



Moraga-Orinda Fire District

Board of Directors

CALL AND NOTICE OF A SPECIAL MEETING

September 20, 2023 – 5:00 PM

MEETING LOCATION:

Sarge Littlehale Room
22 Orinda Way
Orinda, CA 94563

To access the meeting remotely:
please click the link below to join the webinar by Zoom:
<https://us02web.zoom.us/j/82408994198>

or By Phone: 1-669-900-6833
Webinar ID: 824 0899 4198

Public Participation

This meeting will be conducted in a hybrid format with in-person and remote options for public participation. If you are participating via the Zoom meeting link (i.e. web platform), and experience personal technological difficulties, please re-join the meeting by phone via phone number provided above.

For In-person Attendees, face coverings are strongly encouraged and attendees are encouraged to be up-to-date on the COVID-19 vaccine. Social distance should be maintained when practical. If you are feeling sick, please do not attend the meeting in person.

SPEAKER CARDS: Members of the public may comment on any item on the agenda before or during the Board's consideration of the item. If you would like to speak during the public forum or on an item listed on the agenda, you are invited to submit a speaker card to the District Clerk. You will be permitted to speak even if you elect not to submit a speaker card or decline to provide information requested on the card. After the Board of Directors has heard from everyone who submitted speaker cards, anyone electing not to submit a speaker card may form a line at the lectern. Public comment is limited to 3 minutes per speaker per agenda item.

For Remote Attendees, by joining via the ZOOM link or the dial-in information above. You can access the meeting either via a smartphone or computer App (Zoom) or via phone. Live Public Comment can be provided via the Zoom app (during public comment) by the raise hand feature. If participating by phone, dial *9 to *raise your hand*. Staff will call on participants by the name provided or last 4 digits of phone number for dial-in attendees. When your name or number is called, a notification is sent requesting that you unmute your microphone. Participants will be called in the order of hands raised to comment.

Written Public Comment can be provided via email at info@mofd.org.

- Emails received by 3:00 p.m. on the day of the meeting will be forwarded to the Board of Directors. Emails will be made a part of the public record and available to view by 5:00 p.m. on the day of the meeting by following this link mofd.org/agendas
- Comments may also be submitted by e-mail during the meeting up until the closure of the public comment period on the relevant agenda item. These will be read into the record by staff at their normal cadence and will be limited to a maximum of 3 minutes. Emails received during the meeting will be made a part of the public record and available to view by 5:00 p.m. the following day of the meeting by following this link mofd.org/agendas

The meeting will be live streamed via the [MOFD YouTube Channel](#). A link is accessible via the District's website.

1. **OPENING CEREMONIES**

- Call the Meeting to Order
- Roll Call
- Pledge of Allegiance

2. **PUBLIC COMMENT - ITEMS NOT ON THE AGENDA**

At the beginning of each regular District Board meeting, any member of the public may address the District Board concerning any item not on the Board's agenda but within the subject matter jurisdiction of the Board. Speakers will be limited to three (3) minutes unless otherwise specified by the Presiding Officer. The public will be given an opportunity to speak on each agenda item at the time it is called. The Board may discuss and/or take action regarding any or all of the items listed below. Once the public comment portion of any item on this agenda has been closed by the Board, no further comment from the public will be permitted unless authorized by the Board and if so authorized, said additional public comment shall be limited to the provision of information not previously provided to the Board or as otherwise limited by order of the Presiding Officer or the Board.

3. **SPECIAL AGENDA**

- 3.1 [Contra Costa County Employees' Retirement Association Overview](#)
Staff Recommendation: No Action. Information Only
[3.1 CCCERA Board Meeting Presentation 09.2023.pdf](#)

4. **ADJOURNMENT**

The Moraga-Orinda Fire Protection District ("District"), in complying with the Americans with Disabilities Act ("ADA"), requests individuals who require special accommodations to access, attend and/or participate in District Board meetings due to a disability, to please contact the District Chief's office, (925) 258-4501, at least one business day prior to the scheduled District Board meeting to ensure that we may assist you.

Any disclosable public records related to an open session item on a Regular meeting agenda and distributed by the Moraga-Orinda Fire District to a majority of members of the Board of Directors less than 72 hours prior to that meeting are available for public inspections at 1280 Moraga Way, Moraga, during normal business hours, and available on our website at www.mofd.org/agendas.

I hereby certify that this agenda in its entirety was posted on September 14, 2023, at the Moraga and Orinda Fire Administration offices, Stations 41, 42, 43, 44, and 45 and electronically at www.mofd.org/agendas. Agenda provided to the Moraga Town Office (Hacienda) and Orinda City Hall.



Marcia Holbrook
District Secretary/Clerk



Moraga-Orinda Fire District

TO: Board of Directors

FROM: Dave Winnacker, Fire Chief

DATE: September 20, 2023

SUBJECT: **Item 3.1**
Contra Costa County Employees' Retirement Association Overview

BACKGROUND

Representatives from Contra Costa County Employees' Retirement Association will attend the special meeting to provide an overview including investment and financial information, the actuarial process, actuarial assumptions and actuarial smoothing (Attachment A.)

RECOMMENDATION

Staff Recommendation: No Action. Information Only

ATTACHMENT

[3.1 CCCERA Board Meeting Presentation 09.2023.pdf](#)



Contra Costa County Employees' Retirement Association Overview



Agenda

- Overview of CCCERA
- Investment Information
- Financial Information
- Actuarial Process
- Actuarial Assumptions
- Actuarial Smoothing
- Conclusion



What is CCCERA?

- CCCERA is a public employee retirement system established in 1945
- Provides pension benefits to 16 participating employers
- Administered in compliance with the California Constitution, County Employees' Retirement Law of 1937 ("CERL" or "1937 Act"), and the Public Employees' Pension Reform Act of 2013 ("PEPRA")



CCCERA Administration

- The system is governed by the Board of Retirement which consists of 9 regular members and 3 alternate members.
- CCCERA employs approximately 65 staff members in the areas such as benefit administration, member service, accounting, audit, legal and investments.



CCCERA Investments

CCCERA's assets are carefully managed through a diversified long-term investment program, overseen by the Board of Retirement in accordance with CCCERA's Investment Policy Statement. This policy establishes CCCERA's investment objectives and defines the principal duties of the Board, CCCERA's investment team, investment consultants, and asset managers.



Who manages CCCERA Investments?

Party	Responsibility	Governance
CCCERA Board	Sets asset allocation, adopts investment policy statement and other governing policies, monitors investment program	California constitution, 1937 Act
General Investment Consultant	Provides advice to Board on asset allocation options, provides quarterly monitoring of investment program and benchmarking services	Governed by contract between the CCCERA Board and the investment consultant
CCCERA Investment Staff	Primary responsibility for implementation of Board-adopted asset allocation. Responsible for monitoring and managing relationships with outside investment managers	CCCERA Investment policy statement, internal CCCERA procedures
Outside Investment Managers	Responsible for implementing their investment strategies in accordance with contractual requirements	Investment management agreements, investment guidelines



Asset Allocation

Asset allocation is an integral part of the Investment Policy Statement and is designed to provide an optimum mix of asset classes with return expectations that reflect expected liabilities.

Who sets CCCERA's asset allocation?

- The CCCERA Board's outside investment consultant conducts an asset/liability study every 3-5 years
- The CCCERA Board's outside investment consultant recommends asset classes and target allocations intended to meet the liquidity, liability matching, desired level of market risk and overall return requirements of CCCERA
- After discussion the Board adopts the asset allocation targets
- The asset allocation is reviewed annually to adjust liquidity allocation and make small adjustments to other asset classes as needed



How CCCERA Invests

CCCERA follows an approach known as the Functionally Focused Portfolio (FFP):

- The FFP is designed to allocate a higher percentage of assets into the short-term, highly liquid fixed income instruments that will be used to accomplish CCCERA's primary function of paying retirement benefits.
- CCCERA allocates the bulk of the remaining assets into a globally diversified growth sub-portfolio of stocks, real estate and alternative asset strategies with the remaining in risk diversifying investments.



FFP at CCCERA

Portfolio	Function	Expected Impact on Total Fund Performance
Liquidity	Store and disburse benefit payments	Reduces total fund return in rising markets, maintains value in flat and falling markets
Growth	Grow assets to fund future benefit payments	Increases total fund returns in rising markets, reduces total fund returns in falling markets
Risk Diversifying	Assets that can provide a hedge against a broad market decline while not losing value in rising markets	Neutral impact on total fund returns
Total Fund		The total fund is expected to rise less in rising markets, and fall less in falling markets



Overview of Financial and Actuarial Reports

- Financial statements and assets of the plan audited by outside auditor as required by CERL
- Auditor confirms cash & investment market values held at custodian bank; verifies accrued liabilities for retiree payroll; and tests member data samples used in valuation report
- Governmental Accounting Standards Board (GASB) required actuarial reports rely on:
 - Benefit provisions of CCCERA as administered through Board of Retirement
 - Characteristics of covered active members, inactive vested members, and retired members
 - The assets of the plan as of December 31
 - Economic assumptions regarding future salary increases and investment earnings
 - Other assumptions such as employee terminations, retirement, death, etc.
- GASB 67 determines Total Pension Liability, less plan assets, to arrive at Net Pension Liability
- GASB 68 allocates employers share of Net Pension Liability for employer financial statements
- CCCERA audited financial statements (ACFR) completed by June 30th for review by the GFOA



DECEMBER 31, 2022
CCCERA fiscal year end

2023

APRIL 15
Any CCCERA Plan Changes are submitted to actuary

APRIL 30
Member Data is compiled including active, retired and deferred vested by CCCERA and submitted to actuary

Accounting books are preliminary closed to finalize year-end investment results and plan assets

MAY 30
Actuary reviews and compares data and submits questions to CCCERA for response

GASB 67 valuation report completed by actuary

MAY 15
CCCERA reconciles financial data including investment information and submits to actuary and outside auditor

JUNE 30
CCCERA Board adopts audited ACFR

JULY 30
Actuary completes the Annual Valuation Report and Contribution Rate Packet

AUGUST 15
GASB 68 report provided to external auditor

AUGUST 31
CCCERA Board adopts Annual Valuation Report and Contribution Rates

SEPTEMBER 30
CCCERA Board adopts GASB 68 report

Contra Costa County Board of Supervisors adopts Contribution Rates

JULY 1, 2024
Contribution Rates are effective

2024

Actuarial Process

CCCERA contracts with an independent actuarial consulting firm to act as the plan's actuary. Each year the actuary completes an actuarial valuation, which is presented to the CCCERA Board. Based on the results of the annual actuarial valuation, the Board recommends new member and employer contribution rates to the County Board of Supervisors and the governing body of the other plan sponsors. The most recent actuarial valuation was performed by Segal Consulting, as of December 31, 2022.



Actuarial Concepts

$$C + I = B + E$$

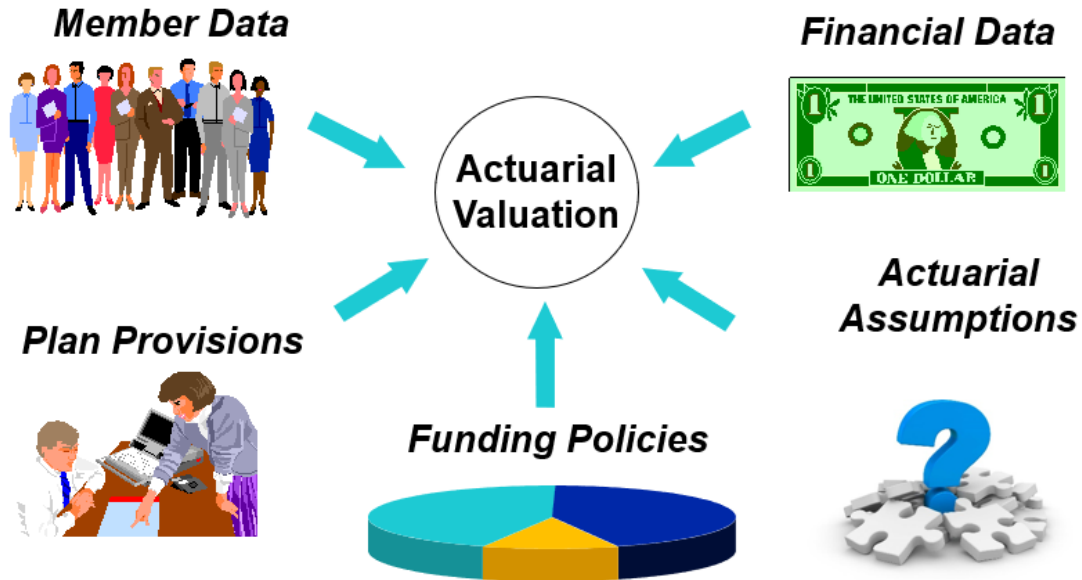
Contributions + Investment Income
equals

Benefit Payments + Expenses

The focus is on a long-term horizon which is typically 20-30 years.

Actuarial Concepts

Valuation Input

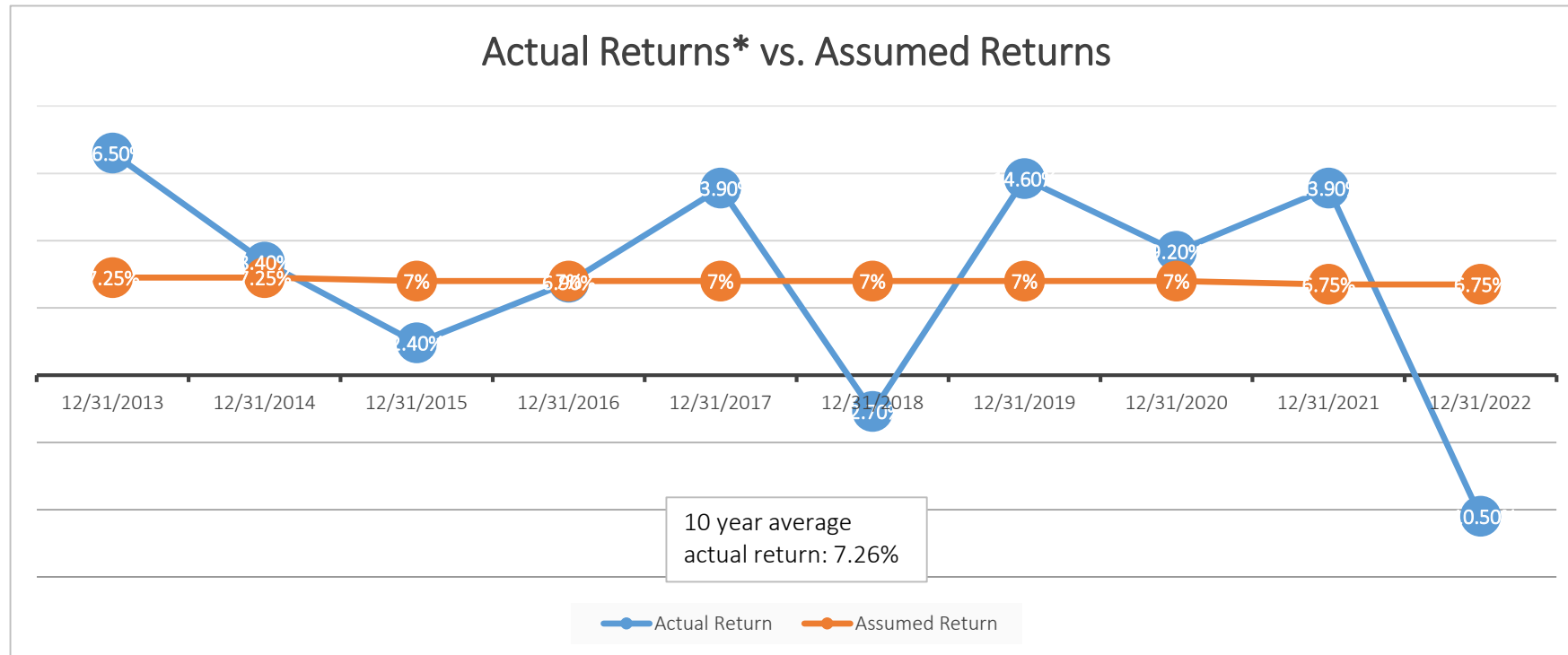


Actuarial Assumptions

- Reviewed every 3 years in the Experience Study
 - Last Study conducted in 2022, before December 31, 2021 valuation
 - Next Study in 2025, before December 31, 2024 valuation
- Used to assign a value to the benefits promised
 - Economic assumptions
 - Investment return, inflation, COLA, salary increase
 - Demographic assumptions
 - When active members retire (service or disability retirement), life expectancy, etc.
- Investment return assumption (currently 6.75%/year) set using CCCERA's asset allocation taking into account CCCERA Board's risk tolerance
 - Usually the biggest cost driver in valuation
 - Investment return assumptions adopted by CCCERA Board and other public pension plan have been trending down over past 10-20 years
- Cost impact of assumption changes amortized and paid over 18 years



Example of Assumption results – Investment Assumption



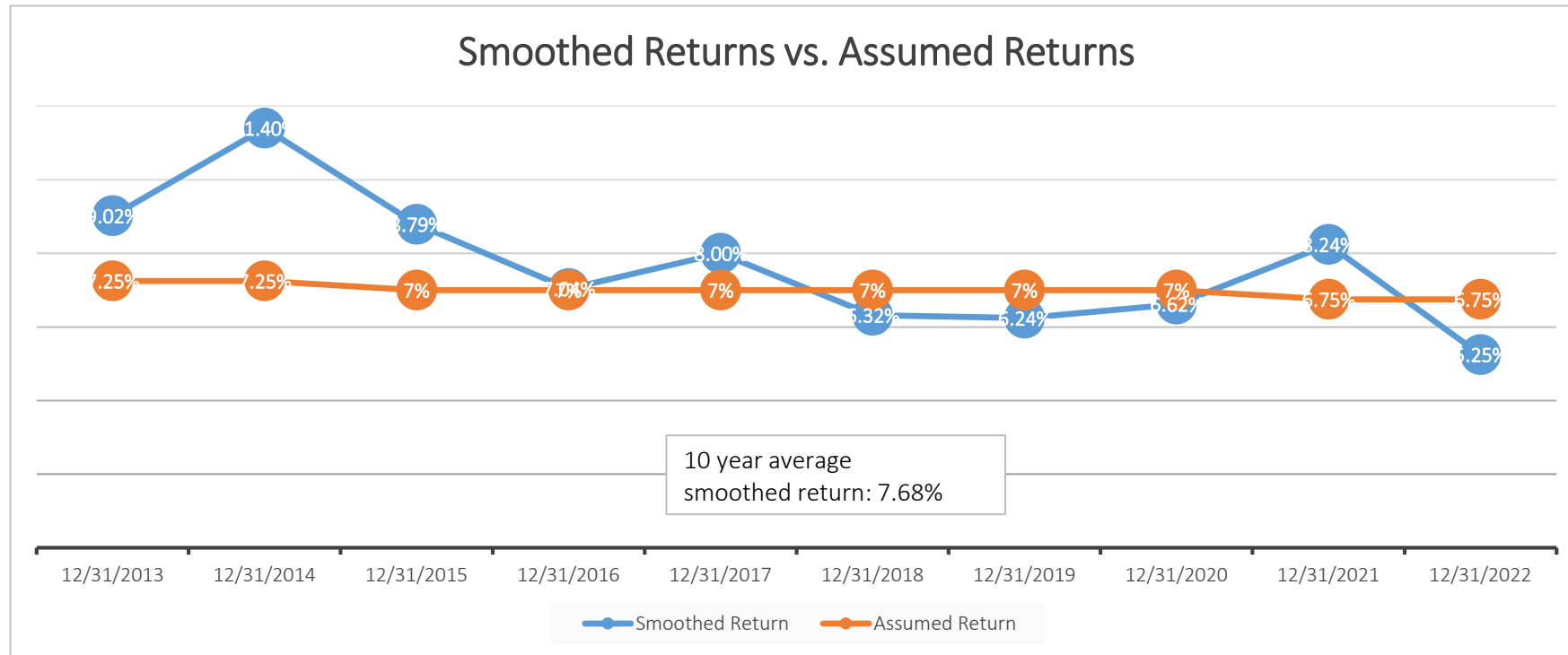
*Market return gross of investment expenses



Actuarial Valuation

- Conducted as of December 31st every year
- Measure progress towards accumulating assets required to pay benefit
- Recommend contribution rates for employer and employee
- 5-year smoothing used to mitigate impact of market gains/losses on employer's rate
- 18-year amortization used to mitigate impact of actuarial gains/losses and assumption changes on employer's rate

Example of Asset Smoothing



Example of Amortization (Safety only)

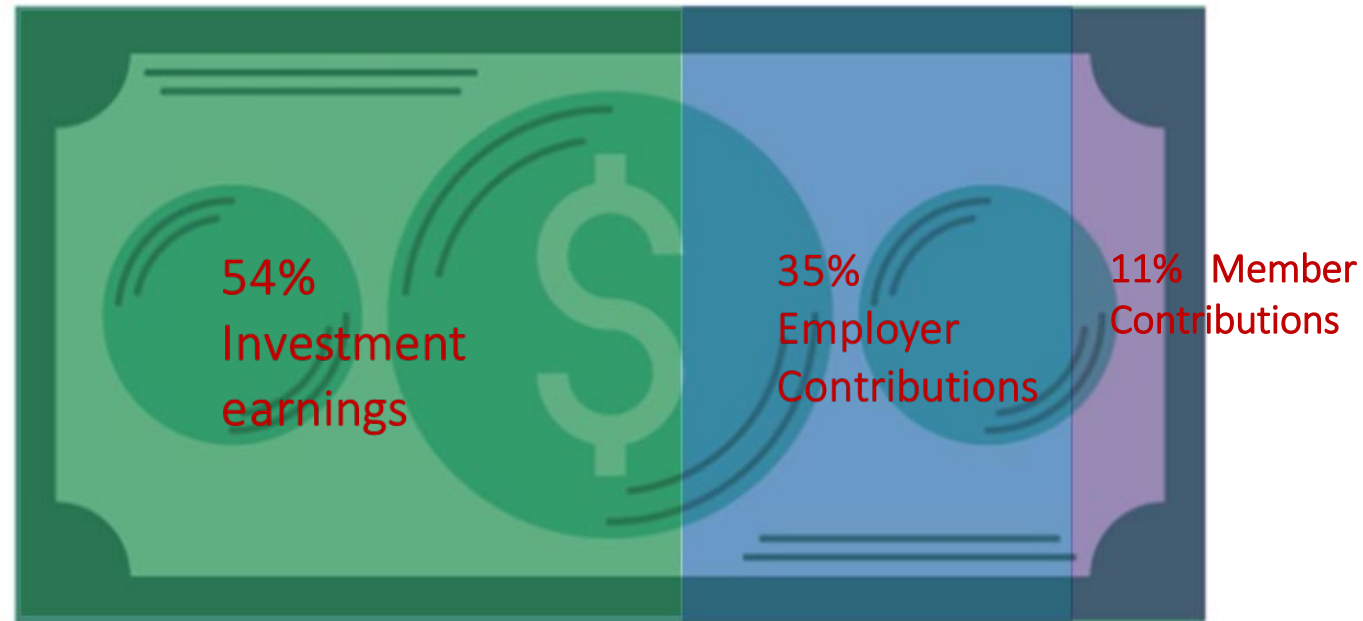
Cost Groups #10 – Moraga-Orinda Fire District

Type	Date Established	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment ¹
Restart of Amortization	December 31, 2007	\$(2,591,000)	15	\$0	0	\$0
Actuarial Loss	December 31, 2008	2,002,150	18	921,957	4	251,734
Actuarial Loss	December 31, 2009	5,671,684	18	3,080,739	5	684,753
Assumption Change	December 31, 2009	1,012,000	18	549,697	5	122,181
Depooling Implementation	December 31, 2009	4,873,631	18	2,647,253	5	588,402
Actuarial Loss	December 31, 2010	5,334,964	18	3,282,428	6	618,591
Assumption Change ²	December 31, 2010	806,018	18	495,916	6	93,458
Actuarial Loss	December 31, 2011	6,791,005	18	4,601,756	7	756,224
Actuarial Loss	December 31, 2012	8,924,598	18	6,525,121	8	954,425
Assumption Change	December 31, 2012	12,149,892	18	8,883,259	8	1,299,349
Actuarial Gain	December 31, 2013	(1,027,440)	18	(800,577)	9	(105,871)
Assumption Change ²	December 31, 2013	(3,613,981)	18	(2,815,999)	9	(372,397)
Actuarial Gain	December 31, 2014	(4,813,045)	18	(3,947,777)	10	(477,854)
Actuarial Gain	December 31, 2015	(8,490,806)	18	(7,258,339)	11	(812,208)
Assumption Change	December 31, 2015	3,844,347	18	3,286,328	11	367,740
Actuarial Loss	December 31, 2016	1,028,690	18	913,802	12	95,308
Actuarial Gain	December 31, 2017	(422,995)	18	(387,795)	13	(37,958)
Actuarial Loss	December 31, 2018	6,029,055	18	5,671,306	14	524,016
Assumption Change	December 31, 2018	(4,116,542)	18	(3,872,277)	14	(357,789)
Actuarial Loss	December 31, 2019	3,411,399	18	3,276,101	15	287,179
Method Change	December 31, 2019	(471,164)	18	(452,477)	15	(39,664)
Actuarial Gain	December 31, 2020	(864,383)	18	(843,788)	16	(70,478)
Actuarial Loss	December 31, 2021	2,537,586	18	2,508,390	17	200,397
Assumption Change	December 31, 2021	5,301,507	18	5,240,511	17	418,667
Actuarial Loss	December 31, 2022	7,121,589	18	7,121,589	18	546,021
Subtotal – Cost Group #10				\$38,627,125		\$5,534,226

Note: Results may be slightly off due to rounding.



How each CCCERA pension dollar is funded:



In conclusion.....

To achieve and sustain a financially sound trust, the goal is that long-term assets derived from investments and contributions satisfy long-term liabilities.



For more information, please visit our website at cccera.org