

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

**REGULAR MEETING
Wednesday, April 18, 2018
9:00 a.m.**

MINUTES

Chair Prevatt called the meeting to order at 9:03 a.m.

Attendance was as follows:

Present: Chris Prevatt, Chair; Chuck Packard, Vice-Chair; Eric Gilbert; David Ball; Roger Hilton; Wayne Lindholm; Shawn Dewane; Frank Eley; Russell Baldwin and Shari Freidenrich

Also Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Finance and Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Molly Murphy, Chief Investment Officer; Jenny Sadoski, Director of Information Technology; Gina Ratto, General Counsel; Lee Fink, Deputy General Counsel; Anthony Beltran, Visual Technician; Megan Cortez; Disability Coordinator; Cammy Danciu, Recording Secretary.

Guests: Harvey Leiderman

Mr. Hilton led the Pledge of Allegiance.

CONSENT AGENDA

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

Ms. Freidenrich pulled item C-3 for discussion.

A **motion** was made by Mr. Ball **seconded** by Mr. Hilton to move the remainder of the consent agenda.

Motion passed **unanimously**.

BENEFITS

C-1 OPTION 4 RETIREMENT ELECTION

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

- (1) Scott Jarvis
- (2) Brad Virgoe

ADMINISTRATION

C-2 BOARD MEETINGS AND COMMITTEE MEETINGS

Governance Committee Minutes	March 7, 2018
Regular Board Meeting Minutes	March 19, 2018
Audit Committee Minutes	March 27, 2018

Recommendation: Authorize meeting and approve minutes.

C-3 GOVERNANCE COMMITTEE OUTCOMES FROM MARCH 7, 2018 MEETING

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

- (1) Adopt revisions to the Travel Policy as approved by the Governance Committee;
- (2) Adopt revisions to the CEO Charter as approved by the Governance Committee;
- (3) Adopt revisions to the Board Chair Charter as approved by the Governance Committee;
- (4) Adopt revisions to the OCERS Conflict of Interest Code as approved by the Governance Committee; and
- (5) Rescind the Early Retirement Funding Policy.

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 address items on the agenda should provide written notice to the Secretary of the Board prior to the Board's discussion on the item by signing in on the Public Comment Sign-In Sheet located at the back of the room.

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

Item C-3

Ms. Freidenrich discussed the travel policy portion of item C-3. She expressed her concerns about OCER's not following GSA requirements that the County adopted regarding meal reimbursements. She further expressed her concerns regarding airfare reimbursements.

Ms. Shott discussed the travel policy and OCERS requirements and the Governance Committee's decision to keep regular receipts instead of having the per-diem rate that the County currently uses.

Mr. Baldwin asked to confirm that he can get reimbursed for using Uber to and from OCERS Board meetings.

Staff stated that he can get reimbursed for using Uber to and from work.

Ms. Freidenrich stated that she does not support OCERS mileage reimbursements policy.

Mr. Gilbert stepped out at 9:26am

Mr. Eley asked staff to request the Governance Committee to clarify the issue regarding traveling a day before a conference and to add that portion into the OCERS travel policy.

Mr. Gilbert returned at 9:29am

Following further discussion, a **motion** was made by Mr. Baldwin **seconded** by Mr. Eley to move item C-3 from the consent agenda.

Motion passed **8-1** with Ms. Freidenrich voting “no”.

Mr. Prevatt clarified that OCERS funds are not taxpayer funds; they are members funds.

A-2 SACRS BOARD OF DIRECTORS ELECTION 2018-2019 – DIRECTION TO OCERS VOTING DELEGATE
Presentation by Gina Ratto, General Counsel, OCERS

Recommendation: Consider the SACRS Nominating Committee’s recommended slate of candidates and the list of additional candidates interested in running for the election of SACRS Directors; and give direction to OCERS’ Voting Delegate and Alternate Delegates for the SACRS Board of Directors election to be held at the SACRS meeting on May 18, 2018.

Ms. Ratto presented the SACRS Board of Director’s election for 2018-2019.

Following discussion, a **motion** was made by Mr. Packard **seconded** by Mr. Dewane to consider the SACRS Nominating Committee’s recommended slate of candidates and the list of additional candidates interested in running for the election of SACRS Directors. The Board directed the Voting Delegate and Alternate Delegate to vote in favor of the SACRS Nominating Committee’s recommended ballot of directors to be held at the SACRS meeting on May 18, 2018.

Motion passed **unanimously**.

A-3 OCERS FUNDING POLICY
Presentation by Paul Angelo, Segal Consulting

Recommendation: Approve revisions to Appendix A of OCERS Actuarial Funding Policy which incorporate the demographic and economic assumptions approved by the Board of Retirement in October 2017 and affirm all other provisions of the existing policy.

At last month’s Board of Retirement meeting, Paul Angelo from Segal presented materials related to OCERS Funding Policy as an informational item. The Board did not indicate any specific terms within the policy that needed to be further discussed, however the policy was reviewed as part of the regular triennial review process.

Mr. Angelo stated that there was an amortization illustration slide added to the PowerPoint Presentation in comparison to last month's presentation.

Mr. Ball asked what the impact would be in the future if salaries do not grow at 3¼%.

Mr. Angelo stated that there were a lot of examples of this after the recession and went on to explain the three things that happen when salaries do not grow at 3¼%.

Mr. Lindholm asked Mr. Angelo to discuss the thinking process in which CALAPRS moved to level dollars.

Mr. Angelo stated that he had a discussion with CALAPRS as to why they moved to level dollars; however, there was not a clear picture as to why that change was made.

Mr. Ball stepped out at 10:13am

Mr. Ball returned at 10:15am

Ms. Freidenrich also discussed CALAPRS moving to level dollar, and stated that stability is very important to her. She further stated that she has brought the discussion of level dollar before to the Board and she believes that this method would result in cost savings to plan sponsors.

Mr. Angelo disagreed with Ms. Freidenrich's statement of stability. He doesn't believe that going to level dollar is more stable. In fact, he stated that it's less stable. He indicated that stability doesn't happen simply because one structures the payment one way or the other.

Following discussion, a **motion** was made by Mr. Ball **seconded** by Mr. Dewane to approve revisions to Appendix A of OCERS Actuarial Funding Policy which incorporate the demographic and economic assumptions approved by the Board of Retirement in October 2017 and affirm all other provisions of the existing policy.

Motion passed **unanimously**.

Board recessed for break at 10:19am

Back reconvened from break at 10:38am

A-4 FIDUCIARY COUNSEL SERVICES CONTRACT WITH REEDSMITH

Presentation by Steve Delaney, Chief Executive Officer, OCERS and Gina Ratto, General Counsel, OCERS

Recommendation: Exercise the optional three-year extension provision of the Board's contract with ReedSmith for Fiduciary Counsel Services (a Named Service Provider contract) to extend the term of the contract for a period of three additional years, to March 31, 2021.

Mr. Leiderman excused himself from the Board Room.

On April 28, 2015, OCERS entered into an Engagement for Legal Services with ReedSmith, effective April 1, 2015, whereby ReedSmith agreed to perform services as fiduciary counsel to the Board.

The CEO recommends that the Board exercise the optional three-year extension provision of the Board's contract with ReedSmith for fiduciary counsel services to extend the term of the contract for a period of three additional years, to March 31, 2021, representing a total contract term of six years.

Ms. Ratto presented details of the Fiduciary Counsel Services contract with ReedSmith. She indicated that ReedSmith had requested a 3% increase for the new term.

Following discussion, a motion was made by Mr. Ball seconded by Mr. Packard to exercise the optional three-year extension provision of the Board's contract with ReedSmith for Fiduciary Counsel Services (a Named Service Provider contract) to extend the term of the contract for a period of three additional years, to March 31, 2021 and a three percent increase in billable rates.

Motion passed unanimously.

INFORMATION ITEMS

I-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

April 18, 2018

Death Notices

April 18, 2018

I-2 CEO FUTURE AGENDAS AND 2018 OCERS BOARD WORK PLAN

Written Report

I-3 QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

I-4 LEGISLATIVE UPDATE

Written Report

I-5 CONFERENCE REPORT - GARTNER CIO LEADERSHIP FORUM

Written Report

I-6 DISASTER RECOVERY AND BUSINESS CONTINUITY PROJECT UPDATE

Written Report

I-7 FIRST QUARTER 2018 EDUCATION AND TRAVEL EXPENSE REPORT

Written Report

I-8 BOARD ELECTION, SAFETY MEMBER AND ALTERNATE SAFETY MEMBER

Written Report

I-9 SCHEDULED REVIEW OF BOARD POLICY COMPLIANCE

Written Report

I-10 AUDIT COMMITTEE OUTCOMES FROM MARCH 27, 2018 MEETING

Written Report

I-11 CONTRACT STATUS OF NAME SERVICE PROVIDER

Written Report

I-12 BOARD COMMUNICATION

Written Report

I-13 ANNUAL BROWN ACT AND CONFLICTS OF INTEREST EDUCATION

Presentation by Gina Ratto, General Counsel, OCERS and Harvey Leiderman, ReedSmith, LLP

Ms. Ratto presented the annual Brown Act Training to the OCERS Board of Retirement.

Mr. Leiderman presented the annual Conflicts of Interest Education training.

Mr. Ball stepped out at 11:37am

Mr. Ball returned at 11:40am

Mr. Lindholm left at 11:40am

Mr. Hilton stepped out at 11:46am

Mr. Hilton returned at 11:49am

Mr. Eley stepped out at 11:58am

Mr. Eley returned at 12:02pm

Mr. Ball left at 12:02pm

Mr. Baldwin stepped out at 12:04pm

Mr. Baldwin returned at 12:07pm

Mr. Gilbert stepped out at 12:09pm

Mr. Gilbert returned at 12:10pm

Mr. Hilton left at 12:11pm

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

DISABILITY APPLICATIONS/MEMBER APPEALS AGENDA

11:00 A.M.

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.

DISABILITY CONSENT AGENDA

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

A **motion** was made by Mr. Hilton, **seconded** by Mr. Dewane to approve the Disability Consent Agenda. The motion carried **9-0** with voting as follows:

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

D-1: Ronald Kennedy

Lieutenant, Orange County Sheriff's Department

Date of employer filed application for service and non-service connected disability retirement:
10/28/2016

Recommendation: Deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate. (Safety Member)

D-2: Michael V. Nguyen

Office Specialist, Orange County Community Resources

Date of employer filed application for service and non-service connected disability retirement:
09/19/2016

Date of employee filed application for service connected disability retirement: 03/15/2017

Recommendation: Deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate. (General Member)

D-3: Patricia Wieczorek

Senior Office Supervisor, Social Services Agency

Date of employee filed application for service connected disability retirement: 03/05/2012

Recommendation: Dismiss the appeal of service connected disability retirement without prejudice due to the Applicant's failure to cooperate. (General Member)

DISABILITY INDIVIDUAL AGENDA

D-4: INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA

Megan Cortez, Disability Coordinator, presented item D-5.

D-5: James Hobson

Deputy Juvenile Correctional Officer II, Orange County Probation Department

Date of employee filed application for service connected disability retirement: 01/05/2017

Recommendation: Grant service connected disability retirement with an effective date of January 5, 2017. (Safety Member)

A **motion** was made by Mr. Hilton, **seconded** by Mr. Packard to grant service connected disability retirement with an effective date of January 5, 2017. The motion carried **9-0** with voting as follows:

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

Megan Cortez, Disability Coordinator, presented item D-6.

D-6: Anthony Manzo

Fire Captain, Orange County Fire Authority

Date of employee filed application for service connected disability retirement: 02/27/2017

Recommendation: Grant service connected disability retirement with an effective date of February 27, 2017. (Safety Member)

A **motion** was made by Mr. Gilbert, **seconded** by Mr. Packard to grant service connected disability retirement with an effective date of February 27, 2017. The motion carried **9-0** with voting as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Chair Prevatt			
Mr. Dewane			
Mr. Ball			
Mr. Baldwin			
Mr. Packard			
Mr. Eley			
Mr. Gilbert			

Mr. Lindholm
Ms. Freidenrich

Megan Cortez, Disability Coordinator, presented item D-7.

D-7: Linda Sutton

Staff Assistant, Orange County Sheriff's Department

Date of employee filed application for service connected disability retirement: 03/20/2017

Recommendation: Grant service connected disability retirement with an effective date of March 23, 2017. (General Member)

A **motion** was made by Mr. Eley, **seconded** by Mr. Packard to grant service connected disability retirement with an effective date of March 23, 2017. The motion carried **9-0** with voting as follows:

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

Megan Cortez, Disability Coordinator, presented item D-8.

D-8: Christopher Wax

Investigator, Orange County Sheriff's Department

Date of employee filed application for service and non-service connected disability retirement: 07/17/2017

Recommendation: Grant service connected disability retirement with an effective date of the day after the last day of regular compensation. (Safety Member)

A **motion** was made by Mr. Hilton, **seconded** by Mr. Packard to grant service connected disability retirement with an effective date of the day after the last day of regular compensation. The motion carried **9-0** with voting as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Chair Prevatt			
Mr. Dewane			
Mr. Ball			
Mr. Baldwin			
Mr. Packard			
Mr. Eley			
Mr. Hilton			

Mr. Lindholm
Ms. Freidenrich

D-9: Glenn Johnson

Correctional Services Technician, Orange County Sheriff's Department

Date of employer filed application for service and non-service connected disability retirement:
04/20/2014

Date of employee filed application for service and non-service connected disability retirement:
05/15/2014

Recommendation: Deny service and non-service connected disability retirement for conditions 1 and 2 due to insufficient evidence of permanent incapacity. (General Member)

Item D-9 was **pulled** from the agenda.

Megan Cortez, Disability Coordinator, presented item D-10.

D-10: Jacki Livingston

Eligibility Technician, Orange County Social Services Agency

Date of employee filed application for service and non-service connected disability retirement:
10/28/2015

Recommendation Deny service and non-service connected disability retirement due to insufficient evidence of permanent incapacity. (General Member)

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

AYES

NAYS

ABSTAIN

ABSENT

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

Megan Cortez, Disability Coordinator, presented item D-11.

D-11: Kelly Rehnberg

Deputy Public Guardian II, Health Care Agency

Date of employee filed application for service connected disability retirement: 11/7/2016

Recommendation Deny service connected disability retirement due to insufficient evidence of permanent incapacity. (General Member)

Item D-11 was **pulled** from the agenda.

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

N/A

BOARD MEMBER COMMENTS

Mr. Eley thanked Segal and ReedSmith for their services.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

Ms. Hockless updated the Board on OCERS staffing status as of April 18, 2018.

COUNSEL COMMENTS

N/A

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

Active Members

Galasso, Jennifer
Rios, Eric
Thomas, Todd
Vigil, Joseph

Retired Members

Beckham, Kathryn
Biggins, Richard
Fallon, Noeline
Genovese, Annette
Guido, John
Guzman, Laura
Heal, Robert
Hernandez, Bonifacio
Jacques, Irene
Kramer, Reinhold
Krewson, Margaret
Lacher, Rose
Lagache, Joseph
Lewandowski, Mary

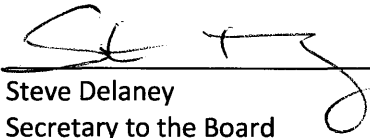
Mc Quaid, Mary
Mcintyre, John
Montoya, Wilfred
Nedza, Joseph
Nguyen, Minh
Page, Glenda
Patton, Georgia
Recupero, Amy
Richardson, Margie
Sanchez, Carlos
Siebert, Eleonor
Sogan-Ray, Patricia
Stout, Terri
Sullivan, Joseph
Tunstall, Robert
Wright, Carrol
Young, Jimmy

Surviving Spouses

Hanson, Daniel

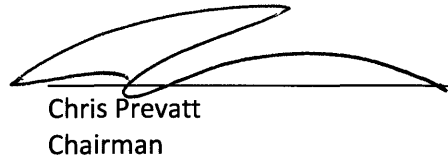
There being no further business to bring before the Board, the meeting adjourned at 12:18 p.m.

Submitted by:



Steve Delaney
Secretary to the Board

Approved by:



Chris Prevatt
Chairman