

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

GOVERNANCE COMMITTEE MEETING
March 1, 2019
8:30 a.m.

Members of the Committee

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

AGENDA

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

PUBLIC COMMENT

At this time, members of the public may comment on (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 at the back of the room and deposit it in the Recording Secretary's box located near the back counter.** 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

C-1 APPROVE GOVERNANCE COMMITTEE MEETING MINUTES

Governance Committee Meeting Minutes

December 11, 2018

ACTION ITEMS

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

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

A-2 MASTER FINAL AVERAGE SALARY PROJECT UPDATE AND PROPOSED POLICIES (SECOND READING)

Presented by Suzanne Jenike, Assistant CEO of External Operations

Recommendation: Approve, and recommend that the Board approve, the following policies:

- Compensation Earnable Policy – codifies existing law and the Ventura Decision (Resolution 98-001) applicable to Legacy members
- Pensionable Compensation Policy – applicable to PEPRA members
- Retirement Enhancement “Spiking” Review Policy
- Pay Item Review Policy

A-3 PROPOSED AMENDMENTS TO THE BOARD OF RETIREMENT CHARTER, BOARD CHAIR CHARTER, AND BOARD VICE CHAIR CHARTER

Presented by Gina Ratto, General Counsel

Recommendation: Approve, and recommend that the Board approve, the proposed amendments to the Board of Retirement Charter, Board Chair Charter, and Board Vice Chair Charter.

A-4 PROPOSED AMENDMENTS TO THE OCERS RULES OF PARLIAMENTARY PROCEDURE REGARDING APPROVAL OF COMMITTEE MEETING MINUTES

Presentation by Gina Ratto, General Counsel

Recommendation: Approve, and recommend that the Board approve, proposed amendments to the OCERS Rules of Parliamentary Procedure to authorize new members of a committee to approve minutes of meetings that were held before they became members of the committee.

A-5 PROPOSED AMENDMENTS TO THE CEO CHARTER

Presented by Steve Delaney, Chief Executive Officer

Recommendation: Approve, and recommend that the Board approve, proposed amendments to the CEO Charter.

INFORMATION ITEMS

I-1 SENIOR EXECUTIVES CHARTERS – CEO DELEGATION TO THE SENIOR EXECUTIVES

Presented by Steve Delaney, Chief Executive Officer

I-2 REVIEW THE GOVERNANCE COMMITTEE CHARTER

Presented by Gina Ratto, General Counsel

COMMITTEE MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

ADJOURNMENT

NOTICE OF NEXT MEETINGS

DISABILITY COMMITTEE MEETING

March 7, 2019

10:00 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

REGULAR BOARD MEETING

March 18, 2019

9:00 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

INVESTMENT COMMITTEE MEETING

March 28, 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-1

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

**GOVERNANCE COMMITTEE MEETING
December 11, 2018
8:00 a.m.**

MINUTES

The Chair called the meeting to order at 8:00 a.m. Attendance was as follows:

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

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

CONSENT AGENDA

C-1 APPROVE GOVERNANCE COMMITTEE MEETING MINUTES

Governance Committee Meeting Minutes

October 11, 2018

A **motion** was made by Mr. Ball, **seconded** by Mr. Dewane to approve the minutes.

A-2 MASTER FINAL AVERAGE SALARY PROJECT UPDATE AND PROPOSED POLICIES AND PROCEDURES (FIRST READING)

Presented by Suzanne Jenike, Asst. CEO, External Operations

Recommendation: Take appropriate action.

Suzanne Jenike, Assistant CEO of External Operations, presented item A-2 to the Committee. The goal of this initiative is to have a comprehensive list of all pay items so that every element of pay that is transmitted to OCERS has been analyzed for pension attributes (e.g. pensionable or non-pensionable). Upon completion of the project OCERS staff, Employers and Members will have valuable resources showing all pay components, pension attributes, and legal criteria for determining pensionable pay going forward.

Mr. Ball suggested skipping to the areas of the item that required attention:

- Determine whether the Committee will review the comprehensive list of pay items prior to the list being presented to the Board of Retirement.
- Determine whether the policies and documents presented to the Committee today should be forwarded to the Board for review and approval or if staff should wait for full pay item list before proceeding.

- Determine corrective action for pay items currently being reported incorrectly as pensionable compensation for PEPR members (On Call and Canine Pay).

Following discussion, the Committee directed staff to bring the policies back to the Governance Committee for a second reading.

A-3 REVIEW OF PROPOSED REVISIONS TO THE OCERS EMPLOYEE HANDBOOK (PREVIOUSLY TITLED PERSONNEL POLICIES AND REGULATIONS OR PP&R)

Presented by Brenda Shott, Assistant CEO Finance and Internal Operations

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

Brenda Shott, Assistant CEO of Internal Operations, presented item A-3 to the Committee. Due to the long period of time that has elapsed since the PP&R was adopted, Staff formed a committee and consulted with outside legal counsel to develop a new Employee Handbook that included all personnel related policies. The new Employee Handbook was developed using the existing PP&R as its basis, with updates to several provisions to reflect current practices and laws. In addition, there were some proposed changes to the existing policies that Staff believed would better support and reflect OCERS Mission, Vision and Values, OCERS' culture, and address areas that can be improved.

Staff formatted the new Employee Handbook as a compendium of individual policies that would be more easily amended or updated individually in the future, without the need to update the entire Employee Handbook.

The Committee discussed multiple sections of the Handbook including the At Will Policy, Annual Leave, Discipline, Grievance/Appeals, Merit Increases and Probation. The Committee expressed their comments and directed this item back to staff for further amendments, including dividing it into two documents, one applicable to County employees and the other to OCERS Direct employees.

A-4 UNDERPAID AND OVERPAID PLAN CONTRIBUTIONS POLICY (SECOND READING)

Presented by Suzanne Jenike, Asst. CEO, External Operations

Recommendation: Approve and recommend that the Board approve the Underpaid and Overpaid Plan Contributions Policy as presented.

Ms. Jenike presented item A-4 to the Committee. The Committee had a first reading of the Policy on October 11, 2018 and gave staff direction for potential revisions.

A **motion** was made by Mr. Prevatt, **seconded** by Mr. Hilton to approve and recommend that the Board approve the Underpaid and Overpaid Plan Contributions Policy with the proposed revisions.

A-5 TRIENNIAL REVIEW OF THE WHISTLEBLOWER POLICY

Presented by Cynthia Hockless, Director of Administrative Services

Recommendation: Approve and recommend that the Board approve the Whistleblower Policy as presented.

Cynthia Hockless, Director of Administrative Services, presented item A-5 to the Committee. An additional portion by Reed Smith was added to the Whistleblower Policy.

Following discussion, a **motion** was made by Mr. Prevatt , **seconded** by Mr. Hilton to approve and recommend that the Board approve the Whistleblower Policy as presented.

A-6 TRIENNIAL REVIEW OF THE MONITORING AND REPORTING POLICY

Presented by Steve Delaney, Chief Executive Officer

Recommendation: Approve and recommend that the Board approve revisions to the Monitoring and Reporting Policy as presented.

Mr. Delaney presented Item A-6 to the Committee.

Following discussion, a **motion** was made by Mr. Prevatt , **seconded** by Mr. Hilton to recommend that the Board approve the revisions to the Monitoring and Reporting Policy as presented.

INFORMATION ITEMS

I-1 SENIOR EXECUTIVE CHARTERS

Presented by Steve Delaney, Chief Executive Officer

There were no comments.

I-2 UPDATE RE: WITHDRAWING PLAN SPONSOR POLICY AND THE DECLINING PAYROLL POLICY

Presented by Suzanne Jenike, Asst. CEO, External Operations

There were no comments.

COMMITTEE MEMBER COMMENTS

None.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS:

None.

COUNSEL COMMENTS:

None.

ADJOURNMENT:

The meeting adjourned at 10:44 a.m.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Board

Shawn Dewane, Chair

A-2

Memorandum

DATE: March 1, 2019
TO: Members of the Governance Committee
FROM: Suzanne Jenike, Assistant CEO, External Operations
SUBJECT: MASTER FINAL AVERAGE SALARY PROJECT UPDATE AND PROPOSED POLICIES (SECOND READING)

Recommendation

Approve, and recommend that the Board approve, the following policies:

- Compensation Earnable Policy – codifies existing law, the Ventura Decision and Resolution 98-001
- Pensionable Compensation Policy
- Retirement Enhancement “Spiking” Review Policy
- Pay Item Review Policy

Background/Discussion

On December 11, 2018, Staff presented the Governance Committee with several items related to the Master Final Average Salary Project including four new policies for a first reading, two new OCERS Administrative Procedures (OAP), a procedure document for employers, and an internal staff procedure document. With the support of the Committee the OAPs, procedures for employers and internal staff procedure document have been distributed to employers and are currently in use.

Today, the four Board policies are presented to the Committee for a second reading, approval, and recommendation by the Committee to the Board for its approval.

Project Status:

Individual pay item spreadsheets have been distributed to each Employer/Plan Sponsor. Staff has completed our initial determination regarding Compensation Earnable (Legacy) and Pensionable Compensation (PEPRA) and are working with individual employers on any areas needing clarification and gathering their feedback. In addition, copies of the spreadsheets have also been shared with the labor organizations and key stakeholder groups.

Staff also authored two circular letters regarding cash outs of Paid Time Off (PTO) and their appropriate reporting to OCERS. As of today’s date all employers have received the circular letters and are taking the steps required to correct their reporting of PTO if applicable.

Next steps:

- Finalize the comprehensive list of pay items and bring the Master List back to the Committee for approval.

- Implement corrective action for pay items currently being reported incorrectly as pensionable compensation for PEPRA members (On Call and Canine Pay).

Submitted by:



Suzann Jenike
Assistant CEO, External Operations

Purpose and Background

1. The purpose of this policy is to affirm OCERS' interpretation of the term Compensation Earnable as set forth in California Government Code section 31461 (Section 31461) and OCERS Board of Retirement Resolution 98-001 (Resolution 98-001).
2. Resolution 98-001 was adopted by the OCERS Board of Retirement (Board) on February 6, 1998, in order to implement the decision of the California Supreme Court (Supreme Court) in the case *Ventura County Deputy Sheriffs' Association vs. Board of Retirement of Ventura County Employees Retirement Association* (1997) 16 Cal.4th 483 (Ventura Decision). The Supreme Court in the Ventura Decision interpreted Section 31461 and the term Compensation Earnable as set forth therein and mandated a change in the method for calculating pension benefits for members and their beneficiaries by retirement systems governed by the County Employees Retirement Law of 1937 (CERL).
3. Resolution 98-001, among other things, reflects the Board's interpretation of the Ventura Decision as it applies to various types or categories of speciality or premium pay received by OCERS members from their employers, and delineates those items of pay that are to be included in and those that are to be excluded from Compensation Earnable.
4. On May 4, 1998, Resolution 98-001 was amended by Board Resolution 98-009 in response to litigation brought by the County of Orange and others challenging the legality of Resolution 98-001. Resolution 98-009 deleted Sections 6, 8 and a portion of Section 9 of Resolution 98-001 related to the imposition of contributions in arrears stemming from the change in contribution rates that resulted from the implementation of Resolution 98-001. Additionally on December 18, 2000, Resolution 98-001 was further amended by Resolution 00-003 to address the treatment of certain automobile allowances. For purposes of this policy, any reference to Resolution 98-001 shall be as Resolution 98-001 was amended by Resolutions 98-009 and 00-003.
5. OCERS was a party to several litigation matters that arose subsequent to the Ventura Decision and adoption of Resolution 98-001. These cases were coordinated as class actions in San Francisco Superior Court with other litigation involving other county retirement systems involving the interpretation and implementation of the Ventura Decision (Coordinated Cases).
6. On November 1, 2002, the San Francisco Court entered a judgment (Judgment) approving a settlement agreement of the Coordinated Cases that, among other things, included an agreement that all parties would " . . . accept as final and binding the inclusions and exclusions from compensation, compensation earnable and final compensation . . . " as set forth in Resolution 98-001.
7. In 2012, the California Legislature adopted the Public Employees Pension Reform Act of 2012 ("PEPRA"), which among other things, effective January 1, 2013, amended Section 31641 to add a list of items of compensation that are expressly excluded from Compensation Earnable. PEPRA also added a new term – Pensionable Compensation – to define the items of compensation to be included in the calculation of the retirement allowances of all OCERS members enrolled in the pension system on or after January 1, 2013. OCERS members who were members of the system prior to January 1, 2013 are referred to as Legacy members in this policy.

Policy Objectives

8. The objectives of this policy are to ensure that OCERS fully complies with applicable law when calculating Compensation Earnable and Legacy members' retirement benefits, and to reaffirm the continued applicability of Resolution 98-001 as upheld by the Judgment in the Coordinated Cases.

Policy Guidelines

9. **Compensation Earnable.** Compensation Earnable for Legacy members shall be calculated by OCERS in accordance with the following guidelines.

(a) Pay Items Included in Compensation Earnable. In accordance with Resolution 98-001, (i) remuneration earned and receivable in cash (under the applicable MOU) by the retiring employee, (ii) during the final compensation period, and (iii) for working the ordinary time required of other employees in the same grade /class, will be included in Compensation Earnable, including, but not limited to the following items of compensation-, and others substantially similar to them:

- Base Salary and Wages
- Bilingual Premium Pay
- Educational Incentive ("POST") Pay
- Aircraft Rescue Firefighting
- Paramedic Pay
- Motorcycle Bonus
- Emergency Dispatch Pay
- Field Training Officer Bonus
- Shift Differential Pay
- Confined Space Pay
- Longevity Incentive
- Automobile Allowance, if paid in cash; and for members whose "final compensation" period (as defined under Sections 31462 and 31482.1 of the Government Code; hereafter Final Compensation Period) includes time before January 1, 2001, also to the extent that the automobile was provided for personal use and declared as income.
- Uniform Allowance
- Uniform Maintenance Allowance
- Payoffs of Vacation and Sick Leave and Holiday to the extent (i) earned (pro-rated on a monthly basis); (ii) was not taken as time off; and (iii) permitted to be cashed-out (pro-rated on a monthly basis) under the applicable MOU, regardless of when actually paid or cashed out

OCERS Board Policy

Compensation Earnable

- Employee Contributions to a Deferred Compensation Plan [already included in Base Wages and Salary, above]
 - "Overtime" (i) that is required to be worked; and (ii) that is ordinarily worked by others in same grade/class/rate of pay [Mandatory or Scheduled Overtime]
 - Compensatory Time (excluding "True Overtime" as defined in Section 9(b) below) in excess of minimum required reserve
 - "Madera" Pay (see, *Madera Police Officers Association v. City Of Madera* 36 Cal.3d 403)
 - Additional Compensation for Scheduled Meal Periods
 - Flexible Benefits ("Cafeteria Plan") paid in cash to members retiring before January 1, 1991
- (b) Pay Items Excluded from Compensation Earnable. In accordance with Resolution 98-001, (i) remuneration or other value to the employee that (i) is neither earned nor payable in cash to the employee during the final compensation period; and (ii) is not for working the ordinary time required of other employees in the same grade/class shall be excluded from Compensation Earnable, including but not limited to the following items, and others substantially similar to them:
- True Overtime (i.e., amounts paid for working in excess of the time required and ordinarily worked by others in the same grade/class) [Overtime that does not qualify as Mandatory or Scheduled Overtime]
 - Employer Contributions to a Deferred Compensation Plan
 - Employer Contributions to the Retirement System
 - Employer "pick up" of Employee Contributions to the Retirement System
 - Payoffs or cash outs of Vacation and Sick Leave and Holiday Pay, to the extent neither earned nor permitted to be cashed out under the applicable MOU, regardless of when actually paid or cashed out
 - Flexible Benefits ("Cafeteria Plan") provided in-kind
 - Flexible Benefits ("Cafeteria Plan") paid in cash to members retiring on and after January 1, 1991
 - Terminal ("Final") Pay, unless included in Compensation Earnable under Section 9(a), above
 - Expense Reimbursements
 - In-Kind Advantages (e.g. food, lodging, board, laundry, fuel)
 - Fees, Licenses, Memberships provided to the member by the employer
 - Automobile Allowance, if the automobile is provided for personal use and the allowance is not paid in cash, whether or not declared as income, for members whose Final Compensation Periods (as defined in Section 9(a), above) **do not** include time before January 1, 2001.



Compensation Earnable

- (c) Calculation of Compensation Earnable. The retiring employee's compensation shall be "regularized" to what would have been received had the employee been paid for a normal work schedule during the Final Compensation Period (as defined in Section 9(a), above). OCERS Staff will calculate Compensation Earnable [Earnable Salary] by creating a fraction, the numerator of which is the amount of the employee's qualifying compensation and the denominator of which is the number of ordinary work hours for which the employee was actually paid. The Staff will then multiply that fraction by the number of paid hours ordinarily required to be worked by others in the same grade/class. The result will be the retiring employee's Compensation Earnable for the Final Compensation Period.

Policy Review

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

Policy History

- 11. The Board of Retirement adopted this policy on _____.

Secretary's Certificate

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

Steve Delaney
Secretary of the Board

Date

Purpose and Background

1. The purpose of this policy is to set forth a procedure for the submittal and approval of pay items by OCERS participating employers to assist OCERS in properly and timely determining whether elements of compensation are appropriately treated as Compensation Earnable (for Legacy Member) or pensionable compensation (for PEPRAs members).

Policy Objectives

2. The objectives of this policy are to comply with the requirements of the County Employees Retirement Law (CERL; California Government Code Title 3, Part 3, Chapters 3 & 3.9), as amended by the Public Employees Pension Reform Act (PEPRA; California Government Code sections 7522 - 7522.74) and to ensure OCERS' effective assessment and determination of whether an element of compensation is properly categorized for purposes of collecting contributions.

Policy Guidelines

3. OCERS shall not accept any new pay items from employers for processing contributions and reporting compensation until each pay item has been reviewed by OCERS staff and approved by the CEO or his/her designee for inclusion as, or exclusion from, Compensation Earnable for Legacy members and Pensionable Compensation for PEPRAs members. OCERS staff under the direction of the CEO and with assistance of OCERS legal counsel is responsible for implementing this Policy. OCERS staff will analyze each pay item to determine whether each meets the definition of Compensation Earnable or Pensionable Compensation. Unless appealed, the CEO's determination shall be final.
4. Employers are responsible notifying OCERS of new or modified pay items for review and approval sufficiently in advance of implementation of the Items. Failure to do so may result in OCERS imposing costs on the employer in accordance with Government Code section 31542.5.
5. OCERS staff will review employer pay Item listings for compliance with this Policy. When reviewing items of compensation, OCERS will audit pay items to determine whether each of them meets the applicable statutory definitions and applicable Board Policies.
6. After concluding the foregoing assessment, OCERS staff shall send written notification to the employer of staff's determination, including the specific supporting facts, circumstances, reasoning and analyses.
7. The employer shall have 30 calendar days from the date of staff's final notice of determination within which to appeal the staff determination to the Board. If the employer accepts staff's determination, or if a timely appeal it to the Board is not filed, the matter shall be deemed concluded and the staff determination shall be final and the employer shall comply with the determination.
8. Upon receipt of a timely request for appeal to the Board of staff's determination, staff shall place the matter on a future Board agenda and shall prepare a written report to the Board making a recommendation to the Board on the pay items in question. Staff shall provide the employer with advance notice of the Board meeting and a copy of staff's report and all materials to be considered by the Board, and likewise the employer shall provide OCERS with all materials it intends to submit to the Board.



OCERS Board Policy

Pay Item Review Policy

9. The Board shall consider the all written materials submitted as well as any arguments presented by the employer. The Board shall then make a decision as to whether the pay item qualifies as Compensation Earnable or Pensionable Compensation, or both, which decision shall be final and the employer shall comply with the Board’s determination.

Policy Review

10. The Board shall review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

Policy History

11. The Board adopted this policy on _____, 201__.

Secretary’s Certificate

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

Steve Delaney
Secretary of the Board

Date

OCERS Board Policy

Pensionable Compensation

Purpose and Background

1. Effective January 1, 2013, the State of California enacted the Public Employees Pension Reform Act of 2012, Government Code section 7522, et.seq. (PEPRA). PEPRA created a new class of pension plan members composed of those members enrolled in the pension plan on or after January 1, 2013 ("PEPRA Members").
2. Under Government Code section 7522.34 (Section 7522.34), the earnings that are to be included in a retiring PEPRA Member's final compensation are defined as "Pensionable Compensation."
3. The purpose of this policy is to set forth OCERS' interpretation of the term "Pensionable Compensation" as defined in Section 7522.34, in the context of the specific pay items utilized by OCERS' plan sponsors.

Policy Objectives

4. The objective of this policy is to ensure that OCERS fully complies with applicable law when calculating a PEPRA Member's retirement benefit.

Policy Guidelines

5. **Pensionable Compensation.** OCERS shall calculate Pensionable Compensation for PEPRA Members in accordance with the following guidelines.
 - (a) Pay Items Included in Pensionable Compensation. Pensionable Compensation means (i) the normal monthly rate of pay or base pay of the member; (ii) paid in cash; (iii) to similarly situated members of the same group or class of employment; (iv) for services rendered on a full-time basis; (v) during normal working hours; (vi) pursuant to publicly available pay schedules; and (vi) subject to the limitations of Section 5(b), below. Pensionable Compensation includes the following items of compensation: Base Salary and Wages (gross of any employee contributions to deferred compensation plans) and includes additional compensation for scheduled meal periods, plus the following skill-based or shift-based premium pay items (Premium Pay), and others substantially similar to them:
 - Bilingual Pay
 - Educational Pay
 - Aircraft Rescue Firefighting Pay
 - Paramedic Pay
 - Motorcycle Pay
 - Emergency Dispatch Pay
 - Field Training Officer Pay
 - Shift Differential Pay
 - Confined Space Pay

OCERS Board Policy

Pensionable Compensation

Premium Pay will be included only if the assignment, certification or license:

- i. Is part of a member's regularly assigned responsibilities,
- ii. is an essential, normal or traditional function of the job,
- iii. is part of the regular assignment of other members in the same group or class, and,
- iv. is not for work performed or received solely during the final average compensation period.

(b) Pay Items Excluded From Pensionable Compensation. The following categories of compensation shall be excluded from "Pensionable Compensation":

- Any compensation determined by the Board to have been paid to increase a member's retirement benefit or is inconsistent with the requirements of subsection (a) above
 - Overtime other than as defined in Section 207k of Title 29 of the United States Code
 - Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise
 - Employer contributions to deferred compensation plan or retirement system
 - Flexible benefits ("Cafeteria Plan") provided in-kind or paid in cash
 - Automobile, uniform or other allowances
 - Payments for unused vacation, annual leave, personal leave, sick leave, holiday pay or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid
 - Expense reimbursements and in-kind advantages (e.g. food, lodging, board, laundry, fuel)
 - Fees, licenses, or memberships provided to or for a member by employer
 - Any bonus paid in addition to the compensation defined in (a) above
 - Any ad hoc or one-time pay of any sort
 - Longevity Incentive Pay
 - Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.
 - Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.
6. **Publicly Available Pay Schedule.** In accordance with Section 7522.34, OCERS shall not recognize as Pensionable Compensation any pay code or item of compensation that is not included in a Publicly Available Pay Schedule. For purposes of this policy, "Publicly Available Pay Schedule" means a document or documents that reflect the amount or category of pay that meets all of the following requirements:

- (a) Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;

OCERS Board Policy

Pensionable Compensation

- (b) Identifies the position title for every employee position;
- (c) Shows the payrate for each identified position, which may be stated as a single amount or as multiple amounts within a range;
- (d) Is posted on the employer’s internet website. If not on the website it shall be posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours; and
- (e) Does not reference a document which is not available in accordance with (d), above in lieu of disclosing the payrate.

The requirement for a Publicly Available Pay Schedule can be met by posting on the employer’s internet website the applicable labor memoranda of understanding, compensation resolutions or ordinances and all salary schedules or matrices, so long as taken together the documents contain all required information. The employer need not create a new document to comply with this requirement.

If an employer fails to meet the foregoing requirements, the OCERS Board, in its sole discretion, may consider which amounts will be considered qualifying Pensionable Compensation based on available evidence of pay codes that meet the statutory requirements.

Policy Review

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

Policy History

- 8. The Board of Retirement adopted this policy on _____.

Secretary’s Certificate

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

Steve Delaney
Secretary of the Board

Date

OCERS Board Policy Retirement Enhancement Review Policy

Purpose and Background

1. California Government Code section 31542 (Section 31542) requires the Orange County Employees Retirement System (OCERS) Board of Retirement (Board) to establish a procedure for assessing and determining whether an element of compensation was paid to inappropriately enhance an OCERS member's benefit, otherwise known as "spiking". The purpose of this policy is to establish a procedure in compliance with Section 31542.

Policy Objectives

2. The objectives of this policy are to comply with the requirements of the County Employees Retirement Law (CERL; California Government Code Title 3, Part 3, Chapters 3 & 3.9), as amended by the Public Employees Pension Reform Act (PEPRA; California Government Code sections 7522 - 7522.74) and to ensure OCERS' effective assessment and determination of whether an element of compensation was paid to inappropriately enhance or "spike" a member's retirement benefit contrary to Section 31542, while providing the member and employer required notice and due process with respect to OCERS' determinations regarding the member's retirement application.

Policy Guidelines

3. OCERS staff shall review all items of compensation included within the calculation of the member's final compensation within the meaning of California Government Code sections 7522.32 & 7522.34 (Pensionable Compensation), and 31460, 31461 & 31462 (Compensation Earnable), and related applicable sections, for the purpose of making an initial assessment as to whether there is any evidence that any item of compensation included in final compensation was paid to "spike" a member's retirement benefit. In conducting such review and making such initial assessment, staff shall consider:
 - a. Whether the item of compensation was earned within the period during which final compensation is to be calculated;
 - b. As to each pay code or element of pay whether it meets the definition of, as applicable, compensation earnable or pensionable compensation;
 - c. Any other factors that cause staff to believe that an item of compensation included in final compensation was paid to enhance a member's retirement benefit; and
 - d. Information and explanation provided by the member and the employer in response to OCERS' written request as to the facts and circumstances concerning an item of compensation that staff believes may have been paid to enhance the member's retirement benefit.
4. If, after concluding the foregoing assessment, OCERS staff determines that one or more items of compensation were paid to enhance a member's retirement benefit, OCERS staff shall send written notification to the member and the employer of its determination.
5. The notice shall set out the reasons for staff's determination, including the specific supporting facts, circumstances and analyses. Staff may conduct such written and oral follow-up communication with

OCERS Board Policy

Retirement Enhancement Review Policy

the member and/or employer as appropriate in the exercise of reasonable diligence. Staff shall document any such communication and when concluded, shall issue a final notice of determination.

6. The member and employer shall have 30 calendar days from the date of staff's final notice of determination within which to appeal the staff determination to the Board. Failure of the member or employer to timely request Board review shall constitute a waiver of further administrative review.
7. An appeal of the staff determination to the Board by the member or employer shall be in writing and delivered to the CEO or his/her designee within the time period set forth in Paragraph 6, above. The appeal shall set forth in reasonable detail the evidence and analysis supporting the member's or employer's argument that the staff determination is erroneous.
8. Upon receipt of a timely appeal, staff shall place the matter on the agenda of a future meeting of the Board and shall prepare a written report to the Board making a recommendation to the Board that the item, or items, should not be included in the calculation of the member's retirement benefit.
 - a. The report shall contain a description of the reasons for staff's recommendation, including the specific facts and circumstances supporting staff's recommendation.
 - b. Before the Board acts, the member and the employer shall be given an opportunity to be heard by the Board and to submit any additional materials for the Board's consideration.
 - c. Written notice of the Board meeting and a copy of staff's report and all materials to be considered by the Board shall be provided to the member and the employer no less than five business days before the scheduled Board meeting.
 - d. At the meeting, the Board shall consider the all written materials submitted as well as any arguments by the member or the member's employer. The Board shall then make a decision as to whether the item of compensation was paid to enhance the member's retirement benefit.
 - e. OCERS shall provide the member and the employer written notice of the Board's decision within five business days, along with information regarding the rights of the member and the employer to seek judicial review of the Board's action by filing a petition for writ of mandate within 30 days after the mailing of that notice as required by Section 31542.
 - f. If the Board finds the item of compensation should be included, staff shall adjust the member's benefits accordingly, retroactive to the effective date of retirement.
9. If the payment of the member's benefit would be delayed by seeking resolution through these administrative processes, OCERS staff shall process the benefit excluding the compensation in question. If it is later determined the compensation should be included, OCERS shall adjust the benefit retroactive to the effective retirement date.



OCERS Board Policy
Retirement Enhancement Review Policy

Policy Review

10. The Board shall review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

Policy History

11. The Board adopted this policy on _____, 201__.

Secretary's Certificate

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

Steve Delaney _____ Date _____
Secretary of the Board

A-3

Memorandum

DATE: March 1, 2019
TO: Members of the Governance Committee
FROM: Gina M. Ratto, General Counsel
SUBJECT: **PROPOSED REVISIONS TO THE BOARD OF RETIREMENT CHARTER, THE BOARD OF RETIREMENT CHAIR CHARTER AND THE BOARD OF RETIREMENT VICE-CHAIR CHARTER**

Recommendation

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

Background/Discussion

During a recent review of the Board's various charters, staff identified revisions to the Board of Retirement Charter, the Board of Retirement Chair Charter and the Board of Retirement Vice-Chair Charter that may effectuate improvements in governance. More specifically, staff is proposing revisions to (i) transfer the authority to appoint committee members from the Chair to the Vice Chair so that committees can be constituted prior to the end of the calendar year; (ii) address how complaints or reports regarding a Board member's failure to comply with law or Board charters or policies will be handled; (iii) delete references to the Board performance self-review; and (iv) make other clarifying (non-substantive) changes.

Appointment of Committee Members for the Next Calendar Year/Timing of Vice Chair Election

Currently, the Board Chair Charter empowers the Board Chair to appoint trustees to serve as members (and the chairs and vice chairs) of the various committees of the Board with the exception of the Investment Committee, which is a committee of the whole Board. In addition, the Board of Retirement Charter specifies that the person holding the office of Vice Chair as of the end of the calendar year automatically accedes to the office of Chair effective the first day of the following calendar year.

Because the Board Vice Chair does not accede to the position of Board Chair until January, committee assignments are generally not finalized until late January, and the committees are therefore unable to meet before February, at the earliest.

Since the identity of the following year's Chair is known in advance of the first day of the next calendar year, there appears to be no reason why the Vice Chair must wait until January of the next year to appoint committee members. By revising the Vice Chair Charter to empower the person holding the seat of Vice Chair as of – say, the last day in October -- to appoint members of the committees for the next year, the appointments could be made before the end of the year and the committees would be in a position to hold meetings in January.

Accordingly, staff recommends adding to the Vice Chair Charter the follow to the Responsibilities and Duties of the Vice Chair:

3. The person holding the office of Vice Chair as of the end of October of the year shall appoint the members and the chair and vice chair of each of the committees of the Board (with the exception of the Investment Committee), all of whom shall serve on such committees during the following calendar year; and the Vice Chair shall report such appointments to the Board not later than at the Board's last meeting of the calendar year.

Staff also recommends revising the Chair Charter as follows:

2. The Chair will, from time to time, and as necessary for the efficient governance of the Board:
 - a. Appoint members of the Board to fill any vacancies that occur in the committees of the Board;

Report/Complaints Regarding Board Members

Staff recommends revising the Board Charter, the Board Chair Charter and the Board Vice-Chair Charter to address how reports or complaints of a Board member's failure to comply with applicable law, the Board Charter, By Laws or Board policy will be handled. More specifically, staff recommends the addition of the following provisions to the Charters.

To the Board Charter, add to the Responsibilities and Duties of Board members:

5. Each Board Member shall:
 - f. Treat each other, members of OCERS' staff, and all persons having business with OCERS with civility, courtesy, respect and dignity.

To the Board Chair Charter, add to the Duties and Responsibilities of the Chair:

2. The Chair will, from time to time, and as necessary for the efficient governance of the Board:
 - j. Review any report or complaint received by OCERS that alleges that a member of the Board (other than the Board Chair) has failed to comply with applicable law, the Board Charter, By Laws or any policy of the Board, and determine the appropriate course of action in response to such report after consulting with the Board's fiduciary counsel;

To the Board Vice Chair Charter, add the following to the Duties and Responsibilities of the Vice Chair:

2. The Vice Chair will:
 - c. Review any report or complaint received by OCERS that alleges that the Chair has failed to comply with applicable law, the Board Charter, By Laws or any policy of the Board, and determine the appropriate course of action in response to such report after consulting with the Board's fiduciary counsel;

Non-Substantive Changes

Staff recommends making changes to:

- Delete references to the Board’s Performance Review Policy and process, which were eliminated in 2018;
- Reflect that investment managers are no longer appointed by the Board; and
- Make certain additional clarifying (non-substantive) changes to the language of the Charters as noted in the attached Charters.

Copies of the Charters, with proposed revisions indicated in underlined/strikeout text, are attached.

Submitted by:



Gina M. Ratto
General Counsel

Introduction

1. The Board of Retirement of OCERS (Board) is committed to carrying out its policy and oversight role in accordance with the highest standards of fiduciary practice. The Board recognizes the need to clearly delineate the responsibilities of the various decision-making bodies involved in the governance and management of OCERS. Accordingly, the Board has established this charter, which sets out its duties and responsibilities in governing the System.

Duties and Responsibilities

Board Members

2. Under the California Constitution and the County Employees' Retirement Law of 1937, members of the Board have plenary authority and fiduciary responsibility for investment of moneys and administration of the retirement system, and must discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, members of the system and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the System. Members function together as a nine-member Board (with one alternate), exercising their collective judgment.
3. In carrying out their duties, Board Members must act "with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims."
4. In order to prudently discharge their responsibilities, each Board Member is expected to participate in the activities of the Board and its committees, and to commit the time and effort necessary to knowledgably, effectively and efficiently administer the affairs of the System.
5. Each Board Member shall:
 - a. Be familiar and comply with OCERS' governing laws, rules, regulations, charters and policies.
 - b. Endeavour to attend all regular meetings of the Board and committees on which the Board Member serves. The Board and Investment Committee meet regularly once each month, subject to adjustment from time to time. Regular meetings are expected to last most of the day. Other committee meetings generally are less frequent, and last between two and four hours.
 - c. Be prepared in advance for informed discussion at each meeting. Preparation for regular Board and Investment Committee meetings can require between one and eight hours.
 - d. Comply with the OCERS Trustee Education Policy and state law, which require that Board Members complete a minimum of 24 hours of Board Member education

OCERS Board Charter Board of Retirement

within the first two years of assuming office and for every subsequent two-year period in which the Board Member serves on the Board (Gov. Code §31522.8); two hours of ethics training every two years (Gov. Code §53235); and two hours of harassment prevention training every two years (Gov. Code §12950.1); and take advantage of educational opportunities in areas necessary for OCERS' prudent administration, including but not limited to investments, benefit administration, fiduciary duties, ethics and conflicts of interest, open meetings and sound governance. In-house programs and outside conferences and seminars are available for this purpose. The time commitment for Board Member education is usually five days per year. Some travel may be required.

- e. Observe the reporting requirements with respect to personal financial interests and income and the limitations and reporting requirements with respect to gifts, as required by the Political Reform Act and the regulations of the Fair Political Practices Commission.

f. Treat each other, members of OCERS' staff, and all persons having business with OCERS with civility, courtesy, respect and dignity.

6. Unless expressly waived by the Board, no Board member shall solicit or accept employment as a member of OCERS direct staff while he or she is a member of the Board and for a period of three years following the termination of his or her service as a member of the Board.
7. If a Board Member is unwilling or incapable of committing to and discharging the foregoing duties and responsibilities, he or she should consider resigning from the Board for the benefit of the System and the Board.

Governance

8. The Board will:
 - a. Approve, and amend as necessary, the mission statement of OCERS;
 - b. Adopt regulations or By-Laws, consistent with the County Employees Retirement Law of 1937, Government Code, Title 3, Division 4, Part 3, Chapter 3 and 3.9, Government Code Sections 31450 - 31899.10 as amended, and other applicable law;
 - c. Adopt and amend as necessary policies to ensure appropriate governance practices and review each on a triennial basis.
 - d. Adopt and amend as necessary charters describing the roles and responsibilities of the Board, the committees of the Board, the Chief Executive Officer, the Board Chair, the Board Vice Chair, and the Committee Chairs;
 - e. In cooperation with and upon the recommendation of the Chief Executive Officer, adopt and amend as necessary the charter describing the roles and responsibilities of the Chief Investment Officer;
 - f. During the last regularly scheduled meeting of the Board for each calendar year elect a Vice Chair for a term beginning on the first day of the following calendar year, and fill vacancies as necessary. The person holding the office of Vice Chair as

OCERS Board Charter Board of Retirement

of the last day of the calendar year shall automatically succeed to the office of Chair effective the first day of the following calendar year;

- g. Establish committees of the Board as provided for in OCERS By-Laws;
- h. Initiate, support, oppose or take a neutral position regarding legislative proposals affecting OCERS; and
- i. Authorize and approve any actions concerning claims, disputes, demands or legal proceedings that may affect the functions, investments, benefits or funding of OCERS and the Board.

Conflicts of Interest

- 9. The Board will:
 - a. Adopt and maintain an OCERS Conflict of Interest Code and list of Designated Filers, and obtain the approval of both by the County Board of Supervisors;
 - b. Review and update the OCERS Conflict of Interest Code every two years as required by the Political Reform Act; and
 - c. Designate the CEO as the OCERS Filing Officer who is responsible for ensuring Board members and Designated Filers are aware of and comply with the requirement of an annual disclosure of financial interests (Form 700).

Investments and Funding

- 10. The Board has exclusive control of the investments of the Fund. The assets of OCERS are trust funds and, as such, the Board will manage the Fund (Gov. Code §31595):
 - a. Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering OCERS;
 - b. With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and
 - c. By diversifying the investments of OCERS so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.
- 11. The Board will conduct a study of the relationship between the assets and liabilities of OCERS not less than every three years.
- 12. The Board will approve an Investment Policy Statement including investment objectives, and will review and confirm or amend such policy at least every three years and following the completion of any asset/liability study of OCERS.

OCERS Board Charter

Board of Retirement

13. The Board will approve broad investment strategies for achieving the investment objectives of OCERS.

Benefits Administration

14. The Board will, from time to time as determined to be in the best interest of OCERS:
- a. Adopt Board policies necessary to promote effective administration of member benefits;
 - b. Approve all qualified members who apply for service retirement (Gov. Code §31670);
 - c. Determine the merits of applications for disability benefits, making necessary determinations of service connection and permanency of injury (Gov. Code §31720);
 - d. Act on member appeals of decisions made by OCERS staff;
 - e. Annually approve cost-of-living adjustments (Gov. Code §31870);
 - f. Determine eligibility of safety members when in doubt; and
 - g. Periodically review approved disabilities as appropriate.

Operations

15. The Board will:
- a. Adopt a business and strategic plan and any updates thereto;
 - b. Adopt an annual Operating Budget within the statutory limit and approve any changes thereto;
 - c. Ensure that all required contributions to the Fund are collected in a timely manner;
 - d. Ensure that all required distributions from the Fund are made in a timely manner;
 - e. Establish OCERS principal business offices;
 - f. Approve leasehold and purchase agreements in connection with OCERS principal business offices; and
 - g. Approve operational control policies to ensure efficient delivery of member benefits and services.

Financial, Actuarial and Accounting

16. The Board will:
- a. Ensure that appropriate accounting, actuarial and internal financial control policies are established;
 - b. Approve the annual actuarial valuation and the actuarial assumptions contained therein, upon the advice of the actuary and other experts as required, and transmit to

OCERS Board Charter Board of Retirement

the Orange County Board of Supervisors a recommendation to implement such changes in the contribution rates of the county and districts, and members, as are necessary (Gov. Code §§31453 - 31454.6);

- c. Approve the annual financial statements;
- d. Ensure a financial audit is conducted at least annually (Gov. Code § 31593);
- e. Ensure an actuarial experience study is conducted at least every three years; and
- f. Ensure an actuarial audit is conducted at least every five years.

Human Resources

17. The Board will from time to time as determined to be in the best interests of OCERS:
 - a. Approve a human resources and compensation policy; and
 - b. Ensure that appropriate succession plans are in place to provide continuity in OCERS management.

Communications

18. The Board will:
 - a. Ensure effective communications with all significant interest groups;
 - b. Ensure that an Annual Financial Report is issued to members;
 - c. Ensure that Member Statements are available on OCERS' website and that OCERS makes paper copies available upon request; and
 - d. Conduct internal and external communications in accordance with the Board Member Communications Policy.

Key Appointments

19. The Board will, from time to time, appoint staff and Named Service Providers (as defined in the Board's Procurement and Contracting Policy) to assist the Board in carrying out its responsibilities, including:
 - a. The CEO (Gov. Code § 31522.5);
 - b. The actuary;
 - c. The actuarial auditor upon recommendation of the Audit Committee;
 - d. The financial auditor upon recommendation of the Audit Committee;
 - e. The custodian;
 - f. Legal counsel (also referred to as the Board's fiduciary counsel) retained to represent and advise the Board (Gov. Code § 31529.5);
 - g. Investment consultants retained to advise the Board;

~~h. Investment managers;~~

hi. Human resource consultants retained to assist the Board with issues pertaining to the CEO; and

ij. Other service providers the Board may choose to retain.

Monitoring and Reporting

20. The Board will ensure that appropriate monitoring and reporting practices are established within OCERS.
21. As a general rule, the Board will comply with all Board policies. If the Board takes an action contrary to one of its policies, it will state in the Board minutes the reasons for doing so. At such time, the Board will also request that a review of the policy be undertaken.
22. The Board will annually:
 - a. Review the CEO's job performance;
 - b. Review the funded status of OCERS;
 - c. Review OCERS's internal financial and operating controls;
 - d. Review the investment performance of the Fund and the performance of the investment managers of the Fund; and
 - e. Review the quality of services delivered to OCERS members; ~~and~~
 - ~~f. Review the performance of the Board.~~
23. The Board will review the actuarial experience of OCERS not less than every three years.
24. The Board will review the results of an actuarial audit of OCERS at least every five years.
25. The Board will review progress toward the implementation of OCERS business plan on a semi-annual basis.
26. The Board will review Board policies every three years or as set out in each policy.
27. The Board will review the OCERS Operating Budget on a quarterly basis.
28. With the assistance of the CEO, the Board (or a committee of the Board) will review, at least biennially, the performance of its advisors including the actuary, the financial auditor, the investment consultants, and fiduciary counsel.
29. The Board will provide for appropriate monitoring of compliance with applicable laws and regulations.

OCERS Board Charter Board of Retirement

Charter Review

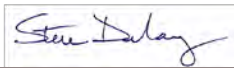
30. The Governance Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

Charter History

31. This Charter was adopted by the Board of Retirement on November 18, 2002 and amended on August 22, 2011, January 21, 2014, January 20, 2015, July 20, 2015, May 15, 2017, ~~and~~ October 15, 2018, and March 18, 2019.

Secretary's Certificate

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



Steve Delaney
Secretary of the Board

~~11/19/18~~ ~~11/18/02~~ 03/18/19

Date

Introduction

1. The Board of Retirement of OCERS (Board) is committed to carrying out its policy and oversight role in accordance with the highest standards of fiduciary practice. The Board recognizes the need to clearly delineate the responsibilities of the various decision-making bodies involved in the governance and management of OCERS. Accordingly, the Board has established this charter, which sets out its duties and responsibilities in governing the System.

Duties and Responsibilities

Board Members

2. Under the California Constitution and the County Employees' Retirement Law of 1937, members of the Board have plenary authority and fiduciary responsibility for investment of moneys and administration of the retirement system, and must discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, members of the system and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the System. Members function together as a nine-member Board (with one alternate), exercising their collective judgment.
3. In carrying out their duties, Board Members must act "with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims."
4. In order to prudently discharge their responsibilities, each Board Member is expected to participate in the activities of the Board and its committees, and to commit the time and effort necessary to knowledgably, effectively and efficiently administer the affairs of the System.
5. Each Board Member shall:
 - a. Be familiar and comply with OCERS' governing laws, rules, regulations, charters and policies.
 - b. Endeavour to attend all regular meetings of the Board and committees on which the Board Member serves. The Board and Investment Committee meet regularly once each month, subject to adjustment from time to time. Regular meetings are expected to last most of the day. Other committee meetings generally are less frequent, and last between two and four hours.
 - c. Be prepared in advance for informed discussion at each meeting. Preparation for regular Board and Investment Committee meetings can require between one and eight hours.
 - d. Comply with the OCERS Trustee Education Policy and state law, which require that Board Members complete a minimum of 24 hours of Board Member education

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within the first two years of assuming office and for every subsequent two-year period in which the Board Member serves on the Board (Gov. Code §31522.8); two hours of ethics training every two years (Gov. Code §53235); and two hours of harassment prevention training every two years (Gov. Code §12950.1); and take advantage of educational opportunities in areas necessary for OCERS' prudent administration, including but not limited to investments, benefit administration, fiduciary duties, ethics and conflicts of interest, open meetings and sound governance. In-house programs and outside conferences and seminars are available for this purpose. The time commitment for Board Member education is usually five days per year. Some travel may be required.

- e. Observe the reporting requirements with respect to personal financial interests and income and the limitations and reporting requirements with respect to gifts, as required by the Political Reform Act and the regulations of the Fair Political Practices Commission.
 - f. Treat each other, members of OCERS' staff, and all persons having business with OCERS with civility, courtesy, respect and dignity.
6. Unless expressly waived by the Board, no Board member shall solicit or accept employment as a member of OCERS direct staff while he or she is a member of the Board and for a period of three years following the termination of his or her service as a member of the Board.
 7. If a Board Member is unwilling or incapable of committing to and discharging the foregoing duties and responsibilities, he or she should consider resigning from the Board for the benefit of the System and the Board.

Governance

8. The Board will:
 - a. Approve, and amend as necessary, the mission statement of OCERS;
 - b. Adopt regulations or By-Laws, consistent with the County Employees Retirement Law of 1937, Government Code, Title 3, Division 4, Part 3, Chapter 3 and 3.9, Government Code Sections 31450 - 31899.10 as amended, and other applicable law;
 - c. Adopt and amend as necessary policies to ensure appropriate governance practices and review each on a triennial basis.
 - d. Adopt and amend as necessary charters describing the roles and responsibilities of the Board, the committees of the Board, the Chief Executive Officer, the Board Chair, the Board Vice Chair, and the Committee Chairs;
 - e. In cooperation with and upon the recommendation of the Chief Executive Officer, adopt and amend as necessary the charter describing the roles and responsibilities of the Chief Investment Officer;
 - f. During the last regularly scheduled meeting of the Board for each calendar year elect a Vice Chair for a term beginning on the first day of the following calendar year, and fill vacancies as necessary. The person holding the office of Vice Chair as

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of the last day of the calendar year shall automatically succeed to the office of Chair effective the first day of the following calendar year;

- g. Establish committees of the Board as provided for in OCERS By-Laws;
- h. Initiate, support, oppose or take a neutral position regarding legislative proposals affecting OCERS; and
- i. Authorize and approve any actions concerning claims, disputes, demands or legal proceedings that may affect the functions, investments, benefits or funding of OCERS and the Board.

Conflicts of Interest

- 9. The Board will:
 - a. Adopt and maintain an OCERS Conflict of Interest Code and list of Designated Filers, and obtain the approval of both by the County Board of Supervisors;
 - b. Review and update the OCERS Conflict of Interest Code every two years as required by the Political Reform Act; and
 - c. Designate the CEO as the OCERS Filing Officer who is responsible for ensuring Board members and Designated Filers are aware of and comply with the requirement of an annual disclosure of financial interests (Form 700).

Investments and Funding

- 10. The Board has exclusive control of the investments of the Fund. The assets of OCERS are trust funds and, as such, the Board will manage the Fund (Gov. Code §31595):
 - a. Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering OCERS;
 - b. With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and
 - c. By diversifying the investments of OCERS so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.
- 11. The Board will conduct a study of the relationship between the assets and liabilities of OCERS not less than every three years.
- 12. The Board will approve an Investment Policy Statement including investment objectives, and will review and confirm or amend such policy at least every three years and following the completion of any asset/liability study of OCERS.

OCERS Board Charter Board of Retirement

13. The Board will approve broad investment strategies for achieving the investment objectives of OCERS.

Benefits Administration

14. The Board will, from time to time as determined to be in the best interest of OCERS:
- a. Adopt Board policies necessary to promote effective administration of member benefits;
 - b. Approve all qualified members who apply for service retirement (Gov. Code §31670);
 - c. Determine the merits of applications for disability benefits, making necessary determinations of service connection and permanency of injury (Gov. Code §31720);
 - d. Act on member appeals of decisions made by OCERS staff;
 - e. Annually approve cost-of-living adjustments (Gov. Code §31870);
 - f. Determine eligibility of safety members when in doubt; and
 - g. Periodically review approved disabilities as appropriate.

Operations

15. The Board will:
- a. Adopt a business and strategic plan and any updates thereto;
 - b. Adopt an annual Operating Budget within the statutory limit and approve any changes thereto;
 - c. Ensure that all required contributions to the Fund are collected in a timely manner;
 - d. Ensure that all required distributions from the Fund are made in a timely manner;
 - e. Establish OCERS principal business offices;
 - f. Approve leasehold and purchase agreements in connection with OCERS principal business offices; and
 - g. Approve operational control policies to ensure efficient delivery of member benefits and services.

Financial, Actuarial and Accounting

16. The Board will:
- a. Ensure that appropriate accounting, actuarial and internal financial control policies are established;
 - b. Approve the annual actuarial valuation and the actuarial assumptions contained therein, upon the advice of the actuary and other experts as required, and transmit to the Orange County Board of Supervisors a recommendation to implement such

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- changes in the contribution rates of the county and districts, and members, as are necessary (Gov. Code §§31453 - 31454.6);
- c. Approve the annual financial statements;
 - d. Ensure a financial audit is conducted at least annually (Gov. Code § 31593);
 - e. Ensure an actuarial experience study is conducted at least every three years; and
 - f. Ensure an actuarial audit is conducted at least every five years.

Human Resources

17. The Board will from time to time as determined to be in the best interests of OCERS:
 - a. Approve a human resources and compensation policy; and
 - b. Ensure that appropriate succession plans are in place to provide continuity in OCERS management.

Communications

18. The Board will:
 - a. Ensure effective communications with all significant interest groups;
 - b. Ensure that an Annual Financial Report is issued to members;
 - c. Ensure that Member Statements are available on OCERS' website and that OCERS makes paper copies available upon request; and
 - d. Conduct internal and external communications in accordance with the Board Member Communications Policy.

Key Appointments

19. The Board will, from time to time, appoint staff and Named Service Providers (as defined in the Board's Procurement and Contracting Policy) to assist the Board in carrying out its responsibilities, including:
 - a. The CEO (Gov. Code § 31522.5);
 - b. The actuary;
 - c. The actuarial auditor upon recommendation of the Audit Committee;
 - d. The financial auditor upon recommendation of the Audit Committee;
 - e. The custodian;
 - f. Legal counsel (also referred to as the Board's fiduciary counsel) retained to represent and advise the Board (Gov. Code § 31529.5);
 - g. Investment consultants retained to advise the Board;

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- h. Human resource consultants retained to assist the Board with issues pertaining to the CEO; and
- i. Other service providers the Board may choose to retain.

Monitoring and Reporting

- 20. The Board will ensure that appropriate monitoring and reporting practices are established within OCERS.
- 21. As a general rule, the Board will comply with all Board policies. If the Board takes an action contrary to one of its policies, it will state in the Board minutes the reasons for doing so. At such time, the Board will also request that a review of the policy be undertaken.
- 22. The Board will annually:
 - a. Review the CEO's job performance;
 - b. Review the funded status of OCERS;
 - c. Review OCERS's internal financial and operating controls;
 - d. Review the investment performance of the Fund and the performance of the investment managers of the Fund; and
 - e. Review the quality of-services delivered to OCERS members.
- 23. The Board will review the actuarial experience of OCERS not less than every three years.
- 24. The Board will review the results of an actuarial audit of OCERS at least every five years.
- 25. The Board will review progress toward the implementation of OCERS business plan on a semi-annual basis.
- 26. The Board will review Board policies every three years or as set out in each policy.
- 27. The Board will review the OCERS Operating Budget on a quarterly basis.
- 28. With the assistance of the CEO, the Board (or a committee of the Board) will review, at least biennially, the performance of its advisors including the actuary, the financial auditor, the investment consultants, and fiduciary counsel.
- 29. The Board will provide for appropriate monitoring of compliance with applicable laws and regulations.

Charter Review

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

OCERS Board Charter Board of Retirement

Charter History

31. This Charter was adopted by the Board of Retirement on November 18, 2002 and amended on August 22, 2011, January 21, 2014, January 20, 2015, July 20, 2015, May 15, 2017, October 15, 2018, and March 18, 2019.

Secretary's Certificate

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



03/18/19

Steve Delaney
Secretary of the Board

Date



OCERS Board Charter

Board of Retirement Chair Charter

Introduction

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

Duties and Responsibilities

2. The Chair will, from time to time, and as necessary for the efficient governance of the Board:
 - a. Appoint members of the Board to fill any vacancies that occur in the committees of the Board;
 - b. Orient new members of the Board on current issues before the Board and designate an incumbent member of the Board to provide new members an orientation on current Board governance practices;
 - c. Approve monthly Board meeting agendas as prepared by the CEO;
 - d. Preside at meetings of the Board, ensuring that such meetings are conducted in an efficient manner and in accordance with The Ralph M Brown Act (Government Code Sections 54950, *et. seq*) and the OCERS Rules of Parliamentary Procedure;
 - e. Guide the Board in achieving a harmonious atmosphere, while allowing full and open debate;
 - f. Ensure coordination of meetings, agendas, schedules and presentations, in consultation with the CEO;
 - g. Facilitate effective and open communications between the Board, the CEO, and other OCERS senior management;
 - h. Work to ensure that Board deliberations are conducted with respect and professionalism;
 - i. Work to ensure that the Board discharges its duties and responsibilities as set forth in the County Employees Retirement Law of 1937, the Board Charter, By Laws, and governance policies of the Board;
 - ~~i.~~ Review any report or complaint received by OCERS that alleges that a member of the Board (other than the Board Chair) has failed to comply with applicable law, the Board Charter, By Laws or any policy of the Board, and determine the appropriate course of action in response to such report after consulting with the Board's fiduciary counsel;
 - ~~j.~~ In situations that call for an official spokesperson to speak on behalf of OCERS, the CEO and the Chair will jointly determine who will act in such capacity, on an issue-by-issue basis;
 - ~~k.~~ Approve in advance all travel of the CEO and review all expense claims by the CEO and other members of the Board;



OCERS Board Charter Board of Retirement Chair Charter

- ~~l.m.~~ Sign subpoenas if the CEO (who is Secretary to the Board) is unavailable;
- ~~m.n.~~ Working with the Board Vice Chair, to coordinate the CEO evaluation process;
- ~~n.o.~~ Review, revise as necessary, and approve and sign the minutes of the meetings of the Board which shall be part of the permanent records of the Board; and
- ~~o.p.~~ Carry out such other functions and duties as may be prescribed by the Board from time to time.

Charter Review

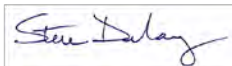
- 3. The Governance Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

Charter History

- 4. This charter was adopted by the Board of Retirement on November 18, 2002 and amended on July 20, 2015, February 13, 2018, ~~and~~ April 18, 2018 and March 18, 2019.

Secretary's Certificate

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



~~11/18/02~~ 03/18/19

Steve Delaney
Secretary of the Board

Date

Introduction

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

Duties and Responsibilities

2. The Chair will, from time to time, and as necessary for the efficient governance of the Board:
 - a. Appoint members of the Board to fill any vacancies that occur in the committees of the Board;
 - b. Orient new members of the Board on current issues before the Board and designate an incumbent member of the Board to provide new members an orientation on current Board governance practices;
 - c. Approve monthly Board meeting agendas as prepared by the CEO;
 - d. Preside at meetings of the Board, ensuring that such meetings are conducted in an efficient manner and in accordance with The Ralph M Brown Act (Government Code Sections 54950, *et. seq*) and the OCERS Rules of Parliamentary Procedure;
 - e. Guide the Board in achieving a harmonious atmosphere, while allowing full and open debate;
 - f. Ensure coordination of meetings, agendas, schedules and presentations, in consultation with the CEO;
 - g. Facilitate effective and open communications between the Board, the CEO, and other OCERS senior management;
 - h. Work to ensure that Board deliberations are conducted with respect and professionalism;
 - i. Work to ensure that the Board discharges its duties and responsibilities as set forth in the County Employees Retirement Law of 1937, the Board Charter, By Laws, and governance policies of the Board;
 - j. Review any report or complaint received by OCERS that alleges that a member of the Board (other than the Board Chair) has failed to comply with applicable law, the Board Charter, By Laws or any policy of the Board, and determine the appropriate course of action in response to such report after consulting with the Board's fiduciary counsel;
 - k. In situations that call for an official spokesperson to speak on behalf of OCERS, the CEO and the Chair will jointly determine who will act in such capacity, on an issue-by-issue basis;
 - l. Approve in advance all travel of the CEO and review all expense claims by the CEO and other members of the Board;
 - m. Sign subpoenas if the CEO (who is Secretary to the Board) is unavailable;



Board of Retirement Chair Charter

- n. Work with the Board Vice Chair to coordinate the CEO evaluation process;
- o. Review, revise as necessary, and approve and sign the minutes of the meetings of the Board which shall be part of the permanent records of the Board; and
- p. Carry out such other functions and duties as may be prescribed by the Board from time to time.

Charter Review

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

Charter History

- 4. This charter was adopted by the Board of Retirement on November 18, 2002 and amended on July 20, 2015, February 13, 2018, April 18, 2018 and March 18, 2019.

Secretary's Certificate

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

03/18/19

Steve Delaney
Secretary of the Board

Date

Introduction

1. The Board of Retirement will elect one Board member as Vice Chair to hold office in accordance with the Board's By-Laws.

Duties and Responsibilities

2. The Vice Chair will:
 - a. Assume the duties and responsibilities of the Chair as set forth in the Chair Charter in the event the Chair is unable to fulfill the duties of the position;
 - ~~b. Work with the Chair to co-ordinate and assist in the implementation of the Board Evaluation Policy;~~
 - b. Work with the Chair to coordinate the CEO Evaluation Policy;
 - c. Review any report or complaint received by OCERS that alleges that the Chair has failed to comply with applicable law, the Board Charter, By Laws or any policy of the Board, and determine the appropriate course of action in response to such report after consulting with the Board's fiduciary counsel; and
 - d. Review all expense claims of the Chair.
3. The person holding the office of Vice Chair as of the end of October of the year shall appoint the members and the chair and vice chair of each of the committees of the Board (with the exception of the Investment Committee), all of whom shall serve on such committees during the following calendar year; and the Vice Chair shall report such appointments to the Board not later than at the Board's last meeting of the calendar year.

Charter Review

- ~~3.4.~~ The Governance Committee will review this charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the charter remains relevant and appropriate.

Charter History

- ~~4.5.~~ This charter was adopted by the Board of Retirement on November 18, 2002 and amended on July 20, 2015, ~~and~~ April 18, 2016, and March 18, 2019.



OCERS Board Charter Board Vice-Chair Charter

Secretary's Certificate

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

A handwritten signature in black ink that reads "Steve Delaney". The signature is written in a cursive style and is contained within a thin black rectangular border.

04/18/18 03/18/19-

Steve Delaney
Secretary of the Board

Date

Introduction

1. The Board of Retirement will elect one Board member as Vice Chair to hold office in accordance with the Board's By-Laws.

Duties and Responsibilities

2. The Vice Chair will:
 - a. Assume the duties and responsibilities of the Chair as set forth in the Chair Charter in the event the Chair is unable to fulfill the duties of the position;
 - b. Work with the Chair to coordinate the CEO Evaluation Policy;
 - c. Review any report or complaint received by OCERS that alleges that the Chair has failed to comply with applicable law, the Board Charter, By Laws or any policy of the Board, and determine the appropriate course of action in response to such report after consulting with the Board's fiduciary counsel; and
 - d. Review all expense claims of the Chair.
3. The person holding the office of Vice Chair as of the end of October of the year shall appoint the members and the chair and vice chair of each of the committees of the Board (with the exception of the Investment Committee), all of whom shall serve on such committees during the following calendar year; and the Vice Chair shall report such appointments to the Board not later than at the Board's last meeting of the calendar year.

Charter Review

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

Charter History

5. This charter was adopted by the Board of Retirement on November 18, 2002 and amended on July 20, 2015, April 18, 2016, and March 18, 2019.

Secretary's Certificate

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



Steve Delaney
Secretary of the Board

03/18/19

Date

A-4

Memorandum

DATE: March 1, 2019
TO: Members of the Governance Committee
FROM: Gina M. Ratto, General Counsel
SUBJECT: PROPOSED REVISIONS TO THE OCERS RULES OF PARLIAMENTARY PROCEDURE REGARDING APPROVAL OF MEETING MINUTES

Recommendation

Approve, and recommend that the Board approve, proposed revisions to the OCERS Rules of Parliamentary Procedure to authorize new members of a committee to approve minutes of meetings that were held before they became members of the committee.

Background/Discussion

Because the membership of the committees of the Board typically changes every calendar year, it is not unusual for the new committee members to be asked to approve minutes of meetings that occurred late in the previous year when the new members were not members of the committee. Oftentimes, there is sufficient overlap in membership from year to year such that there are two committee members who remain on the committee from one year to the next and were present during the previous year's meeting and can approve the minutes of that meeting. However, where there is no overlap or only one committee member that remains the same, the committees must nonetheless have the ability to approve meeting minutes.

OCERS Rules of Parliamentary Procedure conform in most respects to Robert's Rules of Order. Robert's Rules of Order states that "... in an organization in which there will be a change or replacement of a portion of the membership, the executive board or a committee appointed for the purpose should be authorized to approve the minutes."

Staff recommends revising the OCERS Rules of Parliamentary Procedure to authorize committee members to approve minutes of meetings that took place prior to their membership on the committee as follows:

5. The minutes of a meeting of the Board will be presented to the Board for approval, and the minutes of a meeting of a committee will be presented to that committee for approval, at the next meeting of the Board or committee as applicable. In addition, because there are periodically changes in the membership of the committees, each current member of a committee is authorized to approve the minutes of meetings conducted prior to the individual becoming a member of the committee.

A copy of the OCERS Rules of Parliamentary Procedure, with proposed revisions indicated in underlined/strikeout text, is attached.

Submitted by:

Gina M. Ratto

Gina M. Ratto
General Counsel

OCERS Board Policy
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Purpose and Background

1. The Orange County Employees Retirement System Board of Retirement is committed to the principals of open and efficient government. The Board conducts regular meetings of the full board and various committees. The Board wishes to establish rules for conduct of those meetings that are consistent with the Ralph M. Brown Act ("Brown Act") in order to insure orderly meetings and to protect the rights of the Board, its individual members, OCERS members and plan sponsors, and members of the public.

Basic Rules

2. All meetings of the Board and its committees shall adhere to the following basic rules of conduct:
 - a. The collective fiduciary interests of the Board and its committees supersede the rights of individual members of the Board. All members of the Board must adhere to the rules established by the Board. If there is a conflict between the rights of a member and the interests of the Board to conduct its business, the interests of the Board prevail.
 - b. All members of the Board are equal. All members of the Board have the following rights:
 - i. To hold office.
 - ii. To attend meetings.
 - iii. To make motions and speak in Board or committee deliberations.
 - iv. To nominate.
 - v. To vote.
 - c. A quorum must be present to conduct business. The By-Laws specify that a quorum for conduct of a meeting of the full Board shall be five members present; a quorum for a meeting of the Investment Committee shall be five members present; and a quorum for a meeting of a standing committee of the Board, other than the Investment Committee, shall be two members present.
 - d. The majority rules. The minority has the right to be heard on issues up for deliberation before the Board or a committee. Once a decision has been made by the majority of Board members present and voting, the minority must respect and abide by the decision.
 - e. The Brown Act requires OCERS to publicly report the vote or abstention of each Board or committee member present. (Gov. Code § 54953 (c)) Therefore, each Board or committee member present shall vote or abstain in each vote of the Board or committee. Silence on a vote is not authorized under the Brown Act.
 - f. One question will be addressed at a time, and one speaker will speak at a time. A motion will be out of order if it does not directly relate to the question under consideration. Once a

OCERS Board Policy

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speaker has been recognized, he or she has the floor and should not be interrupted except in rare circumstances, such as by the Chair to maintain order or decorum.

- g. Members of the Board or committee shall have the opportunity to fully debate all debatable motions. A debatable motion may not be put to a vote as long as members of the Board or committee wish to continue the debate unless debate is suspended by majority vote of the Board or committee.
- h. Once a motion has been decided at a Board or committee meeting, it is out of order to bring up the same motion or a motion that is essentially the same at the same meeting unless it is brought through a Motion for Reconsideration.
- i. Remarks directed at another Board or committee member personally and not relating to the business of the Board or committee are out of order in a debate. Debate shall be limited to motions and not motives, principles, or personalities. The Chair may request that the speaker cease his or her out of order remarks.
- j. Board and standing committee meetings shall be conducted in accordance with the Brown Act (Gov. Code § 54950, et. seq.).
- k. The Board and its committees shall not conduct any business that has not been properly placed on the agenda and noticed to the public unless authorized by the Brown Act.

Roles and Responsibilities in the Conduct of Meetings

- 3. The Chair of the Board or committee shall be the presiding officer of the meeting. If the Chair of the Board or committee is absent, the Vice Chair shall serve as the presiding officer. In the event that both the Chair and the Vice Chair are absent from the meeting, the Chair shall appoint a presiding officer of the meeting from among the remaining members of the Board or committee who are entitled to vote during the meeting. The general responsibilities of the presiding officer are:
 - a. To ensure that the meeting starts on time and moves through the agenda in an expeditious manner. The presiding officer may take steps to prevent dissenting Board or committee members and members of the public from employing dilatory tactics to delay a meeting.
 - b. To ensure that Board and committee members and members of the public adhere to the published agenda, except as otherwise permitted by law.
 - c. To be familiar with these rules, OCERS' By-Laws, charters, and policies, and the customary practices of the Board and its committees.
 - d. To direct the orderly conduct of the meeting by recognizing speakers and reminding others that interruption of speakers who have the floor is out of order.
 - e. To impartially recognize members of the Board or committee and members of the public to speak during discussion of a motion. It shall be the presiding officer's prerogative to

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determine the timing of public comment; that is, whether public comment is taken before or during the Board members' discussion on each matter. In any event, the presiding officer should provide opportunity for Board and committee members and members of the public on all sides of a discussion to speak before the Board's action on the motion.

- f. To restate a motion before a vote is taken and to announce the results of the vote. The presiding officer may require a vote by roll call, show of hands, or any other means in order to clarify the results of the vote and permit the vote to be recorded accurately in the minutes of the meeting.
- g. To ensure that discussion is relevant and focused on the issue at hand. The presiding officer may request a Board or committee member or member of the public to confine his or her remarks to the motion under consideration.
- h. To ensure that public comment (1) on any matter within the jurisdiction of the Board or committee is permitted at each meeting of the Board or committee; (2) is limited to three minutes per speaker and to a total of 20 minutes per issue (with the exception of appearances on disability matters; see OCERS By-Laws); and (3) does not interfere with the orderly conduct of the meeting.
- i. To ensure that public comment is directed to the presiding officer, and not to staff, vendors or consultants.
- j. To ensure that any requests made of staff, vendors or consultants to report back to the Board or committee, to place a matter of business on a future agenda of the Board or committee, or to otherwise commit staff time and OCERS resources are (1) made at the direction of the presiding officer; (2) with consensus of the Board or committee members; and (3) with due consideration of the burdens such requests will place on staff, consultants and OCERS resources and any other relevant concerns staff or consultants may identify.
- k. To ensure, before staff, a vendor or a consultant is directed by the presiding officer to respond to questions from, or to report or release additional information requested by, a member of the public during a meeting of the Board or committee, that the information is (1) relevant and appropriate to the subject matter of the meeting; and (2) public in nature.
- l. To adjourn each meeting of the Board or committee at the conclusion of the business set forth on the agenda by unanimous consent.¹

¹ The presiding officer may state (for example), "If there is no objection, this meeting will be adjourned;" and after a pause for objection, if there is no objection, "The meeting is adjourned."

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4. The OCERS CEO or his or her designee shall be the secretary of the Board or committee meeting. The duties of the secretary of the meeting are:
 - a. To prepare or cause to be prepared concise minutes of all meetings of the Board and its committees for approval by the Board at a subsequent meeting.
 - b. At a minimum, the secretary shall record the following in the minutes:
 - i. All members of the Board or committee present at the meeting.
 - ii. All adopted and defeated motions.
 - iii. The name of the maker and seconder of each motion and amendment.
 - iv. Names of all persons reporting or presenting to the Board or committee.
 - v. The identity and vote of each Board or committee member voting or abstaining from a vote.
 - c. The secretary need not record the following in the minutes:
 - i. Detailed discussion or personal opinions of members of the Board or committee or members of the public.
 - ii. Motions that have been withdrawn.
 - iii. Full reports of committees.

5. The minutes of a meeting of the Board will be presented to the Board for approval, and the minutes of a meeting of a committee will be presented to that committee for approval, at the next meeting of the Board or committee as applicable. In addition, because there are periodically changes in the membership of the committees, each current member of a committee is authorized to approve the minutes of meetings conducted prior to the individual becoming a member of the committee.

Agendizing Matters for Board or Committee Consideration

~~5.6.~~ In general, matters for Board or committee discussion may be placed on a meeting agenda by staff in the reasonable discretion of the CEO or by a Board or committee member by request to the Chair of the Board or committee.

- a. The Board and its committees will make use of consent agendas whenever feasible to group items that do not require discussion or debate into a single voting package in order to expedite approval of routine matters.
- b. Informational reports that have been requested by the Board or a committee will be agendized and presented as information items and may be accepted without action by the Board or committee.

~~6.7.~~ In the event that the Chair of the Board or committee refuses to place an item on the agenda, the Board or committee member making the request may appeal the decision to the full Board or committee at the next duly noticed meeting during the Board or committee member

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comments section of the meeting. The motion must receive a second to move forward. The Board or committee will then vote on the question of whether to place the requested matter on the agenda of the next available duly noticed Board or committee meeting.

- a. If the Board or committee votes to place the item on the next available agenda, the matter shall be placed on that agenda and discussed by the Board or committee at the time noticed in the agenda.
- b. If the Board or committee votes not to place the item on the next available agenda, the matter will be tabled.
- c. In either case, no action will be taken on the matter after the vote so that any action item can be properly placed on an agenda pursuant to the Brown Act.

7-8. In the event that a Board or committee member proposes placing a matter on a future agenda during the Board or committee member comments section of the meeting, the presiding officer of the Board or committee may rule on the proposal prior to the end of the meeting. If the presiding officer does so rule at that meeting and refuses to place the proposed matter on a future agenda, the Board or committee member making the proposal may immediately exercise his or her appeal rights as described in number 6 above.

Types of Motions and Their Uses

Main Motions

8-9. The motions are:

- a. The main motion is the means by which the Board and committee proposes action and does business. It is a proposal that a certain action be taken by the Board or committee whether that action be to express an opinion, adopt a policy, make an expenditure of funds, enter into a contractual obligation, or to take any other action that is within the power of the Board or committee.
- b. A main motion may be made by any qualified member of the Board or Committee; however, a motion can only be made concerning business that has been placed on the published agenda unless otherwise authorized by law.
- c. To introduce a main motion, a Board or committee member who has the floor should state, **"I move that..."**
- d. The presiding officer of the meeting may assist the Board or committee member in clarifying the motion.
- e. A main motion must be seconded unless the motion comes to the Board from a committee recommendation since any motion coming from a committee already has more than two Board members in favor of considering the motion.

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- f. Debate is held on the main motion when the presiding officer states, “**Is there any discussion.**” The presiding officer shall provide all Board or committee members the opportunity to speak during discussion of a main motion.
- g. A main motion may be amended.
- h. Passage of a main motion requires simple majority vote.
- i. The presiding officer may require that lengthy motions be made in writing.
- j. The maker of the main motion has the right to speak first in support of the motion.
- k. A member may amend his or her own motion before it is restated by the presiding officer immediately preceding the vote on the motion. To be effective, the amendment must be agreed to by the seconder. Such an amendment by the maker of the motion shall not be considered a Motion to Amend or Substitute Motion.
- l. A member may withdraw his or her motion up until the time it is stated by the presiding officer immediately preceding the vote.

Motions that are not in Order

9.10. The motions are:

- a. Motions that conflict with the By-Laws of OCERS.
- b. Motions that repeat an issue that the Board or committee has already dealt with on the day of the meeting unless made through a Motion for Reconsideration.
- c. Motions that do not comply with the Brown Act, the County Employees Retirement Law of 1937, or other applicable law governing OCERS.
- d. Motions that appear to the presiding officer to be dilatory, unintelligible, frivolous, or rude.
- e. The presiding officer shall make rulings on whether a motion is out of order. The member making the motion has the right of appeal as under section 11 b.

Subsidiary Motions

10.11. The following motions are ranked lowest to highest in precedence:

- a. Motion to Amend (Substitute Motion):
 - i. Motion to Amend changes the wording of a main motion and may be made at any time after the main motion has been seconded.
 - ii. A motion may be amended by:
 - 1. Adding words or phrases;
 - 2. Striking out words or phrases;
 - 3. Substituting by striking out and inserting new words; or

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4. Substituting an entire motion or paragraph
 - iii. An amendment to a motion must relate to the pending motion. No new business may be introduced under pretext of an amendment.
 - iv. Adoption of an amendment changes the motion. If the motion to amend is successful, the Board or committee must vote to adopt the motion as amended.
 - v. If the amendment is not successful, the original motion is on the floor as originally stated.
 - vi. An amendment may be amended one time so there may be a main motion, a primary amendment, and secondary amendment. A third amendment is not in order.
 - vii. Voting shall be in reverse order of how the motions were offered. Therefore, voting will be on the secondary amendment, if any, first, the primary amendment second, and the main motion third. Voting on the main motion and all amendments must be completed before a new main motion or any amendments may be offered.
 - viii. A Board or committee member must have the floor to offer an amendment.
 - ix. An amendment must be seconded.
 - x. An amendment is debatable if it is made to a debatable motion.
 - xi. The presiding officer shall provide all Board or committee members the opportunity to speak during debate or discussion of a motion to amend.
 - xii. A Motion to Amend requires a majority vote.
- b. Motion to Commit or Refer:
 - i. Motion to Commit or Refer sends the question on the floor to a committee or OCERS' staff so it can be more carefully studied and prepared for discussion by the Board.
 - ii. The Motion to Commit or Refer should include specific direction as to which committee or staff shall study the question, whether the committee or staff will have authority to act, and when the committee or staff should report back to the Board.
 - iii. A Motion to Commit or Refer can be applied to any main motion and any amendments pending on the main motion go with the motion to committee.
 - iv. A Motion to Commit or Refer must be seconded.
 - v. A Motion to Commit or Refer may be debated, but debate must be limited to the merits of sending the issue to a committee or staff.
 - vi. A Motion to Commit or Refer can be amended as to the committee or staff assigned to study the issue and instructions to the committee or staff.
 - vii. A Motion to Commit or Refer requires a majority vote.
- c. Motion to Postpone

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- i. A Motion to Postpone delays action on a question until later in the same meeting or until a subsequent meeting.
 - ii. A Motion to Postpone may be applied to any main motion.
 - iii. A Motion to Postpone must be seconded.
 - iv. A Motion to Postpone may not interrupt a speaker who has the floor.
 - v. A Motion to Postpone may be debated; however, debate must be limited to the merits of postponing consideration of the question.
 - vi. A Motion to Postpone may be amended to change the time or length of postponement.
 - vii. The Motion to Postpone requires a majority vote.
 - viii. The postponed motion should be placed on a subsequent meeting agenda as appropriate.
- d. Motion to Limit Debate:
- i. The Board or committee may use a Motion to Limit Debate to exercise control over debate by reducing the number and length of comments allowed or by requiring that debate stop at a time certain.
 - ii. A Motion to Limit Debate may be used with any motion.
 - iii. A Motion to Limit Debate must be seconded.
 - iv. A Motion to Limit Debate is not debatable.
 - v. A Motion to Limit Debate may be amended only as to the length of comments allowed or when the vote will be taken.
 - vi. A Motion to Limit Debate requires a majority vote.
 - vii. When a Motion to Limit Debate that imposes time limits is successful, the presiding officer will appoint a timekeeper and will inform speakers of when their time is up.
- e. Move the Previous Question:
- i. Move the Previous Question is the motion used to end debate on a question in order to bring the Board or committee to an immediate vote.
 - ii. Move the Previous Question requires a second.
 - iii. The Previous Question motion is out of order if the main motion is debatable and has not received any debate.
 - iv. Previous Question may be applied to any question or motion that is before the Board or committee.
 - v. Previous Question may not be used to interrupt a speaker who has the floor.

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- vi. Previous Question may not be debated.
- viii. Previous Question requires a majority vote.

Incidental Motions or Procedures

11-12. The motions are:

- a. Point of Order
 - i. A Point of Order is used by a member of the Board or committee when that member feels the presiding officer is failing to operate within the Board or committee rules.
 - ii. Point of Order may be brought during discussion of any motion and may interrupt a speaker who has the floor.
 - iii. A Point of Order is not debatable.
 - iv. The presiding officer rules on the Point of Order motion.
 - v. The Point of Order cannot be amended.
- b. Appeal
 - i. Appeal allows any two members of the Board or committee to challenge what they feel is an incorrect or unfair ruling by the presiding officer.
 - ii. The question of Appeal is stated in the affirmative so that a majority vote sustains the ruling of the presiding officer.
 - iii. Appeal requires a second.
 - iv. If seconded, the Appeal requires the presiding officer to put his or her ruling to a vote of the Board or committee.
 - v. The Appeal is debatable.
 - vi. A majority vote in the negative is required to reverse the ruling of the presiding officer. Therefore, the question to be posed is, for example, "If you believe the presiding officer's ruling is correct, please vote 'yes;' and if you believe the presiding officer's ruling is incorrect, please vote 'no.'"
- c. Point of Information
 - i. Point of Information is used by a Board or committee member to obtain additional information regarding the subject being considered.
 - ii. Point of Information does not require a second or a vote.
 - iii. The presiding officer will ask the requesting Board or committee member what the Point is.
 - iv. Additional information will be provided by staff or the speaker.

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d. Parliamentary Inquiry

- i. Parliamentary Inquiry allows the Board or committee members to get parliamentary help.
- ii. Parliamentary Inquiry does not require a second or a vote.
- iii. The presiding officer will ask the requesting Board or committee member what the Inquiry is.
- iv. The presiding officer will rule on the Inquiry after consultation with the secretary, counsel, or others who are familiar with parliamentary procedure.

Restorative Motions

12-13. The motions are:

a. Motion to Rescind

- i. This motion is used to quash or nullify a previously adopted motion. It may be used to strike out an entire motion.
- ii. A Motion to Rescind is not in order when any action has already been taken as a result of a previous vote (i.e. a contract has been executed with a vendor as a result of the previous vote).
- iii. A Motion to Rescind must be placed on the meeting agenda in order for the Board or committee to take action on it.
- iv. It must be seconded.
- v. It requires a majority vote.

b. Motion to Reconsider

- i. A Motion to Reconsider allows the Board or committee to reconsider the vote on a previous motion voted on at that meeting.
- ii. A Motion to Reconsider can only be made by a member of the Board or committee who voted on the prevailing side of the previous vote.
- iii. It must be seconded, but the seconder does not have to have been on the prevailing side of the previous vote.
- iv. It may be debated and it opens up the motion to which it applies to debate.
- v. It requires a majority vote.
- vi. A Motion to Reconsider may be made and seconded while other business is pending, but debate and vote will not occur until the business on the floor has been completed.

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- vii. All actions that came out of the original motion must be stayed immediately at the time the Motion to Reconsider is made and seconded.

Voting Methods and Procedures

~~13-14.~~ All votes shall comply with the Brown Act (Gov. Code § 54953).

~~14-15.~~ The electronic voting system shall be the preferred means of voting for the Board because it allows for accurate recording of each vote.

~~15-16.~~ The Board and committees may use voice votes for the convenience of the Board or committee in order to promote efficiency. When using voice votes, any member of the Board or committee may request a roll-call vote or show-of-hands vote in order to accurately record each Board or committee member's vote.

~~16-17.~~ All votes shall be recorded in the meeting minutes. Voting Protocols for the Alternate Seventh Member of the Board

~~17-18.~~ The alternate seventh member of the Board² will vote as a member of the Board under the following circumstances:

- a. When one of the OCERS membership-elected Board members is absent from a board meeting for any cause the alternate seventh member will vote in place of the absent Board member;
- b. When there is a vacancy with respect to any of the OCERS membership-elected Board members the alternate seventh member will fill the vacancy and vote in place of the vacant Board position;
- c. When a member of the same service (i.e., sheriffs or fire) as the alternate seventh member is before the Board for determination of his or her retirement, the alternate seventh member will vote in place of the seventh member and the seventh member will not vote, unless one of the OCERS membership-elected Board members is absent or there is a vacancy with respect to any of the OCERS membership-elected Board members, in which case, both the seventh member and the alternate seventh member will vote on that determination, with the alternate seventh member voting for the absent or vacant Board member.

²The seventh member of the Board is a safety member elected by the safety members of the system. The alternate seventh member of the Board is the candidate from the group under Government Code §31470.2 (sheriffs, etc.) or 31470.4 (firefighters, etc.) that is not represented by the seventh member, and who received the highest number of votes of all candidates in that group. (See Government Code §31520.1(a).)



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Scope of Rules and Disputes

18-19. These rules should be used by the presiding officer, staff, and members of the Board or committee as guidelines for the conduct of meetings unless it is prudent to utilize a different procedure under the circumstances.

19-20. The presiding officer of the Board or committee meeting is responsible for the orderly conduct of the meeting. The presiding officer may call upon other Board or committee members, the secretary of the Board or committee, or counsel for assistance in resolving disputes.

20-21. Rulings by the presiding officer should be respected by all Board and committee members, but such rulings may be challenged in accordance with these rules.

Rules Review

21-22. The Board of Retirement shall review these rules at least every three (3) years to ensure that they remain relevant and appropriate.

Policy History

22-23. The Orange County Employees Retirement System Rules of Parliamentary Procedure were originally approved and adopted by the Board of Retirement on February 16, 2015, and were revised on December 19, 2016, October 16, 2017, ~~and~~ November 13, 2017, and March 18, 2019.

Secretary's Certificate

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

Steve Delaney
Secretary of the Board

11/13/201703/18/19

Date

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Purpose and Background

1. The Orange County Employees Retirement System Board of Retirement is committed to the principals of open and efficient government. The Board conducts regular meetings of the full board and various committees. The Board wishes to establish rules for conduct of those meetings that are consistent with the Ralph M. Brown Act ("Brown Act") in order to insure orderly meetings and to protect the rights of the Board, its individual members, OCERS members and plan sponsors, and members of the public.

Basic Rules

2. All meetings of the Board and its committees shall adhere to the following basic rules of conduct:
 - a. The collective fiduciary interests of the Board and its committees supersede the rights of individual members of the Board. All members of the Board must adhere to the rules established by the Board. If there is a conflict between the rights of a member and the interests of the Board to conduct its business, the interests of the Board prevail.
 - b. All members of the Board are equal. All members of the Board have the following rights:
 - i. To hold office.
 - ii. To attend meetings.
 - iii. To make motions and speak in Board or committee deliberations.
 - iv. To nominate.
 - v. To vote.
 - c. A quorum must be present to conduct business. The By-Laws specify that a quorum for conduct of a meeting of the full Board shall be five members present; a quorum for a meeting of the Investment Committee shall be five members present; and a quorum for a meeting of a standing committee of the Board, other than the Investment Committee, shall be two members present.
 - d. The majority rules. The minority has the right to be heard on issues up for deliberation before the Board or a committee. Once a decision has been made by the majority of Board members present and voting, the minority must respect and abide by the decision.
 - e. The Brown Act requires OCERS to publicly report the vote or abstention of each Board or committee member present. (Gov. Code § 54953 (c)) Therefore, each Board or committee member present shall vote or abstain in each vote of the Board or committee. Silence on a vote is not authorized under the Brown Act.
 - f. One question will be addressed at a time, and one speaker will speak at a time. A motion will be out of order if it does not directly relate to the question under consideration. Once a

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speaker has been recognized, he or she has the floor and should not be interrupted except in rare circumstances, such as by the Chair to maintain order or decorum.

- g. Members of the Board or committee shall have the opportunity to fully debate all debatable motions. A debatable motion may not be put to a vote as long as members of the Board or committee wish to continue the debate unless debate is suspended by majority vote of the Board or committee.
- h. Once a motion has been decided at a Board or committee meeting, it is out of order to bring up the same motion or a motion that is essentially the same at the same meeting unless it is brought through a Motion for Reconsideration.
- i. Remarks directed at another Board or committee member personally and not relating to the business of the Board or committee are out of order in a debate. Debate shall be limited to motions and not motives, principles, or personalities. The Chair may request that the speaker cease his or her out of order remarks.
- j. Board and standing committee meetings shall be conducted in accordance with the Brown Act (Gov. Code § 54950, et. seq.).
- k. The Board and its committees shall not conduct any business that has not been properly placed on the agenda and noticed to the public unless authorized by the Brown Act.

Roles and Responsibilities in the Conduct of Meetings

- 3. The Chair of the Board or committee shall be the presiding officer of the meeting. If the Chair of the Board or committee is absent, the Vice Chair shall serve as the presiding officer. In the event that both the Chair and the Vice Chair are absent from the meeting, the Chair shall appoint a presiding officer of the meeting from among the remaining members of the Board or committee who are entitled to vote during the meeting. The general responsibilities of the presiding officer are:
 - a. To ensure that the meeting starts on time and moves through the agenda in an expeditious manner. The presiding officer may take steps to prevent dissenting Board or committee members and members of the public from employing dilatory tactics to delay a meeting.
 - b. To ensure that Board and committee members and members of the public adhere to the published agenda, except as otherwise permitted by law.
 - c. To be familiar with these rules, OCERS' By-Laws, charters, and policies, and the customary practices of the Board and its committees.
 - d. To direct the orderly conduct of the meeting by recognizing speakers and reminding others that interruption of speakers who have the floor is out of order.
 - e. To impartially recognize members of the Board or committee and members of the public to speak during discussion of a motion. It shall be the presiding officer's prerogative to

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determine the timing of public comment; that is, whether public comment is taken before or during the Board members' discussion on each matter. In any event, the presiding officer should provide opportunity for Board and committee members and members of the public on all sides of a discussion to speak before the Board's action on the motion.

- f. To restate a motion before a vote is taken and to announce the results of the vote. The presiding officer may require a vote by roll call, show of hands, or any other means in order to clarify the results of the vote and permit the vote to be recorded accurately in the minutes of the meeting.
- g. To ensure that discussion is relevant and focused on the issue at hand. The presiding officer may request a Board or committee member or member of the public to confine his or her remarks to the motion under consideration.
- h. To ensure that public comment (1) on any matter within the jurisdiction of the Board or committee is permitted at each meeting of the Board or committee; (2) is limited to three minutes per speaker and to a total of 20 minutes per issue (with the exception of appearances on disability matters; see OCERS By-Laws); and (3) does not interfere with the orderly conduct of the meeting.
- i. To ensure that public comment is directed to the presiding officer, and not to staff, vendors or consultants.
- j. To ensure that any requests made of staff, vendors or consultants to report back to the Board or committee, to place a matter of business on a future agenda of the Board or committee, or to otherwise commit staff time and OCERS resources are (1) made at the direction of the presiding officer; (2) with consensus of the Board or committee members; and (3) with due consideration of the burdens such requests will place on staff, consultants and OCERS resources and any other relevant concerns staff or consultants may identify.
- k. To ensure, before staff, a vendor or a consultant is directed by the presiding officer to respond to questions from, or to report or release additional information requested by, a member of the public during a meeting of the Board or committee, that the information is (1) relevant and appropriate to the subject matter of the meeting; and (2) public in nature.
- l. To adjourn each meeting of the Board or committee at the conclusion of the business set forth on the agenda by unanimous consent.¹

¹ The presiding officer may state (for example), "If there is no objection, this meeting will be adjourned;" and after a pause for objection, if there is no objection, "The meeting is adjourned."

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4. The OCERS CEO or his or her designee shall be the secretary of the Board or committee meeting. The duties of the secretary of the meeting are:
 - a. To prepare or cause to be prepared concise minutes of all meetings of the Board and its committees for approval by the Board at a subsequent meeting.
 - b. At a minimum, the secretary shall record the following in the minutes:
 - i. All members of the Board or committee present at the meeting.
 - ii. All adopted and defeated motions.
 - iii. The name of the maker and seconder of each motion and amendment.
 - iv. Names of all persons reporting or presenting to the Board or committee.
 - v. The identity and vote of each Board or committee member voting or abstaining from a vote.
 - c. The secretary need not record the following in the minutes:
 - i. Detailed discussion or personal opinions of members of the Board or committee or members of the public.
 - ii. Motions that have been withdrawn.
 - iii. Full reports of committees.
5. The minutes of a meeting of the Board will be presented to the Board for approval, and the minutes of a meeting of a committee will be presented to that committee for approval, at the next meeting of the Board or committee as applicable. In addition, because there are periodically changes in the membership of the committees, each current member of a committee is authorized to approve the minutes of meetings conducted prior to the individual becoming a member of the committee.

Agendizing Matters for Board or Committee Consideration

6. In general, matters for Board or committee discussion may be placed on a meeting agenda by staff in the reasonable discretion of the CEO or by a Board or committee member by request to the Chair of the Board or committee.
 - a. The Board and its committees will make use of consent agendas whenever feasible to group items that do not require discussion or debate into a single voting package in order to expedite approval of routine matters.
 - b. Informational reports that have been requested by the Board or a committee will be agendized and presented as information items and may be accepted without action by the Board or committee.
7. In the event that the Chair of the Board or committee refuses to place an item on the agenda, the Board or committee member making the request may appeal the decision to the full Board or committee at the next duly noticed meeting during the Board or committee member

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comments section of the meeting. The motion must receive a second to move forward. The Board or committee will then vote on the question of whether to place the requested matter on the agenda of the next available duly noticed Board or committee meeting.

- a. If the Board or committee votes to place the item on the next available agenda, the matter shall be placed on that agenda and discussed by the Board or committee at the time noticed in the agenda.
 - b. If the Board or committee votes not to place the item on the next available agenda, the matter will be tabled.
 - c. In either case, no action will be taken on the matter after the vote so that any action item can be properly placed on an agenda pursuant to the Brown Act.
8. In the event that a Board or committee member proposes placing a matter on a future agenda during the Board or committee member comments section of the meeting, the presiding officer of the Board or committee may rule on the proposal prior to the end of the meeting. If the presiding officer does so rule at that meeting and refuses to place the proposed matter on a future agenda, the Board or committee member making the proposal may immediately exercise his or her appeal rights as described in number 6 above.

Types of Motions and Their Uses

Main Motions

9. The motions are:
- a. The main motion is the means by which the Board and committee proposes action and does business. It is a proposal that a certain action be taken by the Board or committee whether that action be to express an opinion, adopt a policy, make an expenditure of funds, enter into a contractual obligation, or to take any other action that is within the power of the Board or committee.
 - b. A main motion may be made by any qualified member of the Board or Committee; however, a motion can only be made concerning business that has been placed on the published agenda unless otherwise authorized by law.
 - c. To introduce a main motion, a Board or committee member who has the floor should state, **"I move that..."**
 - d. The presiding officer of the meeting may assist the Board or committee member in clarifying the motion.
 - e. A main motion must be seconded unless the motion comes to the Board from a committee recommendation since any motion coming from a committee already has more than two Board members in favor of considering the motion.

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- f. Debate is held on the main motion when the presiding officer states, “**Is there any discussion.**” The presiding officer shall provide all Board or committee members the opportunity to speak during discussion of a main motion.
- g. A main motion may be amended.
- h. Passage of a main motion requires simple majority vote.
- i. The presiding officer may require that lengthy motions be made in writing.
- j. The maker of the main motion has the right to speak first in support of the motion.
- k. A member may amend his or her own motion before it is restated by the presiding officer immediately preceding the vote on the motion. To be effective, the amendment must be agreed to by the seconder. Such an amendment by the maker of the motion shall not be considered a Motion to Amend or Substitute Motion.
- l. A member may withdraw his or her motion up until the time it is stated by the presiding officer immediately preceding the vote.

Motions that are not in Order

10. The motions are:

- a. Motions that conflict with the By-Laws of OCERS.
- b. Motions that repeat an issue that the Board or committee has already dealt with on the day of the meeting unless made through a Motion for Reconsideration.
- c. Motions that do not comply with the Brown Act, the County Employees Retirement Law of 1937, or other applicable law governing OCERS.
- d. Motions that appear to the presiding officer to be dilatory, unintelligible, frivolous, or rude.
- e. The presiding officer shall make rulings on whether a motion is out of order. The member making the motion has the right of appeal as under section 11 b.

Subsidiary Motions

11. The following motions are ranked lowest to highest in precedence:

- a. Motion to Amend (Substitute Motion):
 - i. Motion to Amend changes the wording of a main motion and may be made at any time after the main motion has been seconded.
 - ii. A motion may be amended by:
 - 1. Adding words or phrases;
 - 2. Striking out words or phrases;
 - 3. Substituting by striking out and inserting new words; or

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4. Substituting an entire motion or paragraph
 - iii. An amendment to a motion must relate to the pending motion. No new business may be introduced under pretext of an amendment.
 - iv. Adoption of an amendment changes the motion. If the motion to amend is successful, the Board or committee must vote to adopt the motion as amended.
 - v. If the amendment is not successful, the original motion is on the floor as originally stated.
 - vi. An amendment may be amended one time so there may be a main motion, a primary amendment, and secondary amendment. A third amendment is not in order.
 - vii. Voting shall be in reverse order of how the motions were offered. Therefore, voting will be on the secondary amendment, if any, first, the primary amendment second, and the main motion third. Voting on the main motion and all amendments must be completed before a new main motion or any amendments may be offered.
 - viii. A Board or committee member must have the floor to offer an amendment.
 - ix. An amendment must be seconded.
 - x. An amendment is debatable if it is made to a debatable motion.
 - xi. The presiding officer shall provide all Board or committee members the opportunity to speak during debate or discussion of a motion to amend.
 - xii. A Motion to Amend requires a majority vote.
- b. Motion to Commit or Refer:
 - i. Motion to Commit or Refer sends the question on the floor to a committee or OCERS' staff so it can be more carefully studied and prepared for discussion by the Board.
 - ii. The Motion to Commit or Refer should include specific direction as to which committee or staff shall study the question, whether the committee or staff will have authority to act, and when the committee or staff should report back to the Board.
 - iii. A Motion to Commit or Refer can be applied to any main motion and any amendments pending on the main motion go with the motion to committee.
 - iv. A Motion to Commit or Refer must be seconded.
 - v. A Motion to Commit or Refer may be debated, but debate must be limited to the merits of sending the issue to a committee or staff.
 - vi. A Motion to Commit or Refer can be amended as to the committee or staff assigned to study the issue and instructions to the committee or staff.
 - vii. A Motion to Commit or Refer requires a majority vote.
- c. Motion to Postpone

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- i. A Motion to Postpone delays action on a question until later in the same meeting or until a subsequent meeting.
 - ii. A Motion to Postpone may be applied to any main motion.
 - iii. A Motion to Postpone must be seconded.
 - iv. A Motion to Postpone may not interrupt a speaker who has the floor.
 - v. A Motion to Postpone may be debated; however, debate must be limited to the merits of postponing consideration of the question.
 - vi. A Motion to Postpone may be amended to change the time or length of postponement.
 - vii. The Motion to Postpone requires a majority vote.
 - viii. The postponed motion should be placed on a subsequent meeting agenda as appropriate.
- d. Motion to Limit Debate:
- i. The Board or committee may use a Motion to Limit Debate to exercise control over debate by reducing the number and length of comments allowed or by requiring that debate stop at a time certain.
 - ii. A Motion to Limit Debate may be used with any motion.
 - iii. A Motion to Limit Debate must be seconded.
 - iv. A Motion to Limit Debate is not debatable.
 - v. A Motion to Limit Debate may be amended only as to the length of comments allowed or when the vote will be taken.
 - vi. A Motion to Limit Debate requires a majority vote.
 - vii. When a Motion to Limit Debate that imposes time limits is successful, the presiding officer will appoint a timekeeper and will inform speakers of when their time is up.
- e. Move the Previous Question:
- i. Move the Previous Question is the motion used to end debate on a question in order to bring the Board or committee to an immediate vote.
 - ii. Move the Previous Question requires a second.
 - iii. The Previous Question motion is out of order if the main motion is debatable and has not received any debate.
 - iv. Previous Question may be applied to any question or motion that is before the Board or committee.
 - v. Previous Question may not be used to interrupt a speaker who has the floor.

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- vi. Previous Question may not be debated.
- viii. Previous Question requires a majority vote.

Incidental Motions or Procedures

12. The motions are:

a. Point of Order

- i. A Point of Order is used by a member of the Board or committee when that member feels the presiding officer is failing to operate within the Board or committee rules.
- ii. Point of Order may be brought during discussion of any motion and may interrupt a speaker who has the floor.
- iii. A Point of Order is not debatable.
- iv. The presiding officer rules on the Point of Order motion.
- v. The Point of Order cannot be amended.

b. Appeal

- i. Appeal allows any two members of the Board or committee to challenge what they feel is an incorrect or unfair ruling by the presiding officer.
- ii. The question of Appeal is stated in the affirmative so that a majority vote sustains the ruling of the presiding officer.
- iii. Appeal requires a second.
- iv. If seconded, the Appeal requires the presiding officer to put his or her ruling to a vote of the Board or committee.
- v. The Appeal is debatable.
- vi. A majority vote in the negative is required to reverse the ruling of the presiding officer. Therefore, the question to be posed is, for example, "If you believe the presiding officer's ruling is correct, please vote 'yes;' and if you believe the presiding officer's ruling is incorrect, please vote 'no.'"

c. Point of Information

- i. Point of Information is used by a Board or committee member to obtain additional information regarding the subject being considered.
- ii. Point of Information does not require a second or a vote.
- iii. The presiding officer will ask the requesting Board or committee member what the Point is.
- iv. Additional information will be provided by staff or the speaker.

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- d. Parliamentary Inquiry
 - i. Parliamentary Inquiry allows the Board or committee members to get parliamentary help.
 - ii. Parliamentary Inquiry does not require a second or a vote.
 - iii. The presiding officer will ask the requesting Board or committee member what the Inquiry is.
 - iv. The presiding officer will rule on the Inquiry after consultation with the secretary, counsel, or others who are familiar with parliamentary procedure.

Restorative Motions

13. The motions are:

- a. Motion to Rescind
 - i. This motion is used to quash or nullify a previously adopted motion. It may be used to strike out an entire motion.
 - ii. A Motion to Rescind is not in order when any action has already been taken as a result of a previous vote (i.e. a contract has been executed with a vendor as a result of the previous vote).
 - iii. A Motion to Rescind must be placed on the meeting agenda in order for the Board or committee to take action on it.
 - iv. It must be seconded.
 - v. It requires a majority vote.
- b. Motion to Reconsider
 - i. A Motion to Reconsider allows the Board or committee to reconsider the vote on a previous motion voted on at that meeting.
 - ii. A Motion to Reconsider can only be made by a member of the Board or committee who voted on the prevailing side of the previous vote.
 - iii. It must be seconded, but the seconder does not have to have been on the prevailing side of the previous vote.
 - iv. It may be debated and it opens up the motion to which it applies to debate.
 - v. It requires a majority vote.
 - vi. A Motion to Reconsider may be made and seconded while other business is pending, but debate and vote will not occur until the business on the floor has been completed.

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- vii. All actions that came out of the original motion must be stayed immediately at the time the Motion to Reconsider is made and seconded.

Voting Methods and Procedures

14. All votes shall comply with the Brown Act (Gov. Code § 54953).
15. The electronic voting system shall be the preferred means of voting for the Board because it allows for accurate recording of each vote.
16. The Board and committees may use voice votes for the convenience of the Board or committee in order to promote efficiency. When using voice votes, any member of the Board or committee may request a roll-call vote or show-of-hands vote in order to accurately record each Board or committee member's vote.
17. All votes shall be recorded in the meeting minutes.

Voting Protocols for the Alternate Seventh Member of the Board

18. The alternate seventh member of the Board² will vote as a member of the Board under the following circumstances:
 - a. When one of the OCERS membership-elected Board members is absent from a board meeting for any cause the alternate seventh member will vote in place of the absent Board member;
 - b. When there is a vacancy with respect to any of the OCERS membership-elected Board members the alternate seventh member will fill the vacancy and vote in place of the vacant Board position;
 - c. When a member of the same service (i.e., sheriffs or fire) as the alternate seventh member is before the Board for determination of his or her retirement, the alternate seventh member will vote in place of the seventh member and the seventh member will not vote, unless one of the OCERS membership-elected Board members is absent or there is a vacancy with respect to any of the OCERS membership-elected Board members, in which case, both the seventh member and the alternate seventh member will vote on that determination, with the alternate seventh member voting for the absent or vacant Board member.

²The seventh member of the Board is a safety member elected by the safety members of the system. The alternate seventh member of the Board is the candidate from the group under Government Code §31470.2 (sheriffs, etc.) or 31470.4 (firefighters, etc.) that is not represented by the seventh member, and who received the highest number of votes of all candidates in that group. (See Government Code §31520.1(a).)

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Scope of Rules and Disputes

19. These rules should be used by the presiding officer, staff, and members of the Board or committee as guidelines for the conduct of meetings unless it is prudent to utilize a different procedure under the circumstances.
20. The presiding officer of the Board or committee meeting is responsible for the orderly conduct of the meeting. The presiding officer may call upon other Board or committee members, the secretary of the Board or committee, or counsel for assistance in resolving disputes.
21. Rulings by the presiding officer should be respected by all Board and committee members, but such rulings may be challenged in accordance with these rules.

Rules Review

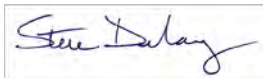
22. The Board of Retirement shall review these rules at least every three (3) years to ensure that they remain relevant and appropriate.

Policy History

23. The Orange County Employees Retirement System Rules of Parliamentary Procedure were originally approved and adopted by the Board of Retirement on February 16, 2015, and were revised on December 19, 2016, October 16, 2017, November 13, 2017, and March 18, 2019.

Secretary's Certificate

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



03/18/19

Steve Delaney
Secretary of the Board

Date

A-5

Memorandum

DATE: March 1, 2019
TO: Members of the Governance Committee
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: PROPOSED REVISIONS TO THE CEO CHARTER

Recommendation

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

Background/Discussion

Staff recommends one substantive revision to the CEO Charter to add authority for the CEO to act on matters in emergency situations.

In addition, the process of memorializing the charters for, and delegation from the CEO to, the Senior Executive staff resulted in several recommended changes to the CEO Charter that are for the purpose of clarifying the language of the CEO Charter. These recommended changes are not intended to be substantive in nature.

Proposed Revisions

The proposed revisions are summarized as follows and are set forth in redlined text in the attached CEO Charter:

Add a new Section titled “**Emergency Authority**” as follows:

18. In emergency situations, the CEO shall have the authority to act on matters not expressly stated within this charter provided that:
- a. The action is, in the CEO’s judgment, necessary to protect the System, its employees, the Fund, or System assets from loss or harm that is reasonably likely to occur if action is delayed for the scheduling of a notices meeting of the Board or its committees; and
 - b. The CEO promptly reports to the Board the emergency action taken, and the reasons why the CEO determined action was immediately necessary.

Add Paragraph **9.d.** to reflect what the Budget Approval Policy currently states is a power of the CEO:

- d. Transfer funds within a category of expenditures (i.e., Salaries and Benefits; Services and Supplies; Capital Projects) within the approved Operating Budget;

Clarify Paragraph **11.d** in order to more accurately reflect the delegated authority and to recognize the responsibility of the CEO with respect to succession planning:

- d. Implement and lead agency Develop training, talent and job development and succession planning programs for OCERS as approved in the Operating Budget.

Clarify the language in Paragraph 12 regarding **Legislation and Litigation** as follows:

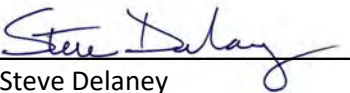
12. The CEO will:

- a. Recommend ~~for Board approval,~~ legislative proposals ~~for approval to be considered~~ by the Board;
- b. ~~Conduct and oversee the assigning, directing, and handling of litigation, coordinate with legal counsel on all~~ claims, demands, disputes or legal proceedings involving OCERS and report material developments in these matters to the Board on a timely basis;
- c. In consultation with legal counsel, provide recommendations to the Board concerning the initiation and settlement of litigation, including administrative appeals, management and disposition of claims, demands, disputes or legal proceedings involving OCERS; and
- d. Oversee the development and implementation of plans to comply with newly enacted legislation and court rulings, as applicable.

In Paragraphs 14 and 15 regarding **Appointment of Service Providers**, add references to the Board's Procurement and Contracting Policy.

In Paragraph 17, change "Monitor" to "Oversee" and make some additional clarifying, non-substantive edits.

Submitted by:



Steve Delaney
Chief Executive Officer

Introduction

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

Duties and Responsibilities

Leadership and Policy Analysis

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

Governance

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

Investments

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

Benefits Administration

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

Operations

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

Finance, Actuarial and Accounting

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

Human Resources

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

- b. Assess the human resources needs of OCERS and establish and implement appropriate human resources programs and procedures, consistent with the human resources and compensation policies of the Board;
- c. Hire, manage and terminate senior management, and approve all personnel decisions concerning OCERS~~oversee the hiring management and termination of~~ staff; and
- d. Implement and lead agency ~~Develop~~ training, talent and job ~~development~~ and succession planning~~programs for OCERS as approved in the Operating Budget.~~

Legislation and Litigation

12. The CEO will:

- a. Recommend ~~for Board approval,~~ legislative proposals for approval to be considered by the Board;
- b. Conduct and oversee the assigning, directing, and handling of litigation,~~ordinate with legal counsel on all~~ claims, demands, disputes or legal proceedings involving OCERS and report material developments in these matters to the Board on a timely basis;
- c. In consultation with legal counsel, provide recommendations to the Board concerning the initiation and settlement of litigation, including administrative appeals, management and disposition of claims, demands, disputes or legal proceedings~~involving~~ OCERS; and
- d. Oversee the development and implementation of plans to comply with newly enacted legislation and court rulings, as applicable.

Communications

13. The CEO will:

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

Appointment of Service Providers

14. The CEO will cause the necessary due diligence to be performed for ~~Board-appointed service providers~~Named Service Providers, as listed in the Board Procurement and Contracting Policy Charter, and will provide the Board with appropriate recommendations, in accordance with the Procurement and Contracting Policy and the Investment Policy Statement of the Board.

14-15. The CEO may hire other service providers, consistent with the Operating Budget and the Procurement and Contracting Policy and other policies of the Board, provided that the Board has not specifically retained the authority to hire such service providers.

Monitoring and Reporting

15-16. The CEO will provide the Board with relevant, appropriate and timely information to

enable it to properly carry out its oversight and fiduciary responsibilities. Furthermore, the CEO will apprise the Board in a timely manner of all significant issues, problems, or developments pertaining to OCERS and provide recommended courses of action as appropriate.

~~16-17.~~ The CEO will:

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

Emergency Authority

~~17-18.~~ In emergency situations, the CEO shall have the authority to act on matters not expressly stated within this charter provided that:

- a. The action is, in the CEO's judgment, necessary to protect the System, its employees, the Fund, or System assets from loss or harm that is reasonably likely to occur if action is delayed for the scheduling of a notices meeting of the Board or its committees; and
- b. The CEO promptly reports to the Board the emergency action taken, and the reasons why the CEO determined action was immediately necessary.

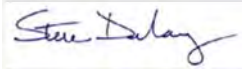
Charter Review

18-19. The Governance Committee will review this charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the charter remains relevant and appropriate.

19-20. This charter was adopted by the Board on November 18, 2002, and amended on August 25, 2008, July 20, 2015, ~~and~~ April 18, 2018, and March 18, 2019.

Secretary's Certificate

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



04/18/18

Steve Delaney, Secretary of the Board

Date

Introduction

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

Duties and Responsibilities

Leadership and Policy Analysis

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

Governance

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

Investments

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

Benefits Administration

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

Operations

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

Finance, Actuarial and Accounting

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

Human Resources

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

- b. Assess the human resources needs of OCERS and establish and implement appropriate human resources programs and procedures, consistent with the human resources and compensation policies of the Board;
- c. Hire, manage and terminate senior management, and approve all personnel decisions concerning OCERS staff; and
- d. Implement and lead agency training, talent development and succession planning.

Legislation and Litigation

12. The CEO will:

- a. Recommend legislative proposals for approval by the Board;
- b. Conduct and oversee the assigning, directing, and handling of litigation, claims, demands, disputes or legal proceedings involving OCERS and report material developments in these matters to the Board on a timely basis;
- c. In consultation with legal counsel, provide recommendations to the Board concerning the initiation and settlement of litigation, including administrative appeals, involving OCERS; and
- d. Oversee the development and implementation of plans to comply with newly enacted legislation and court rulings, as applicable.

Communications

13. The CEO will:

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

Appointment of Service Providers

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

Monitoring and Reporting

- 16. The CEO will provide the Board with relevant, appropriate and timely information to enable it to properly carry out its oversight and fiduciary responsibilities. Furthermore, the CEO will apprise the Board in a timely manner of all significant issues, problems, or

developments pertaining to OCERS and provide recommended courses of action as appropriate.

17. The CEO will:

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

Emergency Authority

18. In emergency situations, the CEO shall have the authority to act on matters not expressly stated within this charter provided that:

- a. The action is, in the CEO's judgment, necessary to protect the System, its employees, the Fund, or System assets from loss or harm that is reasonably likely to occur if action is delayed for the scheduling of a notices meeting of the Board or its committees; and
- b. The CEO promptly reports to the Board the emergency action taken, and the reasons why the CEO determined action was immediately necessary.

Charter Review

19. The Governance Committee will review this charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the charter remains relevant and appropriate.
20. This charter was adopted by the Board on November 18, 2002, and amended on August 25, 2008, July 20, 2015, April 18, 2018, and March 18, 2019.

Secretary's Certificate

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



03/18/19

Steve Delaney
Secretary of the Board

Date

I-1

Memorandum

DATE: March 1, 2019
TO: Members of the Governance Committee
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: SENIOR EXECUTIVES CHARTERS – CEO DELEGATIONS TO THE SENIOR EXECUTIVES

Written Report


Background/Discussion

Through the CEO Charter, the Board has delegated significant authority to the CEO, as the most senior executive of OCERS. The CEO Charter provides that “The CEO will manage the day-to-day affairs of OCERS in accordance with policies established by the Board, *and may delegate duties to senior management as necessary.* In doing so, the CEO will solicit advice and counsel from the Board, the Board Chair, or individual Board members, as appropriate.” (Emphasis added.)

To date, delegated authority to the Senior Executives, apart from the Chief Investment Officer, has not been memorialized in formal charter documents.

The CEO has worked with the Senior Executives to prepare charters for the Assistant CEO, Internal Operations; the Assistant CEO, External Operations; and the General Counsel in order to memorialize the delegations of authority. The charters are attached for the committee’s perusal.

Submitted by:



Steve Delaney
Chief Executive Officer

Assistant CEO, Finance and Internal Operations Charter

Introduction

Pursuant to the Charter from the Orange County Employees Retirement System (OCERS) Board of Retirement (Board) to the Chief Executive Officer (CEO), the CEO hereby delegates to the Assistant Chief Executive Officer, Finance and Internal Operations (ACEOI) to act finally with respect to any and all of the matters set forth below. The actions of the ACEOI, Finance and Internal Operations under this Charter shall be conducted in compliance with applicable laws and Board policies. Except where the CEO has required the ACEOI, Finance and Internal Operations to act personally, the ACEOI, Finance and Internal Operations may sub-delegate, as appropriate in the judgment of the ACEOI, Finance and Internal Operations, any authority delegated to the ACEOI, Finance and Internal Operations under this Charter.

General Authority

1. Guide the strategic direction of the Finance, Administrative Services (which includes Human Resources), Information Technology and Information Security Departments;
2. Conduct and oversee the administration of all functions of the Finance, Administrative Services, Information Technology and Information Security Departments;
3. Provide leadership and oversee the development and implementation of plans, policies and procedures that achieve program objectives and provide for efficient Finance, Administrative Services, Information Technology and Information Security operations, within the resources and fiscal limits set by the Board;
4. Conduct and approve the internal organizational structure of staff of the Finance, Administrative Services, Information Technology and Information Security Departments in a manner that is consistent with this Charter and applicable Board policy;
5. Approve all personnel decisions concerning all staff of the Finance, Administrative Services, Information Technology and Information Security Departments subject to final approval of the CEO;
6. Conduct and oversee the evaluation of compensation mechanisms and criteria, development of policies and procedures, and development of recommendations concerning compensation of personnel employed directly by OCERS;
7. Direct the development, review, revision, implementation and execution of OCERS Human Resources policies and procedures;
8. Assist in the development and implementation of OCERS' Strategic Plan and Annual Business Plan;
9. Direct the development of OCERS administrative and investment budgets; review budget requests and justifications with appropriate department executives, authorize expenditures and transfer budgeted amounts within a category of expenditures (i.e. Salary and Benefits; Services and Supplies; Capital Projects) as necessary within the approved operating budget;



Assistant CEO, Finance and Internal Operations Charter

10. Ensure that there are sufficient information technology, facilities and equipment to support OCERS business and operational needs, operating within the resources and fiscal limits set by the Board;
11. Approve building, tenant and owner improvements that are deemed necessary by the CEO within the resources and fiscal limits set by the Board;
12. Confer with actuaries and other specialty consultants and direct the gathering of data required for producing a variety of actuarial, financial, statistical and narrative reports;
13. Represent OCERS and communicate the Board's policies and positions before outside parties and organizations;
14. Advise CEO on all matters relating to the operation of OCERS; and
15. Act in the absence of the CEO.

Contract Authority

In accordance with the procurement and contracting policies adopted by the Board, including the Procurement and Contracting Policy:

16. Assist the Board with the solicitations and negotiation of contracts for actuarial services, independent auditing services, and the pension administration system provider;
17. Approve the solicitations and negotiation of contracts and agreements for all contractors, vendors, consultants and advisors necessary for the operations of the Finance, Administrative Services, Information Technology and Information Security Departments within the resources and fiscal limits set by the Board; and
18. With the exception of Named Service Providers as defined in the Procurement and Contracting Policy, approve and execute contracts, agreements, purchase orders and amendments to contracts, agreements and purchase orders for vendors, leases and service providers.

Additional Specific Authority

19. Direct the design, acquisition, development, implementation and maintenance of all technological systems required to administer OCERS within the resources and fiscal limits set by the Board;
20. Direct the development of the Comprehensive Annual Financial Report covering administration and investment operations and expenditures of the system for the preceding fiscal year in accordance with Generally Accepted Accounting Principles and recommended best practices by the Government Finance Officers Association;
21. File in the office of the County Auditor and the Board of Supervisors a sworn statement which will exhibit the financial condition of OCERS at the close of the preceding calendar year and

Assistant CEO, Finance and Internal Operations Charter

- its financial transactions for the year ending on that day as required by Government Code Section 31597;
22. Implement appropriate internal controls to safeguard the assets of OCERS, ensure financial statement reliability, promote operational efficiencies and support compliance with Board policies and the CEO's directives;
 23. Account for and ensure appropriate collection, deposit and distribution of funds as required;
 24. Authorize checks and electronic transfers drawn on the OCERS retirement fund in accordance with California Government Code section 31590;
 25. Assist the Audit Committee in coordinating the annual financial audit;
 26. Ensure the delivery of the annual actuarial valuation and the triennial demographic and economic experience study in consultation with the actuary;
 27. Execute security measures that protect data, physical security and safety of employees, facilities, and assets;
 28. Authorize requests for purchase or lease of major items of property and equipment, and repair of existing property and equipment;
 29. Authorize the establishment and negotiation of tenant lease rates and terms as the building owner;
 30. Conduct and oversee the contract negotiations for property management, maintenance, security, janitorial and other required facility related services;
 31. Approve the disposition of surplus property and direct the method of disposition of such property in accordance with the Board's Disposition of Surplus Property Policy;
 32. Identify, assess, and address financial and enterprise risks; recommend and take appropriate actions to mitigate or respond to risks which could include the purchase of insurance, implementing mitigating controls or avoiding the risk; and
 33. Oversee talent management including recruitment, hiring, development, training, labor relations, performance management, handling of confidential employee matters and the retention of staff.

Monitoring and Reporting

34. Direct the monitoring of OCERS' administrative and investment annual budgets ensure compliance with fiscal policies, and provide budget to actuals report quarterly to the Board;
35. Provide prompt communication to the Audit Committee, Board and CEO following major security breaches;
36. Direct the monitoring and reporting of compliance with Board policies assigned to the ACEOI; and



Assistant CEO, Finance and Internal Operations Charter

37. Report to the CEO, on at least a monthly basis, all significant actions the ACEO, Finance and Internal Operations has taken under this delegation of authority.

Charter Review

38. The CEO will review this charter at least once every three (3) years and make any amendments as may be necessary to ensure the charter remains relevant and appropriate.

Charter History

39. This charter was adopted by the Board of Retirement on _____.

Secretary's Certificate

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

Steve Delaney, Chief Executive Officer	Date
--	------

I understand and accept the authority delegated by this Charter.

Brenda Shott, Assistant CEO, Finance and Internal Operations	Date
--	------

Assistant CEO, External Operations Charter

Introduction

Pursuant to the Charter from the Orange County Employees Retirement System (OCERS) Board of Retirement (Board) to the Chief Executive Officer (CEO), the CEO hereby delegates to the Assistant CEO External Operations (ACEOEO) the authority to act finally with respect to any and all of the matters set forth below. The actions of the ACEOEO under this Charter shall be conducted in compliance with applicable laws and Board policies. Except where the CEO has required the ACEOEO to act personally, the ACEOEO may subdelegate, as appropriate in the judgment of the ACEOEO, any authority delegated to the ACEOEO under this Charter.

General Authority

1. Guide the strategic direction of OCERS External Operations Division, which includes the Member Services, Disability and Communications departments;
2. Conduct and oversee the administration of all functions within OCERS External Operations Division;
3. Provide leadership for the External Operations Division staff by implementing and overseeing the programs necessary to achieve the mission, goals and objectives established by the CEO;
4. Manage the day-to-day affairs of the employees who directly report to the ACEOEO in accordance with policies established by the CEO;
5. Report to the CEO, on at least a monthly basis, all significant actions the ACEOEO has taken under this charter;
6. Conduct and approve the internal structure of the staff of the External Operations Division in a manner that is consistent with this charter and applicable Board policies;
7. Approve all personnel decisions concerning External Operations staff subject to final approval by the CEO;
8. Recommend to the Board, as necessary, policies to ensure timely, accurate, effective and efficient administration of member benefits;
9. Oversee the implementation of plans and policies that achieve the business objectives set by the CEO and Board;
10. Ensure accurate payment of benefits to members, and address problems or errors in accordance with established policies and procedures;
11. In consultation with medical evaluators and legal counsel, recommend disability applications to the Board and the Disability Committee for each of their consideration;
12. Maintain accurate records of member accounts;
13. Ensure delivery of high standards of service to members including calculations and counseling;
14. Oversee the development and implementation of staff policies, procedures and training to ensure effective and efficient administration of plan benefits while protecting fund assets;
15. Oversee the development of and recommend to the Board a business plan and updates to the plan as necessary;

Assistant CEO External Operations Charter

16. Conduct and oversee the development of the External Operations Division's budget; monitoring, approving expenditures and authorizing the transfer of budgeted amounts within a category of expenditures (i.e. Salary and Benefits, Services and Supplies, Capital Projects) in the External Operations Division's budget as necessary;
17. Represent OCERS and maintain an effective working relationship with the County, employers and stakeholder groups;
18. Represent OCERS as an expert on benefit plan administration and communicate the Board's policies before outside parties and organizations; and
19. Act in the absence of the CEO.

Contract Authority

20. Approve the solicitation and negotiation of contracts and agreements for all contractors, vendors, consultants and advisors necessary for the operations of the External Operations Division; and
21. Execute contractual agreements in accordance with the Procurement and Contracting Policy and authorize payments related to the administration of OCERS, consistent with the Operating Budget and OCERS' internal controls.

Additional Specific Authority

22. Conduct and oversee, as the executive liaison, the meetings of the Disability Committee of the Board including the preparation of agenda, meeting materials, presentations, trainings and minutes, in accordance with the Brown Act;
23. Monitor and oversee the compliance with Board policies assigned to the ACEOEO by the Board;
24. Communicate timely and effectively with members, beneficiaries and stakeholders on matters relating to the administration of OCERS. Such communications may include press releases, newsletters, presentations, and internet communications;
25. Oversee the management of the OCERS retirement program for Orange County and all employer plan sponsors; and
26. Oversee final determinations on retirement benefit calculations, membership classifications, compensation earnable and pensionable compensation attributes.

The CEO will review this Charter at least once every three (3) years and make any amendments as may be necessary to ensure the Charter remains relevant and appropriate.



Assistant CEO, External Operations Charter

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

Steve Delaney, Chief Executive Officer

Date

I understand and accept the authority delegated by this Charter.

Suzanne Jenike, Assistant CEO, External Operations

Date

General Counsel Charter

Introduction

Pursuant to the Charter from the Orange County Employees Retirement System (OCERS) Board of Retirement (Board) to the Chief Executive Officer (CEO), the CEO hereby delegates to the General Counsel the authority to act finally with respect to any and all of the matters set forth below. The actions of the General Counsel under this Charter shall be conducted in compliance with applicable laws and Board policies. Except where the CEO has required the General Counsel to act personally, the General Counsel may subdelegate, as appropriate in the judgment of the General Counsel, any authority delegated to the General Counsel under this Charter.

General Authority

1. Conduct and oversee the administration of all functions within the OCERS Legal Division.
2. Oversee that all legal and legislative functions are performed with independence and in conformance with professional standards.
3. Report to the CEO, on at least a monthly basis, all significant actions the General Counsel has taken under this Charter.
4. Conduct and approve the internal organizational structure of the staff of the Legal Division in a manner that is consistent with this Charter and applicable Board policy.
5. Approve all personnel decisions concerning all staff of the Legal Division subject to final approval of the CEO.
6. Conduct and oversee the development of the Legal Division's budget; monitor and approve expenditures; and transfer funds within a category of expenditures (i.e., Salary and Benefits; Services and Supplies; Capital Projects) in the Legal Division's budget as necessary.
7. Conduct and oversee the drafting of state and federal legislation subject to final approval of the CEO or the Board.
8. Monitor and regularly report to the Board regarding proposed legislation that may affect OCERS.
9. Conduct and oversee the implementation of plans and policies that achieve program objectives and provide for efficient and effective Legal Division operations, within the resources and fiscal limits set by the Board.
10. Conduct independent advice and counsel to the Board and the CEO on matters pertaining to OCERS.
11. Represent OCERS as a spokesperson and expert on legal and legislative matters and testify on behalf of OCERS before federal, state, and local governmental bodies on these issues.

General Counsel Charter

12. Represent OCERS and communicate the Board's policies and positions before outside parties and organizations.

Contract Authority

In accordance with the procurement and contracting policies adopted by the Board, including the Procurement and Contracting Policy:

13. Approve solicitations for outside counsel, including, in consultation with the CEO, the Board's fiduciary counsel.
14. With the exception of the Board's fiduciary counsel, approve and execute contracts and amendments to contracts with outside counsel.
15. In consultation with the CEO, engage outside counsel pursuant to existing contracts for specific assignments or matters within the scope of such contracts.
16. Approve and co-sign contracts between OCERS and vendors and service providers.

Additional Specific Authority

17. In consultation with the CEO, conduct and oversee the assigning, directing, and handling of litigation, claims and disputes (including the filing of amicus curiae briefs) involving OCERS both at the administrative and judicial levels.
18. With respect to securities litigation matters:
- (a) Review securities class action filings in which OCERS may have recognized losses;
 - (b) Recommend to the Board securities cases in which OCERS should take an active role;
 - (c) Present to the Investment Committee proposed settlements and an analysis of the settlement terms in securities litigation matters in which OCERS has taken an active role;
 - (d) At the direction of the Investment Committee or the CEO, retain litigation counsel under specific terms or issue an RFP for litigation counsel to represent OCERS in cases in which the Investment Committee or the CEO has approved OCERS taking an active role;
 - (e) Monitor securities litigation cases in which OCERS' estimated losses meet the loss threshold established by the Securities Litigation Policy;
 - (f) With the approval of the CEO, engage at least two and no more than five firms to serve as securities litigation monitoring firms on behalf of OCERS;
 - (g) In conjunction with the Investment department, from time to time audit the custodial bank's claims filing process; and

General Counsel Charter

- (h) Report on a quarterly basis to the Investment Committee with respect to the Legal department's responsibilities under the Securities Litigation Policy.
19. Oversee the work of outside counsel providing specialized services to OCERS.
 20. Consult with the Board's fiduciary counsel on matters involving the Board's or staff's fiduciary responsibilities.
 21. Conduct and oversee the issuance of administrative subpoenas.
 22. Conduct and approve the execution of conflict waivers.
 23. Conduct and oversee, as the executive liaison, the meetings of the Governance Committee of the Board including the preparation of agendas, meeting materials and presentations and minutes, in accordance with the Brown Act.
 24. Conduct and oversee the development of Board policies and procedures.
 25. Conduct and oversee Board and staff training on legal issues.
 26. Assist the CEO in his or her performance of the duties as the OCERS filing officer for purpose of compliance with the California Political Reform Act and regulations of the Fair Political Practices Commission.

Charter Review

The CEO will review this Charter at least once every three (3) years and make any amendments as may be necessary to ensure the Charter remains relevant and appropriate.

Steve Delaney, Chief Executive Officer

Date

I understand and accept the authority delegated by this Charter.

Gina M. Ratto, General Counsel

Date

I-2



Memorandum

DATE: March 1, 2019
TO: Members of the Governance Committee
FROM: Gina M. Ratto, General Counsel
SUBJECT: REVIEW OF THE GOVERNANCE COMMITTEE CHARTER

Presentation

The CEO asked the executive liaisons to each of the Board's committees to provide an overview of the respective committee charter at the first committee meeting of the calendar year.

Attached is a copy of the Governance Committee Charter and a PowerPoint presentation that will guide the discussion.

Submitted by:

A handwritten signature in blue ink that reads "Gina M. Ratto".

Gina M. Ratto
General Counsel

Introduction

1. The OCERS Board of Retirement (Board) has established a Governance Committee to assist the Board in recommending, reviewing, and amending, as necessary, policies and procedures for-governance of the Board. The Governance Committee is an advisory committee to the Board and its recommendations are subject to final approval by the Board.
2. The Board Chairperson will appoint members to the Governance Committee as provided for in OCERS By-Laws and will designate one member of the committee to serve as committee chair and one member of the committee to serve as committee vice chair.
3. The Governance Committee shall be comprised on four (4) members of the Board.

Duties and Responsibilities

4. The Governance Committee will:
 - a. In consultation with the Chief Executive Officer, develop terms of reference for the Board, the Committee Chairs, and Chief Executive Officer, and periodically recommend to the Board such amendments as may be necessary or advisable;
 - b. Review, develop, and recommend to the Board for approval, new governance policies as may be necessary, review existing governance policies based upon the established schedule for review, and review and/or recommend changes to the By-Laws as directed by the Board or Board Chair;
 - c. Review the charters and policies assigned to Governance Committee at least once every three years in accordance with the schedule set forth in the *OCERS Charters and Policies Review Schedule* and recommend the same for approval by the Board;
 - d. Monitor the implementation of governance-related policies;
 - e. Report regularly to the Board on the Committee's activities; and
 - f. At the request of the Board Chair or the Board, undertake such other governance-related initiatives as may be necessary or desirable to guide or assist the Board and OCERS staff in carrying out their respective duties and responsibilities.

OCERS Board Charter

Governance Committee Charter

Charter Review

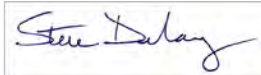
5. The Governance Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

Charter History

6. This Charter was adopted by the Board of Retirement on November 18, 2002 and amended on March 17, 2014, July 20, 2015 and May 15, 2017.

Secretary's Certificate

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



5/15/17

Steve Delaney, Secretary of the Board

Date

2011



Overview of the Governance Committee Charter

Presented on March 1, 2019

by

Gina M. Ratto, General Counsel

- The Charter represents a delegation of duties from the Board of Retirement to the Governance Committee.
- The Charter was adopted on November 18, 2002, and is reviewed every three years.
- The Charter was last reviewed on May 15, 2017.

- The ***purpose*** of the Governance Committee is to assist the Board in recommending, reviewing and amending the governance policies of the Board.
- The Committee is comprised of four members of the Board, appointed by the Board Chair.
- It is an ***advisory committee*** to the Board, and the Committee's recommendations are subject to final approval by the Board.

Committee Duties & Responsibilities

- Develop and recommend revisions to terms of reference for the Board, the Committee Chairs, and the CEO;
- Recommend new and review existing governance policies and monitor their implementation;
- Review the charters and policies assigned to the Governance Committee by the *OCERS Charters and Policies Review Schedule*;
- At the request of the Board or Board Chair, undertake other governance-related initiatives; and
- Report regularly to the Board on the Committee's activities.

Charters & Policies Assigned to the Governance Committee

Charters:

- Board of Retirement Charter (*due 2021*)
- Chair of the Board Charter (*due 2021*)
- **Vice Chair of the Board Charter (*due 2019*)**
- CEO Charter (*due 2021*)
- **Committee Chair Charter (*due 2019*)**
- Governance Committee Charter (*due 2020*)

Charters & Policies Assigned to the Governance Committee

- Actuarial Funding Policy (*due 2021*)
- Actuarial Valuation Policy (*due 2020*)
- Budget Approval Policy (*due 2020*)
- **CEO Performance Evaluation Policy (*due 2019*)**
- Communications Policy (*due 2020*)
- Cost Impacting Policy (*due 2021*)
- Data Request Policy (*due 2021*)
- Declining Employer Payroll Policy (*due 2021*)
- Disposition of Surplus Property Policy (*due 2021*)
- **Election Procedures (*past due 2018*)**
- Extraordinary Expense Recovery Policy (*due 2021*)
- **Indemnity and Defense Policy (*due 2019*)**
- Legislative Policy (*due 2021*)
- Member Services Customer Service Policy (*due 2021*)
- Membership Eligibility Requirements Policy (*due 2020*)
- Monitoring and Reporting Policy (*due 2022*)

Charters & Policies Assigned to the Governance Committee

- **Overpaid and Underpaid Plan Benefits Policy (due 2019)**
- Overpaid and Underpaid Plan Contributions Policy (due 2022)
- Planning Policy (due 2020)
- Procurement and Contracting Policy (due 2021)
- Public Records Request Policy (due 2020)
- Quiet Period Policy (due 2020)
- Record Retention Policy and Guidelines (due 2020)
- Reserves and Interest Crediting Policy (due 2020)
- Rules of Parliamentary Procedure (due 2020)
- SACRS Voting Authority Policy (due 2020)
- **Succession Policy (due 2019)**
- Travel Policy (due 2021)
- **Trustee Education Policy (due 2019)**
- Whistleblower Policy (due 2022)
- **Withdrawing Plan Sponsor Policy (past due 2018)**
- Write Off Policy (due 2021)

- The Governance Committee is important:
 - Its work helps the Board and OCERS run more efficiently and effectively through good governance.
- The Governance Committee is busy:
 - It reviews and recommends changes to the majority of the Board’s policies (governance related and not).