

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

**REGULAR MEETING
Monday, March 20, 2017
9:00 a.m.**

MINUTES

Chair Ball called the meeting to order at 9:00 a.m.

Attendance was as follows:

Present: David Ball, Chair; Chris Prevatt, Vice Chair; Eric Gilbert, Chuck Packard, Russell Baldwin, Shawn Dewane, Roger Hilton, Wayne Lindholm; Frank Eley 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 Legal Officer; Anthony Beltran, Visual Technician; Megan Cortez; Disability Coordinator; Cammy Danciu, Recording Secretary.

Guests: Harvey L. Leiderman, ReedSmith LLP

Mr. Hilton led the Pledge of Allegiance.

Hugh Nguyen, Orange County Clerk Recorder, administered the Swearing in Ceremony of OCERS new Board Member Mr. Dewane.

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.

Mr. Ball pulled item C-5 for discussion.

Ms. Freidenrich pulled item C-7 and C-4 for discussion.

Following discussion, a **motion** was made by Mr. Eley, **seconded** by Mr. Packard to move the remainder of the consent calendar. The motion carried **unanimously**.

C-1 MATERIAL DISTRIBUTED

Application Notices
Death Notices

March 20, 2017
March 20, 2017

Recommendation: Receive and file.

ADMINISTRATION

C-2 BOARD MEETINGS AND COMMITTEE MEETINGS

Regular Board Meeting Minutes	February 7, 2017
Governance Committee Minutes	February 8, 2017
Audit Committee Minutes	February 28, 2017

Recommendation: Authorize meetings and approve minutes.

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

Recommendation: Receive and file.

C-4 4th QUARTER UNAUDITED FINANCIAL STATEMENTS FOR YEAR ENDED DECEMBER 31, 2016

Recommendation: Receive and file.

C-5 4th QUARTER 2016 BUDGET VS PRELIMINARY ACTUALS REPORT

Recommendation: Receive and file.

C-6 BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN UPDATE

Recommendation: Receive and file.

C-7 GOVERNANCE COMMITTEE OUTCOMES FROM FEBRUARY 8, 2017 MEETING

Recommendation: The Governance Committee recommends that the Board of Retirement adopt:

- (1) Revisions to the OCERS Securities Litigation Policy; and
- (2) The OCERS Board Policy on Membership Eligibility Requirements, with an effective date of January 1, 2018.

C-8 AUDIT COMMITTEE OUTCOMES FROM FEBRUARY 28, 2017 MEETING

Recommendation: The Audit Committee recommends that the Board of Retirement approve the Audit Committee recommendations for:

A. AUDIT COMMITTEE ORIENTATION

Recommendation: Receive and file the *Audit Committee Orientation*.

Following discussion, a motion was made by Mr. Eley and seconded by Mr. Packard to receive and file the *Audit Committee Orientation*. The motion passed unanimously.

B. CONSIDERATION OF INTERNAL AUDIT CHARTER AND AUDIT COMMITTEE CHARTER

Recommendation: Take appropriate action.

Following discussion, a motion was made by Mr. Eley and seconded by Ms. Freidenrich to receive and file with the direction to Internal Audit to bring back a red line version of the Internal Audit Charter and Audit Committee Charter to the next Audit Committee meeting. The motion passed unanimously.

C. REVIEW OF THE CHIEF INVESTMENT OFFICER (CIO) POSITION

Recommendation: Receive and file the report *Review of the CIO Position*.

Following discussion, a motion was made by Mr. Eley and seconded by Mr. Gilbert to receive and file the report *Review of the CIO Position* with staff direction to revise the report for presentation to the Investment Committee. The motion passed unanimously.

D. RFP FOR AN ACTUARIAL FIRM TO PERFORM AN AUDIT OF OCERS' CONSULTING ACTUARY

Recommendation: Approve the RFP for an actuarial firm to perform an audit of OCERS' consulting actuary.

Following discussion, a motion was made by Mr. Eley and seconded by Ms. Freidenrich to approve the RFP for an actuarial firm to perform an audit of OCERS' consulting actuary with direction to make discussed changes. The motion passed unanimously.

E. REVIEW OF 2016 AUDIT PLAN

Recommendation: Receive and file the *2016 Audit Plan*.

Following discussion, a motion was made by Ms. Freidenrich and seconded by Mr. Eley to receive and file the *2016 Audit Plan*. The motion passed unanimously.

F. CONSIDERATION OF 2017 RISK ASSESSMENT AND 2017 AUDIT PLAN

Recommendation: Approve the *2017 Risk Assessment and 2017 Audit Plan*.

Following discussion, a motion was made by Mr. Eley and seconded by Ms. Freidenrich to approve the *2017 Risk Assessment and 2017 Audit Plan*. The motion passed unanimously.

G. OVERVIEW OF AUDIT COMMITTEE OVERSIGHT OF OCERS' SECURITY

Recommendation: Receive and file.

Following discussion, a motion was made by Ms. Freidenrich and seconded by Mr. Eley to receive and file the 2016 Audit Plan. The motion passed unanimously.

C-9 CEM GLOBAL PENSION ADMINISTRATION CONFERENCE

Recommendation: Approve Steve Delaney's attendance and related expenses including overnight accommodations for the CEM Global Pension Administration Conference, May 8-11, 2017, at the Westin Chicago River North, Chicago, Illinois.

C-10 SERVICE PROVIDER PERFORMANCE REVIEW - ReedSmith

Recommendation: Direct staff to begin the performance review process for ReedSmith as directed by OCERS Procurement & Contracting policy.

C-11 BOARD COMMUNICATION

Recommendation: Receive and file.

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

INDIVIDUAL ITEMS AGENDA

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

C-4

Ms. Freidenrich stated that the depreciation expense section of the V-3 project was labeled under the category of "office expense" and it should be labeled as "operating expense."

Ms. Shott said she will make a note and change the title in the future.

Ms. Freidenrich asked why the rebate fees of the security lending activities are significantly higher this year from last year.

Ms. Shott will do some research and get back to the Board at a later time.

C-7

Regarding securities litigation, Ms. Freidenrich asked for clarification of how OCERS conducts a two to five year RFP contract.

Ms. Ratto stated that conducting the RFP before the term's expiration date is forward looking. OCERS currently has four Securities Litigation firms under contract without an expiration date. OCERS released a RFP during the first half of this year. OCERS will have a new set of firms with a maximum 6-year term under the new contract.

Ms. Freidenrich asked how often does OCERS anticipate having an emergency board meeting.

Ms. Ratto replied that she anticipates this to be a rare event in which OCERS would be presented with a settlement that would have to be completed before the next Regular Board meeting. This item was intended to be a stop-gap measure in the event that OCERS would be faced with such a situation in which case the CEO can confer with the Chair and Vice-Chair and take direction from them in proceeding with the process.

Following discussion, a **motion** was made by Ms. Freidenrich, **seconded** by Mr. Packard to move items C-4 and C-7 of the consent calendar. The motion carried **unanimously**.

C-5

Mr. Ball wanted to Board to be aware that items C-5 and I-5 are connected.

Following discussion, a **motion** was made by Mr. Ball, **seconded** by Mr. Packard to move item C-5 of the consent calendar. The motion carried **unanimously**.

I-2 2017 STAR COLA FINAL APPROVAL

Presentation by Suzanne Jenike, Assistant Chief Executive Officer, External Operations, OCERS

Recommendation: Approve payment of STAR COLA for the period April 1, 2017 through March 31, 2018.

Ms. Jenike presented the 2017 STAR COLA Financial Analysis for the period April 1, 2017 through March 31, 2018.

Mr. Dewane stated that the Segal document has an inflation rate of 3% and asked which rate of inflation is the source.

Ms. Jenike stated that it is an OCERS inflation rate assumption.

Ms. Sara Ruckle Harms from REAOC encouraged the Board to approve STAR COLA. She also discussed health care rates and cost of living in Orange County.

Following discussion, a **motion** was made by Mr. Ball, **seconded** by Mr. Packard to approve payment of STAR COLA for the period April 1, 2017 through March 31, 2018. The motion carried **unanimously**.

I-3 2017 STATE OF OCERS ANNUAL REPORT

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation: Receive and file.

Mr. Delaney presented the 2017 State of OCERS Annual Report.

Mr. Prevatt asked when Segal projects their forecast to nine years out, do they project that there's going to be an increase in contributions over a period of time or do they anticipate that the contributions will be stable.

Mr. Delaney will check with Segal and get back to the Board.

Mr. Packard stated that it would be helpful to merge graphs from the presentation to see the correlation and relationship of the graphs.

Mr. Packard asked for the reason for the spike in administrative costs in 2006.

Mr. Delaney will address this question and bring it back to the Board.

Ms. Chary presented the Prior Allocation and New Allocation information of the presentation.

Ms. Hockless discussed staffing and vacant positions.

Mr. Ball asked what the reason for delay is for filling positions.

Ms. Jenike stated that OCERS faces challenges because by promoting from within, OCERS creates a new vacancy with each internal hire.

Following discussion, a **motion** was made by Mr. Hilton, **seconded** by Mr. Packard to receive and file the 2017 State of OCERS Annual Report. The motion carried **unanimously**.

The Board recessed for break at 10:13a.m.

The Board reconvened from break at 10:30a.m.

Mr. Packard returned at 10:33a.m.

I-4 OCERS VISION AND VALUES

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation: Take appropriate action.

Mr. Delaney presented the OCERS Vision and Values report.

Mr. Ball asked each board member what the Board would like to do regarding having either a vision or both a vision and values statement.

The Board directed Mr. Delaney to take the Board's suggestions and come back at the April Board meeting with an updated proposal for Vision and Values statements.

I-5 2016 BUDGET AMENDMENT

Presentation by Tracy Bowman, Director of Finance, OCERS

Recommendation: Approve an amendment to OCERS' Administrative and Investment Budget for 2016 in the amount of \$28.0 million, increasing the 2016 investment budget from \$41,666,661 to \$69,666,661 and the overall amended budget from \$59,559,303 to \$87,559,303.

Ms. Shott presented the 2016 Budget Amendment.

Ms. Shott explained that the requested budget amendment of \$28 million reflects an administrative correction to the 2016 budget to account for investment management fees that, in accordance with Generally Accepted Accounting Principles, are required to be reported in OCERS' financial statements as an expense instead of a direct reduction of investment income. The amendment is not the result of unplanned or an over run of expenses. The budget amendment is simply a reclassification of certain investment management fees between revenues (which is not budgeted) and expenses. The reclassification has no impact on the bottom line of the year's financial performance. Ms. Shott explained that the primary reason for the reclassification is to address a recommendation by internal audit to report investment fees that were disclosed by investment managers in their statements, but netted against returns in the monthly reporting packages provided by our custodian bank, State Street.

Ms. Shott reminded the Board that the Annual Fee Report, that will be presented by investment staff at the Investment Committee meeting this summer, will provide a comprehensive view of fees paid for all investment managers in 2016, including the fees reported as an expense as well as at-source fees that are netted with investment returns. This report will provide full transparency and at the time it is presented, will create an opportunity for a public discussion regarding investment management fees.

Ms. Shott acknowledged that as budgeted, investment management fees represent only a portion of the actual fees that are incurred and reported in the annual fee report and as such are not very meaningful when it comes to managing costs. She indicated that finance and investment staff will be working together to evaluate ways that they can improve the usefulness of how investment management fees are budgeted and reported.

Mr. Ball asked Mr. Leiderman to discuss AB2833 and its legislative mandates regarding disclosure of fees.

Mr. Leiderman gave an overview of AB2833.

Mr. Ball also emphasized that this \$28 million amendment reflects fees that were always paid and that OCERS is now just reporting in a different manner in order to promote transparency. Mr. Ball suggested moving this item to the Audit Committee and for that Committee to return to the Board with suggestions. Also, he stated that outside auditors should be involved in order to develop an efficient and effective way of reporting investment management fees on a regular basis so that they can be managed.

Mr. Packard commented that it would be helpful and beneficial for the Board to understand fixed and performance fees. He added that it would be appropriate to include OCERS outside auditors to see what their experiences have been with other pension plans and if they are able to assist OCERS. He further stated that he is concerned about the headline risk. From an outside

perspective, the media is not financially oriented and therefore will portray the wrong message to the members and the general public and therefore, OCERS needs to proceed with caution.

Mr. Hilton emphasized the fact that the budget amendment is a transfer of funds between revenue and expense that does not impact the bottom line.

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Ball to approve an amendment to OCERS' Administrative and Investment Budget for 2016 in the amount of \$28.0 million, increasing the 2016 investment budget from \$41,666,661 to \$69,666,661 and the overall amended budget from \$59,559,303 to \$87,559,303. The motion carried **unanimously**.

A **motion** was made by Mr. Ball, **seconded** by Mr. Prevatt to move the topic of budgeting and reporting of investment fees to the Audit Committee for further discussion. The motion carried **unanimously**.

I-6 OCERS BOARD PERFORMANCE SELF-REVIEW

Presentation by David Ball, Chair, OCERS Board or Retirement

Recommendation: Request the Governance Committee review the current policy directive that the OCERS Board of Retirement annually "review the performance of the Board."

Mr. Ball made a request to move this for conversation to the Governance meeting.

Following discussion, a **motion** was made by Mr. Packard, **seconded** by Mr. Eley to request the Governance Committee review the current policy directive that the OCERS Board of Retirement annually "review the performance of the Board." The motion carried **unanimously**.

I-7 SACRS BOARD OF DIRECTORS ELECTIONS 2017-2018 – RECOMMENDED SLATE AND OPPORTUNITY TO SUBMIT WRITE-IN CANDIDATES

Presentation by Gina Ratto, Chief Legal Officer

Recommendation: Determine whether to submit write-in candidates to be included on the SACRS Nominating Committee's final ballot for the SACRS Board of Directors 2017-2018 Election. If the Board does not wish to submit any write-in candidates, then receive and file.

Ms. Ratto presented SACRS Nominating Committee's recommended slate of candidates for the SACRS Board of Directors elections 2017-2018.

Mr. Baldwin expressed his interest to be on the SACRS Board.

The SACRS Nominating Committee has recommended the following slate for the 2017-2018 election:

President	Dan McAllister, San Diego CERA
Vice President	Gabe Rodrigues, Contra Costa CERA
Treasurer	(Nominee has withdrawn – See attached memorandum dated March 6, 2017)
Secretary	Kathryn Cavness, Mendocino CERA

Mr. Hilton stated that he would like to put the same slate forward except substitute the current Secretary with Mr. Art Goulet.

Ms. Freidenrich stated that she will abstain from this vote as she does not have enough information.

Following discussion, a **motion** was made by Mr. Hilton, **seconded** by Mr. Packard to support the current slate except substitute the current Secretary to Mr. Art Goulet. The motion carried **8-0** with voting as follows:

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

******* 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.

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

D-1: Louann R. Clark

Deputy Sheriff II, Orange County Sheriff's Department

Date of employee filed application for service and non-service connected disability retirement:
02/18/2016

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF DECEMBER 9, 2016. (SAFETY MEMBER) (D-1)

Following discussion, a **motion** was made by Mr. Hilton, **seconded** by Mr. Packard to grant service connected disability retirement with an effective date of December 9, 2016. The motion carried **9-0** with the voting was as follows:

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

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

D-2: Ronnie Epperson

Deputy Sheriff II, Orange County Sheriff's Department

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 JANUARY 12, 2016. (SAFETY MEMBER) (D-2)

Following discussion, a **motion** was made by Mr. Hilton, **seconded** by Mr. Prevatt to grant service connected disability retirement with an effective date of January 12, 2016. The motion carried **9-0** with the voting was as follows:

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

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

D-3: Albert Hart

Building Inspector IV, Orange County Public Works

Date of employee filed application for service connected disability retirement: 06/19/2015

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF JUNE 19, 2015. (GENERAL MEMBER) (D-3)

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Eley to grant service connected disability retirement with an effective date of June 19, 2015. The motion carried **9-0** with the voting was as follows:

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

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

D-4: Mitch Hawk

Equipment Operator, Orange County Public Works

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:
06/19/2015

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF MAY 29, 2015. (GENERAL MEMBER) (D-4)

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Packard to grant service connected disability retirement with an effective date of May 29, 2015. The motion carried **9-0** with the voting was as follows:

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

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

D-5: Judy Jackson

Deputy Sheriff II, Orange County Sheriff's Department

Date of employer filed application for service and non-service connected disability retirement:
11/12/2015

Date of employee filed application for service and non-service connected disability retirement:
01/19/2016

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF SEPTEMBER 30, 2016. (SAFETY MEMBER) (D-5)

Mr. Lindholm asked staff to elaborate on the degenerative disease aspect of the diagnosis in the report.

Megan stated that Ms. Jackson experienced a pop in her back as she put on her gun belt. And although she has a degenerative disease, her job exacerbated her pre-existing condition.

Following discussion, a **motion** was made by Mr. Hilton, **seconded** by Mr. Packard to grant service connected disability retirement with an effective date of September 30, 2016. The motion carried **8-1** with the voting was as follows:

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

Megan Cortez, Disability Coordinator, presented D-6 to the Board along with the staff recommendation.

D-6: Debra Morris

Correctional Services Technician, Orange County Sheriff's Department

Date of employee filed application for service and non-service connected disability retirement:
08/24/2015

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF MARCH 18, 2016. (GENERAL MEMBER) (D-6)

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Eley to grant service connected disability retirement with an effective date of March 18, 2016. The motion carried **9-0** with the voting was as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Flanigan			
Mr. Eley			
Mr. Lindholm			
Ms. Freidenrich			
Mr. Hilton			
Mr. Packard			
Mr. Baldwin			
Mr. Prevatt			

Chair Ball

Megan Cortez, Disability Coordinator, presented D-7 to the Board along with the staff recommendation.

D-7: Amelia Perez

Custodian, Orange County Public Works

Date of employee filed application for service and non-service connected disability retirement:
09/11/2015

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF APRIL 20, 2016. (GENERAL MEMBER) (D-7)

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Eley to grant service connected disability retirement with an effective date of April 20, 2016. The motion carried **9-0** with the voting was as follows:

AYES

Mr. Flanigan
Mr. Eley
Mr. Lindholm
Ms. Freidenrich
Mr. Hilton
Mr. Packard
Mr. Baldwin
Mr. Prevatt
Chair Ball

NAYS

ABSTAIN

ABSENT

Megan Cortez, Disability Coordinator, presented D-8 to the Board along with the staff recommendation.

D-8: Ana Portillo

Deputy Probation Counselor, Probation Department

Date of employee filed application for service connected disability retirement: 09/10/2014

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF JULY 8, 2005, THE DAY FOLLOWING THE LAST DAY OF REGULAR COMPENSATION AS A DEPUTY PROBATION COUNSELOR. AND TO FIND THE APPLICANT IS CAPABLE OF PERFORMING OTHER DUTIES IN THE SERVICE OF THE COUNTY OF ORANGE PURSUANT TO GOVERNMENT CODE SECTION 31725.65. AND TO GRANT A SUPPLEMENTAL DISABILITY RETIREMENT PAYMENT ALLOWANCE IN THE AMOUNT OF THE SALARY DIFFERENCE BETWEEN THE HIGHER AND LOWER PAYING POSITIONS EFFECTIVE JULY 8, 2005, THE DATE OF THE POSITION CHANGE UNTIL THE LAST DAY OF COMPENSATION, JANUARY 26, 2014. (SAFETY MEMBER) (D-8)

Mr. Hilton and Mr. Lindholm asked staff to walk them through the process of this case and to discuss the presumptive risk portion of the report.

Ms. Jenike explained the compensation, contribution and salary calculations process of this case as well as injuries sustained on the job. Also due to this case being difficult, the legal department was involved to ensure that the process was handled correctly.

Following discussion, a **motion** was made by Mr. Hilton, **seconded** by Mr. Baldwin to grant service connected disability retirement with an effective date of July 8, 2005 the day following the last day of regular compensation as a deputy probation counselor. And to find the applicant is capable of performing other duties in the service of the county of orange pursuant to Government Code section 31725.65. And to grant a supplemental disability retirement payment allowance in the amount of the salary difference between the higher and lower paying positions effective July 8, 2005, the date of the position change until the last day of compensation, January 26, 2014. (Safety member). The motion carried **9-0** with the voting was as follows:

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

Megan Cortez, Disability Coordinator, presented D-9 to the Board along with the staff recommendation.

D-9: Billie Rowe

Coach Operator, Orange County Transportation Authority

Date of employer filed application for non-service connected disability retirement: 10/15/2014

Date of employee filed application for service and non-service connected disability retirement: 05/27/2015

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF MAY 18, 2014. (GENERAL MEMBER) (D-9)

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Packard to grant service connected disability retirement with an effective date of May 18, 2014. The motion carried **9-0** with the voting was as follows:

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

Megan Cortez, Disability Coordinator, presented D-10 to the Board along with the staff recommendation.

D-10: Joyce Simon

Financial Counselor II, Orange County Auditor Controller

Date of employee filed application for service and non-service connected disability retirement:
12/22/2014

Mr. Prevatt asked staff to discuss the issues of Ms. Simon’s denial of disability retirement.

Ms. Cortez discussed the outcomes and recommendations of the three different physicians that examined Ms. Simon.

Mr. Singer, speaking on behalf of Ms. Simon, disagrees with staff recommendation and discussed Ms. Simon’s condition and the reasons why he disagrees with the physician’s diagnosis.

Ms. Cortez explained that there is a disagreement between physicians and treatment.

STAFF RECOMMENDATION IS TO DENY SERVICE AND NON-SERVICE CONNECTED DISABILITY RETIREMENT DUE TO INSUFFICIENT EVIDENCE OF PERMANENT INCAPACITY. (GENERAL MEMBER) (D-10)

Following discussion, a **motion** was made by Mr. Packard, **seconded** by Mr. Lindholm to deny service and non-service connected disability retirement due to insufficient evidence of permanent disability. The motion carried **9-0** with the voting was as follows:

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

Megan Cortez, Disability Coordinator, presented D-11 to the Board along with the staff recommendation.

D-11: Martha Aragon (deceased)

Coach Operator, Orange County Transportation Authority

STAFF RECOMMENDATION IS TO GRANT SURVIVOR BENEFITS PURSUANT TO GOVERNMENT CODE SECTION 31787 (OPTIONAL DEATH ALLOWANCE). (GENERAL MEMBER) (D-11)

Following discussion, a **motion** was made by Mr. Baldwin, **seconded** by Mr. Dewane to grant survivor benefits pursuant to Government Code section 31787. The motion carried **9-0** with the voting was as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Flanigan			
Mr. Eley			

Mr. Lindholm
Ms. Freidenrich
Mr. Hilton
Mr. Packard
Mr. Baldwin
Mr. Prevatt
Chair Ball

Megan Cortez, Disability Coordinator, presented D-12 to the Board along with the staff recommendation.

D-12: Larry Colgan

Fire Captain, Orange County Fire Authority

Date of employee filed application for service connected disability retirement: 08/22/2012

STAFF RECOMMENDATION IS TO ADOPT THE FINDINGS AND RECOMMENDATIONS OF THE HEARING OFFICER AND GRANT APPLICANT'S APPLICATION FOR SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF FEBRUARY 22, 2013. (SAFETY MEMBER) (D-12)

Following discussion, a **motion** was made by Mr. Gilbert, **seconded** by Mr. Packard to adopt the findings and recommendations of the hearing officer and grant applicant's application for service connected disability retirement with an effective date of February 22, 2013. The motion carried **9-0** with the voting was as follows:

AYES

NAYS

ABSTAIN

ABSENT

Mr. Flanigan
Mr. Eley
Mr. Lindholm
Ms. Freidenrich
Mr. Hilton
Mr. Packard
Mr. Baldwin
Mr. Prevatt
Chair Ball

The Board recessed for break at 12:21p.m.

The Board reconvened from break at 12:26p.m.

The adjourned for closed session at 12:26p.m.

The Board reconvened from break at 12:35p.m.

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.

No reportable action taken.

**E-2 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED
(GOVERNMENT CODE SECTION 54956.9(d)(1)) Fereshteh Shafiee v. OCERS, CA Superior Court,
Orange County (Case No. 30-2017-00902840-CU-WM-CJC)**
Adjourn pursuant to Government Code section 54956.9(d)(1).

Recommendation: Take appropriate action.

The Board voted unanimously to hire ReedSmith LLP to defend OCERS in the Shafiee case.

Mr. Lindholm recused himself – 12:32p.m.

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

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS:

Ms. Jenike updated the Board on the SECOVA issue. She stated that things have improved from a member services perspective in which less staff time has been devoted handling SECOVA issues.

BOARD MEMBER COMMENTS:

N/A

COUNSEL COMMENTS:

Ms. Ratto reminded the Board of the required Form 700 and Annual Disclosure Policy that must be filled and filed by April 3rd.

Ms. Ratto discussed a recent article in the press regarding CalPERS. There was an action taken to cut pension benefits and the reason why they are able to cut benefits in this situation was because of the statute under the Public Employees Retirement Law.

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

Active Members:

Rose, Anthony
Wick, Doris

Retired Members:

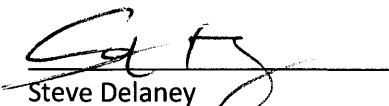
Booth, Vernon
Brown, Janice
Bywaters, Nelson
Cole, Timothy
Hatten, Erwin
Honomichl, Donald
Marsh, Willard
Mc Clain, Johnny
Mc Guire, Katherine
Newcomb, Jimmy
O'Neal, Ina
Parker, Dorothy
Pell, Marjorie
Penkoff, Stephen
Pero, Joyce
Riddell, Beverley
Sauvageau, Harvey
Weiss, Peter
Zale, Teresa

Surviving Spouses:

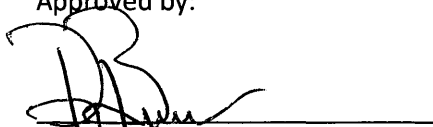
Bailey, Phyllis
Bengston, Takako
Benson, Colleen
Lorenz, Joan

There being no further business to bring before the Board, the meeting adjourned at 12:40p.m.

Submitted by:


Steve Delaney
Secretary to the Board

Approved by:


David Ball
Chairman