

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

BUDGET WORKSHOP
OCERS MODJESKA TRAINING ROOM – FIRST FLOOR

October 17, 2019
9:00 a.m.

AGENDA

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

INDIVIDUAL ITEM AGENDA

I-1 2020 PROPOSED ADMINISTRATIVE BUDGET

Presentation by Steve Delaney, Brenda Shott & Tracy Bowman

Recommendation: Discussion only, no action to be taken.

***** END OF INDIVIDUAL ITEM AGENDA *****

NOTICE OF NEXT MEETINGS

REGULAR BOARD MEETING
October 21, 2019
9:00 A.M.

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

INVESTMENT COMMITTEE MEETING
October 31, 2019
9:00 A.M.

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

PERSONNEL COMMITTEE MEETING

October 31, 2019

1:00 P.M. OR UPON ADJOURNMENT OF THE INVESTMENT COMMITTEE MEETING, WHICHEVER IS LATER

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

DISABILITY COMMITTEE MEETING

November 05, 2019

10:00 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

GOVERNANCE COMMITTEE MEETING

November 07, 2019

9:00 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

REGULAR BOARD MEETING

November 18, 2019

9:00 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

PERSONNEL COMMITTEE MEETING

November 18, 2019

1:00 P.M. OR UPON ADJOURNMENT OF THE INVESTMENT COMMITTEE MEETING, WHICHEVER IS LATER

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.

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BUDGET WORKSHOP

October 17, 2019

TABLE OF CONTENTS

- 1. Budget Workshop Presentation**
- 2. Administration 2020 Budget Detail by Expense Category**
- 3. Budget Comparisons**
 - a. 2018-2020 Budget Comparison by Account**
 - b. Department Level Budgets: 2018-2020**
- 4. Historical Statistics**
- 5. 2020 Personnel Costs**
 - a. 2020 Personnel Cost Budget**
 - b. Compensation Philosophy**
- 6. 2020 Proposed Business Plan**
- 7. Budget Policy**

Memorandum

DATE: October 10, 2019
TO: Members, Board of Retirement
FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations
SUBJECT: **2020 Budget Workshop Materials**

Recommendation

Discussion only, no action to be taken.

Background/Discussion

OCERS will be holding a Budget Workshop on Thursday, October 17, 2019 at 9:00 am. The workshop is to be an interactive conversation between staff and the Board of Retirement regarding items that are being included in the proposed 2020 Administrative Budget for the upcoming year. No action will be taken by the Board during the meeting.

The workshop will consist of a single agenda item, 2020 Proposed Administrative Budget. Included in the uploaded materials are the following items:

1. Budget Workshop Presentation
2. Administration 2020 Budget Detail by Expense Category
3. Budget Comparisons
 - a. 2018-2020 Budget Comparison by Account
 - b. Department Level Budgets: 2018-2020
4. Historical Statistics
5. 2020 Personnel Costs
 - a. 2020 Personnel Cost Budget
 - b. Compensation Philosophy
6. 2020 Proposed Business Plan
7. Budget Policy

A binder with hard copies of the above-mentioned uploaded materials will be made available to the Board and interested stakeholders during the workshop.

Submitted by:



Brenda Shott, Assistant CEO, Finance and
Internal Operations



OCERS Finance Presentation 2020 Proposed Budget Workshop

October 17, 2019

Today's Agenda

1. Purpose of Workshop
2. Overview of Budget Process
3. Review Proposed 2020 Budget

Purpose of Workshop

- Give Board opportunity to discuss and review in detail Proposed 2020 Budget
 - Personnel Costs
 - Services and Supplies
 - Capital Expenditures
- Provide staff direction on content of budget prior to adoption at November 18, 2019 Board Meeting

Overview of Budget Process

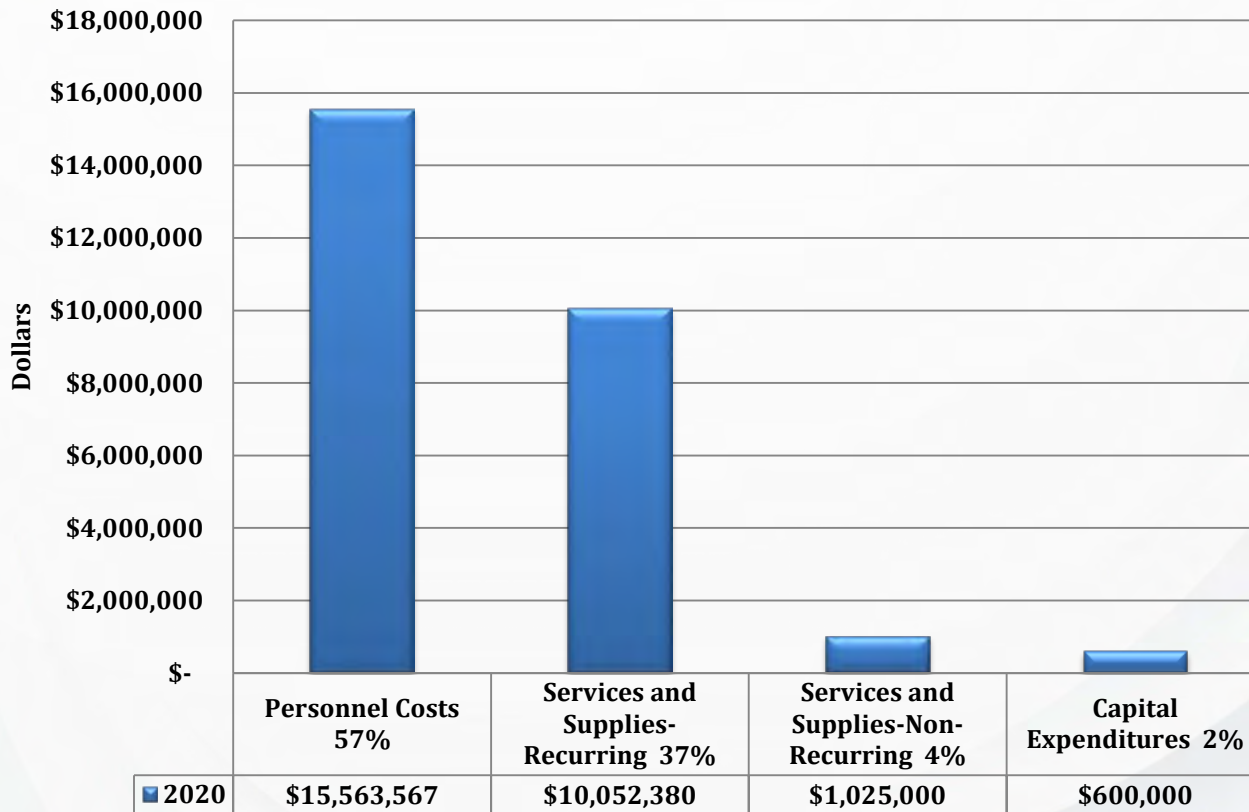
- Budget Approval Policy
- OCERS' Mission Statement, Vision and Values, and 3-Year Strategic Plan
- Set Business Plan goals for 2020
 - Executives/Directors' off-site meeting on August 8, 2019
 - Strategic Planning with Board on September 18-19, 2019
 - 2020 Business Plan approval on October 21, 2019
- Initial budget requests are made by each department head
- CEO, Assistant CEO of Internal Operations and Director of Finance met individually with department heads to discuss and determine necessity of each line item in their budget request

Overview of Budget Process (cont'd)

- Prepare budget with comparisons to prior years' budgets and actuals
- Workshop to present proposed budget to the Board for comment prior to approval
- Approval of the budget by the Board at the November 18, 2019 meeting

FY20 Proposed Budget Summary

Total - \$27,240,947



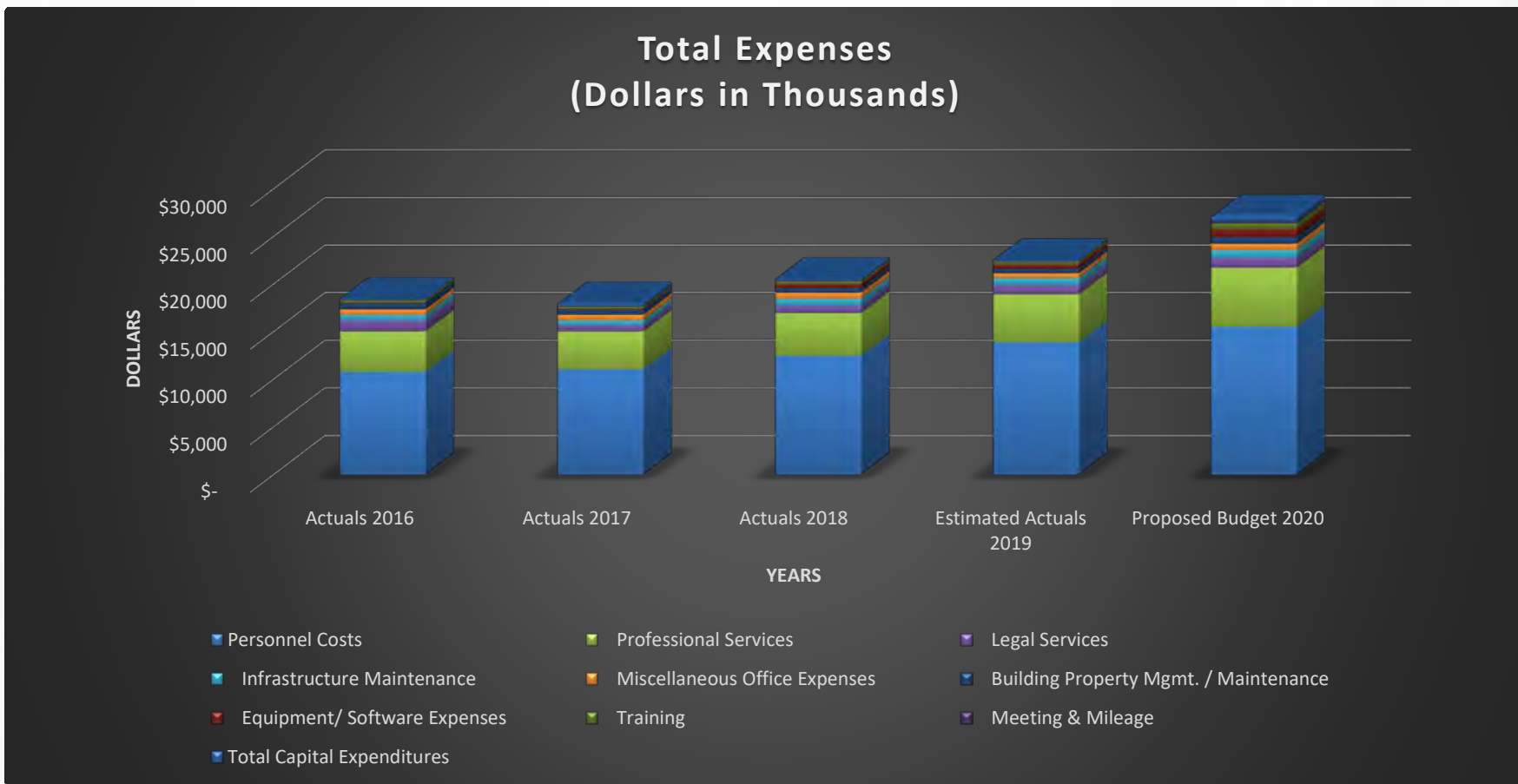
Trends

(Dollars in Thousands)

	2016	2017	2018	2019	2020	5 Year Average
Total Budget*	\$ 22,250	\$ 22,831	\$ 25,508	\$ 26,433	\$ 27,241	
% Increase/(Decrease)	-10.9%	2.6%	11.7%	3.6%	3.1%	2.0%
Total Budget* (No Capital Expenditures)	\$ 20,152	\$ 21,538	\$ 24,413	\$ 26,063	\$ 26,641	
% Increase/(Decrease)	10.8%	6.9%	13.3%	6.8%	2.2%	8.0%
Actuals*	\$ 18,412	\$ 18,039	\$ 20,568	\$ 22,506	N/A	
% Increase/(Decrease)	-5.5%	-2.0%	14.0%	9.4%	N/A	4.0%
Actuals* (No Capital Expenditures)	\$ 18,361	\$ 17,697	\$ 20,404	\$ 22,453	N/A	
% Increase/(Decrease)	15.4%	-3.6%	15.3%	10.0%	N/A	9.3%
Budgeted Personnel Costs	\$ 11,501	\$ 12,417	\$ 13,925	\$ 14,765	\$ 15,564	
% Increase	7.1%	8.0%	12.1%	6.0%	5.4%	7.7%
Budgeted FTE	74.5	79	91.5	92.5	92.5	
% Increase	2.8%	6.0%	15.8%	1.1%	0.0%	5.1%

*Excludes investment management fee related costs

Proposed Budget to Actuals by Category



Budget versus Actuals Trend

Total Budget



Budget versus Actuals Trend Personnel Costs, Services and Supplies (No Capital Expenditures)





FY 2020 Staffing Plan



Staffing and Personnel

1. Compensation Philosophy
2. Current Organization Chart
3. Staffing recommendations for 2020
4. Salary adjustments recommendations

Compensation Philosophy*

OCERS' Direct



- **Purpose and Background**
 - Provide pay levels that are externally competitive among peers and published market data
 - Recognize and reward individual performance
 - Provide management the flexibility to make compensation decisions within budgetary guidelines
- **Compensation Strategy**
 - Written performance evaluations and annual merit increases with a performance rating of meets performance standards or better
 - Salary increases within a range shall not be automatic
 - CEO makes final determination of salary awards within limits approved by Board
 - Salary ranges reviewed annually with an intended purpose of keeping total compensation competitive

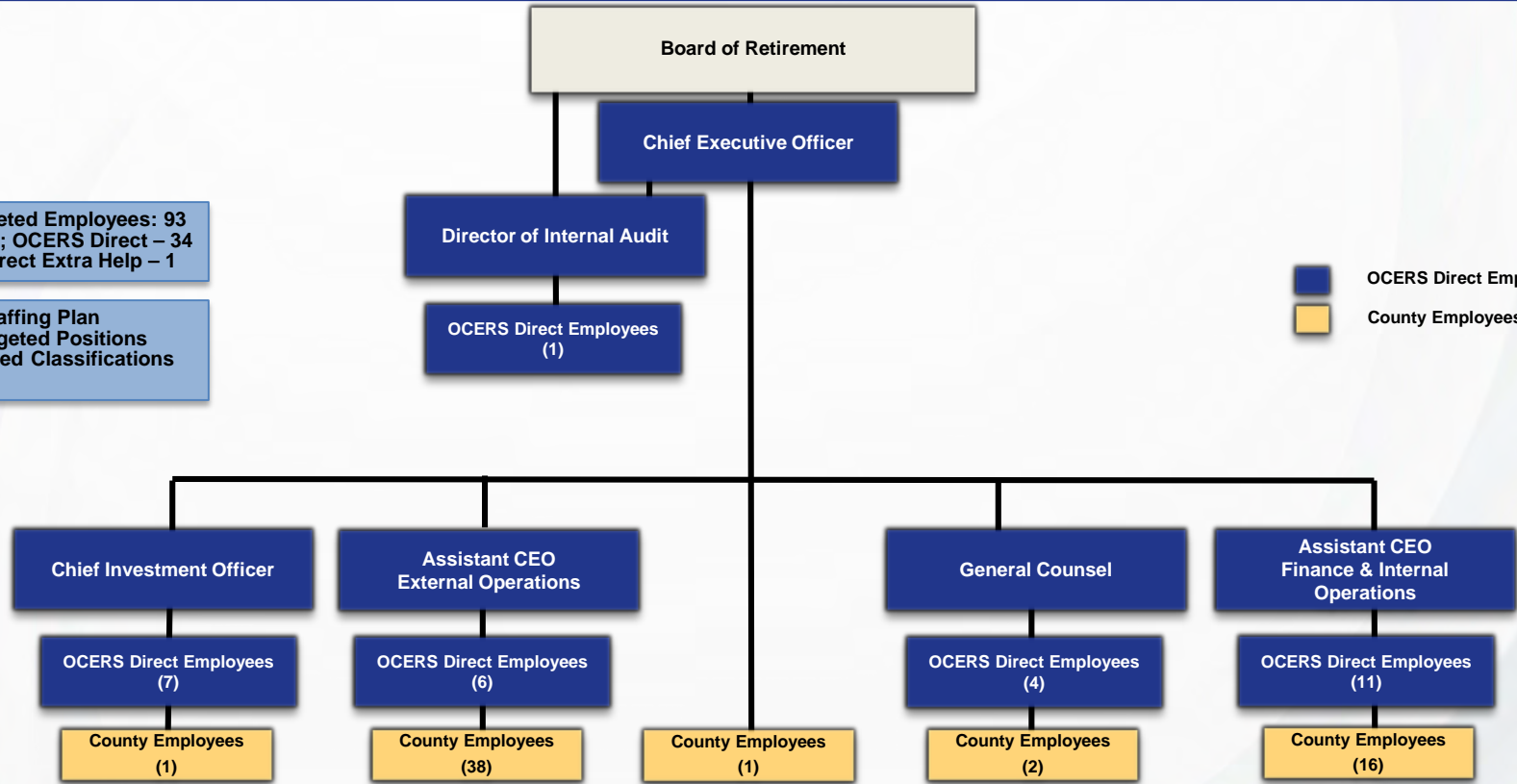


2020 Organization Chart

Total Budgeted Employees: 93
 County – 58; OCERS Direct – 34
 OCERS Direct Extra Help – 1

Staffing Plan
 93 Budgeted Positions
 99 Approved Classifications

 OCERS Direct Employees
 County Employees



Updated 10/9/2019

Staffing and Personnel Recommendations

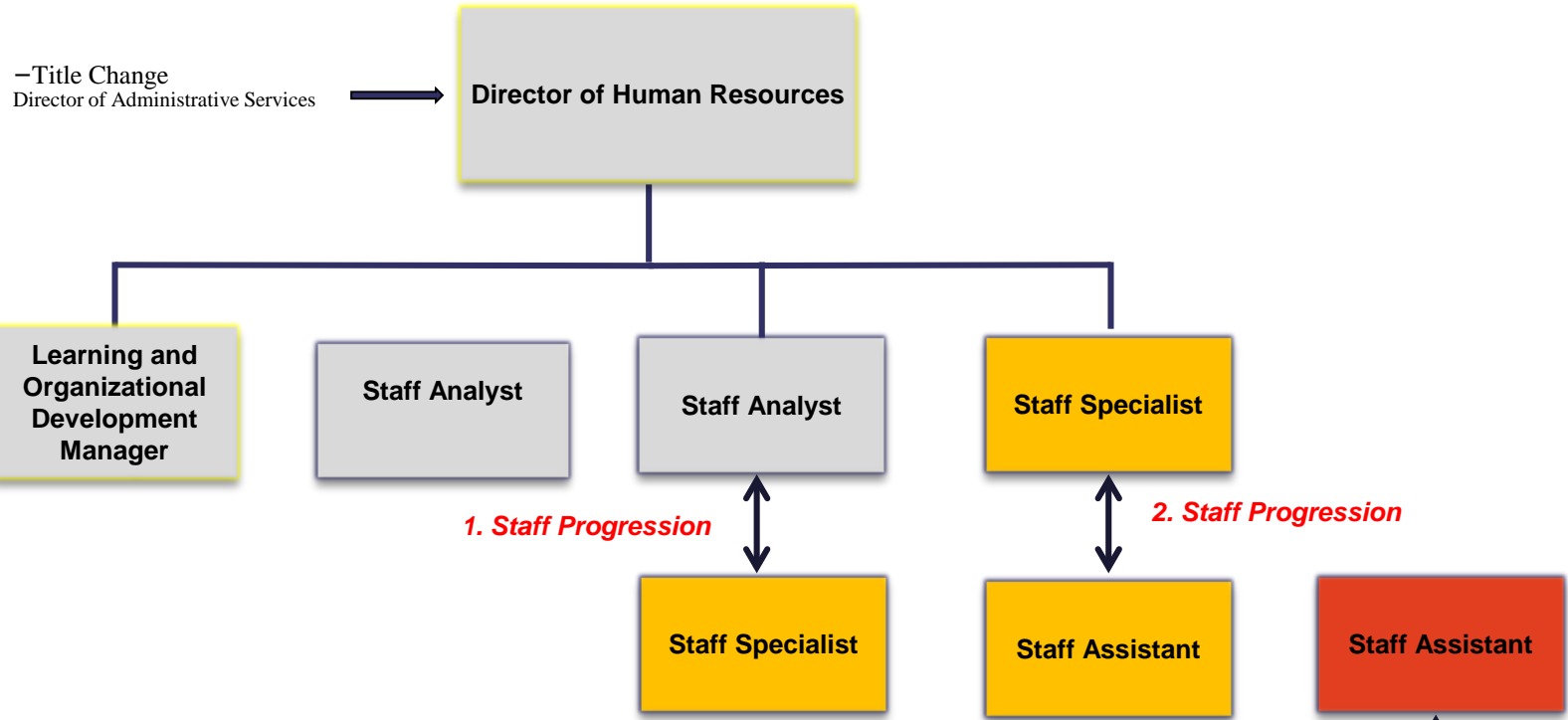
➤ Staffing Recommendations for 2020

- Create five additional staff progressions for employee positions
 - Approve position classifications that can be used for career growth when warranted
 - Two progressions in the Human Resources Department- Staff Specialist to Staff Analyst, and Staff Assistant to Staff Specialist
 - Two progressions in the Information Technology Department—Retirement Programmer/Business Analyst to IT Programming Manager, and IT Supervisor to IT Operations Manager
 - One progression in the Member Services Department—Accounting Technician to Reconciliation Specialist
 - No increase in the number of employees
 - Cost impact for both salary and fringe benefit changes is approximately \$71K for 2020
 - Seven staff progressions have been approved previously—2 in the Investment Department, 3 in the Finance Department, 1 in the Disability Department and 1 in the Legal Department

Staffing and Personnel Recommendations

- **Staffing Recommendations for 2020 (continued)**
 - Divide the Administrative Services Department into two separate departments—Human Resources and Operations Support Services
 - Add the position of Director of Operations Support Services
 - Eliminate the position of Staff Assistant
 - No increase in staff
 - Change job titles for four current positions:
 - Director of Administrative Services—change to Director of Human Resources
 - IT Manager—change to Information Security Manager
 - Director of Cyber Security—change to Director of Information Security
 - Training Manager—change to Learning and Organizational Development Manager

2020 Human Resources Department Organizational Chart Changes



-Title Change
 Director of Administrative Services →

-Title Change
 Training Manager →

- OCERS Direct Position
- County Position
- Drop County Position and move position

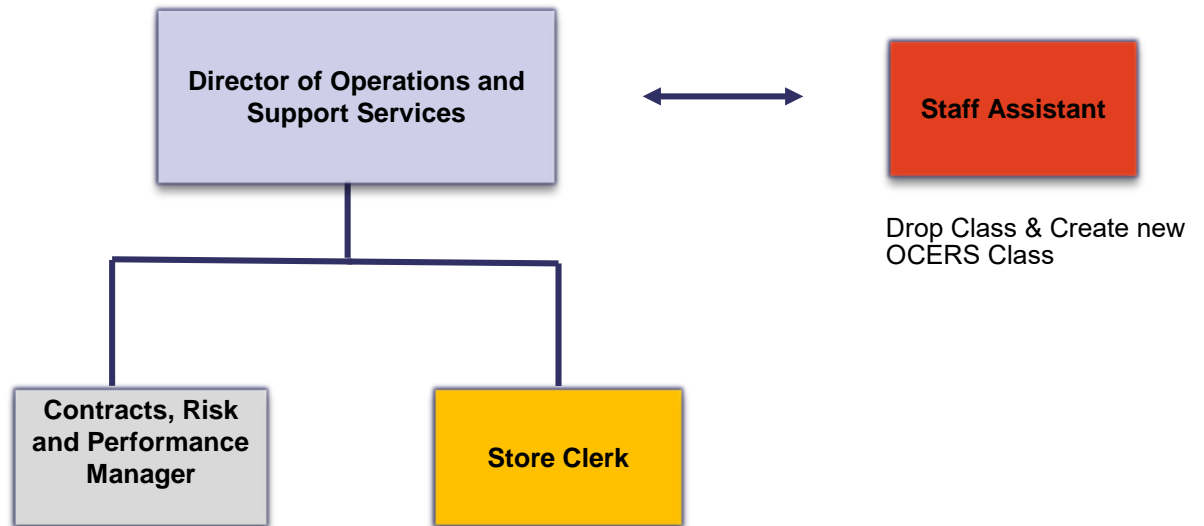
Move position to new Dept and create new OCERS Class Code



Human Resources Department

<p>Staff Analyst - Training & Development</p>	<p>Proven success in all areas listed below</p>	<ul style="list-style-type: none"> • Bachelor's degree • Three - Five years in a generalist role • Assist with employee relations issues and concerns • Process claims for leaves of absence • Participate in implementing and sustaining OCERS learning and development initiatives • Update personnel policies and procedures in accordance with applicable laws and best practices • Assist with learning and development analytics
<p>Staff Specialist</p>	<p>Proven success in all areas listed below</p>	<ul style="list-style-type: none"> • Three years of experience which would demonstrate the knowledge and abilities outlined under the MQ's for the Staff Assistant classification • Conduct studies, perform research and prepare reports related to HR trends • Process workers' compensation claims • Complete compensation surveys • Process County and OCERS Direct performance evaluations
<p>Staff Assistant</p>	<ul style="list-style-type: none"> • Two years of experience which would demonstrate the knowledge and abilities outlined under the MQ's outlined under the Staff Assistant classification • Assist departments with budget data updates • Manage staffing reports • Oversee the process payroll 	

2020 Operations and Support Services Department Organizational Chart Changes



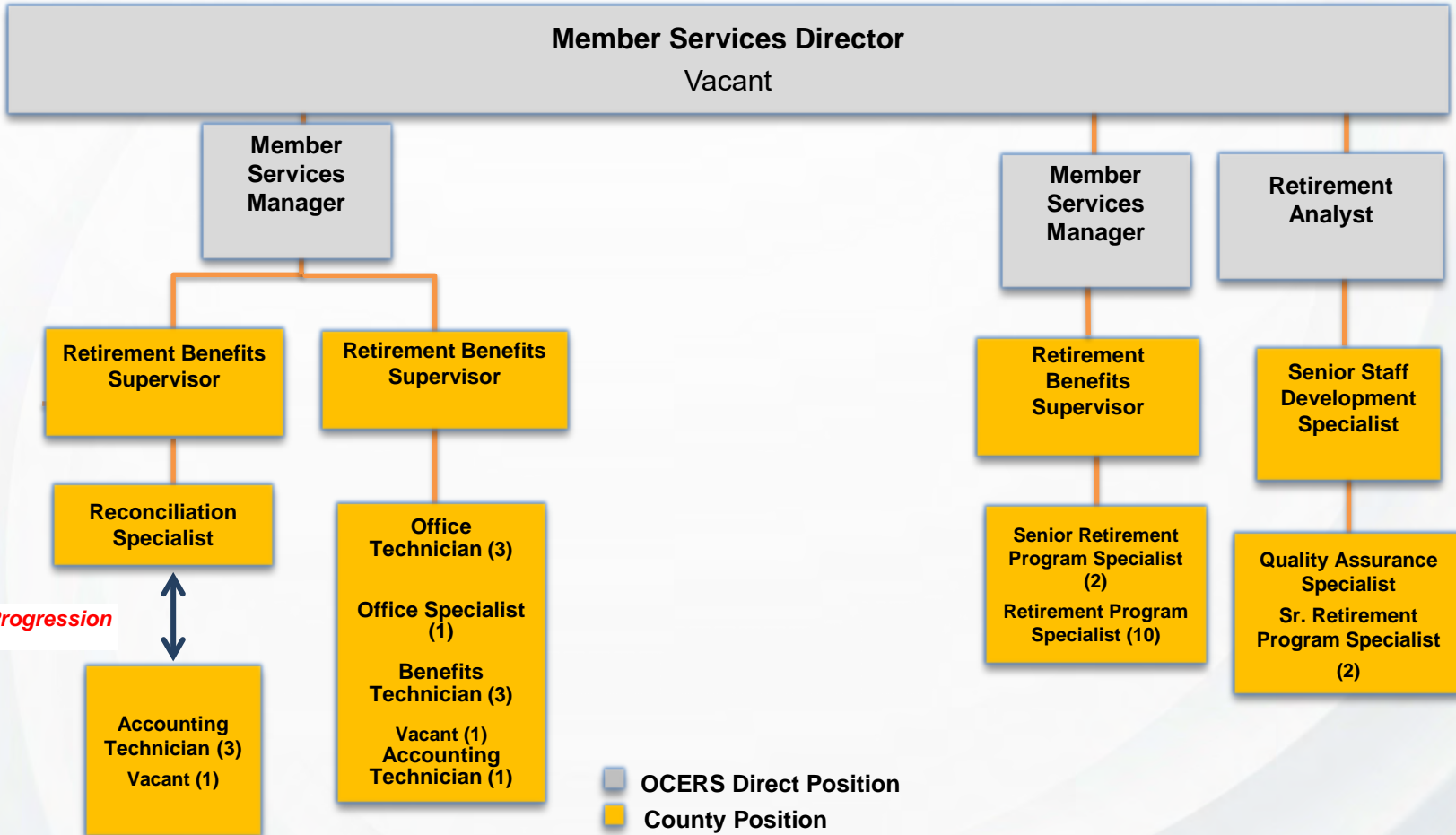
- NEW OCERS Direct Classification
- Existing OCERS Direct Classification
- County Position
- Drop County Position from Admin/HR Dept add OCERS New Class

Director of Operations Support Services

1. Reports directly to Assistant CEO, Internal Operations
2. Duties/Responsibilities to include:
 - Oversee Facilities Management & Lead OCERS Headquarters Project
 - Develop, Implement and Oversee Compliance Program
 - Coordinate and Guide Future Process Development for Operational Risk Management Program
 - Oversee and Direct Procurement and Contracting Activities
 - Coordinate Business Continuity/Disaster Recovery Program
 - Coordinate Board Elections
 - Oversee Mailroom Operations
 - Office Equipment and Supplies Management

Director	Manager
Long Term Strategy	Day to Day Concerns
Formulate Strategic Plans	Implement Strategies They Are Provided
Examine, evaluate and formulate processes	Take prescribed procedures and ensure they are performed
Directs projects and work	Assists with and participates in projects and work tasks
Manages Managers	Manages Supervisors and Staff
\$121,016 - \$158,524	\$63,211 – \$123,443 (manager) \$66,962 - \$140,321 (senior manager)

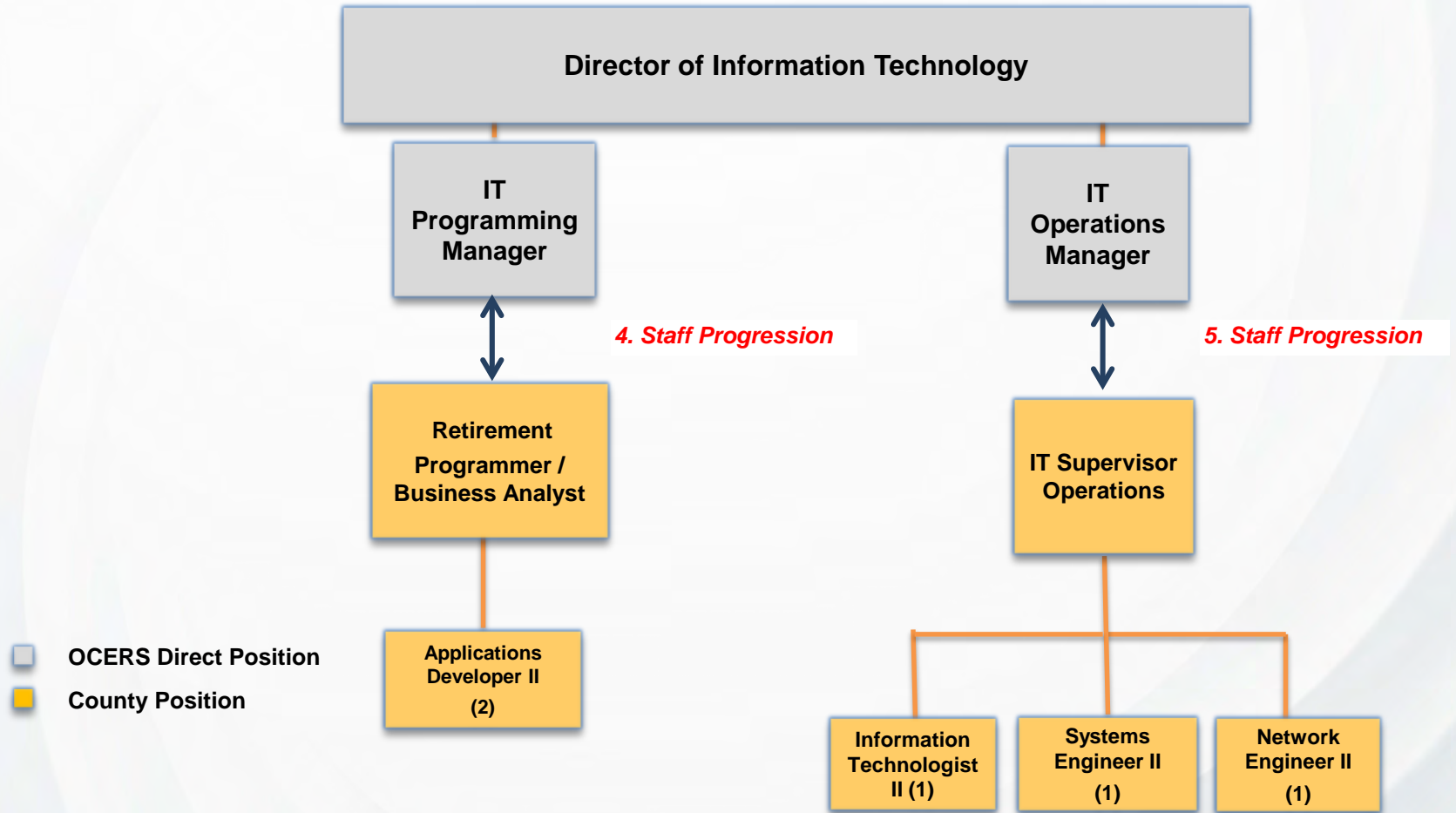
2020 Member Services Department Organizational Chart Changes



<p>*Retirement Contribution Reconciliation Specialist <i>Established class with the County of Orange</i></p>	<p>Proven success in all areas listed below</p>	<ul style="list-style-type: none"> · Four years of extensive experience directly related to key competencies · Works under minimal supervision · Performs highly specialized and responsible work · Providing training throughout the unit · Assist in overseeing the Accounting Technician processes and coordinate transmittal processing · Responsible for clearing all escalated transmittal exceptions · Responsible for reviewing, creating and modifying complex spreadsheets, tracking and processing compensation limits, 30yr stop contributions and auditing Accounting Technician work
<p>Accounting Technician</p>	<ul style="list-style-type: none"> · Three years of experience dealing with reconciliation practices and general payroll and contribution procedures · Interprets complex statutes, regulations and policies · Assist with processing bi-weekly payroll transmittal, retirement contribution rates, calculations and peer audits and process new member enrollments · Provide customer service to members, plan sponsors and internal departments 	

* This position is equivalent to the Retirement Program Specialist (RPS) job classification and salary schedule [A3-49](#)

2020 Information Technology Department Organizational Chart Changes

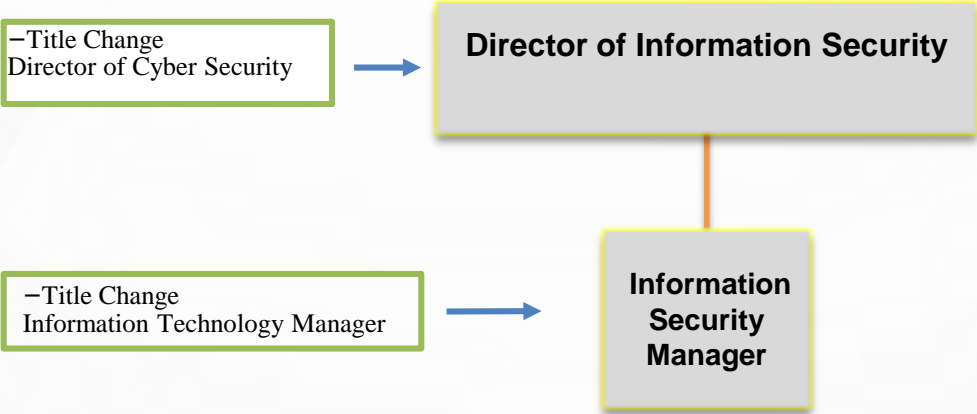




Information Technology Department

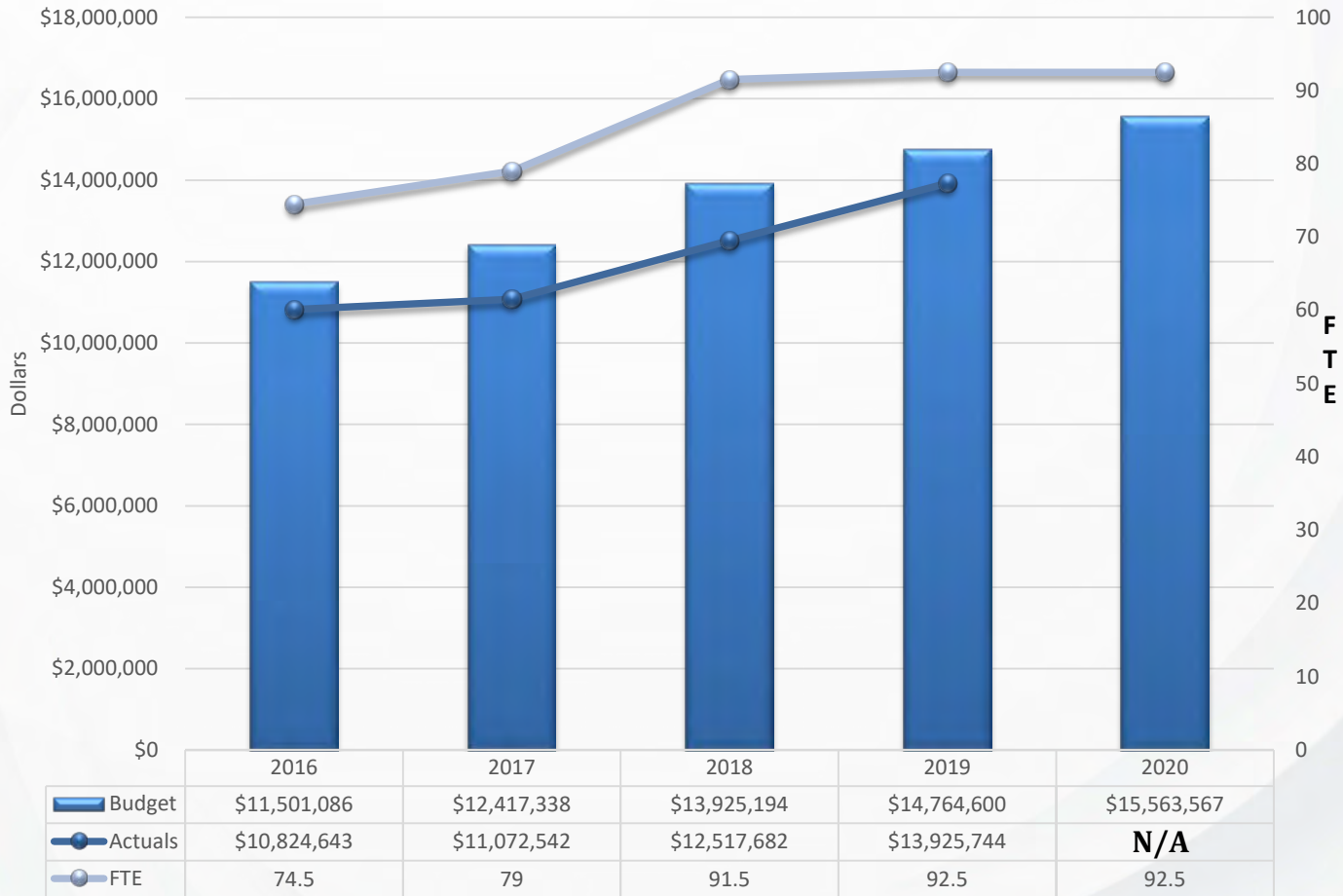
<p>IT Manager (Operations & Programming)</p>	<p>Proven success in all areas listed below</p>	<ul style="list-style-type: none"> • Bachelor's degree in a computer field and five years of senior IT professional experience • Develop and coordinate implementation plans for IT strategic goals and initiatives • Develop and manage annual IT budget • Implement IT policies, governance, compliance standards and best practices • Ensure security of data, networks, backups and auxiliary systems • Manage IT project procurements, implementations and contracts • Manage cloud- and third- party vendor relationships
<p>IT Supervisor (Operations & Programming)</p>	<ul style="list-style-type: none"> • Bachelor's degree in a computer field and three years of senior IT professional experience • Deploy, manage, support and secure technology solutions • Implement OCERS Strategic IT Initiatives and enforce policies governance and compliance • Supervise day to day operations, tasks and activities • Supervise staff, consultants and contractors 	

2020 Information Security Department Organizational Chart Changes



OCERS Direct Position

Budget versus Actuals Trend Personnel Costs and FTE's



Salary Adjustment Recommendations

➤ 2020 Salary Adjustment Recommendations

➤ Performance Adjustments

- Increases for OCERS' direct staff are based on performance evaluations
- Base = 2.5% (base increases salary ranges)
- 1 merit increase = 2.75%

Meets	Base
Exceeds	Base + 1 merit increase
Exceptional	Base + 2 merit increases



- FY20 direct staff budget for merit-based increases = \$362K
- FY20 staff progressions salary adjustments = \$38K

➤ County employee salary adjustments are dictated by County MOU

- Granting of County employee increases is outside OCERS' Board Authority
- FY20 County staff budget for increase in steps = \$61K (salary only)
- FY20 County staff budget increase for new MOU = \$45K (salary only)

Salary Adjustment Recommendations

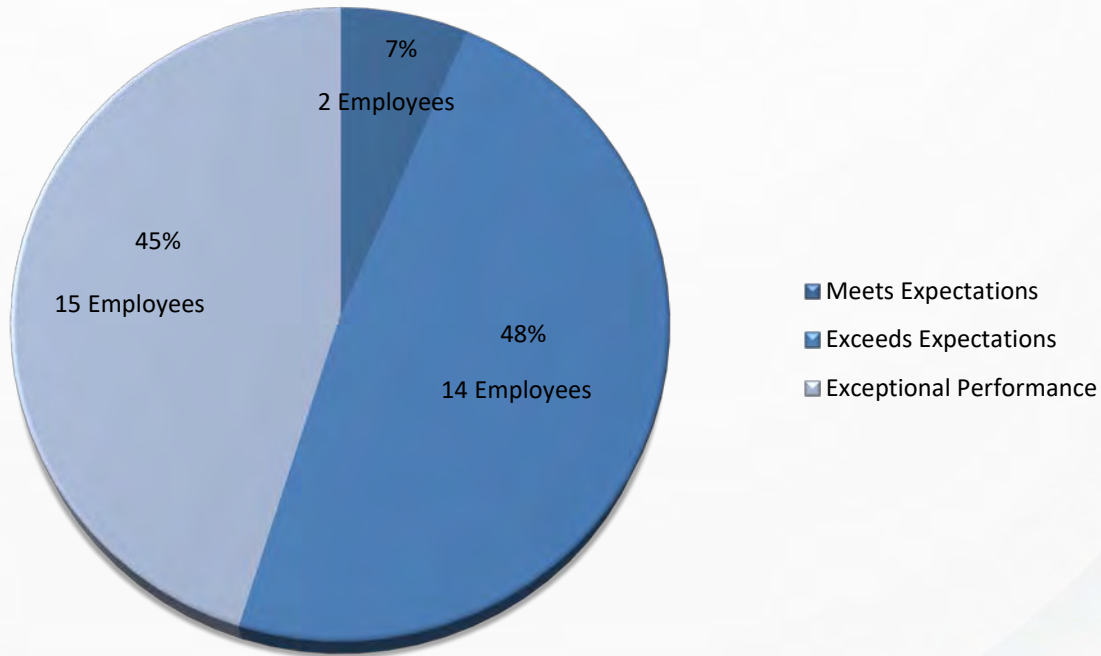
- **2020 Salary Adjustment Recommendations (continued)**
- Adjust existing minimum, mid and maximum point of salary ranges by base (2.5%)

Salary Adjustments

Merit and Movement		
	OCERS County Employees	OCERS Direct Employees
Employees at top of pay range for their position <small>* Three employees entered at top of range</small>	38	11*
Employees reaching top of pay range for their position <small>(County=steps 9-11, OCERS Direct= 5% to top)</small>	7	8
All other employees	12	17
Total	57	36

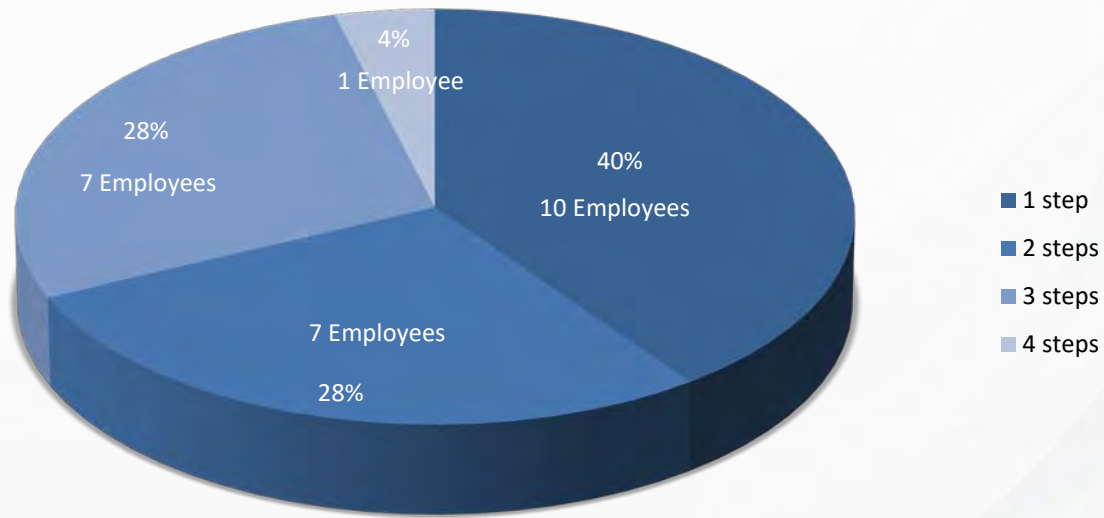
OCERS Direct Performance Rating Counts - 2019

2019 Performance Ratings - OCERS Employees



County Staff Performance Rating Counts - 2019

Performance Rating 2019 Step Changes



OCERS Direct Employees Salary Ranges

2.5% Salary Range Increase (Effective date January 1, 2020)

OCERS Employee Position	Current Annual Minimum	Revised Annual Minimum	Current Annual Midpoint	Revised Annual Midpoint	Current Annual Maximum	Revised Annual Maximum
Chief Investment Officer	\$215,250	\$220,631	\$269,063	\$275,789	\$322,875	\$330,947
General Counsel	\$136,576	\$139,991	\$203,035	\$208,110	\$269,493	\$276,230
Assistant Chief Executive Officer	\$136,576	\$139,991	\$187,214	\$191,894	\$237,851	\$243,798
Managing Director of Investments	\$136,576	\$139,991	\$187,214	\$191,894	\$237,851	\$243,798
Director of Investments	\$136,576	\$139,991	\$168,487	\$172,699	\$200,398	\$205,408
Deputy Legal Counsel	\$136,576	\$139,991	\$168,487	\$172,699	\$200,398	\$205,408
Director of Member Services	\$121,832	\$124,877	\$142,711	\$146,279	\$163,590	\$167,680
Director of Administrative Services	\$118,065	\$121,016	\$136,361	\$139,770	\$154,657	\$158,524
Director of Finance	\$115,482	\$118,369	\$138,675	\$142,142	\$161,868	\$165,915
Staff Attorney	\$115,159	\$118,038	\$143,357	\$146,940	\$171,554	\$175,843
Director of Operational Support Services - New		\$121,016		\$139,770		\$158,524
Senior Investment Officer	\$109,347	\$112,081	\$138,998	\$142,473	\$168,648	\$172,865
Director of Internal Audit	\$108,271	\$110,978	\$135,338	\$138,722	\$162,406	\$166,466
Director of Information Technology	\$106,011	\$108,661	\$132,540	\$135,854	\$159,070	\$163,046
Director of Information Security	\$106,011	\$108,661	\$130,334	\$133,592	\$154,657	\$158,524
Investment Officer	\$82,118	\$84,171	\$109,508	\$112,246	\$136,899	\$140,321
Internal Auditor	\$72,539	\$74,353	\$90,620	\$92,886	\$108,701	\$111,419
Senior Investment Analyst	\$71,894	\$73,691	\$95,894	\$98,291	\$119,894	\$122,892
Information Security Manager	\$65,328	\$66,962	\$101,114	\$103,642	\$136,899	\$140,321
Information Technology Operations Manager - New	\$65,328	\$66,962	\$101,114	\$103,642	\$136,899	\$140,321
Program and Business Analyst Manager - New		\$66,962		\$103,642		\$140,321
Retirement Analyst	\$65,328	\$66,962	\$101,114	\$103,642	\$136,899	\$140,321
Finance Manager	\$61,669	\$63,211	\$91,051	\$93,327	\$120,432	\$123,443
Member Services Manager	\$61,669	\$63,211	\$91,051	\$93,327	\$120,432	\$123,443
Disability Manager	\$61,669	\$63,211	\$91,051	\$93,327	\$120,432	\$123,443
Manager of Learning and Organization	\$61,669	\$63,211	\$91,051	\$93,327	\$120,432	\$123,443
Contracts, Risk & Performance Administrator	\$61,669	\$63,211	\$91,051	\$93,327	\$120,432	\$123,443
Communications Manager	\$61,669	\$63,211	\$86,046	\$88,197	\$110,423	\$113,184
Staff Analyst	\$61,669	\$63,211	\$82,279	\$84,336	\$102,890	\$105,462
Investment Analyst	\$61,669	\$63,211	\$82,279	\$84,336	\$102,890	\$105,462

Personnel Costs-Compensation

Description	Actuals 2016	Actuals 2017	Actuals 2018	Estimated Actuals 2019	Proposed Budget 2020	\$ Variance FY19-20	% Variance FY19-20
Annual Salary	\$ 6,111,081	\$ 6,357,359	\$ 7,104,846	\$ 8,154,827	\$ 9,156,222	\$ 1,001,395	12.3%
Certification Pay*	N/A	N/A	\$ 49,507	54,423	64,776	10,353	19.0%
Fringe Benefits	3,418,891	3,482,839	3,891,462	4,536,639	5,295,561	758,922	16.7%
Overtime	101,304	92,847	117,260	58,619	87,000	28,381	48.4%
Annual Leave	266,184	212,593	269,431	309,631	300,000	(9,631)	-3.1%
Temp Help/ Extra Help	542,545	623,254	611,391	289,791	135,240	(154,551)	-53.3%
Performance Adjustments	370,038	287,249	457,685	503,964	505,887	1,923	0.4%
Board Allowance	14,600	16,400	16,100	17,850	18,900	1,050	5.9%
Total Personnel Costs	\$ 10,824,643	\$ 11,072,542	\$ 12,517,682	\$ 13,925,744	\$ 15,563,586	\$ 1,637,842	11.8%

* Certification pay adopted as of FY18 Budget.

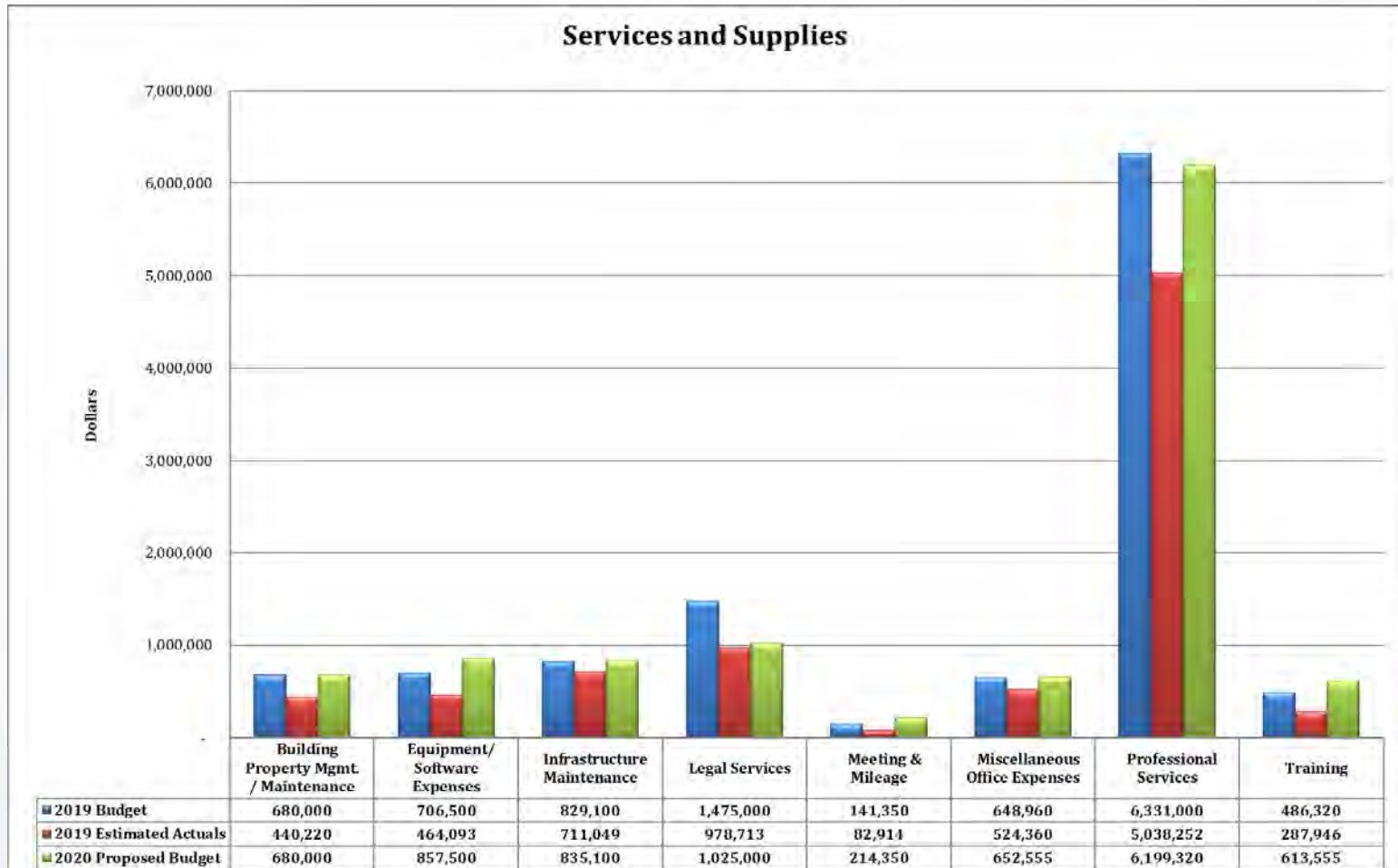


Services and Supplies

Budget versus Actuals - Trend Services and Supplies

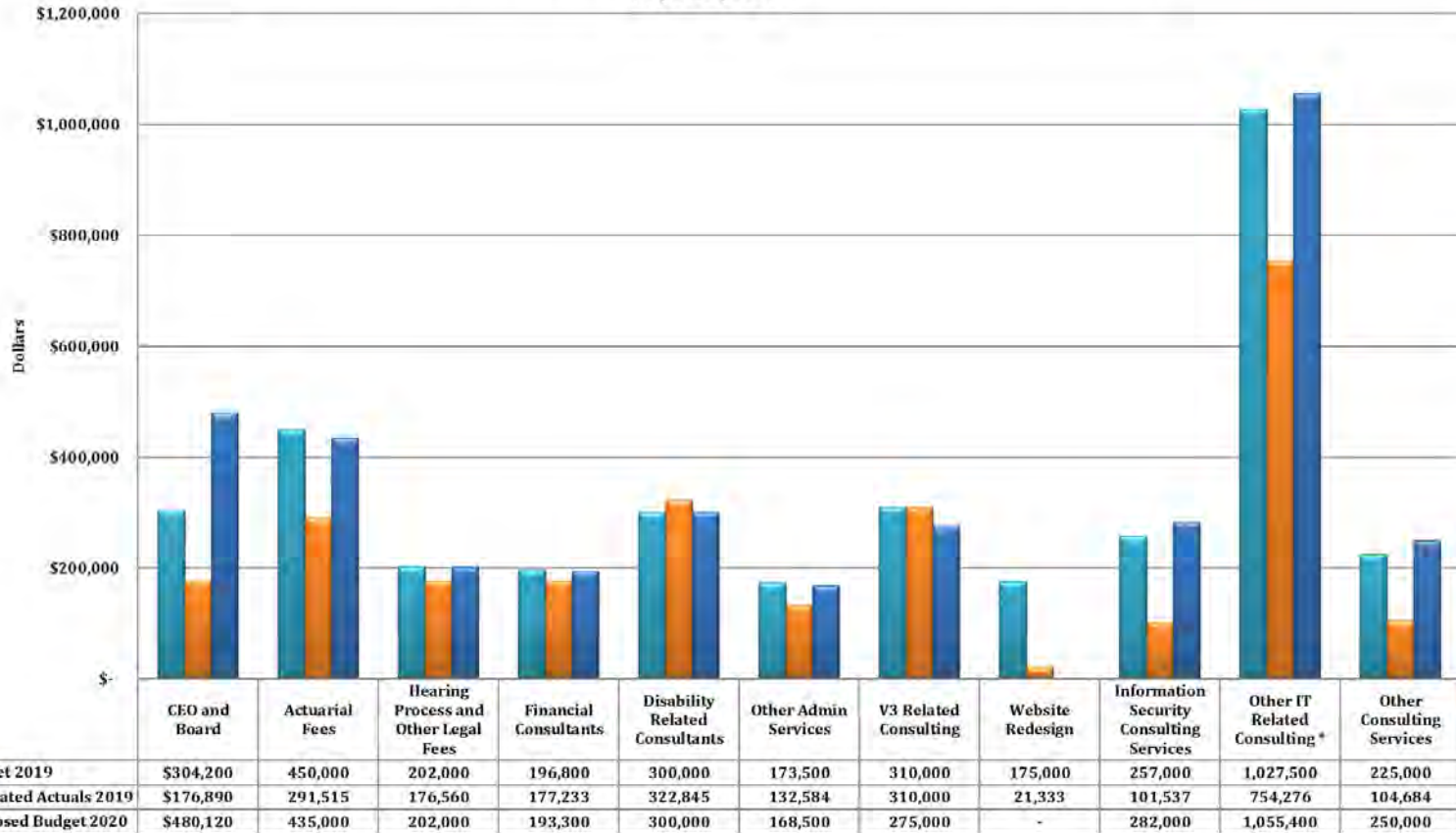


Services and Supplies Proposed versus Estimated Actuals



Professional Services Administration

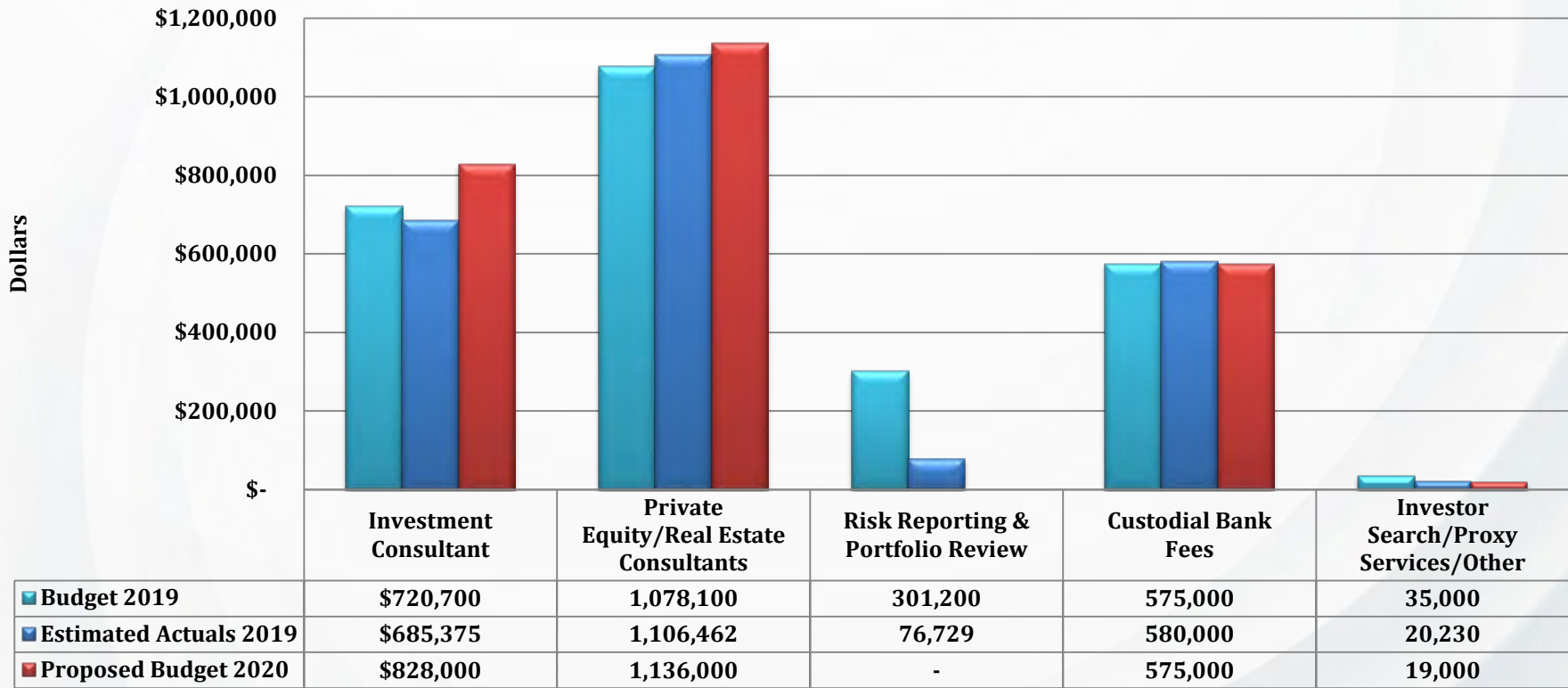
Professional Services-Administration (excludes investment services)
\$3,641,320



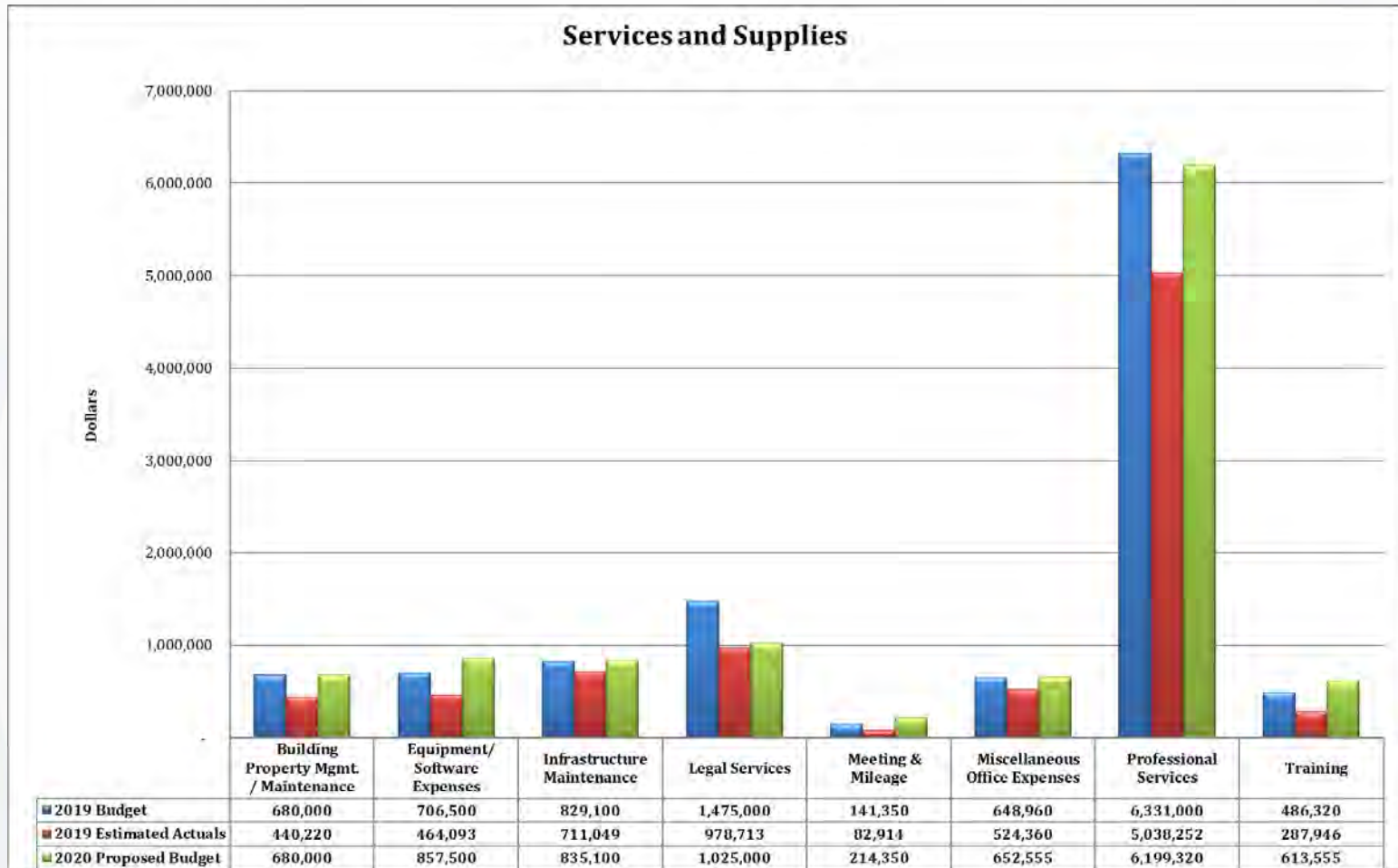
*Gartner moved to Professional Services from Misc. Office Expense in FY19

Professional Services Investments

Professional Services-Investments \$2,558,000



Services and Supplies Proposed versus Estimated Actuals

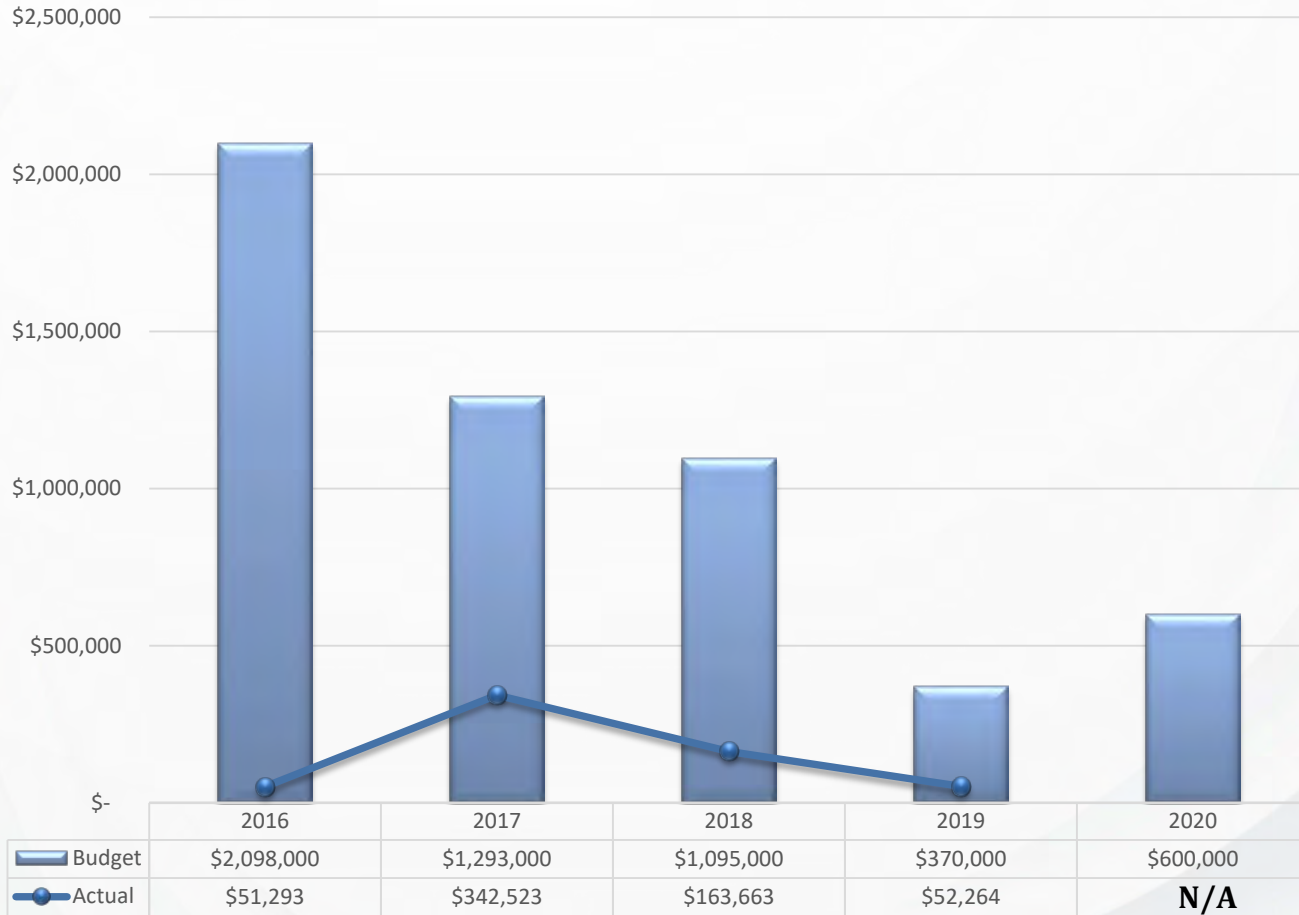




Capital Expenditures



Budget vs. Actuals Trend Capital Expenditures



Capital Expenditures

➤ Building Security, Safety and Health Upgrades	\$200,000
➤ Board Room Audio Visual Upgrades	\$250,000
➤ New Firewalls	<u>\$150,000</u>
Total	\$600,000

21 Basis Points Test

Orange County Employees Retirement System
21 Basis Points for Budget Year 2020

Projected actuarial accrued liability as of December 31, 2019	\$21,747,090,000
21 basis points of projected actuarial accrued liability	45,668,889
FY20 proposed budget amount subject to 21 basis points limitation ¹	19,746,023
Amount under 21 basis points	<u>\$25,922,866</u>
Budgeted amount expressed as basis points of projected actuarial accrued liability-FY20	9.08
Budgeted amount expressed as basis points of projected actuarial accrued liability-FY19	8.91

¹ Reconciliation of amount subject to 21 basis points limitation:

Total FY20 proposed budget	\$27,240,947
Less: Investment-related costs	<u>(5,947,324)</u>
Total FY20 proposed administrative budget	21,293,623
Less: IT Capital expenses	-
Computer hardware/software	(727,200)
IT-Professional services consulting	<u>(820,400)</u>
FY20 proposed budget amount subject to 21 basis points limitation	<u><u>\$19,746,023</u></u>

21 Basis Point History

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
21 Basis Points	8.48	8.55	9.31	8.91	9.08

18 Basis Points Test

Orange County Employees Retirement System
18 Basis Points for Budget Year 2020

Projected actuarial value of total assets as of December 31, 2019	\$16,363,519,000
18 basis points of projected actuarial value of assets	29,454,334
FY20 proposed budget amount subject to 18 basis points limitation ¹	23,292,823
Amount under 18 basis points	\$6,161,511
Budgeted amount expressed as basis points of projected actuarial value of assets-FY20	14.23
Budgeted amount expressed as basis points of projected actuarial value of assets-FY19	14.19

¹ Reconciliation of amount subject to 18 basis points limitation

Total FY20 proposed budget	\$27,240,947
Less: Investment-related costs	(5,947,324)
Total FY20 proposed administrative budget	21,293,623
Less: Capital expenses	(600,000)
Add: Projected depreciation cost	2,599,200
FY20 proposed budget amount subject to 18 basis points limitation	\$23,292,823

Note: The 18 basis points calculation above is for informational and comparison purposes only.

18 Basis Point History					
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
18 Basis Points	12.26	14.56	14.48	14.19	14.23



End of Presentation

Questions?

Brenda Shott, Assistant CEO (Internal Operations)

Tracy Bowman, Director of Finance



2020 Budget Detail by Expense Category

Account Group	Description	Total
Personnel Cost	Annual Salary	\$ 9,175,117
	Certification Pay	64,774
	Fringe Benefits	5,295,555
	Overtime	87,000
	Leave P/O	299,994
	Temp Help	135,240
	Salary Adjustments	505,887
Personnel Cost Total		\$ 15,563,567
Professional Svcs	Actuarial Fees	435,000
	Additional Consulting	180,000
	Admin. Hearing Process Fees	175,000
	Audit consultant / specialist / expert	180,000
	Bank Charges	40,000
	BC/DR Exercise Facilitation	35,000
	CAFR	20,000
	CEM Benchmarking	25,000
	CEO Contingency	75,000
	Certificate Application Fees	1,300
	Colocation Facilities (monthly service)	80,000
	Consulting Fees	1,964,000
	County VPN Access	140,000
	Court Filing Fees	1,000
	Court Reporter Fees	25,000
	Credit Safe	500
	Custodial Bank Fees	575,000
	CWCAP(County Wide Cost Allocation Plan)	45,000
	Cyber Security Vendor Monitoring Service	35,000
	Death Records Match	20,000
	Dynamics Consulting	5,000
	Financial Audit Cost	127,000
	Gartner Consulting	160,000
	Governance Consultant	40,000
	HR Consulting Contingency	30,000
	Implementation Services	25,000
	Insurance Premiums	150,000
	Internet Access	120,000
	Iron Mountain	18,000
	Lean Process Consultant/Study	25,000
	Managed Security / Detection & Response Services	75,000
	Medical Panel Reviews	300,000
	Network Consulting	5,000
	Office 365 Migration Consulting	175,000
	Online Data Storage	50,000
	Oracle Consulting	110,400
	Plant Maintenance	5,000
	Proxy Services	19,000
	Recruitment Costs	28,000
	Security	15,120
	Security Awareness Training	7,000
	Security Penetration Testing	75,000
	Security Services Contingency	25,000
	Subpoena Fees	1,000
	Technical Writer-Procedures	150,000
	Universal Protection Security (UPS)	5,000
	Vitech Addl. Support - Cos	275,000
Volunteer Program Costs	2,000	
Web Application Firewall Managed Services	75,000	
White Board / Animated Videos	50,000	
Professional Svcs Total		\$ 6,199,320

2020 Budget Detail by Expense Category

Account Group	Description	Total
Legal Svcs	Board/Fiduciary	125,000
	Dept of Ed vs OCERS	50,000
	Investment Legal Services	600,000
	Other Litigation	200,000
	Tax Attorney/Outside Counsel	50,000
Legal Svcs Total		\$ 1,025,000
Infrastructure Maintenance	Account/Application/Server Monitoring Tools	2,500
	Anti-Virus Solution	8,000
	Arbutus Internal Audit Software Licensing	5,000
	Asset Inventory Tools	1,500
	Audio Visual Support	5,000
	Catalyst-Bullhorn Licensing	6,000
	Computer Room AC/Humidifier Maintenance	5,000
	Computer Room UPS Battery Replacement	6,000
	Computer Room UPS Maintenance	8,000
	Data Center Hardware/Software Maintenance and Support	90,000
	Database Access	5,000
	Digital Content Subscription	5,000
	Dynamics Software Maintenance (incl: Sandler Kahne, AP Laser Chk, Key Chg)	12,500
	Enterprise Remote Access	5,000
	Ethics and Fraud Reporting	2,500
	IBM DejaView One Maintenance and Support - V3	7,500
	Kofax Scanning Maintenance and Support - V3	1,000
	Microsoft Software Assurance	92,000
	MSDN Licensing	12,000
	NTIS Certification Fees	1,600
	Oracle - V3	67,000
	Patch Management Support	7,000
	Pressure Sealer Maintenance and Support	1,500
	Printer & Microfiche Maintenance	2,500
	Satellite Phone support	5,500
	Server Hardware Support	10,000
	Site 24/x7	12,000
	Software Development Version Control	1,500
	SSL Certificates	2,500
	V3 Licensing and Support	396,000
	Vendor Management System License	11,000
Web Conferencing Tools	2,500	
Website Hosting	25,000	
Work Station Hardware Support	10,000	
Infrastructure Maintenance Total		\$ 835,100
Bldg. Prop. Mgmt./Maintenance	Property Management	680,000
Bldg. Prop. Mgmt./Maintenance Total		\$ 680,000
Equipment / Software	Accounting Software Project	150,000
	Benchmark Subscriptions	7,300
	Bloomberg	45,000
	Backstop	78,000
	Board Portal	50,000
	Cloud Security Access Broker (CASB)	20,000
	Computers/Laptops/Monitors	30,000
	Dark Web Intelligence/Monitoring Services	10,000
	Data and Cloud Backup Solution	50,000
	Digital Signature Solution	10,000
	Information Security Remediation	50,000
	IT Helpdesk Solution	50,000
	Miscellaneous Hardware & Software Supplies (including printer)	30,000
	Multi-Factor Authentication (MFA)	10,000
	OpenDNS Subscription	5,000
	Penetration Testing Software	25,000
	Power BI & Dashboard	50,000

2020 Budget Detail by Expense Category

Account Group	Description	Total
	Privileged Account Management (PAM)	15,000
	Risk Management System	100,000
	Single sign-on (SSO)	10,000
	SmartBear Licensing	1,000
	Software Deployment Tools	30,000
	Software Application Whitelisting	15,000
	Video Camera / Video Equipment	1,200
	Vulnerability Management System	10,000
	Wireless & Telecom Equipment	5,000
Equipment / Software Total		\$ 857,500
Training	Tuition Reimbursement	60,000
	Assoc. Pension Fund Audit	5,000
	Board Approved Conferences	35,000
	CALAPRS	33,975
	CEM Conference	5,000
	Conferences	7,300
	Gartner Security & Risk Management Summit	5,000
	Gartner Enterprise IT Leader Peer Forums	6,000
	GFOA Conference	4,000
	HR / Procurement Conferences and Training	21,000
	IFEBP	3,000
	IFEB Benefit Communication & Technology Institute	3,000
	In-Class Training (California based SAN and New Horizons Training)	20,000
	Information Security Conferences	6,000
	Information Security Training	40,000
	Learning and Development Program	100,000
	LCW Employment Law Conference	1,800
	MCLE and other training	4,300
	Miscellaneous Conferences/Training	29,500
	Miscellaneous Training Materials	2,500
	NAPPA Meetings	15,000
	NASRA	21,000
	NASRA/NIRS	5,000
	NCPERS - General & Safety	4,500
	OCERS Management Succession/Staff Training	45,000
	Online Training - IT Staff	30,000
	PRISM Conference	10,000
	Public Pension Financial Forum	2,800
	SACRS	35,380
	Staff Development Training	14,000
	Staff Training/Continuing Education	4,500
	Strategic Planning	30,000
	UC Berkeley	4,000
Training Total		\$ 613,555
Telephone	AT & T Telecom Services	35,000
	Cellular/Mobile Services	45,000
	VOIP Services	125,000
Telephone Total		\$ 205,000
Postage	Miscellaneous Mailing/Mass Mailing	40,000
	Pony Mail Services	2,000
	Postage Expense	65,000
	Quarterly Newsletters - All Members	60,000
Postage Total		\$ 167,000
Printing Svcs	Brochures	10,000
	CAFR (Comprehensive Annual Financial Report)	12,000
	Printing	7,000
	Quarterly newsletters	40,000
Printing Svcs Total		\$ 69,000
Due Diligence	Due Diligence	135,000
Due Diligence Total		\$ 135,000
Office Supplies	General Office Expense- Includes: Ergos, Safety items	55,000
	Office Furniture	15,000

2020 Budget Detail by Expense Category

Account Group	Description	Total
	Public Relation Materials	10,000
Office Supplies Total		\$ 80,000
Equipment Lease	Copier/Printer Lease	35,000
	Postage Machine	13,500
Equipment Lease Total		\$ 48,500
Mtg/Mileage	CEO Visit to State Legislature	1,000
	CEO Visit to Federal Legislature	2,500
	CEO/Manager visits to Cal Retirement Systems	4,000
	Civic Center Parking Cards	500
	EE Recognition/Educational Seminar/Qtrly Meetings	9,500
	Investment Committee Meetings	16,000
	Membership Committee Meetings	8,500
	Miscellaneous Meetings	36,350
	Travel for Audits	1,000
Mtg/Mileage Total		\$ 79,350
Membership	AICPA	600
	American Express	255
	CALAPRS	2,500
	CalCPA	525
	California Board of Accountancy	120
	Coalition to Preserve Retirement Security	3,000
	Financial Services Information Sharing and Analysis Center Membership (FS-ISAC)	1,500
	GFOA	570
	Information Systems Security Association Membership (ISSA)	350
	International Foundation (IFEBP)	1,100
	Miscellaneous Memberships	37,260
	NASRA	3,000
	NCPERS	2,000
	NIRS	3,500
	Notary	1,000
	P2F2 - Public Pension Financial Forum	150
	SACRS	6,000
Membership Total		\$ 63,430
Periodicals	Legal Publications, Daily Journal, Law Book Updates, Reference Books	12,500
	Miscellaneous periodicals	5,375
	Organizational Communication	600
	Public Retirement Journal	950
	Reference books / research materials	200
Periodicals Total		\$ 19,625
Capital Expenditures	Building Security, Safety and Health Upgrades	200,000
	Board Room Audio Visual Upgrades	250,000
	New Firewalls	150,000
Capital Expenditures Total		\$ 600,000
Grand Total		\$ 27,240,947

2020 Budget Compared to Actuals



	Actuals 2016	Actuals 2017	Actuals 2018	Estimated Actuals 2019	Proposed Budget 2020	\$ Variance FY19-20	% Variance FY19-20
Personnel Costs	\$ 10,824,643	\$ 11,072,542	\$ 12,517,682	\$ 13,925,744	\$ 15,563,567	\$ 1,637,823	11.8%
Professional Services	4,235,939	3,988,579	4,480,145	5,038,252	6,199,320	1,161,068	23.0%
Legal Services	1,169,627	624,049	783,481	978,713	1,025,000	46,287	4.7%
Infrastructure Maintenance	578,704	553,149	722,048	711,049	835,100	124,051	17.4%
Miscellaneous Office Expenses	571,098	574,363	639,641	524,360	652,555	155,640	29.7%
Building Property Mgmt. / Maintenance	586,513	507,482	443,000	440,220	680,000	212,335	48.2%
Equipment/ Software Expenses	105,815	120,998	440,142	464,093	857,500	393,407	84.8%
Training	250,126	210,350	302,856	287,946	613,555	325,609	113.1%
Meeting & Mileage	38,212	45,187	75,430	82,914	214,350	131,436	158.5%
Total Services and Supplies:	\$ 7,536,034	\$ 6,624,158	\$ 7,886,743	\$ 8,527,548	\$ 11,077,380	\$ 2,549,832	29.9%
Total Capital Expenditures:	\$ 51,293	\$ 342,523	\$ 163,663	\$ 52,264	\$ 600,000	\$ 547,736	1048.0%
Total	\$ 18,411,970	\$ 18,039,222	\$ 20,568,087	\$ 22,505,555	\$ 27,240,947	\$ 4,735,392	21.0%



Professional Services Administration

Description	Actuals 2016	Actuals 2017	Actuals 2018	Estimated Actuals 2019	Proposed Budget 2020	\$ Variance FY19-20	% Variance FY19-20
CEO and Board	\$ 43,886	\$ 7,027	\$ 209,316	\$ 176,890	\$ 480,120	\$ 303,230	171.4%
Actuarial Fees	395,999	384,587	395,963	291,515	435,000	143,485	49.2%
Hearing Process and Other Legal Fees	123,764	80,168	134,453	176,560	202,000	25,440	14.4%
Financial Consultants	176,480	261,106	180,513	177,233	193,300	16,067	9.1%
Disability Related Consultants	295,409	298,919	276,671	322,845	300,000	(22,845)	-7.1%
Other Admin Services	60,151	159,120	111,312	132,584	168,500	35,916	27.1%
V3 Related Consulting	686,711	756,235	107,598	310,000	275,000	(35,000)	-11.3%
Website Redesign	-	-	140,000	21,333	-	(21,333)	-100.0%
Information Security Consulting Services	-	-	-	101,537	282,000	180,463	177.7%
Other IT Related Consulting *	258,923	570,171	486,452	754,276	1,055,400	301,124	39.9%
Other Consulting Services	347,653	1,399	141,637	104,684	250,000	145,316	138.8%
Total Administrative Professional Services	\$ 2,388,974	\$ 2,518,730	\$ 2,183,916	\$ 2,569,456	\$ 3,641,320	\$ 1,071,864	41.7%

*Gartner moved to Professional Services from Memberships in FY 2019.

Professional Services Investments

Description	Actuals 2016	Actuals 2017	Actuals 2018	Estimated Actuals 2019	Proposed Budget 2020	\$ Variance FY19-20	% Variance FY19-20
Investment Consultant	\$ 817,695	\$ 657,698	\$ 595,365	\$ 685,375	\$ 828,000	\$ 142,625	20.8%
Private Equity/Real Estate Consultants	149,666	-	802,500	1,106,462	1,136,000	29,538	2.7%
Risk Reporting & Portfolio Review	520,836	309,000	301,195	76,729	-	(76,729)	-100.0%
Custodial Bank Fees	300,000	437,500	578,750	580,000	575,000	(5,000)	-0.9%
Investor Search/Proxy Services/Other	58,768	65,651	18,419	20,230	19,000	(1,230)	-6.1%
Total Investments Professional Services	\$ 1,846,965	\$ 1,469,849	\$ 2,296,228	\$ 2,468,796	\$ 2,558,000	\$ 89,204	3.6%

Legal Services

Description	Actuals 2016	Actuals 2017	Actuals 2018	Estimated Actuals 2019	Proposed Budget 2020	\$ Variance FY19-20	% Variance FY19-20
Tax Attorney/Outside Counsel	\$ 29,315	\$ 37,854	\$ 19,139	\$ 19,085	\$ 50,000	\$ 30,916	162.0%
Board/Fiduciary	298,269	105,380	107,478	97,957	125,000	27,043	27.6%
Dept of Ed vs OCERS	288,534	29,515	47,400	25,207	50,000	24,793	98.4%
Other Litigation	14,841	96,944	153,494	251,777	200,000	(51,777)	-20.6%
Personnel Matters	46,158	7,965	-	-	-	-	NA
Investment Legal Services	492,510	346,391	338,602	584,688	600,000	15,313	2.6%
Settlement Payment	-	-	117,368	-	-	-	NA
Total Legal Services	\$ 1,169,627	\$ 624,049	\$ 783,481	\$ 978,713	\$ 1,025,000	\$ 46,287	4.7%

Infrastructure Maintenance

Description	Actuals 2016	Actuals 2017	Actuals 2018	Estimated Actuals 2019	Proposed Budget 2020	\$ Variance FY19-20	% Variance FY19-20
V3 Licensing and Support	\$ 396,000	\$ 396,000	\$ 396,000	\$ 396,000	\$ 396,000	\$ -	0.0%
Oracle V3	53,452	55,056	56,707	58,409	67,000	8,591	14.7%
Microsoft Software Assurance	32,789	-	83,109	41,555	92,000	50,445	121.4%
Data Center Maintenance	13,976	7,213	80,922	89,421	109,000	19,579	21.9%
Dell Compellent Annual Support	21,274	16,894	-	8,569	-	(8,569)	-100.0%
HP 3 Year Post Warranty HW Support	-	-	29,532	17,838	-	(17,838)	-100.0%
Anti-Virus Solution	-	13,723	7,200	7,200	8,000	800	11.1%
Oracle Maintenance-PG	9,086	9,359	9,640	10,002	-	(10,002)	-100.0%
Dynamics Software Mte	9,689	8,408	8,379	8,767	12,500	3,733	42.6%
Other Software Maintenance <\$10K	20,647	30,080	36,363	55,497	125,600	70,103	126.3%
Other Hardware Maintenance <\$10K	21,791	16,415	14,196	17,793	25,000	7,207	40.5%
Total Equipment Maintenance	\$ 578,704	\$ 553,149	\$ 722,048	\$ 711,049	\$ 835,100	\$ 124,051	17.4%

Building Management and Maintenance

Description	Actuals 2016	Actuals 2017	Actuals 2018	Estimated Actuals 2019	Proposed Budget 2020	\$ Variance FY19-20	% Variance FY19-20
Property Management and Maintenance	\$ 548,307	\$ 507,482	\$ 443,000	\$ 440,220	\$ 680,000	\$ 239,780	54.5%
Space Management Projects	26,206	-	-	-	-	-	NA
Employee Restroom Upgrades	12,000	-	-	-	-	-	NA
Total Building Management and Maintenance	\$ 586,513	\$ 507,482	\$ 443,000	\$ 440,220	\$ 680,000	\$ 239,780	54.5%

Miscellaneous Office Expense

Description	Actuals 2016	Actuals 2017	Actuals 2018	Estimated Actuals 2019	Proposed Budget 2020	\$ Variance FY19-20	% Variance FY19-20
Equipment Lease	\$ 73,117	\$ 61,001	\$ 46,478	\$ 53,842	\$ 48,500	\$ (5,342)	-9.9%
Memberships	129,048	111,694	147,666	55,724	63,430	7,706	13.8%
Office Supplies	46,873	56,242	83,635	67,618	80,000	12,382	18.3%
Periodicals	4,462	4,588	14,855	15,616	19,625	4,009	25.7%
Postage	138,065	124,742	108,394	126,390	167,000	40,610	32.1%
Printing	95,551	102,827	105,755	73,828	69,000	(4,828)	-6.5%
Telephone	83,982	113,270	132,858	131,341	205,000	73,659	56.1%
Total Miscellaneous Office Expense	\$ 571,098	\$ 574,363	\$ 639,641	\$ 524,360	\$ 652,555	\$ 128,195	24.4%

Miscellaneous Office Expense and Equipment Lease Categories have been combined in the above schedule, Gartner Consulting moved from Memberships to Professional Services in 2019.

Equipment and Software

Description	Actuals 2016	Actuals 2017	Actuals 2018	Estimated Actuals 2019	Proposed Budget 2020	\$ Variance FY19-20	% Variance FY19-20
Information Technology Department							
Board Portal	\$ 30,109	\$ 30,199	\$ 30,199	\$ 35,271	\$ 50,000	\$ 14,729	41.8%
Computers-Laptops-Monitors	13,000	21,987	222,312	50,000	30,000	(20,000)	-40.0%
Miscellaneous Hardware and Software	24,785	36,452	84,987	40,893	30,000	(10,893)	-26.6%
Wireless & Telecom Equip	306	4,956	2,247	-	5,000	5,000	NA
SmartBear Licensing	5,990	3,594	3,414	2,276	1,000	(1,276)	-56.1%
OpenDNS Subscription	6,545	-	9,859	4,356	5,000	644	14.8%
Rapid Recovery Appliance	-	-	-	50,000	-	(50,000)	-100.0%
HW/SW Inventory Solution	-	-	-	25,000	-	(25,000)	-100.0%
Managed File Transfer Solution	-	-	-	50,000	-	(50,000)	-100.0%
Anti Spam Email Solution	-	-	-	16,000	-	(16,000)	-100.0%
Log Aggregation Appliance	-	-	-	25,000	-	(25,000)	-100.0%
Data and Cloud Backup Solution	-	-	-	-	50,000	50,000	NA
Patch Management Solution	-	-	-	-	-	-	NA
IT Helpdesk Solution	-	-	-	-	50,000	50,000	NA
Software Deployment Tools	-	-	-	-	30,000	30,000	NA
Digital Signature Solution	-	-	-	-	10,000	10,000	NA
Information Security Remediation	-	-	-	41,174	50,000	8,826	21.4%
Accounting Software Project	-	-	-	-	150,000	150,000	NA
Power BI & Dashboard	-	-	-	-	50,000	50,000	NA
Penetration Testing Software	-	-	-	-	25,000	25,000	NA
Bloomberg and Other Investment Databases	25,080	23,810	87,123	114,998	223,000	108,002	93.9%
Information Security Department							
Vulnerability Management System	-	-	-	9,125	10,000	875	9.6%
Single Sign-On (SSO)	-	-	-	-	10,000	10,000	NA
Multi-Factor Authentication (MFA)	-	-	-	-	10,000	10,000	NA
Cloud Security Access Broker (CASB)	-	-	-	-	20,000	20,000	NA
Software Application Whitelisting	-	-	-	-	15,000	15,000	NA
Privileged Account Management (PAM)	-	-	-	-	15,000	15,000	NA
Dark Web Intelligence/Monitoring Services	-	-	-	-	10,000	10,000	NA
Other Departments							
Other	-	-	-	-	8,500	8,500	NA
Total Equipment and Software	\$ 105,815	\$ 120,998	\$ 440,142	\$ 464,093	\$ 857,500	\$ 393,407	84.8%

Training

Description	Actuals 2016	Actuals 2017	Actuals 2018	Estimated Actuals 2019	Proposed Budget 2020	\$ Variance FY19-20	% Variance FY19-20
Online Training	\$ 71,365	\$ 2,698	\$ 65,355	\$ 17,375	\$ 30,000	\$ 12,625	72.7%
Miscellaneous Conferences/Training	66,216	46,527	75,021	78,640	133,700	55,060	70.0%
Information Security Training (SANS)	5,588	19,817	16,204	26,995	46,000	19,005	70.4%
Board Approved Conferences	12,728	35,408	53,959	21,389	39,000	17,611	82.3%
SACRS	11,768	24,445	15,821	22,711	35,380	12,669	55.8%
Tuition Reimbursement	11,135	3,025	11,718	16,251	60,000	43,750	269.2%
Management Succession, Learning & Development, In-Class Training	24,250	17,127	6,983	30,845	165,000	134,155	434.9%
CALAPRS	12,410	25,243	14,302	33,076	33,975	899	2.7%
Strategic Planning	19,396	12,855	17,256	16,318	30,000	-	0.0%
NAPPA Meetings	3,792	6,772	6,451	3,848	15,000	11,152	289.8%
NASRA	10,513	16,333	17,936	16,937	21,000	4,063	24.0%
NCPERS-General and Safety	965	100	1,851	3,561	4,500	939	26.4%
Total Training	\$ 250,126	\$ 210,350	\$ 302,856	\$ 287,946	\$ 613,555	\$ 325,609	113.1%

Meetings and Mileage

Description	Actuals 2016	Actuals 2017	Actuals 2018	Estimated Actuals 2019	Proposed Budget 2020	\$ Variance FY19-20	% Variance FY19-20
Miscellaneous Meetings	\$ 31,530	\$ 36,669	\$ 41,993	\$ 53,868	\$ 79,350	\$ 25,482	47.3%
Due Diligence-Investments	6,683	8,519	33,436	29,046	135,000	105,954	364.8%
Total Meetings and Mileage	\$ 38,212	\$ 45,187	\$ 75,430	\$ 82,914	\$ 214,350	\$ 131,436	158.5%

Capital Expenditures

Description	Actuals 2016	Actuals 2017	Actuals 2018	Estimated Actuals 2019	Proposed Budget 2020	\$ Variance FY19-20	% Variance FY19-20
OCERS BC/DR	\$ 14,293	\$ 281,385	\$ 116,763	\$ -	\$ -	\$ -	NA
Lobby Reception Security Project	37,000	61,138	-	-	-	-	NA
Space Management	-	-	46,900	21,841	-	(21,841)	-100.0%
Building HVAC Repair	-	-	-	30,423	-	(30,423)	-100.0%
Building Security, Safety and Health Upgrades	-	-	-	-	200,000	200,000	NA
Board Room Audio Visual Upgrades	-	-	-	-	250,000	250,000	NA
New Firewalls	-	-	-	-	150,000	150,000	NA
Total Capital Expenditures	\$ 51,293	\$ 342,523	\$ 163,663	\$ 52,264	\$ 600,000	\$ 547,736	1048.0%

Appendix 3a
2018-20 Budget Comparison by Account

Account Group	FY 2018 Budget	FY 2019 Budget	Proposed FY 2020 Budget	FY 19-FY20 \$ Change	FY 19-FY20 % Change
7670 - Actuarial Fees	\$ 500,000	\$ 450,000	\$ 435,000	\$ (15,000)	-3.3%
784X - Due Diligence	56,600	80,000	135,000	55,000	68.8%
8640/7640 - Personnel Cost	13,925,194	14,764,600	15,563,567	798,967	5.4%
8650/7650 - Professional Svcs*	5,475,900	5,881,000	5,764,320	(116,680)	-2.0%
8690/7690 - Legal Svcs	1,067,370	1,475,000	1,025,000	(450,000)	-30.5%
885X/785X - Training	514,670	486,320	613,555	127,235	26.2%
886X/786X - Mtg/Mileage	61,350	61,350	79,350	18,000	29.3%
8885/7885 - Membership*	157,220	52,335	63,430	11,095	21.2%
8950 - Infrastructure Maintenance	764,300	829,100	835,100	6,000	0.7%
8960 - Printing Svcs	104,800	105,000	69,000	(36,000)	-34.3%
8965/7965 - Periodicals	21,950	19,625	19,625	-	0.0%
8970 - Postage	163,000	164,500	167,000	2,500	1.5%
8975 - Office Supplies	75,000	80,000	80,000	-	0.0%
8980/7980 - Equipment / Software	586,700	706,500	857,500	151,000	21.4%
8985 - Capital Expenditures	1,095,000	370,000	600,000	230,000	62.2%
8990 - Equipment Lease	50,000	62,000	48,500	(13,500)	-21.8%
8991 - Bldg. Prop. Mgmt./Maintenance	730,000	680,000	680,000	-	0.0%
8995 - Telephone	159,000	165,500	205,000	39,500	23.9%
Grand Total	\$ 25,508,054	\$ 26,432,830	\$ 27,240,947	\$ 808,117	3.1%

Appendix 3b
Department Level Budgets: 2018-2020

Organization	Account Group	FY 2018 Budget	FY 2019 Budget	Proposed FY 2020 Budget	FY 19-FY20	FY 19-FY20
					\$ Change	% Change
0001 - BOARD	8640 - Personnel Cost	\$ 15,000	\$ 17,000	\$ 18,900	\$ 1,900	11.2%
	8650 - Professional Svcs	60,000	59,200	15,120	(44,080)	-74.5%
	885X - Training	75,000	75,000	114,000	39,000	52.0%
	886X - Mtg/Mileage	12,000	13,000	24,500	11,500	88.5%
	8885 - Membership	16,300	16,450	20,000	3,550	21.6%
0001 - BOARD Total		\$ 178,300	\$ 180,650	\$ 192,520	\$ 11,870	6.6%
0010 - EXECUTIVE	8640 - Personnel Cost	\$ 1,237,219	\$ 1,299,880	\$ 1,387,404	\$ 87,524	6.7%
	8650 - Professional Svcs	235,000	245,000	465,000	220,000	89.8%
	885X - Training	73,500	52,300	58,200	5,900	11.3%
	886X - Mtg/Mileage	13,000	12,000	15,000	3,000	25.0%
	8885 - Membership	4,345	3,195	4,320	1,125	35.2%
	8965 - Periodicals	1,350	1,450	1,450	-	0.0%
	7670 - Actuarial Fees	500,000	450,000	435,000	(15,000)	-3.3%
0010 - EXECUTIVE Total		\$ 2,064,414	\$ 2,063,825	\$ 2,366,374	\$ 302,549	14.7%
0011 - INVESTMENTS	7640 - Personnel Cost	\$ 1,940,536	\$ 2,144,013	\$ 2,176,544	\$ 32,531	1.5%
	7650 - Professional Svcs	2,614,500	2,710,000	2,558,000	(152,000)	-5.6%
	784X - Due Diligence	56,600	80,000	135,000	55,000	68.8%
	785X - Training	63,765	53,900	0	(53,900)	-100.0%
	786X - Mtg/Mileage	10,000	10,000	16,000	6,000	60.0%
	7885 - Membership	11,680	7,300	16,105	8,805	120.6%
	7965 - Periodicals	6,300	3,375	3,375	-	0.0%
	7980 - Equipment / Software	81,200	117,500	7,300	(110,200)	-93.8%
	0011 - INVESTMENTS Total		\$ 4,784,581	\$ 5,126,088	\$ 4,912,324	\$ (213,764)
0015 - COMMUNICATIONS	8640 - Personnel Cost	\$ 268,489	\$ 273,758	\$ 289,957	\$ 16,199	5.9%
	8650 - Professional Svcs	0	50,000.00	50,000.00	-	0.0%
	885X - Training	3,380	2,300	5,000	2,700	117.4%
	886X - Mtg/Mileage	300	300	300	-	0.0%
	8960 - Printing Svcs	96,000	98,000	62,000	(36,000)	-36.7%
	8965 - Periodicals	600	600	600	-	0.0%
	8970 - Postage	96,000	97,500	100,000	2,500	2.6%
	8975 - Office Supplies	10,000	10,000	10,000	-	0.0%
	8980 - Equipment / Software	-	-	1,200	1,200	N/A
	0015 - COMMUNICATIONS Total		\$ 474,769	\$ 532,458	\$ 519,057	\$ (13,401)
0020 - LEGAL	8640 - Personnel Cost	\$ 1,469,114	\$ 1,443,979	\$ 1,493,056	\$ 49,077	3.4%
	8650 - Professional Svcs	251,800	202,000	202,000	-	0.0%
	8690/7690 - Legal Svcs	1,067,370	1,475,000	1,025,000	(450,000)	-30.5%
	885X - Training	30,300	30,300	29,300	(1,000)	-3.3%
	886X - Mtg/Mileage	3,000	2,000	5,000	3,000	150.0%
	8885 - Membership	4,200	4,200	4,200	-	0.0%
	8965 - Periodicals	12,500	12,500	12,500	-	0.0%
	0020 - LEGAL Total		\$ 2,838,284	\$ 3,169,979	\$ 2,771,056	\$ (398,923)
0030 - MEMBER SERVICES	8640 - Personnel Cost	\$ 3,616,180	\$ 3,771,456	\$ 4,032,715	\$ 261,259	6.9%
	8650 - Professional Svcs	185,000	25,000	20,000	(5,000)	-20.0%
	885X - Training	18,900	18,800	19,800	1,000	5.3%
	886X - Mtg/Mileage	250	250	250	-	0.0%
0030 - MEMBER SERVICES Total		\$ 3,820,330	\$ 3,815,506	\$ 4,072,765	\$ 257,259	6.7%

**Appendix 3b
Department Level Budgets: 2018-2020**

Organization	Account Group	FY 2018 Budget	FY 2019 Budget	Proposed FY 2020 Budget	FY 19-FY20	FY 19-FY20
					\$ Change	% Change
0040 - FINANCE	8640 - Personnel Cost	\$ 1,393,533	\$ 1,412,268	\$ 1,434,839	\$ 22,571	1.6%
	8650 - Professional Svcs	196,300	196,800	193,300	(3,500)	-1.8%
	885X - Training	21,150	15,650	13,600	(2,050)	-13.1%
	886X - Mtg/Mileage	500	500	500	-	0.0%
	8885 - Membership	3,410	3,290	3,955	665	20.2%
	8965 - Periodicals	1,000	1,000	1,000	-	0.0%
0040 - FINANCE Total		\$ 1,615,893	\$ 1,629,508	\$ 1,647,194	\$ 17,686	1.1%
0050 - DISABILITY	8640 - Personnel Cost	\$ 577,968	\$ 509,145	\$ 571,549	\$ 62,404	12.3%
	8650 - Professional Svcs	225,000	300,000	300,000	-	0.0%
	885X - Training	10,175	10,420	8,255	(2,165)	-20.8%
	886X - Mtg/Mileage	450	450	450	-	0.0%
	8960 - Printing Svcs	1,800.00	-	-	-	N/A
0050 - DISABILITY Total		\$ 815,393	\$ 820,015	\$ 880,254	\$ 60,239	7.3%
0060 - ADMINISTRATIVE SERVICES	8640 - Personnel Cost	\$ 1,271,034	\$ 1,572,675	\$ 1,751,726	\$ 179,051	11.4%
	8650 - Professional Svcs	232,300	173,500	168,500	(5,000)	-2.9%
	885X - Training	51,100	69,000	226,000	157,000	227.5%
	886X - Mtg/Mileage	8,000	8,000	10,500	2,500	31.3%
	8885 - Membership	8,900	9,000	10,000	1,000	11.1%
	8960 - Printing Svcs	7,000	7,000	7,000	-	0.0%
	8970 - Postage	67,000	67,000	67,000	-	0.0%
	8975 - Office Supplies	65,000	70,000	70,000	-	0.0%
	8985 - Capital Expenditures	770,000	370,000	450,000	80,000	21.6%
	8990 - Equipment Lease	12,000	12,000	13,500	1,500	12.5%
	8991 - Bldg. Prop. Mgmt./Maintenance	730,000	680,000	680,000	-	0.0%
0060 - ADMINISTRATIVE SERVICES Total		\$ 3,222,334	\$ 3,038,175	\$ 3,454,226	\$ 416,051	13.7%
0070 - INFORMATION TECHNOLOGY	7980 - Equipment / Software	\$ -	\$ -	\$ 223,000	\$ 223,000	N/A
	8640 - Personnel Cost	1,720,079	1,622,135	1,517,420	(104,715)	-6.5%
	8650 - Professional Svcs	1,456,000	1,512,500	1,330,400	(182,100)	-12.0%
	885X - Training	148,000	105,000	61,000	(44,000)	-41.9%
	886X - Mtg/Mileage	8,500	8,500	5,000	(3,500)	-41.2%
	8885 - Membership	106,050	7,250	1,500	(5,750)	-79.3%
	8950 - Infrastructure Maintenance	764,300	829,100	835,100	6,000	0.7%
	8980 - Equipment / Software	505,500	539,000	536,000	(3,000)	-0.6%
	8985 - Capital Expenditures	325,000	0	150,000.00	150,000	N/A
	8990 - Equipment Lease	38,000	50,000	35,000	(15,000)	-30.0%
	8995 - Telephone	159,000	165,500	205,000	39,500	23.9%
0070 - INFORMATION TECHNOLOGY Total		\$ 5,230,429	\$ 4,838,985	\$ 4,899,420	\$ 60,435	1.2%
0080 - INTERNAL AUDIT	8640 - Personnel Cost	\$ 416,042	\$ 448,850	\$ 442,595	\$ (6,255)	-1.4%
	8650 - Professional Svcs	20,000	150,000	180,000	30,000	20.0%
	885X - Training	19,400	19,400	16,400	(3,000)	-15.5%
	886X - Mtg/Mileage	5,350	5,350	1,350	(4,000)	-74.8%
	8885 - Membership	2,335	1,500	1,500	-	0.0%
	8965 - Periodicals	200	200	200	-	0.0%
0080 - INTERNAL AUDIT Total		\$ 463,327	\$ 625,300	\$ 642,045	\$ 16,745	2.7%
0090 - INFORMATION SECURITY	8640 - Personnel Cost	\$ -	\$ 249,441	\$ 446,862	\$ 197,421	79.1%
	8650 - Professional Svcs	-	257,000	282,000	25,000	9.7%
	885X - Training	-	34,250	62,000	27,750	81.0%
	886X - Mtg/Mileage	-	1,000	500	(500)	-50.0%
	8885 - Membership	-	150	1,850	1,700	1133.3%
	8965 - Periodicals	-	500	500	-	0.0%
	8980 - Equipment / Software	-	50,000	90,000	40,000	80.0%
0090 - INFORMATION SECURITY Total		\$ -	\$ 592,341	\$ 883,712	\$ 291,371	49.2%
Grand Total		\$ 25,508,054	\$ 26,432,830	\$ 27,240,947	\$ 808,117	3.1%

*Gartner moved from Memberships to Professional Services in FY 2019.

Historical Statistics

	2015	2016	2017	2018	2019
Number of Full-Time Positions Budgeted	72	75	79	92	93
Number of Retirees - Beginning of Year	15,169	15,810	16,369	16,947	17,674
Number of Additional Retirements ¹	1,019	1,006	1,061	1,080	1,080
Number Removed from Payroll ¹	(378)	(447)	(483)	(353)	(379)
Payroll \$ (in thousands) * ²	\$ 675,963	\$ 717,976	\$ 764,344	\$ 828,278	\$ 893,971
Number of Members ** ¹	42,427	43,485	44,471	45,629	46,996
Number of New Members ** ¹	1,009	1,058	986	1,135	1,367
Seminars	44	52	46	56	65

¹ 2019 amounts are as of September 2019

² 2019 amounts are annualized estimates based on actuals through August 2019.

* Payroll represents retirement payroll, withdrawals and death benefits

** Number of members includes active, deferred and retired (including beneficiaries).

**OCERS
Personnel Cost Budget
2020**

Department	Position	Employee Count	Regular Salary	Certification Pay	Fringe Benefits	Salary Adjustments	Overtime	Leave Payout	Temporary Help	Grand Total
Board										
	Board Member		18,900.00	-	-					
Board Total			\$ 18,900.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,900.00
Executive										
	Chief Executive Officer	1	280,267.26	-	175,154.51					
	Asst. CEO-Internal Operations	1	237,851.12	13,081.81	158,347.26					
	Asst. CEO-External Operations	1	229,841.56	-	143,330.13					
	Executive Secretary II	1	72,360.08	-	34,095.70					
Executive Total		4	\$ 820,320.02	\$ 13,081.81	\$ 510,927.59	\$ -	\$ 1,000.00	\$ 27,076.39	\$ 15,000.00	\$ 1,387,405.82
Investments										
	Chief Investment Officer	1	322,875.02	17,758.13	177,227.14					
	Managing Director-Investments	1	200,000.06	-	107,162.04					
	Director-Investments	1	209,232.40	-	136,340.81					
	Sr. Investment Officer	1	150,275.84	-	87,404.24					
	Sr. Investment Analyst	-	-	-	-					
	Investment Officer	1	131,570.92	7,236.40	71,653.04					
	Investment Analyst	3	268,584.52	4,785.00	152,690.16					
	Staff Specialist	1	57,905.12	-	28,553.08					
Investments Total		9	\$ 1,340,443.88	\$ 29,779.53	\$ 761,030.50	\$ -	\$ 1,000.00	\$ 44,292.86	\$ -	\$ 2,176,546.77
Communications										
	Communications Manager	1	106,107.82	-	67,917.27					
	Staff Specialist	1	71,720.48	-	37,888.36					
Communications Total		2	\$ 177,828.30	\$ -	\$ 105,805.63	\$ -	\$ 500.00	\$ 5,824.39	\$ -	\$ 289,958.32
Legal										
	General Counsel	1	269,493.12	-	164,313.15					
	Staff Attorney	3	476,571.58	-	252,009.32					
	Paralegal	1	71,720.48	-	48,395.83					
	Executive Secretary I	1	59,887.88	-	30,500.45					
	Extra Help-Staff Attorney	1	-	-	-				90,240.00	
Legal Total		7	\$ 877,673.06	\$ -	\$ 495,218.74	\$ -	\$ 1,000.00	\$ 28,925.73	\$ 90,240.00	\$ 1,493,057.54

**OCERS
Personnel Cost Budget
2020**

Department	Position	Employee Count	Regular Salary	Certification Pay	Fringe Benefits	Salary Adjustments	Overtime	Leave Payout	Temporary Help	Grand Total
Member Services										
	Director-Member Services	1	159,876.29	-	81,706.38					
	Member Services Manager	2	206,036.74	-	137,075.33					
	Retirement Analyst	1	136,899.36	-	69,613.40					
	Retirement Benefits Supervisor	3	240,361.68	-	152,977.15					
	Sr. Retirement Program Specialist	4	286,881.92	-	163,053.57					
	Sr. Staff Development Specialist	1	91,654.68	-	45,869.42					
	Retirement Program Specialist	11	672,070.36	-	357,954.15					
	Retirement Benefits Technician	4	195,461.76	-	97,361.27					
	Accounting Technician	6	326,110.72	-	200,521.19					
	Office Specialist	1	48,609.60	-	32,321.80					
	Office Technician	3	120,756.48	-	83,951.70					
Member Services Total		37	\$ 2,484,719.59	\$ -	\$ 1,422,405.35	\$ -	\$ 30,000.00	\$ 80,591.27	\$ 15,000.00	\$ 4,032,716.20
Finance										
	Director-Finance	1	161,867.94	8,902.74	102,631.65					
	Finance Manager	3	348,925.20	6,623.76	196,292.40					
	Sr. Accountant / Auditor I	1	91,868.15	-	51,309.05					
	Accountant Auditor II	2	165,315.28	-	88,489.50					
	Accountant Auditor I	2	126,086.48	-	56,263.93					
Finance Total		9	\$ 894,063.05	\$ 15,526.50	\$ 494,986.53	\$ -	\$ 1,000.00	\$ 29,264.85	\$ -	\$ 1,434,840.92
Disability										
	Disability Manager	1	88,327.98	-	68,634.78					
	Disability Investigator	2	143,440.96	-	86,128.80					
	Office Specialist	2	102,336.00	-	70,828.56					
Disability Total		4	\$ 334,104.94	\$ -	\$ 225,592.14	\$ -	\$ 1,000.00	\$ 10,853.33	\$ -	\$ 571,550.40
Administration										
	Director-Administrative Services	1	154,657.10	-	85,846.21					
	Director-Operational Support Services	1	158,000.00	-	76,843.97					
	Contracts Administrator	1	113,106.76	-	61,023.56					
	Manager-Learning/Organization	1	84,999.98	-	41,256.17					
	Staff Analyst	1	85,904.00	-	60,177.57					
	Staff Specialist	1	69,971.20	-	44,315.43					
	Staff Assistant	1	61,081.80	-	33,939.05					
	Store Clerk	1	47,266.71	-	25,403.83					
Administration Total		8	\$ 774,987.55	\$ -	\$ 428,805.79	\$ 505,887.17	\$ 1,500.00	\$ 25,547.84	\$ 15,000.00	\$ 1,751,728.35

**OCERS
Personnel Cost Budget
2020**

Department	Position	Employee Count	Regular Salary	Certification Pay	Fringe Benefits	Salary Adjustments	Overtime	Leave Payout	Temporary Help	Grand Total
IT										
	Director-Information Technology	1	156,481.78	-	84,945.24					
	Sr. Retirement Programmer/Business Analyst	1	127,108.80	-	80,943.29					
	I.T. Operations Supervisor	1	114,462.40	-	89,322.04					
	Sr. Applications Developer	2	207,891.32	-	108,956.42					
	Network Engineer II	1	99,692.32	-	60,666.92					
	System Technologist II	1	99,692.32	-	60,666.92					
	Systems Engineer II	1	99,692.32	-	47,371.32					
IT Total		8	\$ 905,021.26	\$ -	\$ 532,872.16	\$ -	\$ 50,000.00	\$ 29,527.53	\$ -	\$ 1,517,420.95
Internal Audit										
	Director-Internal Audit	1	152,006.40	-	84,423.20					
	Internal Auditor	1	116,153.18	6,388.42	74,755.38					
Internal Audit Total		2	\$ 268,159.58	\$ 6,388.42	\$ 159,178.58	\$ -	\$ -	\$ 8,870.26	\$ -	\$ 442,596.84
Information Security										
	Director-Information Security	1	142,001.60	-	79,487.48					
	Information Security Manager	1	136,899.10	-	79,250.44					
Information Security Total		2	\$ 278,900.70	\$ -	\$ 158,737.92	\$ -	\$ -	\$ 9,225.55	\$ -	\$ 446,864.18
Grand Total		93	\$ 9,175,121.92	\$ 64,776.26	\$ 5,295,560.94	\$ 505,887.17	\$ 87,000.00	\$ 300,000.00	\$ 135,240.00	\$ 15,563,586.30

OCERS Compensation Philosophy

Purpose and Background

1. The philosophy behind the Orange County Employees Retirement System's ("OCERS") compensation program is to create a pay structure with the goal of attracting, developing and retaining strong leaders who support OCERS' mission and values. We believe our compensation program is a management tool that when aligned with an effective communication plan is designed to support, reinforce, and align our values, business strategy, operation & financial needs through professional and proficient staff that provide secure retirement benefits to our members with the highest standards of excellence.

The underlying philosophy governing OCERS' compensation program is designed to accomplish the following:

- ▶ Provide pay levels that are externally competitive among peers within our industry and within published market data for similar sized governmental organizations.
- ▶ Recognize and reward individual performance, initiatives, growth in job proficiency and achievement of stated goals.
- ▶ Provide management the flexibility to make compensation decisions within budgetary guidelines.

In alignment with our organization's culture, we will strive to communicate openly about the goals of the agency and the design of the compensation program. The compensation process is intended to be fair and uncomplicated so that all employees and managers understand the goals and the outcome of the process.

Compensation Strategy

2. Total Compensation of OCERS employees includes both cash compensation and benefits. OCERS' Board of Retirement is responsible for approving salary ranges for each authorized position. The CEO is responsible for managing salaries within the approved salary ranges. The CEO will use the following process:
 - ▶ In November of each year, or other time of year as determined by the Chief Executive Officer, each Executive, Management and/or Professional employee as of June 1 of that year shall receive a written performance evaluation and be eligible for an annual merit increase with a performance rating of meets performance standards or better.
 - ▶ Salary increases within a range shall not be automatic. The Chief of each division will provide performance feedback and salary adjustment recommendations for the CEO's consideration. The CEO will make the final determination of salary awards based on the annual performance pool and individual award limits approved by the Board of Retirement in connection with the budget.
 - ▶ Salary ranges will be reviewed annually with an intended purpose of keeping total compensation competitive. The CEO may ask the Board of Retirement to consider adjustments to the salary ranges during the annual budget approval process.



OCERS Compensation Philosophy

The Board of Retirement has entered into a Memorandum of Agreement with the County of Orange for providing and administrating employee benefits to OCERS' direct employees. The agreement with the County calls for OCERS' employees to receive the same benefits offered to County administrative and executive management employees.

History

3. This policy was adopted by the Board of Retirement on October 21, 2013. This policy was approved by the CEO on December 19, 2014.

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 blue ink that reads "Steve Delaney".

10/21/13

Steve Delaney
Secretary of the Board

Date



Memorandum

DATE: October 8, 2019
TO: Members of the Board of Retirement
FROM: Brenda Shott, Assistant CEO Finance and Internal Operations
SUBJECT: **OCERS 2020 BUSINESS PLAN**

Recommendation

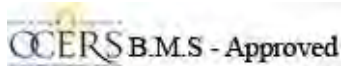
Approve OCERS 2020 Business Plan.

Background/Discussion

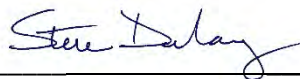
The OCERS 2020 Business Plan is presented to the Board for approval. The OCERS 2020 Business Plan is directly linked to the OCERS 2020-2022 Strategic Plan which was developed using OCERS Mission Statement, Vision and Values as its foundation. The Business Plan is a one year plan that lays out initiatives aimed to move the longer term strategic goals and objectives towards completion.

The Business Plan is also an initial planning step in the 2020 budget process. The goals and initiatives included in the Business Plan, if approved by the Board, become directives for staff to finalize 2020 budget requests. The 2020 Business Plan was first reviewed on September 19, 2019 as part of the annual Strategic Planning Workshop. The initial draft of the proposed budget will be reviewed with the Board on October 17, 2019 at the Budget Workshop. During the Workshop, the Board will not be asked to approve items, rather it will be an opportunity to ask questions and give feedback to staff as they work to finalize the 2020 Annual Budget. Attached to the OCERS 2020 Business Plan is a presentation that includes estimates of amounts needed in 2020 to fund specific initiatives being proposed in next year's Business Plan. Actual funding of goals and initiatives are subject to final budget approval by the Board at the regularly scheduled meeting in November.

Prepared by:


OCERS B.M.S - Approved

Approved by:


Steve Dalay

Orange County Employees Retirement System
2223 East Wellington Avenue | Santa Ana | 92701

2020 BUSINESS PLAN



MISSION, VISION AND VALUES

MISSION STATEMENT:

We provide secure retirement and disability benefits with the highest standards of excellence.

VISION STATEMENT:

To be a trusted partner providing premier pension administration, distinguished by consistent, quality member experiences and prudent financial stewardship.

VALUES:

- **O**pen and Transparent
- **C**ommitment to Superior Service
- **E**ngaged and Dedicated Workforce
- **R**eliable and Accurate
- **S**ecure and Sustainable

2020-2022 STRATEGIC GOALS

- Fund Sustainability
- Excellent Service and Support
- Risk Management
- Talent Management
- Effective Governance

FUND SUSTAINABILITY

GOAL: STRENGTHEN THE LONG-TERM STABILITY OF THE PENSION FUND

Business Plan Initiatives

Objective A: Mitigate the Risk of Significant Investment Loss

Executive Lead – Molly Murphy

1. Conduct and begin implementation of a triennial asset allocation study
2. Conduct a competitive procurement for an investment/risk management system

Objective B: Prudent Use and Security of Resources

Executive Leads – Molly Murphy;

1. Investigate Custodial Bank Services options

EXCELLENT SERVICE AND SUPPORT

GOAL: ACHIEVE EXCELLENCE IN THE SERVICE AND SUPPORT WE PROVIDE TO OUR MEMBERS AND PLAN SPONSORS

Business Plan Initiatives

Objective A: Provide Accurate and Timely Benefits

Executive Leads – Suzanne Jenike;

1. Streamline the service retirement process by implementing;
 - a. LEAN action items
 - b. Application packets
2. Improve customer service standards by enhancing V3 workflows, monitoring and reporting (year two)

Objective B: Provide Education to our Members and Employers

Executive Lead – Suzanne Jenike

1. Design and implement a bi-annual employer workshop
2. Create white board videos that will provide education to members and stakeholders about OCERS benefits (year two)

Objective C: Continuously Improve Business Processes and Procedures to be Efficient and Effective

Executive Lead – Brenda Shott and Suzanne Jenike

1. Explore the process of obtaining LEAN certifications
2. Identify additional business process to implement LEAN principles
3. Procure and begin conversion to new accounting software

RISK MANAGEMENT

GOAL: CULTIVATE A RISK-INTELLIGENT ORGANIZATION

Business Plan Initiatives

Objective A: Provide System and Data Security and a Robust Business Continuity Solution

Executive Leads – Brenda Shott, Matt Eakin & Jenny Sadoski

1. Continue implementation plan for security and operational best practice controls
2. Continuously assess current Information Security environment and address identified risks:
 - a. Implement software application whitelisting solution to prevent the installation and execution of unknown programs on OCERS systems
 - b. Implement a Privileged Account Management (PAM) solution to secure, control, manage and monitor privileged accounts
 - c. Perform review of firewall solutions and migrate to new firewall solution if warranted
 - d. Continue development of OCERS data map, data classification structure and data exchange flows and identify associated risks (year two)
 - e. Develop a process for mitigating risks associated with external third party IT business partners
3. Implement tools and processes to mitigate the risk of data or financial loss or information disclosure:

- a. Implement an Identity and Access Management (IAM) solution incorporating Single Sign-On (SSO) and Multi-Factor Authentication (MFA)
 - b. Implement tools to secure OCERS cloud based environments
 - c. Implement automated hardware and software inventory tool
 - d. Enhance processes between Managed Security / Managed Detection & Response vendor and Information Security staff
 - e. Determine alternative methods of exchanging member identification protocols
4. Enhance the Business Continuity and Disaster Recovery Program:
 - a. Establish alternate work space / work site plan (year two)
 - b. Expand the Business Continuity and Disaster Recovery test plan

Objective B: Ensure a Safe and Secure Workplace and Public Service Facility
Executive Lead – Brenda Shott

1. Plan and implement building security, safety and health upgrades and space management projects (year three)

TALENT MANAGEMENT

GOAL: RECRUIT, RETAIN AND INSPIRE A HIGH-PERFORMING WORKFORCE

Business Plan Initiatives

Objective A: Recruit and Retain a Diverse High-Performing Workforce to Meet Organizational Priorities

Executive Lead – Steve Delaney and Cynthia Hockless

1. Enhance onboarding and transitioning of new hires into the organization
 - a. Continue to expand the newly implemented onboarding process
2. Expand advertising and outreach sources in order to continue to encourage diversity in recruitments
3. Implement recommendations from workforce analysis (year three)
4. Implement recommendations of the Personnel Committee regarding staff retention strategies

Objective B: Develop and empower every member of the team

Executive Lead – Steve Delaney

1. Design and develop a comprehensive training program that embeds a talent management mindset throughout the organization
2. Customize training programs based on individual needs and career goals within OCERS
3. Create succession plans across the agency (year three)
4. Develop a comprehensive standardized library of procedure manuals accessible on the OCERS Intranet following last year's initial review

Objective C: Cultivate a Collaborative, Inclusive and Creative Culture

Executive Lead – Steve Delaney

1. Explore methods to measure OCERS culture of engagement and continuous improvement
2. Provide inclusion training to staff
3. Celebrate OCERS 75th Anniversary

EFFECTIVE GOVERNANCE

GOAL: IMPROVE THE EFFECTIVENESS AND EFFICIENCY OF THE BOARD AND STAFF BY CLARIFYING ROLES AND RESPONSIBILITIES, IMPROVING OVERSIGHT, CLARIFYING ACCOUNTABILITY AND IMPROVING DECISION MAKING

Objective A: Employ a Governance Structure that Supports a Dynamic System

Executive Lead – Steve Delaney

1. Explore methods of focusing Board and staff time and effort on activities that support or advance OCERS' Strategic Goals

Objective B: Improve the Governance and Management of OCERS' Records

Executive Lead – Gina Ratto

1. Identify “best practices” in record retention
2. Develop and implement a records retention program that reflects best practices and identifies appropriate retention periods for each category of records
3. Establish storage protocols and automate destruction schedules for electronic mail
4. Establish an alternative “work space” and/or storage place for emails
5. Systematically bring each department within OCERS into compliance with the records retention program
6. Establish procedures to maintain and audit compliance with the record retention program



ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
www.ocers.org

Purpose and Background

1. The Board of Retirement annually adopts a budget covering the expenses of administering the retirement system. The administration expenses, as defined in Government Code Section 31580.2, incurred in any year will be charged against the earnings of the retirement fund and will not exceed 21 basis points of the actuarial accrued liability of the system.
2. The purpose of the Budget Approval Policy is to establish the process by which the OCERS annual budget is approved by the Board of Retirement.

Roles

3. The preparation and presentation of the budget is the responsibility of the Chief Executive Officer.
4. The adoption of an annual budget is the responsibility of the Board of Retirement.

Guidelines

General Provisions

5. The Chief Executive Officer will present to the Board of Retirement a proposed administrative budget for the next calendar year that supports the initiatives set out in the proposed Business Plan along with ongoing operations of the system. The Budget will be presented to the Board during the month of November.
6. The format of the proposed budget will organize expenditures by function within OCERS as follows:
 - a. Executive;
 - b. Investments;
 - c. Communications;
 - d. Member Services;
 - e. Finance;
 - f. Administrative Services;
 - g. Disabilities;
 - h. Board;
 - i. Information Technology;
 - j. Legal;
 - k. Internal Audit; and / or
 - l. Such other functions that may be adopted by OCERS in the future.
7. The budget shall be broken into three broad categories of expenditures:
 - a. Salaries and Benefits;

OCERS Board Policy **Budget Approval Policy**

The Salaries and Benefit category shall include salaries, overtime, fringe benefits, temporary help costs and any other costs directly related to employee and Board member compensation.

b. Services and Supplies

The Services and Supplies category for each department shall include items such as professional services, legal services, equipment expenses (other than those that are capitalized on OCERS' books as assets that will be depreciated over time and budgeted as a capital expenditure), maintenance costs, office expenses, training, and meetings & travel costs. Investment management fees (including directly billed fees, indirectly paid fees reported on investment manager statements, fees and costs for investment management that are netted in portfolio returns, foreign income tax and security lending fees) are not to be included in the annual administrative budget. These expenses are to be managed and reported in accordance with the Board of Retirement's Investment Fee Policy; and

c. Capital Projects.

The Capital Project budget category will include the current year costs for all capital asset purchases. Capital assets include items such as buildings, building improvements, vehicles, machinery, equipment, internally generated computer software, computer hardware and all other tangible or intangible assets that are used in operations, cost more than \$25,000 per item, and have initial useful lives extending beyond a single reporting period.

The Chief Executive Officer, or the Assistant CEO, Finance & Internal Operations, is granted authority to transfer funds within a category.. Funds may not be moved from one category to another without approval of the Board of Retirement.

8. The value of the actuarial accrued liability (AAL) at the beginning of the budget year will be used for purposes of calculating the 21 basis point test. That value will be calculated by the system's actuary using the prior year's beginning AAL and projecting to the beginning of the budget year.
9. The Chief Executive Officer may request that the Board amend the budget for the current fiscal year by presenting reasons for the budget amendment, its expected impact, and the cost of the amendment for the remainder of the budget year.

Policy Review

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

Policy History

11. This policy was adopted by the Board of Retirement on February 19, 2002.
12. The policy was revised on October 27, 2003, May 16, 2005, March 24, 2008, March 22, 2010, January 18, 2011, June 18, 2012, July 20, 2015 and July 17, 2017.



OCERS Board Policy Budget Approval Policy

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 blue ink that reads "Steve Delaney". The signature is written in a cursive style and is contained within a rectangular box.

7/17/17

Steve Delaney
Secretary of the Board

Date