



AGENDA

RETIREMENT BOARD MEETING

REGULAR MEETING  
January 10, 2018  
9:00 a.m.

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

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

1. Pledge of Allegiance.
2. Accept comments from the public.
3. Approve minutes from the November 8 and November 21, 2017 meetings.
4. Routine items for January 10, 2018.
  - a. Approve certifications of membership.
  - b. Approve service and disability allowances.
  - c. Accept disability applications and authorize subpoenas as required.
  - d. Approve death benefits.
  - e. Accept Asset Allocation Report.
  - f. Accept Liquidity Report.

***CLOSED SESSION***

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

<u>Member</u>	<u>Type Sought</u>	<u>Recommendation</u>
a. Dan Colbath	Service Connected	Service Connected
b. James Colon	Service Connected	Service Connected
c. Melissa Cote	Service Connected	Service Connected
d. Maurice Howell	Service Connected	Service Connected
e. Darin Peterson	Service Connected	Service Connected
f. Bernell Snell	Non-Service Connected	Non-Service Connected
g. Nubia Zamora	Service Connected	Service Connected

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

6. The Board will continue in closed session pursuant to Govt. Code Section 54956.9(d)(1) to confer with legal counsel regarding pending litigation:
  - a. *Contra Costa County Deputy Sheriffs Association, et al., v. Board of Retirement of CCCERA, et al.*, Court of Appeal, 1st Appellate District, Case No. A141913
  - b. *Marianne Irvin v. CCCERA, et al.*, Contra Costa County Superior Court, Case No. CIV MSN15-1024
  - c. *CCCERA v. Theodore Fleming*, Contra Costa County Superior Court, Case No. CIV MSC16-01143
  - d. *Peter J. Nowicki v. CCCERA, et al.*, Contra Costa County Superior Court, Case No. C17-01266

### ***OPEN SESSION***

7. Consider and take possible action to authorize the CEO to execute a contract with Brown Armstrong for auditing services.
8. Consider and take possible action to amend the Audit Committee Charter as recommended by the Audit Committee.
9. Consider and take possible action to issue a Request for Proposal for Disability Retirement Legal Services.
10. Presentation of the CCCERA 2018 Compliance Activity Plan.
11. Presentation of Contra Costa County Health Services Department Final Audit Report.
12. Presentation of East Contra Costa County Fire Protection District Final Audit Report.
13. Consider authorizing the attendance of Board:
  - a. 2018 NCPERS Legislative Conference, January 28-30, 2018, Washington, DC.
  - b. CALAPRS General Assembly, March 3-6, 2018, Indian Wells, CA
  - c. FORUM 2018: Building Resilient Portfolios When Missions Matter, Commonfund, March 11-13, 2018, Orlando, FL.
  - d. Oaktree Conference, March 14-15, 2018, Beverly Hills, CA  
(Note: Conflict with meeting)
14. Miscellaneous
  - a. Staff Report
  - b. Outside Professionals' Report
  - c. Trustees' comments

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



Meeting Date  
**1/10/18**  
Agenda Item  
**#3**

MINUTES

RETIREMENT BOARD MEETING MINUTES

REGULAR MEETING  
November 8, 2017  
9:00 a.m.

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

Present: Candace Andersen, Scott Gordon, Jerry Holcombe, Louie Kroll, Jay Kwon, David MacDonald, John Phillips, William Pigeon, Gabe Rodrigues, Todd Smithey, Jerry Telles and Rusty Watts

Absent: None

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

Outside Professional Support: Harvey Leiderman  
Representing: Reed Smith LLP

Board members Gordon, Rodrigues and Telles attended remotely from The Lodge at Torrey Pines in La Jolla, CA.

**1. Pledge of Allegiance**

Staff led all in the *Pledge of Allegiance*.

**2. Accept comments from the public**

No member of the public offered comment.

**3. Approval of Minutes**

It was M/S/C to approve the minutes from the September 27, 2017 meeting. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)

**4. Routine Items**

It was M/S/C to approve the routine items of the November 8, 2017 meeting. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)

**CLOSED SESSION**

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

The Board moved into open session.

5. It was M/S/C to accept the Medical Advisor's recommendations and grant the following disability benefits:
  - a. Ryan Fenyes – Non-Service Connected (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey, Telles and Watts)
  - b. Kristen Patterson – Non-Service Connected (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)
6. There was no reportable action related to Govt. Code Section 54956.9(d)(1).
7. **Consider and take possible action to determine whether the Health Insurance Opt-Out Pay Differential received by James Colon is a compensation enhancement and should be excluded from his final average salary, as authorized under Government Code Section 31461(b)(1) and 31539**

- a. Dunn reviewed CCCERA's Policy Regarding Assessment and Determination of Compensation Enhancements.

Hoppe reviewed the background on the San Ramon Valley Fire Protection District's Board approved Employee Health Insurance Opt-Out Plan noting the Plan offers eligible employees a \$300 per month cash payment for declining District provided medical coverage. He stated the District contacted CCCERA in October 2013 regarding the pensionability of the \$300 monthly Opt-Out payment. CCCERA responded that for Legacy Members the item is included in Compensation Earnable, however it would be excluded if it was paid to enhance the member's retirement benefit. He reviewed the periods Mr. Colon was enrolled in the District's medical insurance, the periods he participated in the Opt-Out Plan and the retirement benefit with and without including the cash payments. Based on the limited period of time that Mr. Colon elected to receive the Opt-Out differential prior to his retirement, CCCERA initially determined that the Opt-Out pay was an enhancement and should be excluded from his Final Average Salary.

There was a discussion on the number of employees receiving the monthly cash payments, the terms of enrolling in the Opt-Out Plan, the pensionability of the monthly cash payments for those receiving the payments, and Mr. Colon's intended retirement date.

- b. James Colon, retired Fire Captain, San Ramon Valley Fire Protection District, stated he had no intentions of retiring early and had intended to work another two years but due to an injury he had to file a retirement disability application. He stated he was told the cash payments were pensionable and CCCERA began taking contributions on the monthly payments as soon as he began receiving them.

The Board asked questions regarding the difference in the cost of his spouse's medical insurance plan, advice he may have received from CCCERA staff, the retirement estimates and the dates used in the estimates he received from CCCERA staff, and whether or not he intentionally enrolled in the Opt-Out Plan to enhance his retirement benefit.

- c. Natalie Korthamar Wong, HR Director, San Ramon Valley Fire Protection District, stated their main interest is that they have a sustainable system for their employees and are not taking a position on the decision. She stated employees can opt out and make changes regarding their medical insurance at any time after retirement.
- d. There was no public comment related to this item.



- e. There was a **motion** that in the case of James Colon that the Opt-Out Pay he received be deemed compensation earnable. Levy clarified that the decision for the Board is to determine whether or not the compensation paid was paid to enhance the member's retirement benefit.

After a discussion, it was **M/S/C** that in the case of James Colon that the Opt-Out Pay he received was not paid to enhance his Final Average Salary and should be included in his Final Average Salary. (Yes: Andersen, Gordon, MacDonald, Pigeon, Telles and Watts. No: Holcombe, Phillips and Smithey)

Gordon, Rodrigues and Telles were no longer present for subsequent discussion and voting.

**8. Educational presentation on Ralph M. Brown Act open meetings laws**

Levy gave a presentation on the Ralph M. Brown Act noting this is an annual educational presentation that is provided to the Board. She reviewed the rules regarding open meetings held by local legislative bodies, which includes the CCCERA Board of Retirement. She reported that effective January 1, 2019, the Agenda must be accessible through a prominent, direct link on the CCCERA website. She also reported that if the Board places limits on public comment time they must provide at least twice as much time if a member of the public is using a translator.

**9. Educational session on fiduciary duties presented by fiduciary counsel**

Leiderman distributed a handout and discussed the roles and responsibilities of fiduciaries including the exclusive benefit rule, primary loyalty rule, the prudent expert standard, duty to diversify and the requirement to act lawfully.

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

- a. It was **M/S/C** to authorize the attendance of 2 Board members at the Advanced Principles of Pension Management for Trustees, CALAPRS, March 28-30, 2018, Los Angeles, CA. (Yes: Andersen, Holcombe, Kroll, Kwon, MacDonald, Phillips, Pigeon, Smithey and Watts)

**11. Miscellaneous**

- (a) Staff Report –

Strohl reported we recently renewed our fiduciary and excess liability insurance policy; she introduced Stephanie Shedd, the new Executive Assistant; and the next Board meeting will be November 21, 2017 at the Pleasant Hill Community Center.

- (b) Outside Professionals' Report -

None

- (c) Trustees' comments –

Phillips reported on the highlights of the PRJ 31<sup>st</sup> Annual NorCal Public Retirement Seminar that he, Holcombe, Rodrigues and Smithey attended.

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

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Todd Smithey, Chairman

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David MacDonald, Secretary



Meeting Date  
**1/10/18**  
Agenda Item  
**#3**

MINUTES

RETIREMENT BOARD MEETING MINUTES

SECOND MONTHLY MEETING  
November 21, 2017  
9:00 a.m.

Pleasant Hill Community Center  
McHale Room  
320 Civic Drive  
Pleasant Hill, California

Present: Candace Andersen, Scott Gordon, Jerry Holcombe, Louie Kroll, Jay Kwon, David MacDonald, John Phillips, William Pigeon, Gabe Rodrigues, Todd Smithey, Jerry Telles and Russell Watts

Absent: None

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

Outside Professional Support:  
Ed Hoffman  
Joe Wiley

Representing:  
Verus Investments  
Wiley Price & Radulovich LLP

**1. Pledge of Allegiance**

MacDonald led all in the *Pledge of Allegiance*.

**2. Accept comments from the public**

No member of the public offered comment.

Pigeon was present for subsequent discussion and voting.

**CLOSED SESSION**

The Board moved into closed session pursuant to Govt. Code Section 54957.6.

**3. CONFERENCE WITH LABOR NEGOTIATORS**

(Government Code Section 54957.6)

Agency designated representatives:

Gail Strohl, Chief Executive Officer  
Christina Dunn, Deputy Chief Executive Officer  
Joe Wiley, CCCERA's Chief Negotiator

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

The Board moved into open session.

There was no reportable action related to Govt. Code Section 54957.6.

**4. Consider and take possible action to adopt Board of Retirement Resolution 2017-7 to continue to participate in Social Security coverage**

Dunn reviewed the background on CCCERA's participation in the Social Security program noting that when CCCERA became independent, employees were no longer covered under the Contra Costa County's Section 218 agreement with the Social Security Administration. On November 16, 2017, eligible employees participated in a secret ballot referendum vote regarding the continued participation in Social Security. The majority of eligible CCCERA employees voted in favor of participating in Social Security coverage effective January 1, 2015.

It was M/S/C to adopt Board of Retirement Resolution 2017-7 to continue to participate in Social Security coverage. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)

**5. Consider and take possible action to adopt the CCCERA Strategic Plan for 2018-2020**

Strohl reviewed the background of the 2018-2010 Strategic Plan noting this is CCCERA's first strategic plan. She also reviewed the proposed new Mission Statement and discussed the Core Values including Trust, Innovation, and Accountability.

Strohl reviewed the following Strategic Initiatives: 1) Improve communication within the organization and with external stakeholders; 2) Expand use of technology across the organization to achieve goals in the most efficient manner; 3) Implement measures to improve customer service to external and internal customers; 4) Data integrity and security are of paramount importance. New projects will be implemented to ensure data is accurate and secured appropriately; and 5) Institute effective training and recognition programs to foster continued employee development. A draft 2018 Annual Business Plan was distributed.

After a discussion on the core values and strategic initiatives, it was M/S/C to adopt the CCCERA Strategic Plan for 2018-2020. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)

**6. Consider and take possible action on renewal of contract with Segal Consulting for actuarial services**

Strohl reported CCCERA's Procurement of Products and Services Policy requires CCCERA to conduct an RFP for core vendors. A one year extension of the Actuarial Services Agreement with Segal Consulting is being requested to allow sufficient time for the issuance of an RFP and related vendor analysis.

It was M/S/C to renew the Actuarial Services Agreement with Segal Consulting for one year. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)

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

**9. Review of total portfolio performance for period ending September 30, 2017**

Hoffman reviewed the third quarter summary highlighting the changes that have taken place since June 30, 2017. He also reviewed what drove the market in the third quarter.

He reviewed CCCERA's investment performance for the period ending September 30, 2017 noting the ending market value of the total fund portfolio is \$8,342,981,443. He reviewed the total fund asset allocation vs. the long term target policy. He reported the total fund gross of fees return was 3.3% compared to the policy index of 3.1% for the quarter and the total fund gross of fees return was 10.5% compared to the policy index of 10.2% year to date. He reviewed the total fund risk analysis for 5 years stating the annualized return was 9.45% with a standard deviation of 4.47%. He also reviewed the performance of individual funds as well as their fees.

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

**10. Miscellaneous**

(a) Staff Report –

Strohl reported the 2018 Budget will be presented at the next Board meeting and there will be an Audit Committee meeting after the next Board meeting.

Levy gave an update on the SACRS Fall Conference including the Sexual Harassment Prevention training for Trustees and discussed the SACRS sponsored legislation regarding legal separations which would clarify conflicting case law. She stated there will be a legislative update at the next Board meeting.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Phillips reported on his takeaways from the SACRS Fall Conference.

Rodrigues reported on the sessions he attended at the SACRS Fall Conference noting he went through the evaluations and the evaluations were all positive.

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

Telles was no longer present for subsequent discussion and voting.

**7. Presentation from staff on the investment measures of success**

Price reviewed the background on implementing the current investment plan and the current success under the plan noting we will be focusing on additional measures to ensure CCCERA is on track. He stated CCCERA needs growth exposure but also needs to be able to weather the expected volatility without threatening the ability of the plan to fulfill its core investment function of paying benefits.

There was a discussion on market corrections and how staff and the Board can respond and at what levels.

Price reviewed the measures of success for the liquidity, growth and diversifying sub-portfolios. He reviewed the objective, appropriate measures and appropriate measurement period for each sub-portfolio. He also reviewed the goals of each sub-portfolio.

He stated CCCERA's Total Fund is performing well when the underlying functions are achieving their unique objectives. If the liquidity, growth, and risk diversifying portfolios are achieving their objectives, CCCERA's Total Fund should exhibit a low volatility, moderate return profile over long time periods.

Price reviewed sample staff reports including the objectives, measurements, status and staff notes for each sub-portfolio. There was a discussion on including recommended actions and a Watch List to the report.

Andersen was no longer present for subsequent discussion and voting.

**8. Education session from Verus on investment risk**

Hoffman gave a brief overview of the types of risks that a pension plan faces noting the session will be focused on investment risk concepts, definitions, and metrics. He defined volatility and correlation and discussed how volatility is measured and how the results can vary by changing correlations and assumptions.

Watts was no longer present for subsequent discussion and voting.

He reviewed absolute risk, active risk, drawdown risk and tail-risk and how they are measured. He also reviewed the sections of CCCERA's Investment Policy Statement related to the Plan's investment policy, investment objectives, investment strategy, and risk philosophy.

Rodrigues was no longer present for subsequent discussion and voting.

Hoffman discussed the possible next steps for the Board to consider which includes discussions on improving the governance process and enhancing the current investment policy.

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

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Todd Smithey, Chairman

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David MacDonald, Secretary

BOARD OF RETIREMENT

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>
Challand, Catherine	47875	09/01/17	SR	Tier II and III	Unmod
Dean, Michael	43584	09/30/17	SR	Tier II and III	Option 2
Keathley, Janet	50615	09/21/17	SR	Tier II and III	Option1
Manoukian, Dirk	47033	10/12/17	SR	Tier II and III	Unmod
Osuna, Marie	46863	12/01/17	SR	Tier III	Unmod
Parga, Angela	64895	07/20/14	NSCD	Safety A	Unmod
Plake, Brian	54223	08/01/15	SCD	Safety A	Unmod
Shiles, Deborah	42205	09/30/17	SR	Tier II and III	Unmod
Walker, Cheryl	70543	07/16/16	SR	Tier III	Unmod

**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>
Jazek, Haidee	60931	11/20/17	SCD

**D. Deaths:**

<u>Name</u>	<u>Date of Death</u>	<u>Employer as of Date of Death</u>
Alexeef, Valentin	12/11/17	Contra Costa County
Balestrieri, Donald	12/06/17	Central Contra Costa Sanitary District
Bechtel, Virginia	11/03/17	Beneficiary
Berzins, Joan	12/05/17	Contra Costa County
Birdwell, Thomas	11/20/17	Rodeo/Hercules Fire Protection District
Champlin, John	11/16/17	Contra Costa County
Coffer, Donna	01/01/18	Contra Costa County
Leipziger, LaJuana	11/21/17	Contra Costa County
Master, Delmer	12/09/17	Contra Costa County
Nolte, Ruth	10/09/17	Beneficiary
Pillion, Sylvia	11/22/17	Contra Costa County
Sterling, Claire	12/03/17	Beneficiary
Turnage, Norma	11/14/17	Contra Costa County
Zander, Henry	11/28/17	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**  
 MSP = Non-Specified  
 SCD = Service Connected Disability  
 SR = Service Retirement  
 NSCD = Non-Service Connected Disability

**CERTIFICATION OF MEMBERSHIPS**

<b>Name</b>	<b>Employee Number</b>	<b>Tier</b>	<b>Membership Date</b>	<b>Employer</b>
Abuan, Ray	86203	P5.2	11/01/17	Contra Costa County
Ahl, Brittany M.	85357	P5.2	11/01/17	Contra Costa County
Alaga, Jason	D7830	S/D	11/01/17	San Ramon Valley Fire Protection District
Alcantar, Ricky	84780	P5.2	11/01/17	Contra Costa County
Alvarez Nunez, Stephany	86219	P5.2	11/01/17	Contra Costa County
Amaya, Erika	83432	P5.2	11/01/17	Contra Costa County
Anglade, Lindsay	86277	P5.2	11/01/17	Contra Costa County
Apodaca, Cassidy K.	85369	P5.2	11/01/17	Contra Costa County
Bautista-Saldivar, Jessica	81908	P5.2	11/01/17	Contra Costa County
Begley, Karen	76083	P5.2	11/01/17	Contra Costa County
Black, Letishia	86205	P5.2	11/01/17	Contra Costa County
Bower, Chad	D7830	S/D	11/01/17	San Ramon Valley Fire Protection District
Bowles, Samuel	D3406	P4.3	11/01/17	Central Contra Costa Sanitary District
Bravos, Constance	81674	P5.2	11/01/17	Contra Costa County
Brown, Tracie	86257	P5.2	11/01/17	Contra Costa County
Bruzzo, David	86289	P5.2	11/01/17	Contra Costa County
Cardinalli, Joseph	86179	P5.2	11/01/17	Contra Costa County
Carranza, Omar	83924	P5.2	11/01/17	Contra Costa County
Carrillo, Sean	D7830	S/D	11/01/17	San Ramon Valley Fire Protection District
Carrol, Renee	86261	P5.2	11/01/17	Contra Costa County
Cazares, Darinka	86224	P5.2	11/01/17	Contra Costa County
Ceballo, Marlene	86266	P5.2	11/01/17	Contra Costa County
Chantharath, Anna	86247	P5.2	11/01/17	Contra Costa County
Chen, Sophia	86250	P5.2	11/01/17	Contra Costa County
Chen, Xi	D9500	P5.3	11/01/17	Superior Courts
Chileth, Nora	77990	P5.2	11/01/17	Contra Costa County
Ching, Yuen Joo	86249	P5.2	11/01/17	Contra Costa County
Chung, Johanna	86248	P5.2	11/01/17	Contra Costa County
Clark, Lynn	86245	P5.2	11/01/17	Contra Costa County
Coffman, Craig	77927	P5.2	11/01/17	Contra Costa County
Coleman, Joymara	86274	P5.2	11/01/17	Contra Costa County
Corbett, Joseph	D7830	S/D	11/01/17	San Ramon Valley Fire Protection District
Cuneo, Andrew	82140	P5.2	11/01/17	Contra Costa County
De Dios, Christabel	86267	P5.2	11/01/17	Contra Costa County
Deguinion, Ramon	86211	P5.2	11/01/17	Contra Costa County
Diego, Frank	86229	P5.2	11/01/17	Contra Costa County
Diplock, Amanda	84396	P5.2	11/01/17	Contra Costa County
Dollente, Janice	86196	P5.2	11/01/17	Contra Costa County
Dominguez, Daniel	86228	P5.2	11/01/17	Contra Costa County
Douglass, Heidi	86275	P5.2	11/01/17	Contra Costa County

**Key:**

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



## CERTIFICATION OF MEMBERSHIPS

<i>Name</i>	<i>Employee Number</i>	<i>Tier</i>	<i>Membership Date</i>	<i>Employer</i>
Ehrmann, Shai	85405	P5.2	10/01/17	Contra Costa County
Espinoza, Regina G.	D3770	P4.3	11/01/17	Bethel Island Municipal Improvement District
Etheridge, Kayla	84057	P5.2	11/01/17	Contra Costa County
Fallas, Leonardo	86223	P5.2	11/01/17	Contra Costa County
Filippini, Nicholas	86276	P5.2	11/01/17	Contra Costa County
Flores, Antoinette	86191	P5.2	11/01/17	Contra Costa County
Flores, Bernadette	86262	P5.2	11/01/17	Contra Costa County
Gallegos, Daniel	86210	P5.2	11/01/17	Contra Costa County
Gardner, Melissa	79976	P5.2	11/01/17	Contra Costa County
Ghaznavi, Nazifa	86190	P5.2	11/01/17	Contra Costa County
Glancy, Albert	D7830	S/D	11/01/17	San Ramon Valley Fire Protection District
Gonzales, David	86209	P5.2	11/01/17	Contra Costa County
Gonzales, Petra	62790	III	11/01/17	Contra Costa County
Gordon, Brian	86208	P5.2	11/01/17	Contra Costa County
Grace, Ashely	82230	P5.2	11/01/17	Contra Costa County
Gramajo, Andrew	86207	P5.2	11/01/17	Contra Costa County
Green, Alexander	86171	P5.2	11/01/17	Contra Costa County
Guzman, Sonia	86187	P5.2	11/01/17	Contra Costa County
Hall, Jonathan	86281	P5.2	11/01/17	Contra Costa County
Hall, Sarah	86222	P5.2	11/01/17	Contra Costa County
Hamilton, Gwendolyn	45806	III	11/01/17	Contra Costa County
Hancock, Ryan	74138	P5.2	11/01/17	Contra Costa County
Harless, Martin	86206	P5.2	11/01/17	Contra Costa County
Hitchman, Logan	86227	P5.2	11/01/17	Contra Costa County
Iraheta, Karina	86188	P5.2	11/01/17	Contra Costa County
Iroko, Akinola	86268	P5.2	11/01/17	Contra Costa County
Jacob, Jean	86259	P5.2	11/01/17	Contra Costa County
James, Pamela	86278	P5.2	11/01/17	Contra Costa County
Jenkins, Edward	77441	P5.2	11/01/17	Contra Costa County
Joya, Lela Y.X.	D3406	P4.3	11/01/17	Central Contra Costa Sanitary District
Kanno, Rachel	85402	P5.2	11/01/17	Contra Costa County
Katz, Celia	86284	P5.2	11/01/17	Contra Costa County
Kawashima, Matthew	86269	P5.2	11/01/17	Contra Costa County
Kilpatrick, Erin	85351	P5.2	11/01/17	Contra Costa County
Kinnaman, Paul	86270	P5.2	11/01/17	Contra Costa County
Kukla, Candace	86230	P5.2	11/01/17	Contra Costa County
Kumara, Mythri	86142	P5.2	11/01/17	Contra Costa County
Landry, Raymond	61128	III	11/01/17	Contra Costa County
Langdon, Marc	86336	P5.2	11/01/17	Contra Costa County
Lapenok, Oksana	86242	P5.2	11/01/17	Contra Costa County

**Key:**

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

### CERTIFICATION OF MEMBERSHIPS

<i>Name</i>	<i>Employee Number</i>	<i>Tier</i>	<i>Membership Date</i>	<i>Employer</i>
Lash, Estella	86258	P5.2	11/01/17	Contra Costa County
Lawson, Stacey	86283	P5.2	11/01/17	Contra Costa County
Le, Nga	84897	P5.2	11/01/17	Contra Costa County
Lee, Lashanna	86234	P5.2	11/01/17	Contra Costa County
Leyto, Eligie	86138	P5.2	11/01/17	Contra Costa County
Lin, Kuei Han	85274	P5.2	11/01/17	Contra Costa County
Lommel, Michael	86317	P5.2	11/01/17	Contra Costa County
Lowden, John	86218	P5.2	11/01/17	Contra Costa County
Lucero, Frank	86320	P5.2	11/01/17	Contra Costa County
Magdaleno, Rebbecca	86238	P5.2	11/01/17	Contra Costa County
Marlow, Melissa	86322	P5.2	11/01/17	Contra Costa County
Masadas, Janel	86255	P5.2	11/01/17	Contra Costa County
Masumoto, Hana	86272	P5.2	11/01/17	Contra Costa County
McIntyre, Garrett	D7830	S/D	11/01/17	San Ramon Valley Fire Protection District
Melgar, Patrick	86241	P5.2	11/01/17	Contra Costa County
Minkler-Green, Mischa	85400	P5.2	11/01/17	Contra Costa County
Mongelli, Allison	86244	P5.2	11/01/17	Contra Costa County
Montana, Audrey	86139	P5.2	11/01/17	Contra Costa County
Munoz, Michael	86342	P5.2	11/01/17	Contra Costa County
Nalupta, Norman	86226	P5.2	11/01/17	Contra Costa County
Nasser, Mohammad	85379	P5.2	10/01/17	Contra Costa County
Navarrete Arosemena, Leidy	86167	P5.2	11/01/17	Contra Costa County
Niebuhr, Marcella	83809	P5.2	10/01/17	Contra Costa County
O'Hare, Patrick	86340	P5.2	11/01/17	Contra Costa County
Parsell, Taylor	D9500	P5.3	10/01/17	Superior Courts
Parsons, Heather	78139	III	11/01/17	Contra Costa County
Perez, Jarus	86319	P5.2	11/01/17	Contra Costa County
Preciado, Deborah	85381	P5.2	10/01/17	Contra Costa County
Presser, Sarah	76625	P5.2	10/01/17	Contra Costa County
Price, Michael	D7830	S/D	11/01/17	San Ramon Valley Fire Protection District
Queen, Harvey	86199	P5.2	11/01/17	Contra Costa County
Radillo, Lizette	86212	P5.2	11/01/17	Contra Costa County
Ramiro, Rose Ann	83908	P5.2	11/01/17	Contra Costa County
Reyes, Gabriela	85047	P5.2	11/01/17	Contra Costa County
Rodriguez, Devin	86217	P5.2	11/01/17	Contra Costa County
Rogers, Jessica	86168	P5.2	11/01/17	Contra Costa County
Romero, Lesbia	79585	P5.2	11/01/17	Contra Costa County
Saldua, Leah	86192	P5.2	11/01/17	Contra Costa County
Saleh, Simone	86246	P5.2	11/01/17	Contra Costa County
Sandri, Mary	86251	P5.2	11/01/17	Contra Costa County
Schneider, Michael	86216	P5.2	11/01/17	Contra Costa County
Setiawan, Jonathan	86273	P5.2	11/01/17	Contra Costa County
Shaw, Carissa	78519	P5.2	11/01/17	Contra Costa County

**Key:**

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<b>III = Tier III</b>	<b>P5.2 = PEPRA Tier 5 (2% COLA)</b>	<b>S/D = Safety Tier D</b>
	<b>P5.3 = PEPRA Tier 5 (3% COLA)</b>	<b>S/E = Safety Tier E</b>

### CERTIFICATION OF MEMBERSHIPS

<i>Name</i>	<i>Employee Number</i>	<i>Tier</i>	<i>Membership Date</i>	<i>Employer</i>
Shedd, Stephanie	D4980	P4.3	11/01/17	CCCERA
Sketchley, James	86215	P5.2	11/01/17	Contra Costa County
Smith, Devon	86214	P5.2	11/01/17	Contra Costa County
Stieler, Kelley	D9500	P5.3	11/01/17	Superior Courts
Strassmaier, Diane	85387	P5.2	10/01/17	Contra Costa County
Suponcic, Deidra	85401	P5.2	11/01/17	Contra Costa County
Suter, Christopher	D7830	S/D	11/01/17	San Ramon Valley Fire Protection District
Tedford, Karen	86204	P5.2	11/01/17	Contra Costa County
Thackara, Alex	86213	P5.2	11/01/17	Contra Costa County
Thorson, Daniel	86231	P5.2	11/01/17	Contra Costa County
Valencia Rubio, Jorge	84999	P5.2	11/01/17	Contra Costa County
Vega, Vanessa	83589	P5.2	11/01/17	Contra Costa County
Wareckiy, Gerhard	85365	P5.2	11/01/17	Contra Costa County
Williams, Janie	86243	P5.2	11/01/17	Contra Costa County
Wood, Eric	84434	P5.2	10/01/17	Contra Costa County
Woods, Julie	D9500	P5.3	11/01/17	Superior Courts
Xepoleas, Nicholas	86271	S/E	11/01/17	Contra Costa County
Yee, Jason	85404	P5.2	10/01/17	Contra Costa County

**Key:**

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

### 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>
Chi Pendo, Euredis	85064	P5.2	III	10/01/17	Contra Costa County	Recip In: Age and Tier Change
Hester, Lynn	D9500	P5.3	III	07/01/17	Superior Courts	Recip In: Age and Tier Change
Larangeira, Wanda G.	83764	P5.2	III	09/01/16	Contra Costa County	Recip In: Age and Tier Change
Leoncio, Angelica G.A.	83882	P5.2	III	09/01/16	Contra Costa County	Recip In: Age and Tier Change
Mertz, Jennifer	84420	P5.2	III	03/01/17	Contra Costa County	Recip In: Age & Tier Change
Miovas, Wendy	84778	P4.2	I	06/01/17	CCC-Fire Protection District	Recip In: Age & Tier Change
Napier, Jami	82411	P5.2	III	11/01/15	Contra Costa County	Recip In: Age and Tier Change

**Key:**

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

**Contra Costa County Employees' Retirement Association**  
Asset Allocation as of November 30, 2017

**Meeting Date**  
**1/10/18**  
**Agenda Item**  
**#4e.**

<b>Liquidity</b>	Market Value	Percentage of Total Fund	Phase 2b Target Percentage	Phase 2b Over/(Under)	Long Term Target	Long Term Over/(Under)
Insight	861,668,426	10.2%	12.6%	-2.4%		
Sit	489,562,007	5.8%	6.2%	-0.4%		
Dimensional Fund Advisors	420,399,720	5.0%	6.2%	-1.2%		
<b>Total Liquidity</b>	<b>1,771,630,152</b>	<b>21.1%</b>	<b>25.0%</b>	<b>-3.9%</b>	<b>27.0%</b>	<b>-5.9%</b>

**Range**  
**16% - 28%**

**Growth**

**Domestic Equity**

Boston Partners	397,445,732	4.7%	4.5%	0.2%		
Jackson Square	399,079,229	4.7%	4.5%	0.2%		
BlackRock Index Fund	118,679,015	1.4%	1.3%	0.1%		
Emerald Advisors	283,482,955	3.4%	3.0%	0.4%		
Ceredex	262,977,579	3.1%	3.0%	0.1%		
<b>Total Domestic Equity</b>	<b>1,461,664,510</b>	<b>17.4%</b>	<b>16.3%</b>	<b>1.1%</b>	<b>6.0%</b>	<b>11.4%</b>

**Global & International Equity**

Pyrford (BMO)	456,863,966	5.4%	5.2%	0.2%	6.0%	-0.6%
William Blair	487,617,370	5.8%	5.2%	0.6%	6.0%	-0.2%
JPMorgan Global Opportunities	219,748	0.0%	0.0%	0.0%		
First Eagle	364,379,394	4.3%	4.3%	0.0%		
Artisan Global Opportunities	375,612,021	4.5%	4.3%	0.2%		
PIMCO/RAE Emerging Markets	353,283,549	4.2%	4.2%	0.0%	5.0%	-0.8%
TT Emerging Markets	346,831,930	4.1%	4.2%	-0.1%	5.0%	-0.9%
<b>Total Global &amp; International Equity</b>	<b>2,384,807,978</b>	<b>28.4%</b>	<b>27.4%</b>	<b>1.0%</b>	<b>22.0%</b>	<b>6.4%</b>

**Private Equity**

Private Credit	838,660,000	10.0%	9.6%	0.4%	12.0%	-2.0%
Real Estate - Value Add	153,821,000	1.8%	2.4%	-0.6%	12.0%	-10.2%
Real Estate - Opportunistic & Distressed	157,985,000	1.9%	4.0%	-2.1%	4.0%	-2.1%
Real Estate - REIT (Adelante)	450,524,000	5.4%	4.0%	1.4%	4.0%	1.4%
High Yield (Allianz)	68,471,785	0.8%	1.0%	-0.2%	1.0%	-0.2%
Real Estate - REIT (Allianz)	360,492,062	4.3%	4.3%	-0.0%		
<b>Total Other Growth Assets</b>	<b>2,029,953,847</b>	<b>24.1%</b>	<b>25.3%</b>	<b>-1.2%</b>	<b>33.0%</b>	<b>-8.9%</b>

<b>Total Growth Assets</b>	<b>5,876,426,336</b>	<b>69.9%</b>	<b>69.0%</b>	<b>0.9%</b>	<b>61.0%</b>	<b>8.9%</b>
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**Range**  
**60% - 80%**

**Risk Diversifying**

AFL-CIO	277,199,323	3.3%	3.5%	-0.2%	3.0%	0.3%
Diversifying Strategies (Wellington)	190,132,456	2.3%	2.5%	-0.2%	9.0%	-6.7%
<b>Total Risk Diversifying</b>	<b>467,331,779</b>	<b>5.6%</b>	<b>6.0%</b>	<b>-0.4%</b>	<b>12.0%</b>	<b>-6.4%</b>

**Range**  
**0% - 10%**

**Cash and Overlay**

Overlay (Parametric)	33,718,523	0.4%	0.0%	0.4%		
Cash	258,490,776	3.1%	0.0%	3.1%	0.0%	3.1%
<b>Total Cash and Overlay</b>	<b>292,209,299</b>	<b>3.5%</b>	<b>0.0%</b>	<b>3.5%</b>	<b>0.0%</b>	<b>3.5%</b>

<b>Total Fund</b>	<b>8,407,597,565</b>	<b>100%</b>	<b>100%</b>	<b>0%</b>	<b>100%</b>	<b>0%</b>
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\*Phase 2b targets and ranges reflect Phase 2b asset allocation targets accepted by the Board on July 12, 2017 (BOR Resolution 2017-6)

**Private Market Investments  
As of November 30, 2017**

REAL ESTATE - Value Add	Inception Date	Target Termination	# of Extension in full liq.	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Invesco IREF II	05/30/07	12/31/15				85,000,000	444,000	0.01%	
Invesco IREF III	08/01/13	09/01/20				35,000,000	13,282,000	0.16%	
Invesco IREF IV	12/01/14	12/01/21				35,000,000	22,144,000	0.26%	3,190,000
Long Wharf FREG IV	08/14/13	09/30/21				25,000,000	18,666,000	0.22%	
Long Wharf FREG V	10/31/16	09/30/24				50,000,000	24,602,000	0.29%	23,987,000
LaSalle Income & Growth Fund VI	01/31/12	01/31/19				75,000,000	36,016,000	0.43%	3,946,000
LaSalle Income & Growth Fund VII	10/31/16	09/30/24				75,000,000	42,831,000	0.51%	32,234,000
<b>Outstanding Commitments</b>						<b>505,000,000</b>	<b>157,985,000</b>	<b>1.88%</b>	<b>63,357,000</b>
<b>Total</b>							<b>633,357,000</b>		<b>221,342,000</b>

REAL ESTATE - Opportunistic & Distressed	Inception Date	Target Termination	# of Extension in full liq.	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
DLJ Real Estate Capital Partners, L.P. III	06/30/05	06/30/14				75,000,000	28,167,000	0.34%	
DLJ Real Estate Capital Partners, L.P. IV	12/31/07	09/30/18				100,000,000	87,683,000	1.04%	
DLJ Real Estate Capital Partners, L.P. V	07/31/13	12/31/22				75,000,000	31,734,000	0.38%	36,086,000
Oaktree Real Estate Opportunities Fund V	02/01/11	02/01/21				50,000,000	10,347,000	0.12%	
Oaktree Real Estate Opportunities Fund VI	09/30/13	09/30/20				80,000,000	61,351,000	0.73%	5,682,000
Oaktree Real Estate Opportunities Fund VII	02/28/15	02/28/23				65,000,000	6,645,000	0.08%	55,250,000
Signuler Gulf Distressed Real Estate Opp. Fund	07/30/11	07/30/22				75,000,000	48,910,000	0.58%	11,993,000
Signuler Gulf Distressed Real Estate Opp. Fund II	08/31/13	08/31/25				70,000,000	54,160,000	0.64%	21,752,000
Signuler Gulf Distressed Real Estate Opp. II Co-Inv	01/31/16	10/31/25				25,000,000	15,746,000	0.19%	10,567,000
Paulson Real Estate Fund II	11/10/13	11/10/20				20,000,000	22,424,000	0.27%	
Angelo Gordon Realty Fund VIII	12/31/11	12/31/18				80,000,000	42,617,000	0.51%	18,145,000
Angelo Gordon Realty Fund IX	10/10/14	10/10/22				65,000,000	40,740,000	0.48%	31,091,000
<b>Outstanding Commitments</b>						<b>780,000,000</b>	<b>450,524,000</b>	<b>5.36%</b>	<b>190,566,000</b>
<b>Total</b>							<b>190,566,000</b>		<b>641,090,000</b>

PRIVATE CREDIT	Inception Date	Target Termination	# of Extension in full liq.	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Torchlight Debt Opportunity Fund II	09/28/06	09/30/16				128,000,000	40,375,000	0.48%	
Torchlight Debt Opportunity Fund III	09/30/08	06/30/16	2nd 1 YR	LP	06/30/18	75,000,000	7,941,000	0.09%	
Torchlight Debt Opportunity Fund IV	08/01/12	08/30/20				60,000,000	45,867,000	0.55%	
Torchlight Debt Opportunity Fund V	12/31/14	09/17/22				75,000,000	46,855,000	0.56%	37,500,000
Angelo Gordon Energy Credit Opportunities	09/10/15	09/10/20				16,500,000	12,783,000	0.15%	
<b>Outstanding Commitments</b>						<b>354,500,000</b>	<b>153,821,000</b>	<b>1.83%</b>	<b>37,500,000</b>
<b>Total</b>							<b>37,500,000</b>		<b>191,321,000</b>

**Private Market Investments**  
As of November 30, 2017

PRIVATE EQUITY	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Adams Street Partners	12/22/95	INDEFINITE				180,000,000	129,395,000	1.54%	75,650,000
Adams Street Secondary II	12/31/08	12/31/20				30,000,000	11,460,000	0.14%	12,637,000
Adams Street Secondary V	10/31/12	10/31/22				40,000,000	23,087,000	0.27%	15,740,000
Adams Street Venture Innovation Fund	03/09/16	03/09/28				75,000,000	3,413,000	0.04%	71,587,000
Bay Area Equity Fund	06/14/04	12/31/14	2nd 2 YR	LP	12/31/2017	10,000,000	2,965,000	0.04%	
Bay Area Equity Fund II	2/29/09	12/31/19				10,000,000	8,615,000	0.10%	
Carpenter Community BancFund	10/31/09	10/31/19				30,000,000	4,399,000	0.05%	
EIF USPF I	11/08/02	11/08/15	in full liq.	LP	11/08/15	30,000,000	755,000	0.01%	
EIF USPF II	06/15/05	06/15/15	3rd 1 YR	LP	06/15/18	50,000,000	35,104,000	0.42%	
EIF USPF III	02/28/07	02/28/17	1st 1 YR	LP	02/28/18	65,000,000	45,965,000	0.55%	
EIF USPF IV	06/28/10	06/28/20				50,000,000	51,759,000	0.62%	
Oaktree Private Investment Fund 2009	02/28/10	12/15/19				30,000,000	12,370,000	0.24%	6,384,000
Ocean Avenue Fund II	05/07/14	05/07/24				40,000,000	22,157,000	0.26%	40,000,000
Ocean Avenue Fund III	12/09/15	12/09/25				50,000,000	9,579,000	0.07%	
Paladin III	08/15/08	08/15/18				25,000,000	25,728,000	0.31%	
Pathway	11/09/98	05/31/21				125,000,000	27,147,000	0.32%	14,246,000
Pathway 2008	12/26/08	12/26/23				30,000,000	21,326,000	0.25%	5,879,000
Pathway 6	05/24/11	05/24/26				40,000,000	33,594,000	0.40%	10,809,000
Pathway 7	02/07/13	02/07/23				70,000,000	48,655,000	0.58%	21,936,000
Pathway 8	11/23/15	11/23/25				50,000,000	21,185,000	0.25%	32,939,000
Siguler Guff CCCERA Opportunities	06/03/14	05/31/25				200,000,000	133,999,000	1.59%	93,098,000
Siguler Guff Secondary Opportunities	12/31/16	12/31/26				50,000,000	9,015,000	0.11%	43,652,000
<b>Real Assets</b>									
Aether III & III Surplus	11/30/13	11/30/20				75,000,000	80,300,000	0.96%	13,772,000
Aether IV	01/01/16	01/01/28				50,000,000	17,726,000	0.21%	31,436,000
ARES EIF V	09/09/15	11/19/25				50,000,000	14,097,000	0.17%	38,561,000
Commonfund Capital Natural Resources IX	06/30/13	06/30/20				50,000,000	39,784,000	0.47%	13,875,000
Wastewater Opportunity Fund	12/31/15	11/30/22				25,000,000	5,081,000	0.06%	18,950,000
<b>Outstanding Commitments</b>						<b>1,545,000,000</b>	<b>838,660,000</b>	<b>10.02%</b>	<b>561,151,000</b>
<b>Total</b>							<b>561,151,000</b>		<b>1,399,811,000</b>

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  
**1/10/18**  
Agenda Item  
**#4f.**

**Contra Costa County Employees' Retirement Association  
Liquidity Report – November 2017**

**November 2017 Performance**

	Cash Flow	Coverage Ratio
Benefit Cash Flow Projected by Model	\$38,500,000	
Liquidity Sub-Portfolio Cash Flow	\$38,500,000	100%
Actual Benefits Paid	\$35,864,462	107%
<i>Next Month's Projected Benefit Payment</i>	<i>\$38,500,000</i>	

**Monthly Manager Positioning – November 2017**

	Beginning Market Value	Liquidity Program Cash Flow	Market Value Change/Other Activity	Ending Market Value
Sit	\$490,754,633	(\$750,000)	(\$442,626)	\$489,562,007
DFA	\$434,253,503	(\$12,500,000)	(\$1,353,783)	\$420,399,720
Insight	\$888,064,177	(\$25,250,000)	(\$1,145,751)	\$861,668,426
<b>Liquidity</b>	<b>\$1,813,072,313</b>	<b>(\$38,500,000)</b>	<b>(\$2,942,160)</b>	<b>\$1,771,630,152</b>
Cash	\$207,997,845	\$2,635,538	\$47,857,392	\$258,490,776
<b>Liquidity + Cash</b>	<b>\$2,021,070,158</b>	<b>(\$35,864,462)</b>	\$44,915,233	<b>\$2,021,070,158</b>

**Functional Roles**

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

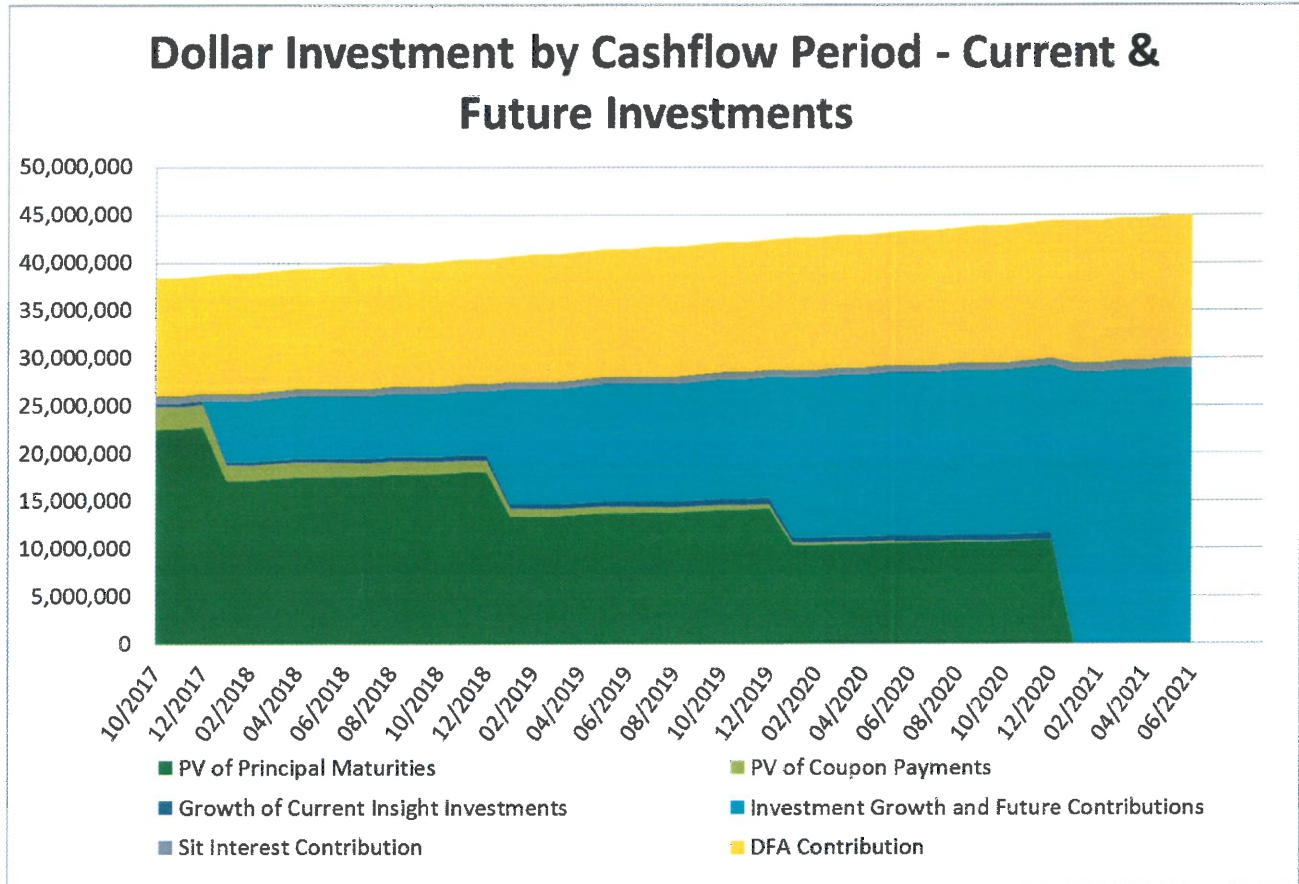
**Notes**

The eleventh monthly cash flow from the liquidity program was completed on November 22, 2017 and covered more than the actual benefit payments. The excess cash flow of approximately \$2.6 million was larger than what was observed in previous months. We continue to monitor the coverage ratio and anticipate adjusting the model to more closely fit actual benefit payments beginning in 2018.



## Cash Flow Structure

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





<p><u>Meeting Date</u>  <b>1/10/18</b>  <u>Agenda Item</u>  <b>#7</b></p>
---

**MEMORANDUM**

Date: January 10, 2018

To: CCCERA Board of Retirement

From: John Phillips, Chairperson, CCCERA Board of Retirement Audit Committee

Subject: Consider and take possible action to authorize the CEO to execute a contract with Brown Armstrong for auditing services.

***Background***

On October 19, 2017, CCCERA issued a Request For Proposal for Professional Auditing Services. After CCCERA conducted a review of the submitted proposals, the selected finalist, Brown Armstrong, was presented to the audit committee for consideration. Brown Armstrong has served as CCCERA’s external auditor for eleven years. If approved for a new contract, the partner assigned to CCCERA would rotate. Their extensive experience in auditing CERL systems and knowledge of defined benefit plans differentiated them from the other firms.

The following table summarizes the bid proposal received from Brown Armstrong to provide audit services and GASB 68 reporting. The current existing contract is a total not to exceed price of \$65,600 which includes \$51,200 for audit services and \$14,400 for GASB 68 reporting. Please note that the GASB 68 reporting fee is allocated to employers based on their pro rata share.

	Audit services	GASB 68 reporting	Total Not To Exceed
2017 Engagement	\$54,000	\$ 9,260	\$63,260
2018 Engagement	\$56,675	\$ 9,760	\$66,435
2019 Engagement	\$59,314	\$10,252	\$69,566

***Recommendation***

The Audit Committee recommends that the Brown Armstrong Accountancy Corporation be retained as CCCERA's external auditor for the next three year period for the years ending December 31, 2017, 2018, and 2019 and enter into a three (3) year contract with an option to renew for another three (3) years, subject to the annual review and recommendation of the Audit Committee.

Consider and take possible action to authorize the CEO to execute a contract with Brown Armstrong for auditing services, as recommended by the Audit Committee.



Meeting Date  
**1/10/18**  
Agenda Item  
**#8**

## ***MEMORANDUM***

Date: January 10, 2018  
To: CCCERA Board of Retirement  
From: John Phillips, Chairperson, CCCERA Board of Retirement Audit Committee  
Subject: Consider and Take Possible Action to Amend the Audit Committee Charter As Recommended By the Audit Committee

---

### ***Background***

The CCCERA Board of Retirement established a standing Audit Committee on April 8, 2015. On August 12, 2015, the Board adopted an Audit Committee Charter. On August 9, 2017, the Board Chairperson appointed Jerry Holcombe to the committee in order to fill a vacancy. The current Audit Committee composition is as follows: John Phillips-Chairperson, Russell Watts-Vice Chairperson, Todd Smithey-Committee member and Jerry Holcombe-Committee member.

The Audit Committee determined it is appropriate to amend the Charter to specify that committee members should be appointed annually and as required to fill vacancies. A draft amendment to that effect is enclosed, for the Board's consideration. The proposed language is:

At the second regular meeting in July, as the second order of business, or as required to fill vacancies, the Board Chairperson will appoint members of the Audit Committee as provided in the CCCERA Regulations and designate one member to serve as the Committee Chairperson and another member to serve as the Committee Vice-Chairperson.

(Audit Committee Charter, at Par. III. Membership.)

### ***Recommendation***

Consider and take possible action to amend the Audit Committee Charter, as recommended by the Audit Committee.

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
BOARD OF RETIREMENT

**AUDIT COMMITTEE CHARTER**

Adopted: 08/12/2015; Amended: \_\_\_\_\_

**I. INTRODUCTION**

The Board of Retirement ("Board") has established an Audit Committee to assist it in overseeing the audit function within the Contra Costa County Employees' Retirement Association ("CCCERA").

**II. PURPOSE**

The purpose of the Audit Committee is to serve as an advisory committee to the full Board on matters of the integrity of the trust fund's finances, financial reports, operations and internal controls.

**III. MEMBERSHIP**

The Audit Committee will consist of at least three and no more than four members of the Board. ~~The~~At the second regular meeting in July, as the second order of business, or as required to fill vacancies, the Board Chairperson will appoint members of the Audit Committee as provided in the CCCERA Regulations and designate one member to serve as the Committee Chairperson and another member to serve as the Committee Vice-Chairperson.

Ideally, members should have expertise in accounting, auditing, financial reporting, and internal control. Although these desired traits are not mandatory, members should be sufficiently knowledgeable about these topics to make informed recommendations with the assistance of a financial expert.

**IV. MEETINGS**

The Audit Committee will meet at least quarterly, with authority to convene additional meetings as circumstances require. All Audit Committee members are expected to attend each meeting. Three Audit Committee members present at the meeting shall constitute a quorum. No motion may be passed or business transacted without three affirmative votes. The Administrator/Chief Executive Officer will appoint appropriate staff to attend the Audit Committee meetings. Meeting notices will be provided to interested parties in conformance with applicable laws, regulations, customs, and practices. All meetings are subject to the Ralph M. Brown Act, Government Code Section 54950 *et seq.* Meeting agendas will be prepared and provided in advance to Audit Committee members, along with appropriate briefing materials. Minutes of meetings will be prepared. Minutes of the meeting will contain a record of persons present, decisions taken, and a high level summary of the discussion.

**V. RESPONSIBILITIES AND DUTIES**

The Audit Committee's areas of responsibility are:

1. Reviewing recommendations of CCCERA staff and outside auditor regarding the audited financial statements, CCCERA internal controls and audit and compliance plans;
2. Reviewing and addressing audit and compliance review findings;
3. Monitoring compliance with policies and oversight of CCCERA's internal controls;
4. Overseeing the appointment of the outside auditor;
5. Ensuring the independence of the outside auditor;
6. Ensuring that the outside auditor has all necessary opportunities to share its findings with the committee or the Board as appropriate;
7. Other specific subject matters that the full Board deems appropriate.

**VI. REPORT AND RECOMMENDATION TO THE FULL BOARD**

The Audit Committee will report its activities and make recommendations to the full Board. All formal actions taken at committee meetings must be considered for approval by the full Board at a scheduled and properly noticed full Board meeting.



Meeting Date  
**1/10/18**  
Agenda Item  
**#9**

## ***MEMORANDUM***

Date: January 10, 2018  
To: CCCERA Board of Retirement  
From: Christina Dunn, Deputy Chief Executive Officer  
Subject: Consider and take possible action to issue a Request for Proposal for Disability Retirement Legal Services

---

### ***Background***

CCCERA contracted with Laughlin, Falbo, Levy & Moresi in 2014 to provide disability retirement legal services.

In 2015, the Board adopted the CCCERA *Procurement of Products and Services Policy*, which ensures regular review of current service provider contracts. The policy designates vendors into two broad categories – core service providers and non-core service providers. Legal service providers are designated as a core service provider, therefore the search for disability retirement legal services is initiated by an action of the Board.

### ***Recommendation***

Consider and take possible action to issue a Request for Proposal for Disability Retirement Legal Services.



Meeting Date

**1/10/18**

Agenda Item

**#10**

# CCCERA 2018 COMPLIANCE ACTIVITY PLAN

Prepared by Wrally Dutkiewicz  
Compliance Officer  
December 2017



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## Introduction

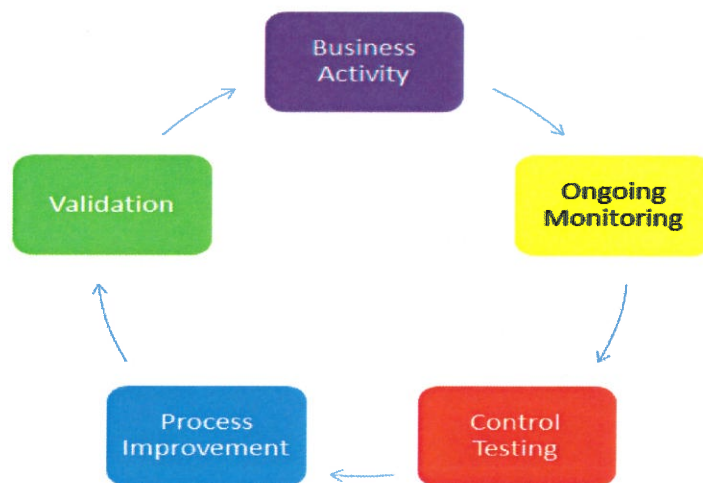
The Compliance Officer is authorized to engage in audit programs, risk assessments, and to coordinate audit efforts with external auditors to ensure compliance with CERL, PEPR, IRC, DOL, and other government statutes.

Auditing is the principal tool for the Compliance Department to evaluate the efficacy of the CCCERA's internal controls, compliance, governance, and risk management.

## Scope & Mission

The IIA Standards, CERL, PEPR and CCCERA's policies provide the framework within which the Compliance Officer performs audits to support, manage, and test CCCERA's Compliance Program and to determine the priorities for compliance activities. The Compliance Officer prepares an annual Audit Plan and Risk Assessment to help identify, measure, and prioritize potential issues based on the level of risk to the retirement system, and advise CCCERA Executive Management on the potential regulatory, administrative, and fiscal impact of those risks. The purpose of the annual Audit Plan is to outline the work to be performed and is designed to cover high risk activities while limiting the scope of work to what can realistically be accomplished during the upcoming fiscal year.

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



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

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

The audit process encompasses the following five stages:

1. Planning
2. Audit Fieldwork
3. Reporting
4. Quality assessment
5. Follow-up

## **Risk Assessment**

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

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

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

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

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

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

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

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

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

## **Internal Audit Risk Assignments:**

Risk assignments will be reviewed, validated and adjusted through the risk assessment component of each department's written operational procedures (WOPs) and written supervisory procedures (WSPs). Adjustments to the risk assignments will also take into consideration each department manager's procedural priority list on which each manager has self-identified an operational or supervisory item requiring updating, retooling, or the development of a new procedure.

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

With input and guidance from CCCERA's Audit Committee, the Internal Audit work plan will take into consideration the ongoing testing, monitoring, and ad hoc audit items that will be reviewed.



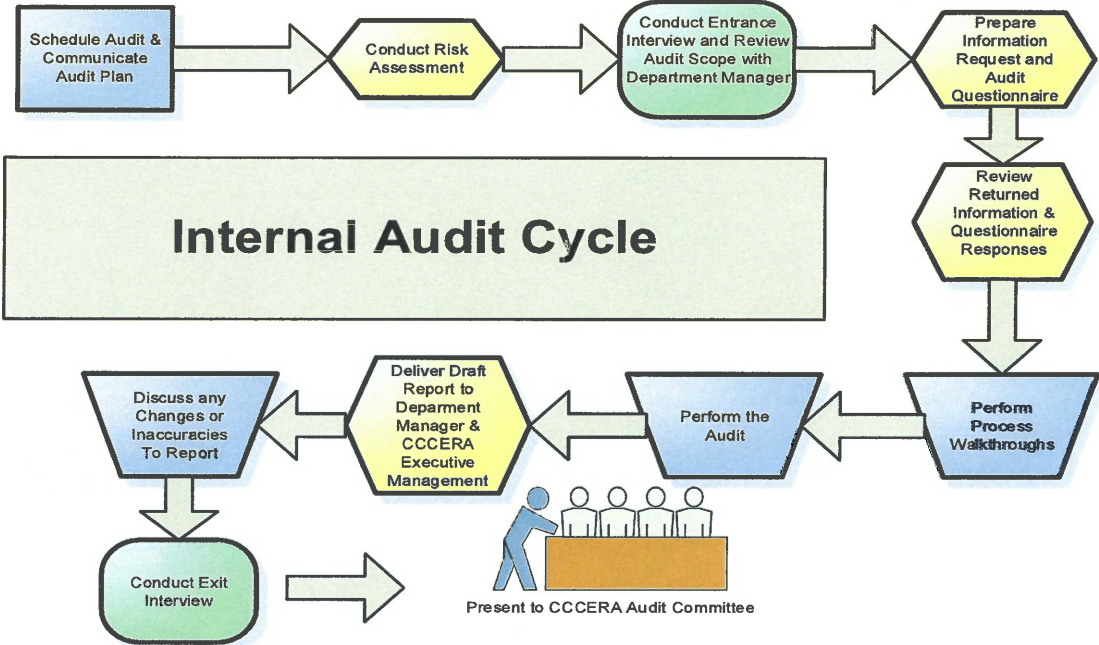
## Employer Audit Risk Assignments:

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

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

# The Audit Process

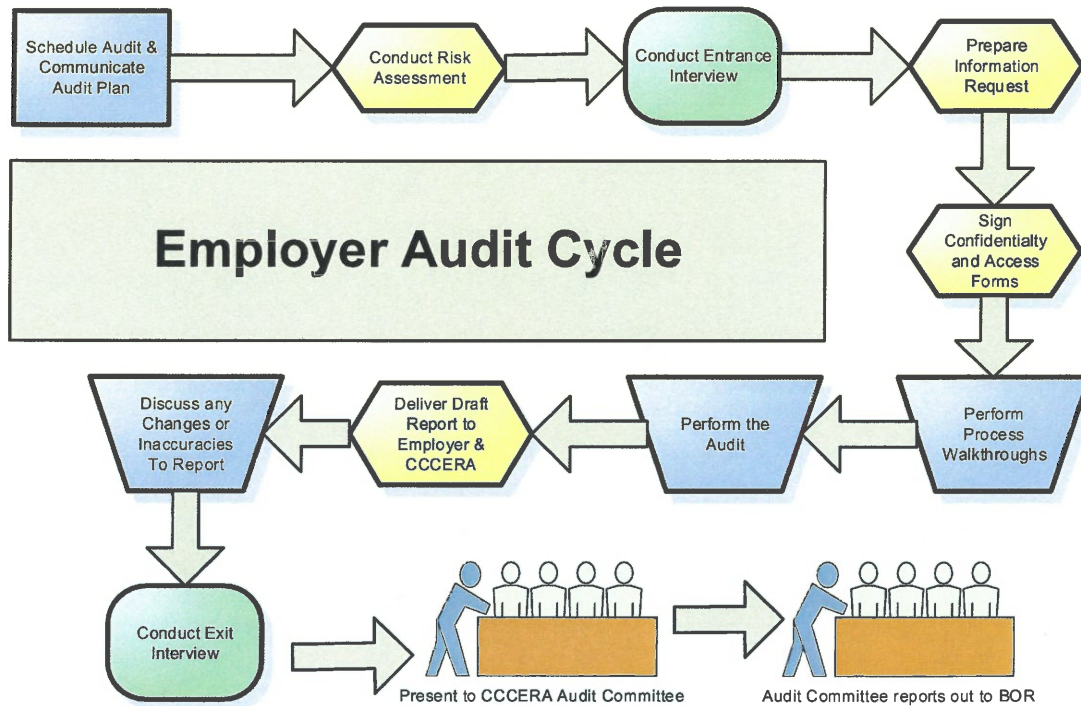
## Internal Audit



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



## Employer Audits



Upon completion of the audit, CCCERA staff will provide to the Board a written report of the audit results and the conclusions of the auditor and CCCERA staff. A copy of the report will be provided to the employer at least 10 days prior to any Board discussion or action.

## Reporting

At the conclusion of fieldwork for each audit, the Compliance Officer will prepare a draft report of significant findings and observations including any significant risk exposures and control issues, fraud risks, or governance issues identified during the audit. The report should be accurate, objective, clear, concise, constructive, complete, and timely.

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

## Follow-Up

Follow-up work is performed after the completion of an audit. It entails the Compliance Officer reviewing recommendations with management and determining whether the weakness in procedures or processes identified have been adequately corrected in accordance with the management response and committed timelines. In addition, the Internal Auditor will also follow up any recommendations issued by external auditors or the actuary.

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

# 2017 Compliance Activity Recap

## 2017 Compliance Internal Control Reviews & Projects:

- Projects:
  - Pension Administration Review
    - Pension Administration Systems Audit RFP – Issued 1/20/2017 – Icon Integration and Design Inc. awarded audit contract – Audit work began in July 2017.
    - Sub-Ledger Decommissioning Plan – Upon conclusion of audit of CCCERA pension administration systems – sub-ledger decommissioning plan will incorporate any data conditioning if any is required per the audit results.
  
- Compliance and Internal Controls Activities:
  - Accounting Department Process Review & Procedural Update – collaborated and facilitated employer contribution and reporting arc between Accounting and Member Services Departments.
  - Investment Department Procedures and Supervisory Structure – completed and adopted in November 2017.
    - Underwriting Procedures
    - Investment Department Supervisory Procedures – Staff Oversight
    - Investment Manager Operational Due Diligence (ODD) – Assessment & Onsite Review Framework
  - GASB 72 Implementation – Liaison with Investment & Accounting Departments – required reporting was incorporated into the 2016 CCCERA CAFR – June 2017
  - AB 2833 – Public Investment Fund Disclosures – collaborated with CCCERA General Counsel and Investment Department – incorporated into Investment Department Reporting procedures and timeline.
  - Ethics Hotline – Reporting and Case Management Provider – sourced provider. Implementation planning is ongoing with anticipated roll out during the course of 2018.
  - Internal Controls, Reporting and Monitoring –
    - Created an inventory of department reporting logs as an initial step towards department procedural reviews;
    - Identified improvement opportunity in tracking and monitoring new member enrollments to support compliance with Board of Retirement policy.

## 2017 Employer Audits:

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

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

The following employer audits were conducted:

- Contra Costa County Health Services Department – Finalize and Report Out – Preliminary report submitted to employer October 18, 2017 – Report out to CCCERA Audit Committee on December 13, 2017.
- East Contra Costa County Fire Protection District – Finalize and Report Out – Preliminary report submitted to employer November 9, 2017 – Report out to CCCERA Audit Committee on December 13, 2017.
- Contra Costa Superior Court – On-site field audit conducted November 20, 2017. Audit is on-going. Finalize and Report out – 2<sup>nd</sup> Quarter 2018.

# Compliance Activity Planned for 2018

## Sources of Areas Selected For Audit

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

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

## 2018 Compliance Internal Control Reviews & Projects:

- Projects:
  - Develop Compliance Monitoring and Reporting Tools in Caseware IDEA:
    - Employer Audit Pensionable Compensation and Contribution Testing Tool
    - Scope out specifications and requirements to develop top level compliance monitoring tool and report suite for core business activities – this will be an internally developed tool and suite of reports.
- Compliance and Internal Controls Activities:
  - Accounting Department Procedures and Supervisory Structure – procedural and reporting review and update.
  - Member Services and Retirement Services procedural review, reporting, and internal control update.

## 2018 Employer Audits:

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

- Timekeeping and Payroll Reporting
- Pensionable Compensation Reporting
- Employer and Employee Pension Contribution Reporting
- Employee Enrollment Procedures
- Retiree Return to Work Monitoring
- Member Felony Forfeiture – Employer Notification Review

The following employer audits are planned:

- Contra Costa County Department of Information Technology
- Contra Costa County Auditor Controller's Office
- Contra Costa County Public Defender's Office
- Contra Costa County Housing Authority
- San Ramon Valley Fire Protection District
- Moraga Orinda Fire Protection District
- Rodeo Hercules Fire Protection District



Meeting Date  
**1/10/18**  
Agenda Item  
**#11**

Employer Audit:  
Contra Costa County  
Health Services  
Department

*Final Audit Report  
dated 1/2/2018  
prepared by:*



EAU2017100 –CCCHSD

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January 2, 2018

David Twa  
Contra Costa County Administrator  
651 Pine St.  
10<sup>th</sup> Floor  
Martinez, CA 94553

Re: Final Report – Health Services Department Pensionable Compensation, Contribution and Reporting Audit

Dear Mr. Twa,

Enclosed you will find our final employer audit report for the Contra Costa County Health Services Department. The County's written response, included in the addendum to the report, indicates the County's agreement with the Retiree Return to Work Monitoring follow up items # 3 a), b). We are also in agreement with the County's response to #3 c) and d).

With respect to the clarification on follow up items #1 a) and b) it was observed during the audit that timesheets were reviewed and approved in advance of, very close to, or at the date of the payroll cutoff. As an observation this may contribute to the high number of payroll adjustments that were observed to be performed on Contra Costa Health Services Department members' payroll records as compared to number of adjustments performed by rest of the County departments as whole which was noted in the audit report.

Regarding the clarification on #1 c) with respect to "Pensionable Compensation Reporting" we are in agreement on the notification dates listed in the response. I provide further clarification below regarding the calculation of compensation earnable, specifically for Legacy members (pre-PEPRA).

CCCERA's Retirement Services and Member Services departments follows CCCERA's *Policy On Determining "Compensation Earnable" Under Assembly Bill 197 For Purposes Of Calculating Retirement Benefits For "Legacy" (Pre-PEPRA) Members*. Under the applicable law (G.C. § 31461(b)(3)), "Compensation Earnable" does not include, in any case, the following: Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise. Under CCCERA's "Compensation Earnable" policy, pay received for "overtime" is not included in "compensation earnable". To be included, the time for which compensation is received (1) must be the normal working hours set forth in the applicable employment agreement, (2) must be

required by the employer to be worked by the employee (as distinguished from voluntarily worked, and (3) must be ordinarily worked by all others in the same grade or classification at the same rate of pay during the FAS period. Pay that will be reviewed under these conditions is often described as “standby” or “on-call”. Employers must report to CCCERA as pensionable only that pay for work that is required of and ordinarily served by everyone in the same grade or classification, at the same rate of pay.

We concur with the County’s response to follow-up item #2 *Enrollment of All Eligible Employees – New Member Enrollment Procedures* to the extent that a process improvement opportunity has been identified during the audit for both the County and CCCERA. With respect to the County’s response that the eleven (11) outstanding enrollment affidavits would be sent by December 5, 2017, CCCERA staff can confirm that two (2) have been received thus far.

I want to thank you for the time and courtesy that you and your staff extended to CCCERA’s compliance team in performing this audit.

Best regards,



Wrally Dutkiewicz  
Compliance Officer

Cc: Robert Campbell, Contra Costa County Auditor-Controller  
Lisa Driscoll, Contra Costa County Finance Director  
Dr. William Walker, Contra Costa County Director and Health Officer, Health Services Department



October 18, 2017

David Twa  
Contra Costa County Administrator  
651 Pine St.  
10<sup>th</sup> Floor  
Martinez, CA 94553

Re: Preliminary Report – Health Services Department Pensionable Compensation, Contribution and Reporting Audit

Dear Mr. Twa,

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

The *Preliminary Observations Report* is enclosed for your review. I would direct your attention to the “*Observations*” and “*Follow-Up Items*” sections of the report. A written response from the County pertaining to the “*Follow-Up Items*” indicated in the report should be sent to CCCERA within four weeks of the date noted on the report. This response will be included in the “*Final Report*” which will be submitted to CCCERA’s Board of Retirement.

In addition, I would like to extend my gratitude to the Health Services Department payroll and human resources staff and the courtesy that they extended to CCCERA compliance staff during the review. Should you wish to discuss or have any questions regarding the items reviewed and the observations contained within this report, please contact me at 925-521-5690.

Best regards,



Wrally Dutkiewicz  
Compliance Officer

Cc: Robert Campbell, Contra Costa County Auditor-Controller  
Lisa Driscoll, Contra Costa County Finance Director  
Dr. William Walker, Contra Costa County Director and Health Officer, Health Services Department

## Background

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

CCCERA administers the retirement benefits for the employees of Contra Costa County and participating District employers. Participating employers within the CCCERA retirement system transmit payroll information and contributions to fund the benefits for their employees. CCCERA sets up retirees' accounts, processes applications, calculates retirement allowances, prepares monthly retirement benefit payment rolls, and makes adjustments to retirement benefits when needed.

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

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

Contra Costa County Health Services (CCHS) is the largest department within Contra Costa County employing more than 4,250 individuals. There are seven divisions within CCHS: Behavioral Health Services, Contra Costa County Health Plan, Emergency Medical Services, Environmental Health, Hazardous Materials, Public Health, and Contra Costa Regional Medical Centre and Health Centers.<sup>1</sup>

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<sup>1</sup> CCHS website [cchealth.org](http://cchealth.org)

## Scope

The 2013 Pension Reform legislation granted CCCERA the authority under Government Code Section 31543 to conduct audits of employers to ensure that employee and payroll information used in the calculation of Retiree pension benefits is correct and verifiable. The scope of the employer reviews may include:

- Correctness of retirement benefits;
- Reportable compensation;
- Enrollment in, and reinstatement to the system (GC 31543);
- Pensionable compensation (GC 31461 and 7522.34);
- Determine if employees convicted of certain felonies have forfeited benefits earned or accrued from the commission of the felony (GC 7522.72(g) and GC 7522.74(g));
- Evaluate implementation of MOU provisions pertaining to compensation, leave cash outs and other pension-related items.
- Determine if compensation is paid to enhance a member's retirement benefit (GC 31461(b)(1) and 7522.34(c)(1)).
- Evaluate employers compliance with restrictions on retirees returning to work (GC 7522.56, I.R.S. bona fide separation and normal retirement age rules)

The review of the Contra Costa County Health Services Department was conducted between February 2016 and July 2017. The review period encompassed active employee records for the years 2014 through 2016 and retired employees from 2014 through 2016.



The following review activities were performed:

- Reviewed the following:
  - Contra Costa County Salary Regulations
  - Contra Costa County Personnel Policies
  - Memoranda of Understanding (MOU):
    1. MOU between Contra Costa County and California Nurses Association – May 1, 2012 – July 31, 2014
    2. MOU between Contra Costa County and California Nurses Association – August 1, 2012 – December 31, 2017
    3. MOU between Contra Costa County and Public Employees Union, Local One – July 1, 2013 – June 30, 2016
    4. MOU between Contra Costa County and United Clerical, Technical & Specialized Employees AFSCME, Local 2700 – July 1, 2013 – June 30, 2017
    5. MOU between Contra Costa County and Physicians' and Dentists' Organization of Contra Costa – October 1, 2008 – October 31, 2016
- Consulted with key Health Services Department staff members to obtain an understanding of CCHS personnel and payroll procedures;
- Reviewed timesheets and payroll data for active members.
- Reviewed the payroll transactions and compared CCHS payroll register with the data reported to CCCERA by the County to determine whether the CCHS correctly reported employees' compensation;
- Reviewed CCHS payroll information reported to CCCERA for all sampled active employees to determine whether pay-rates were reported pursuant to public salary information;
- Reviewed the CCHS process for reporting payroll to CCCERA to determine whether the payroll reporting of compensation elements were reported correctly;
- Reviewed the CCHS employer and employee retirement contribution calculations for accuracy;
- Reviewed the CCHS enrollment practices pertaining for new employees.
- Reviewed retired CCHS employees that returned to work post-retirement to ensure compliance with retiree return to work regulations.
- Reviewed the CCHS tracking of retirees returned to work and compliance with fiscal year 960 hour cap.
- Reviewed timesheets for retirees that have been engaged by CCHS for post-retirement employment.

**Accuracy of  
Payroll  
information  
provided to  
CCCERA**

**Test Standard:**

The accuracy and completeness of the pensionable payroll and employee contributions reported to CCCERA from the County's Auditor-Controller's office. Pursuant to Board of Retirement Regulations Section IV. Contributions and Reporting and Section VI. Compensation, employer pensionable payroll and corresponding pension contributions are to be reported to the retirement system timely and accurately.

**Employer Certification:**

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

**Compensation & Contribution Reporting:**

Employer pensionable payroll and corresponding pension contributions are to be reported to the retirement system timely and accurately. (*Contributions And Reporting, 4. Employer Certification.*)

Only pensionable compensation (GC 31461 and 7522.34) is to be reported to the retirement system and the corresponding contributions are to be reported to the retirement system accurately and timely.

**Test Performed:**

- Sixty-nine (69) active employees were selected for review. Sixty-six (66) were legacy (pre-PEPRA employees, and three (3) were PEPRA employees with hire dates after 1/1/2013.
- Two (2) Directors and three (3) Assistant Directors were selected for review.
- Reviewed base regular compensation paid to the sample group and compared to the salary schedules published by the Contra Costa County Human Resources Department for twenty-eight (28) occupational classifications identified within the active employee sample group.
- Pensionable compensation reported to CCCERA along with corresponding employer and employee contributions were reviewed for the following time periods 2014 – April & November, 2015 – April & November, 2016 – April & November.



- Reviewed the process by which Health Services payroll department administers its employee time-reporting and payroll preparation.
- An analysis of the pensionable compensation reported to CCCERA and corresponding employer and employee contributions was performed to ascertain that the appropriate employer and employee contribution rates were applied and accurately reported to CCCERA during the selected review time periods. The comparative review was performed by reviewing and comparing pensionable pay, both employer and employee contributions, reported from PeopleSoft against the employee pensionable compensation and contribution records reported to CCCERA and uploaded into the retirement system's pension administration system CPAS.
- From the sixty-nine (69) active Health Services Department employees, representing twenty-six (26) distinct occupational classifications, base compensation paid to each of the employees was compared to the corresponding published salary schedules.

**Observations:**

**Health Services Department Payroll and Reporting Process:**

- The Contra Costa Health Services Department has a complex array of compensation types, some of which are pensionable while others are not. There were sixty-two (62) distinct compensation pay codes in addition to basic regular pay that were noted during the review. Of these pay codes twenty-eight (28) were reported to the retirement system as pensionable compensation in addition to basic regular pay for Legacy (pre-PEPRA) members.
- The main source document for timekeeping is the *Contra Costa Health Services – Payroll Timesheet* which captures an employee's time in the following categories:
  - Regular time – in and out;
  - Over-time, on-call, and call back time;
  - Non-work hours such as administrative leave, vacation, sick time, holiday compensatory time, and other paid and non-paid leave;
- The timesheets are prepared manually by hand by the employee and then a health services payroll department clerk reviews each timesheet and applies a compensation earn code to each time category item on the time sheet. The payroll clerk then manually enters the earn code and time

indicated by the employee on the timesheet into the County's timekeeping and payroll administration system (Kronos).

- Timesheets are submitted by the employee before the close of the second pay time period of the month. It was observed during the review that multiple adjustments result for the last days of the month and that both manual adjustments and off-cycle payments are made once reconciled. The reconciliation period for adjustments varied from a few days into the following month after the close of payroll to several months after the affected pay period.
- Although the review did not reveal any material defect in the reporting of pensionable compensation and contributions on an aggregate department level, the risk does exist that the manual process may lead to incomplete adjustment and payroll record corrections being processed and reported to the retirement system which in turn may lead to incomplete or inaccurate pensionable compensation and contribution data being applied to individual members' records in the retirement system's pension administration system.
- It was observed that during each of the reviewed time periods the Health Services Department payroll adjustments contributed to over 40% of the corrections to individual employee records as compared to the total number of individual pensionable compensation and contribution records reported by the County to the retirement system.

	Apr-14	Nov-14	Apr-15	Nov-15	Apr-16	Nov-16
% of corrections of individual County employee records	41.94%	41.27%	44.05%	64.29%	45.83%	45.24%
% of HS records of total County correction record count	41.83%	46.91%	39.86%	66.41%	51.57%	40.44%

### **Compensation Reported in accordance with published salary schedules:**

- Review of sixty-nine (69) active employee sample indicated that base compensation paid was within the published salary schedules for the employees' occupational classification.
- Pensionable earnings and employee and employer contributions were received and posted by CPAS without material differences. 3 instances of \$0.01 differences were observed for all 6 review time period months.

### **Pensionable Compensation Reporting:**

- The review did not reveal that non-pensionable pay items had been included with pensionable compensation reported based on the review of source documentation. It should be noted that effective September 1, 2015 the Contra Costa County Auditor-Controller's office communicated to all County departments that pension contributions on on-call pay (D33) would no longer be collected from employees nor paid by the employer. Comparison of both timesheets and pensionable compensation and contribution reports for the time period for the selected time periods did not reveal any non-conforming or mischaracterized compensation being reported as pensionable compensation.
- In the review of one member's time reporting and compensation records [EmpID 62065] it was in-determinant that sufficient original reporting and adjustment documentation and clarification had been submitted to CCCERA compliance per it's request to provide an accurate tie-back and attribution between on-call hours that had been recorded on timesheets for the April & May 2013 time reported in PeopleSoft, and compensation reported to the retirement system.

### **Pension Contribution Reporting:**

- CCCERA calculations of employee and employer contribution match County calculations.
- Pensionable earning amount minus Social Security Integration (SSI) offset factor of \$116.67 has been correctly applied and calculated for entire sample. Pensionable compensation is reduced by the SSI offset factor for legacy (pre-PEPRA) members that participate in Social Security and therefore will have reduced retirement allowances from the retirement system to reflect its integration with Social Security.
- Immaterial differences of \$0.01 or \$0.02 were observed for all years.

- The comparison of contribution reports to PeopleSoft data shows that all contribution amounts were identical. No differences were found.
- Multiple instances of corrections to employee and employer pension contribution amounts observed for which the correct additional amounts were calculated, submitted to CCCERA and posted in CPAS.

**Enrollment  
of All  
Eligible  
Employees**

**Test Standard:**

**County Employees Retirement Law of 1937 –Government Code 31552**  
 Membership in the retirement system begins on the first day of the month following your employment in an eligible position. Retirement benefit contributions begin with the first paycheck after membership. All active, eligible employees contribute to the retirement system. Membership is mandatory for most employees in permanent positions, working half-time or more; the exceptions are elected officials, who may choose membership by declaration, and employees who begin working after the age of 60 who may waive membership in the system.

**CCCERA Board Regulations III. Membership, 3. Certifications:**

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

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

**Observations:**

It has been observed by CCCERA staff that enrollment cards for new Contra Costa Health Services Department employees have been transmitted to the retirement system late.

For the 2016 year, it was observed that there were eleven (11) new employees for which CCCERA did not receive an enrollment form timely. Enrollment forms were outstanding for an average of 175 days after the employees’ membership date. Five (5) enrollment forms were still outstanding as of August 2, 2017.

For the first part of 2017, It was observed that there were nine (9) new employees for which CCCERA did not receive an enrollment form timely. Enrollment forms were outstanding for an average of 72 days after the employees' membership date. Six (6) enrollment forms were still outstanding as of August 2, 2017.

**Retiree  
Return to  
Work  
Monitoring**

**Test Standard:**

GC 7522.56, I.R.S. bona fide separation and normal retirement age rules

There are two ways retirees may return to work for a CCCERA participating employer: on an approved limited basis while receiving their pension, or by suspending their retirement to return to full time employment. The PEPRA 2013 "return to work" rules create a framework under which a retiree's eligibility will be determined to be re-employed without having to be reinstated from retirement. The "return to work" rules affect new, deferred, and current employees.

The Board of Retirement Regulations Section VII Normal Retirement Age and Bone Fide Separations states the following:

**Bona Fide Separation from Service**

*A) In order to comply with tax law restrictions on in-service distributions, a member who retires at an age younger than Normal Retirement Age, as defined*

*herein, may not enter into an agreement, either oral or written, prior to the date the*

*member's retirement commences, to be reemployed while retired by the same*

*CCCERA employer, regardless of the length of the member's break in service after retirement. The member must acknowledge in writing to CCCERA at the time of retirement that the member has been informed of these requirements and limitations on post-retirement employment and that no prearrangement to be reemployed while retired exists.*

*B) A member who retires at an age younger than Normal Retirement Age, as defined herein, must have at least a continuous 90-day break in service from the date of the member's last day of employment prior to being reemployed while retired by the member's prior CCCERA employer.*

*C) If a member is reemployed without compliance with subsections (A) and (B) above, the retired member's retirement benefits from CCCERA must cease as soon as practicable upon discovery by CCCERA and will not resume until the member has a bona fide separation from service or reaches Normal Retirement Age, whichever occurs first.*



Employer Certification and Determination – Submission of Form 213  
[Rev.2013] Certification for Post-Retirement Employment.

- No pre-arrangement for post-retirement re-hire.
- Reinstatement from retirement requirement if rehired by an employer in the same public retirement system from which the retiree receives the benefit;
- Waiting period between retirement date and rehire of a retiree (with some exceptions for Safety Members and special circumstance General Members);
- Fiscal Year Limitations – 960 Hours;
- Limited duration of the return to work (7522.56(c).)
- Compensation Limits
- Employer certification and approval by the Board of Supervisors (7522.56(f)(1).)
- Retiree certification of non-receipt of unemployment insurance compensation (7522. 56(e).)

**Observations:**

- Review of CCCERA *Certification for Post-Retirement Employment [Form 213]* logs for the fiscal years 2014-2015 and 2015-2016 indicated the following:
  - 219 Health Services Department employees that received post-retirement employment income indicated that copies of executed Form 213 were not on file. 65 of the retirees had retired prior to 2013 which was when Form 213 was adopted. The Bona Fide Separation of Service Acknowledgment Form log was reviewed which indicated that the retirement system had received 24 acknowledgment forms from Health Services Department retirees.
- There were 17 retirees that had returned to work with retirement dates in 2014 that the retirement system does not have a record of having received a Form 213 from the Health Services Department or County Human Resources Department.
- Of the 219 Health Services Department retirees that received post-retirement employment income 165 retirees were serially employed over subsequent fiscal year periods since their retirement date and within these serially employed retirees there were 70 that had been employed without interruption since their retirement date.

### **Compliance with Fiscal Year 960 Hour Cap (7522.56(d))**

219 retirees who returned to work for CCHS for Fiscal Year 14-15 and 184 retirees who returned to work with CCHS for Fiscal Year 15-16 were reviewed for compliance with the 960 hour cap. This review is based on lists provided to CCCERA by the Auditor-Controller's office. The following initial observations were made:

#### **FY 14-15:**

- 10 retirees returned to work exceeded the 960 hour cap in FY 14 - 15.

#### **FY 15-16:**

- The County Auditor-Controller's office reported that five (5) retirees that returned to work exceeded the 960 hour cap in FY 2015 - 2016.
- Of the five retirees that returned to work two (2) also exceeded the 960 hour cap in FY 2014 - 2015.

### **Timesheet Comparison**

- The timesheets for the five (5) individuals (R33940, R45612, R44214, R37149 and R43753) that the County Auditor-Controller reported that exceed the 960 hour cap in fiscal year 2015-2016 were requested from Health Services and were compared to PeopleSoft data. Based on the review 4 individuals worked more than 960 hours in FY 15 - 16. For one individual (R45612), the Auditor-Controller included the differential B82 as well as an adjustment for B82 [Physician's Evening Clinic] and coded it under D02 in the total hours worked. It does not appear that these hours were additional hours worked, only paid an additional assessment. The total hours without the differential hours is 818.95.

#### **Forfeiture of benefits earned or accrued from the commission of a felony**

#### **Test Standard:**

Reporting Requirements For Public Employers Under PEPRA require the public agency that employs or employed a public employee who was convicted of a job related felony must notify CCCERA of the conviction within 90 days of the conviction. (Govt. Code §§ 7522.72(f) and 7522.74(f).).

#### **Observations:**

The review indicated that CCCERA had not received any notice from the employer, Contra Costa County, regarding any employee of the Health Services Department that would have been subject to the felony conviction and benefit forfeiture provisions under government statute.



## Follow- Up Items

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

1. **Pensionable Compensation Reporting** – Provide clarification on the process steps on how D33 on-call was processed including the adjustment of 38 on-call hours for the pay period May 1 -15, 2013 for member EmpID 62065.
  
2. **Enrollment of All Eligible Employees - New Member Enrollment procedures** – the following is a list of newly enrolled members into the retirement system for which enrollment forms were received either late or have not been received by the retirement system. The employer is to provide a response with respect to the late transmitted forms and transmit the outstanding enrollments forms for the members indicated with the as of date of 8/2/2017\* .

<b>2016 New Health Service Department Employees – Late Enrollment Forms</b>					
<b>Emp #</b>	<b>Dept.</b>	<b>Membership Date</b>	<b>Original Enrollment form Received*</b>	<b>Late in Days</b>	<b>Late in Months</b>
82831	Health Svcs	4/1/16	5/20/16	49	1.65
81770	Health Svcs	8/1/16	10/31/16	91	3.00
83528	Health Svcs	8/1/16	2/2/17	185	6.07
83885	Health Svcs	10/1/16	2/6/17	128	4.21
83894	Health Svcs	10/1/16	2/9/17	131	4.32
83943	Health Svcs	11/1/16	8/2/17*	274	9.06
81755	Health Svcs	11/1/16	8/2/17*	274	9.06
50288	Health Svcs	11/1/16	11/7/16	6	0.00
78178	Health Svcs	11/1/16	8/2/17*	274	9.06
77300	Health Svcs	11/1/16	8/2/17*	274	9.06
74708	Health Svcs	12/1/16	8/2/17*	244	8.06

\*Note: Enrollment forms still outstanding as of 8/2/2017 – not received by CCCERA

2017 New Health Service Department Employees – Late Enrollment Forms					
Emp #	Dept.	Membership Date	Original Enrollment form Received*	Late in Days	Late in Months
83776	Health Svcs	3/1/17	8/2/17*	154	5.06
82725	Health Svcs	3/1/17	8/2/17*	154	5.06
83661	Health Svcs	4/1/2017	5/11/17	40	1.35
76411	Health Svcs	4/1/2017	8/2/17*	123	4.06
41105	Health Svcs	4/1/2017	5/3/17	32	1.10
84850	Health Svcs	6/1/2017	7/18/17	47	1.58
76902	Health Svcs	7/1/2017	8/2/17*	32	1.06
84499	Health Svcs	7/1/2017	8/2/17*	32	1.06
82729	Health Svcs	7/1/2017	8/2/17*	32	1.06

\*Note: Enrollment forms still outstanding as of 8/2/2017 – not received by CCCERA

**3. Retiree Return to Work Monitoring –**

- a. Fiscal year 2014-2015: Out of a total of 219 retirees that received post retirement employment compensation from the County there were ten (10) retirees who exceeded the 960 hour per fiscal year cap.

<b>Retirees Return to Work – Health Services Dept. Fiscal 2014-2015</b>		
<b>ID</b>	<b>Department</b>	<b>FY 14- 15 Sum of Hours</b>
R37149	HEALTH SVCS	966.00
R44214	HEALTH SVCS	986.00
R26432	HEALTH SVCS	998.50
R35064	HEALTH SVCS	968.00
R32128	HEALTH SVCS	1,002.75
R43193	HEALTH SVCS	969.00
R38796	HEALTH SVCS	965.47
R38347	HEALTH SVCS	975.25
R53119	HEALTH SVCS	1,023.00
R41747	HEALTH SVCS	976.50

- b. Fiscal year 2015-2016: Out of a total of 184 retirees that received post retirement employment compensation from the County there were five (5) retirees who exceeded the 960 hour per fiscal year cap.

<b>Retirees Return to Work – Health Services Dept. Fiscal 2015-2016</b>		
<b>ID</b>	<b>Department</b>	<b>FY 15- 16 Sum of Hours</b>
R37149	HEALTH SVCS	995.50
R43753	HEALTH SVCS	988.75
R44214	HEALTH SVCS	987.50
R45612	HEALTH SVCS	981.75
R33940	HEALTH SVCS	973.00

- c. There were two (2) retirees that exceeded the 960 hour cap per fiscal year during both fiscal years 2014-2015 and 2015-2016. Please respond with what action was taken by the employer for each retiree.

<b>Retirees that exceed the 960 hour fiscal year cap in both 2014-2015 &amp; 2015-2016</b>			
<b>ID</b>	<b>Department</b>	<b>FY 14- 15 Sum of Hours</b>	<b>FY 15 - 16 Sum of Hours</b>
R37149	HEALTH SVCS	966.00	995.50
R44214	HEALTH SVCS	986.00	987.50

- d. For retiree R45612, clarification from the employer is required with respect to the inclusion of the B82 – Physicians Evening Clinics within the 960 hour cap in fiscal 2015-2016.

# Addendum 1: Audit Response from Contra Costa County

## County Administrator

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

David J. Twa  
County Administrator

Contra  
Costa  
County



## Board of Supervisors

John M. Gioia  
1<sup>st</sup> District  
Candace Andersen  
2<sup>nd</sup> District  
Diane Burgis  
3<sup>rd</sup> District  
Karen Mitchoff  
4<sup>th</sup> District  
Federal D. Glover  
5<sup>th</sup> District

December 1, 2017

Wrally Dutkiewicz, Compliance Officer  
CCC Employees Retirement Association  
1355 Willow Way, Suite 221  
Concord, CA 94520

Dear Mr. Dutkiewicz,

The following is provided in response to issues noted during the course of CCCERA's audit of the CCC Health Services Department:

1. **Pensionable Compensation Reporting.** The following clarification is offered regarding the process on how D33 on-call was processed and adjusted for pay period May 1-15, 2014 for member Employee ID 62065.
  - a. Generically, On-Call Duty pay for unrepresented managers is approved by Dr. William Walker. The Payroll Unit is given a list of names of all unrepresented managers that are approved to receive On-Call Duty pay. This list is provided in order to ensure that no manager is compensated in error. There are many reasons why pay adjustments are made and off cycle checks are requested. All employees will receive their base salary pay on the 10th of each month even if a time sheet has either not been submitted to HS Payroll or is misplaced, unless payroll staff takes specific steps to stop the paycheck from being processed.
  - b. Employee 62065 had planned to be out on leave the second half of May (May 16-31); therefore, she took additional on call during the first two weeks of the month (May 1-15). It appears that the payroll clerk did not note the extra hours worked. The time sheet in question for pay period 5-15-13 was signed by Dr. Walker on 5-15-13. The 15th may have been very close to the payroll cutoff and the payroll clerk may have misplaced the time sheet due to the volume of time sheets that need to be processed. The department notes that the hours were worked, the pay was missed, and a correction was made.
  - c. As a point of clarification, on page 10 under "Pensionable Compensation Reporting" the report states that: "effective September 1, 2015 the Contra Costa County Auditor-Controller's office communicated to all County departments that pension contributions on on-call pay (D33) would no longer be collected from employees nor paid by the employer"; the communication occurred on July 28, 2015 to be effective September 1, 2015. The action to exclude "on-call" pay from retirement compensable earnings was determined by CCCERA and the Auditor's Office notified departments. The Auditor worked with Kurt Schneider, Deputy Chief Executive Officer, to ensure the County was in compliance with CCCERA regulations.
2. **Enrollment of All Eligible Employees – New Member Enrollment Procedures.** Although the report identified a list of 'newly enrolled members into the retirement system for which enrollment forms were received either late or have not been received by the retirement system'. It is unclear if these forms are not being sent or if they are being misplaced/misfiled by CCCERA. There have been instances when multiple cards have been sent due to lost/missing cards. As an employer, Contra Costa County will continue to work with our

departments to stress the importance of submitting enrollment cards timely. All of the outstanding enrollment forms referenced in the audit are for employees moving from temporary or permanent intermittent status to permanent status. All new hire paperwork includes a checklist to help ensure that the required paperwork has been provided to the new employee. After the new hire has completed all paperwork, the receptionist confirms receipt by reviewing the checklist. The receptionist should check off every document that is required to be returned. This checklist was established to avoid missing documentation. Staff will be reminded to pay more attention to detail in order to avoid errors in the future. Health Services will forward the eleven missing forms to CCCERA before Tuesday, December 5<sup>th</sup>. In the future, the County looks forward to an automated enrollment process.

**3. Retiree Return to Work Monitoring.**

- a. The County agrees with the information regarding fiscal year 2014/15 retirees.
- b. For fiscal year 2015/16, the County agrees with the total number of retirees (184). The number that actually exceeded 960 hours was four (4) not five (5) as noted by the correction to Retiree 45612 for B82 time. Also, our records indicate that Retiree 44214 worked 983.50 hours not 987.50.
- c. The County notifies departments of the number of hours their retirees work on a monthly basis. When an employee begins to approach the 960 hour limit, County Administrator staff send an email to the department alerting them of the situation. Regarding the two retirees who exceeded the 960 hour cap during both fiscal years 2014/15 and 2015/16, the employer and employees were notified on multiple occasions. Retiree 37149 was permanently terminated on July 11, 2017 and Retiree 44214 was terminated effective 6/30/17.
- d. Regarding clarification for retiree R45612 with respect to the inclusion of the B82 – Physicians Evening Clinics within the 960 hour cap in fiscal year 2015-2016; a review of R45612 shows the total hours reported included 140 hours for earning code B82. This was an error and the reported hours should be reduced by 140.00. Pay Code B82 – Physician Evening Clinic was included in the FY 2015/16 retiree hours in error. The inclusion of B82 in the hours calculation was not discovered until the middle of FY 2016/17 when Health Services reviewed and questioned the retiree hours reported for retiree doctors. A thorough review of the code shows it is intended to compensate Doctors an additional \$15.00 above their base hourly rate. Health Services reports Regular hours to compensate employee for hours worked and also reports B82 to compensate for clinic hours (\$15.00). By including B82, the Auditor double counted those hours. B82 was removed from the retiree hours reporting query as of FY 16/17.

Thank you for providing the preliminary Health Services Department Pensionable Compensation, Contribution and Reporting Audit. As noted we agree that testing supported the accuracy and completeness of the County's reporting.

Sincerely,

  
David Twa  
County Administrator

Cc: Robert Campbell, Contra Costa County Auditor-Controller  
Dr. William Walker, Contra Costa County Director and Health Officer, Health Services Department



Meeting Date  
**1/10/18**  
Agenda Item  
**#12**

# East Contra Costa Fire Protection District

*Final Audit Report  
dated 1/2/2018*

*prepared by:*



EAU20171002 – ECCFPD



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January 2, 2018

Brian Helmick  
Fire Chief  
East Contra Costa Fire  
Protection District  
150 City Park Way  
Brentwood, CA 94513

Re: Final Report – East Contra Costa Fire Protection District Pensionable Compensation, Contribution and Reporting Audit

Dear Chief Helmick,

Enclosed you will find our final employer audit report for the East Contra Costa Fire Protection District. The district's written response, included in the addendum to the report, indicates agreement with the follow up items #1, #2a, #2b, and #3. Follow up item #4, as indicated in your response, was addressed at the interim audit report phase of the audit and was administratively remedied by the district.

Regarding follow up item #3 concerning compensation earnable for Legacy members, the definition of overtime, and the distinction between voluntary and required overtime duty as indicated in your district response will necessitate a review by CCCERA staff of the F62 Fire BIFPD Standby differential. At the conclusion of this review the district will be provided with an advisory regarding the pensionability of the compensation item using the criteria set forth in CCCERA's *Policy On Determining "Compensation Earnable" Under Assembly Bill 197 For Purposes of Calculating Retirement Benefits For "Legacy" (Pre-PEPRA) Members*.

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2017 East Contra Costa Fire Protection District Employer Audit

Each of the follow up items indicated in the final report have been referred to CCCERA's Member Services department to engage with district staff to address and remedy as appropriate.

I want to thank you for the time and courtesy that you and your staff extended to CCCERA's compliance team in performing this audit.

Best regards,



Wrally Dutkiewicz  
Compliance Officer

Cc: Patricia Hubbard, Administrative Assistant, East Contra Costa Fire Protection District  
Michelle Hamblin, Financial Services Manager, City of Brentwood

1355 Willow Way Suite 221 Concord CA 94520 925.521.3960 FAX: 925.521.3969 [www.cccera.org](http://www.cccera.org)



November 9, 2017

Mr. Brian Helmick  
Interim Fire Chief  
East Contra Costa Fire  
Protection District  
150 City Park Way  
Brentwood, CA 94513

Re: Preliminary Report – East Contra Costa Fire Protection District Pensionable Compensation, Contribution and Reporting Audit

Dear Mr. Helmick,

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

The *Preliminary Observations Report* is enclosed for your review. I would direct your attention to the “*Observations*” and “*Follow-Up Items*” sections of the report. A written response from ECCFPD pertaining to the “*Follow-Up Items*” indicated in the report should be sent to CCCERA within four weeks of the date noted on the report. This response will be included in the “*Final Report*” which will be submitted to CCCERA’s Board of Retirement.

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2017 East Contra Costa Fire Protection District Employer Audit

In addition, I would like to extend my gratitude to the City of Brentwood payroll and human resources staff and the courtesy that they extended to CCCERA compliance staff during the review. Should you wish to discuss or have any questions regarding the items reviewed and the observations contained within this report, please contact me at 925-521-5690.

Best regards,



Wrally Dutkiewicz  
Compliance Officer

Cc: Patricia Hubbard, Administrative Assistant, East Contra Costa Fire Protection District  
Michelle Hamblin, Financial Services Manager, City of Brentwood

## Background

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

CCCERA administers the retirement benefits for the employees of Contra Costa County and participating District employers. Participating employers within the CCCERA retirement system transmit payroll information and contributions to fund the benefits for their employees. CCCERA sets up retirees' accounts, processes applications, calculates retirement allowances, prepares monthly retirement benefit payment rolls, and makes adjustments to retirement benefits when needed.

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

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

ECCFPD is a rural funded fire district that protects approximately 249 square miles and over 114,000 residents. The district provides firefighting personnel and emergency medical services to the residents and businesses of the City of Brentwood, and Oakley, and to the Township of Discovery Bay, Bethel Island, Knightsen, Byron, Marsh Creek, and Morgan Territory. As of July 1, 2017, ECCFPD has three (3) fire stations staffed by three a total of nine (9) firefighters per day. The district responds to over 6,900 calls a year that depend on approximately 9,000 fire engine responses.<sup>1</sup>

The City of Brentwood took over payroll preparation and contribution calculation and reporting for ECCFPD as of January 1, 2016.

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<sup>1</sup> ECCFPD website: <https://www.eccfpd.org/about-the-district>



## Scope

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

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

The on-site review of the District was conducted on August 3, 2017. The review period encompassed active employee records for January 1, 2016 through December 31, 2016. The District confirmed that no retired employees returned to work with the District and that there were no work related felony convictions of ECCFPD staff.

The following review activities were performed:

- Reviewed the following:
  - Employment Agreement for the Fire Chief
  - Memoranda of Understanding (MOU):
    1. MOU between East Contra Costa Fire Protection District and East Contra Costa Battalion Chiefs Association – January 1, 2016 to December 31, 2018
    2. MOU between East Contra Costa Fire Protection District and United Clerical, Technical & Specialized Employees AFSCME, Local 2700 – July 1, 2013 to June 30, 2016
    3. MOU between East Contra Costa Fire Protection District and United Clerical, Technical & Specialized Employees AFSCME, Local 2700 – July 1, 2016 to June 30, 2020
    4. MOU between East Contra Costa Fire Protection District and IAFF Local 1230 – October 1, 2014 to June 30, 2017
- Interviewed key ECCFPD and City of Brentwood staff members to obtain an understanding of the ECCFPD’s personnel and payroll procedures;
- Reviewed timesheets and payroll transactions and compared the ECCFPD’s payroll register with the data reported to CCCERA to determine whether the ECCFPD correctly reported employees’ compensation;
- Reviewed the ECCFPD’s payroll information reported to CCCERA for all employees to determine whether pay-rates were reported pursuant to public salary information;
- Reviewed the ECCFPD’s process for reporting payroll to CCCERA to determine whether the payroll reporting elements were reported correctly;
- Reviewed the ECCFPD’s employer and employee retirement contribution calculations for accuracy;
- Reviewed receivables from ECCFPD paid to CCCERA on a monthly basis for timeliness and accuracy;
- Reviewed whether all compensation elements that were reported to CCCERA by ECCFPD are pensionable
- Reviewed a sample of pension benefit calculations

**Accuracy of  
Payroll  
information  
provided to  
CCCERA**

**Test Standard:**

Pursuant to Board of Retirement Regulations Section IV. Employer pensionable payroll and corresponding pension contributions are to be reported to the retirement system timely and accurately.

**Due Dates**

Each employer shall report to the Association in a manner and frequency as determined by the Board sufficient for the Board to credit contributions and service to each member's record. Pursuant to Board of Retirement Regulations Section IV, 2. Due Dates:

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

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

**Employer Certifications:**

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

**Compensation Earnable Applicable Law**

*"Compensation earnable" does not include, in any case, the following: Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise. (G.C. § 31461(b)(3).)*

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

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

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

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

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

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

Pursuant to CCCERA's Policy On Determining "Pensionable Compensation"<sup>3</sup> Under PEPRA For Purposes Of Calculating Retirement Benefits, A "publicly available pay schedule" must meet all of the following requirements:

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

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

7. *Is retained by the employer and available for public inspection for not less than five years; and*
8. *Does not reference another document in lieu of disclosing the pay rate.*

**Tests Performed:**

- CCCERA staff interviewed ECCFPD and City of Brentwood staff regarding their timekeeping practices, payroll preparation and contribution calculation and submission processes which were captured in a workflow document. CCCERA staff then reviewed the process by which ECCFPD's payroll department administers its employee time-reporting and payroll preparation.
- A timeline was created for ECCFPD's input files for 2016, including I29, I30 and adjustment files, which are used to update CCCERA's pension administration system (CPAS) and reviewed a sample of I30 files and all I29 and adjustment files for accuracy. In addition, the receipt dates for I30, I29 and adjustment files were matched against the timeline to ascertain whether the files had been reported to CCCERA timely.
- New member enrollment was reviewed for 2016 and 2017.
- Timesheets were reviewed for ECCFPD's forty-four (44) employees in 2016. Thirty-five (35) employees were legacy (pre-PEPRA employees), including one (1) Tier 1 employee, and nine (9) were PEPRA employees with hire dates after January 1, 2013.
- Salaries for all 2016 ECCFPD employees were reviewed against applicable Memoranda of Understanding and Employment Agreements.
- It was reviewed whether a publicly available pay schedule as defined per CCCERA's Pensionable Compensation Policy is being provided by ECCFPD.
- Pensionable compensation reported to CCCERA along with corresponding employer and employee contributions were reviewed for all ECCFPD employees in 2016. Reported pay codes were reviewed to determine if only pensionable compensation was reported to CCCERA

accurately. For this review distinctions were made between Legacy and PEPRA members.

- The pension contribution monies submitted by the City of Brentwood Accountant in lump sum via check and received by CCCERA’s Accounting department were compared to the pension contribution amounts expected based on the reported pensionable salary.
- The pension benefit calculations for the last three employees who retired from ECCFPD were reviewed for compliance with all applicable laws, Board of Retirement regulations and CCCERA policies and practices. Two employees retired in 2017 and one employee retired in 2015.

**Observations**

**ECCFPD Payroll And Reporting Process**

**ECCFPD Payroll And Reporting Process:**

- CCCERA receives four types of input files from ECCFPD:
  - I29 files to report demographic changes including new hires, terminations, name changes, address changes, position changes, bargaining unit changes or leaves of absence.
  - I30 files to report pensionable compensation, employee contributions, and employer contributions
  - I30 adjustment files to report changes to previously reported include pensionable compensation, employee contributions, and employer contributions
  - Deductions file: used to report deductions for health care, retiree support group fees or credit unions from individual retiree benefit payments to CCCERA. This file does not update CPAS and was therefore not included in the review.

The following timeline was established for the receipt of the 2016 I29, I30 and adjustment files:

ECCFPD		Jan	Feb	Mar	Apr
Demographic changes	I029	2/18/2016			
Standard file	I030	2/18/2016	4/7/2016	4/8/2016	5/11/2016
Adjustment File	I030				



ECCFPD		May	Jun	Jul	Aug
Demographic changes	I029	6/10/2016			
Standard file	I030	6/10/2016	7/11/2016	8/11/2016	9/9/2016
Adjustment File	I030	1/11/2017	7/11/2016 1/11/2017	10/10/2016	10/10/2016

ECCFPD		Sep	Oct	Nov	Dec
Demographic changes	I029			1/6/2016	
Standard file	I030	10/10/2016	11/10/2016	12/7/2016	1/11/2017
Adjustment File	I030				

### Timeliness of Input Files

- The regular files that did not meet the “tenth of each month for the previous month’s payroll” standard are the I29 for November 2016 (submitted I29 for January was blank and will not be included) and the I30s for January, May, August and December of 2016. The May, August and December I30s were one day late each. The June submission date fell on a weekend day and thus meets the standard.
- There was a marked improvement in the timeliness for 2017 input files. Including all files which were received up to October 2017, only one single file was one day late. The August file, which was received on September 12, 2017 did not meet the standard.
- Adjustment files are due on the tenth of the month after discovery of the payroll issue requiring the adjustment. One adjustment file each for May and June was received on January 11, 2017. In addition one July adjustment file was received on October 10, 2016. All three (3) files have the header showing reporting periods, adjustment dates and earned date from and earned date to as September 1, 2016. These files were in the September folder of the materials provided by ECCFPD to CCCERA staff. This indicates that the adjustment was discovered in September but the files were not submitted until October and January. Therefore these files may be considered to have been transmitted late under the test standard.

### Accuracy of Input Files:

- The January I29 contained only a header row and was otherwise blank. There is no need to submit a blank I29.
- The I29s reported to CCCERA for 2016 contained inconsistent header rows. The May I29 header is missing the "Reporting Period" and November's I29 header appears to be the header row from I30/adjustment files rather than I29 header.
- The May and November I29s contained no data for job codes, bargaining units and other fields. The job code and bargaining unit fields are required as they are critical fields for multiple CCCERA processes.
- No demographic changes besides new hires were reported for existing employees. For example, no terminations, position changes, bargaining unit changes or leaves of absence were reported. However, the payroll review showed that one individual was no longer on payroll as of August 2016 and another individual was no longer on payroll as of October 2016.
- CCCERA received no I29 files from ECCFPD in 2017. However at least two employees retired from ECCFPD in 2017.
- To contrast the period before the Town of Brentwood took over the reporting process for ECCFPD in 2015 CCCERA received four (4) I29 files for February, August, November and December. All reported demographic changes were terminations of employees, one for an employee who retired. The December file was blank.
- The payroll preparation and contribution calculation and submission workflow did not contain an element addressing the reporting of demographic changes.
- All I30s and adjustment files are missing employer and employee contribution figures in the ACU<sub>i</sub> row. As example, see the excerpt from the June 2016 I30 file:

Earned Date To							
20160630							
Earning Code	Earnings	Hours	EE Pre	EE Basic Contrib	EE COLA Contrib	ER Basic	ER COLA
ACU	6233.92	0	Y				
HP2	346.59	10	Y	562.28	417.67	4436.67	3519.05
EC1	280.34	0	Y	562.28	417.67	4436.67	3519.05
REG	5606.99	0	Y	562.28	417.67	4436.67	3519.05

A larger excerpt from the file can be viewed in the addendum.

The ACU row is what updates contribution amounts in CPAS. CCCERA is performing remedial actions to update I30s and adjustment files so that they can be uploaded.

- The June adjustment file received on January 11, 2017 contained the following inconsistency:

Earned Date To							
20160930							
Earning Code	Earnings	Hours	EE Basic Contrib	EE COLA Contrib	ER Basic	ER COLA	
ACU	9442.98	0					
F06	205.72	0	887.62	660.07	6720.56	5330.57	
F07	205.72	0	894.23	663.84	6720.56	5330.57	
F08	200.72	0	894.23	663.84	6720.56	5330.57	
F62	401.4	0	894.23	663.84	6720.56	5330.57	
REG	8028.02	0	894.23	663.84	6720.56	5330.57	
EC1	401.4	0	894.23	663.84	6720.56	5330.57	
ACU	9442.98	0					
F05	411.44	0	899.92	668.56	6720.56	5330.57	
F08	200.72	0	899.92	668.56	6720.56	5330.57	
F62	401.4	0	899.92	668.56	6720.56	5330.57	
EC1	401.4	0	899.92	668.56	6720.56	5330.57	
REG	8028.02	0	899.92	668.56	6720.56	5330.57	

A larger excerpt from the file can be viewed in the addendum.

The row highlighted in red updated CPAS and caused a difference between expected and actually submitted contribution amounts (\$6.61 difference for basic Contributions and \$3.78 for COLA contributions).

### Timesheet Review

- There are three types of timekeeping source documentation: Telestaff rosters, Telestaff daily reports and an Excel workbook which CCCERA staff titled OT & Exception tracker. CCCERA staff reconciled Telestaff daily reports to OneSolution payroll records. Any discrepancies were reviewed against the OT & Exception tracker which was used as primary source document.

- The table below contains counts of distinct instances of differences. Most of these differences were explainable through one of the categories shown in the table in the addendum. However, there were a total of 23 unexplained differences from January to December 2016.

**Summary of Differences between Sources:**

	Explained Differences	Unexplained Differences	Total
January	18	3	21
February	11		11
March	12		12
April	19		19
May	26	2	28
June	19	2	21
July	17	5	22
August	14	3	17
September	7	3	10
October	15		15
November	17	1	18
December	8	4	12
Totals	183	23	206

**Other Observations:**

- The OT & Exception trackers for 1/1 -1/15 and 1/16-1/31 were cut off during scanning; therefore January hours worked did not reconcile for all employees. This may explain some or all of the unexplained differences for January.
- Retro pay items are not reflected on Telestaff roster or payroll report and can therefore not be reconciled.
- The Telestaff report makes a distinction between mandatory overtime and regular/other overtime; for payroll purposes both are lumped together in the OneSolution reports.

The nature of overtime, voluntary versus mandatory, is a factor when determining whether overtime is pensionable. The MOUs show the following regarding overtime:

**Employment Agreement for Fire Chief, June 1, 2014 through May 31, 2017:**

C. Employee will devote his full time, energy and attention to the Fire Chief position and will generally work normal office hours Monday through Friday from 8:00 a.m. to 5:00 p.m., with one hour for lunch. Since Employee's position is an exempt position under the Fair Labor Standards Act, Employee will not receive overtime pay. Such normal hours may vary as Employee may be required as Fire Chief to perform duties and responsibilities outside the normal business hours of the District, such as attendance at each meeting of the Board of Directors and other meetings or events which may be required by the Board. Employee's salary as set forth in Section 3, below, includes pay for all hours worked, including all hours beyond normal hours and work on holidays, except for any additional monies earned for standby and recall duty as set forth in paragraph B.10 of Section 7, below.

**Battalion Chiefs Association MOU, January 1, 2016 through December 31, 2018:**

**18.4 Overtime** Overtime is authorized time worked outside the regular work schedule. Overtime shall be compensated for at the rate of one and one-half (1-1/2) times the employee's hourly rate of pay. Overtime for permanent employees is and credited in minimum one-tenth (1/10) hour increments.

**18.5 FLSA Overtime "Hours Worked" Calculation** Effective April 1, 2016, for the purpose of determining when overtime pay is due to an employee pursuant to the Fair Labor Standards Act, the District will count leave time (vacation, sick leave, personal holiday, and compensatory time) as "hours worked".

**Fire Fighter, Engineer and Fire Captain MOU:**

**18.5 Overtime** Overtime is any authorized work performed in excess of forty (40) hours per week or eight (8) hours per day. All overtime shall be compensated for at the rate of one and one-half (1-1/2) times

the employee's hourly rate of pay (not including shift and other differentials).

Overtime for regular employees is earned and credited in a minimum of one half hour increments and is compensated by either pay or compensatory time off.

- Neither the employment agreement nor the MOUs differentiate between mandatory and voluntary overtime. In addition it is not stated whether any overtime is required for any of the position except it is stated that the fire chief does not receive overtime pay.
- At this time ECCFPD does not report any overtime to CCCERA. Due to the lack of clarity on the overtime issue this appears to be appropriate. However, there is a risk that some overtime, the mandatory portion, may be pensionable and is not being reported to CCCERA or included in the calculation for pension contributions.
- CCCERA staff observed overtime for the Administrative Assistant recorded as intermittent handwritten notes on Telestaff rosters; effectively making Telestaff source documentation unusable for reconciling overtime for this position as too many instances of overtime were not recorded. CCCERA staff used mainly the OT & Exception tracker for the Administrative Assistant position.
- Observed numerous instances of multiple Telestaff reports for workdays (2 or 3 version per day); unless there is a handwritten "Revised" note with date on the duplicate, it is not clear which Telestaff report applies. Upon request for clarification, ECCFPD staff advised that no one version superseded another in its entirety. Rather all versions would be valid together as updates become necessary, however, it is not clear which entry applies for an individual as versions are sometimes widely different.  
(Examples: Telestaff daily reports for May 11,12,13 and October 20, 26 and December 7,8)
- CCCERA staff observed numerous instances of not recording overtime hours on the Telestaff daily reports; rather overtime hours were recorded only on the OT & Exceptions tracker which does not allow for sufficient control and oversight over the timekeeping process. In addition, as only one source is updated, data integrity may be compromised.



Note: Scanned PDF OT & Exceptions tracker provided for January 1st through June 15th. Excel workbook OT & Exceptions tracker provided for May 1st through December 31st. No protection/lock of cells in the workbooks exposes the reports to the risks of data manipulation, overwrite, and deletion.

- CCCERA staff was not always able to tie back adjustments/off cycle paychecks to source documents, see for example off cycle pay check dated 3/3 and 5/4. CCCERA staff was only able to tie back adjustments/off cycle paychecks if hours and payroll figures matched perfectly. A sum of several adjustments or regular hours plus adjustments could not be tied back.

**Pensionable Compensation Reporting**

**Pensionable Compensation Review**

- CCCERA was advised that the OneSolution payroll system calculates employee and employer contributions based on one combined percentage (Basic + COLA) and shows one amount for employee and employer deductions per paycheck.
- The comparison of ECCFPD and CCCERA calculated combined contribution amounts showed variances of  $\pm \$0.01$  to  $\pm \$0.04$  per individual member for all of 2016 for both employee and employer contributions. However, the total number of variances declined sharply towards the end of the year. The following counts of variances in excess of  $\pm \$0.01$  were observed for 2016:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Employee Contributions Variances	20	20	19	19	19	19	19	18	3	6	4	5
Employer Contributions Variances	31	31	34	34	34	35	35	2	0	0	0	0
Total Employees	34	34	34	34	38	38	39	38	38	37	42	42

- The total 2016 dollar variance for employee contribution amounts when compared to CCCERA calculated amounts is  $-\$2.22$  and total employer contributions dollar variance is  $-\$2.73$ . These variances are not material.

- For all job classifications (job codes) ECCFPD employs, besides the base salary, the following salary elements by pay code were reported:
  - A83 - Uniform Allow - \$50
  - EC1 - EMT 5% stipend
  - EC2 - Acting Pay
  - F05 - Fire Mgmt Educ Incentive
  - F06 - Fire Mgmt Educ Incentive
  - F07 - Fire Mgmt Educ Incent Conting
  - F08 - Fire Mgmt Longevity Pay
  - F62 - Fire BIFPD Standby Diff
  - HP2 - Holiday Pay @ 1.50
  
- For all PEPRAs employees, ECCFPD correctly reported only the base salary.
  
- **F62 differential review:** The F62 standby pay differential fails to meet the definition of “compensation earnable” for Legacy members, as defined in the CCCERA Policy On Determining “Compensation Earnable” Under Assembly Bill 197 For Purposes of Calculating Retirement Benefits For “Legacy” (Pre-PEPRA) Members, at Sec. III.D. F62 is pay for additional services rendered outside of normal working hours and not required by the employer to be worked.

The differential is based on the Battalion Chiefs Association MOU, Section 17 and the employment agreement for the Fire Chief, Section 7, B.10.

**Battalion Chiefs Association MOU January 1, 2016 through December 31, 2018:**

**SECTION 17 – EMERGENCY RECALL AND STANDBY DIFFERENTIAL**

Each employee assigned to standby and emergency recall duty for a minimum of two (2) weeks each month is eligible for a salary differential in the amount of five percent (5%) times the employee’s base rate of pay. Each employee assigned to standby and emergency recall duty for one (1) week in each four (4) consecutive week period is

eligible to receive a differential in the amount of two and one-half percent (2.5%) times the employee's base rate of pay.

**Employment Agreement for the Fire Chief June 1, 2014 through May 31, 2017:**

10. Fire Services Emergency Recall and Standby Differential. During each month in which Employee is assigned to standby and recall duty for a minimum of two (2) weeks, he is eligible for a differential in the amount of five percent (5%) time the employee's base rate of pay.

Per CCCERA's Compensation Earnable Policy, Section III.D, to be included, the time for which compensation is received:

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

Employers must report to CCCERA as pensionable only that pay for work that is required of and ordinarily served by everyone in the same grade or classification, at the same rate of pay.

- The nature of the duties for which the compensation is paid, is such that it falls outside of normal working hours. CCCERA staff confirmed with ECCFPD staff that, if called back, employees would be paid overtime. Thus, the F62 differential is paid only for standby duties which are performed when not working regular or overtime hours. Further, ECCFPD staff confirmed that standby duties can be both voluntary and required by the employer and that currently there is no standby schedule. Generally standby is self-assigned. Per ECCFPD staff "if the off-duty BC hears that the on-duty BC need additional resources, they will add themselves to the roster until the on-duty BC releases them." This statement support a voluntary assignment of standby duties. While standby time is worked by all battalion chiefs and the fire chief, who is the only person in his classification, F62 compensation does not meet the first two criteria of CCCERA's compensation earnable policy.

- F62 standby differential pay in the amount of \$6,982.80 was included as pensionable pay in the pension benefit calculation for one retiree in 2017.

**Compensation Reported In Accordance With Published Salary Schedules**

**Salary Review**

- A comparison of base salaries shown in CPAS with applicable Memoranda of Understanding and Employment Agreements revealed the following observations:

(Note: Employees are displayed by sample employee ID numbers which CCCERA assigned.)

Small variances in salary (\$0.01 to \$0.04) comparing actual to MOUs	Base salary not found in MOUs - partial pay period with increase	Change in base salary without explanation - potentially job change	Change in base salary without explanation - potentially AWOP	Potentially incorrect base pay
Sample EE ID 1	Sample EE ID 35	Sample EE ID 6	Sample EE ID 24	Sample EE ID 7
Sample EE ID 2	Sample EE ID 36	Sample EE ID 19		Sample EE ID 13
Sample EE ID 3	Sample EE ID 37	Sample EE ID 16		Sample EE ID 16
Sample EE ID 5	Sample EE ID 39	Sample EE ID 34		
Sample EE ID 7				
Sample EE ID 8				
Sample EE ID 9				
Sample EE ID 10				
Sample EE ID 11				
Sample EE ID 12				
Sample EE ID 13				
Sample EE ID 15				
Sample EE ID 16				
Sample EE ID 19				
Sample EE ID 25				
Sample EE ID 30				
Sample EE ID 32				
Sample EE ID 33				
18	4	4	1	3

- The incorrect base pay shows up in August of 2016 for all employees in the column and is the result of an adjustment. The adjustment file

subtracted a base pay (REG) of \$7,870.62 when the previous REG was shown as \$8,028.02. The difference of \$157.40 was added to the newly reported REG of \$8,028.02 which resulted in a base pay of \$8,185.42 showing in CPAS.

- The change in base salary without explanation - potentially AWOP column refers to May and June of 2016 pay which for one individual show as \$2,803.50. The regular base pay for this individual was \$5,607. The payroll rosters showed workers compensation pay for this individual for May and June.
- With the exception of the fire chief, all of ECCFPD's positions have a 5 step salary range. ECCFPD's website contains the following salary schedule:

<b>PAY &amp; BENEFITS FACT SHEETS</b>	
<b>What do our Firefighters earn?</b>	
ECCFPD's current 5-step salary schedule shows the following range of monthly Base Salaries:	
• Firefighter-	\$4,400 to \$5,096
• Engineer-	\$4,841 to \$5,607
• Captain-	\$5,325 to \$6,168
• Battalion Chiefs-	\$6,470 to \$7,807
• Fire Chief-	\$11,785

Source: <https://www.eccfpd.org/frequently-asked-questions>  
Obtained on October 30, 2017.

- It was observed that the required salary schedule does not include the Administrative Assistant position. In addition, no effective dates of the displayed schedule and no applicable dates of revisions are posted. Furthermore, the table is not current. A base salary of \$11,637.87 effective July 1, 2015 is shown in the employment agreement for the fire chief. In addition, the following salary ranges are shown in the MOU between East Contra Costa Fire Protection District and IAFF Local 1230 – October 1, 2014 to June 30, 2017 for the firefighter, fire engineer and fire captain position:

**Salaries Effective July 2016**

	Step 1	Step 2	Step 3	Step 4	Step 5
Firefighter	4,400	4,619	4,850	5,093	5,220
Fire Engineer	4,841	5,083	5,337	5,603	5,744
Fire Captain	5,325	5,591	5,870	6,164	6,328

**Enrollment of all eligible employees**

**Test Standard:**

**County Employees Retirement Law of 1937 –Government Code 31552**

Membership in the retirement system begins on the first day of the month following your employment in an eligible position. Retirement benefit contributions begin with the first paycheck after membership. All active, eligible employees contribute to the retirement system. Membership is mandatory for most employees in permanent positions, working half-time or more; the exceptions are elected officials, who may choose membership by declaration, and employees who begin working after the age of 60 who may waive membership in the system.

**CCCERA Board Regulations III. Membership, 3. Certifications:**

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

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

**Observations:**

- CCCERA received nine (9) new hire and one (1) rehire enrollment packages from ECCFPD in 2016.
- No late enrollment packages were recorded for 2016 for ECCFPD and all active employees were enrolled in CCCERA.



- Of the ten (10) new or rehire enrollment packages received for 2016, three (3) were executed with errors:
  - Enrollment packages for two (2) employees were missing the witness on Form 104.
  - The enrollment package for one (1) employee was missing a signature on Form 102.

**Pension  
Contribution  
Receivables**

**Receivables Review**

- The pension contributions contained the following over- and underpayments:
  - January: \$0.02 overpayment
  - June: \$1,038.12 underpayment
  - July: \$1,038.12 overpayment
  - August: \$3120.24 overpayment
  - September: \$6322.50 overpayment
  - October: \$6,209.18 underpayment
  - December: \$3,259.47 underpayment
  - Year Total: -\$25.91 underpayment
- CCCERA’s Accounting department received the year total difference for 2016.

**Pension  
Benefit  
Review**

**Pension Benefit Review**

- CCCERA staff reviewed the pension benefits of the last three employees who retired from ECCFPD. These employees held the positions of Battalion Chief (8FH2), Fire Captain (8FT1) and Fire Chief (8FA2). Reviewed elements are:
  - Final Average Salary Period
  - Pensionable Compensation/Differentials based on applicable laws, regulations and CCCERA policies and practices
  - Service credit, service pick-up and sick leave
  - Tier
- F62 compensation was included as pensionable pay in the pension benefit of one retiree. F62 compensation does not meet the “normal working hours” or “required by employer” standard.

## Follow-Up Items

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

1. **Pensionable Compensation and Contribution Reporting:** CCCERA recommends setting up a formal training session led by CCCERA's Member Services Department for ECCFPD's and the City of Brentwood's administrative staff to advise on what items need to be reported to CCCERA and in what format. This session should cover I29, I30 and adjustment file preparation, due dates, and the employer certification requirement per Board of Retirement Regulations *Section IV, 4. Employer Certification*. This information can also be found in CCCERA's Participating Employer Handbook which is available on CCCERA's website<sup>4</sup>.
2. **Incorrect Base Pay Corrections:** For those three employees who were identified as showing incorrect base pay for August of 2016 due to an adjustment, CCCERA requests an I30 adjustment. It may be advisable to separately audit the salary and contribution data for the battalion chiefs in 2016. Due to the high number of corrections received, the likelihood of errors is significantly greater than for the other positions.
3. **Pensionable Compensation:** Based on the information CCCERA received during the audit, it does not appear that F62 - *Fire BIFPD Standby Diff* is pensionable as it did not meet the criteria defined in CCCERA's Compensation Earnable Policy, Section III.D. CCCERA would like to give ECCFPD the chance to provide additional information for consideration on this matter.

Please clarify:

- a. How standby duties are performed during normal working hours; and
  - b. How standby duties are required by ECCFPD, rather than voluntary.
4. **Publicly available pay schedule:** The audit revealed that the district has not maintained publicly available salary schedules per the standard outlined in CCCERA's policy. The Administrative Assistant position is not shown in the schedule, effective dates and revision dates are not shown. CCCERA asks that ECCFPD's website be updated to meet the standard outlined in CCCERA's policy.

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<sup>4</sup> <https://www.cccera.org/employers>

**Addendum**

**Addendum Table 1: Timeline for the receipt of the I29, I30 and adjustment files**

ECCFPD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Demographic changes	1029	2/18/2016			6/10/2016						1/6/2016	
Standard file	1030	2/18/2016	4/7/2016	5/11/2016	6/10/2016	7/11/2016	8/11/2016	9/9/2016	10/10/2016	11/10/2016	12/7/2016	1/11/2017
Adjustment File	1030				1/11/2017	7/11/2016	10/10/2016	10/10/2016				

**Addendum Graph 1: June 2016 I30 file**

Record Type	Report Date/Time	Employer ID	Reporting Period	Adjustment File Indicator	Earned Date from	Earned Date To	Detail Record Count
H	20160901000000	AAAN	20160601	N	20160601	20160630	154
D	000001356	19800312 All			ACU		6233.92
D	000001356	19800312 All			HP2		346.59
D	000001356	19800312 All			EC1		200.34
D	000001356	19800312 All			REG		5606.99

**Addendum Graph 2: June adjustment file received on January 11, 2017**

Report Date/Time	Employer ID	Reporting Period	Adjustment File Indicator	Earned Date from	Earned Date To	Detail Record Count
20160901000000	AAAN	20160901	N	20160901	20160930	35
000003408	19700126 Gonza			20160930	ACU	9442.98
000003408	19700126 Gonza			20160930	F06	308.72
000003408	19700126 Gonza			20160930	F07	308.72
000003408	19700126 Gonza			20160930	F08	300.72
000003408	19700126 Gonza			20160930	F62	400.4
000003408	19700126 Gonza			20160930	REG	8038.02
000003408	19700126 Gonza			20160930	EC1	401.4
000004234	19760817 Helmi			20160930	ACU	9442.98
000004234	19760817 Helmi			20160930	F03	411.44
000004234	19760817 Helmi			20160930	F08	300.72
000004234	19760817 Helmi			20160930	F62	401.4
000004234	19760817 Helmi			20160930	EC1	401.4
000004234	19760817 Helmi			20160930	REG	8038.02



2017 East Contra Costa Fire Protection District Employer Audit

**Addendum Table 2: Summary of Differences between Sources**

	Mismatch between Telestaff Report and OT & Exceptions tracker/One Solution	Small/Rounding Differences (0.3 hrs or less)	Differences in WC1/4850 hrs between Telestaff Report and OT & Exceptions tracker/One Solution	RETRO Differences due to differentials not being shown in Telestaff report	Differences explained by training hours paid as OT	Differences attributable to Adjustments	Differences due to Bereavement Leave	Unexplained Differences	Total
January	9	1	6	2				3	21
February	2	1	6	2					11
March	2	1	7	2					12
April	8	1	5	2	3				19
May	4		6	2	13	1		2	28
June	6		7	2	2	2		2	21
July	7	3	3	2			2	5	22
August	4		2	8				3	17
September	3	1		2			1	3	10
October	11		2	2					15
November	11		2	2			2	1	18
December	4		2	2				4	12

**Wrally Dutkiewicz**

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**From:** Patricia Hubbard <PHubbard@eccfpd.org>  
**Sent:** Friday, December 08, 2017 3:57 PM  
**To:** Wrally Dutkiewicz; Kristina Dohrn  
**Cc:** Landini, Michele; 'mhamblin@brentwoodca.gov'; Brian Helmick  
**Subject:** RE: EAU20171002 Prelim Audit Report - ECCFPD

Good Afternoon,

Attached are the responses for the following items that were noted during the course of the review and require follow-up by the District and CCCERA:

1. **Pensionable Compensation and Contribution Reporting:** CCCERA recommends setting up a formal training session led by CCCERA's Member Services Department for ECCFPD's and the City of Brentwood's administrative staff to advise on what items need to be reported to CCCERA and in what format. This session should cover I29, I30 and adjustment file preparation, due dates, and the employer certification requirement per Board of Retirement Regulations *Section IV, 4. Employer Certification*. This information can also be found in CCCERA's Participating Employer Handbook which is available on CCCERA's website<sup>4</sup>.  
*The District and the City would like to participated in any training opportunities, CCCERA and the District/City will setup time in the new year.*
- 2a. **Incorrect Base Pay Corrections:** For those three employees who were identified as showing incorrect base pay for August of 2016 due to an adjustment, CCCERA requests an I30 adjustment. It may be advisable to separately audit the salary and contribution data for the battalion chiefs in 2016. Due to the high number of corrections received, the likelihood of errors is significantly greater than for the other positions.  
*CCCERA will send the District/City the amounts that were reported to them for the 3 individuals. We will compare and audit this information to the information we have in our system. There were many adjustments due to retro payments for a MOU update with different date increases.*
- 2b. **Demographic Corrections:** This item was added at yesterday's meeting.  
*This item has been added to the follow-up item, CCCERA will provide spreadsheet with snapshot of demographic data for ECCFPD active employees, the district will make any corrections and submit changes back to CCCERA.*
3. **Pensionable Compensation:** Based on the information CCCERA received during the audit, it does not appear that F62 - Fire BIFPD Standby Diff is pensionable as it did not meet the criteria defined in CCCERA's Compensation Earnable Policy, Section III.D. CCCERA would like to give ECCFPD the chance to provide additional information for consideration on this matter.  
*After reviewing the criteria as defined on page 7 and 8 of ECCFPD's Employer Audit, ECCFPD's Battalion Chief "on call, standby, emergency recall procedure" is voluntary, not mandatory.*

Please clarify:



a. How standby duties are performed during normal working hours; and b. How standby duties are required by ECCFPD, rather than voluntary.

4. **Publicly available pay schedule:** The audit revealed that the district has not maintained publicly available salary schedules per the standard outlined in CCCERA's policy. The Administrative Assistant position is not shown in the schedule, effective dates and revision dates are not shown. CCCERA asks that ECCFPD's website be updated to meet the standard outlined in CCCERA's policy.

*After speaking yesterday regarding this item, this is a cleanup item. The District will add the cover page of the contract to the MOU that is on the website.*

Thank you,  
Patricia Hubbard  
East Contra Costa Fire Protection District  
(925) 240-2136 -- phone  
[phubbard@eccfpd.org](mailto:phubbard@eccfpd.org)





NATIONAL CONFERENCE ON PUBLIC EMPLOYEE RETIREMENT SYSTEMS

*Meeting Date*  
**1/10/18**  
*Agenda Item*  
**#13a.**



# 2018 NCPERS Legislative Conference

January 28 – 30, 2018 | Capital Hilton Hotel | Washington, DC

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Follow Us on Twitter  #LegConf18



EARLY-BIRD REGISTRATION DEADLINE: JANUARY 7



# 2018 NCPERS Legislative Conference

## ABOUT THIS CONFERENCE

The NCPERS Legislative Conference directs the public pension industry's advocacy effort and legislative strategy to Congress and the administration by offering sessions with Hill staff, administration officials, and Washington opinion makers on key issues on Capitol Hill and in federal regulatory agencies that affect pension funds today.

## WHO SHOULD ATTEND

Professionals from the public pension industry, including trustees, executive directors, pension staff members, union officials, attorneys, accountants, actuaries, investment managers, benefit design consultants, state and local officials, financial consultants, and regulators from across the United States and Canada.

## WHY YOU SHOULD ATTEND

The Legislative Conference provides you with a great opportunity to learn about the critical legislative and regulatory issues that affect your funds. It will equip you with the tools needed to deal with the political and legislative challenges that face your pension funds.

Attend this conference and hear from experts on the critical issues related to pension funds and learn how to present your case to your legislators. Connect with other fund professionals and industry providers for practical information and lasting peer relationships.

On the second day of the conference, meet face-to-face with your elected leaders to discuss the legislative issues affecting your funds.

## KEYNOTE SPEAKERS

*Cal Thomas, Political Commentator, Nationally Syndicated Columnist & Author*  
*Lanny Davis, Lawyer, Consultant, Author and Media and Crisis Management Expert*

Drawing on the past, present and future of American politics, conservative columnist, Cal Thomas shares his sage, common sense approach to solving our country's most critical issues.

One of the most highly respected voices on the American political scene, Cal is a popular syndicated op-ed columnist, a long-standing FOX News political contributor, and the author of several books on American culture and politics, including his latest, *"What Works: Common Sense Solutions for a Stronger America."*

Lanny J. Davis is a lawyer, crisis manager, consultant, author, and television commentator providing strategic counsel to clients under scrutiny on crisis management and legal issues by combining legal, media and political strategies. He served as special counsel to former President Clinton and is principal in the Washington, D.C., law firm of Lanny J. Davis & Associates, and executive vice president of the strategic communications firm LEVICK. He is the author of *Crisis Tales: Five Rules for Coping with Crises in Business, Politics, and Life* and a weekly columnist for *The Hill* newspaper. His column is called *"Purple Nation."*



Join us as these political opposites bridge the partisan divide with consensus-building ideas, solutions and strategies beneficial to the greater good of the democratic process. As a team, Lanny and Cal cut through the spin as they take on the most pressing issues of the day, demonstrating to audiences that constructive dialogue and common ground between liberals and conservatives is not just possible but is also the answer to developing productive relationships and solving many of the issues that plague America.



# Preliminary Agenda

Agenda is subject to change.

## SUNDAY, JANUARY 28

**3:00 PM – 6:00 PM**  
Legislative Conference Registration

**5:00 PM – 6:00 PM**  
Networking Reception

## MONDAY, JANUARY 29

**7:00 AM – 4:30 PM**  
Registration

**7:00 AM – 8:00 AM**  
Breakfast

**8:00 AM – 12:00 PM**  
General Session I

- Welcoming Remarks
- 2018 Federal Outlook & What to Expect in the 2018 Midterm Elections  
*Lanny Davis and Cal Thomas*
- 2018 Agenda of the U.S. House of Representatives
- The State of the Union  
*Former Sen. Majority Leader Trent Lott*
- Senate Finance Committee Retirement & Healthcare Agenda
- House Ways & Means Committee Retirement & Healthcare Agenda

**12:00 PM – 1:00 PM**  
Networking Lunch

**1:00 PM – 5:00 PM**  
General Session II

- 2017 Policymaker of the Year Award
- NCPERS 2018 Federal Policy Agenda
- Update on ACA Repeal & Other Healthcare Policies
- Department of Treasury's Pension Activities for 2018
- State Pension Legislation: State-by-State Outlook

## TUESDAY, JANUARY 30

**7:00 AM – 9:00 AM**  
Policy Breakfast on Capitol Hill  
*Rep Ted Poe (R-TX) (Invited)*

**9:00 AM – 5:00 PM**  
Meetings with Congressional Staff\*  
*NCPERS scheduled meetings with the Ways and Means Committee and the Senate Special Committee on Aging.*

\*Seating is limited. You must be pre-registered to attend this meeting.

### NCPERS MEMBERSHIP

The Legislative Conference is a members-only conference. Your organization must be a current member of NCPERS in order for your registration to be processed.

To verify your organization's membership status, please e-mail your inquiry to [membership@ncpers.org](mailto:membership@ncpers.org).

### GUEST REGISTRATION

A guest refers to a spouse or personal friend, not a business associate, staff member, or colleague. All guests must be registered to attend NCPERS events. No admittance will be given to guests without a registration name badge.

The guest fee includes access to breakfast (\$30), lunch (\$40), and the reception (\$60).

### REGISTRATION DEADLINE

Register by **Sunday, January 7**, to receive the early-bird conference rates. After this date, higher conference fees will apply.

### REGISTRATION CHANGES

All registration changes must be received in writing. Please e-mail all registration changes to [registration@ncpers.org](mailto:registration@ncpers.org) or fax to 202-624-1439.

With a new administration and new faces in Congress, now is the time to start educating the new political leadership on the importance of defined benefit plans and the criticality of retirement security for all.

Let's make our voices heard in Washington!





# Hotel Information

**CAPITAL HILTON HOTEL** | 1001 16th Street, NW | Washington, DC 20036 | 202-393-1000

Combining style, historical character, and an enviable location, the Capital Hilton is the place to stay when visiting Washington, DC. It is located just blocks from the capital's best attractions, including the White House, the National Mall, and a multitude of museums. With comfortable meeting rooms and state-of-the-art technology, the hotel offers all you need for an unforgettable educational program in DC.

<b>ROOM RATE</b>	\$269 single/double occupancy per night
<b>BOOKING DEADLINE</b>	Sunday, January 7
<b>PHONE RESERVATIONS</b>	1-800-HILTONS (or 1-800-445-8667) and mention NCPE
<b>ONLINE RESERVATIONS</b>	www.NCPERS.org and click on the hotel link

Book your hotel room at the Capital Hilton, official location of the Legislative Conference. The NCPERS discounted room rate is subject to availability of group block. This rate is not guaranteed if you plan to arrive early or depart at a later date.



# Transportation | Airports

**5 miles from Ronald Reagan Washington National Airport (DCA)**

Type	Typical Minimum Charge
Super Shuttle	14.00 USD
Subway/Rail	2.50 USD
Taxi	20.00 USD

**25 miles from Washington Dulles International Airport (IAD)**

Type	Typical Minimum Charge
Super Shuttle	29.00 USD
Taxi	55.00 USD

**30 miles from Baltimore/Washington International (BWI)**

Type	Typical Minimum Charge
Super Shuttle	40.00 USD
Subway/Rail	25.00 USD
Taxi	85.00 USD

# Registration Methods

## ONLINE

Submit your registration online at [www.NCPERS.org](http://www.NCPERS.org). You will need your individual user name and password to register online.



## FAX

Fax your completed registration form to 202-624-1439.



## MAIL

Mail your completed registration form to:  
 NCPERS  
 444 North Capitol Street, NW  
 Suite 630  
 Washington, DC 20001





# 2018 Registration Form

	Early-Bird Registration Rate (Through January 7)	Late Registration Rate (After January 7)
Fund Member	<input type="checkbox"/> \$400	<input type="checkbox"/> \$500
Corporate Member	<input type="checkbox"/> \$700	<input type="checkbox"/> \$800
Guest	<input type="checkbox"/> \$50	<input type="checkbox"/> \$100

## RSVP REQUIRED

Please RSVP as accurately as possible, as advance planning is required for organized Capitol Hill visits.

**These events are not open to guests.**

- YES  NO Attend the Policy Breakfast on Capitol Hill  
 YES  NO Attend the Meetings with Congressional Staff

## ATTENDEE REGISTRATION

First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

Organization: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone: \_\_\_\_\_

E-mail Address\*: \_\_\_\_\_

\*Please provide your e-mail address for conference updates and registration confirmation.

## GUEST REGISTRATIONS

*Guest refers to a spouse or personal friend, not a business associate or staff colleague. All guests must be registered to attend the conference events. No admittance without a registration badge. The registration fee covers breakfast, lunch, and the reception.*

Guest Name: \_\_\_\_\_

Guest Name: \_\_\_\_\_

## REGISTRATION SUMMARY

Legislative Conference Registration: \$ 0

Guest Registration: \$ 0

**GRAND TOTAL (US funds):** \$ 0

## PAYMENT METHODS (All payments must be in US funds.)

 **ONLINE** at [www.NCPERS.org](http://www.NCPERS.org). You will need your username and password to log in.

 **E-MAIL** your completed registration form to [registration@ncpers.org](mailto:registration@ncpers.org).

 **FAX** your completed registration form to 202-624-1439.

**CHECK** made payable to NCPERS can be sent with your completed registration form to the following address: NCPERS

444 North Capitol Street, NW  
Suite 630  
Washington, DC 20001

**CREDIT CARD**  American Express   MasterCard   Visa 

Credit Card Number: \_\_\_\_\_

Expiration Date: \_\_\_\_\_ CC Verification Code: \_\_\_\_\_

Name (on the card): \_\_\_\_\_

Billing Address: \_\_\_\_\_

City, State & Zip Code: \_\_\_\_\_

Total Amount Charged: \$ \_\_\_\_\_

Cardholder Signature (REQUIRED): \_\_\_\_\_

## CANCELLATION POLICY

All cancellations must be received in writing by **January 7** and will be subject to a \$50 administrative fee for fund and corporate registrations. **No refunds after January 7.** Please e-mail your cancellation request to [registration@ncpers.org](mailto:registration@ncpers.org).



*The Voice for Public Pensions*

## 2018 LEGISLATIVE CONFERENCE

Capitol Hilton Hotel  
Washington, DC

### FINAL AGENDA\*

#### SUNDAY, JANUARY 28

- 3:00 pm – 6:00 pm    Registration Opens  
*Presidential Ballroom Foyer*
- 5:00 pm – 6:00 pm    Networking Reception  
*Congressional Ballroom*

#### MONDAY, JANUARY 29

- 7:00 am – 8:00 am    Breakfast  
*Congressional Ballroom*
- 7:00 am – 4:30 pm    Registration  
*Presidential Ballroom Foyer*
- 8:00 am – 4:30 pm    General Session  
*Presidential Ballroom*
- 8:00 am – 8:15 am    *Opening Ceremony & Welcoming Remarks*  
Mr. Daniel Fortuna, President, NCPERS
- 8:15 am – 9:15 am    *What to Expect in the 2018 Midterm Elections*  
Mr. Lanny Davis, Consultant and Media and Crisis Management Expert  
Mr. Cal Thomas, Political Commentator and Nationally Syndicated Columnist
- 9:15 am – 10:00 am    *Employee Benefits Landscape in the New Legislative & Regulatory Regime*  
Mr. Don Heilman, Area Sr. VP, Gallagher Benefit Services  
Ms. Sally Wineman, Area Senior VP, Gallagher Benefit Services

\*Agenda is subject to change.

\*\*Seating is limited. You must be pre-registered to attend this meeting.



- 10:00 am – 10:15 am Refreshment Break  
*Presidential Ballroom Foyer*
- 10:15 am – 11:00 am *How to Work in a House Divided: Suggestions for Public Pensions in a Hyper-Partisan Washington*  
Hon. Trent Lott, Partner, Squire Patton Boggs
- 11:00 am – 11:45 am *House Leadership Agenda for 2018*  
Mr. George Callas, Tax Counsel, Office of the Speaker of the House (*Invited*)  
Ms. Katherine Monge, Tax Counsel, Office of the Minority Leader (*Invited*)
- 11:45 am – 12:15 pm *2018 House Ways & Means Agenda (Minority)*  
Ms. Kara Getz, Ways & Means Committee Staff
- 12:15 pm – 1:15 pm Networking Lunch  
*Congressional Ballroom*
- 1:15 pm – 2:00 pm *Senate Finance Agenda for 2018 (Majority)*  
Mr. Preston Rutledge, Senate Finance Committee Staff (*Invited*)  
Mr. Drew Crouch, Senate Finance Committee Staff (*Invited*)
- 2:00 pm – 2:45 pm *The States Take on Retirement Security: An Update on State-Run IRAs*  
Ms. Wendy Carter, VP and Defined Contribution Director, The Segal Group
- 2:45 pm – 3:15 pm *Dept. of Treasury's Pension Activities for 2018*  
Mr. Robert Neis, Benefits Tax Counsel, U.S. Treasury Department
- 3:15 pm – 3:30 pm Refreshment Break  
*Presidential Ballroom Foyer*
- 3:30 pm – 4:00 pm *2017 Policymaker of the Year Award*  
The Honorable David Danschen, Utah State Treasurer
- 4:00 pm – 4:30 pm *MA Public Pension Governance Overview*  
Mr. Derek Moitoso, Compliance Counsel, PERAC
- 4:30 pm – 5:00 pm *Trends in Securities Litigation and Class Action*  
Mr. Mike Lange, Securities Litigation Counsel, Financial Recovery Technologies
- 5:00 pm – 5:30 pm *NCPERS Legislative Agenda for 115<sup>th</sup> Congress Second Session*  
Hank Kim, Executive Director, NCPERS
- 5:30 pm *Summary & Closing Thoughts*  
Hank Kim, Executive Director, NCPERS

\*Agenda is subject to change.

\*\*Seating is limited. You must be pre-registered to attend this meeting.

## TUESDAY, JANUARY 30

- 8:00 am – 9:00 am Congressional Breakfast on Capitol Hill\*\*  
Congressional speakers include Congressman Garrett Graves (R-LA) and Anna Taylor, legislative assistant, Senator Chuck Schumer (D-NY)  
*Capitol Hill Room H-137*
- 10:00 am – 3:00 pm Congressional Meetings\*\*  
NCPERS scheduled meetings with the Tax Writing Committee and the Senate Select Committee on Aging.

\*Agenda is subject to change.

\*\*Seating is limited. You must be pre-registered to attend this meeting.



# CALAPRS

EDUCATION · COMMUNICATION · NETWORKING

California Association of Public Retirement Systems

*Meeting Date*  
*1/10/18*  
*Agenda Item*  
*#13b.*

California Association of Public Retirement Systems  
**CALAPRS GENERAL ASSEMBLY**

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**PENSION MANAGEMENT**



Renaissance Indian Wells Resort, Indian Wells, CA

**MARCH 3-6, 2018**



# CALAPRS GENERAL ASSEMBLY 2018 | PROGRAM

The California Association of Public Retirement Systems, CALAPRS, invites you to attend the General Assembly on March 3-6, 2018 in Indian Wells, CA. The General Assembly is an educational conference for retirement system trustees, senior staff, and annual sponsors of CALAPRS.

## SATURDAY, MARCH 3

4:00 - 6:00 PM Registration Open

## SUNDAY, MARCH 4

10:00 AM Registration Open

**2:00 PM – 2:15 PM Opening Remarks**

Speakers: Mark Hovey, *President, CALAPRS and CEO, SDCERS*; and Carl Nelson, *General Assembly Chair and Executive Secretary, San Luis Obispo County Pension Trust*

**2:15 PM – 3:15 PM Creating a Team Culture**

Speaker: Marcie Frost, *CEO, CalPERS*

Marcie Frost leads the nation's largest public pension fund with a global investment portfolio of approximately \$345 billion. CalPERS provides retirement and health benefits to nearly 2 million public employees and their families. In this session, Ms. Frost will discuss her approach to fostering a strong team culture through team engagement, net promoters and quality customer service.

3:15 PM – 3:30 PM Morning Refreshment Break

**3:30 PM – 4:30 PM The Resilience of Public Pensions - Economic Outlook**

Speaker: Nari Rhee, Ph.D., *Director of the Retirement Security Program, University of California, Berkeley Center for Labor Research and Education*

This session will discuss Dr. Nari Rhee's current research on the retirement crisis facing California and the US in the context of declining pension coverage, and policies to improve the retirement income prospects of low- and middle-wage workers.

**7:00 PM – 9:30 PM Academy Awards Night Strolling Dinner (at the hotel)**

Join us for an evening that includes a big screen showing of the 90th Academy Awards, a competition for selecting the Oscar winners, prizes, red carpet photos, great food, and FUN! *Guests welcome.*

## MONDAY, MARCH 5

7:30 AM Registration Open

7:30 AM – 8:30 AM Continental Breakfast

**8:30 AM – 8:45 AM Opening Remarks**

Speakers: Mark Hovey, *President, CALAPRS and CEO, SDCERS*; and Carl Nelson, *General Assembly Chair and Executive Secretary, San Luis Obispo County Pension Trust*

**8:45 AM – 10:00 AM Setting Retirees Up for Success**

Moderator: Suzanne Jenike, *Assistant CEO, OCERS*

This session will feature a panel discussion focusing on current efforts to help active members prepare for a successful retirement.

10:00 AM – 10:15 AM Morning Refreshment Break

**10:15 AM – 11:10 AM The Canadian Model: An Approach to Investments**

Speaker: Leo de Bever, *Ret. CEO, Alberta Investment Management Corporation (AIMCo)*

Mr. de Bever recently retired as CEO of Alberta Investment Management Corporation (AIMCo), one of Canada's largest institutional investment managers with \$85 billion of assets under management. He joined AIMCo as first CEO in August 2008. He has served financial institutions in Canada, the U.S., Japan and Australia, including nearly ten years as senior vice-president at the Ontario Teachers' Pension Plan. He has in the past acted as advisor to the Norwegian Pension Plan and the Dutch pension fund APG. He is a Senior Fellow of the C.D. Howe Institute. He is currently working on commercialization of new technology with a number of small companies, notably as Chairman of Oak Point Energy.

**11:15 PM – 12:10 PM Investment Risk Mitigation**

Moderator: Ian Toner, *CIO, Verus*

Panelist: Mike Connor, *Senior Strategist, PIMCO*

An expert panel led by Ian Toner of Verus will provide an overview of the most relevant aspects of investment risk mitigation.

12:15 PM – 1:15 PM Networking Lunch

**1:30 PM – 2:45 PM Why I'm Your Most Essential Advisor**

Moderator: Carl Nelson, *Executive Secretary, San Luis Obispo County Pension Trust*

Panelists: Linda Webb, *Retirement Administrator, Ventura County Employees' Retirement Association*; Allan Martin, *Partner, NEPC*; Andy Paulden, *Partner, Brown Armstrong CPAs*;

Harvey Leiderman, *Partner, Reed Smith*; and Paul Angelo, *Senior VP and Actuary, Segal Consulting*

A light-hearted but informative "talent show" in which panel of advisors speak about what they do and each panelist makes a case for why he/she is your most essential advisor. Panelists will respond to questions posed by the moderator and from the audience. At the conclusion, the audience will vote electronically to select the most essential advisor. The panel includes: an Administrator/CEO of a California retirement system; an investment consultant; an auditor; an attorney; and an actuary.

2:45 PM – 3:00 PM Afternoon Refreshment Break

**3:00 PM – 4:00 PM Felony Forfeitures**

Speakers: Ashley Dunning, *Partner, Nossaman LLP* and Russell Richeda, *Partner, Saltzman & Johnson Law Corporation*

Under PEPRA, members who have been convicted by a state or federal trial court of any felony under the law for conduct arising from or in the performance of his or her official duties must forfeit all accrued rights and benefits in any public retirement system they are a member of at the time the felony is committed retroactive to the first commission date of the crime. Our speakers will discuss the impact of this law and how it is being implemented.

5:00 PM – 6:00 PM Hosted Reception *(at the hotel)*



## TUESDAY, MARCH 6

7:30 AM – 8:30 AM Continental Breakfast

**8:30 AM – 9:30 AM The Behavioral Level of Financial Decision-Making**

Speaker: F. Daniel Siciliano, JD., *Co-Director, Rock Center Director's College, Stanford Law School; Director, Federal Home Loan Bank of San Francisco; Managing Director, Vista Point Advisors; and Author, "Boards and Technology – The Competitive Risk and Promise of Exponential Technologies"*

In this session, Daniel Siciliano will address the impact the use of technology has on our behavior and how that can affect the quality of the decisions we make.

9:30 AM – 9:45 AM Morning Refreshment Break

**9:45 AM – 10:45 AM Cybersecurity**

Speaker: Bryan Cunningham, *CPRI Executive Director, University of California Irvine, Cyber Security Policy & Research Institute*

Bryan Cunningham is a leading international expert on cybersecurity law and policy, a former White House lawyer and adviser and a media commentator on cybersecurity, technology and surveillance issues. He has appeared on Bloomberg, ABC, CBS, CNN, FOX and other networks.

**10:45 AM – 11:00 AM Closing Remarks & Adjournment**

### HOW DO I REGISTER?

Registration Fee: \$100/attendee

- Online: <http://www.calaprs.org/generalassembly>
- Email: [register@calaprs.org](mailto:register@calaprs.org)
- Phone: 1-415-764-4860

### HOTEL ACCOMMODATIONS

Renaissance Indian Wells  
44-400 Indian Wells Lane  
Indian Wells, CA 92210-8708, US  
**Room Rate:** \$224/night + \$1/night resort fee

- Online: <https://goo.gl/TEQX96>
- Phone: 1-760-773-4444; refer to CALAPRS when making a reservation

**Cut-Off:** February 12, 2018 or until rooms sell out, whichever comes first. Book your room early!

### GENERAL ASSEMBLY 2018 PLANNING COMMITTEE

**Carl Nelson**

*Executive Secretary and CIO  
San Luis Obispo County Pension Trust (Chair)*

**Steve Delaney**

*Chief Executive Officer  
Orange County Employees' Retirement System*

**David Kehler**

*Retirement Administrator  
Tulare County Employees' Retirement Association*

**Donna Lum**

*Deputy Executive Officer, Customer Services and Support  
CA Public Employees' Retirement System*

**Andrew Roth**

*Benefits & Services Executive Officer  
California State Teachers' Retirement System*

**California Association of Public Employees' Retirement Systems (CALAPRS)**

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# FORUM2018

BUILDING RESILIENT PORTFOLIOS  
When Missions Matter

March 11 - 13, 2018 | Orlando, Florida

Meeting Date  
**1/10/18**  
Agenda Item  
**#13c.**

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## Forum 2018: Building Resilient Portfolios

### Secular Themes

### Cyclical Trends

### Tactical Opportunities

Forum 2018 focuses on what really matters for long-term institutional investors. Our content is keyed on strategic themes that drive policy positions. And, it uncovers the cyclical trends and tactical opportunities that help you support and sustain the obligations and missions of your institutions.

We're also offering the wisdom and perspective of headline-making thought leaders as they decipher broad themes and their implications. At Commonfund Forum you'll hear from more than 80 faculty, including:



Dr. Robert Gates



Steve Liesman

**Dr. Robert Gates**, U.S. Secretary of Defense (2006-2011)

**Steve Liesman**, CNBC Senior Economics Reporter

**Ian Bremmer**, Founder, Eurasia Group

**Dr. Dambisa Moyo**, Economist and Author

**Dr. Josh Meltzer**, Senior Fellow, Brookings Institution



Ian Bremmer



Dr. Dambisa Moyo

**Mick Ebeling**, Founder and CEO, Not Impossible Labs

**Renaef Griffin**, Founder & CEO, RG + Associates

**Robert Rubin**, former U.S. Treasury Secretary

Speakers subject to change



Dr. Josh Meltzer



Mick Ebeling

### A Full and Rewarding Agenda

For Commonfund Forum 2018, we are providing multiple venues for each participant to engage and access useful content:

- General sessions moderated by leading journalists with panels populated by recognized thought leaders
- Major addresses by, or exclusive interviews with, leaders representing academia, public policy and government
- Breakout sessions, all focused on timely, high priority issues for institutional investors
- Networking breakfasts, informal opportunities to engage in peer discussion on topics of your choosing

There's no global positioning device to navigate rapidly changing financial markets ... nor is there a road map with a clear route to your institution's objective. But there is Commonfund Forum 2018. For perspectives and insights that will help you make a difference, there's nothing else like it.



Renaef Griffin



Robert Rubin

### Contact Us

If you have questions about Commonfund Forum 2018, please call our hotline at 888-811-3803 from 9 a.m. to 5 p.m. Eastern time, Monday-Friday or contact us by e-mail at [forum@commonfund.org](mailto:forum@commonfund.org).

[Register for Forum](#)

commonfund

# FORUM2018

BUILDING RESILIENT PORTFOLIOS  
When Missions Matter

Sunday, March 11, 2018

**Opening Cocktail Reception**

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

**Children's Dinner and Teen Activities**

**6:30 PM - 9:30 PM**

Commonfund Forum provides dinner and supervision for children of registrants attending the Sunday banquet and keynote address. Children from pre-school age to teens are welcome. We'll have age appropriate activities and movies for all.

**Welcome Dinner, Opening Remarks and Keynote Address**

**7:30 PM - 9:30 PM**

**A Passion for Leadership: Lessons from Fifty Years of Public Service**

*Dr. Robert Gates, U.S. Secretary of Defense (2006-2011)*

One of the most respected leaders in recent U.S. history, Robert Gates served eight U.S. presidents, influencing U.S. intelligence and defense policies over the past four and a half decades from the Cold War to today's ongoing war on terrorism.

As secretary of defense under two presidents – Barack Obama and George W. Bush – and through two wars – Iraq and Afghanistan – Robert Gates will share his candid insights on global politics and world affairs, U.S. intelligence and defense strategies, leadership and leading change in a large institution and the global challenges of the 21st century – including the rising tensions in Asia and the implications of a nuclear-armed North Korea. Dr. Gates' insights will help investors to better understand the backdrop in which we operate and invest.

Monday, March 12, 2018

<b>Breakfasts</b>	<b>7:15 AM - 8:15 AM</b>
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**Networking Breakfast**

Join your fellow attendees for an informal breakfast buffet and networking discussion.

**Special Breakfast: Insights on Open Private Capital Programs**

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

<b>General Session   Opening Presentation: Title TBD</b>	<b>8:30 AM - 9:15 AM</b>
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<b>General Session   The Global Economy: What To Look For</b>	<b>9:15 AM - 10:15 AM</b>
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For much of the post crisis period, the world's largest economies have fought tepid growth and low inflation with aggressive and largely coordinated monetary policy – and world equity markets have proven to be resilient and have surged. Today, U.S. growth, driven by strong corporate earnings is trending up, and the story is similar in Europe and Asia. But now, nine years into the recovery with many equity markets at or near all-time highs and central banks no longer priming the pump, many investors are questioning if this cycle has run its course. In our opening general session expert panelists will assess the state and outlook for the global economy and capital markets. Most importantly, they will offer perspectives on the signs long-term investors should be looking for to guide portfolio policies.

<b>General Session   CIO Roundtable: Risks and More Risks</b>	<b>10:45 AM - 11:45 AM</b>
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While secular trends impact broad and long-term portfolio positioning, it is often cyclical and tactical insights that can contribute substantially to performance and reduce risk. From taking advantage of valuation inequities to employing quantitative strategies, the astute investor can, within their risk tolerances, generate outperformance. In this session, leading Chief Investment Officers provide their insights to where near and intermediate term opportunities may lie.

<b>Topical Lunches</b>	<b>12:00 PM - 1:15 PM</b>
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## ESG Investing Becomes Mainstream

The Principles for Responsible Investment now have more than 1,750 signatories, from over 50 countries, representing \$70 trillion. Clearly, investors and asset managers around the world have embraced the Six Principles in theory. Less clear is how these investors are taking action and implementing the principles into their investment practices. In this session our experts will provide their insights into how the PRI is encouraging adoption as well as share real life case studies that can serve as a practical roadmap for incorporating ESG into policy portfolios.

## How Dynamic Should your IPS be?

Successful investing for long-term funds requires a strategic plan. This is true despite – indeed, because of – the fact that the future is unknowable. The plan must be specific, embodying in concrete terms the best thinking of the governing board about the investment pool, its goals and purposes; but it also needs to be sufficiently flexible to guide the board through environments that may be very different from those prevailing at the time of its adoption. Join this session for insights and discussion on how to strike the balance for your institution.

## Natural Resources: The Changing Landscape and Capturing Compelling Opportunities

The natural resources sector is often characterized as cyclical, as producers and service providers experience underlying exposure to and commensurate volatility of commodities in the oil and gas, mining and agriculture sectors. After a couple of years of challenging sector returns, some institutional investors are questioning what the role of natural resources should be in a portfolio and if now is a good time to invest in the asset class. In this session our panelists will explore current trends across the global energy complex and the broader natural resources sector. The focus will be on identifying the specific risks to avoid and the compelling tactical opportunities to be found, all in the context of the role this unique asset class can play in long-term portfolios.

<b>General Session   Building a Resilient Private Capital Program</b>	<b>1:30 PM - 2:45 PM</b>
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Institutional investors are tasked with building resilient portfolios to meet their long-term missions. Endowment and pension pools often have the longest time horizon of any investors. This affords them both the freedom and responsibility to prudently take advantage of the premium available from illiquid investments over liquid investments like public equities. While the premium does exist, it is not guaranteed. Capturing it requires significant resources, expertise and access to the best managers and strategies as well as superior portfolio construction and a commitment to the asset class. In this session, leading private equity and venture capital managers will discuss their unique approaches to investing in, and managing and growing, portfolio companies. They will provide insights into the current state of the private markets and their views going forward. The emphasis will be on arming investment committees with the information they need to position policy portfolios for long-term success. Commonfund Capital's President & CEO Peter Burns will kick-off and moderate this discussion and share some observations about the industry as Commonfund celebrates 30 years of partnering with institutional investors in building resilient private capital programs.

<b>General Session   Evolving Asset Allocation and Policy Portfolios</b>	<b>3:15 PM - 4:15 PM</b>
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As fiduciaries, it is critical to build resilience into the investment portfolios for which we have oversight. Resilience can take the form of shorter-term tactical questions like; are diversified portfolios really diversified and will they stand the test of the next market turn? Or, perhaps even more importantly, longer-term questions such as; how can investors ensure that their policy portfolio is best aligned with the larger ecosystem of the institution? In this session Commonfund experts will share our research findings and techniques we are employing to help investors understand not just the characteristics of their portfolio in isolation but also the broader considerations and pressures that should shape risk, drawdown and recovery expectations over the long haul.

**Cocktail Reception****6:00 PM - 7:00 PM****Teen and Children's Dinner and Activities****6:00 PM - 9:00 PM**

Commonfund Forum provides dinner and supervision for children of registrants attending the Monday banquet and presentation. Children from pre-school age to teens are welcome. We'll have age appropriate activities and movies for all.

**Dinner and Featured Speaker Mick Ebeling - The Fallacy of "Impossible"****7:00 PM - 9:00 PM**

Since the launch of the EyeWriter, an amazing technological tool that allowed a paralyzed graffiti artist to paint again using just his eyes, and Not Impossible Foundation, Mick Ebeling has passionately studied the concept of "impossible." All the modern conveniences we see around us were once considered impossible by people who didn't know any better. Synthetic fabrics, cell phones, and digital watches (not to mention cars and computers) were all figments of the imagination until inspiration met execution and the impossible became a reality. In this talk, Ebeling dives deeper into "impossible," the underlying psychological effects it has on an organization, and how to overcome "impossible" so true innovation can take place.

Tuesday, March 13, 2018

**Breakfast and Featured Speaker****7:15 AM - 8:45 AM****After the G-Zero: Overcoming Fragmentation**

The global order that prevailed since the end of the Second World War has hit its limits. A breakdown in longstanding domestic, regional, and international political equilibria is making policymakers both less able and less willing to collaborate internationally. The result: a G-Zero world characterized by a growing vacuum in global governance.

Ian Bremmer predicts a new world order that will succeed our G-Zero reality. The question, is whether citizens across the world will remain passive throughout this process, or take on a proactive role in determining what future they want to live in. This new world order will be characterized by three important developments:

- The end of a cycle
- The end of politics as you knew it
- Saving global governance from the G-Zero

Mr. Bremmer will share his insights and views to help attendees understand the broader issues to consider as they formulate policy portfolios for the years ahead.

**Breakout Sessions I****9:00 AM - 10:00 AM****Navigating Secondaries – Focusing on Value and Quality**

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

**Diversity and Emerging Managers**

Studies have shown that increased diversity can lead to more efficient information processing, improved decision-making and, ultimately, better outcomes. The value of diversity is increasingly recognized within the work place as well as educational institutions yet the idea of minority investing remains largely unadopted. Compounding the challenge, large established asset managers are getting bigger every day, making it more difficult for small, new and emerging managers to attract capital. In this session, our panel looks at the landscape of diverse and emerging managers to answer key questions, including, what is the alpha of diverse investing? Is it real? Is it accessible? And how can it be implemented in a policy portfolio?



## Knowledge is Power - Insights from the Commonfund Benchmark Studies

Nonprofit boards and investment committees are charged with the fiduciary responsibility to make informed decisions when guiding the investment activities of their organization. Since the early 2000's the Commonfund Benchmarks Studies – the NACUBO-Commonfund Study of Endowments®, and the Council on Foundations-Commonfund Study of Foundations® – have been the acknowledged authority on the investment practices of U.S. educational institutions, private and community foundations, operating charities and healthcare organizations. In this session, our experts will share important and actionable insights from the studies can inform your decisions on investment and governance practices.

### General Session: Global Investing: A World of Opportunities

10:15 AM - 11:15 AM

The equity allocation in a diversified portfolio is the primary driver of growth and is critical to achieving target returns and maintaining intergenerational equity. Equity markets around the world have trended strongly upward and many view them to be fully priced and wonder if there is still room to run. While U.S. stocks are near all-time highs and valuations are above average, European company earnings just began to improve in the past year and Japan has its own catalysts that could provide support. Emerging markets have also run up strongly but, there too, attractive opportunities can be found by skilled managers. In this session, global investors will share their views on where they are finding compelling public and private investments across Europe, Asia and Emerging Markets.

### Breakout Sessions II

11:45 AM - 12:45 PM

#### Unlocking the Growth Engine Through Private Capital

After a few difficult years for Emerging Markets, they have bounced back to deliver double digit returns recently. A combination of attractive valuations versus developed markets, improving earnings and a renewed belief in the long-term promise of growth, powered by the expanding middle class of consumers, have all contributed to the rebound. Clearly, emerging markets can be an important contributor in portfolios targeting CPI + 5% returns, especially given muted expectations for developed market returns going forward. But, what is the best approach to harnessing the opportunity efficiently and effectively, while controlling for volatility? And, which countries, sectors and companies are best positioned to win? Our panel of investors will provide insights into the current opportunity set and how they are selectively tapping into emerging markets growth.

#### The Fixed Income Balancing Act

The 30 year bull market in Treasury bonds was also a tailwind for investment grade bonds broadly—not to mention helping to lower financing costs for corporations and helping to boost corporate earnings. As the Fed begins the slow process of increasing interest rates back to a long run level as well as unwinding its balance sheet ballooned by QE, many institutional investors seeking CPI + 5% are wondering how best to position their fixed income portfolio. Investment grade bonds still have a place in the portfolio as shock absorbers should there be an equity market correction. However, there remain opportunities to earn solid returns in fixed income, particularly through the credit markets where the predominant risk is default risk, rather than interest rate risk. Our panel of experts will address current opportunities in credit markets with a particular focus on the specific approaches that can help to avoid the potential pitfalls of venturing out on the risk curve at this point in the cycle.

## Raising the Bar on Operating Assets

Endowments, Foundations and Healthcare Organizations with large pools of operating assets have faced significant challenges over the last several years from extremely low rates and an evolving regulatory environment. With reforms largely in place and interest rate policy moving toward normalization, CFO's and Treasurers may be in a position to rethink and redesign their approach to short term assets with an eye towards maximizing the effectiveness of their internal bank. In this session, our panelists will explore the impact of regulatory changes, new techniques for policy portfolio design, and investment strategies that seek to maximize income, liquidity, and risk adjusted returns.

<b>Closing Luncheon and Featured Session: Investing in a Low(er) Carbon Economy</b>
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<b>1:00 PM - 2:30 PM</b>
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Globally, the debate continues surrounding potential risks of climate change. And with it, governments, individuals and the private sector are evaluating the need for more sustainable practices, including the role of emerging technologies. One needs to look no further than China, the largest emitter of greenhouse gases, to see the speed of change. In 2015, China invested \$103 billion into its domestic renewables energy sector – around 36 percent of new dollars invested globally (and more than twice the United States' investment in renewables). This year, China announced plans to invest another \$361 billion in clean energy by 2020. But as this transition to a lower carbon economy picks up pace, there remains uncertainty regarding the impacts to investment portfolios. For example, will sustainable energy sources markedly increase their share of the energy mix? And, consequently, what are the impacts to traditional industry? Our distinguished panel of experts will address some of the critical policy developments that could shape the global investment landscape for fiduciaries of nonprofit institutions. To what extent are meaningful changes taking place and at what speed? Should the long term challenges of climate change be incorporated into shorter-term investment decisions? Which countries, sectors and industries are best positioned to benefit, and which are most at risk? Most importantly, we'll focus on helping fiduciaries better understand how the climate debate is unfolding and what implications there may be to investment portfolios.



## WEDNESDAY, MARCH 14

Breakfast Buffet	7:30 – 8:30
<b>Main Session Panels</b>	
Welcome and Introductory Remarks	8:30 – 8:45
Taking the Temperature of the Markets	8:45 – 9:15
Cycles: A Thing of the Past?	9:15 – 10:00
Refreshment Break	10:00 – 10:30
The Relative Value Debate: Finding the Best Risk-Reward in Credit Asset Classes	10:30 – 11:30
Disruptive Technology: Navigating the Changing Landscape	11:30 – 12:40
Lunch	12:40 – 2:15
<b>Breakout Session Panels</b>	
<b>BREAKOUT SESSION #1A</b>	
Special Situations	2:15 – 3:15
Infrastructure Investing	2:15 – 3:15
High Yield Bonds	2:15 – 3:15
Refreshment Break	3:15 – 3:45
<b>BREAKOUT SESSION #1B</b>	
Distressed Debt	3:45 – 4:45
U.S. Private Debt	3:45 – 4:45
Emerging Markets Equities	3:45 – 4:45
Reception and Keynote Remarks	5:00 – 7:30

## THURSDAY, MARCH 15

Breakfast Buffet	7:00 – 8:00
<b>Main Session Panels</b>	
Introductory Remarks	8:00 – 8:10
Surviving and Thriving in an Era of 'Lower for Longer'	8:10 – 9:10
Refreshment Break	9:10 – 9:35
Adding Value: The Art of Influencing Investment Outcomes	9:35 – 10:35
Closing Remarks	10:35 – 10:45
<b>Breakout Session Panels</b>	
<b>BREAKOUT SESSION #2A</b>	
Real Estate	11:00 – 12:00
Global Credit	11:00 – 12:00
Power Opportunities	11:00 – 12:00
Lunch	12:00 – 1:30
<b>BREAKOUT SESSION #2B</b>	
European Principal and European Private Debt	1:30 – 2:30
Emerging Markets Debt	1:30 – 2:30
Senior Loans	1:30 – 2:30

Meeting Date  
**1/10/18**  
Agenda Item  
**#13d.**