Board, immediately before the Board considers an item involving that donor, the Board Member or designated staff shall disclose on the record the receipt of the gift(s), the donor's name, and the nature and value of the gift(s).

If CCCERA has received a gift(s) (i.e., of travel, admission to seminars, tickets to events, use of sporting facilities, entertainment) of \$75.00 or more in the current calendar year from a person, firm or entity, at the time the Board considers assignment to a particular Board Member or designated staff, the Retirement Administrator shall disclose on the record the original donor's name, and the nature and value of the gift(s).

4. Contacts with Vendors, Consultants and Advisors.

- (a) **Prospective Vendors, Consultants and Advisors.** During the time when the CCCERA is in the process of selecting a vendor, consultant or advisor (a "service provider"), no member of the CCCERA Board or staff shall accept any gifts, favors, or services from any current or prospective service provider that the Board Member or staff knows has responded to a Request for Proposal, or is otherwise a candidate in a non-RFP selection process. During the time when CCCERA is in the process of selecting a vendor, consultant or advisor, no member of the CCCERA Board or staff shall accept any gift, benefit or service from CCCERA if it was donated to CCCERA by a current or prospective service provider that the Board or

staff knows has responded to a Request for Proposal, or is otherwise a candidate in a non-RFP selection process. Furthermore, each member of the Board shall refrain from any discussions with any current or prospective service provider who is a finalist in the selection process regarding the Request for Proposal outside of an open public meeting, other than as part of a regularly scheduled interview during the selection process.

- (b) **Existing Vendors, Consultants and Advisors.** Business meetings and discussions, including meetings which include meals, with current vendors, consultants and advisors (“service providers”) may provide useful information of benefit to the Board member, and are not prohibited by this *Code of Fiduciary Conduct and Ethics*.

5. Use of CCCERA Resources and Facilities for Private Gain.

No member of the CCCERA Board shall use Board consultants or staff, or CCCERA facilities, equipment, materials or supplies for any purpose other than the discharge of his or her responsibilities to the retirement system.

6. Use of Official Position.

No CCCERA Board member shall use his or her Board position either to negotiate on behalf of the CCCERA Board outside of any process established for that purpose or to become involved in personnel matters. Furthermore, no Board member shall use his or her official position to secure a special privilege or exemption for himself or herself or on behalf of others.

7. Confidential Information.

No member of the CCCERA Board shall obtain or use for personal reasons or for private gain any confidential information acquired as a result of his or her position as a member of the Board.

Each Board Member shall abide by the provisions of Government Code section 54963, which prohibits the disclosure of confidential information acquired during authorized closed sessions.

8. Conduct at Retirement Board Meetings.

The CCCERA Board shall provide fair and equal treatment for all persons and matters coming before the Board or any Board committee.

Board members shall listen courteously to all discussions at meetings and avoid interrupting other speakers, including other Board members, staff or committee members, except as may be permitted by established Rules of Order.

Board members shall refrain from abusive or disruptive conduct, personal charges or verbal attacks upon the character, motives, ethics, or morals of others.

9. Communications with Service Providers and other Non-CCCERA Persons and Entities.

A Board member shall be respectful of the Board and its decisions in all external communications, even if he or she disagrees with such decision.

Board members shall indicate when they are speaking in a capacity as a member of the CCCERA Board or in another capacity in their external communications.

A Board member shall not correspond with a non-CCCERA person or entity using CCCERA letterhead or as a spokesperson on behalf of the Board unless the communication is authorized by the Board.

Copies of all written communications from a Board member to a current service provider (vendor, consultant or advisor), or person or entity related to a current service provider, relating to CCCERA's business (other than purely personal or social correspondence) shall be provided to the CCCERA Administrator for subsequent distribution to all members of the Board.

A copy of any written business related communication (other than routine announcements, generally distributed newsletters, and similar material) received by a Board member from a current CCCERA service provider, or person or entity related to a current service provider, and not received by any other Board Member, shall be forwarded to the CCCERA Administrator for subsequent distribution to all members of the Board.

10. Communications with Plan Members.

Board members shall be aware of the risk of communicating inaccurate information to plan members (both active members and retirees), and the potential exposure to liability and possible harm to a plan member that may result from such miscommunications.

Board members shall mitigate the risk of miscommunication with plan members and thereby avoid creating additional plan liability by refraining from providing specific advice or counsel with respect to the rights or benefits to which a plan member may be entitled under the CCCERA plan. **To that end, any Board member communication to three or more members of the public should include the following disclaimer: "The following statement has not been authorized by CCCERA or its Board. It reflects the personal views of the author and should not be construed as an official statement of CCCERA or its Board. Additionally, members of CCCERA should not rely on any factual information contained in the following statement when making retirement related decisions. All inquires relating to a member's retirement should be directed to the CCCERA staff."**

Where explicit advice or counsel, with respect to retirement plan provisions, policies or benefits is needed, Board members will refer inquiries to the CCCERA Administrator or appropriate designee.

11. Non-Compliance Sanctions.

Violation of this *Code of Fiduciary Conduct and Ethics* is grounds to remove the offender from the position of Chair or Vice-Chair of the CCCERA Board, or from any other assignment on behalf of the Board, and may also subject the offender to censure by the Board. The Board may also pursue all of its legal remedies against any Board member who violates the provisions of this *Code of Fiduciary Conduct and Ethics*.

EXHIBIT C

EXCERPTS FROM FPPC REGULATIONS UNDER THE POLITICAL REFORM ACT

CALIFORNIA CODE OF REGULATIONS, TITLE 2

§ 18702.5. Materiality Standard: Financial Interest in a Personal Financial Effect.

(a) A personal financial effect means the financial effect of a governmental decision on the personal finances of a public official or his or her immediate family. The financial effect is material if the official or the official's immediate family member will receive a measurable financial benefit or loss from the decision.

(b) Notwithstanding subdivision (a), a personal financial effect does not include:

(1) Any establishment of or change to benefits provided under an employment or retirement policy for employees or retirees if the financial effect of the decision applies equally to all employees in the same bargaining unit or other representative group.

(2) Payment of any travel expenses, to the extent allowed by law, incurred while attending meetings as an authorized representative of an agency.

(3) Stipends received for attendance at meetings of any group or body created by law or formed by the official's agency for a special purpose, so long as the selecting body posts on its website a form provided by the Commission that includes: a list of each appointed position eligible for a stipend, the amount of the stipend for each position, the name of the public official who has been appointed to the position, the name of the public official, if any, who has been appointed as an alternate, and the term of the position.

(4) The use of any government property, such as automobiles or other modes of transportation, mobile communication devices, or other agency provided equipment for carrying out the official duties of a position, including any nominal, incidental, negligible, or inconsequential personal use while on duty.

(5) Any personal reward received by the official when using a personal charge card or membership rewards program, so long as the reward is no different from the reward offered to the public and is limited to charges made solely for the official's approved travel expenses.

(6) A decision to fill a position on the body of which the official is a member.

(c) If the governmental decision affects a business entity or real property in which the official has a financial interest, this regulation does not apply and materiality is determined under Regulation 18702.1 or 18702.2.

§ 18703. Public Generally.

(a) General Rule. A governmental decision's financial effect on a public official's financial interest is indistinguishable from its effect on the public generally if the official establishes that a significant segment of the public is affected and the effect on his or her financial interest is not unique compared to the effect on the significant segment.

- (b) A significant segment of the public is at least 25 percent of:
- (1) All businesses or non-profit entities within the official's jurisdiction;
 - (2) All real property, commercial real property, or residential real property within the official's jurisdiction; or
 - (3) All individuals within the official's jurisdiction.
- (c) A unique effect on a public official's financial interest includes a disproportionate effect on:
- (1) The development potential or use of the official's real property or on the income producing potential of the official's real property or business entity.
 - (2) An official's business entity or real property resulting from the proximity of a project that is the subject of a decision.
 - (3) An official's interests in business entities or real properties resulting from the cumulative effect of the official's multiple interests in similar entities or properties that is substantially greater than the effect on a single interest.
 - (4) An official's interest in a business entity or real property resulting from the official's substantially greater business volume or larger real property size when a decision affects all interests by the same or similar rate or percentage.
 - (5) A person's income, investments, assets or liabilities, or real property if the person is a source of income or gifts to the official.
 - (6) An official's personal finances or those of his or her immediate family.
- (d) "Jurisdiction" means the jurisdiction of the state or local government agency as defined in Section 82035, or the designated geographical area the official was elected to represent, or the area to which the official's authority and duties are limited if not elected.
- (e) Specific Rules for Special Circumstances. The financial effect on a public official's financial interest is deemed indistinguishable from that of the public generally if the official establishes:
- (1) Public Services and Utilities. The decision establishes or adjusts assessments, taxes, fees, or rates for water, utility, or other broadly provided public services or facilities that are applied equally, proportionally, or by the same percentage to the official's interest and other businesses, properties, or individuals subject to the assessment, tax, fee, or rate.
 - (2) General Use or Licensing Fees. The decision affects the official's personal finances as a result of an increase or decrease to a general fee or charge, such as parking rates, permits, license fees, application fees, or any general fee that applies to the entire jurisdiction.
 - (3) Limited Neighborhood Effects. The decision affects residential real property limited to a specific location, and the decision establishes, amends, or eliminates ordinances that restrict on-street parking, impose traffic controls, deter vagrancy, reduce nuisance or improve public safety, provided the body making the decision gathers sufficient evidence to support the need for the action at the specific location.
 - (4) Rental Properties. The decision affects all renters of residential property within the official's jurisdiction and only interests resulting from the official's leasehold interest in his or her residence are affected.

(5) Required Representative Interest. The decision is made by a board or commission and the law that establishes the board or commission requires certain appointees have a representative interest in a particular industry, trade, or profession or other identified interest, and the public official is an appointed member representing that interest. This provision applies only if the effect is on the industry, trade, or profession or other identified interest represented and there is no unique effect on the official's interest.

(6) State of Emergency. The decision is made pursuant to an official proclamation of a state of emergency when required to mitigate against the effects directly arising out of the emergency and there is no unique effect on the official's interest.

(7) Governmental Entities. The decision affects a federal, state, or local governmental entity in which the official has an interest and there is no unique effect on the official's interest.

EXHIBIT D

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT

CONFLICT OF INTEREST CODE

Adopted: 02/24/76

Amended: 11/06/02, 11/17/04, 4/8/09, 12/8/10, 09/10/14, 09/28/16

I. AUTHORITY

Pursuant to the provisions of Government Code Sections 87300, *et seq.*, the Board of Retirement of the Contra Costa County Employees' Retirement Association adopts this Conflict of Interest Code. This Conflict of Interest Code and any amendments thereto become effective upon approval by the Contra Costa County Board of Supervisors. (Government Code Sections 87303 and 82011(b).)

II. DESIGNATED POSITIONS AND EMPLOYEES

The positions listed in Appendix "A" attached hereto are "designated positions". Every person holding any designated position is deemed to make, or participate in the making of, decisions which could affect his or her personal economic interests. Designated positions are assigned the disclosure categories set forth in Appendix "A". Each person holding any designated position shall file an annual statement of economic interest disclosing that person's interest in investments, business positions, real property and income designated as reportable under the category to which the employee's position is assigned.

The positions listed in Appendix "B" attached hereto manage public investments for purposes of Section 87200 of the Government Code and are "Code filers." Each Code filer shall file an annual statement of economic interest.

III. INCORPORATION OF FPPC REGULATION 18730

The California Fair Political Practices Commission (FPPC) has adopted Regulation 18730, which contains the terms of a standard conflict of interest code. (2 Cal. Code of Regs. 18730.) Regulation 18730 may be amended from time to time. The terms of Regulation 18730, and any amendments to it duly adopted by the FPPC, are hereby incorporated by reference as Appendix "C".

IV. FPPC FORM 700 – STATEMENT OF ECONOMIC INTEREST

Disclosure statements shall be made on FPPC Form 700 – Statement of Economic Interest. The Form 700 is published annually by the FPPC, available on the FPPC website at fppc.ca.gov and supplied by the Contra Costa County Clerk of the Board of Supervisors. The place and time of filing shall be as follows:

- (a) Every person holding any designated position listed in Appendix "A" shall file the original of his or her statement of financial interests with the Contra Costa County Clerk of the Board of Supervisors.

- (b) Every person holding a position listed in Appendix "B" shall file the original of his or her statement of financial interests with the Contra Costa County Clerk - Elections Division.
- (c) All Form 700 filers must file the Form 700 at the times prescribed by law. Failure to file statements on time may result in penalties including but not limited to late fines.

APPENDIX A

<u>Designated Positions</u>	<u>Disclosure Category</u>
Deputy Chief Executive Officer	General
Accounting Manager	1
Administrative/Human Resources Manager	2
General Counsel and Deputy General Counsel	1
Investment Analyst and Investment Officer	1
Outside fiduciary counsel	1
Outside investment consultant and other consultants	1

- Consultants shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation: The Chief Executive Officer may determine in writing that a particular consultant, although a “designated position”, is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this code. Such written determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. The Chief Executive Officer’s determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

Disclosure Categories

General:

Employees designated in Disclosure Category “General” above shall complete all schedules of Form 700. An investment, interest in real property, or income is reportable if the business entity in which the investment is held, the interest in real property, or the income or source of income may foreseeably be affected materially by any decision made or participated in by the designated employee by virtue of the employee’s position.

Designated Employees in Category 1:

Employees designated in Disclosure Category 1 above shall complete all schedules of Form 700 unless there are no reportable interests for that schedule. A “reportable interest” shall be any business entity or source of income of a type in which the Board is authorized to invest.

Designated Employees in Category 2:

Employees designated in Disclosure Category 2 above shall complete all schedules of Form 700 except those relating to interests in real property (Form 700, Schedules B and C), unless there are no reportable interests for a schedule. A “reportable interest” shall be any business entity or source of income which, within the filing period has contracted, or in the foreseeable future may contract with the Board to provide products or services, to the Retirement System or the Retirement Office.

APPENDIX B

Agency Positions that Manage Public Investments For Purposes of Section 87200 of the Government Code

Pursuant to Government Code Section 87314, the following is a list of each position with the Retirement Board and CCCERA for which an individual occupying the position is required to file a Form 700 - Statement of Economic Interests as a public official who manages public investments within the meaning of Government Code Section 87200:

Members of the Board of Retirement, including Alternate Members
Chief Executive Officer
Chief Investment Officer

EXHIBIT E

THE RALPH M. BROWN ACT ("OPEN MEETINGS LAW")
SECTION 54963

CONFIDENTIALITY OF CLOSED SESSIONS

(a) A person may not disclose confidential information that has been acquired by being present in a closed session authorized by Section 54956.7, 54956.8, 54956.8B, 54956.87, 54956.9, 54957, 54957.6, 54957.8, or 54957.10 to a person not entitled to receive it, unless the legislative body authorizes disclosure of that confidential information.

(b) For purposes of this section, "confidential information" means a communication made in a closed session that is specifically related to the basis for the legislative body of a local agency to meet lawfully in closed session under this chapter.

(c) Violation of this section may be addressed by the use of such remedies as are currently available by law, including, but not limited to:

(1) Injunctive relief to prevent the disclosure of confidential information prohibited by this section.

(2) Disciplinary action against an employee who has willfully disclosed confidential information in violation of this section.

(3) Referral of a member of a legislative body who has willfully disclosed confidential information in violation of this section to the grand jury.

(d) Disciplinary action pursuant to paragraph (2) of subdivision (c) shall require that the employee in question has either received training as to the requirements of this section or otherwise has been given notice of the requirements of this section.

(e) A local agency may not take any action authorized by subdivision (c) against a person, nor shall it be deemed a violation of this section, for doing any of the following:

(1) Making a confidential inquiry or complaint to a district attorney or grand jury concerning a perceived violation of law, including disclosing facts to a district attorney or grand jury that are necessary to establish the illegality of an action taken by a legislative body of a local agency or the potential illegality of an action that has been the subject of deliberation at a closed session if that action were to be taken by a legislative body of a local agency.

(2) Expressing an opinion concerning the propriety or legality of actions taken by a legislative body of a local agency in closed session, including disclosure of the nature and extent of the illegal or potentially illegal action.

(3) Disclosing information acquired by being present in a closed session under this chapter that is not confidential information.

(f) Nothing in this section shall be construed to prohibit disclosures under the whistleblower statutes contained in Section 1102.5 of the Labor Code or Article 4.5 (commencing with Section 53296) of Chapter 2 of this code.

ANNUAL FIDUCIARY TRAINING

Board of Retirement
Contra Costa County
Employees' Retirement
Association

December 11, 2019

Harvey L. Leiderman
Reed **Smith** LLP



WHAT IS A FIDUCIARY?

- Somebody entrusted to manage the assets of others with complete and singular devotion
- A position of trust and reliance to act on behalf of others in a position of vulnerability
- A role with the highest legal duties imposed on it
- A responsibility subject to tort law, not contract law

WHY ARE THERE FIDUCIARY RULES ANYWAY?

To overcome human nature: Looking out for our own interests, not the interests of others

- Doing something to advantage ourselves or others we like
- Doing something to disadvantage others we don't like
- Acting on our known and unknown biases when deciding
- Going along with the group to avoid controversy
- Bowing to pressure from others that don't share our responsibility
- Making snap judgments
- Easier spending others' money, especially when there is a lot of it
- Rationalizing actions we know are wrong
- Making "back-door" deals

FIVE FUNDAMENTAL FIDUCIARY DUTIES

EXHIBIT A

1. Duty of Loyalty. You owe your primary duty to members and beneficiaries of the trust. All other obligations are subordinated.
2. Exclusive Benefit Rule. The assets of the trust may be used only to pay benefits and *reasonable* administrative expenses.
3. Prudent Expert Rule. You must exercise the care and skill of a knowledgeable, prudent person charged with similar duties. And assure the competency of the assets of the trust.
4. Diversify Investments. You must broadly diversify the portfolio unless it is imprudent to do so (aka “Modern Portfolio Theory.”)
5. Follow the law. You must obey the plan documents, which includes the law, policies, regulations and governing documents of the trust.

BEING A PUBLIC TRUSTEE IS UNIQUE!

1. Transparency
2. Collective decision making
3. Conflicts of interest
4. Impartiality and fairness
5. Delegation of duties

1. TRANSPARENCY

- Open meeting laws (Brown Act)
 - Public's right to know and participate
 - Published agendas, open meetings, limited confidentiality
 - No "behind-the-scenes" board communications
- Public records laws
 - Public's right to know and access
 - Includes all media used to communicate public business
 - Limited non-disclosure permitted

2. COLLECTIVE DECISION-MAKING

- Diverse board composition
 - Appointed and elected members
 - “Interested” but not representative
- Follow a prudent decision-making process
 - Broad discretion, but must be reasoned
 - No liability for breach of fiduciary duty, so long as the board acts in a prudent manner
 - Right to immunity, indemnification and defense
- Majority rules; decisions should be supported

THE MOST RECENT COURT RULING ON BOARD DISCRETION

➤ O'Neal v. StanCERA, trial court, Feb. 2019:

"When faced with what amounted to a 'five-alarm fire,' the Board properly exercised its due diligence, considered its options (as presented to it by its actuarial and fiduciary/legal advisors), and acted as cautiously and conservatively as possible to insure the certainty that its members would receive all vested benefits over time."

➤ Accord, Nasrawi v. Buck, appellate court, 2014:

"The decision, requiring as it does, comparisons, choices, judgments, and evaluations, comprises the very essence of the exercise of 'discretion' and we conclude that such decisions are immunized..."

3. AVOIDING CONFLICTS OF INTEREST

- Critical duty of loyalty – a public trustee cannot serve two masters, one the members and the other herself (or others)
- Most serious of all fiduciary duties; severe penalties for breach
- Impacts all decisions: contracts, hiring of consultants and vendors, relations with the County and districts, unions, retirees, personal business interests, litigation, etc...
- Being independent and avoiding undue influence is essential
- Rules are complicated and often not intuitive; seek counsel when in doubt

CCCERA Code of Fiduciary Conduct & Ethics

Exhibit B

1. Adhere to fundamental fiduciary duties
2. Obey conflict of interest laws and CCCERA's Conflicts Code
3. Avoid activities that improperly influence or impair your judgment, or are inconsistent with your duty to act in the best interest of the system
4. Disclose conflicting interests; recuse when appropriate and timely
5. Comply with all legal limitations on gifts and things of value
6. Honor the "quiet period" during investment manager searches
7. Avoid using your public position for private gain or influence
8. Maintain the confidentiality of closed sessions
9. Conduct yourself with civility and respect at board meetings
10. Use care in communications with service providers, members and plan sponsors

4. MAINTAINING IMPARTIALITY AND FAIRNESS

- Board is arbiter of members' rights
- Fundamental due process assures members of fairness in making benefit decisions
- Impartiality assures consultants and vendors of a level competitive playing field, for the benefit of the trust
- Impartiality assures fair balancing of active and retired members' interests

5. DELEGATION AND OVERSIGHT

- A public fiduciary may (often must!) delegate, but only to others who are held to the same fiduciary standards
- No “set and forget” – Prudent delegation requires vigilant oversight: Monitoring, auditing, adjusting, terminating when necessary
- Board engages oversight advisors (auditors, consultants, fiduciary counsel, etc.) to help monitor activities of staff, consultants, investment managers

THE FIVE FIDUCIARY PILLARS

Primary Loyalty
to Members



- Avoid “two hat” conflicts of interest
- Attract and retain capable staff
- Provide superior member service
- Minimize risk of loss

Exclusive Benefit
of Members



- Avoid diverting assets for other purposes
- Avoid impacting plan for others’ goals
- Pay only reasonable expenses to administer fund

Prudent Care
and Expertise



- Establish and follow good governance policies as a Board
- Be transparent
- Engage and delegate to expert staff and consultants
- Monitor and adjust as needed

Diversify
the Assets



- Establish collective risk tolerance
- Seek risk-adjusted returns across all markets
- Weigh each investment for its contribution to whole program

Follow
the Law



- Establish and comply with written plan documents
- Be mindful of public official role

Final Note: “Reasonable Expenses of Administration”

➤ Current Litigation Targeting University DC Plans

Multiple class actions brought on behalf of participants of university 401(k) and 403(b) plans against trustees and administrators, alleging breach of duties of loyalty and prudence under ERISA

Complaints allege onerous investment and record-keeping fees, churning, and administrator-affiliate transactions, specifically including:

- Duplicative funds in same investment style caused plan to lose bargaining power and caused “decision paralysis” for participants.
- Annual record-keeping fees were too high
- Too many record-keepers, and failure to competitively bid record-keeper contracts
- Failure to monitor and control expenses

Reasonable Expenses, cont'd.

- Twenty universities have been sued, including Duke, NYU, MIT, Emory, Columbia, Cornell, Princeton, Univ. of Penn., Northwestern, Vanderbilt, Brown, Yale, USC, Univ. of Chicago, Johns Hopkins, Georgetown, George Washington Univ., Univ. of Rochester, Washington Univ. and Long Island Univ.
 - NYU prevailed following trial
 - At least six universities have settled for millions of dollars each and other relief
 - Some dismissals and partial dismissals, many claims still pending
- What other expenses could come under scrutiny?
- What can we do to avoid?

QUESTIONS?



Karen Levy, Esq.
General Counsel

Ralph M. Brown Act Open Meeting Laws: The Fundamentals

December 11, 2019

Ralph M. Brown Act

Open Meeting Laws for Local Legislative Bodies

- The Brown Act sets forth the rules regarding open meetings held by local legislative bodies.
- The CCCERA Board of Retirement is subject to the Brown Act.



California Government Code § 54950 *et seq.*

Purpose

- To ensure that agency **actions** are taken openly
- To ensure that agency **deliberations** are conducted openly



Government Code § 54950 *et seq.*

3

Key Concepts

- Retirement Board meetings must be open and accessible to the public.
- A Board meeting agenda must be posted publicly.
- During Board meetings, the public must be given an opportunity to comment.



4

Retirement Board Meetings must be Open and Accessible to the Public

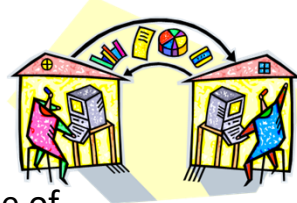
“Meeting” means any congregation of a majority of the Retirement Board (i.e. five Retirement Board members) at the same place and location (including teleconference locations) to hear, discuss, deliberate or take action on any item within the Retirement Board’s subject matter jurisdiction.



Government Code § 54952.2(a)

5

Serial Meetings



- “Meeting” also means any serial use of communication, personal intermediaries, or technological devices through which a majority of the Board’s members discuss, deliberate, or take action on an item.
- Example of an unlawful “serial” meeting: Trustee A emails Trustee B about a Retirement Board issue. B forwards A’s email to C, who then forwards to D, who then forwards to E. A mere series of emails or phone calls by a majority of the trustees about a business item violates the Brown Act.



Government Code § 54952.2(b)

6

Committee Meetings

- The Brown Act also applies to meetings of standing committees – committees that have continuing jurisdiction over a particular topic. For example: Audit Committee.
- Exception – The Brown Act does not apply to a committee that is an advisory committee convened for a limited purpose and a limited duration.



Government Code § 54952

7

Attendance at Conferences

- A majority of the Retirement Board members may attend a conference or similar gathering open to the public that involves a discussion of issues of general interest to the public or to other public pension systems, so long as the majority of the board do not discuss among themselves business that is within the subject matter jurisdiction of the Retirement Board.
- Examples: the State Association of County Retirement Systems (SACRS) and the California Association of Public Retirement Systems (CALAPRS) conferences.



Government Code § 54952.2(c)(2)

8

Attendance at Purely Social Events

A majority of the Retirement Board members may attend a purely social or ceremonial occasion, provided that the majority of the Retirement Board members do not discuss among themselves business that is within the subject matter of the Retirement Board.



Government Code § 54952.2(c)(5)

9

Meeting via Teleconference



- All votes taken during a teleconference must be taken by roll call.
- Agendas must be posted at all teleconference locations.
- Each teleconference location must be identified in the agenda.
- Each teleconference location must be accessible to the public.
- At least a quorum must participate from locations within Contra Costa County.
- The agenda must provide for public comment at each teleconference location.



Government Code § 59453(b)

10

Voting Report Requirement

Board must publicly report any action taken and the vote or abstention of each member present for the action.



Government Code § 54953(c)(2)

11

Agenda Requirement



- At least 72 hours before a regular meeting, an agenda containing a general description of each item of business to be transacted, including items to be discussed, and the time and location of the meeting must be posted in a public location and the CCCERA website.
- For Board meetings occurring on or after January 1, 2019: Agenda must be accessible through a prominent, direct link on the CCCERA website.



Government Code § 54954.2(a)

12

Agenda Requirement

If an item is not included on the agenda:

- Board may not act on or discuss that item, or add that item to the meeting's agenda as an urgency item, subject to limited exceptions.
- Board and staff may ask a question for clarification, make a brief announcement, or make a brief report. Board may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.



Government Code § 54954.2

13

Public Comment

- During each meeting, the Board must allow public comment on each agenda item and on other matters within the jurisdiction of the Board.
- Board may limit comment time.
- If Board limits public comment time, the Board must provide at least twice as much of the allocated time to members of the public who utilize a translator.



Government Code § 54954.3

14

Disruptive Attendees



- Public comment must be allowed, including negative comments.
- If the meeting is willfully interrupted, the Board may clear the room of the disruptive individuals and continue the meeting. Those members of the public not participating in the disturbance must be allowed to stay.



Government Code § 54957.9

15

Closed Session



- Closed sessions are authorized under certain enumerated circumstances.
- Examples
 - Purchase or sale of a particular, specific pension fund investment (Govt. Code §54956.81).
 - Personnel matters, including disability applications (Govt. Code §54957).



16

Closed Session

Examples (Cont.)

- Conference with CCCERA's designated representatives regarding employees' salaries, benefits but prohibition against taking final action in closed session (Govt. Code §54957.6).
- Conference with legal counsel regarding pending litigation, exposure to litigation against the retirement system or the board, and to decide whether to initiate litigation (Govt. Code §54956.9).



17

Closed Session – Public Report

- Public report of action taken in closed session and the vote or abstention on that action of every member present is required.
- Public report of pension fund investment transaction decisions made in closed session are to be disclosed either at the first open meeting of the legislative body held after the earlier of the close of the investment transaction or the transfer of pension fund assets for the investment transaction.



Government Code § 54957.1

18

Closed Session Confidentiality

Board members may not disclose confidential information acquired by being present in a closed session to a person not entitled to receive the information.



Government Code § 54963(a)

19

Consequence of Violating the Brown Act

- Criminal liability for individual Board members
- Civil remedies: Civil actions to stop, prevent or invalidate the action of the Board
- Attorneys fees and costs awarded to plaintiff



20



Questions?



<i>Meeting Date</i> 12/11/19 <i>Agenda Item</i> #10

MEMORANDUM

Date: December 11, 2019
To: CCCERA Board of Retirement
From: Karen Levy, General Counsel
Subject: Legislation Update

Background

The California Legislature convened on December 3, 2018 for the 2019-2020 legislative session. October 13, 2019 was the last day for the Governor to sign or veto bills passed by the Legislature. Below is a summary of approved legislation of interest to CCCERA and its Board of Retirement.

AB 672 Public Employees' Retirement: Disability Retirement: Reinstatement.

Introduced by Assembly Member Cervantes

This bill applies to CalPERS and prohibits a person who has retired for disability from being employed by any employer without reinstatement from retirement if the position is the position from which the person retired or if the position includes duties or activities that the person was previously restricted from performing at the time of retirement, unless an exception applies. The bill requires an employer to provide to the CalPERS board the nature of the employment and the duties and activities the person will perform if a person retired for disability is employed by an employer without reinstatement.

Status: Approved by Governor July 12, 2019. Effective: January 1, 2020.

AB 1819 Inspection of Public Records: Use of Requester's Reproduction Equipment.

Introduced by Assembly Committee on Judiciary

Existing law, the California Public Records Act, requires state and local agencies to make public records available upon receipt of a request that reasonably describes an identifiable record not otherwise exempt from disclosure, and upon payment of fees to cover costs. AB 1819 grants a requester who inspects a disclosable record on the premises of the agency the right to use the requester's equipment on those premises, without being charged any fees or costs, to photograph or otherwise copy or reproduce the record in a manner that does not require the equipment to make physical contact with the record, unless the means of copy or reproduction would result in damage to the record, or unauthorized access to a computer system of the agency or secured network, as specified. (Government Code Section 6253.) The bill authorizes

the agency to impose any reasonable limits on the use of the requester's equipment that are necessary to protect the safety of the records or to prevent the copying of records from being an unreasonable burden to the orderly function of the agency and its employees. The bill authorizes the agency to impose any limit that is necessary to maintain the integrity of, or ensure the long-term preservation of, historic or high-value records.

Status: Approved by Governor October 9, 2019. Effective: January 1, 2020.

AB 5 Worker Status: Employees and Independent Contractors

Introduced by Assembly Member Gonzales

This bill has codified the decision in the case of *Dynamex Operations West, Inc. v. Superior Court of Los Angeles* (2018) 4 Cal.5th 903 (Dynamex), creating a presumption that a worker is an employee for purposes of claims for wages and benefits under the Labor Code, the Unemployment Insurance Code, and the wage orders of the Industrial Welfare Commission. Specifically, a person providing labor or services for remuneration shall be considered an employee rather than an independent contractor unless the hiring entity demonstrates that the person is free from the control and direction of the hiring entity in connection with the performance of the work, the person performs work that is outside the usual course of the hiring entity's business, and the person is customarily engaged in an independently established trade, occupation, or business.

Status: Approved by Governor September 18, 2019. Effective: January 1, 2020.

Recommendation

Receive and File.



<i>Meeting Date</i> 12/11/19 <i>Agenda Item</i> #11a.

MEMORANDUM

Date: December 11, 2019
To: CCCERA Board of Retirement
From: Gail Strohl, Chief Executive Officer
Subject: Consider and take possible action to add CCCERA staffing.

Background

Having carefully analyzed CCCERA's operations, it appears that greater efficiencies can be achieved by adding a retirement services supervisor position to assist in the day to day administration of retirement services, including but not limited to, active and retiree member counseling, analysis and calculation of estimates and final pension allowances, supervising, documenting and training retirement counselors. The hourly rate for this position is \$42.74 to \$51.95.

In an effort to increase member outreach, CCCERA has increased the number and enrollment capacity of pre-retirement workshops and created overview workshops for members. The addition of a retirement services technician would provide additional support to the workshops as well as support the retirement counselors in processing retirement applications, purchases and retirement estimates. The hourly rate for this position is \$21.70 to \$30.53.

Additionally, the establishment of a new classification of an internal auditor would assist CCCERA in conducting employer audits, assessing internal controls and performing internal audits. The monthly salary for this classification will be \$9,881 to \$12,845. Due to anticipated staggered hiring in 2020, the salary impact to the 2020 budget for the Retirement Services Supervisor, Retirement Services Technician and Internal Auditor is approximately \$72,839, \$25,883, and \$107,640, respectively.

Recommendations

Consider and take possible action to add CCCERA staffing:

- a. Add one Retirement Services Supervisor, one Retirement Services Technician, and establish an Internal Auditor classification;
- b. Amend Attachment A of Resolution 2019-2 providing salary and benefits for unrepresented employees of CCCERA effective January 1, 2020; and
- c. Adopt the CCCERA Position Pay Schedules effective January 1, 2020.

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

CCCERA Resolution for Salary and Benefits for Unrepresented Employees
 (BOR Reso. No. 2019-2)

Meeting Date
12/11/19
Agenda Item
#11b.

Attachment A

Effective January 1, 2020

Class Title		Salary Range				
		Step 1	Step 2	Step 3	Step 4	Step 5
Accountant	Exempt (Monthly)	\$5,805	\$6,095	\$6,400	\$6,720	\$7,056
Accounting Manager	Exempt (Monthly)	\$9,928	\$10,424	\$10,945	\$11,493	\$12,067
Accounting Supervisor	Exempt (Monthly)	\$7,408	\$7,779	\$8,168	\$8,576	\$9,005
Administrative/HR Manager	Exempt (Monthly)	\$9,691	\$10,176	\$10,685	\$11,219	\$11,780
Administrative/HR Supervisor	Exempt (Monthly)	\$7,408	\$7,779	\$8,168	\$8,576	\$9,005
Communications Coordinator	Exempt (Monthly)	\$6,888	\$7,232	\$7,594	\$7,973	\$8,372
Compliance Business Analyst	Exempt (Monthly)	\$7,594	\$7,973	\$8,372	\$8,790	\$9,230
Deputy General Counsel	Exempt (Monthly)	\$13,969	\$14,668	\$15,401	\$16,171	\$16,980
Executive Assistant	Non-Exempt (Hourly)	\$35.16	\$36.92	\$38.77	\$40.70	\$42.74
Information System Programmer/Analyst	Exempt (Monthly)	\$7,056	\$7,408	\$7,779	\$8,168	\$8,576
Information Technology Coordinator	Non-Exempt (Hourly)	\$36.92	\$38.77	\$40.70	\$42.74	\$44.88
Information Technology Manager	Exempt (Monthly)	\$11,780	\$12,369	\$12,987	\$13,637	\$14,319
Investment Analyst	Exempt (Monthly)	\$10,176	\$10,685	\$11,219	\$11,780	\$12,369
Investment Officer	Exempt (Monthly)	\$14,319	\$15,035	\$15,786	\$16,575	\$17,404
Member Services Manager	Exempt (Monthly)	\$9,691	\$10,176	\$10,685	\$11,219	\$11,780
Member Services Supervisor	Non-Exempt (Hourly)	\$42.74	\$44.88	\$47.12	\$49.48	\$51.95
Retirement Services Manager	Exempt (Monthly)	\$9,691	\$10,176	\$10,685	\$11,219	\$11,780
Retirement Services Supervisor	Non-Exempt (Hourly)	\$42.74	\$44.88	\$47.12	\$49.48	\$51.95

Executive Class Title	Monthly Salary Range
Chief Executive Officer	\$22,525.85
Chief Investment Officer	\$19,118 - \$24,854
Compliance Officer	\$9,881 - \$12,845
Deputy Chief Executive Officer	\$15,328 - \$19,925
General Counsel	\$16,898 - \$21,967
Internal Auditor	\$9,881 - \$12,845

CCCERA Position Pay Schedules - Effective 1/1/20

Revision Dates: 1/1/20, 7/1/19, 4/1/19, 2/16/19, 7/1/18, 1/1/18, 7/1/17, 4/16/17, 7/1/16, 2/1/16, 9/1/15, 1/1/15

Positions represented by AFSCME, Local 2700:

Classification Title	Hourly (Non-Exempt)								Eligible for Differential	10 year Longevity	2.50%
	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8			
Office Specialist	\$21.70	\$22.79	\$23.92	\$25.12	\$26.38	\$27.70	\$29.09	\$30.53	Yes	Yes	
Retirement Services Technician	\$21.70	\$22.79	\$23.92	\$25.12	\$26.38	\$27.70	\$29.09	\$30.53	Yes	Yes	
Accounting Technician	\$26.11	\$27.42	\$28.79	\$30.23	\$31.75	\$33.33			Yes	Yes	
Retirement Counselor	\$27.42	\$28.78	\$30.22	\$31.74	\$33.33	\$35.00			Yes	Yes	
Member Services Specialist	\$27.42	\$28.78	\$30.22	\$31.74	\$33.33	\$35.00			Yes	Yes	
Administrative Assistant	\$27.89	\$29.27	\$30.75	\$32.28	\$33.89				Yes	Yes	
Accounting Specialist	\$31.62	\$33.20	\$34.85	\$36.60	\$38.43	\$40.35			Yes	Yes	
Senior Retirement Counselor	\$31.62	\$33.20	\$34.85	\$36.60	\$38.43	\$40.35			Yes	Yes	
Data Technology Specialist	\$31.62	\$33.20	\$34.85	\$36.60	\$38.43	\$40.35			Yes	Yes	
Disability Specialist	\$37.12	\$38.97	\$40.92	\$42.96	\$45.10				Yes	Yes	

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#11c.

Unrepresented positions:	Step 1					Step 2					Step 3					Step 4					Step 5					Eligible for Differential*				
	Classification Title	Step 1	Step 2	Step 3	Step 4	Step 5	Step 1	Step 2	Step 3	Step 4	Step 5	Step 1	Step 2	Step 3	Step 4	Step 5	Step 1	Step 2	Step 3	Step 4	Step 5	10 year Longevity	15 year Longevity	20 year Longevity	CPA, CGFM, CIA, CMA	5%	ASA	5%		
Hourly (Non-Exempt)																														
Executive Assistant	\$35.16	\$36.92	\$38.77	\$40.70	\$42.74	\$35.16	\$36.92	\$38.77	\$40.70	\$42.74	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	No	Yes	Yes		
Information Technology Coordinator	\$36.92	\$38.77	\$40.70	\$42.74	\$44.88	\$36.92	\$38.77	\$40.70	\$42.74	\$44.88	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	No	Yes	Yes		
Member Services Supervisor	\$42.74	\$44.88	\$47.12	\$49.48	\$51.95	\$42.74	\$44.88	\$47.12	\$49.48	\$51.95	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	No	Yes	Yes		
Retirement Services Supervisor	\$42.74	\$44.88	\$47.12	\$49.48	\$51.95	\$42.74	\$44.88	\$47.12	\$49.48	\$51.95	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	No	Yes	Yes		
Monthly (Exempt)																														
Accountant	\$5,805	\$6,095	\$6,400	\$6,720	\$7,056	\$5,805	\$6,095	\$6,400	\$6,720	\$7,056	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes		
Accounting Manager	\$9,928	\$10,424	\$10,945	\$11,493	\$12,067	\$9,928	\$10,424	\$10,945	\$11,493	\$12,067	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes		
Accounting Supervisor	\$7,408	\$7,779	\$8,168	\$8,576	\$9,005	\$7,408	\$7,779	\$8,168	\$8,576	\$9,005	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes		
Administrative/HR Manager	\$9,691	\$10,176	\$10,685	\$11,219	\$11,780	\$9,691	\$10,176	\$10,685	\$11,219	\$11,780	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	Yes		
Administrative/HR Supervisor	\$7,408	\$7,779	\$8,168	\$8,576	\$9,005	\$7,408	\$7,779	\$8,168	\$8,576	\$9,005	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	Yes		
Communications Coordinator	\$6,888	\$7,232	\$7,594	\$7,973	\$8,372	\$6,888	\$7,232	\$7,594	\$7,973	\$8,372	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	Yes		
Compliance Business Analyst	\$7,594	\$7,973	\$8,372	\$8,790	\$9,230	\$7,594	\$7,973	\$8,372	\$8,790	\$9,230	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	Yes		
Deputy General Counsel	\$13,969	\$14,668	\$15,401	\$16,171	\$16,980	\$13,969	\$14,668	\$15,401	\$16,171	\$16,980	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	Yes		
Information System Programmer/Analyst	\$7,056	\$7,408	\$7,779	\$8,168	\$8,576	\$7,056	\$7,408	\$7,779	\$8,168	\$8,576	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	Yes		
Information Technology Manager	\$11,780	\$12,369	\$12,987	\$13,637	\$14,319	\$11,780	\$12,369	\$12,987	\$13,637	\$14,319	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	Yes		
Investment Analyst	\$10,176	\$10,685	\$11,219	\$11,780	\$12,369	\$10,176	\$10,685	\$11,219	\$11,780	\$12,369	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	Yes		
Investment Officer	\$14,319	\$15,035	\$15,786	\$16,576	\$17,404	\$14,319	\$15,035	\$15,786	\$16,576	\$17,404	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	Yes		
Member Services Manager	\$9,691	\$10,176	\$10,685	\$11,219	\$11,780	\$9,691	\$10,176	\$10,685	\$11,219	\$11,780	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	Yes		
Retirement Services Manager	\$9,691	\$10,176	\$10,685	\$11,219	\$11,780	\$9,691	\$10,176	\$10,685	\$11,219	\$11,780	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	Yes		
Monthly Salary Range (Exempt)																														
Chief Executive Officer	\$22,525.85																													
Chief Investment Officer	\$19,118 - \$24,854																													
Compliance Officer	\$9,881 - \$12,845																													
Deputy Chief Executive Officer	\$15,328 - \$19,925																													
General Counsel	\$16,898 - \$21,967																													
Internal Auditor	\$9,881 - \$12,845																													

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

Meeting Date
12/11/19
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#12

2020

**PROPOSED
BUDGET**

BUDGET SUMMARY

December 11, 2019

Dear Board Members,

It is with pleasure to present the 2020 Proposed Budget for Contra Costa County Employees' Retirement Association (CCCERA).

CCCERA continuously strives towards the priority of effective and efficient administration of the plan, safeguarding plan assets wherever possible, and ensuring that our members are provided with the best customer service. The activities in this proposed budget support the strategic initiatives.

Included in the 2020 Proposed Budget, there are estimated expenses for the following:

- Addition of three new positions; internal auditor, retirement services supervisor, and retirement services technician
- Anticipated filling vacant positions of two investment officers, retirement services counselor, and accountant
- Increased overtime for next phase of data record verification on CPAS system
- Professional services for the new pension administration system consultant (LRWL)
- Addition of Investment Consulting and Actuarial fees to the annual budget process
- Increased office expenses and IT support service contracts

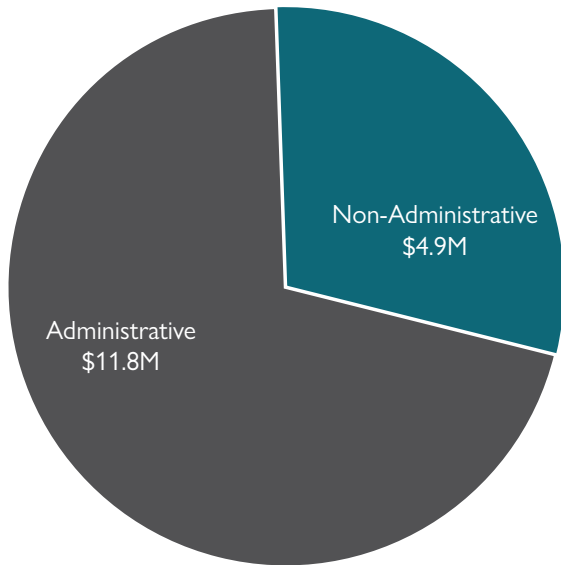
The presentation format of the budget is summarized into major expense line items which match the same presentation in the Comprehensive Annual Financial

Report (CAFR). In addition to a 2020 Proposed Budget, also included is a FY2019 budget versus year-end expense estimate. The FY2019 expense estimate was based on actuals through October 2019 rolled forward to December 31, 2019.

The 2020 Proposed Budget is divided into three sections:

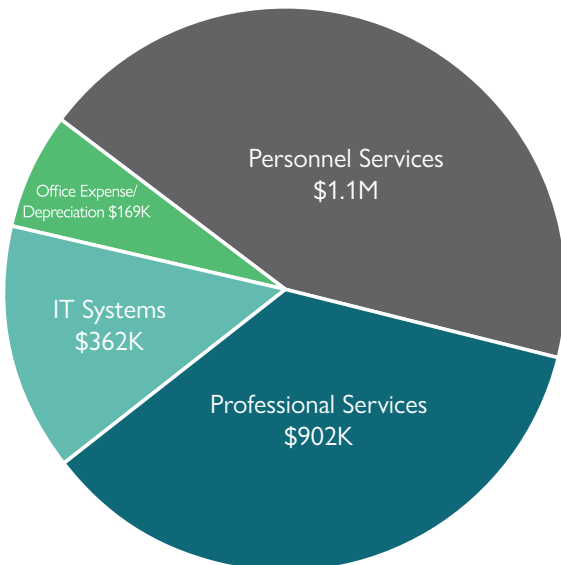
- *2020 Proposed Total Budget*—this section summarizes and combines all expenses from the *2020 Proposed Administrative* and *2020 Proposed Non-Administrative Budget*
- *2020 Proposed Administrative Budget*—this section is comprised of expenses from administrative departments including Executive and Compliance, Administration/HR, Accounting, Information Technology, Retirement Services, and Member Services. Administrative expenses are capped by a statutory limit of 21 basis points against the latest Actuarial Accrued Liability prepared as of December 31, 2018.
- *2020 Proposed Non-Administrative Budget*—this section includes expenses for the Investment and Legal departments, along with Disaster Recovery Program expenses. These expenses are not subject to the statutory limit on administrative expenses and are excluded. Legal fees relating to general and fiduciary counsel, tax, investment, employment, and disabilities are presented as Non-Administrative. Also presented as new line items with the 2020 Non-Administrative budget is the addition of Investment Consulting and Actuarial Services fees. These are not new expenses and have always been expensed in the CAFR financial report, but are being presented as part of the annual budgeting process for additional information to the Board.

Total 2020 Proposed Budget \$16.7M



The 2020 Proposed Total Budget is \$16.7 million, an overall increase of \$2.5 million or 18%, compared to the 2019 budget. The majority of the budget increase is attributed to increased staff costs for staff additions and an increase in professional services which is mostly related to the addition of the Investment Consulting and Actuarial Services line items. The chart below helps illustrate where the budget increases occur from.

Composition of \$2.5M Budget Increase



The additional salary and benefits fill three new positions being proposed and fund four vacancies throughout the organization. There is also more overtime to handle member data verification and the imaging project. Besides the investment consulting and actuarial services line items, there is professional services budgeted for phase I of the new pension system consultant (LRWL). IT support service contracts increased for a microfiche data conversion project, software license renewals, along with additional disaster recovery costs. Office expenses increased for lease rent, equipment lease and maintenance related to disaster recovery, workers compensation insurance, and depreciation of leasehold improvements. The increases were offset with various decreases mostly from less ICON consultant fees and less anticipated costs for legal.

The 2020 Proposed Administrative Budget is \$11.8 million, an increase of \$1 million or 9%, compared to the 2019 budget. The significant increases are staff costs and IT costs for pension system consultant and a microfiche project.

Section 31580.2 of the California Government Code limits administrative expenses to 0.21% of the current Actuarial Accrued Liability (AAL). As of December 31, 2018, the AAL is \$9,682,143,750 which results in a limit of \$20.3 million. The proposed 2020 administrative expenses of \$11.8 million are 0.122% of the AAL and well under the capped amount.

The 2020 Proposed Non-Administrative Budget is \$4.9 million, an increase of \$1.5 million or 43%, as compared to the 2019 budget. The majority of the increase is related to adding the line items for investment consulting and actuarial fees along with

anticipated investment officer recruitments.

Recommendation:

a) Consider and take possible action to adopt the *2020 Proposed Total Budget*

Thank you for your consideration.

Respectfully submitted,



Henry Gudino, CPA
Accounting Manager

2018-2020 STRATEGIC INITIATIVES

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

2020 PROPOSED

TOTAL BUDGET

ADMINISTRATIVE BUDGET

NON-ADMINISTRATIVE BUDGET

CAPITAL BUDGET

2020 PROPOSED TOTAL BUDGET

2020 Proposed Total Budget Including Administrative and Non-Administrative Departments

	2019 Budget	FY2019 Estimate	\$ Budget Remaining	% Budget Remaining	2020 Proposed Total Budget	\$ Change 2019 Budget	% Change 2019 Budget
Personnel Services:							
Salaries & Wages	\$6,087,900	\$6,029,865	\$58,035	1%	\$6,901,700	\$813,800	13%
Employee Benefits & Retirement	4,700,000	4,423,107	276,893	6%	4,974,700	274,700	6%
Total Personnel Services	10,787,900	10,452,972	334,928	3%	11,876,400	1,088,500	9%
Operational Expenses:							
Professional Services:							
* Investment Consulting	-	-	-	-	925,000	925,000	100%
* Actuarial Services	-	-	-	-	215,000	215,000	100%
Outside Legal Counsel Services	626,000	357,856	268,144	43%	530,000	(96,000)	(15%)
Audit Services	267,000	134,345	132,655	50%	101,000	(166,000)	(62%)
Benefit Statements	75,000	72,000	3,000	4%	72,000	(3,000)	(4%)
Disability Hearings/ Medical Reviews	150,000	48,623	101,377	68%	136,900	(13,100)	(9%)
Other Professional Services	6,200	3,636	2,564	41%	46,500	40,300	650%
Total Professional Services	1,124,200	616,460	507,740	45%	2,026,400	902,200	80%
Office Expenses:							
Office Lease	501,200	402,658	98,542	20%	546,500	45,300	9%
Telephone & Internet Services	61,500	76,396	(14,896)	(24%)	61,800	300	0%
Equipment Lease & Maintenance	25,000	21,315	3,685	15%	48,000	23,000	92%
Furniture & Equipment	11,000	14,353	(3,353)	(30%)	14,500	3,500	32%
Office Supplies & Maintenance	114,500	112,489	2,011	2%	115,600	1,100	1%
Printing & Postage	134,500	123,918	10,582	8%	140,700	6,200	5%
Training & Education	165,000	86,859	78,141	47%	156,950	(8,050)	(5%)
Travel & Transportation	230,100	159,855	70,245	31%	234,750	4,650	2%
Insurance	260,000	260,773	(773)	0%	285,100	25,100	10%
Total Office Expenses	1,502,800	1,258,615	244,185	16%	1,603,900	101,100	7%
Information Technology Systems:							
Support Service & Software Contracts	437,300	450,185	(12,885)	(3%)	623,900	186,600	43%
Hardware & Equipment Maintenance	62,600	11,681	50,919	81%	57,600	(5,000)	(8%)
Project Consulting	85,000	78,071	6,929	8%	265,000	180,000	212%
Total IT Systems	584,900	539,937	44,963	8%	946,500	361,600	62%
Assets Depreciation	212,200	222,810	(10,610)	(5%)	279,900	67,700	32%
Total Expenses	\$14,212,000	\$13,090,795	\$1,121,205	8%	\$16,733,100	\$2,521,100	18%

* Professional fees for Investment Consulting and Actuarial Services are not new, and have been expenses to CCCERA. They are being added to the annual budget process in FY2020 as part of the Non-Administrative expenses budget as additional information to the Board.

2020 PROPOSED ADMINISTRATIVE BUDGET

2020 Proposed Administrative Budget

	2019 Budget	FY2019 Estimate	\$ Budget Remaining	% Budget Remaining	2020 Proposed Total Budget	\$ Change 2019 Budget	% Change 2019 Budget
Personnel Services:							
Salaries & Wages	\$4,612,900	\$4,655,358	\$(42,458)	(1%)	\$5,148,000	\$535,100	12%
Employee Benefits & Retirement	3,727,900	3,487,124	240,776	6%	3,945,200	217,300	6%
Total Personnel Services	8,340,800	8,142,483	198,317	2%	9,093,200	752,400	9%
Operational Expenses:							
Professional Services:							
Audit Services	267,000	134,345	132,655	50%	101,000	(166,000)	(62%)
Benefit Statements	75,000	72,000	3,000	4%	72,000	(3,000)	(4%)
Disability Hearings/ Medical Reviews	150,000	48,623	101,377	68%	136,900	(13,100)	(9%)
Other Professional Services	5,200	3,636	1,564	30%	45,500	40,300	775%
Total Professional Services	497,200	258,604	238,596	48%	355,400	(141,800)	(29%)
Office Expenses:							
Office Lease	459,700	361,986	97,714	21%	475,400	15,700	3%
Telephone & Internet Services	47,100	54,039	(6,939)	(15%)	49,800	2,700	6%
Equipment Lease & Maintenance	25,000	21,315	3,685	15%	38,000	13,000	52%
Furniture & Equipment	10,000	11,290	(1,290)	(13%)	14,500	4,500	45%
Office Supplies & Maintenance	106,500	103,650	2,850	3%	105,800	(700)	(1%)
Printing & Postage	132,800	123,446	9,354	7%	139,500	6,700	5%
Training & Education	144,500	77,967	66,533	46%	136,450	(8,050)	(6%)
Travel & Transportation	130,900	69,483	61,417	47%	120,550	(10,350)	(8%)
Insurance	260,000	260,773	(773)	0%	285,100	25,100	10%
Total Office Expenses	1,316,500	1,083,947	232,553	18%	1,365,100	48,600	4%
Information Technology Systems:							
Support Service & Software Contracts	311,100	288,319	22,781	7%	449,200	138,100	44%
Hardware & Equipment Maintenance	49,500	11,249	38,251	77%	39,600	(9,900)	(20%)
Project Consulting	65,000	54,321	10,679	16%	260,000	195,000	300%
Total IT Systems	425,600	353,889	71,711	17%	748,800	323,200	76%
Assets Depreciation	180,700	189,735	(9,035)	(5%)	218,500	37,800	21%
Total Expenses	\$10,760,800	\$10,028,658	\$732,142	7%	\$11,781,000	\$1,020,200	9%

2020 PROPOSED NON-ADMINISTRATIVE BUDGET

2020 Proposed Non-Administrative Budget

Investments, Legal, and Disaster Recovery Program

	2019 Budget	FY2019 Estimate	\$ Budget Remaining	% Budget Remaining	2020 Proposed Total Budget	\$ Change 2019 Budget	% Change 2019 Budget
Personnel Services:							
Salaries & Wages	\$1,475,000	\$1,374,506	\$100,494	7%	\$1,753,700	\$278,700	19%
Employee Benefits & Retirement	972,100	935,983	36,117	4%	1,029,500	57,400	6%
Total Personnel Services	2,447,100	2,310,489	136,611	6%	2,783,200	336,100	14%
Operational Expenses:							
Professional Services:							
* Investment Consulting	-	-	-	-	925,000	925,000	100%
* Actuarial Services	-	-	-	-	215,000	215,000	100%
Fiduciary & General Legal Counsel	398,000	191,212	206,788	52%	355,000	(43,000)	(11%)
Investment Legal Counsel	150,000	132,530	17,470	12%	115,000	(35,000)	(23%)
Disabilities Legal Services	78,000	34,114	43,886	56%	60,000	(18,000)	(23%)
Other Professional Services	1,000	-	1,000	100%	1,000	-	0%
Total Professional Services	627,000	357,856	269,144	43%	1,671,000	1,044,000	167%
Office Expenses:							
Office Lease	41,500	40,672	828	2%	71,100	29,600	71%
Telephone & Internet Services	14,400	22,357	(7,957)	(55%)	12,000	(2,400)	(17%)
Equipment Lease & Maintenance	-	-	-	-	10,000	10,000	100%
Furniture & Equipment	1,000	3,063	(2,063)	(206%)	-	(1,000)	(100%)
Office Supplies & Maintenance	8,000	8,840	(840)	(10%)	9,800	1,800	23%
Printing & Postage	1,700	472	1,228	72%	1,200	(500)	(29%)
Training & Education	20,500	8,892	11,608	57%	20,500	-	0%
Travel & Transportation	99,200	90,372	8,828	9%	114,200	15,000	15%
Total Office Expenses	186,300	174,668	11,632	6%	238,800	52,500	28%
Information Technology Systems:							
Support Service & Software Contracts	126,200	161,866	(35,666)	(28%)	174,700	48,500	38%
Hardware & Equipment Maintenance	13,100	433	12,667	97%	18,000	4,900	37%
Project Consulting	20,000	23,750	(3,750)	(19%)	5,000	(15,000)	(75%)
Total IT Systems	159,300	186,049	(26,749)	(17%)	197,700	38,400	24%
Assets Depreciation	31,500	33,075	(1,575)	(5%)	61,400	29,900	95%
Total Expenses	\$3,451,200	\$3,062,137	\$389,063	11%	\$4,952,100	\$1,500,900	43%

* Professional fees for Investment Consulting and Actuarial Services are not new, and have been expenses to CCCERA. They are being added to the annual budget process in FY2020 as part of the Non-Administrative expenses budget as additional information to the Board.

2020 PROPOSED CAPITAL BUDGET

2020 Proposed Capital Budget

	Asset Purchase Cost	2020 Depreciation
2020 Capital Purchases		
IT Hardware	\$20,000	\$4,000
Scanner Equipment	15,000	3,000
Total 2020 Capital Purchases	35,000	7,000
2019 and Prior Years Capital Purchases		
Leasehold Improvements	139,938	14,000
Office Furniture/Workstations	537,822	107,600
Communication & Network Equipment	119,964	18,000
Audio Visual Equipment	188,821	37,800
Security Equipment	101,947	20,400
IT Hardware & Software	375,373	75,100
Total 2019 and Prior Years Capital Budget	1,463,864	272,900
Total Capital Budget Purchases and Depreciation	\$1,498,864	\$279,900

Meeting Date

12/11/19

Agenda Item

#13

CCCERA 2020 COMPLIANCE ACTIVITY PLAN

Prepared by Wrally Dutkiewicz
Compliance Officer
December 2019

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Introduction

The Compliance Officer is authorized to engage in internal control reviews, business activity monitoring, risk assessments, and procedure development to support the retirement system's activities. Also, CCCERA Compliance coordinates its activities with auditors to ensure compliance with CERL, PEPRA, Board of Retirement Regulations, Internal Revenue Code, IRC, and other government statutes.

Compliance monitoring and reporting will be the principal tools for the Compliance Department to evaluate the efficacy of the CCCERA's internal controls, compliance, governance, and risk management going forward through the 2020 Compliance Activity Plan calendar and beyond.

Scope & Mission

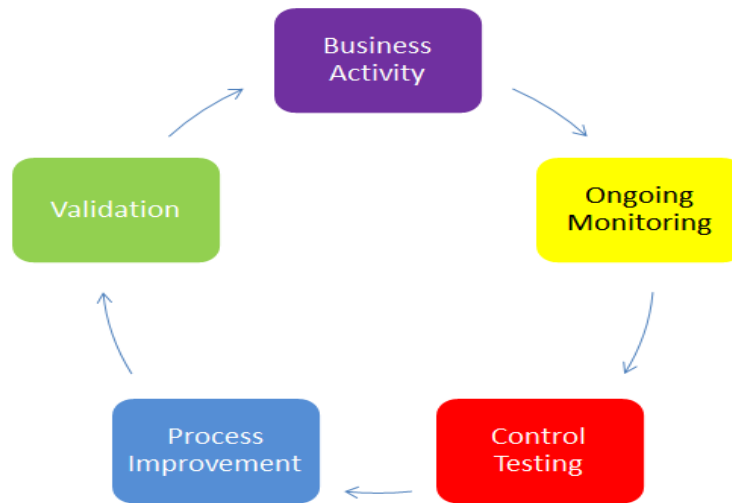
The CERL, PEPRA, and CCCERA's policies, along with the standards published by the Society of Corporate Compliance and Ethics (SCCE) and The Institute of Internal Auditors (IIA) provide the framework within which the Compliance Officer performs compliance activities to support, manage, and test CCCERA's Compliance Program and to determine the priorities for compliance activities. The Compliance Officer prepares an annual Compliance Activity Plan (CAP) to help identify, measure, and prioritize potential issues related to internal controls around business activities and the level of risk that may exist if those controls were to become impaired or rendered ineffective. The purpose of the annual CAP is to outline the work to be performed and is designed to cover high risk activities while limiting the scope of work to what can realistically be accomplished during the upcoming fiscal year.

Compliance Monitoring and Review Process

The development and implementation of updated department procedures is an ongoing goal and CCCERA Compliance will work with each of the department managers and advise on matters concerning workflow, technical applications of government code and BOR policy, and supervisory tools and structures.

The Compliance Officer will obtain a sufficiently detailed explanation of the business process from CCCERA staff. This process will be documented in the working paper files. Such documentation may take the form of a narrative description, a flowchart depiction, or a combination of both when appropriate.

The goal is to create a continually validating compliance program that is integrated into business processes:



The annual compliance planning process includes the following major planning activities:

- Defining the Compliance Universe
- Conducting a Risk Assessment
- Preparing the Compliance Activity Plan
- Presenting the Compliance Activity Plan

The Compliance Program encompasses the following five stages:

1. Planning
2. Review & Testing
3. Quality Assessment
4. Reporting
5. Follow-up

Risk Assessment

The Risk Assessment for compliance activity planning is the process of systematically scoring (or rating) the relative impact of a variety of “risk factors.” A risk factor is an observable or measurable indicator of conditions or events that could adversely affect the outcome of a business activity. Various risk factors will be used to measure risks (such as the complexity of operations or regulations) or organizational vulnerability (such as weak internal controls).

A questionnaire is completed for each business process activity to score the level of risk for each of the risk factors identified. Also, weights are assigned to each risk factor based on relative importance as determined by input from management. The final step to complete the Risk Assessment is to calculate the total risk score for each business process activity in order from highest risk score to the lowest by tabulating the information gathered from the questionnaires and applying the weights assigned to the risk factors.

The Compliance Department prepares a Risk Assessment Worksheet that provides a weighted risk assessment score for each business activity component under review. If a business activity is comprised of several functional parts, the overall risk assessment will be the average of the sum of the risk assessment scores for its component parts.

The Risk Assessment Worksheet takes into consideration the following eight risk factors:

<p>Incapacitation: Significance of an impairment event on the ability to meet strategic and/or organizational goals and objectives. Amount of impact the business activity process has on the retirement system’s constituents.</p>
<p>External Influence: Concern about adverse publicity; laws and regulations; customer demands; and political exposure.</p>
<p>Internal Controls:</p> <ul style="list-style-type: none"> • The internal control structure takes into consideration the adequacy of written procedures and whether or not controls have been previously tested. • Degree of segregation of duties and responsibilities, supervision and training, planning for business resumption and contingency, and reconciliation controls, make exposures for this audit.
<p>Complexity:</p> <ul style="list-style-type: none"> • Business process has many steps and several control points. May include both manual and system-based steps; • Complexity can increase both the probability of error and the effort required to monitor the business activity process. Includes complexity of federal and state laws, rules and regulations governing a particular program.
<p>Information Technology Controls:</p> <ul style="list-style-type: none"> • Computer applications affect the accuracy and timeliness of completed work tasks, as well as the productivities of the staff. Information systems should process information in a secure, reliable and accurate manner. • Age, condition, extent of manual user intervention, efficiency and effectiveness of the data processing system specific to this business activity, and the perceived impact of general information technology controls related to: consistent use of an acceptable systems development methodology (including programmer and user documentation and testing procedures), consistent use of an acceptable project management system, effective computer maintenance change controls (to assure application program changes are properly authorized, managed, and recorded), and effective logical access security to guard against unwarranted access and unauthorized changes to computer programs and/or data.

Change:

- Changes in operation to meet statutory, regulatory, and legal requirements, and/or to address organizational restructuring including modifications to manual or automated procedures such as increased use of technology.
- Changes in operations can impact the efficiency and effectiveness of the retirement system's performance. Criteria include changes in staff size, processing changes (manual to computerized), systems (input and/or output), as well as staff turnover. This area includes concerns of rapid growth, which includes rapid growth of personnel size and of additional programs added to an operational area.

Risk Assessment Scoring assigns a weighting to each of the eight risk assessment factors to generate an Overall Risk Assessment Score. This scoring is used to create a risk-based map of CCCERA's operations over time to aid in its governance, risk, and compliance (GRC) strategic planning.

A "risk assignment" refers to the subjective classification of risk based on judgment rather than observation. A "risk assessment" refers to the assignment of risk based on observable facts, activities, identified threats, and empirical analysis.

The focus of the "risk assignment" review is to prioritize business activities that CCCERA's compliance department will review in connection with its Compliance Activity Plan. The following criteria are used during the "risk assignment" assignment review:

- Financial Exposure
- Compliance – Laws and Regulations
- Complexity of Operations
- Public Exposure

Internal Audit Assignments:

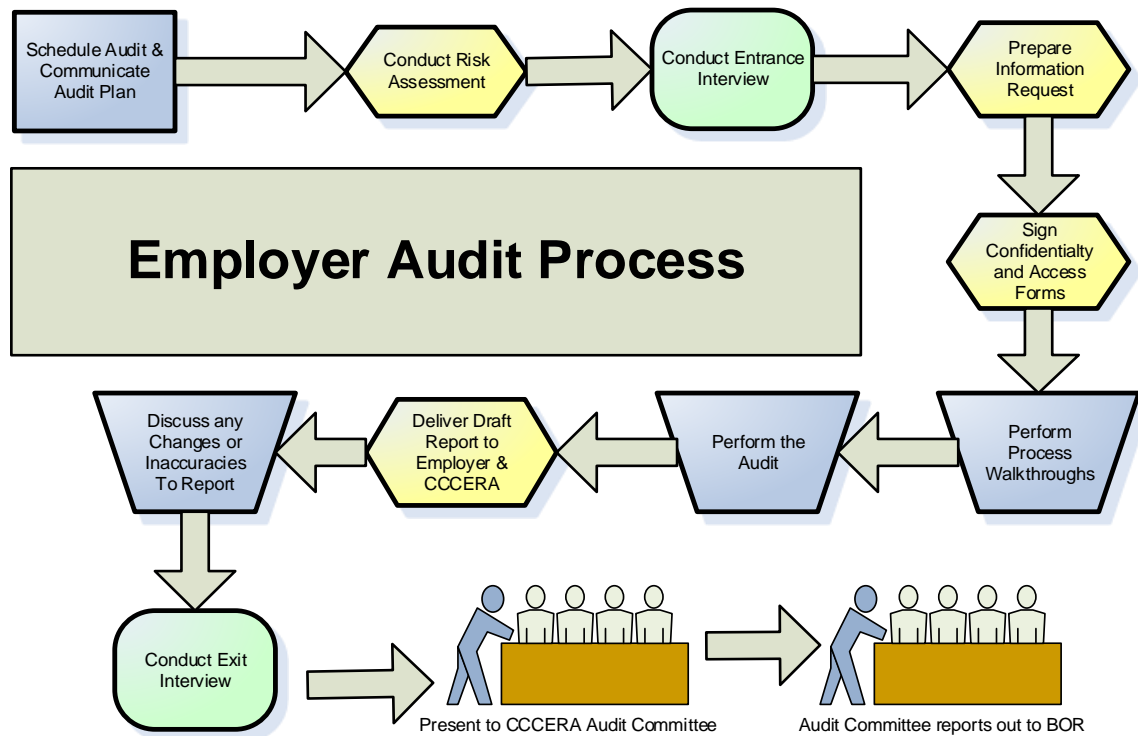
In anticipation of the creation of the Internal Audit function within CCCERA, those activities that have been performed by Compliance that traditionally have fallen under the purview of Internal Audit functions, will be identified over the course of 2020 Compliance Activity Plan and affect transfer thereof to the Internal Auditor as reasonably determined.

Employer Audits:

With respect to Employer Audits, similar risk assignment criteria are used to establish a priority review framework to plan areas of focus for employer audits. The following chart indicates those employer business activities that generally fall within the employer audit scope:

Control Item	Control Test
Payroll Procedures	Review Payroll Transactions and compare district payroll register with data reported to CCCERA to ensure pay rates in compliance with posted salary information
Payroll Data & Conveyance	Review process for reporting payroll to CCCERA. i) Timeliness; ii) Validation (time keeping, vacation, sick leave, disability, overtime)
Earn Code Classifications	Inventory of earn code classification - i) allowable pensionable compensation; ii) compensation calculation - methodology
Internal Controls/EUC	Review District's Internal Controls WSPs - i) segregation of duties; ii) system access; iii) reporting levels
Contract between CCCERA & District	MOU & Clarifying Addendums - in compliance with BOS/BOR/CERL Requirements
Correspondence Between CCCERA & District	Does communication methods support SLA (Service Level Agreements)?
Personnel Procedures	Inventory of WSP (Written Supervisory Procedures) and match against regulatory & CCCERA policy requirements
Control Item	Control Test
Enrollment Procedures	Review District Employee new hire enrollment procedures and match against regulatory & CCCERA Policy Requirements i) Part-Time/Temporary Employees; ii) Retired Employees; iii) Independent Contractors
Employee Classification	Review District Employee Classification to match against reported group, function and eligibility
CCCERA Policy Compliance	Review Compliance with i) Financial Controls; ii) Administrative Controls; iii) Procedural Controls
CERL Compliance	Match governance and policies against regulatory requirements

The 2020 Employer Audit year will be a transitional year during which the Compliance Department will facilitate the orientation of, and eventual transfer of, the Employer Audit program, to the Internal Auditor.



While conducting the 2020 Employer Audits, the Compliance Department will work with the Internal Auditor to share observations made during the analysis of each of the Employer Audit Scope items. Upon completion of the audit, CCCERA staff will provide to the Board a written report of the audit results and the conclusions of the auditor and CCCERA staff. A copy of the report will be provided to the employer at least 10 days prior to any Board discussion or action.

Reporting

At the conclusion of fieldwork for each audit, the Compliance Officer will prepare a draft report of significant findings and observations including any significant risk exposures and control

issues, fraud risks, or governance issues identified during the audit. The report should be accurate, objective, clear, concise, constructive, complete, and timely.

The “Audit Work-Paper Report” includes the audit objectives, the scope of audit work performed, an overview of the business or activity, an opinion on the adequacy of the internal controls, conclusions regarding significant finding and observations, and recommendations to management to address any issues found. The report will also acknowledge when satisfactory performance is determined.

Follow-Up

Follow-up work is performed after the completion of an audit. It entails the Compliance Officer reviewing recommendations with management and determining whether the weakness in procedures or processes identified have been adequately corrected in accordance with the management response and committed timelines.

All recommendations arising from the auditor are summarized in an audit recommendations file maintained by the Compliance Officer. The file is continuously updated with the implementation status of the recommendations. Any information obtained as part of the follow up process, is electronically retained in a Follow Up file. Quarterly, a formal review of the status of outstanding recommendations will be completed and presented to CCCERA Executive Management and the Audit Committee when there are recommendations outstanding that still need to be properly implemented.

2019 Compliance Activity Recap

2019 Compliance Internal Control Reviews & Projects:

Internal Controls Reviews

- Interest Crediting
- Vendor Audit
- Tax Compliance:
 - Compensation Limits;
 - Tax Reporting:
 - 1099R – include basis calculations and taxable amount un/known; and
 - Form 945 submissions and tax remittances
- Investment Fee Audit;
- County Pensionable Compensation and Contribution Reporting Quality Assurance Audit;

Projects

- Deferred in anticipation of the creation of the Internal Audit Activity for 2020-2021:
 - Collaborate with CCCERA department managers and staff to develop Key Risk Indicators (KRIs) for each core business activity and map to codified written procedures;
 - Draft Request for Proposal (RFP) for an independent enterprise risk assessment.

Procedure Review

Accounting Department:

- Receivables;
- Payables;
- Procedure Review – Risk Based Procedure Development; [Will be ongoing through 2020]; and
- Index of Procedures

2019 Employer Audits:

CCCERA compliance resources were focused on a review of the following audit scope items:

- Timekeeping and Payroll Reporting
- Employee Enrollment Procedures
- Retiree Return to Work Monitoring

The following employer audits were conducted:

Completed	
District	Contra Costa County Employees' Retirement Association
District	Contra Costa County In-Home Supportive Services Public Authority
District	Contra Costa County Local Agency Formation Commission
District	First 5 Contra Costa Children and Families Commission

Completed – Pending Final Report to Board	
County Department	Contra Costa County Probation Department
County Department	Contra Costa County Office of the Sheriff
County Department	Contra Costa County Department of Agriculture

In-Progress – Report Out First Quarter 2020 Audit Committee	
County Department	Contra Costa County Employment & Human Services
County Department	Contra Costa County Clerk-Recorder Elections Department
County Department	Contra Costa County Office of the Assessor
County Department	Contra Costa County Library

Compliance Activity Planned for 2020

Sources of Areas Selected For Compliance Review

Areas selected for compliance review can come from a variety of sources. These include risk assessment, management and employee requests, surprise audits and allegations of fraud, waste, and abuse.

Risk must be one of the primary factors in selecting areas for compliance review. Risk for some aspects of CCCERA operations is higher than others for many reasons. This includes the type of activities, financial and operational impact to CCCERA and its members if something were to go wrong. Those areas of the CCCERA and its participating Employers which are high risk should receive more attention than those of lower risk. It should be noted, however, that areas of lower risk should not be ignored; rather, they should be done with less frequency than the higher risk areas.

2020 Compliance Activity Projects:

- Facilitate and collaborate on updating Accounting Procedures and Desktop Manual;
- Review and identify Compliance Department activities to transfer to Internal Audit function;
- Employer Program & Audit Guide – Finalize and transfer to Internal Audit;
- Compliance Program Guide – Update; and
- Compliance Activity Monitoring: aggregate department data and visually represent core organizational business activities for trending, tracking, and reporting purposes. Specifically, compliance review, monitoring, and collaborative work will focus on the following annual reporting activities and their supporting procedures:
 - Annual Audit;
 - Annual Valuation;
 - CAFR Preparation; and
 - Member Statements.

2020 Employer Audits:

The following employer audits are anticipated:

County Department	Contra Costa County District Attorney
County Department	Contra Costa County Public Works
County Department	Contra Costa County Human Resources
County Department	Contra Costa County Child Support Services
County Department	Contra Costa County Conservation and Development
County Department	Contra Costa County Veterans Service Office
County Department	Contra Costa County Animal Services
County Department	Contra Costa County Administration
County Department	Contra Costa County Treasurer - Tax Collector
County Department	Contra Costa County Counsel
District	Rodeo Sanitary District
District	Contra Costa County Fire Protection District



Meeting Date
12/11/19
Agenda Item
#14

MEMORANDUM

Date: December 11, 2019
To: CCCERA Board of Retirement
From: Wrally Dutkiewicz, Compliance Officer
Subject: Contra Costa County Department of Agriculture Employer Audit Report

Background

The Contra Costa County Department of Agriculture is a County Department. Its staff are County employees and their employment and compensation are set by the County Board of Supervisors.

Between April and September 2019 an employer audit was performed on Contra Costa County Department of Agriculture. An onsite review was performed at the Department's office on July 1, 2019.

The employer audit scope items include the following:

- Accuracy of Payroll Information Provided to CCCERA;
- Salaries In Accordance with Publicly Available Pay Schedules;
- Enrollment of All Eligible Employees;
- Pension Benefit Review;
- Internal Revenue Code 415 Limits;
- Retiree Return to Work Monitoring; and
- Forfeiture of Benefits Earned or Accrued from the Commission of a Felony.

Follow Up Items

There were no follow up action items noted in the report for the Department of Agriculture.



Contra Costa County Employees'
Retirement Association

EMPLOYER AUDIT REPORT

November 13, 2019

EMPLOYER AUDIT

**Contra Costa County
Department of Agriculture**

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November 13, 2019

David Twa
Contra Costa County Administrator
651 Pine Street, 10th Floor
Martinez, CA 94553

RE: Employer Audit Report – Contra Costa County Department of Agriculture Pensionable Compensation, Contribution and Reporting Audit

Dear Mr. Twa,

Enclosed is the employer audit report of the Contra Costa County Department of Agriculture (Department of Agriculture) pensionable compensation, contribution and reporting audit, conducted pursuant to Government Code Section 31543. I want to thank you and all department staff for their assistance in gathering all the records and documents and making them readily available during this audit. This cooperation was greatly appreciated and allowed for the audit to be completed in an efficient manner.

The *Employer Audit Report* is enclosed for your review. There were no follow up items noted for the department to address.

This report will be placed on the agenda and will be presented to the CCCERA Board of Retirement Audit Committee at its Wednesday November 20, 2019 meeting.



Contra Costa County Department of Agriculture

In addition, I would like to extend my gratitude to Contra Costa County payroll and human resources staff and the courtesy that they extended to CCCERA compliance staff during the review. Should you wish to discuss or have any questions regarding the items reviewed and the observations contained within this report, please contact me at 925-521-3960.

Best regards,



Wrally Dutkiewicz
Compliance Officer

CC: Lisa Driscoll, County Finance Director
Matthew Slattengren, Agricultural Commissioner
Roxann Crosby, Executive Secretary - Department of Agriculture

BACKGROUND

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

CCCERA administers the retirement benefits for the employees of Contra Costa County and participating District employers. Participating employers within the CCCERA retirement system provide payroll information and retirement contributions to fund the benefits for their employees. CCCERA establishes member accounts, processes service and disability applications, calculates retirement allowances, prepares monthly retirement benefit payment rolls, makes adjustments to retirement benefits when needed and prepares tax reporting records.

Retirement allowances are computed in accordance with statute using three factors: years of service, age at retirement, and final compensation. For Legacy (pre-PEPRA) members, final compensation is defined as the highest average annual compensation earnable (as defined in G.C. Section 31461) by a member during the last one or three consecutive years of employment depending on the member's Tier, unless the member elects a different period with a higher average. For PEPRA members, final compensation is defined as the highest average annual pensionable compensation (as defined in G.C. Section 7522.34) earned by the member during a period of 36 consecutive months.

The employer's knowledge of the rules relating to membership and payroll reporting facilitates the employer in providing CCCERA with appropriate employee information. Correct enrollment of eligible employees and correct reporting of payroll information are necessary for the accurate computation of a member's retirement allowance.

The Contra Costa County Department of Agriculture is a County department. Its staff are County employees and their employment and compensation are set by the County Board of Supervisors. The Department of Agriculture is responsible for conducting regulatory and service activities pertaining to the agricultural industry and consumers of the county, under the direction of the California Department of Food and Agriculture, Department of Pesticide Regulation, and Division of Measurement Standards. The primary purpose and objective of the Agriculture Department is the promotion and protection of the county's agricultural industry, environment, and citizens.¹

Per CCCERA records, the Department of Agriculture had approximately thirty-two (32) employees in fiscal year 2016-2017 and approximately twenty-eight (28) employees in fiscal year 2017-2018 with active memberships in CCCERA. For these employees the County reported pensionable compensation to CCCERA of approximately \$2,096,000 for fiscal year 2016-2017 and \$2,069,000 for fiscal year 2017-2018.

¹ Agriculture / Weights & Measures – Mission Statement. Retrieved from: <https://www.contracosta.ca.gov/1542/Agriculture-Weights-Measures>

Contra Costa County Department of Agriculture

The County submitted approximately \$232,000 in employee pension contributions and \$608,000 in employer pension contributions for fiscal year 2016-2017 and \$230,000 in employee pension contributions and \$604,000 in employer pension contributions for fiscal year 2017-2018. As of December 31, 2018, CCCERA had twenty-one (21) retirees and beneficiaries on record for the Department of Agriculture with a total paid benefit amount of approximately \$1,357,000 in 2018.

SCOPE

The 2013 Pension Reform legislation granted CCCERA the authority under Government Code Section 31543 to conduct audits of employers to ensure that employee and payroll information used in the calculation of retiree pension benefits is correct and verifiable. The scope of these on-site reviews includes:

- Correctness of retirement benefits;
- Reportable compensation;
- Enrollment in, and reinstatement to the system (GC 31543);
- Pensionable compensation (GC 31461 and GC 7522.34);
- Determine if employees convicted of certain felonies have forfeited benefits earned or accrued from the commission of the felony (GC 7522.72(g) and GC 7522.74(g));
- Review MOUs with respect to compensation and salary regulations (i.e. Vacation Sales, etc.);
- Determine if compensation is paid to enhance a member's retirement benefit (GC 31461(b)(1) and GC 7522.34(c)(1));
- Evaluate employer's compliance with restrictions on retirees returning to work (GC 7522.56, I.R.S. bona fide separation and normal retirement age rules).

The on-site review of the Department of Agriculture was conducted on July 1, 2019. The review period encompassed active employee records and retired employee records from 2016 through 2018.

OBSERVATIONS AND FINDINGS

ACCURACY OF PAYROLL INFORMATION PROVIDED TO CCCERA

- **Scope Item 1:** *The Department of Agriculture did not provide all requested timekeeping records. Errors in employee payroll were observed during the audit period.*

PAYROLL AND REPORTING PROCESS AND RECEIVABLES REVIEW

Pursuant to Board of Retirement Regulations Section IV: Employer pensionable payroll and corresponding pension contributions are to be reported to the retirement system timely and accurately. (Contributions And Reporting, 2. Due Dates, 4. Employer Certification).

Due Dates:

Each employer shall report to the Association in a manner and frequency as determined by the Board sufficient for the Board to credit contributions and service to each member's record.

Unless otherwise specified, reports shall be due no later than the tenth of each month for the previous month's payroll and shall be accompanied by member and employer contributions. If the tenth of the month falls on a weekend or holiday, the due date shall be the last working day before the tenth. Reports, which are unreadable or incorrect, shall not be accepted and shall be returned to the employer. (Emphasis added.)

Reports and contributions received after the due date shall be considered late and subject to a late reporting penalty equal to: the prime rate in effect on the due date computed on a daily, non-compounding basis and applied to the contributions due.

- **Observation 1:** *a) Of the four (4) monthly time logs, the department could not provide the log for April 2017 containing the monthly timekeeping summary data for sixteen (16) out of the seventeen (17) sample employees. Weekly timecard information is manually entered into the log. The log is the basis for manual timekeeping data entry into Kronos, the County's timekeeping system.*
b) Of the requested nineteen (19) timecards for November 2016, April 2017, November 2017 and April 2018, only two (2) timecards were provided for sample employee ID4. The provided timecards are for the second and fourth week of November 2017. The Department of Agriculture provided a handwritten statement by the employee detailing the accrual use during the audit period.
c) In November 2016, a difference of nine (9) vacation hours was observed between the timecards of sample employee ID1 and PeopleSoft; however, the monthly time log matched PeopleSoft.
d) In April 2017, seven (7) hours of floating holiday accrual use, twenty (20) hours of overtime compensatory hours taken and three (3) sick hours shown in the timecards for sample employee ID10 were not included in PeopleSoft. No monthly time log was available for review for this month.
e) In November 2017, the monthly time log indicated that eight (8) floating holiday hours for sample employee ID4 were submitted late. The hours were not reflected in PeopleSoft for November 2017.

While eight (8) hours of floating holiday use was reflected in PeopleSoft for December 2017, it could not be confirmed that the entry was for the previous month. No adjustment was processed.

- **Follow-Up to Observation 1:** *The Department of Agriculture reviewed CCCERA's observations and agreed that the observed differences are errors. Based on communications with the Auditor-Controller's office and the Department of Agriculture, employee payroll errors are only corrected for six (6) months after occurrence. As the observed errors exceeded the six (6) months period, they will not be corrected. The Department of Agriculture advised that the staff members responsible for payroll have implemented a new quality assurance process where a different staff member reviews the payroll information entered by the primary staff member.*

INPUT FILE REVIEW

Employer Certification

Each payroll and pension contribution report shall include or be accompanied by a certification, under penalty of perjury, as to its accuracy. The certification shall be made by a duly authorized representative of the employer. (Board of Retirement Regulations *Section IV, 4. Employer Certification.*)

- **Observation 2:** *None*

COMPENSATION LIMITS

Federal and state laws place annual limits on the compensation that can be used to determine contributions and benefits for CCCERA plan members.

Legacy Members:

- The Internal Revenue Code provides for dollar limitations on benefits and contributions under qualified retirement plans which are adjusted annually for cost-of-living increases.
- Members who commenced participation in CCCERA on or after January 1, 1996 are subject to the annual federal Internal Revenue Code Section 401(a)(17) compensation limit.
- For CERL benefit formulas (General Tiers 1, 3, Safety Tiers A & C), the 2018 calendar year compensation limit was increased by the I.R.S. to \$275,000 from \$270,000 for calendar year 2017.
- Members who commenced participation in CCCERA prior to January 1, 1996 are not subject to the Internal Revenue Code annual compensation limit.

PEPRA Members:

- For new employees who commenced participation in CCCERA on or after January 1, 2013 under PEPRA benefit formulas (General Tiers 4,5, Safety Tiers D & E), the compensation which exceeds that annual pensionable compensation limit under California Government Code Section 7522.10(c) and (d) is not included in determining benefits or contributions.

Contra Costa County Department of Agriculture

- The 2018 calendar year PEPRAs compensation limits are as follows:
 - For employees enrolled in Social Security – increased to \$121,388.
 - For employees not enrolled in Social Security – increased to \$145,666.
- The 2017 calendar year PEPRAs compensation limits are as follows:
 - For employees enrolled in Social Security – increased to \$118,775.
 - For employees not enrolled in Social Security – increased to \$142,530.

➤ **Observation 3:** None

PAYROLL REPORTING – PENSIONABLE COMPENSATION AND CONTRIBUTION REVIEW

Compensation Earnable Applicable Law for Legacy Members

"Compensation earnable" does not include, in any case, the following:

"Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise." (G.C. § 31461(b)(3).)

Pursuant to CCCERA's "Compensation Earnable Policy"², Section III.D. "Compensation Earnable" excludes payments for additional services rendered outside of normal working hours.

Pay received for "overtime" is not included in "compensation earnable." To be included, the time for which compensation is received:

- (1) must be the normal working hours set forth in the applicable employment agreement;
- (2) must be required by the employer to be worked by the employee (as distinguished from voluntarily worked); and
- (3) must be ordinarily worked by all others in the same grade or classification at the same rate of pay during the FAS period.

Pay that will be reviewed under these conditions is often described as "standby" and "on-call." Employers must report to CCCERA as pensionable only that pay for work that is required of and ordinarily served by everyone in the same grade or classification, at the same rate of pay.

Pensionable Compensation Applicable Law for PEPRAs members

PEPRA defines "pensionable compensation" as follows:

"Pensionable compensation" of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.

² <https://www.cccera.org/governance-and-policies>

Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid. (Gov. Code Section 7522.34(a) and (b).)

PEPRA excludes from "pensionable compensation" the following:

- (1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.
- (2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.
- (3) Any one-time or ad hoc payments made to a member.
- (4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.
- (5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
- (6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
- (7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.
- (8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code [FLSA].
- (9) Employer contributions to deferred compensation or defined contribution plans.
- (10) Any bonus paid in addition to the compensation described in subdivision (a) [of G.C. § 7522.34].
- (11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a) [of G.C. § 7522.34].
- (12) Any other form of compensation a public retirement board determines should not be pensionable compensation. (Gov. Code Section 7522.34(a) and (b).)

Pursuant to CCCERA's "Pensionable Compensation Policy"³, Section III:

The CCCERA Board has determined that "Pensionable Compensation" includes "base pay." Pensionable compensation does not include any pay other than base pay, in accordance with Govt. Code Sections 7522.34(c)(11) and (12).

Pensionable compensation (GC 31461 and 7522.34) is to be reported to the retirement system and the corresponding contributions are to be reported to the retirement system.

➤ **Observation 4:** None

³ <https://www.cccera.org/governance-and-policies>

SALARIES IN ACCORDANCE WITH PUBLICLY AVAILABLE PAY SCHEDULE

➤ **Scope Item 2:** *No exceptions were observed in this section.*

Pursuant to CCCERA's Policy On Determining "Pensionable Compensation"⁴ Under PEPRA For Purposes Of Calculating Retirement Benefits, a "publicly available pay schedule" must meet all of the following requirements:

1. Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
2. Identifies the position title for every employee position;
3. Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;
4. Indicates the time base, including, but not limited to, whether the time base is hourly daily, bi-weekly, monthly, bi-monthly, or annually;
5. Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
6. Indicates an effective date and date of any revisions;
7. Is retained by the employer and available for public inspection for not less than five years; and
8. Does not reference another document in lieu of disclosing the pay rate.

➤ **Observation 5:** *None*

⁴ <https://www.cccera.org/governance-and-policies>

ENROLLMENT OF ELIGIBLE EMPLOYEES

➤ **Scope Item 3:** *No exceptions were observed in this section.*

1. Exclusion from Membership – By Type of Employment

- A. All officers and employees of the County or districts shall be members of the association as provided in Article 4 under Sections 31550-31567 of the County Employees' Retirement Law of 1937 (Gov. Code Secs. 31450, et seq. "CERL"), unless excluded from membership by this Section.
- B. The following employees shall be excluded from membership:
 - i. Temporary, seasonal or independent contract employees who are employed or re-employed for temporary service or at certain specified periods each year.
 - ii. Intermittent or permanent-intermittent employees who are appointed to serve less than 80% of the full number of working hours required of regular employees or who actually serve less than 80% of such full number of working hours in one year as certified by their appointing authority.
 - iii. Part-time employees whose service for the County or district is less than fifty (50) percent of the full number or working hours required of fulltime employees at that employer.
 - iv. Project employees, unless the appointing authority certifies that the project is expected to be of one year or more in duration on a greater than part-time basis.
 - v. Provisional employees, unless they otherwise meet the requirements for reciprocal benefits with other retirement systems under Article 15 of CERL.
- C. In making its determination regarding an employee's inclusion in or exclusion from membership, the Board will not rely solely upon the term given to the type of employment. Rather, the Board will rely upon such additional facts such as the nature of the employment, its expected or actual duration, and its relationship to what is considered full-time, permanent employment.

2. Exclusion from Membership – by Compensation

Except as otherwise herein provided, all employees of the County or district who receive compensation amounting to less than one-hundred (\$100) dollars per month, and in the case of employees paid on other than a monthly basis an average of one-hundred (\$100) dollars per month for the preceding year, including maintenance valued according to the schedule adopted by the governing body, are hereby excluded and exempted from membership in the Retirement Association. Any member of the Retirement Association whose salary is reduced to an amount less than one-hundred (\$100) dollars per

month shall have the option of continuing or discontinuing his/her active membership in the Association.

2.1 Exclusion from Membership – by Waiver

Newly hired employees age 60 and older may waive membership as authorized by Gov. Code Section 31552. Any such waiver of membership shall be effective only if it is submitted to the CCCERA Chief Executive Officer within 90 days of the employee's date of hire; provided, however, that the Chief Executive Officer may, in his/her sole and reasonable discretion, waive the time limitation if the newly hired employee establishes good cause for such a waiver.

3. Certifications

Every employee of the County or district within the county whose employees are members of the Association shall, upon entry into the Association, complete a sworn statement as provided for in Gov. Code Section 31526(b). A certified copy of the member's birth certificate or other evidence of birth may be required by the Board.

It shall be the employer's responsibility to assure compliance with this section. The Board shall assess the employer five hundred (\$500) dollars per employee for every month or fraction thereof that the required certification is not submitted. The Board shall notify the employer in writing of the imposition of assessment at least thirty days before the assessment.

➤ **Observation 6:** *The enrollment packet for one employee hired in 2018 was not received at the time of the audit. The Department of Agriculture completed a new enrollment packet which was received by CCCERA on August 22, 2019.*

PENSION BENEFIT REVIEW

➤ **Scope Item 4:** No exceptions were observed in this section.

REVIEW OF PENSION BENEFIT CALCULATIONS

- a. Compensation Policies
 - i. Policy On Determining “Compensation Earnable Under Assembly Bill 197 For Purposes Of Calculating Retirement Benefits For “Legacy” (Pre-PEPRA) Members – Adopted: 9/10/2014; GC 31461;
 - ii. Policy On Determining “Pensionable Compensation” Under PEPRA For Purposes Of Calculating Retirement Benefits - Adopted: 9/10/2014; GC 7522.34;
 - iii. Policy Regarding Assessment and Determination Of Compensation Enhancements – Adopted 11/1/2012, Amended: 3/8/2017; GC 31461(b)(1) and 7522.34(c)(1)

➤ **Observation 7:** None

RETIREE RETURN TO WORK MONITORING

- b. Retiree Return to Work Monitoring
 - i. GC 7522.56 Retired Persons; Service and Employment Restrictions

➤ **Observation 8:** None

FORFEITURE OF BENEFITS EARNED OR ACCRUED FROM THE COMMISSION OF A FELONY

- c. Felony Forfeiture Monitoring and Notification – GC 7522.72(g) and GC 7522.74(g)

➤ **Observation 9:** None

INTERNAL REVENUE CODE SECTION 415 COMPLIANCE

As adopted on December 8, 2010 and amended on January 9, 2013 and July 11, 2018.

➤ **Observation 10:** None

FOLLOW-UP ITEMS

The following items were noted during the course of the review and require follow-up by the Department and CCCERA:

The Department of Agriculture has no follow-up items.

EMPLOYER REPLY

The following reply was received from the Department of Agriculture by CCCERA:

Department of Agriculture

2380 Bisso Lane, Suite A
Concord, CA 94520-4807
(925) 608-6600
FAX (925) 608-6620

Branch Office

Knightsen Farm Center
3020 Second Street
Knightsen, CA 94548
(925) 427-8610
FAX (925) 427-8612

Contra
Costa
County



Matthew Slattengren

Agricultural Commissioner
Director of Weights and Measures

November 12, 2019

CCCERA

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

Our department concurs with the results of the recent CCCERA 2019 Employer Audit of Contra Costa County Department of Agriculture. The audit was professionally organized and cordial. Our department was appreciative of updates on CCCERA's findings. CCCERA staff also shared alternative procedures, in some instances. There were no follow up items for our department to address.

Sincerely,

Matthew Slattengren
Agricultural Commissioner/
Director of Weights & Measures



<i>Meeting Date</i> 12/11/19 <i>Agenda Item</i> #15

MEMORANDUM

Date: December 11, 2019
To: CCCERA Board of Retirement
From: Wrally Dutkiewicz, Compliance Officer
Subject: Contra Costa County Office of the Sheriff Employer Audit Report

Background

The Contra Costa County Office of the Sheriff is a County Department. Its staff are County employees and their employment and compensation are set by the County Board of Supervisors.

Between April and October 2019 an employer audit was performed on Contra Costa County Office of the Sheriff. An onsite review was performed at the Department's office on June 27, 2019.

The employer audit scope items include the following:

- Accuracy of Payroll Information Provided to CCCERA;
- Salaries In Accordance with Publicly Available Pay Schedules;
- Enrollment of All Eligible Employees;
- Pension Benefit Review;
- Internal Revenue Code 415 Limits;
- Retiree Return to Work Monitoring; and
- Forfeiture of Benefits Earned or Accrued from the Commission of a Felony.

Follow Up Items

The Employer Audit Report was presented to the CCCERA Audit Committee at its November 20, 2019 meeting.

The County, as the employer of the Office of Sheriff, responded to the employer audit report on November 8, 2019, which stated that the employer agreed with the findings and has no questions nor comments.

The following items were noted during the course of the review and require follow-up by the Office of the Sheriff:

1. **Accuracy of Payroll Information Provided to CCCERA:** Please advise what steps department payroll will take to ensure that all hours worked, and accrual use are reviewed, and verified when being entered into the County's timekeeping system.

A response was received on November 12, 2019 from the Office of the Sheriff that indicated the following actions would be taken by the Office:

- i. Review payroll processing regulations with staff to ensure accuracy when manually entering information into the County's Timekeeping System.
 - ii. Attempts will be made to contact the County's Auditor-Controller's Office timely should an error be discovered to ensure corrections can be made within a timeline set forth by the appropriate Memorandum of Understanding.
2. **Enrollment:** CCCERA requests that promotions from recruit to Deputy Sheriff are submitted as position changes going forward.

In its November 12, 2019 response the Office of the Sheriff stated that the Office did not have the authority to contact CCCERA regarding employment changes; this is handled by the County's Human Resources (HR) Department. The Office will reach out to County HR to notify them of CCCERA's request.



Contra Costa County Employees'
Retirement Association

EMPLOYER AUDIT REPORT

November 13, 2019

EMPLOYER AUDIT

**Contra Costa County
Office of the Sheriff**

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November 13, 2019

David Twa
Contra Costa County Administrator
651 Pine Street, 10th Floor
Martinez, CA 94553

RE: Employer Audit Report – Contra Costa County Office of the Sheriff Pensionable Compensation, Contribution and Reporting Audit

Dear Mr. Twa,

Enclosed is the employer audit report of Contra Costa County Office of the Sheriff (Office of the Sheriff) pensionable compensation, contribution and reporting audit, conducted pursuant to Government Code Section 31543. I want to thank you and all Office of the Sheriff staff for their assistance in gathering all the records and documents and making them readily available during this audit. This cooperation was greatly appreciated and allowed for the audit to be completed in an efficient manner.

The *Employer Audit Report* is enclosed for your review. Contained in the report is a list of Follow-Up Items that were noted during the audit and for the Office of the Sheriff to address. CCCERA is in receipt of a written response from the Office of the Sheriff dated November 12, 2019 pertaining to the “*Follow-Up Items*” indicated in the report. This response will be included in the “*Final Report*” which will be submitted to CCCERA’s Audit Committee for its review.

This report will be placed on the agenda and will be presented to the CCCERA Board of Retirement Audit Committee at its Wednesday, November 20, 2019 meeting.

Contra Costa County Office of the Sheriff

In addition, I would like to extend my gratitude to Contra Costa County payroll and human resources staff and the courtesy that they extended to CCCERA compliance staff during the review. Should you wish to discuss or have any questions regarding the items reviewed and the observations contained within this report, please contact me at 925-521-3960.

Best regards,



Wrally Dutkiewicz
Compliance Officer

CC: Lisa Driscoll, County Finance Director
David O. Livingston, Sheriff
Mary Jane Robb, Sheriff's Chief of Management Services
Sandra Brown, Director of Support Services

BACKGROUND

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

CCCERA administers the retirement benefits for the employees of Contra Costa County and participating District employers. Participating employers within the CCCERA retirement system provide payroll information and retirement contributions to fund the benefits for their employees. CCCERA establishes member accounts, processes service and disability applications, calculates retirement allowances, prepares monthly retirement benefit payment rolls, makes adjustments to retirement benefits when needed and prepares tax reporting records.

Retirement allowances are computed in accordance with statute using three factors: years of service, age at retirement, and final compensation. For Legacy (pre-PEPRA) members, final compensation is defined as the highest average annual compensation earnable (as defined in G.C. Section 31461) by a member during the last one or three consecutive years of employment depending on the member's Tier, unless the member elects a different period with a higher average. For PEPRA members, final compensation is defined as the highest average annual pensionable compensation (as defined in G.C. Section 7522.34) earned by the member during a period of 36 consecutive months.

The employer's knowledge of the rules relating to membership and payroll reporting facilitates the employer in providing CCCERA with appropriate employee information. Correct enrollment of eligible employees and correct reporting of payroll information are necessary for the accurate computation of a member's retirement allowance.

The Office of the Sheriff is a department of Contra Costa County. Its staff are County employees and their employment and compensation are set by the County Board of Supervisors. The Office of the Sheriff is the largest law enforcement agency in Contra Costa with over 1,100 sworn and professional employees who provide services to over 1,000,000 residents of Contra Costa County.¹ "Responsibilities include unincorporated area policing, contract cities (Danville, Lafayette, and Orinda) and special districts, air support (helicopters), marine patrol, dispatch, investigations, coroners, county detention facilities, custody alternative, court security, forensic services, police academy, and Office of Emergency Services."²

Per CCCERA records, the Office of the Sheriff had approximately 1,030 employees with active memberships in CCCERA in fiscal year 2016-2017 and 1,044 employees in fiscal year 2017-2018. For these employees the County reported pensionable compensation to CCCERA of approximately

¹ Office of the Sheriff Overview. Retrieved from: <http://www.cocosherriff.org/about/overview.htm>

² Office of the Sheriff Overview. Retrieved from: <http://www.cocosherriff.org/about/overview.htm>

Contra Costa County Office of the Sheriff

\$85,334,000 for fiscal year 2016-2017 and \$91,894,000 for fiscal year 2017-2018. The County submitted approximately \$12,810,000 in employee pension contributions and \$52,901,000 in employer pension contributions for fiscal year 2016-2017 and \$14,078,000 in employee pension contributions and \$55,276,000 in employer pension contributions for fiscal year 2017-2018. As of December 31, 2018, CCCERA had 997 retirees and beneficiaries on record for the Office of the Sheriff with a total paid benefit amount of approximately \$68,940,000 in 2018.

SCOPE

The 2013 Pension Reform legislation granted CCCERA the authority under Government Code Section 31543 to conduct audits of employers to ensure that employee and payroll information used in the calculation of retiree pension benefits is correct and verifiable. The scope of these on-site reviews includes:

- Correctness of retirement benefits;
- Reportable compensation;
- Enrollment in, and reinstatement to the system (GC 31543);
- Pensionable compensation (GC 31461 and GC 7522.34);
- Determine if employees convicted of certain felonies have forfeited benefits earned or accrued from the commission of the felony (GC 7522.72(g) and GC 7522.74(g));
- Review MOUs with respect to compensation and salary regulations (i.e. Vacation Sales, etc.);
- Determine if compensation is paid to enhance a member's retirement benefit (GC 31461(b)(1) and GC 7522.34(c)(1)); and
- Evaluate employer's compliance with restrictions on retirees returning to work (GC 7522.56, I.R.S. bona fide separation and normal retirement age rules).

The on-site review of the Office of the Sheriff was conducted on June 27, 2019. The review period encompassed active and retired employee records from 2016 through 2018.

OBSERVATIONS AND FINDINGS

ACCURACY OF PAYROLL INFORMATION PROVIDED TO CCCERA

➤ **Scope Item 1:** *Errors in employee payroll were observed during the audit period.*

PAYROLL AND REPORTING PROCESS AND RECEIVABLES REVIEW

Pursuant to Board of Retirement Regulations Section IV: Employer pensionable payroll and corresponding pension contributions are to be reported to the retirement system timely and accurately. (Contributions And Reporting, 2. Due Dates, 4. Employer Certification).

Due Dates:

Each employer shall report to the Association in a manner and frequency as determined by the Board sufficient for the Board to credit contributions and service to each member's record.

Unless otherwise specified, reports shall be due no later than the tenth of each month for the previous month's payroll and shall be accompanied by member and employer contributions. If the tenth of the month falls on a weekend or holiday, the due date shall be the last working day before the tenth. Reports, which are unreadable or incorrect, shall not be accepted and shall be returned to the employer. (Emphasis added.)

Reports and contributions received after the due date shall be considered late and subject to a late reporting penalty equal to: the prime rate in effect on the due date computed on a daily, non-compounding basis and applied to the contributions due.

➤ **Observation 1:** *Sample employee ID1 used 14.67 hours of vacation accrual in April 2018 but only 12.67 hours of vacation accrual were posted in PeopleSoft, the County's payroll system. Accrual amounts were verified with department payroll which included a note on the absence report form for the two (2) additional hours to be posted as historical adjustment in Kronos. The noted two (2) additional hours of vacation accrual use were not entered into Kronos.*

INPUT FILE REVIEW

Employer Certification

Each payroll and pension contribution report shall include or be accompanied by a certification, under penalty of perjury, as to its accuracy. The certification shall be made by a duly authorized representative of the employer. (Board of Retirement Regulations *Section IV, 4. Employer Certification.*)

- **Observation 2:** *The pension administration system demographic input files for 2017 contained two (2) enrollment entries each for twelve (12) "Deputy-Sheriff-Recruits", one when they were enrolled as recruits and one when they were promoted to "Deputy Sheriff-40 Hours" later in 2017. For 2018 enrollment entries were observed for eight (8) Deputy Sheriffs who were originally enrolled as recruits in November 2017. The change from recruit to full-time Deputy Sheriff is a promotion and should be submitted to CCCERA as a position change. Enrollment entries are for new hires or rehires when they become eligible for CCCERA membership.*

COMPENSATION LIMITS

Federal and state laws place annual limits on the compensation that can be used to determine contributions and benefits for CCCERA plan members.

Legacy Members:

- The Internal Revenue Code provides for dollar limitations on benefits and contributions under qualified retirement plans which are adjusted annually for cost-of-living increases.
- Members who commenced participation in CCCERA on or after January 1, 1996 are subject to the annual federal Internal Revenue Code Section 401(a)(17) compensation limit.
- For CERL benefit formulas (General Tiers 1, 3, Safety Tiers A & C), the 2018 calendar year compensation limit was increased by the I.R.S. to \$275,000 from \$270,000 for calendar year 2017.
- Members who commenced participation in CCCERA prior to January 1, 1996 are not subject to the Internal Revenue Code annual compensation limit.

PEPRA Members:

- For new employees who commenced participation in CCCERA on or after January 1, 2013 under PEPRA benefit formulas (General Tiers 4, 5, Safety Tiers D & E), the compensation which exceeds that annual pensionable compensation limit under California Government Code Section 7522.10(c) and (d) is not included in determining benefits or contributions.
- The 2018 calendar year PEPRA compensation limits are as follows:
 - For employees enrolled in Social Security – increased to \$121,388.
 - For employees not enrolled in Social Security – increased to \$145,666.
- The 2017 calendar year PEPRA compensation limits are as follows:
 - For employees enrolled in Social Security – increased to \$118,775.
 - For employees not enrolled in Social Security – increased to \$142,530.

- **Observation 3:** *For one PEPRA Safety employee compensation exceeding \$142,530 and contributions using the full salary as basis were reported in 2017. The review showed that in PeopleSoft an off-cycle pay check dated 12/29/2017 was processed with an adjustment. No evidence of this adjustment being reported to CCCERA was found in CPAS or the submitted input files. For the same employee compensation exceeding \$145,666 was reported in 2018. Contributions were correctly reported based on the compensation limit. CCCERA engaged with the County to address this issue. The input file generation workflow was revised starting at the beginning of 2019.*

PAYROLL REPORTING – PENSIONABLE COMPENSATION AND CONTRIBUTION REVIEW

Compensation Earnable Applicable Law for Legacy Members

"Compensation earnable" does not include, in any case, the following:

"Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise." (G.C. § 31461(b)(3).)

Pursuant to CCCERA's "Compensation Earnable Policy"³, Section III.D. "Compensation Earnable" excludes payments for additional services rendered outside of normal working hours.

Pay received for "overtime" is not included in "compensation earnable." To be included, the time for which compensation is received:

- (1) must be the normal working hours set forth in the applicable employment agreement;
- (2) must be required by the employer to be worked by the employee (as distinguished from voluntarily worked); and
- (3) must be ordinarily worked by all others in the same grade or classification at the same rate of pay during the FAS period.

Pay that will be reviewed under these conditions is often described as "standby" and "on-call." Employers must report to CCCERA as pensionable only that pay for work that is required of and ordinarily served by everyone in the same grade or classification, at the same rate of pay.

Pensionable Compensation Applicable Law for PEPRA members

PEPRA defines "pensionable compensation" as follows:

"Pensionable compensation" of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.

Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid. (Gov. Code Section 7522.34(a) and (b).)

PEPRA excludes from "pensionable compensation" the following:

- (1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.
- (2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit

³ <https://www.cccera.org/governance-and-policies>

of the member and which was converted to and received by the member in the form of a cash payment.

- (3) Any one-time or ad hoc payments made to a member.
- (4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.
- (5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
- (6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
- (7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.
- (8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code [FLSA].
- (9) Employer contributions to deferred compensation or defined contribution plans.
- (10) Any bonus paid in addition to the compensation described in subdivision (a) [of G.C. § 7522.34].
- (11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a) [of G.C. § 7522.34].
- (12) Any other form of compensation a public retirement board determines should not be pensionable compensation. (Gov. Code Section 7522.34(a) and (b).)

Pursuant to CCCERA's "Pensionable Compensation Policy"⁴, Section III:

The CCCERA Board has determined that "Pensionable Compensation" includes "base pay." Pensionable compensation does not include any pay other than base pay, in accordance with Govt. Code Sections 7522.34(c)(11) and (12).

Pensionable compensation (GC 31461 and 7522.34) is to be reported to the retirement system and the corresponding contributions are to be reported to the retirement system.

➤ **Observation 4:** None

⁴ <https://www.cccera.org/governance-and-policies>

SALARIES IN ACCORDANCE WITH PUBLICLY AVAILABLE PAY SCHEDULE

➤ **Scope Item 2:** *No exceptions were observed in this section.*

Pursuant to CCCERA's Policy On Determining "Pensionable Compensation"⁵ Under PEPR For Purposes Of Calculating Retirement Benefits, a "publicly available pay schedule" must meet all of the following requirements:

1. Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
2. Identifies the position title for every employee position;
3. Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;
4. Indicates the time base, including, but not limited to, whether the time base is hourly daily, bi-weekly, monthly, bi-monthly, or annually;
5. Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
6. Indicates an effective date and date of any revisions;
7. Is retained by the employer and available for public inspection for not less than five years; and
8. Does not reference another document in lieu of disclosing the pay rate.

➤ **Observation 5:** *None*

⁵ <https://www.cccera.org/governance-and-policies>

ENROLLMENT OF ELIGIBLE EMPLOYEES

➤ **Scope Item 3:** *No exceptions were observed in this section.*

1. Exclusion from Membership – By Type of Employment

- A. All officers and employees of the County or districts shall be members of the association as provided in Article 4 under Sections 31550-31567 of the County Employees' Retirement Law of 1937 (Gov. Code Secs. 31450, et seq. "CERL"), unless excluded from membership by this Section.
- B. The following employees shall be excluded from membership:
 - i. Temporary, seasonal or independent contract employees who are employed or re-employed for temporary service or at certain specified periods each year.
 - ii. Intermittent or permanent-intermittent employees who are appointed to serve less than 80% of the full number of working hours required of regular employees or who actually serve less than 80% of such full number of working hours in one year as certified by their appointing authority.
 - iii. Part-time employees whose service for the County or district is less than fifty (50) percent of the full number or working hours required of fulltime employees at that employer.
 - iv. Project employees, unless the appointing authority certifies that the project is expected to be of one year or more in duration on a greater than part-time basis.
 - v. Provisional employees, unless they otherwise meet the requirements for reciprocal benefits with other retirement systems under Article 15 of CERL.
- C. In making its determination regarding an employee's inclusion in or exclusion from membership, the Board will not rely solely upon the term given to the type of employment. Rather, the Board will rely upon such additional facts such as the nature of the employment, its expected or actual duration, and its relationship to what is considered full-time, permanent employment.

2. Exclusion from Membership – by Compensation

Except as otherwise herein provided, all employees of the County or district who receive compensation amounting to less than one-hundred (\$100) dollars per month, and in the case of employees paid on other than a monthly basis an average of one-hundred (\$100) dollars per month for the preceding year, including maintenance valued according to the schedule adopted by the governing body, are hereby excluded and exempted from membership in the Retirement Association. Any member of the Retirement Association whose salary is reduced to an amount less than one-hundred (\$100) dollars per

month shall have the option of continuing or discontinuing his/her active membership in the Association.

2.1 Exclusion from Membership – by Waiver

Newly hired employees age 60 and older may waive membership as authorized by Gov. Code Section 31552. Any such waiver of membership shall be effective only if it is submitted to the CCCERA Chief Executive Officer within 90 days of the employee's date of hire; provided, however, that the Chief Executive Officer may, in his/her sole and reasonable discretion, waive the time limitation if the newly hired employee establishes good cause for such a waiver.

3. Certifications

Every employee of the County or district within the county whose employees are members of the Association shall, upon entry into the Association, complete a sworn statement as provided for in Gov. Code Section 31526(b). A certified copy of the member's birth certificate or other evidence of birth may be required by the Board.

It shall be the employer's responsibility to assure compliance with this section. The Board shall assess the employer five hundred (\$500) dollars per employee for every month or fraction thereof that the required certification is not submitted. The Board shall notify the employer in writing of the imposition of assessment at least thirty days before the assessment.

➤ **Observation 6:** *The enrollment packet for one employee hired in 2018 was not received at the time of the audit. The Office of the Sheriff completed a new enrollment packet which was received by CCCERA on September 13, 2019.*

PENSION BENEFIT REVIEW

- **Scope Item 4:** *The department's procedure to monitor retirees returning to work did not succeed in preventing an erroneous posting of hours for one retiree in fiscal year 2016-2017 and another retiree working excess hours over the 960-hour limit in fiscal year 2017-2018.*

REVIEW OF PENSION BENEFIT CALCULATIONS

- a. Compensation Policies
 - i. *Policy On Determining "Compensation Earnable Under Assembly Bill 197 For Purposes Of Calculating Retirement Benefits For "Legacy" (Pre-PEPRA) Members – Adopted: 9/10/2014; GC 31461;*
 - ii. *Policy On Determining "Pensionable Compensation" Under PEPRA For Purposes Of Calculating Retirement Benefits - Adopted: 9/10/2014; GC 7522.34;*
 - iii. *Policy Regarding Assessment and Determination Of Compensation Enhancements – Adopted 11/1/2012, Amended: 3/8/2017; GC 31461(b)(1) and 7522.34(c)(1)*

- **Observation 7:** *None*

RETIREE RETURN TO WORK MONITORING

- b. Retiree Return to Work Monitoring
 - i. GC 7522.56 Retired Persons; Service and Employment Restrictions

- **Observation 8:** *a) In fiscal year 2016-2017 one (1) retiree who returned to work for the Office of the Sheriff appeared to exceed 960 hours by 14.25 hours. The employer-provided Kronos (County timekeeping system) report showed that 77 hours were entered into Kronos for the work day 8/30/2016 instead of the seven (7) hours reported on the timecard. After subtracting the erroneously paid 70 hours, the fiscal year 2016-2017 total hours worked by the retiree does not exceed the 960-hour limit.*
b) In fiscal year 2017-2018, per an annual report provided by the Auditor-Controller's Office, one (1) other retiree exceeded the 960-hour limit by 66.5 hours. The Office of the Sheriff confirmed the occurrence and that the retiree and responsible management were advised of the exception. The training on County Policy which requires that annuitants do not work more than 900 hours in a fiscal year, was repeated. Responsible management was required to monitor hours for all retirees who returned to work for the Office of the Sheriff.

FORFEITURE OF BENEFITS EARNED OR ACCRUED FROM THE COMMISSION OF A FELONY

- c. Felony Forfeiture Monitoring and Notification – GC 7522.72(g) and GC 7522.74(g)

- **Observation 9:** *None*

INTERNAL REVENUE CODE SECTION 415 COMPLIANCE

As adopted on December 8, 2010 and amended on January 9, 2013 and July 11, 2018.

➤ **Observation 10:** *None*

FOLLOW-UP ITEMS

The following items were noted during the course of the review and require follow-up by the Department and CCCERA:

1. **Accuracy of Payroll Information Provided to CCCERA:** Please advise what steps department payroll will take to ensure that all hours worked, and accrual use are reviewed, and verified when being entered into the County's timekeeping system.
2. **Enrollment:** CCCERA requests that promotions from recruit to Deputy Sheriff are submitted as position changes going forward.

EMPLOYER REPLY

The following reply was received from the Office of the Sheriff by CCCERA:



CONTRA COSTA COUNTY OFFICE OF THE SHERIFF
DAVID O. LIVINGSTON
SHERIFF - CORONER

November 12, 2019

Mr. Wrally Dutkiewicz
Contra Costa County Employee Retirement Association
1200 Concord Ave., Suite 300
Concord, CA 94520

Dear Mr. Dutkiewicz,

This letter is in response to the Employer-Audit Report – Contra Costa County Office of the Sheriff Pensionable Compensation, Contributions and Reporting Audit dated November 1, 2019. Two (2) follow-up items were identified during the audit.

The Office of the Sheriff has reviewed the two (2) follow-up items and our responses are listed below.

Follow-Up Items:

- 1. Accuracy of Payroll Information Provided to CCCERA:** *Please advise what steps the department payroll will take to ensure that all hours worked, and accrual use are reviewed, and verified when being entered into the County's Timekeeping system.*

The Office of the Sheriff will review payroll processing regulations with staff to ensure accuracy when manually entering information into the County's Timekeeping System. In addition, all attempts will be made to contact the County's Auditor-Controller's Office timely should an error be discovered to ensure corrections can be made within the timeline set forth by the appropriate Memorandum of Understanding.

- 2. Enrollment:** *CCCERA requests that promotions from recruit to Deputy Sheriff are submitted as position changes going forward.*

The Office of the Sheriff does not have the authority to contact CCCERA regarding employee employment changes; this is handled by the County's Human Resources (HR) Department. The Office will reach out to County HR to notify them of CCCERA request.

651 PINE STREET • MARTINEZ, CALIFORNIA 94553 • 925-335-1500 • FAX 925-335-1508

Contra Costa County Office of the Sheriff

In closing, I want to extend our appreciation for the efforts of CCCERA and Ms. Kristina Dohn particularly for her patience, hard work and pleasant and helpful manner in working with our staff. The Office of the Sheriff will make every effort to achieve meaningful implementation of the recommendations contained in the audit report.

Sincerely, -:-

David O. Livingston, Sheriff-Coroner



M.J. Robb, Sheriff's Chief of Management Services

CC: Michael V. Casten, Undersheriff



<p><u>Meeting Date</u> 12/11/19 <u>Agenda Item</u> #16</p>

MEMORANDUM

Date: December 11, 2019
To: CCCERA Board of Retirement
From: Wrally Dutkiewicz, Compliance Officer
Subject: Contra Costa County Probation Department Employer Audit Report

Background

The Contra Costa County Probation Department is a County Department. Its staff are County employees and their employment and compensation are set by the County Board of Supervisors.

Between April and September 2019 an employer audit was performed on Contra Costa County Probation Department. Onsite reviews were performed at each of the Department's payroll-producing office locations as follows: Field Services on June 20, 2019; The Ranch on June 21, 2019; and Juvenile Hall on June 25, 2019.

The employer audit scope items include the following:

- Accuracy of Payroll Information Provided to CCCERA;
- Salaries In Accordance with Publicly Available Pay Schedules;
- Enrollment of All Eligible Employees;
- Pension Benefit Review;
- Internal Revenue Code 415 Limits;
- Retiree Return to Work Monitoring; and
- Forfeiture of Benefits Earned or Accrued from the Commission of a Felony.

Follow Up Items

The Employer Audit Report was presented to the CCCERA Audit Committee at its November 20, 2019 meeting.

The County, as the employer of the Probation Department, responded to the employer audit report on November 8, 2019, which stated that the employer agreed with the findings and has no questions nor comments.

The following items were noted during the course of the review and require follow-up by the Probation Department:

- **Enrollment:** Please advise which steps the Probation Department will take to ensure that complete enrollment packets for all Probation Department new hires are provided to CCCERA.

In its November 13, 2019 response, the Probation Department stated new employees will be filling out the new retirement enrollment form as part of the on-boarding process and the Probation personnel staff will return the completed packet directly to CCCERA. The Department also created a checklist for its on-boarding process that includes the completion of the CCCERA enrollment packet.



Contra Costa County Employees'
Retirement Association

EMPLOYER AUDIT REPORT

November 13, 2019

EMPLOYER AUDIT

Contra Costa County Probation Department

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November 13, 2019

David Twa
Contra Costa County Administrator
651 Pine Street, 10th Floor
Martinez, CA 94553

RE: Employer Audit Report – Contra Costa County Probation Department Pensionable Compensation, Contribution and Reporting Audit

Dear Mr. Twa,

Enclosed is the employer audit report of the Contra Costa County Probation Department (Probation Department) pensionable compensation, contribution and reporting audit, conducted pursuant to Government Code Section 31543. I want to thank you and all Probation Department staff for their assistance in gathering all the records and documents and making them readily available during this audit. This cooperation was greatly appreciated and allowed for the audit to be completed in an efficient manner.

The *Employer Audit Report* is enclosed for your review. Contained in the report is a list of Follow-Up Items that were noted during the audit and for the Probation Department to address. CCCERA is in receipt of a written response from the Probation Department dated November 13, 2019 pertaining to the “*Follow-Up Items*” indicated in the report. This response will be included in the “*Final Report*” which will be submitted to CCCERA’s Audit Committee for its review.

This report will be placed on the agenda and will be presented to the CCCERA Board of Retirement Audit Committee at its Wednesday, November 20, 2019 meeting.



Contra Costa County Probation Department

In addition, I would like to extend my gratitude to Contra Costa County payroll and human resources staff and the courtesy that they extended to CCCERA compliance staff during the review. Should you wish to discuss or have any questions regarding the items reviewed and the observations contained within this report, please contact me at 925-521-3960.

Best regards,



Wrally Dutkiewicz
Compliance Officer

CC: Lisa Driscoll, County Finance Director
Todd Billeci, County Probation Officer
Danielle Fokkema, Chief of Administrative Services
Robin Otis, Executive Secretary

BACKGROUND

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

CCCERA administers the retirement benefits for the employees of Contra Costa County and participating District employers. Participating employers within the CCCERA retirement system provide payroll information and retirement contributions to fund the benefits for their employees. CCCERA establishes member accounts, processes service and disability applications, calculates retirement allowances, prepares monthly retirement benefit payment rolls, makes adjustments to retirement benefits when needed and prepares tax reporting records.

Retirement allowances are computed in accordance with statute using three factors: years of service, age at retirement, and final compensation. For Legacy (pre-PEPRA) members, final compensation is defined as the highest average annual compensation earnable (as defined in G.C. Section 31461) by a member during the last one or three consecutive years of employment depending on the member's Tier, unless the member elects a different period with a higher average. For PEPRA members, final compensation is defined as the highest average annual pensionable compensation (as defined in G.C. Section 7522.34) earned by the member during a period of 36 consecutive months.

The employer's knowledge of the rules relating to membership and payroll reporting facilitates the employer in providing CCCERA with appropriate employee information. Correct enrollment of eligible employees and correct reporting of payroll information are necessary for the accurate computation of a member's retirement allowance.

The Probation Department is a department of Contra Costa County. Its staff are County employees and their employment and compensation are set by the County Board of Supervisors. The Probation Department operates Field Services offices located throughout the county that offer services for adults and juveniles.¹ In addition, "the Probation Department operates four treatment programs for the youth of Contra Costa County, John A. Davis Juvenile Hall, The Orin Allen Youth Rehabilitation Center, Home Supervision and Sexual Abuse Prevention Detection and Response".²

Per CCCERA records, the Probation Department had approximately 330 employees with active memberships in CCCERA in fiscal years 2016-2017 and 2017-2018. For these employees the County reported pensionable compensation to CCCERA of approximately \$23,340,000 for fiscal year 2016-2017 and \$23,980,000 for fiscal year 2017-2018. The County submitted approximately \$4,008,000 in employee pension contributions and \$16,220,000 in employer pension contributions for fiscal year

¹ <https://www.contracosta.ca.gov/703/Field-Services>

² <https://www.contracosta.ca.gov/677/Institutions>

Contra Costa County Probation Department

2016-2017 and \$4,124,000 in employee pension contributions and \$16,195,000 in employer pension contributions for fiscal year 2017-2018. As of December 31, 2018, CCCERA had 393 retirees and beneficiaries on record for the Probation Department with a total paid benefit amount of approximately \$19,854,000 in 2018.

SCOPE

The 2013 Pension Reform legislation granted CCCERA the authority under Government Code Section 31543 to conduct audits of employers to ensure that employee and payroll information used in the calculation of retiree pension benefits is correct and verifiable. The scope of these on-site reviews includes:

- Correctness of retirement benefits;
- Reportable compensation;
- Enrollment in, and reinstatement to the system (GC 31543);
- Pensionable compensation (GC 31461 and GC 7522.34);
- Determine if employees convicted of certain felonies have forfeited benefits earned or accrued from the commission of the felony (GC 7522.72(g) and GC 7522.74(g));
- Review MOUs with respect to compensation and salary regulations (i.e. Vacation Sales, etc.);
- Determine if compensation is paid to enhance a member's retirement benefit (GC 31461(b)(1) and GC 7522.34(c)(1)); and
- Evaluate employer's compliance with restrictions on retirees returning to work (GC 7522.56, I.R.S. bona fide separation and normal retirement age rules).

An on-site review was conducted for each of the Probation Department's three payroll-processing locations, Field Services on June 20, 2019, Orin Allen Youth Rehabilitation Center on June 21, 2019 and Juvenile Hall on June 25, 2019. The review period encompassed active and retired employee records from 2016 through 2018.

OBSERVATIONS AND FINDINGS

ACCURACY OF PAYROLL INFORMATION PROVIDED TO CCCERA

- **Scope Item 1:** *The Probation Department did not provide all requested timekeeping records. An error in employee payroll was observed during the audit period.*

PAYROLL AND REPORTING PROCESS AND RECEIVABLES REVIEW

Pursuant to Board of Retirement Regulations Section IV: Employer pensionable payroll and corresponding pension contributions are to be reported to the retirement system timely and accurately. (Contributions And Reporting, 2. Due Dates, 4. Employer Certification).

Due Dates:

Each employer shall report to the Association in a manner and frequency as determined by the Board sufficient for the Board to credit contributions and service to each member's record.

Unless otherwise specified, reports shall be due no later than the tenth of each month for the previous month's payroll and shall be accompanied by member and employer contributions. If the tenth of the month falls on a weekend or holiday, the due date shall be the last working day before the tenth. Reports, which are unreadable or incorrect, shall not be accepted and shall be returned to the employer. (Emphasis added.)

Reports and contributions received after the due date shall be considered late and subject to a late reporting penalty equal to: the prime rate in effect on the due date computed on a daily, non-compounding basis and applied to the contributions due.

- **Observation 1:** *a) The Probation Department was not able to provide November 2016 timecards for four (4) sample employees.
b) Sample employee ID8 worked 0.67 hours of overtime in November 2016 that was erroneously entered as holiday comp hours earned into PeopleSoft, the County's payroll system.*

INPUT FILE REVIEW

Employer Certification

Each payroll and pension contribution report shall include or be accompanied by a certification, under penalty of perjury, as to its accuracy. The certification shall be made by a duly authorized representative of the employer. (Board of Retirement Regulations *Section IV, 4. Employer Certification*.)

- **Observation 2:** *None.*

COMPENSATION LIMITS

Federal and state laws place annual limits on the compensation that can be used to determine contributions and benefits for CCCERA plan members.

Legacy Members:

- The Internal Revenue Code provides for dollar limitations on benefits and contributions under qualified retirement plans which are adjusted annually for cost-of-living increases.
- Members who commenced participation in CCCERA on or after January 1, 1996 are subject to the annual federal Internal Revenue Code Section 401(a)(17) compensation limit.
- For CERL benefit formulas (General Tiers 1, 3, Safety Tiers A & C), the 2018 calendar year compensation limit was increased by the I.R.S. to \$275,000 from \$270,000 for calendar year 2017.
- Members who commenced participation in CCCERA prior to January 1, 1996 are not subject to the Internal Revenue Code annual compensation limit.

PEPRA Members:

- For new employees who commenced participation in CCCERA on or after January 1, 2013 under PEPRA benefit formulas (General Tiers 4, 5, Safety Tiers D & E), the compensation which exceeds that annual pensionable compensation limit under California Government Code Section 7522.10(c) and (d) is not included in determining benefits or contributions.
- The 2018 calendar year PEPRA compensation limits are as follows:
 - For employees enrolled in Social Security – increased to \$121,388.
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- The 2017 calendar year PEPRA compensation limits are as follows:
 - For employees enrolled in Social Security – increased to \$118,775.
 - For employees not enrolled in Social Security – increased to \$142,530.

➤ **Observation 3:** None.

PAYROLL REPORTING – PENSIONABLE COMPENSATION AND CONTRIBUTION REVIEW

Compensation Earnable Applicable Law for Legacy Members

"Compensation earnable" does not include, in any case, the following:

"Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise." (G.C. § 31461(b)(3).)

Contra Costa County Probation Department

Pursuant to CCCERA's "Compensation Earnable Policy"³, Section III.D. "Compensation Earnable" excludes payments for additional services rendered outside of normal working hours.

Pay received for "overtime" is not included in "compensation earnable." To be included, the time for which compensation is received:

- (1) must be the normal working hours set forth in the applicable employment agreement;
- (2) must be required by the employer to be worked by the employee (as distinguished from voluntarily worked); and
- (3) must be ordinarily worked by all others in the same grade or classification at the same rate of pay during the FAS period.

Pay that will be reviewed under these conditions is often described as "standby" and "on-call." Employers must report to CCCERA as pensionable only that pay for work that is required of and ordinarily served by everyone in the same grade or classification, at the same rate of pay.

Pensionable Compensation Applicable Law for PEPRA members

PEPRA defines "pensionable compensation" as follows:

"Pensionable compensation" of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.

Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid. (Gov. Code Section 7522.34(a) and (b).)

PEPRA excludes from "pensionable compensation" the following:

- (1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.
- (2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.
- (3) Any one-time or ad hoc payments made to a member.
- (4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.
- (5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.

³ <https://www.cccera.org/governance-and-policies>

Contra Costa County Probation Department

- (6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
- (7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.
- (8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code [FLSA].
- (9) Employer contributions to deferred compensation or defined contribution plans.
- (10) Any bonus paid in addition to the compensation described in subdivision (a) [of G.C. § 7522.34].
- (11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a) [of G.C. § 7522.34].
- (12) Any other form of compensation a public retirement board determines should not be pensionable compensation. (Gov. Code Section 7522.34(a) and (b).)

Pursuant to CCCERA's "Pensionable Compensation Policy"⁴, Section III:

The CCCERA Board has determined that "Pensionable Compensation" includes "base pay." Pensionable compensation does not include any pay other than base pay, in accordance with Govt. Code Sections 7522.34(c)(11) and (12).

Pensionable compensation (GC 31461 and 7522.34) is to be reported to the retirement system and the corresponding contributions are to be reported to the retirement system.

➤ **Observation 4: None.**

⁴ <https://www.cccera.org/governance-and-policies>

SALARIES IN ACCORDANCE WITH PUBLICLY AVAILABLE PAY SCHEDULE

➤ **Scope Item 2:** *No exceptions were observed in this section.*

Pursuant to CCCERA's Policy On Determining "Pensionable Compensation"⁵ Under PEPR For Purposes Of Calculating Retirement Benefits, a "publicly available pay schedule" must meet all of the following requirements:

1. Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
2. Identifies the position title for every employee position;
3. Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;
4. Indicates the time base, including, but not limited to, whether the time base is hourly daily, bi-weekly, monthly, bi-monthly, or annually;
5. Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
6. Indicates an effective date and date of any revisions;
7. Is retained by the employer and available for public inspection for not less than five years; and
8. Does not reference another document in lieu of disclosing the pay rate.

➤ **Observation 5:** *None.*

⁵ <https://www.cccera.org/governance-and-policies>

ENROLLMENT OF ELIGIBLE EMPLOYEES

➤ **Scope Item 3:** CCCERA did not receive all expected Probation Department enrollment packets for the audit period.

1. Exclusion from Membership – By Type of Employment

- A. All officers and employees of the County or districts shall be members of the association as provided in Article 4 under Sections 31550-31567 of the County Employees' Retirement Law of 1937 (Gov. Code Secs. 31450, et seq. "CERL"), unless excluded from membership by this Section.
- B. The following employees shall be excluded from membership:
 - i. Temporary, seasonal or independent contract employees who are employed or re-employed for temporary service or at certain specified periods each year.
 - ii. Intermittent or permanent-intermittent employees who are appointed to serve less than 80% of the full number of working hours required of regular employees or who actually serve less than 80% of such full number of working hours in one year as certified by their appointing authority.
 - iii. Part-time employees whose service for the County or district is less than fifty (50) percent of the full number or working hours required of fulltime employees at that employer.
 - iv. Project employees, unless the appointing authority certifies that the project is expected to be of one year or more in duration on a greater than part-time basis.
 - v. Provisional employees, unless they otherwise meet the requirements for reciprocal benefits with other retirement systems under Article 15 of CERL.
- C. In making its determination regarding an employee's inclusion in or exclusion from membership, the Board will not rely solely upon the term given to the type of employment. Rather, the Board will rely upon such additional facts such as the nature of the employment, its expected or actual duration, and its relationship to what is considered full-time, permanent employment.

2. Exclusion from Membership – by Compensation

Except as otherwise herein provided, all employees of the County or district who receive compensation amounting to less than one-hundred (\$100) dollars per month, and in the case of employees paid on other than a monthly basis an average of one-hundred (\$100) dollars per month for the preceding year, including maintenance valued according to the schedule adopted by the governing body, are hereby excluded and exempted from membership in the Retirement Association. Any member of the Retirement Association whose salary is reduced to an amount less than one-hundred (\$100) dollars per

Contra Costa County Probation Department

month shall have the option of continuing or discontinuing his/her active membership in the Association.

2.1 Exclusion from Membership – by Waiver

Newly hired employees age 60 and older may waive membership as authorized by Gov. Code Section 31552. Any such waiver of membership shall be effective only if it is submitted to the CCCERA Chief Executive Officer within 90 days of the employee's date of hire; provided, however, that the Chief Executive Officer may, in his/her sole and reasonable discretion, waive the time limitation if the newly hired employee establishes good cause for such a waiver.

3. Certifications

Every employee of the County or district within the county whose employees are members of the Association shall, upon entry into the Association, complete a sworn statement as provided for in Gov. Code Section 31526(b). A certified copy of the member's birth certificate or other evidence of birth may be required by the Board.

It shall be the employer's responsibility to assure compliance with this section. The Board shall assess the employer five hundred (\$500) dollars per employee for every month or fraction thereof that the required certification is not submitted. The Board shall notify the employer in writing of the imposition of assessment at least thirty days before the assessment.

➤ **Observation 6:** *CCCERA did not receive enrollment packets for two (2) Probation Department employees hired in 2017 and for four (4) Probation Department employees hired in 2018. In addition, CCCERA received three (3) incomplete Probation Department enrollment packets in 2017 and 2018 that were missing the employer certification. The Probation Department advised that four (4) of the six (6) identified employees no longer work for Contra Costa County. The remaining two (2) enrollment packets and the previously incomplete packets will be provided to CCCERA by the department.*

The employer certifications for the three (3) incomplete enrollment packets were received by CCCERA on November 12, 2019. The Probation Department completed new enrollment packets for the two employees who still work for the department of which CCCERA has received one on November 6. The other packet has not been received.

PENSION BENEFIT REVIEW

➤ **Scope Item 4:** No exceptions were observed in this section.

REVIEW OF PENSION BENEFIT CALCULATIONS

- a. Compensation Policies
 - i. Policy On Determining “Compensation Earnable Under Assembly Bill 197 For Purposes Of Calculating Retirement Benefits For “Legacy” (Pre-PEPRA) Members – Adopted: 9/10/2014; GC 31461;
 - ii. Policy On Determining “Pensionable Compensation” Under PEPRA For Purposes Of Calculating Retirement Benefits - Adopted: 9/10/2014; GC 7522.34;
 - iii. Policy Regarding Assessment and Determination Of Compensation Enhancements – Adopted 11/1/2012, Amended: 3/8/2017; GC 31461(b)(1) and 7522.34(c)(1)

➤ **Observation 7:** None.

RETIREE RETURN TO WORK MONITORING

- b. Retiree Return to Work Monitoring
 - i. GC 7522.56 Retired Persons; Service and Employment Restrictions

➤ **Observation 8:** None.

FORFEITURE OF BENEFITS EARNED OR ACCRUED FROM THE COMMISSION OF A FELONY

- c. Felony Forfeiture Monitoring and Notification – GC 7522.72(g) and GC 7522.74(g)

➤ **Observation 9:** None.

INTERNAL REVENUE CODE SECTION 415 COMPLIANCE

As adopted on December 8, 2010 and amended on January 9, 2013 and July 11, 2018.

➤ **Observation 10:** None.

FOLLOW-UP ITEMS

The following items were noted during the course of the review and require follow-up by the Department and CCCERA:

1. **Enrollment:** Please advise which steps the Probation Department will take to ensure that complete enrollment packets for all Probation Department new hires are provided to CCCERA.

EMPLOYER REPLY

The following reply was received from the Probation Department by CCCERA:

Probation Department Offices

Martinez Office
50 Douglas Drive, Suite 200
925-313-4000



Todd Billeci
CHIEF PROBATION OFFICER

TO: Wrally Dutkiewicz, Compliance Officer
FROM: Todd Billeci, Chief Probation Officer
By: Robin Otis, Executive Secretary *RO*
DATE: November 13, 2019
SUBJECT: Employer Audit – Contra Costa County

Contra Costa County acknowledges receipt of the employer audit report of the Contra Costa County Probation Department (Probation Department) pensionable compensation, contribution and reporting audit, conducted pursuant to Government Code Section 31543. Probation staff would like to thank all of CCCERA staff for their willingness to answer our questions during this process.

The following item was noted during the course of the review and require follow-up by the Department and CCCERA:

1. Enrollment: Please advise which steps the Probation Department will take to ensure that complete enrollment packets for all Probation Department new hires are provided to CCCERA.

During the audit period, Probation personnel staff provided new employees with the CCCERA enrollment packets. It was the responsibility of the employee to ensure that the packet was completed and returned to the Human Resources Department (who would then transmit the packet to CCCERA).

This audit has highlighted the fact that the existing process did not work well. Now employees will be filling it out as part of the on-boarding process and the Probation personnel staff will return the completed packet directly to CCCERA. We have created a checklist for our on-boarding process that includes the completion of the CCCERA packet.

The Probation Department is confident that the new process for handling CCCERA enrollment packets will ensure that all packets are submitted to CCCERA in a timely manner.

Meeting Date
12/11/19
Agenda Item
#18a.



SIT INVESTMENT ASSOCIATES, INC.

38TH ANNUAL CLIENT WORKSHOP
THE PARK HYATT AVIARA RESORT, CARLSBAD, CALIFORNIA
FEBRUARY 13- 16, 2020

SPEAKER BIOS – AS OF 11/19/19

Dr. Casey Bennett – Artificial Intelligence in Healthcare: Shifting Sands and Future Opportunities. – Senior Data Scientist for Cigna and Adjunct Professor at DePaul University in the College of Computing and Digital Media. Previously, Dr. Bennett was a data scientist at CVS Health and Centerstone, the largest clinic-based behavioral healthcare provider in the U.S. More recently, he served as Chief Scientific Officer at a startup, leading technical development of AI-driven clinical decision support technology for mental health, diabetes, and other chronic illnesses in both payor and at-risk provider systems. Dr. Bennett’s current research focuses on artificial intelligence in clinical decision-making for chronic illness, robotic companions for elderly people with dementia and aging-related issues, and development of robotic sensor systems for monitoring in-home patient health.

Mr. Charles E. Cook, Jr. - The 2020 Elections and a View of the National Political Scene. Editor and Publisher of the Cook Political Report and a political analyst for NBC News and *National Journal*, where he writes a twice weekly column. Charlie is considered one of the nation’s leading authorities on American politics and U.S. elections. In 2010, he was a co-recipient of the American Political Science Association’s prestigious Carey McWilliams award to honor “a major journalistic contribution to our understanding of politics.” He founded the Cook Political Report in 1984 and in 1986 became a columnist for *Roll Call*, the newspaper of Capitol Hill, where his column continued until 1998 when he moved it to the *National Journal*. Charlie has been an election night analyst in every election since the 1980’s, for CNN and CBS, and since 1994 for NBC News. He has appeared on all three major broadcast networks’ evening news programs, as well as ABC’s “This Week” and NBC’s “Meet the Press.”

Dr. Dov Fox – The Future of Genetic Privacy: Using Ancestry Databases to Investigate Crime. Herzog Endowed Scholar and Professor of Law at the University of San Diego, where he founded and directs the Center for Health Law Policy & Bioethics. Fox has authored dozens of articles in leading journals of law, medicine, and bioethics. His op-eds and scholarship have appeared in Vox, Slate, Atlantic, Washington Post, and the New York Times. Fox has provided on-air legal analysis for CNN, NPR, CBS This Morning, NBC Nightly News, and The Today Show. His latest book, *Birth Rights and Wrongs: How Medicine and Technology are Remaking Reproduction and the Law* (Oxford University Press, 2019), is a finalist for several national book prizes.

Mr. Daniel S. Friedberg – The Rise of FinTech: Payments and Beyond. Counsel at Fenwick & West LLP with more than twenty years of experience representing an expansive range of businesses in financial regulatory matters, including banking and non-banking companies. His financial technology practice includes representation of companies that are money transmitters, digital currency issuers and mobile payment providers. He also counsels online gaming companies on the compliance of game technologies, game mechanics and gameplay with state and federal gambling laws.

Dr. Gary Gereffi – Beyond Trade Wars: What Can We Learn from Global Value Chain Analysis About Today’s Capitalism? Professor of Sociology and Director of the Global Value Chains Center at Duke University. Gereffi has published numerous books and articles on globalization, industrial upgrading, and social and economic development, and is one of the originators of the global value chains framework. His current projects include (1) the impact of U.S. protectionism on jobs and regional trade agreements; (2) evaluating how the digital economy and Industry 4.0 are likely to affect international business strategies and industrial upgrading; and (3) shifting regional interdependencies in East Asia and North America, with a focus on China, South Korea and Mexico vis-à-vis the United States.

Mr. Daniel T. Griswold – Immigration in America: Myths and Realities. Senior Research Fellow at the Mercatus Center at George Mason University and Co-Director of its Trade and Immigration Project. Griswold is a nationally recognized expert on trade and immigration policy. He is the author of the 2009 book, *Mad about Trade: Why Main Street America Should Embrace Globalization*. He has authored numerous studies, testified before congressional committees, commented for CNBC, CSPAN, Fox News and other TV and radio outlets, and written articles for *The Wall Street Journal*, *the Los Angeles Times*, and other publications. Griswold holds a bachelor’s degree in journalism from the University of Wisconsin at Madison and a Masters in the Politics of the World Economy from the London School of Economics and Political Science.

Dr. Sidney L. Jones – Economic Prospects and Policies. Jones served Presidents Nixon, Ford, Reagan, and Bush -- twice as Assistant Secretary of the Treasury. He also served as Under Secretary of Commerce, Senior Economist at the Council of Economic Advisers, Minister-Counselor to NATO, Deputy Assistant to the President for Economic Policy, and Assistant to the Chairman of the Board of Governors of the Federal Reserve System. He has taught finance and public policy at The University of Michigan and other major universities and has authored several publications dealing with U.S. and international economic policy.

Dr. James L. Kirkland – Interventions that Target the Aging Process: The Potential for Expanding Health Span. Director of the Robert and Arlene Kogod Center on Aging at Mayo Clinic and Noaber Foundation Professor of Aging Research. Dr. Kirkland’s research is on cellular senescence, age-related adipose tissue and metabolic dysfunction, and development of agents and strategies for targeting fundamental aging mechanisms to treat age-related chronic diseases and disabilities. He published the first article about drugs that clear senescent cells – senolytic agents. He is a scientific advisory board member for several companies and academic organizations. He is President-Elect of the American Federation for Aging Research, has been a member of the National Advisory Council on Aging of the National Institutes of Health, and past chair of the Biological Sciences Section of the Gerontological Society of America. He holds honorary appointments at Boston University and the University of Groningen in the Netherlands. He is a board-certified specialist in internal medicine, geriatrics, and endocrinology and metabolism.

Dr. John J. Mearsheimer – The Rise and Fall of the Liberal International Order. R. Wendell Harrison Distinguished Service Professor of Political Science at the University of Chicago, where he has taught since 1982. Mearsheimer graduated from West Point (1970) and has a PhD in political science from Cornell University (1981). He has written extensively about security issues and international politics, including several books, numerous articles and op-eds that have appeared in *International Security*, *London Review of Books*, *Foreign Affairs*, *The Financial Times*, and the *New York Times*. He was elected to the American Academy of Arts and Sciences in 2003.

Mr. Gregory Nersessian, CFA – Medicare for All and the Climate for Comprehensive Healthcare Reform: Evaluating the Impact on Payers, Providers and Patients. Managing Director of Health Management Associates (HMA), an independent national research and consulting firm in the health care industry. Nersessian joined HMA after serving as a senior analyst in the equity research department at Credit Suisse, where he focused on the Medicaid managed care sector. He also worked at Lehman Brothers with primary coverage responsibilities for the Medicaid managed care and disease management industries. A thought leader in this area, Dr. Nersessian was voted a “Top Up and Comer” in the 2005 Institutional Investor equity research poll.

Mr. Brian Richter – Chasing Water in a Dynamically Changing World. President of Sustainable Waters, a global water education organization where he promotes sustainable water use and management with governments, corporations, universities, and local communities. Richter previously served as Chief Scientist for the Global Water Program of The Nature Conservancy, an international conservation organization. He serves as a water advisor to some of the world’s largest corporations, investment banks, and the United Nations, and has testified before the U.S. Congress on multiple occasions. He also teaches a course on Water Sustainability at the University of Virginia.

Dr. Anthony Saich – What is Happening in Hong Kong? Director of the Ash Center for Democratic Governance and Innovation and Daewoo Professor of International Affairs at Harvard University. Dr. Saich is a trustee member of the National Committee on U.S.-China Relations, AMC Entertainment Inc., Chair of the China Medical Board, and International Bridges to Justice. Dr. Saich is also the U.S. Secretary-General of the China United States Strategic Philanthropy and sits on several executive committees at Harvard.

Dr. Ray Takeyh – How Combustible is the Middle East? Hasib J. Sabbagh senior fellow for Middle East Studies at the Council on Foreign Relations (CFR). His areas of specialization are Iran, political reform in the Middle East, and Islamist movements and parties. Prior to joining CRF, Takeyh was senior advisor on Iran at the Department of State and previously a fellow at the Washington Institute for Near East Policy. He has authored several books and written more than 250 articles and op-eds in many news outlets including *Foreign Affairs*, the *New York Times*, and the *Washington Post*.

Dr. Jean M. Twenge – Marketing to Millennials and iGen. Researcher and Professor of Psychology at San Diego State University, Dr. Twenge has widely researched millennials, Gen X, Gen Y, Gen Z and iGen. Drawing from nationally representative surveys of 11 million young people, as well as in-depth interviews, her recent book, *iGen*, is the first book to document the cultural changes shaping today’s teens and young adults, documenting how their changed world has impacted their attitudes, worldviews, and mental health.



SIT INVESTMENT ASSOCIATES, INC.
38TH ANNUAL CLIENT WORKSHOP – REGISTRATION FORM
FEBRUARY 13 – 16, 2020
PARK HYATT AVIARA RESORT, CARLSBAD, CA

CLIENT

Complete and return this form in its entirety no later than Monday, December 16, 2019 to Debbie Beaudet: Email dkb@sitinvest.com. If you have any questions, please call Debbie at 612-359-2528. Please complete and return this form whether or not you are able to attend.

Your Name: _____ Name of spouse/guest if attending: _____

I will be attending: I will NOT be attending:

Organization: _____ Title: _____

Address: _____

City, State, Zip: _____ Email Address: _____

Business Phone: _____ Cell Phone: _____

Arrival Date: _____ Departure Date: _____

Arrival Airport / Airline/Flight # / Arrival Time: _____ Departure Airport /Airline/Flight# / Flight Time: _____

Recommended airport is San Diego Airport (SAN)

Ground transportation to/from airport: **(please check one)**

I will be driving or renting a car. Estimated Arrival Time at Resort: _____ I need ground transportation to/from the airport. Ground transportation shuttle service will be provided.

HOTEL: Sit Investment will make a room reservation in your name at The Park Hyatt Resort
Standard Room Rate: \$340.00 (+ applicable taxes)

Do you need a hotel room? Yes No (Please circle)

Room Preference: ___ 2 Double Beds ___ King ___ Extra Person
 (We will do our best to accommodate your request)

If you have any special needs (dietary or accommodations), please provide detail: _____

RECREATIONAL ACTIVITIES

Please provide details below:

	<u>Friday (scramble)</u>		<u>Saturday</u>	
	<u>Yourself</u>	<u>Spouse/Guest</u>	<u>Yourself</u>	<u>Spouse/Guest</u>
<u>Golf</u> (Yes/No) please circle	_____	_____	_____	_____
Need Rental Clubs? (Yes/No)	_____	_____	_____	_____
Right- or Left-Handed Rentals (R/L)	_____	_____	_____	_____
PGA Handicap (please provide)	_____	_____	_____	_____
Average score, if no handicap	_____	_____	_____	_____
<u>Croquet</u> (Yes/No) Saturday only			_____	_____

Meeting Date
12/11/19
Agenda Item
#18b.

 **PENSION
BRIDGE** | **THE ANNUAL
2020**

APRIL 14TH & 15TH, 2020

WESTIN ST. FRANCIS HOTEL
SAN FRANCISCO

**CELEBRATING
15 YEARS**

THE PENSION BRIDGE ANNUAL

April 14th & 15th, 2020 | Westin St. Francis Hotel, San Francisco

The Pension Bridge Annual Conference provides the highest level of education and networking to the institutional investment community. A mix of Public Funds, Corporate Funds, Foundations, Endowments, Union Funds, Taft-Hartley Funds, Family Offices, Sovereign Wealth Funds, Consultants and Investment Managers will come together for this exclusive event.

The Pension Bridge Annual provides the industry's only controlled attendance structured event. This helps Pension Bridge to maintain the best conference ratio in the industry. **There will be approximately 250 Pension Fund Representatives and Non-Discretionary Consultants in attendance. We have allowed for only 110 Investment Manager Firms.** This better than 2:1 ratio, combined with participation from the most influential industry figures, creates a more enjoyable environment for all.

OUR EVENT FOCUS

The focus at 2020's event will be capital preservation while identifying the key reward drivers for generating consistent returns. Learn from the experts about the most important trends, challenges, opportunities and strategies to attack the long-awaited cycle contraction that will shape our industry for the immediate and long-term future. We remain in a challenging investment environment that is fully valued with a high-risk profile. The Pension Bridge Annual will uncover various structural transformations and investment ideas that will be beneficial for long-term fiscal sustainability.

We will also focus on climate change and technological innovation which will both continue to have a transformational impact not only on markets and investments, but on every aspect of our lives.

THE PENSION BRIDGE ANNUAL HAS TWO GOALS IN MIND

First is to provide the **highest level of education** with the top speaker faculty. This highly regarded group will bring forth influential insights and concepts. The second goal is to help **build relationships** between the pension plans, consultants and investment managers. We have provided the best possible environment for this event which is designed to be conducive for networking. We will cap off the event with a fun and enjoyable networking outing necessary for maintaining relationships and connecting with your peers and prospective business contacts.

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

KEY QUESTIONS WE WILL ADDRESS






- What are the Best Strategies and Approaches for Downside Protection during a Period of Market Stress?
- Managing Drawdown Risk, Liquidity Risk, Leverage Risk and More
- Addressing Climate Change Impact, Risks and Investment Opportunities
- Which Hedge Fund Strategies will provide the Best Downside Protection during the Next Market Downturn?
- How can a Multi-Asset Approach help you Manage Drawdown Risk?
- Benefiting from Risk Parity for the Downturn and Understanding its Hidden Drawbacks
- Where can you find Pockets of Opportunity and Relative Value in the Credit Space?
- Incorporating Artificial Intelligence into Investment Decision-Making and Portfolio Management
- What are the Investment Implications of Disruptive Change and how can you Benefit?
- Developing a Cybersecurity Risk Management Strategy—Staff Education and Best Practices
- Biggest Risks of Late Cycle Investing in Private Equity and how to Navigate Successfully
- Which Socio/Demographic Trends you can Benefit from in Real Estate? Most Resilient Sectors?
- Distressed Opportunities in BBB-Rated Bonds, Corporate Debt, European Debt and More
- Best Opportunities and Greatest Risks for Unconstrained Fixed Income
- The Advantages of Fixed Income Factor Investing as a Credit Diversifier
- Will China's Debt Problem and Tariffs Cause a Hard Landing?
- Currency Risk – to Hedge or Not to Hedge?
- Most Promising Areas for Impact Investing in Emerging and Developed Markets
- How Alternative Risk Premia can show Little or No Correlation to a 60/40 or Hedge Fund Portfolio
- Most Attractive Sectors and Geographies in Infrastructure while taking Interest Rates into Consideration
- Insights from Impactful CIOs on Risks, Allocations, Positioning for the Downturn and More

In addition to the listed themes above, we will be covering many more challenging issues that are crucial to the investment decision making process during these uncertain economic times. We will learn from the best about how to adapt in our industry which is always evolving and transforming.

TUESDAY, APRIL 14TH

 7:00 AM – BREAKFAST	6
8:00 AM – OPENING REMARKS	6
8:05 AM – KEYNOTE SPEAKER	6
8:35 AM – KEYNOTE SPEAKER – MACROECONOMIC VIEW	6
9:05 AM – ARTIFICIAL INTELLIGENCE IN ASSET MANAGEMENT AND BENEFITING FROM DISRUPTIVE INNOVATION INVESTMENT	6
 9:55 AM – REFRESHMENT BREAK	7
10:25 AM – ASSET ALLOCATION AND RISK MANAGEMENT	7
11:15 AM – RISK MITIGATING STRATEGIES	8
11:50 AM – RISK PARITY	9
 12:25 PM – LUNCH	9
1:35 PM – UNCONSTRAINED FIXED INCOME	9
2:20 PM – FIXED INCOME FACTOR INVESTING	10
 2:50 PM – REFRESHMENT BREAK	10
3:20 PM – CLIMATE CHANGE IMPACT, RISKS AND OPPORTUNITIES IN THE INVESTMENT PROCESS	10
4:05 PM – CYBERSECURITY	11
4:20 PM – IMPACT INVESTING	12
 4:50 PM – COCKTAIL RECEPTION	12
6:05 PM – COCKTAIL RECEPTION CONCLUDES	12

WEDNESDAY, APRIL 15TH

 7:00 AM – BREAKFAST	13
8:00 AM – EMERGING MARKETS	13
8:40 AM – CURRENCY RISK – TO HEDGE OR NOT TO HEDGE?	13
8:55 AM – MULTI-ASSET INVESTING	14
9:25 AM – ALTERNATIVE RISK PREMIA	14
 10:00 AM – REFRESHMENT BREAK	15
10:30 AM – HEDGE FUNDS	15
11:20 AM – CREDIT STRATEGIES	16
12:05 PM – DISTRESSED INVESTING – OPPORTUNISTIC AND SPECIAL SITUATIONS	17
 12:40 PM – LUNCH	17
1:45 PM – REAL ESTATE	17
2:30 PM – INFRASTRUCTURE	18
 3:05 PM – REFRESHMENT BREAK	19
3:30 PM – PRIVATE EQUITY	19
4:15 PM – CIO ROUNDTABLE	19
5:05 PM – CONFERENCE CONCLUDES	20
5:05 PM – WRISTBANDS FOR NETWORKING EVENT HANDED OUT IN THE CONFERENCE ROOM	20
 6:00 PM – 9:00 PM – NETWORKING EVENT, TBD	20
5:45 PM – 8:45 PM WINE TASTING AND DINNER NETWORKING EVENT	20

7:00 AM – BREAKFAST

8:00 AM – OPENING REMARKS

8:05 AM – KEYNOTE SPEAKER

8:35 AM – KEYNOTE SPEAKER – MACROECONOMIC VIEW

- Would you say we have an Everything Bubble or is it Isolated?
- Corporate Debt Growth for Financial Engineering – Outlook for Defaults
- Are we seeing a Bubble in BBB Bonds? What will happen to BBB during the Upcoming Recession?
- Algos and Passive Investment as a Market Risk
- Which Country's High Debt and Risks pose the Biggest Threat? Does that put the EU and Euro at Risk?
- China – Tariffs, Slower Growth, Debt Levels, Leverage and Real Estate Bubble
- Japan's Demographics and Debt – what might be the Far-Reaching Effects?
- What Countries have the Most Unfavorable Demographics Globally?
- Which are the Shakier Emerging Market Countries that have High Debt that can be Hurt by a Strong Dollar?
- What are your Expectations for Inflation/Deflation?
- How do you think about Derivatives Risk?
- What are your Expectations for Equities and Bonds?
- Where have you seen the Most Speculative Excess or Froth in the Markets?
- What is the Single Largest Risk Factor? Next Black Swan?
- What is the Likelihood that the Equity/Bond Correlation will Shift During the Next Extended Equity Decline?
- What are the Most Appealing Investments in this Environment?

9:05 AM – ARTIFICIAL INTELLIGENCE IN ASSET MANAGEMENT AND BENEFITING FROM DISRUPTIVE INNOVATION INVESTMENT

(A) ARTIFICIAL INTELLIGENCE

- Why should AI be on a Plan Sponsor's Radar?
- What are the most Impactful Ways that Artificial intelligence and Machine Learning will Transform the Financial Services Industry and Investment Decision Making Process? What are the Long-Term Implications for Investment Professionals?
- Where is the Technology being Deployed? How can CIOs use Technology to Improve their Research and Portfolio Management Processes?

- What are the Most Widely-Adopted Techniques, Models and Algorithms in Recent A.I. Advancements that you use? How do you Incorporate these Solutions?
- Is Data Quality your Biggest Barrier to the Adoption and Deployment of Machine Learning?
- What are the Industries in China that will Benefit from their Recent Artificial Intelligence Patent Surge?
- What are your Most Useful Technology Tips that may help to Boost Future Returns?
- What is a Concrete Example of how a Highly Configurable System can make life easier for Asset Owners?
- How can A.I. result in Better Executions, Lower Transaction Costs and Faster Investment of New Cash Flows for Fixed Income? Have you Integrated this Technology Yet?
- How will Robotics take Operational Efficiency to the Next Level?
- How can Investors Truly Evaluate a Manager who claims to use A.I.? What are the Risks you need to know?

(B) INVESTMENT IMPLICATIONS OF DISRUPTIVE CHANGE

- How will Blockchain Transform the Capital Markets? How Impactful and Disruptive will Blockchain Technology be?
- What Industries can Benefit from Blockchain and how should you Invest in this Innovation for Strong Returns?
- What are the Possible Threats to Blockchain Development? What are Regulatory Issues and Potential Risks Arising from the New Technology?
- Where do you see Opportunities in Frictionless Value Transfer?
- Impact from Autonomous Vehicles and Mobility as a Service, (MaaS) – Who are the Potential Winners?
- Where will the Opportunities be in Life Sciences and Genome Editing?
- Do you see Battery Storage in the Energy Space as an Investment Opportunity for Outsized Returns?
- Which Industries will Benefit the Most from 3D Printing?
- Which Industries do you see the Biggest Opportunity for Internet of Things? What are some Examples of IoT for Smart Cities? Healthcare Sector?
- What are the Obstacles to Success in these Disruptive Technologies?



9:55 AM – REFRESHMENT BREAK

10:25 AM – ASSET ALLOCATION AND RISK MANAGEMENT

(A) ASSET ALLOCATION

- Is the Asset Allocation Decision Primarily Return Focused or Risk Focused or Balanced?
- Do you experience a Stumbling Point of Staying Committed to a Risk Allocation-Based Approach in an Environment where Balance and Diversification have Not Kept Up with Equity-Centric Approaches over the past 10+ Years?
- Is a Static Asset Allocation Policy a Problem for Risk Management? Have you considered Economic Regime-Based or Dynamic Asset Allocation as an Enhancement? Is this Feasible?
- What has Worked and Not Worked in your Asset Allocation relative to Expectations?
- Has the Risk of a Large Drawdown Impacted your Asset Allocation?

- What Changes are you making in your Asset Allocation, if any? What were your most Recent Changes?
- Do you expect to meet your Actuarial Targets in the Short/Long Term?

(B) RISK MANAGEMENT

- What Risks are you Most Concerned about Today and how are you addressing them?
- How do you Manage Drawdown Risk in a Portfolio with High Equity Factor Risks? Are we still too Over-Reliant on Equities?
- Understanding Asset Class Correlation and Behavior Risk when Correlations Change
- How does Stress Testing or Scenario Analysis factor into your Process? Does Illiquidity Risk play an Important Role?
- How do you Manage Leverage Risks?
- From a Risk Perspective, What Keeps You Up at Night?

(C) RISK CULTURE

- Describe your Risk Culture and how it's Evolved – how well is Risk Management Integrated into your Investment Decision-Making Process?
- What Challenges do you have in Ensuring a Robust Risk Management Practice at your Organization?
- How do you Communicate your Risk Tolerances with your Board and Managers? How Frequently?
- How do Staff Utilize Risk Reports for Investment Decision Making? Are Risk Reports Useful for Macro Decisions such as Tactical Allocations?
- What should Boards/Organizations Consider when Building a Risk Culture?

11:15 AM – RISK MITIGATING STRATEGIES

- Understanding Tail Risk Frequency, Severity and Impact
- Understanding the Value of Risk Mitigating Strategies – why is it Important to Improve your Risk/Return Profile Now? What Risks should be Hedged?
- Why should this be its Own Bucket or Asset Class? What Type of Allocation is Warranted?
- What are the Different Asset Classes and Strategies of Risk Mitigating Strategies? Expectations for each Approach?
- What are the Merits of an Option Overlay Strategy In Lieu of Owning a Tail Risk Hedge?
- What are the Trend or Momentum Following Strategies that you Prefer for Downside Protection?
- Why is Global Macro the Ideal Hedge Fund Allocation for Diversification and Decreasing the Depth of Drawdowns?
- How has Managed Futures Performed During Periods of Market Stress or Crisis Events?
- Long Duration U.S. Treasuries as a Diversifier in Extreme Market Conditions
- Building a Tactical Portfolio using Futures to Reduce Tail Losses and Enjoy Larger Gains
- Put Options as Insurance
- Using Information from the Derivatives Markets to assess Stress Points – where we are seeing Tail Risks Building?

- Systematic Risk Premia Allocations and Systematic Multi-Strategy Funds – does it Enhance Performance Outcomes? Are Short Track Records and Wide Variations in Products Concerning for Trend Risk Premia?
- Are there Alternative Ways to Deal with Equity Risk? How Defensive are these Strategies?
- Cost of Implementation as an Obstacle - how do you Minimize it?

11:50 AM – RISK PARITY

- How can Risk Parity Lower your Risk Profile?
- Does Risk Parity Make Sense Now if we Expect Low Market Returns in the Future?
- How did Risk Parity Perform during the last Financial Crisis Compared to other Asset Mix Models? Would you Expect Similar or Different Results for the Upcoming Downturn?
- What are the Hidden Risks and Drawbacks of Risk Parity Portfolios?
- Do you worry about a Correlation Shift when Bonds could Become Less Likely to Protect against a Large Drawdown in Equities?
- Is there an Over-Reliance on Bonds with Current Valuations? Should we be Worried about Leverage or Leveraging the Inappropriate Assets?
- Commodities Role in Risk Parity and Expectations
- Active vs. Passive – what are the Advantages and Disadvantages of Each?
- Leverage and Illiquidity Do Not Mix – any Approaches to Avoid this Combination?
- What Progress have we seen towards Adopting an Appropriate Benchmark? Any Implementable Indexes?
- Thoughts on Measuring Expected Tail Loss Rather Than Volatility for Tail Risk Parity? Can it be More Effective?
- How do Investors Bucket the Risk Parity Strategy within the Asset Allocation Framework?
- How should Investors think about Differences in Forecasting Volatility when Selecting a Manager?



12:25 PM – LUNCH

1:35 PM – UNCONSTRAINED FIXED INCOME

- Assessing the Current Environment – where we are in the Cycle for Rates and Credit?
- Why might a Plan Sponsor want to consider Unconstrained Funds as Opposed To using a Collection of Fixed Income Funds that focus on Specific Strategies such as Core, Investment Grade, High Yield, Etc?
- With the Proliferation of Products which are Diverse, what is the Return Objective?
- What are your Best Ideas/Opportunities in today's Bond Market?
- How do you Approach Portfolio Construction with the Need for Increased Disaggregation of Alpha Sources?
- Where do you see the Greatest Risks and what might be the Trigger Points that Enhance that Potential?
- How do you Benchmark and Define Success for Unconstrained Fixed Income Strategies?
- With Non-Linearity of Risk Correlations and Volatility Not Being Stable through time, how are you Taking Advantage of Current Market Dislocations?

- How Important is Liquidity Management? Should Investors think about Transparency of Positioning in Unconstrained Fixed Income?
- What are the Implications of Reduced Liquidity? Have you Increased your Use of Bond ETFs to offer Enhanced Liquidity? If so, what were some Other Reasons for this Decision?
- Using Structured Products, Swaps and Derivatives to Create Alpha and Hedge Volatility
- What are your Expectations and Outlook for Corporate Debt? Do you see a Disaster in the Making with the Huge Growth of BBB Bonds and the Inverted Yield Curve?
- Do you view Bank Loans as a Hedge in Rising Rate Environment?
- How will Trump's GSE Reform Impact the MBS Market?
- Understanding how to Select Managers - Multi-Sector, Multi-Region, Multi-Currency Skill Set or Duration Range Targets?

2:20 PM – FIXED INCOME FACTOR INVESTING

- With Active Fixed Income Managers Beating the Index by taking on More Credit Risk (Highly Correlated to Equities), how can Factors in Fixed Income (Value, Momentum, Carry, Defensive), offer hope for Outperformance that's Uncorrelated to Equity Markets?
- Explain your Systematic Process for your Multi-Factor Model and how it's a Credit Diversifier
- What are the Factors and Features that help you to Target the Precise Outcomes you need?
- Why Factor Investing/Factor ETFs Over Passive Fixed Income ETFs? What are the Advantages? Disadvantages?
- Is it Possible to Obtain Stable Alpha Without taking Additional Risk?
- If you are Identifying Hidden Risks in a Bond Portfolio such as Unintended Overweights in Interest Rate or Credit Risk, what are the Other Strategic Allocations for True Drivers of Returns?
- How does the Cost Compare?
- What are the Biggest Challenges to Widespread Factor Adoption in Debt Markets?
- What should you be Looking for in a Manager?



2:50 PM – REFRESHMENT BREAK

3:20 PM – CLIMATE CHANGE IMPACT, RISKS AND OPPORTUNITIES IN THE INVESTMENT PROCESS

(A) MANAGING CLIMATE RISK

- What are the Catastrophic Consequences of a Global Temperature Rise of 2 Degrees Celsius, (3.6 Degrees Fahrenheit) and how do we Create a Sense of Urgency to Address this Major World Problem?
- How will Climate Change Affect Developed and Emerging Markets Differently?
- What are some Examples of Climate-Related Risks Across Asset Classes?
- Understanding the Impacts of Climate Change on Real Estate Investments and Lending
- With Increasing Water-Related Risks, what will be the Credit Implications and the Impact on Credit Ratings?
- What are the Options for Reducing Portfolio-Wide Exposure to Climate-Related Risks?

- What Sources of CO2 Emissions are Investors Not Focused On?
- How do you Hedge Climate Risk?

(B) STRATEGIES AND IMPLEMENTATION

- Where do you see the Best Opportunities in Smart Cities, Green Buildings, Decarbonizing Technologies, Electric Vehicles, Water, Renewable Energy, Battery Storage, and other Appealing Sectors?
- What are the Various Approaches and Models to Narrowing the Financing Gap for Investing in these Sector Opportunities?
- How do you Assess the Opportunities in Public-Private Partnerships?
- What's Behind the Rise in Green Bond Issuance and what is the Growth Potential? Is China, Europe, U.S. or Other Region Most Attractive for this Green Investment?
- Do we have Early Results of the Performance of a Low Carbon Stock Program Versus a Broader Market Segment on a Long-Term Basis?

(C) GOVERNANCE AND FIDUCIARY DUTY

- Push for Greater Transparency - what are some Questions you should be asking your Investment Managers about their Climate Risk Assessment during the Investment Process?
- What are some Examples of Different Climate-Related Metrics that are available?
- FSB Taskforce on Climate-Related Financial Disclosure, (TCFD) - will this be the Industry Standard for Climate-Related Financial Reporting?
- Are Board Processes in place to Assess the Risks and Opportunities?
- How can Boards Incorporate Climate Change into Investment Beliefs and Policies?

4:05 PM – CYBERSECURITY

- What are the Greatest Cybersecurity Threats and Challenges Organizations are currently facing? Specific Risk Areas?
- Overview of Types of Cybersecurity Attacks – Phishing, Botnet Hackers, Wire Transfer Fraud, Vendor Payment Fraud, Compromised Business E-mails, Attempts to Steal Healthcare Information, etc. Where will Future Attacks come from?
- What is an Interesting or Extreme Cyber Attack Example you've come across for a Pension Plan? An Investment Manager?
- Developing a Cybersecurity Risk Management Strategy – what are the Critical Components?
- How should you approach Staff Education about Cybersecurity Risk and Best Practices?
- Should the Board Hire a Third Party to Perform an Independent Analysis?
- As a Pension Plan, Endowment, Foundation or Family Office LP, what Cybersecurity Questions should you ask in your Due Diligence of your Investment Managers?
- Will it become Common for Pension Plans' Responsibility to start at the Request for Proposal (RFP) Stage by providing Details for Data Protection and Privacy Provisions?
- Importance of a PE Firm's Approach to Cybersecurity Enterprise Risk for M&A
- What Precautions can you take to Avoid Phishing and who within the Organization is being Targeted? How Often can your PE Portfolio Companies be Phished?
- Should Plan Sponsors have Cybersecurity Insurance Coverage? What is typically Covered in a Policy?

4:20 PM – IMPACT INVESTING

- How do you Define Impact at your Organization?
- The Role of UN's Sustainable Development Goals in Impact Investing Strategy
- Will Investors Abandon this Space during the Next Recession? When and How will it Become Mainstream?
- What are some Attractive Opportunities for Impact Investing in Emerging Markets? Developed Markets?
- What are the Latest Trends in Impact Investment Globally?
- Investing in Technology for Social Impact
- What are the Top Challenges for Investors?
- What are the Biggest Areas Risks of Impact Investing Projects?
- Why is Private Equity Particularly Well-Suited for Impact Investing?
- What are some of the Socially Impact Bonds or Municipal Impact Bonds you've Invested in?
- Do you find it Difficult to Measure the Impact of Public Market Investments? How do you Measure Impact in the Bond Market?
- How are Big Data and Advanced Analytics used as Tools to Improve the Measurement of Impact?
- How should Impact Investors think about Reporting? Have you Embraced the Need for Disclosure with Sustainability Accounting Standards Board, (SASB)?
- What Evidence have we seen that Impact Investments will Reap Healthy Returns?
- What should you look for in Public/Private Impact Managers?
- Do Larger Firms have an Advantage in this Space?



4:50 PM – COCKTAIL RECEPTION

6:05 PM – COCKTAIL RECEPTION CONCLUDES



7:00 AM – BREAKFAST

8:00 AM – EMERGING MARKETS

- Macro Environment and Recent Developments, (Central Banks, Dollar, Commodity Prices, etc.)—how does that affect your Investments?
- As the Growth Advantage in EM begins to Fade, what should you be looking for to Focus on Economic Progress and Development?
- What Effect do the Tariffs have on your Outlook for China and other Emerging Markets? Any Markets that are More Insulated?
- How Concerned are you about China's Debt Problem? Is a Hard Landing Likely or Unlikely?
- What would be the Effects on Emerging Markets if we see a Recession in the U.S.? Instability in the Eurozone? Slowdown in China?
- How do Valuations look Relative to Risk in Different Regions?
- What are the Key LP Concerns and Challenges in Particular Regions?
- Which Country do you see Favorable Demographic Trends such as a Growing Middle Class, Urbanization, Promising Consumer Buying Behavior and Economic/Fiscal Reforms?
- Are there Any EM Countries to Avoid with High Debt, Growing Inflation or a Currency Crisis?
- Which Markets in Frontier Countries can you Profit from Strong Growth and Access a Lower Correlation? What are the Complexities of Investing in these Frontier Markets?
- Given the Current Environment, will Emerging Markets Outperform Developed Markets? What are your Returns Expectations for Particular Regions?
- What can be done to Mitigate Currency Risks?
- The Case for Emerging Markets Corporate Debt
- What Metrics are you using to Determine Relative Value in Sovereign Bonds?
- Public vs. Private Emerging Markets – Benefits and Drawbacks of each
- Active vs. Passive Debate
- What is an Appropriate Long-Term Allocation to Emerging Markets? What should that Allocation look like, (Public Equity, Fixed Income, Private Equity, Frontier Markets, Alternatives, etc.)?
- Choosing an Emerging Markets Fund or Manager – should you be Investing by Region, Country or Sector?

8:40 AM – CURRENCY RISK – TO HEDGE OR NOT TO HEDGE?

- What are the Factors Driving Currencies Today?
- What is the Impact of China Devaluing the Yuan?
- What is the Annual Impact on Returns for a Portfolio that is Hedged vs. Unhedged? Long Term Impact?

- What has Changed that Enables One's Ability to Manage Hedging and Reduce Risk for both Developed Markets and Emerging Markets?
- How does Dynamic Hedging Reduce Risk and Capture some of the Return?
- How do Active Currency Overlay Strategies take the Currency Exposures Inherent in International Investments and Manage them Separately?
- Benefits of Extracting Alpha from Currency Markets - Uncorrelated Alpha and Accessed Without the Need for Funding
- Is there an Optimum Currency Hedge Ratio for a Plan?
- What are the most Common Reasons Asset Owners give for Not Actively Managing Currency? Are these Reasons Valid or Not?
- Hedging Costs - how should this factor into your Decision?

8:55 AM – MULTI-ASSET INVESTING

- What are the Differences Between Multi-Asset Funds and Hedge Funds? What are the Advantages and Disadvantages of Choosing Multi-Asset Funds over Hedge Funds?
- How can a Multi-Asset Approach help you Manage Drawdown Risk? What Strategies should be used based on Experience from the Financial Crisis?
- Do you believe Downside Protection with Multi-Asset Strategies are as Effective as Managers Claim?
- How do you Devise Effective Asset Allocation Strategies? What Stress Scenarios do you Consider?
- Do Most Multi-Asset Portfolios need to be Restructured to Thrive in Today's Environment? If so, how?
- How can Factor Analysis be used to Mitigate Risk and Improve Multi-Asset Portfolios?
- How Worrisome is the Reliance on Stable Correlation Relationships with No Certainty those Relationships will Persist?
- Is Excessive Leverage a Concern?
- How do you go about the Right Balance of Public and Private Equity when building the best Multi-Asset Portfolio for you?
- How have Returns been and how do you Measure Performance?
- How do Multi-Asset Managers Differentiate Themselves in this Crowded Field?

9:25 AM – ALTERNATIVE RISK PREMIA

- Understanding Alternative Risk Premia - how does it Differ from Smart Beta? From Alpha?
- Risk Premia to Choose From - Momentum, Value, Carry, Other
- How can a Multiple Market Neutral Alternative Risk Premia Combined in a Single Portfolio show Low or No Correlation to a 60/40 or Hedge Fund Portfolio?
- Explain the Potential Benefits - Diversification, Liquid, Transparent, Efficient, Systematic Exposure
- Lower Fees - what are the Typical Fees Investors can Expect?
- What are the Different Ways you can Use and Implement Alternative Risk Premia?
- What are the Biggest Risks?

- Do you Worry about the Fallout if Correlations Change over Time?
- How Concerning is Crowding and do you see it as having a Negative Impact on Performance?
- How should Investors determine which Alternative Risk Premia Strategies Best Meet their Objectives?
- How should you Approach Manager Selection?
- With these Funds being Relatively New, how Battle-Tested are they? What are the Early Signs of Performance during the Shorter-Term Market Corrections we've seen?



10:00 AM – REFRESHMENT BREAK

10:30 AM – HEDGE FUNDS

(A) STATE OF THE INDUSTRY AND PORTFOLIO CONSTRUCTION OPTIONS

- With Difficult Investment Conditions Pushing Many Seasoned Firms and Legendary Investors Out of the Business, does this mean some Strategies have Stopped Working? What do you see as the Reasons or Forces at Play?
- How do you Approach the Current Industry Dynamics? How is your Firm Evolving and Staying Competitive?
- If there was a Hedge Fund Strategy you would Invest in over the next Few Years, which one would it be and why? Which Strategies will have the Best Performance? Any Strategies to Avoid?
- What sort of Downside Protection, Drawdown or Return Range do you expect we'll see from each of the Different Hedge Fund Strategies during the Next Market Downturn?
- Are there any Overcrowded Trades that should be Avoided when this Cycle Turns?
- Any Trades you like when the Next Downturn Bottoms? Any Specific Sector that will Emerge as a Leader?
- Would you Invest in Hedge Funds Over Multi-Asset Strategy Funds for the Next Downturn and if so, why?
- What does Crisis Risk Offset mean? Which Low Correlated Strategies do you find Most Attractive?
- What is the Future of Long-Short Equity Hedge Funds and is the Struggle Here to Stay? With Return Dispersion Remaining High among Long-Shot Equity Hedge Funds, what Differentiates Managers that have been able to Outperform?
- What is the Future of Quantitative Funds as far as Performance goes? Does it Concern you that many Historical Stock Market Tendencies have Backfired and what might be the Reason Why?
- Do you find Opportunities within the Global Macro Space Attractive and if so, why?
- Managed Futures – Diversification and Performance during Periods of Market Stress or Crisis Events. How much can it Decrease the Depth of Portfolio Drawdowns and Volatility?
- What is the Future of the Fund of Funds Space? Where will Fees be? What will it take to Stay Competitive?
- Do Smaller Hedge Funds Outperform? If so, why? How do Emerging Managers Differentiate Themselves in the Quest for Institutional Capital?
- Liquid Hedge Fund Products such as UCITS, 40 Act and Hedge Fund Replication – are they a Viable Alternative and Under what Circumstances? How has their Performance and the Lower Fees Fared Relative to Hedge Funds?

(B) IMPLEMENTATION CONCERNS

- As an LP, how do you think about the Role of Hedge Funds in your Portfolio?
- What Trends do you see developing in Liquidity Provisions for Hedge Funds? How do you Assess the Tradeoff Between Fees and Liquidity?
- What is an Appropriate Fee Structure for Hedge Funds? How do you Ensure Payment for Alpha, Alignment of Interest and Not Overpaying for Underperformance?
- Any Recent Trends you've seen for Institutions as far as Fees, Transparency, Customization, Increased Partnership, etc.? Will the 1 or 30 Model developed by Albourne and TRS Texas Catch On?
- As an Investor, do you Negotiate the Frequency of Performance Fee Crystallization with your Managers so that it Doesn't Lead to Hidden and Higher Costs?
- How often should Operations Due Diligence be Reviewed/Updated?
- What is your View on Absolute Return Co-Investments?
- What is the Role of Separate Managed Accounts? What are the Benefits? Are they Better than Commingled Funds?

11:20 AM – CREDIT STRATEGIES

- Current State of the Credit Market
- What will be the Catalyst that will cause Credit Spreads to Widen and Defaults to Rise?
- Where are Managers finding Pockets of Opportunity? Where is the Relative Value?
- What Subsectors of Credit are Most Attractive given the Valuations? Any Areas you are Avoiding?
- Do you see Investors being more willing to Trade Liquidity for Yield and should that be of Concern?
- Is it possible to see a High Yield Meltdown with a Lack of Liquidity? Understanding the Corporate Debt Risk Factors and Strong Correlation to Equities
- BBB Risk of a Mass Move to High Yield – how concerned should we be?
- Do you believe ETFs pose a Systematic Risk in Market Turmoil with Exacerbated Volatility?
- Is Direct Lending in a Bubble and how would you Position for that?
- What Sub-Sectors are you Favoring and Avoiding in the Middle Market Direct Lending Space?
- How can Opportunistic Credit fit into the Direct Lending Ecosystem?
- Outlook and Considerations for Structured – Are CLOs Safer than Pre-Crisis?
- Can Securitized Credit Weather Market Turbulence? How has it Performed During Previous Credit Events? Is there a Lower Correlation to Broader Fixed Income Sectors?
- Bank Loans Overview
- How will the Subprime Loans in Autos Play Out?
- Opportunities and Risks for Europe and Asia
- How much should Plan Sponsors be Allocating to Credit? What is the Optimal Structure to a Credit Portfolio?
- Should Multi-Asset Credit Strategies be a Tactical Asset Allocation with Dynamic Management for Pension Plans? If so, why?
- How do we Develop Return and Risk Expectation for this Asset Class?
- How do we Benchmark Performance?

12:05 PM – DISTRESSED INVESTING – OPPORTUNISTIC AND SPECIAL SITUATIONS

- How are you Positioning your Portfolio relative to where we are in the Credit Cycle? Any Trends you're seeing?
- What are your Expectations for Default Rates going forward?
- Which Sectors, Strategies and Geographies will create the Best Opportunities? Any Areas that should be Avoided?
- Will the Froth in Direct Lending provide a Distressed Opportunity?
- How Big a Role do you Expect Corporate Debt to Play and the Huge Growth of BBB-Rated Bonds?
- How Concerning is the Debt Piled up by Corporations for their Share Buybacks?
- Will the Prevalent Covenant-Lite Deals create Problems during the Next Cycle?
- What are the Opportunities and Risks in Europe? Any Countries, Sectors or Types of Deals that Stand Out?
- What is the Size and Scope of the Issues facing the European Banking Sector?
- Do you see Opportunities in Asia or Elsewhere Globally?
- What is your View on Leverage, (Fund-Level, BDC Changes, Asset-Level, Securitization Market)?
- Do you worry about a Liquidity Problem in ETFs and other Structured Credit Vehicles if there is Credit Event?
- How will the Different Implementation Approaches affect Expected Returns? Control vs. Non-Control? Private vs. Public?
- What are the Pros and Cons of the Various Structures, (Hedge Fund Side Pockets, Evergreen Structures, Contingent Funds, Traditional Drawdown Structures)?
- Where are LPs Spending the Bulk of their Time during Due Diligence?
- What Skill Sets/Characteristics should Pension Plans look for in a Distressed Manager? What Questions should LPs Ask?



12:40 PM – LUNCH

1:45 PM – REAL ESTATE

- How Significant a Drop in Pricing and Returns are you expecting? Does it depend on Sector and Location?
- What Strategies do you see as the Biggest Risks and the Biggest Rewards/Relative Value?
- Are there Resilient Sectors?
- What Niche Property Types will be Defensive in a Downturn?
- Are you Making Pivots or Tilts to Take Advantage of Macro Trends? Socio/Demographic Trends such as the Aging Population?
- How will Real Estate Debt Perform in the Next Recession?
- How do you View the Risk Profile of Core vs. Non-Core? Returns Expectations?
- What is the Biggest Threat to Commercial in the next few years for this Fully Priced Market?
- Where are the Most Crowded Trades?

- Asia and European Real Estate Outlook – Opportunities and Investment Trends
- What Real Estate Technology Trends/Disruption are you Watching Most Closely?
- Will Co-Investments become more Common?
- Current State of the Real Estate Secondary Market
- Do you like REITS as a More Liquid form of Real Estate? If so, any Region or Property Type that you like for REITS?

2:30 PM – INFRASTRUCTURE

- State of the Infrastructure Markets
- With Low Interest Rates, Abundant Capital Flowing and High Valuations, is there Enough Supply to Meet Capital Demand?
- If Interest Rates Rise in the coming years, what would be the Implications for Valuations and Liquidity Options for Existing Infrastructure Assets?
- Is Leverage a Concern?
- If the S&P were to enter a Multi-Year Correction (let's say 30%), how much of a Decline can we Expect from Infrastructure Portfolios? What Impact would this Type of Portfolio Drawdown have on Infrastructure Allocations? What Opportunities would this provide Investors?
- As an LP, what are your Program Objectives, (Defensive, Low Correlation, Inflation Protection, Yield, etc)?
- Which Sectors are Most Attractive and why?
- Which Geographies are Most Appealing? Developed or Emerging Economies?
- What are the Biggest Challenges/Risks facing Infrastructure Investors today?
- Listed vs. Unlisted – which do you Favor in a Volatile Market for Downside Protection? Do Rising Interest Rates Favor Either?
- Are you seeing Growth in Opportunities for Public-Private Partnerships across the U.S.?
- How have GPs Adopted ESG Principals and what are the Remaining Challenges? How do you Approach ESG as an Energy Investor?
- What are your Views on the Future Potential for Technology to Disrupt Infrastructure and what can Investors do to Avoid or Take Advantage of it?
- Thoughts on Battery Storage for Renewables?
- How have Tax Credits of Renewables Impacted the Industry over the Past Decade and how will the Phase-out of Subsidies affect the Industry?
- What Sectors within Renewables or Alternative Forms of Energy do you find Attractive? Will the Best Opportunities be in the U.S. or Emerging Markets?
- What are the Advantages and Challenges for LPs to Invest in infrastructure through Fund Commitments vs. Investing Directly as a Co-Investor or Deal Leader like many of the Large Plans?
- What are the Similarities and Differences Between Infrastructure Assets and Private Equity Investments with the Blurring of Definitions over the past few years?



3:05 PM – REFRESHMENT BREAK

3:30 PM – PRIVATE EQUITY

- When it comes to the Concerns of Late Cycle, Dry Powder, Cheap and Plentiful Leverage and High Multiples, what should Investors be Focused On over the Next few Years to Successfully Navigate the Environment?
- Should LPs expect Lower Returns Going Forward? Will Private Equity Outperform Public Markets?
- With the Growing Size of the PE Market, do you believe the Industry can put the Excess Dry Power Capital to Work Responsibly?
- Where are your Most Optimistic Returns Going Forward as far as Sector, Geography or Niche Strategy? What's your Biggest Worry?
- What Lower or Non-Correlation Investments Stand Out that are Independent of the Economy and can Withstand a Multi-Year Market Downturn?
- Are you Seeking Investments with a Subscription Model for Greater Visibility of Revenues and Less Volatility? If so, what Recurring Revenue Metrics do you look for?
- Does it Concern you that Subscription Lines of Credit have Distorted IRR? Will we Trend towards LPs Dictating the Format and Usage of Subscription Lines?
- What are your Views on GP-Led Restructurings? What are the Pitfalls that LPs need to be Aware of?
- What are your Views on Fund to Fund Sales?
- How have Trade Tensions with China Impacted Existing Portfolio Companies and your Investment Decision-Making? How are you preparing for a Scenario Where Tensions and Tariffs Persist?
- Given the all the Concerns, how are you Positioning your Portfolio within Buyouts? What do the Long Duration Vehicles Mean for Investors?
- What are the Biggest Risks to be aware of for Investing in the Ultra-Competitive Growth Equity Space?
- How are you playing the Co-Investment Frenzy? What will happen to Co-Investments in a Down Market?
- Venture Capital Winners - Limited Access to the Top Few VCs that Generate the Bulk of the Industry's Returns? What's the Best Approach to this Challenge?
- Issues, Outlook and Opportunities for European PE
- How do you think about ESG Issues and Integration when making Individual Investment Decisions and as a Firm?
- From an LP Perspective, what does not work in Fundraising? What does it take to Stand Out?

4:15 PM – CIO ROUNDTABLE

(A) RISKS, ALLOCATIONS AND MACRO-BASED DECISIONS

- In this Fully-Valued Environment, how are you Balancing the Risk of a Large Drawdown with your Return Goals? Has it Impacted your Asset Allocation?
- Which De-Risking Strategies or Investments with a Low/Non-Correlation have you Allocated to?
- What Hedge Fund Strategies are you Investing in? Will those Strategies provide a Cushion for the next Market Downturn? How do you use them to Reduce Risk?
- What are your thoughts on Passive Equity Investing and its Performance vs. Active for the Next Major Downturn? Any Market Liquidity Concerns? Where are you using Passive and Active Management and why?

- How are you Viewing Emerging Markets Broadly and what do you feel is the proper EM Allocation? Any Geographic Regions, Countries or Sectors that Interest You?
- Have you made Long-Term Cash Flow Investments through Partnerships and Co-Investment Structures?

(B) ALIGNMENT OF INTERESTS

- What Changes or Trends have you noticed in Fee Structures/Terms and your Bargaining Power? Has your Fund Size been an Advantage or Disadvantage?
- Do You and Your Investment Departments have the Authority to be a Dynamic, Tactical and Active Investor in Response to Extreme Economic Conditions?
- Are you able to Leverage your Portfolio to Generate Liquidity to Take Advantage of a Market Dislocation in an Economic Downturn?
- How can you Overcome Governance Hurdles so that you can Effectively Partner with Outside Providers, bring a Portion of the Investment Management In-House and provide Incentive-Based Compensation?
- Have you Taken Steps to Address Diversity within your Investment Programs or your Organization's Staff?
- Do you have Processes or Policies in place to Assess the Risks of Climate Change?
- Have you Addressed Cybersecurity Protection for your Plan? How have you Educated the Staff about the Risks and Taken Steps for Protection with Investment Managers?
- Any Important Lessons Learned that you can Share from your Individual Plan Experiences?
- What Keeps You Up at Night?

5:05 PM – CONFERENCE CONCLUDES

5:05 PM – WRISTBANDS FOR NETWORKING EVENT HANDED OUT IN THE CONFERENCE ROOM

Attendees must be present to attend event

 **5:45 PM – 8:45 PM WINE TASTING AND DINNER NETWORKING EVENT**

Hosted by Pension Bridge – Join our group at for a wine tasting and dinner at the Press Club, located just a few blocks from Westin St. Francis. Meet your industry peers in great setting as California Wine Country comes to the heart of the city. Experience the finest winemakers with new and rare vintages. We'll have a fun wine tasting reception, followed by a tasteful dinner with the highest quality organic ingredients. Pension Bridge will utilize the 9000 square feet of the award winning “Best Restaurant Design” event space for networking for our high quality conference group.

REGISTRATION

TO REGISTER OR RECEIVE MORE INFORMATION ABOUT THE 2020 PENSION BRIDGE ANNUAL:

BOCA RATON OFFICE CONTACT

Brett Semel

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ABOUT PENSION BRIDGE

We are an innovative company offering educational conferences of the highest quality. Our objective is to provide an education to the institutional investment community while providing an impressive speaker faculty in a setting that is conducive to great networking. We help institutional money managers connect with Pension Funds and Consultants across the country in a fun, enjoyable atmosphere. Our events can act as a stepping stone to a successful financial relationship or simply help build the investment education.

Our management team's unique skills, operating experience, and industry relationships help to make our events the main attraction in the industry. We pride ourselves on being there to cater to our clients' wants and needs. Our ratio of plan sponsor to investment manager allows our events to be the most desirable and accommodating in the conference industry. Pension Bridge is known for its strength, stability, relationships and operational excellence.