

June 12, 2017

To the Honorable Supervisors of Contra Costa County,

After much thought and consideration, today I submit to you my request to withdraw my application for re-appointment to a third term as Trustee on the Contra Costa County Employee's Retirement Association Board (CCCERA).

In 2011, I was honored to be appointed to serve our county as a Trustee on the CCCERA Board. I knew going in that the "Pension Board" was in trouble, struggling to recover from the deepest recession in US history, and looking for new creative thinking to help navigate the growing pension crisis sweeping across America.

I embraced this challenge and set out to achieve only one true goal for my work on this board: To improve the long-term sustainability of our County's pension system for the benefit of all current, past and future employees.

Over the last 6 years, I am proud to have been a part of the following Board initiatives at CCCERA, in furtherance of that goal:

- Full implementation of the 2012 pension reform laws, AB340 and AB197.
- Decisions regarding continuing litigation stemming from the 2012 reform laws.
- Implementation of the "Base Pay Only" Policy for PEPRA members.
- Ending various spiking abuses by participants.
- Transition of CCCERA to full independence from Contra Costa County and working through the many governance decisions associated with the move.
- Creation of a standing Audit Committee made up of 4 board members that spend additional time on audit and other financial issues affecting CCCERA.
- Hiring of a new investment consultant team to move CCCERA to a new age of institutional investing theory and policy.
- Labor, Compensation and benefit issues associated with independence of CCCERA.
- Oversight of heightened scrutiny of plan sponsor reporting and funding issues.

Upon my arrival, CCCERA had \$5 Billion of net assets, was 75% funded on a market value basis. It had unfunded liabilities of \$1.6 Billion (MV) on a 7.75% assumed ROR, representing over 230% of annual covered payroll of plan sponsors. Now, CCCERA has over \$7.5 Billion of net assets, is 83% funded (MV) and has unfunded liabilities of \$1.5 Billion (MV) on a 7% assumed ROR, at 200% of annual covered payroll of plan sponsors.

Today, CCCERA is not only healthier than our California statewide pension systems, but is one of the most highly regarded pension systems among the 20 independent County Pension systems in the state. CCCERA regularly makes state and national news with bold new initiatives that are leading the way for other systems as a model. I am so honored to have been given the opportunity to be a part of CCCERA's successful surfacing from the "abyss" that so many said couldn't happen.

But let's be honest. While we have made progress in the last 6 years, there is still a very long way to go to bring the plan to full overall sustainability and it's an uphill road. It wasn't always easy working in this adversarial environment when so much was at stake for the participants of the plan, and the plan sponsors who fund the system. It takes courage, thoughtfulness, determination, and a thick skin to face these tough decisions and the external pressures. Many of our most important decisions were made on a 5-4 vote.

I truly hope that I have made a difference in my service to CCCERA and I thank all of you for this opportunity to serve my community. I wish my predecessor, and the new 2017 CCCERA Board much success and hope it will continue to be thoughtful and disciplined in its decision making, exercising fiscal restraint, while striving to consider the overall long-term sustainability of this fragile pension system in every decision they face.

Warmest Regards,

A handwritten signature in black ink, appearing to read "Debora Allen". The signature is fluid and cursive, with the first name "Debora" being more prominent than the last name "Allen".

Debora Allen, Trustee

Contra Costa County

Employees' Retirement Association