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February 12, 2014

Ms. Lisa Driscoll
Finance Director
Contra Costa County
651 Pine Street, 10th floor
Martinez, CA 94553

Re: Complying with California Government Code Section 7507 Regarding Changes to Pension Benefits of Professional and Technical Engineers IFPTE as of July 1, 2014

Dear Ms. Driscoll:

We have been asked to estimate the effect on the County's current and future unfunded actuarial accrued liabilities and Annual Required Contributions resulting from a new tier of benefits in the structure of Assembly Bill 340 (AB340) with a 2.00% Cost of Living Adjustment (COLA). July 1, 2014 was used as the effective date for the proposed change for the members of the Professional and Technical Engineers IFPTE, Local 21. We are comparing this benefit structure to the AB340 structure with a 3.00% COLA which the plan currently provides.

Because this change affects only future employees, it will have no effect on the unfunded actuarial accrued liabilities of Contra Costa County Employees' Retirement Association (CCCERA) as of July 1, 2014. We show the cost impacts on the enclosed charts per one hire per year. The costs shown are combined employee and employer normal costs. By going from a 3.00% COLA to a 2.00% COLA, the County will realize a savings. The savings are equal to the excess of the normal cost for an AB340 structure with a 3.00% COLA over the normal cost of an AB340 structure with a 2.00% COLA.

We have expressed the savings in annual dollar amounts and as percentages of covered payroll for calendar years 2014, 2015, 2016, and 2017. These results are merely illustrative and the actual impact will depend upon the actual demographic characteristics of the employees as well as the pattern of future hiring.

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Future actuarial measurements may differ significantly from the current measurement presented in this report due to such factors as: plan experience different from that anticipated by the economic and demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law. Due to the limited scope of this report, an analysis of the potential range of such future measurements has not been performed.

The methods and assumptions used are the same as those used in the December 31, 2012, actuarial valuation of CCCERA. Information on our new entrant profile is given in Note 2 of the enclosed projections.

The report was prepared under the supervision of Charlie Chittenden, an Enrolled Actuary, a Fellow of the Society of Actuaries, and a Member of the American Academy of Actuaries, who met the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. This report has been prepared in accordance with all Applicable Actuarial Standards of Practice. I am available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate.

Sincerely,

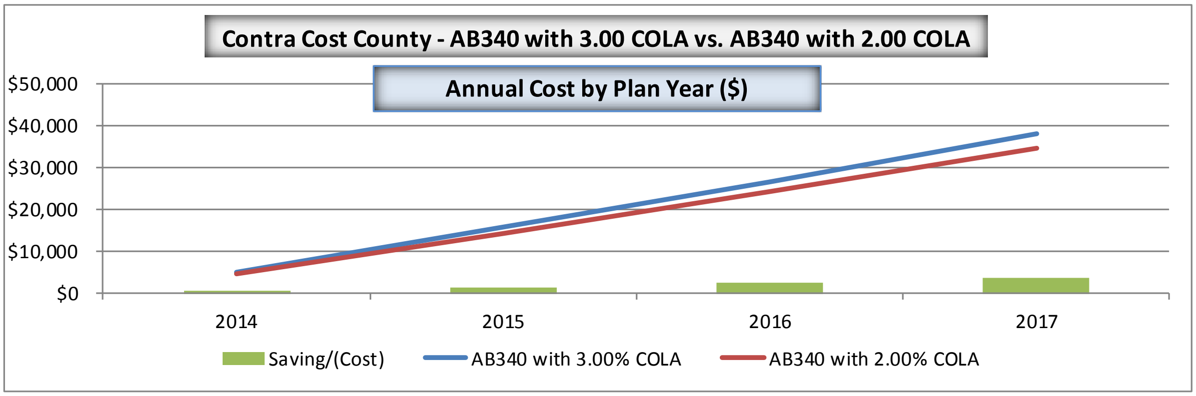
Charles E. Chittenden   Joseph S.

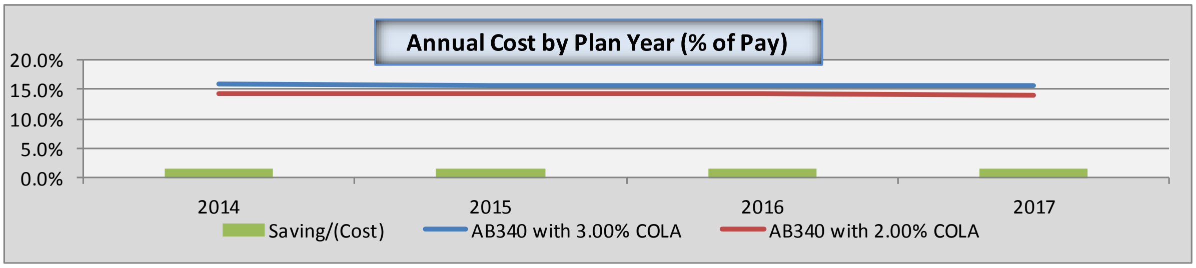
Charles E. Chittenden
Principal and Consulting Actuary

Joseph Son
Senior Consultant, Retirement Actuary

Enc.

Professional and Technical Engineers IFPTE, Local 21





Calendar Year	2014	2015	2016	2017
Valuation Pay	$32,100	$99,900	$170,300	$243,500
Annual Cost				
AB340 with 3.00% COLA				
i) $	$5,100	$15,700	$26,700	$38,100
ii) % of Pay	15.9%	15.7%	15.7%	15.6%
AB340 with 2.00% COLA				
i) $	$4,600	$14,200	$24,100	$34,400
ii) % of Pay	14.3%	14.2%	14.2%	14.1%
Saving/(Cost)				
i) $	$500	$1,500	$2,600	$3,700
ii) % of Pay	1.6%	1.5%	1.5%	1.5%

Notes:

1. The methods and assumptions used to determine the savings were the same as those used for the December 31, 2012, valuation.
2. The county is assumed to hire one active employee at July 1 of each projection year. The annual valuation pay amounts at entry are assumed to be $71,400, $73,900, $76,500, and $79,200 for the 2014, 2015, 2016, and 2017 hires, respectively. The age at entry for new hires is assumed to be 37.
3. The maximum compensation limit for the retirement benefit is $115,064 for 2014 and it is expected to grow 2.00% per year.
4. In the AB340 benefit structure, the multiplier is 2% at 62. The multiplier increases by 0.1% for ages above 62 to a maximum of 2.5% at 67. It decreases by 0.1% for ages below 62 to a minimum of 1.0% at 52.