

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

**REGULAR MEETING
Monday, August 19, 2019
9:00 a.m.**

MINUTES

Chair Packard called the meeting to order at 9:02 a.m.

Attendance was as follows:

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

Absent: David Ball

Also Present: Steve Delaney, Chief Executive Officer; Suzanne Jenike, Assistant CEO, External Operations; Molly Murphy, CIO; Brenda Shott, Assistant CEO, Internal Operations; Gina Ratto, General Counsel; Dawn Matsuo, Staff Attorney; Matt Eakin, Director of Cyber Security; Anthony Beltran, Visual Technician; and Nichol Forbes; Recording Secretary.

Guests: Paul Angelo, Harvey Leiderman, Lori Zeller, Gregg Rademacher

Trustee Dewane led the Pledge of Allegiance.

CONSENT AGENDA

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

C-1 OPTION 4 RETIREMENT ELECTION

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

NONE

C-2 BOARD MEETINGS AND COMMITTEE MEETINGS

Regular Board Meeting Minutes

July 11, 2019

Recommendation: Approve minutes.

**C-3 OUTCOMES OF JULY 31, 2019 PERSONNEL COMMITTEE MEETING
TRIENNIAL REVIEW OF THE CEO PERFORMANCE EVALUATION POLICY**
*Brenda Shott, Assistant CEO, Internal Operations and Cynthia Hockless, Director of
Administrative Services, OCERS*

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

1. Approve revisions to the CEO Performance Evaluation Process
2. Approve the timeline for the 2019 CEO Performance Evaluation Process.

The motion passed **unanimously** with Trustee Ball absent.

DISABILITY/MEMBER BENEFITS AGENDA

OPEN SESSION

CONSENT AGENDA

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

DC-1: Tabetha Black
Deputy Sheriff I, Orange County Sheriff's Department

Recommendation: The Disability Committee recommends that the Board grant non-service connected disability retirement with an effective date of October 12, 2018. (Safety Member)

DC-2: Sheila D. Dailey
Eligibility Technician, Orange County Social Services Agency

Recommendation: The Disability Committee recommends that the Board grant non-service connected disability retirement with an effective date of August 8, 2014. (General Member)

DC-3: Derek Eastham
Fire Captain, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of January 4, 2019. (Safety Member)

DC-4: Alexandra Le
Legal Research Attorney, Orange County Superior Court

Recommendation: The Disability Committee recommends that the Board grant non-service connected disability retirement with an effective date of October 16, 2015. (General Member)

DC-5: Charles McHugh
Fire Apparatus Engineer, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of July 13, 2018. (Safety Member)

DC-6: Elizabeth Ortiz

Office Technician, Orange County Social Services Agency

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of January 13, 2012. (General Member)

DC-7: Michelle Wachter

Coach Operator, Orange County Transportation Authority

Recommendation: The Disability Committee recommends that the Board grant non-service connected disability retirement with an effective date of April 30, 2017. (General Member)

DC-8: Michael Brown

Environmental Technician, Orange County Sanitation District

Recommendation: The Disability Committee recommends that the Board deny service connected disability retirement due to insufficient evidence of permanent incapacity or job causation. (General Member)

DC-9: Vanessa Callins

Coach Operator, Orange County Transportation Authority

Recommendation: The Disability Committee recommends that the Board deny service connected disability retirement due to insufficient evidence of job causation. (General Member)

DC-10: Mark Yesia

Employment and Eligibility Specialist, Orange County Social Services Agency

Recommendation: The Disability Committee recommends that the Board deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate. (General Member)

DC-11: Jean Yu

Administrative Manager III, Orange County Information Technology

Recommendation: The Disability Committee recommends that the Board deny service connected disability retirement due to insufficient evidence of job causation. (General Member)

The motion passed **unanimously** with Trustee Ball absent.

The Board Meeting adjourned to Closed Session at 9:05 a.m.

CLOSED SESSION
(Government Code sections 54957 and 54956.9)

DISABILITY/MEMBER BENEFITS AGENDA

DA-2: BENEFIT APPEAL – ANGELICA SALDANA

Recommendation: Staff recommends that the Board approve and adopt the Hearing Officer’s Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated June 4, 2019 (Recommendation), and grant Applicant’s request for an earlier effective date of March 3, 2017 of her service connected disability retirement, and deny the Applicant’s request for an earlier effective date of October 29, 2013.

DA-3: BENEFIT APPEAL – LYDIA E. GONZALEZ

Recommendation: Staff recommends that the Board approve and adopt the Hearing Officer’s Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated June 4, 2019 (Recommendation), and grant an earlier service retirement benefit effective date of June 6, 2008.

The Board Meeting reconvened in Open Session at 9:14 a.m.

Chair Packard reported that for **DA-2**, the Board took the following action in Closed Session:

The Staff recommendation to approve and adopt the Hearing Officer’s Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated June 4, 2019 (Recommendation), and grant Applicant Angelica Saldana’s request for an earlier effective date of March 3, 2017 of her service connected disability retirement, and deny the Applicant’s request for an earlier effective date of October 29, 2013 was **approved unanimously** with Trustee Ball absent.

There was nothing to report on **DA-3**, the item having been pulled from the Agenda at the request of the Applicant.

Mr. Eley pulled item I-12 to address at the end of the agenda during Board Comments.

Moved to Item I-13.

ACTION ITEMS

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

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

No items were trailed from the Consent Agenda.

A-2 SEGAL CONTRACT RENEWAL

Presentation by Brenda Shott, Assistant CEO, Internal Operations to review the staff recommendation to approve the amendment with Segal Consulting for a full three year extension.

MOTION by Prevatt, **seconded** by Lindholm, to approve an amendment to the contract between OCERS and Segal Consulting to extend the term of the contract for three years.

The motion passed **unanimously** Trustee Ball absent.

Information Item I-18 was taken out of order at this time.

A-3 REAL ESTATE BROKER CONTRACT

Presentation by Brenda Shott, Assistant CEO, Internal Operations to request approval for the contract with Cushman & Wakefield for real estate broker services.

MOTION by Prevatt, **seconded** by Eley, to approve the contract with Cushman & Wakefield.

The motion passed **unanimously** with Trustees Ball and Dewane absent.

INFORMATION ITEMS

I-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

August 19, 2019

Death Notices

August 19, 2019

I-2 COMMITTEE MEETING MINUTES

Written Report

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

Written Report

I-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

I-5 LEGISLATIVE UPDATE

Written Report

I-6 BOARD COMMUNICATION

Written Report

I-7 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2019

Written Report

I-8 SECOND QUARTER 2019 BUDGET TO ACTUALS REPORT

Written Report

I-9 OCERS BY THE NUMBERS (2019 EDITION)

Written Report

I-10 THE EVOLUTION OF THE OCERS UAAL (2019 EDITION)

Written Report

I-11 2019 EMPLOYER AND EMPLOYEE CONTRIBUTIONS MATRIX

Written Report

I-12 2019 BOARD ELECTION, GENERAL MEMBER AND RETIRED MEMBER UPDATE

Written Report

Mr. Eley stated that the registrar of voters was contacted in June and the item was put on the calendar in July with a period of only 14 days for the candidates to get signatures. Mr. Eley suggested moving the OCERS General Election so that it is off the cycle of the Regular General Election and for next year, set the date in January, make the signature period around 30 days to allow more time to get the signatures to run in the election.

Mr. Prevatt stated that Mr. Eley's suggestion should be brought before the Governance Committee at the next meeting to come up with a better way to handle the election process.

The following informational items were presented to the Board:

I-13 SACRS 2020 LEGISLATIVE PROPOSALS AND TIMELINE

Presentation by Gina Ratto, General Counsel, OCERS.

Ms. Ratto presented the timeline for proposing legislative amendments to SACRS with a request that SACRS sponsor said legislation during the 2020 legislative session. Such proposals need to be submitted by August 30, 2019. She stated that neither she nor Mr. Delaney are aware of any desired proposals by the OCERS Board.

Chair Packard stated, after asking all the members of the Board, the Board does not wish to propose any legislative amendments for 2020.

I-14 OCERS ACTUARIAL REVIEW – RISK ASSESSMENT, PLAN MATURITY, AND CASH FLOW

Presentation by Paul Angelo, Segal Consulting presented and discussion by the Board.

The Board recessed for a break at 10:30 a.m.

The Board reconvened at 10:44 a.m.

I-15 ORANGE COUNTY FIRE AUTHORITY – UPDATE ON ACCELERATED PENSION PAYDOWN PLAN

Presentation by Lori Zeller, Deputy Chief, Administration and Support, OCFA and discussion by the Board.

I-16 CITY OF SAN DIEGO EMPLOYEES RETIREMENT SYSTEM – OVERVIEW

Presentation by Gregg Rademacher, Chief Executive Officer, SDCERS and discussion by the Board.

I-17 OCERS BUILDING RENOVATION PROJECT

This item was pulled from the agenda.

I-18 PUBLIC IDENTIFICATION OF REAL PROPERTY SUBJECT TO NEGOTIATIONS AND PERSONS WITH WHOM OCERS NEGOTIATOR MAY NEGOTIATE

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

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

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

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

CLOSED SESSION ITEMS

The Board **ADJOURNED** to Closed Session at 11:47 a.m. for items E-1, E-2 and E-3.

The Board **reconvened** in Open Session at 12:24 p.m. and reported out the following actions taken during closed session on item E-1, E-2, and E-3.

E-1 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED

(GOVERNMENT CODE SECTION 54956.9(d)(1)) O.C. Department of Education v. OCERS, CA Court of Appeal, 4th Dist. (Case No. G055439); CA Superior Court, Orange County, (Case No. 30-2016-00836897)

Adjourn pursuant to Government Code Section 54956.9(d)(1).

MOTION by Dewane, **seconded** by Eley to authorize the continued legal action against the Department of Education to recover costs incurred by OCERS in defending against the Department of Education’s continued refusal to pay its share of the of the unfunded liability attributable to the Department of Education based on the trial court ruling, affirmed by the Court of Appeals, that the Department of Education has a mandatory ministerial duty to pay all amounts that OCERS determines are due and payable by the Department of Education to OCERS. The **motion passed unanimously 7-0** with voting as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Prevatt			Ball
Lindholm			
Baldwin			
Eley			
Freidenrich			
Chair Packard			
Vice Chair Hilton			

The record is to show that Trustee Lindholm was recused on this matter.

MOTION by Dewane, **seconded** by Eley to engage the firm of Reed Smith to represent OCERS in legal action against the Department of Education to recover costs incurred by OCERS in defending against the Department of Education’s continued refusal to pay its share of the of the unfunded liability attributable to the Department of Education. The **motion passed unanimously 7-0** with voting as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Prevatt			Ball
Lindholm			
Baldwin			
Eley			
Freidenrich			
Chair Packard			
Vice Chair Hilton			

The record is to show that Trustee Lindholm was recused on this matter.

E-2 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED

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

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

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

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

E-3 CONFERENCE WITH REAL PROPERTY NEGOTIATORS

(GOVERNMENT CODE SECTION 54956.8)

Adjourn to closed session pursuant to Government Code Section 54956.8

Property: 1200 N. Tustin Avenue, Santa Ana, CA
Agency Negotiators: Brenda Shott, OCERS Asst. Chief Executive Officer, Internal Operations and
Brian Booth, Cushman & Wakefield
Negotiating Parties: LBR Commercial
Under Negotiation: Price and terms of payment

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

The Board recessed for lunch at 12:26p.m.

The Board reconvened from lunch at 1:13p.m. to address item A-3

BOARD MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

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

The meeting **ADJOURNED** at 1:19 p.m. in memory of the active members, retired members, and surviving spouses who passed away during the past month:

Active Members

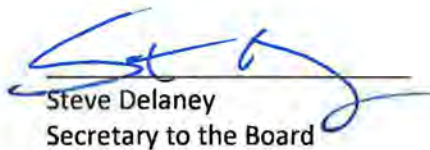
Albertson, Barbara
Almario, Jose
Anderson, Melvin
Bottorff, Clark
Cadambi, Suresh
Covarrubias, Ramon
Do, Hue
Eberhart, Warren
Eisenhut, Donna
Fleming, Dan
Franco, Mary
Gerhard, Donald
Guevara, Norma
Hoskin, Charles
Johnson, Darren
Keene, John
Khidir, Christa
Lohnes, George
Nerase, Jody
Pearce, Allen
Pederson, Marilyn

Perkins, Howard
Pflaster, Linda
Reed, Lois
Rodrigues, Clara
Scaggs, Aquila
Tollison, Sandra
Upton, George
Voss, Fred

Surviving Spouses

Kennedy, Rachel
Morgan, Fines
Quintanilla, Elida
Remp, Gayla
Simpson, Harriet
Vonda, Bryan

Submitted by:


Steve Delaney
Secretary to the Board

Approved by:


Charles E. Packard
Chairman