



AGENDA

RETIREMENT BOARD MEETING

FIRST MONTHLY MEETING
September 9, 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. Recognition of Christina Dunn for 5 years of service.
3. Accept comments from the public.
4. Approve minutes from the June 25 and July 8, 2015 Board meetings.
5. Routine items for September 9, 2015.
 - a. Approve certifications of membership.
 - b. Approve service and disability allowances.
 - c. Accept disability applications and authorize subpoenas as required.
 - d. Approve death benefits.
 - e. Accept Asset Allocation Report.

CLOSED SESSION

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

	<u>Member</u>	<u>Type Sought</u>	<u>Recommendation</u>
a.	Laurie Pereira	Non-service Connected	Non-service Connected
b.	Michelle McPherson	Non-Service Connected	Non-service Connected
c.	James Harbison	Service Connected	Service Connected
d.	Charles Farley	Service Connected	Service Connected

7. CONFERENCE WITH LABOR NEGOTIATORS
(Government Code Section 54957.6)

Agency designated representatives:
Gail Strohl, Retirement Chief Executive Officer
Christina Dunn, Retirement Admin/HR Manager
Joe Wiley/Masa Shiohira, CCCERA's Chief Negotiator

Employee Organization: AFSCME Local 2700
Unrepresented Employees: All CCCERA unrepresented positions

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.

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

In the Matter of the Estate of Margaret O. Richards, Circuit Court of the State of Oregon, Multnomah County, Case No. 14PB01866.

OPEN SESSION

9. Consider and take possible action to adopt Resolution 2015-7 and 2015-8 electing to be subject to the Public Employees' Medical and Hospital Care Act for the purposes of providing medical benefits to CCCERA employees.
10. Consider and take possible action to adjust the retirement allowance of CCCERA retired member Peter Nowicki pursuant to Government Code Section 31539 to exclude compensation improperly increased by the member:
 - a. Presentation by fiduciary counsel Harvey Leiderman of his investigation, report and recommendations; Board questions
 - b. Opportunity for the member, Peter Nowicki, to present to the Board his position and any information or records relevant to the issue; Board questions
 - c. Opportunity for the member's former spouse to present to the Board her position and any information or records relevant to the issue; Board questions
 - d. Opportunity for the member's former employer, the Moraga Orinda Fire Protection District, to present to the Board its position and any information or records relevant to the issue; Board questions
 - e. Public comment
 - f. Board deliberations and appropriate action
11. Consider and take possible action to revise the amortization period for Rodeo-Hercules Fire Protection District.
12. Consider and take possible action to authorize a transfer from the employer advance reserve to the post retirement death benefit reserve.
13. Consider and take possible action to approve the GASB 68 report from Segal.
14. Presentation from staff and Ares Energy Investors regarding the Ares Energy Investors Fund V.
15. Consider and take possible action regarding potential commitment to Ares Energy Investors Fund V.
16. Consider authorizing the attendance of Board and/or staff:
 - a. Roundtable for Consultants and Institutional Investors, Institutional Investor, October 7-9, 2015, Chicago, IL.
17. 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.



MINUTES

RETIREMENT BOARD MEETING MINUTES

SECOND MONTHLY MEETING

9:00 a.m.

June 25, 2015

Retirement Board Conference Room

The Willows Office Park

1355 Willow Way, Suite 221

Concord, California

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

Absent: William Pigeon

Staff: Gail Strohl, Retirement Chief Executive Officer, Kurt Schneider, Deputy Retirement Chief Executive Officer; Timothy Price, Retirement Chief Investment Officer; Vickie Kaplan, Retirement Accounting Manager; Christina Dunn, Retirement Administration Manager and Jeffrey Youngman, Retirement Investment Analyst

Outside Professional Support:

Harvey Leiderman

John Monroe

Rosalva Flores

Ashley Casey

Scott J. Whalen

Representing:

Reed Smith LLP

Segal Consulting

Brown Armstrong

Brown Armstrong

Verus Consulting Group

1. Pledge of Allegiance

Hast led all in the *Pledge of Allegiance*.

2. Accept comments from the public

No members of the public offered comment.

3. Presentation by Segal Consulting on the December 31, 2014 GASB 67 Valuation – John Monroe

Monroe reviewed the background of GASB 67 noting that it deals with pension plan financial reporting. He reviewed the terms used in GASB - Total Pension Liability (TPL) and Net Pension Liability (NPL).

He stated the 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. 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 increases during the calendar year 2013. The discount rates used to determine the TPL and NPL as of December 31, 2013 and 2014 were 7.25%.

Monroe reviewed the information required to be included in the CAFR noting that for GASB 67 purposes, when determining the NPL, the investment return assumption used is net of investment

expenses only and is not net of administrative expenses. He also reviewed a summary of the changes in NPL, actual contributions, and employer allocations as of December 31, 2014.

In public comment, Jackie Lorrekovich, Contra Costa County Fire Protection District, asked if the NPL is very similar to the UAAL. Monroe stated it is on a market value basis but when compared to an actuarial value basis there will be a difference.

4. **Presentation by Brown Armstrong on the audit of the December 31, 2014 financial statements**
– Rosalva Flores, Ashley Casey

Kaplan introduced Flores and Casey. She reviewed the key changes to the 2014 Comprehensive Annual Financial Report (CAFR) noting that pension liability is new in the financial statement. She thanked Schneider and Marrs for their help on the CAFR.

Flores gave an overview of the purpose of the audit, the audit process, the significant audit areas, and the scope of the audit work noting they used a risk based approach.

Flores reported Brown Armstrong gave CCCERA a clean audit and congratulated the organization. She also reported there were no material weaknesses.

Strohl noted this is the first year there were no findings in the audit.

It was the consensus of the Board to move to Item 9.

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**

It was M/S/C 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. (Yes: Allen, Andersen, Gordon, Hast, Phillips, Rodrigues, Smithey, Telles and Watts)

10. **Conference Seminar Attendance**

- a. It was M/S/C to authorize the attendance of 1 staff member at the Private Equity Exclusive, Pension Bridge, July 20-21, 2015, Chicago, IL. (Yes: Allen, Andersen, Gordon, Hast, Phillips, Rodrigues, Smithey, Telles and Watts)
- b. It was M/S/C to authorize the attendance of 2 Board members and 1 staff member at the 2015 Public Funds Forum, Robbins Geller Rudman & Dowd, September 8-10, 2015, Laguna Beach, CA. (Yes: Allen, Andersen, Gordon, Hast, Phillips, Rodrigues, Smithey, Telles and Watts)

It was the consensus of the Board to move to Item 8.

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**

Dunn reported this item is to clarify the language in Resolution 2015-1 to state that employees hired after January 1, 2009 are not eligible to receive both the retiree medical premium subsidy and the additional \$150 per month deferred compensation contribution.

It was M/S/C 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. (Yes: Allen, Andersen, Gordon, Hast, Phillips, Rodrigues, Smithey, Telles and Watts)

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

5. **Presentation from staff and Angelo Gordon regarding potential commitment to the Angelo Gordon Energy Credit Opportunities Fund** - Colleen Casey, Todd Dittmann, David Kamin

Price gave a brief introduction on why staff is recommending this commitment and how it fits into CCCERA's overall plan. He noted the CCCERA Investment Policy Statement has a target of up to 5% allowed for opportunistic investments.

Youngman reviewed staff's research process noting their research led to a focus on credit strategies and specifically on credit consolidation through non-investment grade, distressed debt and direct lending. Staff chose to focus on upstream oil and gas. After researching options and reviewing 11 different private equity funds, staff felt that the Angelo Gordon Energy Credit Opportunity Fund combined the best aspects of what was uncovered during the research process. He stated fees are only paid on called capital.

Price reported staff focused on the fund's team and the importance of that team remaining the same.

Casey introduced Todd Dittmann and David Kamin. She gave an overview of the firm noting they are an opportunistic firm.

Kamin reviewed the fund noting it is an energy credit opportunities fund. He stated they use a three pronged approach which is not solely dependent on the price of oil. He reviewed the portfolio mix including distressed debt, corporate credit and direct lending. He also reviewed the investment team.

Dittmann reviewed their approach to the energy sector.

Casey reviewed the terms of the fund noting the target size is \$750 million to \$1 billion.

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

Price noted Verus Consulting also reviewed the fund at staff's request.

Whalen reported Verus Consulting is not as enthusiastic about the overall opportunity. He noted Angelo Gordon is a solid firm and staff performed a logical review of the opportunity and the risks involved but was concerned about the volatility of the price of oil and gas.

Price reviewed the fees and the preferred return on the investment. He noted it is a fast moving market and that this is a closed end fund.

After a discussion on the risks involved with the fund, it was M/S/C to approve staff's recommendation to allocate between \$75 million and \$125 million, at staff's discretion, to the Angelo Gordon Energy Credit Opportunities Fund subject to a successful on-site visit, legal review, and authorize the Chief Executive Officer to sign the necessary contracts. (Yes: Allen, Andersen, Gordon, Hast, Phillips, Rodrigues, Smithey, Telles and Watts)

It was the consensus of the Board to move to Item 11.

11. **Miscellaneous**

(a) Staff Report –

Strohl reported Segal will be presenting the valuation report at the July 8, 2015 Board meeting; the IRS determination letter cycle is changing; and, July 1, 2015 is CCCERA's 70th anniversary.

Price reported Commonfund will be presenting at the July 23, 2015 Board meeting.

(b) Outside Professionals' Report -

Whalen reported Verus Consulting would like to have a 2-day workshop the week of September 14th or the week of September 21st noting the dates do not have to be consecutive. He will send out an email survey for availability.

(c) Trustees' comments –

Phillips reported he attended the DBL Investors Conference with Pigeon and Chu noting it was an interesting conference.

Andersen reported she attended the Equilibrium Capital Conference with Price noting that overall it was very interesting.

Rodrigues reported he attended his first SACRS Board meeting and it went well.

Gordon reported he attended the CALAPRS Trustees' Roundtable and felt it was poorly attended. He noted he will be co-chairing the next Roundtable and would like ideas for the agenda.

Gordon and Kroll were no longer present for subsequent discussion and voting.

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

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

Whalen reported on the results of the interviews that were conducted with the Board and staff. He reviewed the findings on mission and objectives, time horizon, investment philosophy, investment risk, organizational risk and environmental (peer and headline) risk.

Phillips was no longer present for subsequent discussion and voting.

Whalen reported on the plan sponsor review. There was a discussion on the Watch List and how effective it is. Investment philosophy was also discussed. He stated he would like to do an education session on risk management.

Andersen was no longer present for subsequent discussion and voting.

Whalen reported all of the metrics of the plan sponsor appear solid.

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



MINUTES

RETIREMENT BOARD MEETING MINUTES

FIRST MONTHLY BOARD MEETING

9:00 a.m.

July 8, 2015

Retirement Board Conference Room

The Willows Office Park

1355 Willow Way, Suite 221

Concord, California

Present: Debora Allen, Candace Andersen, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, John Phillips, William Pigeon, Gabe Rodrigues, Todd Smithey and Belinda Zhu

Absent: Jerry Telles and Russell Watts

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

Outside Professional Support:

Harvey Leiderman

Susan Hastings

Paul Angelo

John Monroe

Representing:

Reed Smith LLP

Laughlin, Falbo, Levy & Moresi LLP

Segal Consulting

Segal Consulting

1. Pledge of Allegiance

Gordon led all in the *Pledge of Allegiance*.

2. Accept comments from the public

No members of the public offered comment.

3. Board Reorganization

It was M/S/C to elect John Phillips as Board Chairperson, Todd Smithey as Board Vice-Chairperson, and Scott Gordon as Board Secretary. (Yes: Allen, Andersen, Gordon, Hast, Phillips, Rodrigues, Smithey and Zhu. No: Kroll)

Phillips thanked Hast for his service as Board Chairperson for the last two years.

4. Approval of Minutes

It was M/S/C to approve the minutes of the April 8, 2015 meeting. (Yes: Allen, Andersen, Gordon, Hast, Kroll, Phillips, Rodrigues, Smithey and Zhu)

It was M/S/C to approve the minutes of the May 6, 2015 meeting with a correction to the wording on Item 10, second paragraph, third sentence, changing the wording from “where they were” to “where he was” and on Item 10, third paragraph, changing the wording from “\$110 million” to “\$110 billion.”(Yes: Allen, Andersen, Gordon, Hast, Kroll, Phillips, Rodrigues, Smithey and Zhu)

5. Routine Items

It was M/S/C to approve the routine items of the July 8, 2015 meeting. (Yes: Allen, Andersen, Gordon, Hast, Kroll, Phillips, Rodrigues, Smithey and Zhu)

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

10. Presentation from Segal regarding the December 31, 2014 Valuation Report

Angelo gave an overview of the December 31, 2014 Actuarial Valuation Report.

He reviewed the significant issues in the valuation year. He reported the ratio of the valuation value of assets to the actuarial accrued liability increased from 76.4% to 86.7% while the ratio of the market value of assets to the actuarial accrued liability increased from 83.5% to 86.1%. The UAAL decreased from \$1.8 billion to \$1.5 billion. The decrease was due to an investment return on actuarial value greater than the 7.25% assumed rate, lower than expected individual salary increases and lower than expected COLA increases for retirees and beneficiaries. He reported the actual rate of return on the actuarial value for the 2014 Plan Year was 11.39% and we will be deferring a return of \$336 million over the next 5 years. The average employer rate decreased from 43.58% of payroll to 40.06% of payroll. The average member rate decreased from 11.91% of payroll to 11.84% of payroll.

Angelo reviewed the employer cost groups noting each cost group has two benefit structures to include both legacy members and PEPRA members. He also reviewed asset and liability volatility ratios for the plan in total and separately for General and Safety noting this is the first time showing both in the report.

11. Consider and take possible action to adopt the December 31, 2014 Valuation report and contribution rates for the period July 1, 2016 – June 30, 2017

It was M/S/C to adopt the December 31, 2014 Valuation report and contribution rates for the period July 1, 2016 – June 30, 2017 as recommended by Segal Consulting. (Yes: Allen, Andersen, Gordon, Hast, Kroll, Phillips, Rodrigues, Smithey and Zhu)

It was the consensus of the Board to move into Closed Session.

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957, 54957.6 and 54956.9(d)(1).

The Board moved into open session.

6. It was M/S/C to accept the Medical Advisor’s recommendation and grant the following disability benefits:
- a. Victor Fernandez – Service Connected (Yes: Allen, Andersen, Gordon, Hast, Kroll, Phillips, Rodrigues, Smithey and Zhu)
 - b. Leticia Thomas – Non-Service Connected (Yes: Allen, Andersen, Gordon, Hast, Kroll, Phillips, Rodrigues, Smithey and Zhu)

7. It was **M/S/C** to accept the Administrative Law Judge's recommendation and deny the non-service connected disability retirement for Terry Tipton-Guthmiller. (Yes: Allen, Andersen, Gordon, Hast, Kroll, Phillips, Rodrigues, Smithey and Zhu)
8. There was no reportable action related to Govt. Code Section 54957.6.
9. There was no reportable action related to Govt. Code Section 54956.9(d)(1).

Andersen, Gordon and Zhu were no longer present for subsequent discussion and voting.

It was the consensus of the Board to move to Item 12.

12. Consider and take possible action to approve a benefit allowance for the beneficiary of Shari Critchfield, pursuant to Government Code Section 31726

Strohl reviewed the background of the claim.

Christine Seveier, Shari Critchfield's daughter, read her letter that she submitted and asked the Board to approve the full amount of the non-service connected disability benefit.

Pigeon was present for subsequent discussion and voting.

Levy explained that the Board received a medical opinion from its medical expert. The opinion was based on a review of all medical records and also additional records provided by Ms. Sevier, including her letter. Leiderman provided a copy of the medical advisor's opinion letter to Ms. Seveier.

After a lengthy discussion, it was **M/** to defer the decision on this matter. The motion died for lack of a second.

It was **M/S/C** to accept the medical advisor's opinion and determine that the member's disability was more likely than not due to the member's intemperate use of drugs and therefore, as mandated by CERL, Government Code Section 31726, the non-service connected disability amount must be the greater of (a) service retirement allowance or (b) annuity without a disability retirement pension. (Yes: Allen, Holcombe, Kroll, Phillips, Rodrigues and Smithey. No: Hast)

13. Conference Seminar Attendance

- a. It was **M/S/C** to authorize the attendance of 2 Board members and at the Public Pension Funding Forum, NCPERS, August 23-25, 2015, Berkeley, CA. (Yes: Allen, Hast, Holcombe, Kroll, Phillips, Rodrigues and Smithey)
- b. It was **M/S/C** to authorize the attendance of 4 Board members and 4 staff members at the Verus 2015 Client Summit, Verus, September 1, 2015, Seattle, WA. (Yes: Allen, Hast, Holcombe, Kroll, Phillips, Rodrigues and Smithey)
- c. It was **M/S/C** to authorize the attendance of 2 Board members at the Advanced Investment Management, IFEBP, September 29-October 2, 2015, Philadelphia, PA. (Yes: Allen, Hast, Holcombe, Kroll, Phillips, Rodrigues and Smithey)

14. Miscellaneous

(a) Staff Report –

Strohl reported we are working on our new website and it will be presented to the Board in August; and, she is working on the first strategic plan and will present a draft to the Board in September.

Levy reported the IRS may be stepping back from the letter of determination application process due to staffing issues. She noted that CCCERA most recently obtained a favorable letter of determination from the IRS in Cycle C and will not have to file another application until 2019. Although the IRS may discontinue or modify the application filing process, CCCERA must continue to implement to the tax compliance policies. Lastly, she reported Leiderman offered to have an informational session for the Board on the Chuck Reid ballot initiative.

Price reported Commonfund will be presenting at the next meeting; Verus Consulting will also be present at the next meeting to review their current state of affairs assessment; and, Verus Consulting will be sending an email regarding alternative dates for the workshop.

Dunn reported the office will be closed on Tuesday, July 14, 2015, for a Staff Development day.

Dutkiewicz reported he is reviewing on-call pay and is getting information from HazMat; he is working on internal procedures in the Member Services department and will also review all of CCCERA's procedures.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Rodrigues reported he attended SACRS; SACRS will be sending surveys to '37 Act systems, one being a salary survey.

Hast thanked the staff for making his time as Board Chair very easy.

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

John Phillips, Chairman

Scott Gordon, Secretary

Items requiring Board Action

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

B. Service and Disability Retirement Allowances:

<u>Name</u>	<u>Number</u>	<u>Effective Date</u>	<u>Option Type</u>	<u>Group</u>	<u>Selected</u>
Blake, Pamela	47229	05/16/15	SR	II & III	Unmod
Calkins, Robert	65701	07/01/15	SR	I	Option 1
Case, Laura	67856	06/20/15	SR	III	Unmod
Cripe, Stephen	63385	05/27/15	SR	II & III	Unmod
Dalton, Jeff	69710	06/01/15	SR	III	Unmod
Guter, Timothy	46510	06/11/15	SR	S/A	Unmod
Lucca, Ruth	41894A/P	05/16/15	SR	II	Unmod
Marks, Kieth	66084	06/12/15	SR	II & III	Unmod
Moniz, Polly	D7830	05/15/15	SR	I	Unmod
Ovalle, Dina	72055	06/01/15	SR	III	Unmod
Palisoc, Prospero	60692	07/01/15	SR	III	Unmod
Richmond, Barbara	D9500	05/30/15	SR	II & III	Unmod
Rodriguez, Judith	45559	05/16/15	SR	II & III	Option 4
Rubio, Aida	44245	06/13/15	SR	II	Unmod
Tran, Loan	69166	07/01/15	SR	III	Unmod
Vitcha, Carol	65857	06/13/15	SR	III	Unmod
Wetzler, Susan	66183	07/01/15	SR	III	Unmod
Williams, Thomas	40546	06/01/15	SR	II & III	Option 2

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

<u>Name</u>	<u>Number</u>	<u>Filed</u>	<u>Type</u>
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D. Deaths:

<u>Name</u>	<u>Date of Death</u>	<u>Employer</u>
Abalos, Anita	8/23/2015	City of Pittsburg
Adams, Mary	8/14/2015	Contra Costa County
Andrews, Lenora	8/26/2015	Beneficiary
Fahden, Nancy	8/25/2015	Contra Costa County
Fatur, Louis	8/18/2015	Contra Costa County
Francies, Carlos	8/13/2015	Contra Costa County

KEY:

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

Option
 * = County Advance
 Selected w/option

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

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

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September 9, 2015

Glover, Peggy Jean	8/20/2015	Contra Costa County
Goolsby, Timothy	8/5/2015	Contra Costa County
Marlow, Patricia	7/25/2015	Contra Costa County
Messina, Charles	8/23/2015	Contra Costa County
Mijares, Deborah	7/30/2015	Contra Costa County
Muno, Andreas	8/10/2015	Contra Costa County
Neely, Dana	7/24/2015	Contra Costa County
Poynter, Bonnie	7/22/2015	Contra Costa County
Scalise, Bradley	8/10/2015	Central Contra Costa Sanitary District
Somsanith, Bounmy	4/4/2015	Contra Costa County
Steffensen, Pauline	6/24/2015	Contra Costa County & Beneficiary
Valentine, Phyllis	5/8/2015	Contra Costa County

KEY:

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

Option
* = County Advance
Selected w/option

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

CERTIFICATION OF MEMBERSHIPS

<i>Name</i>	<i>Employee Number</i>	<i>Tier</i>	<i>Membership Date</i>	<i>Employer</i>
Alvarado, Beatriz	81869	P5.2	07/01/15	Contra Costa County
Arnold, Candice	80737	P5.2	07/01/15	Contra Costa County
Batchelor, Stephanie	81880	P5.2	07/01/15	Contra Costa County
Berry-Lanter, Cinnamon	81805	P5.2	07/01/15	Contra Costa County
Bizzle-Jones, Algera	81851	P5.2	07/01/15	Contra Costa County
Blackburn, Lisa	D7830	I	07/01/15	San Ramon Valley Fire District
Blaisch, Brian	67900	P5.2	07/01/15	Contra Costa County
Bondoc, Evangeline	81853	P5.2	07/01/15	Contra Costa County
Burnham, Verna	81349	P5.2	07/01/15	Contra Costa County
Bustamante, Sonia	81734	P5.2	07/01/15	Contra Costa County
Cabrera, Blanca	81462	P5.2	07/01/15	Contra Costa County
Cabriales, Roxanne	77233	P5.2	07/01/15	Contra Costa County
Cardona, Amy	81861	P5.2	07/01/15	Contra Costa County
Carvalho, Lynne	81780	P5.2	07/01/15	Contra Costa County
Castro, Denise	81901	P5.2	07/01/15	Contra Costa County
Chapman, William	81913	P5.2	07/01/15	Contra Costa County
Chew, Victoria	81885	P5.2	07/01/15	Contra Costa County
Collins, Michele	80232	P5.2	06/01/15	Contra Costa County
Cozad, Madeline	81859	P5.2	07/01/15	Contra Costa County
Crofton, Shannon	53572	P5.2	07/01/15	Contra Costa County
Daniels, Adam	56616	P5.2	07/01/15	Contra Costa County
Deatherage, Rachel	81775	P5.2	07/01/15	Contra Costa County
Dixson, Destinee	81852	P5.2	07/01/15	Contra Costa County
Domingo, Pedro	78901	P5.2	07/01/15	Contra Costa County
Dominguez, Jorge	81806	P5.2	07/01/15	Contra Costa County
Dwight, Sara	81811	S/E	07/01/15	Contra Costa County
Francis, Deidra	81884	P5.3	07/01/15	Contra Costa County
Gibson-Kao, Dallas	D9500	P5.3	07/01/15	Superior Courts
Gillaspy, Delaina	77885	P5.2	07/01/15	Contra Costa County
Glosser, Allyn	79650	P5.2	07/01/15	Contra Costa County
Gonzalez, Erik	81847	P5.2	07/01/15	Contra Costa County
Gonzalez, Teresa	81918	P5.2	07/01/15	Contra Costa County
Hammer, Scott	81810	P5.2	07/01/15	Contra Costa County

Key:

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

CERTIFICATION OF MEMBERSHIPS

<i>Name</i>	<i>Employee Number</i>	<i>Tier</i>	<i>Membership Date</i>	<i>Employer</i>
Hardin, Terra	81854	P5.2	07/01/15	Contra Costa County
Haydon, Andrew	81791	P5.2	07/01/15	Contra Costa County
Hendren, Lyliana	81554	S/D	07/01/15	Contra Costa County
Henry, Chad	81856	P5.2	07/01/15	Contra Costa County
Houdashell, Robin	38038	P5.2	07/01/15	Contra Costa County
Hughes, Karea	77607	P5.2	07/01/15	Contra Costa County
Jauriqui, Cristina	81509	P5.2	07/01/15	Contra Costa County
Joel, Jennifer	81871	P5.2	07/01/15	Contra Costa County
Kallerman, Judith	50775	III	07/01/15	Contra Costa County
Kane, Heather	81857	P5.2	07/01/15	Contra Costa County
Kant, Jessica	81809	P5.2	07/01/15	Contra Costa County
Kent, Manisha	81803	P5.2	07/01/15	Contra Costa County
Kirkpatrick, Marietta	81870	P5.2	07/01/15	Contra Costa County
Kompaniez, Kari	81826	P5.2	07/01/15	Contra Costa County
Krisch, Kimberly	79590	P5.3	07/01/15	Contra Costa County
Le, Monica	81855	P5.2	07/01/15	Contra Costa County
Ledbetter, Jerry	D3406	P4.3	07/01/15	Central Contra Costa Sanitary District
Lougee, Mariel	81824	P5.2	07/01/15	Contra Costa County
Lu, Tiffany	81827	P5.2	07/01/15	Contra Costa County
Magallanes, Adelaida	81867	P5.2	07/01/15	Contra Costa County
Marsh, Dalen	79214	P5.2	07/01/15	Contra Costa County
McAfee, Michael	81911	P5.2	07/01/15	Contra Costa County
McGrath, Jamie Lynn	81782	P5.2	07/01/15	Contra Costa County
Mitchell, Rachel	81850	P5.2	07/01/15	Contra Costa County
Morse, Victoria	43295	III	07/01/15	Contra Costa County
Moshkovoy, Viktor	78844	P5.2	07/01/15	Contra Costa County
Myette, Michael	81804	P5.2	07/01/15	Contra Costa County
Nguyen, Kristyna	81557	S/D	07/01/15	Contra Costa County
Ottman, Ashley	81828	P5.2	07/01/15	Contra Costa County
Pallis, Lauren	81829	P5.2	07/01/15	Contra Costa County
Paterson, Deborah	79212	P5.3	07/01/15	Contra Costa County
Peters, Melissa	81864	P5.2	07/01/15	Contra Costa County
Posada, Jimmy	81878	S/E	07/01/15	Contra Costa County

Key:

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

CERTIFICATION OF MEMBERSHIPS

<i>Name</i>	<i>Employee Number</i>	<i>Tier</i>	<i>Membership Date</i>	<i>Employer</i>
Pousard, Dannah	79399	P5.2	07/01/15	Contra Costa County
Prado, GiaMary	68671	III	07/01/15	Contra Costa County
Pulvers, Evan	81858	P5.2	07/01/15	Contra Costa County
Ray, Kristen	81816	P5.2	07/01/15	Contra Costa County
Rohwer, Steven	81503	P5.2	07/01/15	Contra Costa County
Rojo, Rachel	81716	P5.2	07/01/15	Contra Costa County
Rollins, Christopher	81887	P5.2	07/01/15	Contra Costa County
Rosalez, Joette	78823	P5.2	07/01/15	Contra Costa County
Sarmiento, Norman	81916	P5.2	07/01/15	Contra Costa County
Schectel, Lori	D3406	P4.3	07/01/15	Central Contra Costa Sanitary District
Schubert, James	80127	P5.2	07/01/15	Contra Costa County
Sears, Shirley	81785	P5.2	06/01/15	Contra Costa County
Shah, Naman	81825	P5.2	07/01/15	Contra Costa County
Smally, Rodrick	81560	S/D	07/01/15	Contra Costa County
Spring, Ellen	D9500	P5.3	07/01/15	Superior Courts
Teixeira, Angela	81772	P5.2	07/01/15	Contra Costa County
Thomas, Shalana	81822	P5.2	07/01/15	Contra Costa County
Torres, Marcella	81823	P5.2	07/01/15	Contra Costa County
Tougeron, Christopher	81814	S/E	07/01/15	Contra Costa County
Treyger, Leonid	57052	P5.2	07/01/15	Contra Costa County
Upadhy, Rohit	D3406	P4.3	07/01/15	Central Contra Costa Sanitary District
VanLandingham, Susan	81895	P5.2	07/01/15	Contra Costa County
Vasquez, Joseph	81848	P5.2	07/01/15	Contra Costa County
Vinson, Debra	81821	P5.2	07/01/15	Contra Costa County
Wagner, Ariel	81865	P5.2	07/01/15	Contra Costa County
Walkup, Glenn	81919	P5.2	07/01/15	Contra Costa County
Whalon, Shelly	45172	III	07/01/15	Contra Costa County
White, Matthew	81815	P5.2	07/01/15	Contra Costa County
Wible, Vanessa	81817	P5.2	07/01/15	Contra Costa County
Wilkinson, Ana	81596	P5.2	07/01/15	Contra Costa County
Williams, Kendra	77232	P5.2	07/01/15	Contra Costa County
Zhang, Mingxian	81891	P5.2	07/01/15	Contra Costa County
Zurlo, Bernard	81774	P5.2	07/01/15	Contra Costa County

Key:

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

TIER CHANGES

<i>Name</i>	<i>Employee Number</i>	<i>Old Tier</i>	<i>New Tier</i>	<i>Effective Date</i>	<i>Employer</i>	<i>Reason for Change</i>
Bryant, Xavier	80762	S/E	S/A	10/1/2014	Contra Costa County	Reciprocity
Chan, Stephanie	81398	P5.2	III	3/1/2015	Contra Costa County	Reciprocity
Kerksieck, Scott	81264	S/E	S/A	3/1/2015	CCC Fire Protection District	Reciprocity
Moncibais, Nathan	71403	S/E	S/A	3/1/2015	CCC Fire Protection District	Reciprocity

Key:

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

ASSET ALLOCATION

Current Assets (Market Value)

\$7,464,897,000

Reporting Month End: July 30, 2015

Prepared By: Chih-Chi Chu

Robeco

Jackson Square Partners (fka Delaware)

Emerald Advisors

Intech (Core)

PIMCO Stocks+ Absolute Return

Ceredex

Total Domestic Equity

Pyrford (BMO)

William Blair

Total International Equity

JPMorgan Global Opportunities

First Eagle

Artisan Global Opportunities

Intech (Global Low Volatility)

Total Global Equity**Total Equity**

AFL-CIO Housing Investment Trust

PIMCO Total Return

GSAM "Park" Portfolio

Goldman Sachs Asset Management

Lord Abbett

Torchlight Debt Opportunity Funds

Total Domestic Fixed Income

Lazard Asset Management

Total Global Fixed Income

Allianz Global Investors (fka Nicholas Applegate)

Total High Yield Fixed Income

Wellington Real Total Return

PIMCO All Asset

Private Real Asset

Total Real Asset**Total Real Estate****Total Alternative Investments**

County Treasurer

State Street Bank

Total Cash & Equivalents

Oaktree 2009

Total Market Opportunities**TOTAL ASSETS**

A	B	C	D	C-B	D-A	Range
% of Target	Target Assets	Market Value	Actual Assets	Over (Under)	Over (Under)	
4.3%	320,990,571	318,735,000	4.27%	(2,255,571)	(0.03%)	
4.3%	320,990,571	326,322,000	4.37%	5,331,429	0.07%	
3.0%	223,946,910	251,746,000	3.37%	27,799,090	0.37%	
4.0%	298,595,880	302,546,000	4.05%	3,950,120	0.05%	
4.0%	298,595,880	273,973,000	3.67%	(24,622,880)	(0.33%)	
3.0%	223,946,910	224,252,000	3.00%	305,090	0.00%	
22.6%	1,687,066,722	1,697,574,000	22.74%	10,507,278	0.14%	
5.3%	395,639,541	392,459,000	5.26%	(3,180,541)	(0.04%)	
5.3%	395,639,541	393,562,000	5.27%	(2,077,541)	(0.03%)	
10.6%	791,279,082	786,021,000	10.53%	(5,258,082)	(0.07%)	
4.0%	298,595,880	287,345,000	3.85%	(11,250,880)	(0.15%)	
4.0%	298,595,880	292,304,000	3.92%	(6,291,880)	(0.08%)	
4.0%	298,595,880	296,443,000	3.97%	(2,152,880)	(0.03%)	
0.3%	22,394,691	22,642,000	0.30%	247,309	0.00%	
12.3%	918,182,331	898,734,000	12.04%	(19,448,331)	(0.26%)	
45.5%	3,396,528,135	3,382,329,000	45.31%	(14,199,135)	(0.19%)	40% TO 55%
3.3%	246,341,601	243,958,000	3.27%	(2,383,601)	(0.03%)	
5.6%	418,034,232	424,624,000	5.69%	6,589,768	0.09%	
0.0%	0	4,000	0.00%	4,000	0.00%	
4.6%	343,385,262	339,058,000	4.54%	(4,327,262)	(0.06%)	
4.6%	343,385,262	341,703,000	4.58%	(1,682,262)	(0.02%)	
1.9%	141,833,043	122,869,000	1.65%	(18,964,043)	(0.25%)	
20.0%	1,492,979,400	1,472,216,000	19.72%	(20,763,400)	(0.28%)	
4.0%	298,595,880	293,552,000	3.93%	(5,043,880)	(0.07%)	
24.0%	1,791,575,280	1,765,768,000	23.65%	(25,807,280)	(0.35%)	20% TO 30%
5.0%	373,244,850	364,944,000	4.89%	(8,300,850)	(0.11%)	
5.0%	373,244,850	364,944,000	4.89%	(8,300,850)	(0.11%)	2% TO 9%
0.8%	55,986,728	206,957,000	2.77%	150,970,273	2.02%	
1.8%	130,635,698	127,404,000	1.71%	(3,231,698)	(0.04%)	
2.5%	186,622,425	37,986,000	0.51%	(148,636,425)	(1.99%)	
5.0%	373,244,850	372,347,000	4.99%	(897,850)	(0.01%)	0% TO 10%
12.5%	933,112,125	950,998,000	12.74%	17,885,875	0.24%	10% TO 16%
7.0%	522,542,790	568,513,000	7.62%	45,970,210	0.62%	5% TO 12%
		-	0.00%			
		27,949,000	0.37%			
0.5%	37,324,485	27,949,000	0.37%	(9,375,485)	(0.13%)	0% TO 1%
0.5%	37,324,485	32,049,000	0.43%	(5,275,485)	(0.07%)	
0.5%	37,324,485	32,049,000	0.43%	(5,275,485)	(0.07%)	0% TO 5%
100.0%	7,464,897,000	7,464,897,000	100%	0	0%	

Meeting Date
09/09/15
Agenda Item
#5e.

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

Private Real Estate Alternative Investments
As of July 31, 2015

REAL ESTATE INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
DLJ Real Estate Capital Partners, L.P. II	07/31/99	07/31/09	3rd 2 YR	LP	6/30/2015	40,000,000	3,828,000	0.05%	18,958,000
DLJ Real Estate Capital Partners, L.P. III	06/30/05	06/30/14	1st 2 YR	GP	6/30/2016	75,000,000	47,842,000	0.64%	19,476,000
DLJ Real Estate Capital Partners, L.P. IV	12/31/07	09/30/16				100,000,000	79,226,000	1.06%	42,417,000
DLJ Real Estate Capital Partners, L.P. V	07/31/13	12/31/22				78,000,000	29,641,000	0.40%	
Hearthstone Partners II	06/17/98	12/31/09				6,250,000	132,000	0.00%	
Invesco IREF I	10/22/03	04/30/11	3rd 1 YR	GP	4/30/2014	50,000,000	9,769,000	0.13%	
Invesco IREF II	05/30/07	12/31/15				85,000,000	37,694,000	0.50%	
Invesco IREF III	08/01/13	08/01/20				35,000,000	25,353,000	0.34%	12,958,000
Invesco IREF IV	12/01/14	12/01/21				35,000,000	13,300,000	0.18%	24,315,000
Long Wharf FREG II	07/18/03	02/28/12	NOT DEF	LP	12/31/2014	50,000,000	794,000	0.01%	
Long Wharf FREG III	03/30/07	12/30/15				75,000,000	25,923,000	0.35%	2,581,000
Long Wharf FREG IV	08/14/13	09/30/21				25,000,000	19,538,000	0.26%	
Oaktree Real Estate Opportunities Fund V	12/15/11	12/31/16				50,000,000	44,547,000	0.60%	
Oaktree Real Estate Opportunities Fund VI	09/30/13	09/30/20				80,000,000	75,100,000	1.01%	13,682,000
Oaktree Real Estate Opportunities Fund VII	02/28/15	02/28/23				75,000,000	75,768,000	0.00%	65,000,000
Siguler Guff Distressed Real Estate Opp. Fund	12/31/11	12/31/16				70,000,000	33,761,000	1.01%	14,643,000
Siguler Guff Distressed Real Estate Opp. Fund II	08/31/13	08/31/20				20,000,000	14,750,000	0.20%	59,160,000
Paulson Real Estate Fund II	11/10/13	11/10/20				80,000,000	65,279,000	0.87%	18,145,000
Angelo Gordon Realty Fund VIII	12/31/11	12/31/18				65,000,000	77,285,000	0.00%	65,000,000
Angelo Gordon Realty Fund IX	10/10/14	10/10/22				75,000,000	181,042,000	1.04%	
LaSalle Income & Growth Fund VI	01/31/12	01/31/19				0	80,590,000	1.08%	3,946,000
Adelante Capital Management (REIT)						0	10,000,000	0.13%	
INVERSCO International REIT						0	0		
Willows Office: \$10,774,100 ***						1,336,250,000	950,995,000	12.74%	366,081,000
*** Purchase price \$10,600,000 plus acquisition cost and fees \$174,100.						689,366,000	366,081,000		
Total							1,317,079,000		366,081,000

Outstanding Commitments

PRIVATE DEBT INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Torchlight Debt Opportunity Fund II	09/28/06	09/30/14				128,000,000	58,085,000	0.78%	
Torchlight Debt Opportunity Fund III	09/30/08	09/30/16				75,000,000	10,113,000	0.14%	3,143,000
Torchlight Debt Opportunity Fund IV	08/01/12	08/30/20				60,000,000	50,921,000	0.68%	71,250,000
Torchlight Debt Opportunity Fund V	12/31/14	09/17/22				75,000,000	3,750,000	0.05%	
Total						338,000,000	122,869,000	1.65%	74,393,000
Outstanding Commitments							74,393,000		197,262,000

Outstanding Commitments

Private Real Estate Alternative Investments
As of July 31, 2015

ALTERNATIVE INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Adams Street Partners	12/22/95	INDEFINITE				180,000,000	127,386,000	1.71%	102,512,000
Adams Street Secondary II	12/31/08	12/31/20				30,000,000	28,912,000	0.39%	13,283,000
Adams Street Secondary V	10/31/12	10/31/22				40,000,000	16,071,000	0.22%	24,099,000
Pathway	11/09/98	05/31/21				125,000,000	73,424,000	0.98%	18,249,000
Pathway 2008	12/26/08	12/26/23				30,000,000	24,794,000	0.33%	8,737,000
Pathway 6	05/24/11	05/24/26				40,000,000	23,222,000	0.31%	19,383,000
Pathway 7	02/07/13	02/07/28				70,000,000	21,640,000	0.29%	48,259,000
Siguler Guff CCCERA Opportunities	06/03/14	05/31/25				200,000,000	29,622,000	0.40%	170,379,000
EIF USPF I	11/08/02	11/08/12	3rd YR	LP	11/08/15	30,000,000	835,000	0.01%	0
EIF USPF II	06/15/05	06/15/15				50,000,000	40,060,000	0.54%	0
EIF USPF III	02/28/07	02/28/17				65,000,000	49,839,000	0.67%	0
EIF USPF IV	06/28/10	06/28/20				50,000,000	24,473,000	0.33%	28,979,000
Nogales Investment	02/15/04	02/15/14			UNTIL LQ	15,000,000	3,342,000	0.04%	1,651,000
Bay Area Equity Fund	06/14/04	01/15/13	1st 2 YR	LP	1/15/2015	10,000,000	23,266,000	0.31%	0
Bay Area Equity Fund II	2/29/09	12/31/17				10,000,000	11,381,000	0.15%	768,000
Paladin III	11/30/07	12/31/17				25,000,000	22,145,000	0.30%	0
Carpenter Community BancFund	01/31/08	01/31/16				30,000,000	38,409,000	0.51%	6,032,000
Ocean Avenue Fund II	06/11/14	05/31/24				30,000,000	9,692,000	0.13%	19,384,000
Total						1,030,000,000	568,513,000	7.62%	461,715,000

Outstanding Commitments 461,715,000
Total 1,030,228,000

MARKET OPPORTUNITIES	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Oaktree Private Investment Fund 2009	02/28/10	01/31/17				40,000,000	32,049,000	0.43%	5,163,000
Total							37,212,000		5,163,000

REAL ASSET INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Commonfund Capital Natural Resources IX	06/30/13	06/30/20				50,000,000	17,344,000	0.23%	33,625,000
Aether III & III Surplus	11/30/13	11/30/20				75,000,000	20,642,000	0.28%	54,636,000
Total						125,000,000	37,986,000	0.51%	88,261,000

Outstanding Commitments 88,261,000
Total 126,247,000

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



Meeting Date
09/09/15
Agenda Item
#9

MEMORANDUM

Date: September 9, 2015
To: CCCERA Board of Retirement
From: Christina Dunn, Retirement Admin/HR Manager
Subject: Resolutions electing to be subject to the Public Employees' Medical and Hospital Care Act

Recommendation

- Approve Resolution 2015-7, electing to be subject to the Public Employees' Medical and Hospital Care Act (PEMHCA) for the purposes of providing medical benefits to unrepresented Contra Costa County Employees' Retirement Association (CCCERA) employees.
- Approve Resolution 2015-8, electing to be subject to the Public Employees' Medical and Hospital Care Act (PEMHCA) for the purposes of providing medical benefits to Contra Costa County Employees' Retirement Association (CCCERA) employees represented by AFSCME, Local 2700.

Background

On January 1, 2015 CCCERA became an independent employer separate from Contra Costa County (County) and began researching options for providing medical benefits to employees of CCCERA. CalPERS has successfully and consistently provided medical benefits to public agencies and districts for over 45 years. The CalPERS medical program is the second largest medical purchaser in the nation.

In order to provide medical benefits through the CalPERS plan, employers must submit an application for approval to participate in the CalPERS benefit plans. On July 23, 2015 CCCERA was notified that it was an accepted employer and was authorized to move forward in the process. A CalPERS representative presented information on the CalPERS benefit plans at the August 12th meeting to the Board and CCCERA staff.

CCCERA's chief labor negotiator and staff have consulted with AFSCME, Local 2700 (Union) regarding a move from the medical plans currently provided by the County to medical plans provided by CalPERS and the union has indicated support for the move.

Next Steps

To participate in the CalPERS medical benefits the governing body of the participating public agency must submit a resolution for each employee group and agree to the regulations covering provisions of the benefits under PEMHCA. A key consideration is that the employer must agree to provide a defined minimum contribution and access to the medical benefits for both active employees and retirees. CalPERS has defined this minimum contribution for 2016 at \$125 per participant. The amount is increased annually by a cost of living adjustment.

The medical benefits of represented staff are currently subject to labor negotiations with AFSCME and any changes negotiated would not be effective until they are agreed upon in an MOU adopted by the Board in a public meeting.

RESOLUTION NO. 2015-7
ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS
WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

- WHEREAS, (1) A contracting agency meeting the eligibility requirements set forth in Government Code Section 22920, may obtain health benefit plan(s), as defined under Government Code Section 22777, by submitting a resolution to the Board of Administration of the California Public Employees' Retirement System (the "Board"), and upon approval of such resolution by the Board, become subject to the Public Employees' Medical and Hospital Care Act (the "Act"); and
- WHEREAS, (2) Contra Costa County Employees' Retirement Association is a contracting agency eligible to be subject to the Act under Government Code Section 22920; and
- WHEREAS, (3) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and
- WHEREAS, (4) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and
- WHEREAS, (5) Contra Costa County Employees' Retirement Association desires to obtain for its employees and annuitants who are members of **Unrepresented (NonPERS)** the benefit of the Act and to accept the liabilities and obligations of an employer under the Act; now, therefore, be it
- RESOLVED, (a) Contra Costa County Employees' Retirement Association elects to be subject to the provisions of the Act; and be it further
- RESOLVED, (b) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan or plans up to a maximum of PEMHCA Minimum per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further
- RESOLVED, (c) Contra Costa County Employees' Retirement Association has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- RESOLVED, (d) That the participation of the employees and annuitants of Contra Costa County Employees' Retirement Association shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Contra Costa County Employees' Retirement Association would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be

obligated, and reserves the right to terminate the health coverage of all participants of the employer.

RESOLVED, (e) That the executive body appoint and direct, and it does hereby appoint and direct, Gail Strohl, Chief Executive Officer to file with the Board a verified copy of this resolution, and to perform on behalf of Contra Costa County Employees' Retirement Association all functions required of it under the Act; and be it further

RESOLVED, (f) That coverage under the Act be effective on January 1, 2016.

Adopted at a regular meeting of the Contra Costa County Employees' Retirement Association Board of Retirement at 1355 Willow Way, Suite 221, Concord, CA 94520, this 9th day of September, 2015.

Signed: _____
John Phillips, Chairperson

Attest: _____
Scott Gordon, Secretary

RESOLUTION NO. 2015-8
ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS
WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

- WHEREAS, (1) A contracting agency meeting the eligibility requirements set forth in Government Code Section 22920, may obtain health benefit plan(s), as defined under Government Code Section 22777, by submitting a resolution to the Board of Administration of the California Public Employees' Retirement System (the "Board"), and upon approval of such resolution by the Board, become subject to the Public Employees' Medical and Hospital Care Act (the "Act"); and
- WHEREAS, (2) Contra Costa County Employees' Retirement Association is a contracting agency eligible to be subject to the Act under Government Code Section 22920; and
- WHEREAS, (3) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and
- WHEREAS, (4) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and
- WHEREAS, (5) Contra Costa County Employees' Retirement Association desires to obtain for its employees and annuitants who are members of **Represented (NonPERS)** the benefit of the Act and to accept the liabilities and obligations of an employer under the Act; now, therefore, be it
- RESOLVED, (a) Contra Costa County Employees' Retirement Association elects to be subject to the provisions of the Act; and be it further
- RESOLVED, (b) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan or plans up to a maximum of PEMHCA Minimum per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further
- RESOLVED, (c) Contra Costa County Employees' Retirement Association has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- RESOLVED, (d) That the participation of the employees and annuitants of Contra Costa County Employees' Retirement Association shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Contra Costa County Employees' Retirement Association would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be

obligated, and reserves the right to terminate the health coverage of all participants of the employer.

RESOLVED, (e) That the executive body appoint and direct, and it does hereby appoint and direct, Gail Strohl, Chief Executive Officer to file with the Board a verified copy of this resolution, and to perform on behalf of Contra Costa County Employees' Retirement Association all functions required of it under the Act; and be it further

RESOLVED, (f) That coverage under the Act be effective on January 1, 2016.

Adopted at a regular meeting of the Contra Costa County Employees' Retirement Association Board of Retirement at 1355 Willow Way, Suite 221, Concord, CA 94520, this 9th day of September, 2015.

Signed: _____
John Phillips, Chairperson

Attest: _____
Scott Gordon, Secretary

Reed Smith LLP
101 Second Street
Suite 1800
San Francisco, CA 94105-3659
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From: Harvey L. Leiderman
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Email: hleiderman@reedsmith.com

To: Members of the Board of Retirement
Contra Costa County Employees' Retirement Association

Date: August 4, 2015

**Subject: Adjustments to Retirement Allowance of former Moraga-Orinda Fire District
Chief Peter Nowicki**

This memorandum discusses the factual and legal bases on which the Board of Retirement ("Board") of the Contra Costa County Employees' Retirement Association ("CCCERA") may consider adjusting the retirement allowance of former Moraga-Orinda Fire District Chief Peter Nowicki, under section 31539 of the County Employees Retirement Law of 1937 ("CERL").

Specific documents referred to in this Memorandum are attached as exhibits accompanying this Memorandum.

SUMMARY

Peter Nowicki retired on January 30, 2009, with an initial final compensation of \$283,707.66 and retirement allowance of \$240,923, approximately 85% of his final compensation. Based upon the facts known to us at this time, and applicable law, it appears that Nowicki improperly caused his compensation to be increased or overstated twice during his final year of service for the express purpose of increasing his retirement allowance. Further, it appears that Nowicki's improper increase exceeded \$60,000 in his first year of retirement allowance, increasing annually thereafter with compounding cost-of-living adjustments. Under CERL section 31539, CCCERA may be entitled to recover all past overpayments, plus interest, and to adjust Nowicki's retirement allowance going forward to eliminate the effect of the improper increases.

Since his retirement, Nowicki's allowance has been split with his former spouse, Angela Nowicki, pursuant to a Domestic Relations Order that granted her 11.309% of his benefit. Any adjustment in his allowance will necessarily affect her allowance as well, *pro rata*. Any recovery of overpaid benefits, plus interest, would likewise have to come *pro rata* from Ms. Nowicki as well.

FACTUAL BACKGROUND

There are five main events relevant to the evaluation of Nowicki's retirement allowance: (1) His 2006 employment contract; (2) the District's adoption of the Battalion Chiefs' Memorandum of Understanding ("MOU") in 2007; (3) the First Amendment to Nowicki's employment contract ("Amendment No. 1") in 2008, and related cash-outs of accrued leave time; (4) the Second Amendment to Nowicki's employment contract ("Amendment No. 2") and related cash-outs of accrued leave time; and (5) Nowicki's retirement in January 2009. Following are the relevant facts surrounding each event.

2006 Contract: Nowicki joined the Moraga-Orinda Fire District ("District") in 1983 and became a member of CCCERA at that time. On or about July 10, 2006, Nowicki entered into an employment contract with the District to serve as its Fire Chief for a four-year term ending on July 9, 2010. (Exh. 1.) Under his 2006 Contract, Nowicki earned a yearly salary of \$173,000, was entitled to 80 hours of non-cashable administrative leave per fiscal year, and was entitled to accrued paid vacation time in the same manner as sworn employees of the District working forty hours per week, i.e. at a rate of 20 hours per month with a maximum cumulative accrual of 400 hours. Nowicki's 2006 Contract also had a use-it-or-lose-it holiday provision, which required that holiday leave earned must be taken within two months of the date on which it was earned. The 2006 Contract did not include a vacation sell-back provision or any provisions for salary raises.

Battalion Chiefs' MOU: On June 20, 2007, the Moraga-Orinda Fire Chief Officers' Association and the District entered into a MOU that outlined the compensation and benefits for the District's Battalion Chiefs. (Exh. 2.) Some of the terms were similar to Nowicki's 2006 Contract, while other terms were more favorable to the Battalion Chiefs. The administrative leave term was similar to that of Nowicki's 2006 Contract. As with Nowicki's 2006 Contract, the MOU provided that the Battalion Chiefs would receive 72 hours of non-cashable administrative leave per fiscal year. On base pay raises and vacation sell-backs, the Battalion Chiefs' MOU differed from Nowicki's 2006 Contract. For base pay raises, the MOU provided a 2.5% longevity raise for 10 years of service and an incremental Fire Retirement Allotment ("FRA") raise of 1.8% on June 20, 2007 and another on January 1, 2008 at 2%. The MOU also permitted Battalion Chiefs to sell-back 198 hours of vacation time per year. In contrast, Nowicki's 2006 Contract did not include any provisions on vacation sell-backs and salary raises. Nowicki signed the Battalion Chiefs' MOU on behalf of the District on June 20, 2007. A couple weeks later, he began negotiating for comparable amendments to his own employment contract.

Amendment No. 1: Based on the amendment's preamble, Nowicki and the District began discussing the terms of an amendment to Nowicki's 2006 Contract in July 2007 (the month after the Battalion Chief's MOU was signed.) Nowicki and the District executed Amendment No. 1 on February 6, 2008. (Exh. 3.) The District Board's meeting agendas and minutes from the time between July 2007 and January 2008 suggest that the District Board discussed in closed session "Chief Nowicki's performance evaluation and process" under Government Code section 54957. (Exhs. 4-11.) According to the District's January 16, 2008 board meeting minutes, the Board then instructed its staff to prepare a new employment agreement for Nowicki with specified terms for the Board's approval. (Exh. 11, p. 2.) The minutes further reflect that District President Fred Weil reported that "the employment agreement and evaluation has been discussed with the Chief," and outlined the changes to be made to Nowicki's contract. (*Id.*) The changed terms as stated in the January 16, 2008 meeting minutes are the same as the terms of Amendment No. 1. (*Compare* Exh. 3 with Exh. 11, at p. 2-3.)

Under Amendment No. 1, Nowicki's annual base pay increased from \$173,000 to \$186,000. Additionally, Amendment No. 1 provided for a separate FRA increase on top of his base pay salary raise. Amendment No. 1 also added a vacation sell-back provision as Section 5.13 to Nowicki's employment agreement. The newly added vacation sell-back provision gave Nowicki a one-time vacation sell-back of up to 200 hours of accrued (and formerly non-cashable) vacation time. Despite being executed in February of 2008, the amendment conferred all of this added value retroactive to July 10, 2007.

On February 8, 2008, two days after the adoption of Amendment No. 1, Nowicki sold back 200 hours of previously accrued (and non-cashable) vacation time for about \$18,600. (Exh. 19, p. 2.)

Amendment No. 2: A few months later, in May 2008, Nowicki began negotiating a second amendment to his 2006 Contract. Negotiations between Nowicki and the District occurred from May to November 28, 2008, according to a memorandum Nowicki sent to the District Board prior to their December, 2008 board meeting. (Exh. 17.) However, none of the negotiations are reflected in the District's board meeting minutes. Indeed, a letter dated July 15, 2008 from District President Fred Weil to Nowicki states that "[A]s you are aware, th[e] Board has met several times in closed session to evaluate the terms and conditions of your continued employment as Fire Chief of the Moraga Orinda Fire District." (Exh. 12.)

On December 10, 2008, the District Board voted to approve Nowicki's Amendment No. 2. The meeting's minutes reflects that "he [Nowicki] and the Board worked cooperatively to negotiate appropriate adjustments to the Fire Chief's employment agreement and that a new agreement has been reached." (Exh. 13, p. 2.) However, the minutes of the Board's December 10, 2008 meeting do not include any details of Nowicki and the District's negotiations or discussion about the amendment's terms, in particular the terms of his increased cash compensation.

After adopting Amendment No. 2 (Exh. 14), District Board members made statements to the media that indicated that Nowicki had engaged in discussions with them about the amendment behind closed doors. Board member Pete Wilson stated that "the board members deliberately made the changes to help Nowicki increase his pension and that he presented them with calculations documenting the effect." (Exh. 15, p. 1.) Board member John Wyro stated that he had relied on Nowicki's representation that the contract amendments would put his benefits on par with his top subordinates, the battalion chiefs, but did not independently verify that claim. (*Id.*) The District's December 10, 2008 board meeting minutes do not reflect Nowicki's presentation and representations that Wilson and Wyro identified in their statements to the media. (Exh. 13.)

The terms of Amendment No. 2 significantly increased Nowicki's benefits and applied retroactively to July 1, 2008, six months earlier. Under Amendment No. 2, Nowicki's vacation accrual increased to 28 hours per month – 8 hours more per month than he received previously. Amendment No. 2 also changed Section 5.13 of the agreement to allow Nowicki to sell back up to 260 hours of accrued vacation time annually, thereby allowing him to take advantage of CCCERA's then-existing

“straddling” policy.¹ Further, Amendment No. 2 added unique provisions that permitted Nowicki to convert unused, non-cashable administrative leave time into cashable vacation leave time, and gave him unrestricted floating holidays that allowed him to accrue unlimited cashable holiday pay.

The effect of Amendment No. 2’s terms allowed Nowicki again to retroactively increase his supply of salable vacation time so that he could include multiple sell-backs in his final year of compensation. Because of his February 8, 2008 vacation sell-back of 200 hours, Nowicki presumably depleted most of his accrued vacation time available for sell-back. However, Amendment No. 2’s increased vacation accrual rate and conversion of administrative leave to vacation leave time both applied retroactively to July 2008, thereby permitted Nowicki to replenish his cashable vacation time allotment. With the retroactive terms replenishing his vacation accruals, Nowicki could then maximize his vacation sell-backs for 2008 and 2009, and take advantage of CCCERA’s then-existing “straddling” policy.

On December 31, 2008, Nowicki sold back an additional 60 vacation hours for \$5,580. (Exh. 19, p. 2.) Six days later, on January 5, 2009, Nowicki sold back another 260 vacation hours for \$24,190. (*Id.*)

Nowicki’s Retirement: On December 13, 2008, three days after executing Amendment No. 2, Nowicki sent an email to his fellow Moraga-Orinda Fire District firefighters, announcing his retirement. (Exh. 16.) In the email, Nowicki stated that he decided to retire because he had reached a “fiscal plateau” due to the 3% at 50 retirement formula. (In other words, he could now be paid as much in retirement for not working as he could for working.) Nowicki went on to state that his “retirement will be in ‘status’ only[,]” and that the District has (already) discussed with him the possibility of continuing in his position as a contract employee. “Should that come to fruition, it would be nothing more than a ‘paper conversion’ and a seamless transition to a new classification.” (*Id.*) On January 30, 2009, Nowicki officially retired at the age of 50. At his retirement, Nowicki had approximately 1½ years left under the 2006 Contract’s original term and had approximately 25 years of service with the District, together with a little over three years’ worth of prior service purchases and sick-leave service credit. His total creditable service at retirement was approximately 28.3 years.

Under the 3% @ 50 formula, Nowicki was entitled to receive approximately 85% of his average annual compensation. If that compensation had been what he had earned under his contract before the two career-end amendments, his initial retirement allowance would have been over \$60,000 less than what he received following the amendments.

LEGAL CONTEXT

CERL section 31539 provides county retirement boards the authority to adjust and correct errors made in the calculation of a member’s retirement allowance or other benefits. Under section 31539(a), a board may correct calculation errors that are caused either by fraud or by a member causing his or her compensation to be improperly increased or overstated at the time of retirement. The statute of limitations to make corrections is ten years. *Id.*, subd. (e). Because evidence of fraud is available in only rare circumstances, the more likely avenue for correction is the second option—where a member

¹ That policy allowed members whose employers permitted them to sell-back accrued leave once during a single calendar year to “straddle” two calendar years in their final 12-months before retirement, thus capturing two annual sales of leave time for inclusion in calculating their retirement allowance.

caused an improper increase or overstatement of his or her final compensation. Under this option, the elements to be determined are: (1) member causation (2) improperly increased or overstated compensation and (3) acts done at the time of retirement.²

The Legislature enacted section 31539 in 2004 in the wake of a corruption scandal involving San Bernardino County officials who reportedly accepted kickbacks for salary increases that were done to increase retirement allowances. *See* SB 1206, Reg. Sess., Sen. Comm. Analysis at p. 1 (Cal. 2004). At the time of its enactment, no CERL provision existed that afforded county retirement boards the authority to retroactively correct errors due to fraud or improper member conduct. The Legislature enacted CERL section 31539 to provide county retirement boards with that authority. To date, however, there are no reported court decisions that have interpreted or applied section 31539.

To meet all of section 31539's stated criteria in the present situation, CCCERA would have to determine that Nowicki played an active role in causing his final compensation to include amounts that were not earned when received, were granted to him improperly or should not have been provided during his final compensation period. We address the elements to be determined under section 31539 in turn:

A. Member Causation: The available evidence shows that Nowicki actively negotiated the terms of Amendment Nos. 1 and 2 with the District Board. In the view of at least some Board members, Nowicki took the lead in promoting additional, retroactive compensation for himself for the primary purpose of increasing his retirement allowance. The preamble of Amendment No. 1, states that “[Nowicki] and [the] District entered into dialogue in July 2007, and the following amendments . . . have been negotiated” between the parties. (Exh. 3.) As for Amendment No. 2, Nowicki's November 27, 2009 memorandum to the District Board and the District's December 10, 2008 board minutes state that Nowicki and the District “worked cooperatively to negotiate [Amendment No. 2's] adjustments to [Nowicki's] employment agreement[.]” (Exhs. 13, 17.) As such, the documentary evidence supports the proposition that in contemplation of retirement, Nowicki actively promoted career-end enhancements that would boost his retirement compensation for decades to come, and actively participated in the formation of Amendment Nos. 1 and 2. The District neither unilaterally initiated nor imposed the additional terms of the contract amendments. Accordingly, it is clear that Nowicki “caused” the increased elements of compensation on which his retirement allowance was based.

B. Improperly Increased or Overstated Benefit: Section 31539 does not provide express guidance on what is to be considered an “improper increase” in compensation. Instead, the Board is vested with discretionary authority to make that determination. In the context of public employment and public employee retirement allowances, however, we believe that indices of impropriety could include actions taken to obtain a retirement benefit not otherwise available to the individual, for which inadequate contributions were collected to support the benefit, and that were done in a manner to evade public

² To enhance a retirement board's ability to assess the correctness of a benefit payment under section 31539, the Legislature added section 31543 to the CERL in 2012 (effective January 1, 2013). Section 31543 empowers the Board “to audit a county or district to determine the correctness of retirement benefits...”

scrutiny. In this instance, it appears without dispute that that Nowicki caused all of these to happen with his final compensation.

I. Improper Receipt of Retroactive Compensation

Amendment Nos. 1 and 2 provided back-dated compensation for services Nowicki had already rendered. Retroactive compensation for public employees is highly suspect under the state Constitution. Article XI, section 10, subdivision (a) of the California Constitution provides: “A local government body may not grant extra compensation or extra allowance to a public officer, public employee, or contractor after service has been rendered or a contract has been entered into and performed in whole or in part.” This prohibition is known as the “extra compensation clause.” *See County of Orange v. Ass’n of Orange Ctny. Deputy Sheriffs* (2011) 192 Cal.App.4th 21, 40. The primary purpose of the clause is to prohibit “direct appropriations to individuals from general considerations of charity or gratitude.” *Ibid.*

Cases examining the extra compensation clause in the context of retirement benefits focus on two essential elements: (1) the timing of when a member receives the retroactive compensation, and (2) the purpose of the retroactive compensation.

First, the constitutional prohibition is triggered if the retroactive compensation is paid during a member’s course of employment and before retirement. *See e.g., American River Fire Protection Dist. v. Brennan* (1997) 58 Cal.App.4th 20, 28 (“An increase in pension benefits [] after retirement is not extra compensation as that term is used in article XI, section 10 of the California Constitution.”); *Nelson v. City of L.A.* (1971) 21 Cal.App.3d 916, 918 (same); *Sweesy v. L.A. etc. Ret. Bd.* (1941) 17 Cal.2d 356, 361.

Second, courts scrutinize the purpose for which a public agency confers the retroactive compensation to a member to determine if a violation of the extra compensation clause exists. If the purpose is to recruit or retain competent government employees, then the ban will not apply. *See Jarvis v. Cory* (1980) 28 Cal.3d 562, 579; *San Joaquin County Employees’ Association, Inc. v. County of San Joaquin* (1974) 39 Cal.App.3d 83, 87-88. However, if the purpose is gratitude or charity, then the retroactive compensation offends the extra compensation clause. *See County of Orange*, 192 Cal.App.4th at 40.

Here, the facts align with both elements. The retroactive leave accruals and rights to convert the time to cash were granted not to recruit or retain Nowicki, but with knowledge of his impending retirement and admittedly to inflate his retirement allowance. By back-dating those advantages, Nowicki received additional monetary value after he had already rendered services during the retroactive period. He did not earn the right to these retroactive increases at the time he rendered service. In fact, he did not “earn” them at all, but was simply gifted them.

Under Amendment No. 1, Nowicki’s base salary increased from \$173,000 to \$186,000 in addition to the \$7,281 FRA payment he received on top of his base pay. Both these salary increases applied retroactively to July 10, 2007, representing six months of retroactive compensation totaling approximately \$13,781.³ Nowicki also received the retroactive right to sell-back 200 hours of vacation time, a right he did not have at the time he accrued and earned the vacation time he later sold back in

³ $[(\$186,000 - \$173,000) / 12 \text{ months (pro-rated salary)}] \times 6 \text{ (months)} + \$7,281 = \$13,781.$

February 2008. For his February 2008 retroactive vacation sell-back of 200 hours, Nowicki received \$18,605. Thus, through the retroactive compensation provided under Amendment No. 1, Nowicki inflated his final compensation by a total of \$32,386, and his retirement allowance by \$27,502⁴, compounding thereafter with cost-of-living adjustments.

Under Amendment No. 2, Nowicki likewise took advantage of retroactive provisions that allowed him to increase the amount of vacation time he then sold back. After his February 2008 sell-back of 200 vacation hours, Nowicki had to replenish his supply of accrued vacation time and he negotiated with the District to include terms in Amendment No. 2 to allow him to do just that. Amendment No. 2 retroactively increased Nowicki's vacation accrual rate to 28 hours per month, which is 8 hours per month more than what he previously earned under his 2006 Contract. Section 5.5 of Nowicki's 2006 Contract provided that he would accrue vacation time in the same manner as a sworn member working 40 hours per week. A sworn member with approximately 25 years of experience like Nowicki earned 20 hours of accrued vacation time per month. (Exh. 20.) The amended vacation accrual provision was made retroactive to July 1, 2008, six months earlier. Thus, Nowicki likely received 48 hours of accrued vacation time as a result of Amendment No. 2's retroactive terms.⁵ Further, Nowicki received 80 hours of non-cashable administrative leave on July 1 of each fiscal year, and Amendment No. 2 allowed Nowicki to retroactively convert his non-cashable administrative leave to cashable vacation leave, effective July 1, 2008. Emails from the District's Financial Services Department show that on December 31, 2008, 112 hours were converted to vacation time from administrative leave. (Exh. 18.) Thus, Nowicki gained an additional 112 hours of vacation time to sell-back that he did not otherwise have. Taken together, Nowicki would have gained 160 hours of cashable vacation time as a result of retroactive compensation provided through the terms of Amendment No. 2. Prorating the total cash amount Nowicki received for all 520 hours vacation sell-backs, 160 hours sold back would be approximately \$13,821 in final compensation⁶, or \$11,737 in his beginning retirement allowance.⁷

Amendment No. 2 also provided Nowicki with unrestricted cashable holiday pay that he did not previously have. Under his 2006 Contract, Nowicki had a use-it-or-lose-it holiday pay provision that only allowed him to have cashable holiday pay earned within a two month window. (Exh. 1.) However, Amendment No. 2 changed that, and allowed Nowicki to accrue floating holiday pay without restrictions, retroactive to January 1, 2008. (Exh. 14.) After Amendment No. 2's adoption, Nowicki then cashed out his 104 hours of retroactive floating holiday pay to receive an additional \$9,675 in final compensation (Exh. 19, p. 2), for an additional \$8,216 in his beginning retirement allowance.⁸

We believe the Board could rightly conclude that these boosts to Nowicki's retirement allowance were "improper." Accordingly, CCCERA may adjust and reduce Nowicki's pensionable allowance by about \$47,455 annually, together with any cost-of-living adjustments applied to that amount, if the assumptions outlined above are correct.⁹

⁴ $\$32,386 \times 84.92\%$ of final compensation = \$27,502.

⁵ 8 additional hours x 6 months retroactively applied = 48 hours

⁶ $\$48,374$ (for total sell-back) / 560 x 160 = \$13,821

⁷ $\$13,821 \times 84.92\%$ of final compensation = 11,737

⁸ $\$9,675 \times 84.92\%$ of final compensation = \$8,216

⁹ Retroactive retirement allowances - \$27,502 (Am. No. 1) + (\$11,737 + \$8,216 (together Am. No. 2) = 47,455.

2. *Avoidance of Public Scrutiny*

In the public sector, the public's right to know how its money is being spent is fundamental to the conduct of the public's business. Many of the scandals that have struck public pension funds over the past two decades reveal instances where public officials have secured substantial personal gain through behind-closed-door sessions, out of the public eye.

An entire body of law has been codified at both the state and local level designed to prohibit such abuse. At the local governmental agency level, the Ralph M. Brown Act, Government Code sections 54950, *et seq.* (hereinafter, "the Brown Act") is designed to provide transparency and "to facilitate public participation in all phases of local government decision-making and to curb misuse of democratic process by secret legislation by public bodies." *Cohan v. City of Thousand Oaks* (1994) 30 Cal.App.4th 547, 555. To these ends, the Brown Act imposes an "open meeting" requirement on local legislative bodies, such as the District. Govt. Code section 54953, subd. (a).

Under the Brown Act, all of the District's business must be conducted at meetings that are open to the public and properly noticed in advance on an agenda for the meeting. There are some limited exceptions to the open meeting requirement, which allow for "closed session" meetings of the governing body. One such exception is found in section 54957(b) of the Government Code, authorizing local bodies the right to hold "closed sessions during a regular or special meeting to consider the appointment, employment, evaluation of performance, discipline, or dismissal of a public employee or to hear complaints or charges brought against the employee by another person or employee unless the employee requests a public session." Pursuant to section 54957(b)(4), however, "[c]losed sessions held pursuant to this subdivision shall not include discussion or action on proposed compensation except for a reduction of compensation that results from the imposition of discipline." (emph. added.)

See *San Diego Union v. City Counsel* (1983) 146 Cal.App.3d 947, 955:

"Salaries and other terms of compensation constitute municipal budgetary matters of substantial public interest warranting open discussion and eventual electoral public ratification. Public visibility breeds public awareness which in turn fosters public activism politically and subtly encouraging the governmental entity to permit public participation in the discussion process. It is difficult to imagine a more critical time for public scrutiny of its governmental decision-making process than when the latter is determining how it shall spend public funds." *Id.* at 955.

The California Supreme Court has cited *San Diego Union* decision with approval. *International Federation of Professional & Technical Engineers, Local 21, AFL-CIO, et al.* (2007) 42 Cal.4th 319, 333 ("In the analogous context of open meeting laws, a distinction has been drawn between personnel matters, which may be discussed in sessions closed to the public, and salaries, which must be discussed in open session.").

With Nowicki's two contract amendments, which granted him substantial additional compensation, it appears that Nowicki and a majority of the District Board negotiated for months before adopting the

amendments, without disclosure or comment in public. The available public record seems to indicate that these negotiations occurred entirely behind closed doors, at Nowicki's request.¹⁰

For example, the preamble of Amendment No. 1 executed on February 6, 2008 states that "Nowicki and the District entered into dialogue in July 2007" about the compensation terms included in the amendment. (Exh. 3.) If Nowicki and the Board had discussed and negotiated the compensation terms in Amendment No. 1 in public session, the Board meeting minutes should reflect that. They do not. The District's board meeting minutes from December of 2007 to January of 2008 only show that the Board discussed "Chief Nowicki's performance evaluation and process." (Exh. 5-11.) On January 16, 2008, the Board then directed its staff to prepare an amendment to Nowicki's employment contract with specified terms, and District President Fred Weil stated that the "employment agreement and evaluation has been discussed with the Chief." (Exh. 11, p. 2.) If this was true, it wasn't done in open, public session.

As for Amendment No. 2, the record appears to show a pretty clear Brown Act violation. In a letter dated July 15, 2008, District President Weil explicitly stated that the "Board has met several times in closed session to evaluate the terms and conditions of your continued employment as Fire Chief[.]" (Exh. 12.) In another letter dated November 27, 2008, Nowicki sent the District Board members a memorandum, enclosing a copy of Amendment No. 2 prior to their December 10, 2008 meeting. (Exh. 17.) This memorandum stated that "Since May 2008, [t]he Board of Directors and the Fire Chief have been working cooperatively to negotiate appropriate adjustments to the Fire Chief's employment agreement." (*Id.*) The memorandum went on to state that "those adjustments will be presented as a handout at the December 10, 2008 Board meeting" and recommended that the board members "[r]eview and approve the amendment to the Fire Chief's employment agreement as presented." (*Id.*)

Nowicki and the District engaged in discussions to develop a consensus on the terms of Amendment No. 2, including his increased compensation, but the minutes from the Board meeting where the Board adopted the amendment do not reflect any such discussions. District Board members Pete Wilson and John Wyro later told the media that Nowicki made a presentation and represented to the District that the Amendment No. 2 would put his compensation on par with the Battalion Chiefs. (Exh. 15, p. 1.) But, the District's December 10, 2008 board meeting minutes do not show any discussion of Amendment No. 2's additional compensation terms in public (or even in private). Rather, the minutes merely state that Nowicki explained that "he and the Board worked cooperatively to negotiate appropriate adjustments" to his contract and "that a new agreement had been reached." (Exh. 13, p. 2.) Taken together, these facts indicate that Nowicki knowingly and intentionally obtained substantial additional compensation through a process designed specifically to thwart public scrutiny of the arrangements. We believe that this conduct, taken together with the impropriety of securing additional retroactive compensation on the eve of his retirement, subjects Nowicki to a finding that he acted improperly to increase his final compensation. The Board may correct the resulting error in the calculation of his retirement allowance. CERL section 31539.

¹⁰ The Brown Act does permit a local public agency to hold a closed session in order to confer with the agency's representative regarding salaries and benefits of represented and unrepresented staff. *See Gov't. Code sec. 54957.6*. That provision, however, cautions that "[c]losed sessions held pursuant to this section shall not include final action on the proposed compensation of one or more unrepresented employees." Instead, the law requires final action on compensation of unrepresented employees (like Nowicki) be taken in public, to assure the transparency the law demands.

Under Amendment Nos. 1 and 2, Nowicki received these excludable final compensation benefits:

	\$6,500 (Feb. 2008 to Jan. 2009 salary raise) ¹¹
	\$7,281 (FRA allotment for Feb. 2008 to Jan. 2009) ¹²
	\$9,675 (Floating Personal Holiday Payout)
	\$18,605.76 (Feb. 2008 vacation sell-back of 200 hours)
	\$5,581.73 (Dec. 2008 vacation sell-back of 60 hours)
	<u>+ \$24,187.49 (Jan. 2009 vacation sell-back of 260 hours)</u>
	\$71,830 TOTAL

Accordingly, based on an improper increase in his final compensation of \$71,830, about \$60,998 (84.92%) of Nowicki's initial annual retirement allowance is subject to exclusion.

C. Acts done at the time of retirement: As discussed above, Nowicki structured the terms of Amendment Nos. 1 and 2 with the help of the District, during his final months of employment, with the apparent intent to boost his retirement allowance – and with full knowledge that he would be hired back immediately at full salary while collecting his inflated retirement allowance. He took full advantage of the retroactive benefits of Amendment Nos. 1 and 2 within days and/or weeks after the parties' executed each amendment. Nowicki received the salary increases and cash benefits for his vacation sell-backs during his final year of compensation, satisfying this final element of CERL section 31539.

CONCLUSION

The Board has a fiduciary obligation to pay only the correct amount of benefits to its members. *McIntyre v. Santa Barbara County Employees' Ret. Sys.* (2001) 91 Cal.App.4th 730, 734 (a retirement board is "required to administer the retirement system in a manner to best provide benefits to the participants of the plan. It cannot fulfill this mandate unless it investigates applications and pays benefits only to those members who are eligible for them."). CERL section 31539 affords the Board the tools with which to make corrections based on improper member conduct. There are ample factual and legal grounds on which to correct Nowicki's improperly increased retirement allowance, and to make appropriate adjustments in the improper amounts already collected as well as to future amounts yet to be paid. The Board should follow a process of duly considering all of the relevant facts and law in an open and public session, and the Board should afford Nowicki and his former spouse a full and fair hearing on the issues before making a final determination. During that process, the CCCERA Board may need to exercise its subpoena authority under CERL section 31535 to compel the production of documents and witnesses, and to place witnesses under oath.¹³ *Id.*

¹¹ [(\$186,000-173,000)/12 months (pro-rated salary)] x 6 (months)=\$6,500

¹² The "FRA" is likely excludable for another reason: it appears to have been a version of employer "pick-up" of employee contributions to CCCERA. Employer pick-up has never been considered pensionable "compensation earnable" under CERL or CCCERA policies. *See In re Retirement Cases* (2003) 110 Cal. App. 4th 426.

¹³ The records available to us during this investigation were sourced from CCCERA and the District. The District responded to a Public Records Act request, but that response appeared to be incomplete. We expect additional records may be available for the hearing on this matter from the Nowickis, the District and other third parties.

We encourage the CCCERA Board to assemble a complete record before reaching a final determination. That record should include the opportunity for Nowicki and his former spouse to appear before the Board and present whatever evidence and testimony they may have to demonstrate that Nowicki did not act improperly. That said, based upon the facts known to us at this time, and applicable law, we believe the Board could rightly reduce Nowicki's and his former spouse's initial annual retirement allowances by up to a total of \$60,998, plus cost-of-living adjustments on that amount, under the authority of CERL section 31539 and the other fiduciary authority conferred on the Board. The Board also has the right to recover all past sums overpaid to Nowicki and his former spouse in excess of the appropriate allowance due each of them, plus interest thereon.

Exhibit 1

1

EMPLOYMENT AGREEMENT BETWEEN MORAGA-ORINDA FIRE DISTRICT
AND PETER J. NOWICKI

THIS AGREEMENT ("Agreement") is made and entered into as of July 10, 2006, by and between the Moraga-Orinda Fire District ("District") and Peter J. Nowicki ("Employee" or "Fire Chief"), becoming effective July 10, 2006 (the "Effective Date"), with respect to terms and conditions of employment of Employee as Fire Chief for District.

WHEREAS, District desires to employ the services of Employee as Fire Chief of the District; and

WHEREAS, Employee desires to accept employment as Fire Chief of the District on the terms and conditions contained in this Agreement,

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement the parties agree as follows:

Section 1. Duties.

The Fire Chief position is that of Chief Administrator of the District and is responsible for the efficient administration of all affairs of the District which are under his control. The Fire Chief's duties are as follows:

- a. Conduct all administrative operations of the District, including, but not limited to: maintenance of payroll and payroll records, leave records, vacation and work schedules, and personnel and finance records; direct and supervise all purchasing activities of the District.
- b. Program and use the District computer facilities including, but not limited to, placing files and administrative records into the computer.
- c. Enforce all ordinances and rules and regulations of the District and see that all contracts, permits and privileges granted by the Board are complied with and observed.
- d. Appoint, remove, promote and demote any and all officers and employees of the District except elective officers, District Counsel, District Treasurer and District Clerk, subject to all applicable rules and regulations, which may be adopted by the Board of Directors ("Board"), and any applicable Memoranda of Understanding.
- e. Control, order and give directions to all subordinate officers and employees of the District under his jurisdiction.
- f. Serve as Fire Marshal and maintain and enforce fire prevention codes and ordinances and recommend to the Board for adoption such measures and ordinances as deemed necessary.
- g. Manage and supervise equipment maintenance and training of personnel to use equipment.
- h. Prepare and disseminate technical and District activity reports and records.

i. Prepare, submit for Board approval and administer the District's annual budget and develop and maintain the District's Master Plan.

j. Attend or appoint a designee to attend necessary administrative and operational meetings, as well as civic and/or governmental meetings requiring the presence of a District representative.

k. Be available to respond to and direct District personnel in responding to major fires and other emergency incidents.

1. Perform such other legally permissible and proper duties and functions as the Board may assign from time to time.

At all times during the term of this Agreement Employee shall be directly responsible to and report to the Board.

Section 2. Term.

Section 2.1. The term of this Agreement shall commence on July 10, 2006, and shall continue until July 9, 2010. This term may be extended or renewed prior to the expiration date by mutual agreement of the parties. In the event of non-renewal or non-extension there shall be no severance pay under Section 3. The parties expressly agree that the employment of the Fire Chief is at will and this Agreement may be terminated at any time before the expiration of this term in the sole and absolute discretion of the Board without stated cause. Termination without stated cause will entitle Employee to payment of severance pay as provided in Section 3.

Section 3. Termination and Severance Pay.

Section 3.1 The Board shall engage in a review of the Fire Chief's performance annually. Such reviews may be facilitated by a professional mutually acceptable to the Board and the Fire Chief. The Board and Fire Chief shall establish such goals and performance objectives which they determine necessary and appropriate for the District's policy and operational objectives. The Board and Fire Chief shall further establish a relative priority among the various goals and objectives. The goals and objectives shall be obtainable generally within the time limit as specified in the capital and operating budgets of the District. This section shall not prevent more frequent evaluations as necessary.

Section 3.2 Should the Fire Chief receive a "below satisfactory rating" on his annual or interim job performance evaluation, he shall have six (6) months from his receipt of that evaluation to improve his performance, or in the alternative, seek other employment options. There shall be no severance pay under this section in the event of termination of employment.

Section 3.3 If at the end of the six (6) month period mentioned in Section 3.2, should the Fire Chief receive a second "below satisfactory rating" on his evaluation, this rating shall serve as a six (6) month notice to terminate the Fire Chief's employment agreement. There shall be no severance pay under this section in the event of termination of employment.

Section 3.4 In the event Employee is terminated by the Board during such time as Employee is willing and able to perform his duties under this Agreement, other than under Sections 3.2, 3.3, or 3.6, District agrees to pay Employee severance pay in a lump sum cash payment equivalent to six (6) months salary without the value of any benefits. Such severance pay shall be calculated based on Employee's current level of salary at the time of receipt of the notice.

Section 3.5 Employee shall be notified in writing of the Board's intent to terminate and remove him from the Fire Chief position and shall be provided with the opportunity to be heard on the

matter. Such notice shall be given to Employee thirty (30) days prior to the termination becoming effective.

Section 3.6 District shall have no obligation to make the severance payments specified in this section if Employee is terminated and removed from the Fire Chief Position for willful misconduct. A determination of willful misconduct shall be within the sole discretion of the Board, provided that it shall relate to the welfare of the District and be evidenced by findings of acts constituting such willful misconduct. Willful misconduct shall include conduct directly related to conduct in office, and directly related to the duties of the office including the refusal to follow the lawful directions of the Board. Willful misconduct shall also include conduct not directly related to the performance of official duties when such conduct has a direct and harmful effect on the welfare of the District. Evidence of such direct and harmful effect shall include, but shall not be limited to, conviction of a felony.

Section 3.7 In the event Employee voluntarily resigns from the position of Fire Chief, Employee shall provide District a minimum sixty (60) days written notice, unless the parties otherwise agree in writing. There shall be no severance pay under this Section in the event of a voluntary separation and termination.

Section 4. Disability.

If Employee is permanently disabled or is otherwise unable to perform Employee's duties because of sickness, accident, injury, mental incapacity or health condition not within the scope of Labor Code section 4850 for a period of four (4) consecutive months, District, in its sole discretion, shall have the option to terminate this Agreement. There shall be no severance pay under this section or Section 3 in the event of termination under this section.

Section 5. Compensation and Benefits

Section 5.1. Salary. District agrees to pay Employee for Employee's services on an annual base salary of \$173,000 payable in installments at the same time and in the same manner as other employees of the District are paid. A 414 (h) 2 provision will be added to this base salary that is consistent with the District's 414 (h) 2 Program, subject to the Employee paying 100% of the employee retirement contribution. Unless otherwise specified herein, Employee shall receive all normal and customary health, welfare and retirement benefits provided to all employees of the District. Employee may receive a salary adjustment as determined by the Board annually following a performance evaluation.

Section 5.2. Automobile. District shall provide Employee with the use of an emergency vehicle twenty-four (24) hours per day for official business. The use of such vehicle shall be subject to any existing or future Board Policy established with respect to such vehicle.

Section 5.3. Clothing Allowance. Employee shall receive the same clothing allowance as sworn employees of the District.

Section 5.4. Deferred Compensation. District agrees to pay Employee as a participant in its Deferred Compensation Plan in the amount of \$50.00 per month provided that the Employee must contribute a Base Contribution amount of \$2,250.00 and maintain a minimum monthly contribution to the Deferred Compensation Plan of \$100.00.

Section 5.5 Vacation. Employee shall accrue paid vacation credit in the same manner as sworn employees of the District based on a forty (40) hour work week.

Section 5.6 Holidays. Employee may have paid holidays off from work in the same manner as administrative/clerical employees of the District. In the event Employee is required to work on any of the above-mentioned holidays, Employee shall receive equal time off to be taken within two (2) months of that date.

Section 5.7. Sick Leave. Employee shall receive sick leave at the same rate and accrual as sworn employees of the District based on a forty (40) hour work week.

Section 5.8. Bereavement Leave. Employee shall have an annual but unaccruable bereavement leave of up to three (3) days per year for relatives defined under applicable state and federal law.

Section 5.9. Life Insurance. Employee shall be provided by District with a \$50,000 term life insurance policy, which shall include an accelerated death benefit option. Premiums for this insurance shall be paid by the District with conditions of eligibility to be reviewed annually. Employee may also subscribe voluntarily for supplemental life insurance coverage.

Section 5.10. Medical Plan Contribution. The District will provide Employee with the same medical benefits as all other employees of the District.

Section 5.11. Dental Plan Contribution. The District will provide Employee with the same dental benefits as all other employees of the District.

Section 5.12. Administrative Leave. Employee shall be credited eighty (80) hours of Administrative Leave on commencement of this Agreement and thereafter on July 1 of each fiscal year for use within that fiscal year. Such Administrative Leave may not be accumulated and carried over.

Section 6. Hours of Work.

The Employee shall devote such time to the Fire Chief position as may be required and necessary to perform the duties and responsibilities of Fire Chief of the District. Employee shall attend all Board of Director's meetings unless excused. Employee is an exempt employee (not subject to overtime under the FLSA) and is expected to devote necessary time outside normal office hours as is necessary for the performance of his duties.

Section 7. Retirement.

Section 7.1. 3% at 50 Benefit. Employee shall receive the 3% at 50 retirement benefit subject to the terms and conditions as part of the Contra Costa County Plan that requires the employee to contribute 9% per year. District agrees to pay for the remaining costs of this benefit. District reserves the right to change the retirement Plan at any time and if so, Employee will receive the same benefits as sworn personnel.

Section 7.2. Retirement Contribution. Pursuant to the implementation of the 414 (h) 2 plan, the Employee shall pay One Hundred percent (100%) of the retirement contribution required of employees. Employee shall be responsible for the payment of the Employee's contribution for the retirement cost of living program as determined by the Board of Retirement of the Contra Costa County Employees' Retirement Association. The District will pay the employer's share of the retirement of the cost of living program contribution.

Section 8. Expense Reimbursement.

District shall reimburse, provided that approval is obtained from the Board, all reasonable, actual and necessary expenses of Employee in performing the duties of the Fire Chief.

Section 8.A. Residency.

Employee shall establish and maintain his residence for emergency recall purposes within a reasonable distance from the District offices.

Section 9. Indemnification and Defense of Employee.

Section 9.1. District shall, consistent with the provisions of Government Code sections 810 et seq., defend, save and hold harmless, and indemnify Employee against any tort, professional liability, claim or demand or any legal action, arising out of an alleged act or omission occurring in the performance of Employee's duties or actions related to his position as Fire Chief. The District will provide and pay a full legal defense with a mutually agreed upon attorney representing Employee's interest.

Section 9.2. District shall provide and pay for all cost of any fidelity or other bonds required of the Employee.

Section 10. Goal Setting, Performance Evaluation.

Section 10.1. Employee shall meet with the Board to establish goals and objectives and standards for performance.

Section 10.2. By June 30 each year or at such time as may be mutually agreed by the parties, the Board shall formally review and evaluate the performance of the Employee. The Board shall provide the Employee with a written summary statement of the evaluation and provide the Employee an adequate opportunity to discuss his evaluation. Employee shall sign the performance evaluation to acknowledge that he is aware of its contents. Such evaluation shall be placed in Employee's personnel file.

Section 11. Notices.

Any notice relating to this Agreement shall be given in writing and shall be deemed sufficiently given and served for all purposes when delivered personally or by generally recognized overnight courier service, or three (3) business days after deposit in the United States mail, certified or registered, return receipt requested with postage prepaid addressed as follows:

If to Employee:

Peter J. Nowicki
1531 39th Avenue
San Francisco, CA 94122

With a copy to:

President
Board of Directors
Moraga-Orinda Fire District
33 Orinda Way
Orinda, California 94563

Section 12. Entire Agreement.

The terms and conditions and covenants of this Agreement are intended by the parties as a final expression of their agreement with respect to such terms, conditions and covenants as are included in this Agreement and may not be contradicted by evidence of any prior or

contemporaneous agreement. This Agreement specifically supersedes any prior written or oral agreements between the parties.

Section 13. Amendment.

This Agreement may be amended from time to time only by the mutual written agreement of the parties.

Section 14. Governing Law.

This Agreement shall be governed by the laws of the State of California, and the rights and obligations of the parties hereto shall be construed and enforced in accordance with the laws of the State of California.

Section 15. Waiver.

Any waiver at any time by any party hereto of its rights with respect to default or any other matter arising in connection with this Agreement shall not be deemed to be a waiver with respect to any other default or matter. The exercise by a party of any remedy provided in the Agreement or at law shall not prevent the exercise by that party of any other remedy provided in this Agreement or at law.

Section 16. Severability.

If any terms, provisions, conditions and covenants of this Agreement shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

Section 17. Legal Advice: Neutral Interpretation.

Each party has received independent legal advice from its attorneys with respect to the advisability of executing this Agreement and the meaning of the provisions hereof. The provisions of this Agreement shall be construed as to their fair meaning, and not for or against any party based on any attribution to such party as the source of the language in question. The headings used in this Agreement are for the convenience of reference only and shall not be used in construing this Agreement.

Section 18. No Third Party Beneficiary.

Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person other than the parties to it and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge any obligation of any third party to any party hereto or given any third person any right of subrogation or action over and against any party to this Agreement.

Section 19. Counterparts.

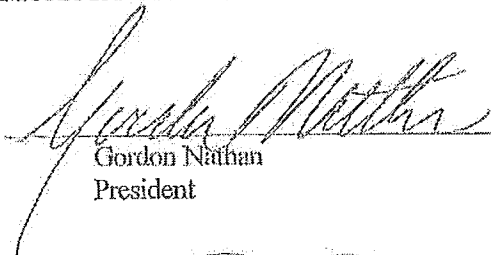
This Agreement is executed in four (4) duplicate originals, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement consists of eight seven (87) pages, which constitute the entire understanding and agreement of the parties.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the parties hereto have executed this Agreement with the intent to be bound thereby as of the date first written above.

"District"
MORAGA-ORINDA FIRE DISTRICT

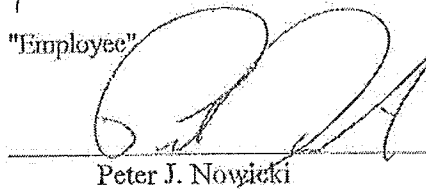
Dated: July 19, 2006



Gordon Nathan
President

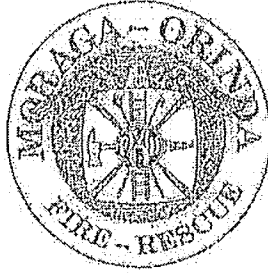
"Employee"

Dated: July 21, 2006



Peter J. Nowicki

Exhibit 2



MORAGA-ORINDA FIRE DISTRICT

BATTALION CHIEF

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (hereinafter MOU) is entered into pursuant to the Meyers-Milias-Brown Act (California Government Code Section 3500 et seq.) by and between the Moraga-Orinda Fire District (the District) and the Moraga-Orinda Fire Chief Officers Association (MOFCOA).

As a result of meet and confer sessions, and by ratifying this MOU, the District authorizes for the rank of Battalion Chief; various pay incentives, differentials, leaves and pay for time not worked, benefits, allowances, and terms and conditions of employment for the period from June 20, 2007 through December 31, 2008.

2007-2008 MORAGA-ORINDA FIRE CHIEF OFFICERS ASSOCIATION
COMPENSATION AND BENEFITS SUPPLEMENT

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I. INCENTIVES

A. Longevity Pay:

Employees holding the positions of Battalion Chief and who have completed the following years of full time paid fire service experience shall be eligible to receive longevity pay equal to the following to be included as part of their "Base Pay".

10 years -- 2.5%

20 years -- additional 2.5%

The total of longevity pay is not to exceed five (5) percent per employee. For purposes of determining years of service, it is the employee's responsibility to provide documentation from prior employers as necessary.

B. Deferred Compensation Incentive:

The District's contribution to management employees who participate in the District's Deferred Compensation Plan will be \$50 per month. To be eligible for this incentive, qualifying management employees must maintain a minimum monthly contribution of \$100 to the deferred compensation plan. The base contribution is computed from the date the employee signs an election form to participate in the program. 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 \$50 District supplement. To reestablish eligibility, employees must again establish a minimum monthly contribution of \$100 to the deferred compensation plan.

C. Fire Management Educational Incentive Program:

1. Employees in Fire District Management classifications, who possess the appropriate certificates or educational degrees beyond the minimum requirements for their class and/or meet appropriate continuing educational requirements, shall be eligible to qualify for professional development educational incentives under conditions described herein.
2. All differentials shall be designated as permanent allowances and shall be awarded in increments of 2.5% of monthly base salary. The permanent educational incentives awarded any employee in the class listed above shall not exceed 5% of monthly base pay. The program is intended to encourage the further professional development of eligible Fire District Management personnel by the pursuit and achievement of job-related certificates or degrees as follows:

All current Battalion Chiefs agree to roll the 7.5% that they are currently being compensated for having an AA/AS degree, a State of California Chief Officers certification, and what was known as the 'contingent allowance' into their monthly base + FRA compensation.

Battalion Chiefs are required to complete forty (40) hours of continuing education annually, as approved by the Fire Chief.

Permanent Allowances:

A member who holds a Baccalaureate Degree from an accredited college or university with a major in Fire Technology, Business Administration, Management and Supervision, or a related field as approved by the Fire Chief shall receive an additional - 2.5%

A member who holds a Masters Degree from an accredited college or university with a major in Fire Technology, Business Administration, Management and Supervision, or a related field as approved by the Fire Chief shall receive an additional - 2.5%

D. Duty Coverage:

The differential of 5% of base pay shall be paid for duty chief coverage that includes on-call standby and emergency callback as required by the District. Upon ratification of this MOU that 5% would be included in the Battalion Chief's base + FRA salary and would no longer be viewed as a differential.

II. LEAVES WITH AND WITHOUT PAY

A. Holidays:

For permanent full-time employees in the rank of Battalion Chief, the District will observe the following holidays each calendar year during the term covered by this MOU:

New Year's Day	Labor Day
Martin Luther King Jr. Day	Veterans Day
Washington's Birthday	Lincoln's Birthday
Memorial Day	Thanksgiving Day
Independence Day	Day after Thanksgiving
Christmas Day	Columbus Day
Admission Day	

Employees assigned to the rank of Battalion Chief will receive eight (8) hours of floating holiday time for each holiday provided which will accrue at the rate of 8.66 hours per month. The maximum accumulation of hours is not to exceed one-hundred and four (104), at which time they will no longer accrue.

B. Vacation Accrual:

All management employees shall accrue paid vacation credit as follows based on total full time fire service experience:

<u>Length of Service</u>	<u>Monthly Accrual Hours</u>	<u>Maximum Cumulative Hours</u>
Under 5 years	14	336
6 through 14 years	18	432
15 through 20 years	22	528
21 through 25 years	24	576
26 through 30 years	28	672
31 years and up	33	792

C. Annual Management Administrative Leave:

All Battalion Chiefs shall be credited with seventy-two (72) hours of paid personal leave which may be taken as paid time off. In addition, the Fire Chief may grant up to eighty-four (84) additional hours of administrative leave based upon exemplary service to the District. This time is non-accruable and all balances will be zeroed out effective June 30th each year.

D. Sick Leave:

All employees shall receive sick leave benefits for the term of this MOU in accordance with District policy in effect on June 20, 2007.

E. Leave Without Pay-Use Of Accruals:

Requests for leave without pay shall be made upon forms prescribed by the District and shall state specifically the reason for the request, the date when it is desired to begin the leave, and the probable date of return.

- A. Leave without pay may be granted for any of the following reasons:
 - 1. illness or disability;
 - 2. pregnancy;
 - 3. parental;
 - 4. to take a course of study such as will increase the employee's usefulness on return to the position;
 - 5. for other reasons or circumstances acceptable to the Fire Chief.
- B. An employee must request family care leave at least thirty (30) days before the leave is to begin if the need for the leave is foreseeable. If the need is not foreseeable, the employee must provide written notice to the employer within five (5) days of learning of the event by which the need for family care leave arises.
- C. A leave without pay may be for a period not to exceed one (1) year, provided the Fire Chief may extend such leave for additional periods. The procedure in granting extensions shall be the same as that in granting the original leave, provided that the request for extension must be made not later than thirty (30) calendar days before the expiration of the original leave.
- D. Nevertheless, a leave of absence for the employee's serious health condition or for family care shall be granted to an employee who so requests it for up to eighteen (18) weeks in each calendar year period. The employee may be asked to provide certification of the need for family care leave or medical leave. Additional period(s) of family care or medical leave may be granted by the Fire Chief.
- E. Whenever an employee who has been granted a leave without any pay desires to return before the expiration of such leave, the employee shall submit a request to the Fire Chief in writing at least fifteen (15) days in advance of the proposed return. Early return is subject to prior approval by the Fire Chief.
- F. Except in the case of leave of absence due to family care, pregnancy, pregnancy disability, illness, or serious health condition, the decision of the Fire Chief on granting or denying a leave or early return from leave shall not be subject to appeal through the grievance procedure.

III. BENEFITS AND ALLOWANCES

A. Medical:

Effective with the ratification of this MOU the Employer will continue to contribute the same amount in effect as of June 20, 2007 toward an employee's CalPERS health plan premiums.

B. Dental:

Effective with the ratification of this MOU the Employer will continue to contribute the same amount in effect as of June 20, 2007 toward an employee's dental plan premiums.

C. PERS Long Term Care:

Battalion Chiefs are eligible to voluntarily elect to purchase long term care through the PERS Long Term Care Program. The District further agrees that District employees interested in purchasing PERS Long Term Care may participate in meetings scheduled by PERS Long Term Care on District facilities during non-work hours. (i.e.: coffee breaks, lunch hour).

D. Health Care Spending Account:

The District offers regular full-time District employees the option 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 pre-determined amount of money from their paycheck, not to exceed \$5000 per year, for health care expenses not reimbursed by any other health benefits plan with before tax dollars. HCSA dollars can be expended on any eligible medical expenses allowed by Internal Revenue Code Section 125. Any unused balance can not be recovered by the employee.

E. Workers' Compensation:

A permanent employee shall receive 100% of regular monthly salary for all accepted claims filed as defined under the Workers' Compensation Laws of California, Labor Code Section 4850.

F. Mileage Reimbursement:

For all employees, mileage allowance for the use of personal vehicles on District business shall be paid according to the rates allowed by the Internal Revenue Service (IRS) and shall be adjusted to reflect changes in this rate on the date it becomes effective or the first of the month following announcement of the changed rate by the IRS, whichever is later.

G. Management Life Insurance:

Management employees shall continue to be provided with \$50,000 term life insurance policies. Premiums for this insurance shall be paid by the District with conditions of eligibility to be reviewed annually. All employees covered herein may also subscribe voluntarily for supplemental life insurance coverage.

H. Training:

All management employees in the classification of Battalion Chief shall be eligible for career development training reimbursement in the maximum amounts of \$215 per semester or \$162.50 per quarter, not to exceed \$650 per fiscal year.

I. Management Development Policy:

All management employees shall be authorized to attend professional training seminars, and workshops, a minimum of thirty (30) hours annually, during hours with Fire Chief approval for the purpose of developing knowledge, skill in the areas of supervision, management and District policies and procedures.

*250 hr. buyback if PERS
198 hr if NO PERS
P. 7*

J. Vacation Buy Back:

Battalion Chiefs may choose reimbursement for vacation buy back up to a maximum of two-hundred and fifty (250) hours per calendar year. This clause would only take effect after the Fire District switches to CalPERS retirement system. If no retirement system change is made, then the buyback amount would remain at the 2002-2006 MOU level which was a maximum of one-hundred and ninety-eight (198) hours per calendar year.

K. Uniform Allowance:

Employees in the rank of Battalion Chief will receive a \$75 per month uniform allowance.

L. Sick Leave Incentive Plan:

Management employees shall be eligible for a payoff of unused sick leave accruals at separation. This program is initiated as an incentive for employees to safeguard sick leave accruals as protection against wage loss due to time lost for injury or illness. Payoff shall be approved by the Fire Chief and can be awarded only under the following conditions:

1. The employee must have resigned in good standing.
2. Payout is not available if the employee retires.

3. The balance at resignation must be at least 70% of accruals earned in the preceding continuous period of employment, but excluding any sick leave use covered by the Family and Medical Leave Act, the California Family Rights Act, or the California Pregnancy Disability Act.

4. Payout shall be under the following schedule:

<u>Years of Permanent Continuous Service</u>	<u>Percent of Unused Sick Leave Paid</u>
3 - 5 years	30%
5 - 7 years	40%
7 plus years	50%

IV. CURRENT TERMS AND CONDITIONS OF EMPLOYMENT

A. Educational Qualifications:

The *Career Development Guide* specifies the minimum qualifications for the position of Battalion Chief. However, through the meet-&-confer process, it is possible that an applicant may be promoted to the position without having met the educational qualifications (Chief Officer Certification). Should this occur, the individual is required to complete the Chief Officer Certification in the time frame listed below (the individual may accelerate this process, but at no time may classes sacrifice job performance).

College Degree: A college degree is a requirement of the Chief Officer Certification. Those having a college degree will have already met this requirement. Those who have not met this requirement must enroll and successfully complete at least one (1) three (3) unit course (per quarter or semester -- including summer session), deemed necessary for completion of the individual's declared major. This will be at no cost to the District, and the individual must attend class on their own time or via the use of accrued benefits (administrative leave, holiday leave, or vacation). The college degree must be attained in no less than three (3) years from the date of promotion.

Chief Officer Curriculum Courses: Chief Officer Curriculum courses (which have not already been completed) must be attended and successfully completed in no less than three (3) years from the date of promotion. At least four (4) classes must be attended annually, until all classes have been completed. The District will pay for the cost of the tuition for each class. The individual must attend class on their own time or via the use of accrued benefits (administrative leave, holiday leave, or vacation), however, the Fire Chief has the discretion to permit the individual to attend class(es) during duty hours.

Failure to meet these requirements will subject the employee to being removed from the position of Battalion Chief.

B. Administrative Provision:

The Fire Chief shall establish guidelines, bulletins or directives as necessary to further define or implement provisions contained in this MOU.

C. Salary Increases:

Effective on the dates indicated, (with no retroactivity) all Battalion Chiefs shall have their basic monthly salary schedule adjusted upward as follows:

June 20, 2007 – 1.8%
January 1, 2008 – 2.0%

A Fire Retirement Allotment (FRA) implemented through a 414 (h) 2 in the amount of 3.91% of base salary has been established. The employee shall pay 100% of the employee contribution toward retirement.

D. Shift Differential Compensation:

A, B, and C shifts work a modified 48-96 schedule. See B/C schedule as in effect on July 1, 2006. The Training Chief works Monday through Thursday 8 hour days and backfills for the shift BC as outlined in the B/C schedule in effect on July 1, 2006.

For Battalion Chiefs this shift differential shall be 9% of their monthly base salary.

To be eligible for differential pay incentive, each Battalion Chief must backfill for other Battalion Chiefs one-hundred and sixty (160) hours per calendar year. Backfill hours must be due to the use of an acquired benefit such as workers comp, sick leave, vacation, administrative leave, holiday time off, maintenance of minimum staffing levels, or in other circumstances as approved by the Fire Chief.

E. Coverage Pay:

Battalion Chiefs working backfill hours in excess of one-hundred and sixty (160) will be compensated for those hours above one-hundred and sixty (160) at the rate paid to Fire Captain Paramedics (top step) on overtime. This compensation would be entitled "BC Coverage" pay. The vacancy must be due to the use of an acquired benefit such as workers comp, sick leave, vacation, administrative leave, holiday time off, maintenance of minimum staffing levels, or in other circumstances as approved by the Fire Chief. Battalion Chiefs who have not yet met their minimum annual backfill obligations will have the first right of refusal to work the vacant hours. If a Battalion Chief chooses to fill the vacancy, he/she must work all available backfill hours in that 24 hour shift period unless otherwise approved by the Fire Chief. The Training Battalion Chief must fill all hours following the completion of his/her normal work period. Battalion Chiefs may choose to split shifts as mutually agreed upon.

F. Strike Team / Mutual Aid Compensation:

Employees in the rank of Battalion Chief and who are responding to the request of Mutual Aid or Automatic Aid under the State Mutual Aid Program shall receive 'pass-through' compensation of the amount reimbursed to the District, according to the annual salary survey submitted to OES (aka. *The Fire Assistance Agreement*). The 'pass-through' of funds would occur on incidents deemed "reimbursable" to the District via the five party agreement or other reimbursable requests from the State Mutual Aid System or OES. The payment would be received by the employee on his/her next scheduled paycheck, irrespective to any processing lag time. The rate will not be more than one and one half times the hourly pay rate listed for the position of 'Battalion Chief'. On requests deemed to be non-reimbursable, the employee's time shall be applied to satisfy District 'backfill' obligations.

Pass through compensation will be in effect only on days that the employee would ordinarily be scheduled off-duty. There will be no pass-through compensation during the hours the employee would ordinarily be considered to be on-shift.

Pass through compensation for each event must be approved by the Fire Chief. Should reimbursement be denied due to an omission by the responding Battalion Chief, the individual will not receive and/or will return any pass through compensation already provided by the District.

Employees are responsible for ensuring that their absence will not cause a hardship to the District. A maximum of two (2) Battalion Chiefs will be allowed to be assigned to Mutual Aid/Automatic Aid events, and this number should be decreased for known Battalion Chief absences during that time frame (vacation, workers' compensation, classes and seminars which are out of the area, etc.) Battalion Chiefs are responsible for ensuring that scheduled 'duty' days will be appropriately staffed.

G. Residency:

Members of the Battalion Chief's group shall maintain a residence that is within a seventy-five (75) air mile radius of the Moraga-Orinda Fire District boundaries at all times. This allows for a timely response when serving as the duty chief. The effectiveness of this provision shall be evaluated and discussed as necessary during the meet and confer process prior to the establishment of the next MOU. Battalion Chiefs are responsible to evenly divide the duty chief responsibilities on a monthly basis and respond back to the District as needed.

H. CalPERS Retirement:

Members of the Battalion Chief's group agree to participate in the exploration, development, and implementation of changing retirement systems from the Contra Costa County Employees Retirement Association (CCCERA) to the California Public Employees Retirement System (CalPERS) should the District and its employees vote to do so. This agreement is contingent upon each member of the Battalion Chief's group being made "whole" and there is no "negative" impact to the employee in the change, that is, they are afforded a plan in CalPERS that is equal in final retirement benefit level as that of which they would have received in CCCERA.

I. New Employees Entering The District As A New Battalion Chief:

New employees from outside the District entering as a Battalion Chief will be subject to the same agreed upon benefit package as it exists in the Local 1230 – MOFD MOU.

J. Same Level:

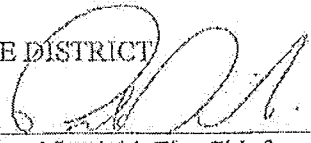
In the event that any other MOFD bargaining unit negotiates or is granted by arbitration or a vote of the electorate, any increase in fringe benefits which are greater or in excess of those provided by this MOU, then the District shall provide that same level of interest in fringe benefits to the employees in this bargaining unit. This increase shall be effective on the same date and on the same basis as the fringe benefit in question.

NOTE: All terms and conditions contained herein are effective from date of adoption unless otherwise stated.

If the foregoing is in accordance with your understanding, please so acknowledge by signing where indicated below:


APPROVED AND ACCEPTED:

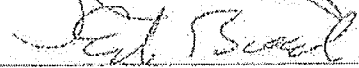
FOR THE DISTRICT

By 
Pete Nowicki, Fire Chief

6-20-2007
Dated

FOR THE MORAGA ORINDA FIRE CHIEF OFFICERS ASSOCIATION

By 
Bryan Collins

By 
Ed Borden

By 
Stephen Healy

By 
Jeff Maxwell

6-21-07
Dated

Exhibit 3

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT BETWEEN
MORAGA-ORINDA FIRE DISTRICT AND FIRE CHIEF
PETER J. NOWICKI

Currently, an employment agreement (Agreement) exists between the Moraga-Orinda Fire District (District) and Peter J. Nowicki (Employee). The term of this Agreement commenced on July 10, 2006, and shall continue until July 9, 2010. The Employee and District entered into dialogue in July 2007, and the following amendments to the original agreement have been negotiated and are retroactive to July 10th, 2007.

Section 5.1 of the Agreement is hereby amended to read as follows:

Section 5.1. Salary. District agrees to pay Employee for Employee's service as Fire Chief an annual base salary of \$186,218.84 payable in installments at the same time and in the same manner as other employees of the District are paid. A 414 (h) 2 provision will be added to this base salary that is consistent with the District's 414 (h) 2 Program, subject to the Employee paying 100% of the employee retirement contribution. Unless otherwise specified herein, Employee shall receive all normal and customary health, welfare and retirement benefits provided to all employees of the District. Employee may receive a salary adjustment as determined by the Board annually following a performance evaluation.


Section 5.3 of the Agreement is hereby amended to read as follows:

Section 5.3. Clothing Allowance. Employee shall receive \$75 per month clothing allowance.

Section 5.13 is hereby added to the Agreement and reads as follows:

~~Section 5.13. Vacation Sell Back. Employee shall be allowed a one-time sell back of 200 hours of accrued vacation time. This one-time vacation sell back must take place prior to July 9, 2008, in order to be effective.~~

Dated: 2-6-08

"Employee"

Peter J. Nowicki

Dated: 2-6-08

"District"

Moraga-Orinda Fire District

Exhibit 4

**MORAGA-ORINDA FIRE DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING MINUTES
November 28, 2007**

Opening Ceremonies

The Board of Directors convened in Open Session at 6:00 p.m. October 17, 2007 at the Moraga Fire Administration Building, 1280 Moraga Way in Moraga, California. President Wyro called the meeting to order and led the Pledge of Allegiance. Present were the following Directors and Staff:

President Wyro	Chief Nowicki
Director Gottfried	Bill Avery
Director Sperling	Battalion Chief Collins
Director Weil	
Director Wilson	

At 6:01 p.m., the Board went into Closed Session.

Business Meeting

President Wyro reconvened the regular business meeting of the Moraga-Orinda Fire District Board of Directors at 7:00 p.m. Present were the following Directors and Staff:

President Wyro	Chief Nowicki
Director Gottfried	Battalion Chief Maxwell
Director Sperling	Battalion Chief Collins
Director Weil	Administrative Manager Casey
Director Wilson	Secretary Pokorny

Report of Closed Session Action

President Wyro stated that there was reportable action taken concerning Item 2.1, Conference with Labor Negotiators (Government Code Section 54957.6) Agency Designated Representatives, concerning the Association of Federated Firefighters IAFF, Local 1230 in that the Board voted to accept Local 1230 negotiated contract with a 5-0 vote. Discussion of items 2.2, 2.3, and 2.4 are to be continued after the regular session is adjourned.

Special Presentations

President Wyro opened the Special Presentation and adjourned the meeting to the Apparatus Bay for the introduction and promotions of Captain Steve Rogers, Captain Ken Consiglio, Captain Sean McGee, Captain Robert Heaston, and Support Service Assistant Clayton Hoover. There also was a Special Presentation of a check in the amount of \$180,000 from the Wilder Developers to the Moraga-Orinda Fire District to be used for a new ambulance

Consent Agenda

It was *M/S/C by unanimous vote, to approve the Consent Agenda except for Items 7.2, Monthly/Annual Incident Summary. Item 7.2, Monthly/Annual Incident Summary was pulled from the Consent Agenda because the report was not available.

East Bay Interoperability Plan

Fire Chief Keith Richter presented an overview of the East Bay Regional Communications System radio interoperability solution. There are several levels of interoperability in the Contra Costa County and Alameda County areas. Communications systems in both counties are fragmented and significant cost savings can be realized for local jurisdictions by being part of a regional system without sacrificing local autonomy. Grant funding from the Federal Government is available for "Regional Communication Systems." System costs minus grant funding would be allocated to each jurisdiction based on the number of radio each jurisdiction operates in the system. Ongoing system operations, subsequent upgrades, and replacement would be funded through a subscriber fee.

Exhibit 5



**MORAGA-ORINDA FIRE DISTRICT
BOARD OF DIRECTORS
ORDER OF ADJOURNMENT AND MEETING AGENDA**

Continued from November 28th 2007

December 3, 2007

7:00 P.M. Open Session

7:10 P.M. Closed Session

**Board Room – Administration Building
1280 Moraga Way, Moraga, California**

The Board of Directors of the Moraga-Orinda Fire District issued an Order of Adjournment at its Wednesday November 28, 2007, Regular Board meeting and shall meet on Monday, December 3, 2007 at 7:00 p.m. in the Board Room of the Administration Building at 1280 Moraga Way, Moraga, California.

1. RECONVENE

2. PUBLIC COMMENT

The public is invited to speak on any matter not appearing on the agenda and within the subject matter jurisdiction of the District. Comments should be limited to three minutes. Please state your name and address for the record.

3. REGULAR SESSION

3.1. **Formal Ratification of Local 1230 Memorandum of Understanding (MOU).**

Continued from closed session of November 28. Board formal ratification of Local 1230 MOU.

Staff Recommendation: 1. Ratify MOU

4. CLOSED SESSION (continued from November 28 meeting)

4.1. **Conference with Labor Negotiator**

(Government Code Section 54957.6)

Agency Designated Representatives: Fire Chief Pete Nowicki

Employee Organizations: Association of AFSCMB, Local 2700

4.2. **Public Employee Performance Evaluation**

(Government Code Section 54957) Title: Fire Chief

The Board will discuss Chief Nowicki's performance evaluation and process

5. RECONVENE THE MEETING

5.1. Call the Business Meeting to Order

6. REPORT OF CLOSED SESSION ACTION

7. ADJOURNMENT

The Moraga-Orinda Fire Protection District ("District"), in complying with the Americans with Disabilities Act ("ADA"), requests individuals who require special accommodations to access, attend and/or participate in District Board meetings due to a disability, to please contact the District Chief's office, (925) 258-4599, at least one business day prior to the scheduled District Board meeting to ensure that we may assist you.

I hereby certify that this Order of Adjournment in its entirety was posted on December 3, 2007, at the Moraga and Orinda Fire Administration offices, Stations 41, 42, 43, 44 and 45.

Christine Pokorny,
Secretary to the Board

Exhibit 6

MORAGA-ORINDA FIRE DISTRICT
BOARD OF DIRECTORS
ADJOURNED MEETING MINUTES
December 3, 2007

The Board of Directors of the Moraga-Orinda Fire District adjourned the Regular Board of Directors meeting on Wednesday, November 28, 2007 to this meeting on Monday, December 3, 2007 at 7:00 p.m. in the Board Room of the Administration Building at 1280 Moraga Way, Moraga, California.

President Wyro reconvened the meeting at 7:00 p.m., and noted that Directors Gottfried, Sperling, Weil, and Wilson were present, as well as, Chief Nowicki, Battalion Chief Collins, and Administrative Manager Sue Casey.

PUBLIC COMMENT

Captain Barreto (Moraga-Orinda Fire District Captain) invited the Board to open up the line of communications with the Local 1230 Union Representatives and the Vice President. President Wyro would like to re-establish dinner meetings and will work with the Board to schedule future meetings.

Formal Ratification of Local 1230 Memorandum of Understanding (MOU).

Chief Nowicki thanked all those involved in the process of accepting the Memorandum of Understanding of Local 1230, especially President Walker, all the vice presidents, Local 1230 representatives Anaya, Consiglio, Barreto, and Trumpf. He also thanked Mr. Bill Avery, BC Collins, and Austris Rungis for working on behalf of the District. It was a long process and he thanked the Board for their cooperation. He felt working in a spirit of cooperation; the agreement was brought to a close in a very friendly and enjoyable fashion. He recommended that the MOU for Local 1230 be formally ratified.

It was M/S/C by Roll Call vote, to formally ratify the Memorandum of Understanding of Local 1230.

AYES: Directors Gottfried, Sperling, Weil, Wilson, and President Wyro
NOES: NONE ABSENT: NONE ABSTAIN: NONE

At 7:10 p.m., the Board went into Closed Session to discuss:

Conference with Labor Negotiator (Government Code Section 54957.6) Agency Designated Representatives: Fire Chief Pete Nowicki, Employee Organizations: Association of AFSCME, Local 2700

Public Employee Performance Evaluation (Government Code Section 54957) Title: Fire Chief. The Board will discuss Chief Nowicki's performance evaluation and process.

At 8:20 p.m., the Board returned from Closed Session and President Wyro indicated stated that no reportable action had occurred.

ADJOURNMENT

At 8:21 p.m., President Wyro called for adjournment to the next regularly scheduled Board meeting to be held on December 17, 2007 at 7 p.m. in the Board Room of the Administration Building at 1280 Moraga Way, Moraga, California.

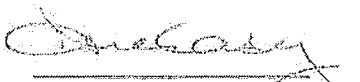

Sue Casey
Administrative Manager

Exhibit 7



MORAGA-ORINDA FIRE DISTRICT BOARD OF DIRECTORS

AGENDA

December 17, 2007

6:00 P.M. Closed Session

7:00 P.M. – Business Meeting

Board Room – Administration Building
1280 Moraga Way, Moraga, California

1. OPENING CEREMONIES 6:00 P.M.
 - 1.1. Call the meeting to Order
 - 1.2. Roll Call
 - 1.3. Pledge of Allegiance
2. CLOSED SESSION
 - 2.1. **Conference with Labor Negotiator**
(Government Code Section 54957.6)
Agency Designated Representatives: Fire Chief Pete Nowicki
Employee Organizations: Association of AFSCME, Local 2700
 - 2.2. **Public Employee Performance Evaluation**
(Government Code Section 54957) Title: Fire Chief
The Board will discuss Chief Nowicki's performance evaluation and process
 - 2.3. **Conference with Labor Negotiators**
(Government Code Section 54957)
Agency designated representatives: Fire Chief Pete Nowicki
Unrepresented employee: Reclassification of Support Services Assistant
 - 2.4. **Conference with Labor Negotiators**
(Government Code Section 54957)
Agency designated representatives: Fire Chief Pete Nowicki
Unrepresented employee: EMS Liaison and CQI Coordinator
3. RECONVENE THE MEETING
 - 3.1. Call the Business Meeting to Order
4. REPORT OF CLOSED SESSION ACTION
5. PUBLIC COMMENT
The public is invited to speak on any matter not appearing on the agenda and within the subject matter jurisdiction of the District. Comments should be limited to three minutes. Please state your name and address for the record.
6. CONSENT AGENDA
 - 6.1. **Special Board Meeting Minutes of November 28, 2007**
Staff Recommendation: Approve
Regular Board Meeting Minutes of December 3, 2007
Staff Recommendation: Approve
 - 6.2. **Monthly/Annual Incident Summary**
Staff Recommendation: Receive and File
 - 6.3. **Training Report**
Staff Recommendation: Receive and File
 - 6.4. **Fire Prevention Report**
Staff Recommendation: Receive and File
 - 6.5. **Ambulance Billing Report**
Staff Recommendation: Receive and File
 - 6.6. **Monthly Financial Reports**
Staff Recommendation: Receive and File

- 6.7. **Ratification of District accounts payable check register for the period of November 29, 2007 through December 7, 2007 in the amount of \$130,037.81.**
Staff Recommendation: Approve

7. REGULAR CALENDAR

- 7.1. **Fix Employer's contribution rates under the Public Employee' Medical & Hospital Care Act**
The Board of Directors will consider approval of Resolutions 07-10, 07-11, and 07-12, fixing the employer's contributions under the Public Employees' Medical and Hospital Care Act.
Staff Recommendation: Adopt the Resolutions 07-10, 07-11, and 07-12, fixing the employer's contributions under the Public Employees' Medical and Hospital Care Act.
- 7.2. **GASB 45 and Employee Benefit update.**
The Board will discuss GASB 45 and employee benefits.
Staff Recommendation: 1) Discuss; 2) Deliberate; 3) Provide direction to Staff
- 7.3. **Draft Auditor's Management Letter and General Purpose Financial Statements for Fiscal Year 2006-2007.**
The Board of Directors will consider the draft Auditor's Management Letter and General Purpose Financial Statements for Fiscal Year 2006-2007.
Staff Recommendations: 1) Receive Letter and Statement; 2) Deliberate; 3) File Letter and Statement
- 7.4. **Election of Board Officers and Committee Chair Members.**
The Board of Directors will elect new officers and committee chair members.
Staff Recommendation: 1) Discuss; 2) Elect officers and committee chair members

8. COMMITTEE REPORTS

- 8.1 Long Range Planning/Finance (*Director Weil & Director Wilson*)

9. CORRESPONDENCE

All items under Correspondence are items received by the District Board of Directors or the President of the Board of Directors. Copies of these items will be made available upon request by any member of the public.

- 9.1 Thank you from Battalion Chief Alan Biagi, Rodeo-Hercules Fire District
9.2 Thank you from Girl Scout Troop 1143
9.3 Thank you from Sally Duval
9.4 Thank you from Marrion Powers-Miller

10. ANNOUNCEMENTS

- 10.1 Brief information only reports related to meetings attended by a Director at District expense (Government Code Section 53232.3(d).)
10.2 Questions and informational Comments from Board members and Staff.

11. ADJOURNMENT

The Moraga-Orinda Fire Protection District ("District"), in complying with the Americans with Disabilities Act ("ADA"), requests individuals who require special accommodations to access, attend and/or participate in District Board meetings due to a disability, to please contact the District Chief's office, (925) 258-4599, at least one business day prior to the scheduled District Board meeting to ensure that we may assist you.

I hereby certify that this agenda in its entirety was posted on December 13, 2007, at the Moraga and Orinda Fire Administration offices, Stations 41, 42, 43, 44 and 45. Agenda faxed to the Moraga Town Office (Hacienda) and Orinda City Hall.

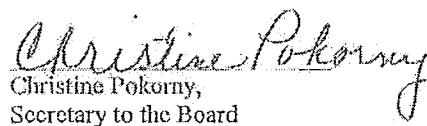

Christine Pokorny,
Secretary to the Board

Exhibit 8



**MORAGA-ORINDA FIRE DISTRICT
BOARD OF DIRECTORS
SPECIAL MEETING FOR CLOSED SESSION AND
WORK SESSION**

January 2, 2008

6:00 P.M. Closed Session

7:00 P.M. – Work Session

**Board Room – Administration Building
1280 Moraga Way, Moraga, California**

1. OPENING CEREMONIES 6:00 P.M.
 - 1.1. Call the meeting to Order
 - 1.2. Roll Call
 - 1.3. Pledge of Allegiance
2. CLOSED SESSION
 - 2.1. **Public Employee Performance Evaluation**
(Government Code Section 54957) Title: Fire Chief
The Board will discuss Chief Nowicki's performance evaluation and process
 - 2.2. **Conference with Labor Negotiator**
(Government Code Section 54957.6)
Agency Designated Representatives: Fire Chief Pete Nowicki
Employee Organizations: Association of AFSCME, Local 2700
 - 2.3. **Conference with Labor Negotiator**
(Government Code Section 54957)
Agency designated representatives: Fire Chief Pete Nowicki
Unrepresented employee: EMS Liaison and CQI Coordinator
3. RECONVENE THE MEETING
 - 3.1. Call the Business Meeting to Order
4. REPORT OF CLOSED SESSION ACTION IF ANY
5. PUBLIC COMMENT
The public is invited to speak on any matter not appearing on the agenda and within the subject matter jurisdiction of the District. Comments should be limited to three minutes. Please state your name and address for the record.
6. WORK SESSION: THE BOARD WILL MEET IN AN INFORMAL WORK SESSION TO DISCUSS THE FOLLOWING TOPICS. NO FORMAL ACTION WILL BE TAKEN OF ANY OF THESE MATTERS. ANY FORMAL ACTION WILL OCCUR AT THE REGULARLY SCHEDULED MEETING OF THE BOARD.
 - 6.1. **Capital Facility needs assessment contrasting Station 43 and Station 41**
 - 6.2. **Overview of Strategic Plan**
 - 6.3. **Topics of discussion for future Work Sessions**
 - 6.4. **Discussion of Team Building Services**
7. ADJOURNMENT

The Moraga-Orinda Fire Protection District ("District"), in complying with the Americans with Disabilities Act ("ADA"), requests individuals who require special accommodations to access, attend and/or participate in District Board meetings due to a disability, to please contact the District Chief's office, (925) 258-4599, at least one business day prior to the scheduled District Board meeting to ensure that we may assist you.

I hereby certify that this agenda in its entirety was posted on December 27, 2007, at the Moraga and Orinda Fire Administration offices, Stations 41, 42, 43, 44 and 45. Agenda faxed to the Moraga Town Office (Hacienda) and Orinda City Hall.

Christine Pokorny
Secretary to the Board

Exhibit 9



MORAGA-ORINDA FIRE DISTRICT

MEMORANDUM

TO: The Board of Directors

FROM: Pete Nowicki, Fire Chief

DATE: 1-8-2008

SUBJECT: Approval of Employment Agreement with Peter J. Nowicki

Background

The *annual performance review* of the MOFD Fire Chief has been completed and a new employment agreement has been drafted. The Fire Chief believes the review process to be very productive in terms of self-development and a means of further understanding Board and District needs, and thanks the Board for their time and effort.

Recommendation

Approve the amendments to the Fire Chief's employment agreement as presented.

**FIRST AMENDMENT TO EMPLOYMENT AGREEMENT
BETWEEN MORAGA-ORINDA FIRE DISTRICT AND FIRE CHIEF
PETER J. NOWICKI**

Currently, an employment agreement (Agreement) exists between the Moraga-Orinda Fire District (District) and Peter J. Nowicki (Employee). The term of this Agreement commenced on July 10, 2006, and shall continue until July 9, 2010. The Employee and District entered into dialogue in July 2007, and the following amendments to the original agreement have been negotiated and are retroactive to July 10th, 2007.

Section 5.1 of the Agreement is hereby amended to read as follows:

Section 5.1. Salary. District agrees to pay Employee for Employee's service as Fire Chief an annual base salary of \$186,218.84 payable in installments at the same time and in the same manner as other employees of the District are paid. A 414 (h) 2 provision will be added to this base salary that is consistent with the District's 414 (h) 2 Program, subject to the Employee paying 100% of the employee retirement contribution. Unless otherwise specified herein, Employee shall receive all normal and customary health, welfare and retirement benefits provided to all employees of the District. Employee may receive a salary adjustment as determined by the Board annually following a performance evaluation.

Section 5.3 of the Agreement is hereby amended to read as follows:

Section 5.3. Clothing Allowance. Employee shall receive \$75 per month clothing allowance.

Section 5.13 is hereby added to the Agreement and reads as follows:

Section 5.13. Vacation Sell Back. Employee shall be allowed a one-time sell back of 200 hours of accrued vacation time. This one-time vacation sell back must take place prior to July 9, 2010, in order to be effective.

Dated: _____

“Employee”

Peter J. Nowicki

“District”

Dated: _____

Moraga-Orinda Fire District

Exhibit 10



MORAGA-ORINDA FIRE DISTRICT BOARD OF DIRECTORS

AGENDA

January 16, 2008

6:30 P.M. Closed Session

7:00 P.M. – Business Meeting

Board Room – Administration Building
1280 Moraga Way, Moraga, California

1. OPENING CEREMONIES 6:30 P.M.
 - 1.1. Call the meeting to Order
 - 1.2. Roll Call
 - 1.3. Pledge of Allegiance
2. CLOSED SESSION
 - 2.1. Conference with Labor Negotiator
(Government Code Section 54957.6)
Agency Designated Representatives: Fire Chief Pete Nowicki
Employee Organizations: Association of AFSCME, Local 2700
 - 2.2. Conference with Labor Negotiators
(Government Code Section 54957)
Agency designated representatives: Fire Chief Pete Nowicki
Unrepresented employee: EMS Liaison and CQI Coordinator
3. RECONVENE THE MEETING
 - 3.1. Call the Business Meeting to Order
4. REPORT OF CLOSED SESSION ACTION
5. PUBLIC COMMENT
The public is invited to speak on any matter not appearing on the agenda and within the subject matter jurisdiction of the District. Comments should be limited to three minutes. Please state your name and address for the record.
6. PUBLIC HEARING
 - 6.1 Opportunity for public comments contesting weed abatement notification given by the Fire District.
The Board of Directors will consider approval of Resolution 08-01, confirming, and adopting the reported costs incurred by the Moraga-Orinda Fire District ("District") in abating public nuisances on certain property within the District pursuant to Health and Safety Code section 14912.
Staff Recommendation: Adopt Resolution 08-01, confirming and adopting the reported costs incurred by the Moraga-Orinda Fire District ("District") in abating public nuisances on certain property within the District pursuant to Health and Safety Code section 14912.
7. SPECIAL PRESENTATION – Engineer/Paramedic Arne Peterson
8. CONSENT AGENDA
 - 8.1 Regular Board Meeting Minutes of December 17, 2007
Staff Recommendation: Approve
 - 8.2 Monthly/Annual Incident Summary
Staff Recommendation: Receive and File
 - 8.3 Training Report
Staff Recommendation: Receive and File
 - 8.4 Fire Prevention Report
Staff Recommendation: Receive and File
 - 8.5 Ambulance Billing Report
Staff Recommendation: Receive and File

8.6 **Monthly Financial Reports**

Staff Recommendation: Receive and File

8.7 **Ratification of District accounts payable check register for the period of December 13, 2007 through January 3, 2008 in the amount of \$433,196.07.**

Staff Recommendation: Approve

9. **REGULAR CALENDAR**

9.1 **Discussion of Team Building Services**

The Board of Directors will discuss a facilitator and possible interviews.

Staff Recommendation: 1) Discuss; 2) Deliberate; 3) Possible action to approve the hiring of a facilitator

9.2 **Formal Ratification of Local 2700 Memorandum of Understanding (MOU).**

The Board will vote to formally ratify the MOU of Local 2700.

Staff Recommendation: 1) Ratify MOU

9.3 **New Contract with the Fire Chief**

The Board will discuss and take possible action to approve the employment agreement for Fire Chief Pete Nowicki.

Staff Recommendation: 1) Approve employment agreement for Fire Chief Pete Nowicki

9.4 **Fire Prevention Board of Appeals**

The Board of Directors will discuss the Fire Prevention Board of Appeals.

Staff Recommendation: 1) Discuss; 2) Deliberate; 3) Provide direction to Staff

9.5 **Draft Auditor's Management Letter and General Purpose Financial Statements for Fiscal Year 2006-2007.**

The Board of Directors will consider the draft Auditor's Management Letter and General Purpose Financial Statements for Fiscal Year 2006-2007.

Staff Recommendation: 1) Receive letter and statement; 2) Deliberate; 3) Accept and file letter and statement

9.6 **Board discussion pertaining to future meetings with Labor (Local 1239 and Local 2700)**

The Board of directors will discuss meeting with Labor (Local 1230 and Local 2700 throughout the year).

Staff Recommendation: 1) Discuss; 2) Deliberate; 3) Provide direction to Staff

10. **COMMITTEE REPORTS**

10.1 **Long Range Planning/Finance** (*Director Wyro & Director Sperling*)

11. **CORRESPONDENCE**

All items under Correspondence are items received by the District Board of Directors or the President of the Board of Directors. Copies of these items will be made available upon request by any member of the public.

11.1 **Thank you from Ann Nielson**

12. **ANNOUNCEMENTS**

12.1 **Brief information only reports related to meetings attended by a Director at District expense (Government Code Section 53232.3(d).)**

12.2 **Questions and informational Comments from Board members and Staff.**

13. **ADJOURNMENT**

The Moraga-Orinda Fire Protection District ("District"), in complying with the Americans with Disabilities Act ("ADA"), requests individuals who require special accommodations to access, attend and/or participate in District Board meetings due to a disability, to please contact the District Chief's office, (925) 258-4599, at least one business day prior to the scheduled District Board meeting to ensure that we may assist you.

I hereby certify that this agenda in its entirety was posted on January 10, 2007, at the Moraga and Orinda Fire Administration offices, Stations 41, 42, 43, 44 and 45. Agenda faxed to the Moraga Town Office (Hacienda) and Orinda City Hall.

Christine Pokorny,
Secretary to the Board

Exhibit 11

MORAGA-ORINDA FIRE DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING MINUTES
January 16, 2008

Opening Ceremonies

The Board of Directors convened in Open Session at 6:30 p.m. January 16, 2008 at the Moraga Fire Administration Building, 1280 Moraga Way in Moraga, California. President Weil called the meeting to order and led the Pledge of Allegiance. Present were the following Directors and Staff:

President Weil	Chief Nowicki
Director Gottfried	
Director Sperling	
Director Wyro	
Director Wilson	

At 6:31 p.m., the Board went into Closed Session.

Business Meeting

President Weil reconvened the regular business meeting of the Moraga-Orinda Fire District Board of Directors at 7:03 p.m. Present were the following Directors and Staff:

President Weil	Chief Nowicki
Director Gottfried	Battalion Chief Ed Borden
Director Sperling	Administrative Manager Casey
Director Wyro	Secretary Pokorny
Director Wilson	

Report of Closed Session Action

President Weil stated that there was no reportable action taken on Item 2.1, Conference with Labor Negotiators (Government Code Section 54957.6) Employee Organizations: Association of AFSCME, Local 2700; or Item 2.2, Conference with Labor Negotiators (Government Code Section 54957) Unrepresented employee: EMS Liaison and CQI Coordinator

Public Comment

Jonathan Goodwin (Canyon, CA) stated that tonight was his one-year anniversary of attending the MORFD Board meetings. He feels that the Board does not always hear what he has to say and at times appears combative especially with Staff. He also feels that there is a very serious labor issue going on in the District; the Board should be more receptive to the needs of the labor groups. The Board should be accountable for making things flow smoothly in the District. However, he does commend the Board for entertaining the idea of a facilitator to try to iron out the issues among members.

President Weil replied that Item 9.6 of this agenda would address the issue of getting together with the labor groups. He agreed that it has been rough the past two years and hoped that all parties can take some responsibility and move forward.

Public Hearing

Chief Nowicki opened the Public Hearing for the 2007 abatement season by thanking Battalion Chief Healy and Fire Prevention Specialist Hoover for all their work on the Program. He provided background information regarding the Vegetation Management process. Approximately 3,000 exterior hazard notifications were mailed in the Orinda and Moraga areas. Those not in compliance, were given several notices before the District's contractor was sent out to abate those properties. Affected property owners have the opportunity to be heard on this issue. Presently, there are only five parcels listed. This is quite an improvement from previous years and it is only because of the hard work of former Fire Marshal Hoover, Battalion Chief Healy, Fire Prevention Specialist Clayton Hoover, and the abatement team.

Public Comment

Mr. Clyde Vaughn (59 Donna Maria Way) stated that weed abatement notices should be sent certified mail. It seems in past years, homeowners have not received them.

Fire Prevention Specialist Clayton Hoover replied that due to the volume the first abatement notices are sent first class but the second and all subsequent notices are sent out certified with return receipt.

There were no property owners present. It was M/S/C, by unanimous vote to accept Resolution 08-01, confirming, and adopting the reported costs incurred by the Moraga-Orinda Fire District in abating public nuisances on certain property within the District pursuant to Health and Safety Code Section 14912.

Special Presentation

Chief Nowicki explained that the Safety Award is presented through the Safety Committee and the recipient is nominated by the fellow personnel. He deferred to Battalion Chief Borden who further explained that he was honored to announce the recipient Engineer /Paramedic Arne Peterson for the award. E/P Peterson identified a safety issue and took it upon himself to fix it. The issue involved a fellow firefighter smashing his fingers in the retention chains of one of the apparatus and E/P Peterson saw that the chains were too long. With the help of his Captain, he cut and shortened them so it was no longer a crush element. Chief Borden presented E/P Peterson with the Safety Award.

Chief Nowicki also mentioned that longevity pins are awarded in the District. He congratulated Captain/Paramedic Steve Anaya on 20 years of service with the District. He thanked him for his service and leadership involvement in Local 1230, the Reserve and Hydrant Programs, CERT and CPR, the Safety Committee and other numerous committees throughout the years. He wished him a prosperous additional 20 years in the District.

The Board congratulated E/P Petersen and C/P Anaya on their dedication to the District.

Consent Agenda

It was *M/S/C by unanimous vote, to approve the Consent Calendar.

Discussion of Team building Services

At the January Special Board meeting, the Board gave direction to Chief Nowicki to research additional trained professional facilitators and invite them to be interviewed by the Board of Directors. Mr. Chuck Beasley was the only candidate willing to come to the meeting. There were two written proposals submitted for review. Mr. Beasley introduced himself and spoke about his services and what methods he uses to facilitate groups such as the Board. The Board thanked Mr. Beasley for coming to the meeting.

After continued discussion by members of the Board, President Weil feels the Board should not put off making a decision. He appreciated all the comments he heard tonight but feels the first facilitator the Board interviewed in January, Mr. Larry Bicenati is a good fit for the Board. He seemed to recognize and identify problems that the Board is having. President Weil thinks that the Board should vote and move forward subject to Director Wyro's approval. District Counsel stated that waiting for Director Wyro's approval would constitute a serial quorum and would violate the Brown Act. Director Sperling feels that Director Wyro was comfortable with Mr. Bicenati.

It was M/S/C by unanimous vote, to have Mr. Larry Bicenati serve as the Board of Directors facilitator. A tentative Work Session is scheduled for March 29, 2008.

Formal ratification of Local 2700 Memorandum of Understanding (MOU)

This item was pulled from the Regular Calendar and will be placed on the Closed Session Calendar at the February 6, 2008 Special Meeting for further discussion.

New Contract with the Fire Chief

The Board instructed Staff to prepare an employment agreement with Chief Pete Nowicki to be presented to the Board for approval. President Weil reported the employment agreement and evaluation has been discussed with the Chief. There are three changes different from the last employment agreement: 1) the base salary is set at \$186, 218.84; 2) he will receive a clothing allowance of \$75 per month; 3) a one-time vacation sell back of 200 hrs. (must be made prior to July 9, 2008). All other provisions will be the same as in the previous employment agreement.

After comments from the Board and the public, it was M/S/C by unanimous vote, to approve the employment agreement for Fire Chief Pete Nowicki with the above changes.

Fire Prevention Board of Appeals

Chief Nowicki explained that in 2007, the Board adopted Ordinance 07-01 of the California Building Standards Code, the California Fire Code (with certain amendments) and the International Fire Code, 2006 Edition. The Ordinance states that a Fire Prevention Board of Appeals be formed. The Board of Appeals should be comprised of five members of the Community, experts who can deal with the issues. The Board of Appeals would be able to research issues and make informed decisions. The Chief requested direction from the Board.

President Weil stated that the guidelines for an Appeals Board, call for particular members of the community to sit on the board and are separate from the MOFD Board of Directors. Director Wilson doesn't feel that the City of Orinda and the Town of Moraga need more bureaucracy. President Weil agreed but also feels that the Board adopted the 2007 International Fire Code and should try to abide by it. Chief Nowicki stated that the City of Orinda and Town of Moraga did also adopt the MOFD Fire Code Ordinance and the 2007 International Fire Code and thus the Appeals Board as outlined in the Code was acceptable to them.

After continued discussion, Director Wilson made a motion to appoint the MOFD Board as a temporary Board of Appeals. The motion died for lack of a quorum. The Board of Directors asked District Counsel to research Appeal Boards and the International Fire Code (IFC).

Draft Auditor's Management Letter and General Purpose Financial Statements for fiscal Year 2006-2007.

Director Sperling requested that this item be discussed after item 9.6 to accommodate the public wishing to speak.

Board discussion pertaining to future meetings with Labor (Local 1230 and Local 2700).

Chief Nowicki explained that Management and the Board used to meet on a regular basis with Labor and he would like to see that happen again as long as the meetings complied with the Brown Act restrictions. District Counsel stated that was fine, as long as the meeting was agendaized appropriately as a work session and in an open session. They could also meet in closed sessions with two or less Board members present. President Weil felt that if it was in an open session some members might not feel comfortable speaking about certain subjects. A social event might more beneficial. He would like to see all five Board members take the time to meet with individual union members on a regular basis. Director Sperling felt that any discussions concerning negotiations should be in closed session, otherwise all other discussions should be in open session.

Public Comment

Mark DeWeese (F/F for MOFD) stated that a casual social event would be beneficial.

Randy Trumpf (Capt. for MOFD and Union Rep. for Local 1230) thinks that District Counsel clarified the restrictions on where and when to meet. He meets with the Contra County Commissions and Board of Supervisors regularly and feels that the members of this Board are aloof and anything that can open the lines of communication is welcome.

After continued Board discussion, President Weil directed Staff to have continued discussion on with Labor and schedule meetings. He would like to open the lines of communication.

Draft Auditor's Management Letter and General Purpose Financial Statements for fiscal Year 2006-2007.

Chief Nowicki stated that the Board reviewed the Draft Auditor's Management Letter and General Purpose Financial Statements for fiscal Year 2006-2007 at the December Board meeting. Corrections were made and the audit was being presented for the Board's acceptance. He deferred questions from the Board to Administrative Manager Sue Casey.

AM Casey stated that a member of the public posed a question during the Finance Committee meeting regarding compliance with GASB 43. In response, she checked with eight other agencies and those agencies had similar statements in their audits or were not disclosing it at all in fiscal year 2006/07. MOPD received the report from the State of California commission formed to study the issues of other post employment benefits but it did not contain any real substance on how to address the issue.

AM Casey said the Finance Committee would be meeting to address the issue of possibly hiring a new auditor.

Public Comment

Jonathan Goodwin said that the spelling of Montenero should be changed to Montenara. Ms. Casey replied that the spelling in the audit was correct, but that the spelling in the staff report was incorrect.

President Weil asked that the final Auditor's Management Letter and General Purpose Financial Statements for fiscal Year 2006-2007 be brought back for acceptance at the next board meeting.

Correspondence

President Weil acknowledged and expressed appreciation for the correspondence received.

Informational Comments from Board Members and Staff

Chief Nowicki comments:

- He spoke about the tragedy that befell Capt. Dave Stochl. He stated it was a terrible thing to happen to such a young man. There has been a tremendous outpouring of concern and he is receiving immense support from family, friends, coworkers and Local 1230.
- He congratulated Gene Gottfried for being honored as the Volunteer of the Year for the City of Orinda. Reservations are being taken for the event on February 27 at 6 p.m.
- The District fared very well through the recent storms. There were 34 calls collectively. The City of Orinda sent out emails through the School District to keep the community updated on developments.
- The District Fire Code Ordinance has been completed and adopted by the Town of Moraga and the City of Orinda.
- The District is down to two Fire Marshal candidates. The Chief will be interviewing each one individually. Either one would be a great asset to the District.

President Weil conveyed his sympathy for Capt. Stochl. He has been keeping an eye on his progress through the District emails. He is pleasantly surprised with the progress that he has made. He asked the Chief to let him know if the Board could do anything to assist.

Adjournment

At 9:02 p.m., President Weil called for adjournment of the regular meeting. It was M/S/C to adjourn to the regular Board Meeting to on February 20, 2008 at 7:00 p.m.



Christine Pokorny
Secretary to the Board

Exhibit 12

6



Pete Nowicki
Fire Chief

Moraga-Orinda Fire District
33 Orinda Way
Orinda, CA 94563

Phone: (925) 258-4599
Fax: (925) 258-4595

July 15, 2008


Pete Nowicki, Fire Chief
Moraga Orinda Fire District
33 Orinda Way
Orinda, CA 94563

Dear Chief Nowicki:

As you are aware, this Board has met several times in closed session to evaluate the terms and conditions of your continued employment as Fire Chief of the Moraga Orinda Fire District. Those deliberations are continuing, but will hopefully conclude shortly with specific recommendations and actions.

In the interim you asked for the waiver of Section 5.12 of your employment agreement which does not allow for the carry forward of certain administrative leave. The Board consents to such waiver for two months from July 1 or until a new employment contract is executed, whichever comes first. Thus, the current administrative leave on the books as of June 30 does not have to be stricken at this time.

Very truly yours,


Fred Weil, President
Moraga Orinda Fire District

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Exhibit 13

**MORAGA-ORINDA FIRE DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING MINUTES**

December 10, 2008

(approved January 21, 2009)

Opening Ceremonies

The Board of Directors convened in Open Session at 6:30 p.m. December 10, 2008 at the Moraga Orinda Fire Administration Building, 1280 Moraga Way in Moraga, California. President Weil called the meeting to order and led the Pledge of Allegiance. Present were the following Directors and Staff:

President Weil	Fire Chief Nowicki
Director Sperling	Steve Meyers, District Counsel
Director Wyro	
Director Wilson	

At 6:32 p.m., the Board went into Closed Session

Business Meeting

President Weil reconvened the regular business meeting of the Moraga-Orinda Fire District Board of Directors at 7:00 p.m. Present were the following Directors and Staff:

President Weil	Fire Chief Nowicki	Battalion Chief Healy
Director Sperling	Steve Meyers, District Counsel	Battalion Chief Maxwell
Director Wilson	Sue Casey, Financial Services Manager	Fire Marshal Mentink
Director Wyro	Secretary Pokorny	

Report of Closed Session Action

President Weil stated that because of time constraints, discussion of Closed Session items would be continued at the conclusion of the regular session.

Installation and swearing-in ceremonies of Director Fred Weil and Director Brook Mancinelli by the Honorable John Kennedy, Judge of the Superior Court, Contra Costa County.

The Honorable John Kennedy administered the oath of office to Fred Weil and Brook Mancinelli for 4-year terms as Directors of the Moraga-Orinda Fire District.

Consent Agenda

All items from the Consent Agenda were pulled for discussion.

Discussion Items:

8.1 - Regular Board Minutes of November 19, 2008, Page 2, under District Financial Update, sentence 7 and 8 should be deleted.

8.2 - Monthly/Annual Incident summary. Chief Nowicki explained that the Board requested Staff look up previous requests for different reporting options. A new format has been included in this packet. It was M/S/C by unanimous approval to accept the new format.

8.2- Monthly Financial Reports were not available at the meeting.

8.4- Resolution 08-08, Compliance with IRS Revenue Ruling 2006-43 regarding member retirement contribution.

District Counsel Meyers discussed Resolution 08-08 with Board members.

8.5 - Resolutions 08-09, 08-10 and 08-11, Fixing Employer Contribution rates under the Public Employees Medical and Hospital Care Act. It was M/S/C by unanimous vote to accept Resolutions 08-09, 08-10, and 08-11 with the following amendments: Government Code Section 22825.6 should be changed on each Resolution to 22892(a) and under the third paragraph; the employer's contribution should be changed to employer's monthly contribution.

It was M/S/C to accept amended items 8.1, 8.2, 8.5 and item 8.4.

Regular Calendar

Captain/Paramedic Steve Rogers, Program Manager for the Information Technology Program, reported on the Information Technology Program. The District's network is supported by Definitive Networks and currently consists of seven main servers, 1 Fire Prevention server, 10 Admin. Laptops and 28 workstations.

Moraga Fire000155

Computer hardware is currently leased through Dell Financial on a 3-year rotation operational lease, which allows the District to upgrade computers as they become out-dated and reduces replacement and maintenance costs.

Presentation by Captain/Paramedic Matt O'Brien, Program Manager for the Self-Contained Breathing Apparatus.

Captain/Paramedic O'Brien took over as Program Manager for this program 2 years ago. In 1998, a countywide committee looked at operability and over a 2-year process determined that Scott Air Pacs were the best units on the market and signed a 10-year contract. The most important piece of safety equipment the District has, Air Pacs require annual fit testing, flow testing of primary and secondary regulators, and hydrostatic testing of all SCBA cylinders. New NFPA compliance requires all agencies to replace fittings with universal fittings for operability.

After continued discussion by Directors and members of the public, the Board thanked Captain/ Paramedic Rogers and Captain/ Paramedic O'Brien for their informative and well thought-out presentations.

Review of Contra Costa County Employee's Retirement Association (CCCERA) Board Meeting

Chief Nowicki reported on the November 25, 2008, Board of Directors meeting of CCCERA. CCCERA's actuaries from Martin E. Segal Company gave a presentation regarding projections of employer-contributions rate increases based on various market return scenarios for 2008. The Chief stated that District contribution rates will increase by approximately 25% and possibly 50% by 2015 because of the downturn in the economy and the resulting enormous investment return losses at CCCERA.

Draft Auditor's Management Letter and General Purpose Financial Statements for Fiscal Year 2007-2008 Funding of a Facilitator

Fire Chief Nowicki thanked Financial Services Manager Casey for all the time and effort that went into working with the Auditors.

FSM Casey introduced Mr. John Cropper from Cropper Accounting Corporation. Mr. Cropper gave credit to FSM Casey for changing the District's accounting system. That change entailed a lot of extra work on her part and he felt she had done an excellent job. Mr. Cropper also mentioned that with any small agency, it is difficult to have segregation of duties nevertheless those deficiencies should always be noted as an internal control item in the Management Letter as they increase the likelihood of errors and/or misappropriation of assets. He was very surprised that internal control was not noted in previous audits. He also stated that the items mentioned in the previous years Management Letter were not internal control items but were symptoms of problematic internal controls and suggested there were much bigger issues than stated. Mr. Cropper then explained this year's management letter and recommendations.

After discussion by the Board and members of the public, President Weil directed Staff to discuss the auditor's recommendations with Finance Committee members. Finance Committee members will bring back their recommendations to the Board at the next Board meeting.

Funding of a Facilitator

Chief Nowicki explained that the District is in the process of researching, requesting public input, and developing a new Strategic Plan. Mr. Larry Bionati has been assisting the District as a facilitator and consultant in several different capacities. The Chief recommended entering into an agreement with Mr. Bionati at the cost of \$7,500, to provide services as facilitator during the development of the Strategic Plan.

After discussion by Board members, President Weil requested that Chief Nowicki bring back to the Board for discussion a contract with a scope of the work to be performed by Mr. Bionati.

Approval of Amendment to Fire Chief's Employment Agreement

Chief Nowicki explained that he and the Board worked cooperatively to negotiate appropriate adjustments to the Fire Chief's employment agreement and that a new agreement has been reached

It was M/S/C by roll call vote to approve the Fire Chief's amended Employment Agreement.

Revenue Enhancement Task Force (RETF) Ad Hoc Committee members

Board members discussed the formation of an RETF Ad Hoc Committee.

It was M/S/C by unanimous vote to approve Directors Weil and Wyro as the RETF Ad Hoc Committee members.

Election of Board Officers and Committee Chair Members

President Weil made a motion to elect Director Wilson as President, Director Sperling as Vice President, Director Wyro as Secretary, and Director Weil as Treasurer; Directors Sperling and Wyro as Finance Committee members and Director Mancinelli as the OPSAC Representative. The motion was seconded by Director Wyro

It was M/S/C by unanimous vote to accept the newly elected Board Officers and Committee Chair members.

Committee Reports

The Finance Committee met on December 8th. Director Wyro reported that most of the items discussed by the Finance Committee had already been covered during tonight's meeting. Director Sperling stated he was surprised to see some of the changes that had been made to the Draft Long Range Financial Forecast. He requested that Board members not ask Staff to make changes until after the Board has had time to discuss the Finance Committee member recommendations. All the different requests for changes to the Draft Long Range Financial Forecast are time-consuming, confusing and create unnecessary work for Staff. He would like to discuss the Long Range Financial Forecast at a Finance Committee Meeting and then submit it to the Board at the next Board meeting for approval.

Correspondence

President Weil acknowledged and expressed appreciation for the correspondence received.

Announcements

Chief Nowicki's comments:

- The Chief reminded the Board about the Academy graduation for the District's three recruits on Friday, December 12th.
- The District is in the process of testing for two Captain's position and one Battalion Chief.
- The Toys for Tots program has done well at all five stations.
- Police Chief Ruppenthal will be leaving the Moraga Police Department to join the East Bay Regional Parks Department. He wished him well in his new position. The District has enjoyed a wonderful relationship with the police department and hopes that it continues.
- He will be working with President Wilson on dates for the next Team Building Session.
- The Chief wished everyone a very Merry Christmas and a Happy New Year.

President Wilson's comments:

- President Wilson commented that he does not like to see Board meetings cancelled because one Director cannot make it. He feels that when you make a commitment to be a Director then you should attend all the meetings.
- He requested Staff to provide information on the Lease Purchase Agreement.

Return to Closed Session

The Board returned to Closed Session at 9:50 p.m.

Report of Closed Session Action

Upon return from Closed Session at 10:37 p.m., President Weil reported that there had been no reportable action on Item 3.1 Public Employee Performance Evaluation regarding the Fire Chief or on Item 3.2, Conference with the Board of Directors regarding potential land acquisition.

Adjournment

At 10:40 p.m., President Weil called for adjournment of the regular meeting. It was M/S/C to adjourn to the Regular Board Meeting on January 21, 2009 at 7:00 p.m.

Christine Pokorny,
Secretary to the Board

Exhibit 14

AMENDMENT No. 2 to EMPLOYMENT AGREEMENT

This is Amendment No. 2 to that Employment Agreement between the Moraga-Orinda Fire District ("MOFD") and Peter J. Nowicki ("Employee") and dated December 10th, 2008. The parties agree to amend the Agreement as follows:

Section 5.5 Vacation. Employee shall accrue paid vacation credit at the rate of 28 hours per month, effective July 1, 2008.

Section 5.6 Holidays. Employee may have paid holidays off from work in the same manner as Battalion Chiefs, effective January 1, 2008.

Section 5.12 Administrative Leave. Employee shall be credited 80 hours of Administrative Leave on July 1 of each fiscal year. Administrative Leave may be accrued and converted to Vacation Leave, effective July 1, 2008.


Section 5.13 Accrued Vacation Leave. Employee shall be permitted to sell back up to 260 hours of accrued Vacation Leave annually.

Section 5.14 Education Credit. Employee is required to successfully complete 80 hours of continuing education annually in order to enhance his ability to perform the duties of Fire Chief of the District.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement with the intent to be bound thereby as of the date first written above unless otherwise specified.

Dated: December 10, 2008

"District"
MORAGA-ORINDA FIRE DISTRICT


Fred Well
President

Dated: December 10th, 2008

"Employee"


Peter J. Nowicki

Exhibit 15

Daniel Borenstein: Fire board aided chief's pension spike

By Daniel Borenstein Staff columnist

POSTED: 05/02/2008 12:01:00 AM PDT
 UPDATED: 05/02/2014 04:38:04 PM PDT

THREE DAYS BEFORE the chief of the Moraga-Orinda Fire District announced his retirement, the Board of Directors approved benefit changes to his contract that had the effect of spiking his pension by as much as 20 percent, increasing his annual retirement pay by about \$40,000 to \$241,000 a year.

According to three board members, the directors knew when they approved the contract amendment on Dec. 10, 2008, that Chief Pete Nowicki was planning to retire. Indeed, Director Pete Wilson said the board members deliberately made the changes to help Nowicki increase his pension and that the chief presented them with calculations documenting the effect.

One might understand giving the chief what amounts to a raise to retain him. But boosting his compensation when he was headed out the door is unconscionable.

Director John Wyro told me that the directors never saw calculations of the financial effect of the changes they were approving. Their goal, he said, was to give Nowicki benefits that his battalion chiefs already enjoyed. In fact, they gave him much more.

It all raises questions that District Attorney Robert Koehly and the Contra Costa County Grand Jury should investigate about whether the contract amendment constituted an illegal gift of public funds. Moreover, the Contra Costa County Employee Retirement Association, which administers the fire district's retirement plan, should review Nowicki's pension to determine whether the last-minute spiking violates state law.

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"Finally, there's the question of whether Nowicki hoodwinked the board. "Did I fully understand ... the full impact to his pension? I did not fully understand the impact,"

Director Frank Sperling said. "I wouldn't say we were taken by the chief. I would agree the chief understood the pension system better than I did."

Wyro and Wilson added that the board members relied on Nowicki's representations that the contract amendments would put his benefits on par with his top subordinates, the battalion chiefs. They never independently verified his claims. That's pretty amazing; While negotiating a contract with their fire chief, the board members relied on that very person for their information.

The board unanimously approved the contract amendment Nowicki and Director Fred Weil did not respond to telephone and e-mail inquiries. Director Brook Mancinelli said he didn't have time to answer questions.

Nowicki's tenure as chief began in 2006, when he and the district agreed to his original contract. That document was amended in February 2008 and then again in December. The negotiations



RELATED STORIES

- May 9:
 - Daniel Borenstein: In major shift, Contra Costa pension system to investigate pay spiking cases (http://www.contracostatimes.com/danielborenstein/ci_2573248/daniel-borenstein-major-shift-contra-costa-pension-system?source=pkq)
- Mar 7:
 - Daniel Borenstein: Judge determines Contra Costa, Alameda county pension spiking illegal (http://www.contracostatimes.com/danielborenstein/ci_2572987/daniel-borenstein-judge-determines-contra-costa-alameda-county?source=pkq)
- Aug 9:
 - Daniel Borenstein: False payroll reports used to boost doctors' salaries, pensions (http://www.contracostatimes.com/danielborenstein/ci_2382414/daniel-borenstein-false-payroll-reports-used-boost-doctors?source=pkq)
- Jul 26:
 - Daniel Borenstein: On-call pension spike provides huge boost to retirement pay (http://www.contracostatimes.com/danielborenstein/ci_2373342/daniel-borenstein-on-call-pension-spike-provides-huge-boost?source=pkq)
- Jan 10:
 - Daniel Borenstein: Short-term contract, long-term gain (http://www.contracostatimes.com/ci_14150059?source=pkq)
- May 2:
 - Daniel Borenstein: Guide to bad pension policy (http://www.contracostatimes.com/ci_12295599?source=pkq)
- Jul 30:
 - My Word: Abuse of pension system can't be tolerated (http://www.contracostatimes.com/ci_12946915?source=pkq)
- Jul 14:
 - Editorial: Contra Costa judge's pension ruling is a huge victory for the public (http://www.contracostatimes.com/ci_12626247?source=pkq)
- Jul 13:
 - Letter: Pensions a conspiracy to steal from public (http://www.contracostatimes.com/ci_12798698?source=pkq)

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between the chief and the board over the second amendment lasted several months, during which time Nowicki revealed his plans to retire.

Nevertheless, Sperling said, "My intention of approving the second amendment to the contract was to provide for appropriate current compensation and I did not take into consideration pension implications."

The amount of Nowicki's exorbitant pension has been known for months. I reported in April that he had converted a \$185,000 annual salary (\$194,400 with adjustments) into a \$241,000 yearly pension. I spelled out the spiking methods, which included selling back unused vacation and holidays hours. He not only received cash for the unused time, the payments were applied to his final year's salary used for his pension calculation.

What's new is that much of sell-back was made possible by the second amendment to his contract. The amendment was first uncovered in July by the local firefighters union and was subsequently mentioned by The Wall Street Journal in a recent article on pension spiking that featured the Nowicki case.

Until now, however, it was not publicly known that the directors were aware of Nowicki's retirement plans when they approved the contract amendment. And there has been no public calculation of the effect of the amendment on his pension payments. Exactly how much it increased his pension has been difficult to determine because Nowicki and the district have stalled responses to specific questions and records requests.

That said, most of the financial effect can be calculated by examining the contract amendments and records on file with the retirement association:

- **Vacation buyback.** In the February 2008 contract amendment, Nowicki was granted a one time buyback of 200 hours of vacation leave. But in the December 2008 contract amendment, that amount was increased to 260 and allowed annually. (In contrast, battalion chiefs are allowed 196 hours annually.) The effect was to allow Nowicki to sell back an additional 320 hours of vacation. The income from those sales counted toward final-year salary when calculating his pension, thereby boosting his annual retirement pay by \$25,280.
- **Administrative leave.** In his original contract, Nowicki, like his battalion chiefs, was specifically prohibited from carrying over from year to year his 80 hours of administrative leave. It was "use it or lose it." But in the December 2008 amendment, that was specifically changed to allow him to accrue administrative leave and convert it to vacation leave. It's unclear from the contract amendment whether Nowicki was entitled to convert 80 or 160 hours when he retired. But if he converted 80 hours to vacation and then received a payout for it upon retirement, that would have added \$6,320 to his annual pension.
- **Floating holiday.** In his original contract, Nowicki was granted the same 10 paid holidays each year as other administrative and clerical positions. In the December 2008 contract amendment, Nowicki was increased to the 13 holidays granted to battalion chiefs. More significantly, under the original contract, if he worked the holiday he was entitled to take a different day off within two months. He could not accrue the time beyond that. Under the amendment, he was entitled to accrue a year's worth of holidays, retroactive until January 2008, which he could cash out upon leaving. When Nowicki's pension was calculated, he was credited for all 13 holidays. The effect of this was to add \$8,216 to his annual pension.

Wyro said he was "shocked" to learn from me that the changes spiked Nowicki's pension by 20 percent. "It would have been better to know what that number was going in so we could have made a more-informed decision." Wilson, on the other hand, was unmoved by the figure. "Yeah, so what's the problem?" he said.

Three days after the board agreed to the contract changes that had implications Nowicki apparently understood better than the directors, the chief sent out an e-mail announcing his official retirement (http://www.contracostatimes.com/top-stories/ci_13038375). In an amazing

Jul 2:

- [Contra-Costa court OKs release of public employee pension data](http://www.contracostatimes.com/ci_12743794?source=pkq) (http://www.contracostatimes.com/ci_12743794?source=pkq)

Jul 1

- [Editorial: Renning in overly generous public employee pensions](http://www.contracostatimes.com/ci_12733676?source=pkq) (http://www.contracostatimes.com/ci_12733676?source=pkq)

Jun 27:

- [Your Turn: Public employee pension must change](http://www.contracostatimes.com/ci_12697044?source=pkq) (http://www.contracostatimes.com/ci_12697044?source=pkq)

Jun 17:

- [Newspapers join fight over pension data release](http://www.contracostatimes.com/ci_12610732?source=pkq) (http://www.contracostatimes.com/ci_12610732?source=pkq)

Jun 3:

- [Daniel Borenstein: Public employee pension data must be open](http://www.contracostatimes.com/ci_12510618?source=pkq) (http://www.contracostatimes.com/ci_12510618?source=pkq)

Jun 2:

- [Effort to release public pension details in court](http://www.contracostatimes.com/ci_12503806?source=pkq) (http://www.contracostatimes.com/ci_12503806?source=pkq)

May 14:

- [Letter: Irresponsible spending on employee pensions](http://www.contracostatimes.com/ci_12308336?source=pkq) (http://www.contracostatimes.com/ci_12308336?source=pkq)

May 2:

- [Daniel Borenstein: Guide to bad pension policy](http://www.contracostatimes.com/ci_12265599?source=pkq) (http://www.contracostatimes.com/ci_12265599?source=pkq)

Apr 12:

- [Daniel Borenstein: Spiking of public pensions is costing taxpayers](http://www.contracostatimes.com/ci_12133678?source=pkq) (http://www.contracostatimes.com/ci_12133678?source=pkq)

Apr 5:

- [Daniel Borenstein: Public employee pensions are unsustainable](http://www.contracostatimes.com/ci_11947973?source=pkq) (http://www.contracostatimes.com/ci_11947973?source=pkq)

Mar 15:

- [Daniel Borenstein: System in dire need of reform](http://www.contracostatimes.com/ci_11890810?source=pkq) (http://www.contracostatimes.com/ci_11890810?source=pkq)

display of hypocrisy, Nowicki bemoaned the system that paid him more to retire than to keep working. "The concept is akin to the government paying farmers not to grow crops ...," he wrote. "Nonetheless, I've reached that financial plateau and it's no longer economically feasible to continue in my current capacity."

The epilogue to the story is that Nowicki started drawing his pension and the board hired him back as interim chief under a \$176,400 annual contract that remains in effect today. Board members say they are concerned about rising pension costs and, believe it or not, have turned to Nowicki to help them understand what to do about it.





Borenstein is a staff columnist and editorial writer. Reach him at 925-943-8248 or dborenstein@bayareanewsgroup.com (<mailto:dborenstein@bayareanewsgroup.com>).

Chris Borland's decision to retire not influencing Stanford players
<http://www.contracostatimes.com/breaking-news/27747245/chris-borlands-decision-retire-not-influencing-stanford-players>

Things could get a lot messier for the...
<http://www.contracostatimes.com/breaking-news/27747245/chris-borlands-decision-retire-not-influencing-stanford-players>

Dorris Eaton School finds new home at San Ramon's Bishop Ranch
<http://www.contracostatimes.com/breaking-news/27746875/dorris-eaton-school-finds-new-home-at-san>

Offers and articles from around the Web

			
<p>Rollover your 401k or open and fund your IRA and get up to \$600 cash. Get started today</p>	<p>1 UNKNOWN Secret To Eliminate 15 Years of Mortgage Payments</p>	<p>Bill Bonner predicted debt would destroy America. 2008 proved him right. Here's Bill's new worry</p>	<p>The Biggest Wave Formation in Stock Market History is About to Hit. CLICK HERE to See it.</p>

This Week's Circulars

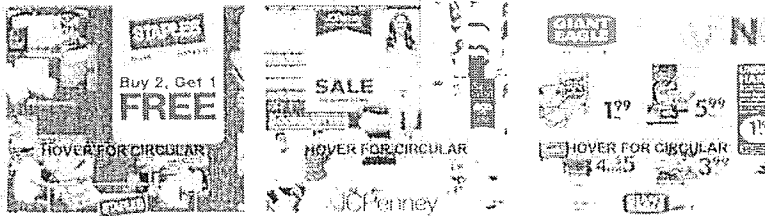


Exhibit 16

From: Nowicki, Pete
Sent: Saturday, December 13, 2008 9:46 AM
To: ALL MOFD Personnel
Subject: Please read

8/4/2009

Page 2 of 2

To Everyone at MOFD,

As you are all aware, the 3% at 50 retirement system very much dictates when an employee will discontinue employment. The decision is predominantly based upon a fiscal plateau, at which point the employee then loses income by coming to work.

I'm very fortunate to be a part of such a lucrative system, yet I philosophically find it to be very troubling at the same time. The ability to retire at the age of 50 is certainly a nice option, but I do not believe that workers should be 'put to pasture' due simply to a lack of any other viable alternative. That concept is akin to the government paying farmers not to grow crops – I never understood that practice either. Nonetheless, I've reached that financial plateau and it's no longer economically feasible to continue in my current capacity. For that reason, my retirement will become effective on January 30, 2009. But before everyone starts to help me pack and shows me the on-ramp to the freeway....my retirement will be in 'status' only.

The Board of Directors and myself have been entertaining discussions on my continued service to the District as a contract employee. Should that come to fruition, it would be nothing more than a 'paper conversion' and a seamless transition to a new classification.

So, in essence, this message is most likely much ado about nothing. I'll keep you all informed as this matter evolves.

Pete Nowicki

Fire Chief

Exhibit 17



MORAGA-ORINDA FIRE DISTRICT

MEMORANDUM

TO: The Board of Directors
FROM: Pete Nowicki, Fire Chief
DATE: November 27, 2008
SUBJECT: Amendment to the Fire Chief's Employment Agreement

Background

Since May 2008, The Board of Directors and the Fire Chief have been working cooperatively to negotiate appropriate adjustments to the Fire Chief's employment agreement. Those adjustments will be presented as a handout at the December 10, 2008 Board meeting.

Recommendation

Review and approve amendment to Fire Chief's employment agreement as presented.

Exhibit 18

Turner, Barbara

From: Casey, Susan
Sent: Friday, October 16, 2009 5:20 PM
To: Turner, Barbara
Subject: FW: CONFIDENTIAL
Attachments: estimatebrochuresaf.pdf

See below. This is how Pete's pension benefit was calculated.

Sue Casey
Financial Services Manager
Moraga-Orinda Fire District
925-258-1530

From: Casey, Susan
Sent: Friday, October 16, 2009 5:19 PM
To: 'Bill Avery'
Subject: RE: CONFIDENTIAL

Hi Bill,
I attached a PDF from CCCERA that tells how to determine estimated monthly pension benefit.

For Pete:

Base Salary = \$15,518.24 x 12 = \$186,218.88
Vacation Sale 2008 = \$24,187.49
Vacation Sale 2009 = \$24,187.49
FRA = \$7,281.12
Uniform Allowance = \$900.00
Total Final Year Pay = \$242,774.98

Add Vacation Accrual (336. hours @ \$93.0288 = \$31,257.68
Add Personal Holiday Payoff (8.67 per month with a 104 hour max) - 104 @ \$93.0288 = \$9,675.

Total Final Average Salary = \$283,707.66
Total Final Average Monthly Salary = \$23,642.30

Monthly Pension Benefit is calculated by:
Final Average Monthly Salary x Years of Retirement Service Credit x Retirement Age Factor (.03 @ 50)

\$23,642.30 x (I think 28.62) x .03 = \$20,299.30

Let me know if you have questions.

Sue Casey
Financial Services Manager
Moraga-Orinda Fire District
925-258-1530

From: Bill Avery [mailto:bill@averyassoc.net]
Sent: Friday, October 16, 2009 3:48 PM
To: Casey, Susan
Subject: Re: CONFIDENTIAL

I am getting a headache. :) How did he get from his final salary to his retirement amount?

Bill Avery
Avery Associates
3 1/2 North Santa Cruz Avenue Ste. A
Los Gatos, CA 95030
Office 408.399.4424
Cell 408.472.7873
Fax 408.399.4423

From: "Casey, Susan" <scasey@mofd.org>
Date: Fri, 16 Oct 2009 18:52:27 -0400
To: Bill Avery <bill@averyassoc.net>
Conversation: CONFIDENTIAL
Subject: RE: CONFIDENTIAL

When he became Chief he had 253 hours on the books. He was accruing 16.67 hours until 04/30/07 when he began accruing 20 hours. He took 56 hours in 2006 and 48 hours in 2007. As of 12/31/07 he had 459.33 hours on the books. On 01/31/08 he sold 200 hours leaving 259.33 hours accrued. As of 11/30/08 he had 479.33 on the books. On 12/31/08 he sold 60 hours of vacation. On 12/31/08 112 hours were converted to vacation time from Admin Leave and 54.19 retro vacation hours, (he should have been accruing 28 hours from 07/01/08), were added to his balance. He also accrued 20 hours for January 2009. On 01/09/09 he sold 260. His final balance on the books was 365.52 when her retired.

His terminal pay included 336 hours of vacation -- 29.52 was not subject to retirement. (He was accruing 28 hours vacation a month. Vacation payoff is one year of accruals.)

I attached a worksheet which shows the accruals, what was taken and what was added.

Does this answer your question? (Clear as mud?)

Let me know.

Sue Casey
Financial Services Manager
Moraga-Orinda Fire District
925-258-4530

From: Bill Avery [<mailto:bill@averyassoc.net>]
Sent: Friday, October 16, 2009 1:58 PM
To: Casey, Susan
Subject: Re: CONFIDENTIAL

Board wants contract structured to avoid spiking issues. Did he end up with 200 plus 480 in final pension calculation?
Bill Avery
Avery Associates
W 408-399-4424
C 408-472-7873

From: Casey, Susan <scasey@mofd.org>
To: Bill Avery
Sent: Fri Oct 16 16:49:03 2009
Subject: RE: <no subject>

There was never an adjustment to the maximum accrual on any of his contract amendments so his max accrual, (by contract), was 480. (The amendment dated 02/06/08 allowed a one-time sell back of 200 hours of accrued vacation.)

Does that help?

Sue Casey
Financial Services Manager
Moraga-Orinda Fire District
925-258-4530

From: Bill Avery [mailto:bill@averyassoc.net]
Sent: Friday, October 16, 2009 12:31 PM
To: Casey, Susan
Subject: Re: <no subject>

December 2008 amendment gave him 28 hrs/month plus allowed administrative leave to be converted to vacation. Trying to figure out if there was a cap on accrual.

--
Bill Avery
Avery Associates
3 1/2 North Santa Cruz Avenue Ste. A
Los Gatos, CA 95030
Office 408.399.4424
Cell 408.472.7873
Fax 408.399.4423

From: "Casey, Susan" <scasey@mofd.org>
Date: Fri, 16 Oct 2009 15:17:42 -0400
To: Bill Avery <bill@averyassoc.net>
Conversation: <no subject>
Subject: RE: <no subject>

Sorry - should have included him!

His original contract read: Employee shall accrue paid vacation credit in the same manner as sworn employees of the district on a forty (40) hour work week. I assume that means Local 2700.

Under Accrued Vacation Leave in his 12/10/08 Contract Amendment:
~~Employee shall be permitted to sell back up to 260 hours of Vacation Leave annually.~~

Again, let me know if you need anything else.

Sue Casey
Financial Services Manager
Moraga-Orinda Fire District
925-258-4530

-----Original Message-----
From: Bill Avery [mailto:bill@averyassoc.net] <mailto:bill@averyassoc.net%5d>
Sent: Friday, October 16, 2009 12:00 PM
To: Casey, Susan
Subject: <no subject>

Hi Sue - hate to be a pest-----but, did Pete have a vacation accrual maximum?

Thanks.

Exhibit 19

FINAL RETIREMENT CALCULATION

Last Name: Nowicki First Name: Peter MI: J. Employee #: [REDACTED]
 Care Of: [REDACTED] Emp SS#: [REDACTED]
 Address: [REDACTED]
 City: [REDACTED] State: [REDACTED] Zip Code: [REDACTED] Birthdate: [REDACTED]
 Retirement Date: 1/30/2009 Member Date: 6/1/1983
 Bridge Status: Pending

	Prior Srv	Pickup	Redeposit	Pub. Srv.
Tier: 1	0.0000	0.0000	0.0000	0.0000
Tier: 2	0.0000	0.0000	0.0000	0.0000
Tier: 3	0.0000	0.0000	0.0000	0.0000
Tier: Safety	0.0000	0.0011	0.0000	0.0580

Max Vac Weeks 1 Yr Accrual	8.4	Max Vac Weeks 2 Yr Accrual	16.8
Monthly Salary - Include Management and Longevity Pay:			
	0.00		
	0.00		
	0.00		
	0.00		
	0.00		
	0.00		
	0.00		
Pre Ventura 36 Month Total	0.00		
1/30/08-1/31/08	0.08	15,518.24	1,001.18
2/1/08-12/31/08	11.00	16,200.00	178,200.00
1/1/09-1/29/09	0.94	15,518.24	14,517.06
	0.00		
	0.00		
Pre Ventura 12 Month Total	12.00		193,718.24

50.544
= 50.50

Tier: 1
Factor: Mo Red:

Tier: 2
Factor: Mo Red:

Tier: 3
Factor: Mo Red:

Tier: Safety
Factor: 0.030000

Service Credit Tier 1	
Current Serv =	0.0000
Add'l. Service:	0.0000
Total =	0.0000

	12 Month	36 Month	
SUBTOTAL FINAL COMPENSATION	\$ 193,718.24	\$ -	
Holiday Pay:	\$ -	\$ -	Service Credit Tier 2:
Differential-Type 1/09 full amount FRA \$606.76 and Uniform \$78	\$ 681.76	\$ -	
Differential-Type Retro salary adj received 1/09 - prorated	\$ -	\$ -	
Pre-Ventura Final Avg Salary	16,200.00	-	Curr Serv. = 0.0000
FINAL PRE VENTURA TOTALS	\$ 194,400.00	\$ -	Add'l. Service: 0.0000
Hours Weeks Hourly Rate			Total = 0.00000
Vac. Sales Hrs: 520.00 (1yr) 0.08 (3yr) x hourly rate 93.028800	\$ 48,374.88	\$ -	Service Credit Tier 3
Vac. P/O Hrs 336.00 (1yr) 0.08 (3yr) x hourly rate 93.028800	\$ 31,257.68	\$ -	
Pers. Hol. P/O Hrs 104.00 (1yr) 0.08 (3yr) x hourly rate 93.028800	\$ 9,675.00	\$ -	
Hol Comp P/O Hrs 0.00 (1yr) 0.08 (3yr) x hourly rate 0.000000	\$ -	\$ -	
LUMP SUM TOTALS	\$ 89,307.65	\$ -	
Grand Total Compensation:	\$ 283,707.65	\$ -	Curr Serv = 0.0000
Total Weeks In Terminal Pay 1 yr 24.0 Total Weeks In Terminal Pay 3 yr 0.0			Add'l. Service: 0
AVERAGE SALARY - ONE YEAR:	\$ 23,642.30		Total = 0.0000
AVERAGE SALARY - THREE YEARS:	\$ -		Service Credit Safety

BASIC RETIREMENT ALLOWANCE							
Tier 1						Curr Serv = 25.6667	
0.000000	X	\$ 23,642.30	X	0.0000	=	\$ -	Add'l. Service: 1.0197
0	X	0.0000	X		=	\$ -	Total = 26.6864
Tier 2						Sick Leave	
0.000000	X	\$ -	X	0.0000	=	\$ -	3240.35
0	X	0.0000	X	0.00	=	\$ -	Hours = #hrs. /2000
Tier 3						##### 1.6202	
0.000000	X	\$ 23,642.30	X	0.0000	=	\$ -	Total Final Service w/Sick Leave
0	X	0.0000	X	N/A	=	\$ -	Reg Service = 0
Safety						Sick Leave = 0.0000	
0.030000	X	\$ 23,642.30	X	26.6864	=	\$ 18,927.84	Total 0.0000
Sick Leave							
0.030000	X	\$ 23,642.30	X	1.6202	=	\$ 1,149.14	
0.000000	X	1.6202	X		=	\$ -	\$ 1,149.14
TOTAL ALLOWANCE WITH SICK LEAVE						\$ 20,076.98	

Base Salary and Effective Dates MUST cover most recent 12 months (Tier 1,3 or Safety); 36 months (Tier 2)

Pete Nowicki page 2

Differentials/Additional Pay Items (list individual differential including Holiday Pay)	Differential Amount	Period in Effect
FRA	\$7,281.12	02/01/08-01/31/09
Uniform Allowance	\$900.00	02/01/08-01/31/09
	\$	
	\$	
	\$	

included in 12 month total 1/1/08 to 12/31/08 last month 1/30/08

Contract says he can sell 260 hours a year. He gets to include the 02/08/08 paycheck for Vacation Sale because he is not working a full month in January 2009 as per CCCERA.

FAS period is 1/30/08 - 1/29/09

Annual "Cash Out"	Amount	Date Paid
Vacation Sale 200 hours for 2008	\$18,605.76 ✓	02/08/2008
Vacation Sale 60 hours for 2008	\$5,581.73 ✓	12/31/2008
Vacation Sale 260 hours for 2009	\$24,187.49 ✓	01/05/2009
Sick Leave	\$N/A	

TOTAL \$48,374.98

Vacation accrual is 28.0 hours per month
 Vacation Payoff = 336.0 hours x \$93.0288 = \$31,257.68
 Floating Holiday is in his contract that went retro to January 2008. The accrual is 8.67 per month with a 104 hour max.
 CCCERA has a copy of his new contract.

"Terminal" Pay Off (Limited to 1 year accrual for Tier 1 & Safety; 3 year accrual for Tier 2)	Amount	Date Paid
Vacation	\$31,257.68 ✓	02/10/2009
Sick Leave	\$N/A	
Holiday Compensation	\$N/A	
Personal Holiday Hours Payoff	\$9,675.00 ✓	

Under penalty of perjury, I certify that the information provided on this form is correct.

Linda Pearl
 Signature

02-10-09
 Date

Linda Pearl
 Printed Name

Personnel Technician
 Title

(925) 258-4532
 Phone Number

*08 14
 -09-2-1
 83-6-1
 25-8 = 25,6667*

SUBMIT COPY TO CCCERA OFFICE



CONTRA COSTA COUNTY
 EMPLOYEES RETIREMENT ASSOCIATION
 1355 Willow Way, Suite 221
 Concord, CA 94520-5728
 Telephone: (925) 521-3960
 Fax: (925) 646-5747

BENEFITS Initial (Initial memo)

MORAGA-ORINDA FIRE EARNINGS CODES		
Code	Earning Name	Description
100	Salary	Monthly Salary
110	EDUC2.5c	Education Pay - "Contingent" 2.5% of salary
111	EDUC2.5	Education Pay - Permanent 2.5% of salary
112	EDUC 5.0	Education Pay - Permanent 5% of salary
113	LGVTY2.5	Longevity 2.5% of Salary
114	RECL/SB5	Recall/Standby 5.0% of Salary
115	FLEXPAY8	Flex Pay 8.0% of Salary
120	FRA	Fire Retirement Allowment - MIOFD gives 3.91% of salary to help pay their retirement (salary + FRA are used to figure hourly wage)
160	Retro	Retro Pay - like if they negotiated a raise after the effective date.
180	Uniform Allowance	Allowment for Uniform Allowance
207	VAC PO-R	Vacation pay off subject to retirement (1 years accruals)
208	VAC SALE	Vacation Sale - Buy Back (once a year)
215	Holiday	Holiday pay for Local 1230 only - 13 times in a year
218	FH - PO - R	Floating Holiday Pay Off Subject to Retirement (1 years accruals)
235	WC100	Workers Compensation 100% - 4850
236	WC87	Workers Compensation 87% (non Safety)
237	SDI Pay	SDI integrated with salary
333	FLSA	Fair Labor Standard Act - regular salary for 56 hours a week vs 40 hrs wk
334	FLSA - ADD	There are 15 FLSA periods in a year. This code is for the extra 3 a year

Exhibit 20

unused personal holiday credits at the employee's then current pay rate.

9.2 If any holiday listed in section 9.1 (A) falls on a Saturday, it shall be celebrated on the preceding Friday. If any holiday listed in Section 9.1 (A) falls on a Sunday, it shall be celebrated on the following Monday.

9.3 Permanent Part-Time Employees shall receive holiday credit in the same ratio to the holiday credit given full-time employees as the number of hours per week in the part-time employee's schedule bears to the number of hours in the regular full-time schedule, regardless of whether the holiday falls on the part-time employee's regular work day.

SECTION 10 - VACATION LEAVE

10.1 Vacation Leave. The rates at which employees accrue vacation credits and the maximum accumulations thereof are as follows:

40 Hour Employees

23 years

<u>Length of Service</u>	<u>Monthly Accrual Hours</u>	<u>Maximum Cumulative Hours</u>
Under 15 years of completed service	10	240
Beg. with 16 - 20 years completed service	13-1/3	320
Beg. with 21 - 25 years completed service	16-2/3	400
Beg. with 26 - 30 years completed service	20	480
Beginning with 31 years service	23-1/3	792

Same as 50m hours

56 Hour Shift Employees

<u>Length of Service</u>	<u>Monthly Accrual Hours</u>	<u>Maximum Cumulative Hours</u>
Under 15 years of completed service	14	336
Beg. with 16 - 20 years completed service	19	456
Beg. with 21 - 25 years completed service	23	552
Beg. with 26 - 30 years completed service	28	672
Beg. with 31 years service	33	792

Effective January 1, 2003 the following vacation schedule shall be applicable; The rates at which employees accrue vacation credits and the maximum accumulations thereof are as follows:

56 Hour Shift Employees

<u>Length of Service</u>	<u>Monthly Accrual Hours</u>	<u>Maximum Cumulative Hours</u>
Under 10 years of completed service	14	336
11- 20 years completed service	19	456
21 - 25 years completed service	24	576
26 - 29 years completed service	28	672
30 years completed service	33	792

(15)

III. LEAVES WITH AND WITHOUT PAY

A. Holidays: For permanent, full-time employees the District will observe the following holidays during the term covered by this Resolution:

- | | | |
|-----|----------------------------|------------------------|
| (1) | New Year's Day | Labor Day |
| | Martin Luther King Jr. Day | Veterans' Day |
| | Washington's Birthday | Lincoln's Birthday |
| | Memorial Day | Thanksgiving Day |
| | Independence Day | Day after Thanksgiving |
| | | Christmas Day |

Employees assigned to the Flexible hour schedule will receive eight (8) hours off for each holiday, provided, however, if the employee is a primary responder on the schedule, or if it is a normal day off, then the employee will receive a floating holiday.

Any holiday listed above which falls on a Saturday shall be celebrated on the preceding Friday and any holiday listed above which falls on a Sunday shall be observed on the following Monday.

B. Vacation Accrual: All management employees shall accrue paid vacation credit as follows:

<u>Length of Service</u>	<u>Monthly Accrual Hours</u>	<u>Maximum Cumulative Hours</u>
Under 5 years	14	336
6 through 14 years	18	432
15 through 20 years	22	528
21 through 25 years	24	576
26 through 30 years	28	672
31 years and up	33	792

C. Annual Management Administrative Leave: All exempt management employees shall be credited with Seventy-two (72) hours of paid personal. In addition, the Fire Chief may grant the following tiers of administrative leave based upon exemplary service to the District.

- Tier 1 Management Leave - 24 hours
- Tier 2 Management Leave - 48 hours
- Tier 3 Management Leave - 72 hours

This time is non-accruable and all balances will be zeroed out effective June 30th each year. All managers are exempt employees and are not eligible for overtime, including FLSA overtime.



August 5, 2015

Peter J. Nowicki



VIA CERTIFIED MAIL

Re: Retirement Board Hearing on Includable Compensation for Retirement Purposes

Dear Mr. Nowicki:

You retired from CCCERA effective January 30, 2009. In 2014, the Board of Retirement resolved to review past incidents of unusual compensation increases at the end of employment. The Board initially voted on May 7, 2014 to begin the review. On July 23, 2014, the Board directed as follows:

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

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

NOTICE IS HEREBY GIVEN that the Board is scheduled to hear the matter of whether adjustments to your retirement allowance are warranted at its regular meeting:

September 9, 2015

9:00 a.m.

Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, California 94520

This meeting is your opportunity to present to the Board your position and any information you believe is relevant to the calculation of your retirement allowance. You may submit written materials relevant to this issue in advance of the Board meeting. The materials will be included with the agenda distributed to the Board and the public if received by CCCERA on or by Monday, August 31, 2015. Any public meeting materials prepared by CCCERA for the purpose of the hearing will be provided to you in advance of the meeting.

Note that Retirement Board meetings are open, public meetings, and any member of the public may comment or present information to the Board. Any written materials you submit will be made public.

August 5, 2015
Peter J. Nowicki
Page 2

If you have any questions, please contact the undersigned at (925) 521-3960.

Sincerely,

A handwritten signature in black ink that reads "Kurt Schneider". The signature is written in a cursive style with a large initial "K" and a long, sweeping underline.

Kurt Schneider
Deputy Retirement Chief Executive Officer

Copy: Angela Nowicki, alternate payee pursuant to a Qualified Domestic Relations Order

CONTRA
COSTA
COUNTY **CCCERA**
Employees' Retirement Association

August 7, 2015

Peter J. Nowicki



VIA CERTIFIED MAIL

Re: Retirement Board Hearing on Includable Compensation for Retirement Purposes

Dear Mr. Nowicki:

As you know from my letter dated August 5, 2015, the Board of Retirement is scheduled to hear the matter of whether adjustments to your retirement allowance are warranted at its regular meeting on September 9, 2015 at 9:00 a.m.

Enclosed please find a Memorandum from Harvey Leiderman of Reed Smith, LLP to the Board that will be discussed at the September 9 meeting. Also enclosed are copies of the documents referred to in that Memorandum.

If you have any questions, please contact the undersigned at (925) 521-3960.

Sincerely,

A handwritten signature in cursive script that reads "Kurt Schneider".

Kurt Schneider
Deputy Retirement Chief Executive Officer



Meeting Date
09/09/15
Agenda Item
#11

MEMORANDUM

Date: September 9, 2015
To: CCCERA Board of Retirement
From: Kurt Schneider, Deputy Retirement Chief Executive Officer
Subject: Request from District to Reset UAAL Amortization to 30 Years
Recommendation: Consider the District's Request and the Actuary's Recommendation

Background

The Rodeo-Hercules Fire Protection District (the District) has requested that the Board modify its Actuarial Funding Policy and reset the Unfunded Actuarial Accrued Liability (UAAL) amortization period for Cost Group #12 to 30 years.

Recall that in June of 2014 the Board took action to adjust the District's contribution requirement at the request of the District. The 2014 action did not lower the District's contribution requirement, but rather changed the methodology in how the requirement was expressed in order to stabilize the contribution requirement for the mutual benefit of CCCERA and the District. The current request would **lower** the District's current contribution requirement and result in contribution requirements at some time in the future that will be **higher** than they would otherwise have been.

The District's Request

The District's Fire Chief, Charles Hanley, has provided a summary of the challenges the District is currently facing, the history leading up to these challenges and the future prospects of the District. Chief Hanley's letter gives the Board several things to consider. The CCCERA staff has not conducted any analysis of the District's financial situation and can offer no opinion on the District's ability to make its required contribution to CCCERA now or in the future.

The District has supplied further information requested by CCCERA including a resolution of the District's Board of Directors that makes a formal request to reset the amortization period to 30 years.

Summary

There is no statute that prohibits the Board from resetting the UAAL amortization period based on the District's request. The System's actuary, Segal Consulting (Segal), has been asked to consider the District's request and make a recommendation to the Board. Segal's

recommendation is enclosed. The Board's fiduciary counsel, Reed Smith, has reviewed the District's request and Segal's recommendation. Reed Smith's recommendation is enclosed.

Alternatives

Reset UAAL Amortization to 30 Years for Cost Group #12: Extending the amortization period to 30 years using level percent of pay will result in significant negative amortization. This is contrary to Segal's and Reed Smith's recommendations.

Reset UAAL Amortization to 18 Years for Cost Group #12: This is similar to the 30-year option in that there is no true cost savings (i.e. the benefits remain the same), but rather a cost deferral. Unlike the 30-year reset, however, this alternative does not result in negative amortization, and Segal recommends that the Board consider it.

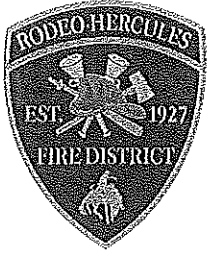
Deny the District's Request: This would mean that unless the District can find additional revenue, it may have to look elsewhere for retirement contribution relief, either through additional employee contributions or a reduction in benefits.

Enclosures

- Recommendation from Segal
- Recommendation from Reed Smith
- Letter from the District's Fire Chief outlining the request
- Resolution of the District's Board of Directors formalizing the request
- District's Business Plan
- District's Strategic Plan
- District's budget projections

Recommendation

Based on the recommendation of the System's actuary, Segal Consulting, consider an 18-year fresh start amortization period for the UAAL of Cost Group #12.



RODEO - HERCULES FIRE PROTECTION DISTRICT
1680 REFUGIO VALLEY ROAD, HERCULES, CALIFORNIA 94547
(510) 799-4561 • FAX: (510) 799-0395

February 26, 2015

Kurt Schneider
CCCERA Deputy Chief Executive Officer
1355 Willow Way, Suite 221
Concord, CA 94520

RE: Rodeo Hercules Fire District Request for Extension of Amortization Period

Dear Mr. Schneider,

I write on behalf of the Rodeo Hercules Fire Protection District to request an extension of the amortization period for the District. The District is currently on an 18 year amortization period. The District requests that the amortization period be reset to 30 years. The District's request is based on financial circumstances unique to the District. Moreover, because the District's rates are separately set from those of other employers, this change in amortization period should not affect any other CCCERA employer.

Fire Protection District. The Fire Protection District is the smallest of the CCCERA employers that is in its own cost group, Cost Group No. 12. The District currently operates 2 fire stations and employs 22 firefighting personnel and a Fire Chief to protect a community of 35,000. In 2012 the Fire District closed a fire station and eliminated nine positions. This was an effort to stave off the drastic loss of over \$2 million in annual revenue (tax shifts, lower property values, redevelopment and refinery reassessments). But in downsizing, the Fire District inadvertently created an additional future pension liability triggered by recent actuarial assumptions.

District Employer Contribution Rate. As you are aware, the employer contribution rate for Safety members for the District has increased from 46% of payroll to 110% of payroll from the December 31, 2009 Actuarial Valuation to the December 31, 2012 Actuarial Valuation. This resulted in a UAAL contribution increase of 33.23% in 2014/15. This creates an overall annual required payment of \$1.4 million growing to \$1.6 million over the next five (5) years.

These changes in the District's contribution rate are attributable to a variety of factors, which I understand include losses to the fund, a lower assumed rate of return, and changes in other actuarial assumptions. The defining problem for the District, however, which is unique to the District, is that the District was forced to down size and was thus assessed retirement costs based on a lower payroll.

The District's payroll fell from \$2.45 million to approximately \$1.70 million from 2009 to 2012. This reduction in payroll caused two problems. First, the lower payroll caused the District to pay lower contributions to CCCERA than expected, increasing UAAL over that time period. Second, the increase in the UAAL caused an increase in the contribution rate, which was increased further because it was spread over a smaller payroll. Thus, it is an unfortunate irony that when the District acted to save money by downsizing, it inadvertently increased its annual retirement costs.

In mid-2014, CCCERA recognized the unique issues faced by the District when it authorized the District to pay the UAAL amount owed for that year in dollars as opposed to a percentage of payroll. The District was in the process of hiring new employees using grant money, so payment of employer contributions based on percentage of payroll would have caused the over collection of UAAL payments. Although the District greatly appreciates CCCERA's decision to collect the District's UAAL as a dollar amount, as opposed to a percentage of payroll, the District's financial condition will make it unable to pay the dollar amount in fiscal year 2015-16.

District's Current Financial Condition. As stated above, the District is a small employer and relies on limited staff to protect 35,000 citizens from two fire stations. In short, the District has done all it can to reduce costs in order to pay the higher contribution rates.

The District has sought grant money, but those one-time funds are tied to opening a fire station. The new employees are paying ½ the normal cost, are in the new PEPRRA tier and receive overall lesser benefits and salaries.

Due to California constitutional requirements, the Fire District has limited ability to raise replacement revenues. In 2014, specially benefited property owners within the District passed a property related assessment, which is estimated to raise approximately \$900,000 annually. However, that ballot proceeding is currently in litigation and the funds are held in abeyance until the issue is resolved. In any event, utilizing that funding to cover the annual contribution is contrary to the tax payers desire to add fire protection.

The level of employer contributions to CCCERA is not sustainable for the Fire District. In FY 2014/15, the District will deplete nearly all of its reserves to pay the UAAL contribution. In FY 2015/2016, the District will not be able to meet its monthly obligation. This is due in large part to the application of a formula that allocates base property tax which allows the Phillips 66 Refinery to successfully reduce its annual tax obligation, resulting in a reduction of revenue to the District of \$1 Million annually (refinery related tax revenue was \$1.4 million in 2012, \$1 million in 2013 and \$400,000 in 2014). Another contributing factor is the involuntary tax shift to the former City of Hercules Merged Redevelopment Area (RDA related revenue loss was \$700,000 in 2013/14, \$1.1 Million in 2014/15). As a result of these revenue shifts and losses, the District would default on the \$1,429,754 MOY. Once again this level of contribution is unsustainable.

I stress that the District is in a unique situation; the District is small, not pooled with any other employer, and it was disproportionately subject to a large decrease in payroll due to economic conditions. As with the decision to authorize payment of UAAL in dollars as opposed to a percentage contribution, the unique situation of the District justifies an extension to the amortization schedule. This change does not place CCCERA at risk in any respect. In fact, this change will promote the financial health of the District and thus enable it to pay CCCERA the necessary employer contributions. I see this proposal as a simple restructuring of debt to enable the District to continue its operations.

The new amortization schedule provides for structured payments that are sustainable. For example, a new schedule will allow the District to meet its annual obligation for this year, which is assisted by an anticipated increase in property values and future revenues derived from several very large construction projects in the City of Hercules that are outside of the former Redevelopment Area including a two story Safeway and adjoining shopping center, a mixed use multi-story market rate apartment building and several new housing developments that are in advanced stages of construction. To sum, every bit helps me and the District manage its financial situation. I've taken the liberty of providing a comparison table to assist with your analysis and recommendation on this matter.

Current Funding Policy		
UAAL	Annual Payment (MOY)	Pct. of Payroll
15,075,913	1,411,801	87%
13,914,647	1,409,337	84%
12,739,918	1,411,823	81%
11,684,859	1,429,754	79%
10,568,575	1,450,905	77%
9,633,248	1,493,897	76%
8,754,203	1,551,074	76%
7,782,756	1,612,794	76%
6,683,115	1,677,417	76%
5,435,415	1,126,817	49%
4,328,813	1,146,948	48%
3,257,197	1,177,943	47%
2,248,194	1,222,932	47%
1,138,152	1,125,649	42%
-20,840	829,124	30%

Reset to 30 Years		
UAAL	Annual Payment (MOY)	Pct. of Payroll
15,075,913	787,212	49%
14,559,623	759,767	45%
14,102,428	736,267	42%
13,843,758	727,179	40%
13,609,504	720,227	38%
13,649,173	733,989	37%
13,845,994	760,774	37%
14,059,796	790,880	37%
14,263,985	822,625	37%
14,448,590	855,528	37%
14,275,587	864,808	36%
14,216,460	884,518	35%
14,333,767	920,552	36%
14,423,041	958,076	36%
14,480,789	997,150	36%

Thank you in advance for your consideration and we welcome your response and guidance.

Respectfully,

Charles Hanley

Charles Hanley
 FIRE CHIEF
 Rodeo Hercules Fire Protection District
 1680 Refugio Valley Road
 Hercules, CA 94547

RESOLUTION 2015-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE RODEO HERCULES FIRE DISTRICT TO REQUEST THAT THE BOARD OF DIRECTORS FOR THE CONTRA COSTA COUNTY EMPLOYEES RETIREMENT ASSOCIATION (CCCERA) AMEND THE CCCERA ACTUARIAL FUNDING POLICY ADOPTED FEBRUARY 26, 2014 TO EXTEND THE AMORTIZATION PERIOD OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY AS APPLIED TO THE RODEO HERCULES FIRE DISTRICT, AND AUTHORIZE THE FIRE CHIEF TO NEGOTIATE AND EXECUTE ALL DOCUMENTS TO EFFECT SAID ADJUSTMENT AND EXTENSION OF THE AMORTIZATION PERIOD

WHEREAS, the Rodeo Hercules Fire District is a public agency located in the County of Contra Costa, State of California, and

WHEREAS, the District is a member, and its employees are members, of the Contra Costa County Employees Retirement Association (CCCERA) to provide, amongst other services, pension benefits to the District's employees; and

WHEREAS, on February 26, 2015, at the direction of the Board of Directors, the Fire Chief requested that CCCERA extend the actuarial assumption period applicable to the District for the payment of Unfunded Actuarial Accrued Liability from 18 years to 30 years; and

WHEREAS, this request was based upon numerous factors, including but not limited to reductions in revenue to the District because of adjustments to the assessed valuation of the Phillips 66 refinery and continued loss of revenue pursuant to tax shifts brought on by the State through the dissolution of redevelopment, and

WHEREAS, those factors resulted in the District unilaterally taking cost saving and revenue raising measures to address the District's financial condition including the closure of a fire station, reduction of work force, and acceptance of a SAFER grant to fund positions and re-open a fire station; the requested action in this resolution will further assist the District to address its financial condition; and

WHEREAS, on March 17, 2015, CCCERA responded to the District's request by instructing that the District Board should make a formal request to the CCCERA Board of Directors to extend the UAAL amortization period applicable to the District.

NOW THEREFORE, the Board of Directors of the Rodeo Hercules Fire District RESOLVE AS FOLLOWS:

1. This this resolution is evidence of formal action by the Board of Directors for the District to request that the Board of Directors for the Contra Costa County Employees Retirement Association consider an amendment to the Association's Actuarial Funding Policy to extend the UAAL amortization period applicable to the District from 18 years to 30 years.

2. That the Fire Chief is authorized to negotiate, and execute all documents necessary to effect such an extension.

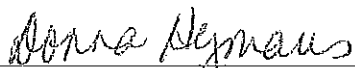
3. That the Fire Chief shall transmit the District's revenue projections for the next five years.

AYES: Bartke, Williams, Mills, Prather, Wheeler

NOES: None

ABSENT: None

IN WITNESS of this action, I sign this document on April 8, 2015.



Donna Heymans, Clerk of the Board

APPROVED:



Beth Bartke, Board Chair



Richard Pio Roda, General Counsel



100 Montgomery Street Suite 500 San Francisco, CA 94104-4308
T 415.263.8260 www.segalco.com

VIA E-MAIL ONLY

July 15, 2015

Ms. Gail Strohl
Chief Executive Officer
Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, CA 94520

**Re: Contra Costa County Employees' Retirement Association
Rodeo Hercules Fire Protection District Request for Extension of Amortization
Period for Unfunded Actuarial Accrued Liability (UAAL)**

Dear Gail:

As requested, we are providing information regarding a request from Rodeo Hercules Fire Protection District ("the District") for an extension of the amortization period for UAAL. Specifically, they are requesting a fresh start 30-year amortization period for their current UAAL.

Background

Beginning with the December 31, 2008 Actuarial Valuation, CCCERA began using multiple amortization "layers" for each different source of UAAL. The remaining balance of the UAAL through December 31, 2007 continued to be amortized over a decreasing period with eight years remaining as of December 31, 2014. Any change in the UAAL that arises after December 31, 2007 is amortized over its own separate declining 18-year period.

In 2014, the Retirement Board reaffirmed use of the 18-year amortization period, but did make a change to use a 10-year amortization period for any UAAL due to plan amendments (with the exception of a change due to retirement incentives, which is to be funded in full upon adoption of the incentive). This continued use of an 18-year amortization period for actuarial experience gains and losses or assumption changes was done after an extensive review of funding policy. In fact, an actual funding policy document was developed and adopted in 2014 as a result of that review.

The District's UAAL and Contribution Rates

The District is the only employer in Cost Group #12 in the annual funding actuarial valuation. Consistent with current policy, their UAAL is amortized in layers over various periods that range from 8 years to 18 years as of December 31, 2014. The District's total UAAL as of December 31, 2014 is about \$15 million. The UAAL amortization layers and the periods remaining for each layer as of December 31, 2014 are shown on Attachment #1, which is taken from Exhibit J of the December 31, 2014 actuarial valuation report (see page 78).

The District's employer contribution rates (as a percent of payroll) from the last two actuarial valuations are shown in the table below:

Valuation Date	December 31, 2014	December 31, 2013
Normal Cost	21.92%	23.01%
UAAL	67.35%	87.22%
Total	89.27%	110.23%

The large decrease in the District's UAAL rate was due to a significant increase in their payroll between the two valuation dates. This payroll increase is why the District requested that their UAAL contribution starting with the 2014/15 fiscal year be determined as a dollar amount rather than on the rates above. This was to prevent the increase in the amount of UAAL dollar contributions from the District that would have resulted from applying the prior rate (reflecting the earlier lower payroll) to the higher actual payroll. We understand that this may be a temporary increase in payroll, and determining the District's UAAL contribution as a dollar amount will prevent a decrease in the UAAL dollar contributions from the District that would result from applying the temporarily low rate (reflecting the temporarily higher payroll) to the ultimately decreased payroll. The Board approved this request in 2014.

Please note that the current request does not revisit or reopen the issue of determining the District's UAAL payments as a dollar amount.

Discussion

From an actuarial perspective, we would recommend against a 30-year fresh start amortization of all of the District's UAAL. This is based on the reasoning provided during our review and development of CCCERA's actuarial funding policy. Many of those reasons were also part of guidelines regarding actuarial funding policies issued by the California Actuarial Advisory Panel (CAAP) and the Conference of Consulting Actuaries Public Plan Community (CCA PPC).

We note one of the goals shown in CCCERA's actuarial funding policy:

To seek reasonable and equitable allocation of the cost of benefits over time including the goal that annual contribution 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.

The current amortization policy of using 18-year layers is consistent with that goal and also avoids negative amortization. Negative amortization (which can only occur under level percent of pay amortization) is a situation where the UAAL increases during the early years of the amortization period even though contributions are being made to amortize the UAAL. This happens because with level percent of pay amortization, the lower early payments can actually be less than interest on the outstanding balance, so that in the early years outstanding balance increases instead of decreases. Note that this only happens when the amortization period is longer than about 18 years. Based on the previous actions taken by the Retirement Board in 2009 and 2014 and our related discussions with them, we understand that the Board specifically intended to use an amortization period that has no negative amortization.

In addition, the guidance developed by the CAAP and the CCA PPC categorizes a 30-year amortization period as a non-recommended practice due to the fact that it is inconsistent with the policy goal stated above and the large amount of negative amortization that occurs.

Attachment #2 shows the District's projected UAAL payments under both the current amortization policy (red diamonds) and the requested 30-year fresh start amortization period (green squares). Attachment #3 shows the projected outstanding balance of the District's UAAL under the same amortization alternatives. No future actuarial gains or losses are assumed in this projection. Attachment #3 shows that negative amortization occurs during the first eleven years of the 30-year amortization and that the outstanding balance only falls below the beginning value in the last ten years.

Proposed 18-Year Fresh Start Amortization Period

If the Board wishes to consider acting on the District's request, we would recommend for consideration an 18-year fresh start amortization period for the District's UAAL. This would not result in negative amortization and would be consistent with the goals of the funding policy. Attachments #2 and #3 also show the projected UAAL payments and the projected outstanding balance of the District's UAAL under an 18-year fresh start amortization period (blue circles). Note that since this employer is in their own cost group, this should not have any impact on other employers.

As shown in Attachment #2, based on the December 31, 2014 actuarial valuation, an 18-year fresh start amortization (blue circles) of the District's UAAL would result in a decrease in the District's contribution rate of about 17% of payroll as compared to a decrease of about 32% of payroll under the 30-year fresh start amortization period. Attachment #3 shows that the 18-year fresh start amortization period would also result in the current UAAL being amortized over roughly the same time period as the current amortization layers.

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.

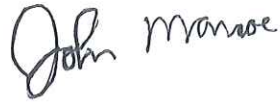
Ms. Gail Strohl
July 15, 2015
Page 4

We look forward to discussing this information with you.

Sincerely,



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



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

JZM/lsm
Enclosures

cc: Kurt Schneider

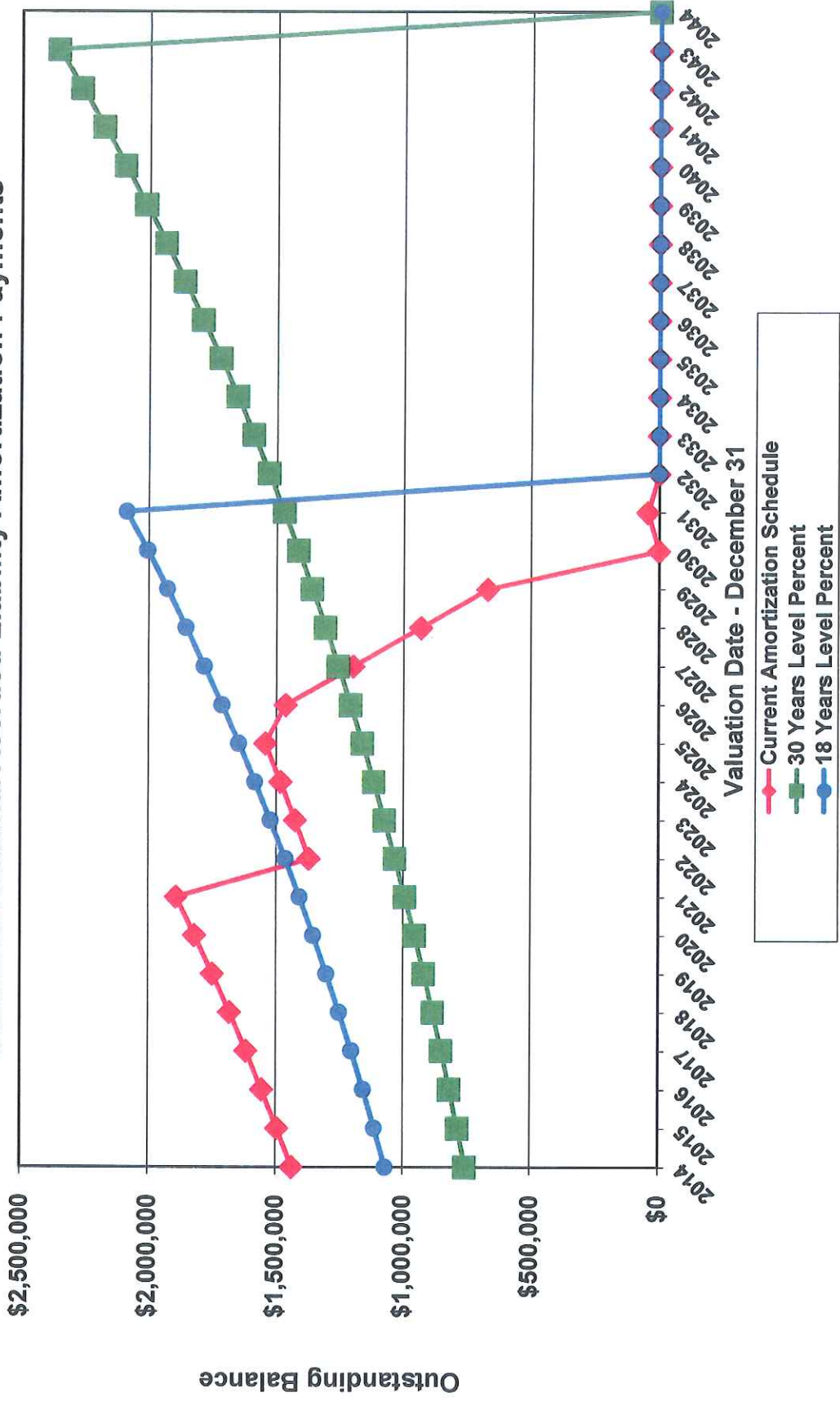
Attachment #1

EXHIBIT J (continued)
Table of Amortization Bases

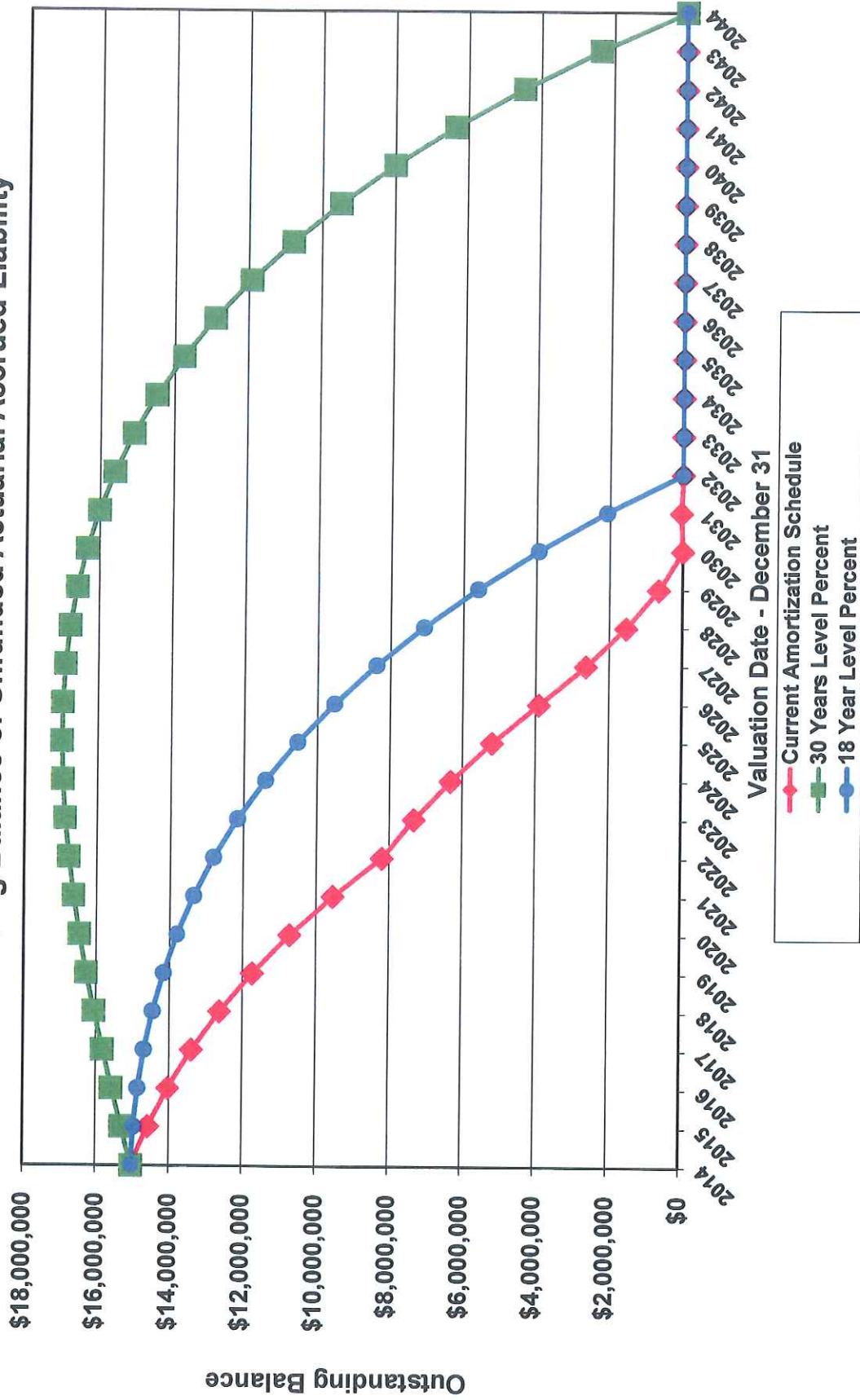
	Date Established	Source	Initial Amount	Outstanding Balance	Years Remaining	Annual Payment ⁽¹⁾
Cost Group #12						
Rodeo-Hercules Fire	December 31, 2007	Restart of Amortization	\$3,960,000	\$3,129,342	8	\$451,342
Protection District	December 31, 2008	Actuarial (Gain)/Loss	957,150	891,220	12	90,846
	December 31, 2009	Actuarial (Gain)/Loss	2,872,360	2,736,403	13	261,212
	December 31, 2009	Assumption Change ⁽²⁾	1,154,000	1,099,378	13	104,945
	December 31, 2009	Depooling Implementation	(1,809,374)	(1,723,731)	13	(164,544)
	December 31, 2010	Actuarial (Gain)/Loss	1,502,503	1,456,250	14	130,944
	December 31, 2010	Assumption Change ⁽³⁾	662,085	641,703	14	57,701
	December 31, 2011	Actuarial (Gain)/Loss	2,067,217	2,028,164	15	172,654
	December 31, 2012	Actuarial (Gain)/Loss	2,246,131	2,221,024	16	179,784
	December 31, 2012	Assumption Change ⁽²⁾	3,018,796	2,985,053	16	241,629
	December 31, 2013	Actuarial (Gain)/Loss	413,088	411,469	17	31,793
	December 31, 2013	Assumption Change ⁽³⁾	(1,169,821)	(1,165,237)	17	(90,033)
	December 31, 2014	Actuarial (Gain)/Loss	315,937	<u>315,937</u>	18	<u>23,380</u>
Total for Cost Group #12				\$15,026,974		\$1,491,653

Note: Results may not add due to rounding.

Attachment #2
Rodeo-Hercules Fire Protection District
Unfunded Actuarial Accrued Liability Amortization Payments



Attachment #3
Rodeo-Hercules Fire Protection District
Outstanding Balance of Unfunded Actuarial Accrued Liability



From: Harvey L. Leiderman
Direct Phone: +1 415 659 5914
Email: HLeiderman@reedsmith.com

Reed Smith LLP
101 Second Street
Suite 1800
San Francisco, CA 94105-3659
+1 415 543 8700
Fax +1 415 391 8269
reedsmith.com

By Electronic Mail

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

Date: July 22, 2015

Subject: Rodeo Hercules Fire Protection District
Request for Extension of UAAL Amortization Period

The Rodeo Hercules Fire Protection District ("District") is a participating plan sponsor in the Contra Cost County Employees' Retirement Association ("CCCERA"). By letter to Kurt Schneider of CCCERA, dated February 26, 2015, the District has requested that the Board re-set the amortization period for satisfaction of the District's current unfunded actuarial accrued liability ("UAAL") attributable to the cost of providing retirement benefits promised to its employees.

The basis of the District's request is its anticipated inability to pay the required employer contributions due to CCCERA, commencing as of July 1, 2015 and thereafter.

You have asked us to advise you on whether it would be a prudent exercise of the Board's authority to agree to the District's request.

THE LEGAL CONTEXT

The Board has the absolute right and responsibility to "administer the system in a manner that will assure prompt delivery of benefits...to participants and their beneficiaries." CA Const. Art. XVI, sec. 17(a). To accomplish that goal, the Board has been granted the "sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of the...system." *Id.*, subd. (e).

To carry out its constitutional mandate, the Board is authorized to engage an independent actuary, who conducts periodic actuarial valuations, evaluates the assets and liabilities of the fund and recommends annual employer and employee contributions that must be made to meet the obligations owed. County Employees' Retirement Law of 1937, Govt. Code sec. 31450, *et seq.* ("CERL"), section 31453. Once established, the Board notifies the County and each participating district of the appropriations to be made and each such employer must comply. CERL sec. 31454. The contributions may be stated as a dollar amount or as a rate to be applied to an employer's expected payroll. CERL sec. 31453.5. The Board may, but is not required to, amortize the UAAL over a period not to exceed 30 years. *Id.*

In October, 2009, following a period in which different CCCERA participating employers elected different retirement benefit formulas for their employees, the Board determined that it was appropriate to “de-pool” CCCERA’s participating employers and more closely align each employer’s contributions to the benefits that each employer promised to its own employees.¹ For accounting and actuarial purposes, each employer with a numerically significant headcount was placed in its own unique “cost group,” and the contributions to be paid by each cost group could differ depending on the benefit formula and demographics of that particular cost group. The District was placed in its own “Cost Group 12.”

Consistent with its mandate, the Board has set the contributions to be paid by the District based on the District’s unique pension obligations to its employees and retirees, and its own unique demographics. In this manner the Board has maintained a rational nexus between each employer’s contributions and its own generated liabilities.

The law affords the Board wide discretion in establishing actuarially based contributions, on the recommendation of its independent actuary. The actuary, in turn, bases its judgment as to its recommendations on its own standards of practice. So long as the actuary certifies that a particular methodology is consistent with accepted actuarial standards of practice, the Board’s exercise of discretion should withstand any challenge.

The Board’s exercise of discretion is entitled to considerable deference, and will only be overturned if it can be shown that the Board acted “so palpably unreasonable and arbitrary as to indicate an abuse of discretion as a matter of law.” *California Teachers Assn. v. Ingwerson* (1996) 46 Cal. App. 4th 860, 867. The California Supreme Court has stated: “In determining whether an abuse of discretion has occurred, a court may not substitute its judgment for that of the administrative board, and if reasonable minds may disagree as to the wisdom of the board’s action, its determination must be upheld.” *Manjares v. Newton* (1966) 64 Cal. 2nd 365, 370-71. In a slightly different context involving a county retirement board’s immunity from liability, a recent appellate court decision explains:

An act or omission is considered discretionary (and subject to immunity) where it involves planning and policymaking. Immunity is considered appropriate for those basic policy decisions which have been expressly committed to coordinate branches of government, because judicial interference with such decisions would be unseemly. To be entitled to immunity the state must make a showing that such a policy decision, consciously balancing risks and advantages, took place. By contrast, lower-level, or ministerial, decisions that merely implement a basic policy already formulated are not entitled to immunity.

* * *

[Article XVI] Section 17 imposes various fiduciary duties on the board. Given the breadth of those duties, section 17 necessarily vests the board with discretion in the manner in which it fulfills those duties. The decision [at issue] necessarily requires a

¹ “De-pooling” also accommodated the ability of the County and district employers to have the proceeds of their individual pension obligation bonds be applied to reduce their separate UAAL obligations, and not confer a windfall on other employers with whom their funds might be “pooled.”

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

Nasrawi v. Buck Consultants (2014) 231 Cal. App. 4th 328, 341-42.

Under the Constitution, to be “prudent,” the Board’s exercise of discretion is measured against “the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.” CA. Constitution, Art. XVI sec. 17(c).

We believe that a prudent trustee acting in response to the District’s request would necessarily examine the District’s current financial condition and its ability to meet its obligations to the system in the future, and determine whether the District can show that with the relief it seeks, it will be able to “right the ship” financially and meet its obligations to the system as they come due over the long term.

EVALUATION OF THE DISTRICT’S REQUEST

Since receipt of the District’s letter, CCCERA staff has communicated with the District to obtain additional financial information, in an effort to better understand the District’s financial condition and prognosis. The District has provided some five-year cash flow projections, but no business plan that clearly demonstrates that it is facing only a short-term revenue deficit. The District has not demonstrated an ability in the future to make up for the delayed contributions that would be due to CCCERA if its UAAL amortization were to be extended out over the requested 30 year period. As indicated in the July 15, 2015 analysis prepared by the actuary, Segal Consulting, moving from the current 18 year layered amortization schedule to a restated and consolidated 30 year schedule would result in upwards of 14 years before the first penny of today’s UAAL was paid. Let alone any UAAL that might be generated in the future. For the next 14 years, interest-only would be paid on the current debt, and the current debt would grow, not shrink.²

We have previously counseled the Board that it has some reasonable flexibility in accommodating a plan sponsor’s short-term financial distress by using acceptable actuarial methodologies to smooth volatility in required contributions. The present request, however, is more a plea to excuse a debt than to smooth over unanticipated short-term spikes in contributions. While the District’s fiscal distress is real and palpable, that is not the responsibility of the Board to solve. The Board’s singular purpose is to timely collect the contributions necessary to pay for the benefits the District promised its employees.

² Although the Board has a subordinate Constitutional obligation to “minimize employer contributions,” (CA Const. Art. XVI sec. 17(b), granting the District’s request would virtually double its required contributions over time, not “minimize” them.

Without a demonstrable ability to resume paying its full pension obligations in the not-too-distant-future, or a strategy to increase its revenue streams, the District is simply asking for debt relief, which the Board has no legal basis to grant. The District has not shown how extending further "credit" to it will in any way jump-start it on the road to financial stability. In fact, even in the short-term, the District's projections point only to continued fiscal peril. Ultimately the burden of the District's inability or unwillingness to right itself financially will inevitably fall on the County (the largest participating employer in the system) and its taxpayers. While the Board has "de-pooled" employers for contribution purposes, CCCERA members and beneficiaries are part of a unified defined benefit plan whose assets must be made available to pay all of the obligations of the system. If the District defaults, most of the consequences will fall on the County.

CONCLUSION

Based upon the material received from the District, the actuary's valuation report as of December 31, 2014, the actuary's July 15, 2015 letter, and applicable law, we cannot recommend that the Board extend the District's entire UAAL amortization for 30 years as a prudent exercise of the Board's authority.

Thank you for the opportunity to advise you on this matter.



RODEO HERCULES FIRE DISTRICT

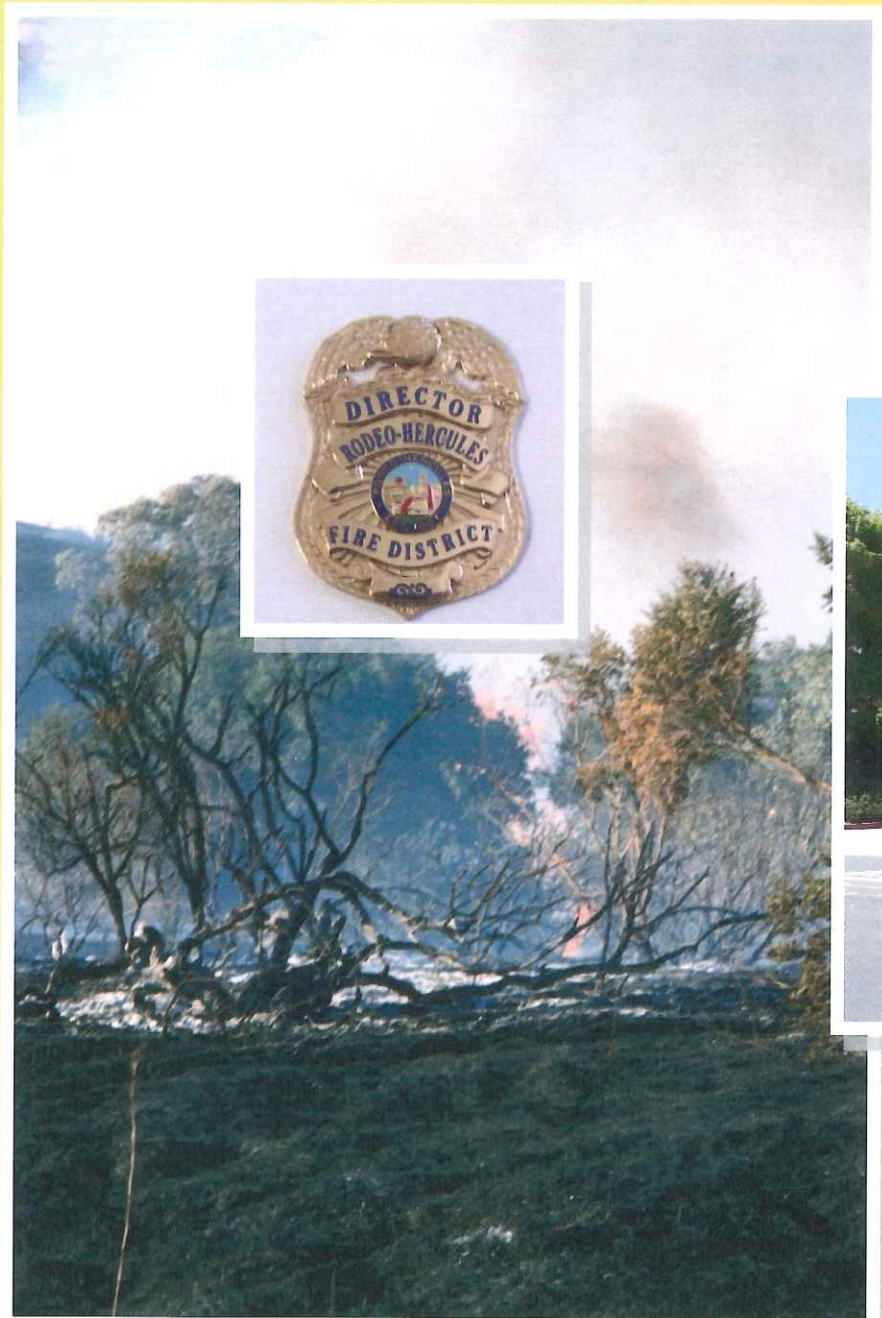
BUSINESS PLAN

MISSION

VALUES

GOALS

- Administration
- Operations
- Prevention
- Focus Areas
- Strategic Initiatives



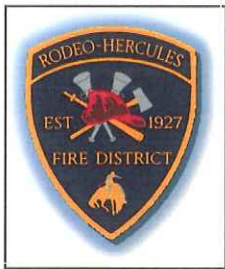
2012-2016

VISION

It is the vision of this organization to provide leadership, promote change, build relationships and continuously seek improvement. We demand the highest performance from ourselves and strive to meet the expectations of our citizens. Through these efforts, our goal simply stated is to make the community a safer place.



RODEO HERCULES FIRE DISTRICT



RODEO HERCULES FIRE DISTRICT

BUSINESS PLAN

TABLE OF CONTENTS

MISSION, VALUES, GOALS

Focus Area 2012: Administration, Operations, Prevention

- Initiative (Goal) – Ballot Measure & Board Election
- Initiative (Goal) – Fire Station Master Plan
- Initiative (Goal) – Deployment Analysis
- Initiative (Goal) – Truck Academy
- Initiative (Goal) – Promotional Examinations
- Initiative (Goal) – Prevention Program Maintenance

Focus Area 2013: Administration, Operations, Prevention

- Initiative (Goal) – Balanced Budget
- Initiative (Goal) – Ballot Measure
- Initiative (Goal) – Recruit Academy
- Initiative (Goal) – Vehicle Replacement Program
- Initiative (Goal) – Hire Fire Prevention Staff

Focus Area 2014: Administration, Operations, Prevention

- Initiative (Goal) – Migration to CAFR
- Initiative (Goal) – Election
- Initiative (Goal) – Promotional Examinations
- Initiative (Goal) – Non-Resident Reserve Program
- Initiative (Goal) – Firefighter Careers Academy
- Initiative (Goal) – Fire Code Adoption

Focus Area 2015: Administration, Operations, Prevention

- Initiative (Goal) – Review/Replacement of Information Technology Equipment
- Initiative (Goal) – Implementation of RMS and Telestaff
- Initiative (Goal) – Personal Protective Equipment (PPE) Replacement
- Initiative (Goal) – Investigation Training

Focus Area 2016: Administration, Operations, Prevention

- Initiative (Goal) – Succession Plan
- Initiative (Goal) – Promotional Examinations
- Initiative (Goal) – Election
- Initiative (Goal) – Begin Construction of New Fire Station





RODEO HERCULES FIRE DISTRICT

MISSION STATEMENT

It is the mission of this organization to provide the highest level of service to the community to mitigate the devastating effects of fires and other disasters; to deliver emergency medical services; to educate the public and maintain a constant state of readiness...



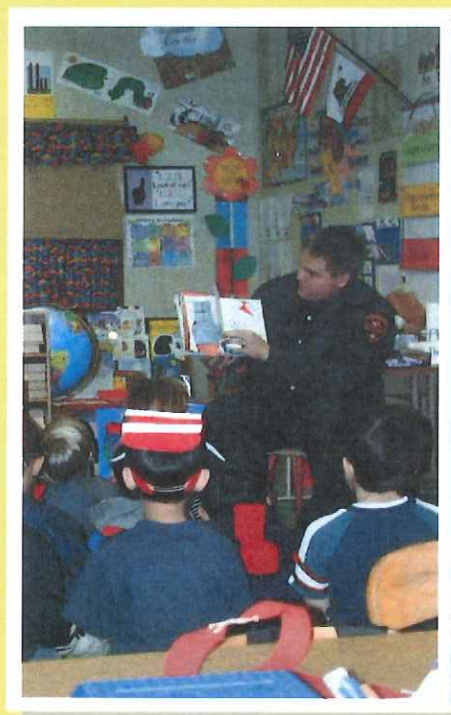
**THE RODEO HERCULES FIRE DISTRICT
DELIVERS SERVICE TO OVER 35,000
PEOPLE IN THE COMMUNITIES OF RODEO,
HERCULES AND UNINCORPORATED
CONTRA COSTA COUNTY**

VALUES

To that end we value

- Service to the community
- Public Trust
- Professionalism
- Educated Work Force
- Compassion
- Team Work
- Safety, Health & Welfare of the Organization

**THROUGH A CONTRACT WITH THE CITY
OF PINOLE, THE FIRE DISTRICT
PROVIDES FIRE CHIEF AND
ADMINISTRATIVE SERVICES TO THE
PINOLE FIRE DEPARTMENT**



ADMINISTRATION, OPERATIONS, PREVENTION

STRATEGY 2012.1 BALLOT MEASURE

Develop full text, staff report, argument, resolution & ordinance for a revenue measure to create fiscal stability for the organization and ensure the Fire District will continue to operate to fully staff fire companies to meet the needs of the community.

RESPONSIBLE: FIRE CHIEF, CONSULTANT, GENERAL COUNSEL, ADMINISTRATIVE SERVICES OFFICER, BOARD CHAIR

COMPLETION: JUNE 2012

PRIORITY: HIGH

**STRATEGY 2012.2 WORKSHOP**

Develop options, PowerPoint presentation, community outreach mailer and frequently asked questions (FAQs) for a Board of Directors workshop specifically intended to review revenue options available to the Fire District in 2012-13.

RESPONSIBLE: FIRE CHIEF, CONSULTANT, GENERAL COUNSEL, ADMINISTRATIVE SERVICES OFFICER,

COMPLETION: JUNE 2012

PRIORITY: HIGH

**STRATEGY 2012.3 BOARD ELECTION**

Distribute election requirements, monitor Board of Directors and Fire District responsibilities, develop resolution and request consolidation with 2012 General Election

RESPONSIBLE: FIRE CHIEF, GENERAL COUNSEL, ADMINISTRATIVE SERVICES OFFICER,

COMPLETION: NOVEMBER 2012

PRIORITY: HIGH

**STRATEGY 2012.4 MASTER PLAN**

Perform a needs assessment, determine service requirements, establish proposed improvements, create Cost Benefit Analysis, identify projected future maintenance and establish a Capital Improvement Program.

RESPONSIBLE: FIRE CHIEF, CONSULTANT, ADMINISTRATIVE SERVICES OFFICER, BATTALION CHIEF

COMPLETION: JUNE 2013

PRIORITY: HIGH



ADMINISTRATION, OPERATIONS, PREVENTION

STRATEGY 2012.5 DEPLOYMENT ANALYSIS

Designate a program manager, identify critical tasks, measure historical emergency response patterns and establish performance measures within the designated boundaries of the Fire District to provide a means for decision makers to assess response effectiveness and determine optimal locations.

**RESPONSIBLE: FIRE CHIEF, BATTALION CHIEF,
ADMINISTRATIVE SERVICES OFFICER**

COMPLETION: DECEMBER 2013

PRIORITY: HIGH

**STRATEGY 2012.6 TRUCK ACADEMY**

Develop an instructor cadre, lesson plans, training material, props, student behavioral outcomes and deliver a comprehensive battalion wide truck academy including essential tasks, primary functions, support functions and effective use of tools and apparatus.

RESPONSIBLE: FIRE CHIEF, BATTALION CHIEF

COMPLETION: JUNE 2013

PRIORITY: HIGH

**STRATEGY 2012.7 PROMOTIONAL EXAMS**

Conduct examinations for the following positions: Battalion Chief, Fire Captain, Engineer and Firefighter in order to fill vacancies within the Fire District, in compliance with applicable laws and procedures.

**RESPONSIBLE: FIRE CHIEF, ADMINISTRATIVE SERVICES
OFFICER, BATTALION CHIEF, FIRE CAPTAIN (S)**

COMPLETION: DECEMBER 2012

PRIORITY: HIGH

**STRATEGY 2012.8 FIRE PREVENTION**

Modify the existing Company Inspection Program for one on duty crew, continue code enforcement, plan check and permits/fee collection utilizing existing staff and part time fire inspectors and contract with Contra Costa County Fire Protection District for fire investigation services on a per hour basis.

**RESPONSIBLE: FIRE CHIEF, ADMINISTRATIVE
SERVICES OFFICER, FIRE INSPECTOR**

COMPLETION: JUNE 2012

PRIORITY: HIGH



ADMINISTRATION, OPERATIONS, PREVENTION

STRATEGY 2013.1 BUDGET

Develop a sustainable, cyclically balanced budget, enabling the Fire District to operate at full strength, with a plan to restore sufficient reserves over time to carry the Fire District through dry periods.

RESPONSIBLE: FIRE CHIEF, ADMINISTRATIVE SERVICES OFFICER, BOARD OF DIRECTORS

COMPLETION: JUNE 2013

PRIORITY: HIGH

**STRATEGY 2013.2 BALLOT MEASURE**

Following the direction and legislative action of the Board of Directors prepare a ballot measure for a consolidated election parcel tax, "special mail" parcel tax or proposition 218(XIIID) benefit assessment for spring of 2013.

RESPONSIBLE: FIRE CHIEF, CONSULTANT, GENERAL COUNSEL, ADMINISTRATIVE SERVICES OFFICER, BOARD OF DIRECTORS

COMPLETION: JANUARY 2013

PRIORITY: HIGH

**STRATEGY 2013.3 RECRUIT ACADEMY**

Conduct a 636 hour Recruit Training Academy that will include comprehensive classroom instruction as well as training in firefighting techniques and equipment use. The Recruit Training Academy is pass/fail and recruits are evaluated on a daily basis.

RESPONSIBLE: FIRE CHIEF, ADMINISTRATIVE SERVICES OFFICER, BATTALION CHIEF, FIRE CAPTAIN (S)

COMPLETION: JUNE 2013

PRIORITY: HIGH

**STRATEGY 2013.4 VEHICLE REPLACEMENT**

Implement the elements and recommendations of the Fleet Management Study including best practices for apparatus replacement, repair, troubleshooting and preventive maintenance that are unique to fire apparatus. Develop specifications and seek out grants, public/private partnerships, alternative revenue streams and/or specified funding sources.

RESPONSIBLE: FIRE CHIEF, ADMINISTRATIVE SERVICES OFFICER, BATTALION CHIEF

COMPLETION: JUNE 2014

PRIORITY: HIGH



ADMINISTRATION, OPERATIONS, PREVENTION

STRATEGY 2013.1 PREVENTION STAFF

Conduct a recruitment for full time or half time fire prevention position to perform plan checks, code enforcement, develop and present public education presentations and oversee the company inspection program.

RESPONSIBLE: FIRE CHIEF, ADMINISTRATIVE SERVICES OFFICER

COMPLETION: DECEMBER 2013

PRIORITY: MEDIUM



ADMINISTRATION, OPERATIONS, PREVENTION

STRATEGY 2014.1 MIGRATION TO CAFR

The Fire District is audited annually and follows generally accepted accounting principles (GAAP) for its financial and budgetary practices. A CAFR is a conforming and complete set of financial documents that represents what has occurred in the agency over several decades.

RESPONSIBLE: ADMINISTRATIVE SERVICES OFFICER

COMPLETION: JUNE 2015

PRIORITY: MEDIUM

**STRATEGY 2014.2 BOARD ELECTION**

Distribute election requirements, monitor Board of Directors and Fire District responsibilities, develop resolution and request consolidation with 2014 General Election

RESPONSIBLE: FIRE CHIEF, GENERAL COUNSEL, ADMINISTRATIVE SERVICES OFFICER,

COMPLETION: NOVEMBER 2014

PRIORITY: HIGH



ADMINISTRATION, OPERATIONS, PREVENTION

STRATEGY 2014.3 PROMOTIONAL EXAMS

Conduct examinations for the following positions: Battalion Chief, Fire Captain, Engineer and Firefighter in order to fill vacancies within the Fire District, in compliance with applicable laws and procedures.

RESPONSIBLE: FIRE CHIEF, ADMINISTRATIVE SERVICES OFFICER, BATTALION CHIEF, FIRE CAPTAIN (S)

COMPLETION: DECEMBER 2014

PRIORITY: HIGH

**STRATEGY 2014.4 RESERVE PROGRAM**

Establishment of a Non-Resident Reserve Program to replace the existing Reserve Firefighter Program and remove residency requirements. Under direct supervision Reserve Firefighters assist Fire District personnel with some firefighting and emergency medical activities.

RESPONSIBLE: FIRE CHIEF, BATTALION CHIEF, FIRE CAPTAIN (S)

COMPLETION: JANUARY 2014

PRIORITY: HIGH

**STRATEGY 2014.5 CAREERS ACADEMY**

Develop curriculum and conduct a 40 hour Careers Academy that will include classroom instruction as well as an introduction to firefighting techniques and equipment use. The Careers Academy is a high school based program and attendees are evaluated on a consistent basis.

RESPONSIBLE: FIRE CHIEF, BATTALION CHIEF, FIRE CAPTAIN (S)

COMPLETION: JUNE 2014

PRIORITY: MEDIUM

**STRATEGY 2014.6 FIRE CODE ADOPTION**

Adoption of fire codes and standards, as well as increased public awareness of safety practices, have resulted in substantial reductions in loss of life and property. The Fire District works with community partners to adopt and amend the latest version of the California Fire Code in a consistent manner to ensure uniform enforcement throughout Contra Costa County.

RESPONSIBLE: FIRE CHIEF, ADMINISTRATIVE SERVICES OFFICER, FIRE PREVENTION

COMPLETION: JANUARY 2015

PRIORITY: HIGH



ADMINISTRATION, OPERATIONS, PREVENTION

STRATEGY 2015.1 INFO TECHNOLOGY

Develop policies and procedures for review, upgrade and replacement as necessary of outdated computer equipment and work stations to allow for more predictable on-going costs. This will ensure we are including the predicted software/hardware life cycle when making budget decisions and appropriations.

RESPONSIBLE: ADMINISTRATIVE SERVICES OFFICER

COMPLETION: DECEMBER 2015

PRIORITY: HIGH

**STRATEGY 2015.2 RMS & TELESTAFF**

An integrated computer based Record Management System and a web accessible staffing program is operationally more efficient and allows consistent flow of information to electronically populate critical legal documents, allows consistent accountability and resource management.

RESPONSIBLE: ADMINISTRATIVE SERVICES OFFICER

COMPLETION: JANUARY 2015

PRIORITY: MEDIUM

**STRATEGY 2015.3 PPE**

The Fire District is responsible for the repair and replacement of vital firefighting Personal Protective Equipment (PPE). Employees rely on these garments to protect them from the harmful effects of high temperature environments and the harmful products of combustion.

RESPONSIBLE: FIRE CHIEF, BATTALION CHIEF, FIRE CAPTAIN (S)

COMPLETION: JUNE 2015

PRIORITY: HIGH

**STRATEGY 2015.4 FIRE INVESTIGATION**

The Fire District is responsible for the investigation and cause determination of all fires within its boundaries. Currently the Fire District relies on Contra Costa County Fire Protection District to investigate fires within the communities of Rodeo and Hercules. Fire investigation training will allow Fire District personnel to perform this function.

RESPONSIBLE: FIRE CHIEF, FIRE PREVENTION

COMPLETION: DECEMBER 2015

PRIORITY: MEDIUM



ADMINISTRATION, OPERATIONS, PREVENTION

STRATEGY 2016.1 SUCCESSION PLAN

Develop a comprehensive succession plan and employee development program that provides for a consistent transition of responsibility with the three (3) functional areas of the Fire District (Administration, Operations, Prevention).

RESPONSIBLE: FIRE CHIEF, ADMINISTRATIVE SERVICES OFFICER, BATTALION CHIEF, FIRE CAPTAIN (S)

COMPLETION: DECEMBER 2016

PRIORITY: HIGH

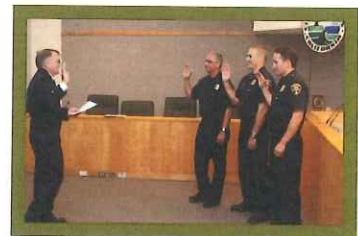
**STRATEGY 2016.2 PROMOTIONAL EXAMS**

Conduct examinations for the following positions: Battalion Chief, Fire Captain, Engineer and Firefighter in order to fill vacancies within the Fire District, in compliance with applicable laws and procedures.

RESPONSIBLE: FIRE CHIEF, ADMINISTRATIVE SERVICES OFFICER, BATTALION CHIEF, FIRE CAPTAIN (S)

COMPLETION: DECEMBER 2016

PRIORITY: HIGH

**STRATEGY 2016.3 BOARD ELECTION**

Distribute election requirements, monitor Board of Directors and Fire District responsibilities, develop resolution and request consolidation with 2016 General Election

RESPONSIBLE: FIRE CHIEF, GENERAL COUNSEL, ADMINISTRATIVE SERVICES OFFICER,

COMPLETION: NOVEMBER 2016

PRIORITY: HIGH

**STRATEGY 2014.6 NEW FIRE STATION**

Complete environmental assessment, develop plans and specifications and ensure funding for the construction of a new fire station to replace a fire station constructed in 1927. Technology will be utilized to optimize a new facility that would consolidate all Fire District operations on one centralized campus and allow for better response times and service to the communities of Rodeo and Hercules.



RESPONSIBLE: FIRE CHIEF, BOARD OF DIRECTORS

COMPLETION: OCTOBER 2017

PRIORITY: HIGH



RODEO HERCULES FIRE DISTRICT



RODEO HERCULES FIRE DISTRICT

1680 Refugio Valley Road , Hercules CA 94547

510-799-4561

RODEO-HERCULES FIRE PROTECTION DISTRICT

SAFER GRANT FUNDING

2015-16 (7802)

11-Feb-15

<u>SALARIES & BENEFITS</u>	1st year (14/15)	2nd year (15/16)	3rd Year (16/17)	
	Final	Final	Veterans	
Holiday	\$34,713	\$39,053	\$15,428	0
Salary	\$405,000	\$463,500	\$257,836	
Unemployment	\$0	\$0	\$0	
Medic	\$27,893	\$27,890	\$9,297	
FLSA	\$12,048	\$13,421	\$5,604	
FICA	\$8,100	\$9,270	\$4,032	
Retirement	\$467,611	\$504,201	\$260,213	
Group Insurance	\$138,336	\$147,463	\$67,547	
Uniform	\$5,940	\$5,940	\$2,640	
W/C	\$71,151	\$76,464	\$35,683	
TOTAL:	\$1,170,792	\$1,287,202	\$658,280	

11.1.15

RODEO-HERCULES FIRE PROTECTION DISTRICT
 FY 2014/2015 FINANCIAL REPORT FOR YEAR-END JUNE 30, 2015

28-May-15

	District Operations 3011(7800)	2014 Fire Assessment 3012	SAFER Grant No. 2 3020(7802)	Capital Projects No. 1 3021(7801)	Hercules Dev Fees 3022(7822)	Rodeo Dev Fees 8514	Memorandum Totals
FUND BALANCES AS OF JULY 1, 2014	\$1,008,677	\$0	\$1,750	\$258,888	\$350	\$14,350	\$1,284,015
REVENUES							
Taxes (minus Hercules Pass-Thru)	\$2,674,487						
Intergovernmental Revenue	\$250,189						
Homeowners Tax Relief	\$40,000						
Charges for Service	\$104,500						
Special Tax/Fire (Benefit Assessment)	\$1,335,996						
Phillips 66 - Capital				\$50,000			
'2014 Benefit Assessment		\$946,292					
SAFER Grant Revenue			\$1,170,792				
TOTAL SOURCES OF REVENUE	\$4,405,172	\$946,292	\$1,170,792	\$50,000	\$0	\$0	\$6,572,256
EXPENDITURES							
Salaries and Benefits			\$1,170,792				
Services and Supplies				\$158,105			
Apparatus/Equipment Purchase		\$8,643					
Levy Code Fee	\$5,409,237	\$8,643	\$1,170,792	\$158,105	\$0	\$0	\$6,746,777
TOTAL EXPENDITURES	\$5,409,237	\$8,643	\$1,170,792	\$158,105	\$0	\$0	\$6,746,777
INTERNAL TRANSFERS							
Reserve for Safer Grant	-\$200,000		\$200,000				
Reserve for Safer Grant	\$200,000		-\$200,000				
2014 Benefit Assessment Defense	\$98,972	-\$98,972					
TOTAL TRANSFERS	\$98,972	-\$98,972	\$0	\$0	\$0	\$0	\$0
ANNUAL SURPLUS (DEFICIT)	-\$1,103,037	\$1,036,621	\$0	-\$108,105	\$0	\$0	-\$174,521
FUND BALANCES AS OF JUNE 30, 2015	\$103,584	\$838,677	\$1,750	\$150,783	\$350	\$14,350	\$1,109,494
FUND BALANCES AS OF JUNE 30, 2015	\$103,584	\$838,677	\$1,750	\$150,783	\$350	\$14,350	\$1,109,495

RODEO-HERCULES FIRE PROTECTION DISTRICT
 FY 2015/2016 FINANCIAL REPORT FOR YEAR-END JUNE 30, 2016

28-May-15

	District Operations	Fire Assessment	SAFER Grant No. 2	Capital Projects No. 1	Hercules Dev Fees	Rodeo Dev Fees	Memorandum Totals
	3011(7800)	3012	3020(7802)	3021(7801)	3022(7822)	8514	
FUND BALANCES AS OF JULY 1, 2015	\$103,584	\$838,677	\$1,750	\$150,783	\$350	\$14,350	\$1,109,494

REVENUES

Taxes (minus Hercules Pass-Thru) (9% estimated increase)	\$2,915,191
Intergovernmental Revenue	\$250,189
Homeowners Tax Relief	\$40,000
Charges for Service	\$104,500
Special Tax/Fire (Benefit Assessment)	\$1,335,996
Phillips 66 - Capital	
'2014 Benefit Assessment	\$947,106
SAFER Grant Revenue	\$1,287,202
TOTAL SOURCES OF REVENUE	\$4,645,876

EXPENDITURES

Salaries and Benefits (With new amortization)	\$3,978,627	
Services and Supplies	\$756,837	
Apparatus/Equipment Purchase		\$137,213
Investment Services		
TOTAL EXPENDITURES	\$4,735,464	\$137,213

INTERNAL TRANSFERS

TOTAL TRANSFERS	\$0	\$0	\$0	\$0	\$0	\$0
ANNUAL SURPLUS (DEFICIT)	-\$89,588	\$947,106	\$0	-\$87,213	\$100,000	\$870,304
FUND BALANCES AS OF JUNE 30, 2016	\$13,996	\$1,785,783	\$1,750	\$63,570	\$100,350	\$1,979,798

FUND BALANCES AS OF JUNE 30, 2016

1516Final
 05/28/15

RODEO-HERCULES FIRE PROTECTION DISTRICT
 FY 2016/2017 FINANCIAL REPORT FOR YEAR-END JUNE 30, 2017

28-May-15

District Operations	Fire Assessment	SAFER Grant No. 2	Capital Projects No. 1	Hercules Dev Fees	Rodeo Dev Fees	Memorandum
3011(7800)	3012	3020(7802)	3021(7801)	3022(7822)	8514	Totals
\$13,996	\$1,785,783	\$1,750	\$63,570	\$100,350	\$14,350	\$1,979,799

FUND BALANCES AS OF JULY 1, 2016

REVENUES

Taxes (minus Hercules Pass-Thru) (4% estimated increase)	\$3,031,799
Intergovernmental Revenue	\$250,189
Homeowners Tax Relief	\$40,000
Charges for Service	\$104,500
Special Tax/Fire (Benefit Assessment)	\$1,335,996
Phillips 66 - Capital	\$50,000
'2014 Benefit Assessment	\$947,106 *
SAFER Grant Revenue	\$658,580
TOTAL SOURCES OF REVENUE	\$4,762,484

EXPENDITURES

Salaries and Benefits (With new amortization)	\$3,978,627					
Services and Supplies	\$756,837	\$658,580				
Apparatus/Equipment Purchase			\$137,213			
Investment Services						
TOTAL EXPENDITURES	\$4,735,464	\$658,580	\$137,213	\$0	\$0	\$5,531,257

INTERNAL TRANSFERS

TOTAL TRANSFERS	\$0	\$0	\$0	\$0	\$0	\$0
ANNUAL SURPLUS (DEFICIT)	\$27,020	\$947,106	-\$87,213	\$100,000	\$0	\$986,912
FUND BALANCES AS OF JUNE 30, 2017	\$41,016	\$2,732,889	-\$23,643	\$200,350	\$14,350	\$2,966,711

FUND BALANCES AS OF JUNE 30, 2017

\$41,016	\$2,732,889	\$1,750	-\$23,643	\$200,350	\$14,350	\$2,966,711
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05/28/15

*Does not include the allowable 4% CPI annual increase

RODEO-HERCULES FIRE PROTECTION DISTRICT
 FY 2017/2018 FINANCIAL REPORT FOR YEAR-END JUNE 30, 2018

28-May-15

	District Operations 3011(7800)	Fire Assessment 3012	SAFER Grant No. 2 3020(7802)	Capital Projects No. 1 3021(7801)	Hercules Dev Fees 3022(7822)	Rodeo Dev Fees 8514	Memorandum Totals
FUND BALANCES AS OF JULY 1, 2017	\$41,016	\$2,732,889	\$1,750	-\$23,643	\$200,350	\$14,350	\$2,966,712
REVENUES							
Taxes (minus Hercules Pass-Thru) (4% estimated increase)	\$3,153,071						
Intergovernmental Revenue	\$250,189						
Homeowners Tax Relief	\$40,000						
Charges for Service	\$104,500				\$100,000		
Special Tax/Fire (Benefit Assessment)	\$1,335,996						
Phillips 66 - Capital				\$50,000			
'2014 Benefit Assessment		\$947,106 *					
SAFER Grant Revenue		\$947,106	\$0	\$50,000	\$100,000	\$0	\$5,980,862
TOTAL SOURCES OF REVENUE	\$4,883,756	\$947,106	\$0	\$50,000	\$100,000	\$0	\$5,980,862
EXPENDITURES							
Salaries and Benefits (With new amortization)	\$3,978,627						
Services and Supplies	\$756,837			\$137,213			
Apparatus/Equipment Purchase							
Investment Services							
TOTAL EXPENDITURES	\$4,735,464	\$0	\$0	\$137,213	\$0	\$0	\$4,872,677
INTERNAL TRANSFERS							
TOTAL TRANSFERS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ANNUAL SURPLUS (DEFICIT)	\$148,292	\$947,106	\$0	-\$87,213	\$100,000	\$0	\$1,108,185
FUND BALANCES AS OF JUNE 30, 2018	\$189,308	\$3,679,995	\$1,750	-\$110,856	\$300,350	\$14,350	\$4,074,897
FUND BALANCES AS OF JUNE 30, 2018	\$189,308	\$3,679,995	\$1,750	-\$110,856	\$300,350	\$14,350	\$4,074,897

05/28/15
 *Does not include the allowable 4% CPI annual increase

RODEO-HERCULES FIRE PROTECTION DISTRICT
 FY 2018/2019 FINANCIAL REPORT FOR YEAR-END JUNE 30, 2019

28-May-15

	District Operations 3011(7800)	Fire Assessment 3012	SAFER Grant No. 2 3020(7802)	Capital Projects No. 1 3021(7801)	Hercules Dev Fees 3022(7822)	Rodeo Dev Fees 8514	Memorandum Totals
FUND BALANCES AS OF JULY 1, 2018	\$189,308	\$3,679,995	\$1,750	-\$110,856	\$300,350	\$14,350	\$4,074,897
REVENUES							
Taxes (minus Hercules Pass-Thru) (4% estimated increase)							
Intergovernmental Revenue	\$3,279,194						
Homeowners Tax Relief	\$250,189						
Charges for Service	\$40,000						
Special Tax/Fire (Benefit Assessment)	\$104,500				\$100,000		
Phillips 66 - Capital	\$1,335,996						
'2014 Benefit Assessment		\$947,106 *		\$50,000			
SAFER Grant Revenue							
TOTAL SOURCES OF REVENUE	\$4,762,484	\$947,106	\$0	\$50,000	\$100,000	\$0	\$5,859,589

EXPENDITURES

Salaries and Benefits (With new amortization)	\$3,978,627						
Services and Supplies	\$756,837			\$137,213			
Apparatus/Equipment Purchase							
Investment Services							
TOTAL EXPENDITURES	\$4,735,464	\$0	\$0	\$137,213	\$0	\$0	\$4,872,677

INTERNAL TRANSFERS

TOTAL TRANSFERS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ANNUAL SURPLUS (DEFICIT)	\$27,020	\$947,106	\$0	-\$87,213	\$100,000	\$0	\$886,912
FUND BALANCES AS OF JUNE 30, 2019	\$216,328	\$4,627,101	\$1,750	-\$198,069	\$400,350	\$14,350	\$5,061,809

FUND BALANCES AS OF JUNE 30, 2019

05/28/15

*Does not include the allowable 4% CPI annual increase

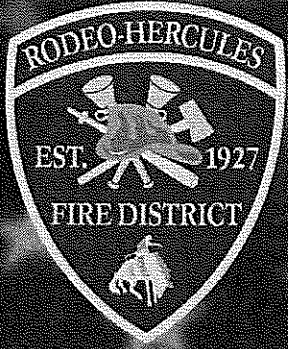
Five Year Revenue Projection
01-Apr-15

2014/15 REVENUES

	District Operations 3011(7800)	SAFER Grant No. 2 3020(7802)	Capital Projects No. 1 3021(7801)	Hercules Dev Fees 3022(7822)	Rodeo Dev Fees 8514	Memorandum Totals
Taxes (minus Hercules Pass-Thru)	\$2,639,487					
Intergovernmental Revenue	\$250,189					
Homeowners Tax Relief	\$40,000					
Charges for Service	\$104,500					
Prop 218 Benefit Assessment	\$2,282,288					
Phillips 66 - Capital			\$50,000			
Developer Impact Fees				\$100,000		
SAFER Grant Revenue		\$1,170,792				

TOTAL SOURCES OF REVENUE

2015/16 Projected Revenues	\$5,316,464	\$1,170,792	\$50,000	\$100,000	\$0	\$6,637,256
2016/17 Projected Revenues	\$5,529,123	\$1,287,202	\$50,000	\$100,000	\$0	\$6,966,325
2017/18 Projected Revenues	\$5,750,287	\$658,280	\$50,000	\$100,000	\$0	\$6,558,567
2018/19 Projected Revenues	\$5,980,299	\$0	\$50,000	\$100,000	\$0	\$6,130,299
2019/20 Projected Revenues	\$6,219,511	\$0	\$0	\$0	\$0	\$6,219,511



STRATEGIC PLAN

2012



RODEO HERCULES FIRE DISTRICT

Executive Summary

Rodeo Hercules Fire District

STRATEGIC PLAN 2012



TABLE OF CONTENTS

- Executive Summary
- Mission and Values
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The 2012 strategic plan is the first long range planning document to be developed for the Rodeo Hercules Fire District.

It was written by members of the District representing all ranks, labor and management, sworn and non-sworn.

This plan is intended to be a 5 year guide for the development of our District. It will serve to inform District members, policy makers and the public about our preparations for the future while at the same time serve as an integral part of fiscal planning.

This document will be reviewed on an annual basis and revised as required. It should be considered as part of the Fire District's appropriation justification during the budgetary process.

The Mission, Values and Vision of the District should be reviewed and revised, as necessary, to reflect the purpose and direction of the Rodeo Hercules Fire District for the next 5 years and beyond.

The plan provides historical information about the District and demographic details for the existing fire station response areas that currently serve the needs of the community.

This plan provides an overview of each of the three distinct functions: Administration, Operations and Fire Prevention. Specific goals are included for each functional area.

Between 2010 and 2012 the District sought out and received over \$500,000 in grant awards. The District will continue to apply for Local, State and Federal funds as they become available to offset the cost of firefighting personnel and equipment.

Contract and Mutual Aid Agreements with our Fire Service cooperators are detailed in the Appendices.

MISSION STATEMENT

It is the mission of this organization to provide the highest level of service to the community; to mitigate the devastating effects of fires and other disasters; to deliver emergency medical services; to educate the public and maintain a constant state of readiness...

CORE VALUES

To that end we value:

- Service to the Community
- Public Trust
- Professionalism
- Educated Work Force
- Compassion
- Team Work
- Safety, Health & Welfare of the Organization

OFFICE of the Fire Chief

I am pleased to present the 2012 Strategic Plan for the Rodeo Hercules Fire District.

This document provides us with a road map for the next five years. It is a collaborative effort between labor and management with input from all ranks within the Fire District. Our agency is committed to a fresh perspective and



enterprising methods to meet future challenges. Our pledge is to improved services and processes.

In 2011 alone, our members responded to over 2000 calls for service, including fires, rescues, trauma and cardiac events. They also assisted in significant wildland incidents and other mutual aid calls, helping our neighbors in Western Contra Costa and Northern and Southern California.

In 2011 we signed a contract with the City of Pinole to oversee their fire-fighting operations. This arrangement is an example of our dedication to a public partnership that resulted in an efficient fire protection model. We are confident these efforts will serve us well in the future.

The Fire District participates in a geographic response area known as Battalion 7. This is a regional cooperative agreement between our agencies and Contra Costa County Fire Protection District. This resource sharing arrangement provides a 24 hour battalion chief and staffed fire stations to respond into Rodeo, Hercules, Pinole, El

Sobrante, San Pablo and North Richmond. We will continue to work with our community partners to provide the highest level of safety to the neighborhoods we proudly serve.

Our ongoing relationship with Conoco Phillips Refinery provides specialized training opportunities, equipment replacement and other subsidies. Their cooperation and assistance continues to be a shared benefit to all.

The District and the City of Pinole were awarded nearly \$1,000,000 in grants that allow us to develop and train personnel, make facility improvements, and continue our co-sharing agreement.

Additionally Alameda and Contra Costa counties are linking their public safety communication systems. This funding will help us make required improvements to *the interoperability and capability of our emergency radios.*

Our CERT (Community Emergency Response Team) program is a vigorous program led by dedicated local volunteers and continues to be a hallmark of success. Over 250 citizens received training in first aid, disaster preparedness, fire safety and crisis team organization. They stand ready to assist and support emergency operations.

I am encouraged and excited by the level of energy our highly motivated personnel have contributed to this strategic planning effort. It is a testimony to the long history of this fine organization and the men and women that have made lasting contributions to its continued success. We serve with ***Pride, Excellence and Professionalism.***

FREQUENTLY Asked Questions:

Q. Does the Fire District provide paramedic service?

A. Yes. Through an agreement with Contra Costa County, each on duty fire company is staffed with one paramedic.

Q. Does the Fire District refill extinguishers?

A. You may drop off your fire extinguisher at the fire station and a certified technician will refill the extinguisher.

Q. If I have a fire can I get a copy of the incident report?

A. The Business Office can provide you with a copy of the report for a nominal fee.

Q. Does the Fire District have a hazard abatement program?

A. Yes. The Fire District works cooperatively with the City of Hercules and Contra Costa County to ensure that flammable vegetation is removed from around homes.

Q. Does the Fire District have volunteers?

A. Yes. The Fire District maintains a corps of reserve firefighters and a CERT program

Q. Does the Fire District provide blood pressure screening?

A. Yes. The Fire District provides blood pressure screening, CPR training and our partners the Pinole Fire Department will install Child Safety Seats.

Q. What is Christmas Coalition.

A. Community groups come together to help the local underprivileged during the holidays.

RHFD History

STRATEGIC PLAN 2012

RODEO—The Town of Rodeo was founded on the Ygnacio Martinez Rancho El Pinole estate in 1865 and was the home of the old Union Stockyard Company and the Rodeo-to-Vallejo Ferry. In 1896 the Union Oil Co. established a still in Rodeo that continues today as the Conoco Phillips San Francisco Refinery. In 1906 like many Greater Bay Communities, Rodeo was severely damaged by the “earthquake” and was rebuilt

Rodeo was later referred to as Baseball Town, USA in honor of its legendary native son, and Hall of Fame pitcher, Lefty Gomez of the New York Yankees.

FIRE DISTRICT—The first Fire Chief was Mr. Frank Delmonte. He and his men fought fires with buckets of water. Chief Delmonte was succeeded by Chief Sam Kramer and later by Chief Tom Lewis who would lead the department with a hand-drawn hose cart.

In 1927, under Fire Chief E. Gomez, the original brick fire house on Third Street in Rodeo was constructed. The new fire house became a focal point for the all-volunteer fire department, the community, and many civic organizations. 1937, the official Rodeo Fire District was formed. In 1946, the Board of Commissioners, led by then Fire Chief Lloyd Cooper, approved an order to have a firefighter on duty at all times, to give added protection to the community.

In 1965, Arthur Cooper became the first paid Fire Chief for the Rodeo Fire Protection District and the order was given to hire more full time staff.

Throughout the years, it has been the community; the Board of Directors; and the firefighters who have pulled together to support the Fire District. One example of community support given was when Mr. Ernie Van Alstyne organized a fund-raiser to purchase the District a Hurst “Jaws of Life” and the District received the life-saving device in October of 1976.

In the 1983 the District doubled its personnel, boundaries were expanded to cover the City of Hercules and the Rodeo Hercules Fire Protection District was created. In 1991, the City of Hercules built its first permanent fire station. In 2004 paramedic service was added and recently an agreement was reached with the City of Pinole for the Fire Chief to command both the Fire District and the Pinole Fire Department.

Today, RHFD serves an area of 32 sq. miles with a population of 34,000. The District protects an oil refinery, marine terminals, fuel pipelines, wildland interface, a large industrial park, two rail lines, and two major freeway corridors. It is governed by a five member Board of Directors, under §13800 of the CA Health & Safety Code.



HERCULES—In 1881, the Hercules Powder Plant opened and began producing dynamite. Hercules, the Greek mythological hero, was chosen as the name of the product to demonstrate the strength of the dynamite. In December 1900, the town became incorporated and the name Hercules was the obvious choice. The first City Council passed ordinances to ensure the success of their products. In 1913 the plant added black powder to its production.

During World War II the Hercules Powder Co. was the third largest producer of explosives in the United States. Post war production turned to dynamite and fertilizer until the plant closed in 1977. The Pacific refinery opened in Hercules in 1966 and ceased refinery operations in 1995. In 1970 the total population was 270 and as of the 2010 census is estimated to be 25,000. The Fire Dist. has been continuously providing fire protection to the City since 1983.

RHFD Tomorrow

Rodeo Hercules Fire District

STRATEGIC PLAN 2012



A vision statement is an objective view of our current status, maps out an ideal future of the organization and defines progress through measurable goals and objectives

The Rodeo Hercules Fire District has a distinguished history that serves as the foundation for the future development of the organization. Progress will occur by addressing strategic challenges with innovative and effective solutions.

The communities served by the Fire District have experienced significant growth over the past two decades.

These population increases have resulted in 200% rise in emergency responses. These "traditional" responses include emergency medical, wildland and structure fires, technical rescues, hazardous material incidents, and public service calls.

Western Contra Costa County has also seen a large increase in number of homes built in the "urban interface".

Wildland fires in these areas pose a significant threat to our community and our citizens. These types of incidents also require a large scale commitment of equipment and personnel.

As we constructed our Strategic Plan, we have found that in addition to growth, there are several factors influencing the future direction of our Organization.

These relevant issues include: **Demographic Shifts, Economic/Financial, Governance, Legal & Regulatory Outlook, Industry Standards, Technology, Analysis of Service Delivery, Deployment Model, Employee Development/Succession Planning, and Contract Service Areas/Partnerships.**

These considerations provide us with the parameters to ensure that we are providing for our community needs well into the future.

VISION STATEMENT

It is the vision of this organization to provide leadership, promote change, build relationships and continuously seek improvement. We demand the highest performance from ourselves and strive to meet the expectations of our citizens. Through these efforts, our goal simply stated is to make the community a safer place.

BOARD OF DIRECTORS

Beth Bartke
John Mills
Manley Moulton
Bill Prather
Raemona Williams

RHFD Tomorrow

Rodeo Hercules Fire District STRATEGIC PLAN 2012



KEY ISSUES Demographic Shifts

The Rodeo Hercules Fire District has had a growth of nearly 18,000 residents since a second fire company was staffed in the City of Hercules.

While the community of Rodeo has been relatively stable at 8700 inhabitants, the City of Hercules has had an increase in population and significant building activity since the year 2000. The current population of 25,000 is expected to increase to 27,500 by 2020. This is a 48% increase over a 20 year period. Trends in population show two specific increases:

Aging Population: There is a greater need for services for citizens over 65 years old. Three large senior living facilities are located within the Fire District and are heavily dependent on the services we provide. Many elderly citizens have limited mobility, making it necessary to have additional fire resources on scene more quickly for rescue and rapid fire suppression. Also, there is an increased need for emergency response to medical emergencies. Paramedic staffed engine companies provide a higher level of care for people with cardiac

problems, trauma, and strokes.

Diverse Community: There has been an increase in the number households in the Fire District where English is a second language. It is important that we ensure all of our citizens are familiar with the resources available to them. The Fire District utilizes a "Translator Service" to assist where communication is a concern. The Fire District participates in many community events in an effort to contact as many citizens as possible in our increasingly diverse community.

KEY ISSUES

Economic/Financial

Economic challenges and opportunities are an important factor in providing Fire District services. Some of these include:

- Establishing a revenue stream adequate to fund services
- Legal restrictions on the ability to raise additional revenue
- Budget reductions create impacts to service delivery
- Reliance on grant funding
- Decrease in property values and new construction
- Diversion of tax increment
- Employee costs
- Reimbursement for mutual aid response
- Fee based cost recovery programs
- Contracts for service

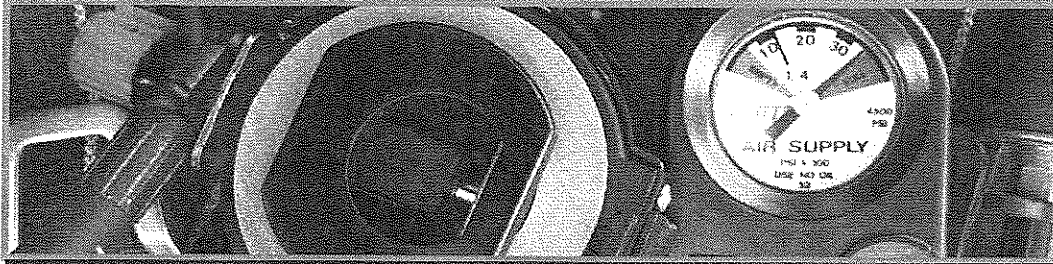
KEY ISSUES Governance

The Rodeo Hercules Fire District is an independent Fire District organized under §13800 of the Health and Safety Code. Special districts are units of local government established by the residents of an area to provide some (focused) service not provided by the county or city.

In contrast to the broad constitutional and legal authority under which counties and cities operate, the authority of special districts is restricted to specifically enumerated powers and purposes. Special Districts have the corporate power and tax power but rarely the police power of municipalities or counties. The Rodeo Hercules Fire District is governed under Board of Directors/Administrator form.

RHFD Tomorrow

Rodeo Hercules Fire District STRATEGIC PLAN 2012



KEY ISSUES Legal/Regulatory Outlook

There are several laws, regulations, and standards that determine the minimum requirements the District must maintain in order to sustain operations, training, administration, and prevention. These include:

Federal

- OSHA 29 CFR Section 1910: Regulations on training and responses to hazardous material incidents; includes respiratory protection requirements to meet the "Two In/Two Out" regulation
- Office of Homeland Security: Requirements for Emergency Response to Terrorism and Weapons of Mass Destruction training for first responders
- Sara Title III /CERCLA - Community Right-to-Know Act & HAZMAT response, clean up and disposal
- Title VII - Civil Rights Act of 1964 requires employers not to discriminate and to eliminate the presence of past discrimination
- American with Disabilities Act: Requirements of reasonable accommodation

State

- California Fire Codes: The Fire District, along with all agencies in Contra Costa County, has adopted these codes. The State Fire Marshal's Office defers many of the regulation enforcement to local agencies.

- Essential Services Building Act (Section 16000 - 16023 Health & Safety Code): Requires minimum earthquake standards for essential buildings such as fire stations
- Emergency Medical Services Authority (Title 22) Minimum requirements for emergency medical certifications
- Health & Safety Programs (SB198)/ Injury and Illness Prevention Program (Title 8 CCR: 3203) Requirements for employers to establish and maintain this program
- SEMS/NIMS: Requires use of the Incident Command System
- Labor Code sections 4553 and 4553.1: Willful misconduct of employers regarding safety regulations

KEY ISSUES

Industry Standards

In the absence of existing laws, regulation or statutes, fire agencies are compelled to rely on recognized consensus for guidance:

- ISO (Insurance Services Office): Sets insurance rates for communities based on formulas including : staffing , apparatus, water systems, training, response times, and equipment.
- NFPA (National Fire Protection Association): This organization sets national standards for fire agencies including:
 - NFPA 1001 Firefighter Professional Qualifications
 - NFPA 1021 Fire Officer Professional Qualifications
 - NFPA 1500 Fire Department Occupational Safety and Health Program
 - NFPA 1581 Fire Department Infection Control Program
 - NFPA 471 Responding to Hazardous Material Incidents
 - ANSI (American National Standards Institute) SCBA

KEY ISSUES Technology

Interoperability/Consolidated Dispatch: Most of Contra Costa's Fire and EMS resources are dispatched through a single PSAP (Public Safety Answering Point).

EBRCS Regional Communications System between Contra Costa and Alameda Counties. The system will allow interoperable voice communications that will improve public safety services under emergency situations.

MDC (Mobile Data Computer) and **AVL** (Advanced Vehicle Locator): Located on each apparatus to ensure efficient and accurate response.

RMS (Record Management System) Data collection for incident reporting, training, & record keeping.

SCBA (Self Contained Breathing Apparatus) and **PASS** (Personal Alarm Safety Systems) devices: Integrated system to alert crews of downed firefighters.

TIC (Thermal Imaging Cameras): Cameras that use infrared technology in smoky or dark conditions to find victims and fires in hidden spaces.

RHFD Tomorrow

Rodeo Hercules Fire District STRATEGIC PLAN 2012



KEY ISSUES Analysis of Service Delivery

The Rodeo Hercules Fire District responds to emergencies based on recognized procedures for consequence management.

An incident such as a vehicle fire or medical aid would warrant a response from one fire engine, whereas a traffic collision on a freeway dispatches three units and a structure fire sends four engines, a ladder truck and two battalion chiefs.

Incident types are preprogrammed into the CAD system and the dispatch matrix recommends the closest due units from the Fire District and surrounding jurisdictions. This includes fire engines and aerial ladder trucks as well as specialty apparatus such as the Hazardous Materials Response Team, Helicopters or Swift Water Rescue personnel and equipment.

Growth of the City of Hercules and the economic downturn have had a significant effect on the ability of this agency to "go it alone". The overall increase in demand for service continues to compromise the ability of the Fire District to meet desired emergency response outcomes. The

situation will gradually worsen as any further degradation of capability occurs. Future annexations, buildout and infill projections outlined in the General Plan will likely compound the problem. The Rodeo Hercules Fire District, through a layering of automatic and mutual aid agreements, has an excellent record in preventing large loss fires through quick fire response.

Case histories in western Contra Costa County, point to the importance of response times in saving lives and property. Recent studies show how quickly a fire can spread with catastrophic results unless it is quickly extinguished. This is due in part to balloon frame buildings, older post war bungalows with flat roofs and barred horizontal openings, modern lightweight engineered construction methods and the fuel loading created by personal possessions.

It has also been documented that immediate medical attention by first responder paramedics can be lifesaving when seconds count.

KEY ISSUES

Deployment Model

Fire Stations in the Rodeo Hercules Fire District were deployed along settlement lines, on the basis of presumed need, obligation or by using one or more of several accepted methods of quantitative analysis.

Authorities used existing or previously existing instruments recommended by the National Fire Protection Association (NFPA), Insurance Services Organization (ISO), International City Managers Association (ICMA), and the Pacific Rating Bureau (predecessor of ISO).

The current fire station locations were based on distance rather than response times. Due to the relative size of the communities, the perceived threat from heavy industry and the proximity to town centers, no mathematical model was used to optimize fire station locations. Available property, transportation networks, topographic features and funding sources contributed toward the final decision.

Historical regression continues to be the primary analytic tool for determining fire department response performance. A 20 year decomposition analysis of annual run volume will likely show demand for service increased in the Fire District.

That trend is predicted to continue for some time.

RHFD Tomorrow

Rodeo Hercules Fire District STRATEGIC PLAN 2012



KEY ISSUES Contract Service Areas/Partnerships

To better serve the taxpayers in western Contra Costa County, local fire agencies have entered into a number of agreements to bolster limited services.

The departments involved include Pinole Fire Department, Rodeo Hercules Fire District, Crockett-Carquinez Fire Department, Contra Costa County Fire Protection District and Richmond and El Cerrito Fire Departments.

These agreements generally serve one of two purposes: either sending the closest staffed apparatus or preventing a serious wildland/interface fire. They also curb border disputes in the time of emergency and provide required Incident Command System (ICS) positions on fires and other prolonged events.

Additionally, each community has target hazards (hi-rise, refinery, marine terminal, vegetation, manufacturing, etc...) that they cannot handle with their existing resources. Without help, control efforts are dangerous and futile.

As an extension of the California Master Mutual Aid Agreement, these arrangements are prudent

methods to aid communities in difficult times.

The City of Pinole (Administered by the Fire Chief) provides fire and rescue services for the Tara Hills, Bayview, Montara Bay and the Alhambra Valley corridor (formerly the Pinole Fire District). This is a cooperative agreement with the Contra Costa County Fire Protection District (CON Fire).

The District provides fire and rescue services to CON Fire and CAL Fire along the Highway 4 Corridor including unincorporated Martinez through a series of automatic aid and mutual threat zone agreements.

As previously stated, the Fire District is dispatched by Contra Costa County Regional Fire Communications Center, we also provide 24 hour battalion coverage along with CON Fire and the City of Pinole and share a Fire Chief and Administration with the City of Pinole.

CON Fire, Pinole and RHFD Fire train together on a scheduled monthly basis. Station 76 in Hercules serves as the Training Center for Battalion 7.

KEY ISSUES

Succession Planning

Succession planning is the process of developing personnel in order to fill key leadership positions in the organization.

Employee development increases the pool of experienced and capable employees and prepares them to advance as promotions and roles as become available.

In smaller organizations, with limited advancement, it is critical to develop personnel within their existing roles. This serves the purpose of supporting personal growth, meeting organizational needs and providing opportunities for employees to make meaningful contributions.

Some of the areas the Fire District is committed to include:

- Defining competencies
- Conducting state certified programs on site
- Long-term acting positions
- Program Management
- Grant Management
- Project Management
- Mentoring
- Mutual Aid Assignments
- Specialized Training
- Public Presentations

RHFD Administration

Rodeo Hercules Fire District STRATEGIC PLAN 2012



GENERAL Duties

The Administrative Services Officer provides support for Management, Operations and Prevention while serving as Clerk of the Board. Duties and responsibilities include:

Receiving/handling public inquiries; providing Fire District & Fire Department counter/phone support each business day.

Processing human resource records, ID Cards, Personnel Action Forms & employee documents.

Scheduling employment interviews, background investigations, applications & screening; candidates background package review, coordinating polygraph, psychological and physical testing; monitoring progress of recruiting & coordinating offers and start dates.

Editing/issuing Personnel bulletins and SOPs & maintaining District and City of Pinole forms.

Communicating with City & County departments such as Board of Supervisors, City Council (s) Human Resources, EBMUD, Sheriff/Police, East Bay Parks District & Finance/General Services.

FISCAL Responsibilities

The importance of balancing services while following financially responsible and legally mandated requirements cannot be overstated. This area covers:

Following Generally Accepted Accounting Principles and assigning revenue and expenditures to specific recognized categories.

Coordinating the annual budget process, budget forecasting, reviewing budget requests & monthly analysis and updates.

Working with the Fire Chief to develop the Fire District and Pinole Fire Department Operating Budget (s).

Processing all contract and purchase requisitions, payment requests and billing; Oversight of revenue, annual fire and miscellaneous permits.

Employee time card input.

Cost recovery for vehicle accidents, hazardous materials incidents, interagency agreements and course delivery contracts.

Credit card approvals, purchase review and maintaining and distributing petty cash per policy.

LEGAL Requirements

Administrative legal requirements include:

Noticing of public meetings, record keeping of Fire District Board actions and activities, Brown Act and Fair Political Practice requirements and following election statutes.

Preparing board packets in advance of scheduled meetings.

Processing subpoenas, liens and legal document requests, workers' compensation and accident reporting.

Maintaining records of all contracts and agreements within the District, outside agencies, consultants, and other fire districts.

Analyzing data to ensure compliance with existing labor agreement and current Memorandum of Understanding.

Interpreting annual General Accounting Standards Board requirements and scheduling assets depreciation rates.

CA State Controller reporting and preparation of Local Government Compensation Report.

Managing LAIF (Local Agency Investment Fund) and OPEB

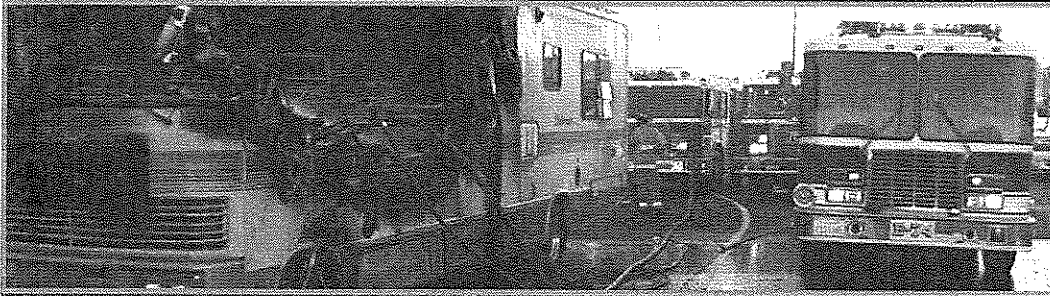
Annual levy setting.

Annual audit preparation.

Capturing data, incident statistics & ensuring National Fire Incident Reporting System input is accurate and timely.

RHFD Operations

Rodeo Hercules Fire District STRATEGIC PLAN 2012



SUPPRESSION Duties

The Operations Division has primary responsibility for responding to emergencies and urgent calls for help from the public. Services provided include:

Extinguishing fires, providing emergency medical care, minimizing the effects of leaks or spills of hazardous materials, rescuing trapped persons from traffic collisions, industrial accidents, collapsed structures, or floods or swiftly moving water, dealing with the hazards of refinery events, power lines or gas leaks and providing special assistance, in lock-out situations or animal rescues.

Personnel also present fire safety and emergency preparedness programs, perform fire safety inspections, maintain fire apparatus and facilities and train to proficiency levels.

Most employees, apparatus and equipment are assigned to Operations. There are a total of 19 line personnel including: 1 Battalion Chief, 6 Captains, 6 Engineers and 6 firefighters, working on one of three platoons. Each are assigned to one of two (2) fire companies located in Rodeo and Hercules.

TRAINING

Roles/Responsibilities

The Fire District has responsibility for coordinating or providing all training related to the emergency services delivered by the Operations Division.

This ranges from the initial training of newly hired firefighters and reserves, to on-the-job training and continuing education for company personnel, to the provision of specialized training to members such as incident command, wildland fire behavior, supervisory management, oil fire-fighting, hazardous materials and urban search and rescue.

A significant amount of the training for the department takes place at Fire Station 76, the designated Battalion 7 Training Center. This facility consists of a four-story drill tower, burn trailer, two temporary buildings housing a classroom, fitness equipment, storage as well as numerous training props.

The Rodeo Hercules Fire District CERT (Community Emergency Response Team) also trains new members and performs skills maintenance at the training site.

EMS

Service/CQI

The goal of *Prehospital Care* is to save lives, deliver quality emergency service and adhere to best practices.

Contra Costa County EMS participants include: Ambulance providers, law enforcement, fire agencies, helicopter providers, hospitals, continuing education institutions and EMT training programs.

Contra Costa County Regional Fire Communications Center provides EMD (Enhanced Medical Dispatching) on 911 calls which allowing tiered response.

In 2004 the Rodeo Hercules Fire District implemented a paramedic program to serve the citizens of Rodeo and Hercules.

Advanced Life Support is performed by Paramedics and supported by Emergency Medical Technicians assigned to each fire company.

Management and coordination of the Fire Districts paramedic program is the responsibility of a CQI coordinator.

Federal, state and local laws and statutes govern the provision of emergency medical services. The California Emergency Medical Service Agency regulates patient care requirements under Title 22 CCR.

By agreement the Fire District receives a subsidy from Contra Costa County Health Services to provide paramedics.

RHFD Operations

Rodeo Hercules Fire District STRATEGIC PLAN 2012

APPARATUS



FACILITIES

Fire Stations serve a critical role in localizing emergency response capability.

The Fire District responds to emergencies in the communities of Hercules, Rodeo and the San Francisco Refinery. Fire Station 75 (Rodeo) and Fire Station 76 (Hercules) serve residences business and institutions as well as neighboring communities through established mutual aid agreements.

Fire Station 75 was originally designed in 1927 and has had one significant renovation. Fire Station 76 (owned by the City of Hercules) was dedicated in 1991. Though functional they do not meet current "essential services" and "best practices and design" standards.

Attached to Fire Station 76 is a modular training classroom, fitness and storage area. The grounds of Station 76 are utilized to house a mobile training tower, firefighting live burn trailer and fire prevention safety house.

Most recently each Fire Station is being upgraded with solar panels and other energy efficient features to reduce power costs.

EQUIPMENT

The District staffs two dedicated paramedic fire companies and cross-staffs various specialty apparatus.

Each of the vehicles has a standard inventory of equipment that mirrors other agencies within west Contra Costa County. District apparatus are typed according to function by FIREScope and are consistent with National Fire Protection Association (NFPA), Incident Command System (ICS) and National Incident Management System (NIMS) standards.

The Fire District does not maintain a large inventory of equipment, other than what is carried on apparatus. The major source of funding for firefighting equipment has been federal or state funding or local augmentation (Conoco Phillips, Measure H).

Some of various types of necessary equipment includes: heavy hydraulics extrication devices, advanced life support supplies, large diameter supply line, hose, ladders, nozzles, rescue rope, litters, fire suppressive foam, chain saws, salvage covers, axes, mcleods, pike poles, turnout gear, and self contained breathing apparatus.

Reliable apparatus is essential for the effective delivery of emergency service.

The current fleet is designed in accordance with NFPA at the time of manufacture. The newest apparatus is 6 years old and the oldest reserve piece is 22 years old.

Due to budget constraints, the fleet replacement program relied upon developer impact fees (DIF), grants and private subsidies. Preventative maintenance, testing and repair requires on-duty firefighters to maintain the fleet as required.

Best practices for repair, trouble shooting and preventative maintenance are unique to fire apparatus as compared to on-highway trucks. Increased down time, cold starts, increased speed with intense acceleration and braking are among the differences.

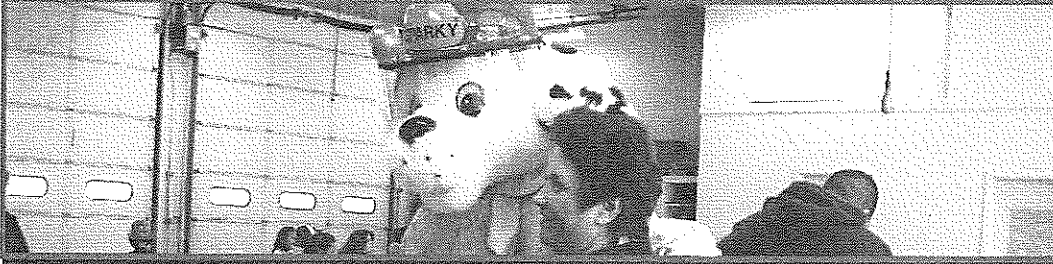
The goal of any program is to minimize downtime for a smooth flow at a repair facility. Repairs are generally categorized as Urgent, High, Low and scheduled maintenance.

The District has made efforts to standardize apparatus models and is in the process of downsizing the existing fleet.

Replacement interval schedule for apparatus and support vehicles is generally based around industry practices and the Districts' ability to pay.

RHFD Prevention

Rodeo Hercules Fire District STRATEGIC PLAN 2012



COMPANY Inspections/Education

Each Fire Company is assigned a fire prevention inspection workload and public education responsibilities

A well organized fire prevention program is an effective deterrent to fires with all too often tragic consequences. Fire prevention inspections are a critical non-firefighting activity

The goal of a fire agency is to minimize the loss of life and property from fire by controlling or eliminating hazardous conditions, before a fire occurs.

Company inspection programs educate occupants in ways to mitigate hazards, reduce risks, evacuate safely, and develop and maintain good housekeeping practices. In addition, fire companies are able to develop preplans and site specific standard operating procedures with advance knowledge of the individual buildings and inherent hazards.

Saving lives through public outreach and building trust in the business community are essential to the success of the Fire District in providing the "highest level of service to the community.

CODE

Compliance/Enforcement

The Fire District has responsibility for maintaining safety in the community by investigating fires, ensuring compliance with existing codes and ordinances and enforcing laws where necessary

Due to vacancies in the Fire Prevention Division, the Fire District currently relies on Contra Costa County Fire Protection District and CAL Fire for fire cause investigation.

Code compliance and enforcement is performed by veteran fire inspectors that are currently on contract to the Fire District.

The Fire District administers a permit program for certain occupancies and hazardous processes as provided for in the adopted Fire Code. These facilities are inspected on a regular basis to verify compliance with required conditions of occupancy.

Fire inspectors evaluate violations and attempt to achieve voluntary compliance of fire and life safety code requirements and to maintain the safety of occupancies.

PLAN REVIEW

The purpose of Plan Review is ensure a coordinated process for the review of projects, plans and conditions of approval.

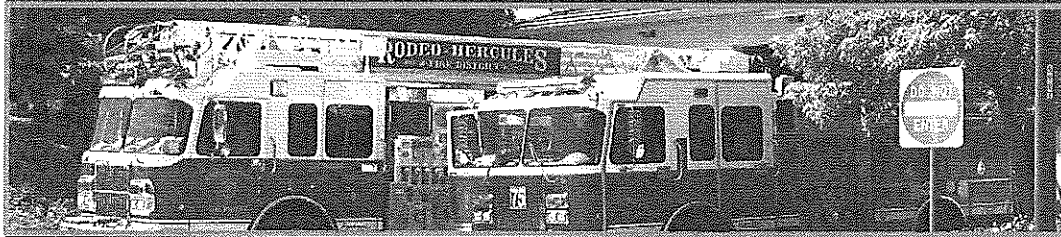
Fire Inspectors review new construction and tenant improvement applications every year for compliance with applicable federal, state and local codes.

They also conduct inspections of permitted projects to verify compliance with approved plans and provide consultation to owners, builders, design professionals and other fire officials on projects during the pre-design phase of a project.

Plan reviews include reviewing plans for Fire Alarm and Sprinkler systems, Fire Hydrant Systems and Hydraulic Calculations, Hazardous Materials Use and Storage, Spray Booths, High-Piled Combustible Storage systems and other Fire Code permitted systems and operations

Built-in fire protection like automatic sprinkler systems preserve not only the structure but fixtures, finishes, furnishings, artwork and other irreplaceable personal belongings. They also warn and protect occupants and firefighters and ensure a better chance of survival.

When alarm systems and automatic sprinklers are installed and operating, replacement and firefighting costs are reduced; there is greater safety and a direct economic benefit.



ACCOMPLISHMENTS

During 2010-2011 the Fire District made significant strides towards financial stabilization and additional revenue enhancements. Additionally a major effort was put forth to provide training opportunities, improve employee relations and enhance community outreach. Some of these were:

2010 Annual Report

Contract with the City of Pinole for Fire Chief and Administrative Services

Delivery and completion of the California State Fire Marshal's Office Chief Officer Certification

Condition of Approval #84 for improvements to the San Francisco Refinery modified to include the purchase of a "rescue pumper" to better serve the community

Six community meetings centered on the fiscal condition of the Fire District

Adoption of the California Fire Code and Fee Structure

Modification of Fire Stations to reduce energy costs by 50%

Construction of vertical ventilation prop with donated materials

Completion of a comprehensive Fleet Management Study and introduction of best practices for preventive maintenance

Successful recipient of Assistance to Firefighters grant for full replacement of Fire District mobile and portable radios

Continued Community Emergency Response Team (CERT) training and disaster simulation

Fire Prevention Week Open House

Continued support and participation in the Christmas Coalition

Blood pressure screenings for senior citizens

Fire and life safety inspections

Oil fire training school

Contract concessions resulting in current and future cost savings

Promotions

Participation in Master Mutual Aid to Southern California

Member of Battalion 7; Fire District units responded to significant incidents in Rodeo, Hercules, Rural Martinez, Pinole, Tara Hills, San Pablo, El Sobrante and North Richmond

Each Division within the Fire District has specific goals that were developed with input from all members of the organization. These include:

Administration:

2012—Ballot Initiative, Election

2013—Balanced Budget

2014—Migration to and Implementation of a Comprehensive Annual Financial Report (CAFR), Election

2015—Review and replacement of information technology equipment; RMS and Telestaff

2016—Succession Plan, Election

Operations

2012—Fire Station Master Plan, Deployment Analysis, Truck Academy, Promotional Examinations

2013—Recruit Academy, Vehicle Replacement Program

2014—Promotional Examinations, Non-Resident Reserve Program, Firefighter Careers Academy

2015—PPE Replacement

2016—Succession Plan, Construction of New Fire Station

Prevention

2012—Maintain Program

2013—Hire Prevention Staff

2014—New Fire Code Adoption

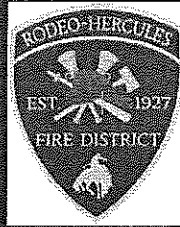
2015—Investigation Training

2016—Succession Plan

RHFD Appendices

Rodeo Hercules Fire District

STRATEGIC PLAN 2012



CONTRACTS AND MUTUAL AID AGREEMENTS

INTERAGENCY DISPATCH AGREEMENT Service Contract that allows the Rodeo Hercules Fire District to receive 9-1-1 resource dispatching from the Contra Costa Regional Fire Communications Center in order to mitigate calls for service.

COOPERATIVE AGREEMENT FOR BATTALION 7 OPERATIONS Since September of 2000, the Rodeo Hercules Fire District, the Pinole Fire Department and the Contra Costa Fire Protection District have equally provided shared battalion chief coverage in areas protected by the three (3) agencies.

AGREEMENT FOR CONTRACT FIRE CHIEF AND ADMINISTRATIVE SERVICES

The City of Pinole compensates the Rodeo Hercules Fire District for management, operations and administration of the Pinole Fire Department.

MEMORANDUM OF UNDERSTANDING BETWEEN CAL FIRE & THE RODEO HERCULES FIRE DISTRICT Establishes procedures and responsibilities for the use of CAL FIRE resources for fire suppression and related emergencies

AGREEMENT FOR THE PROVISION OF EMERGENCY RESPONSE SERVICES – SAN FRANCISCO REFINERY (RODEO) The District responds to emergencies at the refinery and works cooperatively with their personnel.

CONTRA COSTA COUNTY FIRE SERVICE MUTUAL AID AGREEMENT To ensure orderly and coordinated use of resources when requested.

AGREEMENT FOR AUTOMATIC MUTUAL FIRE PROTECTION RESPONSE Boundary arrangement between the Rodeo Hercules Fire District and the City of Pinole for automatic response into either jurisdiction.

AGREEMENT FOR AUTOMATIC MUTUAL FIRE PROTECTION RESPONSE Boundary arrangement between the Rodeo Hercules Fire District and the Crockett Carquinez Fire District for automatic response into either jurisdiction.

MUTUAL AID

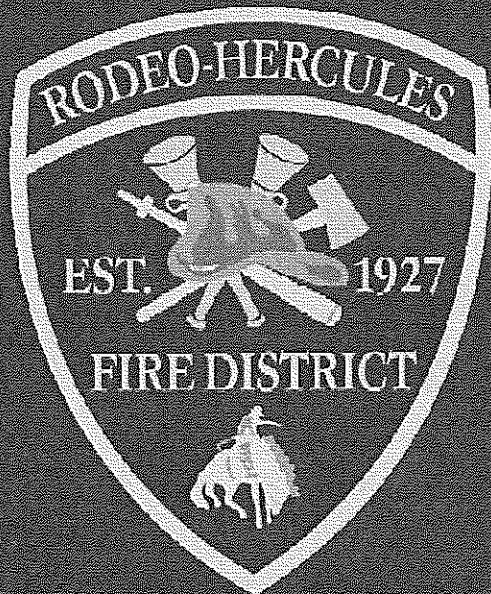
California's Mutual Aid Planning is based on a statewide system of mutual aid. Each local jurisdiction relies first on its own resources, then calls for assistance.

"We will all of us, upon hearing of Fire breaking out at or near any of our Dwelling Houses, immediately repair to the same with all our Buckets and Bags, and there employ our best Endeavours to preserve the Goods and Effects of such of us as shall be in Danger..."

Benjamin Franklin

"render mutual aid and protection to one another, unite to defeat the intentions of the evil-minded, obey the military and civil authorities and your tears will cease to flow..."

War and Peace





Meeting Date
09/09/15
Agenda Item
#12

MEMORANDUM

Date: September 9, 2015
 To: CCCERA Board of Retirement
 From: Kurt Schneider, Deputy Chief Executive Officer
 Subject: Post Retirement Death Benefit Reserve – 2015 Adjustment

Background

The following two post retirement lump sum death benefits are paid by CCCERA.

Gov. Code Section	Retirees Eligible	Amount	Established	Funding Source
31789.01	Tier 2	\$2,000 offset by Soc. Sec. DB	1980	Employer Contributions
31789.1 and .12 31789.5	All	\$1,000, 04/30/1984 - 07/19/1999 \$5,000, eff. 07/20/1999	1984	Excess Earnings

In order to ensure that the second death benefit is paid for with excess earnings, a reserve was established April 30, 1984, with an initial transfer of \$1,039,000 from excess earnings. Other transfers to this reserve were made, most recently in 1999 when the benefit amount was increased to \$5,000.

Issue

At one point, CCCERA began paying all lump sum death benefits from the dedicated Post Retirement Death Benefit Reserve, even though the \$2,000 Tier 2 death benefit was supposed to be provided from employer contributions. Although a correcting transfer was made in 1998, the practice of paying the \$2,000 Tier 2 death benefit from the Post Retirement Death Benefit Reserve continued until 2015. In order to correct for payments made between 1998 and 2014 another transfer of \$556,656 should be executed. The System's actuary, Segal Consulting, has verified the amount of the transfer and measured the impact of the transfer on the fund.

Recommendation

Authorize the transfer of \$556,656 from the Employer Advance Reserve to the Post Retirement Death Benefit Reserve as outlined in the Segal letter dated August 21, 2015.

Contra Costa County Employees' Retirement Association

**Governmental Accounting Standards (GAS) 68
Actuarial Valuation Based on December 31, 2014
Measurement Date for
Employer Reporting as of June 30, 2015**



This report has been prepared at the request of the Board of Retirement to assist the sponsors of the Fund in preparing their financial report for their liabilities associated with the CCCERA pension plan. 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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August 28, 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 Standards (GAS) 68 Actuarial Valuation based on December 31, 2014 measurement date for employer reporting as of June 30, 2015. It contains various information that will need to be disclosed in order for CCCERA employers to comply with GAS 68.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist the sponsors in preparing their financial report for their liabilities associated with the CCCERA pension plan. The census and financial information on which our calculations were based was provided 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 CCCERA.

Sincerely,

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

By:

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

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

AW/jmc

SECTION 1

VALUATION SUMMARY

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SECTION 3

ACTUARIAL ASSUMPTIONS AND METHODS AND APPENDICES

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SECTION 1: Valuation Summary for Contra Costa County Employees' Retirement Association

Purpose

This report has been prepared by Segal Consulting to present certain disclosure information required by Governmental Accounting Standards (GAS) 68 for employer reporting as of June 30, 2015. The results used in preparing this GAS 68 report are comparable to those used in preparing the Governmental Accounting Standards (GAS) 67 report for the plan based on a reporting date and a measurement date as of December 31, 2014. This valuation is based on:

- The benefit provisions of CCCERA, as administered by the Board;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of December 31, 2014, provided by CCCERA;
- The assets of the Plan as of December 31, 2014, provided by CCCERA;
- 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 substantially replaces Statement 25 and is for plan reporting. Statement 68 substantially 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 CCCERA employer reporting. The information contained in this valuation is intended to be used (along with other information) in order to comply with Statement 68.
- 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 generally 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.

SECTION 1: Valuation Summary for Contra Costa County Employees' Retirement Association

- 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 5.
- For this report, the reporting dates for the employer are June 30, 2015 and June 30, 2014. The NPL was measured as of December 31, 2014 and 2013, respectively, and determined based upon rolling forward the TPL from actuarial valuations as of December 31, 2013 and 2012, respectively. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement dates. Consistent with the provisions of GAS 68, the assets and liabilities measured as of December 31, 2014 and December 31, 2013 are not adjusted or rolled forward to June 30, 2015 and June 30, 2014 reporting dates, respectively.
- The discount rate used to measure the TPL and NPL as of December 31, 2014 and 2013 was 7.25% which is the same discount rate as used by CCCERA in the funding valuations as of the same dates. The detailed calculations used in the derivation of the discount rate can be found in Appendix A of Section 3. Various other information that is required to be disclosed can be found throughout Exhibits 1 through 13 in Section 2.
- Results shown in this report exclude any employer contributions made after the measurement date of December 31, 2014. For employers that participate in the prepayment program, we have also excluded the portion of the prepayment made in July 2014 that was for the period from January 1, 2015 through June 30, 2015. Employers should consult with their auditors to determine the deferred outflow that should be created for these contributions.

SECTION 1: Valuation Summary for Contra Costa County Employees' Retirement Association

- All Cost Groups except Cost Groups #1, #2, #6 and #8 only have one active employer, so all of the NPL for those Cost Groups are allocated to that employer.

For Cost Groups #1, #2, #6 and #8, the NPL is allocated based on the actual compensation by employer within the Cost Group. The steps we used are as follows:

- Calculate ratio of employer's compensation to the total compensation for the Cost Group.
- The 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.
- Subtract from the adjusted NPL 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.
- 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.

Proportionate share of total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers. The NPL allocation can be found in Exhibit 7 in Section 2.

- Page iv contains a summary with the names for all active participating employers in CCCERA. Also shown are the employer name abbreviations and employer numbers that are used throughout the rest of this report.

SECTION 1: Valuation Summary for Contra Costa County Employees' Retirement Association

Summary of Active Participating Employers within CCCERA

<u>#</u>	<u>Employer Name</u>	<u>Abbreviation</u>
1	Bethel Island Municipal Improvement District	1 - BIMID
2	Byron-Brentwood-Knightsen Union Cemetery District	2 - Union Cemetery
3	Contra Costa Mosquito & Vector Control District	3 - CC Mosquito
4	Contra Costa County Fire Protection District	4 - CCCFPD
5	Central Contra Costa Sanitary District	5 - CCCSD
6	First 5 CC Children & Families Commission	6 - First 5
7	Contra Costa County	7 - County
8	Contra Costa County Employees' Retirement Association	8 - CCCERA (the employer)
9	East Contra Costa Fire Protection District	9 - ECCFPD
10	Contra Costa Housing Authority	10 - Housing Authority
11	In-Home Supportive Services Authority	11 - IHSS
12	Contra Costa Local Agency Formation Commission	12 - LAFCO
13	Moraga-Orinda Fire Protection District	13 - MOFD
14	Rodeo Sanitary District	14 - Rodeo SD
15	Rodeo-Hercules Fire Protection District	15 - RHFD
16	San Ramon Valley Fire Protection District	16 - SRVFPD
17	Contra Costa Superior Court	17 - Court

SECTION 1: Valuation Summary for Contra Costa County Employees' Retirement Association

Summary of Key Valuation Results

Reporting Date for Employer under GAS 68	6/30/2015⁽¹⁾	6/30/2014⁽²⁾
Measurement Date for Employer under GAS 68	12/31/2014	12/31/2013
Disclosure elements for plan year ending December 31:		
1. Service cost ⁽³⁾	\$192,256,663	\$196,463,397
2. Total Pension Liability	8,104,611,627	7,929,766,847
3. Plan Fiduciary Net Position	6,908,910,230	6,458,317,596
4. Net Pension Liability	1,195,701,397	1,471,449,251
5. Pension expense	172,449,176	N/A
Schedule of contributions for plan year ending December 31:		
6. Actuarially determined contributions	\$288,760,413	\$235,017,452
7. Actual employer contributions	288,760,413	235,017,452
8. Contribution deficiency (excess) (6) – (7)	0	0
Demographic data for plan year ending December 31:		
9. Number of retired members and beneficiaries	8,871	8,625
10. Number of inactive members ⁽⁴⁾	2,647	2,345
11. Number of active members	9,159	9,124
Key assumptions as of December 31:		
12. Investment rate of return	7.25%	7.25%
13. Inflation rate	3.25%	3.25%
14. Projected salary increases ⁽⁵⁾	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⁾ The reporting date and measurement date for the plan are December 31, 2014.

⁽²⁾ The reporting date and measurement date for the plan are December 31, 2013.

⁽³⁾ 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.

⁽⁴⁾ Include 1,176 terminated members with member contributions on deposit as of December 31, 2014 and 933 as of December 31, 2013.

⁽⁵⁾ Includes inflation at 3.25% plus real across-the-board salary increase of 0.75% plus merit and longevity increases.

SECTION 1: Valuation Summary for Contra Costa County Employees' Retirement Association

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 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 provisions.
- **Participant data** An actuarial valuation for a plan is based on data provided to the actuary by CCCERA. 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 CCCERA.
- **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.

SECTION 1: Valuation Summary for Contra Costa County Employees' Retirement Association

- If CCCERA 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 CCCERA, it is not a fiduciary in its capacity as actuaries and consultants with respect to CCCERA.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' 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	<u>9,159</u>
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

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

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

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

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.

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The plan also provides a post retirement lump sum death benefit of \$5,000 to the member's beneficiary (\$31789.5) paid from the Post Retirement Death Benefit Reserve. For General Tier 2 members, an additional payment of \$2,000 less any Social Security Lump sum payment are payable to member's beneficiary (\$31789.01). The additional payment for General Tier 2 members is paid out from the Employer Advance Reserve.

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. This rate does not include any employer subvention of member contributions.

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. This rate does not include any member subvention of employer contributions.

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EXHIBIT 2

Net Pension Liability

Reporting Date for Employer under GAS 68	June 30, 2015	June 30, 2014
Measurement Date for Employer under GAS 68	December 31, 2014	December 31, 2013
The components of the Net Pension Liability are as follows:		
Total Pension Liability	\$8,104,611,627	\$7,929,766,847
Plan Fiduciary Net Position	<u>(6,908,910,230)</u>	<u>(6,458,317,596)</u>
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 (NPL) for the plan 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 (TPL) was determined based upon rolling forward the TPL 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 TPL 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 and the December 31, 2014 funding actuarial valuations except that, for GAS 68 purposes, the investment return assumption used is net of investment expenses only and is not net of administrative expenses. Note that the leave cashout assumption for Safety Tier C has been reduced to zero effective with the December 31, 2014 funding actuarial valuation and that change has been reflected in the December 31, 2014 measurement for GAS 68 purposes. The assumptions used in this GAS 68 valuation are outlined in Section 3 of this report. 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

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EXHIBIT 3

Target Asset Allocation

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 return 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 (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting 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	<u>0.50%</u>	0.25%
Total	100.00%	

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Discount rate: The discount rate used to measure the TPL 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 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.

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EXHIBIT 4

Discount Rate Sensitivity

Sensitivity of the December 31, 2014 Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability (NPL) of CCCERA as of December 31, 2014, which is allocated to all employers, calculated using the discount rate of 7.25%, as well as what CCCERA's NPL 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. The determination of the NPL by employer is shown later in Exhibit 7.

Employer	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
1 - BIMID	\$187,468	\$114,600	\$54,130
2 - Union Cemetery	270,894	66,340	(95,493)
3 - CC Mosquito	8,350,457	5,104,681	2,411,162
4 - CCCFPD	229,411,617	116,262,504	23,242,826
5 - CCCSD	133,403,317	89,535,510	53,123,397
6 - First 5	3,665,953	1,683,167	37,745
7 - County	1,588,671,941	807,350,288	163,671,207
8 - CCCERA (the employer)	9,592,045	5,863,670	2,769,665
9 - ECCFPD	36,624,572	24,313,820	14,204,688
10 - Housing Authority	15,482,197	8,652,807	2,998,046
11 - IHSS	1,701,970	1,040,424	491,437
12 - LAFCO	596,430	364,601	172,217
13 - MOFD	52,707,179	28,612,847	9,025,971
14 - Rodeo SD	747,066	182,951	(263,348)
15 - RHFD	19,089,357	13,499,212	8,908,993
16 - SRVFPD	123,861,564	69,527,014	25,383,571
17 - Court	<u>48,762,038</u>	<u>23,526,961</u>	<u>2,585,544</u>
Total for all Employers	\$2,273,126,064	\$1,195,701,397	\$308,721,758

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EXHIBIT 5

Schedule of Changes in Net Pension Liability – Last Two Plan Years

Reporting Date for Employer under GAS 68	June 30, 2015	June 30, 2014
Measurement Date for Employer under GAS 68	December 31, 2014	December 31, 2013
Total Pension Liability		
1. Service cost	\$192,256,663	\$196,463,397
2. Interest	561,216,191	564,441,213
3. Change of benefit terms	0	0
4. Differences between expected and actual experience	(183,604,761)	(77,222,890)
5. Changes of assumptions	(75,608)	(232,886,783)
6. Benefit payments, including refunds of member contributions	<u>(394,947,705)</u>	<u>(374,638,978)</u>
7. Net change in Total Pension Liability	\$174,844,780	\$76,155,960
8. Total Pension Liability – beginning	<u>7,929,766,847</u>	<u>7,853,610,887</u>
9. Total Pension Liability – ending	<u>\$8,104,611,627</u>	<u>\$7,929,766,847</u>
Plan Fiduciary Net Position		
10. Contributions – employer (including employer subvention)	\$293,760,413	\$235,017,452
11. Contributions – plan members (including member subvention)	78,257,665	72,373,254
12. Net investment income	480,502,256	877,760,526
13. Benefit payments, including refunds of member contributions	(394,947,705)	(374,638,978)
14. Administrative expense	(6,979,995)	(6,775,782)
15. Other	0	0
16. Net change in Plan Fiduciary Net Position	\$450,592,634	\$803,736,472
17. Plan Fiduciary Net Position – beginning	<u>6,458,317,596</u>	<u>5,654,581,124</u>
18. Plan Fiduciary Net Position – ending	\$6,908,910,230	\$6,458,317,596
19. Net Pension Liability – ending (9) – (18)	<u>\$1,195,701,397</u>	<u>\$1,471,449,251</u>
20. Plan Fiduciary Net Position as a percentage of the Total Pension Liability	85.25%	81.44%
21. Covered employee payroll ⁽¹⁾	\$671,485,798	\$638,635,912
22. 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).

⁽¹⁾ *Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.*

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EXHIBIT 6

Schedule of Employer's Contributions – Last Ten Plan Years

Year Ended December 31	Actuarially Determined Contributions⁽¹⁾	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/(Excess)	Covered-Employee Payroll⁽²⁾	Contributions as a Percentage of Covered Employee Payroll
2005	\$147,165,108	\$147,165,108 ⁽³⁾	\$0	\$619,132,218	23.77%
2006	179,755,315	179,755,315 ⁽⁴⁾	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 ⁽⁵⁾	0	638,635,912	35.70%
2014	288,760,413	288,760,413 ⁽⁶⁾	0	671,485,798	43.00%

⁽¹⁾ All "Actuarially Determined Contributions" through June 30, 2014 were determined as the "Annual Required Contribution" under GAS 25 and 27. They include any employer subvention of member contributions.

⁽²⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

⁽³⁾ Excludes Pension Obligation Bond proceeds of \$153,134,911.

⁽⁴⁾ Excludes Pension Obligation Bond proceeds of \$11,693,396.

⁽⁵⁾ Excludes additional contributions towards UAAL of \$7,000,000.

⁽⁶⁾ Excludes additional contributions towards UAAL of \$5,000,000.

See accompanying notes to this schedule on next page.

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Notes to Exhibit 6

Methods and assumptions used to establish "actuarially determined contribution" rates:

Valuation date	December 31, 2013 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 PEPR Tier 5 (3% COLA) disability benefits and Tier 2 benefits that are valued as a 3.25% increase per year. Safety Tier C, PEPR Tier E and PEPR 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 were 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

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 7

Determination of Proportionate Share

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

Employer	Cost Group #1 & 2		Cost Group #3		Cost Group #4	
	Cost Group #1 & 2	Percentage	Cost Group #3	Percentage	Cost Group #4	Percentage
1 - BIMID	\$63,762	0.013%	\$0	0.000%	\$0	0.000%
2 - Union Cemetery	0	0.000%	0	0.000%	0	0.000%
3 - CC Mosquito	2,840,172	0.565%	0	0.000%	0	0.000%
4 - CCCFPD	0	0.000%	0	0.000%	0	0.000%
5 - CCCSD	0	0.000%	26,906,131	100.000%	0	0.000%
6 - First 5	1,735,009	0.345%	0	0.000%	0	0.000%
7 - County	468,102,519	93.196%	0	0.000%	0	0.000%
8 - CCCERA (the employer)	3,262,463	0.650%	0	0.000%	0	0.000%
9 - ECCFPD	52,840	0.011%	0	0.000%	0	0.000%
10 - Housing Authority	0	0.000%	0	0.000%	4,691,885	100.000%
11 - IHSS	578,877	0.115%	0	0.000%	0	0.000%
12 - LAFCO	202,859	0.040%	0	0.000%	0	0.000%
13 - MOFD	486,284	0.097%	0	0.000%	0	0.000%
14 - Rodeo SD	0	0.000%	0	0.000%	0	0.000%
15 - RHFD	80,616	0.016%	0	0.000%	0	0.000%
16 - SRVFPD	2,792,368	0.556%	0	0.000%	0	0.000%
17 - Court	<u>22,081,605</u>	<u>4.396%</u>	<u>0</u>	<u>0.000%</u>	<u>0</u>	<u>0.000%</u>
Total	\$502,279,374	100.000%	\$26,906,131	100.000%	\$4,691,885	100.000%

Note: Results may not add due to rounding.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 7 (continued)

Determination of Proportionate Share

Actual Compensation by Employer and Cost Group January 1, 2014 to December 31, 2014				
Employer	Cost Group #5		Cost Group #6	
	Cost Group #5	Percentage	Cost Group #6	Percentage
1 - BIMID	\$0	0.000%	\$0	0.000%
2 - Union Cemetery	0	0.000%	213,716	26.612%
3 - CC Mosquito	0	0.000%	0	0.000%
4 - CCCFPD	3,469,231	100.000%	0	0.000%
5 - CCCSD	0	0.000%	0	0.000%
6 - First 5	0	0.000%	0	0.000%
7 - County	0	0.000%	0	0.000%
8 - CCCERA (the employer)	0	0.000%	0	0.000%
9 - ECCFPD	0	0.000%	0	0.000%
10 - Housing Authority	0	0.000%	0	0.000%
11 - IHSS	0	0.000%	0	0.000%
12 - LAFCO	0	0.000%	0	0.000%
13 - MOFD	0	0.000%	0	0.000%
14 - Rodeo SD	0	0.000%	589,379	73.388%
15 - RHFD	0	0.000%	0	0.000%
16 - SRVFPD	0	0.000%	0	0.000%
17 - Court	<u>0</u>	<u>0.000%</u>	<u>0</u>	<u>0.000%</u>
Total	\$3,469,231	100.000%	\$803,095	100.000%

Note: Results may not add due to rounding.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 7 (continued)

Determination of Proportionate Share

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

Employer	Cost Group	Cost Group	Cost Group #8		Cost Group #10	
	#7 & 9	#7 & 9 Percentage	Cost Group #8	Percentage	Cost Group #10	Percentage
1 - BIMID	\$0	0.000%	\$0	0.000%	\$0	0.000%
2 - Union Cemetery	0	0.000%	0	0.000%	0	0.000%
3 - CC Mosquito	0	0.000%	0	0.000%	0	0.000%
4 - CCCFPD	0	0.000%	26,113,394	89.754%	0	0.000%
5 - CCCSD	0	0.000%	0	0.000%	0	0.000%
6 - First 5	0	0.000%	0	0.000%	0	0.000%
7 - County	79,566,908	100.000%	0	0.000%	0	0.000%
8 - CCCERA (the employer)	0	0.000%	0	0.000%	0	0.000%
9 - ECCFPD	0	0.000%	2,981,124	10.246%	0	0.000%
10 - Housing Authority	0	0.000%	0	0.000%	0	0.000%
11 - IHSS	0	0.000%	0	0.000%	0	0.000%
12 - LAFCO	0	0.000%	0	0.000%	0	0.000%
13 - MOFD	0	0.000%	0	0.000%	6,863,879	100.000%
14 - Rodeo SD	0	0.000%	0	0.000%	0	0.000%
15 - RHFD	0	0.000%	0	0.000%	0	0.000%
16 - SRVFPD	0	0.000%	0	0.000%	0	0.000%
17 - 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.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 7 (continued)

Determination of Proportionate Share

Actual Compensation by Employer and Cost Group January 1, 2014 to December 31, 2014						
Employer	Cost Group #11		Cost Group #12		Total Compensation	Total Percentage
	Cost Group #11	Percentage	Cost Group #12	Percentage		
1 - BIMID	\$0	0.000%	\$0	0.000%	\$63,762	0.009%
2 - Union Cemetery	0	0.000%	0	0.000%	213,716	0.032%
3 - CC Mosquito	0	0.000%	0	0.000%	2,840,172	0.423%
4 - CCCFPD	0	0.000%	0	0.000%	29,582,625	4.406%
5 - CCCSD	0	0.000%	0	0.000%	26,906,131	4.007%
6 - First 5	0	0.000%	0	0.000%	1,735,009	0.258%
7 - County	0	0.000%	0	0.000%	547,669,428	81.561%
8 - CCCERA (the employer)	0	0.000%	0	0.000%	3,262,463	0.486%
9 - ECCFPD	0	0.000%	0	0.000%	3,033,964	0.452%
10 - Housing Authority	0	0.000%	0	0.000%	4,691,885	0.699%
11 - IHSS	0	0.000%	0	0.000%	578,877	0.086%
12 - LAFCO	0	0.000%	0	0.000%	202,859	0.030%
13 - MOFD	0	0.000%	0	0.000%	7,350,163	1.095%
14 - Rodeo SD	0	0.000%	0	0.000%	589,379	0.088%
15 - RHFD	0	0.000%	1,988,894	100.000%	2,069,510	0.308%
16 - SRVFPD	15,821,884	100.000%	0	0.000%	18,614,252	2.772%
17 - Court	<u>0</u>	<u>0.000%</u>	<u>0</u>	<u>0.000%</u>	<u>22,081,605</u>	<u>3.288%</u>
Total	\$15,821,884	100.000%	\$1,988,894	100.000%	\$671,485,798	100.000%

Note: Results may not add due to rounding.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 7 (continued)

Determination of Proportionate Share

PART ONE - Allocation of December 31, 2014 Net Pension Liability (NPL)						
<u>Excluding</u> Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers						
Employer	Cost Group #1 & 2		Cost Group #3		Cost Group #4	
	Cost Group #1 & 2	Percentage	Cost Group #3	Percentage	Cost Group #4	Percentage
1 - BIMID	\$114,600	0.013%	\$0	0.000%	\$0	0.000%
2 - Union Cemetery	0	0.000%	0	0.000%	0	0.000%
3 - CC Mosquito	5,104,681	0.565%	0	0.000%	0	0.000%
4 - CCCFPD	0	0.000%	0	0.000%	0	0.000%
5 - CCCSD	0	0.000%	89,535,510	100.000%	0	0.000%
6 - First 5	3,118,357	0.345%	0	0.000%	0	0.000%
7 - County	841,327,344	93.196%	0	0.000%	0	0.000%
8 - CCCERA (the employer)	5,863,670	0.650%	0	0.000%	0	0.000%
9 - ECCFPD	94,970	0.011%	0	0.000%	0	0.000%
10 - Housing Authority	0	0.000%	0	0.000%	8,652,807	100.000%
11 - IHSS	1,040,424	0.115%	0	0.000%	0	0.000%
12 - LAFCO	364,601	0.040%	0	0.000%	0	0.000%
13 - MOFD	874,006	0.097%	0	0.000%	0	0.000%
14 - Rodeo SD	0	0.000%	0	0.000%	0	0.000%
15 - RHFD	144,892	0.016%	0	0.000%	0	0.000%
16 - SRVFPD	5,018,763	0.556%	0	0.000%	0	0.000%
17 - Court	<u>39,687,583</u>	<u>4.396%</u>	<u>0</u>	<u>0.000%</u>	<u>0</u>	<u>0.000%</u>
Total	\$902,753,891	100.000%	\$89,535,510	100.000%	\$8,652,807	100.000%

Note: Results may not add due to rounding.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 7 (continued)

Determination of Proportionate Share

**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 #6	
	Cost Group #5	Percentage	Cost Group #6	Percentage
1 - BIMID	\$0	0.000%	\$0	0.000%
2 - Union Cemetery	0	0.000%	66,340	26.612%
3 - CC Mosquito	0	0.000%	0	0.000%
4 - CCCFPD	4,878,216	100.000%	0	0.000%
5 - CCCSD	0	0.000%	0	0.000%
6 - First 5	0	0.000%	0	0.000%
7 - County	0	0.000%	0	0.000%
8 - CCCERA (the employer)	0	0.000%	0	0.000%
9 - ECCFPD	0	0.000%	0	0.000%
10 - Housing Authority	0	0.000%	0	0.000%
11 - IHSS	0	0.000%	0	0.000%
12 - LAFCO	0	0.000%	0	0.000%
13 - MOFD	0	0.000%	0	0.000%
14 - Rodeo SD	0	0.000%	182,951	73.388%
15 - RHFD	0	0.000%	0	0.000%
16 - SRVFPD	0	0.000%	0	0.000%
17 - Court	<u>0</u>	<u>0.000%</u>	<u>0</u>	<u>0.000%</u>
Total	\$4,878,216	100.000%	\$249,291	100.000%

Note: Results may not add due to rounding.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 7 (continued)

Determination of Proportionate Share

**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
1 - BIMID	\$0	0.000%	\$0	0.000%	\$0	0.000%
2 - Union Cemetery	0	0.000%	0	0.000%	0	0.000%
3 - CC Mosquito	0	0.000%	0	0.000%	0	0.000%
4 - CCCFPD	0	0.000%	212,146,949	89.754%	0	0.000%
5 - CCCSD	0	0.000%	0	0.000%	0	0.000%
6 - First 5	0	0.000%	0	0.000%	0	0.000%
7 - County	308,608,013	100.000%	0	0.000%	0	0.000%
8 - CCCERA (the employer)	0	0.000%	0	0.000%	0	0.000%
9 - ECCFPD	0	0.000%	24,218,850	10.246%	0	0.000%
10 - Housing Authority	0	0.000%	0	0.000%	0	0.000%
11 - IHSS	0	0.000%	0	0.000%	0	0.000%
12 - LAFCO	0	0.000%	0	0.000%	0	0.000%
13 - MOFD	0	0.000%	0	0.000%	28,293,121	100.000%
14 - Rodeo SD	0	0.000%	0	0.000%	0	0.000%
15 - RHFD	0	0.000%	0	0.000%	0	0.000%
16 - SRVFPD	0	0.000%	0	0.000%	0	0.000%
17 - 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.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 7 (continued)

Determination of Proportionate Share

PART ONE - Allocation of December 31, 2014 Net Pension Liability (NPL)						
<u>Excluding</u> Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers						
Employer	Cost Group #11		Cost Group #12		Total NPL	Total Percentage
	Cost Group #11	Percentage	Cost Group #12	Percentage		
1 - BIMID	\$0	0.000%	\$0	0.000%	\$114,600	0.007%
2 - Union Cemetery	0	0.000%	0	0.000%	66,340	0.004%
3 - CC Mosquito	0	0.000%	0	0.000%	5,104,681	0.308%
4 - CCCFPD	0	0.000%	0	0.000%	217,025,165	13.096%
5 - CCCSD	0	0.000%	0	0.000%	89,535,510	5.403%
6 - First 5	0	0.000%	0	0.000%	3,118,357	0.188%
7 - County	0	0.000%	0	0.000%	1,149,935,357	69.390%
8 - CCCERA (the employer)	0	0.000%	0	0.000%	5,863,670	0.354%
9 - ECCFPD	0	0.000%	0	0.000%	24,313,820	1.467%
10 - Housing Authority	0	0.000%	0	0.000%	8,652,807	0.522%
11 - IHSS	0	0.000%	0	0.000%	1,040,424	0.063%
12 - LAFCO	0	0.000%	0	0.000%	364,601	0.022%
13 - MOFD	0	0.000%	0	0.000%	29,167,127	1.760%
14 - Rodeo SD	0	0.000%	0	0.000%	182,951	0.011%
15 - RHFD	0	0.000%	13,354,320	100.000%	13,499,212	0.815%
16 - SRVFPD	64,508,251	100.000%	0	0.000%	69,527,014	4.195%
17 - Court	<u>0</u>	<u>0.000%</u>	<u>0</u>	<u>0.000%</u>	<u>39,687,583</u>	<u>2.395%</u>
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.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 7 (continued)

Determination of Proportionate Share

PART TWO - Allocation of December 31, 2014 Net Pension Liability (NPL)						
<u>Including</u> Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers						
Employer	Cost Group #1 & 2		Cost Group #3		Cost Group #4	
	Cost Group #1 & 2	Percentage	Cost Group #3	Percentage	Cost Group #4	Percentage
1 - BIMID	\$114,600	0.021%	\$0	0.000%	\$0	0.000%
2 - Union Cemetery	0	0.000%	0	0.000%	0	0.000%
3 - CC Mosquito	5,104,681	0.942%	0	0.000%	0	0.000%
4 - CCCFPD	0	0.000%	0	0.000%	0	0.000%
5 - CCCSD	0	0.000%	89,535,510	100.000%	0	0.000%
6 - First 5	1,683,167	0.311%	0	0.000%	0	0.000%
7 - County	498,742,275	92.016%	0	0.000%	0	0.000%
8 - CCCERA (the employer)	5,863,670	1.082%	0	0.000%	0	0.000%
9 - ECCFPD	94,970	0.018%	0	0.000%	0	0.000%
10 - Housing Authority	0	0.000%	0	0.000%	8,652,807	100.000%
11 - IHSS	1,040,424	0.192%	0	0.000%	0	0.000%
12 - LAFCO	364,601	0.067%	0	0.000%	0	0.000%
13 - MOFD	319,726	0.059%	0	0.000%	0	0.000%
14 - Rodeo SD	0	0.000%	0	0.000%	0	0.000%
15 - RHFD	144,892	0.027%	0	0.000%	0	0.000%
16 - SRVFPD	5,018,763	0.926%	0	0.000%	0	0.000%
17 - Court	<u>23,526,961</u>	<u>4.341%</u>	<u>0</u>	<u>0.000%</u>	<u>0</u>	<u>0.000%</u>
Total	\$542,018,730	100.000%	\$89,535,510	100.000%	\$8,652,807	100.000%

Note: Results may not add due to rounding.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 7 (continued)

Determination of Proportionate Share

**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 #6	
	Cost Group #5	Percentage	Cost Group #6	Percentage
1 - BIMID	\$0	0.000%	\$0	0.000%
2 - Union Cemetery	0	0.000%	66,340	26.612%
3 - CC Mosquito	0	0.000%	0	0.000%
4 - CCCFPD	4,878,216	100.000%	0	0.000%
5 - CCCSD	0	0.000%	0	0.000%
6 - First 5	0	0.000%	0	0.000%
7 - County	0	0.000%	0	0.000%
8 - CCCERA (the employer)	0	0.000%	0	0.000%
9 - ECCFPD	0	0.000%	0	0.000%
10 - Housing Authority	0	0.000%	0	0.000%
11 - IHSS	0	0.000%	0	0.000%
12 - LAFCO	0	0.000%	0	0.000%
13 - MOFD	0	0.000%	0	0.000%
14 - Rodeo SD	0	0.000%	182,951	73.388%
15 - RHFD	0	0.000%	0	0.000%
16 - SRVFPD	0	0.000%	0	0.000%
17 - Court	<u>0</u>	<u>0.000%</u>	<u>0</u>	<u>0.000%</u>
Total	\$4,878,216	100.000%	\$249,291	100.000%

Note: Results may not add due to rounding.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 7 (continued)

Determination of Proportionate Share

**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	Cost Group	Cost Group #8		Cost Group #10	
	#7 & 9	#7 & 9 Percentage	Cost Group #8	Percentage	Cost Group #10	Percentage
1 - BIMID	\$0	0.000%	\$0	0.000%	\$0	0.000%
2 - Union Cemetery	0	0.000%	0	0.000%	0	0.000%
3 - CC Mosquito	0	0.000%	0	0.000%	0	0.000%
4 - CCCFPD	0	0.000%	111,384,288	82.140%	0	0.000%
5 - CCCSD	0	0.000%	0	0.000%	0	0.000%
6 - First 5	0	0.000%	0	0.000%	0	0.000%
7 - County	308,608,013	100.000%	0	0.000%	0	0.000%
8 - CCCERA (the employer)	0	0.000%	0	0.000%	0	0.000%
9 - ECCFPD	0	0.000%	24,218,850	17.860%	0	0.000%
10 - Housing Authority	0	0.000%	0	0.000%	0	0.000%
11 - IHSS	0	0.000%	0	0.000%	0	0.000%
12 - LAFCO	0	0.000%	0	0.000%	0	0.000%
13 - MOFD	0	0.000%	0	0.000%	28,293,121	100.000%
14 - Rodeo SD	0	0.000%	0	0.000%	0	0.000%
15 - RHFD	0	0.000%	0	0.000%	0	0.000%
16 - SRVFPD	0	0.000%	0	0.000%	0	0.000%
17 - 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.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 7 (continued)

Determination of Proportionate Share

PART TWO - Allocation of December 31, 2014 Net Pension Liability (NPL)						
<u>Including</u> Pension Obligation Bonds (POB) and UAAL Prepayments for Certain Employers						
Employer	Cost Group #11		Cost Group #12		Total NPL	Total Percentage
	Cost Group #11	Percentage	Cost Group #12	Percentage		
1 - BIMID	\$0	0.000%	\$0	0.000%	\$114,600	0.010%
2 - Union Cemetery	0	0.000%	0	0.000%	66,340	0.006%
3 - CC Mosquito	0	0.000%	0	0.000%	5,104,681	0.427%
4 - CCCFPD	0	0.000%	0	0.000%	116,262,504	9.723%
5 - CCCSD	0	0.000%	0	0.000%	89,535,510	7.488%
6 - First 5	0	0.000%	0	0.000%	1,683,167	0.141%
7 - County	0	0.000%	0	0.000%	807,350,288	67.521%
8 - CCCERA (the employer)	0	0.000%	0	0.000%	5,863,670	0.490%
9 - ECCFPD	0	0.000%	0	0.000%	24,313,820	2.033%
10 - Housing Authority	0	0.000%	0	0.000%	8,652,807	0.724%
11 - IHSS	0	0.000%	0	0.000%	1,040,424	0.087%
12 - LAFCO	0	0.000%	0	0.000%	364,601	0.030%
13 - MOFD	0	0.000%	0	0.000%	28,612,847	2.393%
14 - Rodeo SD	0	0.000%	0	0.000%	182,951	0.015%
15 - RHFD	0	0.000%	13,354,320	100.000%	13,499,212	1.129%
16 - SRVFPD	64,508,251	100.000%	0	0.000%	69,527,014	5.815%
17 - Court	<u>0</u>	<u>0.000%</u>	<u>0</u>	<u>0.000%</u>	<u>23,526,961</u>	<u>1.968%</u>
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.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 7 (continued)

Determination of Proportionate Share

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 Fiduciary Net Position (plan assets). The TPL 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 determined by adjusting the Valuation Value of Assets (VVA) 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 VVA. Based on this methodology, any non-valuation reserves (such as the Post Retirement Death Benefit) are allocated amongst the cost groups based on each cost group'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 Unfunded Actuarial Accrued Liability (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 7.
 - 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: County	\$342,585,069
Cost Group #1: Court	\$16,160,622
Cost Group #1: MOFD	\$554,280
Cost Group #1: First 5	\$1,435,190
Cost Group #8: CCCFPD	\$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 7.
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.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 7 (continued)

Determination of Proportionate Share

Notes:

The following items are allocated based on the corresponding employer allocation percentage or proportionate share shown above within each Cost Group.

- 1) Net Pension Liability
- 2) Service cost
- 3) Interest on the Total Pension Liability
- 4) Expensed portion of current-period benefit changes
- 5) Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability
- 6) Member contributions
- 7) Projected earnings on plan investments
- 8) Expensed portion of current-period differences between actual and projected earnings on plan investments
- 9) Administrative expense
- 10) Recognition of beginning of year deferred outflows of resources as pension expense
- 11) Recognition of beginning of year deferred inflows of resources as pension expense

Only for this initial transition year, the beginning of year NPL was allocated by using the same employer allocation percentage determined as of the end of the year.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 8

Pension Expense: Total for all Employers

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Components of Pension Expense	
1. Service cost	\$192,256,663
2. Interest on the Total Pension Liability	561,216,191
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(39,914,078)
6. Expensed portion of current-period changes of assumptions or other inputs	(16,437)
7. Member contributions ⁽¹⁾	(78,257,665)
8. Projected earnings on plan investments	(467,143,802)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(2,671,691)
10. Administrative expense	6,979,995
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0
Pension Expense	\$172,449,176

⁽¹⁾ Includes any member subvention of employer contributions.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense: 1 - BIMID

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Components of Pension Expense	
1. Service cost	\$18,426
2. Interest on the Total Pension Liability	53,789
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	331
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(3,825)
6. Expensed portion of current-period changes of assumptions or other inputs	(2)
7. Member contributions	(7,500)
8. Projected earnings on plan investments	(44,773)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(256)
10. Administrative expense	669
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	\$16,859

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense: 2 - Union Cemetery

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Components of Pension Expense	
1. Service cost	\$10,667
2. Interest on the Total Pension Liability	31,137
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	11,183
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(2,215)
6. Expensed portion of current-period changes of assumptions or other inputs	(1)
7. Member contributions	(4,342)
8. Projected earnings on plan investments	(25,918)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(148)
10. Administrative expense	387
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	\$20,750

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense: 3 - CC Mosquito

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Components of Pension Expense	
1. Service cost	\$820,780
2. Interest on the Total Pension Liability	2,395,941
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	7,670
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(170,401)
6. Expensed portion of current-period changes of assumptions or other inputs	(70)
7. Member contributions	(334,097)
8. Projected earnings on plan investments	(1,994,327)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(11,406)
10. Administrative expense	29,799
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	\$743,889

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense: 4 - CCCFPD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Components of Pension Expense	
1. Service cost	\$18,693,831
2. Interest on the Total Pension Liability	54,569,142
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(2,334,392)
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(3,880,995)
6. Expensed portion of current-period changes of assumptions or other inputs	(1,598)
7. Member contributions	(7,609,284)
8. Projected earnings on plan investments	(45,422,133)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(259,778)
10. Administrative expense	678,691
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	\$14,433,484

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense: 5 - CCCSD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Components of Pension Expense	
1. Service cost	\$14,396,402
2. Interest on the Total Pension Liability	42,024,521
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	533,503
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(2,988,813)
6. Expensed portion of current-period changes of assumptions or other inputs	(1,231)
7. Member contributions	(5,860,025)
8. Projected earnings on plan investments	(34,980,271)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(200,059)
10. Administrative expense	522,670
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	\$13,446,697

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense: 6 - First 5

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Components of Pension Expense	
1. Service cost	\$270,636
2. Interest on the Total Pension Liability	790,014
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	23,732
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(56,186)
6. Expensed portion of current-period changes of assumptions or other inputs	(23)
7. Member contributions	(110,162)
8. Projected earnings on plan investments	(657,590)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(3,761)
10. Administrative expense	9,826
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	\$266,486

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense: 7 - County

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Components of Pension Expense	
1. Service cost	\$129,813,748
2. Interest on the Total Pension Liability	378,939,134
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	3,792,342
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(26,950,409)
6. Expensed portion of current-period changes of assumptions or other inputs	(11,098)
7. Member contributions	(52,840,409)
8. Projected earnings on plan investments	(315,420,459)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(1,803,954)
10. Administrative expense	4,712,966
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0
Pension Expense	\$120,231,861

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense: 8 - CCCERA (the employer)

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Components of Pension Expense	
1. Service cost	\$942,819
2. Interest on the Total Pension Liability	2,752,181
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	587
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(195,737)
6. Expensed portion of current-period changes of assumptions or other inputs	(81)
7. Member contributions	(383,772)
8. Projected earnings on plan investments	(2,290,854)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(13,102)
10. Administrative expense	34,230
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	\$846,271

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense: 9 - ECCFPD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Components of Pension Expense	
1. Service cost	\$3,909,413
2. Interest on the Total Pension Liability	11,411,971
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(573,399)
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(811,627)
6. Expensed portion of current-period changes of assumptions or other inputs	(334)
7. Member contributions	(1,591,319)
8. Projected earnings on plan investments	(9,499,069)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(54,327)
10. Administrative expense	141,934
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	\$2,933,243

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense: 10 - Housing Authority

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Components of Pension Expense	
1. Service cost	\$1,391,284
2. Interest on the Total Pension Liability	4,061,294
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(7,224)
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(288,842)
6. Expensed portion of current-period changes of assumptions or other inputs	(119)
7. Member contributions	(566,319)
8. Projected earnings on plan investments	(3,380,531)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(19,334)
10. Administrative expense	50,511
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	\$1,240,720

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense: 11 - IHSS

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Components of Pension Expense	
1. Service cost	\$167,290
2. Interest on the Total Pension Liability	488,335
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(2,429)
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(34,731)
6. Expensed portion of current-period changes of assumptions or other inputs	(14)
7. Member contributions	(68,095)
8. Projected earnings on plan investments	(406,479)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(2,325)
10. Administrative expense	6,074
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	\$147,626

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense: 12 - LAFCO

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Components of Pension Expense	
1. Service cost	\$58,625
2. Interest on the Total Pension Liability	171,130
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	1,817
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(12,171)
6. Expensed portion of current-period changes of assumptions or other inputs	(5)
7. Member contributions	(23,863)
8. Projected earnings on plan investments	(142,445)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(815)
10. Administrative expense	2,128
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	\$54,401

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense: 13 - MOFD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Components of Pension Expense	
1. Service cost	\$4,600,654
2. Interest on the Total Pension Liability	13,429,769
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(640,955)
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(955,134)
6. Expensed portion of current-period changes of assumptions or other inputs	(393)
7. Member contributions	(1,872,687)
8. Projected earnings on plan investments	(11,178,639)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(63,933)
10. Administrative expense	167,030
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	\$3,485,712

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense: 14 - Rodeo SD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Components of Pension Expense	
1. Service cost	\$29,417
2. Interest on the Total Pension Liability	85,870
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	32,085
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(6,107)
6. Expensed portion of current-period changes of assumptions or other inputs	(3)
7. Member contributions	(11,974)
8. Projected earnings on plan investments	(71,476)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(409)
10. Administrative expense	1,068
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	\$58,471

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense: 15 - RHFD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Components of Pension Expense	
1. Service cost	\$2,170,536
2. Interest on the Total Pension Liability	6,336,010
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(510,910)
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(450,621)
6. Expensed portion of current-period changes of assumptions or other inputs	(186)
7. Member contributions	(883,512)
8. Projected earnings on plan investments	(5,273,953)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(30,163)
10. Administrative expense	78,803
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	\$1,436,004

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense: 16 - SRVFPD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Components of Pension Expense	
1. Service cost	\$11,179,239
2. Interest on the Total Pension Liability	32,633,303
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(806,829)
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(2,320,903)
6. Expensed portion of current-period changes of assumptions or other inputs	(956)
7. Member contributions	(4,550,485)
8. Projected earnings on plan investments	(27,163,231)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(155,352)
10. Administrative expense	405,869
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	\$9,220,655

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense: 17 - Court

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Components of Pension Expense	
1. Service cost	\$3,782,896
2. Interest on the Total Pension Liability	11,042,650
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	472,888
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(785,361)
6. Expensed portion of current-period changes of assumptions or other inputs	(323)
7. Member contributions	(1,539,820)
8. Projected earnings on plan investments	(9,191,654)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(52,569)
10. Administrative expense	137,340
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	\$3,866,047

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 9

Deferred Outflows of Resources and Deferred Inflows of Resources: Total for all Employers

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$17,554,100
2. Changes of assumptions or other inputs	0
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$17,554,100
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$17,554,100
7. Changes of assumptions or other inputs	59,171
8. Net difference between projected and actual earnings on pension plan investments	10,686,763
9. Difference between expected and actual experience in the Total Pension Liability	<u>143,690,683</u>
10. Total Deferred Inflows of Resources	\$171,990,717

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2016	\$(42,602,206)
2017	(42,602,206)
2018	(42,602,206)
2019	(26,629,999)
2020	0
Thereafter	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources: 1 - BIMID

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$1,193
2. Changes of assumptions or other inputs	0
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$1,193
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
7. Changes of assumptions or other inputs	6
8. Net difference between projected and actual earnings on pension plan investments	1,024
9. Difference between expected and actual experience in the Total Pension Liability	<u>13,772</u>
10. Total Deferred Inflows of Resources	\$14,802

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2016	\$(3,752)
2017	(3,752)
2018	(3,752)
2019	(2,353)
2020	0
Thereafter	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources: 2 - Union Cemetery

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$40,259
2. Changes of assumptions or other inputs	0
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$40,259
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
7. Changes of assumptions or other inputs	3
8. Net difference between projected and actual earnings on pension plan investments	593
9. Difference between expected and actual experience in the Total Pension Liability	<u>7,972</u>
10. Total Deferred Inflows of Resources	\$8,568

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68 Year Ended June 30:

2016	\$8,819
2017	8,819
2018	8,819
2019	5,234
2020	0
Thereafter	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources: 3 - CC Mosquito

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$27,610
2. Changes of assumptions or other inputs	0
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$27,610
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
7. Changes of assumptions or other inputs	253
8. Net difference between projected and actual earnings on pension plan investments	45,624
9. Difference between expected and actual experience in the Total Pension Liability	<u>613,443</u>
10. Total Deferred Inflows of Resources	\$659,320

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2016	\$(174,207)
2017	(174,207)
2018	(174,207)
2019	(109,089)
2020	0
Thereafter	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources: 4 - CCCFPD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
2. Changes of assumptions or other inputs	0
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$0
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$8,403,812
7. Changes of assumptions or other inputs	5,753
8. Net difference between projected and actual earnings on pension plan investments	1,039,114
9. Difference between expected and actual experience in the Total Pension Liability	<u>13,971,581</u>
10. Total Deferred Inflows of Resources	\$23,420,260

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2016	\$(6,476,763)
2017	(6,476,763)
2018	(6,476,763)
2019	(3,989,971)
2020	0
Thereafter	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources: 5 - CCCSD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$1,920,610
2. Changes of assumptions or other inputs	0
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$1,920,610
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
7. Changes of assumptions or other inputs	4,431
8. Net difference between projected and actual earnings on pension plan investments	800,237
9. Difference between expected and actual experience in the Total Pension Liability	<u>10,759,725</u>
10. Total Deferred Inflows of Resources	\$11,564,393

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2016	\$(2,656,600)
2017	(2,656,600)
2018	(2,656,600)
2019	(1,673,983)
2020	0
Thereafter	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources: 6 - First 5

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$85,435
2. Changes of assumptions or other inputs	0
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$85,435
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
7. Changes of assumptions or other inputs	83
8. Net difference between projected and actual earnings on pension plan investments	15,044
9. Difference between expected and actual experience in the Total Pension Liability	<u>202,271</u>
10. Total Deferred Inflows of Resources	\$217,398

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2016	\$(36,238)
2017	(36,238)
2018	(36,238)
2019	(23,249)
2020	0
Thereafter	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources: 7 - County

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$13,652,435
2. Changes of assumptions or other inputs	0
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$13,652,435
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
7. Changes of assumptions or other inputs	39,954
8. Net difference between projected and actual earnings on pension plan investments	7,215,816
9. Difference between expected and actual experience in the Total Pension Liability	<u>97,021,475</u>
10. Total Deferred Inflows of Resources	\$104,277,245

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2016	\$(24,973,120)
2017	(24,973,120)
2018	(24,973,120)
2019	(15,705,450)
2020	0
Thereafter	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources: 8 - CCCERA (the employer)

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$2,115
2. Changes of assumptions or other inputs	0
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$2,115
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
7. Changes of assumptions or other inputs	290
8. Net difference between projected and actual earnings on pension plan investments	52,407
9. Difference between expected and actual experience in the Total Pension Liability	<u>704,653</u>
10. Total Deferred Inflows of Resources	\$757,350

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2016	\$(208,332)
2017	(208,332)
2018	(208,332)
2019	(130,239)
2020	0
Thereafter	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources: 9 - ECCFPD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
2. Changes of assumptions or other inputs	0
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$0
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$2,064,238
7. Changes of assumptions or other inputs	1,203
8. Net difference between projected and actual earnings on pension plan investments	217,308
9. Difference between expected and actual experience in the Total Pension Liability	<u>2,921,858</u>
10. Total Deferred Inflows of Resources	\$5,204,607

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2016	\$(1,439,687)
2017	(1,439,687)
2018	(1,439,687)
2019	(885,546)
2020	0
Thereafter	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources: 10 - Housing Authority

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
2. Changes of assumptions or other inputs	0
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$0
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$26,007
7. Changes of assumptions or other inputs	428
8. Net difference between projected and actual earnings on pension plan investments	77,336
9. Difference between expected and actual experience in the Total Pension Liability	<u>1,039,831</u>
10. Total Deferred Inflows of Resources	\$1,143,602

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2016	\$(315,519)
2017	(315,519)
2018	(315,519)
2019	(197,045)
2020	0
Thereafter	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources: 11 - IHSS

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
2. Changes of assumptions or other inputs	0
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$0
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$8,743
7. Changes of assumptions or other inputs	51
8. Net difference between projected and actual earnings on pension plan investments	9,299
9. Difference between expected and actual experience in the Total Pension Liability	<u>125,031</u>
10. Total Deferred Inflows of Resources	\$143,124

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2016	\$(39,499)
2017	(39,499)
2018	(39,499)
2019	(24,627)
2020	0
Thereafter	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources: 12 - LAFCO

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$6,543
2. Changes of assumptions or other inputs	0
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$6,543
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
7. Changes of assumptions or other inputs	18
8. Net difference between projected and actual earnings on pension plan investments	3,259
9. Difference between expected and actual experience in the Total Pension Liability	<u>43,815</u>
10. Total Deferred Inflows of Resources	\$47,092

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2016	\$(11,174)
2017	(11,174)
2018	(11,174)
2019	(7,027)
2020	0
Thereafter	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources: 13 - MOFD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
2. Changes of assumptions or other inputs	0
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$0
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$2,307,439
7. Changes of assumptions or other inputs	1,416
8. Net difference between projected and actual earnings on pension plan investments	255,732
9. Difference between expected and actual experience in the Total Pension Liability	<u>3,438,484</u>
10. Total Deferred Inflows of Resources	\$6,003,071

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2016	\$(1,660,416)
2017	(1,660,416)
2018	(1,660,416)
2019	(1,021,823)
2020	0
Thereafter	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources: 14 - Rodeo SD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$115,504
2. Changes of assumptions or other inputs	0
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$115,504
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
7. Changes of assumptions or other inputs	9
8. Net difference between projected and actual earnings on pension plan investments	1,635
9. Difference between expected and actual experience in the Total Pension Liability	<u>21,986</u>
10. Total Deferred Inflows of Resources	\$23,630

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2016	\$25,567
2017	25,567
2018	25,567
2019	15,173
2020	0
Thereafter	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources: 15 - RHFD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
2. Changes of assumptions or other inputs	0
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$0
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$1,839,275
7. Changes of assumptions or other inputs	668
8. Net difference between projected and actual earnings on pension plan investments	120,651
9. Difference between expected and actual experience in the Total Pension Liability	<u>1,622,237</u>
10. Total Deferred Inflows of Resources	\$3,582,831

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2016	\$(991,880)
2017	(991,880)
2018	(991,880)
2019	(607,191)
2020	0
Thereafter	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources: 16 - SRVFPD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
2. Changes of assumptions or other inputs	0
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$0
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$2,904,586
7. Changes of assumptions or other inputs	3,441
8. Net difference between projected and actual earnings on pension plan investments	621,408
9. Difference between expected and actual experience in the Total Pension Liability	<u>8,355,250</u>
10. Total Deferred Inflows of Resources	\$11,884,685

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2016	\$(3,284,040)
2017	(3,284,040)
2018	(3,284,040)
2019	(2,032,565)
2020	0
Thereafter	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources: 17 - Court

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$1,702,396
2. Changes of assumptions or other inputs	0
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$1,702,396
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
7. Changes of assumptions or other inputs	1,164
8. Net difference between projected and actual earnings on pension plan investments	210,276
9. Difference between expected and actual experience in the Total Pension Liability	<u>2,827,299</u>
10. Total Deferred Inflows of Resources	\$3,038,739

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2016	\$(365,365)
2017	(365,365)
2018	(365,365)
2019	(240,248)
2020	0
Thereafter	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

There are differences between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended December 31, 2014. These differences are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through CCCERA which is 4.60 years determined as of December 31, 2013 (the beginning of the measurement period ending December 31, 2014).

There are no changes in each employer's proportionate share of the Net Pension Liability (NPL) during the measurement period ended December 31, 2014. This is because only for this initial transition year, the beginning of year NPL was allocated by using the same employer allocation percentage as was determined at the end of the year

The average of the expected service lives of all employees is 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 member.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 10

Schedule of Proportionate Share of the Net Pension Liability: Total for all Employers

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	100.000%	\$1,471,449,251	\$638,635,912	230.41%	81.44%
2015	100.000%	1,195,701,397	671,485,798	178.07%	85.25%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability: 1 - BIMID

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.010%	\$141,029	\$98,547	143.11%	74.40%
2015	0.010%	114,600	63,762	179.73%	79.57%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability: 2 - Union Cemetery

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.006%	\$81,639	\$202,342	40.35%	94.52%
2015	0.006%	66,340	213,716	31.04%	95.83%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability: 3 - CC Mosquito

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.427%	\$6,281,902	\$2,787,246	225.38%	74.40%
2015	0.427%	5,104,681	2,840,172	179.73%	79.57%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability: 4 - CCCFPD

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	9.723%	\$143,074,496	\$30,880,667	463.31%	83.82%
2015	9.723%	116,262,504	29,582,625	393.01%	86.85%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability: 5 - CCCSD

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	7.488%	\$110,183,830	\$25,791,346	427.21%	67.22%
2015	7.488%	89,535,510	26,906,131	332.77%	73.86%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability: 6 - First 5

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.141%	\$2,071,332	\$1,631,923	126.93%	86.00%
2015	0.141%	1,683,167	1,735,009	97.01%	88.97%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability: 7 - County

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	67.521%	\$993,538,168	\$513,965,613	193.31%	82.57%
2015	67.521%	807,350,288	547,669,428	147.42%	86.21%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability: 8 - CCCERA (the employer)

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.490%	\$7,215,926	\$3,280,849	219.94%	74.40%
2015	0.490%	5,863,670	3,262,463	179.73%	79.57%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability: 9 - ECCFPD

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	2.033%	\$29,920,976	\$3,075,280	972.95%	69.43%
2015	2.033%	24,313,820	3,033,964	801.39%	74.65%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability: 10 - Housing Authority

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.724%	\$10,648,283	\$4,677,572	227.65%	80.04%
2015	0.724%	8,652,807	4,691,885	184.42%	84.06%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability: 11 - IHSS

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.087%	\$1,280,362	\$600,371	213.26%	74.40%
2015	0.087%	1,040,424	578,877	179.73%	79.57%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability: 12 - LAFCO

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.030%	\$448,684	\$202,880	221.16%	74.40%
2015	0.030%	364,601	202,859	179.73%	79.57%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability: 13 - MOFD

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	2.393%	\$35,211,427	\$7,353,174	478.86%	80.06%
2015	2.393%	28,612,847	7,350,163	389.28%	83.79%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability: 14 - Rodeo SD

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.015%	\$225,142	\$546,354	41.21%	94.52%
2015	0.015%	182,951	589,379	31.04%	95.83%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability: 15 - RHFD

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	1.129%	\$16,612,346	\$1,766,704	940.30%	59.86%
2015	1.129%	13,499,212	2,069,510	652.29%	65.89%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability: 16 - SRVFPD

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	5.815%	\$85,561,055	\$19,053,093	449.07%	76.94%
2015	5.815%	69,527,014	18,614,252	373.51%	81.67%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability: 17 - Court

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	1.968%	\$28,952,654	\$22,721,953	127.42%	84.75%
2015	1.968%	23,526,961	22,081,605	106.55%	87.89%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 11

Schedule of Reconciliation of Net Pension Liability: Total for all Employers

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$1,471,449,251
2. Pension Expense	172,449,176
3. Employer Contributions	(293,760,413)
4. New Net Deferred Inflows/Outflows	(154,436,617)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	0
7. Recognition of Prior Deferred Inflows/Outflows	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>0</u>
9. Ending Net Pension Liability	\$1,195,701,397

⁽¹⁾ Includes differences between employer contributions and proportionate share of contributions.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability: 1 - BIMID

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$141,029
2. Pension Expense	16,859
3. Employer Contributions	(29,679)
4. New Net Deferred Inflows/Outflows	(14,802)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	1,193
7. Recognition of Prior Deferred Inflows/Outflows	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>0</u>
9. Ending Net Pension Liability	\$114,600

⁽¹⁾ Includes differences between employer contributions and proportionate share of contributions.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability: 2 - Union Cemetery

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$81,639
2. Pension Expense	20,750
3. Employer Contributions	(67,740)
4. New Net Deferred Inflows/Outflows	(8,568)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	40,259
7. Recognition of Prior Deferred Inflows/Outflows	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>0</u>
9. Ending Net Pension Liability	\$66,340

⁽¹⁾ Includes differences between employer contributions and proportionate share of contributions.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability: 3 - CC Mosquito

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$6,281,902
2. Pension Expense	743,889
3. Employer Contributions	(1,289,400)
4. New Net Deferred Inflows/Outflows	(659,320)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	27,610
7. Recognition of Prior Deferred Inflows/Outflows	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>0</u>
9. Ending Net Pension Liability	\$5,104,681

⁽¹⁾ Includes differences between employer contributions and proportionate share of contributions.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability: 4 - CCCFPD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$143,074,496
2. Pension Expense	14,433,484
3. Employer Contributions	(17,825,216)
4. New Net Deferred Inflows/Outflows	(15,016,448)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	(8,403,812)
7. Recognition of Prior Deferred Inflows/Outflows	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>0</u>
9. Ending Net Pension Liability	\$116,262,504

⁽¹⁾ Includes differences between employer contributions and proportionate share of contributions.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability: 5 - CCCSD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$110,183,830
2. Pension Expense	13,446,697
3. Employer Contributions	(24,451,234)
4. New Net Deferred Inflows/Outflows	(11,564,393)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	1,920,610
7. Recognition of Prior Deferred Inflows/Outflows	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>0</u>
9. Ending Net Pension Liability	\$89,535,510

⁽¹⁾ Includes differences between employer contributions and proportionate share of contributions.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability: 6 - First 5

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$2,071,332
2. Pension Expense	266,486
3. Employer Contributions	(522,688)
4. New Net Deferred Inflows/Outflows	(217,398)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	85,435
7. Recognition of Prior Deferred Inflows/Outflows	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>0</u>
9. Ending Net Pension Liability	\$1,683,167

⁽¹⁾ Includes differences between employer contributions and proportionate share of contributions.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability: 7 - County

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$993,538,168
2. Pension Expense	120,231,861
3. Employer Contributions	(215,794,931)
4. New Net Deferred Inflows/Outflows	(104,277,245)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	13,652,435
7. Recognition of Prior Deferred Inflows/Outflows	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>0</u>
9. Ending Net Pension Liability	\$807,350,288

⁽¹⁾ Includes differences between employer contributions and proportionate share of contributions.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability: 8 - CCCERA (the employer)

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$7,215,926
2. Pension Expense	846,271
3. Employer Contributions	(1,443,291)
4. New Net Deferred Inflows/Outflows	(757,351)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	2,115
7. Recognition of Prior Deferred Inflows/Outflows	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>0</u>
9. Ending Net Pension Liability	\$5,863,670

⁽¹⁾ Includes differences between employer contributions and proportionate share of contributions.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability: 9 - ECCFPD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$29,920,976
2. Pension Expense	2,933,243
3. Employer Contributions	(3,335,792)
4. New Net Deferred Inflows/Outflows	(3,140,369)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	(2,064,238)
7. Recognition of Prior Deferred Inflows/Outflows	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>0</u>
9. Ending Net Pension Liability	\$24,313,820

⁽¹⁾ Includes differences between employer contributions and proportionate share of contributions.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability: 10 - Housing Authority

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$10,648,283
2. Pension Expense	1,240,720
3. Employer Contributions	(2,092,594)
4. New Net Deferred Inflows/Outflows	(1,117,595)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	(26,007)
7. Recognition of Prior Deferred Inflows/Outflows	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>0</u>
9. Ending Net Pension Liability	\$8,652,807

⁽¹⁾ Includes differences between employer contributions and proportionate share of contributions.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability: 11 - IHSS

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$1,280,362
2. Pension Expense	147,626
3. Employer Contributions	(244,440)
4. New Net Deferred Inflows/Outflows	(134,381)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	(8,743)
7. Recognition of Prior Deferred Inflows/Outflows	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>0</u>
9. Ending Net Pension Liability	\$1,040,424

⁽¹⁾ Includes differences between employer contributions and proportionate share of contributions.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability: 12 - LAFCO

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$448,684
2. Pension Expense	54,401
3. Employer Contributions	(97,935)
4. New Net Deferred Inflows/Outflows	(47,092)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	6,543
7. Recognition of Prior Deferred Inflows/Outflows	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>0</u>
9. Ending Net Pension Liability	\$364,601

⁽¹⁾ Includes differences between employer contributions and proportionate share of contributions.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability: 13 - MOFD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$35,211,427
2. Pension Expense	3,485,712
3. Employer Contributions	(4,081,222)
4. New Net Deferred Inflows/Outflows	(3,695,631)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	(2,307,439)
7. Recognition of Prior Deferred Inflows/Outflows	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>0</u>
9. Ending Net Pension Liability	\$28,612,847

⁽¹⁾ Includes differences between employer contributions and proportionate share of contributions.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability: 14 - Rodeo SD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$225,142
2. Pension Expense	58,471
3. Employer Contributions	(192,536)
4. New Net Deferred Inflows/Outflows	(23,630)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	115,504
7. Recognition of Prior Deferred Inflows/Outflows	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>0</u>
9. Ending Net Pension Liability	\$182,951

⁽¹⁾ Includes differences between employer contributions and proportionate share of contributions.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability: 15 - RHFD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$16,612,346
2. Pension Expense	1,436,004
3. Employer Contributions	(966,307)
4. New Net Deferred Inflows/Outflows	(1,743,556)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	(1,839,275)
7. Recognition of Prior Deferred Inflows/Outflows	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>0</u>
9. Ending Net Pension Liability	\$13,499,212

⁽¹⁾ Includes differences between employer contributions and proportionate share of contributions.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability: 16 - SRVFPD

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$85,561,055
2. Pension Expense	9,220,655
3. Employer Contributions	(13,370,011)
4. New Net Deferred Inflows/Outflows	(8,980,099)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	(2,904,586)
7. Recognition of Prior Deferred Inflows/Outflows	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>0</u>
9. Ending Net Pension Liability	\$69,527,014

⁽¹⁾ Includes differences between employer contributions and proportionate share of contributions.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability: 17 - Court

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	December 31, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$28,952,654
2. Pension Expense	3,866,047
3. Employer Contributions	(7,955,397)
4. New Net Deferred Inflows/Outflows	(3,038,739)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	1,702,396
7. Recognition of Prior Deferred Inflows/Outflows	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>0</u>
9. Ending Net Pension Liability	\$23,526,961

⁽¹⁾ Includes differences between employer contributions and proportionate share of contributions.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 12

Schedule of Recognition of Changes in Total Net Pension Liability

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience on Total Pension Liability								
Reporting Date for Employer under GAS 68 Year Ended June 30	Differences between Expected and Actual Experience	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30:					
			2015	2016	2017	2018	2019	Thereafter
2015	\$(183,604,761)	4.60	<u>\$(39,914,078)</u>	<u>\$(39,914,078)</u>	<u>\$(39,914,078)</u>	<u>\$(39,914,078)</u>	<u>\$(23,948,449)</u>	<u>\$0</u>
Net increase (decrease) in pension expense			\$(39,914,078)	\$(39,914,078)	\$(39,914,078)	\$(39,914,078)	\$(23,948,449)	\$0

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Assumption Changes								
Reporting Date for Employer under GAS 68 Year Ended June 30	Effects of Assumption Changes	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30:					
			2015	2016	2017	2018	2019	Thereafter
2015	\$(75,608)	4.60	<u>\$(16,437)</u>	<u>\$(16,437)</u>	<u>\$(16,437)</u>	<u>\$(16,437)</u>	<u>\$(9,860)</u>	<u>\$0</u>
Net increase (decrease) in pension expense			\$(16,437)	\$(16,437)	\$(16,437)	\$(16,437)	\$(9,860)	\$0

As described in Exhibit 9, the average of the expected remaining service lives of all employees that are provided with pensions through CCCERA (active and inactive employees) determined as of December 31, 2013 (the beginning of the measurement period ending December 31, 2014) is 4.60 years.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 12 (continued)

Schedule of Recognition of Changes in Total Net Pension Liability

Increase (Decrease) in Pension Expense Arising from the Recognition of Differences between Projected and Actual Earnings on Pension Plan Investments

Reporting Date for Employer under GAS 68 Year Ended June 30	Differences between Projected and Actual Earnings	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30:					
			2015	2016	2017	2018	2019	Thereafter
2015	\$(13,358,454)	5.00	<u>\$(2,671,691)</u>	<u>\$(2,671,691)</u>	<u>\$(2,671,691)</u>	<u>\$(2,671,691)</u>	<u>\$(2,671,690)</u>	<u>\$0</u>
Net increase (decrease) in pension expense			\$(2,671,691)	\$(2,671,691)	\$(2,671,691)	\$(2,671,691)	\$(2,671,690)	\$0

The differences between projected and actual earnings on pension plan investments are recognized over a five-year period per Paragraph 33b. of GAS 68.

Total Increase (Decrease) in Pension Expense

Reporting Date for Employer under GAS 68 Year Ended June 30	Total Differences	Reporting Date for Employer under GAS 68 Year Ended June 30:					
		2015	2016	2017	2018	2019	Thereafter
2015	\$(197,038,823)	<u>\$(42,602,206)</u>	<u>\$(42,602,206)</u>	<u>\$(42,602,206)</u>	<u>\$(42,602,206)</u>	<u>\$(26,629,999)</u>	<u>\$0</u>
Net increase (decrease) in pension expense		\$(42,602,206)	\$(42,602,206)	\$(42,602,206)	\$(42,602,206)	\$(26,629,999)	\$0

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 13

Allocation of Changes in Total Net Pension Liability

In addition to the amounts shown in Exhibit 12, there are differences between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended December 31, 2014. These differences are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through CCCERA which is 4.60 years determined as of December 31, 2013 (the beginning of the measurement period ending December 31, 2014).

There are no changes in each employer's proportionate share of the Net Pension Liability (NPL) during the measurement period ended December 31, 2014. This is because only for this initial transition year, the beginning of year NPL was allocated by using the same employer allocation percentage as was determined at the end of the year.

These amounts are shown below. While these amounts are different for each employer, they sum to zero for all employers.

SECTION 2: GAS 68 Information for the Contra Costa County Employees' Retirement Association

EXHIBIT 13 (continued)

Allocation of Changes in Total Net Pension Liability

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30:					
			2015	2016	2017	2018	2019	Thereafter
1 - BIMID	\$1,524	4.60	\$331	\$331	\$331	\$331	\$200	\$0
2 - Union Cemetery	51,442	4.60	11,183	11,183	11,183	11,183	6,710	0
3 - CC Mosquito	35,280	4.60	7,670	7,670	7,670	7,670	4,600	0
4 - CCCFPD	(10,738,204)	4.60	(2,334,392)	(2,334,392)	(2,334,392)	(2,334,392)	(1,400,636)	0
5 - CCCSD	2,454,113	4.60	533,503	533,503	533,503	533,503	320,101	0
6 - First 5	109,167	4.60	23,732	23,732	23,732	23,732	14,239	0
7 - County	17,444,777	4.60	3,792,342	3,792,342	3,792,342	3,792,342	2,275,409	0
8 - CCCERA (the employer)	2,702	4.60	587	587	587	587	354	0
9 - ECCFPD	(2,637,637)	4.60	(573,399)	(573,399)	(573,399)	(573,399)	(344,041)	0
10 - Housing Authority	(33,231)	4.60	(7,224)	(7,224)	(7,224)	(7,224)	(4,335)	0
11 - IHSS	(11,172)	4.60	(2,429)	(2,429)	(2,429)	(2,429)	(1,456)	0
12 - LAFCO	8,360	4.60	1,817	1,817	1,817	1,817	1,092	0
13 - MOFD	(2,948,394)	4.60	(640,955)	(640,955)	(640,955)	(640,955)	(384,574)	0
14 - Rodeo SD	147,589	4.60	32,085	32,085	32,085	32,085	19,249	0
15 - RHFD	(2,350,185)	4.60	(510,910)	(510,910)	(510,910)	(510,910)	(306,545)	0
16 - SRVFPD	(3,711,415)	4.60	(806,829)	(806,829)	(806,829)	(806,829)	(484,099)	0
17 - Court	<u>2,175,284</u>	4.60	<u>472,888</u>	<u>472,888</u>	<u>472,888</u>	<u>472,888</u>	<u>283,732</u>	<u>0</u>
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Contra Costa County Employees' Retirement Association

Actuarial Assumptions and Methods

For December 31, 2014 Measurement Date and Employer Reporting as of June 30, 2015

Actuarial Assumptions

Post – Retirement Mortality Rates:

Healthy:

For General Members: RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set back one year.

For Safety Members: RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set back two years.

Disabled:

For General Members: RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set forward six years for males and set forward seven years for females.

For 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.

The mortality tables projected with Scale AA to 2015 and adjusted by the applicable set backs and set forwards shown above reasonably reflect the projected mortality experience as of the measurement date. The additional projection to 2030 is a provision for future mortality improvement.

Member Contribution Rates:

For General Members: RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, set back one year, weighted 30% male and 70% female.

For 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.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Contra Costa County Employees' Retirement Association

Termination Rates Before Retirement:

Age	Rate (%) Mortality			
	General		Safety	
	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.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Contra Costa County Employees' Retirement Association

Termination Rates Before Retirement (continued):

Age	Rate (%)		
	Disability		
	General Tier 1 ⁽¹⁾	General Tier 3 ⁽²⁾	Safety ⁽³⁾
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

- ⁽¹⁾ 70% of General Tier 1 disabilities are assumed to be duty disabilities. The other 30% are assumed to be ordinary disabilities.
- ⁽²⁾ 35% of General Tier 3 disabilities are assumed to be duty disabilities. The other 65% are assumed to be ordinary disabilities.
- ⁽³⁾ 100% of Safety disabilities are assumed to be duty disabilities.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Contra Costa County Employees' Retirement Association

Termination Rates Before Retirement (continued):

Years of Service	Rate (%)	
	Withdrawal*	
	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.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Contra Costa County Employees' Retirement Association

Retirement Rates (General):

Age	Rate (%)			
	General Tier 1 (Enhanced)	General Tier 3 (Enhanced)	General Tier 1 (Non-enhanced)	PEPRA General Tiers 4 and 5
50	5.00	4.00	3.00	0.00
51	4.00	3.00	3.00	0.00
52	6.00	3.00	3.00	2.00
53	6.00	5.00	3.00	3.00
54	12.00	5.00	3.00	3.00
55	20.00	10.00	10.00	5.00
56	20.00	10.00	10.00	5.00
57	20.00	10.00	10.00	6.00
58	22.00	12.00	10.00	8.00
59	25.00	12.00	10.00	9.00
60	30.00	15.00	25.00	10.00
61	35.00	20.00	15.00	14.00
62	35.00	27.00	40.00	21.00
63	35.00	27.00	25.00	21.00
64	35.00	30.00	30.00	21.00
65	40.00	40.00	40.00	27.00
66	40.00	40.00	35.00	33.00
67	40.00	40.00	35.00	33.00
68	40.00	40.00	35.00	33.00
69	40.00	40.00	35.00	33.00
70	100.00	40.00	100.00	50.00
71	100.00	40.00	100.00	50.00
72	100.00	40.00	100.00	50.00
73	100.00	40.00	100.00	50.00
74	100.00	40.00	100.00	50.00
75	100.00	100.00	100.00	100.00

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Contra Costa County Employees' Retirement Association

Retirement Rates (Safety):

Age	Rate (%)			
	Safety Tier A (Enhanced)	Safety Tier C (Enhanced)	Safety Tier A (Non-enhanced)	PEPRA Safety Tiers D and E
45	2.00	1.00	0.00	0.00
46	2.00	1.00	0.00	0.00
47	7.00	3.00	0.00	0.00
48	7.00	3.00	0.00	0.00
49	20.00	10.00	0.00	0.00
50	25.00	15.00	5.00	5.00
51	25.00	15.00	4.00	4.00
52	25.00	15.00	4.00	4.00
53	25.00	15.00	5.00	5.00
54	25.00	15.00	5.00	5.00
55	30.00	20.00	6.00	6.00
56	25.00	15.00	8.00	8.00
57	25.00	15.00	12.00	12.00
58	35.00	25.00	18.00	18.00
59	35.00	25.00	20.00	20.00
60	40.00	35.00	20.00	20.00
61	40.00	35.00	20.00	20.00
62	40.00	35.00	20.00	20.00
63	40.00	35.00	20.00	20.00
64	40.00	35.00	100.00	100.00
65	100.00	100.00	100.00	100.00

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Contra Costa County Employees' Retirement Association

Retirement Age and Benefit for Deferred Vested Members:

For deferred vested benefits, we make the following retirement assumption:

General: Age 59
Safety: Age 54

We assume that 40% and 60% of future General and Safety deferred vested members, respectively, will continue to work for a reciprocal employer. For reciprocals, we assume 5.25% compensation increases per annum.

Future Benefit Accruals:

1.0 year of service per year for the full-time employees. Continuation of current partial service accrual for part-time employees.

Unknown Data for Members:

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.

Percent Married:

75% of male members and 50% of female members are assumed to be married at pre-retirement death or retirement. There is no explicit assumption for children's benefits.

Age of Spouse:

Females are 3 years younger than their spouses.

Offsets by Other Plans of the Employer for Disability Benefits:

The Plan requires members who retire because of disability from General Tier 3 and PEPRA General Tier 5 to offset the Plan's disability benefits with other Plans of the employer. We have not assumed any offsets in this valuation.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Contra Costa County Employees' Retirement Association

Leave Cashout Assumptions: The following assumptions for leave cashouts as a percentage of final average pay are used:

General Tiers 1, 2 and 3
Safety Tiers A and C

	Membership Date before January 1, 2013
Cost Group 1:	1.50%
Cost Group 2:	0.50% for Tier 2 0.75% for Tier 3
Cost Group 3:	6.50%
Cost Group 4:	0.25%
Cost Group 5:	1.50%
Cost Group 6:	1.25%
Cost Group 7:	0.75%
Cost Group 8:	0.75%
Cost Group 9:	0.00%
Cost Group 10:	1.50%
Cost Group 11:	3.00%
Cost Group 12:	3.50%

The cost of this pay element is recognized in the valuation as an employer and member cost in both basic and COLA components.

PEPRA General Tiers 4 and 5
PEPRA Safety Tiers D and E

None

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Contra Costa County Employees' Retirement Association

Service From Accumulated Sick Leave:

The following assumptions for additional service due to accumulated sick leave as a percentage of service at retirement are used:

All Retirements Excluding Disability:

General:	1.25%
Safety:	2.00%

Disability Retirements:

General:	0.10%
Safety:	1.25%

Pursuant to Section 31641.01, the cost of this benefit for the non-PEPRA tiers will be charged only to employers and will not affect member contribution rates.

Net Investment Return:

7.25%, net of investment expenses.

Employee Contribution Crediting Rate:

7.25%, compounded semi-annually.

Consumer Price Index:

Increase of 3.25% per year; retiree COLA increases due to CPI subject to a 3.00% maximum change per year except for Tier 3 and PEPRA Tier 5 disability benefits and Tier 2 benefits which are subject to a 4.00% maximum change per year (valued as a 3.25% increase). Safety Tier C benefits and benefits for PEPRA Tier 4 and Tier 5 members covered under certain memoranda of understanding are subject to a 2.00% maximum change per year.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Contra Costa County Employees' Retirement Association

Salary Increases:

Annual Rate of Compensation Increase

Inflation: 3.25% per year, plus “across the board” salary increases of 0.75% per year, plus the following merit and promotional increases.

Years of Service	General	Safety
Less than 1	9.50%	10.00%
1	6.50	6.50
2	4.75	5.25
3	3.25	4.00
4	2.25	2.25
5	1.50	1.00
6	1.25	0.75
7	1.00	0.75
8	0.75	0.75
9	0.75	0.75
10	0.75	0.75
11	0.75	0.75
12	0.75	0.75
13	0.75	0.75
14	0.75	0.75
15	0.75	0.75
16	0.75	0.75
17	0.75	0.75
18	0.75	0.75
19	0.75	0.75
20 & over	0.75	0.75

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Contra Costa County Employees' Retirement Association

Actuarial Methods

Actuarial Cost Method:

Entry Age Actuarial Cost Method. Entry Age is calculated as age on the valuation date minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation.

Expected Remaining Service Lives:

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

- Calculating each active employee's 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 member.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

Changes in Actuarial Assumptions and Methods:

The leave cashout assumption for Safety Tier C (Cost Group #9) was eliminated. The previous assumption was as shown below. In addition, the basic (i.e., non-COLA) member contribution rates now reflect the leave cashout assumptions for non-PEPRA members.

Leave Cashout (Terminal Pay) Assumptions:

Safety Tier C

The following assumptions for leave cashout as a percentage of final average pay are used:

	Membership Date before January 1, 2013
Cost Group 9:	0.25%

For determining the cost of the basic benefit (i.e., non-COLA component), the cost of this pay element is recognized in the valuation as an employer only cost.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Contra Costa County Employees' Retirement Association

APPENDIX A

**Calculation of Discount Rate as of December 31, 2014
Projection of Pension Plan Fiduciary Net Position (\$ 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 M when discounted with interest at the rate of 7.25% per annum has a value of \$89 M as of December 31, 2014.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Contra Costa County Employees' Retirement Association

APPENDIX A (continued)

**Calculation of Discount Rate as of December 31, 2014
Projection of Pension Plan Fiduciary Net Position (\$ in millions)**

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.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Contra Costa County Employees' Retirement Association

APPENDIX B

GLOSSARY

Definitions of certain terms *as they are used in Statement 68*; the terms may have different meanings in other contexts.

Active employees

Individuals employed at the end of the reporting or measurement period, as applicable.

Actual contributions

Cash contributions recognized as additions to a Pension Plan's Fiduciary Net Position.

Actuarial present value of projected benefit payments

Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.

Actuarial valuation

The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.

Actuarial valuation date

The date as of which an actuarial valuation is performed.

Actuarially determined contribution

A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

Ad hoc cost-of-living adjustments (ad hoc COLAs)

Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Contra Costa County Employees' Retirement Association

APPENDIX B (continued)

GLOSSARY

Automatic cost-of-living adjustments (automatic COLAs)

Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).

Closed period

A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.

Collective deferred outflows of resources and deferred inflows of resources related to pensions

Deferred outflows of resources and deferred inflows of resources related to pensions arising from certain changes in the collective Net Pension Liability.

Collective Net Pension Liability

The Net Pension Liability for benefits provided through (1) a cost-sharing pension plan or (2) a single-employer or agent pension plan in circumstances in which there is a special funding situation.

Collective pension expense

Pension expense arising from certain changes in the collective Net Pension Liability.

Contributions

Additions to a Pension Plan's Fiduciary Net Position for amounts from employers, nonemployer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.

Cost-of-living adjustments

Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.

Cost-sharing employer

An employer whose employees are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Contra Costa County Employees' Retirement Association

APPENDIX B (continued)

GLOSSARY

Cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan)

A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

Covered-employee payroll

The payroll of employees that are provided with pensions through the pension plan.

Defined benefit pension plans

Pension plans that are used to provide defined benefit pensions.

Defined benefit pensions

Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of Statement 68.)

Defined contribution pension plans

Pension plans that are used to provide defined contribution pensions.

Defined contribution pensions

Pensions having terms that (1) provide an individual account for each employee; (2) define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (3) provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Contra Costa County Employees' Retirement Association

APPENDIX B (continued)

GLOSSARY

Discount rate

The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the Pension Plan's Fiduciary Net Position is projected (under the requirements of Statement 68) to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Entry age actuarial cost method

A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the *normal cost*. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the *actuarial accrued liability*.

Inactive employees

Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.

Measurement period

The period between the prior and the current measurement dates.

Multiple-employer defined benefit pension plan

A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Contra Costa County Employees' Retirement Association

APPENDIX B (continued)

GLOSSARY

Net Pension Liability

The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit pension plan.

Pension plans

Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed, and benefits are paid as they come due.

Pensions

Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.

Plan members

Individuals that are covered under the terms of a pension plan. Plan members generally include (1) employees in active service (active plan members) and (2) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).

Postemployment

The period after employment.

Postemployment benefit changes

Adjustments to the pension of an inactive employee.

Projected benefit payments

All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.

Public employee retirement system

A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Contra Costa County Employees' Retirement Association

APPENDIX B (continued)

GLOSSARY

Real rate of return

The rate of return on an investment after adjustment to eliminate inflation.

Service costs

The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.

Termination benefits

Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.

Total Pension Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement 68.

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**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.

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: 9/1/2015

EXTERNAL MANAGER

Ares EIF Management, LLC
Name of Entity

By: 
Authorized Signatory

Print Name MOHAN THOMAS

Its VICE PRESIDENT

ATTACHMENT 1

Ares EIF engaged a third-party placement agent in connection with investments in our prior fund (EIF United States Power Fund IV, L.P. – however, that engagement has ended and we have not engaged a third-party placement agent in connection with any investment by CCCERA in Ares Energy Investors Fund V, L.P. (the “Fund”).

Ares Investor Services LLC (“AIS”), one of our affiliates, is acting as a placement agent for the Fund.

ATTACHMENT 2

Listed below are the registered principals of AIS and their designation:

<u>Name and CRD Number</u>	<u>Role</u>
Anthony J. Pawlowski, 4337887	President
Anthony S. Dell, 2699043	Chief Compliance Officer
Audrey H. McMahon, 2349124	Chief Operating Officer
Mark Infanger, 2369723	Chief Financial Officer
Robert Campbell, 1349154 (outside consultant)	Financial & Operations Principal
Bob Holohan, 5245849	Chief Technology Officer
Sarah Trigueiro, 6317267	Designated Supervisory Principal
Scott McConnell, 6317272	Designated Supervisory Principal

Information regarding these registered persons is available through FINRA’s BrokerCheck™ website at: <http://brokercheck.finra.org/>

Additional information about these registered persons is available upon request.

To our knowledge, none of these individuals are current or former CCCERA Board members, employees or Consultants or a member of the immediate family of any such person.

ATTACHMENT 3

The Fund will not directly pay any compensation to AIS. Ares Management LLC is responsible for paying certain expenses of the operation of AIS, including rent, telephone, postage, delivery service costs and other items with respect to brokerage services performed by AIS in connection with the offering of interests in the Fund. Such payments may be considered compensation to AIS.

ATTACHMENT 4

AIS is a limited purpose broker dealer, registered with FINRA to offer private placement of securities, and tax shelters or limited partnerships in primary distributions and in the secondary market.

ATTACHMENT 5

AIS is a broker-dealer registered with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority.



ATTACHMENT 6

Certain sales and administrative personnel of Ares Management are registered with city, county and state jurisdictions as required when soliciting the sale of Ares' products to such governments and their agencies.



Ares Energy Investors Fund V, L.P.
Presentation to Contra Costa County Employees' Retirement Association
September 9, 2015

Disclaimer

These materials are not an offer to sell, or the solicitation of an offer to purchase, any security, the offer and/or sale of which can only be made by definitive offering documentation. Any offer or solicitation with respect to any securities that may be issued by any investment vehicle (each, an “Ares Fund”) managed or sponsored by Ares Management LLC or any of its subsidiary or other affiliated entities (collectively, including Ares EIF Management, LLC, “Ares Management”) will be made only by means of definitive offering memoranda, which will be provided to prospective investors and will contain material information that is not set forth herein, including risk factors relating to any such investment. Any such offering memoranda will supersede these materials and any other marketing materials (in whatever form) provided by Ares Management to prospective investors. In addition, these materials are not an offer to sell, or the solicitation of an offer to purchase securities of Ares Management, L.P. (“Ares LP”), the parent of Ares Management. An investment in Ares LP is discrete from an investment in any fund directly or indirectly managed by Ares LP. Collectively, Ares LP, its affiliated entities, and all underlying subsidiary entities shall be referred to as “Ares” unless specifically noted otherwise. In the United States, certain Ares Fund securities may be offered through our affiliate, Ares Investor Services LLC (“AIS”), a broker-dealer registered with the SEC, and a member of FINRA and SIPC.

THIS PRESENTATION IS BEING PROVIDED SOLELY FOR INFORMATIONAL PURPOSES FOR USE IN EVALUATING A POTENTIAL INVESTMENT IN ARES ENERGY INVESTORS FUND V, L.P. (“FUND V” OR THE “FUND”) MANAGED BY ARES EIF MANAGEMENT, LLC, A SUBSIDIARY OF ARES MANAGEMENT LLC, AND DOES NOT PURPORT TO BE ALL-INCLUSIVE OR TO CONTAIN ALL OF THE INFORMATION THAT A PROSPECTIVE INVESTOR MAY DESIRE RESPECTING A POTENTIAL INVESTMENT. THIS PRESENTATION IS A SUMMARY OF CERTAIN INFORMATION SET FORTH IN THE CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM IN RESPECT OF THE FUND DATED MARCH 2015 (THE “OFFERING MEMORANDUM”), WHICH HAS BEEN PROVIDED TO PROSPECTIVE INVESTORS, AND IS INTENDED TO BE READ IN CONJUNCTION WITH, AND IS QUALIFIED IN ALL RESPECTS BY, SUCH OFFERING MEMORANDUM. TO THE EXTENT ANY INFORMATION SET FORTH HEREIN IS INCONSISTENT WITH THE INFORMATION SET FORTH IN THE OFFERING MEMORANDUM, THE OFFERING MEMORANDUM SHALL CONTROL.

In making a decision to invest in any securities of the Fund, prospective investors should rely only on the Offering Memorandum and not on these materials, which contain information that is not intended to be complete or to constitute all the information necessary to adequately evaluate the consequences of investing in the Fund. Ares makes no representation or warranty (express or implied) with respect to the information contained herein (including, without limitation, information obtained from third parties) and expressly disclaims any and all liability based on or relating to the information contained in, or errors or omissions from, these materials; or based on or relating to the recipient’s use (or the use by any of its affiliates or representatives) of these materials; or any other written or oral communications transmitted to the recipient or any of its affiliates or representatives in the course of its evaluation of Ares or any of its business activities. Ares undertakes no duty or obligation to update or revise the information contained in these materials.

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Benchmark (index) performance does not reflect the deduction of transaction costs, management fees, or other costs which would reduce returns. References to market or composite indexes, benchmarks or other measures of relative performance are for comparison purposes only. An investor cannot invest directly in an index.

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Agenda

Ares Energy Investors Fund V, L.P.

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Executive Summary



Executive Summary

Ares Energy Investors Fund V, L.P. (“Fund V” or the “Fund”) is a U.S. power and energy fund targeting \$2 billion, following the same strategy implemented in Ares EIF’s predecessor funds

Experience and Team

- 28-year track record investing in power and energy assets
- ~40 dedicated employees including senior management team with an average of 25 years of experience in the sector and an average tenure of 13 years working together
- Since inception, and as of June 30, 2015, Ares EIF-managed funds have made ~70 equity investments in more than 130 different power and energy assets with a combined underlying enterprise value approaching \$20 billion

Strategy

- Focuses on power, transmission, and midstream opportunities in the United States
- Creates value through operational, development, and construction expertise, robust origination capabilities, and targeted risk mitigation
- Seeks cash-generating power and energy assets with strong downside protection
- Targets a gross IRR of 18%-20% (15%-17% net IRR)⁽¹⁾

Opportunity

- The energy sector is one of the most fragmented, complex and capital intensive sectors of the U.S. economy and appears to be undergoing substantial expansion as a result of the shale gas revolution and other factors
- This expansion, combined with the need to replace aging energy infrastructure, entails an estimated \$2 to \$3 trillion of new generation, transmission, and distribution investment between 2014 and 2035⁽²⁾
- The capital needs in the midstream infrastructure sector are estimated to be more than \$640 billion - or about \$30 billion/year - over the next 20 years in the U.S. and Canada alone⁽³⁾

1. Targeted returns are for informational purposes only and should not be considered representative of future valuations or of the final returns that may be achieved, which may be substantially lower. Targeted returns are not a reliable indicator of future performance and no guarantee or assurance is given that such returns will be achieved or that an investment in the Fund will not result in a loss. Targeted returns are based on management’s good faith and reasonable assumptions. Actual events or conditions may differ materially from these assumptions and therefore, actual returns will vary. Targeted fund-level gross returns to investors are before giving effect to Fund operating expenses. Targeted net returns are reduced by estimated management fees, carried interest and other expenses. **Past performance is not indicative of future results.**

2. According to the International Energy Agency’s “2014 World Energy Outlook,” November 2014.

3. According to the Interstate Natural Gas Association of America Foundation and America’s Natural Gas Alliance, “North American Midstream Infrastructure through 2035: Capitalizing on Our Energy Abundance,” March 18, 2014.

Ares Management Overview

- **Ares Management, L.P. (NYSE: ARES) is a leading global alternative asset manager with approximately \$88 billion of assets under management⁽¹⁾**
 - Since our inception in 1997, we have adhered to a disciplined investment philosophy that focuses on delivering compelling risk-adjusted investment returns throughout market cycles
- **We have four distinct but complementary investment groups that have the ability to invest across the capital structure**
 - We believe each group is a market leader that has demonstrated a consistent investment track record
- **On January 1, 2015, a subsidiary of Ares Management, L.P. closed on the acquisition of EIF, one of the first U.S. private equity fund managers to focus on the independent power industry**



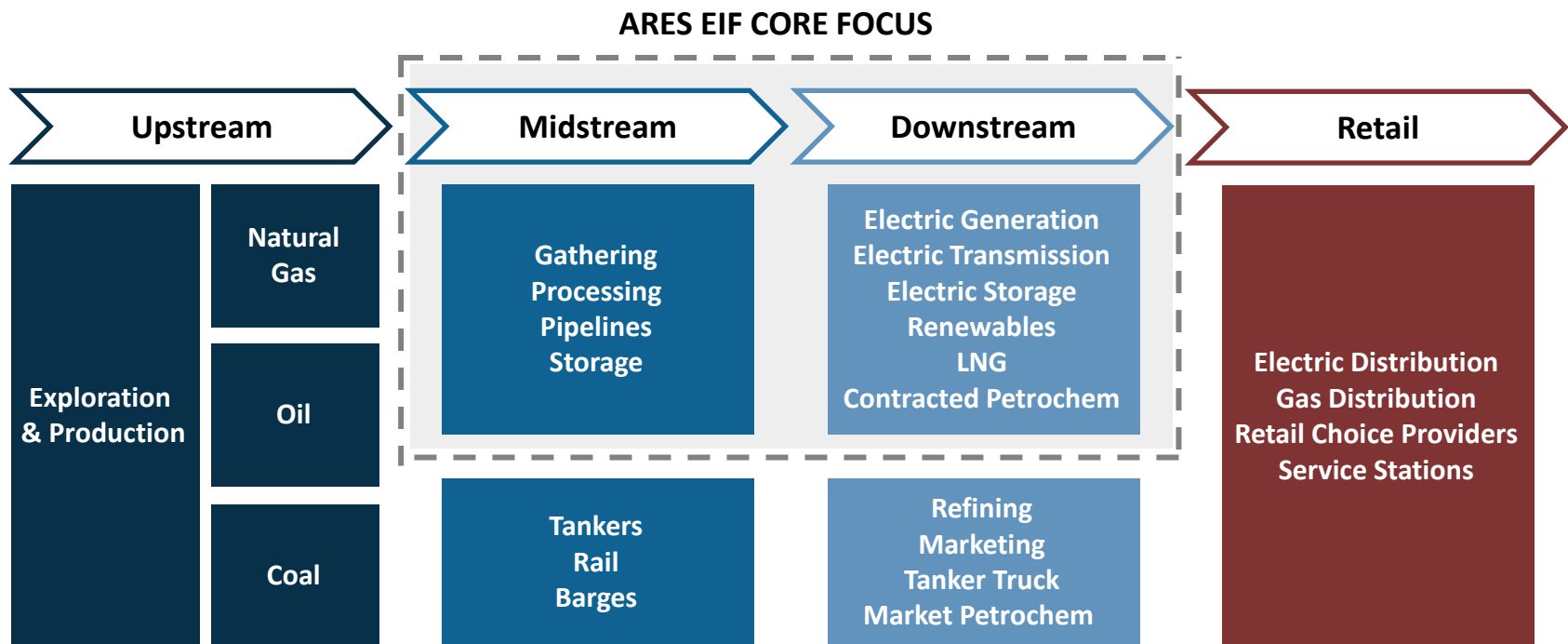
	Tradable Credit	Direct Lending	Private Equity	Real Estate
	<i>A leading participant in the tradable, non-investment grade corporate credit markets</i>	<i>One of the largest self-originating direct lenders to the U.S. and European middle markets</i>	<i>One of the most consistent private equity managers in the U.S. with a growing international presence</i>	<i>A leading participant in the real estate private equity markets and a growing direct lender</i>
Assets Under Management	\$33 billion	\$30 billion	\$15 billion	\$10 billion
Strategies	Long-Only Credit Alternative Credit	U.S. Direct Lending European Direct Lending	U.S. / European Flexible Capital U.S. Power and Energy Assets China Growth Capital	Real Estate Debt Real Estate Equity

1. As of June 30, 2015, AUM amounts include capital available to vehicles managed or co-managed by Ares, including funds managed by Ivy Hill Asset Management, L.P.

Energy Sector Value Chain

Ares EIF focuses primarily on the midstream and downstream segments of the energy sector value chain

- The energy industry is a capital intensive sector that is divided into segments defined by the flow of energy from raw commodity to end consumer good, as depicted below.



First Investment & Construction Pipeline*



*There is no guarantee that any of the investments presented in this section will be consummated.

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Fund V Portfolio Company: Linden Cogeneration Facility

Project Overview

- On July 31, 2015, a subsidiary of USPF IV executed a Purchase and Sale Agreement to acquire a 50% interest in Linden Cogen Holdings, LLC (“Linden” or the “Project”)
- Fund V is expected to invest up to \$150 million in the transaction alongside USPF IV and co-investors using a credit facility to be temporarily supported by Ares Management*
- The Project is a 943 MW natural-gas fired cogeneration facility located in Linden, NJ, but electrically connected to both PJM and to the New York City power market, where it qualifies as an “in-city” capacity resource
 - Linden Units 1-5 total 778 MW and began operations in 1992 (NYISO)
 - Linden Unit 6 totals 165 MW and began operations in 2002 (PJM)
- New York City Zone J is the premier US power market
 - Highly constrained market with premium capacity and energy prices
 - One of the most difficult and expensive markets to build new capacity due to high capital costs, limited real estate, and relatively high interconnection costs creating high barriers to entry
 - Limited new build projects in the queue
- Well positioned among Zone J generation assets
 - One of the more efficient and modern gas-fired generation facilities in Zone J, which relies heavily on aging capacity and transmission infrastructure to meet its electric needs
 - New Jersey location provides numerous competitive advantages, most importantly access to lower cost gas supply than other Zone J market participants
- Vital long-term steam/electricity supplier to the Bayway Refinery (Phillips 66), the largest refinery on the East Coast
 - Sells excess power into PJM PS-North locational delivery area (“PSN”)
- The Project has an excellent operating history, is operated by an experienced team, and employs proven GE turbine technology



Key Project Details

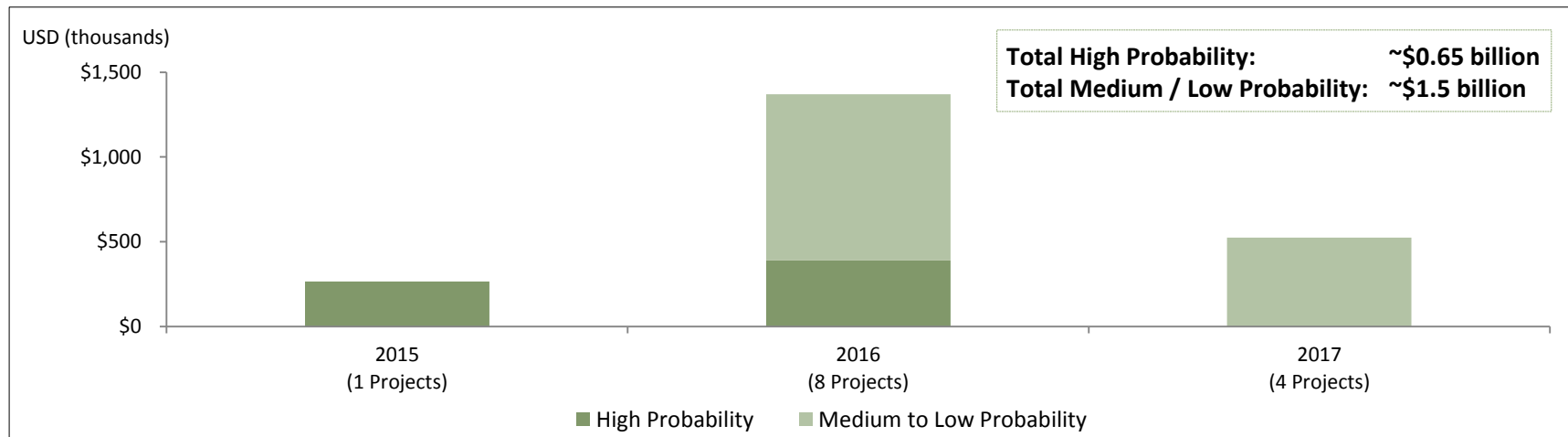
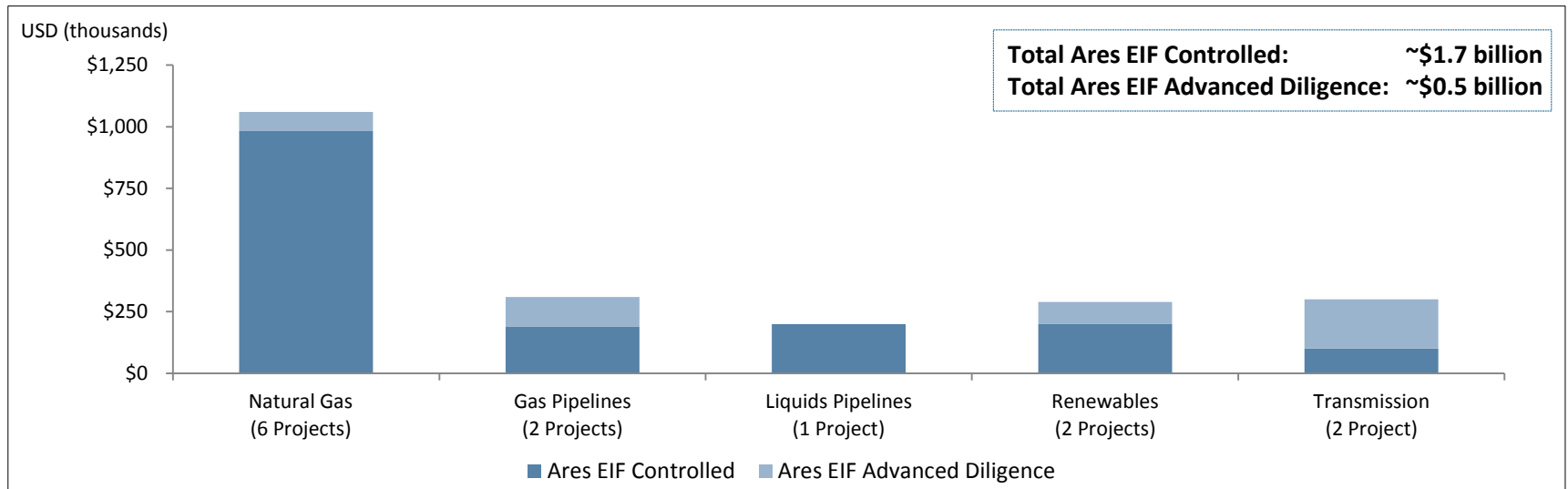
	Linden 1-5	Linden 6
Capacity¹	778 MW	165 MW
Commercial Operations Date	May-1992	Jan-2002
Fuel Type	Natural Gas, Butane	Natural Gas, Fuel Oil
Net Electric Heat Rate (Btu / kWh)	~8,100	~6,000
Power Market	NYISO Zone J	PJM PS–North
PPA Counterparty – Expiration	ConEd – April-2017	Phillips 66 / Infineum – April-2032 ²
Steam Sales Agreement – Expiration	Phillips 66 / Infineum – April-2032 ²	Sold to Linden 1-5

- Represents the average for summer and winter.
- Annual evergreen option after 2032 through 2037.



Construction Equity Pipeline⁽¹⁾

Ares EIF controls approximately \$700 million in high probability near term equity opportunities



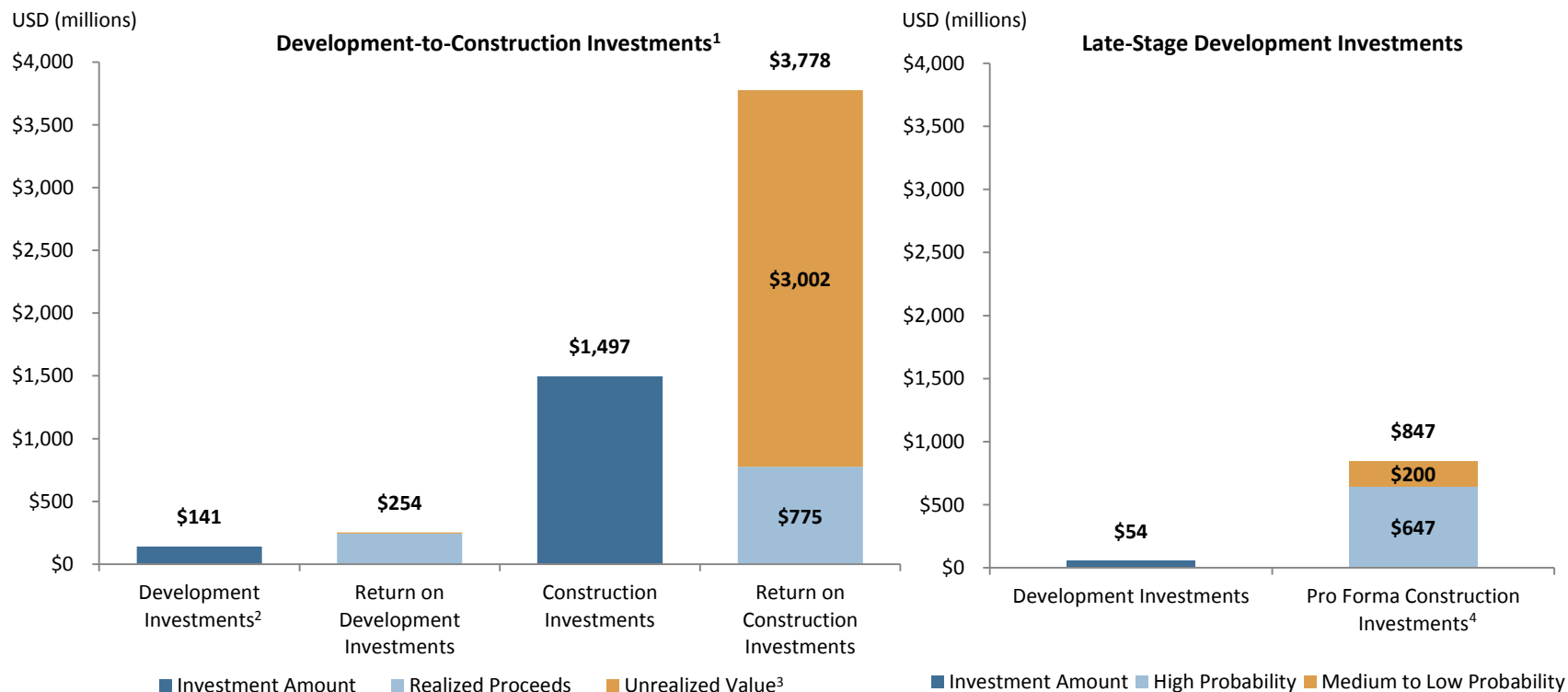
Note: There can be no assurance that any of the investment opportunities referenced above will be consummated.

1. Includes equity opportunities available for USPF III and USPF IV in addition to Fund V as of July 31, 2015.

Converting Small Development Dollars into Large Construction Investments

Strategy of developing large scale proprietary deals with minimal capital at risk has continued to be successful

- \$141 million invested in 10 development deals has led to approximately \$1.5 billion invested in proprietary construction projects since 2002
- An additional \$54 million invested in 4 other development projects is projected to lead to approximately \$850 million of additional proprietary construction investments⁴



Note: As of June 30, 2015. Only includes investments from the USPF series of funds.

1. Only includes development investments that led to permanent construction equity investments. See next page for a complete overview of Ares EIF's development track record for the USPF series of funds.
2. Excludes construction costs that were funded on development investments in advance of closing on a construction debt financing.
3. Unrealized Value is based on targeted performance information. Please see "Appendix: General Explanation and Notes to Ares EIF's Track Record" in this presentation for further explanation of targeted performance information.
4. No guarantee or assurance can be given that these investments will be achieved or that the assumptions underlying such results will prove to be accurate.

Ares EIF Development Track Record (USPF Series of Funds)

As of June 30, 2015

(\$ in millions)		Development Investment				Permanent Construction Equity Investment ¹				Targeted Returns		
Investments	Fund	Investment Amount	Realized Proceeds	Unrealized Value	Total Value	Investment Amount	Realized Proceeds	Unrealized Value	Total Value	Exit Date	Multiple	IRR
Realized Investments												
Path 15 Transmission	USPF I	\$4	\$5	\$0	\$5	\$14	\$32	\$0	\$32	2006	2.3x	76.1%
Astoria Energy	USPF I	3	4	0	4	52	100	0	100	2010	1.9x	17.2%
Neptune Transmission	USPF I & II	6	7	0	7	73	238	0	238	2010	3.2x	74.3%
Astoria Energy II	USPF III	18	24	0	24	136	272	0	272	2013	2.0x	35.3%
Total Realized Investments		\$30	\$39	\$0	\$39	\$275	\$642	\$0	\$642		2.3x	40.8%
Unrealized Investments												
Hudson Transmission	USPF II	\$18	\$29	\$0	\$29	\$88	\$29	\$201	\$229	2016	2.6x	22.9%
Panoche Energy Center	USPF II	24	24	0	24	115	68	203	271	2016	2.3x	16.6%
Kleen Energy	USPF II & III	21	23	0	23	325	36	871	908	2017	2.8x	17.3%
Newark Energy Center ²	USPF III & IV	22	22	0	22	432	0	1,038	1,038	2015	2.4x	35.1%
Pio Pico Energy Center ²	USPF III	17	89	0	89	75	0	270	270	2017	3.6x	145.2%
Oregon Clean Energy ²	USPF IV	9	18	10	28	186	0	419	419	2019	2.3x	29.6%
Total Unrealized Investments		\$111	\$205	\$10	\$215	\$1,222	\$133	\$3,002	\$3,135		2.6x	22.8%
Subtotal		\$141	\$244	\$10	\$254	\$1,497	\$775	\$3,002	\$3,778		2.5x	27.4%
Late-Stage Development Investments												
EA Puerto Rico	USPF III & IV	\$18	\$0	\$18	\$18	\$200						
Meade Pipeline	USPF IV	10	0	10	10	187						
Pilgrim Pipeline	USPF IV	18	0	18	18	195						
St. Joseph Energy Center	USPF III	8	0	8	8	265						
Total Late-Stage Development Investments		\$54	\$0	\$54	\$54	\$847						
Other Development Investments		\$157	\$107	\$48	\$155	NA						
Total		\$352	\$351	\$111	\$462	\$2,344						

Note: Targeted returns are for informational purposes only and should not be considered representative of future valuations or of the final returns that may be achieved, which may be substantially lower. Targeted returns are not a reliable indicator of future performance and no guarantee or assurance is given that such returns will be achieved. Targeted return information is based on management's good faith and reasonable assumptions about the underlying investments, including, without limitation, assumptions about disposition strategies/dates, terminal values, funding of unfunded commitments, and/or discount rates, not all of which are under Ares EIF's control. There is a substantial likelihood that some, if not all, of such assumptions and the resulting information included herein will prove to be inaccurate, possibly to a significant degree (i.e., performance returns/multiples may be significantly higher, or lower, depending on market conditions when each active fund exits its investments). Targeted returns do not reflect the effect of management fees, carried interest and other expenses, which in the aggregate may be substantial. **Past performance is not indicative of future results.**

1. Includes projected amounts for unrealized investments and late-stage development investments. Please see "Appendix: General Explanation and Notes to Ares EIF's Track Record" in this presentation for further explanation of the information presented in this table, including a description of the material assumptions underlying the performance information.
2. Please see "Notes & Key Assumptions" in this presentation for further explanation of the information presented for this project.

Market Opportunity



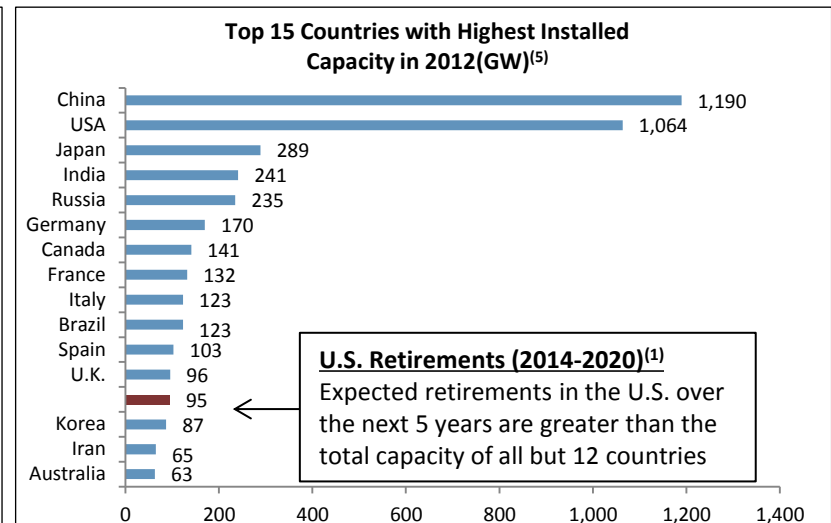
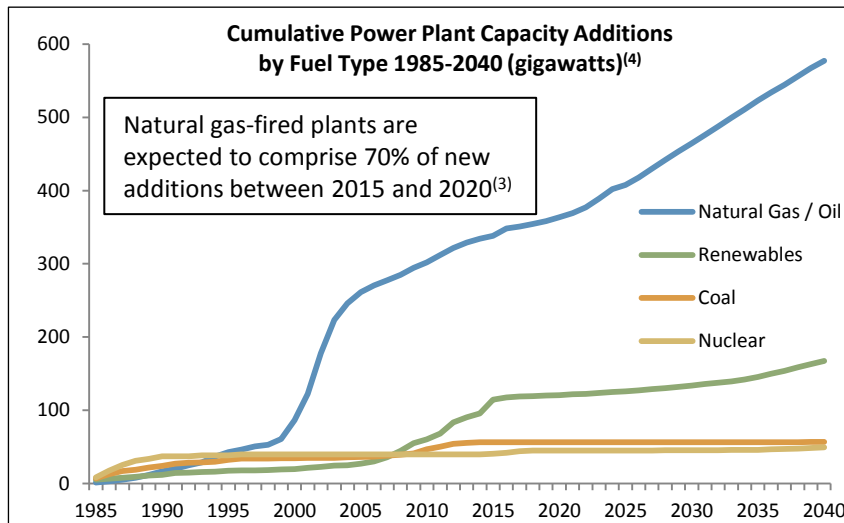
U.S. Electric Power Market

The U.S. electric power market is amidst an evolution, with legislation, regulation, and market factors moving the industry away from coal and towards cleaner natural gas and renewables

- Approximately 95 GW of capacity in the U.S. (predominately coal) is expected to be retired between 2014 and 2020⁽¹⁾, which represents ~10% of all capacity located in the U.S. and is a near term \$100 billion+ opportunity
- Longer term (2014-2035) capital needs in the U.S. power sector are estimated to be from \$2 trillion to \$3 trillion⁽²⁾
- As of the end of 2013, 35% of generating capacity was at least 40 years old and 53% of capacity was at least 30 years old⁽³⁾
- Supply reserve margins (peak load/installed generation capacity) are tight or tightening in many regions of the U.S. including Texas, New England, the Midwest, and the Mid-Atlantic⁽¹⁾
- The traditional electric utilities remain focused on the regulated business model, generally ceding the new build opportunities (at least in most markets) to the independent developers, IPPs, and financial investors

Near Term Est. Replacement Cost

95 GW @ est. \$1,100/kW cost
>\$100 billion



- Barclays, "Annual Power Market Update Supplemental Data," October 2014.
- According to the International Energy Agency's "2014 World Energy Outlook," November 2014.
- U.S. Energy Information Administration, "Form EIA-860," February 2015.
- U.S. Energy Information Administration, "Annual Energy Outlook 2014," April 2014.
- U.S. Energy Information Administration.

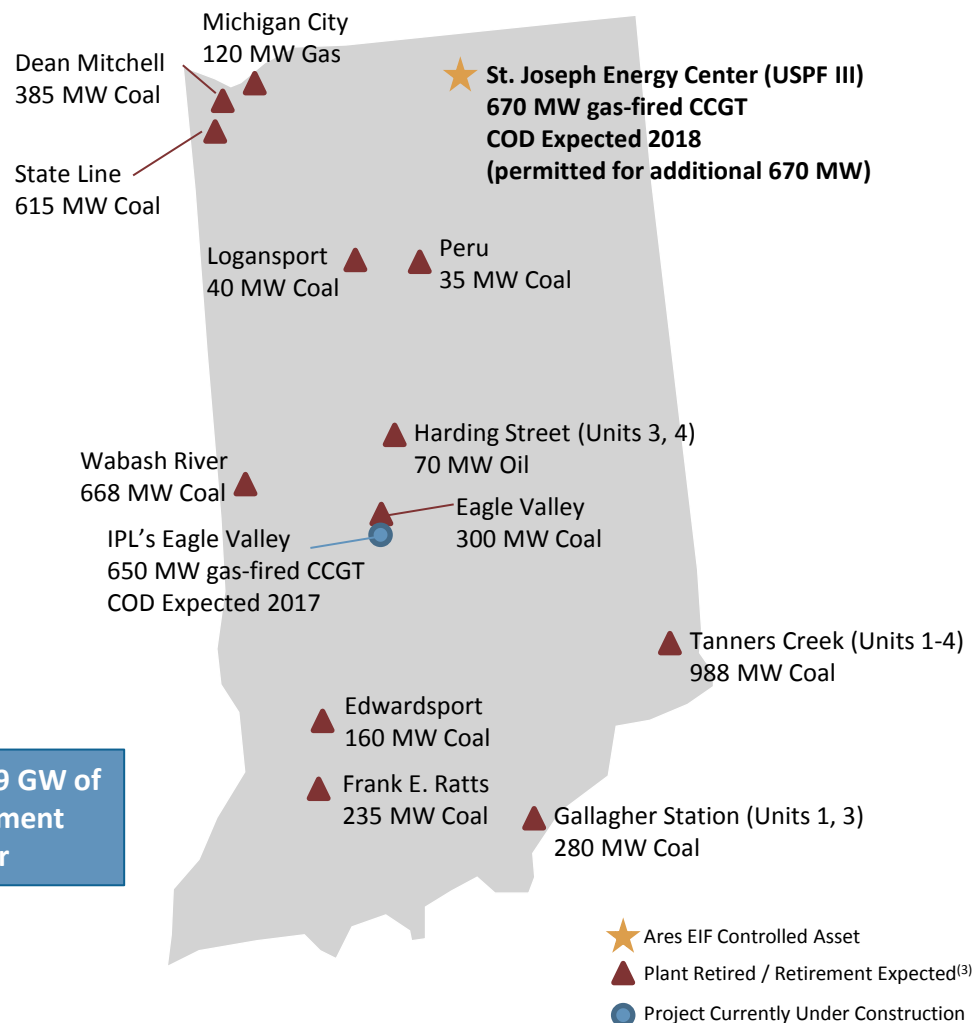
Power Opportunity – St. Joseph Energy Center

The traditional electric utilities remain focused on the regulated business model ceding the new build opportunities to the independent developers, IPPs and financial investors⁽¹⁾

Top 5 States Ranked by Aggregate Coal Generation ⁽²⁾		
	Coal Generation (MWh)	% of Total State Generation
1 Texas	149,404,243	34.5%
2 Ohio	94,563,885	68.9%
3 Indiana	92,671,942	83.9%
4 Pennsylvania	88,443,209	39.0%
5 Illinois	87,927,139	43.3%

Top 5 States Ranked by Percent of Coal Generation ⁽²⁾		
	Coal Generation (MWh)	% of Total State Generation
1 West Virginia	72,284,358	95.3%
2 Kentucky	83,303,260	92.8%
3 Wyoming	46,436,679	88.5%
4 Indiana	92,671,942	83.9%
5 Missouri	76,104,818	83.1%

Despite Indiana's substantial dependence on coal and 3.9 GW of retirements, there is minimal active gas-fired development activity beyond Ares EIF's St. Joseph Energy Center

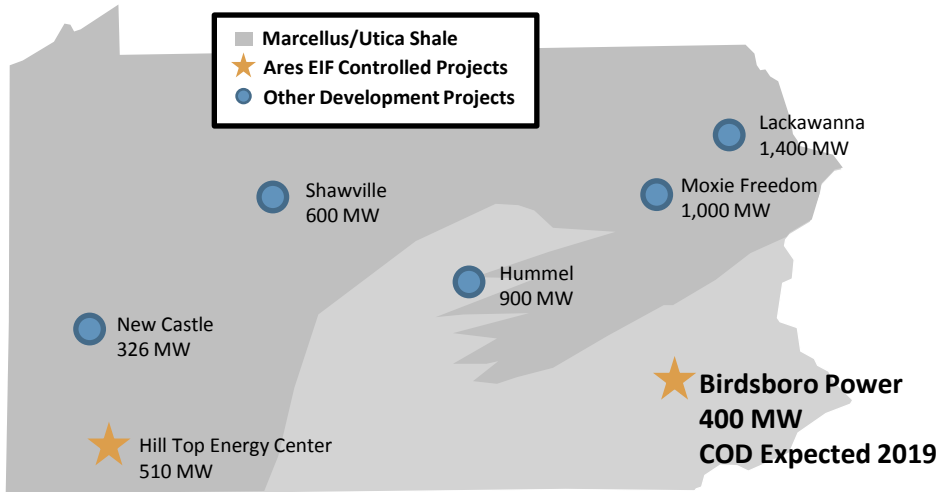


Note: There can be no guarantee that this opportunity will be consummated by Fund V.

1. U.S. Energy Information Administration, "Annual Energy Outlook 2014," April 2014.
2. U.S. Energy Information Administration, "EIA-906, EIA-920, and EIA-923," April 2015.
3. Represents plant retirements since 2011 and expected retirements through 2020 per ESAI Power, LLC.

Power Opportunity – Birdsboro Power

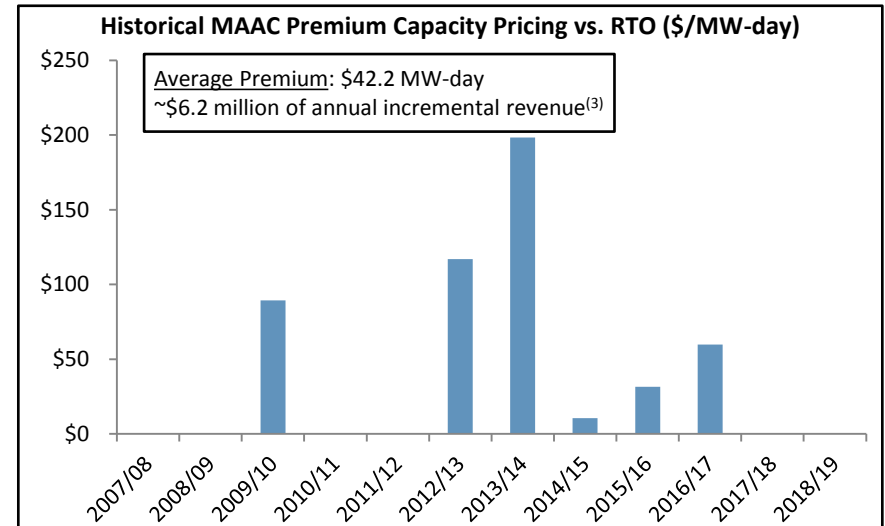
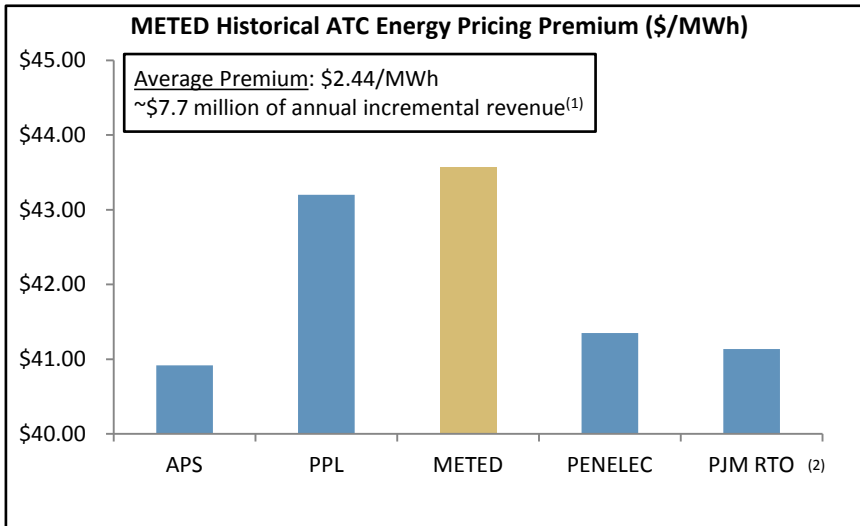
Birdsboro will access cheap Marcellus gas via pipeline, but sell into a more constrained power market



Birdsboro will sell power on the premium eastern side of Pennsylvania's west-to-east transmission constraints, protected from competition to the west, and close to the densely populated eastern PJM demand centers including Philadelphia

The plant will source gas from Spectra's Texas Eastern pipeline, accessing cheap fuel from the oversupplied Marcellus Shale

Birdsboro expects to use H-Class combustion turbine technology, yielding a ~6,300 Btu/kWh heat rate and a significant efficiency advantage over existing competition

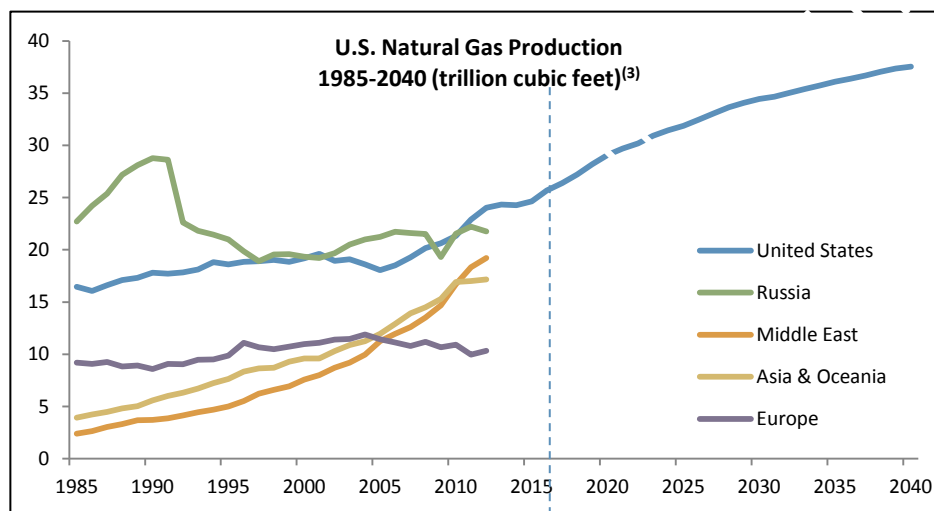


Note: There can be no guarantee that this opportunity will be consummated by Fund V.
 1. Assumes 400 MW x 90% capacity factor.
 2. PJM Data, January 1, 2010 through July 31, 2015.
 3. Assumes 400 MW.
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Shale Gas Revolution

Advances in hydraulic fracturing and the resulting shale gas revolution are causing a fundamental shift in the power sector which we believe will trigger new investment opportunities and positive economic benefits

- The production of natural gas from shale formations has rejuvenated the natural gas industry in the U.S. and is a catalyst for investment in new midstream infrastructure required to gather, process and transport the natural gas
 - The U.S. is now the largest producer of natural gas in the world⁽¹⁾
- Existing pipeline infrastructure is inadequate for ongoing shift in natural gas utilization by the electric power sector
 - Roughly 550,000 miles of oil, gas, and natural gas liquids pipelines are needed by 2035⁽²⁾
- The capital needs in the natural gas, crude oil and natural gas liquids midstream infrastructure sector are estimated to be more than \$640 billion, or about \$30 billion/year over the next 20 years in the U.S. and Canada alone⁽²⁾



1. Data per U.S. Energy Information Administration, May 2015.

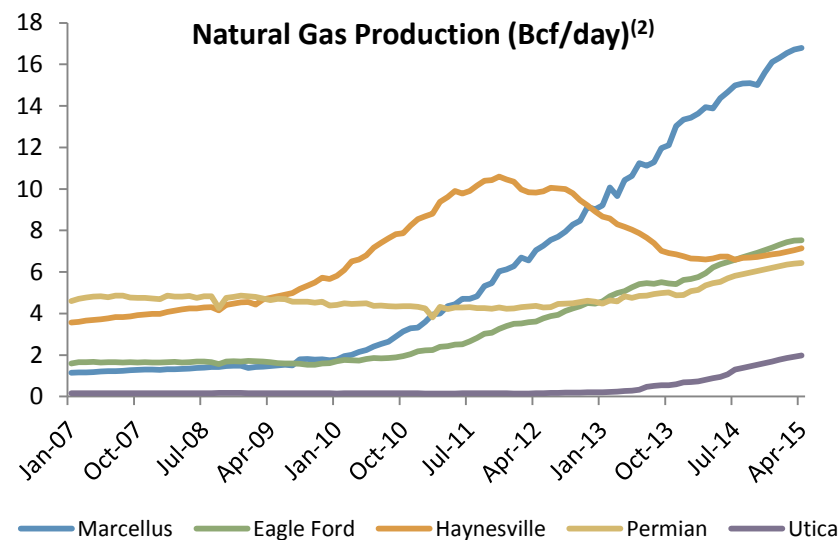
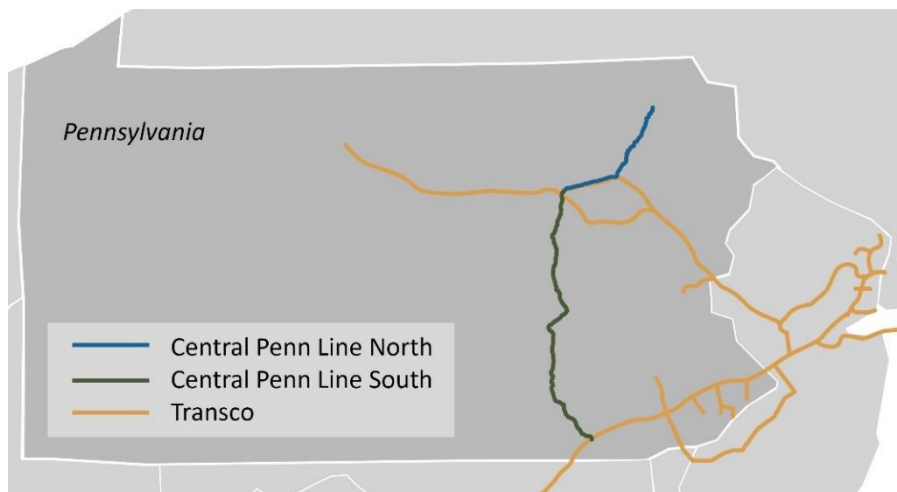
2. According to INGAA Foundation and America's Natural Gas Alliance, "North American Midstream Infrastructure through 2035: Capitalizing on Our Energy Abundance," March 18, 2014.

3. Represents dry natural gas production which equals marketed production less extraction loss. Data per U.S. Energy Information Administration "Annual Energy Outlook 2014," April 2014.

Midstream Opportunity – Meade Pipeline

Substantial new infrastructure is required to deliver supply to market

- Existing pipeline infrastructure is inadequate for ongoing shift in natural gas utilization by the electric power sector
 - Roughly 550,000 miles of oil, gas, and natural gas liquids pipelines are needed by 2035⁽¹⁾
- System administrators are focused on recasting market rules to address inadequacies of fuel delivery especially as the economy and system become more dependent on natural gas



Meade Pipeline (USPF IV):

- 178 mile natural gas pipeline to transport Marcellus gas to market
- Projected in-service date of Q3 2017
- Total estimated capital costs of \$1.9 billion
- Estimated share of the capital costs is \$187 million
- Fully contracted for 20 years

Marcellus dry gas production has grown rapidly since 2010. The Marcellus is currently producing more than 16 Bcf/day and is the most prolific shale gas source amongst a number of strong shale plays in the U.S. ⁽²⁾

Note: There can be no guarantee that this opportunity will be consummated by Fund V.

- According to INGAA Foundation and America's Natural Gas Alliance, "North American Midstream Infrastructure through 2035: Capitalizing on Our Energy Abundance," March 18, 2014.
- EIA Drilling Productivity Report, March 2015.

Opportunities Across Commodity Cycles

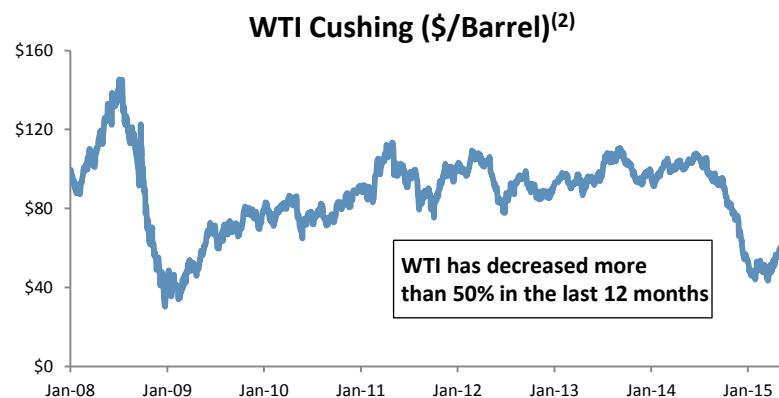
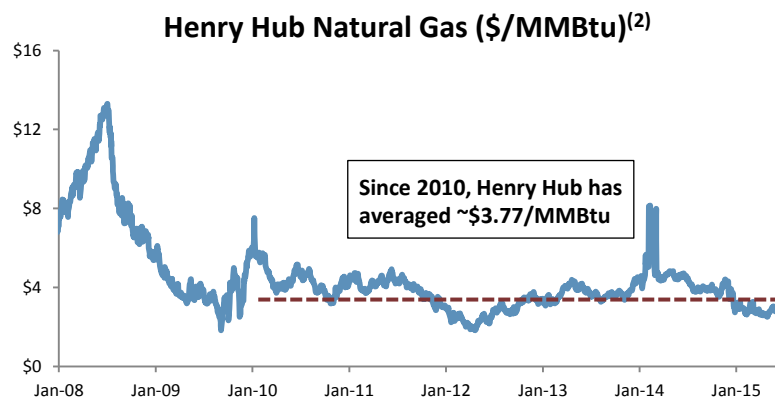
Ares EIF's investment strategy is generally insulated from current low commodity prices

Sustained Low Natural Gas Prices* IMPACT: Significant and Positive

- + Inexpensive natural gas is gaining market share through the displacement and retirement of coal generation
- + New generation investment is predicated on reserve margin calculations which are tightening as coal plants retire from lack of competitiveness
- + Location of new gas supply (i.e., shale formations such as Marcellus, Utica, and others) has resulted in changing flow patterns in the midstream space which drives the need for new pipelines
- + Gas pipeline take away capacity is still grossly inadequate relative to the vast expansion of North American reserves
- Short term compression of energy margin / spark spreads (mitigated via higher volume of MWHs sold)

Recent (and Potentially Sustained) Low Oil Prices* IMPACT: Positive for Fund V (and Neutral for Portfolio)

- + The aggregate fair value across our USPF series of funds increased by ~20% in the second half of 2014⁽¹⁾ despite a 50% decrease in oil prices⁽²⁾
- + Oil-fired electric generation is a small portion of the generation supply stack and are too old and inefficient to compete with modern gas-fired plants
- + Recent strain on E&P companies from oil price decline may lead to non-core asset sales (i.e., midstream and generation assets)
- + Oil pipeline take away capacity is inadequate to support existing production (let alone any additional E&P activity) and will lead to continued build out of midstream infrastructure
- + Low gas and oil prices have sparked a renaissance among the petrochemical and manufacturing industries, driving industrial load growth and the need for additional domestic infrastructure to connect producers with customers



*Note: This information is based on internal Ares research.

1. Based on the net increase in Fair Value from 6/30/2014 to 12/31/2014 for the investments that were in the respective Fund portfolios on each date.

2. Historical Henry Hub and WTI Cushing prices based on data from U.S. Energy Information Administration through June 1, 2015.

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Midstream Opportunity – Pilgrim Pipeline

Compelling transaction(s) based on new supply, safety and the environment—but not prices

Pilgrim Pipeline (USPF IV):

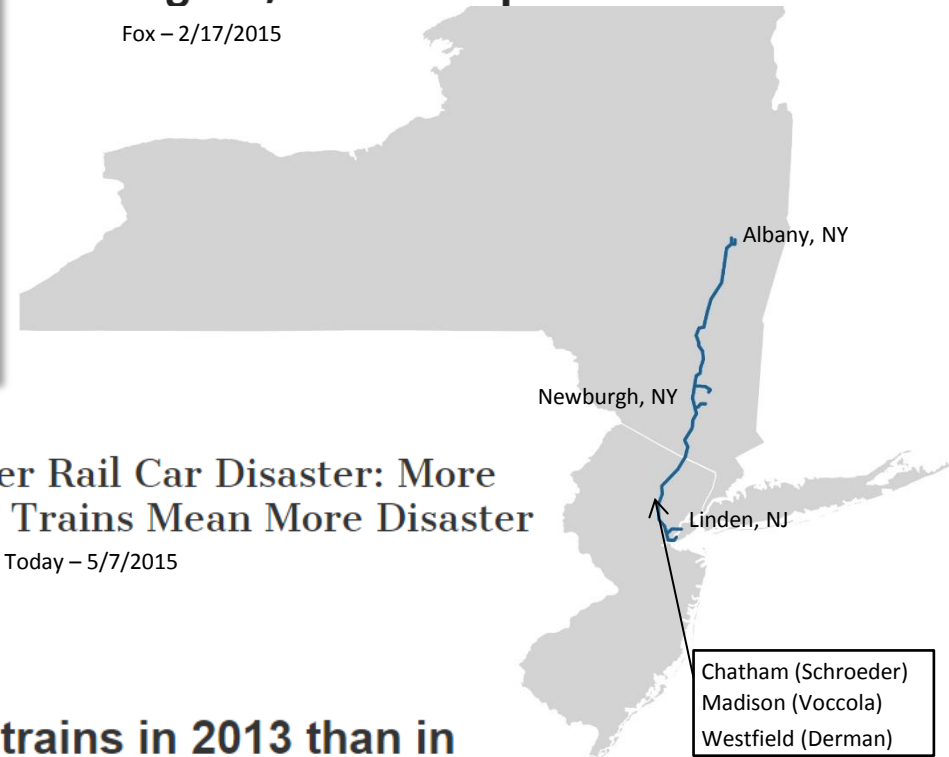
- Phase 1 is a ~180 mile crude oil and refined products pipeline
- Projected in-service date of early 2017
- Projected capital cost of \$980 million
- Total estimated equity investment of \$195 million

Pilgrim Pipeline Expansion Opportunities (Phases 2 & 3):

- Pipeline of compelling midstream opportunities to leverage initial Pilgrim pipeline development
- Expected to service major east coast markets
- Potential combined additional investment opportunity of \$350 million

Train derails, explodes in West Virginia; crude oil spills into river

Fox – 2/17/2015



Another Rail Car Disaster: More Crude Trains Mean More Disaster

New Jersey Today – 5/7/2015

Mississippi River Barge Collision Leads To Oil Spill

Associated Press – 2/17/2012

More oil spilled from trains in 2013 than in previous 4 decades, federal data show

McClatchy DC – 1/20/2014

Note: There can be no guarantee that this opportunity will be consummated by Fund V.

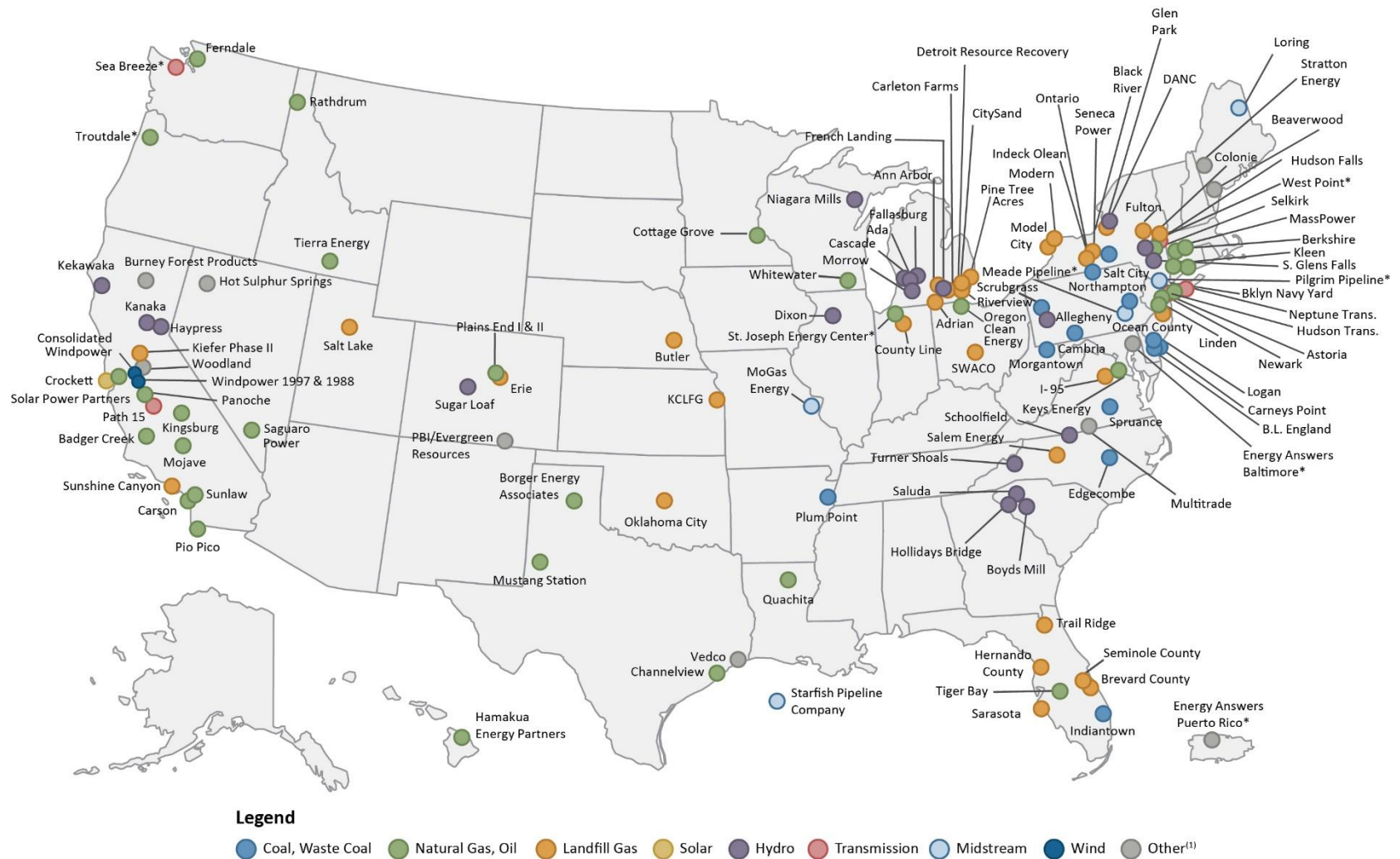
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Ares EIF Track Record



Historical Investment Footprint

Significant experience across U.S. geographies and energy infrastructure asset types



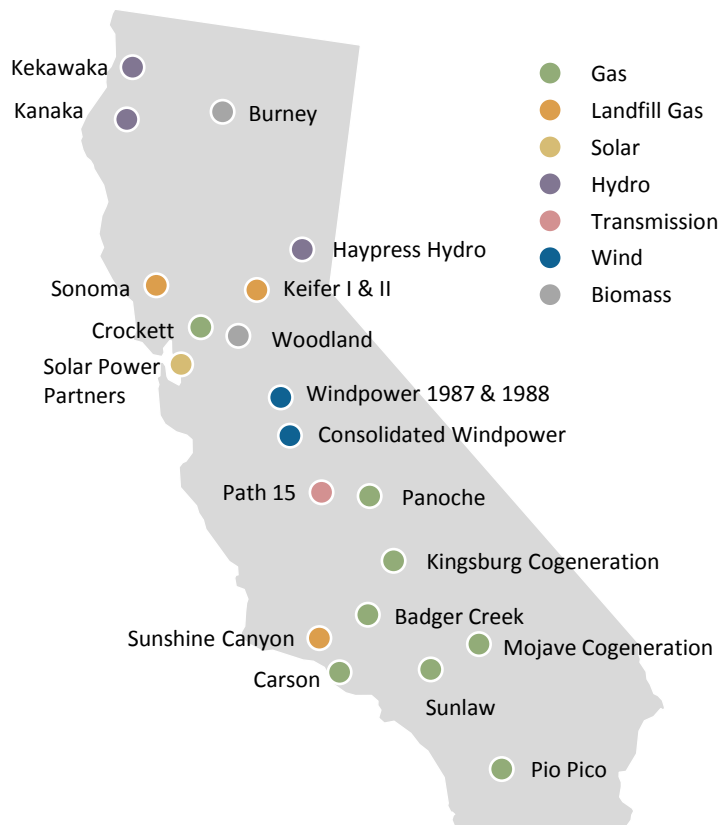
* Project currently under development.

1. As of June 30, 2015. Includes Waste Recovery, Biomass, Geothermal, and Wood Waste.

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Experienced & Committed Investor in California

Ares EIF has a 28-year track record of supporting generation fueled by conventional and renewable sources as well as energy infrastructure in CA



Existing Power Investments

Project Name	MW	Fuel Type
Burney Forest Products	31	Biomass
Haypress Hydroelectric	10	Hydro
Kanaka	1	Hydro
Kiefer Landfill Gas I ¹	9	Landfill Gas
Kiefer Landfill Gas II	6	Landfill Gas
Kekawaka	5	Hydro
Panoche Energy Center	400	Gas (SC)
Pio Pico Energy Center	313	Gas (SC)
Sonoma County Landfill Plant ¹	8	Landfill Gas
Sunshine Canyon	20	Landfill Gas
Total MW in Existing Investments	803	

Previous Investments

Badger Creek	46	Gas (SC)
Carson Cogeneration	42	Gas (CC)
Consolidated Windpower	71	Wind
Crockett Cogeneration	240	Gas (CC)
Kingsburg Cogeneration	34	Gas (CC)
Mojave Cogeneration	55	Gas (CC)
Path 15 Upgrade	1500	Transmission
Solar Power Partners	30	Solar
Sunlaw	56	Gas
Windpower 1987 and 1988	72	Wind
Woodland	25	Biomass
Total MW in Previous Investments	2,171	

1. Project is operated but not owned by EIF

Ares EIF Track Record & Targeted Performance

USPF Series Investment Performance as of June 30, 2015⁽¹⁾⁽²⁾

Ares EIF Funds Overview					Fair Value as of 6/30/2015				Targeted Returns: based on 6/30/2015 analysis			
Fund	Vintage	Status	Fund Size (\$M)	Yield ⁽³⁾	Gross IRR	Gross Multiple	Net IRR	Net Multiple	Gross IRR	Gross Multiple	Net IRR	Net Multiple
USPF IV	2010	Investment Period	1,688	11.5%	18.5%	1.5x	17.5%	1.4x	21.5%	2.1x	18.0%	1.8x
USPF III	2007	Harvest Period	1,350	7.2%	8.4%	1.4x	6.2%	1.4x	12.4%	1.8x	9.0%	1.7x
USPF II	2005	Harvest Period	750	11.6%	7.9%	1.4x	4.9%	1.3x	11.5%	1.8x	8.0%	1.7x
USPF	2002	Liquidation	250	31.8%	29.9%	2.3x	24.4%	1.9x	-	-	-	-

1. Targeted returns are for informational purposes only and should not be considered representative of future valuations or of the final returns that may be achieved, which may be substantially lower. Targeted returns are not a reliable indicator of future performance and no guarantee or assurance is given that such returns will be achieved or that an investment in the Fund will not result in a loss. Targeted return information is based on management's good faith and reasonable assumptions about the underlying investments, including, without limitation, assumptions about disposition strategies/dates, terminal values, funding of unfunded commitments, and/or discount rates, not all of which are under Ares EIF's control. There is a substantial likelihood that some, if not all, of such assumptions and the resulting information included herein will prove to be inaccurate, possibly to a significant degree (i.e., performance returns/multiples may be significantly higher, or lower, depending on market conditions when each active fund exits its investments). **Past performance is not indicative of future results.** Please see Slide 28 in this presentation and Section 2.7, "General Explanation and Notes to Performance Information" in the Fund's confidential private placement memorandum for further explanation of the information presented in this table, including a description of the material assumptions underlying the performance information. Performance for USPF II also includes its associated parallel fund.
2. Gross performance figures are before giving effect to taxes, management fees, carried interest and other expenses. Gross IRRs are based on aggregate quarterly cash flows to/from each investment, including the equity that was funded to each investment, cash flows attributable to any reinvestment of proceeds, and every cash distribution received from each investment, plus the fair value of unrealized investments as of the measurement date. Gross Multiple is the sum of realized proceeds and unrealized value of all investments, divided by aggregate dollars invested by the respective fund. Net performance figures are after giving effect to management fees, carried interest and other expenses and exclude commitments by the general partner or its affiliates. Net IRRs are based on the aggregate quarterly cash flows to/from limited partners, plus the net asset value of the limited partners' capital accounts as of the measurement date. Net Multiple is the sum of cash distributions (adjusted for callable capital) plus the net asset value as of the measurement date, divided by the sum of capital contributions (adjusted for callable capital).
3. These cash on cash yields are presented for a period that begins in the year in which the respective fund made its first capital call and ends on the earlier of i) the measurement date, ii) the tenth year following such initial capital call, and iii) the last full calendar year in which the investors had capital invested in the fund. The cash on cash yield calculation represents total distributions to the limited partner, divided by the limited partners' weighted average capital contributions, net of any cash distributions that represent a return of capital. It should not be assumed that the cash yield of Ares Energy Investors Funds V, L.P. will be similar to that of any of the funds listed above. See Slide 29 in this presentation for further explanation of the information presented in this table.

Appendix

General Explanation and Notes to Ares EIF's Track Record



Development Track Record - Glossary of Certain Table Headings

As of June 30, 2015

Development Investment

Investment Amount – total development dollars funded by the applicable fund as of June 30, 2015. Amounts exclude any construction costs that were funded in advance of closing on a construction debt financing.

Realized Proceeds – cumulative cash received by the applicable fund as of June 30, 2015. Amounts exclude reimbursement of any construction costs that were funded in advance of closing on a construction debt financing.

Unrealized Value – for unrealized investments, total nominal projected cash flows from each investment. For late-stage development investments and other development investments, the fair value of each investment as of June 30, 2015, as determined by the general partner and as reflected in the applicable fund's audited financial statements.

Total Value – Realized Proceeds plus Unrealized Value as of June 30, 2015.

Permanent Construction Equity Investment

Investment Amount – for realized and unrealized investments, the total equity funded by the applicable fund as of June 30, 2015 plus projected unfunded equity commitments for certain unrealized investments. For late-stage development investments, the projected fund equity investment amount upon achieving a construction debt financing.

Realized Proceeds – cumulative cash received by the applicable fund as of June 30, 2015.

Unrealized Value – total nominal projected cash flows from each investment including a projected sale value.

Total Value – Realized Proceeds plus Unrealized Value as of June 30, 2015.

Targeted Returns

Exit Date – the actual exit date for realized investments and the targeted exit date for unrealized investments.

Multiple – for each permanent construction equity investment, the sum of Realized Proceeds and Unrealized Value, divided by the aggregate dollars invested in such investment. Multiple results do not reflect the effect of management fees, carried interest or other expenses, which in the aggregate may be substantial.

IRR – based on aggregate monthly cash flows to/from each permanent construction equity investment, including the equity that was funded to such investment and every cash distribution received from such investment. IRR results do not reflect the effect of management fees, carried interest or other expenses, which in the aggregate may be substantial.

Note: There is no guarantee or assurance that any of the expected fundings referenced herein will actually be made or that the targeted results presented in this presentation will actually be attained.

Development Track Record - Notes & Key Assumptions¹

As of June 30, 2015

Newark Energy Center's Investment Amount of \$432 million includes a \$22 million unfunded equity commitment by USPF III and a \$67 million unfunded equity commitment by USPF IV, both of which are supported by letters of credit as of June 30, 2015. The incremental \$89 million investment is expected to be funded in 2015 and, accordingly, is included in the determination of the Targeted Returns. As of June 30, 2015, USPF III and USPF IV had invested \$86 million and \$257 million, respectively, into Newark.

Pio Pico Energy Center achieved a construction financial closing in February 2015. Investment Amount of \$75 million reflects USPF III's equity commitment of \$75 million which is supported by a letter of credit and is expected to be funded in 2016. Accordingly, such amount is included in the determination of the Targeted Returns.

Oregon Clean Energy's permanent equity commitment of \$186 million is supported by a letter of credit as of June 30, 2015. The \$186 million equity commitment is expected to be funded from 2015 through 2017 and, accordingly, is included in the determination of the Targeted Returns.

1. There is no guarantee or assurance that any of the expected fundings referenced herein will actually be made or that the targeted results presented in this presentation will actually be attained.

Performance Notes to Ares EIF's Track Record

As of June 30, 2015

FAIR VALUE

- Fair values have been determined in accordance with generally accepted accounting principles in the U.S. and with FASB Accounting Standards Codification 820 (Fair Value Measurements and Disclosures). ASC 820 states that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Most investments made by the Ares EIF-managed funds are valued using a discounted cash flow methodology, generally for a period of up to twenty years. The Fair Value Results include the actual equity funded in each investment and the unfunded equity commitments (if any) as of June 30, 2015. There is no guarantee that any of the unfunded commitments will be made.

TARGETED RETURNS

- Targeted performance figures, which reflect the expected execution of Ares EIF's investment strategy of optimizing its investments through substantial operational enhancement and oversight, are also being provided herein to permit potential investors to further assess Ares EIF's targeted investment performance in the USPF series of funds. In particular, Ares EIF seeks to create value with respect to its portfolio investments by executing on numerous operational initiatives, typically including efficiency improvements, facility expansion, opportunistic refinancings, and renegotiation (including extensions) of off-take revenue contracts. Successful execution of these initiatives may result in higher valuations of Ares EIF's portfolio investments, driven primarily by a decrease in the discount rate a buyer may be willing to apply to a sale in the future as compared to that which is assumed in the fair value figures, which by definition contemplate an exit at June 30, 2015.
- Targeted returns may not be a reliable indicator of future performance and no guarantee or assurance is given that such returns will be achieved or that an investment in the Fund will not result in a loss. Targeted returns are based on Ares EIF's good faith and reasonable assumptions about the underlying investments (including assumed exit dates and discount rates, as discussed below), some of which may prove to be inaccurate, possibly to a significant degree. Factors that may affect the targeted returns include, but are not limited to: (a) changes in ongoing operations of a company or project, including financial condition and prospects; (b) ability of a project to overcome certain risks, including permitting, financing and construction risks; (c) valuations of comparable projects or companies; and (d) macroeconomic conditions and trends. Actual events or conditions may differ materially from these assumptions and therefore, actual returns could be substantially lower.
- In calculating the targeted performance figures contained herein, Ares EIF has, in general, applied an assumed discount rate to the estimated annual cash flows from each investment for the period subsequent to the expected exit date applicable to each such investment. The discount rate refers to the interest rate used to determine the present value of those future cash flows. The assumed discount rate applicable to each investment has been determined based on a number of factors, including the risk profile of each such investment and other factors that are expected to impact value (e.g., status of construction, status of underlying power, fuel and debt agreements, expected facility improvements, and length of solid operating history). The discount rates used for the targeted returns presented herein range from 8% to 12%. Although the assumed discount rate for each investment is considered reasonable by Ares EIF, there is no guarantee that the ultimate purchaser of such investment will use the same discount rate.
- Targeted returns may include the reinvestment of proceeds from asset liquidations, income, and other earnings and reflect the deduction of any relevant transactional costs/expenses.

GENERAL

- No representation, warranty, guaranty, or other assurance whatsoever is being made that any of the assumptions underlying the fair value or the targeted returns presented herein are or will prove to be accurate. There is a substantial likelihood that some, if not all, of such assumptions and the resulting information included herein will prove to be inaccurate, possibly to a significant degree (i.e., targeted returns/multiples may be significantly higher, or lower, depending on market conditions at the time investments are sold), and, therefore, actual returns could be substantially lower.
- It should not be assumed that investments made by Fund V will be profitable or will equal the performance of previously realized investments. Past performance is no assurance of and is not indicative of future results.
- Additional information about each of the investments and the underlying assumptions is available from Ares EIF upon request.

USPF Funds: Ten-Year Cash on Cash Yields

Based on cash distributions through June 30, 2015

USPF Funds: Ten-Year Cash on Cash Yields ⁽¹⁾⁽²⁾											
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>Average Annual</u>
USPF I - IV Weighted Average	19.4%	11.5%	11.1%	9.1%	11.1%	10.2%	9.0%	3.1%	13.4%	16.7%	10.2%
USPF IV⁽³⁾	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>6/30/2015</u>						
	40.2%	7.4%	12.0%	5.4%	16.9%						11.5%
USPF III⁽³⁾	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>6/30/2015</u>		
	8.9%	14.9%	2.9%	3.7%	7.9%	0.8%	9.4%	0.0%	19.6%		7.2%
USPF II	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	
	27.1%	8.0%	14.9%	13.1%	3.9%	26.4%	8.4%	8.2%	4.1%	16.7%	11.6%
USPF⁽⁴⁾	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>						
	0.0%	22.7%	32.0%	44.7%	25.1%						31.8%

1. These "ten-year" cash on cash yields are presented for a period that begins in the year in which the respective fund made its first capital call and ends on the earlier of i) June 30, 2015, ii) the tenth year following such initial capital call, and iii) the last full calendar year in which the investors had capital invested in the fund (applicable only for USPF; see footnote 4 below).
2. The annual cash on cash yield calculations represent total distributions to the limited partners, divided by the limited partners' weighted average capital contributions, net of any cash distributions that represent a return of capital.
3. For 2015, the annual yield calculations for USPF IV and USPF III represent actual cash distributions for the first six months of the year only, divided by the weighted average investors' capital contributions for the entire calendar year (assuming no capital contributions or return of capital distributions during the second six months of 2015).
4. In April 2007, the USPF investors received distributions which included 100% of their capital contributions. Accordingly, the USPF annual yields are presented through 2006 only. In 2007, total distributions to the investors were \$256.6 million and from 2008 through June 30, 2015, the investors received cash distributions totaling \$116.6 million.

Note: It should not be assumed that the cash yield of Ares Energy Investors Fund V, L.P. will be similar to that of any of the funds listed above.

Past performance is not indicative of future results.





MEMORANDUM

Date: September 9, 2015

To: CCCERA Board of Retirement

From: Timothy Price, Chief Investment Officer
Chih-chi Chu, Investment Analyst

Subject: Ares Energy Investors Fund V

Recommendation

We recommend the Board make a capital commitment of \$50 million to Ares Energy Investors Fund V (AEIF V, or the fund), subject to satisfactory on-site and legal review. This commitment is consistent with CCCERA's private Real Asset deployment strategy presented to the Board in November 2014. We believe that AIEF V has the ability to capitalize on commodity market dislocations, while producing consistent cash yields from the North American Power market that has reliable demand and immense capital needs.

CCCERA has been an EIF investor since EIF's U.S. Power Fund I. Before a Real Asset category was introduced to CCCERA, these EIF investments were housed under the Alternative Investments. In the strategy memo mentioned above, it was proposed to move future EIF commitment to the Real Asset category. The infrastructure-like nature and the cash yield level of AEIF's investments make Real Asset a better home for AEIF V.

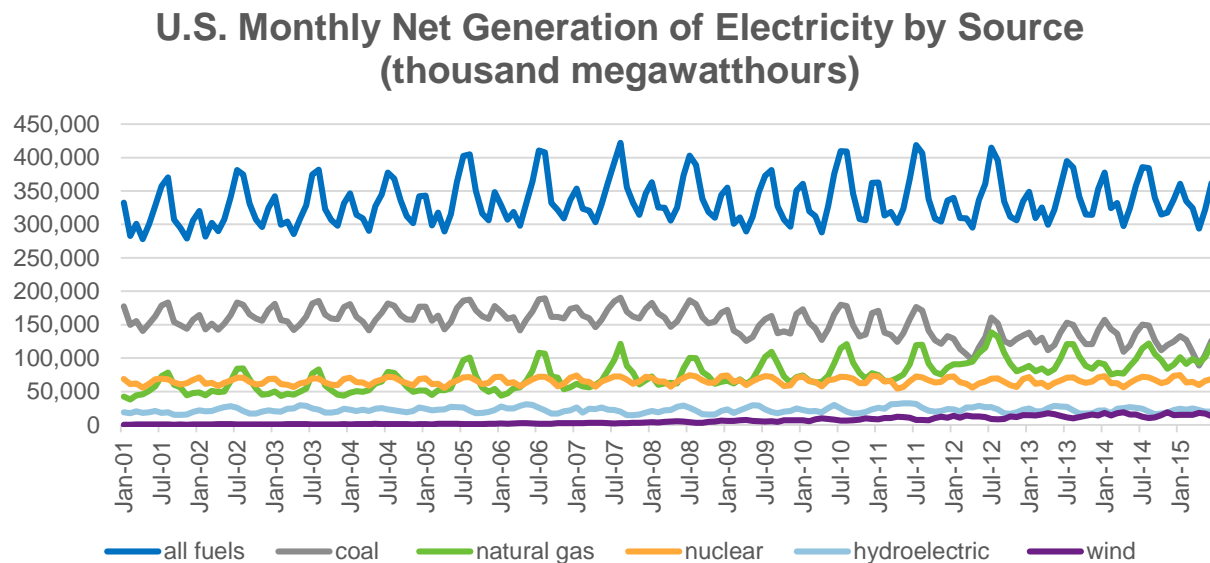
Below is the summary of CCCERA's past EIF investments:

YEAR	FUND	COMMITMENT AMOUNT
2002	USPF I	\$30,000,000
2005	USPF II	\$50,000,000
2007	USPF III	\$65,000,000
2010	USPF IV	\$50,000,000

Investment Strategy

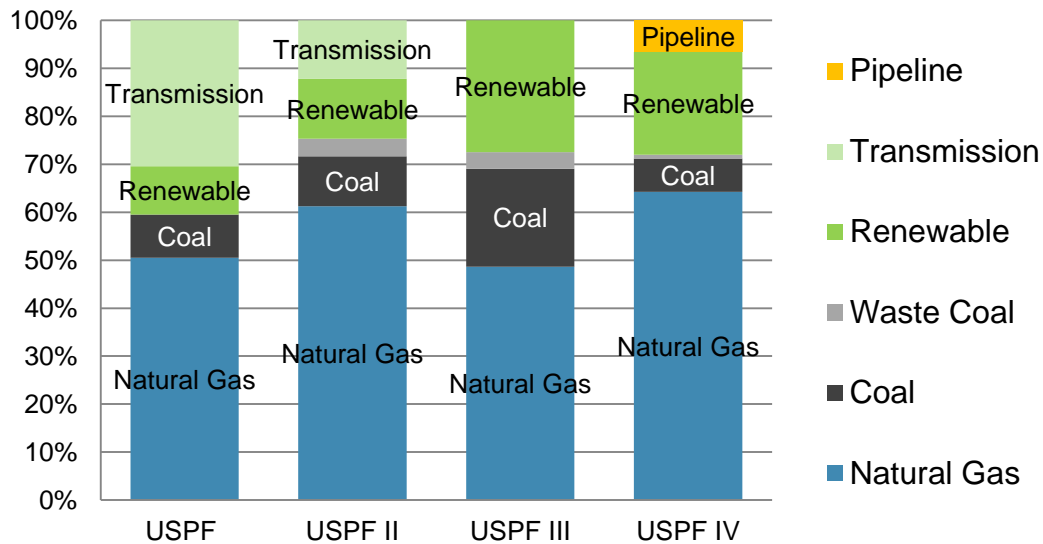
AEIF V's investment objective is to deliver 15-17% net IRR and 2x cash-on-cash net multiple by investing in power generation, power transmission, and midstream (natural gas and liquids transportation) assets. For power generation assets the fund will further diversify via different fuel types, such as natural gas, hydro, and renewable. AEIF V will target 40-60% of the fund in acquiring operating assets, up to 10% in development stage investments that usually lead to construction investments that finish the rest 40-60% capacity of the fund.

AEIF V's market is North America, mainly U.S. Although the overall U.S. power generation has been generally flat for the past fifteen years, the underlying generation sources are switching places. Most evidently, king coal is ceding his crown to natural gas, as evidenced by EIA (Energy Information Administration) chart below:



The shifting market share is caused by a confluence of factors such as regulatory changes, new technology, the fracking revolution, etc. EIF is able to demonstrate its ability to navigate the shifting landscape accordingly. Below is the summary of the evolving diversification of EIF funds:

EIF Funds' Evolving Diversification



AEIF V's investments will largely capitalize on the segments noted above but will rotate between the segments opportunistically. The investment sectors are summarized below with respective example to illustrate the investment strategy:

- Natural gas power generation:** With American shale revolution making it cheap and abundant, natural gas is becoming the default fuel type to replace the aging (EPA estimated the average age of U.S. coal plant is 42 years) and dirty coal-fueled power plants. Barclays estimated (in its 2014 Annual Power Market Update) there will be close to 100 GW retired from the U.S. coal power plants in the next five years, equivalent to the entire U.K. power market. Without replacing them, the U.S. power market is very likely to have reliability issues that will plague the U.S. economy. For example, certain markets within the Northeast, Midwest, and Texas regions are in urgent need of additional generation capacity due to extremely tight reserve margin (available capacity at peak load). California, on the other hand, with its growing use of renewable and retirement of coastal power plants, desperately needs additional quick-start, flexible, gas-fired generation capacity to meet its intra-day swings in supply and demand.

AEIF V will invest in natural gas power plants in locations with favorable market dynamics and access to cheap natural gas. One of the recently closed investment is in a mid-west location that is facing a lot of coal plant retirements. The location is also near a lake that is integral to the entire U.S. - Canada transmission system and adjacent to the intersection of two interstate gas pipelines.

- Hydroelectric:** Hydroelectric plants are renewable assets that are used as baseload power generation. Hydro plants have long life (100 years) and zero variable cost so they are highly competitive to other forms of generation.

One of the hydro plants EIF invested before came from a distressed situation due to lower than expected river flows and high leverage of the asset. After EIF came in, it replaced the management team, restructured the debts, re-did the power purchase agreements, and registered the plant to sell REC (renewable energy credits). After all these value-adds, the plant was sold to a foreign pension, grossing EIF 59% IRR and 2.9x multiple.

- Renewable (non-hydro): another renewable form of power generation that is being used as baseload is landfill gas-fired plants. They are run at full capacity, often in excess of 90% of the time. Their fuel source continues to grow as more waste accumulates in our society.

EIF has strung together a landfill gas-fired power portfolio called Aria Energy. It grew from 15 assets since started to 44 now, some of them through acquisitions and some through green field (new) development. The growth and integration of this portfolio in a highly fragmented renewable space is paving the way for a successful exit. It recently executed \$270 million term loan and revolver that was four times oversubscribed.

- Power Transmission: Transmission lines link power supply (power generation plants) and demand (load centers). Many of the existing 190,000 miles of high voltage transmission lines in U.S. are not properly maintained over the last several decades. The new ones that will connect the renewable power generation to the load centers also require lots of investment dollars. Furthermore, the transmission system constructed before did not foresee the inefficient problems created by the new dynamics among the regional power markets.

One of EIF's past transmission investments is a regional transmission line that transmits from the lower cost central New Jersey market to the capacity constrained NYC market. This opportunity came as a result of EIF providing early development loan to the project, then with a follow-on investment in the construction and equity. The exit of this asset grossed EIF 75% IRR and 3.3x multiple when it was sold in 2010.

- Midstream: the definition of the midstream sector could be broad, including oil and gas gathering system, storage, long haul interstate, or point-to-point pipelines that transport oil or gas. This is the area that we foresee more of in AEIF V. The environmental concern on coal and the abundance of cheap natural gas will spur the demand for billions of new investments in pipelines to feed natural gas to power plants as coal becomes less an important fuel. Not to mention the existing North American pipelines for oil and gas are designed for importing when U.S. was energy dependent.

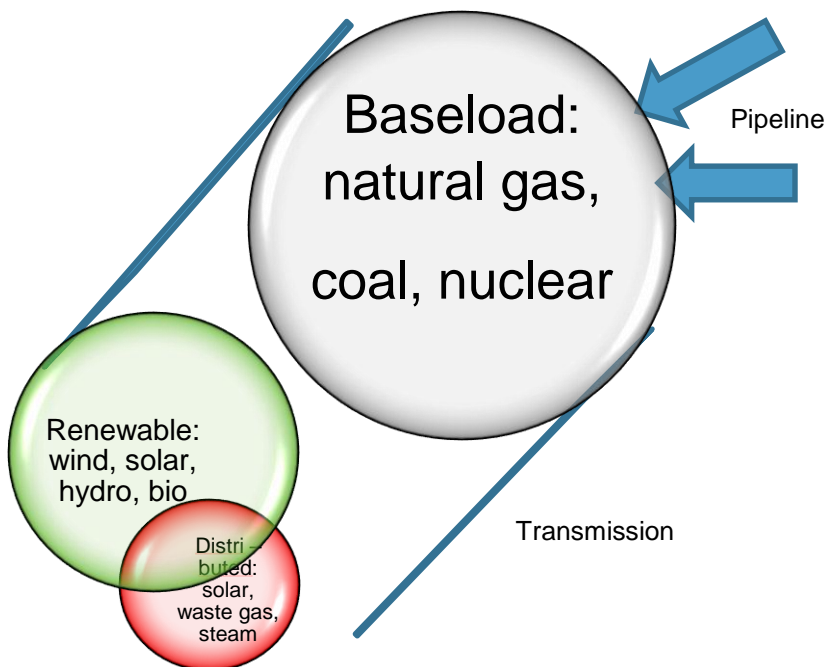
In 2007 EIF invested in a Midwest pipeline company that was ensnared in lawsuits at the time due to its non-Federal status. After taking over the assets, EIF filed for the FERC (Federal Energy Regulatory Commission) status, settled the lawsuits, increased the compression rate of the pipelines, expanded the pipeline coverage, and refinanced the assets. It was eventually sold to a REIT, grossing EIF 12% IRR and 2x multiple.

A potential pipeline investment of AEIF V will transport the Gulf (of Mexico) oil to the Northeast. Currently this transportation is via barge on rivers which is exposed to bad weather. Another opportunity is to pick up the divestment of pipelines from a low cost producer that want to focus on E&P (exploration and production) activities.

In nearly all of the investments discussed above, a special advantage to EIF is the PPA (power purchase agreement) of some sort that EIF signed with the power off-takers. These mid-to-long term PPAs often guarantee not only the price/volume of electricity generated but also the cost of fuel, thus insulate EIF from the commodity and demand risks.

Finally, the chart below illustrates AEIF V's investment landscape in the U.S. power market with the current industry thesis:

U.S. Power Market Investment Thesis



The replacement of coal plants, the ambitious Federal energy mandates, and the growing consumer-generated (distributed) power, will require billions of dollars to construct (or upgrade) cleaner and more efficient power plants, to lay transmission lines that accommodate more renewable power, and to build pipelines that feed cheap natural gas to power plants.

Overview of Firm and Investment Staff

EIF was acquired by Ares Management LP (NYSE:ARES) in late 2014. The acquisition came about from the Ares power lending group which had done business with EIF and learned about the acquisition opportunity created by the retirement of EIF's founding generation. Ares has a history of successfully venturing into the equity business of certain industries from the debt side, so acquisition of EIF represents no surprise from the firm's past acquisition strategy. Since the acquisition by Ares, one of the EIF founding partners who was responsible for client service retired, and the other two founding partners, Terry Darby and Herb Magid, will stay through AEIF V's investment period. Herb is listed as one of the "key men" in AEIF V.

CCCERA staff held several in-depth conversations with Ares senior management who oversee EIF. Ares is comfortable with the depth and breadth of EIF's team and therefore does not foresee any outstanding concerns tied to the retirement of the founding generation. Staff also had private conversations with several EIF employees. None of them left after acquisition, except assistant General Counsel and head of IT. The remaining EIF employees received meaningful raises as well as profit sharing, and are locked up for a certain period of time. According to both sides it has been an easy integration into Ares.

Subsequent to the EIF acquisition, in 2015 Ares recently announced their intention to acquire the energy investor, Kayne Anderson, to create Ares Kayne Management LP. The new firm will have \$113 billion in assets under management and will be ranked among the biggest private equity firms. Ares had shared energy investments with Kayne Anderson previously. Energy and power are two areas requiring lots of capital deployment but where Ares lacked expertise. The new Ares Kayne will have five business units: Tradable Credit, Direct Lending, Private Equity, Real Estate, and Energy. EIF was structured to be under Private Equity before the Kayne event and will remain so after.

The newly created Energy group will be headed by Kayne Anderson's Bob Sinnott. Mr. Sinnott will contribute to EIF (such as market intelligence and deal referrals) via weekly calls, but not exercise control. Collaboration among different business units is an important culture at Ares as 85% of its deals derive from the internal communications. The carry interests within the private equity group are also shared with contributors from outside the group.

Before being acquired by Ares, EIF already had a full team, spanning from investment sourcing to asset management to legal, accounting, and client services. In addition, EIF also has preferred operating partners (outside firms) in areas such as power plant management, hydroelectric, renewable, transmission and pipelines. All these internal and external structures will remain intact after Ares acquisition.

Below are the biographies of the AEIF presenters who represent the different generations of AEIF:

- *Herb Magid* is one of the founders of EIF in 1987. He has over 30 years of experience in the financing, development, and operations of power assets in the energy industry. Prior to EIF Herb was a senior investment officer of John Hancock (who still an investor in EIF funds as well as active co-investor with EIF) and a licensing engineer for the construction of electric power plants with United Engineers & Constructors. Herb has a MBA from Cornell University and B.A. from Colby College.
- *Keith Derman* is a Partner and investment committee member. He joined the firm in 2005 and is responsible for investment sourcing and portfolio management. Keith has over 18 years of industry experience. Prior to EIF he was the manager of corporate development at PSEG (Public Service Enterprise Group), working on acquisitions, divestment, and development projects for the company's 14,000 MW power portfolio. Keith started his career at M&A division in Smith Barney, working with financial sponsors and utility companies. He has a MBA from Wharton and A.B. from Duke.
- *Scott Parkes* is a Principal at AEIF. He joined the firm in 2007 and is responsible for investment sourcing and portfolio management. Scott has a lead role in managing AEIF's renewable asset, Aria Energy. Scott has over 15 years of industry experience. Prior to EIF he was with Exxon Mobil responsible for international finance, acquisition, and investor relations. One of his Exxon stints was in Nigeria, Africa. Prior to Exxon Scott was a senior financial analyst in the global power investment banking group at JP Morgan. Scott started his career as an analyst at a boutique investment bank serving U.S. power industry. While at Yale for his business school he was a John M Olin Fellow, researching U.S. pipeline system, and a summer associate at Duke Energy's M&A group. Scott received his MBA from Yale and B.A. from Columbia.

Track Record Review

EIF has sponsored four U.S. Power Funds. CCCERA is an investor in all four. Below is the summary of the performance and discussion.

Performance of United States Power Fund, L.P., June 30, 2015

Stage	Number of Investment	Equity Cost (\$ in millions)	Realized Value	Unrealized Value	Gross Multiple	Gross IRR
Realized	16	\$300.5	\$698		2.3x	30%
Unrealized	1	\$ 6.9		\$6.9	1x	0
Total	17	\$307.5	\$698	\$6.9	2.3x	29.4%

USPF was fully realized with one operating asset remaining (transmission). There are three small investment losses totaled \$1.8 million. The rest investments had multiples ranging from 1 to 3.3x. The most successful investment is a transmission system. The biggest loss is in utility billing services. USPF's net IRR/multiple to investors is 24.4%/1.9x.

Performance of United States Power Fund II, L.P., June 30, 2015

Stage	Number of Investment	Equity Cost (\$ in millions)	Realized Value	Unrealized Value	Gross Multiple	Gross IRR
Realized	16	\$ 399.1	\$549.6		1.4x	11.7%
Unrealized	12	\$ 634.1	\$305.3	\$569.7	1.4x	6.3%
Total	28	\$1,033.3	\$854.9	\$569.7	1.4x	7.9%

USPF II is in harvesting stage. There are four investment losses totaled \$14.3 million. The rest investments had multiples ranging from 0.5 to 5.2x. The most successful investments are transmission system and coal. The biggest loss is in biomass. The net IRR/multiple of USPF II to investors is 4.9%/1.3x. The projected fund life net IRR/multiple is 8%/1.7x. Key driver from the current to the targeted return is the continuing cash distribution from the operating assets.

Performance of United States Power Fund III, L.P., June 30, 2015

Stage	Number of Investment	Equity Cost (\$ in millions)	Realized Value	Unrealized Value	Gross Multiple	Gross IRR
Realized	10	\$ 592.5	\$ 784.5		1.3x	18.3%
Unrealized	15	\$1,050	\$ 316.1	\$1,212.8	1.5x	7.3%
Total	25	\$1,642.5	\$1,100.6	\$1,212.8	1.4x	8.8%

USPF III is in harvesting stage. There are four investment losses totaled \$15.3 million. The rest investments had multiples ranging from 0.5 to 6.4x. The most successful investments are natural gas assets. The biggest loss is in waste (fuel type). Fund III has the largest exposure to coal plants (20%) among the four EIF funds. These coal plants are operating well and on average have 14 years of PPA left. The fund's auditor, KPMG, is using 13% discount rate on cash flows for fair valuation of these coal assets. The net IRR/multiple of USPF III to investors is

6.2%/1.4x. The projected fund life net IRR/multiple is 9%/1.7x. Key driver from the current to the target return is the completion of a big natural gas asset, Newark Energy.

Performance of United States Power Fund IV, L.P., June 30, 2015

Stage	Number of Investment	Equity Cost (\$ in millions)	Realized Value	Unrealized Value	Gross Multiple	Gross IRR
Realized	3	\$ 85.6	\$ 238.9		2.8x	70.5%
Unrealized	14	\$ 936.2	\$ 148.5	\$1,174	1.4x	14.6%
Total	17	\$1,642.5	\$ 387.3	\$1,174	1.5x	18.5%

USPF IV is in the final investing stage. There is one small investment loss of \$1.5 million. The rest investments had multiples ranging from 1 to 3.7x. The most successful investments are hydro and midstream assets. To value Fund IV's constructions in process assets, KPMG is using a two-stage discounted cash flow process with higher discount rate applied during the construction period to reflect the higher uncertainty of the cash flows. The net IRR/multiple of USPF IV to investors is 17.5%/1.4x. The projected fund life net IRR/multiple is 18%/1.8x.

In addition to the individual fund performance, the performance table below shows EIF funds' combined result *broken down by fuel type*:

Overall Performance of United States Power Funds with Fuel Type Breakdown, As of June 30, 2015

Fuel Type	Equity Cost (\$ in millions)	Realized Value	Unrealized Value	Gross Multiple	Gross IRR
Natural Gas	\$2,257.8	\$1,745.1	\$1,754.1	1.5x	15.0%
Coal	\$ 534	\$ 243.7	\$ 512.8	1.4x	6.4%
Hydro	\$ 172.1	\$ 293.8	\$ 78.9	2.2x	18.9%
Renewable (non-hydro)	\$ 740.4	\$ 336.7	\$ 470.0	1.1x	2.3%
Transmission	\$ 224.7	\$ 339	\$ 110.3	2.0x	49.7%
Midstream	\$ 75	\$ 82.6	\$ 37.5	1.6x	13.1%
Other	\$ 1				
Total	\$4,005	\$3,040.8	\$2,963.5	1.5x	12.4%

The overall performance of USPF series funds' gross IRR is 12.4%. The net IRR is 8.4%, outperforming CCCERA's private real asset benchmark, CPI+600 bps (which is 8.2%) 20 bps annually during the period of interests (2002-2015).

One final mention on EIF’s performance is its cash on cash yield, 10.2%, broken down by fund in the table below and illustrated by the flow chart that follows:

USPF Funds: Ten-Year Cash on Cash Yields, June 30, 2015

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
USPF I	0.0%	22.7%	32.0%	44.7%	25.1%					
USPF II	27.1%	8.0%	14.9%	13.1%	3.9%	26.4%	8.4%	8.2%	4.1%	16.7%
USPF III	8.9%	14.9%	2.9%	3.7%	7.9%	0.8%	9.4%	0.0%	19.6%	
USPF IV	40.2%	7.4%	12.0%	5.4%	16.9%					
USPF wtd Average	19.4%	11.5%	11.1%	9.1%	11.1%	10.2%	9%	3.1%	13.4%	16.7%

The balancing effect on risk of adding AEIF V to CCCERA’s private real asset portfolio will be tangible, which is discussed in the next section.

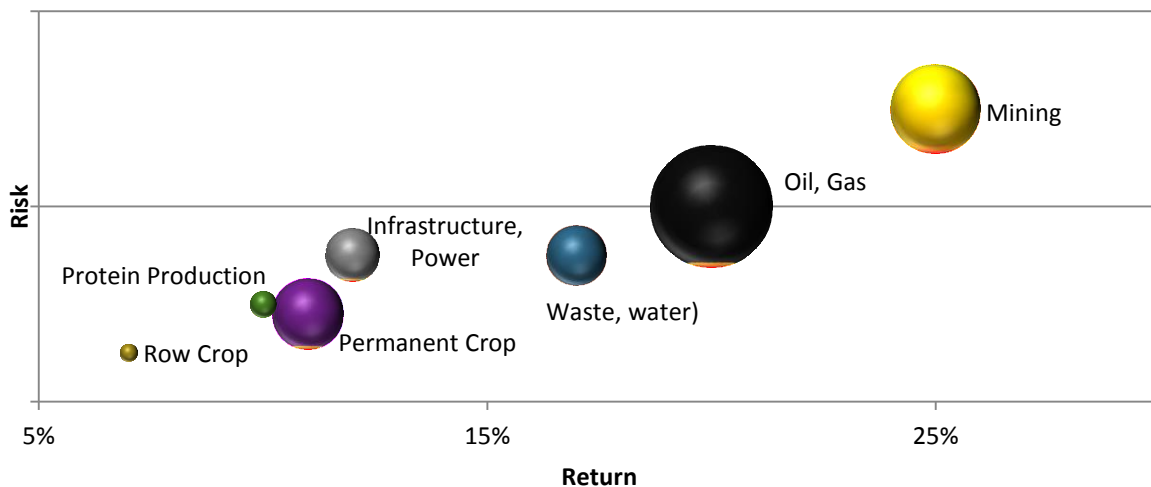
CCCERA Private Real Asset

From the Private Real Asset Commitment Schedule memo presented to the board last November, CCCERA will over-commit to private real asset by 75% in order to compensate the deployment pace of private real asset investments. With this over-commitment and CCCERA's total asset value as of July 31, 2015, the availability for CCCERA to commit to private real asset is approximately \$76 million, illustrated by the schedule below:

	<u>Value</u> <u>(Millions)</u>		<u>Value</u> <u>(Millions)</u>
CCCERA Total Fund <i>as of 7/31/2015</i>	\$7,465	Closed End Target	\$187
		less Closed End Investments	\$38
		less Commitments (incl. Wastewater, Commonfund)	<u>\$213</u>
Real Asset @ 5%	\$373	Available to Commit	-\$64
less Public Target @ 2.5%	<u>\$187</u>		
=Private R.E. Funds @ 2.5%	\$187	plus 75% Over-Commitment	<u>\$140</u>
		Estimated Available to Commit	\$76

For CCCERA's current (based on projected total commitment) sector exposure in private real assets, below is the chart that summarizes the relative weight of various sectors in the risk-return spectrum:

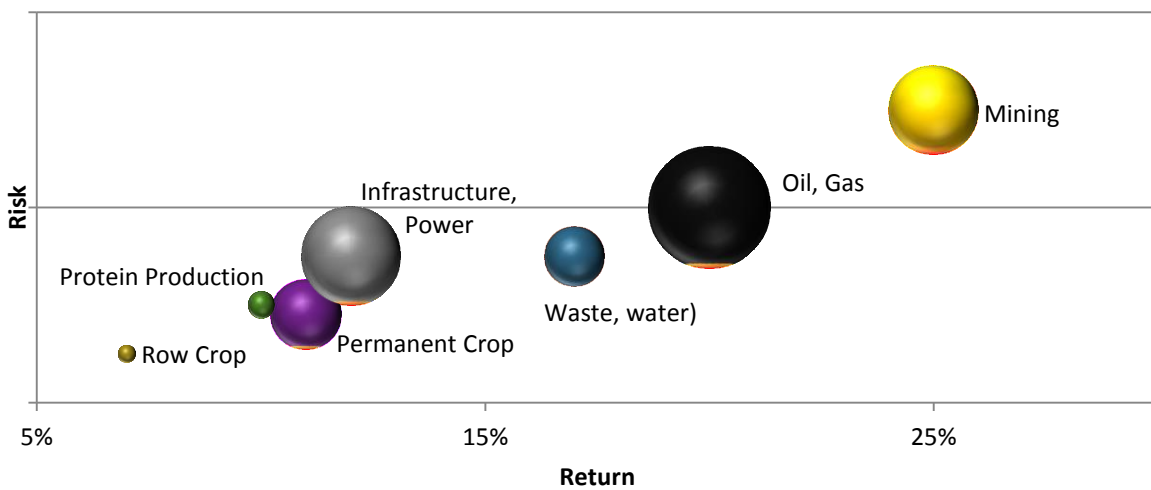
CCCERA post-Commonfund Private Real Asset Profile



On this chart, oil and gas is the leading class, accounting for 42% of CCCERA’s total private real asset exposure, followed by 23% in mining, 14% in permanent crop, 10% in water, 8% in infrastructure/Power, and 3% potentially in protein production and row crop.

Post CCCERA’s commitment of \$50 million to AEIF V, oil and gas exposure will decrease to 36% of CCCERA’s total private real asset exposure, the cash yield-producing infrastructure and power will increase from 8% to 23% due to AEIF V commitment, followed by 19% in mining, 12% in permanent crop, 8% in wastewater, and 2% potentially in protein production and row crop. The new risk/return allocation of CCCERA’s private real asset is illustrated below:

CCCERA post-AEIF V Private Real Asset Profile



Risk Factors

Some of the risk factors to consider related to AEIF V commitment include:

- Construction risk – one of EIF’s signature strategies is converting small development projects with small loans into bigger construction projects, recap along the way to return capital to investors and eventually lead to an exit when the plant can reliably scale its output. Unexpected events during construction will often delay the project thus cause a lower IRR. One of EIF’s past projects, Kleen Energy, had an industrial accident in 2010 when purging gas from a pipeline. Although delayed by the accident, Kleen has since caught up to be a low cost producer in a very tight New England market with the second lowest heat rate in the region. The insurance claims were paid out without much problem. The contractor, the largest in Connecticut, continues to win state and local public projects after the accident without much dent to its reputation. EIF was mostly insulated from the liabilities.
- Commodity risk – the price of natural gas might not stay as low as now during the life of AEIF V. A higher natural gas price may dampen the demand to shift from coal to natural gas-fired power plants.
- Technology risk – advancement in battery technology may reduce the demand for power from Utilities. Currently the batteries in the market can only serve as backup generation; that may change during the life of AEIF V.
- Political risk – government subsidies to renewable energy, various mandates to the energy industry, the exporting policy on natural gas and oil, etc. will all have mixed impacts on AEIF V.

Summary of AEIF V Terms

Expected Size:	\$2 billion
GP Commitment:	Lesser of 2% or \$40 million
Investment Period:	5 years after the initial capital call
Maturity:	Ten years after the initial closing, with one additional 1-year extension at GP's discretion and another 1-year extension by majority of LP approval
Management Fee:	1.5% (10 bps break during Investment Period for first closers)
Preferred Return:	8%
Distributions:	First pay back 100% to LP's commitment, then pay back 8% preferred return to LP, then 100% to GP until GP receives 20% of all cumulative profits, then 80% to LP/20% to GP

Fee Projection

Below is the projected fee table with hypothetical return scenarios for a \$50 million commitment in the *first close*:

<i>Net IRR Scenario</i>	<i>10%</i>	<i>15%</i>	<i>20%</i>
<i>M'gmt Fee</i>	\$3.6 million	\$3.6 million	\$3.6 million
<i>Carry Interest Fee</i>	\$4.4 million	\$8.4 million	\$14.1 million
<i>Total Fee</i>	\$8 million	\$12 million	\$17.7 million



Meeting Date
09/09/15
Agenda Item
#16a.

Roundtable for Consultants & Institutional Investors

October 7-9, 2015 ■ Four Seasons Hotel ■ Chicago, IL

Roundtable Co-Chairs

Robin Pellish, **Rocaton Investment Advisors, LLC**
Jim Voytko, **RVK, Inc.**

Corporate Plan Chair

Katharine Wyatt, **Abbott Laboratories**

Endowments & Foundations Chair

James Perry, **Texas Tech University System**

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Barry Dennis, **Strategic Investment Solutions**
Stephen P. Holmes, CFA, **Summit Strategies Group**
Steve Carlson, **Towers Watson**
Jeffrey J. MacLean, **Verus**
Julia K. Bonafede, CFA, **Wilshire Associates**

Reset!

The entrepreneur always searches for change, responds to it, and exploits it as an opportunity.

- Peter Drucker

I want to put a ding in the universe.

- Steve Jobs

Fasten your seat belts. It's going to be a bumpy night.

- Margo Channing (Bette Davis), "All About Eve" (1950)

Introduction

Investors have enjoyed a low-volatility environment in recent years, but must contend with larger issues on the investment and economic horizon. Valuations on U.S. stocks are up, and the outlook for earnings growth is shifting. International stocks have rallied, but political and currency risks exist in those markets. At the same time, the Fed is considering raising rates, which could increase financing charges for U.S. companies, and could affect the value of bonds and other income-producing assets. At this time of inflection all industry participants have had to recalibrate their business strategies to accommodate changing markets and opportunities. Amid this changing climate, investors have strengthened their commitment to continued innovation and stronger alignment of interests with their partners, consultants and managers alike. As the role of the consultant has evolved, managers have reinforced their dedication to develop those products and strategies that can satisfy investor's appetite for growth yet maintain an appropriate risk profile. Fiduciary responsibility and good governance have also come to the forefront of evolving industry issues. Should industry participants dedicate an enormous amount of creativity to adapt to the shifting economic landscape or should they go back to the basics toward a more simplistic approach? What does a strategic long-term position of value creation look like in an increasingly short-term oriented world?

The 2015 *Roundtable for Consultants & Institutional Investors* will explore the interaction and interdependency of the various constituents of the asset management industry and provide a venue to discuss the opportunities and challenges in today's marketplace.

Tuesday, October 6, 2015 (Pre-Roundtable)

4:00pm

Registration for Asset Owners

5.00pm

Private Conversation for Asset Owners

Join us for special investor-only private conversation to be held on the eve of the Roundtable's official start. Exchange ideas, review the program in advance, dig into the discussion topics and get to know your peers, all in a relaxed and private setting. This session will be followed by an informal reception and buffet dinner. Please join your peers.

5:30pm

Registration for Investment Consultants & Asset Managers

6:00 -7:30pm

Informal Welcome Reception & Buffet Dinner for All Delegates

Wednesday, October 7, 2015

7:30-8:30am

Registration & Buffet Breakfast

8:30 – 8:45am

Welcome and Introductory Remarks

Robin Coffey, *Executive Director*, Institutional Investor Memberships

Jim Voytko, *President, Chief Operating Officer & Principal*, RVK, Inc.

8:45 – 9:15am

Inflection Points and Imbalances

In today's investment environment it is imperative that decision-makers take note of momentum and imbalances. Taking a view of the longer horizon, this speaker will address such issues as: recovering from the great recession – cyclical vs. structural trends; imbalances accumulated in the global economy and the financial system; and balancing opportunity vs. global imbalances.

Sam DeRosa-Farag, *Industry Consultant*

9:15 – 10:00am

Hedge Funds and Alternatives: The Current and Future State of the Industry

Investors continue to revise their methods of diversification and asset allocation in order to optimally position their portfolios given the changes in economic markets that have evolved over the last few years. Despite lackluster returns and steep fee structures, coupled with historically low interest rates and increased volatility, as the equity markets level off, hedge funds and other alternatives are poised to gain ground. Thus, most investors do not plan to rid their portfolios of these strategies any time soon. While some institutions are initiating or expanding their programs, several notable public funds have withdrawn from this arena. The longer term ripple effect, especially on the board level, has resulted in increased scrutiny regarding the role of non-conventional asset classes such as hedge funds, private equity and other alternative strategies. How can investors balance their quest for alpha with their need for consistent returns? How should managers address investors' concerns regarding, among other things, ownership and generational change; size and complexity of funds; liquidity matching and transparency. This panel of industry leaders will share their views on the state of the industry and offer perspectives on where it is headed.

Moderator: Josh Friedlander, *Editor*, Absolute Return

Adam B. Blitz, *CFA*, Principal, CEO & CIO, Evanston Capital Management, LLC

John Claisse, *Partner*, Albourne America LLC

James H. Grossman, Jr., *CFA, CPA*, *Chief Investment Officer*, Pennsylvania Public School Employees' Retirement System

Stephen L. Nesbitt, *Chief Executive Officer*, Cliffwater LLC

Mark Okada, *Co-Founder, Chief Investment Officer*, Highland Capital Management, LP

10:00 – 10:30am

Coffee Break

10:30 – 11:30am

Staying Ahead of the Curve: Portfolio Construction, Selection and Strategies

Picking up on the previous session's dialogue regarding the continued evolution of hedge funds and other alternative investment, this panel will discuss the best ways to take advantage of opportunities that are found away from traditional paths. How does an investor break up seemingly overwhelming global economic issues into a series of manageable concerns? Has appetite for risk increased or is a more cautious approach necessary? What/where are the opportunities and speedbumps? How can hedge fund fee structures, amid sub-optimal aggregated industry performance, be justified? In the case of long-only hedge fund strategies, how far can mix-and-match go in realizing investors' expectations? What if a certain amount of liquidity is required, and what are the implications of utilizing more liquid alternatives? How much should you pay for alternative risk premia and exotic beta? How can investors with limited resources ferret out attractive opportunities and identify potential partners in niche asset classes given their own staffing and resource constraints? Is it a "work smarter, not harder" philosophy distinguishing their strategies by differentiation and picking good managers? This panel will discuss the role of hedge funds and alternative strategies and how investors can measure the true costs and benefits of such allocations.

Moderator: Harvey Shapiro, *Senior Advisor*, Euromoney Institutional Investor PLC

Dawn Fitzpatrick, *Global Head and Chief Investment Officer*, O'Connor

Sharmila Kassam, *Deputy CIO*, Employees Retirement System of Texas

Neil Roache, *Vice President, Investment Strategy & Private Markets*, Exelon Corporation

Maria Vassalou, Ph.D., *Partner and Portfolio Manager of the PWP Global Macro Strategy*, Perella Weinberg Partners

Jim Vos, *Chief Executive Officer*, Aksia LLC

Dominic Wilson, *Head of Strategy and Research*, MKP Capital Management, L.L.C.

11:30 – 12:30pm

Alternatives Think Tanks: Portfolio Construction

Co-led by consultants, investors and/or asset managers, the groups will discuss best practices and key criteria for investing in hedge funds and other alternative strategies in the current investment environment. These think tanks will explore where and why investors are allocating now, the key considerations they face in implementation and what they require from their consultants and manager partners.

THINK TANK LEADERS:

- I. **George Hauptfuhrer**, *CFA, Consultant*, Prime Buchholz
Chris Moore, *Senior Vice President*, Summit Strategies Group
Matt Zumbach, *Director-Investments*, Aon Corporation
- II. **Craig V. Adkins**, *CFA, CPA, Director of Hedge Fund Manager Research*, DiMeo Schneider & Associates, LLC
Tarik H. Dalton, *Investment Manager*, North Carolina Department of State Treasurer
Michael D. Joyce, Esq., *CEBS, Executive Vice President/Senior Consultant*, The Marco Consulting Group

- III. **Day Bishop**, *Director, Insurance Industry*, Towers Watson Investment Services, Inc.
John Patin, *Senior Vice President, Investments*, Allied World Assurance Co.
Bruce Ruehl, *Partner, Head of Americas Advisory*, Aksia LLC
- IV. **Pete Keliuotis**, *Senior Managing Director*, Cliffwater LLC
Kenneth Souza, *Investment Director*, University of South Florida Foundation
- V. **Daniel E. Simon, CFA**, *Senior Consultant*, Ellwood Associates
Matthew Stroud, *Head of Strategy and Portfolio Construction*, Towers Watson Investment Services, Inc.
Carol Sussenbach, *Chief Financial Officer/ Treasurer*, Mather LifeWays Foundation
- VI. **Howard Mark Hodel**, *Investment Officer – Risk Management*, Hawaii Employees' Retirement System
Neil Rue, *CFA, Managing Director*, Pension Consulting Alliance (PCA)

12:30 – 1:30pm

Seated Lunch

1:30 – 2:15pm

Featured Speaker

Toward a New Cold War? : Russia, Ukraine, Western Policy and the Shifting Balance Of Power

Russia's annexation of Crimea, along with its deployment of troops on the Ukraine border and support for separatists in that nation, have challenged the U.S. and its allies in ways not seen since the end of the Cold War and breakup of the Soviet Union. What are the motivations and likely end game for Russian President Putin? Other than sanctions and tough talk, what courses of action are open to Western leaders? Has the Obama administration, weakened by domestic politics, lost its foreign policy mojo? What are the implications for alliances and outcomes in areas such as the Middle East and Asia? Our speaker, U.S. ambassador to Russia until right before the crisis, will share his perspective.

Michael McFaul, *Professor of Political Science*, Stanford University

2:15 – 3:15pm

Concurrent Sessions:

1. Creative Credit Strategies

Demand for yield and for credit-oriented investment strategies has continued to strengthen despite signs of deterioration in credit fundamentals. Amid continuing talk of rising interest rates, and with investors facing uncertainty in the bond markets, fixed income alternatives are seen as a necessity to protect funding ratios. Unconstrained strategies, which should allow investors to build a portfolio with a more diversified set of exposures and allow them to dynamically adjust their allocations, are being sought in order to enhance returns and mitigate risk. But is this quest for alternatives to core fixed income sowing the seeds for the next distressed cycle? Or is it really different this time? This panel of industry experts will discuss and debate the merits of credit permutations in investment portfolios and examine how consultants can best advise their clients on ways to successfully invest in non-traditional fixed income alternatives.

Moderator: Barry Dennis, *Managing Director*, Strategic Investment Solutions

Scottie D. Beville, *Senior Investment Officer-Global Bonds and Real Return*, Teachers' Retirement System of Illinois

Stephen Hickey, *Managing Partner & CIO*, CVC Credit Partners

James Levin, *Head of Global Credit and Executive Managing Director*, Och-Ziff Capital Management Group

Dan Sparks, *Founder and Chief Investment Officer*, Shelter Growth Capital Partners

2. Do Liquid Alternatives Make Sense?

Historically, the words "liquid" and "alternatives" have not shared a marquis. However, some alternative investment strategies, such as commodities and managed futures are very liquid. But the recent trend toward alternative investment strategies offered as registered mutual funds has led some to conclude that liquid alternatives may become mainstream. According to McKinsey & Co. forecasts, alternative strategy mutual funds will account for 13 percent of all mutual funds by the end of this year. Should "liquid alts" have a role in institutional portfolios and why? This panel will discuss and debate what are the benefits and potential limitations of liquid alternatives for institutional investors.

Moderator: David A. Hyman, *Principal, Senior Investment Consultant*, Mercer Investment Consulting

Samuel E. "Q" Belk, IV, *Director of Diversifying Investments*, Cambridge Associates LLC

Jeff Furst, *CFA, CAIA, Vice President, Hedged Strategies*, Fund Evaluation Group, LLC

Kym M. Hubbard, *Treasurer & Chief Investment Officer*, Ernst & Young, LLP

Phillip Titolo, *Director of Investments*, MassMutual Insurance Company

3:15 – 3:45pm

Coffee Break

3:45 – 4:45pm

Concurrent Sessions:

1. Overcoming Congestion in the Private Markets

Investments in the private markets, often pricey and complex, have been driven by a philosophy that accepting a heightened level of illiquidity should generate premium returns. However, in today's high-price, low-yield environment are private market investments still the best course? In a sector that is more complicated and competitive than ever before, how can an investor best evaluate the myriad of opportunities in order to identify those that will optimally align with their long-term objectives? This panel of industry experts will discuss and debate the core issues, trends, outlooks, challenges, opportunities and strategies in the private space.

Moderator: Samuel Gallo, *CPA, CAIA, Chief Investment Officer*, The University System of Maryland Foundation, Inc.

Andrew Christensen, *CFA, Director of Private Markets*, Carleton College

Nickol R. Hackett, *Executive Director & Chief Investment Officer*, Cook County Annuity & Benefit Fund

Jim Treanor, *Principal & Head of Research*, Slocum

Larry Witt, *CFA, Consultant*, Meketa Investment Group

2. Currency Hedging

As the dollar has increased, the opposite can be said about foreign currencies – and the dollar's relationship with foreign currencies. Who is hedging now and how are they doing it? Where is the dollar headed? What does this mean for five (or 10) years down the road? Should investors who have been hurt get out now or wait out the storm? Does it pay to play? This panel will discuss and debate these issues and more.

Moderator: Mike Edleson, *CFA, Chief Risk Officer*, University of Chicago

Jonathan Havice, *Chief Investment Officer*, Slocum

Jay Love, *Partner and Senior Consultant*, Mercer Investment Consulting

David T. Shukis, CFA, *Head of Global Investment Services*, Cambridge Associates LLC

3. Healthcare Happy Hour

For healthcare fund executives only, this facilitated closed-door discussion is designed as an opportunity for peers to share thinking and exchange ideas.

Co-Leaders: *to be announced.*

6:00pm

Buses depart Four Seasons for Carnivale Restaurant

6:15-8:30pm

Reception, Dinner & 2nd Annual Institutional Investor Network (IIN) Healthcare Investor Intelligence Awards at Carnival Restaurant

Since opening in 2005, Carnivale has established itself as one of the premier dining experiences in Chicago's West Loop. Featuring authentic Nuevo Latino cuisine, Carnivale's vibrant décor and festive atmosphere will serve as the perfect backdrop for our IIN Awards celebration.

Thursday, October 8, 2015

7.30-8.45 am

Private Breakfasts & Conversations:

- **Healthcare Executives**

Breakfast Co-Chairs:

William Deu Lee, CFA, *Chief Investment Officer & VP, Pension & Foundation Investments*, Kaiser Permanente

George Mateyo, *Executive Director, Investments*, Cleveland Clinic Foundation

- **Insurance Executives**

Breakfast Co-Chairs: *To be announced.*

Guest Discussant: Edward Toy, *Director of Capital Markets Bureau*, National Association of Insurance Commissioners

8.00-9.00 am

Registration & Buffet Breakfast

9:00-9:15am

Welcome and Introductory Remarks

Robin Coffey, *Executive Director*, Institutional Investor Memberships

Robin Pellish, *Chief Executive Officer*, Rocaton Investment Advisors, LLC

9:15 – 10:00am

The Outlook for Asia

As investors aggressively seek double-digit growth, and with US valuations considered expensive, the economies of Asia, most significantly China, remain of paramount importance. The environment across the region is expected to remain challenging as individual countries continue to grapple with their own domestic economic issues. In addition to longer-term challenges that each individual country continues to face, there are common issues that will influence the region as a whole next year: the effectiveness of expected further policy support in the region as policymakers continue to support growth; the fallout from the sharp decline in commodity prices over the second half of 2014; and the impact of the sharp rise in the value of the U.S. dollar. Given that every country has its own challenges and opportunities, correct country selection is the most important decision an investor can make. This panel of industry experts will discuss and debate the outlook for the region and what will separate the winners from the losers.

Moderator: Jason Brueschke, *Analyst*, Discovery Capital

Additional speakers to be announced.

10:00 – 11:00am

Who's on First...?

Relationships between the various players in the asset management industry have continued to evolve as consultants morph into full-service providers. Asset allocators and investment managers, working with their intermediary advisors, are all part of a very different ecosystem than what was in the past. The convergence between long-only and alternative investments has only hastened this evolution. Which consulting models will thrive in a climate of increasingly customized and packaged solutions? How does an asset owner decide whether to buy or build their required capabilities and how do consultants and internal resources relate to each other among shifting responsibilities? How do generalists and specialists factor into the equation? Will a hybrid consulting model dominate the future? Can boutique advisors' strategies and advice supplant traditional generalist shops? What potential conflicts of interest will consultants have to look out for as they increasingly emphasize tactical abilities? In a rapid-fire, round-robin format, this panel of industry heads will discuss and debate the evolving role of consultants with an emphasis on how they are reinventing their business to adapt to the ever-evolving asset management industry. Specifically, they will address their firm's priorities, manager search activity, organizational updates, and how best to communicate with research and field consultants for you to poke holes in, or validate. A conversation not to be missed!!!

Moderator: Harvey Shapiro, *Senior Advisor*, Euromoney Institutional Investor PLC

Scott B. Harsh, *President & Chief Executive Officer*, Fund Evaluation Group, LLC

Stephen P. Holmes, *CFA, President*, Summit Strategies Group

Michael P. Manning, *Managing Partner*, NEPC, LLC

Robin Pellish, *Chief Executive Officer*, Rocaton Investment Advisors, LLC

Jeffery J. Schutes, *Senior Partner*, Mercer

Jim Voytko, *President, Chief Operating Officer & Principal*, RVK, Inc.

11:00 – 11:30am

Coffee Break

11:30- 12:30pm

Think Tanks of Investable Ideas: Asset Allocation and the Roles of the Investor, Consultant and Manager in the Decision-Making Process

The respective roles to be played in the asset allocation process by investors, consultants, and asset managers are being reexamined. In an environment where it is challenging to evaluate the potential of all the available asset classes, investors are relying more and more on the skills of their managers and consultants. These discussion groups, each headed by an investor, a consultant, and an asset manager, will examine the latest thinking about who should decide what and the metrics on which they should be measured.

THINK TANK LEADERS:

- I. **Anthony Goo**, *Investment Officer – Liquid Markets*, Hawaii Employees' Retirement System
Kevin J. Turner, CFA, *Managing Director, Consulting*, Russell Investments
Katharine Wyatt, *Director, Trust Investments*, Abbott Laboratories

- II. **Jeff Gabrione**, *Director of Research*, The Bogdahn Group
Patricia Hafner, *Director of Investments*, DePaul University
Christopher M. Meyer, *Managing Principal*, Truepoint Institutional Advisors

- III. **Steven M. Carlson**, *Head of Investments, America*, Towers Watson Investment Services, Inc.
James P. Maloney, *Acting Chief Investment Officer*, Chicago Policemen's Annuity and Benefit Fund
George Tarlas, *Senior Managing Director*, Asset Consulting Group

- IV. **Carlos Borromeo**, *Chief Investment Officer*, Arkansas Public Employees' Retirement System
Jim Callahan, CFA, EVP, *Manager, Head of Fund Sponsor Consulting*, Callan Associates
Christopher Levell, ASA, CFA, CAIA, *Partner, Director of Asset Allocation Research*, NEPC, LLC

- V. **Chris Montgomery**, *Vice President, Investments*, Grange Mutual Casualty Company
Cindy Potter, *Managing Director*, Cardinal Investment Advisors

- VI. **Ashwini Apte**, *Defined Contribution Senior Consultant*, NEPC, LLC
Lori Lucas, *Executive Vice President & Defined Contribution Practice Leader*, Callan Associates Inc.
Robert Palmeri, *Director of East Coast Consulting & Head of the Defined Contribution Solutions Group*, RVK, Inc.

- VII. **Richard Marra**, *Senior Consultant*, Pavilion Advisory Group
Think tank co-leaders to be announced.

12:30 – 1:30pm

Seated Lunch

1:30 – 2:15pm

Featured Speaker

Ten Myths of Cyber Security

IT security professionals often adopt strategies for cyber defense that are based on faulty assumptions. For example, strong, frequently changing passwords can make networks more vulnerable instead of less. Dr. Eric Haseltine, former head of R&D at NSA and Director of S&T for the Intelligence Community will explore the myth of strong passwords and nine other common misperceptions about cyber security. He will describe strategies that Information Assurance and IT professionals can use to recognize the sway these powerful myths hold within their organizations and convince senior managers to provide the resources needed to address historically underfunded areas, such as insider threats and supply chain attacks.

Eric Haseltine, *President & Managing Partner*, Haseltine Partners LLC; *Former Head of Research & Development*, National Security Agency

2:15 – 3:15pm

Concurrent Workshops:

1. Does the Future Still Belong to the Emerging Markets?

Over the last few decades, investor capital has rushed into and out of emerging markets. Attracted by the prospects of strong economic growth and favorable demographics, many investors significantly increased their allocations to emerging markets in the last decade. However, in recent months the emerging markets universe has been increasingly characterized by diverging performances at regional, industrial sector and company levels, not least owing to sharp changes in commodity markets. There are many companies and countries with exciting potential profit growth and hence capital return prospects, but also many areas to avoid. Where might investors expect both public and private emerging markets outperformance relative to developed economies? Are today's frontier markets tomorrow's emerging opportunities? This panel will explore how investors can best manage their emerging market investments to find real value.

Moderator: Michael A. Rosen, *Principal & Chief Investment Officer*, Angeles Investment Advisors LLC

Jan Dehn, *Co-Head of Research*, Ashmore Investment Management Limited

R. Andrew Ierardi, *Sr. Portfolio Manager - Private Markets*, Exelon Corporation

Michael Kass, *Vice President, Portfolio Manager*, Baron Capital

Nathan Sandler, *Managing Partner and Co-Founder*, Ice Canyon LLC

2. Case Study & Panel Discussion: Governance & Staffing That Works!

Now more than ever establishing a strong governance structure is a key component to any investment office. What type of discretion does the CIO and investment team have or how much should they have? How can the relationship between the allocator and the investment consultant be optimally managed and how does this tie to overall good governance? What should the role of the investment committee be? What are the potential structural changes which can lead to improved fiduciary and investment performance? What actions can be taken to improve fiduciary performance which do not require fundamental changes to the laws or governance structure? How can a plan ensure that there is proper alignment of the fund's governance and policy framework, investment operations, and compliance and controls? This case study and subsequent panel discussion will explore and identify what are the real problems surrounding plan governance and what are the alternatives to solving them. This panel will discuss some of the ways fund executives have improved their governance structure as well as lessons learned along the way.

A. Case Study Presenters:

David J. Holmgren, *Chief Investment Officer*, Hartford HealthCare

Karen Chandor, *Principal Consultant*, Mercer Investment Consulting

B. Panel Discussion:

Kevin Edwards, *Senior Investment Director*, Hartford HealthCare

John Miller, *Chief Investment Officer & Treasurer*, Cone Health

Josh Rabuck, *Executive Director-Investments*, Indiana University Health

Anthony Waskiewicz, *Chief Investment Officer*, Mercy Health

3:15 – 3:30pm

Coffee Break

3:30 – 4:15pm

Concurrent Workshops:

1. Responsible Investing 3.0

Increasingly, fiduciary obligation is seen to include a careful assessment of environmental, social and governance issues. The perception that positive social outcomes are, in any measure, secondary to financial performance or indeed only achievable by trading off financial return is changing, and although perspectives and motivations vary, social impact investing, the convergence of principles with performance, continues to grow as asset owners work with managers to execute strategies that provide the returns needed in keeping with risk considerations and overall portfolio design. This panel will share what's working and what's not, including an insurance company's search for profitable impact investments across asset classes; an asset manager's financing and infrastructure products; and a foundation's alliance between grants and investments. These investment professionals recognize that success requires not only willingness and expertise, but perseverance, leadership and a supportive organizational culture. Accordingly they've devoted a great deal of thought, time and commitment to understanding the issues involved: How is risk assessed across asset classes? How satisfied are investors with results of their "impact" investments? How are they developing expertise, and how do they hold their service providers accountable? What role do investment consultants play? This panel will explore these issues and more.

Moderator: Sarah Cleveland, *Founder*, Sarah Cleveland Consulting LLC

Bill Atwood, *Executive Director*, Illinois State Board of Education

Jeffrey W. Eckel, *President & CEO, Chairman of the Board of Directors*, Hannon Armstrong

Manuel Lewin, *Head of Responsible Investing*, Zurich Insurance Company

Maureen O'Brien, *Director, Corporate Governance*, Marco Consulting Group

2. Is Your DC Plan Working...For Everyone?

Measuring success in defined contribution is less about participation or the number of funds utilized and becoming more about retirement readiness. This session will discuss various ways to measure plan success and factors to consider including: breaking down plan demographics and investment behaviors and techniques for influencing them for improvement; considering the Qualified Default Investment Alternatives, exploring institutional investment solutions and establishing a framework for financial wellness.

Lorie Latham, *Senior Investment Consultant*, Towers Watson Investment Services, Inc.

Sue Walton, *Director*, Towers Watson Investment Services, Inc.

Additional speaker to be announced.

4:15 – 5:00pm

How Active?

Nowadays the active vs. passive debate seems to have evolved into a controversy centered on where one stands on “active share”. On one hand there are those that identify themselves as “extreme active share investors”. They are concentrated, benchmark agnostic, fee agnostic - only net return matters not how you get there – and don’t really care how many managers they have, just that they meet or surpass their mandate. This is in contrast to others who say they want active, are much more concerned about manager concentration risk, fees, benchmarks etc. And then there are the “pure passive” folks who eschew active management, although even the passive benchmarks chosen as well as their construction have a subjective “active” component. This panel will review the spectrum of active share thinking and answer questions such as: How is “active share” defined and how is it measured, especially with “hard to define” benchmarks (like alternatives, “smart beta”)? How is it different across different asset classes? Is higher always better? Is fund/account size an advantage (lower trading costs, large share of outstanding shares) or a disadvantage (less nimble/trading influence reduces ability to generate gains)? How should fees account for active share? Based on absolute amount? Risk adjusted? This panel will discuss and debate how investors and managers alike can optimize “active share”.

Moderator: Chris DeMeo, FSA, CFA, Founding Partner, Nu Paradigm Investment Partners, LLC

Julia K. Bonafede, President, Wilshire Associates

Stephen T. Cummings, President, Hewitt EnnisKnupp Inc.

Jonathan Glidden, Managing Director, Pensions & Investments, Delta Air Lines

Rip Reeves, Chief Investment Officer/Treasurer, AEGIS Insurance Services

6:15pm

Buses depart Four Seasons for Del Frisco’s Double Eagle Steak House

6:30-8:30pm

Reception & Dinner at Del Frisco’s Double Eagle Steak House

Located in the heart of Chicago's Gold Coast neighborhood, Del Frisco's occupies three floors of the former Esquire Theater. Its lavish interior was designed to preserve the landmark theatre’s historic architectural elements and create an intimate dining environment featuring a magnificent three-story wine tower.

Friday, October 9, 2015

7:30 – 8:45am

Private Breakfast for Heads of Consulting Firms

Breakfast Chair: Michael P. Manning, CFA, CAIA, Managing Partner, NEPC, LLC

8:00 – 9:00am

Buffet Breakfast

9:00 – 10:30am

Shortfall – The Looming Retirement Crisis and What to Do About It

“We are speeding towards a high cliff and if we don’t change course, we’ll go over it,” says Charley Ellis, the distinguished consultant and founder of Greenwich Associates. He is referring to the retirement crisis that is the subject of this panel and of his recently released 17th book, *Falling Short*. How can government, sponsors, asset managers and individuals act now to avert the crisis Elis foresees? This panel of differently placed leaders is ideal to tackle these issues.

Panel Chair: Charles D. Ellis, Founder, Greenwich Associates, Investment Consultant and Author

F. William McNabb III, *Chairman of the Board, President and Chief Executive Officer*, The Vanguard Group

Michael A. Peel, *Vice President for Human Resources and Administration*, Yale University

Stephen Potter, *President*, Northern Trust Asset Management, *Executive Vice President and Member*, Management Group, Northern Trust Corporation

10:30-11:00am

Coffee Break

11.00-11.45am

1. Outsourcing in Action

A profound shift has rippled throughout industry via an increase in OCIO mandates. Once considered an option for only smaller entities, OCIO models are increasingly being considered and adopted by larger players. However, there is considerable misunderstanding about what is actually going on in in this arena. Specifically, how and why some funds are: (1) considering the OCIO option, (2) rejecting it, (3) replacing or doing deep evaluations of current providers, and the criteria that are at work in their decisions. This panel will explore critical intelligence about governance and fiduciary issues surrounding the management of the CIO relationship, ways to benchmark and evaluate the partnership, and challenges surrounding the maintenance of the agreement and potential pitfalls to be wary of.

Moderator: Barclay Douglas, *Founder*, Criterium Advisors

Jeannine Caruso, *Managing Director*, New Providence Asset Management

Steven F. Charlton, CFA, *Director of Consulting Services*, NEPC

Peter Corippo, *Director, OCIO*, Russell Investments

Tom Heck, *Chief Investment Officer*, Ball State University Foundation

Anthony Johnson, *Director of Midwest Consulting*, RVK, Inc.

2. Inside the Lines: Managing the Assets of a Healthcare Organization

The assets of healthcare organizations have unique investment objectives, risk sensitivities, spending requirements, and liquidity needs. The role of the investment committee, along with the level of available internal resources, is critical in supporting the overall mission of the enterprise. This panel of industry professionals will discuss how they source, develop and implement the best solutions for their organization’s investment assets.

Moderator: David E. Erickson, *Chief Investment Officer*, Ascension Investment Management

Leslie Lenzo, *Vice President, Treasury & Chief Investment Officer*, Advocate Health Care

Jacque Millard, *Vice President & Chief Investment Officer*, Intermountain Health Care, Inc.

Susan Slocum, *Treasurer and Investment Officer*, Children's Hospitals and Clinics

Lisa Zuckerman, *SVP, Treasury and Strategic Investments*, Dignity Health

11:45-12:30pm

Re-Tooling Your Fixed Income Allocation

With persistent low interest rates and historic low yields, traditional fixed income approaches — which have typically served institutional investors well — are barely offering returns. Thus, nearly every institution is looking at ways of doing more with fixed income, typically by re-allocating to new strategies and managers. This panel will examine this trend and explore how some investors are relying less on indexes, core strategies, and other longer-duration US bond positions and instead using funds to increase exposure to other parts of the fixed income market that better hedge a potential rising interest rate environment.

Moderator: Joseph Nankof, *Partner*, Rocaton Investment Advisors, LLC

Julie W. Austin, *Director of Fixed Income*, Boeing

Keith M. Berlin, *Director of Global Fixed Income and Credit*, Fund Evaluation Group, LLC

Sona Menon, *Managing Director*, Cambridge Associates, LLC

James Perry, *Assistant Vice Chancellor & ACIO*, Texas Tech University System

12.30-1.30 pm

Buffet Lunch

Roundtable Concludes



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John W. Monroe, ASA, MAAA, EA
Vice President & Actuary
jmonroe@segalco.com

September 2, 2015

Mr. Kurt Schneider
Deputy Chief Executive Officer
Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, CA 94520

**Re: Contra Costa County Employees' Retirement Association
Reconciliations of Employer Contribution Rate and Unfunded Actuarial Accrued
Liability Reconciliation by Cost Group & Unfunded Actuarial Accrued Liability by
Employers Based on the December 31, 2014 Actuarial Valuation**

Dear Kurt:

As requested, we are providing the following information regarding the December 31, 2014 valuation.

Exhibit A – A reconciliation of employer contribution rate changes separately for each of CCCERA's cost groups.

Exhibit B – A reconciliation of the Unfunded Actuarial Accrued Liability (UAAL) separately for each of CCCERA's cost groups.

Exhibit C – Allocation of the UAAL for each participating employer.

RECONCILIATION OF EMPLOYER CONTRIBUTION RATE CHANGES FOR EACH COST GROUP

Exhibit A details the changes in the recommended employer contribution rates for each cost group from the December 31, 2013 valuation to the December 31, 2014 valuation.

OBSERVATIONS

- The average employer rate decreased from 43.58% of payroll as of December 31, 2013 to 40.06% of payroll as of December 31, 2014. As discussed in our December 31, 2014 actuarial valuation report, this decrease is due to an investment return on actuarial value (i.e. after smoothing) greater than the 7.25% assumed rate, lower than expected individual salary increases, lower than expected COLA increases for retirees and beneficiaries, and other experience gains. Lower than expected individual salary increases decreased the average employer contribution rate by 0.46% of payroll and the lower than expected COLA increases for retirees and beneficiaries decreased the average employer contribution rate by 0.27%. The investment gain decreased the average employer contribution rate by 2.59% of payroll. The investment gain was allocated to each cost group in proportion to the assets for each cost group. The estimated impact of

the investment gain varies by cost group with the Safety cost groups experiencing larger rate decreases.

- Note that there were also other various changes shown in Exhibit A including the 18-month delay in implementation of the contribution rates calculated in the December 31, 2013 valuation, the effect of actual versus expected total payroll growth and the effect of net other experience.

RECONCILIATION OF UAAL FOR EACH COST GROUP

Exhibit B presents the changes in the UAAL by cost group from the December 31, 2013 valuation to the December 31, 2014 valuation. Note that we have combined the results for Cost Group #1 and #2 and Cost Group #7 and #9 as the UAAL for these cost groups is still pooled.

Exhibit B shows that the decrease in UAAL is primarily due to an investment return on actuarial value (i.e. after smoothing) greater than the 7.25% assumed rate, lower than expected individual salary increases and lower than expected COLA increases for retirees and beneficiaries. The investment gain was again generally allocated amongst the cost groups based on the valuation value of assets for each cost group. All other elements of the changes in UAAL were determined based on the data specific to each separate cost group.

ALLOCATION OF UAAL BY EMPLOYER

Exhibit C provides an allocation of the UAAL as of December 31, 2014 by employer.

Since the depooling action taken by the Board effective December 31, 2009, employers that are now in their own cost group have their UAAL determined separately in the valuation. For employers that do not have their own cost group, there is no UAAL maintained on an employer-by-employer basis in the valuation. In those cases, we develop contributions to fund the UAAL strictly according to projected payroll for each employer. We then use those UAAL contributions to develop a UAAL for each participating employer. Note that the UAAL we calculate for each employer is not necessarily the liability that would be allocated to that employer in the event of a plan termination by that employer.

Based on the above method, we have prepared the breakdown of the UAAL for each participating employer as shown in the enclosed Exhibit C. We also show the projected payroll for each participating employer that was used in the determination of the UAAL.

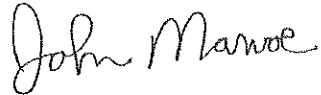
All results shown in this letter are based on the December 31, 2014 actuarial valuation including the participant data and actuarial assumptions on which that valuation was based. That valuation and these calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary.

The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Mr. Kurt Schneider
September 2, 2015
Page 3

Please let us know if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "John Monroe". The signature is written in a cursive, flowing style.

John Monroe

AT/hy
Enclosures

EXHIBIT A

**Reconciliation of Recommended Employer Contribution from
December 31, 2013 to December 31, 2014 Valuation**

	Cost Group #1 General County and Small Districts	Cost Group #2 General County and Small Districts	Cost Group #3 Central Contra Costa Sanitary District	Cost Group #4 Contra Costa Housing Authority	Cost Group #5 Contra Costa County Fire Protection District	Cost Group #6 Small Districts Non-enhanced
Recommended Employer Contribution Rate in December 31, 2013 Valuation	35.48%	32.28%	60.51%	43.65%	35.04%	29.13%
Effect of investment (gain)/loss ⁽¹⁾	-1.94%	-1.94%	-2.36%	-2.33%	-3.21%	-1.81%
Effect of additional UAAL contributions from Sanitary District	0.00%	0.00%	-1.22%	0.00%	0.00%	0.00%
Effect of actual contributions smaller/(larger) than expected contributions due to delay in implementation of contribution rates calculated in 12/31/2013 valuation	0.06%	0.06%	-0.30%	0.53%	-0.03%	0.11%
Effect of (lower)/higher than expected individual salary increases	-0.40%	-0.40%	-0.08%	-0.40%	-0.80%	-0.67%
Effect of amortizing prior year's UAAL over a smaller/(larger) than expected projected total payroll	0.10%	0.10%	0.26%	0.61%	1.37%	-0.09%
Effect of (lower)/higher than expected COLA increases for retirees and beneficiaries	-0.18%	-0.18%	-0.28%	-0.19%	-0.34%	-0.13%
Effect of net other experience (gains)/losses ⁽²⁾	0.01%	-0.52%	-0.32%	-0.22%	-0.50%	0.18%
Effect of changes in actuarial assumptions ⁽³⁾	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Effect of including leave cashout assumptions in legacy plan member rates	<u>0.01%</u>	<u>-0.04%</u>	<u>-0.50%</u>	<u>0.11%</u>	<u>0.06%</u>	<u>-0.10%</u>
Total Change	<u>-2.34%</u>	<u>-2.92%</u>	<u>-4.80%</u>	<u>-1.89%</u>	<u>-3.45%</u>	<u>-2.51%</u>
Recommended Employer Contribution Rate in December 31, 2014 Valuation	33.14%	29.36%	55.71%	41.76%	31.59%	26.62%

Note: These rates do not include any employer subvention of member contributions, or member subvention of employer contributions.

⁽¹⁾ Return on the valuation value of assets of 1.40% was greater than the 7.25% assumed in the 2013 valuation.

⁽²⁾ Other differences in actual versus expected experience including (but not limited to) disability, withdrawal, retirement and leave cashout experience.

⁽³⁾ The Board approved changes in leave cashout assumption for Cost Group #9.

EXHIBIT A

Reconciliation of Recommended Employer Contribution from December 31, 2013 to December 31, 2014 Valuation

	Cost Group #7 Safety County	Cost Group #8 Contra Costa and East Fire Protection Districts	Cost Group #9 Safety County	Cost Group #10 Moraga-Orinda Fire District	Cost Group #11 San Ramon Valley Fire District	Cost Group #12 Rodeo-Hercules Fire Protection District Non-enhanced	Total Average Recommended Rate
Recommended Employer Contribution Rate in December 31, 2013 Valuation	80.27%	82.98%	74.50%	70.45%	88.33%	110.23%	43.58%
Effect of investment (gain)/loss ⁽¹⁾	-4.68%	-6.81%	-4.68%	-5.37%	-4.56%	-3.02%	-2.59%
Effect of additional UAAL contributions from Sanitary District	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.05%
Effect of actual contributions smaller/(larger) than expected contributions due to delay in implementation of contribution rates calculated in 12/31/2013 valuation	0.27%	1.05%	0.27%	0.82%	0.63%	4.09%	0.15%
Effect of (lower)/higher than expected individual salary increases	-0.22%	-1.50%	-0.22%	-1.83%	-1.81%	1.31%	-0.46%
Effect of amortizing prior year's UAAL over a smaller/(larger) than expected projected total payroll	3.44%	3.62%	3.44%	4.92%	1.81%	-20.92%	0.33%
Effect of (lower)/higher than expected COLA increases for retirees and beneficiaries	-0.54%	-0.77%	-0.54%	-0.62%	-0.68%	-0.43%	-0.27%
Effect of net other experience (gains)/losses ⁽²⁾	-0.74%	0.44%	-2.08%	1.35%	0.42%	-1.77%	-0.56%
Effect of changes in actuarial assumptions ⁽³⁾	0.00%	0.00%	-0.06%	0.00%	0.00%	0.00%	0.00%
Effect of including leave cashout assumptions in legacy plan member rates	-0.03%	-0.08%	0.00%	-0.06%	-0.35%	-0.22%	-0.07%
Total Change	<u>-2.50%</u>	<u>-4.05%</u>	<u>-3.87%</u>	<u>-0.79%</u>	<u>-4.54%</u>	<u>-20.96%</u>	<u>-3.52%</u>
Recommended Employer Contribution Rate in December 31, 2014 Valuation	77.77%	78.93%	70.63%	69.66%	83.79%	89.27%	40.06%

Note: These rates do not include any employer subvention of member contributions, or member subvention of employer contributions.

⁽¹⁾ Return on the valuation value of assets of 11.40% was greater than the 7.25% assumed in the 2013 valuation.

⁽²⁾ Other differences in actual versus expected experience including (but not limited to) disability, withdrawal, retirement and leave cashout experience.

⁽³⁾ The Board approved changes in leave cashout assumption for Cost Group #9.

EXHIBIT B

**Reconciliation of Unfunded Actuarial Accrued Liability from
December 31, 2013 to December 31, 2014 Valuation**

	Cost Group #1 and #2 General County and Small Districts	Cost Group #3 Central Contra Costa Sanitary District	Cost Group #4 Contra Costa Housing Authority	Cost Group #5 Contra Costa County Fire Protection District	Cost Group #6 Small Districts Non-enhanced
1. Unfunded actuarial liability at beginning of year	\$893,502,723	\$120,792,362	\$12,590,949	\$8,657,894	\$785,080
2. Gross Normal cost at middle of year	131,419,354	7,954,722	1,409,066	971,891	234,403
3. Expected employer and member contributions	(221,049,130)	(19,791,800)	(2,783,497)	(1,664,444)	(336,891)
4. Interest (whole year on (1) plus half year on (2) + (3))	<u>61,529,867</u>	<u>8,328,352</u>	<u>863,021</u>	<u>602,592</u>	<u>53,203</u>
5. Expected unfunded actuarial accrued liability at end of year	<u>865,402,814</u>	<u>117,283,636</u>	<u>12,079,539</u>	<u>8,567,933</u>	<u>735,795</u>
6. Actuarial (gain)/loss due to all changes:					
(a) Investment return	(137,163,845)	(8,952,320)	(1,615,096)	(1,544,779)	(202,611)
(b) Gain from additional UAAL contributions by Sanitary District	0	(4,644,628)	0	0	0
(c) Actual contributions less/(more) than expected	3,927,648	(1,123,495)	368,016	(12,454)	12,537
(d) (Lower)/higher than expected individual salary increases	(27,973,998)	(289,346)	(278,873)	(383,658)	(75,604)
(e) (Lower)/higher than expected COLA increases for retirees and beneficiaries	(12,490,055)	(1,046,493)	(129,390)	(163,150)	(14,226)
(f) Other experience (gain)/loss ⁽¹⁾	1,600,586	(272,166)	297,674	(129,811)	89,829
(g) Changes in actuarial assumptions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(h) Total changes	<u>\$(172,099,664)</u>	<u>\$(16,328,448)</u>	<u>\$(1,357,669)</u>	<u>\$(2,233,852)</u>	<u>\$(190,075)</u>
7. Unfunded actuarial accrued liability at end of year	\$693,303,150	\$100,955,188	\$10,721,870	\$6,334,081	\$545,720

Note: Results may not add due to rounding.

(1) Other differences in actual versus expected experience including (but not limited to) disability, withdrawal, retirement and leave cashout experience.

EXHIBIT B

Reconciliation of Unfunded Actuarial Accrued Liability from December 31, 2013 to December 31, 2014 Valuation

	Cost Group #7 and #9 Safety County	Cost Group #8 Contra Costa and East Fire Protection Districts	Cost Group #10 Moraga-Orinda Fire District	Cost Group #11 San Ramon Valley Fire District	Cost Group #12 Rodeo-Hercules Fire Protection District Non-enhanced	Total
1. Unfunded actuarial accrued liability at beginning of year	\$438,250,383	\$202,279,355	\$40,103,662	\$91,642,651	\$15,075,916	\$1,823,680,975
2. Gross Normal cost at middle of year	36,292,865	14,299,197	3,245,998	7,542,800	753,452	204,123,748
3. Expected employer and member contributions	(77,457,670)	(31,035,513)	(6,353,600)	(17,452,581)	(2,417,642)	(380,342,768)
4. Interest (whole year on (1) plus half year on (2) + (3))	30,280,929	14,058,562	2,794,865	6,284,863	1,032,677	125,828,931
5. Expected unfunded actuarial accrued liability at end of year	<u>427,366,507</u>	<u>199,601,601</u>	<u>39,790,925</u>	<u>88,017,733</u>	<u>14,444,403</u>	<u>1,773,290,886</u>
6. Actuarial (gain)/loss due to all changes:						
(a) Investment return	(50,565,524)	(28,156,324)	(5,091,474)	(10,267,870)	(902,739)	(244,462,582)
(b) Gain from additional UAAL contributions by Sanitary District	0	0	0	0	0	(4,644,628)
(c) Actual contributions less/(more) than expected	2,868,643	4,337,497	777,230	1,419,061	1,224,576	13,799,259
(d) (Lower)/higher than expected individual salary increases	(2,346,194)	(6,196,869)	(1,736,728)	(4,085,132)	390,571	(42,975,831)
(e) (Lower)/higher than expected COLA increases for retirees and beneficiaries	(5,799,891)	(3,186,258)	(588,724)	(1,537,220)	(128,853)	(25,084,260)
(f) Other experience (gain)/loss ⁽¹⁾	(7,511,992)	3,677,993	1,693,072	627,404	(984)	71,605
(g) Changes in actuarial assumptions	<u>(52,337)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(52,337)</u>
(h) Total changes	<u>\$(63,407,295)</u>	<u>\$(29,523,961)</u>	<u>\$(4,946,624)</u>	<u>\$(13,843,757)</u>	<u>\$582,571</u>	<u>\$(303,348,774)</u>
7. Unfunded actuarial accrued liability at end of year	\$363,959,212	\$170,077,640	\$34,844,301	\$74,173,976	\$15,026,974	\$1,469,942,112

Note: Results may not add due to rounding.

⁽¹⁾ Other differences in actual versus expected experience including (but not limited to) disability, withdrawal, retirement and leave cashout experience.

EXHIBIT C

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

Employer	Unfunded Actuarial Accrued Liability (UAAL)	Projected Payroll
County	\$1,003,749,000	\$568,226,350
Superior Court	29,738,000	22,697,316
Districts:		
Bethel Island Municipal Improvement District	113,000	56,122
Byron, Brentwood, Knightsen Union Cemetery District	136,000	206,642
Central Contra Costa Sanitary District	100,955,000	28,098,047
First Five - Contra Costa Children & Families Commission	2,326,000	1,869,165
Contra Costa County Employees' Retirement Association	7,184,000	3,570,291
Contra Costa Fire Protection District	151,686,000	31,362,524
Contra Costa Housing Authority	10,722,000	5,121,371
Contra Costa Mosquito and Vector Control District	5,900,000	2,932,098
East Contra Costa Fire Protection District	24,837,000	2,848,482
In-Home Supportive Services Authority	1,250,000	621,066
Local Agency Formation Commission	430,000	213,934
Moraga-Orinda Fire Protection District	35,330,000	7,532,622
Rodeo Sanitary District	410,000	623,087
Rodeo-Hercules Fire Protection District	15,027,000	2,214,817
San Ramon Valley Fire Protection District	80,149,000	19,637,903
Total:	\$1,469,942,000	\$697,831,837



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Vice President & Actuary
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Meeting Date
09/09/15
Agenda Item
#17

September 2, 2015

Mr. Kurt Schneider
Deputy Chief Executive Officer
Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, CA 94520

**Re: Contra Costa County Employees' Retirement Association
Five-Year Projection of Employer Contribution Rate Changes**

Dear Kurt:

As requested, we have updated our five-year projection of estimated employer contribution rate changes for CCCERA. This projection is derived from the December 31, 2014 actuarial valuation results. Key assumptions and methods are detailed below. **It is important to understand that these results are entirely dependent on those assumptions. Actual results as determined in future actuarial valuations will differ from these results. In particular, actual investment returns and actual salary levels different than assumed can have a significant impact on future contribution rates.**

Results

The estimated contribution rate changes shown on the next page apply to the recommended average employer contribution rate. For purposes of this projection, the rate changes that are reflected include the asset gains and losses that are funded as a level percentage of the Association's total active payroll base.

The changes in contribution rate are due to: (1) deferred gains and losses from the actuarial asset smoothing methodology; (2) gains due to investment income earned on the difference between the Market Value of Assets (MVA) and Actuarial Value of Assets (AVA) (and losses when the opposite occurs); and (3) contribution gains which occur from delaying the implementation of new rates until 18 months after the actuarial valuation date.

The following table provides the year-to-year rate changes from each of the above components and the cumulative rate change over the five-year projection period. To obtain the estimated average employer contribution rate at each successive valuation date, these cumulative rate changes should be added to the rates developed from the December 31, 2014 valuation. These rate changes become effective 18 months following the actuarial valuation date shown in the table.

The rate changes shown below represent the average rate for the aggregate plan.

Rate Change Component	Valuation Date (12/31)				
	2015	2016	2017	2018	2019
(1) Deferred (Gains)/Losses	-1.26%	-0.92%	-0.92%	-0.29%	0.10%
(2) (Gain)/Loss of Investment Income on Difference Between MVA and AVA	-0.25%	-0.15%	-0.08%	-0.01%	0.01%
(3) 18-Month Rate Delay	<u>-0.51%</u>	<u>-0.28%</u>	<u>-0.17%</u>	<u>-0.14%</u>	<u>-0.08%</u>
Incremental Rate Change	-2.02%	-1.35%	-1.17%	-0.44%	0.03%
Cumulative Rate Change	-2.02%	-3.37%	-4.54%	-4.98%	-4.95%

The difference between these cumulative rate changes and those shown in our February 23, 2015 letter (i.e., previous five-year projection) are as follows:

	Valuation Date (12/31)				
	2014	2015	2016	2017	2018
Cumulative Rate Change From February 23, 2015 Letter	-2.28%	-4.32%	-5.73%	-7.01%	-7.57%
Reflecting Actual Experience through 12/31/2014, Changes in Actuarial Assumptions and Changes in Actuarial Method	-3.52% ¹	-5.54%	-6.89%	-8.06%	-8.50%
Difference	-1.24%	-1.22%	-1.16%	-1.05%	-0.93%

These differences are mainly due to the inclusion of actual experience from the December 31, 2014 valuation instead of projected experience that was part of the previous projection.

The average employer contribution rate as of the December 31, 2014 Actuarial Valuation is 40.06%, and based on the cumulative rate changes above is projected to progress as shown below.

	Valuation Date (12/31)				
	2015	2016	2017	2018	2019
Average Employer Contribution Rate	38.04%	36.69%	35.52%	35.08%	35.11%

¹ Actual change in the average employer contribution rate as shown on page 32 of the December 31, 2014 valuation.

The rate change for an individual cost group or employer will vary depending primarily on the size of that group's assets and liabilities relative to its payroll. The ratio of the group's assets to payroll is sometimes referred to as the asset volatility index (AVI). A higher AVI results in more volatile contributions and can result from the following factors:

- More generous benefits
- More retirees
- Older workforce
- Shorter careers
- Issuance of Pension Obligation Bonds (POBs)

The attached exhibit shows the AVI for CCCERA's cost groups along with the "relative AVI" which is the AVI for that specific cost group divided by the average AVI for the aggregate plan. Using these ratios we have estimated the rate change due to these generally investment related net gains for each individual cost group by multiplying the rate changes shown above for the aggregate plan by the relative AVI for each cost group. These estimated rate changes for each cost group are shown in the attached exhibit.

Note that because we have estimated the allocation of the rate changes across the cost groups, the actual rate changes by group may differ from those shown in the exhibit, even if the plan-wide average rate changes are close to those shown above.

Key Assumptions and Methods

The projection is based upon the following assumptions and methods:

- December 31, 2014 non-economic assumptions remain unchanged.
- December 31, 2014 retirement benefit formulas remain unchanged.
- December 31, 2014 1937 Act statutes remain unchanged.
- UAAL amortization method remains unchanged.
- December 31, 2014 economic assumptions remain unchanged, including the 7.25% investment earnings assumption.
- We have assumed that returns of 7.25% are actually earned on a market value basis for each of the next four years after 2014.
- Active payroll grows at 4.00% per annum.
- Deferred investment gains and losses are recognized per the asset smoothing schedule prepared by the Association as of December 31, 2014. They are funded as a level percentage of the Association's total active payroll base.

- Deferred investment gains are all applied directly to reduce the UAAL. Note that this assumption may not be entirely consistent with the details of the Board's Interest Crediting and Excess Earnings Policy.
- The AVI used for these projections is based on the December 31, 2014 Actuarial Valuation and is assumed to stay constant during the projection period.
- All other actuarial assumptions used in the December 31, 2014 actuarial valuation are realized.
- No changes are made to actuarial methodologies, such as adjusting for the contribution rate delay in advance.
- The projections do not reflect any changes in the employer contribution rates that could result due to future changes in the demographics of CCCERA's active members or decreases in the employer contribution rates that might result from new hires going into the PEPRA tiers.

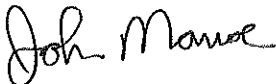
Finally, we emphasize that projections, by their nature, are not a guarantee of future results. The modeling projections are intended to serve as illustrations of future financial outcomes that are based on the information available to us at the time the modeling is undertaken and completed, and the agreed-upon assumptions and methodologies described herein. Emerging results may differ significantly if the actual experience proves to be different from these assumptions or if alternative methodologies are used. Actual experience may differ due to such variables as demographic experience, the economy, stock market performance and the regulatory environment.

Unless otherwise noted, all of the above calculations are based on the December 31, 2014 actuarial valuation results including the participant data and actuarial assumptions on which that valuation was based. That valuation and these projections were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary.

The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions.

Sincerely,



John Monroe

AW/hy
Enclosure

Exhibit
Contra Costa County Employees' Retirement Association
Estimated Employer Rate Change by Cost Group (CG) Based on December 31, 2014 Valuation

	CG#1 & CG#2 Combined Enhanced General	CG#3 Enhanced CCC Sanitary District	CG#4 Enhanced Housing Authority	CG#5 Enhanced CCCCFPD	CG#6 Non-Enhanced District
Market Value of Assets (MVA)*	\$3,868,021,019	\$252,455,464	\$45,545,717	\$43,562,772	\$5,713,632
Projected Payroll for 2015	\$523,821,353	\$28,098,047	\$5,121,371	\$3,559,597	\$829,729
Asset Volatility Index (AVI) = MVA/Payroll	7.38	8.98	8.89	12.24	6.89
Relative Volatility Index (AVI) = CG AVI / Total Plan AVI	0.75	0.91	0.90	1.24	0.70
Estimated Incremental Rate Change as of 12/31/2015	-1.51%	-1.84%	-1.82%	-2.50%	-1.41%
Estimated Incremental Rate Change as of 12/31/2016	-1.01%	-1.23%	-1.22%	-1.67%	-0.94%
Estimated Incremental Rate Change as of 12/31/2017	-0.87%	-1.06%	-1.05%	-1.45%	-0.82%
Estimated Incremental Rate Change as of 12/31/2018	-0.33%	-0.40%	-0.40%	-0.55%	-0.31%
Estimated Incremental Rate Change as of 12/31/2019	0.02%	0.03%	0.03%	0.04%	0.02%
Cumulative Rate Change as of 12/31/2015	-1.51%	-1.84%	-1.82%	-2.50%	-1.41%
Cumulative Rate Change as of 12/31/2016	-2.52%	-3.07%	-3.04%	-4.17%	-2.35%
Cumulative Rate Change as of 12/31/2017	-3.39%	-4.13%	-4.09%	-5.62%	-3.17%
Cumulative Rate Change as of 12/31/2018	-3.72%	-4.53%	-4.49%	-6.17%	-3.48%
Cumulative Rate Change as of 12/31/2019	-3.70%	-4.50%	-4.46%	-6.13%	-3.46%

	CG#7 & CG#9 Combined Enhanced County	CG#8 Enhanced CCCCFPD/East CCCCFFD	CG#10 Enhanced Moraga-Orinda FD	CG#11 Enhanced San Ramon Valley FD	CG#12 Non-Enhanced Rodeo-Hercules FPD
Market Value of Assets (MVA)*	\$1,425,947,997	\$794,008,463	\$143,579,601	\$289,553,978	\$25,457,256
Projected Payroll for 2015	\$79,906,640	\$30,596,130	\$7,015,592	\$16,668,561	\$2,214,817
Asset Volatility Index (AVI) = MVA/Payroll	17.85	25.95	20.47	17.37	11.49
Relative Volatility Index (AVI) = CG AVI / Total Plan AVI	1.81	2.63	2.07	1.76	1.16
Estimated Incremental Rate Change as of 12/31/2015	-3.65%	-5.31%	-4.18%	-3.55%	-2.35%
Estimated Incremental Rate Change as of 12/31/2016	-2.44%	-3.55%	-2.80%	-2.37%	-1.57%
Estimated Incremental Rate Change as of 12/31/2017	-2.11%	-3.07%	-2.42%	-2.06%	-1.36%
Estimated Incremental Rate Change as of 12/31/2018	-0.79%	-1.16%	-0.91%	-0.77%	-0.51%
Estimated Incremental Rate Change as of 12/31/2019	0.05%	0.08%	0.06%	0.05%	0.03%
Cumulative Rate Change as of 12/31/2015	-3.65%	-5.31%	-4.18%	-3.55%	-2.35%
Cumulative Rate Change as of 12/31/2016	-6.09%	-8.86%	-6.98%	-5.92%	-3.92%
Cumulative Rate Change as of 12/31/2017	-8.20%	-11.93%	-9.40%	-7.98%	-5.28%
Cumulative Rate Change as of 12/31/2018	-8.99%	-13.09%	-10.31%	-8.75%	-5.79%
Cumulative Rate Change as of 12/31/2019	-8.94%	-13.01%	-10.25%	-8.70%	-5.76%

Total Plan		
\$6,893,845,899		-2.02%
\$697,831,837		-1.35%
9.88		-1.17%
1.00		-0.44%
		0.03%
		-2.02%
		-3.37%
		-4.54%
		-4.98%
		-4.95%

* Excludes Post Retirement Death Benefit reserve.

These rates do not include any employer subvention of member contributions or any member subvention of employer contributions.