



## AGENDA

### RETIREMENT BOARD MEETING

FIRST MONTHLY MEETING  
July 9, 2014  
9:00 a.m.

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

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

1. Pledge of Allegiance.
2. Accept comments from the public.
3. Election of Board officers:
  - a. Election of Chairperson (Hast, incumbent).
  - b. Election of Vice-Chairperson (Phillips, incumbent).
  - c. Election of Secretary (Telles, incumbent).
4. Approve minutes from the June 11, 2014 meeting.
5. Routine items for July 9, 2014.
  - a. Approve certifications of membership.
  - b. Approve service and disability allowances.
  - c. Accept disability applications and authorize subpoenas as required.
  - d. Approve death benefits.
  - e. Accept Asset Allocation Report

#### *CLOSED SESSION*

6. The Board will go into closed session under Gov. 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.	David Poppi	Service Connected	Service Connected

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

7. 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 Contra Costa County Employees' Retirement Association, et al.*, Court of Appeal, 1<sup>st</sup> Appellate District, Division Four, Case No. A141913.

*OPEN SESSION*

8. Consider and take possible action to clarify the Board's June 25, 2014 confirmation that multiple leave sales during the 12-month FAS period are earned and payable in the FAS period and therefore pensionable for Legacy (pre-PEPRA) members so long as they do not exceed the number of leave hours earned in the FAS period.
9. Consider and take possible action regarding proposed statement explaining the Board's intent to review past incidents of unusual compensation increases at end of employment.
10. Consider and take possible action regarding non-service connected disability retirement allowance of deceased member Cheryl Sousa.
11. Consider and take possible action on terminal pay assumptions for the December 31, 2013 Actuarial Valuation in light of the pending AB 197 appeal.
12. Consider and take possible action to place investment manager under review.
13. Consider authorizing the attendance of Board and/or staff:
  - a. Administrators' Institute, CALAPRS, September 24 – 26, 2014, Long Beach, CA. (Staff Conference)
  - b. 2014 Fall Conference, Council of Institutional Investors, September 29 – October 1, 2014, Los Angeles, CA.
  - c. Investment Education Conference, Milliman, October 1 – 3, 2014, Lake Tahoe, CA.
  - d. US Client Conference, Invesco, November 4 – 6, 2014, La Jolla, CA. (Note: conflict with Board meeting)
14. Miscellaneous
  - a. Staff Report
  - b. Outside Professionals' Report
  - c. Trustees' comments

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



Meeting Date  
**07/09/14**  
Agenda Item  
**#4**

MINUTES

RETIREMENT BOARD MEETING MINUTES

FIRST MONTHLY BOARD MEETING  
9:00 a.m.

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

June 11, 2014

Present: Debora Allen, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, Karen Mitchoff, John Phillips, William Pigeon, Gabe Rodrigues, Jerry Telles and Belinda Zhu

Absent: Russell Watts

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

Outside Professional Support: Harvey Leiderman  
Representing: Reed Smith LLP

**1. Pledge of Allegiance**

Hast led all in the *Pledge of Allegiance*.

**2. Accept comments from the public**

No members of the public offered comment.

**3. Approval of Minutes**

It was M/S/C to approve the minutes of the April 2, 2014 meeting. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues and Telles. Abs: Zhu)

It was M/S/C to approve the minutes of the April 23, 2014 meeting. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues and Telles. Abs: Zhu)

It was M/S/C to approve the minutes of the May 7, 2014 meeting. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips and Rodrigues. Abs: Pigeon, Telles and Zhu)

Telles noted that he was not at the May 7, 2014 meeting and wanted to speak on Item 10 to express his concern for the lack of criteria included in the public statement of Board intent to review past incidents of unusual compensation increases at the end of employment.

It was M/S/C to approve the minutes of the May 21, 2014 meeting with a correction to Item 8 c., adding the words "conference on governmental accounting" after CalCPA. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues and Telles. Abs: Zhu)

**4. Routine Items**

It was M/S/C to approve the routine items of the June 11, 2014 Board meeting. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Zhu)

**CLOSED SESSION**

The Board moved into closed session pursuant to Govt. Code Section 54957, 54956.9(d)(1) and 54956.9(d)(2).

The Board moved into open session.

5. It was M/S/C to accept the Medical Advisor's recommendation and grant the following disability benefits:
- a. Matthew Carter – Non-Service Connected (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Zhu)
  - b. Antoinette Jorge – Non-Service Connected (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Zhu)

Pigeon recused himself from 5c. and 5d. and did not participate in the discussion or voting.

- c. Clive Savacool – Service Connected (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Rodrigues, Telles and Zhu)
- d. Michael Stralovich – Service Connected (Yes: Allen, Gordon, Hast, Holcombe, Mitchoff, Phillips, Rodrigues, Telles and Zhu)

Allen was present for subsequent discussion and voting.

- 6.
- a. Contra Costa County Deputy Sheriffs Association, et al., v. CCCERA, et al., Contra Costa County Superior Court, Case No. N12-1870.

The Board discussed the implementation of Judge Flinn's ruling in the event the stay order expires and in the absence of an additional stay order. Two issues were discussed:

1. Implementation of the "estoppel class" bank of pre-AB 197 cashable leave time – will the bank deplete as the member takes or uses leave time going forward?
2. The active sell back of vacation hours.

The Board noted the two issues above would be discussed and voted on by the Board at the next Board meeting.

- b. There was no reportable action related to Govt. Code Section 54956.9(d)(1).
7. There was no reportable action related to Govt. Code Section 54956.9(d)(2).

**8. Consider and take possible action regarding the Board's recommendation to increase AFSCME Local 2700 employee's pay**

Hast reviewed the letter received from the County denying the Board's request to grant a 2.75% prospective increase in base pay to the AFSCME Local 2700. He noted there is no action the Board is able to take at this time.

**9. Consider and take possible action regarding unrepresented CCCERA staff pay in light of County BOS Resolution 2014/109**

Hast reviewed his memo noting that on April 22, 2014 the Board of Supervisors voted to change the effective date of the previously approved 2% cost of living adjustment for unrepresented staff from July 1, 2014 to April 1, 2014 and grant a lump sum payment of \$500 effective April 1, 2015. The County has requested direction from CCCERA regarding whether CCCERA unrepresented staff should be included in these changes.

After discussion, it was **M/S** to change the effective date of the previously approved 2% cost of living adjustment for CCCERA unrepresented staff from July 1, 2014 to April 1, 2014.

There was a substitute **M/S** to change the effective date of the previously approved 2% cost of living adjustment from July 1, 2014 to April 1, 2014 and a \$500 lump sum payment effective April 1, 2015 for CCCERA unrepresented staff.

In public comment, Christina Dunn, a CCCERA unrepresented employee, requested the Board not take action to change the effective date of the 2% cost of living adjustment or \$500 lump sum payment for CCCERA unrepresented staff.

After discussion, the second was withdrawn from the substitute motion and the original motion was withdrawn.

Allen was no longer present for further discussion and voting.

**10. Legislative Update**

Levy reviewed her memo summarizing pending legislation including AB 2473 - County Employees' Retirement Law of 1937: federal law compliance, AB 2474 - County employees retirement: benefits, and SB 673 - County employees' retirement: Contra Costa County, noting SB 673 would make the CCCERA retirement system an independent "district" and the employer for its entire staff.

**11. Conference Seminar Attendance**

- a.** It was **M/S/C** to authorize the attendance of two Board members at the Modern Investment Theory & Practice for Retirement Systems, SACRS, July 20-23, 2014, Berkeley, CA. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Zhu)
- b.** It was **M/S/C** to authorize the attendance of one Board member at the Principles for Pension Management for Trustees, CALAPRS, August 5-8, 2014, Stanford, CA. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Zhu)
- c.** It was **M/S/C** to authorize the attendance of three Board members at the 2014 Public Funds Forum, GMI Ratings, September 2-4, 2014, San Diego, CA. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Zhu)
- d.** It was **M/S/C** to authorize the attendance of one Board member at the Public Employee Policy Forum, IFEBP, September 15-16, 2014, Washington, D.C. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Zhu)
- e.** It was **M/S/C** to authorize the attendance of four Board members at the 60<sup>th</sup> Annual Employee Benefits Conference, IFEBP, October 12-15, 2015, Boston, MA. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Zhu)
- f.** It was **M/S/C** to authorize the attendance of one Board member at the 2014 Public Safety Employees Pension & Benefits Conference, NCPERS, October 26-29, 2014, New Orleans, LA. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Zhu)

**12. Miscellaneous**

(a) Staff Report –

Schneider reported the Segal Company will be at the June 25, 2014 meeting to present on interest crediting for member accounts, the interest rate for member accounts and reserves and the basic rate of the terminal pay assumption.

Price reported Jeff Youngman, the new investment analyst started.

He reported Milliman will be at the June 25, 2014 meeting to discuss the PIMCO stocks plus account.

He noted Wellington announced they will have a new managing partner on July 1, 2014.

He also reported at the June 25, 2014 meeting there will be an item to add an additional Special Board meeting in July for a workshop with Cortex.

Levy reported a memo has been placed in the Board member's mailboxes regarding an update on proposed CalPERS regulations defining "pensionable compensation" under PEPR. Telles requested adding this item to the August 13, 2014 meeting agenda in order to discuss whether the Board can include the pay differentials that CalPERS is including in compensation for retirement purposes for PEPR members, which would be different than the base pay only decision made by the Board.

Kaplan reported at the June 25, 2014 meeting the auditors will present the audit and the CAFR.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Telles noted he was not at the May 7, 2014 meeting and would like to discuss his concerns with the public statement of intent voted on by the Board at that meeting. He expressed his concerns that the statement did not provide enough specifics and requested the Board consider releasing an additional statement providing more specifics.

Pigeon attended the IFEBP CAPP I course and felt it was very informational.

Hast attended the Adams Street conference and felt the speakers were very good.

Telles reported Steve Brennan, an INTECH employee recently passed away and he would like to adjourn the meeting in his memory.

It was M/S/C to adjourn the meeting in memory of Steve Brennan. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Zhu)

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

<p><u>Meeting Date</u>  <b>07/09/14</b>  <u>Agenda Item</u>  <b>#5</b></p>
--

Page 1

July 9, 2014

Items requiring Board Action

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

**B. Service and Disability Retirement Allowances:**

<u>Name</u>	<u>Number</u>	<u>Effective Date</u>	<u>Option Type</u>	<u>Group</u>	<u>Selected</u>
Bailey, Linda	39411	03/29/14	SR	II & III	Unmod
Childress, Lorita	D9990	03/19/14	SR	I	Unmod
Garrett, Curtis	D9990	03/29/14	SR	I	Unmod
Graves, Catherine	51868	01/12/14	SR	II	Option 1
Inton, Teresita	44214	03/29/14	SR	II & III	Unmod
Kothe, Jerry	25277	03/29/14	SR	I, II & III	Unmod
Loeliger, Scott	67253	03/31/14	SR	III	Unmod
Lubarov, Anna	54666	04/30/14	SR	III	Unmod
Marchion, Cheryl	52789	05/31/14	SR	II & III	Unmod
Markert, Theresa	65935	03/29/14	SR	II & III	Unmod
Martinez, Augustin	61681	04/30/14	SR	II & III	Unmod
Mason, Waynette	51292	05/31/14	SR	III	Unmod
McConnell, Michelle	56390	03/31/14	SR	III	Unmod
Moreno, Lisa	53495	03/29/14	SR	II & III	Unmod
Nicks, Tracey	54169	03/27/14	SR	II & III	Unmod
Novoa, Maria	61747	05/31/14	SR	II & III	Unmod
O'Dea, Louise	43626	03/01/14	SR	II & III	Unmod
Sams-Usatin, Deborah	64108	03/28/14	SR	I, II & III	Unmod
Sousa, Cheryl	48479	04/25/14	NSD	II & III	Unmod
Steffen, Andrew	45177	03/31/14	SR	S/A	Unmod
Stewart, Terry	36698	03/29/14	SR	S/A	Unmod
Tancik, Deborah	D9500	03/29/14	SR	II & III	Unmod

**KEY:**

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

**Option**  
 \* = County Advance  
 Selected w/option

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

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

Page 2

July 9, 2014

**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>
Sousa, Cheryl	48479	04/30/14	NSD
Williams, Rhonda	53896	06/04/14	SCD
Miller, Atiya	61028	06/20/14	NSD
Padilla, Raul	56433	06/25/14	SCD
Nelson, Jeffrey	49188	06/25/14	SCD
Dick, Eugene	45174	07/01/14	SCD

**D. Deaths:**

<u>Name</u>	<u>Date of Death</u>	<u>Employer</u>
Anderson, Burton	06/28/14	Contra Costa County
Curtin, Thomas	05/21/14	Beneficiary
Dinsdale, Betty	06/18/14	Beneficiary
Fender, Kerry	06/18/14	Contra Costa County Fire Protection District
Fujii, Frances	05/27/14	Contra Costa County
Gardella, Florine	06/12/14	Beneficiary
Garetson, Lois	06/17/14	Contra Costa County
Griffin, Natalie	06/19/14	Contra Costa County
Harguth, Darrell	06/01/14	Contra Costa County
Harrington, Randy	05/30/14	Contra Costa County
Hopkins, Carl	04/30/14	Contra Costa County
Jones, Eunice	06/12/14	Contra Costa County Housing Authority
Juett, Charmion	06/13/14	Contra Costa County
Kane, Joan	08/15/13	Contra Costa County
Kemp, Barbara	06/06/14	Contra Costa County
Larsen, Carolyn	06/01/14	Beneficiary
Miller, David	06/10/14	Contra Costa County
Morris, Kelly	06/11/14	Contra Costa County
Nice, Elizabeth	05/16/14	Beneficiary
Olden, Dorothy	06/16/14	Contra Costa County
Potter, Ada	05/22/14	Contra Costa County
Scott, Joyce	05/23/14	Contra Costa County
Snell, George	05/15/14	Contra Costa County
Vittitow, Billie	05/30/14	Contra Costa County
Westerberg, Winifred	06/06/14	Contra Costa County
Woods, Donna	06/22/14	Contra Costa County

**KEY:**

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

**Option**  
 \* = County Advance  
 Selected w/option

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

## **CERTIFICATION OF MEMBERSHIPS**

<i>Name</i>	<i>Employee Number</i>	<i>Tier</i>	<i>Membership Date</i>	<i>Employer</i>
Bacalzo, Librada	73534	III	05/01/14	Contra Costa County
Bague, Lalaine Enrique	70395	P5.3	05/01/14	Contra Costa County
Banks, Bernadette	79759	P5.3	05/01/14	Contra Costa County
Batagello, Anna	44968	P5.3	04/01/14	Contra Costa County
Bebey, Elise E.	80077	P5.3	05/01/14	Contra Costa County
Brown, Daysi	80028	P5.3	05/01/14	Contra Costa County
Castillo, Vanessa A.	79986	P5.3	05/01/14	Contra Costa County
Chavdarova, Lilyana Hristova	79970	P5.3	05/01/14	Contra Costa County
Cheng, Yuen Yu	80002	P5.3	05/01/14	Contra Costa County
Choe, Me	D9500	P5.3	05/01/14	Contra Costa County
Cuevas, Jacqueline Denise	75810	P5.3	05/01/14	Contra Costa County
DeJesus, Jose Manuel	79971	P5.3	05/01/14	Contra Costa County
Dempsey, Ellen Marie	80076	P5.3	05/01/14	Contra Costa County
Distor, Edgardo	80024	P5.3	05/01/14	Contra Costa County
Downie, Jonathan Robert	80011	P5.2	05/01/14	Contra Costa County
Echezarreta, Ana	80068	P5.3	05/01/14	Contra Costa County
Fahy, Kristina Marie	78152	P5.3	05/01/14	Contra Costa County
Floyd, Charon L.	79927	P5.2	05/01/14	Contra Costa County
Garibay, Griselda Yazmina	80026	P5.3	05/01/14	Contra Costa County
Granzella, Cynthia	D3406	P4.3	05/01/14	Central Sanitary District
Harris, Daniel J.	80036	P5.2	05/01/14	Contra Costa County
Haux, Matthew James	79931	P5.3	05/01/14	Contra Costa County
Heath, David Morgan	D3406	P4.3	05/01/14	Central Sanitary District
Holgerson, Jamie	56719	III	05/01/14	Contra Costa County
Hollinquest, Patricia Ann	80081	P5.3	05/01/14	Contra Costa County
Houston, Jarred	80105	P5.2	05/01/14	Contra Costa County
Hudson, Jessica Alyson	79995	P5.2	05/01/14	Contra Costa County
Jacobo, Rabecca Lynn	79334	P5.3	05/01/14	Contra Costa County
Jaramillo, Daniela	73055	P5.3	05/01/14	Contra Costa County
Jennings, Kirsten M.	80012	P5.2	05/01/14	Contra Costa County
Kelly, Olga D.	72448	P5.2	05/01/14	Contra Costa County
Kitson, Matthew Jeremiah	D9500	P5.3	05/01/14	Contra Costa County

**Key:**

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

## CERTIFICATION OF MEMBERSHIPS

<i>Name</i>	<i>Employee Number</i>	<i>Tier</i>	<i>Membership Date</i>	<i>Employer</i>
Lagundi, Emily DelaCruz	79952	P5.3	05/01/14	Contra Costa County
Laimayum, Monica S.	80031	P5.2	05/01/14	Contra Costa County
Lall, Farqan Simon	79974	P5.3	05/01/14	Contra Costa County
Lee, Traci Maywah	80046	P5.2	05/01/14	Contra Costa County
Loo, Kyle	80037	P5.2	05/01/14	Contra Costa County
Lopez, Maria Leni Polo	80032	P5.3	05/01/14	Contra Costa County
Lovelady, Scott	80107	P5.2	05/01/14	Contra Costa County
Luu, Annie H.	80003	P5.3	05/01/14	Contra Costa County
Magleby, Thomas	80013	P5.2	05/01/14	Contra Costa County
Manion, Cheryl Linette	80015	P5.3	05/01/14	Contra Costa County
Markwald, Kelli Sue	77457	P5.3	05/01/14	Contra Costa County
Miller, Eli David	78010	P5.2	05/01/14	Contra Costa County
Mizerak, Jonel Mary	80030	P5.3	05/01/14	Contra Costa County
Mohr, Sarah Smith	78155	P5.3	05/01/14	Contra Costa County
Molina-Huntley, Liza Annette	79493	P5.3	05/01/14	Contra Costa County
Mulkearns, Marta C.	80022	P5.3	05/01/14	Contra Costa County
Nasrul, Kimberly	79973	P5.3	05/01/14	Contra Costa County
Neff, Eric Vincent	80074	P5.2	05/01/14	Contra Costa County
Nguyen, Danny	80005	P5.3	05/01/14	Contra Costa County
Niknam, Robert	79988	P5.3	05/01/14	Contra Costa County
O'Donnell, Markas Patrick	75827	P5.3	05/01/14	Contra Costa County
Peters, Dustin	80010	P5.2	05/01/14	Contra Costa County
Pham, Hung Trong	80039	P5.3	05/01/14	Contra Costa County
Polk, Jeanne Lisa	80102	P5.3	05/01/14	Contra Costa County
Potter, John H.	80035	P5.2	05/01/14	Contra Costa County
Raines, Robert Earl	79823	P5.3	05/01/14	Contra Costa County
Ramos, Angelica Marie	61712	P5.3	05/01/14	Contra Costa County
Ramos, Matthew Robert	80009	P5.2	05/01/14	Contra Costa County
Rivera, Nancy Angelica	77352	P5.3	05/01/14	Contra Costa County
Roark, Michael Alvis	80021	P5.3	05/01/14	Contra Costa County
Royer, Robert Jay	75356	S/D	05/01/14	Contra Costa County
Ruderman, Rachel Ann	79965	P5.3	05/01/14	Contra Costa County

**Key:**

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

## CERTIFICATION OF MEMBERSHIPS

<i>Name</i>	<i>Employee Number</i>	<i>Tier</i>	<i>Membership Date</i>	<i>Employer</i>
Ruiz, Priscilla D.	80004	P5.3	05/01/14	Contra Costa County
Ruvalcaba, Alonso Guadalupe	78632	P5.3	05/01/14	Contra Costa County
Salaveria, Vincent R.	79962	P5.3	05/01/14	Contra Costa County
Selzler, Patricia	77882	P5.3	05/01/14	Contra Costa County
Siegel, Erica Michele	80029	P5.3	05/01/14	Contra Costa County
Simon, Tasan Ra'Shane	50304	P5.3	05/01/14	Contra Costa County
Smith, Ayesha Latica	76101	P5.3	05/01/14	Contra Costa County
Smith, Miriam Ruth	80034	P5.2	05/01/14	Contra Costa County
Solas, Sylvia S.	79975	P5.3	05/01/14	Contra Costa County
Somboonsab, Bangone	76971	P5.3	05/01/14	Contra Costa County
Stacy, Julian Gregory	75856	P5.3	05/01/14	Contra Costa County
Stussi, Taylor Borden	79746	P5.3	05/01/14	Contra Costa County
Tennyson, Ellen JoAnna	79998	P5.3	05/01/14	Contra Costa County
Valadez, Ana I.	77386	P5.3	05/01/14	Contra Costa County
Valencia, Esperanza	54934	P5.3	05/01/14	Contra Costa County
Valencia, Yadira Gissel	77879	P5.3	05/01/14	Contra Costa County
Veluz, Isolde C.	79779	P5.3	05/01/14	Contra Costa County
Vidal, Clarisse N.	80080	P5.3	05/01/14	Contra Costa County
Villaber, Matt L.	80070	P5.3	05/01/14	Contra Costa County
Walker, Tina	75979	III	05/01/14	Contra Costa County
Williams-Lindsey, Corrinne	79987	P5.3	05/01/14	Contra Costa County
Withrow, Billie Jo	80065	P5.3	05/01/14	Contra Costa County
Yupanqui, Alex	80014	P5.2	05/01/14	Contra Costa County

**Key:**

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

**ASSET ALLOCATION**

Current Assets (Market Value)

\$6,674,146,274

Reporting Month End: May 31, 2014

Prepared By: Chih-Chi Chu

Robeco

Jackson Square Partners (fka Delaware)

Emerald Advisors

Intech (Core)

PIMCO Stock +

Ceredex

**Total Domestic Equity**

Pyrford (BMO)

William Blair

**Total International Equity**

JPMorgan Global Opportunities

First Eagle

Artisan Global Opportunities

Intech (Global Low Volatility)

**Total Global Equity**

**Total Equity**

AFL-CIO Housing Investment Trust

PIMCO Total Return

GSSAM "Park" Portfolio

Goldman Sachs Asset Management

Lord Abbett

Torchlight Debt Opportunity Fund II

Torchlight Debt Opportunity Fund III

Torchlight Debt Opportunity Fund IV

**Total Domestic Fixed Income**

Lazard Asset Management

**Total Global Fixed Income**

Allianz Global Investors (fka Nicholas Applegate)

**Total High Yield Fixed Income**

Wellington Real Total Return

PIMCO All Asset

Private Real Asset

**Total Real Asset**

**Total Real Estate**

**Total Alternative Investments**

County Treasurer

State Street Bank

**Total Cash & Equivalents**

Oaktree 2009

**Total Market Opportunities**

**TOTAL ASSETS**

Meeting Date  
07/09/14  
Agenda Item  
#5e.

A	B	C	D	C-B	D-A	Range
% of Target	Target Assets	Market Value	Actual Assets	Over (Under)	Over (Under)	
4.5%	300,336,582	304,252,000	4.56%	3,915,418	0.06%	
4.5%	300,336,582	301,362,000	4.52%	1,025,418	0.02%	
3.0%	200,224,388	185,934,000	2.79%	(14,290,388)	(0.21%)	
4.3%	286,988,290	292,866,000	4.39%	5,877,710	0.09%	
4.2%	280,314,144	273,160,000	4.09%	(7,154,144)	(0.11%)	
3.0%	200,224,388	193,107,000	2.89%	(7,117,388)	(0.11%)	
23.5%	1,568,424,374	1,550,681,000	23.23%	(17,743,374)	(0.27%)	
5.3%	353,729,753	360,121,000	5.40%	6,391,247	0.10%	
5.3%	353,729,753	350,391,000	5.25%	(3,338,753)	(0.05%)	
10.6%	707,459,505	710,512,000	10.65%	3,052,495	0.05%	
4.0%	266,965,851	267,430,000	4.01%	464,149	0.01%	
4.0%	266,965,851	273,700,000	4.10%	6,734,149	0.10%	
4.0%	266,965,851	265,895,000	3.98%	(1,070,851)	(0.02%)	
0.3%	20,022,439	22,807,000	0.34%	2,784,561	0.04%	
12.3%	820,919,992	829,832,000	12.43%	8,912,008	0.13%	
<b>46.4%</b>	<b>3,096,803,871</b>	<b>3,091,025,000</b>	<b>46.31%</b>	<b>(5,778,871)</b>	<b>(0.09%)</b>	<b>40% TO 55%</b>
3.2%	213,572,681	215,372,000	3.23%	1,799,319	0.03%	
5.0%	333,707,314	338,938,000	5.08%	5,230,686	0.08%	
0.0%	0	4,000	0.00%	4,000	0.00%	
4.2%	280,314,144	283,447,000	4.25%	3,132,856	0.05%	
4.2%	280,314,144	285,551,000	4.28%	5,236,856	0.08%	
1.2%	80,089,755	76,044,695	1.14%	(4,045,060)	(0.06%)	
0.8%	53,393,170	50,987,020	0.76%	(2,406,150)	(0.04%)	
1.0%	66,741,463	50,324,408	0.75%	(16,417,055)	(0.25%)	
19.6%	1,308,132,670	1,300,668,123	19.49%	(7,464,547)	(0.11%)	
4.0%	266,965,851	271,291,000	4.06%	4,325,149	0.06%	
<b>23.6%</b>	<b>1,575,098,521</b>	<b>1,571,959,123</b>	<b>23.55%</b>	<b>(3,139,398)</b>	<b>(0.05%)</b>	<b>20% TO 30%</b>
5.0%	333,707,314	331,101,000	4.96%	(2,606,314)	(0.04%)	
<b>5.0%</b>	<b>333,707,314</b>	<b>331,101,000</b>	<b>4.96%</b>	<b>(2,606,314)</b>	<b>(0.04%)</b>	<b>2% TO 9%</b>
0.8%	50,056,097	206,437,000	3.09%	156,380,903	2.34%	
1.8%	116,797,560	114,385,000	1.71%	(2,412,560)	(0.04%)	
2.5%	166,853,657	17,115,301	0.26%	(149,738,356)	(2.24%)	
<b>5.0%</b>	<b>333,707,314</b>	<b>337,937,301</b>	<b>5.06%</b>	<b>4,229,987</b>	<b>0.06%</b>	<b>0% TO 10%</b>
<b>12.5%</b>	<b>834,268,284</b>	<b>876,874,877</b>	<b>13.14%</b>	<b>42,606,593</b>	<b>0.64%</b>	<b>10% TO 16%</b>
<b>6.5%</b>	<b>433,819,508</b>	<b>409,455,854</b>	<b>6.13%</b>	<b>(24,363,654)</b>	<b>(0.37%)</b>	<b>5% TO 12%</b>
		24,668,000	0.00%			
			0.37%			
<b>0.5%</b>	<b>33,370,731</b>	<b>24,668,000</b>	<b>0.37%</b>	<b>(8,702,731)</b>	<b>(0.13%)</b>	<b>0% TO 1%</b>
0.5%	33,370,731	31,125,119	0.47%	(2,245,612)	(0.03%)	
<b>0.5%</b>	<b>33,370,731</b>	<b>31,125,119</b>	<b>0.47%</b>	<b>(2,245,612)</b>	<b>(0.03%)</b>	<b>0% TO 5%</b>
<b>100.0%</b>	<b>6,674,146,274</b>	<b>6,674,146,274</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	

**UNDER REVIEW:**

Adelante - Performance, Board Action 05/22/13

Nogales Investors - Performance, Board Action 05/28/08

Lord Abbett - Personnel, Board Action 10/20/13

PIMCO - Organization & Personnel, Board Action 2/12/14

**Real Estate & Alternative Investments**  
As of May 31, 2014

REAL ESTATE INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
DLJ Real Estate Capital Partners, L.P. II	07/31/99	07/31/09	3rd 2 YR	LP	6/30/2015	40,000,000	3,722,370	0.06%	
DLJ Real Estate Capital Partners, L.P. III	06/30/05	06/30/14	1st 2 YR	GP	6/30/2016	75,000,000	47,196,197	0.71%	18,958,299
DLJ Real Estate Capital Partners, L.P. IV	12/31/07	09/30/16				100,000,000	84,066,287	1.26%	19,475,803
DLJ Real Estate Capital Partners, L.P. V	07/31/13	12/31/22				75,000,000	12,306,021	0.18%	62,693,979
Hearthstone Partners I	06/15/95	12/31/03				3,750,000	74,000	0.00%	
Hearthstone Partners II	06/17/98	12/31/09				6,250,000	(13,000)	0.00%	
Invesco IREF I	10/22/03	04/30/11				50,000,000	9,664,840	0.14%	
Invesco IREF II	05/30/07	12/31/15				85,000,000	41,941,894	0.63%	
Invesco IREF III	08/01/13	08/01/21				35,000,000	24,521,691	0.37%	
Long Wharf FREG II	07/18/03	02/28/12	NOT DEF	LP	12/31/2014	50,000,000	3,941,886	0.06%	12,957,867
Long Wharf FREG III	03/30/07	12/30/15				75,000,000	32,321,199	0.48%	
Long Wharf FREG IV	08/14/12	09/30/21				25,000,000	9,649,462	0.14%	16,145,371
Oaktree Real Estate Opportunities Fund V	12/15/11	12/31/16				50,000,000	58,343,955	0.87%	
Oaktree Real Estate Opportunities Fund VI	09/30/13	09/30/20				80,000,000	57,718,789	0.86%	29,682,412
Siguler Guff Distressed Real Estate Opp. Fund	12/31/11	12/31/16				75,000,000	69,276,913	1.04%	22,517,739
Siguler Guff Distressed Real Estate Opp. Fund II	08/31/13	08/31/20				70,000,000	12,600,000	0.19%	68,600,000
Paulson Real Estate Fund II	11/10/13	11/10/20				20,000,000	11,476,442	0.17%	8,523,558
Angelo Gordon Realty Fund VIII	12/31/11	12/31/18				80,000,000	61,222,581	0.92%	22,144,605
LaSalle Income & Growth Fund VI	01/31/12	01/31/19				75,000,000	40,067,350	0.60%	34,484,731
Adelante Capital Management (REIT)						0	193,084,000	2.89%	
INVESCO International REIT						0	95,692,000	1.43%	
Willows Office: \$10,774,100 ***						0	8,000,000	0.12%	
*** Purchase price \$10,600,000 plus acquisition cost and fees \$174,100.									
<b>Outstanding Commitments</b>						<b>1,175,000,000</b>	<b>876,874,877</b>	<b>13.14%</b>	<b>316,184,364</b>
<b>Total</b>							<b>316,184,364</b>		
							<b>1,193,059,241</b>		

PRIVATE DEBT INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
ING Clarion Commercial Mortgage Fund II	09/28/06	09/30/14				128,000,000	76,044,695	1.14%	
ING Clarion Commercial Mortgage Fund III	09/30/08	09/30/16				75,000,000	50,987,020	0.76%	
Torchlight Commercial Mortgage Fund IV	08/01/12	08/30/20				60,000,000	50,324,408	0.75%	15,142,984
<b>Outstanding Commitments</b>						<b>263,000,000</b>	<b>177,356,123</b>	<b>2.66%</b>	<b>15,142,984</b>
<b>Total</b>							<b>15,142,984</b>		
							<b>192,499,107</b>		

**Real Estate & Alternative Investments  
As of May 31, 2014**

ALTERNATIVE INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Adams Street Partners	12/22/95	INDEFINITE				180,000,000	62,920,151	0.94%	70,147,825
Adams Street Secondary II	12/31/08	12/31/20				30,000,000	2,064,785	0.03%	13,551,660
Adams Street Secondary V	10/31/12	10/31/22				40,000,000	6,568,923	0.10%	33,132,000
Pathway	11/09/98	05/31/21				125,000,000	73,938,819	1.11%	18,249,089
Pathway 2008	12/26/08	12/26/23				30,000,000	18,988,714	0.00%	12,895,726
Pathway 6	05/24/11	05/24/26				40,000,000	10,109,365	0.00%	31,701,214
Pathway 7	02/07/13	11/08/12	3rd YR	LP	11/08/15	70,000,000	3,951,459	0.00%	66,406,698
EIF USPF I	11/08/02	02/07/28				30,000,000	849,535	0.01%	0
EIF USPF II	06/15/05	06/15/15				50,000,000	42,098,585	0.63%	0
EIF USPF III	02/28/07	02/28/17				65,000,000	49,216,039	0.74%	(1,744,826)
EIF USPF IV	06/28/10	06/28/20				50,000,000	49,216,039	0.74%	28,978,939
Nogales Investment	02/15/04	02/15/14			UNTIL LIQ	15,000,000	3,346,180	0.05%	1,650,830
Bay Area Equity Fund	06/14/04	01/15/13	1st 2 YR	LP	1/15/2015	10,000,000	22,630,097	0.34%	0
Bay Area Equity Fund II	2/29/09	12/31/17				10,000,000	8,566,986	0.13%	2,539,795
Paladin III	11/30/07	12/31/17				25,000,000	17,331,562	0.26%	2,603,238
Carpenter Community BancFund	01/31/08	01/31/16				30,000,000	37,658,615	0.56%	6,031,668
<b>Total</b>						<b>800,000,000</b>	<b>409,455,854</b>	<b>5.64%</b>	<b>286,143,856</b>

Outstanding Commitments  
Total 286,143,856  
695,599,710

OPPORTUNISTIC INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Oaktree Private Investment Fund 2009	02/28/10	01/31/17				40,000,000	31,125,119	0.47%	5,163,262
<b>Total</b>							<b>5,163,262</b>		<b>5,163,262</b>

Outstanding Commitments  
Total 5,163,262  
36,288,381

REAL ASSET INVESTMENTS	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Commonfund Capital Natural Resources IX	06/30/13	06/30/20				50,000,000	8,033,813	0.12%	41,500,000
Aether III & III Surplus	11/30/13	11/30/20				75,000,000	9,081,488	0.14%	65,918,512
<b>Total</b>						<b>125,000,000</b>	<b>17,115,301</b>	<b>0.26%</b>	<b>107,418,512</b>

Outstanding Commitments  
Total 107,418,512  
124,533,813

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

## MEMORANDUM

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

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

### By Electronic Mail

**To:** Board of Retirement, Contra Costa County Employees' Retirement Assn.

**Cc:** Karen Levy, General Counsel

**Date:** July 1, 2014

**Subject:** Board Decision re Inclusion of Leave "Sale-Backs" in Compensation Earnable Under AB 197

At the Board's June 25, 2014 regular public meeting, the Board considered determining the extent to which sales of accrued leave time during the FAS period could be included in the "compensation earnable" on which the retirement benefits of "legacy members" of the system are calculated under AB 197.<sup>1</sup> At the June 25<sup>th</sup> meeting, the Board did not take action the matter. Accordingly, with AB 197 presently scheduled to go into effect in Contra Costa County on or about July 12, 2014, CCCERA has not yet decided how it intends to implement this aspect of the new law.

At the conclusion of the discussion of this matter on June 25<sup>th</sup> (Agenda Item #11), some were left with the impression that the Board's previous policy regarding the treatment of leave sale-backs during the FAS period, under the pre-AB 197 law, would simply continue to be implemented by staff, since no "change" in that policy was made at the June 25<sup>th</sup> Board meeting. This is not the case, however. The Board voted in late 2012 to fully implement AB 197. Over time since then, the Board has been required to take specific action on aspects of AB 197 that were not self-executing under the law, or under the subsequent Superior Court Judgment and Writ in the AB 197 litigation. For example, at the June 25<sup>th</sup> meeting, the Board acted to clarify how it intended to implement the "estoppel class" calculations consistent with the Judgment and Writ (Agenda Item #10). Simply put, there is no "default" policy on which the Board can fall back if it does not now determine how it intends to implement the new law. No prior policy of the Board is effective under AB 197.

Under the CERL, the Board has an affirmative obligation to "determine" the compensation earnable on which retirement benefits are to be calculated. CERL § 31461(a). Determining retirement benefits is quintessentially within the subject matter jurisdiction of the Board. Under the Brown Act, the Board must "take action" on matters within its subject matter jurisdiction "upon a motion, proposal, resolution,

---

<sup>1</sup> "Legacy members" of CCCERA are those who first became members of the system before January 1, 2011.

CCCERA Board of Retirement

July 1, 2014

Page 2

order or ordinance.” Govt. Code § 54952.6. It may not casually “direct” staff on such a matter. *Compare*, Govt. Code § 54954.2 (“[t]he body itself, subject to rules or procedures of the legislative body, may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.”)

Accordingly, the issue of whether and to what extent to include accrued leave “sale-backs” during the FAS period in “compensation earnable” under AB 197 remains an open issue following the June 25<sup>th</sup> Board meeting. With the anticipated implementation of AB 197 imminent, it would be prudent for the Board to place the matter back on its July 9, 2014 regular meeting agenda and attempt to take action on the matter before AB 197 goes into effect and impacts the retirement benefit calculations of CCCERA members. Without taking affirmative action on the issue, the Board will have failed to “determine” compensation earnable under the law and CCCERA staff will have no policy to carry out. The determination of compensation earnable is a responsibility of the Board, not a ministerial act of the staff.

I will be pleased to discuss this further at the July 9<sup>th</sup> meeting, as the Board may desire.

## **AB 197 Lawsuit Update: Calculating Your Retirement Allowance Under AB 197**

### **FREQUENTLY ASKED QUESTIONS**

Published June 12, 2014

Revised June 27, 2014

On September 12, 2012, the Governor signed into law Assembly Bill 197, with an effective date of January 1, 2013. The measure changed how county retirement boards were permitted to calculate their current members' retirement allowances. In November 2012, members and their representative bargaining units filed a lawsuit challenging the validity of the new law. By operation of a court-imposed Stay Order, CCCERA was prohibited from implementing the new law during the course of the litigation. On May 12, 2014, the Contra Costa County Superior Court entered a Judgment in the litigation and a Writ directing CCCERA to proceed to comply with AB 197, except in one instance (described below). The matter was appealed, and final resolution in the courts could take several years. CCCERA cannot predict the ultimate outcome of this matter in the courts.

The Judgment and Writ issued by the Superior Court do not affect members whose effective date of retirement is on or before July 11, 2014. CCCERA is currently ordered to comply with the new law starting with retirements effective on and after July 12, 2014.

An additional stay order has been requested from the appellate court. Oppositions to the request for an additional stay have been filed by the State of California as well as by one of CCCERA's participating employers. If an additional stay order is obtained, it may require CCCERA to postpone the implementation of AB 197 further, possibly only as to CCCERA members who have appealed the matter individually or through their labor organizations. CCCERA cannot predict the outcome of the request for an additional stay order.

This Update is designed to assist our members in understanding the requirements of AB 197 and how the new law may change the calculation of your retirement allowance from the methods CCCERA used in the past. Of course, we can only provide general guidance through a single website posting – your particular situation may differ. The best information on your own situation will be provided by CCCERA staff, who are ready to assist you with specific questions affecting your own retirement decisions.

## GENERAL OVERVIEW OF AB 197

As a CCCERA member, your retirement is calculated in part based on the compensation you received during your Final Average Salary (FAS) period. AB 197 changes the compensation that may be counted towards calculating your retirement allowance. Three important changes were made to the way CCCERA had been calculating retirement allowances in the past:

**General Rule #1.** CCCERA may no longer count a year's worth of leave paid at termination *plus* payments for leave sold back to your employer in your FAS period. Going forward, if your employer only allows accrued leave cash outs at termination (i.e., no leave sell backs are allowed during employment), you will not be entitled to have these amounts in your pension calculations. If your employer allows you to sell back leave time during your employment, CCCERA will only be allowed to count the lesser of (a) the amount of leave earned in one year and (b) the amount of that earned leave that you are permitted to sell back during your final compensation period. In other words, to be counted towards your retirement allowance, the value of the leave time must be both earned by you and payable to you in cash during service.

**General Rule #2.** CCCERA may no longer count all compensation paid for "on-call" or "standby" time received in your FAS period towards your retirement calculation. CCCERA will not be permitted to count any compensation received for time worked outside normal working hours. This means that if the time is not regularly scheduled and required by your employer to be worked by you and every other employee in your same grade and classification, at the same rate of pay, during your FAS period, CCCERA must not count it towards your retirement calculation.

**General Rule #3.** The CCCERA Board must now consider whether any other items of compensation were paid to enhance a member's retirement allowance. If the Board finds this to be true, it may exclude the items from the retirement calculation. Examples of such excluded items are one-time or "ad hoc" payments, payments made solely due to termination of employment, compensation that was previously paid in kind (like providing a uniform) or for outside third-party services (like insurance) that is converted to cash during the FAS period, and other items the Board determines were paid to enhance a member's retirement benefit. Any such Board determination will occur only after a full hearing before the Board, at which the member will be entitled to appear and present evidence and argument.

## THE ONE EXCEPTION TO THE NEW LEAVE CASHOUT RULE

Pursuant to the Court Order, employees who became CCCERA members before January 1, 2011 ("Legacy Members") reasonably relied on what they were told about how CCCERA would calculate their FAS upon retirement. Some employees may have built up substantial "banks" of accrued leave time in anticipation of having much of it counted toward their retirement allowances. As to these members, CCCERA will be "estopped" (prevented) from fully implementing AB 197. For this limited "estoppel class" of Legacy Members, the Judgment and Writ permit CCCERA to include in FAS more

than allowed in General Rule #1 above. In order to receive “estoppel class” treatment, you must meet these requirements:

1. On or before December 31, 2012, your employer must have allowed you to sell back accrued, unused leave time in amounts greater than the amount of leave time you earned in the FAS period;
2. As of December 31, 2012, you had accrued and not used one or more types of such leave time in an amount exceeding the amount you could earn in one year (or in 3 years if your FAS period is 3 years);
3. You had not used or cashed-out such accrued leave time before your FAS period; and
4. You elect during the FAS period to sell back some or all of your balance of such accrued leave time.

If you meet all of the above requirements, you will be treated as an “estoppel class member” and CCCERA will be permitted to include in your retirement calculation the lesser of (a) the amount of accrued leave you had available on December 31, 2012, or (b) the amount actually sold back during the FAS period (but not at termination.)

Following are some frequently asked questions and answers.

## FREQUENTLY ASKED QUESTIONS AND ANSWERS

### SECTION A - GENERAL QUESTIONS

#### **1. *Am I a Legacy Member?***

For changes regarding leave cash outs, a Legacy Member is an employee with a CCCERA membership date prior to January 1, 2011. Those who became members after that date and before January 1, 2013 came into CCCERA under rules that were consistent with AB 197 and will not be impacted by the Judgment and Writ.

For changes regarding standby/on-call pay or other payments for additional services rendered outside your normal working hours, a Legacy Member is an employee with a CCCERA membership date prior to January 1, 2013.

#### **2. *When do the Judgment and Writ go into effect?***

The Judgment and Writ issued by the Superior Court go into effect on July 12, 2014. As of the date of this Update, the effect of the Judgment and Writ are stayed (suspended) through Friday, July 11, 2014. CCCERA will be required to comply with AB 197 and the Judgment and Writ for all retirements effective after July 11, 2014, unless further stayed by the courts before then.

#### **3. *What happens if I retire before July 12, 2014?***

If you retire on or before Friday, July 11, 2014, CCCERA will calculate your retirement allowance in accordance with the rules in place before AB 197.

**4. *I want to be sure to retire before the Judgment goes into effect. Do I have to have my retirement papers processed by July 11th or do I just have to make sure my last day on the job is on or before July 11th?***

Your retirement is effective on the day following your last day on the job in pay status. In order to have your retirement allowance calculated under the pre-AB 197 rules, your last day on the job in pay status must be on or before Thursday, July 10, 2014, and your first day of retirement on or before Friday, July 11, 2014. You must file your original (not faxed) signed retirement application no later than July 11, 2014.

**5. *What happens to my retirement allowance if I retire after July 11, 2014, but I am a Legacy Member?***

CCCERA will first calculate your allowance under the new AB 197 rules. Then CCCERA will determine if you are entitled to count the cash value of additional leave time towards your allowance under the limited “estoppel class” exception for Legacy Members described above.

**6. *I heard that the unions have filed an appeal from the Superior Court ruling. How does that affect my rights?***

You are correct, appeals have been filed. If the Court of Appeals takes no action to stay (suspend) the Judgment and Writ beyond July 11, 2014, the appeal will not affect your rights until a decision comes down, likely many months in the future. The Court of Appeals may grant a further stay suspending the Judgment and Writ beyond July 11, 2014. In that case, CCCERA will be bound to follow whatever the Court of Appeals orders. If the Court of Appeals extends the stay, it typically would last until that court issues a ruling. In the meantime, retiring members would continue to have their retirement allowances calculated under CCCERA’s pre-AB 197 rules if the Court of Appeals so orders.

**7. *I became a member of CCCERA after January 1, 2013, does AB 197 apply to me?***

No. Your retirement benefit will be calculated in accordance with the new law that came into effect at the same time as AB 197, called the “California Public Employees’ Pension Reform Act of 2013,” or “PEPRA.” As a PEPRA member, your retirement calculations will not include leave cash outs of any kind or standby/on-call pay.

**8. *I retired before January 1, 2013. Does AB 197 apply to me?***

No. The statutory changes to “compensation earnable” have not been applied to anyone in retirement status on or before December 31, 2012.

## SECTION B - QUESTIONS ABOUT LEAVE CASH OUTS FOR LEGACY MEMBERS

### **1. *How do I know how much leave time I am allowed to earn during my FAS period?***

Your Memorandum of Understanding or other employment contract terms will tell you how much leave time you can earn during service in your twelve or thirty-six month FAS period.

### **2. *How do I know how much leave time I am allowed to sell back (“cashout”) during my FAS period?***

Your Memorandum of Understanding or other employment contract terms will tell you how much leave time you can cash out during your twelve or thirty-six month FAS period.

### **3. *What is the most cashed-out leave time I will be entitled to count in my FAS period?***

Under AB 197, CCCERA is permitted to count the lesser of (a) the amount of leave time you were entitled to earn during the FAS period and (b) the amount of that earned time you were allowed to sell back (cash out) while in service during the FAS period.

### **4. *I earn 240 hours of leave time during my FAS period, and am allowed to sell back 80 of those hours during the period. I’ll get the remaining 160 hours’ worth at termination. How much will count towards my retirement allowance?***

80 hours’ worth. That is the lesser of the amount you earn in the FAS period (240 hours) and the amount you can sell back during that period (80), without regard to termination.

### **5. *I earn 240 hours of leave time during my FAS period, and am allowed to sell back 80 of those hours during the period. Will I lose that value if I don’t actually sell it back before I retire?***

No. So long as you are permitted to sell back time you earned in your FAS period, it doesn’t matter when you get the cash for it. You can sell it back while in service during your FAS period, or you can just take it in a lump sum with any other amounts owed to you at termination. CCCERA will still count it towards your retirement allowance.

### **6. *I earn 240 hours of leave time during my FAS period, and am allowed to sell back 80 of those hours during the period. I have another 80 hours of unused leave on the books from earlier years at the beginning of my FAS period. I take 80 hours of time off during the year, and sell back another 80 hours. At termination, I am paid for the remaining 80 hours’ worth of time in cash. How much will count towards my retirement allowance?***

You will have 80 hours’ worth counted towards your retirement allowance. The 80 hours you took as time off is presumed to have been your unused time from earlier years, leaving you with 240 hours earned and 80 hours cashable during the FAS

period. Those 80 hours' worth you sold back during service will count towards your retirement allowance.

**7. How much vacation pay at termination is counted towards "compensation earnable" under AB 197?**

CCCERA cannot count any value of time that you can only receive in cash because you are terminating service.

**8. My MOU says that I earn 20 hours of vacation per month (240 hours per year.) I'm not allowed to sell back any of it during service. When I retire, I will have 400 hours of unused vacation hours on the books and I'll get paid all of that in cash at retirement. If I choose my final year of employment as my FAS period, how many of the 400 hours will CCCERA include in my retirement calculation?**

None. If you can only get the cash at termination, it is not both "earned and payable" during service and cannot be included in your benefit calculation.

**9. My MOU says that I earn 20 hours of vacation per month (240 hours per year.) I'm allowed to sell back 80 hours during service. When I retire, I will have 400 hours of unused vacation hours on the books and I'll get paid all of that in cash at retirement. If I choose my final year of employment as my FAS period, how many of the 400 hours will CCCERA include in my retirement calculation?**

Pay for 80 hours will be counted towards your retirement allowance. That's the lesser of the amount you can earn in the final twelve month period and the amount of what you can earn that you can sell back during that same period. It doesn't matter when you actually get paid the cash, 80 hours are "earned and payable" during the FAS period and will be counted.

Item  
#8



**10. My MOU says that I earn 20 hours of vacation per month (240 hours per year.) I'm allowed to sell back 80 hours (1/3rd of my annual accrual) once every calendar year. If I sell back 80 hours in May of 2014 and another 80 hours in January of 2015, can I have all 160 hours' worth of cash counted towards my retirement calculation if I choose to retire in April of 2015?**

Yes. The Board has confirmed at its June 25, 2014 meeting that CCCERA is to continue to count both sell-backs (80 hours *plus* 80 hours) since you received both payments during the 12-month FAS period and the payments do not exceed the total number of leave hours you earned in the FAS period.

**11. My MOU says my employer must pay me for all unused sick leave at termination. How much of that payment will be included calculating my retirement allowance?**

None. If you can only receive it because of termination of employment, CCCERA cannot include it as compensation for calculating your retirement allowance. Note, however, that the unused sick leave time at retirement will be added to your service credit for calculating your allowance. This additional service credit was not affected by AB 197.

## **SECTION C - QUESTIONS ABOUT THE “ESTOPPEL CLASS” EXCEPTION**

### **1. *I am a Legacy Member. How do I know if I can take advantage of the “estoppel class” exception to the leave cashout rules listed above?***

For CCCERA to include in your retirement allowance pay for leave time that is greater than what you could earn and sell back in your FAS period, you will have to show that you met all four of the requirements listed above in the Section titled, "The One Exception to the New Leave Cashout Rule". This will require you and your employer to preserve and make available to CCCERA good records showing:

- That on or before December 31, 2012 (pre-AB 197), your employer allowed you to sell back in a year more leave time than you could earn in that same year
- The amount of accrued, unused leave time you had on the books as of December 31, 2012
- The amount of leave time you earned from December 31, 2012 to the date of your retirement
- The amount of leave time you took as time off from December 31, 2012 to the date of your retirement
- The amount of leave time you sold back from December 31, 2012 to the date of your retirement
- The amount of leave time you sold back during your FAS period.

The Board has determined at its June 25, 2014 meeting that your bank can be preserved entirely if you never use or sell back more than what you earn and can sell after December 31, 2012. For example, assume you had a bank of 320 hours on December 31, 2012, and prior to the beginning of your final compensation period you only use or sell back hours you earned after December 31, 2012. If your employer allows you to sell back 320 hours during your final compensation period, it will all count towards your retirement allowance.

## **SECTION D - QUESTIONS ABOUT “ON CALL” AND “STANDBY” PAY**

### **1. *I am a Legacy Member. In my FAS period, I will have received some compensation for being on-call, ready to return to work if needed. Will that pay be included in calculating my retirement allowance?***

Yes, but only if the on-call time is regularly scheduled and you and every other employee in your same job classification and rate of pay are required to be on-call in that same time period. If these requirements are not met, then the time will be considered “outside normal working hours,” or overtime, and will not be included in the retirement calculation.

### **2. *In my FAS period, my employer scheduled all of the people in my department to be on-call one weekend a year, but we could swap weekends if we wanted to. Will that pay be included in calculating my retirement allowance?***

Yes, if you meet all the criteria in the answer to the preceding question. So long as everybody serves equally, the fact that you swapped time evenly will not matter.

**3. In my FAS period, my employer scheduled all of the people in my department to be on-call one weekend a year, but since I am single I offered to take the on-call time for a few others so they could spend more time with their families. Will my on-call pay be included in calculating my retirement allowance?**

No, because you don't meet the criteria stated in the answer to the previous question. To be counted, on-call time must be required of and ordinarily served by everyone in the same grade or classification, at the same rate of pay. If many of your colleagues never had to serve on-call, your voluntary time constitutes "overtime" and cannot be counted in the retirement calculation.

## **SECTION E - QUESTIONS ABOUT BENEFIT "ENHANCEMENTS"**

**1. How can I know if the Board is going to reject compensation because it thinks it was only paid to me to enhance my retirement allowance?**

You can't for sure, but there are a few indicators that will alert you to the likelihood that the Board may pull your application for a closer review:

- Did your compensation spike up suddenly in your final year of employment?
- Did you convert some in-kind benefit, like the use of an automobile, receipt of an official uniform, or employer-paid insurance to a cash payment to you in your final year of employment?
- Did you get a special bonus or other compensation only when you announced your impending retirement?
- Did you get a special bonus or other compensation in your final year of employment that others similarly situated to you didn't get?
- Did your employer make any retroactive changes to your employment contract, like granting additional leave time after the fact, in your final year of employment?

**2. What happens if the Board rejects some of my compensation from the calculation of my retirement allowance?**

The CCCERA Board will not do this without first giving you a fair opportunity to present any facts you think are relevant to the Board's determination. The Board has established a notice and hearing procedure for handling these situations. Pending a final determination by the Board, the Board may (but is not required to) commence payment of the undisputed portion of your retirement allowance to you and/or your beneficiaries.

**REMEMBER: FOR ANSWERS TO ALL OF YOUR UNIQUE RETIREMENT QUESTIONS, PLEASE CONTACT CCCERA AT (925) 521-3960.**



<u>Meeting Date</u> 07/09/14 <u>Agenda Item</u> #9
---

## ***MEMORANDUM***

Date: July 9, 2014

To: CCCERA Board of Retirement

From: Karen Levy, General Counsel

Subject: Request to Adopt A Statement Explaining the Board's Intent to Review Past Incidents of Unusual Compensation Increases at End of Employment

---

### ***Background***

On May 7, 2014, the Board voted to issue a "Statement of Intent to Review Past Incidents of Unusual Compensation Increases at End of Employment." The Statement provided that: "As a first step, the Board will conduct an analysis of data pertaining to all unusual increases in the final average salary year for all CCCERA members who retired during the past several years." The Board requested the dissemination of the Statement of Intent to all interested parties including employers, employee groups and retiree groups, and directed staff to research and compile data regarding past unusual increases in final average salary. The Statement adopted on May 7 is enclosed. Data research and compilation is currently underway under the direction of Deputy CEO Schneider and has yet to be completed.

### ***Request***

Trustees Jerry Telles and Louis Kroll have requested that the Board consider the adoption of a statement explaining the Board's intent as set forth on the accompanying page titled "Proposed Statement". The Proposed Statement would provide that the Board will not be reviewing past retirement calculations based upon:

- normal vacation and compensatory time sales;
- normal pay for on call work that was regularly required and ordinarily worked by everybody in the same job classification during the same time period; or
- terminal pay which was comprised of benefits ordinarily earned or permanent and reoccurring.

### ***Recommendation***

Consider and take possible action regarding the request to adopt a statement explaining the Board's intent to review past incidents of unusual compensation increases at end of employment.



May 8, 2014

To: CCCERA Employers  
Employee Groups  
Retiree Groups

This is to inform you that the Retirement Board for the Contra Costa County Employees' Retirement Association (CCCERA) voted on May 7, 2014 to adopt the following public statement to be disseminated to all interested parties:

**STATEMENT OF BOARD INTENT TO REVIEW PAST INCIDENTS OF UNUSUAL COMPENSATION INCREASES AT END OF EMPLOYMENT**

The CCCERA Board of Retirement has a fiduciary obligation to pay only the legally correct benefits earned by its members. Having recently been granted additional auditing authority and responsibility by the State Legislature, the Board announces its intention to review past retirement calculations to determine whether any retired CCCERA members may be receiving benefits that were calculated on amounts that should not have been included in their pensionable compensation. As a first step, the Board will conduct an analysis of data pertaining to all unusual increases in the final average salary year for all CCCERA members who retired during the past several years.

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

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "Brian Hast". The signature is written in a cursive style with a large initial "B".

Brian Hast  
Retirement Board Chair

## Proposed Statement

(For Board consideration at the July 9, 2014 meeting)

In order to assist members to clearly understand the intent of the CCCERA Board of Retirement in its May 07, 2014, “Statement of Board Intent to Review Past Incidents of Unusual Compensation Increases At End of Employment,” the Board assures CCCERA members that it will not be reviewing past retirement calculations based upon normal vacation and compensatory time sales, normal pay for on call work that was regularly required and ordinarily worked by everybody in the same job classification during the same time period, or terminal pay which was comprised of benefits ordinarily earned or permanent and reoccurring, each of which was credited to a member’s compensation earnable pursuant to and in compliance with the Board’s Final Compensation Policy dated December 05, 1997.



Meeting Date  
**07/09/14**  
Agenda Item  
**#10**

## MEMORANDUM

Date: July 9, 2014  
To: CCCERA Board of Retirement  
From: Kurt Schneider, Deputy Retirement Chief Executive Officer  
Subject: Cheryl Sousa, Tier 2 and Tier 3  
Application for Non-service Connected Disability

On April 25, 2014, Cheryl Sousa, active (i.e., not in retired status) CCCERA member and Contra Costa County employee, died as a result of a massive pulmonary embolism. Prior to her death, Ms. Sousa filed an "active death" form with CCCERA authorizing CCCERA to apply for a non-service connected disability retirement on her behalf in the event that she is permanently incapacitated by reason of injury of other disability leading to her death while in active membership. Ms. Sousa elected in writing Optional Settlement 2 in the event that the disability retirement is granted, and nominated her spouse, Gregory Sousa, as the beneficiary. Ms. Sousa is vested in terms of her eligibility for non-service connected disability because she had approximately 23 years of service (GC §31720).

CCCERA has filed an application for disability on behalf of the member. The Board is now called upon to make a determination as to whether the member became permanently unable to engage in any substantial gainful employment. If so, the member would be entitled to a non-services connected disability, effective on the date of death or some earlier date (GC §31720.1). The nominated beneficiary (here, the member's spouse) would then receive a lifetime monthly allowance equal to 100% of the Optional Settlement 2 allowance (GC §31760).

The member was a 50-year-old senior real property agent in the Contra Costa County Public Works Department. The member was diagnosed with cancer in February 2014. She underwent cancer surgery on April 9, 2014. As of April 9, 2014, the date of the surgery, the member was totally disabled but estimated to recover and return to work as of June 5, 2014. However, on April 25, 2014 acute complications of her cancer and recent surgery resulted in her death of a massive pulmonary embolism that same day.

Medical records were analyzed by the Board's medical advisor, who concluded that the evidence clearly show that Ms. Sousa was totally disabled from any substantial gainful employment as defined by Gov. Code §31720.1, prior to her death. She became disabled on April 9, 2014 and remained totally disabled from any substantial gainful employment for the remainder of her life. Therefore, she meets the medical requirements of permanent disability for Tier III members, on a non-service connected basis.

## Recommendations:

- Find that the member was permanently unable to engage in any substantial gainful employment and grant a non-service connected disability retirement effective April 9, 2014.
- Approve payment to the named beneficiary (here, the member's spouse) of the retirement allowance to which the deceased member would have been entitled if she had retired by reason of non-service-connected disability and elected Optional Settlement 2 as of the date of her death.

## Notes:

- The amount of the Optional Settlement 2 allowance would be calculated in accordance with Gov. Code §31760 by taking the “actuarial equivalent” of the member’s lifetime retirement allowance (assuming the member was still alive) and reducing it to an allowance payable throughout the lifetime of both the member and the spouse. In this case, the Optional Settlement 2 allowance will be 93.3% of the Unmodified Allowance. The 6.7% reduction in the member’s lifetime allowance would have the same actuarial present value as the continuance to the spouse if the member were actually alive to receive a reduced monthly lifetime allowance. Under Gov. Code §31760, the reduction in the member’s own allowance is normally the member’s way of paying for the higher optional continuance to the beneficiary. This means the spouse will receive a lifetime allowance equal to 93.3% of the Unmodified Allowance under Article 11 (Optional Retirement Allowances) rather than 60% of the Unmodified Allowance payable under the Article 12 (Death Benefit) had the member died without electing to complete the active death form.
- Had the member not filed an active death form, or if the application for disability retirement is denied, the spouse would be eligible to elect either:
  - A lump sum death benefit under Gov. Code §31781 equal to the member’s accumulated contributions plus 50% of the member’s annual compensation, or
  - A monthly allowance for life under Gov. Code §31781.1 equal to 60% of the retirement allowance to which the deceased member would have been entitled if she had retired by reason of non-service-connected disability as of the date of her death.

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

Reed Smith LLP  
101 Second Street  
Suite 1800  
San Francisco, CA 94105  
Tel +1 415 643 8700  
Fax +1 415 391 8269  
www.reedsmith.com

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

**Date:** December 20, 2010

**Subject:** Active Death/Disability Applications



As explained in the legal analysis contained in our Confidential Memorandum to the Board of this same date, we believe that CCCERA's current practice relating to active death/disability applications reflects a reasonable interpretation of its governing law. The practice is also consistent with the Legislature's policy to allow active members to maximize their survivors' benefits in the event of the members' untimely demise. Accordingly, we do not believe that the Board needs to adopt any additional written policy in connection with its application for a tax determination letter from the Internal Revenue Service. We understand tax counsel agrees with this assessment.

Going forward, we recommend that CCCERA's practices be revised as follows:

1. The member should make a written election of Optional Settlement 2 (effective upon vesting), obtain the written consent of his current spouse (if possible) and file the election form with the Board at some time during active service. The member may change his election during his final pre-retirement processing with CCCERA staff, if Option 2 is no longer appropriate for his particular marital, parental, health or economic situation.
2. A member who elects Optional Settlement 2 during service should also execute a written authorization for CCCERA to file on his behalf an application for non-service connected disability if, immediately prior to his death, he is permanently incapacitated for non-service connected reasons.
3. The Board should proceed to make a formal determination whether the member was permanently incapacitated for the performance of duty at the time it filed the application for non-service connected disability.

For members who currently have the active death/disability form on file with CCCERA, we believe the system may continue to honor those forms, but should still separately file a formal disability application on behalf of the member if and when appropriate, and make the determination of disability, as indicated in steps 2 and 3, above. For new applicants, we recommend that the application form be revised consistent with steps 1 and 2, above. A proposed revised form is attached to this Memorandum for the Board's consideration.

Memorandum to CCCERA Board of Retirement  
December 20, 2010

Finally, we recommend that staff regularly advise active members of their choices in this regard, through inclusion in the member benefit handbook, informational postings on its website and discussions in employer and employee meetings and member retirement interviews.



**ELECTION OF OPTIONAL SETTLEMENT ALLOWANCE 2  
AND AUTHORIZATION TO FILE APPLICATION  
FOR NON-SERVICE CONNECTED DISABILITY RETIREMENT  
IN THE EVENT OF MEMBER'S DEATH DURING ACTIVE SERVICE**

To the Board of Retirement:

**Election of Optional Settlement Allowance 2**

In accordance with the provisions of the County Employees Retirement Law of 1937 ("CERL"), and the by-laws and regulations governing the Contra Costa County Employees' Retirement Association ("CCCERA"), I hereby elect Optional Settlement Allowance 2, pursuant to CERL Section 31762 or successor section.

I understand that this election is binding on me unless I withdraw this election before the first payment of any retirement allowance is made to me, and that I may make another election of an optional settlement allowance at any time, or choose to receive the unmodified allowance, under CERL.

**Authorization to File Non-Service Connected Disability Retirement Application**

In accordance with the provisions of CERL, I hereby authorize CCCERA to file an application for a non-service connected disability retirement on my behalf in the event that I am permanently incapacitated by reason of injury or other disability leading to death while I am an active member of CCCERA. I understand that, if granted, this will entitle my survivors to receive a non-service connected disability retirement survivor continuance under Optional Settlement Allowance 2.

Social Security Number: \_\_\_\_\_

**BENEFICIARY INFORMATION (Please Print)**

_____	_____ / _____ / _____
Name	Date of Birth
_____	_____ - _____ - _____
Address	Social Security Number
_____	_____
City, State & Zip Code	Relationship to Member

\_\_\_\_\_  
Signature of Member

\_\_\_\_\_  
Signature of Consenting Spouse, if any

\_\_\_\_\_  
Signature of Adult Witness



100 Montgomery Street Suite 500 San Francisco, CA 94104-4308  
T 415.263.8200 www.segalco.com

<p><u>Meeting Date</u> 7/9/14 <u>Agenda Item</u> #11</p>
--

June 18, 2014

Mr. Kurt Schneider  
Deputy Chief Executive Officer  
Contra Costa County Employees' Retirement Association  
1355 Willow Way, Suite 221  
Concord, CA 94520

**Re: Terminal Pay Assumptions for the December 31, 2013 Actuarial Valuation**

Dear Kurt:

In 1997 the Board adopted a policy that determined which pay items are considered compensation for retirement purposes. Under that policy, various types of terminal pay were included in the determination of compensation for retirement purposes. This policy still applies to members with membership dates before January 1, 2011.

In March 2010, the Board adopted a change to this policy for members with membership dates on or after January 1, 2011<sup>1</sup>. Under this amended policy, certain terminal pay elements are no longer included in the determination of compensation for retirement purposes.

Based on our experience study for the period from January 1, 2010 through December 31, 2012, the Board has adopted the terminal pay assumptions shown below for members with membership dates before January 1, 2011 and for members with membership dates on or after January 1, 2011 who are under the new policy.

---

<sup>1</sup> Note that as a result of the passage of the California Public Employees' Pension Reform Act of 2013 (CalPEPRA), terminal pay would no longer be considered in determining Pensionable Compensation for members covered by the CalPEPRA plans.

## TERMINAL PAY ASSUMPTIONS

The following assumptions for terminal pay as a percentage of final average pay were used in the December 31, 2012 actuarial valuation.

	Membership Date before January 1, 2011	Membership Date on or after January 1, 2011
Cost Group 1:	12.50%	3.00%
Cost Group 2:	4.00% for Tier 2 8.00% for Tier 3	1.00%
Cost Group 3:	24.00%	8.75%
Cost Group 4:	5.75%	0.75%
Cost Group 5:	11.50%	2.75%
Cost Group 6:	9.00%	2.25%
Cost Group 7:	12.00%	1.50%
Cost Group 8:	10.50%	1.25%
Cost Group 9:	4.00%	0.50%
Cost Group 10:	13.00%	1.50%
Cost Group 11:	14.00%	3.50%
Cost Group 12:	15.50%	6.25%

On September 12, 2012, the Governor signed into law Assembly Bill 197, with an effective date of January 1, 2013. The measure changed how county retirement boards were permitted to calculate their current members' retirement allowances. For CCCERA, this would effectively make members with membership dates before January 1, 2011 subject to the policy that currently applies to members with membership dates on or after January 1, 2011.

We understand that the Contra Costa County Superior Court has entered a Judgment in the litigation and a Writ directing CCCERA to proceed to comply with AB 197. However, the matter was appealed and a request was filed on June 9, 2014 with the Court of Appeals for an immediate stay of the Superior Court's ruling. A final resolution in the courts could take several years.

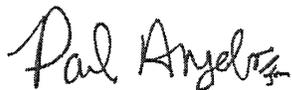
The Judgment and Writ issued by the Superior Court do not affect members whose effective date of retirement is on or before July 11, 2014. That date could be postponed again by further court action.

Based on the uncertainties regarding the final resolution of this issue, unless directed otherwise by the Retirement Board we plan to continue using the current terminal pay assumptions, as detailed above, in the December 31, 2013 actuarial valuation.

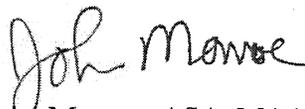
Mr. Kurt Schneider  
June 18, 2014  
Page 3

Please let us know if you have any comments or questions.

Sincerely,



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



John Monroe, ASA, MAAA, EA  
Vice President and Associate Actuary

JR/hy

# California Association of Public Retirement Systems

# CALAPRS

EDUCATION • COMMUNICATION • NETWORKING

Administrators' Institute  
 September 24-26, 2014  
 Hyatt The Pike Long Beach  
 285 Bay Street  
 Long Beach, CA 90802  
 562-436-1047

CALAPRS will arrange lodging for you

Meeting Date  
 07/09/14  
Agenda Item  
 #13a.

## AGENDA

Wednesday, September 24	EVENT or Discussion Topic
3:00 – 5:30 PM	Check in at Hyatt The Pike, Long Beach
5:30 PM	Reception
6:30 PM	<b>Welcome and Introductions</b> <i>Mark Honey, San Diego City Employees' Retirement System</i>
7:15 - 8:30 PM	<b>Round Table Discussion of Retirement Administration Issues:                  What's Happening At Your System? - Current Topics</b>

Thursday, September 25	EVENT or Discussion Topic
7:30 – 8:00 AM	Buffet Breakfast
8:00 - 9:00 AM	<b>Reputation Risk</b> Speaker: Robert Glazier, Deputy Director of External Affairs, CalPERS
9:00 AM	Break
9:15 AM- 12:15 PM	<b>The Credibility Code – Author: Cara Hale Alter</b> From the outside in, how are we perceived? Credible and confident? Do our customers have faith in us? Internally, what version of us will come across that day we present to the Board or the media? How do we ensure we show up at our best? With increased faith in our own abilities, we're willing to take on more risk.
12:15 PM	Buffet Lunch and Table Topics
1:30 – 3:00 PM	<b>Actuarial Risk</b> Speakers: Gene Kalwarski, CEO & Principal Consulting Actuary, Cheiron, and Graham Schmidt, Consulting Actuary, Cheiron
3:00 PM	Break
3:15 - 4:45 PM	<b>Investment Risk</b> Speaker: DeWitt Miller, Wurts
5:30 – 6:30 PM	Reception (including Guests)
6:30 PM	Dinner (including Guests)

Friday, September 26	EVENT or Discussion Topic
7:30– 8:45 AM	Buffet Breakfast & Round Table Discussions
8:45 - 10:00 AM	<b>Internal Control Risk</b> Speaker: Lee Parravano, Internal Auditor, San Diego City Employees' Retirement System
10:00 AM	Break
10:15 - 11:30 AM	<b>Compliance Risk</b> Speaker: Scott Whalen, Wurts
11:30 – 12:00 PM	<b>CALAPRS Business Meeting</b>
12:00 PM	Buffet & Box Lunches to Go
1:00 PM	Institute Concludes

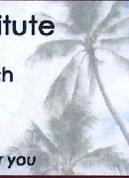
**Institute Committee:** Mark Hovey (Chair), Donna Lum, Jeff Wickman, Brian White

# California Association of Public Retirement Systems

# CALAPRS

EDUCATION • COMMUNICATION • NETWORKING

Administrators' Institute  
September 24-26, 2014  
Hyatt The Pike Long Beach  
285 Bay Street  
Long Beach, CA 90802  
562-436-1047  
CALAPRS will arrange lodging for you



**ATTENDEE  
REGISTRATION &  
HOUSING FORM**  
Registration Deadline:  
September 15, 2014

The Institute is an educational opportunity for member Retirement System Administrators / CEO's / Executive Directors and/or their Assistant Directors. The registration fee is \$1,000 and includes meals provided by CALAPRS (refer to attached agenda), lodging (Wednesday and Thursday nights\*), and conference materials.

*\*If the attendee does not require lodging for one or more nights, the lodging total (\$199.00/night) may be deducted from the total registration fee.*

## ATTENDEE INFORMATION

Name (as it should appear on badge): \_\_\_\_\_

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

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

Are you the System Administrator/CEO?  Yes  No

If you are not the administrator, what is your title? \_\_\_\_\_

Administrators/CEO Name/Signature\*: \_\_\_\_\_

Administrators/CEO Email: \_\_\_\_\_

*\*This course is intended for System Administrators/CEOs; however, by signing above, you are indicating that the registering individual is permitted to attend this course on your behalf.*

## GUEST REGISTRATION

Attendees are permitted to bring a spouse or guest to the reception and dinner on Thursday, September 25.

Do you plan to bring a guest to the reception and dinner on Thursday, September 25?  Yes  No

If you answered Yes, please complete the information below:

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

## PAYMENT INFORMATION

Check payment must be included with your registration form. Make check payable to CALAPRS. Payment due is \$1000, less \$199/night for each room night not required.

Registration Fee (including lodging): \$1000  
Registration Fee (not including lodging): \$1000 – (# \_\_\_\_\_ of room nights **NOT** required x \$199/night)  
Total Enclosed: \$ \_\_\_\_\_

## HOUSING REQUEST

CALAPRS will arrange and pre-pay lodging for Wednesday and Thursday nights. The individual attendee will be financially responsible for any additional room nights and incidental charges upon check-out.

Preferred Check-In Date (mm/dd/yy): \_\_\_\_\_ Preferred Check-Out Date (mm/dd/yy): \_\_\_\_\_

Room Type:  Smoking  Non-Smoking Bed Type:  King  Double

Mail registration form and payment to: CALAPRS / 575 Market Street, Suite 2125 / San Francisco, CA 94105  
Phone: 415-764-4860 / Fax: 415-764-4915 / Email: [info@calaprs.org](mailto:info@calaprs.org) / Website: [www.calaprs.org](http://www.calaprs.org)

# Event Calendar

<i>Meeting Date</i>
<b>07/09/14</b>
<i>Agenda Item</i>
<b># 13b</b>

Monday, September 29, 2014

- Monthly View
- Weekly View**
- Daily View
- List View
- Search View

2014 Fall Conference

### Event Details

**Date(s):** September 29, 2014 - October 1, 2014

**Time:** 1:00 AM ET - 1:00 AM ET

The CII 2014 fall conference will be held September 29-October 1, 2014 at the [Millennium Biltmore Hotel](#), in Los Angeles, CA.

[Millennium Biltmore Hotel](#)

506 South Grand Avenue  
Los Angeles, CA 90071  
213.624.1011

### Link To This Event

[http://www.cii.org/calendar\\_day.asp?](http://www.cii.org/calendar_day.asp?)



[Add to my calendar](#)

### Map

[Google](#) | [Yahoo](#)

**Change Category:**

[Search](#) | [Alternate Print View](#)

# 2014 Milliman Investment Education Conference: October 1-3 at Lake Tahoe

## ■ Agenda

Meeting Date  
**07/09/14**  
Agenda Item  
**#13e.**

### Thursday, October 2nd

**Welcome Session: What to Do When the Fed Has Nothing Left to Taper? The Outlook for Fixed Income Going into**  
*Jeffrey Rosenberg, BlackRock*

**Moving Away from Cap-Weighted Benchmarks—and Why Only Risk-Savvy “Smart” Investors Should Take Note**  
*Vitali Kalesnik, Research Affiliates*

**Moving Away from Cap-Weighted Benchmarks: A Panel of Practitioners**  
*David Booth, Dimensional Fund Advisors*  
*Luciano Siracusano, Wisdom Tree*  
*James (Mac) Eysenbach, Martingale Asset Management*

**Why Active Managers Underperform—Hint: It’s Not Their Intentional Bets**  
*Jason MacQueen, R-Squared Risk Management*

**Risk Parity 2.0: It is No Longer About Just Leveraging Fixed Income!**  
*Soonyong (Sunny) Park, Janus Capital Group*

**Risk Monitoring: A Trustee’s Fiduciary Duty?**  
*Dan diBartolomeo, Northfield Information Systems*

**Creating Customized Liquidity Solutions**  
*Dave Wilson, Nuveen*

### Friday, October 3rd

**Alternative Investments in DC Plans**  
*Rick Wurster, Wellington Management Company*  
*Kevin Albert, Pantheon*  
*Mark Brown, Goldman Sachs Asset Management*

**Private Equity Panel from a Fund of Funds Perspective**  
*Gary Fencik, Adams Street*  
*Philip Godfrey, Bay Hills*  
*Nancy Pfund, Double Bottom Line*

**Volatility as a Dynamic Factor and Alternative Asset Class**  
*Joanne Hill, ProShare Advisors*

**State of the State on Real Estate and Property Investing**  
*Michael Acton, AEW Capital Management*



2014 Invesco Real Estate  
**US Client Conference**

**November 4-6, 2014**

The Lodge at Torrey Pines  
 La Jolla, California

Please note: agenda is subject to change with the final version being distributed closer to the event date

**Monday, November 3, 2014**

6:30 p.m. **Casual Dinner (Optional)**

**Tuesday, November 4, 2014**

12:00 p.m. – 1:00 p.m.

**Lunch**

1:00 p.m. – 1:15 p.m.

**Welcome and Invesco Real Estate Update**

Scott Dennis  
 Invesco Real Estate  
 Managing Director – Chief Executive Officer

1:15 p.m. – 2:15 p.m.

**Marvin Zonis**

Professor Emeritus Booth School of Business University of Chicago

2:15 p.m. – 3:15 p.m.

**Discussion of Demographics and Their Impact on Investment Decisions Going Forward**

3:15 p.m. – 3:45 p.m.

**Break**

3:45 p.m. – 5:00 p.m.

**Non-Traditional Real Assets – MLPs and Infrastructure  
 How Do They Enhance an Overall Real Assets Portfolio?**

6:00 p.m.

**Cocktail Reception**

7:00 p.m.

**Welcome Dinner**

9:00 p.m. – 12:00 a.m.

**Hospitality Suite**

**Wednesday, November 5, 2014**

7:30 a.m. – 8:30 a.m.

**Buffet Breakfast/Meetings with Portfolio Managers**

8:30 a.m. – 10:00 a.m.

**Sector Focus – Retail and Logistics  
 A Discussion With Market Participants (National Tenants, Tenant  
 Representatives and Developers)**

10:00 a.m. – 10:15 a.m.

**Break**

10:15 a.m. – 11:45 a.m.

**Invesco Real Estate House View – Global Overview**

Tim Bellman  
 Invesco Real Estate  
 Managing Director – Head of Global Research

Andy Rofe  
 Invesco Real Estate  
 Managing Director – Europe

Soon Lau  
 Invesco Real Estate  
 Managing Director – Asia Pacific

<u>Meeting Date</u> <b>07/09/14</b> <u>Agenda Item</u> <b># 13d.</b>
---



2014 Invesco Real Estate  
**US Client Conference**

**November 4-6, 2014**

The Lodge at Torrey Pines  
La Jolla, California



**Wednesday, November 5, 2014**

---

11:45 a.m. – 12:00 p.m.

**Group Photograph**

12:00 p.m. – 12:45 p.m.

**Lunch**

12:45 p.m. – 1:45 p.m.

**Invesco Real Estate House View – U.S.**

**Paul Michaels**

Invesco Real Estate

Managing Director – Director of North American Direct Real Estate

**Greg Kraus**

Invesco Real Estate

Managing Director – Director of Acquisitions – North America

Mike Sobolik, CFA®, CRE

Invesco Real Estate

Senior Director, Regional Director of Research – North America

1:45 p.m. – 2:30 p.m.

**Shark Tank – Overview of regional real estate strategies**

Tim Bellman

Invesco Real Estate

Managing Director – Head of Global Research

Max Swango

Invesco Real Estate

Managing Director – Head of Client Portfolio Management

Simon Redman

Invesco Real Estate

Managing Director – Client Portfolio Management

Rita Ling

Invesco Real Estate

Senior Director, Client Portfolio Manager

2:45 p.m. – 5:00 p.m.

**Group Networking Activity – Leisure Olympics**

6:30 p.m.

**Cocktail Reception**

7:30 p.m.

**Dinner**

9:00 p.m. – 12:00 a.m.

**Hospitality Suite**



2014 Invesco Real Estate  
**US Client Conference**

**November 4-6, 2014**

The Lodge at Torrey Pines  
La Jolla, California

**Thursday, November 6, 2014**

---

- 7:00 a.m. – 9:00 a.m.      **Buffet Breakfast/Meeting with Portfolio Managers**
- 8:00 a.m. – 9:15 a.m.      **Breakout Sessions**
- Invesco Core Real Estate – U.S.A. Annual Meeting
  - Invesco Real Estate Europe Market Update
  - Invesco Real Estate Asia Market Update
- 9:15 a.m. – 10:30 a.m.      **Breakout Sessions**
- Invesco Real Estate Value-Added Funds Annual Meeting
  - Invesco Real Estate Europe Market Update
  - Invesco Real Estate Asia Market Update
- 10:30 a.m. – 10:40 a.m.      **Break**
- 10:40 a.m. – 11:40 a.m.      **Advisory Committee Meetings**
- Invesco Core Real Estate – U.S.A. Fund
  - Invesco Real Estate Funds I, II and III
  - Invesco San Jacinto Core Fund
- 10:40 a.m. – 11:40 a.m.      **Invesco U.S. Income Fund Annual Meeting**
- 12:00 p.m.                      **Lunch**
- Afternoon                        **Golf, Spa, Group Hiking Excursion & Kayaking in La Jolla (Optional)\***
- 5:00 p.m.                        **Cocktail Reception (Optional)**
- 7:00 p.m.                        **Casual Dinner (Optional)**

**Friday, November 7, 2014**

---

- 7:00 a.m. – 9:00 a.m.      **Buffet Breakfast Available**

*\*Note that due to regulatory requirements, these activities may not be available to certain clients including Sovereign Wealth Funds and FINRA Registered participants. Invesco payment of fees related to golf and spa activities is subject to Invesco compliance and approval.*



<u>Meeting Date</u> 07/09/14 <u>Agenda Item</u> Misc.
--

## IMPORTANT MEMBER ALERT!!

### Reductions In Retirement Benefits Required Under Assembly Bill 197 Will Go Into Effect On July 12, 2014

(Date: July 1, 2014)

As you may recall from CCCERA's previous updates, a lawsuit was filed in November of 2012 on behalf of all active and deferred members of CCCERA to stop the implementation of Assembly Bill 197. AB 197 would prevent CCCERA from including certain accrued leave payouts (sometimes referred to as "terminal pay") and pay received for services provided after normal working hours (for example, on-call/standby pay) in the calculation of members' retirement allowances. On May 12, 2014, the Superior Court issued a judgment directing CCCERA to proceed to comply with AB 197 for all retirements effective on or after July 12, 2014. The matter was appealed. The Court of Appeal was requested to issue a "stay" of the implementation of AB 197 past July 11<sup>th</sup> during the pendency of the appeal. On June 30, 2014 the Court of Appeal issued an order denying the request for an additional "stay." CCCERA is therefore required to implement the AB 197 changes in calculating benefits for all retirements with an effective date of July 12, 2014 or later. Retirements with an effective date of July 11, 2014 or before may continue to be calculated under the pre-AB 197 rules.

**CCCERA expects to receive a high number of retirement applications for effective dates on or before July 11, 2014 due to the likely reductions in benefits AB 197 mandates. If you are considering retirement, please read the following information carefully:**

- 1) Eligibility for retirement for General (non-safety) members is:  
Age 50 with 10 or more years of retirement service credit, or  
Any age with 30 or more years of retirement service credit, or  
Age 70, regardless of service credit.  
Those who terminated with at least 5 years of retirement service credit can retire when they would have been eligible had they continued working full time.
- 2) Eligibility for retirement for Safety members is:  
Age 50 with 10 or more years of retirement service credit, or  
Any age with 20 or more years of retirement service credit, or  
Age 70, regardless of service credit.



Those who terminated with at least 5 years of retirement service credit can retire when they would have been eligible had they continued working full time.

- 3) Applications for a retirement date on or before July 11, 2014, must be received and date stamped in the CCCERA office no later than close of business on Friday, July 11, 2014, at 5:00 p.m.
- 4) ***A member can NOT be in a pay status on the date of retirement!*** If you plan to retire effective July 11, 2014, your last day in pay status must be on or before July 10, 2014. If you work on July 11, 2014, your effective date of retirement cannot be before July 12. For example, if you get off duty at 8:00 a.m. on Friday, July 11, 2014, you cannot retire that day since you were in pay status for eight hours.
- 5) If you wait until the final few days to submit your application, CCCERA staff may not have time to thoroughly review your application and may need to contact you later to request additional documents. If a large number of applications are being submitted as July 11, 2014 approaches, staff may only be able to verify the member's signature, the effective date of retirement and the date the application was received.
- 6) Please have your retirement application completed before you come to the CCCERA office.
- 7) Bring copies of the additional documents required. Do not plan to make copies at the office.
- 8) Please check our website daily for possible Group Retirement Application Workshops during the week of July 7, 2014.
- 9) Please read the Frequently Asked Questions and Answers at <http://cccera.org/ImportantNotices.html> for general information about how your benefits will be calculated under AB 197
- 10) Due to the high volume of retirements, your first pension payment may be delayed. It may take 12 to 16 weeks from your date of retirement to receive your first check.

CCCERA is located at 1355 Willow Way, Suite 221, in Concord, CA 94520. The office is open Monday through Friday, 8:00 a.m. to 5:00 p.m. The office is closed daily from 12:00 p.m. to 12:30 p.m.

Please plan ahead.



# PRESS RELEASE

June 27, 2014

## FOR IMMEDIATE RELEASE

**Contact:** Kristin Middaugh  
Communications Coordinator, CCCERA  
*KMiddaugh@ret.cccounty.us*  
PH: (925) 521-3960

---

## Gail Strohl named new CEO of Contra Costa County Employees' Retirement Association

Trustees of the Contra Costa County Employees' Retirement Association (CCCERA) this week appointed Gail Strohl as the pension fund's new Chief Executive Officer. Strohl's hiring follows a nationwide search that was initiated when former CEO Marilyn Leedom retired in March, 2014.

Strohl most recently served as administrator for the City of Phoenix Employee Retirement System and prior to that was the accounting manager for the San Diego County Employees Retirement Association.

In her new position heading up CCCERA, which serves more than 20,000 workers and retirees in Contra Costa County, Strohl will supervise a staff of nearly 50.

"We're excited to have Gail take over the reigns at CCCERA. These are times of much change for public retirement systems and we feel very lucky to have found such a capable and experienced person to lead our organization as it expands and evolves," said CCCERA Board of Trustees Chairperson Brian Hast.

Strohl will begin her tenure with CCCERA July 14.

### About CCCERA

CCCERA administers the retirement system for Contra Costa County and 16 other independent governmental districts within the county. CCCERA has current assets under management of \$6.7 billion. For more information visit the organization's website, [cccera.org](http://cccera.org).