



Employees' Retirement Association
1355 willow way suite 221 concord ca 94520
925.521.3960 fax: 925.646.5747

RETIREMENT BOARD MEETING
FIRST MONTHLY MEETING
9:00 a.m.

September 4, 2013

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 26 and July 10, 2013 meetings.
4. Routine items for September 4, 2013.
 - a. Approve certifications of membership.
 - b. Approve service and disability allowances.
 - c. Accept disability applications and authorize subpoenas as required.
 - d. Approve death benefits.

CLOSED SESSION

- ** 5. The Board will go into closed session under Gov. Code Section 54957 to consider recommendations from the Medical Advisor and/or staff regarding the following disability retirement applications:

<u>Member</u>	<u>Type Sought</u>	<u>Recommendation</u>
a. Julie Raner	Service Connected	Service Connected

6. The Board will continue in closed session pursuant to Govt. Code Section 54956.9(a) to confer with legal counsel regarding existing litigation :
 - a. *Contra Costa County Deputy Sheriffs Association, et al., v. CCCERA, et al.,*
Contra Costa County Superior Court, Case No. N12-1870.
7. The Board will continue in closed session pursuant to Govt. Code Section 54956.9(b).

OPEN SESSION

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.

8. Consider and take possible action to direct staff on pay items beyond base pay for PEPRA tiers.
9. Consider and take possible action to direct staff regarding pay items used to enhance the final retirement benefit.
10. Consider and take possible action to cause an election to be held to fill the vacancy in the seventh member seat.
11. Consider and take possible action regarding the investment consultant for CCCERA.
12. Presentation of Administrative expenses: Budget vs. Actual as of June 30, 2013.
13. Consider and take possible action on SACRS Voting Proxy.
14. Consider and take possible action to reschedule the October 9, 2013 Board Meeting.
15. Consider authorizing the attendance of Board and/or staff:
 - a. Investment Fundamentals, PIMCO, September 19-20, 2013, Newport Beach, CA.
 - b. Fall Conference, CRCEA, October 21 – 23, 2013, Fresno, CA.
 - c. Fall Conference, SACRS, November 12 – 15, 2013, Indian Wells, CA.
16. 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
09/04/13
Agenda Item
#3

**RETIREMENT BOARD MEETING
SECOND MONTHLY MEETING**

9:00 a.m.
June 26, 2013

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

Present: Debra Allen, Brice Bins, Terry Buck, Richard Cabral, Brian Hast, Jerry Holcombe, Karen Mitchoff, Sharon Naramore, Gabe Rodrigues, Jerry Telles and Maria Theresa Viramontes

Absent: John Phillips

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

Outside Professional Support:
Harvey Leiderman
Rosalva Flores

Representing:
Reed Smith LLP
Brown Armstrong

1. Pledge of Allegiance

Viramontes led all in the *Pledge of Allegiance*.

2. Public Comment

No members of the public offered comment.

3. Approval of Minutes

It was M/S/C to approve the minutes of the May 8, 2013 meeting. (Yes: Allen, Buck, Hast, Holcombe, Mitchoff, Rodrigues, Telles and Viramontes. Abs. Bins)

**4. Presentation by Brown Armstrong on the audit of the December 31, 2012 financial statements –
Rosalva Flores**

Flores gave an overview of the audit process noting the report format has changed due to new GASB requirements.

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 and no issues with internal controls.

Cabral was present for subsequent discussion and voting.

Flores reviewed the Comprehensive Annual Financial Report (CAFR).

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 revisiting the matter of requiring retirement checks be electronically deposited as opposed to issuing live checks.

It was **M/S/C** to accept the independent auditor's report and the Comprehensive Annual Report (CAFR) for the year ended December 31, 2012. (Yes: Allen, Bins, Buck, Cabral, Hast, Holcombe, Mitchoff, Telles and Viramontes)

The Board complimented staff on the successful outcome of the audit. Leedom complimented staff on the production of the CAFR noting all of the work on the CAFR is done in-house.

5. Update from staff on pending legislation pertaining to the County Employees Retirement Law of 1937

Levy reviewed her memo summarizing pending legislation including AB 1380 - County Employees' Retirement, AB 205 - Public Employees' Retirement: Pension Fund Management, and SB 13 - Public Employees' Retirement Benefits, noting SB 13 is PEPRA clean-up legislation.

It was **M/S/C** to accept and file the report. (Yes: Allen, Bins, Buck, Cabral, Hast, Holcombe, Mitchoff, Telles and Viramontes)

6. Update from staff on application for IRS Letter of Determination

Levy gave an update on the application for a Letter of Determination from the Internal Revenue Service noting CCCERA will be filing a supplement to include PEPRA in the plan document which consists of the '37 Act and other key CCCERA regulations and policies.

It was the consensus of the Board to move to Item 8.

8. Miscellaneous

(a) Staff Report -

Leedom presented Naramore with a Certificate of Appreciation for her 14 years of service on the Board and presented Viramontes with a Certificate of Appreciation for her 12 years of service on the Board.

(b) Outside Professionals' Report - None

(c) Trustees' comments

Telles thanked Naramore and Viramontes for their years of service on the Board.

Viramontes congratulated Gordon for his appointment to the Board.

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54956.9(a) (four cases).

The Board moved into open session.

- 7a. Leiderman reported on the *Board of Retirement v. County of Contra Costa, et al.*, Alameda County Superior Court, Case No. RG11608520. The court granted the stipulated judgment on June 24, 2013 and the case is no longer pending.
- 7b. Levy reported on the *Contra Costa County Deputy Sheriffs Association, et al., v. CCCERA, et al.*, Contra Costa County Superior Court, Case No. N12-1870. There will be a hearing at 9:00 a.m. on June 27, 2013.
- 7c. The following was read into the record on the *In Re: Tribune Company Fraudulent Conveyance Litigation*, United States District Court For the Southern District of New York, Case No. 11 MD 2296 (WHP). A final settlement has been reached to resolve *In Re: Tribune Company Fraudulent Conveyance Litigation*, United States District Court For the Southern District of new York, Case No. 11 MD 2296 (WHP). The settlement amount was Forty One Thousand Eighty Dollars and Eighty Cents (\$41,080.80). The CCCERA Board of Retirement's November 20, 2012 vote approving the settlement was: Yes: Allen, Buck, Cabral, Gioia, Hast, Phillips, Telles, Viramontes and Watts.
- 7d. There was no reportable action related to Govt. Code Section 54956.9(a).

It was M/S/C to adjourn the meeting in respect for the service provided by Naramore and Viramontes to the Board of Retirement. (Yes: Allen, Bins, Buck, Cabral, Hast, Holcombe, Mitchoff, Telles and Viramontes)

Brian Hast, Chairman

Jerry Telles, Secretary



Employees' Retirement Association

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Meeting Date

09/04/13

Agenda Item

#3

**RETIREMENT BOARD MEETING
REGULAR BOARD MEETING**

9:00 a.m.
July 10, 2013

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

Present: Debora Allen, Brice Bins, Terry Buck, Richard Cabral, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, Karen Mitchoff, John Phillips, Gabe Rodrigues and Jerry Telles

Absent: None

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

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

1. Pledge of Allegiance

Hast led all in the *Pledge of Allegiance*.

2. Public Comment

No members of the public offered comment.

3. Board Reorganization

It was M/S to nominate Brian Hast as the Chair. The second was withdrawn.

A substitute motion was M/S/C to close the nominations and cast a ballot for Brian Hast as Chair, John Phillips as Vice Chair and Jerry Telles as Secretary. (Yes: Buck, Cabral, Gordon, Hast, Mitchoff and Telles. No: Allen, Bins and Phillips)

4. Alternate Retiree Board Member Appointment

It was M/S/C to appoint Louie Kroll as the alternate retiree member of the CCCERA Board of Retirement with his term expiring on June 30, 2016. (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Mitchoff, Phillips and Telles)

5. Recognition of Jessica Huffman for 10 years of service

Hast recognized and congratulated Jessica Huffman for her 10 years of service.

6. Approval of Minutes

It was M/S/C to approve the minutes of the May 22, 2013 meeting. (Yes: Allen, Buck, Hast, Mitchoff, Phillips and Telles. No: None Abs.: Bins, Cabral and Gordon)

7. Routine Items

It was M/S/C to approve the routine items of the July 10, 2013 Board meeting. (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Mitchoff, Phillips and Telles)

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957, 54956.9(a) and 54956.9(b).

The Board moved into open session.

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

- a. Leslie Clark – Non-service Connected (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Mitchoff, Phillips and Telles)
- b. Art Jacobsen – Service Connected (Yes: Allen, Buck, Cabral, Gordon, Hast, Mitchoff and Telles Abs.: Bins and Phillips)
- c. Ofelia Ontiveros – Non-service Connected (Yes: Allen, Bins, Buck, Cabral, Hast, Mitchoff, Phillips and Telles Abs.: Gordon)

9. It was M/S/C to accept the Medical Advisor's recommendation and approve the service connected disability retirement for Anthony Garcia. (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Mitchoff, Phillips and Telles)

10. It was M/S/C to accept the Hearing Officer's recommendation and deny the service connected disability retirement for Lana Blanchette. (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Phillips and Telles Abs.: Mitchoff)

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

12. There was no reportable action related to Govt. Code Section 54956.9(b)

13. Presentation and update from PIMCO Stocks Plus, PIMCO Core Plus Fixed Income and PIMCO All Asset Funds – Richard Fulford, Stephanie King

Prior to their presentation, PIMCO waived the confidentiality disclaimer on the presentation materials, noting this is a public meeting and any information discussed will be available to the public.

Fulford gave an update on recent changes with the firm.

King gave an overview of PIMCO's philosophy and core investment principles. She also reviewed the strategies, performance and outlook of the Core Plus portfolio and the StocksPLUS portfolio.

Fulford gave an overview of the PIMCO All Asset Fund and reviewed its performance.

14. Ad hoc committee for total compensation review

Leedom gave an overview of the additional salary and benefit issues that require Board action and recommends that the Board Chair appoint an ad hoc committee to review and make recommendations to the full Board regarding any salary and compensation issues.

Hast appointed Allen, Phillips, Telles and himself to the ad hoc committee.

15. Conference Seminar Attendance

- a. It was M/S/C to authorize the attendance of 4 Board members at the Investment Education Conference, Milliman, September 25-27, 2013, Del Mar, CA. (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Mitchoff, Phillips and Telles)
- b. It was M/S/C to authorize the attendance of 3 Board members and 2 staff members at the 23rd Annual Northern California Public Retirement Seminar, The Public Retirement Journal, September 26, 2013, Sacramento, CA. (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Mitchoff, Phillips and Telles)
- c. It was M/S/C to authorize the attendance of 4 Board members and 2 staff members at the Roundtable for Consultants and Institutional Investors, Institutional Investor, October 9-11, 2013, Chicago, IL. (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Mitchoff, Phillips and Telles)
- d. No action was taken on the 59th Annual Employee Benefits Conference, IFEBP, October 20-23, 2013, Las Vegas, NV.
- e. It was M/S/C to authorize the attendance of 1 staff member at the Administrators' Institute, CALAPRS, September 25-27, 2013, Carmel, CA. (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Mitchoff, Phillips and Telles)
- f. It was M/S/C to authorize the attendance of 4 Board members and 2 staff members at the Fall Conference, Council of Institutional Investors, September 25-27, 2013, Chicago, IL. (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Mitchoff, Phillips and Telles)
- g. It was M/S/C to authorize the attendance of 4 Board members and 2 staff members at the US Client Conference, Invesco, November 5-7, 2013, La Jolla, CA. (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Mitchoff, Phillips and Telles)

16. Miscellaneous

- (a) Staff Report -

Leedom gave an update on the Retirement Compliance Officer, Retirement Admin/HR Coordinator and Assistant General Counsel positions.

She reported a contract has been signed with Anderson and Associates to complete the compensation and benefits study for all CCCERA retirement specific positions.

Leedom reported Segal will be presenting the December 31, 2012 Valuation Report at the July 24, 2013 meeting.

Levy reported staff is still in the process of reviewing pay items beyond base pay for PEPRA members.

Mitchoff was no longer present for subsequent discussion and voting.

Price gave an update on the status of the Long Wharf and Invesco value add commitments and the Aether private real asset commitment noting he has a draft contract for Aether.

He reported Siguler Guff and Oaktree will be giving presentations on distressed real estate funds at the July 24, 2013 meeting.

(b) Outside Professionals' Report -

Leiderman reported on the Brown Act, Public Records Act and the use of personal computers, cell phones, etc. for retirement board business. He cautioned the Board that such communications are subject to disclosure under the law.

Helliesen gave an update on the RFP for the Small-Mid Cap Private Equity Manager search and will present the semi-finalist report at the July 24, 2013 meeting. He will also have a report on the GMO transition.

(c) Trustees' comments –

Telles reported he is unable to attend the Milliman Conference in September.

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

Brian Hast, Chairman

Jerry Telles, Secretary

BOARD OF RETIREMENT

Items requiring Board Action

- A. Certifications of Membership – see list and classification forms.
- B. Service and Disability Retirement Allowances:

<u>Name</u>	<u>Number</u>	<u>Effective Date</u>	<u>Option Type</u>	<u>Group</u>	<u>Selected</u>
Anderson, Erik	65874	06/15/12	SCD	III	Unmod
Benson, Mark	D3406	06/28/13	SR	I	Unmod
Buschini, Michelle	49020	06/18/13	SR	II & III	Unmod
Coolidge, Robin	65503	05/25/13	SR	II & III	Unmod
De La Fuente, Ricmanuel	57200	07/01/13	SR	II & III	Unmod
Dexter, Stephen	67300	08/01/13	SR	III	Unmod
Forberg, John	53473	07/08/13	SR	I	Option 2
McDaniel, Georgia	66513	06/29/13	SR	II & III	Unmod
Moussa, Amal	61659	05/22/13	SR	III	Option 2
Munson, Elizabeth	63344	05/29/13	SR	II & III	Unmod
Peters, Jr., Rudy	D7830	06/18/13	SR	I	Unmod
Prowell, Gregory	40772	06/29/13	SR	II	Unmod
Richardson, David	D9990	05/16/13	SR	I	Unmod
Samarakkody, Mangalika	66450	06/30/13	SR	II & III	Unmod
Vargas, Solon	67618	06/27/13	SR	II & III	Unmod
Welden, III, John	61753	07/16/13	SR	III	Unmod
Woodbury, Stephanie	66718	06/29/13	SR	III	Unmod

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

<u>Name</u>	<u>Number</u>	<u>Filed</u>	<u>Type</u>
None			

Deaths:

<u>Name</u>	<u>Date of Death</u>	<u>Employer</u>
Andahl, Wesley	07/28/13	Contra Costa County
Arvin, Mary	08/06/13	Contra Costa County
Berg, Robert	08/09/13	Contra Costa County
Casey, Jerome	08/23/13	Contra Costa County
Conner, Nancy	07/11/13	Beneficiary
Di Maggio, Joe	08/14/13	Contra Costa County
Larsen, Robert	08/14/13	Contra Costa County
McClough, Howard	08/10/13	Contra Costa County
Moore, Violet	07/23/13	Contra Costa County

KEY:

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

Option
 * = County Advance
 Selected w/option

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

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

Page 2

September 11, 2013

Sharp, Lorna	08/18/13	Contra Costa County
Short, Helen	07/22/13	Contra Costa County & Beneficiary
Smith, Janice	08/10/13	Beneficiary
Stevens, James	07/26/13	Central Sanitary District
Valentine, Viola	08/07/13	Beneficiary
Vasquez Jr., Simon	08/23/13	Contra Costa County
Winniford, William	08/16/13	Beneficiary

KEY:

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

Option
* = County Advance
Selected w/option

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

ASSET ALLOCATION

Current Assets (Market Value)

\$6,241,148,000

Reporting Month End: July 31, 2013

Prepared By: Chih-Chi Chu

Meeting Date
09/04/13
Agenda Item
#4

Robeco

Delaware Investment Adv.

Emerald Advisors

Intech (Core)

PIMCO Stock +

Ceredex

Total Domestic Equity

SSgM

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

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

Commonfund Natural Resources IX

Total Real Asset

Total Real Estate

Total Alternative Investments

County Treasurer

State Street Bank

Total Cash & Equivalents

Oaktree 2009

Total Market Opportunities

TOTAL ASSETS

A	B	C	D	C-B	D-A	Range
% of Target	Target Assets	Market Value	Actual Assets	Over (Under)	Over (Under)	
4.5%	280,851,660	282,629,000	4.53%	1,777,340	0.03%	
4.5%	280,851,660	282,379,000	4.52%	1,527,340	0.02%	
3.0%	187,234,440	189,536,000	3.04%	2,301,560	0.04%	
4.3%	268,369,364	268,676,000	4.30%	306,636	0.00%	
4.4%	274,610,512	277,440,000	4.45%	2,829,488	0.05%	
3.0%	187,234,440	191,011,000	3.06%	3,776,560	0.06%	
23.7%	1,479,152,076	1,491,671,000	23.90%	12,518,924	0.20%	
5.3%	330,780,844	311,284,000	4.99%	(19,496,844)	(0.31%)	
5.3%	330,780,844	330,085,000	5.29%	(695,844)	(0.01%)	
10.6%	661,561,688	641,369,000	10.28%	(20,192,688)	(0.32%)	
4.0%	249,645,920	256,279,000	4.11%	6,633,080	0.11%	
4.0%	249,645,920	251,664,000	4.03%	2,018,080	0.03%	
4.0%	249,645,920	250,114,000	4.01%	468,080	0.01%	
0.3%	18,723,444	20,458,000	0.33%	1,734,556	0.03%	
12.3%	767,661,204	778,515,000	12.47%	10,853,796	0.17%	
46.6%	2,908,374,968	2,911,555,000	46.65%	3,180,032	0.05%	40% TO 55%
3.2%	199,716,736	201,131,000	3.22%	1,414,264	0.02%	
5.0%	312,057,400	336,786,000	5.40%	24,728,600	0.40%	
0.0%	0	8,533,000	0.14%	8,533,000	0.14%	
3.7%	230,922,476	253,303,000	4.06%	22,380,524	0.36%	
4.2%	262,128,216	263,326,000	4.22%	1,197,784	0.02%	
1.0%	62,411,480	75,243,000	1.21%	12,831,520	0.21%	
1.4%	87,376,072	54,983,000	0.88%	(32,393,072)	(0.52%)	
1.1%	68,652,628	36,636,000	0.59%	(32,016,628)	(0.51%)	
19.6%	1,223,265,008	1,229,941,000	19.71%	6,675,992	0.11%	
4.0%	249,645,920	251,873,000	4.04%	2,227,080	0.04%	
23.6%	1,472,910,928	1,481,814,000	23.74%	8,903,072	0.14%	20% TO 30%
5.0%	312,057,400	311,858,000	5.00%	(199,400)	(0.00%)	
5.0%	312,057,400	311,858,000	5.00%	(199,400)	(0.00%)	2% TO 9%
2.4%	149,787,552	199,141,000	3.19%	49,353,448	0.79%	
1.8%	112,340,664	96,123,000	1.54%	(16,217,664)	(0.26%)	
0.8%	49,929,184	1,750,000	0.03%	(48,179,184)	(0.77%)	
5.0%	312,057,400	297,014,000	4.76%	(15,043,400)	(0.24%)	0% TO 10%
12.5%	780,143,500	792,464,000	12.70%	12,320,500	0.20%	10% TO 16%
6.0%	374,468,880	385,139,000	6.17%	10,670,120	0.17%	5% TO 12%
		21,967,000	0.00%			
			0.35%			
0.5%	31,205,740	21,967,000	0.35%	(9,238,740)	(0.15%)	0% TO 1%
0.8%	49,929,184	39,337,000	0.63%	(10,592,184)	(0.17%)	
0.8%	49,929,184	39,337,000	0.63%	(10,592,184)	(0.17%)	0% TO 5%
100.0%	6,241,148,000	6,241,148,000	100%	0	0%	

UNDER REVIEW:

Long Wharf - Performance, Organization, Board Action 05/23/12

Invesco IREF - Performance, Board Action 02/24/10

GMO - Terminated, Board Action 05/22/13

Nogales Investors - Performance, Board Action 05/29/08

INTECH (both Core and Global Low Vol.) - Organization, Board Action 12/12/12

WHV - Terminated, Board Action 5/22/13

Real Estate & Alternative Investments
As of July 31, 2013

REAL ESTATE INVESTMENTS	Inception Date	Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
DLJ Real Estate Capital Partners, L.P. II	04/00/99	7/14/2009	40,000,000	4,074,000	0.07%	18,958,000
DLJ Real Estate Capital Partners, L.P. III	06/01/05	1/1/2014	75,000,000	43,122,000	0.69%	19,476,000
DLJ Real Estate Capital Partners, L.P. IV	12/26/07	1/1/2016	100,000,000	80,422,000	1.29%	
Hearthstone Partners I	06/15/95	12/31/2003	3,750,000	117,000	0.00%	
Hearthstone Partners II	06/17/98	12/31/2009	6,250,000	(2,000)	0.00%	
Invesco IREF I	10/22/03	4/30/2011	50,000,000	14,637,000	0.23%	
Invesco IREF II	05/30/07	12/31/2015	85,000,000	66,760,000	1.07%	35,000,000
Invesco IREF III	08/01/13	8/1/2021	35,000,000		0.00%	
Long Wharf FREG II	02/26/04	2/26/2012	50,000,000	10,625,000	0.17%	
Long Wharf FREG III	03/31/07	3/31/2015	75,000,000	50,423,000	0.81%	
Long Wharf FREG IV	07/16/13	7/31/2021	25,000,000	5,442,000	0.09%	
Oaktree Real Estate Opportunities Fund V	12/15/11	12/31/2016	50,000,000	56,574,000	0.91%	
Siguler Guff Distressed Real Estate Opportunities Fund	12/31/11	12/31/2016	75,000,000	54,434,000	0.87%	26,268,000
Angelo Gordon Realty Fund VIII	12/31/11	12/31/2018	80,000,000	34,746,000	0.56%	43,888,000
LaSalle Income & Growth Fund VI	01/31/12	1/31/2019	75,000,000	23,188,000	0.37%	51,812,000
Adelante Capital Management (REIT)			0	259,292,000	4.15%	
INVERSCO International REIT			0	80,610,000	1.29%	
Willows Office: \$10,774,100 ***			0	8,000,000	0.13%	
*** Purchase price \$10,600,000 plus acquisition cost and fees \$174,100.						
Outstanding Commitments			930,000,000	792,464,000	12.70%	214,960,000
Total				1,007,424,000		

ALTERNATIVE INVESTMENTS	Inception Date	Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Adams Street Partners	12/22/95	INDEFINITE	180,000,000	90,475,000	1.45%	43,390,000
Adams Street Secondary II	12/31/08	12/31/2012	30,000,000	30,150,000	0.48%	13,852,000
Adams Street Secondary V	10/31/12	10/31/2016	40,000,000	2,701,000	0.04%	37,132,000
Pathway	11/09/98	11/9/2013	125,000,000	77,476,000	1.24%	18,249,000
Pathway 2008	07/31/09	12/31/2016	30,000,000	14,080,000	0.00%	16,664,000
Pathway 6	08/31/11	12/31/2018	40,000,000	3,786,000	0.00%	36,214,000
Pathway 7	07/10/13	7/31/2020	70,000,000	150,000	0.00%	69,850,000
EIF USPF I	11/26/03	6/30/2011	30,000,000	1,782,000	0.03%	0
EIF USPF II	07/13/05	6/30/2015	50,000,000	40,212,000	0.64%	0
EIF USPF III	05/30/07	3/31/2017	65,000,000	47,801,000	0.77%	663,000
EIF USPF IV	08/31/10	9/1/2020	50,000,000	9,477,000	0.15%	37,741,000
Nogales Investment	02/15/04	2/15/2014	15,000,000	2,762,000	0.04%	1,651,000
Bay Area Equity Fund	06/14/04	12/31/2012	10,000,000	8,282,000	0.13%	0
Bay Area Equity Fund II	2/29/09	12/31/2017	10,000,000	5,291,000	0.08%	3,757,000
Paladin III	11/30/07	12/31/2017	25,000,000	16,430,000	0.26%	5,438,000
Carpenter Community BancFund	01/31/08	1/31/2016	30,000,000	34,284,000	0.55%	6,032,000
Outstanding Commitments			800,000,000	385,139,000	5.88%	290,633,000
Total				290,633,000		
				675,772,000		

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 4, 2013

To: Board of Retirement
Marilyn Leedom, Retirement Chief Executive Officer

From: Kurt Schneider, Deputy Chief Executive Officer
Karen Levy, General Counsel

Subject: Update Regarding Analysis of Whether Pay Items Beyond Base Pay Meet
The Statutory Requirements For "Pensionable Compensation" Under PEPR
G.C. Section 7522.34 (eff. 1/1/13)

At its April 10, 2013 meeting, the CCCERA Board of Retirement reviewed a preliminary analysis of pay items beyond "base pay" for CCCERA participating employers to determine whether any of the pay items meet the statutory requirements set forth in the California Public Employees' Pension Reform Act of 2013 ("PEPRA") so as to be included in "pensionable compensation." The Board voted to accept the analysis as to pay items that met the first three of the four statutory requirements of pensionable compensation, which are as follows:

- Pay must be:
- (1) the normal monthly rate of pay or base pay of the member
 - (2) paid in cash to similarly situated members of the same group or class of employment
 - (3) for services rendered on a full-time basis during normal working hours
 - (4) pursuant to publicly available pay schedules.

(Govt. Code § 7522.34, included as Attachment 1.)

As directed by the Board, staff provided the analysis to employers, and met with employers and interested parties to discuss specific pay items at issue. As a result, staff is now recommending a few modifications based on information obtained through the verification process. County pay item spreadsheets are included as Attachment 2, and special districts pay item spreadsheets are included as Attachment 3.

Also included in this memorandum is an update regarding possible legislation and CalPERS' current implementation of "pensionable compensation" under the identical PEPRA statute.

Lastly, direction is requested regarding the standards to be used for the "publicly available pay schedules" requirement in PEPRA.



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Note that this update and recommendation relates to the implementation of "pensionable compensation" under PEPRRA for employees becoming new members on or after January 1, 2013. This memorandum does *not* address any changes to "legacy" or "classic" members of the CCCERA retirement system.¹

I. Background

On September 12, 2012, Governor Edmund G. Brown Jr. signed PEPRRA, which became effective on January 1, 2013. At the December 12, 2012 CCCERA Board meeting, the Retirement Board determined that "pensionable compensation" under PEPRRA is limited to base pay but that the determination is subject to being revisited based on future developments in the law, and also on any future positions taken by CalPERS.

On December 27, 2012, CalPERS published a Circular Letter to its participating employers with information regarding PEPRRA. CalPERS' circular stated that CalPERS intends to promulgate regulations to, among other things, include a list of these additional pay items as "pensionable compensation" which CalPERS' participating employers would be reporting as pensionable. CalPERS statutes and regulations refer to these pay items as "special compensation," which includes certification pay, special shift or assignment pay, longevity and bilingual bonuses, etc.

In light of this development, the Board directed CCCERA staff to conduct an analysis of all pay items beyond base pay for all participating employers in order to determine whether they meet the definition of "pensionable compensation." On April 10, 2013, staff presented a preliminary analysis which included detailed spreadsheets for all pay items under consideration. (See Attachment 4.) The Board adopted the analysis as to those pay items that met the first three requirements (1. Normal monthly rate of pay or base pay; 2. Paid to similarly situated members of the same group or class of employment; 3. Paid for services rendered during normal working hours) and directed staff to advise the employers of the analysis and of the fourth requirement, namely, that the pay be included in the employer's publicly available pay schedules.

Staff has completed this process, and provides the following update on current developments in this matter, as well as recommendations as to certain specific pay items. Additionally, staff is requesting direction from the Board regarding how to proceed with the "publicly available pay schedule" requirement.

¹ Assembly Bill 197 contains amendments to what counts as compensation for retirement purposes for current members. CCCERA's implementation of AB 197 has been temporarily stayed pursuant to a court order entered on November 28, 2012 in the matter of *Contra Costa County Deputy Sheriffs Association, et al., v. CCCERA, et al.*, Contra Costa County Superior Court, Case No. N12-1870. The Court Order requires that CCCERA continue to follow its policy as to current, "classic" members, until after this matter is heard and decided.



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II. Update Regarding Current Developments

There was discussion at the SACRS spring conference about the lack of clarity in the statute and the different interpretations and implementation approaches undertaken by the retirement systems governed by PEPRAs. Curiosity abounds about why PEPRAs include CalPERS' payrate base pay statutory language but not CalPERS' special compensation statutory² and regulatory language.

CalPERS' staff reported at a public meeting in June 2013 that it would not be moving forward with any specific recommendations and that proposed regulations are not likely before September 2013. CalPERS' staff reported that they would continue to watch for legislative developments. It was noted that future changes in interpretation may require adjustments to contributions currently being collected by CalPERS employers on special compensation items for PEPRAs members. As of the date of this writing, we understand that CalPERS continues to collect contributions on "special compensation" pay items, but has yet to reach final conclusions or issue proposed regulations on these items. According to CalPERS' website, the December 2012 Circular list of special compensation items "is preliminary and is subject to change pending possible legislative change and/or with the promulgation of regulations."

The California Department of Finance is reportedly reviewing this issue and whether clarifying legislation is appropriate. It is unknown at this time if any statutory changes will occur and whether "special compensation" pay items will be included. SB 13, which is a pending PEPRAs clean-up bill, does not make any changes to this particular provision of PEPRAs, Govt. Code Section 7522.34(a).

III. CCCERA Report and Recommendations Relating to Pay Items

A. Bilingual Pay

The preliminary analysis presented in April classified bilingual pay as meeting the first three statutory requirements. Upon further review and verification with CCCERA employers who offer bilingual pay, it appears that:

- Bilingual pay is not necessarily paid on an ongoing and recurring basis. The pay is not necessarily paid on a permanent basis, but rather, could be paid on a temporary basis.
- Bilingual pay is not paid to everyone in the same job classification, but only to those as assigned within the discretion of the employer

² As discussed in December 2012, for "classic" (Pre-PEPRAs) CalPERS members, pensionable compensation is defined to have two components: "payrate" and "special compensation." "Payrate" is the normal monthly rate or pay or base pay, while "special compensation" is "payment received for special skills, knowledge, abilities, work assignment, workdays or hours, or other work conditions." (See G.C. § 20636.) Examples of "special compensation" are: longevity and bilingual bonuses, special shift pay, P.O.S.T. or other certification pay, temporary upgrade pay. (See CalPERS Regulation § 571.)



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Recommendation:

Revise the analysis to indicate that bilingual pay fails to meet criteria 1 and 2 of the pensionable compensation analysis.

B. Differential word processing (County Pay Code D37)

The preliminary analysis classified the word processing differential as meeting the first three statutory requirements. Upon further review and verification with the County, this pay item is not applicable to PEPRA members. It is only paid to certain "classic" (pre-PEPRA) members.

Recommendation:

Remove County differential word processing (D37) from the pensionable compensation analysis.

C. Holiday Pay (County Pay Codes HP1, HP2 and HP3)

Upon further review with the County, it appears that for some members this is an additional pay paid to all in the classification on a permanent basis. For example, Contra Costa Fire District 56-hour shift employees receive 12 hours of time and one-half pay for each holiday the District observes regardless of whether the employee works on the holiday, while San Ramon Valley Fire District 56-hour shift employees receive a 6% "holiday differential" as compensation for covering shifts regardless of holidays. For others, it is not necessarily paid to all, and can be temporary or irregular. For example, for some job classifications the holiday must be worked in order to receive holiday pay and employees can volunteer to work holidays or volunteer for job assignments that require them to work holidays.

Recommendation:

Receive direction from the Board and conduct further analysis as needed.

D. Peace Officer Standards Training (P.O.S.T.) Certificate Pay (County Pay Codes AC1 and AC2)

County pay codes AC1 and AC2 are education incentives. For some positions these differentials are paid for possessing Peace Officer Standards Training ("POST") intermediate and advanced certificates which are not required by the minimum qualifications of the job classification. We have been advised by the Deputy Sheriffs Association ("DSA") that these POST certificate pay differentials may be akin to longevity pay in that it is paid based on tenure automatically and on a permanent basis. The amount of optional education one attains only affects the amount of tenure that is required to qualify for the certificate, however, unlike longevity pay, there is a voluntary component to these pay items. The POST intermediate and advanced certificate requirements are attached (as Attachment 5) and should be reviewed to determine whether the board views them as additional pay items beyond base pay that should be included in pensionable compensation for PEPRA members. There may be additional special certificate, education, or license pay items that have similar characteristics to POST certificate pay.



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Recommendation:

Receive direction from the Board and conduct further analysis as needed.

E. Publicly available pay schedules

PEPRA defines "pensionable compensation" as the normal monthly rate of pay or base pay paid "pursuant to publicly available pay schedules." While "publicly available pay schedule" is a term that is not defined under PEPRA, PERS has existing regulations that define "publicly available pay schedule" as a pay schedule that meets 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 payrate 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 payrate.

(California Code of Regulations, Title 2 § 570.5(a).)

The Regulation continues, in subdivision (b), to allow for exceptions from these requirements, as determined by the PERS Board. The entire Regulation is included as Attachment 6.

These requirements (excluding subdivision (b) of the PERS regulation) were utilized to conduct the preliminary CCCERA pay item analysis presented to the Board in April. As directed by the Board, the analysis was then provided to all CCCERA participating employers, explaining the "publicly available pay schedule" methodology. A few employers within the CCCERA system already have board-approved salary schedules that include both base pay and special compensation item amounts paid for each job classification. Some, but not all employers have advised CCCERA that they would be modifying their salary schedules to include special compensation items such as longevity pay. Concerns were raised by one employer about modifying its publicly available pay schedules to include special compensation items beyond base pay, in a format and through a process that would match up with the eight requirements listed above. A concern was also raised about why CCCERA is not utilizing subsection (b) of Regulation 570.5, which allows for exceptions to the requirements when an employer fails to meet the formal requirements for a publicly available pay schedule, and why a pay item approved in an MOU adopted by the governing board would not be sufficient.



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In conducting the preliminary pay item analysis, CCCERA staff has found that the special compensation pay items appear in a variety of employer records, which are not always easy to locate:

- Salary schedules
- Memoranda of understating
- Individual employment contracts
- Side letters
- Resolutions
- Ordinances
- Regulations
- Orders, policies, bulletins, etc.

Should the Board adopt the publicly available pay schedule requirements utilized for conducting the preliminary analysis of the pay items, there would only be one record to look at for each employer – the pay schedule adopted by the governing board of the employer at a public meeting.

Should the Board adopt, instead, a broader definition of the publicly available pay schedule requirement, there would be multiple possible records addressing pay differentials paid by the various employers. In their current form, these multiple records have not necessarily been adopted by the employer's governing body at a public meeting, do not necessarily identify the position title for every employee position, do not necessarily show a special pay amount per job position; and do not necessarily indicate an effective date and date revisions.

To achieve administrative accuracy and efficiency for CCCERA and accountability and transparency on the part of the employers for the special compensation items they have agreed to pay members, a single pay schedule adopted by the governing board of the employer at a public meeting should be considered as a requirement. However, such a requirement may impose an administrative burden on the employers who would have to modify their pay schedules and provide to their governing boards for adoption at a public meeting.

Recommendation

Determine whether to continue to utilize the "publicly available pay schedules" requirements set forth in PERS Regulation 570.5(a).

F. Results

Accompanying this Memorandum are the results of the information collected regarding each pay item for each of CCCERA's participating employers, including revisions recommended by staff based on further information received. The information is contained in spreadsheets prepared by CCCERA for each employer pay items, based on documentation provided by employers to CCCERA such as: salary and total compensation schedules, excerpts from memoranda of understanding ("MOUs"), employment contracts, side letters, regulations, executive bulletins or resolutions addressing pay items and the circumstances under which they are agreed to be paid,



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and other records relevant to the analysis. County pay item spreadsheets are included as Attachment 2, and special districts pay item spreadsheets are included as Attachment 3.

Here is a summary of the pay item analysis, as revised:

- Base pay:
 - i. Regular base pay is included in employers' pay schedules and included in pensionable compensation
 - 1. Note: For Moraga Orinda Fire District, pay schedules include basic base pay as well as total base pay, which includes a "fire retirement allotment"
- As to "special" compensation pay items (differentials) above base pay:
 - i. Longevity does not appear to be pensionable compensation because it is not included in the publicly available pay schedules.
 - ii. FLSA premium overtime pay does not appear to be pensionable compensation because it is not included in the publicly available pay schedules.
 - 1. Note: For Moraga Orinda Fire District, FLSA premium pay is included in the salary schedule for each job classification; the district has been reporting FLSA pay as pensionable (and collecting contributions) for PEPRA members.
 - 2. Note: For San Ramon Valley Fire Protection District, FLSA is not included in the salary schedule; contributions are not being collected on FLSA premium overtime pay for PEPRA members.
 - iii. Certain pay differentials appear to be permanent pay raises for everyone in the same job classification. However, they do not appear to be pensionable compensation because they are not included in the publicly available pay schedules. (Example: County Pay Code F77)
 - iv. Special education pay differentials do not appear to be pensionable compensation because they are either:
 - 1. Temporary, rather than ongoing and recurring monthly rate of pay, or
 - 2. Not paid to everyone in the same job classification; not required of everyone in the same job classification; rather, they are voluntaryThe P.O.S.T. certificate pay differential may merit further review, as noted above; other certificate pay differential may have similar characteristics to P.O.S.T certificate pay.
 - v. Special shift (e.g. graveyard) and special location (e.g. certain facility) pay differentials do not appear to be pensionable compensation because they are either:
 - 1. Temporary, rather than ongoing and recurring monthly rate of pay, or
 - 2. Not paid to everyone in the same job classification; not required of everyone in the same job classification; rather, they are voluntaryThe holiday pay differential may merit further analysis, as noted above



G. Next Steps/Issues to Consider

In light of the Board's decision that "pensionable compensation" under PEPRA includes items of compensation beyond base pay, we would recommend that the Board consider the following:

1. Review and provide direction regarding the pay items in the attached spreadsheets, including the pay items highlighted in this memorandum (bilingual pay, POST certificate pay, holiday pay)
2. Review and provide direction regarding the requirement that the pay be in publicly available pay schedules.
3. Review and provide direction to CCCERA's participating employers regarding which pay differentials above base pay are to be reported as "pensionable"

In recognition that the term "pensionable compensation" in PEPRA may be clarified by further legislation, regulations or resolutions, or by case law resulting from litigation, the Retirement Board should continue to reserve the authority to reconsider its treatment of these elements of pay beyond base pay under future circumstances, in light of changes in the law and other events that may occur.



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Attachment #1

Text of Government Code Section 7522.34 (Eff. Date January 1, 2013)
Pensionable Compensation

(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.

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

(c) "Pensionable compensation" 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.

Attachment #2

**Pensionable Compensation
Under Government Code Section 7522.34**

Pay Code	Pay Code Name	GC 7522.34(a)				Comments
		(i)	(ii)	(iii)	(iv)	
REG	Regular Pay	Yes	Yes	Yes	Yes	This pay represents the monthly salary rate published in the County's salary schedule found at: http://www.cccounty.us/DocumentCenter/Home/View/1392 Thus, this pay code would be classified as INCLUDED in pensionable compensation.
B14	Bonus RN/CN Weekend Shift Pay	No	No	No	No	Excluded payment for compensation inconsistent with the requirements of subdivision (a) under 7522.34(c)(11), since it is NOT "the normal monthly rate of pay or base pay" (i.e. pay is not necessarily ongoing and recurring), as well as NOT "paid to similarly situated members of the same grade or class of employment" (i.e. not required of all employees in the same job classification). Additionally, pay would be excluded to the extent it is for services rendered outside of normal working hours. Thus, these pay codes would be classified as EXCLUDED from pensionable compensation.
B15	Bonus Weekend Shift Pay					
B25	Bonus Weekend Shift \$25					
B31	Bonus FNP Weekend Assignment					
B34	Bonus Emerg Room Assignment					
B83	Bonus Weekend Clinics					
B84	Bonus Sat/Sun Assignment Pay					
AC3	Education Allow Annual 2.5%	No	No	Yes	No	Excluded payment for compensation inconsistent with the requirements of subdivision (a) under 7522.34(c)(11), since it is NOT "the normal monthly rate of pay or base pay" (i.e. pay is not necessarily ongoing and recurring), as well as NOT "paid to similarly situated members of the same grade or class of employment" (i.e. not required of all employees in the same job classification). Thus, these pay codes would be classified as EXCLUDED from pensionable compensation.
B60	Bonus RN Special Assignment					
B73	Bonus ISW Cook Relief					
B95	Bonus Hazard Matl Response TM					
B96	Bonus Lead Counselor Duties					
B97	Bonus Inst Serv Wkr Relief Pay					
C28	Certificate Hazardous Materials					
D03	Differential BOMI Certificate					
D04	Differential RPA Sr Memb Cert					
D09	Differential Assessor Educ Ach					
D10	Differential Appr Standard Div					
D18	Differential Unit Leader 5%					
D20	Differential Weekend Rounds					
D22	Differential M S W II Lead					
D27	Differential Investigative Dut					
D29	Differential DSA Training 5%					
D40	Differential Recordable Docs Tech					
D43	Differential Charge Pay					
D44	Differential Charge Nurse					
D48	Differential Special Proj 5%					
D49	Differential Special Proj 10%					
D50	Differential Building Supv Pay					
D51	Differential Spec Procd \$500/					
D52	Differential Special Procedure					
D53	Differential Comp Ops Supv					
D54	Differential DA Office Mnger					
D58	Differential Search Wrt Occurs					
D61	Differential Police Svcs 10%					
D65	Differential Police Mgr 4.5%					
D66	Differential Police Manager 3%					
D68	Differential Police Manager 6%					
D69	Differential Police Manager 9%					
D72	Differential Police Mgr 15%					
D62	Differential FACS					
D67	Differential Hospital PSO					
D76	Differential EHSD Spec Proj					
D84	Differential Heavy Equip Op/In					
D85	Differential Bldg Management					
D86	Differential Mgmt Struct Eng					
D87	CNA Code Grey Team Assgn 10%					
D88	CNA Code Grey Team Assgn 5%					
D91	Differential Stat /Code Gr 10%					
D92	Differential Stat/Code Gry 5%					
E18	Differential MH Unit Leader					
E25	Differential Sterile Process					
E29	Differential Training Assignmt					
E31	Differential Prob WorkTraining					
E41	Differential HM Prog Coord					
E42	Differential HM Program Leader					
E70	Differential Tower Climbing					
E72	Differential Hazard Mat					

- (i) Part of the normal monthly rate of pay or base pay of the member
- (ii) Paid in cash to similarly situated members in the same grade or class of employment
- (iii) For services rendered on a full-time basis during normal working hours
- (iv) Paid pursuant to publicly available pay schedules

**Pensionable Compensation
Under Government Code Section 7522.34**

Pay Code	Pay Code Name	GC 7522.34(a)				Comments
		(i)	(ii)	(iii)	(iv)	
E76	Differential Supv Tele/Tele	No	No	Yes	No	(Continued) Excluded payment for compensation inconsistent with the requirements of subdivision (a) under 7522.34(c)(11), since it is NOT "the normal monthly rate of pay or base pay" (i.e. pay is not necessarily ongoing and recurring), as well as NOT "paid to similarly situated members of the same grade or class of employment" (i.e. not required of all employees in the same job classification). Thus, these pay codes would be classified as EXCLUDED from pensionable compensation.
E78	Differential Code Gray Prem					
E80	Differential CNA Det Assignm					
E82	Differential CNA Emergency					
E85	Differential CNA Detent Fac'ty					
F05	Fire Mgmt Educ Incentive					
F06	Fire Mgmt Educ Incentive					
F07	Fire Mgmt Educ Incent Conting					
F27	Fire Differential ALSEC Param					
F33	Fire EMT Diff Rodeo Fire Only					
F35	Paramedic Differential Rodeo					
F47	Rodeo Fire Acting Pay					
H22	Hazard Duty Pay					
H25	Detention Division Diff NonSw					
H2D	CNA Detent Facility Assign					
H2E	CNA Emergency Dept Diff					
H2S	Detent Facility Clerical Supvr					
H2X	Detent Facilities Differential					
M19	CALWORKS Differential					
M43	In Lieu of Def Comp Bene-Elect					
M48	Performance Stipend					
M49	Annual Registrar Stipend					
REP	Additional Pay - Elections					
RSD	DSA School Security Detail					
RSF	Additional Pay County Fair					
SH2	Shift Pay @ 5%					
SH3	Shift Pay @ 7.5%					
SNS	Shift Pay - Night					
SH4	Shift Pay @ 10%					
SH5	Shift Pay @ 12%					
SH7	Shift Pay @ 15%					
SHC	Shift Loc 1 Double Premium					
SHD	Shift CNA Double Premium					
SHG	Shift Clerical Grave Yard Pay					
SWE	Differential Even Watch Shift					
SWM	Differential Morn Watch Shift					
D30	Differential DSA NonSworn Trng					
F78	Fire Temp Training Diff 40hr					
D39	Differential In House OB GYN					
D98	Differential Physician FallBack					
DK9	Differential K9 Premium					
E09	Differential Canine Team					
AC1	POST Cert Allow 2.5%	Yes	No	Yes	No	This pay is for certificates or assignments beyond the minimum requirements of the class. As such, it would be excluded as compensation inconsistent with the requirements of subdivision (a) under 7522.34(c)(11), since it is NOT "paid to similarly situated members of the same grade or class of employment" (i.e. not required of all employees in the same job classification and not an essential part of the job function). Thus, this pay code would be classified as EXCLUDED from pensionable compensation.
AC2	POST Cert Allow 5%					
C11	Certificate Agriculture Commn					
C12	Certificate Weights/Measurers					
C15	Certificate Prof Dev Tr/TaxCol					
C25	Certificate Ca Prof Engineer					
C39	Certificate Prof Accounting					
C73	Cert Elect/Regist Admin Diff					
E71	Differential GS Driver Clerk					
M51	RDA Meeting Stipend	No	No	Yes	No	Excluded payment for compensation inconsistent with the requirements of subdivision (a) under 7522.34(c)(11), since it is NOT "the normal monthly rate of pay or base pay" (i.e. only paid when meetings are attended), as well as NOT "paid to similarly situated members of the same grade or class of employment" (i.e. not required of employees in the same job classification). Thus, this pay code would be classified as EXCLUDED from pensionable compensation.
M52	Assessmt Appeals Brd Stipend					
M55	LAFCO Meeting Stipend					
M58	Retirement Board Stipend					
M56	FCWCD Meetings Stipend	No	Yes	Yes	No	Excluded payment for compensation inconsistent with the requirements of subdivision (a) under 7522.34(c)(11), since it is NOT "the normal monthly rate of pay or base pay" (i.e. only paid when meetings are attended). Thus, this pay code would be classified as EXCLUDED from pensionable compensation.
VTW	Voluntary Temporary Waiver	Yes	Yes	No	No	This is a reduction in salary and therefore a reduction in pensionable compensation.

- (i) Part of the normal monthly rate of pay or base pay of the member
- (ii) Paid in cash to similarly situated members in the same grade or class of employment
- (iii) For services rendered on a full-time basis during normal working hours
- (iv) Paid pursuant to publicly available pay schedules

Only applies to PEPR "New Members" who become members of CCCERA on or after January 1, 2013

**Pensionable Compensation
Under Government Code Section 7522.34**

Pay Code	Pay Code Name	GC 7522.34(a)				Comments
		(i)	(ii)	(iii)	(iv)	
D37	Differential Word Processing	Yes	Yes	Yes	No	Excluded payments, since it does not appear on the County's publicly available salary schedule. Thus, this pay code would be classified as EXCLUDED from pensionable compensation.
F77	Fire Traing/Prevnt Captains					
F20	Fire Scheduled FLSA Pay	Yes	Yes	Yes	No	Excluded payments, since it does not appear on the County's publicly available salary schedule. Thus, this pay code would be classified as EXCLUDED from pensionable compensation.
F21	Fire Sched FLSA - Additional					
F22	Fire Dispatchers Schd FLSA Pay					
F29	Fire Schedule FLSA Adjustment					
D73	Differential Longevity Law Enf					Excluded payments, since it does not appear on the County's publicly available salary schedule. Thus, this pay code would be classified as EXCLUDED from pensionable compensation.
D74	Diff Longevity Law Enf 7%					
F08	Fire Mgmt Longevity Pay					
F18	Fire Mgmt Longevity 15 years					
F34	Rodeo Fire Longevity					
L04	Longevity Pay @ 2.00%					
L05	Longevity Pay @ 2.5%					
L06	Longevity Pay @ 5%					
L07	Longevity Pay @ 7.00%					
L08	Longevity/Mgmt Inc Exempt @ 5%					
L09	Longevity Exempt @ 7.5 %					
L10	Longevity Pay @ 4.50%					
L11	Longevity Pay @ 6.50%					
L15	Longevity CNA 7 years					
L16	Longevity CNA 10 years					
L17	Longevity CNA 15 years					
L18	Longevity CNA 20 Years					
L25	Longevity Nurs Mgmt 7 yrs					
L26	Longevity Nurs Mgmt 10 yrs					
L27	Longevity Nurs Mgmt 15 yrs					
L28	Longevity Nurs Mgmt 20 yrs					
M57	Bi-Lingual Pay	No	No	Yes	No	Excluded payment for compensation inconsistent with the requirements of subdivision (a) under 7522.34(c)(11), since it is NOT "the normal monthly rate of pay or base pay" (i.e. pay is not necessarily ongoing and recurring), as well as NOT "paid to similarly situated members of the same grade or class of employment" (i.e. not required of all employees in the same job classification). Thus, these pay codes would be classified as EXCLUDED from pensionable compensation.
M65	Bilingual Pay					
M80	Bi Lingual Pay \$80					
M85	Bi-Lingual Pay Safety					
HP1	Holiday Pay 1	No	No	No	No	Excluded payment for compensation inconsistent with the requirements of subdivision (a) under 7522.34(c)(11), since it is NOT "the normal monthly rate of pay or base pay" (i.e. pay is not necessarily ongoing and recurring), as well as NOT "paid to similarly situated members of the same grade or class of employment" (i.e. not required of all employees in the same job classification). Additionally, pay would be excluded to the extent it is for services rendered outside of normal working hours. Thus, these pay codes would be classified as EXCLUDED from pensionable compensation.
HP2	Holiday Pay @ 1.50 (Except IAFF 56 hr employees)					
HP3	Holiday Pay @ 1.00					
HP2	Holiday Pay @ 1.50 (IAFF 56 hr employees)	Yes	Yes	Yes	No	Excluded payments, since it does not appear on the County's publicly available salary schedule. Thus, this pay code would be classified as EXCLUDED from pensionable compensation. Further review confirmed that this pay item is paid to everyone in the same classification on a permanent basis regardless of whether or not the holiday is worked. "Shift employees (56 hours per week) shall continue to receive twelve (12) hours of overtime credit for each holiday listed in Section (A) above."

- (i) Part of the normal monthly rate of pay or base pay of the member
- (ii) Paid in cash to similarly situated members in the same grade or class of employment
- (iii) For services rendered on a full-time basis during normal working hours
- (iv) Paid pursuant to publicly available pay schedules

**Pensionable Compensation
Under Government Code Section 7522.34**

Pay Code	Pay Code Name	GC 7522.34(a)				Comments
		(i)	(ii)	(iii)	(iv)	
HCE	Holiday Comp Excess Hours Pay					EXCLUDED payments for unused leave under 7522.34(c)(5).
HPR	Holiday Comp Hrs Pay Off - Ret					
PHP	Personal Holiday Hrs Pay Off					
PLP	PersHoliday Pay Off - L 2.5%					
PP1	Pers Hol Pay Off L 10%					
PP3	Pers Hol Pay Off L 7.0%					
PP4	Pers Holiday Pay Off L 4.50%					
PP5	Pers Hol Pay Off L 5%					
PP6	Pers Holiday Pay Off L 6.50%					
PP7	Pers Hol Pay Off L 7.5%					
S01	Sick Leave Hours Pay Off					
SBP	Sabbatical Hours Pay Off					
V01	Sale of Vacation					
V02	Vacation Hours Pay Off					
V11	Sale of Vacation L 2.5%					
V12	Vacation Pay Off L 2.5%					
V21	Sale of Vacation L 5.0%					
V22	Vacation Pay Off L 5.0%					
V31	Sale of Vacation L 7.5%					
V32	Vacation Pay Off L 7.5%					
V41	Sale of Vacation L10.0%					
V42	Vacation Pay Off L10.0%					
V52	Vacation Pay Off L 4.50%					
V62	Vacation Pay Off L 6.50%					
V72	Vacation Pay Off L 7.00%					
VAD	Adjustment Sale of Vacation					
D15	Differential Call Back					EXCLUDED payments for additional services rendered outside of normal working hours under 7522.34(c)(6).
D16	Differential Phys Call Back					
D19	Differential Call Back @ 1.5					
D21	Differential Phone Call Back					
D25	Differential Lieut On-Call					
D26	Differential On Call DSA/DAI					
D32	Differential On Call Pay @ 1.0					
D33	Differential On Call					
D36	Differential On Call Local 1					
D41	Differential Office of Emg Svc					
E39	Differential OBGYN On Call					
F62	Fire Recall/Standby ECCCFPD					
F67	Fire Recall & Standby @ 5%					
F68	Fire Investigation Standby					
F72	Fire Recall & Standby @ 2.5%					
F80	Differential Off Duty Standby					
A15	Allowance First 5 Cell Phone					EXCLUDED allowances under 7522.34(c)(7).
A58	Truck Allowance					
A64	Uniform Allowance \$25					
A75	Uniform Allowance East FD					
A76	Uniform Allowance Rodeo Fire					
A79	Uniform Allowance - Fire					
A80	Uniform Allowance					
A81	Uniform Allowance Sheriff					
A82	Uniform Allow Sher Mgmt					
A83	Uniform Allow - \$50					
A99	Adjustment Uniform Allowance					
AU1	Auto Allowance					
AU2	Auto Allowance 2					
AU3	Auto Allow Department Heads					
AUT	Auto Allow Elected Dept Head					
ORS	Overtime Normal Work Scheduled					EXCLUDED payment for overtime pay under 7522.34(c)(8).
B79	Bonus Special Pay					This bonus is a performance incentive awarded to those department heads as approved by the County administrator. This pay is an EXCLUDED bonus under 7522.34(c)(3) and (10).
LSP	Lump Sum Pay					This bonus is a negotiated lump sum payment. This pay is an EXCLUDED bonus under 7522.34(c)(3) and (10).
RPR	Lump Sum Pay					

- (i) Part of the normal monthly rate of pay or base pay of the member
- (ii) Paid in cash to similarly situated members in the same grade or class of employment
- (iii) For services rendered on a full-time basis during normal working hours
- (iv) Paid pursuant to publicly available pay schedules

Only applies to PEPPA "New Members" who become members of CCCERA on or after January 1, 2013

Attachment #3

**Determination of "Pensionable Compensation" under Gov. Code §7522.34
For Bethel Island Municipal Improvement District**

Pay Type	Pay Code	Step 1 Excluded under GC §7522.34(c) (2) through (10)	Step 2 Requirements Satisfied under GC §7522.34(a)				Step 3 Excludable under GC §7522.34(c) (1), (11), (12)
			(i)	(ii)	(iii)	(iv)	
Base Pay	REG		Yes	Yes	Yes	Yes	No
Vacation Payout	VAC	(5)					

The requirements under Gov. Code §7522.34(a) are that pay must be:

- (i) The normal monthly rate of pay or base pay of the member
- (ii) Paid in cash to similarly situated members in the same grade or class of employment
- (iii) For services rendered on a full-time basis during normal working hours
- (iv) Paid pursuant to publicly available pay schedules

Exclusions determinable by the Board under Gov. Code §7522.34(c)

- (1) Any compensation determined by the Board to have been paid to increase a member's retirement benefit.
- (11) Any other form of compensation the Board determines is inconsistent with the requirements of Gov. Code §7522.34(a).
- (12) Any other form of compensation the Board determines should not be pensionable compensation.

**Determination of "Pensionable Compensation" under Gov. Code §7522.34
For Byron-Brentwood-Knightsen Union Cemetery District**

Pay Type	Pay Code	Step 1	Step 2				Step 3
		Excluded under GC §7522.34(c) (2) through (10)	Requirements Satisfied under GC §7522.34(a)				Excludable under GC §7522.34(c) (1), (11), (12)
			(i)	(ii)	(iii)	(iv)	
Base Salary	REG		Yes	Yes	Yes	Yes	No
Vacation Payout	VAC	(5)					

The requirements under Gov. Code §7522.34(a) are that pay must be:

- (i) The normal monthly rate of pay or base pay of the member
- (ii) Paid in cash to similarly situated members in the same grade or class of employment
- (iii) For services rendered on a full-time basis during normal working hours
- (iv) Paid pursuant to publicly available pay schedules

Exclusions determinable by the Board under Gov. Code §7522.34(c)

- (1) Any compensation determined by the Board to have been paid to increase a member's retirement benefit.
- (11) Any other form of compensation the Board determines is inconsistent with the requirements of Gov. Code §7522.34(a).
- (12) Any other form of compensation the Board determines should not be pensionable compensation.

**Determination of "Pensionable Compensation" under Gov. Code §7522.34
For Central Contra Costa Sanitary District**

Pay Type	Step 1 Excluded under GC §7522.34(c) (2) through (10)	Step 2 Requirements Satisfied under GC §7522.34(a)				Step 3 Excludable under GC §7522.34(c) (1), (11), (12)
		(i)	(ii)	(iii)	(iv)	
Base Salary		Yes	Yes	Yes	Yes	No
Provisional Appt		Yes	Yes	Yes	Yes	Yes
Out-Of-Class Pay		No	No	Yes	No	Yes
Swing Differential		No	No	Yes	No	Yes
Night Differential		No	No	Yes	No	Yes
Longevity Pay		Yes	Yes	Yes	No	Yes
Registration Differential		Yes	No	Yes	No	Yes
Medical Waiver	(2)*	No	No	No	No	Yes
Cafeteria Plan	(2)*	No	No	No	No	Yes
Class A/B License Pay		No	No	Yes	No	Yes
Annual Vacation Sell Back	(5)					
Terminal Pay - Sick Leave	(5)					
Stand By Pay	(6)					
Meal Allowance	(7)					
Scheduled Holiday Overtime	(8)					
Scheduled Holiday Swing Overtime	(8)					
Scheduled Holiday Night Overtime	(8)					
Scheduled Holiday Double-time	(8)					

The requirements under Gov. Code §7522.34(a) are that pay must be:

- (i) The normal monthly rate of pay or base pay of the member
- (ii) Paid in cash to similarly situated members in the same grade or class of employment
- (iii) For services rendered on a full-time basis during normal working hours
- (iv) Paid pursuant to publicly available pay schedules

Exclusions determinable by the Board under Gov. Code §7522.34(c)

- (1) Any compensation determined by the Board to have been paid to increase a member's retirement benefit.
- (11) Any other form of compensation the Board determines is inconsistent with the requirements of Gov. Code §7522.34(a).
- (12) Any other form of compensation the Board determines should not be pensionable compensation.

* These pay items are excluded if the compensation was previously paid directly by the employer to a third party (e.g. health or life insurer) for the benefit of the member AND converted to and received by the member in form of a cash payment.

References from contracts and memoranda of understanding

	Local 1	Management	Mgmt Support/ Confidential Group
Provisional Appt	Not in MOU	Not in MOU	Not in MOU
Out-Of-Class Pay	Page 4	?	Page 5
Swing Differential	Page 5	N/A	Page 7
Night Differential	Page 5	N/A	Page 6
Longevity Pay	Page 4	Page 8	Page 4
Registration Differential	Page 34	Page 8	Page 6
Medical Waiver	Page 31	Page 4	Page 20
Cafeteria Plan	Page 35	Page 8	Page 17
Class A/B License Pay	Page 7	N/A	N/A

**Determination of "Pensionable Compensation" under Gov. Code §7522.34
For Housing Authority of the County of Contra Costa**

Pay Type	Pay Code	Step 1	Step 2				Step 3
		Excluded under GC §7522.34(c) (2) through (10)	Requirements Satisfied under GC §7522.34(a)				Excludable under GC §7522.34(c) (1), (11), (12)
			(i)	(ii)	(iii)	(iv)	
Base Salary	REG		Yes	Yes	Yes	Yes	No
Pay for a Retroactive Pay Rate Increase	R		Yes	Yes	Yes	Yes	Yes
Longevity Pay	L		Yes	Yes	Yes	No	Yes
Bilingual Differential	D		No*	No	Yes	No	Yes
Vacation Payout	P	(5)					
Sick Payout	S	(5)					
Termination Payout (of leave balances)	T	(5)					
On Call Pay	O	(6)					
Auto Allowance	N	(7)					

The requirements under Gov. Code §7522.34(a) are that pay must be:

- (i) The normal monthly rate of pay or base pay of the member
- (ii) Paid in cash to similarly situated members in the same grade or class of employment
- (iii) For services rendered on a full-time basis during normal working hours
- (iv) Paid pursuant to publicly available pay schedules

Exclusions determinable by the Board under Gov. Code §7522.34(c)

- (1) Any compensation determined by the Board to have been paid to increase a member's retirement benefit.
- (11) Any other form of compensation the Board determines is inconsistent with the requirements of Gov. Code §7522.34(a).
- (12) Any other form of compensation the Board determines should not be pensionable compensation.

* Per employer, the practice is to pay differential permanently, but MOU language does not specify permanence.

Revised 6/12/2013

**Determination of "Pensionable Compensation" under Gov. Code §7522.34
For Contra Costa Mosquito & Vector Control District**

Pay Type	Pay Code	Step 1 Excluded under GC §7522.34(c) (2) through (10)	Step 2 Requirements Satisfied under GC §7522.34(a)				Step 3 Excludable under GC §7522.34(c) (1), (11), (12)
			(i)	(ii)	(iii)	(iv)	
Base Salary	REG		Yes	Yes	Yes	Yes	No
Merit (Performance) Pay	LNG		Yes	No	Yes	No	Yes
Medical Waiver	MED	(2)*	No	No	No	No	Yes
Safety Award	SAF	(10)**	No	No	No	No	Yes
Vacation Cashout	VAC	(5)					

The requirements under Gov. Code §7522.34(a) are that pay must be:

- (i) The normal monthly rate of pay or base pay of the member
- (ii) Paid in cash to similarly situated members in the same grade or class of employment
- (iii) For services rendered on a full-time basis during normal working hours
- (iv) Paid pursuant to publicly available pay schedules

Exclusions determinable by the Board under Gov. Code §7522.34(c)

- (1) Any compensation determined by the Board to have been paid to increase a member's retirement benefit.
- (11) Any other form of compensation the Board determines is inconsistent with the requirements of Gov. Code §7522.34(a).
- (12) Any other form of compensation the Board determines should not be pensionable compensation.

* This pay item is excluded if the compensation was previously paid directly by the employer to a third party (e.g. health insurer) for the benefit of the member AND converted to and received by the member in form of a cash payment.

** This pay item could be viewed as a bonus.

References from contracts and memoranda of understanding

	Local 1021 MOU	Employee Handbook
Merit Pay	Page 6	Page 100
Medical Waiver	Page 14	Page 50
Safety Award	Safety Incentive.doc	

**Determination of "Pensionable Compensation" under Gov. Code §7522.34
For Rodeo Sanitary District**

Pay Type	Pay Code	Step 1	Step 2				Step 3
		Excluded under GC §7522.34(c) (2) through (10)	Requirements Satisfied under GC §7522.34(a)				Excludable under GC §7522.34(c) (1), (11), (12)
			(i)	(ii)	(iii)	(iv)	
Base Salary	REG		Yes	Yes	Yes	Yes	No
Vacation Payout	VAC	(5)					
On Call Pay	OC	(6)					

The requirements under Gov. Code §7522.34(a) are that pay must be:

- (i) The normal monthly rate of pay or base pay of the member
- (ii) Paid in cash to similarly situated members in the same grade or class of employment
- (iii) For services rendered on a full-time basis during normal working hours
- (iv) Paid pursuant to publicly available pay schedules

Exclusions determinable by the Board under Gov. Code §7522.34(c)

- (1) Any compensation determined by the Board to have been paid to increase a member's retirement benefit.
- (11) Any other form of compensation the Board determines is inconsistent with the requirements of Gov. Code §7522.34(a).
- (12) Any other form of compensation the Board determines should not be pensionable compensation.

**Determination of "Pensionable Compensation" under Gov. Code §7522.34
For San Ramon Valley Fire Protection District**

Pay Type	Pay Code	Step 1 Excluded under GC §7522.34(c) (2) through (10)	Step 2 Requirements Satisfied under GC §7522.34(a)				Step 3 Excludable under GC §7522.34(c) (1), (11), (12)
			(i)	(ii)	(iii)	(iv)	
Base Salary			Yes	Yes	Yes	Yes	No
FLSA ⁽¹⁾			Yes	Yes	Yes	No	Yes
Acting Pay			No	No	Yes	No	Yes
Permanent Acting Pay			Yes	No	Yes	No	Yes
Emrg. Medical Dispatch Pay			No	No	Yes	No*	Yes
Holiday Pay ⁽²⁾			Yes	Yes	Yes	No*	Yes
Management Incentive Pay ⁽³⁾			Yes	Yes	Yes	No*	Yes
Rescue Team Diff.			No	No	Yes	No*	Yes
Haz. Mat. Team Diff.			No	No	Yes	No*	Yes
Haz. Mat. Non-entry Diff.			No	No	Yes	No*	Yes
Basic Life Support Diff. ⁽⁴⁾			Yes	Yes	Yes	No*	Yes
Advance Life Support Diff.			No	No	Yes	No*	Yes
Paramedic Preceptor Pay			No	No	Yes	No	Yes
Stand-by Pay		(6)					
Vehicle Allowance		(7)					
Contract Parity Differential		(7)					
Overtime (Excluding FLSA)		(8)					

The requirements under Gov. Code §7522.34(a) are that pay must be:

- (i) The normal monthly rate of pay or base pay of the member
- (ii) Paid in cash to similarly situated members in the same grade or class of employment
- (iii) For services rendered on a full-time basis during normal working hours
- (iv) Paid pursuant to publicly available pay schedules

Exclusions determinable by the Board under Gov. Code §7522.34(c)

- (1) Any compensation determined by the Board to have been paid to increase a member's retirement benefit.
- (11) Any other form of compensation the Board determines is inconsistent with the requirements of Gov. Code §7522.34(a).
- (12) Any other form of compensation the Board determines should not be pensionable compensation.

⁽¹⁾ FLSA pay is premium pay for overtime work that is required to be paid at time and one-half under Federal law.

The FLSA pay item reported to CCCERA as a differential is only the one-half time portion of such hours.

The straight time portion is reported as part of base pay.

⁽²⁾ Holiday pay: 56 hour shift employees receive a 6% holiday differential.

⁽³⁾ Management Incentive: All managers serving in a management position, in good standing, for more than one year shall receive management incentive pay equal to 5% of the Premium Base Monthly Salary (PBMS) for Fire Engineers, Step 5.

⁽⁴⁾ Basic Life Support: Compensation in the amount of five percent (5%) per month over the premium base monthly salary (PBMS) of top step Fire Engineer will be provided to Firefighters, Fire Engineers and Fire Captains.

* These items are on the pay schedule, but the association with specific job titles is not indicated.

Revised 8/31/2013

References from contracts and memoranda of understanding

	Local 3546	Non-represented
Acting Pay	16, 26	4, 12
Permanent Acting Pay	16, 26	N/A
Emrg. Medical Dispatch Pay	16	N/A
Holiday Pay	10-11, 16	7, 12
Longevity Pay	16	7, 12
Management Incentive Pay	N/A	7
Rescue Team Diff.	10, 16	N/A
Haz. Mat. Team Diff.	10, 15	6, 12
Haz. Mat. Non-entry Diff.	10, 15	N/A
Basic Life Support Diff. (req'd)	9, 15	N/A
Advance Life Support Diff.	9, 15	7, 12
Paramedic Preceptor Pay	10, 16	N/A

**Determination of "Pensionable Compensation" under Gov. Code §7522.34
For Contra Costa County Superior Court**

Pay Type	Step 1 Excluded under GC §7522.34(c) (2) through (10)	Step 2 Requirements Satisfied under GC §7522.34(a)				Step 3 Excludable under GC §7522.34(c) (1), (11), (12)
		(i)	(ii)	(iii)	(iv)	
Base Salary		Yes	Yes	Yes	Yes	No
Bilingual Pay		No	No	Yes	No	Yes
Certified Real Time Court Reporter Pay		Yes	No	No	No	Yes
Clerk in Courtroom		No	No	No	No	Yes
Court Clerk Trainer Differential		No	No	No	No	Yes
Court Reporting (Basic Readability 5%)		Yes	No	No	No	Yes
Custodian to Lead		No	No	No	No	Yes
Facilities to Clerk IV		No	No	No	No	Yes
Lead Court Rptr. Cert. Basic (first 6 mos.)		Yes	No	No	No	Yes
Lead Court Rptr. Cert. Basic (after 6 mos.)		Yes	No	No	No	Yes
Lead Court Rptr. Cert. CRR		Yes	No	No	No	Yes
Lead Court Rptr. (first 6 mos.)		No	Yes	No	No	Yes
Lead Court Reporter (after 6 mos.)		No	Yes	No	No	Yes
Lead Legal Research Atty Differential		No	No	No	No	Yes
Longevity		Yes	Yes	Yes	No	Yes
Lump Sum Pay	(3)(10)**					
Night Shift Differential		No	No	No	No	Yes
Flex Benefit	(2)*	No	No	No	No	Yes
Share the Savings	(2)*	No	No	No	No	Yes
Admin Payoff Longevity	(5)					
Admin Payoff Retire	(5)					
Holiday Comp Payout	(5)					
Holiday Excess Comp Hours	(5)					
Holiday Hours Retire	(5)					
Personal Holiday Longevity	(5)					
Personal Holiday Retire	(5)					
Vacation Payoff Hours Longevity	(5)					
Vacation Payoff Retire	(5)					
Vacation Sale	(5)					
Vacation Sale Longevity	(5)					
Auto Allowance	(7)					

The requirements under Gov. Code §7522.34(a) are that pay must be:

- (i) The normal monthly rate of pay or base pay of the member
- (ii) Paid in cash to similarly situated members in the same grade or class of employment
- (iii) For services rendered on a full-time basis during normal working hours
- (iv) Paid pursuant to publicly available pay schedules

Exclusions determinable by the Board under Gov. Code §7522.34(c)

- (1) Any compensation determined by the Board to have been paid to increase a member's retirement benefit.
- (11) Any other form of compensation the Board determines is inconsistent with the requirements of Gov. Code §7522.34(a).
- (12) Any other form of compensation the Board determines should not be pensionable compensation.

* This pay item is excluded if the compensation was previously paid directly by the employer to a third party (e.g. health or life insurer) for the benefit of the member AND converted to and received by the member in form of a cash payment.

** Used for adjustments for prior periods. Depends on the nature of the adjustment.

Revised 6/12/2013

Attachment #4

Memorandum



Date: April 10, 2013

To: Board of Retirement
Marilyn Leedom, Retirement Chief Executive Officer

From: Kurt Schneider, Retirement Deputy Chief Executive Officer
Karen Levy, General Counsel

Subject: Preliminary Results of Analysis of Whether Pay Items Meet The Statutory Requirements For "Pensionable Compensation" Under PEPRA
G.C. Section 7522.34 (eff. 1/1/13)

As directed by the CCCERA Board of Retirement, staff has compiled pay item information from all CCCERA participating employers and has conducted a preliminary analysis of whether each pay item meets the statutory requirements set forth in the California Public Employees' Pension Reform Act of 2013 ("PEPRA") to qualify as "pensionable compensation." Note that this analysis relates to the implementation of "pensionable compensation" under PEPRA for employees becoming new members on or after January 1, 2013. This memorandum does *not* address any changes to "legacy" or "classic" members of the CCCERA retirement system.¹

I. PEPRA Definition of "Pensionable Compensation"

In order to qualify as "pensionable compensation" under PEPRA, an item of compensation must meet the following four requirements as provided under Government Code Section 7522.34(a):

- (1) Pay must be part of the normal monthly rate of pay or base pay of the member.
- (2) Pay must be paid in cash to similarly situated members in the same grade or class of employment.
- (3) Pay must be for services rendered on a full-time basis during normal working hours.
- (4) Pay must be paid pursuant to publicly available pay schedules.

¹ Assembly Bill 197 contains amendments to what counts as compensation for retirement purposes for current members. CCCERA's implementation of AB 197 has been temporarily stayed pursuant to a court order entered on November 28, 2012 in the matter of *Contra Costa County Deputy Sheriffs Association, et al., v. CCCERA, et al.*, Contra Costa County Superior Court, Case No. N12-1870. The Court Order requires that CCCERA continue to follow its policy as to current, "classic" members, until after this matter is heard and decided.



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EMPLOYEES' RETIREMENT ASSOCIATION
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II. PEPRA Exclusions From "Pensionable Compensation"

PEPRA contains both *specific* and *general* exclusions from "Pensionable Compensation."

The *specific* exclusions are items such as: termination or during-service payouts for unused vacation or sick leave; housing, automobile or uniform allowance; standby, on-call and call-back pay for services rendered outside of normal working hours; conversion of in-kind benefits into cash during the final compensation period; one-time or ad hoc payments, bonus payments, severance pay, and retirement incentive pay.

The *general* exclusions from "pensionable compensation" confer upon the CCCERA Board of Retirement broad authority to exclude any other form of compensation which the Board determines:

- Is paid to increase a member's retirement benefit (G.C. § 7522.34(c)(1));
- Is "inconsistent" with the requirements of 7522.34(a) (which defines "pensionable compensation") (G.C. § 7522.34(c)(11)); or
- Should not be pensionable compensation (G.C. § 7522.34(c)(12)).

For your convenience, we have included the complete list of PEPRA's *specific* and *general* exclusions from "pensionable compensation" below:

- (1) *Any compensation determined by the retirement 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. (E.g. automobile allowance paid to a member who previously was provided the use of an automobile.)*
- (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. (E.g., standby pay, on-call pay and call-back pay.)*
- (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 time).*
- (9) *Employer contributions to deferred compensation or defined contribution plans.*



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- (10) *Any bonus paid in addition to the compensation described in Section 7522.34(a) (i.e., monthly rate of pay or base pay, etc.).*
- (11) *Any other form of compensation a public retirement board determines is inconsistent with the requirements of Section 7522.34(a) (i.e., monthly rate of pay or base pay, etc.).*
- (12) *Any other form of compensation a public retirement board determines should not be pensionable compensation.*

III. CCCERA's Implementation of "Pensionable Compensation"

On December 11, 2012, the CCCERA Board took action to include only "base pay" in "pensionable compensation" for new PEPRA members, subject to staff monitoring developments in the law, and specifically, any clarification from CalPERS. On December 27, 2012, CalPERS published a circular letter to its participating employers, indicating that CalPERS intended to include certain "special compensation" pay items above base pay in calculating the pensionable compensation of its members under PEPRA, subject to regulations to be developed at a later time. In light of the Circular Letter, the CCCERA Board directed staff to analyze pay items from all employers and provide information to the board on whether the items meet the four requirements for "pensionable compensation" set forth in PEPRA and whether exclusions apply. As of the date of this writing, we understand that CalPERS continues to collect contributions on these pay items, but has yet to reach final conclusions or issue proposed regulations on these items.

IV. Methodology

CCCERA staff utilized the following methodology for each pay item:

Step 1: Does a *specific* exclusion apply to the pay item? If so, the item is not pensionable.

Step 2: Are each of the four requirements of "pensionable compensation" met?

- (i) Is the pay item part of the normal monthly rate of pay or base pay of the member? Is it paid on an ongoing and recurring basis? Is it permanent rather than temporary?
- (ii) Is the pay item paid in cash to similarly situated members in the same grade or class of employment? Is it required of all employees in the job classification rather than a select few? Is it required rather than voluntary? Is it pay for an essential skill or service of the job classification?
- (iii) Is the pay item paid for services rendered on a full-time basis during normal working hours?
- (iv) Is the pay item paid pursuant to publicly available pay schedules? While "publicly available pay schedule" is a term that is not defined under PEPRA, PERS has existing regulations that define "publicly available pay schedule" as a pay schedule that meets 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;



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- (3) Shows the payrate 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 payrate.

(California Code of Regulations, Title 2 § 570.5.)

Step 3: Are there other *general* exclusions that might be applicable to the pay item? Is it paid to increase a member's retirement benefit? Is it "inconsistent" with the requirements of 7522.34(a) (which defines "pensionable compensation")? Is it pay that "should not be pensionable compensation"?

V. Results

Accompanying this Memorandum are the results the information collected regarding each pay item for each of CCCERA's participating employers. The information is contained in spreadsheets prepared by CCCERA for each employer pay item, based on documentation provided by employers to CCCERA such as: publicly available salary schedules, excerpts from memoranda of understanding ("MOUs"), employment contracts or resolutions addressing pay items and the circumstances under which they are agreed to be paid, and other records relevant to the analysis. As requested by the Board, for each pay item we have included whether it meets the four requirements set forth in Section 7522.34(a), and whether exclusions apply.

Here is the summary of the pay item analysis, *if* CCCERA were to adopt a "base pay plus" standard:

- Regular base pay is included in employers' pay schedules and included in pensionable compensation
- As to "special" compensation pay items (differentials) above base pay:
 - i. Longevity and bilingual pay do not appear to be pensionable compensation because they are not included in the publicly available pay schedules.
 - ii. Certain pay differentials appear to be permanent pay raises for everyone in the same job classification. However, they do not appear to be pensionable compensation because they are not included in the publicly available pay schedules. (Examples: D37, F77)
 - iii. Special education pay differentials do not appear to be pensionable compensation because they are either:



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1. Temporary, rather than ongoing and recurring monthly rate of pay,
or
 2. Not paid to everyone in the same job classification; not required of
everyone in the same job classification; rather, they are voluntary
- iv. Special shift (e.g. graveyard) and special location (e.g. certain facility) pay
differentials do not appear to be pensionable compensation because they
are either:
1. Temporary, rather than ongoing and recurring monthly rate of pay,
or
 2. Not paid to everyone in the same job classification; not required of
everyone in the same job classification; rather, they are voluntary

VI. Next Steps/Issues to Consider

If the Board determines that it wishes to reconsider whether “pensionable compensation” under PEPRA includes items of compensation above base pay, we would recommend that the Board review the accompanying spreadsheets and develop a formal policy for the inclusion or exclusion of all elements of pay currently in use by CCCERA’s participating employers; and also develop a methodology for assessing and determining additional elements of pay that may come into usage in the future.

Setting a policy at this time will enable CCCERA’s participating employers to know which pay differentials above base pay to collect retirement contributions on; it will also enable CCCERA’s staff to put the systems in place necessary to properly calculate future retirement allowances. The Retirement Board will always reserve the authority to reconsider its treatment of these elements of pay under future circumstances, in light of changes in the law and other events that may occur.

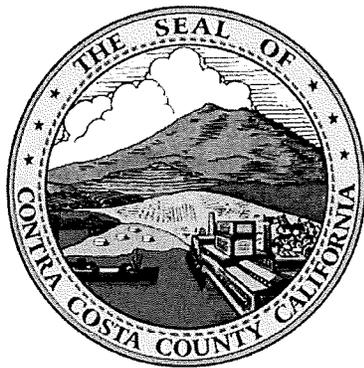


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Attachment #5

Contra Costa County

Salary Regulations



Human Resources Department

SECTION 17

PEACE OFFICER TRAINING

17.1 Incentive Program – Purpose: *In accordance with the policies expressed in Penal Code Sections 13500 and following, and in Chapter 2 of Title 11 of the California Administrative Code (Sections 1000 and following), and to attract law enforcement officers with high education standards; to broaden the professional experience of present officers and to maintain a high quality police service to cope with increased demands placed upon this function, there is established the following career incentive program, which provides a career incentive allowance based on two and one-half (2½) percent of base pay for possessing the first P.O.S.T. Certificate (intermediate or advanced) not required by the minimum qualifications of the class, and an additional allowance based on two and one-half (2½) percent of base pay per month for possessing a second P.O.S.T. Certificate (advanced) not required by the minimum qualifications of the class. (Ord. 73-64 §1, 72-60 §2 (part), 69-31 §1 (part); prior code §2441.2(a); prior Ord. Code §36-8.802)

17.2 Incentive Program – Definitions:

(a) Unless otherwise specified or required by the context, the following terms have the following meanings in Section 16.

(b) "Officer" means any peace officer member of the Sheriff's Department, District Attorney's Office, Marshal's Office or Constable's Office, who has successfully completed at least one probationary period and who occupies a permanent full-time position, in pay status, as a peace officer in this County.

(c) "Intermediate peace officer standards and training certificate" and "advanced peace officer standards and training certificate" have the meaning(s) defined in the regulations of the Commission on Peace Officer Standards and Training of the California State Department of Justice (P.O.S.T.). (Ords. 72-60 §2 (part), 71-31 §1, 69-31 §1 (part); prior code §2441.2(b); prior Ord. Code §36-8.804)

17.3 Incentive Program – Intermediate Certificate: Every officer below the class of Lieutenant in the Sheriff's Department, District Attorney Investigator Grade II in the District Attorney's Office, or Deputy Marshal I in the Marshal's Office, shall receive a career incentive allowance of two and one-half (2½) percent of base pay per month for the possession of a valid intermediate P.O.S.T. certificate. (Ords. 73-64 §2, 72-60 §2(part), 71-31 §2, 69-31 §1(part); prior code §2441.2(c); prior Ord. Code §36-8.806)

17.4 Incentive Program – Advanced Certificate: Every officer up to and including the class of Lieutenant in the Sheriff's Department, District Attorney Investigator Grade II in the District Attorney's Office or Deputy Marshal II in the Marshal's Office shall receive a career incentive allowance of two and one-half (2½) percent of base pay per month for the possession of a valid advanced P.O.S.T. Certificate. (Ords. 73-64 §3, 72-60 §2(part); 71-31 §3, 69-31 §1(part); prior code §2441.2(d); prior Ord. Code §36-8.808)

17.5 Incentive Program – Pay Status: These allowances shall be in addition to regular compensation and shall not be considered part of the base pay for payroll computation purposes. (Ords. 72-60 §2(part), 69-31 §1(part); prior code §2441.2(e); prior Ord. Code §36-8.810)

* For Peace Officer Training Fund, see Chapter 62-6, County Ordinance Code.

Intermediate certificate				
Must already possess a basic POST certificate				
Years of Service:	Education:	Training Points:		
2	Bachelor Degree	0		
4	Associate Degree	0		
4	45 Education Points	45 Training Points		
6	30 Education Points	30 Training Points		
8	15 Education Points	15 Training Points		
Advanced certificate				
Must already possess a basic and intermediate POST certificate				
Years of Service:	Education:	Training Points:		
4	Master Degree	0		
6	Bachelor Degree	0		
9	Associate Degree	0		
9	45 Education Points	45 Training Points		
12	30 Education Points	30 Training Points		

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I was going through POST training records and noticed that you don't have your advanced certificate but might be eligible soon! Below is some helpful information so you can evaluate your status. I would be happy to send you a copy of your POST profile if you would like to see where you stand with training points. If you are eligible, let me know and I can send you the application. I can mail it off a few business days before your "anniversary" date, but not much more than that or else POST will reject it with a nice little note that you are not eligible because you lack the time.

Requirements for Advanced Certificate:

Advanced Certificate (Time as a full time, full sworn police officer and must possess or be eligible for Intermediate)

With (4) years of service; minimum of a Masters Degree

With (6) years of service; minimum of a BA

With (9) years of service; minimum of a AA OR 45 education points and 45 training points

With (12) years of service; 30 education points and 30 training points

What are training points?

Training points are a cumulative total of all training (LE related) that you have attended. In order to determine your training point total, you add all of your training hours together and divide by (20) and that will give you your training points.

What are education points?

Education must be obtained by an accredited college for it to be applied towards your certificate and an official transcript is required to submit to POST along with your application. For each semester of college, it is equal to one training point. Each college quarter is equal to 2/3 of an education point. If you exceed the minimum number of education points you need, they can carry over and count as training points. Most people are surprised when they start pulling transcripts how many points they actually have.

Basic Academy credit

The #1 fact that most people are not aware of is that if you received college credits for your Basic Academy, you cannot use your hours towards training points. If you have enough college outside of what you earned for the academy you can use your academy towards training points and in most cases the Basic Academy equals approximately 41 to 51 training points (depending on the number of hours your class was). Another little known fact is that most people earn anywhere from 17 to 23 semester points from their respective academy (again, this depends on the number of hours and the college affiliated with your Academy).

If you have any additional questions, let me know.

Excerpted From Regulation 1011 of the California Code of Regulations

1011(a)(7) Intermediate Certificate Award Requirements

Applicants for the award of an Intermediate Certificate shall:

- (A) Satisfy the requirements specified in Regulation 1011(a)(4).
- (B) Possess or be eligible to possess the Basic Certificate for the current position.
- (C) Satisfy one of the following eligibility combinations:

Degree or Education Points*		Law Enforcement Experience		Training Points
Bachelor Degree	and	2 years	plus	0
Associate Degree	and	4 years	plus	0
45 Education Points	and	4 years	plus	45
30 Education Points	and	6 years	plus	30
15 Education Points	And	8 years	plus	15

*Excess education points may be applied towards training points on a point-for-point basis [reference Regulation 1011(a)(3)(D)].

1011(a)(8) Advanced Certificate Award Requirements

Applicants for the award of an Advanced Certificate shall:

- (A) Satisfy the requirements specified in Regulation 1011(a)(4).
- (B) Possess or be eligible to possess the Intermediate Certificate.
- (C) Satisfy one of the following eligibility combinations:

Degree or Education Points*		Law Enforcement Experience		Training Points
Master Degree	and	4 years	plus	0
Bachelor Degree	and	6 years	plus	0
Associate Degree	and	9 years	plus	0
45 Education Points	and	9 years	plus	45
30 Education Points	and	12 years	plus	30

*Excess education points may be applied towards training points on a point-for-point basis [reference Regulation 1011(a)(3)(D)].

Attachment #6

2 California Code of Regulations § 570.5

§ 570.5. Requirement for a Publicly Available Pay Schedule.

(a) For purposes of determining the amount of “compensation earnable” pursuant to Government Code Sections 20630, 20636, and 20636.1, payrate shall be limited to the amount listed on a pay schedule that meets 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 payrate 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 payrate.

(b) Whenever an employer fails to meet the requirements of subdivision (a) above, the Board, in its sole discretion, may determine an amount that will be considered to be payrate, taking into consideration all information it deems relevant including, but not limited to, the following:

(1) Documents approved by the employer's governing body in accordance with requirements of public meetings laws and maintained by the employer;

(2) Last payrate listed on a pay schedule that conforms to the requirements of subdivision (a) with the same employer for the position at issue;

(3) Last payrate for the member that is listed on a pay schedule that conforms with the requirements of subdivision (a) with the same employer for a different position;

(4) Last payrate for the member in a position that was held by the member and that is listed on a pay schedule that conforms with the requirements of subdivision (a) of a former CalPERS employer.

MEMO

Date: September 4, 2013

To: CCCERA Board of Retirement
Marilyn Leedom, Retirement Chief Executive Officer

From: Kurt Schneider, Deputy Chief Executive Officer
Karen Levy, General Counsel

Subject: Compensation Policy, Pay Items and Compensation Enhancements

At its August 14, 2013 meeting, the CCCERA Board of Retirement requested information about what is included in compensation for retirement purpose, and how to deal with extraordinary compensation practices that occur in members' final compensation period that have the effect of artificially enhancing ("spiking") a member's retirement benefit. The Board requested more information regarding certain pay items that were the focus of recent media reports:

- (1) on-call pay reportedly paid to members who volunteered to work additional on call hours during their final compensation period; and
- (2) additional on-call pay reportedly paid to physicians who did not provide on call services for the time paid.

This memorandum summarizes the Board's current policies and the process of making enhancement determinations, and makes some suggestions for the Board's consideration.

I. Background

When the *Ventura Decision* became effective October 1, 1997, the Board made a determination as to what would be included in "compensation earnable" going forward and established a process to guard against spiking. On September 9, 1997, in advance of the effective date of the *Ventura Decision*, the Board adopted a policy on *Monitoring for Final Average Salary Spiking*, which guards against spiking by formally approving which pay items can be included in the calculation of the "final average compensation" used to determine retirement benefits. The Board determined that each CCCERA participating employer would be provided with a list of includible differentials (pay items beyond base salary). The list of includable differentials is attached as Attachment 1.

On December 5, 1997, the Board adopted its *Policy for Determining Which Pay Items are "Compensation" for Retirement Purposes*. (See Attachment 2 for the current policy.) This policy states that compensation includes,

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

Pay for overtime, on the other hand, is excluded under the policy to the extent "it is in excess of what is considered normal working hours." There are separate pay codes for includable and excludable overtime.

II. Policy Regarding Assessment and Determination of Compensation Enhancements

On September 12, 2012, the Governor signed AB 340 and AB 197. AB 340 added §31542 to the Government Code, which requires the board to establish a procedure for assessing and determining whether an element of compensation was paid to enhance a member's retirement benefit, but this section does not allow the Board to act on that determination. To that end, the Board adopted the *Policy Regarding Assessment and Determination of Compensation Enhancements* with instructions for staff to return to the Board with operational guidelines for implementing the policy. (See Attachment 3.).

III. AB 197

AB 197 inserted language into Government Code Section 31461 that changed the definition of "compensation earnable" for current members. AB 197 provides, among other things, that "compensation earnable" does not include "any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system." This provides clear authority for the board to **exclude** from compensation earnable any compensation determined to be an unwarranted **enhancement** of the member's retirement benefit. The implementation of AB 197 has been stayed pursuant to the court order entered in the current DSA AB 197 lawsuit. The Order states: "The Stay shall operate to suspend implementation of all aspects of AB 197 that concern the definition of 'compensation earnable' under CERL."

IV. Implementation of Policy Regarding Assessment and Determination of Compensation Enhancements

As set forth in an April 10, 2013 report to the Board (included as Attachment 4), the implementation of the new policy could result in the exclusion of a portion of a pay item that had been determined by the Board to be includible. This would be a departure from past practice, but AB 197 gives clear authority to do exactly that.

Nevertheless, staff has implemented the procedure to analyze compensation for spikes in the final compensation period. Two important findings have been made.

Call Back Pay – call back pay is additional pay for employees who are called back to duty after hours. Call back pay could, for example, be pay for the call back time worked plus an hourly differential. In 1997 the Board advised the County to treat "call back pay" as excluded overtime, unless the time was scheduled. However, CCCERA has recently discovered that the County had

been reporting all “call back pay” as compensation for retirement purposes since 1998 despite the Board’s determination in 1997. CCCERA is presently working on the correction of this error.

On Call Pay – the County has been permitting some departments and employees to use certain pay items included in “compensation earnable” for the sole purpose of enhancing a member’s pensionable compensation during the final compensation period. The most egregious examples found have been for “on-call pay” for several job classifications within County Health Services. “On-call” pay is pay for time during which the employee is not actually on duty but must be ready to immediately report for duty after regular working hours. On-call pay could, for example, be one hour of actual work time credit for each four hours of on-call time. While some members regularly serve in on-call status and receive on-call pay consistently throughout much of their career, others volunteer for the status disproportionately in their last year of service during the final compensation period. Members may have unusually high levels of “on-call pay” concentrated during their final year of service, while others in their same grade and class have little or none.

Additionally, the County has reportedly granted “on-call pay” to some employees when they were not actually “on-call” at all. CCCERA has requested more information from the County regarding this issue.

While the Board long ago set a reasonable policy interpreting then-existing statutory and case law, we now know that County and other plan sponsor practices have enabled a number of abuses of the Board’s policy (knowingly or unknowingly.) Until now, CCCERA was not given the tools to effectively monitor and police these abuses. The Board now has requested to know, in advance of approving a retirement, if compensation has been paid to enhance a benefit. To that end, included as Attachment 5 is a memo describing a pending retirement where potential enhancements have been found. This is the type of information that could be provided to the board going forward.

As to this, as well as similar situations, the Board could consider whether County on-call pay should be excluded from compensation for retirement purposes to the extent it is voluntary rather than mandatory for everyone in the class or grade of position. This would be a change from previous Board policy. This would be consistent, however, with how on-call pay is treated and reported to CCCERA by some Districts within CCCERA. It would also be consistent with how the County currently treats and reports to CCCERA overtime pay. Only overtime pay that is mandatory of all in the class or grade is an included item.¹ Limiting reportable on-call pay to

¹ Government Code Section 31461.6 defines “compensation earnable” follows: “‘Compensation earnable’ shall not include overtime premium pay other than premium pay for hours worked within the normally scheduled or regular working hours that are in excess of the statutory maximum workweek or work period applicable to the employee under [the Fair Labor Standards Act].” Government Code Section 31461 defines “compensation earnable” as: “the average compensation . . . 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.” A recent court case upheld a retirement board’s determination that

that which is mandatory of all in the class or grade would help avoid future unfunded costs to the system and the County resulting from an unexpected increase in on-call pay during the final compensation period. It would also promote the equitable treatment of all employees, regardless of status, so that some are not permitted to gain at the expense of others.

Note, however, that consideration should be given to whether any change to the Board's current policy is allowed in light of the current stay order in the DSA/AB 197 lawsuit, which requires CCCERA "to suspend implementation of all aspects of AB 197 that concern the definition of "compensation earnable" under CERL.

overtime pay was not "compensation earnable" because it was not required of and worked by all members of the job classification. *Stevenson v. Board of Retirement of OCERS*, 186 Cal. App. 4th 498 (2010)).

Attachment #1

MEMO

Date: January 14, 1998
To: Roger Edwards
From: Pat Wiegert *PW*
Subject: County DOE's includible in Compensation under the "Ventura County Decision"

Attached is what we understand to be the complete list of the County's pay items, their DOE code, and an indication of whether or not they are to be reported as "compensation" for retirement purposes pursuant to the Retirement Board's actions on November 25, December 5, and December 9

What's now reported under DOE code 32 (On call Pay) will need to be separated into those pay items that are includible and those which aren't. As I understand it, DOE 32 now includes pay for those times an employee is scheduled to be in "on call" status and pay for time once an "on call" employee is actually called in to work. The first instance is includible compensation, the second is a form of overtime and therefore not includible. Because both types of pay reported under DOE code 32 in the past, the payroll system will need to distinguish between the two in future.

DOE 70 (Miscellaneous) presents a real problem because this, too, could be used to report just about anything. We would prefer that there not be a "Miscellaneous" category at all. This would eliminate the mystery of "What is it?" and avoid the potential for this DOE to be the dumping ground for anything new or unique. If you feel the continued need for a Miscellaneous pay item, we ask that this be included in compensation rather than excluded.

See "Special Notes" on the attached for other pay items of concern,

I understand that Craig was able to handle the problems identified at our recent meeting which had to do with not enough "accumulators" and an old, less than user friendly, payroll system. I understand further that testing of the modifications is being conducted with the hope that it'll all be ready by the February 10 payroll.

I applaud you and Craig for the extraordinary effort you're putting forth on this issue. None of us wanted to be in the position of having to modify the old payroll system when the new PeopleSoft system is just around the corner. Your work is much appreciated!

If you have questions on the attached, give me a call.

attachment

CCERA

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**IMPLEMENTING THE "VENTURA DECISION"
 INCLUDIBLE COUNTY PAY ITEMS
 DECEMBER 9, 1997**

Included	Code	Pay Item	Explanation
no	01	Taxable Auto	Additional mileage that Assessors receive in excess of the Fed. Maximum. Also includes \$3/day charged to employees using a county car to commute.
yes	03	Dept Head Auto	Pay for business use of personal auto.
yes	04	Riteoway Pay	Form of hazardous duty pay for work in traffic situations.
yes	05	Longevity Pay	Bonus based upon length of County service.
yes	06	Career Incentive	Similar to Longevity Pay
yes	07	Career Incentive CTG	Similar to Longevity Pay
yes	08	Management Incentive	Similar to Longevity Pay
yes	09	Assessors Education	Bonus for achieving professional certification for certain employees.
yes	10	Holiday Pay	Pay for work on a scheduled holiday.
yes	11	Agric.Differential	For possession of Commisioner License
yes	12	Wght/Meas Incentive	For possession of Weights and Measures License
yes *	13	Lump Sum Payment	
yes	14	Nurses Weekend Bonus	Pay to nurses who work a weekend shift
yes	15	Holiday Pay (1996)	Pay for hours not otherwise scheduled to work.
yes	15	Search Warrant Pay (1997)	Animal Services employees for special assignments
yes	16	Nurses Longvity	Same as Management Pay
yes	17	Watch Commander	Safety category, form of shift differential
yes	18	Mental Hlth Lead Diff.	Paid to mental health lead positions under terms of The Local 1 contract.
yes *	19	Call Back/Weekend	Pay to med. Personnel if called in on weekend or After hours due to patient illnes.
yes	20	Scheduled FLSA	Overtime that's normally expected to be worked
no	21	FLSA Overtime	

no	22	Overtime Adj. Prior Yr.	Payroll adjusting entry
no	23	Overtime Adj. Curr. Yr.	Payroll adjusting entry
no *	25	Gross Pay Adj.	Used for multiple purposes. Negative offset for SDI Buybacks, late time reporting, late WC clearances. All require negative offset to previously taxed wages that are to be changed to nontaxable. At times has been used for regular or differential pay missed in prior periods.
no	26	AWOP	Reported as a negative number.
yes	27	#2 Base Pay	Used when an employee works a portion of a month at different pay rate. Working out of class or mid-month promotions.
yes	30	Training Diff.	Flat monthly amount paid to Sheriff staff for periods they train staff.
yes	31	BLS Cert-Fire	Basic Life Support Training bonus
yes *	32	On Call Pay	Pay for being in "on call" status.
No *	new	On-Call Overtime	Pay for work when actually called in while in "on call" status.
yes	33	EMT Diff-Fire	Emergency Medical Technician bonus
yes	34	ER Bonus	Emergency room differential
no	35	Workers Comp Pay	Paid by WC on account of illness and in lieu of salary. Not taxed
yes	36	Retirement Allotment	
yes	37	Word Processing	Pay for work on keyboard/VDT's
yes	38	VDT differential	Pay for work on keyboard/VDT's.
yes	39	Prof Acct Differential	CPA/CIA/CMA certification
no	40	Reserve Pay	The regular pay of hourly firefighters working as Reserves. Hourly firefighters are not covered by CCCERA.
yes	41	OES Differential	Pay for assignment to Office of Emergency Services.
yes	42	Grade All Differential	Pay for work on a particular piece of equipment.
yes	43	Investigator Pay	Paid to Sheriff's investigators.
yes	44	Charge Nurse Diff	Assignment to charge nurse duties.
yes	45	Building Inspector Diff.	Self-explanatory

yes	47	Acting Pay	Pay for work in a temporary assignment. Currently paid to San Ramon firefighters only.
Yes	48	Performance Stipend	
yes	49	Double Shift Premium	self explanatory
yes	52	Shift Pay	Pay for working any shift after 5:00 p.m.
yes	53	Shift Pay Adj.	Adjustment to Shift Pay previously recorded.
yes	54	Hazard Duty Pay	Pay for exposure to hazards on the job.
yes	55	Hazard Pay Adjustment	Adjustment to Hazard Duty Pay
yes	56	Board and Commission	Paid to Board of Supervisors while "sitting" in the capacity of a commission. Also paid to Ret. Bd. Sheriff, Planning Dept. and Transportation Dept.
yes	57	Bilingual Pay	Bonus for being bilingual in specified positions
yes	58	Truck Allowance	Received by 7 Animal Services and Health Services employees for using a truck while commuting to and from work.
no	59	Mgmt. Disability Pay	This is in lieu of salary paid to managers under a special disability insurance program
no	60	Court Reporter Pay	Per diem paid to hourly court reporters not in the Retirement System
yes.	62	Sale of Vacation	Value of vacation time sold back to county annually
yes *	63	Vac/PTO Payoff	Lump sum of accumulated, unused vacation, paid upon termination, that was earned in the final comp period.
no *	new	Vac/PTO Payoff	Lump sum of accumulated, unused vacation, paid upon termination, that was NOT earned in the final compensation period.
yes	64	Uniform Allowance	Pay in recognition that uniforms must be worn for the Job. Paid to non-safety employees: animal services, Plumbers, painters, etc.
yes	65	Structural Engineer	Pay for achieving/maintaining this certification.
yes	66	Haz Mat	Pay for working with hazardous materials
yes	67	Officer in Charge	Self explanatory
yes	68	Standby Diff.	Similar to On Call pay
yes	70	Miscellaneous	To the extent that this pay code continues, it will be includible.

no	71	Pay in Lieu	Extra amount received by employees who don't receive regular County benefits and aren't covered by CCCERA
yes *	72	Sickleave Payoff	Paid to hourly employees, not covered by CCCERA. Paid to CCCERA members who terminate without retiring.
yes	73	Physical Fitness	For safety members
yes	74	Crt. Appearance Pay (1996)	Self explanatory
yes	74	Advncd. Life Support(1997)	Pay for achieving/maintaining this certification.
no	76	Hospital Contract Pay	
no	77	Contract Pay	
yes	78	Uniform-Safety	Pay in recognition that uniforms must be worn for the job: safety members
yes	79	Special Bonus	Used to pay bonuses for special assignment.
yes	83	Evening Clinic Bonus	Similar to shift differential.
Yes	84	Holiday overtime adj.	Adjustment to Holiday Pay
yes	85	Graveyard Pay	Similar to shift differential.
no	86	SDI Buyback	Offsetting payments in the state disability insurance program. Not a wage item.
yes	87	Rad/Angio Pay	A form of hazardous duty pay.
yes	90	Phys. Weekend Rounds	A form of shift differential for physicians.
yes	94	RN Hospital Diff.	Registered nurses.
yes	95	Incident Response Team	Pay for serving on this team.
yes	96	Lead Worker Bonus	self explanatory.

* SPECIAL NOTES:

- 13 We understand that this pay item is used to reflect a variety of lump sum payments not otherwise given their own code. This pay item should be used in the future for only those lump sum pay items which are includible as compensation under the Board's policy.
- 19 We understand that this pay item has been used to report time both scheduled and unscheduled. In this pay item should be used to report pay for scheduled work on a weekend.
- 32 The payroll system will have to distinguish between the pay for being in "on call" status (which is includible) versus the additional pay received if an employee is actually called in to work (which is not includible and will need a new pay item code.).

63 The payroll system will have to distinguish between that portion of a lump sum payoff which is includible under the Board's policy and that portion which is not includible.

72 For those employees who are covered by CCCERA, we will expect that only the portion of a lump sum sick leave payoff which could have been earned in the final compensation period will be reported here.

1/14/98

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.4th 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 PEPRA, 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

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 #4

MEMO



Date: April 10, 2013
To: CCCERA Board of Retirement
From: Kurt Schneider, Deputy Chief Executive Officer
Subject: Assessment and Determination of Compensation Enhancements

At the January 9, 2013 meeting, the Retirement Board adopted a Policy Regarding Assessment and Determination of Compensation Enhancements. This policy was established to comply with new Gov. Code §31542, which requires the Board to establish a procedure for assessing and determining whether an element of compensation was paid to enhance a member's retirement benefit. Any compensation element which the Board determines was paid to enhance a member's benefit must be excluded from "pensionable compensation" under Gov. Code §7522.34 and "compensation earnable" under Gov. Code §31461 (as amended by AB 197).

The purpose of this memo is to summarize the implementation of staff's review and assessment of final compensation as directed by the Board. The assessment policy requires staff to take the following steps when reviewing compensation for this purpose.

1. Assess whether the item of compensation was earned within the period during which final compensation is to be calculated;
2. Assess whether the compensation exceeds a members' base pay, and if so, whether the earnings codes reported are retirement compensable;
3. Review 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
4. Review 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.

The first two steps have always been undertaken by CCCERA staff when calculating retirement benefits and are not new to this policy. The third step is now required for the first time by the new legislation, effective January 1, 2013. The Board has asked staff for an overview of the review process and what factors staff is considering in its determination.

As staff completes steps one and two above, the compensation during the final averaging period is broken out by pay item. The amounts during the final averaging period are then compared to recent periods both by individual pay item and in total. Any increase in compensation (for an individual pay item or in total) above a certain threshold is flagged for further review.

If further review is required, the member's pay history is reviewed as far back as possible to determine how the amount of the pay item varied over time. A statistical analysis is done to determine the likelihood that the increase witnessed in the final averaging period is due to chance alone. If that likelihood is below a certain threshold, the member and the employer are asked for an explanation of the increase. If the explanation provided is insufficient, a written report is prepared and presented to the Board for their determination.

Attachment #5

MEMO

Date: September 4, 2013
To: CCCERA Board of Retirement
From: Kurt Schneider, Deputy Chief Executive Officer
Subject: Compensation Enhancement

In accordance with the Board's Policy Regarding Assessment and Determination of Compensation Enhancements, CCCERA reviews all retirement calculations for any factors that indicate that an item of compensation included in final compensation was paid to enhance a member's retirement benefit. An example of one such factor would be if a pay item was paid to the member only during the final compensation period.

Staff is currently reviewing the following retirement:

- Retirement date: July 1, 2013
- Job position: various
- Type of additional pay in last year: On call pay not previously reported or paid.
- Amount of additional pay in final year: approximately \$10,000
- Resulting increase to monthly retirement benefit: \$350
- Increase to present value of retirement benefit: \$60,000
- Increase to unfunded liability (employer cost): \$56,000

Note: Because the on call pay was only paid in the final year, employee and employer contributions were only collected for the final year, thus leaving the new unfunded liability at \$56,000.

Memorandum

Date: September 4, 2013
To: Board of Retirement
Marilyn Leedom, Chief Executive Officer
From: Karen Levy, General Counsel
Subject: Filling of Retirement Board Vacancy
Seventh (Safety) Member – Govt. Code Section 31523

Update

The Board's seventh (safety) member, Terry Buck, has retired. The Seventh seat is therefore vacant. Pursuant to the County Employee Retirement Law of 1937 ("CERL"), in the event of a vacancy in the seventh member position, the Retirement Board "shall cause an election to fill the vacancy to be held at the earliest possible date." (Govt. Code § 31523.) The candidates for the position are limited to the safety group not represented by the incumbent alternate seventh board member. Currently, the incumbent alternate seventh (safety) board member is from the deputy sheriffs' group (Section 31470.2), therefore the candidates for the vacant safety seat are limited to members from the firefighters' group (Section 31470.4). In the event there are no candidates from the firefighter's group, then candidates may be from a safety group other than firefighters and sheriffs. In the event only one candidate has been nominated for election to the seventh (safety) seat, no election will be held and a unanimous ballot will be cast in favor of the single candidate to fill the position.

The successful candidate for the Seventh (safety) position would serve for the duration of the current term (i.e., until 6/30/2014).

During the vacancy in the Seventh member's seat, the alternate seventh board member fills the vacancy until a successor is elected. (Section 31520.1(b).)

Recommendation

In light of the vacancy in this seat, the CCCERA Board of Retirement should cause an election to be held at the earliest possible date in order to fill the vacancy in the seventh safety member seat.



MEMO

Date: September 4, 2013

To: CCCERA Board of Retirement

From: Marilyn Leedom, Chief Executive Officer
Timothy Price, Chief Investment Officer

Subject: Investment Consultant Options

Overview

The Board Chair asked that staff prepare a memo with options for the Board to consider regarding how best to respond to personnel changes recently announced by Milliman, CCCERA's current investment consultant. As you will recall, CCCERA was notified of Jeff Youngman's departure at the end of August. His replacement, Randy Young, CFA, CAIA will start with Milliman as a Senior Investment Consultant in mid-September. Earlier this year Bob Helliesen announced his plans to retire at the end of 2013. After his retirement, the Milliman consulting team working with CCCERA will consist of Marty Dirks and Randy Young, both Senior Investment Consultants. Bob Helliesen has committed to staff that he is available for at least six months post-retirement to assist the Milliman consulting team and attend CCCERA meetings as necessary.

Unlike most investment managers, who have a fiduciary responsibility to the Plan or to their individual fund, the investment consultant more often has a direct fiduciary responsibility to the Board. In this respect, investment consultants operate in a manner similar to that of the fiduciary counsel. While staff works closely with these parties, it is important to remember that the investment consultant reports directly to the Board and not staff. Therefore, any review should come primarily from the Board.

When significant personnel changes occur at any vendor, there are two key questions for the Board to consider:

1. Can the core services still be delivered?
2. Is this the right team to deliver those services to CCCERA?

Every firm leverages both unique individuals and processes, though some firms rely more on one or the other. Therefore the loss of an individual may have more or less impact on a given firm depending upon the model they have implemented. We typically evaluate the impact of personnel changes through a reassessment of the services provided and interviews with the individuals who will be delivering those services going forward. In the case of a portfolio manager, this may entail an on-site to meet with the backup portfolio manager or a director of research. In the case of the investment consultant, we would also recommend an on-site visit to evaluate the individuals and processes that will be used to conduct due diligence, manager research, asset class assumptions, asset allocation studies and quarterly performance reporting.

The second question is a bit more artful. In order to have a productive relationship, the Board needs to have a level of comfort and rapport with their consulting team. The consultant is tasked with being an advocate for investment strategy and being an independent evaluator of the current structure. In this role, the investment consultants act as advocates for the future investment of Plan assets and as such will be helping the Board fulfill their fiduciary responsibilities.

The Board should consider these questions, evaluate the current investment consultant relationship and determine the future direction of that relationship. Below staff has outlined a number of options for the Board to consider during the review of this situation.

Options

1. Continue the long term relationship with Milliman, subject to comprehensive due diligence review of the new team. This would mean continuing the relationship under the existing contract, but with a new consulting team. At a minimum, the Board would need to conduct an on-site review with Milliman to understand the philosophical approach of the new team, including the methodology used for conducting manager research, asset allocation, and other consulting assignments.
2. Issue an RFP for a general investment consultant. The general consultant arrangement has worked well for the Board for nearly 30 years. Given that there will be a new consulting team regardless of any Board action, the Board may wish to review other firms at this time and compare Milliman to the services and teams put forth by other consulting firms. If the Board chooses this path, Milliman should be included in the bid process. Once the RFPs are received an ad hoc committee would be established to evaluate the responses and make recommendations to the Board.
3. Depending on the outcome of Option 1 and Option 2, issue an RFP for a specialty consultant. This option would explore splitting the consulting relationship between general consulting (asset allocation, performance reporting, public markets manager research) and specialty consulting (primarily in the private market segments). In this instance, specialty consulting would include, but not be limited to, private equity and real estate consultants. The idea here would be that by bringing in a specialist, CCCERA may be able to build direct programs and move away from the fund of funds model, and the extra layer of fees that comes with that model. Note: this is an option for the future only, as CCCERA currently does not have the staff necessary for oversight of direct programs.

Conclusion

As noted above, an investment consultant has a unique relationship with the Plan it serves. While consultants typically work closely with staff, they report directly to the Board and should offer a truly independent opinion on investment topics and strategies. As such, staff recommends that the Board review the options listed above and direct staff appropriately. Staff stands ready to assist with this process.

Profit & Loss Budget vs. Actual

January through June 2013

	Jan - Jun 13	Budget	Difference	% of Budget
Expense				
Salaries and Benefits	\$ 2,348,212	\$ 3,014,700	\$ (666,488)	78%
Operation Expenditures	\$ 644,192	\$ 970,900	\$ (326,708)	66%
Administrator's discretionary	\$ -	\$ 25,000	\$ (25,000)	0%
Assets depreciation	\$ 102,395	\$ 140,000	\$ (37,605)	73%
Total Expense	\$ 3,094,800	\$ 4,150,600	\$ (1,055,801)	75%

Meeting Date
09/04/13
Agenda Item
#12



Meeting Date
09/04/13
Agenda Item
#13

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, 2013** 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: Sulema@SACRS.org

Meeting Date
09/04/13
Agenda Item
#14

CCCERA Meetings 2013

8/14/2013

January						
S	M	T	W	T	F	S
		1 _H	2	3	4	5
6	7	8	B ₉	10	11	12
13	14	15	16	17	18	19
20	21 _H	22	B ₂₃	24	25	26
27	28	29	30	31		

H=New Year's Day

H=Martin Luther King, Jr. Day

February						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	B ₁₃	14	15	16
17	18 _H	19	20	21	22	23
24	25	26	Q ₂₇	28		

H=President's Day

March						
S	M	T	W	T	F	S
					1	2
3 _C	4 _C	5 _C	6	7	8	9
10	11	12	13	B ₁₄	15	16
17	18	19	20	SB ₂₁	22	23
24 ₃₁	25	26 _{SL}	B _{SL 27}	28 _{SL}	29 _{SL}	30

April						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	B ₁₀	11	12	13
14	15	16	17 _{CU}	18 _{CU}	19 _{CU}	20
21	22	23	B ₂₄	25	26	27
28	29	30				

May						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	B ₈	9	10	11
12	13	14 _{SS}	15 _{SS}	16 _{SS}	17 _{SS}	18 _N
19 _N	20	21	Q ₂₂	23	24	25
26	27 _H	28	29	30	31	

H=Memorial Day

June						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	B ₁₂	13	14	15
16	17	18	19	20	21	22
23 ₃₀	24	25	B ₂₆	27	28	29

July						
S	M	T	W	T	F	S
	1	2	3	4 _H	5	6
7	8	9	B ₁₀	11	12	13
14	15	16	17	18	19	20
21	22	23	SB ₂₄	25	26	27
28	29	30	31			

H=Independence Day

August						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	B ₁₄	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

September						
S	M	T	W	T	F	S
1	2 _H	3	B ₄	5	6	7
8	9	10	Q ₁₁	12	13	14
15	16	17	18	19	20	21
22	23	24	25 _{CU}	26 _{CU}	27 _{CU}	28
29	30					

H=Labor Day

October						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	B ₉	10	11	12
13	14	15	16	SB ₁₇	18	19
20	21	22	B ₂₃	24	25	26
27	28	29	30	31		

November						
S	M	T	W	T	F	S
					1	2
3	4	5	B ₆	7	8	9
10	11 _H	12 _{SF}	13 _{SF}	14 _{SF}	15 _{SF}	16
17	18	19	20	21	22	23
24	25	Q ₂₆	27	28 _H	29 _H	30

H=Veterans Day

H=Thanksgiving Day

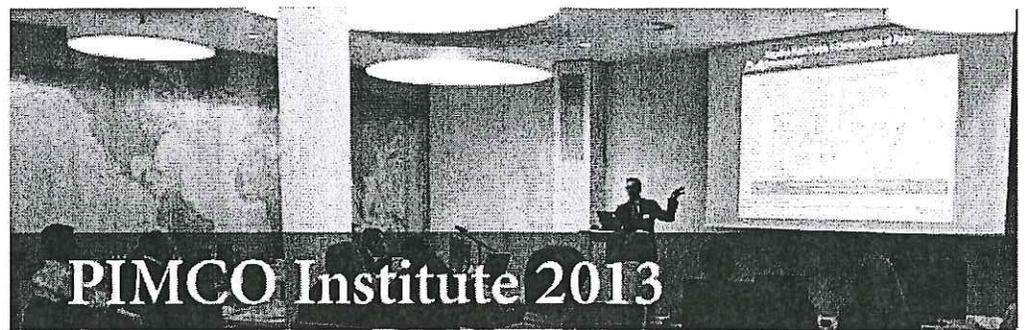
December						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	B ₁₁	12	13	14
15	16	17	18	19	20	21
22	23	24	25 _H	26	27	28
29	30	31				

H=Christmas

B Board Meeting	Q Quarterly Meeting	SB Special Board Meeting	SACRS Spring/Fall	CU Spring/Fall	CALAPRS	NCPERS	IFEBP	Principles of Pension Mgmt Stanford Law	SACRS Public Pension Invest. Mgmt	Wharton
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PIMCO

Your Global Investment Authority



**Investment Fundamentals
19 – 20 September 2013**

**Meeting Date
09/04/13
Agenda Item
#15a.**

Thursday, 19 September

7:30 am – 8:00 am	Breakfast
8:00 am – 8:15 am	Welcome and Overview
8:15 am – 9:30 am	Interest Rates, Equity Metrics, and Modern Portfolio Theory
9:30 am – 9:45 am	Break
9:45 am – 11:00 am	Volatility, Duration, and Convexity
11:00 am – 11:15 am	Break
11:15 am – 12:30 pm	Interest Rate and Yield Curve Strategies
12:30 pm – 1:45 pm	Lunch / Trade Floor Tour
1:45 pm – 3:00 pm	Introduction to Securitized Products
3:00 pm – 3:15 pm	Break
3:15 pm – 4:30 pm	Equities: From the Style Box to Global Unconstrained
6:00 pm	Dinner

Friday, 20 September

7:30 am – 8:00 am	Breakfast
8:00 am – 9:15 am	Investing Across the Capital Structure
9:15 am – 9:30 am	Break
9:30 am – 10:45 am	An Introduction to Inflation Related Investing
10:45 am – 11:00 am	Break
11:00 am – 12:15 pm	Structuring a Fixed Income Portfolio
12:15 pm – 1:15 pm	Lunch / Trade Floor Tour
1:15 pm – 2:30 pm	Forward Looking Benchmarks
2:30 pm – 2:45 pm	Break
2:45 pm – 4:00 pm	PIMCO's Approach to Asset Allocation
4:00 pm	Closing Comments



California Quail Official Bird of California

California Retired County Employees Association

RECEIVED AUG 16 2013

Representing over 160,000 California County Retirees

Meeting Date
09/04/13
Agenda Item
#15b.

July 25, 2013

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
- Edward C. (Ed) Morris, 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 21-23, 2013** in beautiful Fresno County, California, hosted by the Retired Employees of Fresno County (REFCO) and held at the **Radisson Hotel in Fresno.**

Traveling to Fresno County will give you the opportunity to visit another of California's beautiful central inland counties. With its agriculture, parks and history, along with wonderful restaurants, REFCO encourages you to join them for this conference.

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

The past several conferences included a 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 problem areas and requests for assistance, along with successful accomplishments that may be helpful to other associations.

With the legislative year in Sacramento in full swing, 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.

Our hosts are also providing entertainment and gifts guaranteed to make the Tuesday evening social event relaxing, fun and rewarding.

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. 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 Fresno.

Sincerely,

E. F. "Skip" Murphy, President

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

AFFILIATE MEMBERS

- EFI Actuaries
- Liberty Mutual Group
- Pacific Group Agencies, Inc
- SCAN Health Plan.
- The Segal Company
- Southland Credit Union
- Stradling Yocca Carlson & Rauth
- Western Group Agencies, Inc.

A 501(c)4 Association



PO BOX 26384 FRESNO CA 93729-6384

<http://refco1.org/>

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

The Retired Employees of Fresno County cordially invite you to attend the CRCEA Fall 2013 Conference to be held October 21-23 at:

Radisson Hotel & Conference Center

2233 Ventura Street, Fresno Ca.

559-268-1000 for hotel reservations.

Hotel Reservation Deadline is September 29, 2013, to ensure room rate. Please make reservations directly with the hotel. Contact the hotel for shuttle service from the airport.

Banquet Entrées: Beef: Flat Iron Steak; Chicken: Chicken Breast/ Champagne Burre Blanc; Fish: Cedar Plank Salmon; Vegetarian: Roasted Eggplant Ravioli

Breakfast: Orange Juice, Fresh Scrambled Eggs, Bacon/Sausage, Potatoes, Breakfast Pastries, Coffee/Tea

Lunch: Buffet varies daily. It includes Hot Entrée, Starch, Fresh Vegetables & Full Salad Bar

Please return your conference registration by October 1, 2013.

Our theme is **Fresno: Food Basket to the World**

Topics include information on bankruptcy issues; legislative & Affordable Care Act (ACA) updates; estate information, water issues; health & nutrition

**2013 CRCEA FALL CONFERENCE REGISTRATION FORM
OCTOBER 21-23, 2013**

Radisson Hotel, 2233 Ventura Street, Fresno, CA 93721

Hosted by: Retired Employees of Fresno County

NAME _____
ADDRESS _____
CITY _____ STATE _____ ZIP _____
PHONE _____ EMAIL _____
AFFILIATE OR ASSOCIATION NAME _____
EMERGENCY CONTACT (Name & Phone) _____

FALL CONFERENCE REGISTRATION DEADLINE: Tuesday, October 1, 2013

RESERVATION DEADLINE FOR RADISSON HOTEL: Sunday, September 29, 2013

For reservations, call (559) 268-1000 and request the CRCEA Conference rate, which is \$109 per night, plus taxes (anticipated total \$125). Should you have any questions, call Dick Estel at (559) 298-4163 or Julie Hornback at (559) 246-7248.

Please indicate designation desired on **name badge**: Delegate _____ Alternate Delegate _____
Ret. Board Member _____ Ret. Board Alternate Member _____ Member _____
Guest _____ Affiliate _____ (Affiliates pay only banquet fee)

CRCEA Officer (Title) _____

Association Fee \$75 (enter only on form submitted by Delegate) \$ _____

Attendee Fee \$35 (to be paid by every attendee including spouse/guest) \$ _____

Hot Breakfast @\$10/day/person (Mon./Tues./Wed.)
_____ Persons x _____ Days _____ x \$10= \$ _____

Lunch Tuesday will be available in Radisson Restaurant @\$13.50/person \$ _____

Banquet Tuesday evening \$45 per person \$ _____

Please indicate meal selection for banquet attendees:

Beef _____ Chicken _____ Fish _____ Vegetarian _____ Vegan _____

TOTAL AMOUNT ENCLOSED \$ _____

MAKE YOUR CHECK PAYABLE TO REFCO.

Mail CHECK along with this FORM to: REFCO

PO BOX 26384

FRESNO, CA 93729-6384

SACRS Fall CONFERENCE

NOVEMBER 12-15

RENAISSANCE
ESMERALDA RESORT & SPA
INDIAN WELLS

2013

KEY NOTE SPEAKERS



ANTHONY SCARAMUCCI



BOB DOLL



JON NAJARIAN

PRELIMINARY AGENDA

TUESDAY, NOVEMBER 12, 2013

CELEBRITY GOLF COURSE

THE RENAISSANCE HOTEL

Don't miss the Annual Golf Journey at SACRS Fall Conference that is being held at the Celebrity Course in Indian Wells, California. This 36-hole Palm Springs golf resort features a magnificent 53,000 square-foot clubhouse (NW Club) and is the only facility in California with two courses ranked in the Top 20 "Best Courses You Can Play" in California by Golfweek Magazine. Golf Channel's popular Big Break series was contested at Indian Wells Golf Resort for its 15th season and showcased the resort's two championship golf courses - Celebrity Course & Players Course. The Celebrity Course is a two-teams host to the PGA TOUR'S Skills Game. Celebrity Golf Course is conveniently located within walking distance from the SACRS Conference Hotel, the Renaissance Esmeralda Resort & Spa.

For more information and to register contact Kristin Hamlin, SleepStone Group khamlin@sleepstoneglobal.com or 658.768.7622

3:00 PM. - 6:30 PM. REGISTRATION

1:00 PM. - 3:00 PM. SAFETY BREAKOUT

3:00 PM. - 5:00 PM. NEW TRUSTEE BREAKOUT

3:00 PM. - 5:00 PM. ADVANCE TRUSTEE BREAKOUT
Speaker: Damien Hooper-Campbell, Goldman Sachs

3:00 PM. - 5:00 PM. DISABILITY/OPS BREAKOUT
Application timeliness

5:30 PM. - 6:30 PM. SACRS WELCOME RECEPTION

WEDNESDAY, NOVEMBER 13, 2013

6:30 A.M. - 7:30 A.M.

YOGA WITH SACRS

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 physical exercise, they have the added benefit of bringing your mind to the present moment. Joining a morning yoga session is a great way to energize before our busy conference day.

*Professional Yoga Instructor, Daisy Marquez will be leading the session. All participants must pre-register for conference attendees & guests. Pre-registration required, towels and water will be available, and all participants must submit a waiver prior to class.

7:30 A.M. - 8:30 A.M. SACRS BREAKFAST

8:00 A.M. - 6:00 PM. REGISTRATION

8:30 A.M. - 9:00 A.M. GENERAL SESSION - WELCOME, FLAGS, AWARDS

9:00 A.M. - 10:00 A.M. GENERAL SESSION
Speaker: Anthony Scaramucci, SkyBridge Cap

10:00 A.M. - 10:30 A.M. NETWORKING BREAK

10:30 A.M. - 11:30 A.M. GENERAL SESSION - POLITICS AND THE ROLE OF THE FIDUCIARY

Speakers: Steve Lockum, PSIS/PEERS

Anne Sheehan, CalSTRS

WEDNESDAY, NOVEMBER 13, 2013 CONTINUED

11:40 A.M. - 12:40 P.M. GENERAL SESSION
Speaker: Jon Najarian, CNBC

12:40 P.M. - 1:45 P.M. SACRS LUNCH

2:00 P.M. - 3:00 P.M. GENERAL SESSION - RV KUHN'S ANNUAL SACRS SYSTEMS REPORT
Speaker: RV Kuhns Representative

3:15 P.M. - 5:00 P.M. ADMINISTRATORS BREAKOUT

3:15 P.M. - 5:00 P.M. AFFILIATE BREAKOUT

3:15 P.M. - 5:00 P.M. ATTORNEY BREAKOUT

3:15 P.M. - 5:00 P.M. DISABILITY BREAKOUT

3:15 P.M. - 5:00 P.M. INTERNAL AUDITORS BREAKOUT

3:15 P.M. - 5:00 P.M. INVESTMENT BREAKOUT

IT BREAKOUT

OPS/BENEFIT BREAKOUT

TRUSTEE BREAKOUT

CAMP
Speaker: Doug Rose, San Diego CEBA

SACRS LEGISLATIVE COMMITTEE MEETING
Speaker: Richard Stenrud, Committee Chair

6:30 P.M. - 10:00 P.M. WEDNESDAY NIGHT EVENT - OFFICIAL DAY ENDS AT 10 P.M.

THURSDAY, NOVEMBER 14, 2013

6:45 A.M. - 7:45 A.M.

SACRS 5K FUN RUN/WALK

Don't miss SACRS Inaugural 5K Fun Run/Walk! Enjoy the cool desert morning with an invigorating walk, jog or run with fellow SACRS compliance attendees along on a SACRS (Walk) in the Sun. 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, with pocket maps, pre-registration required, and all participants must submit a waiver prior to Run/Walk.

7:30 A.M. - 8:30 A.M. SACRS BREAKFAST

8:00 A.M. - 6:00 P.M. REGISTRATION

8:30 A.M. - 9:00 A.M. GENERAL SESSION - VETERAN'S DAY CEREMONIES
Speaker: Video & local rep presentation

9:00 A.M. - 10:00 A.M. GENERAL SESSION - US EQUITIES- BOOM OR BUST?
A look at the current economy and impact on US Stock market.
Speaker: Bob Doll, Nuveen Asset Mgt

Meeting Date
09/04/13
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#15c,

THURSDAY, NOVEMBER 14, 2013 CONTINUED

10:00 A.M. - 10:30 A.M. NETWORKING BREAK

10:30 A.M. - 11:30 A.M. GENERAL SESSION - FIXED INCOME: MORE RISK-LESS RETURN?
Speakers: Chris Pariseault, Pyramis Global Advisors

11:30 A.M. - 12:45 P.M. SACRS LUNCH

1:00 P.M. - 2:00 P.M. CONCURRENT SESSIONS

CONCURRENT SESSION A - INVESTMENT SENIOR/LOAN STRATEGY/SENIOR BANK LOANS
Speaker: ING & Morgan Stanley

CONCURRENT SESSION B OPERATIONS/DISABILITY

CONCURRENT SESSION C HOT TOPIC - MOODYS/FITCH RATINGS

2:00 P.M. - 2:30 P.M. SACRS NETWORKING BREAK

2:30 P.M. - 3:30 P.M. CONCURRENT SESSIONS

CONCURRENT SESSION A INVESTMENT

CONCURRENT SESSION B OPERATIONS/DISABILITY

CONCURRENT SESSION C HEDGE FUNDS-TOP TEN THINGS I HATE ABOUT HEDGE FUND INVESTING
Catch the many perspectives from Academia, a Hedge Fund manager and a SACRS CIO.

3:40 P.M. - 5:00 P.M. CONCURRENT SESSIONS

CONCURRENT SESSION A SACRS LEGISLATIVE UPDATE

CONCURRENT SESSION B SACRS MOVIE

5:00 P.M. - 5:30 P.M. EDUCATION COMMITTEE MEETING

5:30 P.M. - 6:30 P.M. SACRS RECEPTION

FRIDAY, NOVEMBER 15, 2013

7:30 A.M. - 8:30 A.M. SACRS BREAKFAST

8:45 A.M. - 9:45 A.M. GENERAL SESSION - PEPPRA

9:45 A.M. - 10:00 A.M. BREAK

10:00 A.M. - UPON ADJ SACRS BUSINESS MEETING
Speakers: SACRS Board of Directors

UPON ADJ SACRS BOB
Speakers: SACRS Board of Directors