

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

GOVERNANCE COMMITTEE MEETING
March 7, 2018
9:00 a.m.

Members of the Committee

Shawn Dewane, Chair
Roger Hilton, Vice Chair
Chris Prevatt
David Ball

AGENDA

This agenda contains a brief general description of each item to be considered. The Committee may take action on any item included in the agenda; however, except as otherwise provided by law, no action shall be taken on any item not appearing on the agenda. The Committee may consider matters included on the agenda in any order, and not necessarily in the order listed.

PUBLIC COMMENT

At this time, members of the public may comment on matters not included on the Agenda that are within the subject matter jurisdiction of the Committee, provided that no action can be taken on any item not appearing on this Agenda unless otherwise authorized by law.

When addressing the Committee, please state your name for the record prior to providing your comments. Speakers will be limited to three (3) minutes.

ACTION ITEMS

NOTE: Public comment on matters listed in this agenda will be taken at the time the item is addressed, prior to the Committee's discussion of the item. Persons wishing to address items on the agenda should provide written notice to the Secretary of the Committee prior to the Committee's discussion on the item by signing in on the Public Comment Sign-In Sheet located at the back of the room.

[A-1 TRIENNIAL REVIEW OF THE TRAVEL POLICY \(Second Reading by Committee\)](#)

Presented by Gina M. Ratto, General Counsel and Brenda Shott, Asst. CEO, Internal Operations

Recommendation: Approve, and recommend that the Board approve, revisions to the Travel Policy as presented.

[A-2 PROPOSED AMENDMENTS TO THE OCERS CONFLICT OF INTEREST CODE](#)

Presentation by Gina M. Ratto, General Counsel

Recommendation: Approve, and recommend that the Board approve, revisions to the OCERS Conflict of Interest Code as presented.

A-3 TRIENNIAL REVIEW OF THE CEO CHARTER

Presented by Gina M. Ratto, General Counsel

Recommendation: Approve, and recommend that the Board approve, revisions to the CEO Charter as presented.

A-4 TRIENNIAL REVIEW OF THE BOARD OF RETIREMENT CHAIR CHARTER

Presented by Gina M. Ratto, General Counsel

Recommendation: Approve, and recommend that the Board approve, revisions to the Board of Retirement Chair Charter as presented.

A-5 TRIENNIAL REVIEW OF THE EARLY RETIREMENT FUNDING POLICY

Presented by Suzanne Jenike, Asst. CEO, External Operations

Recommendation: Recommend that the Board rescind the Early Retirement Funding Policy.

COMMITTEE MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

ADJOURNMENT

NOTICE OF NEXT MEETINGS

REGULAR BOARD MEETING

MARCH 19, 2018

9:00 a.m.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

INVESTMENT COMMITTEE MEETING

MARCH 29, 2018

9:00 a.m.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

**INVESTMENT MANAGER MONITORING SUBCOMMITTEE MEETING
APRIL 5, 2018
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.

A-1

Memorandum

DATE: March 7, 2018
TO: Members of the Governance Committee
FROM: Gina M. Ratto, General Counsel
SUBJECT: TRIENNIAL REVIEW OF THE TRAVEL POLICY (Second Reading by Committee)

Recommendation

Approve, and recommend that the Board of Retirement approve, revisions to the Travel Policy.

Background/Discussion

At its February 2018 meeting, the Governance Committee reviewed staff's proposed revisions to the Travel Policy (Policy), approved several revisions, and directed staff to return to the Committee with additional modifications to the Policy.

The revisions to the Policy presented to the Committee at its February meeting are reflected on the attached copy of the Policy in underlined and strike-out text. New revisions resulting from the February meeting and the revision to paragraph 10 which has been recommended by the CEO are highlighted in yellow and are summarized as follows:

1. In paragraph 2, a general provision permitting exceptions to the Policy to be made by the Board Chair or Vice Chair (for an exception to the Policy requested by a Board member) and by the CEO (for an exception requested by staff).
2. In paragraph 10, the addition of conferences sponsored by CEM Benchmarking as pre-approved conferences that staff may attend.
3. The addition of a new paragraph 18 to prohibit reimbursement for overnight lodging for travel within Orange County, unless an exception is granted by the Board Chair or Vice Chair (for an exception to the Policy requested by a Board member) and the CEO (for an exception requested by staff).
4. In paragraph 29, regarding meals while attending events requiring overnight travel, introduce a new provision that:
 - a. Board and staff members will be paid a per diem amount for meals at the GSA per diem rate¹;
 - b. The per diem will be prorated to 75% for the first and last days of travel; and
 - c. Meals already paid by OCERS (such as through the conference registration fee) will be deducted from the per diem rate².

¹ The per diem meal and incidental expense rate for California, for example, ranges from a low of \$54 for San Bernardino County and \$64 for Sacramento, and a high of \$74 for San Francisco, with a standard rate of \$51 for locations without specified rates.

² For example, the \$51 per diem rate is broken into \$11 for breakfast, \$12 for lunch, \$23 for dinner and \$5 for incidental expenses. If the conference registration fee covers breakfast, for example, the \$51 per diem would be reduced to \$40.

5. Replace paragraph 30, regarding reimbursement for meals consumed and purchased during business-purpose meetings where travel is not involved, and provide that OCERS will reimburse the actual and reasonable expense of such meals, and specify the requirements for submitting requests for reimbursement including receipts.
6. In paragraph 33, add an exception to allow reimbursement for business or first class airfare in extraordinary circumstances and with approval of the Board Chair or Vice Chair where the traveler is a Board member or approval of the CEO where the traveler is a staff member.
7. In paragraph 39, add a requirement that Board and staff members purchase Loss Damage Waiver and Supplemental Liability Insurance when renting vehicles during travel.
8. In paragraph 41, increase reimbursement for portorage, housekeeping and all other gratuities to \$15 per day, and specify that this reimbursement is in addition to the per diem meal expense in paragraph 29.
9. In paragraph 43, add an exception to allow reimbursement for NASRA-sponsored networking events that take place during, and are included in the agendas for, NASRA-sponsored conferences.
10. Delete paragraph 44 regarding the FPPC gift rules.

Attachments

Submitted by:



Gina M. Ratto
General Counsel

Purpose

1. Prudent oversight of a public sector pension plan requires that trustees and staff occasionally travel to business meetings and educational conferences or seminars, held in or outside of the state of California. Travel and related costs incurred in doing so not only represent legitimate expenses of the plan, but are a sound investment in the ongoing success of the organization in meeting the needs of the membership.
2. The purpose of the Travel Policy is to encourage and facilitate the pursuit of relevant educational and business related initiatives by trustees and staff. The policy is designed to assist them in meeting their fiduciary duties to administer the pension plan, ensure that expenditures incurred in the education and travel process are prudent and cost-effective, and to mitigate the risk of improprieties arising from travel or business related activities. Exceptions to any provision of this policy for a Board member or the Chief Executive Officer require the pre-approval of the Board Chair or Vice-Chair; and require the pre-approval of the Chief Executive Officer in the case of an exception for a staff member.

Content Requirements

3. As a general rule, and with the exception of public retirement system meetings discussed below, unless a conference/seminar agenda contains an average of five (5) hours of substantive educational content per day, attendance at the particular conference/seminar will not be approved and related travel expenses will not be reimbursed. Educational forums, conferences and seminars that routinely and consistently satisfy this requirement will automatically qualify for Board approval for attendance. The Chief Executive Officer will screen and determine those conferences or seminars that meet the five (5) hour requirement and provide a list thereof to the Board members and appropriate staff members. Authorization to attend and receive travel expense reimbursement for a client conference organized or sponsored by a single company or firm shall be restricted to those conferences/forums sponsored by firms who havemaintain a contractualprofessional relationship with OCERS. Board members or staff members who havemaintain independent relationships with a conference sponsor are not automatically entitled to attend such conferences at OCERS' expense. The Board of Retirement shall consider each request individually regardless of any Board or staff affiliation.

Board Member

4. The term "Board Member" shall include a designee of the Treasurer, provided such person is designated in writing to act as the designee, has taken the oath of office and has filed the written designation with the County Clerk, County Auditor and OCERS.

Travel Authorization

5. Except as otherwise provided herein, reimbursement of travel expenses for a Board member to attend an educational conference or seminar (or other type of meeting or event) requires the prior approval of the Board of Retirement.

6. All reimbursement of travel expenses for an employee of OCERS to attend an educational conference or seminar (or other type of meeting or event) or for administrative purposes requires the prior approval of the Chief Executive Officer or his or her designee.
- 5.7. Travel on OCERS' business within the Southern California region by Board members or staff need not be approved in advance provided that as long as overnight accommodations are not required. The Southern California region shall include the counties of Orange, Los Angeles, San Bernardino, Riverside, San Diego, Imperial, Ventura, Santa Barbara and Kern.-

Limitation on Meeting for Business Purpose

- 6.8. No more than four members of the Board, ~~or a Committee of the Board~~, are authorized to meet together for business purposes within the State of California unless there is appropriate public notice of the meeting. Attendance at educational conferences, seminars and social activities by more than four members of the Board is not a violation of this provision.

Cost of Administration

- 7.9. Approved education and travel expenses for Board and staff members shall be direct costs of administration of OCERS (or directly charged to Investments in the case of education and travel expenses for Investments staff), shall be paid by OCERS and shall may not be paid through third party contracts or otherwise without express written authorization of the Board of Retirement. All approved travel and education expenses shall be included in the OCERS annual budget ~~and~~ approved by the Board of Retirement. Due Diligence expenses, as authorized by the Board, shall not be treated as costs of administration.

Attendance at Public Retirement System Meetings Pre-Approved Conferences and Meetings

- 8.10. Board members and the OCERS staff members designated by the Chief Executive Officer are automatically authorized and encouraged to attend the following:
- Regular meetings of the State Association of County Retirement Systems (SACRS);
 - The Annual Conference, the Annual Safety Conference, and the Annual Legislative Workshop of the National Conference on Public Employee Retirement Systems (NCPERS);
 - CALAPRS annual General Assembly and Round Table meetings;
 - Conferences of the National Association of State Retirement Administrators (NASRA);
 - Conferences of the National Institute on Retirement Security (NIRS); and
 - f. Conferences sponsored by the Board of Retirement's retained consultants and/or investment managers; and
 - f.g. Conferences sponsored by a firm that has a contractual relationship with OCERS.

In addition, the OCERS staff members designated by the Chief Executive Officer are automatically authorized and encouraged to attend the following:

OCERS Board Policy Travel Policy

- ~~g-h.~~ Annual Conference of the Public Pension Financial Forum (P2F2);
- ~~h-i.~~ Conferences of the National Association of Public Pension Attorneys (NAPPA); ~~and~~
- ~~i.~~ Conferences sponsored by the Government Finance Officers Association (GFOA); ~~and~~
- ~~i-k.~~ Conferences sponsored by CEM Benchmarking.

~~9-11.~~ In addition, the sStaff members designated by the Chief Executive Officer and Board members who are appointed to serve on committees and/or the Board of Directors of the organizations named in paragraph ~~108~~ are automatically authorized to attend meetings of the committee(s) to which they have been appointed.

~~10-12.~~ Board members and the OCERS staff members designated by the Chief Executive Officer are automatically authorized to attend each of the following full curriculum pension management programs and courses on a one-time basis:

- a. Basic and advance educational programs sponsored by CALAPRS;
- b. Basic and advanced educational programs sponsored by SACRS;
- c. Basic and advanced investment programs ~~sponsored by~~held at the Wharton School; provided, however, if the Wharton School does not offer an advanced investment program, the basic program may be taken a second time after three years of initially completing the program; and
- d. Global Financial Markets Institute, Inc. (various programs available).

~~11-13.~~ New Board members, other than those with prior experience administering a public retirement system or pension fund, are encouraged to attend one of the courses listed in paragraph ~~1210~~ within the first year after their election or appointment, ~~as the case may be.~~

~~12-14.~~ The Chief Executive Officer~~CEO~~ has identified the following conferences/seminars that Board members and designated staff members are automatically authorized to attend, subject to the limits set forth in paragraph 16, at OCERS expense:

- a. ~~Public Employees Benefits Plan or the Annual Investment Institute conference~~Conferences and Programs (CAPP) sponsored by the International Foundation of Employee Benefit Plans (IFEBP);
~~Conferences sponsored by the Institute for Fiduciary Education (IFE);~~
- b. Conferences sponsored by the Pension Real Estate Association (PREA);
- ~~c. Annual Public Funds Conference (the Public Fund Boards Forum) sponsored by the International Institute for Research (IIR);~~
- ~~d-c.~~ Conferences sponsored by Pension and Investments;
- ~~e-d.~~ Conferences sponsored by the Pacific Pension Institute (PPI);
- ~~f-e.~~ Forums sponsored by Institutional Investor;
- ~~g-f.~~ Conferences sponsored by the Council of Institutional Investors (CII);
~~IFEBP CAPP Program (Units 1 & 2);~~
- ~~h-g.~~ Conferences sponsored by Institutional Real Estate, Inc. (IREI);

- ~~h.~~ Conferences sponsored by the Opal Financial Group; ~~and~~
- ~~i.~~ Conferences sponsored by The Pension Bridge;
- ~~j.~~ Conferences sponsored by the Investment Management Consultants Association (IMCA);
- ~~k.~~ Conferences sponsored by SuperReturn;
- ~~l.~~ Conferences sponsored by Global ARC;
- ~~m.~~ Conferences sponsored by CIO Magazine;
- ~~n.~~ Conferences sponsored by the Institutional Limited Partners Association;
- ~~o.~~ Conferences sponsored by the Falk Marques Group; and
- ~~j.p.~~ Conferences sponsored by Public Retirement Information Systems Management (PRISM).

~~13-15.~~ The Chief Executive Officer shall provide newly elected or appointed Board members with a list of approved conferences scheduled to take place within the current calendar year.

Limitation on Attendance at Conferences and Seminars

~~14-16.~~ A Board member is authorized to attend up to three ~~approved~~ events (i.e., conferences, seminars, meetings, or courses) that require overnight lodging) at OCERS expense each calendar year. Attendance at the pre-approved events (~~i.e., conferences, seminars, meetings and courses~~) listed in paragraphs ~~8, 9 and 10, 11 and 12~~ are not subject to the three-event limit imposed by this paragraph ~~even if they require overnight travel.~~

~~17.~~ Board members who want to attend ~~events (i.e., conferences, seminars, meetings ~~and~~ courses)~~ (that require overnight lodging) ~~and~~ that are not automatically authorized under paragraphs ~~10, 11, 12, 8, 9, 10 and 1412~~ require advance approval by the Board. Staff members who want to attend ~~events (i.e., conferences, seminars, meetings ~~and~~ courses)~~ (that require overnight lodging) ~~and~~ that are not automatically authorized under paragraphs ~~10, 11, 12, 8, 9, 10 and 1412~~ require advance approval by the Chief Executive Officer or his or her designee.

~~15-18.~~ ~~OCERS will not reimburse overnight lodging for travel within Orange County, regardless of whether the event is pre-approved under any of the provisions of this policy. An exception to this provision may be granted by the Board Chair or Vice Chair upon the request of, and showing of good cause by, a Board member or the Chief Executive Officer; and by the Chief Executive Officer upon the request of, and showing of good cause by, a staff member.~~

~~16-19.~~ In cases where attendance at a particular conference, seminar or other event is limited, the CEO will identify those trustees who will be authorized to attend ~~as follows:-~~

- a. first, by giving priority to those trustees who have not previously attended the specific conference, seminar or other event and, if needed, make selections by lottery of the interested trustees in this group;
- b. second, if additional opportunities to attend remain available, make selections by lottery of other interested trustees, and

- c. third, designate the remaining interested trustees as alternate attendees, who may attend in the event the trustees originally selected are unable to attend.

International Travel and Travel Outside the Continental United States

~~17-20.~~ Travel by Board members to a destination outside the continental United States requires pre-approval by the Board. Travel by staff to a destination outside the continental United States requires pre-approval by the Chief Executive Officer and notification to the Board Chair.

Travel Reports

~~18-21.~~ The Chief Executive Officer shall submit a quarterly report on conference, seminar and educational course attendance ~~by and OCERS' expenditures covering~~ Board Member and staff ~~and OCERS' costs~~ ~~travel~~ related to such events. Such reports shall identify the individual (Board Member or staff), location, purpose and cost of travel. The Board of Retirement will review these reports in January, April, July and October of each calendar year. The report also shall include scheduled travel for the ensuing quarter.

Report on Conference or Seminar

~~19-22.~~ Board Members and staff who travel to conferences or seminars that are not automatically authorized in paragraphs ~~10, 11, 12 and 14~~ ~~8, 9, 10 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 or staff, 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.

Claims for Reimbursement

~~20-23.~~ Reimbursement for travel by a Board member or staff shall be submitted on OCERS Expense Reimbursement Forms accompanied by all supporting original receipts or documentation of the expense incurred. All expense claim forms will be reviewed and approved (or disapproved) in accordance with the provisions of this policy. The Board Chair shall approve expense claims for Board members and the Chief Executive Officer. The Vice Chair will approve expense claims for the Chair. The Chief Executive Officer ~~or his or her designee~~ will approve all expense claims for staff. All approvals are subject to ultimate review and concurrence by the Board of Retirement as part of the quarterly report process required in paragraph ~~21~~ ~~18~~.

Cash Advances

~~21-24.~~ Cash advances will be provided upon request only for those conferences, seminars, meetings, and courses identified in ~~sections 8, 9, 10, and 12~~ ~~paragraphs 10, 11, 12 and 14 of this policy~~ as pre-approved by the Board and ~~Chief Executive Officer~~ ~~CEO~~. Any and all cash advances for travel and training shall be requested through the ~~Chief Executive Officer~~ ~~CEO's office~~. Cash advances are subject to approval by the Chair of the Board of Retirement and the ~~Chief Executive Officer~~ ~~CEO~~.

Notice of all cash advances for travel and training shall be placed on the Consent Agenda for the next Regular Meeting of the Board of Retirement as an informational item.

Time Limit for Expense Claims

22-25. Claims for reimbursement pursuant to this policy must be submitted within 30 days following return to Orange County. In no event will a claim for reimbursement be approved if submitted over 90 days after the end of the calendar year in which the expense was incurred.

Expenses for Traveling Companions

23-26. Expenses of family members and/or traveling companions are not reimbursable by OCERS.

Limitation on Time and Expense Allowance

24-27. Allowance for time and expense shall not exceed that which is reasonable and necessary as claimed by others to that precise destination whether by private automobile or common carrier. Expense reimbursements are limited to those items and amounts considered to be non-taxable income for the recipient by the Internal Revenue Service (IRS). Expense costs for extra days prior to or after a conference will be reimbursed only if such extension results in lower overall trip costs. For staff, cost comparisons for trip extensions shall include the cost of salary for any work days lost by the extension.

Travel and Lodging Cancellations

25-28. Board Members and as well as staff are responsible for the timely cancellation of registration fees, travel and lodging reservations made on his/her behalf that will not be used, so that no unnecessary expense will be incurred by OCERS.

Meals

29. Meals While Attending Events Requiring Overnight Travel. When attending an event (i.e., conference, seminar, meeting or course) that requires overnight travel, Board and staff members will be paid (no receipt required) a per diem amount for meals at the General Services Administration (GSA) per diem rate as published by the GSA in the Meals and Incidentals Expenses schedule. For the first and last days of travel, the per diem rate will be prorated to 75% in accordance with GSA policy, and no per diem for meals will be paid in connection with one-day events with no overnight stay except as provided in paragraph 30, below. In addition, meals that are already paid for by OCERS, such as through the conference registration fee, will be deducted from the per diem. Board members and staff will be reimbursed for actual and reasonable expense of meals consumed while traveling on business, including non-alcoholic beverages, tax, and tip for meal service that does not exceed a reasonable percentage. A Board members and/or staff must provide both an itemized receipt and the summary payment receipt (when a payment card is used) for all meals any meal that exceeds \$25.00 (excluding tax and tip).

30. Reimbursement for Meals Consumed and Purchased During a Business-Purpose Meeting Where Travel is Not Involved. Board members and staff will be reimbursed for the actual and reasonable

expense of meals, including non-alcoholic beverages, tax and a reasonable tip, consumed and purchased during meetings where business is conducted during the course of the meal, and no overnight travel is required to attend the meeting. (See paragraph 29 for meal reimbursement during trips with overnight travel.) The Board member or staff must provide both an itemized receipt and a summary payment receipt (when a payment card is used) for all such meals. The names of the people who attended the business-purpose meeting and a brief description of the business discussed or conducted shall be submitted with the reimbursement request. In the event an itemized receipt is lost or is not available, a Missing Receipt Form must be completed and submitted with the expense reimbursement claim. The Missing Receipt Form includes a certification that only allowable items are included in the request for reimbursement.

~~26-31. OCERS will not reimburse meals or expenses that would be considered taxable income to the recipient by the IRS. Meals purchased during one-day events with no overnight stay will not be reimbursed by OCERS unless there is a business purpose associated with the meal (e.g., business meeting conducted during the meal). The IRS considers meal expenses incurred during same-day travel, or meals away from tax home with no overnight stay, as taxable expenses.~~

Hotels

31. Actual expenses for economical and practical lodging will be reimbursed. Reimbursement will be limited to a room considered to be in a standard class. Whenever possible, a request for a government or conference rate will be made.
- ~~27-32.~~ If, at the conclusion of a business-related trip, it would be impractical for a Board member or staff member to return home the same day and arrive home prior to 10:00 p.m. California time (due to the distance that must be traveled, or the unavailability of a return flight) or if the traveler's work and travel time for the final day will exceed 12 hours, the Board member or staff member will be entitled to be reimbursed for one additional night of lodging.

Airline Travel

- ~~28-33.~~ OCERS' Board members and staff will use good judgment to obtain airline tickets at competitive prices. OCERS will not reimburse a Board or staff member to fly business or first class except in extraordinary circumstances, and then only with the approval of the Board Chair or Vice Chair where the traveler is a Board member or the Chief Executive Officer, or the approval of the Chief Executive Officer where the traveler is a staff member.; however, for In addition, for travel that exceeds four hours in length, additional legroom seats or premium economy fees will be reimbursed. An individual may, at his or her own expense, pay to upgrade travel to business or first class.
- ~~29-34.~~ If a significant savings can be realized on the airline fare by having a Board member or staff member extend their stay to include a Saturday night, the Board or staff member, at his or her option, may extend his or her stay in order to realize such savings. OCERS will reimburse the additional lodging and meal costs resulting from an extended itinerary, not to exceed the savings in airline fare.

Automobile Mileage

30-35. A Board member or staff member who uses his/her personal automobile for transportation on OCERS business will keep records of the actual mileage driven on business, and will report such mileage on an OCERS Expense Report Form and will provide documentation of the miles driven (e.g., copy of map and route). Reimbursement will be made at the per-mile rate allowed by the Internal Revenue Service. Mileage will be reimbursed for only those miles incurred beyond the staff member's normal commute to his or her regular worksite (i.e., if an employee departs from or returns to his or her home instead of the regular worksite, only the mileage in excess of the normal daily commute will be reimbursed).

31-36. A Board member or staff member who elects to use his/her personal automobile for travel will be reimbursed for mileage to the point that does not exceed the cost of the most economical (least expensive) round-trip ticket between Orange County and the destination city.

Parking and Tolls

32-37. Parking and tolls will be reimbursed at current rates. A receipt is required for amounts over \$25.00.

Public Transportation

33-38. Use of taxis, hired cars, shared ride services (e.g., Uber, Lyft, Sidecar) and public transportation for OCERS business will be reimbursed at current rates. The most economical mode of transportation should be used whenever practicable; however, use of a transportation provider with multiple stops (e.g., shuttle) is not required. Public transportation is preferred. A receipt is required for amounts over \$25.00.

Car Rentals

34-39. The use of a rental car by a Board member or staff will be reimbursed when it is economically reasonable to rent a vehicle rather than use taxis, hired cars, shared ride services or public transportation. Board members and staff are required to obtain and purchase (and OCERS will reimburse) Loss Damage Waiver and Supplemental Liability Insurance when renting vehicles on OCERS' business. Rental car discounts must be used whenever possible and appropriate. If available, a compact vehicle will be requested, unless several Board members and/or staff will be using the vehicle together.

Incidental Business Expenses

35-40. Incidental business expenses reasonably incurred in connection with OCERS business, such as telephone, fax, Internet access, and similar business expenses, will be reimbursed. Receipts are required for all amounts.

Porterage/Housekeeping/Other

36-41. In addition to the per diem meal expense reimbursement under paragraph 29, OCERS will reimburse a maximum of \$15.00 per day of travel. Maximum reimbursement for porterage, and housekeeping and non-meal related gratuities is \$5.00 per day (cumulative) of travel. Receipts are not required for these porterage or housekeeping expenses.

Excluded Expenses

42. The following expenses will not be reimbursed: Alcoholic beverages, tobacco, in-room movies, barber shop, beauty shop, gifts, magazines, personal telephone calls and mini-bar charges. In the case of an extended trip longer than five business days or an emergency situation, laundry and dry cleaning expenses will be reimbursed.

37-43. OCERS will not reimburse or pay for charges for attendance at or participation in networking, social or entertainment type events (e.g., golf, cocktail parties, excursions, outings, etc.) that are in addition to or not included in the general conference registration fee, except that OCERS will pay for NASRA-sponsored networking events that take place during, and are included in the agendas for, NASRA-sponsored conferences.

Gifts

44. FPPC regulations limit the ability of OCERS, individual Board Members and certain staff designated in OCERS' Conflict of Interest Code are prohibited from receiving, and are required to report on their Forms 700, staff to accept gifts of travel, lodging and meals from third parties over certain amounts. Questions regarding In all cases, the evaluation of whether the gift can be accepted and gift the determination of the FPPC reporting requirements shall be directed to made by the Chief Executive Officer or in conjunction with general counsel and communicated to the intended recipient of the gift.

Staff Travel

44. In furtherance of this policy, the Chief Executive Officer shall have discretionary authority to approve staff travel as necessary to carry out the administrative responsibilities of OCERS, such as attendance at legislative meetings or hearings, conducting on-site visits as part of due diligence evaluation of existing and proposed service providers, participating in continuing education programs, and other duties as directed.

Policy Review

38-45. This policy shall be reviewed every three years by the Governance Committee and may be amended by the Board of Retirement at any time.

Policy History

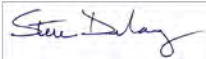
39-46. The Retirement Board adopted this policy on December 16, 2002.

OCERS Board Policy Travel Policy

~~40-47.~~ This policy was revised on June 18, 2007, March 24, 2008, March 22, 2010, June 21, 2010, June 18, 2012, February 19, 2013, January 21, 2014, February 17, 2015, November 16, 2015, February 13, 2018, and April 18, 2018.

Secretary's Certificate

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



11/16/15

Steve Delaney
Secretary of the Board

Date



Form

Report of Attendance at Conference or Seminar

Name of Member Attending: _____

Name of Conference/Seminar: _____

Location of Conference/Seminar: _____

Conference/Seminar Sponsor: _____

Dates of Attendance: _____

Total Cost of Attendance: _____

Brief Summary of Information and Knowledge Gained:

Evaluation of the Conference or Seminar:

Recommendation Concerning Future ~~Attendance~~Attendance:

Signature

Return to: Executive Assistant

Copies to: Board Members
Chief Executive Officer
Assistant Chief Executive Officers

Purpose

1. Prudent oversight of a public sector pension plan requires that trustees and staff occasionally travel to business meetings and educational conferences or seminars, held in or outside of the state of California. Travel and related costs incurred in doing so not only represent legitimate expenses of the plan, but are a sound investment in the ongoing success of the organization in meeting the needs of the membership.
2. The purpose of the Travel Policy is to encourage and facilitate the pursuit of relevant educational and business related initiatives by trustees and staff. The policy is designed to assist them in meeting their fiduciary duties to administer the pension plan, ensure that expenditures incurred in the education and travel process are prudent and cost-effective, and to mitigate the risk of improprieties arising from travel or business related activities. Exceptions to any provision of this policy for a Board member or the Chief Executive Officer require the pre-approval of the Board Chair or Vice-Chair; and require the pre-approval of the Chief Executive Officer in the case of an exception for a staff member.

Content Requirements

3. As a general rule, and with the exception of public retirement system meetings discussed below, unless a conference/seminar agenda contains an average of five (5) hours of substantive educational content per day, attendance at the particular conference/seminar will not be approved and related travel expenses will not be reimbursed. Educational forums, conferences and seminars that routinely and consistently satisfy this requirement will automatically qualify for Board approval for attendance. The Chief Executive Officer will screen and determine those conferences or seminars that meet the five (5) hour requirement and provide a list thereof to the Board members and appropriate staff members. Authorization to attend and receive travel expense reimbursement for a client conference organized or sponsored by a single company or firm shall be restricted to those conferences sponsored by firms who have a contractual relationship with OCERS. Board members or staff members who have independent relationships with a conference sponsor are not automatically entitled to attend such conferences at OCERS' expense. The Board of Retirement shall consider each request individually regardless of any Board or staff affiliation.

Board Member

4. The term "Board Member" shall include a designee of the Treasurer, provided such person is designated in writing to act as the designee, has taken the oath of office and has filed the written designation with the County Clerk, County Auditor and OCERS.

Travel Authorization

5. Except as otherwise provided herein, reimbursement of travel expenses for a Board member to attend an educational conference or seminar (or other type of meeting or event) requires the prior approval of the Board of Retirement.

6. All reimbursement of travel expenses for an employee of OCERS to attend an educational conference or seminar (or other type of meeting or event) or for administrative purposes requires the prior approval of the Chief Executive Officer or his or her designee.
7. Travel on OCERS' business within the Southern California region by Board members or staff need not be approved in advance provided that overnight accommodations are not required. The Southern California region shall include the counties of Orange, Los Angeles, San Bernardino, Riverside, San Diego, Imperial, Ventura, Santa Barbara and Kern.

Limitation on Meeting for Business Purpose

8. No more than four members of the Board are authorized to meet together for business purposes within the State of California unless there is appropriate public notice of the meeting. Attendance at educational conferences, seminars and social activities by more than four members of the Board is not a violation of this provision.

Cost of Administration

9. Approved education and travel expenses for Board and staff members shall be direct costs of administration of OCERS (or directly charged to Investments in the case of education and travel expenses for Investments staff), shall be paid by OCERS and shall not be paid through third party contracts or otherwise without express written authorization of the Board of Retirement. All approved travel and education expenses shall be included in the OCERS annual budget approved by the Board of Retirement. Due Diligence expenses, as authorized by the Board, shall not be treated as costs of administration.

Pre-Approved Conferences and Meetings

10. Board members and the OCERS staff members designated by the Chief Executive Officer are automatically authorized and encouraged to attend the following:
 - a. Regular meetings of the State Association of County Retirement Systems (SACRS);
 - b. The Annual Conference, the Annual Safety Conference, and the Annual Legislative Workshop of the National Conference on Public Employee Retirement Systems (NCPERS);
 - c. CALAPRS annual General Assembly and Round Table meetings;
 - d. Conferences of the National Association of State Retirement Administrators (NASRA);
 - e. Conferences of the National Institute on Retirement Security (NIRS);
 - f. Conferences sponsored by the Board of Retirement's retained consultants and/or investment managers; and
 - g. Conferences sponsored by a firm that has a contractual relationship with OCERS.

In addition, the OCERS staff members designated by the Chief Executive Officer are automatically authorized and encouraged to attend the following:

- h. Annual Conference of the Public Pension Financial Forum (P2F2);

- i. Conferences of the National Association of Public Pension Attorneys (NAPPA);
 - j. Conferences sponsored by the Government Finance Officers Association (GFOA); and
 - k. Conferences sponsored by CEM Benchmarking.
11. Staff members designated by the Chief Executive Officer and Board members who are appointed to serve on committees and/or the Board of Directors of the organizations named in paragraph 10 are automatically authorized to attend meetings of the committee(s) to which they have been appointed.
12. Board members and the OCERS staff members designated by the Chief Executive Officer are automatically authorized to attend each of the following full curriculum pension management programs and courses on a one-time basis:
- a. Basic and advance educational programs sponsored by CALAPRS;
 - b. Basic and advanced educational programs sponsored by SACRS;
 - c. Basic and advanced investment programs sponsored by the Wharton School; provided, however, if the Wharton School does not offer an advanced investment program, the basic program may be taken a second time after three years of initially completing the program; and
 - d. Global Financial Markets Institute, Inc. (various programs available).
13. New Board members, other than those with prior experience administering a public retirement system or pension fund, are encouraged to attend one of the courses listed in paragraph 12 within the first year after their election or appointment.
14. The Chief Executive Officer has identified the following conferences/seminars that Board members and designated staff members are automatically authorized to attend, subject to the limits set forth in paragraph 16, at OCERS expense:
- a. Conferences and Programs (CAPP) sponsored by the International Foundation of Employee Benefit Plans (IFEBP);
 - b. Conferences sponsored by the Pension Real Estate Association (PREA);
 - c. Conferences sponsored by Pension and Investments;
 - d. Conferences sponsored by the Pacific Pension Institute (PPI);
 - e. Forums sponsored by Institutional Investor;
 - f. Conferences sponsored by the Council of Institutional Investors (CII);
 - g. Conferences sponsored by Institutional Real Estate, Inc. (IREI);
 - h. Conferences sponsored by the Opal Financial Group;
 - i. Conferences sponsored by The Pension Bridge;
 - j. Conferences sponsored by the Investment Management Consultants Association (IMCA);
 - k. Conferences sponsored by SuperReturn;
 - l. Conferences sponsored by Global ARC;

- m. Conferences sponsored by CIO Magazine;
 - n. Conferences sponsored by the Institutional Limited Partners Association;
 - o. Conferences sponsored by the Falk Marques Group; and
 - p. Conferences sponsored by Public Retirement Information Systems Management (PRISM).
15. The Chief Executive Officer shall provide newly elected or appointed Board members with a list of approved conferences scheduled to take place within the current calendar year.

Limitation on Attendance at Conferences and Seminars

16. A Board member is authorized to attend up to three events (i.e., conferences, seminars, meetings, or courses) that require overnight lodging at OCERS expense each calendar year. Attendance at the pre-approved events listed in paragraphs 10, 11 and 12 are not subject to the three-event limit imposed by this paragraph even if they require overnight travel.
17. Board members who want to attend events (i.e., conferences, seminars, meetings or courses) that require overnight lodging and that are not automatically authorized under paragraphs 10, 11, 12 or 14 require advance approval by the Board. Staff members who want to attend events (i.e., conferences, seminars, meetings or courses) that require overnight lodging and that are not automatically authorized under paragraphs 10, 11, 12 and 14 require advance approval by the Chief Executive Officer or his or her designee.
18. OCERS will not reimburse overnight lodging for travel within Orange County, regardless of whether the event is pre-approved under any of the provisions of this policy. An exception to this provision may be granted by the Board Chair or Vice Chair upon the request of, and showing of good cause by, a Board member or the Chief Executive Officer; and by the Chief Executive Officer upon the request of, and showing of good cause by, a staff member.
19. In cases where attendance at a particular conference, seminar or other event is limited, the CEO will identify those trustees who will be authorized to attend as follows:
- a. first, by giving priority to those trustees who have not previously attended the specific conference, seminar or other event and, if needed, make selections by lottery of the interested trustees in this group;
 - b. second, if additional opportunities to attend remain available, make selections by lottery of other interested trustees, and
 - c. third, designate the remaining interested trustees as alternate attendees, who may attend in the event the trustees originally selected are unable to attend.

International Travel and Travel Outside the Continental United States

20. Travel by Board members to a destination outside the continental United States requires pre-approval by the Board. Travel by staff to a destination outside the continental United States requires pre-approval by the Chief Executive Officer and notification to the Board Chair.

Travel Reports

21. The Chief Executive Officer shall submit a quarterly report on conference, seminar and educational course attendance by Board Member and staff and OCERS' costs related to such events. Such reports shall identify the individual (Board Member or staff), location, purpose and cost of travel. The Board of Retirement will review these reports in January, April, July and October of each calendar year. The report also shall include scheduled travel for the ensuing quarter.

Report on Conference or Seminar

22. Board Members and staff who travel to conferences or seminars that are not automatically authorized in paragraphs 10, 11, 12 and 14 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 or staff, 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.

Claims for Reimbursement

23. Reimbursement for travel by a Board member or staff shall be submitted on OCERS Expense Reimbursement Forms accompanied by all supporting original receipts or documentation of the expense incurred. All expense claim forms will be reviewed and approved (or disapproved) in accordance with the provisions of this policy. The Board Chair shall approve expense claims for Board members and the Chief Executive Officer. The Vice Chair will approve expense claims for the Chair. The Chief Executive Officer or his or her designee will approve all expense claims for staff. All approvals are subject to ultimate review and concurrence by the Board of Retirement as part of the quarterly report process required in paragraph 21.

Cash Advances

24. Cash advances will be provided upon request only for those conferences, seminars, meetings, and courses identified in paragraphs 10, 11, 12 and 14 as pre-approved by the Board and Chief Executive Officer. Any and all cash advances for travel and training shall be requested through the Chief Executive Officer. Cash advances are subject to approval by the Chair of the Board of Retirement and the Chief Executive Officer. Notice of all cash advances for travel and training shall be placed on the Consent Agenda for the next Regular Meeting of the Board of Retirement as an informational item.

Time Limit for Expense Claims

25. Claims for reimbursement pursuant to this policy must be submitted within 30 days following return to Orange County. In no event will a claim for reimbursement be approved if submitted over 90 days after the end of the calendar year in which the expense was incurred.

Expenses for Traveling Companions

26. Expenses of family members and/or traveling companions are not reimbursable by OCERS.

Limitation on Time and Expense Allowance

27. Allowance for time and expense shall not exceed that which is reasonable and necessary as claimed by others to that precise destination whether by private automobile or common carrier. Expense reimbursements are limited to those items and amounts considered to be non-taxable income for the recipient by the Internal Revenue Service (IRS). Expense costs for extra days prior to or after a conference will be reimbursed only if such extension results in lower overall trip costs. For staff, cost comparisons for trip extensions shall include the cost of salary for any work days lost by the extension.

Travel and Lodging Cancellations

28. Board Members and staff are responsible for the timely cancellation of registration fees, travel and lodging reservations made on his/her behalf that will not be used, so that no unnecessary expense will be incurred by OCERS.

Meals

29. Meals While Attending Events Requiring Overnight Travel. When attending an event (i.e., conference, seminar, meeting or course) that requires overnight travel, Board and staff members will be paid (no receipt required) a per diem amount for meals at the General Services Administration (GSA) per diem rate as published by the GSA in the Meals and Incidentals Expenses schedule. For the first and last days of travel, the per diem rate will be prorated to 75% in accordance with GSA policy, and **no** per diem for meals will be paid in connection with one-day events with no overnight stay except as provided in paragraph 30, below. In addition, meals that are already paid for by OCERS, such as through the conference registration fee, will be deducted from the per diem.
30. Reimbursement for Meals Consumed and Purchased During a Business-Purpose Meeting Where Travel is Not Involved. Board members and staff will be reimbursed for the actual and reasonable expense of meals, including non-alcoholic beverages, tax and a reasonable tip, consumed and purchased during meetings where business is conducted during the course of the meal, and no overnight travel is required to attend the meeting. (See paragraph 29 for meal reimbursement during trips with overnight travel.) The Board member or staff must provide both an itemized receipt and a summary payment receipt (when a payment card is used) for all such meals. The names of the people who attended the business-purpose meeting and a brief description of the business discussed or conducted shall be submitted with the reimbursement request. In the event an itemized receipt is lost or is not available, a Missing Receipt Form must be completed and submitted with the expense reimbursement claim. The Missing Receipt Form includes a certification that only allowable items are included in the request for reimbursement.

Hotels

31. Actual expenses for economical and practical lodging will be reimbursed. Reimbursement will be limited to a room considered to be in a standard class. Whenever possible, a request for a government or conference rate will be made.
32. If, at the conclusion of a business-related trip, it would be impractical for a Board member or staff member to return home the same day and arrive home prior to 10:00 p.m. California time (due to the distance that must be traveled, or the unavailability of a return flight) or if the traveler's work and travel time for the final day will exceed 12 hours, the Board member or staff member will be entitled to be reimbursed for one additional night of lodging.

Airline Travel

33. OCERS' Board members and staff will use good judgment to obtain airline tickets at competitive prices. OCERS will not reimburse a Board or staff member to fly business or first class except in extraordinary circumstances, and then only with the approval of the Board Chair or Vice Chair where the traveler is a Board member or the Chief Executive Officer, or the approval of the Chief Executive Officer where the traveler is a staff member. In addition, for travel that exceeds four hours in length, additional legroom seats or premium economy fees will be reimbursed. An individual may, at his or her own expense, pay to upgrade travel to business or first class.
34. If a significant savings can be realized on the airline fare by having a Board member or staff member extend their stay to include a Saturday night, the Board or staff member, at his or her option, may extend his or her stay in order to realize such savings. OCERS will reimburse the additional lodging and meal costs resulting from an extended itinerary, not to exceed the savings in airline fare.

Automobile Mileage

35. A Board member or staff member who uses his/her personal automobile for transportation on OCERS business will keep records of the actual mileage driven on business, and will report such mileage on an OCERS Expense Report Form and will provide documentation of the miles driven (e.g., copy of map and route). Reimbursement will be made at the per-mile rate allowed by the IRS. Mileage will be reimbursed for only those miles incurred beyond the staff member's normal commute to his or her regular worksite (i.e., if an employee departs from or returns to his or her home instead of the regular worksite, only the mileage in excess of the normal daily commute will be reimbursed).
36. A Board member or staff member who elects to use his/her personal automobile for travel will be reimbursed for mileage to the point that does not exceed the cost of the most economical (least expensive) round-trip ticket between Orange County and the destination city.

Parking and Tolls

37. Parking and tolls will be reimbursed at current rates. A receipt is required for amounts over \$25.00.

Public Transportation

38. Use of taxis, hired cars, shared ride services (e.g., Uber, Lyft, Sidecar) and public transportation for OCERS business will be reimbursed at current rates. The most economical mode of transportation should be used whenever practicable; however, use of a transportation provider with multiple stops (e.g., shuttle) is not required. A receipt is required for amounts over \$25.00.

Car Rentals

39. The use of a rental car by a Board member or staff will be reimbursed when it is economically reasonable to rent a vehicle rather than use taxis, hired cars, shared ride services or public transportation. Board members and staff are required to obtain and purchase (and OCERS will reimburse) Loss Damage Waiver and Supplemental Liability Insurance when renting vehicles on OCERS' business. Rental car discounts must be used whenever possible and appropriate. If available, a compact vehicle will be requested, unless several Board members and/or staff will be using the vehicle together.

Incidental Business Expenses

40. Incidental business expenses reasonably incurred in connection with OCERS business, such as telephone, fax, Internet access, and similar business expenses, will be reimbursed. Receipts are required for all amounts.

Porterage/Housekeeping/Other

41. In addition to the per diem meal expense reimbursement under paragraph 29, OCERS will reimburse a maximum of \$15.00 per day of travel for porterage, housekeeping and non-meal related gratuities. Receipts are not required for these expenses.

Excluded Expenses

42. The following expenses will not be reimbursed: Alcoholic beverages, tobacco, in-room movies, barber shop, beauty shop, gifts, magazines, personal telephone calls and mini-bar charges. In the case of a trip longer than five business days or an emergency situation, laundry and dry cleaning expenses will be reimbursed.
43. OCERS will not reimburse or pay for charges for attendance at or participation in networking, social or entertainment type events (e.g., golf, cocktail parties, excursions, outings, etc.) that are in addition to or not included in the general conference registration fee, except that OCERS will pay for NASRA-sponsored networking events that take place during, and are included in the agendas for, NASRA-sponsored conferences.

Staff Travel

44. In furtherance of this policy, the Chief Executive Officer shall have discretionary authority to approve staff travel as necessary to carry out the administrative responsibilities of OCERS, such as attendance at legislative meetings or hearings, conducting on-site visits as part of due diligence evaluation of existing and proposed service providers, participating in continuing education programs, and other duties as directed.

Policy Review

45. This policy shall be reviewed every three years by the Governance Committee and may be amended by the Board of Retirement at any time.

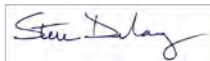
Policy History

46. The Retirement Board adopted this policy on December 16, 2002.

47. This policy was revised on June 18, 2007, March 24, 2008, March 22, 2010, June 21, 2010, June 18, 2012, February 19, 2013, January 21, 2014, February 17, 2015, November 16, 2015, February 13, 2018, and April 18, 2018.

Secretary's Certificate

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



Steve Delaney
Secretary of the Board

Date



Form

Report of Attendance at Conference or Seminar

Name of Member Attending: _____

Name of Conference/Seminar: _____

Location of Conference/Seminar: _____

Conference/Seminar Sponsor: _____

Dates of Attendance: _____

Total Cost of Attendance: _____

Brief Summary of Information and Knowledge Gained:

Evaluation of the Conference or Seminar:

Recommendation Concerning Future Attendance:

Signature

Return to: Executive Assistant

Copies to: Board Members
Chief Executive Officer
Assistant Chief Executive Officers

A-2

Memorandum

DATE: March 7, 2018
TO: Members of the Governance Committee
FROM: Gina M. Ratto, General Counsel
SUBJECT: PROPOSED AMENDMENTS TO THE OCERS CONFLICT OF INTEREST CODE

Recommendation

Approve, and recommend that the Board approve, revisions to the OCERS Conflict of Interest Code as presented.

Background

The Political Reform Act of 1974, Government Code sections 81000, *et. seq.* (the "Act"), requires certain local public agencies, including OCERS, to adopt conflict of interest codes that identify the officials of the agency who must file financial disclosures. The Act is enforced by the Fair Political Practices Commission (the "FPPC"). The requirements of a conflict of interest code are set out in FPPC Regulation 18730, which contains the elements of a standard model code. Section 18730 may be adopted by reference, and supplemented by a listing of the designated agency officials who are subject to the code and the categories of economic interests that the officials must disclose. In addition, section 87200 of the Act contains special disclosure requirements for officials who manage public investments. Officials subject to section 87200 are not technically subject to the OCERS Code, but agency codes typically identify those officials for informational purposes.

According to Section 82011(b) of the Act, the Orange County Board of Supervisors serves as the code reviewing body for OCERS; and the County has established certain disclosure categories for the agencies whose codes it reviews and approves. The Act requires an agency's conflict of interest code to be reviewed biennially and updated when titles and positions of the agency are added or changed. The OCERS Code was last reviewed (with no updates necessary) in 2016. Since 2016, one position title has changed (Chief Legal Counsel now General Counsel), and two new titles (Contracts, Risk and Performance Manager and Managing Director of Investments) have been added. In addition, staff conducted a comprehensive review of the OCERS Code for compliance with the Act, FPPC regulations and various FPPC advice letter rulings, and based on that review, now recommends the following revisions to the OCERS Code.

Proposed Revisions

Staff recommends that:

(1) The following positions be added to the OCERS Code as "Officials Who Manage Public Investments":

- Chief Executive Officer (previously categorized as a Designated Filer)
- Director of Investment Operations (previously categorized as a Designated Filer)
- Managing Director of Investments (newly added OCERS position; currently vacant)
- Consultants Who Manage Public Investments

and

(2) The following positions be added to the OCERS Code as “Designated Filers”:

- Director of Internal Audit
- Director of Finance
- Director of Administrative Services
- Director of Information Technology
- Deputy General Counsel
- Contracts, Risk & Performance Manager

A copy of the OCERS Code, with the proposed revisions indicated in underlined/strikeout text, is attached; and the bases for the staff’s recommendations are more fully set forth below.

Section 87200 Officials

Section 87200 of the Act contains special disclosure requirements for officials who manage public investments (“87200 Filers”). Although OCERS is not required to identify the OCERS 87200 Filers in the OCERS Code, it is common for local agency conflict of interest codes to do so for informational purposes, and OCERS has included the 87200 Filers in the OCERS Code in the past.

FPPC Regulation 18700.3(b)(1) defines "officials who manage public investments" as:

(A) Members of boards and commissions, including pension and retirement boards or commissions, or of committees thereof, who exercise responsibility for the management of public investments;

(B) High-level officers and employees of public agencies who exercise primary responsibility for the management of public investments, such as chief or principal investment officers or chief financial managers. This category shall not include officers and employees who work under the supervision of the chief or principal investment officers or the chief financial managers; and

(C) Individuals who, pursuant to a contract with a state or local government agency, perform the same or substantially all the same functions that would otherwise be performed by the public officials described in subdivision (b)(1)(B).

The OCERS Code lists the Board members (including the alternate Board member) and the Chief Investment Officer as officials managing public investments for OCERS, and therefore subject to section 87200.

The Chief Executive Officer (CEO) is currently listed in the OCERS Code as a Designated Filer (see below), not as an 87200 Filer. Staff believes the CEO is more appropriately designated as an 87200 Filer in light of the fact that a number of specific investment duties that fall under the parameters of Section 18700.3(b)(1)(B) are assigned to the CEO by the CEO Charter. In addition, staff recommends that the Director of Investment Operations (also currently listed as a Designated Filer) and the newly added but as yet vacant position of Managing Director of Investments be designated as 87200 Filers, based on the Chief Investment Officer’s vision for the Investment Department and division of responsibilities among her staff.

Designated Filer Positions

The Act requires that every position within OCERS that makes, participates in making, or influences, governmental decisions be designated in the OCERS Code. Persons holding the positions designated in the code (“Designated Filers”) are required to disclose their financial interests. Guidance from the FPPC for developing a list of Designated Filers indicates that an agency should include in the code the broad policy/decision makers and eliminate positions whose duties are clerical, secretarial, ministerial, or manual. Then the agency should

review the duty statements of everyone between these two levels, looking closely at how many levels of substantive review these positions have.

Section 18700 of the FPPC regulations set forth the basic rule on conflict of interest as follows:

A public official at any level of state or local government has a prohibited conflict of interest and may not make, participate in making, or in any way use or attempt to use his or her official position to influence a governmental decision when he or she knows or has reason to know he or she has a disqualifying financial interest. A public official has a disqualifying financial interest if the decision will have a reasonably foreseeable material financial effect, distinguishable from the effect on the public generally, directly on the official, or his or her immediate family, or on any financial interest described in subdivision (c)(6)(A-F) herein.

Section 18704 defines making and participating in making a governmental decision as follows:

(a) Making a Decision. A public official makes a governmental decision if the official authorizes or directs any action, votes, appoints a person, obligates or commits his or her agency to any course of action, or enters into any contractual agreement on behalf of his or her agency.

(b) Participating in a Decision. A public official participates in a governmental decision if the official provides information, an opinion, or a recommendation for the purpose of affecting the decision without significant intervening substantive review.

Examples of making a decision include:

- Voting on a matter
- Approving the budget
- Adopting policy
- Making purchasing decisions
- Entering into contracts

Examples of participating in a decision include:

- Negotiating the terms of a contract
- Writing the specifications of a bid
- Advising or making recommendations to the decision-maker or governing body without significant intervening substantive review

The OCERS Code currently designates the following positions as Designated Filers because they make, participate in making, or influence governmental decisions and who are therefore required to disclose their financial interests:

- Chief Executive Officer
- Assistant Chief Executive Officer, External Operations
- Assistant Chief Executive Officer, Internal Operations
- Chief Legal Counsel
- Director of Investment Operations
- Investment Analyst
- Investment Officer
- Consultant

Staff has conducted a review of OCERS' titles and duty statements and recommends that (in addition to re-designating the CEO and the Director of Investment Operations) a number of additional OCERS-direct employees be added to the list of Designated Filers in the OCERS Code including the following:

- Deputy General Counsel
- Director of Internal Audit
- Director of Finance
- Director of Administrative Services
- Director of Information Technology
- Contracts, Risk & Performance Manager

According to the job descriptions of each of these positions, the person either has delegated decision making authority or participates in negotiating the terms of a contract, writing the specifications of a bid, or advising or making recommendations to the decision-maker or governing body without significant intervening substantive review. With the exception of the Contracts, Risk and Performance Manager, none of the positions is more than two levels below the CEO in the OCERS organizational chart; and every added position either serves in departmental or division management, or has agency-wide influence. Staff recommends adding the Contracts, Risk and Performance Manager because the position has OCERS-wide control over much of OCERS' contracting practices.

Consultants

Perhaps one of most challenging, and at times confusing, aspects of the FPPC conflict of interest regulations is the requirement to include certain consultants as designated positions.

FPPC Regulation section 18700.3(a) defines a consultant as an individual who, pursuant to a contract with the agency, either is (1) delegated the authority to make a governmental decision or "(2) Serves in a staff capacity with the agency and in that capacity 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 individual holding a position specified in the agency's Conflict of Interest Code under Section 87302."

Through published advice letters, the FPPC has developed the analytical process to determine if a contractor qualifies as a consultant for purposes of the conflict of interest code. As noted in Regulation 18700.3, a contractor will be deemed a consultant if *either* the contractor has been delegated decision-making authority *or* the contractor serves in a staff capacity and participates in the making of a governmental decision.

In Advice Letter A-15-246, the FPPC found that implicit in the phrase "serves in a staff capacity" is an ongoing relationship between the contractor and the public agency. It goes on to set out examples of an on-going relationship where the contract calls for work to be performed "over more than one year" on "high level" projects. This is distinguished from lesser situations where the work is to be performed on one project or a limited number of projects over a limited period of time. In the latter situation, the FPPC found that the contractor did not rise to the status of consultant.

FPPC Regulation section 18700.3 sets forth an exception to "participating in a governmental decision" where there is "significant intervening review" between the advice of the contractor and the decision-maker. However, the FPPC has determined that the mere fact that the contractor's input goes through one or more layers of staff review is not that same as significant intervening review. Rather, the ". . . consultant participates in a decision, even if it is "reviewed" by several of his superiors, if (1) superiors rely on the data or analysis prepared by the consultant without checking it independently, (2) superiors rely on the professional judgment of

the [contractor], or (3) the [contractor] may in some other way actually influence the final decision.” (FPPC Advice Letter A-82-108).

The OCERS Code currently designates the general category of “Consultant” under the list of Designated Filers, and provides that such consultants will disclose pursuant to the broadest disclosure category subject to the CEO determining that a particular consultant is hired to perform a range of duties that is limited in scope and thus not required to fully comply with the disclosure requirements. A written determination is required that includes a description of the consultant’s duties, and based upon that description, a statement of the extent of the disclosure required. Although the general category of Consultant has been listed in the OCERS Code, it appears that no OCERS consultants have been required to file financial disclosures in the past.

Based on FPPC Regulations and Advice Letters, staff recommends that the category of “Consultants Who Manage Public Investments” be added to the list of OCERS’ 87200 Filers, and that OCERS’ Investment Consultants and Investment Counsel be required to file financial disclosures in this category. In addition, staff believes OCERS’ Fiduciary Counsel and Actuary meet the criteria of Designated Filers. All of the aforementioned consultants have long-standing relationships with OCERS; the individual firm members regularly attend and participate in Board and committee meetings; they have extensive working relationships with various levels of OCERS staff; and OCERS Board members and staff routinely rely upon their advice and analysis without independent review. They should therefore be required to disclose their financial interests.

Conclusion

If the Board adopts the recommended amendments to the OCERS Code, the amendments will be forwarded to the County Board of Supervisors, and once approved by the Board of Supervisors the amendments will become part of the OCERS Code, effective with the disclosures required on April 1, 2019.

Submitted by:



Gina M. Ratto
General Counsel

Approved by:



Steve Delaney
CEO

CONFLICT OF INTEREST CODE FOR THE

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

The Political Reform Act, Government Code Sections 81000, et seq. (the "Act"), requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission ("FPPC") has adopted a regulation (2 Cal. Code of Regs. Section 18730; ~~"Section 18730"~~) ~~that~~which contains the terms of a standard Conflict of Interest Code, which may be incorporated by reference in an agency's code. After public notice and hearing, ~~the FPPC may amend;~~ Section 18730- may be amended by the Fair Political Practices Commission to conform to amendments in the ~~Political Reform~~ Act. Therefore, the terms of ~~2 California Code of Regulations~~ Section 18730 and any amendments ~~to it duly adopted by the Fair Political Practices Commission thereto, along with the attached Exhibits A and B designating positions and establishing disclosure categories,~~ are hereby incorporated by reference, ~~This regulation and the attached Appendix designating officials and employees and establishing disclosure categories,~~ and shall constitute the Conflict of Interest Code of the Orange County Employees Retirement System ("OCERS").

DESIGNATED POSITIONS

OCERS employees and consultants whose positions are listed in Exhibit A hereto ~~Designated employees~~ shall file statements of economic interests with the OCERS Chief Executive Officer, who serves as the OCERS Board Secretary and Orange County Employees Retirement System (OCERS) Political Reform Act as the OCERS Filing Officer, Board Secretary, and who will make the statements available for public inspection and reproduction (Government Code Section 82008). The applicable Disclosure Category for each Designated Position is set forth in Exhibit A; and the Disclosure Categories are described in Exhibit B.

~~Upon receipt of the statements of the Board Members, Alternate Board Member, Managing Director of Investments, Director of Investments, Chief Executive Officer, Assistant Executive Officer, External and Legal Operations, Assistant Executive Officer, Finance and Internal Operations, and Investment Analysts, the Filing Officer shall make and retain a copy and forward the original of these statements to the Clerk of the Orange County Board of Supervisors as the filing officer for these positions.~~

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

Officials who manage public investments, as defined by 2 Cal. Code of Regs. §18701 (b), are not subject to OCERS' the System's Conflict of Interest Code but are listed here for informational purposes. Unlike the Designated Positions, the reporting obligations of these officials are not limited by reference to a disclosure category. It has been determined that the positions listed below are the OCERS officials who manage public investments:

Members of the Board of Retirement including the Alternate Member
Chief Executive Officer
Chief Investment Officer
Director of Investment Operations
Managing Director of Investments
Consultants Who Manage Public Investments

Officials who manage public investments shall file statements of economic interests with the OCERS Chief Executive Officer, who serves as the OCERS Board Secretary and Filing Officer, Board Secretary. Upon receipt of these statements, the OCERS Filing Officer shall make and retain a copy and forward the original of these statements to the Clerk of the Orange County Board of Supervisors as the filing officer for these positions.

The disclosure categories and requirements for these positions are set forth in Article 2 of Chapter 7 of the Political Reform Act, Government Code Section 87200 et seq. They generally require the disclosure of interests in real property in the agency's jurisdiction, as well as investments, business positions and sources of income (including gifts, loans and travel payments).

EXHIBIT A

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
LIST OF DESIGNATED POSITIONS

Position	Disclosure Category
Chief Executive Officer	OC-01
Assistant Chief Executive Officer, External Operations	OC-01
Assistant Chief Executive Officer, Internal Operations	OC-01
Chief Legal Counsel <u>General Counsel</u>	OC-01
Director of Investment Operations	OC-01
<u>Director of Internal Audit</u>	<u>OC-01</u>
<u>Director of Finance</u>	<u>OC-01</u>
<u>Director of Administrative Services</u>	<u>OC-11</u>
<u>Director of Information Technology</u>	<u>OC-08</u>
<u>Deputy General Counsel</u>	<u>OC-01</u>
Investment Officer	OC-01
<u>Contracts, Risk & Performance Manager</u>	<u>OC-06</u>
Investment Analyst	OC-01
Consultant	OC-30

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

Officials who manage public investments, as defined by 2 Cal. Code of Regs. §18701(b), are NOT subject to the System's code, but are subject to the disclosure requirements of the Act (Government Code Section 87200 et seq.). [Regs. §18730(b)(3)]. These positions are listed here for informational purposes only.

Position	Disclosure Category
Board Member/Alternate Board Member	87200 Filer
Chief Executive Officer	87200 Filer
Chief Investment Officer	87200 Filer
<u>Director of Investment Operations</u>	<u>87200 Filer</u>
<u>Managing Director of Investments</u>	<u>87200 Filer</u>
<u>Consultants Who Manage Public Investments</u>	<u>87200 Filer</u>

EXHIBIT B

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
DISCLOSURE CATEGORIES/DESCRIPTIONS**

Disclosure Category	Disclosure Description
OC-01	All interests in real property in Orange County, as well as investments, business positions and sources of income (including gifts, loans and travel payments).
<u>OC-06</u>	<u>All investments in, business positions with and income (including gifts, loans and travel payments) from sources that provide leased facilities and goods, supplies, equipment, vehicles, machinery or services (including training and consulting services) of the types used by OCERS.</u>
<u>OC-08</u>	<u>All investments in, business positions with and income (including gifts, loans and travel payments) from sources that develop or provide computer hardware/software, voice data communications, or data processing goods, supplies, equipment, or services (including training and consulting services) used by OCERS.</u>
<u>OC-11</u>	<u>All interests in real property in Orange County, as well as investments in, business positions with and income (including gifts, loans and travel payments) from sources that are engaged in the supply of equipment related to recruitment, employment search & marketing, classification, training, or negotiation with personnel; employee benefits, and health and welfare benefits.</u>
OC-30	Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest category in the code subject to the following limitation: The CEO may determine that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure required. The determination of disclosure is a public record and shall be filed with the Form 700 and retained by the Filing Officer for public inspection.
OC-45 (87200 Filer)	It has been determined that this position manages public investments and will file a statement of economic interests pursuant to Government Code Section 87200 with the Clerk of the Board.

**CONFLICT OF INTEREST CODE FOR THE
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM**

The Political Reform Act, Government Code Sections 81000, et seq. (the "Act"), requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission ("FPPC") has adopted a regulation (2 Cal. Code of Regs. Section 18730; "Section 18730") that contains the terms of a standard Conflict of Interest Code, which may be incorporated by reference in an agency's code. After public notice and hearing, the FPPC may amend Section 18730 to conform to amendments in the Act. Therefore, the terms of Section 18730 and any amendments thereto, along with the attached Exhibits A and B designating positions and establishing disclosure categories, are hereby incorporated by reference, and shall constitute the Conflict of Interest Code of the Orange County Employees Retirement System ("OCERS").

DESIGNATED POSITIONS

OCERS employees and consultants whose positions are listed in Exhibit A hereto shall file statements of economic interests with the OCERS Chief Executive Officer, who serves as the OCERS Board Secretary and as the OCERS Filing Officer, and who will make the statements available for public inspection and reproduction (Government Code Section 82008). The applicable Disclosure Category for each Designated Position is set forth in Exhibit A; and the Disclosure Categories are described in Exhibit B.

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

Officials who manage public investments, as defined by 2 Cal. Code of Regs. §18701 (b), are not subject to OCERS' Conflict of Interest Code but are listed here for informational purposes. Unlike the Designated Positions, the reporting obligations of these officials are not limited by reference to a disclosure category. It has been determined that the positions listed below are the OCERS officials who manage public investments:

- Members of the Board of Retirement including the Alternate Member
- Chief Executive Officer
- Chief Investment Officer
- Director of Investment Operations
- Managing Director of Investments
- Consultants Who Manage Public Investments

Officials who manage public investments shall file statements of economic interests with the OCERS Chief Executive Officer, who serves as the OCERS Board Secretary and Filing Officer. Upon receipt of these statements, the OCERS Filing Officer shall make and retain a copy and forward the original of these statements to the Clerk of the Orange County Board of Supervisors as the filing officer for these positions.

The disclosure categories and requirements for these positions are set forth in Article 2 of Chapter 7 of the Political Reform Act, Government Code Section 87200 et seq. They generally require the disclosure of interests in real property in the agency's jurisdiction, as well as investments, business positions and sources of income (including gifts, loans and travel payments).

EXHIBIT A

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
LIST OF DESIGNATED POSITIONS**

Position	Disclosure Category
Assistant Chief Executive Officer, External Operations	OC-01
Assistant Chief Executive Officer, Internal Operations	OC-01
General Counsel	OC-01
Director of Internal Audit	OC-01
Director of Finance	OC-01
Director of Administrative Services	OC-11
Director of Information Technology	OC-08
Deputy General Counsel	OC-01
Investment Officer	OC-01
Contracts, Risk & Performance Manager	OC-06
Investment Analyst	OC-01
Consultant	OC-30

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

Officials who manage public investments, as defined by 2 Cal. Code of Regs. §18701(b), are NOT subject to the System's code, but are subject to the disclosure requirements of the Act (Government Code Section 87200 et seq.). [Regs. §18730(b)(3)]. These positions are listed here for informational purposes only.

Position	Disclosure Category
Board Member/Alternate Board Member	87200 Filer
Chief Executive Officer	87200 Filer
Chief Investment Officer	87200 Filer
Director of Investment Operations	87200 Filer
Managing Director of Investments	87200 Filer
Consultants Who Manage Public Investments	87200 Filer

EXHIBIT B

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
DISCLOSURE CATEGORIES/DESCRIPTIONS**

Disclosure Category	Disclosure Description
OC-01	All interests in real property in Orange County, as well as investments, business positions and sources of income (including gifts, loans and travel payments).
OC-06	All investments in, business positions with and income (including gifts, loans and travel payments) from sources that provide leased facilities and goods, supplies, equipment, vehicles, machinery or services (including training and consulting services) of the types used by OCERS.
OC-08	All investments in, business positions with and income (including gifts, loans and travel payments) from sources that develop or provide computer hardware/software, voice data communications, or data processing goods, supplies, equipment, or services (including training and consulting services) used by OCERS.
OC-11	All interests in real property in Orange County, as well as investments in, business positions with and income (including gifts, loans and travel payments) from sources that are engaged in the supply of equipment or services related to recruitment, employment search & marketing, classification, training, or negotiation with personnel; employee benefits, and health and welfare benefits.
OC-30	Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest category in the code subject to the following limitation: The CEO may determine that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure required. The determination of disclosure is a public record and shall be filed with the Form 700 and retained by the Filing Officer for public inspection.

A-3

Memorandum

DATE: March 7, 2018
TO: Members of the Governance Committee
FROM: Gina M. Ratto, General Counsel
SUBJECT: TRIENNIAL REVIEW OF THE CEO CHARTER

Recommendation

Approve, and recommend that the Board approve, proposed revisions to the CEO Charter as presented.

Background/Discussion

The Board of Retirement (including the Investment Committee) has formally adopted over 40 charters and policies and has established a review schedule that requires review of every charter and policy every three years. At its February and June 2015 meetings, on recommendation of the Governance Committee, the Board approved a streamlined procedure to more efficiently manage the scheduled review of the charters and policies. Pursuant to this process, certain of the charters and policies are to be first reviewed by the Governance Committee before presentation to the Board for approval. The CEO Charter is scheduled for review and approval by the Board, after review by the Governance Committee, in 2018.

Board of Retirement Charter

Staff has reviewed the CEO Charter and recommends the following revisions for the Committee's consideration:

- Acknowledgment, in Section 6.e., that the CEO has served and continues to serve as OCERS filing officer for purposes of compliance with the Political Reform Act and regulations of the Fair Political Practices Commission.
- Clarification, in Section 7.e., that the CEO does not implement, but rather ensures implementation of, the investment strategies approved by the Board by establishing manager structures for each investment asset class.
- Reflect, in Sections 7.h. and 14, that investment manager due diligence is now governed by the Investment Policy Statement, rather than the Due Diligence Policy and Service Provider Selection Policy (both of which were previously rescinded by the Board).
- Reflect, in Section 7.i, that the authority to hire and terminate investment managers has been delegated to the CIO, and the CEO's role is to oversee the CIO in this regard.
- Add, in Section 8.c., a reference to the role of the new Disability Committee in considering disability retirement applications.
- Reflect, in Section 14, that due diligence for Board-appointed service providers is governed by the Procurement and Contracting Policy and the Investment Policy Statement.
- Other non-substantive changes to the Charter.

A copy of the CEO Charter, with proposed revisions indicated in underlined/strikeout text, is attached.

Submitted by:



Gina M. Ratto
General Counsel

Introduction

1. The Board of Retirement (Board) will appoint a Chief Executive Officer (CEO) who will serve at its pleasure. The CEO is the most senior executive of ~~the~~ OCERS and is not subject to county civil service and merit system rules (~~§31522.5~~). This charter sets out the roles and responsibilities of the CEO.

Duties and Responsibilities

Leadership and Policy Analysis

2. The CEO will provide leadership for the OCERS staff in implementing the programs necessary to achieve the mission, goals and objectives established by the Board. The CEO will manage the day-to-day affairs of ~~the~~ OCERS in accordance with policies established by the Board, and may delegate duties to senior management as necessary. In so doing, the CEO will solicit advice and counsel from the Board, the Board Chair, or individual Board members, as appropriate.
3. The CEO will provide support to the Board and its committees in establishing all policies of the Board including identifying and analyzing issues requiring Board policy, and providing well-supported policy recommendations for consideration by the Board or its committees.
4. The CEO will be responsible for ensuring that all policies of the Board and provisions of the County Employees Retirement Law Act, with the exception of governance policies pertaining to the conduct of the Board, are properly implemented.

Governance

5. The CEO will:
 - a. Recommend to the Governance Committee policies to help ensure appropriate governance practices;
 - b. Assist the Board in implementing its governance policies, charters, and By-Laws; and
 - c. Assist with Board member education and travel.
6. The CEO will serve as Secretary to the Board and, as such, will carry out the following duties:
 - a. Coordinate meetings, agendas, schedules and presentations for both Board and committee meetings in accordance with the Ralph M Brown Act (~~§~~ "California Government Code Section §§54950, et.seq.").
 - b. Maintain minutes of Board and committee meetings;
 - c. Sign minutes upon approval of the Board-;
 - d. Sign subpoenas; and
 - d.e. Serve as OCERS' filing officer for purpose of compliance with the California Political Reform Act and regulations of the Fair Political Practices Commission.

Investments

7. The CEO will:

- a. Employ a Chief Investment Officer (CIO) with appropriate education and experience in institutional investing;
- b. Carry out the duties described in this section through the CIO and other professional investment staff;
- c. Recommend to the ~~the~~ investment ~~Committees~~ an Investment Policy Statement which will include investment objectives;
- d. Recommend to the ~~the~~ investment ~~Committees~~ strategies for achieving OCERS's investment objectives;
- e. ~~Ensure the implementation of~~ implement the strategies approved by the Board by establishing manager structures for each asset class, which ~~includes~~ among other things determining:
 - i. The number of investment manager mandates to be established; and
 - ii. The size of each investment manager mandate.
- f. Ensure execution of portfolio rebalancing and portfolio transitions;
- g. Ensure that necessary research is performed into investment trends, issues and opportunities that may have implications for the OCERS investment program ~~of the OCERS~~;
- h. Ensure all necessary investment manager due diligence is performed in accordance with the Investment Policy Statement Due Diligence Policy and Service Provider Selection Policy of the Board; and
- i. Oversee the CIO's hiring and termination recommendation of investment managers ~~for appointment by the Board~~.

Benefits Administration

8. The CEO will:

- a. Recommend to the Board, as necessary, policies to ensure effective and efficient administration of member benefits;
- b. Ensure accurate payment of benefits to members, and address problems or errors in accordance with established policies and procedures;
- c. In consultation with medical evaluators and legal counsel, recommend disability applications to the Board and the Disability Committee for each of theirs consideration;
- d. Maintain accurate records of member accounts;
- e. Ensure delivery of high standards of service to members including calculations and counseling; and
- f. Develop staff policies and procedures to ensure effective and efficient administration of member benefits.

Operations

9. The CEO will:
- a. Recommend to the Board, as appropriate, Board policies designed to help ensure effective operations;
 - b. Develop and recommend to the Board a business plan ~~to the Board, as well as~~ and updates to the plan as necessary;
 - c. Recommend the annual Operating Budget to the Board;
 - d. Execute contractual agreements in accordance with the Procurement and Contracting Policy, ~~approve as necessary or advisable by legal counsel,~~ and authorize payment-s related to the administration of ~~the~~ OCERS, consistent with the Operating Budget and OCERS' internal controls ~~of the OCERS~~;
 - e. Account for and ensure appropriate collection, deposit and distribution of funds as required;
 - f. Implement internal operational control policies;
 - g. Ensure the appropriate design, acquisition, implementation, and maintenance of all technological systems required to administer ~~the~~ OCERS;
 - ~~h. Cause to be prepared a comprehensive annual financial report on the operations of the OCERS for Board approval;~~
 - i.h. Maintain the records of ~~the~~ OCERS in a permanent and readily accessible format and in accordance with the Record Retention Policy and Guidelines;
 - j.i. Assist the Audit Committee in coordinating operational audits; and
 - k.j. Maintain an effective working relationship with the County and other plan sponsors of OCERS.

Finance, Actuarial and Accounting

10. The CEO will:
- a. Recommend to the Audit Committee as appropriate, financial and accounting policies;
 - b. Implement appropriate internal financial controls to safeguard the assets of the OCERS;
 - c. Assist the Audit Committee in coordinating the annual financial audit;
 - d. Coordinate the actuarial valuation, actuarial experience studies, and actuarial audits; ~~and~~
 - e. ~~Cause to be prepared a comprehensive annual financial report on the operations of OCERS for Board approval; and~~
 - e.f. File in the office of the County Auditor and with the Board of Supervisors a sworn statement which will exhibit the financial condition of the OCERS at the close of the preceding calendar year and its financial transactions for the year ending on that day as required by Government Code (§31597).

Human Resources

11. The CEO will:

- a. Recommend ~~a~~ human resources and compensation ~~policies~~ policy to the Board;
- b. Assess the human resources needs of ~~the~~ OCERS and establish and implement appropriate human resources programs and procedures, consistent with the human resources and compensation ~~policies~~ policy of the Board;
- c. Hire, manage and terminate senior management, and oversee the hiring management and termination of staff; and
- d. Develop training and job development programs for ~~the~~ OCERS as approved in the Operating Budget.

Legislation and Litigation

12. The CEO will:

- a. Recommend for Board approval, legislative proposals to be considered by the Board;
- b. Coordinate with legal counsel on all claims, demands, disputes or legal proceedings involving ~~the~~ OCERS;
- c. In consultation with legal counsel, provide recommendations to the Board concerning the management and disposition of claims, demands, disputes or legal proceedings involving ~~the~~ OCERS; and
- d. Develop and implement plans to comply with newly enacted legislation and court rulings, as applicable.

Communications

13. The CEO will:

- a. Ensure effective and timely communications with stakeholders on matters relating to the administration of ~~the~~ OCERS. Such communications may include press releases, newsletters, presentations, and internet communications; and
- b. In situations that call for an official spokesperson to speak on behalf of ~~the~~ OCERS, jointly determine with the Chair, on an issue-by-issue basis, who will act in such capacity.

Appointment of Service Providers

14. The CEO will cause the necessary due diligence to be performed for Board-appointed service providers, as listed in ~~section 12 of~~ the Board Charter, and will provide the Board with appropriate recommendation-s, in accordance with the ~~Due Diligence Policy and Service-Provider Selection~~ Procurement and Contracting Policy and the Investment Policy Statement of the Board.

15. The CEO may hire other service providers, consistent with the Operating Budget and other policies of the Board, provided that the Board has not specifically retained the authority to hire such service providers.

Monitoring and Reporting

16. The CEO will provide the Board with relevant, appropriate and timely information to enable it to properly carry out its oversight and fiduciary responsibilities. Furthermore, the CEO will apprise the Board in a timely manner of all significant issues, problems, or developments pertaining to ~~the~~ OCERS, and provide recommended courses of action as appropriate.
17. The CEO will:
 - a. Review all policies of ~~the~~ OCERS on a regular basis to ensure they are being followed and continue to meet OCERS'~~the~~ needs ~~of the OCERS~~;
 - b. Monitor the activities of the Investment Division and report annually to the Board regarding the administrative oversight of the division, including identifying any issues that arose during the reporting period;
 - c. Monitor the funded status of ~~the~~ OCERS and all issues that may reasonably have a significant impact on such status;
 - d. Monitor the investment performance of the Fund, the component asset classes, and the investment managers retained to manage the assets of the Fund;
 - e. Review and respond to the findings of the annual financial audit, and of any internal audits that may be performed;
 - f. Monitor employees and service providers of ~~the~~ OCERS to ensure compliance with the OCERS ~~policies of the OCERS~~;
 - g. Review the activities and performance of key service providers including the actuary, financial auditor, investment consultant, legal counsel, and custodian on a regular basis;
 - h. Monitor and evaluate the activities and performance of senior management;
 - i. Monitor the accuracy and timeliness of all payments due to and payable by ~~the~~ OCERS;
 - j. Monitor OCERS' compliance with applicable laws and regulations; and
 - k. In conjunction with legal counsel, monitor the status of all claims, demands, disputes and legal proceedings involving ~~the~~ OCERS and report to the Board ~~of Retirement~~ as appropriate.

Charter Review

18. The Governance Committee will review this cCharter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the cCharter remains relevant and appropriate.

19. This charter was adopted by the Board of Retirement on November 18, 2002, and amended on August 25, 2008, ~~and~~ July 20, 2015 and April 18, 2018.

Secretary's Certificate

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



7/20/15

Steve Delaney, Secretary of the Board

Date

Introduction

1. The Board of Retirement (Board) will appoint a Chief Executive Officer (CEO) who will serve at its pleasure. The CEO is the most senior executive of OCERS and is not subject to county civil service and merit system rules. This charter sets out the roles and responsibilities of the CEO.

Duties and Responsibilities

Leadership and Policy Analysis

2. The CEO will provide leadership for the OCERS staff in implementing the programs necessary to achieve the mission, goals and objectives established by the Board. The CEO will manage the day-to-day affairs of OCERS in accordance with policies established by the Board, and may delegate duties to senior management as necessary. In so doing, the CEO will solicit advice and counsel from the Board, the Board Chair, or individual Board members, as appropriate.
3. The CEO will provide support to the Board and its committees in establishing all policies of the Board including identifying and analyzing issues requiring Board policy, and providing well-supported policy recommendations for consideration by the Board or its committees.
4. The CEO will be responsible for ensuring that all policies of the Board and provisions of the County Employees Retirement Law, with the exception of governance policies pertaining to the conduct of the Board, are properly implemented.

Governance

5. The CEO will:
 - a. Recommend to the Governance Committee policies to help ensure appropriate governance practices;
 - b. Assist the Board in implementing its governance policies, charters, and By-Laws; and
 - c. Assist with Board member education and travel.
6. The CEO will serve as Secretary to the Board and, as such, will carry out the following duties:
 - a. Coordinate meetings, agendas, schedules and presentations for both Board and committee meetings in accordance with the Ralph M Brown Act (California Government Code §§54950, *et.seq.*).
 - b. Maintain minutes of Board and committee meetings;
 - c. Sign minutes upon approval of the Board;
 - d. Sign subpoenas; and
 - e. Serve as OCERS' filing officer for purpose of compliance with the California Political Reform Act and regulations of the Fair Political Practices Commission.

Investments

7. The CEO will:
 - a. Employ a Chief Investment Officer (CIO) with appropriate education and experience in institutional investing;
 - b. Carry out the duties described in this section through the CIO and other professional investment staff;
 - c. Recommend to the Investment Committee an Investment Policy Statement which will include investment objectives;
 - d. Recommend to the Investment Committee strategies for achieving OCERS' investment objectives;
 - e. Ensure the implementation of the strategies approved by the Board by establishing manager structures for each asset class, which includes among other things determining:
 - i. The number of investment manager mandates to be established; and
 - ii. The size of each investment manager mandate.
 - f. Ensure execution of portfolio rebalancing and portfolio transitions;
 - g. Ensure that necessary research is performed into investment trends, issues and opportunities that may have implications for the OCERS investment program;
 - h. Ensure all necessary investment manager due diligence is performed in accordance with the Investment Policy Statement of the Board; and
 - i. Oversee the CIO's hiring and termination of investment managers.

Benefits Administration

8. The CEO will:
 - a. Recommend to the Board, as necessary, policies to ensure effective and efficient administration of member benefits;
 - b. Ensure accurate payment of benefits to members, and address problems or errors in accordance with established policies and procedures;
 - c. In consultation with medical evaluators and legal counsel, recommend disability applications to the Board and the Disability Committee for each of their consideration;
 - d. Maintain accurate records of member accounts;
 - e. Ensure delivery of high standards of service to members including calculations and counseling; and
 - f. Develop staff policies and procedures to ensure effective and efficient administration of member benefits.

Operations

9. The CEO will:
 - a. Recommend to the Board, as appropriate, Board policies designed to help ensure effective operations;
 - b. Develop and recommend to the Board a business plan and updates to the plan as necessary;
 - c. Recommend the annual Operating Budget to the Board;
 - d. Execute contractual agreements in accordance with the Procurement and Contracting Policy and authorize payments related to the administration of OCERS, consistent with the Operating Budget and OCERS' internal controls;
 - e. Account for and ensure appropriate collection, deposit and distribution of funds as required;
 - f. Implement internal operational control policies;
 - g. Ensure the appropriate design, acquisition, implementation, and maintenance of all technological systems required to administer OCERS;
 - h. Maintain the records of OCERS in a permanent and readily accessible format and in accordance with the Record Retention Policy and Guidelines;
 - i. Assist the Audit Committee in coordinating operational audits; and
 - j. Maintain an effective working relationship with the County and other plan sponsors of OCERS.

Finance, Actuarial and Accounting

10. The CEO will:
 - a. Recommend to the Audit Committee as appropriate, financial and accounting policies;
 - b. Implement appropriate internal financial controls to safeguard the assets of the OCERS;
 - c. Assist the Audit Committee in coordinating the annual financial audit;
 - d. Coordinate the actuarial valuation, actuarial experience studies, and actuarial audits;
 - e. Cause to be prepared a comprehensive annual financial report on the operations of OCERS for Board approval; and
 - f. File in the office of the County Auditor and with the Board of Supervisors a sworn statement which will exhibit the financial condition of the OCERS at the close of the preceding calendar year and its financial transactions for the year ending on that day as required by Government Code §31597.

Human Resources

11. The CEO will:
 - a. Recommend human resources and compensation policies to the Board;

- b. Assess the human resources needs of OCERS and establish and implement appropriate human resources programs and procedures, consistent with the human resources and compensation policies of the Board;
- c. Hire, manage and terminate senior management, and oversee the hiring management and termination of staff; and
- d. Develop training and job development programs for OCERS as approved in the Operating Budget.

Legislation and Litigation

12. The CEO will:
- a. Recommend for Board approval, legislative proposals to be considered by the Board;
 - b. Coordinate with legal counsel on all claims, demands, disputes or legal proceedings involving OCERS;
 - c. In consultation with legal counsel, provide recommendations to the Board concerning the management and disposition of claims, demands, disputes or legal proceedings involving OCERS; and
 - d. Develop and implement plans to comply with newly enacted legislation and court rulings, as applicable.

Communications

13. The CEO will:
- a. Ensure effective and timely communications with stakeholders on matters relating to the administration of OCERS. Such communications may include press releases, newsletters, presentations, and internet communications; and
 - b. In situations that call for an official spokesperson to speak on behalf of OCERS, jointly determine with the Chair, on an issue-by-issue basis, who will act in such capacity.

Appointment of Service Providers

14. The CEO will cause the necessary due diligence to be performed for Board-appointed service providers, as listed in the Board Charter, and will provide the Board with appropriate recommendations, in accordance with the Procurement and Contracting Policy and the Investment Policy Statement of the Board.
15. The CEO may hire other service providers, consistent with the Operating Budget and other policies of the Board, provided that the Board has not specifically retained the authority to hire such service providers.

Monitoring and Reporting

16. The CEO will provide the Board with relevant, appropriate and timely information to enable it to properly carry out its oversight and fiduciary responsibilities. Furthermore, the

CEO will apprise the Board in a timely manner of all significant issues, problems, or developments pertaining to OCERS and provide recommended courses of action as appropriate.

17. The CEO will:

- a. Review all policies of OCERS on a regular basis to ensure they are being followed and continue to meet OCERS' needs;
- b. Monitor the activities of the Investment Division and report annually to the Board regarding the administrative oversight of the division, including identifying any issues that arose during the reporting period;
- c. Monitor the funded status of OCERS and all issues that may reasonably have a significant impact on such status;
- d. Monitor the investment performance of the Fund, the component asset classes, and the investment managers retained to manage the assets of the Fund;
- e. Review and respond to the findings of the annual financial audit, and of any internal audits that may be performed;
- f. Monitor employees and service providers of OCERS to ensure compliance with the OCERS policies;
- g. Review the activities and performance of key service providers including the actuary, financial auditor, investment consultant, legal counsel, and custodian on a regular basis;
- h. Monitor and evaluate the activities and performance of senior management;
- i. Monitor the accuracy and timeliness of all payments due to and payable by OCERS;
- j. Monitor OCERS' compliance with applicable laws and regulations; and
- k. In conjunction with legal counsel, monitor the status of all claims, demands, disputes and legal proceedings involving OCERS and report to the Board as appropriate.

Charter Review

18. The Governance Committee will review this charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the charter remains relevant and appropriate.
19. This charter was adopted by the Board on November 18, 2002, and amended on August 25, 2008, July 20, 2015 and April 18, 2018.



OCERS Board Charter CEO Charter

Secretary's Certificate

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

A handwritten signature in blue ink that reads "Steve Delaney" is enclosed in a thin black rectangular box.

Steve Delaney, Secretary of the Board

Date

A-4

Memorandum

DATE: March 7, 2018
TO: Members of the Governance Committee
FROM: Gina M. Ratto, General Counsel
SUBJECT: TRIENNIAL REVIEW OF THE BOARD OF RETIREMENT CHAIR CHARTER

Recommendation

Approve, and recommend that the Board approve, proposed revisions to the Board of Retirement Chair Charter as presented.

Background/Discussion

The Board of Retirement (including the Investment Committee) has formally adopted over 40 charters and policies and has established a review schedule that requires review of every charter and policy every three years. At its February and June 2015 meetings, on recommendation of the Governance Committee, the Board approved a streamlined procedure to more efficiently manage the scheduled review of the charters and policies. Pursuant to this process, certain of the charters and policies are to be first reviewed by the Governance Committee before presentation to the Board for approval.

The Board of Retirement Chair Charter (Charter) is scheduled for review and approval by the Board, after review by the Governance Committee, in 2018. The Charter was recently revised in February 2018 to delete the reference to the Board Performance Review Policy, reflecting the fact that the policy had been rescinded by the Board; however no other changes were made to the Charter, and the Charter was not otherwise reviewed at the time.

Staff has reviewed the Charter and recommends the following revisions for the Committee's consideration:

- Addition of Section 2.c. to express the role of the Board Chair in approving the monthly agendas for meetings of the Board.
- Other non-substantive changes to the Charter.

A copy of the Charter, with proposed revisions indicated in underlined/strikeout text, is attached.

Submitted by:



Gina M. Ratto
General Counsel

Introduction

1. The Chair of the Board of Retirement (**Board**) will take office in accordance with the Board's By-Laws. The Chair will exercise the powers and will perform the duties and functions specified herein.

Duties and Responsibilities

2. The Chair will, from time to time, and as necessary for the efficient governance of the Board:
 - a. Appoint members of committees of the Board;
 - b.** Orient new members of the Board on current issues before the Board and designate an incumbent member of the Board to provide new members an orientation on current Board governance practices;
 - b.c.** Approve monthly Board meeting agendas as prepared by the CEO.
 - e.d.** Preside at meetings of the Board, ensuring that such meetings are conducted in an efficient manner and in accordance with The Ralph M Brown Act ("**Government Code Sections 54950, et.seq**") and **the principles embodied in** the OCERS Rules of Parliamentary Procedure;
 - d.e.** Guide the Board in achieving a harmonious atmosphere, while allowing full and open debate;
 - e.f.** Ensure coordination of meetings, agendas, schedules and presentations, in consultation with the CEO;
 - f.g.** Facilitate effective and open communications between the Board, the CEO, and other OCERS senior management;
 - g.h.** Work to ensure that Board deliberations are conducted with respect and professionalism
 - h.i.** Work to ensure that the Board discharges its duties and responsibilities as set forth in the County Employees Retirement Law of 1937, **Government Code, Title 3, Division 4, Part 3, Chapter 3 and 3.9, Sections 31450-31899.10 as amended**, the Board Charter, **the** By Laws, and **the** governance policies of the Board,
 - i.j.** In situations that call for an official spokesperson to speak on behalf of **the** OCERS, the CEO and the Chair will jointly determine who will act in such capacity, on an issue-by-issue basis;
 - j.k.** Approve in advance all travel of the CEO and review all expense claims by the CEO and other members of the Board;
 - k.l.** Sign subpoenas if the **CEO (who is Secretary to the Board)** is unavailable; **(\$31535)**
 - l.m.** Working with the **Board** Vice Chair, co-ordinate the CEO evaluation process;
 - m.n.** Review, revise as necessary, and approve and sign the minutes **of the meetings of the Board** which shall be part of the permanent records of the Board; and

Board of Retirement Chair Charter

~~4.0.~~ Carry out such other functions and duties as may be prescribed by the Board from time to time.

Charter Review

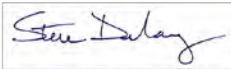
3. The Governance Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

Charter History

4. This charter was adopted by the Board of Retirement on November 18, 2002 and amended on July 20, 2015, ~~and~~ February 13, 2018 and April 18, 2018.

Secretary's Certificate

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



2/13/18

Steve Delaney, Secretary of the Board

Date

Board of Retirement Chair Charter

Introduction

1. The Chair of the Board of Retirement (Board) will take office in accordance with the Board's By-Laws. The Chair will exercise the powers and will perform the duties and functions specified herein.

Duties and Responsibilities

2. The Chair will, from time to time, and as necessary for the efficient governance of the Board:
 - a. Appoint members of committees of the Board;
 - b. Orient new members of the Board on current issues before the Board and designate an incumbent member of the Board to provide new members an orientation on current Board governance practices;
 - c. Approve monthly Board meeting agendas as prepared by the CEO.
 - d. Preside at meetings of the Board, ensuring that such meetings are conducted in an efficient manner and in accordance with The Ralph M Brown Act (Government Code Sections 54950, *et.seq*) and the OCERS Rules of Parliamentary Procedure;
 - e. Guide the Board in achieving a harmonious atmosphere, while allowing full and open debate;
 - f. Ensure coordination of meetings, agendas, schedules and presentations, in consultation with the CEO;
 - g. Facilitate effective and open communications between the Board, the CEO, and other OCERS senior management;
 - h. Work to ensure that Board deliberations are conducted with respect and professionalism
 - i. Work to ensure that the Board discharges its duties and responsibilities as set forth in the County Employees Retirement Law of 1937, the Board Charter, By Laws, and governance policies of the Board,
 - j. In situations that call for an official spokesperson to speak on behalf of OCERS, the CEO and the Chair will jointly determine who will act in such capacity, on an issue-by-issue basis;
 - k. Approve in advance all travel of the CEO and review all expense claims by the CEO and other members of the Board;
 - l. Sign subpoenas if the CEO (who is Secretary to the Board) is unavailable;
 - m. Working with the Board Vice Chair, coordinate the CEO evaluation process;
 - n. Review, revise as necessary, and approve and sign the minutes of the meetings of the Board which shall be part of the permanent records of the Board; and
 - o. Carry out such other functions and duties as may be prescribed by the Board from time to time.

Board of Retirement Chair Charter

Charter Review

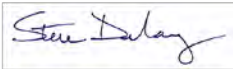
3. The Governance Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

Charter History

4. This charter was adopted by the Board of Retirement on November 18, 2002 and amended on July 20, 2015, February 13, 2018 and April 18, 2018.

Secretary's Certificate

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



Steve Delaney, Secretary of the Board

Date

A-5

Memorandum

DATE: March 7, 2018
TO: Members of the Governance Committee
FROM: Suzanne Jenike, Assistant CEO, External Operations
SUBJECT: TRIENNIAL REVIEW OF THE EARLY RETIREMENT FUNDING POLICY

Recommendation

That the Committee recommend that the Board rescind the *Early Retirement Funding Policy*.

Background/Discussion

The Board adopted the *Board Early Retirement Funding Policy* (Policy) on December 9, 1996, and the Policy was last revised on October 20, 2014. According to the Board's review schedule the Policy was up for review in 2017.

The Policy authorizes "Districts" (including the County of Orange) to provide up to an additional two (2) years of OCERS service credit to District employees to induce retirement. The Policy details the process for funding the additional years of service and the steps a District must undertake in order to offer the inducement.

Measure J, approved by the voters in 2008 effective January 1, 2009, requires the County of Orange (County) to obtain the approval of the majority of the voters before increasing retirement benefits. Accordingly, the County must take a benefit enhancement like an early retirement incentive to the voters for approval. None of OCERS other participating employers has inquired into offering additional years of service credit to their employees and no one has taken advantage of this benefit in well over ten years.

Given that the early retirement incentive has not been used in a number of years and the challenge the County would face if it wanted to offer such a benefit enhancement, Staff recommends the Committee recommend to the Board that the Policy be rescinded.

In the event an employer wanted to offer an early retirement incentive, Staff will bring the Policy back to the Committee and recommend that it be reinstated. By rescinding the Policy, it will be removed from the Board's review schedule.

Attachment

Submitted by:



Suzanne Jenike
Assistant CEO, External Operations

Early Retirement Funding Policy

Purpose and Background

1. Section 31641.04 of the California Government Code authorizes “Districts” (including the County) whose employees are members of the Orange County Employees Retirement System to elect to provide up to an additional two (2) years of service to induce retirement. The Code provides that the method of payment to the Retirement System of the actuarial cost of this early retirement payment be mutually agreed to by the District and OCERS. In order to provide guidance to both staff and the member Districts, the Board establishes the following policy:

Policy Guidelines

2. Prior to the implementation of an “Early Retirement Incentive,” the District offering the incentive and OCERS must enter into a signed, written agreement which sets forth the terms and conditions of the incentive offer. Such terms and conditions shall include the following:
 - a. The job classifications, positions, units or other designation included in the District’s resolution;
 - b. The amount of incentive offered, to a maximum of two years;
 - c. The period of time during which the employee must retire; and
 - d. The agreement to pay the cost of the incentive, as determined by OCERS, plus interest at the assumed rate of return, from the date of retirement to payment in full.

As soon as practicable after each June 30, OCERS will provide its actuary with relevant information pertaining to all employees of the District who retired under the terms of the incentive and who were granted additional service credit. Based on the data provided by OCERS, the actuary will calculate, for each such employee, the actuarial equivalent of the difference between the allowance the retired employee received with such additional service credit and the amount the retiree would have received without such service credit.

OCERS will provide the District with a statement that sets forth the amounts calculated by the actuary and the District will pay such amounts to OCERS in accordance with Government Code Section 31641.04.

Policy Review

3. The Board of Retirement will review this policy at least once every three years to ensure that it remains relevant and appropriate.

Policy History

4. The Board of Retirement adopted this policy on December 9, 1996.
5. This policy was revised August 25, 2008, May 17, 2011, and October 20, 2014.



Early Retirement Funding Policy

Secretary's Certificate

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

A handwritten signature in blue ink that reads "Steve Delaney".

10/20/14

Steve Delaney
Secretary of the Board

Date

FULL TEXT OF MEASURE J
COUNTY OF ORANGE

ORDINANCE NO. _____

AN ORDINANCE OF THE COUNTY OF ORANGE, CALIFORNIA, PROVIDING FOR VOTER APPROVAL OF INCREASES IN RETIREMENT SYSTEM BENEFITS AND ADDING ARTICLE III, SECTION 301 TO THE CHARTER OF ORANGE COUNTY

The People of the County of Orange, California, hereby ordain as follows:

SECTION 1: Article III, Section 301 is added to the Charter of Orange County to read:

ARTICLE III. VOTER APPROVAL OF RETIREMENT SYSTEM BENEFIT INCREASES

Sec. 301: Approval of Retirement System Benefit Increases

(a) The Board of Supervisors shall not take any action, by ordinance, resolution, or otherwise, which increases the retirement benefits of any employee, legislative officer or elected official of the County of Orange in the Orange County Employees Retirement System or any successor retirement system ("retirement system"), with the exception of statutorily-established cost of living adjustments, salary increases, and annual leave or compensatory time cash-outs, without first obtaining the approval of a majority of those qualified electors voting on the matter.

(b) Prior to placement of any proposed increased benefits on the ballot, the retirement system shall prepare, or have prepared on its behalf, an actuarial study of the cost and the funded and unfunded actuarial accrued liability attributable to the retirement benefit changes proposed by the amendment. Such actuarial study shall be available to the public and a summary of the actuarial study shall be published in the ballot pamphlet.

(c) Nothing in subsection (a) of this section shall prevent the County from negotiating tentative agreements with employee organizations for retirement benefit increases permitted by state law provided, however, that no tentative agreement for an increase in benefits, with the exception of statutorily-established cost of living adjustments, salary increases, and annual leave or compensatory time cash-outs, of any employee, legislative officer or elected official under such retirement system, shall become binding or effective until approved by a majority of those qualified electors voting on the matter. The Board of Supervisors shall have no authority to enter into final or binding agreements with any bargaining unit regarding retirement system benefit increases until and unless those increases to retirement system benefits are approved by a majority of those qualified electors voting on the matter.

(d) The provisions of this section shall become operative on January 1, 2009.