



AGENDA

RETIREMENT BOARD MEETING

REGULAR MEETING

August 12, 2020, 9:00 a.m.

The Board of Retirement meeting will be accessible telephonically at +1 (872) 240-3212, access code 669-344-525 due to the Contra Costa County and State of California Coronavirus (COVID-19) Shelter In Place Orders, and as permitted by Executive Order N-29-20 issued on March 17, 2020.

Persons who wish to make public comment may submit their comment to publiccomment@cccera.org on the day of the meeting, either before or during the meeting. Public comments are limited to any item of interest to the public that is within the subject matter jurisdiction of the Board of Retirement. (Gov't Code Section 54954.3(a).) All comments submitted will be included in the record of the meeting. The comments will be read into the record at the meeting, subject to a three-minute time limit per comment.

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

1. Pledge of Allegiance.
2. Roll Call.
3. Recognition of Justine Rossini for 10 years of service.
4. Accept comments from the public.
5. Approve minutes from the July 8, 2020 meeting.
6. Routine items for August 12, 2020.
 - 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 travel report.

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.

- f. Accept asset allocation report.
- g. Accept liquidity report.

CLOSED SESSION

- 7. The Board will go in to 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. Fermin Rubio	Service Connected	Service Connected

- 8. The Board will continue in closed session pursuant to Govt. Code Section 54956.9(d)(1) to confer with legal counsel regarding pending litigation:
 - a. *Contra Costa County Deputy Sheriffs Association, et al., v. Board of Retirement of CCCERA, et al.*, Supreme Court of the State of California, Case No. S247095

OPEN SESSION

- 9. Consider and take possible action regarding East Contra Costa Fire Protection District’s request to depool cost group #8.
 - a. Presentation from Segal
 - b. Comments from East Contra Costa Fire Protection District
 - c. Comments from Contra Costa County Fire Protection District
 - d. Board consideration and possible action regarding the East Contra Costa Fire Protection District’s request to depool cost group #8.
- 10. Consider and take possible action to authorize the CEO to renew a maintenance and support agreement with CPAS.
- 11. Consider authorizing the attendance of Board:
 - a. CALAPRS Trustees Round Table, October 23, 2020, Virtual.
- 12. 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.



RETIREMENT BOARD MEETING MINUTES

REGULAR MEETING

July 8, 2020

9:00 a.m.

The Board of Retirement meeting will be accessible telephonically at (786) 535-3211, access code 902-784-661 due to the Contra Costa County and State of California Coronavirus (COVID-19) Shelter In Place Orders, and as permitted by Executive Order N-29-20 issued on March 17, 2020.

Smithey and the Board expressed their sympathy and condolences to the family and friends of Sherrina Cole, a longtime CCCERA employee who passed away.

1. Pledge of Allegiance

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

2. Roll Call

Present: Candace Andersen, Donald Finley, Scott Gordon, Jerry Holcombe, Louie Kroll, Jay Kwon, David MacDonald, John Phillips, Mike Sloan, Todd Smithey 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; Tim Hoppe, Retirement Services Manager; and Jasmine Lee, Member Services Manager

Outside Professional Support: Representing:

Scott Whalen	Verus Investments
Andrew Miller	Acadian Asset Management LLC
Ilya Figelman	Acadian Asset Management LLC
Clifton Hill	Acadian Asset Management LLC
Bryce Doty	Sit Investment Associates

3. Board Reorganization

It was **M/S/C** to nominate Todd Smithey as Board Chairperson, Scott Gordon as Vice Board Chairperson and David MacDonald as Secretary. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Watts)

4. Recognition of Leilani Green for 20 years of service

Smithey recognized and congratulated Leilani Green for 20 years of service.

5. Accept comments from the public

No member of the public offered comment.

6. Approval of Minutes

It was **M/S/C** to approve the minutes from the June 10, 2020 meeting. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Watts)

7. Routine Items

It was **M/S/C** to approve the routine items of the July 8, 2020 meeting. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Watts)

It was the consensus of the Board to move to Item 18b. Outside Professionals' Report

18b. Scott Whalen, Verus Investments, reported he will be reaching out to the Board members regarding a Risk Tolerance Assessment for the upcoming Asset Liability Study.

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957.

The Board moved into open session.

8. It was **M/S/C** to accept the Medical Advisor's recommendation and grant the following disability benefits:

- a. James Brooks – Service Connected (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Watts)
- b. Kirt DeMichiel – Service Connected (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Watts)

9. Consider and take possible action to authorize the CEO to execute an agreement with Contra Costa County for contribution and reporting deadlines

It was **M/S/C** to authorize the variance from the deadlines prescribed in the Board Regulations for Contra Costa County and to authorize the CEO to execute an agreement

with Contra Costa County for contribution and reporting deadlines. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Watts)

10. Presentation from staff and Acadian managers regarding a potential commitment to Acadian Multi-Asset Absolute Return Strategy – Andrew Miller, Ilya Figelman and Clifton Hill

Price provided background on the strategy noting the fund fulfills the risk diversifying portfolio requirements including positive real return, liquidity and risk diversification.

Miller, Figelman and Hill provided background on the firm, their team, and their philosophy on their multi-asset absolute return strategy. They also reviewed their investment process and provided an example of a particular investment .

11. Consider and take possible action regarding a commitment to Acadian Multi-Asset Absolute Return Strategy

It was **M/S/C** to approve the 1.5% allocation into the Acadian Multi-Asset Absolute Return Fund, LLC subject to satisfactory due diligence and legal review and authorize the CEO to execute the necessary contracts. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Watts)

12. Review of report on liquidity sub-portfolio

Price reviewed the report.

13. Presentation from Sit Investment Associates – Bryce Doty

Doty provided an overview of the firm and the team that manages their Taxable Fixed Income strategy. He also reviewed CCCERA's performance in the strategy as of May 31, 2020.

Kwon was no longer present for subsequent discussion and voting.

14. Consider and take possible action on SACRS voting proxy form

It was **M/S/C** to appoint Mike Sloan as the voting delegate and Louie Kroll as the alternate voting delegate to vote on the behalf of CCCERA at the SACRS Fall Conference. (Yes: Andersen, Finely, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Watts)

It was **M/S/C** to support the SACRS Nominating Committee recommended ballot. (Yes: Andersen, Finely, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Watts)

15. Operations update

Strohl provided an update on CCCERA office operations.

16. Report out from Audit Committee Chair on June 24, 2020 Audit Committee meeting

Phillips reported on the following items that were discussed at the June 24, 2020 Audit Committee meeting: the CCCERA FY2019 audit and the evaluation of Brown Armstrong; a status update on the recruitment for an Internal Auditor; an update from Dutkiewicz on compliance activities; and, an update from Gudino on contribution payments noting that all employers are paying on time.

17. Consider authorizing the attendance of Board:

- a. It was **M/S/C** to authorize the attendance of all Board members at the SACRS Summer Webinar Series, Ethics Training for Trustees and Staff, July 9, 2020, Virtual Program (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Watts)
- b. . It was **M/S/C** to authorize the attendance of all Board members at the SACRS Summer Webinar Series, Sexual Harassment Prevention Training for Local Agency Officials, July 15, 2020, Virtual Program (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Watts)
- c. . It was **M/S/C** to authorize the attendance of all Board members at the Public Pension Investment Management Program, SACRS, July 28-August 13, 2020, Virtual Program. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Watts)
- d. It was **M/S/C** to authorize the attendance of one Board member at the Principles for Trustees, CALAPRS, August 18, 25 & 26, 2020, Virtual Program. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Watts)
- e. It was **M/S/C** to authorize the attendance of three Board members at the 2020 Public Pension Funding Forum, NCPERS, August 24-25, 2020, Virtual Program. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Watts)

18. Miscellaneous

(a) Staff Report –

Stroh provided an update on recruitments; William Pigeon was the only applicant for the Alternate Safety position on the Board and is awaiting Board of Supervisor approval.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Smithey reported the Audit Committee members will be appointed at the July 22, 2020 Board meeting.

MacDonald appreciated the presentations by Price and by the manager from Sit.

Holcombe asked that the meeting be adjourned in memory of Sherrina Cole.

It was **M/S/C** to adjourn the meeting in memory of Sherrina Cole. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Watts)

Todd Smithey, Chairman

David MacDonald, Secretary

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

Meeting Date
08/12/20
Agenda Item
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August 12, 2020

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>Tier</u>	<u>Selected</u>
Alvidrez, Martha	35144	03/31/20	SR	Tier II and III	Unmodified
Balestreri, Sydney	72754	05/01/20	SR	Tier III	Unmodified
Bauer, Scott	38228	03/14/20	SR	Tier II	Unmodified
Brauch, Keith	D3406	03/27/20	SR	Tier I	Unmodified
Buford, Angela	60956 A/P	05/13/20	SR	Safety A	Unmodified
Chappell, Sheree	75142	05/02/20	SR	Tier III	Unmodified
Charrette, Jan	44538	03/31/20	SR	Tier I	Unmodified
Compton, Louise	87454	06/20/20	SR	PEPRA 5.2	Unmodified
Corbett, Graciela	61055	03/04/20	SR	Tier II and III	Unmodified
Delanoy, Sandra (Revised)	70405	03/06/20	SR	Tier III	Unmodified
DeRose, Patricia	63178	02/14/20	SR	Tier II and III	Option 1
Espy, Jacqueline	D9500	03/28/20	SR	Tier II and III	Unmodified
Faint, Maria	60319	03/10/20	SR	Tier II and III	Unmodified
Ford, Thomas	D3406	03/28/20	SR	Tier I	Unmodified
Franklin, Harold	45743	03/31/20	SR	Tier II and III	Unmodified
Gilman, Kathleen	57104	03/31/20	SR	Tier III	Unmodified
Gonzalez, Jake	46354	03/30/20	SR	Safety A	Unmodified
Gragnani, John	53738	03/31/20	SR	Tier III	Unmodified
Hanley, Blanca	44944	03/31/20	SR	Tier III	Unmodified
Hernandez, Manuel	52929	03/31/20	SR	Tier III	Unmodified
Hill, Derail	47873	03/31/20	SR	Tier I	Unmodified
Kaseman, Robert	52118	03/31/20	SR	Tier I	Option 2
Katchmar, Wendy	55760	05/01/20	SR	Tier II and III	Unmodified
Keck, Gina	D9500	03/18/20	SR	Tier II and III	Unmodified
Kenshalo, James	46452	03/30/20	SR	Tier I	Unmodified
Kostelec, Annette	65135	03/31/20	SR	Tier II and III	Unmodified
Lindquist, John	56995	04/06/20	SR	Tier III	Option 1
Lundy, Brenda	61323	03/31/20	SR	Tier III	Unmodified
Martin, Christian	54964	03/27/20	SR	Safety A	Unmodified
Mont, Laurie	53289	11/13/19	SR	Tier II and III	Unmodified
Noguera, Edna	60758	03/28/20	SR	Tier II and III	Unmodified
Paul, Suda	42104	03/12/20	SR	Tier II and III	Unmodified
Penny, Michael	D3406	03/28/20	SR	Tier I	Unmodified
Polvorosa, Rosmairi	33278	03/31/20	SR	Tier II and Safety A	Unmodified

Option Type

NSP = Non-Specified
 SCD = Service Connected Disability
 SR = Service Retirement
 NSCD = Non-Service Connected Disability
 * = County Advance
 Selected w/option

Tier

I = Tier I
 II = Tier II
 III = Tier III
 S/A = Safety Tier A
 S/C = Safety Tier C
 Pepra 4.2 = Pepra Tier 4 (2% COLA)
 Pepra 4.3 = Pepra Tier 4 (3% COLA)
 Pepra 5.2 = Pepra Tier 5 (2% COLA)
 Pepra 5.3 = Pepra Tier 5 (3% COLA)
 S/D = Pepra Safety Tier D
 S/E = Pepra Safety Tier E

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

Qualls, Rommye	49398	03/31/20	SR	Tier II and III	Option 1
Ramlall, Bhuvaneshwari	43740	03/28/20	SR	Tier II and III	Unmodified
Ruggiero, Joann	73640	03/31/20	SR	Tier III	Unmodified
Russell, Jennifer	52488	03/28/20	SR	Safety A	Unmodified
Schuler, Matthew	53678	03/31/20	SR	Safety A	Unmodified
Shaffer, Brent	D7830	03/28/20	SR	Safety A	Unmodified
Stevens, Ronald	51940	03/31/20	SR	Tier II and III	Unmodified
Taylor, Marie	64655	03/10/20	SR	Tier II and III	Unmodified
Teixeira, Christina	47745	03/30/20	SR	Tier II and III	Unmodified
Trentini, Miriam	60146	03/28/20	SR	Safety A	Unmodified
Truong, Minh	65844	03/31/20	SR	Tier III	Unmodified
Turner, Terry	54123	03/28/20	SR	Safety A	Unmodified
Walls, Felicia	48249	03/01/20	SR	Tier I	Option 1
Wilson, Daniel	70947	03/31/20	SR	Tier III	Unmodified
Winkler, Luz	D4980	03/31/20	SR	Tier I, II and III	Unmodified
Young, Johnny	53249	03/31/20	SR	Tier I and Safety A	Unmodified

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>
None			

D. Deaths:

<u>Name</u>	<u>Date of Death</u>	<u>Employer as of Date of Death</u>
Aitchison, Robert	04/01/20	Contra Costa County
Birt, Geraldine	07/13/20	Contra Costa County
Bottomley, Anne	03/22/20	Contra Costa County
Boyd, James	06/20/20	Central Contra Costa Sanitary District
Cabral, Richard	07/21/20	Contra Costa County
Crowe, Suzanne	07/18/20	Contra Costa County
D'Arcy, Anne	06/28/20	Contra Costa County
Duarte, Keith	06/07/20	Consolidated Fire
Gillan, Donald	03/13/20	Contra Costa County
Greelman, William	06/29/20	West County Fire District
Hager, Ruth	06/15/20	Contra Costa County
Howard, Ruth	04/21/20	Contra Costa County
Johnson, Sanford	06/13/20	Contra Costa County
Shah, Syed	07/27/20	Contra Costa County
Sternberg, Irvin	07/16/20	Contra Costa County
Thompson, Julie	04/30/20	Central Contra Costa Sanitary District
Villarreal, Patti	06/24/20	Contra Costa County
Yamamoto, Jacquelyn	06/30/20	Contra Costa County

Option Type
 NSP = Non-Specified
 SCD = Service Connected Disability
 SR = Service Retirement
 NSCD = Non-Service Connected Disability
 * = County Advance
 Selected w/option

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

Pepra 4.2 = Pepra Tier 4 (2% COLA)
 Pepra 4.3 = Pepra Tier 4 (3% COLA)
 Pepra 5.2 = Pepra Tier 5 (2% COLA)
 Pepra 5.3 = Pepra Tier 5 (3% COLA)
 S/D = Pepra Safety Tier D
 S/E = Pepra Safety Tier E

CERTIFICATION OF MEMBERSHIPS

<i>Name</i>	<i>Employee Number</i>	<i>Tier</i>	<i>Membership Date</i>	<i>Employer</i>
Antonio, Jinhen	89392	P5.2	06/01/20	Contra Costa County
Baldwin, Tiffany	76405	P5.2	06/01/20	Contra Costa County
Bivens, Glenn	41563	P5.2	06/01/20	Contra Costa County
Castro, Suzie	89397	P5.2	06/01/20	Contra Costa County
Contreras, Katherine Kathleen	84009	P5.2	06/01/20	Contra Costa County
Escobedo-Sochet, Alejandra	89375	P5.2	06/01/20	Contra Costa County
Foreman, Fiera	87975	P5.2	06/01/20	Contra Costa County
Ghag, Harmaneet	89404	P5.2	06/01/20	Contra Costa County
Hamblin, Christopher	89363	S/E	06/01/20	Contra Costa County
Hines, Dominique	89430	S/E	06/01/20	Contra Costa County
Kaur, Rajdeep	89394	P5.2	06/01/20	Contra Costa County
Kelley, Haruka	89364	P5.2	06/01/20	Contra Costa County
Kifer, Brittny	89345	P5.2	06/01/20	Contra Costa County
Labbe', Michael	89383	P5.2	06/01/20	Contra Costa County
Leonardo, Vindette	89379	P5.2	06/01/20	Contra Costa County
Marmolejo, Ma Elizabeth	89352	P5.2	06/01/20	Contra Costa County
Mendisico, Carly	89402	P5.2	06/01/20	Contra Costa County
Murphy, Nichole	89408	P5.2	06/01/20	Contra Costa County
Narag, Marc	88845	P5.2	06/01/20	Contra Costa County
Oberg, Larry	89380	P5.2	06/01/20	Contra Costa County
Peterson, Wendy	89376	P5.2	06/01/20	Contra Costa County
Poehnelt, Sara	89384	P5.2	06/01/20	Contra Costa County
Ramirez, Elizabeth	80247	P5.2	06/01/20	Contra Costa County
Rodriguez, Jessica	89417	P5.2	06/01/20	Contra Costa County
Rodriguez, Rosalinda	89396	P5.2	06/01/20	Contra Costa County
Sedova, Tatiana	78266	P5.2	06/01/20	Contra Costa County
Siple, Heidi	89414	P5.2	06/01/20	Contra Costa County
Timon, Jenice	89385	P5.2	06/01/20	Contra Costa County
Torres, Shangri-La	89410	P5.2	06/01/20	Contra Costa County
Walton, Nicole	89416	P5.2	06/01/20	Contra Costa County
Weinert, Christine	89433	P5.2	06/01/20	Contra Costa County
Williamson, DeShannon	78759	P5.2	06/01/20	Contra Costa County
Wilson, Michelle	89262	P5.2	06/01/20	Contra Costa County
Wilson, Patrick	89393	S/E	06/01/20	Contra Costa County
Woodhall, Jennifer	D3406	I	06/01/20	Central Contra Costa Sanitary District
Xiao, Lina	88402	P5.2	06/01/20	Contra Costa County

Key:

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

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>
Berentsen, Joseph	88878	P5.2	S/E	06/01/20	Contra Costa County	Promotion to Safety Tier
Caoile, Karen	88981	P5.2	III	02/01/20	Contra Costa County	Recip In Age & Tier Change
Callejas, Nicholas	88826	P5.2	S/E	06/01/20	Contra Costa County	Promotion to Safety Tier
Clark, Dominic	83541	P5.2	S/E	06/01/20	Contra Costa County	Promotion to Safety Tier
Costello, Jacob	88819	P5.2	S/E	06/01/20	Contra Costa County	Promotion to Safety Tier
Daughenbaugh, Adonnis	88817	P5.2	S/E	06/01/20	Contra Costa County	Promotion to Safety Tier
Dorr, Evan	88816	P5.2	S/E	06/01/20	Contra Costa County	Promotion to Safety Tier
Eaton, Jovaunte	88879	P5.2	S/E	06/01/20	Contra Costa County	Promotion to Safety Tier
Ehmen-Krause Esa	89296	S/E	S/A	04/01/20	Contra Costa County	Recip In Age & Tier Change
Flores, Ivan	88818	P5.2	S/E	06/01/20	Contra Costa County	Promotion to Safety Tier
Gallardo Guzman, Jessica	88824	P5.2	S/E	06/01/20	Contra Costa County	Promotion to Safety Tier
Hughes, Alex	88880	P5.2	S/E	06/01/20	Contra Costa County	Promotion to Safety Tier
James, Johnathan	88798	P5.2	S/E	06/01/20	Contra Costa County	Promotion to Safety Tier
Larson, Matthew	88643	S/E	S/A	09/01/19	Contra Costa County Fire Protection District	Recip In Age & Tier Change
Medina, Albert	88827	P5.2	S/E	06/01/20	Contra Costa County	Promotion to Safety Tier
Mislang, Jessica	88868	P5.2	S/E	06/01/20	Contra Costa County	Promotion to Safety Tier
Peterson, Jaylen	88881	P5.2	S/E	06/01/20	Contra Costa County	Promotion to Safety Tier
Scofield, John	88821	P5.2	S/E	06/01/20	Contra Costa County	Promotion to Safety Tier
Thomas, Randy	88823	P5.2	S/E	06/01/20	Contra Costa County	Promotion to Safety Tier
Thompson, David	88822	P5.2	S/E	06/01/20	Contra Costa County	Promotion to Safety Tier

Key:

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

CCCERA Board of Trustees
 Training & Educational Conference Expenses Paid During
 Quarter 2 2020 (April - June)

Trustee:	Conference Name/Purpose:	Location:	Dates:	Total
Candace Andersen	NONE			
Donald Finley	NONE			
Scott Gordon	NONE			
Jerry Holcombe	NONE			
Louie Kroll	NONE			
Jay Kwon	NONE			
David J. MacDonald	NONE			
John Phillips	NONE			
William Pigeon	NONE			
Mike Sloan	NONE			
Todd Smithey	NONE			
Russell V. Watts	NONE			

Contra Costa County Employees' Retirement Association
Asset Allocation as of June 30, 2020

Meeting Date
08/12/20
Agenda Item
#6

	Market Value	Percentage of Total Fund	Current Target Percentage	Current Target Over/(Under)	Long Term Target	Long Term Over/(Under)
Liquidity						
Sit	603,382,248	6.8%	6.0%	0.8%		
Dimensional Fund Advisors	381,344,231	4.3%	6.0%	-1.7%		
Insight	814,518,772	9.1%	12.0%	-2.9%		
Total Liquidity	1,799,245,251	20.2%	24.0%	-3.8%	24.0%	-3.8%
		Range				
		16% - 28%				
Growth						
Domestic Equity						
Boston Partners	209,106,725	2.3%	2.5%	-0.2%		
Jackson Square	277,961,088	3.1%	2.5%	0.6%		
BlackRock Index Fund	198,853,668	2.2%	2.0%	0.2%		
Emerald Advisors	159,569,780	1.8%	1.5%	0.3%		
Ceredex	126,136,312	1.4%	1.5%	-0.1%		
Total Domestic Equity	971,627,572	10.9%	10.0%	0.9%	5.0%	5.9%
Global & International Equity						
Pyrford (BMO)	442,003,290	5.0%	5.0%	-0.0%		
William Blair	504,713,901	5.7%	5.0%	0.7%		
First Eagle	414,027,367	4.6%	4.0%	0.6%		
Artisan Global Opportunities	511,057,045	5.7%	4.0%	1.7%		
PIMCO/RAE Emerging Markets	287,988,049	3.2%	4.0%	-0.8%		
TT Emerging Markets	314,723,866	3.5%	4.0%	-0.5%		
Total Global & International Equity	2,474,513,518	27.8%	26.0%	1.8%	24.0%	3.8%
Private Equity						
Private Credit						
Real Estate - Value Add						
Real Estate - Opportunistic & Distress						
Real Estate - REIT (Adelante)						
High Yield (Allianz)						
Risk Parity						
AQR GRP EL	1,017,093,034	11.4%	11.0%	0.4%	11.0%	0.4%
PanAgora	615,483,685	6.9%	5.0%	1.9%	12.0%	-5.1%
	182,377,987	2.0%	4.0%	-2.0%	4.0%	-2.0%
	444,521,758	5.0%	4.0%	1.0%	4.0%	1.0%
	68,077,283	0.8%	1.0%	-0.2%	1.0%	-0.2%
	197,837,624	2.2%	2.0%	0.2%	0.0%	2.2%
	223,929,256	2.5%	5.0%	-0.0%	5.0%	-0.0%
	220,521,020	2.5%				
Total Other Growth Assets	2,969,841,648	33.3%	32.0%	1.3%	37.0%	-3.7%
Total Growth Assets	6,415,982,738	72.0%	68.0%	4.0%	66.0%	6.0%
		Range				
		60% - 80%				
Risk Diversifying						
AFL-CIO	272,314,036	3.1%	3.5%	-0.4%	3.0%	0.1%
Parametric Defensive Equity	178,669,547	2.0%	2.5%	-0.5%	3.5%	-1.5%
Wellington Real Total Return	921,688	0.0%	2.0%	-2.0%	3.5%	-3.5%
Total Risk Diversifying	451,905,270	5.1%	8.0%	-2.9%	10.0%	-4.9%
		Range				
		0% - 10%				
Cash and Overlay						
Overlay (Parametric)	50,091,075	0.6%		0.6%		
Cash	192,006,578	2.2%		2.2%		
Total Cash and Overlay	242,097,653	2.7%	0.0%	2.7%	0.0%	2.7%
Total Fund	8,909,230,911	100%	100%		100%	

*Current targets and ranges reflect asset allocation targets accepted by the Board on June 26, 2019 (BOR Resolution 2019-4)

Private Market Investments
As of June 30, 2020

REAL ESTATE - Value Add

	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Invesco IREF III	08/01/13	08/01/20				35,000,000	2,080,497	0.02%	
Invesco IREF IV	12/01/14	12/01/21				35,000,000	17,738,382	0.20%	4,453,599
Invesco IREF V	09/11/18	09/11/25				75,000,000	33,274,324	0.37%	42,644,651
Long Wharf FREG IV	08/14/13	09/30/21				25,000,000	3,595,875	0.04%	
Long Wharf FREG V	10/31/16	09/30/24				50,000,000	41,680,056	0.47%	
Long Wharf LREP VI	02/05/20					50,000,000	5,585,114	0.06%	43,230,921
LaSalle Income & Growth Fund VI	01/31/12	01/31/19				75,000,000	25,148,186	0.28%	3,946,000
LaSalle Income & Growth Fund VII	10/31/16	09/30/24				75,000,000	53,275,553	0.60%	15,697,379
						630,000,000	182,377,987	2.05%	109,972,550
Outstanding Commitments							109,972,550		
Total							292,350,537		

REAL ESTATE -Opportunistic & Distressed

	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
DLJ Real Estate Capital Partners, L.P. III	06/30/05	06/30/14	in full liq.			75,000,000	17,453,734	0.20%	4,031,338
DLJ Real Estate Capital Partners, L.P. IV	12/31/07	09/30/18				100,000,000	69,157,176	0.78%	3,162,610
DLJ Real Estate Capital Partners, L.P. V	07/31/13	12/31/22				75,000,000	46,652,949	0.52%	20,556,753
DLJ Real Estate Capital Partners, L.P. VI	02/28/19	01/31/29				50,000,000	24,031,389	0.27%	25,050,462
Oaktree Real Estate Opportunities Fund V	02/01/11	02/01/21				50,000,000	4,153,132	0.05%	25,750,000
Oaktree Real Estate Opportunities Fund VI	09/30/13	09/30/20				80,000,000	28,142,423	0.32%	18,400,000
Oaktree Real Estate Opportunities Fund VII	02/28/15	02/28/23				65,000,000	50,772,170	0.57%	18,720,000
Siguler Guff Distressed Real Estate Opp. Fund	07/30/11	07/30/22				75,000,000	29,647,609	0.33%	5,625,000
Siguler Guff Distressed Real Estate Opp. Fund II	08/31/13	08/31/25				70,000,000	46,798,792	0.53%	8,015,000
Siguler Guff Distressed Real Estate Opp. II Co-Inv	01/31/16	10/31/25				25,000,000	18,229,338	0.20%	4,462,138
Paulson Real Estate Fund II	11/10/13	11/10/20				20,000,000	26,276,470	0.29%	654,377
Angelo Gordon Realty Fund VIII	12/31/11	12/31/18				80,000,000	21,305,986	0.24%	12,334,302
Angelo Gordon Realty Fund IX	10/10/14	10/10/22				65,000,000	61,900,590	0.69%	7,572,500
						830,000,000	444,521,758	4.99%	154,334,480
Outstanding Commitments							154,334,480		
Total							598,856,238		

PRIVATE CREDIT

	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Torchlight Debt Opportunity Fund III	09/30/08	06/30/16	2nd 1 YR	LP	06/30/18	75,000,000	0	0.00%	0
Torchlight Debt Opportunity Fund IV	08/01/12	08/30/20				60,000,000	9,640,793	0.11%	0
Torchlight Debt Opportunity Fund V	12/31/14	09/17/22				75,000,000	20,661,317	0.23%	15,000,000
Angelo Gordon Energy Credit Opportunities	09/10/15	09/10/20				16,500,000	2,696,354	0.03%	2,319,783
CCCERA StepStone	12/01/17	11/30/27				1,020,000,000	582,485,221	6.54%	337,920,700
						1,374,500,000	615,483,685	6.91%	355,240,483
Outstanding Commitments							355,240,483		
Total							970,724,168		

**Private Market Investments
As of June 30, 2020**

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	12/22/25				244,368,034	134,859,330	1.51%	25,197,580
Adams Street Secondary II	12/31/08	12/31/20				28,365,000	5,421,212	0.06%	1,635,000
Adams Street Secondary V	10/31/12	10/31/22				30,845,875	20,308,948	0.23%	9,154,125
Adams Street Venture Innovation Fund	03/09/16	03/09/28				51,037,500	61,346,909	0.69%	23,962,500
AE Industrial Partners Fund II	05/18/18	05/18/28				11,447,209	11,243,771	0.13%	23,552,791
Bay Area Equity Fund	06/14/04	12/31/14	2nd 2 YR	LP	12/31/2017	10,000,000	2,398,356	0.03%	0
Bay Area Equity Fund II	2/29/09	12/31/19				10,000,000	9,619,852	0.11%	0
Carpenter Community BancFund	10/31/09	10/31/19				29,314,657	0	0.00%	0
EIF USPF II	06/15/05	06/15/15	3rd 1 YR	LP	06/15/18	65,029,556	5,922,810	0.07%	0
EIF USPF III	02/28/07	02/28/17	1st 1 YR	LP	02/28/18	71,409,097	14,139,376	0.16%	0
EIF USPF IV	06/28/10	06/28/20				63,787,701	40,172,052	0.45%	4
Ares EIF V	09/09/15	11/19/25				49,088,987	47,104,612	0.53%	7,911,452
Genstar Capital Partners IX, L.P.	02/21/19					12,306,038	11,633,466		38,674,122
Oaktree Private Investment Fund 2009	02/28/10	12/15/19				34,816,729	1,131,116	0.01%	6,308,961
Ocean Avenue Fund II	05/07/14	05/07/24				27,000,000	28,572,744	0.32%	3,000,000
Ocean Avenue Fund III	12/09/15	12/09/25				43,500,000	56,366,582	0.63%	6,500,000
Paladin III	08/15/08	08/15/18				34,036,377	28,104,538	0.32%	459,904
Pathway	11/09/98	05/31/21				125,272,699	11,279,633	0.13%	10,572,755
Pathway 2008	12/26/08	12/26/23				29,281,938	17,295,899	0.19%	3,169,483
Pathway 6	05/24/11	05/24/26				38,531,323	33,080,546	0.37%	3,820,074
Pathway 7	02/07/13	02/07/23				66,950,823	67,526,121	0.76%	6,198,335
Pathway 8	11/23/15	11/23/25				40,082,065	49,659,113	0.56%	11,814,606
Siguler Guff CCCERA Opportunities	06/03/14	05/31/25				163,083,208	169,505,946	1.90%	44,497,305
Siguler Guff Secondary Opportunities	12/31/16	12/31/26				29,999,802	68,660	0.00%	43,940,900
Siris Partners IV	05/18/18	05/18/28				18,842,410	15,491,392	0.17%	16,157,590
TPG Healthcare Partners, L.P.	06/28/19					2,960,719	1,924,961	0.02%	21,039,281
Trident VIII, L.P.	05/24/19					2,868,551	2,844,950	0.03%	37,131,449
Real Assets									
Aether III & III Surplus	11/30/13	11/30/20				74,900,938	69,141,150	0.78%	5,575,523
Aether IV	01/01/16	01/01/28				39,090,752	38,868,350	0.44%	13,174,389
Commonfund Capital Natural Resources IX	06/30/13	06/30/20				45,024,995	40,085,928	0.45%	4,975,005
Wastewater Opportunity Fund	12/31/15	11/30/22				23,769,697	21,974,711	0.25%	1,252,530
						1,573,999,367	1,017,093,034	12.80%	369,675,663
Outstanding Commitments							369,675,663		
Total							1,386,768,698		

Market value equals the most recent reported net asset value, plus capital calls after net asset value date, less distributions after net asset value date.
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
08/12/20
Agenda Item
#6

**Contra Costa County Employees' Retirement Association
Liquidity Report – June 2020**

June 2020 Performance

	Cash Flow	Coverage Ratio
Benefit Cash Flow Projected by Model	\$43,000,000	
Liquidity Sub-Portfolio Cash Flow	\$43,000,000	100%
Actual Benefits Paid	\$43,020,825	100%
<i>Next Month's Projected Benefit Payment</i>	<i>\$43,000,000</i>	

Monthly Manager Positioning – June 2020

	Beginning Market Value	Liquidity Program Cash Flow	Market Value Change/Other Activity	Ending Market Value
Sit	\$603,437,327	(\$1,250,000)	\$1,194,921	\$603,382,248
DFA	\$394,272,069	(\$14,750,000)	\$1,822,161	\$381,344,231
Insight	\$837,664,209	(\$27,000,000)	\$3,854,563	\$814,518,772
Liquidity	\$1,835,373,606	(\$43,000,000)	\$6,871,645	\$1,799,245,251
Cash	\$221,121,182	(\$20,825)	(\$29,093,779)	\$192,006,578
Liquidity + Cash	\$2,056,494,787	(\$43,020,825)	(\$22,222,134)	\$1,991,251,828

Functional Roles

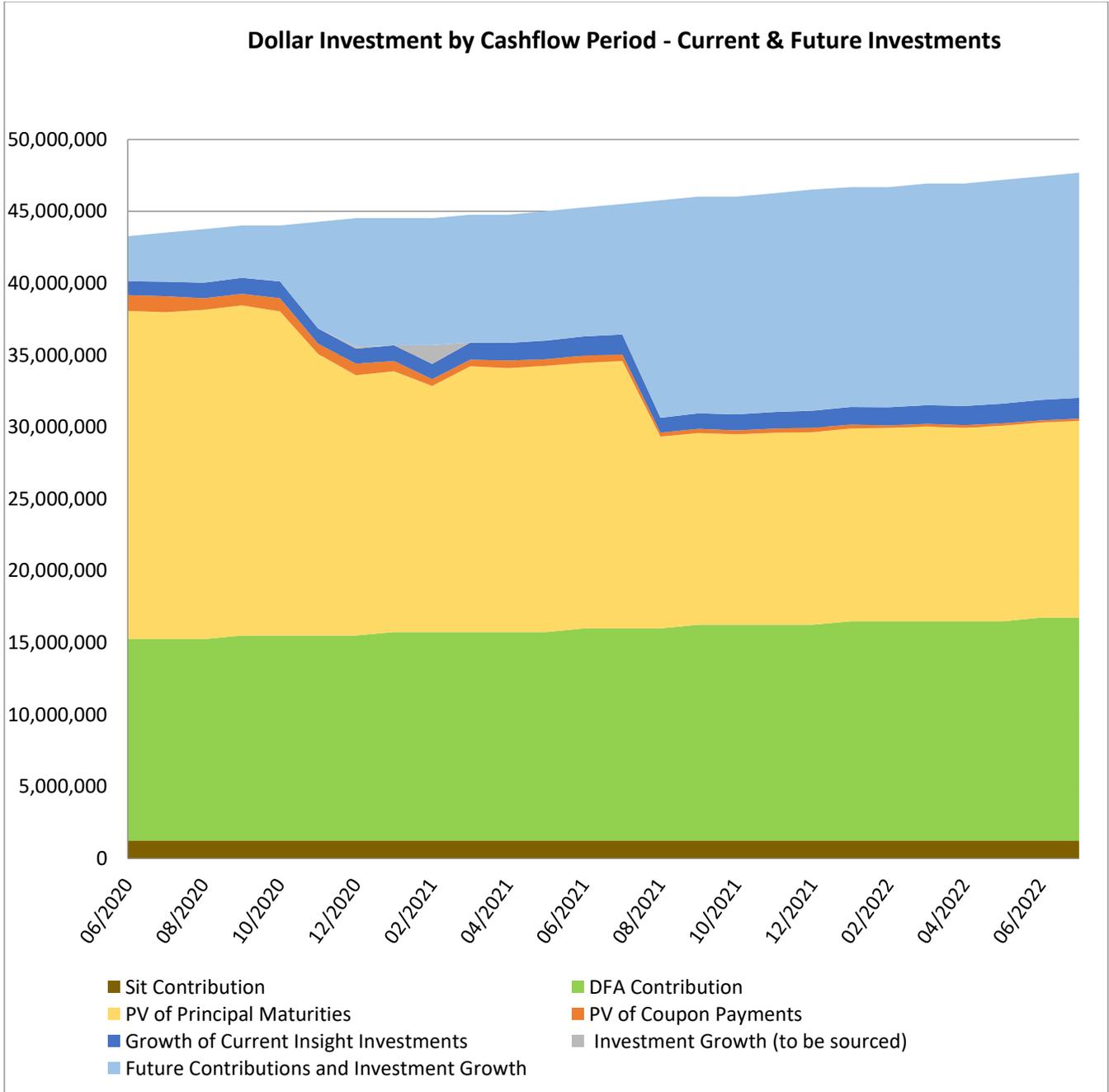
Manager	Portfolio Characteristics	Liquidity Contribution
Sit	High quality portfolio of small balance, government guaranteed mortgages with higher yields.	Pays out net income on monthly basis.
DFA	High quality, short duration portfolio of liquid, low volatility characteristics.	Pays out a pre-determined 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 sixth cash flow for 2020 from the liquidity program was completed on June 23rd. The actuarial model cash flow was slightly lower than actual experience, producing \$21 thousand less than the actual benefits paid.

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 August as part of the Annual Funding Plan.





<i>Meeting Date</i> 08/12/20 <i>Agenda Item</i> #9

MEMORANDUM

Date: August 12, 2020
To: CCCERA Board of Retirement
From: Gail Strohl, Chief Executive Officer
Subject: Request from the East Contra Costa Fire Protection District to Depool Cost Group #8.

Board Meeting

At today's Board meeting, Segal will present and review the impact of the East Contra Costa Fire Protection District's (ECCFPD) request to depool cost group #8. At the conclusion of this presentation, representatives from ECCFPD and the other district in this cost group, Contra Costa County Fire Protection District (ConFire), will have an opportunity to provide any additional comments.

Request Overview

ECCFPD in the attached letter has requested the Board's consideration to depool cost group #8, based on liabilities, and establish a new cost group for this district, effective with the December 31, 2019 actuarial valuation.

ConFire opposes this action as indicated in the attached response. ConFire has requested that if this request is approved, that the actual depooling is delayed until the December 31, 2022 actuarial valuation.

Background

In 2009, CCCERA was depooled, based on payroll, and cost group #8 was created, comprised of ECCFPD and ConFire. Since 2009, no cost groups have depooled. When the depooling occurred, there were a number of considerations for having employers in certain cost groups. The number of active members for each employer was a consideration, since smaller employers could potentially experience less stable plan experience and contribution rates. Generally, unless due to varying benefit structure or governing statute, employers with less than 50 employees were pooled with other employers and were not in their own cost group.

For the Board’s reference, here are the number of active members for ECCFPD in recent years:

Year	Active Safety Members for ECCFPD
2016	42
2017	36
2018	34
2019	39
2020*	38
*as of June 30, 2020	

Possible Outcomes

- a) If ECCFPD’s request is approved, then ECCFPD would be placed in a new cost group #13. As shown in the Segal presentation, there would be a decrease in employer and member rates for ECCFPD and an increase in employer and member rates for ConFire compared to if they had remained in the same cost group. ECCFPD has indicated in their letter that the district would not anticipate making a request for re-pooling, but if it did, it would not make such a request for at least five years. CCCERA would need to consider whether a longer term commitment would be desired.

If the Board were to consider depooling this cost group, the Board would also need to consider the timing of this change. ECCFPD has requested an effective date of the December 31, 2019 actuarial valuation in order to have contribution rates potentially lowered sooner and generate a financial benefit from this action as early as possible.

Whereas, although ConFire opposes this request, they have requested an alternate effective date of December 31, 2022 when the possible increase in contribution rates would be potentially offset from a contribution rate decrease from other activities.

- b) If ECCFPD’s request is not approved, then the cost group would remain intact and no changes would be made.

For Board Consideration

Consider and take possible action regarding the East Contra Costa Fire Protection District’s request to depool cost group #8.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT

Brian Helmick
Fire Chief



SERVING THE COMMUNITIES OF:

Bethel Island
Brentwood
Byron

Discovery Bay
Knightsen
Morgan Territory
Oakley

February 14, 2020

Re: Request for De-Pooling of ECCFPD From Cost Group #8 with ConFire

Dear CEO Strohl:

Thank you for your assistance in obtaining information from CCCERA's actuary, Segal Consulting, that was necessary for the East Contra Costa Fire Protection District ("ECCFPD") to evaluate its response to the question from CCCERA regarding whether or not ECCFPD would wish to have its safety members de-pooled from Cost Group #8 with ConFire safety members.

After reviewing the information provided and discussions with our Board of Directors, ECCFPD requests that CCCERA initiate the process for de-pooling our agency from Cost Group #8 and establishing a separate Cost Group for ECCFPD, subject to the following:

- As is obvious from the information provided by Segal, in order for ECCFPD to be fairly apportioned its share of the UAAL, the de-pooling must be based on liabilities rather than payroll. We have explained previously why the allocation based on payroll for ECCFPD and ConFire does not result in an appropriate allocation. The de-pooling would need to be made in accordance with the methodology set forth in Segal's letters of December 9 and December 30, 2019, with the outcome summarized under "Depooling Based on Liability."
- The de-pooling should be based on the December 31, 2019 valuation such that ECCFPD could see the results of the change in employer contribution rates in its 2020/2021 fiscal year budget process. ECCFPD has been adversely affected for many years and it is important to us that this process proceed as soon as possible.
- ECCFPD is willing to agree that it would not seek a re-pooling for at least 5 years. ECCFPD does not anticipate making such a request in any event.

Again, we thank CCCERA for its time and efforts to help ECCFPD address this important issue. We look forward to moving forward with CCCERA to accomplish the de-pooling that is critical to the financial success of our agency.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brian Helmick".

Chief Helmick

cc: Shayna van Hoften, Hanson Bridgett LLP
Judith Boyette, Hanson Bridgett LLP
Ryan Pesonen, ECCFPD
Joe Young, ECCFPD
Regina Rubier, ECCFPD



CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT

April 10, 2020

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

Re: East Contra Costa Fire Protection District's Request to Depool from Cost Group #8 Based on Liabilities as of the December 31, 2019 Actuarial Valuation

Dear Gail:

This correspondence concerns the letter from the East Contra Costa Fire Protection District, dated February 14, 2020, requesting that CCCERA depool Cost Group #8. For the reasons explained in this letter, Contra Costa County Fire Protection District opposes such an action.

For purposes of clarification, we first note that East Contra Costa Fire Protection District's letter states that depooling Cost Group #8 as of the December 31, 2019 actuarial valuation would impact employer contribution rates in FY 2020-21. However, contribution rates become effective 18 months following the actuarial valuation date. As such, depooling Cost Group #8 as of the December 31, 2019 actuarial valuation would impact FY 2021-22 contribution rates.

As you know, starting with the December 2009 actuarial valuation, CCCERA's Board took action to depool CCCERA's assets, liabilities, and normal cost by employer. But even under the depooling structure, cost sharing arrangements still exist. For example, members of small employers (defined as having fewer than 50 active members) are pooled with the County according to the applicable tier for each member, and safety members of the East Contra Costa Fire Protection District are pooled with safety members of the Contra Costa County Fire Protection District. These cost sharing arrangements are memorialized in the CCCERA Actuarial Funding Policy.

Contra Costa County Fire Protection District opposes the request to depool Cost Group #8, because such a move would be contrary to CCCERA's existing policy. Depooling a very small employer to reduce the size of its financial contributions in the near term does not seem consistent with the goals of managing and controlling future contribution volatility and ensuring the systematic funding of future benefit payments.

Additionally, there is no assurance that such an action would have enough of an impact on that small employer to ensure future financial stability and continuity of services. East Contra Costa Fire Protection District's request indicated that the District was agreeable to not seeking to re-pool for at least five years. We do not think any such guarantee can be made in these tumultuous times.

Contra Costa County Fire Protection District will make its final POB payment in August 2022. If the CCCERA Board does grant East Contra Costa Fire Protection District's request to depool Cost Group #8, we respectfully request that the Board delay depooling until the December 2022 actuarial valuation (i.e., after the UAAL charge and POB credit layers drop off due to being fully amortized).

Sincerely,

A handwritten signature in black ink, appearing to read "L T Broschard III". The signature is written in a cursive, somewhat stylized font.

Lewis T. Broschard III
Fire Chief

A large teal star graphic is positioned in the upper right corner of the slide. It is a four-pointed star with a central point, formed by four overlapping triangles.

Contra Costa County
Employees' Retirement Association

East Contra Costa Fire Protection District's
Request for Depooling from
Contra Costa County Fire Protection District
within Cost Group #8

August 2020

Paul Angelo, FSA, MAAA, FCA, EA
Andy Yeung, ASA, MAAA, FCA, EA

EastFire's Request for Depooling from Cost Group #8 with ConFire

- **EastFire's Request**
- **What is Pooling?**
- **Background Behind Pooling at CCCERA**
- **EastFire's Specific Depooling Request**
- **Two methods to allocate assets on depooling**
- **Results under the two methods**
- **Choice of method to allocate assets**
- **Depooling and member contribution rates**
- **EastFire's Request and CCCERA's actuarial funding policy**

EastFire's Request

- CCCERA Safety Cost Group #8 includes two employers
 - East Contra Costa Fire Protection District (EastFire) and
 - Contra Costa County Fire Protection District (ConFire)
- EastFire has requested depooling from Cost Group #8 starting with December 31, 2019 valuation
 - General employees in Cost Group #1 excluded from this request
- If depooled, contribution rates for EastFire would be determined based on assets and member demographics of EastFire
 - Demographics of EastFire members is readily identifiable
 - Including inactive vested and retired members
 - Asset share of EastFire requires Board's determination of the method to determine the amount allocated at depooling
 - EastFire is requesting allocation based on liability, not payroll

EastFire's Request – Estimated Cost Impact

- Estimated impact of depooling on 2019 valuation results
 - Based on EastFire's demographics and assets allocated in proportion to liability (as requested by EastFire)
- Employer Rates (percent of pay)
 - 0.66% increase in Normal Cost (NC) rate for EastFire and 0.06% decrease in NC rate for ConFire
 - 37.85% decrease in Unfunded Actuarial Accrued Liability (UAAL) rate for EastFire and 3.43% increase in UAAL rate for ConFire
- Member Rates (percent of pay)
 - Legacy Tier A: 0.18% decrease for EastFire and 0.02% increase for ConFire
 - PEPRA Tier D: 2.97% decrease for EastFire and 0.65% increase for ConFire
 - PEPRA Tier E: no change

EastFire's Request – Effect on Other Cost Groups

- If EastFire's request to depool is approved by the Board (whether asset shares are based on liability or payroll)
 - Future contribution rates for EastFire will be calculated on a percent of payroll basis using only actuarial experience from EastFire
 - Future contribution rates for ConFire will be calculated on a percent of payroll basis using only actuarial experience from ConFire
 - There will be no change in the pooling arrangements for any other cost groups with more than one employer
 - Normal cost rates will continue to be pooled
 - UAAL contribution rates will continue to be pooled and paid in proportion to payroll for each employer

What is Pooling?

- Pooling combines the actuarial experience of two or more employers in developing a retirement plan's funding requirements
- Actuarial experience is combined in developing
 - Assumptions: salary increases, termination, service & disability retirement, death (before & after retirement), etc.
 - Contribution rates: normal cost (employer and employee) and unfunded actuarial accrued liability (UAAL)
- Pooling is used in other financial programs besides retirement plans
 - Setting insurance rates for life, health, property and casualty programs
 - Providing more data for predicting future events in risk sharing arrangements

Developing Contribution Rates in a Pooled Plan

- Historically, in 1937 Act retirement systems different employers offering the same benefit formulas have been put in the same rate pool
- Some considerations for smaller employers
 - Pros of pooled plan for smaller employers:
 - Short term variations of experience from the assumption (e.g., higher number of disability) are shared with other employers in the pool
 - May result in more stable plan experience and contribution rates
 - Cons of pooled plan for smaller employers:
 - Smaller employers may end up paying higher/lower rates over the long term if their experience is very different from larger employers
 - Pooling can lead to “cross subsidies” of rates across employers
- Some considerations for larger employers
 - Contribution rates for larger employers are generally less affected by year-to-year experience of smaller employers
 - UAAL rate may change at depooling depending on method used to allocate assets at depooling

Background Behind Pooling Cost Group #8 at CCCERA

- Before the December 31, 2009 valuation, CCCERA only had four rate pools (General & Safety, with/without enhanced benefits)
- For the December 31, 2009 valuation, the Board acted to depool employers within General and Safety membership groups
 - To depool employers, the Dec. 31, 2002 asset shares were determined by first allocating the UAAL in proportion to each employer's payroll ("Payroll Method")
 - The assets were then determined by comparing the allocated UAAL with each employer's actuarial accrued liability (AAL): $\text{Assets} = \text{AAL} - \text{UAAL}$
 - The Payroll Method was used to leave UAAL rates unchanged
 - December 31, 2002 assets were brought forward to December 31, 2009 with contributions, benefit and investment returns
- Employers with 50 or more employees were depooled
 - EastFire had slightly less than 50 employees so was not depooled from ConFire

EastFire's Specific Depooling Request

- Depooling means future contribution rates for EastFire would be calculated based on EastFire's assets and member demographics
 - Demographics of EastFire members is readily identifiable
 - EastFire member data used in calculating Normal Cost & Actuarial Accrued Liability
- Segal estimated the Normal Cost (NC) impact using demographics of EastFire members in the December 31, 2018 valuation:
 - Increase in employer NC (0.66% of payroll) for EastFire and decrease in employer NC (0.06% of payroll) for ConFire
 - Projected to December 31, 2019 using results from December 31, 2018 valuation

EastFire's Specific Depooling Request

- Determining the initial asset share for EastFire depends on Board's choice of method to allocate assets at depooling
 - Two methods to calculate asset share (allocate assets):
 - Payroll Method and Actuarial Accrued Liability (AAL) Method
 - EastFire's request is for allocation using AAL Method
 - Substantial difference in results between using Payroll Method and AAL Method
- Previously EastFire also requested an adjustment to the treatment of the Pension Obligation Bond (POB) credits for ConFire
 - Discussed at the July 24, 2019 Board meeting
 - That request was not included in current request

Methods to Allocate Assets: Payroll Method

- Determine EastFire and ConFire asset shares in Dec. 31, 2018 valuation by first allocating UAAL in proportion to payroll
 - The assets are then determined by comparing allocated UAAL with each employer's AAL: $\text{Assets} = \text{AAL} - \text{UAAL}$
- No change in UAAL contribution rates before and after depooling for either EastFire or ConFire
- Consistent with method implicit in developing pooled UAAL contribution rate in annual valuation
- Consistent with method applied in depooling other General and Safety employers in December 31, 2009 valuation
- Used in Board's withdrawal policy for terminating employers

Methods to Allocate Assets: AAL Method

- Determine EastFire and ConFire asset shares in the Dec. 31, 2018 valuation by first allocating the UAAL in proportion to AAL
 - Note: this is the same as allocating assets in proportion to AAL, because $\text{Assets} = \text{AAL} - \text{UAAL}$
- The UAAL rate decreases for EastFire and increases for ConFire
 - Changes caused by difference between proportion of payroll and proportion of AAL for EastFire versus ConFire

(Based on 12/31/18 Valuation)	EastFire	ConFire
Proportion of Total Payroll	8.3%	91.7%
Proportion of Total AAL	4.6%	95.4%

- No change in funded ratios before and after depooling for either EastFire or ConFire
- Used in Board's declining employer payroll policy for employers with substantive and permanent decline in payrolls

Possible Contribution Rate Impact from EastFire's Proposed Depooling

- Total (NC & UAAL) rates paid by ConFire & EastFire before and after depooling – *Source: Segal December 9, 2019 Letter*

<u>ConFire Employer Contribution Rate</u>	<u>Valuation Date (12/31)</u>					
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Current before Depooling	65.26%	68.86%	71.49%	73.41%	81.13%	82.43%
Depooling – Payroll Method	N/A	68.80%	71.57%	73.59%	81.46%	83.10%
Depooling – AAL Method	N/A	72.23%	74.97%	76.97%	83.15%	84.66%

<u>EastFire Employer Contribution Rate</u>	<u>Valuation Date (12/31)</u>					
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Current before Depooling	111.83%	115.43%	118.06%	119.98%	82.02%	83.32%
Depooling – Payroll Method	N/A	116.09%	117.19%	117.99%	78.39%	75.93%
Depooling – AAL Method	N/A	78.24%	79.59%	80.57%	59.62%	58.62%

Contribution Rate Differences and Changes before EastFire's Proposed Depooling

- Two sources of UAAL rate differences and expected future changes even before depooling:
 - 2018 valuation:
 - ConFire rate lower than EastFire by 45.7% from POB Credit only for ConFire
 - 2022 valuation:
 - ConFire's POB Credit would be fully amortized so that portion of ConFire's rate would increase
 - The initial amortization layer referred to as the Restart Amortization Charge would be fully amortized
 - The charge is shared by ConFire & EastFire so that a portion of both employer's rates would decrease
 - A projected net increase in rate for ConFire because the POB credit was greater than the Restart Amortization charge

Contribution Rate Impact After EastFire's Proposed Depooling

After depooling - Payroll method

- 2019 valuation: 0.66% increase in NC rate for EastFire and 0.06% decrease in NC rate for ConFire
- 2022 valuation: Same rate impact as before depooling:
 - Net increase for ConFire as POB credit and Restart Amortization charge are both fully amortized.
 - Decrease for EastFire as Restart Amortization fully amortized

After depooling - AAL method

- 2019 valuation: Same changes in NC as with Payroll Method
- 2019 valuation: ConFire UAAL rate increase of 3.43% and EastFire UAAL rate decrease of 37.85%
- 2022 valuation: smaller decrease in UAAL rate for EastFire as EastFire has smaller share of Restart Amortization Layer
 - Smaller net increase for ConFire

Choice of Method to Allocate Assets on EastFire's Proposed Depooling

- Payroll Method

- No change in UAAL rate before and after depooling
 - Funded ratios would change
- Consistent with method implicit in developing pooled UAAL contribution rate in annual valuation
- Consistent with method used at 2009 depooling of all employers
- Appropriate if proportion of payroll among employers is stable

- AAL Method

- Change in UAAL rate before and after depooling
 - But funded ratios would be unchanged
- Recognizes different proportions of payrolls vs. liabilities for different employers (as in Slide 11)
- Appropriate for permanent change in proportion of payroll among employers -- as in “Declining Employer Payroll” policy

Choice of Method to Allocate Assets on Depooling

- Methods differ as to what is a “fair” allocation of assets between employers in same Cost Group
- Payroll Method more consistent with historical pooling of experience in Cost Group
 - Assumes UAAL is proportional to active payroll
 - Implicitly assumes similar proportion of active to retired members for all employers
 - Maintains any historical cross subsidies across employers
- AAL Method more consistent with how assets would be allocated if employers had never been pooled
 - Assumes UAAL is proportional to AAL
 - Recognizes any differences in proportion of active to retired members among employers
 - Eliminates any historical cross subsidies across employers

Comparison of EastFire and ConFire Liabilities, Payrolls and Demographics

Actuarial Accrued Liability (12/31/18 Valuation)	Amounts (\$)		Proportion	
	EastFire	ConFire	EastFire	ConFire
Active	24,964,872	209,608,802	11%	89%
Inactive	3,013,487	2,773,429	52%	48%
Retired	<u>19,621,721</u>	<u>782,874,154</u>	2%	98%
Total	47,600,080	995,256,385	5%	95%
Active Payroll	3,343,867	36,888,734	8%	92%

Participant Counts (12/31/18 Valuation)			Proportion	
	EastFire	ConFire	EastFire	ConFire
Active	34	283	11%	89%
Inactive	29	23	56%	44%
Retired	24	565	4%	96%
Total	87	871	9%	91%
Retirees/Actives (%)	24/34 = 71%	565/283 = 200%		

Depooling and Member Contribution Rates

- PEPRAs tiers – members pay one-half of Normal Cost
 - After depooling, NC rate and so member rates would be based on separate member demographics of EastFire and ConFire
- PEPRAs Tier D
 - EastFire Tier D member rate decreases by 2.97%
 - ConFire Tier D member rate increases by 0.65%
 - NC depends on entry age – lower NC for lower entry ages
 - EastFire average entry age is 25 vs 31 for ConFire
 - Less than 10 EastFire Tier D active members so rate may change with future new members
- PEPRAs Tier E
 - Only ConFire has Tier E members so Tier E member rate unchanged after depooling

Depooling and Member Contribution Rates

- Legacy tiers – members pay formula basic rate plus one-half cost of COLA
- Basic Rate: After depooling no change in basic member rates
- COLA: Member rates would be based on separate member demographics of EastFire and ConFire
 - EastFire Tier A average COLA member rate decreases by 0.18%
 - ConFire Tier A average COLA member rate increases by 0.02%

EastFire's Request and CCCERA's Actuarial Funding Policy

- Funding Policy only describes procedures for the depooling action taken as part of December 31, 2009 valuation
 - Including threshold that employers with 50 or more active employees were depooled
- Policy does not specify the method used to allocate assets when depooling
 - For December 31, 2009 depooling action, payroll method used to allocate assets to minimize changes in UAAL rates from depooling
 - Method applied retroactively to allocate assets as of December 31, 2002 valuation
 - EastFire's request to depool based on AAL does not deviate from any provisions of the Funding Policy
 - Policy currently states EastFire is pooled with ConFire so would require a conforming amendment if EastFire is depooled, regardless of method

Discussion





Meeting Date
08/12/20
Agenda Item
#10

MEMORANDUM

Date: August 12, 2020
To: CCCERA Board of Retirement
From: Gail Strohl, Chief Executive Officer
Subject: Consider and take possible action to authorize the CEO to renew a maintenance and support agreement with CPAS Systems, Inc.

Background

Since 2009, CCCERA has had a maintenance and system software support services agreement with CPAS Systems, Inc. for its pension administration system. It is typically renewed on an annual basis. These services include legislative compliance updates, maintenance updates, and overall system support services. The maintenance and support is necessary for continued operation of the system. The annual renewal amounts are \$36,047 for maintenance and \$86,100 for system support services. This is a 2.7% increase compared to the prior year.

Recommendation

Consider and take possible action to authorize the CEO to renew a maintenance and support agreement with CPAS Systems, Inc.

Announcement

Meeting Date

08/12/20

Agenda Item

#11

Virtual Trustees Round Table

Virtual Meeting

Friday, October 23, 2020

9:30 a.m - 3:30 p.m.

Zoom Meeting

[Register Here](#)

Register for the virtual Trustees Round Table on Friday, October 23rd from 9:30 AM to 3:30 PM. Please note that, moving forward, registration for virtual round tables will be \$50 per person. This meeting will be chaired by [Henry Levy](#) from the Alameda County Employees' Retirement Association.

Please complete our 2 minute survey below to help us understand which topics would be of most interest for this meeting:

[Topics and Discussion Items Survey](#)

Please see below for more details on the topics outlined in the survey:

Session I: 9:30 a.m. to 12:00 p.m.

Topic: "What is the Role of Trustees in Choosing and/or Monitoring Money Managers?"

Description: Currently, public pension plans have a variety of approaches to this question. On one end of the spectrum, some boards have the trustees choose all money managers and even do the due diligence calls to the manager's offices; at the other end of the spectrum, some boards have staff making all decisions to choose managers. In all cases, there is a need for the board to monitor manager performance, and boards must choose reporting tools and methodologies to do that.

Session II: 1:00 p.m. - 3:00 p.m.

Topic: "What is the Role of Trustees on Corporate Policies?"

Description: Corporations, as well as other entities in which pension plans invest, all have policies which may or not contribute to performance as well as other long-term sustainability. While there are various monitoring tools to help trustees, it is very difficult for either plan trustees or staff to become involved in all potential issues and with all the investments of a typical plan. There are shareholder activist groups which try to choose the issues with certain businesses. However, most plans have given the control to staff, which in turn have given it to one of two proxy-voting firms to vote on behalf of the board. It is not possible for trustees to vote on all the proxies coming before corporate shareholder meetings (not to mention getting more involved in limited partnerships), so trustees need to understand the resources available for them. Furthermore, for those boards which delegate manager selection process to staff, getting involved in policy issues may become the major work that trustees do.

This will be hosted as a zoom meeting so we encourage participants to join via computer with their web cameras on, however a phone-in option will also be available for those who cannot join by computer. The meeting will begin at 9:30 a.m. and end by 3:30 p.m with short break provided. For additional questions, you can contact our office at info@calaprs.org