



Moraga-Orinda Fire District
BOARD OF DIRECTORS
SPECIAL BOARD MEETING MINUTES
September 20, 2023
(APPROVED: JANUARY 17, 2024)

1. OPENING CEREMONIES

The Board of Directors convened Open Session at 5:00 p.m. on September 20, 2023, at the Sarge Littlehale Room, 22 Orinda Way, Orinda, California 94563. This meeting was conducted in a hybrid format with in-person and remote options for public participation. President Jex called the meeting to order, requested an attendance roll call, and led the Pledge of Allegiance. Present were the following Directors and Staff (present in person unless noted):

President Jex	Dave Winnacker, Fire Chief (arrived 5:04)	Marcia Holbrook, District Clerk
Director Danziger	Gloriann Sasser, Admin Services Director	
Director Hasler	Jonathan Holtzman, District Counsel	
Director Jorgens (absent)		
Director Roemer		

2. PUBLIC COMMENT - ITEMS NOT ON THE AGENDA

There were no requests to address the Board.

3. SPECIAL AGENDA

3.1 Contra Costa County Employees' Retirement Association Overview (CCCERA)

Christina Dunn, the Acting CEO of CCCERA, along with Henry Gudino, CCCERA's Accounting Manager, and Andy Yeung, Segal's Supervising Actuary, presented an informative session to provide insights into CCCERA's operations, investment strategies for pension funds, financial status, and the intricacies of the actuarial process.

Ms. Dunn began the presentation by giving an overview of CCCERA, established in 1945 as a Special District by the County of Contra Costa. CCCERA administers pension benefits for 16 participating employers within Contra Costa County. The organization operates under the guidance of the California Constitution, the County Employees' Retirement Law of 1937 (CERL), and the Public Employees' Pension Reform Act of 2013 (PEPRA). CCCERA employs approximately 65 staff members who handle various aspects of pension administration, including benefits administration for eligible members, collection of contributions, audits, legal matters, and investments. The governance structure of CCCERA involves a 12-member board with nine regular members and three alternates. These board members are appointed by the Board of Supervisors and elected by different segments of the membership, including retirees, general members, and safety members.

The presentation served as an opportunity for the Fire Board and the public to ask questions and gain insights into the operations and governance of CCCERA and its commitment to providing pension benefits to public employees in Contra Costa County. During the meeting, several questions and discussions regarding CCCERA's board members and their roles, and the actuarial process took place.

Director Danziger inquired about the terms for CCCERA board members. Ms. Dunn explained the term is a 3-year term with no term limits. At the end of each 3-year term, the person can either be reappointed or run for re-election. The Board of Supervisors handles the appointment process, which involves an application and interview process. Elected members go through a ballot process and must file nomination paperwork. Director Danziger asked if the elected positions come from member agencies. Ms. Dunn answered elected positions are open to CCCERA members. There are designated seats for general members and safety members.

President Jex inquired whether the District has ever had a representative serve on the CCCERA Board. Administrative Services Director Sasser replied not to her knowledge. President Jex inquired about the general background of board members. Ms. Dunn reviewed CCCERA board members come from diverse backgrounds to include the Treasurer-Tax Collector, a member of the Board of Supervisors (an attorney), the Board Chair (an attorney), an Executive from Delta Dental (retired), an Actuary, an Investment Consultant, a Firefighter, a Sheriff, and a Doctor.

Director Hasler asked about the balance between appointed and elected board members and if the alternates are elected. Ms. Dunn shared it is split between appointed and elected members. The Treasurer-Tax Collector holds an ex officio seat; four of the members are elected, and four are appointed. As for the alternates, one is appointed, one is a retired alternate, and one is a general

alternate (safety member) Ms. Dunn noted that to be appointed, individuals cannot have direct ties to the retirement system.

Director Roemer shared his familiarity with the Alameda County Employees' Retirement Association (ACERA) system. He questioned whether CCCERA's eligibility rules for board members differ from ACERA's. Ms. Dunn answered CCCERA follows the same laws as ACERA. Ms. Dunn added that once members retire, they can serve on the Board regardless of whether they were in the general or safety membership category. Director Hasler sought clarification on the term "safety member." Ms. Dunn defined a safety member as someone contributing to retirement while working in a position that falls under a safety retirement tier based on CERL.

Ms. Dunn concluded her portion of the presentation by discussing CCCERA's investment strategies. CCCERA's investment approach is tailored to a long-term perspective since it funds pension benefits spanning a member's lifetime. Investment decisions are based on an investment policy statement approved by the CCCERA board. The policy outlines objectives and responsibilities for the Board, Investment Team, External Consultants, and Asset Managers. Ms. Dunn highlighted the roles involved in managing CCCERA's investments:

- The CCCERA board holds ultimate authority and sets asset allocation.
- An external Investment Consultant advises the Board on investment strategies.
- Internal Investment Staff also provides recommendations.
- External Investment Managers are responsible for managing CCCERA's funds in the market.

Ms. Dunn explained that asset allocation is the key driver of the investment strategy and is determined by the CCCERA Board. The Board's external Investment Consultant conducts an asset-liability study every 3 to 5 years, assessing the fund's financial health and making recommendations. Based on these studies, adjustments to asset allocation targets are made, with annual reviews to ensure sufficient liquidity for benefit payments. Director Hasler asked when the last asset-liability study was conducted. Ms. Dunn answered that CCCERA just reviewed the asset allocation and rebalanced the portfolio within the last few months.

Mr. Gudino presented an overview of the financial and actuarial reports. These reports are audited by an external auditor, confirming cash and investment market values, accrued liabilities for retiree payroll, and member data samples used in valuation reports. The Governmental Accounting Standards Board (GASB) actuarial reports rely on several factors, including benefit provisions, member characteristics, plan assets, economic assumptions (investment returns, inflation, COLA), and demographic assumptions (length of service, life expectancy). The GASB 67 determines the Total Pension Liability, while GASB 68 allocates the employer's share of Net Pension Liability for financial statements. Director Jex asked about the external auditor firm, and Mr. Gudino replied it is Brown Armstrong, located in Bakersfield. Mr. Gudino explained the annual timeline for financial reporting and the Actuarial Valuation, emphasizing the importance of complying with GASB standards and auditors' requirements.

Mr. Yeung continued the presentation and reviewed the actuarial process for CCCERA's Annual Evaluation Report. CCCERA contracts with an independent Actuarial Consulting Firm to conduct the Actuarial Valuation each year. The actuarial process measures progress toward accumulating sufficient assets to cover benefits outlined in the valuation report. This process relies on actuarial assumptions, which can be economic (investment return, inflation) and demographic (length of service, life expectancy). The investment return assumption is critical as it affects the fund's ability to cover benefit payments.

Mr. Yeung explained how contributions, investment income, benefit payments, and expenses, affect the fund over a long-term horizon. He illustrated how the investment losses and gains are amortized over time, or otherwise called smoothing (five years for recognition purposes, and 18-years for funding purposes, not for financial reporting). President Jex expressed concern about the volatility of the deferred inflows and outflows and asked if the plan's maturity or the number of retirees impacted the cost over the long term. Mr. Yeung highlighted that the volatility relates to the GASB accounting standards and the shorter recognition periods imposed by these standards. He emphasized the need for the fund to consistently earn the assumed rate of return to cover future benefit obligations.

Director Danziger inquired if changes in the market would impact the smoothing period, to which Mr. Yeung confirmed that changes in market returns could impact the smoothing process. President Jex shared concerns about the District's Unfunded Pension Liability and the impact of CCCERA's prior actions. Mr. Yeung explained that the investment return assumption has gradually decreased over the years, impacting the funding requirements. President Jex questioned the decision of amortizing over an 18-year period. Mr. Gudino and Mr. Yeung explained the rationale behind the chosen amortization

period. Director Danziger asked about determining cost groups, and Ms. Dunn explained that CCCERA places Employers into different cost groups based on specific characteristics. Director Hasler inquired about the factors affecting member contributions. Mr. Gudino explained that PEPRA and regulatory changes are the factors. President Jex discussed the District's history of issuing bonds to pre-fund the pension liabilities and the challenge of understanding the fund's financial dynamics. Mr. Yeung elaborated on the cost group divisions and impact of reduced investment return assumptions on contributions. The presentation concluded with Mr. Gudino explaining the blend of funding sources for CCCERA pensions (54% investment earnings, 35% employer contributions, 11% member contributions) determined by the plan's asset allocation history over 20 years.

President Jex opened Public Comment.

Jonathan Goodwin, Canyon resident, requested more detailed data on CCCERA's performance, particularly in recent years, and inquired about the retirement-to-active employee ratio and the reasons behind CCCERA de-pooling. He also raised concerns about employee contributions to CCCERA, citing a specific case involving a prior Fire Chief. Mr. Goodwin wondered if higher contributions were part of a broader trend compared to neighboring retirement associations.

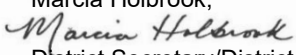
Jacob Airola, Firefighters Local 1230, inquired about how the percentages for employer and employee contributions to the pension plan are determined, whether there are caps on these percentages, the role employees play in influencing these percentages, and whether the calculations are based on negotiations or actuarial assessments.

There were no further requests to address the Board.

Mr. Yeung addressed employee contribution rates, explaining that they are primarily set by State law, with specific requirements for members hired before and after January 1, 2013. He noted that the contribution rates for the cost-of-living adjustment (COLA) are regulated by statute. Due to the meeting running over its scheduled time, President Jex inquired how the questions posed by Mr. Goodwin would be addressed. Staff responded that the District would provide responses directly to Mr. Goodwin and the Board.

4. ADJOURNMENT

At 6:08 p.m., Director Danziger motioned and seconded by Director Hasler to adjourn the meeting. Said Motion carried a 4-0-1-0 voice vote (Ayes: Danziger, Hasler, Roemer, and Jex; Noes: None; Absent: Jorgens; Abstain: None)

Marcia Holbrook,

District Secretary/District Clerk

For an audio recording of this and other Board meetings, please visit the MOFD District Board Meeting at www.mofd.org/agendas.