



## AGENDA

### RETIREMENT BOARD MEETING

FIRST MONTHLY MEETING  
September 10, 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. Approve minutes from the June 25, July 9, July 23, and July 31, 2014 meetings.
4. Routine items for September 10, 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*

5. 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. *Public Employees Union, Local No. 1, et al. v. CCCERA and Board of Retirement, et al.*, Contra Costa County Superior Court Case No. N14-1221.
6. The Board will continue in closed session pursuant to Govt. Code Section 54956.9(d)(4) to confer with legal counsel regarding initiation of litigation (one potential case).

#### *OPEN SESSION*

7. Consider and take possible action on employer contribution rates as recommended by Segal Consulting for In-Home Supportive Services Authority PEPR Tier 5 (2% COLA).
8. Consider and take possible action to issue a Request for Proposal for Website Redesign.

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

9. Consider and take possible action to extend current contract for external auditing services or issue a Request for Proposal.
10. Consider and take possible action to issue a Request for Proposal to provide Labor Relations Services and a Request for Proposal to provide Labor and Employment Law Legal Services.
11. Consider and take possible action to adopt Policy On Determining "Compensation Earnable" Under Assembly Bill 197 For Purposes of Calculating Retirement Benefits.
12. Consider and take possible action to adopt Policy On Determining "Pensionable Compensation" Under PEPRA For Purposes of Calculating Retirement Benefits.
13. Consider and take possible action to update CCCERA's Conflict of Interest Code.
14. Consider and take possible action on SACRS Voting Proxy.
15. Educational session regarding fiduciary duties presented by Harvey Leiderman, Reed Smith.
16. Consider authorizing the attendance of Board and/or staff:
  - a. Investment Education Conference, Milliman, October 1 – 3, 2014, Lake Tahoe, CA. (Staff Only)
  - b. Annual Meeting, Conference of Consulting Actuaries, October 19 – 22, 2014, Rancho Mirage, CA. (Staff Only)
  - c. Annual CRCEA Fall Conference, California Retired County Employees Association, October 19 – 22, 2014, Sacramento, CA. (Note: Conflict with Board Meeting)
  - d. 2014 Fall Conference, SACRS, November 11 – 14, 2014, Monterey, CA.
17. 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  
**09/10/14**  
Agenda Item  
**#3**

**RETIREMENT BOARD MEETING MINUTES**

SECOND MONTHLY BOARD MEETING  
9:00 a.m.

June 25, 2014

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

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

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:	Representing:
Paul Angelo	Segal Consulting
John Monroe	Segal Consulting
Bob Helliesen	Milliman
Marty Dirks	Milliman
Rosalva Flores	Brown Armstrong
Stephanie King	PIMCO
Sabrina Callin	PIMCO
Sasha Talcott	PIMCO

**1. Pledge of Allegiance**

Hast led all in the *Pledge of Allegiance*.

**2. Accept comments from the public**

Hast announced the new Retirement Chief Executive Officer, Gail Strohl will start employment on July 14, 2014.

Hast confirmed the Retirement Board election results noting Todd Smithey received the most votes for seat number 3 and Rodrigues had the most votes for seat number 7 and Pigeon will hold seat number 7 (alternate). He also confirmed that the current appointed members will remain in their seats for another term.

David Rolley, active member at Central Contra Costa County Sanitary District, commented on Item Number 11 noting Robert Rules of Order requires a 2/3rds vote for a change to a previous vote made. He noted that the Board took a vote to maintain the status quo for members hired before January 1, 2011 and in order to change that decision a 2/3rds vote is needed to overturn the past vote.

Mike Sloan, president of CCCREA, discussed the letter that was sent to members dated May 8, 2014 regarding the Board's statement of intent to review past incidents of unusual compensation increases at the end of employment. He noted he understood that clarification will be provided but many retirees are concerned of what this means to their pension.

3. **Presentation by Brown Armstrong on the audit of the December 31, 2013 financial statements**  
–Rosalva Flores

Kaplan introduced Flores and discussed the changes to the 2013 Comprehensive Annual Financial Report (CAFR) noting GASB Statements 61, 65 and 66 were implemented in this CAFR.

Flores gave an overview of the purpose of the audit and the audit process noting this year more time was spent reviewing the information technology processes.

Flores reported Brown Armstrong gave CCCERA an unmodified opinion, which is the highest form of opinion, on the financial statements and congratulated the Board. She also reported there were no material weaknesses.

The Board discussed the Current Year Agreed Upon Conditions and Recommendations and the Status of the Prior Year Agreed Upon Conditions and Recommendations. They also discussed the possibility of creating an audit committee of the Board.

4. **Presentation from PIMCO on StocksPLUS Absolute Return** – Stephanie King, Sabrina Callin, and Sasha Talcott

Dirks and Helliesen discussed the fees and performance of the StocksPLUS Absolute Return Fund.

King discussed the general strategy of the StocksPLUS Absolute Return noting the StocksPLUS suite has evolved to meet the growing needs of investors seeking higher return potential over a passive equity index.

Callin discussed the advantages of StocksPlus Absolute Return.

5. **Consider and take possible action regarding consultant recommendation to change PIMCO StocksPLUS mandate**

It was M/S/C to accept the consultant's recommendation and change the PIMCO StocksPLUS mandate to StocksPLUS Absolute Return subject to fee negotiation and legal review. (Yes: Allen, Bins, Gordon, Hast, Mitchoff, Phillips, Pigeon, Rodrigues and Telles)

After discussion on the different fee structures available, it was M/S/C to pursue a performance based fee structure with the StocksPLUS Absolute Return mandate. (Yes: Allen, Bins, Gordon, Hast, Mitchoff, Phillips, Pigeon, Rodrigues and Telles)

6. **Request from Rodeo-Hercules Fire Protection District to modify the contribution requirement for the 2014/2015 fiscal year**

Schneider reviewed his memo noting the change in methodology is only being proposed based on the specific facts and circumstances involved, including the small size of the District and the fact that the District is in its own cost group.

It was M/S/C to accept the staff recommendation to modify the employer contribution requirement for Cost Group #12 for the 2014-15 fiscal year based on the proposed methodology. (Yes: Bins, Gordon, Hast, Mitchoff, Phillips, Pigeon, Rodrigues and Telles. Abs: Allen)

7. **Terminal pay assumptions for the December 31, 2013 Actuarial Valuation in light of the pending AB 197 appeal** – Angelo and Monroe

Angelo reviewed the Segal Consulting memo regarding Terminal Pay Assumptions for the December 31, 2013 Actuarial Valuation noting this is not a discussion on the cost sharing of the terminal pay assumption.

He noted AB 197 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.

It was **M/S/C** to continue this item to the July 9, 2014 Board meeting.

**CLOSED SESSION**

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

The Board moved into open session.

8. a. There was no reportable action related to Govt. Code Section 54956.9(d)(1).

9. **Consider and take possible action to schedule additional Board meeting on July 31, 2014**

It was **M/S/C** to schedule an additional Board meeting on July 31, 2014. (Yes: Allen, Bins, Gordon, Hast, Mitchoff, Phillips, Pigeon, Rodrigues and Telles)

10. **Depletion of the "bank" of leave time for "estoppel class" members who use or sell leave between January 1, 2013 and retirement**

It was **M/S/C** that the "estoppel class" leave bank, so long as the member does not use or sell back after December 31, 2012 more leave time that they can accrue going forward, the bank is preserved. (Yes: Bins, Gordon, Hast, Mitchoff, Pigeon, Rodrigues and Telles. No: Allen and Phillips)

11. **Inclusion of payments for multiple leave sales during a 12-month final average salary period**

It was **M/S** regarding active leave sell backs, where the employer allows leave sales annually (for example, once every calendar year), no more than one annual cash out counts as compensation for retirement purposes. (Yes: Allen, Gordon, Mitchoff and Phillips. No: Hast, Pigeon, Rodrigues and Telles. Abs: Bins) **Motion failed.**

The Board had a lengthy discussion on the final average salary period and the practice of other retirement systems governed by the County Employees' Retirement Law of 1937.

It was **M/S** regarding active leave sell backs, so long as leave payouts do not exceed maximum leave that the member can accrue during the final average salary period, payments for leave count as compensation for retirement purposes even if the employer allows more than one sale during the final average salary period. **The second was withdrawn.**

The Board directed staff to continue to allow the two sales to be included in compensation earnable for legacy members so long as the leave cash out does not exceed what the member can accrue in one year.

12. **Conference Seminar Attendance**

- a. It was **M/S/C** to authorize the attendance of all Board members and appropriate staff members at the 25<sup>th</sup> Annual Northern California Public Retirement Seminar, The Public Retirement Journal, September 25, 2014, Sacramento, CA. (Yes: Allen, Bins, Gordon, Hast, Mitchoff, Phillips, Pigeon, Rodrigues and Telles)
- b. It was **M/S/C** to authorize the attendance of two Board members and three staff members at the Roundtable for Consultants & Institutional Investors, Institutional Investor, October 8 – 10, 2014, Chicago, IL. (Yes: Allen, Bins, Gordon, Hast, Mitchoff, Phillips, Pigeon, Rodrigues and Telles)

**13. Miscellaneous**

(a) Staff Report –

Price reported Verne Sedlacek, the President of Commonfund will be retiring within the next two years.

Dunn reported a Communications Coordinator has been hired.

Kaplan reported there was a meeting with plan sponsors on GASB 67 and 68 with more meetings to follow.

She also reported the CAFR and PAFR will be sent to the printers and to the GFOA at the end of the week.

Davis reported staff continue to get many questions regarding July 11, 2014 retirements.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

None

It was **M/S/C** to adjourn the meeting. (Yes: Allen, Bins, Gordon, Hast, Mitchoff, Phillips, Pigeon, Rodrigues and Telles)

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Brian Hast, Chairman

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Jerry Telles, Secretary



Meeting Date  
**09/10/14**  
Agenda Item  
**#3**

**RETIREMENT BOARD MEETING MINUTES**

FIRST MONTHLY BOARD MEETING

9:00 a.m.

July 9, 2014

Retirement Board Conference Room

The Willows Office Park  
1355 Willow Way, Suite 221  
Concord, California

Present: Debora Allen, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, Karen Mitchoff, John Phillips, William Pigeon, Gabe Rodrigues, Todd Smithey, Jerry Telles and Russell Watts

Absent: None

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

**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. Election of Board Officers**

It was M/S/C to nominate Hast as Board Chairperson. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey and Telles. Abs: Watts)

It was M/S/C to nominate Phillips as Board Vice-Chairperson. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey and Telles. Abs: Watts)

It was M/S/C to nominate Telles as Board Secretary. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey and Telles. Abs: Watts)

**4. Minutes Approval**

It was M/S/C to approve the June 11, 2014 minutes. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey and Telles. Abs: Watts)

5. **Routine Items**

Price distributed a revised asset allocation report for Item 5.e. noting the values for the private equities were incorrect.

It was **M/S/C** to approve the routine items of the July 9, 2014 Board meeting. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

**CLOSED SESSION**

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

The Board moved into open session.

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

a. David Poppi –Service Connected (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

7.

a. There was no reportable action related to Govt. Code Section 54956.9(d)(1).

8. **Clarification of 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.**

Leiderman provided an overview of AB 197 and the recent Superior Court ruling. He noted the Superior Court provided a stay order which was due to expire on July 12, 2014. Once the stay order expires the Board of Retirement is required to implement AB 197.

In public comment, Margaret Hanlon-Gradie, Executive Director of Contra Costa County Labor Council, noted current property tax assessments are improving and will help the County's general fund. She feels that with continued wage reductions, benefit cost increases and reductions in retirement to County employees it will have an impact on current negotiations. She feels it is time to rebuild the middle class. She also feels by eroding the pension benefits it does not assist with providing them to others.

Jonathan Wright, IFPTE Local 21, stated he does not feel the union was properly noticed of this action and has filed a grievance with Contra Costa County.

Hast disclosed some members of the Board of Retirement may have a personal interest on this subject.

It was **M/S** regarding active leave sell backs, where the employer allows leave sales annually (for example, once every calendar year), no more than one annual cash out counts as compensation for retirement purposes.

After a lengthy discussion on the role the Board of Retirement has regarding benefits and determining what is pensionable it was **M/S/C** regarding active leave sell backs, where the employer allows leave sales annually (for example, once every calendar year), no more than one annual cash out counts as compensation for retirement purposes. (Yes: Allen, Gordon, Mitchoff, Phillips and Watts. No: Hast, Rodrigues, Smithey and Telles)

9. **Proposed statement explaining the Board's intent to review past incidents of unusual compensation increases at end of employment**

Levy reviewed her memo dated July 9, 2014 noting trustees Kroll and Telles requested that the Board consider the adoption of a statement explaining the Board's intent to not review 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.

It was noted this statement was to clarify the original statement from May 7, 2014.

After discussion it was M/S/C to not adopt the proposed statement. (Yes: Allen, Gordon, Hast Phillips, Mitchoff, Rodrigues, Smithey and Watts. No: Telles)

10. **Non-service connected disability retirement allowance of deceased member Cheryl Sousa**

Schneider reviewed his memo dated July 9, 2014 regarding Cheryl Sousa's application for non-service connected disability. He reviewed the active death process noting the member has died while in active (not retired) status and had filed an active death form electing Optional Settlement 2 before her death. 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 and would then be eligible for a non-service connected disability retirement allowance.

Schneider noted the medical records were analyzed by the Board's medical advisor, who concluded that the evidence clearly shows that Ms. Sousa was totally disabled from any substantial gainful employment on April 9, 2014, as defined by Government Code Section 31720.1.

It was M/S/C to grant a non-service connected disability retirement effective April 9, 2014 to Cheryl Sousa and to approve payment to the named beneficiary under Optional Settlement 2. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

The Board requested a review of the active death process on a future agenda.

11. **Terminal pay assumptions for the December 31, 2013 Actuarial Valuation in light of the pending AB 197 appeal**

Schneider reviewed the history of the Retirement Board policy, "Determining Which Pay Items Are Compensation for Retirement Purposes". He also reviewed how AB 197 may change portions of this policy and noted in order to continue processing the December 31, 2013 valuation report the actuaries need direction on the terminal pay assumptions to use in the valuation report.

Leiderman noted if the court ruling is overturned the Board would have the authority to collect past uncollected contributions.

It was M/S/C to direct Segal Consulting to calculate the actuarial valuation report using the terminal pay assumptions established previously for members with membership dates on or after January 1, 2011 for all members in the actuarial valuation report. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

12. **Investment manager under review**

Price stated we were recently notified that there was a personnel change at DBL investors that we were not notified of in a timely manner. On June 14, 2014 we were notified that Seth Miller left DBL investors effective January 1, 2014.

It was M/S/C to place DBL investors on the watch list for personnel changes and conduct an on-site visit. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

**13. Conference Seminar Attendance**

- a. It was M/S/C to authorize the attendance of two staff members at the Administrators' Institute, CALAPRS, September 24 – 26, 2014, Long Beach, CA. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)
- b. It was M/S/C to authorize the attendance of two Board members and two staff members at the 2014 Fall Conference, Council of Institutional Investors, September 29 – October 1, 2014, Los Angeles, CA. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)
- c. There was no reportable action on this item.
- d. It was M/S/C to authorize the attendance of four Board members and two staff members at the US Client Conference, Invesco, November 4 – 6, 2014, La Jolla, CA. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

Gordon was not present for subsequent discussion and voting.

**14. Miscellaneous**

(a) Staff Report –

Levy reported a notification has been sent to all active members notifying them of the expiration of the stay order in the AB 197 lawsuit. She stated the notification is included in the agenda packet as a miscellaneous item.

She also reported a press release announcing the new Retirement Chief Executive Officer, Gail Strohl, has been issued as directed by the Board.

Schneider reported that CCCERA has received around 100 retirement applications this month.

Price reminded the Board there will be a special board meeting on July 31, 2014.

Kaplan reported the CAFR and PAFR have been submitted to the GFOA.

She also reported pre-payments of contributions from employers are coming in.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Telles reported he was contacted by the SACRS President to find out how the Board of Retirement felt about providing support for a public relations firm to educate the public on defined benefit plans. He would like this item on a future agenda.

Allen reported she reviewed the Blue Ribbon Panel on Public Pension Funding report from the Society of Actuaries and would like to have Bob Stein come and present at a meeting.

She requested the Board consider creating an agenda committee for compiling the agenda for each meeting.

Mitchoff was no longer present for subsequent discussion and voting.

Rodrigues asked who notifies members when contribution rates change.

Hast reported that at the April 2, 2014 meeting, under Agenda Item 13, the Board met in closed session pursuant to Govt. Code Section 54956.81 to consider the purchase of particular pension fund investment. He reported that: It was **M/S/C** to rescind the \$50 million commitment to Siguler Guff SBOF Fund II and make a \$200 million commitment to the negotiated account structure, Siguler Guff CCCERA Opportunities Fund, subject to legal review. (Yes: Allen, Gordon, Hast, Phillips, Pigeon, Rodrigues, Telles, Watts.)

It was **M/S/C** to adjourn the meeting. (Yes: Allen, Hast, Holcombe, Phillips, Rodrigues, Smithey, Telles and Watts)

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Brian Hast, Chairman

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Jerry Telles, Secretary



Meeting Date  
**09/10/14**  
Agenda Item  
**#3**

## RETIREMENT BOARD MEETING MINUTES

SPECIAL BOARD MEETING  
9:00 a.m.

July 23, 2014

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

Present: Debora Allen, Scott Gordon, Brian Hast, Jerry Holcombe, Karen Mitchoff, John Phillips, William Pigeon, Gabe Rodrigues, Todd Smithey, Jerry Telles and Russell Watts

Absent: Louie Kroll

Staff: Gail Strohl, Retirement Chief Executive Officer; Kurt Schneider, Deputy Retirement Chief Executive Officer; Timothy Price, Retirement Chief Investment Officer; and Karen Levy, Retirement General Counsel

Outside Professional Support:	Representing:
Harvey Leiderman	Reed Smith
Bob Helliesen	Milliman
Marty Dirks	Milliman
Dorian Young	Milliman

### 1. Pledge of Allegiance

Rodrigues led all in the *Pledge of Allegiance*.

### 2. Accept comments from the public

Hast welcomed Gail Strohl.

William Lau, member of the public, requested closed session be at the beginning or end of the Board of Retirement meetings.

### 3. Discussion with consultant and staff on managers scheduled to present

Price discussed the purpose of the special board meetings. He noted that most of the presenters are from current money managers. He reviewed the topics and presenters scheduled to present.

### 4. Manager panel discussions:

Panel Discussion Topic: Understanding High Frequency Trading

Investment Managers: Christian McCormick, INTECH; Debbie Sabo, Jackson Square Partners

Panel Discussion Topic: Hiding in Plain Sight: How to Think About Trading Costs

Investment Managers: Steven Fenty, State Street Global Markets; Stephen Malinowski, Vertas; Vinod Pakianathan, Zeno Consulting Group

Panel Discussion Topic: Real Estate in the Real Economy

Investment Managers: Andy Rifkin, DLJ RECP; Carmine Fanelle, DLJ RECP; Joe Munoz, LaSalle Investment Management; Reid Liffman, Angelo Gordon

## **CLOSED SESSION**

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

The Board moved into open session.

5. There was no reportable action related to Govt. Code Section 54956.9 (d)(2).

### **6. Board's review of prior retirements with unusual increases at the end of employment**

Leiderman provided an overview of the previous discussions on the statement of intent to review past incidents of unusual compensation increases at end of employment.

It was **M/S/C** noting the Board's intent is to scrutinize apparently intentional acts of pension spiking, through members' receipt of pay items that were not earned as part of their regularly recurring employment compensation during their careers and direct staff to concentrate on specific, unique items of pay and not on payments for regularly recurring vacation, sick or compensatory leave time. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

### **7. Place investment manager under review**

Price reported on July 10, 2014 CCCERA was informed of a personnel change at Adams Street Partners noting Hanneke Smits, the firm's Chief Investment Officer, will depart from Adams Street Partners around the end of the year. Kelly Meldrum has been named as the head of the primary investment team and will be working with Hanneke Smits on transitioning over for the next several months.

Price noted an onsite visit has been scheduled for July 24, 2014 to the Adams Street Partners office in Menlo Park.

It was **M/S/C** to place Adams Street Partners on the watch list for personnel changes. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

### **8. Conference Seminar Attendance**

a. It was **M/S/C** to authorize the attendance of four Board members and two staff members at the Annual Limited Partners Meeting, Carpenter Community BancFund, September 24 – 25, 2014, San Jose, CA. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

b. It was **M/S/C** to authorize the attendance of three Board members and two staff members at the Investment Summit, Torchlight Investors, October 14 – 15, 2014, New York, NY. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

### **9. Miscellaneous**

(a) Staff Report –

Strohl reported she has had a great first week and is looking forward to learning more.

Price reported there have been personnel changes at Oaktree and they will continue to follow it.

Levy reported SACRS hired a consultant to reorganize the 1937 Act. The consultant has reached out to CCCERA requesting a review of the Contra Costa County specific statutes and the proposal to re-number them within the CERL.

Davis reported there were 121 retirements in July which is less than anticipated.

Dutkiewicz reported notifications have been sent out to employers regarding employer audits and those audits will start soon.

(b) Outside Professionals' Report -

Leiderman reported on a case Sanchez vs. CalPERS noting the trial Judge in the case made a ruling citing incorrect information. The incorrect information pertained to personal liability of retirement board members.

(c) Trustees' comments –

Telles reported he was contacted by the SACRS President to find out how the Board of Retirement felt about providing support for a public relations firm to educate the public on defined benefit plans. He would like this item on the August agenda for discussion.

Rodrigues noted the San Diego County Employees' Retirement Association's website has useful information for educating others on defined benefit plans.

Holcombe thanked Hast and senior staff on how well the transition between CEOs was handled noting he did not see any change in operations.

Mitchoff requested the contact information of key staff members be included on the website.

It was M/S/C to adjourn the meeting. (Yes: Allen, Hast, Gordon, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

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Brian Hast, Chairman

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Jerry Telles, Secretary



Meeting Date  
**09/10/14**  
Agenda Item  
**#3**

## RETIREMENT BOARD MEETING MINUTES

SPECIAL BOARD MEETING  
9:00 a.m.

July 31, 2014

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

Present: Debora Allen, Scott Gordon, Brian Hast, Karen Mitchoff, John Phillips, William Pigeon, Gabe Rodrigues, Todd Smithey, Jerry Telles and Russell Watts

Absent: Jerry Holcombe and Louie Kroll

Staff: Gail Strohl, Retirement Chief Executive Officer; Timothy Price, Retirement Chief Investment Officer; Karen Levy, Retirement General Counsel and Christina Dunn, Retirement Administration Manager

Outside Professional Support: Harvey Leiderman  
Representing: Reed Smith

### 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. Discussion with Cortex Applied Research and staff regarding Investment Consultant RFP – Tom Iannucci, Cortex Applied Research

Price discussed the expectations of the discussion with Cortex Applied Research noting the direction provided by the Board will assist with creating the Investment Consultant Request for Proposal.

Iannucci provided an overview of Cortex and discussed the purpose of the discussion.

Iannucci discussed fiduciary duty of prudence, accountability and characteristics of an effective board. Iannucci noted he had individual interviews with each Board member and provided some overall findings from those interviews.

He discussed alternative models for using investment consultants noting some boards have more than one investment consultant depending on the model chosen. He also noted investment consultants could be generalists or provide specialty services.

After a lengthy discussion, the Board directed staff to work with Cortex to draft the RFP to focus on general investment consultant services but break out the costs of services related to private equity and real assets.

Mitchoff, Rodrigues and Smithey were not present for subsequent discussion and voting.

**4. Miscellaneous**

(a) Staff Report –

Levy reported that several Board members have had questions recently on fiduciary duties. The fiduciary education is tentatively scheduled for the September 10, 2014 meeting.

Price reported the onsite visit for DBL Investors is scheduled for August 11, 2014.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Watts attended the Wharton Business School and thought it was very good.

It was M/S/C to adjourn the meeting. (Yes: Allen, Hast, Gordon, Phillips, Pigeon, Telles and Watts)

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Brian Hast, Chairman

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Jerry Telles, Secretary

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

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September 10, 2014

Items requiring Board Action

Meeting Date  
**09/10/14**  
Agenda Item  
**#4**

**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>
Anthenien, Anton	60718	12/03/13	SR	III	Unmod
Antkowiak, Andrew	D3406	07/01/14	SR	I	Unmod
Basch, Blanca	41833	07/05/14	SR	II & III	Unmod
Bell, Alleatha	57017	04/01/14	SR	II & III	Option 2
Boyer, Christopher	65574	06/23/14	SR	III	Unmod
Bradshaw, Mary	D3406	07/08/14	SR	I	Unmod
Christy, Curtis	66031	07/09/14	SR	II & III	Unmod
Cline, Linda	61296	06/21/14	SR	I	Unmod
Cohen, Larry	37623	06/01/14	SR	II	Option 2
Crook, Karen	60463	07/01/14	SR	I	Unmod
Feierabend, Susan	51563	03/31/14	SR	III	Unmod
Fernando, Leonie	53102	07/07/14	SR	II & III	Unmod
Foran, Katherine	60177	07/01/14	SR	II & III	Option 1
Gifford, Gary	43142	07/04/14	SR	S/A	Unmod
Graves, Dianna	53048	07/01/14	SR	II & III	Unmod
Hartford, Alan	39467	07/01/14	SR	S/A	Unmod
Hernandez, Palminder	44768	07/11/14	SR	S/A	Unmod
Huff, Karen	D3406	07/11/14	SR	I	Unmod
Kutsuris, Catherine	43337	07/10/14	SR	III	Unmod
Lee, Albert	38011	07/01/14	SR	II	Unmod
Lee, Bradford	67177	05/31/14	SR	III	Option 1
Lee, Darrell	D7274	06/30/14	SR	S/A	Unmod
Lysaght, Cathy	60258	07/11/14	SR	II & S/A	Unmod

**KEY:**

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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

September 10, 2014

Marchetti, Dante	D3406	07/11/14	SR	I	Unmod
Meiseles, Richard	46163	07/10/14	SR	S/A	Unmod
Milne, Robbin	62856	06/20/14	SR	III	Option 1
Miyashiro, Leslie	50209	07/01/14	SR	I	Unmod
Montoya, Eric	43439	07/10/14	SR	II & S/A	Unmod
Moreno, Angel	50438	07/10/14	SR	S/A	Unmod
Nelson, Jeffrey	49188	07/10/14	SR	S/A	Unmod
Pelletier, Janice	D9500	06/21/14	SR	III	Unmod
Porter, Paula	D9500	06/28/14	SR	II & III	Unmod
Raney, Ellen	D9500	06/21/14	SR	II & III	Option 1
Sansoe, Dorothy	64496	07/11/14	SR	I	Unmod
Savacool, Clive	54470	07/10/14	SCD	S/A	Unmod
Shearer, John	62518	07/11/14	SR	II & III	Unmod
Shem, Gail	D7274	07/01/14	SR	S/A	Unmod
Spainhower, Marla	63777	04/06/14	SR	II & III	Unmod
Sweet, Sheri	68690	07/01/14	SR	III	Unmod
Turk, Donald	D3406	07/11/14	SR	I	Unmod
Warne, Stephen	44067	07/01/14	SR	S/A	Unmod
Williams, Diane	51402	05/31/14	SR	II & III	Unmod
Wilson, Roger	42972	10/01/13	SCD	S/A	Unmod
Wisotsky, Phillip	46500	07/10/14	SR	S/A	Unmod
Yuen, Judith	44667	07/10/14	SR	II & III	Unmod

**C. Disability Retirement Applications: The Board's Hearing Officer is hereby authorized to issue subpoenas in the following cases involving disability applications:**

<u>Name</u>	<u>Number</u>	<u>Filed</u>	<u>Type</u>
Reinthal, Louis	64001	08/05/14	NCD
Redler, Jay	60794	08/12/14	SCD
MacDougall, David	41918	08/22/14	SCD
Pitau, John	39891	08/26/14	SCD
Givins, Bryan	D9990	08/26/14	SCD

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CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

**D. Deaths:**

<u>Name</u>	<u>Date of Death</u>	<u>Employer</u>
Brandt, Carl	08/14/14	Central Contra Costa Sanitary District
Collins, Virginia	07/02/14	Alternate Payee
Don-Batalla, Kay	08/12/14	Contra Costa County
Dunley, Robert	08/03/14	Beneficiary
Hambly, Barbara	08/25/14	Beneficiary
Hammonds, Cathleen	08/25/14	Contra Costa Superior Court
Lucas, Sherran	08/30/14	Contra Costa County
Nugent, Barbara	08/05/14	Contra Costa County
Ross, Robert	08/23/14	Contra Costa County
Valladao, Alvira	08/14/14	Contra Costa County
Weber, Helene	07/21/14	Contra Costa County
Wood, Herman	08/09/14	Contra Costa Mosquito & Vector Control Dist.

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S/C = Safety Tier C

**Option**  
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Selected w/option

**Type**  
NSP = Non-Specified  
SCD = Service Disability  
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## CERTIFICATION OF MEMBERSHIPS

Meeting Date  
**09/10/14**  
Agenda Item  
**#4a.**

<i>Name</i>	<i>Employee Number</i>	<i>Tier</i>	<i>Membership Date</i>	<i>Employer</i>
Anaya, Martin	78925	P5.3	07/01/14	Contra Costa County
Ayres, Stephanie	78253	P5.3	07/01/14	Contra Costa County
Beber, Michelle	80180	P5.2	07/01/14	Contra Costa County
Belknap, Kaya	80086	P5.2	07/01/14	Contra Costa County
Bell, Matthew	80357	P5.2	07/01/14	Contra Costa County
Blair, Ermine	74090	III	07/01/14	Contra Costa County
Blanco, Mandy	80270	P5.2	07/01/14	Contra Costa County
Boisvert, Nichole	80096	P5.2	07/01/14	Contra Costa County
Bove, Andrew	80353	P5.3	07/01/14	Contra Costa County
Brown, Champagne	80337	P5.3	07/01/14	Contra Costa County
Byrne, John	80348	S/E	07/01/14	Contra Costa County
Chin, Wesley	80091	P5.2	07/01/14	Contra Costa County
Colmenero, Nicole	80173	P5.2	07/01/14	Contra Costa County
Corrales, Janice	80194	P5.3	06/01/14	Contra Costa County
Davis, Amber	78766	P5.2	07/01/14	Contra Costa County
Day, Donna	77350	P5.2	07/01/14	Contra Costa County
Dodd, Bryan	80360	S/D	07/01/14	Contra Costa County
Doornbos, Christopher	D3406	P4.3	07/01/14	Central Sanitary District
Dorfman, Erica	80090	P5.2	07/01/14	Contra Costa County
Drake, Debra	77851	P5.3	07/01/14	Contra Costa County
Durant, Benjamin	80085	P5.2	07/01/14	Contra Costa County
Eger, Gretchen	64097	III	06/01/14	Contra Costa County
Elsberry, Jacob	78691	P5.3	07/01/14	Contra Costa County
Farmer, Nadra	80088	P5.2	07/01/14	Contra Costa County
Finau, Lia	77725	P5.2	07/01/14	Contra Costa County
Flores, Jorge	80297	P5.3	07/01/14	Contra Costa County
Frederick, Ross	78770	P5.2	06/01/14	Contra Costa County
Galiste, Lionel	74905	P5.2	07/01/14	In-Home Support Services
Go, Kyla	77884	P5.2	07/01/14	Contra Costa County
Godoy, Chad	80344	P5.2	07/01/14	Contra Costa County

**Key:**

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<b>II = Tier II</b>	<b>P4.3 = PEPR A Tier 4 (3% COLA)</b>	<b>S/C = Safety Tier C</b>
<b>III = Tier III</b>	<b>P5.2 = PEPR A Tier 5 (2% COLA)</b>	<b>S/D = Safety Tier D</b>
	<b>P5.3 = PEPR A 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>
Gomez, Miguel	80097	P5.2	07/01/14	Contra Costa County
Gonsalves, Deion	78183	P5.3	07/01/14	Contra Costa County
Gorden, Anita	78945	P5.2	07/01/14	Contra Costa County
Hollander, Kaitlin	80084	P5.2	07/01/14	Contra Costa County
Hotchandani, Eric	80307	P5.3	07/01/14	Contra Costa County
Isip, Jaclyn	78292	P5.3	07/01/14	Contra Costa County
Jackson, Neil	80098	P5.2	07/01/14	Contra Costa County
Jones, Debra	80176	P5.3	07/01/14	Contra Costa County
Keaveny, Elizabeth	78618	P5.3	07/01/14	Contra Costa County
Kosta, Mathew	80306	P5.3	07/01/14	Contra Costa County
Kovaleski, Caroline	80087	P5.2	07/01/14	Contra Costa County
Kwok, Bonnie	80150	P5.2	07/01/14	Contra Costa County
Lacambra, Sheila	79625	P5.2	06/01/14	Contra Costa County
Levia, Melissa	80361	P5.3	07/01/14	Contra Costa County
Lopez, Dana	74754	P5.2	07/01/14	Contra Costa County
Maltbie, Autumn	80154	P4.2	07/01/14	ConFire
Marquez, Leticia (rehire)	80109	P5.3	07/01/14	Contra Costa County
Middaugh, Kristin	80303	P4.3	07/01/14	CCCERA
Mirador, Maureen	80179	P5.3	07/01/14	Contra Costa County
Nichols, Lawanna	71983	III	07/01/14	Contra Costa County
Orta, Maribel	76969	P5.3	07/01/14	Contra Costa County
Patterson, Erica	78582	P5.2	07/01/14	Contra Costa County
Pease, Brian	80311	P5.3	07/01/14	Contra Costa County
Perry, Richard	71361	P5.3	07/01/14	Contra Costa County
Petit, Jean-Marc	D3406	P4.3	07/01/14	Central Sanitary District
Planchon, Julie	D9500	P5.3	07/01/14	Superior Courts
Proudfoot, Jacqueline	80101	P5.2	07/01/14	Contra Costa County
Randhawa, Amandeep	80187	P5.3	07/01/14	Contra Costa County
Sanchez, Claudia	79490	P5.3	07/01/14	Contra Costa County
Sanchez-Correa, Yvette	80271	P5.2	07/01/14	Contra Costa County

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<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>
Sandoval, Sandra	79356	P5.2	07/01/14	Contra Costa County
Schiff, Teresa	80119	P5.2	07/01/14	Contra Costa County
Shannon, Jeremy	D3301	P5.3	07/01/14	CC Mosquito Abatement District
Spann, Phillip	75895	P5.3	07/01/14	Contra Costa County
Stoddard, Cynthia	76912	P5.2	07/01/14	Contra Costa County
Tenzing, Jamba	80191	P5.3	07/01/14	Contra Costa County
Terrell, Jameiz	80060	S/D	07/01/14	Contra Costa County
Wright, Terri	80278	P5.2	07/01/14	Contra Costa County
Youngman, Jeffrey	80172	P4.3	07/01/14	CCCERA
Zody, Katherine	80305	P5.3	07/01/14	Contra Costa County

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

## TIER CHANGES

<i>Name</i>	<i>Employee Number</i>	<i>Old Tier</i>	<i>New Tier</i>	<i>Effective Date</i>	<i>Employer</i>	<i>Reason for Change</i>
Schuck, Edward	76737	S/D	S/A	4/1/2013	Contra Costa County	Reciprocity

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<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)

\$6,945,391,000

Reporting Month End: July 31, 2014

Prepared By: Chih-Chi Chu

Robeco

Jackson Square Partners (fka Delaware)

Emerald Advisors

Intech (Core)

PIMCO Stock +

Ceredex

Total Domestic Equity

Plyford (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

GSAM "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  
09/10/14  
Agenda Item  
#4e.

A	B	C	D	C-B	D-A	Range
% of Target	Target Assets	Market Value	Actual Assets	Over (Under)	Over (Under)	
4.3%	298,651,813	305,012,000	4.39%	6,360,187	0.09%	
4.3%	298,651,813	306,108,000	4.41%	7,456,187	0.11%	
3.0%	208,361,730	195,693,000	2.82%	(12,668,730)	(0.18%)	
4.1%	284,761,031	291,686,000	4.20%	6,924,969	0.10%	
4.0%	277,815,640	263,013,000	3.79%	(14,802,640)	(0.21%)	
3.0%	208,361,730	197,843,000	2.85%	(10,518,730)	(0.15%)	
2.7%	1,576,603,757	1,559,355,000	22.45%	(17,248,757)	(0.25%)	
5.3%	368,105,723	364,419,000	5.25%	(3,686,723)	(0.05%)	
5.3%	368,105,723	367,867,000	5.30%	(238,723)	(0.00%)	
10.6%	736,211,446	732,286,000	10.54%	(3,925,446)	(0.06%)	
4.0%	277,815,640	276,293,000	3.98%	(1,522,640)	(0.02%)	
4.0%	277,815,640	275,890,000	3.97%	(1,925,640)	(0.03%)	
4.0%	277,815,640	277,894,000	4.00%	78,360	0.00%	
0.3%	20,836,173	22,562,000	0.32%	1,725,827	0.02%	
12.3%	854,283,093	852,639,000	12.28%	(1,644,093)	(0.02%)	
<b>45.6%</b>	<b>3,167,098,296</b>	<b>3,144,280,000</b>	<b>45.27%</b>	<b>(22,818,296)</b>	<b>(0.33%)</b>	<b>40% TO 55%</b>
3.3%	229,197,903	230,051,000	3.31%	853,097	0.01%	
5.6%	388,941,896	391,730,000	5.64%	2,788,104	0.04%	
0.0%	0	12,000	0.00%	12,000	0.00%	
4.6%	319,487,986	321,984,000	4.64%	2,496,014	0.04%	
4.6%	319,487,986	321,444,000	4.63%	1,956,014	0.03%	
1.1%	76,399,301	74,866,000	1.08%	(1,533,301)	(0.02%)	
0.2%	13,890,782	13,312,000	0.19%	(578,782)	(0.01%)	
0.6%	41,672,346	42,553,000	0.61%	880,654	0.01%	
20.0%	1,389,078,200	1,395,952,000	20.10%	6,873,800	0.10%	
4.0%	277,815,640	277,679,000	4.00%	(136,640)	(0.00%)	
<b>24.0%</b>	<b>1,666,893,840</b>	<b>1,673,631,000</b>	<b>24.10%</b>	<b>6,737,160</b>	<b>0.10%</b>	<b>20% TO 30%</b>
5.0%	347,269,550	345,123,000	4.97%	(2,146,550)	(0.03%)	
<b>5.0%</b>	<b>347,269,550</b>	<b>345,123,000</b>	<b>4.97%</b>	<b>(2,146,550)</b>	<b>(0.03%)</b>	<b>2% TO 9%</b>
0.8%	52,090,433	206,251,000	2.97%	154,160,568	2.22%	
1.8%	121,544,343	117,921,000	1.70%	(3,623,343)	(0.05%)	
2.5%	173,634,775	20,961,000	0.30%	(152,673,775)	(2.20%)	
<b>5.0%</b>	<b>347,269,550</b>	<b>345,133,000</b>	<b>4.97%</b>	<b>(2,136,550)</b>	<b>(0.03%)</b>	<b>0% TO 10%</b>
<b>12.5%</b>	<b>868,173,875</b>	<b>885,457,000</b>	<b>12.75%</b>	<b>17,283,125</b>	<b>0.25%</b>	<b>10% TO 16%</b>
<b>7.0%</b>	<b>486,177,370</b>	<b>473,043,000</b>	<b>6.81%</b>	<b>(13,134,370)</b>	<b>(0.19%)</b>	<b>5% TO 12%</b>
			0.00%			
		47,599,000	0.69%			
<b>0.5%</b>	<b>34,726,955</b>	<b>47,599,000</b>	<b>0.69%</b>	<b>12,872,045</b>	<b>0.19%</b>	<b>0% TO 1%</b>
0.4%	27,781,564	31,125,000	0.45%	3,343,436	0.05%	
<b>0.4%</b>	<b>27,781,564</b>	<b>31,125,000</b>	<b>0.45%</b>	<b>3,343,436</b>	<b>0.05%</b>	<b>0% TO 5%</b>
<b>100.0%</b>	<b>6,945,391,000</b>	<b>6,945,391,000</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	

**UNDER REVIEW:**

Adelante - Performance, Board Action 05/22/13, DBL - Organizational & Personnel, Board Action 7/9/2014

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

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

PIMCO - Organization & Personnel, Board Action 2/12/14, Adams Street - Personnel, Board Action 7/29/14

**Real Estate & Alternative Investments  
As of July 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	3,722,000	0.05%	
DLJ Real Estate Capital Partners, L.P. III	06/30/05	06/30/14	1st 2 YR	GP	6/30/2016	75,000,000	47,196,000	0.68%	18,958,000
DLJ Real Estate Capital Partners, L.P. IV	12/31/07	09/30/16				100,000,000	84,066,000	1.21%	19,476,000
DLJ Real Estate Capital Partners, L.P. V	07/31/13	12/31/22				75,000,000	26,799,000	0.39%	48,201,000
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	9,665,000	0.14%	
Invesco IREF II	05/30/07	12/31/15				85,000,000	41,942,000	0.60%	
Invesco IREF III	08/01/13	08/01/21				35,000,000	24,522,000	0.35%	
Long Wharf FREG II	07/18/03	02/28/12	NOT DEF	LP	12/31/2014	50,000,000	3,942,000	0.06%	12,958,000
Long Wharf FREG III	03/30/07	12/30/15				75,000,000	32,321,000	0.47%	
Long Wharf FREG IV	08/14/13	09/30/21				25,000,000	11,267,000	0.16%	14,833,000
Oaktree Real Estate Opportunities Fund V	12/15/11	12/31/16				50,000,000	58,344,000	0.84%	
Oaktree Real Estate Opportunities Fund VI	09/30/13	09/30/20				80,000,000	57,719,000	0.83%	29,682,000
Siguler Guff Distressed Real Estate Opp. Fund	12/31/11	12/31/16				75,000,000	69,277,000	1.00%	22,518,000
Siguler Guff Distressed Real Estate Opp. Fund II	08/31/13	08/31/20				70,000,000	14,700,000	0.21%	70,700,000
Paulson Real Estate Fund II	11/10/13	11/10/20				20,000,000	11,476,000	0.17%	8,523,000
Angelo Gordon Realty Fund VIII	12/31/11	12/31/18				80,000,000	61,223,000	0.88%	22,145,000
LaSalle Income & Growth Fund VI	01/31/12	01/31/19				75,000,000	40,067,000	0.58%	34,485,000
Adelante Capital Management (REIT)						0	179,607,000	2.59%	
INVESCO International REIT						0	97,541,000	1.40%	
Willows Office: \$10,774,100 ***						0	10,000,000	0.14%	
*** Purchase price \$10,600,000 plus acquisition cost and fees \$174,100.									
<b>Total</b>						<b>1,175,000,000</b>	<b>885,457,000</b>	<b>12.75%</b>	<b>302,479,000</b>
<b>Outstanding Commitments</b>						<b>608,309,000</b>	<b>1,187,936,000</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	74,866,000	1.08%	
ING Clarion Commercial Mortgage Fund III	09/30/08	09/30/16				75,000,000	13,312,000	0.19%	
Torchlight Commercial Mortgage Fund IV	08/01/12	08/30/20				60,000,000	42,553,000	0.61%	9,143,000
<b>Total</b>						<b>263,000,000</b>	<b>130,731,000</b>	<b>1.88%</b>	<b>9,143,000</b>
<b>Outstanding Commitments</b>						<b>9,143,000</b>	<b>139,874,000</b>		

**Real Estate & Alternative Investments  
As of July 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	109,386,000	1.57%	118,648,000
Adams Street Secondary II	12/31/08	12/31/20				30,000,000	30,465,000	0.44%	13,283,000
Adams Street Secondary V	10/31/12	10/31/22				40,000,000	9,269,000	0.13%	30,432,000
Pathway	11/09/98	05/31/21				125,000,000	73,939,000	1.06%	18,249,000
Pathway 2008	12/26/08	12/26/23				30,000,000	20,391,000	0.00%	11,493,000
Pathway 6	05/24/11	05/24/26				40,000,000	13,612,000	0.00%	28,199,000
Pathway 7	02/07/13	02/07/28				70,000,000	6,880,000	0.00%	63,478,000
Siguler Guff CCCERA Opportunities	06/03/14	05/31/25				200,000,000	2,280,000	0.00%	197,720,000
EIF USPF I	11/08/02	11/08/12	3rd 1YR	LP	11/08/15	30,000,000	850,000	0.01%	0
EIF USPF II	06/15/05	06/15/15				50,000,000	42,099,000	0.61%	0
EIF USPF III	02/28/07	02/28/17				65,000,000	49,216,000	0.71%	0
EIF USPF IV	06/28/10	06/28/20				50,000,000	16,681,000	0.24%	28,979,000
Nogales Investment	02/15/04	02/15/14			UNTIL LIQ	15,000,000	3,346,000	0.05%	1,651,000
Bay Area Equity Fund	06/14/04	01/15/13	1st 2 YR	LP	1/15/2015	10,000,000	22,630,000	0.33%	0
Bay Area Equity Fund II	2/29/09	12/31/17				10,000,000	8,769,000	0.13%	2,338,000
Paladin III	11/30/07	12/31/17				25,000,000	17,332,000	0.25%	2,603,000
Carpenter Community BancFund	01/31/08	01/31/16				30,000,000	37,659,000	0.54%	6,032,000
Ocean Avenue Fund II	06/11/14	05/31/24				30,000,000	8,239,000	0.12%	21,761,000
<b>Total</b>						<b>1,030,000,000</b>	<b>473,043,000</b>	<b>6.07%</b>	<b>544,866,000</b>

Outstanding Commitments  
1,017,909,000

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	31,125,000	0.45%	5,163,000
<b>Total</b>							<b>36,288,000</b>		

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	8,034,000	0.12%	41,500,000
Aether III & III Surplus	11/30/13	11/30/20				75,000,000	12,927,000	0.19%	62,073,000
<b>Total</b>						<b>125,000,000</b>	<b>20,961,000</b>	<b>0.30%</b>	<b>103,573,000</b>

Outstanding Commitments  
124,534,000

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**

Date: September 10, 2014  
To: CCCERA Board of Retirement  
From: Kurt Schneider, Deputy Retirement Chief Executive Officer  
Subject: PEPPRA General Tier 5 (2% COLA) Employer Contribution Rates for In-Home Supportive Services Authority

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The Contra Costa County Board of Supervisors has approved a Memorandum of Understanding (MOU), which grants employees who become new members of CCCERA, on or after July 1, 2014, a post-retirement cost-of-living adjustment limited to 2% per year. This provision is similar to that in other County MOUs, however, some individuals covered under this MOU are employed by the In-Home Supportive Services Authority (IHSS). There are currently no employer contribution rates for this employer for this exact benefit tier.

The employer contribution rates currently in effect are those recommended by the System's actuary, Segal Consulting, in the December 31, 2012 Actuarial Valuation. All of the required components for the IHSS contribution rates for Tier 5 members with a 2% maximum COLA were calculated as part of that valuation. That is, the employer Normal Cost rate and UAAL rate for the basic and COLA benefit are shown in the valuation report. The attached letter from Segal Consulting assembles those components into employer contribution rates for IHSS for PEPPRA Tier 5 (2% COLA).

**Recommendation:** Adopt the employer contribution rates as shown in the Segal letter.



100 Montgomery Street Suite 500 San Francisco, CA 94104-4308  
T 415.263.8260 www.segalco.com

John W. Monroe, ASA, MAAA, EA  
Vice President & Associate Actuary  
jmonroe@segalco.com

August 26, 2014

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

**Re: Contra Costa County Employees' Retirement Association  
FY14-15 Employer Contribution Rates for PEPRA General Tier 5 (2% COLA)  
Members of In-Home Supportive Services Authority District**

Dear Kurt:

Enclosed please find the employer contribution rates for PEPRA General Tier 5 (2% COLA) members in In-Home Supportive Services Authority (IHSS) District (Cost Group #2) for the period from July 1, 2014 through June 30, 2015 fiscal year.

We understand that these contribution rates are necessary for IHSS PEPRA members covered under a MOU recently approved by the Board of Supervisors with the 2% COLA provisions.

The normal cost contribution rate has been developed based on the same methodology used to previously estimate the costs for the new PEPRA tiers. In particular, we have assumed that the demographic profile of the new members covered under this tier can be approximated by the data profiles of active General members as of December 31, 2012 with membership dates on or after January 1, 2011.

These calculations are based on the December 31, 2012 actuarial valuation results including the participant data and actuarial assumptions on which that valuation was based. That valuation and these calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary. The undersigned is a member of the American Academy of Actuaries and meets the qualification requirements to render the actuarial opinion contained herein.

Sincerely,

A handwritten signature in black ink that reads "John Monroe".

John Monroe

AW/bqb  
Enclosure

5330897v1/05337.002

## EXHIBIT

### Employer Contribution Rates for Members with Membership Dates on or after January 1, 2013 Under Recommended Assumptions for July 1, 2014 through June 30, 2015

	<b>Enhanced</b>				
	<b>Cost Group #2</b>				
	<b>Districts without POB</b>				
	<u>Normal Cost</u>	<u>+</u>	<u>UAAL</u>	<u>=</u>	<u>Total</u>
PEPRA General Tier 5 (2% COLA)					
Basic	7.75%		20.67%		28.42%
COL	1.66%		10.79%		12.45%
Total	<u>9.41%</u>		<u>31.46%</u>		<u>40.87%</u>

## MEMORANDUM

Date: September 10, 2014  
To: CCCERA Board of Retirement  
From: Kurt Schneider, Deputy Retirement Chief Executive Officer  
Subject: Request for Proposal (RFP) for CCCERA Website Redesign

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In January 2014, staff conveyed to the Board the importance of a new website for CCCERA. At that time the Board requested more information about the scope of the project and what services CCCERA would be requesting. The following is a summary of the Statement of Work that will be included in the RFP.

CCCERA desires a completely overhauled and redesigned site that ultimately will allow CCCERA staff to easily upload several types of assets including Word documents, PDFs, images, video, audio, fillable forms and more. The newly designed website must provide ease-of-use for active and retired CCCERA members, employers, and the public. The new site also must have a fresh and modern look that has the capability of integrating and sharing social media campaigns.

The new site must incorporate optimal information architecture (labeling, hovering, etc.) as well as technical architecture (search engine optimization, etc.). Response speeds should be as fast as possible and the design should be responsive across all platforms.

CCCERA desires these general and overall improvements for its redesigned website:

- Overall look that incorporates a modern, “flat” design with clean lines and consistent colors.
- User friendly design – especially for older retirees who may not be as willing to “search” for needed information.
- Fillable form functionality with future capabilities that would allow possibility of signature verification that might eventually allow online form submittal and other e-based use.
- Site designer-led training should allow CCCERA staff to easily perform routine content management and selected staff to perform more complicated tasks. Such training should be integrated into proposal.
- High-speed upload/download times.
- Cross-platform functionality.

- Password protected Board member accounts where trustees can access their own meeting materials and other information.
- Analytic and data gathering tools.
- Social media integration.
- Fully searchable with links between pages as needed.
- State-of-the-art security and encryption

Staff requests the authorization of the Board to issue an RFP to seek the services of an experienced web design company to complete the comprehensive redesign and deployment of CCCERA's website.

## **MEMORANDUM**

Date: September 10, 2014  
To: CCCERA Board of Retirement  
From: Vickie C. Kaplan, Retirement Accounting Manager  
Subject: **Audit Services**

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### **Background**

CCCERA issued a Request for Proposal (RFP) for Professional Auditing Services in September 2011. We received four completed RFP responses that were evaluated by the temporarily established Auditor RFP Ad Hoc Committee. On December 14, 2011, it was the decision of the Committee to recommend to the full Board that Brown Armstrong CPA's be selected as the Auditor for CCCERA for the 2011 Financial Audit, and to enter into a three (3) year contract, which was subject to the annual review and recommendation of the Board of Retirement.

### **Request**

Determine whether the Board would like to renew the Brown Armstrong CPA's contract for the years 2014-2016 or issue an RFP for audit services for the same period.

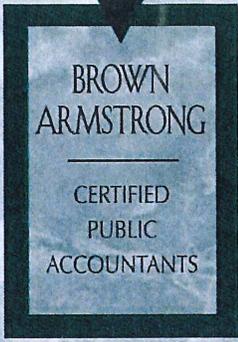
Brown Armstrong CPA's have provided timely and thorough audits of CCCERA's financial records for the past three years. Attached is the proposal that CCCERA has received, from Brown Armstrong CPA's, to provide audit services for the years ended December 31, 2014, 2015, and 2016, respectively.

The existing contract is \$43,000 for each of the 2011-2013 audits. The proposal for basic audit services for each of the three years is as follows:

2014 Engagement	\$45,600
2015 Engagement	\$48,300
2016 Engagement	\$51,200

### **Recommendation**

Recommend that Brown Armstrong CPA's be retained as CCCERA's external auditors for the next three year period from 2014-2016 and enter into a three (3) year contract, subject to the annual review and recommendation of the Board of Retirement. At the end of this three year term, an RFP will be issued for external auditing services.



BROWN ARMSTRONG
Certified Public Accountants

July 30, 2014

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

Dear Mr. Schneider:

Brown Armstrong Accountancy Corporation is pleased to propose on providing audit services to Contra Costa County Employees' Retirement Association for the years ending December 31, 2014, 2015, and 2016. As your current auditors, we feel we are uniquely qualified to continue to provide you with the level of service you expect from your auditors.

Our existing contract is \$43,000.00, which includes \$4,000.00 for meals, lodging and transportation. We propose a not-to-exceed maximum annual price of \$45,600, \$48,300, and \$51,200 for the years ending December 31, 2014, 2015, and 2016, respectively.

We have enjoyed our past relationship and look forward to continuing to serve you. If you accept this proposal, please sign the enclosed copy and return it to us in the enclosed envelope.

Please call me if I can clarify or expand on any item contained in this proposal. We appreciate the opportunity to provide you with the outstanding service you expect.

Sincerely,

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

[Handwritten signature]

By: Rosalva Flores
Principal

RAF:vpe
I:\data\Word\PROPOSAL\2014\Retirements\CCCERA\Proposal Ltr.doc

We agree with this proposal.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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TEL 209.451.4833



REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

## MEMORANDUM

Date: September 10, 2014  
To: CCCERA Board of Retirement  
From: Gail Strohl, Chief Executive Officer  
Karen Levy, General Counsel  
Subject: Consider and Take Possible Action to Authorize the Issuance of Requests For Proposals for (1) labor relations consultant; and (2) labor and employment law legal counsel

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### *Background*

Effective January 1, 2015, CCCERA and its Board of Retirement will become the direct employer for its entire staff, including represented and unrepresented staff members. CCCERA's current staff includes 39 represented positions and 14 unrepresented positions. This independence is a result of the passage of Senate Bill 673, which was co-sponsored by the County Board of Supervisors and the CCCERA Board of Retirement, as part of a settlement agreement reached among the parties to resolve a lawsuit arising out of the implementation of cuts in wages and other benefits imposed by the County on CCCERA staff despite the Retirement Board's request for status quo. The Bill was supported by labor unions representing staff currently working at CCCERA. It was approved by the Governor on August 22, 2014.

As a result of the passage of SB 673, CCCERA will be a public agency for purposes of the Meyers-Miliias-Brown Act (MMBA), effective January 1, 2015. The MMBA governs labor relations for local governmental entities. The CCCERA Retirement Board, as the governing board of CCCERA, will be required pursuant to the MMBA to meet and confer in good-faith with representatives of recognized employee organizations regarding items such as wages, hours, and other terms and conditions of employment.

Given its new status as an employer, the Board will be able to hold confidential discussions with the Board's designated labor negotiator in closed session regarding the salaries and benefits of its represented and unrepresented employees. (Brown Act, G.C. § 54957.36.) Such closed session must be properly included in the meeting agenda. The agenda item must specify the names of each of the Board's designated representatives meeting with the Board in closed session. (Brown Act, G.C. § 54954.5.)

It is crucial that CCCERA and its Board of Retirement embark on this new journey towards independence fully informed and guided by experienced third party consultants in the area of labor negotiations governed by the MMBA as well as the agency overseeing it, the California

Public Employment Relations Board ("PERB"). In addition to MMBA expertise, CCCERA will need general labor and employment law expertise and guidance for human resource type matters in order to ensure CCCERA's compliance with federal and state rules and regulations. Finally, as many other local governmental employers do, the Board should hire a third party labor negotiator as its designated representative in labor negotiations.

We therefore recommend that the Board consider authorizing the issuance of requests for proposals for the following services:

- (1) Labor relations consultant. This third party consultant will be an experienced third party labor negotiator on behalf of local government employers. The consultant will be expected to meet with the Board and negotiate on behalf of the Board; and
- (2) Labor and employment attorney. This attorney will be an experienced MMBA and PERB practitioner. In addition, the attorney will be experienced in providing legal counsel to the Board and CCCERA regarding general labor and employment law matters to ensure compliance with federal and state rules and regulations for employers.

Once responses to the RFPs are received and reviewed, top responders will be presented to the Board for its final selections.

***Recommendation***

Consider and take possible action to authorize the issuance of requests for proposals for: (1) labor relations consultant; and (2) labor and employment law legal counsel.



Meeting Date  
**09/10/14**  
Agenda Item  
**#11**

## ***MEMORANDUM***

Date: September 10, 2014  
To: Board of Retirement  
From: Karen Levy, General Counsel  
Subject: Adoption of Policy On Determining "Compensation Earnable"  
Under AB 197 For Purposes of Calculating Retirement Benefits For "Legacy"  
(Pre-PEPRA) Members

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### ***Background***

In 2012, the California Legislature enacted and the Governor signed into law Assembly Bill 197, which changed the way the Board of Retirement must calculate "compensation earnable". The effective date of AB 197 was January 1, 2013, but that date was postponed until July 12, 2014 by an order of the Contra Costa County Superior Court in the case titled *Contra Costa County Deputy Sheriffs Association, et al., v. CCCERA, et al.*, Contra Costa County Superior Court, Case No. N12-1870. On May 12, 2014, the Contra Costa County Superior Court issued a final Judgment and Writ interpreting AB 197 and concluding that it was consistent with prior law. The Judgment and Writ were appealed and the matter is pending with the appellate court.

While there has been no final appellate judicial decision on the matter, CCCERA is now legally required to apply AB 197 and the Superior Court's final Judgment and Writ as to the calculation of benefits for all active or deferred employees who first became CCCERA members before January 1, 2013 and who retire on or after July 12, 2014 ("Legacy Members.")

The CCCERA Policy entitled "Determining Which Pay Items are 'Compensation' for Retirement Purposes," first adopted in 1997 and later amended, does not reflect the changes required under AB 197 and the Superior Court's final Judgment and Writ. A new policy is enclosed, for the Board's consideration. The Policy reflects the implementation of AB 197 and the Superior Court's ruling. The Policy was prepared by legal counsel (both internal legal counsel as well as outside fiduciary/litigation counsel) and reviewed by CCCERA CEO and Deputy CEO.

In order to assist the Board in considering this item, we have included the following attachments:

Attachment 1 Policy On Determining "Compensation Earnable" Under AB 197 For Purposes of Calculating Retirement Benefits For "Legacy" (Pre-PEPRA) Members

Attachment 2 Predecessor Policy titled: "Determining Which Pay Items Are 'Compensation' For Retirement Purposes"

Attachment 3 Frequently Asked Questions - AB 197 Lawsuit Update: Calculating Your Retirement Allowance Under AB 197 (published on the CCCERA website on June 12, 2014 and revised to reflect Board determinations made subsequently)

Attachment 4 Policy Regarding Assessment and Determination of Compensation Enhancements

Attachment 5 County Employees Retirement Law of 1937 (CERL), Government Code Section 31461, as amended by AB 197

***Recommendation***

Consider and take possible action to adopt the enclosed Policy On Determining "Compensation Earnable" Under AB 197 For Purposes of Calculating Retirement Benefits For "Legacy" (Pre-PEPRA) Members, which will supersede the predecessor Policy titled: "Determining Which Pay Items Are 'Compensation' For Retirement Purposes," as amended, and the Addendum thereto.

# Attachment 1

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
BOARD OF RETIREMENT

**POLICY ON DETERMINING "COMPENSATION EARNABLE"  
UNDER ASSEMBLY BILL 197  
FOR PURPOSES OF CALCULATING RETIREMENT BENEFITS  
FOR "LEGACY" (PRE-PEPRA) MEMBERS**

Adopted: \_\_/\_\_/2014

**I. INTRODUCTION**

In 1997, the California Supreme Court held that "compensation earnable" used to determine a retiring member's retirement allowance ordinarily includes all cash payments received for services performed, with the exception of overtime pay. *Ventura Deputy Sheriffs' Assn. v. Board of Retirement*, 16 Cal.4th 483 (1997). In 2012, the California Legislature enacted and the Governor signed into law Assembly Bill 197, which changed the way the Board of Retirement must calculate "compensation earnable". The effective date of AB 197 was January 1, 2013, but that date was postponed until July 12, 2014 by an order of the Contra Costa County Superior Court.<sup>1</sup> AB 197 applies to the calculation of benefits for all active or deferred employees who first became CCCERA members before January 1, 2013 ("Legacy Members.") AB 197 does not apply to "New Members," generally those who became members of CCCERA for the first time on or after January 1, 2013. The retirement allowances of "New Members" will be calculated under the provisions of the California Public Employees' Pension Reform Act of 2013 ("PEPRA.")

On May 12, 2014, the Contra Costa County Superior Court issued a final Judgment and Writ interpreting AB 197 and concluding that it was consistent with prior law. The Court's Statement of Decision supporting the Judgment concluded that several of CCCERA's prior practices were not consistent with applicable law — primarily with reference to the inclusion of leave sell-backs and cash-outs for time not both earned and payable annually during the one- or three-year final average salary ("FAS") period. Although the litigation is now on appeal, the Judgment and Writ have not been stayed, and CCCERA is legally bound to apply them to all retirements occurring on or after July 12, 2014.

AB 197 and the Judgment and Writ changed the way CCCERA is obligated to calculate Legacy Members' retirement allowances, primarily by requiring CCCERA to exclude certain elements of compensation that previously were treated as "compensation earnable" if earned or received during the FAS period. AB 197 provides that these exclusions from "compensation earnable" are intended to be consistent with and not in conflict with the holdings in *Salus v. San Diego County Employees Retirement Association*, 117 Cal.App.4th 734 (2004) and *In re Retirement Cases*, 110 Cal.App.4th 426 (2003). (Gov. Code § 31461(c).) These two appellate court decisions held as follows: (1) Compensation that may only be received at termination and never during service must be excluded from "compensation earnable"; and (2) Amounts received at the end of a career that "distort" the notion of "average annual compensation" must also be excluded.

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<sup>1</sup> *Contra Costa County Deputy Sheriffs Association, et al., v. CCCERA, et al.*, Contra Costa County Superior Court, Case No. N12-1870.

The Legislature intended that the Board's implementation of AB 197 be guided by these two principles, and the CCCERA Board intends to follow these principles in implementing the requirements of AB 197.

## **II. PURPOSE**

The purpose of this Policy is to set forth what elements of pay constitute "compensation earnable" for Legacy Members under AB 197 and the Superior Court's Final Judgment and Writ.

## **III. POLICY**

This Policy identifies what elements of compensation are now considered "compensation earnable" during the FAS period and sets forth the policies and practices CCCERA intends to follow in implementing the new law. A list of general pay items that are included in, and excluded from, "compensation earnable" by CCCERA effective on and after July 12, 2014 is attached hereto as Attachment A.

Where an item of remuneration is not excluded categorically from "compensation earnable," CCCERA's participating employers will need to collect and pay both employer and employee contributions on such amounts, if and when paid during service.

### **A. "Compensation Earnable" Is the Average Annual Compensation For the Period Under Consideration.**

Applicable Law: "Compensation earnable" by a member means the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation, as defined in Section 31460, that has been deferred shall be deemed "compensation earnable" when earned, rather than when paid. (Gov. Code Section 31461(a).)

CCCERA Policies and Practices. This provision remains unchanged under AB 197. The section primarily defines what constitutes an ordinary work week, excluding compensation received for non-mandatory "overtime." Consistent with the Supreme Court decision in *Ventura Deputy Sheriffs' Assn. v. Board of Retirement*, 16 Cal.4th 483 (1997), "compensation earnable" ordinarily includes all cash payments received for services performed during normal working hours, and usually does not have to be earned or received by everybody else in the same grade or class. Thus, "compensation earnable" ordinarily includes regular salary, service and skill based differentials (e.g. POST, CPA, bilingual pay), holiday pay, allowances (uniform, automobile). "Compensation earnable" excludes overtime pay.

### **B. "Compensation Earnable" Excludes Payments For Unused Leave To The Extent They Exceed What Was Both Earned and Could Have Been Sold Back For Cash During Service During The FAS Period**

Applicable Law: "Compensation earnable" does not include, in any case, the following: Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid. (G.C. § 31461(b)(2).)

CCCERA Policies and Practices. Every CCCERA employer has policies and memoranda of understanding governing its employees' ability to earn vacation, sick, compensatory and other leave time, and to receive the value of some or all of those accruals in cash in lieu of time off, but not all such cash payment for unused leave can be included as "compensation earnable". Cash payment for unused leave will be included only to the extent it does not exceed that which may be earned and payable in each 12-month period during the final average salary period.

The CCCERA Board has determined that if a Legacy Member has an employment agreement that allows an annual "sell back" of a certain number of leave hours (*e.g.*, every calendar or fiscal year), then the payment to be included in the FAS period will be limited to that same number of hours per year, regardless of whether the member actually cashed out more during the selected one- or three-year FAS period. Thus, if a member earns 240 hours of vacation leave in a calendar year and is allowed to sell back 80 hours of unused leave each calendar year, the amount that can be counted as "earned and payable" during the FAS period will be 80 hours, even if the member chose a FAS period that "straddles" two calendar years and sells back 80 hours twice during that period. This avoids the distortion that could arise between comparable members solely due to the selection of the twelve (or thirty-six) month FAS period, and yields a true "average annual" compensation earnable.

In general, it does not matter whether the member actually received the cash in lieu of time while still employed or at termination. If it was both earned and payable during the FAS period and does not exceed the employment agreement annual sell back limits, it will be "compensation earnable," regardless of when actually paid.

CCCERA will not need to trace the origin of each hour of leave earned, accrued and/or sold during a member's career. CCCERA will look to the applicable employment agreement to determine how much a member may earn and receive in cash in each time period (*e.g.*, each calendar year or fiscal year) during the FAS period to determine how much is to be included in "compensation earnable."

**(i) Exception: "Estoppel Class" Members Are Entitled to Include Additional Leave Cash Out Amounts Beyond What AB 197 Allows.**

Applicable Law. The Judgment and Writ recognize that some Legacy Members of CCCERA may be entitled to include additional leave cash-out amounts in their "compensation earnable" beyond the amounts allowed by AB 197. The requirements are:

- Before Dec. 31, 2012, the member's employer allowed, during employment, a cash out of unused leave time in amounts in excess of the amount of leave time earned in the selected FAS period.
- On Dec. 31, 2012, the member had accrued ("banked") such excess leave time.
- At retirement, the member still has some or all of that banked leave time at commencement of his or her FAS period.
- The member cashes out some or all of that bank during service in the FAS period (not upon termination).

If all the foregoing requirements are met, CCCERA also will include in the Legacy Member's "compensation earnable" for the FAS period the lesser of (a) the accrued bank or (b) the amount of the bank actually cashed out during the FAS period.

The CCCERA Board has determined that the bank can be preserved entirely if the member never uses or sells back more than what the member earns and can sell after December 31, 2012. For example, assume that the member had a bank of 320 hours on December 31, 2012, and prior to the beginning of the final compensation period the member only uses or sells back hours that the member earned after December 31, 2012. If the employer allows the member to sell back 320 hours during the final compensation period, it will all count towards the retirement allowance.

**C. "Compensation Earnable" Excludes Termination Pay.**

Applicable Law: *"Compensation earnable" does not include, in any case, the following: Payments made at the termination of employment, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.* (G.C. § 31461(b)(4).)

CCCERA Policies and Practices. AB 197 made clear, based on case law precedent, that payments that are not both earned and payable to the member during service, but only received because of termination of employment, may not be included in the calculation of the retirement allowance. For example, severance pay and termination pay are generally excluded from "compensation earnable." It is recognized, however, that some pay for unused leave that could have been received during service may not be received until termination, solely due to the member's choice not to take it during service. Taking the money in a "lump sum" at termination does not necessarily disqualify it from inclusion in "compensation earnable." So long as the total of leave cashouts received during the FAS period and at termination does not exceed the amount that was both earned and could have been paid in cash during the FAS period, it will be included in calculating the retirement allowance. Amounts in excess of that amount will be excluded from "compensation earnable."

**D. "Compensation Earnable" Excludes Payments For Additional Services Rendered Outside of Normal Working Hours.**

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

CCCERA Policies and Practices. Pay received for "overtime" is not included in "compensation earnable." To be included, the time for which compensation is received (1) must be the normal working hours set forth in the applicable employment agreement, (2) must be required by the employer to be worked by the employee (as distinguished from voluntarily worked), and (3) must be ordinarily worked by all others in the same grade or classification at the same rate of pay during the FAS period. Pay that will be reviewed under these conditions is often described as "standby" and "on-call." Employers must report to CCCERA as pensionable only that pay for work that is required of and ordinarily served by everyone in the same grade or classification, at the same rate of pay.

**E. "Compensation Earnable" Excludes Compensation Determined By the Board To Have Been Paid To Enhance A Member's Retirement Benefits.**

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Applicable Law: *"Compensation earnable" does not include, in any case, the following:*

*Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:*

*(A) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in the form of a cash payment in the final average salary period.*

*(B) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.*

*(C) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period regardless of when reported or paid.*

(G.C. § 31461(b)(1).)

CCCERA Policies and Practices. AB 197 gives the Board authority to review employer pay practices generally, and compensation received individually, to determine if any element of compensation being considered as "compensation earnable" during the FAS period was paid to "enhance" the member's retirement benefit. Examples would include converting from the use of an automobile for many years during service to the sudden receipt of an auto allowance in the year before retirement; converting from employer payments to third-party insurance providers during a member's career to making direct cash payments to the member instead, and having the member separately purchase insurance coverage with the cash; a bonus received at the end of career solely for announcing one's retirement; retroactive grants of cashable leave time; pay received for voluntary after-hours "on-call" service substantially exceeding the member's practice during his or her career; "termination pay" that could not have been received during service; departmental transfers to higher paying positions in a member's final year after it is known the member is retiring; and similar examples of activities that appear to distort the "average annual" compensation earnable the member would have received had he or she not been nearing retirement.

Before the Board makes a determination under this provision, it will afford the member appropriate due process, including an opportunity to appear before the Board and present evidence to support the inclusion of the pay item in calculating the member's retirement allowance, as set forth in the Policy Regarding Assessment and Determination of Compensation Enhancements.

**IV. IMPLEMENTATION BY CCCERA**

The Retirement Chief Executive Officer, with assistance from legal counsel, is responsible for implementing the Board's determination related to "compensation earnable." The CEO is authorized to examine new pay codes and determine their pensionability as follows: If new pay codes are substantially similar to ones addressed in this Policy, the CEO is authorized to notify the employer of the pay item's pensionability without taking the item to the Board. If new pay

codes are unusual or unique, the CEO will present the pay code to the Board for the Board's determination on pensionability. In all cases, the CEO will keep the Board informed regarding significant ongoing issues and challenges, as appropriate.

**This Policy was adopted by the Board of Retirement on \_\_\_\_\_, 2014 and supersedes the predecessor "Determining Which Pay Items are 'Compensation' for Retirement Purposes," as amended, and the Addendum thereto.**

# **Attachment A**

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
BOARD OF RETIREMENT

**CHART OF GENERAL PAY ITEMS THAT ARE INCLUDED IN AND EXCLUDED  
FROM "COMPENSATION EARNABLE" EFFECTIVE JULY 12, 2014 UNDER  
ASSEMBLY BILL 197 AND THE SUPERIOR COURT'S JUDGMENT AND WRIT  
FOR "LEGACY" (PRE-PEPRA) MEMBERS**

The following list applies to the calculation of benefits for all active or deferred employees who first became CCCERA members before January 1, 2013 ("Legacy Members.") New members after that date will have their retirement allowances calculated under the provisions of the California Public Employees' Pension Reform Act of 2013 ("PEPRA.")

"Compensation earnable" ordinarily includes:

- Regular base salary
- FLSA premium pay for regularly scheduled work assignment (fire and law enforcement)
- Longevity pay
- Cash payments for special skills and qualifications and unique services, such as:
  - bilingual pay
  - shift differential
  - special assignment differential
  - holiday pay
- Educational incentive pay (e.g. POST, CPA)
- In-service leave cash outs (earned and payable each year, regardless of when actually paid)
- Allowances (e.g. uniform, automobile)
- Standby or on-call pay (for work during normal working hours, required by the employer and not voluntary, and ordinarily worked by all others in the same grade or classification at the same rate of pay during the FAS period)

"Compensation earnable" ordinarily excludes:

- Overtime pay
- Expense reimbursements
- The monetary value of advantages received in kind, such as:
  - uniforms
  - employer payments to third-party insurers
  - lodging
  - transportation
  - the use of an automobile.
- Employer contributions to deferred compensation plans
- Lump sum at termination for accrued unused leave that could not be cashed out annually during service
- Severance pay

# Attachment 2

CONTRA COSTA COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION

**DETERMINING WHICH PAY ITEMS ARE "COMPENSATION"  
FOR RETIREMENT PURPOSES**

Adopted: 12/05/97  
Amended: 01/13/98  
Amended: 03/10/10  
Amended: 12/12/12

**PURPOSE:**

The California Supreme Court decision in Ventura County Deputy Sheriff's Association v. Board of Retirement, 16 Cal.4<sup>th</sup> 483 (1997) changed a previously accepted construction of the statutory framework governing the compensation includible in the calculation of pensions under the 1937 Retirement Act.

In keeping with this ruling, the Retirement Board has re-examined the criteria it previously used to determine which pay items are compensation includible under Government Code Section 31460. The Board recognizes that any change in policy must not jeopardize the actuarial soundness of the retirement system.

Effective October 1, 1997, the following general principles will be applied in determining which pay items are subject to retirement contributions and included in pension calculations.

**POLICY:**

**1. Compensation includes all payments for services performed.**

All cash payments given as remuneration either for services rendered or for special skills or qualifications (ie. merit pay, longevity pay, standby pay, bilingual pay, holiday pay, educational incentive pay, etc.) are included in compensation.

**2. Compensation does not include "the monetary value of other advantages furnished to a member," but does include cash payments in lieu of such other advantages.**

In-kind benefits and reimbursements for job-related expenses are excluded.

With regard to cash payments in lieu of such advantages, the Board will evaluate how closely the pay item in question resembles, or functions as an effective substitute for salary.

Cash payments for items of “advantage” that the employee would otherwise purchase with salary are included.

**3. “Overtime” compensation is not included in compensation earnable if it is in excess of what is considered normal working hours.**

If the time worked is ordinarily expected to be worked, then it is included regardless of its formal characterization as overtime for pay purposes.

The fact that payments are made in a lump-sum will not prevent their inclusion within compensation earnable if they are accrued for time regularly worked, and simply withheld to a later date within the same year.

**4. Remuneration paid in cash for time earned is considered “final compensation” and is limited by the following:**

- a. Annual “cash-out”  
The value of accrued time, such as vacation, holiday or sick leave, that is sold back to the employer by the employee each year under a “cash-out” agreement, is includible in compensation earnable.
- b. Lump sum at termination  
Only the portion of accrued time (such as vacation, holiday or sick leave) that is paid in the form of a lump sum at termination, and that represents time earned during the final compensation period is includible in compensation.

**5. Members affected**

This Policy shall be effective as to the calculation of retirement allowances for those members of CCCERA whose original date of membership in the retirement system is on or before December 31, 2010.

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

**ADDENDUM TO POLICY FOR DETERMINING WHICH PAY ITEMS ARE  
"COMPENSATION" FOR RETIREMENT PURPOSES**

**PURPOSE:**

This Addendum to the Policy for Determining Which Pay Items are "Compensation" for Retirement Purposes, adopted December 5, 1997, and amended January 13, 1998 ("Policy"), reflects the Retirement Board's re-examination of the Policy since its adoption and the Retirement Board's decision to revise certain aspects of the Policy with respect to persons who become members of the retirement system on and after January 1, 2011. This Addendum is made as of March 10, 2010 and shall be referenced in communications to affected members regarding the Policy following its adoption.

**POLICY:**

Notwithstanding anything to the contrary in the Policy, the following policies and procedures shall be effective as to the determination of "compensation," "compensation earnable" and "final compensation," as defined in the County Employees Retirement Law of 1937, Government Code sections 31450, et seq.

**1. Remuneration paid in cash for time earned is considered "final compensation" and is limited by the following:**

- a. Annual "cash out"  
The value of accrued time, such as vacation, holiday, sick or administrative leave, that is both earned and sold back to the employer by the employee during the final compensation period under a "cash-out" agreement, is includable in compensation earnable.
- b. Lump sum at termination  
Only the portion of accrued time (such as vacation, holiday, sick or administrative leave) that is paid in the form of a lump sum at termination, and that represents time both earned and cashable during the final compensation period, is includable in compensation earnable.

**2. Additional examples of amounts that are not included in "compensation earnable"**

- a. For each year of the final compensation period, leave amounts sold back during any twelve-month period that were accrued over two or more fiscal or calendar years, and that exceed the amount that was both earned and cashable during service in that twelve-month period.

- b. Incentives, bonuses and other payments to the extent they may not be received in cash during service, but only upon termination or retirement.
- c. Conversion of in-kind benefits and other advantages to cash during the final compensation period.

**3. Members affected**

This Addendum shall be effective as to the calculation of retirement allowances for those members of CCCERA whose original date of membership in the retirement system is on or after January 1, 2011 and before January 1, 2013.

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

**SECOND ADDENDUM TO POLICY FOR DETERMINING WHICH PAY ITEMS ARE "COMPENSATION" FOR RETIREMENT PURPOSES**

**PURPOSE:**

The Policy for Determining Which Pay Items are "Compensation" for Retirement Purposes was adopted on December 5, 1997 and amended January 13, 1998 and March 10, 2010 ("Policy"). This Second Addendum is made as of December 12, 2012 and shall be referenced in communications to affected members regarding the Policy following its adoption. The purpose of this Second Addendum is to implement provisions of the California Public Employees' Pension Reform Act of 2013 ("PEPRA") relating to member compensation included in pensionable compensation. (California Government Code Article 4; § 7522.34.)

**LEGAL AUTHORITY:**

Pursuant to PEPRA, "pensionable compensation" is used to calculate members' retirement allowances.

Government Code Section 7522.34(a) defines "pensionable compensation" as:

- "Pensionable compensation" of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.

Government Code Section 7522.34(b) provides:

Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid.

Government Code Section 7522.34(c) excludes from "pensionable compensation" the following:

- (1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.
- (2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.
- (3) Any one-time or ad hoc payments made to a member.

- (4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.
- (5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
- (6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
- (7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.
- (8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.
- (9) Employer contributions to deferred compensation or defined contribution plans.
- (10) Any bonus paid in addition to the compensation described in subdivision (a).
- (11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).
- (12) Any other form of compensation a public retirement board determines should not be pensionable compensation.

**POLICY:**

Notwithstanding anything to the contrary in the Policy, the following policies and procedures shall be effective as to the determination of "pensionable compensation" as defined in the PEPR, Government Code section 7522.34.

1. **“Pensionable compensation” is limited as defined in Government Code Section 7522.34 to “the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.”**
2. **The following are examples of amounts that are *not* included in “pensionable compensation”:**
  - (a) **Payments during service and termination payments for unused vacation, annual leave, personal leave, sick leave or compensatory time off, regardless of when reported or paid.**
  - (b) **Allowance, reimbursement, or payment such as housing allowance, automobile allowance, or uniform allowance.**
  - (c) **Payments for services rendered outside of normal working hours, including standby pay, on-call pay and call-back pay. Payments for overtime are also *not* included in “pensionable compensation.”**
  - (d) **Conversion of in-kind benefits and other advantages to cash during the final compensation period. Examples: conversion of the use of an automobile to an automobile allowance during the final compensation period.**

- (e) One-time or ad hoc payments made to a member.
  - (f) Bonus payments.
  - (g) Severance pay, retirement incentive pay, separation bonus, or other form of payment provided to a member in connection to the extent they may not be received in cash during service, but only upon termination or retirement.
3. Each of the CCCERA participating employers shall provide to CCCERA its publicly available pay schedules for all of its employees. CCCERA staff will determine pensionable compensation based on each employer's publicly available pay schedules.

#### **MEMBERS AFFECTED**

This Second Addendum shall be effective as to the calculation of retirement allowances for those members of CCCERA who are "new members" of the retirement system (as defined in the PEPR, Government Code section 7522.04(f), on or after January 1, 2013.

# Attachment 3

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

### **FREQUENTLY ASKED QUESTIONS**

Published June 12, 2014

Revised June 27, 2014, July 9, 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.

A request for an additional stay was denied by the Court of Appeals on June 30, 2014.

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 of 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.

#### **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. A request for an additional stay was denied by the Court of Appeals on June 30, 2014. CCCERA is required to implement AB 197 pursuant to the Superior Court’s Order for all retirements with an effective date of July 12, 2014 or later.

**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.

**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?**

No. The Board voted at its July 9, 2014 meeting that where the employer allows leave sales annually (for example, once every calendar year) in an amount less than the annual leave accrual, no more than one annual cash out will count as compensation earnable under AB 197. In this example, payment for 80 hours will be included.

**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.**

# Attachment 4

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

**POLICY REGARDING ASSESSMENT AND DETERMINATION OF  
COMPENSATION ENHANCEMENTS**

Adopted: 1/9/2013

**PURPOSE:**

The CCCERA Board of Retirement is required to establish a procedure for assessing and determining whether an element of compensation was paid to enhance a CCCERA member's benefit. (Government Code Section 31542, eff. January 1, 2013.) In keeping with this requirement, the Retirement Board has set forth the following procedure.

**LEGAL AUTHORITY:**

Government Code Section 31542 provides:

- (a) The board shall establish a procedure for assessing and determining whether an element of compensation was paid to enhance a member's retirement benefit. If the board determines that compensation was paid to enhance a member's benefit, the member or the employer may present evidence that the compensation was not paid for that purpose. Upon receipt of sufficient evidence to the contrary, a board may reverse its determination that compensation was paid to enhance a member's retirement benefits.
- (b) Upon a final determination by the board that compensation was paid to enhance a member's retirement benefit, the board shall provide notice of that determination to the member and employer. The member or employer may obtain judicial review of the board's action by filing a petition for writ of mandate within 30 days of the mailing of that notice.
- (c) Compensation that a member was entitled to receive pursuant to a collective bargaining agreement that was subsequently deferred or otherwise modified as a result of a negotiated amendment of that agreement shall be considered compensation earnable and shall not be deemed to have been paid to enhance a member's retirement benefit.

## **POLICY:**

The following policies and procedures shall be effective as to the assessment and determination of whether an element of compensation was paid to enhance a member's retirement benefit.

### **I. STAFF REVIEW AND ASSESSMENT**

With respect to all retirement applications with an effective date of retirement on or after January 1, 2013, the Board directs CCCERA staff to review all compensation included within the calculation of the member's final compensation within the meaning of California Government Code Sections 7522.32, 7522.34, 31461, 31462, 31462.1, 31462.11, and 31462.2, as applicable, for the purpose of making an initial assessment as to whether any item of compensation included in final compensation was paid to enhance a member's retirement benefit. In conducting such review and making such initial assessment, staff shall consider:

- a. Whether the item of compensation was earned within the period during which final compensation is to be calculated;
- b. Whether the compensation exceeds a members' base pay, and if so, whether the earnings codes reported are retirement compensable;
- c. Any other factors that cause staff to believe that an item of compensation included in final compensation was paid to enhance a member's retirement benefit; and
- d. Information and explanation provided by the member and the employer in response to CCCERA's request as to the facts and circumstances concerning an item of compensation that staff believes may have been paid to enhance the member's retirement benefit.

A member and the employer shall be given no less than 15 days to respond to such a written request. Staff may conduct such written and oral follow-up communication as staff believes is appropriate in the exercise of reasonable diligence.

### **II. PREPARATION OF WRITTEN ADMINISTRATIVE RECOMMENDATION AND BOARD ACTION**

- a. If after conducting the initial assessment described above, CCCERA staff believes that an item of compensation was paid to enhance a member's retirement benefit, staff shall prepare a written report to the Board of Retirement making an administrative recommendation to the Board that any item not be included in the calculation of the member's retirement benefit. The report shall contain a description of the reasons for staff's recommendation, including the specific facts and circumstances supporting staff's recommendation.
- b. The report shall be noticed and agendized for a regular meeting of the Board, at which time the Board will act upon staff's administrative recommendation.

Before the Board acts, CCCERA, the member, and the employer shall be given an opportunity to be heard by the Board.

- c. Written notice of the Board meeting and a copy of staff's report shall be provided to the member and the employer no later than 10 days before the recommendation is presented to the Board for action.
- d. At the meeting, the Board will make a decision as to whether the item of compensation was paid to enhance the member's retirement benefit.
- e. CCCERA will provide the member and the employer written notice of the Board's decision with 5 days, which will inform the member and the employer of their right to seek judicial review of the Board's action by filing a petition for writ of mandate within 30 days after the mailing of that notice.
- f. If the Board finds the item of compensation should be included, staff will adjust the member's benefit to include said item, retroactive to the effective date of retirement.
- g. If the payment of the member's benefit would be delayed by seeking resolution through the administrative processes set forth herein, CCCERA may process the benefit excluding the compensation in question. If it is later determined the compensation should be included, CCCERA will adjust the benefit retroactive to the effective retirement date.

# Attachment 5

# COUNTY EMPLOYEES RETIREMENT LAW OF 1937

## CALIFORNIA GOVERNMENT CODE

### Title 3, Division 4, Part 3, Chapter 3 and 3.9 Excerpt from Sections 31450-31899.10

§31461. "Compensation earnable" defined

(a) "Compensation earnable" by a member means the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation, as defined in Section 31460, that has been deferred shall be deemed "compensation earnable" when earned, rather than when paid.

(b) "Compensation earnable" does not include, in any case, the following:

(1) Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:

(A) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in the form of a cash payment in the final average salary period.

(B) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.

(C) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period regardless of when reported or paid.

(2) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.

(3) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(4) Payments made at the termination of employment, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.

(c) The terms of subdivision (b) are intended to be consistent with and not in conflict with the holdings in *Salus v. San Diego County Employees Retirement Association* (2004) 117 Cal.App.4th 734 and *In re Retirement Cases* (2003) 110 Cal.App.4th 426.

(Added by Stats. 1947, Ch. 424, Sec. 1)

(Amended by Stats. 1993, Ch. 396, (AB 1659), Sec. 3)

(Amended by Stats. 1995, Ch. 558 (SB 226), Sec. 1)

(Amended by Stats. 2012, Ch. 297 (AB 197), Sec. 2)



*Meeting Date*  
**09/10/14**  
*Agenda Item*  
**#12**

## **MEMORANDUM**

Date: September 10, 2014  
To: Board of Retirement  
From: Karen Levy, General Counsel  
Subject: Adoption of Policy On Determining "Pensionable Compensation" Under PEPRA For Purposes of Calculating Retirement Benefits For PEPRA Members

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### ***Background***

In 2012, the California Legislature enacted and the Governor signed into law Assembly Bill 340, which included the California Public Employees' Pension Reform Act of 2013 ("PEPRA.") PEPRA changes the terms, conditions and calculation of retirement allowances for "new members," i.e., those members of CCCERA who become "new members" of the retirement system, as defined in PEPRA, Gov. Code Section 7522.04(f), on or after January 1, 2013. On December 12, 2012, the Retirement Board adopted a "Second Addendum" to its policy on determining compensation for retirement purposes, adopting the PEPRA "pensionable compensation" provisions. Since then, CCCERA has been implementing the PEPRA "pensionable compensation" provisions in accordance with the "Second Addendum" and Board determinations as to particular implementation issues.

The current "Second Addendum" does not reflect particular implementation determinations already made by the Board. The current "Second Addendum" also does not define acceptable "publicly available pay schedules." Lastly, the Second Addendum would be more appropriately included in a separate PEPRA pensionable compensation policy rather than together with the Legacy member compensation earnable policy, which now is legally required to comply with a fair amount of detail pursuant to AB 197 and the Superior Court's final Judgment and Writ.

A new policy is enclosed, for the Board's consideration. The Policy reflects PEPRA provisions as well as the Board's prior determination that "Pensionable Compensation" includes "base pay" and excludes any pay other than base pay, in accordance with Govt. Code Sections 7522.34(c)(11) and (12). It defines "publicly available pay schedules" and requires that the schedules be adopted by the governing board of the employer at a public meeting, be available for public inspection, etc. The Policy was prepared by legal counsel (both internal legal counsel as well as outside fiduciary/litigation counsel) and reviewed by CCCERA CEO and Deputy CEO.

In order to assist the Board in considering this item, we have included the following attachments:

- Attachment 1 Policy On Determining "Pensionable Compensation" Under PEPRA For Purposes of Calculating Retirement Benefits
- Attachment 2 Second Addendum to Policy titled: "Determining Which Pay Items Are 'Compensation' For Retirement Purposes"
- Attachment 3 Letter from CCCERA to all CCCERA employers regarding PEPRA "Pensionable Compensation" reporting and the collection of retirement contributions thereon
- Attachment 4 California Public Employees' Pension Reform Act of 2013, Government Code Section 7522.34

***Recommendation***

Consider and take possible action to adopt the enclosed Policy On Determining "Pensionable Compensation" Under PEPRA For Purposes of Calculating Retirement Benefits", which will supersede the predecessor Second Addendum to the Policy titled: "Determining Which Pay Items Are 'Compensation' For Retirement Purposes," as amended, and the Addendum thereto.

# Attachment 1

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
BOARD OF RETIREMENT

**POLICY ON DETERMINING "PENSIONABLE COMPENSATION"  
UNDER PEPRA  
FOR PURPOSES OF CALCULATING RETIREMENT BENEFITS**

Adopted: \_\_/\_\_/2014

**I. INTRODUCTION**

In 2012, the Legislature enacted and the Governor signed into law Assembly Bill 340, which included the California Public Employees' Pension Reform Act of 2013 ("PEPRA.") PEPRA changes the terms, conditions and calculation of retirement allowances for new CCCERA members from those previously in place for "Legacy Members" of CCCERA. This Policy is effective as to the calculation and amount of retirement allowances for those members of CCCERA who become "new members" of the retirement system, as defined in PEPRA, Gov. Code Section 7522.04(f), on or after January 1, 2013.

**II. PURPOSE**

The purpose of this Policy is to implement provisions of PEPRA relating to member compensation included in pensionable compensation in accordance with G.C. Section 7522.34. Pursuant to PEPRA, "pensionable compensation" is used to calculate members' retirement allowances. (Note: "Pensionable compensation" under PEPRA is comparable to "compensation earnable" under the County Employees' Retirement Law of 1937, which is used to calculate the retirement allowances of Legacy Members.)

**III. POLICY**

Applicable Law: PEPRA defines "pensionable compensation" as follows:

*"Pensionable compensation" of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.*

*Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid.*

(Gov. Code Section 7522.34(a) and (b).)

PEPRA excludes from "pensionable compensation" the following:

- (1) *Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.*
- (2) *Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.*
- (3) *Any one-time or ad hoc payments made to a member.*
- (4) *Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.*
- (5) *Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.*
- (6) *Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.*
- (7) *Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.*
- (8) *Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code [FLSA].*
- (9) *Employer contributions to deferred compensation or defined contribution plans.*
- (10) *Any bonus paid in addition to the compensation described in subdivision (a) [of G.C. § 7522.34].*
- (11) *Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a) [of G.C. § 7522.34].*
- (12) *Any other form of compensation a public retirement board determines should not be pensionable compensation.*

(Gov. Code Section 7522.34(a) and (b).)

CCCERA Policies and Practices. The CCCERA Board has determined that "Pensionable Compensation" includes "base pay." Pensionable compensation does not include any pay other than base pay, in accordance with Govt. Code Sections 7522.34(c)(11) and (12).

For purposes of determining the amount of "pensionable compensation," pensionable compensation shall be limited to the amount listed on "publicly available pay schedules." A "publicly available pay schedule" must meet all of the following requirements:

1. Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
2. Identifies the position title for every employee position;
3. Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;

4. Indicates the time base, including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually;
5. Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
6. Indicates an effective date and date of any revisions;
7. Is retained by the employer and available for public inspection for not less than five years; and
8. Does not reference another document in lieu of disclosing the pay rate.

Whenever an employer fails to meet all of the foregoing requirements, the Retirement Board, in its sole discretion, may determine an amount that will be considered to be "pensionable compensation," taking into consideration all information it deems relevant including, but not limited to:

- (a) Documents approved by the employer's governing body in accordance with requirements of public meetings laws and maintained by the employer; and
- (b) Pensionable compensation earned by the member that last met the foregoing requirements.

**This policy was adopted by the Board of Retirement on \_\_\_\_\_, 2014 and supersedes the predecessor "Second Addendum to Policy for Determining Which Pay Items are 'Compensation' for Retirement Purposes."**

# Attachment 2

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

**SECOND ADDENDUM TO POLICY FOR DETERMINING WHICH PAY ITEMS ARE "COMPENSATION" FOR RETIREMENT PURPOSES**

**PURPOSE:**

The Policy for Determining Which Pay Items are "Compensation" for Retirement Purposes was adopted on December 5, 1997 and amended January 13, 1998 and March 10, 2010 ("Policy"). This Second Addendum is made as of December 12, 2012 and shall be referenced in communications to affected members regarding the Policy following its adoption. The purpose of this Second Addendum is to implement provisions of the California Public Employees' Pension Reform Act of 2013 ("PEPRA") relating to member compensation included in pensionable compensation. (California Government Code Article 4; § 7522.34.)

**LEGAL AUTHORITY:**

Pursuant to PEPRA, "pensionable compensation" is used to calculate members' retirement allowances.

Government Code Section 7522.34(a) defines "pensionable compensation" as:

"Pensionable compensation" of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.

Government Code Section 7522.34(b) provides:

Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid.

Government Code Section 7522.34(c) excludes from "pensionable compensation" the following:

- (1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.
- (2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.
- (3) Any one-time or ad hoc payments made to a member.

- (4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.
- (5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
- (6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
- (7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.
- (8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.
- (9) Employer contributions to deferred compensation or defined contribution plans.
- (10) Any bonus paid in addition to the compensation described in subdivision (a).
- (11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).
- (12) Any other form of compensation a public retirement board determines should not be pensionable compensation.

#### **POLICY:**

Notwithstanding anything to the contrary in the Policy, the following policies and procedures shall be effective as to the determination of "pensionable compensation" as defined in the PEPR, Government Code section 7522.34.

1. **“Pensionable compensation” is limited as defined in Government Code Section 7522.34 to “the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.”**
2. **The following are examples of amounts that are *not* included in “pensionable compensation”:**
  - (a) **Payments during service and termination payments for unused vacation, annual leave, personal leave, sick leave or compensatory time off, regardless of when reported or paid.**
  - (b) **Allowance, reimbursement, or payment such as housing allowance, automobile allowance, or uniform allowance.**
  - (c) **Payments for services rendered outside of normal working hours, including standby pay, on-call pay and call-back pay. Payments for overtime are also *not* included in “pensionable compensation.”**
  - (d) **Conversion of in-kind benefits and other advantages to cash during the final compensation period. Examples: conversion of the use of an automobile to an automobile allowance during the final compensation period.**

- (e) One-time or ad hoc payments made to a member.**
  - (f) Bonus payments.**
  - (g) Severance pay, retirement incentive pay, separation bonus, or other form of payment provided to a member in connection to the extent they may not be received in cash during service, but only upon termination or retirement.**
- 3. Each of the CCCERA participating employers shall provide to CCCERA its publicly available pay schedules for all of its employees. CCCERA staff will determine pensionable compensation based on each employer's publicly available pay schedules.**

### **MEMBERS AFFECTED**

This Second Addendum shall be effective as to the calculation of retirement allowances for those members of CCCERA who are "new members" of the retirement system (as defined in the PEPRA, Government Code section 7522.04(f), on or after January 1, 2013.

# Attachment 3

## **MEMORANDUM**

**Date:** September 6, 2013

**To:** CCCERA Employers

**From:** Kurt Schneider, Retirement Deputy Chief Executive Officer

**Subject:** Pensionable Compensation for PEPRA Tiers

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This is an update regarding pensionable compensation for PEPRA Tiers. On December 21, 2012, CCCERA advised all employers to report as pensionable and collect contributions only on PEPRA members' base pay. After consideration and analysis of all pay items beyond base pay ("differentials"), the CCCERA Board determined on September 4, 2013 that no additional differentials will be included in pensionable compensation. All employers should continue to report to CCCERA as pensionable, and collect contributions on, base pay only. No pay items beyond base pay will be used in the calculation of the retirement benefit for members covered by the PEPRA benefit formulas.

Please contact me with any questions regarding this memorandum.

# Attachment 4

# CALIFORNIA PUBLIC EMPLOYEES' PENSION REFORM ACT OF 2013

## CALIFORNIA GOVERNMENT CODE

### Section 7522.34

§7522.34.

(a) "Pensionable compensation" of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules, subject to the limitations of subdivision (c).

(b) Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid.

(c) Notwithstanding any other law, "pensionable compensation" of a new member does not include the following:

(1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.

(2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.

(3) Any one-time or ad hoc payments made to a member.

(4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.

(5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.

(6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.

(8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.

(9) Employer contributions to deferred compensation or defined contribution plans.

(10) Any bonus paid in addition to the compensation described in subdivision (a).

(11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).

(12) Any other form of compensation a public retirement board determines should not be pensionable compensation.

(13) (A) Any form of compensation identified that has been agreed to be nonpensionable pursuant to a memorandum of understanding for state employees bound by the memorandum of understanding. The state employer subject to the memorandum of understanding shall inform the retirement system of the excluded compensation and provide a copy of the memorandum of understanding.

(B) The state employer may determine if excluded compensation identified in subparagraph (A) shall apply to nonrepresented state employees who are aligned with state employees subject to the memorandum of understanding described in subparagraph (A). The state employer shall inform the retirement system of the exclusion of this compensation and provide a copy of the public pay schedule detailing the exclusion.

(Added by Stats. 2012, Ch. 296, Sec. 15. )

(Amended by Stats. 2013, Ch. 528, Sec. 8. Effective October 4, 2013.)

## **MEMORANDUM**

Date: September 10, 2014  
To: CCCERA Board of Retirement  
Copy: Gail Strohl, Chief Executive Officer  
From: Karen Levy, General Counsel  
Subject: Consider and Take Possible Action to Update CCCERA's Conflict of Interest Code

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### ***Background***

The CCCERA Board of Retirement is required to adopt and promulgate a Conflict of Interest Code pursuant to the provisions of the California Political Reform Act of 1974. CCCERA's Conflict of Interest Code was first adopted in 1976 and amended over the years. The Code designates agency employees and consultants with obligations to file an annual Statement of Economic Interest (Fair Political Practices Commission ("FPPC") Form 700) in accordance with the applicable disclosure category. (See Exhibit A to the Code.) The Code also lists Board members and staff with Form 700 filing obligations as public officials who manage public investments within the meaning of Government Code Section 87200. (See Exhibit C to the Code.) Revisions to the Code must first be approved by the Retirement Board and subsequently approved by the Contra Costa County Board of Supervisors.

### ***Proposed Updates to CCCERA's Conflict of Interest Code***

After a review of CCCERA's Conflict of Interest Code, we recommend the following updates be considered by the Board:

- I. Update the designated employee position of "Retirement Administration /Human Resources Coordinator" to the "Retirement Administration Manager" in order to reflect the reclassification of this position. The reclassification has already been implemented, following approval by the Board.
- II. Designate the employee position of "Retirement Assistant General Counsel" to the list of designated agency employees with reporting obligations. While the position is currently vacant, it should be listed as a position with Form 700 filing obligations.
- III. Update the place of filing of the Form 700 Statement of Economic Interest as follows:
  - A. Designated employees are to file their Statements with the Contra Costa County Clerk of the Board of Supervisors.
  - B. Board members, the Retirement Chief Executive Officer and Retirement Chief Investment Officer are to file their Statements with the Contra Costa County Clerk-Recorder.

IV. Update dollar amounts to conform with FPPC Regulation 18730(b)(7) subdivisions (a) and (b) as follows: for reportable interest in real property, change \$1,000 to \$2,000 as the minimum value to be reported. For reportable interest in personal income, change \$200 to \$500 as the minimum aggregate value to be reported.

A "redlined" version of the CCCERA Conflict of Interest Code along with the recommended updates is enclosed as Attachment A. A "clean" version of the Code, including the recommended updates, is enclosed as Attachment B.

***Recommendation***

Consider and take possible action to adopt the foregoing updates to CCCERA's Conflict of Interest Code.

# Attachment A

**BOARD OF RETIREMENT  
OF THE  
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
CONFLICT OF INTEREST CODE**

Adopted: 02/24/76

Amended: 11/06/02, 11/17/04, 4/8/09, 12/8/10,     /     /14

Section 100, Purpose

Pursuant to the provisions of Government Code Sections 87300, et seq., the Board of Retirement of the Contra Costa County Employees' Retirement Association adopts this Conflict of Interest Code. Nothing contained herein is intended to modify or abridge the provisions of the Political Reform Act of 1974 (Government Code Secs. 81000 et seq.) The provisions of this Code are in addition to the laws pertaining to conflicts of interest, including but not limited to Government Code Section 87100 which provides that: "No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest." Except as otherwise indicated, the definitions of the Political Reform Act and regulations adopted pursuant thereto, including specifically but not limited to FPPC Regulation 18730, are incorporated herein, and this Code shall be interpreted consistently therewith. Pursuant to Government Code sections 87303 and 82011(b), this Conflict of Interest Code and any amendments thereto become effective upon approval by the Contra Costa County Board of Supervisors.

Section 200, Designated Positions and Employees

The positions listed in Exhibit "A" (attached hereto) are "designated positions". Every incumbent of these is a "designated employee", and is deemed to make, or participate in the making of, decisions which could affect his or her personal economic interests.

Section 300, Disclosure, Statements

Designated positions shall be assigned to one or more of the disclosure categories set forth in Exhibit "B". Each designated employee shall file an annual statement disclosing that employee's interest in investments, business positions, real property and income designated as reportable under the category to which the employee's position is assigned.

Agency positions that manage public investments for purposes of Section 87200 of the Government Code are listed in Exhibit "C", as required pursuant to Government Code section 87314. Each Retirement Board member and CCCERA employee listed as a Section 87200 filer must file an annual statement of economic interest with the Contra Costa County Clerk – Elections Division.

# A76-1

Disclosure statements are public records pursuant to Government Code section 81008(a).

# A76-1

## Section 400, Place and Time of Filing

- (a) Every designated employee shall file the original of his or her statement of financial interests with the ~~Retirement Administration Manager in the Retirement office~~ Contra Costa County Clerk of the Board of Supervisors.
- (b) ~~The Retirement Administration Manager~~ Every position listed in Exhibit "C" shall ~~make and retain a copy, and forward file~~ the original ~~to~~ of his or her statement of financial interests with the Contra Costa County Clerk of the Board of Supervisors. ~~Recorder~~.
- (c) Employees appointed, promoted or transferred to designated positions shall file initial statements within 30 days thereafter, and shall disclose any reportable investments, business positions and interests in real property held on, and income received during the 12 months before the effective date of the amendment, appointment, transfer or promotion.
- (d) Every designated employee shall file annual statements during March covering the preceding calendar year.
- (e) A designated employee required to file a statement of financial interest under any other agency's conflict of interest code, or under Article 2 of Chapter 7 of the Political Reform Act for a jurisdiction contained within the territorial jurisdiction of this agency may comply with the provisions of this Code by filing a duplicate copy of that statement and an expanded statement which covers reportable interests in that portion of this agency's jurisdiction which differs from the jurisdiction described in the other statement.

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## Section 500, Disclosure Statement, Form and Content

- (a) ~~Clerk of the Board of Supervisors~~ Forms. Disclosure statements shall be made on forms supplied by the Clerk of the Board of Supervisors or the Clerk-Recorder.
- (b) Content. The disclosure statement shall contain the following information:
  - (1) Investment or Interest in Real Property. When an investment or an interest in real property is required to be reported, the statement shall contain: a statement of the nature of the investment or interest, the name of the business entity in which each investment is held, a general description of the business activity in which the business entity is engaged, and the address or other precise location of the real property. The statement shall also contain a statement whether the fair market value of the investment or interest in real property equals or exceeds ~~one~~ two thousand dollars (\$~~1~~2,000) but does not exceed ten thousand dollars (\$10,000), whether it exceeds ten thousand dollars (\$10,000) but does not exceed one hundred thousand dollars (\$100,000), or whether it exceeds one hundred thousand dollars (\$100,000). This information need not be provided with respect to an interest in real property which is solely the principal residence of the filer or any other property which the filer utilizes exclusively as the personal residence of the filer.

## A76-1

- (2) Personal Income. When income is required to be reported under this article, the statement shall contain: the name and address of each source of income aggregating ~~twofive~~ hundred ~~fifty~~ dollars (~~\$250500~~) or more in value, or fifty dollars (\$50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source. The statement shall also contain a statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was ~~at least two hundred fifty dollars (\$250) but did not exceed one thousand dollars (\$1,000), whether it was in excess of one thousand dollars (\$1,000) but was not or less, greater than ten thousand dollars (\$10,000), or whether it was \$1,000, greater than ten thousand dollars (\$10,000), or greater than \$100,000);~~ and a description of the consideration, if any, for which the income was received. In the case of a loan, the statement shall contain the annual interest rate and the security, if any, given for the loan.
- (3) In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made, a description of the gift, the amount or value of the gift, and the date on which the gift was received.
- (4) Business Entity. When income of a business entity, including income of a sole proprietorship, is required to be reported, the statement shall contain: the name, address, and a general description of the business activity of the business entity, and the name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than ten thousand dollars (\$10,000).
- (5) Business Position. When business positions are required to be reported, a designated person shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated person's position with the business entity.
- (6) Acquisition or Disposal During Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

### Section 600, Disqualifications.

Designated employees must disqualify themselves from making or participating in the making of any decisions or using their official position to influence the making of any decision in which they have a reportable financial interest, when it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on the employee, a member of his or her immediate family or on any other interest indicated in Government Code section 87103. No designated

# A76-1

employee shall be required to disqualify him or herself with respect to any matter which could not be legally acted upon or decided without his or her participation, provided the "rule of necessity" appropriately applies to the circumstances.

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All other provisions of this Code notwithstanding, the following provisions hereafter apply:

1. No designated person shall accept any honorarium.

Government Code Section 89502 shall apply to the prohibitions in this section. This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Government Code section 89506 or other provision of law.

2. No designated employee shall accept any gifts with a total value in a calendar year from any single source that exceeds the limitations set forth in Government Code section 89503.

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**EXHIBIT "A"**

**Position Categories**

<u>Designated Positions</u>	<u>Disclosure Category</u>
Retirement Deputy Chief Executive Officer	General
Retirement Accounting Manager	1
Retirement Administration/ <del>Human Resources Coordinator</del> <u>Manager</u>	2
Retirement <u>General Counsel</u>	<u>1</u>
<u>Retirement Assistant</u> General Counsel	1
Retirement Investment Analyst	1
Outside fiduciary counsel	1
Outside investment consultant	1

- Consultants shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The Chief Executive Officer may determine in writing that a particular consultant, although a "designated position", is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this code. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Chief Executive Officer's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

**EXHIBIT "B"**

Disclosure Categories

General:

An investment, interest in real property, or income is reportable if the business entity in which the investment is held, the interest in real property, or the income or source of income may foreseeably be affected materially by any decision made or participated in by the designated employee by virtue of the employee's position.

Designated Employees in Category 1:

Employees designated in Category 1 of Exhibit A shall complete all schedules of Form 700 unless there are no reportable interests for that schedule. A "reportable interest" shall be any business entity or source of income of a type in which the Board is authorized to invest.

Designated Employees in Category 2:

Employees designated in Category 2 of Exhibit A shall complete all schedules of Form 700 except those relating to interests in real property (Form 700, Schedules B and C), unless there are no reportable interests for a schedule. A "reportable interest" shall be any business entity or source of income which, within the filing period has contracted, or in the foreseeable future may contract with the Board to provide products or services, to the Retirement System or the Retirement Office.

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EXHIBIT "C"

Agency Positions that Manage Public Investments  
For Purposes of Section 87200 of the Government Code

The following is a list of each position with the Retirement Board and CCCERA for which an individual occupying the position is required to file a Statement of Economic Interests as a public official who manages public investments within the meaning of Government Code Section 87200:

Members of the Board of Retirement, including Alternate Members  
Retirement Chief Executive Officer  
Retirement Chief Investment Officer



# Attachment B

**BOARD OF RETIREMENT  
OF THE  
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
CONFLICT OF INTEREST CODE**

Adopted: 02/24/76

Amended: 11/06/02, 11/17/04, 4/8/09, 12/8/10, \_\_/\_\_/14

Section 100, Purpose

Pursuant to the provisions of Government Code Sections 87300, et seq., the Board of Retirement of the Contra Costa County Employees' Retirement Association adopts this Conflict of Interest Code. Nothing contained herein is intended to modify or abridge the provisions of the Political Reform Act of 1974 (Government Code Secs. 81000 et seq.) The provisions of this Code are in addition to the laws pertaining to conflicts of interest, including but not limited to Government Code Section 87100 which provides that: "No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest." Except as otherwise indicated, the definitions of the Political Reform Act and regulations adopted pursuant thereto, including specifically but not limited to FPPC Regulation 18730, are incorporated herein, and this Code shall be interpreted consistently therewith. Pursuant to Government Code sections 87303 and 82011(b), this Conflict of Interest Code and any amendments thereto become effective upon approval by the Contra Costa County Board of Supervisors.

Section 200, Designated Positions and Employees

The positions listed in Exhibit "A" (attached hereto) are "designated positions". Every incumbent of these is a "designated employee", and is deemed to make, or participate in the making of, decisions which could affect his or her personal economic interests.

Section 300, Disclosure, Statements

Designated positions shall be assigned to one or more of the disclosure categories set forth in Exhibit "B". Each designated employee shall file an annual statement disclosing that employee's interest in investments, business positions, real property and income designated as reportable under the category to which the employee's position is assigned.

Agency positions that manage public investments for purposes of Section 87200 of the Government Code are listed in Exhibit "C", as required pursuant to Government Code section 87314. Each Retirement Board member and CCCERA employee listed as a Section 87200 filer must file an annual statement of economic interest with the Contra Costa County Clerk – Elections Division.

Disclosure statements are public records pursuant to Government Code section 81008(a).

Section 400, Place and Time of Filing

- (a) Every designated employee shall file the original of his or her statement of financial interests with the Contra Costa County Clerk of the Board of Supervisors.
- (b) Every position listed in Exhibit "C" shall file the original of his or her statement of financial interests with the Contra Costa County Clerk-Recorder.
- (c) Employees appointed, promoted or transferred to designated positions shall file initial statements within 30 days thereafter, and shall disclose any reportable investments, business positions and interests in real property held on, and income received during the 12 months before the effective date of the amendment, appointment, transfer or promotion.
- (d) Every designated employee shall file annual statements during March covering the preceding calendar year.
- (e) A designated employee required to file a statement of financial interest under any other agency's conflict of interest code, or under Article 2 of Chapter 7 of the Political Reform Act for a jurisdiction contained within the territorial jurisdiction of this agency may comply with the provisions of this Code by filing a duplicate copy of that statement and an expanded statement which covers reportable interests in that portion of this agency's jurisdiction which differs from the jurisdiction described in the other statement.

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- (a) Forms. Disclosure statements shall be made on forms supplied by the Clerk of the Board of Supervisors or the Clerk-Recorder.
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  - (1) Investment or Interest in Real Property. When an investment or an interest in real property is required to be reported, the statement shall contain: a statement of the nature of the investment or interest, the name of the business entity in which each investment is held, a general description of the business activity in which the business entity is engaged, and the address or other precise location of the real property. The statement shall also contain a statement whether the fair market value of the investment or interest in real property equals or exceeds two thousand dollars (\$2,000) but does not exceed ten thousand dollars (\$10,000), whether it exceeds ten thousand dollars (\$10,000) but does not exceed one hundred thousand dollars (\$100,000), or whether it exceeds one hundred thousand dollars (\$100,000). This information need not be provided with respect to an interest in real property which is solely the principal residence of the filer or any other property which the filer utilizes exclusively as the personal residence of the filer.
  - (2) Personal Income. When income is required to be reported under this article, the statement shall contain: the name and address of each source of income

- aggregating five hundred dollars (\$500) or more in value, or fifty dollars (\$50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source. The statement shall also contain a statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was \$1,000 or less, greater than \$1,000, greater than \$10,000, or greater than \$100,000; and a description of the consideration, if any, for which the income was received. In the case of a loan, the statement shall contain the annual interest rate and the security, if any, given for the loan.
- (3) In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made, a description of the gift, the amount or value of the gift, and the date on which the gift was received.
  - (4) Business Entity. When income of a business entity, including income of a sole proprietorship, is required to be reported, the statement shall contain: the name, address, and a general description of the business activity of the business entity, and the name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than ten thousand dollars (\$10,000).
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2. No designated employee shall accept any gifts with a total value in a calendar year from any single source that exceeds the limitations set forth in Government Code section 89503.

**EXHIBIT "A"**Position Categories

<u>Designated Positions</u>	<u>Disclosure Category</u>
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Retirement Administration Manager	2
Retirement General Counsel	1
Retirement Assistant General Counsel	1
Retirement Investment Analyst	1
Outside fiduciary counsel	1
Outside investment consultant	1

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The Chief Executive Officer may determine in writing that a particular consultant, although a "designated position", is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this code. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Chief Executive Officer's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

EXHIBIT "B"

Disclosure Categories

General:

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Designated Employees in Category 1:

Employees designated in Category 1 of Exhibit A shall complete all schedules of Form 700 unless there are no reportable interests for that schedule. A "reportable interest" shall be any business entity or source of income of a type in which the Board is authorized to invest.

Designated Employees in Category 2:

Employees designated in Category 2 of Exhibit A shall complete all schedules of Form 700 except those relating to interests in real property (Form 700, Schedules B and C), unless there are no reportable interests for a schedule. A "reportable interest" shall be any business entity or source of income which, within the filing period has contracted, or in the foreseeable future may contract with the Board to provide products or services, to the Retirement System or the Retirement Office.

**EXHIBIT "C"**

Agency Positions that Manage Public Investments  
For Purposes of Section 87200 of the Government Code

The following is a list of each position with the Retirement Board and CCCERA for which an individual occupying the position is required to file a Statement of Economic Interests as a public official who manages public investments within the meaning of Government Code Section 87200:

Members of the Board of Retirement, including Alternate Members  
Retirement Chief Executive Officer  
Retirement Chief Investment Officer



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

## SACRS VOTING PROXY FORM

The following are authorized by the \_\_\_\_\_ County Retirement Board to vote on behalf of the County Retirement System at the upcoming SACRS Conference (*if you have more than one alternate, please attach the list of alternates in priority order*):

\_\_\_\_\_ Voting Delegate

\_\_\_\_\_ Alternate Voting Delegate

These delegates were approved by the Retirement Board on \_\_\_\_ / \_\_\_\_ / \_\_\_\_.

The person authorized to fill out this form on behalf of the Retirement Board:

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Position: \_\_\_\_\_

Date: \_\_\_\_\_

Please send your system's voting proxy by **October 1, 2014** to:

SACRS  
Attn: Sulema H. Peterson, SACRS Administrator  
1415 L Street, Suite 1000  
Sacramento, CA 95814  
Tel: (916) 441-1850 / FAX: (916) 441-6178 / E-mail: [sacrs@sacrs.org](mailto:sacrs@sacrs.org)

FIDUCIARY AND ETHICS TRAINING  
CCCERA BOARD OF RETIREMENT  
SEPTEMBER 10, 2014

HARVEY L. LEIDERMAN  
REED SMITH, LLP

Meeting Date  
**09/10/14**  
Agenda Item  
**#15**

**1. What are the fundamental fiduciary duties?**

**EXHIBIT A**

- Primary Loyalty Rule
- Exclusive Benefit Rule
- Prudent Expert Rule

**2. What are the requirements of the CCCERA Code of Fiduciary Conduct and Ethics?**

**EXHIBIT B**

- Adhere to fundamental fiduciary duties
- Obey conflict of interest laws and CCCERA's Conflicts Code
- Avoid activities that improperly influence or impair your judgment, or are inconsistent with your duty to act in the best interest of the system
- Disclose conflicting interests; when in doubt, disclose
- Comply with all legal limitations on gifts and things of value
- Honor the "quiet period" during investment manager searches
- Avoid using your public position for private gain or influence
- Maintain the confidentiality of closed sessions
- Conduct yourself civilly and respectfully at board meetings
- Use care in communications with service providers, members and plan sponsors

**3. When does a member of the Board or staff have a conflict because his/her outside interests are contrary to the interests of the system?**

- Personal financial interests in contracts
- Personal financial interests in other board agenda items
- Litigation against the system or board
- Interests of your "constituency" clouding your independent judgment

**4. When should a member of the Board or staff recuse him/herself from considering a matter before the Board?**

**EXHIBIT C**

- "Materiality" rule for government salaries under the Political Reform Act
- "Public generally" rule under the Political Reform Act
- Adverse litigant

**5. What and when should a member of the Board or staff disclose so that others are aware of their outside interests?**

**EXHIBIT D**

- Annual Form 700, Statement of Economic Interests
- Content of disclosure for Board meetings
- Timing of disclosure for Board meetings
- Recording of disclosure at Board meetings

**6. What obligation does a member of the Board have to keep closed session discussions confidential?**

- Brown Act section 54963

**EXHIBIT E**

- CCCERA Code of Fiduciary Conduct and Ethics, Part 7

**EXHIBIT B**

**EXHIBIT A**

**THE FUNDAMENTAL FIDUCIARY DUTIES OF TRUSTEES  
OF COUNTY EMPLOYEES' RETIREMENT SYSTEMS**

**CALIFORNIA CONSTITUTION, ART. XVI, § 17**

**1. Primary Loyalty Rule**

The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty.

**2. Exclusive Benefit Rule**

The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system.

**3. Prudent Person Rule/Duty to Diversify Investments**

The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims....[They] shall diversify the investments of the system so as to minimize the risk of loss and maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.

**THE COUNTY EMPLOYEES RETIREMENT LAW OF 1937, § 31595**

The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system....The board and its officers and employees shall discharge their duties with respect to the system:

(a) Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.

(b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

(c) Shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

Reed Smith, LLP

**EXHIBIT B**

**CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
*Code of Fiduciary Conduct and Ethics*  
Adopted 7/23/03

WHEREAS, the National Conference on Public Employee Retirement Systems has published NCPERS' Model Code of Ethics, the Guiding Principles of which are as follows:

1. Service to the beneficiaries of public pension funds is the primary function of public pension fund trustees.
2. The beneficiaries of public pension funds are sovereign and the trustees of those funds are ultimately responsible to them.
3. In those situations where the law is not clear, the best interests of the fund beneficiaries must be served. Conscience is critical. Good ends never justify unethical means.
4. Efficient and effective administration and investment management is basic to public pension funds. Misuse of influence, fraud, waste or abuse is unacceptable conduct.
5. Safeguarding the trust of fund beneficiaries is paramount. Conflicts of interest, bribes, gifts or favors which subordinate fund trustees to private gains are unacceptable.
6. Service to public pension fund beneficiaries demands special sensitivity to the qualities of justice, courage, honesty, equity, competence and compassion.
7. Timely and energetic execution of fiduciary responsibilities is to be pursued at all times by pension fund trustees.

WHEREAS, the Political Reform Act of 1974 and Government Code section 1090 set forth specific circumstances which require public officials to disqualify themselves from making, participating in, or attempting to influence governmental decisions which may affect any of their financial interests.

NOW, THEREFORE, BE IT RESOLVED, that the Board of the Contra Costa County Employees' Retirement Association (the "Board") hereby adopts the following Code of Fiduciary Conduct and Ethics:

**PREAMBLE**

The Contra Costa County Employees' Retirement Association ("CCCERA") is a public pension plan organized under the County Employees Retirement Law of 1937. (California Government Code Section 31450, et seq.)

The management of CCCERA is vested in the Retirement Board.

Each member of CCCERA's Board shall discharge his or her duties with respect to the system solely in the interests of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system, with the duty to the participants and beneficiaries taking precedence over any other duty. (California Constitution Article XVI, Section 17(b).)

The members of CCCERA's Board are mindful of the positions of trust and confidence held by them. They adopt this Code to ensure the proper administration of CCCERA, and to foster unquestioned public confidence in CCCERA's institutional integrity as a prudently managed and fiduciarily governed public pension system.

CCCERA's *Code of Fiduciary Conduct and Ethics* provides a fiduciary framework for the proper conduct of CCCERA's affairs.

**1. Fiduciary Duties.**

Each member of CCCERA's Board shall execute their duties as set forth in the County Employees' Retirement Law of 1937, as amended, with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

Each member of CCCERA's Board shall diligently attend to the business of the Board and shall not leave to other Board members control over the administration of the affairs of the Board.

Each member of CCCERA's Board shall comply with CCCERA's *Code of Fiduciary Conduct and Ethics*.

**2. Fiduciary Conflicts of Interest.**

Each member of CCCERA's Board shall abide by the provisions of California Government Code Sections 1090 et seq., which prohibit Board Members from being financially interested, directly or indirectly, in any contract made by the Board.

Each member of CCCERA's Board shall abide by the provisions of the Political Reform Act, Government Code sections 81000, et seq, including section 87100 which prohibits Board Members from making, participating in making, or using their positions to influence Board and Association decisions in which they have a financial interest.

No member of CCCERA's Board shall engage in any employment, activity, or enterprise for compensation which is inconsistent, incompatible, or in conflict with, his or her duties as a member of CCCERA's Board, or with the duties, functions, or responsibilities of CCCERA's Board.

No member of CCCERA's Board shall perform any work, service, or counsel for compensation outside his or her Board responsibilities where any part of his or her efforts will be subject to approval by any other members of the Board on which he or she serves.

Each member of CCCERA's Board shall abide by the provisions of California Government Code Sections 87200 et seq., which require the public disclosure of economic interests as prescribed therein.

In keeping with the provisions of the Government Code, a member of CCCERA's Board shall not become an endorser, surety, or obligor on, or have any personal interest, direct or indirect, in the making of any investment for the Board, or in the gains or profits accruing therefrom. These people are prohibited from having any financial interest in any contract made by them in their official capacity and from making or influencing official decisions in which they have a financial interest.

Each member of CCCERA's Board shall strive to avoid activities which may impair the ability to exercise independent judgment in the discharge of official duties.

In order to maintain the highest standards of conduct and ethics above the minimum requirements of the California Government Code and to avoid even the appearance of a conflict of interest, each member of CCCERA's Board should conduct official and private affairs so as to avoid giving rise to a reasonable conclusion that he or she can be improperly influenced in the performance of his or her public duty.

Members of the CCCERA Board shall be accountable for recognizing a potential or actual conflict of interest and for disqualifying themselves from making, participating in, or attempting to influence Board decisions which may affect any of their financial interests. Immediately prior to the Board's consideration of the matter, a Member shall publicly disclose the actual or potential conflict in detail sufficient to be understood by the public, recuse himself or herself from acting on the matter, and, except in the case of consent agenda items, leave the room until the matter is concluded. Disclosure during Board meetings may be made 1) orally or 2) by handing a written statement to the Chair of the CCCERA Board, with a copy to all trustees and the Retirement Administrator. Such a disclosure shall be reflected in the official record of the meeting.

**3. Limitations on Gifts, Honoraria and Personal Loans; and Disclosure of Gifts on the Record.**

Each member of CCCERA's Board and designated staff shall comply with the gift limitation provisions and the prohibition on acceptance of honoraria under California Government Code Sections 89500 et seq.

Each member of CCCERA's Board and designated staff shall abide by the loan limitation provisions of California Government Code Sections 87460 et seq., which prohibits receiving

personal loans from any officer, employee, member, consultant, or contractor with the CCCERA.

In addition to the minimum gift limitation requirements of California Government Code Sections 89500 et seq., CCCERA Board Members shall not accept or solicit gifts, favors, services or promises of future benefits which might compromise or impair the Board Member's exercise of independent judgment, or which the Board Member knows, or should know, are being offered with the intent to influence that Board Member's official conduct.

If a Board Member or designated staff has received gifts of \$75.00 or more in the current calendar year from a person, firm or entity conducting business or seeking to conduct business with the CCCERA Board, immediately before the Board considers an item involving that donor, the Board Member or designated staff shall disclose on the record the receipt of the gift(s), the donor's name, and the nature and value of the gift(s).

If CCCERA has received a gift(s) (i.e., of travel, admission to seminars, tickets to events, use of sporting facilities, entertainment) of \$75.00 or more in the current calendar year from a person, firm or entity, at the time the Board considers assignment to a particular Board Member or designated staff, the Retirement Administrator shall disclose on the record the original donor's name, and the nature and value of the gift(s).

#### 4. Contacts with Vendors, Consultants and Advisors.

- (a) **Prospective Vendors, Consultants and Advisors.** During the time when the CCCERA is in the process of selecting a vendor, consultant or advisor (a "service provider"), no member of the CCCERA Board or staff shall accept any gifts, favors, or services from any current or prospective service provider that the Board Member or staff knows has responded to a Request for Proposal, or is otherwise a candidate in a non-RFP selection process. During the time when CCCERA is in the process of selecting a vendor, consultant or advisor, no member of the CCCERA Board or staff shall accept any gift, benefit or service from CCCERA if it was donated to CCCERA by a current or prospective service provider that the Board or staff knows has responded to a Request for Proposal, or is otherwise a candidate in a non-RFP selection process. Furthermore, each member of the Board shall refrain from any discussions with any current or prospective service provider who is a finalist in the selection process regarding the Request for Proposal outside of an open public meeting, other than as part of a regularly scheduled interview during the selection process.
- (b) **Existing Vendors, Consultants and Advisors.** Business meetings and discussions, including meetings which include meals, with current vendors, consultants and advisors ("service providers") may provide useful information of benefit to the Board member, and are not prohibited by this *Code of Fiduciary Conduct and Ethics*.

5. **Use of CCCERA Resources and Facilities for Private Gain.**

No member of the CCCERA Board shall use Board consultants or staff, or CCCERA facilities, equipment, materials or supplies for any purpose other than the discharge of his or her responsibilities to the retirement system.

6. **Use of Official Position.**

No CCCERA Board member shall use his or her Board position either to negotiate on behalf of the CCCERA Board outside of any process established for that purpose or to become involved in personnel matters. Furthermore, no Board member shall use his or her official position to secure a special privilege or exemption for himself or herself or on behalf of others.

7. **Confidential Information.**

No member of the CCCERA Board shall obtain or use for personal reasons or for private gain any confidential information acquired as a result of his or her position as a member of the Board.

Each Board Member shall abide by the provisions of Government Code section 54963, which prohibits the disclosure of confidential information acquired during authorized closed sessions.

8. **Conduct at Retirement Board Meetings.**

The CCCERA Board shall provide fair and equal treatment for all persons and matters coming before the Board or any Board committee.

Board members shall listen courteously to all discussions at meetings and avoid interrupting other speakers, including other Board members, staff or committee members, except as may be permitted by established Rules of Order.

Board members shall refrain from abusive or disruptive conduct, personal charges or verbal attacks upon the character, motives, ethics, or morals of others.

9. **Communications with Service Providers and other Non-CCCERA Persons and Entities.**

A Board member shall be respectful of the Board and its decisions in all external communications, even if he or she disagrees with such decision.

Board members shall indicate when they are speaking in a capacity as a member of the CCCERA Board or in another capacity in their external communications.

A Board member shall not correspond with a non-CCCERA person or entity using CCCERA letterhead or as a spokesperson on behalf of the Board unless the communication is authorized by the Board.

Copies of all written communications from a Board member to a current service provider (vendor, consultant or advisor), or person or entity related to a current service provider, relating to CCCERA's business (other than purely personal or social correspondence) shall be provided to the CCCERA Administrator for subsequent distribution to all members of the Board.

A copy of any written business related communication (other than routine announcements, generally distributed newsletters, and similar material) received by a Board member from a current CCCERA service provider, or person or entity related to a current service provider, and not received by any other Board Member, shall be forwarded to the CCCERA Administrator for subsequent distribution to all members of the Board.

**10. Communications with Plan Members.**

Board members shall be aware of the risk of communicating inaccurate information to plan members (both active members and retirees), and the potential exposure to liability and possible harm to a plan member that may result from such miscommunications.

Board members shall mitigate the risk of miscommunication with plan members and thereby avoid creating additional plan liability by refraining from providing specific advice or counsel with respect to the rights or benefits to which a plan member may be entitled under the CCCERA plan. To that end, any Board member communication to three or more members of the public should include the following disclaimer: "The following statement has not been authorized by CCCERA or its Board. It reflects the personal views of the author and should not be construed as an official statement of CCCERA or its Board. Additionally, members of CCCERA should not rely on any factual information contained in the following statement when making retirement related decisions. All inquiries relating to a member's retirement should be directed to the CCCERA staff."

Where explicit advice or counsel, with respect to retirement plan provisions, policies or benefits is needed, Board members will refer inquiries to the CCCERA Administrator or appropriate designee.

**11. Non-Compliance Sanctions.**

Violation of this *Code of Fiduciary Conduct and Ethics* is grounds to remove the offender from the position of Chair or Vice-Chair of the CCCERA Board, or from any other assignment on behalf of the Board, and may also subject the offender to censure by the Board. The Board may also pursue all of its legal remedies against any Board member who violates the provisions of this *Code of Fiduciary Conduct and Ethics*.

**EXHIBIT C**

EXCERPTS FROM FPPC REGULATIONS UNDER THE POLITICAL REFORM ACT  
CALIFORNIA CODE OF REGULATIONS, TITLE 2

**§ 18705.5. Materiality Standard: Economic Interest in Personal Finances.**

(b) The financial effects of a decision which affects only the salary, per diem, or reimbursement for expenses the public official or a member of his or her immediate family receives from a federal, state, or local government agency shall not be deemed material, unless the decision is to appoint, hire, fire, promote, demote, suspend without pay or otherwise take disciplinary action with financial sanction against the official or a member of his or her immediate family, or to set a salary for the official or a member of his or her immediate family which is different from salaries paid to other employees of the government agency in the same job classification or position, or when the member of the public official's immediate family is the only person in the job classification or position.

**§ 18707.1. Public Generally: General Rule.**

(a) Except as provided in Government Code sections 87102.6 and 87103.5, the material financial effect of a governmental decision on a public official's economic interests is indistinguishable from its effect on the public generally if both subdivisions (b)(1) and (b)(2) of this regulation apply.

(b) Significant Segments and Indistinguishable Effects.

(1) Significant Segment. The governmental decision will affect a "significant segment" of the public generally if any of the following are affected as set forth below:

(A) Individuals. For decisions that affect the personal expenses, income, assets, or liabilities of a public official or a member of his or her immediate family, or that affect an individual who is a source of income or a source of gifts to a public official, the decision also affects:

(i) Ten percent or more of the population in the jurisdiction of the official's agency or the district the official represents; or

(ii) 5,000 individuals who are residents of the jurisdiction.

\*\*\*

(E) Exceptional Circumstances. The decision will affect a segment of the population which does not meet any of the standards in subsections (b)(1)(A) through (b)(1)(D), however, due to exceptional circumstances regarding the decision, it is determined such segment constitutes a significant segment of the public generally.

(2) Substantially the Same Manner. The governmental decision will financially affect a public official's economic interest in substantially the same manner as it will affect the significant segment identified in subdivision (b)(1) of this regulation. The financial effect need not be identical for the official's economic interest to be considered "financially affected" in "substantially the same manner."

**EXHIBIT D**

[14, 15 omitted]

**BOARD OF RETIREMENT  
OF THE  
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
CONFLICT OF INTEREST CODE**

Adopted: 02/24/76  
Amended: 11/06/02, 11/17/04, 4/8/09, 12/8/10

Section 100. Purpose

Pursuant to the provisions of Government Code Sections 87300, et seq., the Board of Retirement of the Contra Costa County Employees' Retirement Association adopts this Conflict of Interest Code. Nothing contained herein is intended to modify or abridge the provisions of the Political Reform Act of 1974 (Government Code Secs. 81000 et seq.) The provisions of this Code are in addition to the laws pertaining to conflicts of interest, including but not limited to Government Code Section 87100 which provides that: "No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest." Except as otherwise indicated, the definitions of the Political Reform Act and regulations adopted pursuant thereto, including specifically but not limited to FPPC Regulation 18730, are incorporated herein, and this Code shall be interpreted consistently therewith. Pursuant to Government Code sections 87303 and 82011(b), this Conflict of Interest Code and any amendments thereto become effective upon approval by the Contra Costa County Board of Supervisors.

Section 200. Designated Positions and Employees

The positions listed in Exhibit "A" (attached hereto) are "designated positions". Every incumbent of these is a "designated employee", and is deemed to make, or participate in the making of, decisions which could affect his or her personal economic interests.

Section 300. Disclosure. Statements

Designated positions shall be assigned to one or more of the disclosure categories set forth in Exhibit "B". Each designated employee shall file an annual statement disclosing that employee's interest in investments, business positions, real property and income designated as reportable under the category to which the employee's position is assigned.

Agency positions that manage public investments for purposes of Section 87200 of the Government Code are listed in Exhibit "C", as required pursuant to Government Code section 87314. Each Retirement Board member and CCCERA employee listed as a Section 87200 filer must file an annual statement of economic interest with the Contra Costa County Clerk – Elections Division.

Disclosure statements are public records pursuant to Government Code section 81008(a).

#### Section 400. Place and Time of Filing

- (a) Every designated employee shall file the original of his or her statement of financial interests with the Retirement Administration Manager in the Retirement office.
- (b) The Retirement Administration Manager shall make and retain a copy, and forward the original to the Clerk of the Board of Supervisors.
- (c) Employees appointed, promoted or transferred to designated positions shall file initial statements within 30 days thereafter, and shall disclose any reportable investments, business positions and interests in real property held on, and income received during the 12 months before the effective date of the amendment, appointment, transfer or promotion.
- (d) Every designated employee shall file annual statements during March covering the preceding calendar year.
- (e) A designated employee required to file a statement of financial interest under any other agency's conflict of interest code, or under Article 2 of Chapter 7 of the Political Reform Act for a jurisdiction contained within the territorial jurisdiction of this agency may comply with the provisions of this Code by filing a duplicate copy of that statement and an expanded statement which covers reportable interests in that portion of this agency's jurisdiction which differs from the jurisdiction described in the other statement.

#### Section 500. Disclosure Statement, Form and Content

- (a) Clerk of the Board of Supervisors' Forms. Disclosure statements shall be made on forms supplied by the Clerk of the Board of Supervisors.
- (b) Content. The disclosure statement shall contain the following information:
  - (1) Investment or Interest in Real Property. When an investment or an interest in real property is required to be reported, the statement shall contain: a statement of the nature of the investment or interest, the name of the business entity in which each investment is held, a general description of the business activity in which the business entity is engaged, and the address or other precise location of the real property. The statement shall also contain a statement whether the fair market value of the investment or interest in real property equals or exceeds one thousand dollars (\$1,000) but does not exceed ten thousand dollars (\$10,000), whether it exceeds ten thousand dollars (\$10,000) but does not exceed one hundred thousand dollars (\$100,000), or whether it exceeds one hundred thousand dollars (\$100,000). This information need not be provided with respect to an interest in real property which is solely the principal residence of the filer or any other property which the filer utilizes exclusively as the personal residence of the filer.
  - (2) Personal Income. When income is required to be reported under this article, the statement shall contain: the name and address of each source of income aggregating two hundred fifty dollars (\$250) or more in value, or fifty dollars (\$50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source. The statement shall also contain a statement whether the aggregate value of income from each source, or in the case

of a loan, the highest amount owed to each source, was at least two hundred fifty dollars (\$250) but did not exceed one thousand dollars (\$1,000), whether it was in excess of one thousand dollars (\$1,000) but was not greater than ten thousand dollars (\$10,000), or whether it was greater than ten thousand dollars (\$10,000); and a description of the consideration, if any, for which the income was received. In the case of a loan, the statement shall contain the annual interest rate and the security, if any, given for the loan.

- (3) In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made, a description of the gift, the amount or value of the gift, and the date on which the gift was received.
- (4) Business Entity. When income of a business entity, including income of a sole proprietorship, is required to be reported, the statement shall contain: the name, address, and a general description of the business activity of the business entity, and the name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than ten thousand dollars (\$10,000).
- (5) Business Position. When business positions are required to be reported, a designated person shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated person's position with the business entity.
- (6) Acquisition or Disposal During Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

#### Section 600. Disqualifications.

Designated employees must disqualify themselves from making or participating in the making of any decisions or using their official position to influence the making of any decision in which they have a reportable financial interest, when it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on the employee, a member of his or her immediate family or on any other interest indicated in Government Code section 87103. No designated employee shall be required to disqualify him or herself with respect to any matter which could not be legally acted upon or decided without his or her participation, provided the "rule of necessity" appropriately applies to the circumstances.

All other provisions of this Code notwithstanding, the following provisions hereafter apply:

1. No designated person shall accept any honorarium.

Government Code Section 89502 shall apply to the prohibitions in this section. This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Government Code section 89506 or other provision of law.

2. No designated employee shall accept any gifts with a total value in a calendar year from any single source that exceeds the limitations set forth in Government Code section 89503.

EXHIBIT "A"

Position Categories

<u>Designated Positions</u>	<u>Disclosure Category</u>
Retirement Deputy Chief Executive Officer	General
Retirement Accounting Manager	1
Retirement Administration/Human Resources Coordinator	2
Retirement General Counsel	1
Retirement Investment Analyst	1
Outside fiduciary counsel	1
Outside investment consultant	1

- Consultants shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The Chief Executive Officer may determine in writing that a particular consultant, although a "designated position", is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this code. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Chief Executive Officer's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

EXHIBIT "B"

Disclosure Categories

General:

An investment, interest in real property, or income is reportable if the business entity in which the investment is held, the interest in real property, or the income or source of income may foreseeably be affected materially by any decision made or participated in by the designated employee by virtue of the employee's position.

Designated Employees in Category 1:

Employees designated in Category 1 of Exhibit A shall complete all schedules of Form 700 unless there are no reportable interests for that schedule. A "reportable interest" shall be any business entity or source of income of a type in which the Board is authorized to invest.

Designated Employees in Category 2:

Employees designated in Category 2 of Exhibit A shall complete all schedules of Form 700 except those relating to interests in real property (Form 700, Schedules B and C), unless there are no reportable interests for a schedule. A "reportable interest" shall be any business entity or source of income which, within the filing period has contracted, or in the foreseeable future may contract with the Board to provide products or services, to the Retirement System or the Retirement Office.

EXHIBIT "C"

Agency Positions that Manage Public Investments  
For Purposes of Section 87200 of the Government Code

The following is a list of each position with the Retirement Board and CCCERA for which an individual occupying the position is required to file a Statement of Economic Interests as a public official who manages public investments within the meaning of Government Code Section 87200:

Members of the Board of Retirement, including Alternate Members  
Retirement Chief Executive Officer  
Retirement Chief Investment Officer

**EXHIBIT E**

**THE RALPH M. BROWN ACT ("OPEN MEETINGS LAW")**  
**SECTION 54963**

**CONFIDENTIALITY OF CLOSED SESSIONS**

(a) A person may not disclose confidential information that has been acquired by being present in a closed session authorized by Section 54956.7, 54956.8, 54956.86, 54956.87, 54956.9, 54957, 54957.6, 54957.8, or 54957.10 to a person not entitled to receive it, unless the legislative body authorizes disclosure of that confidential information.

(b) For purposes of this section, "confidential information" means a communication made in a closed session that is specifically related to the basis for the legislative body of a local agency to meet lawfully in closed session under this chapter.

(c) Violation of this section may be addressed by the use of such remedies as are currently available by law, including, but not limited to:

(1) Injunctive relief to prevent the disclosure of confidential information prohibited by this section.

(2) Disciplinary action against an employee who has willfully disclosed confidential information in violation of this section.

(3) Referral of a member of a legislative body who has willfully disclosed confidential information in violation of this section to the grand jury.

(d) Disciplinary action pursuant to paragraph (2) of subdivision (c) shall require that the employee in question has either received training as to the requirements of this section or otherwise has been given notice of the requirements of this section.

(e) A local agency may not take any action authorized by subdivision (c) against a person, nor shall it be deemed a violation of this section, for doing any of the following:

(1) Making a confidential inquiry or complaint to a district attorney or grand jury concerning a perceived violation of law, including disclosing facts to a district attorney or grand jury that are necessary to establish the illegality of an action taken by a legislative body of a local agency or the potential illegality of an action that has been the subject of deliberation at a closed session if that action were to be taken by a legislative body of a local agency.

(2) Expressing an opinion concerning the propriety or legality of actions taken by a legislative body of a local agency in closed session, including disclosure of the nature and extent of the illegal or potentially illegal action.

(3) Disclosing information acquired by being present in a closed session under this chapter that is not confidential information.

(f) Nothing in this section shall be construed to prohibit disclosures under the whistleblower statutes contained in Section 1102.5 of the Labor Code or Article 4.5 (commencing with Section 53296) of Chapter 2 of this code.



MILLIMAN INVESTMENT EDUCATION CONFERENCE  
OCTOBER 1-3, 2014

**Meeting Date**  
**09/10/14**  
**Agenda Item**  
**#16a.**

- [Home](#)
- [Information](#)
- [Agenda](#)
- [Lake Tahoe](#)

<b>Wednesday, October 1st</b>	
6:30pm	<b>Welcome Dinner</b>
<b>Thursday, October 2nd</b>	
7:30am	<b>Breakfast</b>
8:30am	<b>Welcome Session: What to Do When the Fed Has Nothing Left to Taper? The Outlook for Fixed Income Going into 2015</b>
	<i>Jeffrey Rosenberg, BlackRock</i>
	We begin our investment education program with lively presentation from one of our industry's fixed income leaders. See how he is positioning portfolios as the Fed tapers out and 2015 begins.
9:20am	<b>Moving Away from Cap-Weighted Benchmarks—and Why Only Risk-Savvy “Smart” Investors Should Take Note</b>
	<i>Vitali Kalesnik, Research Affiliates</i>
	Vitali Kalesnik and colleagues at Research Affiliates have published peer-reviewed academic papers outlining the risks inherent in non-cap-weighted indexes (e.g. equal-weighted, fundamental-weighted, risk-weighted). Many of these so called “smart beta” indexes are all the rage in the media today, but because investors should only own investments they understand, as Vitali points out, it is critical to understand just when these investment may or may not work. For the risk-savvy “smart investor” with a long time horizon, some of these higher-return, lower standard-deviation products may be worth the somewhat higher fees, at least in combination with traditional cap-weighted products.
10:10am	<b>Break</b>

10:30am	<b>Moving Away from Cap-Weighted Benchmarks: A Panel of Practitioners</b>
	<i>Gerard O'Reilly, Dimensional Fund Advisors</i>
	<i>Luciano Siracusano, WisdomTree</i>
	<i>James (Mac) Eysenbach, Martingale Asset Management</i>
	By constructing a rules-based index designed to offer investors a better risk-return profiles, these practitioners then manage assets against this better benchmark (some more actively, some less actively). Hear their insights as to how an investor can best manage these better-benchmark managers.
11:40am	<b>Smart Portfolios</b>
	<i>Jason MacQueen, R-Squared Risk Management</i>
	Smart Beta has become the latest fashion to conquer the investment community. There are now numerous indices and ETFs purporting to offer exposure to one or more investment styles, both in the USA and elsewhere. Its cheerleaders claim that Smart Beta investment products offer the alpha promise of active managers, without the corresponding drag on performance from fees. However, there are also critics of both the underlying concept and its many implementations. This talk will argue that the real added value to be gained from creating Smart Beta portfolios lies in the methodology used to create the Smart Portfolio, and that this, in turn, is the end result of taking care at each step of the portfolio construction process.
12:30pm	<b>Lunch</b>
2:00pm	<b>Risk Parity 2.0: It Is No Longer About Just Leveraging Fixed Income!</b>
	<i>Soonyong (Sunny) Park, Janus Capital Group</i>
	Risk Parity is an alternative approach to the mean-variance optimization approach used in asset allocation. It is based on the belief that it is easier to estimate expected risk than expected return. Also, proponents of the Risk Parity approach believe the risk-adjusted returns of major asset classes are comparable to each other. Risk Parity is a subset of the risk budgeting process where each asset class contributes equally to the overall risk of portfolio. In a simple two-asset class world of equities and fixed income, the fixed income needs to be leveraged up to the risk of equities (Risk Parity 1.0) to generate sufficient portfolio risk. That strategy will suffer material losses in a sharply rising rate environment. Join us for an insight on how a thought leader on Risk Parity 2.0 is helping institutional plans better understand the risks in their portfolio, and how asset allocation can be improved upon using the Risk Parity framework.

2:50pm	<b>Short Break</b>
3:00pm	<b>Risk Monitoring: A Trustee's Fiduciary Duty?</b>
	<i>Dan diBartolomeo, Northfield Information Systems</i>
	Trustees of plans are risk managers by definition as they must make risk-based decisions on the management of their plan's assets. This risk management is facilitated through the monitoring of actual, forward-looking risk in the overall portfolio. Unfortunately, the risk monitoring solutions in the marketplace, especially for illiquid assets has been challenging. Northfield founder, owner, and president Dan diBartolomeo describes his firm's recent contribution towards an industry solution that not only helps plans monitor the forward-looking risk in their portfolios, but achieves this work without the need of staff time.
3:50pm	<b>Break</b>
4:10pm	<b>Creating Customized Liquidity Solutions</b>
	<i>Dave Wilson, Nuveen</i>
	Cash management policies for pension plans often cause a drag on returns as the need for liquidity leaves assets uninvested, earning yields similar to a common checking account. Dave Wilson, head of institutional solutions at Nuveen discusses solutions to these cash drag problems by designing methods to size investors' liquidity portfolios and achieve market exposures for these assets.
6:30pm	<b>Dinner</b>
<b>Friday, October 3rd</b>	
7:30am	<b>Breakfast</b>
8:30am	<b>Alternative Investments in DC Plans</b>
	<i>Rick Wurster, Wellington Management Company</i>
	<i>Kevin Albert, Pantheon</i>
	<i>Mark Brown, Goldman Sachs Asset Management</i>
	As many Defined Contribution Plans discuss different approaches to using alternative investments on their DC platforms, one theme is playing out. Many DC plans are gaining comfort by including select alternative into their target date funds and GTAA offerings.

	<p>Hear this panel talk about the alternative space as it relates most specifically to DC, but with some lessons that DB plans may wish to take home as well.</p>
9:40am	<b>Private Equity Panel from a Fund of Funds Perspective</b>
	<i>Gary Fencik, Adams Street</i>
	<i>Philip Godfrey, Bay Hills</i>
	<p>Fund of fund managers can gain access to top quartile private equity managers in a way that direct investments don't always produce. These accomplished Fund Managers of Private Equity Funds walk you through an education of how to be successful with private equity in 2015.</p>
10:30am	<b>Break</b>
10:50am	<b>Volatility as a Dynamic Factor and Alternative Asset Class</b>
	<i>Joanne Hill, ProShare Advisors</i>
	<p>Volatility is a dimension of virtually all holdings in portfolios and can also now be accessed separately through derivatives and exchange-traded products. S&amp;P 500 index volatility benchmarks have strong diversification properties with consistently negative correlation to equities. Learn about the dynamics of volatility under different market conditions and how tradable volatility exposure is being incorporated into tactical and strategic portfolio strategies.</p>
11:40am	<b>State of the State on Real Estate and Property Investing</b>
	<i>Michael Acton, AEW Capital Management</i>
	<p>Join Michael as he walks through the subtle differences of Real Estate and Property Investing, including the myriad of investment vehicles, including publicly traded REITs, private real estate funds (both open-end and closed end), public debt, and private debt. Additionally, Michael will discuss which investment vehicles look most attractive today—and why, and where we are in the cycle.</p>
12:30pm	<b>Closing Lunch</b>

Meeting Date  
**09/10/14**  
Agenda Item  
**#16b.**

## Meeting Highlights

**Monday General Session:**

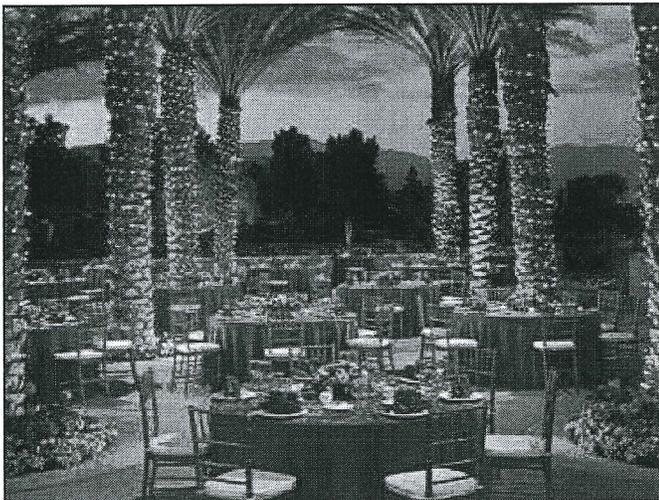
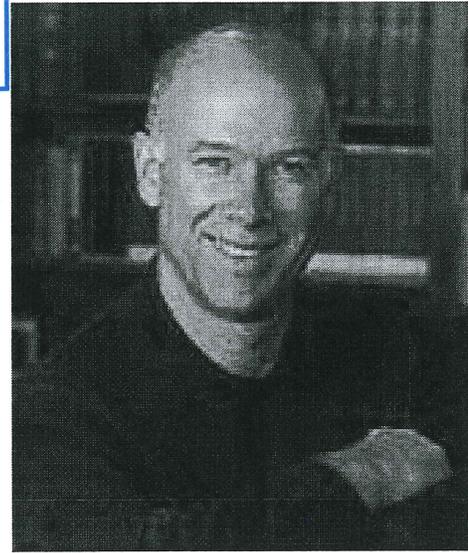
**Keynote Speaker Steven G. Vernon**

**Stanford Center on Longevity,  
 Financial Security Division**

**Monday, October 20, 7:45–10:15 AM**

Steve Vernon, a Consulting Research Scholar in the Financial Security Division of the Stanford Center on Longevity, addresses broad issues associated with an aging population, highlighting work on different topics from the Stanford Center on Longevity. He's active with research, writing, and speaking on the most challenging issues facing retirees today, including finance, health, and lifestyle.

Steve currently writes a regular blog column for CBS MoneyWatch, titled



Money for Life. His latest book is Money for Life: Turn Your IRA and 401(k) Into a Lifetime Retirement Paycheck.

### ***The Monday Evening Gala***

**Monday, October 20, 6:30–9:30 PM**

This year the Monday Evening Gala Event is at the Master's Plaza of the Westin Mission Hills Golf Resort and Spa. Attendees and their registered guests are treated to an informal and relaxed outdoor event. Meander around the beautiful grounds, dance or just sit back, relax and listen to music while enjoying local cuisine.

This is a great opportunity to relax away from the meeting and spend social time with your peers. It will be an evening to remember!

### ***Tuesday Afternoon Community Forums***

**Tuesday, October 21, 3:15 PM**

The CCA's communities each hold an annual networking forum to allow these year-round communities the opportunity to meet face-to-face. Feel free to stop by, meet, and discuss current issues, news, and outlooks. Community membership is not required.

**Public Plans Networking Forum**

*Facilitated by the CCA Public Plans Community*

**Healthcare Reform Networking Forum**

*Facilitated by the CCA Healthcare Reform Community*

**Smaller Actuarial Consulting Firms Networking Forum**

*Facilitated by the CCA Smaller Actuarial Consulting Firms Community*

**Emerging Leaders Networking Forum**

*Facilitated by the CCA Emerging Leaders Community*

**Health Provider Consulting Networking Forum**

*Facilitated by the CCA Health Provider Consulting Community*

### ***Tuesday Evening Poker night***

**Tuesday, October 21, 8:30 PM–Midnight**

Network with a table of your peers over a casual card game. Playing cards and chips are provided.

## Registration

The registration fee for meeting attendees includes:

- Meeting Materials
- Monday Evening Gala Event
- Refreshment Breaks
- Monday Luncheon
- Continental Breakfasts Mon., Tues. and Wed.

Online registration with AMEX, MasterCard or Visa is available via the CCA website at [www.ccaactuaries.org](http://www.ccaactuaries.org); or you may complete the registration form in the PDF brochure, indicating your session preferences, then mail your completed form with a check made payable to the Conference of Consulting Actuaries. Registrations are not processed without the appropriate payment.

## Registration Fees\*

<b>EARLY BIRD</b> June 1 – July 31	CCA Member: \$1,170
	Non-member: \$1,595
<b>REGULAR</b> August 1 – Sept. 19	CCA Member: \$1,270
	Non-member: \$1,695
<b>LATE</b> Sept. 20 – Oct. 10	CCA Member: \$1,370
	Non-member: \$1,795
<b>ONSITE</b> Oct 11 – 22	CCA Member: \$1,470
	Non-member: \$1,895

\* The CCA offers a special arrangement for any participant wishing to become a CCA member for the first time. Attendees who pay the nonmember fee, submit a completed CCA membership application between the Annual Meeting and November 28, 2014, and are approved for membership receive a waiver of first-year membership dues (currently a savings of \$390).

## Accompanying Persons

The registration fee for an accompanying person (\$150 for persons age 18 and over, and \$100 for persons age 3-17) includes the following:

- Continental Breakfasts (Mon., Tue. and Wed.)
- Monday Evening Gala Event

An additional fee of \$65 is required for the Monday Luncheon.

## \*Become a CCA Member for 2015 When You Register for the Annual Meeting

If you have never been a CCA member and you're planning on attending the CCA Annual Meeting, we have an amazing offer for you. The CCA offers a special arrangement for any participant wishing to become a CCA member for the first time. Attendees who pay the nonmember fee, submit a completed CCA membership application between the Annual Meeting and November 28, 2014, and are approved for membership receive a waiver of first-year membership dues (currently a savings of \$390).

Take advantage of this special offer and you'll have access to the CCA's 2015 audio/webcast series at member rates as well as access to the CCA's community forums. You owe it to your career to at least sample these communities where you'll stay on top of the latest developments in these volatile areas, and help frame the national debate on actuarial issues for the profession.

[Click here for details.](#)

## Celebration of Support Attendee

In recognition of the significant contributions made by many of our long-standing members, the CCA is inviting current members who have maintained membership for 25 or more consecutive years to attend the meeting and networking opportunities at the accompanying person rate of \$150. While these attendees do not receive continuing education credits, it represents an opportunity for these members to connect with professional acquaintances to be thanked for their continued support.

A mailing to potential Celebration of Support attendees was recently sent; however, if you did not receive the mailing and believe that you qualify, please contact the CCA office at 847-719-6500 for details.

## Refund Policy

Each registration is offered as a package. Refunds are not issued for any portion of the package not used by the attendee or guest. Refunds are based on the date the written request is postmarked or received via email to the CCA office, according to the schedule below.

	Up to July 31	August 1 to Sept. 19	After Sept. 19
<b>Attendee</b>	Full refund less \$100 admin fee	50% of registration fee	NO REFUND
<b>Accompanying Person Registration</b>	Full refund less 50% admin fee	NO REFUND	NO REFUND

In order to qualify, requests for refunds must be made in writing and postmarked or e-mailed by the above specified dates.

Conference of Consulting Actuaries  
3880 Salem Lake Drive, Suite H  
Long Grove, IL 60047-5292  
E-mail: [conference@ccaactuaries.org](mailto:conference@ccaactuaries.org)







California Quail Official Bird of California

# California Retired County Employees Association

Representing over 160,000 California County Retirees

REC'D

**Meeting Date**  
**09/10/14**  
**Agenda Item**  
**#16c.**

July 15, 2014

CRCEA Delegates, Members, Affiliates and Friends of County Retirees '37 ACT Retirement Board Members and Administrators:

## OFFICERS

- E. F. (Skip) Murphy, President
- Michael Sloan, Vice President
- Dorothy Lueking, Secretary
- Carlos Gonzalez, Treasurer
- William (Bill) de la Garza, Past Pres.

Please accept this invitation to join your fellow retirees at our Annual CRCEA Fall Conference that will be held on **October 19-22, 2014** in beautiful Sacramento County, California, hosted by the Sacramento County Retired Employees Association (SCREA) and held at the **Embassy Suites in Old Sacramento**.

Traveling to Sacramento County will give you the opportunity to visit another of California's beautiful and historic counties. With its State Capital, parks and history, along with wonderful restaurants, SCREA encourages you to join them for this conference.

## MEMBER ASSOCIATIONS

- Alameda
- Contra Costa
- Fresno
- Imperial
- Kern
- Los Angeles
- Marin
- Mendocino
- Merced
- Orange
- Sacramento
- San Bernardino
- San Diego
- San Joaquin
- San Mateo
- Santa Barbara
- Sonoma
- Stanislaus
- Tulare
- Ventura

CRCEA continues our to work by providing you with current educational information relative to our present and future county retiree issue, so I am pleased to inform you that our Sacramento Host Committee, your CRCEA Executive and Conference Committees have worked hard to bring you a meaningful and enjoyable Conference.

The past several conferences included Round Table Discussion, highlighting information and issues from various member associations, which were very well received. Thus, the Conference Executive Committee has continued to allot time for individual associations to present informational materials on discussing problem areas, requests for assistance, along with successful accomplishments that may be helpful to other associations.

With the legislative year in Sacramento winding down, time has been planned for our Legislation Session. We hopefully will bring together CRCEA legislative consultant Amy Brown and other "experts" from the Sacramento scene to be with us. Their analysis is always interesting and should provide insight into the future.

Included with this letter, you will be receiving the Tentative Program giving you an idea of the topics and great speakers we will be enjoying at the Conference. Our hosts are also providing entertainment and gifts guaranteed to make the Tuesday evening social event relaxing, fun and rewarding.

## AFFILIATE MEMBERS

- Cheiron EFI
- Liberty Mutual Group
- Pacific Group Agencies, Inc
- The Segal Company
- Southland Credit Union
- Western Group Agencies, Inc.

The Wednesday Morning Business Session is an important segment, with discussion from local associations as well as updates from all our Standing Committees. We will consider other business brought before the Delegates, who are the Board of Directors and the official voting body for CRCEA; not the least of which is the election of officers for the next term. It is important that every association be represented at the Conference, not only for the valuable information, but especially at the Business Session.

You are always welcome to bring members of your family and friends to the Conference. Plan now to attend. Encourage your Retirement Board Retiree Member (and Alternate) to join us. We look forward to seeing you in Sacramento.

Sincerely,

**E. F. "Skip" Murphy, President**

A 501(c)4 Association



**Sacramento County Retired Employees Association**  
**P.O. Box 161414**  
**Sacramento, CA 95816**

**CRCEA FALL CONFERENCE**  
**“Capitalizing on the Future”**  
**October 20 – 22, 2014**

To all CRCEA Delegates, Alternates, County Association Members, Affiliates,  
Retirement Board Members, Spouses and Guests

The Sacramento County Retired Employees Association (SCREA) cordially invites you to attend the CRCEA Fall 2014 Conference to be held October 20 – 22, 2014 at the

**Embassy Suites Riverfront-Promenade**  
**100 Capitol Mall, Sacramento, CA 95814**

Enclosed is the registration form to assist you in registering to attend the CRCEA Fall 2014 Conference. Please complete a registration form for each attendee, including spouse and/or guest. Your completed registration form(s) and check must be received by **September 15, 2014**. The check should include \$45 for each attendee (excluding Affiliates) and \$45 for each banquet reservation. If you are a Delegate, it must also include your Association fee of \$75.

Hotel reservations must be made by **September 28, 2014** by any of the following ways:

1. Log onto [www.sacramento.embassysuites.com](http://www.sacramento.embassysuites.com) and make a reservation using the group/convention code: CRC;
2. Call the hotel at 916-326-5000 and ask for the California Retired County Employees Association discount rate; or
3. Email the link to your guests or post it on your website. The web page address is [http://embassysuites.hilton.com/en/es/groups/personalized/S/SACESES-CRC-20141019/index.jhtml?WT.mc\\_id=POG](http://embassysuites.hilton.com/en/es/groups/personalized/S/SACESES-CRC-20141019/index.jhtml?WT.mc_id=POG)

Please note the room rate is \$155.00 plus any appropriate tax. This room rate includes a full cook-to-order breakfast and a 2 hour beverage reception nightly. Attendees coming prior to or staying after the conference can receive the same hotel rate **BASED ON AVAILABILITY**. Parking at the hotel is \$20 per day.

Any questions regarding the conference registration should be referred to Pamela Thomas at 916-685-0329 or by email at [egishome@gmail.com](mailto:egishome@gmail.com).

Sacramento County Retired Employees Association looks forward to seeing you and enjoying your participation at the fall conference.

Sincerely,

Kiyoshi (Pat) Adachi  
President, SCREA

Barbara Smith  
Vice-President, SCREA

**Delegates only:** Please bring 25 copies of your association newsletter for placement on the information table.



**2014 CRCEA FALL CONFERENCE REGISTRATION FORM**  
**OCTOBER 20 – 22, 2014**  
 Embassy Suites Riverfront Promenade  
 100 Capitol Mall, Sacramento, CA 95814  
 Hosted by Sacramento County Retired Employees Association

NAME(S) \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

TELEPHONE # \_\_\_\_\_ E-MAIL \_\_\_\_\_

EMERGENCY CONTACT NAME \_\_\_\_\_ PHONE \_\_\_\_\_

ASSOCIATION OR AFFILIATE NAME \_\_\_\_\_

**FALL CONFERENCE REGISTRATION DEADLINE IS SEPTEMBER 15, 2014.**

**Tell us what designation you wish on your name badge:**

CRCEA Officer  (indicate title) \_\_\_\_\_

Delegate  Alternate Delegate  Retired Board Member

Retired Board Member, Alt  Member  Guest  Affiliate

**CONFERENCE ASSOCIATION FEE \$75** (include on Delegate form only) \$ \_\_\_\_\_

**ATTENDEE FEE OF \$45 EACH** \$ \_\_\_\_\_

(To be paid by every attendee, including spouses, except Affiliates & Host Conference Volunteers)

**BANQUET FEE \$45 PER PERSON (tax and tip included)**

SEA SALT & HERB CRUSTED PRIME RIB: QUANTITY \_\_\_\_\_ @ \$45 Each \$ \_\_\_\_\_

BURNT CITRUS-GLAZED SALMON: QUANTITY \_\_\_\_\_ @ \$45 Each \$ \_\_\_\_\_

GRILLED PORTABELLA NAPOLEON: QUANTITY \_\_\_\_\_ @ \$45 Each \$ \_\_\_\_\_

All meals include salad, vegetables, fresh rolls, Starbucks coffee, Tazo tea, & dessert. If you have dietary requirements, please indicate here so Embassy Suites can be notified in advance \_\_\_\_\_

**TOTAL AMOUNT ENCLOSED** \$ \_\_\_\_\_

(Includes Association fee if applicable, Attendee fee & Banquet)

**PLEASE MAIL CHECK (payable to SCREA), ALONG WITH THIS FORM TO:**

SCREA, Attention: CRCEA Conference  
 P.O. 161414  
 Sacramento, CA 95814

If you have questions regarding this reservation form, please contact Pamela Thomas at 916-685-0329 or at egishome@gmail.com.

Fall 2014 CRCEA Conference  
Sacramento October 20-22, 2014  
Tentative List of Speakers

Sacramento County Retired Employees Association (SCREA) is hosting the Fall 2014 CRCEA conference and has lined up some great presenters. The following is the tentative list of speakers.

**Monday Afternoon**

- Opening Session 1:00-1:30 p.m.
- Welcome Address, Speaker Sacramento County Board of Supervisor Don Nottoli
- Short Presentations by representatives from State Capitol Museum, newly renovated State Library, and Crocker Art Museum
- Security Safeguards for Retirees, Speaker from Sheriff's High Tech Crime Unit
- Break-Out Sessions

**Monday Evening**

- Hospitality Reception
- Private Underground 6:00 p.m. (limited number of attendees)

**Tuesday Morning**

- 1937 Act Retirement Systems, Speaker Richard Stensrud, CEO Sacramento County Employees' Retirement System (SCERS)
- Retirement Security Topics, Speaker Robert Palmer, Executive Director, State Association of County Retirement Systems (SACRS)
- Class Action Lawsuit Against CalPERS regarding Long-Term Care, Speaker Michael J. Bidart, Trial Attorney for Plaintiffs

**Tuesday Afternoon**

- Legislative Report, Speaker Amy Brown and Associates
- Planning for End of Life Issues, Speaker Cheryl Moore, State of California Cemetery and Funeral Bureau Advisory Committee (part of the Department of Consumer Affairs) and Board Member of 15 County Funeral Consumer Alliance of Northern California
- Round Table Session

**Tuesday Evening**

- Hospitality Reception
- Dinner
- Dinner Entertainment, Comedian Jack Gallagher

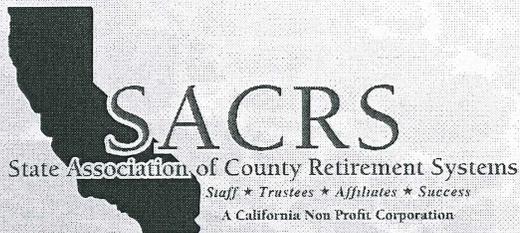
**Optional Special Event**  
**Old Sacramento Underground Tour**  
**Monday, October 20, 2014**

SCREA is providing two tours of the Old Sacramento Underground at 5:00 pm and 6:00 pm Monday evening. Space is limited to 20 adults for each 90-minute tour. Reservations are on a first-come, first-served basis. If you wish to participate, the sooner you respond the higher the likelihood of being included in this special event. Please return this form with your conference registration by September 15, 2014.

YES, I want to go on the Old Sacramento Underground Tour!

Number of reservations \_\_\_\_\_

Questions regarding this optional event can be directed to Linda Kimura by either telephone at (916) 485-8442 or e-mail at [kimurafour@aol.com](mailto:kimurafour@aol.com).



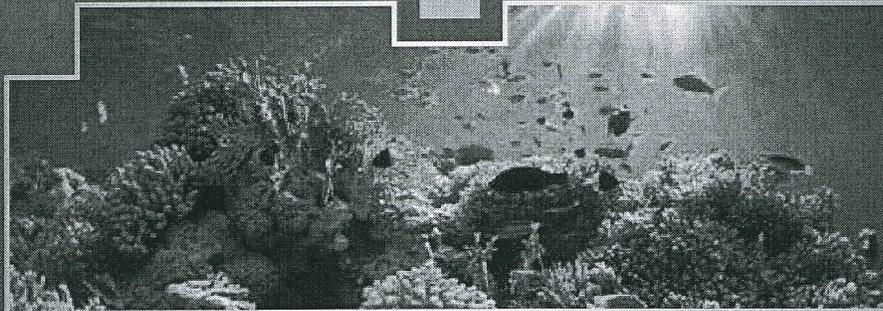
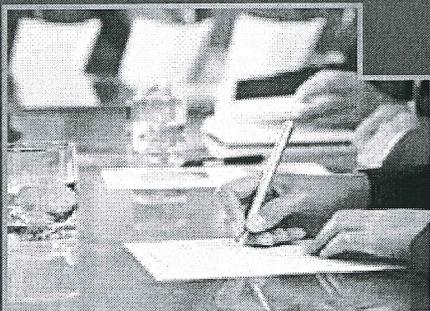
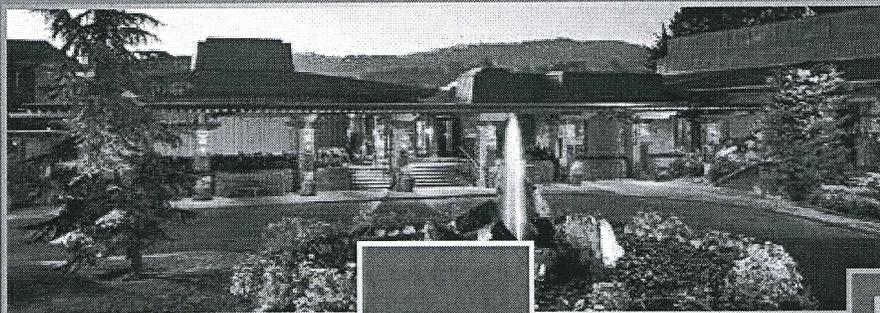
**REGISTER  
TODAY**

*Meeting Date*  
**09/10/14**  
*Agenda Item*  
**#16d.**

# SACRS 2014 FALL CONFERENCE

**NOV. 11-14, 2014**

Hyatt Regency Monterey Hotel and Spa | Monterey, CA



# Preliminary Agenda\*

## Tuesday, November 11, 2014

<b>Golf Tournament</b> TBA	
3:00 PM - 6:30 PM	<b>Registration</b>
3:00 PM - 5:00 PM	<b>New Trustee</b> SPEAKERS: Ashley Dunning, Manatt, Phelps and Phillips Michael Toumanoff, Manatt, Phelps and Phillips
3:00 PM - 5:00 PM	<b>Advance Trustee</b> SPEAKERS: Richard Stensrud, Sacramento CERS Janine Guillot, CalPERS Anne Simpson, CalPERS
3:00 PM - 5:00 PM	<b>Disability/Ops Breakout</b>
5:30 PM - 6:30 PM	<b>SACRS Reception</b>

## Wednesday, November 12, 2014

6:00 AM - 7:00 AM	<b>SACRS Yoga</b>
7:00 AM - 8:15 AM	<b>SACRS Breakfast</b>
8:00 AM - 6:00 PM	<b>Registration</b>
8:15 AM - 8:30 AM	<b>General Session</b> Welcome Honor Guard Local Official
8:30 AM - 9:30 AM	<b>General Session</b> Keynote SPEAKER: David Booth, Dimensional Funds Advisor
9:30 AM - 10:00 AM	<b>SACRS Networking Break</b>
10:05 AM - 11:05 AM	<b>General Session</b> TBD
11:10 AM - 12:10 PM	<b>General Session</b> Health Panel SPEAKERS: William Caswell, Kaiser Permanente Jonah Frohlich, Mannat Health
12:15 PM - 1:30 PM	<b>SACRS Lunch</b>
1:30 PM - 2:30 PM	<b>General Session</b> Annual System Comparison SPEAKER: Becky Gratsinger, RVK

## Wednesday Continued

2:40 PM - 4:30 PM	<b>CONCURRENT SESSIONS</b>
<b>Administrators Breakout</b>	
<b>Affiliate Breakout</b>	
<b>Attorney Breakout</b>	
<b>Disability Breakout</b>	
<b>Internal Auditors Breakout</b>	
<b>Investment Breakout</b>	
<b>IT Breakout</b>	
<b>Ops/Benefit Breakout</b>	
<b>Safety Breakout</b>	
<b>Trustee Breakout</b> FPPC Forms & IRS Filings Roundtable Discussion SPEAKER: Elli Abdoli, Nielsen Merksamer Parrinello Gross & Leoni LLP	
4:30 PM - 5:30 PM	<b>SACRS Legislative Committee Meeting</b> SPEAKER: Richard Stensrud, Committee Chair
6:30 PM - 10:00 PM	<b>SACRS Wednesday Night Event/Gala</b>

## Thursday, November 13, 2014

6:45 AM - 7:45 AM	<b>SACRS 5K Fun Run/Walk</b>
7:30 AM - 8:30 AM	<b>SACRS Breakfast</b>
8:00 AM - 6:00 PM	<b>Registration</b>
8:30 AM - 8:45 AM	<b>General Session</b> Welcome and Veterans Day Honor SPEAKER: Yves Chery, SACRS President
8:50 AM - 10:00 AM	<b>General Session</b> Update on Markets SPEAKER: Steve McCourt, Meketa
10:00 AM - 10:30 AM	<b>SACRS Networking Break</b>
10:30 AM - 11:30 AM	<b>General Session</b> Opportunities in the New US Energy Renaissance SPEAKER: Doug Anderson, Gregory W. Group

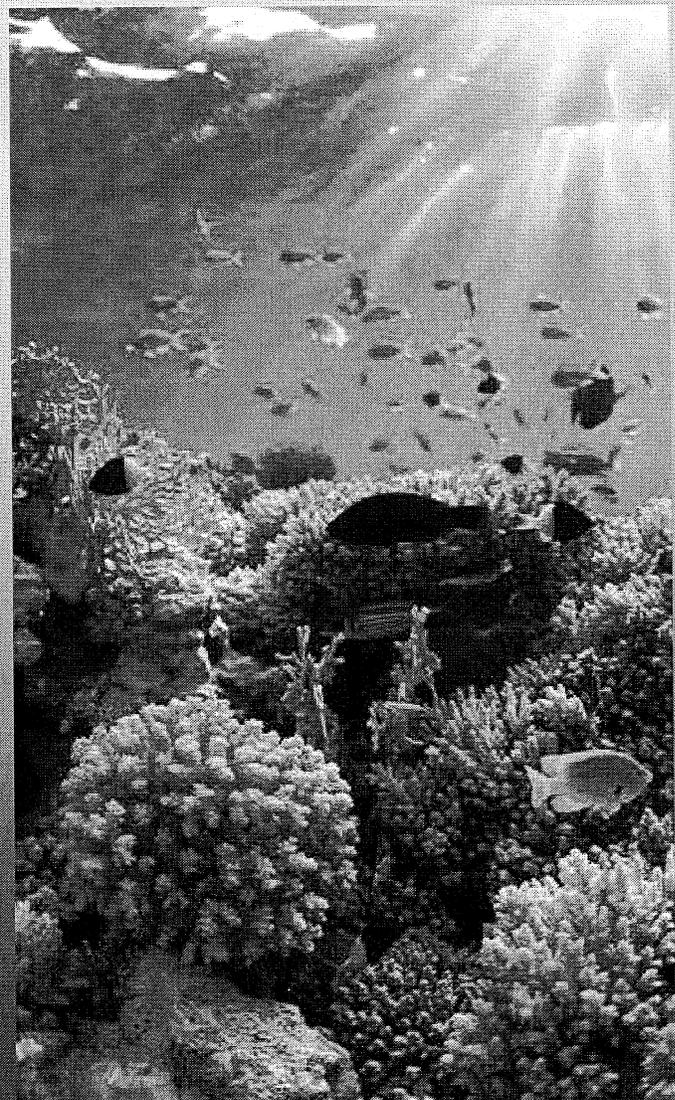
# SACRS 2014 FALL CONFERENCE

## Thursday Continued

11:30 AM - 12:45 PM	<b>SACRS Lunch</b>
1:00 PM - 2:00 PM	<b>CONCURRENT SESSIONS</b>
<b>Concurrent Session A</b> Investment - Interest Rates	
<b>Concurrent Session B</b> Operations/Disability	
<b>Concurrent Session C</b> Demographics	
2:00 PM - 2:30 PM	<b>SACRS Networking Break</b>
2:30 PM - 3:30 PM	<b>CONCURRENT SESSIONS</b>
<b>Concurrent Session A</b> Investment - Fees The Good Bad and the Ugly <b>SPEAKERS:</b> David Kushner, Los Angeles CERA Girard Miller, Orange CERS Wayne Moore	
<b>Concurrent Session B</b> Operations/Disability	
<b>Concurrent Session C</b> Hot Topic	
3:40 PM - 5:00 PM	<b>CONCURRENT SESSIONS</b>
<b>Concurrent Session A</b> SACRS 2014 Legislative Update	
<b>Concurrent Session B</b> SACRS Movie	
<b>Concurrent Session C</b> Investment - Small Cap <b>SPEAKER:</b> Andy Iseri, Callan Associates Inc.	
4:30 PM - 5:30 PM	<b>Education Committee Meeting</b> <b>SPEAKER:</b> Christie Porter, Education Committee Chair
5:30 PM - 6:30 PM	<b>SACRS Reception</b>

## Friday, November 14, 2014

7:30 AM - 8:30 AM	<b>SACRS Breakfast</b>
8:45 AM - 9:45 AM	<b>General Session</b> Ventura Initiative <b>PANEL:</b> Ad Hoc Committee
9:45 AM - 10:00 AM	<b>Break</b>
10:00 AM - Upon Adj	<b>SACRS Business Meeting</b> SACRS Board of Directors
Upon Adjournment	<b>SACRS BOD</b> SACRS Board of Directors



\*Please check [sacrs.org](http://sacrs.org) for updates

# Featured Speakers



ELLI ABDOLI

## Elli Abdoli

ATTORNEY, NIELSEN MERKSAMER  
PARRINELLO GROSS & LEONI LLP

Elli Abdoli is an attorney with the firm's political law section. She advises Fortune 500 companies, non-profits, trade associations and other organizations on complying with federal, state and local lobby, campaign finance and ethics laws,

including developing and implementing comprehensive nationwide compliance systems.

Ms. Abdoli specializes in "pay-to-play" laws, including SEC Rule 206(4)-5, MSRB Rule G-37, and state and local laws impacting the political activity of current and prospective government contractors. She has developed compliance processes and policies to assist companies in complying with these complex laws and regulations, including a mobile application to assist executives and employees with their reporting obligations.

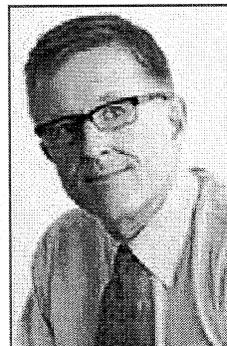
Ms. Abdoli has co-hosted seminars for the Practising Law Institute including, "How Political Laws Impact the Financial Services Industry: From Pay-to-Play to Lobby Laws" and "Pay-to-Play Laws: A Compliance Challenge You Can't Ignore," and was a featured speaker at the State Association of County Retirement Systems (SACRS) conference regarding lobby, gift and pay-to-play laws in the context of public pension plans. She also co-authors "Pay-to-Play Laws: An Introduction and Overview," a chapter in the annual publication *Corporate Political Activities: Complying with Campaign Finance, Lobbying, and Ethics Laws*, Practising Law Institute, and co-authored "Campaign Finance Post-Citizens United," for *Corporate Counsel*, 2013.

Ms. Abdoli also advises on federal, state and local campaign finance and election law issues, including the initiative and referendum process. She is counsel and treasurer for a number of political action committees and ballot measure committees.

## Douglas J. Anderson

SENIOR VICE PRESIDENT, SENIOR CONSULTANT -  
GREGORY.W.GROUP

Doug joined gregory.w.group in 1990 as a research analyst. Prior to joining the firm, he was employed as a portfolio manager and trader at a regional investment management firm. He also has extensive public fund experience. Doug is responsible for performance measurement and quantitative research. Doug is also responsible for several client relationships. He has written research papers on a variety of investment topics and heads our asset allocation and transition management research efforts. Doug has also recently spoken to industry groups on divestment issues and portfolio management. Education: BSBA Finance, The University of Tulsa.



DAVID BOOTH

## David Booth

CHAIRMAN & CO-CHIEF EXECUTIVE  
OFFICER - DIMENSIONAL FUND  
ADVISORS

David Booth was a founder of Dimensional Fund Advisors in 1981 and is Chairman and Co-CEO.

David has written numerous articles including "Diversification Returns and Asset Management" with Eugene F. Fama, which won a Graham

and Dodd Award of Excellence from the Financial Analysts Journal in 1992.

David was awarded the 2012 Outstanding Financial Executive Award by the Financial Management Association International. David was selected for his background and accomplishments in applying financial theory and research to the practical world of asset management, particularly for his pioneering work in indexing and small capitalization investing.

The University of Chicago Booth School of Business was named in honor of David, where he also serves as a lifetime member of the school's business advisory council. David is a member of the board of trustees of the University of

Chicago, the University of Kansas Endowment Association, and he is on the board of directors of Georgetown University. David is also on the board of overseers for the Becker Friedman Institute. In 2010, Investment News named David as one of "The Power 20" in the financial services industry, and MutualFundWire ranked him 12th in its list of the 100 Most Influential People in mutual funds.

David received his MBA from the University of Chicago in 1971. He also holds an MS and a BA from the University of Kansas.



**WILLIAM B.  
CASWELL**

## **William B. Caswell**

**SENIOR VICE-PRESIDENT OF  
OPERATIONS COO, KAISER  
PERMANENTE SOUTHERN  
CALIFORNIA REGION**

As senior vice president of Operations COO, William Caswell oversees health plan and hospital operations for seven of Kaiser Permanente Southern California's medical centers - Los Angeles, West Los Angeles, South Bay,

Baldwin Park, Woodland Hills, Panorama City, and Kern County. In addition, he has responsibility for the region's Marketing, Sales and Account Management, Pricing, and Product Development.

Before assuming his current assignment in December 2006, Caswell was vice president for Marketing and Business Development for Southern California where he worked closely with regional operations on product development, account management and sales, marketing, advertising, and pricing strategy to help expand the organization's market share in an area that extends from San Diego to Bakersfield, and currently includes more than 3.7 million members.

Caswell is a member of the Southern California Region Leadership Team-Health Plan/Hospitals, President's Leadership Team, and the Joint Operating Group, along with other leaders from Health Plan/Hospitals and the Southern California Permanente Medical Group.

Before joining Kaiser Permanente in 2004, Caswell served

in the dual role of executive vice president, Southern California Healthcare Systems, and vice president, Strategic Business Development, for Huntington Memorial Hospital. He has held senior management positions for NYL Care Health Plan, Maxicare Health Plans, and UniHealth America where he worked with all aspects of the Southern California marketplace from both the plan and provider sides of the health care business.



**ASHLEY DUNNING**

## **Ashley Dunning**

**PARTNER - MANATT, PHELPS &  
PHILLIPS, LLP**

Ms. Dunning is a partner with the national law firm, Manatt, Phelps & Phillips, LLP. She specializes in representing trustees, public entities and their boards, and nonprofit organizations, in resolving complex disputes and advising on issues involving fiduciary obligations and governance, as well as California's

public retirement, conflict of interest, open meetings, and public records laws. She appears regularly before boards and in court proceedings throughout California on these issues. Ms. Dunning also provides training on these topics to clients and at conferences throughout the country. Ms. Dunning presently serves as fiduciary, investment and/or litigation counsel for numerous 1937 Act and other public retirement systems in California. She also is general counsel to the Marin County Employees' Retirement Association. Ms. Dunning's retirement system related cases that have resulted in published decisions include *Lexin v. Superior Court* (2010) 47 Cal. 4th 1050, *Shelden v. Marin County Employees' Retirement Assoc.* (2010) 189 Cal. App. 4th 458, and *In re Retirement Cases* (2003) 110 Cal. App. 4th 426.

Ms. Dunning is on the Program Committee of SACRS and presents regularly at SACRS conferences on various legal issues impacting public retirement systems and their boards and staff. She is Chair of the Fiduciary and Governance Section of the National Association of Public Pension Attorneys (NAPPA) and also presents regularly at

# Featured Speakers

NAPPA conferences, as well as at conferences and roundtables sponsored by the California Association of Public Retirement Systems (CalAPRS). Ms. Dunning is a member of the Board of Directors of Habitot Children's Museum. Ms. Dunning received her J.D., cum laude and Order of the Coif, from the University of California, Hastings College of the Law. She received her B.A., cum laude with Distinction in History, from Yale University.



JONAH FROHLICH

## Jonah Frohlich

MANAGING DIRECTOR, MANATT  
HEALTH SOLUTIONS

Jonah Frohlich is a managing director of Manatt Health Solutions (MHS), an interdisciplinary policy and business advisory practice of Manatt, Phelps & Phillips, LLP. Mr. Frohlich provides business strategy, policy and regulatory advice to a wide array of healthcare organizations, including health plans, health systems and academic medical centers, provider organizations, and state governments, with a particular focus on healthcare delivery transformation, managed care, population health and information technology initiatives.

Mr. Frohlich has been engaged in a variety of projects involving the use of information technology, clinical and administrative data to support improvements in the delivery of care for individuals and high-risk populations. He has led multi-stakeholder engagements on behalf of health systems and foundations, developed strategic and business plans for large delivery systems and accountable care organizations, and published reports describing the impact of state and federal policy on public and private markets. Mr. Frohlich has also assisted health plans and hospitals in the development of accountable care organizations and clinical integration initiatives, and he has supported engagement strategies with state health information exchanges.

Prior to joining MHS, Mr. Frohlich was the deputy secretary of health information technology at the California Health & Human Services Agency. In this role, he served as the admin-

istration's top executive and advisor on health information technology, coordinating the state's \$1.5 billion initiative for the development, application, and use of electronic health records and secure information exchange. He also facilitated policy, statutory, and regulatory changes needed to advance health information exchange.

Mr. Frohlich was previously a senior program officer with the California HealthCare Foundation, where he managed the health IT portfolio, which included driving efforts to develop state and national data exchange standards, disease registries, and electronic health record adoption. He also served as manager at Brown & Toland Physicians, where he managed, collected, analyzed, and reported clinical, quality, financial and utilization data, and oversaw clinical integration requirements, and disease and population health management registries and programs.



BECKY GRATSIINGER

## Becky Gratsinger

CEO & SENIOR CONSULTANT, R.V.  
KUHNS & ASSOCIATES, INC.

Becky Gratsinger is CEO and a Senior Consultant with R.V. Kuhns & Associates, Inc. and is located in our Portland office. She joined the firm in 1994 and has 20 years of experience in investment consulting and capital markets. Becky's consulting experience has spanned all institutional client types including public funds, defined benefit, defined contribution, endowment/foundation, corporate reserve, insurance, and high net worth. Her client list includes some of the firm's largest relationships. She has extensive experience in a broad range of consulting disciplines including investment policy, asset allocation, performance evaluation and attribution, investment manager searches, and asset class structure studies. In her work with some of the firm's larger clients, she has participated in innovative asset class research as well as new product and application initiatives.

Becky earned her Bachelor of Science degree in Finance from Portland State University and holds the Chartered Fi-

financial Analyst designation. She is a member of the CFA Institute and a member of the CFA Society of Portland. Becky is a shareholder of the firm.



ANDY T. ISERI

## Andy T. Iseri, CFA

SENIOR VICE PRESIDENT - CALLAN ASSOCIATES INC.

Andy T. Iseri, CFA, is a Senior Vice President and a non-U.S. investment consultant in Callan's Global Manager Research group. He is responsible for research and analysis in the non-U.S. and global asset class including developed and emerging equity, issues surrounding currency management, as well as matters related to ESG investing. He oversees manager searches, conducts on-site visits, and attends finalist interviews. Andy is a shareholder of the firm.

Prior to joining Callan, Andy spent six years selecting and evaluating domestic and international equity managers for the California State Teachers' Retirement System. Prior to that, Andy managed and traded domestic fixed income assets at CalSTRS. He also assisted in the plan's currency, securities lending and credit enhancement programs. Before joining CalSTRS' investment division Andy was a Senior Accountant in the plan's benefit accounting group.

Andy earned a BS in Business Administration - International Business at California State University, Sacramento. He belongs to CFA Institute, CFA Society of Sacramento, and earned the right to use the Chartered Financial Analyst designation.

## David Kushner

LACERA, CHIEF INVESTMENT OFFICER

David Kushner entered the Investment Management industry in 1979, most recently joining LACERA in November, 2011 as the Chief Investment Officer. Prior to joining LACERA, Mr. Kushner served as the Deputy Director for Investments



DAVID KUSHNER

(Chief Investment Officer) for the San Francisco Employees' Retirement System.

Mr. Kushner began his career in Trust Investments, first at City National Bank of Miami, then at Flagship Bank of Tampa. In 1983, he was asked to join the equity staff at the Florida State Board of Administration (SBA), ultimately rising to Senior Portfolio Manager overseeing internally managed equities—approximately \$4.5 billion—including creating and managing a Core Large Cap Active Equity portfolio which generated top decile returns within "S&P 500-like" risk parameters.

In 1990, Mr. Kushner formed a private investment advisory firm drawing on the success of the investment process he created while at the Florida SBA. After successfully managing the firm for 7 years, Mr. Kushner joined ING Investment Management in Atlanta to establish a presence for U.S. Equities management and create a platform for engaging in the Institutional Asset Management and Mutual Fund businesses.

Mr. Kushner was elected a member of the Board of Directors for the Council of Institutional Investors (CII) in 2012. He currently serves on the Audit Committee and Policies Committee of the Board. Mr. Kushner has been teaching Investments to Trustees since 1993, first for the Florida Public Pension Trustees' Association (FPPTA) and, more recently, for the California Association of Public Retirement Systems (CALAPRS).

## Girard Miller

CHIEF INVESTMENT OFFICER OF THE ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM, OCERS

Girard Miller is the Chief Investment Officer of the Orange County Employees Retirement System, OCERS, where his team has developed a comprehensive Fee Policy, a detailed Annual Fee Report, and led a collaborative procurement for private equity fund of funds management to reduce and restructure fees to mitigate J-curve drag. He is

# Featured Speakers

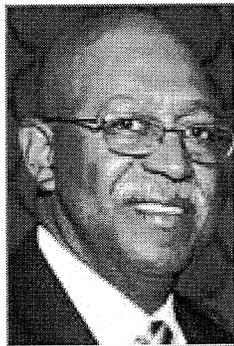


GIRARD MILLER

one of the nation's most widely published authorities on public finance, investments and retirement systems finances. Previously, Girard was the senior strategist at the PFM Group, working with state and local governments as a consultant in the fields of retirement plan investments and sustainable retirement plans. During that period he authored over a hundred columns on public finance and pension fund investments for *Governing Magazine*. In 2008 he was a voting member of the Governmental

community. He is a twelve year Board member, and President-Elect of the Los Angeles Child Guidance Clinic, a 90 year old mental health care service provider in south Los Angeles; he is President of the Holman United Methodist Church Permanent Endowment Committee; he is a Board member of the Brookmore Apartment Corporation who own and operate seven affordable housing complexes in Los Angeles County and he was recently elected President of the Zeta Rho Foundation Board of Directors, overseeing implementation of K - 12 mentoring and tutoring programs in Compton, CA and south Los Angeles..

Mr. Moore is a United States Air Force veteran. He earned a BS degree in Finance and an MS degree in Public Administration from California State University, Los Angeles. He is married to E. Elaine Moore, a Counselor, retired, at El Camino College.



WAYNE MOORE

## Wayne Moore

RETIRED CHIEF FINANCIAL OFFICER  
OF THE SOUTHERN CALIFORNIA  
ASSOCIATION OF GOVERNMENTS

Wayne Moore is the retired Chief Financial Officer of the Southern California Association of Governments. He has been an executive level public administrator in Los Angeles County for over 20 years, also serving as Director of the Office of Management and Budget for the Los Angeles County Metropolitan Transportation Authority; CFO of the City of Los Angeles Department of Public Works; and Asst. General Manager of the Los Angeles Department of Transportation. In December 2013 he completed three and a half years as a Commissioner on the Los Angeles Fire and Police Pension Board. Since 2011 he has been active in the Los Angeles Trustee Network pursuing issues such as responsible investing, the cost of asset management and asset manager performance on behalf of beneficiaries and participants in Defined Benefit pension plans. He has done extensive research on low cost investment strategies and presented his findings at the Initiative for Responsible Investing at the Kennedy School of Government at Harvard University. He has also made presentations to pension fund trustees around the country.

Mr. Moore is an active member of the Los Angeles com-



JASMINE N.  
RICHARDS

## Jasmine N. Richards, CFA

PRODUCT SPECIALIST  
NON U.S. EQUITY

Jasmine N. Richards, CFA joined FIS Group in 2013 as a Product Specialist concentrating on Non US Equity Manager Research. Ms. Richards has over ten years of both buy and sell side investment experience. Prior to joining FIS Group, Ms. Richards worked for State Street Global Advisors as a portfolio manager in their Global Equity Beta Solutions team and Investment Solutions Group.

From 2002-2010, Ms. Richards worked in several sell-side investment roles in New York City. After beginning her career at Bear Stearns in Private Client Services division, Jasmine acquired her Series 7 & 63 licenses and transferred her financial experience to the Institutional Trading Desk at Oppenheimer & Co. While at Oppenheimer she was subsequently promoted to the sole Research Associate for the Institutional Investor ranked Chief Market Technician. As a Research Associate, she prepared weekly research notes focusing on the technical analysis of 550 equities and corresponding options and commodity markets for client

base of over 2,500 institutional investors.

Ms. Richards holds an MBA from University of Chicago Booth School of Business concentrating in Finance, Accounting and Strategic Management. She received her CFA Charter in 2013 and is a member of the CFA Institute and the CFA Society of Philadelphia. While at University of Chicago Ms. Richards also studied Emerging Markets at the University of Witwatersrand in Johannesburg, South Africa. She also attended the Massachusetts Institute of Technology and the New York Institute of Technology for her undergraduate education.



MICHAEL  
TOUMANOFF

## **Michael Toumanoff**

MANATT, PHELPS & PHILLIPS, LLP

Mr. Toumanoff has specialized, for over 20 years, in the law affecting public retirement system fiduciaries, and has represented and advised several California public pension systems, including ACERA, LACERA, SBCERA, and the Pasadena Fire & Police Retirement System, on a variety of issues.

Mr. Toumanoff has authored and co-authored formal opinions on many issues concerning California public pension systems, including the first comprehensive opinion on the then newly enacted Proposition 162 for the State Association of County Retirement Systems in 1993; the scope of members' vested constitutional rights in a variety of contexts; the financial provisions of the 1937 County Employees Retirement Law under both the regular and alternate provisions in Articles 5 and 5.5; benefit issues; conflict issues concerning trustees with conflicting public duties; and the fiduciary aspects of particular investments. He has reviewed, drafted, and negotiated investment manager contracts for retirement systems, and, in 1999, negotiated and drafted a \$100 million contribution agreement for the Pasadena Fire & Police Retirement System with the City to restore the actuarial soundness of the retirement system.

Mr. Toumanoff has also spoken before SACRS, the California Association of Public Retirement Systems, and the Insti-

tutional Investor Institute on various issues over the years, including Proposition 162, system funding, and conflicts of interest, and has addressed some of the particular fiduciary issues facing counsel to public retirement systems before the National Association of Public Pension Attorneys, where he has served as lead chair of the Fiduciary and Plan Governance Section, and is a member of the Executive Board.

## **ADDITIONAL SPEAKERS**

### **Jim Lites**

SACRS CONSULTANT

### **Trent Smith**

SACRS LOBBYIST

### **Mike Robson**

SACRS LOBBYIST

### **Chris Brightman**

CHIEF INVESTMENT OFFICER FOR RESEARCH ASSOCIATE

### **Diane Oakley**

NIRS

# General Information

## HOTEL INFORMATION

### Hyatt Regency Monterey Hotel and Spa

1 Old Golf Course Road  
Monterey, CA 93940  
831-372-1234  
monterey.hyatt.com

## CONFERENCE ROOM RATE

\$189 per night (not including tax & service fees)

## PARKING

Hyatt Regency Monterey Hotel & Spa offers complimentary valet parking and abundant self-parking for our guests.

## CONFERENCE CANCELLATION POLICY

In order to receive a Conference Registration refund, you must cancel your registration by October 1, 2014. Please email cancellation to: [sacrs@sacrs.org](mailto:sacrs@sacrs.org).

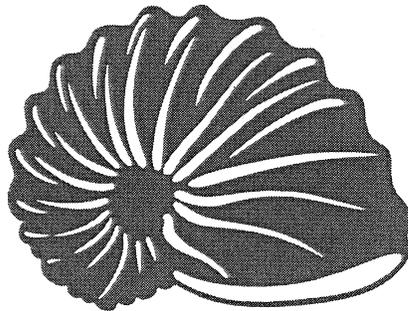
## OFFICIAL CONFERENCE HOURS

Attendees may not host/attend any marketing or social function during periods when official SACRS functions are scheduled and/or during the SACRS official day.

## CONFERENCE ATTIRE

Business Casual dress is encouraged throughout the conference, with the following exceptions:

- Business attire, i.e. coats and ties for gentlemen and comparable dress for women, is requested for speakers, moderators, panelist and presenters during their portion of the program
- Coats and ties for gentlemen and comparable dress for women are expected for the SACRS Receptions.



## FLYING TO MONTEREY

Monterey Regional Airport (MRY) has short, hassle-free security lines and is just 10 minutes from downtown Monterey. Fly direct via international and domestic connecting routes on Allegiant, American Airlines, United Express and U.S. Airways from Los Angeles (LAX), San Francisco (SFO), Phoenix (PHX), Denver (DEN), San Diego (SAN), Las Vegas (LAS) and Honolulu (HNL).

## NEARBY AIRPORTS

Other large airports near Monterey County include Norman Y. Mineta San Jose International Airport (SJC) 60 minutes from downtown Monterey, and San Francisco International Airport (SFO), two hours from downtown Monterey.

## OPTIONS FOR GETTING TO AND FROM THE HOTEL INCLUDE:

### SHUTTLES

Monterey Airbus and Main Event Transportation offer convenient door-to-door service to and from SFO and SJC.

Monterey Airbus (831) 373-7777  
Main Event Transportation (831) 646-5466

### TAXI

Rates may vary and generally range from \$35-\$45 per way.

Associated Taxi (831) 277-8294  
Central Coast Cab (831) 626-3333  
Yellow Cab (831) 333-1234

## JOIN SACRS WELLNESS SESSIONS!

### SACRS YOGA

Wednesday, November 12, 2014 | 6:00 AM - 7:00 AM

Want to impress your benefits manager when you go back to the office? Participate in the SACRS Wellness Sessions! Yoga with SACRS is open to all levels, from beginner to expert. Although yoga poses are a physical exercise, they have the added benefit of bringing great balance to the mind, body and spirit. A morning yoga session is a great way to energize before our busy conference day.

*\*Professional Yoga instructor will lead class, no fee to participate for conference attendees & guests, pre-registration required, towels and water will be available, and all participants must submit a waiver prior to class.*

### SACRS 5K FUN RUN/WALK

Thursday, November 13, 2014 | 6:45 AM - 7:45 AM

Don't miss SACRS 5K Fun Run/Walk! Enjoy the cool Monterey morning with an invigorating walk, jog or run with fellow SACRS conference attendees along an easy 5K (3.1 miles) course along the Monterey Bay Coastal Recreation Trail. A favorite of the SACRS Wellness Sessions, the 5K Fun Run/Walk is a great way for SACRS conference attendees and guests to come together and get moving before the day's educational sessions. All participants receive a SACRS Fun Run/Walk T-Shirt, water and a snack at the end of the Run/Walk.

*\*Registration is \$10 per person, the course is flat and paved, direction signs will be along course along with pocket maps, pre-registration required, and all participants must submit a waiver prior to Run/Walk.*

# Registration

# SACRS 2014 FALL CONFERENCE

November 11-14, 2014 • Hyatt Regency Monterey Hotel and Spa • Monterey, California

COMPLETE AND RETURN the enclosed registration form and fee for each attendee. Payment must accompany registration forms. You may also REGISTER ONLINE at [SACRS.org](http://SACRS.org).

Name (Print exactly for name badge)

Company/System

STATUS  Board Member  Staff  Affiliate  Non-Profit  Non-Member  Speaker

Address

City

State

Zip

Telephone

Fax

E-mail address

Web address

Spouse (Spouse or significant other only, not guest)

## CONFERENCE REGISTRATION FEE

System (Trustees and Staff)	\$120.00
Non-Profit Systems and Associations	\$120.00
Affiliate Member	\$1,020.00 (if received <i>prior</i> to October 1, 2014) \$1,130.00 (if received <i>after</i> October 1, 2014) \$1,280.00 (if received <i>after</i> November 1, 2014)
Non-Member	\$2,670.00

- I would like to participate at the Yoga with SACRS session
- I would like to participate in the SACRS Fun Run/Walk (\$10.00 fee)  
Attendees participating in the fun run receive an official T-Shirt -  
S M L XL 2XL (circle one) M F
- Guest would like to participate in the SACRS Fun Run/Walk (\$10.00 fee)  
Attendees participating in the fun run receive an official T-Shirt -  
S M L XL 2XL (circle one) M F

### MAKE CHECKS PAYABLE TO:

SACRS

### MAIL REGISTRATION & FEE TO:

SACRS

1415 L Street, Suite 1000  
Sacramento, CA 95814

(916) 441-1850 phone

(916) 441-6178 fax

**PLEASE NOTE:** Registration fees are per person. An Affiliate firm may register two (2) representatives, Non-Profit Systems may register ten (10), and Non-Profit Associations may register two (2) representatives to the Fall Conference. Registration fees cover the program, meals, beverage and official functions associated with the annual conference for each attendee.

**REFUND POLICY:** Cancellation requests must be made in writing to SACRS. Registration will be refunded in full (after the conference) if notice of cancellation is received before October 1, 2014. No refunds will be made for cancellations after October 1, 2014.