CONTRA COSTA COUNTY CCCERA Employees' Retirement Association

AGENDA

RETIREMENT BOARD MEETING

SECOND MONTHLY MEETING
June 25, 2015
9:00 a.m.

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

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

1. Pledge of Allegiance.

2. Accept comments from the public.

3. Presentation by Segal Consulting on the December 31, 2014 GASB 67 valuation.

4. Presentation by Brown Armstrong on the audit of the December 31, 2014 financial statements.

5. Presentation from staff and Angelo Gordon regarding potential commitment to the Angelo Gordon Energy Credit Opportunities Fund.

6. Consider and take possible action regarding potential commitment to the Angelo Energy Credit Opportunities Fund.

7. Presentation from Verus on results of Enterprise Risk Tolerance (ERT) assessment.

8. Consider and take possible action to amend Resolution 2015-1 providing for salary and benefits for unrepresented employees of CCCERA effective January 1, 2015 with the proposed clarification to Section 17. Deferred Compensation sub section B.

9. Consider and take possible action to grant the Chief Executive Officer authority to execute a contract with ADP for human resource information system services, payroll and timekeeping.

10. Consider authorizing the attendance of Board and/or staff:
    a. The Private Equity Exclusive, Pension Bridge, July 20-21, 2015, Chicago, IL.
    b. 2015 Public Funds Forum, Robbins Geller Rudman & Dowd, September 8-10, 2015, Laguna Beach, CA.

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

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

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Contra Costa County Employees' Retirement Association

Governmental Accounting Standards (GAS) 67 Actuarial Valuation as of December 31, 2014

This report has been prepared at the request of the Board of Retirement to assist in administering the Fund. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Retirement and may only be provided to other parties in its entirety. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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May 22, 2015

Board of Retirement
Contra Costa County Employees' Retirement Association
1335 Willow Way, Suite 221
Concord, CA 94520

Dear Board Members:

We are pleased to submit this Governmental Accounting Standard (GAS) 67 Actuarial Valuation as of December 31, 2014. It contains various information that will need to be disclosed in order to comply with GAS 67.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Association. The census and financial information on which our calculations were based was prepared by CCCERA. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and expectations for the Plan.

We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By:

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

John Monroe, ASA, EA, MAAA
Vice President and Actuary

AW/hy

SECTION 1

VALUATION SUMMARY

SECTION 2

GAS 67 INFORMATION

SECTION 3

AICPA SCHEDULES

Purpose

This report has been prepared by Segal Consulting to present certain disclosure information required by Governmental Accounting Standards (GAS) 67 as of December 31, 2014. This valuation is based on:

- The benefit provisions of the Retirement Association, as administered by the Board of Retirement;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of December 31, 2013, provided by the Retirement Association;
- The assets of the Plan as of December 31, 2014, provided by the Retirement Association;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

- The Governmental Accounting Standards Board (GASB) approved two new Statements affecting the reporting of pension liabilities for accounting purposes. Statement 67 replaces Statement 25 and is for plan reporting. Statement 68 replaces Statement 27 and is for employer reporting. Statement 67 is effective with the year ending December 31, 2014 for Plan reporting and Statement 68 is effective with the fiscal year ending June 30, 2015 for employer reporting. The information contained in this valuation is intended to be used (along with other information) in order to comply with Statement 67.
- It is important to note that the new GASB rules only redefine pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for pension funding purposes. Employers and plans can still develop and adopt funding policies under current practices.
- When measuring pension liability GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as CCCERA uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is determined on the same basis as CCCERA's Actuarial Accrued Liability (AAL) measure for funding. We note that the same is generally true for the Normal Cost component of the annual plan cost for funding and financial reporting.

- The TPL and the Plan's Fiduciary Net Position include liabilities and assets held for the Post Retirement Death Benefit Reserve. The TPL only includes a liability up to the amount in the Post Retirement Death Benefit Reserve. This is because we understand that the post retirement death benefit is a nonvested benefit and once the reserve is depleted no further benefits would need to be paid.
- The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the market value of assets and therefore, the NPL measure is very similar to an Unfunded Actuarial Accrued Liability (UAAL) on a market value basis. The NPL decreased from $1.47 billion as of December 31, 2013 to $1.20 billion as of December 31, 2014, primarily due to the gain from lower than expected salary increase during calendar year 2013 (because liabilities are rolled forward from December 31, 2013 to December 31, 2014, this gain is first reported in the December 31, 2014 results). Changes in these values during the last two fiscal years ending December 31, 2013 and December 31, 2014 can be found in Exhibit 3.
- The net pension liability was measured as of December 31, 2014 and 2013. Plan fiduciary net position (plan assets) was valued as of the measurement date while the total pension liability was determined based upon rolling forward the total pension liability from actuarial valuations as of December 31, 2013 and 2012, respectively.
- The discount rates used to determine the TPL and NPL as of December 31, 2014 and 2013 were 7.25% and 7.25%, respectively, following the same assumptions used by the Association in the funding valuations as of December 31, 2013 and December 31, 2012. The detailed derivation of the discount rate of 7.25% used in the calculation of the TPL and NPL as of December 31, 2014 can be found in Exhibit 5 of Section 2.
- Various other information that is required to be disclosed can be found throughout Exhibits 1 through 4 in Section 2.
- Section 3 contains two schedules that the American Institue of Certified Public Accountants (AICPA) recommends be prepared by cost sharing pension plans. These two schedules contain summary information related to GASB 68 and are based on many of the results earlier in this report. The first schedule shows the method used for allocating the NPL along with the NPL amounts allocated amongst all of the employers in CCCERA. The second schedule is a summary that shows the allocated NPL, deferred outflows and inflows of resources and pension expense by employer. Further information regarding GASB 68 including additional information that employers will need to disclose will be provided in a separate report that is anticipated to be completed during the third quarter of 2015.

Summary of Key Valuation Results

	2014	2013
Disclosure elements for fiscal year ending December 31:		
Service cost[1]	$192,256,663	$196,463,397
Total pension liability	8,104,611,627	7,929,766,847
Plan fiduciary net position	6,908,910,230	6,458,317,596
Net pension liability	1,195,701,397	1,471,449,251
Schedule of contributions for fiscal year ending December 31:		
Actuarially determined contributions	$288,760,413	$235,017,452
Actual contributions	288,760,413	235,017,452
Contribution deficiency (excess)	0	0
Demographic data for plan year ending December 31:		
Number of retired members and beneficiaries	8,871	8,625
Number of vested terminated members[2]	2,647	2,345
Number of active members	9,159	9,124
Key assumptions as of December 31:		
Investment rate of return	7.25%	7.25%
Inflation rate	3.25%	3.25%
Projected salary increases[3]	General: 4.75% to 13.50% and Safety: 4.75% to 14.00%	General: 4.75% to 13.50% and Safety: 4.75% to 14.00%

[1] *Please note that service cost is always based on the previous year's assumptions, meaning both values are based on those assumptions shown as of December 31, 2013.*

[2] *Include 1,176 terminated members with member contributions on deposit as of December 31, 2014 and 933 as of December 31,2013.*

[3] *Includes inflation at 3.25% plus real across-the-board salary increase of 0.75% plus merit and longevity increases.*

Important Information about Actuarial Valuations

In order to prepare an actuarial valuation, Segal Consulting ("Segal") relies on a number of input items. These include:

- **Plan of benefits** Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan description in this report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
- **Participant data** An actuarial valuation for a plan is based on data provided to the actuary by the Association. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
- **Assets** This valuation is based on the market value of assets as of the valuation date, as provided by the Association.
- **Actuarial assumptions** In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan's assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The valuation is prepared at the request of the Board to assist the sponsors of the Fund in preparing items related to the pension plan in their financial reports. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

- If the Association is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.

As Segal Consulting has no discretionary authority with respect to the management or assets of the Retirement Association, it is not a fiduciary in its capacity as actuaries and consultants with respect to the Retirement Association.

EXHIBIT 1

General Information – "Financial Statements", Note Disclosures and Required Supplementary Information for a Cost-Sharing Pension Plan

Plan Description

Plan administration. The Contra Costa County Employees' Retirement Association (CCCERA) was established by the County of Contra Costa in 1945. CCCERA is governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. seq), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures, and policies adopted by CCCERA's Board of Retirement. CCCERA is a cost-sharing multiple employer public employee retirement association whose main function is to provide service retirement, disability, death and survivor benefits to the General and Safety members employed by the County of Contra Costa. CCCERA also provides retirement benefits to the employee members for 16 other participating agencies which are members of CCCERA.

The management of CCCERA is vested with the CCCERA Board of Retirement. The Board consists of twelve trustees. Of the twelve members, three are alternates. Four trustees are appointed by the County Board of Supervisors; four trustees (including the Safety alternate) are elected by CCCERA's active members; two trustees (including one alternate) are elected by the retired membership. Board members serve three-year terms, with the exception of the County Treasurer who is elected by the general public and serves during his tenure in office.

Plan membership. At December 31, 2014, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	8,871
Vested terminated members entitled to, but not yet receiving benefits[1]	2,647
Active members	9,159
Total	20,677

[1] *Includes members who terminate with less than five years of service and leave accumulated contributions on deposit*

Benefits provided. CCCERA provides service retirement, disability, death and survivor benefits to eligible employees. All regular full-time employees of the County of Contra Costa or participating agencies become members of CCCERA effective on the first day of the first full pay period after employment. Part-time employees in permanent positions must work at least 20 hours a week in order to be a member of CCCERA. There are separate retirement plans for General and Safety member employees. Safety membership is extended to those involved in active law enforcement, fire suppression, and certain other

"Safety" classifications. There are currently five tiers applicable to Safety members. Safety members with membership dates before January 1, 2013 are included in Tier A (Enhanced and Non-Enhanced). County Sheriff's Department Safety members hired on or after January 1, 2007, but before January 1, 2013 are placed in Safety Tier C Enhanced. Any new Safety Member who becomes a member on or after January 1, 2013 is designated PEPRA Safety Tier D or E (Safety members from certain bargaining units) and is subject to the provisions of California Public Employees' Pension Reform Act of 2013 (PEPRA), California Government Code 7522 et seq.

All other employees are classified as General members. There are currently eight tiers applicable to General members. General Tier 1 (Enhanced and Non-Enhanced) includes general members hired before July 1, 1980 and electing not to transfer to Tier 2 Plan. In addition, certain General members with membership dates before January 1, 2013 hired by specific employers who did not adopt Tier 2 are placed in Tier 1. General Tier 2 includes most General members hired on or after August 1, 1980 and all General members hired before July 1, 1980 electing to transfer to the Tier 2 Plan. Effective October 1, 2002, for the County, Tier 2 was eliminated and all County employees (excluding CNA employees) in Tier 2 were placed in Tier 3 (Enhanced and Non-Enhanced). Effective January 1, 2005, all CNA employees in Tier 2 were placed in Tier 3. New General Members who become a member on or after January 1, 2013 are designated as PEPRA General Tier 4 (hired by specific employers who did not adopt Tier 2) and Tier 5 (with 2%/3% maximum COLAs) and are subject to the provisions of California Government Code 7522 et seq.

General members prior to January 1, 2013, are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General members who are first hired on or after January 1, 2013, are eligible to retire once they have attained the age of 70 regardless of service or at age 52, and have acquired five years of retirement service credit.

Safety members prior to January 1, 2013, are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. A member with 20 years of service is eligible to retire regardless of age. Safety members who are first hired on or after January 1, 2013, are eligible to retire once they have attained the age of 70 regardless of service or at age 50, and have acquired five years of retirement service credit.

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

General Tier 1 and Tier 3 benefits are calculated pursuant to the provisions of Sections §31676.11 and §31676.16 for Non-Enhanced and Enhanced benefit formulae, respectively. The monthly allowance is equal to 1/60th (Non-Enhanced) and 1/50th (Enhanced) of final compensation times years of accrued retirement service credit times age factor from either section §31676.11 (Non-Enhanced) or §31676.16 (Enhanced). Note that for members previously covered under the Non-Enhanced formula (§31676.11), they are entitled to at least the benefits they could have received under the Non-Enhanced formula

(§31676.11). General Tier 2 benefit is calculated pursuant to the provisions of Sections §31752. General member benefits for those with membership dates on or after January 1, 2013 (PEPRA General Tier 4 and Tier 5) are calculated pursuant to the provisions found in California Government Code Section §7522.20(a). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section §7522.20(a).

Safety member benefits are calculated pursuant to the provisions of California Government Code Sections §31664 and §31664.1 for Non-Enhanced and Enhanced formulae, respectively. The monthly allowance is equal to 1/50th (or 2%) of final compensation times years of accrued retirement service credit times age factor from Section §31664 (Non-Enhanced) or 3% of final compensation times years of accrued retirement service credit times age factor from §31664.1 (Enhanced). For those Safety member with membership dates on or after January 1, 2013 (PEPRA Safety Tier D and Tier E) benefits are calculated pursuant to the provisions found in California Government Code Section §7522.25(d). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement service credit multiplied by the age factor from Section §7522.25(d).

For members with membership dates before January 1, 2013, the maximum monthly retirement allowance is 100% of final compensation. There is no final compensation limit on the maximum retirement benefit for members with membership dates on or after January 1, 2013.

Final average compensation consists of the highest 12 consecutive months for General Tier 1, General Tier 3 (non-disability) and Safety Tier A members and the highest 36 consecutive months for General Tier 2, General Tier 3 (disability), PEPRA General Tier 4, PEPRA General Tier 5, Safety Tier C, PEPRA Safety Tier D and PEPRA Safety Tier E members.

The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible surviving spouse or domestic partner is one married to or registered with the member one year prior to the effective retirement date or at least two years prior to the date of death and has attained age 55 on or prior to the date of death. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

CCCERA provides an annual cost-of-living benefit to all retirees. The cost-of-living adjustment, based upon the Consumer Price Index for the San Francisco-Oakland-San Jose Area, is capped at 3.0% for General Tier 1, General Tier 3 (non-disability benefits), PEPRA General Tier 4, PEPRA General Tier 5-3% (non-disability benefits), Safety Tier A and PEPRA Safety Tier D. The cost-of-living adjustment is capped at 4.0% for General Tier 3 (disability benefits), General Tier 2 and PEPRA General Tier 5-3% (disability benefits). The cost-of-living adjustment is capped at 2.0% for General Tier 5-2%, Safety Tier C and PEPRA Safety Tier E.

The County of Contra Costa and participating agencies contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from CCCERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of December 31, 2014 for the fiscal year beginning July 1, 2014 (based on the December 31, 2012 valuation) was 49.82% of compensation.

Members are required to make contributions to CCCERA regardless of the retirement plan or tier in which they are included. The average member contribution rate as of December 31, 2014 for the fiscal year beginning July 1, 2014 (based on the December 31, 2012 valuation) was 12.20% of compensation.

EXHIBIT 2

Net Pension Liability

The components of the net pension liability are as follows:

	December 31, 2014	December 31, 2013
Total pension liability	$8,104,611,627	$7,929,766,847
Plan fiduciary net position	(6,908,910,230)	(6,458,317,596)
Association's net pension liability	$1,195,701,397	$1,471,449,251
Plan fiduciary net position as a percentage of the total pension liability	85.25%	81.44%

The net pension liability was measured as of December 31, 2014 and 2013. Plan fiduciary net position (plan assets) was valued as of the measurement date while the total pension liability was determined based upon rolling forward the total pension liability from actuarial valuations as of December 31, 2013 and 2012, respectively.

Plan provisions. The plan provisions used in the measurement of the net pension liability are the same as those used in the CCCERA actuarial valuation as of December 31, 2013. The TPL and the Plan's Fiduciary Net Position include liabilities and assets held for the Post Retirement Death Benefit Reserve.

Actuarial assumptions. The total pension liabilities as of December 31, 2014 and December 31, 2013 were determined by actuarial valuations as of December 31, 2013 and December 31, 2012, respectively. The actuarial assumptions used were based on the results of an experience study for the period January 1, 2010 through December 31, 2012. They are generally the same as the assumptions used in the December 31, 2013 funding actuarial valuation for CCCERA and will be used in the December 31, 2014 funding actuarial valuation. The assumptions used in the funding valuations are outlined on page 10 of this report. Those assumptions are also used for determining the TPL except that, for GAS 67 purposes, the investment return assumption used is net of investment expenses only and is not net of administrative expenses. In addition, the leave cashout assumption for Safety Tier C has been reduced to zero effective with the December 31, 2014 funding actuarial valuation and has been reflected in the December 31, 2014 measurement for GAS 67. In particular, the following actuarial assumptions were applied to all periods included in the measurement for both the December 31, 2013 and December 31, 2012 actuarial valuations:

Inflation	3.25%
Salary increases	General: 4.75% to 13.50% and Safety: 4.75% to 14.00%, varying by service, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

The long-term expected rate of return on pension plan investments was determined in 2013 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. This information is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	13.60%	6.09%
Small Cap U.S. Equity	5.80%	6.79%
Developed International Equity	17.60%	6.66%
Emerging Markets Equity	5.60%	8.02%
U.S. Core Fixed Income	16.10%	0.83%
International Bonds	3.30%	0.69%
High Yield Bonds	5.00%	3.32%
Inflation-Indexed Bonds	1.66%	0.73%
Long Duration Fixed Income	5.00%	1.45%
Real Estate	12.50%	4.83%
Commodities	1.67%	4.71%
Private Equity	10.00%	8.95%
Alternative Investment (Timber)	1.67%	4.20%
Cash & Equivalents	0.50%	0.25%
Total	100.00%	

Discount rate: The discount rates used to measure the total pension liability was 7.25% as of both December 31, 2014 and December 31, 2013. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of both December 31, 2014 and December 31, 2013.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability as of December 31, 2014, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability as of December 31, 2014	$2,273,126,064	$1,195,701,397	$308,721,758

EXHIBIT 3

Schedules of Changes in Net Pension Liability – Last Two Fiscal Years

	2014	2013
Total pension liability		
Service cost	$192,256,663	$196,463,397
Interest	561,216,191	564,441,213
Change of benefit terms	0	0
Differences between expected and actual experience	(183,604,761)	(77,222,890)
Changes of assumptions	(75,608)	(232,886,783)
Actual benefit payments, including refunds of employee contributions	(394,947,705)	(374,638,978)
Net change in total pension liability	$174,844,780	$76,155,960
Total pension liability – beginning	7,929,766,847	7,853,610,887
Total pension liability – ending (a)	$8,104,611,627	$7,929,766,847
Plan fiduciary net position		
Contributions – employer	$293,760,413	$235,017,452
Contributions – employee	78,257,665	72,373,254
Net investment income	480,502,256	877,760,526
Benefit payments, including refunds of employee contributions	(394,947,705)	(374,638,978)
Administrative expense	(6,979,995)	(6,775,782)
Other	0	0
Net change in plan fiduciary net position	$450,592,634	$803,736,472
Plan fiduciary net position – beginning	6,458,317,596	5,654,581,124
Plan fiduciary net position – ending (b)	$6,908,910,230	$6,458,317,596
Association's net pension liability – ending (a) – (b)	$1,195,701,397	$1,471,449,251
Plan fiduciary net position as a percentage of the total pension liability	85.25%	81.44%
Covered employee payroll	$671,485,798	$638,635,912
Plan net pension liability as percentage of covered employee payroll	178.07%	230.41%

Notes to Schedule:

Benefit changes: All members with membership dates on or after January 1, 2013 enter the new tiers created by the California Public Employees' Pension Reform Act of 2013 (PEPRA).

EXHIBIT 4

Schedule of Employer Contributions – Last Ten Fiscal Years

Year Ended December 31	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/(Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2005	$147,165,108	$147,165,108[1]	$0	$619,132,218	23.77%
2006	179,755,315	179,755,315[2]	0	627,546,408	28.64%
2007	196,929,570	196,929,570	0	653,953,163	30.11%
2008	206,518,693	206,518,693	0	671,617,932	30.75%
2009	195,631,673	195,631,673	0	704,947,668	27.75%
2010	183,950,930	183,950,930	0	694,443,999	26.49%
2011	200,388,994	200,388,994	0	687,443,206	29.15%
2012	212,321,325	212,321,325	0	666,394,146	31.86%
2013	228,017,452	228,017,452[3]	0	638,635,912	35.70%
2014	288,760,413	288,760,413[4]	0	671,485,798	43.00%

(1) *Excludes Pension Obligation Bond proceeds of $153,134,911.*

(2) *Excludes Pension Obligation Bond proceeds of $11,693,396.*

(3) *Excludes additional contributions towards UAAL of $7,000,000.*

(4) *Excludes additional contributions towards UAAL of $5,000,000.*

See accompanying notes to this schedule on next page.

Notes to Exhibit 4

Methods and assumptions used to establish "actuarially determined contribution" rates:	
Valuation date	Actuarially determined contribution rates are calculated as of December 31, two and a half years prior to the end of the fiscal year in which contributions are reported
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percent of payroll (4.00% payroll growth assumed)
Remaining amortization period	Remaining balance of December 31, 2007 UAAL is amortized over a fixed (decreasing or closed) period with 9 years remaining as of December 31, 2013. Any changes in UAAL after December 31, 2007 will be separately amortized over a fixed 18-year period effective with that valuation. Effective December 31, 2013, any changes in UAAL due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 10-year fixed period effective with that valuation. The entire increase in UAAL resulting from a temporary retirement incentive will be funded in full upon adoption of the incentive.
Asset valuation method	Market value of assets less unrecognized returns in each of the last nine semi-annual accounting periods. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized semi-annually over a five-year period. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves and designations.
Actuarial assumptions:	
Investment rate of return	7.25%, net of pension plan investment and administrative expenses, including inflation
Inflation rate	3.25%
Projected salary increases	General: 4.75% to 13.50% and Safety: 4.75% to 14.00%, vary by service, including inflation
Cost of living adjustments	3% per year except for Tier 3 and PEPRA Tier 5 (3% COLA) disability benefits and Tier 2 benefits that are valued as a 3.25% increase per year. Safety Tier C, PEPRA Tier E and PEPRA Tier 5 (2% COLA) members are assumed to increase at 2% per year. All increases are contingent upon actual increases in CPI.
Other Assumptions:	Same as those used in the December 31, 2013 funding actuarial valuation and will be used in the December 31, 2014 funding actuarial valuation except the following:
Leave Cashout Assumption for Safety Tier C	December 31, 2013 Assumption: Leave cashouts of 0.25% of final average pay December 31, 2014 Assumption: Leave cashouts of 0.00% of final average pay

EXHIBIT 5

Projection of Pension Plan's Fiduciary Net Position for Use in Calculation of Discount Rate as of December 31, 2014

($ in millions)

Year Beginning January 1	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
2014	$6,458	$372	$395	$7	$481	$6,909
2015	6,909	345	417	7	499	7,329
2016	7,329	338	438	8	529	7,750
2017	7,750	334	460	8	558	8,174
2018	8,174	329	482	9	588	8,599
2019	8,599	329	506	9	618	9,031
2020	9,031	332	532	10	649	9,471
2021	9,471	335	557	10	680	9,918
2022	9,918	338	584	11	712	10,373
2023	10,373	226	612	11	739	10,714
2039	12,625	28	994	14	883	12,528
2040	12,528	24	1,006	14	875	12,408
2041	12,408	20	1,016	13	866	12,265
2042	12,265	17	1,024	13	855	12,100
2043	12,100	14	1,029	13	843	11,916
2088	16,585	0	24	18	1,201	17,744
2089	17,744	0	19	19	1,285	18,991
2090	18,991	0	15	21	1,376	20,332
2091	20,332	0	12	22	1,473	21,771
2127	242,782	0	0 *	262	17,592	260,112
2128	260,112					
2128 Discounted Value:	89 **					

* Less than $1 M, when rounded.

** $260,112 million when discounted with interest at the rate of 7.25% per annum has a value of $89 M as of December 31, 2014.

EXHIBIT 5

Projection of Pension Plan's Fiduciary Net Position for Use in Calculation of Discount Rate as of December 31, 2014 ($ in millions) - continued

Notes:

(1) Amounts may not total exactly due to rounding.

(2) Amounts shown in the year beginning January 1, 2014 row are actual amounts, based on the unaudited financial statements provided by CCCERA.

(3) Years 2024-2038, 2044-2087, and 2092-2126 have been omitted from this table.

(4) Column (a): Except for the "discounted value" shown for 2128, none of the projected beginning plan fiduciary net position amounts shown have been adjusted for the time value of money.

(5) Column (b): Projected total contributions include employee and employer normal cost rates applied to closed group projected payroll (based on covered active members as of December 31, 2013), plus employer contributions to the unfunded actuarial accrued liability. Contributions are assumed to occur halfway through the year, on average.

(6) Column (c): Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive vested, retired members, and beneficiaries as of December 31, 2013. The projected benefit payments reflect the cost of living increase assumptions used in December 31, 2013 valuation report and include projected benefits associated with the Post Retirement Death Benefit Reserve.

(7) Column (d): Projected administrative expenses are calculated as approximately 0.11% of the projected beginning plan fiduciary net position amount. The 0.11% portion was based on the actual calendar year 2014 administrative expenses as a percentage of the actual beginning plan fiduciary net position as of January 1, 2014. Administrative expenses are assumed to occur halfway through the year, on average.

(8) Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.25% per annum and reflect the actual timing of benefit payments, which are made at the end of each month.

(9) As illustrated in this Exhibit, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "cross-over date" when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.25% per annum was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2014 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

EXHIBIT A

Schedule of Employer Allocations as of December 31, 2014

Actual Compensation by Employer and Cost Group
January 1, 2014 to December 31, 2014

Employer	Cost Group #1 & 2	Cost Group #1 & 2 Percentage	Cost Group #3	Cost Group #3 Percentage	Cost Group #4	Cost Group #4 Percentage
Bethel Island Municipal District	$63,762	0.013%	$0	0.000%	$0	0.000%
Byron Brentwood Cemetery	0	0.000%	0	0.000%	0	0.000%
Contra Costa Mosquito and Vector Control District	2,840,172	0.565%	0	0.000%	0	0.000%
Contra Costa County Fire Protection District	0	0.000%	0	0.000%	0	0.000%
Central Contra Costa Sanitary District	0	0.000%	26,906,131	100.000%	0	0.000%
First 5-Children & Families Commission	1,735,009	0.345%	0	0.000%	0	0.000%
Contra Costa County	468,102,519	93.196%	0	0.000%	0	0.000%
Contra Costa County Employees' Retirement Association	3,262,463	0.650%	0	0.000%	0	0.000%
East Contra Costa Fire Protection District	52,840	0.011%	0	0.000%	0	0.000%
Contra Costa Housing Authority	0	0.000%	0	0.000%	4,691,885	100.000%
In-Home Supportive Services Authority	578,877	0.115%	0	0.000%	0	0.000%
Local Agency Formation Commission	202,859	0.040%	0	0.000%	0	0.000%
Moraga-Orinda Fire District	486,284	0.097%	0	0.000%	0	0.000%
Rodeo Sanitary District	0	0.000%	0	0.000%	0	0.000%
Rodeo-Hercules Fire Protection District	80,616	0.016%	0	0.000%	0	0.000%
San Ramon Valley Fire District	2,792,368	0.556%	0	0.000%	0	0.000%
Superior Court	22,081,605	4.396%	0	0.000%	0	0.000%
Total	$502,279,374	100.000%	$26,906,131	100.000%	$4,691,885	100.000%

Note: Results may not add due to rounding.

EXHIBIT A

Schedule of Employer Allocations as of December 31, 2014 - Continued

Actual Compensation by Employer and Cost Group
January 1, 2014 to December 31, 2014

Employer	Cost Group #5	Cost Group #5 Percentage	Cost Group #6	Cost Group #6 Percentage
Bethel Island Municipal District	$0	0.000%	$0	0.000%
Byron Brentwood Cemetery	0	0.000%	213,716	26.612%
Contra Costa Mosquito and Vector Control District	0	0.000%	0	0.000%
Contra Costa County Fire Protection District	3,469,231	100.000%	0	0.000%
Central Contra Costa Sanitary District	0	0.000%	0	0.000%
First 5-Children & Families Commission	0	0.000%	0	0.000%
Contra Costa County	0	0.000%	0	0.000%
Contra Costa County Employees' Retirement Association	0	0.000%	0	0.000%
East Contra Costa Fire Protection District	0	0.000%	0	0.000%
Contra Costa Housing Authority	0	0.000%	0	0.000%
In-Home Supportive Services Authority	0	0.000%	0	0.000%
Local Agency Formation Commission	0	0.000%	0	0.000%
Moraga-Orinda Fire District	0	0.000%	0	0.000%
Rodeo Sanitary District	0	0.000%	589,379	73.388%
Rodeo-Hercules Fire Protection District	0	0.000%	0	0.000%
San Ramon Valley Fire District	0	0.000%	0	0.000%
Superior Court	0	0.000%	0	0.000%
Total	$3,469,231	100.000%	$803,095	100.000%

Note: Results may not add due to rounding.

EXHIBIT A

Schedule of Employer Allocations as of December 31, 2014 - Continued

Actual Compensation by Employer and Cost Group
January 1, 2014 to December 31, 2014

Employer	Cost Group #7 & 9	Cost Group #7 & 9 Percentage	Cost Group #8	Cost Group #8 Percentage	Cost Group #10	Cost Group #10 Percentage
Bethel Island Municipal District	$0	0.000%	$0	0.000%	$0	0.000%
Byron Brentwood Cemetery	0	0.000%	0	0.000%	0	0.000%
Contra Costa Mosquito and Vector Control District	0	0.000%	0	0.000%	0	0.000%
Contra Costa County Fire Protection District	0	0.000%	26,113,394	89.754%	0	0.000%
Central Contra Costa Sanitary District	0	0.000%	0	0.000%	0	0.000%
First 5-Children & Families Commission	0	0.000%	0	0.000%	0	0.000%
Contra Costa County	79,566,908	100.000%	0	0.000%	0	0.000%
Contra Costa County Employees' Retirement Association	0	0.000%	0	0.000%	0	0.000%
East Contra Costa Fire Protection District	0	0.000%	2,981,124	10.246%	0	0.000%
Contra Costa Housing Authority	0	0.000%	0	0.000%	0	0.000%
In-Home Supportive Services Authority	0	0.000%	0	0.000%	0	0.000%
Local Agency Formation Commission	0	0.000%	0	0.000%	0	0.000%
Moraga-Orinda Fire District	0	0.000%	0	0.000%	6,863,879	100.000%
Rodeo Sanitary District	0	0.000%	0	0.000%	0	0.000%
Rodeo-Hercules Fire Protection District	0	0.000%	0	0.000%	0	0.000%
San Ramon Valley Fire District	0	0.000%	0	0.000%	0	0.000%
Superior Court	0	0.000%	0	0.000%	0	0.000%
Total	$79,566,908	100.000%	$29,094,518	100.000%	$6,863,879	100.000%

Note: Results may not add due to rounding.

EXHIBIT A

Schedule of Employer Allocations as of December 31, 2014 - Continued

Actual Compensation by Employer and Cost Group
January 1, 2014 to December 31, 2014

Employer	Cost Group #11	Cost Group #11 Percentage	Cost Group #12	Cost Group #12 Percentage	Total Compensation	Total Percentage
Bethel Island Municipal District	$0	0.000%	$0	0.000%	$63,762	0.009%
Byron Brentwood Cemetery	0	0.000%	0	0.000%	213,716	0.032%
Contra Costa Mosquito and Vector Control District	0	0.000%	0	0.000%	2,840,172	0.423%
Contra Costa County Fire Protection District	0	0.000%	0	0.000%	29,582,625	4.406%
Central Contra Costa Sanitary District	0	0.000%	0	0.000%	26,906,131	4.007%
First 5-Children & Families Commission	0	0.000%	0	0.000%	1,735,009	0.258%
Contra Costa County	0	0.000%	0	0.000%	547,669,428	81.561%
Contra Costa County Employees' Retirement Association	0	0.000%	0	0.000%	3,262,463	0.486%
East Contra Costa Fire Protection District	0	0.000%	0	0.000%	3,033,964	0.452%
Contra Costa Housing Authority	0	0.000%	0	0.000%	4,691,885	0.699%
In-Home Supportive Services Authority	0	0.000%	0	0.000%	578,877	0.086%
Local Agency Formation Commission	0	0.000%	0	0.000%	202,859	0.030%
Moraga-Orinda Fire District	0	0.000%	0	0.000%	7,350,163	1.095%
Rodeo Sanitary District	0	0.000%	0	0.000%	589,379	0.088%
Rodeo-Hercules Fire Protection District	0	0.000%	1,988,894	100.000%	2,069,510	0.308%
San Ramon Valley Fire District	15,821,884	100.000%	0	0.000%	18,614,252	2.772%
Superior Court	0	0.000%	0	0.000%	22,081,605	3.288%
Total	$15,821,884	100.000%	$1,988,894	100.000%	$671,485,798	100.000%

Note: Results may not add due to rounding.

EXHIBIT A

Schedule of Employer Allocations as of December 31, 2014 - Continued

PART ONE - Allocation of December 31, 2014 Net Pension Liability (NPL)
Excluding Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers

Employer	Cost Group #1 & 2	Cost Group #1 & 2 Percentage	Cost Group #3	Cost Group #3 Percentage	Cost Group #4	Cost Group #4 Percentage
Bethel Island Municipal District	$114,600	0.013%	$0	0.000%	$0	0.000%
Byron Brentwood Cemetery	0	0.000%	0	0.000%	0	0.000%
Contra Costa Mosquito and Vector Control District	5,104,681	0.565%	0	0.000%	0	0.000%
Contra Costa County Fire Protection District	0	0.000%	0	0.000%	0	0.000%
Central Contra Costa Sanitary District	0	0.000%	89,535,510	100.000%	0	0.000%
First 5-Children & Families Commission	3,118,357	0.345%	0	0.000%	0	0.000%
Contra Costa County	841,327,344	93.196%	0	0.000%	0	0.000%
Contra Costa County Employees' Retirement Association	5,863,670	0.650%	0	0.000%	0	0.000%
East Contra Costa Fire Protection District	94,970	0.011%	0	0.000%	0	0.000%
Contra Costa Housing Authority	0	0.000%	0	0.000%	8,652,807	100.000%
In-Home Supportive Services Authority	1,040,424	0.115%	0	0.000%	0	0.000%
Local Agency Formation Commission	364,601	0.040%	0	0.000%	0	0.000%
Moraga-Orinda Fire District	874,006	0.097%	0	0.000%	0	0.000%
Rodeo Sanitary District	0	0.000%	0	0.000%	0	0.000%
Rodeo-Hercules Fire Protection District	144,892	0.016%	0	0.000%	0	0.000%
San Ramon Valley Fire District	5,018,763	0.556%	0	0.000%	0	0.000%
Superior Court	39,687,583	4.396%	0	0.000%	0	0.000%
Total	$902,753,891	100.000%	$89,535,510	100.000%	$8,652,807	100.000%

Note: Results may not add due to rounding.

EXHIBIT A

Schedule of Employer Allocations as of December 31, 2014 - Continued

PART ONE - Allocation of December 31, 2014 Net Pension Liability (NPL)
Excluding Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers

Employer	Cost Group #5	Cost Group #5 Percentage	Cost Group #6	Cost Group #6 Percentage
Bethel Island Municipal District	$0	0.000%	$0	0.000%
Byron Brentwood Cemetery	0	0.000%	66,340	26.612%
Contra Costa Mosquito and Vector Control District	0	0.000%	0	0.000%
Contra Costa County Fire Protection District	4,878,216	100.000%	0	0.000%
Central Contra Costa Sanitary District	0	0.000%	0	0.000%
First 5-Children & Families Commission	0	0.000%	0	0.000%
Contra Costa County	0	0.000%	0	0.000%
Contra Costa County Employees' Retirement Association	0	0.000%	0	0.000%
East Contra Costa Fire Protection District	0	0.000%	0	0.000%
Contra Costa Housing Authority	0	0.000%	0	0.000%
In-Home Supportive Services Authority	0	0.000%	0	0.000%
Local Agency Formation Commission	0	0.000%	0	0.000%
Moraga-Orinda Fire District	0	0.000%	0	0.000%
Rodeo Sanitary District	0	0.000%	182,951	73.388%
Rodeo-Hercules Fire Protection District	0	0.000%	0	0.000%
San Ramon Valley Fire District	0	0.000%	0	0.000%
Superior Court	0	0.000%	0	0.000%
Total	$4,878,216	100.000%	$249,291	100.000%

Note: Results may not add due to rounding.

EXHIBIT A

Schedule of Employer Allocations as of December 31, 2014 - Continued

PART ONE - Allocation of December 31, 2014 Net Pension Liability (NPL)
Excluding Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers

Employer	Cost Group #7 & 9	Cost Group #7 & 9 Percentage	Cost Group #8	Cost Group #8 Percentage	Cost Group #10	Cost Group #10 Percentage
Bethel Island Municipal District	$0	0.000%	$0	0.000%	$0	0.000%
Byron Brentwood Cemetery	0	0.000%	0	0.000%	0	0.000%
Contra Costa Mosquito and Vector Control District	0	0.000%	0	0.000%	0	0.000%
Contra Costa County Fire Protection District	0	0.000%	212,146,949	89.754%	0	0.000%
Central Contra Costa Sanitary District	0	0.000%	0	0.000%	0	0.000%
First 5-Children & Families Commission	0	0.000%	0	0.000%	0	0.000%
Contra Costa County	308,608,013	100.000%	0	0.000%	0	0.000%
Contra Costa County Employees' Retirement Association	0	0.000%	0	0.000%	0	0.000%
East Contra Costa Fire Protection District	0	0.000%	24,218,850	10.246%	0	0.000%
Contra Costa Housing Authority	0	0.000%	0	0.000%	0	0.000%
In-Home Supportive Services Authority	0	0.000%	0	0.000%	0	0.000%
Local Agency Formation Commission	0	0.000%	0	0.000%	0	0.000%
Moraga-Orinda Fire District	0	0.000%	0	0.000%	28,293,121	100.000%
Rodeo Sanitary District	0	0.000%	0	0.000%	0	0.000%
Rodeo-Hercules Fire Protection District	0	0.000%	0	0.000%	0	0.000%
San Ramon Valley Fire District	0	0.000%	0	0.000%	0	0.000%
Superior Court	0	0.000%	0	0.000%	0	0.000%
Total	$308,608,013	100.000%	$236,365,799	100.000%	$28,293,121	100.000%

Note: Results may not add due to rounding.

EXHIBIT A

Schedule of Employer Allocations as of December 31, 2014 - Continued

PART ONE - Allocation of December 31, 2014 Net Pension Liability (NPL)
Excluding Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers

Employer	Cost Group #11	Cost Group #11 Percentage	Cost Group #12	Cost Group #12 Percentage	Total NPL	Total Percentage
Bethel Island Municipal District	$0	0.000%	$0	0.000%	$114,600	0.007%
Byron Brentwood Cemetery	0	0.000%	0	0.000%	66,340	0.004%
Contra Costa Mosquito and Vector Control District	0	0.000%	0	0.000%	5,104,681	0.308%
Contra Costa County Fire Protection District	0	0.000%	0	0.000%	217,025,165	13.096%
Central Contra Costa Sanitary District	0	0.000%	0	0.000%	89,535,510	5.403%
First 5-Children & Families Commission	0	0.000%	0	0.000%	3,118,357	0.188%
Contra Costa County	0	0.000%	0	0.000%	1,149,935,357	69.390%
Contra Costa County Employees' Retirement Association	0	0.000%	0	0.000%	5,863,670	0.354%
East Contra Costa Fire Protection District	0	0.000%	0	0.000%	24,313,820	1.467%
Contra Costa Housing Authority	0	0.000%	0	0.000%	8,652,807	0.522%
In-Home Supportive Services Authority	0	0.000%	0	0.000%	1,040,424	0.063%
Local Agency Formation Commission	0	0.000%	0	0.000%	364,601	0.022%
Moraga-Orinda Fire District	0	0.000%	0	0.000%	29,167,127	1.760%
Rodeo Sanitary District	0	0.000%	0	0.000%	182,951	0.011%
Rodeo-Hercules Fire Protection District	0	0.000%	13,354,320	100.000%	13,499,212	0.815%
San Ramon Valley Fire District	64,508,251	100.000%	0	0.000%	69,527,014	4.195%
Superior Court	0	0.000%	0	0.000%	39,687,583	2.395%
Total	$64,508,251	100.000%	$13,354,320	100.000%	$1,657,199,219	100.000%

Note: Results may not add due to rounding.

EXHIBIT A

Schedule of Employer Allocations as of December 31, 2014 - Continued

PART TWO - Allocation of December 31, 2014 Net Pension Liability (NPL)
Including Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers

Employer	Cost Group #1 & 2	Cost Group #1 & 2 Percentage	Cost Group #3	Cost Group #3 Percentage	Cost Group #4	Cost Group #4 Percentage
Bethel Island Municipal District	$114,600	0.021%	$0	0.000%	$0	0.000%
Byron/Brentwood Cemetery	0	0.000%	0	0.000%	0	0.000%
Contra Costa Mosquito Abatement District	5,104,681	0.942%	0	0.000%	0	0.000%
Contra Costa County Fire Protection District	0	0.000%	0	0.000%	0	0.000%
Central Contra Costa Sanitary District	0	0.000%	89,535,510	100.000%	0	0.000%
First 5-Children & Families Commission	1,683,167	0.311%	0	0.000%	0	0.000%
Contra Costa County	498,742,275	92.016%	0	0.000%	0	0.000%
Contra Costa County Employees' Retirement Association	5,863,670	1.082%	0	0.000%	0	0.000%
East Contra Costa Fire Protection District	94,970	0.018%	0	0.000%	0	0.000%
Contra Costa Housing Authority	0	0.000%	0	0.000%	8,652,807	100.000%
In-Home Supportive Services Authority	1,040,424	0.192%	0	0.000%	0	0.000%
Local Agency Formation Commission	364,601	0.067%	0	0.000%	0	0.000%
Moraga-Orinda Fire District	319,726	0.059%	0	0.000%	0	0.000%
Rodeo Sanitary District	0	0.000%	0	0.000%	0	0.000%
Rodeo-Hercules Fire Protection District	144,892	0.027%	0	0.000%	0	0.000%
San Ramon Valley Fire District	5,018,763	0.926%	0	0.000%	0	0.000%
Superior Court	23,526,961	4.341%	0	0.000%	0	0.000%
Total	$542,018,730	100.000%	$89,535,510	100.000%	$8,652,807	100.000%

Note: Results may not add due to rounding.

EXHIBIT A

Schedule of Employer Allocations as of December 31, 2014 - Continued

PART TWO - Allocation of December 31, 2014 Net Pension Liability (NPL)
Including Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers

Employer	Cost Group #5	Cost Group #5 Percentage	Cost Group #6	Cost Group #6 Percentage
Bethel Island Municipal District	$0	0.000%	$0	0.000%
Byron Brentwood Cemetery	0	0.000%	66,340	26.612%
Contra Costa Mosquito and Vector Control District	0	0.000%	0	0.000%
Contra Costa County Fire Protection District	4,878,216	100.000%	0	0.000%
Central Contra Costa Sanitary District	0	0.000%	0	0.000%
First 5-Children & Families Commission	0	0.000%	0	0.000%
Contra Costa County	0	0.000%	0	0.000%
Contra Costa County Employees' Retirement Association	0	0.000%	0	0.000%
East Contra Costa Fire Protection District	0	0.000%	0	0.000%
Contra Costa Housing Authority	0	0.000%	0	0.000%
In-Home Supportive Services Authority	0	0.000%	0	0.000%
Local Agency Formation Commission	0	0.000%	0	0.000%
Moraga-Orinda Fire District	0	0.000%	0	0.000%
Rodeo Sanitary District	0	0.000%	182,951	73.388%
Rodeo-Hercules Fire Protection District	0	0.000%	0	0.000%
San Ramon Valley Fire District	0	0.000%	0	0.000%
Superior Court	0	0.000%	0	0.000%
Total	$4,878,216	100.000%	$249,291	100.000%

Note: Results may not add due to rounding.

EXHIBIT A

Schedule of Employer Allocations as of December 31, 2014 - Continued

PART TWO - Allocation of December 31, 2014 Net Pension Liability (NPL)
Including Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers

Employer	Cost Group #7 & 9	Cost Group #7 & 9 Percentage	Cost Group #8	Cost Group #8 Percentage	Cost Group #10	Cost Group #10 Percentage
Bethel Island Municipal District	$0	0.000%	$0	0.000%	$0	0.000%
Byron Brentwood Cemetery	0	0.000%	0	0.000%	0	0.000%
Contra Costa Mosquito and Vector Control District	0	0.000%	0	0.000%	0	0.000%
Contra Costa County Fire Protection District	0	0.000%	111,384,288	82.140%	0	0.000%
Central Contra Costa Sanitary District	0	0.000%	0	0.000%	0	0.000%
First 5-Children & Families Commission	0	0.000%	0	0.000%	0	0.000%
Contra Costa County	308,608,013	100.000%	0	0.000%	0	0.000%
Contra Costa County Employees' Retirement Association	0	0.000%	0	0.000%	0	0.000%
East Contra Costa Fire Protection District	0	0.000%	24,218,850	17.860%	0	0.000%
Contra Costa Housing Authority	0	0.000%	0	0.000%	0	0.000%
In-Home Supportive Services Authority	0	0.000%	0	0.000%	0	0.000%
Local Agency Formation Commission	0	0.000%	0	0.000%	0	0.000%
Moraga-Orinda Fire District	0	0.000%	0	0.000%	28,293,121	100.000%
Rodeo Sanitary District	0	0.000%	0	0.000%	0	0.000%
Rodeo-Hercules Fire Protection District	0	0.000%	0	0.000%	0	0.000%
San Ramon Valley Fire District	0	0.000%	0	0.000%	0	0.000%
Superior Court	0	0.000%	0	0.000%	0	0.000%
Total	$308,608,013	100.000%	$135,603,138	100.000%	$28,293,121	100.000%

Note: Results may not add due to rounding.

EXHIBIT A

Schedule of Employer Allocations as of December 31, 2014 - Continued

PART TWO - Allocation of December 31, 2014 Net Pension Liability (NPL)
Including Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers

Employer	Cost Group #11	Cost Group #11 Percentage	Cost Group #12	Cost Group #12 Percentage	Total NPL	Total Percentage
Bethel Island Municipal District	$0	0.000%	$0	0.000%	$114,600	0.010%
Byron Brentwood Cemetery	0	0.000%	0	0.000%	66,340	0.006%
Contra Costa Mosquito and Vector Control District	0	0.000%	0	0.000%	5,104,681	0.427%
Contra Costa County Fire Protection District	0	0.000%	0	0.000%	116,262,504	9.723%
Central Contra Costa Sanitary District	0	0.000%	0	0.000%	89,535,510	7.488%
First 5-Children & Families Commission	0	0.000%	0	0.000%	1,683,167	0.141%
Contra Costa County	0	0.000%	0	0.000%	807,350,288	67.521%
Contra Costa County Employees' Retirement Association	0	0.000%	0	0.000%	5,863,670	0.490%
East Contra Costa Fire Protection District	0	0.000%	0	0.000%	24,313,820	2.033%
Contra Costa Housing Authority	0	0.000%	0	0.000%	8,652,807	0.724%
In-Home Supportive Services Authority	0	0.000%	0	0.000%	1,040,424	0.087%
Local Agency Formation Commission	0	0.000%	0	0.000%	364,601	0.030%
Moraga-Orinda Fire District	0	0.000%	0	0.000%	28,612,847	2.393%
Rodeo Sanitary District	0	0.000%	0	0.000%	182,951	0.015%
Rodeo-Hercules Fire Protection District	0	0.000%	13,354,320	100.000%	13,499,212	1.129%
San Ramon Valley Fire District	64,508,251	100.000%	0	0.000%	69,527,014	5.815%
Superior Court	0	0.000%	0	0.000%	23,526,961	1.968%
Total	$64,508,251	100.000%	$13,354,320	100.000%	$1,195,701,397	100.000%

Note: Results may not add due to rounding.

EXHIBIT A

Schedule of Employer Allocations as of December 31, 2014 – continued

Notes:

1. Based on actual January 1, 2014 through December 31, 2014 compensation information that was provided by CCCERA.
2. The Net Pension Liability (NPL) for each Cost Group is the Total Pension Liability (TPL) minus the Plan Net Position (plan assets). The Total Pension Liabilty for each Cost Group is obtained from internal valuation results based on the actual participants in each Cost Group. The Plan Fiduciary Net Position for each Cost Group was estimated by adjusting the valuation value of assets for each Cost Group (which is used to determine employer contribution rates) by the ratio of the total CCCERA Plan Fiduciary Net Position to total CCCERA valuation value of assets. Based on this methodology, any non-valuation reserves (such as the Post Retirement Death Benefit) are allocated amongst the tiers based on each tier's valuation value of assets.
3. For Cost Groups that have one employer, all of the NPL for that Cost Group is allocated to the corresponding employer.
4. For Cost Groups that have multiple employers, the NPL is allocated based on the actual compensation within the Cost Group.
   a. First calculate ratio of employer's compensation to the total compensation for the Cost Group.
   b. This ratio is multiplied by an "adjusted" NPL. This adjusted NPL is larger than the actual NPL as it excludes proceeds from Pension Obligation Bonds and any UAAL prepayments from the Cost Group's assets when determining the employer's proportionate share of the NPL for the Cost Group. The allocation of the adjusted NPL is shown above in PART ONE of Exhibit A.
   c. The amounts of the proceeds from Pension Obligation Bonds and UAAL prepayments as of December 31, 2014 allocated to those employers within each Cost Group are as follows:

Cost Group #1:	Contra Costa County	$342,585,069
Cost Group #1:	Superior Court	$16,160,622
Cost Group #1:	Moraga-Orinda Fire District	$554,280
Cost Group #1:	First 5-Children & Families Commission	$1,435,190
Cost Group #8:	Contra Costa County Fire Protection District	$100,762,661

   Note that the proceeds from Pension Obligation Bonds for Contra Costa County and the Superior Court as of December 31, 2014 (total of $358,745,691) were allocated proportionally based on the compensation information.

5. Subtract from the adjusted NPL in PART ONE the outstanding balance of the proceeds from any Pension Obligation Bonds and any UAAL prepayments for those employers in each Cost Group that are subject to these adjustments. The resulting actual NPL is shown in PART TWO of Exhibit A.
6. If the employer is in several Cost Groups, the employer's total allocated NPL is the sum of its allocated NPL from each Cost Group.
7. Cost Group #1 and Cost Group #2 were combined and Cost Group #7 and Cost Group #9 were combined consistent with the determination of the UAAL rate in the annual funding actuarial valuation.

EXHIBIT B

Schedule of Pension Amounts by Employer as of December 31, 2014

Deferred Outflows of Resources	Bethel Island Municipal District	Byron Brentwood Cemetery	Contra Costa Mosquito and Vector Control District	Contra Costa County Fire Protection District	Central Contra Costa Sanitary District
Differences Between Expected and Actual Experience	$0	$0	$0	$0	$0
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	0	0	0	0	0
Changes of Assumptions	0	0	0	0	0
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,193	40,259	27,610	0	1,920,610
Total Deferred Outflows of Resources	$1,193	$40,259	$27,610	$0	$1,920,610
Deferred Inflows of Resources					
Differences Between Expected and Actual Experience	$13,772	$7,972	$613,443	$13,971,581	$10,759,725
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	1,024	593	45,624	1,039,114	800,237
Changes of Assumptions	6	3	253	5,753	4,431
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	0	0	8,403,812	0
Total Deferred Inflows of Resources	$14,802	$8,568	$659,320	$23,420,260	$11,564,393
Net Pension Liability as of December 31, 2013	$141,029	$81,639	$6,281,902	$143,074,496	$110,183,830
Net Pension Liability as of December 31, 2014	$114,600	$66,340	$5,104,681	$116,262,504	$89,535,510
Pension Expense					
Proportionate Share of Plan Pension Expense	$16,528	$9,567	$736,219	$16,767,876	$12,913,194
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	331	11,183	7,670	(2,334,392)	533,503
Total Employer Pension Expense	$16,859	$20,750	$743,889	$14,433,484	$13,446,697

EXHIBIT B

Schedule of Pension Amounts by Employer as of December 31, 2014 – continued

Deferred Outflows of Resources	First 5-Children & Families Commission	Contra Costa County	Contra Costa County Employees' Retirement Association	East Contra Costa Fire Protection District	Contra Costa Housing Authority
Differences Between Expected and Actual Experience	$0	$0	$0	$0	$0
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	0	0	0	0	0
Changes of Assumptions	0	0	0	0	0
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	85,435	13,652,435	2,115	0	0
Total Deferred Outflows of Resources	$85,435	$13,652,435	$2,115	$0	$0
Deferred Inflows of Resources					
Differences Between Expected and Actual Experience	$202,271	$97,021,475	$704,653	$2,921,858	$1,039,831
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	15,044	7,215,816	52,407	217,308	77,336
Changes of Assumptions	83	39,954	290	1,203	428
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	0	0	2,064,238	26,007
Total Deferred Inflows of Resources	$217,398	$104,277,245	$757,350	$5,204,607	$1,143,602
Net Pension Liability as of December 31, 2013	$2,071,332	$993,538,168	$7,215,926	$29,920,976	$10,648,283
Net Pension Liability as of December 31, 2014	$1,683,167	$807,350,288	$5,863,670	$24,313,820	$8,652,807
Pension Expense					
Proportionate Share of Plan Pension Expense	$242,754	$116,439,519	$845,684	$3,506,642	$1,247,944
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	23,732	3,792,342	587	(573,399)	(7,224)
Total Employer Pension Expense	$266,486	$120,231,861	$846,271	$2,933,243	$1,240,720

EXHIBIT B

Schedule of Pension Amounts by Employer as of December 31, 2014 – continued

Deferred Outflows of Resources	In-Home Supportive Services Authority	Local Agency Formation Commission	Moraga-Orinda Fire District	Rodeo Sanitary District	Rodeo-Hercules Fire Protection District
Differences Between Expected and Actual Experience	$0	$0	$0	$0	$0
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	0	0	0	0	0
Changes of Assumptions	0	0	0	0	0
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	6,543	0	115,504	0
Total Deferred Outflows of Resources	$0	$6,543	$0	$115,504	$0
Deferred Inflows of Resources					
Differences Between Expected and Actual Experience	$125,031	$43,815	$3,438,484	$21,986	$1,622,237
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	9,299	3,259	255,732	1,635	120,651
Changes of Assumptions	51	18	1,416	9	668
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	8,743	0	2,307,439	0	1,839,275
Total Deferred Inflows of Resources	$143,124	$47,092	$6,003,071	$23,630	$3,582,831
Net Pension Liability as of December 31, 2013	$1,280,362	$448,684	$35,211,427	$225,142	$16,612,346
Net Pension Liability as of December 31, 2014	$1,040,424	$364,601	$28,612,847	$182,951	$13,499,212
Pension Expense					
Proportionate Share of Plan Pension Expense	$150,055	$52,584	$4,126,667	$26,386	$1,946,914
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	(2,429)	1,817	(640,955)	32,085	(510,910)
Total Employer Pension Expense	$147,626	$54,401	$3,485,712	$58,471	$1,436,004

EXHIBIT B

Schedule of Pension Amounts by Employer as of December 31, 2014 – continued

Deferred Outflows of Resources	San Ramon Valley Fire District	Superior Court	Total for all Employers
Differences Between Expected and Actual Experience	$0	$0	$0
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	0	0	0
Changes of Assumptions	0	0	0
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	1,702,396	17,554,100
Total Deferred Outflows of Resources	$0	$1,702,396	$17,554,100
Deferred Inflows of Resources			
Differences Between Expected and Actual Experience	$8,355,250	$2,827,299	$143,690,683
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	621,408	210,276	10,686,763
Changes of Assumptions	3,441	1,164	59,171
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	2,904,586	0	17,554,100
Total Deferred Inflows of Resources	$11,884,685	$3,038,739	$171,990,717
Net Pension Liability as of December 31, 2013	$85,561,055	$28,952,654	$1,471,449,251
Net Pension Liability as of December 31, 2014	$69,527,014	$23,526,961	$1,195,701,397
Pension Expense			
Proportionate Share of Plan Pension Expense	$10,027,484	$3,393,159	$172,449,176
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	(806,829)	472,888	0
Total Employer Pension Expense	$9,220,655	$3,866,047	$172,449,176

EXHIBIT B

Schedule of Pension Amounts by Employer as of December 31, 2014 – continued

Notes:

Amounts shown in this exhibit excluding the differences betweeen employer contributions and proportionate share of contributions were allocated by employer based on the Employer Allocation Percentage calculated in Exhibit A.

In determining the pension expense:

- Any differences between projected and actual investment earnings on pension plan investments are recognized over a period of five years beginning with the year in which they occur.
- Differences between expected and actual experience are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through CCCERA determined as of December 31, 2013 (the beginning of the measurement period ending December 31, 2014) and is 4.60 years.

The average of the expected remaining service lives of all employees was determined by:

- Calculating each active employees' expected remaining service life as the present value of $1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each nonactive or retired members.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

Only for this initial transition year, the beginning of the year Net Pension Liability as of December 31, 2013 was allocated by using the same Employer Allocation Percentage shown in Exhibit A as of December 31, 2014.

We did not attempt to determine the beginning balances for deferred inflows of resources and deferred outflows of resources as of the beginning of the period for the 2014 plan year. Per paragraph 137 of GAS 68, these balances are assumed to be zero.

We have adjusted the contributions by employer provided by CCCERA so the total contribution amount match to the financial statement.

Note: Results may not total due to rounding.

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BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying statement of fiduciary net position of the Contra Costa County Employees' Retirement Association (CCCERA), a component unit of the County of Contra Costa, California, as of December 31, 2014, and the related statement of changes in fiduciary net position for the year then ended and the related notes to the financial statements, which collectively comprise CCCERA's basic financial statements as listed in the table of contents. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflow of resources and total pension expense ($1,195,701 thousand, $17,554 thousand, $171,990 thousand, $172,449 thousand, respectively) included in the Schedule of Employer Allocations – GASB 68 and Schedule of Employer Pension Amounts – GASB 68 listed as other information in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements and other information referred to above present fairly, in all material respects, the fiduciary net position of CCCERA as of December 31, 2014, and the changes in fiduciary net position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2014, CCCERA implemented Governmental Accounting Standards Board (GASB) Statement No 67, *Financial Reporting for Pension Plans*, which modified the current financial reporting of those elements. This statement has a material impact on CCCERA's financial statements as the note disclosures, required supplementary information, and notes to the required supplementary information were significantly modified to comply with GASB Statement No. 67. Our opinion is not modified with respect to this matter.

As discussed in Note 5 to the financial statements, the net pension liability of the participating employers as of December 31, 2014 was $1,195,701 thousand. The fiduciary net position as a percentage of the total liability as of December 31, 2014 was 85.2%. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

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

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

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

Report on Summarized Comparative Information

We have previously audited CCCERA's December 31, 2013 financial statements, and our report dated June 6, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2015, on our consideration of CCCERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CCCERA's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
June 11, 2015

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Contra Costa County Employees' Retirement Association
Board of Retirement presentation
of the December 31, 2014 audit results
By: Rosalva Flores, CPA and Ashley Casey, CPA
Brown Armstrong Accountancy Corporation
Date: June 25, 2015

1. Purpose of the Audit

2. The Audit Process
   a. Timeline coordination with CCCERA staff
   b. Understanding and evaluation of CCCERA internal controls through inquiry and observation
   c. Confirmations with independent third parties
   d. Interim testing
   e. Final fieldwork testing
   f. Report presentation

3. Significant Audit Areas/Scope of Audit Work
   a. Risk based approach
   b. Investments and related earnings
   c. Participant data and actuarial information
   d. Employee and employer contributions
   e. Benefit payments
   f. GASB 67/68

4. Audit Opinions
   a. Types of audit opinions
   b. CAFR
      i. Independent Auditor's Report (opinion) on Financial Statements – unmodified ("clean") opinion
   c. Report to the Board of Retirement
      i. Required Communication to the Board of Retirement in Accordance with Professional Standards
      ii. Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
      iii. Agreed Upon Conditions Report Designed to Increase Efficiency, Internal Controls, and/or Financial Reporting

5. Financial Statement Highlights

6. Thank Staff

7. Questions and/or Comments?

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

REPORT TO THE BOARD OF RETIREMENT

FOR THE YEAR ENDED DECEMBER 31, 2014

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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REQUIRED COMMUNICATION TO THE BOARD OF RETIREMENT IN ACCORDANCE WITH PROFESSIONAL STANDARDS

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

We have audited the financial statements of Contra Costa County Employees' Retirement Association (CCCERA) for the year ended December 31, 2014, and have issued our report dated June 11, 2015. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated January 16, 2015. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Findings</u>

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by CCCERA are described in Note 2, Summary of Significant Accounting Policies, to the financial statements. As described in the notes to the financial statements, CCCERA implemented the following standard in 2014: Governmental Accounting Standards Board (GASB) Statement No 67 – *Financial Reporting for Pension Plans.* The objective of GASB Statement No. 67 is to improve financial reporting by state and local government pension plans, such as CCCERA. In addition, the following standards were implemented in 2014 with no effect on CCCERA's financial statements: GASB Statement No. 69 – *Government Combinations and Disposals of Government Operations;* and GASB Statement No. 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees.* We noted no transactions entered into by CCCERA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- The net pension liability and contribution amounts as detailed in Note 5 and Note 7, respectively, which are based on actuarially presumed interest rate and assumptions recommended by an independent actuary and adopted by the Retirement Board, which involve estimates of the values of reported amounts and probabilities about the occurrence of future events.

We evaluated the key factors and assumptions used to develop the net pension liability and contribution amount in determining that they are reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the fair value of investments was derived by various methods as detailed in Note 2, Summary of Significant Accounting Policies. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

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

- The disclosures for deposits and investments in Notes 2 and 3 to the financial statements, Summary of Significant Accounting Policies and Deposits and Investment Risk Disclosures, respectively, were derived from CCCERA's investment policy. Management's estimate of the fair value of investments was derived by various methods as detailed in the notes.

- The disclosure for the Net Pension Liability in Note 5, which is based on actuarial evaluations and involve estimates of the value of reported amounts and probabilities about the occurrence of future events far into the future.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not identify any misstatements as a result of our audit procedures.

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

Management Representations
We have requested certain representations from management that are included in the management representation letter dated June 11, 2015.

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

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

Other Matters
We have applied certain limited procedures to the Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Net Pension Liability, Schedule of Employer Contributions, Schedule of Investment Returns, and Notes to the Required Supplementary Information which are Required Supplementary Information (RSI) that supplements the basic financial statements.

Our procedures consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

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

Restriction on Use

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
June 11, 2015

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

BROWN ARMSTRONG
Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Contra Costa County Employees' Retirement Association (CCCERA), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise CCCERA's basic financial statements, and have issued our report thereon dated June 11, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to the Board of Retirement of CCCERA, in a separate letter dated June 11, 2015.

Purpose of this Report

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
June 11, 2015

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BROWN ARMSTRONG
Certified Public Accountants

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

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

We have audited the financial statements of the Contra Costa County Employees' Retirement Association (CCCERA) for the year ended December 31, 2014, and have issued our report dated June 11, 2015. In planning and performing our audit of the financial statements of CCCERA, we considered its internal control structure over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CCCERA's internal control. Accordingly, we do not express an opinion on the effectiveness of CCCERA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control that we considered to be material weaknesses.

The results of our audit disclosed no recommendations and we are providing the disposition of the prior year comments.

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
June 11, 2015

Current Year Agreed Upon Conditions and Recommendations

None.

Status of Prior Year Agreed Upon Conditions and Recommendations

Agreed Upon Condition 1 – IT Policy

Condition

The IT policy does not indicate a review date to ensure it is being reviewed on an annual basis.

Recommendation

It is important to update the IT policy on an annual basis to ensure it addresses the latest information technology threats. This impacts data security and integrity on the financial applications. We recommend CCCERA consider updating the IT policy on an annual basis to reflect necessary review and updates.

Management Response

Effective this year, CCCERA will update the IT policy on an annual basis.

Current Year Status

In 2014, IT policies were reviewed and updated by CCCERA. As a result of being independent from the County of Contra Costa (the County), effective January 1, 2015, CCCERA is currently establishing separate IT policies from the County.

Agreed Upon Condition 2 – IT Change Management

Condition

CCCERA does not currently have a formal change management policy to mitigate the potential impact of key financial applications.

Recommendation

We recommend CCCERA consider setting up a formal change management policy for its Pension Administration System (CPAS) and Multiview Accounting Systems applications to document the controls and processes of change requests, users' acceptance test and users' review and sign off. All system changes (CPAS and Multiview) should be tracked in a log with proper supporting documents.

Management Response

Currently, CCCERA is using the Outlook email system to track change management for the department. CCCERA will look into a more "formal" change management system in 2014.

Current Year Status

In 2014, CCCERA deployed Manage Engine Service Desk to document the controls and processes of change requests for its Pension and Administration (CPAS) and Multiview Accounting System applications.

Contra Costa County Employees' Retirement Association

A Pension Trust Fund of the County of Contra Costa, California

Comprehensive Annual Financial Report

for the Years Ended December 31, 2014 and 2013

CONTRA COSTA COUNTY CCCERA Employees' Retirement Association

CONTRA COSTA COUNTY CCCERA Employees' Retirement Association

CCCERA's mission is to deliver retirement benefits to members and their beneficiaries through prudent asset management and effective administration, in accordance with all plan provisions.

Featured photography:

With a population of 1 million, Contra Costa County offers beautiful views from regional parks and open space. Mount Diablo and its foothills, for example, are iconic views to the area. Located about 30 minutes north of San Francisco, the county's beauty is unique, unexpected and understated.

On cover: Fork In The Road – Walnut Creek, California. *(Patrick Smith)*

Contra Costa County Employees' Retirement Association

A Pension Trust Fund of the County of Contra Costa, California

Comprehensive Annual Financial Report

for the Years Ended December 31, 2014 and 2013

Issued by:

Retirement Chief Executive Officer
Gail Strohl

Retirement Accounting Manager
Vickie C. Kaplan, CPA

Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, California 94520-5728
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Table of Contents

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I. Introductory *Section*

Lafayette Reservoir Morning – Lafayette, California. *(Patrick Smith)*

Letter of Transmittal

June 11, 2015

Board of Retirement
Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, CA 94520-5728

Dear Board Members:

I am pleased to present the Contra Costa County Employees' Retirement Association's (CCCERA) Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2014, our 69th year of operation.

CCCERA is a public employee retirement system that was established by the County of 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 County employees and 16 other participating agencies under the California State Government Code, Section 31450 *et seq.* (County Employees Retirement Law of 1937) and Section 7522 *et seq.* (California Public Employees' Pension Reform Act of 2013).

REPORT CONTENTS

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

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

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

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

The ACTUARIAL SECTION communicates CCCERA's funding status and presents other actuarial related information. This section contains the certification of the consulting actuary, Segal Consulting, actuarial statistics, and general plan provisions.

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

CCCERA AND ITS SERVICES

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

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

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

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

CCCERA is governed by the California Constitution (Article 16 - Public Finance, Section 17); the County Employees Retirement Law of 1937 (CERL); the California Public Employees' Pension Reform Act of 2013 (PEPRA); and the regulations, procedures, and policies adopted by CCCERA's Board of Retirement. The Contra Costa County Board of Supervisors may also adopt resolutions, as permitted by CERL, which may affect benefits of CCCERA members.

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

FINANCIAL INFORMATION

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

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

ACTUARIAL FUNDING STATUS

CCCERA contracts with an independent actuarial consulting firm, Segal Consulting, to act as the plan's actuary and conduct annual actuarial valuations, which are presented to the Board annually. On a triennial basis, the actuary also conducts an experience study of the members of CCCERA and makes recommendations to the Board on all economic and non-economic assumptions. The most recent triennial experience study was performed as of December 31, 2012.

CCCERA's funding objective is to meet long-term defined benefit obligations through contributions and investment income. Funds are derived from the excess of additions, which include contributions and investment earnings, over deductions which are comprised of benefits and administrative expenses. Funds are accumulated to meet future benefit obligations to retirees and beneficiaries. This accumulated balance is referred to as the "net position restricted for pensions" in the Statement of Fiduciary Net Position in the Financial Section of the report. In accordance with GASB Statement No. 67, the total pension liability is not reported in the basic financial statements, but is disclosed in Note 5, *Net Pension Liability*, to the basic financial statements and in the required supplementary information. The total pension liability is determined by the plan's actuary and is a measure of the present value of actuarial accrued liabilities estimated to be payable in the future to current retirees, beneficiaries, and active members for service earned to date. The net pension liability is measured as the total pension liability less the amount of the plan's fiduciary net position. The net pension liability is an accounting measurement for financial statement purposes.

Segal Consulting's actuarial valuation as of December 31, 2013, determined the funding ratio to be 76.4%, using approved assumptions. This ratio compares the actuarial value of assets of the plan to the actuarial accrued liabilities of the plan. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial liabilities. Lower ratios may indicate recent changes to benefit structures, funding of a plan below actuarial requirements, poor asset performance, or a variety of other changes. For a more in-depth review of the funding of the plan, see the actuarial section of this report.

INVESTMENTS

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

The Board has adopted an Investment Policy, which provides the framework for the management of CCCERA's investments. This policy establishes CCCERA's investment objectives and defines the principal duties of the Board, staff, custodian bank, and investment managers. The asset allocation is an integral part of the Investment Policy and is designed to provide an optimum mix of asset classes with return expectations that reflect expected liabilities. A summary of the asset allocation can be found in the investment section of this report.

On a fair value basis, the total net position restricted for pensions increased from $6.46 billion at December 31, 2013, to $6.91 billion at December 31, 2014. For the year ended December 31, 2014, CCCERA's investment portfolio returned 8.4%, before investment management fees or administrative expenses, reflecting market conditions throughout the year. CCCERA's gross annualized rate of return was 13.0% over the last three years, 11.0% over the last five years, and 7.6% over the last 10 years.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CCCERA for its CAFR for the year ended December 31, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. It is believed that the current report continues to conform to the Certificate of Achievement program requirements, and it is being submitted to the GFOA for evaluation.

CCCERA was awarded the Public Pension Coordinating Council's (PPCC) Public Pension Standards Award in 2014. The Public Pension Standards are intended to reflect minimum expectations for public retirement system management and administration, and to serve as a benchmark by which all defined benefit public plans should be measured.

SERVICE EFFORTS AND ACCOMPLISHMENTS

Accounting Division –

The accounting division's main goal is to ensure accounting accuracy for financial reporting purposes as well as to be in compliance with accounting standards. Responsibilities continue to increase as CCCERA's investment portfolio grows to include additional investment managers and investment types.

Major initiatives for the division include:

GASB 67 and 68 – In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 67 (GASB 67), *Financial Reporting for Pension Plans*, an amendment to GASB Statement No. 25, and Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*, an amendment to GASB Statement No. 27, which establishes new accounting and financial reporting requirements for public pension plans and their participating employers (plan sponsors), respectively. According to GASB, these new statements are "designed to improve the decision-usefulness of reported pension information and to increase the transparency, consistency and comparability of pension information across governments."

These new statements significantly change current pension accounting and financial reporting requirements by:

- Separating pension accounting from funding pension benefits;
- Requiring the plan to calculate the collective net pension liability, and the participating employers to recognize their proportionate share of that liability, and the related pension expense and deferred outflows/inflows of resources, on their basic financial statements; and
- Requiring additional note disclosures and required supplementary information based on the new standards for both the plan and their participating employers.

For CCCERA, GASB 67 went into effect beginning with the year ended December 31, 2014. The associated schedules and additional information for this new requirement are shown in the Financial Section. For CCCERA's participating employers, GASB 68 is effective beginning with the fiscal year ended June 30, 2015. CCCERA has established an implementation plan for GASB 67 and 68 and has already conducted workshops for our participating employers related to their implementation of GASB 68. CCCERA believes our current CAFR meets the requirements of GASB 67 and is committed to continue to work with our consultants and participating employers to provide ongoing communication and support as our participating employers begin their implementation of GASB 68 this year.

<u>*Accounting System Upgrade*</u> – In November 2014, the division upgraded their Multiview accounting system from client server to .NET. This upgrade provided a web-based accounting system with enhanced capabilities, to include new screens that are easily configurable by the end user, the ability to use any data element to perform queries, conditional formatting of queries coupled with drag and drop capability of changing query filters, and acquiring pivot data to create graphs and dashboards by application with key data elements of interest by user.

Administrative Division –

The administrative division is responsible for property management, member communications, member record maintenance and retention as well as supporting the other divisions, executives and the Board of Retirement. Administration planned and coordinated remodels throughout the suite to accommodate CCCERA's growing staff. In coordination with the remodels, security was increased with the installation of key pads at regularly used suite doors.

Benefits Division –

Delivering retirement benefits to members and their beneficiaries in accordance with all plan provisions begins and ends in the benefits division. This division is responsible for counseling members as they plan for retirement, calculating retirement allowances under the available options, and entering retiring members into the pension administration system under the correct payment option. The benefits division processes both service retirements as well as disability retirements. The monthly retiree payroll is also performed by the benefits staff including making annual cost-of-living adjustments and fulfilling annual tax reporting requirements.

Member counseling and retirement processing were at high levels as members evaluated retirement decisions, particularly in light of the final ruling in the Assembly Bill (AB) 197 lawsuit, which prompted a higher than normal number of retirements in July 2014. Retirement counseling helps CCCERA members make major life decisions and staff worked hard to provide a high level of customer support throughout this challenging year.

Compliance Division –

The compliance division supports CCCERA's executive management and the Board by providing guidance for compliance with laws, regulations, general plan operations, and public policy. The main focus of the division is to assist in preparing and implementing policies and procedures, including internal audit procedures in order to comply with statutory and Board policy requirements.

The compliance division conducted three internal audits during the year including Fair Political Practices Commission (FPPC) - Placement Agents, Employer Leave Cash-out Practices, and the Service Retirement Pension Application Process. The division also conducted five employer on-site field audits during the year.

In support of executive management and the Board, the division also was engaged in five special projects in 2014: Call-Back Pay – Metrics and Analysis; 1099R Tax Reporting Compliance Analysis and Procedure Development; Retiree Return to Work Trending and Tracking Monitoring Procedures; Panel Management Pay error correction through the IRS Self-Correction Program; and the CCCERA Retiree Lookback – Compensation Enhancement Study.

Human Resources Division –

On August 22, 2014 the Governor signed Senate Bill (SB) 673 allowing CCCERA to become an independent employer on January 1, 2015. As a result of the passage of SB 673, CCCERA is a public agency for purposes of the Meyers-Milias-Brown Act (MMBA). In order to provide the expertise and guidance for MMBA compliance and human resource type matters, CCCERA issued request for proposals and hired a chief labor negotiator and employment and labor counsel. CCCERA began creating personnel governing documents and meeting with union representatives in preparation of CCCERA's independence from Contra Costa County.

Successful recruitments were completed for the following positions: retirement administrative/human resources coordinator, retirement communications coordinator, retirement office specialist, retirement investment analyst, two retirement benefits managers, two retirement counselors, and two retirement member services technicians.

Member Services Division –

Recruit and Train Staff – We are anticipating moving from the subledger system to only CPAS in 2015. Staff has been cross training in anticipation of the switch from the current manual subledger process to the automated CPAS functions. However, CCCERA will still run the manual subledger system in parallel with CPAS for some time in 2015 to ensure accuracy. The open member services technician position was filled in late 2014 and we are now recruiting for one additional senior data specialist position to be filled in 2015.

Electronic Imports – CCCERA is now posting imports in real-time. We are currently working on an extended reconciliation process.

Addition of Audit Procedures – Shifting from our subledger system to CPAS has called for stricter audit standards for staff. In order to ensure the accuracy of our data in CPAS, member services has added additional audit checks to the employer import process, the new hire process and refund processing.

New Hire Process – The phasing out of the old subledger system also called for a complete overhaul of the new hire process. Cross training of staff was needed to accommodate the change in work flow and new procedures were developed to incorporate the electronic import process.

Audit of All Active and Deferred Accounts – Member services is in the process of auditing and balancing all employee accounts in CPAS against the totals in the subledger system. This is a very time consuming process where staff must accurately research and adjust any discrepancies found in the 10,000+ member active and deferred records. This is a continuous project with the main core completed. We look to add additional internal controls in 2015.

Refunds – Member services is looking forward to beginning the transition of issuing refund and rollover checks for terminated members completely from our CPAS pension system.   This will allow member services to reduce the processing time and issue checks faster to our members. Currently, these types of disbursements are generated by CCCERA's accounting department.

Benefit Statements – The annual member statement has been redesigned for the 2014 reporting. Members will now enjoy a fresh, bold new look with extended personal information now available.

Information Technology Division –

The information technology division has continued to provide technical expertise in computer and communications technology. Its mission is to plan, direct, and coordinate implementation of CCCERA's information technology program; set and enforce technology and data security standards and policies; and provide information technology products, services, guidance, and direction to all divisions. During 2014, the division successfully helped plan and migrated off Multiview accounting system from Client/Server to a web-based system. The old voicemail system was replaced with a new system that keeps external and internal communications flowing seamlessly and efficiently. The division replaced the CCCERA Reports web-based application with a more robust SQL Server Reporting System (SSRS) and have started the design of CPAS View web application to replace functionality of the Subledger system.

ACKNOWLEDGEMENT

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

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

Respectfully submitted,

Gail Strohl

Gail Strohl
Retirement Chief Executive Officer

Retirement Board *(As of December 31, 2014)*

Chairperson
Brian Hast
Term Expires June 30, 2016
Appointed/Elected by General Members

Vice-Chairperson
John B. Phillips
Term Expires June 30, 2017
Appointed/Elected by Board of Supervisors

Secretary
Jerry Telles
Term Expires June 30, 2016
Appointed/Elected by Retirees

Debora Allen
Term Expires June 30, 2017
Appointed/Elected by Board of Supervisors

Karen Mitchoff
Term Expires June 30, 2017
Appointed/Elected by Board of Supervisors

Scott Gordon
Term Expires June 30, 2016
Appointed/Elected by Board of Supervisors

Todd Smithey
Term Expires June 30, 2017
Appointed/Elected by General Members

Gabe Rodrigues
Term Expires June 30, 2017
Appointed/Elected by Safety Members

County Treasurer
Russell V. Watts
Permanent by Office

(Alternate)
Jerry R. Holcombe
Term Expires June 30, 2017
Appointed/Elected by Board of Supervisors

(Alternate)
Louie Kroll
Term Expires June 30, 2016
Appointed/Elected by Retirees

(Alternate)
William Pigeon
Term Expires June 30, 2017
Appointed/Elected by Safety Members

Professional Consultants *(As of December 31, 2014)*

Actuary
- **Segal Consulting**

Actuarial Audit
- **Milliman**

Benefit Statement Consultant
- **Segal Consulting**

Data Processing
- **Contra Costa County Department of Information Technology**

Auditor
- **Brown Armstrong Accountancy Corporation**

Legal Counsel
- **County Counsel of Contra Costa County**
- **Ice Miller, LLP**
- **Laughlin, Falbo, Levy & Moresi, LLP**
- **Reed Smith LLP**
- **Wiley Price & Radulovich, LLP**

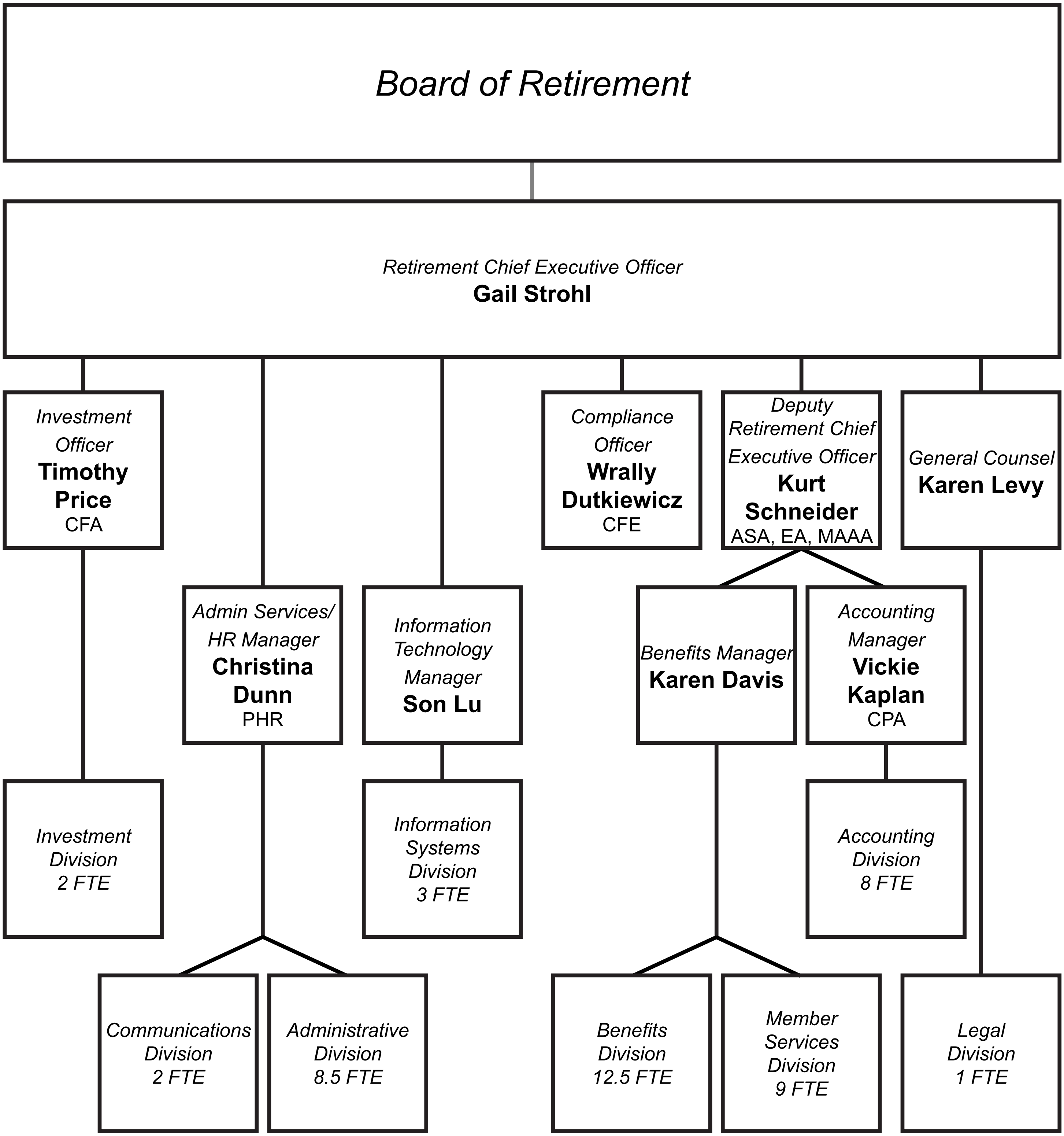
Investment Consultant
- **Milliman**

Master Custodian
- **State Street Bank & Trust**

Proxy Guideline Voting Agent Service
- **Institutional Shareholder Services, Inc. (ISS)**

Note: List of Investment Managers is located on page 88 of this report.

Administrative Organization Chart *(As of December 31, 2014)*



GFOA Certificate of Achievement Award

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Contra Costa County

Employees' Retirement Association

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

PPCC Public Pension Standards Award

Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
2014

Presented to

Contra Costa County Employees' Retirement Association

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

Presented by the Public Pension Coordinating Council, a confederation of

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

Alan H. Winkle
Program Administrator

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II. Financial *Section*

Diablo Spring #1 – Lafayette, California. *(Patrick Smith)*

BROWN
ARMSTRONG
CERTIFIED
PUBLIC
ACCOUNTANTS

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SUITE 101
FRESNO, CALIFORNIA 93711
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FAX 559.476.3593

221 E. WALNUT STREET
SUITE 260
PASADENA, CALIFORNIA 91101
TEL 626.204.6542
FAX 626.204.6547

5250 CLAREMONT AVENUE
SUITE 237
STOCKTON, CA 95207
TEL 209.451.4833

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

BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying statement of fiduciary net position of the Contra Costa County Employees' Retirement Association (CCCERA), a component unit of the County of Contra Costa, California, as of December 31, 2014, and the related statement of changes in fiduciary net position for the year then ended and the related notes to the financial statements, which collectively comprise CCCERA's basic financial statements as listed in the table of contents. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflow of resources and total pension expense ($1,195,701 thousand, $17,554 thousand, $171,990 thousand, $172,449 thousand, respectively) included in the Schedule of Employer Allocations – GASB 68 and Schedule of Employer Pension Amounts – GASB 68 listed as other information in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements and other information referred to above present fairly, in all material respects, the fiduciary net position of CCCERA as of December 31, 2014, and the changes in fiduciary net position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2014, CCCERA implemented Governmental Accounting Standards Board (GASB) Statement No 67, *Financial Reporting for Pension Plans*, which modified the current financial reporting of those elements. This statement has a material impact on CCCERA's financial statements as the note disclosures, required supplementary information, and notes to the required supplementary information were significantly modified to comply with GASB Statement No. 67. Our opinion is not modified with respect to this matter.

As discussed in Note 5 to the financial statements, the net pension liability of the participating employers as of December 31, 2014 was $1,195,701 thousand. The fiduciary net position as a percentage of the total liability as of December 31, 2014 was 85.2%. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

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

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

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

Report on Summarized Comparative Information

We have previously audited CCCERA's December 31, 2013 financial statements, and our report dated June 6, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2015, on our consideration of CCCERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CCCERA's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
June 11, 2015

Management's Discussion and Analysis

As management of the Contra Costa County Employees' Retirement Association (CCCERA), we offer readers of CCCERA's financial statements this narrative overview and analysis of the financial position and results of operation for the years ended December 31, 2014 and 2013. The information presented here, in conjunction with the Notes to the Financial Statements beginning on page 34, provide a clear picture of CCCERA's overall financial status and activities.

Financial Highlights

- The net position – restricted for pensions of CCCERA at the close of December 31, 2014 and 2013 years totaled $6.9 billion and $6.5 billion, respectively. All of the net position is available to meet CCCERAs ongoing obligations to plan participants and their beneficiaries.

- CCCERA's total net position – restricted for pensions increased by $450.6 million, or 7.0% and $803.7 million, or 14.2% as of December 31, 2014 and 2013, respectively. The increases in 2014 and 2013 are primarily a result of positive investment returns as well as contributions received.

- Total Additions, as reflected in the Statement of Changes in Fiduciary Net Position, for the years ended December 31, 2014 and 2013 were $862.1 million and $1.2 billion, respectively. This includes employer and plan member contributions of $372.0 million, investment income of $488.9 million, and net securities lending income of $1.2 million for the year ended December 31, 2014, along with employer and plan member contributions of $307.4 million, investment income of $884.9 million and net securities lending income of $1.2 million for the year ended December 31, 2013. The 27.8% decrease in additions to net position over the prior year is mainly due to net investment income.

- Total Deductions, as reflected in the Statement of Changes in Fiduciary Net Position totaled $411.5 million for the year ended December 31, 2014, an increase of $21.8 million over the year ended December 31, 2013, or approximately 5.6%, mainly attributed to the increase in retiree payroll. Benefits paid to retirees and beneficiaries increased from $369.8 million in 2013 to $387.0 million in 2014, or approximately 4.7%. This increase can be attributed to an increase in the number of new retirees and an annual cost-of-living (COLA) increase.

- CCCERA's funding objective is to meet long-term benefit obligations through contributions and investment income. As of December 31, 2013, the date of CCCERA's last actuarial pension plan valuation, the funded status for CCCERA (the ratio of the valuation of assets to the actuarial liabilities) was 76.4%, compared to 70.6% in the previous year. The increase in the funding ratio is due to contributions in excess of the value of benefits earned as well as investment earnings in excess of the assumed rate.

- Market conditions were favorable for 2014. The total investment portfolio finished the year with a solid gross return of 8.4%, compared to 16.5% in 2013.

- Based on the Governmental Accounting Standards Board (GASB) Statement No. 67, CCCERA has a net pension liability (NPL) of $1.2 billion and $1.5 billion as of December 31, 2014 and 2013, respectively. The plan fiduciary net position as a percentage of the total pension liability is 85.2% and 81.4% as of December 31, 2014 and 2013, respectively. The net pension liability as a percentage of covered payroll is 178.1% and 230.4% as of December 31, 2014 and 2013, respectively. Refer to Note 5, *Net Pension Liability*, and Required Supplementary Information sections of this report for more information.

Overview of the Financial Statements

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

1. Statement of Fiduciary Net Position
2. Statement of Changes in Fiduciary Net Position

3. Notes to the Financial Statements
4. Required Supplementary Information
5. Notes to the Required Supplementary Information
6. Other Supplementary Information
7. Other Information

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

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

The Statement of Fiduciary Net Position is a snapshot of account balances at year-end. It discloses the assets and deferred outflows of resources available for future payments to retirees and their beneficiaries and any current liabilities that are owed as of year-end. The net position, which is the assets less liabilities and deferred inflows of resources, reflect the funds available for future use.

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

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

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

These two statements report CCCERA's net position restricted for pensions as one way to measure the plan's financial position. Over time, increases and decreases in CCCERA's net position are indicators of whether its financial position is improving or deteriorating. Other factors, such as market conditions, should be considered in measuring CCCERA's overall financial position. The increase in CCCERA's fiduciary net position for the year ended December 31, 2014, was 7.0%. This increase is due to market appreciation of assets as well as contributions received. CCCERA's total net fund return of 8.4% outperformed CCCERA's 7.25% actuarial assumed interest rate.

CCCERA's Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position appear on pages 32 and 33.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The Notes provide detailed discussion of key policies, programs, and activities that occurred during the year. Asset allocation, the long-term expected rate of return, discount rate, key actuarial assumptions, and the Schedule of Net Pension Liability based on GASB 67 are also included in this section. Notes to the Financial Statements appear on pages 34 - 57.

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

Another new schedule, the Schedule of Employer Contributions, helps the reader determine if plan sponsors are meeting the actuarially determined contributions over a period of time. New information about rates of return on pension plan investments, taking account of monetary flows into and out of the market, is provided. The Schedule of Investment Returns includes a money-weighted return performance calculation which is net of investment expenses. These schedules, as well as notes to the Required Supplementary Information, appear on pages 58 - 60.

The Schedule of Funding Progress for funding purposes is presented in the actuarial section on page 93.

The postemployment benefit program is administered by the plan sponsor, Contra Costa County (the County). Please refer to the County's Comprehensive Annual Financial Report (CAFR) for additional information.

Other Supplementary Information includes the Schedule of Administrative Expenses, Schedule of Investment Expenses, and Schedule of Payments to Consultants. It appears on pages 61 - 63.

Other Information follows the Other Supplementary Information on pages 64 - 77. New GASB Statement No. 68 (GASB 68) Schedule of Employer Allocations and Schedule of Employer Pension Amounts are added this year.

GASB 68 governs the specifics of accounting for public pension plan obligations for plan sponsors. Plan sponsors are required to implement GASB 68 for fiscal years beginning after June 15, 2014. GASB 68 requires a liability for pension obligations, known as the Net Pension Liability, to be recognized on the balance sheets of participating employers. Changes in the Net Pension Liability will be immediately recognized as Pension Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

Financial Analysis

As of December 31, 2014, CCCERA has $6.9 billion in net position restricted for pensions, which means that assets plus deferred outflows of resources of $8.1 billion exceed liabilities and deferred inflows of resources of $1.2 billion. As of December 31, 2013, CCCERA's net position restricted for pensions totaled $6.5 billion. The net position restricted for pensions is available to meet CCCERA's ongoing obligation to plan participants and their beneficiaries.

As of December 31, 2014, the net position restricted for pensions increased by 7.0% over 2013, primarily due to changes in the fair value of investments. Current assets and current liabilities also changed by offsetting amounts due to the recording of the securities lending cash collateral.

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

CAPITAL ASSETS — Capital assets with an initial cost of more than $5,000 and an estimated useful life in excess of three years may be capitalized and depreciated/amortized. Depreciation/amortization is calculated using the straight-line method over the estimated useful lives of the assets. CCCERA's capital assets decreased from $0.6 million as of December 31, 2013 to $0.5 million (net of accumulated depreciation and amortization) as of December 31, 2014. The investment in capital assets includes servers, equipment, furniture, and leasehold improvements. The total decrease in CCCERA's investment in capital assets from 2013 to 2014 was 22.4% primarily due to the normal amortization and depreciation of assets taken by CCCERA annually.

Starting in 2008, CCCERA follows Government Code Section 31580.3, which allows expensing of software, hardware, and computer technology consulting services in support of the software or hardware used in the administration of the retirement system. During 2014 and 2013, CCCERA expensed $130,679 and $117,778 of software, hardware, and computer technology consulting services, respectively.

FIDUCIARY NET POSITION

(Dollars in Thousands)

Assets	2014	2013	Amount Increase/ (Decrease)	Percent Increase/ (Decrease)
Current and other assets	$1,441,269	$1,476,686	($35,417)	(2.4%)
Investments at fair value	6,705,204	5,981,408	723,796	12.1%
Capital Assets	468	603	(135)	(22.4%)
Total Assets	**8,146,941**	**7,458,697**	**688,244**	**9.2%**
Liabilities				
Current Liabilities	1,238,031	1,000,379	237,652	23.8%
Total Liabilities	**1,238,031**	**1,000,379**	**237,652**	**23.8%**
NET POSITION - RESTRICTED FOR PENSIONS	**$6,908,910**	**$6,458,318**	**$450,592**	**7.0%**

CCCERA has annual valuations completed by its independent actuary, Segal Consulting. The purpose of the valuation is to determine the future contributions by the members and employers needed to provide for the prescribed benefits. The valuation takes into account CCCERA's policy to smooth the impact of market volatility by spreading each year's investment gains or losses over five years. Despite variations in the stock market, CCCERA's management and actuary concur that CCCERA remains in a financial position that will enable the plan to meet its obligations to participants and beneficiaries. CCCERA remains focused on the long-term performance of the fund, dependent on a strong and successful investment program, risk management, and strategic planning. CCCERA's latest Actuarial Valuation is as of December 31, 2013.

RESERVES — Pension plans establish reserves for various anticipated liabilities. CCCERA's reserves have been established to account for the accumulation of employer and employee contributions, the amounts available to meet the obligation of retired members as well as other items. A complete listing of CCCERA's reserves and corresponding balances for December 31, 2014 are presented in Note 8, *Reserves and Designations*.

CCCERA'S ACTIVITIES

CHANGES IN FIDUCIARY NET POSITION

(Dollars in Thousands)

Additions:	2014	2013	Amount Increase/ (Decrease)	Percent Increase/ (Decrease)
Employer Contributions	$293,760	$235,017	$58,743	25.0%
Plan Member Contributions	78,258	72,373	5,885	8.1%
Net Investment Income	488,873	884,870	(395,997)	(44.8%)
Net Securities Lending Income	1,167	1,148	19	1.7%
Total Additions	**862,058**	**1,193,408**	**(331,350)**	**(27.8%)**
Deductions:				
Pension Benefits	387,026	369,809	17,217	4.7%
Refunds	6,798	3,844	2,954	76.8%
Administrative	6,980	6,776	204	3.0%
Other Expenses	10,662	9,242	1,420	15.4%
Total Deductions	**411,466**	**389,671**	**21,795**	**5.6%**
INCREASE IN NET POSITION - RESTRICTED FOR PENSIONS	**$450,592**	**$803,737**	**($353,145)**	**(43.9%)**

ADDITIONS TO FIDUCIARY NET POSITION — The primary sources of funding for CCCERA member benefits are employer contributions, plan member contributions, and net investment income. Total additions to fiduciary net position for the years ended December 31, 2014 and 2013, were $862.1 million and $1.2 billion, respectively. The decrease in the current year is primarily due to investment gains being lower than in the previous year. The Net Investment Income, before securities lending, for the years ended December 31, 2014 and 2013 totaled $488.9 million and $884.9 million, respectively. The investment section of this report reviews the result of investment activity for the year ended December 31, 2014. Employer Contributions were $293.8 million as of December 31, 2014, an increase of $58.7 million, or 25.0% over 2013. Plan Member Contributions were $78.3 million as of December 31, 2014, an increase of $5.9 million, or 8.1%, from prior year. The increase is mostly due to higher employer and employee contribution rates.

DEDUCTIONS FROM FIDUCIARY NET POSITION — CCCERA was created to provide lifetime retirement annuities, survivor benefits, and permanent disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments as designated by the plan, refund of contributions to terminated employees, and the cost of administering the system. Total deductions from fiduciary net position for the years ended December 31, 2014 and 2013, were $411.5 million and $389.7 million, respectively. Retirement annuities, survivor benefits, and permanent disability benefits were $387.0 million as of December 31, 2014, an increase of $17.2 million, or 4.7%, over 2013. The growth in benefit payments was due to the combined effects of the following: (1) the net increase in the number of retirees and beneficiaries for the year and (2) the increase in the average retirement allowance of those who were added to the retirement payroll.

Member refunds were $6.8 million in 2014, an increase of $3.0 million or 76.8% over 2013. Member refunds were high in 2014 due to a higher amount of terminated members who requested withdrawals. Also, terminated members with a few years of service often withdraw their accounts.

Administrative expense was $7.0 million for 2014. Administrative expense covers the basic costs of operating the retirement system, including information technology systems. Operating costs include staffing, office expense, depreciation/amortization, and miscellaneous expenses. The system's administrative expenses increased by $0.2 million or 3.0% in 2014. The increase was mainly due to personnel services, specifically employee retirement cost.

The Board of Retirement approves the annual budget for CCCERA. The California Government Code Section 31580.2(a) limits the annual administrative expense to not exceed the greater of either of the following: (1) twenty-one hundredths of one percent (0.21%) of the accrued actuarial liability of the retirement system; (2) two million dollars ($2,000,000), as adjusted annually by the amount of the annual cost-of-living adjustment computed in accordance with Article 16.5. CCCERA has consistently met its administrative expense budget for the current year and prior years. Deductions of $411.5 million are less than additions of $862.1 million, resulting in an increase of $450.6 million in fiduciary net position for the year ended December 31, 2014.

CHANGE IN FIDUCIARY NET POSITION — The change in fiduciary net position consists of total additions reduced by total deductions. Fiduciary net position decreased by $353.1 million for the year ended December 31, 2014. This decrease is due to investment gains being lower than in the previous year.

NET PENSION LIABILITY— CCCERA is subject to the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*, beginning with the year ended December 31, 2014 and CCCERA's participating employers will be subject to the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, beginning with the fiscal year ended June 30, 2015. GASB Statement No. 67 replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contributions Plans*, and GASB Statement No. 50, *Pension Disclosures*, and GASB Statement No. 68 replaces the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Governmental Employers* and GASB Statement No. 50 as they related to pension plans. These new standards will require governments to recognize their long-term obligation for pension benefits as a liability on their balance sheets, to recognize their annual pension expense as a comprehensive measurement of the annual cost of pension benefits and expands note disclosures and Required Supplementary Information for pension plans and their participating employers.

Pursuant to GASB Statement No. 67, the funded status and unfunded actuarial accrued liability (UAAL) of the plan are no longer presented in the notes or required supplementary information. The UAAL was determined by subtracting the excess of the actuarial accrued liability (discounted at the plan's assumed rate of return) from the actuarial value of assets (determined by smoothing values over a certain number of years to reduce volatility) and represented the costs allocated to date for current plan members that are not covered by the actuarial value of assets. The UAAL has now been replaced by the net pension liability (NPL), which represents the excess of the total pension liability (using an entry age cost method, discounted at a discount rate that reflects the expected return on assets) over fiduciary net position (valued at fair value). NPL is similar to UAAL but uses market assets, not smoothed assets. This is a conceptual shift by the GASB in the measurement of pension liabilities to provide a consistent, standardized methodology that allows comparability of data and increased transparency of the pension liability across all plans. CCCERA has complied with GASB Statement No. 67 for the year ended December 31, 2014 and will continue to assist our participating employers as they implement GASB Statement No. 68 for the fiscal year ended June 30, 2015.

Based on Segal Consulting's Governmental Accounting Standards (GAS) 67 Actuarial Valuation as of December 31, 2014, the Net Pension Liability (NPL) of participating employers on a market basis are $1.2 billion as of December 31, 2014 and $1.5 billion as of December 31, 2013. The decrease is primarily due to the gain from lower than expected salary increase during calendar year 2013 (because liabilities are rolled forward from December 31, 2013 to December 31, 2014, this gain is first reported in the December 31, 2014 results). Refer to Note 5, *Net Pension Liability* and the Required Supplementary Information section of this report for further information.

Changes in Net Pension Liability
As of December 31, 2014 and 2013

(Dollars in Thousands)

	2014 (a)	2013 (b)	Amount Increase/ (Decrease) (c) = (a) - (b)	Percent Increase/ (Decrease) (c) / (b)
Total Pension Liability	$8,104,611	$7,929,767	$174,844	2.2%
Less Plan Fiduciary Net Position	6,908,910	6,458,318	450,592	7.0%
Net Pension Liability	**$1,195,701**	**$1,471,449**	**$(275,748)**	**(18.7%)**

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

OVERALL ANALYSIS — For the years ended December 31, 2014 and 2013, CCCERA's financial position and results from operations have experienced an increase over the prior year. For 2014, CCCERA's net position increased by $450.6 million over 2013. The overall increase in net position for December 31, 2014 is primarily attributable to the appreciation in the fair value of the plan's broadly diversified portfolio. Despite fluctuations in the financial markets, CCCERA remains in a sound financial position to meet its obligations to plan participants and beneficiaries. The current financial position results from a strong and successful investment program, risk management and strategic planning. As a long-term investor, CCCERA can take advantage of price volatility along with a diversified exposure to domestic and international equities, fixed income investments, natural resources, real estate, infrastructure, private equity and overlay programs. The plan is recovering well from the general market downturn which occurred in 2009 and 2008 and CCCERA is well positioned with value focused assets to face market fluctuations.

CCCERA's Fiduciary Responsibilities

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

Requests for Information

The Comprehensive Annual Financial Report (CAFR) is designed to provide the Retirement Board, our membership, taxpayers, investment managers, and others with a general overview of CCCERA's financial position and to show accountability for the funds it receives.

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

Contra Costa County Employees'
Retirement Association
Attn: Accounting Division
1355 Willow Way, Suite 221
Concord, CA 94520-5728
Telephone: (925) 521-3960
Facsimile: (925) 646-5747

Respectfully submitted,

Vickie C. Kaplan, CPA
Retirement Accounting Manager
June 11, 2015

Basic Financial Statements
Statement of Fiduciary Net Position

Statement of Fiduciary Net Position
As of December 31, 2014 (With Comparative Totals)

	(Dollars in Thousands)	
ASSETS	**2014**	**2013**
Cash:		
Cash equivalents	$336,510	$593,357
Cash collateral - securities lending	277,254	262,984
TOTAL CASH & CASH EQUIVALENTS	**613,764**	**856,341**
Receivables:		
Contributions	8,860	8,068
Investment trades	772,963	560,197
Investment income	25,968	30,970
Installment contract (see Note 12)	18,489	19,760
Other	284	508
TOTAL RECEIVABLES	**826,564**	**619,503**
Investments at fair value:		
Stocks	2,850,120	2,523,486
Bonds	2,051,100	1,868,682
Real assets	329,286	318,617
Real estate	934,127	828,562
Alternative investments	540,571	442,061
TOTAL INVESTMENTS	**6,705,204**	**5,981,408**
Other assets:		
Prepaid expenses/deposits	941	842
Capital assets, net of accumulated depreciation/amortization of $2,350 and $2,149, respectively	468	603
TOTAL ASSETS	**8,146,941**	**7,458,697**
LIABILITIES		
INVESTMENT TRADES	**778,448**	**610,568**
SECURITIES LENDING	**277,254**	**262,984**
EMPLOYER CONTRIBUTIONS UNEARNED	**164,557**	**112,308**
RETIREMENT ALLOWANCE PAYABLE	**6,505**	**6,121**
ACCOUNTS PAYABLE	**6,975**	**6,221**
CONTRIBUTIONS REFUNDABLE	**1,936**	**223**
OTHER LIABILITIES	**2,356**	**1,954**
TOTAL LIABILITIES	**1,238,031**	**1,000,379**
NET POSITION - RESTRICTED FOR PENSIONS	**$6,908,910**	**$6,458,318**

See accompanying notes to the financial statements.

Statement of Changes in Fiduciary Net Position

Statement of Changes in Fiduciary Net Position
For the year ended December 31, 2014 (With Comparative Totals)

	(Dollars In Thousands)	
ADDITIONS	**2014**	**2013**
Contributions:		
Employer contributions	$293,760	$235,017
Plan member contributions	78,258	72,373
TOTAL CONTRIBUTIONS	**372,018**	**307,390**
Investment income:		
Net appreciation in fair value of investments	247,523	706,085
Net appreciation in fair value of real estate	114,444	50,947
Interest	77,476	93,462
Dividends	46,415	35,615
Real estate income, net	47,666	38,367
Investment expense	(41,600)	(38,158)
Other expense	(3,051)	(1,448)
NET INVESTMENT INCOME, BEFORE SECURITIES LENDING	**488,873**	**884,870**
Securities lending income (expense):		
Earnings	836	803
Rebates	720	689
Fees	(389)	(344)
NET SECURITIES LENDING INCOME	**1,167**	**1,148**
NET INVESTMENT INCOME	**490,040**	**886,018**
TOTAL ADDITIONS	**862,058**	**1,193,408**
DEDUCTIONS		
Benefits paid	387,026	369,809
Contribution prepayment discount	9,538	8,257
Administrative	6,980	6,776
Refunds of contributions	6,798	3,844
Other	1,124	985
TOTAL DEDUCTIONS	**411,466**	**389,671**
NET INCREASE IN NET POSITION	**450,592**	**803,737**
NET POSITION - RESTRICTED FOR PENSIONS		
Beginning of year	6,458,318	5,654,581
END OF YEAR	**$6,908,910**	**$6,458,318**

See accompanying notes to the financial statements.

Notes to the Financial Statements *(December 31, 2014)*

Note 1.
Plan Description

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

General

CCCERA is a contributory defined benefit plan (the Plan) initially organized under the provisions of CERL on July 1, 1945. It provides benefits upon retirement, death or disability of members. Prior to 2010, CCCERA operated as a cost-sharing, multiple employer defined benefit pension plan that covered substantially all of the employees of the County of Contra Costa (the County) and 16 other member agencies.

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

CCCERA's membership as of December 31, 2014 and 2013 is presented below.

Comparative Membership

CURRENT MEMBERS:	2014	2013
Vested		
General, Tier 1 Enhanced	509	545
General, Tier 1 Non-enhanced	7	7
General, Tier 2	0	0
General, Tier 3 Enhanced	4,421	4,652
General, Tier 4 (2% Max COLA)	0	0
General, Tier 4 (3% Max COLA)	0	0
General, Tier 5 (2% Max COLA)	0	0
General, Tier 5 (3%/4% Max COLA)	0	1
TOTAL GENERAL	**4,937**	**5,205**
Safety, Tier A Enhanced	990	1,055
Safety, Tier A Non-enhanced	13	12
Safety, Tier C Enhanced	68	58
Safety, Tier D	0	0
Safety, Tier E	0	0
TOTAL SAFETY	**1,071**	**1,125**
TOTAL VESTED	**6,008**	**6,330**
Non-Vested		
General, Tier 1 Enhanced	86	104
General, Tier 1 Non-enhanced	4	5
General, Tier 2	0	0
General, Tier 3 Enhanced	1,308	1,570
General, Tier 4 (2% Max COLA)	2	0
General, Tier 4 (3% Max COLA)	44	16
General, Tier 5 (2% Max COLA)	439	19
General, Tier 5 (3%/4% Max COLA)	954	764
TOTAL GENERAL	**2,837**	**2,478**
Safety, Tier A Enhanced	60	108
Safety, Tier A Non-enhanced	1	1
Safety, Tier C Enhanced	96	137
Safety, Tier D	81	44
Safety, Tier E	76	26
TOTAL SAFETY	**314**	**316**
TOTAL NON-VESTED	**3,151**	**2,794**
TOTAL CURRENT MEMBERS	**9,159**	**9,124**

Comparative Membership (Continued)		
RETIREES AND BENEFICIARIES RECEIVING BENEFITS:	**2014**	**2013**
General - Service	5,439	5,248
General - Beneficiary	917	910
General - Nonservice-Connected Disability	149	150
General - Service-Connected Disability	261	272
TOTAL GENERAL	**6,766**	**6,580**
Safety - Service	1,226	1,190
Safety - Beneficiary	368	350
Safety - Nonservice-Connected Disability	20	21
Safety - Service-Connected Disability	491	484
TOTAL SAFETY	**2,105**	**2,045**
TOTAL RETIREES AND BENEFICIARIES	**8,871**	**8,625**
INACTIVE VESTED MEMBERS ENTITLED TO BUT NOT YET RECEIVING BENEFITS:		
General, Tier 1 Enhanced	225	245
General, Tier 1 Non-enhanced	14	15
General, Tier 2	248	259
General, Tier 3 Enhanced	1,613	1,460
General, Tier 4 (2% Max COLA)	0	0
General, Tier 4 (3% Max COLA)	3	0
General, Tier 5 (2% Max COLA)	23	1
General, Tier 5 (3%/4% Max COLA)	140	40
TOTAL GENERAL	**2,266**	**2,020**
Safety, Tier A Enhanced	310	293
Safety, Tier A Non-enhanced	7	7
Safety, Tier C Enhanced	51	24
Safety, Tier D	10	1
Safety, Tier E	3	0
TOTAL SAFETY	381	325
TOTAL INACTIVE VESTED MEMBERS	**2,647**	**2,345**
TOTAL MEMBERSHIP	**20,677**	**20,094**

CCCERA, with its own governing board, is an independent governmental entity, separate and distinct from the County of Contra Costa. CCCERA is presented in the County's basic financial statements as a pension trust fund. Costs of administering the Plan are financed through contributions and investment earnings.

Benefit Provisions

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

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

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

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

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

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

Effective January 1, 2012, new hires and employees within the Labor Coalition are now responsible for the payment of 100% of the employees' basic retirement benefit contributions, determined annually by the Retirement Board, without the County paying any part of the employees' contributions. See Note 7, *Contributions*, for further description.

On September 12, 2012, the Governor of California signed into law Assembly Bill (AB) 197, with an effective date of January 1, 2013. The measure changed how county retirement boards were permitted to calculate their current members' retirement allowances. In November 2012, members and their representative bargaining units filed a lawsuit challenging the validity of the new law. By operation of a court-imposed Stay Order, CCCERA was prohibited from implementing the new law during the course of the litigation. On May 12, 2014, the Contra Costa County Superior Court entered a Judgment in the litigation and a Writ directing CCCERA to proceed to comply with AB 197 for all retirements effective on or after July 12, 2014. The matter was appealed. The Court of Appeal was requested to issue a "stay" of the implementation of AB 197 past July 11, 2014 during the pendency of the appeal. On June 30, 2014, the Court of Appeal issued an order denying the request for an additional "stay." CCCERA was therefore required to implement the AB 197 changes in calculating benefits for all retirements with an effective date of July 12, 2014 or later. Retirements with an effective date of July 11, 2014 or before were calculated under the pre-AB 197 rules.

California Public Employees' Pension Reform Act (PEPRA)

In September 2012, the California Public Employees' Pension Reform Act of 2013 (PEPRA) was signed into law by the Governor of California, establishing new tiers for General and Safety employees entering CCCERA membership on or after January 1, 2013. The benefit formula for General members is 2.5% at age 67 and the Safety formula is 2.7% at age 57. Benefits under the new PEPRA tiers are based on a three-year final average compensation period. Additionally, PEPRA limits the amount of compensation CCCERA can use to calculate a retirement benefit. The 2014 compensation limits are $115,064 for members covered by Social Security and $138,077 for members not covered by Social Security and these limits will increase to $117,020 and $140,424 respectively in 2015. The PEPRA annual compensation limits will be adjusted in future years based on changes in the Consumer Price Index. Most CCCERA General members (including County employees) are covered by Social Security, while CCCERA Safety members and some General members (including fire district employees) are not covered by Social Security.

In September 2013, the Governor approved Assembly Bill 1380 (AB 1380), which makes various technical corrections and conforming changes that align the CERL with the provisions of the PEPRA. In particular, the bill clarifies that Tier 4, Tier 5, Safety Tier D and Safety Tier

E members are eligible to retire at age 70, regardless of years of service, that the Board may, but is not required to, round these members contribution rates to the nearest quarter of one percent, and those rates may be adjusted for any change in the normal cost rate. AB 1380 was effective January 1, 2014. On January 22, 2014, CCCERA's Board exercised the discretion made available by AB 1380 to no longer round the members' contribution rates for PEPRA members to the nearest quarter of one percent as previously required by PEPRA. This should allow for exactly one-half of the Normal Cost to be paid by the employees and by the employers covered under the PEPRA tiers.

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

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

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

Pertinent provisions for each section follow:

General – Tier 1

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

General – Tier 2

Members may elect service retirement at age 70 regardless of service, at age 50 with 10 years of service, or with 30 years of service regardless of age. Previously, disability retirements were granted as service connected with no minimum service credit required or non-service connected with ten years of service credit required. Those members who elected in 1980 to transfer from Tier 1 to Tier 2 were eligible for non-service connected disability retirement with five years of service. The definition of a disability is stricter under Tier 2 than under Tier 1. The retirement benefit is based on Government Code Section 31752. The final compensation is based on a three-year average.

General – Tier 3

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

General – Tier 4

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

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

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

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

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

Additional information regarding CCCERA's benefits is included in the Benefit Handbook, available at *cccera.org*.

Cost-of-Living Adjustments (COLA)

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

Terminations

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

Note 2.
Summary of Significant Accounting Policies

Basis of Accounting

CCCERA's financial statements are prepared using the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (GAAP), under which revenues are recognized when earned and deductions are recorded when the liability is incurred. Employee and employer contributions are recognized as revenue when due, pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds of prior contributions are recognized when due and payable in accordance with the terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred. All investment purchases and sales are recorded on the trade date. The net appreciation/(depreciation) in fair value of investments held by CCCERA is recorded as an increase/(decrease) to investment income based on the valuation of investments at June 30th and December 31st.

Cash Equivalents

Cash equivalents include deposits in the County Treasurer's commingled cash pool and certain investments held by the County Treasurer, custodian bank, and other investment managers. Cash equivalents are highly liquid investments with maturity of three months or less when purchased. Short-term investments with the custodian bank include foreign currencies, cash held in short-term investment funds and other short-term, highly liquid investments. Short-term investments considered cash equivalents are recorded at cost, which approximates fair value.

Methods Used to Value Investments

Plan investments are reported at fair value. Fair value is the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller, that is, other than in a forced or liquidation sale. The fair values of equity and fixed income securities are derived from quoted market prices. The fair values of private market investments are estimated from fair values provided by real estate investment funds, generally using periodic independent appraisals, and alternative investment managers. Investments listed as alternative investments are comprised of private equity partnerships which invest in a diversified portfolio of venture capital, buyout, and other special situations, partnerships, and the U.S. power industry. CCCERA's Real Asset program contains investments in both publicly traded securities and private partnerships. These investments include, but are not limited to, equities, bonds, TIPS (Treasury Inflation Protected Securities), commodities, and natural resources. The goal of the program is to provide a hedge against inflation and to reduce market volatility over the investment cycle.

Certain alternative investments are reported in CCCERA's financial records on a quarter lag due to reporting constraints at the investment level. Four quarters of activity are recorded in each calendar year. At year-end, investment activity is shown through September 30th of that particular year. In addition, Willows Office Park, a real estate investment, is appraised every three years, with the most recent appraisal being February 24, 2014.

Asset Allocation Policy

The allocation of investment assets within CCCERA's portfolio is approved by the Board as outlined in the investment policy. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. The table below provides the Board's adopted asset allocation policy as of December 31, 2014.

Asset Allocation Policy As of December 31, 2014	
Asset Class	**Target Allocation**
Global Equity	42.60%
Global Fixed Income	24.40%
High Yield Fixed Income	5.00%
Real Estate	12.50%
Real Assets	5.00%
Alternative Investments	10.00%
Opportunistic	0.00%
Cash	0.50%
TOTAL	**100.00%**

Receivables

Receivables consist primarily of interest, dividends, installment contracts, investments in transition (i.e., traded but not yet settled) and contributions owed by the employing entities as of December 31, 2014 and 2013.

Capital Assets

Capital assets, consisting of software, leasehold improvements, furniture and office equipment, are presented at historical cost, less accumulated depreciation and amortization. Capital assets with an initial cost of more than $5,000 and an estimated useful life in excess of one year are capitalized and depreciated/amortized. Starting in 2008, CCCERA implemented the expensing of certain costs for software, hardware, and computer technology consulting services as allowed in Government Code Section 31580.3. For 2014 and 2013, this amount totaled $130,679 and $117,778, respectively. Depreciation/amortization is calculated using the straight-line method, with estimated lives of ten years for all leasehold improvements and pension administration system assets, and ranging from four to five years for office equipment. Depreciation/amortization for the years ended December 31, 2014 and 2013 was $201,083 and $203,424, respectively. Accumulated depreciation/amortization for the years ended December 31, 2014 and 2013, was $2,350,135 and $2,149,052, respectively.

Income Taxes

The Internal Revenue Service has ruled that plans such as CCCERA qualify under Section 401(a) of the Internal Revenue Code and are not subject to tax under present tax laws. In December 2014, CCCERA received a favorable letter of determination from the Internal Revenue Service (IRS). Accordingly, no provision for income taxes has been made in the accompanying basic financial statements, as the Plan is exempt from federal and state income taxes under provisions of the Internal Revenue Code, Section 401, and California Revenue and Taxation Code, Section 23701, respectively. CCCERA had previously applied for, and received, two favorable Letters of Determination from the IRS in 1987 and 2013. CCCERA is now on a regular 5-year cycle for filing an application with the IRS for a letter of determination.

Compensated Absences

The December 31, 2014 and 2013 liability for accumulated annual leave earned by CCCERA employees totaling $277,844 and $276,499, respectively, included in the other liabilities on the Statement of Fiduciary Net Position, is recorded when earned by the employee. Upon termination of employment, an employee receives compensation for hours of unused annual leave limited by the number of annual leave hours that can be accumulated in two years of employment.

Use of Estimates

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

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

CCCERA implemented all applicable new GASB pronouncements in the years ended December 31, 2014 and 2013, as required by each statement. The most recent pronouncements, effective for the year ended December 31, 2014, are provided below.

Statement No. 67, *Financial Reporting for Pension Plans* (replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*) establishes standards of financial reporting for pension plans that separately issue financial reports and specifies the required approach for measuring and disclosing a participating employer's pension liability. This statement is effective for financial statements for periods beginning after June 15, 2013. This statement has a material impact on CCCERA's financial statements beginning with the year ended December 31, 2014, as the disclosures, required supplementary information and notes to the required supplementary information were significantly altered to comply with GASB Statement No. 67. The total pension liability, determined in accordance with GASB Statement No. 67, is presented in Note 5, *Net Pension Liability*, and in the required supplementary information on page 58. While no longer included in required supplementary information, the tables displaying the Plan's funding status are presented in the actuarial section of this document.

Statement No. 69, *Governmental Combinations and Disposals of Government Operations*, requires disclosures to be made about governmental combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. This statement has no material impact on CCCERA's financial statements.

Statement No. 70, *Accounting and Financial Reporting for Nonexchange and Financial Guarantees*, establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions. The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2013. This statement has no material impact on CCCERA's financial statements.

Note 3.
Deposits and Investment Risk Disclosures

Investment Stewardship

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

As permitted by the Government Code, CCCERA directs the County Treasurer to make specific investments on behalf of CCCERA. Investments made by the County Treasurer are subject to regulatory oversight by the County's Treasury Oversight Committee, as required by the California Government Code Section 27134.

Investment Risk

Investments are subject to certain types of risks, including interest rate risk, credit risk (including custodial credit risk and concentrations of credit risk), and foreign currency risk. The following describes those risks:

Interest Rate Risk

The fair value of fixed maturity investments fluctuates in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair value of those investments. The fair value of interest sensitive instruments may also be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, and other general market conditions. Certain fixed maturity investments may have call provisions that could result in shorter maturity periods.

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

The following schedule is a list of fixed income and short-term investments and the related maturity schedule for CCCERA as of December 31, 2014:

Investment Maturities (In Years)
As of December 31, 2014

(Dollars in Thousands)

Investment Type	Less than 1 year	1-5 years	6-10 years	More than 10 years	Fair Value
Collateralized Mortgage Backed Securities (CMBS)	$27,616	$151,454	$68,888	$181,968	$429,926
Collateralized Mortgage Obligations (CMO)	90	3,009	(2,285)	39,387	40,201
Corporate Bonds	40,208	323,766	534,120	95,244	993,338
Short-Term Investment Fund (STIF) Instruments	32,793	64,088	17,998	201,357	316,236
US Treasury Notes & Bonds	16,479	204,224	65,543	85,629	371,875
US Agencies (GNMA, FNMA, FHLMC)	3,147	2,272	22,965	200,325	228,709
TOTALS:	**$120,333**	**$748,813**	**$707,229**	**$803,910**	**$2,380,285**

Custodial Credit Risk

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

At year-end, the carrying amount of CCCERA's cash deposits in non-interest bearing accounts was $4,296,231 (which are included in cash equivalents) and the bank balance was $4,639,054. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Effective January 1, 2013, funds deposited in a non-interest bearing account no longer receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (FDIC). Beginning January 1, 2013, any non-interest bearing transaction deposit account over $250,000 is not insured by the FDIC.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, CCCERA would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, not registered in CCCERA's name, and held by the counterparty. CCCERA's investment securities are not exposed to custodial credit risk because all securities held by CCCERA's custodial bank are in CCCERA's name.

CCCERA has no general policy on custodial credit risk for deposits.

Money-Weighted Rate of Return

For the years ended December 31, 2014 and 2013, the annual money-weighted rate of return on the assets of the Plan, net of investment expense, was 7.51 percent and 15.62 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the timing of cash flows and the changing amounts actually invested.

At the April 23, 2014 Board meeting, the Board adopted an investment return assumption for financial reporting purposes that is net of investment expenses and not net of administrative expenses equal to 7.25% per year.

Investment Concentrations

The Board's investment policies and guidelines permit investments in numerous specified asset classes to take advantage of professional investment management advice and a well-diversified portfolio. As of December 31, 2014 and 2013, CCCERA did not hold investments in any one organization that represents five percent (5%) or more of the Plan's fiduciary net position. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are excluded from this requirement.

Credit Risk

CCCERA's general investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and for the exclusive purposes of providing benefits, minimizing contributions, and defraying reasonable expenses of administering the Plan. Investments should be diversified so as to minimize the risk of loss and to maximize the rate of return unless, under the circumstances, it is clearly prudent not to do so.

Nationally recognized statistical rating organizations provide ratings of debt securities' quality based on a variety of factors. For example, the financial condition of the issuer provides investors with some idea of the issuer's ability to meet its obligations. Fixed-maturity investments may consist of rated or non-rated securities. Ratings can range from AAA (highest quality) to D (default). Debt securities with ratings of BBB or higher are considered investment grade issues, and debt securities with ratings of BB or lower are non-investment grade issues. Debt securities in the non-investment grade category are more speculative and are often referred to as "high-yield". This is due to the fact that lower rated debt securities generally carry a higher interest rate to compensate the buyer for taking on additional risk. To control credit risk, credit quality guidelines have been established.

The Global Core Plus Fixed Income Portfolio must meet the following credit qualities:

- Obligations of the U.S. Treasury.
- Obligations guaranteed by an agency of the United States.
- Government, agency, quasi-government and supranational bonds.
- Certificates of deposit and banker's acceptance of credit-worthy banks.
- Corporate, asset backed and mortgage backed securities and structured notes and other evidences of debt.
- Eligible instruments issued pursuant to Securities and Exchange Commision (SEC) Rule 144(a) or Regulation S.
- Commercial paper (including variable rate notes) of issuers rated not less than P-2 by Moody's Investor Services (Moody's) and A-2 by Standard & Poor's.
- Lower risk planned amortization class (PAC) collateralized mortgage obligations ("CMO") and Sequential CMOs. CMOs other than PACs and Sequentials are limited to a maximum of 10% of the fixed income portfolio at cost.
- Currency Forwards and Non-Deliverable Forwards (NDFs). Such currency forwards shall only be with counterparty banks with A or better credit ratings by Standard & Poor's or Moody's.
- Derivatives may be used to obtain exposure to the fixed income markets, to adjust portfolio risk, and to reduce unwanted exposure to foreign currencies.
- Other use of derivatives than noted above, including credit default swaps, interest rate swaps (except for centrally cleared), IOs (Interest Only), POs (Principal Only), inverse floaters and CMO support bonds, shall not in the aggregate exceed 15% of the portfolio measured at the time of investment.
- Other securities as detailed in accordance with the Investment Manager's agreement with CCCERA.

The High Yield Bond Portfolio must meet the same credit qualities as the Core Plus Fixed Income Portfolio listed above and/or:

- High yield securities as specified in accordance with the manager's investment agreement with CCCERA.

The following is a schedule of the credit risk ratings of CCCERA's fixed income and short-term investments as of December 31, 2014 as rated by Standard & Poor's (Dollars in Thousands):

Credit Risk Ratings As of December 31, 2014	
Quality Ratings	**Fair Value**
AAA	$326,843
AA+	46,277
AA	33,734
AA-	34,108
A+	24,821
A	87,918
A-	104,766
BBB+	64,861
BBB	71,593
BBB-	98,907
BB+	50,525
BB	50,387
BB-	50,374
B+	62,932
B	69,342
B-	69,424
CCC+	22,660
CCC	15,435
CCC-	4,662
CC	365
D	2,726
NR	1,087,625
TOTAL CREDIT RISK FIXED INCOME SECURITIES	**$2,380,285**

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

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

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates may adversely affect the fair value of an investment. CCCERA's external investment managers may invest in international securities and must follow CCCERA's investment guidelines pertaining to these types of investments.

CCCERA's exposure to foreign currency risk in U.S. dollars as of December 31, 2014 is as follows:

Foreign Currency Risk As of December 31, 2014			
	(Dollars in Thousands)		
Currency	**Fixed Income**	**Equity**	**Total**
Australian Dollar	$19,502	$16,402	$35,904
Brazilian Real	(241)	10,851	10,610
British Pound Sterling	39,518	122,561	162,079
Canadian Dollar	31,390	18,223	49,613
Colombian Peso	1,272	-	1,272
Czech Koruna	2,693	-	2,693
Danish Krone	2,218	8,618	10,836
Euro Currency	97,073	113,865	210,938
Hong Kong Dollar	2,878	39,149	42,027
Indian Rupee	-	18,211	18,211
Indonesian Rupiah	-	2,362	2,362
Israeli Shekel	1,079	-	1,079
Japanese Yen	36,760	94,520	131,280
Malaysian Ringgit	7,324	-	7,324
Mexican Peso	12,107	8,232	20,339
New Zealand Dollar	14,072	-	14,072
Norwegian Krone	11,280	4,368	15,648
Peruvian Nuevo Sol	5,313	-	5,313
Philippines Peso	6,362	-	6,362
Singapore Dollar	3,129	-	3,129
South Africa Rand	-	8,689	8,689
South Korean Won	2,901	11,253	14,154
Swedish Krona	4,372	24,500	28,872
Swiss Franc	4,857	33,555	38,412
Taiwan New Dollar	-	8,678	8,678
Thailand Bait	1,137	3,217	4,354
Turkish Lira	1	852	853
United Arab Emirates Dirham	-	1,129	1,129
Yuan Renminbi - China	10,763	-	10,763
TOTAL SECURITIES SUBJECT TO FOREIGN CURRENCY RISK	**$317,760**	**$549,235**	**$866,995**

Note 4.
Securities Lending Transactions

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

The custodian bank manages the securities lending program and receives cash and/or securities as collateral. The collateral cash can be invested and is automatically rolled into a Short-Term Investment Fund (STIF). The collateral securities cannot be pledged or sold by CCCERA without borrower default. The collateral is marked-to-market daily, and if the market value of the securities rises, CCCERA receives additional collateral.

Securities on loan must be collateralized at 102 percent and 105 percent of the fair value of domestic securities and international equity securities, respectively, plus accrued interest (in the case of debt securities). For non-U.S. debt securities loaned, CCCERA follows market practice which requires collateral of 102 percent of the fair value of the loaned securities.

There are no restrictions on the amount of the securities that can be loaned at one time. CCCERA has the right to terminate any loan in whole or in part by providing the custodian bank with written notice (a "Recall Notice"). Because the loans are terminable at will, the term to maturity of the security loans is generally not matched with the term to maturity of the cash collateral. At year-end, CCCERA had no credit risk exposure to borrowers, because the amount of collateral received exceeded the value of securities on loan. As of December 31, 2014, there were no violations of legal or contractual provisions. CCCERA had no losses on securities lending transactions resulting from the default of a borrower for the years ended December 31, 2014 and 2013.

At year-end, additional funds of $530 thousand are owed to borrowers for CCCERA's collateral overpayments on CCCERA's securities on loan. This is known as the "calculated mark" and will settle on the first business day of January 2015. CCCERA has no credit risk exposure to borrowers because the collateral exceeds the amount borrowed. The fair value of investments on loan at December 31, 2014 is $289.6 million which was collateralized by cash and securities in the amount of $296.7 million. The fair value of the cash collateral in the amount of $277.3 million has been reported both as an asset and liability in the accompanying Statement of Fiduciary Net Position.

Securities Lending
The following securities were on loan and collateral received as of December 31, 2014:

(Dollars in Thousands)

Securities on Loan	Fair Value of Securities on Loan	Cash Collateral*	Non-Cash Collateral	Calculated Mark*	Collateral Percentage
U.S. Corporate Fixed and Equity	$163,590	$158,687	$9,751	$(825)	102.5%
U.S. Government	125,059	117,709	9,701	233	102.1%
Non-U.S. Fixed Income	903	858	-	62	102.0%
TOTAL	**$289,552**	**$277,254**	**$19,452**	**$(530)**	**102.3%**

*Additional funds known as the "calculated mark" are due from/to the borrower to bring collateral to 102% for domestic and non-U.S. debt securities.

Note 5.
Net Pension Liability

Statement No. 67 of the Governmental Accounting Standards Board (GASB) requires public pension plans to provide a net pension liability. The net pension liability is measured as the total pension liability less the amount of the pension plan's fiduciary net position. The net pension liability is an accounting measurement for financial statement reporting purposes. The components of CCCERA's (the Plan's) net position liability as of December 31, 2014 and 2013 are as follows:

Net Pension Liability

(Dollars in Thousands)

	As of December 31, 2014	As of December 31, 2013
Total Pension Liability (a)	$8,104,611	$7,929,767
Plan Fiduciary Net Position (b)	6,908,910	6,458,318
Net Pension Liability (a) - (b)	**$1,195,701**	**$1,471,449**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b) / (a)	**85.2%**	**81.4%**

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and investment returns. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability as of December 31, 2014 and 2013 was determined by completing a roll-forward calculation based on actuarial valuations as of December 31, 2013 and 2012, respectively, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 67. Key methods and assumptions used are presented in the following table.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Valuation Date	Actuarial determined contribution rates are calculated as of December 31, two and a half years prior to the end of the fiscal year in which contributions are reported.
Actuarial Experience Study	3 Year Period Ending December 31, 2012
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of payroll (4.00% payroll growth assumed)
Remaining Amortization Period	Remaining balance of December 31, 2007 Unfunded Actuarial Accrued Liability (UAAL) is amortized over a fixed (decreasing or closed) period with 9 years remaining as of December 31, 2013. Any changes in UAAL after December 31, 2007 is separately amortized over a fixed 18-year period effective with that valuation. Effective December 31, 2013, any changes in UAAL due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 10-year fixed period effective with that valuation. The entire increase in UAAL resulting from a temporary retirement incentive will be funded in full upon adoption of the incentive.
Asset Valuation Method	5 year Smoothed Market, excluding non-valuation reserves and designations*
Actuarial Assumptions:	
Investment Rate of Return	7.25%, net of pension plan investment expense, including inflation
Inflation Rate	3.25%
Projected Salary Increases	General: 4.75% to 13.50% Safety: 4.75% to 14.00%, varying by service, including inflation.
Cost-of-Living Adjustments	3.00% per year except for Tier 3 and PEPRA Tier 5 (3% COLA) disability benefits and Tier 2 benefits that are valued as a 3.25% increase per year. Safety Tier C, PEPRA Tier E, PEPRA Tier 4 (2% COLA) and Tier 5 (2% COLA) members are assumed to increase at 2.00% per year. All increases are contingent upon actual increases in Consumer Price Index (CPI).
Other Assumptions:	Generally the same as those used in the December 31, 2013 funding actuarial valuation and will be used in the December 31, 2014 funding actuarial valuation except the following:
Leave Cashout Assumption for Safety Tier C	December 31, 2013 Assumption: Leave cashouts of 0.25% of final average pay; December 31, 2014 Assumption: Leave cashouts of 0.00% of final average pay.

*Market value of assets less unrecognized returns in each of the last nine semi-annual accounting periods. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized semi-annually over a five-year period. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves and designations.

Long-Term Expected Real Rate of Return

The long-term expected rate of return on Plan investments was determined in 2013 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. This information is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin. The target allocations (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class are summarized in the table below.

Long-Term Expected Real Rate of Return

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Large Cap U.S. Equity	13.60%	6.09%
Small Cap U.S. Equity	5.80%	6.79%
Developed International Equity	17.60%	6.66%
Emerging Markets Equity	5.60%	8.02%
U.S. Core Fixed Income	16.10%	0.83%
International Bonds	3.30%	0.69%
High Yield Bonds	5.00%	3.32%
Inflation-Indexed Bonds	1.66%	0.73%
Long Duration Fixed Income	5.00%	1.45%
Real Estate	12.50%	4.83%
Commodities	1.67%	4.71%
Private Equity	10.00%	8.95%
Alternative Investment (Timber)	1.67%	4.20%
Cash & Equivalents	0.50%	0.25%
TOTAL	**100.00%**	

Mortality Rates

Mortality rates used in the latest actuarial valuation are based on the RP-2000 Combined Healthy Mortality Table projected to 2030 using Projection Scale AA, set back one year for General Members and two years for Safety Members. The rates used in evaluating disability allowances were based on the RP-2000 Combined Healthy Mortality Table projected to 2030 using Projection Scale AA, set forward six years for males and seven years for females for General and three years for Safety.

Discount Rate

The discount rate used to measure the total pension liability was 7.25% as of December 31, 2014 and December 31, 2013. The projection of cash flows used to determine the discount rate assumed Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current Plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future Plan members and their beneficiaries, as well as projected contributions from future Plan members, are not included. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current Plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.25% was applied to all periods of projected benefit payments to determine the total pension liability as of both December 31, 2014 and December 31, 2013.

The following table presents the net pension liability of participating employers calculated using the discount rate of 7.25% as of December 31, 2014 as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

Sensitivity of Net Pension Liability to Changes in the Discount Rate
As of December 31, 2014

(Dollars in Thousands)

	1% Decrease (6.25%)	Current Rate Discount (7.25%)	1% Increase (8.25%)
Net Pension Liability	$2,273,126	$1,195,701	$308,722

Note 6.
Derivative Financial Instruments

As of December 31, 2014, the derivative instruments held by CCCERA are considered investments and not hedges for accounting purposes. The term hedging, as it is used elsewhere in the notes to these financial statements, denotes an economic activity and not an accounting method. The gains and losses from this activity are recognized as incurred in the Statement of Changes in Fiduciary Net Position.

CCCERA currently employs external investment managers to manage its assets as permitted by the California Government Code and CCCERA's investment policy and specific managers hold investments in swaps, options, futures, forward settlement contracts, rights and warrants and enter into forward foreign currency exchange security contracts within fixed income financial instruments. The fair value of options, futures, rights and warrants is determined based upon quoted market prices. The fair value of derivative investments that are not exchange traded, such as swaps, and TBAs (To Be Announced) is determined by an external pricing service using various proprietary methods, based upon the type of derivative instrument. Futures contracts are marked to market at the end of each trading day, and the settlement of gains or losses occur on the following business day through variation margins. The fair value of international currency forwards represents the unrealized gain or loss on the related contracts, which is calculated as the difference between the specified contract exchange rate and the exchange rate at the end of the reporting period.

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

CCCERA could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. CCCERA's investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. CCCERA anticipates that the counterparties will be able to satisfy their obligations under the contracts. The following is a summary of derivative instruments at December 31, 2014 with the net appreciation/(depreciation) that has occurred during the year:

Fair Value
As of December 31, 2014

(Dollars in Thousands)

Investment Derivatives by Type	Net Appreciation/ (Depreciation) in Fair Value Amount	Classifications	Fair Value	Notional Amount
Credit Default Swaps Bought	$96	Debt Securities	$ -	$ -
Credit Default Swaps Written	(237)	Debt Securities	2,010	139,900
Fixed Income Futures Long	4,320	Debt Securities	-	218,912
Fixed Income Futures Short	(3,239)	Debt Securities	-	(91,535)
Fixed Income Options Bought	(72)	Debt Securities	2,395	260,500
Fixed Income Options Written	659	Debt Securities	(2,485)	(316,882)
Foreign Currency Options Bought	(9)	Debt Securities	-	-
Foreign Currency Options Written	(1,395)	Debt Securities	(761)	(45,562)
Futures Options Written	141	Debt Securities	-	-
FX Forwards	10,989	Contracts	4,344	536,471
Index Futures Long	31,336	Debt Securities	-	126
Index Options Written	(4)	Debt Securities	(13)	(5,002)
Pay Fixed Interest Rate Swaps	(12,579)	Debt Securities	(11,755)	284,989
Receive Fixed Interest Rate Swaps	7,137	Debt Securities	5,650	332,371
Rights	42	Equities	41	6
Warrants	(164)	Equities	483	73
TOTAL	**$37,021**		**$(91)**	

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

Futures contracts are instruments that derive their value from underlying indices or reference rates and are marked to market daily. Settlement of gains or losses occur the following business day. As a result, those instruments and other similar instruments do not have a fair value at December 31, 2014, or any other trading day. Daily settlement of gains and losses enhances internal controls as it limits counterparty credit risk. Futures variation margin accounts are also settled daily and recognized in the financial statements under net appreciation/(depreciation) in fair value as they are incurred.

Foreign currency contracts are obligations to buy or sell a currency at a contractual exchange rate and quantity on a specific date in the future. The fair value of the foreign currency forwards is the unrealized gain or loss calculated as the difference between the contractual exchange rate and the closing exchange rate as of December 31, 2014.

Counterparty Credit Risk

Counterparty credit ratings of CCCERA's non-exchange traded investment derivative instruments (approximately $16.9 million) and subject to loss as of December 31, 2014, ranged from AA- to A- per Standard & Poor's rating with similar ratings from Moody's and Fitch Ratings (Fitch). No instruments that were non-exchange traded lacked ratings. In a case where a wholly owned broker–dealer does not engage the rating companies for a standalone rating, the subsidiary is assigned the parent company rating as the broker-dealer is an integral part of their business model(s). With the exception of forward trade commitments, CCCERA has a policy of requiring collateral posting provisions in non-exchange traded derivative instruments where it is market practice. As of December 31, 2014, CCCERA does not hold any collateral related to its non-exchange traded derivative instruments. The approximate $16.9 million represents the maximum loss that would be recognized at December 31, 2014 should the counterparties fail to perform. While no netting arrangements are used by CCCERA, the amount represents a net position of exposure for similar instruments.

Derivative Instruments Subject to Credit Risk

As of December 31, 2014, the following is a table of investment providers that are subject to credit risk, percentage of net exposure, and ratings:

Investment Provider Exposure to Credit Risk
At December 31, 2014

Counterparty	Percentage of Net Exposure	Standard & Poor's
DEUTSCHE BANK CME	24%	A
JPMORGAN CHASE BANK N.A	12%	A+
HSBC BANK USA	10%	AA-
CREDIT SUISSE FOB CME	9%	A
CITIBANK N.A.	8%	A
MORGAN STANLEY CME	6%	A-
CANADIAN IMPERIAL BANK OF COMMERCE	5%	A+
CREDIT SUISSE FOB ICE	4%	A
GOLDMAN SACHS CAPITAL MARKETS LP	4%	A-
GOLDMAN SACHS INTERNATIONAL	2%	A-
BANK OF NEW YORK	2%	A+
AUSTRALIA AND NEW ZEALAND BANKING GROUP	2%	AA-
BANK OF AMERICA, N.A.	2%	A
ROYAL BANK OF CANADA	2%	AA-
JPMORGAN CHASE BANK N.A. LONDON	1%	A+
UBS AG	1%	A
CREDIT SUISSE INTERNATIONAL	1%	A
DEUTSCHE BANK AG LONDON	1%	A
BNP PARIBAS SA	1%	A+
17 OTHERS	Less than 1%	Not rated to AA-

Custodial Credit Risk

The custodial credit risk for exchange traded derivative instruments is made in accordance with custodial credit risk disclosure requirements outlined in Generally Accepted Accounting Principles (GAAP). As of December 31, 2014, all of CCCERA's investments are held in CCCERA's name and are not subject to custodial credit risk.

Interest Rate Risk

As of December 31 2014, CCCERA is exposed to interest rate risk on its swaps and options. Since CCCERA's investment managers can buy and sell the swaps and options on a daily basis, the investment managers actively manage the portfolio to minimize interest rate risk and it is unlikely that the swaps and options will be held to maturity. The total fair value subject to interest rate risk as of December 31, 2014 and maturities are as follows:

Interest Rate Risk

(Dollars in Thousands)

Investment Derivatives by Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Credit Default Swaps Written	$2,010	$ -	$2,243	$ -	$(233)
Fixed Income Options Bought	2,395	1,331	1,064	-	-
Fixed Income Options Written	(2,485)	(1,342)	(1,143)	-	-
Pay Fixed Interest Rate Swaps	(11,755)	-	(1,229)	(7,123)	(3,403)
Receive Fixed Interest Rate Swaps	5,650	(4)	4,078	789	787
TOTAL	**$(4,185)**	**$(15)**	**$5,013**	**$(6,334)**	**$(2,849)**

The interest rate swaps and options are highly sensitive to interest rate changes. As of December 31, 2014, they had a fair value of approximately $(4.2) million and an approximate notional value of $828.3 million.

FOREIGN CURRENCY RISK IN INTERNATIONAL INVESTMENT SECURITIES

CCCERA is exposed to foreign currency risk on its various investments denominated in foreign currencies. As of December 31, 2014, the following currencies were either in a receivable position (purchased) or payable position (sold) with net exposure, denominated in United States Dollars:

Foreign Currency Risk in International Investment Securities

(Dollars in Thousands)

Currency Name	Options	Net Receivable (Purchased)	Net Payable (Sold)	Swaps	Exposure
AUSTRALIAN DOLLAR	$(80)	$(221)	$1,389	$1,088	$2,176
BRAZILIAN REAL	-	(79)	92	(241)	(228)
BRITISH POUND STERLING	(60)	(40)	188	(940)	(852)
CANADIAN DOLLAR	-	(27)	423	277	673
CHILEAN PESO	-	(3)	-	-	(3)
COLOMBIAN PESO	-	(2)	207	-	205
CZECH KORUNA	-	(9)	68	-	59
DANISH KRONE	-	-	30	-	30
EURO CURRENCY	(83)	(1,875)	2,554	(1,334)	(738)
HUNGARIAN FORINT	-	(31)	-	-	(31)
INDIAN RUPEE	-	(128)	(18)	-	(146)
INDONESIAN RUPIAH	-	8	(9)	-	(1)
ISRAELI SHEKEL	-	16	37	-	53
JAPANESE YEN	-	(1,381)	983	98	(300)
MALAYSIAN RINGGIT	-	-	(6)	-	(6)
MEXICAN PESO	-	(117)	977	(44)	816
NEW RUSSIAN RUBLE	-	(4)	6	-	2
NEW ZEALAND DOLLAR	-	1	54	20	75
NORWEGIAN KRONE	-	(146)	1,201	(96)	959
PERUVIAN NUEVO SOL	-	-	40	-	40
PHILIPPINE PESO	-	-	(6)	-	(6)
POLISH ZLOTY	-	(14)	11	-	(3)

(Table continued on next page)

Foreign Currency Risk in International Investment Securities (Continued)

(Dollars in Thousands)

Currency Name	Options	Net Receivable (Purchased)	Net Payable (Sold)	Swaps	Exposure
SINGAPORE DOLLAR	-	-	49	-	49
SOUTH AFRICAN RAND	-	(65)	77	-	12
SOUTH KOREAN WON	-	7	(2)	-	5
SWEDISH KRONA	-	-	59	(31)	28
SWISS FRANC	-	(2)	61	(32)	27
TURKISH LIRA	-	(38)	7	-	(31)
YUAN RENMINBI-CHINA	-	5	17	-	22
TOTAL	**$(223)**	**$(4,145)**	**$8,489**	**$(1,235)**	**$2,886**

Contingent Features

As of December 31, 2014, CCCERA held no investments with contingent features.

Note 7.
Contributions

Participating employers and active Plan members are required to contribute a percentage of covered salary to the Plan. This requirement is pursuant to Government Code Sections 31453.5, 31454 and 7522.52, for participating employers, and Government Code Sections 31621.7 (Contra Costa), 31639.25 and 7522.30 for active Plan members. The contribution requirements are established and may be amended by the Board pursuant to Article 1 of CERL, which is consistent with the Plan's Actuarial Funding Policy. The contribution rates are adopted yearly, based on an annual actuarial valuation, conducted by an independent actuary, that considers the mortality, service, age and tier, and compensation experience of the members and beneficiaries, and also includes an evaluation of the Plan's assets and liabilities. Participating employers may pay a portion of the active Plan members' contributions through negotiations and bargaining agreements subject to restrictions in CERL and PEPRA.

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

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

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

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

Member contribution rates for CCCERA members are between 7.92% and 22.99% of annual covered salary, depending on employer and tier. Certain Safety members (including Legacy members with Contra Costa and Moraga-Orinda Fire Protection Districts) contribute an additional 9.0% of the employer's increase in contributions attributed to the adoption of the enhanced (3% at 50) benefit. Member contributions are refundable upon termination of employment.

In October 2011, the County subsidy for the management employee basic retirement contribution was eliminated for certain employees. These employees are responsible for paying 100% of both the employee's basic and COLA contribution as adopted by the Board. Effective January 1, 2012, the subsidy was removed for new hires and employees within the Labor Coalition. As of December 31, 2014, Contra Costa County and eight other CCCERA employers subsidize some portion of the employee basic retirement contribution for at least some employees.

During the year ended December 31, 2014, contributions totaled approximately $372.1 million which included $293.8 million in employer contributions and $78.3 million in employee contributions. The contribution figures also include employee and employer purchase, redeposit, and conversion amounts.

Government Code Section 31582(b) allows the Board of Supervisors to authorize the County auditor to make an advance payment of all or part of the County's estimated annual contribution to the retirement fund. Government Code Section 31585 makes the same appropriations and transfers available to districts. Contra Costa County and 10 participating employers "prepay" or make advance payments of all of the employer's estimated annual contributions discounted by the assumed interest rate in effect on July 1. At the end of the fiscal year, a "true-up" is completed and employers are either billed for an underpayment or apply their overpayment towards the following year contributions.

Ten-year historical trend information, designed to provide information about CCCERA's progress in accumulating sufficient assets to pay benefits when due, is presented in the actuarial section of this report on page 93.

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

On February 26, 2014, CCCERA's Actuarial Funding Policy was adopted by the Board. The funding policy documented the current practice in the form of a written policy. There were no changes made to the actuarial cost method, the asset valuation method, or the amortization of any current sources of unfunded actuarial accrued liability. The changes to the amortization policy were restricted to situations that may arise in the future.

On August 13, 2014, the Board approved changes to the leave cashout (formerly terminal pay) assumptions. These changes were adopted due to AB 197 and the Superior Court's final ruling (see Note 1, *Plan Description*) to implement the law for retirements after July 11, 2014. The Board also adopted a policy to include the leave cashout assumptions in the calculation of the members' basic contribution rates effective with the December 31, 2014 Actuarial Valuation.

Note 8.
Reserves and Designations

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

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

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

Retired Member Reserve represents transfers of accumulated contributions of members who have retired, employer contributions needed to fund retired member benefits as determined by the actuary and credited interest less payments to retired members. Included in the Retired Member Reserve is the Retirement Board Reserve for the New Dollar Power cost-of-living supplement for retirees.

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

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

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

Total Deferred Return represents the unrecognized return after smoothing of investment gains and losses based on a five-year smoothing method. This method smooths only the semi-annual deviation of total market return (net of expenses) from the actuarial assumption, currently 7.25 percent per annum.

At the August 13, 2014 Board meeting, CCCERA changed the methodology for the rate of interest that is credited to reserves to be the semi-annual compounded rate that would result in an annual rate that equals the investment return assumption. Based on the 7.25% investment return assumption, the semi-annual crediting rate would be 3.5616%.

Reserved and designed fiduciary net position as of December 31, 2014 and 2013 are as follows:

Reserved and Designated Fiduciary Net Position As of December 31, 2014 and 2013	*(Dollars in Thousands)*	
	2014	**2013**
Valuation Reserves:		
Member Deposits Reserve		
Basic	$586,388	$554,689
Cost-of-Living	312,832	289,979
Employer Advance Reserve		
Basic	1,494,235	1,919,723
Cost-of-Living	608,072	1,370,665
Retired Member Reserve		
Basic	3,109,447	2,409,084
Cost-of-Living	2,138,360	1,164,712
New Dollar Power Cost-of-Living Supplement	8,503	10,331
Contra Tracking Account	(1,700,341)	(1,811,766)
TOTAL VALUATION RESERVES	**6,557,496**	**5,907,417**
Supplemental Reserves:		
Post Retirement Death Benefit Reserve	15,064	15,033
Other Reserves/Designations		
Contingency Reserve (one percent)	0	0
TOTAL ALLOCATED RESERVES/DESIGNATIONS	**6,572,560**	**5,922,450**
Total Deferred Return	336,350	535,868
NET POSITION - RESTRICTED FOR PENSIONS	**$6,908,910**	**$6,458,318**

Note 9. Actuarial Valuation

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

The actuarial assumptions and methods have been selected in order to help ensure the systematic funding of future benefit payments for CCCERA members, and to maintain equity among generations of participants and taxpayers. Actuarial standards guide the frequency to which an investigation of experience (experience study) is performed. CCCERA engages an independent actuarial consulting firm to perform the experience study at least every three years. The economic and demographic assumptions are reviewed and updated as required each time an experience study is performed. If assumptions are modified as a result of the experience study, member and employer contribution requirements are adjusted to take into account the change in the projected experience of the Plan.

CCCERA's most recent actuarial valuation, dated December 31, 2013, reflects changes in the leave cashout (terminal pay) assumptions adopted by the Board. These changes were adopted due to AB 197 and the Superior Court's final ruling to implement the law for retirements after July 11, 2014. These assumption changes resulted in a decrease in the average employer rate of 4.1% of payroll and a decrease in the average member rate of 0.3% of payroll. In addition, the results of the valuation also reflect that the Board adopted an Actuarial Funding Policy on February 26, 2014. The new funding policy changed the amortization period for future Plan amendments and surpluses. These changes did not impact the employer contribution rate as they only changed amortization periods for possible future changes in liability. The most recent complete review of economic and demographic assumptions was for the period January 1, 2010 through December 31, 2012.

The valuation discloses the actuarial value of assets at $5.9 billion with an actuarial accrued liability of $7.7 billion for a funded ratio of 76.4%. The UAAL is $1.8 billion, which is 268.4% of the $679 million covered payroll. A schedule of CCCERA's funding progress may be found in the actuarial section on page 93. The schedule of funding progress presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

Additional information regarding the actuarial methods and significant assumptions used as of the latest actuarial valuation of Plan assets and liabilities is shown below.

Latest Actuarial Valuation of Plan Assets and Liabilities	
Valuation Date	December 31, 2013
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of payroll for total unfunded liability (4.00% payroll growth assumed)
Remaining Amortization Period	Remaining balance of December 31, 2007 UAAL is amortized over a fixed (decreasing or closed) period with 9 years remaining as of December 31, 2013. Any changes in UAAL after December 31, 2007 will be separately amortized over a fixed 18-year period effective with that valuation. Effective December 31, 2013, any changes in UAAL due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 10-year fixed period effective with that valuation. The entire increase in UAAL resulting from a temporary retirement incentive will be funded in full upon adoption of the incentive.
Asset Valuation Method	5 year Smoothed Market, excluding non-valuation reserves and designations. Market value of assets less unrecognized returns in each of the last nine semi-annual accounting periods. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized semi-annually over a five-year period. The Actuarial Value of Assets is reduced by value of the non-valuation reserves and designations.
Actuarial Assumptions:	
Investment Rate of Return	7.25%, net of investments and administrative expenses
Inflation Rate	3.25%
Real Across-the-Board Salary Increases	0.75%
Projected Salary Increases - General	4.75% to 13.50%*
Projected Salary Increases - Safety	4.75% to 14.00%*
Cost-of-Living Adjustments	3% per year except for Tier 3 and PEPRA Tier 5 (3% COLA) disability benefits and Tier 2 benefits that are valued as a 3.25% increase per year. Safety Tier C, PEPRA Tier E and PEPRA Tier 4 and Tier 5 (2% COLA) members are assumed to increase at 2% per year. All increases are contingent upon actual increases in Consumer Price Index (CPI).

*Includes inflation at 3.25% plus "across the board" salary increases of 0.75%, plus merit and promotional increases.

Note 10.
Lease Obligation

CCCERA owns the Willows Office Park located at 1355 Willow Way, Concord, California and has held this property as a real estate investment since 1984. The property manager for the Willows Office Park is Transwestern. CCCERA has entered into a fair market lease to occupy a portion of the building. A commitment under an operating lease agreement for office facilities provides for minimum future rental payments through September 30, 2019. These future minimum rental payments as of December 31, 2014 are as follows:

Lease Obligation

Year Ending December 31	Amount
2015	$397,147
2016	409,129
2017	421,110
2018	433,091
2019*	331,558
TOTAL	**$1,992,035**

* Lease expires September 30, 2019.

Note 11.
Risk Management

CCCERA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. CCCERA manages and finances these risks by purchasing commercial insurance. There have been no significant reductions in insurance coverage from the previous year, nor have settled claims exceeded CCCERA's commercial insurance coverage in any of the past three years.

Note 12.
Paulson Lawsuit Settlement

During the year ended December 31, 1999, CCCERA settled its litigation, entitled *Vernon D. Paulson, et al. vs. Board of Retirement of the Contra Costa County Employees' Retirement Association, et al.* The lawsuit was brought on behalf of a class of retired members of

CCCERA regarding the inclusions and the exclusions from "final" compensation that are used in calculating member's retirement benefits as a result of the Ventura Decision (see Note 7, *Contributions*). A settlement agreement was entered into with all parties and each employer was invoiced for their share of the $34.2 million additional liability plus interest up to the date of the payment. All employers except Contra Costa County have paid off their liability. Contra Costa County chose to pay its share of the liability due over 19.5 years and entered into an agreement with CCCERA. The following summary lists the pertinent details of the County's agreement plus the amounts due at December 31, 2014.

Installment Payments Due from Paulson Final Liability

(Dollars in Thousands)

	Contra Costa County
Agreement Details:	
Effective Date of Agreement	December 16, 2003
First Payment Due	August 1, 2004
Last Payment Due	February 1, 2024
Rate of Interest	8%
Annual Principal and Interest Payment	$2,760
Original Principal	$28,065
Receivable at December 31, 2014:	
Future Principal Payments	$17,892
Interest Accrued for 2014	597
	$18,489

Note 13.
Litigation, Commitments, and Contingencies

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

On November 28, 2012, the Contra Costa County Deputy Sheriffs Association (DSA) and other employee groups filed a petition for a writ of mandate with the Contra Costa County Superior Court, seeking to prevent CCCERA from implementing AB 197. AB 197 added Subdivision 31461(b) to the CERL, mandating certain exclusions from compensation for retirement purposes. The Court issued a stay order in this matter, requiring that CCCERA suspend implementation of AB 197 and continue to follow its pre-AB 197 policy on final average salary calculations for 60 days after a final judgment is entered. Final judgment was entered on May 12, 2014, and the matter has been appealed. The Court of Appeal declined to enter an additional stay, and CCCERA was required to implement the Superior Court's final judgment and writ of mandate as to all retirements on or after July 12, 2014. Final resolution of this lawsuit in the courts could take several years.

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

On August 22, 2014 the Governor approved Senate Bill (SB) 673 which made CCCERA the employer for all its staff. The legislation was co-sponsored by Contra Costa County and CCCERA, in accordance with a court-approved Settlement Agreement resolving the *CCCERA BOR vs. Contra Costa County BOS* lawsuit. Effective January 1, 2015, the legislation made CCCERA a separate district participating in the CCCERA retirement system, with its own employees, who will continue to be members of the retirement system.

Note 14.
Subsequent Events

On January 1, 2015, CCCERA became an independent district participating in the CCCERA retirement system, as a result of the passage of SB 673. CCCERA is the first CERL Plan to become an independent district for all employees. CCCERA is in the process of negotiating a new Memorandum of Understanding with its represented staff members. The Board adopted its own CCCERA resolution for salary and benefits of unrepresented employees.

On January 14, 2015, the Board approved amending the Board Regulations to provide that sub-committees of the Board may be established if deemed necessary to carry out the business of the Board. The Board will move forward with the establishment of the Audit Committee and will adopt an Audit Committee Charter setting forth the responsibilities given to the Committee, the composition of the committee, and the scheduling of committee meetings.

The CCCERA Board authorized a search for a general investment consultant on January 13, 2014. At the January 28, 2015 Board meeting, the Investment Consultant Search Committee recommended that the Board interview Wurts & Associates for this role. On February 18, 2015, the Board approved retaining Wurts & Associates as the General Investment Consultant for CCCERA. Effective April 14, 2015, Wurts & Associates changed the name of its business to Verus. The name change did not impact the firm's ownership or management structure.

Effective February 28, 2015, Karen Mitchoff, Board of Supervisors Member, resigned from the CCCERA Board. She was appointed to the Bay Area Air Quality District Board of Directors. Supervisor Mitchoff's replacement, Supervisor Candace Andersen, will fulfill the remaining term through June 30, 2017, effective March 1, 2015.

On March 25, 2015, the Board voted to commit $25 million to the Waste Water Opportunity Fund (sponsored by Equilibrium Capital) provided that the fund is able to raise $100 million, excluding CCCERA's $25 million. Waste Water Opportunity Fund expects to have this level of fund raising complete mid-summer. At that time, CCCERA would perform due diligence and legal review, with a signed contract expected during third quarter 2015.

On April 6, 2015, the DSA filed a separate lawsuit seeking damages against CCCERA, its Board and Contra Costa County, seeking a refund of retirement contributions and damages related to CCCERA's implementation of the writ of mandate issued on May 12, 2014 which generally eliminated terminal pay. The plaintiffs claim that they are entitled to either receive a refund of all employer and employee retirement contributions paid in relation to the "terminal pay" benefit, or instead, some other comparable benefit. On April 27, 2015, the Superior Court entered an order staying this action pending the appeal in the AB 197 lawsuit.

Subsequent events were evaluated through June 11, 2015, which is the date the financial statements were available to be issued. CCCERA did not have any other events requiring recording or disclosure in the financial statements for the year ended December 31, 2014.

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios

The schedule of changes in net pension liability displays the components of the total pension liability and plan fiduciary net position for the Plan, calculated in conformity with the requirements of GASB Statement No. 67. Covered employee payroll represents the collective total of the Plan eligible wages of all Plan employers.

Schedule of Changes in Net Pension Liability and Related Ratios
For Years ended December 31, 2013 through 2014*

	(Dollars In Thousands)	
	December 31, 2014	**December 31, 2013**
Total Pension Liability		
Service cost	$192,257	$196,463
Interest	561,216	564,441
Changes of benefit terms	-	-
Differences between expected and actual experience	(183,605)	(77,223)
Changes of assumptions	(76)	(232,887)
Actual benefit payments, including refunds of employee contributions	(394,948)	(374,638)
Net Change in Total Pension Liability	$174,844	$76,156
Total Pension Liability - Beginning	7,929,767	7,853,611
Total Pension Liability - Ending (a)	**$8,104,611**	**$7,929,767**
Plan Fiduciary Net Position		
Contributions - employer	$293,760	$235,017
Contributions - employee	78,258	72,373
Net investment income	480,502	877,761
Benefit payments, including refunds of employee contributions	(394,948)	(374,638)
Administrative expense	(6,980)	(6,776)
Other	-	-
Net Changes in Plan Fiduciary Net Position	**$450,592**	**$803,737**
Plan Fiduciary Net Position - Beginning	**6,458,318**	**5,654,581**
Plan Fiduciary Net Position - Ending (b)	**$6,908,910**	**$6,458,318**
Net Pension Liability/(Asset) - Ending (a) - (b) = (c)	**$1,195,701**	**$1,471,449**
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY (b) / (a)	**85.25%**	**81.44%**
COVERED EMPLOYEE PAYROLL (d)	**$671,486**	**$638,636**
NET PENSION LIABILITY AS PERCENTAGE OF COVERED EMPLOYEE PAYROLL (c) / (d)	**178.07%**	**230.41%**

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

Schedule of Net Pension Liability

Schedule of Net Pension Liability
For the Years 2013 through 2014*

(Dollars In Thousands)

Date	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b) = (c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b) / (a)	Covered Employee Payroll (d)	Net Pension Liability as a Percentage of Covered Employee Payroll (c) / (d)
12/31/2014	$8,104,611	$6,908,910	$1,195,701	85.25%	$671,486	178.07%
12/31/2013	$7,929,767	$6,458,318	$1,471,449	81.44%	$638,636	230.41%

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

Schedule of Employer Contributions

Schedule of Employer Contributions
For the Years 2005 through 2014

(Dollars In Thousands)

Year Ended December 31	Actuarially Determined Contributions (a)	Contributions in Relation to the Actuarially Determined Contributions (b)		Contribution Deficiency/ (Excess) (b) - (a)	Covered - Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b) / (c)
2005	$147,165	$147,165	(1)	$ -	$619,132	23.77%
2006	179,755	179,755	(2)	-	627,546	28.64%
2007	196,930	196,930		-	653,953	30.11%
2008	206,519	206,519		-	671,618	30.75%
2009	195,632	195,632		-	704,948	27.75%
2010	183,951	183,951		-	694,444	26.49%
2011	200,389	200,389		-	687,443	29.15%
2012	212,321	212,321		-	666,394	31.86%
2013	228,017	228,017	(3)	-	638,636	35.70%
2014	288,760	288,760	(4)	-	671,486	43.00%

(1) Excludes Pension Obligation Bond proceeds of $153,135; (2) Excludes Pension Obligation Bond proceeds of $11,693; (3) Excludes additional contributions towards UAAL of $7,000; (4) Excludes additional contributions towards UAAL of $5,000. See accompanying notes to this schedule on page 60.

Schedule of Investment Returns

Schedule of Investment Returns
For Years 2013 through 2014*

	2014	2013
Annual Money Weighted Rate of Return, Net of Investment Expense	7.51%	15.62%

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

Notes to the Required Supplementary Information

Note 1.
Schedule of Changes in Net Pension Liability and Related Ratios

The total pension liability contained in this schedule was provided by the Plan's actuary, Segal Consulting.

Note 2
Schedule of Net Pension Liability

The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the Plan.

Note 3
Schedule of Employer Contributions

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

Additional Actuarial Information Methods and assumptions used to establish "actuarially determined contribution" rates:	
Valuation Date	Actuarially determined contribution rates are calculated as of December 31, two and a half years prior to the end of the fiscal year in which contributions are reported.
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of payroll (4.00% payroll growth assumed)
Remaining Amortization Period	Remaining balance of December 31, 2007 UAAL is amortized over a fixed (decreasing or closed) period with 9 years remaining as of December 31, 2013. Any changes in UAAL after December 31, 2007 will be separately amortized over a fixed 18-year period effective with that valuation. Effective December 31, 2013, any changes in UAAL due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 10-year fixed period effective with that valuation. The entire increase in UAAL resulting from a temporary retirement incentive will be funded in full upon adoption of the incentive.
Asset Valuation Method	5 year Smoothed Market, excluding non-valuation reserves and designations.*

Additional Actuarial Information (Continued)	
Actuarial Assumptions:	
Investment Rate of Return	7.25%, net of pension plan investment and administrative expenses, including inflation
Inflation Rate	3.25%
Real Across-the-Board Salary Increases	0.75%
Projected Salary Increases - General	4.75% to 13.50%**
Projected Salary Increases - Safety	4.75% to 14.00%**
Cost-of-Living Adjustments	3% per year except for Tier 3 and PEPRA Tier 5 (3% COLA) disability benefits and Tier 2 benefits that are valued as a 3.25% increase per year. Safety Tier C, PEPRA Tier E and PEPRA Tier 4 and Tier 5 (2% COLA) members are assumed to increase at 2% per year. All increases are contingent upon actual increases in Consumer Price Index (CPI).
Other Assumptions	Generally the same as those used in the December 31, 2013 funding actuarial valuation and will be used in the December 31, 2014 funding actuarial valuation except the following:
Leave Cashout Assumption for Safety Tier C	December 31, 2013 Assumption: Leave cashouts of 0.25% of final average pay. December 31, 2014 Assumption: Leave cashouts of 0.00% of final average pay.

*Market value of assets less unrecognized returns in each of the last nine semi-annual accounting periods. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized semi-annually over a five-year period. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves and designations.

**Includes inflation at 3.25% plus "across the board" salary increases of 0.75%, plus merit and promotional increases.

The information presented in the required supplementary schedules was determined as part of the Governmental Accounting Standards (GAS) 67 actuarial valuation as of December 31, 2014 provided by the Plan's actuary. Additional information as of the latest actuarial valuation of plan assets and liabilities is in the actuarial section.

Note 4
Schedule of Investment Returns

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

Other Supplementary Information
Schedule of Administrative Expenses

Schedule of Administrative Expenses
For the Year Ended December 31, 2014 (With Comparative Totals)

	(Dollars In Thousands) 2014	2013
Personnel Services:		
Salaries and Wages	$2,949	$2,945
Employee Retirement	2,246	2,066
TOTAL PERSONNEL SERVICES	**5,195**	**5,011**
Professional Services:		
Actuary - Benefit Statement	59	59
Computer and Software Services and Support	298	268
County Counsel - Disability	20	104
Disability Hearing Officer/Medical Reviews	21	60
External Audit Fees	48	55
Contra Costa Dept of Information Technology	35	58
Newsletters	9	18
Other Professional Services	231	133
TOTAL PROFESSIONAL SERVICES	**721**	**755**
Office Expenses:		
Office Lease	389	341
Office Supplies	54	53
Minor Equipment and Computer Supplies	8	2
Postage	66	70
Equipment Lease	27	25
Requested Maintenance	1	4
Communications/Telephone	35	48
Printing and Publications	27	25
TOTAL OFFICE EXPENSES	**607**	**568**
Miscellaneous:		
Fiduciary and Staff - Education/Travel	79	93
Fiduciary and Staff - Meetings/Other Travel	2	2
Insurance	162	117
Memberships	14	26
TOTAL MISCELLANEOUS	**257**	**238**
DEPRECIATION AND AMORTIZATION	**200**	**204**
TOTAL ADMINISTRATIVE EXPENSES	**$6,980**	**$6,776**

Schedule of Investment Expenses

Schedule of Investment Expenses
For the Year Ended December 31, 2014 (With Comparative Totals)

	(Dollars In Thousands) 2014	2013
Investment Management Fees, by portfolio:		
Stocks	$12,550	$10,607
Bonds	6,053	6,447
Real Assets	1,834	946
Real Estate	10,020	9,550
Alternative	8,480	8,142
Cash and Short-Term	7	6
TOTAL INVESTMENT MANAGEMENT FEES	**38,944**	**35,698**
Investment Consulting Fees:		
Consulting Services	400	382
Attorney Services	46	94
Actuarial Services	321	390
TOTAL INVESTMENT CONSULTING FEES	**767**	**866**
INVESTMENT CUSTODIAN FEES	**1,083**	**938**
OTHER INVESTMENT RELATED EXPENSES	**806**	**656**
TOTAL INVESTMENT EXPENSES	**$41,600**	**$38,158**

Schedule of Payments to Consultants

Schedule of Payments to Consultants
For the Year Ended December 31, 2014 (With Comparative Totals)

Type of Service	2014	2013
	(Dollars In Thousands)	
ACTUARIAL SERVICES	**$321**	**$390**
BENEFIT STATEMENT SERVICES	**59**	**59**
DATA PROCESSING	**35**	**58**
AUDIT SERVICES	**48**	**55**
Legal Services:		
Investment Legal Counsel	46	94
Disabilities	66	104
Other Legal Services	274	386
TOTAL LEGAL SERVICES	**386**	**584**
INVESTMENT CONSULTANT FEES	**383**	**350**
INVESTMENT CUSTODIAN FEES	**1,083**	**938**
PROXY GUIDELINE VOTING AGENT SERVICE	**17**	**32**
TOTAL PAYMENTS TO CONSULTANTS	**$2,332**	**$2,466**

Other Information
Schedule of Employer Allocations - GASB 68

Actual Compensation by Employer and Cost Group
January 1, 2014 to December 31, 2014

Employer	Cost Group #1 & #2	Cost Group #1 & #2 Percentage	Cost Group #3	Cost Group #3 Percentage	Cost Group #4	Cost Group #4 Percentage
Bethel Island Municipal Improvement District	$63,762	0.013%	$-	0.000%	$-	0.000%
Byron, Brentwood, Knightsen Union Cemetery District	-	0.000%	-	0.000%	-	0.000%
Contra Costa Mosquito & Vector Control District	2,840,172	0.565%	-	0.000%	-	0.000%
Contra Costa Fire Protection District	-	0.000%	-	0.000%	-	0.000%
Central Contra Costa Sanitary District	-	0.000%	26,906,131	100.000%	-	0.000%
First 5-Children & Families Commission	1,735,009	0.345%	-	0.000%	-	0.000%
Contra Costa County	468,102,519	93.196%	-	0.000%	-	0.000%
Contra Costa County Employees' Retirement Association	3,262,463	0.650%	-	0.000%	-	0.000%
East Contra Costa Fire Protection District	52,840	0.011%	-	0.000%	-	0.000%
Contra Costa Housing Authority	-	0.000%	-	0.000%	4,691,885	100.000%
In-Home Supportive Services Authority (IHSSA)	578,877	0.115%	-	0.000%	-	0.000%
Local Agency Formation Commision (LAFCO)	202,859	0.040%	-	0.000%	-	0.000%
Moraga-Orinda Fire Protection District	486,284	0.097%	-	0.000%	-	0.000%
Rodeo Sanitary District	-	0.000%	-	0.000%	-	0.000%
Rodeo-Hercules Fire Protection District	80,616	0.016%	-	0.000%	-	0.000%
San Ramon Valley Fire Protection District	2,792,368	0.556%	-	0.000%	-	0.000%
Superior Courts of Contra Costa County	22,081,605	4.396%	-	0.000%	-	0.000%
TOTAL	**$502,279,374**	**100.000%**	**$26,906,131**	**100.000%**	**$4,691,885**	**100.000%**

Note: Results may not add due to rounding.

Schedule of Employer Allocations - GASB 68 *(continued)*

Actual Compensation by Employer and Cost Group - Continued
January 1, 2014 to December 31, 2014

Employer	Cost Group #5	Cost Group #5 Percentage	Cost Group #6	Cost Group #6 Percentage
Bethel Island Municipal Improvement District	$ -	0.000%	$ -	0.000%
Byron, Brentwood, Knightsen Union Cemetery District	-	0.000%	213,716	26.612%
Contra Costa Mosquito & Vector Control District	-	0.000%	-	0.000%
Contra Costa Fire Protection District	3,469,231	100.000%	-	0.000%
Central Contra Costa Sanitary District	-	0.000%	-	0.000%
First 5-Children & Families Commission	-	0.000%	-	0.000%
Contra Costa County	-	0.000%	-	0.000%
Contra Costa County Employees' Retirement Association	-	0.000%	-	0.000%
East Contra Costa Fire Protection District	-	0.000%	-	0.000%
Contra Costa Housing Authority	-	0.000%	-	0.000%
In-Home Supportive Services Authority (IHSSA)	-	0.000%	-	0.000%
Local Agency Formation Commision (LAFCO)	-	0.000%	-	0.000%
Moraga-Orinda Fire Protection District	-	0.000%	-	0.000%
Rodeo Sanitary District	-	0.000%	589,379	73.388%
Rodeo-Hercules Fire Protection District	-	0.000%	-	0.000%
San Ramon Valley Fire Protection District	-	0.000%	-	0.000%
Superior Courts of Contra Costa County	-	0.000%	-	0.000%
TOTAL	**$3,469,231**	**100.000%**	**$803,095**	**100.000%**

Note: Results may not add due to rounding.

Schedule of Employer Allocations - GASB 68 *(continued)*

Actual Compensation by Employer and Cost Group - Continued
January 1, 2014 to December 31, 2014

Employer	Cost Group #7 & #9	Cost Group #7 & #9 Percentage	Cost Group #8	Cost Group #8 Percentage	Cost Group #10	Cost Group #10 Percentage
Bethel Island Municipal Improvement District	$ -	0.000%	$ -	0.000%	$ -	0.000%
Byron, Brentwood, Knightsen Union Cemetery District	-	0.000%	-	0.000%	-	0.000%
Contra Costa Mosquito & Vector Control District	-	0.000%	-	0.000%	-	0.000%
Contra Costa Fire Protection District	-	0.000%	26,113,394	89.754%	-	0.000%
Central Contra Costa Sanitary District	-	0.000%	-	0.000%	-	0.000%
First 5-Children & Families Commission	-	0.000%	-	0.000%	-	0.000%
Contra Costa County	79,566,908	100.000%	-	0.000%	-	0.000%
Contra Costa County Employees' Retirement Association	-	0.000%	-	0.000%	-	0.000%
East Contra Costa Fire Protection District	-	0.000%	2,981,124	10.246%	-	0.000%
Contra Costa Housing Authority	-	0.000%	-	0.000%	-	0.000%
In-Home Supportive Services Authority (IHSSA)	-	0.000%	-	0.000%	-	0.000%
Local Agency Formation Commision (LAFCO)	-	0.000%	-	0.000%	-	0.000%
Moraga-Orinda Fire Protection District	-	0.000%	-	0.000%	6,863,879	100.000%
Rodeo Sanitary District	-	0.000%	-	0.000%	-	0.000%
Rodeo-Hercules Fire Protection District	-	0.000%	-	0.000%	-	0.000%
San Ramon Valley Fire Protection District	-	0.000%	-	0.000%	-	0.000%
Superior Courts of Contra Costa County	-	0.000%	-	0.000%	-	0.000%
TOTAL	**$79,566,908**	**100.000%**	**$29,094,518**	**100.000%**	**$6,863,879**	**100.000%**

Note: Results may not add due to rounding.

Schedule of Employer Allocations - GASB 68 *(continued)*

Actual Compensation by Employer and Cost Group - Concluded
January 1, 2014 to December 31, 2014

Employer	Cost Group #11	Cost Group #11 Percentage	Cost Group #12	Cost Group #12 Percentage	Total Compensation	Total Percentage
Bethel Island Municipal Improvement District	$ -	0.000%	$ -	0.000%	$63,762	0.009%
Byron, Brentwood, Knightsen Union Cemetery District	-	0.000%	-	0.000%	213,716	0.032%
Contra Costa Mosquito & Vector Control District	-	0.000%	-	0.000%	2,840,172	0.423%
Contra Costa Fire Protection District	-	0.000%	-	0.000%	29,582,625	4.406%
Central Contra Costa Sanitary District	-	0.000%	-	0.000%	26,906,131	4.007%
First 5-Children & Families Commission	-	0.000%	-	0.000%	1,735,009	0.258%
Contra Costa County	-	0.000%	-	0.000%	547,669,428	81.561%
Contra Costa County Employees' Retirement Association	-	0.000%	-	0.000%	3,262,463	0.486%
East Contra Costa Fire Protection District	-	0.000%	-	0.000%	3,033,964	0.452%
Contra Costa Housing Authority	-	0.000%	-	0.000%	4,691,885	0.699%
In-Home Supportive Services Authority (IHSSA)	-	0.000%	-	0.000%	578,877	0.086%
Local Agency Formation Commision (LAFCO)	-	0.000%	-	0.000%	202,859	0.030%
Moraga-Orinda Fire Protection District	-	0.000%	-	0.000%	7,350,163	1.095%
Rodeo Sanitary District	-	0.000%	-	0.000%	589,379	0.088%
Rodeo-Hercules Fire Protection District	-	0.000%	1,988,894	100.000%	2,069,510	0.308%
San Ramon Valley Fire Protection District	15,821,884	100.000%	-	0.000%	18,614,252	2.772%
Superior Courts of Contra Costa County	-	0.000%	-	0.000%	22,081,605	3.288%
TOTAL	**$15,821,884**	**100.000%**	**$1,988,894**	**100.000%**	**$671,485,798**	**100.000%**

Note: Results may not add due to rounding.

Schedule of Employer Allocations - GASB 68 *(continued)*

Allocation of December 31, 2014 Net Pension Liability (NPL) Excluding Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers
January 1, 2014 to December 31, 2014

Employer	Cost Group #1 & #2	Cost Group #1 & #2 Percentage	Cost Group #3	Cost Group #3 Percentage	Cost Group #4	Cost Group #4 Percentage
Bethel Island Municipal Improvement District	$114,600	0.013%	$ -	0.000%	$ -	0.000%
Byron, Brentwood, Knightsen Union Cemetery District	-	0.000%	-	0.000%	-	0.000%
Contra Costa Mosquito & Vector Control District	5,104,681	0.565%	-	0.000%	-	0.000%
Contra Costa Fire Protection District	-	0.000%	-	0.000%	-	0.000%
Central Contra Costa Sanitary District	-	0.000%	89,535,510	100.000%	-	0.000%
First 5-Children & Families Commission	3,118,357	0.345%	-	0.000%	-	0.000%
Contra Costa County	841,327,344	93.196%	-	0.000%	-	0.000%
Contra Costa County Employees' Retirement Association	5,863,670	0.650%	-	0.000%	-	0.000%
East Contra Costa Fire Protection District	94,970	0.011%	-	0.000%	-	0.000%
Contra Costa Housing Authority	-	0.000%	-	0.000%	8,652,807	100.000%
In-Home Supportive Services Authority (IHSSA)	1,040,424	0.115%	-	0.000%	-	0.000%
Local Agency Formation Commision (LAFCO)	364,601	0.040%	-	0.000%	-	0.000%
Moraga-Orinda Fire Protection District	874,006	0.097%	-	0.000%	-	0.000%
Rodeo Sanitary District	-	0.000%	-	0.000%	-	0.000%
Rodeo-Hercules Fire Protection District	144,892	0.016%	-	0.000%	-	0.000%
San Ramon Valley Fire Protection District	5,018,763	0.556%	-	0.000%	-	0.000%
Superior Courts of Contra Costa County	39,687,583	4.396%	-	0.000%	-	0.000%
TOTAL	**$902,753,891**	**100.000%**	**$89,535,510**	**100.000%**	**$8,652,807**	**100.000%**

Note: Results may not add due to rounding.

Schedule of Employer Allocations - GASB 68 *(continued)*

Allocation of December 31, 2014 Net Pension Liability (NPL) Excluding Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers - Continued
January 1, 2014 to December 31, 2014

Employer	Cost Group #5	Cost Group #5 Percentage	Cost Group #6	Cost Group #6 Percentage
Bethel Island Municipal Improvement District	$ -	0.000%	$ -	0.000%
Byron, Brentwood, Knightsen Union Cemetery District	-	0.000%	66,340	26.612%
Contra Costa Mosquito & Vector Control District	-	0.000%	-	0.000%
Contra Costa Fire Protection District	4,878,216	100.000%	-	0.000%
Central Contra Costa Sanitary District	-	0.000%	-	0.000%
First 5-Children & Families Commission	-	0.000%	-	0.000%
Contra Costa County	-	0.000%	-	0.000%
Contra Costa County Employees' Retirement Association	-	0.000%	-	0.000%
East Contra Costa Fire Protection District	-	0.000%	-	0.000%
Contra Costa Housing Authority	-	0.000%	-	0.000%
In-Home Supportive Services Authority (IHSSA)	-	0.000%	-	0.000%
Local Agency Formation Commision (LAFCO)	-	0.000%	-	0.000%
Moraga-Orinda Fire Protection District	-	0.000%	-	0.000%
Rodeo Sanitary District	-	0.000%	182,951	73.388%
Rodeo-Hercules Fire Protection District	-	0.000%	-	0.000%
San Ramon Valley Fire Protection District	-	0.000%	-	0.000%
Superior Courts of Contra Costa County	-	0.000%	-	0.000%
TOTAL	**$4,878,216**	**100.000%**	**$249,291**	**100.000%**

Note: Results may not add due to rounding.

Schedule of Employer Allocations - GASB 68 *(continued)*

Allocation of December 31, 2014 Net Pension Liability (NPL) Excluding Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers - Continued
January 1, 2014 to December 31, 2014

Employer	Cost Group #7 & #9	Cost Group #7 & #9 Percentage	Cost Group #8	Cost Group #8 Percentage	Cost Group #10	Cost Group #10 Percentage
Bethel Island Municipal Improvement District	$ -	0.000%	$ -	0.000%	$ -	0.000%
Byron, Brentwood, Knightsen Union Cemetery District	-	0.000%	-	0.000%	-	0.000%
Contra Costa Mosquito & Vector Control District	-	0.000%	-	0.000%	-	0.000%
Contra Costa Fire Protection District	-	0.000%	212,146,949	89.754%	-	0.000%
Central Contra Costa Sanitary District	-	0.000%	-	0.000%	-	0.000%
First 5-Children & Families Commission	-	0.000%	-	0.000%	-	0.000%
Contra Costa County	308,608,013	100.000%	-	0.000%	-	0.000%
Contra Costa County Employees' Retirement Association	-	0.000%	-	0.000%	-	0.000%
East Contra Costa Fire Protection District	-	0.000%	24,218,850	10.246%	-	0.000%
Contra Costa Housing Authority	-	0.000%	-	0.000%	-	0.000%
In-Home Supportive Services Authority (IHSSA)	-	0.000%	-	0.000%	-	0.000%
Local Agency Formation Commision (LAFCO)	-	0.000%	-	0.000%	-	0.000%
Moraga-Orinda Fire Protection District	-	0.000%	-	0.000%	28,293,121	100.000%
Rodeo Sanitary District	-	0.000%	-	0.000%	-	0.000%
Rodeo-Hercules Fire Protection District	-	0.000%	-	0.000%	-	0.000%
San Ramon Valley Fire Protection District	-	0.000%	-	0.000%	-	0.000%
Superior Courts of Contra Costa County	-	0.000%	-	0.000%	-	0.000%
TOTAL	**$308,608,013**	**100.000%**	**$236,365,799**	**100.000%**	**$28,293,121**	**100.000%**

Note: Results may not add due to rounding.

Schedule of Employer Allocations - GASB 68 *(continued)*

Allocation of December 31, 2014 Net Pension Liability (NPL) Excluding Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers - Concluded
January 1, 2014 to December 31, 2014

Employer	Cost Group #11	Cost Group #11 Percentage	Cost Group #12	Cost Group #12 Percentage	Total NPL	Total Percentage
Bethel Island Municipal Improvement District	$ -	0.000%	$ -	0.000%	$114,600	0.007%
Byron, Brentwood, Knightsen Union Cemetery District	-	0.000%	-	0.000%	66,340	0.004%
Contra Costa Mosquito & Vector Control District	-	0.000%	-	0.000%	5,104,681	0.308%
Contra Costa Fire Protection District	-	0.000%	-	0.000%	217,025,165	13.096%
Central Contra Costa Sanitary District	-	0.000%	-	0.000%	89,535,510	5.403%
First 5-Children & Families Commission	-	0.000%	-	0.000%	3,118,357	0.188%
Contra Costa County	-	0.000%	-	0.000%	1,149,935,357	69.390%
Contra Costa County Employees' Retirement Association	-	0.000%	-	0.000%	5,863,670	0.354%
East Contra Costa Fire Protection District	-	0.000%	-	0.000%	24,313,820	1.467%
Contra Costa Housing Authority	-	0.000%	-	0.000%	8,652,807	0.522%
In-Home Supportive Services Authority (IHSSA)	-	0.000%	-	0.000%	1,040,424	0.063%
Local Agency Formation Commision (LAFCO)	-	0.000%	-	0.000%	364,601	0.022%
Moraga-Orinda Fire Protection District	-	0.000%	-	0.000%	29,167,127	1.760%
Rodeo Sanitary District	-	0.000%	-	0.000%	182,951	0.011%
Rodeo-Hercules Fire Protection District	-	0.000%	13,354,320	100.000%	13,499,212	0.815%
San Ramon Valley Fire Protection District	64,508,251	100.000%	-	0.000%	69,527,014	4.195%
Superior Courts of Contra Costa County	-	0.000%	-	0.000%	39,687,583	2.395%
TOTAL	**$64,508,251**	**100.000%**	**$13,354,320**	**100.000%**	**$1,657,199,219**	**100.000%**

Note: Results may not add due to rounding.

Schedule of Employer Allocations - GASB 68 *(continued)*

Allocation of December 31, 2014 Net Pension Liability (NPL) Including Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers
January 1, 2014 to December 31, 2014

Employer	Cost Group #1 & #2	Cost Group #1 & #2 Percentage	Cost Group #3	Cost Group #3 Percentage	Cost Group #4	Cost Group #4 Percentage
Bethel Island Municipal Improvement District	$114,600	0.021%	$ -	0.000%	$ -	0.000%
Byron, Brentwood, Knightsen Union Cemetery District	-	0.000%	-	0.000%	-	0.000%
Contra Costa Mosquito & Vector Control District	5,104,681	0.942%	-	0.000%	-	0.000%
Contra Costa Fire Protection District	-	0.000%	-	0.000%	-	0.000%
Central Contra Costa Sanitary District	-	0.000%	89,535,510	100.000%	-	0.000%
First 5-Children & Families Commission	1,683,167	0.311%	-	0.000%	-	0.000%
Contra Costa County	498,742,275	92.016%	-	0.000%	-	0.000%
Contra Costa County Employees' Retirement Association	5,863,670	1.082%	-	0.000%	-	0.000%
East Contra Costa Fire Protection District	94,970	0.018%	-	0.000%	-	0.000%
Contra Costa Housing Authority	-	0.000%	-	0.000%	8,652,807	100.000%
In-Home Supportive Services Authority (IHSSA)	1,040,424	0.192%	-	0.000%	-	0.000%
Local Agency Formation Commision (LAFCO)	364,601	0.067%	-	0.000%	-	0.000%
Moraga-Orinda Fire Protection District	319,726	0.059%	-	0.000%	-	0.000%
Rodeo Sanitary District	-	0.000%	-	0.000%	-	0.000%
Rodeo-Hercules Fire Protection District	144,892	0.027%	-	0.000%	-	0.000%
San Ramon Valley Fire Protection District	5,018,763	0.926%	-	0.000%	-	0.000%
Superior Courts of Contra Costa County	23,526,961	4.341%	-	0.000%	-	0.000%
TOTAL	**$542,018,730**	**100.000%**	**$89,535,510**	**100.000%**	**$8,652,807**	**100.000%**

Note: Results may not add due to rounding.

Schedule of Employer Allocations - GASB 68 *(continued)*

Allocation of December 31, 2014 Net Pension Liability (NPL) Including Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers - Continued
January 1, 2014 to December 31, 2014

Employer	Cost Group #5	Cost Group #5 Percentage	Cost Group #6	Cost Group #6 Percentage
Bethel Island Municipal Improvement District	$ -	0.000%	$ -	0.000%
Byron, Brentwood, Knightsen Union Cemetery District	-	0.000%	66,340	26.612%
Contra Costa Mosquito & Vector Control District	-	0.000%	-	0.000%
Contra Costa Fire Protection District	4,878,216	100.000%	-	0.000%
Central Contra Costa Sanitary District	-	0.000%	-	0.000%
First 5-Children & Families Commission	-	0.000%	-	0.000%
Contra Costa County	-	0.000%	-	0.000%
Contra Costa County Employees' Retirement Association	-	0.000%	-	0.000%
East Contra Costa Fire Protection District	-	0.000%	-	0.000%
Contra Costa Housing Authority	-	0.000%	-	0.000%
In-Home Supportive Services Authority (IHSSA)	-	0.000%	-	0.000%
Local Agency Formation Commision (LAFCO)	-	0.000%	-	0.000%
Moraga-Orinda Fire Protection District	-	0.000%	-	0.000%
Rodeo Sanitary District	-	0.000%	182,951	73.388%
Rodeo-Hercules Fire Protection District	-	0.000%	-	0.000%
San Ramon Valley Fire Protection District	-	0.000%	-	0.000%
Superior Courts of Contra Costa County	-	0.000%	-	0.000%
TOTAL	**$4,878,216**	**100.000%**	**$249,291**	**100.000%**

Note: Results may not add due to rounding.

Schedule of Employer Allocations - GASB 68 *(continued)*

Allocation of December 31, 2014 Net Pension Liability (NPL) Including Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers - Continued
January 1, 2014 to December 31, 2014

Employer	Cost Group #7 & #9	Cost Group #7 & #9 Percentage	Cost Group #8	Cost Group #8 Percentage	Cost Group #10	Cost Group #10 Percentage
Bethel Island Municipal Improvement District	$ -	0.000%	$ -	0.000%	$ -	0.000%
Byron, Brentwood, Knightsen Union Cemetery District	-	0.000%	-	0.000%	-	0.000%
Contra Costa Mosquito & Vector Control District	-	0.000%	-	0.000%	-	0.000%
Contra Costa Fire Protection District	-	0.000%	111,384,288	82.140%	-	0.000%
Central Contra Costa Sanitary District	-	0.000%	-	0.000%	-	0.000%
First 5-Children & Families Commission	-	0.000%	-	0.000%	-	0.000%
Contra Costa County	308,608,013	100.000%	-	0.000%	-	0.000%
Contra Costa County Employees' Retirement Association	-	0.000%	-	0.000%	-	0.000%
East Contra Costa Fire Protection District	-	0.000%	24,218,850	17.860%	-	0.000%
Contra Costa Housing Authority	-	0.000%	-	0.000%	-	0.000%
In-Home Supportive Services Authority (IHSSA)	-	0.000%	-	0.000%	-	0.000%
Local Agency Formation Commision (LAFCO)	-	0.000%	-	0.000%	-	0.000%
Moraga-Orinda Fire Protection District	-	0.000%	-	0.000%	28,293,121	100.000%
Rodeo Sanitary District	-	0.000%	-	0.000%	-	0.000%
Rodeo-Hercules Fire Protection District	-	0.000%	-	0.000%	-	0.000%
San Ramon Valley Fire Protection District	-	0.000%	-	0.000%	-	0.000%
Superior Courts of Contra Costa County	-	0.000%	-	0.000%	-	0.000%
TOTAL	**$308,608,013**	**100.000%**	**$135,603,138**	**100.000%**	**$28,293,121**	**100.000%**

Note: Results may not add due to rounding.

Schedule of Employer Allocations - GASB 68 *(concluded)*

Allocation of December 31, 2014 Net Pension Liability (NPL) Including Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers - Concluded
January 1, 2014 to December 31, 2014

Employer	Cost Group #11	Cost Group #11 Percentage	Cost Group #12	Cost Group #12 Percentage	Total NPL	Total Percentage
Bethel Island Municipal Improvement District	$ -	0.000%	$ -	0.000%	$114,600	0.010%
Byron, Brentwood, Knightsen Union Cemetery District	-	0.000%	-	0.000%	66,340	0.006%
Contra Costa Mosquito & Vector Control District	-	0.000%	-	0.000%	5,104,681	0.427%
Contra Costa Fire Protection District	-	0.000%	-	0.000%	116,262,504	9.723%
Central Contra Costa Sanitary District	-	0.000%	-	0.000%	89,535,510	7.488%
First 5-Children & Families Commission	-	0.000%	-	0.000%	1,683,167	0.141%
Contra Costa County	-	0.000%	-	0.000%	807,350,288	67.521%
Contra Costa County Employees' Retirement Association	-	0.000%	-	0.000%	5,863,670	0.490%
East Contra Costa Fire Protection District	-	0.000%	-	0.000%	24,313,820	2.033%
Contra Costa Housing Authority	-	0.000%	-	0.000%	8,652,807	0.724%
In-Home Supportive Services Authority (IHSSA)	-	0.000%	-	0.000%	1,040,424	0.087%
Local Agency Formation Commision (LAFCO)	-	0.000%	-	0.000%	364,601	0.030%
Moraga-Orinda Fire Protection District	-	0.000%	-	0.000%	28,612,847	2.393%
Rodeo Sanitary District	-	0.000%	-	0.000%	182,951	0.015%
Rodeo-Hercules Fire Protection District	-	0.000%	13,354,320	100.000%	13,499,212	1.129%
San Ramon Valley Fire Protection District	64,508,251	100.000%	-	0.000%	69,527,014	5.815%
Superior Courts of Contra Costa County	-	0.000%	-	0.000%	23,526,961	1.968%
TOTAL	**$64,508,251**	**100.000%**	**$13,354,320**	**100.000%**	**$1,195,701,397**	**100.000%**

Note: Results may not add due to rounding.

Schedule of Employer Pension Amounts - GASB 68

Schedule of Employer Pension Amounts as of December 31, 2014

		Deferred Outflow of Resources				
Employer	**Net Pension Liability**	**Differences Between Expected and Actual Experience**	**Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments**	**Changes of Assumptions**	**Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions**	**Total Deferred Outflows of Resources**
Bethel Island Municipal Improvement District	$114,600	$ -	$ -	$ -	$1,193	$1,193
Byron, Brentwood, Knightsen Union Cemetery District	66,340	-	-	-	40,259	40,259
Contra Costa Mosquito & Vector Control District	5,104,681	-	-	-	27,610	27,610
Contra Costa Fire Protection District	116,262,504	-	-	-	-	-
Central Contra Costa Sanitary District	89,535,510	-	-	-	1,920,610	1,920,610
First 5-Children & Families Commission	1,683,167	-	-	-	85,435	85,435
Contra Costa County	807,350,288	-	-	-	13,652,435	13,652,435
Contra Costa County Employees' Retirement Association	5,863,670	-	-	-	2,115	2,115
East Contra Costa Fire Protection District	24,313,820	-	-	-	-	-
Contra Costa Housing Authority	8,652,807	-	-	-	-	-
In-Home Supportive Services Authority (IHSSA)	1,040,424	-	-	-	-	-
Local Agency Formation Commision (LAFCO)	364,601	-	-	-	6,543	6,543
Moraga-Orinda Fire Protection District	28,612,847	-	-	-	-	-
Rodeo Sanitary District	182,951	-	-	-	115,504	115,504
Rodeo-Hercules Fire Protection District	13,499,212	-	-	-	-	-
San Ramon Valley Fire Protection District	69,527,014	-	-	-	-	-
Superior Courts of Contra Costa County	23,526,961	-	-	-	1,702,396	1,702,396
TOTAL	**$1,195,701,397**	**$ -**	**$ -**	**$ -**	**$17,554,100**	**$17,554,100**

Note: Results may not add due to rounding.

Schedule of Employer Pension Amounts - GASB 68 *(concluded)*

Schedule of Employer Pension Amounts as of December 31, 2014 - Concluded

	Deferred Inflow of Resources					Pension Expense	
Employer	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions
Bethel Island Municipal Improvement District	$13,772	$1,024	$6	$ -	$14,802	$16,528	$331
Byron, Brentwood, Knightsen Union Cemetery District	7,972	593	3	-	8,568	9,567	11,183
Contra Costa Mosquito & Vector Control District	613,443	45,624	253	-	659,320	736,219	7,670
Contra Costa Fire Protection District	13,971,581	1,039,114	5,753	8,403,812	23,420,260	16,767,876	(2,334,392)
Central Contra Costa Sanitary District	10,759,725	800,237	4,431	-	11,564,393	12,913,194	533,503
First 5-Children & Families Commission	202,271	15,044	83	-	217,398	242,754	23,732
Contra Costa County	97,021,475	7,215,816	39,954	-	104,277,245	116,439,519	3,792,342
Contra Costa County Employees' Retirement Association	704,653	52,407	290	-	757,350	845,684	587
East Contra Costa Fire Protection District	2,921,858	217,308	1,203	2,064,238	5,204,607	3,506,642	(573,399)
Contra Costa Housing Authority	1,039,831	77,336	428	26,007	1,143,602	1,247,944	(7,224)
In-Home Supportive Services Authority (IHSSA)	125,031	9,299	51	8,743	143,124	150,055	(2,429)
Local Agency Formation Commision (LAFCO)	43,815	3,259	18	-	47,092	52,584	1,817
Moraga-Orinda Fire Protection District	3,438,484	255,732	1,416	2,307,439	6,003,071	4,126,667	(640,955)
Rodeo Sanitary District	21,986	1,635	9	-	23,630	26,386	32,085
Rodeo-Hercules Fire Protection District	1,622,237	120,651	668	1,839,275	3,582,831	1,946,914	(510,910)
San Ramon Valley Fire Protection District	8,355,250	621,408	3,441	2,904,586	11,884,685	10,027,484	(806,829)
Superior Courts of Contra Costa County	2,827,299	210,276	1,164	-	3,038,739	3,393,159	472,888
TOTAL	**$143,690,683**	**$10,686,763**	**$59,171**	**$17,554,100**	**$171,990,717**	**$172,449,176**	**$ -**

Note: Results may not add due to rounding.

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III. Investment *Section*

Ray of Light – Mt. Diablo, California. *(Patrick Smith)*

Chief Investment Officer's Report

May 12, 2015

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

Re: Chief Investment Officer Review of 2014 Investment Results

Members of the Board:

The Contra Costa County Employees' Retirement Association (CCCERA) experienced a solid, if somewhat turbulent, calendar year ending December 31, 2014. CCCERA investments performed well compared both against a universe of peer funds as well as against the fund's long-term objectives. The strong returns were driven by the exposure to real estate, private equity and publicly-traded equities, primarily in the U.S. Most other asset classes delivered flat to moderately positive results.

All return figures in this review are presented gross of fees and time-weighted, and are calculated by CCCERA's investment consultant, Milliman.

Total Fund Performance

CCCERA's Total Fund returned 8.4% (gross of investment management fees) for the year ending December 31, 2014. This exceeded the long-term objective of delivering a real return of 4% annually (measured as Consumer Price Index (CPI) plus 400 basis points), which was 4.9% for 2014. Relative to the peer universe, CCCERA's 2014 performance exceeded the median public fund return of 5.8% and ranked in the 4th percentile of public funds. Over the past 10 years ending December 31, 2014, CCCERA has returned 7.6% and ranked in the 3rd percentile of public funds.

Domestic Equity Performance

CCCERA's domestic equity program produced strong absolute returns in 2014, though it lagged the relevant benchmarks. The domestic equity program returned 11.4% in 2014, trailing the 12.6% return of the Russell 3000 Index and the 13.7% return of the S&P 500 Index. The 2014 results did, however, exceed the median domestic equity manager, ranking in the 36th percentile of the peer universe.

International Equity Performance

CCCERA's International Equity program also had poor absolute, but strong index and peer-relative results for the calendar year 2014. CCCERA's International Equity program returned 0.3% in 2014, exceeding the MSCI ACWI ex-US Index return of -3.9% and ranking in the 17th percentile of international equity managers in 2014. The international equity program was restructured early in 2014 and the initial experience with the new roster of managers has been promising.

Global Equity Performance

The Global Equity program returned 5.2% for the calendar year 2014, exceeding the MSCI ACWI Index return of 4.2%, and ranking in the 44th percentile of global equity portfolios.

Domestic Fixed Income Performance

CCCERA's total domestic fixed income program returned 7.3% for the year ending December 31, 2014. This was significantly better than the 6.0% return of the Barclays Aggregate Index and ranked in the 8th percentile of fixed income managers over this period.

High Yield Fixed Income Performance

CCCERA's high yield fixed income program returned 1.2% for the year ending December 31, 2014. This trailed the 2.5% return of the Merrill Lynch High Yield Master II Index and ranked in the 83rd percentile of high yield managers over this period.

Global Fixed Income Performance

CCCERA's global fixed income program returned 0.4% for the year ending December 31, 2014. This return lagged the 0.6% return of the Barclays Global Aggregate Index and ranked in the 77th percentile of global fixed income managers over this period.

Inflation Hedge Performance

The Inflation Hedge program returned -0.6% in its first full year of performance. This return significantly lagged the index of CPI + 4% which returned 4.9% but ranked 38th percentile of real asset mandates.

Real Estate Performance

CCCERA's real estate program was an area of notable strength in 2014, with a return of 20.6%. This return was better than the 18.8% return of the CCCERA custom benchmark and ranked in the 9th percentile of real estate managers.

Alternative Investment Performance

For the year ended December 31, 2014, CCCERA's alternative investment program had good absolute performance, but trailed the public equity markets. The alternative investment program returned 17.3%. The program's goal is to outperform the S&P 500 by 400 basis points. This benchmark returned 24.5% for 2014. Please note that several components of the alternative investment program are reported on a quarter lag basis due to financial data reporting constraints. The benchmark is also calculated on quarter lag basis.

Opportunistic Investment Performance

The Opportunistic Investment program returned 8.7% in 2014.

Asset Allocation

As of December 31, 2014, CCCERA's market value of assets was $7.0 billion, an increase of approximately $0.5 billion from the December 31, 2013 market value of $6.5 billion. This was primarily the result of investment returns generated in 2014.

CCCERA assets as of December 31, 2014 were above target in domestic fixed income (20.3% vs. 19.6%) and real estate (12.9% vs. 12.5%). The only asset class notably below its target was equities (45.9% vs. 46.6%). All other asset classes were quite close to their respective targets. (Assets earmarked for alternative investments are temporarily invested in U.S. equities.) Assets were rebalanced to targets early in 2015 in accordance with CCCERA's investment policy guidelines.

Sincerely,

Timothy Price, CFA
Chief Investment Officer

General Information and Proxy Summary

CCCERA's investment program objective is to provide CCCERA participants and beneficiaries with benefits as required by the County Employees Retirement Law of 1937. The plan's main investment objective is for the total fund return to exceed the CPI plus 400 basis points over a market cycle. This is accomplished by the implementation of a carefully planned and executed long-term investment program.

The California Constitution and Government Code Sections 31594 and 31595 authorize the Board of Retirement (Board) to invest in any investment deemed prudent in the Board's opinion. Investment decisions are to be made in the sole interest and for the exclusive purpose of providing benefits, minimizing employer contributions, and defraying reasonable expenses for administering the system. Investments are to be diversified to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent to not do so.

The Board has adopted an Investment Policy, which provides the framework for the management of CCCERA's investments. This Policy establishes CCCERA's investment policies and objectives and defines the principal duties of the Board, staff, custodian bank and investment managers. For the year ended December 31, 2014, the total fund gain was 8.4%, greater than the targeted return of 4.9% (CPI plus 400 basis points) and greater than the median public fund return of 5.8%.

Summary of Proxy Voting Guidelines and Procedures

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

Investment Results Based on Fair Value*

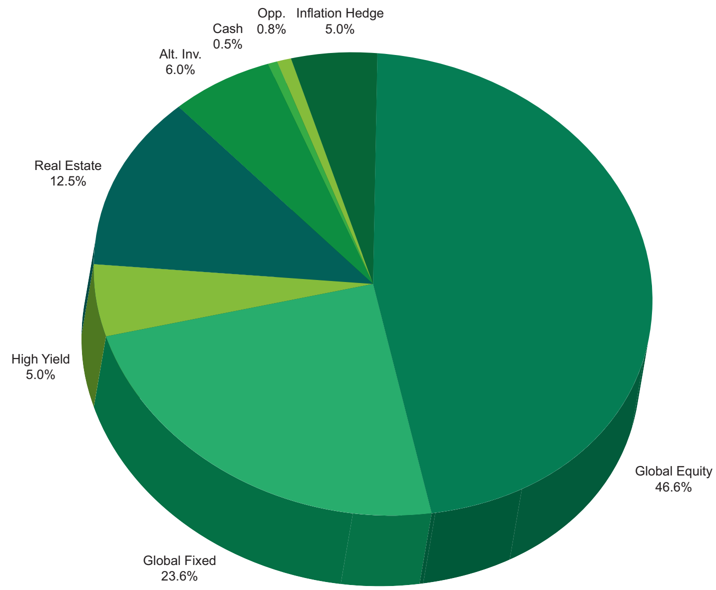
Investment Results Based on Fair Value* As of December 31, 2014				
		(annualized)		
	Current Year	**3 Year**	**5 Year**	**10 Year**
Domestic Equity	11.4%	21.5%	16.4%	8.7%
Benchmark:				
Russell 3000	12.6%	20.5%	15.6%	7.9%
International Equity	0.3%	11.9%	6.1%	5.0%
Benchmarks:				
MSCI ACWI ex-US	-3.9%	9.0%	4.4%	5.1%
MSCI EAFE Gross	-4.5%	11.6%	5.8%	4.9%
Global Equity	5.2%	13.0%	--	--
Benchmark:				
MSCI ACWI	4.2%	14.1%	9.2%	6.1%
Domestic Fixed Income	7.3%	6.0%	7.2%	6.1%
Benchmarks:				
Barclays U.S.Universal	5.6%	3.2%	4.8%	4.9%
Barclays Aggregate	6.0%	2.7%	4.4%	4.7%
High Yield	1.2%	7.9%	9.0%	7.9%
Benchmark:				
ML HYMaster II	2.5%	8.4%	8.9%	7.6%
Global Fixed Income	0.4%	1.1%	3.5%	--
Benchmark:				
Barclays Global Aggregate	0.6%	0.7%	2.6%	3.6%
Inflation Hedge**	-0.6%	--	--	--
Benchmark:				
CPI + 400bps	4.9%	5.5%	5.8%	6.3%
Real Estate	20.6%	15.9%	15.8%	7.8%
Benchmarks:				
Real Estate Benchmark	18.8%	13.1%	14.1%	9.3%
NCREIF (ODCE) Index	12.4%	12.4%	13.9%	7.1%
NCREIF Property Index	11.8%	11.1%	12.1%	8.4%
Alternatives	17.3%	14.4%	13.2%	14.5%
Benchmark:				
S&P 500 + 4% QTR Lag	24.5%	27.9%	20.3%	12.4%
Opportunistic***	8.7%	13.0%	8.9%	--
Total Fund	**8.4%**	**13.0%**	**11.0%**	**7.6%**
Benchmark:				
CPI + 400 bps	**4.9%**	**5.5%**	**5.8%**	**6.3%**

* Using time-weighted rate of return based on the market rate of return.
** Inflation Hedge Managers hired in 2013.
***Historically, funds were reflected in aggregate.

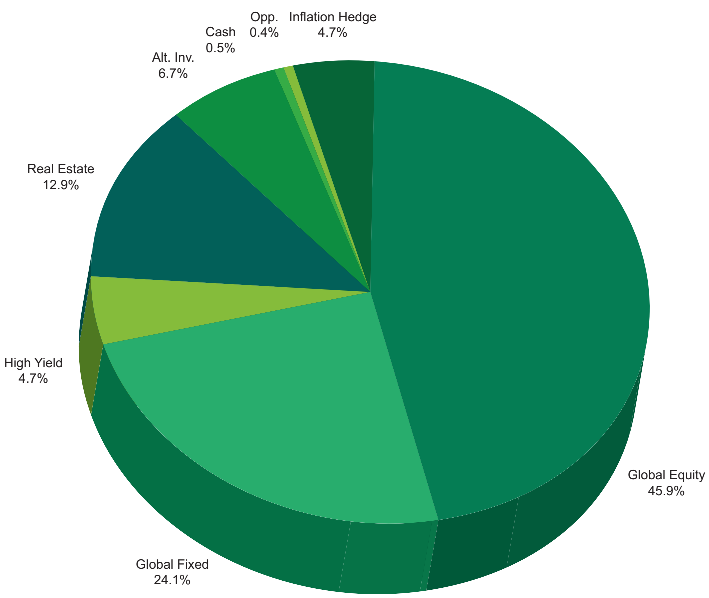
Asset Allocation

The asset allocation is an integral part of the Investment Policy. When a new asset class is implemented or a current asset class is expanded, the plan's policy is modified to reflect the change or revision. The Board implements the asset allocation plan by hiring investment managers to invest assets on CCCERA's behalf, subject to specific guidelines incorporated into each firm's contract. CCCERA's Chief Investment Officer and the outside investment consultant (Milliman) assist the Board with the design and implementation of the asset allocation as depicted in the following chart:

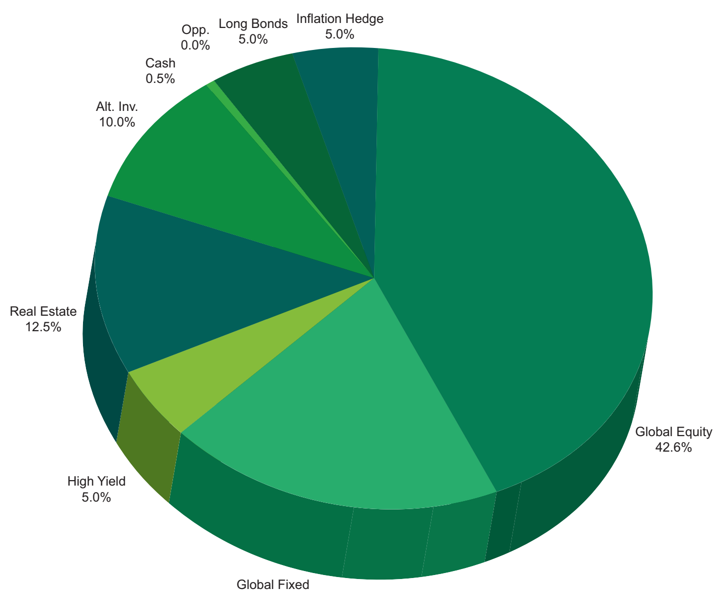
Current Target Asset Allocation
As of December 31, 2014



Actual Asset Allocation
As of December 31, 2014



Long-Term Target Asset Allocation
As of December 31, 2014



Note: Results may not add due to rounding.

Schedule of Top Ten Equities and Fixed Income Securities

Top 10 Equity Securities
As of December 31, 2014

(Dollars in Thousands)

CUSIP	Shares	Security Name	Fair Value
594918104	584,832	MICROSOFT CORP	$27,165
018490102	96,400	ALLERGAN INC	20,494
92826C839	76,720	VISA INC CLASS A SHARES	20,116
747525103	253,000	QUALCOMM INC	18,805
151020104	161,350	CELGENE CORP	18,049
828806109	94,200	SIMON PROPERTY GROUP INC	17,155
931427108	221,400	WALGREENS BOOTS ALLIANCE INC	16,871
26875P101	181,585	EOG RESOURCES INC	16,719
57636Q104	192,025	MASTERCARD INC CLASS A	16,545
278642103	270,575	EBAY INC	15,185
		TOTAL LARGEST EQUITY HOLDINGS	**$187,104**

Top 10 Fixed Income Securities
As of December 31, 2014

(Dollars in Thousands)

CUSIP	Security Name	Cost	Fair Value
99S0KDC25	SWU00A1E4 IRS AUD R F 3.25000	$237,648	$210,755
99S0K1NQ6	BWU009E03 IRS USD R V 03MLIBOR	71,740	72,900
99S0L6YI0	SWPC06WV1 CDS USD R F 1.00000	68,587	68,579
912828F54	US TREASURY N/B	54,115	53,793
99S0JTX86	BWU009FS1 IRS USD R V 03MLIBOR	50,219	50,300
99S0K23W3	SWU009I66 IRS AUD R F 3.75000	50,151	45,369
912828F39	US TREASURY N/B	37,015	36,814
912828D56	US TREASURY N/B	36,375	36,667
99S0JUG25	BWU009FM4 IRS USD R V 03MLIBOR	35,601	36,000
912810RH3	US TREASURY N/B	27,950	29,545
	TOTAL LARGEST FIXED HOLDINGS		**$640,722**

Schedule of Investment Management Fees

Investment Management Fees
For the year ended December 31, 2014

	(Dollars in Thousands)
Investment Activity	
Stock Managers	
Domestic	$6,819
International	5,731
TOTAL STOCK MANAGERS	**12,550**
Bond Managers	
Domestic	5,510
International	543
TOTAL BOND MANAGERS	**6,053**
REAL ASSET MANAGERS	**1,834**
REAL ESTATE MANAGERS	**10,020**
ALTERNATIVE INVESTMENT MANAGERS	**8,480**
CASH & SHORT-TERM WITH COUNTY TREASURER	**7**
TOTAL FEES FROM INVESTMENT ACTIVITY (see page 62)	**38,944**
Securities Lending Activity	
Management Fee	389
Borrower Rebate	(720)
TOTAL FEES FROM SECURITIES LENDING ACTIVITY	**(331)**
TOTAL INVESTMENT MANAGEMENT FEES	**$38,613**

Investment Summary

Investment Summary
For the year ended December 31, 2014

(Dollars in Thousands)

Type of Investment	Fair Value	Percent of Total Fair Value
Short-Term		
Deposit	$4,296	0.06%
Short-Term Investments held by Fiscal Agent	609,468	8.33%
TOTAL SHORT-TERM INVESTMENTS	**613,764**	**8.39%**
Long-Term		
BONDS		
U.S. Government and Agency Instruments	1,076,814	14.71%
Domestic Corporate Bonds	614,406	8.40%
International Bonds	359,880	4.92%
TOTAL BONDS	**2,051,100**	**28.03%**
STOCKS		
Domestic Stocks	1,296,759	17.72%
Global Stocks	847,258	11.57%
International	706,103	9.65%
TOTAL STOCKS	**2,850,120**	**38.94%**
REAL ASSETS	**329,286**	**4.50%**
REAL ESTATE	**934,127**	**12.76%**
ALTERNATIVE INVESTMENTS	**540,571**	**7.38%**
TOTAL LONG-TERM INVESTMENTS AT FAIR VALUE	**6,705,204**	**91.61%**
TOTAL SHORT AND LONG-TERM INVESTMENTS	**$7,318,968**	**100.00%**

Investment Managers *(As of December 31, 2014)*

Domestic Equity
Ceredex Value Advisors
Robeco Boston Partners
Jackson Square Partners
Emerald Advisors, Inc.
Intech
PIMCO

International Equity
Pyrford International
William Blair & Company

Global Equity
J.P. Morgan Asset Management
First Eagle Investment Management
Artisan
Intech

Fixed Income - Domestic
AFL-CIO Housing Investment Trust
Goldman Sachs
Torchlight
Lord Abbett
PIMCO

Fixed Income - High Yield
Allianz Global Investors

Fixed Income - Global
Lazard Asset Management

Real Assets
Aether Investment Partners
Commonfund
PIMCO
Wellington

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

Alternative Assets
Adams Street Partners
Carpenter Bancfund
DBL Investors
Energy Investors Funds Group (EIF/Liberty)
Nogales Investors LLC
Ocean Avenue Capital Partners
Paladin Capital Management
Pathway Capital Management
Siguler Guff

Opportunistic
Oaktree Capital

Cash & Short-Term
Contra Costa County Treasurer
State Street Bank

Securities Lending Program
State Street Corporation

IV. Actuarial *Section*

Diablo Spring Evening – Mt. Diablo, California. *(Patrick Smith)*

Actuary Certification Letter

Segal Consulting

100 Montgomery Street Suite 500 San Francisco, CA 94104-4308
T 415.263.8200 www.segalco.com

March 23, 2015

Board of Retirement
Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, CA 94520

Re: Contra Costa County Employees' Retirement Association
December 31, 2013 Actuarial Valuation for Funding Purposes

Dear Members of the Board:

Segal Consulting (Segal) prepared the December 31, 2013 annual actuarial valuation of the Contra Costa County Employees' Retirement Association (CCCERA). We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices and CCCERA's funding policy that was last reviewed with the Board in 2014. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice (ASOPs).

As part of the December 31, 2013 actuarial valuation, Segal conducted an examination of all participant data for reasonableness. However, the scope of this examination does not qualify as an audit. Summaries of the employee data used in performing the actuarial valuations over the past several years are provided in our valuation report. We did not audit the Association's financial statements, however, the Association's auditor attested to the Association's financial statements. For actuarial valuation purposes, retirement plan assets are valued at Actuarial Value. Under this method, the assets used to determine employer contribution rates take into account market value by recognizing the semi-annual differences between the total return at market value and the expected investment return over a five-year period.

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

Board of Retirement
March 23, 2015
Page 2

In 2008, the Board of Retirement elected to amortize the remaining balance of the Association's unfunded actuarial accrued liability as of December 31, 2007 over a declining (or closed) period with 9 years remaining as of December 31, 2013. Any change in unfunded actuarial accrued liability that arises due to actuarial gains or losses or due to changes in actuarial assumptions or methods at each valuation after December 31, 2007 is amortized over its own declining (or closed) 18-year period. Effective with the December 31, 2013 valuation, any change in unfunded actuarial accrued liability that arises due to plan amendments is amortized over its own declining (or closed) 10-year period (with the exception of a change due to retirement incentives, which is funded in full upon adoption of the incentive). The progress being made towards meeting the funding objective through December 31, 2013 is illustrated in the Schedule of Funding Progress.

Certain information found in the Notes to Basic Financial Statements and the Required Supplementary Information (RSI) included in the Financial Section was prepared by the Association based on the results of the Governmental Accounting Standards Board (GASB) Statement No. 67 actuarial valuation as of December 31, 2014 prepared by Segal. For the Financial Section of the Comprehensive Annual Financial Report (CAFR), Segal provided the Schedule of Changes in Net Pension Liability of Participating Employers and Schedule of Employer Contributions as shown in the RSI. A listing of the other supporting schedules prepared by the Association based on additional information provided by Segal and the results of the actuarial valuation as of December 31, 2013 for funding purposes is listed below.

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

Board of Retirement
March 23, 2015
Page 3

The valuation assumptions included in the Actuarial Section were adopted by the Retirement Board based on the December 31, 2012 Experience Study (for both the economic and non-economic assumptions) or in conjunction with the December 31, 2013 actuarial valuation. It is our opinion that the assumptions used in the December 31, 2013 valuation produce results, which, in aggregate, reflect the future experience of the retirement plan. Actuarial valuations are performed on an annual basis. An experience analysis is performed every three years and the next experience analysis is due to be performed as of December 31, 2015.

In the December 31, 2013 valuation, the ratio of the valuation value of assets to actuarial accrued liabilities (funded percentage) increased from 70.6% to 76.4% while the funded percentage on a market value of assets basis increased from 72.9% to 83.5%. The aggregate employer contribution rate has decreased from 49.82% of payroll to 43.58% of payroll, while the aggregate employee contribution rate has decreased from 12.20% of payroll to 11.91% of payroll.

Under the asset smoothing method, the total unrecognized investment gains are $536 million as of December 31, 2013. These investment gains will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years. The deferred gains of $536 million represent about 8% of the market value of assets as of December 31, 2013. Unless offset by future investment losses or other unfavorable experience, the recognition of the $536 million market gains is expected to have an impact on the Association's future funded percentage and contribution rate requirements. This potential impact may be illustrated as follows:

- If the deferred gains were recognized immediately in the valuation value of assets, the funded percentage would increase from 76.4% to 83.3%.

- If the deferred gains were recognized immediately in the valuation value of assets, the aggregate employer rate would decrease from 43.6% to about 37.7% of payroll.

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,

Paul Angelo, FSA, MAAA, FCA, EA	John Monroe, ASA, MAAA, EA
Senior Vice President and Actuary	Vice President and Actuary

AW/hy

Schedule of Funding Progress

Funded Ratio is a measurement of the funded status of the plan. The Funded Ratio is calculated by dividing the Valuation Assets by the Actuarial Accrued Liability. In the table below, CCCERA's Fund Ratio indicates assets are approximately 24% less than liabilities. The increase in the funded ratio in 2013 is mostly due to the market appreciation of investments and contributions by the employer and employee.

Schedule of Funding Progress
For Years 2004 through 2013

(Dollars in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
12/31/2004	$3,673,858	$4,481,243	$807,385	82.0%	$619,132	130.4%
12/31/2005	4,062,057	4,792,428	730,371	84.8%	627,546	116.4%
12/31/2006	4,460,871	5,293,977	833,106	84.3%	653,953	127.4%
12/31/2007	5,016,137	5,581,048	564,911	89.9%	671,618	84.1%
12/31/2008	5,282,505	5,972,471	689,966	88.5%	704,948	97.9%
12/31/2009	5,290,114	6,314,787	1,024,673	83.8%	694,444	147.6%
12/31/2010	5,341,822	6,654,037	1,312,215	80.3%	687,443	190.9%
12/31/2011	5,426,719	6,915,312	1,488,593	78.5%	666,394	223.4%
12/31/2012	5,482,257	7,761,316	2,279,059	70.6%	652,312	349.4%
12/31/2013	$5,907,416	$7,731,097	$1,823,681	76.4%	$679,429	268.4%

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

Latest Actuarial Valuation Methods and Assumptions

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

The actuarial assumptions used to determine the liabilities for the December 31, 2013 valuation are based on the results of the actuarial experience study for the period January 1, 2010, through December 31, 2012. The study was prepared using updated economic and demographic assumptions, and mortality rates adopted by the Board in February 2013. The experience study was adopted by the Board in May 2013. An actuarial valuation is performed annually.

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

Actuarial Assumptions and Cost Method	
Valuation Date	December 31, 2013
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of payroll for total unfunded liability (4.00% payroll growth assumed)
Remaining Amortization Period	Remaining balance of December 31, 2007 UAAL is amortized over a fixed (decreasing or closed) period with 9 years remaining as of December 31, 2013. Any changes in UAAL after December 31, 2007 will be separately amortized over a fixed 18-year period effective with that valuation. Effective December 31, 2013, any changes in UAAL due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 10-year fixed period effective with that valuation. The entire increase in UAAL resulting from a temporary retirement incentive will be funded in full upon adoption of the incentive.
Asset Valuation Method	5 year Smoothed Market, excluding non-valuation reserves and designations. Market value of assets less unrecognized returns in each of the last nine semi-annual accounting periods. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized semi-annually over a five-year period. The Actuarial Value of Assets is reduced by value of the non-valuation reserves and designations.
Actuarial Assumptions:	
Investment Rate of Return	7.25%, net of investments and administrative expenses
Inflation Rate	3.25%
Real Across-the-Board Salary Increases	0.75%
Projected Salary Increases - General	4.75% to 13.50%*
Projected Salary Increases - Safety	4.75% to 14.00%*
Cost-of-Living Adjustments	3% per year except for Tier 3 and PEPRA Tier 5 (3% COLA) disability benefits and Tier 2 benefits that are valued as a 3.25% increase per year. Safety Tier C, PEPRA Tier E and PEPRA Tiers 4 and 5 (2% COLA) members are assumed to increase at 2% per year. All increases are contingent upon actual increases in Consumer Price Index (CPI).

*Includes inflation at 3.25% plus "across the board" salary increases of 0.75%, plus merit and promotional increases.

Actuarial Assumptions and Methods Data from December 31, 2013 valuation	
Healthy	
General Members	RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set back one year.
Safety Members	RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set back two years.
Disabled	
General Members	RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set forward six years for males and seven years for females.
Safety Members	RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set forward three years.
Beneficiaries	Beneficiaries are assumed to have the same mortality as a General Member of the opposite sex who has taken a service (non-disability) retirement.
Employee Contribution Rate	
General Members	RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set back one year, weighted 30% male and weighted 70% female.
Safety Members	RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set back two years, weighted 85% male and weighted 15% female.
Pre-Retirement Mortality	Based upon the Experience Analysis as of 12/31/12.
Withdrawal Rates	Based upon the Experience Analysis as of 12/31/12.
Disability Rates	Based upon the Experience Analysis as of 12/31/12.
Service Retirement Rates	Based upon the Experience Analysis as of 12/31/12.
Salary Scales	Total increases of 5.70% per year reflecting approximately 3.25% for inflation, 0.75% for additional real "across-the-board" salary increases and approximately 1.70% for merit and longevity.
Marriage Assumption At Retirement	
Male members	75%
Female members	50%
Value of Assets for Contribution Rate Purposes	Actuarial Value as described in Actuarial Valuation Methods Section of Valuation Report

Retirement Rates (%)

	General				Safety			
Age	**Tier 1 (Enhanced)**	**Tier 3 (Enhanced)**	**Tier 1 (Non-Enhanced)**	**Tiers 4 and 5 (PEPRA)**	**Tier A (Enhanced)**	**Tier C (Enhanced)**	**Tier A (Non-Enhanced)**	**Tiers D and E (PEPRA)**
45	--	--	--	--	2.00	1.00	0.00	0.00
50	5.00	4.00	3.00	0.00	25.00	15.00	5.00	5.00
55	20.00	10.00	10.00	5.00	30.00	20.00	6.00	6.00
60	30.00	15.00	25.00	10.00	40.00	35.00	20.00	20.00
65	40.00	40.00	40.00	27.00	100.00	100.00	100.00	100.00
70	100.00	40.00	100.00	50.00	--	--	--	--
75	100.00	100.00	100.00	100.00	--	--	--	--

Termination Rates (%) Before Retirement

Mortality

	General		Safety	
Age	**Male**	**Female**	**Male**	**Female**
25	0.03	0.01	0.02	0.01
30	0.04	0.02	0.03	0.02
35	0.06	0.03	0.05	0.03
40	0.08	0.04	0.08	0.04
45	0.10	0.07	0.09	0.06
50	0.12	0.09	0.11	0.08
55	0.17	0.18	0.16	0.15
60	0.37	0.38	0.33	0.34
65	0.74	0.74	0.66	0.66

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

Termination Rates (%) Before Retirement
Disability

Age	General Tier 1*	General Tier 2 and 3**	Safety***
20	0.01	0.01	0.02
25	0.02	0.02	0.22
30	0.04	0.03	0.42
35	0.08	0.05	0.56
40	0.16	0.08	0.66
45	0.32	0.13	0.94
50	0.52	0.17	2.54
55	0.66	0.21	4.10
60	0.70	0.27	4.80
65	0.70	0.36	5.00
70	0.70	0.44	5.00

* 70% of General Tier 1 disabilities are assumed to be duty disabilities. The other 30% are assumed to be ordinary disabilities.
** 35% of General Tier 3 disabilities are assumed to be duty disabilities. The other 65% are assumed to be ordinary disabilities.
***100% of Safety disabilities are assumed to be duty disabilities.

Termination Rates (%) Before Retirement
Withdrawal*

Years of Service	General	Safety
Less than 1	13.50	11.50
1	9.00	6.50
2	9.00	5.00
3	6.00	4.00
4	4.50	3.50
5	4.00	3.00
6	3.75	2.75
7	3.50	2.50
8	3.25	2.25
9	3.00	2.00
10	2.75	1.90
11	2.50	1.80
12	2.40	1.70
13	2.30	1.60
14	2.20	1.50
15	2.10	1.40
16	2.00	1.30
17	2.00	1.20
18	2.00	1.10
19	2.00	1.00
20 or more	2.00	1.00

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

Summary of December 31, 2013 and 2012 Valuation Results

Summary of December 31, 2013 & 2012 Valuation Results

	December 31, 2013		December 31, 2012	
Average Employer Contribution Rates*:	**Total Rate**	**Estimated Annual Amount**	**Total Rate**	**Estimated Annual Amount**
General				
Cost Group #1 - County and Small Districts (Tiers 1 and 4)	35.48%	$8,400,094	41.59%	$10,611,239
Cost Group #2 - County and Small Districts (Tiers 3 and 5)	32.28%	154,922,757	37.08%	168,815,252
Cost Group #3 - Central Contra Costa Sanitary District	60.51%	16,446,846	73.93%	17,620,915
Cost Group #4 - Contra Costa Housing Authority	43.65%	2,196,992	47.04%	2,377,319
Cost Group #5 - Contra Costa County Fire Protection District	35.04%	1,283,642	42.81%	1,522,178
Cost Group #6 - Small Districts (Non-Enhanced Tiers 1 and 4)	29.13%	230,791	32.16%	240,133
Safety				
Cost Group #7 - County (Tiers A and D)	80.27%	53,484,103	89.83%	59,805,301
Cost Group #8 - Contra Costa and East County Fire Protection Districts	82.98%	26,034,468	89.79%	29,274,716
Cost Group #9 - County (Tiers C and E)	74.50%	11,435,422	81.53%	11,166,934
Cost Group #10 - Moraga-Orinda Fire Protection District	70.45%	5,293,654	80.03%	5,669,942
Cost Group #11 - San Ramon Valley Fire Protection District	88.33%	14,581,928	95.39%	15,961,561
Cost Group #12 - Rodeo-Hercules Fire Protection District	110.23%	1,784,422	110.02%	1,865,548
ALL EMPLOYERS COMBINED	**43.58%**	**$296,095,119**	**49.82%**	**$324,931,038**
Average Member Contribution Rates*:				
General				
Cost Group #1 - County and Small Districts (Tiers 1 and 4)	10.58%	$2,504,556	10.90%	$2,781,559
Cost Group #2 - County and Small Districts (Tiers 3 and 5)	10.60%	50,889,675	10.81%	49,226,376
Cost Group #3 - Central Contra Costa Sanitary District	11.10%	3,016,823	11.26%	2,684,595
Cost Group #4 - Contra Costa Housing Authority	11.17%	562,261	11.59%	585,541
Cost Group #5 - Contra Costa County Fire Protection District	11.05%	404,760	11.14%	396,160
Cost Group #6 - Small Districts (Non-Enhanced Tiers 1 and 4)	12.41%	98,322	12.86%	96,073
Safety				
Cost Group #7 - County (Tiers A and D)	17.41%	11,600,517	17.80%	11,851,328
Cost Group #8 - Contra Costa and East County Fire Protection Districts	17.18%	5,390,352	17.43%	5,681,658
Cost Group #9 - County (Tiers C and E)	13.66%	2,096,818	14.06%	1,926,255
Cost Group #10 - Moraga-Orinda Fire Protection District	17.01%	1,278,057	17.31%	1,226,374
Cost Group #11 - San Ramon Valley Fire Protection District	16.88%	2,786,567	17.20%	2,878,150
Cost Group #12 - Rodeo-Hercules Fire Protection District	15.90%	257,382	16.36%	277,408
ALL CATEGORIES COMBINED	**11.91%**	**$80,886,090**	**12.20%**	**$79,611,477**
Key Actuarial Assumptions				
Annual Interest Rate:	7.25%		7.25%	
Annual Inflation Rate:	3.25%		3.25%	
Across-the-Board Salary Increase	0.75%		0.75%	
Average Annual Salary Increase	5.70%		5.40%	

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

Summary of Significant Results

Summary of Significant Results			
Association Membership	December 31, 2013	December 31, 2012	Increase/ (Decrease)
Active Members:			
1. Number of Members	9,124	8,640	5.6%
2. Average Age	45.8	45.9	N/A
3. Average Service	10.1	10.2	N/A
4. Projected Total Payroll (Compensation)	$679,428,911	$652,312,178	4.2%
5. Average Projected Monthly Payroll	$6,206	$6,292	(1.4%)
Retired Members and Beneficiaries:			
1. Number of Members:			
Service Retirement	6,438	6,375	1.0%
Disability Retirement	927	923	0.4%
Beneficiaries	1,260	1,219	3.4%
2. Average Age	69.3	69.0	N/A
3. Actual Retired Payroll	$369,809,403	$347,569,044	6.4%
4. Average Monthly Benefit	$3,579	$3,518	1.7%
Vested Terminated Members:			
1. Number of Terminated Vested Members*	2,345	2,288	2.5%
2. Average Age	47.0	46.8	N/A
Summary of Financial Data:			
Market Value of Assets (MVA)	$6,458,317,596	$5,654,581,124	14.2%
Return on MVA	15.50%	13.31%	
Actuarial Value of Assets (AVA)	$5,922,449,192	$5,497,193,662	7.7%
Return on AVA	9.01%	2.25%	
Valuation Value of Assets (VVA)	$5,907,416,432	$5,482,257,062	7.8%
Return on VVA	9.02%	2.24%	
Funded Status:			
Actuarial Accrued Liability (AAL)	$7,731,097,407	$7,761,315,535	(0.4%)
Unfunded Actuarial Accrued Liability (UAAL) on VVA basis	$1,823,680,975	$2,279,058,473	(20.0%)
Funded Ratio			
GASB Statement No. 25	76.4%	70.6%	

*Includes 933 terminated members with less than five years of service as of December 31, 2013 and 888 as of December 31, 2012.

Schedule of Active Member Valuation Data

Schedule of Active Member Valuation Data

Valuation Date	Plan Type	Number	Projected Payroll	Average Annual Salary	% Increase/ (Decrease) in Average Salary
12/31/2004	General	7,675	$472,100,272	$61,511	3.48%
	Safety	1,683	147,031,946	87,363	7.55%
	Total	**9,358**	**619,132,218**	**66,161**	**4.44%**
12/31/2005	General	7,594	480,015,003	63,210	2.76%
	Safety	1,611	147,531,405	91,578	4.82%
	Total	**9,205**	**627,546,408**	**68,175**	**3.04%**
12/31/2006	General	7,602	505,165,640	66,452	5.13%
	Safety	1,608	148,787,523	92,530	1.04%
	Total	**9,210**	**653,953,163**	**71,005**	**4.15%**
12/31/2007	General	7,806	518,874,107	66,471	0.03%
	Safety	1,615	152,743,825	94,578	2.21%
	Total	**9,421**	**671,617,932**	**71,289**	**0.40%**
12/31/2008	General	7,781	544,409,663	69,967	5.26%
	Safety	1,604	160,538,005	100,086	5.82%
	Total	**9,385**	**704,947,668**	**75,114**	**5.37%**
12/31/2009	General	7,406	536,090,505	72,386	3.46%
	Safety	1,532	158,353,494	103,364	3.28%
	Total	**8,938**	**694,443,999**	**77,696**	**3.44%**
12/31/2010	General	7,325	533,351,975	72,813	0.59%
	Safety	1,486	154,091,231	103,695	0.32%
	Total	**8,811**	**687,443,206**	**78,021**	**0.42%**
12/31/2011	General	7,183	518,213,291	72,144	(0.92%)
	Safety	1,446	148,180,855	102,476	(1.18%)
	Total	**8,629**	**666,394,146**	**77,227**	**(1.02%)**
12/31/2012	General	7,244	513,920,662	70,944	(1.66%)
	Safety	1,396	138,391,516	99,134	(3.26%)
	Total	**8,640**	**652,312,178**	**75,499**	**(2.24%)**
12/31/2013	General	7,682	540,431,355	70,350	(0.84%)
	Safety	1,442	138,997,556	96,392	(2.77%)
	Total	**9,124**	**$679,428,911**	**$74,466**	**(1.37%)**

Solvency Test

Solvency Test
(Dollars in Thousands)

Valuation Data	Aggregate Accrued Liabilities (AAL) For: 1 Active Member Contributions*	2 Retirants and Beneficiaries	3 Active Members Employer Portion	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets: 1	2	3
12/31/2004	$351,578	$2,212,082	$1,947,583	$3,673,858	100%	100%	59%
12/31/2005	354,585	2,468,601	1,969,242	4,062,057	100%	100%	63%
12/31/2006	399,864	2,820,634	2,073,479	4,460,871	100%	100%	60%
12/31/2007	446,284	3,070,770	2,063,994	5,016,137	100%	100%	73%
12/31/2008	554,267	3,239,593	2,178,611	5,282,505	100%	100%	68%
12/31/2009	598,973	3,523,414	2,192,400	5,290,114	100%	100%	53%
12/31/2010	645,975	3,811,751	2,196,311	5,341,822	100%	100%	40%
12/31/2011	637,614	4,268,202	2,009,496	5,426,719	100%	100%	26%
12/31/2012	653,236	4,990,760	2,117,320	5,482,257	100%	97%	0%
12/31/2013	$844,668	$5,086,529	$1,799,900	$5,907,416	100%	100%	0%

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

Retirants and Beneficiaries Added To and Removed From Retiree Payroll

Retirants and Beneficiaries Added To and Removed From Retiree Payroll

Year	At Beginning of Year	Added During Year	Allowances Added	Removed During Year	Allowances Removed	At End of Year	Retiree Payroll	% Increase in Retiree Payroll	Average Annual Allowance	% Increase in Annual Allowance
2004	5,936	316	$18,212,193	(134)	$(3,156,000)	6,118	$178,979,297	9.18%	$29,255	5.94%
2005	6,118	494	22,298,799	(175)	(5,171,802)	6,437	196,106,294	9.57%	30,465	4.14%
2006	6,437	357	23,469,814	(148)	(3,518,632)	6,646	216,057,476	10.17%	32,509	6.71%
2007	6,646	492	24,184,795	(227)	(4,586,247)	6,911	235,656,024	9.07%	34,099	4.89%
2008	6,911	317	20,853,808	(216)	(6,065,270)	7,012	250,444,562	6.28%	35,717	4.74%
2009	7,012	505	22,693,682	(225)	(6,271,784)	7,292	266,866,460	6.56%	36,597	2.47%
2010	7,292	486	27,459,315	(219)	(5,356,600)	7,559	288,969,175	8.28%	38,228	4.46%
2011	7,559	758	37,949,896	(232)	(6,621,254)	8,085	320,297,817	10.84%	39,616	3.63%
2012	8,085	657	34,622,498	(225)	(7,351,271)	8,517	347,569,044	8.51%	40,809	3.01%
2013	8,517	379	$30,637,741	(271)	$(8,397,382)	8,625	$369,809,403	6.40%	$42,876	5.07%

Actuarial Analysis of Financial Experience

Actuarial Analysis of Financial Experience
Changes in the Unfunded Actuarial Accrued Liability (UAAL) for Years Ended December 31, 2004 through 2013
(Dollars in Thousands)

				(Gain) or Loss			
December 31	**Expected UAAL**	**Change in Plan Provisions**	**Change in Assumptions/ Methods**	**Investment Return**	**Active Salary Increases**	**Other***	**UAAL**
2004	$644,871	$4,069	$22,552	$143,794	$(21,932)	$14,031	$807,385
2005	681,825	2,552	-	81,310	(12,310)	(23,006)	730,371
2006	715,423	-	210,158	(30,120)	(46,757)	(15,598)	833,106
2007	809,840	-	-	(171,935)	(47,443)	(25,550)	564,912
2008	515,421	1,101	-	154,986	5,838	12,620	689,966
2009	674,485	-	63,871	394,647	(47,181)	(61,149)	1,024,673
2010	1,050,996	-	15,521	313,478	(83,073)	15,293	1,312,215
2011	1,293,836	-	-	264,597	(77,127)	7,287	1,488,593
2012	1,463,568	-	570,154	297,215	(102,697)	50,818	2,279,058
2013	$2,238,120	$ -	$(205,332)	$(96,259)	$(114,771)	$1,923	$1,823,681

*Other experience includes employer and employee contributions, mortality, disability, withdrawal and retirement other than expected.

Summary of Major Pension Plan Provisions

Major Provisions of the Present System

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

A. GENERAL MEMBERS —

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

Coverage

Tier 1:

a. All General Members hired before July 1, 1980, and electing not to transfer to Tier 2 Plan.

b. Reciprocal General Members hired before October 1, 2002, electing to not enter Tier 2 Plan.

c. Participating agencies who have elected Tier 1.

d. Certain General Members with membership dates before January 1, 2013 hired by specific employers who did not adopt Tier 2 are placed in Tier 1.

Tier 2:

a. All General Members hired before July 1, 1980, and most General Members hired on or after August 1,1980, electing to transfer to the Tier 2 Plan. Effective October 1, 2002, Tier 2 was eliminated for all County employees (except CNA employees); employees were placed in Tier 3.
CNA employees in Tier 2 were placed in Tier 3 as of January 1, 2005.

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

Tier 3:

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

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

PEPRA Tier 4:

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

PEPRA Tier 5:

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

Final Compensation (FC)

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

a. Highest consecutive twelve months of compensation earnable.

Tier 2 Plan (GC 31462):

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

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

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

Service Retirement

Tier 1 and Tier 3 Plans:

a. Requirement (GC 31672): Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years of service, regardless of age.

b. Non-Enhanced Benefit (GC 31676.11)

Retirement Age	Benefit Formula
50:	(1.24%xFC-1/3x1.24%x$350x12)x Yrs
55:	(1.67%xFC-1/3x1.67%x$350x12)x Yrs
60:	(2.18%xFC-1/3x2.18%x$350x12)x Yrs
62:	(2.35%xFC-1/3x2.35%x$350x12)x Yrs
65 or later:	(2.61%xFC-1/3x2.61%x$350x12)x Yrs

Maximum Benefit: 100% of Final Compensation.

Tier 2 Plan:

a. Requirement: Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years of service, regardless of age.

b. Benefit (GC 31752)

Retirement Age	Benefit Formula
50:	(0.83%xFCxYrs-0.57%xYrs*xPIA)
55:	(1.13%xFCxYrs -0.87%xYrs*xPIA)
60:	(1.43%xFCxYrs-1.37%xYrs*xPIA)
62:	(1.55%xFCxYrs-1.67%xYrs*xPIA)
65 or later:	(1.73%xFCxYrs-1.67%xYrs*xPIA)

Maximum Benefit: None.

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

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

Retirement Age	Benefit Formula
50:	(1.43%xFC-1/3x1.43%x $350x12)xYrs
55:	(2.00%xFC-1/3x2.00%x $350x12)xYrs
60:	(2.26%xFC-1/3x2.26%x $350x12)xYrs
62:	(2.37%xFC-1/3x2.37%x $350x12)xYrs
65 or later:	(2.42%xFC-1/3x2.42%x $350x12)xYrs**

Maximum Benefit:100% of Final Compensation

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

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

PEPRA Tier 4 and Tier 5 Plans

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

b. Benefit (GC 7522.20 (a))

Retirement Age	Benefit Formula
52:	1.00%xFC3x Yrs
55:	1.30%xFC3x Yrs
60:	1.80%xFC3x Yrs
62:	2.00%xFC3x Yrs
65:	2.30%xFC3x Yrs
67 or later:	2.50%xFC3xYrs

Maximum Benefit: None.

Disability Retirement

Tier 1 and Tier 4:

a. Requirements (GC 31720)
   (1) Service-connected: None
   (2) Nonservice-connected: five years of service

b. Benefit
   (1) Service-connected: 50% Final Compensation or Service retirement benefit, if greater. (GC 31727.4)
   (2) Nonservice-connected: 1.5% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 65, but total benefit cannot be more than one-third of Final Compensation. (GC 31727)

Tier 2, Tier 3, and Tier 5:

a. Requirements (GC 31720.1)
   (1) Service-connected: None
   (2) Nonservice-connected: ten years of service

(3) Definition of disability is more strict than in Tier 1 Plan.

b. Benefit (GC 31727.01)
(1) Service-connected or nonservice-connected is 40% Final Compensation plus 10% Final Compensation for each minor child (maximum of three).
(2) Disability benefits are offset by other plans of the County except Workers' Compensation and Social Security.

Death Before Retirement

All tiers other than General Tier 2:
a. No eligibility requirement: Refund of employee contributions with interest plus one month's compensation for each year of service to a maximum of 6 months compensation (GC 31781); 50% of Final Compensation payable to spouse if Line of Duty Death (GC 31787);

- OR -

b. 5 years of service (10 years for Tiers 3 and 5): Option 2 (100%) continuance of Service Retirement or Ordinary Disability benefit payable to designated beneficiary.

General Tier 2:
a. Prior to eligibility to retire (less than ten years):
(1) $2,000 lump sum benefit offset by any Social Security payment Return of contributions

b. While eligible to retire (ten years or service-connected death) 60% of Service or Disability Retirement Benefit (minimum benefit is 24% of Final Compensation) plus, for each minor child, 10% of the allowance otherwise paid to the member. Minimum family benefit is 60% of the member's allowance. Maximum family benefit is 100% of member's allowance.

Death After Retirement

All tiers other than General Tier 2 (GC 31760.1, 31760.2)
a. After Service Retirement or Nonservice-Connected Disability - 60% of unmodified allowance continued to eligible spouse.

- OR -

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

- AND -

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

General Tier 2 (GC 31760.11)
a. After Service or Disability Retirement 60% of unmodified allowance continued to eligible spouse plus 20% of allowance to each minor child. Minimum benefit is 60% of allowance. Maximum benefit is 100% of allowance.

- AND -

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

Withdrawal Benefits

May elect a refund of accumulated contributions or defer retirement until eligible.

Less than five years of service: Age 70

At least five years of service:

Tier 1, Tier 2 and Tier 3
The later of age 50 and when the member would have reached 10 years of service had the member remained a full-time employee.

Tier 4 and Tier 5
Age 52

Cost-of-Living (COL) Benefits

Tier 1, Tier 3, Tier 4 and Tier 5

Based on changes in CPI.

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

Tier 2
Based on changes in CPI.

4% maximum change per year.

Employee's Contribution Rates

Tier 1 Non-Enhanced (GC 31621.1)
a. Basic: to provide for an average annuity at age 55 equal to 1/120 of FC1.

b. COL: to provide for one-half of future COL costs.

Tier 1 and Tier 3 Enhanced (GC 31621)
a. Basic: to provide for an average annuity at age 60 equal to 1/120 of FC1.

b. COL: to provide for one-half of future COL costs.

PEPRA General Tiers 4 and 5 (GC 7522.30)
a. 50% of the total Normal Cost rate.

Employer Contribution Rates

Tier 1, Tier 3, Tier 4 and Tier 5
Enough to make up for the balance of the basic and COL contributions needed plus the amount required to amortize the Unfunded Actuarial Accrued Liability.

Other Information

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

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

B. SAFETY MEMBERS —

- Tiers A and C (GC 31664 and 31664.1)
- PEPRA SAFETY MEMBERS Tiers D and E (GC 7522.25(d))

Coverage

Tiers A and C
a. Safety members with membership dates before January 1, 2013.

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

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

Final Compensation (FC)

Tiers A and C (GC 31462.1, 31462)
a. Highest consecutive twelve months of compensation earnable.

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

Tiers D and E (GC 7522.32, 7522.34)
a. Highest consecutive thirty-six months of pensionable compensation. Compensation will be subject to annual limit.

Service Retirement

Tiers A and C
a. Requirement (GC 31663.25): Age 50 with 10 years of service, or age 70 regardless of service, or after 20 years of service, regardless of age.

b. Non-Enhanced Benefit at Retirement (GC 31664) (Rodeo-Hercules Fire Protection District)

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

Maximum Benefit: 100% of Final Compensation

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

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

Maximum Benefit: 100% of Final Compensation

PEPRA Tiers D and E

a. Requirement (GC 7522.25(a) and 31672.3): Age 50 with 5 years of service, or age 70 regardless of service.

b. Benefit at Retirement (GC 7522.25 (d))

Age	Benefit Formula
50	2.00% x FC3 x Yrs
55	2.50% x FC3x Yrs
57 or later	2.70% x FC3 x Yrs

Maximum Benefit: None

Disability Retirement

a. Requirements (GC 31720)
   (1) Service-connected: None
   (2) Nonservice-Connected: five years of service

b. Benefit
   (1) Service-connected: 50% Final Compensation or Service Retirement benefit if greater. (GC 31727.4)
   (2) Nonservice-Connected: 1.8% per year of service. If the benefit does not exceed one-third of Final Compensation, the service projected to 55, but total benefit cannot be more than one-third of Final Compensation. (GC 31727.2)

Death Before Retirement

Non-service Connected

a. Prior to retirement eligibility (less than 5 years)
   (1) One month's salary for each year of service to a maximum of six month's compensation.
   (2) Return of contributions.

b. While eligible to retire (after five years) 60% of Service or Disability Retirement Benefit.

Service connected

a. 50% of Final Compensation

Death After Retirement

a. After Service Retirement or Nonservice-Connected Disability - 60% of unmodified allowance continued to eligible spouse. (GC 31785, 31785.1)

- OR -

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

- AND -

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

Withdrawal Benefits

May elect a refund of accumulated contributions or defer retirement until eligible.

Less than five years of service: Age 70

At least five years of service:

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

Tier D and Tier E
Age 50

Cost-of-Living (COL) Benefits

a. Based on change in CPI; 3% maximum change per year for Safety Tier A and Tier D.

b. Based on change in CPI; 2% maximum change per year for Safety Tier C and Tier E.

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

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

b. COL - to provide for one-half of future COL costs.

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

a. Basic - to provide for an average annuity at age 50 equal to 1/100 of FC1 (Tier A). (GC 31139.25)

   Basic - to provide for an average annuity at age 50 equal to 1/100 of FC3 (Tier C).

b. COL - to provide for one-half of future COL costs.

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

a. 50% of the total Normal Cost rate.

Employer Contribution Rate

Tiers A, C, D, and E
Enough to make up the balance of the basic and COL contributions needed plus the amount required to amortize the Unfunded Actuarial Accrued Liability.

Other Information

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

V. Statistical *Section*

Lone Oak #2 – Lafayette, California. *(Patrick Smith)*

Summary of Statistical Data

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

Financial Trends Information is intended to assist readers in understanding how CCCERA's financial activities and positions have changed over time. The Changes in Fiduciary Net Position for Years 2005 – 2014 presents additions by source, deductions by type, and the total change in fiduciary net position for each year. The Schedule of Benefit Expenses by Type for the Last Ten Years presents benefit deductions by type of benefit, such as by Service Retirement and Disability Retirement, as well as by General and Safety benefits.

Operating Information is intended to provide contextual information about CCCERA's operations and membership to assist readers in using financial statement information to comprehend and evaluate CCCERA's fiscal condition. This section includes the Schedule of Retired Members by Type of Benefit, which presents information for the current period. The Schedule of Average Benefit Payment Amounts for the Last Ten Years shows the average monthly benefit, and number of retirees and beneficiaries, organized by five-year increments. Participating Employers and Active Members for Years 2005 – 2014 presents the employers and number of their corresponding covered employees.

Changes in Fiduciary Net Position For Years 2005 - 2014

Changes in Fiduciary Net Position
For Years 2005 - 2014

(Dollars In Thousands)

	2014	2013	2012	2011	2010
Additions					
Employer Pension Obligation Bond Proceeds	$ -	$ -	$ -	$ -	$ -
Employer Contributions	293,760	235,017	212,321	200,389	183,951
Plan Member Contributions	78,258	72,373	73,362	61,575	64,330
Net Investment Income (Loss)	488,873	884,870	680,538	100,363	605,672
Net Securities Lending Income	1,167	1,148	1,535	951	1,097
Total Additions	862,058	1,193,408	967,756	363,278	855,050
Deductions					
Pension Benefits	387,026	369,809	347,569	320,297	288,969
Refunds	6,798	3,844	3,276	3,909	2,647
Administrative Expense	6,980	6,776	6,030	6,290	5,283
Other Expenses	10,662	9,242	8,590	7,649	7,723
Total Deductions	411,466	389,671	365,465	338,145	304,622
CHANGE IN FIDUCIARY NET POSITION	**$450,592**	**$803,737**	**$602,291**	**$25,133**	**$550,428**

	2009	2008	2007	2006	2005
Additions					
Employer Pension Obligation Bond Proceeds	$ -	$ -	$ -	$11,693	$153,135
Employer Contributions	195,614	206,519	196,930	179,755	147,165
Plan Member Contributions	66,536	76,452	75,591	73,469	73,475
Net Investment Income (Loss)	748,861	(1,467,872)	306,459	614,913	341,877
Net Securities Lending Income	2,436	3,392	1,208	658	506
Total Additions	1,013,447	(1,181,509)	580,188	880,488	716,158
Deductions					
Pension Benefits	266,866	250,445	235,656	216,057	196,106
Refunds	4,628	3,730	3,113	3,232	2,075
Administrative Expense	7,359	5,601	5,942	4,860	4,896
Other Expenses	7,563	8,133	7,370	7,052	6,440
Membership Withdrawal	-	-	-	-	3,535
Total Deductions	286,416	267,909	252,081	231,201	213,052
CHANGE IN FIDUCIARY NET POSITION	**$727,031**	**$(1,449,418)**	**$328,107**	**$649,287**	**$503,106**

Schedule of Benefit Expenses by Type *(Annual Benefit Amounts)*

Schedule of Benefit Expenses by Type
Annual Benefit Amounts as of December 31 of Each Year

(Dollars In Thousands)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Service Retirement Payroll:										
General	$188,945	$179,079	$163,514	$144,304	$131,646	$121,929	$113,955	$104,164	$94,018	$83,343
Safety	102,791	96,403	87,198	78,221	70,782	66,953	62,705	56,215	49,532	44,668
Total	291,736	275,482	250,712	222,525	202,428	188,882	176,660	160,379	143,550	128,011
Disability Retirement Payroll:										
General	12,371	12,049	11,974	12,013	12,134	12,072	11,899	11,910	11,608	11,855
Safety	32,346	29,725	28,341	27,349	26,708	24,845	23,529	21,283	19,867	18,737
Total	44,717	41,774	40,315	39,362	38,842	36,917	35,428	33,193	31,475	30,592
Beneficiary Payroll:										
General	19,511	18,011	17,825	16,727	16,144	16,030	15,312	14,449	13,850	13,399
Safety	13,845	12,302	11,445	10,355	9,452	8,616	8,256	8,036	7,231	6,977
Total	33,356	30,313	29,270	27,082	25,596	24,646	23,568	22,485	21,081	20,376
Total Benefit Expense:										
General	220,827	209,139	193,313	173,044	159,924	150,031	141,166	130,523	119,476	108,597
Safety	148,982	138,430	126,984	115,925	106,942	100,414	94,490	85,534	76,630	70,382
TOTAL	**$369,809**	**$347,569**	**$320,297**	**$288,969**	**$266,866**	**$250,445**	**$235,656**	**$216,057**	**$196,106**	**$178,979**

Schedule of Retired Members by Type of Benefit

Schedule of Retired Members by Type of Benefit
Summary of Monthly Allowances Being Paid as of December 31, 2013

Amount of Monthly Benefit	Number of Retirees & Beneficiaries	Service	Disability	Beneficiary
General Members				
$0 to $999	1,549	1,202	7	340
$1,000 to $1,999	1,619	1,201	153	265
$2,000 to $2,999	1,185	867	156	162
$3,000 to $3,999	770	628	80	62
$4,000 to $4,999	460	401	18	41
$5,000 to $5,999	317	288	6	23
$6,000 to $6,999	237	226	2	9
$7,000 to $7,999	145	141	0	4
$8,000 to $8,999	93	91	0	2
$9,000 to $9,999	69	68	0	1
$10,000 & Over	136	135	0	1
TOTALS	**6,580**	**5,248**	**422**	**910**
Safety Members				
$0 to $999	101	52	7	42
$1,000 to $1,999	126	51	8	67
$2,000 to $2,999	173	56	51	66
$3,000 to $3,999	329	98	156	75
$4,000 to $4,999	246	101	97	48
$5,000 to $5,999	157	109	31	17
$6,000 to $6,999	152	115	27	10
$7,000 to $7,999	172	140	27	5
$8,000 to $8,999	149	108	29	12
$9,000 to $9,999	130	101	27	2
$10,000 & Over	310	259	45	6
TOTALS	**2,045**	**1,190**	**505**	**350**

Schedule of Average Benefit Payment Amounts

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

	Years of Credited Service							
Retirement Effective Date	**0-5**	**5-10**	**10-15**	**15-20**	**20-25**	**25-30**	**30+**	**Totals**
1/1/2013 - 12/31/2013								
Average monthly benefit	$533	$1,150	$1,824	$3,215	$4,454	$5,020	$4,991	$2,739
Average Final Compensation	$7,171	$6,454	$6,399	$8,744	$8,625	$8,993	$9,138	$7,537
Number of retired members	12	52	87	41	43	27	15	277
1/1/2012 - 12/31/2012								
Average monthly benefit	$1,953	$1,160	$2,096	$3,690	$4,897	$5,991	$6,272	$3,871
Average Final Compensation	$10,284	$5,938	$6,949	$8,901	$9,206	$9,710	$8,780	$8,344
Number of retired members	19	70	126	77	149	81	58	580
1/1/2011 - 12/31/2011								
Average monthly benefit	$436	$1,334	$1,853	$2,663	$4,325	$6,315	$6,829	$4,091
Average Final Compensation	$7,653	$5,871	$6,543	$7,091	$8,476	$9,629	$9,410	$8,044
Number of retired members	12	77	102	86	156	114	116	663
1/1/2010 - 12/31/2010								
Average monthly benefit	$559	$1,148	$1,781	$3,019	$4,619	$6,126	$6,837	$4,018
Average Final Compensation	$8,826	$6,015	$6,670	$7,280	$9,422	$9,473	$9,099	$8,081
Number of retired members	9	55	73	56	57	69	81	400
1/1/2009 - 12/31/2009								
Average monthly benefit	$1,039	$1,368	$1,844	$2,697	$4,532	$6,595	$7,046	$3,810
Average Final Compensation*	$-	$-	$-	$-	$-	$-	$-	$ -
Number of retired members	17	67	70	73	78	62	62	429
1/1/2008 - 12/31/2008								
Average monthly benefit	$1,499	$1,454	$2,108	$3,334	$4,426	$5,971	$7,145	$3,738
Average Final Compensation*	$-	$ -	$-	$-	$ -	$-	$-	$ -
Number of retired members	15	45	38	51	43	42	28	262
1/1/2007 - 12/31/2007								
Average monthly benefit	$862	$1,044	$1,685	$2,350	$3,044	$6,010	$7,608	$3,287
Average Final Compensation*	$ -	$-	$-	$-	$ -	$-	$-	$ -
Number of retired members	21	65	71	79	64	66	51	417

(Schedule continued on next page)

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

	Years of Credited Service							
Retirement Effective Date	**0-5**	**5-10**	**10-15**	**15-20**	**20-25**	**25-30**	**30+**	**Totals**
1/1/2006 - 12/31/2006								
Average monthly benefit	$624	$1,066	$1,170	$2,365	$3,981	$5,511	$6,864	$3,684
Average Final Compensation*	$-	$-	$-	$-	$-	$-	$-	$ -
Number of retired members	16	24	50	53	44	48	65	300
1/1/2005 - 12/31/2005								
Average monthly benefit	$722	$1,143	$1,394	$2,095	$3,611	$5,910	$5,834	$3,418
Average Final Compensation*	$-	$-	$-	$-	$-	$-	$-	$-
Number of retired members	23	38	82	83	59	62	107	454
1/1/2004 - 12/31/2004								
Average monthly benefit	$738	$1,089	$1,302	$2,406	$3,065	$5,486	$6,105	$3,431
Average Final Compensation*	$-	$-	$-	$-	$-	$-	$-	$-
Number of retired members	12	27	40	39	38	40	57	253

* Average Final Compensation is not available on a historical basis due to system constraints. It will be presented starting with the data for 2010 and subsequent years.

Schedule of Average Benefit Payment Amounts

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

	Years of Retirement								
GENERAL TIER 1	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40+**
2013 Average Monthly Benefit	$4,531	$4,417	$3,861	$3,123	$2,784	$2,240	$1,868	$1,999	$1,465
Number Retirees & Beneficiaries	500	559	602	528	487	435	317	158	47
2012 Average Monthly Benefit	$4,697	$4,202	$3,693	$2,854	$2,618	$2,055	$1,986	$1,773	$1,490
Number Retirees & Beneficiaries	535	631	594	510	514	434	324	141	40
2011 Average Monthly Benefit	$4,522	$4,107	$3,419	$2,824	$2,415	$1,936	$1,923	$1,721	$1,483
Number Retirees & Beneficiaries	524	633	621	550	486	440	328	124	32
2010 Average Monthly Benefit	$4,261	$3,933	$3,238	$2,744	$2,336	$1,764	$1,900	$1,531	$1,477
Number Retirees & Beneficiaries	501	658	594	548	506	467	314	107	24
2009 Average Monthly Benefit	$3,997	$3,747	$3,003	$2,628	$2,133	$1,748	$1,843	$1,466	$1,402
Number Retirees & Beneficiaries	530	633	580	550	535	461	293	94	26
2008 Average Monthly Benefit	$4,135	$3,506	$2,897	$2,490	$2,057	$1,773	$1,830	$1,388	$1,509
Number Retirees & Beneficiaries	546	632	560	578	564	478	264	79	23
2007 Average Monthly Benefit	$3,905	$3,326	$2,611	$2,314	$1,874	$1,836	$1,670	$1,295	$1,324
Number Retirees & Beneficiaries	632	631	537	607	578	478	241	59	18
2006 Average Monthly Benefit	$3,856	$3,139	$2,575	$2,164	$1,783	$1,660	$1,604	$1,138	$1,376
Number Retirees & Beneficiaries	617	649	584	584	607	480	223	54	14
2005 Average Monthly Benefit	$3,679	$2,903	$2,453	$2,077	$1,643	$1,641	$1,496	$1,209	$1,550
Number Retirees & Beneficiaries	659	619	587	594	628	467	194	48	19
2004 Average Monthly Benefit	$3,399	$2,698	$2,304	$1,831	$1,563	$1,585	$1,360	$1,092	$875
Number Retirees & Beneficiaries	639	609	604	638	621	450	182	45	10

NOTE: Average Final Compensation is not available on a historical basis due to system constraints for this schedule.

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

	Years of Retirement								
GENERAL TIER 2	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40+**
2013 Average Monthly Benefit	$440	$654	$919	$1,003	$1,140	$922	$524		
Number Retirees & Beneficiaries	45	77	136	202	85	15	3		
2012 Average Monthly Benefit	$602	$613	$943	$1,016	$1,082	$951	$517		
Number Retirees & Beneficiaries	58	78	161	186	75	11	2		
2011 Average Monthly Benefit	$600	$651	$1,023	$890	$1,091	$923	$661		
Number Retirees & Beneficiaries	67	80	209	158	51	9	1		
2010 Average Monthly Benefit	$653	$721	$1,039	$821	$1,290	$662			
Number Retirees & Beneficiaries	71	109	215	143	30	8			
2009 Average Monthly Benefit	$611	$713	$1,045	$802	$1,153	$703			
Number Retirees & Beneficiaries	74	126	232	114	27	6			
2008 Average Monthly Benefit	$835	$886	$995	$1,065	$913	$617			
Number Retirees & Beneficiaries	82	144	232	101	17	4			
2007 Average Monthly Benefit	$751	$887	$967	$1,014	$906	$468			
Number Retirees & Beneficiaries	89	176	210	83	13	2			
2006 Average Monthly Benefit	$731	$956	$849	$895	$829	$592			
Number Retirees & Beneficiaries	89	225	176	58	12	1			
2005 Average Monthly Benefit	$749	$978	$778	$986	$726	$768			
Number Retirees & Beneficiaries	120	232	155	33	12	8			
2004 Average Monthly Benefit	$840	$676	$948	$738	$1,076	$1,009			
Number Retirees & Beneficiaries	540	122	257	128	25	6			

NOTE: Average Final Compensation is not available on a historical basis due to system constraints for this schedule.

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

	Years of Retirement								
GENERAL TIER 3	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40+**
2013 Average Monthly Benefit	$2,769	$2,374	$1,518	$1,677	$1,594				
Number Retirees & Beneficiaries	1297	776	306	3	2				
2012 Average Monthly Benefit	$2,798	$2,210	$1,397	$680	$1,563				
Number Retirees & Beneficiaries	1286	724	220	1	2				
2011 Average Monthly Benefit	$2,672	$2,020	$1,291	$660	$1,518				
Number Retirees & Beneficiaries	1102	626	164	1	2				
2010 Average Monthly Benefit	$2,443	$1,849	$1,267	$1,698	$1,156				
Number Retirees & Beneficiaries	886	518	90	2	2				
2009 Average Monthly Benefit	$2,347	$1,651	$1,465	$1,213	$1,183	$1,965			
Number Retirees & Beneficiaries	852	398	54	6	3	1			
2008 Average Monthly Benefit	$2,237	$1,441	$1,154	$1,479	$1,035				
Number Retirees & Beneficiaries	768	324	2	3	1				
2007 Average Monthly Benefit	$2,020	$1,327	$1,115	$1,287					
Number Retirees & Beneficiaries	752	224	2	3					
2006 Average Monthly Benefit	$1,831	$1,211							
Number Retirees & Beneficiaries	600	177							
2005 Average Monthly Benefit	$1,667	$1,170							
Number Retirees & Beneficiaries	538	97							
2004 Average Monthly Benefit	$1,438	$1,126							
Number Retirees & Beneficiaries	396	46							

NOTE: Average Final Compensation is not available on a historical basis due to system constraints for this schedule.

Schedule of Average Benefit Payment Amounts *(Concluded)*

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

	Years of Retirement								
SAFETY TIER A and TIER C	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40+**
2013 Average Monthly Benefit	$6,858	$7,145	$6,583	$5,150	$5,117	$4,155	$4,255	$3,986	$3,093
Number Retirees & Beneficiaries	493	421	404	226	186	123	90	69	33
2012 Average Monthly Benefit	$6,946	$7,113	$6,165	$5,023	$4,738	$3,951	$4,108	$3,599	$3,272
Number Retirees & Beneficiaries	487	471	364	205	158	125	91	61	28
2011 Average Monthly Benefit	$6,763	$7,040	$5,513	$4,892	$4,409	$3,909	$3,880	3,711	$2,940
Number Retirees & Beneficiaries	437	486	304	215	142	125	87	55	26
2010 Average Monthly Benefit	$6,791	$6,521	$5,452	$4,623	$4,380	$3,637	$3,891	$3,555	$2,818
Number Retirees & Beneficiaries	406	453	287	223	133	107	86	50	21
2009 Average Monthly Benefit	$6,620	$6,093	$5,110	$4,706	$3,929	$3,756	$3,780	$3,178	$2,619
Number Retirees & Beneficiaries	426	406	268	222	126	98	88	41	21
2008 Average Monthly Benefit	$6,644	$6,126	$4,800	$4,813	$3,884	$3,903	$3,810	$2,926	$2,453
Number Retirees & Beneficiaries	409	406	236	202	128	101	83	30	16
2007 Average Monthly Benefit	$6,517	$5,758	$4,573	$4,438	$3,625	$3,909	$3,397	$2,830	$2,420
Number Retirees & Beneficiaries	465	362	229	168	128	107	76	22	19
2006 Average Monthly Benefit	$6,475	$5,143	$4,442	$4,039	$3,451	$3,771	$3,379	$2,508	$2,135
Number Retirees & Beneficiaries	467	301	244	150	132	105	62	25	10
2005 Average Monthly Benefit	$5,984	$5,042	$4,171	$3,911	$3,339	$3,684	$3,160	$3,053	$1,635
Number Retirees & Beneficiaries	455	289	243	140	115	103	61	20	9
2004 Average Monthly Benefit	$5,550	$4,598	$4,182	$3,298	$3,278	$3,520	$2,731	$2,299	$1,459
Number Retirees & Beneficiaries	406	272	237	135	135	106	5	18	7

NOTE: Average Final Compensation is not available on a historical basis due to system constraints for this schedule.

Participating Employers and Active Members for Years 2005 - 2014

Participating Employers and Active Members for Years 2005 - 2014

County of Contra Costa:	2014	% of Totals	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Members	6,897	75.30%	6,784	6,357	6,280	6,403	6,429	6,802	6,871	6,668	6,699
Safety Members	894	9.76%	951	912	888	935	956	1,020	1,023	1,025	1,027
TOTAL:	**7,791**	**85.06%**	**7,735**	**7,269**	**7,168**	**7,338**	**7,385**	**7,822**	**7,894**	**7,693**	**7,726**
Participating Agencies:											
Bethel Island Municipal Improvement District	1	0.01%	2	2	2	3	3	3	3	5	4
Byron, Brentwood, Knightsen Union Cemetery District	5	0.06%	5	5	5	4	3	3	5	5	5
Central Contra Costa Sanitary District	262	2.86%	260	255	248	252	266	266	257	258	249
Contra Costa County Employees' Retirement Association	43	0.47%	44	38	36	37	37	37	35	35	35
Contra Costa Housing Authority	82	0.90%	83	83	91	92	91	90	92	97	98
Contra Costa Mosquito and Vector Control District	33	0.36%	34	33	35	35	35	37	35	35	31
Delta Diablo Sanitation District*	-	0.00%	-	-	-	-	-	-	-	-	-
Diablo Water District*	-	0.00%	-	-	-	-	-	-	-	-	-
Local Agency Formation Commission (LAFCO)	2	0.02%	2	2	2	2	2	2	1	1	1
Ironhouse Sanitary District*	-	0.00%	-	-	-	-	-	-	-	-	-
Rodeo Sanitary District	7	0.08%	7	6	8	7	8	8	7	7	7
In-Home Supportive Services Authority (IHSS)	12	0.13%	12	12	12	12	12	13	16	15	12
First 5 - Children & Families Commission	22	0.24%	21	20	22	24	22	16	14	14	13
Contra Costa County Fire Protection District	297	3.24%	286	299	331	321	349	354	344	354	361
East Contra Costa Fire Protection District	38	0.41%	49	38	48	49	50	50	52	55	55
Moraga-Orinda Fire Protection District	62	0.68%	70	62	65	73	73	71	71	66	73
Rodeo-Hercules Fire Protection District	23	0.25%	15	14	17	21	21	21	21	21	21
Superior Courts of Contra Costa County	324	3.54%	344	342	357	360	405	407	395	370	342
San Ramon Valley Fire Protection District	155	1.69%	155	160	182	181	180	185	179	179	172
TOTAL:	**1,368**	**14.94%**	**1,389**	**1,371**	**1,461**	**1,473**	**1,557**	**1,563**	**1,527**	**1,517**	**1,479**
TOTAL ACTIVE MEMBERSHIP	**9,159**	**100.00%**	**9,124**	**8,640**	**8,629**	**8,811**	**8,942**	**9,385**	**9,421**	**9,210**	**9,205**

*Districts that terminated their membership with CCCERA

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CONTRA COSTA COUNTY CCCERA Employees' Retirement Association

MEMORANDUM

Date: June 18, 2015

To: CCCERA Board of Retirement

From: Timothy Price, Retirement CIO
Jeff Youngman, Investment Analyst

Subject: Opportunistic Investment in Energy Credit

Recommendation

CCCERA Investment Staff has identified an opportunistic investment in the credit issues of energy producers. The goal of this investment is to capitalize on what is likely a temporary dislocation in the energy market. The CCCERA Investment Policy Statement has a target of up to 5% for opportunistic investments. CCCERA Staff recommends an allocation of $75mm (approximately 1% of Fund assets) to the Angelo Gordon Energy Credit Opportunities Fund, with the ability to increase this to $125mm at Staff discretion as the opportunity develops.

CCCERA most recently used the opportunistic allocation for the Goldman Sachs and Oaktree opportunistic funds which were designed to take advantage of distressed debt opportunities following the financial crisis in 2008-2009. The Goldman Sachs Opportunistic Fund has been liquidated, and the Oaktree Private Investment Fund has a current market value of $32mm, which represents 0.45% of Total Fund assets.

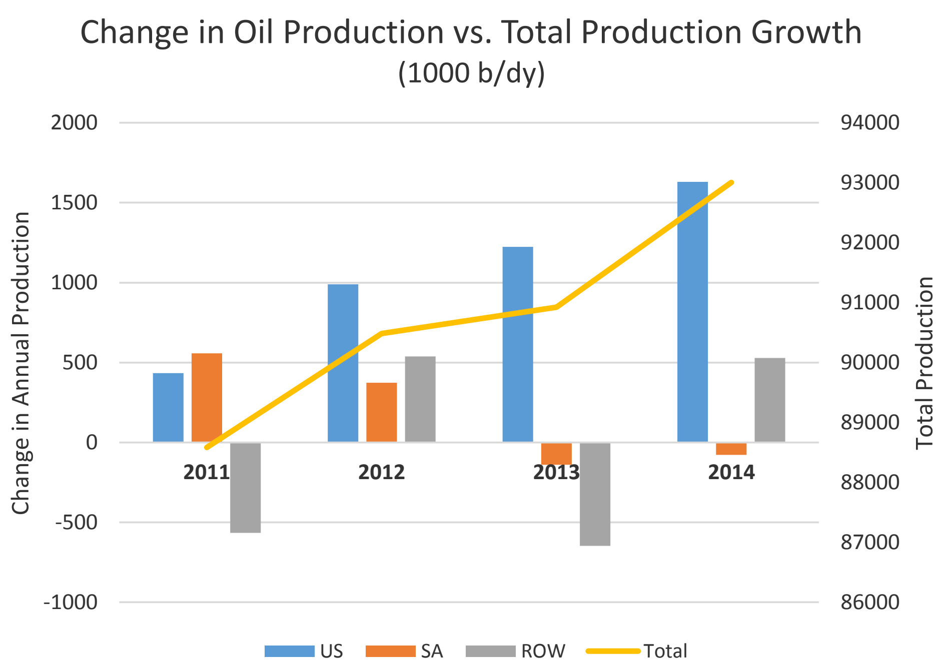
This investment focuses on a credit consolidation in the US energy production industry rather than a bet on commodity prices. Banks have been pressured to move out lending to energy producers due to the volatility of the industry which negatively impacts the stress testing of loans to protect repayment capacity. The recent drop in energy prices is an example of the volatility that banks try to avoid. However, with energy prices having been at historic highs, lending to the energy sector remained profitable. In the aftermath of the energy price collapse, banks are focusing only on the largest, best capitalized producers, while the small and middle market producers are losing credit lines. Many of these small and middle market producers were overleveraged and may face bankruptcy, but many are also fundamentally sound firms that need a new source of capital. Focusing on the credit consolidation through non-investment grade, distressed debt, and direct lending is an investment in the structural change of the industry.

This memo lays out CCCERA Investment Staff's research on the opportunity for an investment in energy and details what Staff feels is the appropriate way to invest in this opportunity.

CCCERA Investment Staff Research
CCCERA Investment Staff researched the dislocation in the energy sector internally, while also reaching out to peers and CCCERA's investment manager partners for direction. Three broad decisions needed to be made before targeted research and due diligence could be undertaken: which sectors of the industry show the greatest opportunity, which portion of the capital structure (senior secured debt, mezzanine, or equity) provides the greatest risk-return tradeoff, and what the appropriate structure would be for an investment in this space.

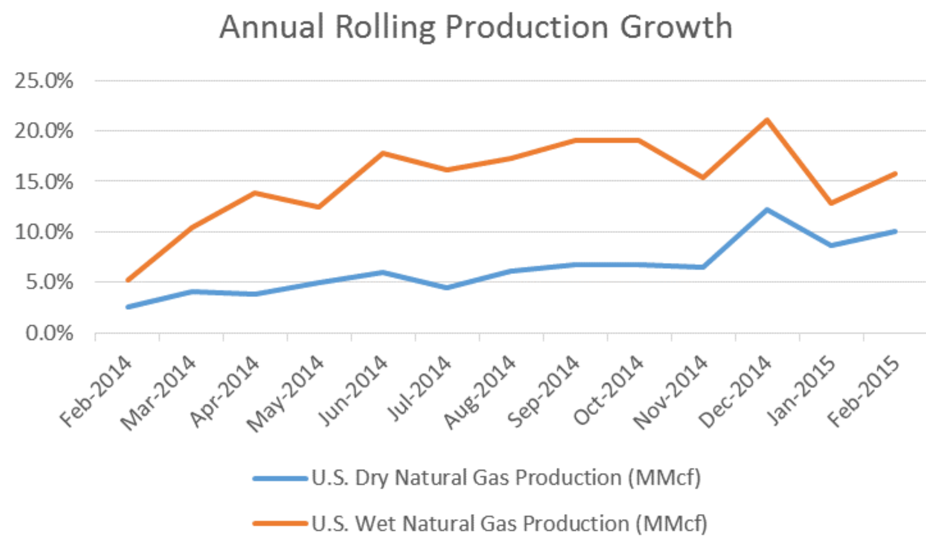
Staff reviewed the broad universe of approaches to the dislocation, having reviewed 11 distinct funds, and three custom mandates with existing managers. This included private and public equity, and private and public debt fund structures. Staff had a preference for working with a manager that CCCERA already had a relationship with. Staff avoided investments that were predicated on an increase in the price of oil and gas, and viewed downside protection as more important than a maximum upside. Finally, Staff reviewed opportunities in upstream and midstream, focused E&P, coal, and independent power producers, and chose to focus on upstream oil and gas for the purpose of being closer to the assets that are driving the market opportunity.

Opportunity Overview
Energy markets experienced a dislocation following the decline in the prices of oil and gas which began in the third quarter of 2014 and has continued through the beginning of 2015. An oversupply of oil resulted from the increase in American oil production. It was expected that Saudi Arabia would stabilize the global oil market through decreased production, however, the Saudis elected to not act as the swing producer in this instance of over-supply. Policy pundits have speculated that this may be due to mounting fiscal deficits that could be solved by pumping more oil (effectively continuing subsidies for social programs as populations grow), and the increasing energy demand in middle east and north Africa countries where Saudi Arabia can maintain influence by maintaining market share, versus a historical policy of influencing price. Pundits also cite that Saudi Arabia's policy is to not cut production by itself, but rather will only agree to do so if other major oil producers will join them. The chart below shows the annual changes in oil production for the United States, Saudi Arabia, and the rest of world, compared to the total oil production globally.



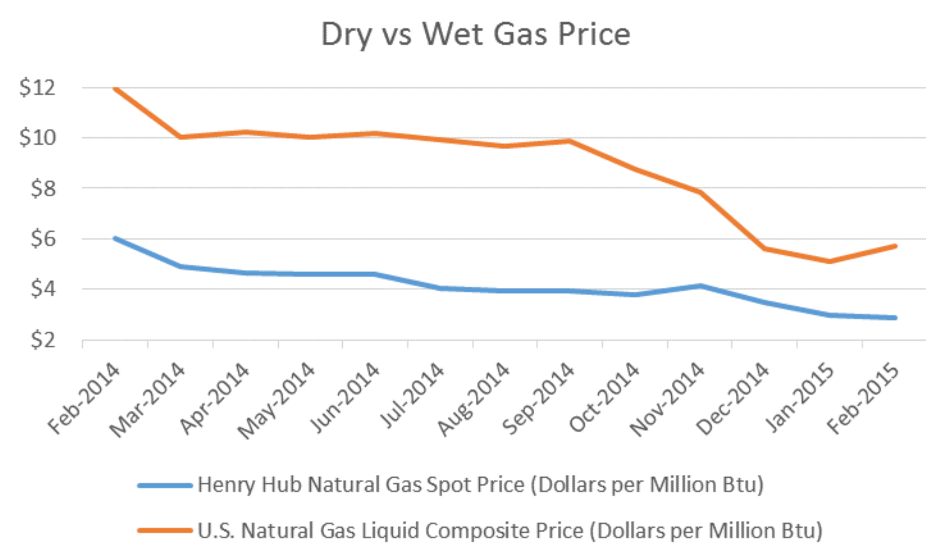
Source: US Energy Information Administration

As the supply of oil increases, and the price of oil falls, it becomes uneconomical for some producers (those with expensive shale and off shore drilling operations, primarily in North America) to continue oil production. On the gas side, a major increase in domestic gas production has had a similar effect. Gas production comes in two forms; “dry” gas is methane, and “wet” gas is methane plus additional compounds such as ethane and butane. Wet gas can be subdivided, with the methane, ethane, and butane being sold independently. While the price for methane has dropped, making dry gas production less profitable, drillers have focused their attention on the more profitable wet gas. However, increased activity in the wet gas space has also impacted wet gas prices. The charts below show the increase in wet and dry gas production, and the decrease in their respective prices:



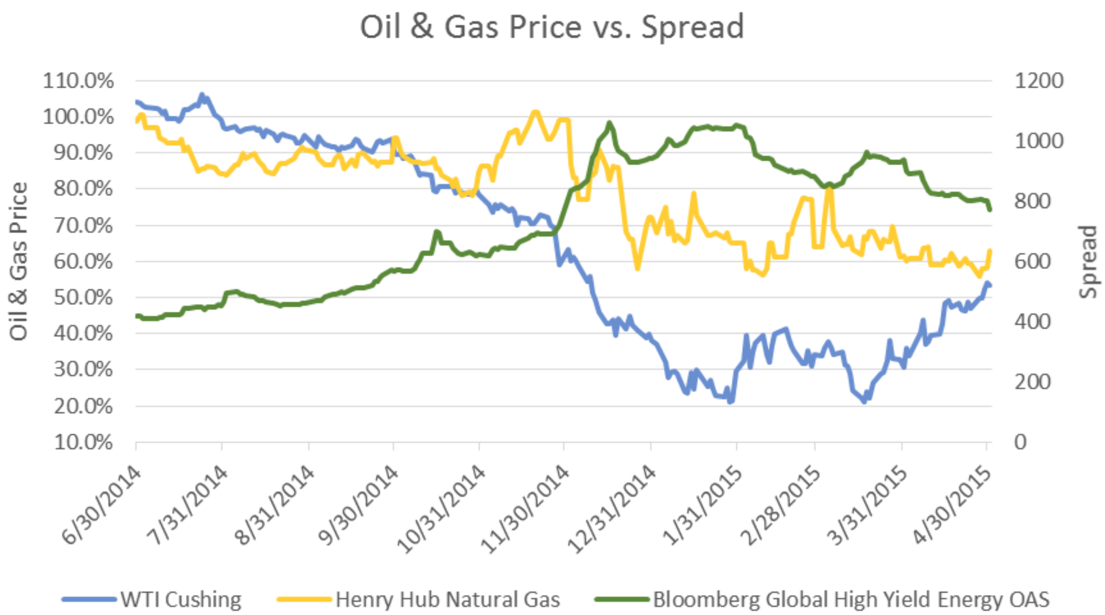
Source: US Energy Information Administration

Shown on the chart above is the annual rolling production growth of wet and dry gas. This is the change in annual production, rolled back on monthly basis. Wet gas production has grown much faster than dry gas due to the premium that is associated with the ability to sell off compounds other than methane. As wet gas production grew, more drillers focused on this area, ultimately driving down prices, as shown below:



Source: US Energy Information Administration

Many companies in, or affiliated with, the oil and gas sector were not prepared for the rapid fall of commodity prices, as these firms had borrowed heavily from banks to fund production during the recent boom time of high oil prices and new exploration. Reserve Based Lending ("RBL") is the lifeblood of smaller oil & gas companies, and is the process by which banks evaluate proven reserves for the extension of credit. The reserves are assessed semi-annually in March and October. As the price of oil and gas has come down, the reserves are a less valuable component of collateral on which to extend credit, and credit lines are reduced. Energy firms that rely on this credit for liquidity may not be able to survive a prolonged period of low commodity prices. As shown in the below, the risk premium (measured by spread over treasuries) of energy bonds has risen as a result of the current market dislocation.



Source: Bloomberg & US Energy Information Administration
Oil & Gas prices are indexed to 100 as of March 31, 2014

The most recent survey of large banks by the Federal Reserve indicated that banks are expecting a deterioration in loan quality in the energy space (45% of banks surveyed), and are anticipating reductions in credit lines to this sector (45% of banks surveyed). Large banks overwhelmingly view a tightening of underwriting policies on new loans to the oil and natural gas drilling and extraction sector as important in mitigating potential losses. Any new loans banks make to this sector will likely be covenant heavy, which makes new debt issuance challenging for issuing firms which have been used to covenant lite or covenant free loans based on the prosperous energy industry.

Energy companies have a strong desire to hold on the valuable production assets and acreage they recently acquired for the economic benefit when the energy market normalizes. Many firms are finding that it still may make sense to continue production even if the commodity prices are not fully covering the production costs because completely stopping production to then re-start later in a more normal environment is very expensive. However, the traditional sources of financing are restricting loans to this sector, making new debt issuance (with the ability for new debt providers to come in senior to other debt) the most viable source for these companies that wish to hold their assets and continue producing.

Energy firms are facing a period when they will need to obtain financing from additional sources to continue operations, or face bankruptcy. This is a unique opportunity for institutional investors to provide this financing, as well as take advantage of an expected spread compression in high yield energy debt if there is a recovery in the sector.

Industry Focus

The entire energy market has been impacted by the drop in oil & gas prices. However, various parts of the industry have been impacted in different ways, and would require different drivers for a recovery. For example, independent power producers and coal have been impacted by the drop in energy prices, but would not necessarily require a commodity price increase to return to pre-dislocation levels. The falling oil and gas prices have shed light on a variety of issues in the energy sector, including technological advancements and new regulations that may independently drive purchase discounts of energy assets. Staff felt that the best way to approach the energy dislocation was to narrowly focus on upstream oil and gas, which has been the hardest hit sub-sector of the energy industry.

Capital Structure

Staff looked at investing in both equity and debt of energy companies. On the public debt side, the opportunity was clearly present as the spreads of high yield energy debt traded at near historic highs while negatively correlating to the price of oil. This is shown in the chart on the previous page.

The opportunity in this scenario is to buy the debt at a discount (as yield and price move in opposite directions the high yielding debt is relatively inexpensive), and hold the debt until the market experiences more stability through either greater visibility into the future of oil prices or market consolidation. Either of these factors would re-price the risk in the bonds, and increase the bond’s price. The equity side of the equation has a somewhat similar strategic opportunity: by simply buying the equity of the distressed energy companies which has traded down with the price of oil, profits could be made when the price of oil and the industry falls back into a more normal operating pattern. Both of these strategies would be effective bets on an increase in the commodity price.

In evaluating the place in the capital structure, Staff wanted some security on downside protection. The danger with equity would be that should an energy company go through bankruptcy, the equity is likely to be completely wiped out. Without a claim to specific assets in the firm, equity appeared as the riskiest approach, even if CCCERA partnered with an equity specialist. Given the capital intensive nature of the energy industry, many firms have significant, valuable assets which would be attractive to a buyer of the company, and provide an anchor for other capital instruments of the company. Because of this, Staff felt looking at the senior secured portion of the capital structure offered a better risk-return trade-off than other options (including mezzanine, unsecured debt). Many of the recent loans made in the energy space were either covenant lite, or covenant free, meaning that new capital directly loaned to a company could become more senior in the capital structure (allowing for a better claim to the company’s assets in the case of bankruptcy). This direct lending strategy is an opportunity for investors to replace banks as providers of capital to the energy industry.

Fund Structure

After deciding to focus narrowly on upstream energy, and the more senior portion of the capital structure (senior debt and direct lending), Staff reviewed available public and private fund structures. For an opportunistic investment, Staff looked for a fund structure that would be short term in nature, and would deploy capital with great discretion. As fees could take a meaningful portion of potential return, Staff looked for low fees and/or fees that were aligned to the investors’ interests. Staff reviewed public and private approaches with CCCERA’s current roster of managers, looking at simple trading strategies to take advantage of spread compression to full private market options.

In evaluating a public fund structure (that being a fund that would focus exclusively on public securities), Staff noted several key challenges that would impede the implementation of a truly opportunistic investment. First, the fund would require a full capital commitment at the time of investment. Unlike a drawdown vehicle such as a private fund structure where capital is called as opportunistic investments are found, a public investment would require all assets to be invested at the inception of the account. This could create a conflict with the prudent deployment of capital (Staff would prefer a structure where capital is prudently deployed where there is an opportunity, and where capital will not be deployed if the opportunity does not exist or doesn't have a promising risk-reward profile). Also, a public fund structure would be open ended, requiring Staff and Board input to decide the duration of the fund. This could lead to an opportunistic investment that is "chasing" an opportunity as the fund's duration is lengthened.

Staff felt that a private fund structure would be best suited for this opportunistic investment, as it would mitigate some of the challenges noted above, and could have the ability to attack the opportunity from multiple angles. In a private fund structure, value can be created by public investments in non-investment grade credit, as well as direct lending and distressed debt investing, with the latter two strategies being available almost exclusively in private fund structures. This multiple pronged approach allows the investor to get more than what just the public markets would give.

Angelo Gordon Energy Credit Opportunities Fund

Angelo Gordon & Co. is a privately-held registered investment advisor dedicated to alternative investing. The firm was founded in 1988 and currently manages approximately $27 billion. Angelo Gordon seeks to generate absolute returns with low volatility by exploiting inefficiencies in selected markets and capitalizing on situations that are not in the mainstream of investment opportunities. Angelo Gordon focuses on four broad areas in alternative investing: credit, real estate, private equity, and multi-strategy. CCCERA's relationship with Angelo Gordon is exclusively in opportunistic real estate, with an $80 million commitment to Angelo Gordon Realty Fund VIII (2011) and a $65 million commitment to Angelo Gordon Realty Fund IX (2014).

After researching options in approaching the energy dislocation, Staff felt that the Angelo Gordon Energy Credit Opportunity Fund combined the best aspects of what was uncovered during the research process. The fund is structured in a truly opportunistic fashion in its investment approach to the energy dislocation, and the fund structure aligns the interests of the General Partner and Limited Partners in an appropriate manner for an opportunistic investment.

The fund has the ability to rotate through three strategies as the opportunity unfolds: trading the non-investment grade credit, distressed debt, and direct lending. Each of these silos operate with a dedicated strategy manager. The fund does not have firm allocation targets for each of the strategies, but intends to employ the relevant strategy for the presenting opportunity. Michael Gordon and David Kamin are the co-portfolio managers for the strategy, and will be imbedded with the portfolio teams.

Staff felt there was a great alignment of interests in the structure of the Angelo Gordon Fund. Management fees are charged on called capital (versus committed capital in a traditional private fund), with a 7% preferred return. This provides some assurance that should the opportunity not unfold as expected, capital will not be called. Angelo Gordon's best interest is to only call capital if they feel the opportunity would be accretive to a total portfolio return of at least 7% (the preferred return is on the total portfolio level, not an investment-by-investment basis). Additionally, the fund term is short (five years total, with an optional one year extension on the investment period and two one-year extensions on the harvest period).

In the non-investment grade corporate credit strategy, Angelo Gordon seeks to execute an absolute, total return investment strategy through the investment in predominantly non-investment grade credit instruments. These will include 1st and 2nd lien loans to remain senior in the capital structure and provide downside protection. The strategy is led by Bruce Martin, and expects returns in the low-teens from current yield and capital appreciation of the securities.

Angelo Gordon's energy lending strategy will originate loans to small and mid-sized companies in the energy industry. The strategy expects to focus on investments in oil and gas, oilfield service, midstream, transportation, and other energy-related companies that Angelo Gordon believe to be under-served by the capital markets, principally though the origination of senior secured loans. These senior debt instruments will generally be secured on a first or second lien basis by proved oil and gas reserves, accounts receivable, inventory and/or plants, property, machinery and equipment. The energy direct lending team is a new to Angelo Gordon (the team was a lift-out of Poydras, joining Angelo Gordon in 2013) and is led by Todd Dittmann. Returns from this sleeve of the portfolio are expected to be in the mid-teens range, and would be derived from the income from the loans, as well as the transaction fees from loan origination.

Angelo Gordon's distressed investment activities focus on financially troubled businesses, including those that are involved in reorganization proceedings under Chapter 11 of the U.S. Bankruptcy Code. Angelo Gordon will look to take advantage of companies that need to restructure their balance sheets either through an out of court process or through the bankruptcy process. It is expected that the true distressed opportunities in the energy market will be later stage. The distressed investment process combines value oriented, fundamental company analysis with the legal aspects of the reorganization proceeding. This strategy is led by Gavin Baiera and Tom Fuller, and is expected to produce returns of high-teens from the current yield and capital appreciation of the distressed energy securities.

Performance

Shown below is performance of Angelo Gordon distressed debt and non-investment grade corporate grade credit funds managed by Tom Fuller and Bruce Martin, who are strategists for the Angelo Gordon Energy Credit Opportunities Fund. These funds do not focus exclusively on energy, but are reflective of the managers' skill in the distressed and non-investment grade credit sectors. Between January 2010 and February 2015, approximately $325mm was invested across 11 energy related issuers in Angelo Gordon Eleven (Tom Fuller), and $576mm was invested across 70 energy credits in Angelo Gordon Diversified Credit Strategies (Bruce Martin).

Fund Name	Vintage Year	Fund Size ($M)*	% called	IRR**	DPI	TVPI
AG Diversified Credit Strategies Fund	2007	670	N/A	4.6	N/A	N/A
AG Global Debt Strategy Partners	2008	436	N/A	13.8	N/A	N/A
AG Eleven Partners	1988	443	N/A	11.8	N/A	N/A
AG Capital Recovery Partners V ***	2006	120	100	3.3	0.98	1.14
AG Capital Recovery Partners VI***	2008	708	100	7.9	1.14	1.43
AG Capital Recovery Partners VII***	2010	443	100	6.7	0.88	1.28
AG Capital Recovery Partners VIII	2013	500	34	N/A	N/A	0.99

**AUM as of 3/31/15*

***Net IRR for closed end funds; average annualized return for open end funds; returns since inception*

**** Funds are in liquidation*

Risks

Outlined below are several relevant risks to this opportunistic investment. Please note that this is not an exhaustive list of all possible risks, but rather those risks that have been identified as significant to this particular investment.

Risks to Investment Thesis

Energy Markets Recover Quickly: If energy markets recover too quickly, the window of opportunity for investment may close without capital being deployed. As energy prices have come under pressure, oil and gas drillers have idled some operations. Though currently producing at peak or near-peak levels, reduced drilling may help rebalance global supply and demand, which would result in more stable commodity pricing. This would be the effective reversal of the supply/demand in-balance that created the opportunity.

Large Institutional Asset Flows into Energy: This market dislocation has attracted a large amount of institutional money (estimated to be roughly $40bn in funds raised). This amount of institutional interest may make for greater competition for deals, and potentially erode the opportunity for outsized returns.

Banks May Not Withdraw in Masse from the Energy Sector: A portion of the opportunity is the ability to provide financing to energy firms that banks are no longer willing to provide. Many banks have tightened lending criteria due to volatility in energy sector, but they are still lending to the highest quality, larger issuers. If banks continue to provide credit to this sector, and move to provide credit to the small and midsize firms targeted by Angelo Gordon, the opportunity for institutional money to intermediate banks may not exist at attractive rates and terms.

Credit Quality of Issuers: Exits for some of the investments (primarily direct lending) are predicated on the issuer being able to obtain refinancing capital. This may be causing some lower quality lending relationships to be pushed out of banking, but many of these are likely higher risk (lower credit quality) companies. If the credit quality of the issuing firm deteriorate the firm may not be able to refinance out of Angelo Gordon's investments, and if higher risk firms that were abandoned by banks obtain financing through Angelo Gordon, the fund may face a greater default risk.

Increase in Non-Saudi, Non-US Production: Oil exports from Iran (as trade restrictions are lifted), Libya, and Yemen may come to market sooner and in greater quantity than the market expects. This could produce another major drop in the price of oil after some fund investments are made.

Risks Specific to Angelo Gordon

Angelo Gordon is Unable to Execute Investment Strategies: Angelo Gordon is attacking this opportunity with three approaches: trading non-investment grade corporate credit, originating loans to energy companies, and restructuring (distressed corporate debt). Each of these strategies is intended to be a material value-add to the Fund, and each is expected to be used where the opportunity is present. The inability to execute on one of the approaches would indicate that the opportunity set is not as robust as Angelo Gordon was expecting.

Energy Direct Lending Team is New to Angelo Gordon: The direct lending team, led by Todd Dittmann, is a lift-out of another firm. While the team is experienced in the energy space, they have only been with Angelo Gordon since 2013. The Angelo Gordon Energy Credit Opportunities Fund is the second fund the team is involved with at Angelo Gordon. Their first fund is a dedicated direct lending fund (Angelo Gordon Energy Partners) with a vintage year of 2014.

Summary of Key Terms of Angelo Gordon Energy Credit Opportunities Fund

The Fund:	Angelo Gordon Energy Credit Opportunities Fund, L.P.
Fund Size:	$1bn
Investment Focus:	Energy sector credit opportunities, including loan origination, purchase of secondary market first and second lien debt, stressed and distressed loans and bonds, royalties and production payments.
Investment Restrictions:	No one investment will take up more than $100mm or 10% of aggregate capital commitments, and geography will be limited to North America.
Investment Period:	Two years from the initial capital call (with an optional one-year extension).
Fund Term:	Three years from the end of the investment period, subject to two one-year optional extensions (at the discretion of the General Partner).
General Partner Commitment:	2.0%, up to a maximum of $20 million
Fees:	1.5% per annum on net funded capital commitments
Preferred Return:	7%, with an 80/20 catch-up
Carried Interest:	20%

Simplified Schedule of Cash Flows

Illustrated below is a simplified schedule of cash flows for the fund. This is intended to illustrate the cash flows CCCERA would experience based on the assumptions stated below. Please note that this is a very simplified schedule of cash flows for illustrative purposes only and may not reflect the actual size and/or timing of capital deployment and fund distributions.

Assumptions:

- Fund invests equally over two-year investment period, with all investments harvested in year five.
- The scenario of a 1.25X multiple is just below the minimum threshold for the General Partner to earn the stated 20% carried interest (with the illustrated cash flows, a 1.26X multiple would be the minimum for the GP to earn carry).
- Fund will incur a total of $5mm in management fees, as part of called capital over 5 years.

	Implied Multiple	
	1.25	**1.50**
Year 1		
Fund Invests 50% of Commitment	**($35.0)**	**($35.0)**
Management Fee of 1.5% of Invested Capital	**($0.6)**	**($0.6)**
Year 2		
Fund Invests Remaining 50% of Commitment	**($35.0)**	**($35.0)**
Management Fee of 1.5% of Invested Capital *(now 100% of commitment)*	**($1.1)**	**($1.1)**
Year 3		
Management Fee	**($1.1)**	**($1.1)**
Year 4		
Management Fee	**($1.1)**	**($1.1)**
Year 5		
Management Fee	**($1.1)**	**($1.1)**
Return of Invested Capital and Management Fees	**$75.0**	**$75.0**
Return of Realized Profits *(GP Keeps 20% for 1.5X multiple)*	**$18.8**	**$30.0**

Verus

Memorandum

To: Contra Costa County Employee Retirement Association

From: Manager Research Group

Date: June 15, 2015

RE: Opinion on proposed investment in the AG Energy Credit Opportunities Fund

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Executive Summary

While it is not yet clear how sizeable and long lasting the current energy dislocation opportunity may be, if an investor decides to participate in it, we do not see any significant issues with investing in the Angelo Gordon Energy Credit Opportunities Fund. Furthermore, based on our review of the Staff's research, we do not see any significant issues with their diligence on the investment opportunity in general and the strategy in particular.

Diligence Performed

At the client's request, we performed an initial review of the Fund. This included a review of the offering materials, an overview conference call with the manager, participating telephonically in a meeting between Staff and the Fund, as well as a review of the Staff's Investment Memorandum.

The Market Opportunity

There is some uncertainty as to the size and time period of the energy dislocation and the potential opportunity set. Many sponsors that Verus follows are raising dedicated vehicles to capitalize on it. Some of these sponsors already have long-standing energy investment platforms while others have only previously made small energy allocations through multi-strategy funds. From a top-down macro perspective there appears to be significant volume and urgency of capital being raised, which may cause competition amongst investors for a limited number of high-quality transactions, and limit the ability of many of these sponsors to effectively put capital to work. Managers may be capable of generating attractive returns either by sourcing and lending to firms that have limited access to capital yet survive the dislocation, or by correctly identifying and purchasing distressed yet high-quality assets that ultimately recover through one means or another. However, if too much capital chases too few opportunities, or managers misjudge the ability of a company to survive an extended dislocation, even post re-organization, the assets may not meet the targeted returns.

The Offering

Angelo, Gordon & Co. ("Angelo Gordon"), a $27 billion multi-strategy alternative asset manager**,** seeks $1 billion in limited partner commitments for the AG Energy Credit Opportunities Fund, L.P. (the "Fund"). The Fund seeks to capitalize on the recent energy market dislocation in three ways: 1) purchasing non-Investment grade corporate credits; 2) originating loans directly; and 3) purchasing distressed corporate credits. The management of the Fund anticipates that opportunities #1 and #2 are nearer-term while opportunity #3 may take longer to develop. Angelo Gordon is focused on capital preservation and downside protection by taking senior, secured debt positions.

We believe Angelo Gordon employs a broad and deep credit team overall. Their multi-pronged approach allows flexibility to address the credit opportunity set as it evolves over the course of the cycle—a more thoughtful approach compared to most other single-focus strategies, in our opinion. The team's intent to stay senior in the capital stack should provide some downside risk protection as well. Finally, the draw-down structure allows them to put capital to work as needed, depending on how the opportunity set evolves.

Conclusion

While we note some potential limitations to this market opportunity in general, if an investor decides to participate in the current energy dislocation, a commitment to the Fund seems reasonable. In our opinion, Staff performed a logical review of the energy opportunity set and their decision to recommend the Fund is based on a thorough analysis of the Fund, Angelo Gordon, and the investment team.

ANGELO, GORDON & CO.

Matching Money with Opportunity™

AG Energy Credit Opportunities Fund

June 2015 ▪ Presentation to: Contra Costa County Employees' Retirement Association

Disclosure

This presentation does not constitute an offer to sell, or a solicitation of an offer to buy the limited partnership interests or securities of any funds described herein. No such offer or solicitation will be made prior to the delivery of confidential offering memoranda and other materials relating to the matters described herein. Before making an investment decision with respect to the such interests or securities, potential investors are advised to read carefully the confidential offering memorandum, the limited partnership agreement, if any, and the related subscription document (collectively, the “Offering Documents”), and to consult with their tax, legal and financial advisors. This presentation contains a preliminary summary of the purpose of the funds and certain business terms; this summary does not purport to be complete and is qualified and superseded in its entirety by reference to a more detailed discussion contained in the Offering Documents. The General Partner or the Investment Manager, as the case may be, has the ability in its sole discretion to change the strategy described herein and does not expect to update or revise the presentation except by means of the Offering Documents. Data presented is as of the date hereof unless otherwise indicated.

References to specific investments or strategies are for illustrative purposes and are not intended to be and should not be relied upon as a recommendation to purchase or sell particular investments or engage in particular strategies. The references to specific securities or investment vehicles are not a complete list of all investment vehicles or positions in the portfolios and the positions or strategies identified herein may or may not be profitable. No representation is made that any portfolio will contain any or all of the investments identified herein, that any of such investments will actually be available for investment at such levels or in such quantities. The presentation was prepared using certain assumptions which are based on current events and market conditions and as such are subject to change without notice and we assume no obligation to update the information. Changes to the portfolio or the assumptions and/or consideration of additional or different factors may have a material impact on the results presented. Not all assumptions have been considered in compiling this data. Actual events are difficult to predict and may differ from those assumed for purposes of this presentation. There is no representation or guarantee regarding the reliability, accuracy or completeness of this material, and neither Angelo, Gordon & Co., L.P. (“AG”), its affiliates nor their respective members, officers or employees will be liable for any damages including loss of profits which result from reliance on this material.

There are certain risks associated with an investment in private funds. For example, such funds can experience volatile results and an investor or limited partner could lose some or all of his investment. A fund investment is very speculative and involves a high degree of risk, not suitable for all investors. Further such an investment is illiquid, due to restrictions on transfer, the lack of registration and the absence of a current or expected secondary market for fund interests or shares. Investment strategies may include non performing/distressed illiquid assets, employ leverage and/or a shorting strategy. High management fees and an incentive fee or allocation may cause the manager to take greater risks than it ordinarily would without such fees. This is not a complete description of the risks associated with a hedge fund investment.

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Table of Contents

Section I:

About Angelo, Gordon & Co.

Angelo, Gordon & Co.

- **1988** Company founded
- **100%** Employee owned
- **$27 billion** Assets Under Management*
- **360+** Employees
- Headquartered in New York with offices globally
- Angelo, Gordon and employees have approximately **$1 billion** of capital in our funds**

Three Core Disciplines

Credit	Real Estate	Private Equity

* As of March 31, 2015
** Estimated as of March 31, 2015. Includes GP, affiliate and employee related investments and accrued performance allocations. Includes committed, but uncalled capital.

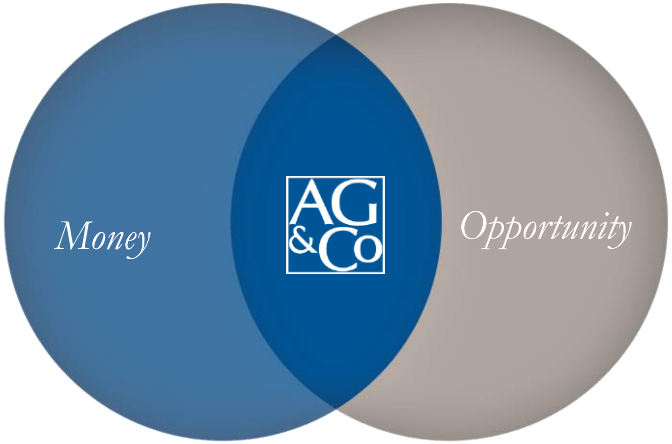
Angelo, Gordon & Co.

Our Investment Philosophy

- Match money with opportunity on a timely basis
- Create diversified portfolios using fundamental research
- Size positions based on risk
- Use modest or no leverage for most strategies

Our Culture

- Clients are our only priority
- Ethics and integrity
- Collaboration across investment teams and strategies



Matching Money with Opportunity™

Angelo, Gordon & Co.

We are entrepreneurial, opportunistic, and
add disciplines when they are synergistic to existing strategies

Credit $17.8 bn						Real Estate $8.2 bn			Private Equity $0.7 bn
1988	1988	1998	2008	2013	2014	1993	2005	2006	1996
Distressed Debt	**Convertible & Merger Arbitrage**	**Non Investment Grade Corporate Credit**	**Residential & Consumer Debt and Whole Loans**	**Energy Lending**	**Middle Market Direct Lending**	**Real Estate** ▪ US ▪ Asia ▪ Europe	**Net Lease**	**Commercial Real Estate Debt & Loan Origination**	**Private Equity**
$5.0 bn	$0.6 bn	$5.8 bn	$4.8 bn	$0.25 bn	$0.2 bn	$5.3 bn	$1.7 bn	$1.2 bn	$0.7 bn

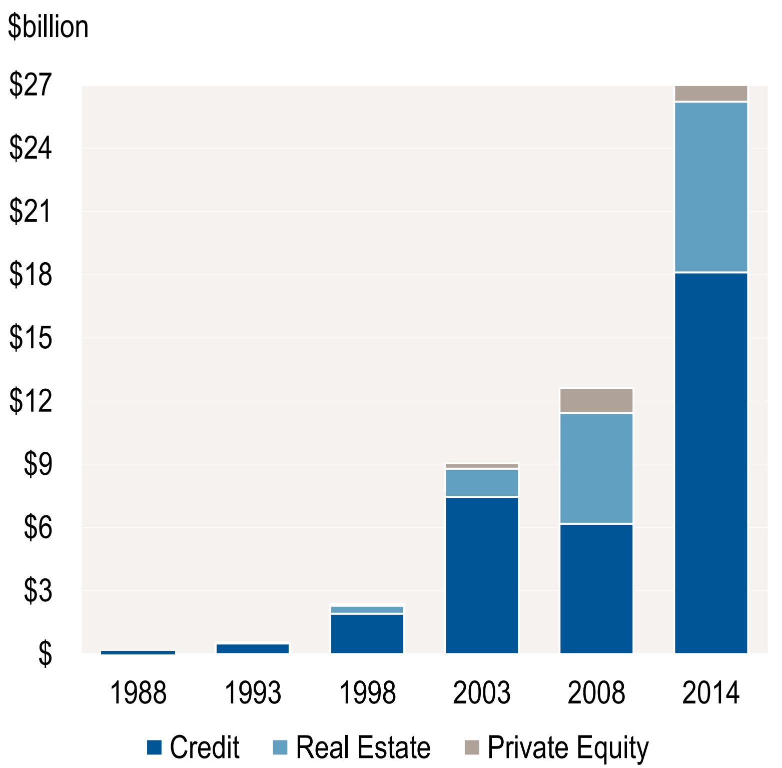
$27 Billion Assets Under Management*

138 Investment Professionals

* As of March 31, 2015

Angelo, Gordon & Co.

Angelo, Gordon AUM Growth*



- Raised significant assets in periods of market distress
  - 2002-2003: $3.0 billion
  - 2008-2009: $9.0 billion
- Retained AUM at the height of the recent financial crisis
- Returned capital when opportunities passed
- Distributed **$15 billion** in the last 3 years and **$21 billion** since 2008**

* As of December 31, 2014 (approximately)
** As of December 31, 2014. Distributions exclude voluntary client redemptions.

Secular Industry Trends

- Securities firms and banks forced to delever
- Proprietary trading and market making disappear
- The competition goes public
- The industry facing high barriers to entry

How Our Clients Benefit

- We get the first call
- Access to new investment opportunities
- Persistent low interest rates drive demand for customized portfolios

Section II.

AG Approach to the Energy Sector

Energy Credit Opportunities Fund: A Three Pronged Approach

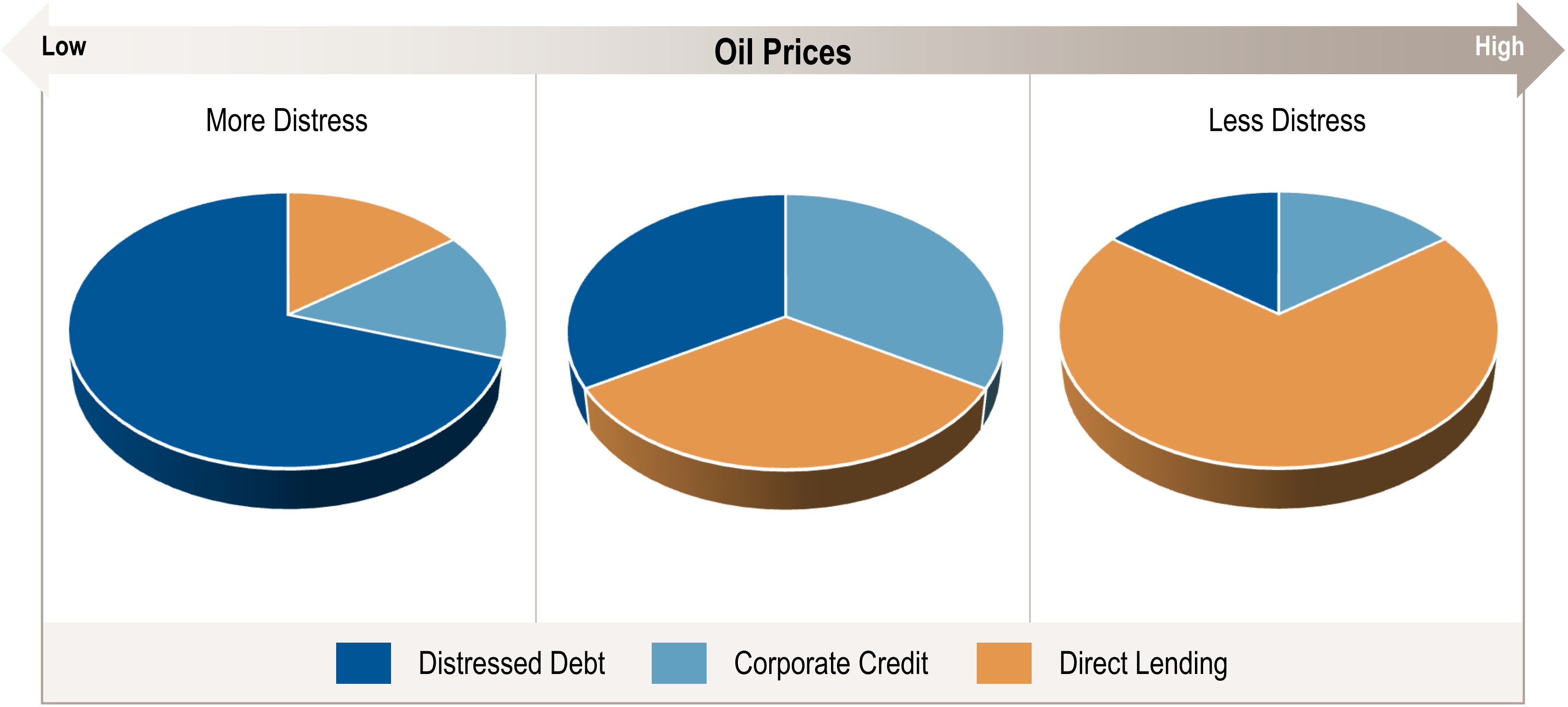
	Non-Investment Grade Corporate Credit	Direct Lending	Distressed Debt
Current Status	Dislocated, stressed high yield and leveraged loan markets	Continued deal flow	Monitoring growing number of credits for longer-term opportunity
Targeted Return[(1)]	Low-mid teens	Mid teens	Mid-high teens
Return Characteristics	Current yield Capital appreciation	Current Yield Transaction Fees	Current Yield Capital appreciation
Strategy PM	Bruce Martin	Todd Dittmann	Tom Fuller

- AG belief in providing smart transitional capital during market dislocations and understanding that illiquid times often allow for unique investment opportunities
- AG has invested in E&P for years; we know many of the companies very well
- Investments not predicated upon an imminent return to higher oil prices
  - Attractive LTV as fundamental basis for investment decision
  - Targeted companies that have substantially hedged their downside exposure to oil prices through 2015

1. Based on current market conditions as well as the assumptions and models of the portfolio manager and subject to change. Should not be regarded as a representation, warranty or prediction that the fund will achieve or is likely to achieve any particular result or that investors will be able to avoid losses.

Portfolio Mix Depends on Market Environment

We see a broad opportunity set that may materialize in many ways. The eventual portfolio allocation will be affected by the market environment, including oil prices.



The above is a general representation of how the opportunity set may shift with the market environment, including oil prices. There can be no assurance that available investment opportunities will shift in this manner, be correlated to oil, or be available.

ECO Allocation Process

ECO Portfolio Managers

Michael L. Gordon
Founding Partner
Chief Investment Officer
Co-Portfolio Manager
Angelo, Gordon Super Fund

David Kamin
Co-Portfolio Manager
Angelo, Gordon Super Fund

Strategy Portfolio Managers

Bruce Martin
Managing Director
Head of Corporate Credit

Todd Dittmann
Managing Director
Head of Energy Lending

Thomas Fuller
Senior Managing Director
Head of Distressed Debt

Energy Corporate Credit

Energy Direct Lending

Energy Related Distressed Debt

Energy Credit Opportunity Fund

Risk Management | Information Technology | Accounting | Trade Support

AG Investment Professionals:

Broad Team Focused on Energy Opportunities

Fifteen investment professionals across multiple investment strategies collaborating to identify what we believe to be the most compelling investment opportunities in the energy sector:

1.	**Michael Gordon**	Chief Investment Officer
2.	**Gavin Baiera**	Distressed Debt
3.	**Todd Dittmann**	Houston Energy Direct Lending
4.	**Thomas Fuller**	Distressed Debt
5.	**Paul Gottheim**	Houston Energy Direct Lending
6.	**Jay Guo**	Houston Energy Direct Lending
7.	**David Kamin**	Co-Portfolio Manager
8.	**Michael Kanner**	Non-Investment Grade Corporate Credit
9.	**Joseph Lenz**	Distressed Debt
10.	**Bruce Martin**	Non-Investment Grade Corporate Credit
11.	**Damon Putman**	Houston Energy Direct Lending
12.	**Chelsea Rossetti**	Distressed Debt
13.	**Todd Rothlisberger**	Distressed Debt
14.	**Kemper Ryan**	Houston Energy Direct Lending
15.	**David Taylor**	Houston Energy Direct Lending

A collaborative, flexible approach to the energy opportunity

Section III.

Market Update

Energy Market Overview

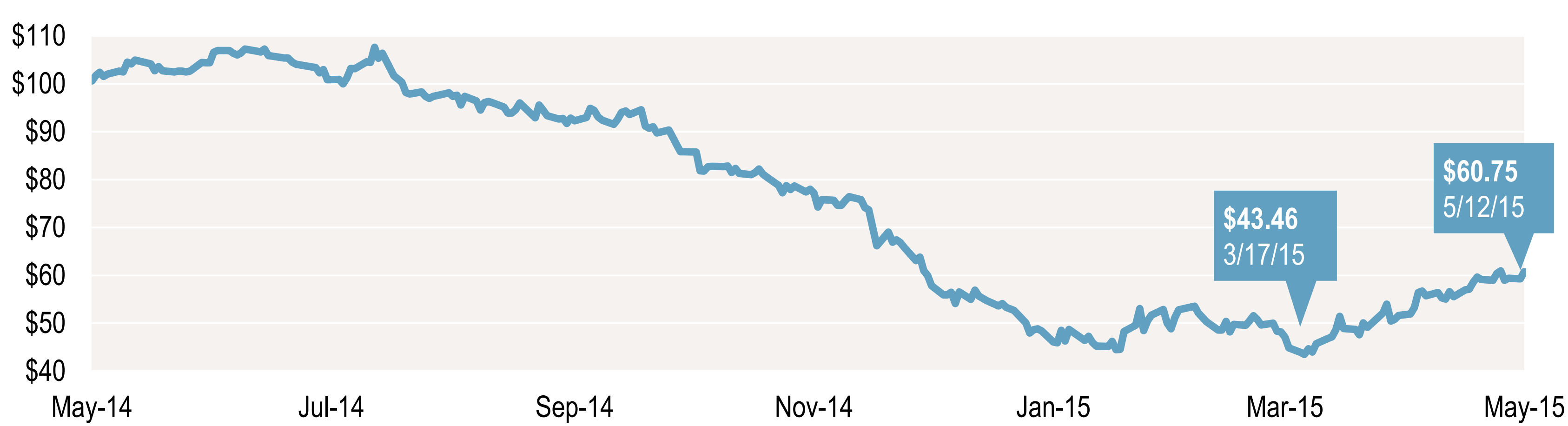
Supply

- OPEC 11/26 announcement of no production cuts
- Shale driven supply growth – U.S. production up 80% since 2008
- Excess oil production from Libya, Russia and Iraq

Demand

- Negative impact from slowing emerging market growth
- U.S. imports of OPEC crude down 50% since 2008
- Long-term falling U.S. demand for oil due to technological improvements

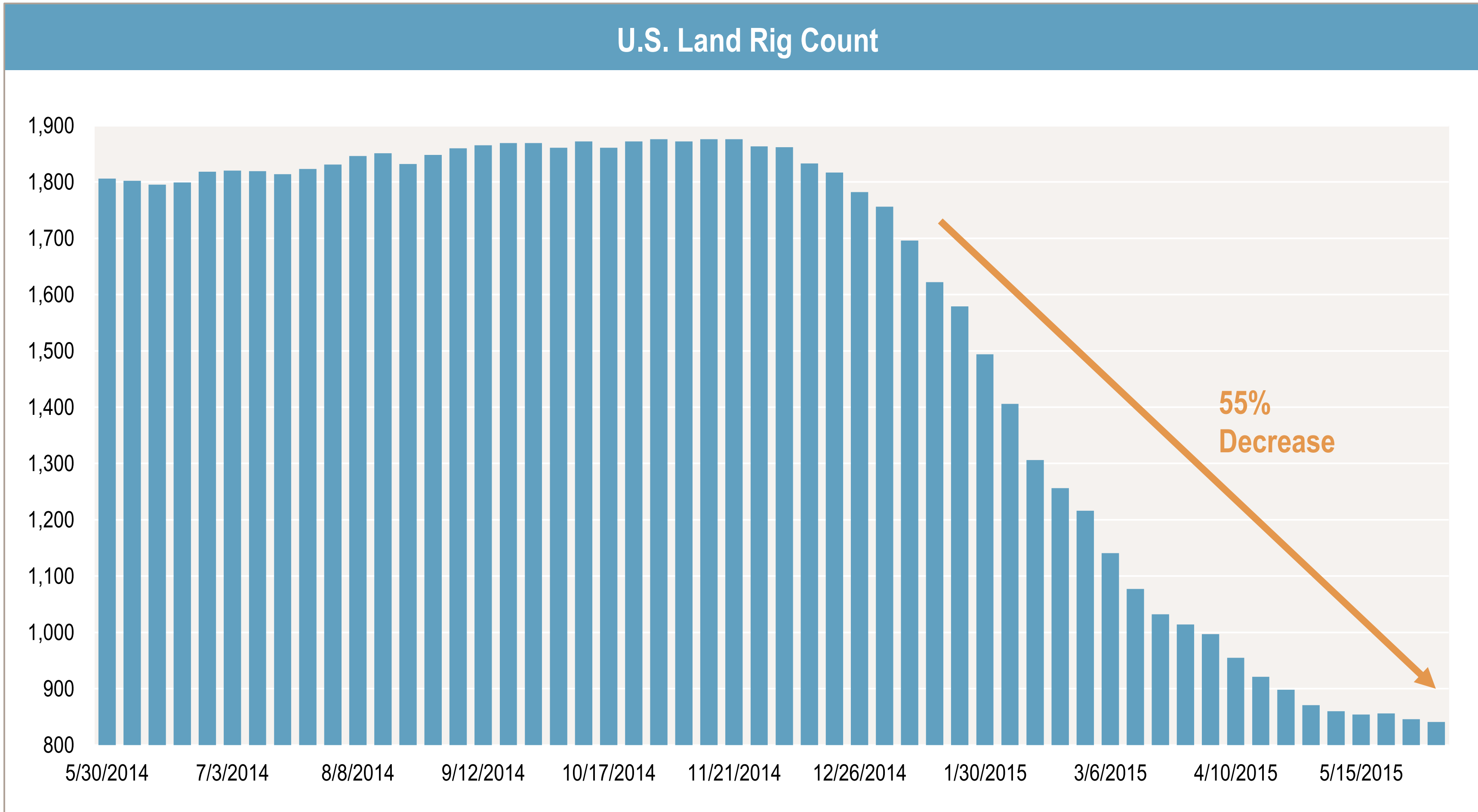
WTI Crude



Situation exacerbated by strengthening USD

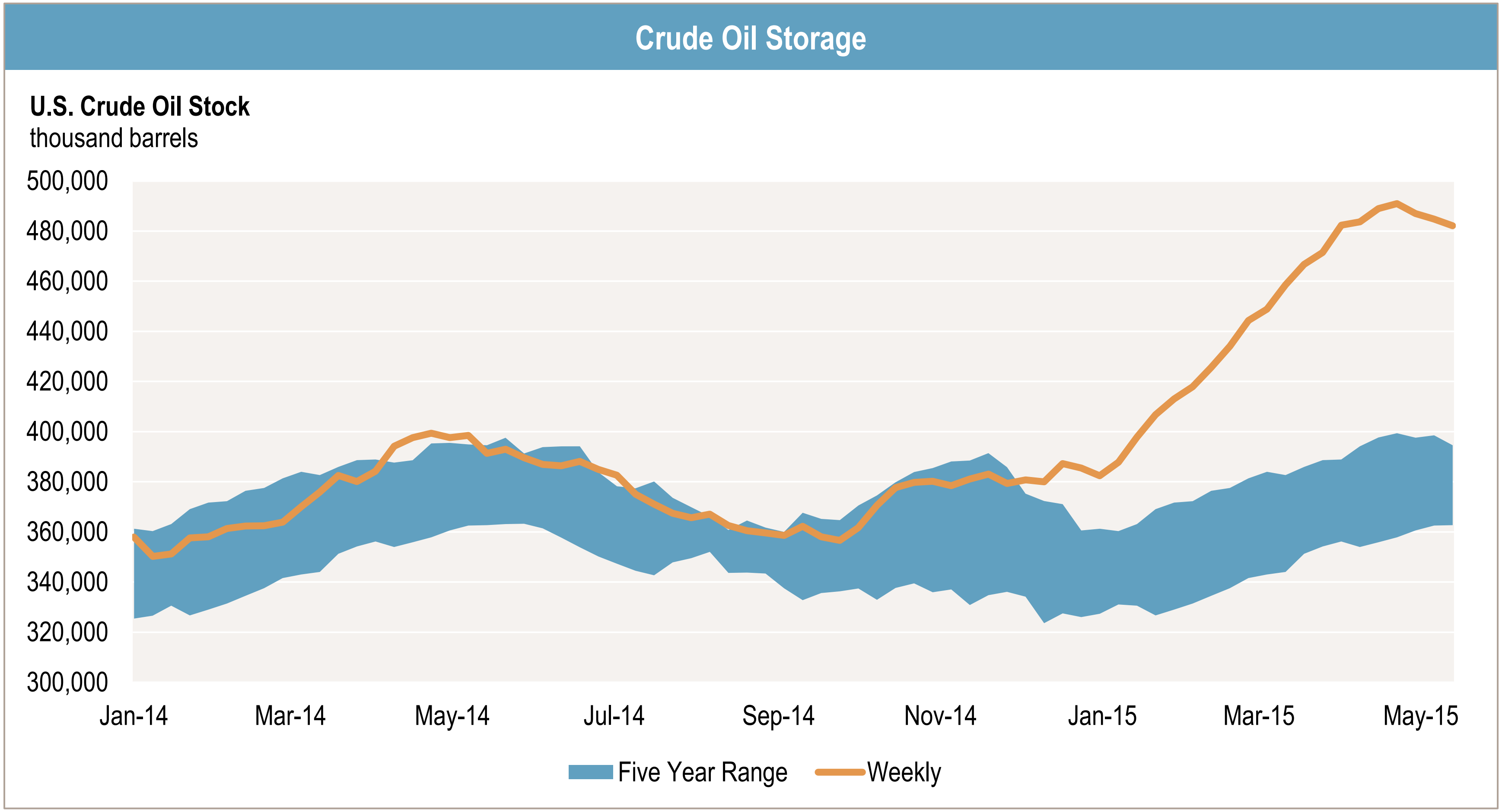
As of May 12, 2015
Source: Bloomberg, JP Morgan

Dramatic Cuts in Spending in 2015



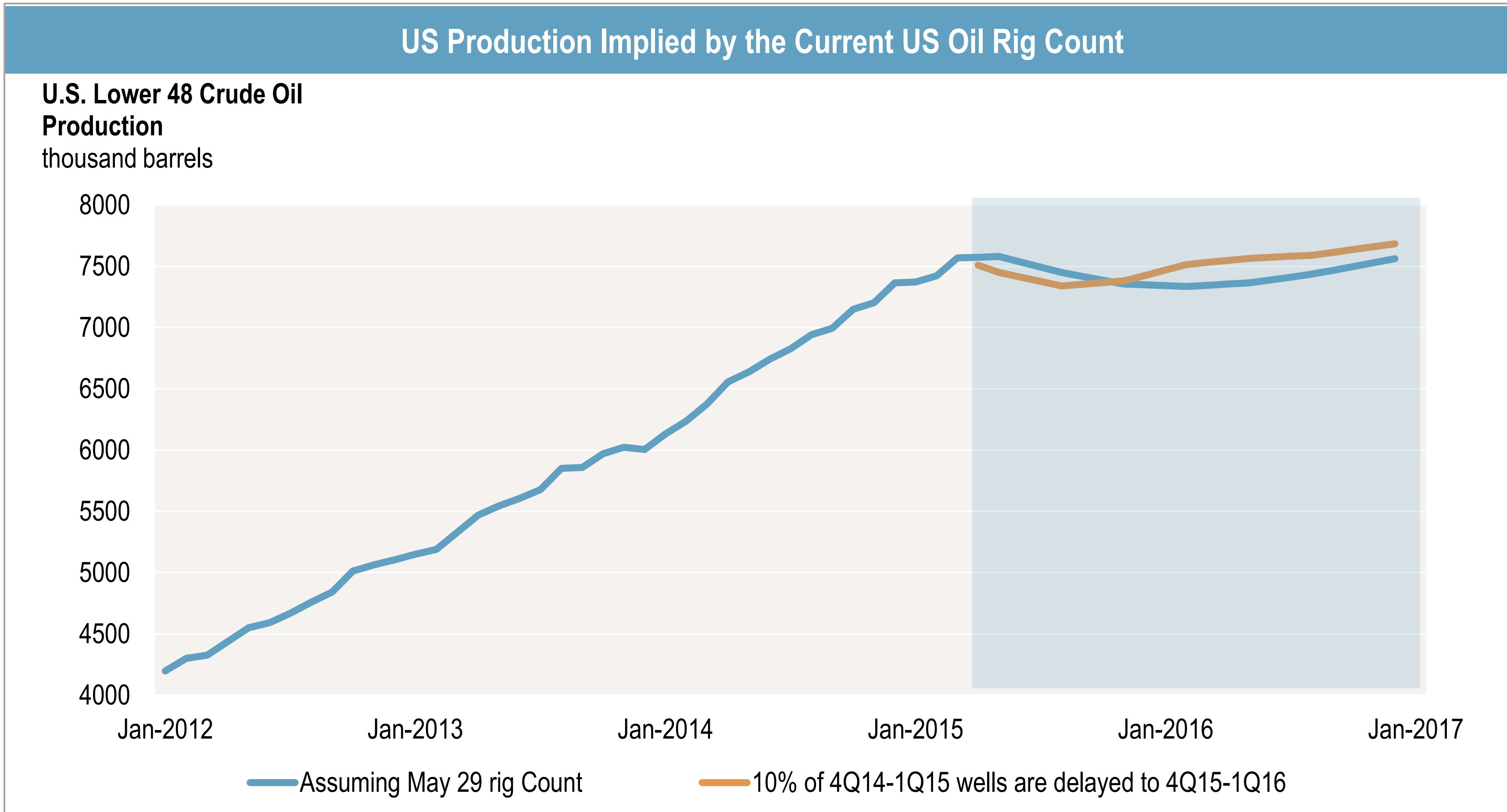
Source: Baker Hughes as of 6/5/15.

But Rapidly Filling Storage



Source: U.S. EIA as of 5/29/15

Current Rig Count Implies…



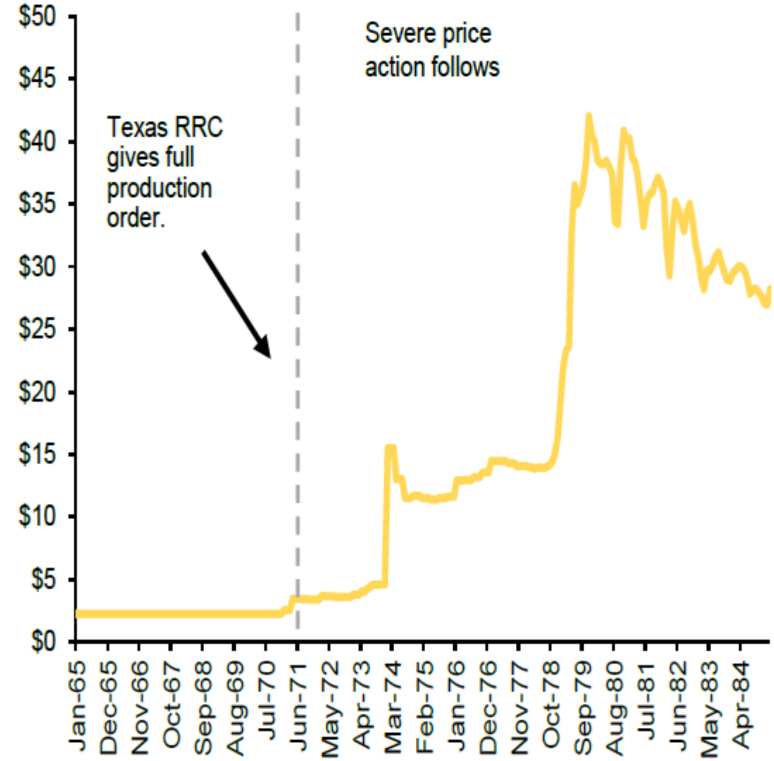
Source: Goldman Sachs, IHS, BHI, EIA.

The "New Normal"

More Volatile and Frequent Cycles

Bearish Factors	Bullish Factors
Service cost deflation	Service labor shortage
A stronger USD	Higher discount rate and risk premium for projects on greater price volatility
NOCs/OPEC growth and continued investment	Little spare capacity + geopolitical risk
Storage levels at historic highs	Growing global demand
Potential sanctions relief for Iran; return of Libyan supply	Possible civil unrest and supply outages (Nigeria, Venezuela)

Removing a Cartel Is Inherently Destabilizing: 1970s Offer a Small Preview



Note: Texas RRC is the Texas Railroad Commission - the state's oil & gas regulatory body.
Source: IMF, Morgan Stanley Commodity Research.

A Complicated Situation

- **No two companies are alike**
  - The opportunity set is complicated and diverse, requiring a deep understanding of core assets, cost structures, leverage, liquidity and maintenance capex requirements
  - Fundamental analysis and research is critical
- **Large, stressed companies have had access to public markets***

	Energy XXI	Comstock	Halcon	Midstates	W&T Offshore	Goodrich	Warren
Size	$1.45bn	$700mm	$700mm	$625mm	$300mm	$100mm	$250mm
Interest Rate	11.000%	10.000%	8.625%	10.000%	9.000%	8.000%	9.500%
Type	2nd lien	1st lien	2nd lien	2nd lien	2nd lien	2nd lien	1st lien
Maintenance Covenants	None	None	None	None	None	None	None
Hedging Requirement	None	None	None	None	None	None	None

- **Smaller, sub-$200 million financings remain attractive and accessible to the few lenders with established proprietary sourcing networks**

* The above is presented solely for illustrative purposes only to provide market color, not to present transactions suitable for the Fund.

AG Approach to the Energy Sector

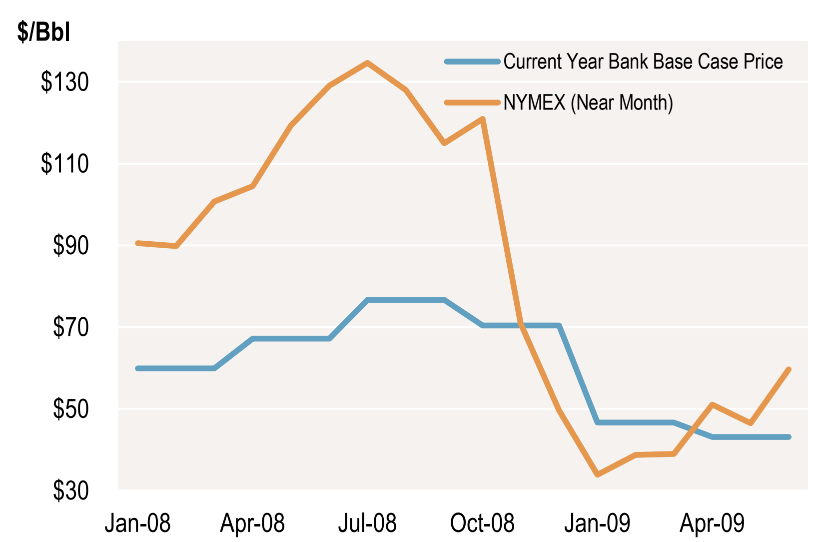
- **Focus on capital preservation and downside protection which most often translates to investing at the top of the capital structure in a senior, secured debt position[1]**
- **Extensive research, underwriting and trading experience in the energy space**
  - Fifteen investment professionals across multiple strategies collaborating to identify potential investment opportunities
  - Houston team and leveraged loan energy analysts average 20 years of energy related experience[2]
- **Six-person Houston team debt-focused with an emphasis on oil and gas and oilfield service with investment strategy focused across a range of loan-to-value exposures**
  - Team includes an in-house petroleum engineer
  - As principal investor or lender, the Houston team has completed ~100 senior secured, mezzanine, equity and other investments[3]
  - Houston team exercised discipline in deploying capital in 2014 – closed on only 2 transactions and opted to walk away from 4 deals in November

1. There can be no assurance that the fund's investment objective will be achieved or that investors can avoid losses
2. Senior employees only; please refer to Biographies for details
3. Prior to joining Angelo, Gordon

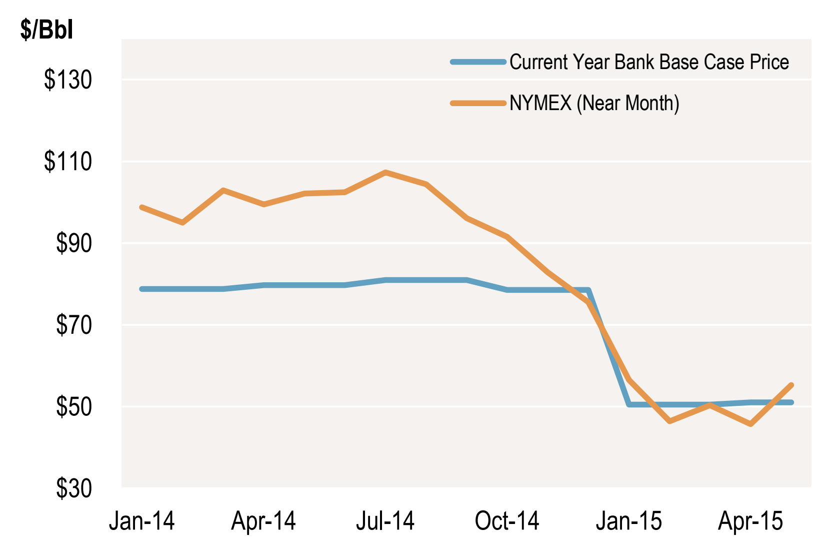
The Banks: Creating a Need for Non-Bank Direct Loans

- Energy banks re-determine borrower revolving credit availability semi-annually, in April & October
- Based upon the recent 1Q & 2Q'15 bank pricing surveys it appears banks will withdraw credit availability faster than in 2008-2009, indicating that substantial reductions in bank loan availability are yet to come
- This should precipitate a substantial need for new senior secured capital amongst formerly bank-reliant borrowers

Then: 2008-2009 Near Month Oil Prices vs. Starting Bank Price



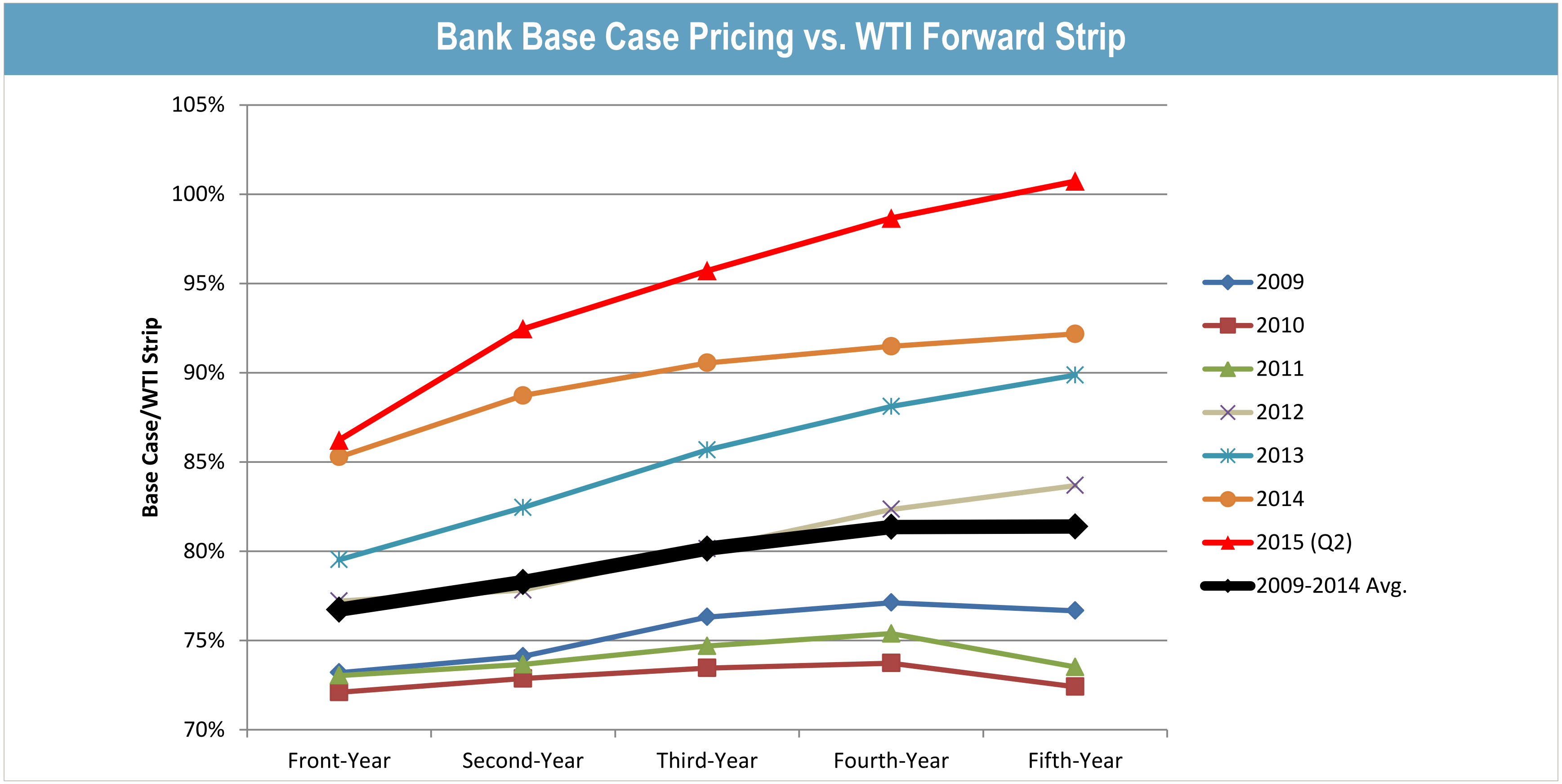
Now: 2014-2015 Near Month Oil Prices vs. Starting Bank Prices



'Bank Base Case Price' is based on a quarterly survey of the prices used by active senior bank energy lenders to determine advance rates to borrowers. Figures shown are the average price used by all survey respondents.
Source:Bank price decks per Macquarie Tristone Energy Lender Price Survey, NYMEX WTI per Bloomberg

More Bank Credit Rationing to Come

2Q15 bank base case price decks exceeded historical levels by a wide margin relative to WTI strip prices.



Source: Macquarie Tristone Energy Lender Price Survey

Less Direct Lending Competition

Direct Lenders

1992

- Foreign Banks
- Insurance Companies
- Investment Banks
- Commercial Finance Companies
- Private Equity Funds
- Pipeline Affiliates
- Private Companies & Family Offices
- Oil & Gas Companies
- Commodity Trading Houses

1999

- Foreign Banks
- Insurance Companies
- Investment Banks
- Commercial Finance Companies
- Private Equity Funds
- Pipeline Affiliates
- Private Companies & Family Offices
- Diversified Industrials
- Oil & Gas Companies
- Utilities
- Commodity Trading Houses

2004-2008

- Foreign Banks
- Insurance Companies
- Investment Banks
- Commercial Finance Companies
- Private Equity Funds
- Gas Merchants
- Private Companies & Family Offices
- BDC's
- Diversified Industrials
- Utilities
- Hedge Funds
- CLOs
- Joint Ventures
- Mezzanine Funds

2010

- Foreign Banks
- Diversified Industrials
- BDC's
- Hedge Funds
- Mezzanine Funds

2013

- Foreign Banks
- Diversified Industrials
- BDC's
- Mezzanine Funds

2015

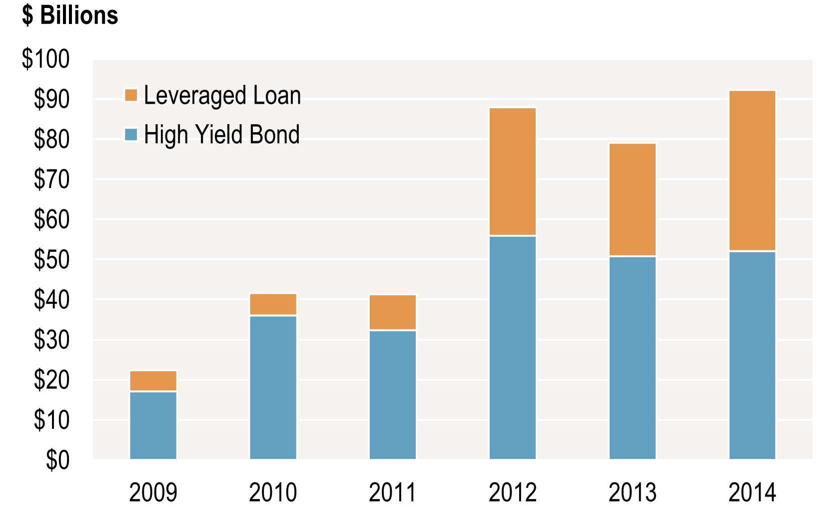
?

A Rich Spectrum of Opportunities

Non-Investment Grade Corporate Credit

- Since 2009
  - $365 billion of new issue broadly syndicated leveraged loans and high yield bonds[1]
- Currently Outstanding
  - $232 billion of broadly syndicated leveraged loans and high yield bonds [2]
  - AG believes the opportunity set is larger as we have identified an additional $50 billion of loans that we believe the broadly syndicated market does not capture[3]

New Issue Broadly Syndicated Leveraged Loans and High Yield Bonds[1]



AG Direct Lending

- Beginning to see a substantial pick-up in origination opportunities with larger borrowers who historically would have sourced their financing from banks or the capital markets

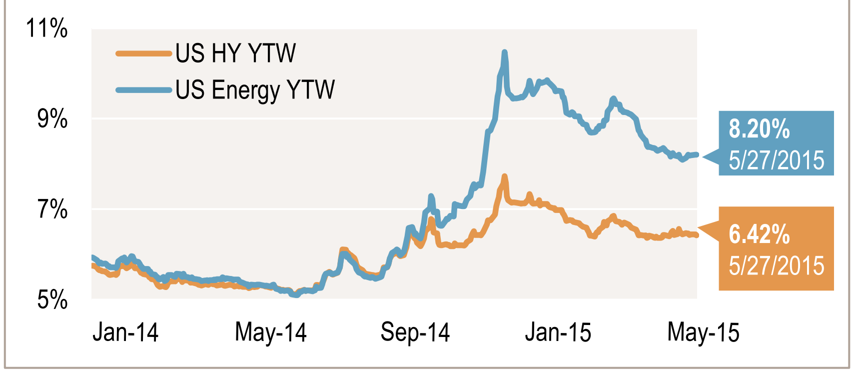
Distressed Debt

- Emerging opportunity

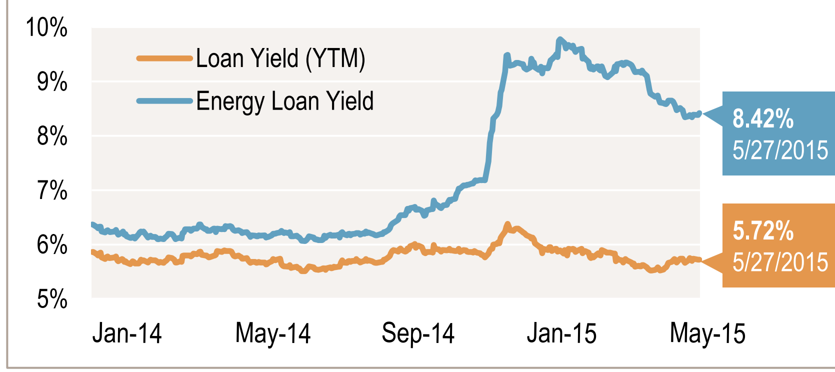
1. LSTA, BofA Merrill Lynch
2. JP Morgan as of 1/6/2015
3. Bloomberg as of 1/20/2015

Snapshot of the High Yield and Leveraged Loan Market

JP Morgan High Yield Index Yield-to-Worst



JP Morgan Leveraged Loan Index Yields

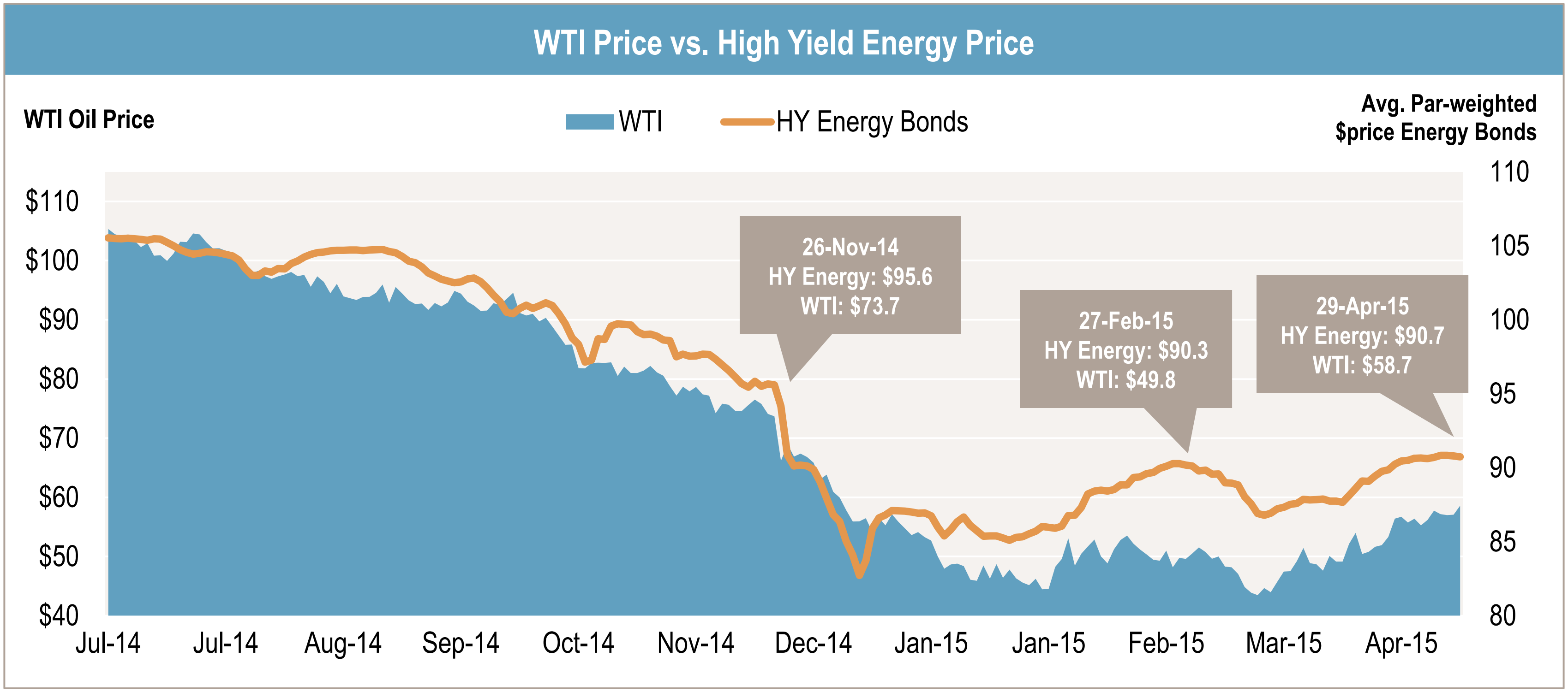


JP Morgan High Yield Index Returns

	Aug 29th - Dec 31st	Dec 31st - Mar 17th	Mar 18th - May 8th	2015 YTD
BB	-1.57%	1.87%	2.09%	4.00%
B	-3.88%	1.39%	2.72%	4.14%
CCC	-6.90%	0.79%	2.80%	3.61%
BB Energy	-6.18%	2.85%	3.82%	6.78%
B Energy	-16.38%	1.22%	8.59%	9.92%
CCC Energy	-31.39%	-7.20%	8.20%	0.42%
BB - Ex Energy	0.07%	1.47%	1.49%	2.98%

Source: JP Morgan. The indices presented herein are for reference only. The Angelo, Gordon separate accounts and funds may invest in different securities and engage in different trading strategies which vary significantly from each of the indices presented. In addition, the sector, industry, stock and country exposures, market capitalizations, volatility and risk characteristics of AG accounts and funds may differ materially from the indices presented herein. The indices have not been selected to represent benchmarks to compare AG performance, but rather are disclosed as a point of reference of AG's performance to that of well-known and widely recognized indices. Indices returns are computed as the total return, including principal, interest and reinvestment return. Indices are unmanaged and not subject to transaction charges or expenses. An investor may not invest directly in an index. Accordingly, comparing results may be of limited use.

A Closer Look at High Yield and The Price of Oil



- Average par-weighted price for the JP Morgan Energy Index is back to where it was when oil was 20% higher than current levels
- Fund flows may account for some of this move, with inflows of ~$8 billion through mid-May

Source: JP Morgan April 2015

Distressed Debt Opportunities

- **Anchoring deals with lead banks or advisors**
  - Banks unwilling to underwrite low rated borrowers and look for anchor investors prior to launching
  - AG has strong relationships with syndicate desks to get early calls
  - Existing relationships with restructuring advisors allows access to private investment opportunities
- **Distressed exchanges**
  - Bond indentures allow layering within existing capital structure
  - Selective exchanging of unsecured bondholders (either at a discount or at par) into a new secured security in exchange for a new money investment that is used to pay down the RBL lenders/add incremental liquidity
- **Bankruptcies will come**
  - Thus far small, low quality companies have filed (Quicksilver, Dune & WBH)
  - We expect more to follow in late 2015 and a lot more to follow mid-2016 and beyond

AG is Well Positioned to Capture This Opportunity

Access to Extensive Deal Flow

- Houston team has history and dialogue with over 350 counterparties
- Distressed debt contacts throughout industry given long-standing platform including banks, restructuring advisors, lawyers, etc.
- $5B non-investment grade platform resulting in broad access to sell-side deal flow

Differentiated Approach Relative to Other Firms

- Three pronged fund to increase sources of return, flexibility in deployment and diversification
- Origination focused on smaller, sub-$200m financings – less competitive space helps enable negotiation of more favorable terms and structures
- Capital only deployed if AG sees compelling opportunities arise; fees on net funded capital
- Shorter lockup than traditional PE style funds
- No leverage

15 AG Investment Professionals

- 2 Fund portfolio managers
- 6 Houston-based origination
- 5 Distressed debt
- 2 Non-investment grade corporate credit

8 Senior investment team members average 20 years experience

AG Energy Credit Opportunities Fund, L.P.

Summary of Key Terms

Target Assets:	Energy sector credit opportunities, including loan origination, purchase of secondary market first and second lien debt, stressed and distressed loans and bonds, royalties and production payments
Target Net IRR:	12-15%(1)
Investment Period:	Two years from initial capital call, with an option to extend for an additional year
Harvest Period:	Three years with an option to extend for two additional one-year periods
Expected Distribution:	The General Partner intends to make semi-annual distributions, targeted 5-7% per year of net funded capital(2)
Commitment Fee:	None
Management Fee:	1.5% of net funded capital commitments, payable quarterly
Incentive Compensation:	20% to the General Partner subject to a 7% preferred return with an 80/20 catch-up
Minimum Investment:	$5 million

Please refer to the Confidential Information Memorandum for a complete description of terms.

1. Based on current market conditions as well as the assumptions and models of the portfolio manager and subject to change. Should not be regarded as a representation, warranty or prediction that the fund will achieve or is likely to achieve any particular result or that investors will be able to avoid losses.
2. The yield target is based on current market conditions and certain assumptions about the mix of assets available to the Partnership, is subject to change, and should not be regarded as a representation, warranty or prediction that the fund will achieve or distribute or is likely to achieve or distribute any particular amount or will be able to avoid losses.

Section IV.

Biographies

Biographies

Michael Gordon is co-founder and Chief Investment Officer of Angelo, Gordon. At Angelo, Gordon, Michael manages the diverse investment ideas within each discipline to provide a steady balance of risk and reward. He oversees the Research Department and is responsible for the quality and depth of research that is the hallmark of Angelo, Gordon. Michael began his career as a research analyst for L.F. Rothschild in 1970, specializing in the oil service industries. Michael served as Director of Research of L.F. Rothschild's Arbitrage Department and became a Managing Director of the firm.

Gavin Baiera joined Angelo Gordon in 2008 and is a Managing Director in the distressed securities area. Prior to joining Angelo Gordon, Gavin was the Co-head of the Strategic Finance Group at Morgan Stanley which was responsible for all origination, underwriting, and distribution of restructuring transactions. Prior to that, Gavin was a Vice President at General Electric Capital Corporation concentrating on underwriting and investing in restructuring transactions. Gavin began his career at General Electric Capital Corporation in their financial management program. Gavin holds a B.A. degree from Fairfield University and an M.B.A. degree from the University of Southern California.

Todd Dittmann joined Angelo, Gordon in 2013 to lead the firm's energy-lending strategy. Todd is a seasoned and experienced investment professional who has spent more than 20 years in energy finance. His experience includes the closing of approximately 140 debt, equity, M&A, derivative-linked and other energy related transactions, most of which he completed as a principal investor or lead lender. Before joining Angelo, Gordon, Todd formed Poydras Resource Capital LLC ("Poydras"), a firm focused on credit opportunities in the energy sector and affiliated with Global Hunter Securities. When Todd joined Angelo, Gordon, be brought the full Poydras team. Previously, Todd was a direct lender at Petrobridge Capital and D.B. Zwirn & Co.; a senior bank lender at SunTrust Robinson Humphrey and the Chase Manhattan Bank; and a senior investment banker at Jefferies & Co. and other sell-side firms. His investing and board experience includes both public and private companies. Todd holds a B.B.A. degree with a concentration in finance and an M.B.A. degree from the University of Texas, Austin and is a Chartered Financial Analyst.

Thomas Fuller is a Senior Managing Director of Angelo, Gordon and a member of the firm's executive committee. Tom oversees all corporate credit related investments and is the portfolio manager for the firm's distressed portfolios. Prior to joining Angelo, Gordon in 2000, Tom was a Vice President at Nomura Holding America where he was responsible for distressed securities investing in the Special Situations Group. Prior to that, Tom was an analyst concentrating on distressed and special situation securities at S.N. Phelps & Co. Tom began his career as a reporter for Dow Jones Newswire covering high yield and bankrupt companies. Tom holds a B.A. degree from SUNY Buffalo and an M.B.A. degree from George Washington University.

Paul Gottheim joined Angelo, Gordon in 2013 and is a Vice President in the firm's energy-lending group. Paul has over seven years of energy finance experience including investment banking, private equity and surety bonding. He graduated with a B.S. degree from the A.B. Freeman School of Business at Tulane University in New Orleans, LA. Paul recently held Series 7 and 63 licenses and is a Chartered Financial Analyst.

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Biographies

Jay Guo joined Angelo, Gordon in 2015 and is an Associate in the firm's energy-lending group. Prior to joining Angelo, Gordon, Jay was an Investment Banking Analyst in the Global Energy Group at Credit Suisse. Jay holds a B.B.A. degree in finance from Baylor University.

David Kamin joined Angelo, Gordon in 1994 and is a Managing Director. He is the co-portfolio manager for the multi-strategy portfolios. Over the past 20 years, Dave has analyzed both merger arbitrage and distressed situations. Dave holds a B.A. degree from Amherst College and an M.B.A. degree from Columbia University School of Business.

Michael Kanner joined Angelo, Gordon in 2006 to focus on investments in the leveraged loan market. He is a Managing Director. Prior to joining the firm, Michael served as a Vice President for five years with Shenkman Capital Management, where he focused on investments in high yield bonds and bank loans. Prior to this, he was a Vice President in Debt Capital Markets at Chase Manhattan. Michael is a Chartered Financial Analyst and holds a B.A. degree from Columbia University and an M.B.A. degree from the Wharton School of Business.

Joseph Lenz joined Angelo, Gordon in 2012 and is an Associate in the distressed securities group. Prior to joining Angelo, Gordon, Joseph worked in the Financial Sponsors Group at Morgan Stanley. Joseph holds a B.A. degree from the University of Pennsylvania.

Bruce Martin joined Angelo, Gordon in 1999 to focus on investments in the leveraged loan market. Bruce is head of the firm's leveraged loan and high yield business and portfolio manager of the firm's Northwoods Capital CLOs, the Diversified Credit Strategies and Income Funds and several separate accounts. Since 1993, Bruce has analyzed high yield investments ranging from par loans to distressed debt and has also focused on equity value creation as a member of the Board of Directors for Angelo, Gordon portfolio companies. Prior to joining the firm, Bruce was a High Yield Bond Analyst at Putnam Investments and at Eaton Vance. Before working at Eaton Vance, he worked at John Hancock as a Senior Corporate Bond/High Yield Analyst and at Insurance Service Offices as an Actuarial Analyst. Bruce holds a B.A. degree in Mathematics from SUNY Binghamton and an M.B.A. degree from Northeastern University

Damon Putman joined Angelo, Gordon in 2013 to work in the firm's energy-lending group. He is a Managing Director. Damon was most recently CFO of Torch Energy Advisors, a private energy company with 40 employees and investments in the upstream, midstream and renewable energy sectors and a member of its executive committee. He oversaw financial, treasury, accounting, cash management and IT functions, and managed its private equity and bank relationships as well as its general investor relations. Damon has experience working on a variety of transactions including first and second lien debt, mezzanine debt, and minority and project equity investments. Damon holds a B.B.A. degree from the University of Texas, Austin.

Chelsea Rossetti joined Angelo, Gordon in 2013 and is an Associate in the distressed securities group. Prior to joining Angelo, Gordon, Chelsea was an analyst at Jefferies LLC. Chelsea holds a B.S. degree from New York University's Stern School of Business.

Biographies

Todd Rothlisberger joined Angelo, Gordon in 2013 and is an Associate in the distressed securities group. Prior to joining Angelo, Gordon, Todd was an investment banking analyst at Rothschild, Inc. Todd holds a B.S. degree from Babson College.

Kemper Ryan joined Angelo, Gordon's energy-lending group in 2015 as a Managing Director. Prior to joining Angelo, Gordon, Kemper co-founded DCTX Holdings, a merchant bank specializing in the acquisition, operation and growth of middle market companies. Previously, Kemper was a Managing Director at JPMorgan. Kemper also worked in the energy industry with ICF Resources and Forest Oil. Kemper graduated from Middlebury College with a B.A. in history and received an M.B.A. from Indiana University.

Lawrence Schloss joined Angelo, Gordon in 2013 as President of the firm and a member of the firm's executive committee. Before joining Angelo, Gordon, Larry was New York City Deputy Comptroller for Asset Management and Chief Investment Officer for the New York City Retirement Systems which had assets of $145 billion as of September 2013. Larry was a trustee for each of the teachers, employees, police, and fire pension funds. While CIO, Larry was named 2012 CIO of The Year - Large Public Pension Funds by Institutional Investor. Previously, he was Chief Executive Officer and co-founder of Diamond Castle Holdings, a private equity firm. Larry was Global Head of CSFB Private Equity, where he was responsible for $32 billion of alternative assets under management and a member of the Credit Suisse First Boston Executive Board. Larry spent 22 years at DLJ, rising to Chairman of DLJ Merchant Banking, investing in private equity, real estate, and mezzanine debt on four continents. Larry holds a B.A. degree from Tulane University and an M.B.A. degree from The Wharton School of the University of Pennsylvania.

David Taylor joined Angelo, Gordon in 2013 to work in the firm's energy-lending group. He is a Managing Director. David was most recently a principal and Managing Director of Weisser, Johnson & Co. (WJCO), an energy investment banking boutique which also provided reservoir engineering services as a Texas Board of Professional Engineers Registered Engineering Firm. With his partners at WJCO, David was a founding partner of GasRock Capital LLC, an investment firm formed in 2005 to make debt and project equity investments in oil and gas companies. Prior to formation of GasRock Capital LLC, David was responsible for all technical evaluation at WJCO. He is a registered professional engineer and worked in numerous technical and management roles at firms including Aquila Energy Resources and Halliburton Energy Development. David holds a B.S. degree in chemical engineering from Oklahoma State University.

Contact Information

Angelo, Gordon & Co.
245 Park Avenue, 25th Floor | New York, NY 10167

Colleen Casey
(212) 692-2283
ccasey@angelogordon.com

www.angelogordon.com

CONTRA COSTA COUNTYEMPLOYEES' RETIREMENT ASSOCIATION

DISCLOSURE STATEMENT RE: USE OF PLACEMENT AGENTS

The undersigned is a current or proposed "External Manager" for the Contra Costa County Employees' Retirement Association ("CCCERA"), as defined under CCCERA's Placement Agent Disclosure Policy, adopted on June 9, 2010 ("Policy.") We have received a copy of the Policy from CCCERA. We hereby disclose to CCCERA the following information, which we represent and warrant to be true and correct as of the date hereof:

1. Neither we nor any of our principals, employees, agents or affiliates has compensated or agreed to compensate, directly or indirectly, any person or entity to act as a Placement Agent (as defined in the Policy) in connection with any investment by CCCERA, **except as disclosed on Attachment 1 to this Disclosure Statement**.

[IF THERE IS NOTHING TO DISCLOSE IN ATTACHMENT 1, ITEMS 2-6 ARE INAPPLICABLE.]

2. To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 2 to this Disclosure Statement a resume for each officer, partner or principal of the Placement Agent (and any employee providing similar services) detailing the person's education, professional designations, regulatory licenses and investment and work experience, and whether any such person is a current or former CCCERA Board member, employee or Consultant or a member of the immediate family of any such person.

3. To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 3 to this Disclosure Statement a description of any and all compensation of any kind we have provided or have agreed to provide to a Placement Agent, including the nature, timing and value thereof.

4. To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 4 to this Disclosure Statement a description of the services to be performed by the Placement Agent.

5. To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 5 to this Disclosure Statement a statement whether the Placement Agent or any of its affiliates are registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association or any similar regulatory agent in a country other than the United States and the details of such registration or explanation of why no registration is required.

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

PLACEMENT AGENT DISCLOSURE POLICY

(Adopted 6/9/2010)
(Amended 12/8/2010)

This policy is effective immediately upon adoption. This policy is intended to supplement any applicable provisions of state or federal law, which shall govern in the event of any inconsistency.

I. PURPOSE

This Policy was adopted in accordance with California Government Code section 7513.85, which requires all California public retirement systems to develop and implement, on or before June 30, 2010, a policy requiring the disclosure of payments to placement agents made in connection with system investments. This Policy sets forth the circumstances under which the Contra Costa County Employees' Retirement System ("CCCERA") shall require the disclosure of payments to Placement Agents in connection with CCCERA's investments in or through External Managers. This Policy is intended to apply broadly to all of the types of investment partners with whom CCCERA does business, including the general partners, managers, investment managers and sponsors of hedge funds, private equity funds, real estate funds and infrastructure funds, as well as investment managers retained pursuant to a contract. CCCERA adopts this Policy to require broad, timely, and updated disclosure of all Placement Agent relationships, compensation and fees. The goal of this Policy is to help ensure that CCCERA's investment decisions are made solely on the merits of the investment opportunity by individuals who owe a fiduciary duty to CCCERA.

II. APPLICATION

This Policy applies to all agreements with External Managers that are entered into after the date this Policy is adopted. This Policy also applies to existing agreements with External Managers if, after the date this Policy is adopted, the agreement is amended to continue, terminate, or extend the term of the agreement or the investment period, increase the commitment of funds by CCCERA or increase or accelerate the fees or compensation payable to the External Manager (referred to hereafter as "Amendment"). In the case of an Amendment, the disclosure provisions of Section IV.A. of this Policy shall apply to the Amendment and not to the original agreement.

III. DEFINITIONS

A. Consultant: Person(s) or firm(s), including key personnel of such firm(s), who are contractually retained by CCCERA to provide advice to CCCERA on investments, External Manager selection and monitoring, and other services, but who do not exercise investment discretion.

B. External Manager: An asset management firm, partnership, general partner, limited liability company or other investment vehicle that is seeking to be, or has been, retained by CCCERA to manage a portfolio of assets or interests (including securities) for a fee. The external manager usually has full discretion to manage CCCERA's assets, consistent with investment management guidelines provided by CCCERA and fiduciary responsibility.

C. Placement Agent: Persons or entities hired, engaged or retained by or acting on behalf of an External Manager or on behalf of another Placement Agent as a finder, solicitor, marketer, consultant, broker or other intermediary to raise money or investments from or to obtain access to CCCERA, directly or indirectly. An individual who is an employee, officer, director, equityholder, partner, member, or trustee of an external manager and who spends one-third or more of his or her time, during a calendar year, managing the securities or assets owned, controlled, invested, or held by the external manager is not a placement agent. (Govt. Code Sec. 7513.8.)

IV. RESPONSIBILITIES

A. Each External Manager is responsible for:

1. Providing the following information (collectively, the "Placement Agent Information Disclosure") to CCCERA Staff within thirty (30) days after being provided with this Policy:

    a. A statement whether the External Manager, or any of its principals, employees, agents or affiliates has compensated or agreed to compensate, directly or indirectly, any person or entity to act as a Placement Agent in connection with any investment by CCCERA.

    b. A resume for each officer, partner or principal of the Placement Agent detailing the person's education, professional designations, regulatory licenses and investment and work experience.

    c. A description of any and all compensation of any kind provided or agreed to be provided to a Placement Agent, including the nature, timing and value thereof.

    d. A description of the services to be performed by the Placement Agent.

    e. A statement whether the Placement Agent or any of its affiliates are registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association or any similar regulatory agent in a country other than the United States and the details of such registration or explanation of why no registration is required.

f. A statement whether the placement agent, or any of its affiliates, is registered as a lobbyist with any state or national government.

2. Providing an update of any changes to any of the information included in the Placement Agent Information Disclosure within fourteen (14) business days of the occurrence of the change in information.

3. Representing and warranting the accuracy of the information included in the Placement Agent Information Disclosure in any final written agreement with a continuing obligation to update any such information within fourteen (14) business days of any change in the information.

4. Causing its engaged Placement Agent, prior to acting as a Placement Agent with regard to CCCERA, to disclose to Staff any campaign contribution, gift or other item of value made or given to any member of the CCCERA Board or Staff, or Consultant, during the prior twenty-four month period.

5. Causing its engaged Placement Agent, during the time it is receiving compensation in connection with a CCCERA's investment, to disclose to Staff any campaign contribution, gift or other item of value made or given to any member of the CCCERA Board or Staff, or Consultant, during such period.

B. CCCERA's Consultant and Investment Staff ("Staff") are responsible for all of the following:

1. Providing External Managers with a copy of this Policy at the time that due diligence in connection with a prospective investment or engagement begins.

2. Confirming that the Placement Agent Disclosure has been received by CCCERA before any recommendation to proceed with the engagement of the External Manager or the decision to make any investment.

3. For new contracts and amendments to contracts existing as of the date of the Policy, confirming that the final written agreement between CCCERA and the External Manager provides that the External Manager agrees to comply with the Placement Agent Disclosure Policy.

4. Prohibiting, pursuant to Government Code section 7513.85, any External Manager or Placement Agent from soliciting new investments from CCCERA for five years after they have committed a material violation of this Policy; *provided, however,* that CCCERA's Board, by majority vote at a noticed, public meeting, may reduce this prohibition upon a showing of good cause.

5. Providing copies of the Placement Agent Information Disclosure and the Placement Agent disclosures referred to in Sections IV A. 4 and 5, above, to the Chief Executive Officer and the Chief Investment Officer. Copies of the

Disclosures shall be included in materials distributed to the Board in connection with the Board's consideration of the investment or amendment to an investment. Copies of Disclosures received after the investment or amendment is undertaken by the Board shall be timely provided to the Board. All Placement Agent Information Disclosures and the Placement Agent disclosures referred to in Sections IV A. 4 and 5, above, shall be a public record subject to disclosure under the California Public Records Act.

6. Reporting any material violations of this Policy to the Board.

C. External Managers shall comply with this Policy and cooperate with the Consultant and Staff in meeting their obligations under this Policy.

6. To the extent of any disclosure set forth on Attachment 1, we attached as Attachment 6 to this Disclosure Statement a statement whether the Placement Agent or any of its affiliates are registered as a lobbyist with any state or national government.

We further represent and warrant as follows:

A. We shall provide an update of any changes to any of the information included in this Disclosure Statement within fourteen (14) business days of the occurrence of the change in information.

B. We shall cause our engaged Placement Agent, if any, prior to acting as a Placement Agent with regard to CCCERA, to disclose to CCCERA in writing any campaign contribution, gift (as defined in Government Code section 82028) or other item of value made or given to any member of the CCCERA Board or Staff, or Consultant (as defined in the Policy), during the prior twenty-four month period.

C. We shall cause our engaged Placement Agent, during the time it is receiving compensation in connection with a CCCERA investment, to disclose to CCCERA any campaign contribution, gift or other item of value made or given to any member of the CCCERA Board or Staff, or Consultant, during such period.

Dated: 6/3/2015

EXTERNAL MANAGER

Angelo, Gordon & Co., L.P.
Name of Entity

By: ______________________
Authorized Signatory

Print Name D. Forest Wolfe

Its General Counsel

Attachment 1

Colleen Casey, an employee of Angelo, Gordon & Co. acted as a Placement Agent (as defined in the Policy) in connection with CCCERA's investment.

Attachment 2

Colleen Casey joined Angelo, Gordon & Co. in 1998 and is a Managing Director. She focuses on institutional client development and consultant relations. Prior to joining the firm, Colleen was a National Sales Manager for The St. Regis, Aspen, a Starwood Resort. Colleen holds a B.A. degree from Villanova University. Colleen is not a current or former CCCERA Board member, employee or Consultant or a member of the immediate family of any such person.

<u>Attachment 3</u>

With respect to her activities related to CCCERA, Colleen Casey's compensation is in the following range: $7,000 - $9,000.

Attachment 4

Colleen Casey is employed by Angelo, Gordon & Co. as a marketer. She is responsible for raising institutional assets for the firm's various funds.

Attachment 5

Colleen Casey is not registered with the Securities and Exchange Commission, FINRA, or any similar regulatory agent. Colleen is employed by Angelo, Gordon & Co., which is an SEC-registered investment adviser.

Attachment 6

Colleen Casey is registered as an in-house Employee Lobbyist (employed by Angelo, Gordon & Co.) in the State of California.

PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS

JUNE 2015

Enterprise Risk Tolerance Assessment for

Contra Costa County Employees' Retirement Association

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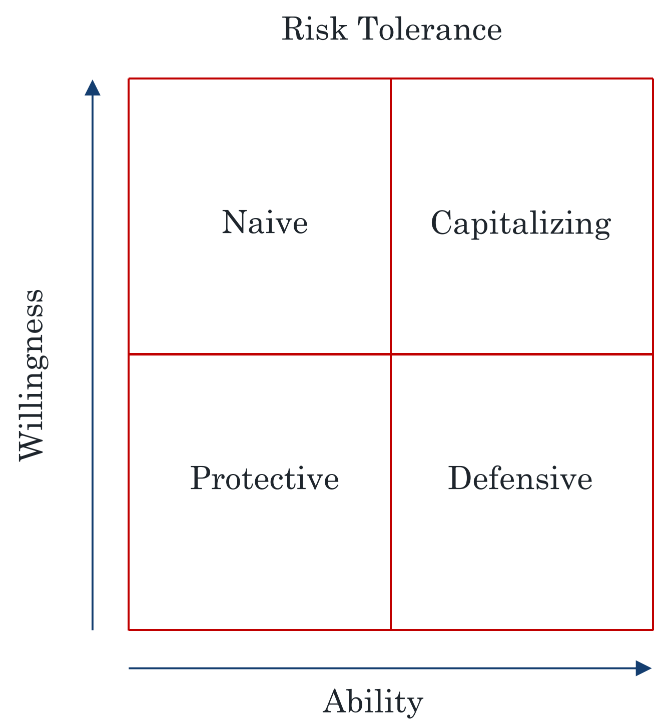
I. Introduction

Enterprise Risk Tolerance in Context

- Properly assessing Enterprise Risk Tolerance has important and practical implications for investment strategy development.
- Identifying the appropriate risk tolerance for a plan involves viewing risk in terms of the Plan's willingness and ability to bear risk.
- The ability to bear risk depends on financial circumstances while the willingness to bear risk is generally based on investor's attitudes and beliefs about investments.
- Although the CCCERA Board's duty is clearly to the beneficiaries of the Association, assessing the County's financial situation and ability to make contributions to the Pension is one component in evaluating the Plan's ability to take on risk.
- In today's session, we review CCCERA's willingness and ability to incur investment risk, based on our findings from recent Trustee and Staff interviews, as well as an assessment of the financial health of the Plan sponsor.



II. Interview Findings

Mission and objectives

Mission

— Complete consistency

- Ensuring payment of promised benefits

Objectives

— High consistency

- Meet actuarial assumed rate of return

— Other considerations

- Maximize return given acceptable risk threshold
- Reduce chance of large losses
- Reduce chance of additional contributions
- Generate reserve over time
- Good performance relative to peers

Time horizon

Overall Plan

— High consistency

- Very long-term (30+ years to perpetuity)

Strategy evaluation

— Low consistency

- Annual review
- 2-6 years
- 3-5 years
- 5-7 years
- >5 years
- Market cycle

Longer-term time horizon implies an increased ability to assume risk

Time horizon

Manager evaluation

— Low consistency

- 1-2 years of severe underperformance relative to peers
- Annual, relative to index
- 5 years, relative to index
- Depends on whether issue is based on performance or personnel
- 3 years for performance; qualitative reasons could be quicker
- Depends on asset class and history with managers

Investment philosophy

Simple vs. complex

— Fairly consistent

— General preference for simplicity with acceptance of complexity if convinced it will lead to a favorable outcome

— Other perspectives

- Preference for complexity comes from faith in staff and a believe it will lead to better returns
- OK with reasonable level of complexity, as long as strategy is well understood
- Sees value in complexity, based on results

Investment philosophy (cont'd)

Active vs. passive

- Some response dispersion
- General bias towards active
  - Some strongly in favor of active
  - Others open to either
- Sample responses
  - Prefer active; believe it leads to higher returns
  - Sees value in active, based on results
  - OK with active if value is there
  - Each has a place, the Plan has had success in picking active managers
  - Depends on the asset class

Investment philosophy (cont'd)

Public vs. private

— Some response dispersion

— General tilt towards acceptance of private investments

— Sample responses

- Prefer private investments due to Plan's long time horizon
- No preference; recognizes importance of manager selection
- OK with private investments; good experience to date
- OK with private investments, but must come with expectation of higher returns
- Would like to better understand risk associated with private investments

Investment philosophy (cont'd)

Liquid vs. illiquid

— High consistency

— Illiquidity is fine, as long as operational needs of the Plan are met

Investment philosophy (cont'd)

Thought leader vs. safety in numbers

— High response dispersion

— Generally three schools of thought

- Prefer to be in the center of the herd, sticking with tried and true investment strategies
- Near the middle of the herd, but open to thoughtful deviations
- Comfortable with new ideas

Deviating from the center of the herd may also increase peer risk

Investment philosophy (cont'd)

Action vs. patience

— General consistency

— Bias towards patience with respect to broad market movements

— Willing to take action with managers if appropriate

— Sample responses

- Definitely favor patience; need to review, but no knee-jerk reactions
- Willing to ride things out
- Tendency toward patience unless there is a good reason for action
- Depends on the situation; need to be mindful of the long-term strategy, but should be able to take advantage of opportunities and also cut losses, as appropriate

Investment risk

Definition

— No broad definitional themes identified

Volatility, Drawdown, Tracking Error

— Not generally considered in investment decision-making

Recommendation

— Education session on risk management

Risk: hard to define, but I know it when I see it.

Organizational risk

Key man

— High response dispersion

— Generally three schools of thought

- No perceivable risk
- Some risk associated with CIO departure
- High risk associated with CIO departure

Organizational risk (cont'd)

Board turnover

— General consistency

— Most see this as a low risk to the Plan

— Other perspectives

- Frequent turnover could lead to a change in the decision-making process
- High turnover could lead to loss of institutional memory
- Reliance on staff as stabilizing force
- Risk mitigated by rolling turnover and group decision-making

Environmental risk

Peer risk

— General consistency

— Perception that risk is low, as long as top tier performance continues

— Recognition that performance slippage may lead to change

— Sample responses

- Not a problem if we stay in top decile; would get concerned if we started to move toward median and would want to reconsider any of the fundamental decisions made about allocation and selection
- Would respond aggressively to a drop in ranking and try to fix it quickly
- Should protect top ranking
- Peer risk may be heightened by consistently top performance; persistent low ranking relative to peers would likely lead to changes
- Yes, if peers are getting superior results

Peer risk is a sub-set of decision risk

Environmental risk

Headline risk

— Generally consistency

— Perception similar to that of peer risk, i.e., not a problem unless performance slips

Headline risk is a sub-set of decision risk

III. Plan Sponsor Review

Credit Ratings

- Moody's assigned the County an issuer rating in the High Quality Investment Grade category and the County's POBs fall within the Upper-Medium grade.
- S&P's Issuer Credit Rating for the County is highest issued by the company and the POBs are rated just a notch below.
- Both firms assigned the County's ratings a Stable outlook, which has been unchanged since 2007.

	Moody's	S&P
Issuer Rating	Aa2	AAA
Pension Obligation Bonds	Aa3	AA+

Commentary from Moody's:

Strengths

- Large, diverse tax base.
- Strong resident wealth levels.
- Quick payout of general fund and lease obligations.

Challenges

- Notable but manageable social service burden.
- Combined lease and pension obligation requirements which are the among the highest relative to similarly rated credits.
- Weak fiscal position relative to similarly rated credits.

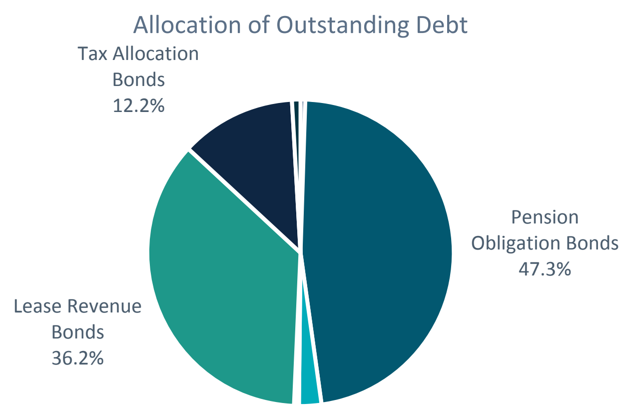
County Issuer Ratings, POBs, and Revenue Relative to Other Counties

	Moody's	S&P	Pension Funded Ratio	Outstanding POBs (000s)	County Revenue (000s)	POB to Revenue	Revenue as of FY
Alameda	Aa1	AA+	75.9%	$318,892	$2,585,343	12.33%	6/30/2013
Contra Costa	Aa2	AAA	76.4%	$258,500	$2,548,523	10.14%	6/30/2014
Los Angeles	Aa2	AA+	75.0%	$0	$20,332,630	0.00%	6/30/2013
Orange	Aa1	AA	60.5%	$127,206	$3,686,068	3.45%	6/30/2013
Riverside	Aa3	AA	79.4%	$334,510	$3,564,073	9.39%	6/30/2014
Sacramento	A2	A	85.2%	$990,308	$2,613,435	37.89%	6/30/2012
San Bernardino	Aa2	AA	80.0%	$877,230	$3,382,178	25.94%	6/30/2013
Santa Clara	Aa2	AAA	72.5%	$375,419	$3,466,398	10.83%	6/30/2014
San Diego	Aaa	AAA	83.3%	$732,330	$4,069,578	18.00%	6/30/2014

Sources:
Contra Costa County FY 2013-14 Debt Report
https://www.moodys.com/research/Moodys-has-affirmed-Contra-Costa-Countys-CA-Aa2-Issuer-Rating--PR_266769
Revenue data from each respective County's CAFR as of the FY End date in the table

Long-Term Obligations

- The county's legal General Obligation bonded debt limit is 5% of the value of taxable property (taxable property is also commonly referred to as assessed value).
- The county's assessed value is $150 billion and the legal debt limit about $7.5 billion.
- Total long-term debt obligations for the county is valued at $757.5 million, well under the legal limit.
- Pension Obligation Bonds were issued in 2003 and will mature in 2022.
- If necessary, the County has the capacity to issue POBs to meet contribution requirements or to fund the unfunded liability.



County's Outstanding Debt	Value (in Thousands)	Allocation (%)
Capital Lease Obligations	3,778	0.5%
Pension Obligation Bonds	358,445	47.3%
Retirement Litigation Settlement	17,892	2.4%
Notes Payable	2,603	0.3%
Other Bonds Payable	1,285	0.2%
Lease Revenue Bonds	274,222	36.2%
Tax Allocation Bonds	92,445	12.2%
Special Assessment Debt	6,892	0.9%
Total	757,562	100.0%

Source: 2014 Contra Costa County CAFR

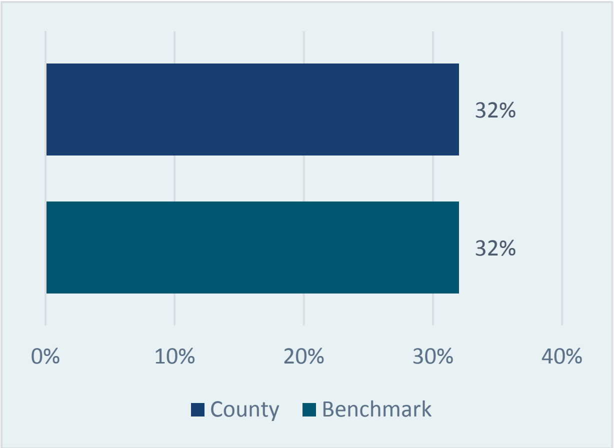
Debt Ratios

Total County debt is 32% of total revenues, which is in line with the median Large Urban California County.

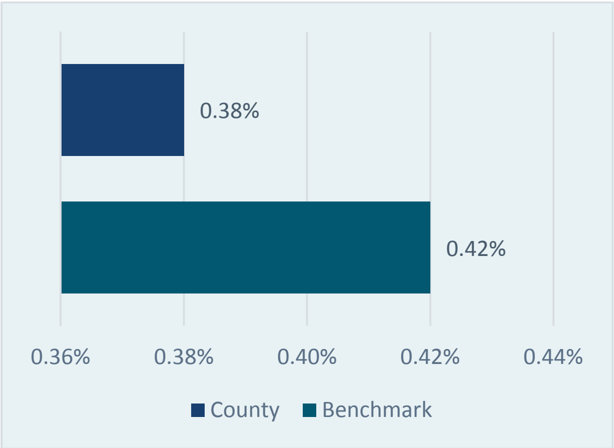
Total debt is 0.38% of the County's assessed value (taxable property), well below the legal limit of 5% and slightly below the median Large Urban California County.

Debt payments to the General Fund reserves is 7.9%, which is a higher ratio relative to the benchmark.

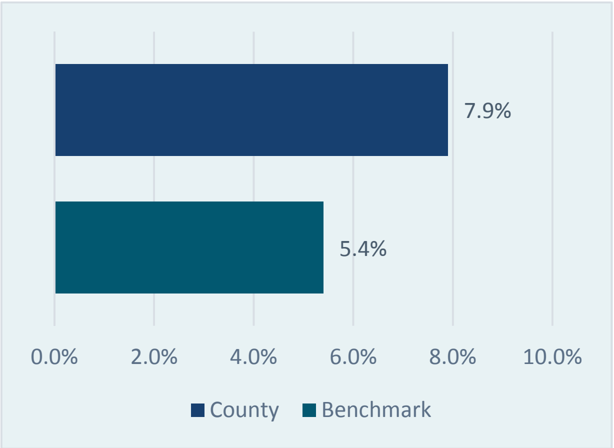
DEBT AS % OF REVENUE



DEBT TO ASSESSED VALUE



DEBT PAYMENTS TO GENERAL FUND RESERVES



1. Source: Contra Costa County FY 2013-14 Debt Report
2. Benchmark: MDA's Large Urban California County Median, Montague DeRose and Associates (MDA) is the County's financial advisor and compiles a database for these measures

County Revenues

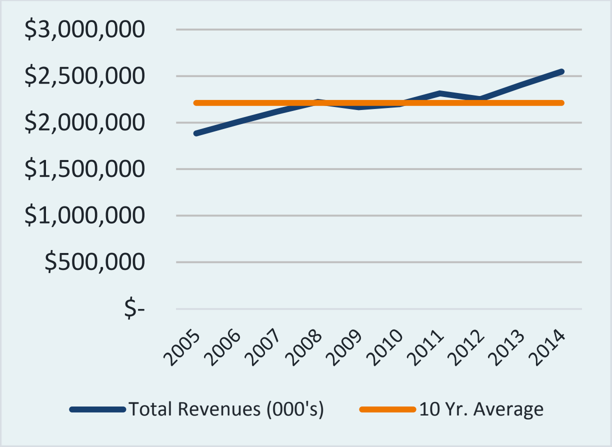
County revenues have been increasing since 2004 and are above the 10 year average.

Property Tax Revenue is a stable source of income and has averaged about 20% of the County's revenues over the last 10 years.

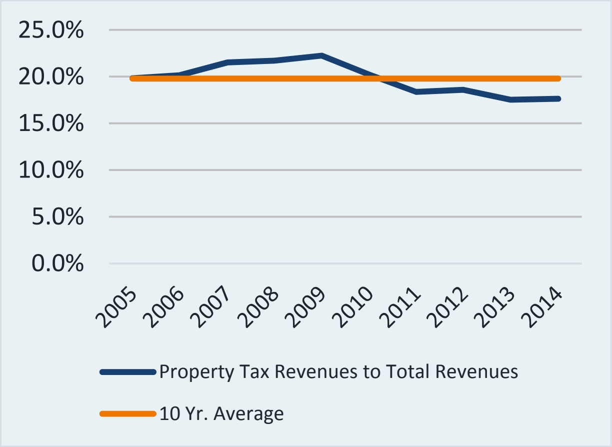
Non-Tax revenue is a less stable income source that includes grants, intra-governmental contributions, and investment earnings.

Non-Tax revenues make up about 40% of all revenues and have been declining as a share of total revenue since 2004.

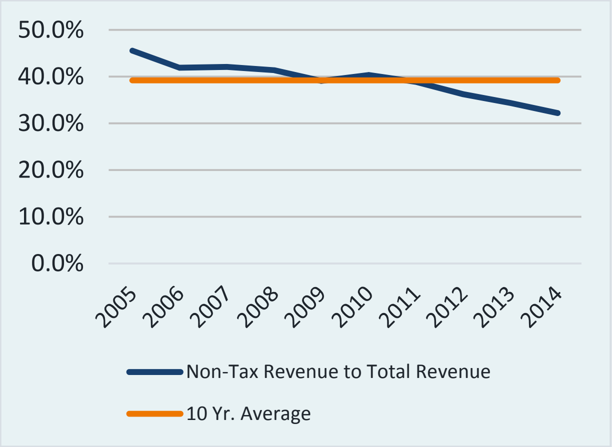
TOTAL COUNTY REVENUES



PROPERTY TAX REVENUE TO TOTAL REVENUE



NON-TAX REVENUE TO TOTAL REVENUE



1. Source: Contra Costa County CAFRs, 2005 to 2014

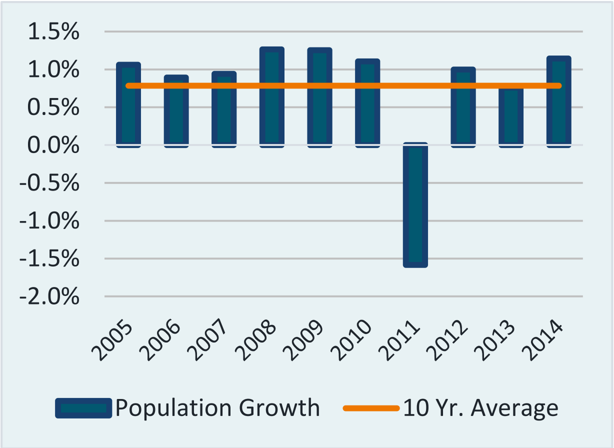
Economic & Demographic Statistics

Population growth has been relatively stable over the last 10 years averaging about 0.9%. The only year the county experienced negative population growth over that time frame was in 2011.

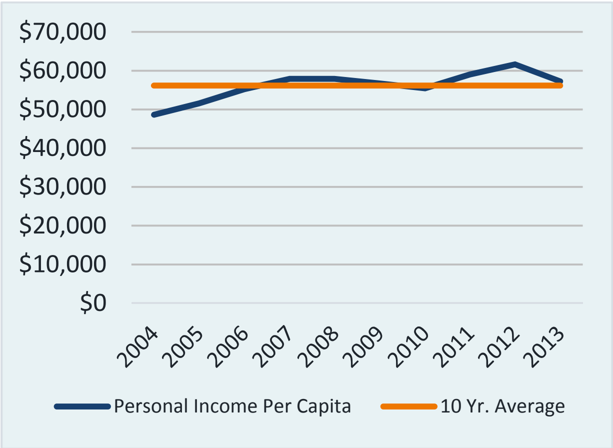
Personal income per capital has been trending upwards and is currently slightly above the County's 10 year average.

The unemployment rate has improved from the highs between 2009-2011 and is currently well below the County's 10 year average.

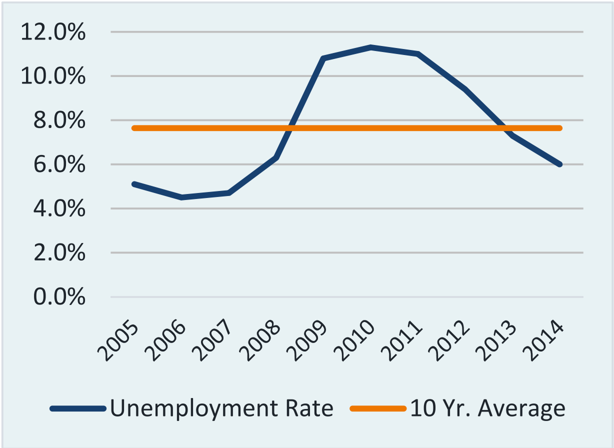
POPULATION GROWTH



PERSONAL INCOME PER CAPITA



UNEMPLOYMENT RATE

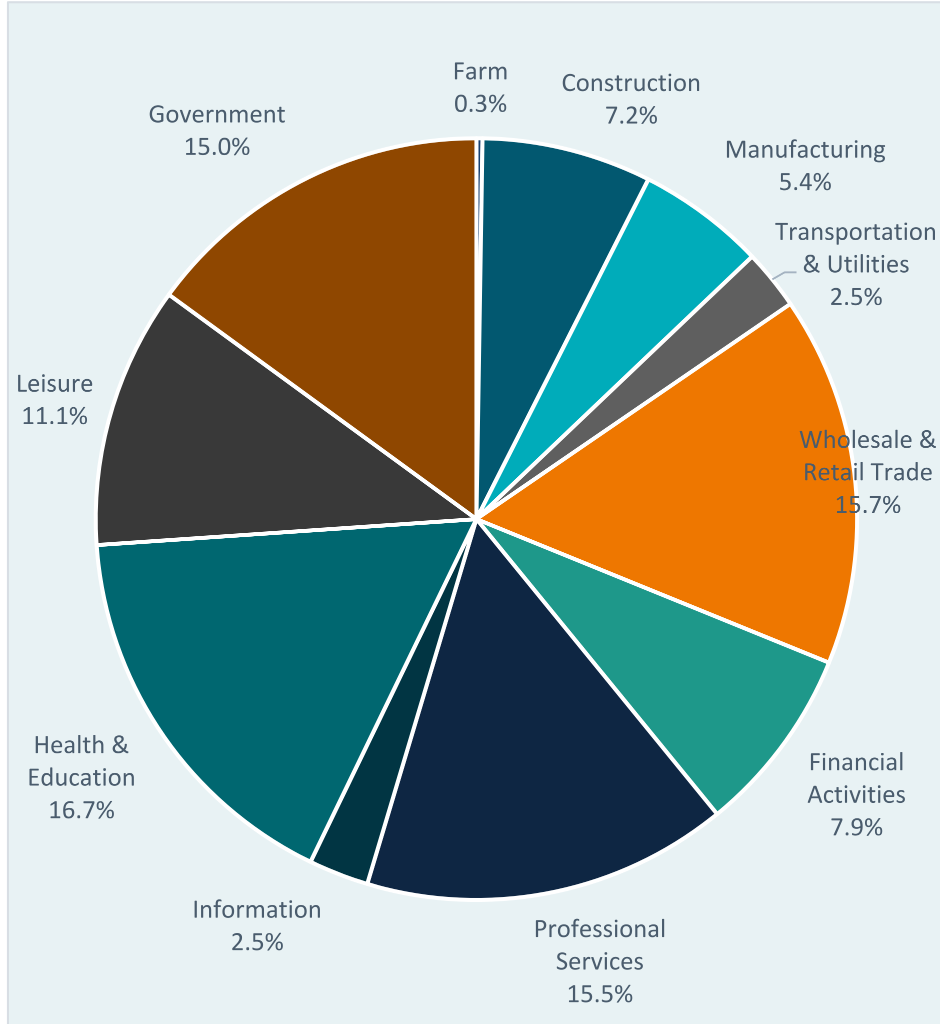


1. Source: Contra Costa County CAFRs, 2005 to 2014
2. Personal income per capita not reported for FY End 2014

Employment by Industry

CCCERA has a diverse employment base

The largest industry, Health and Education, accounts for 16.7% of county-wide employment



Source: Contra Costa County Economic Forecast, http://www.dot.ca.gov/hq/tpp/offices/eab/socio_economic_files/2014/ContraCosta.pdf

Summary

Overall, Contra Costa County enjoys favorable financial and economic conditions.

- The County's credit ratings from Moody's and S&P are high and stable.
- Long-Term debt obligations are well under the legal limit.
- Total Debt is about 1/3 of revenue, which indicates good coverage.
- County revenues have steadily increased and did not experience a large setback following the financial crisis.
- Improving unemployment rates, stable population growth, and a diverse employment base imply a stable tax base.

Appendix

Moody's Credit Ratings

Aaa	Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.
Aa	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
A	Obligations rated A are considered upper-medium grade and are subject to low credit risk.
Baa	Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.
Ba	Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.
B	Obligations rated B are considered speculative and are subject to high credit risk.
Caa	Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.
Ca	Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
C	Obligations rated C are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.

Note: *Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.*

1. Source: Moody's rating Symbols & Definitions

S&P Credit Rating Definitions

Long-Term Issuer Credit Ratings*	
Category	Definition
AAA	An obligor rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by Standard & Poor's.
AA	An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree.
A	An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.
BBB	An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.
BB; B; CCC; and CC	Obligors rated 'BB', 'B', 'CCC', and 'CC' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'CC' the highest. While such obligors will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.
BB	An obligor rated 'BB' is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments.
B	An obligor rated 'B' is more vulnerable than the obligors rated 'BB', but the obligor currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments.
CCC	An obligor rated 'CCC' is currently vulnerable, and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments.
CC	An obligor rated 'CC' is currently highly vulnerable. The 'CC' rating is used when a default has not yet occurred, but Standard & Poor's expects default to be a virtual certainty, regardless of the anticipated time to default.
R	An obligor rated 'R' is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.
SD and D	An obligor rated 'SD' (selective default) or 'D' is in default on one or more of its financial obligations including rated and unrated financial obligations but excluding hybrid instruments classified as regulatory capital or in non-payment according to terms. An obligor is considered in default unless Standard & Poor's believes that such payments will be made within five business days of the due date in the absence of a stated grace period,or within the earlier of the stated grace period or 30 calendar days. A 'D' rating is assigned when Standard & Poor's believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. An 'SD' rating is assigned when Standard & Poor's believes that the obligor has selectively defaulted on a specific issue or class of obligations but it will continue to meet its payment obligations on other issues or classes of obligations in a timely manner. An obligor's rating is lowered to 'D' or 'SD' if it is conducting a distressed exchange offer.
NR	An issuer designated 'NR' is not rated.

*The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

1. Source: Standard and Poor's Ratings Definitions. http://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352

MEMORANDUM

Date: June 25, 2015

To: CCCERA Board of Retirement

From: Christina Dunn, Retirement Admin/HR Manager

Subject: Clarification Language of Resolution for salary and benefits for unrepresented CCCERA employees

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Background

On January 28, 2015 the Contra Costa County Employees' Retirement Association ("CCCERA") Board of Retirement adopted Resolution 2015-1 providing salary and benefits for unrepresented staff at CCCERA effective January 1, 2015.

By way of background, the County stopped providing for a retiree health/dental coverage premium subsidy for employees hired on or after January 1, 2009. (See Resolution, Section 8.3., Pages 9-10.) In lieu of the retiree health/dental coverage premium subsidy benefit, employees hired on or after January 1, 2009 received an additional $150 per month employer contributions to their deferred compensation plan. (See Resolution, Section 17, "Deferred Compensation", Section page 15 B.)

Upon implementation of the Resolution for salary and benefits for unrepresented employees it was determined that clarification was needed for Section 17, in order to specify that employees hired on or after January 1, 2009 are not, under any circumstances, eligible to receive both the retiree premium subsidy and the additional $150 per month deferred compensation contribution.

The suggested clarification of <u>Deferred Compensation</u> subsection B would read as follows:

B. Regular employees hired on and after January 1, 2009 will receive one hundred and fifty dollars ($150) per month to an employee's account in the Contra Costa County Deferred Compensation Plan or other tax-qualified savings program designated by CCCERA, for employees who meet all of the following conditions:
   1. The employee must be hired by CCCERA on or after January 1, 2009.
   2. <u>The employee is not eligible for a monthly premium subsidy for health and/or dental upon retirement as set forth in Section 8.</u>
   3. The employee must be appointed to a regular position. The position may be either full time or part time (designated at a minimum of 20 hours per week).

MEMORANDUM

4. The employee must have been employed by CCCERA or Contra Costa County for at least 90 calendar days.
5. The employee must contribute a minimum of twenty-five dollars ($25) per month to the Contra Costa County Deferred Compensation Plan, or other tax-qualified savings program designated by CCCERA.
6. The employee must complete and sign the required enrollment form(s) for his/her deferred compensation account and submit those forms to the Benefits Services Unit of Contra Costa County.
7. The employee may not exceed the annual maximum contribution amount allowable by the United States Internal Revenue Code.
8. Employees are eligible to apply for loans from the Contra Costa County Deferred Compensation Plan loan program. For more information on the loan program refer to Human Resources.

Recommendation

Consider and take possible action to amend Resolution 2015-1 providing for salary and benefits for unrepresented employees of CCCERA effective January 1, 2015 with the proposed clarification to Section 17. Deferred Compensation sub section B.

BOR Reso. No. 2015-1

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

CCCERA RESOLUTION FOR SALARY AND BENEFITS FOR UNREPRESENTED EMPLOYEES

EFFECTIVE JANUARY 1, 2015
AMENDED JUNE 25, 2015

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

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

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

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

1. Paid Holidays:

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

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

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

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

If a holiday falls on an employee's regularly scheduled day off due to an alternative work schedule, the employee is entitled to take the day off, without a reduction in pay in recognition of the holiday. The employee is entitled to receive 8 hours of flexible compensation hours or pay at the rate of one times the employees' base rate of pay.

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

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

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

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

2. Personal Holidays:

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

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

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

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

3. Vacation:

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

Length of Service*	Monthly Accrual Hours	Maximum Cumulative Hours
Fewer than 11 years	10	240
11 years	10-2/3	256

Length of Service*	Monthly Accrual Hours	Maximum Cumulative Hours
12 years	11-1/3	272
13 years	12	288
14 years	12-2/3	304
15 through 19 years	13-1/3	320
20 through 24 years	16-2/3	400
25 through 29 years	20	480
30 years and up	23-1/3	560

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

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

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

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

Vacation Buy Back:

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

B. The Retirement Chief Executive Officer may elect payment of up to one-third (1/3) of their annual vacation accrual, subject to the following conditions:
   (1) the choice can be made only once in each calendar year;

(2) payment is based on an hourly rate determined by dividing the employee's current monthly salary by 173.33; and

(3) the maximum number of vacation hours that may be paid in any one sale is one-third (1/3) of the annual accrual.

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

4. Sick Leave:

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

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

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

5. Sick Leave Incentive Plan:

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

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

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

- Payout is by the following schedule:

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

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

6. Management Administrative Leave

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

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

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

A. On January 1st of each year, all full-time management employees in paid status, except for the Retirement Chief Executive Officer, will be credited with ninety four (94) hours of paid Management Administrative Leave. The Retirement Chief Executive Officer will be credited with seventy (70) hours of paid Management Administrative Leave. All Management Administrative Leave is non-accruable and all balances will be zeroed out on December 31st of each year.

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

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

7. Other Unpaid Leaves:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Pregnancy Disability Leave

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

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

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

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

C. Military Leave

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

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

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

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

8. Health, Dental, and Related Benefits

Regular full-time and part-time employees [*who are regularly scheduled to work a minimum of 20 hours per week*] and their eligible dependents may be entitled to receive medical and dental insurance coverage through CCCERA Plans. Attached hereto as Attachment B, is the monthly premium subsidy for unrepresented employees.

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

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

Health and Dental Coverage Upon Retirement

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

2. "Eligible dependents" who become survivors of employees or retirees are not eligible for any monthly premium subsidy.

3. Employees hired by Contra Costa County or CCCERA on or after January 1, 2009 and their eligible dependents, are eligible for retiree health/dental coverage upon completion of fifteen (15) years of service of which five (5) of those years must be as an active employee of CCCERA with no monthly premium subsidy paid by CCCERA for any health or dental plan after they separate from CCCERA employment. However, any such eligible employee who retires from CCCERA

may retain continuous coverage of a CCCERA health and/or dental plan provided that:

(i) he or she begins to receive a monthly retirement allowance from CCCERA within 120 days of separation from CCCERA employment and
(ii) he or she pays the full premium cost under the health and/or dental plan without any CCCERA premium subsidy.

4. Employees hired by Contra Costa County on January 1, 2007 to December 31, 2008 and their eligible dependents, are eligible for retiree health/dental coverage premium subsidy upon completion of fifteen (15) years of service of which five (5) of those years must be as an active employee of CCCERA. For purposes of retiree health eligibility, one year of service is defined as one thousand (1,000) hours worked within one anniversary year.

5. Employees hired by Contra Costa County on or before December 31, 2006 and their eligible dependents, may remain in their CCCERA health/dental plan, but without CCCERA-paid life insurance coverage, if immediately before their proposed retirement the employees and dependents are either active subscribers to one of the CCCERA contracted health/dental plans or if while on authorized leave of absence without pay, they have retained continuous coverage during the leave period. CCCERA will pay the health/dental plan monthly premium established by the Board of Retirement for eligible retirees and their eligible dependents.

6. All periods of benefit eligible employment will be included in the fifteen (15) years of service calculation for purposes of health and dental coverage upon retirement.

7. Employees, who resign and file for a deferred retirement and their eligible dependents, may continue in their CCCERA group health and/or dental plan under the following conditions and limitations:

(i) Health and dental coverage during the deferred retirement period is totally at the expense of the employee, without any CCCERA contributions.

(ii) Life insurance coverage is not included.

(iii) To continue health and dental coverage, the employee must:

a. be qualified for a deferred retirement under the 1937 Retirement Act provisions;
b. be an active member of a CCCERA group health and/or dental plan at the time of filing their deferred retirement application and elect to continue plan benefits;
c. be eligible for a monthly allowance from the Retirement System and direct receipt of a monthly allowance within twenty-four (24) months of application for deferred retirement; and
d. file an election to defer retirement and to continue health benefits hereunder with the Contra Costa County Human Resources Benefits Service Unit within thirty (30) days before separation from CCCERA service.

(iv) Deferred retirees who elect continued health benefits hereunder and their eligible dependents may maintain continuous membership in their CCCERA health and/or dental plan group during the period of deferred retirement by paying the full premium for health and dental coverage on or before the 10th of each month, to the Contra Costa County Auditor-Controller. When the deferred retirees begin to receive retirement benefits, they will qualify for the same health and/or dental coverage pursuant to section 7 above, as similarly situated retirees who did not defer retirement.

(v) Deferred retirees may elect retiree health benefits hereunder without electing to maintain participation in their CCCERA health and/or dental plan during their deferred retirement period. When they begin to receive retirement benefits, they will qualify for the same health and/or dental coverage pursuant to section 7 above, as similarly situated retirees who did not defer retirement, provided reinstatement to a CCCERA group health and/or dental plan will only occur following a three (3) full calendar month waiting period after the month in which their retirement allowance commences.

(vi) Employees who elect deferred retirement will not be eligible in any event for CCCERA health and/or dental plan subvention unless the member draws a monthly retirement allowance within twenty-four (24) months after separation from CCCERA employment.

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

9. Long-Term Disability Insurance

CCCERA will provide Long-Term Disability Insurance with a replacement limit of eight-five percent (85%) of total monthly base earnings reduced by any deductible benefits.

10. State Disability Insurance

Unrepresented employees do not contribute towards State Disability Insurance.

11. Life Insurance

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

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

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

12. Workers Compensation Insurance

1. For all accepted workers' compensation claims filed with CCCERA employees will receive seventy five percent (75%) of their regular monthly salary during any period of compensable temporary disability not to exceed one (1) year. If workers' compensation benefits become taxable income, CCCERA will restore the former benefit level, one hundred percent (100%) of regular monthly salary.

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

3. Continuing Pay: A regular employee will receive the applicable percentage of regular monthly salary in lieu of workers' compensation during any period of compensable temporary disability not to exceed one year. "Compensable temporary disability absence" for the purpose of this Section, is any absence due to work-connected disability which qualifies for temporary disability compensation under workers' compensation law set forth in Division 4 of the California Labor Code. When any disability becomes medically permanent and stationary, the salary provided by this Section will terminate. No charge will be made against sick leave or vacation for these salary payments. Sick leave and vacation rights do not accrue for those periods during which continuing pay is received. Employees are entitled to a maximum of one (1) year of continuing pay benefits for any one injury or illness.

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

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

5. Labor Code §4850 Exclusion: The foregoing provisions for workers' compensation and continuing pay are inapplicable in the case of employees entitled to benefits under Labor Code Section 4850.

13. Health Care Spending Account

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

14. Dependent Care Assistance Program

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

15. Premium Conversion Plan

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

16. Computer Vision Care (CVC)

Employees are eligible to receive an annual eye examination on CCCERA time and at the expense of CCCERA provided that the employee regularly uses a video display terminal at least an average of two (2) hours per day as certified by the employee's supervisor.

Employees certified for examination under this program must make their request through the Contra Costa County Human Resources Benefits Service Unit. Should prescription CVC eyeglasses be prescribed for the employee following the examination, CCCERA agrees to provide, at no cost, basic CVC eye wear consisting of a ten dollar ($10) frame and single, bifocal or trifocal lenses. Employees may, through individual arrangement between the employee and the employees' doctor and solely at the employee's expense, include blended lenses and other care, services or materials not covered by the Plan. Please refer to the Benefits Service Unit of the Contra Costa County Human Resources Department for more information on the CVC Program.

17. Retirement:

CCCERA Membership:

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

A. Employees who are not classified as new members under PEPRA will be enrolled in Retirement Tier 1 enhanced. For more information on retirement tiers please refer to the CCCERA member handbooks.

B. Employees who are classified as new members under PEPRA will be enrolled in Retirement IV (3% COLA). For more information on retirement tiers please refer to the CCCERA member handbooks.

C. CCCERA will implement Section 414(h) (2) of the Internal Revenue Code which allows CCCERA to reduce the gross monthly pay of employees by an amount equal to the employee's total contribution to the CCCERA Retirement Plan before Federal and State income taxes are withheld, and forward that amount to the CCCERA Retirement Plan. This program of deferred retirement contribution will be universal and non-voluntary as required by statute.

Deferred Compensation:

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

Employees with Current Monthly Salary of:	Qualifying Base Contribution Amount	Monthly Contribution Required to Maintain Incentive Program Eligibility
$2,500 and below	$250	$50
$2,501 – 3,334	$500	$50
$3,335 – 4,167	$750	$50
$4,168 – 5,000	$1,000	$50
$5,001 – 5,834	$1,500	$100
$5,835 – 6,667	$2,000	$100
$6,668 and above	$2,500	$100

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

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

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

Human Resources.

18. General Training

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

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

19. Other Job-Related Training

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

20. Professional Development Reimbursement

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

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

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

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

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

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

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

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

21. Salary

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

22. Overtime

Management employees are not entitled to receive overtime pay, holiday pay, holiday compensatory, or overtime compensatory time.

23. Differential Pay

A. Longevity

Ten Years of Service:

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

Fifteen Years of Service:

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

Twenty Years of Service:

Employees in the Retirement General Counsel classification who have completed twenty (20) years of service for Contra Costa County and/or CCCERA will receive an additional two percent (2%) longevity differential effective on the first day of the month following the month in which the employee qualifies for the twenty (20) year service award.

B. Certificate Differentials

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

- Accounting Certificate Differential

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

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

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

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

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

- Chartered Financial Analyst (CFA)

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

- Associate of the Society of Actuaries (ASA)

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

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

CCCERA Resolution for Salary and Benefits for Unrepresented Employees
(BOR Reso. No. 2015-1)

Attachment A

Effective July 1, 2015

Class Title	**Monthly Salary Range**					
	Step 1	**Step 2**	**Step 3**	**Step 4**	**Step 5**	**Step 6**
Retirement Accountant	$5,614.77	$5,895.52	$6,190.29	$6,499.80	$6,824.75	
Retirement Information Technology Coordinator I	$5,648.23	$5,930.64	$6,227.17	$6,538.53	$6,865.46	
Retirement Information System Programmer/Analyst	$6,119.88	$6,425.87	$6,747.17	$7,084.53	$7,438.75	$7,810.69
Retirement Supervising Accountant	$6,304.40	$6,619.61	$6,950.59	$7,298.12	$7,663.03	
Retirement Administrative/HR Coordinator	$6,189.29	$6,498.75	$6,823.68	$7,164.87	$7,523.11	$7,899.26
Retirement Benefits Program Coordinator	$6,496.97	$6,821.81	$7,162.90	$7,521.05	$7,897.10	
Retirement Information Technology Coordinator II	$6,496.97	$6,821.81	$7,162.90	$7,521.05	$7,897.10	
Retirement Communications Coordinator	$6,686.22	$7,020.54	$7,371.56	$7,740.14	$8,127.14	
Retirement Admin/HR Manager	$6,949.47	$7,296.94	$7,661.79	$8,044.88	$8,447.12	
Retirement Information Technology Manager	$7,772.18	$8,160.79	$8,568.82	$8,997.27	$9,447.13	$9,919.48
Retirement Investment Analyst	$8,078.17	$8,482.07	$8,906.19	$9,351.49	$9,819.07	
Retirement Accounting Manager	$8,504.99	$8,930.23	$9,376.74	$9,845.58	$10,337.87	
Retirement Benefits Manager	$8,504.99	$8,930.23	$9,376.74	$9,845.58	$10,337.87	
Retirement Compliance Officer	$8,504.99	$8,930.23	$9,376.74	$9,845.58	$10,337.87	$10,854.75
Deputy Retirement Chief Executive Officer	$10,134.10	$10,640.80	$11,172.84	$11,731.49	$12,318.07	$12,933.97
Retirement General Counsel	$11,301.04	$11,866.09	$12,459.40	$13,082.36	$13,736.48	
Retirement Chief Investment Officer	$12,954.71	$13,602.44	$14,282.57	$14,996.70	$15,746.53	
Retirement Chief Executive Officer	$15,166.67					

Attachment B

Health and Dental Coverage Monthly Premium Subsidy

Effective: January 1, 2015

Health Plans:

- Contra Costa County Health Plan, (CCHP), Plan A

  Single: $509.92
  Family: $1,214.90

- Contra Costa County Health Plan, (CCHP), Plan B

  Single: $528.50
  Family: $1,255.79

- Kaiser Permanente Health Plan, Plan A

  Single: $478.91
  Family: $1,115.84

- Kaiser Permanente Health Plan, Plan B

  Single: $478.91
  Family: $1,115.84

- Health Net HMO, Plan A

  Single: $627.79
  Family: $1,540.02

- Health Net HMO, Plan B

  Single: $627.79
  Family: $1,540.02

- Health Net CA & Nat'l PPO, Plan A

  Single: $604.60
  Family: $1,436.25

- Health Net CA & Nat'l PPO, Plan B

  Single: $604.60
  Family: $1,436.25

Attachment B

Dental Plans:

Delta Dental Premier

- Employee Enrolled in Contra Costa County Health Plan, (CCHP), Plan A or B

  Single: $41.17
  Family: $93.00

- Employee Enrolled in Kaiser Permanente Health Plan, Plan A or B

  Single: $34.02
  Family: $76.77

- Employee Enrolled in Health Net HMO, Plan A or B

  Single: $34.02
  Family: $76.77

- Employee not enrolled in a CCCERA Health Plan

  Single: $43.35
  Family: $97.81

Delta Care (PMI)

- Employee Enrolled in Contra Costa County Health Plan, (CCHP), Plan A or B

  Single: $25.41
  Family: $54.91

- Employee Enrolled in Kaiser Permanente Health Plan, Plan A or B

  Single: $21.31
  Family: $46.05

- Employee Enrolled in Health Net HMO, Plan A or B

  Single: $21.31
  Family: $46.05

- Employee not enrolled in a CCCERA Health Plan

  Single: $27.31
  Family: $59.03

CONTRA COSTA COUNTY CCCERA
Employees' Retirement Association

MEMORANDUM

Date: June 25, 2015

To: CCCERA Board of Retirement

From: Gail Strohl, Retirement Chief Executive Officer

Subject: Consider and take possible action to grant the Chief Executive Officer authority to execute a contract with ADP for human resource information system services, payroll and timekeeping.

Background

On January 1, 2015, CCCERA became an independent employer. As an independent employer, CCCERA's tax identification number should be utilized in reporting employer and employee tax information. CCCERA's current payroll vendor, Contra Costa County, has indicated that there are system limitations which do not allow for assigning an additional employer tax identification number to payroll records. As such, CCCERA sought legal counsel opinion on the appropriateness of reporting this tax information under the County's tax ID number rather than CCCERA's tax ID number. It was advised that CCCERA should utilize its own tax ID number, however the County's tax ID number could be used on a temporary basis.

A Request for Proposal for human resource information system services, payroll and timekeeping was issued on April 20, 2015. CCCERA received two responses. An evaluation of the responses was conducted and the vendors provided demonstrations of the systems proposed. ADP has been selected as the preferred vendor. The estimated implementation cost is $7,375 with an estimated annual cost of $18,216.25.

Recommendation

Consider and take possible action to grant the Chief Executive Officer authority to execute a contract with ADP for human resource information system services, payroll and timekeeping, subject to legal review.

THE PRIVATE EQUITY EXCLUSIVE

Produced By: The Pension Bridge

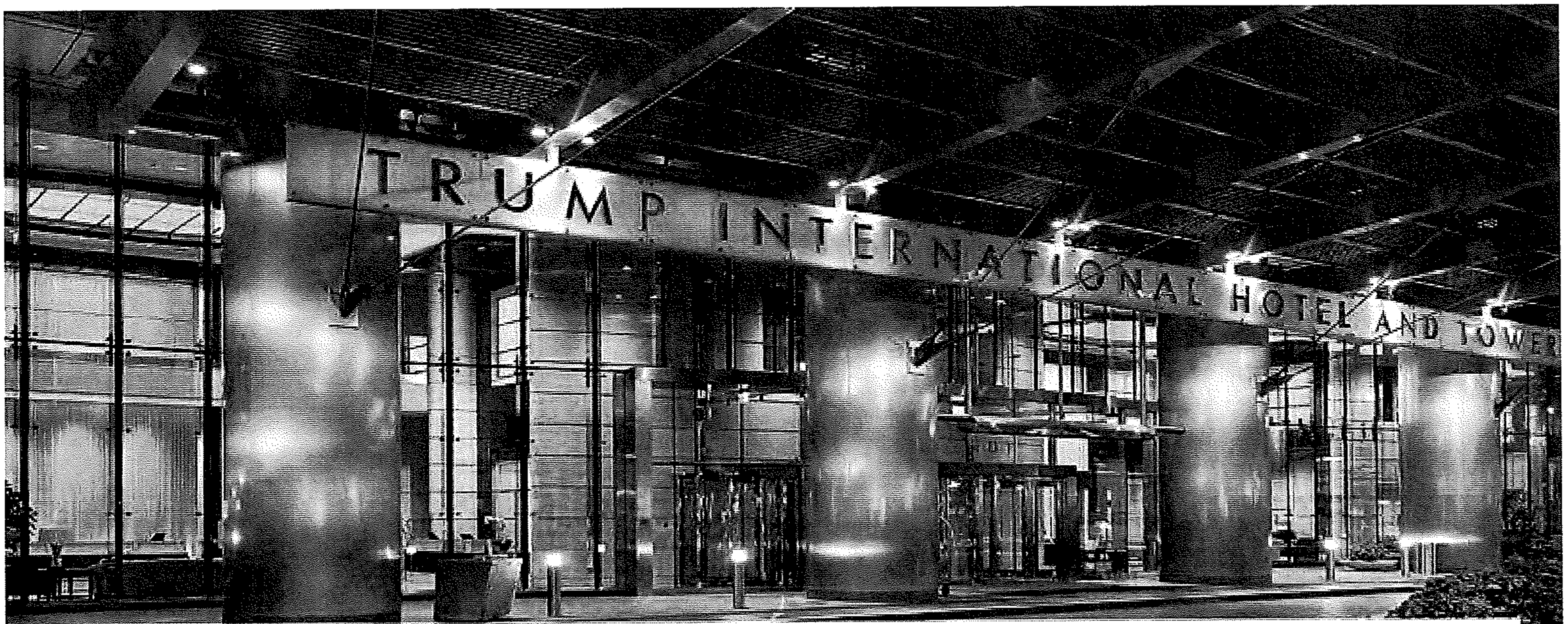
JULY 20TH & 21ST, 2015 | TRUMP INTERNATIONAL HOTEL, CHICAGO

The Private Equity Exclusive is an event produced by **The Pension Bridge**. It's the only private equity conference in the institutional investment industry with a controlled attendance structure that is designed to benefit the LPs, GPs and Consultants. The most influential investment decision-makers, most closely involved with Pension Plan Private Equity allocations, will come together for this exclusive event. Leading LPs from Public Pension Plans, Corporate Funds, Sovereign Wealth Funds, Foundations, Endowments, Family Offices, Non-Discretionary Private Equity Consultants, General Partners and Fund of Funds will join us in this unique setting.

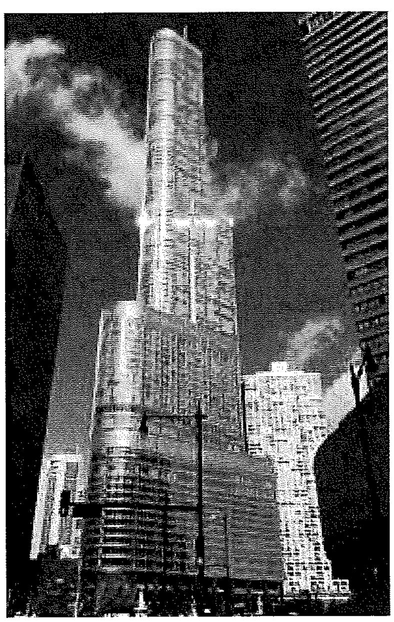
At The Private Equity Exclusive, we will have **better than a 1:1 Ratio of Pension Plan LP/Consultant to GP/Manager Firm.** The event attracts approximately 150 Pension Funds and Non-Discretionary Consultants. The GP/Manager firms will be limited to only 75. We will also allow for five Placement Agents and only a few service providers. This will be the ONLY conference in the Institutional Private Equity Industry that will attract this elite group while benefiting each attendee from both an educational and relationship perspective.

Learn from the experts about the most important issues, trends, outlooks, challenges, opportunities and strategies that will shape the Private Equity Industry for today and the future. Our highly regarded speaker faculty will provide in-depth analysis on:

- What LPs should do to prepare for the Current and Future Macro-Environment
- How Closely tied are Private Equity Valuations and Returns to the Broader Markets?
- Dislocations and Opportunities in the Global Economy
- What will be the Effect of High Purchase Price Multiples on Deal Flow?
- Will the Termination of Monitoring Fees Become the New Norm?
- Exit Market Outlook – What are the Implications of a Longer Holding Period?
- What are the Best Ways GPs can Add Value Post Acquisition?
- Will are the Reasons behind the Robust Secondaries Market and are Investors Failing to Appropriately Price Risk?
- Have Co-Investments Outperformed? What are the Success Factors for LPs to Add Value?
- Are Emerging Market Returns Delivering on their High Expectations?
- China Growth, Returns and Outlook – Should the term "Bubble" be applied?
- Outlook for Southeast Asia, Africa and other High Growth Regions
- Why Growth Equity is a Favorable Investment in Comparison to Buyouts and Venture



- Cash on the Sidelines for Distressed and Credit – when will we see Volatility and Opportunity Arrive in Scale?
- Overdue Market Correction and Favorable Conditions creating Good Timing for Mezz?
- Do Fund of Funds Add enough Value to Offset the Costs?
- SEC Regulations Overview and its Impact
- Venture Capital – State of the Industry and how to Overcome the Challenges
- Energy – Long Term Returns and Outlook
- Infrastructure Opportunities and Outlook
- Dry Powder and its Impact on Investment Activity, Returns and Ability to Raise a Future Fund
- An LPs Approach to Reducing GPs while Maintaining Allocation
- Importance of Seeking Non-Correlation, Inflation Protection & Diversification
- Impact of Sovereign Wealth Funds and Future DC Plan PE Exposure
- Best Practices for Investing in Europe
- The Keys to Fundraising and Survival – what are LPs looking for? How to Stand Out
- LP/GP Relationship – ILPA Principles, AltExchange, Advances in Liquidity Modeling and Data Transparency
- Where will the Best Returns be found? Expectations for each PE Sub-Sector
- What will the Private Equity Industry look like in the next Five Years?



Hear about these vital issues and plenty more important topics as we learn about how to adapt to our Private Equity Industry that is always evolving and transforming.

The Private Equity Exclusive has two goals in mind. Our first goal is to provide the **highest level of education** with the top speaker faculty. Our highly esteemed panel participants will discuss the different issues, trends and strategies to exploit these uncertain market conditions.

Our second goal is to help **build relationships** between the Non-Discretionary Consultants, Limited Partners and General Partners in a controlled attendance structure. This event offers the connections necessary for solidifying current relationships and meeting contacts for prospective allocations. We have provided the best possible networking atmosphere to accomplish this objective.

We look forward to a strong event and a very productive one from both an educational and relationship perspective. We hope that you will join us in Chicago to be among the most powerful and elite in the Institutional Private Equity Community.

Monday July 20th, 2015 – Trump International Hotel, Chicago

2:45 PM – Registration, Meet and Greet

3:30 PM – Mid-Year Investor Outlook – Highlights from the latest Global Private Equity Barometer

- Returns from, and Appetite for, PE
- Debut GP Funds
- Early Bird Discounts
- Co-Investments
- Secondaries
- Debt Markets
- GP Fund Restructuring
- Prospects for European PE

3:45 PM – SEC Regulations and How it Impacts You

- Efforts to Increase Transparency and Improve Accuracy – what's the Impact on Marketing and Deal Origination?
- Overview of the Areas of SEC Focus – Payments to Consultants (or Operating Partners), Shifting Expenses During the Fund's Life, Characterization of Expenses and Hidden Fees
- Will Clarity on how Operating Partners are Paid help to Lower Fees to Investors?
- Stopping Monitoring Fees – will this become the Industry Norm?
- SEC Focus on Net IRR Figures being Skewed Upwards – whether some GPs are including the Portion Contributed by the Investment Team when Calculating their Net Fund IRRs. What is the SEC seeking from the GPs here?
- Co-Investment Scrutiny – SEC's Belief that Co-Investments are used as a Marketing Tool and are Allocated Based on who Re-Ups in a Successor Fund. What are the Changes being made to the way GPs Disclose and Share Deal Opportunities with their LPs?
- SEC Message – Underestimate or Ignore the Regulator at your Peril
- SEC Cybersecurity to be a Top Priority during Inspections?
- What will be the Outcome of the SEC listing Fees and Expenses as Target Areas for Inspectors in 2015? Expectations regarding Hidden Fees?
- Do you believe SEC Settlements will be Meaningful? Cosmetic with a Slap on the Wrist and No Admission of Wrongdoing?
- Any Impact on Deal Flow with Current or Future SEC Regulations?

4:00 PM - ESG, (Environmental, Social and Governance)

- What are the Recent Market Developments in ESG for the U.S. and Abroad?
- Why should we consider ESG Factors and how can it Affect Returns?
- How should ESG be best Incorporated into the Investment Process?
- Is Supply Chain Management the Next Big Trend? – Looking past the Portfolio Company with a View on its Relationship with Large Enterprise Customers
- What are the Objectives for LPs to keep in mind when Evaluating or Monitoring a Firm's ESG Policies and Reporting?
- What type of ESG Research or Data is most helpful?
- Relevant Benchmarks for ESG Risk Measurement and Assessing ESG Factors
- ESG Fund Performance vs. Traditional Funds
- Do we have Proof that ESG Integration Adds Value?
- Climate Change and Investment – what's the Relationship and how do you Integrate Climate Risks into your Process?
- What are some ESG Misconceptions?

Speaker:
Jose Fernandez, Partner, **StepStone Group**

4:15 PM – Fund of Funds

- Fundraising Statistics and Declining Fund Size
- Key to Fundraising for Fund of Funds – Returns or Specialization?
- How are Fund of Funds Addressing Investors Increased Focus/Pressure on Fees?
- Performance of Fund of Funds vs. Direct – Statistical Comparisons. Any Issues with these Figures or Research?
- Pros and Cons of Fund of Funds
- How to you Measure the Performance and Value Add for Fund of Funds? How much is it Access Driven, Manager Selection, Portfolio Construction and Negotiation with GPs?
- Do Fund of Funds Add enough Value to Offset the Costs?
- What are the Benefits and Drawbacks of a Fund of Funds Structure relative to a Customized Account?
- What are the Advantages and Disadvantages of a Specialist?
- What kind of Investor might Benefit from a Fund of Funds Strategy as Opposed to a "Do it Yourself" Approach?
- Mitigating Risk – what are the key Diversification Parameters?
- What are the Points of Distinction between an Upper Quartile Manager and the Median?
- How can we Avoid Over-Allocation to Lower Performing Vintages and Under-Allocation to Attractive Vintages? What are the Keys to Getting it Right and Avoiding Poor Timing?
- What does the Future hold for the Fund of Funds Industry? Separate Customized Accounts vs. Commingled, Terms and Conditions, Fee Structures? How are GPs Adapting to the Changing LP Environment?

Speaker:
Brian P. Murphy, CFA, Managing Director, **Portfolio Advisors, LLC**

4:45 PM – Emerging Markets

- Macro Overview
- Capital Flows – have we seen any Impact from the Fed taking its foot off the Monetary Stimulus Pedal?
- Asset Gains – is it possible Global Capital Flows have played a Larger Role than the Benefits from Positive Demographics?
- How have Emerging Market Returns stacked up vs. Developed Markets over the long run? Have Returns met the Higher Expectations?
- What are Realistic Return Expectations for Emerging Markets? Should it Differ Based on Region?
- What would be the Effects on Emerging Markets if we see a Recession in Developed Markets? Any Regions that would be More or Less Affected?
- Which Countries offer the Best Opportunities and Returns? Overview of Asia, Latin America, India, Russia and Africa
- China Growth and Returns Outlook – should we apply the word "Bubble" when you take into account China's Real Estate, Over-Building, Leverage, Private Debt and Massive Gov't Stimulus?
- Which Frontier Markets are showing Strong Growth? Any "Future Stars"?
- Outlook for Southeast Asia and Africa
- How do you play Regions in Asia-Pacific when a Sizable Portion of the Enterprises are Family-Owned Businesses?
- How should Inflation and Currency Risks be factored in by GPs and LPs?
- Which Sectors or Cyclical Industries do you see providing the Greatest Opportunity Set? Does that depend on Particular Markets?
- What should LPs Consider with regard to Chasing Specific Markets on the back of Strong Historical Performance or Avoiding Specific Markets on the back of Weak Historical Performance?
- What attractive Dislocations are there to avoid Chasing Hot Money?
- How do Valuations look relative to Risk? Are Risk and Return in Balance?
- What do the Exit Strategies look like in Emerging Markets?
- Choosing an Emerging Markets Fund or Manager – should you be Investing in Regional Funds, Country Specific Funds or Sector Funds?
- How should Investors think about Country Selection?
- What the most Common LP Concerns?
- Importance of Manager Selection and a GP Team staying in place for an Extended Period

5:25 PM – Emerging Managers

- How are Plans defining Emerging Managers?
- What is the Profile of the Capital Investing in Emerging Managers?
- What are the Benefits & Opportunities offered by Investing in Next Generation Managers?
- What are the Growth Prospects?
- Exploiting Price Inefficiencies by utilizing Emerging Managers. Need for Niche Strategies?
- What are the Risk/Return Prospects of Emerging Manager Programs vs. Programs focused on Established Managers?
- Do we have Statistics on Emerging Manager Performance?
- How to Structure the GP/LP Relationship to Better Align Yourselves
- Due Diligence – what are the Key Characteristics or Points of Analysis for Selecting Emerging Managers?
- New Firms/Emerging Manager Fundraising – how important is it to be spun out from Traditional or Name-Brand Firms? Key Differentiators that enable a Successful Fund Raising?
- Are there any Differences in Procedures for Monitoring Emerging Managers?
- What is happening with Funds that have Reached Critical Mass?
- Explain the Perceived Risk of Investing in Emerging Managers and why it's Inappropriate
- How do you Measure Success?
- An Insider's View – Fundraising Process, Responsibilities, Balancing Time and Priorities
- What is an important Lesson Learned from your Experiences?

Moderator:
Robert L. Greene, Vice Chairman, **Virginia Retirement System**

Speakers:
Kelly M. Williams, President, **GCM Grosvenor Private Markets**
***Cheryl Lynette Hines,** Emerging Manager Program Director, **Teacher Retirement System of Texas**

6:00 PM – Cocktail Reception
Sponsored By:

PINEBRIDGE INVESTMENTS

7:15 PM – Cocktail Reception Concludes

**Pending Final Approval*

Tuesday July 21st, 2015 – Trump International Hotel, Chicago

7:10 AM – Breakfast

8:10 AM – Pension Plan LP Perspectives

- Taking Past High Correlations in Mind, are the Impacts of Public Market Performance and a Stable Economy the most Important Factors/Challenges for Future Valuations?
- What is your Overall Outlook on the Returns for Private Equity Going Forward?
- Do you have Concerns over how GPs plan to Make Back the High Multiples they Paid for Companies in the Past Year or Two? How might this play out?
- What is the Importance of Co-Investment to LPs? Why besides Economics do LPs want it?
- What's your Primary Motivation for Selling Fund Interests on the Secondary Market? Portfolio Rebalancing, Exiting Poor Performing Funds or Liquidity Requirements?
- Have you taken steps to Diversify your PE Portfolio and Find Investments with a Non-Correlation to the PE Space in General? Which of these Non-Correlation Strategies have you Allocated to or favor?
- From an LP Perspective, what does it take to Stand Out? What does not work in Fundraising?
- What Percentage of your Existing Managers that are in the Market do you Expect to Back? What Criteria besides Performance is Important to you?
- Which do you consider Most Appealing in Return for a Large Commitment? Lower Management Fees, Lower Incentive Fees, Increased Transparency, Reduced Lock-Up Periods, Graduated Fees based on Mandate Size, or Other?
- What is the Proper Level of Diversification in a PE Portfolio? How many Managers are too many?
- How do you go about Maintaining your Allocation while Reducing your GPs?
- Do you see GPs adopting the Standardized Capital Call and Distribution Templates from ILPA? Any other Advances in Liquidity Modeling Techniques? Other Ways to Enhance Efficiency, (iLevel, AltExchange)?
- Will the Transparency Trend continue for Quarterly Portfolio Reviews of Cashflow Statements, Drawdowns, Distributions and Valuation Changes?
- Have you Turned Down a Fund Manager over Disclosures and Reporting? If so, did it have to do with Portfolio Company Data and Privacy Concerns?
- GPs often have a have a choice about which LPs to Partner with. How do you Differentiate yourself as a Good LP?
- What are the Strong Points about your Program?

Moderator:
Marianne Scott Dwight, General Counsel, **Texas Treasury Safekeeping Trust Company**

Speakers:
Hidekazu Ishida, Investment Officer, Accounting & Finance Department, **Osaka Gas Co., Ltd**
John A. Drake, CFA, CPA, Senior Investment Officer - Private Equity, **State of Wisconsin Investment Board**
Grant Leslie, CFA, CAIA, Senior Portfolio Manager, Private Equity, **Tennessee Consolidated Retirement System**

8:50 AM – Featured Panel: Current State of the Private Equity Market

(A) Fundraising Environment

- What is the Current State of the Fundraising Environment?
- What Sectors and Geographies are attracting the most Interest?
- What would make you Choose Not to Re-Up with a Manager?
- Trend of LPs Reducing the Number of GPs – with a Long-Term GP Shakeout, do you believe it will Improve the Median PE Return?
- As an LP, how do you Maintain your Allocation while Simultaneously Reducing Managers?
- Broadening the Scope of Traditional LPs to DC Plans, Retail, Sovereign Wealth Funds, etc. – what are the Implications?

- As a GP, what are you willing to Give Up in order to Maintain an LP?
- Big LPs committing to Customized Separate Accounts with GPs – is there a Legitimate Rationale for Larger LPs to have Differentiated Economics, Options, Rights or other Issues that are addressed by GPs? Any Different Treatment due to Size when it comes to Co-Investments?
- Increased Role of the SEC – have you seen any Impact on Fundraising?

(B) LP/GP Relationship – Fees, Terms and Alignment of Interests

- Are LPs willing to Pay Higher Fees for Managers with the Best/Proven Track Records?
- Will Performance or Incentive Based Fees be more likely in the Future?
- What Breaks in Management Fees have you seen?
- What is "European Waterfall" and do you expect it to become more common?
- Do you believe GPs will Invest more in their Own Funds to Achieve a Greater Alignment of Interests?
- As an LP, is it an Investment Deal-Breaker if a Fund did Not Conform to ILPA Principles? Has Adopting ILPA become a Requirement for Fundraising?
- Growth of AltExchange Alliance – is there a Need for AltExchange for ILPA Members and will it become the Data Standard?
- Do you believe there to be a Predictive Capital Call Scheduling Model via Timing, Distributions and Public Market Performance? Any Progress with the ILPA's Template?
- Given Private Equity's Importance to the Economy and its growing Significance to Government Procurement, do you expect continued Public Scrutiny in the years to come? What Issues might come under pressure when dealing with Public Perception? How are we Improving Public Image?

(C) Investment, Deal and Exit Environment

- State of the Economy for US, Europe and Asia – what is your Outlook and Expectations for its effects on Private Equity? What is your Biggest Worry or Uncertainty?
- Does it feel like 2006-07 to you? In what ways do you see Too Much Froth and Bullishness in regards to Buyouts, Credit, Valuations, Leverage, etc? Are you Positioning Differently this time?
- How can Passive LP Investors Tactically Take Advantage of Today's Environment?
- As Large Funds Raised during the Bubble come to the end of their Investment Periods, is there Justification for Extensions? What should LPs expect in terms of Concessions?
- Dry Powder – Is there Pressure to put Money to Work and will it Hurt a Firm's Ability to Raise a Future Fund because of Uninvested Capital?
- IPOs and M&As – what are your Expectations for the Exit Market? Will the Average Holding Period Increase even more?
- Any Comparisons or Differentiations to the Robust IPO Market Today with 1999?
- How do you view the Venture Space today?
- How is the Opportunity Set for Distressed Space now and where will the Opportunities come from? Is Europe still too early?
- Bargain Buys have been Difficult to Find in Credit Opportunities. With Firms Sitting on Cash, does this make you Wary about Larger Credit Funds today?
- Do you see Higher Return Potential with Co-Investments? Why besides Economics do LPs want it?
- Will the Secondary Market be a Solution to kill most of the Zombie Funds?
- In-State PE Investing – besides Collateral Benefits, are the Returns Sacrificed or Achieved?
- Niche Strategies – which ones are most Appealing?
- Where do you expect that we'll see the Best Returns over the next Five Years? Geography? Favorite Sector? Any Predictions about the Industry?

Moderator:
Craig White, Portfolio Manager, Private Equity, **Employees Retirement System of Texas**

Speakers:
Tara Blackburn, Managing Director, **Hamilton Lane**
Steven B. Klinsky, Founder and Chief Executive Officer, **New Mountain Capital, LLC**

Alex Doñé, Head of Private Equity, New York City **Retirement Systems - Bureau of Asset Management**
Glenn M. Creamer, Senior Managing Director, **Providence Equity Capital Markets**
David Fann, President & CEO, **TorreyCove Capital Partners**

9:50 AM – Refreshment Break

10:20 AM – Buyouts

(A) Deal Flow Volume, Financing and Areas of Opportunity

- What are your Expectations for Deal Flow Volume?
- Are High Valuations Taking a Toll on Deal Activity? Are High Valuations the Reason for the Increase in Add-On Activity?
- Which Types of Deals will be Most Prevalent?
- How has the Investment Pace been impacted by the PE Overhang? Is there Pressure to put Uninvested Capital to Work?
- What Trends are you seeing in the Financing Markets and Pricing? Expectations for the future?
- How do you view Credit relative to the Risks in today's Market?
- Debt Compromising a Higher Percentage for Buyouts – what are your Views?
- What is the Outlook for Public-to-Private, Secondary Buyouts and Corporate Spin-Offs?
- Opportunity set for Middle Market – why the Renewed Interest? Has the Capital Flowing from Magafirms Driven Purchase Prices Higher? Does this become a Risk for Lower Returns?
- What will be the most Appealing Sectors going forward? Geographies?
- Do you see Opportunities in Europe?

(B) Post-Acquisition Value-Add

- What are the Drivers Creating Value? Best Ways GPs Add Value?
- Are GP Operational Teams Growing and becoming an LP Demand for Improving Current Portfolios?
- Are GPs focused on Cost Reduction of Companies in their Portfolio or Top Line Growth?

C) Exits

- What are your Expectations for Exits and Distributions over the next year?
- Average Holding Period for Companies – will it get even Longer? If so, why and will it remain this way? What are the Implications?
- How should we think about the Dividend Recap Opportunity vs. a Complete Exit? Do you give a GP Credit for this?
- Do Dividend Recaps sometimes create a Financial Burden and Future Risk for Portfolio Companies? When is a Dividend Recap Appropriate?
- Will the High Volume of Secondary Buyouts Continue? What is your Approach to Sourcing and Underwriting Secondary Buyouts?
- What have you Identified and Learned from recent Successful Exits?

(D) LP Issues

- In a Macro-Driven Environment, is Market Timing the Biggest Factor in Returns and Risk?
- What should LPs do to prepare for the Current and Future Macro-Environment? What's your Biggest Worry?
- How are LPs dealing with Extensions? What should LPs expect in terms of Concessions?
- Will Monitoring Fees will be Terminated completely in the Future? Will LPs Benefit from the Higher Value upon Exit?
- What are the Problems you see in the GP Space that you would Correct?
- What would you encourage LPs to look for and what would you encourage LPs to Avoid?

Moderator:
Thomas K. Lynch, CFA, Senior Managing Director, **Cliffwater LLC**

11:10 AM – Growth Equity

- Why are LPs Focused on Growth Equity as a Strategy?
- How does Growth Equity Differ from Buyouts and Venture Capital?
- How are Transactions Structured?
- What is the Typical Duration for a Growth Equity Investment?
- What is the Role after Making an Investment?
- How does the Capital Loss Ratio of Growth Equity compare to Buyouts and Venture?
- How are the Returns of Growth Equity compared to Buyouts and Venture?
- Any Sustained Periods of Underperformance like Buyouts and Venture have had?
- How does the Operational Value-Add Differ from Buyouts?
- How does the Risk Profile Compare?
- How does the Size of the Fund play into Performance?
- What is the right Way to Benchmark this Strategy?
- What are the Biggest Challenges as a GP?

Moderator:
Shari Young Lewis, Senior Private Equity Consultant, **Aon Hewitt Investment Consulting**

Speaker:
Andrea Auerbach, Managing Director, Head U.S. Private Equity Research, **Cambridge Associates LLC**

11:45 AM – Co-Investments

- Reasons why Co-Investments are Attractive to LPs
- What are the GP Reasons for Co-Investing? Incentive for LPs to participate in their next Fundraising?
- Have Co-Investments Outperformed Net Fund Returns? Do Co-Investment Funds have a Lower Risk and Higher Upside Potential?
- Truth or Myth – GPs sometimes show the Worst Deals to Co-Investors and Keep the Most Promising Deals for Themselves
- Do Co-Investments Add Value?
- What's the right Balance of the Investment Decision based on the Quality of the GP vs. the Quality of the Deal?
- What are the Success Factors for LPs?
- Co-Investment Funds vs. Doing it Yourself
- What are some Do's and Don'ts? Any Lessons Learned? What are some Common Blunders for LPs to Avoid?
- Do you believe GPs often do Bigger Deals than their Normal Strategy Deals? Are these Deals they Shouldn't be Doing and Driving Prices Up?
- What can you do to Protect against Unintended Results within the Co-Investment Partnership Arrangement?
- Where do Co-Investments make the most sense?
- Understanding the Trends and Performance of Co-Investments in Small, Medium and Large Buyouts
- Will the LP Demand for Co-Investments Distort the Relationship between LPs and GPs?
- Staffing and Man-Power Concerns
- Legal and Operational Risks
- Any Clarity from the SEC's Scrutiny on Co-Investment Fundraising and Access?

Speakers:
William T. Charlton, Jr., Ph.D., CFA, Partner, Head of the Americas, **Altius Associates Limited**
Jamey Spencer, Senior Investment Director, **Cambridge Associates LLC**

12:25 PM – Lunch

1:30 PM – Secondaries

- What are the Reasons behind the Robust Secondary Market?
- Secondary Deal Volume and Future Expectations

- Deal Flow Mix Now vs. Next Few Years – Traditional LP Interest vs. Non Traditional Carve Outs, Directs, Restructuring and Structured
- Current Pricing – Pressures/Opportunities
- Do you believe Investors are Failing to Appropriately Price Risk?
- Secondary Pricing and its Relationship to Public Market Performance. Will the Broader Global Markets cause a Correction?
- What have you seen recently in regards to Leverage?
- Fund Recaps and LP Rollover Option Deals
- Non-Intermediated Deal Flow – Importance of Primary and Co-Invest Capital, Supply, Pricing and Value to the LP
- Staple Transactions – is it different this time and what have we learned?
- Do you see a Challenging Return on Investment across Secondary Funds?
- Fundraising – what should LPs look for to Identify Differentiation?
- Specialization and Diversification – what will it look like? What are the Strategies that will Benefit?
- Thoughts on Secondary Market Opportunity Set for Investments in Infrastructure, Real Estate, Energy and Timber?
- Thoughts on Synthetic Secondaries? What are the Benefits and Drawbacks?
- What should LPs consider when Liquidating portions of their Private Equity Portfolio?
- How has the Role of the GP in the Secondary Market changed over time?
- Will Secondaries eventually put an End to the Zombie Funds Issue?
- What are the Risk/Return Characteristics of Secondaries vs. Private Equity in general?

Moderator:
Mark T. Maruszewski, CFA, Partner, **StepStone Group**

2:10 PM – Mezzanine Debt

- With the Pullback in Lending from Banks, have you seen More Need for Mezz? Is this a Secular Trend and what are the Implications?
- The Demand for Mezz Capital – is there a Shortfall creating Favorable Conditions?
- Is Dry Powder putting Pressure on Buyout Funds to Deploy Capital?
- What Effect on the Market is Direct Lending having?
- Purchase Price Multiples – where are they today?
- Fund Level Leverage – how much is too much?
- What are Current Deal Terms? Cash Coupon, PIK, Warrants, Equity Co-Investments?
- What is your Approach to Equity Co-Investments? Warrants?
- Unitranche Deals – is this a good thing? Pension Plans' thoughts?
- BDCs – what are the Benefits for Managers? Any Downside for LPs?
- Thoughts on Sponsored vs. Non-Sponsored Deals?
- What type of Value-Add can a Mezz Provider bring to the table?
- Mezz Stability and Non-Correlation Factor – Peak to Trough Drawdown during the Financial Crisis compared to PE Sub-Sectors and other Asset Classes
- Issues, Competition, Liquidity, Pricing, Risk/Return Profile and Returns Expectations
- Risk/Reward of Micro, Middle, and Large Market
- Trend of GP's Charging Management Fees on Invested Capital rather than Committed Capital – how common is it and what Opportunities might this present?

Moderator:
Michael J. Forestner, CFA, Partner, **Mercer Investment Consulting**

Speaker:
Tom Cawkwell, Partner, Head of Private Markets Research, **Albourne America LLC**

2:45 PM – Distressed Investing – Opportunistic and Special Situations

- Where are we in the Distressed Cycle? Still High Cash Positions on the Sidelines?
- Default Rates still near Historical Lows?
- How have Financing Markets Activity affected the Opportunity Set and what is the Outlook? Maturity Wall?
- Pitfalls of the Economy and Risks for Investing now?
- Where are the most Attractive Strategies/Opportunities? Sectors? Geographically?
- Scope of the Distressed Market and Segments – Corporate Credit, Structured Credit, Commercial Real Estate, Hard Assets, Liquidations, Segmentation by Deal Size, etc.
- Control vs. Non-Control – when is one Approach better than the other?
- U.S. Distressed Opportunity vs. the European Opportunity – what do we need to know before making Allocation Decisions?
- Eurozone Opportunities – what Investments are sensible and when will they Arrive in Scale? Still Too Early? Which Countries, Sectors, Types of Deals should be looked at?
- What are the Challenges in Sourcing and Executing Investments in Europe?
- Are Buyout Firms still active in Distressed Deals? Hedge Funds? Will the Competitive Landscape from other Providers Squeeze Opportunities?
- What Characteristics/Skill Set should Investors look for in a Distressed Manager?

Moderator:
Pete Keliuotis, CFA, Senior Managing Director, **Cliffwater LLC**

3:20 PM – Refreshment Break

3:45 PM – Credit Strategies

- What is the Current State of the Credit Market?
- When will we see Volatility, a Panic Event or Catalyst that will create Pricing Inefficiencies to Exploit? What would cause Credit Spreads to Widen and Defaults to Rise? Is the Fed and Global Central Bank Policy preventing this from happening?
- Are Investors Wary about a Large Fund while a Large Portion of the Industry is in Wait and See Mode with Cash on the Sidelines?
- LBO Volume and Expectations
- What is the Current State of the Securitization Market? What are the Opportunities?
- Bank Loans Overview – are we seeing a Bubble in Covenant Lite Loans?
- Where are we in the High Yield Market? What's the Upside and Downside from here?
- Investment Grade Corporate Bond Market and Outlook
- RMBS/CMBS Market Overview
- CLO Overview
- How will the Dodd-Frank Credit Risk Retention Rules affect the CLO Market? What are the Far-Reaching Effects?
- How is the Credit Quality of New Issuance?
- Eurozone Debt Crisis – how is the Opportunity Set?
- Where is the Best Value in European Credit?
- How do you Manage a Credit Program in a Volatile Market?
- How has the Competition (Fixed Income, Hedge Funds, etc.), altered the Market?
- How should Pension Plans go about Analyzing, Selecting and Implementing the various Credit Funds?
- Considerations for Selecting a Credit Manager
- What Sub-sectors of Credit find the most Attractive Opportunities? What are your Best Ideas for finding Value?

Moderator:
Keith Berlin, Senior Vice President, Director of Global Fixed Income and Credit, **Fund Evaluation Group, (FEG)**

4:20 PM – Venture Capital

- State of the Venture Industry and Fundraising Environment

- Are Smaller Sized Allocations into Venture the new Norm?
- Status of the Exit Market and IPO Pipeline
- Exit Market Shift to M&A?
- Late-Stage vs. Early-Stage – which do you favor going forward?
- Outperformance of Smaller Funds – a continuing Trend?
- Why Invest in Micro-VC?
- Overseas VC Outlook. IPO Growth in China?
- Venture Capital Winners – Limited Access to the Top Few VCs that Generate the Bulk of the Industry's Returns? Best Approach to this Challenge?
- Which Sector stands out?
- Cleantech Opportunity Set – which Sectors are Attractive?
- M&A Exits for Cleantech
- Are Funding Models changing to get Cash Flowing again?
- What will VCs do differently given the Lack of Performance in the past Decade? LP Skepticism?
- Understanding Venture Return Trends – Underperformance when Investing at Market Peaks vs. Outperformance when Investing at Market Troughs

Moderator:
Richard K. Pugmire, CFA, Managing Director, **LP Capital Advisors**

4:55 PM – Private Equity Energy

- Energy Characteristics – Inflation Hedge, Diversification and Low Correlation, Attractive Risk-Adjusted Returns
- Market Underserved by Private Equity Capital?
- Projections of Global Energy Supply/Demand and Consumption
- China and Emerging Market Consumption Projections
- Are Investments likely to produce Returns Independent of Oil or Natural Gas Prices?
- Recent and Long-Term Performance
- Upstream, Midstream and Downstream
- Upstream – Explain the Value Creation Mechanisms
- Investing in Oil and Gas Production/Service Companies – Evaluating Opportunities and Value
- Shale Oil and Natural Gas Boom
- Legislative, Regulatory and Commodity Price Volatility Concerns?
- Where are the Best Opportunities to take Advantage of the Dislocation in the Oil/Energy Sector?

5:10 PM – Infrastructure Investing

- What do you believe is the Biggest Investor Concern behind LP Infrastructure Allocations Growing at a Slow Pace over the years? Do you believe we've gotten to the point where there is Too Much Money Chasing Too Few Opportunities?
- Infrastructure Demand and Size of the Market – what are the Projections for the Future?
- Infrastructure Spending/Funding Gap – Explanation of the Shortfall and Increased Opportunities for Pension Plans
- Infrastructure as an Inflation Hedge – what Types of Infrastructure Assets might have Inflation Sensitivities or Protections Built into their Return Targets?
- How has the Low Interest Rate Environment affected Valuations? What are the Implications for Valuations and Liquidity Options for Existing Infrastructure Assets when Rates Rise?
- Which Sectors will investors find the best Opportunities and Returns? Any Emerging Trends/Themes?
- Outlook and Challenges for Global Infrastructure Investing
- Mature vs. Emerging Market Opportunities
- What are some potential Unanticipated Risks? Understanding Debt Risks
- Performance – is Infrastructure delivering on its advertised attributes? What are the Return Expectations from Plan Sponsors?
- Implementation Considerations – Primary Partnerships, Direct, Co-Investment, Fund of Funds or Separate

Accounts. Any Advantages or Limitations that Stand Out?

- Public-Private Partnerships – Inevitable due to Lack of Gov't Funding and Debt?
- What are the Advantages of Open-Ended Funds over Closed-Ended Funds and do you expect a Surge in Open-Ended Funds in the Coming Years?
- What do you believe is the Biggest Investor Concern behind LP Infrastructure Allocations Growing at a Slow Pace over the years? Do you believe we've gotten to the point where there is Too Much Money Chasing Too Few Opportunities?

Moderator:
David Rogers, CA, CBV, Partner, **Caledon Capital Management Inc.**

Speaker:
Dan Kim, Associate Partner, **Aon Hewitt Investment Consulting**

5:40 PM – Conference Concludes

5:45 PM – Tickets for Networking Event handed out in Conference Room

6:20 PM – Bus Leaves Trump Hotel for U.S. Cellular Field

7:00 PM – Chicago White Sox Game Networking Event

Join us for a Chicago White Sox Game in a Diamond Suite. Network with our group in an incredible setting with a great view of the game! Experience the luxurious surroundings including new furnishings, flat-screen TVs, sliding glass windows, deluxe theater style seating, open bar and food. Join us for networking and excitement!

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2015 Public Funds Forum

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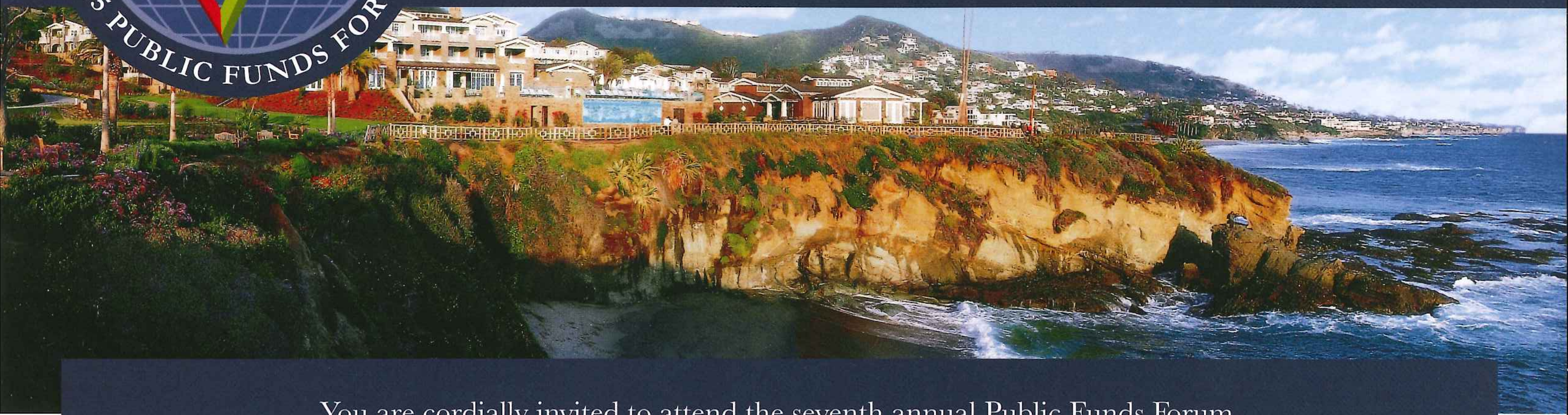
MONTAGE RESORT | LAGUNA BEACH, CALIFORNIA



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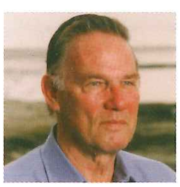

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Michael Lewis
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2015 Public Funds Forum

SESSIONS AGENDA

Session 1: New Economic Order: One of the world's most respected thinkers in global economics and investing shares insights into the perils and opportunities of the new economic order. Former CEO of PIMCO and current Chair of President Obama's Global Development Council Mohamed El-Erian has a unique perspective on the impact that world events and emerging trends will have on your fund assets.

Session 2: Capital Developments and New Initiatives from Washington: What pension trustees need to know about new initiatives, developments and mandates from the U.S. Department of Labor, the U.S. Congress, and other regulators that will have a direct impact on retirement plans across the nation.

Session 3: Attorneys General Roundtable: An interactive conversation among several state Attorneys General about current legal risks facing public funds, case studies in asset protection using litigation, differing approaches to fund governance, and emerging case law that will affect pension fund operations and performance.

Session 4: Building a Better Board: Protecting fund assets starts with ensuring that the fiduciaries of your portfolio companies are willing and able to stand up for shareholders in the boardroom. What to look for in company directors both before and after their election, and how your fund can communicate effectively and hold boards accountable to preserve and enhance fund investments.

Session 5: When All Else Fails: Protecting Your Assets Through Securities Litigation: Case studies are presented by leading lawyers and fund managers on how the most successful pension funds have participated in securities litigation to improve portfolio returns, reduce investment risk and fix troubled companies.

Session 6: Playing to Win and Lessons on Teamwork and Leadership: NBA Superstar Shaquille O'Neal discusses life lessons on leadership and teamwork that apply to all people and organizations.

Session 7: Interview with the Chairman: An experienced chairman of the board from a leading U.S. company discusses best practices for effective governance, management and director accountability, executive compensation and the brave new world of the active shareowner.

Session 8A: Breakout Bootcamp: Engaging for Value: This bootcamp will give you the ABCs of how to build an engagement program to protect your fund's asset values, including creating an effective voting policy, proposing shareowner resolutions, participating in company-investor dialogue and monitoring your external managers. Learn how even small public funds, through focus and collaboration, can successfully integrate a corporate engagement program into their investment and risk management strategies.

Session 8B: Breakout Bootcamp: Effective Fund Governance: This bootcamp offers a primer on how to ensure the most effective standards of fund governance in your own institution. Learn the best practices from peers who have built successful systems of governance and accountability for their own funds.

Session 9: Shareowners Under Siege: An arsenal of new tools and techniques are being employed to thwart shareowner participation in the oversight of portfolio companies. Leading experts tell you what to watch out for and what rights you are at risk of losing through such developments as fee-shifting bylaws and minimum holding requirements. Learn how these issues may affect the portfolio returns of public funds.

Session 10: Global Roundup on Capital Markets: In a challenging world economy, veteran asset managers and international experts review material risks and opportunities facing funds investing in global markets, including specific risks and opportunities arising in various regions, from Asia-Pacific to Europe to emerging markets.

Session 11: Closing Remarks: In the aftermath of the financial crisis, investors have learned to step warily. Best-selling author and financial journalist Michael Lewis reviews the lessons for fund fiduciaries from the accounts discussed in his books, including *Flash Boys*, *Boomerang*, *The Big Short* and *Liar's Poker*. Can you "win the unfair game"?

NETWORKING ACTIVITIES

SOUTH OF THE BORDER

Join us for a memorable evening rich in Mexican traditions as you dine on delicious treats from our neighbors to the south.

OCEAN'S 15 DINNER

Enjoy an evening of nostalgia and dining with a nod to the Hollywood Rat Pack.

CULINARY EXCURSION

Prominent local chefs will provide tips and techniques on choosing the perfect ingredients, heat methodologies, and precise preparation processes to craft mouth-watering barbeque.

WHALE & DOLPHIN WATCHING

Explore on unique catamarans with glass bottom pods that allow you an up-close and personal experience with dolphins and whales.

GOLF AT TALEGA GOLF COURSE

Play an 18-hole, par 72 Freddie Couples "Signature" championship golf course, which is touted as one of the best golf experiences in Southern California.

ACCOMMODATIONS & REGISTRATION

HOTEL ACCOMMODATIONS

A discounted block of rooms has been reserved at the **Montage Resort** for the conference. Register by **June 30, 2015** to receive a discounted room rate of $325 per night (not including applicable taxes). Please call **(866) 271-6953** and reference "Public Funds Forum" to reserve your room.

REGISTRATION*

The registration fee for the conference is $775**.
The guest fee is $395***.

* The registration fee includes admission to the conference sessions, educational materials, meals and refreshments, and a choice of either the Culinary Excursion, Whale & Dolphin Watching or Golf at the Talega Golf Course networking activities that are integral to the conference agenda.

** Upon request and as legally permissible, the registration fee may be waived subject to applicable gift and gratuity limitations. Public officials in certain jurisdictions may accept all or part of conference benefits free of charge. Conference networking activities will be offered at fair market value for guests that may not accept participation free of charge. Public officials are encouraged to contact their ethics officials with questions.

*** Conference attendees may bring guests for an additional fee of $395. Guest attendance is limited to South of the Border and the Ocean's 15 Dinner. Guests may participate in the Culinary Excursion, Whale & Dolphin Watching or Golf at the Talega Golf Course for an additional fee.

For more information and to register, visit www.PublicFundsForum.com

CLE and CPE accreditation pending.