

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

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

MINUTES

The Chair called the meeting to order at 9:09 a.m. Attendance was as follows:

Present: Shawn Dewane, Chair; Roger Hilton, Vice Chair; David Ball; Chris Prevatt

Staff: Steve Delaney, Chief Executive Officer; Gina Ratto, General Counsel; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Sonal Sharma, Recording Secretary; Anthony Beltran, Audio Visual Technician

PUBLIC COMMENTS:

None.

A-1. TRIENNIAL REVIEW OF THE TRAVEL POLICY (Second Reading by the 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.

At its January 25, 2018 meeting, the Governance Committee reviewed staff's proposed revisions to the Travel Policy, several revisions, and directed staff to make certain additional changes to the policy and to bring it back to the committee for a second review.

On March 7, 2018, the Governance Committee performed a second review of the Travel Policy with the additional changes proposed by staff subsequent to the January committee meeting.

Mr. Prevatt proposed for the committee's discussion an amendment to paragraph 29 of the Travel Policy as follows:

Regarding meals while attending events that require overnight travel, specify that:

- a. Meals will be reimbursed at the actual and reasonable cost (i) provided that both an itemized receipt and charge receipt are submitted; and (ii) provided further that OCERS will not reimburse meals already paid for by OCERS in the conference registration fee or meals paid for by third parties that are subject to reporting requirements under the Political Reform Act; and
- b. If an itemized receipt is not submitted, OCERS will reimburse the meal up to the GSA rate for that meal.

Staff informed the committee that fiduciary counsel recommended the addition of the following language to the end of paragraph 20 of the Travel Policy, regarding international travel:

Travel to attend a conference, seminar or meeting held outside the continental United States shall not be reimbursed by OCERS unless it can be demonstrated to the

satisfaction of the Board (for travel by a Board member or the Chief Executive Officer) or the Chief Executive Officer (for travel by a staff member) that there is significant value to OCERS in attending, and comparable value cannot be obtained within the continental United States within a reasonable period of time.

Following discussion, a **motion** was made by Mr. Ball, **seconded** by Mr. Prevatt to approve the revisions to the Travel Policy as presented by staff in the agenda item, with the amendment to paragraph 29 proposed by Mr. Prevatt regarding reimbursement of meals, and the proposed addition to Paragraph 20, regarding international travel.

*The motion passed **unanimously**.*

A-2. PROPOSED AMENDMENTS TO THE OCERS CONFLICT OF INTEREST CODE

Presented by Gina M. Ratto, General Counsel

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

Staff conducted a comprehensive review of the OCERS Conflict of Interest Code which must be updated every two years. The Code identifies the public officials who are required to disclose their financial interests under the Political Reform Act and the regulations of the Fair Political Practices Commission. Based on the review, staff recommended the following revisions to the Committee:

- (1) Add the following positions 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

- (2) Add the following positions whose duty statements rise to the level of participating in governmental decisions 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

The Committee discussed whether OCERS' actuary should be required to disclose financial interests as a consultant to OCERS. Staff agreed to do further research and inform the Board of the results of that research at a subsequent date.

Following discussion, a **motion** was made by Mr. Ball, **seconded** by Mr. Hilton to approve, and recommend that the Board approve, revisions to the OCERS Conflict of Interest Code as presented.

*The motion **passed unanimously**.*

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.

Ms. Ratto presented a few revisions to the CEO Charter:

- 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.
- 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.
- 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).
- 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.
- In Section 8.c., a reference to the role of the new Disability Committee in considering disability retirement applications.
- 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 CEO Charter.

Following discussion, a **motion** was made by Mr. Ball, **seconded** by Mr. Prevatt to approve, and recommend that the Board approve, revisions to the CEO Charter as presented.

*The motion **passed unanimously.***

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.

Staff reviewed the Board Chair Charter and recommended the following revisions:

- 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 Board Chair Charter.

The Committee recessed at 10:03am.

The Committee resumed at 10:10am.

Following discussion, a **motion** was made by Mr. Ball, **seconded** by Mr. Prevatt to approve, and recommend that the Board approve, revisions to the Board of Retirement Chair Charter as presented.

*The motion **passed unanimously.***

A-5 TRIENNIAL REVIEW OF THE EARLY RETIREMENT FUNDING POLICY

Governance Committee Meeting
March 7, 2018

Presented by Suzanne Jenike, Asst. CEO, External Operations

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

Suzanne Jenike, Assistant CEO of External Operations, presented the Triennial Review of the Early Retirement Policy and proposed that the policy be rescinded. The early retirement incentive has not been used in a number of years and the County would face a few challenges if it wanted to offer such a benefit enhancement.

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

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Hilton to recommend that the Board rescind the Early Retirement Funding Policy.

*The motion **passed unanimously.***

COMMITTEE MEMBER COMMENTS

None.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS:


None.

COUNSEL COMMENTS:

The Governance Committee scheduled its next meeting on March 28, 2018 to discuss the Delegated Authority of the Chief Investment Officer.

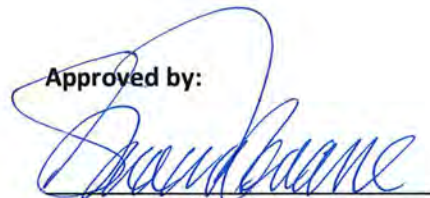
The meeting adjourned at 10:15a.m.

Submitted by:



Steve Delaney
Secretary to the Board

Approved by:



Shawn Dewane, Chair