

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

REGULAR MEETING
Thursday, July 11, 2019
9:00 a.m.

AGENDA

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

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

At this time, members of the public may comment on (1) matters not included on the agenda, provided that the matter is within the subject matter jurisdiction of the Board; and (2) any matter appearing on the Consent Agenda. **Persons wishing to provide public comment at this time should fill out a speaker card located on the counter at the back of the room and deposit it in the Recording Secretary's inbox on the wall near the middle of the room.** When addressing the Board, please state your name for the record prior to providing your comments. Speakers will be limited to three (3) minutes.

In addition, public comment on matters listed on this agenda will be taken at the time the item is addressed.

CONSENT AGENDA

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

BENEFITS

C-1 OPTION 4 RETIREMENT ELECTION

Recommendation: Grant election of retirement benefit payment, Option 4, based on Segal Consulting's actuarial report.

NONE

ADMINISTRATION

C-2 BOARD MEETINGS AND COMMITTEE MEETINGS

Regular Board Meeting Minutes

June 17, 2019

Recommendation: Approve minutes.

C-3 RETIREE REQUEST TO BE REINSTATED – NARCIZO BAHENA

Recommendation: Reinstate Mr. Bahena as an active member under the provisions of Government Code Section 31680.4 and 31680.5.

DISABILITY/MEMBER BENEFITS AGENDA

9:00 AM

NOTE: WHEN CONSIDERING DISABILITY RETIREMENT APPLICATIONS OR MEMBER APPEALS OF BENEFIT OR DISABILITY RETIREMENT DETERMINATIONS, THE BOARD MAY ADJOURN TO CLOSED SESSION TO DISCUSS MATTERS RELATING TO THE MEMBER'S APPLICATION OR APPEAL, PURSUANT TO GOVERNMENT CODE SECTIONS 54957 OR 54956.9. IF THE MATTER IS A DISABILITY APPLICATION UNDER SECTION 54957, THE MEMBER MAY REQUEST THAT THE DISCUSSION BE IN PUBLIC.

OPEN SESSION

CONSENT AGENDA

All matters on the Consent Agenda are to be approved by one action unless a Board member requires separate action on a specific item. If separate action is requested, the item will be discussed during agenda item DA-1.

DC-1: Theresia Balandran

Senior Institutional Cook, Orange County Sheriff's Department

Recommendation: The Disability Committee recommends that the Board grant non-service connected disability retirement with an effective date of August 18, 2017. (General Member)

DC-2: James Bland

Coach Operator, Orange County Transportation Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of October 29, 2017. (General Member)

DC-3: Dumitru Bostean

Correctional Services Technician, Orange County Sheriff's Department

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of March 31, 2017. Grant a supplemental disability retirement payment allowance in the amount of the salary difference between the

higher and lower paying positions effective March 31, 2017, the date of the position change, until January 31, 2019 the day Mr. Bostean retired. (General Member)

DC-4: Susan Chipman

Social Worker II, Orange County Social Services Agency

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of September 20, 2016. (General Member)

DC-5: Shawn Fernandez

Equipment Operator, Orange County Community Resources

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of January 23, 2015. (General Member)

DC-6: Guy Grindle

Fire Apparatus Engineer, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of November 9, 2018. (Safety Member)

DC-7: Steven Haupu

Fire Apparatus Engineer, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of July 4, 2018. (Safety Member)

DC-8: Kamal Kamal

Coach Operator, Orange County Transportation Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of February 18, 2018. (General Member)

DC-9: Brian Quinones

Deputy Juvenile Correctional Officer II, Orange County Probation Department

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of August 18, 2017. (Safety Member)

DC-10: Joseph Zawacki

Fire Apparatus Engineer, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of March 30, 2018. (Safety Member)

CLOSED SESSION
(Government Code sections 54957 and 54956.9)

The Board will adjourn to Closed Session pursuant to Government Code sections 54957 or 54956.9 to discuss matters relating to member applications or appeals. The member may request that the discussion relating to his or her application or appeal take place in Open Session.

ACTION ITEMS

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

DISABILITY/MEMBER BENEFITS AGENDA

DA-2: DISABILITY APPEAL – JOYCE M. SIMON

Financial Counselor II, Orange County Auditor Controller

Recommendation: Staff recommends that the Board approve and adopt the findings and recommendations of the Referee as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated March 26, 2019 (Recommendations), and deny Applicant’s request for service and non-service connected disability retirement due to insufficient evidence of permanent incapacity.

DA-3: DISABILITY APPEAL – CAROL J. DUENSING

Staff Assistant, Orange County Superior Court

Recommendation: Staff recommends that the Board approve and adopt the findings and recommendations of the Hearing Officer’s Proposed Decision dated June 10, 2019 (Recommendations), and deny Applicant’s request for service and non-service connected disability retirement for her orthopedic condition.

ACTION ITEMS

NOTE: Public comment on matters listed in this agenda will be taken at the time the item is addressed, prior to the Board’s discussion of the item. **Persons wishing to provide public comment at this time should fill out a speaker card located on the counter at the back of the room and deposit it in the Recording Secretary’s inbox on the wall near the middle of the room.**

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

A-2 EARLY PAYMENT OF EMPLOYER CONTRIBUTIONS PROGRAM – 2020

Presentation by Brenda Shott, Asst. Chief Executive Officer, Internal Operations and Molly Murphy, Chief Investment Officer, CFA, OCERS

Recommendation:

1. Approve the terms of prepayment discount program for the advance payment of employer contributions, including the discount rate to be used, for contribution year July 2020 through June 2021 (same terms and rates as prior year).
2. Approve OCERS continued non-participation in the Early Payment of Employer Contributions Program.

A-3 SEGAL PERFORMANCE REVIEW AND CONTRACT EXTENSION

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation: The Staff is recommending that the Board extend the Segal Agreement for another year.

INFORMATION ITEMS

I-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices
Death Notices

July 11, 2019
July 11, 2019

I-2 COMMITTEE MEETING MINUTES

Written Report – Personnel Committee Minutes

May 20, 2019

I-3 CEO FUTURE AGENDAS AND 2019 OCERS BOARD WORK PLAN

Written Report

I-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

I-5 LEGISLATIVE UPDATE

Written Report

I-6 BOARD COMMUNICATIONS

Written Report

I-7 SECOND QUARTER 2019 TRAVEL AND TRAINING EXPENSE REPORT

Written Report

I-8 SEPTEMBER 2019 STRATEGIC PLANNING WORKSHOP AGENDA

Written Report

I-9 GENERAL AND RETIRED BOARD MEMBER ELECTION UPDATE

Written Report

I-10 VITECH PERFORMANCE SURVEY RESULTS

Written Report

I-11 CONTRACT STATUS FOR NAMED SERVICE PROVIDERS

Written Report

I-12 ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE INVESTMENT RETURN SCENARIOS

Presentation by Paul Angelo, Segal Consulting

I-13 CYBER SECURITY – CLOUD COMPUTING

Presentation by Matt Eakin

I-14 OCERS 75TH ANNIVERSARY PLANNING OVERVIEW

Presentation by Steve Delaney, Chief Executive Officer

I-15 PUBLIC IDENTIFICATION OF REAL PROPERTY SUBJECT TO NEGOTIATIONS AND PERSONS WITH WHOM OCERS NEGOTIATOR MAY NEGOTIATE

Presentation by Brenda Shott, Asst. Chief Executive Officer, Internal Operations, OCERS

CLOSED SESSION ITEMS

E-1 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED

(Government Code section 54956.9(d)(1).)

Jeffrey Gross v. OCERS; County of Orange; et al., CA Superior Court, County of Orange (Case No. 30-2017-00944959)

Adjourn to closed session pursuant to Government Code section 54956.9(d)(1).

Recommendation: Take appropriate action.

E-2 CONFERENCE WITH REAL PROPERTY NEGOTIATORS

(GOVERNMENT CODE SECTION 54956.8)

Adjourn to closed session pursuant to Government Code Section 54956.8

Property: 1200 N. Tustin Avenue, Santa Ana, CA

Agency Negotiators: Brenda Shott, OCERS Asst. Chief Executive Officer, Internal Operations and Brian Booth, Cushman & Wakefield

Negotiating Parties: LBR Commercial

Under Negotiation: Price and terms of payment

Recommendation: Take appropriate action.

BOARD MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

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

NOTICE OF NEXT MEETINGS

PERSONNEL COMMITTEE MEETING

July 31, 2019

9:00 A.M.

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

INVESTMENT COMMITTEE MEETING

July 31, 2019

1:00 P.M.

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

DISABILITY COMMITTEE MEETING

August 1, 2019

10:00 A.M.

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

REGULAR BOARD MEETING
August 19, 2019
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.

C-2

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

**REGULAR MEETING
Monday, June 17, 2019
9:00 a.m.**

MINUTES

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

Attendance was as follows:

Present: Charles Packard, Chair; Roger Hilton, Vice Chair; Chris Prevatt; Shawn Dewane; Frank Eley; Shari Freidenrich, Russell Baldwin, Wayne Lindholm; and Jeremy Vallone

Absent: David Ball

Also Present: Steve Delaney, Chief Executive Officer; Suzanne Jenike, Assistant CEO, External Operations; Molly Murphy, CIO; Brenda Shott, Assistant CEO, Internal Operations; Gina Ratto, General Counsel; Anthony Beltran, Visual Technician; and Nichol Forbes; Recording Secretary.

Guests: Harvey Leiderman

Trustee Dewane led the Pledge of Allegiance.

CONSENT AGENDA

MOTION by Dewane, **seconded** by Prevatt, to approve staff's recommendation on all of the following items on the Consent Agenda:

C-1 OPTION 4 RETIREMENT ELECTION

Recommendation: Grant election of retirement benefit payment, Option 4, based on Segal Consulting's actuarial report.

- (1) Allan Jagger
- (2) Irene Marcote
- (3) Henry Molinar

C-2 BOARD MEETINGS AND COMMITTEE MEETINGS

Regular Board Meeting Minutes

May 20, 2019

Recommendation: Approve minutes.

The motion passed **unanimously** with Freidenrich and Lindholm absent.

DISABILITY APPLICATIONS/MEMBER APPEALS AGENDA

OPEN SESSION

CONSENT AGENDA

MOTION by Hilton, **seconded** by Dewane, to approve the recommendations of the Disability Committee on all of the items on the Disability/Member Benefits Consent Agenda as follows:

DC-1: Cory Bartholomew

Maintenance Crew Supervisor II, Orange County Public Works

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of May 12, 2017. (General Member)

DC-2: Jaswinder Dullat

Coach Operator, Orange County Transportation Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of January 11, 2015. (General Member)

DC-3: Nellie Le Gaspe

Eligibility Technician, Social Services Agency

Recommendation: The Disability Committee recommends that the Board deny service and non-service connected disability retirement due to the member's failure to cooperate. (General Member)

DC-4: Evan Sornborger

Fire Captain/ Paramedic, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of the day after the last day of regular compensation. (Safety Member)

DC-5: Robert Willis

Certified Journeyman Mechanic II, Orange County Transportation Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of October 20, 2017. (General Member)

Motion passed **unanimously** with Freidenrich and Lindholm absent.

ACTION ITEMS

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

There were no items trailed from the Consent Agenda.

DISABILITY/MEMBER BENEFITS AGENDA

DA-2: DISABILITY APPEAL – CAROL L. THOMPSON

Institutional Cook, Orange County Sheriff's Department

MOTION by Eley, **seconded** by Prevatt, to approve and adopt the Factual Findings, Legal Conclusions and Recommendations of the Referee as set forth in the Proposed Decision dated April 8, 2019 (Proposed Decision), and grant Applicant's application for service-connected disability retirement on the orthopedic condition with an effective date of July 7, 2006, the date administratively determined by OCERS, and *deny* service-connected disability retirement on the Applicant's psychiatric condition.

Motion passed **unanimously** with Freidenrich and Lindholm absent.

DA-3: DISABILITY APPEAL – JACKI L. LIVINGSTON

Eligibility Technician, Orange County Social Services Agency

MOTION by Baldwin, **seconded** by Eley, to dismiss without prejudice the appeal by Jacki L. Livingston of OCERS' denial of her application for service and non-service connected disability retirement pursuant to Rule 23 of OCERS Administrative Hearing Procedures (Version Adopted 12/14/2015).

Motion passed **unanimously** with Freidenrich and Lindholm absent.

Trustee Freidenrich arrived at 9:09 a.m.

ACTION ITEMS

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

No items were trailed from the Consent Agenda.

A-2 DECEMBER 31, 2018 ACTUARIAL VALUATION

Presentation by Andy Yeung, Segal Consulting.

After discussion by the Board, **MOTION** by Prevatt, **seconded** by Baldwin, to approve the Actuarial Valuation and Review as of December 31, 2018 and adopt contribution rates for Fiscal Year 2020 – 2021 as recommended by Segal Consulting.

Motion passed **unanimously** with Lindholm absent.

A-3 REQUEST FROM CITY OF SAN JUAN CAPISTRANO REGARDING RATE GROUP POOLING

Presentations by CEO, Steve Delaney, and Andy Yeung, Segal Consulting.

After discussion by the Board, **MOTION** by Dewane, **seconded** by Prevatt as follows:

1. If the City San Juan Capistrano transfers its Water Department employees to a separate special district, then the Board will find that a triggering event will have occurred under the Policy; and
2. Exigent circumstances exist under the Declining Payroll Policy such that the City may remain pooled in Rate Group 2, provided that the City makes an additional payment of \$6.5 million in a

lump sum or level dollar installments, and provided further that if any of the data provided by the City were to change, the City will be required to return to the Board for approval.

Chair Packard called for public comment. Ken Al-Iman of the City of San Juan Capistrano was the only member of the public who provided comment.

Motion passed **unanimously** with Lindholm absent.

Trustee Lindholm arrived at 10:30 a.m.

The Board recessed for a break at 10:32 a.m.

The Board reconvened at 10:49 a.m.

A-4 2018 AUDITED FINANCIAL STATEMENTS AND COMPREHENSIVE ANNUAL FINANCIAL REPORTS

Presentation by Tracy Bowman, Director of Finance, OCERS.

MOTION by Dewane, **seconded** by Eley, to:

1. Approve OCERS' audited financial statements for the year ending December 31, 2018,
2. Direct staff to finalize OCERS' 2018 Comprehensive Annual Financial Report (CAFR)
3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2018.
4. Receive and file Macias, Gini & O'Connell LLP's (MGO) "OCERS' Report to the Audit Committee for the Year Ended December 31, 2018" and their "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."

Motion passed **unanimously**.

A-5 GASB 68 VALUATION AND AUDIT REPORT

Presentation by Tracy Bowman, Director of Finance, OCERS.

MOTION by Freidenrich, **seconded** by Dewane, to:

1. Approve OCERS' audited Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2018.
2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2018 for distribution to employers.

Motion passed **unanimously**.

A-6 BOARD APPROVAL OF SELECTION AND ENGAGEMENT OF HEARING OFFICERS

Presentation by Gina Ratto, General Counsel, OCERS.

After discussion by the Board, **MOTION** by Dewane, **seconded** by Prevatt, to approve the appointment of and the award of a contract (subject to negotiation of satisfactory contract terms) with, the following individuals to serve as OCERS hearing officers for a term of seven years:

- Duane Bennett
- James Cloninger
- Robert Klepa

Motion passed **unanimously**.

**A-7 GOVERNANCE COMMITTEE OUTCOMES FROM MAY 21, 2019 COMMITTEE MEETING -
MASTER FINAL AVERAGE SALARY PROJECT**

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

After discussion by the Board, **MOTION** by Eley, **seconded** by Hilton, to approve the Master Final Average List of pay items, including pensionable pay attribute determinations, for Legacy and PEPRAs members.

Chair Packard called for public comment. There was none.

Motion passed **unanimously**.

A-8 GOVERNANCE COMMITTEE OUTCOMES FROM MAY 21, 2019 COMMITTEE MEETING

Presentation by Gina Ratto, General Counsel, OCERS.

MOTION by Dewane, **seconded** by Lindholm, to:

- (1) Approve revisions to the **Committee Chair Charter** as presented by staff; and
- (2) Approve revisions to the **Indemnity and Defense Policy** as presented by staff.

Motion passed **unanimously**.

INFORMATION ITEMS

The following written informational reports were received by the Board:

I-1 MEMBER MATERIALS DISTRIBUTED	
Application Notices	June 17, 2019
Death Notices	June 17, 2019
I-2 COMMITTEE MEETING MINUTES	
Audit Committee Minutes	March 26, 2019
Personnel Committee Minutes	May 20, 2019
I-3 CEO FUTURE AGENDAS AND 2019 OCERS BOARD WORK PLAN	
I-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS	
I-5 LEGISLATIVE UPDATE	
I-6 BOARD COMMUNICATION	
I-7 TRAVEL REPORT – MILKEN INSTITUTE GLOBAL CONFERENCE 2019	

I-8 2019 STRATEGIC PLANNING WORKSHOP – PROPOSED AGENDA TOPICS

I-9 2019 ANNUAL BUSINESS PLAN PROGRESS – MID YEAR REVIEW

I-10 OCERS 2019-2021 STRATEGIC PLAN PROGRESS – MID YEAR REVIEW

The following informational items were presented to the Board:

I-11 DISCUSSION OF SENSITIVITY ANALYSIS OF ALTERNATIVE ECONOMIC ASSUMPTIONS

Presentation by Andy Yeung, Segal Consulting.

After discussion by the Board, **MOTION** by Hilton, **seconded** by Baldwin to have Segal Consulting use the following alternative economic assumptions for purposes of the 2019 sensitivity analysis:

	Inflation	Real Return	Investment Return
Baseline (assumptions used in 12/31/18 val'n)	2.75%	4.25%	7.00%
Alt #1: Lower inflation only	2.50%	4.25%	6.75%
Alt #2: Lower real return only	2.75%	4.00%	6.75%
Alt #3: Lower inflation and lower real return	2.50%	4.00%	6.50%
Alt #4: Higher inflation and lower real return	3.25%	4.00%	7.25%

Motion passed **unanimously** with Lindholm absent.

I-12 OCERS BOARD AND COMMITTEE MEETING MINUTES STANDARDS

Presentation by Gina Ratto, General Counsel, OCERS, and discussion by the Board.

I-13 PUBLIC IDENTIFICATION OF REAL PROPERTY SUBJECT TO NEGOTIATIONS AND PERSONS WITH WHOM OCERS NEGOTIATOR MAY NEGOTIATE

Gina Ratto, General Counsel, OCERS, stated the following for the public record in compliance with the requirements of the Brown Act, which sets forth conditions for the Board to meet in closed session for Item E-1 to conduct property negotiations:

Government Code section 54956.8 permits the Board to hold a closed session with its negotiator prior to the purchase of real property for the agency in order to grant authority to its negotiator regarding the price and terms of payment for the purchase. Prior to the closed session, the Board is required to hold an open and public session in which it identifies its negotiators, the real property and the person with whom its negotiators may negotiate.

For purposes of the Brown Act, closed session Item E-1 involves the following:

OCERS' negotiators: Brenda Shott, OCERS Asst. Chief Executive Officer, Internal Operations
Brian Booth, Cushman & Wakefield
Real property: 1200 N. Tustin Avenue, Santa Ana, CA
Negotiating party: LBR Commercial

The Board **ADJOURNED** to closed session at 11:55 p.m. for item E-1.

CLOSED SESSION

The Board met in closed session to discuss the following:

**E-1 CONFERENCE WITH REAL PROPERTY NEGOTIATORS
(GOVERNMENT CODE SECTION 54956.8)**

Adjourn to closed session pursuant to Government Code Section 54956.8

The Board reconvened in open session at 12:25 p.m.

There was **no reportable action taken** in closed session.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

Adina Bercaru reported the record breaking 501 new retirement benefits that were processed from May 1, 2019 to June 1, 2019.

The meeting **ADJOURNED** at 12:27 p.m. in memory of the active members, retired members, and surviving spouses who passed away during the past month:

Active Members

Baca, Thomas
Brooks, James
Bulle, Stanley
Chavez, Joseph
Eason, Robert
Escalera, Evelyn
Fuske, Richard
Goodbrand, Ronald
Guerra, Eva
Johnson, Marguerite
Karagah, Mohammed
Kim, John
Laughon, Mary Kay
Layman, Garry
Mays, Michael
McDonald, La Rene
Meehan, Ronald
Ricarte, Myrna
Ripley, Mary Lynne
Selleck, Edna
Smith, Donald
Veal-Hudson, Veronica
Verbeck, Florence
Ward, Sandra
Weinheimer, La Vonne
Wilson, Donald

Woolf, Stanley

Surviving Spouses

Baldwin, Arta
Bergeson, Garth
Bumstead, Irene
Cook, Nancy
Gallegos, Juana
Hartranft, Joyce
Hines, Maralee
Shafer, Robert
Wilson, Jackquelynn

Submitted by:

Approved by:

Steve Delaney
Secretary to the Board

Charles E. Packard
Chairman

C-3



Memorandum

DATE: July 11, 2019
TO: Members of the Board of Retirement
FROM: Megan Cortez, Disability Manager
SUBJECT: RETIREE REQUEST TO BE REINSTATED – NARCIZO BAHENA

Recommendation:

Reinstate Mr. Bahena as an active member under the provisions of Government Code Section 31680.4 and 31680.5.

Background:

Application for re-employment of retired member
Orange County Transportation Authority, Coach Operator
Date of request: 05/29/2019; Date of entry to OCERS: 07/11/2004
Total years of service: 13.6135
Separation Date: 08/11/2018; Date of Service Retirement: 08/15/2018
Former position: Orange County Transportation Authority, Coach Operator

Discussion:

Mr. Bahena service retired from the Orange County Transportation Authority on August 15, 2018. He has requested to be reinstated as an active employee under the provisions of Government Code Sections 31680.4 and 31680.5.

Mr. Bahena was a Coach Operator prior to his separation from Orange County Transportation Authority on August 11, 2018. The Transportation Authority has offered to return him to regular full time employment as a Coach Operator.

Pursuant to OCERS policy Mr. Bahena underwent a physical examination on June 20, 2019 with an independent OCERS panel physician to determine whether he was physically capable of returning to full time employment. It is the panel physician's opinion that Mr. Bahena can return to work without restriction.

Submitted by:

MC-Approved

Megan Cortez
Disability Manager

A-2

Memorandum

DATE: June 26, 2019
TO: Members of the Board of Retirement
FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations and Molly Murphy, CIO
SUBJECT: **EARLY PAYMENT OF EMPLOYER CONTRIBUTIONS PROGRAM - 2020**

Recommendation

1. Approve the terms of a prepayment discount program for the advance payment of employer contributions, including the discount rate to be used, for contribution year July 2020 through June 2021 (same terms and rates as prior year).
2. Approve OCERS continued non-participation in the Early Payment of Employer Contribution Programs.

Background

Government Code Section 31582 (b) and (c) (the Code) relates to the advance payment of employer retirement contributions and states:

(b) "The board of supervisors may authorize the county auditor to make an advance payment of all or part of the county's estimated annual contribution to the retirement fund, provided that the payment is made not later than 30 days after the commencement of the county's fiscal year. This subdivision does not prevent the board of supervisors from authorizing the county auditor to make an advance payment for the estimated annual county contributions for an additional year or partial year if the advance payment is made no later than 30 days after the commencement of the county fiscal year for which the advance payment is made. If the advance is only a partial payment of the county's estimated annual contribution, remaining transfers to the retirement fund shall be made at the end of each month or at the end of each pay period until the total amount required for the year is contributed. Transfers shall be adjusted at the end of the fiscal year to reflect the actual contribution required for that year.

(c) A district subject to Section 31585 may also authorize an advance payment of all or part of the district's estimated annual contribution to the retirement fund, provided that the payment is made no later than 30 days after the commencement of the district's fiscal year. This subdivision does not prevent the governing body of a district from authorizing the district to make an advance payment for the estimated annual district contributions for an additional year or partial year if the advance payment is made no later than 30 days after the commencement of the district fiscal year for which the advance payment is made. If the advance is only a partial payment of the district's estimated annual contribution, payments to the retirement fund shall be made at the end of each month or at the end of each pay period until the total amount required for the year is contributed. This amount shall be adjusted at the end of the fiscal year to reflect the actual contribution required for that year."

In connection with the Code, OCERS has annually offered plan sponsors the opportunity to receive a discount on their employer contributions if they paid their contributions early with a lump sum payment. The program dates back to Fiscal Year 2005-2006, and is brought back to the Board annually for consideration on the program terms to offer for the next year. Timely consideration of the program is appropriate now, in order to give plan sponsors adequate time to plan funding for a lump sum payment in January 2020, should the plan be approved for the contribution year July 2020 – June 2021.

Plan sponsor interest in such a program remains high as eleven of the thirteen plan sponsors with active members elected to prepay contributions of over \$500M for Fiscal Year 2019-2020 (Superior Court and OCERS are the two employers who do not participate). An early payment program is primarily a tool for plan sponsor budget management, rather than a long-term funding technique for the system.

Prepaid contributions allow OCERS to deploy cash on a more concentrated basis; however, they also increase OCERS' internal cash flow and short-term cash overlay portfolio risk, and challenge the efficiency of dollar cost averaging during periods of volatile markets. The Board approved revised program provisions in 2014 (for FY15-16) which reduced investment related risks. Specifically, the discount rate offered to the plan sponsors for prepaying their contributions was reduced from 7.25% down to 5.8% (which equates to a 20% rate reduction from the actuarial assumed rate of return). The rationale behind the reduced rate primarily centers around the theory that during "ripe, full-value market periods" in which most stock indexes are trading at levels materially above the prior market-cycle peak with valuation metrics above historical averages *and* the national real per capita GDP materially exceeds the prior business cycle peak the Board should enact a risk-reduction policy by reducing the prepayment discount rate. Based on the market conditions in 2015, the Board again approved the same discount rate of 5.8% for FY16-17, and reduced the discount rate to 4.5% for the past three years.

Discussion

Participation in the Contribution Prepayment Program

The Contribution Prepayment Program allows employers to pay their upcoming year's contribution in a lump sum prior to the beginning of the employers' fiscal year. Employers who prepay their contributions in January pay their full year of contributions six months prior to when their first bi-weekly payment would otherwise be due. Should an employer who had previously participated in the prepayment program decide to opt out of the program this year, they would not make any employer contributions from January 2020 through June 2020. This is because they would have paid their full year of contributions for FY19-20 in January 2019 and the FY20-21 contributions would not be due until after the first pay period in July 2020. OCERS has also allowed the prepayment to be made in July at half the discount rate. This option has not been utilized by employers in the past.

Prepayment Discount Rate

Employer contributions rates are calculated by the System's actuary in the annual actuarial valuation assuming that contributions are collected in installments between July and June of the employer fiscal year for which the rates are effective. Since that means the annual contributions are received, on average, at the middle of that fiscal year, the actuary determines the contribution rates assuming that the current year's contributions will earn only one-half of the investment return assumption (currently 7% per year) during the fiscal year they are received. If instead, for example, an employer pays all estimated employer contributions in July, at the beginning of the fiscal year when installments were assumed to have begun, it would be appropriate to provide a half-year of interest credit because the contributions will be in the fund generating investment income for (on average) an additional one-half year. For purposes of this program we have termed this interest credit as a "prepayment discount".

The annual rate used for applying a prepayment discount had historically been the annual assumed rate of return used in the applicable actuarial valuation for the system (as this is the rate that the actuary used when calculating the contribution rate). The actual discount amount is calculated as a function of both the prepayment discount rate and the timing of when OCERS receives payment of the contributions (discounted cash flows). For example, payments received in July would be discounted using one-half the approved discount rate in the discounted cash flow calculation because OCERS would have assumed to earn on average one-half year of additional investment income at the assumed earnings rate on contributions received during the period. Prepayments of contributions made in January (which has been the practice at OCERS), would be received a full six months prior to the beginning of the contribution year. Therefore prepayments made in January would be discounted using the full annual prepayment discount rate because the prepaid contributions would be on deposit for an additional six months prior to the beginning of the fiscal year and so, on average, would be received a full year earlier than if paid in installments during the contribution year.

From an actuarial perspective, the prepayment program and the prepayment discount, using the assumed rate of return as the discount rate for prepayment of contributions results in equivalent mathematical funding into the system. However, from an investment perspective, the prepaid contributions are invested in a derivatives overlay program that will synthetically replicate the OCERS' asset allocation strategy, thus ensuring that all funds are immediately participating in global markets. As benefit payments are paid and investment opportunities are funded, the dollars invested in the overlay program will be drawn down throughout the year. While the prepayment program should not introduce any additional risks to achieving long-term investment assumption of 7%, the prepayment program does present a market timing risk with prepaid contributions coming in one lump sum rather than in installments throughout the year that can then be invested into the market using a dollar cost averaging methodology. This risk should be tolerable in the long-term but should be recognized in the short-term. To mitigate the short term investment risk of the prepayment program, OCERS Board has reduced the prepayment discount rate offered to the plan sponsors as described above.

OCERS Participation in the Early Payment of Contributions Program

Historically, OCERS has not participated in the program by paying the employer contributions related to OCERS employees early in order to receive the prepayment discount. OCERS pension contributions are funded by dollars that are already in the pension trust fund. Therefore, a "prepayment" by OCERS for their pension contributions ends up being a book keeping exercise as it relates to assets (taking the cash out and then redepositing the same amount), should OCERS participate in the program, the pension fund does not receive any additional cash. Whereas, early payment of contributions by the other employers actually adds dollars to the pension trust fund sooner than they would have otherwise been received.

The same net result occurs when looking at OCERS Statement of Changes in Net Position (commonly referred to as an income statement). Should OCERS take advantage of the prepayment discount, the expenses for the fund would be decreased by the amount of the discount. However, at the same time the contributions received would also be reduced by the same amount. This results in the same bottom line for the income statement.


From an actuarial perspective there is no advantage or benefit should OCERS choose to participate in the early payment program. The actuary calculates the smoothed market return by taking the amount reported in OCERS financial statements for Total Investment Income/(Loss) and reduces it by the amounts reported for Investment Fees and Expenses and Administrative Expenses to arrive at the net investment return. This net amount would not change if OCERS participated in the early payment program because the reduction in the administrative expenses would have been offset by a reduction in the contributions leaving the overall change in net position to be the same whether OCERS received a discount on contributions or

not. With no actuarial benefit to participating in the program, staff recommends OCERS continued non-participating in the program.

Conclusion:

- 1.) **Staff recommends that the Board approve the Early Payment of Contribution Program for employer contributions paid by the employer for contribution year July 2020 through June 2021 with the same terms as the prior year which are as follows:**
 - a) Use a discount rate of 4.5% when calculating the present value of discounted cash flows if payment is received by January 15, 2020 or 2.25% if payment is received after January 15, 2020 but before July 15, 2020
 - b) Contributions not paid early must be paid pro rata over the year with no discount being credited
 - c) OCERS' staff will compare the payroll estimates used to calculate the prepayment amount for each participating plan sponsor to actual payroll each pay period. Should actual payroll be 5% greater than estimated payroll for four consecutive pay periods, the plan sponsor will be required to pay additional contributions each pay period for the additional salary above the projected salary used to calculate the prepayment (no discount would be applied to the additional amount)
 - d) Plan sponsors that have more than one plan or rate group are required to provide the estimated pensionable salary separately for each plan or group
 - e) Only employer contributions paid by the employer are eligible for the prepaid discount program (employee pick-ups and reverse pick-ups are ineligible)
 - f) The application of the prepayment of contributions will be applied to pay periods 2020-15 through 2021-14
 - g) OCERS will reconcile the prepaid contributions to the actual contributions at the end of the contribution year. Any overpayments will be made available to either apply to the following year's prepayment of employer contributions or to the current year's bi-weekly employer contributions (Note: overpayments cannot be applied to employee contributions). Any under payments will be collected from the employer.
- 2.) **Staff also recommends that the Board approve OCERS continued non-participation in the Early Payment of Employer Contributions Program.**
- 3.)

Submitted by:



Brenda Shott
Assistant CEO, Finance and Internal Operations



Molly A. Murphy, CFA
Chief Investment Officer

A-3

Memorandum

DATE: July 11, 2019
TO: Members of the Board of Retirement
FROM: Jim Doezie, Contracts, Risk and Performance Administrator
SUBJECT: SEGAL PERFORMANCE REVIEW AND CONTRACT EXTENSION

Recommendation:

The Staff is recommending that the Board extend the Segal Agreement for another year.

Background:

1. Performance Review Guidelines

According to the Procurement & Contracting Policy (Section 11.D. page 5), contracted service providers need to have a performance review conducted every three years.

“The performance of every contracted provider will be reviewed at last every three years.”

2. Contracts with Named Service Providers

The performance of Named Services Providers (as defined in the Procurement & Contracting Policy (Section V.A., page 8) will be solicited from and reported to the Board of Retirement (Section V.C.2, page 9).

“Performance reviews of Named Service Providers will include opinions solicited from Board of Retirement or designated sub-committee members, and/or selected staff members. The results of the review will be summarized and reported to the Board of Retirement.”

3. Contracting Procurement Policy Requirement

Pursuant to the Procurement and Contracting Policy, (Section V.C.1.), *“At least six months before the expiration of the initial term of any contract with a Named Service Provider, the CEO and the pertinent committee(s) of the Board shall assess the continued appropriateness and cost-effectiveness of the Named Service Provider in question”*

4. Review of the Consulting Actuarial Service Provider - Segal

Pursuant to the above referenced policies, a performance review was conducted for Segal in June, 2019. The notes below summarize the results:


- There was a 38% response rate for this survey. Thank you everybody that provided a response.
- Those surveyed found Segal to be responsible and trustworthy.
- Segal personnel are extremely knowledgeable and easy to work with.
- Segal is extremely reliable and is responsive to requests and inquiries.
- Segal is also effective in guiding the Board and OCERS' staff members through decisions.

- The overall performance of rating for Segal is very high with the majority of those surveyed rating Segal as an “A”.

Discussion:

- There are no corrective action steps that need to be taken due to this review.
- The Segal contract expires December 31st, 2019.
- The contract with Segal can be extended for another year per section 9 of the Contract, *“This Agreement can be extended for three additional one-year terms at the request of OCERS.”*

Submitted by:



Jim Doezie
Contracts, Risk and Performance Administrator

I-1

*Orange County Employees Retirement System
Retirement Board Meeting
July 11, 2019
Application Notices*

<i>Member Name</i>	<i>Agency/Employer</i>	<i>Retirement Date</i>
Anqers, Karen	Fire Authority (OCFA)	5/24/2019
Badillo, Fernando	Probation	5/10/2019
Colomba, Jo Ellen	Assessor	4/28/2019
Cruz, Rayleen	Sheriff's Dept	5/10/2019
De La Torre, Patricia	Social Services Agency	5/11/2019
Delvaux, Lynn	Health Care Agency	4/3/2019
Douglas, Pamela	Health Care Agency	5/23/2019
Egan, Charlotte	Health Care Agency	5/10/2019
Fistrovic, Ruzica	OC Public Works	5/1/2019
Fok, Paul	OC Public Works	5/1/2019
Fornaseri, Anita	Sheriff's Dept	4/26/2019
Francisco, Kenneth	Sheriff's Dept	3/15/2019
Gibel, Loren	OC Community Resources	5/10/2019
Green, James	OC Vector Control District	5/1/2019
Houze, Steven	Probation	4/26/2019
Huynh, Tiffany	Health Care Agency	3/29/2019
Khoshoo, Priti	Health Care Agency	5/7/2019
Kehler, David	Child Support Services	3/30/2019
Kumabe, Audrey	Social Services Agency	6/1/2019
Larson, Desiree	Probation	4/27/2019
Marcote, Irene	City of San Juan Capistrano	5/10/2019
Mendoza, Ricardo	Social Services Agency	4/28/2019
Molinar, Henry	Sheriff's Dept	3/30/2019
Monfette, Julie	Child Support Services	4/1/2019
Nelson-Gay, Victoria	County Counsel	5/19/2019
Nguyen, Minh-Tam	Health Care Agency	5/10/2019
Pedregal, Rebeca	Sheriff's Dept	4/26/2019
Root, Ryan	Sheriff's Dept	5/10/2019
Sassone, Susan	OC Community Resources	4/26/2019
Schenck, James	Probation	4/11/2017
Sivapalan, Thavaputhiran	OCWR	5/10/2019
Swanson, David	Public Defender	2/8/2019
Tollison, Sandra	Social Services Agency	5/11/2019
Van, Therese	Auditor Controller	3/29/2019
Verino, Sonia	Probation	3/30/2019
Wade, Joseph	OCTA	5/15/2019
Way, Carol	Health Care Agency	5/9/2019
Williams Rodriguez, Jaina	Social Services Agency	5/2/2019
Zakowics, Karen	Health Care Agency	5/28/2019
Zieqler De Cardona, Trina	Child Support Services	5/17/2019

*Orange County Employees Retirement
Retirement Board Meeting
July 11, 2019
Death Notices*

<i>Retired Members</i>	<i>Agency/Employer</i>
Adakai, Larry	Social Services Agency
Broussard, Anne	Social Services Agency
Bucholz, Lillian	Health Care Agency
Cardenas, Ventura	Social Services Agency
Chu, Albert	Health Care Agency
Cline, Michael	Superior Court
Cullen, Elizabeth	Social Services Agency
Elmore, Eleanor	Auditor Controller
Fierro, Kay	Superior Court
Gallagher, Edward	Health Care Agency
Griffith, Vicki	Social Services Agency
Grudzinski, Richard	Health Care Agency
Hall, Charles	OC Public Works
Harness, Billy	Sheriff's Dept
Heim, James	OC Community Resources
Henderson, Lucille	Probation
Hitchcock, Kurt	OCWR
Mallick, Ralph	Sheriff's Dept
Martin, Margaret	Superior Court
Martinez, Adelina	Health Care Agency
Matkosky, Michael	OC Public Works
McConnell, James	District Attorney
McLaughlin, Jeffrey	District Attorney
Nguyen, Tinh-Chau	Health Care Agency
Owen, Marilyn	Health Care Agency
Payton, Bobbie	Sheriff's Dept
Robertson, Clyde	OC Public Works
Stewart, Douglas	Transportation Corridor Agency (TCA)
Tanzer, James	Registrar of Voters

<i>Surviving Spouses</i>	
Cochran, Beverly	
Currie, Frances	
King, Pearl	
Morales, Regino	
Neff, James	
Stone, Charline	

I-2

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

PERSONNEL COMMITTEE MEETING
May 20, 2019
1:00 p.m.

Members of the Committee
Chris Prevatt, Chair
Wayne Lindholm, Vice Chair
Roger Hilton

MINUTES

Attendance was as follows:

Present: Chris Prevatt, Chair; Wayne Lindholm, Vice Chair; Roger Hilton

Also

Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Gina Ratto, General Counsel; Cynthia Hockless, Director of Administrative Services; Javier Lara, Visual Technician; and Brittany Cleberg, Recording Secretary

The Chair called the meeting to order at 1:37 p.m.

CONSENT AGENDA

All matters on the Consent Agenda are to be approved by one action unless a Committee Member requests separate action on a specific item.

A **motion** was made by Mr. Lindholm and **seconded** by Mr. Hilton to approve the Consent Agenda. The **motion carried unanimously**.

C-1 COMMITTEE MEETING:

Approval of Meeting and Minutes
Personnel Committee Meeting

April 23, 2019

Recommendation: Approve 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.

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

A-2 REVIEW OF PROPOSED REVISIONS TO THE OCERS EMPLOYEE HANDBOOK

Presentation by Brenda Shott, Assistant Chief Executive Officer, Internal Operations, OCERS

Recommendation: Approve, and recommend that the Board approve, the revised OCERS Employee Handbook as presented.

Ms. Shott reviewed the proposed revisions to the OCERS Employee Handbook with the Committee. She provided a reminder of OCERS split staff structure. The terms and conditions of County staff assigned to OCERS are set by the MOU between the County of Orange and Orange County Employees Association (OCEA) and the County's Personnel Policies. The Personnel Policies and Regulations, adopted by the Board of Retirement in November 2002, currently govern the terms and conditions of employment for OCERS Direct employees. OCERS has an MOU with the County of Orange, in order for them to administer benefits for OCERS Direct employees; OCERS will emulate the County's benefit program. OCERS had implemented changes by the County's Personnel and Salary Resolution but had not updated the OCERS Personnel Policies and Regulations documentation. The updated documentation is the OCERS Employee Handbook for OCERS Direct Staff.

A discussed took place regarding At-Will and the process of promotion and termination.

Mr. Delaney recommended grandfathering in current OCERS Direct Employees.

Mr. Eley commented that cleanup is needed in the Employee Handbook in reference to probation.

Ms. Jenike clarified that the classification of the OCERS Direct position be At-Will.

Chair Prevatt and Ms. Shott addressed the management, discipline, and documentation HR best practices.

Ms. Ratto advised that the day-to-day management of the personnel reside with the CEO.

Ms. Shott clarified the termination of At-Will employees would not take place without a review by CEO.

Ms. Shott discussed the Annual Leave accrual and recommendation of the maximum annual leave balance will be limited to two times the highest annual accrual rate of 592 hours.

Chair Prevatt suggested raising the maximum annual leave balance to 600 hours.

Chair Prevatt stated for the record, a cap should be established. Any hours accumulated over the cap, would be paid out in non-pensionable compensation. No one who is over the cap would be able to accrue additional hours.

Mr. Delaney stated for the record, employees would be losing the ability to grow and pushes for grandfathering.

Mr. Hilton requested to see surveys of other California systems to have good governance.

Ms. Shott highlighted discipline, grievance and appeal, and merit increases.

Mr. Hilton and Chair Prevatt discussed At-Will status and the need for use of best practices in Human Resources Management will negate the need for a probation period.

Chair Prevatt was open to increasing the leave accrual to up to six months.

A-3 2019 OCERS PERSONNEL COMMITTEE MEETING CALENDAR

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation: Approve the 2019 OCERS Personnel Committee meeting schedule.

The Committee discussed the schedule of future meetings.

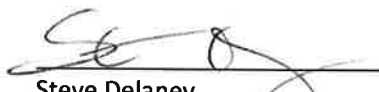
Chair Prevatt directed staff to review the calendar.

COMMITTEE MEMBER/CEO /STAFF/COUNSEL COMMENTS


None

ADJOURNMENT: The Chair adjourned the meeting at 2:36 p.m.

Submitted by:


Steve Delaney
Secretary to the Committee

Approved by:


Chris Prevatt
Chair

I-3



Memorandum

DATE: July 11, 2019
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **CEO FUTURE AGENDAS AND 2019 OCERS BOARD WORK PLAN**

Written Report

AGENDA TOPICS FOR THE OCERS BOARD OF RETIREMENT

AUGUST

- OCFA Update
- San Diego City Employees Retirement
- OCERS by the Numbers
- The Evolution of the OCERS UAAL
- Employer Employee Contribution Matrix
- Annual Succession Planning Report

SEPTEMBER

- 2019 OCERS Board Strategic Planning Workshop
- Proposed Board Meeting schedule for 2020

OCTOBER

- 2019 OCERS Board Strategic Planning Workshop Outcomes
- 2020 OCERS Business Plan
- 2020-2021 Strategic Plan

Submitted by:

A handwritten signature in blue ink that reads "Steve Delaney" is written over a horizontal line.

Steve Delaney
Chief Executive Officer

OCERS RETIREMENT BOARD - 2019 Work Plan

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep (Offsite)	Oct	Nov	Dec	
<i>System Oversight</i>		STAR COLA Posting (I)	Approve 2019 STAR COLA (A)	SACRS Board of Directors Election (A)	Preliminary December 31, 2018 Valuation (I)	Mid-Year Review of 2019 Business Plan Progress (I)	Approve Early Payment Rates for Fiscal Year 2018-19 (A)	Review 2nd Quarter Budget to Actuals Financial Report (I)	Strategic Planning Workshop (I)	Overview of 2020 Administrative Budget and Investment (Workshop) (I)	Review 3rd Quarter Budget to Actuals Financial Report (I)		
		Approve 2019 COLA (A)	Quarterly 2019-2021 Strategic Plan Review (A)			Approve December 31, 2018 Actuarial Valuation & Funded Status of OCERS (A)		Receive OCERS by the Numbers (I)		Approve 2020-2022 Strategic Plan (A)	Approve 2020 Administrative (Operating) Budget (A)		
						Approve 2018 CAFR (A)		Receive Evolution of the UAAL (I)		Approve 2020 Business Plan (A)	Annual CEO Performance Review and Compensation (A)		
						Quarterly 2019-2021 Strategic Plan Review (A)		Employer & Employee Pension Cost Comparison (I)					
													Adopt 2020 Board Meeting Calendar (A)
<i>Board Governance</i>				Brown Act Training (I)				Annual Review of Succession Plan (I)				Adopt Annual Work Plan for 2020 (A)	
				Conflict of Interest Training (I)								Vice-Chair Election (A)	
<i>Regulation / Policies</i>	Communication Policy Fact Sheet (I)												
<i>Compliance</i>				Form 700 Due (A)		Receive Financial Audit (I)			State of OCERS (A)		Status of Board Education Hours for 2019 (I)		

(A) = Action (I) = Information

I-4

Memorandum

DATE: June 27, 2019
TO: Members of the Board of Retirement
FROM: Jim Doezie, Contracts, Risk and Performance Administrator
SUBJECT: QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

Background/Discussion

1. Quiet Period Policy Guidelines

The following guidelines established by the Quiet Period Policy, section 3.c, will govern a search process for any contract to be awarded by OCERS:

“...Board Members and OCERS staff shall not knowingly communicate with any party financially interested in any prospective contract with OCERS regarding the contract, the services to be provided under the contract or the selection process;”

2. Quiet Period Guidelines

In addition, the following language is included in all distributed RFP's:

“From the date of issuance of this RFP until the selection of one or more respondents is completed and announced, respondents are not permitted to communicate with any OCERS staff member or Board Members regarding this procurement, except through the Point of Contact named herein. Respondents violating the communications prohibition may be disqualified at OCERS' discretion. Respondents having current business with OCERS must limit their communications to the subject of such business.”

Distributed RFP's

The RFP's noted below are subject to the quiet period until such time as a contract(s) is finalized.

- An RFP was distributed for Hearing Officer Services in October, 2018. Contracts have been sent to three selected Hearing Officers.
- An RFP for a Unified Commutations & Contact Center Solution (Telephone System) was distributed May 15th. Bids received. Now evaluating the proposals.
- An RFP for Mail House Services is currently being drafted. The plan is to distribute the RFP in July.



Memorandum

Submitted by:

A handwritten signature in blue ink that reads "Jim Doezie".

Jim Doezie
Contracts, Risk and Performance Administrator

I-5

Memorandum

DATE: July 11, 2019
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, General Counsel
SUBJECT: LEGISLATIVE UPDATE

Written Report

Background/Discussion

The California Legislature convened on December 3, 2018 to commence the 2019 – 2020 legislative session. Upcoming legislative deadlines are included in the attached 2019 Tentative Legislative Calendar.

A comprehensive list and description of the pending bills that staff is monitoring is attached. Below is a brief summary of the bills that may be of greater interest to the Board. **New or updated information since the last report to the Board are indicated in bold text.**

SACRS Sponsored Bills

- **SB 783 (Senate Committee on Labor, Public Employees and Retirement)**
The CERL authorizes counties to establish retirement systems pursuant to its provisions for the purpose of providing pension and death benefits to county and district employees. This bill would correct several erroneous and obsolete cross-references within CERL.
(STATUS: Introduced 03/07/19. Read third time. Passed. Ordered to the Assembly on 05/02/19. In Assembly. Read first time. Held at desk on 05/02/19. Referred to Committee on P.E. & R. on 05/16/19.)

Bills That Would Amend the CERL or Other Laws That Apply to OCERS

- **AB 249 (Choi)**
This bill would prohibit a public employer from deterring or discouraging a public employee or an applicant to be a public employee from opting out of becoming or remaining a member of an employee organization. The bill would prohibit a public employer from taking adverse action against a public employee or applicant to be a public employee who opts out of becoming or remaining a member of an employee organization and would specify that adverse action includes reducing a public employee's current level of pay or benefits.
(STATUS: Introduced 01/22/19. Referred to Committee on P.E. & R on 02/07/19. In Committee: Set, first hearing. Failed Passage 04/03/19. **From committee: Without further action pursuant to Joint Rule 62(a) on 06/04/19.**)

- **AB 287 (Voepel)**

Existing law requires each state and local public pension or retirement system, on and after the 90th day following the completion of the annual audit of the system, to provide a concise annual report on the investments and earnings of the system, as specified, to any member who makes a request and pays a fee, if required, for the costs incurred in preparation and dissemination of that report. This bill would also require each state and local pension or retirement system to post a concise annual audit of the information described above on that system's internet website no later than the 90th day following the audit's completion. By imposing new duties on local retirement systems, the bill would impose a state-mandated local program. The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

(STATUS: Introduced 01/28/19. Referred to Committee on P.E. & R on 02/07/19.)

- **AB 472 (Voepel)**

PEPRA establishes various limits on retirement benefits generally applicable to a public employee retirement system, as defined. The act prescribes, among other things, limits on service after retirement without reinstatement into the applicable retirement system. This bill would make non-substantive changes to that provision.

(STATUS: Introduced 02/11/19. Pending committee assignment.)

- **AB 664 (Cooper)** Amended 03/13/19 to apply only to Sacramento County.

The CERL provides that a member who is permanently incapacitated shall be retired for disability despite age if, among other conditions, the member's incapacity is a result of injury or disease arising out of and in the course of the member's employment, and that employment contributes substantially to that incapacity or the member has completed 5 years of service and not waived retirement in respect to the particular incapacity or aggravation thereof, as specified. This bill would require, for purposes of determining permanent incapacity of certain members employed as peace officers in the County of Sacramento, that those members be evaluated by the retirement system to determine if they can perform all of the usual and customary duties of a peace officer who is described under Section 830 of the Penal Code. The bill would apply to members who file applications for disability on or after the effective date of the act, except for cases on appeal at that time. The bill would require the board of retirement to develop a method of tracking the costs of providing permanent disability retirement to the members who become eligible for disability retirement pursuant to the bill's provisions. The bill would repeal these provisions on December 31, 2024.

(STATUS: Introduced 02/15/19. Read third time. Passed. Ordered to the Senate on 05/13/19. In Senate. Read first time. Referred to Committees on L., P.E. & R. and APPR on 05/22/19.)

- **AB 992 (Mullin)** Amended 04/22/19.

The Brown Act generally requires that the meetings of legislative bodies of local agencies be conducted openly. That act defines “meeting” for purposes of the act and prohibits a majority of the members of a legislative body, outside a meeting authorized by the act, from using a series of communications of any kind to discuss, deliberate, or take action on any item of business that is within the subject matter jurisdiction of the legislative body. This bill would provide that the prohibition described above does not apply to the, participation, as defined, in an internet-based social media platform, as defined, by a majority of the members of a legislative body, provided that a majority of the members do not discuss among themselves, as defined, business of a specific nature that is within the subject matter jurisdiction of the legislative body of the local agency.

(STATUS: Introduced 02/21/19. In committee: Set, first hearing. Failed passage. Reconsideration granted on 05/01/19.)

- **AB 1184 (Gloria)** Amended 05/16/19.

The California Public Records Act requires a public agency, defined to mean any state or local agency, to make public records available for inspection, subject to certain exceptions. Existing law specifies that public records include any writing containing information relating to the conduct of the public’s business, including writing transmitted by electronic mail. The act requires any agency that has any information that constitutes a public record not exempt from disclosure, to make that public record available in accordance with certain provisions and authorizes every agency to adopt regulations stating the procedures to be followed when making its records available, if the regulations are consistent with those provisions. Existing law authorizes cities, counties, and special districts to destroy or to dispose of duplicate records that are less than two years old when they are no longer required by the city, county, or special district, as specified.

This bill would, unless a longer retention period is required by statute or regulation, require a public agency for purposes of the California Public Records Act to retain and preserve for at least 2 years every writing containing information relating to the conduct of the public’s business prepared, owned, or used by any public agency that is transmitted by mail.

(STATUS: Introduced 02/21/19. In Committee: Set, first hearing. Referred to APPR. suspense file on 05/01/19. Amended, and passed out of committee as amended on 05/16/19. Read second time and amended. Ordered returned to second reading on 05/16/19. Read second time. Ordered to third reading on 05/20/19. Read third time. Passed. Ordered to the Senate on 05/28/19. In Senate. Read first time. **Referred to Committee on JUD on 06/06/19.**)

- **AB 1198 (Stone)** Amended 03/21/19.

PEPRA, among other things, establishes new retirement formulas, which are generally applicable to employees first employed on or after January 1, 2013, and which a public employer offering a defined benefit pension plan is prohibited from exceeding. PEPRA excepts certain public employees from its provisions, including certain transit workers whose interests are protected by specified federal law until a federal district court ruled that a United States Department of Labor determination that the application of PEPRA to these workers violated federal law was in error, or until January 1, 2016, as

specified. A district court ruling to this effect occurred on December 31, 2014. This bill would except transit workers hired before January 1, 2016, from PEPRA by removing the federal district court contingency language from the provision excepting certain transit workers from PEPRA, as described above.

(STATUS: Introduced 02/21/19. Set for first hearing in committee; hearing cancelled at the request of author on 04/24/19.)

- **AB 1212 (Levine)** Amended 05/16/19.
Existing law authorizes the boards of CalPERS, CalSTRS, and the '37 Act systems, consistent with their fiduciary duties and investment standards, to prioritize investment in an in-state infrastructure project over a comparable out-of-state infrastructure project. This bill would require a state as defined, that is responsible for infrastructure projects to produce a list of priority infrastructure projects for funding consideration by the retirement boards, as described above, and to provide the list to those boards. The state agency would be required to provide further project information to a board upon request.
(STATUS: Introduced 02/21/19. In committee: Set, first hearing. Referred to APPR. suspense file on 05/01/19. Amended and pass out of committee as amended on 05/16/19. Read second time and amended. Ordered returned to second reading on 05/16/19. Read second time. Ordered to third reading on 05/20/19. Read third time. Passed. Ordered to the Senate on 05/29/19. **In Senate. Read first time. Referred to Committee on L., P.E. & R. on 06/12/19.**)
- **AB 1819 (Committee on Judiciary)** Amended 04/11/19.
The California Public Records Act requires state and local agencies to make public records available upon receipt of a request that reasonably describes an identifiable record not otherwise exempt from disclosure, and upon payment of fees to cover costs. This bill would grant the requester the right to use the requester's equipment, without being charged any fees or costs, to photograph or otherwise copy or reproduce any record upon inspection and on the premises of the agency, unless the means of copy or reproduction would result in damage to the record, or unauthorized access to a computer system of the agency or secured network, as specified. The bill would authorize the agency to impose any reasonable limits on the use of the requester's equipment that are necessary to protect the safety of the records or to prevent the copying of records from being an unreasonable burden to the orderly function of the agency and its employees. The bill would authorize the agency to impose any limit that is necessary to maintain the integrity of, or ensure the long-term preservation of, historic or high-value records. By imposing additional duties and responsibilities upon local agencies in connection with requests for inspection of records, this bill constitutes a state-mandated local program.
(STATUS: Introduced 03/26/19. Read third time. Passed. Ordered to the Senate on 05/06/19. In Senate. Read first time. **Referred to Committee on JUD on 06/12/19.**)
- **SB 430 (Wieckowski)** Amended 05/17/19.
PEPRA prohibits a public employer offering a defined benefit pension plan from exceeding specified retirement formulas for new members and prohibits an enhancement of a public employee's retirement formula or benefit adopted after January 1, 2013, from applying to service performed prior to the

operative date of the enhancement. PEPR defines “new member” to mean, among other things, an individual who becomes a member of any public retirement system for the first time on or after January 1, 2013, and who was not a member of any other public retirement system prior to date. Existing law creates the Judges’ Retirement System II, which is administered by the Board of Administration of the Public Employees’ Retirement System, for the provision of retirement and other benefits to specified judges and their beneficiaries.

This bill would grant a judge who was elected to office in 2012, but did not take office until on or after January 1, 2013, the option of making a one-time, irrevocable election to have a pre-January 1, 2013, membership status in the Judges’ Retirement System II for service accrued after on and after July 1, 2020. The bill would require the election to be made during a 30-day period beginning March 1, 2020. A judge making this election would no longer be a new member under specified provisions of PEPR. The election would apply prospectively only, and membership rights and obligations that accrued based on service subject to PEPR prior to July 1, 2020, would remain unchanged. The bill would specify that the Public Employees’ Retirement System is not obligated to inform or locate a person who may be eligible to make the election and that its provisions do not affect the Legislature’s reserved right to increase contributions or reduce benefits for purposes of the Judges’ Retirement System II.

(STATUS: Introduced 02/21/19. Passed out of committee as amended on 05/17/19. Read second time and amended. Ordered to second reading on 05/17/19. Read second time. Ordered to third reading on 05/20/19. Read third time. Passed. Ordered to the Assembly on 05/21/19. In Assembly. Read first time. Held at Desk on 05/22/19. Referred to Committee on P.E. & R. on 05/30/19.)

- **SB 518 (Wieckowski) Amended 06/20/19.**

Current law, in a civil action to be resolved by trial or arbitration, authorizes a party to serve an offer in writing on any other party to the action to allow judgment to be taken or an award to be entered in accordance with the terms and conditions stated at the time. Existing law shifts specified postoffer costs to a plaintiff who does not accept a defendant’s offer if the plaintiff fails to obtain a more favorable judgment or award. Current law also authorizes a court or arbitrator to order a party who does not accept the opposing party’s offer and fails to obtain a more favorable judgment or award to cover the postoffer costs for the services of expert witnesses, as specified. Current law exempts certain actions from those provisions, including any labor arbitration filed pursuant to a memorandum of understanding under the Ralph C. Dills Act. This bill would also exempt from those provisions any action to enforce the California Public Records Act.

~~**The California Public Records Act requires a public agency to make its public records available for public inspection and to make copies available upon request and payment of a fee, unless the public records are exempt from disclosure. The act makes specified records exempt from disclosure and provides that disclosure by a state or local agency of a public record that is otherwise exempt constitutes a waiver of the exemptions. This bill, for purposes of the award of court costs and reasonable attorney’s fees pursuant to the above provisions, would specifically notwithstanding a provision of existing law that prescribes the withholding or augmentation of costs if an offer is made before judgment or award in a trial or arbitration.**~~

(STATUS: Introduced 02/21/19. Set for hearing May 16 on 05/10/19. Passed out of committee on 05/16/19. Read second time. Ordered to third reading on 05/16/19. Read third time. Passed. Ordered to the Assembly on 05/23/19. In Assembly. Read first time. Held at Desk on 05/24/19. **Referred to the Committee on JUD. on 06/06/19. Passed out of Committee as amended on 06/19/19. Read second time and amended. Ordered to second reading on 06/20/19.)**

- **SB 615 (Hueso)**

The California Public Records Act requires a public agency to make its public records available for public inspection and to make copies available upon request and payment of a fee, unless the public records are exempt from disclosure. The act makes specified records exempt from disclosure and provides that disclosure by a state or local agency of a public record that is otherwise exempt constitutes a waiver of the exemptions. The act permit any person to institute proceedings for injunctive or declaratory relief or a writ of mandate to enforce the right to receive a copy of any public record covered by the act. This bill would require a person to meet and confer in good faith with the agency in an attempt to informally resolve each issue before instituting any proceeding for injunctive or declarative relief or writ of mandate. The bill would require the person or their attorney to file a declaration stating that this has occurred at the time that proceedings are instituted. Because the declaration would be made under penalty of perjury, the bill would expand the definition of a crime and impose a state-mandated local program. This bill contains other related provisions and other existing laws.

(STATUS: Introduced 02/22/19. Referred to Committee on JUD. on 03/14/19.)

- **SB 749 (Durazo) Amended 06/19/19.**

The California Public Records Act provides that nothing in the act requires the disclosure of corporate proprietary information including trade secrets, among other things. This bill would provide that **specified records of a private industry employer that are prepared, owned, used, or retained by a public agency are not trade secrets and are public records, including certain records** relating to ~~wages, benefits, working hours, and other~~ employment terms and conditions of employees working for a private industry employer pursuant to a contract with a ~~state or local agency are public records and shall not be deemed to be trade secrets under the act if the records are prepared, owned, used, or retained by a state or local agency.~~ **public agency**, records of compliance with local, state, or federal domestic content ~~requirements~~ **requirements**, and records of a private industry employer's compliance with job creation, job quality, or job retention obligations contained in a contract or agreement with a state or local ~~agency are public records and shall not be deemed trade secrets under the act if the records are prepared, owned, used, or retained by a state or local~~ **local** agency.

(STATUS: Introduced 02/22/19. Passed out of committee on 05/16/19. Read second time. Ordered to third reading on 05/16/19. Read third time and amended on 05/23/19. Ordered to second reading on 05/23/19. Read second time. Ordered to third reading on 05/24/19. **Referred to Committee on JUD on 06/06/19. From committee: Passed out of committee as amended and re-referred to Committee on APPR. on 06/18/19. Read second time and amended. Re-referred to Committee on APPR. on 06/19/19.**

Other Bills of Interest

- **AB 1332 (Bonta)** Amended 04/29/19.

This bill, the Sanctuary State Contracting Act, would, among other things, require the Department of Justice, commencing on January 1, 2020, and quarterly thereafter, to publish a list on its internet website, based on specified criteria, of each person or entity that, in the opinion of the Department of Justice, is providing data broker, extreme vetting, or detention facilities support to any federal immigration agency, as specified. The bill would prohibit a state or local agency from entering into a new, amended, or extended contract or agreement with any person or entity that appears on the list published by the Department of Justice unless the state or local agency has made a finding that no reasonable alternative exists, as specified. The bill would exempt certain contracts or agreements from these provisions related to provisions the administration of retirement benefits and investment of moneys for retirement benefits, as specified. This bill would authorize the Department of Justice to initiate, and require the department to receive and investigate, all complaints regarding violations of these provisions, and would require the department to issue findings regarding any alleged violation and notify any affected state or local agency. By increasing the duties of local officials, this bill would impose a state-mandated local program. Additionally, this bill would make a violation of these provisions subject to civil and criminal penalties, thereby imposing a state-mandated local program.

(STATUS: Introduced 02/22/19. In committee: Set, first hearing. Referred to APPR. suspense file on 05/08/19. In committee: Held under submission on 05/16/19.)

- **SB 53 (Wilk)** Amended 03/05/19.

The Bagley-Keene Open Meeting Act requires that all meetings of a state body, as defined, be open and public and that all persons be permitted to attend and participate in a meeting of a state body, subject to certain conditions and exceptions. This bill would specify that the definition of “state body” includes an advisory board, advisory commission, advisory committee, advisory subcommittee, or similar multimember advisory body of a state body that consists of 3 or more individuals, as prescribed, except a board, commission, committee, or similar multimember body on which a member of a body serves in his or her official capacity as a representative of that state body and that is supported, in whole or in part, by funds provided by the state body, whether the multimember body is organized and operated by the state body or by a private corporation. This bill would declare that it is to take effect immediately as an urgency statute.

(STATUS: Introduced 12/10/18. Referred to the Committee on G.O. on 05/06/19.)

- **SB 715 (Galgiani)** Amended 03/28/19.

The California Constitution establishes the University of California as a public trust with full powers of organization and government, subject only to specified limitations. Under this independent constitutional authority, the University of California established retirement systems to provide various retirement benefits to its members. Existing law prohibits the University of California from contracting for services unless a contractor certifies that the services will be performed solely by workers within the

United States or if the contractor's bid describes any work that will be performed by workers outside the United States. This bill would prohibit the University of California from contracting for services with an asset manager for a defined contribution plan if that plan is a stand-alone optional plan that is not a complement to a defined benefit pension plan. The bill would apply this prohibition to a contract entered into on or after January 1, 2015.

(STATUS: Introduced 02/22/19. Failed to pass out of committee. Reconsideration granted 04/24/19.)

Bills that Apply to CalPERS and/or CalSTRS Only:

- **AB 181 (Rodriguez)** Amended 03/25/19.

This bill would require CalPERS and CalSTRS to each provide a report to the Legislature, commencing March 1, 2021, and annually thereafter, on the status of achieving appropriate objectives and initiatives, to be defined by the boards, regarding participation of emerging managers responsible for asset management within each system's portfolio of investments. The bill would require that the report be based on contracts that the system enters into on and after January 1, 2020, and be based on information from the prior fiscal year. The bill would require each report to include certain elements and would require the boards to define "emerging manager" for purposes of these provisions.

(STATUS: Introduced 01/09/19. Passed out of committee on 05/16/19. Read second time. Ordered to third reading on 05/20/19. Read third time. Passed. Ordered to the Senate on 05/28/19. In Senate. Read first time. **Referred to Committee on RLS. on 06/06/19.**)

- **AB 462 (Rodriguez)** Amended 05/21/19.

This bill would require the Board of Administration of CalPERS and CalSTRS to each provide a report to the Legislature, commencing March 1, 2021, and annually thereafter, on the status of achieving appropriate objectives and initiatives, to be defined by the boards, regarding participation of emerging managers responsible for asset management within each system's portfolio of investments. The bill would require that the report be based on contracts that the system enters into on and after January 1, 2020, and be based on information from the prior fiscal year. The bill would require each report to include certain elements and would require the boards to define emerging manager for purposes of these provisions. This bill contains other related provisions and other existing laws.

(STATUS: Introduced 02/11/19. Referred to Committee on RLS. on 05/01/19. From committee chair, with author's amendments: Amended and re-refer to committee. Read second time, amended, and re-referred to Com. on RLS. on 05/21/19.)

- **AB 644 (Committee on Public Employment and Retirement)** Amended 03/25/19.

Existing law applicable to CalSTRS defines compensation earnable for the purpose of benefit calculations as the creditable compensation a person could earn in a school year for creditable service performed on a full time basis, and defines creditable compensation as remuneration paid in cash by an employer to all persons in the same class of employees for performing creditable service in that position. Existing law also requires employers to make contributions to the CalSTRS system based on the member's creditable compensation. This bill would revise the definition of compensation earnable for the purposes of CalSTRS to be the sum of the average annualized pay rate, as defined, paid in a school year divided by

the service credited for that school year and the remuneration paid in addition to salary or wages. The bill would make various conforming changes in accordance with the revised definition of compensation earnable.

Existing law applicable to CalSTRS requires an employer to certify that the member's employment has been terminated, unless the member's termination of employment occurred 12 consecutive months or more prior to the date the application for a termination of benefits is received by the system. This bill would require the employer certification to be in a format prescribed by CalSTRS and would specify that the application for a termination benefit must be received at the system's headquarters office.

Existing law authorizes specified CalSTRS members who, on January 1, 1976, are in state service positions or are employees of the Trustees of the California State University, to elect to not continue as members of CalSTRS and to transfer to CalPERS. This bill would repeal these provisions.

(STATUS: Introduced 02/15/19. Passed out of committee to Consent Calendar on 05/01/19. Read second time. Ordered to Consent Calendar on 05/02/19. Read third time. Passed. Ordered to the Senate on 05/09/19. In Senate. Read first time. To Committee on RLS. for assignment on 05/09/19. Referred to Committee on L., P.E. & R. on 05/22/19. **Passed out of committee and re-referred to Committee on APPR. with recommendation: To Consent Calendar. Re-referred to Committee on APPR. on 06/12/19.)**

- **AB 672 (Cervantes)**

CalPERS provides pension and other benefits to members of the system and prescribes conditions for service after retirement. PERL and PEPRA establish various limits on retirement benefits generally applicable to a public employee retirement system, and prescribes, among other things, limits on service after retirement without reinstatement into the applicable retirement system. This bill would prohibit a person who has retired for disability from being employed by any employer without reinstatement from retirement if the position is the position from which the person retired or if the position includes duties or activities that the person was previously restricted from performing at the time of retirement, unless an exception applies. The bill would require, if a person retired for disability is employed by an employer without reinstatement, an employer to provide to the board the nature of the employment and the duties and activities the person will perform.

(STATUS: Introduced 02/15/19. Passed out of committee to Consent Calendar on 05/01/19. Read second time. Ordered to Consent Calendar on 05/02/19. Read third time. Passed. Ordered to the Senate on 05/09/19. In Senate. Read first time. To Com. on RLS. for assignment 05/09/19. Referred to Com. on L., P.E. & R on 05/22/19. **Passed out of committee and re-referred to Committee on APPR. with recommendation: To Consent Calendar. Re-referred to Committee on APPR. on 06/12/19.)**

- **AB 1452 (O'Donnell)** Amended 03/26/19.

Existing law also creates the CalSTRS Cash Balance Benefit Program, which is administered by the CalSTRS board, to provide a retirement plan for the benefit of participating employees who provide creditable service for less than 50% of full time. This bill would prohibit aggregating creditable service in more than one position for the purpose of determining mandatory membership on a part-time basis for

50% or more of the time the employer requires for a full-time position, as specified. This bill contains other related provisions and other existing laws.

(STATUS: Introduced 02/22/19. Passed out of committee to Consent Calendar on 05/01/19. Read second time. Ordered to Consent Calendar on 05/02/19. Read third time. Passed. Ordered to the Senate 05/09/19. In Senate. Read first time. Referred to Com. on L., P.E. & R. on 05/22/19. **Passed out of committee and re-referred to Committee on APPR. with recommendation: To Consent Calendar. Re-referred to Committee on APPR. on 06/12/19.**)

- **SB 266 (Leyva) Amended 06/17/19.**

Under existing law, CalPERS is responsible for correcting errors and omissions in the administration of the system and the payment of benefits. Existing law requires the board to correct all actions taken as a result of errors or omissions of the state or a contracting agency, in accordance with certain procedures. This bill would establish new procedures under PERL for cases in which CalPERS determines that the benefits of a member or annuitant are, or would be, based on disallowed compensation that conflicts with PEPR and other specified laws and thus impermissible under PERL. The bill would also apply these procedures retroactively to determinations made on or after January 1, 2017, if an appeal has been filed and the employee member, survivor, or beneficiary has not exhausted their administrative or legal remedies. At the threshold, after determining that compensation for an employee member reported by the state, school employer, or a contracting agency is disallowed, the bill would require the applicable employer to discontinue the reporting of the disallowed compensation. The bill would require that contributions made on the disallowed compensation, for active members, be credited against future contributions on behalf of the state, school employer, or contracting agency that reported the disallowed compensation and would require that the state, school employer, or contracting agency return to the member any contributions paid by the member or on the member's behalf.

With respect to retired members, survivors, or beneficiaries whose benefits are based on disallowed final compensation, the bill would require PERS to adjust the benefit to reflect the exclusion of the disallowed compensation, and provide that contributions made on the disallowed compensation be credited against future contributions on behalf of the employer entity that reported the disallowed compensation. Additionally, if specified conditions are met, the bill would require the employing entity to refund overpayment costs to the system and to pay members, survivors, and beneficiaries whose benefits have been reduced a lump sum or an annuity reflecting the difference between the monthly allowance that was based on the disallowed compensation and the adjusted monthly allowance calculated without the disallowed compensation, as provided. The bill would require the system to provide certain notices in this regard. **This bill would require the system to provide confidential contact information of retired members, and their survivors and beneficiaries, who are affected by these provisions to the relevant employing entities, the confidentiality of which the entities would be required to maintain.**

The bill would authorize the state, a school employer, or a contracting agency, as applicable, to submit to the system an additional compensation item proposed ~~for inclusion to be included or contained~~ in a memorandum of understanding **or collective bargaining agreement on and** after January 1, 2020, that is

intended to form the basis of a pension benefit calculation for determination of compliance with PEPR and other laws, as specified, and would require PERS to respond within 90 days, as specified. The bill would require PERS to publish notices identifying items of allowable compensation derived from language submitted to the system for review. The bill would make related legislative findings and declarations.

(STATUS: Introduced 02/12/19. Passed out of committee as amended on 05/17/19. Read second time and amended. Ordered to second reading on 05/17/19. Read second time. Ordered to third reading on 05/20/19. Read third time. Passed. Ordered to the Assembly on 05/21/19. In Assembly. Read first time. Held at Desk on 05/22/19. **From committee with author's amendments. Read second time and amended. Re-referred to Committee on P.E. & R. on 06/17/19.**)

- **SB 341 (Morell)**

Existing law requires the CalPERS and CalSTRS retirement boards to provide annual reports to the Legislature and the Governor with regard to investment returns on assets of CalPERS and CalSTRS, respectively. As part of these reports, the boards are required to calculate and report on the rate of return on investments based on different assumptions. This bill would require the Board of Administration of CalPERS to report a calculation of liabilities based on a discount rate equal to the yield on a 10-year United States Treasury note in the year prior to the report. The bill would require the CalSTRS Retirement Board to provide a description of the discount rate the board uses for reporting liabilities, a calculation of liabilities based on a discount rate that is 2% below the long-term rate of return assumed by the board, and a calculation of liabilities based on a discount rate equal to the yield on a 10-year United States Treasury note in the year prior to the report. This bill would also appropriate \$1 billion from the General Fund for transfer to the Teachers' Retirement Fund to reduce the unfunded liability of the STRS defined benefit program, and appropriate another \$1 billion to the Teachers' Retirement Fund if the Legislative Analyst determines in the May Revision of the 2019-20 Budget that the State has collected more than \$1 billion in unanticipated General Fund revenue. This bill contains other related provisions and amendments other existing laws.

(STATUS: Introduced 02/19/19. Referred to Committee on L., P.E. & R on 02/28/19. Set for hearing on 03/27/19. Failed passage in committee. Reconsideration granted.)

Divestment Proposals (CalPERS and CalSTRS Only)

- **AB 33 (Bonta)**

This bill would prohibit the CalPERS and CalSTRS from making new investments or renewing existing investments of public employee retirement funds in a private prison company, as defined. This bill would require the boards to liquidate investments in private prison companies on or before July 1, 2020, and would require the boards, in making a determination to liquidate investments, to constructively engage with private prison companies to establish whether the companies are transitioning their business models to another industry. The bill would provide that it does not require a board to take any action unless the board determines in good faith that the action is consistent with the board's fiduciary responsibilities established in the constitution. The bill would provide that board members and other officers and employees shall be held harmless and be eligible for indemnification in connection with

actions taken pursuant to the bill's requirements, as specified. The bill would make related legislative findings and declarations.

(STATUS: Introduced 12/03/18. Referred to Committee on P.E. & R on 01/17/19. Second hearing cancelled at the request of author 04/24/19.)

- **AB 1320 (Nazarian) Revised 05/16/19.**

This bill, upon the passage of a federal law that imposes sanctions on the government of Turkey for failure to officially acknowledge its responsibility for the Armenian Genocide, would prohibit the boards of administration of CalPERS and CalSTRS from making additional or new investments, or renewing existing investments, of public employee retirement funds in an investment vehicle in the government of Turkey that is issued by the government of Turkey or that is owned, controlled, or managed by the government of Turkey. The bill would require the boards to liquidate existing investments in the government of Turkey within 18 months of the passage of the above-describe federal law. The bill would require these boards to make specific reports to the Legislature and the Governor regarding these actions within one year of passage of a federal law imposing those sanctions on the government of Turkey and on or before January 1, 2024. The bill would specify that its provisions do not require a board to take any action that the board determines in good faith is inconsistent with its constitutional fiduciary responsibilities to the retirement system. The bill would indemnify from the General Fund and hold harmless the present, former, and future board members, officers, and employees of, and investment managers under contract with, the boards, in connection with actions relating to these investments. The bill would repeal these provisions on January 1, 2025, or if a determination is made by the Department of State or the Congress of the United States, or another appropriate federal agency, that the government of Turkey has officially acknowledged its responsibility for the Armenian Genocide, whichever occurs first.

(STATUS: Introduced 02/22/19. Coauthors revised on 05/16/19. Passed out of committee on 05/16/19. Read second time. Ordered to third reading on 05/20/19. Read third time. Passed. Ordered to the Senate on 05/23/19. In Senate. Read first time. **Referred to Committees on L., P.E. & R. and JUD. on 06/06/19.**)

Attachments

Submitted by:



Gina M. Ratto
General Counsel



**2019 - 2020 LEGISLATIVE SESSION BILLS OF INTEREST
LEGISLATIVE UPDATE (JULY 11, 2019) – ATTACHMENT**

New or updated information in bold text

AB 33 (Bonta)

This bill would prohibit the CalPERS and CalSTRS from making new investments or renewing existing investments of public employee retirement funds in a private prison company, as defined. This bill would require the boards to liquidate investments in private prison companies on or before July 1, 2020, and would require the boards, in making a determination to liquidate investments, to constructively engage with private prison companies to establish whether the companies are transitioning their business models to another industry. The bill would provide that it does not require a board to take any action unless the board determines in good faith that the action is consistent with the board's fiduciary responsibilities established in the constitution. The bill would provide that board members and other officers and employees shall be held harmless and be eligible for indemnification in connection with actions taken pursuant to the bill's requirements, as specified. The bill would make related legislative findings and declarations.

(STATUS: Introduced 12/03/18. Referred to Committee on P.E. & R on 01/17/19. Second hearing canceled at request of author on 04/24/19.)

AB 181 (Rodriguez) Amended 03/25/19.

This bill would require CalPERS and CalSTRS to each provide a report to the Legislature, commencing March 1, 2021, and annually thereafter, on the status of achieving appropriate objectives and initiatives, to be defined by the boards, regarding participation of emerging managers responsible for asset management within each system's portfolio of investments. The bill would require that the report be based on contracts that the system enters into on and after January 1, 2020, and be based on information from the prior fiscal year. The bill would require each report to include certain elements and would require the boards to define "emerging manager" for purposes of these provisions.

(STATUS: Introduced 01/09/19. Passed out of committee on 05/16/19. Read second time. Ordered to third reading on 05/20/19. Read third time. Passed. Ordered to the Senate on 05/28/19. In Senate. Read first time.

Referred to Committee on RLS. on 06/06/19.)

AB 249 (Choi)

This bill would prohibit a public employer from deterring or discouraging a public employee or an applicant to be a public employee from opting out of becoming or remaining a member of an employee organization. The bill would prohibit a public employer from taking adverse action against a public employee or applicant to be a public employee who opts out of becoming or remaining a member of an employee organization and would specify that adverse action includes reducing a public employee's current level of pay or benefits.

(STATUS: Introduced 01/22/19. Referred to Committee on P.E. & R on 02/07/19. In Committee: Set, first hearing. Failed Passage 04/03/19. **From committee: Without further action pursuant to Joint Rule 62(a) on 06/04/19.**)

AB 287 (Voepel)

Existing law requires each state and local public pension or retirement system, on and after the 90th day following the completion of the annual audit of the system, to provide a concise annual report on the investments and earnings of the system, as specified, to any member who makes a request and pays a fee, if required, for the costs incurred in preparation and dissemination of that report. This bill would also require each state and local pension or retirement system to post a concise annual audit of the information described above on that system's internet website no later than the 90th day following the audit's completion. By imposing new duties on local retirement systems, the bill would impose a state-mandated local program. The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

(STATUS: Introduced 01/28/19. Referred to Committee on P.E. & R on 02/07/19.)

AB 346 (Cooper)

Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment. Existing law provides that certain peace officers, firefighters, and other specified state and local public employees are entitled to a leave of absence without loss of salary while disabled by injury or illness arising out of and in the course of employment. The leave of absence is in lieu of temporary disability payments or maintenance allowance payments otherwise payable under the workers' compensation system. This bill would add police officers employed by a school district, county office of education, or community college district to the list of public employees entitled to a leave of absence without loss of salary, in lieu of temporary disability payments, while disabled by injury or illness arising out of and in the course of employment.

(STATUS: Introduced 02/04/19. Referred to Committee on L., P.E. & R. and APPR. on 05/08/19. **Passed out of committee and re-referred to Committee on APPR. on 06/12/19.**)

AB 462 (Rodriguez) Amended 05/21/19.

This bill would require the Board of Administration of CalPERS and CalSTRS to each provide a report to the Legislature, commencing March 1, 2021, and annually thereafter, on the status of achieving appropriate objectives and initiatives, to be defined by the boards, regarding participation of emerging managers responsible for asset management within each system's portfolio of investments. The bill would require that the report be based on contracts that the system enters into on and after January 1, 2020, and be based on information from the prior fiscal year. The bill would require each report to include certain elements and would require the boards to define emerging manager for purposes of these provisions. This bill contains other related provisions and other existing laws.

(STATUS: Introduced 02/11/19. Referred to Committee on RLS. on 05/01/19. From committee chair, with author's amendments: Amended and re-refer to committee. Read second time, amended, and re-referred to Com. on RLS. on 05/21/19.)

AB 472 (Voepel)

PEPRA establishes various limits on retirement benefits generally applicable to a public employee retirement system, as defined. The act prescribes, among other things, limits on service after retirement without reinstatement into the applicable retirement system. This bill would make non-substantive changes to that provision.

(STATUS: Introduced 02/11/19. Pending committee assignment.)

AB 510 (Cooley)

Existing law authorizes the head of a department of a county or city, or the head of a special district to destroy recordings of routine video monitoring maintained by that county, city, or special district after one year if that person receives approval from the legislative body and the written consent of the agency attorney. Existing law authorizes the head of a department of a county or city, or the head of a special district to destroy recordings of telephone and radio communications maintained by that county, city, or special district after 100 days if that person receives approval from the legislative body and the written consent of the agency attorney. This bill would exempt the head of a department of a county or city, or the head of a special district from these recording retention requirements if the county, city, or special district adopts a records retention policy governing recordings of routine video monitoring and recordings of telephone and radio communications.

(STATUS: Introduced 02/13/19. Referred to Committee on L. Gov. on 02/21/19.)

AB 644 (Committee on Public Employment and Retirement) Amended 03/25/19.

Existing law applicable to CalSTRS defines compensation earnable for the purpose of benefit calculations as the creditable compensation a person could earn in a school year for creditable service performed on a full time basis, and defines creditable compensation as remuneration paid in cash by an employer to all persons in the same class of employees for performing creditable service in that position. Existing law also requires employers to make contributions to the CalSTRS system based on the member's creditable compensation. This bill would revise the definition of compensation earnable for the purposes of CalSTRS to be the sum of the average annualized pay rate, as defined, paid in a school year divided by the service credited for that school year and the remuneration paid in addition to salary or wages. The bill would make various conforming changes in accordance with the revised definition of compensation earnable.

Existing law applicable to CalSTRS requires an employer to certify that the member's employment has been terminated, unless the member's termination of employment occurred 12 consecutive months or more prior to the date the application for a termination of benefits is received by the system. This bill would require the employer certification to be in a format prescribed by CalSTRS and would specify that the application for a termination benefit must be received at the system's headquarters office.

Existing law authorizes specified CalSTRS members who, on January 1, 1976, are in state service positions or are employees of the Trustees of the California State University, to elect to not continue as members of CalSTRS and to transfer to CalPERS. This bill would repeal these provisions.

(STATUS: Introduced 02/15/19. Passed out of committee to Consent Calendar on 05/01/19. Read second time. Ordered to Consent Calendar on 05/02/19. Read third time. Passed. Ordered to the Senate on 05/09/19. In Senate. Read first time. To Committee on RLS. for assignment on 05/09/19. **Referred to Committee on L., P.E. & R. on 05/22/19. Passed out of committee and re-referred to Committee on APPR. with recommendation: To Consent Calendar. Re-referred to Committee on APPR. on 06/12/19.)**

AB 664 (Cooper) Amended 03/13/19 to apply only to Sacramento County.

The CERL provides that a member who is permanently incapacitated shall be retired for disability despite age if, among other conditions, the member's incapacity is a result of injury or disease arising out of and in the course of the member's employment, and that employment contributes substantially to that incapacity or the member has completed 5 years of service and not waived retirement in respect to the particular incapacity or aggravation thereof, as specified. This bill would require, for purposes of determining permanent incapacity of certain members employed as peace officers in the County of Sacramento, that those members be evaluated by the retirement system to determine if they can perform all of the usual and customary duties of a peace officer who is described under Section 830 of the Penal Code. The bill would apply to members who file applications for disability on or after the effective date of the act, except for cases on appeal at that time. The bill would require the board of retirement to develop a method of tracking the costs of providing permanent disability retirement to the members who become eligible for disability retirement pursuant to the bill's provisions. The bill would repeal these provisions on December 31, 2024.

(STATUS: Introduced 02/15/19. Read third time. Passed. Ordered to the Senate on 05/13/19. In Senate. Read first time. Referred to Committees on L., P.E. & R. and APPR on 05/22/19.)

AB 672 (Cervantes)

CalPERS provides pension and other benefits to members of the system and prescribes conditions for service after retirement. PERL and PEPR establish various limits on retirement benefits generally applicable to a public employee retirement system, and prescribes, among other things, limits on service after retirement without reinstatement into the applicable retirement system. This bill would prohibit a person who has retired for disability from being employed by any employer without reinstatement from retirement if the position is the position from which the person retired or if the position includes duties or activities that the person was previously restricted from performing at the time of retirement, unless an exception applies. The bill would require, if a person retired for disability is employed by an employer without reinstatement, an employer to provide to the board the nature of the employment and the duties and activities the person will perform.

(STATUS: Introduced 02/15/19. Passed out of committee to Consent Calendar on 05/01/19. Read second time. Ordered to Consent Calendar on 05/02/19. Read third time. Passed. Ordered to the Senate on 05/09/19. In Senate. Read first time. To Com. on RLS. for assignment 05/09/19. Referred to Com. on L., P.E. & R on 05/22/19. **Passed out of committee and re-referred to Committee on APPR. with recommendation: To Consent Calendar. Re-referred to Committee on APPR. on 06/12/19.)**

AB 979 (Reyes)

Existing law establishes the Judges' Retirement System II, which CalPERS administers. Existing law authorizes a judge who is a member of the system and who retires upon attaining both 65 years of age and 20 or more years of service, or upon attaining 70 years of age with a minimum of 5 years of service, to elect from specified retirement benefits including a monthly pension. Existing law requires a judge who leaves judicial office after accruing 5 or more years of service, but who has not reached the applicable age of retirement, to be paid a lump sum equal to monetary credits that accrued while in office, as specified. Existing law authorizes a judge who, among other things, separates from office after accruing 5 or more years of service and has not reached 65 years of age to continue health care benefits if the judge assumes certain payments. Existing law specifies benefits provided to a surviving spouse or other beneficiary in relation to these provisions.

This bill would authorize a judge who is a member of the system to retire upon attaining both 63 years of age and 15 or more years of service, or when a judge who has accrued at least 5 years of service and who has not received specified discipline is defeated for reelection. The bill would authorize a judge who is not otherwise eligible to retire and who has either attained 60 years of age with a minimum of 5 years of service or accrued 15 or more years of service to leave the judge's monetary credits on deposit with the system, to retire, and upon reaching retirement age, as specified, to receive a retirement allowance, as provided. The bill would prescribe procedures to apply if the judge fails to elect within 30 days of separation and would authorize the board to charge an administrative fee, as specified, to a judge who elects to apply these provisions. The bill would specify the monthly allowance provided to a surviving spouse or other beneficiary and would make other conforming changes in relation to these provisions. This bill contains other related provisions and other existing laws. (STATUS: Introduced 02/21/19. Set for first hearing in committee; hearing canceled at request of author on 04/24/19.)

AB 992 (Mullin) Amended 4/22/19.

The Brown Act generally requires that the meetings of legislative bodies of local agencies be conducted openly. That act defines "meeting" for purposes of the act and prohibits a majority of the members of a legislative body, outside a meeting authorized by the act, from using a series of communications of any kind to discuss, deliberate, or take action on any item of business that is within the subject matter jurisdiction of the legislative body. This bill would provide that the prohibition described above does not apply to the participation, as defined, in an internet-based social media platform, as defined, by a majority of the members of a legislative body, provided that a majority of the members do not discuss among themselves, as defined, business of a specific nature that is within the subject matter jurisdiction of the legislative body of the local agency. (STATUS: Introduced 02/21/19. In committee: Set, first hearing. Failed passage. Reconsideration granted on 05/01/19.)

AB 1184 (Gloria) Amended 05/16/19.

The California Public Records Act requires a public agency, defined to mean any state or local agency, to make public records available for inspection, subject to certain exceptions. Existing law specifies that public records include any writing containing information relating to the conduct of the public's business, including writing transmitted by electronic mail. The act requires any agency that has any information that constitutes a public record not exempt from disclosure, to make that public record available in accordance with certain provisions and authorizes every agency to adopt regulations stating the procedures to be followed when making its records available, if the regulations are consistent with those provisions. Existing law authorizes cities, counties, and special districts to destroy or to dispose of duplicate records that are less than two years old when they are no longer required by the city, county, or special district, as specified.

This bill would, unless a longer retention period is required by statute or regulation, require a public agency for purposes of the California Public Records Act to retain and preserve for at least 2 years every writing containing information relating to the conduct of the public's business prepared, owned, or used by any public agency that is transmitted by mail.

(STATUS: Introduced 02/21/19. In Committee: Set, first hearing. Referred to APPR. suspense file on 05/01/19. Amended, and passed out of committee as amended on 05/16/19. Read second time and amended. Ordered returned to second reading on 05/16/19. Read second time. Ordered to third reading on 05/20/19. Read third time. Passed. Ordered to the Senate on 05/28/19. In Senate. Read first time. **Referred to Committee on JUD on 06/06/19.**)

AB 1198 (Stone) Amended 03/21/19.

PEPRA, among other things, establishes new retirement formulas, which are generally applicable to employees first employed on or after January 1, 2013, and which a public employer offering a defined benefit pension plan is prohibited from exceeding. PEPRA excepts certain public employees from its provisions, including certain transit workers whose interests are protected by specified federal law until a federal district court ruled that a United States Department of Labor determination that the application of PEPRA to these workers violated federal law was in error, or until January 1, 2016, as specified. A district court ruling to this effect occurred on December 31, 2014. This bill would except transit workers hired before January 1, 2016, from PEPRA by removing the federal district court contingency language from the provision excepting certain transit workers from PEPRA, as described above.

(STATUS: Introduced 02/21/19. Set for first hearing in committee; hearing canceled at request of author on 04/24/19.)

AB 1212 (Levine) Amended 05/16/19.

Existing law authorizes the boards of CalPERS, CalSTRS, and the '37 Act systems, consistent with their fiduciary duties and investment standards, to prioritize investment in an in-state infrastructure project over a comparable out-of-state infrastructure project. This bill would require a state as defined, that is responsible for infrastructure projects to produce a list of priority infrastructure projects for funding consideration by the retirement boards, as described above, and to provide the list to those boards. The state agency would be required to provide further project information to a board upon request.

(STATUS: Introduced 02/21/19. In committee: Set, first hearing. Referred to APPR. suspense file on 05/01/19. Amended and pass out of committee as amended on 05/16/19. Read second time and amended. Ordered returned to second reading on 05/16/19. Read second time. Ordered to third reading on 05/20/19. Read third time. Passed. Ordered to the Senate on 05/29/19. **In Senate. Read first time. Referred to Committee on L., P.E. & R. on 06/12/19.)**

AB 1320 (Nazarian) Revised 05/16/19.

This bill, upon the passage of a federal law that imposes sanctions on the government of Turkey for failure to officially acknowledge its responsibility for the Armenian Genocide, would prohibit the boards of administration of CalPERS and CalSTRS from making additional or new investments, or renewing existing investments, of public employee retirement funds in an investment vehicle in the government of Turkey that is issued by the government of Turkey or that is owned, controlled, or managed by the government of Turkey. The bill would require the boards to liquidate existing investments in the government of Turkey within 18 months of the passage of the above-describe federal law. The bill would require these boards to make specific reports to the Legislature and the Governor regarding these actions within one year of passage of a federal law imposing those sanctions on the government of Turkey and on or before January 1, 2024. The bill would specify that its provisions do not require a board to take any action that the board determines in good faith is inconsistent with its constitutional fiduciary responsibilities to the retirement system. The bill would indemnify from the General Fund and hold harmless the present, former, and future board members, officers, and employees of, and investment managers under contract with, the boards, in connection with actions relating to these investments. The bill would repeal these provisions on January 1, 2025, or if a determination is made by the Department of State or the Congress of the United States, or another appropriate federal agency, that the government of Turkey has officially acknowledged its responsibility for the Armenian Genocide, whichever occurs first. (STATUS: Introduced 02/22/19. Coauthors revised on 05/16/19. Passed out of committee on 05/16/19. Read second time. Ordered to third reading on 05/20/19. Read third time. Passed. Ordered to the Senate on 05/23/19. In Senate. Read first time. **Referred to the Committees on L., P.E. & R. and JUD. on 06/06/19.)**

AB 1332 (Bonta) Amended 04/29/19.

This bill, the Sanctuary State Contracting Act, would, among other things, require the Department of Justice, commencing on January 1, 2020, and quarterly thereafter, to publish a list on its internet website, based on specified criteria, of each person or entity that, in the opinion of the Department of Justice, is providing data broker, extreme vetting, or detention facilities support to any federal immigration agency, as specified. The bill would prohibit a state or local agency from entering into a new, amended, or extended contract or agreement with any person or entity that appears on the list published by the Department of Justice unless the state or local agency has made a finding that no reasonable alternative exists, as specified. The bill would exempt **certain** contracts or agreements from these provisions related to provisions the administration of retirement benefits and investment of moneys for retirement benefits, as specified. This bill would authorize the Department of Justice to initiate, and require the department to receive and investigate, all complaints regarding violations of these provisions, and would require the department to issue findings regarding any alleged violation and notify any affected state or local agency. By increasing the duties of local officials, this bill

would impose a state-mandated local program. Additionally, this bill would make a violation of these provisions subject to civil and criminal penalties, thereby imposing a state-mandated local program.

(STATUS: Introduced 02/22/19. In committee: Set, first hearing. Referred to APPR. suspense file on 05/08/19. In committee: Held under submission on 05/16/19.)

AB 1452 (O'Donnell) Amended 03/26/19.

Existing law also creates the CalSTRS Cash Balance Benefit Program, which is administered by the CalSTRS board, to provide a retirement plan for the benefit of participating employees who provide creditable service for less than 50% of full time. This bill would prohibit aggregating creditable service in more than one position for the purpose of determining mandatory membership on a part-time basis for 50% or more of the time the employer requires for a full-time position, as specified. This bill contains other related provisions and other existing laws.

(STATUS: Introduced 02/22/19. Passed out of committee to Consent Calendar on 05/01/19. Read second time. Ordered to Consent Calendar on 05/02/19. Read third time. Passed. Ordered to the Senate 05/09/19. In Senate. Read first time. Referred to Com. on L., P.E. & R. on 05/22/19. **Passed out of committee and re-referred to Committee on APPR. with recommendation: To Consent Calendar. Re-referred to Committee on APPR. on 06/12/19.**)

AB 1819 (Committee on Judiciary) Amended 04/11/19.

The California Public Records Act requires state and local agencies to make public records available upon receipt of a request that reasonably describes an identifiable record not otherwise exempt from disclosure, and upon payment of fees to cover costs. This bill would grant the requester the right to use the requester's equipment, without being charged any fees or costs, to photograph or otherwise copy or reproduce any record upon inspection and on the premises of the agency, unless the means of copy or reproduction would result in damage to the record, or unauthorized access to a computer system of the agency or secured network, as specified. The bill would authorize the agency to impose any reasonable limits on the use of the requester's equipment that are necessary to protect the safety of the records or to prevent the copying of records from being an unreasonable burden to the orderly function of the agency and its employees. The bill would authorize the agency to impose any limit that is necessary to maintain the integrity of, or ensure the long-term preservation of, historic or high-value records. By imposing additional duties and responsibilities upon local agencies in connection with requests for inspection of records, this bill constitutes a state-mandated local program.

(STATUS: Introduced 03/26/19. Read third time. Passed. Ordered to the Senate on 05/06/19. In Senate. Read first time. **Referred to Committee on JUD on 06/12/19.**)

SB 53 (Wilk) Amended 03/05/19.

The Bagley-Keene Open Meeting Act requires that all meetings of a state body, as defined, be open and public and that all persons be permitted to attend and participate in a meeting of a state body, subject to certain conditions and exceptions. This bill would specify that the definition of "state body" includes an advisory board, advisory commission, advisory committee, advisory subcommittee, or similar multimember advisory body of a state body that consists of 3 or more individuals, as prescribed, except a board, commission, committee, or similar multimember body on which a member of a body serves in his or her official capacity as a representative of that state body and that is supported, in whole or in part, by funds provided by the state body, whether the

multimember body is organized and operated by the state body or by a private corporation. This bill would declare that it is to take effect immediately as an urgency statute.

(STATUS: Introduced 12/10/18. Referred to the Committee on G.O. on 05/06/19.)

SB 184 (Moorlach) Amended 05/17/19.

Existing law establishes the Judges' Retirement System II, which CalPERS administers. Existing law authorizes a judge who is a member of the system and who retires upon attaining both 65 years of age and 20 or more years of service, or upon attaining 70 years of age with a minimum of 5 years of service, to elect from specified retirement benefits including a monthly pension. Existing law requires a judge who leaves judicial office after accruing 5 or more years of service, but who has not reached the applicable age of retirement, to be paid a lump sum equal to monetary credits that accrued while -in office, as specified. Existing law authorizes a judge who, among other things, separates from office after accruing 5 or more years of service and has not reached 65 years of age to continue health care benefits if the judge assumes certain payments. Existing law specifies benefits provided to a surviving spouse or other beneficiary in relation to these provisions.

This bill would authorize a judge who is not otherwise eligible to retire and who has either attained 60 years of age with a minimum of 5 years of service or accrued 20 or more years of service to leave the judge's monetary credits on deposit with the system, to retire, and upon reaching retirement age, as specified, to receive a retirement allowance, as provided. The bill would prescribe procedures to apply if the judge fails to elect within 30 days of separation and would authorize the board to charge an administrative fee, as specified, to a judge who elects to apply these provisions. The bill would specify the monthly allowance provided to a surviving spouse or other beneficiary and would make other conforming changes in relation to these provisions. The bill would also provide, for the purposes of the Judges' Retirement System II, and for a judge first appointed or elected to office on or after January 1, 2020, that a surviving spouse is a spouse who was married to the judge continuously for a period beginning one year prior to the date of the judge's retirement until the judge's death.

Existing law establishes the Public Employees' Medical and Hospital Care Act (PEMHCA) for the purpose of providing health care benefits to employees and annuitants, as defined. PEMHCA defines an annuitant for purposes of receiving postretirement health benefits as including, among others, a person who retires within 120 days of separation from public employment and a judge who receives the above-described lump sum payment of monetary credits. Contributions and premiums paid under PEMHCA are deposited in the Public Employees' Contingency Reserve Fund, which is continuously appropriated.

This bill would authorize a judge who elects to retire as described above, but is not yet receiving a retirement allowance, to continue health care benefits upon separation from office if he or she assumes specified payments. The bill would include these judges, and specified surviving spouses, within the definition of annuitant upon commencement of the judge's retirement allowance, thereby authorizing the judge or a surviving spouse to receive applicable postretirement health benefits. By authorizing the use of continuously appropriated funds for a new purpose, and by depositing additional amounts into a continuously appropriated fund, this bill would make an appropriation.

(STATUS: Introduced 01/30/19. From committee: Passed as amended on 05/17/19. Read second time and amended. Ordered to second reading on 05/17/19. Read second time. Ordered to third reading on 05/20/19. Read third time. Passed. Ordered to the Assembly on 05/21/19. In Assembly. Read first time. Held at Desk on 05/22/19. **Referred to Committee on P.E. & R. on 05/30/19.**)

SB 266 (Leyva) Amended 06/17/19.

Under existing law, CalPERS is responsible for correcting errors and omissions in the administration of the system and the payment of benefits. Existing law requires the board to correct all actions taken as a result of errors or omissions of the state or a contracting agency, in accordance with certain procedures. This bill would establish new procedures under PERL for cases in which CalPERS determines that the benefits of a member or annuitant are, or would be, based on disallowed compensation that conflicts with PEPR and other specified laws and thus impermissible under PERL. The bill would also apply these procedures retroactively to determinations made on or after January 1, 2017, if an appeal has been filed and the employee member, survivor, or beneficiary has not exhausted their administrative or legal remedies. At the threshold, after determining that compensation for an employee member reported by the state, school employer, or a contracting agency is disallowed, the bill would require the applicable employer to discontinue the reporting of the disallowed compensation. The bill would require that contributions made on the disallowed compensation, for active members, be credited against future contributions on behalf of the state, school employer, or contracting agency that reported the disallowed compensation and would require that the state, school employer, or contracting agency return to the member any contributions paid by the member or on the member's behalf.

With respect to retired members, survivors, or beneficiaries whose benefits are based on disallowed final compensation, the bill would require PERS to adjust the benefit to reflect the exclusion of the disallowed compensation, and provide that contributions made on the disallowed compensation be credited against future contributions on behalf of the employer entity that reported the disallowed compensation. Additionally, if specified conditions are met, the bill would require the employing entity to refund overpayment costs to the system and to pay members, survivors, and beneficiaries whose benefits have been reduced a lump sum or an annuity reflecting the difference between the monthly allowance that was based on the disallowed compensation and the adjusted monthly allowance calculated without the disallowed compensation, as provided. The bill would require the system to provide certain notices in this regard. **This bill would require the system to provide confidential contact information of retired members, and their survivors and beneficiaries, who are affected by these provisions to the relevant employing entities, the confidentiality of which the entities would be required to maintain.**

The bill would authorize the state, a school employer, or a contracting agency, as applicable, to submit to the system an additional compensation item proposed ~~for inclusion~~ **to be included or contained** in a memorandum of understanding **or collective bargaining agreement on and** after January 1, 2020, that is intended to form the basis of a pension benefit calculation for determination of compliance with PEPR and other laws, as specified, and would require PERS to respond within 90 days, as specified. The bill would require PERS to publish notices

identifying items of allowable compensation derived from language submitted to the system for review. The bill would make related legislative findings and declarations.

(STATUS: Introduced 02/12/19. Passed out of committee as amended on 05/17/19. Read second time and amended. Ordered to second reading on 05/17/19. Read second time. Ordered to third reading on 05/20/19. Read third time. Passed. Ordered to the Assembly on 05/21/19. In Assembly. Read first time. Held at Desk on 05/22/19. **From committee with author's amendments. Read second time and amended. Re-referred to Committee on P.E. & R. on 06/17/19.**)

SB 341 (Morell)

Existing law requires the CalPERS and CalSTRS retirement boards to provide annual reports to the Legislature and the Governor with regard to investment returns on assets of CalPERS and CalSTRS, respectively. As part of these reports, the boards are required to calculate and report on the rate of return on investments based on different assumptions. This bill would require the Board of Administration of CalPERS to report a calculation of liabilities based on a discount rate equal to the yield on a 10-year United States Treasury note in the year prior to the report. The bill would require the CalSTRS Retirement Board to provide a description of the discount rate the board uses for reporting liabilities, a calculation of liabilities based on a discount rate that is 2% below the long-term rate of return assumed by the board, and a calculation of liabilities based on a discount rate equal to the yield on a 10-year United States Treasury note in the year prior to the report. This bill would also appropriate \$1 billion from the General Fund for transfer to the Teachers' Retirement Fund to reduce the unfunded liability of the STRS defined benefit program, and appropriate another \$1 billion to the Teachers' Retirement Fund if the Legislative Analyst determines in the May Revision of the 2019-20 Budget that the State has collected more than \$1 billion in unanticipated General Fund revenue. This bill contains other related provisions and amendments other existing laws.

(STATUS: Introduced 02/19/19. Referred to Committee on L., P.E. & R on 02/28/19. Set for hearing on 03/27/19. Failed passage in committee. Reconsideration granted.)

SB 430 (Wieckowski) Amended 05/17/19.

PEPRA prohibits a public employer offering a defined benefit pension plan from exceeding specified retirement formulas for new members and prohibits an enhancement of a public employee's retirement formula or benefit adopted after January 1, 2013, from applying to service performed prior to the operative date of the enhancement. PEPRA defines "new member" to mean, among other things, an individual who becomes a member of any public retirement system for the first time on or after January 1, 2013, and who was not a member of any other public retirement system prior to date. Existing law creates the Judges' Retirement System II, which is administered by the Board of Administration of the Public Employees' Retirement System, for the provision of retirement and other benefits to specified judges and their beneficiaries.

This bill would grant a judge who was elected to office in 2012, but did not take office until on or after January 1, 2013, the option of making a one-time, irrevocable election to have a pre-January 1, 2013, membership status in the Judges' Retirement System II for service accrued after on and after July 1, 2020. The bill would require the election to be made during a 30-day period beginning March 1, 2020. A judge making this election would no longer be a new member under specified provisions of PEPRA. The election would apply prospectively only, and

membership rights and obligations that accrued based on service subject to PEPR prior to July 1, 2020, would remain unchanged. The bill would specify that the Public Employees' Retirement System is not obligated to inform or locate a person who may be eligible to make the election and that its provisions do not affect the Legislature's reserved right to increase contributions or reduce benefits for purposes of the Judges' Retirement System II.

(STATUS: Introduced 02/21/19. Passed out of committee as amended on 05/17/19. Read second time and amended. Ordered to second reading on 05/17/19. Read second time. Ordered to third reading on 05/20/19. Read third time. Passed. Ordered to the Assembly on 05/21/19. In Assembly. Read first time. Held at Desk on 05/22/19. **Referred to the Committee on P.E. & R. on 05/30/19.**)

SB 518 (Wieckowski) Amended 6/20/19.

Current law, in a civil action to be resolved by trial or arbitration, authorizes a party to serve an offer in writing on any other party to the action to allow judgment to be taken or an award to be entered in accordance with the terms and conditions stated at the time. Existing law shifts specified postoffer costs to a plaintiff who does not accept a defendant's offer if the plaintiff fails to obtain a more favorable judgment or award. Current law also authorizes a court or arbitrator to order a party who does not accept the opposing party's offer and fails to obtain a more favorable judgment or award to cover the postoffer costs for the services of expert witnesses, as specified. Current law exempts certain actions from those provisions, including any labor arbitration filed pursuant to a memorandum of understanding under the Ralph C. Dills Act. This bill would also exempt from those provisions any action to enforce the California Public Records Act.

~~The California Public Records Act requires a public agency to make its public records available for public inspection and to make copies available upon request and payment of a fee, unless the public records are exempt from disclosure. The act makes specified records exempt from disclosure and provides that disclosure by a state or local agency of a public record that is otherwise exempt constitutes a waiver of the exemptions. This bill, for purposes of the award of court costs and reasonable attorney's fees pursuant to the above provisions, would specifically notwithstanding a provision of existing law that prescribes the withholding or augmentation of costs if an offer is made before judgment or award in a trial or arbitration.~~

(STATUS: Introduced 02/21/19. Set for hearing May 16 on 05/10/19. Passed out of committee on 05/16/19. Read second time. Ordered to third reading on 05/16/19. Read third time. Passed. Ordered to the Assembly on 05/23/19. In Assembly. Read first time. Held at Desk on 05/24/19. **Referred to Committee on JUD. on 06/06/19. Passed out of Committee as amended on 06/19/19. Read second time and amended. Ordered to second reading on 06/20/19.**)

SB 615 (Hueso)

The California Public Records Act requires a public agency to make its public records available for public inspection and to make copies available upon request and payment of a fee, unless the public records are exempt from disclosure. The act makes specified records exempt from disclosure and provides that disclosure by a state or local agency of a public record that is otherwise exempt constitutes a waiver of the exemptions. The act permit any person to institute proceedings for injunctive or declaratory relief or a writ of mandate to enforce the right to receive a copy of any public record covered by the act. This bill would require a person to meet and

confer in good faith with the agency in an attempt to informally resolve each issue before instituting any proceeding for injunctive or declarative relief or writ of mandate. The bill would require the person or their attorney to file a declaration stating that this has occurred at the time that proceedings are instituted. Because the declaration would be made under penalty of perjury, the bill would expand the definition of a crime and impose a state-mandated local program. This bill contains other related provisions and other existing laws. (STATUS: Introduced 02/22/19. Referred to Committee on JUD. on 03/14/19.)

SB 715 (Galgiani) Amended 03/28/19.

The California Constitution establishes the University of California as a public trust with full powers of organization and government, subject only to specified limitations. Under this independent constitutional authority, the University of California established retirement systems to provide various retirement benefits to its members. Existing law prohibits the University of California from contracting for services unless a contractor certifies that the services will be performed solely by workers within the United States or if the contractor's bid describes any work that will be performed by workers outside the United States. This bill would prohibit the University of California from contracting for services with an asset manager for a defined contribution plan if that plan is a stand-alone optional plan that is not a complement to a defined benefit pension plan. The bill would apply this prohibition to a contract entered into on or after January 1, 2015.

(STATUS: Introduced 02/22/19. Failed to pass out of committee; reconsideration granted on 04/24/19.)

SB 749 (Durazo) Amended 06/19/19.

The California Public Records Act provides that nothing in the act requires the disclosure of corporate proprietary information including trade secrets, among other things. This bill would provide that **specified records of a private industry employer that are prepared, owned, used, or retained by a public agency are not trade secrets and are public records, including certain records relating to wages, benefits, working hours, and other** employment terms and conditions of employees working for a private industry employer pursuant to a contract with a ~~state or local agency are public records and shall not be deemed to be trade secrets under the act if the records are prepared, owned, used, or retained by a state or local agency.~~ **The bill would also provide that public agency, records of compliance with local, state, or federal domestic content requirements requirements, and records of a private industry employer's compliance with job creation, job quality, or job retention obligations contained in a contract or agreement with a state or local agency are public records and shall not be deemed trade secrets under the act if the records are prepared, owned, used, or retained by a state or local** agency.

(STATUS: Introduced 02/22/19. Passed out of committee on 05/16/19. Read second time. Ordered to third reading on 05/16/19. Read third time and amended on 05/23/19. Ordered to second reading on 05/23/19. Read second time. Ordered to third reading on 05/24/19. **Referred to Committee on JUD on 06/06/19. From committee: Passed out of committee as amended and re-referred to Committee on APPR. on 06/18/19. Read second time and amended. Re-referred to Committee on APPR. on 06/19/19.**

SB 783 (Senate Committee on Labor, Public Employees and Retirement)

The CERL authorizes counties to establish retirement systems pursuant to its provisions for the purpose of providing pension and death benefits to county and district employees. This bill would correct several erroneous and obsolete cross-references within CERL.

(STATUS: Introduced 03/07/19. Read third time. Passed. Ordered to the Assembly on 05/02/19. In Assembly. Read first time. Held at desk on 05/02/19. Referred to Committee on P.E. & R. on 05/16/19.)

2019 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE SECRETARY OF THE SENATE AND THE OFFICE OF THE CHIEF CLERK
October 31, 2018 (revised)

DEADLINES

JANUARY						
S	M	T	W	TH	F	S
		<u>1</u>	2	3	4	5
6	<u>7</u>	8	9	<u>10</u>	11	12
13	14	15	16	17	18	19
20	<u>21</u>	22	23	24	<u>25</u>	26
27	28	29	30	31		

- [Jan. 1](#) Statutes take effect (Art. IV, Sec. 8(c)).
- [Jan. 7](#) Legislature **reconvenes** (J.R. 51(a)(1)).
- [Jan. 10](#) Budget must be submitted by Governor (Art. IV, Sec. 12(a)).
- [Jan. 21](#) Martin Luther King, Jr. Day.
- [Jan. 25](#) Last day to submit **bill requests** to the Office of Legislative Counsel

FEBRUARY						
S	M	T	W	TH	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	<u>18</u>	19	20	21	<u>22</u>	23
24	25	26	27	28		

- [Feb. 18](#) Presidents' Day.
- [Feb. 22](#) Last day for **bills to be introduced** (J.R. 61(a)(1)), (J.R. 54(a)).

MARCH						
S	M	T	W	TH	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	<u>29</u>	30
31						

- [Mar. 29](#) Cesar Chavez Day observed.

APRIL						
S	M	T	W	TH	F	S
	1	2	3	4	5	6
7	8	9	10	<u>11</u>	12	13
14	15	16	17	18	19	20
21	<u>22</u>	23	24	25	<u>26</u>	27
28	29	30				

- [Apr. 11](#) **Spring recess** begins upon adjournment of this day's session (J.R. 51(a)(2)).
- [Apr. 22](#) Legislature **reconvenes** from Spring recess (J.R. 51(a)(2)).
- [Apr. 26](#) Last day for **policy committees** to hear and report to **fiscal committees** **fiscal bills** introduced in their house (J.R. 61(a)(2)).

MAY						
S	M	T	W	TH	F	S
			1	2	<u>3</u>	4
5	6	7	8	9	<u>10</u>	11
12	13	14	15	16	<u>17</u>	18
19	20	21	22	23	24	25
26	<u>27</u>	<u>28</u>	<u>29</u>	<u>30</u>	<u>31</u>	

- [May 3](#) Last day for **policy committees** to hear and report to the Floor **nonfiscal bills** introduced in their house (J.R. 61(a)(3)).
- [May 10](#) Last day for **policy committees** to meet prior to June 3 (J.R. 61(a)(4)).
- [May 17](#) Last day for **fiscal committees** to hear and report to the Floor bills introduced in their house (J.R. 61(a)(5)). Last day for **fiscal committees** to meet prior to June 3 (J.R. 61(a)(6)).
- [May 27](#) Memorial Day.
- [May 28-31](#) **Floor Session Only.**
No committees, other than conference or Rules committees, may meet for any purpose (J.R. 61(a)(7)).

- [May 31](#) Last day for bills to be **passed out of the house of origin** (J.R. 61(a)(8)).

*Holiday schedule subject to Rules committee approval.

2019 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE SECRETARY OF THE SENATE AND THE OFFICE OF THE CHIEF CLERK
October 31, 2018 (revised)

JUNE						
S	M	T	W	TH	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Jun. 3 Committee meetings may resume (J.R. 61(a)(9)).

Jun. 15 **Budget Bill** must be **passed by midnight** (Art. IV, Sec. 12(c)(3)).

JULY						
S	M	T	W	TH	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Jul. 4 Independence Day.

Jul. 10 Last day for **policy committees** to hear and report **fiscal bills** to **fiscal committees** (J.R. 61(a)(10)).

Jul. 12 Last day for **policy committees** to meet and report bills (J.R. 61(a)(11)). **Summer recess** begins upon adjournment of this day's session, provided Budget Bill has been passed (J.R. 51(a)(3)).

AUGUST						
S	M	T	W	TH	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Aug. 12 **Legislature reconvenes** from Summer recess (J.R. 51(a)(3)).

Aug. 30 Last day for **fiscal committees** to meet and report bills to Floor (J.R. 61(a)(12)).

SEPTEMBER						
S	M	T	W	TH	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

Sep. 2 Labor Day.

Sep. 3-13 **Floor Session Only**. No committees, other than conference and Rules committees, may meet for any purpose (J.R. 61(a)(13)).

Sep. 6 Last day to **amend bills on the floor** (J.R. 61(a)(14)).

Sep. 13 Last day for **each house to pass bills** (J.R. 61(a)(15)). **Interim Study Recess** begins upon adjournment of this day's session (J.R. 51(a)(4)).

*Holiday schedule subject to Senate Rules committee approval.

IMPORTANT DATES OCCURRING DURING INTERIM STUDY RECESS

2019

Oct. 13

Last day for Governor to sign or veto bills passed by the Legislature on or before Sep. 13 and in the Governor's possession after Sep. 13 (Art. IV, Sec.10(b)(1)).

2020

Jan. 1

Statutes take effect (Art. IV, Sec. 8(c)).

Jan. 6

Legislature reconvenes (J.R. 51 (a)(4)).

I-6

Memorandum

DATE: July 11, 2019
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: BOARD COMMUNICATIONS

Written Report

Background/Discussion

To ensure that the public has free and open access to those items that could have bearing on the decisions of the Trustees of the Board of Retirement, the OCERS Board has directed that all written communications to the entire Board during the interim between regular Board meetings be included in a monthly communications summary.

News Links

The various news and informational articles that have been shared with the full Board are being provided to you here by web link address. By providing the links in this publicly available report, we comply with both the Brown Act public meeting requirements, as well as avoid any copyright issues.

The following news and informational item was provided by staff and the CEO for distribution to the entire Board:

Steve Delaney:

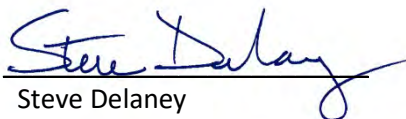
Florida city gives in to \$600,000 bitcoin ransomware demand

https://www.engadget.com/2019/06/20/florida-hacker-ransom-riviera-beach/?utm_medium=techboard.thu.20190620&utm_source=email&utm_content=&utm_campaign=campaign&gucounter=1

TCA to Pay Off \$12.8 Million in Unfunded Pension Liability

<https://www.sancclementetimes.com/tca-pay-off-12-8-million-unfunded-pension-liability/>

Submitted by:



Steve Delaney
Chief Executive Officer

I-7



Memorandum

DATE: June 26, 2019
TO: Members of the Board of Retirement
FROM: Tracy Bowman, Director of Finance
SUBJECT: **SECOND QUARTER 2019 TRAVEL AND TRAINING EXPENSE REPORT**

Written Report

Background/Discussion

In accordance with OCERS' Travel Policy, the Chief Executive Officer is required to submit a quarterly report to the Board of Retirement on conference attendance and related expenditures incurred by OCERS' Board Members and staff. Attached is the Second Quarter 2019 Travel and Training Expense Report that includes all expenses submitted through June 19, 2019.

Submitted by:

A digital signature stamp that reads "OCERS T.B. - Approved" with a small OCERS logo to the left.

Tracy Bowman
Director of Finance

TRAVEL AND TRAINING EXPENSE REPORT
Second QUARTER 2019
 Submitted Through June 19, 2019**

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2019 YTD Total	2018 Total*
BALDWIN	1/14/19	SACRS Meeting	Sacramento, CA	Meeting	-	-	25.94	339.97	275.30	42.64	-	683.85	
	1/31/19	CALAPRS Meeting	Oakland, CA	Meeting	-	-	-	431.96	237.14	-	-	669.10	
	2/11/19	SACRS Meeting	Sacramento, CA	Meeting	-	-	-	189.96	436.30	44.62	-	670.88	
	2/23-2/26/19	NASRA/NIRS Winter System Round Table/Legislative Conference	Washington, D.C.	Conference	-	1,165.00	90.13	336.41	958.00	176.79	-	2,726.33	
	3/2-3/5/19	CALAPRS General Assembly	Monterey, CA	Conference	-	150.00	69.00	314.60	784.09	211.82	-	1,529.51	
	3/27-3/29/19	CALAPRS Pension Management for Trustees (3)	Los Angeles, CA	Conference	54.87	3,100.00	-	-	-	64.00	-	3,218.87	
	4/9/19	Mekela Investment Group 2019 Conference	San Diego, CA	Conference	103.94	-	-	-	-	-	-	103.94	
	4/10-4/13/19	Institutional Investor Protecting Shareholder Rights	New Orleans, LA	Conference	-	625.00	66.64	492.60	529.47	166.16	-	1,879.87	
	5/7-5/10/19	SACRS Spring Conference	Lake Tahoe, CA	Conference	-	120.00	63.90	137.97	681.18	31.85	-	1,034.90	
Sub Total					158.81	5,160.00	315.61	2,243.47	3,901.48	737.88	12,517.25	15,478.93	
BALL					-	-	-	-	-	-	-	-	
Sub Total													5,326.79
DEWANE	3/27-3/29/19	CALAPRS Pension Management for Trustees (3)	Los Angeles, CA	Conference	61.25	3,100.00	86.13	-	-	-	-	3,247.38	
Sub Total					61.25	3,100.00	86.13					3,247.38	
ELEY					-	-	-	-	-	-	-	-	
Sub Total													190.80
FREIDENRICH					-	-	-	-	-	-	-	-	
Sub Total													12,206.27
GILBERT					-	-	-	-	-	-	-	-	
Sub Total													181.00
HILTON	1/14-1/15/19	SACRS Board and Committee Meeting	Sacramento, CA	Meeting	-	-	-	203.96	160.70	43.09	-	407.75	
	1/27-1/30/19	NCPERS Legislative Conference	Washington, D.C.	Conference	14.50	550.00	-	213.11	970.23	104.78	-	1,852.62	
	2/11/19	SACRS Meeting	Sacramento, CA	Meeting	29.23	-	-	211.96	279.15	57.32	-	577.66	
	2/23-2/26/19	NASRA/NIRS Winter System Round Table/Legislative Conference	Washington, D.C.	Conference	-	665.00	8.44	355.60	935.00	77.62	-	2,041.66	
	3/2-3/5/19	CALAPRS General Assembly	Monterey, CA	Conference	29.23	150.00	49.99	155.96	520.04	33.00	-	938.22	
	3/19/19	SACRS Program Committee Meeting	Sacramento, CA	Meeting	-	-	-	117.96	-	51.04	-	169.00	
	4/22/19	SACRS Meeting	Sacramento, CA	Meeting	-	-	-	383.96	-	49.13	-	433.09	
	5/7-5/10/19	SACRS Spring Conference	Lake Tahoe, CA	Conference	-	120.00	-	201.00	891.54	-	-	1,212.54	
	6/3-6/6/19	OC Pension Legislative Meetings	Washington, D.C.	Meeting	-	-	147.94	607.99	1,341.48	-	-	2,097.41	
	6/17/19	SACRS Retreat	Sacramento, CA	Meeting	-	-	-	193.96	-	-	-	193.96	
	7/22-7/24/19	Pension Bridge Conference	Chicago, IL	Conference	-	-	-	403.96	-	-	-	403.96	
8/3-8/7/19	NASRA Annual Conference	Williamsburg, VA	Conference	-	1,175.00	-	-	247.28	-	-	1,422.28		
Sub Total					72.96	2,660.00	206.37	3,049.42	5,345.42	415.98	11,750.15	11,475.12	
LINDHOLM	3/2-3/5/19	CALAPRS General Assembly	Monterey, CA	Conference	-	150.00	-	296.00	255.02	-	-	701.02	
Sub Total						150.00		296.00	255.02		701.02		
PACKARD	3/2-3/5/19	CALAPRS General Assembly	Monterey, CA	Conference	425.72	150.00	112.92	-	765.06	75.00	-	1,528.70	
	8/3-8/7/19	NASRA Annual Conference	Williamsburg, VA	Conference	-	1,175.00	-	-	247.28	-	-	1,422.28	
Sub Total					425.72	1,325.00	112.92		1,012.34	75.00		2,950.98	5,803.36
PREVATT	2/23-2/26/19	NASRA/NIRS Winter System Round Table/Legislative Conference	Washington, D.C.	Conference	-	1,165.00	7.28	448.60	731.25	128.37	-	2,480.50	
	3/2-3/5/19	CALAPRS General Assembly	Monterey, CA	Conference	416.44	150.00	49.22	-	810.06	75.00	-	1,500.72	
	4/29-5/1/19	Legislative Meetings	Sacramento, CA	Meetings	-	-	117.21	183.27	570.62	56.71	-	927.81	
	5/7-5/10/19	SACRS Spring Conference	Lake Tahoe, CA	Conference	341.00	120.00	63.50	-	706.18	-	-	1,230.68	
	6/6/19	CALAPRS Trustee's Round Table	Burbank, CA	Conference	46.63	-	-	-	234.62	26.93	-	308.18	
	7/22-7/24/19	IFEBP International and Emerging Market Investing	San Francisco, CA	Conference	-	4,155.00	-	-	-	-	-	4,155.00	
	8/3-8/7/19	NASRA Annual Conference	Williamsburg, VA	Conference	-	1,175.00	-	-	247.28	-	-	1,422.28	
Sub Total					804.07	6,765.00	237.21	631.87	3,300.01	287.01	12,025.17	13,721.00	
VALLONE	5/7-5/10/19	SACRS Spring Conference	Lake Tahoe, CA	Conference	28.07	120.00	62.74	-	681.18	60.00	-	951.99	
Sub Total					28.07	120.00	62.74		681.18	60.00		951.99	2,777.74
BOARD Total					1,550.88	19,280.00	1,020.98	6,220.76	14,495.45	1,575.87		44,143.94	67,161.01
DELANEY	1/25/19	CALAPRS Administrators Round Table	Burbank, CA	Conference	-	125.00	-	-	235.35	-	-	360.35	
	2/23-2/26/19	NASRA/NIRS Winter System Round Table/Legislative Conference	Washington, D.C.	Conference	-	665.00	24.18	439.19	699.36	136.59	-	1,964.32	
	3/2-3/5/19	CALAPRS General Assembly	Monterey, CA	Conference	-	150.00	31.41	126.40	460.99	414.67	-	1,183.47	
	4/10-4/13/19	Institutional Investor Protecting Shareholder Rights	New Orleans, LA	Conference	47.21	-	117.98	678.56	823.09	233.60	-	1,900.44	
	4/15-4/16/19	CALAPRS Management Academy	Pasadena, CA	Training	57.54	-	-	-	-	-	-	57.54	
	4/24-4/26/19	Institutional Investor Public Funds Round Table	Los Angeles, CA	Conference	118.90	-	-	-	-	15.00	-	133.90	
	4/29-5/1/19	Legislative Meetings	Sacramento, CA	Meetings	-	-	121.59	-	586.35	109.01	-	816.95	
	5/7-5/10/19	SACRS Spring Conference	Lake Tahoe, CA	Conference	-	120.00	111.70	502.99	302.94	332.74	-	1,370.37	
	5/18-5/19/19	NCPERS Trustee Educational Seminar (2)	Austin, TX	Conference	-	-	-	320.39	-	-	-	320.39	
	6/3-6/6/19	OC Pension Legislative Meetings	Washington, D.C.	Meetings	-	-	147.94	-	1,341.48	-	-	1,489.42	
	6/20/19	CALAPRS Board Meeting	San Jose, CA	Meeting	-	-	-	284.20	-	-	-	284.20	
	8/3-8/7/19	NASRA Annual Conference	Williamsburg, VA	Conference	-	1,175.00	-	-	247.28	-	-	1,422.28	
Sub Total					223.65	2,235.00	554.80	2,351.73	4,696.84	1,241.61	11,303.63	12,189.19	

TRAVEL AND TRAINING EXPENSE REPORT
Second QUARTER 2019
 Submitted Through June 19, 2019**

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2019 YTD Total	2018 Total*
JENIKE	3/2-3/5/19	CALAPRS General Assembly	Monterey, CA	Conference	19.67	-	72.17	155.96	510.04	375.27	-	1,133.11	
	4/14-4/17/19	CRCEA Spring Conference	San Diego, CA	Conference	88.86	75.00	-	-	174.77	-	-	338.63	
	5/13-5/16/19	2019 CEM Global Pension Administration Conference	Los Angeles, CA	Conference	41.18	1,500.00	38.95	-	830.88	123.00	-	2,534.01	
	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	7.89	-	-	-	-	-	-	7.89	
Sub Total					157.60	1,575.00	111.12	155.96	1,515.69	498.27	-	4,013.64	11,196.78
SHOTT	1/27-1/29/19	GFOA/CORBA Committee Meeting	Washington, D.C.	Meeting	-	-	165.00	466.80	550.26	106.50	-	1,288.56	
	3/2-3/5/19	CALAPRS General Assembly	Monterey, CA	Conference	13.75	150.00	137.11	182.30	340.52	266.95	-	1,090.63	
	5/7-5/10/19	SACRS Spring Conference (1)	Lake Tahoe, CA	Conference	-	120.00	-	-	-	-	-	120.00	
	5/18-5/22/19	CORBA/GFOA 113th Annual Conference	Los Angeles, CA	Conference/Meeting	175.51	420.00	191.70	-	620.58	127.80	20.00	1,555.59	
7/22-7/24/19	Developing Executive Leadership	Dallas, TX	Conference	-	2,645.00	-	-	-	-	-	2,645.00		
Sub Total					189.26	3,335.00	493.81	649.10	1,511.36	501.25	20.00	6,699.78	20,232.91
TORRES					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	3,560.77
EXECUTIVE Total					570.51	7,145.00	1,159.73	3,156.79	7,723.89	2,241.13	20.00	22,017.05	47,179.65
BEESON					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	5,478.47
CHARY	4/15-4/19/19	Owl Rock	New York, NY	Due Diligence	49.53	-	73.27	716.60	-	263.07	-	1,102.47	
	4/28-5/1/19	Milken Institute Global Conference 2019	Beverly Hills, CA	Conference	57.31	-	-	-	1,511.39	127.34	-	1,696.04	
	5/7-5/10/19	SACRS Spring Conference	Lake Tahoe, CA	Conference	-	120.00	13.27	201.00	498.64	-	-	832.91	
Sub Total					106.84	120.00	86.54	917.60	2,010.03	390.41	-	3,631.42	7,570.98
CLEBERG					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	516.59
CUARESMA					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	1,423.24
MURPHY	2/5-2/6/19	San Francisco Employees Retirement System/Due Diligence	San Francisco, CA	Meeting/Due Diligence	-	-	28.53	248.61	373.41	238.12	-	888.67	
	3/13-3/15/19	Women in Private Equity Summit	Dana Point, CA	Conference	27.14	-	-	-	-	36.00	-	63.14	
	4/24-4/26/19	Institutional Investor Public Funds Round Table	Los Angeles, CA	Conference	50.63	-	-	-	797.34	135.00	-	982.97	
	4/28-5/1/19	Milken Institute Global Conference 2019	Beverly Hills, CA	Conference	41.59	-	64.33	-	1,256.46	231.00	-	1,593.38	
	5/7-5/10/19	SACRS Spring Conference	Lake Tahoe, CA	Conference	-	120.00	31.52	560.86	674.64	60.00	-	1,447.02	
5/12-5/13/19	Warwick	Oklahoma City, OK	Due Diligence	-	-	10.80	466.60	166.62	198.59	-	842.61		
Sub Total					119.36	120.00	135.18	1,276.07	3,268.47	898.71	-	5,817.79	17,526.93
TUCKER	2/4-2/8/19	Schroders, TorreyCove, JPM, Blackstone, Hancock	New York, NY/Boston, MA/Greenwich, CT	Due Diligence	-	-	-	-	-	323.12	-	323.12	
	2/19-2/21/19	Bridgewater, Stone Point, Advent	New York, NY/Greenwich, CT	Due Diligence	12.82	-	-	-	-	42.15	-	54.97	
	3/6/19	Warwick, Cross Ocean, and LPAC Meeting	New York, NY	Meeting	-	-	-	-	-	47.94	-	47.94	
	4/4-4/5/19	GIP IV and Stone Point Trident VII	New York, NY	Due Diligence	-	-	-	697.58	-	132.64	-	830.22	
	4/24-4/26/19	Institutional Investor Public Funds Round Table	Los Angeles, CA	Conference	-	-	-	-	-	238.67	-	238.67	
	5/7-5/10/19	SACRS Spring Conference	Lake Tahoe, CA	Conference	-	120.00	-	201.00	697.95	15.19	-	1,034.14	
5/12-5/13/19	Warwick	Oklahoma City, OK	Due Diligence	-	-	-	628.61	-	45.09	-	673.70		
Sub Total					12.82	120.00	-	1,527.19	697.95	844.80	-	3,202.76	-
TURAIGI	4/24-4/26/19	Institutional Investor Public Funds Round Table	Los Angeles, CA	Conference	55.70	-	-	-	797.34	135.00	-	988.04	
	5/21/2019	PIMCO's 5th Annual Alternative Investments	Newport Beach, CA	Conference	13.41	-	-	-	-	-	-	13.41	
Sub Total					69.11	-	-	-	797.34	135.00	-	1,001.45	9,116.74
WALANDER-SARKIN	3/13-3/15/19	Women in Private Equity Summit	Dana Point, CA	Conference	33.00	-	-	-	-	36.00	-	69.00	
	3/25-3/27/19	Manager Due Diligence/Annual Mtgs	San Francisco, CA	Due Diligence	-	-	29.05	498.60	792.61	200.35	-	1,520.61	
	4/24-4/26/19	Institutional Investor Public Funds Round Table	Los Angeles, CA	Conference	58.70	-	-	-	265.78	50.00	-	374.48	
Sub Total					91.70	-	29.05	498.60	1,058.39	286.35	-	1,964.09	8,309.81
INVESTMENTS Total					399.83	360.00	250.77	4,219.46	7,832.18	2,555.27	-	15,617.51	49,942.76
KINSLER	6/6/19	CALAPRS Communications Round Table	Burbank, CA	Conference	-	125.00	-	-	-	-	-	125.00	
Sub Total					-	125.00	-	-	-	-	-	125.00	3,620.04
RITCHEY	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	4.06	250.00	-	-	-	5.00	-	259.06	
	6/6/19	CALAPRS Communications Round Table	Burbank, CA	Conference	-	125.00	-	-	-	-	-	125.00	
Sub Total					4.06	375.00	-	-	-	5.00	-	384.06	837.57
COMMUNICATIONS Total					4.06	500.00	-	-	-	5.00	-	509.06	4,457.61
FLETCHER					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	125.00
MATSUO	3/28-3/29/19	Benefits Round Table	Oakland, CA	Conference	-	-	-	358.96	-	-	-	358.96	
	5/7-5/10/19	SACRS Spring Conference	Lake Tahoe, CA	Conference	-	120.00	-	137.97	643.12	-	-	901.09	
Sub Total					-	120.00	-	496.93	643.12	-	-	1,260.05	1,063.88
MCINTOSH	3/28-3/29/19	Benefits Round Table	Oakland, CA	Conference	-	-	-	358.96	257.30	86.77	-	703.03	
	5/7-5/10/19	SACRS Spring Conference	Lake Tahoe, CA	Conference	-	120.00	-	289.30	681.18	95.91	-	1,186.39	
	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	-	250.00	-	-	-	-	-	250.00	
Sub Total					-	370.00	-	648.26	938.48	182.68	-	2,139.42	828.47

TRAVEL AND TRAINING EXPENSE REPORT
Second QUARTER 2019
Submitted Through June 19, 2019**

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2019 YTD Total	2018 Total*
RATTO	2/20-2/22/19	2019 NAPPA Winter Seminar	Tempe, AZ	Conference	322.60	555.00	190.00	-	811.56	-	-	1,879.16	
	3/8/19	SACRS Legislative Committee Meeting	Sacramento, CA	Meeting	10.00	-	-	432.96	-	122.64	-	565.60	
	5/7-5/10/19	SACRS Spring Conference	Lake Tahoe, CA	Conference	12.12	120.00	112.92	219.29	711.18	53.69	-	1,229.20	
	6/25-6/28/19	NAPPA 2019 Legal Education Conference	San Diego, CA	Conference	-	895.00	-	-	-	-	-	895.00	
Sub Total				344.72	1,570.00	302.92	652.25	1,522.74	176.33	-	4,568.96	5,364.07	
SHARMA	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	-	-	-	-	-	39.72	-	39.72	
Sub Total				-	-	-	-	-	-	39.72	-	39.72	99.00
SINGLETON					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	3,062.11
LEGAL Total					344.72	2,060.00	302.92	1,797.44	3,104.34	398.73	-	8,008.15	10,542.53
ANGON					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	199.00
BERCARU	5/17/2019	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	-	250.00	-	-	-	-	-	250.00	
Sub Total					-	250.00	-	-	-	-	-	250.00	-
CAMARILLO	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	-	250.00	-	-	-	-	-	250.00	
	6/20/19	SkillPath Advanced Excel Class	Irvine, CA	Training	-	399.00	-	-	-	-	-	399.00	
Sub Total					-	649.00	-	-	-	-	-	649.00	-
FIELDS	6/7/19	CALAPRS Benefits Round Table	Burbank, CA	Conference	-	125.00	-	-	-	24.50	-	149.50	
Sub Total					-	125.00	-	-	-	24.50	-	149.50	148.80
FLORES					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	99.00
GUEVARA					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	120.00
HALBUR					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	3,129.44
JOVEL	6/7/19	CALAPRS Benefits Round Table	Burbank, CA	Conference	54.40	125.00	-	-	-	19.00	-	198.40	
Sub Total					54.40	125.00	-	-	-	19.00	-	198.40	-
LOPEZ	6/7/19	CALAPRS Benefits Round Table	Burbank, CA	Conference	-	125.00	-	-	-	-	-	125.00	
Sub Total					-	125.00	-	-	-	-	-	125.00	-
MARTINEZ					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	199.00
MERIDA	6/7/19	CALAPRS Benefits Round Table	Burbank, CA	Conference	46.40	125.00	-	-	-	19.00	-	190.40	
Sub Total					46.40	125.00	-	-	-	19.00	-	190.40	158.50
MIRAMONTES	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	-	250.00	-	-	-	-	-	250.00	
Sub Total					-	250.00	-	-	-	-	-	250.00	-
PANAMENO					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	120.00
PERSI	4/15-4/16/19	CALAPRS Management Academy	Pasadena, CA	Training	-	3,000.00	-	-	-	-	-	3,000.00	
	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	-	250.00	-	-	-	-	-	250.00	
Sub Total					-	3,250.00	-	-	-	-	-	3,250.00	500.00
RUBIO	6/7/19	CALAPRS Benefits Round Table	Burbank, CA	Conference	-	125.00	-	-	-	-	-	125.00	
Sub Total					-	125.00	-	-	-	-	-	125.00	120.00
SERRANO	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	-	250.00	-	-	-	-	-	250.00	
Sub Total					-	250.00	-	-	-	-	-	250.00	-
WOOD	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	-	250.00	-	-	-	5.00	-	255.00	
Sub Total					-	250.00	-	-	-	5.00	-	255.00	-
YU	6/7/19	CALAPRS Benefits Round Table	Burbank, CA	Conference	62.41	125.00	-	-	-	21.00	-	208.41	
Sub Total					62.41	125.00	-	-	-	21.00	-	208.41	32.00
MEMBER SERVICES Total					163.21	5,649.00	-	-	-	88.50	-	5,900.71	4,825.74
BOWMAN					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	3,245.64
DAVEY	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	-	250.00	-	-	-	-	-	250.00	
Sub Total					-	250.00	-	-	-	-	-	250.00	172.28
DURIGON	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	10.00	250.00	-	-	-	5.00	-	265.00	
Sub Total					10.00	250.00	-	-	-	5.00	-	265.00	-
GUERRERO	4/26/19	CALAPRS Accountants Round Table	San Jose, CA	Conference	-	125.00	38.87	185.96	282.73	-	-	632.56	
	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	-	250.00	-	-	-	-	-	250.00	
Sub Total					-	375.00	38.87	185.96	282.73	-	-	882.56	-
KANG					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	2,992.93
REYES					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	155.17
WEHRT	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	10.00	250.00	-	-	-	5.00	-	265.00	
Sub Total					10.00	250.00	-	-	-	5.00	-	265.00	-
FINANCE Total					20.00	1,125.00	38.87	185.96	282.73	10.00	-	1,662.56	6,566.02

TRAVEL AND TRAINING EXPENSE REPORT
Second QUARTER 2019
Submitted Through June 19, 2019**

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2019 YTD Total	2018 Total*
ACUNA					-	-	-	-	-	-	-	-	-
Sub Total					-	-	-	-	-	-	-	-	566.66
CORTEZ	5/17/2019	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	-	250.00	-	-	-	-	-	250.00	-
Sub Total					-	250.00	-	-	-	-	-	250.00	341.09
G. GARCIA					-	-	-	-	-	-	-	-	-
Sub Total					-	-	-	-	-	-	-	-	182.68
LINARES					-	-	-	-	-	-	-	-	-
Sub Total					-	-	-	-	-	-	-	-	120.00
SANDOVAL					-	-	-	-	-	-	-	-	-
Sub Total					-	-	-	-	-	-	-	-	174.80
DISABILITY Total					-	250.00	-	-	-	-	-	250.00	1,385.23
D'AIELLO					-	-	-	-	-	-	-	-	-
Sub Total					-	-	-	-	-	-	-	-	81.52
DOEZE	4/15-4/16/19	CALAPRS Management Academy	Pasadena, CA	Training	54.98	3,000.00	25.00	-	201.60	14.00	-	3,295.58	-
Sub Total					54.98	3,000.00	25.00	-	201.60	14.00	-	3,295.58	2,074.50
DURRAH	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	-	250.00	-	-	-	-	-	250.00	-
Sub Total					-	250.00	-	-	-	-	-	250.00	1,191.44
GUNSOLLEY	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	-	250.00	-	-	-	-	-	250.00	-
Sub Total					-	250.00	-	-	-	-	-	250.00	-
HOCKLESS					-	-	-	-	-	-	-	-	-
Sub Total					-	-	-	-	-	-	-	-	5,835.50
MURRIETTA	2/21/19	Communicate with Tact and Professionalism	Anaheim, CA	Training	10.00	-	-	-	-	16.00	-	26.00	-
	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	7.89	250.00	-	-	-	5.00	-	262.89	-
Sub Total					17.89	250.00	-	-	-	21.00	-	288.89	796.38
WOZNIUK	1/30/19	Leadership Skills Seminar	Anaheim, CA	Conference	10.00	-	-	-	-	16.00	-	26.00	-
	4/16/19	Dealing with Difficult People	Anaheim, CA	Conference	10.00	-	-	-	-	8.00	-	18.00	-
	5/7/19	Managing Conflict and Confrontation	Anaheim, CA	Conference	10.00	-	-	-	-	8.00	-	18.00	-
	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	-	250.00	-	-	-	-	-	250.00	-
Sub Total					30.00	250.00	-	-	-	32.00	-	312.00	381.74
ADMINISTRATION Total					102.87	4,000.00	25.00	-	201.60	67.00	-	4,396.47	10,361.08
JOHNSON					-	-	-	-	-	-	-	-	-
Sub Total					-	-	-	-	-	-	-	-	3,469.28
LARA	5/12-5/15/19	2019 PRISM Conference	Indianapolis, IN	Conference	57.65	650.00	36.00	376.60	698.49	208.52	-	2,027.26	-
	8/18-8/24/19	SharePoint Fesl/Office 365	Seattle, WA	Training	-	-	-	532.99	1,516.90	-	-	2,049.89	-
Sub Total					57.65	650.00	36.00	909.59	2,215.39	208.52	-	4,077.15	2,889.79
NANDI	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	-	250.00	-	-	-	-	-	250.00	-
Sub Total					-	250.00	-	-	-	-	-	250.00	-
SADOSKI					-	-	-	-	-	-	-	-	-
Sub Total					-	-	-	-	-	-	-	-	6,699.00
IT Total					57.65	900.00	36.00	909.59	2,215.39	208.52	-	4,327.15	13,058.07
ADVIENTO	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	-	250.00	-	-	-	-	-	250.00	-
	7/7-7/10/19	The IIA's 2019 International Conference	Anaheim, CA	Conference	-	1,500.00	-	-	-	-	-	1,500.00	-
Sub Total					-	1,750.00	-	-	-	-	-	1,750.00	7,036.11
KIM	3/2-3/5/19	CALAPRS General Assembly	Monterey, CA	Conference	41.64	150.00	58.11	186.60	510.04	279.75	-	1,226.14	-
	5/5-5/8/19	APPPA Spring 2019 Conference	New Orleans, LA	Conference	41.99	425.00	46.71	346.60	547.37	190.18	-	1,597.85	-
	5/7-5/10/19	SACRS Spring Conference (1)	Lake Tahoe, CA	Conference	-	120.00	-	-	-	-	-	120.00	-
	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	7.31	250.00	-	-	-	5.00	-	262.31	-
Sub Total					90.94	945.00	104.82	533.20	1,057.41	474.93	-	3,206.30	918.33
INTERNAL AUDIT Total					90.94	2,695.00	104.82	533.20	1,057.41	474.93	-	4,956.30	7,954.44

TRAVEL AND TRAINING EXPENSE REPORT
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Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2019 YTD Total	2018 Total*
EAKIN	2/1/19	CALAPRS Trustee's Round Table	Oakland, CA	Conference	-	-	-	257.40	-	-	-	257.40	
	2/2-2/9/19	SANS Security East 2019	New Orleans, LA	Training	-	7,379.00	327.63	448.00	1,566.31	98.43	-	9,819.37	
	3/2-3/5/19	CALAPRS General Assembly	Monterey, CA	Conference	-	-	72.66	511.60	255.02	114.40	-	953.68	
	4/30-5/1/19	Gartner EITL Spring Peer Forum	Fort Lauderdale, FL	Conference	-	-	55.68	513.00	318.66	68.14	-	955.48	
	5/12-5/15/19	2019 PRISM Conference	Indianapolis, IN	Conference	-	650.00	-	-	-	-	-	650.00	
	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Conference	-	250.00	-	-	-	-	-	250.00	
	6/17-6/20/19	2019 Gartner Security & Risk Summit	National Harbor, MD	Conference	-	-	-	685.60	658.44	-	-	1,344.04	
Sub Total					-	8,279.00	455.97	2,415.60	2,798.43	280.97	-	14,229.97	7,466.60
GOSSARD	1/14-1/19/19	SANS Training Program for CISSP	Santa Rosa, CA	Training	-	7,029.00	298.79	217.20	1,481.20	30.00	-	9,056.19	
	5/12-5/15/19	2019 PRISM Conference	Indianapolis, IN	Conference	-	650.00	50.73	380.80	698.49	20.89	-	1,800.91	
	6/17-6/20/19	2019 Gartner Security & Risk Summit	National Harbor, MD	Conference	-	3,150.00	-	824.59	658.44	-	-	4,633.03	
Sub Total					-	10,829.00	349.52	1,422.59	2,838.13	50.89	-	15,490.13	2,750.87
CYBER SECURITY Total					-	19,108.00	805.49	3,838.19	5,636.56	331.86	-	29,720.10	10,217.47
Total					3,304.67	63,072.00	3,744.58	20,861.39	42,549.55	7,956.81	20.00	141,509.00	233,651.61

Footnotes:

* Prior year totals only presented for 2019 active staff & Board members.

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

1 Trip cancelled. Expenses do not qualify for refund due to cancellation outside policy.

2 Trip cancelled and a credit has been placed on the airlines account which will be applied towards a future trip.

3 Registration fee includes hotel cost.

I-8

Memorandum

DATE: July 11, 2019
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **SEPTEMBER 2019 STRATEGIC PLANNING WORKSHOP AGENDA**

Written Report

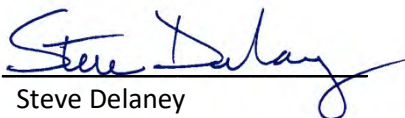
Background/Discussion

Last month the Board was provided a memo listing possible topics for consideration at its annual Strategic Planning Workshop, to be held at the Embassy Suites, Santa Ana, over two days – September 18 and 19, 2019. As has been the Board's preference for many years, that preview allows for adjustments to the agenda, ensuring the Board considers the issues it considers most important in preparation for the coming calendar year.

No individual Board member requests for changes to the proposed topics were received, so you will find attached staff's recommended OCERS Board Strategic Planning Workshop Agenda. I will work with the Board Chair to make any adjustments to the agenda as we near September.

Note that the investment portions of the agenda, covering Wednesday (Sept 18) afternoon and Thursday (Sept 19) morning are still reflecting broad topical areas and will be finalized in September prior to forwarding your Board packet materials.

Submitted by:



Steve Delaney
Chief Executive Officer

Attachment: Strategic Planning Workshop September 18 – 19, 2019 Agenda



OCERS BOARD OF RETIREMENT
2019 STRATEGIC PLANNING WORKSHOP



Embassy Suites by Hilton Santa Ana Orange County Airport
1325 E Dyer Road,
Santa Ana, CA 92705

AGENDA
Wednesday, September 18, 2019

BREAKFAST	7:15 – 8:30
WELCOME & INTRODUCTORY COMMENTS <i>Steve Delaney, CEO</i>	8:30 – 8:45
A. STAKEHOLDER DISCUSSIONS <i>Presentations by various employer and labor representatives</i>	8:45 – 9:45
B. STATE OF OCERS <i>Presentation by Steve Delaney, Chief Executive Officer</i>	9:45 – 10:45
REFRESHMENT BREAK	10:45 – 11:00



C. ACTUARIAL ISSUES – MORTALITY, BENEFIT WEIGHTED, MATURING PLANS **11:00 – 12:00**
Presentation by Paul Angelo, Segal Consulting

LUNCH **12:00 – 1:00**

D. ACTUARIAL ISSUES – DROP EXPLAINED **1:00 – 1:30**
Presentation by Paul Angelo, Segal Consulting

E. INVESTMENT TOPICS **1:30 – 5:00**

NETWORK RECEPTION **5:00 – 5:30**

DINNER **5:30 – 7:00**

OCERS BOARD OF RETIREMENT
2019 STRATEGIC PLANNING WORKSHOP



*Embassy Suites by Hilton Santa Ana Orange County Airport
1325 E Dyer Road,
Santa Ana, CA 92705*

AGENDA
Thursday, September 19, 2019

BREAKFAST	7:15 - 8:30
WELCOME & INTRODUCTORY COMMENTS <i>Steve Delaney, CEO and Molly A. Murphy, CFA, CIO, OCERS</i>	8:30 – 8:45
A. INVESTMENT TOPICS <i>Discussions led by Molly A. Murphy, CFA, CIO OCERS</i>	8:45 – 10:45
REFRESHMENT BREAK	10:45 – 11:00
B. CALPERS OVERVIEW <i>Discussions led by Marcie Frost, CEO CalPERS</i>	11:00 – 12:00
LUNCH	12:00 – 1:00
C. INVESTMENT TOPICS <i>Discussions led by Molly A. Murphy, CFA, CIO OCERS</i>	1:00 – 2:30
REFRESHMENT BREAK	2:30 - 2:45

D. PRELIMINARY 2020-2022 OCERS STRATEGIC PLAN **2:45 – 3:45**
Presentation by Steve Delaney, CEO, OCERS

E. PRELIMINARY 2020 OCERS BUSINESS PLAN **3:45 – 4:45**
Presentation by Steve Delaney, CEO, and OCERS Management Team

CONCLUSION **4:45 – 5:00**

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.

I-9

Memorandum

DATE: June 26, 2019
TO: Members of the Board of Retirement
FROM: Cynthia Hockless, Director of Administrative Services
SUBJECT: **GENERAL AND RETIRED BOARD MEMBER ELECTION UPDATE**

Recommendation

Receive and File

Background/Discussion

On June 18, 2019, Administrative Services contacted the Registrar of Voters requesting them to conduct an election for the General and Retired member whose terms expire on December 31, 2019. We received a response informing us that the elections will be held on October 15, 2019. The Registrar of Voters has provided OCERS with an election schedule.

As per the attached schedule, we are in the process of notifying eligible members of the elections. The Election Notices will be distributed with the July 12, 2019 and July 26, 2019 payrolls as well as mailed to the home of each General and Retired member via US mail.

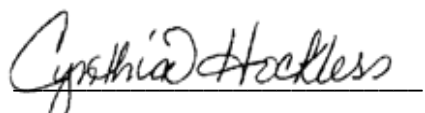
The nomination period begins on July 29, 2019 and will close at 5:00 p.m. on August 16, 2019.

We are currently on schedule and will continue to provide updates as we progress through the process.

Attachments:

1. OCERS letter requesting a General and Retired Member election
2. Response letter from the Registrar of Voters with Calendar of events

Submitted by:



Cynthia Hockless

Director of Administrative Services

June 18, 2019

**Active Participating
Employers:**

CITY OF SAN JUAN
CAPISTRANO

COUNTY OF ORANGE

ORANGE COUNTY
CEMETERY DISTRICT

ORANGE COUNTY CHILDREN
& FAMILIES COMMISSION

ORANGE COUNTY
EMPLOYEES RETIREMENT
SYSTEM

ORANGE COUNTY FIRE
AUTHORITY

ORANGE COUNTY IN-HOME
SUPPORTIVE SERVICES
PUBLIC AUTHORITY

ORANGE COUNTY LOCAL
AGENCY FORMATION
COMMISSION

ORANGE COUNTY PUBLIC
LAW LIBRARY

ORANGE COUNTY
SANITATION DISTRICT

ORANGE COUNTY
TRANSPORTATION
AUTHORITY

SUPERIOR COURT OF
CALIFORNIA, COUNTY
OF ORANGE

TRANSPORTATION
CORRIDOR AGENCIES

Neal Kelley
Registrar of Voters
1300 N. Grand Avenue, Bldg #C
Santa Ana, CA 92705

Re: General and Retired Member to the Board of Retirement for the term of office from
January 01, 2020 – December 31, 2022.

Dear Mr. Kelly,

The Orange County Employees Retirement System would like to request that the
Registrar of Voters conduct an election for the position of General and Retired member
of the Board of Retirement whose term of office will expire on December 31, 2019.

The election for the General member should be conducted from active General members
and the election of the Retired members should be conducted from the active Retired
membership of the Retirement System.

The elected Board members are scheduled to assume office upon certification of
election results by the Board of Supervisors.

Under separate cover, we will send a list of eligible voting members by membership
type.

We are looking forward to working with your office on the various steps of the election
process. At your earliest convenience, please send the Election Calendar.

Should you have any questions regarding this request, you may contact me directly at
(714) 558-6228.

Sincerely,



Cynthia Hockless
Director of Administrative Services



NEAL KELLEY
Registrar of Voters

Mailing Address:
P.O. Box 11298
Santa Ana, California 92711

REGISTRAR OF VOTERS
1300 South Grand Avenue, Bldg. C
Santa Ana, California 92705
(714) 567-7600
FAX (714) 567-7627
ocvote.com

June 24, 2019

Ms. Cynthia Hockless
Director of Administrative Services
Orange County Employees Retirement System
2223 Wellington Avenue, Suite 100
Santa Ana, CA 92701

Dear Ms. Hockless:

This is in response to your June 18, 2019 letter requesting the Registrar of Voters' Office to conduct a Special Election for the positions of General Member and Retired Member for the term of office from January 1, 2020 through December 31, 2022.

The election schedule is as follows:

- | | |
|---|--|
| July 12
and
July 26
(E-95 and
E-81) | The Orange County Retirement office shall notify the General and Retired Members of the Retirement System that an election will be conducted on October 15, 2019. The notice shall include the filing period, qualifications and requirements to be a candidate for General Member and Retired Member of the Orange County Retirement Board of Directors and shall be provided with the payrolls on July 12, 2019 and July 26, 2019. |
| July 17
(E-90) | The Retirement Office shall provide the number of eligible General Members and Retired Members to the Registrar of Voters' Office. |
| July 17
(E-90) | The Retirement Office shall provide the Registrar of Voters' Office with Willingness to Serve forms and a list of eligible General Members and Retired Members for use establishing the eligibility of candidates. |
| July 29
(E-78) | Nomination period begins. A General Member requires 75 nomination signatures and a Retired Member requires 25 nomination signatures. |

August 16 (E-60)	Deadline to file a biographical statement with the Retirement Office. Camera-ready artwork due next business day.
August 16 (E-60)	Nomination period ends at 5:00 p.m. on this date.
August 20 (E-56)	Random draw will be held to determine the candidate placement on the ballot.
August 23 (E-53)	Retirement Office shall provide the Registrar of Voters with names and addresses of eligible General Members and Retired Members in an electronic format.
September 2 (E-43)	Retirement Office shall provide updated list of eligible General Members and Retired Members for voter verification.
October 15 (E-0)	Tally voted ballots at the Registrar of Voters' Office.
TBD (E+)	Certificate of Election on Board of Supervisors' agenda.
January 1, 2020 (E+ 78)	Term begins for General Member and Retired Member. Term expires on December 31, 2022.

If you have any questions, I can be reached at (714) 567-7568.

Sincerely,



Marcia Nielsen
Candidate and Voter Services Manager

1-10

Memorandum

DATE: July 11, 2019
TO: Members of the Board of Retirement
FROM: Jim Doezie, Contracts, Risk and Performance Administrator
SUBJECT: **VITECH PERFORMANCE SURVEY RESULTS**

Written Report

Background/Discussion

1. Performance Review Guidelines

According to the Procurement & Contracting Policy (Section 11.D., page 5), contracted service providers need to have a performance review conducted every three years.

“The performance of every contracted provider will be reviewed at last every three years.”

2. Contracts with Named Service Providers

The performance of Named Services Providers (as defined in the Procurement & Contracting Policy (Section V.A., page 8) will be solicited from and reported to the Board of Retirement (Section V.C.2, page 9).

“Performance reviews of Named Service Providers will include opinions solicited from Board of Retirement or designated sub-committee members, and/or selected staff members. The results of the review will be summarized and reported to the Board of Retirement.”

3. Review of the General Investment Consultant - Vitech

Pursuant to the above referenced policies, a performance review was conducted for Vitech in June, 2019. Vitech is the pension administration software (V3) provider. The notes below summarize the results:

- There was a 50% response rate for this survey.
- Those surveyed found Vitech to be somewhat reliable and trustworthy.
- Vitech personnel are somewhat knowledgeable.
- Vitech is somewhat responsive to requests and inquiries.
- The overall performance rating for Vitech averages a “B” with most staff desiring to keep Vitech in place.

Memorandum

4. Performance Review Action Item(s)

There are areas that Vitech could improve. To that end, additional meetings with internal staff and Vitech personnel will be conducted in an attempt to improve the Vitech team's performance. Please be aware that the Vitech contract does have a normal expiration date. OCERS can give a 30-day termination notice to Vitech anytime desired.

Submitted by:



Jim Doezie
Contracts, Risk and Performance Administrator

1-11

Memorandum

DATE: July 11, 2019
TO: Members of the Board of Retirement
FROM: Jim Doezie, Contracts, Risk and Performance Administrator
SUBJECT: **CONTRACT STATUS FOR NAMED SERVICE PROVIDERS**

Written Report

Background/Discussion

1. Performance Reviews

The following policy provisions stipulate the terms by which vendor performance reviews will be conducted:

- The Procurement & Contracting Policy (Section II.D.) specifies that vendors will be reviewed every three years. *“The performance of every contracted provider will be reviewed at least every three years.”*
- The Board of Retirement Charter (Item #21) states that an Actuarial Review is needed every five (5) years. (With coordination by the Internal Audit department.)

2. Review and Renewal of Named Service Providers

Section V.C of the Procurement & Contracting Policy notes the following:

“At least six months before the expiration of the initial term of any contract with a Named Service Provider, the CEO and the pertinent committee(s) of the Board shall assess the continued appropriateness and cost-effectiveness of the Named Service Provider in question”

- #### **3. Pursuant to OCERS policy and charter provisions, the schedule below references the Named Service Provider contracts that are up for renewal, expiration, or review:**

Memorandum

Named Service Provider	Vendor	Contracted	Contract Expiration	Last Review Date	Next Review Date	Notes
Consulting Actuary	Segal	8/25/2016	12/31/2019	8/25/2016	Jun-2019	Reviewed and presenting to Board 7/11/2019. Retention discussion pending.
Pension Administration software provider	Vitech	2/25/2016	Evergreen. 30-day cancel	2/25/2016	Sep-2019	Presenting to Board 7/11/2019
Custodian	State Street	7/1/2017	6/30/2023	7/1/2017	Jul-2020	Last review was part of RFP evaluation
Securities lending manager	State Street	7/1/2017	6/30/2023	7/1/2017	Jul-2020	Last review was part of RFP evaluation
Private Equity consultant	TorreyCove	4/1/2018	3/30/2021	N/A	Sep-2020	Last review was part of RFP evaluation
Real Estate consultant	Townsend Holdings	4/1/2018	3/30/2021	N/A	Sep-2020	Last review was part of RFP evaluation
General investment consultant	Meketa	6/15/2016	5/31/2021	5/6/2019	Dec-2020	Last review presented to Board 5/20/2019. Next review 6 months prior to contract expiration.
Financial Auditor	MGO	2/19/2016	12/31/2020	2/16/2018	Feb-2021	Presented review to Audit Committee August, 2018
Fiduciary Counsel	Reed Smith	4/1/2015	4/30/2021	4/18/2018	Apr-2021	Reviewed and extend contract during April 18th, 2018, Board Meeting
Actuarial Auditor (Every 5 years)	Cheiron	8/1/2017	12/31/2017	12/31/2017	Aug-2022	Reviewed 2017. Report received January, 2018. Next review in 2022

Submitted by:



 Jim Doezie
 Contracts, Risk and Performance Administrator

1-12



Memorandum

DATE: July 11, 2019
TO: Members, Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE INVESTMENT RETURN SCENARIOS**

Presentation

Background/Discussion

Segal Consulting annually prepares an Illustration of Retirement Costs, Unfunded Actuarial Accrued Liability and Funded Ratio under Alternative Investment Return Scenarios. The illustrations cover a 20 year period to reflect the current 20 year amortization period. The information contained in the letter are not a guarantee of what rates will actually be in the future as rates are impacted by experience and changes in assumptions and funding policy. Mr. Paul Angelo will present this information to the Board at the July 11, 2019 meeting and staff will distribute the letter to plan sponsors.

Submitted by:

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

Steve Delaney
Chief Executive Officer

VIA E-MAIL and USPS

June 28, 2019

Mr. Steve Delaney
Chief Executive Officer
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701-3101

**Re: Illustrations of Retirement Costs, Unfunded Actuarial Accrued Liability and
Funded Ratio under Alternative Investment Return Scenarios**

Dear Steve:

As requested, we have developed 20-year illustrations of the employer contribution rates for OCERS under three sets of market investment return “scenarios” after December 31, 2018. In this letter, we have also provided the Unfunded Actuarial Accrued Liability (UAAL) in dollars and the funded ratio associated with those projected market investment return scenarios. These results have been prepared using the results from the December 31, 2018 valuation¹ approved by the Board at its meeting on June 17, 2019.

The three market rate of return scenarios used in this letter are as follows:

- Scenario #1: 0.0% for 2019 and 7.0% thereafter.
- Scenario #2: 7.0% for all years.
- Scenario #3: 14.0% for 2019 and 7.0% thereafter.

Even though the financial impact is shown under only three hypothetical market investment return scenarios for 2019, the financial impact under other possible short-term market investment return scenarios may be approximated by interpolating or extrapolating using the results from the three scenarios shown.²

¹ Any additional UAAL contributions made by the employer subsequent to the valuation date as of December 31, 2018 are not reflected in the projection.

² For example, a hypothetical market investment return of 3.50% (i.e., one-half of 7.00%) for 2019 is expected to result in a change in employer’s contribution rate of about one-half of the difference between those shown for Scenarios #1 and #2, starting with the December 31, 2019 valuation.

The various projections included are as follows:

- The projected contribution rates for the aggregate plan are provided in Attachment A.
- The projected contribution rates for the eleven Rate Groups are provided in Attachment B.
- The projected UAAL and funded ratio for the aggregate plan are provided in Attachment C.
- The projected UAAL and funded ratio for the eleven Rate Groups are provided in Attachments D through N.
- The projected contribution rates for the different plans within the eleven Rate Groups are provided in Attachment O.

The projections also reflect the potential employer savings as current members leave employment and are replaced by new members covered under the tiers required by the California Public Employees' Pension Reform Act of 2013 (CalPEPRA) starting on January 1, 2013 (or January 1, 2015 for Rate Group #5). Please note that some of the changes made by CalPEPRA, such as the sharing of the total Normal Cost on a 50:50 basis, may result in employer savings for current members under the legacy plans. As those changes have not been implemented by the employers and the bargaining parties at OCERS, we have not reflected them in this illustration.

METHODS AND ASSUMPTIONS

The methods and actuarial assumptions we used to prepare the employer contribution rates, the UAAL and the funded ratio are as summarized below:

- The illustrations are based on the actuarial assumptions and census data used in our December 31, 2018 valuation report for the Retirement Plan. With the exception of the market rates of return specified above, it is assumed that all actuarial assumptions would be met in the future and that there would be no change in the future for any of the actuarial assumptions adopted by the Board for the December 31, 2018 valuation.
- The detailed amortization schedule for OCERS' UAAL as of December 31, 2018 is provided in the valuation report. Any subsequent changes in the UAAL due to actuarial gains or losses (e.g., from investment returns on valuation value of assets greater or less than the assumed 7.00%) are amortized over separate 20-year periods.
- An adjustment has been made in the illustrations to reflect the long-term impact on OCERS of the three-year phase-in of the UAAL cost increase due to the changes in actuarial assumptions adopted by the Board starting with the December 31, 2017 valuation. The second year of the three-year phased-in contribution rates would apply to fiscal year 2020-2021, based on the December 31, 2018 valuation. The third and final

year of the three-year phased-in contribution rates would apply to fiscal year 2021-2022, based on the December 31, 2019 valuation.

- CalPEPRA prescribes new benefit formulas for members with a membership date on or after January 1, 2013 (or January 1, 2015 for Rate Group #5). For Rate Groups #1, #3, #5, #9, #10, #11 and #12, we have estimated the Normal Cost savings³ associated with the enrollment of those members under the new 2.5% at 67 formula.

For new members within Rate Group #2, only the County's attorneys, San Juan Capistrano members⁴ and OCERS Management members will receive the 2.5% at 67 formula while all other new members in Rate Group #2 will receive the "new" 1.62% at 65 formulas.⁵ We assumed that the proportion of the payrolls for members who will receive the 2.5% at 67 formula, the Plan T "new" 1.62% at 65 formula and the Plan W "new" 1.62% at 65 formula in the future would remain unchanged from that observed at the December 31, 2018 valuation. As of December 31, 2018, payroll for active members in Rate Group #2 under these three formulas represented about 7.3%, 92.6% and 0.1% of the combined payroll for members under the 2.5% at 67 formula, the Plan T "new" 1.62% at 65 formula and the Plan W "new" 1.62% at 65 formula, respectively. We have estimated the Normal Cost savings³ associated with the enrollment of new members under the three new formulas.⁶

For Rate Group #6, #7 and #8 members with a membership date on and after January 1, 2013, we have estimated the Normal Cost savings³ associated with the enrollment of those members under the new 2.7% at 57 formula.

- We understand that, with the exception of new members who would be covered under the "new" 1.62% at 65 formulas, in the determination of pension benefits under the CalPEPRA formulas the maximum compensation that can be taken into account for new members on and after January 1, 2019 is equal to \$149,016 in 2019. To the extent this provision will limit covered compensation of the new members, our assumption that the total payroll will increase by 3.25% each year over the projection period (for use in determining the contribution rate for the UAAL) may be overstated somewhat. If so, then

³ We have estimated the potential employer Normal Cost savings assuming that the payroll for new members who would be covered after the December 31, 2018 valuation under the CalPEPRA tiers could be modeled by: (1) projecting the total December 31, 2018 payroll within each Rate Group using the 3.25% assumption used in the valuation to predict annual wage growth for amortizing the UAAL and (2) subtracting the projected closed group payroll from the current members in the December 31, 2018 valuation using the assumptions applied in the valuation to anticipate salary increases as well as termination, retirement (both service and disability) and other exits from active employment.

⁴ For San Juan Capistrano members with membership dates on or after January 1, 2016, they will be allowed to elect Plan W (1.62% at 65) in lieu of Plan U (2.5% at 67 formula). As of December 31, 2018, there was one member enrolled in Plan W.

⁵ The "new" 1.62% at 65 formula is the CalPEPRA Plan T for non-City of San Juan Capistrano members and the CalPEPRA Plan W for City of San Juan Capistrano members.

⁶ The payroll for new members is split between the 2.5% at 67 formula, the Plan T 1.62% at 65 formula and the Plan W 1.62% at 65 formula based on the proportion of payrolls under those formulas as of December 31, 2018.

there would be an increase in the UAAL contribution rate as the amount required to amortize the UAAL will have to be spread over a somewhat smaller total payroll base.

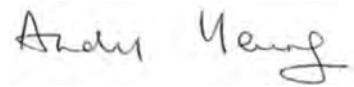
OTHER CONSIDERATIONS

Projections, by their nature, are not a guarantee of future results. The modeling projections are intended to serve as illustrations of future financial outcomes that are based on the information available to us at the time the modeling is undertaken and completed, and the agreed-upon assumptions and methodologies described herein. Emerging results may differ significantly if the actual experience proves to be different from these assumptions or if alternative methodologies are used. Actual experience may differ due to such variables as demographic experience, the economy, stock market performance and the regulatory environment.

This study was prepared under my supervision and I am a member of the American Academy of Actuaries and meet the qualification requirements to provide the opinion contained herein.

Please let us know if you have any questions.

Sincerely,

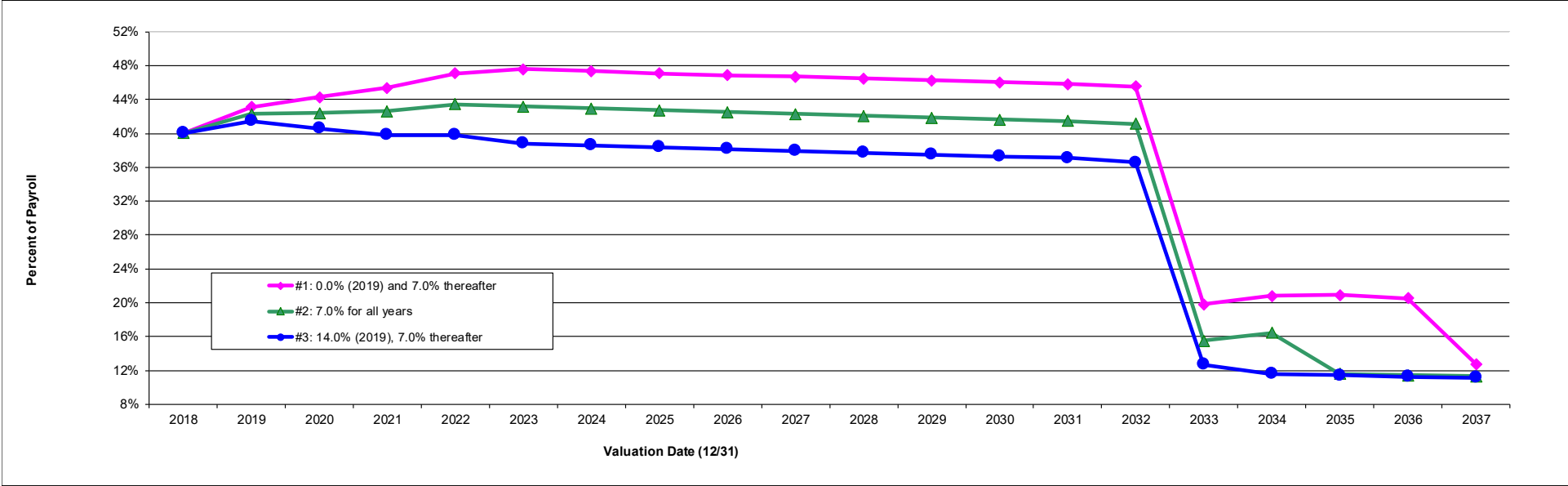


Andy Yeung

AW/bbf
Enclosures

cc: Suzanne Jenike
Brenda Shott

Attachment A Projected Employer Rates Aggregate Plan



Valuation Date (12/31)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
#1: 0.0% (2019) and 7.0% thereafter	40.0%	43.1%	44.3%	45.4%	47.1%	47.6%	47.3%	47.1%	46.9%	46.7%	46.5%	46.2%	46.0%	45.8%	45.5%	19.8%	20.8%	20.9%	20.5%	12.7%
#2: 7.0% for all years	40.0%	42.3%	42.4%	42.6%	43.5%	43.2%	43.0%	42.7%	42.5%	42.3%	42.1%	41.9%	41.7%	41.5%	41.1%	15.5%	16.5%	11.6%	11.4%	11.3%
#3: 14.0% (2019), 7.0% thereafter	40.0%	41.5%	40.6%	39.8%	39.8%	38.8%	38.6%	38.4%	38.1%	37.9%	37.7%	37.5%	37.3%	37.1%	36.6%	12.7%	11.6%	11.4%	11.3%	11.1%

Attachment B
Projected Employer Rates by Rate Group
Scenario 1: 0.0% for 2019 and 7.0% thereafter

	Valuation Date (12/31)																			
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
General																				
RG #1 - Plans A, B and U (non-OCTA, non-OCSD)	18.9%	21.1%	21.9%	22.6%	23.7%	24.1%	24.1%	24.1%	24.1%	24.0%	24.0%	24.0%	24.0%	24.0%	23.9%	12.9%	14.4%	14.3%	15.6%	13.8%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	37.4%	40.2%	41.1%	42.1%	43.5%	44.0%	43.7%	43.5%	43.2%	43.0%	42.8%	42.6%	42.4%	42.2%	41.9%	14.9%	17.2%	17.5%	17.0%	8.3%
RG #3 - Plans B, G, H and U (OCSD)	13.0%	15.1%	16.5%	17.9%	19.9%	20.6%	20.5%	20.4%	20.3%	20.2%	20.1%	20.0%	19.9%	19.9%	19.8%	19.7%	19.7%	19.6%	19.6%	19.5%
RG #5 - Plans A, B and U (OCTA)	30.5%	33.5%	34.6%	35.7%	37.3%	37.9%	37.9%	37.8%	37.8%	37.8%	37.7%	37.7%	37.7%	37.7%	37.5%	18.2%	19.5%	19.5%	20.2%	17.6%
RG #9 - Plans M, N and U (TCA)	27.6%	29.4%	30.1%	30.9%	32.0%	32.4%	32.3%	32.2%	32.1%	32.0%	31.9%	31.8%	31.8%	31.7%	31.5%	16.7%	17.3%	16.3%	18.1%	16.4%
RG #10 - Plans I, J, M, N and U (OCFA)	28.0%	30.7%	31.7%	32.8%	34.4%	34.9%	34.8%	34.6%	34.5%	34.3%	34.2%	34.1%	33.9%	33.8%	33.6%	11.0%	12.0%	10.8%	10.7%	10.7%
RG #11 - Plans M and N, future service, and U (Cemetery)	12.1%	13.9%	14.9%	16.1%	17.7%	18.3%	18.4%	18.3%	18.4%	18.4%	18.3%	18.3%	18.3%	18.3%	18.3%	18.2%	18.2%	18.1%	18.0%	16.7%
RG #12 - Plans G and H, future service, and U (Law Library)	15.3%	17.0%	18.4%	19.7%	21.8%	22.6%	22.4%	22.3%	22.1%	21.9%	21.8%	21.7%	21.5%	21.4%	21.3%	21.1%	21.0%	20.9%	20.7%	20.2%
Safety																				
RG #6 - Plans E, F and V (Probation)	55.4%	60.0%	61.6%	63.2%	65.6%	66.4%	66.2%	66.0%	65.7%	65.4%	65.1%	64.8%	64.4%	64.1%	63.6%	37.2%	32.0%	33.1%	30.9%	17.7%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	65.2%	69.9%	71.5%	73.2%	75.8%	76.6%	76.3%	76.0%	75.7%	75.5%	75.2%	75.0%	74.8%	74.5%	74.2%	38.7%	35.9%	34.9%	33.3%	19.9%
RG #8 - Plans E, F, Q, R and V (OCFA)	48.6%	52.1%	53.5%	54.9%	57.1%	57.5%	57.0%	56.5%	56.1%	55.7%	55.3%	54.9%	54.4%	54.0%	53.5%	26.5%	26.0%	27.0%	27.7%	26.7%

In the December 31, 2033 valuation, most of the General Rate Groups (Rate Group #2 in particular) would be projected to have smaller UAAL rates due to the favorable 18-month rate delay adjustments from the significant decrease in the UAAL rates in the December 31, 2033 valuation. However, in the following year, the UAAL rates would no longer be offset by the 18-month rate delay adjustments so the employer rates increase in that year.

Similar to prior projections, we have not taken into account the County Investment Account (that account has a balance of \$131,890,000 as of December 31, 2018) in these projections.

Attachment B
Projected Employer Rates by Rate Group
Scenario 2: 7.0% for all years

	Valuation Date (12/31)																			
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
General																				
RG #1 - Plans A, B and U (non-OCTA, non-OCSD)	18.9%	20.6%	20.8%	21.0%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.5%	21.5%	21.5%	21.5%	21.4%	10.5%	11.9%	10.1%	10.1%	10.0%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	37.4%	39.4%	39.5%	39.6%	40.3%	40.1%	39.8%	39.6%	39.4%	39.1%	38.9%	38.7%	38.5%	38.3%	38.0%	11.0%	13.3%	8.6%	8.4%	8.3%
RG #3 - Plans B, G, H and U (OCSD)	13.0%	14.1%	14.4%	14.7%	15.8%	15.7%	15.5%	15.4%	15.3%	15.2%	15.1%	15.1%	15.0%	14.9%	14.8%	14.8%	14.7%	14.7%	14.6%	14.5%
RG #5 - Plans A, B and U (OCTA)	30.5%	32.8%	33.0%	33.4%	34.2%	34.2%	34.2%	34.1%	34.1%	34.1%	34.0%	34.0%	34.0%	33.9%	33.8%	14.5%	15.7%	11.4%	11.4%	11.4%
RG #9 - Plans M, N and U (TCA)	27.6%	28.9%	29.0%	29.1%	29.7%	29.6%	29.4%	29.3%	29.2%	29.1%	29.1%	29.0%	28.9%	28.8%	28.7%	13.8%	14.4%	11.4%	11.4%	11.3%
RG #10 - Plans I, J, M, N and U (OCFA)	28.0%	29.9%	30.1%	30.3%	31.1%	31.0%	30.8%	30.7%	30.5%	30.4%	30.2%	30.1%	30.0%	29.9%	29.6%	11.0%	10.9%	10.8%	10.7%	10.7%
RG #11 - Plans M and N, future service, and U (Cemetery)	12.1%	13.2%	13.5%	13.7%	14.6%	14.5%	14.5%	14.4%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.2%	14.2%	14.3%	14.3%	14.2%	13.0%
RG #12 - Plans G and H, future service, and U (Law Library)	15.3%	16.0%	16.2%	16.3%	17.3%	17.0%	16.7%	16.5%	16.3%	16.1%	15.9%	15.7%	15.6%	15.5%	15.4%	15.3%	15.2%	15.1%	15.0%	14.6%
Safety																				
RG #6 - Plans E, F and V (Probation)	55.4%	59.0%	59.4%	59.8%	61.0%	60.8%	60.6%	60.4%	60.1%	59.8%	59.5%	59.2%	58.8%	58.5%	58.0%	31.7%	26.5%	18.4%	18.0%	17.7%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	65.2%	68.7%	68.9%	69.2%	70.5%	70.2%	69.8%	69.6%	69.3%	69.1%	68.8%	68.6%	68.4%	68.1%	67.8%	32.3%	29.5%	20.2%	20.1%	19.9%
RG #8 - Plans E, F, Q, R and V (OCFA)	48.6%	51.0%	51.0%	51.2%	52.3%	51.6%	51.0%	50.6%	50.1%	49.7%	49.3%	48.9%	48.5%	48.1%	47.6%	20.6%	20.1%	17.4%	17.1%	16.7%

In the December 31, 2033 valuation, most of the General Rate Groups (Rate Group #2 in particular) would be projected to have smaller UAAL rates due to the favorable 18-month rate delay adjustments from the significant decrease in the UAAL rates in the December 31, 2033 valuation. However, in the following year, the UAAL rates would no longer be offset by the 18-month rate delay adjustments so the employer rates increase in that year.

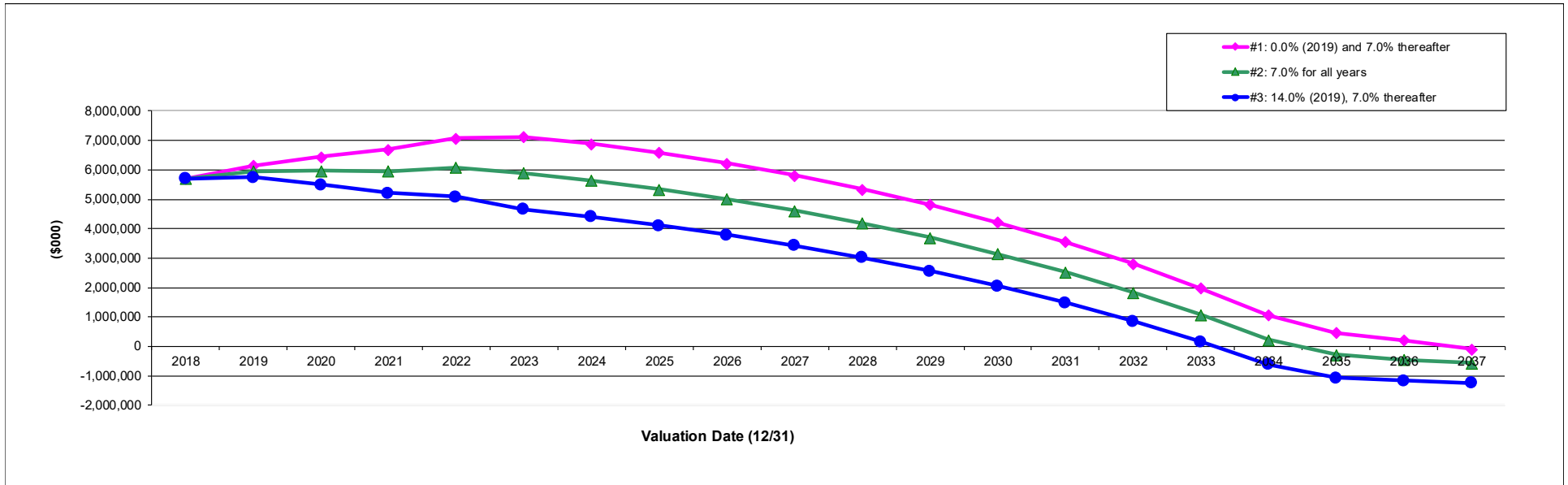
Similar to prior projections, we have not taken into account the County Investment Account (that account has a balance of \$131,890,000 as of December 31, 2018) in these projections.

Attachment B
Projected Employer Rates by Rate Group
Scenario 3: 14.0% for 2019 and 7.0% thereafter

	Valuation Date (12/31)																			
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
General																				
RG #1 - Plans A, B and U (non-OCTA, non-OCSD)	18.9%	20.2%	19.8%	19.5%	19.6%	19.1%	19.1%	19.1%	19.1%	19.1%	19.0%	19.0%	19.0%	19.0%	18.9%	10.1%	10.1%	10.1%	10.1%	10.0%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	37.4%	38.7%	37.9%	37.2%	37.1%	36.2%	35.9%	35.7%	35.5%	35.2%	35.0%	34.8%	34.6%	34.4%	34.1%	8.9%	8.8%	8.6%	8.4%	8.3%
RG #3 - Plans B, G, H and U (OCSD)	13.0%	13.2%	12.2%	11.7%	11.6%	11.4%	11.3%	11.2%	11.1%	11.0%	10.9%	10.8%	10.8%	10.7%	10.6%	10.6%	10.5%	10.4%	10.4%	10.3%
RG #5 - Plans A, B and U (OCTA)	30.5%	32.1%	31.5%	31.0%	31.2%	30.5%	30.5%	30.4%	30.4%	30.3%	30.3%	30.3%	30.3%	30.2%	30.1%	11.5%	11.5%	11.4%	11.4%	11.4%
RG #9 - Plans M, N and U (TCA)	27.6%	28.3%	27.8%	27.3%	27.4%	26.7%	26.6%	26.5%	26.4%	26.3%	26.2%	26.1%	26.0%	26.0%	25.8%	11.5%	11.4%	11.4%	11.4%	11.3%
RG #10 - Plans I, J, M, N and U (OCFA)	28.0%	29.2%	28.4%	27.8%	27.9%	27.0%	26.9%	26.7%	26.6%	26.4%	26.3%	26.2%	26.0%	25.9%	11.1%	11.0%	10.9%	10.8%	10.7%	10.7%
RG #11 - Plans M and N, future service, and U (Cemetery)	12.1%	12.6%	12.1%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%
RG #12 - Plans G and H, future service, and U (Law Library)	15.3%	15.0%	14.0%	13.1%	13.2%	11.9%	11.8%	11.6%	11.5%	11.4%	11.3%	11.2%	11.1%	11.0%	10.9%	10.8%	10.7%	10.7%	10.6%	10.6%
Safety																				
RG #6 - Plans E, F and V (Probation)	55.4%	58.0%	57.1%	56.3%	56.5%	55.2%	55.0%	54.8%	54.5%	54.2%	53.9%	53.6%	53.2%	52.9%	52.4%	26.1%	18.8%	18.4%	18.0%	17.7%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	65.2%	67.5%	66.2%	65.2%	65.2%	63.7%	63.4%	63.2%	62.9%	62.6%	62.4%	62.2%	61.9%	61.7%	61.4%	25.9%	20.4%	20.2%	20.1%	19.9%
RG #8 - Plans E, F, Q, R and V (OCFA)	48.6%	49.9%	48.6%	47.5%	47.4%	45.7%	45.1%	44.7%	44.2%	43.8%	43.4%	43.0%	42.6%	42.2%	41.7%	18.2%	17.8%	17.4%	17.1%	16.7%

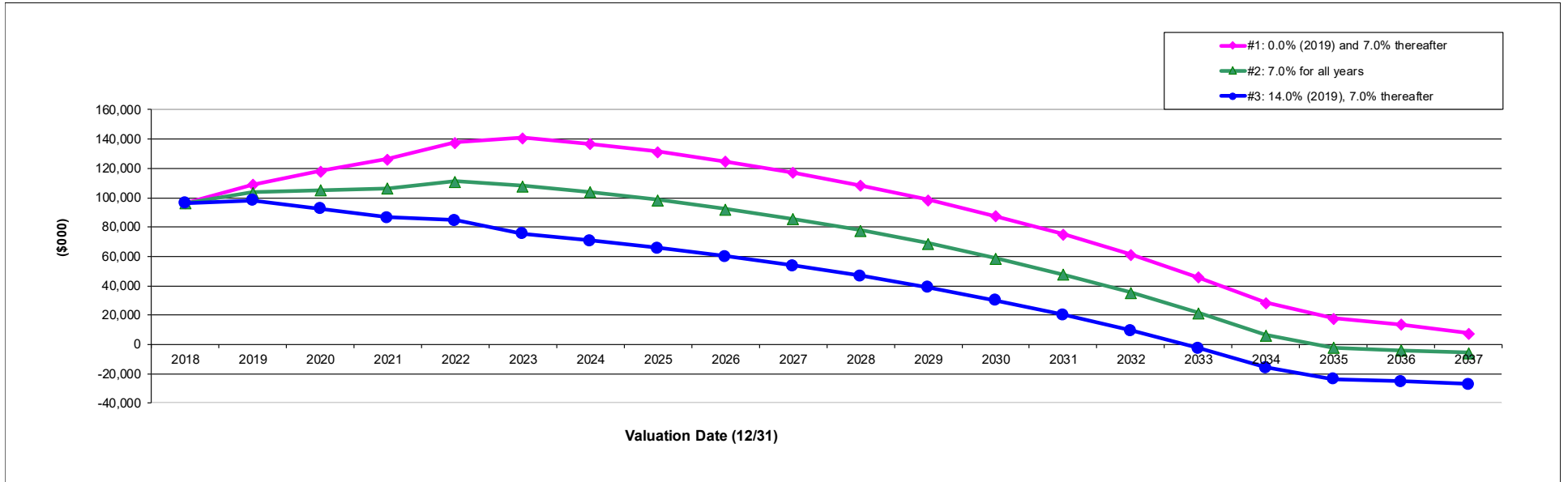
Similar to prior projections, we have not taken into account the County Investment Account (that account has a balance of \$131,890,000 as of December 31, 2018) in these projections.

Attachment C Projected UAAL and Funded Ratio for Aggregate Plan



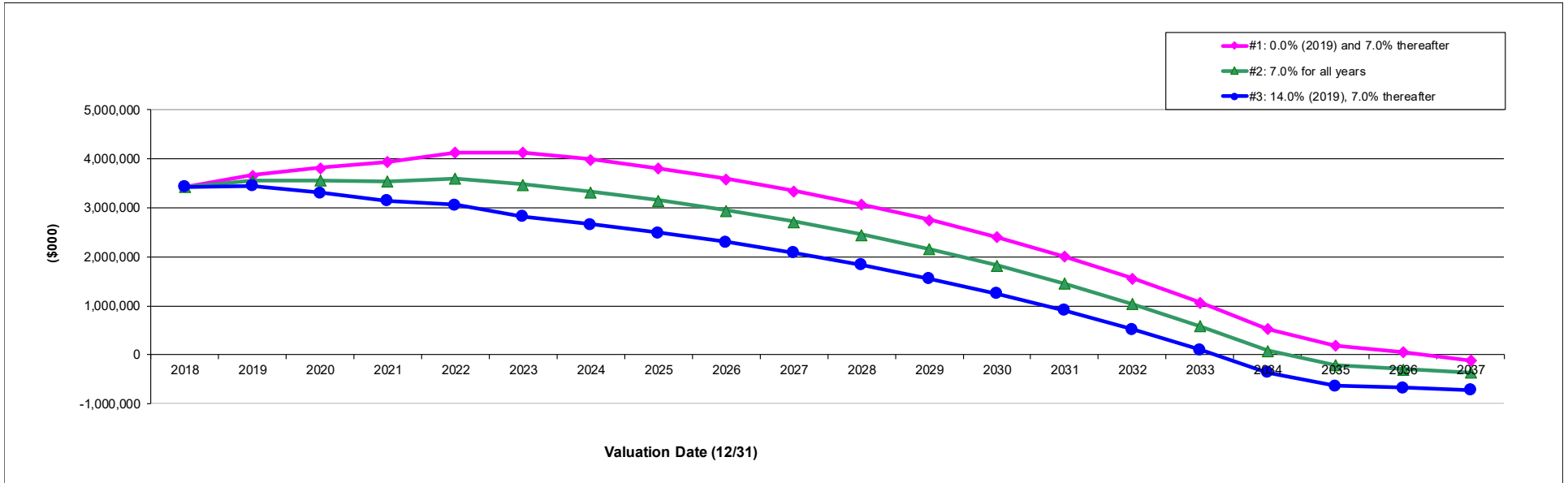
	UAAL (\$000)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
#1: 0.0% (2019) and 7.0% thereafter		5,708,929	6,151,716	6,445,325	6,700,361	7,075,983	7,116,375	6,884,780	6,581,325	6,221,820	5,810,686	5,343,488	4,815,343	4,221,081	3,555,227	2,811,806	1,984,392	1,067,898	468,200	212,372	-94,964
#2: 7.0% for all years		5,708,929	5,950,426	5,972,292	5,959,104	6,081,591	5,887,544	5,642,588	5,346,439	5,007,147	4,621,050	4,184,216	3,692,346	3,140,787	2,524,451	1,837,974	1,075,652	233,152	-283,842	-447,422	-565,508
#3: 14.0% (2019), 7.0% thereafter		5,708,929	5,749,136	5,499,259	5,217,860	5,087,289	4,658,958	4,400,633	4,111,252	3,791,368	3,429,558	3,022,197	2,565,429	2,055,192	1,486,966	856,006	157,273	-609,621	-1,066,289	-1,156,545	-1,237,503
	Funded Ratio																				
#1: 0.0% (2019) and 7.0% thereafter		72.4%	71.8%	71.8%	72.1%	71.9%	73.0%	75.0%	77.2%	79.3%	81.5%	83.6%	85.8%	88.0%	90.3%	92.6%	94.9%	97.4%	98.9%	99.5%	100.2%
#2: 7.0% for all years		72.4%	72.7%	73.9%	75.2%	75.8%	77.7%	79.5%	81.5%	83.4%	85.3%	87.2%	89.1%	91.1%	93.1%	95.1%	97.3%	99.4%	100.7%	101.0%	101.3%
#3: 14.0% (2019), 7.0% thereafter		72.4%	73.6%	76.0%	78.3%	79.8%	82.3%	84.0%	85.7%	87.4%	89.1%	90.7%	92.4%	94.2%	95.9%	97.7%	99.6%	101.5%	102.6%	102.7%	102.8%

Attachment D
Projected UAAL and Funded Ratio for Rate Group #1
Plans A, B and U (non-OCTA, non-OCSD)



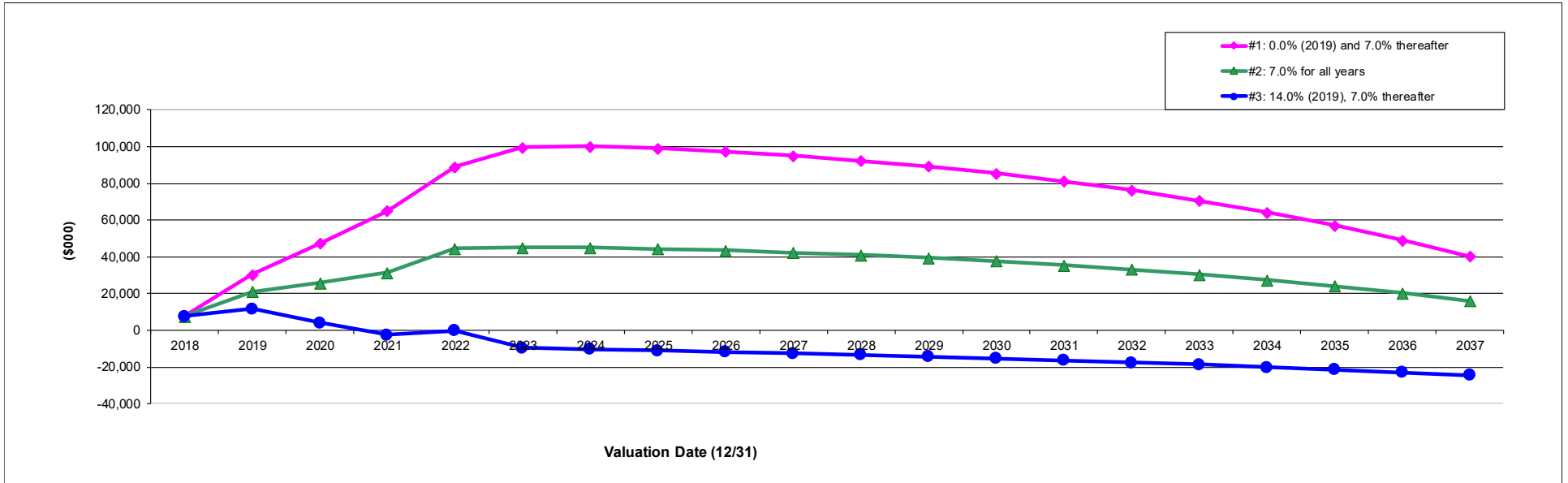
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
UAAL (\$000)																				
#1: 0.0% (2019) and 7.0% thereafter	96,456	109,093	118,038	126,332	137,873	140,792	136,844	131,330	124,701	117,093	108,421	98,600	87,533	75,114	61,229	45,751	28,591	17,941	13,577	7,581
#2: 7.0% for all years	96,456	103,677	105,352	106,511	111,358	108,107	103,820	98,510	92,420	85,487	77,633	68,780	58,843	47,738	35,367	21,620	6,428	-1,998	-3,867	-5,631
#3: 14.0% (2019), 7.0% thereafter	96,456	98,261	92,665	86,686	84,838	75,420	70,788	65,676	60,124	53,854	46,811	38,929	30,133	20,346	9,495	-2,507	-15,717	-23,523	-25,170	-26,932
Funded Ratio																				
#1: 0.0% (2019) and 7.0% thereafter	80.8%	79.4%	78.8%	78.4%	77.6%	78.2%	79.8%	81.5%	83.2%	84.9%	86.7%	88.4%	90.1%	91.8%	93.6%	95.4%	97.2%	98.3%	98.8%	99.3%
#2: 7.0% for all years	80.8%	80.4%	81.1%	81.8%	81.9%	83.3%	84.7%	86.1%	87.6%	89.0%	90.4%	91.9%	93.3%	94.8%	96.3%	97.8%	99.4%	100.2%	100.4%	100.5%
#3: 14.0% (2019), 7.0% thereafter	80.8%	81.4%	83.3%	85.2%	86.2%	88.3%	89.6%	90.8%	91.9%	93.1%	94.2%	95.4%	96.6%	97.8%	99.0%	100.3%	101.5%	102.2%	102.3%	102.4%

Attachment E
Projected UAAL and Funded Ratio for Rate Group #2
Plans I, J, O, P, S, T, U and W (County et al.)



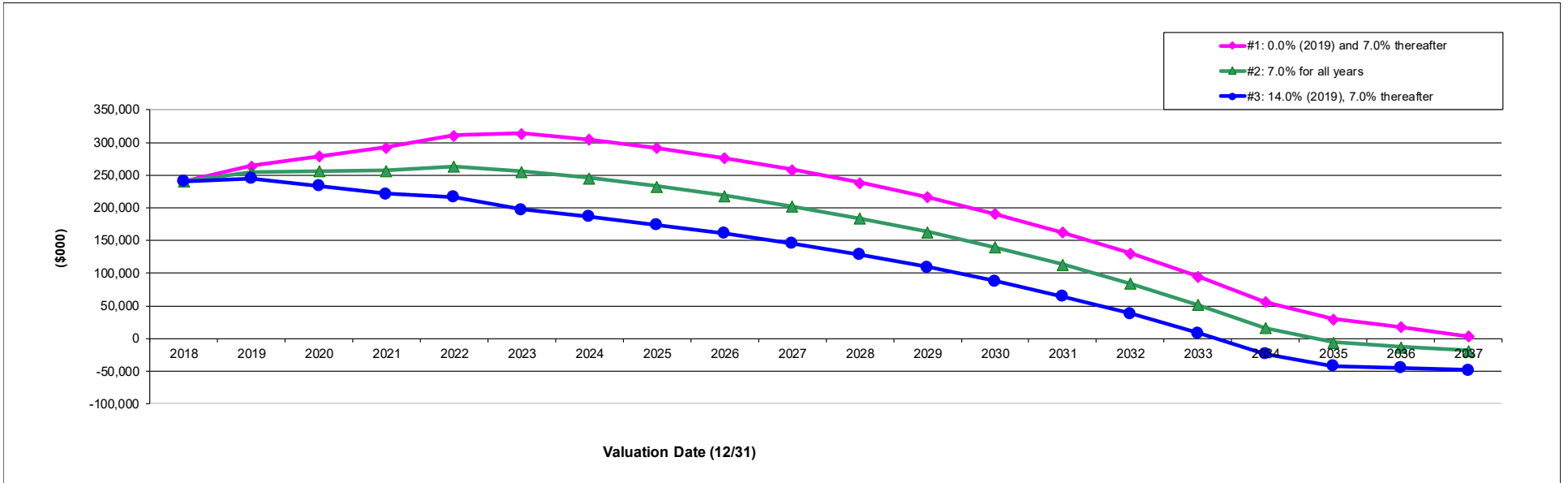
UAAL (\$000)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
#1: 0.0% (2019) and 7.0% thereafter	3,429,915	3,666,202	3,816,647	3,942,335	4,128,804	4,134,373	3,993,227	3,811,236	3,596,614	3,351,472	3,073,178	2,758,814	2,405,320	2,009,487	1,567,786	1,076,421	532,446	192,783	62,006	-112,926
#2: 7.0% for all years	3,429,915	3,558,227	3,563,321	3,545,950	3,597,823	3,479,108	3,330,929	3,152,930	2,949,107	2,717,295	2,455,169	2,160,154	1,829,480	1,460,083	1,048,750	592,116	87,610	-207,433	-288,108	-355,299
#3: 14.0% (2019), 7.0% thereafter	3,429,915	3,450,251	3,309,985	3,149,525	3,066,803	2,823,913	2,668,707	2,494,492	2,301,460	2,083,117	1,837,238	1,561,496	1,253,478	910,420	529,436	107,512	-357,543	-625,907	-669,721	-716,601
Funded Ratio																				
#1: 0.0% (2019) and 7.0% thereafter	70.1%	69.5%	69.7%	70.0%	69.9%	71.1%	73.2%	75.4%	77.6%	79.9%	82.2%	84.5%	86.9%	89.4%	91.9%	94.6%	97.4%	99.1%	99.7%	100.5%
#2: 7.0% for all years	70.1%	70.4%	71.7%	73.1%	73.8%	75.7%	77.6%	79.6%	81.7%	83.7%	85.8%	87.9%	90.0%	92.3%	94.6%	97.0%	99.6%	101.0%	101.4%	101.7%
#3: 14.0% (2019), 7.0% thereafter	70.1%	71.3%	73.7%	76.1%	77.7%	80.3%	82.1%	83.9%	85.7%	87.5%	89.3%	91.2%	93.2%	95.2%	97.3%	99.5%	101.8%	103.0%	103.2%	103.3%

Attachment F Projected UAAL and Funded Ratio for Rate Group #3 Plans B, G, H and U (OCSD)



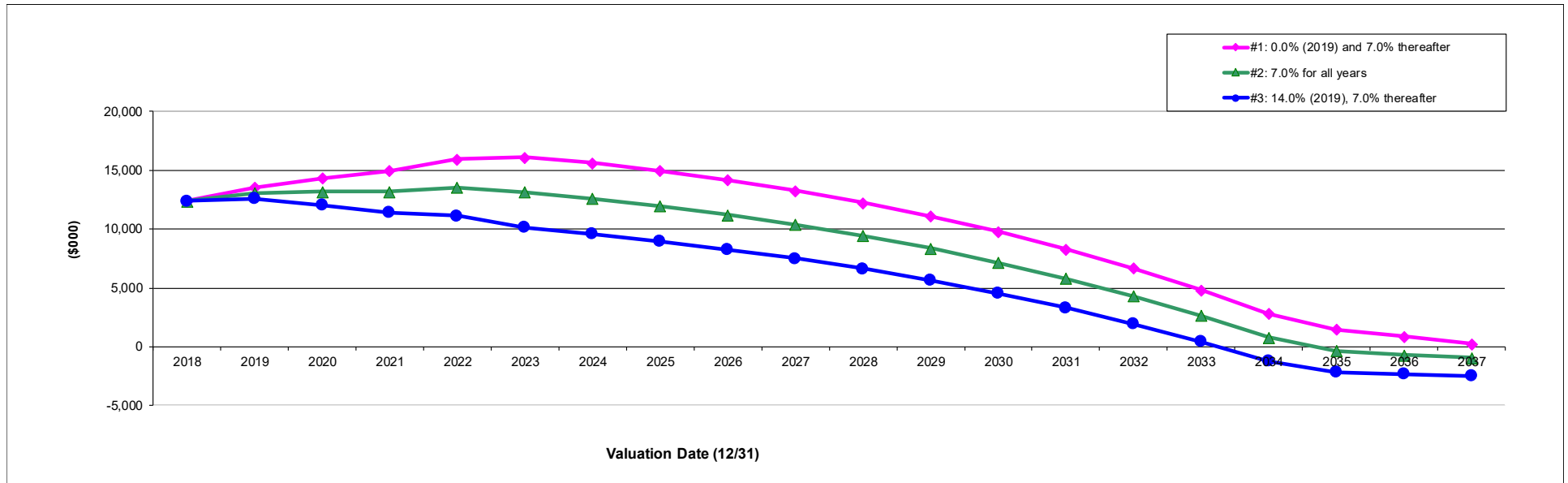
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	
UAAL (\$000)																					
#1: 0.0% (2019) and 7.0% thereafter	7,753	30,350	47,509	64,966	89,041	99,676	100,158	99,079	97,262	95,033	92,355	89,185	85,486	81,211	76,303	70,713	64,382	57,242	49,224	40,253	
#2: 7.0% for all years	7,753	21,014	25,832	31,369	44,483	45,200	45,134	44,401	43,490	42,384	41,066	39,517	37,716	35,639	33,265	30,571	27,533	24,113	20,280	15,999	
#3: 14.0% (2019), 7.0% thereafter	7,753	11,678	4,148	-2,251	-133	-9,466	-10,128	-10,837	-11,596	-12,407	-13,276	-14,205	-15,200	-16,264	-17,402	-18,620	-19,924	-21,318	-22,811	-24,407	
Funded Ratio																					
#1: 0.0% (2019) and 7.0% thereafter	98.9%	95.9%	93.9%	92.1%	89.7%	89.0%	89.4%	90.0%	90.6%	91.2%	91.7%	92.3%	92.9%	93.5%	94.1%	94.7%	95.4%	96.0%	96.7%	97.3%	
#2: 7.0% for all years	98.9%	97.2%	96.7%	96.2%	94.8%	95.0%	95.2%	95.5%	95.8%	96.1%	96.3%	96.6%	96.9%	97.2%	97.4%	97.7%	98.0%	98.3%	98.6%	98.9%	
#3: 14.0% (2019), 7.0% thereafter	98.9%	98.4%	99.5%	100.3%	100.0%	101.0%	101.1%	101.1%	101.1%	101.2%	101.2%	101.2%	101.3%	101.3%	101.3%	101.4%	101.4%	101.5%	101.5%	101.6%	

Attachment G Projected UAAL and Funded Ratio for Rate Group #5 Plans A, B and U (OCTA)



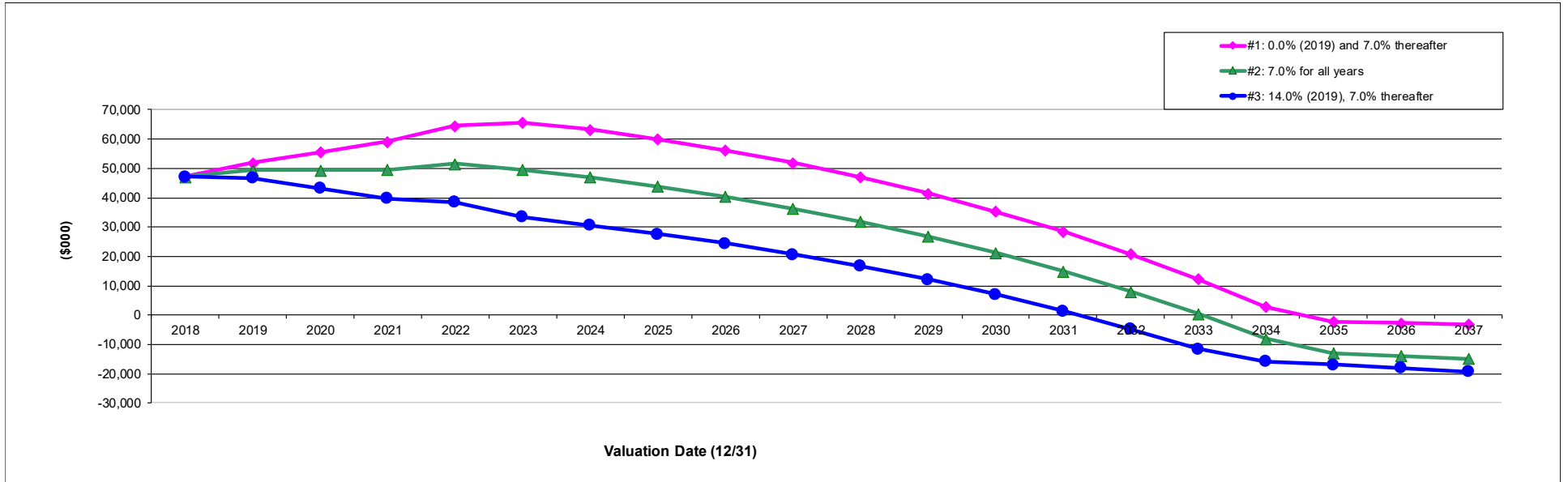
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
UAAL (\$000)																				
#1: 0.0% (2019) and 7.0% thereafter	241,221	264,231	279,460	292,521	311,259	314,268	304,633	291,789	276,500	258,980	239,042	216,486	191,082	162,590	130,751	95,287	55,978	30,055	18,302	4,035
#2: 7.0% for all years	241,221	254,555	256,807	257,136	263,925	255,912	245,659	233,164	218,830	202,504	184,013	163,174	139,788	113,642	84,506	52,134	16,348	-5,594	-12,876	-17,936
#3: 14.0% (2019), 7.0% thereafter	241,221	244,879	234,153	221,732	216,550	197,499	186,617	174,461	161,083	145,952	128,911	109,799	88,442	64,654	38,235	8,961	-23,313	-41,885	-44,817	-47,954
Funded Ratio																				
#1: 0.0% (2019) and 7.0% thereafter	75.0%	73.9%	73.7%	73.7%	73.3%	74.2%	76.1%	78.0%	80.1%	82.1%	84.1%	86.2%	88.2%	90.4%	92.5%	94.7%	97.0%	98.4%	99.1%	99.8%
#2: 7.0% for all years	75.0%	74.9%	75.8%	76.9%	77.3%	79.0%	80.7%	82.5%	84.2%	86.0%	87.8%	89.6%	91.4%	93.3%	95.2%	97.1%	99.1%	100.3%	100.6%	100.9%
#3: 14.0% (2019), 7.0% thereafter	75.0%	75.8%	77.9%	80.1%	81.4%	83.8%	85.3%	86.9%	88.4%	89.9%	91.4%	93.0%	94.6%	96.2%	97.8%	99.5%	101.2%	102.2%	102.3%	102.3%

Attachment H Projected UAAL and Funded Ratio for Rate Group #9 Plans M, N and U (TCA)



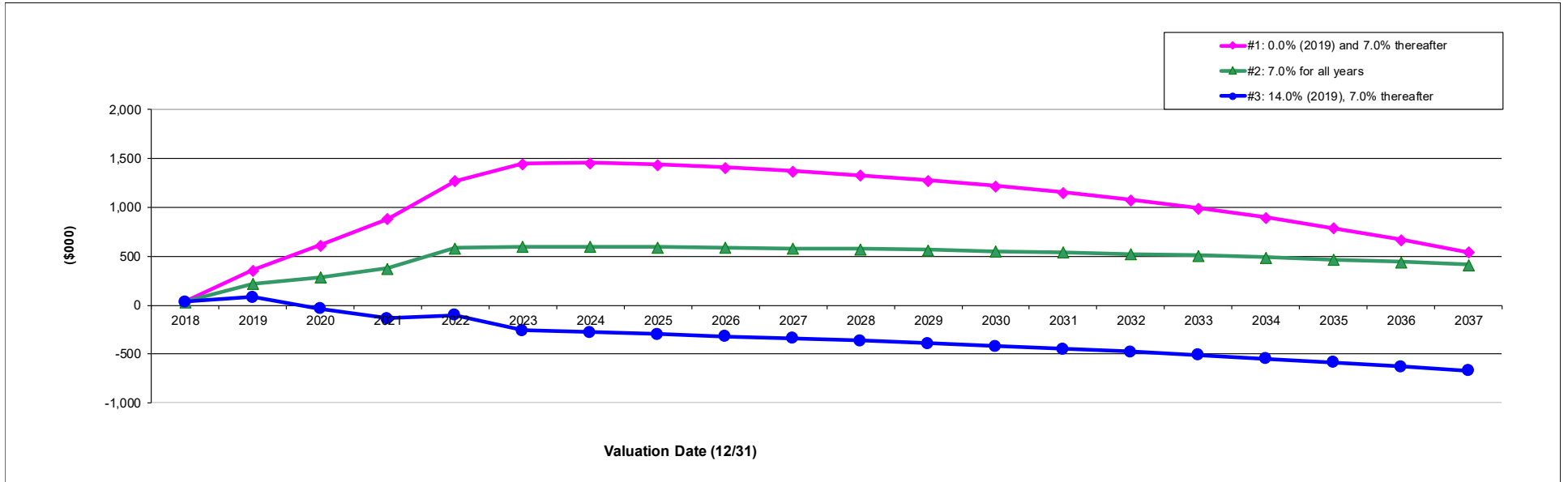
UAAL (\$000)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
#1: 0.0% (2019) and 7.0% thereafter	12,390	13,545	14,319	14,969	15,950	16,123	15,630	14,971	14,186	13,285	12,258	11,094	9,783	8,312	6,668	4,838	2,812	1,472	878	242
#2: 7.0% for all years	12,390	13,068	13,191	13,189	13,546	13,134	12,607	11,965	11,227	10,386	9,434	8,362	7,157	5,810	4,309	2,640	797	-336	-697	-940
#3: 14.0% (2019), 7.0% thereafter	12,390	12,591	12,063	11,411	11,144	10,148	9,588	8,963	8,276	7,499	6,623	5,640	4,542	3,318	1,959	453	-1,207	-2,162	-2,314	-2,476
Funded Ratio																				
#1: 0.0% (2019) and 7.0% thereafter	74.0%	73.3%	73.5%	73.9%	73.8%	75.0%	77.2%	79.3%	81.5%	83.6%	85.7%	87.7%	89.7%	91.7%	93.7%	95.6%	97.6%	98.8%	99.3%	99.8%
#2: 7.0% for all years	74.0%	74.3%	75.6%	77.0%	77.8%	79.7%	81.6%	83.5%	85.3%	87.2%	89.0%	90.7%	92.5%	94.2%	95.9%	97.6%	99.3%	100.3%	100.5%	100.7%
#3: 14.0% (2019), 7.0% thereafter	74.0%	75.2%	77.7%	80.1%	81.7%	84.3%	86.0%	87.6%	89.2%	90.7%	92.3%	93.7%	95.2%	96.7%	98.1%	99.6%	101.0%	101.8%	101.8%	101.8%

Attachment I Projected UAAL and Funded Ratio for Rate Group #10 Plans I, J, M, N and U (OCFA)



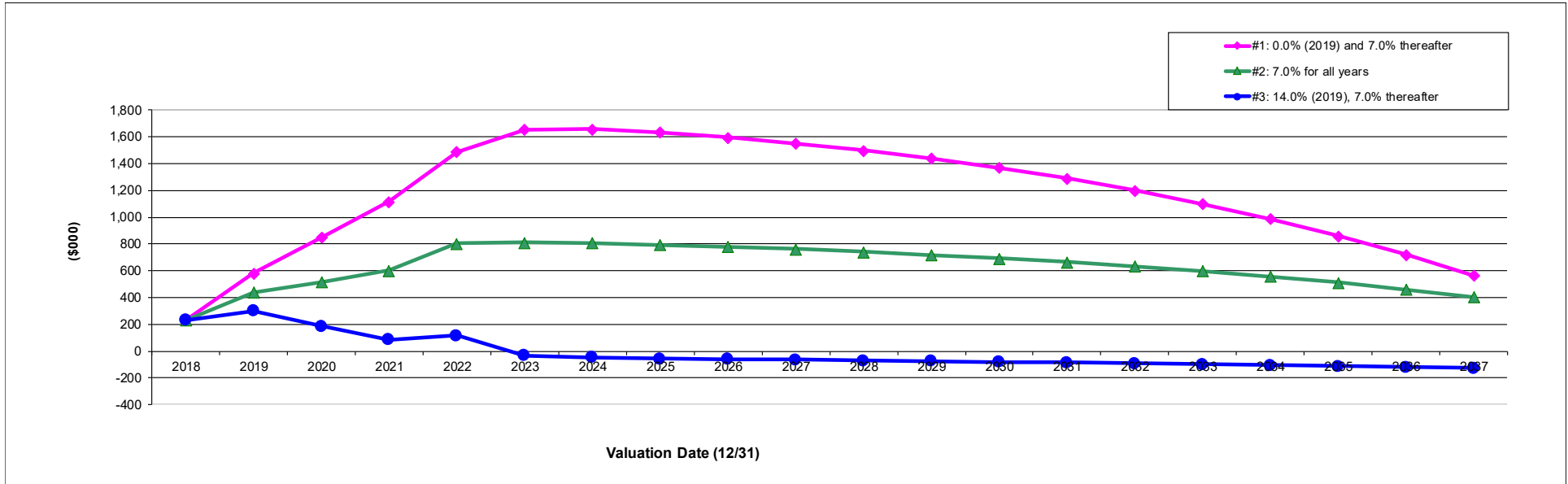
UAAL (\$000)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
#1: 0.0% (2019) and 7.0% thereafter	47,228	51,973	55,596	59,230	64,566	65,618	63,234	60,038	56,247	51,933	47,051	41,551	35,386	28,496	20,821	12,299	2,883	-2,207	-2,643	-3,119
#2: 7.0% for all years	47,228	49,331	49,384	49,499	51,521	49,511	46,953	43,853	40,330	36,346	31,863	26,839	21,229	14,988	8,063	396	-8,050	-12,975	-13,883	-14,855
#3: 14.0% (2019), 7.0% thereafter	47,228	46,689	43,171	39,767	38,474	33,401	30,668	27,660	24,398	20,738	16,650	12,097	7,040	1,439	-4,750	-11,574	-15,735	-16,837	-18,015	-19,276
Funded Ratio																				
#1: 0.0% (2019) and 7.0% thereafter	80.6%	79.8%	79.5%	79.3%	78.6%	79.3%	81.0%	82.8%	84.6%	86.5%	88.3%	90.1%	91.9%	93.8%	95.6%	97.5%	99.4%	100.4%	100.5%	100.5%
#2: 7.0% for all years	80.6%	80.8%	81.8%	82.7%	82.9%	84.4%	85.9%	87.5%	89.0%	90.5%	92.1%	93.6%	95.2%	96.7%	98.3%	99.9%	101.6%	102.4%	102.5%	102.6%
#3: 14.0% (2019), 7.0% thereafter	80.6%	81.9%	84.1%	86.1%	87.2%	89.5%	90.8%	92.1%	93.3%	94.6%	95.9%	97.1%	98.4%	99.7%	101.0%	102.3%	103.1%	103.1%	103.2%	103.4%

Attachment J
Projected UAAL and Funded Ratio for Rate Group #11
Plans M and N, future service, and U (Cemetery)



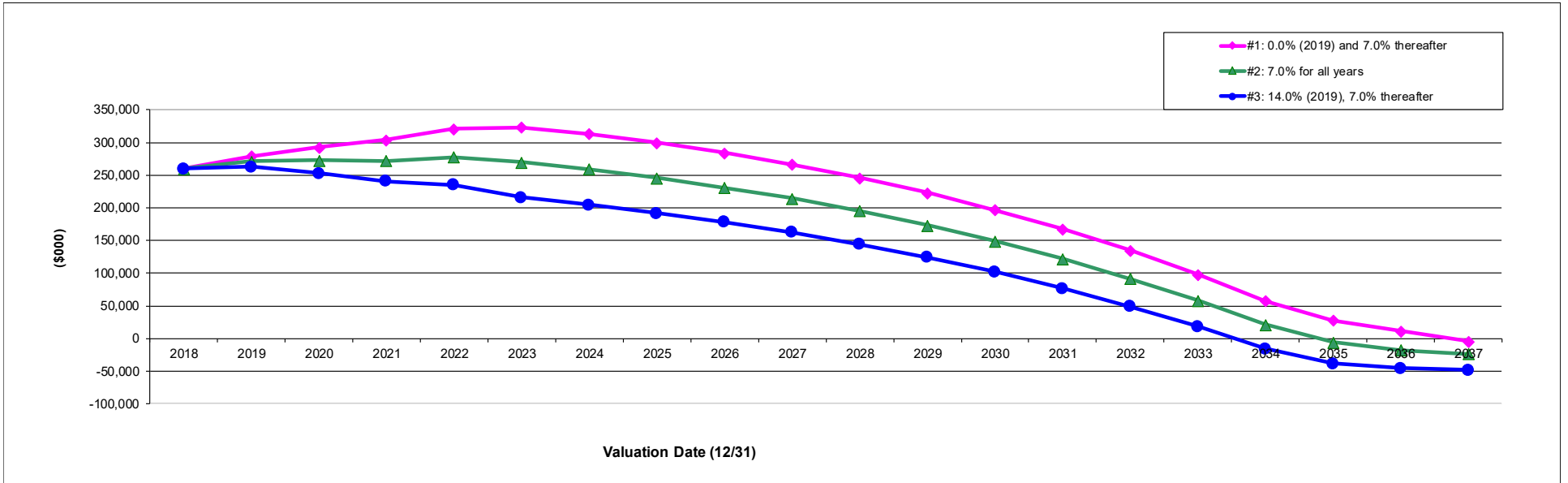
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
UAAL (\$000)																				
#1: 0.0% (2019) and 7.0% thereafter	36	359	612	885	1,272	1,448	1,456	1,438	1,408	1,372	1,329	1,279	1,220	1,154	1,078	993	898	791	673	542
#2: 7.0% for all years	36	221	288	376	587	600	602	596	590	582	575	566	555	542	527	510	491	469	445	416
#3: 14.0% (2019), 7.0% thereafter	36	84	-35	-134	-100	-259	-277	-296	-317	-339	-363	-388	-415	-444	-475	-509	-544	-582	-623	-667
Funded Ratio																				
#1: 0.0% (2019) and 7.0% thereafter	99.6%	96.8%	94.9%	93.1%	90.9%	90.4%	91.0%	91.8%	92.5%	93.2%	93.9%	94.5%	95.1%	95.7%	96.3%	96.8%	97.3%	97.8%	98.2%	98.7%
#2: 7.0% for all years	99.6%	98.0%	97.6%	97.1%	95.8%	96.0%	96.3%	96.6%	96.9%	97.1%	97.4%	97.6%	97.8%	98.0%	98.2%	98.3%	98.5%	98.7%	98.8%	99.0%
#3: 14.0% (2019), 7.0% thereafter	99.6%	99.2%	100.3%	101.0%	100.7%	101.7%	101.7%	101.7%	101.7%	101.7%	101.7%	101.7%	101.7%	101.7%	101.6%	101.6%	101.6%	101.6%	101.6%	101.6%

Attachment K Projected UAAL and Funded Ratio for Rate Group #12 Plans G, H and U (Law Library)



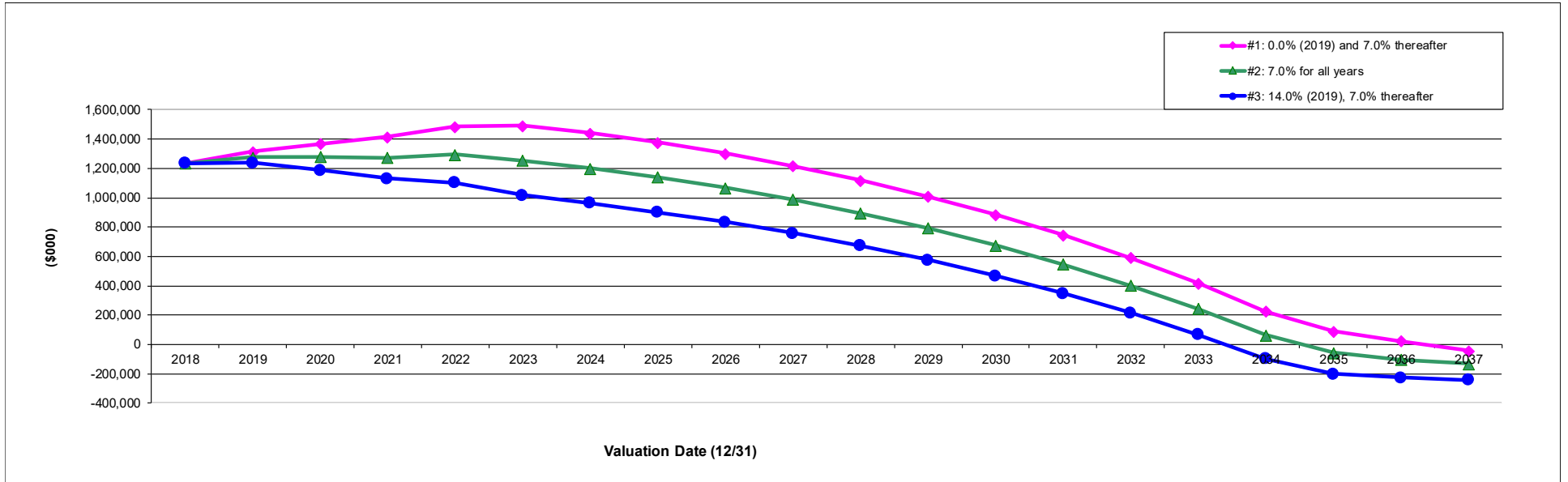
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
UAAL (\$000)																				
#1: 0.0% (2019) and 7.0% thereafter	233	583	848	1,116	1,490	1,655	1,657	1,634	1,597	1,552	1,500	1,441	1,371	1,292	1,202	1,102	988	862	721	565
#2: 7.0% for all years	233	442	519	602	804	813	809	795	779	762	742	720	695	667	636	600	559	514	463	406
#3: 14.0% (2019), 7.0% thereafter	233	300	189	88	118	-31	-46	-56	-60	-64	-69	-73	-79	-84	-90	-96	-103	-110	-118	-126
Funded Ratio																				
#1: 0.0% (2019) and 7.0% thereafter	97.8%	94.9%	93.0%	91.4%	89.1%	88.6%	89.2%	89.9%	90.6%	91.4%	92.1%	92.8%	93.5%	94.1%	94.8%	95.5%	96.1%	96.8%	97.4%	98.1%
#2: 7.0% for all years	97.8%	96.2%	95.7%	95.3%	94.1%	94.4%	94.7%	95.1%	95.4%	95.8%	96.1%	96.4%	96.7%	97.0%	97.3%	97.5%	97.8%	98.1%	98.3%	98.6%
#3: 14.0% (2019), 7.0% thereafter	97.8%	97.4%	98.5%	99.3%	99.1%	100.2%	100.3%	100.3%	100.4%	100.4%	100.4%	100.4%	100.4%	100.4%	100.4%	100.4%	100.4%	100.4%	100.4%	100.4%

Attachment L Projected UAAL and Funded Ratio for Rate Group #6 Plans E, F and V (Probation)



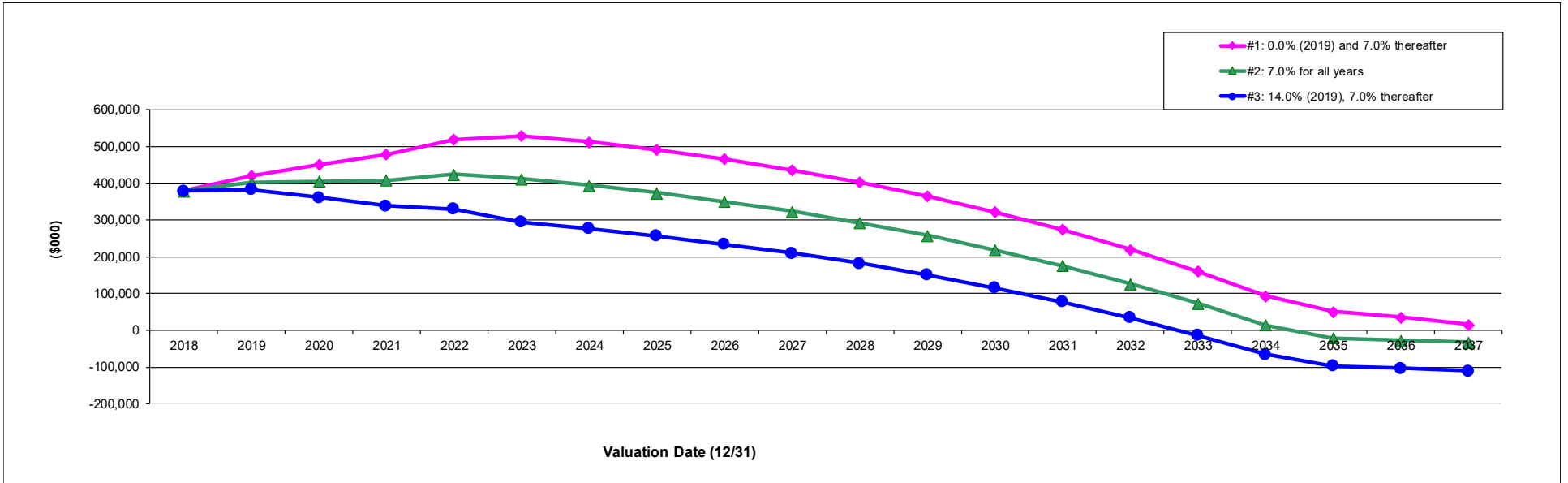
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
UAAL (\$000)																				
#1: 0.0% (2019) and 7.0% thereafter	259,769	279,509	292,565	303,969	321,026	323,372	313,362	300,154	284,454	266,471	246,006	222,846	196,758	167,494	134,792	98,368	57,979	27,643	11,618	-4,084
#2: 7.0% for all years	259,769	271,140	272,633	272,348	278,079	269,689	259,042	246,122	231,293	214,388	195,233	173,637	149,387	122,261	92,025	58,422	21,241	-5,468	-17,409	-23,180
#3: 14.0% (2019), 7.0% thereafter	259,769	262,770	252,708	240,759	235,211	216,151	204,872	192,240	178,279	162,459	144,625	124,602	102,203	77,229	49,473	18,706	-15,257	-38,338	-44,983	-48,132
Funded Ratio																				
#1: 0.0% (2019) and 7.0% thereafter	70.3%	70.2%	70.8%	71.6%	71.9%	73.4%	75.8%	78.3%	80.6%	82.9%	85.2%	87.4%	89.5%	91.6%	93.6%	95.6%	97.5%	98.9%	99.6%	100.1%
#2: 7.0% for all years	70.3%	71.1%	72.8%	74.5%	75.6%	77.8%	80.0%	82.2%	84.3%	86.3%	88.2%	90.2%	92.0%	93.8%	95.6%	97.4%	99.1%	100.2%	100.7%	100.8%
#3: 14.0% (2019), 7.0% thereafter	70.3%	71.9%	74.8%	77.5%	79.4%	82.2%	84.2%	86.1%	87.9%	89.6%	91.3%	92.9%	94.5%	96.1%	97.6%	99.2%	100.6%	101.5%	101.7%	101.7%

Attachment M Projected UAAL and Funded Ratio for Rate Group #7 Plans E, F, Q, R and V (Law Enforcement)



UAAL (\$000)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
#1: 0.0% (2019) and 7.0% thereafter	1,234,367	1,314,589	1,368,469	1,415,038	1,484,913	1,489,615	1,440,782	1,377,367	1,302,354	1,216,551	1,119,042	1,008,806	884,779	745,801	590,623	417,901	226,524	90,081	22,391	-44,473
#2: 7.0% for all years	1,234,367	1,276,375	1,278,323	1,273,305	1,294,158	1,253,162	1,201,680	1,139,610	1,068,476	987,492	895,809	792,536	676,693	547,211	402,956	242,710	65,535	-54,852	-104,497	-132,518
#3: 14.0% (2019), 7.0% thereafter	1,234,367	1,238,162	1,188,185	1,131,606	1,103,474	1,016,868	962,778	902,067	834,811	758,642	672,802	576,471	468,773	348,761	215,440	67,720	-95,261	-199,622	-225,250	-241,017
Funded Ratio																				
#1: 0.0% (2019) and 7.0% thereafter	69.7%	69.4%	69.7%	70.3%	70.3%	71.7%	73.9%	76.2%	78.5%	80.9%	83.2%	85.5%	87.8%	90.1%	92.5%	94.9%	97.3%	99.0%	99.8%	100.5%
#2: 7.0% for all years	69.7%	70.3%	71.7%	73.2%	74.1%	76.2%	78.2%	80.3%	82.4%	84.5%	86.5%	88.6%	90.7%	92.8%	94.9%	97.0%	99.2%	100.6%	101.1%	101.4%
#3: 14.0% (2019), 7.0% thereafter	69.7%	71.2%	73.7%	76.2%	78.0%	80.7%	82.6%	84.4%	86.2%	88.1%	89.9%	91.7%	93.5%	95.4%	97.3%	99.2%	101.1%	102.3%	102.4%	102.5%

Attachment N
Projected UAAL and Funded Ratio for Rate Group #8
Plans E, F, Q, R and V (OCFA)



	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	
UAAL (\$000)																					
#1: 0.0% (2019) and 7.0% thereafter	379,561	421,283	451,261	478,999	519,789	529,436	513,797	492,288	466,498	436,943	403,307	365,239	322,362	274,278	220,553	160,719	94,416	51,536	35,625	16,419	
#2: 7.0% for all years	379,561	402,377	406,642	408,819	425,308	412,308	395,353	374,493	350,604	323,423	292,677	258,062	219,244	175,869	127,571	73,932	14,661	-20,281	-27,271	-31,970	
#3: 14.0% (2019), 7.0% thereafter	379,561	383,471	362,027	338,672	330,909	295,313	277,066	256,882	234,908	210,106	182,246	151,061	116,275	77,590	34,686	-12,772	-65,018	-96,005	-102,725	-109,916	
Funded Ratio																					
#1: 0.0% (2019) and 7.0% thereafter	78.7%	77.8%	77.6%	77.6%	77.0%	77.9%	79.7%	81.6%	83.5%	85.4%	87.2%	89.0%	90.7%	92.5%	94.3%	96.0%	97.8%	98.8%	99.2%	99.7%	
#2: 7.0% for all years	78.7%	78.8%	79.8%	80.9%	81.2%	82.8%	84.4%	86.0%	87.6%	89.2%	90.7%	92.2%	93.7%	95.2%	96.7%	98.2%	99.7%	100.5%	100.6%	100.7%	
#3: 14.0% (2019), 7.0% thereafter	78.7%	79.8%	82.0%	84.1%	85.4%	87.7%	89.1%	90.4%	91.7%	93.0%	94.2%	95.4%	96.7%	97.9%	99.1%	100.3%	101.5%	102.2%	102.2%	102.3%	

Attachment O
Projected Employer Rates by Plans within each Rate Group
Scenario 1: 0.0% for 2019 and 7.0% thereafter

	Valuation Date (12/31)																			
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
General																				
RG #1 - Plans A and B	19.3%	21.5%	22.3%	23.1%	24.2%	24.6%	24.6%	24.6%	24.6%	24.6%	24.6%	24.6%	24.6%	24.6%	24.5%	13.6%	15.0%	15.0%	16.3%	14.5%
RG #1 - Plan U	18.5%	20.7%	21.5%	22.3%	23.4%	23.8%	23.8%	23.8%	23.8%	23.8%	23.8%	23.8%	23.8%	23.8%	23.7%	12.8%	14.2%	14.2%	15.5%	13.7%
RG #1 - Plans A, B and U (non-OCTA, non-OCSD)	18.9%	21.1%	21.9%	22.6%	23.7%	24.1%	24.1%	24.1%	24.1%	24.0%	24.0%	24.0%	24.0%	24.0%	23.9%	12.9%	14.4%	14.3%	15.6%	13.8%
RG #2 - Plans I and J (non-Children and Families Comm.)	39.4%	42.5%	43.8%	45.0%	46.7%	47.4%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.2%	20.3%	22.8%	23.2%	22.9%	14.4%
RG #2 - Plans I and J (Children and Families Comm.)	17.6%	20.6%	21.8%	23.0%	24.7%	25.4%	25.4%	25.4%	25.4%	25.4%	25.4%	25.4%	25.4%	25.3%	25.3%	22.8%	23.0%	23.0%	22.9%	14.4%
RG #2 - Plans O and P	31.3%	34.4%	35.6%	36.8%	38.5%	39.2%	39.2%	39.2%	39.2%	39.2%	39.2%	39.2%	39.2%	39.2%	39.0%	12.2%	14.6%	15.1%	14.8%	6.2%
RG #2 - Plan S	37.2%	40.3%	41.5%	42.7%	44.4%	45.1%	45.1%	45.1%	45.1%	45.1%	45.1%	45.1%	45.1%	45.1%	44.9%	18.1%	20.5%	21.0%	20.7%	12.1%
RG #2 - Plan T	32.2%	35.3%	36.5%	37.7%	39.4%	40.1%	40.1%	40.1%	40.1%	40.1%	40.1%	40.1%	40.1%	40.0%	39.9%	13.1%	15.5%	16.0%	15.7%	7.1%
RG #2 - Plan U (non-Children and Families Comm.)	33.8%	36.9%	38.2%	39.4%	41.1%	41.8%	41.8%	41.8%	41.8%	41.7%	41.7%	41.7%	41.7%	41.7%	41.6%	14.7%	17.2%	17.6%	17.4%	8.8%
RG #2 - Plan U (Children and Families Comm.)	12.0%	15.0%	16.2%	17.4%	19.2%	19.8%	19.8%	19.8%	19.8%	19.8%	19.8%	19.8%	19.8%	19.7%	17.2%	17.4%	17.4%	17.4%	8.8%	
RG #2 - Plan W	33.8%	36.9%	38.1%	39.3%	41.0%	41.7%	41.7%	41.7%	41.7%	41.7%	41.7%	41.7%	41.7%	41.7%	41.5%	14.7%	17.1%	17.6%	17.3%	8.7%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	37.4%	40.2%	41.1%	42.1%	43.5%	44.0%	43.7%	43.5%	43.2%	43.0%	42.8%	42.6%	42.4%	42.2%	41.9%	14.9%	17.2%	17.5%	17.0%	8.3%
RG #3 - Plans G and H	14.1%	16.4%	17.9%	19.4%	21.6%	22.4%	22.4%	22.4%	22.4%	22.4%	22.4%	22.4%	22.4%	22.4%	22.4%	22.4%	22.4%	22.4%	22.4%	22.4%
RG #3 - Plan B	12.0%	14.2%	15.8%	17.3%	19.5%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%
RG #3 - Plan U	10.9%	13.1%	14.7%	16.2%	18.4%	19.2%	19.2%	19.2%	19.2%	19.2%	19.2%	19.2%	19.2%	19.2%	19.2%	19.2%	19.2%	19.2%	19.2%	19.2%
RG #3 - Plans B, G, H and U (OCSD)	13.0%	15.1%	16.5%	17.9%	19.9%	20.6%	20.5%	20.4%	20.3%	20.2%	20.1%	20.0%	19.9%	19.8%	19.7%	19.7%	19.6%	19.6%	19.6%	19.5%
RG #5 - Plans A and B	30.6%	33.6%	34.8%	35.9%	37.6%	38.2%	38.2%	38.2%	38.2%	38.2%	38.2%	38.2%	38.2%	38.2%	38.1%	18.8%	20.0%	20.1%	20.8%	18.3%
RG #5 - Plan U	29.9%	32.9%	34.1%	35.2%	36.9%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.4%	18.1%	19.3%	19.4%	20.1%	17.5%
RG #5 - Plans A, B and U (OCTA)	30.5%	33.5%	34.6%	35.7%	37.3%	37.9%	37.9%	37.8%	37.8%	37.8%	37.7%	37.7%	37.7%	37.7%	37.5%	18.2%	19.5%	19.5%	20.2%	17.6%
RG #9 - Plans M and N	29.2%	31.1%	31.9%	32.8%	34.0%	34.6%	34.6%	34.6%	34.6%	34.6%	34.6%	34.6%	34.6%	34.6%	34.5%	19.7%	20.4%	19.4%	21.2%	19.6%
RG #9 - Plan U	25.8%	27.7%	28.5%	29.4%	30.7%	31.2%	31.2%	31.2%	31.2%	31.2%	31.2%	31.2%	31.2%	31.1%	16.4%	17.0%	16.0%	17.9%	16.2%	
RG #9 - Plans M, N and U (TCA)	27.6%	29.4%	30.1%	30.9%	32.0%	32.4%	32.3%	32.2%	32.1%	32.0%	31.9%	31.8%	31.8%	31.7%	31.5%	16.7%	17.3%	16.3%	18.1%	16.4%
RG #10 - Plans I and J	29.7%	32.5%	33.7%	34.9%	36.7%	37.4%	37.4%	37.4%	37.4%	37.4%	37.4%	37.4%	37.4%	37.3%	37.2%	14.7%	15.9%	14.7%	14.7%	14.7%
RG #10 - Plans M and N	28.5%	31.3%	32.5%	33.7%	35.5%	36.2%	36.2%	36.2%	36.2%	36.2%	36.2%	36.2%	36.1%	36.1%	36.0%	13.5%	14.7%	13.5%	13.5%	13.5%
RG #10 - Plan U	25.1%	27.9%	29.2%	30.4%	32.1%	32.8%	32.8%	32.8%	32.8%	32.8%	32.8%	32.8%	32.8%	32.8%	32.7%	10.2%	11.3%	10.2%	10.2%	10.2%
RG #10 - Plans I, J, M, N and U (OCFA)	28.0%	30.7%	31.7%	32.8%	34.4%	34.9%	34.8%	34.6%	34.5%	34.3%	34.2%	34.1%	33.9%	33.8%	33.6%	11.0%	12.0%	10.8%	10.7%	10.7%
RG #11 - Plans M and N, future service	12.1%	13.8%	14.8%	16.0%	17.5%	18.2%	18.2%	18.2%	18.2%	18.2%	18.2%	18.1%	18.1%	18.1%	18.0%	18.0%	18.0%	17.9%	17.8%	16.5%
RG #11 - Plan U	12.3%	14.1%	15.1%	16.2%	17.8%	18.5%	18.5%	18.5%	18.5%	18.5%	18.4%	18.4%	18.4%	18.4%	18.3%	18.3%	18.2%	18.2%	18.1%	16.8%
RG #11 - Plans M and N, future service, and U (Cemetery)	12.1%	13.9%	14.9%	16.1%	17.7%	18.3%	18.4%	18.3%	18.4%	18.4%	18.3%	18.3%	18.3%	18.3%	18.3%	18.2%	18.2%	18.1%	18.0%	16.7%
RG #12 - Plans G and H, future service	16.1%	18.4%	20.0%	21.6%	24.0%	25.0%	24.9%	24.9%	24.8%	24.8%	24.8%	24.8%	24.7%	24.7%	24.7%	24.6%	24.6%	24.5%	24.4%	23.9%
RG #12 - Plan U	12.1%	14.4%	16.0%	17.7%	20.0%	21.0%	21.0%	21.0%	20.9%	20.9%	20.9%	20.9%	20.7%	20.7%	20.7%	20.7%	20.6%	20.5%	20.4%	20.0%
RG #12 - Plans G and H, future service, and U (Law Library)	15.3%	17.0%	18.4%	19.7%	21.8%	22.6%	22.4%	22.3%	22.1%	21.9%	21.8%	21.7%	21.5%	21.4%	21.3%	21.1%	21.0%	20.9%	20.7%	20.2%
Safety																				
RG #6 - Plans E and F	55.7%	60.5%	62.3%	64.0%	66.6%	67.6%	67.6%	67.6%	67.6%	67.6%	67.6%	67.6%	67.5%	67.5%	67.4%	41.5%	36.7%	38.1%	36.3%	23.5%
RG #6 - Plan V	49.0%	53.9%	55.6%	57.3%	59.9%	60.9%	60.9%	60.9%	60.9%	60.9%	60.9%	60.9%	60.9%	60.8%	60.7%	34.8%	30.1%	31.4%	29.6%	16.8%
RG #6 - Plans E, F and V (Probation)	55.4%	60.0%	61.6%	63.2%	65.6%	66.4%	66.2%	66.0%	65.7%	65.4%	65.1%	64.8%	64.4%	64.1%	63.6%	37.2%	32.0%	33.1%	30.9%	17.7%
RG #7 - Plans E and F	67.4%	72.3%	74.3%	76.3%	79.2%	80.3%	80.3%	80.3%	80.3%	80.3%	80.3%	80.2%	80.2%	80.2%	80.0%	44.8%	42.2%	41.3%	39.9%	26.6%
RG #7 - Plans Q and R	64.2%	69.2%	71.2%	73.2%	76.0%	77.2%	77.2%	77.1%	77.1%	77.1%	77.1%	77.1%	77.1%	77.1%	76.9%	41.6%	39.0%	38.1%	36.7%	23.5%
RG #7 - Plan V	59.8%	64.7%	66.7%	68.7%	71.6%	72.7%	72.7%	72.7%	72.7%	72.7%	72.7%	72.6%	72.6%	72.6%	72.4%	37.2%	34.6%	33.7%	32.3%	19.0%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	65.2%	69.9%	71.5%	73.2%	75.8%	76.6%	76.3%	76.0%	75.7%	75.5%	75.2%	75.0%	74.8%	74.5%	74.2%	38.7%	35.9%	34.9%	33.3%	19.9%
RG #8 - Plans E and F	50.8%	54.8%	56.6%	58.4%	61.1%	62.1%	62.1%	62.1%	62.1%	62.1%	62.1%	62.1%	62.1%	62.1%	61.9%	35.3%	35.2%	36.6%	37.6%	36.9%
RG #8 - Plans Q and R	45.7%	49.6%	51.5%	53.3%	55.9%	57.0%	57.0%	57.0%	57.0%	57.0%	57.0%	57.0%	56.9%	56.9%	56.8%	30.2%	30.0%	31.4%	32.4%	31.8%
RG #8 - Plan V	39.1%	43.1%	44.9%	46.7%	49.4%	50.4%	50.4%	50.4%	50.4%	50.4%	50.4%	50.4%	50.4%	50.4%	50.2%	23.6%	23.5%	24.9%	25.9%	25.2%
RG #8 - Plans E, F, Q, R and V (OCFA)	48.6%	52.1%	53.5%	54.9%	57.1%	57.5%	57.0%	56.5%	56.1%	55.7%	55.3%	54.9%	54.4%	54.0%	53.5%	26.5%	26.0%	27.0%	27.7%	26.7%

Rates shown above have not been adjusted for employers with future service only benefit enhancement in Rate Group #2 (including Orange County Employees Retirement System but excluding Children and Families Commission). No adjustment is required for Local Agency Formation Commission as a result of a data correction made by OCERS to reflect that the sole active employee covered under 2.7% @ 55 and assumed in our prior valuations to receive future service only improvement should instead be values as an all service improvement because the member has paid some contributions to upgrade the past service.

In the December 31, 2033 valuation, most of the General Rate Groups (Rate Group #2 in particular) would be projected to have smaller UAAL rates due to the favorable 18-month rate delay adjustments from the significant decrease in the UAAL rates in the December 31, 2033 valuation. However, in the following year, the UAAL rates would no longer be offset by the 18-month rate delay adjustments so the employer rates increase in that year.

Attachment O

Projected Employer Rates by Plans within each Rate Group Scenario 2: 7.0% for all years

	Valuation Date (12/31)																			
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
General																				
RG #1 - Plans A and B	19.3%	21.0%	21.3%	21.5%	22.1%	22.1%	22.1%	22.1%	22.1%	22.1%	22.1%	22.1%	22.1%	22.1%	22.0%	11.1%	12.6%	10.7%	10.7%	10.7%
RG #1 - Plan U	18.5%	20.2%	20.5%	20.7%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.2%	10.3%	11.8%	9.9%	9.9%	9.9%
RG #1 - Plans A, B and U (non-OCTA, non-OCSD)	18.9%	20.6%	20.8%	21.0%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.5%	21.5%	21.5%	21.4%	10.5%	11.9%	10.1%	10.1%	10.0%
RG #2 - Plans I and J (non-Children and Families Comm.)	39.4%	41.8%	42.1%	42.5%	43.5%	43.5%	43.5%	43.4%	43.4%	43.4%	43.4%	43.4%	43.4%	43.4%	43.3%	16.4%	18.9%	14.4%	14.4%	14.4%
RG #2 - Plans I and J (Children and Families Comm.)	17.6%	19.9%	20.2%	20.6%	21.5%	21.5%	21.5%	21.5%	21.5%	21.5%	21.5%	21.5%	21.5%	21.5%	21.4%	18.9%	19.1%	14.4%	14.4%	14.4%
RG #2 - Plans O and P	31.3%	33.7%	34.0%	34.4%	35.3%	35.3%	35.3%	35.3%	35.3%	35.3%	35.3%	35.3%	35.3%	35.3%	35.1%	8.3%	10.8%	6.2%	6.2%	6.2%
RG #2 - Plan S	37.2%	39.6%	39.9%	40.3%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.0%	14.2%	16.7%	12.1%	12.1%	12.1%
RG #2 - Plan T	32.2%	34.6%	34.9%	35.3%	36.2%	36.2%	36.2%	36.2%	36.2%	36.2%	36.2%	36.2%	36.2%	36.2%	36.0%	9.2%	11.7%	7.1%	7.1%	7.1%
RG #2 - Plan U (non-Children and Families Comm.)	33.8%	36.2%	36.5%	36.9%	37.9%	37.9%	37.9%	37.9%	37.9%	37.9%	37.9%	37.8%	37.8%	37.8%	37.8%	10.8%	13.3%	8.8%	8.8%	8.8%
RG #2 - Plan U (Children and Families Comm.)	12.0%	14.3%	14.6%	15.0%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	13.4%	13.5%	8.8%	8.8%	8.8%
RG #2 - Plan W	33.8%	36.2%	36.5%	36.9%	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%	37.8%	10.8%	13.3%	8.7%	8.7%	8.7%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	37.4%	39.4%	39.5%	39.6%	40.3%	40.1%	39.8%	39.6%	39.4%	39.1%	38.9%	38.7%	38.5%	38.3%	38.0%	11.0%	13.3%	8.6%	8.4%	8.3%
RG #3 - Plans G and H	14.1%	15.4%	15.8%	16.3%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.4%
RG #3 - Plan B	12.0%	13.3%	13.6%	14.1%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%
RG #3 - Plan U	10.9%	12.2%	12.6%	13.0%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%
RG #3 - Plans B, G, H and U (OCSD)	13.0%	14.1%	14.4%	14.7%	15.8%	15.7%	15.5%	15.4%	15.3%	15.2%	15.1%	15.1%	15.0%	14.9%	14.8%	14.8%	14.7%	14.7%	14.6%	14.5%
RG #5 - Plans A and B	30.6%	32.9%	33.2%	33.6%	34.5%	34.5%	34.5%	34.5%	34.5%	34.5%	34.5%	34.5%	34.5%	34.5%	34.5%	34.4%	15.1%	16.3%	12.0%	12.0%
RG #5 - Plan U	29.9%	32.2%	32.5%	32.9%	33.8%	33.8%	33.8%	33.8%	33.8%	33.8%	33.8%	33.8%	33.8%	33.8%	33.7%	14.4%	15.6%	11.3%	11.3%	11.3%
RG #5 - Plans A, B and U (OCTA)	30.5%	32.8%	33.0%	33.4%	34.2%	34.2%	34.2%	34.1%	34.1%	34.1%	34.0%	34.0%	34.0%	33.9%	33.8%	14.5%	15.7%	11.4%	11.4%	11.4%
RG #9 - Plans M and N	29.2%	30.6%	30.8%	31.0%	31.7%	31.7%	31.7%	31.7%	31.7%	31.7%	31.7%	31.7%	31.7%	31.7%	31.6%	16.9%	17.5%	14.5%	14.5%	14.5%
RG #9 - Plan U	25.8%	27.2%	27.4%	27.6%	28.3%	28.4%	28.4%	28.4%	28.4%	28.4%	28.4%	28.4%	28.4%	28.4%	28.3%	13.5%	14.1%	11.1%	11.1%	11.1%
RG #9 - Plans M, N and U (TCA)	27.6%	28.9%	29.0%	29.1%	29.7%	29.6%	29.4%	29.3%	29.2%	29.1%	29.1%	29.0%	28.9%	28.8%	28.7%	13.8%	14.4%	11.4%	11.4%	11.3%
RG #10 - Plans I and J	29.7%	31.7%	32.1%	32.4%	33.4%	33.4%	33.4%	33.4%	33.4%	33.4%	33.4%	33.4%	33.4%	33.4%	33.3%	14.7%	14.7%	14.7%	14.7%	14.7%
RG #10 - Plans M and N	28.5%	30.5%	30.9%	31.2%	32.2%	32.2%	32.2%	32.2%	32.2%	32.2%	32.2%	32.2%	32.2%	32.2%	32.1%	13.5%	13.5%	13.5%	13.5%	13.5%
RG #10 - Plan U	25.1%	27.2%	27.5%	27.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.8%	28.8%	10.2%	10.2%	10.2%	10.2%	10.2%
RG #10 - Plans I, J, M, N and U (OCFA)	28.0%	29.9%	30.1%	30.3%	31.1%	31.0%	30.8%	30.7%	30.5%	30.4%	30.2%	30.1%	30.0%	29.9%	29.6%	11.0%	10.9%	10.8%	10.7%	10.7%
RG #11 - Plans M and N, future service	12.1%	13.1%	13.4%	13.6%	14.4%	14.4%	14.3%	14.2%	14.2%	14.2%	14.1%	14.1%	14.1%	14.1%	14.0%	14.0%	14.0%	14.0%	14.0%	12.7%
RG #11 - Plan U	12.3%	13.4%	13.7%	13.9%	14.7%	14.6%	14.5%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%	14.3%	14.3%	14.3%	14.3%	14.3%	14.2%	13.0%
RG #11 - Plans M and N, future service, and U (Cemetery)	12.1%	13.2%	13.5%	13.7%	14.6%	14.5%	14.4%	14.4%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.2%	14.2%	14.3%	14.3%	14.2%	13.0%
RG #12 - Plans G and H, future service	16.1%	17.4%	17.8%	18.2%	19.5%	19.4%	19.2%	19.2%	19.1%	19.0%	18.9%	18.8%	18.8%	18.8%	18.8%	18.8%	18.7%	18.7%	18.6%	18.3%
RG #12 - Plan U	12.1%	13.4%	13.8%	14.3%	15.5%	15.4%	15.3%	15.2%	15.1%	15.0%	15.0%	14.9%	14.8%	14.8%	14.8%	14.8%	14.8%	14.8%	14.7%	14.3%
RG #12 - Plans G and H, future service, and U (Law Library)	15.3%	16.0%	16.2%	16.3%	17.3%	17.0%	16.7%	16.5%	16.3%	16.1%	15.9%	15.7%	15.6%	15.5%	15.4%	15.3%	15.2%	15.1%	15.0%	14.6%
Safety																				
RG #6 - Plans E and F	55.7%	59.6%	60.1%	60.6%	62.0%	62.0%	62.0%	62.0%	62.0%	62.0%	62.0%	62.0%	62.0%	61.9%	61.8%	35.9%	31.2%	23.5%	23.5%	23.5%
RG #6 - Plan V	49.0%	52.9%	53.4%	53.9%	55.3%	55.3%	55.3%	55.3%	55.3%	55.3%	55.3%	55.3%	55.3%	55.3%	55.1%	29.3%	24.5%	16.8%	16.8%	16.8%
RG #6 - Plans E, F and V (Probation)	55.4%	59.0%	59.4%	59.8%	61.0%	60.8%	60.6%	60.4%	60.1%	59.8%	59.5%	59.2%	58.8%	58.5%	58.0%	31.7%	26.5%	18.4%	18.0%	17.7%
RG #7 - Plans E and F	67.4%	71.1%	71.7%	72.3%	73.9%	73.9%	73.9%	73.9%	73.9%	73.8%	73.8%	73.8%	73.8%	73.8%	73.6%	38.4%	35.8%	26.6%	26.6%	26.6%
RG #7 - Plans Q and R	64.2%	68.0%	68.5%	69.1%	70.7%	70.7%	70.7%	70.7%	70.7%	70.7%	70.7%	70.7%	70.7%	70.6%	70.5%	35.2%	32.6%	23.5%	23.5%	23.5%
RG #7 - Plan V	59.8%	63.5%	64.1%	64.7%	66.3%	66.3%	66.3%	66.3%	66.3%	66.2%	66.2%	66.2%	66.2%	66.2%	66.0%	30.8%	28.2%	19.0%	19.0%	19.0%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	65.2%	68.7%	68.9%	69.2%	70.5%	70.2%	69.8%	69.6%	69.3%	69.1%	68.8%	68.6%	68.4%	68.1%	67.8%	32.3%	29.5%	20.2%	20.1%	19.9%
RG #8 - Plans E and F	50.8%	53.7%	54.2%	54.7%	56.2%	56.2%	56.2%	56.2%	56.2%	56.2%	56.2%	56.2%	56.2%	56.2%	56.0%	29.4%	29.3%	27.0%	27.0%	27.0%
RG #8 - Plans Q and R	45.7%	48.5%	49.0%	49.6%	51.1%	51.1%	51.1%	51.1%	51.0%	51.0%	51.0%	51.0%	51.0%	51.0%	50.9%	24.3%	24.1%	21.8%	21.8%	21.8%
RG #8 - Plan V	39.1%	42.0%	42.5%	43.0%	44.5%	44.5%	44.5%	44.5%	44.5%	44.5%	44.5%	44.5%	44.5%	44.5%	44.3%	17.7%	17.6%	15.3%	15.3%	15.3%
RG #8 - Plans E, F, Q, R and V (OCFA)	48.6%	51.0%	51.0%	51.2%	52.3%	51.6%	51.0%	50.6%	50.1%	49.7%	49.3%	48.9%	48.5%	48.1%	47.6%	20.8%	20.1%	17.4%	17.1%	16.7%

Rates shown above have not been adjusted for employers with future service only benefit enhancement in Rate Group #2 (including Orange County Employees Retirement System but excluding Children and Families Commission). No adjustment is required for Local Agency Formation Commission as a result of a data correction made by OCERS to reflect that the sole active employee covered under 2.7% @ 55 and assumed in our prior valuations to receive future service only improvement should instead be values as an all service improvement because the member has paid some contributions to upgrade the past service.

In the December 31, 2033 valuation, most of the General Rate Groups (Rate Group #2 in particular) would be projected to have smaller UAAL rates due to the favorable 18-month rate delay adjustments from the significant decrease in the UAAL rates in the December 31, 2033 valuation. However, in the following year, the UAAL rates would no longer be offset by the 18-month rate delay adjustments so the employer rates increase in that year.

Attachment O
Projected Employer Rates by Plans within each Rate Group
Scenario 3: 14.0% for 2019 and 7.0% thereafter

	Valuation Date (12/31)																			
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
General																				
RG #1 - Plans A and B	19.3%	20.6%	20.2%	19.9%	20.1%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.5%	10.7%	10.7%	10.7%	10.7%	10.7%
RG #1 - Plan U	18.5%	19.8%	19.4%	19.1%	19.3%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.7%	9.9%	9.9%	9.9%	9.9%	9.9%
RG #1 - Plans A, B and U (non-OCTA, non-OCSD)	18.9%	20.2%	19.8%	19.5%	19.6%	19.1%	19.1%	19.1%	19.1%	19.1%	19.1%	19.0%	19.0%	19.0%	18.9%	10.1%	10.1%	10.1%	10.1%	10.0%
RG #2 - Plans I and J (non-Children and Families Comm.)	39.4%	41.1%	40.5%	40.0%	40.3%	39.6%	39.6%	39.5%	39.5%	39.5%	39.5%	39.5%	39.5%	39.5%	39.4%	14.4%	14.4%	14.4%	14.4%	14.4%
RG #2 - Plans I and J (Children and Families Comm.)	17.6%	19.1%	18.6%	18.1%	18.3%	17.6%	17.6%	17.6%	17.6%	17.6%	17.6%	17.6%	17.6%	17.6%	17.6%	16.9%	14.4%	14.4%	14.4%	14.4%
RG #2 - Plans O and P	31.3%	32.9%	32.4%	31.9%	32.1%	31.4%	31.4%	31.4%	31.4%	31.4%	31.4%	31.4%	31.4%	31.4%	31.2%	6.2%	6.2%	6.2%	6.2%	6.2%
RG #2 - Plan S	37.2%	38.8%	38.3%	37.8%	38.0%	37.3%	37.3%	37.3%	37.3%	37.3%	37.3%	37.3%	37.3%	37.3%	37.1%	12.1%	12.1%	12.1%	12.1%	12.1%
RG #2 - Plan T	32.2%	33.8%	33.3%	32.8%	33.0%	32.3%	32.3%	32.3%	32.3%	32.3%	32.3%	32.3%	32.3%	32.3%	32.1%	7.1%	7.1%	7.1%	7.1%	7.1%
RG #2 - Plan U (non-Children and Families Comm.)	33.8%	35.5%	34.9%	34.5%	34.7%	34.0%	34.0%	34.0%	34.0%	34.0%	33.9%	33.9%	33.9%	33.9%	33.8%	8.8%	8.8%	8.8%	8.8%	8.8%
RG #2 - Plan U (Children and Families Comm.)	12.0%	13.5%	13.0%	12.5%	12.7%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	11.3%	8.8%	8.8%	8.8%	8.8%	8.8%
RG #2 - Plan W	33.8%	35.4%	34.9%	34.4%	34.6%	33.9%	33.9%	33.9%	33.9%	33.9%	33.9%	33.9%	33.9%	33.9%	33.7%	8.7%	8.7%	8.7%	8.7%	8.7%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	37.4%	38.7%	37.9%	37.2%	37.1%	36.2%	35.9%	35.7%	35.5%	35.2%	35.0%	34.8%	34.6%	34.4%	34.1%	8.9%	8.8%	8.6%	8.4%	8.3%
RG #3 - Plans G and H	14.1%	14.4%	13.6%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%
RG #3 - Plan B	12.0%	12.3%	11.5%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%
RG #3 - Plan U	10.9%	11.2%	10.4%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
RG #3 - Plans B, G, H and U (OCSD)	13.0%	13.2%	12.2%	11.7%	11.6%	11.4%	11.3%	11.2%	11.1%	11.0%	10.9%	10.8%	10.7%	10.6%	10.6%	10.0%	10.4%	10.4%	10.4%	10.3%
RG #5 - Plans A and B	30.6%	32.2%	31.7%	31.2%	31.5%	30.8%	30.8%	30.8%	30.8%	30.8%	30.8%	30.8%	30.8%	30.8%	30.7%	12.0%	12.0%	12.0%	12.0%	12.0%
RG #5 - Plan U	29.9%	31.5%	31.0%	30.5%	30.7%	30.1%	30.1%	30.1%	30.1%	30.1%	30.1%	30.1%	30.1%	30.1%	30.0%	11.3%	11.3%	11.3%	11.3%	11.3%
RG #5 - Plans A, B and U (OCTA)	30.5%	32.1%	31.5%	31.0%	31.2%	30.5%	30.5%	30.4%	30.4%	30.3%	30.3%	30.3%	30.3%	30.2%	30.1%	11.5%	11.5%	11.4%	11.4%	11.4%
RG #9 - Plans M and N	29.2%	30.0%	29.6%	29.3%	29.4%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.8%	14.5%	14.5%	14.5%	14.5%	14.5%
RG #9 - Plan U	25.8%	26.7%	26.2%	25.9%	26.0%	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%	25.4%	11.1%	11.1%	11.1%	11.1%	11.1%
RG #9 - Plans M, N and U (TCA)	27.6%	28.3%	27.8%	27.3%	27.4%	26.7%	26.6%	26.5%	26.4%	26.3%	26.2%	26.1%	26.0%	26.0%	25.8%	11.5%	11.4%	11.4%	11.4%	11.3%
RG #10 - Plans I and J	29.7%	31.0%	30.4%	29.9%	30.2%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.4%	29.4%	29.4%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%
RG #10 - Plans M and N	28.5%	29.8%	29.2%	28.7%	29.0%	28.3%	28.3%	28.3%	28.2%	28.2%	28.2%	28.2%	28.2%	28.2%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%
RG #10 - Plan U	25.1%	26.5%	25.9%	25.4%	25.6%	24.9%	24.9%	24.9%	24.9%	24.9%	24.9%	24.9%	24.9%	24.9%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%
RG #10 - Plans I, J, M, N and U (OCFA)	28.0%	29.2%	28.4%	27.8%	27.9%	27.0%	26.9%	26.7%	26.6%	26.4%	26.3%	26.2%	26.0%	25.9%	11.1%	11.0%	10.9%	10.8%	10.7%	10.7%
RG #11 - Plans M and N, future service	12.1%	12.5%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%
RG #11 - Plan U	12.3%	12.8%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%
RG #11 - Plans M and N, future service, and U (Cemetery)	12.1%	12.6%	12.1%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%
RG #12 - Plans G and H, future service	16.1%	16.4%	15.6%	15.0%	15.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%
RG #12 - Plan U	12.1%	12.4%	11.6%	11.1%	11.4%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
RG #12 - Plans G and H, future service, and U (Law Library)	15.3%	15.0%	14.0%	13.1%	13.2%	11.9%	11.8%	11.6%	11.5%	11.4%	11.3%	11.2%	11.1%	11.0%	10.9%	10.8%	10.7%	10.7%	10.6%	10.6%
Safety																				
RG #6 - Plans E and F	55.7%	58.6%	57.8%	57.2%	57.5%	56.4%	56.4%	56.4%	56.4%	56.4%	56.4%	56.4%	56.4%	56.4%	56.2%	30.4%	23.5%	23.5%	23.5%	23.5%
RG #6 - Plan V	49.0%	51.9%	51.1%	50.5%	50.8%	49.7%	49.7%	49.7%	49.7%	49.7%	49.7%	49.7%	49.7%	49.7%	49.5%	23.7%	16.8%	16.8%	16.8%	16.8%
RG #6 - Plans E, F and V (Probation)	55.4%	58.0%	57.1%	56.3%	56.5%	55.2%	55.0%	54.8%	54.5%	54.2%	53.9%	53.6%	53.2%	52.9%	52.4%	26.1%	18.8%	18.4%	18.0%	17.7%
RG #7 - Plans E and F	67.4%	70.0%	69.0%	68.3%	68.6%	67.5%	67.5%	67.5%	67.4%	67.4%	67.4%	67.4%	67.4%	67.4%	67.2%	31.9%	26.6%	26.6%	26.6%	26.6%
RG #7 - Plans Q and R	64.2%	66.8%	65.9%	65.1%	65.5%	64.3%	64.3%	64.3%	64.3%	64.3%	64.3%	64.3%	64.2%	64.2%	64.1%	28.8%	23.5%	23.5%	23.5%	23.5%
RG #7 - Plan V	59.8%	62.4%	61.4%	60.7%	61.0%	59.9%	59.9%	59.9%	59.8%	59.8%	59.8%	59.8%	59.8%	59.8%	59.6%	24.3%	19.0%	19.0%	19.0%	19.0%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	65.2%	67.5%	66.2%	65.2%	65.2%	63.7%	63.4%	63.2%	62.9%	62.6%	62.4%	62.2%	61.9%	61.7%	61.4%	25.9%	20.4%	20.2%	20.1%	19.9%
RG #8 - Plans E and F	50.8%	52.6%	51.7%	51.0%	51.3%	50.3%	50.3%	50.3%	50.3%	50.3%	50.3%	50.3%	50.2%	50.2%	50.1%	27.0%	27.0%	27.0%	27.0%	27.0%
RG #8 - Plans Q and R	45.7%	47.4%	46.6%	45.9%	46.2%	45.1%	45.1%	45.1%	45.1%	45.1%	45.1%	45.1%	45.1%	45.1%	45.0%	21.8%	21.8%	21.8%	21.8%	21.8%
RG #8 - Plan V	39.1%	40.9%	40.0%	39.3%	39.6%	38.6%	38.6%	38.6%	38.6%	38.6%	38.6%	38.6%	38.5%	38.5%	38.4%	15.3%	15.3%	15.3%	15.3%	15.3%
RG #8 - Plans E, F, Q, R and V (OCFA)	48.6%	49.9%	48.6%	47.5%	47.4%	45.7%	45.1%	44.7%	44.2%	43.8%	43.4%	43.0%	42.6%	42.2%	41.7%	18.2%	17.8%	17.4%	17.1%	16.7%

Rates shown above have not been adjusted for employers with future service only benefit enhancement in Rate Group #2 (including Orange County Employees Retirement System but excluding Children and Families Commission). No adjustment is required for Local Agency Formation Commission as a result of a data correction made by OCERS to reflect that the sole active employee covered under 2.7% @ 55 and assumed in our prior valuations to receive future service only improvement should instead be values as an all service improvement because the member has paid some contributions to upgrade the past service.



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VIA E-MAIL and USPS

July 3, 2019

Mr. Steve Delaney
Chief Executive Officer
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701-3101

Re: Sensitivity Illustrations of Retirement Costs, Unfunded Actuarial Accrued Liability and Funded Ratio under Alternative Inflation and Investment Return Assumptions

Dear Steve:

As requested, we have developed 20-year illustrations of the employer contribution rates for OCERS under four alternative sets of inflation and investment return assumptions as if those assumptions were effective in the December 31, 2018 valuation. In this letter, we have also provided the Unfunded Actuarial Accrued Liability (UAAL) in dollars and the funded ratio associated with those projected employer contribution rates, as well the member contribution rates.

These results have been prepared based on the December 31, 2018 valuation approved by the Board at its meeting on June 17, 2019. The illustrations have been prepared for use in studying how sensitive the projection results are to changes in the economic assumptions used in the December 31, 2018 valuation.

These illustrations are provided for informational purposes only. We understand that the Board has no intent to perform a review of the economic assumptions prior to the next regularly scheduled triennial experience study. The next triennial experience study will be performed in 2020 (after we complete the December 31, 2019 valuation) and the assumptions approved by the Board will be used in the December 31, 2020 actuarial valuation, which will determine contribution rates for fiscal year 2022-2023. In addition, it is important to note that the above alternatives are not necessarily the assumptions that we would recommend to the Board in that triennial experience study, or that would be adopted by the Board.

The current inflation and investment return assumptions used in the December 31, 2018 valuation are as follows:

- Baseline:¹ 7.00% investment return assumption and 2.75% inflation assumption, including the three-year phase-in of the UAAL cost increase due to the changes in actuarial assumptions adopted by the Board starting with the December 31, 2017 valuation.

In this letter, we have included “modified baseline” results that exclude the three-year phase-in of the UAAL cost increase primarily because, if any alternative assumptions were to be adopted by the Board, they would not be effective until the December 31, 2020 valuation at which time the three-year phase-in of the UAAL cost increase from the December 31, 2017 valuation would have been completed.

The current and alternative sets of inflation and investment return assumptions are as follows:

	Inflation	Real Return	Investment Return
Baseline and Modified Baseline (current assumptions)	2.75%	4.25%	7.00%
Alternative #1	2.50%	4.25%	6.75%
Alternative #2	2.75%	4.00%	6.75%
Alternative #3	2.50%	4.00%	6.50%
Alternative #4	3.25%	4.00%	7.25%

The various projections included are as follows:

- The projected contribution rates for the aggregate plan are provided in Attachment A.
- The projected UAAL and funded ratio for the aggregate plan are provided in Attachment B.
- The projected member contribution rates for the aggregate plan are provided in Attachment C.

¹ The results provided for the baseline are the same as those provided under Scenario #2 for OCERS in total in our letter entitled “Illustrations of Retirement Costs, Unfunded Actuarial Accrued Liability and Funded Ratio under Alternative Investment Return Scenarios” dated June 28, 2019.

SUMMARY OF RESULTS

The changes in the employer contribution rate (including the Normal Cost and UAAL components), the member contribution rate and the UAAL from the modified baseline (without reflecting any phase-in) for each of the alternatives are summarized below. The impact of the assumption changes is determined as if those assumptions were effective in the December 31, 2018 valuation (again without any phase-in).

Change in:	Alternative #1	Alternative #2	Alternative #3	Alternative #4
Inflation ²	(0.25%)	0.00%	(0.25%)	0.50%
Real Return ²	<u>0.00%</u>	<u>(0.25%)</u>	<u>(0.25%)</u>	<u>(0.25%)</u>
Investment Return ²	(0.25%)	(0.25%)	(0.50%)	0.25%
Employer Rate				
<i>Normal Cost Rate</i>	0.10%	1.04%	1.15%	0.38%
<i>UAAL Rate</i>	<u>(0.03%)</u>	<u>2.46%</u>	<u>2.44%</u>	<u>(0.06%)</u>
<i>Total Rate</i>	0.07%	3.50%	3.59%	0.32%
Member Rate	(0.02%) ³	0.81%	0.78%	0.36%
UAAL (\$000s)	\$(21,052)	\$690,976	\$670,921	\$116,048

METHODS AND ASSUMPTIONS

The methods and actuarial assumptions we used to prepare the employer contribution rates, the UAAL and the funded ratio are the same as those used in Scenario #2 in our letter dated June 28, 2019 with the exception of the inflation and investment return assumptions specified above. The following are additional points of note when reviewing the illustrative results:

- It is assumed that all actuarial assumptions used in preparing the illustrative results would be met in the future and that there would be no other changes in the future for any of the actuarial assumptions (such as the mortality tables). In particular, it is assumed that the actual future inflation and investment return experience under each of the four alternatives would follow the corresponding inflation and investment return assumed for that alternative.

² Relative to 2.75% inflation assumption, 4.25% real return assumption and 7.00% investment return assumption used in the baseline. Note that in practice, the real return is determined by the inflation and investment return assumptions.

³ Generally speaking, there will be an increase in the member rates for the General Rate Groups while there will be a decrease in the member rates for the Safety Rate Groups. The overall reduction in the aggregate member rate reflects the proportion of payrolls of both General versus Safety memberships.

- The detailed amortization schedule for OCERS' UAAL as of December 31, 2018 is provided in the valuation report. The changes in UAAL due to the changes in the inflation and investment return assumptions used in preparing the illustrative results are amortized over a 20-year period as of December 31, 2018. Any subsequent changes in the UAAL due to actuarial gains or losses (e.g., from investment returns on valuation value of assets greater or less than the assumed rates) are amortized over separate 20-year periods.
- The baseline results include the three-year phase-in of the UAAL cost increase due to the changes in actuarial assumptions adopted by the Board starting with the December 31, 2017 valuation. The results under the modified baseline and the Alternatives exclude any phase-in of the UAAL cost increase due to the changes in actuarial assumptions.

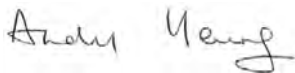
OTHER CONSIDERATIONS

Projections, by their nature, are not a guarantee of future results. The modeling projections are intended to serve as illustrations of future financial outcomes that are based on the information available to us at the time the modeling is undertaken and completed, and the agreed-upon assumptions and methodologies described herein. Emerging results may differ significantly if the actual experience proves to be different from these assumptions or if alternative methodologies are used. Actual experience may differ due to such variables as demographic experience, the economy, stock market performance and the regulatory environment.

This study was prepared under the supervision of Andy Yeung, ASA, MAAA. I am a member of the American Academy of Actuaries and meet the qualification requirements to provide the opinion contained herein.

Please let us know if you have any questions.

Sincerely,

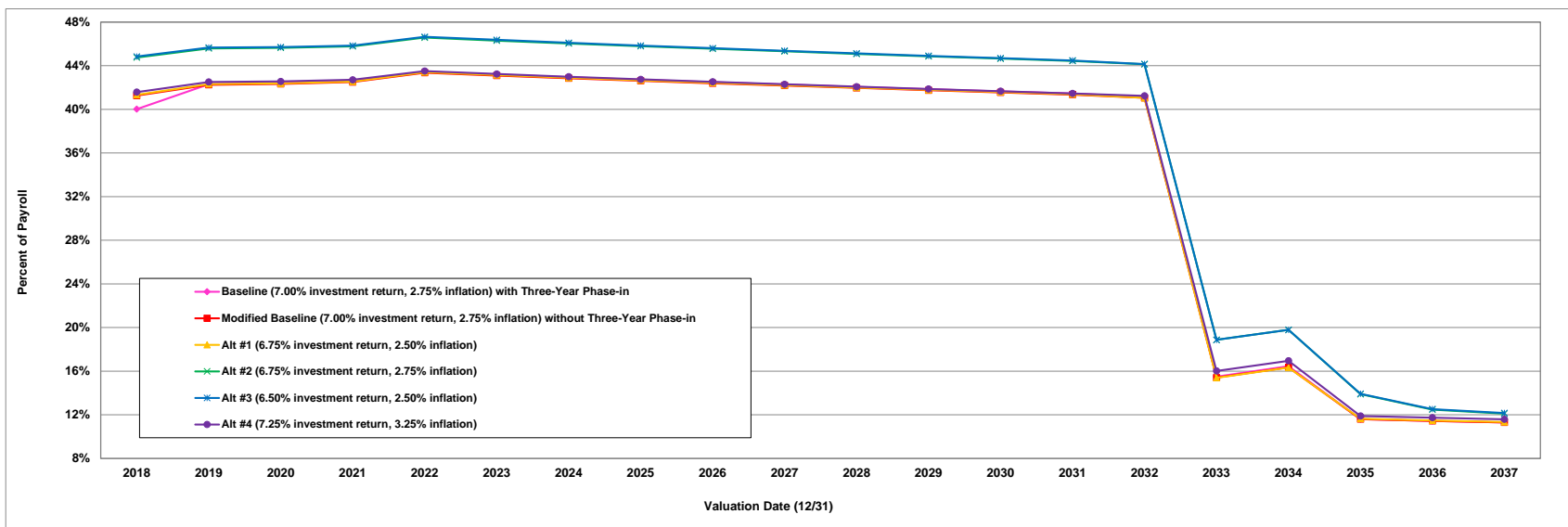


Andy Yeung

AW/bqb
Enclosures

cc: Suzanne Jenike
Brenda Shott

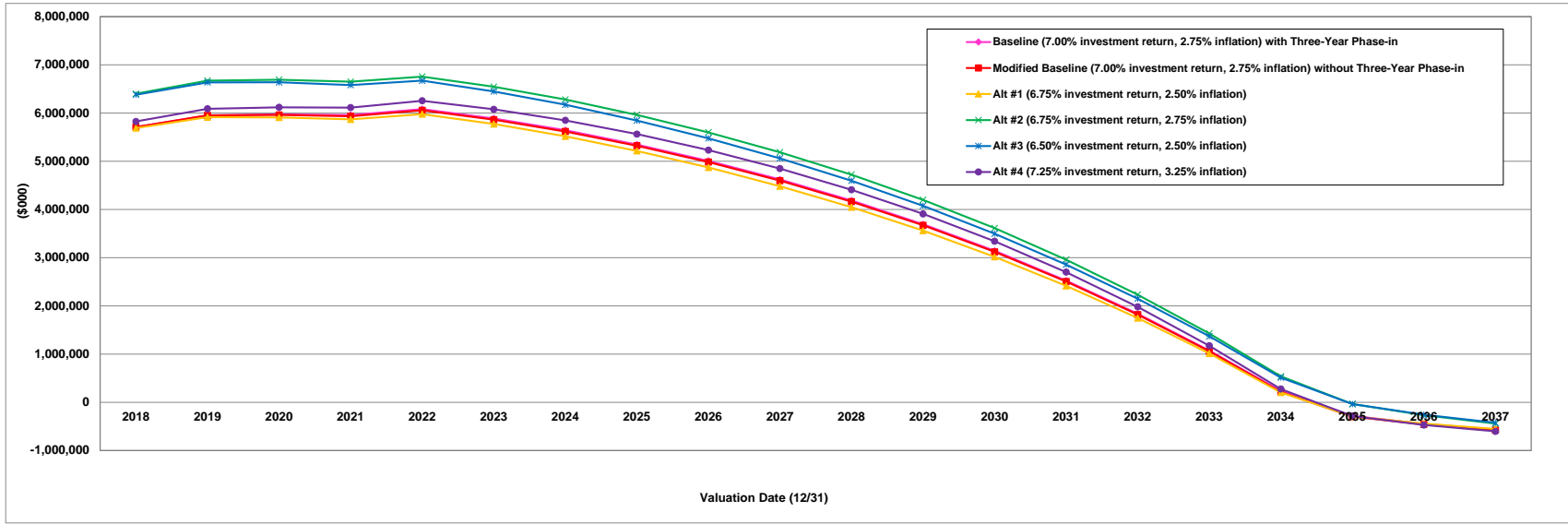
Attachment A Projected Employer Rates Aggregate Plan



Valuation Date (12/31)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Baseline (7.00% investment return, 2.75% inflation) with Three-Year Phase-in	40.0%	42.3%	42.4%	42.6%	43.5%	43.2%	43.0%	42.7%	42.5%	42.3%	42.1%	41.9%	41.7%	41.5%	41.1%	15.5%	16.5%	11.6%	11.4%	11.3%
Modified Baseline (7.00% investment return, 2.75% inflation) without Three-Year Phase-in	41.3%	42.3%	42.3%	42.5%	43.4%	43.1%	42.9%	42.6%	42.4%	42.2%	42.0%	41.8%	41.6%	41.4%	41.1%	15.4%	16.4%	11.6%	11.4%	11.3%
Alt #1 (6.75% investment return, 2.50% inflation)	41.3%	42.3%	42.4%	42.6%	43.4%	43.2%	42.9%	42.7%	42.4%	42.2%	42.0%	41.8%	41.6%	41.4%	41.1%	15.4%	16.3%	11.6%	11.5%	11.3%
Alt #2 (6.75% investment return, 2.75% inflation)	44.8%	45.6%	45.6%	45.8%	46.6%	46.3%	46.0%	45.8%	45.6%	45.3%	45.1%	44.9%	44.7%	44.4%	44.1%	18.9%	19.8%	13.9%	12.5%	12.1%
Alt #3 (6.50% investment return, 2.50% inflation)	44.8%	45.7%	45.7%	45.8%	46.7%	46.4%	46.1%	45.8%	45.6%	45.4%	45.1%	44.9%	44.7%	44.5%	44.2%	18.9%	19.8%	13.9%	12.5%	12.2%
Alt #4 (7.25% investment return, 3.25% inflation)	41.6%	42.5%	42.6%	42.7%	43.5%	43.2%	43.0%	42.8%	42.5%	42.3%	42.1%	41.9%	41.7%	41.5%	41.2%	16.0%	17.0%	11.9%	11.7%	11.6%

Note: Contribution rates provided above for Alternatives #1 through #4 assume no phase-in of the employer's UAAL contribution rates from changes in actuarial assumptions.

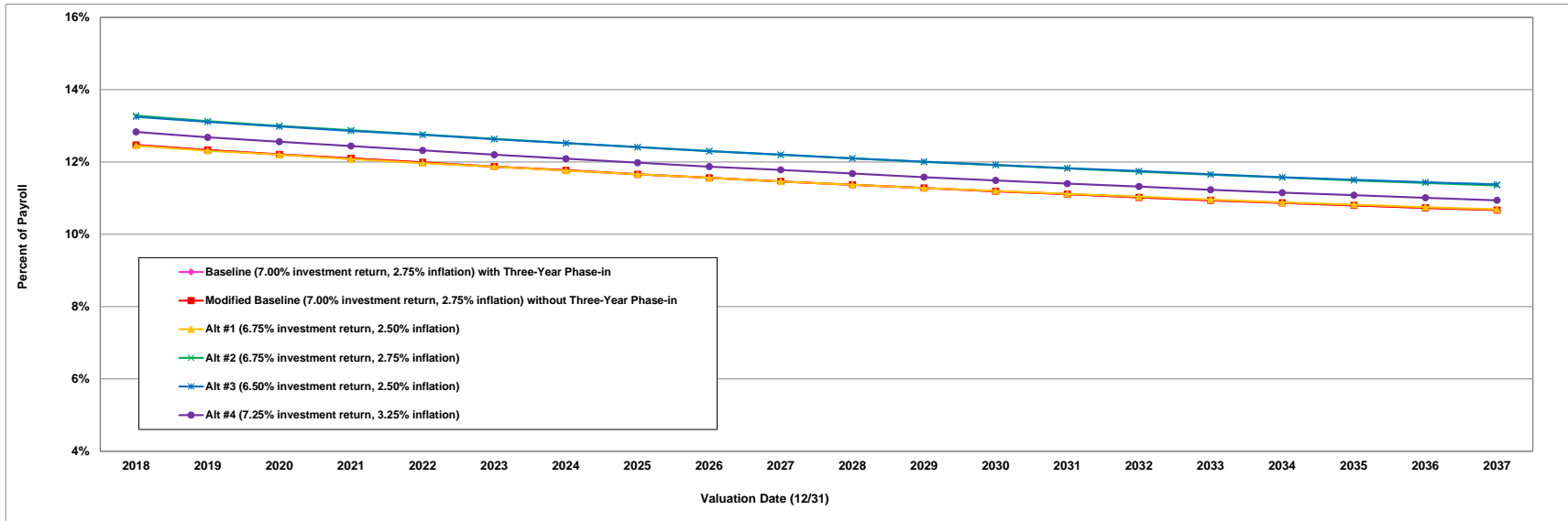
Attachment B Projected UAAL and Funded Ratio for Aggregate Plan



UAAL (\$000)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Baseline (7.00% investment return, 2.75% inflation) with Three-Year Phase-in	5,708,929	5,950,426	5,972,292	5,959,104	6,081,591	5,887,544	5,642,588	5,346,439	5,007,147	4,621,050	4,184,216	3,692,346	3,140,787	2,524,451	1,837,974	1,075,652	233,152	-283,842	-447,422	-565,508
Modified Baseline (7.00% investment return, 2.75% inflation) without Three-Year Phase-in	5,708,929	5,950,426	5,959,913	5,933,505	6,055,623	5,861,875	5,617,251	5,321,436	4,982,650	4,597,176	4,161,075	3,669,958	3,119,213	2,503,950	1,818,783	1,057,948	217,093	-298,160	-459,742	-577,088
Alt #1 (6.75% investment return, 2.50% inflation)	5,687,877	5,913,607	5,907,902	5,867,537	5,976,937	5,771,848	5,517,616	5,214,237	4,870,138	4,482,050	4,046,509	3,559,666	3,017,304	2,415,013	1,748,144	1,011,546	202,046	-290,678	-442,569	-552,496
Alt #2 (6.75% investment return, 2.75% inflation)	6,399,905	6,672,680	6,690,985	6,649,429	6,755,638	6,543,953	6,279,616	5,962,021	5,598,998	5,186,747	4,721,151	4,197,851	3,612,113	2,958,862	2,232,548	1,427,290	538,241	-35,769	-268,098	-443,995
Alt #3 (6.50% investment return, 2.50% inflation)	6,379,850	6,635,247	6,636,654	6,579,538	6,671,558	6,447,148	6,171,827	5,845,388	5,475,992	5,060,320	4,594,642	4,075,025	3,497,334	2,857,056	2,149,288	1,368,871	512,119	-38,023	-258,531	-424,604
Alt #4 (7.25% investment return, 3.25% inflation)	5,824,977	6,088,218	6,118,907	6,113,018	6,254,384	6,077,702	5,847,502	5,562,772	5,230,950	4,847,645	4,408,217	3,907,561	3,340,105	2,699,767	1,980,118	1,174,277	275,090	-285,099	-470,657	-604,133

Funded Ratio	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Baseline (7.00% investment return, 2.75% inflation) with Three-Year Phase-in	72.4%	72.7%	73.9%	75.2%	75.8%	77.7%	79.5%	81.5%	83.4%	85.3%	87.2%	89.1%	91.1%	93.1%	95.1%	97.3%	99.4%	100.7%	101.0%	101.3%
Modified Baseline (7.00% investment return, 2.75% inflation) without Three-Year Phase-in	72.4%	72.7%	74.0%	75.3%	76.0%	77.8%	79.6%	81.5%	83.4%	85.3%	87.3%	89.2%	91.2%	93.2%	95.2%	97.3%	99.5%	100.7%	101.1%	101.3%
Alt #1 (6.75% investment return, 2.50% inflation)	72.5%	72.8%	74.0%	75.4%	76.0%	77.8%	79.7%	81.5%	83.4%	85.3%	87.2%	89.2%	91.1%	93.1%	95.2%	97.3%	99.5%	100.7%	101.1%	101.3%
Alt #2 (6.75% investment return, 2.75% inflation)	70.1%	70.3%	71.7%	73.2%	74.0%	76.0%	77.9%	79.9%	81.9%	84.0%	86.0%	88.0%	90.1%	92.1%	94.3%	96.5%	98.7%	100.1%	100.6%	101.0%
Alt #3 (6.50% investment return, 2.50% inflation)	70.2%	70.4%	71.8%	73.2%	74.1%	76.0%	78.0%	79.9%	81.9%	83.9%	85.9%	88.0%	90.0%	92.1%	94.2%	96.4%	98.7%	100.1%	100.6%	101.0%
Alt #4 (7.25% investment return, 3.25% inflation)	72.0%	72.3%	73.6%	74.9%	75.6%	77.5%	79.4%	81.3%	83.2%	85.2%	87.1%	89.1%	91.0%	93.1%	95.1%	97.2%	99.4%	100.6%	101.0%	101.2%

Attachment C Projected Member Rates Aggregate Plan



Valuation Date (12/31)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Baseline (7.00% investment return, 2.75% inflation) with Three-Year Phase-in	12.5%	12.3%	12.2%	12.1%	12.0%	11.9%	11.8%	11.7%	11.6%	11.5%	11.4%	11.3%	11.2%	11.1%	11.0%	10.9%	10.9%	10.8%	10.7%	10.7%
Modified Baseline (7.00% investment return, 2.75% inflation) without Three-Year Phase-in	12.5%	12.3%	12.2%	12.1%	12.0%	11.9%	11.8%	11.7%	11.6%	11.5%	11.4%	11.3%	11.2%	11.1%	11.0%	10.9%	10.9%	10.8%	10.7%	10.7%
Alt #1 (6.75% investment return, 2.50% inflation)	12.5%	12.3%	12.2%	12.1%	12.0%	11.9%	11.8%	11.7%	11.6%	11.5%	11.4%	11.3%	11.2%	11.1%	11.0%	11.0%	10.9%	10.8%	10.8%	10.7%
Alt #2 (6.75% investment return, 2.75% inflation)	13.3%	13.1%	13.0%	12.9%	12.8%	12.6%	12.5%	12.4%	12.3%	12.2%	12.1%	12.0%	11.9%	11.8%	11.7%	11.7%	11.6%	11.5%	11.4%	11.4%
Alt #3 (6.50% investment return, 2.50% inflation)	13.3%	13.1%	13.0%	12.9%	12.8%	12.6%	12.5%	12.4%	12.3%	12.2%	12.1%	12.0%	11.9%	11.8%	11.8%	11.7%	11.6%	11.5%	11.4%	11.4%
Alt #4 (7.25% investment return, 3.25% inflation)	12.8%	12.7%	12.6%	12.4%	12.3%	12.2%	12.1%	12.0%	11.9%	11.8%	11.7%	11.6%	11.5%	11.4%	11.3%	11.2%	11.2%	11.1%	11.0%	10.9%

1-13

Memorandum


DATE: June 26, 2019
TO: Members of the Board of Retirement
FROM: Matt Eakin, Director of Cyber Security
SUBJECT: **CYBER SECURITY – CLOUD COMPUTING**

Presentation

Background

At the July 11, 2019 Board meeting I will provide a high level overview of cloud computing, along with general information regarding OCERS cloud computing philosophy. I look forward to sharing this information with you.

Submitted by:

 M.E. - Approved

Matt Eakin
Director of Cyber Security

2017



Cloud Computing

What is “The Cloud”?

Simply put, cloud computing is the delivery of computing services - including servers, storage, databases, networking, software, analytics, and intelligence - over the Internet.



Common Cloud Myths

- It's More Secure
- It's Less Expensive
- It's More Reliable
- It Runs Itself
- It Can Replace Your Staff
- It Makes Everything Better

These are all “relative” statements. We need to look at things within the context of OCERS systems and organization.

Why Companies Move to the Cloud

- It's usually not due to lower cost or better security
- Focus on higher value activities, outsource lower level tasks:
 - Hardware management
 - Software maintenance
 - System patching
 - Logging, alerting and response
- Predictable annual budgets, don't have to beg for CapEx
- Getting the latest features without having to upgrade
- Easier for less experienced IT staff to get up and running



Google stored some passwords in plain text for fourteen years

Only affects some G Suite customers

By Dieter Bohn | @backlon | May 21, 2019, 7:16pm EDT

Amazon Hit by Extensive Fraud With Hackers Siphoning Merchant Funds

By Jonathan Browning

May 8, 2019, 9:53 AM PDT Updated on May 8, 2019, 2:34 PM PDT

Microsoft discloses security breach that impacted some Outlook accounts

Incident took place after hackers compromised a Microsoft support agent's account.



By Catalin Cimpanu for Zero Day | April 13, 2019 -- 21:21 GMT (14:21 PDT) | Topic: Security

SaaS Provider Security Issues

27 Breach at Cloud Solution Provider PCM Inc.

JUN 19

A digital intrusion at PCM Inc., a major U.S.-based cloud solution provider, allowed hackers to access email and file sharing systems for some of the company's clients, KrebsOnSecurity has learned.

Faulty database script brings Salesforce to its knees

Faulty production script gave users access to all their company's Salesforce data.



By Catalin Cimpanu for Zero Day | May 17, 2019 -- 23:51 GMT (16:51 PDT) | Topic: Security

Facebook Stored Hundreds of Millions of Passwords in Plaintext For 7 Years

By Joel Hruska on March 21, 2019 at 2:27 pm | [10 Comments](#)

Cloud Security Prediction

*“Through 2023, at least **99%** of cloud security failures will be the **customer’s fault.**”*

Gartner



Cloud Security Statement

*“It isn’t so much about whether the cloud is secure.
It’s mostly about how securely you’re using the cloud.”*

Gartner



Cloud Security Requirements

- The cloud increases security complexity
- Must tie security together between on premise and cloud systems
- In order to properly secure data in the cloud, we should implement the following systems/functions:

• Identity & Access Management	• Cloud Access Security Broker
• Single Sign-On Solution	• Data Encryption Solution
• Multifactor Authentication Solution	• Data Loss Prevention Solution
• Web Application Firewalls	• Public Cloud Backup Solution

Cloud Considerations

- **Security**

- Moving data to cloud ≠ data security
- How is the provider securing data?
- Must backup data an external location
- Need to implement additional tools & systems to properly secure data

- **Contract Management**

- Must contractually enforce issues
- Need to be clear on SLAs
- Need to have an exit strategy

- **Vendor Management**

- Have to be concerned with various layers of providers that make up the solution
- Need to be clear on exactly who is responsible for which portions of the solution
- Need to be able to monitor performance and compliance

OCERS Cloud Philosophy

- Security Philosophy
 - “It’s not a matter of if you will be hacked, it’s a matter of when.”
- Cloud Philosophy
 - “It’s not a matter of if you will move to the cloud, it’s a matter of when.”
- Reality at OCERS
 - We have a hybrid of on premise and cloud systems today, and will likely continue to have a hybrid environment for the foreseeable future.

Bottom Line

- OCERS staff is qualified to determine for each of our systems:
 - Risks and Benefits of On Premise vs. Cloud
 - When to use On Premise vs. Cloud
 - Proper security regardless of whether it is On Premise or in the Cloud
- On Premise vs. Cloud is not an all-or-nothing proposition:
 - Each system needs to be evaluated separately
 - Each system needs to be assessed in relation to the rest of our ecosystem
- Regardless of where we store our information:
 - It will be susceptible to attack
 - We need to implement the appropriate systems to secure our data



Thank You

1-14



Memorandum

DATE: July 11, 2019
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **OCERS 75th ANNIVERSARY PLANNING OVERVIEW**

Presentation

Background/Discussion

In November 1944, the citizens of Orange County voted to approve the formation of a public pension system for County of Orange employees. Effective January 1, 1945 the Orange County Employees Retirement System was born.

2020 will mark the 75th anniversary of OCERS. Ms. Jenike and I, together with our Communications team have already begun working in preparation of that important event. On July 11 I will outline for the Board our early thoughts on what a year of commemoration might entail.

Submitted by:

A handwritten signature in blue ink that reads "Steve Delaney". The signature is written in a cursive style with a horizontal line underneath the name.

Steve Delaney
Chief Executive Officer

1-15

Memorandum

DATE: July 11, 2019
TO: Members of the Board of Retirement
FROM: Brenda Shott, Assistant CEO Finance and Internal Operations
SUBJECT: **PUBLIC IDENTIFICATION OF REAL PROPERTY SUBJECT TO NEGOTIATIONS AND PERSONS WITH WHOM OCERS NEGOTIATOR MAY NEGOTIATE**

Presentation

Background/Discussion

Staff has become aware that the parcel of property immediately adjacent to the OCERS headquarter building located at 1200 N. Tustin Avenue, Santa Ana, CA is being marketed for sale.

The Brown Act (California Government Code §54956.8) allows the Board to hold a closed session to “grant authority to its negotiator regarding the price and terms of payment for the ... purchase...” of real property by the Board. The Brown Act also requires that the Board hold an open and public session that identifies its negotiators, the real property or real properties which the negotiations concern and the person or persons with whom its negotiators may negotiate. The required information is as follows:

Agency Negotiators: Brenda Shott, OCERS Assistant Chief Executive Officer, Finance and Internal Operations and Brian Booth, Cushman & Wakefield
Negotiating Party: LBR Commercial
Property: 1200 N. Tustin Avenue, Santa Ana, CA

Submitted by:



Brenda Shott
Assistant CEO, Finance and
Internal Operations

E-1

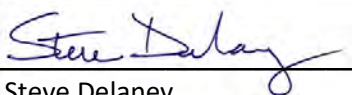


Memorandum

DATE: July 11, 2019
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED

This memorandum serves as a placeholder to inform you that there will be no printed materials for item E-1 of the board book this month.

Submitted by:


Steve Delaney
Chief Executive Officer

E-2

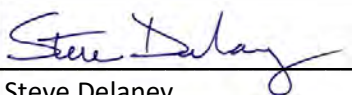


Memorandum

DATE: July 11, 2019
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: CONFERENCE WITH REAL PROPERTY NEGOTIATORS

This memorandum serves as a placeholder to inform you that there will be no printed materials for item E-2 of the board book this month.

Submitted by:


Steve Delaney
Chief Executive Officer