contra costa county
Employees' Retirement Association
1355 willow way suite 221 concord ca 94520
925.521.3960 fax 925.646.5747

October 9, 2013
Agenda Item 10

RECEIVED
AUG 14 2013
CONTRA COSTA
LOCAL AGENCY FORMATION COMMISSION

August 13, 2013

Lou Ann Texeira
Contra Costa County Local Agency Formation Commission
651 Pine Street, 6th Floor
Martinez, CA 94553

Re: Actuarial Information Letters

Dear Lou Ann Texeira,

We have enclosed four separate letters from The Segal Company regarding information based on the December 31, 2012 valuation. These letters will outline the following:

1. Unfunded Actuarial Accrued Liability by Employer as of December 31, 2012
2. Five Year Projection of Employer Contribution Rate Changes
3. Employer Contribution Rate Reconciliation by Cost Group as of December 31, 2012
4. Employer UAAL Reconciliation by Cost Group as of December 31, 2012

Letters 1 through 3, as listed above, have been provided to you in the past, and outline information regarding the UAAL and the projection of contribution rate changes. Letter 4 is a new document outlining the UAAL reconciliation by cost group and provides additional information detailing the changes in the recommended employer contribution rates for each cost group.

Please review the enclosed information and call our office with any questions. We will be happy to discuss particulars with each individual employer.

Sincerely,

Marilyn Leedom

Marilyn Leedom
Retirement Chief Executive Officer

SEGAL

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John W. Monroe, ASA, MAAA, EA
Vice President & Associate Actuary
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August 9, 2013

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

Re: Determination of Unfunded Actuarial Accrued Liability for the Employers as of December 31, 2012

Dear Marilyn:

As requested, the following provides an allocation of the Unfunded Actuarial Accrued Liability (UAAL) as of December 31, 2012 by employer.

Since the depooling action taken by the Board effective December 31, 2009, employers that are now in their own cost group have their UAAL determined separately in the valuation. For employers that do not have their own cost group, there is no UAAL maintained on an employer-by-employer basis in the valuation. In those cases, we develop contributions to fund the UAAL strictly according to projected payroll for each employer. We then use those UAAL contributions to develop a UAAL for each participating employer. Note that the UAAL we calculate for each employer is not necessarily the liability that would be allocated to that employer in the event of a plan termination by that employer.

Based on the above method, we have prepared the following breakdown of the UAAL for each participating employer as shown in the enclosed Exhibit. We also show the projected payroll for each participating employer that was used in the determination of the UAAL.

These calculations are based on the December 31, 2012 actuarial valuation results including the participant data and actuarial assumptions on which that valuation was based. That valuation and these calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary.

The undersigned is a member of the American Academy of Actuaries and meets the qualification requirements to render the actuarial opinion contained herein.

Sincerely,

John Monroe

JWL/hy

cc: Kurt Schneider

Contra Costa County Employees' Retirement Association
UAAL Breakdown

Employer	Unfunded Actuarial Accrued Liability (UAAL)	Projected Payroll
County	$1,591,610,000	$524,630,168
Superior Court	57,888,000	24,126,973
Districts:		
Bethel Island Municipal Improvement District	345,000	105,963
Byron, Brentwood, Knightsen Union Cemetery District	311,000	252,278
Central Contra Costa Sanitary District	142,524,000	23,833,773
First Five - Contra Costa Children & Families Commission	5,246,000	1,611,944
Contra Costa County Employees' Retirement Association	9,934,000	3,052,314
Contra Costa Fire Protection District	228,950,000	33,582,909
Contra Costa Housing Authority	16,316,000	5,054,116
Contra Costa Mosquito and Vector Control District	8,891,000	2,731,974
East Contra Costa Fire Protection District	28,461,000	2,623,989
In-Home Supportive Services Authority	1,955,000	600,798
Local Agency Formation Commission	676,000	207,705
Moraga-Orinda Fire Protection District	46,157,000	7,617,434
Rodeo Sanitary District	609,000	494,509
Rodeo-Hercules Fire Protection District	16,445,000	1,794,995
San Ramon Valley Fire Protection District	122,740,000	19,990,338
Total:	$2,279,058,000	$652,312,180

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August 9, 2013

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

Re: Contra Costa County Employees' Retirement Association
Five-Year Projection of Employer Contribution Rate Changes

Dear Marilyn:

As requested, we have updated our five-year projection of estimated employer contribution rate changes for CCCERA. This projection is derived from the December 31, 2012 actuarial valuation results. Key assumptions and methods are detailed below. **It is important to understand that these results are entirely dependent on those assumptions. Actual results as determined in future actuarial valuations will differ from these results. In particular, actual investment returns and actual salary levels different than assumed can have a significant impact on future contribution rates.**

Results

The estimated contribution rate changes shown on the next page apply to the recommended average employer contribution rate. For purposes of this projection, the rate changes that are reflected include the asset gains and losses that are funded as a level percentage of the Association's total active payroll base.

The changes in contribution rate are due to: (1) deferred gains and losses from the actuarial asset smoothing methodology; (2) gains due to investment income earned on the difference between the Market Value of Assets (MVA) and Actuarial Value of Assets (AVA) (and losses when the opposite occurs); and (3) contribution gains and losses which occur from delaying the implementation of new rates until 18 months after the actuarial valuation date.

The following table provides the year-to-year rate changes from each of the above components and the cumulative rate change over the five-year projection period. To obtain the estimated average employer contribution rate at each successive valuation date, these cumulative rate changes should be added to the rates developed from the December 31, 2012 valuation. These rate changes become effective 18 months following the actuarial valuation date shown in the table.

The rate changes shown below represent the average rate for the aggregate plan.

Rate Change Component	Valuation Date (12/31)				
	2013	2014	2015	2016	2017
(1) Deferred (Gains)/Losses	0.03%	-0.93%	-0.43%	-0.12%	-0.15%
(2) (Gain)/Loss of Investment Income on Difference Between MVA and AVA	-0.12%	-0.12%	-0.05%	-0.02%	-0.01%
(3) 18-Month Rate Delay	1.09%	0.56%	0.00%	-0.05%	-0.03%
Incremental Rate Change	1.00%	-0.49%	-0.48%	-0.19%	-0.19%
Cumulative Rate Change	1.00%	0.51%	0.03%	-0.16%	-0.35%

The difference between these cumulative rate changes and those shown in our March 12, 2013 letter (i.e., previous five-year projection) are as follows:

	Valuation Date (12/31)				
	2012	2013	2014	2015	2016
Cumulative Rate Change From March 12, 2013 Letter	9.24%	10.02%	9.44%	8.96%	8.75%
Reflecting Actual Experience through 12/31/2012 and Changes in Demographic Assumptions	11.95%[1]	12.95%	12.46%	11.98%	11.79%
Difference	2.71%	2.93%	3.02%	3.02%	3.04%

These differences are mainly due to the inclusion of changes in demographic assumptions in the December 31, 2012 valuation. The differences also reflect actual experience from the December 31, 2012 valuation instead of projected experience that was part of the previous projection.

The average employer contribution rate as of the December 31, 2012 Actuarial Valuation is 49.82%, and based on the cumulative rate changes above is projected to progress as shown below.

	Valuation Date (12/31)				
	2013	2014	2015	2016	2017
Average Employer Contribution Rate	50.82%	50.33%	49.85%	49.66%	49.47%

[1] Actual change in the average employer contribution rate as shown on page 65 of the December 31, 2012 valuation.

The rate change for an individual cost group or employer will vary depending primarily on the size of that group's assets and liabilities relative to its payroll. The ratio of the group's assets to payroll is sometimes referred to as the volatility index (VI). A higher VI results in more volatile contributions and can result from the following factors:

- More generous benefits
- More retirees
- Older workforce
- Shorter careers
- Issuance of Pension Obligation Bonds (POBs)

The attached exhibit shows the VI for CCCERA's cost groups along with the "relative VI" which is the VI for that specific cost group divided by the average VI for the aggregate plan. Using these ratios we have estimated the rate change due to these generally investment related net gains for each individual cost group by multiplying the rate changes shown above for the aggregate plan by the relative VI for each cost group. These estimated rate changes for each cost group are shown in the attached exhibit.

Note that because we have estimated the allocation of the rate changes across the cost groups, the actual rate changes by group may differ from those shown in the exhibit, even if the plan-wide average rate changes are close to those shown above.

Key Assumptions and Methods

The projection is based upon the following assumptions and methods:

- December 31, 2012 non-economic assumptions remain unchanged.
- December 31, 2012 retirement benefit formulas remain unchanged.
- December 31, 2012 1937 Act statutes remain unchanged. In particular, these projections do not reflect any potential changes in benefits or contributions due to AB 340 ("PEPRA") or AB 197.
- UAAL amortization method remains unchanged (i.e., 18-year layers, level percent of pay).
- December 31, 2012 economic assumptions remain unchanged, including the 7.25% investment earnings assumption.
- We have assumed that returns of 7.25% are actually earned on a market value basis for each of the next four years after 2012.
- Active payroll grows at 4.00% per annum.

- Deferred investment gains and losses are recognized per the asset smoothing schedule prepared by the Association as of December 31, 2012. They are funded as a level percentage of the Association's total active payroll base.
- Deferred investment gains are all applied directly to reduce the UAAL. Note that this assumption may not be entirely consistent with the details of the Board's Interest Crediting and Excess Earnings Policy.
- The VI used for these projections is based on the December 31, 2012 Actuarial Valuation and is assumed to stay constant during the projection period.
- All other actuarial assumptions used in the December 31, 2012 actuarial valuation are realized.
- No changes are made to actuarial methodologies, such as adjusting for the contribution rate delay in advance.
- The projections do not reflect any changes in the employer contribution rates that could result due to future changes in the demographics of CCCERA's active members or decreases in the employer contribution rates that might result from new hires going into the PEPRA tiers.

Finally, we emphasize that projections, by their nature, are not a guarantee of future results. The modeling projections are intended to serve as illustrations of future financial outcomes that are based on the information available to us at the time the modeling is undertaken and completed, and the agreed-upon assumptions and methodologies described herein. Emerging results may differ significantly if the actual experience proves to be different from these assumptions or if alternative methodologies are used. Actual experience may differ due to such variables as demographic experience, the economy, stock market performance and the regulatory environment.

Unless otherwise noted, all of the above calculations are based on the December 31, 2012 actuarial valuation results including the participant data and actuarial assumptions on which that valuation was based. That valuation and these projections were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary.

The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions.

Sincerely,

John Monroe

AW/hy
Enclosure

cc: Kurt Schneider

Exhibit

Contra Costa County Employees' Retirement Association

Estimated Employer Rate Change by Cost Group (CG) Based on December 31, 2012 Valuation

	CG#1 & CG#2 Combined Enhanced General Tier 1 & 3	CG#3 Enhanced CCC Sanitary District Tier 1	CG#4 Enhanced Housing Authority Tier 1	CG#5 Enhanced CCCFPD Tier 1	CG#6 Non-Enhanced District Tier 1
Market Value of Assets (MVA)*	$3,140,653,840	$189,503,039	$37,279,077	$37,128,377	$4,550,552
Projected Payroll for 2013	$480,730,515	$23,833,773	$5,054,117	$3,555,471	$746,787
Volatility Index (VI) = MVA/Payroll	6.53	7.95	7.38	10.44	6.09
Relative Volatility Index (VI) = CG VI / Total Plan VI	0.76	0.92	0.85	1.21	0.70
Estimated Incremental Rate Change as of 12/31/2013	0.76%	0.92%	0.85%	1.21%	0.70%
Estimated Incremental Rate Change as of 12/31/2014	-0.37%	-0.45%	-0.42%	-0.59%	-0.35%
Estimated Incremental Rate Change as of 12/31/2015	-0.36%	-0.44%	-0.41%	-0.58%	-0.34%
Estimated Incremental Rate Change as of 12/31/2016	-0.14%	-0.17%	-0.16%	-0.23%	-0.13%
Estimated Incremental Rate Change as of 12/31/2017	-0.14%	-0.17%	-0.16%	-0.23%	-0.13%
Cumulative Rate Change as of 12/31/2013	0.76%	0.92%	0.85%	1.21%	0.70%
Cumulative Rate Change as of 12/31/2014	0.39%	0.47%	0.43%	0.62%	0.35%
Cumulative Rate Change as of 12/31/2015	0.03%	0.03%	0.02%	0.04%	0.01%
Cumulative Rate Change as of 12/31/2016	-0.11%	-0.14%	-0.14%	-0.19%	-0.12%
Cumulative Rate Change as of 12/31/2017	-0.25%	-0.31%	-0.30%	-0.42%	-0.25%

	CG#7 & CG#9 Combined Enhanced County Safety Tier A & C	CG#8 Enhanced CCCFPD/East CCCFPD Safety Tier A	CG#10 Enhanced Moraga-Orinda FD Safety Tier A	CG#11 Enhanced San Ramon Valley FD Safety Tier A	CG#12 Non-Enhanced Rodeo-Hercules FPD Safety Tier A	Total Plan
Market Value of Assets (MVA)*	$1,166,115,501	$688,736,519	$123,335,771	$231,051,990	$21,289,858	$5,639,644,524
Projected Payroll for 2013	$80,272,749	$32,604,881	$7,084,771	$16,733,471	$1,695,645	$652,312,180
Volatility Index (VI) = MVA/Payroll	14.53	21.12	17.41	13.81	12.56	8.65
Relative Volatility Index (VI) = CG VI / Total Plan VI	1.68	2.44	2.01	1.60	1.45	1.00
Estimated Incremental Rate Change as of 12/31/2013	1.68%	2.44%	2.01%	1.60%	1.45%	1.00%
Estimated Incremental Rate Change as of 12/31/2014	-0.82%	-1.20%	-0.99%	-0.78%	-0.71%	-0.49%
Estimated Incremental Rate Change as of 12/31/2015	-0.81%	-1.17%	-0.97%	-0.77%	-0.70%	-0.48%
Estimated Incremental Rate Change as of 12/31/2016	-0.32%	-0.46%	-0.38%	-0.30%	-0.28%	-0.19%
Estimated Incremental Rate Change as of 12/31/2017	-0.32%	-0.46%	-0.38%	-0.30%	-0.28%	-0.19%
Cumulative Rate Change as of 12/31/2013	1.68%	2.44%	2.01%	1.60%	1.45%	1.00%
Cumulative Rate Change as of 12/31/2014	0.86%	1.24%	1.02%	0.82%	0.74%	0.51%
Cumulative Rate Change as of 12/31/2015	0.05%	0.07%	0.05%	0.05%	0.04%	0.03%
Cumulative Rate Change as of 12/31/2016	-0.27%	-0.39%	-0.33%	-0.25%	-0.24%	-0.16%
Cumulative Rate Change as of 12/31/2017	-0.59%	-0.85%	-0.71%	-0.55%	-0.52%	-0.35%

* Excludes Post Retirement Death Benefit reserve.

These rates do not include any employer subvention of member contributions or any member subvention of employer contributions.

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John W. Monroe, ASA, MAAA, EA
Vice President & Associate Actuary
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August 9, 2013

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

**Re: Contra Costa County Employees' Retirement Association
Employer Contribution Rate Reconciliation by Cost Group
December 31, 2012 Actuarial Valuation**

Dear Marilyn:

As requested, we are providing a reconciliation of employer contribution rate changes separately for each of the twelve cost groups. The attached exhibit details the changes in the recommended employer contribution rates for each cost group from the December 31, 2011 valuation to the December 31, 2012 valuation.

OBSERVATIONS

- The average employer rate increased from 37.87% of payroll as of December 31, 2011 to 49.82% of payroll as of December 31, 2012. As discussed in our December 31, 2012 actuarial valuation report, this increase was primarily due to changes in actuarial assumptions and an investment return on actuarial value that fell short of the 7.75% assumed rate. The changes in actuarial assumptions increased the average employer contribution rate by 8.24% of payroll. The investment loss increased the average employer contribution rate by 3.44% of payroll. This loss was allocated to each cost group in proportion to the assets for each cost group. The estimated impact of the assumption changes and the investment loss varies by cost group with the Safety cost groups experiencing larger rate increases.

- Note that there were also changes in the employer rates caused by the 18-month delay in implementation of the contribution rates calculated in the December 31, 2011 valuation, the effect of actual versus expected individual salary increases and the effect of actual versus expected total payroll growth and the effect of net other experience.

The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions.

Sincerely,

John Monroe

JWL/hy
Enclosures

cc: Kurt Schneider

EXHIBIT

Reconciliation of Recommended Employer Contribution from December 31, 2011 to December 31, 2012 Valuation	Cost Group #1 General County and Small Districts Tier 1	Cost Group #2 General County and Small Districts Tier 3	Cost Group #3 Central Contra Costa Sanitary District Tier 1	Cost Group #4 Contra Costa Housing Authority Tier 1	Cost Group #5 Contra Costa County Fire Protection District Tier 1	Cost Group #6 Small Districts Non-enhanced Tier 1
Recommended Employer Contribution Rate in December 31, 2011 Valuation	32.53%	28.78%	58.36%	35.26%	30.75%	24.88%
Effect of investment (gain)/loss[1]	2.59%	2.59%	3.14%	2.92%	4.16%	2.41%
Effect of difference in actual versus expected contributions due to delay in implementation of contribution rates calculated in 12/31/2011 valuation	0.29%	0.29%	0.92%	0.32%	0.62%	0.01%
Effect of higher/(lower) than expected individual salary increases[2]	-1.00%	-1.00%	-0.32%	-1.59%	-1.56%	0.56%
Effect of amortizing prior year's UAAL over a smaller/(larger) than expected projected total salary[3]	0.68%	0.68%	2.99%	3.08%	0.44%	0.63%
Effect of net other experience (gains)/losses[4]	0.57%	-0.23%	-0.13%	0.86%	0.94%	-0.19%
Effect of changes in actuarial assumptions[5]	5.93%	5.97%	8.97%	6.19%	7.46%	3.86%
Total Change	9.06%	8.30%	15.57%	11.78%	12.06%	7.28%
Recommended Employer Contribution Rate in December 31, 2012 Valuation	41.59%	37.08%	73.93%	47.04%	42.81%	32.16%

Note: These rates do not include any employer subvention of member contributions, or member subvention of employer contributions.

(1) *Return on the valuation value of assets of 2.24% was less than the 7.75% assumed in the 2011 valuation.*

(2) *Lower individual salary increases decrease costs.*

(3) *Total payroll growth lower than the 4.25% assumed in the 2011 valuation increases the UAAL contribution rate, since the remaining UAAL is amortized over a lower payroll.*

(4) *Other differences in actual versus expected experience including (but not limited to) mortality, disability, withdrawal, retirement and terminal pay experience.*

(5) *The Board approved changes in actuarial assumptions.*

EXHIBIT

Reconciliation of Recommended Employer Contribution from December 31, 2011 to December 31, 2012 Valuation	Cost Group #7 Safety County Tier A	Cost Group #8 Contra Costa and East Fire Protection Districts Tier A	Cost Group #9 Safety County Tier C	Cost Group #10 Moraga-Orinda Fire District Safety A	Cost Group #11 San Ramon Valley Fire District Safety A	Cost Group #12 Rodeo-Hercules Fire Protection District Non-enhanced Safety A	Total Average Recommended Rate
Recommended Employer Contribution Rate in December 31, 2011 Valuation	66.42%	59.05%	59.19%	52.94%	68.39%	72.53%	37.87%
Effect of investment (gain)/loss[1]	5.75%	8.40%	5.75%	6.94%	5.49%	5.02%	3.44%
Effect of difference in actual versus expected contributions due to delay in implementation of contribution rates calculated in 12/31/2011 valuation	0.64%	1.17%	0.64%	1.05%	0.69%	2.05%	0.42%
Effect of lower than expected individual salary increases[2]	-1.83%	-2.75%	-1.83%	-1.07%	-1.66%	0.38%	-1.19%
Effect of amortizing prior year's UAAL over a smaller/(larger) than expected projected total salary[3]	2.33%	6.26%	2.33%	2.63%	7.13%	10.72%	1.25%
Effect of net other experience (gains)/losses[4]	0.56%	0.09%	-0.11%	2.13%	0.99%	3.75%	-0.21%
Effect of changes in actuarial assumptions[5]	15.96%	17.57%	15.56%	15.41%	14.36%	15.57%	8.24%
Total Change	23.41%	30.74%	22.34%	27.09%	27.00%	37.49%	11.95%
Recommended Employer Contribution Rate in December 31, 2012 Valuation	89.83%	89.79%	81.53%	80.03%	95.39%	110.02%	49.82%

Note: *These rates do not include any employer subvention of member contributions, or member subvention of employer contributions.*

(1) *Return on the valuation value of assets of 2.24% was less than the 7.75% assumed in the 2011 valuation.*

(2) *Lower individual salary increases decrease costs.*

(3) *Total payroll growth lower than the 4.25% assumed in the 2011 valuation increases the UAAL contribution rate, since the remaining UAAL is amortized over a lower payroll.*

(4) *Other differences in actual versus expected experience including (but not limited to) mortality, disability, withdrawal, retirement and terminal pay experience.*

(5) *The Board approved changes in actuarial assumptions.*

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August 9, 2013

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

**Re: Contra Costa County Employees' Retirement Association
Unfunded Actuarial Accrued Liability Reconciliation by Cost Group
December 31, 2012 Actuarial Valuation**

Dear Marilyn:

As requested, we are providing a reconciliation of the Unfunded Actuarial Accrued Liability (UAAL) separately for each of CCCERA's cost groups. The attached Exhibit presents the changes in the UAAL by cost group from the December 31, 2011 valuation to the December 31, 2012 valuation.

Note that we have combined the results for Cost Group #1 and #2 (County and Small Districts Tier 1 and 3) and Cost Group #7 and #9 (County Tier A and C) as the UAAL for these cost groups is still pooled.

The Exhibit shows that the increase in UAAL was primarily due to changes in actuarial assumptions and an investment return on actuarial value that fell short of the 7.75% assumed rate. The investment loss was generally allocated amongst the cost groups based on the valuation value of assets for each cost group. All other elements of the changes in UAAL were determined based on the data specific to each separate cost group.

Please let us know if you have any questions.

Sincerely,

John Monroe

JWL/hy
Enclosure

cc: Kurt Schneider

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EXHIBIT

Reconciliation of Unfunded Actuarial Accrued Liability from December 31, 2011 to December 31, 2012 Valuation

	Cost Group #1 and #2 General County and Small Districts Tier 1 and Tier 3	Cost Group #3 Central Contra Costa Sanitary District Tier 1	Cost Group #4 Contra Costa Housing Authority Tier 1	Cost Group #5 Contra Costa County Fire Protection District Tier 1	Cost Group #6 Small Districts Non-enhanced Tier 1
1. Unfunded actuarial accrued liability at beginning of year	$767,331,392	$109,168,803	$10,977,535	$7,259,189	$549,839
2. Gross Normal cost at middle of year	115,111,883	6,971,253	1,378,822	873,126	198,930
3. Expected employer and member contributions	(187,062,932)	(16,657,649)	(2,444,524)	(1,436,048)	(272,596)
4. Interest (whole year on (1) plus half year on (2) + (3))	56,680,079	8,085,234	809,463	540,774	39,758
5. Expected unfunded actuarial accrued liability at end of year	$752,060,422	$107,567,641	$10,721,296	$7,237,041	$515,931
6. Actuarial (gain)/loss due to all changes:					
(a) Investment return	$165,515,446	$9,986,991	$1,964,643	$1,956,701	$239,818
(b) Actual contributions (more)/less than expected	18,394,146	2,922,038	215,784	290,574	1,063
(c) Salary increases	(63,861,715)	(1,003,982)	(1,070,699)	(734,378)	55,364
(d) Other experience (gain)/loss[1]	(1,258,250)	595,555	761,722	287,652	(117,747)
(e) Changes in actuarial assumptions	290,475,776	22,455,342	3,722,862	3,184,172	225,958
(f) Total changes	$409,265,404	$34,955,944	$5,594,312	$4,984,720	$404,456
7. Unfunded actuarial accrued liability at end of year	$1,161,325,826	$142,523,585	$16,315,608	$12,221,761	$920,387

Note: Results may not add due to rounding.

[1] *Other differences in actual versus expected experience including (but not limited to) mortality, disability, withdrawal, retirement and terminal pay experience.*

EXHIBIT

Reconciliation of Unfunded Actuarial Accrued Liability from December 31, 2011 to December 31, 2012 Valuation

	Cost Group #7 and #9 Safety County Tier A and Tier C	Cost Group #8 Contra Costa and East Fire Protection Districts Tier A	Cost Group #10 Moraga-Orinda Fire District Tier A	Cost Group #11 San Ramon Valley Fire District Tier A	Cost Group #12 Rodeo-Hercules Fire Protection District Non-enhanced Tier A	Total
1. Unfunded actuarial accrued liability at beginning of year	$339,164,339	$146,087,021	$24,023,329	$72,999,835	$11,031,301	$1,488,592,583
2. Gross Normal cost at middle of year	34,755,239	15,086,756	3,163,390	7,663,746	662,058	185,865,203
3. Expected employer and member contributions	(65,669,889)	(26,087,897)	(4,983,163)	(14,811,858)	(1,592,280)	(321,018,836)
4. Interest (whole year on (1) plus half year on (2) + (3))	25,087,294	10,895,450	1,791,292	5,380,498	818,880	110,128,722
5. Expected unfunded actuarial accrued liability at end of year	$333,336,983	$145,981,330	$23,994,848	$71,232,221	$10,919,959	$1,463,567,672
6. Actuarial (gain)/loss due to all changes:						
(a) Investment return	$61,455,397	$36,297,070	$6,499,913	$12,176,660	$1,121,996	$297,214,634
(b) Actual contributions (more)/less than expected	6,805,224	5,062,288	983,316	1,543,107	461,972	36,679,512
(c) Salary increases	(19,591,735)	(11,884,081)	(1,000,136)	(3,691,794)	85,936	(102,697,220)
(d) Other experience (gain)/loss[1]	5,343,904	1,387,886	2,417,361	4,208,426	512,613	14,139,121
(e) Changes in actuarial assumptions	140,056,457	68,193,356	12,149,892	26,672,143	3,018,796	570,154,754
(f) Total changes	$194,069,247	$99,056,519	$21,050,345	$40,908,542	$5,201,312	$815,490,801
7. Unfunded actuarial accrued liability at end of year	$527,406,230	$245,037,849	$45,045,193	$112,140,763	$16,121,271	$2,279,058,473

Note: Results may not add due to rounding.

[1] *Other differences in actual versus expected experience including (but not limited to) mortality, disability, withdrawal, retirement and terminal pay experience.*

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

August 23, 2013

To All Interested Parties:

CCCERA's Board of Trustees meeting on September 4, 2013 will include a discussion of the California Public Employees' Pension Reform Act of 2013 (PEPRA) as it applies to Pensionable Compensation. This subject will be of interest to all employers of the Association.

Staff has completed a review of all pay items currently in use by all employers and the potential inclusion or exclusion of those pay items in Pensionable Compensation. The pay items to be discussed in regards to Pensionable Compensation only apply to new members on or after January 1, 2013. The Board will review and discuss the staff findings at this meeting. Please join us for this educational presentation/discussion regarding the pay items under PEPRA for new members on or after January 1, 2013.

The Retirement Board administers the fund for the benefit of all member groups. Trustees must weigh the merits of all policies, plus assess the effect these mandates may have on active, retired and employer members. A balanced outlook is imperative; all members are vitally important to system sustainability.

We invite you to attend this meeting, ask questions and learn more about these critical subjects.

Sincerely,

Marilyn Leedom
Chief Executive Officer

MEL

contra costa county
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:

Member	Type Sought	Recommendation
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.

MEMORANDUM

Date: September 6, 2013

To: CCCERA Employers

From: Kurt Schneider, Retirement Deputy Chief Executive Officer

Subject: Pensionable Compensation for PEPRA Tiers

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

Please contact me with any questions regarding this memorandum.

1355 Willow Way Suite 221 Concord CA 94520 925.521.3960 FAX: 925.646.5747 *www.cccera.org*

RETIREMENT BOARD MEETING
SECOND MONTHLY MEETING
9:00 a.m.
September 11, 2013

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

********AMENDED********

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

1. Pledge of Allegiance.

2. Accept comments from the public.

3. Review of total portfolio performance including:
   a. Consideration of any managers already under review or to be placed under review.
   b. Consideration of any changes in allocations to managers

4. Consider and take possible action on the International Value Equity Semi-Finalist Report.

5. Consider and take possible action on the Small to Mid-cap Private Equity Semi-Finalist Report.

6. Presentation from Paulson & Co, Inc. Real Estate Fund II.

7. Consider and take possible action on staff recommendation regarding Paulson & Co, Inc. Real Estate Fund II.

8. Consider authorizing the attendance of Board and/or staff:

   a. Trustees' Roundtable, CALAPRS, September 13, 2013, San Jose, CA.
   b. 23rd Annual Northern California Public Retirement Seminar, The Public Retirement Journal, September 26, 2013, Sacramento, CA.

9. Miscellaneous
   a. Staff Report
   b. Outside Professionals' Report
   c. Trustees' comments

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

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

October 2, 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. Recognition of Nannette Mendoza for 25 years of service.

3. Accept comments from the public.

4. Approve minutes from the July 24, and August 14, 2013 meetings.

5. Routine items for October 2, 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.
   e. Accept Asset Allocation Report

6. Presentation of Cash Flow report for the 6 months ended June 30, 2013.

CLOSED SESSION

7. The Board will go into closed session under 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.

OPEN SESSION

8. Educational presentation from Fiduciary Counsel on Fiduciary Duties.

9. Educational presentation on Brown Act and gift reporting requirements.

10. Consider and take possible action on staff recommendation regarding Lord Abbett.

11. Consider and take possible action on staff recommendation regarding the GSAM Park Account.

12. Consider and take possible action on staff recommendation for an actuarial audit.

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.

13. Consider and take possible action to change the date for the November 6, 2013 Board meeting.

14. Consider authorizing the attendance of Board and/or staff:

    a. Annual Employee Benefits Conference, IFEBP, October 20 – 23, 2013, Las Vegas, NV (note conflict with Board meeting).

15. 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.