Contra Costa County Employees' Retirement Association

AGENDA

RETIREMENT BOARD MEETING

REGULAR MEETING
July 24, 2024
9:00 a.m.

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

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

1. Pledge of Allegiance.

2. Appoint audit committee members.

3. Public Comment (3 minutes/speaker).

4. Approve minutes from the June 26, 2024 meeting. (Action Item)

CLOSED SESSION

5. The Board will go into closed session pursuant to Govt. Code Section 549569(d)(1) to confer with legal counsel regarding pending litigation:
    a. *Stewart v. CCCERA Board of Retirement, et al.,* Contra Costa County Superior Court, Case No. T23-1589.

OPEN SESSION

6. Asset Liability Study Discussion and Recommendations. (Action Item)

7. Pension administration system project update: (Presentation Item)
    a. Update from staff
    b. Presentation from Segal
    c. Presentation from Sagitec

8. Consider and take possible action to oppose Assembly Bill 2284 defining "grade" in Government Code Section 31461(a). (Action Item)

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.

9. Consider authorizing the attendance of Board: (Action Item)
    a. Nossaman's 2024 Pensions, Benefits & Investments Fiduciaries' Forum, October 17-18, 2024, Berkeley, CA.
    b. NCPERS 2024 Public Safety Conference, October 27-30, 2024, Palm Springs, CA.

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

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Contra Costa County Employees' Retirement Association

RETIREMENT BOARD MEETING MINUTES

REGULAR MEETING	Board Conference Room
June 26, 2024	1200 Concord Avenue, Suite 350
9:00 a.m.	Concord, California

Present: Candace Andersen, Dennis Chebotarev, Donald Finley, Scott Gordon, Jerry Holcombe, Louis Kroll, Jay Kwon, David MacDonald, Dan Mierzwa, John Phillips, Mike Sloan, and Samson Wong

Absent: None

Staff: Christina Dunn, Chief Executive Officer; Tim Price, Chief Investment Officer; and Henry Gudino, Accounting Manager

Outside Professional Support:	Representing:
Brooke Baird	Brown Armstrong
Scott Whalen	Verus Consulting

1. Pledge of Allegiance

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

2. Accept comments from the public

No member of the public offered comment.

3A. Consent Items:

It was **M/S/C** to approve all consent items. (Yes: Andersen, Chebotarev, Finley, Gordon, Holcombe, Kroll, MacDonald, Mierzwa, and Phillips).

3B. Consider and take possible action on Consent Items if previously removed, if any

No consent Items were removed.

Wong was present for subsequent discussion and voting.

4. <u>Presentation from Brown Armstrong on the audit of the December 31, 2023 Annual Comprehensive Financial Report</u>

Gudino and Baird presented the December 31, 2023 Annual Comprehensive Financial Report.

5. <u>Asset Liability Study Discussion and Recommendations</u>

Price and Whalen discussed the recommendations from the Asset Liability Study. It was the consensus of the Board to table this item for further discussion.

Phillips was no longer present for subsequent discussion and voting.

6. <u>Report from Audit Committee Chair on the June 12, 2024, Audit Committee meeting</u>

Holcombe reported on the June 12, 2024 Audit Committee meeting.

7. <u>Consider authorizing the attendance of Board:</u>

a. There was no action taken on this item. 2024 iDAC Summit, September 24-26, 2024, Broomfield, CO.

b. There was no action taken on this item. StepStone 360 Conference, September 25-26, 2024, New York, NY.

c. It was **M/S/C** to authorize the attendance of 2 Board members at the Pension Bridge Alternatives 2024, October 16-17, 2024, New York, NY. (Yes: Andersen, Chebotarev, Gordon, Holcombe, Kroll, Kwon, MacDonald, Mierzwa, and Wong).

8. <u>Miscellaneous:</u>

a. Staff Report –Dunn noted printed copies of the County Employees' Retirement Lawbooks are available for any interested trustees. She thanked Accounting for their work on the audit. She reported Colin Bishop has been hired as Deputy CEO and will be starting in August.

b. Outside Professionals' Report – None

c. Trustees' Comments – None

It was **M/S/C** to adjourn the meeting. (Yes: Andersen, Chebotarev, Gordon, Holcombe, Kroll, Kwon, MacDonald, Mierzwa, and Wong)

__________________________ ___________________________

Scott W. Gordon, Chairperson Jerry R. Holcombe, Secretary

Verus

Meeting Date
07/24/2024
Agenda Item
#6

PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS

JULY 2024

Asset/Liability Study – Follow-up

Contra Costa County Employees’ Retirement Association

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Status update

— During the Asset/Liability Study presentation at the June 26th Board meeting, CCCERA Trustees posed specific questions for additional consideration:

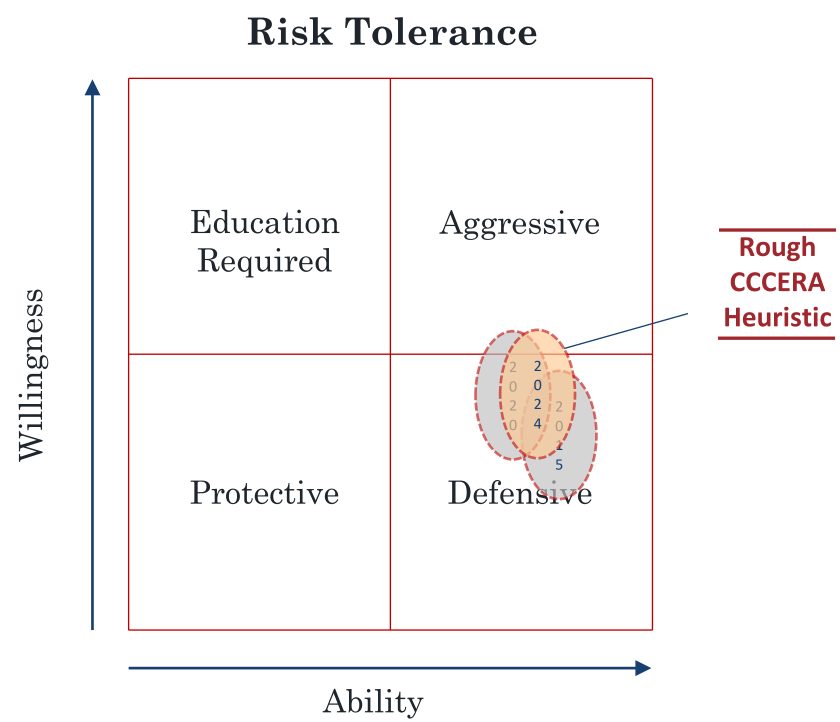
- Should the Liquidity Reserve target be reduced to two years of gross benefit payments from the current target of three years?
- Could we provide a set of asset allocation choices with a higher degree of expected outcome differentiation?
- If the current long-term Strategic Asset Allocation shows a better expected outcome, why would we consider switching?

— This presentation deck responds to these questions and is intended to support the Board in selecting/confirming the Plan's long-term Strategic Asset Allocation.

Review from last meeting

ERT Assessment results

- Plan sponsor health remains high (as reflected in fiscal fitness of Contra Costa County and retreat of resolution of uncertainty associated with global pandemic)
  - High credit rating
  - Manageable debt load
  - Steadily growing revenue
  - Diversified employer base and low unemployment, partially offset by declining population growth
- Interview responses indicate willingness to incur risk that generally fell within a similar range as the 2020 assessment
- Overall Enterprise Risk Tolerance has not changed meaningfully from previous studies



Historical and forecasted returns

	Long-Term Average (1926-2023)	10-Year Trailing (PE 12/31/23)	10-Year Forecast
U.S. STOCKS	10.2%	11.9%	5.7%
CASH	3.2%	1.1%	4.1%
EQUITY RISK PREMIUM	**7.0%**	**10.8%**	**1.6%**
LONG U.S. TREASURY BOND	5.2%	0.8%	4.7%

Forecasted risk premia have narrowed significantly as rates have increased from historic lows, but higher rates have also led to higher return expectations for income generating assets.

This changing market regime is the primary driver behind our Strategic Asset Allocation recommendations.

Source: Long-Term Average: AJO Vista; 10-Year Trailing: Verus 4Q23 Quarterly Investment Landscape; 10-Year Forecast: Verus 2024 Capital Market Assumptions

U.S. Stocks return represented by the S&P 500 Index; Cash return represented by the Bloomberg US Treasury Bills Index; Long U.S. Treasury Bond return represented by Bloomberg US Treasury Long Index

Asset mix outcomes presented in June

	Current		Alternative Mixes			Verus 2024 CMAs			
	Long-Term SAA	Investment Resolution - July 2023	2-Yr Gross BPs	3-Yr Gross BPs	4-Yr Gross BPs	Return (g)	Return (a)	Standard Deviation	Sharpe Ratio
Growth	**76**	**76**	**77**	**73**	**72**				
US Large	10.0	13.0	10.5	9.0	8.5	*5.9*	*7.0*	*15.5*	*0.19*
US Small	3.0	3.0	3.0	2.0	1.5	*6.2*	*8.2*	*21.4*	*0.19*
International Developed	10.0	8.0	6.0	5.0	5.0	*8.1*	*9.5*	*17.6*	*0.31*
Emerging Markets	9.0	4.0	2.5	2.0	2.0	*8.8*	*11.4*	*24.6*	*0.30*
Global Equity	0.0	10.0	10.0	10.0	10.0	*6.9*	*8.2*	*16.7*	*0.17*
Real Estate Debt	0.0	0.0	3.0	3.0	3.0	*7.4*	*7.7*	*7.5*	*0.48*
Value Add Real Estate	5.0	4.0	3.0	3.0	3.0	*8.8*	*9.9*	*15.4*	*0.38*
Opportunistic Real Estate	5.0	4.0	4.0	4.0	4.0	*9.8*	*11.7*	*21.1*	*0.36*
REITs	0.0	2.0	0.0	0.0	0.0	*6.8*	*8.5*	*19.2*	*0.23*
Infrastructure	3.0	0.0	3.0	3.0	3.0	*8.4*	*9.7*	*16.9*	*0.33*
High Yield Corp. Credit	0.0	2.0	0.0	0.0	0.0	*6.6*	*7.2*	*11.0*	*0.28*
Multi-Sector Credit	0.0	0.0	4.0	4.0	4.0	*7.1*	*7.7*	*11.1*	*0.33*
Risk Parity	3.0	3.0	0.0	0.0	0.0	*7.2*	*7.8*	*10.0*	*0.37*
Private Equity	15.0	13.0	15.0	15.0	15.0	*8.0*	*10.9*	*25.6*	*0.27*
Private Credit	13.0	10.0	13.0	13.0	13.0	*9.5*	*10.2*	*12.6*	*0.48*
Risk Diversifying	**7**	**7**	**12**	**10**	**5**				
Core Fixed Income	4.0	2.5	0.0	0.0	0.0	*4.9*	*5.0*	*4.8*	*0.19*
US Treasury	0.0	0.0	4.0	3.5	0.0	*4.6*	*4.8*	*7.1*	*0.10*
Hedge Funds	3.0	4.5	8.0	6.5	5.0	*5.4*	*5.6*	*6.4*	*0.23*
Liquidity	**17**	**17**	**11**	**17**	**23**				
Short-Term Gov't/Credit	14.0	17.0	8.0	14.0	20.0	*4.7*	*4.8*	*3.6*	*0.19*
Cash	3.0	0.0	3.0	3.0	3.0	*4.1*	*4.1*	*1.1*	*--*
Portfolio Statistics									
Expected Return (10-Year)	8.1	7.7	7.9	7.8	7.8				
Standard Deviation	11.9	11.8	11.6	10.9	10.7				
Sharpe Ratio	0.39	0.35	0.37	0.38	0.38				
1st Percentile Return (1-Year)	-16.1	-16.3	-15.8	-14.7	-14.4				

Key:
SAA – Strategic Asset Allocation
BP – Benefit Payments
CMA – Capital Market Assumptions

Source: MPI

Note: Multi-Sector Credit is modeled as a blend of High Yield Debt, Bank Loans, Long-Term Credit, and Emerging Market Debt

Updated mixes

Updated asset mix outcomes

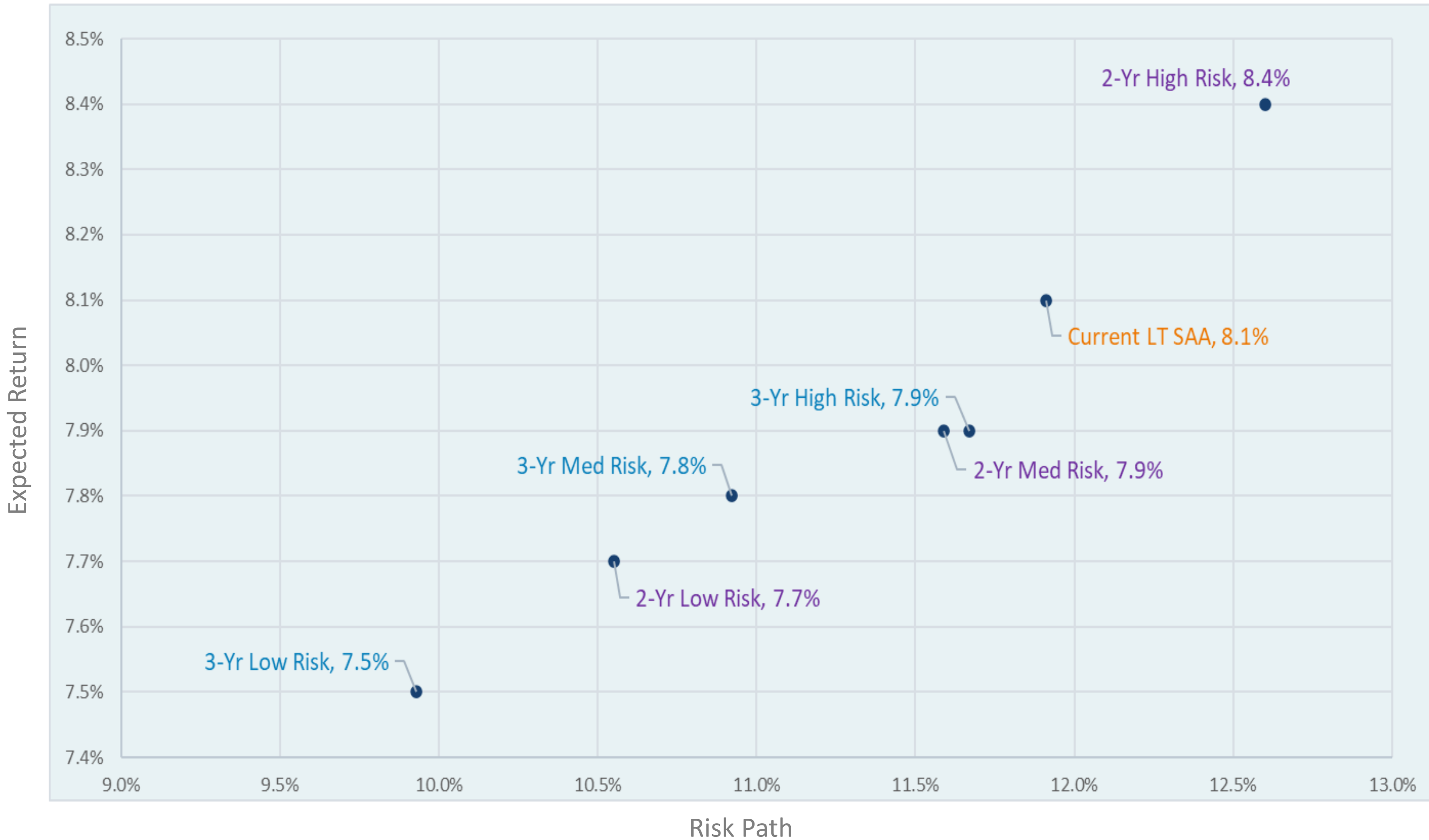
	Current LT SAA	Alternative Mixes: 2-Yr High Risk	2-Yr Med Risk	2-Yr Low Risk	3-Yr High Risk	3-Yr Med Risk	3-Yr Low Risk	Verus 2024 CMAs (10 Yr): Return (g)	Return (a)	Standard Deviation	Sharpe Ratio (a)
Growth	***76***	***82***	***77***	***72***	***76***	***73***	***69***				
US Large	10.0	12.0	10.5	8.0	10.0	9.0	7.0	*5.9*	*7.0*	*15.5*	*0.19*
US Small	3.0	3.0	3.0	2.0	3.0	2.0	2.0	*6.2*	*8.2*	*21.4*	*0.19*
International Developed	10.0	10.0	6.0	6.0	9.0	5.0	4.0	*8.1*	*9.5*	*17.6*	*0.31*
Emerging Markets	9.0	9.0	2.5	2.0	3.0	2.0	0.0	*8.8*	*11.4*	*24.6*	*0.30*
Global Equity	0.0	0.0	10.0	10.0	10.0	10.0	10.0	*6.9*	*8.2*	*16.7*	*0.17*
Real Estate Debt	0.0	3.0	3.0	3.0	3.0	3.0	3.0	*7.4*	*7.7*	*7.5*	*0.48*
Value Add Real Estate	5.0	5.0	3.0	3.0	3.0	3.0	3.0	*8.8*	*9.9*	*15.4*	*0.38*
Opportunistic Real Estate	5.0	5.0	4.0	4.0	4.0	4.0	4.0	*9.8*	*11.7*	*21.1*	*0.36*
Infrastructure	3.0	3.0	3.0	3.0	3.0	3.0	3.0	*8.4*	*9.7*	*16.9*	*0.33*
Multi-Sector Credit	0.0	0.0	4.0	8.0	0.0	4.0	10.0	*7.1*	*7.7*	*10.7*	*0.33*
Risk Parity - 10% Vol	3.0	0.0	0.0	0.0	0.0	0.0	0.0	*7.2*	*7.8*	*10.0*	*0.37*
Private Equity	15.0	17.0	15.0	13.0	15.0	15.0	13.0	*9.0*	*11.8*	*25.6*	*0.30*
Private Credit	13.0	15.0	13.0	10.0	13.0	13.0	10.0	*9.5*	*10.2*	*12.6*	*0.48*
Risk Diversfying	***7***	***7***	***12***	***17***	***7***	***10***	***14***				
Core Fixed Income	4.0	4.0	0.0	5.0	0.0	0.0	0.0	*4.9*	*5.0*	*4.8*	*0.19*
US Treasury	0.0	0.0	4.0	6.0	3.0	3.5	6.0	*4.6*	*4.8*	*7.1*	*0.10*
Hedge Fund	3.0	3.0	8.0	6.0	4.0	6.5	8.0	*5.4*	*5.6*	*6.4*	*0.23*
Liquidity	***17***	***11***	***11***	***11***	***17***	***17***	***17***				
Cash	3.0	3.0	3.0	3.0	3.0	3.0	3.0	*4.1*	*4.1*	*1.1*	*--*
Short-Term Gov't/Credit	14.0	8.0	8.0	8.0	14.0	14.0	14.0	*4.7*	*4.8*	*3.6*	*0.19*
Total Allocation	**100**	**100**	**100**	**100**	**100**	**100**	**100**				
Portfolio Statistics											
Expected Return (10-year)	***8.1***	***8.4***	***7.9***	***7.7***	***7.9***	***7.8***	***7.5***				
Standard Deviation	11.9	12.6	11.6	10.6	11.7	10.9	9.9				
Sharpe Ratio	0.39	0.39	0.37	0.38	0.37	0.38	0.38				
1st Percentile Return (1-year)	*-16.1*	*-17.2*	*-15.8*	*-14.2*	*-15.9*	*-14.7*	*-13.1*				

Key:
SAA – Strategic Asset Allocation
CMA – Capital Market Assumptions

Source: MPI

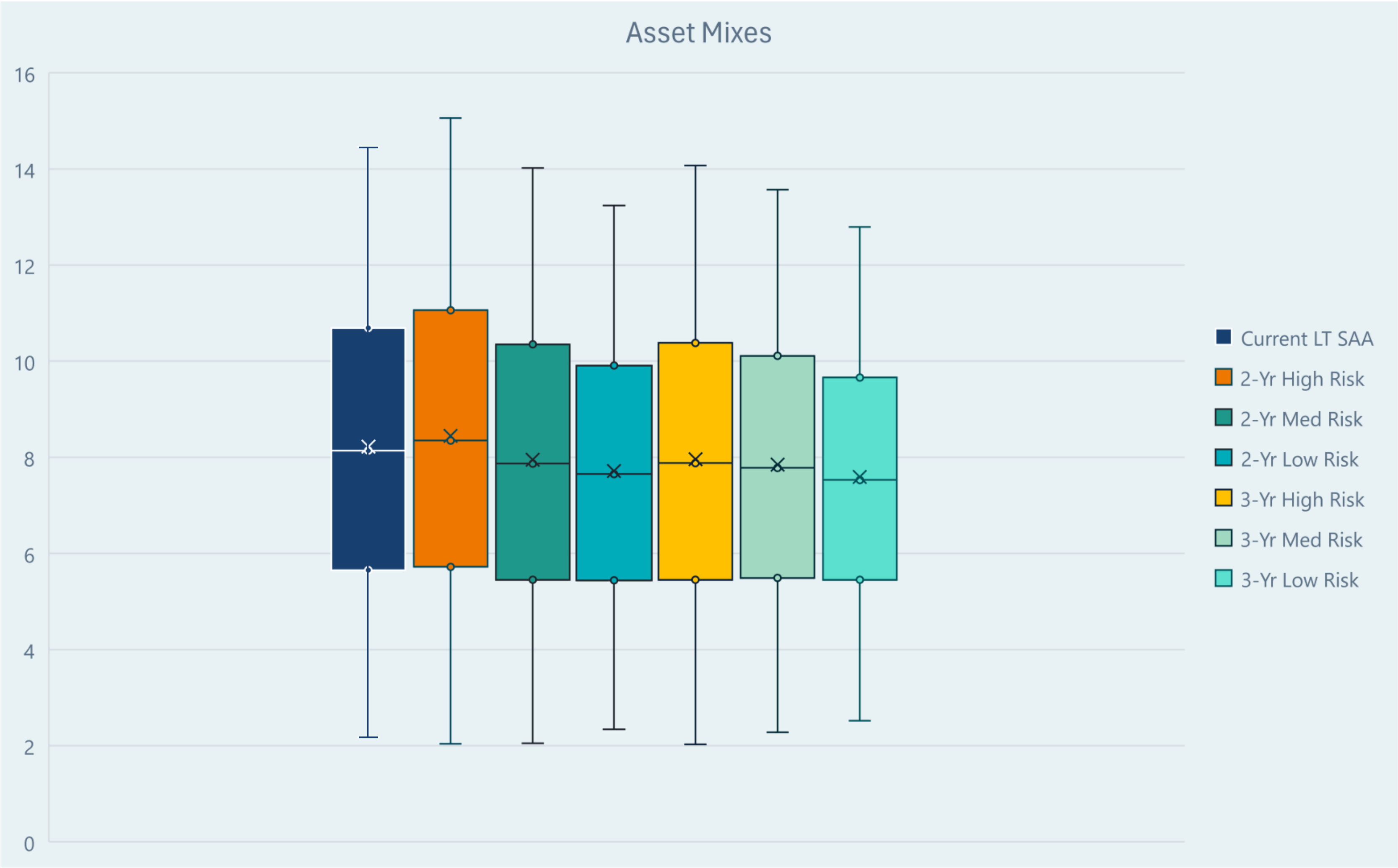
Note: Multi-Sector Credit is modeled as a blend of High Yield Debt, Bank Loans, Long-Term Credit, and Emerging Market Debt

Range of outcomes



Reducing the liquidity pool from 3 years to 2 increases expected return and comes with a commensurate increase in risk.

Range of outcomes (cont'd)

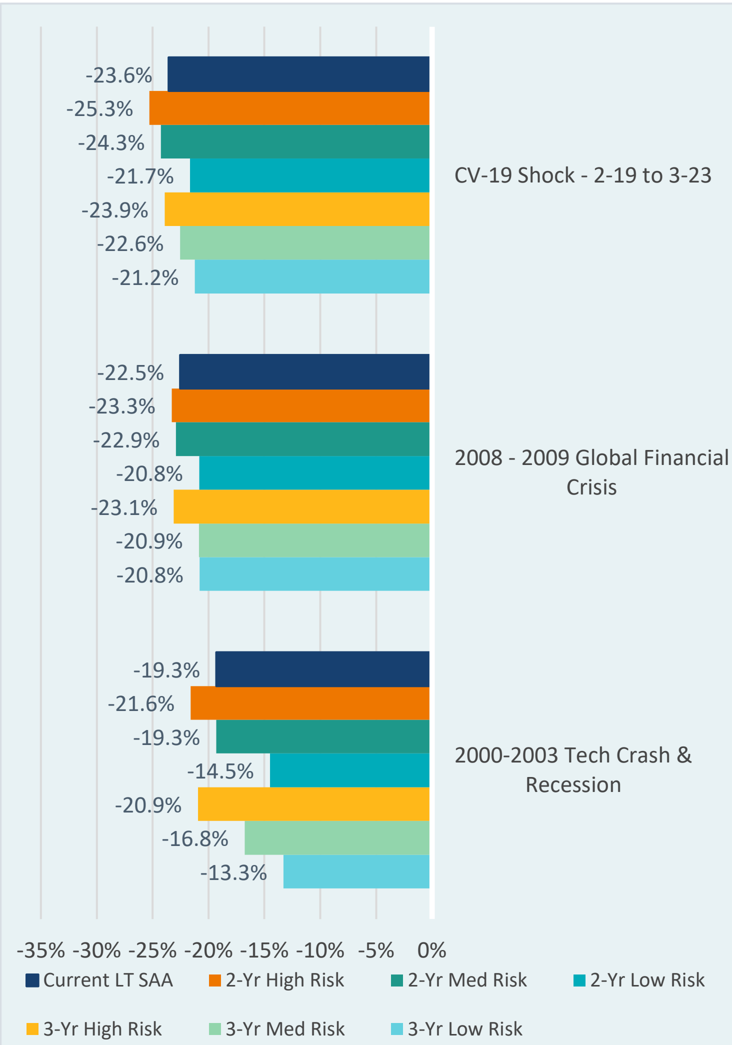


Reducing the liquidity pool from 3 years to 2 also narrows the range of expected outcomes

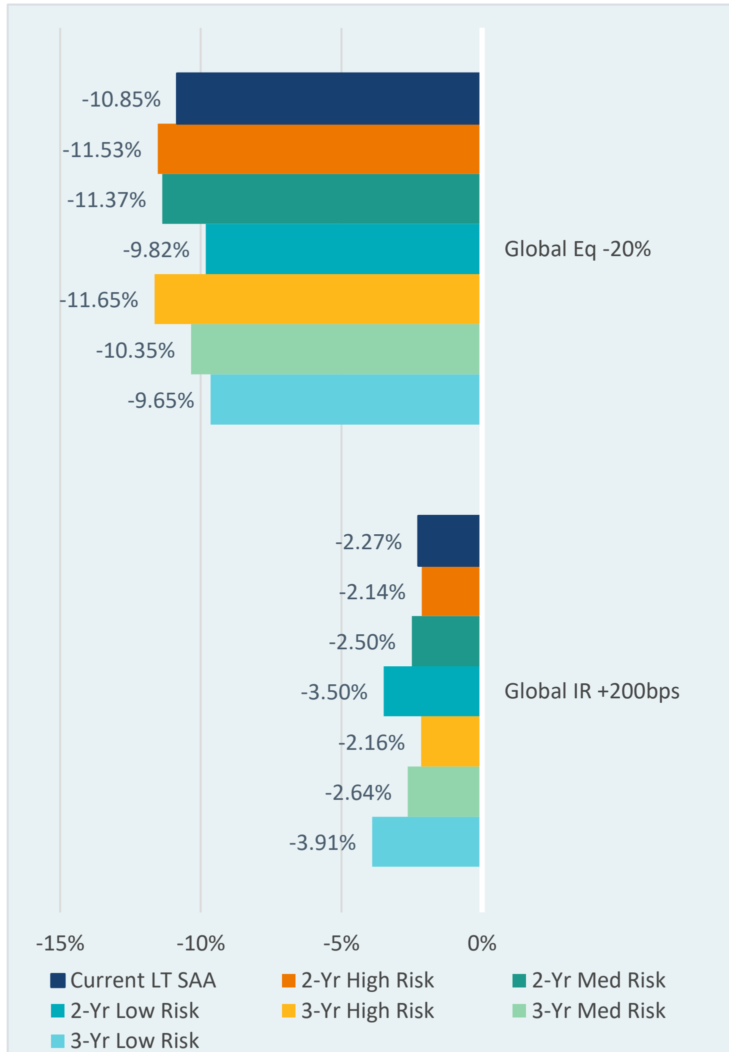
Percentiles are 5th, 25th, 50th, 75th, 95th.

Scenario Analysis

HISTORICAL SCENARIOS



STRESS TESTS



Source: Barra

Equity risk remains the primary driver of portfolio returns across all mixes

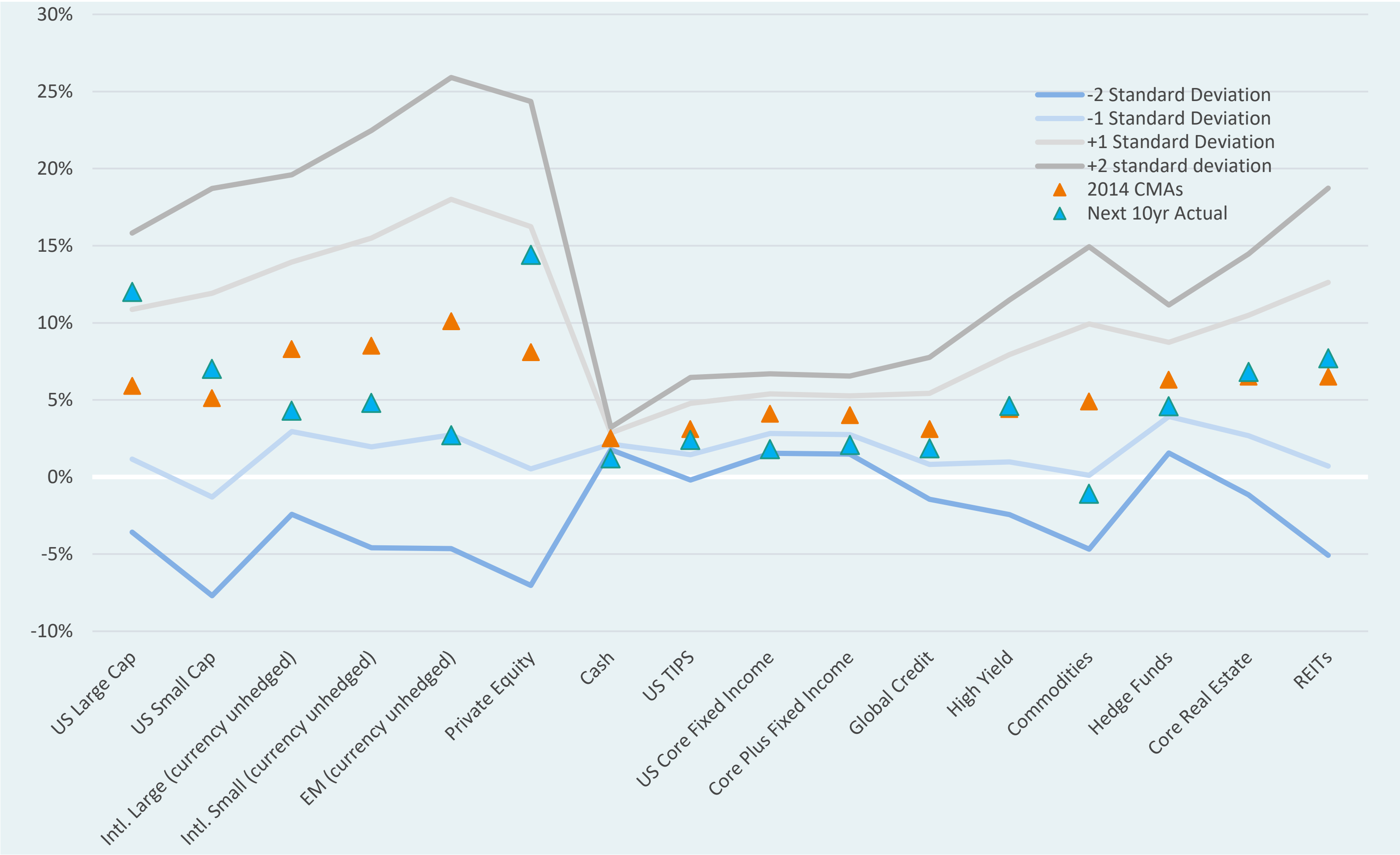
Higher risk portfolios would have experienced higher drawdowns during historically severe market dislocations

A modest increase in rate risk is expected in mixes with a higher reliance on income generating assets.

Why change?

Forecasting error

VERUS 2014 10-YEAR CAPITAL MARKET FORECASTS VS. ACTUAL EXPERIENCE



Although capital markets forecasts may meet expectations from a purely statistical perspective, any forecasting error can have an outsized impact on actual experience.

Mean-variance analysis is highly dependent on forecast accuracy.

Rationale behind suggested adjustments

Recommendation	Rationale
Remove Risk Parity	• Board has expressed a lack of confidence (and understanding) • Reliant on increasingly expensive leverage • Long-term underperformance relative to alternatives
Add Real Estate Debt	• Market is setting up for attractive relative value opportunity • Regional bank stress should reduce supply of capital and increase opportunities for others • Emphasis on income plays into higher rate environment
Add Multi-Sector Credit	• Emphasis on income plays into higher rate environment • Increases opportunity set for active managers leads to greater alpha potential
Replace Core Fixed Income with U.S. Treasuries	• Eliminate credit risk in diversifying portfolio • Take advantage of lower equity correlation

Although the plan's current long-term Strategic Asset Allocation appears attractive based on mean-variance analysis, compelling reasons exist for considering adjustments to the portfolio

Recommendation and potential next steps

Recommendation

Select and implement 3-Year Medium Risk asset mix, including the following adjustments:

— Growth Portfolio

- Eliminate Risk Parity
- Add Real Estate Debt and Multi-Sector Credit

— Diversifying Portfolio

- Replace Core Fixed Income with Treasuries

— Liquidity Portfolio

- Maintain 3-year reserve

Potential next steps

— Select preferred Strategic Asset Allocation

— Develop Implementation Plan

— Update Investment Policy Statement

— Draft 2024 Board Resolution

Appendix: liquidity assessment

Liquidity pool assessment

The table displays the necessary allocation to the liquidity pool to cover varying time horizons of cash outflows. The results depend heavily on the extent to which we include contributions as an offset the cash outflows.

% OF TOTAL ASSETS NECESSARY FOR LIQUIDITY POOL

Assumed Contributions		Gross 0%	25%	50%	75%	Net 100%
# of Years Secured	1	6%	5%	4%	3%	2%
	2	12%	10%	8%	6%	4%
	3	19%	15%	12%	9%	5%
	4	25%	20%	16%	11%	7%
	5	31%	25%	20%	14%	9%
	6	37%	30%	24%	17%	11%
	7	43%	36%	28%	21%	13%
	8	49%	41%	33%	24%	16%
	9	55%	46%	37%	29%	20%
	10	61%	51%	42%	32%	23%

Liquidity assessment

Liquidity should be managed to reasonably ensure that the Plan can meet its obligations under various market conditions

To gauge the health of CCCERA's liquidity position, we leverage a cash-flow based analysis that is rooted in the Basel 3 banking regulation framework

Determining the appropriate Liquidity Coverage Ratio (LCR):

— While there is no "right" ratio, a value less than 1 means there is insufficient liquidity to meet cash outflow needs

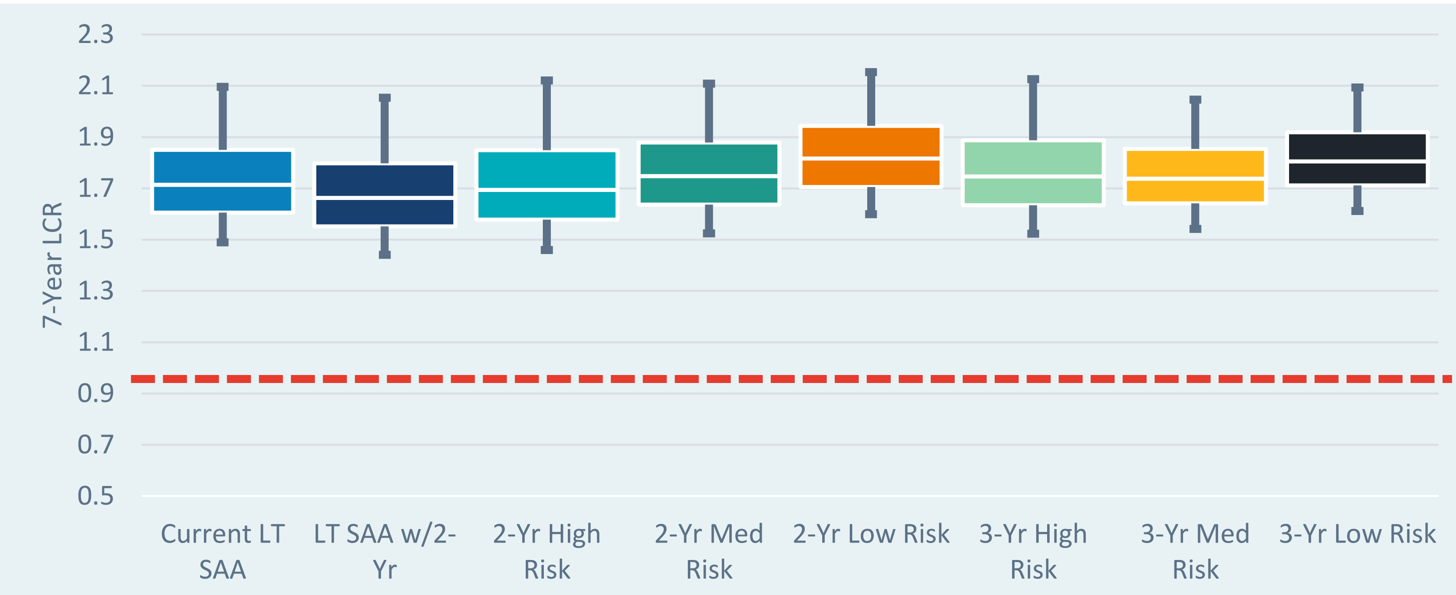
— An appropriate LCR is impacted by several variables:

- Access to external sources of liquidity (i.e., line of credit)
- Projected cash flows of the portfolio and their respective volatility
- Overall risk tolerance

Maintaining an LCR above 1 would imply there is sufficient liquidity to meet cash outflow needs

LCR analysis

LIQUIDITY COVERAGE RATIO (7-YEAR)



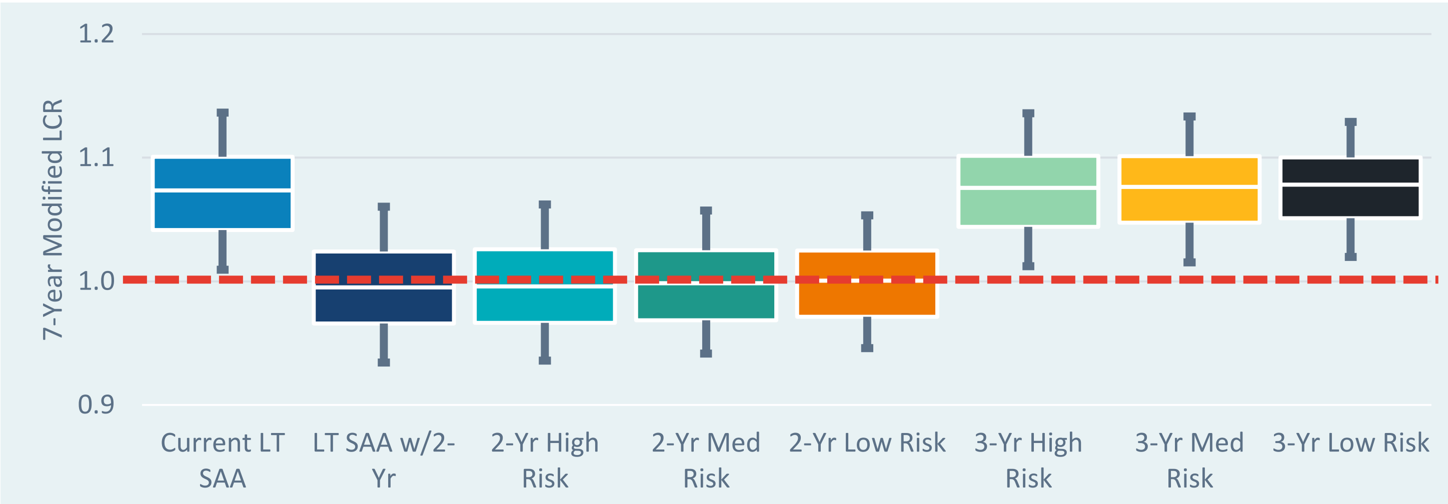
7-Year LCR	Current LT SAA	LT SAA w/2-Yr	2-Yr High Risk	2-Yr Med Risk	2-Yr Low Risk	3-Yr High Risk	3-Yr Med Risk	3-Yr Low Risk
Percentile								
95%	2.1	2.1	2.1	2.1	2.2	2.1	2.0	2.1
75%	1.8	1.8	1.8	1.9	1.9	1.9	1.9	1.9
50%	1.7	1.7	1.7	1.7	1.8	1.7	1.7	1.8
25%	1.6	1.6	1.6	1.6	1.7	1.6	1.6	1.7
5%	**1.5**	**1.4**	**1.5**	**1.5**	**1.6**	**1.5**	**1.5**	**1.6**
Probability of Liquidity Event	**<0.1%**	**<0.1%**	**<0.1%**	**<0.1%**	**<0.1%**	**<0.1%**	**<0.1%**	**<0.1%**

CCCERA is expected to have sufficient liquidity to make benefit payments over the next 10 years for all mixes, even in extreme market conditions.

Based on a 1,000-independent monte-carlo simulations.

Modified LCR analysis (Liquidity Pool only)

MODIFIED LIQUIDITY COVERAGE RATIO (7-YEAR)



7-Year Modified LCR	Current LT SAA	LT SAA w/2-Yr	2-Yr High Risk	2-Yr Med Risk	2-Yr Low Risk	3-Yr High Risk	3-Yr Med Risk	3-Yr Low Risk
Percentile								
95%	1.14	1.06	1.06	1.06	1.05	1.14	1.13	1.13
75%	1.10	1.02	1.03	1.03	1.02	1.10	1.10	1.10
50%	1.07	1.00	1.00	1.00	1.00	1.08	1.08	1.08
25%	1.04	0.97	0.97	0.97	0.97	1.04	1.05	1.05
5%	**1.01**	**0.93**	**0.94**	**0.94**	**0.95**	**1.01**	**1.02**	**1.02**
Probability of Insufficient Liquidity Pool								
Year 4	0%	0%	0%	0%	0%	0%	0%	0%
Year 5	0%	54%	53%	52%	52%	0%	0%	0%
Year 6	0%	56%	55%	54%	53%	0%	0%	0%
Year 7	0%	61%	59%	58%	57%	0%	0%	0%

When considering only the Liquidity Pool for use in satisfying cash needs, the expected LCR of the 2-year gross benefit payment alternative dips below 1 after year 4

Based on 1,000-independent monte-carlo simulations

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Contra Costa County Employees' Retirement Association

Meeting Date
07/24/2024
Agenda Item
#8

MEMORANDUM

Date: July 24, 2024

To: CCCERA Board of Retirement

From: Karen Levy, General Counsel

Subject: Consider and take possible action to oppose Assembly Bill 2284 defining "grade" in Government Code Section 31461(a)

Background

Assembly Bill 2284 is currently pending with the Legislature. If enacted, it would define the term "grade" within the definition of compensation earnable in section 31461 of the California Government Code, which is part of the County Employees Retirement Law of 1937 (CERL). A member's retirement allowance is based on "compensation earnable," service credit, and an age factor.

Currently, CERL defines "compensation earnable" by a member, for the purpose of calculating benefits, to mean:

> [T]he average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked *by persons in the same grade or class of positions during the period*, and the same rate of pay [subject to certain exceptions].
> (Cal. Gov. Code section 31461(a))(emphasis added.)

AB 2284 would amend CERL Government Code section 31461 to authorize a retirement system, to the extent it has not defined "grade", to define "grade" to mean:

> [A] number of employees considered together because they share similarities in job duties, schedules, unit recruitment requirements, work location, collective bargaining unit, or other logical work-related group or class, as specified. A single employee shall not constitute a group or class.

Several of the 20 CERL systems plan to submit an opposition to this bill, including: ACERA, KernCERA, LACERA and San Bernardino CERA. Kern County has opposed the bill. The State Association of County Retirement Systems (SACRS) voted on July 18, 2024 to oppose the bill.

The SACRS Legislative Committee has been working with the bill's author regarding its compliance with the PEPRA[1] and the Alameda decision[2].
The bill was recently amended to require County Board of Supervisors adoption for it to be operative which a county.

Analysis
Staff reviewed the definition of "grade" in AB 2284 and reports as follows:

1. Inconsistency With Current Implementation

Expanding the definition of "compensation earnable" by allowing the term "grade" to apply to subgroups of members within the same grade or class would be inconsistent with CCCERA's current implementation of the applicable statute. Upon inquiry with Contra Costa County, the term "grade" appears to be understood to mean "salary grade," which is the employer's determination of salary scales for various employee positions. It appears to be an organizational classification into which jobs of the same or similar value are grouped for salary purposes by the employer. CCCERA goes by the employer's classification of salary grades and position classification, as certified by the employer. Allowing subgroups within the same grade or class would therefore be inconsistent with current implementation and serve to potentially expand the current definition of "compensation earnable."

2. Inconsistency Among the 20 CERL Systems

Expanding the definition of "compensation earnable" by allowing the term "grade" to apply to subgroups of members within the same grade or class would create inconsistency among the 20 CERL systems. This is important in the context of reciprocity, where systems use the highest pensionable salary earned by the member in reciprocal systems. Under the law, pension systems must use their own rules regarding pensionablity when applying reciprocal pensionable salary. This means that if some retirement systems employ the expanded definition that would be authorized under AB 2284, other systems would have to "unpack" and reverse the definition of "group." This is not only very complex, but also administratively impossible to accomplish as to members who were employed by another county or state employer.

[1] California Public Employees' Pension Reform Act of 2013.
[2] Alameda County Deputy Sheriff's Assoc. et al., v. Alameda County Employees' Retirement Assn., et al. (2020) 9 Cal.5th 1032 ("Alameda").

3. Participating Employers Are Soley In Charge of Setting Terms of Employment Including Grade or Class Placement

AB 2284 would shift to the retirement system the role of determining the appropriate "grade" of members. This function is currently within the purview of the participating employers. Through memoranda of understanding, salary regulations, unrepresented employees resolutions, publicly available pay schedules – it is the participating employers who determine and document such terms of employment. Setting compensation and terms of employment is within the employer's authority under applicable statute. For example, Government Code section 25300 grants to the County Board of Supervisors authority to prescribe county employees' compensation as well as conditions of employment. For these reasons, it is the County (not CCCERA), who sets salaries as well as grades and classes of employee positions. AB 2284 would interject the retirement system into issues that are currently and appropriately the subject of employer-employee relations and labor negotiations. Moreover, in practice, CCCERA would not have the ability to classify County employees based on similarities in job duties, schedules, unit recruitment requirements, work location, collective bargaining unit, or other logical work-related group or class – as AB 2284 contemplates. CCCERA simply does not have this capability.

4. Administrative Burden and Likelihood of Additional Litigation

AB 2284's overbroad definition of "grade" will necessarily invite claims and litigation over "grade" determinations and pensionability. In turn, this may generate statewide legal challenges and associated delay and uncertainty about how to interpret and apply "compensation earnable." The concern is that we would have yet another situation where a group of members' contributions and pension calculations are in question. Additional litigation surrounding pensionable pay designations is likely to be costly and may interfere with CCCERA's duty to deliver benefits accurately and promptly to members and beneficiaries.

5. Unnecessary Legislative Change

AB 2284 is unnecessary. It would expand the definition of "compensation earnable" by allowing CERL systems to define the term "grade" to apply to subgroups of members within the same grade or class. But those subgroups can currently be re-classified by the employer to achieve the same goal of creating discrete grades or classes for functionally discrete job positions – without the involvement of the retirement system.

Recommendation

AB 2284, as proposed, does not clarify a statutory interpretation of the CERL or promote administrative efficiency. Instead, it is designed to expand compensation earnable by defining the term “grade” in a way that is inconsistent with current employer and retirement system practice. Staff recommends that the CCCERA Board consider and take possible action to direct staff to submit an opposition to the California Legislature regarding Assembly Bill 2284 outlining CCCERA’s concerns.

2024 Pensions, Benefits & Investments Fiduciaries' Forum

Nossaman's 2024 Pensions, Benefits & Investments Fiduciaries' Forum

10.17.2024 - 10.18.2024 | Berkeley, CA
Map It

Attendance for this annual event is by invitation only.

This exclusive one-day event is designed to provide trustees, executive staff, investment officers and in-house counsel with invaluable knowledge and connections in the ever-evolving landscape of public pension systems. We are excited to bring together a distinguished panel of Nossaman attorneys, renowned for their expertise and commitment to serving you. In addition, we have invited a few special guests (subject to change) to share their invaluable insights on a variety of critical topics to help you navigate the complex challenges you face.

Claremont Club & Spa
41 Tunnel Road
Berkeley, CA 94705
MAP

OCTOBER 17, 2024

5:00 – 6:30 p.m. | Reception
6:30 – 9:30 p.m. | Dinner and Keynote Presentation

OCTOBER 18, 2024

8:00 - 8:30 a.m. | Registration

8:30 - 9:45 a.m. | Fireside Chat with Institutional Investor Chief Investment Officers
Yuliya Oryol*, Pensions, Benefits & Investments Group Co-Chair, Nossaman LLP*

10:00 – 11:00 a.m. | Investment Hot Topics
Courtney Krause*, Partner, Nossaman LLP*
Emily Smith*, Partner, Nossaman LLP*

11:00 a.m. - 12:00 p.m. | Secure 2.0 and Other Tax Compliance Challenges for Public and Private Plans
Michelle McCarthy*, Partner, Nossaman LLP*
Doug Schwartz*, Partner, Nossaman LLP*

12:00 - 1:00 p.m. | Lunch & Networking

1:00 – 2:00 p.m. | Fireside Chat with Public Plan General Counsel
Ashley Dunning*, Pensions, Benefits & Investments Group Co-Chair, Nossaman LLP*
Barbara Hannah*, Chief Counsel, San Bernardino County Employees' Retirement Association (SBCERA)*
Matthew Jacobs*, General Counsel, California Public Employees' Retirement System (CalPERS)*
Lori Nemiroff*, General Counsel, Ventura County Employees' Retirement Association (VCERA)*

2:15 - 3:15 p.m. | Fiduciary Governance Considerations Around Data Security, Privacy and Artificial Intelligence for Plan Administrators, Counsel and Boards
Thomas Dover*, Intellectual Property Group Chair, Nossaman LLP*
Michelle Mellon-Werch*, Partner, Nossaman LLP*

3:15 – 4:15 p.m. | Pending and Recent Fiduciary Litigation Against Public and Private Plans
Ashley Dunning*, Pensions, Benefits & Investments Group Co-Chair, Nossaman LLP*
Alex Westerfield*, Partner, Nossaman LLP*

4:15 - 4:30 p.m. | Closing Remarks

Registration Fee: $750.00

**Event fees are implemented to cover public sector gifting restrictions and maintain fairness and transparency within the public sector.*

Hotel Rooms

Nossaman has secured a limited number of rooms for October 17th at a discounted rate of $359 plus tax at Claremont Club & Spa. Please note, there is an additional mandatory daily resort fee of $24 per room. Overnight parking is available for $25 per night for self-parking or $49 for valet, plus any applicable taxes. Self-parking for attendees not staying at the hotel is $20, plus any applicable taxes. Instructions for reserving a hotel room will be provided in the confirmation email you receive after registering for the Forum. **Room availability is limited and rates cannot be guaranteed after September 17, 2024.**

Meeting Date
07/24/2024
Agenda Item
#9b.

2024 Public Safety Conference

Start Date: 10/27/2024 3:00 PM EDT
End Date: 10/30/2024 12:45 PM EDT

Venue Name: Renaissance Esmeralda Hotel

Location:
44400 Indian Wells Ln
Indian Wells, CA United States 92210

Event Website: https://www.ncpers.org/public-safety-conference

Online Registration

Registration Opens
7/23/2024 10:00 AM

Early Bird Discount Ends
10/4/2024 11:45 PM

Registration Closes
10/30/2024 12:00 PM

2024 REGISTRATION FEES

Early-Bird Registration Fee Before October 4	Registration Fee After October 4
Fund/Stakeholder: $775	Fund/Stakeholder: $975
Service Provider: $990	Service Provider: $1,190
Spouse/Guest: $110	Spouse/Guest: $160

REGISTRATION DEADLINE

Register by October 4, to receive the early-bird conference rates and be included in the preliminary attendee list (this list is used by our Service Providers to send invitations to their client events). You may still register for the conference after this date, but higher conference fees will apply.

MEMBERSHIP REQUIRED

The Public Safety Conference is a members-only conference. Your organization must be a current member of NCPERS for your registration to be processed. To verify your organization's membership status, please e-mail your inquiry to membership@ncpers.org.

About NCPERS Public Safety Conference

The unique concerns of pension systems for fire, police, and other first responders are in the spotlight at the NCPERS Public Safety Conference. Since 1985, the Public Safety Conference has offered a program dedicated to public safety plans and workers, who face danger during every shift and are exposed to more high-stress situations than the average civilian.

The Public Safety Conference reflects these realities with tailored programming that provides quality education to public safety pension trustees, administrators, staff, union officials, and local elected officials. The program covers topics ranging from investment management and plan design to the demands of leadership in crisis and emergency management.

Woven through the Public Safety Conference is an understanding of the heavy burdens that public safety workers bear. They perform their roles despite threats to their personal safety, long hours spent away from home, and the impact of witnessing other people's pain and distress. Speakers explore what this means for pension and benefit design. The program also takes into account the demand for new or enhanced benefits in areas such as managing stress and trauma and their aftermath and the role of public opinion in shaping possible changes to pensions and benefits.

Sessions cover topics that differentiate public safety workers from other public-sector employees. These include earlier retirement ages that reflect the hazardous nature of the work, line-of-duty death and disability benefits, and Social Security income and offsets.

The Public Safety Conference features presentations from recognized leaders in finance and politics, provides news on the latest developments, and offers attendees the opportunity to network with peers. A centerpiece of the conference is the exhibitor showcase where pension fund and union officials can learn about the most up-to-date offerings of service providers who focus on public safety.

WHO SHOULD ATTEND?

Professionals from all venues of the pension industry, including trustees, administrators and staff, state and local officials, investment and financial consultants, individuals who provide products and services to pension plans, union officers, and regulators from across the United States and Canada.