

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF RETIREMENT
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CALIFORNIA

REGULAR MEETING
Tuesday, January 17, 2017
9:00 a.m.

AGENDA (Revised 01/13/17, 8:50 a.m.)

The Orange County Board of Retirement welcomes you to this meeting. This agenda contains a brief general description of each item to be considered. The Board of Retirement encourages your participation. The public, plan members, beneficiaries, and/or representatives may speak to any subject matter contained in the agenda at the time the item is addressed. Except as otherwise provided by law, no action shall be taken on any item not appearing in the following agenda. Persons wishing to address items on the agenda should provide written notice to the Secretary of the Board prior to the Board's discussion on the item by filling out the Public Comment Form located in the back of the room. Members of the public may also comment during the Public Comment period at the end of Open Session. When addressing the Board, please state your name for the record prior to providing your comments. Speakers will be limited to three (3) minutes.

Pledge of Allegiance

Swearing in of OCERS Board Members – Hugh Nguyen, Orange County Clerk Recorder

Certificates of Appreciation to 2016 Board Committee Chairs

CONSENT AGENDA

All matters on the Consent Agenda are to be approved by one action unless a Board Member or a member of the public requests separate action on a specific item.

BENEFITS

C-1 MATERIAL DISTRIBUTED

Application Notices	January 17, 2017
Death Notices	January 17, 2017

Recommendation: Receive and file.

ADMINISTRATION

C-2 BOARD MEETINGS AND COMMITTEE MEETINGS

Governance Committee Meeting Minutes	December 8, 2016
Audit Committee Meeting Minutes	December 15, 2016
Regular Board Meeting Minutes	December 19, 2016

Recommendation: Authorize meeting and approve minutes.

C-3 **RECOMMENDATIONS FROM THE AUDIT COMMITTEE MEETING ON DECEMBER 15, 2016**

Recommendation: Approve the Audit Committee recommendations for Items A, B, C, and D as recommended by the Audit Committee on December 15, 2016.

C-4 **CEO FUTURE AGENDAS AND 2017 OCERS BOARD WORK PLAN**

Recommendation: Receive and file.

C-5 **2016 OCERS YEAR IN REVIEW: COMMUNICATION PLAN**

Recommendation: Approve the 2016 Year in Review Communication Plan.

C-6 **BOARD COMMUNICATIONS POLICY FACT SHEET**

Recommendation: Receive and file.

C-7 **BOARD PERFORMANCE SELF-REVIEW**

Recommendation: Receive and file.

C-8 **2016 DISABILITY RETIREMENT STATISTICS REPORT**

Recommendation: Receive and file.

C-9 **FOURTH QUARTER 2016 EDUCATION AND TRAVEL EXPENSE REPORT**

Recommendation: Receive and file.

C-10 **2016/2017 FORM 700 DESIGNATED FILERS LIST AND FACT SHEETS AND OCERS ANNUAL DISCLOSURE FORM**

Recommendation: Receive and file.

C-11 **2017 OCERS BOARD OF RETIREMENT COMMITTEE ASSIGNMENTS**

Recommendation: Receive and file.

C-12 **BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN UPDATE**

Recommendation: Receive and file.

C-13 **TRAVEL REPORT – 2016 GARTNER DATA CENTER, INFRASTRUCTURE AND OPERATIONS MANAGEMENT CONFERENCE**

Recommendation: Receive and file.

C-14 **DIFFERENCES IN REGULATIONS, BYLAWS, POLICIES AND OCERS' ADMINISTRATIVE PROCEDURES**

Recommendation: Receive and file.

C-15 **ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE ECONOMIC SCENARIOS - REVISED**

Recommendation: Receive and file.

C-16 **BOARD COMMUNICATIONS**

Recommendation: Receive and file.

*** * * * * END OF CONSENT AGENDA * * * * ***

INDIVIDUAL ITEMS AGENDA

I-1 **INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA**

I-2 **RETIRED EMPLOYEE'S ASSOCIATION OF ORANGE COUNTY – ISSUES UPDATE**

Presented by Linda Robinson and Doug Storm, Co-Presidents, REAOC

Recommendation: Receive and file.

I-3 [MEMORANDUM OF UNDERSTANDING WITH ORANGE COUNTY SANITATION DISTRICT](#)

Presentation by Brenda Shott, Assistant CEO, Internal Operations, OCERS

Recommendation: Adopt Resolution 17-001 Memorandum of Understanding with the Orange County Sanitation District Regarding Payment of Unfunded Accrued Actuarial Liabilities.

I-4 [OCERS INNOVATIONS AND EMPLOYEE STAFF AWARDS](#)

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation: Receive and file.

* * * * * **END OF INDIVIDUAL ITEMS AGENDA** * * * * *

DISABILITY APPLICATIONS/MEMBER APPEALS AGENDA

11:00 A.M.

NOTE: WHEN CONSIDERING DISABILITY RETIREMENT APPLICATIONS, THE BOARD MAY FIND IT NECESSARY TO DISCUSS MATTERS RELATING TO THE EVALUATION OF THE WORK PERFORMANCE OF AN EMPLOYEE WHO HAS APPLIED FOR DISABILITY RETIREMENT, OR DISCUSS COMPLAINTS OR CHARGES MADE AGAINST SUCH EMPLOYEE. IF THIS OCCURS, THE BOARD MAY ADJOURN TO A CLOSED SESSION TO DISCUSS SUCH MATTERS PURSUANT TO GOVERNMENT CODE SECTION 54957, UNLESS THE EMPLOYEE REQUESTS THAT THE DISCUSSION BE IN PUBLIC.

D-1: Timothy Cullen

Sergeant, Orange County Sheriff's Department

Date of employer filed application for service and non-service connected disability retirement:
01/20/2016

Date of employee filed application for service connected disability retirement: 12/09/2015

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF JULY 22, 2016. (SAFETY MEMBER) (D-1)

D-2: Lori Delgado

Office Specialist, Orange Sheriff's Department

Date of employer filed application for service and non-service connected disability retirement:
11/14/2014

Date of employee filed application for service and non-service connected disability retirement:
02/10/2015

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF NOVEMBER 27, 2015. (GENERAL MEMBER) (D-2)

D-3: Gregory Engle

Sheriff's Special Officer II, Orange County Sheriff's Department

Date of employer filed application for service and non-service connected disability retirement:
09/18/2014

Date of employee filed application for service and non-service connected disability retirement:
07/21/2015

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF APRIL 3, 2015. (GENERAL MEMBER) (D-3)

D-4: William B. Mitchell

Senior Deputy Coroner, Orange County Sheriff's Department

Date of employer filed application for service and non-service connected disability retirement:
01/20/2016

Date of employee filed application for service connected disability retirement: 01/12/2016

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF DECEMBER 13, 2016. (GENERAL MEMBER) (D-4)

D-5: Mark Sturdivant

Heavy Fire Equipment Operator, Orange County Fire Authority

Date of employee filed application for service connected disability retirement: 10/21/2015

GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF DECEMBER 25, 2015. (SAFETY MEMBER) (D-5)

D-6: Ana Tran

Eligibility Technician, Orange County Social Services Agency

Date of employer filed application for service and non-service connected disability retirement:
10/30/2014

Date of employee filed application for service and non-service connected disability retirement:
04/17/2015

STAFF RECOMMENDATION IS TO GRANT NON-SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF MARCH 14, 2013 AND TO DENY SERVICE CONNECTED DISABILITY RETIREMENT DUE TO INSUFFICIENT EVIDENCE OF JOB CAUSATION. (GENERAL MEMBER) (D-6)

D-7: Janice Denham

Legal Processing Supervisor, Orange County Superior Court

Date of employee filed application for service and non-service connected disability retirement:
05/08/2015

STAFF RECOMMENDATION IS TO DENY SERVICE AND NON-SERVICE CONNECTED DISABILITY RETIREMENT DUE TO INSUFFICIENT EVIDENCE OF PERMANENT INCAPACITY. (GENERAL MEMBER) (D-7)

D-8: Lisa Olvera

Office Technician, Orange County Social Services Agency

Date of employee filed application for service and non-service connected disability retirement:
07/02/2014

STAFF RECOMMENDATION IS TO DENY SERVICE AND NON-SERVICE CONNECTED DISABILITY DUE TO INSUFFICIENT EVIDENCE OF PERMANENT INCAPACITY. (GENERAL MEMBER) (D-8)

D-9: Leslie Mack

Supervising Deputy Coroner, Orange County Sheriff/Coroner's Department

Date of employee filed application for service and non-service connected disability retirement:
09/14/2010

Date of employer filed application for service and non-service connected disability retirement:
08/05/2011

STAFF RECOMMENDATION IS TO ADOPT THE FINDINGS AND RECOMMENDATIONS OF THE HEARING OFFICER AND GRANT APPLICANT'S APPLICATION FOR SERVICE CONNECTED DISABILITY RETIREMENT. (GENERAL MEMBER) (D-9)

D-10: Donna Berger

Community Transportation Coordinator, Orange County Transportation Authority

Date of employee filed application for non-service connected disability retirement:
01/09/2012

STAFF RECOMMENDATION IS TO ADOPT THE FINDINGS AND RECOMMENDATIONS OF THE HEARING OFFICER AND DENY APPLICANT'S APPLICATION FOR NON-SERVICE CONNECTED DISABILITY RETIREMENT. (GENERAL MEMBER) (D-10)

CLOSED SESSION ITEMS

E-1 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED

(GOVERNMENT CODE SECTION 54956.9(d)(1)) O.C. Department of Education v. OCERS, CA Superior Court, Orange County, (Case No. 30-2016-00836897)

Adjourn pursuant to Government Code Section 54956.9(d)(1).

Recommendation: Take appropriate action.

E-2 CONFERENCE REGARDING ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9;

number of potential cases unknown

Adjourn pursuant to Government Code Section 54956.9(d)(2)

Recommendation: Take appropriate action.

PUBLIC COMMENTS: At this time members of the public may address the Board of Retirement regarding any items within the subject matter jurisdiction of the Board, provided that no action may be taken on non-agendized items unless authorized by law.

BOARD MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

ADJOURNMENT: (IN MEMORY OF THE ACTIVE MEMBERS, RETIRED MEMBERS, AND SURVIVING SPOUSES WHO PASSED AWAY THIS PAST MONTH)

NOTICE OF NEXT MEETINGS

INVESTMENT COMMITTEE MEETING

**January 25, 2017
9:00 A.M.**

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701**

REGULAR BOARD MEETING

**February 7, 2017
9:00 A.M.**

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701**

All supporting documentation is available for public review in the retirement office during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Thursday and 8:00 a.m. – 4:30 p.m. on Friday.

It is OCERS' intention to comply with the Americans with Disabilities Act ("ADA") in all respects. If, as an attendee or participant at this meeting, you will need any special assistance beyond that normally provided, OCERS will attempt to accommodate your needs in a reasonable manner. Please contact OCERS via email at adminsupport@ocers.org or call 714-558-6200 as soon as possible prior to the meeting to tell us about your needs and to determine if accommodation is feasible. We would appreciate at least 48 hours' notice, if possible. Please also advise us if you plan to attend meetings on a regular basis.

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*Orange County Employees Retirement System
Retirement Board Meeting
January 17, 2017
Application Notices*

<i>Member Name</i>	<i>Agency/Employer</i>	<i>Retirement Date</i>
Andrade, Ramon	UCI	10/30/2016
Bau, James	Sheriff's Dept	11/18/2016
Bauer, Lawrence	Probation	11/11/2016
Belville, Roger	District Attorney	11/4/2016
Dovie, Frank	OCTA	11/4/2016
Edwards, Susan	Sheriff's Dept	11/11/2016
Figueroa, Maureen	OCTA	11/4/2016
Gabrielson, Teresa	Fire Authority (OCFA)	11/21/2016
Gonzales, Rosie	OC Waste and Recycling	11/11/2016
Greenberg, Jessica	OCTA	11/2/2016
Gutierrez, Mark	District Attorney	11/11/2016
Hammond, Patrick	Social Services Agency	10/28/2016
Hoang, Bich	Sheriff's Dept	11/16/2016
Hodapp, Linda	OCTA	10/26/2016
Hosenfeld, Martha	Social Services Agency	10/28/2016
Jones, Sharon	Social Services Agency	11/11/2016
Kennedy, Stacy	Human Resources	11/2/2016
Killingsworth, Tamara	John Wayne Airport	10/27/2016
Lephram, Trina	Social Services Agency	11/11/2016
Loft, Nannette	Sheriff's Dept	11/26/2016
Manquim, Ted	Probation	11/23/2016
Mason, Curtis	Sanitation District	10/28/2016
Massey, Christopher	Sheriff's Dept	11/15/2016
Maynard, Maria	Sheriff's Dept	10/28/2016
McDonald, Shirley	Health Care Agency	11/11/2016
McNamara, Barry	OC Public Works	11/11/2016
Montgomery, Lawrence	District Attorney	11/11/2016
Mora, Irma	District Attorney	11/5/2016
Munoz, Gustavo	Probation	11/2/2016
Natsuhara, Lance	OC Public Works	11/11/2016
Nunez, Selena	Child Support Services	11/1/2016
Nungaray, Bernie	John Wayne Airport	11/11/2016
Phan, Loann	Health Care Agency	10/28/2016
Ramirez, Edward	OCTA	10/24/2016
Ratzesberger, Paul	Fire Authority (OCFA)	11/11/2016
Rehnberg, Kelly	LRA Non Aviation Planning	11/7/2016
Rejon, Walter	OCTA	11/18/2016
Roser, James	Health Care Agency	10/28/2016
Seamon, Suzanne	Sheriff's Dept	11/4/2016
Shaik, Anthony	OCTA	10/23/2016
Szymanski, Victoria	Health Care Agency	11/1/2016
Taylor, Gary	Social Services Agency	11/11/2016
Tran, Lyly	Social Services Agency	10/28/2016
Vincent, Curtis	Sheriff's Dept	11/16/2016
Yamamoto, Sam	Probation	10/28/2016

*Orange County Employees Retirement
Retirement Board Meeting
January 17, 2017
Death Notices*

<i>Active Members</i>	<i>Agency/Employer</i>	<i>Date of Death</i>
Aragon, Martha	OCTA	12/21/2016
Castro, Ronald	Fire Authority (OCFA)	11/30/2016
Drury, Gina	Harbor, Beach, Parks	11/11/2016
Kanis, Douglas	Sanitation District	11/12/2016
Parker, Arnell	Social Services Agency	11/16/2016
Trejo, Adriana	Social Services Agency	12/11/2016
Ward, Courtney	Sheriff's Dept	11/6/2016
Weuve, Eric	Fire Authority (OCFA)	12/13/2016

<i>Retired Members</i>	<i>Agency/Employer</i>	<i>Date of Death</i>
Bautista, Reynaldo	OC Public Works	12/13/2016
Branson, Lawrence	District Attorney	12/3/2016
Bullmer, Rachel	Health Care Agency	11/23/2016
Connolly, Theodore	County of Orange	12/18/2016
Craig, Scott V.	Probation	10/1/2016
Dostal, Katherine	Health Care Agency	12/4/2016
Everett, Robert	Probation	12/6/2016
Gibbons, Leonard	OC Public Works	12/17/2016
Gill, Joanne	Social Services Agency	12/21/2016
Glass, Dorothy	OC Community Resources	11/10/2016
Guy, John	County Executive Office (CEO)	10/30/2016
Hibbard, Elizabeth	County of Orange	12/18/2016
Hicks, Margaret	Social Services Agency	12/16/2016
Hill, Elaine	OC Public Works	12/15/2016
Hodgens, Cora	Superior Court	12/16/2016
Huffnagle, Richard	OC Public Works	10/18/2016
Jacobs, Lenore	Social Services Agency	11/8/2016
Leddy-McKay, Shirley	Social Services Agency	11/29/2016
Madrigal, Guillermo	OCTA	1/6/2012
Mallozzi, Michele	OCTA	11/7/2016
Marcario, Anita	Social Services Agency	10/19/2016
Marques, John	Housing Authority	11/19/2016
Moldt, Marion Evon	Social Services Agency	12/3/2016
Munoz, Rafael	OCTA	12/10/2016
Musgrave, Roberta	OC Community Resources	12/8/2016
Potter, Laurance	OCTA	12/12/2016
Pruett, Judith	Fire Authority (OCFA)	11/21/2016
Rios, Beatrice	Sheriff's Dept	12/17/2016
Robart, Richard	Probation	12/7/2016
Robles, Phillip	Sheriff's Dept	12/13/2016

Shaw, William	County Executive Office (CEO)	12/1/2016
Spainhour, Constance	Probation	12/22/2016
Taylor, Betty	OC Community Resources	9/9/2016
Williams, Debbie	Social Services Agency	10/3/2016
Williams, Steven	OC Public Works	12/13/2016
Wilson, Jimmy	Sheriff's Dept	9/3/2016
Young, Wanda	Superior Court	10/16/2016
Zook, Mary Anne	OC Community Resources	11/28/2016

<i>Surviving Spouses</i>		<i>Date of Death</i>
Bailey, Virginia		11/23/2016

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**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CALIFORNIA 92701**

**GOVERNANCE COMMITTEE MEETING
December 8, 2016
9:00 a.m.**

MINUTES

The Chair called the meeting to order at 9:03 a.m. Attendance was as follows:

Present: Chris Prevatt, Chair; David Ball, Vice Chair; Thomas E. Flanigan; Roger Hilton

Staff: Steve Delaney, Chief Executive Officer; Suzanne Jenike, Assistant CEO, External Operations; Gina Ratto, Chief Legal Officer; David Lantzer, Deputy Chief Counsel; Jenny Sadoski, Director of Information Technology; David James, Internal Auditor; Brenda Vazquez, Recording Secretary; Anthony Beltran, Audio Visual Technician

A. STAFF RETENTION PROGRAM

Presented by Steve Delaney, OCERS CEO

Recommendation: Take appropriate action.

At the August 15, 2016 Regular Board meeting, the full Board approved a Staff Retention Award program, but directed the Governance Committee to consider the details of the proposed program. The Committee also asked for further detail on how this program would be rolled out. Mr. Delaney explained that the current four OCERS-direct employees of the Investment Team would be eligible for participation in 2017, with a possible award in December 2017. Staff would then return to the Governance Committee in December 2017 to review what had transpired. Mr. Delaney indicated that at that point, depending upon how the program details played out, he would recommend the program be provided to all OCERS-direct employees, other than the CEO.

The Committee recommended that the full Board approve the Staff Retention Award program as presented with two changes:

- (1) That an award made will be paid in full even if the three year vesting period has not passed if due to the employee's death, disability or involuntary separation;
- (2) That the policy be expanded to include a provision that the funding of the program will be considered at each annual budget workshop if a merit pool is also provided.

After discussion, a **motion** was made by Mr. Ball, **seconded** by Mr. Flanigan, to recommend the full Board approve the Staff Retention Award program as presented with two changes.

The **motion passed unanimously.**

Governance Committee Meeting
December 8, 2016

Break: 10:04 a.m.

Reconvened: 10:16 a.m.

B. PROPOSED REVISIONS TO OCERS RULES OF PARLIAMENTARY PROCEDURE

Presented by Gina M. Ratto, Chief Legal Officer

Recommendation: Approve, and recommend that the full Board adopt, the revised *OCERS Rules of Parliamentary Procedure*.

Ms. Ratto presented the *OCERS Rules of Parliamentary Procedure* (“Rules”) and recommended revisions to the Rules to provide additional guidance regarding the receipt of and response to comments and requests for information from the public during meetings of the Board and its committees. The Committee approved the revisions as presented with one addition. The Committee added the phrase, “and to a total of 20 minutes per issue” to paragraph 3.h. (2).

Following discussion, a **motion** was made by Mr. Ball, **seconded** by Mr. Hilton that the full Board adopt revisions with changes suggested by the Committee to the *OCERS Rules of Parliamentary Procedure*.

The **motion passed unanimously**.

C. INTERNAL AUDIT REPORT RECOMMENDATION ON PRORATING FINAL MONTHLY BENEFIT PAYMENT

Presented by David James, Internal Auditor

Recommendation: Receive and file.

The Audit Committee asked Internal Audit to present to the Governance Committee the issue of prorating a member’s final benefit payment upon death.

OCERS’ Internal Audit conducted an audit on the death benefits process. The audit report recommended that OCERS’ management consider the costs versus benefits of prorating a deceased member’s final monthly benefit payment based upon the actual date of death versus making a full payment. The report recommended that management determine if payroll related vendors can accept prorated payroll deductions for health insurance premiums, union dues, spousal/child support agreements, and income tax withholding. V3 can be reconfigured to prorate benefit payments and deductions.

Management responded that the complexity of changing the process may outweigh the estimated annual savings. The Committee directed Ms. Jenike to continue researching the costs of the proration by visiting retirement systems that follow this practice.

Following discussion, a **motion** was made by Mr. Ball, **seconded** by Mr. Hilton to receive and file Internal Audit Report Recommendation on Prorating Final Monthly Benefit Payment.

The **motion passed unanimously**.

Governance Committee Meeting

December 8, 2016

D. PROPOSED REVISIONS TO OCERS TRUSTEE EDUCATION POLICY

Presented by David Lantzer, Deputy Chief Counsel

Recommendation: Recommend that the full Board adopt revisions to the OCERS Trustee Education Policy.

Mr. Lantzer presented the *OCERS Trustee Education Policy*. Mr. Lantzer recommended revisions to the policy to simplify the tracking of Trustee education hours so that hours will be tracked on a calendar year basis rather than based on each Trustee's term of office.

The Committee approved the revisions as presented with an additional revision of deleting paragraph 28, which stated, "Trustees will inform the Chief Executive Officer, for information purposes, of all pension-related conferences attended, whether attending on behalf of OCERS or not."

Following discussion, a **motion** was made by Mr. Ball, **seconded** by Mr. Hilton that the full Board adopt revisions with changes suggested by the Committee to the *OCERS Trustee Education Policy*.

The **motion passed unanimously**.

The meeting adjourned at 11:14 a.m.

PUBLIC COMMENTS:

Frank Eley, retired County of Orange employee and former Board member, commented on the Staff Retention Program. He does not agree with the program and does not believe it will retain staff for such a small incentive.

COMMITTEE MEMBER COMMENTS

None

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS:

None

COUNSEL COMMENTS:

None

Submitted by:

Steve Delaney
Secretary to the Board

Approved by:

Chris Prevatt, Chair

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

**BOARD OF RETIREMENT
2223 WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701**

**AUDIT COMMITTEE MEETING
December 15, 2016
10:00 a.m.**

MINUTES

The Chair called the meeting to order at 10:04 a.m. and read the opening statement for the record. Attendance was as follows:

Present: Charles Packard, Chair; Wayne Lindholm; Tom Beckett; Shari Freidenrich

Staff: Steve Delaney, Chief Executive Officer; Suzanne Jenike, Assistant Chief Executive Officer, External Operations; Brenda Shott, Assistant Chief Executive Officer; Internal Operations; Tracy Bowman, Director of Finance; David James., Director of Internal Audit; Mark Adviento, Internal Auditor; Anthony Beltran, Audio/Visual Technician; Brenda Vazquez, Recording Secretary

A. AUDIT OF OCERS' BANK WIRE AND ACH TRANSFER PROCESS

Presentation by David James

Recommendation: Receive and file the report Audit of OCERS' Bank Wire and ACH Transfer Process.

Internal Audit Division completed an independent audit of OCERS' procedures for sending wire transfers and ACH transfers from the Wells Fargo operating bank account and the State Street investment custodian bank. Internal Audit found that OCERS has adequate controls over both manual and automated procedures required for sending a wire or an ACH transfer. Mr. James presented the findings and recommendations made to staff to improve the process.

Ms. Freidenrich stated she would like to separate the establishing of the account and the funding of the account.

Ms. Shott explained the current process and will work on the process to separate the wire request.

After discussion, a **motion** was made by Mr. Beckett and **seconded** by Lindholm to receive and file the report Audit of OCERS' Bank Wire and ACH Transfer Process with the direction to staff to clarify finding number one.

The **motion passed unanimously.**

B. AUDIT OF OCERS' SERVICE CREDIT PURCHASE PROCESS

Presentation by David James

Recommendation: Receive and file the report Audit of OCERS' Service Credit Purchase Process.

Internal Audit completed an independent audit of OCERS' procedures for processing service credit purchases ("service buybacks") requested by members. Internal Audit tested a sample of service buybacks and noted no exceptions with cost calculations and supporting documentation located in V3. Management has recently added more staff to reduce a backlog of service buyback requests. Mr. James presented the findings and recommendations made to management to improve customer service and efficiency.

After discussion, a **motion** was made by Ms. Freidenrich and **seconded** by Mr. Beckett to receive and file the report Audit of OCERS' Service Credit Purchase Process with findings amended to minor.

The **motion passed unanimously.**

C. UPDATE ON STATUS OF INTERNAL AUDIT PROJECTS AND 2016 AUDIT PLAN

Presentation by David James

Recommendation: Receive and file.

Mr. James discussed the Audit projects that are currently in progress. The audit projects include the V3 Data Conversion Audit, Reciprocity Claims Audit, San Juan Capistrano Payroll Transmittals Audit, OCFA Payroll Transmittals Audit, Investments Processes Audit, Annual Risk Assessment and 2017 Audit Plan, and a Plan Sponsor Review Update. Mr. James discussed what steps have been done and where Internal Audit is in the process.

The Committee directed Internal Audit staff to make direct contact with OCFA to determine when the audit can be completed.

The Committee directed Internal Audit staff regarding the Investment Processes Audit to review changes to the CIO Charter.

Ms. Freidenrich suggested creating a high level report summarizing audit recommendations and status of implementation.

After discussion, a **motion** was made by Mr. Lindholm and **seconded** by Mr. Beckett to receive and file.

The **motion passed unanimously.**

D. OCERS' ETHICS, COMPLIANCE, AND FRAUD HOTLINE POLICY REVIEW AND HOTLINE UPDATE

Presentation by David James

Recommendation: Review and approve *OCERS' Ethics, Compliance, and Fraud Hotline Policy* and Hotline Update.

The Ethics, Compliance, and Fraud Hotline received one report in 2016, resulting in a total of eleven reports received since OCERS began using the hotline in 2012. The report received in 2016 was a

Audit Committee Meeting
December 15, 2016

complaint about suspected benefit payment fraud. Internal Audit determined that the claim was unsubstantiated. The hotline policy was presented with no recommended changes.

The Committee directed staff to emphasize the Fraud Hotline link on the new OCERS website and other OCERS publications.

After discussion, a **motion** was made by Beckett and **seconded** by Lindholm to review and approve OCERS' Ethics, Compliance, and Fraud Hotline Policy and Hotline Update.

The **motion passed unanimously.**

Break – 12:00pm

Closed session at 12:10pm

CLOSED SESSION ITEM

E. CONFERENCE REGARDING EVALUATION OF PERFORMANCE OF A PUBLIC EMPLOYEE (GOVERNMENT CODE SECTION 54957)

Adjourn pursuant to subdivision (b) of Government Code Section 54957 (Director of Internal Audit)

Recommendation: Take appropriate action.

Out of closed session: 12:44pm

The Chair reported there was **no reportable action.**

Meeting adjourned at 12:45pm

PUBLIC COMMENTS:

None

COMMITTEE MEMBERS COMMENTS:

Ms. Freidenrich asked staff to follow up with requirement #10 in the CEO Charter, "Filing with the Auditor Controller office in the County."

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS:

None

Submitted by:

Approved by:

Steve Delaney
Secretary to the Committee

Charles Packard
Committee Chair

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF RETIREMENT
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CALIFORNIA**

**REGULAR MEETING
Monday, December 19, 2016
9:00 a.m.**

MINUTES

Mr. Hilton called the meeting to order at 9:03 a.m.

Attendance was as follows:

Present: Roger Hilton, Chair; David Ball, Vice Chair; Thomas Beckett; Thomas Flanigan; Chris Prevatt; Wayne Lindholm; and Shari Freidenrich

Also Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Finance and Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; David James, Director of Internal Audit; Gina Ratto, Chief Counsel; David Lantzer, Deputy Chief Counsel; Jenny Sadoski, Director of Information Technology; Robert Kinsler, Communications Manager; Javier Lara, Visual Technician; Megan Cortez; Disability Coordinator; Cammy Danciu, Recording Secretary.

Absent: Chuck Packard; Eric Gilbert

Mr. Beckett led the Pledge of Allegiance.

Mr. Delaney stated that the Board of Supervisors has “declared as duly elected” Mr. Eley and Mr. Baldwin to the OCERS Board.

Mr. Delaney mentioned that the most current Investment returns are available to each Board Member as this was a request from the November Investment Committee meeting.

Mr. Delaney presented a thank you plaque to Mr. Beckett thanking him for his years of service on the OCERS Board.

Mr. Becket stated his appreciation to the OCERS Board.

CONSENT AGENDA

All matters on the Consent Agenda are to be approved by one action unless a Board Member or a member of the public requests separate action on a specific item.

Chair Hilton pulled items C-4 for discussion.

Mr. Prevatt pulled item C-8, recommendation #1 to be sent back to the Governance Committee for further discussion.

Following discussion, a **motion** was made by Mr. Lindholm, **seconded** by Mr. Flanigan to move the remainder item C-8 as well as the remainder of the consent calendar. The motion carried **unanimously** with the voting was as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Flanigan			Mr. Packard
Mr. Prevatt			Mr. Gilbert
Mr. Beckett			
Mr. Lindholm			
Ms. Freidenrich			
Chair Hilton			
Mr. Ball			

BENEFITS

C-1 MATERIAL DISTRIBUTED

Application Notices	December 19, 2016
Death Notices	December 19, 2016

Recommendation: Receive and file.

ADMINISTRATION

C-2 BOARD MEETINGS AND COMMITTEE MEETINGS

Regular Board Meeting Minutes	November 14, 2016
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Recommendation: Authorize meeting and approve minutes.

C-3 CEO FUTURE AGENDAS AND 2017 OCERS BOARD WORK PLAN

Recommendation: Receive and file.

C-4 SCHEDULED REVIEW OF THREE BOARD POLICIES

Recommendation: Approve changes to Hearing Officer Selection and Retention Policy, Records Retention Policy and Guidelines, and Securities Litigation Policy.

C-5 PUBLIC PENSION COORDINATING COUNCIL (PPCC) STANDARDS AWARD FOR FUNDING AND ADMINISTRATION AWARD

Recommendation: Receive and file.

C-6 OCERS TRUSTEE EDUCATION SUMMARY REPORT

Recommendation: Receive and file.

C-7 VISION AND VALUES UPDATE

Recommendation: Receive and file.

C-8 GOVERNANCE COMMITTEE OUTCOMES FROM DECEMBER 8, 2016 MEETING

Recommendation: The Governance Committee recommends that the Board of Retirement approve: (1) The Staff Retention Program; and (2) Revisions to the OCERS Rules of Parliamentary Procedure; and the OCERS Trustee Education Policy.

C-9 BOARD COMMUNICATIONS

Recommendation: Receive and file.

******* END OF CONSENT AGENDA *******

INDIVIDUAL ITEMS AGENDA

I-1 INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA

Item C-4:

Mr. Hilton asked what the contract terms were when we select security litigations, and how long until the next RFP?

Mr. Lantzer stated that OCERS doesn't have specific terms, the firms are kept on retainer. OCERS has not had an oportune time to do an RFP and therefore there are no set terms.

Mr. Hilton asked for OCERS to conduct an RFP and asked to send this item to the Governance Committee for further discussion.

A **motion** was made by Mr. Flanigan, **seconded** by Mr. Prevatt to conduct a RFP and send to the Governance Committee for further discussion. The motion carried **unanimously** with the voting was as follows:

AYES

Mr. Flanigan

NAYS

ABSTAIN

ABSENT

Mr. Packard

Mr. Prevatt
Mr. Beckett
Mr. Lindholm
Ms. Freidenrich
Chair Hilton
Mr. Ball

Mr. Gilbert

A **motion** was made by Mr. Prevatt, **seconded** by Mr. Lindholm to move the remainder of item C-4. The motion carried **unanimously** with the voting was as follows:

AYES

Mr. Flanigan
Mr. Prevatt
Mr. Beckett
Mr. Lindholm
Ms. Freidenrich
Chair Hilton
Mr. Ball

NAYS

ABSTAIN

ABSENT

Mr. Packard
Mr. Gilbert

I-2 ELECTION OF BOARD VICE-CHAIR

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation: Elect a new OCERS Board Vice- Chair for calendar year 2017.

Mr. Beckett nominated Mr. Prevatt as the 2017 OCERS Vice-Chair.

Following discussion, a **motion** was made by Mr. Beckett, **seconded** by Mr. Ball to elect Mr. Prevatt as the new OCERS Board Vice-Chair for calendar year 2017. The motion carried **unanimously** with the voting was as follows:

AYES

Mr. Flanigan
Mr. Prevatt
Mr. Beckett
Mr. Lindholm
Ms. Freidenrich
Chair Hilton
Mr. Ball

NAYS

ABSTAIN

ABSENT

Mr. Packard
Mr. Gilbert

Chair Hilton congratulated Mr. Prevatt as the 2017 Vice-Chair.

I-3 ADVANCED DISCUSSION OF MORTALITY ASSUMPTIONS FOR 2017 EXPERIENCE ANALYSIS

Presented by Paul Angelo, Segal Consulting

Recommendation: Receive and file.

Mr. Angelo presented the advanced discussion of mortality assumptions for 2017 experience analysis. He discussed mortality rates and demographic assumptions over the years.

Mr. Hilton stated that he read an article regarding declining mortality rates and asked Mr. Angelo to comment.

Mr. Angelo stated that the article that Mr. Hilton referenced to is a population mortality table and expected mortality rates as it relates to statistics at birth. OCERS looks at life expectancy as it relates to working professionals and people looking into retirement. Therefore the specified article isn't refined to the age bracket that OCERS looks at for the actuarial valuation.

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Lindholm to receive and file the presentation on mortality assumptions. The motion carried **unanimously** with the voting was as follows:

AYES

Mr. Flanigan
Mr. Prevatt
Mr. Beckett
Mr. Lindholm
Ms. Freidenrich
Chair Hilton
Mr. Ball

NAYS

ABSTAIN

ABSENT

Mr. Packard
Mr. Gilbert

The Board recessed for break: 10:10am

The Board reconvened from break: 10:25am

I-4 SPECIAL FUNDING POLICY ISSUES FOR OC SANITATION DISTRICT AND OC PUBLIC LAW LIBRARY

Presented by Paul Angelo, Segal Consulting, and Brenda Shott, Assistant CEO Internal Operations

Recommendation:

1. Approve revised contribution rates for FY17/18 for Law Library and OC Sanitation District
2. Approve book keeping account for Sanitation District's payment of deferred investment losses
3. Recommendation on Rate Group assignments for both Law Library and OC Sanitation District

Ms. Shott presented the special funding policy issues for OC Sanitation District and OC Public Law Library.

Mr. Hilton asked how many people are in the library group.

Ms. Shott stated that there are about 30 total members.

Mr. Angelo discussed book keeping for Sanitation District's payment of deferred investment losses.

Ms. Freidenrich asked if we need a policy set in place for OCERS to be consistent as to how to proceed today as well as in the future.

Mr. Delaney stated that a policy would make sense and Ms. Shott stated that it can be added to the OCERS unfunded policy plan.

Mr. Leiderman said that his recommendation for the Board is to approve a resolution once discussions have been made with the Sanitation District. Therefore, a Board Resolution will eliminate any confusion that may occur in the future.

Mr. Angelo discussed the change in procedure used in the December 31, 2015 valuation for the OC Sanitation District and OC Library.

Mr. Angelo explained the first alternative for OC Library which is a new and separate Rate Group as well as the second alternative for OC Library which is to transfer Library into Rate Group #2.

Mr. Angelo discussed the immediate cost impact of pooling alternatives.

Mr. Hilton asked staff what the public library wants to do.

Ms. Shott stated that a more conservative approach would be OC Library's preference.

Mr. Lindholm stated that he's in favor of the first alternative which is a new and separate Rate Group.

Mr. Eley, member of the public, said that it's more prudent to keep Library pooled as they are a small group verses a large group. He is concerned that the rates will increase.

Segal Consulting's recommendation is to go with a separate standalone – option #1.

Mary Ruth Storer, Director of OC Public Law Library stated that the ability to have the tracking of their additional payment and for seeing the effect of their employees in the PEPRA group would be helpful for them. From her perspective she agrees with Mr. Angelo's recommendation.

Following discussion, a **motion** was made by Mr. Hilton, **seconded** by Mr. Ball to approve Recommendation #1: Approve revised contribution rates for FY17/18 for law Library and OC Sanitation District. The motion carried **unanimously** with the voting was as follows:

AYES

Mr. Flanigan
Mr. Prevatt
Mr. Beckett
Mr. Lindholm
Ms. Freidenrich
Chair Hilton
Mr. Ball

NAYS

ABSTAIN

ABSENT

Mr. Packard
Mr. Gilbert

A **motion** was made by Mr. Prevatt, **seconded** by Mr. Ball to approve Recommendation #2: Approve book keeping account for Sanitation District's payment of deferred investment losses with direction to staff to develop a Memorandum of Understanding with the OC Sanitation District regarding terms on using and crediting interest on funds in the book keeping account and bring it back to the Board for approval through a Resolution. . The motion carried **unanimously** with the voting was as follows:

AYES

Mr. Flanigan
Mr. Prevatt
Mr. Beckett
Mr. Lindholm
Ms. Freidenrich
Chair Hilton
Mr. Ball

NAYS

ABSTAIN

ABSENT

Mr. Packard
Mr. Gilbert

A **motion** was made by Mr. Lindholm, **seconded** by Mr. Ball to approve assigning both OC Public Law Library and OC Sanitation District into their own separate rate groups beginning with the December 31, 2016 actuarial valuation. The motion carried **6-1** with the voting was as follows:

AYES

Mr. Flanigan
Mr. Prevatt
Mr. Beckett
Mr. Lindholm
Ms. Freidenrich
Mr. Ball

NAYS

Chair Hilton

ABSTAIN

ABSENT

Mr. Packard
Mr. Gilbert

Board recessed for lunch: 11:37am

Board reconvened from lunch: 1:01pm

Board adjourned to closed session: 1:06pm

Board reconvened from closed session: 1:54pm

Board recessed for break: 1:54pm

Board reconvened from break: 2:00

I-5 MEMBER SELF SERVICE PORTAL SECURITY ENHANCEMENTS

Presented by Brenda Shott, Assistant CEO Internal Operations, and Jenny Sadoski, IT Director

Recommendation: Authorize staff to execute a Change Order to the Vitech contract for development, testing and implementation of design changes to the Member Self Service portal that will enhance the security features of the portal for a cost not to exceed \$175,000.

Ms. Shott provided background information on V3 and MyOCERS Portal systems. She also presented the member self-service portal security enhancements and changes that OCERS is requesting.

Mr. Hilton asked to describe how older members who do not want to use the computer will be handled and how they would be impacted with online features.

Ms. Shott stated that if a member does not want an online account, OCERS has the ability to lock down the ability for an account to be created for them.

Mr. Prevatt stated that change orders will happen and is part of doing business and this was expected.

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Flanigan to authorize staff to execute a Change Order to the Vitech contract for development, testing and implementation of design changes to the Member Self Service portal that will enhance the security features of the portal for a cost not to exceed \$175,000. The motion carried **unanimously** with the voting was as follows:

AYES

Mr. Flanigan
Mr. Prevatt
Mr. Beckett
Mr. Lindholm
Chair Hilton
Mr. Ball

NAYS

ABSTAIN

ABSENT

Mr. Packard
Mr. Gilbert
Ms. Freidenrich

I-6 ANNUAL PERFORMANCE REVIEW AND CEO COMPENSATION

Presented by OCERS Board Chair, Roger Hilton

Recommendation: Take appropriate action.

Ms. Hockless gave an overview of compensation for regular staff last year and what was approved for merit increases for 2016. She stated that Mr. Delaney received no increase in salary or any lump sum merit award last year.

Mr. Flanigan stated that he's very happy with Mr. Delaney's performance and stated that a 5% increase should be applied to his compensation. Mr. Flanigan made a motion but the motion died for lack of a second.

Mr. Delaney said that his preference is to not receive any raise in salary for yet another year.

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Ball to authorize the increase of a 3% base building raise as the CEO's compensation rate. The motion carried **6-1** with the voting was as follows:

AYES

Mr. Prevatt
Mr. Beckett
Mr. Lindholm
Chair Hilton
Mr. Ball
Ms. Freidenrich

NAYS

Mr. Flanigan

ABSTAIN

ABSENT

Mr. Packard
Mr. Gilbert

I-7 2017 OCERS BOARD MEETING CALENDAR

Presentation by Steve Delaney, Chief Executive Officer

Recommendation: Approve the 2017 OCERS Board, Investment Committee and Manager Monitoring Subcommittee meeting schedules.

Mr. Delaney stated that there are some changes for the 2017 Board meeting calendar for consideration.

The Board approved the Investment Committee Meetings to be held on Tuesday, March 28th and Monday, April 24th.

The Board approved the Regular Board Meetings to be held on Monday, August 21st and Tuesday, February 7th.

The Board approved the Macro-Economic Outlook Forum to be held on Thursday, February 9th.

Following discussion, a **motion** was made by Mr. Ball, **seconded** by Mr. Prevatt to approve the 2017 OCERS Board, Investment Committee and Manager Monitoring Subcommittee meeting schedules. The motion carried **unanimously** with the voting was as follows:

AYES

Mr. Flanigan
Mr. Prevatt
Mr. Beckett
Mr. Lindholm
Chair Hilton
Mr. Ball
Ms. Freidenrich

NAYS

ABSTAIN

ABSENT

Mr. Packard
Mr. Gilbert

The Board adjourned to close session: 2:31pm

The Board reconvened from closed session: 3:12pm

The Board broke for break: 3:12pm

The Board reconvened from break: 3:15pm

******* END OF INDIVIDUAL ITEMS AGENDA *******

DISABILITY APPLICATIONS/MEMBER APPEALS AGENDA

1:00 P.M.

NOTE: WHEN CONSIDERING DISABILITY RETIREMENT APPLICATIONS, THE BOARD MAY FIND IT NECESSARY TO DISCUSS MATTERS RELATING TO THE EVALUATION OF THE WORK PERFORMANCE OF AN EMPLOYEE WHO HAS APPLIED FOR DISABILITY RETIREMENT, OR DISCUSS COMPLAINTS OR CHARGES MADE AGAINST SUCH EMPLOYEE. IF THIS OCCURS, THE BOARD MAY ADJOURN TO A CLOSED SESSION TO DISCUSS SUCH MATTERS PURSUANT TO GOVERNMENT CODE SECTION 54957, UNLESS THE EMPLOYEE REQUESTS THAT THE DISCUSSION BE IN PUBLIC.

Megan Cortez, Disability Coordinator, presented D-1 to the Board along with the staff recommendation.

D-1: Thang Cao

Coach Operator, Orange County Transportation Authority
Date of employee filed application for service and non-service connected disability retirement:
08/05/2015

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF AUGUST 5, 2015. (GENERAL MEMBER) (D-1)

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Flanigan to grant service connected disability retirement with an effective date of August 5, 2015. The **motion carried 7-0** with voting as follows:

AYES

Mr. Prevatt
Mr. Beckett
Mr. Lindholm
Ms. Freidenrich
Chair Hilton
Mr. Flanigan
Mr. Ball

NAYS

ABSTAIN

ABSENT

Mr. Gilbert
Mr. Packard

Megan Cortez, Disability Coordinator, presented D-2 to the Board along with the staff recommendation.

D-2: Mark Hewlett

Deputy Sheriff I, Orange County Sheriff's Department
Date of employer filed application for service and non-service connected disability retirement:
04/13/2015
Date of employee filed application for service and non-service connected disability retirement:
09/23/2015

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF DECEMBER 25, 2015. (SAFETY MEMBER) (D-2)

Following discussion, a **motion** was made by Mr. Flanigan, **seconded** by Mr. Hilton to grant service connected disability retirement with an effective date of December 25, 2015. The **motion carried 7-0** with voting as follows:

AYES

Mr. Prevatt
Mr. Beckett
Mr. Lindholm

NAYS

ABSTAIN

ABSENT

Mr. Gilbert
Mr. Packard

Ms. Freidenrich
Chair Hilton
Mr. Flanigan
Mr. Ball

Megan Cortez, Disability Coordinator, presented D-3 to the Board along with the staff recommendation.

D-3: Ronald Llanos

Agricultural Weights and Measures Inspector, Orange County Public Works

Date of employee filed application for service and non-service connected disability retirement:
03/02/2015

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF JULY 24, 2015. (GENERAL MEMBER) (D-3)

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Beckett to grant service connected disability retirement with an effective date of July 24, 2015. The **motion carried 7-0** with voting as follows:

AYES

Mr. Prevatt
Mr. Beckett
Mr. Lindholm
Ms. Freidenrich
Chair Hilton
Mr. Flanigan
Mr. Ball

NAYS

ABSTAIN

ABSENT

Mr. Gilbert
Mr. Packard

Megan Cortez, Disability Coordinator, presented D-4 to the Board along with the staff recommendation.

D-4: Kim Burnett

Information Technologist II, Orange County Assessor's Office

Date of employee filed application for service connected disability retirement: 04/02/2015

STAFF RECOMMENDATION IS TO DENY SERVICE CONNECTED DISABILITY RETIREMENT DUE TO INSUFFICIENT EVIDENCE OF JOB CAUSATION. (GENERAL MEMBER) (D-4)

Following discussion, a **motion** was made by Mr. Flanigan, **seconded** by Mr. Lindholm to deny service connected disability retirement due to insufficient evidence of job causation. The **motion carried 7-0** with voting as follows:

AYES

Mr. Prevatt
Mr. Beckett
Mr. Lindholm
Ms. Freidenrich
Chair Hilton
Mr. Flanigan
Mr. Ball

NAYS

ABSTAIN

ABSENT

Mr. Gilbert
Mr. Packard

Megan Cortez, Disability Coordinator, presented D-5 to the Board along with the staff recommendation.

D-5: Rowena Darwin-Varab

Senior Office Supervisor, Orange County Probation Department

Date of employee filed application for service and non-service connected disability retirement:
10/29/2014

STAFF RECOMMENDATION IS TO DENY SERVICE CONNECTED DISABILITY RETIREMENT DUE TO INSUFFICIENT EVIDENCE OF PERMANENT INCAPACITY. (GENERAL MEMBER) (D-5)

Following discussion, a **motion** was made by Mr. Lindholm, **seconded** by Mr. Flanigan to deny service connected disability retirement due to insufficient evidence of permanent incapacity. The **motion carried 7-0** with voting as follows:

AYES

Mr. Prevatt
Mr. Beckett
Mr. Lindholm
Ms. Freidenrich
Chair Hilton
Mr. Flanigan
Mr. Ball

NAYS

ABSTAIN

ABSENT

Mr. Gilbert
Mr. Packard

D-6: Item D-6 was PULLED from the agenda.

D-7: Mary Helen Reynoso

Data Entry Technician, Orange County Sheriffs Department

Date of employer filed application for service and non-service connected disability retirement:
03/23/2015

STAFF RECOMMENDATION IS TO DENY SERVICE AND NON-SERVICE CONNECTED DISABILITY RETIREMENT WITHOUT PREJUDICE DUE TO THE MEMBER'S FAILURE TO COOPERATE. (GENERAL MEMBER) (D-7)

Following discussion, a **motion** was made by Mr. Beckett, **seconded** by Mr. Prevatt to deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate. The **motion carried 7-0** with voting as follows:

AYES

Mr. Prevatt
Mr. Beckett
Mr. Lindholm
Ms. Freidenrich
Chair Hilton
Mr. Flanigan
Mr. Ball

NAYS

ABSTAIN

ABSENT

Mr. Gilbert
Mr. Packard

D-8: Item D-8 was PULLED from the agenda.

D-9: Item D-9 was PULLED from the agenda.

D-10: Item D-10 was PULLED from the agenda.

D-11: Michael Chester

STAFF RECOMMENDATION IS TO ADOPT THE RECOMMENDATION OF THE HEARING OFFICER AND COMMENCE RECOUPMENT OF OVERPAYMENTS TO THE MEMBER IN THE AMOUNT OF \$11,512.63 BASED UPON CERL AND IRS RULES AND THROUGH A REDUCTION IN THE MEMBER'S FUTURE RETIREMENT ALLOWANCE PAYMENTS.(GENERAL MEMBER) (D-11)

Following discussion, a motion was made by Mr. Prevatt, seconded by Mr. Flanigan to adopt the recommendation of the hearing officer and commence recoupment of overpayments to the member in the amount of \$11,512.63 based upon CERL and IRS rules through a reduction in the member's future retirement allowance payments. The motion carried 7-0 with voting as follows:

AYES

Mr. Prevatt
Mr. Beckett
Mr. Lindholm
Ms. Freidenrich
Chair Hilton
Mr. Flanigan
Mr. Ball

NAYS

ABSTAIN

ABSENT

Mr. Gilbert
Mr. Packard

CLOSED SESSION ITEMS

E-1 **CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED (GOVERNMENT CODE SECTION 54956.9(d)(1)) O.C. Department of Education v. OCERS, CA Superior Court, Orange County, (Case No. 30-2016-00836897)**
Adjourn pursuant to Government Code Section 54956.9(d)(1).

Recommendation: Take appropriate action.

Mr. Lindholm recused himself from this item.

No reportable action taken.

E-2 **PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957**

Position to be evaluated: Chief Executive Officer

Recommendation: Take appropriate action.

No reportable action taken.

**E-3 CONFERENCE REGARDING SIGNIFICANT EXPOSURE TO LITIGATION (ONE MATTER)
(GOVERNMENT CODE SECTION 54956.9)**

Adjourn pursuant to Government Code Section 54956.9(d)(2)

Recommendation: Take appropriate action.

No reportable action taken.

PUBLIC COMMENTS: At this time members of the public may address the Board of Retirement regarding any items within the subject matter jurisdiction of the Board, provided that no action may be taken on non-agendized items unless authorized by law.

N/A

BOARD MEMBER COMMENTS

Mr. Hilton thanked staff and the Board for all their hard work.

Mr. Flanigan thanked staff and Board for everything as December's meeting might be his last meeting.

Mr. Prevatt stated that this has been a great year and he would like to express to the CEO his gratitude for all he has done as well as staff.

Mr. Hilton thanked Mr. Lantzer for all his work.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

Mr. Delaney thanked all the Board Members for a great year.

COUNSEL COMMENTS

N/A

ADJOURNMENT: (IN MEMORY OF THE ACTIVE MEMBERS, RETIRED MEMBERS, AND SURVIVING SPOUSES WHO PASSED AWAY THIS PAST MONTH)

Active Members:

N/A

Retired Members:

Adelsperger, Richard
Atkins, Sharon
Brown, David
Collins, Barbara
Cooper, Marian
Fischer, Meri

Garcia, Virginia
Grab, Edith
Hennessey, Joseph
Johnstone, Emma
Layton, Joel
Ledesma, Mary
Lewis, Harold
Marcario, Anita
Mathis, Billy
Mc Cormack, Maureen
Mc Donald, Malcolm
Moore, Lori
Pope, Mary
Proffitt, Janet
Rabago, Eddie
Schuckmell, Natalie
Shearin, Oscar
Shields, Phillip
Wortman, Buna

Surviving Spouse:

Batson, Tolbert
Bricken, Williams
Clark, Beverly
Cycon, Adelaide
Kinoshita, Susan
Morgan, Dodson
Roberts, Bettie
Sholtz, Ricky Lee
Strebel, Virginia

There being no further business to bring before the Board, the meeting adjourned at 3:50 p.m.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Board

Roger Hilton
Chairman

C-3



Memorandum

DATE: January 5, 2017
TO: Members of the Board of Retirement
FROM: David James, CPA, Director of Internal Audit
SUBJECT: RECOMMENDATIONS FROM THE AUDIT COMMITTEE MEETING ON DECEMBER 15, 2016

Recommendation

Approve the Audit Committee recommendations for Items A, B, C, and D as recommended by the Audit Committee on December 15, 2016.

Background/Discussion

ITEM A: AUDIT OF OCERS' BANK WIRE AND ACH TRANSFER PROCESS

Director of Internal Audit, David James, presented a report of an audit of OCERS' procedures for sending wire transfers and ACH transfers from the Wells Fargo operating bank account and the State Street investment custodian bank. Internal Audit found that OCERS has adequate controls over both manual and automated procedures required for sending a wire or an ACH transfer. However, Internal Audit recommended improvements to the OCERS' staff review over State Street wire transfers related to the funding of new investment managers and investment portfolio rebalancing. The report recommended State Street should verify wire transfer requests under \$100,000 with OCERS' personnel before executing the wire. The report recommended Finance should perform more timely monthly Wells Fargo bank reconciliations. Finally, the report recommended the monthly payroll file uploaded to Wells Fargo's secured website should be encrypted for additional data security.

Recommendation: The Committee voted to receive and file the report Audit of OCERS' Bank Wire and ACH Transfer Process.

ITEM B: AUDIT OF OCERS' SERVICE CREDIT PURCHASE PROCESS

The Director of Internal Audit presented a report of an audit of OCERS' procedures for processing service credit purchases requested by members. Internal Audit tested a sample of service buybacks and noted no exceptions with cost calculations and supporting documentation located in V3. The report noted that management has recently added more staff to reduce a backlog of service buyback requests; however, the report recommended that management should consider the costs versus benefits of implementing work-in-process reporting over service buybacks to aid in the management of the process, track compliance with business goals, and ultimately improve customer service response times to its members. The report recommended that management should also consider the costs versus benefits of making improvements to V3's service credit purchase module in order to reduce excessive data entry currently required by V3 for excluded service buybacks.

Recommendation: The Committee voted to receive and file the report Audit of OCERS' Service Credit Purchase Process.

Memorandum

ITEM C: UPDATE ON STATUS OF INTERNAL AUDIT PROJECTS

The Director of Internal Audit presented the status of current audit projects. In progress audit projects discussed included the V3 data conversion audit, reciprocity claims audit, San Juan Capistrano payroll transmittals audit, the annual risk assessment and 2017 Audit Plan, and the plan sponsor review update.

The investments processes audit was approved by the Audit Committee Chair in December 2016 and added to the Audit Plan. The Committee directed Internal Audit staff to review changes to the CIO Charter as part of the audit.

Also discussed was the OCFA payroll transmittals audit, which has been delayed at the request of OCFA management until 2017. The Committee directed Internal Audit to contact OCFA management to determine when the audit can be completed.

Recommendation: The Committee voted to receive and file the Update on Status of Internal Audit Projects.

ITEM D: POLICY REVIEW FOR OCERS' ETHICS, COMPLIANCE, AND FRAUD HOTLINE

The Director of Internal Audit described the usage of the Ethics, Compliance, and Fraud Hotline in 2016. The Ethics, Compliance, and Fraud Hotline Policy was presented to the Committee with no recommendations for amendments.

The Committee directed staff to emphasize the Fraud Hotline link on the OCERS' website and other OCERS' publications.

Recommendation: The Committee voted to review and approve OCERS' Ethics, Compliance, and Fraud Hotline Policy and Hotline Update.

Submitted by:

ORANGE COUNTY
OCERS D.J. - Approved
EMPLOYEES RETIREMENT SYSTEM

David James, CPA
Director of Internal Audit

C-4



Memorandum

DATE: January 3, 2016
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **CEO FUTURE AGENDAS AND 2017 OCERS BOARD WORK PLAN**

Recommendation

Receive and file.

TENTATIVE AGENDA TOPICS FOR THE OCERS BOARD OF RETIREMENT

FEBRUARY 2017

- State of OCERS Annual Report
- OCERS Plan Sponsors Review
- CEM Report
- 2017 Star COLA Posting
- 2017 Cost of Living Adjustment
- 2017 OCERS Annual Disclosure Report
- Board Self Review

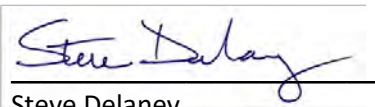
MARCH 2017

- 2017 Star COLA Final Approval
- GFOA Awards
- 2017-19 Strategic Plan – Quarterly Review

APRIL 2017

- Annual Brown Act Training
- Conflict of Interest Training
- Form 700 and OCERS Annual Disclosure Due
- Member Services Annual Report

Submitted by:

A handwritten signature in blue ink that reads "Steve Delaney". The signature is written in a cursive style and is positioned above a horizontal line.

Steve Delaney
Chief Executive Officer

OCERS RETIREMENT BOARD - 2017 Work Plan

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep (Offsite)	Oct	Nov	Dec
System Oversight		STAR COLA Posting (I)	Approve 2017 STAR COLA (A)		Review Budget to Actuals Financial Report (I)	Mid-Year Review of 2017 Business Plan Progress (I)	Approve Early Payment Rates for Fiscal Year 2017-18 (A)	Review Budget to Actuals Financial Report (I)	Strategic Planning Workshop (I)	Overview of 2017 Administrative Budget and Investment (Workshop) (I)	Review Budget to Actuals Financial Report (I)	CEO Compensation (A)
		Approve 2017 COLA (A)	Quarterly 2016-2018 Strategic Plan Review (A)		Receive Preliminary December 31, 2016 Actuarial Valuation & Funded Status of OCERS (A)	Approve December 31, 2016 Actuarial Valuation & Funded Status of OCERS (A)	Actuarial Experience Study (A)	Receive OCERS by the Numbers (I)		Approve 2017-2019 Strategic Plan (A)	Approve 2018 Administrative (Operating) Budget (A)	
			Review 2017 Administrative (Operating) Budget (A)			Approve 2016 CAFR (A)		Receive Evolution of the UAAL (I)		Approve 2017 Business Plan (A)	Annual CEO Performance Review (A)	
						Quarterly 2016-2018 Strategic Plan Review (A)		Quarterly CEO Performance Review (A)				
						Approve Financial Statements (A)						
Board Governance	Board Self-Review Process 2017 (I)	Board Self-Review Delivered (A)		Brown Act Training (I)							Adopt 2017 Board Meeting Calendar (A)	Adopt Annual Work Plan for 2017 (A)
				Conflict of Interest Training (I)								Vice-Chair Election (A)
												Appointment of Committee Members & Committee Chairs / Vice Chairs (A)
Regulation / Policies			Quarterly CEO Performance Review (I)			Quarterly CEO Performance Review (I)	Membership Policy (A)	Review Staff Retention Program (I)		Membership Policy (A)		
Compliance		State of OCERS (A)		Form 700 and OCERS Annual Disclosure Due (A)		Receive Financial Audit (I)					Overview of 2017 Training Courses (I)	

(A) = Action (I) = Information

C-5

Memorandum

DATE: January 5, 2017
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: 2016 OCERS YEAR IN REVIEW: COMMUNICATION PLAN

Recommendation

Approve the 2016 Year in Review Communication Plan.

Background/Discussion

Since 2009 OCERS has crafted a strong outreach communication plan at the start of each year, with the goal of ensuring our members and stakeholders are all equally informed of the successes and challenges faced by this system.

We originally began this process by meeting with each of the County Supervisors on an individual basis. The OCERS team for those meetings has been the OCERS Board Chair, Vice-Chair and me. In 2009 the Great Recession was at its worst, and our goal was to assure our primary stakeholders that the OCERS Board of Retirement was actively involved in tackling the challenges facing the system.

The meetings were well received, and the OCERS Board approved expanding the outreach in 2010 to include each plan sponsor, major labor group, as well as the Retired Employees Association of Orange County (REAOC). In the ongoing debate over public pension benefits, ensuring a well-educated audience is one of the best methods for quelling rumors and replacing them with facts in order to better guide policy makers.

I propose the same process in 2017:

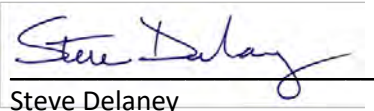
1. Individual meetings of the OCERS Chair, Vice-Chair and CEO with each of the County Supervisors and their support staff.
2. Individual meetings of a team of OCERS Executive Staff (Ms. Jenike, Ms. Shott and me) with the executive staff of each OCERS plan sponsor, as well as with the executive staff of each of our primary labor groups.
3. A presentation for our active members.
4. A presentation at a quarterly REAOC luncheon.

The different stakeholder groups may not necessarily share interest in the same issues or concerns, so I have attached an outline of those topics or accomplishments I believe were of greatest importance in 2016, and have indicated which groups I plan on providing with a more detailed discussion of any given topic.

If there are any other topics you the Trustees feel it is important to share in these meetings, please let me know and I can work with the Chair of the Board to determine how and when to include any additional information.

This is a fairly large undertaking, but one I believe well worth the effort. Scheduling conflicts will undoubtedly arise, but I would anticipate the bulk of the outreach to be accomplished in the February through May time frame.

Submitted by:

A handwritten signature in blue ink that reads "Steve Delaney". The signature is written in a cursive style and is positioned above a horizontal line.

Steve Delaney
Chief Executive Officer

Attached – Matrix of 2016 discussion topics.



2016 OCERS Year in Review

TOPIC	ITEM #	MEMBERS	RETIREES	SUPERVISORS	STAKEHOLDERS	LEGISLATORS
2016 OCERS Fund Earnings	1	X	X	X	X	X
R V Kuhns Comparison Report	2	X	X	X	X	X
Twenty Year Contribution Rate Projections	3			X	X	X
The Triennial Assumption Setting Process	4	X		X	X	X
System Data Security	5	X	X	X	X	X
Extra Help and OCERS Membership	6	X			X	
2016 Audits and Outcomes: *Service Credit Purchases *Death Match Process *Wire Transfer of Fund	7	X	X		X	
OCERS Board Membership Overview	8	X	X	X	X	X
What do you want to learn about OCERS in 2017?	9	X	X	X	X	X

“We provide secure retirement and disability benefits with the highest standards of excellence.”

C-6

Memorandum

DATE: January 17, 2017
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, Chief Legal Officer
SUBJECT: BOARD COMMUNICATIONS POLICY FACT SHEET

Recommendation

Receive and file.

Background/Discussion

The OCERS Monitoring and Reporting Policy requires that a copy of the Board of Retirement Communications Policy Fact Sheet be provided to the Board members annually. The Fact Sheet summarizes the contents of the OCERS Communications Policy and is intended to provide Board members with a quick reference guide.

The objectives of the OCERS Communication Policy are to encourage and facilitate open, accurate, timely and effective communications among all relevant parties, and to mitigate the risks to OCERS, the Board and the Board members that may arise in connection with communications. The policy was last revised in March 2015.

A copy of the OCERS Communication Policy and the Communications Policy Fact Sheet are attached.

Submitted by:



Gina M. Ratto
Chief Legal Officer

Background

1. The Board of Retirement recognizes that effective communication is integral to good governance. In order to achieve the mission and objectives of OCERS, the Board must establish mechanisms for communicating clearly among Board members, and with senior management, plan sponsors, plan members, and external parties. The Board has adopted this Policy to provide the Board as a whole, individual Board members, and staff with guidelines for executing the communications function of the Board.

Policy Objectives

2. To encourage and facilitate open, accurate, timely, and effective communications with all relevant parties.
3. To mitigate risks to OCERS, to the Board, and to Board members that may arise in connection with communications.

Principles and Assumptions

4. Inappropriate or erroneous communications from Board members may represent a significant risk to OCERS, the Board, and individual Board members.
5. A Board member communications policy must balance the need to mitigate that risk with the need for open and efficient communication.

Policy Guidelines

General Guidelines

6. Members of the OCERS Board and staff represent many differing backgrounds and viewpoints. Partisan political communications from persons in positions of authority may create a hostile work environment. Therefore, Board members and staff shall refrain from sending any partisan political communications to a majority of the members of the Board or a majority of the members of a standing committee, or to OCERS staff, contractors, temporary employees, or others working for or providing services to OCERS.
7. Members of the Board and staff shall also refrain from using OCERS equipment for disseminating partisan political communications to anyone, except where specifically authorized for fulfillment of duties of a duly appointed labor representative.
8. OCERS Board and staff shall also refrain from engaging in any communications that may be considered offensive, profane, vulgar, or based on any protected class under Federal law or laws in the State of California, regardless of the motivation for such communications.
9. Electronic mail allows for near instantaneous communications between individuals and / or groups of people. The prevalence of electronic communications also brings challenges in managing communications and potential infringement of the *Ralph M. Brown Act* (Gov. Code §§ 54950-

OCERS Board Policy **Communications Policy**

54962) (the “Brown Act”). As such, the OCERS Board has adopted the following guidelines for use and management of electronic mail by Board members:

- a. Electronic mail pertaining to OCERS business shall be treated as a business record of OCERS subject to the OCERS Records Retention and Guidelines Policy.
- b. Electronic mail between Board members must not violate any provision of the Brown Act.
- c. Communications that a Board member wishes to disseminate to a majority of the members of the Board or a majority of the members of a standing committee shall be submitted to the CEO or his or her designee only. The CEO or his or her designee will then, in his or her discretion, forward said communications to the full Board via a special email. Regardless of whether or not provided via a special email, unless the content of the message is inconsistent with OCERS’ policies or applicable law (e.g., violates paragraph 8 above of this policy), it will be distributed publicly to the entire Board as a communications item posted with the public agenda for the next regular Board meeting. This paragraph in no way authorizes serial communications or communications by or between a majority of the members of the Board or a standing committee of the Board that would violate the Brown Act.
- d. Electronic mail communications from OCERS staff to Board members may be sent to a personal email account designated by individual Board members. OCERS staff shall retain a copy of the email communication according to the Records Retention and Guidelines Policy.
- e. For records retention and public records law purposes, when sending electronic mail communications pertaining to OCERS business to OCERS staff or other Board members, Board members shall send to or from, or copy the electronic mail message to, an OCERS email address so that OCERS can maintain a record of the electronic mail communication. This paragraph in no way authorizes serial communications or communications by or between a majority of the members of the Board or a standing committee of the Board that would violate the Brown Act.

Communications Among Board Members

10. The Board shall carry out its activities in accordance with the spirit of open governance, including the provisions of the Brown Act, which include, but are not limited to:

- a. Ensuring that communications by and between Board members comply with the Brown Act (section 54952.2 of the Brown Act);
- b. Properly noticing and posting an agenda for Board and Committee meetings (section 54954.2 of the Brown Act);
- c. Allowing proper public comment on agenda items before or during consideration by the Board (Section 54954.3 of the Brown Act);
- d. Properly describing all items to be considered in closed session in the notice or agenda for the meeting (Section 54954.5 of the Brown Act);
- e. Not conducting or participating in a series of communications one at a time or in a group that in total constitutes a quorum of the Board or Committee either directly or through intermediaries or electronic devices, for the purpose of developing a concurrence as to

OCERS Board Policy **Communications Policy**

- action to be taken (a serial or secret meeting prohibited by Section 54953 of the Brown Act);
- f. Not taking any action, whether preliminary or final, by secret ballot (Section 54953(c) of the Brown Act); and
 - g. Ensuring Board and committee meeting agenda materials are properly made available to members of the public, upon request and without delay (Section 54957.5 of the Brown Act).
11. Internal or external counsel for OCERS shall provide Brown Act training/education annually to members of the Board.
12. A member of the Board shall disclose information in his or her possession pertinent to the affairs of OCERS to the entire Board in a timely manner.
13. During meetings of the Board and its committees, Board members shall communicate in a straightforward, constructive manner with due respect and professionalism.

Board Member Communications with Plan Members and Plan Sponsors

14. Members of the Board shall mitigate the risk of miscommunication with plan sponsors, active and deferred plan members, and retirees, and potential liability through adverse reliance by third parties by avoiding giving explicit advice, counsel, or education with respect to the technicalities of the plan provisions, policies, or processes.
15. Where explicit advice, counsel, or education with respect to the technicalities of the plan provisions, policies, or process is needed, Board members will refer inquiries to the Chief Executive Officer or appropriate designee. The Chief Executive Officer or such designee will inform the Board Member when and how the matter was resolved.
16. Board members shall not disclose confidential communications received orally or in writing in closed session meetings of the Board of Retirement or a Board Committee or received orally or in writing from internal or external legal counsel and identified as confidential.

Board Member Communications with OCERS Management

17. a. Board members who seek information solely in order to respond to inquiries from members about OCERS' policies and practices may direct their inquiries to the CEO or, with notice to the CEO, to the appropriate Assistant CEO or department head, who shall in turn direct subordinate staff as appropriate.
- b. All other Board member requests for information shall be directed to the CEO, who shall in turn direct staff as appropriate.
- c. All Board member expressions of concern and ideas about OCERS' policies, administration, contracting, investments, benefits, media relations and public policy issues shall be directed solely to the CEO. Under no circumstances shall Board members directly communicate about any such matters with any staff subordinate to the CEO outside of a duly noticed Board or committee meeting, without the CEO's prior express permission. If exigent circumstances arise

OCERS Board Policy **Communications Policy**

during the CEO's absence, such matters may be directed to the CEO's designee, who shall act in lieu of the CEO.

18. a. The CEO may decline to accept Board member requests for information that require the expenditure of significant staff time or external resources, provided that the CEO then places the matter on the next subsequent Board or committee agenda, as appropriate, for consideration and direction by the full Board or committee.
- b. The Board and individual Board members shall not retaliate against either the CEO or any of OCERS' staff for acting consistently with this Policy. Board member conduct inconsistent with this Policy may be deemed by the Board to constitute a breach of fiduciary duty, and may subject the Board member to public censure or reprimand, loss of committee membership or other privileges of office, and/or other appropriate action by the Board.
19. The CEO shall ensure that all information requested by one or more Board members is made available to the entire Board.
20. Board members shall share any information in their possession pertinent to the affairs of OCERS with the CEO in a timely manner. Similarly, the CEO shall ensure that all relevant and pertinent information is disclosed to all of the Board members in a timely manner.

Board Member Communications with External Parties

21. In general, in communicating with external parties, the following guidelines will apply:

The purpose of any communications by members of the Board shall be consistent with their sole and exclusive fiduciary duty to represent the interests of all plan members;

Board members and OCERS management are expected to respect the decisions and policies of the Board in external communications even if they may have opposed them or disagreed with them during Board deliberations;

Board members shall not disclose confidential communications received orally or in writing in closed session meetings of the Board of Retirement or a Board Committee or received orally or in writing from internal or external legal counsel and identified as confidential;

Individual Board members shall not speak for the Board as a whole unless authorized by the Board to do so; and

In external communications, Board members are expected to disclose when they are not representing an approved position of the Board of Retirement or are not speaking in their Board of Retirement capacity.

22. Subject to section 21 above, in situations that call for a spokesperson from the Board, the Chair or his or her designee shall act as spokesperson for the Board. The spokesperson generally should request that reporters put questions in writing.
23. When interviewed, or otherwise approached by the media for information concerning the affairs of OCERS, members of the Board shall refrain from making any unilateral commitments on behalf of the Board or OCERS.

OCERS Board Policy **Communications Policy**

24. To help ensure the accuracy of any oral and/or written material created for the purpose of publication or presentation by members of the Board, in their capacity as such, and to ensure that neither OCERS, the Board, or such member of the Board is placed at risk thereby, all such material shall be peer reviewed by the CEO or legal counsel prior to being submitted for publication or presentation.

Policy Review

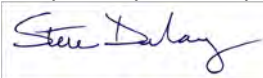
25. The Board shall review this policy at least every 3 years to ensure that it remains relevant and appropriate.

Policy History

26. This policy was adopted by the Board of Retirement on November 18, 2002.
27. The policy was revised on April 16, 2007, March 24, 2008, May 17, 2011, March 17, 2014, January 20, 2015, and March 16, 2015.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.



3/16/15

Steve Delaney
Secretary of the Board

Date

COMMUNICATIONS POLICY FACT SHEET

COMMUNICATIONS AMONG BOARD MEMBERS

- ◆ Carry out all activities in the spirit of open governance and in compliance with the Brown Act.
- ◆ Disclose pertinent information to the entire Board and CEO in a timely manner.
- ◆ Communicate in a straightforward, constructive and professional manner.

COMMUNICATIONS WITH OCERS MANAGEMENT

- ◆ Direct concerns or questions about OCERS to the CEO or senior management staff.
- ◆ Direct requests for information to the CEO and limit those requiring expenditure of staff time or resources to those consistent with the Board's roles and responsibilities.
- ◆ All information requested by Board members shall be made available to the entire Board.

COMMUNICATIONS WITH EXTERNAL PARTIES

- ◆ Communications shall be consistent with the fiduciary duty to represent the interests of plan members.
- ◆ Board decisions shall be respected despite personal agreement or disagreement.
- ◆ Board members shall not disclose confidential communications.
- ◆ Board members shall not speak for the entire Board unless authorized to do so.
- ◆ Board members shall disclose when not representing an approved Board position or when not speaking in their Board capacity.
- ◆ The Chair and CEO shall jointly designate a spokesperson on an issue by issue basis.
- ◆ No Board member shall make unilateral commitments to the press to provide information on behalf of the Board or OCERS.
- ◆ Written material created for publication or presentation by a Board member, in his or her capacity as such, shall be peer reviewed by the CEO or internal legal counsel prior to submission or presentation.

C-7

Memorandum

DATE: January 6, 2017
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: BOARD PERFORMANCE SELF REVIEW

Recommendation

Receive and file.

Background/Discussion

The Board Performance Review policy calls for the OCERS Board of Retirement to annually perform a self-review with this stated objective:

“The objectives of this policy are to provide a process whereby the Board of Retirement may engage in self-review and discussion for the purposes of continuously improving its own effectiveness as a fiduciary body.”

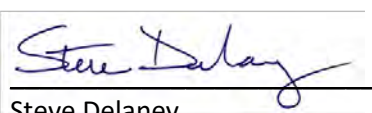
The Board receives a self-review questionnaire in January (attached) and considers the results in February.

“In preparation for the review, in January of each year, the Chair will ensure that the Board Performance Review Questionnaire is distributed to each Board member. Board members will complete the questionnaire and return it to either the Chair or to a designated third party within the time frame specified by the Chair.”

“The Board review will be placed on the agenda for the February Board meeting. The Chair will distribute to Board members both comments and observations from the completed surveys to facilitate discussion at the meeting.”

Please return your completed questionnaire to Chair Ball by January 31, 2017 with a courtesy copy to Vice-Chair Prevatt. If you require extra space to complete your answers, please feel free to attach additional pages. The results will be summarized by the Chair at the February 7, 2017 meeting of the OCERS Board of Retirement.

Submitted by:


Steve Delaney
Chief Executive Officer

Board Performance Review Questionnaire

1. What does the Board do well?

2. What does the Board not do well?

3. How might Board meeting time be better managed?

Other suggestions or comments that might lead to improved performance by the Board.

4. Audit and Governance Committee Chairs: Please (a) provide a recap of your committee's activities during the year and (b) comment on your committee's effectiveness.

C-8

Memorandum

DATE: January 10, 2017
TO: Members of the Board of Retirement
FROM: Suzanne Jenike, Assistant CEO, External Operations
SUBJECT: **2016 DISABILITY RETIREMENT STATISTICS REPORT**

Recommendation

Receive and file.

Background/Discussion

At the start of each year I provide the Board with disability retirement statistics covering the prior calendar year. The information contained in this item shows the number of disability retirement applications received in calendar year 2016, as well as the number of applications presented to the Board in 2016.

At the close of 2016 OCERS had received a total of 84 new applications for the year and staff presented a total of 75 cases to the Board for a decision. The current processing time is approximately nine to 12 months from the date the application was filed to the initial Board decision. Due to the processing time many of the cases presented to the Board in 2016 many may have been filed in prior calendar year(s). As a result there may be an overlap in the data regarding the number of applications filed per year compared to the number that were adjudicated.

When preparing disability applications for presentation to the Board staff develops an initial recommendation and presents the Board with the evidence associated to the claim. CERL includes a number of options for disability adjudication and the staff report includes these options so that the Board has all of the information needed to make a determination. On several occasions in 2016 the Board adopted one of the alternative options other than the initial staff recommendation.

- 2 applications were referred directly to a hearing officer for review.
- 5 applications were returned to staff for a second medical evaluation.
- 1 applicant was granted service connected disability (staff recommendation as to deny).

I have also provided several prior years' statistics reports for informational purposes. This data is intended to reflect the actual number of applications processed so that we can gauge the department's resource needs as well as to track our service levels to our members. For the first time this year we have also created a chart showing the trends of the largest volume of cases filed. Staff continues to operate under the philosophy that we are independent information gatherers and every application for disability retirement is processed based on its own merits.



Memorandum

Submitted by:



S. J. – APPROVED

Suzanne Jenike
Assistant CEO, External Operations

2016 Disability Statistics

Total Filed in 2016:		
By Type:	#	%
SCD	36	43%
NSCD	8	10%
BOTH	40	48%
	84	100%
By Employer:		%
Auditor Controller	1	1%
District Attorney	1	1%
Health Care Agency	7	8%
Fire Authority	13	15%
Transportation Authority	13	15%
Public Defender	1	1%
Sanitation	4	5%
Sheriff	21	25%
Social Services Agency	15	18%
Probation	2	2%
Superior Court	1	1%
Community Resources	3	4%
Waste and Recycling	2	2%
	84	100%
By Member Type:		%
General	55	65%
Safety	29	35%
	84	100%

Total Granted in 2016		
By Type / Stage:	#	%
SCD (Initial Board Decision)	48	86%
NSCD (Initial Board Decision)	2	4%
SCD (Hearings)	5	9%
NSCD (Hearings)	1	2%
SCD (Writ)		0%
	56	100%
By Employer:		%
District Attorney	3	5%
Sanitation	1	2%
Fire Authority	7	13%
Health Care Agency	2	4%
Sheriff	19	34%
Public Works	5	9%
Human Resource Services	1	2%
Probation	3	5%
Waste and Recycling	3	5%
Community Resources	1	2%
Social Services Agency	2	4%
Transportation Authority	9	16%
	56	100%
By Member Type:		%
General	29	52%
Safety	27	48%
	56	100%

Total Denied in 2016:		
By Type / Stage:	#	%
SCD/NSCD (Initial Board Decision)	8	42%
SCD (Initial Board Decision)	8	42%
NSCD (Initial Board Decision)	1	5%
SCD (2nd Board Decision)	1	5%
NSCD (2nd Board Decision)	1	5%
	19	100%
By Employer:		%
Assessor	1	5%
Health Care Agency	1	5%
Sheriff	3	16%
Social Services Agency	4	21%
Fire Authority	1	5%
Transportation Authority	2	11%
Community Resources	3	16%
Sanitation	2	11%
Probation	2	11%
	19	100%
By Member Type:		%
General	17	89%
Safety	2	11%
	19	100%

Applications Pending:	
Total pending adjudication:	126
Filed within the past 12 months:	84
Filed over 12 months:	42

Processing time is currently equal to 9-12 months as a result the actual applications adjudicated by the Board in 2016 may have been filed in prior calendar years. The number of granted/denied applications will not necessarily correspond to the number of applications filed in any given year.

2015 Disability Statistics

Total Filed 2015:			
By Type:		#	%
SCD	26	37%	
NSCD	7	10%	
BOTH	37	53%	
	70	100%	
By Employer:		#	%
OC Community Resources	3	4%	
Superior Court	3	4%	
Health Care Agency	6	9%	
OC Fire Authority	9	13%	
OC Public Works	5	7%	
OC Transportation Authority	7	10%	
Probation	3	4%	
Human Resource Services	1	1%	
Sheriff	22	31%	
Social Services Agency	6	9%	
John Wayne Airport	1	1%	
OC Waste and Recycling	4	6%	
	70	100%	
By Member Type:		#	%
General	38	54%	
Safety	32	46%	
	70	100%	

Total Granted 2015			
By Type / Stage:		#	%
SCD (Initial Board Decision)	48	70%	
NSCD (Initial Board Decision)	17	25%	
SCD (Hearings)	4	6%	
NSCD (Hearings)	0	0%	
	69	100%	
By Employer:		#	%
Assessor	1	1%	
Community Resources	1	1%	
District Attorney	1	1%	
OC Fire Authority	16	23%	
Health Care Agency	6	9%	
Probation	6	9%	
Waste and Recycling	1	1%	
Superior Court	3	4%	
Sheriff	18	26%	
Social Services Agency	8	12%	
OC Transportation Authority	8	12%	
	69	100%	
By Member Type:		#	%
General	37	54%	
Safety	32	46%	
	69	100%	

Total Denied 2015:			
By Type / Stage:		#	%
SCD/NSCD (Initial Board Decision)	7	35%	
SCD (Initial Board Decision)	11	55%	
NSCD (Initial Board Decision)	0	0%	
SCD (2nd Board Decision)	1	5%	
NSCD & SCD (2nd Board Decision)	1	5%	
	20	100%	
By Employer:		#	%
Animal Care	1	5%	
Sanitation	1	5%	
OC Transportation Authority	5	25%	
Health Care Agency	0	0%	
District Attorney	0	0%	
Sheriff	4	20%	
Social Services Agency	5	25%	
OC Fire Authority	0	0%	
Superior Court	4	20%	
Probation	0	0%	
Public Guardian	0	0%	
Waste and Recycling	0	0%	
	20	100%	
By Member Type:		#	%
General	17	85%	
Safety	3	15%	
	20	100%	

<u>Disabilities In Process Overview</u>	
Total filings pending Board presentation	125
Pending Filed within the past 12 months	70
Pending Filed over 12 months	55

2014 Disability Statistics

Total Filed 2014:		
By Type:	#	%
SCD	34	40%
NSCD	7	8%
BOTH	43	51%
	84	100%
By Employer:	#	%
OC Community Resources	2	2%
District Attorney	3	4%
Health Care Agency	4	5%
OC Fire Authority	10	12%
OC Public Works	4	5%
OC Transportation Authority	12	14%
Probation	3	4%
Sanitation	1	1%
Sheriff	31	37%
Social Services Agency	12	14%
OC Waste and Recycling	2	2%
	84	100%
By Member Type:	#	%
General	44	52%
Safety	40	48%
	84	100%

Total Granted 2014		
By Type / Stage:	#	%
SCD (Initial Board Decision)	38	56%
NSCD (Initial Board Decision)	19	28%
SCD (Hearings)	8	12%
NSCD (Hearings)	1	1%
SCD (Writ)	2	3%
	68	100%
By Employer:	#	%
Assessor	1	1%
Community Resources	4	6%
District Attorney	4	6%
OC Fire Authority	12	18%
Health Care Agency	2	2%
Probation	4	6%
Public Works	3	4%
Child Support Services	1	1%
Sheriff	19	28%
Social Services Agency	6	9%
OC Transportation Authority	12	27%
	68	100%
By Member Type:	#	%
General	35	51%
Safety	33	49%
	68	100%

Total Denied 2014:		
By Type / Stage:	#	%
SCD/NSCD (Initial Board Decision)	9	35%
SCD (Initial Board Decision)	11	42%
NSCD (Initial Board Decision)	2	8%
SCD (2nd Board Decision)	4	15%
NSCD & SCD (2nd Board Decision)	0	0%
	26	100%
By Employer:	#	%
Auditor/Controller	1	4%
Public Guardian	1	4%
OC Transportation Authority	2	8%
Health Care Agency	3	12%
District Attorney	1	4%
Sheriff	5	19%
Social Services Agency	6	23%
OC Fire Authority	1	4%
Public Works	1	4%
Probation	3	12%
Public Guardian	1	4%
Waste and Recycling	1	4%
	26	100%
By Member Type:	#	%
General	23	88%
Safety	3	12%
	26	100%

Disabilities In Process Overview

Total filings pending Board presentation :109	125
% Pending Filed within the past 12 months	90
% Pending Filed over 12 months	35

2013 Disability Statistics

Total Filed in 2013:		
By Type:	#	%
SCD	22	30%
NSCD	13	18%
BOTH	39	53%
	74	100%
By Employer:	#	%
Assessor	1	1%
Auditor/Controller	2	3%
Child Support Services	1	1%
City of San Juan Capistrano	1	1%
OC Community Resources	2	3%
District Attorney	3	4%
Health Care Agency	1	1%
OC Fire Authority	14	18%
OC Public Works	3	4%
OC Transportation Authority	14	19%
Probation	8	12%
Sanitation	1	1%
Sheriff	16	20%
Social Services Agency	4	5%
Superior Court	2	6%
OC Waste and Recycling	1	1%
	74	100%
By Member Type:	#	%
General	42	57%
Safety	32	43%
	74	100%

Total Granted in 2013:		
By Type / Stage:	#	%
SCD (Initial Board Decision)	31	62%
NSCD (Initial Board Decision)	8	16%
SCD (Hearings)	7	14%
NSCD (Hearings)	2	4%
SCD (Writ)*	2	4%
	50	100%
By Employer:	#	%
City of San Juan Capistrano	1	2%
Clerk Recorder	1	2%
District Attorney	2	4%
OC Fire Authority	9	19%
Health Care Agency	1	2%
Probation	1	2%
Public Works	1	2%
Sanitation	1	2%
Sheriff	15	29%
Social Services Agency	3	7%
OC Transportation Authority	14	27%
UCI	1	2%
	50	100%
By Member Type:	#	%
General	35	70%
Safety	15	30%
	50	100%

Total Denied in 2013:		
By Type / Stage:	#	%
SCD & NSCD (Initial Board Decision)	12	32%
SCD (Initial Board Decision)	12	32%
NSCD (Initial Board Decision)	1	3%
SCD (2nd Board Decision)	3	8%
NSCD & SCD (2nd Board Decision)	5	14%
SCD (Writ)**	4	11%
	37	100%
By Employer:	#	%
OC Fire Authority	2	6%
Public Guardian	1	3%
OC Transportation Authority	5	9%
Health Care Agency	4	12%
District Attorney	3	6%
Sheriff	12	37%
Social Services Agency	4	12%
Library	2	6%
Probation	2	3%
Assessor	1	3%
Sanitation	1	3%
		100%
By Member Type:	#	%
General	26	70%
Safety	11	30%
	37	100%

*One member was granted SCD and the other matter was regarding setting an effective date.

**OCERS prevailed at Superior Court. One member filed a Motion for a New Trial and the other member filed an Appeal.

Disabilities In Process Overview	
Total filings pending Board presentation	109
% Pending Filed within the past 12 months	64%
% Pending Filed over 12 months	36%

2012 Disability Statistics

Total Filed in 2012:			
By Type:		#	%
SCD	32	32	39%
NSCD	7	7	9%
BOTH	43	43	52%
		82	100%
By Employer:		#	%
City of San Juan Capistrano	1	1	1%
District Attorney	3	3	4%
Health Care Agency	3	3	4%
OC Community Resources	3	3	4%
OC Fire Authority	17	17	21%
OC Public Works	4	4	5%
OC Transportation Authority	16	16	20%
Probation	2	2	2%
Public Library	1	1	1%
Sanitation	1	1	1%
Sheriff	19	19	23%
Social Services Agency	10	10	12%
Superior Court	2	2	2%
		82	100%
By Member Type:		#	%
General	57	57	70%
Safety	25	25	30%
		82	100%

Total Granted in 2012:			
By Type / Stage:		#	%
SCD (Initial Board Decision)	27	27	68%
NSCD (Initial Board Decision)	11	11	28%
SCD (Hearings)	1	1	3%
NSCD (Hearings)	0	0	0%
SCD (Writ)*	1	1	3%
		40	100%
By Employer:		#	%
Health Care Agency	1	1	3%
OC Community Resources	1	1	3%
OC District Attorney	1	1	3%
OC Fire Authority	7	7	18%
OC Transportation Authority	12	12	30%
Probation	1	1	3%
Sheriff	14	14	35%
Social Services Agency	2	2	5%
Superior Court	1	1	3%
		40	100%
By Member Type:		#	%
General	21	21	53%
Safety	19	19	48%
		40	100%

Total Denied in 2012:			
By Type / Stage:		#	%
SCD & NSCD (Initial Board Decision)	9	9	30%
SCD (Initial Board Decision)	17	17	57%
NSCD (Initial Board Decision)	1	1	3%
SCD (2nd Board Decision)	1	1	3%
NSCD & SCD (2nd Board Decision)	0	0	0%
SCD (Writ)**	2	2	7%
		30	100%
By Employer:		#	%
Health Care Agency	2	2	7%
OC Fire Authority	4	4	13%
OC Public Work	1	1	3%
OC Transportation Authority	8	8	27%
OC Waste & Recycling	2	2	7%
Probation	2	2	7%
Sheriff	7	7	23%
Social Services Agency	4	4	13%
		30	100%
By Member Type:		#	%
General	20	20	67%
Safety	10	10	33%
		30	100%

*This matter is now at the Court of Appeal.

**OCERS prevailed at Superior Court, however one member filed a Motion for a New Trial which will be heard in March 2013

<u>Disabilities In Process Overview</u>	
Total Filings Pending Board Presentation	97
% Pending Filed within past 12 months	79%
% Pending Filed over 12 months	21%

2011 Disability Statistics

Total Filed in 2011: 62		
By Type:	#	%
SCD	33	53%
NSCD	5	8%
BOTH	24	39%
62		100%
By Employer:	#	%
OC Clerk Recorder	1	2%
OC Fire Authority	11	18%
Auditor Controller	1	2%
OC Community Resources	1	2%
UCI	1	2%
Public Admin/Public Guardian	1	2%
OC Waste & Recycling	2	3%
OC Public Works	1	5%
OC Transportation Authority	7	25%
OC Children & Family Services	1	2%
OC Children & Family Commission	1	2%
Probation	5	6%
DA	1	3%
Sheriff	22	20%
Social Services Agency	5	7%
Superior Court	1	3%
62		100%
By Member Type:	#	%
General	27	44%
Safety	35	56%
62		100%

For Disabilities filed in 2010, 3% have been presented to the Board as of 12/31/10. **For disabilities filed in 2009**, 71% have been presented to the Board as of 12/31/2010. **For disabilities filed in 2008**, 88% have been presented to the Board or otherwise adjudicated as of 12/31/2010 (1 outstanding application and 7 pending hearings from 2007 filings).

Total Granted in 2011: 44		
By Type / Stage:	#	%
SCD (Initial Board Decision)	28	64%
NSCD (Initial Board Decision)	15	34%
NSCD (Hearings)	0	0%
SCD (Hearings)	0	0%
SDC (Writ)	1	2%
44		100%
By Employer:	#	%
Child Support Services	1	2%
District Attorney	1	2%
OC Fire Authority	7	16%
OC Children & Family Commission	1	2%
Health Care Agency	3	7%
OC Community Resources	1	2%
OC Public Works	1	2%
OC Transportation Authority	5	11%
Probation	3	7%
City of San Juan Capistrano	1	2%
OC Assessor	1	2%
Sheriff	15	34%
Social Services Agency	3	7%
Superior Court	1	2%
44		100%
By Member Type:	#	%
General	26	59%
Safety	18	41%
44		100%

Summary: At the close of 2010, we had processed 64 new applications and presented 78 cases to the Board of Retirement for adjudication. Compared to 2009, we saw an increase of 14% in disability application filings and a 20% growth in the number of cases presented to the Board of Retirement. We continued to have approximately 70% of our filings originate from General members and 30% originating from Safety members. From an appeals perspective, we have approximately 60% of members who are denied appealing their first Board decision. We did not have any Writs filed (appeals from a hearing) during 2010.

Total Denied in 2011: 30		
By Type / Stage:	#	%
SCD & NSCD (Initial Board Decision)	7	23%
SCD (Initial Board Decision)	13	43%
NSCD (Initial Board Decision)	2	7%
SCD (2nd Board Decision)	3	10%
NSCD & SCD (2nd Board Decision)	4	13%
SCD (Writ)	1	3%
30		100%
By Employer:	#	%
Child Support Services	1	3%
District Attorney	1	3%
OC Children & Family Commission	1	3%
OC Public Works	2	7%
Social Services Agency	4	13%
Health Care Agency	3	10%
Superior Court	1	3%
OC Transportation Authority	7	23%
OC Sanitation District	1	3%
Probation	2	7%
Sheriff	7	23%
30		100%
By Member Type:	#	%
General	25	83%
Safety	5	17%
30		100%

2010 Member Appeals		
	#	%
Appealing 1st Decision	12 of 20	60%
Appealing 2nd Decision (Hearings)	0 of 7	0%
Appealing SCD denial 1st decision (NSCD grants) only	2 of 13	15%
Appealing Superior Court decision	0	0%

* Note: Members granted NSCD but denied SCD appear in the "Total Granted" columns only (except Appeals).

2010 Disability Statistics

Total Filed in 2010: 64		
By Type:	#	%
SCD	22	34%
NSCD	12	19%
BOTH	30	47%
64		100%
By Employer:	#	%
District Attorney	1	2%
OC Fire Authority	11	17%
Health Care Agency	3	5%
OC Community Resources	2	3%
OC Public Admin/Guardian	1	2%
OC Public Works	3	5%
OC Transportation Authority	16	25%
OC Waste and Recycling	1	2%
Probation	4	6%
Sanitation	2	3%
Sheriff	13	20%
Social Services Agency	5	7%
Superior Court	2	3%
64		100%
By Member Type:	#	%
General	45	70%
Safety	19	30%
64		100%

For Disabilities filed in 2010, 3% have been presented to the Board as of 12/31/10. For disabilities filed in 2009, 71% have been presented to the Board as of 12/31/2010. For disabilities filed in 2008, 88% have been presented to the Board or otherwise adjudicated as of 12/31/2010 (1 outstanding application and 7 pending hearings from 2007 filings).

Total Granted in 2010: 46		
By Type / Stage:	#	%
SCD (Initial Board Decision)	25	54%
SCD (Hearings)	8	17%
NSCD (Hearings)	1	2%
NSCD (Initial Board Decision)	12	26%
46		100%
By Employer:	#	%
Child Support Services	1	2%
District Attorney	2	4%
OC Fire Authority	8	17%
Health Care Agency	2	4%
OC Community Resources	1	2%
OC Public Works	2	4%
OC Transportation Authority	11	24%
Probation	2	4%
Public Defender	1	2%
Sanitation	3	7%
Sheriff	8	17%
Social Services Agency	1	2%
Superior Court	3	7%
UCI Medical Center	1	2%
46		100%
By Member Type:	#	%
General	31	67%
Safety	15	33%
46		100%

Summary: At the close of 2010, we had processed 64 new applications and presented 78 cases to the Board of Retirement for adjudication. Compared to 2009, we saw an increase of 14% in disability application filings and a 20% growth in the number of cases presented to the Board of Retirement. We continued to have approximately 70% of our filings originate from General members and 30% originating from Safety members. From an appeals perspective, we have approximately 60% of members who are denied appealing their first Board decision. We did not have any Writs filed (appeals from a hearing) during 2010.

65/228

Total Denied in 2010: 32		
By Type / Stage:	#	%
SCD & NSCD (Initial Board Decision)	20	63%
SCD & NSCD (Hearings)	8	25%
SCD Only (Hearings)	2	6%
SCD (Writ)	2	6%
32		100%
By Employer:	#	%
Auditor/Controller	1	3%
Child Support Services	2	6%
County Counsel	1	3%
OC Fire Authority	1	3%
Health Care Agency	3	9%
OC Public Works	2	6%
OC Transportation Authority	8	25%
OC Waste and Recycling	1	3%
Probation	1	3%
Public Defender	1	3%
Public Library	1	3%
Sheriff	10	31%
32		100%
By Member Type:	#	%
General	22	69%
Safety	10	31%
32		100%
2010 Member Appeals	#	%
Appealing 1st Decision	12 of 20	60%
Appealing 2nd Decision (Hearings)	0 of 7	0%
Appealing SCD denial 1st decision (NSCD grants) only	2 of 13	15%
Appealing Superior Court decision	0	0%

* Note: Members granted NSCD but denied SCD appear in the "Total Granted" columns only (except Appeals).

2009 Disability Statistics

Note: Members included in the "Total Granted" figure are not included in the "Total Denied" figure. Members granted NSCD but denied SCD appear in the "Total Granted" columns (except Appeals).

Total Filed: 56		
By Type:	#	%
SCD	12	21%
NSCD	8	14%
BOTH	36	64%
	56	100%
By Employer:	#	%
Assessor	1	2%
Auditor Controller	1	2%
City of San Juan Capistrano	1	2%
District Attorney	1	2%
Health Care Agency	6	11%
OC Community Resources	1	2%
OC Fire Authority	6	11%
OC Public Works	3	5%
OC Transportation Authority	9	16%
Probation	3	5%
Sanitation	2	4%
Sheriff	17	30%
Social Services Agency	5	9%
	56	100%
By Member Type:	#	%
General	39	70%
Safety	17	30%
	56	100%

For Disabilities filed in 2009, 9% have been presented to the Board as of 12/31/2009. For Disabilities filed in 2008, 62% have been presented to the Board as of 12/31/2009.

Total Granted: 42		
By Type / Stage:	#	%
SCD (1st Board Decision)	22	52%
SCD (2nd Board Decision)	8	19%
SCD (Writ)	2	5%
NSCD (1st Board Decision)	10	24%
	42	100%
By Employer:	#	%
District Attorney	1	2%
Health Care Agency	5	12%
OC Fire Authority	12	29%
OC Transportation Authority	10	24%
OC Waste & Recycling	1	2%
Sheriff	10	24%
Social Services Agency	3	7%
	42	100%
By Member Type:	#	%
General	24	57%
Safety	18	43%
	42	100%

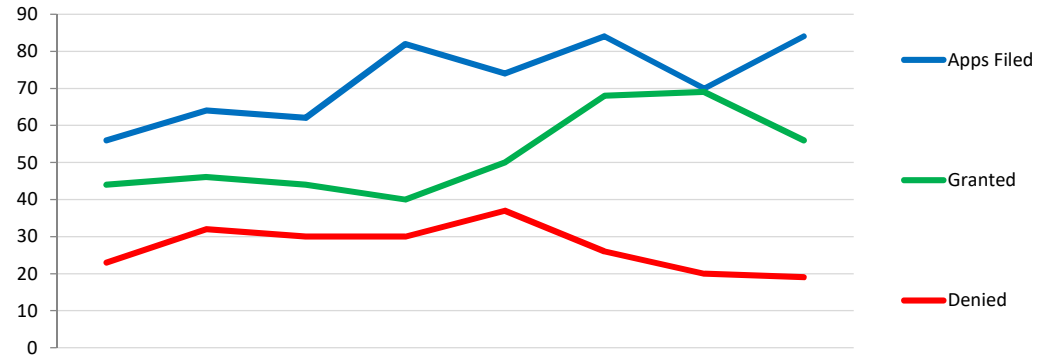
One member (SSA, General Member) granted NSCD (but denied SCD) in 2009 has submitted an appeal in order to receive a SCD. No other appeals are currently in process for members granted disabilities in 2009, although appeal rights have not yet expired for many of these members (as well as those listed at right).

Total Denied: 23		
By Type / Stage:	#	%
SCD & NSCD (1st Board Decision)	13	57%
SCD & NSCD (2nd Board Decision)	5	22%
SCD Only (2nd Board Decision)	2	9%
SCD (Writ)	3	13%
	23	100%
By Employer:	#	%
Health Care Agency	2	9%
OC Fire Authority	1	4%
OC Public Works	1	4%
OC Transportation Authority	7	30%
Probation	3	13%
Public Administrator-Guardian	1	4%
Sanitation	2	9%
Sheriff	4	17%
Social Services Agency	1	4%
Treasurer-Tax Collector	1	4%
	23	100%
By Member Type:	#	%
General	15	65%
Safety	8	35%
	23	100%
Members Appealing 2009 Denials (includes NSCD grants / SCD denials):		
	#	%
Appealing 1st Decision	10 of 13	77%
Appealing 2nd Decision	0 of 7	0%
Appealing SCD denial 1st decision (NSCD grants) only	1 of 10	10%
Appealing Superior Court decision	3 of 4	75%

Disability Trends 2009 - 2016

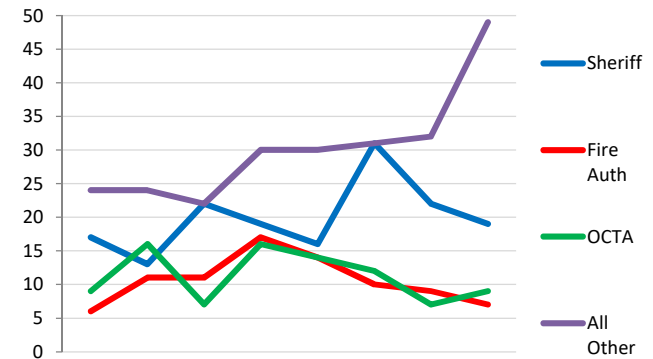
Total Disabilities Filed and Disposition

Year	Apps Filed	Granted	Denied
2009	56	44	23
2010	64	46	32
2011	62	44	30
2012	82	40	30
2013	74	50	37
2014	84	68	26
2015	70	69	20
2016	84	56	19
Total	576	417	217



Disabilities Filed by Employer*

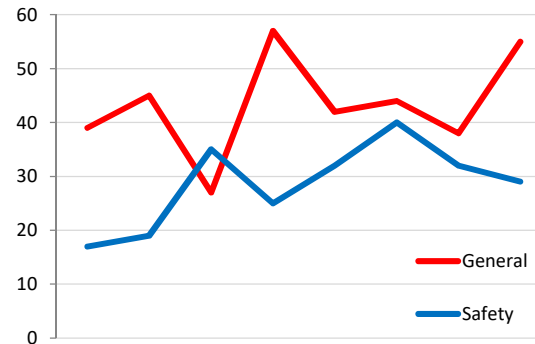
Year	Sheriff	Fire Auth	OCTA	All Other	Total
2009	17	6	9	24	56
2010	13	11	16	24	64
2011	22	11	7	22	62
2012	19	17	16	30	82
2013	16	14	14	30	74
2014	31	10	12	31	84
2015	22	9	7	32	70
2016	19	7	9	49	84
Total	159	85	90	242	576



<i>as % of all Disabilities Filed</i>	27.6%	14.8%	15.6%	42.0%	100%
<i>% of Active EEs Who File for Disability Annually</i>	1.0%	1.1%	0.7%	0.2%	0.3%

Disabilities Filed by Member type

Year	General	Safety	Total
2009	39	17	56
2010	45	19	64
2011	27	35	62
2012	57	25	82
2013	42	32	74
2014	44	40	84
2015	38	32	70
2016	55	29	84
Total	347	229	576



*For each year from 2009 - 2016, the 3 employers/departments with the greatest number of disabilities files remained the same: OC Sheriff, OC Fire Authority, and OC Transportation Authority.

C-9

Memorandum

DATE: January 5, 2017
TO: Board of Retirement
FROM: Tracy Bowman, Director of Finance
SUBJECT: **FOURTH QUARTER 2016 EDUCATION AND TRAVEL EXPENSE REPORT**

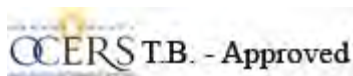
Recommendation

Receive and file.

Background/Discussion

In accordance with OCERS' Travel Policy, the Chief Executive Officer is required to submit a quarterly report to the Board of Retirement on conference attendance and related expenditures incurred by OCERS' Board Members and staff. Attached is the Fourth Quarter 2016 Education and Travel Expense Report that includes all expenses submitted through January 5, 2017.

Submitted by:

OCERS T.B. - Approved

Tracy Bowman
Director of Finance

EDUCATION AND TRAVEL EXPENSE REPORT
FOURTH QUARTER 2016
 Submitted Through Jan 05, 2017 **

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg Fee	Meals	Airfare	Hotel	Trans.	Misc.	2016 YTD Total	2015 Total*
BALL	1/11-1/12/16 5/10-5/13/16	NEPC SACRS 2016 Spring Training Conference	Tempe, AZ Costa Mesa, CA	Conference Conference		120.00	4.32	533.96	478.98			1,017.26 120.00	
Sub Total					-	120.00	4.32	533.96	478.98	-	-	1,137.26	8,908.92
BECKETT	5/10-5/13/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference		120.00						120.00	
Sub Total					-	120.00	-	-	-	-	-	120.00	-
ELEY	5/10-5/13/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference		120.00						120.00	
Sub Total					-	120.00	-	-	-	-	-	120.00	216.00
FLANIGAN	2/11/16 5/10-5/13/16 5/24-5/27/16	Educational Forum SACRS 2016 Spring Training Conference Strategic Investment Conference	Irvine, CA Costa Mesa, CA Dallas, TX	Conference Conference Conference	7.34 20.74 14.04	120.00 1,995.00		1,046.46	653.52	34.00 72.95		7.34 174.74 3,781.97	
Sub Total					42.12	2,115.00	-	1,046.46	653.52	106.95	-	3,964.05	2,989.81
FREIDENRICH	4/5-4/6/16 5/10-5/13/16 9/20-9/22/16	The Pension Bridge Annual SACRS 2016 Spring Training Conference World Forest Institute Forum	San Francisco, CA Costa Mesa, CA Portland, OR	Conference Conference Conference		120.00 880.00		130.20	757.58	47.45 34.00 106.05		935.23 154.00 1,407.95	
Sub Total					-	1,000.00	-	288.40	1,021.28	187.50	-	2,497.18	1,743.74
GILBERT	5/10-5/13/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference	38.88	120.00				22.00		180.88	
Sub Total					38.88	120.00	-	-	-	22.00	-	180.88	862.06
HILTON	3/5-3/7/16 5/10-5/13/16 6/7-6/10/16 8/5-8/11/16 10/23-10/25/16 11/8-11/11/16 11/29-1/31/17	CALAPRS General Assembly SACRS 2016 Spring Training Conference IFEBP ¹ NASRA NCPERS SACRS Fall Conference NCPERS***	Indian Wells, CA Costa Mesa, CA Boston, MA Coeur d'Alene, ID Las Vegas, NV Indian Wells, CA Washington, D.C.	Conference Conference Conference Conference Conference Conference Conference	100.44 85.54 27.00 42.98 28.51 105.11	100.00 120.00 2,090.00 1,000.00 650.00 120.00 400.00	16.47 66.22 41.81 33.93	619.97 214.60 137.96 313.96	523.64 1,736.00 896.13 370.64 819.75 604.56	39.00 113.08 60.00 75.23		740.55 244.54 4,652.27 2,255.52 1,296.27 1,044.86 1,318.52	
Sub Total					389.58	4,480.00	158.43	1,286.49	4,950.72	287.31	-	11,552.53	8,260.52
LINDHOLM	5/10-5/13/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference		120.00						120.00	
Sub Total					-	120.00	-	-	-	-	-	120.00	120.00
PACKARD	5/10-5/13/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference		120.00						120.00	
Sub Total					-	120.00	-	-	-	-	-	120.00	3,709.22
PREVATT	2/27-3/1/16 3/5-3/8/16 5/10-5/13/16 8/5-8/11/16 11/8-11/11/16	NASRA CALAPRS SACRS 2016 Spring Training Conference NASRA SACRS Fall Conference	Washington, DC Indian Wells, CA Costa Mesa, CA Coeur d'Alene, ID Indian Wells, CA	Conference Roundtable Conference Conference Conference	143.64	550.00 100.00 120.00 1,000.00 120.00	23.90	326.20	595.53 525.92	367.20 32.00 313.76	65.00	1,862.83 769.56 152.00 2,778.22 1,088.39	
Sub Total					143.64	1,890.00	76.48	790.40	2,828.88	712.96	65.00	6,651.00	10,098.82
TOTAL (001) BRD					757.86	10,205.00	239.23	3,945.71	9,933.38	1,316.72	65.00	26,462.90	36,909.09
DANCIU	11/14-11/16/16	Board Secretary/Clerk Conference	Seaside, CA	Conference	45.36	865.00	76.45	190.20	376.48	65.25		1,618.74	
Sub Total					45.36	865.00	76.45	190.20	376.48	65.25	-	1,618.74	-
DELANEY	1/24-1/26/16 2/27-3/1/16 3/6-3/8/16 4/5-4/6/16 4/28/16 5/6-5/8/16 5/10-5/13/16 6/23-6/24/16 7/20/16 8/5-8/11/16 9/21-9/23/16 9/28-10/2/16 10/23-10/25/16 11/8-11/11/16	Taft-Hartley Made in America Summit ² NASRA CALAPRS The Pension Bridge Annual & Opal Conference Public Funds Roundtable SACRS SACRS 2016 Spring Training Conference CALAPRS CALAPRS Leadership Academy NASRA CALAPRS Administrator's Institute & San Diego City Retirement ³ Illinois Municipal Retirement Fund NCPERS SACRS Fall Conference	Las Vegas, NV Washington, DC Indian Wells, CA San Francisco, CA Los Angeles, CA Sacramento, CA Costa Mesa, CA San Jose, CA Pasadena, CA Coeur d'Alene, ID San Diego, CA Chicago, IL Las Vegas, NV Indian Wells, CA	Conference Conference Roundtable Conference Roundtable Conference Conference Conference Training Conference Conference Meeting Conference Conference	15.34 23.54 116.64 44.98 55.94 25.76 52.76	695.00 550.00 100.00 120.00 1,000.00 120.00 100.00 1,000.00 1,000.00 650.00 120.00	20.82 71.98	202.96 414.70 160.30 233.20 228.20 224.20 267.20 389.20 192.14 198.96	344.96 580.53 160.30 599.78 599.78 124.26 677.01 192.14	84.80 67.46 62.85 14.00 44.00 12.25 36.00 16.00 23.39		1,363.88 1,636.23 376.94 1,012.79 69.94 228.20 189.76 448.46 65.01 1,980.21 1,084.00 597.34 673.39 318.96	
Sub Total					334.96	4,335.00	92.80	1,959.66	2,877.94	444.75	-	10,045.11	10,021.33

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Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg Fee	Meals	Airfare	Hotel	Trans.	Misc.	2016 YTD Total	2015 Total*
JENIKE	2/5/16	CALAPRS	Palm Springs, CA	Roundtable	46.98	100.00				16.00		162.98	
	2/11/16	Public Pensions Conference/US Weekly Retirement Symposium	Sacramento, CA	Conference		199.00		436.96		73.92		709.88	
	3/6-3/8/16	CALAPRS General Assembly	Indian Wells, CA	Conference	88.75	100.00			515.92			704.67	
	5/10-5/13/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference	28.51	120.00				61.00		209.51	
	6/9-6/10/16	CALAPRS Communication and Benefits Roundtable	San Jose, CA	Roundtable		200.00	38.71	503.96	239.78		60.45	1,042.90	
	7/18-7/19/16	IFEBP Benefit Communication & Tech Institute	Boston, MA	Conference		1,495.00	89.04	834.28	662.89		136.10	3,217.31	
	9/28-9/30/16	CALAPRS Disability Course & Benefits Roundtable	Burbank, CA	Conference	50.76	200.00	19.44		538.41		47.03	855.64	
	10/24/16	CALAPRS Educational Forum 2016	Riverside, CA	Training		399.00					24.00	423.00	
	11/8-11/11/16	SACRS Fall Conference	Indian Wells, CA	Conference		120.00			536.50			656.50	
	Sub Total					215.00	2,933.00	147.19	1,775.20	2,493.50	418.50	-	7,982.39
SHOTT	1/12/16	GFOA - Strategic Planning	Anaheim, CA	Training		333.00				16.00		349.00	
	2/25-2/26/16	LCW - Employment Law Conference ⁴	San Francisco, CA	Conference	7.49	575.00	62.89	25.00	511.88	152.35		1,334.61	
	5/10-5/13/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference	21.38	120.00				34.00		175.38	
	5/20-5/25/16	GFOA - Annual Conference and Corba Committee Meeting	Toronto, ON	Conference		380.00	429.90	743.24	1,508.32	105.28		3,166.74	
	5/21-5/24/17	GFOA 111th Annual Conference	Denver, CO	Conference		380.00						380.00	
	8/19/16	Gartner C/O Thought Leadership	Tustin, CA	Training	6.26							6.26	
	11/8-11/11/16	SACRS Fall Conference	Indian Wells, CA	Conference	120.79	120.00			819.75	5.05		1,065.59	
	12/7-12/9/16	GFOA Corba Committee Meeting	Washington, D.C.	Meeting				638.95			32.00	670.95	
Sub Total					155.92	1,908.00	492.79	1,407.19	2,839.95	312.68	32.00	7,148.53	9,889.62
VAZQUEZ	11/14-11/16/16	Board Secretary/Clerk Conference	Seaside, CA	Conference	43.52	865.00	89.61	190.20	376.48	155.25		1,720.06	
Sub Total					43.52	865.00	89.61	190.20	376.48	155.25	-	1,720.06	-
TOTAL (010) EXEC					794.76	10,906.00	898.84	5,522.45	8,964.35	1,396.43	32.00	28,514.83	20,834.72
BEESON	3/4-3/9/16	Deutsche Bank Hedge Fund Conference	Washington, D.C.	Conference			17.46	437.58	924.03	81.90		1,460.97	
	5/4-5/6/16	GMO, Hancock Agriculture, Crescent, & Meketa	Boston, MA	Due Diligence			12.70	424.70	834.68	197.42		1,469.50	
	5/10-5/13/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference		120.00				20.00		140.00	
	10/11-10/14/16	Abbott Capital, Morgan Stanley, Brigade Capital, Fidelity, & Jamestown	New York, NY & Providence, RI	Due Diligence			43.64	442.70	1,001.38	267.95		1,755.67	
	Sub Total				-	120.00	73.80	1,304.98	2,760.09	567.27	-	4,826.14	6,784.40
CHARY	5/10-5/13/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference		120.00				12.00		132.00	
	5/23-5/24/16	EnerVest Annual Meeting ⁵	San Antonio, TX	Due Diligence				439.46				439.46	
Sub Total					-	120.00	-	439.46	-	12.00	-	571.46	4,998.12
CHENG	1/21/16	IMN Annual Winter Forum	Laguna Beach, CA	Conference	15.23					13.50		28.73	
	5/27/16	Oaktree Capital & The Capital Group	Los Angeles, CA	Due Diligence	36.50							36.50	
	6/8-6/10/16	NXT, Monroe, Garda, Parametric Clifton	Chicago, IL & Minneapolis, MN	Due Diligence			79.44	652.30	465.36	166.56		1,363.66	
	8/22/16	Archer & CBRE	Beverly Hills & Los Angeles, CA	Due Diligence	46.98		10.63					57.61	
Sub Total					98.71	-	90.07	652.30	465.36	180.06	-	1,486.50	476.85
MILLER	1/11-1/12/16	NEPC	Tempe, AZ	Conference			2.80	273.96	484.96	42.00		803.72	
	2/5/16	CALAPRS CIO Roundtable	Burbank, CA	Roundtable	46.98	100.00				16.00		162.98	
	2/11/16	Educational Forum	Irvine, CA	Conference			65.10					65.10	
	3/5-3/7/16	CALAPRS General Assembly	Indian Wells, CA	Conference	116.64	100.00	18.65		515.92			751.21	
	4/5-4/6/16	The Pension Bridge Annual	San Francisco, CA	Conference			81.70	218.97		77.90		378.57	
	4/28-4/29/16	Public Funds Roundtable	Beverly Hills, CA	Roundtable	55.94				462.14	80.00		598.08	
	5/10-5/13/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference		120.00	5.40			30.00		155.40	
	5/15-5/18/16	NCPERS	San Diego, CA	Conference	114.96		164.11		1,004.94	105.00		1,389.01	
	5/27/16	Oaktree Capital & The Capital Group	Los Angeles, CA	Due Diligence	38.45		4.25			18.00		60.70	
	6/1-6/3/16	IPLA	Chicago, IL	Conference		499.00	103.96	501.20	959.17	156.75	6.95	2,227.03	
	6/24/16	CALAPRS CIO Roundtable	San Jose, CA	Roundtable		100.00	3.80	361.95		20.00		485.75	
	8/9-8/11/16	Kayne Anderson, EnerVest, Eagle Asset	Houston, TX: Tampa & St. Peters	Due Diligence			98.03	634.20	484.09	124.09		1,340.41	
	11/8-11/11/16	SACRS Fall Conference	Indian Wells, CA	Conference	116.64	120.00	5.61		268.25			510.50	
Sub Total					489.61	1,039.00	553.41	1,990.28	4,179.47	669.74	6.95	8,928.46	18,515.08
WALANDER-SARKIN	5/10-5/13/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference		120.00				20.00		140.00	
	8/22/16	Archer & CBRE	Beverly Hills & Los Angeles, CA	Due Diligence	47.68		16.62					64.30	
Sub Total					47.68	120.00	16.62	-	-	20.00	-	204.30	-
Educational Forum	2/11/16	Educational Forum	Irvine, CA	Conference			4,285.44			392.00	1,939.46	6,616.90	
Sub Total					-	-	4,285.44	-	-	392.00	1,939.46	6,616.90	1,299.22
TOTAL (011) INV					636.00	1,399.00	5,019.34	4,387.02	7,404.92	1,841.07	1,946.41	22,633.76	32,073.67

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Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg Fee	Meals	Airfare	Hotel	Trans.	Misc.	2016 YTD Total	2015 Total*
KINSLER	1/29/16	OC Public Relations Society of America	Orange, CA	Conference	4.21	20.00						24.21	
	5/10-5/13/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference	14.04	120.00				22.00		156.04	
	6/8-6/9/16	CALAPRS Communication and Benefits Roundtable	San Jose, CA	Roundtable		100.00	66.64	336.96	239.78	32.00		775.38	
	7/18-7/19/16	IFEBP Benefit Communication & Tech Institute	Boston, MA	Conference		1,495.00	53.08	516.20	327.26		60.11	2,451.65	
	10/23-10/25/16	NPEA Annual Conference	Newport Beach, CA	Conference	37.91	725.00					14.00	776.91	
	11/8-11/11/16	SACRS Fall Conference	Indian Wells, CA	Conference	126.14	120.00						246.14	
Sub Total					182.30	2,580.00	119.72	853.16	567.04	128.11	-	4,430.33	1,252.65
RITCHEY	1/29/16	OC Public Relations Society of America	Orange, CA	Conference		20.00						20.00	
	5/10-5/13/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference	9.72	120.00				22.00		151.72	
	6/8-6/9/16	CALAPRS Communication and Benefits Roundtable	San Jose, CA	Roundtable	4.21	100.00	79.46	291.96	241.78	40.00		757.41	
	6/23/16	OC Public Relations Society of America	Costa Mesa, CA	Conference	3.62	20.50						24.12	
	Sub Total				17.55	260.50	79.46	291.96	241.78	62.00	-	953.25	817.87
TOTAL (015) COM					199.85	2,840.50	199.18	1,145.12	808.82	190.11	-	5,383.58	2,070.52
LANTZER	3/17-3/18/16	SACRS Legislative Committee Meeting ⁶	Sacramento, CA	Conference				25.00				25.00	
	5/10-5/13/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference	14.26	120.00				31.50	102.76	268.52	
	6/21-6/24/16	NAPPA	New Orleans, LA	Conference	7.24	895.00	151.72	429.19	662.31	66.00		2,211.46	
	8/18-8/19/16	SACRS Legislative Committee Meeting ¹	Sacramento, CA	Conference	7.24		102.99	249.96	206.20	44.76		611.15	
	11/8-11/11/16	SACRS Fall Conference	Indian Wells, CA	Conference		120.00			536.50			656.50	
	Sub Total				28.74	1,135.00	254.71	704.15	1,405.01	142.26	102.76	3,772.63	5,409.44
MATSUO	1/22/16	CALAPRS Attorneys' Roundtable	Burbank, CA	Conference		100.00						100.00	
	2/17-2/19/16	NAPPA	Washington, D.C.	Conference		475.00		378.20	727.02			1,580.22	
	2/25-2/26/16	LCW - Employment Law Conference	San Francisco, CA	Conference		575.00		211.96	741.98			1,528.94	
	3/18/16	2016 Spring Disability Roundtable	Oakland, CA	Training				380.96				380.96	
	4/15/16	Cyber Security Risk Management & Preparedness	Los Angeles, CA	Training		595.00						595.00	
	5/10-5/13/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference		120.00						120.00	
	9/30/16	CALAPRS Attorneys' Roundtable	Burbank, CA	Conference		100.00						100.00	
	11/8-11/11/16	SACRS Fall Conference	Indian Wells, CA	Conference		120.00	36.40		536.50			692.90	
Sub Total				-	2,085.00	36.40	971.12	2,005.50	-	-	5,098.02	1,914.16	
RATTO	11/8-11/11/16	SACRS Fall Conference	Indian Wells, CA	Conference	112.05	120.00	40.32		536.50			808.87	
Sub Total					112.05	120.00	40.32	-	536.50	-	-	808.87	-
SINGLETON	5/10-5/13/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference	14.26	120.00				35.00		169.26	
	9/17/16	Orange County Paralegal Association	Costa Mesa, CA	Conference	7.13	125.00						132.13	
	9/20/16	Notary Course	Anaheim, CA	Training	7.78	778.04					34.00	819.82	
	Sub Total				29.17	1,023.04	-	-	-	35.00	34.00	1,121.21	-
WEISSBURG	1/22/16	CALAPRS Attorneys' Roundtable	Burbank, CA	Conference		100.00						100.00	
	9/30/16	CALAPRS Attorneys' Roundtable	Burbank, CA	Conference		100.00						100.00	
Sub Total					200.00	-	-	-	-	-	200.00	100.00	
TOTAL (020) LGL					169.96	4,563.04	331.43	1,675.27	3,947.01	177.26	136.76	11,000.73	7,423.60
BERCARU	5/10-5/13/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference		120.00				12.00		132.00	
	10/5-10/7/16	CALAPRS Intermediate Course	Burbank, CA	Conference	50.87	250.00	43.00		473.31	10.00		827.18	
	12/7-12/8/16	CALAPRS Advanced Course	Burbank, CA	Training		250.00						250.00	
Sub Total				50.87	620.00	43.00	-	473.31	22.00	-	-	1,209.18	141.00
HALBUR	4/17-4/19/16	CALAPRS Leadership Academy	Pasadena, CA	Training	44.06	2,500.00	22.20		366.28	35.00		2,967.54	
	5/15-5/18/16	CALAPRS Leadership Academy	Pasadena, CA	Training	46.76		18.90		583.97	33.00		682.63	
	7/17-7/20/16	CALAPRS Leadership Academy	Pasadena, CA	Training	44.06		36.57		583.97	33.00		697.60	
	11/2-11/4/16	Vitech 2016 User Conference	Orlando, FL	Conference		1,095.00	30.40	424.25	627.76	141.40		2,318.81	
	Sub Total				134.88	3,595.00	108.07	424.25	2,161.98	242.40	-	6,666.58	-
MERIDA	10/5-10/7/16	CALAPRS Intermediate Course	Burbank, CA	Conference		250.00			443.49			693.49	
Sub Total					250.00	-	-	443.49	-	-	693.49	120.00	
PANAMENO	5/10-5/13/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference		120.00						120.00	
Sub Total					-	120.00	-	-	-	-	-	120.00	120.00
TOTAL (030) MEMSVC					185.75	4,585.00	151.07	424.25	3,078.78	264.40	-	8,689.25	381.00

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BOWMAN	7/7/16 10/23-10/26/16	MGO Client Training Public Pension Financial Forum	Alhambra, CA North Charleston, SC	Training Conference	42.23 4.64		43.32	391.20	827.04	11.00		42.23 1,677.20	
Sub Total					46.87	400.00	43.32	391.20	827.04	11.00	-	1,719.43	2,461.17
DILLARD	4/8/16	CALAPRS	Burbank, CA	Conference	51.84	100.00				10.00		161.84	
Sub Total					51.84	100.00				10.00	-	161.84	-
HUYNH	4/17-4/19/16 5/15-5/18/16 7/17-7/20/16	CALAPRS Leadership Academy CALAPRS Leadership Academy CALAPRS Leadership Academy	Pasadena, CA Pasadena, CA Pasadena, CA	Training Training Training	53.55 53.55 53.55	2,500.00	21.52 16.84 31.17		366.28 583.97 583.97	15.00 15.00 15.00		2,956.35 669.36 683.69	
Sub Total					160.65	2,500.00	69.53		1,534.22	45.00	-	4,309.40	-
REYES	4/8/16 10/28/16	CALAPRS CALAPRS Accountants Roundtable	Burbank, CA San Jose, CA	Conference Conference	51.84	100.00				10.00		161.84 388.46	
Sub Total					51.84	200.00		258.96		39.50	-	550.30	-
TOTAL (040) FIN					311.20	3,200.00	112.85	650.16	2,361.26	105.50	-	6,740.97	2,461.17
CORTEZ	5/10-5/13/16 9/29/16 10/5-10/7/16 12/7-12/8/16	SACRS 2016 Spring Training Conference CALAPRS Disability Roundtable CALAPRS Intermediate Course CALAPRS Advanced Course	Costa Mesa, CA Burbank, CA Burbank, CA Burbank, CA	Conference Conference Training Training						23.52 53.75 43.00		120.00 173.96 303.75 293.00	
Sub Total					50.44	720.00				120.27	-	890.71	676.97
GARCIA	1/28/16	Paneled Physician Conference	Beverly Hills, CA	Conference	46.12					4.50		50.62	
Sub Total					46.12					4.50	-	50.62	-
GROSS	5/10-5/13/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference		120.00						120.00	
Sub Total						120.00					-	120.00	120.00
LINARES													
Sub Total											-		614.50
SANDOVAL	5/10-5/13/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference		120.00				24.00		144.00	
Sub Total						120.00				24.00	-	144.00	182.48
TOTAL (050) DIS					96.56	960.00				148.77	-	1,205.33	1,593.95
GARCIA	9/22/16	PIHRA Employee Record Retention	Anaheim, CA	Training		45.00						45.00	
Sub Total						45.00					-	45.00	225.65
HOCKLESS	2/25-2/26/16 5/10-5/13/16 6/18-6/22/16	LCW - Employment Law Conference SACRS 2016 Spring Training Conference Society for HR Conference	San Francisco, CA Costa Mesa, CA Washington, D.C.	Conference Conference Conference		575.00 120.00 1,320.00	40.19 20.73 88.53	228.70 591.20	528.66 809.08	101.35 34.00 60.00		1,473.90 174.73 2,868.81	
Sub Total					20.73	2,015.00	128.72	819.90	1,337.74	195.35	-	4,517.44	3,539.53
MORALES	4/27-4/28/16 5/10-5/13/16	Western Region IPMA-HR Annual Training Conference SACRS 2016 Spring Training Conference	San Diego, CA Costa Mesa, CA	Conference Conference		325.00 120.00			406.10			731.10 120.00	
Sub Total						445.00			406.10		-	851.10	190.23
TOTAL (060) HR					20.73	2,505.00	128.72	819.90	1,743.84	195.35	-	5,413.54	3,955.41
GOSSARD	4/8/16 4/17-4/19/16 4/24-4/28/16 5/15-5/18/16 7/17-7/20/16 9/22/16	CALAPRS IT Roundtable CALAPRS Leadership Academy Prism CALAPRS Leadership Academy CALAPRS Leadership Academy CALAPRS Administrators Institute	Burbank, CA Pasadena, CA Austin, TX Pasadena, CA Pasadena, CA San Diego, CA	Conference Training Conference Training Training Training		100.00 2,500.00 550.00 52.81 52.81 100.00	17.99 76.84 27.72 47.41		366.28 1,007.96 994.20 587.97 583.97	22.00 173.35 44.42 33.00 102.63		100.00 2,959.08 2,802.35 712.92 717.19 202.63	
Sub Total					158.43	3,250.00	169.96	1,007.96	2,532.42	375.40	-	7,494.17	6,158.86
LARA	4/8/16 4/24-4/28/16 12/4-12/9/16	CALAPRS IT Roundtable Prism Gartner Data Center, Infrastructure, & Operations Mgmt	Burbank, CA Austin, TX Las Vegas, NV	Conference Conference Conference	31.10 28.30	100.00 550.00				10.00 98.00		141.10 2,710.51 1,800.36	
Sub Total					59.40	650.00	85.23	1,351.92	2,397.42	108.00	-	4,651.97	2,137.06
NGUYEN													
Sub Total											-		3,080.04
TAKIMOTO													
Sub Total											-		3,080.04
TOTAL (070) IT					217.83	3,900.00	255.19	2,359.88	4,929.84	483.40	-	12,146.14	14,456.00

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ADVIENTO	11/6-11/9/16	APPFA Conference	Redondo Beach, CA	Conference	108.54	375.00						483.54	
Sub Total					108.54	375.00	-	-	-	-	-	483.54	1,669.84
JAMES	2/11/2016	Educational Forum	Irvine, CA	Conference	8.21							8.21	
	5/9/16	PIMCO CA Public Plan Roundtable	Newport Beach, CA	Conference	13.18							13.18	
	5/11-5/12/16	SACRS 2016 Spring Training Conference	Costa Mesa, CA	Conference	15.34	120.00				10.00		145.34	
	7/8-7/16/16	Institute of Internal Auditors Leadership Skills	Atlanta, GA	Training		1,875.00	31.66	621.20	937.88	370.82		3,836.56	
	10/12/2016	Meeting with CALSTRS Auditors	Sacramento, CA	Meeting	24.73			150.20		105.25		280.18	
	11/6-11/9/16	APPFA Conference	Redondo Beach, CA	Conference	62.52	375.00						437.52	
	11/8-11/11/16	SACRS Fall Conference	Indian Wells, CA	Conference	117.72	120.00			536.50			774.22	
Sub Total					241.70	2,490.00	31.66	771.40	1,474.38	486.07	-	5,495.21	14,917.38
TOTAL (080) INT AUDIT					350.24	2,865.00	31.66	771.40	1,474.38	486.07	-	5,978.75	16,587.22
TOTAL					3,740.74	47,928.54	7,367.51	21,701.16	44,646.58	6,605.08	2,180.17	134,169.78	138,746.35

* Prior year totals only presented for 2016 active staff & Board members.

** Excludes expenses for non-travel-related training/conferences, including misc. lunches, meetings, mileage, strategic planning, & tuition reimbursement.

*** Expense reflects travel for 2017 paid in 2016.

1 Airfare credit from prior canceled trip applied to ticket.

2 Registration, airfare, and hotel were purchased in 2015.

3 Meals and lodging are included in registration fee for conference.

4 Airfare credit from prior year canceled trip applied to ticket.

5 Airfare has been canceled and a credit has been placed on Southwest account which will be applied towards next trip.

6 Airfare was canceled and a credit was applied towards a future ticket; however, there remains a non-refundable portion that will not be credited for check-in fees.

C-10

Memorandum

DATE: January 17, 2017
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, Chief Legal Officer
SUBJECT: 2016/2017 FORM 700 DESIGNATED FILERS LIST AND FACT SHEETS AND OCERS ANNUAL DISCLOSURE FORM

Recommendation

Receive and file.

Background/Discussion

FORM 700 – STATEMENT OF ECONOMIC INTERESTS

On or before April 1 of every year, each designated filer under OCERS' Conflict of Interest Code is required to file a Form 700 Statement of Economic Interests to disclose personal economic interests in real property, businesses, and investments as described in the regulations adopted by the California Fair Political Practices Commission (FPPC). Because April 1, 2017 falls on a Saturday, the Form 700 is due on or before Monday, April 3, 2017.

OCERS' designated filers are:

- All members of the Board of Retirement
- Chief Executive Officer
- Chief Investment Officer
- Director of Investment Operations
- Investment Officers
- Investment Analysts
- Assistant Chief Executive Officer, External Operations
- Assistant Chief Executive Officer, Finance and Internal Operations
- Chief Legal Officer

Attached for your reference and to assist you in preparing your Form 700 are the following:

- 2016/2017 Form 700 Reference Pamphlet
- 2016 Form 700 Frequently Asked Questions
- 2016/2017 Form 700

OCERS filers are strongly encouraged to file their Forms 700 using the County of Orange Clerk of the Board EDisclosure system. All filers will receive an email from the Clerk of the Board's office in the next few weeks providing a link to the EDisclosure system. The EDisclosure system is very easy to use and allows for direct filing

and permanent electronic storage. The Clerk of the Board's office can assist filers with user names and passwords. In addition, I am available to answer questions regarding filing.

If you prefer to submit a hard copy of your Form 700, please send it to Steve's assistant, Cammy Danciu, by March 31, 2016, so that we can forward it in a timely manner to the Clerk of the Board on your behalf.

OCERS ANNUAL DISCLOSURE POLICY

In addition to the Form 700, the OCERS Annual Disclosure Policy requires that by April 1 of each year OCERS Board members and executive staff file a disclosure of:

- All interests that are required to be disclosed on the Form 700;
- All family and business relationships with, and value received from, any investment manager, placement agent, registered lobbyist, vendor, consultant, actuary, counsel or other persons (i) providing or actively seeking to provide services or products to, or (ii) seeking to influence the deliberations of OCERS' Board of Retirement;
- All other matters required to be disclosed under California law (e.g., interests in contracts, incompatible offices, honoraria, campaign contributions); and
- All matters required to be disclosed under OCERS' Conflict of Interest Code.

Attached are the OCERS Annual Disclosure Policy and the Annual Disclosure Form.

Since the Form 700 is not due until April 3 this year, and since you will need to attach a copy of the Form 700 to the Annual Disclosure Form, we are extending the due date for the Annual Disclosure Form to April 3, 2017. If you are using the EDisclosure system for your Form 700, you can print a copy of your Form 700 directly from the system and attach it to your Annual Disclosure Form before sending it to Cammy Danciu, on or before April 3, 2017.

Submitted by:



Gina M. Ratto
Chief Legal Officer

**2016/2017
Form 700
Statement of
Economic Interests**



**Reference
Pamphlet**

California Fair Political Practices Commission

Email Advice: advice@fppc.ca.gov

Toll-free advice line: 1 (866) ASK-FPPC • (866) 275-3772

Telephone: (916) 322-5660 • Website: www.fppc.ca.gov

Contents

- Who Must File Page 3
- Types of Form 700 Filings..... Page 4
- Where to File..... Page 5
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What's New

Gifts of Travel

Effective January 1, 2016, if an individual receives a travel payment that is reportable as a gift, he or she must disclose the travel destination. (See the Form 700 Schedule E instructions for information about other details that must be disclosed.) This applies to travel taken on or after January 1, 2016.

Who Must File

1. Officials and Candidates Specified in Gov. Code Section 87200 and Members of Boards and Commissions of Newly Created Agencies

The Act requires the following individuals to fully disclose their personal assets and income described in Form 700, Statement of Economic Interests:

- Governor
- Lieutenant Governor
- Attorney General
- Controller
- Insurance Commissioner
- Secretary of State
- Treasurer
- Members of the State Legislature
- Superintendent of Public Instruction
- State Board of Equalization Members
- Public Utilities Commissioners
- State Energy Resources Conservation and Development Commissioners
- State Coastal Commissioners
- Fair Political Practices Commissioners
- consultants) who manage public investments
- Elected members of and candidates for the Board of Administration of the California Public Employees' Retirement System
- Elected members of and candidates for the Teachers' Retirement Board
- Members of the High Speed Rail Authority

described in Part 2 on this page.

- Supreme, Appellate, and Superior Court Judges
- Court Commissioners
- Retired Judges, Pro-Tem Judges, and part-time Court Commissioners who serve or expect to serve 30 days or more in a calendar year

- Members of Boards of Supervisors
- Mayors and Members of City Councils
- Chief
- District Attorneys
- County Counsels
- City Attorneys
- City Managers
- Planning Commissioners
- County and City Treasurers
- and consultants) who manage public investments

Members of Boards and Commissions of Newly Created Agencies

Members must fully disclose their investments, interests in real property, business positions, and income (including loans, gifts, and travel payments) until the positions are

2. State and Local Officials, Employees, Candidates, and Consultants Designated in a Conflict of Interest Code ("Code Filers")

The Act requires every state and local government agency
The code lists

make or participate in making governmental decisions that could affect their personal economic interests.

The code requires individuals holding those positions

economic interests as determined by the code's "disclosure categories." These individuals are called "designated

Obtain your disclosure categories from your agency – they are not contained in the Form 700. Persons with broad decisionmaking authority must disclose more interests than those in positions with limited discretion. For example, you may be required to disclose only investments and business positions in or income (including loans, gifts, and travel payments) from businesses of the type that contract with your agency, or you may not be required to disclose real property interests.

In addition, certain consultants to public agencies may

in making, or act in a staff capacity for governmental decisions. Agencies determine who is a consultant and the level of disclosure and may use Form 805.

Note:

has the same or a smaller jurisdiction (for example, a state legislator who also sits on a state or local board or commission).

Employees in Newly Created Positions of Existing Agencies

An individual hired for a position not yet covered under an agency' individual serves in a position that makes or participates in making governmental decisions. These individuals must s broadest disclosure category until the code is amended to include the new position unless the agency has provided in writing a limited disclosure requirement. The Form 804 may be used to satisfy this requirement.

Types of Form 700 Filings

Assuming Office Statement:

in a position designated, or that will be designated, in a state or local agency'

otherwise authorized to serve in the position. If you are a you were sworn in.

- Investments, interests in real property, and business or position must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the date you assumed the

or the Commission on Judicial Performance, your nominated to the position.

Example:

Maria Lopez was nominated by the Governor to serve on a state agency board that is subject to state Senate

nomination is submitted to the Senate. Maria must report investments, interests in real property, and business positions she holds on that date, and income (including loans, gifts, and travel payments) received during the 12 months prior to that date.

the effective date of the code or amendment, whichever is applicable.

- Investments, interests in real property, and business positions held on the effective date of the code or amendment must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the effective date of the code or amendment is reportable.

Annual Statement:

Generally, the period covered is January 1, 2016, through December 31, 2016. If the period covered by the statement is different than January 1, 2016, through December 31, 2016, between October 1, 2015, and December 31, 2015, or you are combining statements), you must specify the period covered.

- Investments, interests in real property, business positions held, and income (including loans, gifts, and travel payments) received during the period covered by the statement must be reported. Do not change the preprinted dates on Schedules A-1, A-2, and B unless you are required to report the acquisition or disposition of an interest that did not occur in 2016.

- If your disclosure category changes during a reporting period, disclose under the old category until the ef amendment and disclose under the new disclosure category through the end of the reporting period.

Leaving Office Statement:

Generally, the period covered is January 1, 2016, through the date you stopped performing the duties of your position. If the period covered differs from January 1, 2016, through the date you stopped performing the

between October 1, 2015, and December 31, 2015, or you are combining statements), the period covered must The reporting period can cover parts of two calendar years.

- Investments, interests in real property, business positions held, and income (including loans, gifts, and travel payments) received during the period covered by the statement must be reported. Do not change the preprinted dates on Schedules A-1, A-2, and B unless you are required to report the acquisition or disposition of an interest that did not occur in 2016.

Candidate Statement:

in real property, and business positions held on the date

In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the date

change the preprinted dates on Schedules A-1, A-2, and B.

sheriffs, city clerks, school board trustees, or water

position. The code may be obtained from the agency of the elected position.

Amendments:

an amendment as soon as possible. You are only required to amend the schedule that needs to be revised; it is not

schedules from the FPPC website at www.fppc.ca.gov.

Where to File

1. Officials Specified in Gov. Code Section 87200 (See Reference Pamphlet, page 3):

a copy of your statement and forward the original to the FPPC.

Filers	Where to File
87200 Filers	
Retired Judges	Your agency The clerk of your court Directly with FPPC Y Your city clerk Your agency
87200 Candidates	
Public Employees' Retirement System (CalPERS)	of candidacy City Clerk CalPERS
State Teachers' Retirement Board (CalSTRS)	CalSTRS

Note: Individuals that invest public funds for a city or . Unlike **not be** forwarded to the FPPC pursuant to Regulation 18753.

2. Code Filers — State and Local Officials, Employees, Candidates, and Consultants Designated in a Conflict of interest Code:

File with your agency, board, or commission unless code. In most cases, the agency, board, or commission will retain the statements.

declaration of candidacy or other nomination documents

3. Members of Boards and Commissions of Newly Created Agencies:

File with your newly created agency or with your agency's code reviewing body as provided by your code reviewing body.

State Senate and Assembly staff directly with the FPPC.

Exceptions:

- under any agency'
- statements under any agency' code in the same jurisdiction. For example, a county supervisor who is appointed to serve in an agency with obligations.

4. Positions Not Yet Covered Under a Conflict of interest Code

An individual hired for a position not yet covered under an agency' individual serves in a position that makes or participates in making governmental decisions. These individuals must is amended to include the new position unless the agency has provided in writing a limited disclosure requirement. Agencies may use FPPC Form 804 for this disclosure.

Regulation 18734.

When to File

Assuming Office Statements:

Filer	Deadline
	30 days
in Gov. Code Section 87200 or Newly created board and commission members not interest code	30 days or 10 days after appointment or nomination if subject to Senate or judicial
Other appointed positions (including those held by newly-hired employees) that are or of interest code	30 days (30 days after appointment or nomination if subject to Senate
Positions newly added to a interest code	30 days after the effective date of the code or code amendment

Exceptions:

-
-
- are reelected or reappointed), you are not required to
- . Code Section 87200 and, within 45 days, you assume another the same jurisdiction (for example, a city planning commissioner elected as mayor), you are not required
- If you transfer from one designated position to another designated position within the same agency, contact obligations.

Late statements are subject to a late fine of \$10 per day per position up to \$100 for each day the statement is late.

Annual Statements:

1. state legislature, members elected to the Board of Administration of the California Public Employees' Retirement System and members elected to the Teachers' Retirement Board);
Judges and court commissioners; and

Gov. Code Section 87200:
File no later than **Wednesday, March 1, 2017**.
2. . Code Section 87200:
File no later than **Monday, April 3, 2017**.
3. File no later than **Monday, April 3, 2017**.
4. File on the date prescribed in the code (April 1 for most

Exception:

- 2016, and
December 31, 2016
until March 1, 2018, or April 2, 2018, whichever is applicable. The annual statement will cover the day after 2017.

deadlines.

When to File - (continued)

Leaving Office Statements:

Exceptions:

- If you are reelected or reappointed, you are not required to file a Leaving Office Statement.
- If you are appointed to a position in Section 87200 that has the same jurisdiction (for example, a city planning commissioner or position in Section 87200 that has the same jurisdiction) and your annual statement due date is within 60 days of the end of your term, you are not required to file a Leaving Office Statement.
- If you transfer from one designated position to another designated position within the same agency, contact your agency for more information regarding your obligations.

Candidate Statements:

in Gov

for the declaration of candidacy or other nomination documents.

Exception:

A

same jurisdiction **within 60 days** of candidacy or other nomination documents.

Terms & Definitions

The instructions located on the back of each schedule describe the types of interests that must be reported. The purpose of this section is to explain other terms used in

schedules or elsewhere.

Blind Trust: See Trusts, Reference Pamphlet, page 16.

Business Entity: Any organization or enterprise operated business trust, joint venture, syndicate, corporation, or association. This would include a business for which you take business deductions for tax purposes (for example, a small business operated in your home).

Code Filer: An individual who has been designated in a state or local agency' statements of economic interests.

An individual hired on or after January 1, 2010 for a position not yet covered under an agency'

in a position that makes or participates in making governmental decisions.

the broadest disclosure category until the code is amended to include the new position unless the agency has provided in writing a limited disclosure requirement. Agencies may use FPPC Form 804 for such disclosure. See Regulation 18734.

Commission Income: "Commission income" means gross payments of \$500 or more received during the period covered by the statement as a broker, agent, or salesperson, including insurance brokers or agents, real estate brokers or agents, travel agents or salespersons, stockbrokers, and retail or wholesale salespersons, among others.

In addition, you may be required to disclose the names of sources of commission income if your pro rata share of the gross income was \$10,000 or more from a single source during the reporting period. If your spouse or registered domestic partner received commission income, you would disclose your community property share (50%) of that income (that is, the names of sources of \$20,000 or more in gross commission income received by your spouse or registered domestic partner).

Report commission income as follows:

- If the income was received through a business entity in which you and your spouse or registered domestic partner had a 10% or greater ownership interest (or if you receive commission income on a regular basis as an independent contractor or agent), use Schedule A-2.
- If the income was received through a business entity in which you or your spouse or registered domestic partner **did not receive commission income on a regular basis** or you had a less than 10% ownership interest, use Schedule C.

The "source" of commission income generally includes all parties to a transaction, and each is attributed the full value of the commission.

Examples:

- You are a partner in Smith and Jones Insurance Company and have a 50% ownership interest in the company. You sold two Businessmen's Insurance Company policies to XYZ Company during the reporting period. You received commission income of \$5,000

On Schedule A-2, report your partnership interest in and income received from Smith and Jones Insurance Company in Parts 1 and 2. In Part 3, list both Businessmen's Insurance Company and XYZ Company as sources of \$10,000 or more in commission income.

- You are a stockbroker for Prince Investments, but you receive commission income on a regular basis through the sale of stock to clients. Your total gross income from your employment with Prince Investments was over \$100,000 during the reporting period. On Schedule A-2, report your name as the name of the business entity in Part 1 and the gross income you have received in Part 2. (Because you are an employee of Prince Investments, you do not need to complete the information in the box in Part 1 indicating the general description of business activity, fair market value, or nature of investment.) In Part 3, list Prince Investments and the names of any clients who were sources of \$10,000 or more in commission income to you.
- You are a real estate agent and an independent contractor under Super Realty. On Schedule A-2, Part 1, in addition to your name or business name, complete the business entity description box. In Part 2, identify your gross income. In Part 3, for each transaction that resulted in commission income to you of \$10,000 or more, you must identify the brokerage entity, each person you represented, and any person's or other referral fee for referring a party to the transaction to the broker.

Note: If your pro rata share of commission income from a single source is \$500 or more, you may be required to disqualify yourself from decisions affecting that source of income, even though you are not required to report the income. *For information regarding disclosure of "incentive compensation," see Reference Pamphlet, page 12.*

Terms & Definitions - (continued)

Conflict of Interest: A

Act when all of the following occur:

- The effect of the decision on the individual's economic interest will be material; and
- The effect of the decision on the individual's economic interest will be different than its effect on the public generally.

Conflict of Interest Code: The Act requires every state code. The code may be contained in a regulation, policy statement, or a city or county ordinance, resolution, or other document.

An agency' who make or participate in making governmental decisions These individuals interest occur.

only the kinds of personal economic interests he or she affect through the exercise of his or her are limited to reviewing contracts for supplies, equipment, materials, or services provided to the agency should be required to report only those interests he or she holds that are likely to be affected by the agency's contracts for supplies, equipment, materials, or services.

Consultant: An individual who contracts with or whose employer contracts with state or local government agencies and who makes, participates in making, or acts in a staff capacity for making governmental decisions. The agency determines who is a consultant. Consultants may under full disclosure unless the agency provides in writing a limited disclosure requirement. Agencies may use FPPC Form 805 to assign such disclosure. The obligation to providing services to the agency, not on the business or

individual who makes a governmental decision whether to:

- Approve a rate, rule, or regulation
- Adopt or enforce a law
- Issue, deny, suspend, or revoke any permit, license, authorization or entitlement, or similar
- Authorize the agency to enter into, modify, or renew a contract provided it is the type of contract that requires agency approval
- Grant agency approval to a contract that requires agency approval and to which the agency is a party, or
- Grant agency approval to a plan, design, report, study, or similar item
- Adopt, or grant agency approval of, policies, standards, or guidelines for the agency or for any of its subdivisions

A consultant also is an individual who serves in a staff capacity with the agency and:

- participates in making a governmental decision; or
- performs the same or substantially all the same duties for the agency that would otherwise be performed by an

Designated Employee: or local government agency whose position has been designated in the agency' statements of economic interests or whose position has not yet been listed in the code but makes or participates in making governmental decisions. Individuals who contract with government agencies (consultants) may also be

A capacity on a state or local government agency is not a designated employee.

Disclosure Categories: The section of an agency's must disclose on their statements of economic interests. Disclosure categories are usually contained in an appendix agency to obtain a copy of your disclosure categories.

Terms & Definitions - (continued)

Diversified Mutual Fund:

bonds, or money market instruments that are managed by investment companies whose business is pooling the money of many individuals and investing it to seek a common investment goal. Mutual funds are managed by trained professionals who buy and sell securities. A typical mutual fund will own between 75 to 100 separate securities at any given time so they also provide instant

Only diversified mutual funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 are exempt from disclosure. In addition, Regulation 18237 provides an exception from reporting other funds that are similar to

13.

Elected State Officer:

the Governor, Lieutenant Governor, Attorney General, Insurance Commissioner, State Controller, Secretary of State, State Treasurer, Superintendent of Public Instruction, members of the State Legislature, members of the State Board of Equalization, elected members of the Board of Administration of the California Public Employees' Retirement System and members elected to the Teachers' Retirement Board.

Enforcement: The FPPC investigates suspected violations of the Act. Other law enforcement agencies (the Attorney General or district attorney) also may initiate investigations under certain circumstances. If violations are found, the Commission may initiate administrative enforcement

violation.

Instead of administrative prosecution, a civil action may be brought for negligent or intentional violations by the appropriate civil prosecutor (the Commission, Attorney General, or district attorney), or a private party residing within the jurisdiction. In civil actions, the measure of damages is up to the amount or value not properly reported.

provisions of the Act also may be subject to agency discipline, including dismissal.

Finally, a knowing or willful violation of any provision of the Act is a misdemeanor. Persons convicted of a

date of the conviction from serving as a lobbyist or running

be imposed. The Act also provides for numerous civil penalties, including monetary penalties and damages, and injunctive relief from the courts.

Expanded Statement:

council member who also holds a designated position with a county agency
or employees may complete one expanded statement covering the disclosure requirements for all positions and

Fair Market Value: When reporting the value of an investment, interest in real property, or gift, you must disclose the fair market value – the price at which the item would sell for on the open market. This is particularly important when valuing gifts, because the fair market value of a gift may be different from the amount it cost the donor to provide the gift. For example, the wholesale cost of a

may be \$25 or more. In addition, there are special rules for valuing free tickets and passes. Call or email the FPPC for assistance.

Gift and Honoraria Prohibitions

Gifts:

. Code
Section 87200 (except judges – see below), candidates

code are prohibited from accepting a gift or gifts totaling more than \$460 in a calendar year from a single source during 2015-2016. Effective January 1, 2017, the gift limit increased to \$470.

In addition, elected state
state state agencies
are subject to a \$10 per calendar month limit on gifts from
of State.

Honoraria:

. Code
Section 87200 (except judges – see below), candidates

and employees of state and local government agencies

prohibited from accepting honoraria for any speech given, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like gathering.

Terms & Definitions - (continued)

Exceptions:

- Some gifts are not reportable or subject to the gift and honoraria prohibitions, and other gifts may not be subject to the prohibitions, but are reportable. For detailed information, see the FPPC fact sheet entitled "Limitations and Restrictions on Gifts, Honoraria, Travel, and Loans," which can be obtained from your www.fppc.ca.gov.
- The \$460 gift limit (\$470 during 2017 - 2018) and the honorarium prohibition do not apply to a part-time member of the governing board of a public institution of higher education, unless the member is also an elected agency. This exception is not applicable if you are an State Legislature.
- Payments for articles published as part of the practice teaching, are not considered honoraria. A payment for an "article published" that is customarily provided in connection with teaching includes text book royalties and payments for academic tenure review letters. An profession of teaching if he or she is employed to teach at an accredited university.

Judges:

Section 170.9 of the Code of Civil Procedure imposes gift limits on judges and prohibits judges from accepting any honorarium. Section 170.9 is enforced by the Commission on Judicial Performance. The FPPC has no authority to interpret or enforce the Code of Civil Procedure. Court commissioners are subject to the gift limit under the Political Reform Act.

Income Reporting: Reporting income under the Act is different than reporting income for tax purposes. The Act requires **gross** income (the amount received before deducting losses, expenses, or taxes, as well as income reinvested in a business entity) to be reported.

Pro Rata Share: The instructions for reporting income refer to your pro rata share of the income received. Your pro rata share is normally based on your ownership interest in the entity or property. For example, if you are a sole proprietor, you must disclose 100% of the gross income to the business entity on Schedule A-2. If you own 25% of a piece of rental property, you must report 25% of the gross rental income received. When reporting your community property interest in your spouse's or registered domestic partner's income, your pro rata share is 50% of his or her income.

Separate Property Agreement: Generally is required to disclose his or her community property share of his or her spouse' and his or her spouse have a legally separate property

not required to report the spouse's community property share of income, unless the funds are commingled with community funds or used to pay for community expenses or to produce or enhance the separate income of the

Note: This reporting exception does not apply to investments and interests in real property. Even if a public

agreement, the spouse's investments and interests in real of reportable investments and interests in real property s immediate family (spouse, registered domestic partner, and dependent children). community property law.

Income to a Business Entity: When you are required to report sources of income to a business entity, sources of rental income, or sources of commission income, you are only required to disclose individual sources of income of \$10,000 or more. However, you may be required to **disqualify** yourself from decisions affecting sources of \$500 or more in income, even though you are not required to report them.

Examples:

- Alice Ruiz is a partner in a business entity. She has a 25% interest. On Schedule A-2, she must disclose 25% of the fair market value of the business entity; 25% of the gross income to the business entity (even though all of the income received was reinvested in the business and she did not personally receive any income from the business); and the name of each source of \$40,000 or more to the business.

Terms & Definitions - (continued)

- Cynthia and Mark Johnson, a married couple, own Classic Autos. Income to this business was \$200,000. In determining the amount to report for income on Schedule A-2, Part 2, Mark must include his 50% share (\$100,000) and 50% of his spouse's share (\$50,000). Thus, his reportable income would be \$150,000 and he will check the box indicating \$100,001-\$1,000,000. (Also see Reference Pamphlet, page 13, for an example of how to calculate the value of this investment.)

You are **not** required to report:

- Salary, reimbursement for expenses or per diem, social security, disability received by you or your spouse or registered domestic partner from a federal, state, or local government agency
- A entity exempt from taxation under Internal Revenue Code Section 501(c)(3) for which you provided equal or greater consideration, such as reimbursement for travel on business for a 501(c)(3) organization for which you are a board member.
- Campaign contributions
- A cash bequest or cash inheritance
- Returns on a security registered with the Securities and Exchange Commission, including dividends, interest, or proceeds from a sale of stocks or bonds unless the
- Redemption of a mutual fund
- Payments received under an insurance policy, including an annuity
- Interest, dividends, or premiums on a time or demand an insurance policy, or a bond or other debt instrument issued by a government agency
- Your spouse's or registered domestic partner's income that is legally "separate" income so long as the funds are not commingled with community funds or used to pay community expenses
- Income of dependent children
- Automobile trade-in allowances from dealers
- Loans and loan repayments received from your spouse or registered domestic partner, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, intermediary or agent for any person not covered by this provision
- Alimony or child support payments
-

- Any loan from a commercial lending institution made in the lender's regular course of business on terms status
- Any retail installment or credit card debts incurred in the creditor's regular course of business on terms available
- Loans made to others. However, repayments may be reportable on Schedule C
- A loan you co-signed for another person unless you made payments on the loan during the reporting period

Incentive Compensation: "Incentive compensation" means income over and above salary that is either ongoing or cumulative, or both, as sales or purchases of goods or services accumulate. Incentive compensation is s employer which correlates to the conduct of the purchaser in direct response to the ef

Incentive compensation does not include:

- Salary
- Commission income (*For information regarding disclosure of "commission income," see Reference Pamphlet, page 8.*)
- Bonuses for activity not related to sales or marketing, the amount of which is based solely on merit or hours worked over and above a predetermined minimum
- Executive incentive plans based on company performance, provided that the formula for determining the amount of the executive's incentive income does not include a correlation between that amount and company
- Payments for personal services which are not marketing or sales

three of the following apply:

- s employment responsibilities include directing sales or marketing activity toward the purchaser; and
- or business; and
- there is a direct relationship between the purchasing activity of the purchaser and the amount of the

Terms & Definitions - (continued)

Report incentive compensation as follows:

- In addition to salary, reimbursement of expenses, and other income received from your employer, separately report on Schedule C the name of each person who purchased products or services sold, marketed or represented by you if you received incentive compensation of \$500 or more attributable to the purchaser during the period covered by the statement.
- If incentive compensation is paid by your employer in

customers, you must determine the amount of incentive compensation attributable to each of your customers. This may be based on the volume of sales to those customers.

(See Regulations 18700.1 and 18728.5 for more information.)

Investment Funds: The term “investment” no longer includes certain exchange traded funds, closed-end funds, or funds held in an Internal Revenue Code qualified plan. These non-reportable investment funds (1) must be bona fide investment funds that pool money from more than 100 investors, (2) must hold securities of more than 15 issuers, and (3) cannot have a stated policy of concentrating their holdings in the same industry or business (“sector funds”). In addition, the filer may not influence or control the decision to purchase or sell the specific fund on behalf of his or her agency during the reporting period or influence or control the selection of any specific investment purchased or sold by the fund. (Regulation 18237)

Investments and Interests in Real Property: When disclosing investments on Schedules A-1 or A-2 and interests in real property on Schedules A-2 or B, you must include investments and interests in real property held by your spouse or registered domestic partner, and those held by your dependent children, as if you held them directly.

Examples:

- Terry Pearson, her husband, and two dependent children each own \$600 in stock in General Motors. Because the total value of their holdings is \$2,400, Terry must disclose the stock as an investment on Schedule A-1.
- Cynthia and Mark Johnson, a married couple, jointly own Classic Autos. Mark must disclose Classic Autos as an investment on Schedule A-2. To determine the reportable value of the investment, Mark will aggregate the value of his 50% interest and Cynthia’s 50% interest. Thus, if the total value of the business entity is \$150,000, he will check the box \$100,001 - \$1,000,000 in Part 1 of Schedule A-2. (Also see Reference Pamphlet, page 11, for an example of how to calculate reportable income.)

The Johnsons also own the property where Classic Autos is located. To determine the reportable value of the real property, Mark will again aggregate the value of his 50% interest and Cynthia’s 50% interest to determine the amount to report in Part 4 of Schedule A-2.

- Katie Smith rents out a room in her home. She receives \$6,000 a year in rental income. Katie will report the fair market value of the rental portion of her residence and the income received on Schedule B.

Jurisdiction: Report discloseable investments and sources of income (including loans, gifts, and travel payments) that are either located in or doing business in your agency’s jurisdiction, are planning to do business in your agency’s jurisdiction, or have done business during the previous two years in your agency’s jurisdiction, and interests in real property located in your agency’s jurisdiction.

A business entity is doing business in your agency’s jurisdiction if the entity has business contacts on a regular or substantial basis with a person who maintains a physical presence in your jurisdiction.

Business contacts include, but are not limited to, manufacturing, distributing, selling, purchasing, or providing services or goods. Business contacts do not include marketing via the Internet, telephone, television, radio, or printed media.

The same criteria are used to determine whether an individual, organization, or other entity is doing business in your jurisdiction.

Exception:

Gifts are reportable regardless of the location of the donor. must report gifts from sources located outside of California.

disclosure categories to determine if the donor of a gift is of the type that must be disclosed.)

When reporting interests in real property, if your jurisdiction is the state, you must disclose real property located within the state of California unless your agency’

For local agencies, an interest in real property is located in your jurisdiction if any part of the property is located in, or within two miles of, the region, city, county, district, or other geographical area in which the agency has jurisdiction, or if the property is located within two miles of any land owned or used by the agency.

Terms & Definitions - (continued)

See the following explanations to determine what your jurisdiction is:

_____ All Courts: Your jurisdiction is the state _____, a state legislator, or

candidates, and court commissioners also have statewide jurisdiction. (*In re Baty* (1979) 5 FPPC Ops. 10) If you

board, commission, or agency, or of any court or the State Legislature, your jurisdiction is the state.

_____ : Your jurisdiction is the county if you are

county agency or any agency with jurisdiction solely within a single county.

_____ : Your jurisdiction is the city if you are an

any agency with jurisdiction solely within a single city.

_____ ,
a multi-county agency, your jurisdiction is the region, district, or other geographical area in which the agency has jurisdiction. (Example: A water district has jurisdiction in a portion of two counties. Members of the board are only required to report interests located or doing business in that portion of each county in which the agency has jurisdiction.)

Other (for example, school districts, special districts and JPAs)

employee of, or a consultant to an agency not covered above, your jurisdiction is the region, district, or other geographical area in which the agency has jurisdiction. See the multi-county example above.

Leasehold Interest: The term "interest in real property" includes leasehold interests. An interest in a lease on real property is reportable if the value of the leasehold interest is \$2,000 or more. The value of the interest is the total amount of rent owed by you during the reporting period or, prior 12 months.

You are not required to disclose a leasehold interest with a value of less than \$2,000 or a month-to-month tenancy.

Loan Reporting: Filers are not required to report loans from commercial lending institutions or any indebtedness created as part of retail installment or credit card transactions that are made in the lender's regular course

available to members of the public.

Loan Restrictions: State and local elected and appointed

consultant of their government agencies or any government agency has direction or control. In addition, loans of more than \$250 _____ s control are

prohibited unless the loan is from a commercial lending institution or part of a retail installment or credit card transaction made in the regular course of business on terms available to members of the public.

receiving any personal loan of \$500 or more unless the loan agreement is in writing and clearly states the terms of the loan, including the parties to the loan agreement, the date, amount, and term of the loan, the date or dates when payments are due, the amount of the payments, and the interest rate on the loan.

Campaign loans and loans from family members are not subject to the \$250 and \$500 loan prohibitions.

A repaid or is being repaid below certain amounts will

Contact the FPPC for further information, or see the FPPC fact sheet entitled "Limitations and Restrictions on Gifts, Honoraria, Travel, and Loans," which can be obtained from _____ (www.fppc.ca.gov).

Privileged Information: FPPC Regulation 18740 sets out specific procedures that must be followed in order to withhold the name of a source of income. Under this regulation, you are not required to disclose on Schedule A-2, Part 3, the name of a person who paid fees or made payments to a business entity if disclosure of the name would violate a legally recognized privilege under California or Federal law. However, you must provide an explanation for nondisclosure separately stating, for each undisclosed person, the legal basis for the assertion of the privilege, facts demonstrating why the privilege is applicable, and that to the best of your knowledge you have not and will not make, participate in making, or use your official position to influence a governmental decision affecting the undisclosed person in violation of Government Code Section 87100. This explanation may be included with, or attached to, the public official's Form 700.

We note that the name of a source of income is privileged only to a limited extent under California law. For example, a name is protected by attorney-client privilege only when facts concerning an attorney's representation of an anonymous client are publicly known and those facts,

Terms & Definitions - (continued)

when coupled with disclosure of the client's identity,

civil or criminal liability. A patient's name is protected by physician-patient privilege only when disclosure of the patient's name would also reveal the nature of the treatment received by the patient. A patient's name is also protected if the disclosure of the patient's name would constitute a violation by an entity covered under the Federal Health Insurance Portability and Accountability Act (also known as HIPAA).

Public Officials Who Manage Public Investments:

Individuals who invest public funds in revenue-producing
This includes individuals
who direct or approve investment transactions, formulate
or approve investment policies, and establish guidelines

the following:

- Members of boards and commissions, including pension and retirement boards or commissions, and committees thereof, who exercise responsibility for the management of public investments;
- who exercise primary responsibility for the management of public investments (for example, chief or principal
- Individuals who, pursuant to a contract with a state or local government agency, perform the same or substantially all the same functions described above.

Registered Domestic Partners: Filers must report investments and interests in real property held by, and sources of income to, registered domestic partners. (See Regulation 18229.)

Retirement Accounts (for example, deferred compensation and individual retirement accounts (IRAs)):

Assets held in retirement accounts must be disclosed if the assets are reportable items, such as common stock (investments) or real estate (interests in real property). For help in determining whether your investments and real property are reportable, see the instructions to Schedules A-1, A-2, and B.

If your retirement account holds reportable assets, disclose only the assets held in the account, not the account itself. You may have to contact your account manager to determine the assets contained in your account.

Schedule A-1: Report any business entity in which the value of your investment interest was \$2,000 or more during the reporting period. (Use Schedule A-2 if you have a 10% or greater ownership interest in the business entity.)

Schedule B: Report any piece of real property in which the value of your interest was \$2,000 or more during the reporting period.

Examples:

- Alice McSherry deposits \$500 per month into her employer's deferred compensation program. She has funds registered with the Securities and Exchange Commission. Because her funds are invested solely in non-reportable mutual funds (see Schedule A-1 instructions), Alice has no disclosure requirements with regard to the deferred compensation program.
- Bob Allison has \$6,000 in an individual retirement account. The account contains stock in several companies doing business in his jurisdiction. One of his stock holdings, Misac Computers, reached a value of \$2,500 during the reporting period. The value of his investment in each of the other companies was less than \$2,000. Bob must report Misac Computers as an investment on Schedule A-1 because the value of his stock in that company was \$2,000 or more.
- Adriane Fisher has \$5,000 in a retirement fund that invests in real property located in her jurisdiction. The value of her interest in each piece of real property held in the fund was less than \$2,000 during the reporting period. Although her retirement fund holds reportable assets, she has no disclosure requirement because she did not have a \$2,000 or greater interest in any single piece of real property. If, in the future, the value of her interest in a single piece of real property reaches or exceeds \$2,000, she will be required to disclose the real property on Schedule B for that reporting period.

Trusts: Investments and interests in real property held and income received by a trust (including a living trust) are reported on Schedule A-2 if you, your spouse or registered domestic partner, and your dependent children together had a 10% or greater interest in the trust and your pro rata share of a single investment or interest in real property was \$2,000 or more.

You have an interest in a trust if you are a trustor and:

- Can revoke or terminate the trust;
- Have retained or reserved any rights to the income or principal of the trust or retained any reversionary or remainder interest; or
- Have retained any power of appointment, including the

Or you are a _____ and:

- Presently receive income; or
- Have an irrevocable future right to receive income or principal. (See FPPC Regulation 18234 for more information.)

Terms & Definitions - (continued)

Examples:

- Sarah Murphy has set up a living trust that holds her principal residence, stock in several companies that do business in her jurisdiction, and a rental home in her agency's jurisdiction. Since Sarah is the trustor and can revoke or terminate the trust, she must disclose any stock worth \$2,000 or more and the rental home on Schedule A-2. Sarah's residence is not reportable because it is used exclusively as her personal residence.
- Ben Y trust. However, Ben does not presently receive income from the trust, nor does he have an irrevocable future right to receive income or principal. Therefore, Ben is not required to disclose any assets contained in his grandparents' trust.

Blind Trusts:

A blind trust is a trust managed by a disinterested trustee who has complete discretion to purchase and sell assets

interest in a blind trust, you may not be required to disclose your pro rata share of the trust's assets or income.

However, the trust must meet the standards set out in FPPC Regulation 18235, and you must disclose reportable assets originally transferred into the blind trust and income from those original assets on Schedule A-2 until they have been disposed of by the trustee.

Trustees:

If you are only a trustee, you do not have a reportable interest in the trust. However, you may be required to report the income you received from the trust for performing trustee services.

Wedding Gifts: Wedding gifts must be disclosed if they were received from a reportable source during the period covered by the statement. Gifts valued at \$50 or more are reportable; however, a wedding gift is considered a gift to both spouses equally. Therefore, you would count one-half of the value of a wedding gift to determine if it is reportable and need only report individual gifts with a total value of \$100 or more.

For example, you receive a place setting of china valued at \$150 from a reportable source as a wedding gift. Because the value to you is \$50 or more, you must report the gift on Schedule D, but may state its value as \$75.

Wedding gifts are not subject to the \$460 gift limit (\$470 during 2017 - 2018), but they are subject to the \$10

Privacy Information Notice

Information requested on all FPPC forms is used by the FPPC to administer and enforce the Political Reform Act (Gov. Code Sections 81000-91014 and California Code of Regulations Sections 18110-18997). All information required by these forms is mandated by the Political Reform Act. Failure to provide all of the information required by the Act is a violation subject to administrative, criminal, or civil prosecution. All reports and statements provided are public records open for public inspection and reproduction.

If you have any questions regarding this Privacy Notice or how to access your personal information, please contact the FPPC at:

General Counsel
Fair Political Practices Commission
428 J Street, Suite 620
Sacramento, CA 95814
(916) 322-5660
(866) 275-3772

Frequently Asked Questions: Form 700 Disclosure

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The FAQs listed below are selected from questions often asked about the Statement of Economic Interests (Form 700). Because it is not possible to address all of the unique variables and circumstances related to disclosure, individuals are encouraged to contact the FPPC with specific facts. Most officials must also consult their agency’s conflict of interest code to determine their disclosure level and their reportable interests. The Form 700 is a public document. Form 700s filed by State Legislators and Judges, members of the FPPC, County Supervisors, and City Council Members are available on the FPPC’s website.

General Questions

1. Q. Do all officials have the same disclosure requirements for Form 700 reporting?
 - A. No. The majority of individuals who file the Form 700 must do so by following the rules set forth in their agency’s conflict of interest code (“designated employees”). Before completing the Form 700, an official should be familiar with the disclosure category for his or her position. For example, since job duties differ from agency to agency and even unit to unit within the same agency, an analyst for one agency, or unit of that agency, may not have the same reporting requirements as an analyst from another agency, or even another unit of the same agency.

Officials listed in Government Code Section 87200 (e.g., boards of supervisors, city council members, planning commissioners, elected state officials, etc.) must report investments, business positions, and sources of income, including receipt of gifts, loans, and travel payments, from sources located in or doing business in their agency’s jurisdiction. All interests in real property within the agency’s jurisdiction must also be reported. For local officials, real property located within 2 miles of the boundaries of the jurisdiction or any real property that the agency has an interest in is deemed to be “within the jurisdiction.”

2. Q. Is it necessary to read all of the information before completing the Form 700?
 - A. Each individual must verify the Form 700’s content under penalty of perjury. Therefore, every effort must be made to understand what is required by the form. When necessary, you may contact the FPPC for specific, personal guidance. You may only obtain immunity from an enforcement action when you receive formal written advice.
3. Q. Where are the Form 700s filed?
 - A. Most state and local officials file with their agency. In most instances, the agency is required to forward the originals for specified high-level officials to the FPPC. Only retired judges serving on assignment and legislative staff file the Form 700 *directly* with the FPPC.

4. Q. If the Form 700 is postmarked by the due date, is it considered filed on time?
- A. Yes.
5. Q. If an official holds various positions for which the Form 700 is required, is a statement required for each position?
- A. Yes. However, one expanded statement covering the disclosure requirements for all positions may be completed as long as an originally signed statement is filed with each filing officer.
6. Q. Do individuals need to file a complete Form 700 when they leave office?
- A. Yes. The same requirements apply for the assuming office, the annual, and the leaving office filings.
7. Q. An individual is hired into a newly created management position in her agency's Information Technology Department. How does she complete the Form 700?
- A. Because it is a newly created position, the law requires that economic interests are reported under the broadest disclosure category in the agency's conflict of interest code unless the agency sets interim disclosure that is tailored to the limited range of duties of the position. Generally, the Form 700 must be filed with the agency within 30 days of the date of hire. An individual may request that the agency complete the Form 804 (Agency Report of New Positions) to tailor the disclosure category to the job duties of the new position.
8. Q. Must board members of a non-profit public benefit corporation that operates California charter schools file Form 700?
- A. Yes. Members of charter schools are public officials and must file the Form 700.

Income Questions

9. Q. Must an official report a spouse's or registered domestic partner's salary?
- A. Generally an official is required to report his or her community property share (50%) of his or her spouse's or registered domestic partner's salary. The disclosure lists the employer's name as the source of income on Schedule C of the Form 700. If the spouse or registered domestic partner is self-employed, the business entity is reported on Schedule A-2. Officials should check their disclosure category, if applicable, to determine if the income is reportable. A spouse or registered domestic partner's government salary is not reportable (e.g., spouse is a teacher at a public school).
10. Q. If an official and his or her spouse have a legally separate property agreement (e.g., prenuptial), must the official still report his or her community property share (50%) in his or her spouse's income?
- A. No. If there is a legally separate property agreement, the official is not required to report his or her community property share in his or her spouse's income so long as the funds are not commingled with community funds or used to pay for community expenses or to produce or enhance the official's separate income. This reporting exception does not apply to investments and interests in real property. Even if a public official and his or her spouse have a separate

property agreement, the spouse's investments and interests in real property must still be disclosed because the definitions of reportable investments and interests in real property include those held by the official's immediate family (spouse, registered domestic partner, and dependent children). These definitions are not dependent on community property law.

11. Q. If an official owns a business in which he has received income of \$10,000 or more from a client, is the official required to disclose the client's name on Schedule A-2, Part 3?
- A. Yes, except for under rare circumstances where disclosure of the identity would violate a legally recognized privilege under California or federal law. In these cases, the FPPC may authorize an exemption. (Regulation 18740)
12. Q. When an official purchases a new car and trades in the old car as credit toward the purchase price, is the trade-in allowance considered reportable income on the Form 700?
- A. No. A trade-in allowance is not considered income and is not reportable on an official's Form 700. However, income received from the sale of an auto may be reportable.

Investment Questions

13. Q. An official holds various stocks through an account managed by an investment firm. The account manager decides which stocks to purchase with no input from the official. Are the stocks subject to disclosure?
- A. Yes. Unless the stocks are in a diversified mutual fund registered with the SEC or in a fund similar to a diversified mutual fund (e.g., exchange traded fund (ETF)) if the similar fund meets the specific criteria outlined in Regulation 18237. Any investments worth \$2,000 or more in a business entity located in or doing business in the jurisdiction must be disclosed on Schedule A-1 or A-2 if the official's disclosure category requires that the investments be reported.
14. Q. Are funds invested in a retirement account required to be disclosed?
- A. Investments held in a government defined-benefit pension program plan (i.e., CalPERS) are not reportable. Investments held in a fund such as a defined contribution plan 401(k) or exchange traded fund (EFT) are not required to be disclosed if the fund meets the specific criteria outlined in Regulation 18237. An official may need to contact his or her account manager for assistance in determining what assets are held in the account.
15. Q. If an official reported stocks that were acquired last year on his or her annual Form 700, must the stocks be listed again on the official's next Form 700?
- A. Yes. Stocks that are worth \$2,000 or more during the reporting period must be reported every year that they are held. The "acquired" and "disposed" dates are only required if the stocks were acquired or disposed of during the period covered by the Form 700.
16. Q. How are interests in a living trust reported if the trust includes: (1) rental property in the official's jurisdiction; (2) a primary residence; and (3) investments in diversified mutual funds? Are there different disclosure rules?
- A. The name of the trust is reported, along with the rental property and its income, on Schedule A-2. The official's primary residence, if used exclusively as a personal residence, and investments

in diversified mutual funds registered with the SEC, are not reportable. Although the official's primary residence is not required to be disclosed on the Form 700, it is still considered an economic interest for conflict of interest purposes. (See Question 17.) A secondary residence not used exclusively for personal purposes may be reportable. (See Question 18.)

Real Property Questions

17. Q. Is an official's personal residence reportable?
- A. Generally, any personal residence occupied by an official or his or her family is not reportable if used exclusively as a personal residence. However, a residence for which a business deduction is claimed is reportable if the portion claimed as a tax deduction is valued at \$2,000 or more. In addition, any residence for which an official receives rental income is reportable if it is located in the jurisdiction.
18. Q. When an official is required to report interests in real property, is a secondary residence reportable?
- A. It depends. First, the residence must be located in the official's jurisdiction. If the secondary residence is located in the official's jurisdiction and rental income is received (including from a family member), the residence is reportable. However, if the residence is used exclusively for personal purposes and no rental income is received, it is not reportable. Although the secondary residence may not be reportable, it is still considered an economic interest for conflict of interest purposes.
19. Q. If a primary or secondary personal residence is required to be reported, is the street address required to be disclosed?
- A. No. The assessor's parcel number may be listed instead of the street address.

Enforcement Question

20. Q. What is the penalty for not filing the Form 700 on time or not reporting all required economic interests?
- A. A late fine of \$10 per day up to a maximum of \$100 may be assessed. In addition, if a matter is referred to the FPPC's Enforcement Division for failure to file or failure to include all required economic interests, the fine may be substantially higher. If an individual does not pay a fine, the matter may be referred to the Franchise Tax Board for collection.

Gift/Travel Questions

21. Q. What is the gift limit for 2015-2016?
- A. **\$460:** This means that gifts from a single, reportable source, other than a lobbyist or lobbying firm (see below), may not exceed \$460 in a calendar year. For officials and employees who file the Form 700 under an agency's conflict of interest code ("designated employees"), this limit applies only if the official or employee would be required to report income or gifts from that source on the Form 700, as outlined in the "disclosure category" portion of the agency's conflict

of interest code. For conflict of interest purposes, the gift must be under \$460 to avoid consideration under the conflict rules.

State Lobbyist & Lobbying Firm Limit:

\$10: State candidates, state elected officers, and state legislative officials may not accept gifts aggregating more than **\$10 in a calendar month that are made or arranged by a registered state lobbyist or lobbying firm.** The same rule applies to state agency officials, including members of state boards and commissions, if the lobbyist or firm is registered to lobby, or should be registered to lobby, the official's or employee's agency.

22. Q. During the year, an official received several gifts of meals from the same reportable source. Each meal was approximately \$35. Is the source reportable?
- A. Yes. Gifts from the same reportable source are aggregated, and the official must disclose the source when the total value of all meals reaches or exceeds \$50.
23. Q. How does an individual return a gift so that it is not reportable?
- A. Unused gifts that are returned to the donor or reimbursed within 30 days of receipt are not reportable. The recipient may also donate the unused item to a charity or governmental agency within 30 days of receipt or acceptance so long as the donation is not claimed as a tax deduction. An individual may not, however, reimburse a charity for the value (or partial value) of a gift from another source, in order to not report the gift, unless the charity was the original source of the gift.
24. Q. Two people typically exchange gifts of similar value on birthdays. Are these items reportable?
- A. No. Gift exchanges with individuals, other than lobbyists, on birthdays, holidays, or similar occasions, are not reportable or subject to gift limits. The gifts exchanged must be similar in value.
25. Q. Must an official report gifts received from an individual whom the official is dating?
- A. No. Gifts of a personal nature exchanged because the individuals are in a bona fide dating relationship are not reportable or subject to gift limits. However, the official remains subject to the conflict of interest rules and some matters may require recusal from voting.
26. Q. If an official makes a speech related to national public policy and his or her spouse attends the dinner at the event, is the spouse's meal considered a gift to the official?
- Yes. The official's meal is not a reportable gift; however, his or her spouse's meal is a gift and reportable on the official's Form 700 if the value is \$50 or more.
27. Q. A vendor that does business with the agency provided entertainment tickets to the spouse of one of the agency members. Must the member report the tickets as gifts?

- A. Yes. Unless an exception applies, the tickets are a reportable gift. A gift to an official's spouse is a gift to the official when there is no established working, social, or similar relationship between the donor/vendor and the spouse or there is evidence to suggest that the donor had a purpose to influence the official.
28. Q. An agency received two free tickets to a concert from a local vendor. The agency has a policy governing the reporting of tickets and passes distributed to persons for use in ceremonial roles or other agency related activities. The agency had discretion to determine who in the agency received the tickets. Each ticket was valued at \$140. If the agency director used the tickets, how are they reported?
- A. Assuming the tickets meet the agency's policy as an appropriate use of public funds, the agency may report the tickets (worth \$280) on the Form 802 (Agency Report of Ceremonial Role Events and Ticket/Pass Distributions), which is a public record. The director does not need to report the tickets on the Form 700.
29. Q. An agency received a large box of chocolates as a holiday gift from a local merchant. It was addressed to the agency and not to a particular employee. Is there a reporting requirement?
- A. No. There is no reporting requirement if the value received by each agency employee is less than \$50.
30. Q. An agency official receives a gift basket specifically addressed to the official worth more than \$50 from a local merchant. Is there a reporting requirement?
- A. If the source of the gift basket is reportable by the official, the official must report the gift, even if he or she shares the gift with other agency employees.
31. Q. Do prizes donated to a governmental agency by an outside source constitute gifts under the Act if they were received by city employees in a drawing conducted by the city for all city employees participating in the city's charitable food drive?
- A. Yes. The prizes are gifts if donated by an outside source and subject to the Act's limits and reporting requirements.
32. Q. An official won a scholarship in a raffle at a software update training class. The scholarship covered the cost of the class. All attendees, including other public officials and members of the public, were eligible to apply for the scholarship. Is the official required to report the scholarship as a gift?
- A. A scholarship received in a "bona fide" competition may be reported as income instead of a gift. Whether or not a competition or contest is "bona fide" depends on specific facts, such as the nature of the pool of contestants. Contact the FPPC for assistance.
33. Q. Is a ticket provided to an official for his or her admission to an event at which the official performs a ceremonial role or function on behalf of his or her agency reportable on the official's Form 700?

- A. No, so long as the organization holding the event provides the ticket and so long as the official's agency completes the Form 802 (Agency Report of Ceremonial Role Events and Ticket/Pass Distributions). The form will identify the official's name and explain the ceremonial function. (See Regulation 18942.3 for the definition of "ceremonial role.")
34. Q. An official makes an annual donation to a an educational organization that has a 501(c)(3) tax-exempt status. The organization is holding a two-hour donor appreciation event, which will include wine, appetizers, and music. Free access to the event is being provided to all donors to the organization. Must the official report the event as a gift from the organization?
- A. Because free access to the event is offered to all of the organization's donors, without regard to official status, access to the event is not a reportable gift.
35. Q. Are frequent flyer miles reportable?
- A. No. Discounts received under an airline's frequent flyer program that are available to all members of the public are not required to be disclosed.

IMPORTANT NOTE: See Regulation 18950.1 for additional information on reporting travel payments. In some circumstances the agency may report the travel in lieu of the official reporting the travel.

36. Q. If a non-profit organization pays for an official to travel to a conference after receiving the funds to pay for the travel from corporate sponsors, specifically for the purpose of paying for the official's travel, is the non-profit organization or the corporate sponsors the source of the gift?
- A. The corporate sponsors are the source of the gift if the corporate sponsors donated funds specifically for the purpose of the official's travel. Thus, the benefit of the gift received by the official would be pro-rated among the donors. Each reportable donor would be subject to the gift limit and identified on the official's Form 700. The FPPC should be contacted for specific guidance to determine the true source of the travel payment.
37. Q. May an official accept travel, lodging and subsistence from a foreign sister city while representing the official's home city?
- A. Yes. If the travel and related lodging and subsistence is paid by a foreign government and is reasonably related to a legislative or governmental purpose, it is not subject to the gift limit. However, the payments must be disclosed as gifts on the Form 700 for this exception to apply. While in the foreign country, any personal excursions not paid for by the official must also be disclosed and are subject to the gift limit. If private entities make payments to the foreign government to cover the travel expenses, the gift limit will apply and travel payments will likely be prohibited. Please contact the FPPC for more information.
38. Q. An analyst for a state or local agency attends a training seminar on the new federal standards related to the agency's regulatory authority. If the analyst's travel payments are paid by the federal agency, must the analyst report the payment on the Form 700?

- A. No. A payment for travel and related per diem received from a government agency for education, training, or other inter-agency programs or purposes, is not considered a gift or income to the official who uses the payment.
39. Q. A state legislator and a planning commissioner were guest speakers at an association's event. Travel expenses were paid by the association, and the event was held in the United States. Is this reportable?
- A. Yes. The payment is reportable, but not subject to the gift limits. In general, an exception applies to payments for travel within the United States that are provided to attend a function where the official makes a speech. These payments are not limited, but are reportable as gifts. The rules require that the speech be reasonably related to a legislative or governmental purpose, or to an issue of state, national, or international public policy; and the travel payment must be limited to actual transportation and related lodging and subsistence the day immediately preceding, the day of, and the day immediately following the speech. (See Government Code Section 89506. Other rules may be applicable if this exception is not used.)
40. Q. An official serves as a board member for two organizations – one has a 501(c)(3) tax-exempt status and the other has a 501(c)(6) tax-exempt status. The organizations pay the official's travel expenses to attend board meetings. Must the official report these travel payments?
- A. Under the Act, travel payments provided to an official by a 501(c)(3) organization are exempt from the definition of "income" and therefore, not reportable. However, travel payments from other organizations, including a 501(c)(6) organization, are likely required to be reported. Designated employees must report such travel payment if the organization is reportable pursuant to the official's disclosure category in his or her agency's conflict of interest code.
41. Q. The local airport authority issues a certain number of airport parking cards to the County to allow the cardholders to use the parking facilities at the airport at no charge, provided the cardholder is on official business. Must the officials who use the parking cards report a gift on the Form 700?
- A. No. As long as the parking cards are used for official business only, the parking cards do not provide a personal benefit, so no gift is received. If a parking card is used for *personal* purposes, a gift must be reported.

Tickets to Non-Profit and Political Fundraisers Questions

42. Q. An official is offered a ticket from a 501(c)(3) organization to attend its fundraising event. The face value (price) of the ticket is \$500, and the ticket states that the tax deductible portion is \$350. If the official accepts the ticket, what must be reported?
- A. Nothing is required to be reported on the Form 700 so long as the ticket is provided directly by the 501(c)(3) organization for its own fundraising event and is used for the official's own attendance at the fundraiser. In this case, the ticket is deemed to have no value. The official may also accept a second ticket provided directly by the 501(c)(3) organization for his or her guest attending the event, without a reporting obligation by either the official or the guest.

43. Q. What if someone purchases a table at a non-profit fundraiser and offers an official a seat at the table?
- A. If another person or entity provides a ticket, it is a gift and subject to the gift limit. The value is the non-deductible portion on the ticket. If there is no declared face value, then the value is the pro-rata share of the food, catering service, entertainment, and any additional item provided as part of the event. The “no value” exception only applies if the official receives no more than two tickets for his or her own use directly from the 501(c)(3) organization and it is for the organization’s fundraising event.
44. Q. A 501(c)(3) organization provides a ticket to an official for its fundraising event. The organization seats the official at a table purchased by a business entity. Does the official have to report the ticket?
- A. No. So long as the ticket is provided directly by the 501(c)(3) organization and is used for the official’s own attendance at the fundraiser, the ticket is not reportable regardless of where the official is seated.
45. Q. An agency employee who holds a position designated in the conflict of interest code receives a ticket to a fundraiser from a person not “of the type” listed in the agency’s code. Is the agency employee required to report the value?
- A. No. A ticket or any other gift may be accepted under these circumstances without limit or reporting obligations. Agencies must ensure the conflict of interest code adequately addresses potential conflicts of interests but not be so overbroad as to include sources that are not related to the employee’s official duties.
46. Q. An official receives a ticket to attend a political fundraiser held in Washington D.C. from a federal committee. Is the official required to disclose the ticket as a gift, and is it subject to the gift limit?
- A. No. The value of the ticket is not a gift so long as the ticket is provided to the official directly by the committee holding the fundraiser and the official personally uses the ticket. (Regulation 18946.4.) Separate rules apply for travel provided to attend the fundraiser. Regulation 18950.3 covers issues on travel paid by or for a campaign committee.
47. Q. A political party committee is holding a political fundraiser at a golf course and a round of golf is included. If the committee provides an elected official a ticket, is the ticket reportable by the official?
- A. No, so long as the official uses the ticket for his or her own use. If someone other than the political party provides a ticket, the full cost of the ticket is a gift. The political party must report the total amount spent on the fundraiser on its campaign statement.
48. Q. If a business entity offers an official a ticket or a seat at a table that was purchased for a political fundraiser, what is the value?

- A. Because the ticket was not offered by the campaign committee holding the fundraiser, it is a gift to the official. The value is either the face value of the ticket or the pro-rata share of the food, catering services, entertainment, and any additional benefits provided to attendees.
49. Q. If an official attends an event that serves only appetizers and drinks, does the “drop-in” exception apply no matter how long the official stays or how many appetizers or drinks are consumed?
- A. No. The focus of the food and beverages “drop-in” exception is not on the nature of the event as a whole, but rather on the particular official’s brief attendance and limited consumption. If an official attends an event that serves only appetizers and drinks, the “drop-in” exception would only apply if the official just “drops in” for a few minutes and consumes only a “de minimis” amount of appetizers and drinks. However, the “drop-in” exception does not automatically apply just because the event does not serve more than appetizers and drinks.
50. Q. An organization, which is not a 501(c)(3) organization, is holding a fundraiser at a professional sporting event. Tickets to this sporting event are sold out and it appears that tickets are only available at a substantially higher price than the stated face value amount of the ticket provided to the official by the organization. If the official attends the event, what is the value of the gift?
- A. The value is the face value amount stated on the ticket to the sporting event. This valuation rule applies to all tickets to such events that are not covered by a separate valuation exception, such as non-profit and political party fundraisers.
51. Q. An official receives a ticket to a fundraiser, and if accepted, the ticket will result in a reportable gift or a gift over the current gift limit. What are the options?
- A. The official may reimburse the entity or organization that provided the ticket for the amount over the gift limit (or pay down the value to under the \$50 gift reporting threshold if the official does not want to disclose the ticket). Reimbursement must occur within 30 days of receipt of the ticket. A candidate or elected official may use campaign funds to make the reimbursement if the official’s attendance at the event is directly related to a political, legislative, or governmental purpose for the payment. A ticket that is not used and not given to another person is not considered a gift to the official.

2016/2017 Statement of Economic Interests



Form 700

A Public Document

Also available on the FPPC website:

- ***Form 700 in Excel format***
- ***Reference Pamphlet for Form 700***

California Fair Political Practices Commission

Email Advice: advice@fppc.ca.gov

Toll-free advice line: 1 (866) ASK-FPPC • 1 (866) 275-3772

Telephone: (916)322-5660 • Website: www.fppc.ca.gov

What's New

Gift Limit Increase

The gift limit increased to \$470 for calendar years 2017 and 2018. The gift limit during 2016 was \$460.

Gifts of Travel

If an individual receives a payment that is a reportable gift for travel taken on or after January 1, 2016, he or she must disclose the travel destination. (See Schedule E instructions for other details that must be disclosed.)

Who must file:

- Elected and appointed _____ and candidates listed in Government Code Section 87200
- Employees, appointed _____ and consultants pursuant to a _____ of interest code ("code")
Obtain your disclosure categories, which describe the interests you must report, from your agency; they are not part of the Form 700
- Candidates running for local elective _____ that are designated in a _____ of interest code (e.g., county sheriffs, city clerks, school board trustees, and water board members)

Exception: Candidates for a county central committee are not required to _____ the Form 700.

- Members of newly created boards and commissions not yet covered under a _____ of interest code
- Employees in newly created positions of existing agencies

See Reference Pamphlet, page 3, at www.fppc.ca.gov.

Where to file:

87200 Filers

State	➔	Your agency
Judicial	➔	The clerk of your court
Retired Judges	➔	Directly with FPPC
County	➔	Your county
City	➔	Your city clerk
Multi-County	➔	Your agency

Code Filers — State and Local Officials, Employees, and Consultants Designated in a Conflict of Interest

Code: File with your agency, board, or commission unless otherwise _____ in your agency's code (e.g., Legislative staff _____ directly with FPPC). In most cases, the agency, board, or commission will retain the statements.

Members of Boards and Commissions of Newly Created Agencies:

File with your newly created agency or with your agency's code reviewing body.

Employees in Newly Created Positions of Existing Agencies:

File with your agency or with your agency's code reviewing body. See Reference Pamphlet, page 3.

Candidates: File with your local elections

How to file:

The Form 700 is available at www.fppc.ca.gov. Form 700 schedules are also available in Excel format. All statements must have an original "wet" signature or be duly authorized by your _____ to electronically under Government Code Section 87500.2. Instructions, examples, FAQs, and a reference pamphlet are available to help answer your questions.

When to file:

Annual Statements

➔ March 1, 2017

- Elected State
- Judges and Court Commissioners
- State Board and State Commission Members listed in Government Code Section 87200

➔ April 3, 2017

- Most other

Individuals _____ under _____ of interest codes in city and county jurisdictions should verify the annual _____ date with their local _____

Statements postmarked by the _____ deadline are considered _____ on time.

Assuming Office and Leaving Office Statements

Most _____ within 30 days of assuming or leaving or within 30 days of the effective date of a newly adopted or amended _____ of interest code.

Exception:

If you assumed _____ between October 1, 2016, and December 31, 2016, and _____ an assuming _____ statement, you are not required to _____ an annual statement until March 1, 2018, or April 2, 2018, whichever is applicable. The annual statement will cover the day after you assumed through December 31, 2017. See Reference Pamphlet, pages 6 and 7, for additional exceptions.

Candidate Statements

File no later than the _____ date for the declaration of candidacy or nomination documents.

Amendments

Statements may be amended at any time. You are only required to amend the schedule that needs to be revised. It is not necessary to amend the entire _____ form. Obtain amendment schedules at www.fppc.ca.gov.

There is no provision for filing deadline extensions unless the filer is serving in active military duty.

Statements of 30 pages or less may be faxed by the deadline as long as the originally signed paper version is sent by _____ class mail to the _____ within 24 hours.

Introduction

The Political Reform Act (Gov. Code Sections 81000-91014) requires most state and local government and employees to publicly disclose their personal assets and income. They also must disqualify themselves from participating in decisions that may affect their personal economic interests. The Fair Political Practices Commission (FPPC) is the state agency responsible for issuing the attached Statement of Economic Interests, Form 700, and for interpreting the law's provisions.

Gift Prohibition

Gifts received by most state and local employees, and candidates are subject to a limit. During 2015 and 2016, the gift limit was \$460 from a single source per calendar year. For years 2017-2018, the limit increased to \$470 from a single source during a calendar year.

In addition, state state candidates, and certain state employees are subject to a \$10 limit per calendar month on gifts from lobbyists and lobbying registered with the Secretary of State. See Reference Pamphlet, page 10.

State and local and employees should check with their agency to determine if other restrictions apply.

Disqualification

Public are, under certain circumstances, required to disqualify themselves from making, participating in, or attempting to governmental decisions that will affect their economic interests. This may include interests they are not required to disclose (i.e., a personal residence is often not reportable, but may be disqualifying).

requirements apply to 87200 (e.g., city councilmembers, members of boards of supervisors, planning commissioners, etc.). These must publicly identify the economic interest that creates a of interest and leave the room before a discussion or vote takes place at a public meeting. For more information, consult Government Code Section 87105, Regulation 18707, and the Guide to Recognizing of Interest at www.fppc.ca.gov.

Honorarium Ban

Most state and local employees, and candidates are prohibited from accepting an honorarium for any speech given, article published, or attendance at a conference, convention, meeting, or like gathering. See Reference Pamphlet, page 10.

Loan Restrictions

Certain state and local are subject to restrictions on loans. See Reference Pamphlet, page 14.

Post-Governmental Employment

There are restrictions on representing clients or employers before former agencies. The provisions apply to elected state most state employees, local elected county chief administrative city managers, including the chief administrator of a city, and general managers or chief administrators of local special districts and JPAs. The FPPC website has fact sheets explaining the provisions.

Late Filing

The who retains originally-signed or electronically statements of economic interests may impose on an individual a for any statement that is late. The is \$10 per day up to a maximum of \$100. Late penalties may be reduced or waived under certain circumstances.

Persons who fail to timely their Form 700 may be referred to the FPPC's Enforcement Division (and, in some cases, to the Attorney General or district attorney) for investigation and possible prosecution. In addition to the late penalties, a of up to \$5,000 per violation may be imposed.

For assistance concerning reporting, prohibitions, and restrictions under the Act:

- Email questions to advice@fppc.ca.gov.
- Call the FPPC toll-free at (866) 275-3772.

Form 700 is a Public Document Public Access Must Be Provided

Statements of Economic Interests are public documents. The must permit any member of the public to inspect and receive a copy of any statement.

- Statements must be available as soon as possible during the agency's regular business hours, but in any event not later than the second business day after the statement is received. Access to the Form 700 is not subject to the Public Records Act procedures.
- No conditions may be placed on persons seeking access to the forms.
- No information or may be required from persons seeking access.
- Reproduction fees of no more than 10 cents per page may be charged.

Types of Form 700 Filings

Assuming Office Statement:

If you are a newly appointed _____ or are newly employed in a position designated, or that will be designated, in a state or local agency's _____ of interest code, your assuming _____ date is the date you were sworn in or otherwise authorized to serve in the position. If you are a newly elected _____ your assuming _____ date is the date you were sworn in.

- Investments, interests in real property, and business positions held on the date you assumed the _____ or position must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the date you assumed the _____ or position is reportable.

For positions subject to _____ by the State Senate or the Commission on Judicial Performance, your assuming _____ date is the date you were appointed or nominated to the position.

Example:

Maria Lopez was nominated by the Governor to serve on a state agency board that is subject to state Senate _____. The assuming _____ date is the date Maria's nomination is submitted to the Senate. Maria must report investments, interests in real property, and business positions she holds on that date, and income (including loans, gifts, and travel payments) received during the 12 months prior to that date.

If your _____ or position has been added to a newly adopted or newly amended _____ of interest code, use the effective date of the code or amendment, whichever is applicable.

- Investments, interests in real property, and business positions held on the effective date of the code or amendment must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the effective date of the code or amendment is reportable.

Annual Statement:

Generally, the period covered is January 1, 2016, through December 31, 2016. If the period covered by the statement is different than January 1, 2016, through December 31, 2016, (for example, you assumed between October 1, 2015, and December 31, 2015 or you are combining statements), you must specify the period covered.

- Investments, interests in real property, business positions held, and income (including loans, gifts, and travel payments) received during the period covered by the statement must be reported. Do not change the preprinted dates on Schedules A-1, A-2, and B unless you are required to report the acquisition or disposition of an interest that did not occur in 2016.

- If your disclosure category changes during a reporting period, disclose under the old category until the effective date of the _____ of interest code amendment and disclose under the new disclosure category through the end of the reporting period.

Leaving Office Statement:

Generally, the period covered is January 1, 2016, through the date you stopped performing the duties of your position. If the period covered differs from January 1, 2016, through the date you stopped performing the duties of your position (for example, you assumed between October 1, 2015, and December 31, 2015, or you are combining statements), the period covered must be _____. The reporting period can cover parts of two calendar years.

- Investments, interests in real property, business positions held, and income (including loans, gifts, and travel payments) received during the period covered by the statement must be reported. Do not change the preprinted dates on Schedules A-1, A-2, and B unless you are required to report the acquisition or disposition of an interest that did not occur in 2016.

Candidate Statement:

If you are _____ a statement in connection with your candidacy for state or local _____ investments, interests in real property, and business positions held on the date of _____ your declaration of candidacy must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the date of _____ your declaration of candidacy is reportable. Do not change the preprinted dates on Schedules A-1, A-2, and B.

Candidates running for local elective _____ (e.g., county sheriffs, city clerks, school board trustees, or water district board members) must _____ candidate statements, as required by the _____ of interest code for the elected position. The code may be obtained from the agency of the elected position.

Amendments:

If you discover errors or omissions on any statement, an amendment as soon as possible. You are only required to amend the schedule that needs to be revised; it is not necessary to _____ the entire form. Obtain amendment schedules from the FPPC website at www.fppc.ca.gov.

Instructions Cover Page

Enter your name, mailing address, and daytime telephone number in the spaces provided. **Because the Form 700 is a public document, you may list your business/office address instead of your home address.**

Part 1. Office, Agency, or Court

- Enter the name of the agency sought or held, or the agency or court. Consultants must enter the public agency name rather than their private name. (Examples: State Assembly; Board of Supervisors; Office of the Mayor; Department of Finance; Hope County Superior Court)
- Indicate the name of your division, board, or district, if applicable. (Examples: Division of Waste Management; Board of Accountancy; District 45). **Do not use acronyms.**
- Enter your position title. (Examples: Director; Chief Counsel; City Council Member; Staff Services Analyst)
- If you hold multiple positions (i.e., a city council member who also is a member of a county board or commission), you may be required to file statements with each agency. To simplify your reporting obligations, you may complete an expanded statement.
- To do this, enter the name of the other agency(ies) with which you are required to report and your position title(s) in the space provided. **Do not use acronyms.** Attach an additional sheet if necessary. Complete one statement covering the disclosure requirements for all positions. Each copy must contain an original signature. Therefore, before signing the statement, make a copy for each agency. Sign each copy with an original signature and with each agency.

If you assume or leave a position after a reporting deadline, you must complete a separate statement. For example, a city council member who assumes a position with a county special district after the April 1 annual reporting deadline must file a separate assuming office statement. In subsequent years, the city council member may expand his or her annual report to include both positions.

Example:

Scott Baker is a city council member for the City of Lincoln and a board member for the Camp Far West Irrigation District – a multi-county agency that covers Placer and Yuba counties. Scott will complete one Form 700 using full disclosure (as required for the city position) and covering interests in both Placer and Yuba counties (as required for the multi-county position) and list both positions on the Cover Page. Before signing the statement, Scott will make a copy and sign both statements. One statement will be filed with City of Lincoln and the other will be filed with Camp Far West Irrigation District. Both will contain an original signature.

Part 2. Jurisdiction of Office

- Check the box indicating the jurisdiction of your agency and, if applicable, identify the jurisdiction. Judges, judicial candidates, and court commissioners have statewide jurisdiction. All other agencies should review the Reference Pamphlet, page 13, to determine their jurisdiction.
- If your agency is a multi-county agency, list each county in which your agency has jurisdiction.

- If your agency is not a state court, county city or multi-county (e.g., school districts, special districts and JPAs), check the “other” box and enter the county or city in which the agency has jurisdiction.

Example:

This is a member of a water district board with jurisdiction in portions of Yuba and Sutter Counties.

1. Office, Agency, or Court	
Agency Name: (Do not use acronyms) Feather River Irrigation District	
Division, Board, Department, District, if applicable N/A	Your Position Board Member
▶ If filing for multiple positions, list below or on an attachment. (Do not use acronyms)	
Agency: N/A	Position:
2. Jurisdiction of Office (Check at least one box)	
<input type="checkbox"/> State	<input type="checkbox"/> Judge or Court Commissioner (Statewide Jurisdiction)
<input checked="" type="checkbox"/> Multi-County Yuba & Sutter Counties	<input type="checkbox"/> County of _____
<input type="checkbox"/> City of _____	<input type="checkbox"/> Other _____

Part 3. Type of Statement

Check at least one box. The period covered by a statement is determined by the type of statement you are filing. If you are completing a 2016 annual statement, **do not** change the pre-printed dates to 2017. Your annual statement is used for reporting the **previous year's** economic interests. Economic interests for your annual statement covering January 1, 2017, through December 31, 2017, will be disclosed on your statement in 2018. See Reference Pamphlet, page 4.

Combining Statements: Certain types of statements may be combined. For example, if you leave a position after January 1, but before the deadline for filing your annual statement, you may combine your annual and leaving office statements. File by the earliest deadline. Consult your agency or the FPPC.

Part 4. Schedule Summary

- Complete the Schedule Summary after you have reviewed each schedule to determine if you have reportable interests.
- Enter the total number of completed pages including the cover page and either check the box for each schedule you use to disclose interests; **or** if you have nothing to disclose on any schedule, check the “No reportable interests” box. Please **do not** attach any blank schedules.

Part 5. Verification

Complete the cover page by signing the statement and entering the date signed. All statements must have an original “wet” signature or be duly authorized by your agency to sign electronically under Government Code Section 87500.2. Instructions, examples, FAQs, and a reference pamphlet are available to help answer your questions. **When you sign your statement, you are stating, under penalty of perjury, that it is true and correct.** Only the authorized person has authority to sign the statement. An unsigned statement is not considered valid and you may be subject to late filing penalties.

FPPC Form 700 (2016/2017)
FPPC Advice Email: advice@fppc.ca.gov
FPPC Toll-Free Helpline: 866/275-3772 www.fppc.ca.gov

COVER PAGE

Please type or print in ink.

NAME OF FILER (LAST) (FIRST) (MIDDLE)

1. Office, Agency, or Court

Agency Name (Do not use acronyms)

Division, Board, Department, District, if applicable Your Position

► If filing for multiple positions, list below or on an attachment. (Do not use acronyms)

Agency: Position:

2. Jurisdiction of Office (Check at least one box)

- State Judge or Court Commissioner (Statewide Jurisdiction)
- Multi-County _____ County of _____
- City of _____ Other _____

3. Type of Statement (Check at least one box)

- Annual:** The period covered is January 1, 2016, through December 31, 2016.
-or- The period covered is ____/____/____, through December 31, 2016.
- Assuming Office:** Date assumed ____/____/____
- Candidate:** Election year _____ and office sought, if different than Part 1: _____
- Leaving Office:** Date Left ____/____/____ (Check one)
 - The period covered is January 1, 2016, through the date of leaving office.
 - or-
 - The period covered is ____/____/____, through the date of leaving office.

4. Schedule Summary (must complete) ► Total number of pages including this cover page: _____

Schedules attached

- Schedule A-1 - Investments** – schedule attached **Schedule C - Income, Loans, & Business Positions** – schedule attached
 - Schedule A-2 - Investments** – schedule attached **Schedule D - Income – Gifts** – schedule attached
 - Schedule B - Real Property** – schedule attached **Schedule E - Income – Gifts – Travel Payments** – schedule attached
- or- **None - No reportable interests on any schedule**

5. Verification

MAILING ADDRESS STREET CITY STATE ZIP CODE
(Business or Agency Address Recommended - Public Document)

DAYTIME TELEPHONE NUMBER E-MAIL ADDRESS
()

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information contained herein and in any attached schedules is true and complete. I acknowledge this is a public document.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date Signed _____ Signature _____
(month, day, year) (File the originally signed statement with your filing official.)

Which Schedule Do I Use?

Common Reportable Interests

Schedule A-1	Stocks, including those held in an IRA or a 401K
Schedule A-2	Business entities (including certain independent contracting), sole proprietorships, partnerships, LLCs, corporations, and trusts
Schedule B	Rental property in the jurisdiction, or within two miles of the boundaries of the jurisdiction
Schedule C	Non-governmental salaries of public and spouse/registered domestic partner
Schedule D	Gifts from businesses (such as tickets to sporting or entertainment events)
Schedule E	Travel payments from third parties (not your employer)

Common Non-Reportable Interests

Schedule A-1	Insurance policies, government bonds, mutual funds, certain funds similar to mutual funds (such as exchange traded funds) and investments held in certain retirement accounts. See Reference Pamphlet, page 13, for detailed information. (Regulation 18237)
Schedule A-2	Savings and checking accounts and annuities
Schedule B	A residence used exclusively as a personal residence (such as a home or vacation cabin)
Schedule C	Governmental salary (such as a school district)
Schedule D	Gifts from family members
Schedule E	Travel paid by your government agency

Remember:

- ✓ Mark the “No reportable interests” box on Part 4 of the Schedule Summary on the Cover Page if you determine you have nothing to disclose and the Cover Page only. **Make sure you carefully read all instructions to ensure proper reporting.**
- ✓ The Form 700 is a public document.
- ✓ **Most individuals must consult their agency’s conflict of interest code for reportable interests.**
- ✓ Most individuals the Form 700 with their agencies.

Questions and Answers

General

- Q. What is the reporting period for disclosing interests on an assuming statement or a candidate statement?
- A. On an assuming statement, disclose all reportable investments, interests in real property, and business positions held on the date you assumed. In addition, you must disclose income (including loans, gifts and travel payments) received during the 12 months prior to the date you assumed.

On a candidate statement, disclose all reportable investments, interests in real property, and business positions held on the date you assumed your declaration of candidacy. You must also disclose income (including loans, gifts and travel payments) received during the 12 months prior to the date you assumed your declaration of candidacy.

- Q. I hold two other board positions in addition to my position with the county. Must I file three statements of economic interests?
- A. Yes, three are required. However, you may complete one statement listing the county and the two boards on the Cover Page or an attachment as the agencies for which you will be reporting. Report your economic interests using the largest jurisdiction and highest disclosure requirements assigned to you by the three agencies. Make two copies of the entire statement before signing it, sign each copy with an original signature, and distribute one original to the county and to each of the two boards. Remember to complete separate statements for positions that you leave or assume during the year.
- Q. I am a department head who recently began acting as city manager. Should I file as the city manager?
- A. Yes. File an assuming statement as city manager. Persons serving as "acting," "interim," or "alternate" must file as if they hold the position because they are or may be performing the duties of the position.

- Q. As a designated employee, I left one state agency to work for another state agency. Must I file a leaving statement?
- A. Yes. You may also need to file an assuming statement for the new agency.

- Q. My spouse and I are currently separated and in the process of obtaining a divorce. Must I still report my spouse's income, investments, and interests in real property?
- A. Yes. A public official must continue to report a spouse's economic interests until such time as dissolution of marriage proceedings is final. However, if a separate property agreement has been reached prior to that time, your estranged spouse's income may not have to be reported. Contact the FPPC for more information.

Investment Disclosure

- Q. I have an investment interest in shares of stock in a company that does not have an office in my jurisdiction. Must I still disclose my investment interest in this company?
- A. Probably. The definition of "doing business in the jurisdiction" is not limited to whether the business has an office or physical location in your jurisdiction. See Reference Pamphlet, page 13.
- Q. My spouse and I have a living trust. The trust holds rental property in my jurisdiction, our primary residence, and investments in mutual funds. I have full disclosure. How is this trust disclosed?
- A. Disclose the name of the trust, the rental property and its income on Schedule A-2. Your primary residence and investments in mutual funds registered with the SEC are not reportable.
- Q. I am required to report all investments. I have an IRA that contains stocks through an account managed by a brokerage. Must I disclose these stocks even though they are held in an IRA and I did not decide which stocks to purchase?
- A. Yes. Disclose on Schedule A-1 or A-2 any stock worth \$2,000 or more in a business entity located in or doing business in your jurisdiction.

Questions and Answers Continued

Q. I am the sole owner of my business, an S-Corporation. I believe that the nature of the business is such that it cannot be said to have any "fair market value" because it has no assets. I operate the corporation under an agreement with a large insurance company. My contract does not have resale value because of its nature as a personal services contract. Must I report the fair market value for my business on Schedule A-2 of the Form 700?

A. Yes. Even if there are no *tangible* assets, intangible assets, such as relationships with companies and clients are commonly sold to professionals. The "fair market value" is often for other purposes, such as marital dissolutions or estate planning. In addition, the IRS presumes that "personal services corporations" have a fair market value. A professional "book of business" and the associated goodwill that generates income are not without a determinable value. The Form 700 does not require a precise fair market value; it is only necessary to check a box indicating the broad range within which the value falls.

Q. I own stock in IBM and must report this investment on Schedule A-1. I initially purchased this stock in the early 1990s; however, I am constantly buying and selling shares. Must I note these dates in the "Acquired" and "Disposed"

A. No. You must only report dates in the "Acquired" or "Disposed" when, during the reporting period, you initially purchase a reportable investment worth \$2,000 or more or when you dispose of the entire investment. You are not required to track the partial trading of an investment.

Q. On last year's I reported stock in Encoe valued at \$2,000 - \$10,000. Late last year the value of this stock fell below and remains at less than \$2,000. How should this be reported on this year's statement?

A. You are not required to report an investment if the value was less than \$2,000 during the **entire** reporting period. However, because a disposed date is not required for stocks that fall below \$2,000, you may want to report the stock and note in the "comments" section that the value fell below \$2,000. This would be for informational purposes only; it is not a requirement.

Q. We have a Section 529 account set up to save money for our son's college education. Is this reportable?

A. If the Section 529 account contains reportable interests (e.g., common stock valued at \$2,000 or more), those interests are reportable (not the actual Section 529 account). If the account contains solely mutual funds, then nothing is reported.

Income Disclosure

Q. I reported a business entity on Schedule A-2. Clients of my business are located in several states. Must I report all clients from whom my pro rata share of income is \$10,000 or more on Schedule A-2, Part 3?

A. No, only the clients located in or doing business on a regular basis in your jurisdiction must be disclosed.

Q. I believe I am not required to disclose the names of clients from whom my pro rata share of income is \$10,000 or more on Schedule A-2 because of their right to privacy. Is there an exception for reporting clients' names?

A. Regulation 18740 provides a procedure for requesting an exemption to allow a client's name not to be disclosed if disclosure of the name would violate a legally recognized privilege under California or Federal law. This regulation may be obtained from our website at www.fppc.ca.gov. See Reference Pamphlet, page 14.

Q. I am sole owner of a private law practice that is not reportable based on my limited disclosure category. However, some of the sources of income to my law practice are from reportable sources. Do I have to disclose this income?

A. Yes, even though the law practice is not reportable, reportable sources of income to the law practice of \$10,000 or more must be disclosed. This information would be disclosed on Schedule C with a note in the "comments" section indicating that the business entity is not a reportable investment. The note would be for informational purposes only; it is not a requirement.

Questions and Answers Continued

Q. I am the sole owner of my business. Where do I disclose my income - on Schedule A-2 or Schedule C?

A. Sources of income to a business in which you have an ownership interest of 10% or greater are disclosed on Schedule A-2. See Reference Pamphlet, page 8, for the of "business entity."

Q. My husband is a partner in a four-person where all of his business is based on his own billings and collections from various clients. How do I report my community property interest in this business and the income generated in this manner?

A. If your husband's investment in the is 10% or greater, disclose 100% of his share of the business on Schedule A-2, Part 1 and 50% of his income on Schedule A-2, Parts 2 and 3. For example, a client of your husband's must be a source of at least \$20,000 during the reporting period before the client's name is reported.

Q. How do I disclose my spouse's or registered domestic partner's salary?

A. Report the name of the employer as a source of income on Schedule C.

Q. I am a doctor. For purposes of reporting \$10,000 sources of income on Schedule A-2, Part 3, are the patients or their insurance carriers considered sources of income?

A. If your patients exercise control by selecting you instead of other doctors, then your patients, rather than their insurance carriers, are sources of income to you. See Reference Pamphlet, page 14, for additional information.

Q. I received a loan from my grandfather to purchase my home. Is this loan reportable?

A. No. Loans received from family members are not reportable.

Q. Many years ago, I loaned my parents several thousand dollars, which they paid back this year. Do I need to report this loan repayment on my Form 700?

A. No. Payments received on a loan made to a family member are not reportable.

Real Property Disclosure

Q. During this reporting period we switched our principal place of residence into a rental. I have full disclosure and the property is located in my agency's jurisdiction, so it is now reportable. Because I have not reported this property before, do I need to show an "acquired" date?

A. No, you are not required to show an "acquired" date because you previously owned the property. However, you may want to note in the "comments" section that the property was not previously reported because it was used exclusively as your residence. This would be for informational purposes only; it is not a requirement.

Q. I am a city manager, and I own a rental property located in an adjacent city, but one mile from the city limit. Do I need to report this property interest?

A. Yes. You are required to report this property because it is located within 2 miles of the boundaries of the city you manage.

Q. Must I report a home that I own as a personal residence for my daughter?

A. You are not required to disclose a home used as a personal residence for a family member unless you receive income from it, such as rental income.

Q. I am a co-signer on a loan for a rental property owned by a friend. Since I am listed on the deed of trust, do I need to report my friend's property as an interest in real property on my Form 700?

A. No. Simply being a co-signer on a loan for property does not create a reportable interest in real property for you.

Gift Disclosure

Q. If I received a reportable gift of two tickets to a concert valued at \$100 each, but gave the tickets to a friend because I could not attend the concert, do I have any reporting obligations?

A. Yes. Since you accepted the gift and exercised discretion and control of the use of the tickets, you must disclose the gift on Schedule D.

Questions and Answers Continued

- Q. Mary and Joe Benson, a married couple, want to give a piece of artwork to a county supervisor. Is each spouse considered a separate source for purposes of the gift limit and disclosure?
- A. Yes, each spouse may make a gift valued at the gift limit during a calendar year. For example, during 2016 the gift limit was \$460, so the Bensons may have given the supervisor artwork valued at no more than \$920. The supervisor must identify Joe and Mary Benson as the sources of the gift.
- Q. I am a Form 700 with full disclosure. Our agency holds a holiday to raise funds for a local charity. I bought \$10 worth of tickets and won a gift basket valued at \$120. The gift basket was donated by Doug Brewer, a citizen in our city. At the same event, I bought tickets for, and won a quilt valued at \$70. The quilt was donated by a coworker. Are these reportable gifts?
- A. Because the gift basket was donated by an outside source (not an agency employee), you have received a reportable gift valued at \$110 (the value of the basket less the consideration paid). The source of the gift is Doug Brewer and the agency is disclosed as the intermediary. Because the quilt was donated by an employee of your agency, it is not a reportable gift.
- Q. My agency is responsible for disbursing grants. An applicant (501(c)(3) organization) met with agency employees to present its application. At this meeting, the applicant provided food and beverages. Would the food and beverages be considered gifts to the employees? These employees are designated in our agency's of interest code and the applicant is a reportable source of income under the code.
- A. Yes. If the value of the food and beverages consumed by any one, plus any other gifts received from the same source during the reporting period total \$50 or more, the food and beverages would be reported using the fair market value and would be subject to the gift limit.
- Q. I received free admission to an educational conference related to my duties. Part of the conference fees included a round of golf. Is the value of the golf considered informational material?
- A. No. The value of personal such as golf, attendance at a concert, or sporting event, are gifts subject to reporting and limits.

Instructions – Schedules A-1 and A-2 Investments

“Investment” means a _____ interest in any business entity (including a consulting business or other independent contracting business) that is located in, doing business in, planning to do business in, or that has done business during the previous two years in your agency’s jurisdiction in which you, your spouse or registered domestic partner, or your dependent children had a direct, indirect, or _____ interest totaling \$2,000 or more at any time during the reporting period. See Reference Pamphlet, page 13.

Reportable investments include:

- Stocks, bonds, warrants, and options, including those held in margin or brokerage accounts and managed investment funds (See Reference Pamphlet, page 13.)
- Sole proprietorships
- Your own business or your spouse’s or registered domestic partner’s business (See Reference Pamphlet, page 8, for the _____ of “business entity.”)
- Your spouse’s or registered domestic partner’s investments even if they are legally separate property
- Partnerships (e.g., a law _____ or family farm)
- Investments in reportable business entities held in a retirement account (See Reference Pamphlet, page 15.)
- If you, your spouse or registered domestic partner, and dependent children together had a 10% or greater ownership interest in a business entity or trust (including a living trust), you must disclose investments held by the business entity or trust. See Reference Pamphlet, page 15, for more information on disclosing trusts.
- Business trusts

You are not required to disclose:

- Government bonds, _____ mutual funds, certain funds similar to _____ mutual funds (such as exchange traded funds) and investments held in certain retirement accounts. See Reference Pamphlet, page 13, for detailed information. (Regulation 18237)
- Bank accounts, savings accounts, money market accounts and _____ of deposits
- Insurance policies
- Annuities
- Commodities
- Shares in a credit union
- Government bonds (including municipal bonds)
- Retirement accounts invested in non-reportable interests (e.g., insurance policies, mutual funds, or government bonds) (See Reference Pamphlet, page 15.)

- Government _____ pension plans (such as CalPERS and CalSTRS plans)
- Certain interests held in a blind trust (See Reference Pamphlet, page 16.)

Use Schedule A-1 to report ownership of less than 10% (e.g., stock). Schedule C (Income) may also be required if the investment is not a stock or corporate bond. See second example below.

Use Schedule A-2 to report ownership of 10% or greater (e.g., a sole proprietorship).

To Complete Schedule A-1:

Do not attach brokerage or _____ statements.

- Disclose the name of the business entity.
- Provide a general description of the business activity of the entity (e.g., pharmaceuticals, computers, automobile manufacturing, or communications).
- Check the box indicating the highest fair market value of your investment during the reporting period. If you are _____ a candidate or an assuming _____ statement, indicate the fair market value on the _____ date or the date you took _____ respectively.
- Identify the nature of your investment (e.g., stocks, warrants, options, or bonds).
- An acquired or disposed of date is only required if you initially acquired or entirely disposed of the investment interest during the reporting period. The date of a stock dividend reinvestment or partial disposal is not required. Generally, these dates will not apply if you are _____ a candidate or an assuming _____ statement.

Examples:

John Smith holds a state agency position. His _____ of interest code requires full disclosure of investments. John must disclose his stock holdings of \$2,000 or more in any company that is located in or does business in California, as well as those stocks held by his spouse or registered domestic partner and dependent children.

Susan Jones is a city council member. She has a 4% interest, worth \$5,000, in a limited partnership located in the city. Susan must disclose the partnership on Schedule A-1 and income of \$500 or more received from the partnership on Schedule C.

Reminders

- Do you know your agency’s jurisdiction?
- Did you hold investments at any time during the period covered by this statement?
- Code _____ – your disclosure categories may only require disclosure of _____ investments.

SCHEDULE A-1

Investments

Stocks, Bonds, and Other Interests (Ownership Interest is Less Than 10%)

Do not attach brokerage or financial statements.

Name _____

▶ NAME OF BuSINESS ENTITY _____

GENERAL DESCRIPTION OF THIS BuSINESS _____

FAIR MARKET vALuE
 \$2,000 - \$10,000 \$10,001 - \$100,000
 \$100,001 - \$1,000,000 Over \$1,000,000

NATuRE OF INvESTMENT
 Stock Other _____ (Describe)
 Partnership Income Received of \$0 - \$499
 Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:
____/____/16 ____/____/16
ACQu IRED DISPOSED

▶ NAME OF BuSINESS ENTITY _____

GENERAL DESCRIPTION OF THIS BuSINESS _____

FAIR MARKET vALuE
 \$2,000 - \$10,000 \$10,001 - \$100,000
 \$100,001 - \$1,000,000 Over \$1,000,000

NATuRE OF INvESTMENT
 Stock Other _____ (Describe)
 Partnership Income Received of \$0 - \$499
 Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:
____/____/16 ____/____/16
ACQu IRED DISPOSED

▶ NAME OF BuSINESS ENTITY _____

GENERAL DESCRIPTION OF THIS BuSINESS _____

FAIR MARKET vALuE
 \$2,000 - \$10,000 \$10,001 - \$100,000
 \$100,001 - \$1,000,000 Over \$1,000,000

NATuRE OF INvESTMENT
 Stock Other _____ (Describe)
 Partnership Income Received of \$0 - \$499
 Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:
____/____/16 ____/____/16
ACQu IRED DISPOSED

▶ NAME OF BuSINESS ENTITY _____

GENERAL DESCRIPTION OF THIS BuSINESS _____

FAIR MARKET vALuE
 \$2,000 - \$10,000 \$10,001 - \$100,000
 \$100,001 - \$1,000,000 Over \$1,000,000

NATuRE OF INvESTMENT
 Stock Other _____ (Describe)
 Partnership Income Received of \$0 - \$499
 Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:
____/____/16 ____/____/16
ACQu IRED DISPOSED

▶ NAME OF BuSINESS ENTITY _____

GENERAL DESCRIPTION OF THIS BuSINESS _____

FAIR MARKET vALuE
 \$2,000 - \$10,000 \$10,001 - \$100,000
 \$100,001 - \$1,000,000 Over \$1,000,000

NATuRE OF INvESTMENT
 Stock Other _____ (Describe)
 Partnership Income Received of \$0 - \$499
 Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:
____/____/16 ____/____/16
ACQu IRED DISPOSED

▶ NAME OF BuSINESS ENTITY _____

GENERAL DESCRIPTION OF THIS BuSINESS _____

FAIR MARKET vALuE
 \$2,000 - \$10,000 \$10,001 - \$100,000
 \$100,001 - \$1,000,000 Over \$1,000,000

NATuRE OF INvESTMENT
 Stock Other _____ (Describe)
 Partnership Income Received of \$0 - \$499
 Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:
____/____/16 ____/____/16
ACQu IRED DISPOSED

Comments: _____

Instructions – Schedule A-2

Investments, Income, and Assets of Business Entities/Trusts

Use Schedule A-2 to report investments in a business entity (including a consulting business or other independent contracting business) or trust (including a living trust) in which you, your spouse or registered domestic partner, and your dependent children, together or separately, had a 10% or greater interest, totaling \$2,000 or more, during the reporting period and which is located in, doing business in, planning to do business in, or which has done business during the previous two years in your agency's jurisdiction. See Reference Pamphlet, page 13. A trust located outside your agency's jurisdiction is reportable if it holds assets that are located in or doing business in the jurisdiction. Do not report a trust that contains non-reportable interests. For example, a trust containing only your personal residence not used in whole or in part as a business, your savings account, and some municipal bonds, is not reportable.

Also report on Schedule A-2 investments and real property held by that entity or trust if your pro rata share of the investment or real property interest was \$2,000 or more during the reporting period.

To Complete Schedule A-2:

Part 1. Disclose the name and address of the business entity or trust. If you are reporting an interest in a business entity, check "Business Entity" and complete the box as follows:

- Provide a general description of the business activity of the entity.
- Check the box indicating the highest fair market value of your investment during the reporting period.
- If you initially acquired or entirely disposed of this interest during the reporting period, enter the date acquired or disposed.
- Identify the nature of your investment.
- Disclose the job title or business position you held with the entity, if any (i.e., if you were a director, partner, trustee, employee, or held any position of management). A business position held by your spouse is not reportable.

Part 2. Check the box indicating **your pro rata** share of the **gross** income received **by** the business entity or trust. This amount includes your pro rata share of the **gross** income **from** the business entity or trust, as well as your community property interest in your spouse's or registered domestic partner's share. Gross income is the total amount of income before deducting expenses, losses, or taxes.

Part 3. Disclose the name of each source of income that is located in, doing business in, planning to do business in, or that has done business during the previous two years in your agency's jurisdiction, as follows:

- Disclose each source of income and outstanding loan **to the business entity or trust** in Part 1 if your pro rata share of the **gross** income (including your community property interest in your spouse's or registered domestic partner's share) to the business entity or trust from that source was \$10,000 or more during the reporting

period. See Reference Pamphlet, page 11, for examples. Income from governmental sources may be reportable if not considered salary. See Regulation 18232. Loans from commercial lending institutions made in the lender's regular course of business on terms available to members of the public without regard to your status are not reportable.

- Disclose each individual or entity that was a source of commission income of \$10,000 or more during the reporting period through the business entity in Part 1. See Reference Pamphlet, page 8, for an explanation of commission income.

You may be required to disclose sources of income located outside your jurisdiction. For example, you may have a client who resides outside your jurisdiction who does business on a regular basis with you. Such a client, if a reportable source of \$10,000 or more, must be disclosed.

Mark "None" if you do not have any reportable \$10,000 sources of income to disclose. Using phrases such as "various clients" or "not disclosing sources pursuant to attorney-client privilege" may trigger a request for an amendment to your statement. See Reference Pamphlet, page 14, for details about requesting an exemption from disclosing privileged information.

Part 4. Report any investments or interests in real property held or leased **by the entity or trust** in Part 1 if your pro rata share of the interest held was \$2,000 or more during the reporting period. Attach additional schedules or use FPPC's Form 700 Excel spreadsheet if needed.

- Check the applicable box identifying the interest held as real property or an investment.
- If investment, provide the name and description of the business entity.
- If real property, report the precise location (e.g., an assessor's parcel number or address).
- Check the box indicating the highest fair market value of your interest in the real property or investment during the reporting period. (Report the fair market value of the portion of your residence claimed as a tax deduction if you are utilizing your residence for business purposes.)
- Identify the nature of your interest.
- Enter the date acquired or disposed only if you initially acquired or entirely disposed of your interest in the property or investment during the reporting period.

SCHEDULE A-2

Investments, Income, and Assets of Business Entities/Trusts

(Ownership Interest is 10% or Greater)

CALIFORNIA FORM 700

FAIR POLITICAL PRACTICES COMMISSION

Name _____

▶ 1. BUSINESS ENTITY OR TRUST

Name _____

Address (Business Address Acceptable) _____

Check one
 Trust, go to 2 Business Entity, complete the box, then go to 2

GENERAL DESCRIPTION OF THIS BUSINESS

<p>FAIR MARKET VALUE</p> <input type="checkbox"/> \$0 - \$1,999 <input type="checkbox"/> \$2,000 - \$10,000 <input type="checkbox"/> \$10,001 - \$100,000 <input type="checkbox"/> \$100,001 - \$1,000,000 <input type="checkbox"/> Over \$1,000,000	<p>IF APPLICABLE, LIST DATE:</p> <p style="text-align: center;">____/____/16 ____/____/16</p> <p style="text-align: center;">ACQUIRED DISPOSED</p>
--	--

NATURE OF INVESTMENT

 Partnership Sole Proprietorship _____ Other

YOUR BUSINESS POSITION _____

▶ 1. BUSINESS ENTITY OR TRUST

Name _____

Address (Business Address Acceptable) _____

Check one
 Trust, go to 2 Business Entity, complete the box, then go to 2

GENERAL DESCRIPTION OF THIS BUSINESS

<p>FAIR MARKET VALUE</p> <input type="checkbox"/> \$0 - \$1,999 <input type="checkbox"/> \$2,000 - \$10,000 <input type="checkbox"/> \$10,001 - \$100,000 <input type="checkbox"/> \$100,001 - \$1,000,000 <input type="checkbox"/> Over \$1,000,000	<p>IF APPLICABLE, LIST DATE:</p> <p style="text-align: center;">____/____/16 ____/____/16</p> <p style="text-align: center;">ACQUIRED DISPOSED</p>
--	--

NATURE OF INVESTMENT

 Partnership Sole Proprietorship _____ Other

YOUR BUSINESS POSITION _____

▶ 2. IDENTIFY THE GROSS INCOME RECEIVED (INCLUDE YOUR PRO RATA SHARE OF THE GROSS INCOME TO THE ENTITY/TRUST)

<input type="checkbox"/> \$0 - \$499	<input type="checkbox"/> \$10,001 - \$100,000
<input type="checkbox"/> \$500 - \$1,000	<input type="checkbox"/> Over \$100,000
<input type="checkbox"/> \$1,001 - \$10,000	

▶ 2. IDENTIFY THE GROSS INCOME RECEIVED (INCLUDE YOUR PRO RATA SHARE OF THE GROSS INCOME TO THE ENTITY/TRUST)

<input type="checkbox"/> \$0 - \$499	<input type="checkbox"/> \$10,001 - \$100,000
<input type="checkbox"/> \$500 - \$1,000	<input type="checkbox"/> Over \$100,000
<input type="checkbox"/> \$1,001 - \$10,000	

▶ 3. LIST THE NAME OF EACH REPORTABLE SINGLE SOURCE OF INCOME OF \$10,000 OR MORE (Attach a separate sheet if necessary.)

None or Names listed below

▶ 3. LIST THE NAME OF EACH REPORTABLE SINGLE SOURCE OF INCOME OF \$10,000 OR MORE (Attach a separate sheet if necessary.)

None or Names listed below

▶ 4. INVESTMENTS AND INTERESTS IN REAL PROPERTY HELD OR LEASED BY THE BUSINESS ENTITY OR TRUST

Check one box:
 INVESTMENT REAL PROPERTY

Name of Business Entity, if Investment, or Assessor's Parcel Number or Street Address of Real Property _____

Description of Business Activity or City or Other Precise Location of Real Property _____

<p>FAIR MARKET VALUE</p> <input type="checkbox"/> \$2,000 - \$10,000 <input type="checkbox"/> \$10,001 - \$100,000 <input type="checkbox"/> \$100,001 - \$1,000,000 <input type="checkbox"/> Over \$1,000,000	<p>IF APPLICABLE, LIST DATE:</p> <p style="text-align: center;">____/____/16 ____/____/16</p> <p style="text-align: center;">ACQUIRED DISPOSED</p>
--	--

NATURE OF INTEREST

 Property Ownership/Deed of Trust Stock Partnership

Leasehold _____ Yrs. remaining Other _____

Check box if additional schedules reporting investments or real property are attached

▶ 4. INVESTMENTS AND INTERESTS IN REAL PROPERTY HELD OR LEASED BY THE BUSINESS ENTITY OR TRUST

Check one box:
 INVESTMENT REAL PROPERTY

Name of Business Entity, if Investment, or Assessor's Parcel Number or Street Address of Real Property _____

Description of Business Activity or City or Other Precise Location of Real Property _____

<p>FAIR MARKET VALUE</p> <input type="checkbox"/> \$2,000 - \$10,000 <input type="checkbox"/> \$10,001 - \$100,000 <input type="checkbox"/> \$100,001 - \$1,000,000 <input type="checkbox"/> Over \$1,000,000	<p>IF APPLICABLE, LIST DATE:</p> <p style="text-align: center;">____/____/16 ____/____/16</p> <p style="text-align: center;">ACQUIRED DISPOSED</p>
--	--

NATURE OF INTEREST

 Property Ownership/Deed of Trust Stock Partnership

Leasehold _____ Yrs. remaining Other _____

Check box if additional schedules reporting investments or real property are attached

Comments: _____

Instructions – Schedule B Interests in Real Property

Report interests in real property located in your agency's jurisdiction in which you, your spouse or registered domestic partner, or your dependent children had a direct, indirect, or interest totaling \$2,000 or more any time during the reporting period. Real property is also considered to be "within the jurisdiction" of a local government agency if the property or any part of it is located within two miles outside the boundaries of the jurisdiction or within two miles of any land owned or used by the local government agency. See Reference Pamphlet, page 13.

Interests in real property include:

- An ownership interest (including a _____ ownership interest)
- A deed of trust, easement, or option to acquire property
- A leasehold interest (See Reference Pamphlet, page 14.)
- A mining lease
- An interest in real property held in a retirement account (See Reference Pamphlet, page 15.)
- An interest in real property held by a business entity or trust in which you, your spouse or registered domestic partner, and your dependent children together had a 10% or greater ownership interest (Report on Schedule A-2.)
- Your spouse's or registered domestic partner's interests in real property that are legally held separately by him or her

You are **not** required to report:

- A residence, such as a home or vacation cabin, used exclusively as a personal residence (However, a residence in which you rent out a room or for which you claim a business deduction may be reportable. If reportable, report the fair market value of the portion claimed as a tax deduction.)

Please note: A non-reportable residence can still be grounds for a _____ of interest and may be disqualifying.

- Interests in real property held through a blind trust (See Reference Pamphlet, page 16, for exceptions.)

To Complete Schedule B:

- Report the precise location (e.g., an assessor's parcel number or address) of the real property.
- Check the box indicating the fair market value of your interest in the property (regardless of what you owe on the property).
- Enter the date acquired or disposed only if you initially acquired or entirely disposed of your interest in the property during the reporting period.
- Identify the nature of your interest. If it is a leasehold, disclose the number of years remaining on the lease.

Reminders

- Income and loans already reported on Schedule B are not also required to be reported on Schedule C.
- Real property already reported on Schedule A-2, Part 4 is not also required to be reported on Schedule B.
- Code _____ – do your disclosure categories require disclosure of real property?

- If you received rental income, check the box indicating the gross amount you received.
- If you had a 10% or greater interest in real property and received rental income, list the name of the source(s) if your pro rata share of the gross income from any single tenant was \$10,000 or more during the reporting period. If you received a total of \$10,000 or more from two or more tenants acting in concert (in most cases, this will apply to married couples), disclose the name of each tenant. Otherwise, mark "None."
- Loans from a private lender that total \$500 or more and are secured by real property may be reportable. **Loans from commercial lending institutions made in the lender's regular course of business on terms available to members of the public without regard to your official status are not reportable.**

When reporting a loan:

- Provide the name and address of the lender.
- Describe the lender's business activity.
- Disclose the interest rate and term of the loan. For variable interest rate loans, disclose the conditions of the loan (e.g., Prime + 2) or the average interest rate paid during the reporting period. The term of a loan is the total number of months or years given for repayment of the loan at the time the loan was established.
- Check the box indicating the highest balance of the loan during the reporting period.
- Identify a guarantor, if applicable.

If you have more than one reportable loan on a single piece of real property, report the additional loan(s) on Schedule C.

Example:

Joe Nelson is a city planning commissioner. Joe received rental income of \$12,000 during the reporting period from a single tenant who rented property Joe owned in the city's jurisdiction. If Joe had received the \$12,000 from two or more tenants, the tenants' names would not be required as long as no single tenant paid \$10,000 or more. A married couple would be considered a single tenant.

ASSESSOR'S PARCEL NUMBER OR STREET ADDRESS 4600 24th Street	
CITY Sacramento	
FAIR MARKET VALUE	IF APPLICABLE, LIST DATE:
<input type="checkbox"/> \$2,000 - \$10,000	<input type="checkbox"/> _____ / _____ / 16
<input type="checkbox"/> \$10,001 - \$100,000	ACQUIRED DISPOSED
<input checked="" type="checkbox"/> \$100,001 - \$1,000,000	
<input type="checkbox"/> Over \$1,000,000	
NATURE OF INTEREST	
<input checked="" type="checkbox"/> Ownership/Deed of Trust	<input type="checkbox"/> Easement
<input type="checkbox"/> Leasehold	<input type="checkbox"/> Other
IF RENTAL PROPERTY, GROSS INCOME RECEIVED	
<input type="checkbox"/> \$0 - \$499	<input type="checkbox"/> \$500 - \$1,000
<input type="checkbox"/> \$1,001 - \$10,000	<input checked="" type="checkbox"/> Over \$100,000
SOURCES OF RENTAL INCOME: If you own a 10% or greater interest, list the name of each tenant that is a single source of income of \$10,000 or more.	
<input type="checkbox"/> None	
Henry Wells	
NAME OF LENDER*	
Sophia Petroillo	
ADDRESS (Business Address Acceptable)	
2121 Blue Sky Parkway, Sacramento	
BUSINESS ACTIVITY, IF ANY, OF LENDER	
Restaurant Owner	
INTEREST RATE	TERM (Months/Years)
8 % <input type="checkbox"/> None	15 Years
HIGHEST BALANCE DURING REPORTING PERIOD	
<input type="checkbox"/> \$500 - \$1,000	<input type="checkbox"/> \$1,001 - \$10,000
<input checked="" type="checkbox"/> \$10,001 - \$100,000	<input type="checkbox"/> Over \$100,000
<input type="checkbox"/> Guarantor, if applicable	

FPCC Form 700 (2016/2017)

FPCC Advice Email: advice@fpcc.ca.gov

FPCC Toll-Free Helpline: 866/275-3772 www.fpcc.ca.gov

Ins

Instructions – Schedule C

Income, Loans, & Business Positions

(Income Other Than Gifts and Travel Payments)

Reporting Income:

Report the source and amount of gross income of \$500 or more you received during the reporting period. Gross income is the total amount of income before deducting expenses, losses, or taxes and includes loans other than loans from a commercial lending institution. See Reference Pamphlet, page 11. You must also report the source of income to your spouse or registered domestic partner if your community property share was \$500 or more during the reporting period.

The source and income must be reported only if the source is located in, doing business in, planning to do business in, or has done business during the previous two years in your agency's jurisdiction. See Reference Pamphlet, page 13, for more information about doing business in the jurisdiction. Reportable sources of income may be further limited by your disclosure category located in your agency's of interest code.

Reporting Business Positions:

You must report your job title with each reportable business entity even if you received no income during the reporting period. Use the comments section to indicate that no income was received.

Commonly reportable income and loans include:

- Salary/wages, per diem, and reimbursement for expenses including travel payments provided by your employer
- Community property interest (50%) in your spouse's or registered domestic partner's income - **report the employer's name and all other required information**
- Income from investment interests, such as partnerships, reported on Schedule A-1
- Commission income not required to be reported on Schedule A-2 (See Reference Pamphlet, page 8.)
- Gross income from any sale, including the sale of a house or car (Report your pro rata share of the total sale price.)
- Rental income not required to be reported on Schedule B
- Prizes or awards not disclosed as gifts
- Payments received on loans you made to others
- An honorarium received prior to becoming a public (See Reference Pamphlet, page 10, concerning your ability to receive future honoraria.)
- Incentive compensation (See Reference Pamphlet, page 12.)

Reminders

- Code – your disclosure categories may not require disclosure of all sources of income.
- If you or your spouse or registered domestic partner are self-employed, report the business entity on Schedule A-2.
- Do not disclose on Schedule C income, loans, or business positions already reported on Schedules A-2 or B.

You are **not** required to report:

- Salary, reimbursement for expenses or per diem, or social security, disability, or other similar payments received by you or your spouse or registered domestic partner from a federal, state, or local government agency.
- Stock dividends and income from the sale of stock unless the source can be
- Income from a PERS retirement account.

See Reference Pamphlet, page 11, for more exceptions to income reporting.

To Complete Schedule C:

Part 1. Income Received/Business Position Disclosure

- Disclose the name and address of each source of income or each business entity with which you held a business position.
- Provide a general description of the business activity if the source is a business entity.
- Check the box indicating the amount of gross income received.
- Identify the consideration for which the income was received.
- For income from commission sales, check the box indicating the gross income received and list the name of each source of commission income of \$10,000 or more. See Reference Pamphlet, page 8. **Note: If you receive commission income on a regular basis or have an ownership interest of 10% or more, you must disclose the business entity and the income on Schedule A-2.**
- Disclose the job title or business position, if any, that you held with the business entity, even if you did not receive income during the reporting period.

Part 2. Loans Received or Outstanding During the Reporting Period

- Provide the name and address of the lender.
- Provide a general description of the business activity if the lender is a business entity.
- Check the box indicating the highest balance of the loan during the reporting period.
- Disclose the interest rate and the term of the loan.
 - For variable interest rate loans, disclose the conditions of the loan (e.g., Prime + 2) or the average interest rate paid during the reporting period.
 - The term of the loan is the total number of months or years given for repayment of the loan at the time the loan was entered into.
- Identify the security, if any, for the loan.

SCHEDULE C Income, Loans, & Business Positions

(Other than Gifts and Travel Payments)

CALIFORNIA FORM 700 FAIR POLITICAL PRACTICES COMMISSION
Name

▶ 1. INCOME RECEIVED

NAME OF SOURCE OF INCOME

ADDRESS *(Business Address Acceptable)*

BU SINESS ACTIVITY, IF ANY, OF SOURCE

YOU R BU SINESS POSITION

GROSS INCOME RECEIVED No Income - Business Position Only

\$500 - \$1,000 \$1,001 - \$10,000

\$10,001 - \$100,000 OvER \$100,000

CONSIDERATION FOR WHICH INCOME WAS RECEIVED

Salary Spouse's or registered domestic partner's income
(For self-employed use Schedule A-2.)

Partnership (Less than 10% ownership. For 10% or greater use
Schedule A-2.)

Sale of _____
(Real property, car, boat, etc.)

Loan repayment

Commission or Rental Income, list each source of \$10,000 or more

(Describe)

Other _____
(Describe)

▶ 1. INCOME RECEIVED

NAME OF SOURCE OF INCOME

ADDRESS *(Business Address Acceptable)*

BU SINESS ACTIVITY, IF ANY, OF SOURCE

YOU R BU SINESS POSITION

GROSS INCOME RECEIVED No Income - Business Position Only

\$500 - \$1,000 \$1,001 - \$10,000

\$10,001 - \$100,000 OvER \$100,000

CONSIDERATION FOR WHICH INCOME WAS RECEIVED

Salary Spouse's or registered domestic partner's income
(For self-employed use Schedule A-2.)

Partnership (Less than 10% ownership. For 10% or greater use
Schedule A-2.)

Sale of _____
(Real property, car, boat, etc.)

Loan repayment

Commission or Rental Income, list each source of \$10,000 or more

(Describe)

Other _____
(Describe)

▶ 2. LOANS RECEIVED OR OUTSTANDING DURING THE REPORTING PERIOD

* You are not required to report loans from commercial lending institutions, or any indebtedness created as part of a retail installment or credit card transaction, made in the lender's regular course of business on terms available to members of the public without regard to your status. Personal loans and loans received not in a lender's regular course of business must be disclosed as follows:

NAME OF LENDER*

ADDRESS *(Business Address Acceptable)*

BU SINESS ACTIVITY, IF ANY, OF LENDER

HIGHEST BALANCE DuRING REPORTING PERIOD

\$500 - \$1,000

\$1,001 - \$10,000

\$10,001 - \$100,000

OvER \$100,000

INTEREST RATE TERM (Months/Years)

_____ % None _____

SECURITY FOR LOAN

None Personal residence

Real Property _____
Street address

_____ *City*

Guarantor _____

Other _____
(Describe)

Comments: _____

Instructions – Schedule D Income – Gifts

A gift is anything of value for which you have not provided equal or greater consideration to the donor. A gift is reportable if its fair market value is \$50 or more. In addition, multiple gifts totaling \$50 or more received during the reporting period from a single source must be reported.

It is the acceptance of a gift, not the ultimate use to which it is put, that imposes your reporting obligation. Except as noted below, you must report a gift even if you never used it or if you gave it away to another person.

If the exact amount of a gift is unknown, you must make a good faith estimate of the item's fair market value. Listing the value of a gift as "over \$50" or "value unknown" is not adequate disclosure. In addition, if you received a gift through an intermediary, you must disclose the name, address, and business activity of both the donor and the intermediary. You may indicate an intermediary either in the "source" after the name or in the "comments" section at the bottom of Schedule D.

Commonly reportable gifts include:

- Tickets/passes to sporting or entertainment events
- Tickets/passes to amusement parks
- Parking passes not used for agency business
- Food, beverages, and accommodations, including those provided in direct connection with your attendance at a convention, conference, meeting, social event, meal, or like gathering
- Rebates/discounts not made in the regular course of business to members of the public without regard to status
- Wedding gifts (See Reference Pamphlet, page 16)
- An honorarium received prior to assuming (You may report an honorarium as income on Schedule C, rather than as a gift on Schedule D, if you provided services of equal or greater value than the payment received. See Reference Pamphlet, page 10, regarding your ability to receive future honoraria.)
- Transportation and lodging (See Schedule E.)
- Forgiveness of a loan received by you

You are not required to disclose:

- Gifts that were not used and that, within 30 days after receipt, were returned to the donor or delivered to a charitable organization or government agency without

Reminders

- Gifts from a single source are subject to a \$460 limit during 2016. See Reference Pamphlet, page 10.
- Code – you only need to report gifts from reportable sources.

Gift Tracking Mobile Application

- FPPC has created a gift tracking app for mobile devices that helps track gifts and provides a quick and easy way to upload the information to the Form 700. Visit FPPC's website to download the app.

being claimed by you as a charitable contribution for tax purposes

- Gifts from your spouse or registered domestic partner, child, parent, grandparent, grandchild, brother, sister, and certain other family members (See Regulation 18942 for a complete list.). The exception does not apply if the donor was acting as an agent or intermediary for a reportable source who was the true donor.
- Gifts of similar value exchanged between you and an individual, other than a lobbyist registered to lobby your state agency, on holidays, birthdays, or similar occasions
- Gifts of informational material provided to assist you in the performance of your duties (e.g., books, pamphlets, reports, calendars, periodicals, or educational seminars)
- A monetary bequest or inheritance (However, inherited investments or real property may be reportable on other schedules.)
- Personalized plaques or trophies with an individual value of less than \$250
- Campaign contributions
- Up to two tickets, for your own use, to attend a fundraiser for a campaign committee or candidate, or to a fundraiser for an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. The ticket must be received from the organization or committee holding the fundraiser.
- Gifts given to members of your immediate family if the source has an established relationship with the family member and there is no evidence to suggest the donor had a purpose to you. (See Regulation 18943.)
- Free admission, food, and nominal items (such as a pen, pencil, mouse pad, note pad or similar item) available to all attendees, at the event at which the makes a speech (as in Regulation 18950(b)(2)), so long as the admission is provided by the person who organizes the event.
- Any other payment not above, that would otherwise meet the of gift, where the payment is made by an individual who is not a lobbyist registered to lobby the s state agency, where it is clear that the gift was made because of an existing personal or business relationship unrelated to the s position and there is no evidence whatsoever at the time the gift is made to suggest the donor had a purpose to you.

To Complete Schedule D:

- Disclose the full name (not an acronym), address, and, if a business entity, the business activity of the source.
- Provide the date (month, day, and year) of receipt, and disclose the fair market value and description of the gift.

FPPC Form 700 (2016/2017)
FPPC Advice Email: advice@fppc.ca.gov
FPPC Toll-Free Helpline: 866/275-3772 www.fppc.ca.gov

Ins

SCHEDULE D
Income – Gifts

▶ NAME OF SOURCE *(Not an Acronym)*

 ADDRESS *(Business Address Acceptable)*

 BUSINESS ACTIVITY, IF ANY, OF SOURCE

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

▶ NAME OF SOURCE *(Not an Acronym)*

 ADDRESS *(Business Address Acceptable)*

 BUSINESS ACTIVITY, IF ANY, OF SOURCE

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

▶ NAME OF SOURCE *(Not an Acronym)*

 ADDRESS *(Business Address Acceptable)*

 BUSINESS ACTIVITY, IF ANY, OF SOURCE

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

▶ NAME OF SOURCE *(Not an Acronym)*

 ADDRESS *(Business Address Acceptable)*

 BUSINESS ACTIVITY, IF ANY, OF SOURCE

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

▶ NAME OF SOURCE *(Not an Acronym)*

 ADDRESS *(Business Address Acceptable)*

 BUSINESS ACTIVITY, IF ANY, OF SOURCE

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

▶ NAME OF SOURCE *(Not an Acronym)*

 ADDRESS *(Business Address Acceptable)*

 BUSINESS ACTIVITY, IF ANY, OF SOURCE

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

Comments: _____

Instructions – Schedule E Travel Payments, Advances, and Reimbursements

Travel payments reportable on Schedule E include advances and reimbursements for travel and related expenses, including lodging and meals.

Gifts of travel may be subject to the gift limit. In addition, certain travel payments are reportable gifts, but are not subject to the gift limit. To avoid possible misinterpretation or the perception that you have received a gift in excess of the gift limit, you may wish to provide a description of the purpose of your travel. See the FPPC fact sheet entitled "Limitations and Restrictions on Gifts, Honoraria, Travel, and Loans" at www.fppc.ca.gov.

You are **not** required to disclose:

- Travel payments received from any state, local, or federal government agency for which you provided services equal or greater in value than the payments received, such as reimbursement for travel on agency business from your government agency employer.
- A payment for travel from another local, state, or federal government agency and related per diem expenses when the travel is for education, training or other inter-agency programs or purposes.
- Travel payments received from your employer in the normal course of your employment that are included in the income reported on Schedule C.
- A travel payment that was received from a entity exempt from taxation under Internal Revenue Code Section 501(c)(3) for which you provided equal or greater consideration, such as reimbursement for travel on business for a 501(c)(3) organization for which you are a board member.

Note: Certain travel payments may not be reportable if reported on Form 801 by your agency.

To Complete Schedule E:

- Disclose the full name (not an acronym) and address of the source of the travel payment.
- Identify the business activity if the source is a business entity.
- Check the box to identify the payment as a gift or income, report the amount, and disclose the date(s).
 - **Travel payments are gifts** if you did not provide services that were equal to or greater in value than the payments received. You must disclose gifts totaling \$50 or more from a single source during the period covered by the statement.

When reporting travel payments that are gifts, you must provide a description of the gift and the **date(s)** received. If the travel occurred on or after January 1, 2016, you must also disclose the **travel destination**.

- **Travel payments are income** if you provided services that were equal to or greater in value than the payments received. You must disclose income totaling \$500 or more from a single source during the period covered by the statement. You have the burden of proving the payments are income rather than gifts. When reporting travel payments as income, you must describe the services you provided in exchange for the payment. You are not required to disclose the date(s) for travel payments that are income.

Example:

City council member Rick Chandler is the chairman of a 501 (c)(6) trade association and the association pays for Rick's travel to attend its meetings. Because Rick is deemed to be providing equal or greater consideration for the travel payment by virtue of serving on the board, this payment may be reported as income. Payments for Rick to attend other events for which he is not providing services are likely considered gifts.

▶ NAME OF SOURCE (Not an Acronym)	
Health Services Trade Association	
ADDRESS (Business Address Acceptable)	
1230 K Street, Suite 610	
CITY AND STATE	
Sacramento, CA	
<input type="checkbox"/> 501 (c)(3) or DESCRIBE BUSINESS ACTIVITY, IF ANY, OF SOURCE	
Association of Healthcare Workers	
DATE(S):	AMT: \$ 150.00
(if gift)	
▶ MUST CHECK ONE: <input type="checkbox"/> Gift -or- <input checked="" type="checkbox"/> Income	
<input type="radio"/> Made a Speech/Participated in a Panel	
<input checked="" type="radio"/> Other - Provide Description <u>Travel reimbursement for board meeting</u>	

Name _____

SCHEDULE E
Income – Gifts
Travel Payments, Advances,
and Reimbursements

- Mark either the gift or income box.
- Mark the “501(c)(3)” box for a travel payment received from a nonprofit 501(c)(3) organization or the “Speech” box if you made a speech or participated in a panel. These payments are not subject to the gift limit, but may result in a disqualifying conflict of interest.
- For gifts of travel, provide the travel destination.

▶ NAME OF SOURCE *(Not an Acronym)*

 ADDRESS *(Business Address Acceptable)*

 CITY AND STATE

 501 (c)(3) or DESCRIBE BuSINESS ACTIvITY, IF ANY, OF SOuRCE

 DATE(S): ____/____/____ - ____/____/____ AMT: \$ _____
 (If gift)
 ▶ MuST CHECK ONE: Gift **-or-** Income
 Made a Speech/Participated in a Panel
 Other - Provide Description _____

 ▶ If Gift, Provide Travel Destination _____

▶ NAME OF SOURCE *(Not an Acronym)*

 ADDRESS *(Business Address Acceptable)*

 CITY AND STATE

 501 (c)(3) or DESCRIBE BuSINESS ACTIvITY, IF ANY, OF SOuRCE

 DATE(S): ____/____/____ - ____/____/____ AMT: \$ _____
 (If gift)
 ▶ MuST CHECK ONE: Gift **-or-** Income
 Made a Speech/Participated in a Panel
 Other - Provide Description _____

 ▶ If Gift, Provide Travel Destination _____

▶ NAME OF SOURCE *(Not an Acronym)*

 ADDRESS *(Business Address Acceptable)*

 CITY AND STATE

 501 (c)(3) or DESCRIBE BuSINESS ACTIvITY, IF ANY, OF SOuRCE

 DATE(S): ____/____/____ - ____/____/____ AMT: \$ _____
 (If gift)
 ▶ MuST CHECK ONE: Gift **-or-** Income
 Made a Speech/Participated in a Panel
 Other - Provide Description _____

 ▶ If Gift, Provide Travel Destination _____

▶ NAME OF SOURCE *(Not an Acronym)*

 ADDRESS *(Business Address Acceptable)*

 CITY AND STATE

 501 (c)(3) or DESCRIBE BuSINESS ACTIvITY, IF ANY, OF SOuRCE

 DATE(S): ____/____/____ - ____/____/____ AMT: \$ _____
 (If gift)
 ▶ MuST CHECK ONE: Gift **-or-** Income
 Made a Speech/Participated in a Panel
 Other - Provide Description _____

 ▶ If Gift, Provide Travel Destination _____

Comments: _____

Purpose

1. The Board of Retirement adopts this Annual Disclosure Policy to assure the independence of the Board's deliberations and votes on matters of fiduciary responsibility, free from undisclosed interests and influences; to inform the Board and staff of all potential conflicts of interest that may arise in the course of the Board's activities so that appropriate action may be taken in a timely fashion; and to assure the members, plan sponsors and the public that OCERS' processes are free from inappropriate influence.

Principles

2. In order to achieve the Purpose of this Policy, OCERS' Board members and executive staff shall publicly disclose, annually and prior to the time that a related Board or System action item arises, any and all financial interests they or their immediate family members may have that may affect the Board's deliberations and votes, OCERS' operations and other matters affecting OCERS interests.

Board members and executive staff are encouraged to err on the side of over-disclosure of matters that might be called for by this Policy.

Roles

3. The Assistant CEO, External & Legal Operations, shall be responsible for implementing and monitoring compliance with this Policy. The Assistant CEO, External & Legal Operations shall report to the Board, as requested, on the status of disclosures under this Policy.

Policy Guidelines

4. Board members and executive staff shall disclose in writing to the Board, by April 1st of each year, the following matters on an annual basis, and more frequently as changes occur:
 - a. All matters required to be disclosed on FPPC Form 700.
 - b. All family and business relationships with, and value received from, any investment manager, placement agent, registered lobbyist, vendor, consultant, actuary, counsel or other persons (i) providing or actively seeking to provide services or products to, or (ii) seeking to influence the deliberations of, OCERS' Board of Retirement.
 - c. Any other matters required to be disclosed under California law.
 - d. All matters required to be disclosed under OCERS' Conflict of Interest Code.
5. OCERS shall maintain all disclosures and writings made pursuant to this Policy as public records subject to disclosure under the provisions of the Public Records Act, Government Code sections 6250, et seq.

OCERS Board Policy
Annual Disclosure Policy

Policy Review

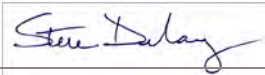
6. The Board of Retirement will review this Policy at least once every three years to ensure that it remains relevant and appropriate.

Policy History

7. The Board of Retirement adopted this policy on June 21, 2010. This policy was revised on February 21, 2012 and March 17, 2014.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.



3/17/14

Steve Delaney
Secretary of the Board

Date

Annual Disclosure Policy: Disclosure Form

I, _____, do hereby confirm for the annual disclosure period ending December 31, 20____:

1. **Disclosure Category 1.a:** All matters required to be disclosed on FPPC Form 700.

A copy of my most current Form 700 filing is attached to this form.

2. **Disclosure Category 1.b:** All family and business relationships with, and value received from, any investment manager, placement agent, vendor, consultant, actuary, counsel or other persons (i) providing or actively seeking to provide services or products to, or (ii) seeking to influence the deliberations of, OCERS' Board of Retirement.

I have no family or business relationships to disclose under this category.

or

I disclose the relationships with and value received from the persons listed on the attached page.

3. **Disclosure Category 1.c:** All family and business relationships with, and value received from, any investment manager, placement agent, vendor, consultant, actuary, counsel or other persons (i) providing or actively seeking to provide services or products to, or (ii) seeking to influence the deliberations of, any other public retirement system in California.

I have no family or business relationships to disclose under this category.

or

I disclose the relationships with and value received from the persons listed on the attached page.

4. **Disclosure Category 1.d:** All matters required to be disclosed under Government Code sections 1090, et seq. (Conflicts of Interest in Contracts); 1125, et seq. (Incompatible Offices); 82030 et seq. (Conflicts of Interest); 87100, et seq. (Conflicts of Interest); 89500, et seq. (Gifts and Honoraria); California Code of Regulations, Title 2, sections 18700 et seq. (Conflicts of Interest); and all California campaign disclosure laws.

Government Code Sections 1090 et seq.:

I confirm that I do not have any personal financial interests in any contract that OCERS considered or entered into during the disclosure period.

Government Code Sections 1099 (Board Members) and 1125 et seq. (Executive staff) Incompatible Offices:

I confirm that I do not hold an incompatible office as defined in the above referenced Government Code Sections.



Annual Disclosure Policy: Disclosure Form

Government Code Sections 82030 et seq. and 87100 et seq. and California Code of Regulations, Title 2, sections 18700 et seq. (Conflicts of Interest):

A copy of my most current Form 700 is attached to this form.

Government Code Sections 89500 et seq. (Gifts and Honoraria):

A copy of my most current Form 700, including Gift disclosure, is attached to this form.

I confirm that I did not accept any prohibited Honoraria in the disclosure period.

California campaign disclosure laws:

I confirm that I did not receive any campaign contributions during the disclosure period.

or

I disclose campaign contributions during the disclosure period, in accordance with the campaign disclosure laws, on the attached sheet.

5. **Disclosure Category 1.e:** All matters required to be disclosed under OCERS' Conflict of Interest Code.

A copy of my most current Form 700 is attached to this form.

Date

Signature

Print Name

Print Position with OCERS

C-11

Memorandum

DATE: December 29, 2016
TO: Members, Board of Retirement
FROM: David Ball, OCERS Board Chair - 2017
SUBJECT: 2017 OCERS BOARD OF RETIREMENT COMMITTEE ASSIGNMENTS

I would like to thank my fellow OCERS Board Trustees for their input on committee assignments in 2017. I appreciate your flexibility and willingness to serve where needed.

In determining assignments, I had a number of goals to guide me:

- Tried to fulfill each Board member's stated committee preference(s).
- Tried to have each Board member assigned to at least one committee.
- Continued the practice of appointing a Vice Chair for all committee (should the Chair be absent).
- Continued the practice of alternating elected and appointed members as the Board Chair and the Investment Committee Chair.
- Continued the practice of alternating elected and appointed members as Investment Committee Chair and Investment Committee Vice Chair.

The 2017 OCERS Board of Retirement committee assignments are as follows:

Audit Committee

Chuck Packard, Chair
Frank Eley, Vice Chair
Shari Freidenrich
Eric Gilbert

Staff Coordinator: David James

Governance Committee

Roger Hilton, Chair
Tom Flanigan, Vice Chair
Chris Prevatt
David Ball

Staff Coordinator: Gina Ratto

Investment Committee

Chris Prevatt, Chair
Wayne Lindholm, Vice Chair
All Other Trustees

Staff Coordinator: Shanta Chary

Manager Monitoring Subcommittee

Frank Eley, Chair
Tom Flanigan, Vice Chair
Russell Baldwin
Chuck Packard

Staff Coordinator: David Beeson

My thanks to each of you, and I'm including my best wishes for a successful 2017 for OCERS and this Board of Retirement.

C-12

Memorandum

DATE: January 3, 2017
TO: Members of the Board of Retirement
FROM: Jenny Sadoski, OCERS Director of Information Technology
SUBJECT: BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN UPDATE

Recommendation

Receive and file.

Update

Since approval at the November 14, 2016 regular Board meeting of staff’s recommendation to establish a hybrid (private/public) cloud infrastructure solution, relocate the primary OCERS data center to a local, professionally-managed colocation facility, establish a secondary site out-of-state and implement a public cloud-based telephony system in order to enhance OCERS’ business continuity and disaster recovery capabilities, the OCERS IT team has been busy working towards those goals.

On November 21, 2016, OCERS issued a purchase order to our technology partner, Sidepath, to allow them to begin procurement of the hardware, software and support required for the project. The bill of materials for this procurement was subject to a competitive bid process for which we received three responses. As of the date of this report, the hardware, software and support identified in Figure 1 are in process of being purchased and OCERS expects to receive invoices for these items shortly. Additional hardware, software and support purchases will occur throughout the first half of 2017.

Table 1: Procured Items and Estimated Expenses through January 3, 2017

Procured Item	Estimated Expense*
Storage Area Network Hardware and Software	\$ 163,407.24
Dell PowerEdge R630 Servers	\$ 39,101.28
Dell Networking S4048-ON Switches	\$ 70,784.24
Dell Networking 1000Base-T SFP Transceivers	\$ 11,404.80
F5 BIG-IP Local Traffic Managers	\$ 161,987.94
VMware Licensing and Support	\$ 8,555.87
Total	\$ 455,241.37

* Expenses may differ slightly due to sales taxes being charged on hardware but not on electronically-delivered software or support. Actual dollar expenditures will be noted in the next status update provided to the Board in March.

As hardware is received it is staged at Sidepath’s Lake Forest facility where it then undergoes a “burn-in” procedure to ensure that there are no out-of-the-box faults with the equipment. It is also configured

appropriately so that it will be ready for installation into a data center co-location facility with minimal additional configuration required at that time. Software is being installed onto the servers and configured as well. OCERS IT staff will be visiting Sidepath headquarters both to inspect the equipment and to begin initial training on the configuration of the hardware and software products.

The next major step in the project is to identify the local and out-of-state colocation facilities in which we will house our data center equipment and business continuity (BC) and disaster recovery (DR) equipment. OCERS IT staff is working with Sidepath to define colocation facility requirements in order to issue a request for proposal (RFP) for colocation services in the next weeks.

On a related note, from December 5-9, 2016, IT Manager Jon Gossard and IT Operations Supervisor Javier Lara attended the 2016 Gartner Data Center, Infrastructure and Operations Management conference in Las Vegas, NV. (A conference report can be found in the January 2017 Board materials.) During their visit, they also toured two potential out-of-state colocation facilities, noting their locations, potential hazards, infrastructure redundancies and other offerings and amenities. This information will be valuable in properly assessing responses to the forthcoming data center RFP.

Background

At the September 2014 Strategic Planning meeting, OCERS' Board of Retirement directed staff to hire a business continuity consulting firm to provide professional services to assist in the development of a new BC/DR plan. The cost for the professional services was budgeted as part of the OCERS 2015 budget which was reviewed at the OCERS 2014 Budget Workshop and approved at the November 17, 2014 regular Board meeting. The total project was budgeted at \$2.3 million. During the 2014 Strategic Planning meeting, staff also received feedback from Board members to avoid the use of public cloud architecture for its core business application.

At the April 15, 2015 regular Board meeting, OCERS staff presented to the Board the results of the business continuity consulting services RFP. The Board approved staff's recommendation to acquire the services of Avalution Consulting for a cost of \$102,500 and procurement of the Catalyst online software solution at an annual cost of \$3,000. The Avalution project team began work in June 2015, conducting the business impact analysis and developing OCERS' business continuity and disaster recovery plan with staff, including a crisis management plan.

OCERS staff presented the methodology, deliverables and recommendations from Avalution Consulting to the Board at the October 19, 2015 regular Board meeting. Avalution's recommendations, based on industry best practices, were:

1. Identify Alternate Workspace

- Identify solution that can support all personnel required for response and recovery from a disruption.

2. Develop and Implement Disaster Recovery Capabilities

- Identify a suitable alternate location for the data center as well as develop and implement disaster recovery procedures to recover and relocate its network systems.

3. Develop and Implement a Crisis Management Structure

- Establish a crisis management team to lead the response to a disruption event.
- Implement and document strategies to address a loss of employees who perform critical activities and implement succession planning for critical personnel.
- Implement and validate (test) work from home or alternate location capabilities.
- Communicate and train OCERS staff on business continuity planning and procedures.

4. Develop and Document Manual Workarounds

- Document manual workarounds and alternate process procedures and make documents available by storing in Catalyst business continuity software.

At the October 19, 2015 Board meeting, staff presented to the Board the following next steps for the project:

- Develop annual BC/DR testing and maintenance schedule.
- Pursue and implement options for alternate workspaces for OCERS staff in case of disruption of service.
- Draft and implement redundant and high availability solutions for OCERS data center and pursue out of state co-location of OCERS data center.
- Establish communications systems including new Voice-over-IP phone system, to support member communications, reporting, and crisis management.
- Investigate cost and feasibility of building improvement options such power generators and new data center equipment (UPS, HVAC).

In June 2016, OCERS released a RFP for IT BC/DR implementation services which received four responses and culminated in the selection in July 2016 of Sidepath as our technology partner for this initiative.

At the 2016 budget workshop held on October 22, 2015, staff included \$2 million in the proposed budget for the continuation of the BC/DR project. The project budget was approved by the Board as part of the 2016 Administrative Budget at the November 16, 2015 regular Board meeting.

Staff then provided an update to the Board on the progress of the BC/DR project as described above as a consent item at the August 15, 2016 Board meeting.

At the October 17, 2016 regular Board meeting, staff presented the plan to move forward with the primary and secondary data center relocation, including detailed discussion on potential options. Staff recommended a hybrid (public/private) cloud architecture for the data center.

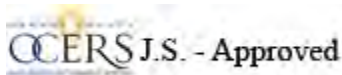
Most recently, at the November 14, 2016 regular Board meeting, the Board approved staff's recommendation to establish a hybrid (private/public) cloud infrastructure solution, relocate the primary OCERS data center to a local, professionally-managed facility, establish a secondary site out-of-state and implement a public cloud-based telephony system in order to enhance OCERS' business continuity and disaster recovery capabilities at a cost not to exceed the 2017 budgeted amount of \$1.235 million. At that meeting, the Board requested bi-monthly status updates to be included in the consent agenda.

OCERS has defined a budget of \$1.235 million in 2017 to proceed with a hybrid cloud solution which includes the costs shown in Table 2.

Table 2: Approved 2017 Purchase Costs

Description	Estimated Expenses in 2017
Hardware and Software	\$ 671,000.00
Professional Services	\$ 80,000.00
Staff Training	\$ 4,000.00
Public Cloud-based Telephony System	\$ 250,000.00
Initial Setup and First Year Recurring Costs	\$ 140,000.00
Contingency	\$ 90,000.00
Total	\$ 1,235,000.00

Submitted by:



Jenny Sadoski
OCERS Director of Information Technology

C-13

Memorandum

DATE: December 27, 2016
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: TRAVEL REPORT – 2016 GARTNER DATA CENTER, INFRASTRUCTURE AND OPERATIONS MANAGEMENT CONFERENCE

Recommendation

Receive and file.

Background/Discussion

From December 5-9, 2016, Jon Gossard, Information Technology Manager, and Javier Lara, Information Technology Operations Supervisor, attended the 2016 Gartner Data Center, Infrastructure and Operations Management Conference in Las Vegas, NV. While in Las Vegas for the Gartner conference, they also visited two data center colocation facilities which may be considered as potential out-of-state business continuity and disaster recovery locations.

The total cost for both individuals' attendance is included in the following:

Conference Fee	Hotel	Transportation	Meals	Total
\$0*	\$2,907	\$238	\$200	\$3,345

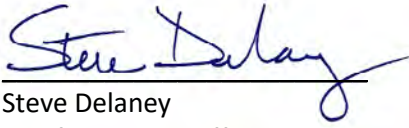
* Conference registration for two attendees is included in the cost of our annual Gartner subscription. The standard registration cost for this conference is \$2,750 per person.

As it is not presently pre-approved, OCERS' Travel Policy, Section 19, states:

“Board Members and staff who travel to conference or seminars that are not automatically authorized in paragraphs 8 and 12 shall file with the Chief Executive Officer a report that briefly summarizes the information and knowledge gained that may be relevant to other Board members, provides an evaluation of the conference or seminar, and provides a recommendation concerning future participation. Reports by a Board Member or staff will be made on the Conference / Seminar Report form shown in the appendix. The Chief Executive Officer shall cause a copy of the report to be distributed to each Board Member and to the Chief Investment Officer.”

A report summarizing the conference is attached.

Submitted by:

A handwritten signature in blue ink that reads "Steve Delaney". The signature is written in a cursive style with a horizontal line underneath the name.

Steve Delaney
Chief Executive Officer

Report of Attendance at Conference or Seminar

Name of Staff Attending: Jon Gossard, Information Technology Manager
Javier Lara, Information Technology Operations Supervisor

Name of Conference/Seminar: 2016 Gartner Data Center, Infrastructure and Operations Management Conference

Location of Conference/Seminar: Las Vegas, NV

Conference/Seminar Sponsor: Gartner

Dates of Attendance: December 5-9, 2016

Total Cost of Attendance: \$3,345 (approx. \$1,673 per person)

Brief Summary of Information and Knowledge Gained:

This multi-day conference presented by technology research and advisory firm Gartner is designed for individuals who work in IT infrastructure and operations, servers, storage and backup, mobile, cloud and virtualization and data center networking. Mr. Gossard previously attended the conference in 2014 and found it to be a worthwhile conference that provided technological and philosophical roadmaps pertaining to the current and future direction of IT operations management. This year's conference was particularly timely given OCERS' current initiative to enhance our business continuity and disaster recovery preparedness by moving the OCERS data center to a professionally-managed external co-location facility. Mr. Gossard was joined this year by Javier Lara who will be leading many aspects of the data center migration. In addition to informative keynote speeches on the current state of infrastructure and operations management was a fascinating review of how hackers and con artists are able to manipulate users to gain access to computer networks. Other topics covered at this year's conference and on which we attended sessions were:

- Cloud security
- Cloud strategy
- Disaster recovery strategies
- Evolution of the data center
- Technology trends

In addition to these sessions, vendors were on hand to discuss and demonstrate their products. This allowed us to meet and discuss products with several vendors whom we currently utilize or will be incorporating into our technology infrastructure, including F5, VMware and Zerto.

Evaluation of the Conference or Seminar:

This Gartner conference affords OCERS staff an opportunity to stay abreast of developments in the infrastructure and operations management sphere, ensuring that we are aware of the latest trends and are able to identify opportunities for maximizing IT operations efficiency. The conference is very well attended, allowing staff to interact with colleagues in many different lines of business and across all market capitalization levels. This is particularly useful as we like to see how others outside of the pension administration world handle similar issues to those faced by OCERS.

Report of Attendance at Conference or Seminar

The Gartner conference is also attended by a large group of vendors which offers staff the ability to be exposed to a number of hardware and software solutions that may have an impact in the OCERS technology environment.

Recommendation Concerning Future Attendance:

The Gartner Data Center, Infrastructure and Operations Management conference offers specific information that is of use to the IT Operations team to ensure that we are aware of current and upcoming trends in the infrastructure management area and allows us to plan for and leverage those emerging technologies in the appropriate circumstances. I would recommend that we attend this conference as needed based on the content planned for that particular conference and the current OCERS initiatives at the time of the conference.

Submitted By:  _____

Jon Gossard, Information Technology Manager

Return to: Executive Assistant

Copies to: Board Members, Chief Executive Officer & Assistant Chief Executive Officers

C-14

Memorandum

DATE: January 17, 2017
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, Chief Legal Officer
SUBJECT: DIFFERENCES IN REGULATIONS, BYLAWS, POLICIES AND OCERS' ADMINISTRATIVE PROCEDURES

Recommendation

Receive and file.

Background/Discussion

Approximately a year and a half ago, OCERS began to publish for our stakeholder's edification OCERS Administrative Procedures (OAP). When we recently received an inquiry from our own fiduciary counsel asking how OCERS distinguishes between OAPs and other forms of administrative direction, Mr. Delaney thought it would be helpful for the Board and staff to be equally informed as to the differences between each, and how they are used at OCERS. This memorandum briefly explains the differences in regulations, bylaws, policies and OAPs.

Regulations

Webster's New College Dictionary defines regulation as "1. An act of regulating. 2. A principle, rule, or law, designed for controlling or governing behavior. 3. A governmental order with the force of law." Black's Law Dictionary defines regulations as rules "issued by various governmental departments to carry out the intent of the law. Agencies issue regulations to guide the activity of those regulated by the agency and of their own employees and to ensure uniform application of the law." Regulations generally interpret, clarify and implement statutes.

Under the CERL, the OCERS Board may make any regulation that is not inconsistent with the CERL. The regulations do not become effective however until they are approved by the county board of supervisors. OCERS has very rarely adopted a formal regulation. A series of regulations interpreting CERL sections 31525 through 31527 was promulgated by OCERS in 1995 and is currently being reviewed for possible amendment. Another example of regulations adopted by OCERS is the series of regulations that implements various provisions of the Internal Revenue Code and Department of Treasury regulations applicable to OCERS.

Bylaws

Bylaws are the written rules for conduct of a corporation, association, partnership or any organization. Unlike regulations, bylaws govern activities that are internal to the organization. They generally provide for meetings, elections of a board of directors and officers, filling vacancies, notices, types and duties of officers, committees, assessments and other routine conduct. Webster's New College Dictionary defines bylaw as "a rule or law governing the internal affairs of an organization." West's Encyclopedia of American Law defines bylaws as the

“rules and regulations enacted by an association or a corporation to provide a framework for its operation and management. Bylaws may specify the qualifications, rights, and liabilities of membership, and the powers, duties, and grounds for the dissolution of an organization.”

The OCERS Board has adopted bylaws that provide for administration of the Board, including the election of officers, the appointment of an administrator and the expenses of administering the system; set forth details regarding the conduct of meetings of the Board; and provide authority to issue subpoenas.

Policies

The distinctions between policies and procedures are often confused. A policy states an objective or course of action, whereas a procedure is more detailed and entails who, what, where, when, why and how the policy may be implemented or followed.

Webster’s New College Dictionary defines policy as “1. A plan or course of action, as of a government, political party, or business, designed to influence and determine decisions and actions. 2. A course of action, guiding principle, or procedure considered to be expedient, prudent, or advantageous.” According to Black’s Law Dictionary, policies are the “general principles by which a government is guided in its management of public affairs.” OCERS has adopted numerous policies.

Procedures

Webster’s New College Dictionary defines procedure as “1. A way of performing or effecting something. 2. A course of action. 3. A set of established forms or methods for carrying on the affairs of a business, legislative body, or court of law.” OCERS has adopted seven separate OCERS’ Administrative Procedures or OAP. The OAP are intended to provide members and other external parties with general information about how OCERS handles certain matters such as the administrative appeals process, death benefit payments on behalf of children aged 18 or older, division of retirement benefits upon divorce, felony forfeiture, military service credit purchases, required minimum distributions and use of the OCERS mailing list. Links to the OAPs are included on OCERS’ website so that the OAPs are easily accessible to the public.

Summary

In summary, regulations interpret, clarify and implement statutes. They have the force of law and apply both internally and externally to those within the regulatory authority of the body. Bylaws govern the internal operations and activities of the organization. Policies set forth an objective or course of action; and procedures implement those policies.

Submitted by:



Gina M. Ratto
Chief Legal Officer

C-15



Memorandum

DATE: January 5, 2017
TO: Members, Board of Retirement
FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations
SUBJECT: **ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE ECONOMIC SCENARIOS - REVISED**

Recommendation

Received and file.

Background/Discussion

Annually, Segal prepares illustrations of retirement costs, unfunded actuarial accrued liability and funded ratios for the system as a whole and each rate group under three scenarios: the fund earns 0%, 7.25% and 14.5% in the current calendar year. The 2016 illustrations (based on the valuation dated December 31, 2015) was provided by Segal on August 25, 2016 and then distributed to plan sponsors and the Board in the following weeks. Recently, it was discovered that the projections needed to be restated for rate group #3 because the treatment of the additional UAAL payments received from Orange County Sanitation District were not accurately reflected in the projections. The attached letter is revised to correct the illustration of retirement costs, UAAL and funded ratios for rate group #3 and the results of those corrections on the aggregate system illustrations. No other rate groups or information was changed. This is an informational item only.

Submitted by:

A handwritten signature in blue ink that reads "Brenda M. Shott".

Brenda Shott

Assistant CEO, Finance and Internal Operations

VIA E-MAIL AND USPS

January 4, 2017

Mr. Steve Delaney
Chief Executive Officer
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701-3101

**Re: Illustrations of Retirement Costs, Unfunded Actuarial Accrued Liability and
Funded Ratio under Alternative Economic Scenarios – Revised**

Dear Steve:

As we discussed with OCERS, this letter replaces the illustrations we previously provided in our letter dated August 25, 2016 to properly reflect all the contribution credits available on and after December 31, 2016 for additional UAAL contributions previously made to Rate Group #3.¹ We have also reflected that change in the results we previously provided for the aggregate plan. There are no changes in the results provided in our previous letter for the other Rate Groups.

As requested, we have developed 20-year illustrations of the employer contribution rates for OCERS under three sets of market return “scenarios” after December 31, 2015. In this letter, we have also provided the Unfunded Actuarial Accrued Liability (UAAL) in dollars and the funded ratio associated with those projected employer contribution rates. These results have been prepared using the results from the December 31, 2015 valuation approved by the Board at its meeting on July 18, 2016.

The three market rate of return scenarios are as follows:

- Scenario #1: 0.00% for 2016 and 7.25% thereafter.
- Scenario #2: 7.25% for all years.
- Scenario #3: 14.50% for 2016 and 7.25% thereafter.

¹ Since only part of the UAAL contribution credits were previously reflected, the contribution rates were overstated in the projection for Rate Group #3.

Even though the financial impact is shown under only three hypothetical market return scenarios for 2016, the financial impact under other possible market return scenarios may be approximated by interpolating or extrapolating using the results from the three scenarios shown.²

The various projections included are as follows:

- The projected contribution rates for the aggregate plan are provided in Attachment A.
- The projected contribution rates for the ten Rate Groups are provided in Attachment B.
- The projected UAAL and funded ratio for the aggregate plan are provided in Attachment C.
- The projected UAAL and funded ratio for the ten Rate Groups are provided in Attachments D through M.
- Also, we have included in Attachment N the projected contribution rates for the different plans within the ten Rate Groups.

This projection also reflects the potential employer savings as current employees leave employment and are replaced by new members covered under the tiers required by the California Public Employees' Pension Reform Act of 2013 (CalPEPRA) starting at January 1, 2013 (or January 1, 2015 for Rate Group #5). Please note that some of the changes made by CalPEPRA, such as the sharing of the total Normal Cost on a 50:50 basis, may result in employer savings for current employees under the legacy plans. As those changes have not been implemented by the employers and the bargaining parties at OCERS, we have not reflected them in this illustration.

METHODS AND ASSUMPTIONS

The methods and actuarial assumptions we used to prepare the employer contribution rates, the UAAL and the funded ratio are as summarized below:

- The illustrations are based on the actuarial assumptions and census data used in our December 31, 2015 valuation report for the Retirement Plan. With the exception of the market rates of return specified above, it is assumed that all actuarial assumptions would be met in the future and that there would be no change in the future for any of the actuarial assumptions adopted by the Board for the December 31, 2015 valuation.
- The detailed amortization schedule for OCERS' UAAL as of December 31, 2015 is provided in the valuation report. Any subsequent changes in the UAAL due to actuarial gains or losses (e.g., from investment returns on actuarial value greater or less than the assumed 7.25%) are amortized over separate 20-year periods.

² For example, a hypothetical market return of 3.625% (i.e., one-half of 7.25%) is expected to result in a change in employer's contribution of about one-half of the difference between those shown for Scenarios #1 and #2, starting with the December 31, 2016 valuation.

- An adjustment has been made in the illustrations to reflect the long-term impact on OCERS of the three-year phase-in of the cost increase due to the changes in actuarial assumptions adopted by the Board for the Safety Rate Groups, starting with the December 31, 2014 valuation.
- Within Rate Group #2, the City of San Juan Capistrano adopted Plan W (1.62% @ 65 formula) effective January 1, 2016. For members with membership dates on or after January 1, 2016, they will be allowed to elect Plan W in lieu of Plan U (2.5% @ 67 formula). For the purposes of these illustrations, we have made a simplifying assumption that all new employees from the City will elect Plan U. To the extent that some of those employees elect Plan W, they will provide a cost savings to the City equal to 1.67% of payroll for those employees.
- CalPEPRA prescribes new benefit formulas for members with a membership date on and after January 1, 2013 (or January 1, 2015 for Rate Group #5). For Rate Groups #1, #3, #9, #10 and #11, we have estimated the Normal Cost savings³ associated with the enrollment of those employees under the new 2.5% at 67 formula. We have also estimated the changes in employee contributions in accordance with Section 7522.30 of CalPEPRA (i.e., 50:50 sharing of the total Normal Cost with the new employees).

Within Rate Group #2, only the County's attorneys, San Juan Capistrano employees (who are not assumed to elect Plan W as discussed earlier in this letter) and OCERS Management employees will receive the 2.5% at 67 formula while all other new employees in Rate Group #2 will receive the "new" 1.62% at 65 formula.⁴ We assumed that the proportion of the payrolls from the County's attorneys, San Juan Capistrano employees and OCERS Management employees who will receive the 2.5% at 67 formula instead of the "new" 1.62% at 65 formula in the future would remain unchanged from that observed at the December 31, 2015 valuation. As of December 31, 2015, payroll for active members under the 2.5% at 67 formula in these three categories represented about 5.0% of the combined payroll for members under either the 2.5% at 67 formula or the "new" 1.62% at 65 formula in Rate Group #2. We have estimated the Normal Cost savings⁵ associated with the enrollment of new members under the two new formulas. We have also estimated the changes in employee contributions in accordance with Section 7522.30 of CalPEPRA.

³ To estimate the savings, we have made a simplifying assumption that there will be a shift in the proportion of payroll such that current active members would be replaced over 20 years (starting in 2013 or starting in 2015 for Rate Group #5) by new members under 2.5% at 67 on a prorated basis.

⁴ The "new" 1.62% at 65 formula is the CalPEPRA Plan T.

⁵ To estimate the savings, we have made a simplifying assumption that there will be a shift in the proportion of payroll such that current County's attorneys, San Juan Capistrano and OCERS Management active members would be replaced over the next 20 years (starting in 2013) by new members under 2.5% at 67 on a prorated basis. All other active members would be replaced over 20 years (starting in 2013) by new members under 1.62% at 65 on a prorated basis.

For Rate Group #6, #7 and #8 members with a membership date on and after January 1, 2013, we have estimated the Normal Cost savings⁶ associated with the enrollment of those members under the new 2.7% at 57 formula. We have also estimated the changes in employee contributions in accordance with Section 7522.30 of CalPEPRA.

We note that at the end of the third calendar year (i.e., 2015) since the implementation of CalPEPRA, approximately 13% of the members of OCERS are enrolled in the CalPEPRA plans based on payroll. Even though this is generally in line with the 15% replacement we would have anticipated using our simplifying assumption of 20-year prorata replacement by such new members, we tested the sensitivity on the aggregate employer contribution rate if a 25-year assumption is used instead of a 20-year assumption. Under the 25-year assumption, the aggregate employer contribution rates provided in Attachment A would have been higher by about 0.1% of payroll each year starting with the December 31, 2016 valuation (or about 1.5% of payroll cumulatively by 2034).

- We understand that, with the exception of new members who would be covered under the “new” 1.62% at 65 formula, in the determination of pension benefits under the CalPEPRA formulas the maximum compensation that can be taken into account for new members on and after January 1, 2016 is equal to \$140,424 in 2016. To the extent this provision will limit compensation of the new members, our assumption that the total payroll will increase by 3.50% each year over the projection period (for use in determining the contribution rate for the UAAL) may be overstated somewhat. Under that scenario, there will be an increase in the UAAL contribution rate as the amount required to amortize the UAAL will have to be spread over a somewhat smaller total payroll base.
- Other than the above adjustments to the Normal Costs from the new CalPEPRA formulas, we have not included any other adjustments for the pre-CalPEPRA members such as the anticipated reduction in proportion (and hence in the associated Normal Cost) of existing Tier 1 active members (with pension benefits based on final one year average formula) relative to the increase in proportion of existing Tier 2 active members (with pension benefits based on final three year average formula) for members in any Rate Group.

OTHER CONSIDERATIONS

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.

⁶ To estimate the savings, we have made a simplifying assumption that there will be a shift in the proportion of payroll such that current active members would be replaced over 20 years (starting in 2013) by new members under 2.7% at 57 on a prorated basis.

Mr. Steve Delaney
January 4, 2017
Page 5

This study was prepared under the supervision of Andy Yeung, ASA, MAAA. I am a member of the American Academy of Actuaries and meet the qualification requirements to provide the opinion contained herein.

Please let us know if you have any questions.

Sincerely,

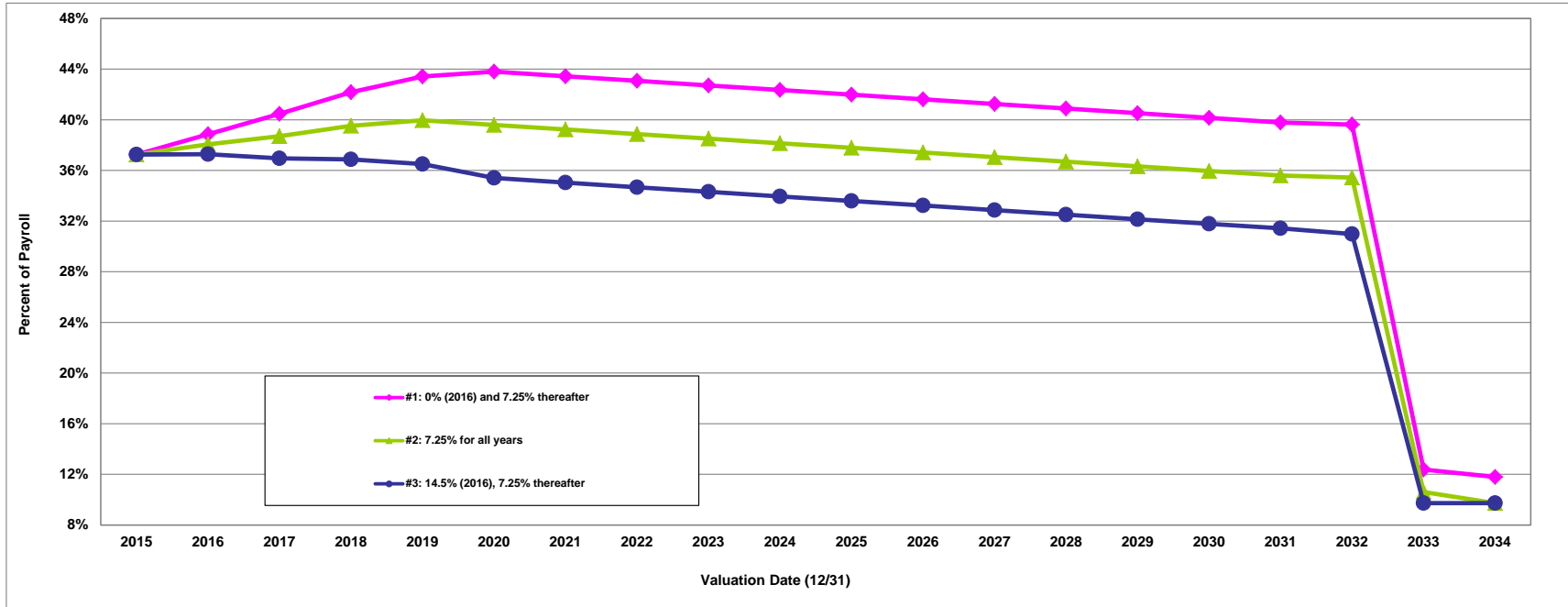

Andy Yeung

MYM/gxk
Enclosures

cc: Suzanne Jenike
Brenda Shott

Attachment A: Projected Employer Rates Aggregate Plan

Attachment A: Projected Employer Rates Aggregate Plan



Valuation Date (12/31)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
#1: 0% (2016) and 7.25% thereafter	37.3%	38.9%	40.5%	42.2%	43.4%	43.8%	43.4%	43.1%	42.7%	42.4%	42.0%	41.6%	41.3%	40.9%	40.5%	40.2%	39.8%	39.6%	12.4%	11.8%
#2: 7.25% for all years	37.3%	38.1%	38.7%	39.5%	40.0%	39.6%	39.2%	38.9%	38.5%	38.1%	37.8%	37.4%	37.1%	36.7%	36.3%	36.0%	35.6%	35.4%	10.6%	9.7%
#3: 14.5% (2016), 7.25% thereafter	37.3%	37.3%	37.0%	36.9%	36.5%	35.4%	35.0%	34.7%	34.3%	33.9%	33.6%	33.2%	32.9%	32.5%	32.1%	31.8%	31.4%	31.0%	9.7%	9.7%

Rates shown above have been adjusted for the three-year phase-in of the cost increase due to the change in actuarial assumptions adopted by the Board starting with the December 31, 2014 valuation for Safety Rate Groups.

Attachment B
Projected Employer Rates by Rate Group
Scenario 1: 0% for 2016 and 7.25% thereafter

	Valuation Date (12/31)																			
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
General																				
RG #1 - Plans A, B and U (non-OCTA, non-OCSD)	18.6%	19.6%	20.7%	21.9%	22.8%	23.2%	23.2%	23.2%	23.1%	23.1%	23.1%	23.0%	23.0%	23.0%	22.9%	22.9%	22.9%	22.8%	11.1%	12.6%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	34.7%	35.6%	37.0%	38.4%	39.5%	39.8%	39.3%	38.9%	38.5%	38.1%	37.7%	37.3%	36.9%	36.5%	36.1%	35.7%	35.3%	34.8%	6.9%	6.7%
RG #3 - Plans B, G, H and U (Law Library, OCSD)	13.6%	15.1%	17.1%	19.2%	20.8%	21.4%	21.1%	20.8%	20.6%	20.3%	20.0%	19.8%	19.5%	19.2%	19.0%	18.7%	18.5%	25.5%	9.3%	16.4%
RG #5 - Plans A, B and U (OCTA)	26.2%	27.3%	28.9%	30.5%	31.7%	32.3%	32.3%	32.2%	32.2%	32.2%	32.1%	32.1%	32.1%	32.0%	32.0%	32.0%	32.0%	31.9%	13.5%	14.6%
RG #9 - Plans M, N and U (TCA)	26.4%	27.1%	28.1%	29.1%	30.0%	30.3%	30.2%	30.0%	29.9%	29.7%	29.6%	29.5%	29.4%	29.2%	29.1%	29.0%	28.8%	28.6%	13.9%	14.5%
RG #10 - Plans I, J, M, N and U (OCFA)	33.0%	33.9%	35.1%	36.5%	37.5%	37.9%	37.6%	37.3%	37.1%	36.8%	36.5%	36.3%	36.0%	35.7%	35.5%	35.2%	34.9%	34.6%	9.2%	8.8%
RG #11 - Plans M and N, future service, and U (Cemetery)	11.4%	11.9%	13.6%	15.4%	16.9%	17.6%	17.7%	17.7%	17.8%	17.8%	17.8%	17.9%	18.0%	18.0%	18.0%	18.1%	18.1%	18.1%	18.1%	18.0%
Safety																				
RG #6 - Plans E, F and V (Probation)	45.0%	48.4%	50.3%	52.2%	53.6%	53.9%	53.5%	53.0%	52.6%	52.1%	51.7%	51.2%	50.7%	50.3%	49.8%	49.4%	48.9%	48.4%	23.8%	19.3%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	61.9%	66.1%	69.0%	71.9%	74.1%	74.9%	74.6%	74.3%	74.0%	73.7%	73.4%	73.1%	72.8%	72.5%	72.2%	71.9%	71.6%	71.2%	32.2%	29.3%
RG #8 - Plans E, F, Q, R and V (Fire Authority)	48.4%	51.1%	53.0%	55.0%	56.4%	56.7%	56.0%	55.3%	54.6%	53.9%	53.2%	52.5%	51.8%	51.0%	50.3%	49.6%	48.9%	48.1%	20.4%	15.3%

Rates shown above have been adjusted for the three-year phase-in of the cost increase due to the change in actuarial assumptions adopted by the Board starting with the December 31, 2014 valuation for Safety Rate Groups.

In addition, based on the demographic profile of the members in Rate Group #11 reported as of December 31, 2015, the normal cost rate for the CalPEPRA plan is actually higher than the normal cost rate for the legacy plan which causes the total employer contribution to increase over time.

Attachment B
Projected Employer Rates by Rate Group
Scenario 2: 7.25% for all years

	Valuation Date (12/31)																			
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
General																				
RG #1 - Plans A, B and U (non-OCTA, non-OCSD)	18.6%	19.1%	19.7%	20.3%	20.8%	20.7%	20.7%	20.7%	20.7%	20.6%	20.6%	20.6%	20.5%	20.5%	20.5%	20.4%	20.4%	20.3%	8.9%	8.9%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	34.7%	34.9%	35.4%	36.0%	36.4%	36.0%	35.6%	35.2%	34.8%	34.4%	34.0%	33.6%	33.2%	32.8%	32.4%	31.9%	31.6%	31.0%	6.7%	6.7%
RG #3 - Plans B, G, H and U (Law Library, OCSD)	13.6%	14.2%	15.0%	16.1%	16.8%	16.5%	16.2%	16.0%	15.7%	15.4%	15.2%	14.9%	14.6%	14.4%	14.1%	13.9%	13.6%	20.7%	9.3%	9.3%
RG #5 - Plans A, B and U (OCTA)	26.2%	26.7%	27.4%	28.3%	28.9%	28.9%	28.9%	28.9%	28.8%	28.8%	28.8%	28.7%	28.7%	28.7%	28.6%	28.6%	28.6%	28.5%	10.2%	10.1%
RG #9 - Plans M, N and U (TCA)	26.4%	26.6%	27.0%	27.6%	27.9%	27.8%	27.6%	27.5%	27.4%	27.2%	27.1%	27.0%	26.8%	26.7%	26.6%	26.5%	26.3%	26.1%	11.4%	10.6%
RG #10 - Plans I, J, M, N and U (OCFA)	33.0%	33.3%	33.8%	34.4%	34.8%	34.6%	34.3%	34.0%	33.8%	33.5%	33.2%	33.0%	32.7%	32.4%	32.1%	31.9%	31.6%	31.2%	8.8%	8.8%
RG #11 - Plans M and N, future service, and U (Cemetery)	11.4%	11.5%	12.1%	13.1%	13.9%	13.9%	13.9%	13.9%	13.9%	14.0%	14.0%	14.0%	14.0%	14.1%	14.1%	14.2%	14.3%	14.3%	14.3%	14.3%
Safety																				
RG #6 - Plans E, F and V (Probation)	45.0%	47.6%	48.4%	49.3%	49.8%	49.3%	48.9%	48.4%	48.0%	47.5%	47.0%	46.6%	46.1%	45.7%	45.2%	44.8%	44.3%	43.8%	19.2%	15.0%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	61.9%	65.0%	66.3%	67.9%	68.8%	68.5%	68.2%	67.9%	67.6%	67.3%	67.0%	66.7%	66.4%	66.1%	65.8%	65.5%	65.2%	64.8%	25.8%	20.0%
RG #8 - Plans E, F, Q, R and V (Fire Authority)	48.4%	50.1%	50.8%	51.6%	52.0%	51.3%	50.6%	49.8%	49.1%	48.4%	47.7%	47.0%	46.3%	45.6%	44.9%	44.2%	43.5%	42.7%	15.3%	15.3%

Rates shown above have been adjusted for the three-year phase-in of the cost increase due to the change in actuarial assumptions adopted by the Board starting with the December 31, 2014 valuation for Safety Rate Groups.

In addition, based on the demographic profile of the members in Rate Group #11 reported as of December 31, 2015, the normal cost rate for the CalPEPRA plan is actually higher than the normal cost rate for the legacy plan which causes the total employer contribution to increase over time.

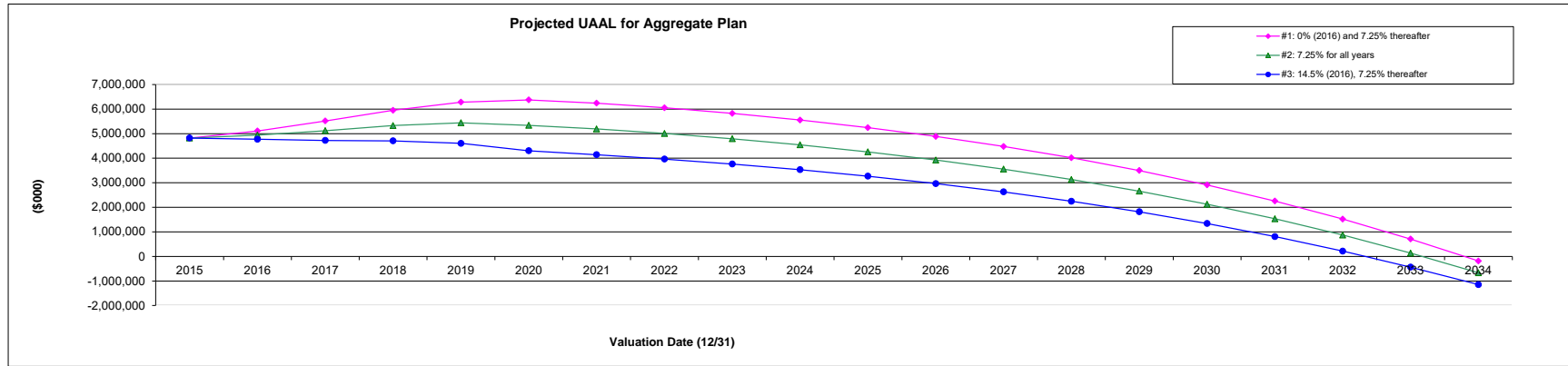
Attachment B
Projected Employer Rates by Rate Group
Scenario 3: 14.5% for 2016 and 7.25% thereafter

	Valuation Date (12/31)																			
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
General																				
RG #1 - Plans A, B and U (non-OCTA, non-OCSD)	18.6%	18.7%	18.6%	18.7%	18.7%	18.3%	18.2%	18.2%	18.2%	18.1%	18.1%	18.1%	18.1%	18.0%	18.0%	18.0%	17.9%	17.9%	8.9%	8.9%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	34.7%	34.2%	33.8%	33.6%	33.2%	32.2%	31.8%	31.4%	31.0%	30.6%	30.2%	29.8%	29.4%	29.0%	28.6%	28.2%	27.8%	27.3%	6.7%	6.7%
RG #3 - Plans B, G, H and U (Law Library, OCSD)	13.6%	13.2%	12.9%	13.0%	12.7%	11.6%	11.4%	11.1%	10.8%	10.6%	10.3%	10.2%	10.0%	9.9%	9.7%	9.6%	9.4%	9.3%	9.3%	9.3%
RG #5 - Plans A, B and U (OCTA)	26.2%	26.1%	26.0%	26.2%	26.1%	25.5%	25.5%	25.5%	25.4%	25.4%	25.4%	25.3%	25.3%	25.3%	25.2%	25.2%	25.1%	10.2%	10.1%	10.1%
RG #9 - Plans M, N and U (TCA)	26.4%	26.2%	26.0%	26.1%	25.9%	25.3%	25.2%	25.0%	24.9%	24.8%	24.7%	24.5%	24.4%	24.3%	24.1%	24.0%	23.9%	23.7%	10.6%	10.6%
RG #10 - Plans I, J, M, N and U (OCFA)	33.0%	32.7%	32.4%	32.4%	32.1%	31.2%	31.0%	30.7%	30.4%	30.2%	29.9%	29.6%	29.4%	29.1%	28.8%	28.6%	28.3%	27.9%	8.8%	8.8%
RG #11 - Plans M and N, future service, and U (Cemetery)	11.4%	11.5%	11.5%	11.6%	11.6%	11.6%	11.7%	11.7%	11.8%	11.8%	11.9%	11.9%	12.0%	12.0%	12.1%	12.1%	12.2%	12.2%	12.2%	12.2%
Safety																				
RG #6 - Plans E, F and V (Probation)	45.0%	46.8%	46.6%	46.5%	46.0%	44.7%	44.3%	43.8%	43.4%	42.9%	42.5%	42.0%	41.5%	41.1%	40.6%	40.2%	39.7%	39.2%	15.0%	15.0%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	61.9%	63.8%	63.7%	63.9%	63.6%	62.1%	61.8%	61.5%	61.2%	60.9%	60.6%	60.3%	60.0%	59.7%	59.4%	59.1%	58.8%	58.4%	20.0%	20.0%
RG #8 - Plans E, F, Q, R and V (Fire Authority)	48.4%	49.1%	48.5%	48.2%	47.5%	45.8%	45.1%	44.4%	43.7%	43.0%	42.3%	41.6%	40.9%	40.2%	39.5%	38.8%	38.1%	37.3%	15.3%	15.3%

Rates shown above have been adjusted for the three-year phase-in of the cost increase due to the change in actuarial assumptions adopted by the Board starting with the December 31, 2014 valuation for Safety Rate Groups.

In addition, based on the demographic profile of the members in Rate Group #11 reported as of December 31, 2015, the normal cost rate for the CalPEPRA plan is actually higher than the normal cost rate for the legacy plan which causes the total employer contribution to increase over time.

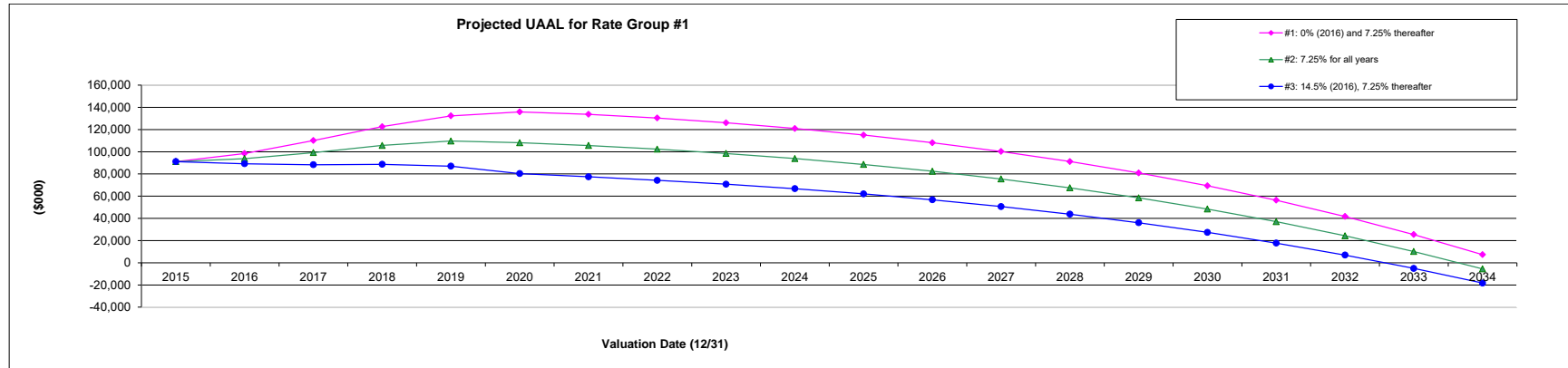
Attachment C Projected UAAL and Funded Ratio for Aggregate Plan



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
UAAL (\$000)																				
#1: 0% (2016) and 7.25% thereafter	4,822,348	5,108,315	5,516,983	5,952,701	6,280,941	6,375,657	6,242,161	6,054,833	5,824,766	5,555,964	5,244,868	4,887,671	4,480,236	4,018,211	3,496,822	2,910,838	2,254,725	1,522,542	707,823	-185,365
#2: 7.25% for all years	4,822,348	4,940,196	5,119,800	5,329,177	5,443,629	5,340,080	5,192,887	5,009,193	4,793,785	4,543,891	4,256,351	3,927,809	3,554,626	3,132,877	2,658,430	2,126,684	1,532,727	871,321	136,704	-666,114
#3: 14.5% (2016), 7.25% thereafter	4,822,348	4,772,078	4,722,616	4,705,523	4,605,920	4,304,007	4,143,169	3,963,034	3,762,210	3,531,219	3,267,232	2,967,322	2,628,344	2,246,756	1,819,008	1,341,096	808,768	217,477	-437,886	-1,146,869
Funded Ratio																				
#1: 0% (2016) and 7.25% thereafter	71.7%	71.6%	70.9%	70.2%	70.2%	71.2%	73.1%	75.2%	77.2%	79.2%	81.2%	83.3%	85.3%	87.3%	89.4%	91.5%	93.7%	95.9%	98.1%	100.5%
#2: 7.25% for all years	71.7%	72.6%	73.0%	73.4%	74.1%	75.9%	77.7%	79.5%	81.2%	83.0%	84.8%	86.5%	88.3%	90.1%	91.9%	93.8%	95.7%	97.6%	99.6%	101.7%
#3: 14.5% (2016), 7.25% thereafter	71.7%	73.5%	75.1%	76.5%	78.1%	80.6%	82.2%	83.7%	85.3%	86.8%	88.3%	89.8%	91.4%	92.9%	94.5%	96.1%	97.7%	99.4%	101.1%	102.9%

Attachment D

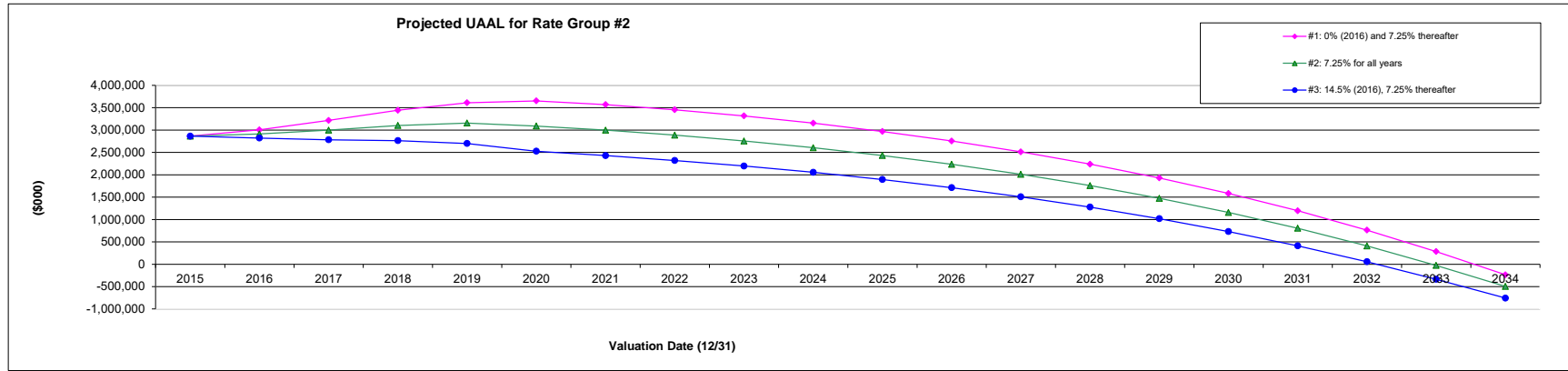
Projected UAAL and Funded Ratio for Rate Group #1 Plans A, B and U (non-OCTA, non-OCSD)



UAAL (\$000)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
#1: 0% (2016) and 7.25% thereafter	91,105	98,458	110,099	122,621	132,308	135,918	133,745	130,363	126,071	120,982	115,031	108,138	100,217	91,188	80,939	69,351	56,318	41,727	25,432	7,329
#2: 7.25% for all years	91,105	93,814	99,212	105,653	109,686	108,134	105,616	102,338	98,440	93,862	88,548	82,429	75,433	67,482	58,490	48,359	36,998	24,298	10,146	-5,524
#3: 14.5% (2016), 7.25% thereafter	91,105	89,170	88,323	88,676	87,040	80,309	77,446	74,275	70,777	66,719	62,050	56,716	50,650	43,788	36,065	27,407	17,726	6,942	-5,041	-18,272
Funded Ratio	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
#1: 0% (2016) and 7.25% thereafter	78.9%	78.2%	76.8%	75.3%	74.5%	75.0%	76.4%	77.9%	79.5%	81.1%	82.7%	84.3%	86.0%	87.7%	89.4%	91.2%	93.0%	95.0%	97.0%	99.2%
#2: 7.25% for all years	78.9%	79.3%	79.1%	78.7%	78.9%	80.1%	81.4%	82.7%	84.0%	85.3%	86.7%	88.1%	89.4%	90.9%	92.3%	93.9%	95.4%	97.1%	98.8%	100.6%
#3: 14.5% (2016), 7.25% thereafter	78.9%	80.3%	81.4%	82.1%	83.2%	85.2%	86.3%	87.4%	88.5%	89.6%	90.7%	91.8%	92.9%	94.1%	95.3%	96.5%	97.8%	99.2%	100.6%	102.1%

Attachment E

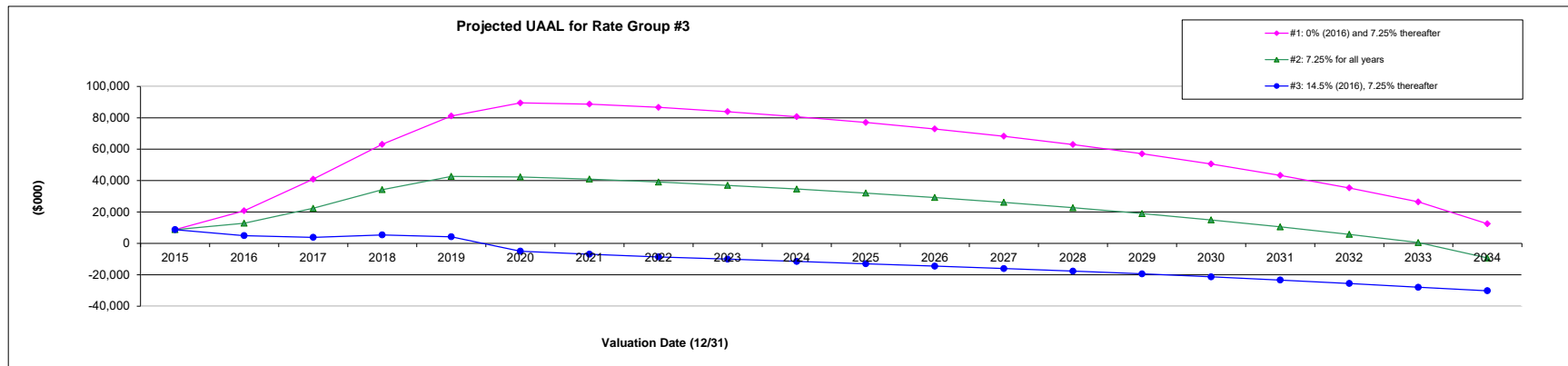
Projected UAAL and Funded Ratio for Rate Group #2 Plans I, J, O, P, S, T, U and W (County et al.)



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
UAAL (\$000)																				
#1: 0% (2016) and 7.25% thereafter	2,864,029	3,004,823	3,216,166	3,442,820	3,611,530	3,652,415	3,568,960	3,454,897	3,316,122	3,154,717	2,968,568	2,755,461	2,513,008	2,238,710	1,929,800	1,583,216	1,195,734	763,969	284,193	-235,345
#2: 7.25% for all years	2,864,029	2,913,019	2,999,534	3,103,243	3,156,297	3,090,338	2,999,509	2,887,482	2,756,690	2,605,566	2,432,223	2,234,692	2,010,850	1,758,408	1,474,978	1,157,832	804,106	410,806	-25,468	-495,931
#3: 14.5% (2016), 7.25% thereafter	2,864,029	2,821,214	2,782,896	2,763,526	2,700,635	2,527,655	2,429,468	2,319,372	2,196,513	2,055,683	1,895,163	1,713,228	1,508,022	1,277,464	1,019,548	731,878	411,953	57,169	-335,546	-756,870
Funded Ratio																				
#1: 0% (2016) and 7.25% thereafter	70.0%	70.1%	69.5%	68.9%	68.8%	69.9%	71.8%	73.8%	75.9%	78.0%	80.0%	82.1%	84.2%	86.4%	88.6%	90.9%	93.3%	95.8%	98.5%	101.2%
#2: 7.25% for all years	70.0%	71.0%	71.6%	71.9%	72.8%	74.5%	76.3%	78.1%	80.0%	81.8%	83.6%	85.5%	87.4%	89.3%	91.3%	93.4%	95.5%	97.8%	100.1%	102.6%
#3: 14.5% (2016), 7.25% thereafter	70.0%	71.9%	73.6%	75.0%	76.7%	79.2%	80.8%	82.4%	84.0%	85.6%	87.2%	88.9%	90.5%	92.2%	94.0%	95.8%	97.7%	99.7%	101.8%	104.0%

Attachment F

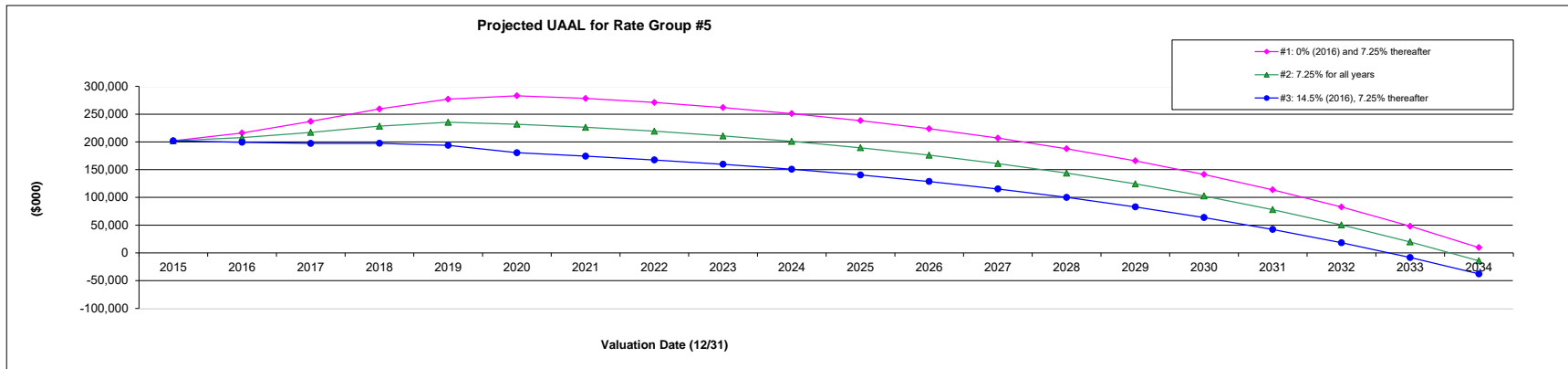
Projected UAAL and Funded Ratio for Rate Group #3 Plans B, G, H and U (Law Library, OCSD)



UAAL (\$000)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
#1: 0% (2016) and 7.25% thereafter	8,722	20,752	40,888	63,100	81,145	89,492	88,732	86,664	83,890	80,695	77,043	72,896	68,221	62,974	57,109	50,579	43,329	35,305	26,440	12,491
#2: 7.25% for all years	8,722	12,838	22,352	34,239	42,697	42,299	40,951	39,063	36,958	34,624	32,050	29,219	26,110	22,702	18,983	14,929	10,515	5,721	523	-9,297
#3: 14.5% (2016), 7.25% thereafter	8,722	4,925	3,812	5,356	4,200	-4,976	-6,915	-8,620	-10,045	-11,505	-12,997	-14,516	-16,059	-17,676	-19,425	-21,318	-23,365	-25,578	-27,969	-30,182
Funded Ratio																				
#1: 0% (2016) and 7.25% thereafter	98.5%	96.7%	93.8%	91.0%	89.0%	88.5%	89.2%	90.0%	90.8%	91.6%	92.4%	93.1%	93.9%	94.6%	95.3%	96.0%	96.7%	97.5%	98.2%	99.2%
#2: 7.25% for all years	98.5%	97.9%	96.6%	95.1%	94.2%	94.6%	95.0%	95.5%	95.9%	96.4%	96.8%	97.2%	97.6%	98.0%	98.4%	98.8%	99.2%	99.6%	100.0%	100.6%
#3: 14.5% (2016), 7.25% thereafter	98.5%	99.2%	99.4%	99.2%	99.4%	100.6%	100.8%	101.0%	101.1%	101.2%	101.3%	101.4%	101.4%	101.5%	101.6%	101.7%	101.8%	101.8%	101.9%	102.0%

Attachment G

Projected UAAL and Funded Ratio for Rate Group #5 Plans A, B and U (OCTA)

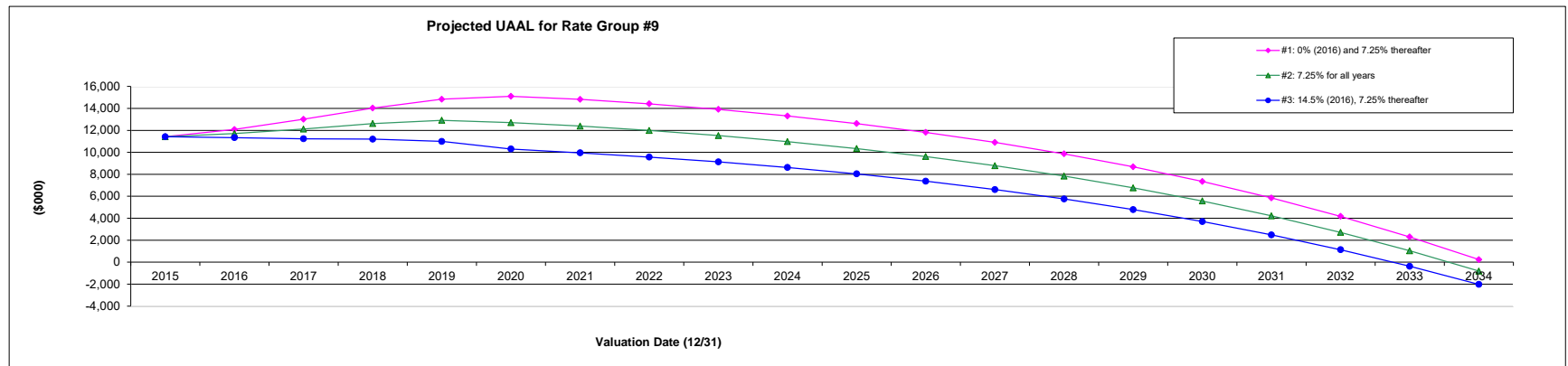


UAAL (\$000)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
#1: 0% (2016) and 7.25% thereafter	201,945	216,109	236,913	259,428	276,939	283,112	278,274	270,990	261,827	250,993	238,325	223,674	206,852	187,656	165,882	141,292	113,657	82,695	48,100	9,645
#2: 7.25% for all years	201,945	207,705	217,112	228,419	235,401	231,849	226,343	219,242	210,798	200,891	189,386	176,151	161,022	143,813	124,363	102,468	77,897	50,417	19,778	-14,203
#3: 14.5% (2016), 7.25% thereafter	201,945	199,300	197,310	197,400	193,827	180,526	174,353	167,444	159,735	150,774	140,446	128,641	115,220	100,023	82,903	63,689	42,220	18,282	-8,352	-37,827

Funded Ratio	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
#1: 0% (2016) and 7.25% thereafter	75.2%	74.8%	73.8%	72.8%	72.4%	73.2%	74.9%	76.7%	78.6%	80.4%	82.2%	84.1%	85.9%	87.8%	89.7%	91.6%	93.5%	95.5%	97.5%	99.5%
#2: 7.25% for all years	75.2%	75.8%	76.0%	76.0%	76.5%	78.0%	79.6%	81.2%	82.7%	84.3%	85.9%	87.5%	89.1%	90.6%	92.3%	93.9%	95.5%	97.2%	99.0%	100.7%
#3: 14.5% (2016), 7.25% thereafter	75.2%	76.8%	78.2%	79.3%	80.7%	82.9%	84.3%	85.6%	86.9%	88.2%	89.5%	90.8%	92.2%	93.5%	94.8%	96.2%	97.6%	99.0%	100.4%	101.9%

Attachment H

Projected UAAL and Funded Ratio for Rate Group #9 Plans M, N and U (TCA)

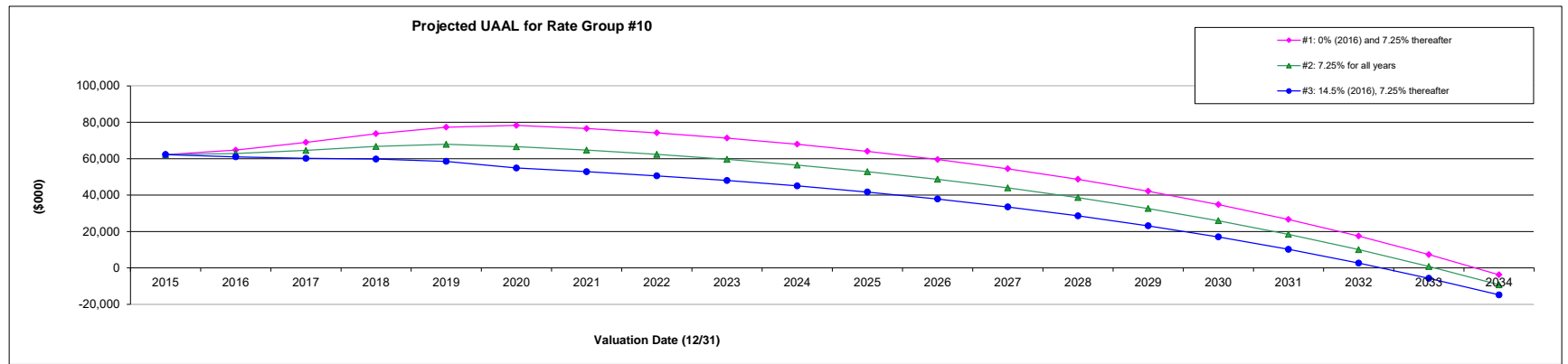


UAAL (\$000)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
#1: 0% (2016) and 7.25% thereafter	11,425	12,079	13,010	14,028	14,834	15,101	14,821	14,415	13,909	13,313	12,619	11,820	10,904	9,861	8,679	7,344	5,846	4,169	2,298	233
#2: 7.25% for all years	11,425	11,707	12,121	12,615	12,914	12,702	12,390	11,993	11,525	10,978	10,344	9,615	8,782	7,837	6,768	5,566	4,219	2,713	1,036	-812
#3: 14.5% (2016), 7.25% thereafter	11,425	11,336	11,232	11,203	10,995	10,302	9,955	9,565	9,130	8,624	8,040	7,372	6,613	5,754	4,785	3,699	2,486	1,132	-373	-2,025

Funded Ratio	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
#1: 0% (2016) and 7.25% thereafter	70.0%	70.5%	70.3%	70.2%	70.5%	72.0%	74.3%	76.6%	78.8%	81.0%	83.1%	85.1%	87.1%	89.0%	90.9%	92.8%	94.6%	96.3%	98.1%	99.8%
#2: 7.25% for all years	70.0%	71.4%	72.4%	73.2%	74.4%	76.4%	78.5%	80.5%	82.4%	84.3%	86.1%	87.9%	89.6%	91.3%	92.9%	94.5%	96.1%	97.6%	99.1%	100.6%
#3: 14.5% (2016), 7.25% thereafter	70.0%	72.3%	74.4%	76.2%	78.2%	80.9%	82.7%	84.4%	86.1%	87.7%	89.2%	90.7%	92.2%	93.6%	95.0%	96.4%	97.7%	99.0%	100.3%	101.6%

Attachment I

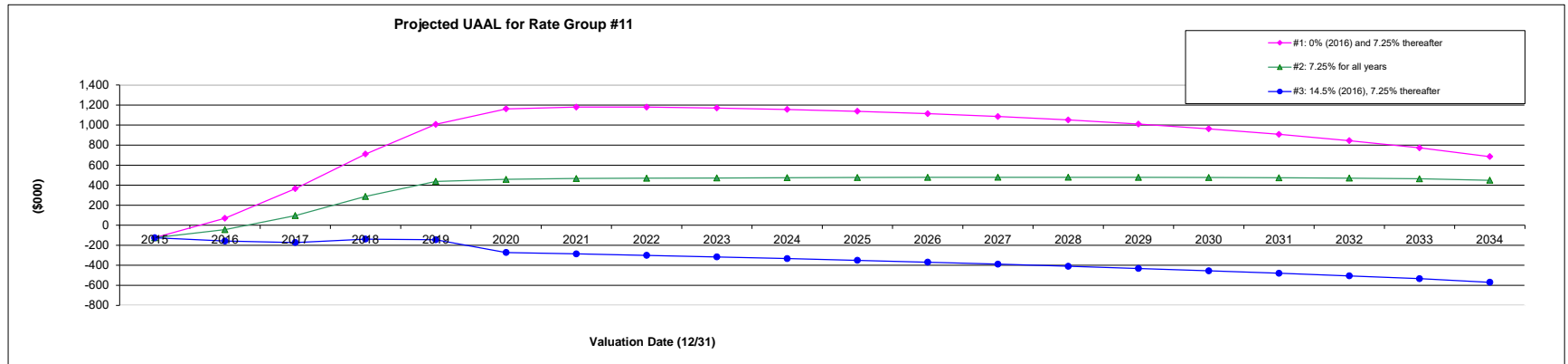
Projected UAAL and Funded Ratio for Rate Group #10 Plans I, J, M, N and U (OCFA)



UAAL (\$000)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
#1: 0% (2016) and 7.25% thereafter	62,239	64,705	68,959	73,697	77,310	78,262	76,549	74,187	71,299	67,927	64,026	59,550	54,448	48,663	42,139	34,816	26,622	17,478	7,306	-3,795
#2: 7.25% for all years	62,239	62,862	64,565	66,749	67,915	66,569	64,695	62,367	59,640	56,476	52,836	48,680	43,961	38,628	32,629	25,911	18,411	10,057	778	-9,313
#3: 14.5% (2016), 7.25% thereafter	62,239	61,019	60,173	59,803	58,527	54,893	52,859	50,569	48,003	45,049	41,671	37,832	33,490	28,603	23,124	17,008	10,198	2,633	-5,751	-14,834
Funded Ratio																				
#1: 0% (2016) and 7.25% thereafter	68.1%	68.8%	68.7%	68.4%	68.7%	70.1%	72.4%	74.6%	76.9%	79.1%	81.3%	83.5%	85.7%	87.8%	89.9%	92.1%	94.2%	96.4%	98.6%	100.7%
#2: 7.25% for all years	68.1%	69.7%	70.7%	71.4%	72.5%	74.6%	76.6%	78.7%	80.7%	82.7%	84.6%	86.5%	88.4%	90.3%	92.2%	94.1%	96.0%	97.9%	99.8%	101.8%
#3: 14.5% (2016), 7.25% thereafter	68.1%	70.6%	72.7%	74.4%	76.3%	79.0%	80.9%	82.7%	84.5%	86.2%	87.9%	89.5%	91.2%	92.8%	94.5%	96.1%	97.8%	99.5%	101.1%	102.8%

Attachment J

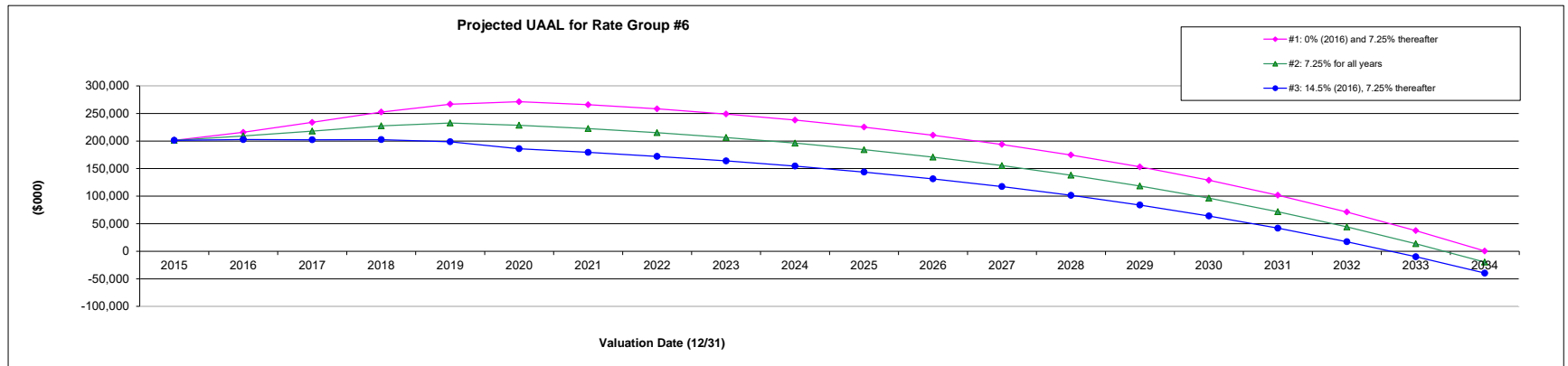
Projected UAAL and Funded Ratio for Rate Group #11 Plans M and N, future service, and U (Cemetery)



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
UAAL (\$000)																				
#1: 0% (2016) and 7.25% thereafter	-125	70	365	711	1,007	1,162	1,180	1,179	1,170	1,156	1,138	1,114	1,085	1,051	1,011	963	908	845	773	685
#2: 7.25% for all years	-125	-44	96	287	437	458	467	469	472	474	477	478	479	479	478	477	474	470	464	449
#3: 14.5% (2016), 7.25% thereafter	-125	-158	-173	-139	-145	-272	-286	-301	-317	-333	-350	-369	-389	-410	-432	-455	-480	-506	-534	-570
Funded Ratio																				
#1: 0% (2016) and 7.25% thereafter	101.5%	99.2%	96.1%	93.0%	90.8%	90.1%	90.7%	91.3%	92.0%	92.6%	93.2%	93.8%	94.4%	94.9%	95.4%	95.9%	96.4%	96.9%	97.4%	97.8%
#2: 7.25% for all years	101.5%	100.5%	99.0%	97.2%	96.0%	96.1%	96.3%	96.5%	96.8%	97.0%	97.2%	97.3%	97.5%	97.7%	97.8%	98.0%	98.1%	98.3%	98.4%	98.6%
#3: 14.5% (2016), 7.25% thereafter	101.5%	101.8%	101.8%	101.4%	101.3%	102.3%	102.3%	102.2%	102.2%	102.1%	102.1%	102.0%	102.0%	102.0%	101.9%	101.9%	101.9%	101.9%	101.8%	101.8%

Unlike the other Rate Groups, Rate Group #11 has a UAAL under Scenarios #1 and #2 due to the reemergence of their UAAL amortization layers starting with the December 31, 2016 valuation under Scenario #1 and December 31, 2017 valuation under Scenario #2. While Rate Group #11 is currently overfunded, they are anticipated to have a restart amortization layer starting with either the 2016 or 2017 valuation under Scenarios #1 and #2, respectively which will not drop off until 20 years after that restart amortization layer is established.

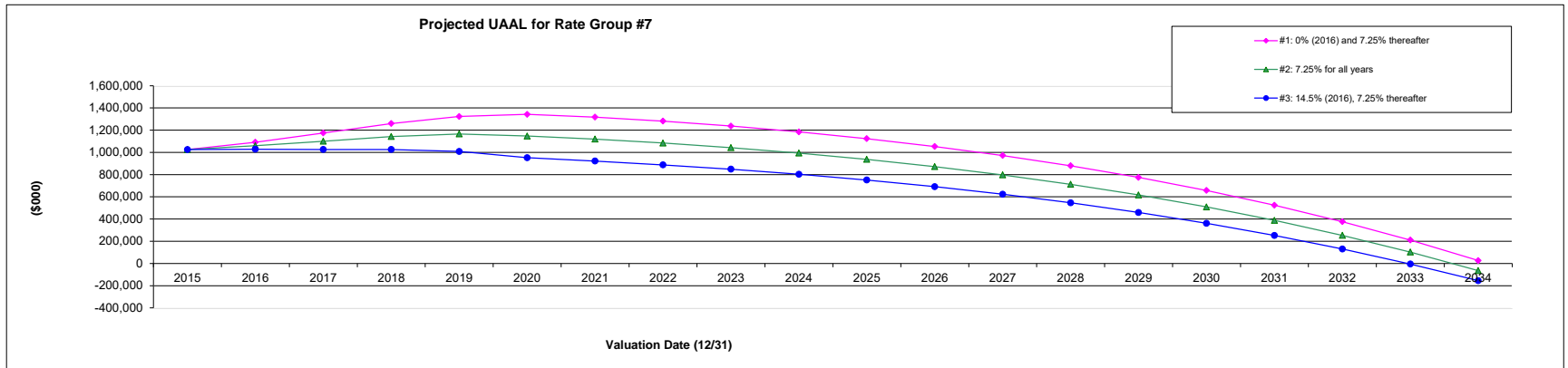
Attachment K Projected UAAL and Funded Ratio for Rate Group #6 Plans E, F and V (Probation)



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
UAAL (\$000)																				
#1: 0% (2016) and 7.25% thereafter	201,176	215,765	233,807	252,590	266,761	271,250	265,915	258,321	248,939	237,939	225,175	210,484	193,692	174,617	153,059	128,800	101,608	71,232	37,398	374
#2: 7.25% for all years	201,176	209,178	218,040	227,520	232,664	228,570	222,633	215,168	206,383	196,157	184,359	170,844	155,457	138,040	118,409	96,378	71,741	44,271	13,727	-19,592
#3: 14.5% (2016), 7.25% thereafter	201,176	202,591	202,278	202,476	198,627	185,996	179,461	172,133	163,946	154,491	143,654	131,309	117,322	101,545	83,828	64,009	41,910	17,332	-9,934	-39,547
Funded Ratio																				
#1: 0% (2016) and 7.25% thereafter	70.2%	70.3%	70.1%	69.9%	70.3%	71.9%	74.2%	76.6%	78.9%	81.1%	83.2%	85.3%	87.3%	89.3%	91.1%	93.0%	94.8%	96.6%	98.3%	100.0%
#2: 7.25% for all years	70.2%	71.2%	72.1%	72.9%	74.1%	76.3%	78.4%	80.5%	82.5%	84.4%	86.3%	88.1%	89.8%	91.5%	93.2%	94.8%	96.3%	97.9%	99.4%	100.8%
#3: 14.5% (2016), 7.25% thereafter	70.2%	72.1%	74.1%	75.8%	77.9%	80.7%	82.6%	84.4%	86.1%	87.7%	89.3%	90.8%	92.3%	93.8%	95.2%	96.5%	97.9%	99.2%	100.5%	101.7%

Attachment L

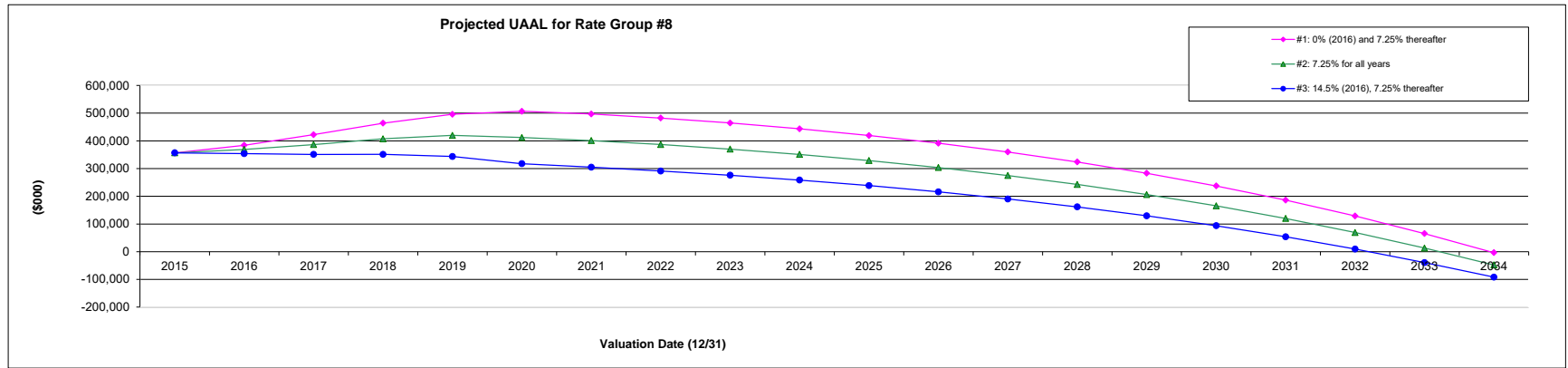
Projected UAAL and Funded Ratio for Rate Group #7 Plans E, F, Q, R and V (Law Enforcement)



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
UAAL (\$000)																				
#1: 0% (2016) and 7.25% thereafter	1,025,052	1,091,581	1,174,503	1,259,842	1,323,210	1,342,059	1,317,050	1,281,348	1,236,980	1,184,622	1,123,558	1,052,987	972,029	879,748	775,134	657,115	524,517	376,057	210,387	26,547
#2: 7.25% for all years	1,025,052	1,060,112	1,100,114	1,142,890	1,165,833	1,146,980	1,119,344	1,084,288	1,042,679	993,878	937,233	872,039	797,524	712,838	617,062	509,254	388,367	253,233	102,648	-64,172
#3: 14.5% (2016), 7.25% thereafter	1,025,052	1,028,643	1,025,726	1,025,937	1,008,481	951,993	921,773	887,385	848,509	803,260	751,056	691,250	623,160	546,047	459,118	361,514	252,310	130,492	-5,001	-154,796
Funded Ratio																				
#1: 0% (2016) and 7.25% thereafter	69.1%	68.9%	68.3%	67.8%	67.9%	69.1%	71.3%	73.4%	75.6%	77.8%	80.0%	82.1%	84.3%	86.4%	88.6%	90.8%	92.9%	95.2%	97.4%	99.7%
#2: 7.25% for all years	69.1%	69.7%	70.3%	70.8%	71.7%	73.6%	75.6%	77.5%	79.5%	81.4%	83.3%	85.2%	87.1%	89.0%	90.9%	92.8%	94.8%	96.7%	98.7%	100.8%
#3: 14.5% (2016), 7.25% thereafter	69.1%	70.6%	72.3%	73.8%	75.5%	78.1%	79.9%	81.6%	83.3%	85.0%	86.6%	88.3%	89.9%	91.6%	93.2%	94.9%	96.6%	98.3%	100.1%	101.8%

Attachment M

Projected UAAL and Funded Ratio for Rate Group #8 Plans E, F, Q, R and V (Fire Authority)



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
UAAL (\$000)																				
#1: 0% (2016) and 7.25% thereafter	356,780	383,973	422,274	463,864	495,897	506,887	496,935	482,469	464,559	443,620	419,385	391,548	359,780	323,742	283,070	237,362	186,186	129,065	65,496	-3,530
#2: 7.25% for all years	356,780	369,005	386,653	407,561	419,785	412,180	400,942	386,783	370,201	350,984	328,896	303,663	275,008	242,650	206,269	165,509	119,998	69,334	13,073	-47,720
#3: 14.5% (2016), 7.25% thereafter	356,780	354,037	351,038	351,285	343,734	317,581	305,056	291,212	275,960	258,458	238,499	215,860	190,316	161,617	129,493	93,664	53,809	9,580	-39,386	-91,947
Funded Ratio																				
#1: 0% (2016) and 7.25% thereafter	75.2%	75.1%	74.3%	73.6%	73.5%	74.6%	76.6%	78.6%	80.6%	82.6%	84.5%	86.3%	88.1%	89.9%	91.6%	93.4%	95.1%	96.8%	98.4%	100.1%
#2: 7.25% for all years	75.2%	76.0%	76.5%	76.8%	77.6%	79.4%	81.1%	82.9%	84.6%	86.2%	87.8%	89.4%	90.9%	92.4%	93.9%	95.4%	96.8%	98.3%	99.7%	101.1%
#3: 14.5% (2016), 7.25% thereafter	75.2%	77.0%	78.7%	80.0%	81.7%	84.1%	85.6%	87.1%	88.5%	89.9%	91.2%	92.5%	93.7%	95.0%	96.2%	97.4%	98.6%	99.8%	100.9%	102.1%

C-16



Memorandum

DATE: January 17, 2016
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: BOARD COMMUNICATIONS

Recommendation

Receive and file.

Background/Discussion

To ensure that the public has free and open access to those items that could have bearing on the decisions of the Trustees of the Board of Retirement, the OCERS Board has directed that all written communications to the entire Board during the interim between regular Board meetings be included in a monthly communications summary.

News Links

The various news and informational articles that have been shared with the full Board are being provided to you here by web link address. By providing the links in this publicly available report, we comply with both the Brown Act public meeting requirements, as well as avoid any copyright issues.

The following news and informational links were received by OCERS staff for distribution to the entire Board:

From Tom Flanigan

- **The Trump Rally Will Morph**
http://ggc-mauldin-images.s3.amazonaws.com/uploads/pdf/161211_TFTF.pdf
- **The 2017 Investment Outlook from BNP Paribas Investment Partners**
<https://publicationsystem.secure-zone.net/v2/index.jsp?id=2565/3100/10120&lng=en>
- **Chart of the Day - December 28, 2016**
<http://www.chartoftheday.com/20161228.htm?H>
- **Chart of the Day - January 5, 2017**
<http://www.chartoftheday.com/20170105.htm?H>

+++++

From Steve Delaney

To the members of the OCERS Board of Retirement,

Below is an invitation to attend the IREI conference. The IREI conference is a OCERS Board pre-approved conference.

A number of Trustees have attended in the past, especially as it is somewhat local (Carlsbad).

If you are interested in attending, simply contact Cammy and she can make the arrangements.

<http://www.irei.com/institutional-real-estate-events/2017-visions-insights-perspectives-vip-americas/agenda>

To the members of the OCERS Board of Retirement,

During yesterday's Audit Committee meeting, Trustee Beckett pointed out to me that there was a small but important error in Item I-2 of the December 19 OCERS Board of Retirement agenda materials.

At the end of the second paragraph I state that the Vice Chair election for 2017 "would be one of the *appointed* members." We reuse this memo every year, and while updating it, I missed that one statement. As Mr. Ball is an appointed member, and becomes Chair automatically in 2017, the Vice Chair candidate for 2017, per Board policy, is limited to a member from "different groups", i.e. the *elected* members.

My apologies, we will correct the memo.

To the members of the OCERS Board of Retirement,

With CalPERS having voted yesterday to lower its assumed earnings rate in phases to 7%, we had received a number of inquiries from an Orange County Register reporter about OCERS and its approach.

Assuming that our members would have similar questions, we have crafted a statement that with Chair Hilton's approval has now been posted to our website:

http://www.ocers.org/pdf/latestnews/assumed_rate_of_return_dec22_2016.pdf

We will refer the reporter to that information to assist him in his reporting.

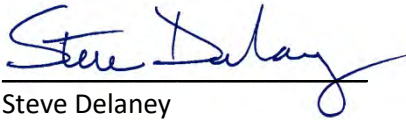
Happy Holidays to all.

- **Hedge Fund Math: Heads We Win, Tails You Lose**
http://www.nytimes.com/2016/12/22/business/hedge-fund-fees-returns.html?_r=0

Other Items: (See Attached)

1. Monthly summary of OCERS staff activity, starting with an overview of key customer service as well as highlights and updates for the month of November.

Submitted by:



Steve Delaney
Chief Executive Officer

Memorandum

DATE: December 29, 2016
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **OCERS ACTIVITIES AND UPDATES – NOVEMBER 2016**

The following is my regular monthly summary of OCERS staff activity, starting with an overview of key customer service statistics as well as activity highlights followed by updates for the month of NOVEMBER 2016.

CUSTOMER SERVICE

The top three questions in the month of November as received by OCERS' counseling staff:

Need assistance with the Member Self-Service Portal due to account lock out.

We routinely receive calls from members using the Member Self Service Portal. When users enter incorrect passwords repeatedly, they are automatically locked out of their online account. They receive a message to call OCERS for assistance. Member Services staff have the ability to unlock the account. Prior to doing so, we confirm identity with security questions unique to the account holder. Examples of information we confirm are current or former employer and position held, birthdate of spouse, name and date of birth of nominated beneficiary, middle name, etc. As of 12/8/16, we have 14,171 registered accounts in V3. *(At the time of conversion, OCERS had 22,000 registered accounts in the now defunct Member Information Center (MIC) self-service portal).*

Questions about Retiree Medical – referrals from new benefits center.

MEMBER SERVICE STATS FOR NOVEMBER 2016

Member Approval 97%

Unplanned Recalcs 3

Retirement Apps Received

<i>Nov 2016</i>	64
<i>Oct 2016</i>	53
<i>Sept 2016</i>	45
<i>Aug 2016</i>	61
<i>July 2016</i>	62
<i>June 2016</i>	65
<i>May 2016</i>	51
<i>April 2016</i>	61
<i>Mar 2016</i>	61
<i>Feb 2016</i>	95
<i>Jan 2016</i>	98
<i>Dec 2015</i>	76
<i>Nov 2015</i>	77
<i>Oct 2015</i>	53

Each year OCERS' telephone call volume increases with questions about changing retiree health care premiums and grants. This year the calls are higher with the transition of a new health care vendor for the County of Orange, Secova (*from current vendor Xerox*). OCERS staff has been working closely with the new vendor and County to educate Secova and facilitate the change - we've been working with both vendors since May of 2016. Secova assumed the open enrollment process and there have been delays and some processing errors such as posting incorrect telephone numbers, website inaccuracies, data issues, etc. The new vendor sometimes erroneously refers their callers to us, and in turn we've partnered with the County to send these calls to them for remediation.

How do I calculate my retirement benefit?

Staff explain the components used in calculating a benefit: plan formula x age factor x service credit x final average salary = monthly benefit amount. We advise members of the tools available to them on our website - the benefits calculator as well as the member self-service portal. Of the two, the portal benefit estimator uses the member's actual account information to provide accurate estimates the member can run anytime. When members submit retirement applications, we routinely provide a comprehensive benefit estimate reflecting the monthly benefit with the retirement date they elect.

ACTIVITIES

OUTREACH TO ORANGE COUNTY LEGISLATORS

Each year I work with one or more Trustees to meet with members of the Orange County legislative delegation. Our goal is always the same, to ensure our local delegation in Sacramento keeps in mind that OCERS is a separate entity from CalPERS, while also reminding legislators that they can always call upon OCERS staff to assist in clarifying any pension-related issue or question that may come before them. This year it was Mr. Hilton who once again joined me, and due to timing constraints we limited our efforts to reaching those who were available while back in Orange County at their local district offices.

On November 4 we met first with Senator Nguyen. The senator has long had a special interest in OCERS, and reviewed with us the limited number of pension-related bills that came across her desk this year. Expressing no concerns regarding OCERS at this time, we assured her that we would be providing background when pension bills are introduced in the next session.

On November 30, in the morning, we met with Senator Bates. Concerned with pension liabilities, we had a good and spirited discussion. The senator made clear that while she is not a fan of defined benefit plans in general, preferring defined contribution plans for public employees, she had no issues with OCERS and its administration, and appreciated the efforts made by our Trustees on behalf of our membership.

Later that same day, we held our final meeting of this outreach effort, meeting with Assemblyman Harper. The assemblyman is well tuned to OCERS, having participated in a number of our monthly “OCERS Update” meetings while serving as Deputy Chief of Staff to then County Supervisor Nguyen, as well as our annual “OCERS Year in Review” meetings. The assemblyman was very upbeat in our conversation, and appreciated the reminder that OCERS staff could be looked to as yet another informational resource when dealing with pension issues.

MEMBER SERVICES – A SURVIVOR’S TALE

When out in the community, members will often stop me upon learning that I am with OCERS to comment on the great customer service they have received from OCERS staff, which of course reflects well on all of us. The tale that follows, as related at my request by Catherine Fairley of Member Services, is an example of that kind of special effort and how it is received by our membership:

In April of 2016, OCERS member Minh Mai and her new husband Barry Stroh came to OCERS’ headquarters to provide their marriage certificate and get acquainted with available survivor benefits as the member was gravely ill. OCERS staff reviewed the marriage certification from the County Clerk’s office and marriage ceremony from the pastor and noted they had different dates. We advised that as the member was married after she retired, they had to be married at least two years prior to her passing in order for Mr. Stroh to be eligible for survivor benefits. Using the County’s document the two year requisite was not met, while using the pastor’s certificate it was. The member was distraught and said she would try to stay alive long enough for her husband to receive a benefit. Staff reassured her of our positive intentions, but the challenge we faced in providing legal benefits, and encouraged them to pursue our appeal process. Sadly, the member passed away in May. Staff initially denied survivor benefits, the survivor appealed, and with OCERS Legal staff opining after extensive research that the putative spouse doctrine applied (intention and acting as if legally married), Mr. Stroh as the survivor was considered an eligible spouse. The spouse was overwhelmed and grateful. He told me he was truly amazed by the professionalism and compassion all our staff demonstrated in each encounter.

Weeks after the appeal decision had been communicated Mr. Stroh called me and offered his services to OCERS the agency as a professional magician/entertainer for our annual year-end event. While we ultimately had to decline his kind offer, we were very appreciative of his desire to give the gift of joy to all staff.

NATIONAL ASSOCIATION OF PUBLIC PENSION FUND AUDITORS CONFERENCE

On November 7 I was invited to deliver some opening remarks to the NAPPFA conference being held in Marina Del Rey. While sharing some of my own observations of the humorous things people say in Southern California that one isn’t likely to hear elsewhere in the country, I also used the opportunity to

caution them to be cognizant of small plan sponsors with declining payrolls, similar to the issue we have encountered with the Orange County Department of Education.

UPDATES

NOVEMBER STAFFING SUMMARY

Ms. Hockless provides the following summary of November’s staffing activities:

To keep pace with the agency’s heavy workloads, the Board approved the addition of one new classification in the Information Technology department, added five positions in the Member Services department and changed a position from part-time to full-time in the Administrative Services department. The Finance department received departure notices from two Accounting Technicians, effective early December. The Administrative Services department is scheduled to test for the Accounting Technician position in mid-January and anticipates filling the six vacant positions after the testing process is completed. Also in November, the agency received a resignation notice from the Chief Investment Officer, effective January 5. This recruitment is scheduled to open in early January 2017. As of November 30, the agency had a total of 12 employees leave OCERS employment in calendar year 2016 (8 voluntary resignations, 3 terminations and 1 probationary release). The current year-to-date turnover rate is rounded to 17%. This is calculated by dividing the number of employees that left the agency by the number of employees on payroll. At the time of this report, OCERS has 75 budgeted positions and 68 employees on payroll. Effective January 1, 2017, OCERS headcount will change from 75 to 79 budgeted positions with 27 OCERS Direct and 52 County positions.

Please find the details of our most recent recruitment activity below:

Position Type	Position Title	Department	Comments
OCERS	Chief Investment Officer	Investments	Open date January 9, 2017
OCERS	Member Services Manager	Member Services	New position 01/01/2017
County	Six (6) Accounting Technicians	Member Services/Finance	Pending Test date Three new positions 01/1/17
County	Accountant Auditor II	Finance	Interviews December 15, 2016

County	Sr. IT Applications Developer	Information Technology	Pending open date
County	IT Business Analyst	Information Technology	New position 01/01/2017
County	Member Services Benefits Supervisor	Member Services	New position 01/01/2017
County	(2) Sr. Retirement Specialist	Member Services	New position 01/01/2017

As a reminder you will see this memo included with the BOARD COMMUNICATIONS document as part of the consent agenda for the January 17 meeting of the OCERS Board of Retirement.

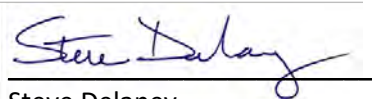
I-2

Memorandum

DATE: January 6, 2017
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: RETIRED EMPLOYEE'S ASSOCIATION OF ORANGE COUNTY – ISSUES UPDATE

This is a placeholder for Item I-2: RETIRED EMPLOYEE'S ASSOCIATION OF ORANGE COUNTY – ISSUES UPDATE.
The materials will be uploaded soon.

Submitted by:



Steve Delaney
Chief Executive Officer

I-3



Memorandum

DATE: January 5, 2017
TO: Members, Board of Retirement
FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations
SUBJECT: **MEMORANDUM OF UNDERSTANDING WITH ORANGE COUNTY SANITATION DISTRICT**

Recommendation

Adopt Resolution 17-001 Memorandum of Understanding with the Orange County Sanitation District Regarding Payment of Unfunded Accrued Actuarial Liabilities.

Background/Discussion

On November 1, 2016, Orange County Sanitation District (OCSD) made an Unfunded Accrued Actuarial Liability (UAAL) payment totaling \$39,116,110 which paid off both OCSD's UAAL and their proportionate share of deferred losses not yet recognized in the December 31, 2015 actuarial valuation (due to smoothing). As a result of the OCSD paying off their UAAL and making the additional payment on the deferred losses, Segal recommended that a bookkeeping account be created because the deferred losses are not yet part of the UAAL as reported in the December 31, 2015 Actuarial Valuation. The bookkeeping account provides a mechanism to track the contributions made related to the deferred losses. The balance in the account will not be included immediately as valuation assets and therefore will not be used as part of the calculation of UAAL as of December 31, 2016. Instead, the balance in the account will be used to offset UAAL as it is recognized in future valuations. The Board of Retirement approved the book keeping account at its December 19, 2016 meeting with direction to staff to memorialize the terms and conditions under which the OCERS shall recognize and apply the balance in the new bookkeeping account in future valuations.

OCERS Fiduciary Counsel, Harvey Leiderman, Partner, Reed Smith, drafted a Memorandum of Understanding that specifies how the contributions made by OCSD will be accounted for by OCERS including how interest will be applied and when balances in the bookkeeping account will be moved out of the account and become valuation assets to cover UAAL. Mr. Leiderman also drafted Resolution 17-001 which, if approved, will give the CEO the authority to execute the MOU between OCERS and OCSD. Both documents were reviewed by staff and OCERS internal counsel and have been forwarded to OCSD for their review and comment. Once the documents are in substantial final form they will be distributed to the Board.

Submitted by:

A handwritten signature in blue ink that reads "Brenda M. Shott".

Brenda Shott
Assistant CEO, Finance and Internal Operations

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is entered into effective the 1st day of November, 2016, by and between the Orange County Employees’ Retirement System (“OCERS”) and the Orange County Sanitation District (“District”), by and through the parties’ respective governing bodies.

WHEREAS, OCERS is a multiple employer trust fund that provides retirement, disability and other benefits to the active, deferred and retired employees of the County of Orange, the District and other participating employers, and their beneficiaries; and

WHEREAS, The Board of Retirement of OCERS has the sole, exclusive and plenary constitutional and statutory authority to administer the retirement system and invest the funds of the system for the benefit of its members and their beneficiaries; and

WHEREAS, as a participating employer in OCERS, District contributes to OCERS on an annual basis such contributions as OCERS determines are due and payable to OCERS from District, as an employer, to help fund the benefits referred to above; and

WHEREAS, District’s annual contributions as determined by OCERS currently are calculated as a percentage of pensionable payroll that includes both a normal contribution rate (“Normal Cost”) and a rate that reflects the amortization of an unfunded accrued actuarial liability attributable to District, pursuant to Government Code sections 31453 and 31453.5; and

WHEREAS, as of November 1, 2016, the total unfunded accrued actuarial liability attributable to the District (“UAAL”) was \$5,587,004; and

WHEREAS, as of November 1, 2016, an additional unfunded accrued actuarial liability attributable to District on the books of OCERS totaled \$33,529,106 (“Deferred UAAL”), which amount has been deferred and is projected to be due and payable by the District in amortizing installments commencing July 1, 2018; and

WHEREAS, the amortizing installments of District’s Deferred UAAL in any future year may be more or less than the total unfunded accrued actuarial liability attributable to the District in such future year (“Actual UAAL”); and

WHEREAS, on or about November 1, 2016, the District contributed the sum of \$39,116,110 to OCERS in full satisfaction of its UAAL and Deferred UAAL (“Contribution”); and

WHEREAS, the District and OCERS wish to enter into this MOU to set forth the terms and conditions under which the OCERS shall recognize and apply District’s Contribution; and

WHEREAS, each of the governing bodies of OCERS and District has duly adopted a resolution formally accepting the terms and conditions of this MOU and authorizing its executive officer to execute this MOU on its behalf. Copies of such resolutions are attached hereto and made a part hereof by this reference.

NOW THEREFORE OCERS and the District agree as follows:

1. Crediting of UAAL Portion of Contribution. OCERS agrees to credit \$5,269,445 of the Contribution towards the District's UAAL as of December 31, 2015, due and payable by District to OCERS as part of its total contribution for the period July 1, 2017 through and including June 30, 2018. OCERS further agrees to credit \$317,559 of the Contribution towards the District's UAAL as of December 31, 2016, due and payable by District to OCERS as part of its total contribution for the period July 1, 2018 through and including June 30, 2019. No portion of the Contribution shall be credited towards the Normal Cost portion of the District's employer contribution for such periods. OCERS shall further recognize the above credits in all financial statements and other reports prepared in accordance with generally accepted accounting principles and as required by the Government Accounting Standards Board. Upon being credited, these amounts shall be considered as "valuation assets" to be counted against the liabilities of the District in calculating its share of future unfunded accrued actuarial liabilities.

2. Crediting of Deferred UAAL Portion of Contribution.

A. Effective November 1, 2016, OCERS shall establish a reserve account on its books and records ("OCSD Reserve Account") and shall credit the portion of the Contribution that represents payment of the District's Deferred UAAL, in the amount of \$33,529,106, to the OCSD Reserve Account.

B. Commencing as of December 31, 2016 and annually thereafter until there is no remaining balance of funds in the OCSD Reserve Account, OCERS shall transfer from the OCSD Reserve Account into OCERS' Employer Reserve Account the amount necessary to satisfy the Actual UAAL attributed to the District, as determined by OCERS pursuant to Government Code sections 31453 and 31453.5. The intent of this transfer is to ensure that the District's future annual employer contribution obligation to OCERS shall consist of either the Normal Cost portion only, or the Normal Cost and amortizing installments of only such amount of future Actual UAAL that exceeds the amount of funds remaining in the OCSD Reserve Account.

C. The amounts in the OCSD Reserve Account from time to time shall not be considered "valuation assets" on OCERS' books and records. Such amounts shall not be counted in calculating the District's share of future Actual UAAL, but shall be held and transferred only as described in Par. 2.B above.

D. OCERS shall not credit any amount of the OCSD Reserve Account to the District's Normal Cost portion of its annual employer contribution at any time. The District shall remain responsible for making its full Normal Cost contributions to OCERS as determined from time to time.

3. Commingling of Funds. Upon crediting by OCERS, all amounts of the Contribution shall be commingled with all other funds and assets of the OCERS' trust fund, to be administered, invested and disbursed within the sole, exclusive and plenary authority of the OCERS' Board of Retirement, as provided by law. None of the Contribution shall remain property of the District, nor shall any such funds be disbursed to or on behalf of the District for any purpose other than the payment of benefits to OCERS' members and administrative and investment expenses of the retirement system.

4. Crediting of Interest. OCERS shall credit (or debit) interest to the OCSD Reserve Account at the actual annual rate of return (or loss) experienced by OCERS' entire trust fund on a calendar year basis. Interest crediting (or debiting) for the calendar year shall occur on or before March 31 of each subsequent year, on the balance in the OCSD Reserve Account as of December 31 of the immediately preceding year.

5. OCERS' Sole Right to Determine Contributions and Appropriations. Notwithstanding any provision in this MOU to the contrary, the parties acknowledge and agree that OCERS has the sole, exclusive and plenary authority to determine employer and employee contribution rates and appropriation amounts; that OCERS may change, amend or otherwise alter its practices and policies regarding the setting of contribution rates and amounts of appropriations to be made by its participating employers, including but not limited to District; and that District is obligated to make the contributions and appropriations required by OCERS, all as provided by law.

6. Additional Provisions.

A. This MOU shall be governed by and interpreted under the laws of the State of California applicable to contracts made and to be performed entirely within the State.

B. This MOU sets forth the entire agreement between OCERS and District with regard to the subject matter herein, and fully supersedes any and all prior agreements and understandings between them pertaining to the subject matter of this MOU. The parties agree that no change to or modification of this MOU shall be valid or binding unless it is in writing and signed by an authorized signatory for each of the parties.

C. The language of all parts in this MOU shall be construed as a whole, according to its fair meaning, and not strictly for or against either party. Should any provision in this MOU be declared or determined to be illegal or invalid, the validity of the remaining parts, terms, or provisions shall not be affected and the illegal or invalid part, term, or provision shall be deemed not to be part of this

MOU, and all remaining provisions shall remain valid and enforceable. The parties further agree that in the event any provision of this MOU is held to be illegal or unenforceable, each will fully cooperate with the other to effectuate its purpose to conform the provision(s) to law.

D. This MOU is deemed to have been drafted jointly by the parties. Any uncertainty or ambiguity shall not be construed for or against any party, since both parties have participated in the negotiations and drafting of this MOU.

E. This MOU may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Furthermore, signatures delivered via electronic transmission shall have the same force, validity and effect as the originals thereof.

F. Should any dispute arise between the parties as to their respective rights and obligations under this MOU, the parties will make a good faith effort to resolve their differences informally and without resort to legal process. Should any such dispute remain unresolved after 90 days after one party notifies the other party in writing of the dispute (unless shortened or extended by mutual agreement of the parties), either party may commence legal action as provided by law to resolve the matter. In any such legal action, the prevailing party shall be entitled to an award of its reasonable attorneys fees and costs of suit.

7. Term. This agreement shall terminate and be of no further force or effect at such time as there is no remaining balance in the OCSD Reserve Account.

WITNESS THE EXECUTION HEREOF on the day and year first hereinabove written.

ORANGE COUNTY SANITATION
DISTRICT

ORANGE COUNTY EMPLOYEES'
RETIREMENT SYSTEM

By _____
Authorized Signatory

By _____
Authorized Signatory

Name: _____

Name: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

**BOARD OF RETIREMENT
ORANGE COUNTY EMPLOYEES' RETIREMENT SYSTEM**

Subject: Memorandum of Understanding with Orange County Sanitation District

WHEREAS, as a participating employer in the Orange County Employees' Retirement System ("OCERS"), the Orange County Sanitation District ("District") contributes to OCERS on an annual basis such contributions as OCERS determines are due and payable to OCERS from District, as an employer, to help fund the retirement and other benefits due to District employees and their beneficiaries; and

WHEREAS, District's annual contributions as determined by OCERS currently are calculated as a percentage of pensionable payroll that includes both a normal contribution rate ("Normal Cost") and a rate that reflects the amortization of an unfunded accrued actuarial liability attributable to District, pursuant to Government Code sections 31453 and 31453.5; and

WHEREAS, as of November 1, 2016, the total unfunded accrued actuarial liability attributable to the District ("UAAL") was \$5,587,004; and

WHEREAS, as of November 1, 2016, an additional unfunded accrued actuarial liability attributable to District on the books of OCERS totaled \$33,529,106 ("Deferred UAAL"), which amount has been deferred and is projected to be due and payable by the District in amortizing installments commencing July 1, 2018; and

WHEREAS, the amortizing installments of District's Deferred UAAL in any future year may be more or less than the total unfunded accrued actuarial liability attributable to the District in such future year ("Actual UAAL"); and

WHEREAS, on or about November 1, 2016, the District contributed the sum of \$39,116,110 to OCERS in full satisfaction of its UAAL and Deferred UAAL ("Contribution"); and

WHEREAS, the District and OCERS wish to enter into a Memorandum of Understanding (MOU) to set forth the terms and conditions under which OCERS shall recognize and apply District's Contribution.

RESOLVED, Resolution 17-001 is adopted to read as follows:

Pursuant to its constitutional and statutory authority to administer OCERS, the Board of Retirement of OCERS hereby approves the Memorandum of Understanding (“MOU”) attached hereto and made a part hereof; and

The Board of Retirement further authorizes OCERS’ Chief Executive Officer to execute the MOU on behalf of OCERS in the form and substance attached hereto and to do all things reasonably necessary to cause the MOU to become effective and be implemented according to its terms, in a timely manner, as further provided in the MOU.

ATTESTED TO:

I hereby certify that on the 17th day of January, 2017, the Board of Retirement of the Orange County Employees’ Retirement System adopted this Resolution.

Steve Delaney, Secretary
OCERS’ Board of Retirement

I-4

Memorandum

DATE: January 5, 2017
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: OCERS INNOVATIONS AND EMPLOYEE STAFF AWARDS

Recommendation

Receive and File.

Background/Discussion

Throughout 2016 OCERS management and staff alike have been on the watch for opportunities to innovate the way we do our work, or to at least improve existing processes in order to obtain a benefit – faster turnaround time, lower costs, greater accuracy, etc. The conversion to V3 from Pension Gold has provided us with many opportunities to rethink and reprogram how we get things done effectively and efficiently.

The Government Finance Officers Association (GFOA) commented in a 2009 news article on the value of maintaining an innovative outlook in government with a word of caution:

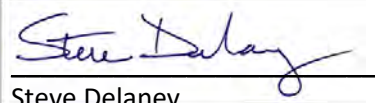
“Local governments need to worry more about creating and sustaining an innovation-friendly administrative environment than about attempting innovations because they are in vogue somewhere else. A new fad is not necessarily what will work well for your specific organization. When Peters and Waterman described how their organizations brought about innovations, they found that these companies created the right atmosphere and conditions to allow innovative thinking to flourish.”

When implementing innovation and improving processes at OCERS, it’s not about doing more with less; it’s about doing better with the resources we have. We are not looking for complex strategies, which often add confusion; instead we look to make straightforward simple change and improvement that creates results.

On January 17, I have asked several of our managers and staff members to speak briefly to innovations or process improvements they have helped undertake over the course of the past year, reflective of the innovative and creative thinking we seek to encourage at OCERS.

We will begin the presentation with an introduction of our winners of the Employee and Manager of the Year, as well as the Innovator of the Year.

Submitted by:


Steve Delaney
Chief Executive Officer

2016 OCERS INNOVATIONS AND EMPLOYEE STAFF AWARDS



January 17, 2017



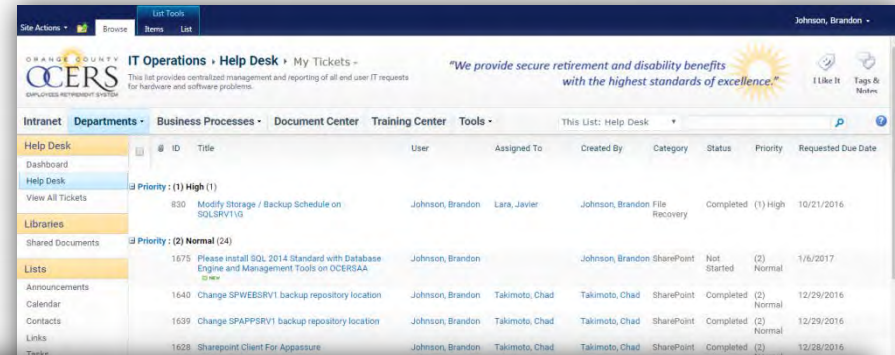
Information Technology: Intranet System Overview

Our Vision for OCERS Intranet

- A 'One-Stop Shop' to find and manage all OCERS critical documents and content
- A platform for tools and processes to streamline business operations
- A catalyst to upgrade and eliminate legacy systems



- Web-based ticketing and tracking tool for all IT help requests
- Live charts and reports to track performance and team efficiency
- 1680 requests completed since 8/1/2016!

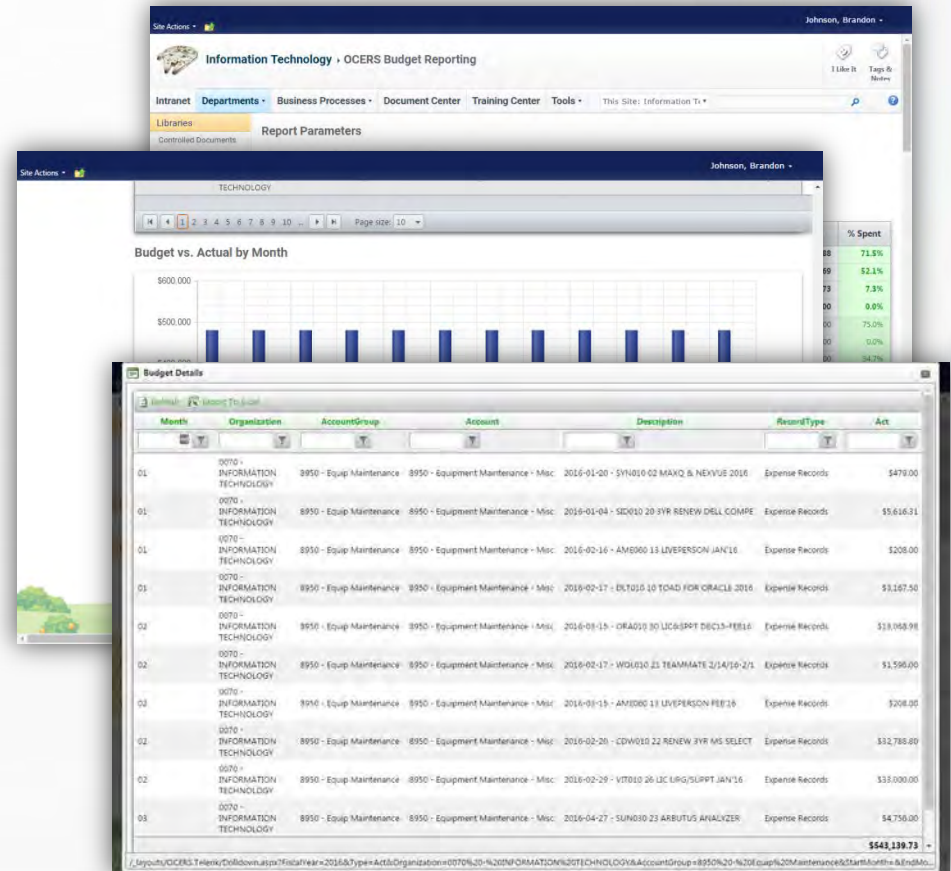


- Standardized document formatting and access control across departments
- Centralized web-based document management system
- Robust version control, approval workflows, and alerting
- Powerful search engine to find any document quickly and efficiently

The screenshot displays the OCERS Document Center interface. The top portion shows a document preview for a 'Board Policy' with sections for 'Purpose and Background' and 'Policy Objectives'. Below this is a search results table with columns for Type, Filename, Title, Department, Business Process, Category, Version, Modified, and Modified By. The search term 'policy' is entered in the search bar.

Type	Filename	Title	Department	Business Process	Category	Version	Modified	Modified By
Policy	Absolute Return Investment Policy Statement.docx	Absolute Return Program Investment Policy Statement	Investments	N/A	Policy	2.0	9/16/2016 2:30 PM	Johnson, Brandon
Policy	Acceptance and Report Gifts Policy.docx	Acceptance and Report Gifts Policy	Legal	N/A	Board Policy	2.0	9/21/2016 10:53 AM	Johnson, Brandon
Policy	Actualia Extract Policy and Process.docx	Actualia Extract Policy and Process	Legal	N/A	Board Policy	2.0	9/21/2016 10:54 AM	Johnson, Brandon
Policy	Actualia Funding Policy.docx	Actualia Funding Policy	Legal	N/A	Board Policy	2.0	9/21/2016 10:54 AM	Johnson, Brandon
Policy	Administrative Hearing Procedures.docx	Administrative Hearing Procedures	Legal	N/A	Board Policy	2.0	9/21/2016 10:54 AM	Johnson, Brandon
Policy	Annual Disclosure Policy.docx	Annual Disclosure Policy	Legal	N/A	Board Policy	2.0	9/21/2016 10:54 AM	Johnson, Brandon
Form	Annual Disclosure Policy - Disclosure Form.docx	Annual Disclosure Policy - Disclosure Form	Legal	Timecard	Form	2.0	9/21/2016 10:54 AM	Johnson, Brandon
Policy	At-Will Status.docx	At-Will Status	Administrative Services	OCERS Employee	Policy	3.0	9/19/2016 10:10 AM	Johnson, Brandon
Policy	Board and Executive Staff Annual Disclosure Instructions.docx	Board and Executive Staff Disclosure Instructions	Legal	N/A	Board Policy	2.0	9/21/2016 10:54 AM	Johnson, Brandon
Policy	Board Performance Procedures.docx	Board Performance Review	Legal	Policy Review	Board Policy	2.2	10/24/2016 9:40 PM	Vazquez, Dennis
Template	Board Policy Template.docx	Board Policy Template	Communications	N/A	Template	1.0	9/21/2016 7:51 AM	Johnson, Brandon
Policy	Budget Approval Policy.docx	Budget Approval Policy	Legal	N/A	Board Policy	2.0	9/21/2016 10:55 AM	Johnson, Brandon
Policy	Cash Receipts Processing.docx	Cash Receipts Processing	Finance	Cash Receipts	Policy	1.0	10/4/2016 8:09 AM	Reyes, Jennifer
Policy	CEO Performance Evaluation Policy.docx	CEO Performance Evaluation Policy	Legal	Policy Review	Board Policy	3.1	10/24/2016 2:41 PM	Vazquez, Dennis
Policy	Code of Ethics and Conduct Policy.docx	Code of Ethics and Conduct Policy	Investments	N/A	Policy	2.0	9/16/2016 2:30 PM	Johnson, Brandon
Policy	Communications Policy.docx	Communications Policy	Legal	N/A	Board Policy	2.0	9/21/2016 10:56 AM	Johnson, Brandon
Policy	Cost Impacting Policy.docx	Cost Impacting Policy	Legal	N/A	Board Policy	2.0	9/21/2016 10:56 AM	Johnson, Brandon
Policy	Credit Card Policy.docx	Credit Card Policy	Finance	Orders/Purchases	Policy	1.0	9/16/2016 2:00 PM	Johnson, Brandon
Policy	Data Request Policy.docx	Data Request Policy	Legal	N/A	Board Policy	2.0	9/21/2016 10:56 AM	Johnson, Brandon
Policy	Declining Employer Payout Policy.docx	Declining Employer Payout Policy	Legal	N/A	Board Policy	2.0	9/21/2016 10:56 AM	Johnson, Brandon

- Single place for budget planning and tracking
- Color-Coded indicators for spending alerts
- Visual charts and reports showing budget variances
- Drilldown capabilities to provide granular data



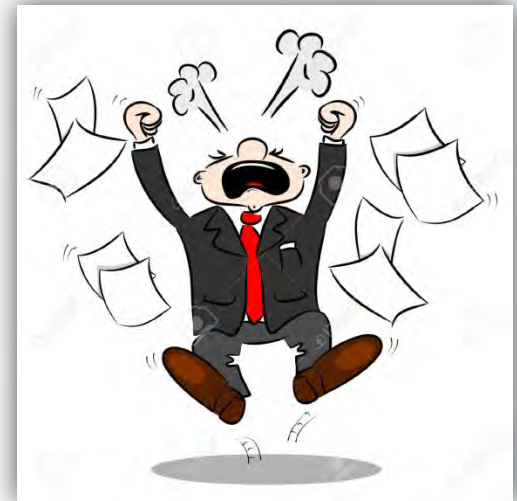
- Office Supply Request System
- Personnel Records Management
- Disability Case Tracking
- Training Database
- Emergency Contact Information Management
- Payroll Logging and Tracking
- IT Asset Tracking Database
- Enterprise Task Management Solution





Administrative Services

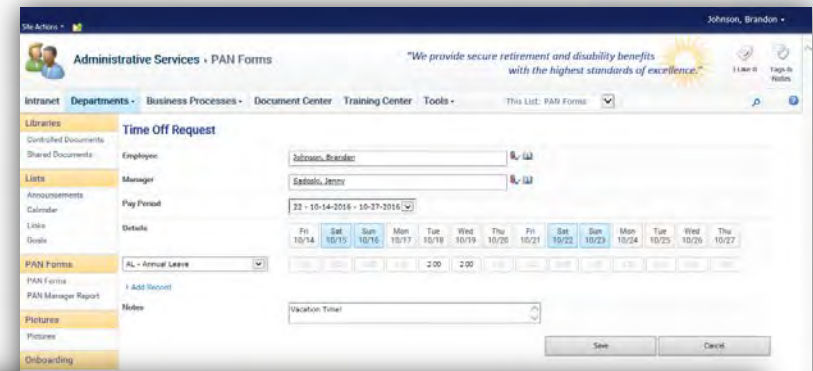
- Paper PAN Forms are a pain!
 - Employees and Payroll Staff must chase down managers for signatures
 - Reconciling timecards with approved PANs is a tedious and manual process
 - Historical PAN records are paper copies and collecting dust in a filing cabinet



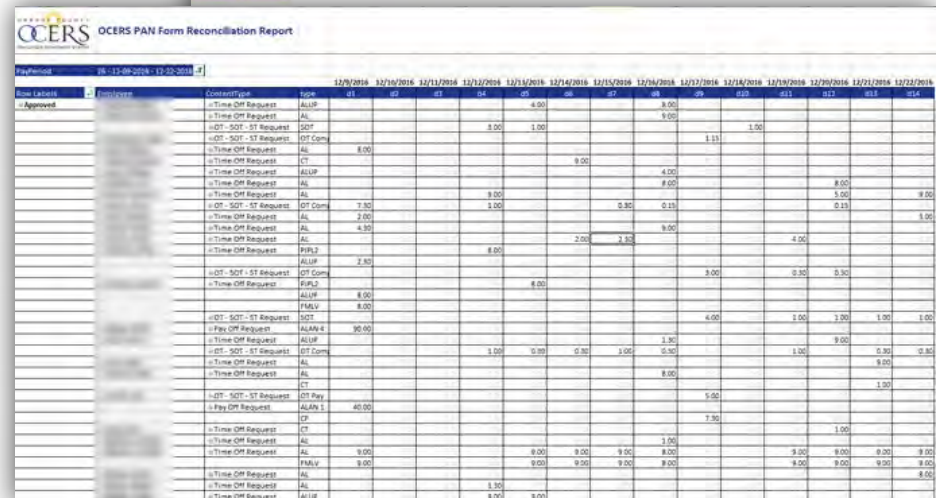
- Electronic PAN Forms Solve these problems
 - Manager approval captured via electronic workflow
 - Managers approve from anywhere with network access
 - Reconciliation report saves time and enables comparison with VTI
 - Summary reports on historical data make it easy to audit records



- System Interface Mimics VTI
- Reporting Features Enable Visibility
- Archiving System Captures All History
- Timeliness and Accuracy Improved



The screenshot shows the 'Time Off Request' form in the OCERS system. The form is for employee Brandon Johnson, managed by Jenny Salsolo. The pay period is 10/14-10/27/2016. The form includes a calendar view showing the request dates (10/14-10/27) and a 'Vacation Time' field. The interface is clean and professional, with a navigation menu on the left and a header with the OCERS logo and tagline.



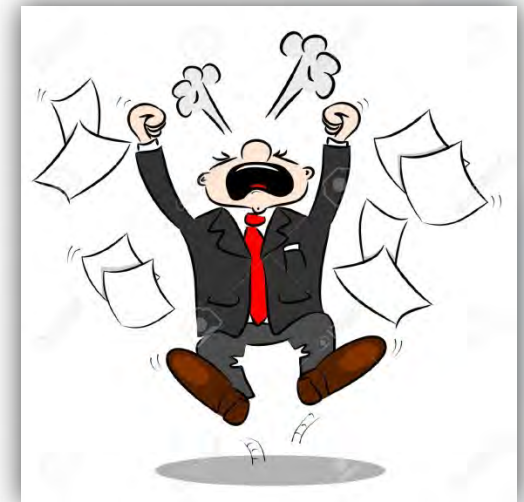
The screenshot shows the 'OCERS PAN Form Reconciliation Report' for the period 10/14/2016 - 10/27/2016. The report is a detailed table with columns for 'Row Labels', 'Employee', 'Comment/Type', 'Type', and various dates from 12/9/2014 to 12/22/2016. The table contains numerous rows of data, including 'Time Off Request' entries with associated amounts and 'Pay Off Request' entries. The data is organized into a grid format, allowing for easy comparison and reconciliation of the information.



Contract Management

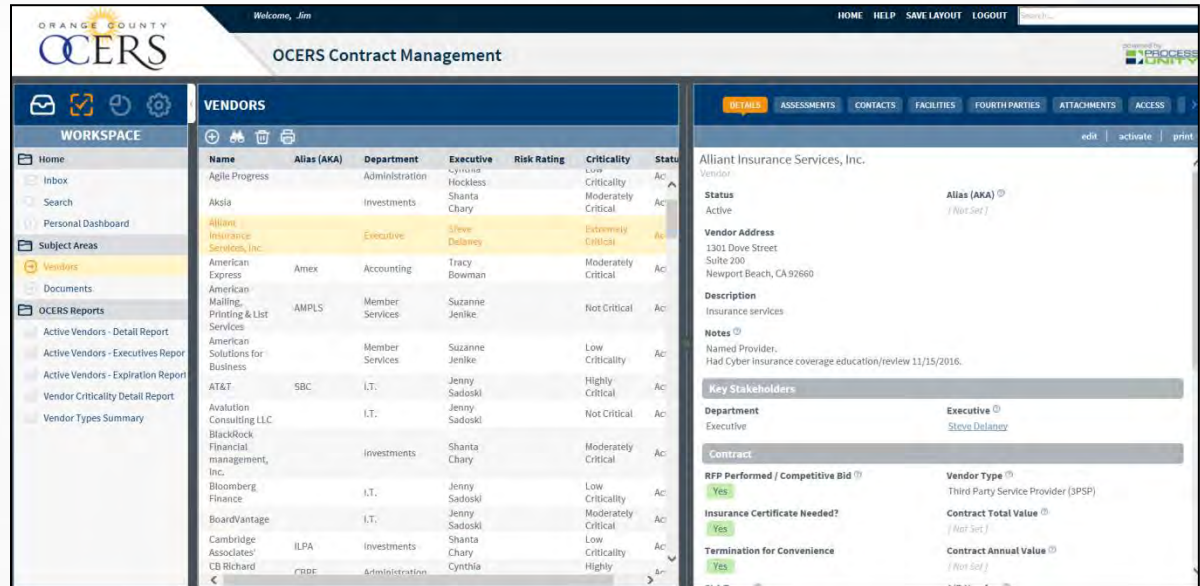
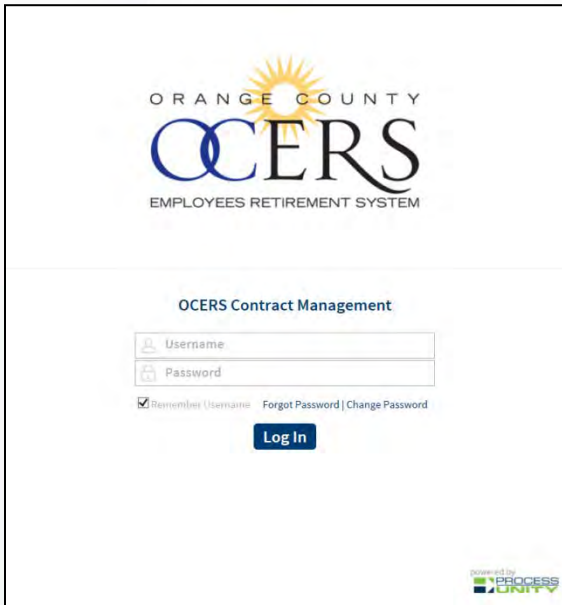
OCERS needs a Contracts Management System:

1. Contract imaging
2. Track contract meta-data
3. Searchable database
4. Performance review tracking
5. Contract event alerts
6. Due Diligence support and tracking
7. Vendor risk and criticality ranking
8. Reporting and dashboard functionality



The Solution: VendorCloud

- A cloud-based system that meets all our requirements



- Project implementation at 85%
 - Input 106 vendors and their contracts – 91%
 - Configuring Reports, Alert Notifications & vendor Questionnaires
- Expected completion by end of 1st Quarter





Legal Innovations

Disability Appeals Improvements

- Opportunity:
 - Greatly reduce the time it takes to bring a disability retirement (DR) appeal to hearing
 - Increase the number of DR appeal hearings held each month
 - Increase efficiencies in preparing the record for hearing
 - Track and monitor the progress of DR appeals

- Standardized what will be included the Administrative Record (AR) for every DR appeal
- Instituted timeline goals and revised division of labor among the Legal Department staff
- The AR will now be prepared and distributed in electronic format
- Enhanced reporting and monitoring of cases and their resolution

- Paralegal now prepares the initial AR – within two weeks of receipt of the appeal by the Legal Dept.
- Staff attorney reviews and revises the initial AR – within two weeks of receipt of the AR from the paralegal
- Paralegal Bates stamps and redacts personal information from the AR and sends the file to the hearing officer and member to set hearing

- Under the new process, the time it takes to bring a DR appeal to hearing will be greatly reduced
- The process of preparing the AR as an electronic record will be much more efficient, and will save staff time and paper
- The progress of cases will be tracked and monitored



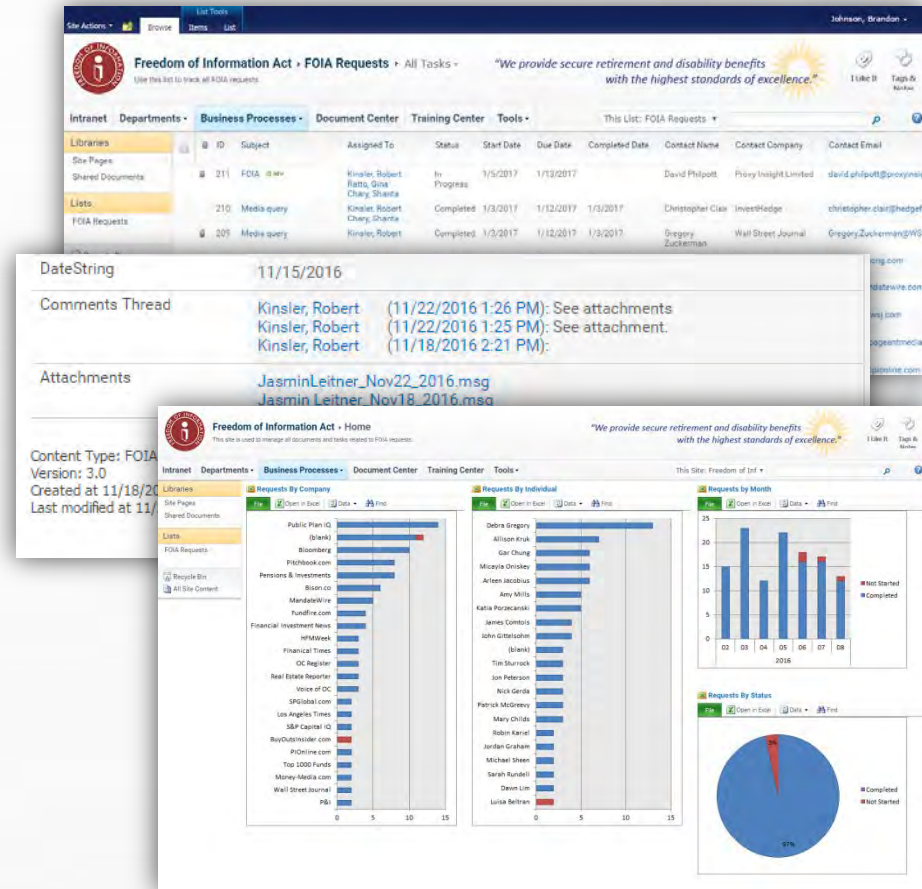
Communications: PRA Tracking System Overview

- Every PRA request must be handled in a timely manner
 - Number and complexity of requests has been increasing
 - Responses require input and actions from multiple departments
 - Tracking tool must be available agency-wide
 - Ensure no requests fall through the cracks!



Solution: PRA Tracking Database

- PRA Tracking on Intranet Solves These Problems
 - Cross-departmental access and communication
 - Attachment of original email messages enables visibility
 - Threaded comments of all parties enables better communication
 - Dashboard reporting shows average time to closure and overall status



- System a Major Success!
 - All historical PRA Records have been imported into the system
 - Over 200 PRA Requests tracked since Feb. 2016
 - Tool enables OCERS to ensure that all requests are handled and responded to within legal requirements





Member Services Innovations

Staffing and Training

- Acquired accounting position from finance – sole focus service purchase calculations
- Facilitated Plan Sponsor employer payroll training and support
- Resumed professional development – managers and supervisors attended CalaPERS and County leadership academies. Participated in security awareness training.



Customer Service

- Provided full membership support and communication on cyber security for myOCERS member self-service portal
- Initiated required telephone confirmations for all direct deposit request prior to processing
- Developed graphs reflecting salary percentages by year for website – all plans
- Collaborated with legal staff to expedited legal opinion requests and new paralegal position

Friendly Polite
 Helpful Efficient Professional
 Resolution **Knowledgeable** Honest
 Understanding Reliable
 Listen Attentive

**PERCENTAGE OF FINAL COMPENSATION
 PLAN I/J - 2.7% at 55**

Years of Service	Age at Retirement							
	48	49	50	51	52	53	54	55 and Over
10			20.00%	21.40%	22.80%	24.20%	25.60%	27.00%
11			22.00%	23.54%	25.08%	26.62%	28.16%	29.70%
12			24.00%	25.68%	27.36%	29.04%	30.72%	32.40%
13			26.00%	27.82%	29.64%	31.46%	33.28%	35.10%
14			28.00%	29.96%	31.92%	33.88%	35.84%	37.80%
15			30.00%	32.10%	34.20%	36.30%	38.40%	40.50%
16			32.00%	34.24%	36.48%	38.72%	40.96%	43.20%



Disability Innovations

Disability Innovations

- Written policies and procedures were updated to incorporate V3 functionality
- Resumed professional development by attending CALAPRS retirement program courses.



Disability Innovations

- Participated in security awareness training
- Collaborated with IT department to improve disability case status sheet.
- Created electronic files for OCERS panel physicians.





Internal Audit Innovations

- Service credit purchases audit: recommended OCERS implement work in process summary reporting and improve service buyback datasheet.
- Wire transfer audit: recommended that before sending a wire request to State Street to fund a new manager or rebalance the investment portfolio, Investments obtain approval from authorized initiators in Finance.
- Private equity audit: recommended Investments provide Finance with expected management fees and Finance compare these fees against statements, and Finance ensure State Street includes stated fees in information for journal entries.
- Death process audit: recommended OCERS download member deaths from Small World and compare with V3's membership data, and improve data security controls.
- V3 conversion audit: first system-wide audit of all data in OCERS' pension administration system and testing of key reports.



Finance Innovations

- As a result of the implementation of V3, staff gained a better understanding of how Member Services processes retiree payroll, resulting in Finance working more closely with Member Services and creating a detailed reconciliation process related to the monthly processing of retiree payroll.
- As part of taking over the processing of deduction files, Finance instituted a procedure that requires third party payroll vendors to provide control totals for deduction files in advance of processing monthly payroll. This allows staff to identify file errors proactively instead of reactively.
- Implemented an ACH/Positive Pay File log so that all ACH/Positive Pay files are reviewed independently by a Manager or above to ensure amounts and pay dates are correct prior to submission of files to bank's secure portal.



Awards

People of the Year



Employee
of the Year
Toishe Merida



Employee
of the Year
Jenny Davey



Innovation
Award
Bill Singleton



Manager
of the Year
Cynthia Hockless