

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

SPECIAL MEETING
Monday, November 25, 2019
12:00 P.M. OR UPON ADJOURNMENT OF THE INVESTMENT COMMITTEE MEETING, WHICHEVER IS
LATER

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.

OPEN SESSION

PUBLIC COMMENTS

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

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

CLOSED SESSION

[E- 1 CONFERENCE WITH OCERS' LABOR REPRESENTATIVE \(Government Code section 54957.6\)](#)
[Adjourn into closed session pursuant to Government Code section 54957.6 to confer with OCERS' Representative](#)

OCERS' Designated Representative: Steve Delaney, CEO
Unrepresented Employees: All OCERS Direct Employee

OPEN SESSION

A-1 OCERS DIRECT EMPLOYEE ANNUAL LEAVE POLICY (PAID TIME OFF)

Presentation by Steve Delaney, Chief Executive Officer and Brenda Shott, Assistant Chief Executive Officer Finance and Internal Operations

Recommendation: Approve the Annual Leave Policy (Paid Time Off) of the OCERS Direct Employees, as approved by the Personnel Committee.

REPORT OF ACTION TAKEN IN CLOSED SESSION

BOARD MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

NOTICE OF NEXT MEETINGS

REGULAR BOARD MEETING

December 16, 2019

9:00 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

All supporting documentation is available for public review in the retirement office during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Thursday and 8:00 a.m. – 4:30 p.m. on Friday.

It is OCERS' intention to comply with the Americans with Disabilities Act ("ADA") in all respects. If, as an attendee or participant at this meeting, you will need any special assistance beyond that normally provided, OCERS will attempt to accommodate your needs in a reasonable manner. Please contact OCERS via email at adminsupport@ocers.org or call 714-558-6200 as soon as possible prior to the meeting to tell us about your needs and to determine if accommodation is feasible. We would appreciate at least 48 hours' notice, if possible. Please also advise us if you plan to attend meetings on a regular basis.

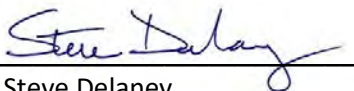
E-1

Memorandum

DATE: November 22, 2019
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: CONFERENCE WITH OCERS' LABOR REPRESENTATIVE

This memorandum serves as a placeholder to inform you that there will be no printed materials for **E-1 CONFERENCE WITH OCERS' LABOR REPRESENTATIVE (Government Code section 54957.6) Adjourn into closed session pursuant to Government Code section 54957.6 to confer with OCERS' Representative** in the board book for this special board meeting.

Submitted by:



Steve Delaney
Chief Executive Officer

A-1



Memorandum

DATE: November 20, 2019
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **OCERS DIRECT EMPLOYEE ANNUAL LEAVE (PAID TIME OFF) POLICY**

Recommendation

Approve the Annual Leave (Paid Time Off) Policy of the OCERS Direct Employees, as approved by the Personnel Committee.

Background

OCERS operates with a “split staff structure;” that is, with a workforce that is employed by the County of Orange and a workforce that is employed directly by OCERS, as provided by Government Code Section 31522.5.¹

As required by subdivision (b) of section 31522.5, OCERS follows Orange County’s Personnel and Salary Resolution (P&SR), Merit Selection Rules, and the Memorandums of Understanding between the County and the respective unions for the County employees assigned to work at OCERS.

For the employees that are appointed pursuant to subdivision (a) of section 31522.5, OCERS must maintain personnel policies that set forth the terms and conditions of employment of those individuals.

Generally, personnel polices serve the following purposes:

- Ensure compliance with current federal and state laws
- Help ensure key policies are clearly and consistently communicated
- Outline workplace logistics, expectations of employees, terms and conditions of employment and consequences of violations of the policies

¹ Government Code section 31522.5 states, in pertinent part, as follows:

- (a) In a county in which the board of retirement has appointed personnel pursuant to Section 31522.1, the board of retirement may appoint an administrator, an assistant administrator, a chief investment officer, senior management employees next in line of authority to the chief investment officer, subordinate administrators, senior management employees next in line of authority to subordinate administrators, and legal counsel.
- (b) Notwithstanding any other provision of law, the personnel appointed pursuant to this section may not be county employees but shall be employees of the retirement system, subject to terms and conditions of employment established by the board of retirement. Except as specifically provided in this subdivision, all other personnel shall be county employees for purposes of the county’s employee relations resolution, or equivalent local rules, and the terms and conditions of employment established by the board of supervisors for county employees, including those set forth in a memorandum of understanding.

- Educate employees about what they can expect from management and leadership and where they can turn for help

To date, OCERS’ personnel related policies have been documented in the OCERS “Personnel Policies and Regulations” (referred to as the PP&R). The PP&R was approved by the Board on November 18, 2002, when legislation first designated OCERS managers and above as employees of OCERS instead of employees of the County of Orange. The PP&R was largely a verbatim adoption of the County’s P&SR and was intended to evolve over time. As the County has amended its P&SR over the years, OCERS has implemented those provisions related to employee benefits as required by the MOU between the County of Orange and OCERS for Employee Benefits. However, the PP&R itself has not gone through a formal revision and approval since its original adoption in 2002.

As the Board is aware, the OCERS management team has for some time been working on a new Employee Handbook to replace the PP&R. Once adopted by the Board, the Employee Handbook will apply only to OCERS direct employees; County employees assigned to work at OCERS will in no way be affected by the handbook. Staff plans on presenting the proposed handbook to the Board at its December meeting; however, one policy in particular, the Annual Leave (Paid Time Off) Policy, has come to the fore, and requires adoption prior to the end of this tax year.

Discussion

Today’s discussion will focus on only one policy: the Annual Leave (Paid Time Off) Policy. As approved by the Personnel Committee, the proposed Annual Leave Policy was changed (1) to limit the number of Annual Leave hours that can be accrued to a maximum of 640 hours; and (2) to increase the number of hours that can be cashed out by an employee annually to 120 (up from 90 hours). These changes will apply to both current and future OCERS employees.

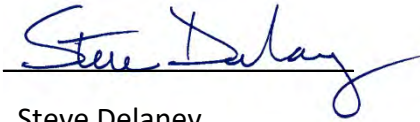
Implementation of the new Annual Leave Policy will require that those employees that have more than the annual leave accrual cap to have excess hours over the cap to be paid out. The implementation plan for cashing out of excess hours will include reducing accrual banks to 500 hours, with the option to split the payment for accrued hours over 500 between two calendar years (December 2019 and January 2020). Cashing out Annual Leave over 500 hours (instead of 640 hours) will allow employees to continue to accrue Annual Leave once the new policy is in effect.

There are currently six employees who have Annual Leave Balances that are above 500 hours. Below is a summary of the cash outs that will occur if the new policy is approved:

Employee	Annual Leave Hours Balance at 11/4	Hourly Rate	Value of Total AL Balance	Cost to cash out down to 500 hours
1	612.13	\$53.09	32,497.98	\$5,952.98
2	802.21	\$100.59	80,694.30	\$30,399.30
3	1,004.23	\$72.25	72,555.62	\$36,430.62
4	1,362.56	\$51.01	69,504.19	\$43,999.19
5	1,536.54	\$61.41	94,358.92	\$63,653.92
6	1,644.15	\$75.23	<u>123,689.40</u>	<u>\$86,074.40</u>
			<u>\$473,300.41</u>	<u>\$266,510.41</u>

In conclusion, the Personnel Committee has approved and recommends that the Board approve the Annual Leave (Paid Time Off) Policy, effective on the date of the Board's approval.

Submitted by:

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

Steve Delaney

Chief Executive Officer

Annual Leave (Paid Time Off)

Statement

Annual Leave is a paid time-off benefits program. Accrued hours accrued can be used for any reason, including vacation, illness, doctor's appointments or personal business. Employees are encouraged to take full advantage of available Annual Leave hours on an annual basis.

Provisions

1. General Provisions

- a. Employees begin to earn Annual Leave upon the first day of employment and Annual Leave hours are credited at the end of each pay period.
- b. Annual Leave may be taken in one (1) hour increments.
- c. Annual Leave hours continue to earned while an employee is on approved paid leave of absence.

2. Accrual Rates

- a. Annual Leave for full-time employees is earned in each pay period, subject to the limitations set forth in Paragraph 3 below. Employees earn Annual Leave hours based on their years of full-time, continuous service with OCERS. All such employees will earn Annual Leave in accordance with the following schedule up to the maximum set forth in Paragraph 3 below:

YEARS OF SERVICE	APPROXIMATE ACCRUAL RATE PER PAY PERIOD	YEARLY ANNUAL LEAVE ACCRUAL
Less than 3 years	7 hours and 25 minutes	24.5 days
3 years to less than 10 Years	9 hours and 52 minutes	32 days
10 Years +	11 hours and 24 minutes	37 days

- b. For employees beginning their third (3rd) or tenth (10th) years of service, the applicable rate of accrual will become effective commencing with the pay period following that in which an employee completes his or her third (3rd) or tenth (10th) year of service.
- c. Annual Leave accruals for part-time employees will be prorated based on an employee's part-time status (e.g., half time, 75% time).

3. Maximum Annual Leave Balance

- a. Accrual of Annual Leave hours shall be limited 640 hours.
- b. If at any point an employee accrues 640 Annual Leave hours, the employee will cease to earn and accrue Annual Leave until the Annual Leave balance falls below 640 hours.
- c. Employees are encouraged to work with their supervisor to plan their use of Annual Leave so that accrual of hours can continue without interruption.
- d. Cessation of Annual Leave accrual could impact retirement benefits for Legacy members.

4. Permissible Uses of Annual Leave

Annual Leave may be used for any reason, including:

- a. Vacation

- b. Personal business.
- c. Diagnosis, care, or treatment, including preventive care, of an existing health condition of an employee or an employee's family member (e.g., spouse/partner, child, parent, parents-in-law, grandparents, grandchildren, and siblings). An employee's supervisor may request that the employee provide satisfactory evidence of his or her illness, injury, or medical condition.
- d. For victims of domestic violence, sexual assault, or stalking.

5. Procedure for Requesting Foreseeable Annual Leave

- a. An employee requesting one or more weeks of time off should submit a request for time off to his or her supervisor for approval at least two weeks in advance of the desired time-off. Exceptions to this requirement may be granted when doing so would not disrupt OCERS' business, when the time-off is due to illness or injury to the employee or family member, or for emergency personal situations.
- b. An employee requesting less than one week of time off should submit a request for time off to his or her supervisor for approval as early as possible prior to the desired time-off.
- c. No scheduled leave shall be cancelled by OCERS except in cases of emergencies.

6. Procedure for Requesting Unforeseeable Annual Leave

When an absence is unforeseeable (e.g., illness), employees must report their absences to their supervisor as soon as possible by phone, voicemail message, text message, and/or email, but no later than the start of OCERS' regular business hours, unless it is impracticable to do so. It is the employee's responsibility to ensure that OCERS has been notified regarding his or her absence.

7. Accrual Payout During Employment

During each fiscal year an employee may request to be paid for accrued Annual Leave in one (1) or two (2) increments up to a total of 120 hours. Executive Employees refer to Terms and Conditions of Employment for Executives Policy.

8. Annual Leave Payout Upon Involuntary or Voluntary Termination of Employment

Upon termination of employment (i.e., for any reason other than retirement), employees will be paid for their accrued and unused Annual Leave through the date of termination. Annual Leave cannot be utilized to extend the date of termination, except by approval of the CEO. Annual Leave payments are computed on the basis of the salary rate in effect at the time of termination.

9. Compliance with Applicable Law

- a. This policy and all of its provisions are subject to such other terms and conditions as are provided under California law.
- b. For questions about Annual Leave, contact Administrative Services.

Related Topics

- 1. OCERS Attendance Policy
- 2. OCERS Pregnancy and Pregnancy Disability Leave Policy
- 3. OCERS Occupational Leave Policy
- 4. OCERS Sick Leave Policy for Extra-Help Employees