



AGENDA

RETIREMENT BOARD MEETING

SECOND MONTHLY MEETING
January 23, 2019
9:00 a.m.

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

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

1. Pledge of Allegiance.
2. Accept comments from the public.
3. Approve minutes from the November 28 and December 12, 2018 meetings.

CLOSED SESSION

4. CONFERENCE WITH LABOR NEGOTIATORS
(Government Code Section 54957.6)

Agency designated representatives:
Gail Strohl, Chief Executive Officer
Anne Sommers, Admin/HR Manager
Joe Wiley/Christopher Boucher, CCCERA's Chief Negotiator(s)

Employee Organization: AFSCME, Local 2700
5. The Board will continue in closed session pursuant to Govt. Code Section 54956.9(d)(1) to confer with legal counsel regarding pending litigation:
 - a. *Fernandez v. CCCERA, et al.*, Contra Costa County Superior Court, Case No. CIVMSN17-036

OPEN SESSION

6. Consider and take possible action to adopt a cost-of-living increase for retirees as of April 1, 2019.
7. Consider and take possible action to issue a Request for Proposal for IRC 457(b) Deferred Compensation Plan Services.
8. Consider and take possible action to adopt Board of Retirement Resolution 2019-1, Funding of I.R.C. Section 115 Trust for Other Post Employment Benefits.

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

9. Consider authorizing the attendance of Board:
 - a. CII Spring 2019 Conference, Council of Institutional Investors, March 4-6, 2019, Washington, DC.

10. 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.



MINUTES

RETIREMENT BOARD MEETING MINUTES

REGULAR MEETING
November 28, 2018
9:00 a.m.

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

Present: Candace Andersen, Scott Gordon, Jerry Holcombe, Louie Kroll, Jay Kwon, David MacDonald, John Phillips, William Pigeon, Gabe Rodrigues, Todd Smithey, Jerry Telles and Russell Watts

Absent: None

Staff: Gail Strohl, Chief Executive Officer; Christina Dunn, Deputy Chief Executive Officer; Timothy Price, Chief Investment Officer; Karen Levy, General Counsel; Wrally Dutkiewicz, Compliance Officer; Anne Sommers, Administrative/HR Manager; Henry Gudino, Accounting Manager; Tim Hoppe, Retirement Services Manager; and Colin Bishop, Member Services Manager

Outside Professional Support:	Representing:
Harvey Leiderman	Reed Smith LLP
Christopher Boucher	Wiley Price & Radulovich LLP
Ed Hoffman	Verus Investments

1. Pledge of Allegiance

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

Telles and MacDonald were present for subsequent discussion and voting.

2. Accept comments from the public

Jeff Carman, Contra Costa County Fire Protection District, spoke regarding two employees who retired after 30 years and standby pay was not included in their Final Average Salary (FAS) calculations. He stated the employees were under the impression that standby pay would be included in their FAS. He also stated that CCCERA changed the rules and the District was notified of the change by email.

He stated the members paid a contribution rate based on standby pay being included in their FAS. He expressed his concern that there isn't an appeal process and feels it is unethical that the employees were denied payment for what they have already paid for. He noted that contributions are still being collected but will never get paid out. He also felt CCCERA should have notified him directly so that the language in the MOU could have been changed. He asked the Board to make this right noting that a thorough review will show that their standby pay is covered under the rules.

Andersen asked if this item could be placed on a future agenda so that the Board has an opportunity to discuss this matter. It was the consensus of the Board to place this on a future agenda.

It was the consensus of the Board to move to Item 6.

6. Consider and take possible action to authorize the CEO to execute a contract with PARS (Public Agency Retirement Services) for Other Post-Employment Benefit (“OPEB”) Trust Fund Management Services and to adopt Board of Retirement Resolution 2018-4 approving the adoption of the PARS Public Agencies Post-Employment Benefits Trust

Strohl briefly reviewed the background on the need for an OPEB trust fund manager for retiree health care. Strohl noted it was more cost effective to outsource the administration of the trust as opposed to administering it in-house.

Presentation from Andrew Brown, High Mark Capital Management and Jennifer Meza, PARS.

Smithey reported PARS is the trust fund manager for CentralSan and Watts reported they are also the trust fund manager for the County.

Meza reviewed the PARS trust team noting there are two other parties involved in the team, US Bank and HighMark Capital Management. She also reviewed their client list. She reviewed the purpose of a Section 115 Trust noting they offer a full service program and there are no minimum contributions. She reviewed the advantages of the program including security, flexibility, efficiency and service.

Brown reviewed the background of his firm noting they have 44 investment professionals with 27 of them holding the Chartered Financial Analyst (CFA) designation. He stated they will be celebrating their 100 year anniversary next year and have been partnered with PARS for 27 years.

Price reviewed his memo outlining the investment options.

After a discussion on the risks, the cost savings, and the investment plans, it was M/S/C to 1) authorize the CEO to execute a contract with Public Agency Retirement Services (PARS) for Other Post-Employment Benefit (“OPEB”) Trust Funds Management Services and 2) appoint the CEO as the CCCERA’s plan administrator for the program, whose authority shall include the selection of an appropriate investment option, and 3) adopt Board of Retirement Resolution 2018-4 approving the adoption of the PARS Public Agencies Post-Employment Benefits Trust for the purpose of pre-funding OPEB obligations, and 4) approve the transfer of the reserve amount currently being held for OPEB matters (approximately \$2.5 million) into the PARS account after it is setup. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)

It was the consensus of the Board to move into Closed Session for Item 3 and Item 5.

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957.6 and 54956.9(d)(1).

The Board moved into open session.

3. There was no reportable action related to Govt. Code Section 54957.6.
5. There was no reportable action related to Govt. Code Section 54956.9(d)(1).
 - a. MacDonald recused himself from this item and was not present for discussion and voting. There was no reportable action related to Govt. Code Section 54956.9(d)(1).
 - b. There was no reportable action related to Govt. Code Section 54956.9(d)(1).
 - c. There was no reportable action related to Govt. Code Section 54956.9(d)(1).

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

Andersen was no longer present for subsequent discussion and voting.

7. Consider and take possible action to authorize the CEO to execute a contract with one of the below firms for actuarial consulting services

Strohl reported there were two finalists, Segal and Cheiron, selected from the three firms that responded to the RFP for actuarial services that was issued on September 28, 2018.

- a. Presentation from Segal Consulting – Paul Angelo, John Monroe, Eva Yum, Alfred Wang and Emily Klare (via telephone conference)

Angelo reviewed Segal's team and their distinguishing features. The team members introduced themselves and reviewed their relevant backgrounds.

Monroe reviewed milestone projects that Segal has completed for CCCERA including depooling, asset smoothing, and the new GASB accounting and financial reporting requirements. He reviewed additional services available to CCCERA. He also reviewed the reasons Segal should be selected including their level of expertise, experience with other '37 Act systems, and their superior service.

- b. Presentation from Cheiron - Graham Schmidt, Bill Hallmark and Anne Harper

Harper gave an overview of the firm and the staff proposed to work on the CCCERA team noting they have nine offices nationwide and that she is located in the San Diego office. She reviewed their client list noting there are six '37 Act systems that they provide actuarial consulting services to and there are nine '37 Act systems that they have provided audits for.

Schmidt introduced himself and stated he is located in the Oakland office. He also reviewed his background and noted he has been with Cheiron since 2013.

Hallmark introduced himself and stated he is located in the Portland office and has been with Cheiron since 2009.

Rodrigues was no longer present for subsequent discussion and voting.

Hallmark reviewed a risk dashboard and long-term investment risk model. He also reviewed how different cost groups show their returns noting that the model can be programmed for investment staff to look at projections.

Schmidt reviewed the transition process.

Strohl commented this is one of CCCERA's critical vendors noting both firms would do a great job.

It was M/S/C to continue with Segal Consulting as the actuarial firm and authorize the CEO to execute a contract with Segal Consulting. (Yes: Gordon, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts. No: Kwon and MacDonald)

Holcombe was no longer present for subsequent discussion and voting.

8. Review of total portfolio performance for period ending September 30, 2018

- a. Presentation from Verus

Hoffman gave an update on economic growth.

He reviewed CCCERA's investment fund performance for the period ending September 30, 2018 noting the ending market value of the total fund portfolio is \$8,788,140,564. He reviewed the total fund executive summary net of fees and the total fund performance summary gross of fees. He also reviewed personnel changes at Insight and Parametric Defensive Equity.

b. Presentation from Staff

Price reviewed each sub-portfolio and reported CCCERA is meeting expectations in each of the three portfolios except Positive Real Returns in the Risk Diversifying sub-portfolio. He noted CCCERA is still building out the Growth sub-portfolio.

He reported the StepStone Group will be making a presentation on private equity pacing at the next meeting. He also reported the SEC investigation into Wellington has been closed and there are no actions against the firm.

On a total fund basis, CCCERA is capturing more of the upside and less of the downside. He reviewed the Total Fund Performance vs. the Simple Target Index noting the Total Fund has produced a better Sharpe ratio relative to the Simple Target Index, indicating that CCCERA is being favorably rewarded for the risk taken in the portfolio. Watts asked that the Staff Report be placed on CCCERA's website in the Investment section.

It was consensus of the Board to move into Closed Session for Item 4.

CLOSED SESSION

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

The Board moved into open session.

4. There was no reportable action related to Govt. Code Section 54957.

Telles was no longer present for subsequent discussion and voting.

It was the consensus of the Board to move to Item 9.

9. Consider and take possible action to adopt the 2019 CCCERA Budget

Gudino presented the 2019 proposed CCCERA Budget noting the proposed total budget is \$14.1 million, an overall increase of \$566,000 which is about 4% over the 2018 Budget. He stated the increases are attributed to an increase in personnel and benefits, funding for the health benefits OPEB trust, temporary wages for one time assignments, additional professional fees, and IT system improvements and disaster recovery expenses. He stated the 2019 proposed administrative budget of \$10.6 million is at 11.5 basis points which is well under the CERL limit of 21 basis points.

It was M/S/C to adopt the 2019 CCCERA Budget as presented. (Yes: Gordon, Kroll, Kwon, MacDonald, Phillips, Pigeon, Smithey and Watts)

10. Report from Audit Committee Chair on November 7, 2018 Audit Committee meeting

Phillips provided a report from the November 7, 2018 Audit Committee meeting.

11. Miscellaneous

(a) Staff Report –

Strohl reported on issues with the property manager related to a power outage.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Watts reported on the SACRS Conference he attended.

Pigeon reported on the NCPERS Public Safety Conference and the SACRS Conference noting he felt the SACRS Conference was a lot better than the NCPERS Conference.

It was M/S/C to adjourn the meeting. (Yes: Gordon, Kroll, Kwon, MacDonald, Phillips, Pigeon, Smithey and Watts)

Todd Smithey, Chairman

David MacDonald, Secretary



MINUTES

RETIREMENT BOARD MEETING MINUTES

REGULAR MEETING
December 12, 2018
9:00 a.m.

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

Present: Candace Andersen, Scott Gordon, Jerry Holcombe, Louie Kroll, Jay Kwon, David MacDonald, John Phillips, Gabe Rodrigues, Todd Smithey, Jerry Telles and Russell Watts

Absent: William Pigeon

Staff: Gail Strohl, Chief Executive Officer; Christina Dunn, Deputy Chief Executive Officer; Timothy Price, Chief Investment Officer; Karen Levy, General Counsel; Wrally Dutkiewicz, Compliance Officer; Anne Sommers, Administrative/HR Manager; Henry Gudino, Accounting Manager; Tim Hoppe, Retirement Services Manager; and Colin Bishop, Member Services Manager

Outside Professional Support:
Susan Hastings

Representing:
Laughlin, Falbo, Levy & Moresi

1. **Pledge of Allegiance**

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

2. **Recognition of Wrally Dutkiewicz for 5 years of service and Rhonda Jones for 10 years of service**

Smithey recognized and congratulated Wrally Dutkiewicz for his 5 years of service and Rhonda Jones for her 10 years of service.

3. **Accept comments from the public**

No member of the public offered comment.

4. **Approve minutes from the November 7, 2018 meeting**

It was M/S/C to approve the minutes from the November 7, 2018 meeting. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey, Telles and Watts)

5. **Routine Items**

It was M/S/C to approve the routine items of the December 12, 2018 meeting. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey, Telles and Watts)

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957 and 54956.8.

The Board moved into open session.

6. It was **M/S/C** to accept the Medical Advisor's recommendation and grant the following disability benefits:
 - a. Helene Libert – Non-Service Connected (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey, Telles and Watts)
 - b. Tracey Nicks – Non-Service Connected (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey, Telles and Watts)
 - c. Jerald Treat – Service Connected (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey, Telles and Watts)
7. It was **M/S/C** to deny the Service Connected and Non-Service Connected disability application's for Sandra Wimberly as recommended by the Administrative Law Judge. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey, Telles and Watts)
8. It was **M/S/C** to deny the Service Connected disability application for Leslie Pounds as recommended by the Administrative Law Judge and direct staff to prepare findings of fact and decision for the Board's consideration. (Yes: Andersen, Gordon, Holcombe, Phillips, Rodrigues, Smithey and Watts. No: MacDonald and Telles)
9. There was no reportable action related to Govt. Code Section 54956.8.

10. Consider and take possible action to authorize the CEO to execute a contract with Cheiron for Actuarial Auditing Services

Strohl reported we received two proposals for actuarial auditing services, one from Milliman and one from Cheiron. The evaluation committee selected Cheiron as the finalist to perform audits of the 2017 annual valuation report, 2012-2014 triennial experience and assumptions study and 2017 GASB 68 financial statement disclosure reporting. Cheiron's proposed costs for these services is \$85,000.

It was **M/S/C** to authorize the CEO to execute a contract with Cheiron for Actuarial Auditing Services. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey, Telles and Watts)

11. Presentation of the Moraga-Orinda Fire District Final Audit Report

Dutkiewicz presented the Moraga-Orinda Fire District Final Audit Report noting there is one remaining follow-up item related to the submission of member demographic data. He stated the District will be submitting an I29 report with the missing data and that they hope to have it with the December report.

12. Presentation of the Contra Costa County Department of Information Technology Final Audit Report

Dutkiewicz presented the Contra Costa County Department of Information Technology Final Audit Report noting the scope of the audit was to look at the internal processes within the department. He reported there were no follow-up items noted in their audit report.

13. Presentation of the Contra Costa County Office of the Auditor-Controller Final Audit Report

Dutkiewicz presented the Contra Costa County Office of the Auditor-Controller Final Audit Report noting they have a very clean and organized process. He also noted the scope of the audit was to look

at the internal processes within the department. He reported there were no follow-up items noted in their audit report.

14. Presentation of the CCCERA 2019 Compliance Activity Plan

Dutkiewicz presented the CCCERA 2019 Compliance Activity Plan. He reviewed the internal control activities and projects planned for 2019. He reported the focus of the internal control reviews will be on reporting and a review of procedures in the Accounting department. He noted he will work with the Audit Committee on what the report will look like. He also reviewed the employer and County department audits planned for 2019.

He reported he has completed 13 employer audits and 7 County department audits to date.

15. Presentation from StepStone Group of private equity pacing report – Tom Keck and Natalie Walker

Keck introduced himself and stated he is a partner and one of the founders of StepStone. Walker introduced herself and stated she specifically works with CCCERA's private markets team. She is also a member of the research team which is based in San Diego.

Keck gave an overview of the private equity market for the past 16 years including performance, fundraising trends, global investment activities, invested capital by regions and leveraged buyout. He reviewed the difference in volatility between public markets and private markets. He also reviewed increases in valuations paid in private markets during the past five years.

Telles was no longer present for subsequent discussion and voting.

Keck reviewed interest coverage levels, dividends and IPO activity. He also reviewed overall trends in the market.

Walker gave an update on the program noting there has not been any changes to the team since they began working with CCCERA. She noted there are over 150 investment professionals servicing CCCERA. She reviewed CCCERA's investment objectives including building strong relationships with less fees and our target asset allocation in private equity and real assets. She reported CCCERA is operating above average but the goal is to take it to the top quartile.

She reviewed the investment process and an analysis of an optimal pacing plan with a baseline of 10% as the target. She reported the pacing plan for 2019 includes committing \$25-\$50 million per fund across 2-4 primary fund relationships. She reviewed CCCERA's private equity and real assets portfolio performance as of June 30, 2018 noting the fund has generated a 14.3% return during the last 12 months.

16. Presentation of the alternative investment fees and expense report

Price presented the alternative investment fees and expense report noting this is a required annual disclosure and the report will be placed on CCCERA's website.

There was a discussion on the fees and expenses. It was noted that once there are a few years of the report we will be able to look at trend line analysis and the report will become a more useful document.

17. Review of Report on Risk Diversifying Sub-portfolio

Price reviewed the role of the Risk Diversifying Sub-portfolio noting it is an offset to the equity markets. He reported there are currently three managers in this portfolio; AFL-CIO, Parametric

Defensive Equity and Wellington Real Total Return noting the intent is to draw down Wellington to fund new strategies.

He reviewed the roles and characteristics of the managers. He also reviewed the current allocation to each manager.

Watts was no longer present for subsequent discussion and voting.

Price reported the size of the program is reviewed by the Board annually when determining whether to adjust asset allocation targets. He also reported staff continues to seek additional strategies for this portfolio.

18. Legislative update

Levy reviewed her memo of new legislation that becomes effective on January 1, 2019.

19. Consider authorizing the attendance of Board:

- a. There was no action taken on this item. 8th Annual Risk & Liquidity Forum, Institutional Investor Forums, January 29-30, 2019, San Francisco, CA.
- b. There was no action taken on this item. Groundhog Day Investment Forum, Emerald Asset Management, Inc., February 7, 2019, Philadelphia, PA.
- c. It was M/S/C to authorize the attendance of 1 Board member at the Sit Investment Associates Client Workshop, February 14-17, 2019, Scottsdale, AZ. (Yes: Andersen, Gordon, Holcombe, Kroll, MacDonald, Phillips, Rodrigues and Smithey)
- d. It was M/S/C to authorize the attendance of 2 Board members at the Commonfund Forum 2019, March 24-26, 2019, Orlando, FL. (Yes: Andersen, Gordon, Holcombe, Kroll, MacDonald, Phillips, Rodrigues and Smithey)
- e. It was M/S/C to authorize the attendance of 2 Board members at The Pension Bridge Annual, April 9-10, 2019, San Francisco, CA. (Yes: Andersen, Gordon, Holcombe, Kroll, MacDonald, Phillips, Rodrigues and Smithey)

20. Miscellaneous

(a) Staff Report –

Strohl reported that PARS, the OPEB Trust Fund manager, clarified that it is considered an agent multiple employer trust and not a multi-employer trust; she received a letter of resignation from Gabe Rodrigues resigning his seat on the Retirement Board after six years of service. She noted she is personally sad to see him go and appreciated his inquisitive nature and thoughtful process and wished him well. The sentiment was held by all.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Rodrigues thanked everyone and stated serving on the Board has been a very good experience, probably the best career experience he has ever had.

Smithey commented Rodrigues has served the members very well as a Trustee and he will be missed.

Andersen commented on the leadership role Rodrigues has taken and he will be missed.

MacDonald thanked Rodrigues for being a mentor to him; he asked that an educational session on disability associated with mental health issues be on an upcoming agenda.

Smithey requested the meeting be adjourned in Rodrigues' honor.

It was M/S/C to adjourn the meeting in Trustee Rodrigues' honor. (Yes: Andersen, Gordon, Holcombe, Kroll, MacDonald, Phillips, Rodrigues and Smithey)

Todd Smithey, Chairman

David MacDonald, Secretary



MEMORANDUM

Date: January 23, 2019

To: CCCERA Board of Retirement

From: Christina Dunn, Deputy Chief Executive Officer

Subject: Consider and Take Possible Action to Adopt a Cost-of-Living Increase for Retirees as of April 1, 2019.

In accordance with Government Code §§31870, 31870.1 and 31870.3, the Board must determine the annual cost-of-living adjustments (COLAs) to be effective April 1, 2019.

Determination of COLA

Based on the statutes noted above, the increase or decrease of the retiree allowances must “approximate to the nearest one-half of 1 percent, the percentage of annual increase or decrease in the cost of living as of January 1st of each year as shown by the then current Bureau of Labor Statistics Consumer Price Index for All Urban Consumers for the area in which the county seat is situated.” The only difference in the three COLA statutes that apply to CCCERA members is that the annual maximum adjustment is either 2%, 3%, or 4% depending on which section is applicable.

The consumer price index values used by CCCERA are the December values from the San Francisco-Oakland-San Jose, California table. The increase in the index from December 2017 to December 2018 was 4.5%.

When this value is greater than the annual allowable maximum increase, the excess above the allowance increase is accumulated or “banked”. When the value is less than the annual allowable maximum increase, retirees with sufficient bank will receive the maximum allowable increase and have their banks reduces accordingly.

The attached Segal letter shows the determination of the consumer price index increase and the annual adjustment retirees will receive depending on Tier and bank. The letter also shows the adjustments to the banks.

Recommendation

Consider and take possible action to adopt a cost-of-living increase for retirees as of April 1, 2019.



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John W. Monroe, ASA, MAAA, EA
Vice President & Actuary
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January 16, 2019

Ms. Gail Strohl
Chief Executive Officer
Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, CA 94520

**Re: Contra Costa County Employees' Retirement Association
Cost-of-Living Adjustments (COLA) as of April 1, 2019**

Dear Gail:

We have determined the cost-of-living adjustments for the Association in accordance with Sections 31870.1, 31870.3 and 31870, as provided in the enclosed exhibits.

The cost-of-living factor to be used by the Association on April 1, 2019 is determined by comparing the December CPI for the San Francisco-Oakland-Hayward Area¹ (with 1982-84 as the base period) in each of the past two years. The ratio of the past two December indices, 289.896 in 2018 and 277.414 in 2017, is 1.0450. The County Law sections cited above indicate that the resulting percentage change of 4.50% should be rounded to the nearest one-half percent, which is 4.5%.

Please note the above cost-of-living adjustments calculated using established procedures for CCCERA may result in adjustments different from those calculated using alternative procedures by other systems.

The actual cost-of-living adjustment is dependent on tier. The CPI adjustment to be applied on April 1, 2019 is provided in Column (4) of the enclosed exhibits. The COLA bank on April 1, 2019 is provided in Column (5).

Please give us a call if you have any questions.

Sincerely,

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

John Monroe

MAM/gxk
Enclosures

5567352v1/05337.013

¹ Formerly the San Francisco-Oakland-San Jose Area.

Contra Costa County Employees' Retirement Association
 Cost-Of-Living Adjustment
 As of April 1, 2019

	(1)	(2)	(3)	(4)	(5)
Retirement Date	April 1, 2018 Accumulated Carry-over	CPI Change*	CPI Rounded**	CPI Used***	April 1, 2019 Accumulated Carry-over****
Tier 1, Tier 3 (service retirement only), Tier 4 (3% COLA), Tier 5 (3%/4% COLA and service retirement only), Safety Tier A and Safety Tier D					
Section 31870.1					
Maximum Annual COLA	. 3.0%				
On or Before 3/31/1982	9.500%	4.50%	4.5%	3.0%	11.000%
04/01/1982 to 03/31/1983	3.027%	4.50%	4.5%	3.0%	4.527%
04/01/1983 to 03/31/2017	0.500%	4.50%	4.5%	3.0%	2.000%
04/01/2017 to 03/31/2018	0.000%	4.50%	4.5%	3.0%	1.500%
04/01/2018 to 03/31/2019		4.50%	4.5%	3.0%	1.500%

* Based on ratio of December 2018 CPI to December 2017 CPI for the San Francisco - Oakland - Hayward Area.

** Based on CPI change rounded to nearest one-half percent.

*** These are the cost-of-living adjustment factors to be applied on April 1, 2019.

**** These are the carry-over of the cost-of-living adjustments that have not been used on April 1, 2019.

Contra Costa County Employees' Retirement Association
 Cost-Of-Living Adjustment
 As of April 1, 2019

	(1)	(2)	(3)	(4)	(5)	
Retirement Date	April 1, 2018 Accumulated Carry-over	CPI Change*	CPI Rounded**	CPI Used***	April 1, 2019 Accumulated Carry-over****	
Tier 2, Tier 3 (disability retirement only) and Tier 5 (3%/4% COLA and disability retirement only)						
Section 31870.3						
Maximum Annual COLA						
	4.0%					
04/01/1984	to	03/31/2018	0.0%	4.50%	4.5%	4.0%
04/01/2018	to	03/31/2019		4.50%	4.5%	4.0%
					0.5%	0.5%

- * Based on ratio of December 2018 CPI to December 2017 CPI for the San Francisco - Oakland - Hayward Area.
- ** Based on CPI change rounded to nearest one-half percent.
- *** These are the cost-of-living adjustment factors to be applied on April 1, 2019.
- **** These are the carry-over of the cost-of-living adjustments that have not been used on April 1, 2019.

Contra Costa County Employees' Retirement Association
 Cost-Of-Living Adjustment
 As of April 1, 2019

			(1)	(2)	(3)	(4)	(5)
Retirement Date			April 1, 2018 Accumulated Carry-over	CPI Change*	CPI Rounded**	CPI Used***	April 1, 2019 Accumulated Carry-over****
Tier 4 (2% COLA), Tier 5 (2% COLA), Safety Tier C and Safety Tier E Section 31870							
Maximum Annual COLA			2.0%				
04/01/2007	to	03/31/2012	5.5%	4.50%	4.5%	2.0%	8.0%
04/01/2012	to	03/31/2014	4.5%	4.50%	4.5%	2.0%	7.0%
04/01/2014	to	03/31/2015	4.0%	4.50%	4.5%	2.0%	6.5%
04/01/2015	to	03/31/2016	3.5%	4.50%	4.5%	2.0%	6.0%
04/01/2016	to	03/31/2017	2.5%	4.50%	4.5%	2.0%	5.0%
04/01/2017	to	03/31/2018	1.0%	4.50%	4.5%	2.0%	3.5%
04/01/2018	to	03/31/2019		4.50%	4.5%	2.0%	2.5%

* Based on ratio of December 2018 CPI to December 2017 CPI for the San Francisco - Oakland - Hayward Area.

** Based on CPI change rounded to nearest one-half percent.

*** These are the cost-of-living adjustment factors to be applied on April 1, 2019.

**** These are the carry-over of the cost-of-living adjustments that have not been used on April 1, 2019.



Meeting Date
1/23/19
Agenda Item
#7

MEMORANDUM

Date: January 23, 2019
To: CCCERA Board of Retirement
From: Christina Dunn, Deputy Chief Executive Officer
Subject: Consider and take possible action to issue a Request for Proposal for IRC 457(b) Deferred Compensation Plan Services.

Background

On January 1, 2015, Contra Costa County Employees' Retirement Association (CCCERA) separated from Contra Costa County and became an independent employer. Contra Costa County provides deferred compensation benefits under Internal Revenue Code (IRC) 457(b) to its employees utilizing Mass Mutual (formerly Hartford) as the provider. In order to maintain the same benefit to the employees of CCCERA prior to the separation, a sub-account of Contra Costa County's account was created with Mass Mutual to provide IRC 457(b) deferred compensation benefits to employees of CCCERA.

CCCERA has recently been notified that Contra Costa County is considering changing their deferred compensation provider, which would change the deferred compensation provider for employees of CCCERA. In order to gather all relevant information and to make an informed decision on the next steps CCCERA should take regarding the deferred compensation benefits provided to the employees of CCCERA, it is recommended to issue a Request for Proposal for IRC 457(b) Deferred Compensation Plan Services.

Recommendation

Consider and take possible action to issue a Request for Proposal for IRC 457(b) Deferred Compensation Plan Services.



MEMORANDUM

Date: January 23, 2019

To: CCCERA Board of Retirement

From: Gail Strohl, Chief Executive Officer

Subject: Consider and take possible action to adopt Resolution 2019-1 for funding of IRC Section 115 Trust for Other Post-Employment Benefits.

Background

On January 1, 2015, CCCERA became an independent employer. As an employer, CCCERA is responsible for a portion of the cost of retiree health benefits for CCCERA employees who retired on or after January 1, 2015. CCCERA provides payments to CalPERS and Delta Dental, the health insurance providers, for those retired employees.

On February 14, 2018, the Board directed the CEO to draft a funding policy and issue a RFP for OPEB trust fund management services. On November 28, 2018, the Board authorized the CEO to execute a contract with Public Agency Retirement Services for OPEB trust fund management services and adopted Board of Retirement Resolution 2018-4 approving the adoption of the PARS Public Agencies Post-Employment Benefits Trust for the purpose of pre-funding OPEB obligations.

Analysis

The PARS account was established and the reserve amount held for this purpose was transferred into this account. Up until the end of 2018, CCCERA had a “pay as you go” process, where CCCERA paid the actual health payments as they are experienced. Going forward, CCCERA will be prefunding by setting assets aside. The Board can determine the level of prefunding desired, either funding the actuarially determined contribution (ADC) or the full liability.

Prefunding could potentially reduce long term costs of providing this benefit. The staff recommendation is to fund the ADC. Board Resolution 2019-1 acknowledges the intention to fund the actuarially determined contribution on an annual basis.

Recommendation

Consider and take possible action to adopt Board of Retirement Resolution 2019-1, Funding of IRC Section 115 Trust for Other Post-Employment Benefits.

**RESOLUTION OF THE BOARD OF RETIREMENT
CONTRA COSTA COUNTY EMPLOYEES RETIREMENT ASSOCIATION**

FUNDING OF I.R.C. SECTION 115 TRUST

FOR OTHER POST EMPLOYMENT BENEFITS

WHEREAS, Contra Costa County Employees' Retirement Association ("CCCERA") is a public agency formed pursuant to the County Employees Retirement Law of 1937, Government Code Section 31450, et seq.; and

WHEREAS, CCCERA personnel are employees of CCCERA pursuant to Government Code Section 31522.9 which became effective on January 1, 2015; and

WHEREAS, the Board of Retirement is the governing body of CCCERA with authority to set terms and conditions of employment of CCCERA employees (*see* Government Code Section 31522.9); and

WHEREAS, the Board of Retirement established an Internal Revenue Code Section 115 Trust to fund other post-employment benefits ("OPEB") for employees of CCCERA; and

WHEREAS, CCCERA has engaged an OPEB actuary to determine CCCERA's annual Actuarially Determined Contribution ("ADC") towards the cost of OPEB, based on biennial actuarial valuations in compliance with the Government Accounting Standards Board; and

WHEREAS, the biennial actuarial valuations shall be prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Actuarial Standards of Practice of the American Academy of Actuaries; and

WHEREAS, the ADC includes the employer's share of the normal cost for current service and an amortization of any unfunded liability; and

WHEREAS, in the ordinary course, CCCERA intends to fund its employer OPEB contributions by making timely ADC contributions into the Section 115 Trust on an annual basis, except in exigent circumstances.

NOW, THEREFORE BE IT RESOLVED that the Board of Retirement will continue to appropriate in the annual budget established under Government Code Section 31580.2 for its employer ADC contributions to the Section 115 Trust, and to timely fund the cost of OPEB from the Section 115 Trust, unless under the prevailing circumstances the Board determines that it is in the best interests of CCCERA and its members and beneficiaries not to do so. The Board of Retirement will annually fund the ADC on an amortization schedule designed to achieve full funding over a 30 year period.

THIS RESOLUTION WAS ADOPTED BY THE AFFIRMATIVE VOTE OF THE BOARD OF RETIREMENT OF THE CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION THIS 23rd DAY OF JANUARY, 2019.

AYES:

NOES:

ABSTAIN:

ABSENT:

Todd Smithey
Chairperson of the Board of Retirement

Attest:

David MacDonald
Secretary

CII SPRING 2019 CONFERENCE

Schedule: For a majority of attendees the conference starts at 3:00 PM on Monday, March 4. Any attendee who is taking one of our education courses or is a member of CII's board of directors or advisory councils will have an earlier start time. Please see the detail pages on the left for more information.

Press: Members of the press are welcome to attend all networking events and plenary, breakout, and member-hosted sessions on Monday, March 4, and Tuesday, March 5. All sessions on Wednesday, March 6 are closed to press. Attendance is limited to one representative per media outlet. Please contact [Michael Miller](#) for more information.

Hotel Accommodations: CII has secured a discounted block of rooms at the Mandarin Oriental at \$335/night. A link to book discounted rooms online will be included in your conference registration confirmation email.

AGENDA

Optional | Fee

Monday, March 4, 2019

8:00 AM - 7:45 PM	Member Lounge Open Sponsored by EY.
8:00 AM - 7:45 PM	Registration Open

Optional Education Courses (Additional Fees Apply)

8:30 AM - 2:30 PM	Pension Fund Trustee Training – Fiduciary Fitness <p>CII and the CFA Institute are pleased to offer the latest in our series of educational programs for new and experienced fund trustees. The course will focus on three key elements of fiduciary fitness: fiduciary skills, investment skills and current and emerging practices. See the Trustee Training & Networking Dinner page for more information. The full course curriculum is available here. <i>Buffet lunch provided.</i></p> <p>Speakers: Jeff Bailey, Ken Bertsch, Amy Borrus, Bob Dannhauser, John Griswold, Kurt Schacht</p>
12:00 PM - 2:00 PM	Master Class: Evaluating Governance in Practice <p>This two-hour session will focus on how investors, particularly in the active management category, do the heavy lifting of determining, on a company-by-company basis, the strengths and weaknesses of management oversight and stakeholder issues relevant to long-term performance. Class participants will come away with a practical understanding of how highly engaged investors glean their determinations and various approaches for acting on those determinations. Please see the Master Class: Evaluating Governance in Practice page for more information. <i>Buffet lunch provided, available from 11:30 AM</i></p> <p>Speakers: Andrew Cave, Jeff Gramm</p>

Plenary Sessions

3:00 PM - 3:05 PM	Conference Opens: Welcome
3:05 PM - 4:00 PM	Directors as Change Agents Speakers: Sandra Guerra , Karina Litvack , Gabrielle Sultzberger Moderator: Peggy Foran
4:00 PM - 4:35 PM	Interview with Hiro Mizuno of Japan's GPIF Speaker: Hiro Mizuno
4:35 PM - 5:10 PM	Interview with Sarah Williamson: Focusing Capital on the Long Term Speakers: Sarah Williamson

Member-Hosted Meetings (Open to All Attendees)

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5:10 PM - 6:10 PM	<p>An Uncertain Future: The Assault on Shareholder Proposals</p> <p>Hosted by ISS</p>
5:10 PM - 6:10 PM	<p>ESG Due Diligence and Analytics</p> <p>Hosted by State Street Corporation. This session will explore the growing interest in manager due diligence with respect to ESG components and how plans are responding to increased requirements for more detailed information to support manager selection. Also, we will discuss various ESG analytics tools available to assist in both due diligence and overall portfolio management, with participation from investment officers of prominent public retirement plans.</p>
5:10 PM - 6:10 PM	<p>Human Capital Management Risks in the Gig Economy</p> <p>Hosted by Change to Win Investment Group and Segal Marco Advisors.</p>
5:10 PM - 6:10 PM	<p>Ownership & Control: Economic Exposure and Voting Power</p> <p>Hosted by MSCI. This panel will explore a wide range of different capital and ownership structures and their potential impact on equity investors. Ownership structures vary widely across the world, often leading to misalignment between economic exposure and voting power at public companies, as highlighted by the Snapchat IPO in 2017. Some, such as dual class shares with disparate voting rights, are easily identified and understood, while others, such as multi-level stock pyramids and complex cross-shareholdings, are much more difficult to discern. How can investors best recognize and allow for these various structures? Is there a control risk premium that investors may want to take into consideration? Are there particular structures that may warrant being avoided altogether? Please join our panel of global experts as they explore these critical governance questions.</p>

Networking Event

6:15 PM - 7:45 PM	<p>Cocktail Reception</p> <p>Sponsored by IEX.</p>
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Tuesday, March 5, 2019

7:00 AM - 7:00 PM	<p>Member Lounge Open</p> <p>Sponsored by EY.</p>
7:00 AM - 7:00 PM	<p>Registration Open</p>
7:30 AM - 8:15 AM	<p>Continental Breakfast</p> <p>Sponsored by World Gold Council.</p>

Plenary Sessions

8:15 AM - 8:30 AM	<p>Plenary Session: TBA</p>
8:30 AM - 9:00 AM	<p>Plenary Session: TBA</p>
9:00 AM - 9:40 AM	<p>SEC Commissioner Hester Peirce</p> <p>Speaker: Hester Peirce</p>
9:40 AM - 10:40 AM	<p>Panel: Pay Pioneers</p> <p>Speakers: Christine Poon</p>

Networking Event

10:40 AM - 11:10 AM	<p>Coffee Break</p> <p>Sponsored by FTSE Russell.</p>
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Breakout Sessions

11:10 AM - 12:00 PM	<p>Breakout 2</p>
11:10 AM - 12:00 PM	<p>Breakout 3</p>
11:10 AM - 12:00 PM	<p>Engaging in Market Policy Reform to Enhance Long-Term Performance</p>

Plenary Sessions

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12:15 PM - 1:45 PM Luncheon Keynote

Constituency Meetings

2:00 PM - 3:15 PM **Associate Members**

2:00 PM - 3:15 PM **Corporate General Members**

2:00 PM - 3:15 PM **Labor Union General Members**

2:00 PM - 3:15 PM **Public Pension Fund General Members**

Business Meeting

3:00 PM - 4:00 PM General (Voting) Members' Business Meeting

Member-Hosted Meetings (Open to All Attendees)

4:30 PM - 5:30 PM **Assessing the Long-term Risk for Investors in Public Utilities and Renewables**
Hosted by LIUNA

4:30 PM - 5:30 PM **Corporate Governance in Emerging Markets: What Matters Most?**
Hosted by Sands Capital Management. This panel will consist of subject matter experts who will share perspectives on balancing global standards with local context. The panel will approach the topic in two dimensions: 1) fundamental factors that shape company performance and 2) macro factors that shape company performance.

4:30 PM - 5:30 PM **Going 50:50: Why Gender Diversity is the Key to Growth**
Hosted by Hermes EOS.

4:30 PM - 5:30 PM **Understanding the ESG Risk at Large Technology Companies**
Hosted by the Office of the New York City Comptroller and the UFCW Pension Plan.

Networking Event

5:45 PM - 7:15 PM Cocktail Reception
Sponsored by CAQ.

Wednesday, March 6, 2019

8:30 AM - 9:30 AM **Continental Breakfast**

8:30 AM - 12:00 PM **Member Lounge Open**
Sponsored by EY.

8:30 AM - 12:00 PM **Registration Open**

Plenary Sessions

9:30 AM - 10:30 AM **Hosted by the International Governance Committee: TBA**

Speakers: Nandini Sukumar

10:30 AM - 11:45 AM **Hosted by the Shareholder Advocacy Committee: TBA**

Networking Event

12:00 PM - 1:00 PM Buffet Lunch