



## **AGENDA**

### **RETIREMENT BOARD MEETING**

#### REGULAR MEETING

January 26, 2022, 9:00 a.m.

The Board of Retirement will hold its meeting via teleconferencing as permitted by Government Code Section 54953(e). The meeting is accessible telephonically at 669-900-6833, Webinar ID: 836 4618 1246, Passcode: 479691, or via the web at:

<https://us06web.zoom.us/j/83646181246?pwd=dHNSODc0S2NENDAzRlF2am45QlQ5dz09>

Passcode: 479691

Persons who wish to address the Board of Retirement during public comment may call in during the meeting by dialing the phone number and passcode above. Access via Zoom is also available at the weblink above. To indicate you wish to speak during public comment, please select \*9 on your phone or “raise your hand” in the Zoom app.

Public comments are limited to any item that is within the subject matter jurisdiction of the Board of Retirement. Comments will be received in real time via telephone or Zoom, subject to a three-minute time limit per speaker.

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

1. Pledge of Allegiance.
2. Roll Call.
3. Accept comments from the public.
4. Consider and take possible action to approve communication with the Bureau of Labor Statistics.
5. Consider and take possible action to adopt a cost-of-living increase for retirees as of April 1, 2022.
6. Consider and take possible action to approve a revision to the Sagitec team and authorize the CEO to execute the necessary changes to the System Integration Agreement.

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.

7. Information session on retirement process.
8. Consider authorizing the attendance of Board:
  - a. CALAPRS Advanced Principles of Pension Governance for Trustees, March 30-April 1, 2022, Los Angeles, CA.
  - b. CALAPRS Trustees' Roundtable, April 29, 2022, Virtual.
  - c. SACRS Spring Conference, May 10-13, 2022, Rancho Mirage, CA.
9. 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*  
**01/26/2022**  
*Agenda Item*  
**#4**

## **MEMORANDUM**

Date: January 26, 2022  
To: CCCERA Board of Retirement  
From: Gail Strohl, Chief Executive Officer  
Subject: Consider and take possible action to approve communication with the Bureau of Labor Statistics.

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### **Background**

Recently, the Board has received some letters from the Retiree Support Group of Contra Costa County regarding concern with the Bureau of Labor Statistics calculation of the Consumer Price Index utilized for the retiree COLA. The enclosed letter is proposed by the Board Chair for Board consideration.

### **Recommendation**

Consider and take possible action to approve communication with the Bureau of Labor Statistics.



January 26, 2022

Bureau of Labor Statistics  
Office of Economic Analysis and Information  
90 7th Street, Suite 14-100  
San Francisco, CA 94103

Re: Consumer Price Index for All Urban Consumers  
(CPI-U), San Francisco Bay Area – 2021

Dear Sir or Madam:

I am writing at the direction of the Board of Trustees to request your urgent attention and formal response to objections and concerns previously conveyed to you by the Retiree Support Group of Contra Costa County (RSG), an organization recognized by the Contra Costa County Employees' Retirement Association (CCCERA) representing more than 1,200 retirees from public service in Contra Costa County. CCCERA is a public employee retirement system established by the County of Contra Costa under the County Employees Retirement Law of 1937. We manage over \$11 Billion in trust assets for the benefit of over 10,000 retirees, as well as more than 10,000 currently active employee members. In prior written correspondence to you, the RSG has raised serious concerns and questions regarding what it has identified as significant, material errors in computing changes in the Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco Bay Local Area (San Francisco-Oakland-Hayward, CA) during the year 2021.

Amongst numerous other concerns, RSG has identified that the Bureau has continued to report CPI changes reflecting a significant disparity in the CPI-U change for the San Francisco Bay Local Area when compared to the changes in the CPI-U that the Bureau has reported for the other three California Local Areas covered by the Bureau – the Los Angeles-Long Beach-Anaheim Local Area, the Riverside-San Bernardino-Ontario Local Area, and the San Diego-Carlsbad Local Area.

The disparities identified have been discussed in the media and have generated significant concern given the pervasive use of CPI in the broad stream of commerce throughout California and the United States generally. For October 2021 the BLS Report states that the San Francisco Bay Local Area experienced a 3.8 percent change in the CPI-U in October 2021 from October of

2020. For the same period, Los Angeles/Long Beach Local Area was reported to be 5.4%, Riverside/San Bernardino Local Area was reported to be 6.8%, and San Diego/Carlsbad Local Area was reported to be 6.5%. To those living and working in the greater San Francisco Bay Area, the disparity stands out and raises a serious question as to the veracity of the BLS analysis and determination for the SF Bay Area.

These noted disparities in reported CPI for local California regions areas are indeed significant, and the questions and concerns that have been raised deserve a timely and complete response. Like so many other agencies and organizations throughout the State, CCCERA relies on the integrity of the Bureau's CPI determinations in the management of the pension trust fund. We therefore request that you make this matter a top priority and fully respond to the concerns raised for the benefit of all concerned, providing timely corrections to the reported 2021 CPI if determined necessary.

Very truly yours,

Scott W. Gordon  
Chair, CCCERA Board of Trustees

SWG:cg

cc: Office of Inspector General  
BLS/OASAM  
Tracy M. Katz, Audit Director  
200 Constitution Avenue, NW  
Room S-5512  
Washington, DC 20210

CCCERA Board Members  
Retiree Support Group of Contra Costa County  
The Hon. Mark DeSaulnier, Member of Congress  
The Hon. Mike Thompson, Member of Congress  
The Hon. Jerry McNerney, Member of Congress  
The Hon. Eric Swalwell, Member of Congress



Meeting Date  
**01/26/2022**  
Agenda Item  
**#5**

## MEMORANDUM

Date: January 26, 2022  
To: CCCERA Board of Retirement  
From: Gail Strohl, Chief Executive Officer  
Subject: Consider and take possible action to adopt a cost-of-living increase for retirees as of April 1, 2022.

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In accordance with Government Code §§31870, 31870.1 and 31870.3, the Board must determine the annual cost-of-living adjustments (COLAs) to be effective April 1, 2022.

### Determination of COLA

Based on the statutes noted above, the increase or decrease of the retiree allowances must “approximate to the nearest one-half of 1 percent, the percentage of annual increase or decrease in the cost of living as of January 1<sup>st</sup> of each year as shown by the then current Bureau of Labor Statistics Consumer Price Index for All Urban Consumers for the area in which the county seat is situated.” The only difference in the three COLA statutes that apply to CCCERA members is that the annual maximum adjustment is either 2%, 3%, or 4% depending on which section is applicable.

The consumer price index values used by CCCERA are the December values from the San Francisco-Oakland-Hayward, California table. The increase in the index from December 2020 to December 2021 is 4.2%.

When this value is greater than the annual allowable maximum increase, the excess above the allowance increase is accumulated or “banked”. When the value is less than the annual allowable maximum increase, retirees with sufficient bank will receive the maximum allowable increase and have their banks reduced accordingly.

The attached Segal letter shows the determination of the consumer price index increase and the annual adjustment retirees will receive depending on Tier and bank. The letter also shows the adjustments to the banks.

### Recommendation

Consider and take possible action to adopt a cost-of-living increase for retirees as of April 1, 2022.



Andy Yeung, ASA, MAAA, FCA, EA  
Vice President & Actuary  
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180 Howard Street  
Suite 1100  
San Francisco, CA 94105-6147  
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January 20, 2022

Ms. Gail Strohl  
Chief Executive Officer  
Contra Costa County Employees' Retirement Association  
1200 Concord Avenue, Suite 300  
Concord, CA 94520

**Re: Contra Costa County Employees' Retirement Association  
Cost-of-Living Adjustments (COLA) as of April 1, 2022**

Dear Gail:

We have determined the cost-of-living adjustments for the Association in accordance with Sections 31870.1, 31870.3 and 31870, as provided in the enclosed exhibits.

The cost-of-living factor to be used by the Association on April 1, 2022 is determined by comparing the December CPI for the San Francisco-Oakland-Hayward Area (with 1982-84 as the base period), as published by the Bureau of Labor Statistics (BLS),<sup>1</sup> in each of the past two years. The ratio of the past two December indices, 315.805 in 2021 and 302.948 in 2020, is 1.0424. The County Law sections cited above indicate that the resulting percentage change of 4.24% should be rounded to the nearest one-half percent, which is 4.0%.

Please note the above cost-of-living adjustments calculated using established procedures for CCCERA may result in adjustments different from those calculated using alternative procedures by other systems.

The actual cost-of-living adjustment is dependent on tier. The CPI adjustment to be applied on April 1, 2022 is provided in Column (4) of the enclosed exhibits. The COLA bank on April 1, 2022 is provided in Column (5).

Please give us a call if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Andy Yeung".

Andy Yeung, ASA, MAAA, FCA, EA  
Vice President & Actuary

BTS/bbf

Enclosures

cc: Ms. Christina Dunn

<sup>1</sup> We have provided under separate cover our understanding of the process used by the BLS to calculate the CPI and our rationale for relying on the BLS for such calculation.

Contra Costa County Employees' Retirement Association  
 Cost-Of-Living Adjustment  
 As of April 1, 2022

	(1)	(2)	(3)	(4)	(5)
Retirement Date	April 1, 2021 Accumulated Carry-over	CPI Change*	CPI Rounded**	CPI Used***	April 1, 2022 Accumulated Carry-over****
Tier 1, Tier 3 (service retirement only), Tier 4 (3% COLA), Tier 5 (3%/4% COLA and service retirement only), Safety Tier A and Safety Tier D Section 31870.1					
<u>Maximum Annual COLA</u>	<u>3.0%</u>				
On or Before 3/31/1982	9.500%	4.24%	4.0%	3.0%	10.500%
04/01/1982 to 03/31/1983	3.027%	4.24%	4.0%	3.0%	4.027%
04/01/1983 to 03/31/2017	0.500%	4.24%	4.0%	3.0%	1.500%
04/01/2017 to 03/31/2021	0.000%	4.24%	4.0%	3.0%	1.000%
04/01/2021 to 03/31/2022		4.24%	4.0%	3.0%	1.000%

- \* Based on ratio of December 2021 CPI to December 2020 CPI for the San Francisco - Oakland - Hayward Area.
- \*\* Based on CPI change rounded to nearest one-half percent.
- \*\*\* These are the cost-of-living adjustment factors to be applied on April 1, 2022.
- \*\*\*\* These are the carry-over of the cost-of-living adjustments that have not been used on April 1, 2022.

Contra Costa County Employees' Retirement Association  
 Cost-Of-Living Adjustment  
 As of April 1, 2022

			(1)	(2)	(3)	(4)	(5)
Retirement Date			April 1, 2021 Accumulated Carry-over	CPI Change*	CPI Rounded**	CPI Used***	April 1, 2022 Accumulated Carry-over****
<u>Tier 2, Tier 3 (disability retirement only) and Tier 5 (3%/4% COLA and disability retirement only)</u>							
Section 31870.3							
<u>Maximum Annual COLA</u>			<u>4.0%</u>				
04/01/1984	to	03/31/2021	0.0%	4.24%	4.0%	4.0%	0.0%
04/01/2021	to	03/31/2022		4.24%	4.0%	4.0%	0.0%

- \* Based on ratio of December 2021 CPI to December 2020 CPI for the San Francisco - Oakland - Hayward Area.
- \*\* Based on CPI change rounded to nearest one-half percent.
- \*\*\* These are the cost-of-living adjustment factors to be applied on April 1, 2022.
- \*\*\*\* These are the carry-over of the cost-of-living adjustments that have not been used on April 1, 2022.

Contra Costa County Employees' Retirement Association  
 Cost-Of-Living Adjustment  
 As of April 1, 2022

			(1)	(2)	(3)	(4)	(5)
Retirement Date			April 1, 2021 Accumulated Carry-over	CPI Change*	CPI Rounded**	CPI Used***	April 1, 2022 Accumulated Carry-over****
Tier 4 (2% COLA), Tier 5 (2% COLA), Safety Tier C and Safety Tier E Section 31870							
<b>Maximum Annual COLA</b>			<b>2.0%</b>				
04/01/2007	to	03/31/2012	8.5%	4.24%	4.0%	2.0%	10.5%
04/01/2012	to	03/31/2014	7.5%	4.24%	4.0%	2.0%	9.5%
04/01/2014	to	03/31/2015	7.0%	4.24%	4.0%	2.0%	9.0%
04/01/2015	to	03/31/2016	6.5%	4.24%	4.0%	2.0%	8.5%
04/01/2016	to	03/31/2017	5.5%	4.24%	4.0%	2.0%	7.5%
04/01/2017	to	03/31/2018	4.0%	4.24%	4.0%	2.0%	6.0%
04/01/2018	to	03/31/2019	3.0%	4.24%	4.0%	2.0%	5.0%
04/01/2019	to	03/31/2020	0.5%	4.24%	4.0%	2.0%	2.5%
04/01/2020	to	03/31/2021	0.0%	4.24%	4.0%	2.0%	2.0%
04/01/2021	to	03/31/2022		4.24%	4.0%	2.0%	2.0%

\* Based on ratio of December 2021 CPI to December 2020 CPI for the San Francisco - Oakland - Hayward Area.  
 \*\* Based on CPI change rounded to nearest one-half percent.  
 \*\*\* These are the cost-of-living adjustment factors to be applied on April 1, 2022.  
 \*\*\*\* These are the carry-over of the cost-of-living adjustments that have not been used on April 1, 2022.



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Suite 1100  
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## Via Email

January 20, 2022

Ms. Gail Strohl  
Chief Executive Officer  
Contra Costa County Employees' Retirement Association  
1200 Concord Avenue, Suite 300  
Concord, CA 94520

### **Re: Contra Costa County Employees' Retirement Association (CCCERA) Bureau of Labor Statistics Calculations for Consumer Price Index**

Dear Gail:

We provide in this letter our understanding of the process used by the Bureau of Labor Statistics (BLS) to calculate the Consumer Price Index (CPI) and our rationale for relying on the BLS for such calculation.

In order to develop the CPI that measures change in prices, the BLS conducts monthly surveys on more than 200 categories of expenditure items through personal visits (before the pandemic), telephone interviews and information on retailers' websites. The BLS measures separate CPIs for several geographic areas, including the San Francisco-Oakland-Hayward Area index that is used by CCCERA to set the Cost-of-Living-Adjustment or COLA for retirees. Through their survey, the BLS collects about 94,000 prices each month to use in their computation of changes in prices for commodities and service, and 8,000 rental unit quotes for their computation of changes in prices for housing.

Besides the huge volume of information that would be required to independently reproduce the CPI information provided by the BLS, it is also not feasible to validate the underlying information they use because they do not disclose prices collected in their survey in identifiable form due to a confidentiality pledge. For these reasons and based on our understanding that the 1937 Act requires CCCERA to use the change in the CPI as published by the BLS for the area in which the county seat is situated to determine the COLA, we continue to rely on the index updated by the BLS in recommending the change in COLA to the Board.

Please give us a call if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Andy Yeung".

Andy Yeung, ASA, MAAA, FCA, EA  
Vice President & Actuary

DNA/bbf



Meeting Date  
**01/26/2022**  
Agenda Item  
**#6**

## MEMORANDUM

Date: January 26, 2022  
To: CCCERA Board of Retirement  
From: Gail Strohl, Chief Executive Officer  
Subject: Consider and take possible action to approve a revision to the Sagitec team and authorize the CEO to execute the necessary changes to the System Integration Agreement.

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### Background

On April 14, 2021, the Board authorized the Chief Executive Officer to execute an agreement with Sagitec Solutions LLC to provide pension administration system software, implementation, hosting and support services. CCCERA has been informed that John Finnegan, who serves as the full time Functional Project Manager, is retiring and will be replaced by Kathleen Turman, assisted with two Senior Business Analysts. The analysts do not have previous system experience and have not been with Sagitec for very long. This key person change is being noted as a risk to the project. Mitigation items have been identified and will be implemented by Sagitec and CCCERA to ensure continued project success.

### Recommendation

Consider and take possible action to approve a revision to the Sagitec team and authorize the CEO to execute the necessary changes to the System Integration Agreement.

# RETIREMENT PROCESS OVERVIEW

**Tim Hoppe**, Retirement Services Manager

**Brianne Wilkins**, Retirement Services Supervisor

# RETIREMENT PROCESS OVERVIEW

Recommended steps prior to retirement	Timing
1. CCCERA Overview	Throughout career (available on CCCERA website)
2. Pre-Retirement Workshop	Targeted to members within 5 years of retirement
3. Retirement Estimate	Generally requested by member 6 months to 1 year prior to retirement date. Maximum of 2 estimates per year and within 5 years of retirement.
4. Counseling Appointment	60-90 days prior to retirement date or when the retirement application is submitted.

# STEP 1: CCCERA OVERVIEW

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- CCCERA offers an online informational overview covering:
  - Defined benefit plan description and comparison to a defined contribution program
  - How a benefit is calculated
  - Tiers
  - General information on contribution rates and how to find rates on CCCERA's website
  - Vesting
  - How Final Average Salary (FAS) is calculated
  - Service credit
  - Types of purchases
  - Reciprocity

# STEP 2: PRE-RETIREMENT WORKSHOPS

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- CCCERA offers Pre-Retirement Workshops for members within five years of retirement:
  - Topics covered in the CCCERA overview, plus
  - Two retirement estimates based on the dates provided by the attendee
  - Review of how a retirement benefit is calculated and the key components
  - How pensionable compensation is determined
  - Benefit payment options
  - Retirement application processing timeline and what to expect
  - Next steps, including a review of the required documents
  - Presentations from County Benefits and retiree organizations

# STEP 3: RETIREMENT ESTIMATES

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- What items are reviewed and validated when completing a pre-retirement estimate:
  - Pensionable salary, including eligible differentials and adjustments
  - MOUs for future agreed salary increases
  - Sick leave accrual as reported by the employer
  - Audit of all service credit and salary information, including contributions, purchases and conversions
  - Upon request from member, inclusion of a purchase, salary/pay rate change and position change, including the calculated benefit impact of the item
  - Calculation and review of missing contribution that must be paid prior to receiving a benefit and potential tier conversion costs
  - Verify marital status and required documents

# STEP 4: COUNSELING APPOINTMENT

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- At the member's discretion, could be in person, virtual or via phone
- During the appointment the following items are reviewed:
  - Retirement calculation components including any purchases completed, in process and/or available
  - Required documents – i.e. birth certificates, social security cards, divorce documentation
  - Reciprocity (if applicable)
  - Payment options – Unmodified, Optional Settlement Allowance 1-4
  - Retirement Application, checklist, forms and processing timeline

# RETIREMENT APPLICATION & CALCULATION PROCESS

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- Step 1: Member submits retirement application and required documents
- Step 2: Employer submits final active payroll
- Step 3: Retirement Calculation process begins....

Final Steps to Retirement payment	Average Timing
1. Retirement Calculation	8-12 weeks after final active paycheck
2. Retirement Payment Option Choices prepared and provided to member	1 week after final Retirement Calculation
3. First pension check	1-2 weeks after Retirement Payment Choice submitted to CCCERA by member

# STEP 1: RETIREMENT CALCULATION

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- The retirement calculation process cannot begin until after information from the final active paycheck is received by CCCERA (normally available the tenth of the month following employment ending).
- The Information is received through employer reports and requests to employers.
- The member's retirement information is audited. The audit could include service time, contributions, purchases, conversions, account splits, interest posting.
- The highest 12 or 36 consecutive months of salary, depending on member's tier(s), for the final average salary portion of the retirement calculation is determined. Unusual types of compensation and/or infrequently paid types of compensation in the final average salary are identified and researched to determine if pensionable.

# STEP 1: RETIREMENT CALCULATION CONTINUED...

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- Following confirmation of the final average salary, service and receipt of required documents:
  - Retirement counselor calculates the retirement benefit
  - A supervisor or senior staff member reviews the calculation and documents for completeness and accuracy
  - Final benefit is calculated in the pension administration system and verified
  - Payment option election is created as well as verified to the pension administration system option calculations

# STEP 2 & 3: RETIREMENT PAYMENT CHOICE & FIRST PENSION CHECK

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- Member has the option to meet with their retirement counselor to review their final calculations and their payment options
- Member selects their payment option, signs the choice of retirement allowance form and submits it to CCCERA with other related forms
- Member is placed on the next available off-cycle pension payroll.
- Off-cycle check process is completed 2-3 times per month

# WHAT CAN AFFECT THE TIMING OF AN INITIAL PENSION CHECK?

- When processing retirement applications there are up to four parties that complete tasks:



# WHAT CAN AFFECT THE TIMING OF AN INITIAL PENSION CHECK?

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- Member Responsibility:
  - Providing required documentation, i.e. Birth Certificates, Marriage Licenses, Social Security Cards, divorce/QDRO documentation, current Social Security estimate
  - The member may retire during a divorce and the retirement calculation is delayed until the divorce is finalized and the account is split
  - Member did not notify employer of their retirement, final paycheck not processed and reporting delayed
  - Missing contributions need to be paid
  - Member delays in submitting their signed choice of retirement allowance election form to CCCERA

# WHAT CAN AFFECT THE TIMING OF AN INITIAL PENSION CHECK?

- Employer Responsibility:

- Due to employer processing, final paycheck reporting to CCCERA is delayed to the following month

Example:

Last Day of Employment	Retirement Date	Final paycheck is processed
March 5th	March 6th	April 10th
March 15th	March 16th	April 10th
March 30th	March 31st	April 10th

- Payroll data that contains pay codes and/or amounts which require additional research – the employer will be asked to complete research in order to provide the needed information to CCCERA
    - The information provided by the employer on the final active payroll is not accurate and needs to be corrected

# WHAT CAN AFFECT THE TIMING OF AN INTIAL PENSION CHECK?

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- An increase in retirements, estimates, inquiries and purchase requests
- System functionality issues and frequent system errors when processing
- Staffing related to absences, attrition, development, other projects, etc.
- Payroll data that contains pay codes or amounts which require additional research – to proceed requires communication and response from the employer

# WHAT CAN AFFECT THE TIMING OF AN INITIAL PENSION CHECK?

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- Member does not provide required documents
- Due to pension administration system issues as well as the timing of employer data posting to the system, retirement calculations are manual requiring data to be updated into the system
- The information related to funding and interest in the system may not be accurate or current and must be corrected/adjusted prior to the retiree being added to payroll
- Delay in reciprocal agency providing information

# STEPS CCCERA TAKES TO SHORTEN THE TIMELINE

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- Encourage members to provide necessary documentation prior to retirement: workshops, newsletters, member handbook, website, member interactions
- Information to employers about pay reporting and retirement process: employer handbook, website, meetings with employers
- During the retirement process providing written and verbal communication on outstanding items needed including required documents and choice of retirement allowance form
- Additional resources available for quality assurance reviews
- When additional research is needed with particular pay codes the retirement calculation will be processed prior to the final determination in order to begin providing the member with an allowance

# STATISTICAL INFORMATION

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- 435 service retirements processed (1/1/2021-11/30/2021)
- 1,400 retirement estimates completed (1/1/2021-11/30/2021)
- 200 purchase requests calculated (less than 10% purchased by member)
- 3,000 member inquiries received
- 120,000 benefit payments processed for \$540,000,000 (1/1/2021-11/30/2021)

# IMPROVEMENTS MADE OVER THE LAST 2 YEARS

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- Added a Supervisor and a Technician, and filled three Retirement Counselors positions
- Additional Pre-Retirement Workshops
- Virtual member meetings and workshops
- Offsite group member information presentations
- CCCERA Overview added to website
- Pension calculator tutorial added to website
- Creation of electronic files and acceptance of electronic forms and requests

# NEW PENSION ADMINISTRATION SYSTEM

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- Member self service portal will provide the member with the functionality to calculate estimates on their own.
- Employer payroll information (contributions, service and compensation) will be validated and approved at the system level ensuring accurate information for retirement and estimate calculations.
- Member will have the ability to complete a retirement application online and submit required documents electronically.
- Member will have the ability to update information directly into the system rather than completing and submitting a form to CCCERA.
- System will allow a member to model their tax withholding election and impact to benefit payment without CCCERA intervention.
- Option for the member to receive CCCERA information electronically (i.e. direct deposit advice statements).
- System will automatically generate member communications/letters.

# QUESTIONS?

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Meeting Date  
**01/26/2022**  
Agenda Item  
**#8a.**



**MARCH 30-APRIL 1, 2022**

**UCLA LUSKIN CONFERENCE CENTER  
LOS ANGELES, CA**



**Advanced Principles of Pension Governance**  
*for Trustees*

**FOR THE CALIFORNIA ASSOCIATION OF PUBLIC RETIREMENT SYSTEMS**

# Advanced Principles of Pension Governance

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## *for Trustees*

### ADVANCED PRINCIPLES OF PENSION GOVERNANCE

The Advanced course is about building trustee skills and strengthening board governance. Pension trustees have many opportunities to learn about the disciplines required to run a pension system: institutional investing, actuarial science, benefits law, etc. But another highly important area of knowledge is the business of being a trustee and of contributing to a well-functioning board. The **CALAPRS Advanced Principles of Pension Governance** course exposes veteran trustees to the most effective pension management thinking to help them enhance their service to their retirement systems.

### THE PROGRAM

Course attendees will hear from and discuss issues with top-level presenters in the areas of board/staff roles, governance, pension law, economic forecasting and actuarial science.

### CURRICULUM | YOUR COURSE OF STUDY

Over the course of two days, attendees will be immersed in a powerful learning process—acquiring the skills they need to lead their organizations effectively.



#### The 2022 Program will cover:

- **Effective Board Decision Making**
- **Governance Risks and Opportunities to Add Value**
- **Economics Forecasting Methods and the annual forecast of the UCLA Anderson School**
- **Governance, Fiduciary Duty, Investments, and the “I” in the Pension Equation, Including ESG**
- **Wearing the Right Hat at the Right Time — *The Fiduciary Duties of Public Pension System Board Members***
- **Advanced Actuarial Principles**

### PARTICIPANTS | WHO IS RIGHT FOR THE PROGRAM?

The program is designed for an experienced group of trustees. Trustees should have already acquired a basic understanding of board governance practices, actuarial and investment principles, and fiduciary responsibility. While not required, CALAPRS recommends that newer trustees consider first attending our introductory course: “Principles of Pension Governance for Trustees” which is specifically designed for new trustees. Experienced trustees with a good foundational knowledge do not necessarily need to attend the introductory course first.

## EXPERIENCE UCLA'S TRADITION OF EXCELLENCE AT THE LUSKIN CONFERENCE CENTER

In the heart of UCLA's vibrant campus, the new UCLA Meyer and Renee Luskin Conference Center is set amid iconic campus buildings and the exhilarating backdrop of daily student life. The Luskin Conference Center is a place where the best academic minds, innovators, researchers, political leaders, and societal visionaries meet to exchange ideas that help shape the world.



The UCLA Luskin Conference Center is an ideal central meeting place where California's public pension trustees can gather for a transformational academic experience that transcends the acquisition of knowledge, skills, and tools—and fosters professional, intellectual, and personal development.

**Participants will receive a Certificate of Completion for this program.**

**PROGRAM DATES**  
**March 30-April 1, 2022**

## LEARNING COMMITMENT

Active involvement in all classroom sessions, case discussions, and other program activities is expected. Participants devote considerable time and intellect to the learning experience. Therefore, they must be free of outside responsibilities during the two days of the program.

## THE FACULTY

The Advanced Principles Program is taught by a faculty of highly regarded experts and experienced professionals in the field of public pension management.

## TUITION

Program tuition is \$3,100 for CALAPRS members and \$3,400 for non-members and includes all lodging, meals, and materials. Tuition must be paid in full by **March 15, 2022**.

## ACCOMMODATIONS

Program tuition includes all meals and lodging on the nights of March 30 and 31 at the acclaimed UCLA Luskin Conference Center, located at 425 Westwood Plaza, Los Angeles, CA. To ensure full participation, all participants are required to stay on-site in the provided private, comfortable hotel rooms.

## REGISTRATION

**Applications must be received by February 28, 2022.** Since space is limited, CALAPRS reserves the right to limit the number of trustees accepted from each retirement system, if need be.

## HEALTH & SAFETY

CALAPRS is committed to protecting persons attending in-person association meetings and events, including members, staff, guests, vendors, and other support personnel. As such, CALAPRS has developed an In-Person Event Policy to which all attendees must adhere. By registering and attending a CALAPRS event, you also agree to release CALAPRS and its affiliates of liability related to your participation, as explained under Liability Waiver and Assumption of Risk in the Event Policy. Attendees should read and understand the Event Policy, before they register for any in-person event.

View the In-Person Event Policy Here: <https://www.calaprs.org/page/eventpolicy>

### **Precautions taken for this program:**

- Proof of vaccination or a negative COVID-19 test (taken within 48 hours of the start of the meeting) must be provided to CALAPRS staff at registration.
- All attendees and staff, and guests, must wear a mask indoors at all times (while not actively eating or drinking), no matter their vaccination status.
- Attendees must respect all individual personal space and desired interaction preferences (i.e. handshaking, elbow bumps, etc.)

March 30 – April 1, 2022

**PROGRAM SCHEDULE**

**LOCATION:** UCLA Luskin Conference Center, 425 Westwood Plaza, Los Angeles, CA

<b>MONDAY, MARCH 30</b>	
3:00 – 5:30 PM	Check-in at UCLA Luskin Center
5:30 – 6:00 PM	<b>Welcome &amp; Networking Reception</b> <b>Mark Hovey</b> , Appointed Trustee, San Diego County Employees' Retirement Association / Retired CEO, San Diego City Employees' Retirement System
6:00 – 7:00 PM	Dinner
7:00 - 8:30 PM	<b>Effective Board Decision Making</b> <b>Mark Hovey</b>
<b>TUESDAY, MARCH 31</b>	
7:30 – 8:30 AM	Breakfast
8:30 – 10:30 AM	<b>Governance Risks . . . and Opportunities to Add Value (Part 1)</b> <b>Valter Viola</b> , Cortex Consultants <i>Turning great strategy into great performance is hard; that's why risk-conscious boards that focus on policy decisions can add value. Organizations typically have some "performance gaps," and pension plans are no different. We will explore and discuss the unique fiduciary, organizational, and other risks faced by pension plans and how to mitigate them through:</i> <ul style="list-style-type: none"> <li>• effective strategic and business planning practices; and</li> <li>• optimizing board and staff roles, accountabilities, and delegations of authority.</li> </ul>
10:30 AM	Break
11:00 - 12:00 PM	<b>Governance Risks . . . and Opportunities to Add Value (Part 2)</b>
12:00 PM	Lunch with Table Topics
1:00 - 2:45 PM	<b>Economics Update and Forecast</b> <b>Dr. Jerry Nickelsburg</b> , Professor, UCLA Anderson School of Management <i>As we have now entered the second year of the COVID19 pandemic, the need for good forecasts of the future of the national, state and local economies becomes more important. However, the uncertainty surrounding the post-COVID world makes such forecasting all the more difficult. Will people return to the city? What about offices? How soon will government revenues recover? Using "similar as economic inference" and lessons from the 2006-2008 housing debacle will help us understand how to tap into that uncertainty to develop better forecasts. The economic outlook for the US and California are an illustration of navigating heightened uncertainty in an organized way in order to make better decisions, and to have a road map to changing those decisions.</i>
2:45 – 3:00 PM	Break

3:00 – 4:15 PM	<p><b><i>Governance, Fiduciary Duty, Investments, and the “I” in the Pension Equation, Including ESG</i></b></p> <p><b>Stephen Sexauer</b>, CIO, San Diego County Retirement Association</p> <p><i>Your actuary teaches the pension equation as <math>C + I = B + E</math>. What is the role of “I”? Why do asset allocation decisions and equity returns dominate “minimizing the risk of loss and maximizing return”? With the rapid emergence of ESG in the political economy, what is its role in pension portfolios? This session pursues answers to these questions and will also probe why we see consistent evidence that most public pension plan returns are below that of a simple 60% stock-40% bond fund.</i></p>
4:15 – 5:30 PM	<p><b><i>Wearing the Right Hat at the Right Time—The Fiduciary Duties of Public Pension System Board Members</i></b></p> <p><b>Chris Waddell</b>, Olson Remcho</p> <p><i>Virtually every retirement system in California has a mix of members that are: 1) elected by active and or retired members; 2) appointed by the plan sponsor; and 3) sit ex officio by virtue of holding another public office, which is often elective. It’s not uncommon for elected members to also be elected union officials. These “day jobs” come with their own responsibilities and associated stress as well as their own personal beliefs and values about what’s best for the plan sponsor, the public at large and/or for a specific subset of retirement system stakeholders. It can be hard to keep these concerns from affecting decisions made as a public pension board member. We will discuss the “two-hats” rule and how it can assist Board members with ensuring that their decisions are consistent with their fiduciary duties.</i></p>
6:00 – 6:30 PM	Cocktail Reception
6:30 PM	Dinner

<b>WEDNESDAY, APRIL 1</b>	
7:30 – 8:30 AM	Breakfast
8:30 -10:30 AM	<p><b><i>Advanced Actuarial Principles</i></b></p> <p><b>Paul Angelo</b>, Senior VP &amp; Actuary, Segal</p> <p><b>Todd Tauzer</b>, VP &amp; Actuary, Segal</p> <ul style="list-style-type: none"> <li>• Focus on the two actuarial policy and decision areas for trustees: assumptions and funding policy</li> <li>• Consider recent trends in public plan discount rates and why that topic is still controversial</li> <li>• Review the three components of funding policy and then drill down on how to most effectively pay off the unfunded liability or manage any funding “surplus”</li> </ul>
10:30 – 10:45 AM	Break
10:45 -12:00 PM	<b><i>Governance Risks . . . and Opportunities to Add Value (Part 3)</i></b>
12:00 PM	Lunch
12:30 – 1:30 PM	<p><b><i>Tying It All Together: Questions, Take-Aways, Program Summary / Evaluation</i></b></p> <p><b>Mark Hovey &amp; Valter Viola</b></p>
1:30 PM	Course Concludes

# Advanced Principles of Pension Governance for Trustees

March 30 – April 1, 2022 Los Angeles, CA

## APPLICATION FOR ENROLLMENT

**Applications must be received by February 28, 2022.** Since space is limited, CALAPRS reserves the right to limit the number of trustees accepted from each retirement system, if need be. Accepted applicants will be notified via email on March 1, 2022.

**Applicant Qualifications:** *The Advanced Principles Program is designed for an experienced group of trustees. In evaluating readiness for this program, trustees should have already acquired a basic understanding of board governance practices, actuarial and investment principles, and fiduciary responsibility. CALAPRS recommends that newer trustees first attend the initial trustee training course at Pepperdine University entitled: “Principles of Pension Management for Trustees” that is specifically designed for new trustees. The course was previously held at Stanford University.*

### Applicant Information

Trustee’s Name (for certificate/name badge): \_\_\_\_\_

Retirement System: \_\_\_\_\_

Trustee Type:  Elected  Appointed  Ex-Officio Date Became a Trustee: \_\_\_\_\_ Date Current Term Expires: \_\_\_\_\_

Trustee’s Phone : \_\_\_\_\_ Trustee’s Email: \_\_\_\_\_

Emergency Contact (name, phone): \_\_\_\_\_

Dietary Restrictions (if any): \_\_\_\_\_

Administrative Contact (name, email): \_\_\_\_\_

I have **e-mailed** this applicant’s biography (≤150 words) to register@calaprs.org for printing in the attendee materials.

### Applicant Signature

*If admitted, I agree to attend the Advanced Principles program in full and acknowledge that missing one or more sessions may result in forfeiture of my Certificate of Completion, as determined by the Faculty.*

Trustee Signature (required) \_\_\_\_\_ Date: \_\_\_\_\_

### Administrator Approval

Administrator Name: \_\_\_\_\_ Email: \_\_\_\_\_

Administrator Signature (required): \_\_\_\_\_

### Tuition Payment

\$3,100 CALAPRS Member  \$3,400 Non-member

**Program tuition must be paid in full by March 15, 2022.** Tuition includes all meals, materials, and mandatory lodging for all participants for the nights of March 30 and 31 in the UCLA Luskin Conference Center. Mail or email form and payment to “CALAPRS” at 575 Market Street, Suite 400, San Francisco, CA 94105 or register@calaprs.org



If, due to a disability, you have any special needs, call 415-764-4860 to let us know. We will do our best to accommodate your needs.

Meeting Date  
**01/26/2022**  
Agenda Item  
**#8b.**

## Virtual Trustees Round Table

 Tell a Friend



**4/29/2022**

**When:** Friday, April 29, 2022

**Where:** Online - zoom link to be sent out upon registration  
United States

**Contact:** CALAPRS  
register@calaprs.org  
415-764-4860

Meeting Date  
01/26/2022  
Agenda Item  
#8c.

# SACRS



## SPRING CONFERENCE

**MAY 10-13 2022**

OMNI RANCHO LAS PALMAS RESORT & SPA  
RANCHO MIRAGE, CA

**SAVE THE DATE**  
REGISTRATION OPENS JANUARY 2022