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

**REGULAR MEETING**
**Monday, July 20, 2020**
**9:30 A.M.**

**Pursuant to Executive Order N-29-20, certain provisions of the Brown Act are suspended due to a State of Emergency in response to the COVID-19 pandemic. Consistent with the Executive Order, this meeting will be conducted by video/teleconference only. None of the locations from which the Board members will participate will be open to the public.**

**Members of the public who wish to observe and/or participate in the meeting may do so via the Zoom app or via telephone. Members of the public who wish to provide comment during the meeting may do so by "raising your hand" in the Zoom app, or if joining by telephone, by pressing * 9 on your telephone keypad.**

<table>
<tr><th colspan="2">OCERS Zoom Video/Teleconference information</th></tr>
<tr><td>Join Using Zoom App (Video & Audio)<br><br>https://ocers.zoom.us/j/98967334434<br><br>Meeting ID: 989 6733 4434<br>Password: 598850<br><br>Go to https://www.zoom.us/download to download Zoom app before meeting<br>Go to https://zoom.us to connect online using any browser.</td><td>Join by Telephone (Audio Only)<br>Dial by your location<br>+1 669 900 6833 US (San Jose)<br>+1 346 248 7799 US (Houston)<br>+1 253 215 8782 US<br>+1 301 715 8592 US<br>+1 312 626 6799 US (Chicago)<br>+1 929 436 2866 US (New York)<br><br>Meeting ID: 989 6733 4434<br>Password: 598850</td></tr>
<tr><td colspan="2">A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page</td></tr>
</table>

**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.**

**CALL MEETING TO ORDER AND ROLL CALL**

**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**.** Members of the public who wish to provide comment at this time may do so by "raising your hand" in the Zoom app, or if joining by telephone, by pressing * 9 on your telephone keypad. When addressing the Board, please state your name for the record prior to providing your comments. Speakers will be limited to three (3) minutes.

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

## CONSENT AGENDA

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

### BENEFITS

**C-1 OPTION 4 RETIREMENT ELECTION**

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

- Joseph Hoskins

### ADMINISTRATION

**C-2 BOARD MEETING MINUTES**

| | |
|---|---|
| Regular Board Meeting Minutes | June 15, 2020 |
| Special Board Meeting Minutes | June 24, 2020 |

**Recommendation**: Approve minutes.

**C-3 OUTCOMES OF THE GOVERNANCE COMMITTEE MEETING ON JUNE 9, 2020**

**Recommendation:** The Governance Committee recommends that the Board approve the Membership Eligibility Requirements Policy as presented.

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## CONSENT ITEMS: DISABILITY/MEMBER BENEFITS AGENDA

**9:30 AM**

**AGENDA**

**NOTE: WHEN CONSIDERING DISABILITY RETIREMENT APPLICATIONS OR MEMBER APPEALS OF BENEFIT OR DISABILITY RETIREMENT DETERMINATIONS, THE BOARD MAY ADJOURN TO CLOSED SESSION TO DISCUSS MATTERS RELATING TO THE MEMBER'S APPLICATION OR APPEAL, PURSUANT TO GOVERNMENT CODE SECTIONS 54957 OR 54956.9. IF THE MATTER IS A DISABILITY APPLICATION UNDER SECTION 54957, THE MEMBER MAY REQUEST THAT THE DISCUSSION BE IN PUBLIC.**

## OPEN SESSION

## CONSENT ITEMS

All matters on the Consent Agenda are to be approved by one action unless a Board member requires separate action on a specific item. If separate action is requested, the item will be discussed during agenda item DA-1.

**DC-1 JOSE FRANCO**
**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 December 20, 2019. (Safety Member)

**DC-2 ARLENE GARCIA**
**Coach Operator, Orange County Transportation Authority**

**Recommendation:** The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of December 10, 2017**.** (General Member)

**DC-3: DONALD HAYS**
**Firefighter, Orange County Fire Authority**

**Recommendation:** The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of March 29, 2019. (Safety Member)

**DC-4: THOMAS HOKLOTUBBE**
**Firefighter, Orange County Fire Authority**

**Recommendation:** The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of March 29, 2019. (Safety Member)

**DC-5:** **KELLY PAAKKONEN**
**Deputy Sheriff II, Orange County Sheriff's Department**

**Recommendation:** The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of July 5, 2019. (Safety Member)

**DC-6:** **JOHN SPRAGUE**
**Deputy Sheriff II, Orange County Sheriff's Department**

**Recommendation:** The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of January 31, 2020. (Safety Member)

**DC-7:** **RENEE BROWN**
Eligibility Supervisor, Orange County Social Services Agency

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

**DC-8:** **JOHN DURAN**
**Bindery Technician, Registrar of Voters**

**Recommendation:** The Disability Committee recommends that the Board deny service and non-service connected disability retirement due to insufficient evidence of permanent incapacity. (General Member)

**DC-9:** **CHRISTY WATSON**
**Fire Community Relations/Education Specialist, Orange County Fire Authority**

**Recommendation:** The Disability Committee recommends that the Board deny service and non-service connected disability retirement due to insufficient evidence of permanent incapacity. (General Member)

## CLOSED SESSION

**(Government Code sections 54957 and 54956.9)**

The Board will adjourn to Closed Session pursuant to Government Code sections 54957 or 54956.9 to discuss matters relating to member applications or appeals. The member may request that the discussion relating to his or her application or appeal take place in Open Session.

## ACTION ITEMS

**DA-1: INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA**

## DISABILITY/MEMBER BENEFITS AGENDA

**DA-2: BENEFIT APPEAL – DAVID V. SHERWOOD**

**Recommendation:** Approve and adopt the findings and recommendations of the Referee/Hearing Officer as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated June 8, 2020 (Recommendations) wherein the Hearing Officer determined that the yearly service credits of Applicant David Sherwood (Applicant) were properly calculated by OCERS based on OCERS' policy of converting hours worked into service years, thus reconciling payroll periods with calendar years; and as such, the calculation was not arbitrary or capricious.

## OPEN SESSION

**Report out of actions taken in Closed Session.**

## 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. **Members of the public who wish to provide comment in connection with any matter listed in this agenda may do so by "raising your hand" in the Zoom app, or if joining by telephone, by pressing * 9, at the time the item is called.**

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

**A-2 EARLY PAYMENT OF EMPLOYER CONTRIBUTIONS PROGRAM – 2021**
*Presentation by Brenda Shott, Asst. Chief Executive Officer, Internal Operations and Molly Murphy, Chief Investment Officer, CFA, OCERS*

**Recommendation: A**pprove the terms of a prepayment discount program for the advance payment of employer contributions, including a 5.8% discount rate to be used for contribution year July 2021 through June 2022.

**A-3 SUSPENSION OF ADMINISTRATIVE HEARINGS INVOLVING THE ISSUE OF THE APPLICATION OF THE DISABILITY OFFSET UNDER GOVERNMENT CODE SECTION 31838.5**
*Presentation by Gina M. Ratto, General Counsel, OCERS*

**Recommendation:** Pursuant to the Board's retained authority under the Board's Adjudication Policy and Administrative Hearing Rules, order that all pending administrative hearings and administrative hearings requested in the future involving the issue of the application of the disability offset under Government Code section 31838.5 to members who have not established reciprocity be suspended pending a final decision in pending litigation captioned, Nicholas Casson v. OCERS, Orange County Superior Court, Case No. 30-2020-01140757-CU-WM-CJC.

## INFORMATION ITEMS

**I-1 MEMBER MATERIALS DISTRIBUTED**
Written Report

| | |
|---|---|
| Application Notices | July 20, 2020 |
| Death Notices | July 20, 2020 |

**I-2 COMMITTEE MEETING MINUTES**
- March 13, 2020 Governance Committee Minutes

**I-3 CEO FUTURE AGENDAS AND 2020 OCERS BOARD WORK PLAN**
Written Report

**I-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS**
Written Report

**I-5 BOARD COMMUNICATIONS**
Written Report

**I-6 STATE AND FEDERAL LEGISLATIVE UPDATE**
Written Report

**I-7 SECOND QUARTER 2019 TRAVEL AND TRAINING EXPENSE REPORT**
Written Report

**I-8 CONTRACT STATUS FOR NAMED SERVICE PROVIDERS**
Written Report

**I-9 IMPACT OF VARIABILITY OF SALARY CHANGES ON UAAL AS OF DECEMBER 31, 2019 FOR THE DIFFERENT RATE GROUPS**
Written Report

**I-10 ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE INVESTMENT RETURN SCENARIOS**
*Presentation by Paul Angelo and Andy Yeung, Segal Consulting*

**I-11 SENSITIVITY ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE INFLATION AND INVESTMENT RETURN ASSUMPTIONS**
*Presentation by Paul Angelo and Andy Yeung, Segal Consulting*

**I-12 ACTUARIAL RISK ASSESSMENT BASED ON THE DECEMBER 31, 2019 ACTUARIAL VALUATION**
*Presentation by Paul Angelo and Andy Yeung, Segal Consulting*

**I-13 2020 STRATEGIC PLANNING WORKSHOP – PROPOSED FORMAT AND AGENDA TOPICS**
*Presentation by Steve Delaney, Chief Executive Officer, OCERS*

**I-14 COVID-19 UPDATE**
*Presentation by Steve Delaney, Chief Executive Officer, OCERS*

*** * * * * END OF INFORMATION ITEMS AGENDA * * * * ***

**BOARD MEMBER COMMENTS**

**CHIEF EXECUTIVE OFFICER/STAFF COMMENTS**

**COUNSEL COMMENTS**

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

**NOTICE OF NEXT MEETINGS**

**INVESTMENT COMMITTEE MEETING**
**July 29, 2020**
**9:30 A.M.**

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

**GOVERNANCE COMMITTEE MEETING**
**August 4, 2020**
**9:00 A.M.**

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

**DISABILITY COMMITTEE MEETING**
**August 17, 2020**
**8:00 A.M.**

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM**
**2223 E. WELLINGTON AVENUE, SUITE 100**

**SANTA ANA, CA 92701**

**REGULAR BOARD MEETING**
**August 17, 2020**
**9:30 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.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

# Memorandum

**DATE**: July 20, 2020

**TO**: Members of the Board of Retirement

**FROM**: Adina Bercaru, Member Services Manager

**SUBJECT**: **OPTION 4 RETIREMENT ELECTION – JOSEPH HOSKINS**

## Recommendation

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

## Background/Discussion

This member elected Option 4 as the benefit payment option for his service retirement allowance as required by his Domestic Relations Order (DRO), effective May 30, 2020. The Orange County Employees Retirement System (OCERS) was joined in the member's dissolution of marriage and under the terms of the DRO, the member's ex-spouse was awarded a lifetime continuance as a percentage of the member's allowance.

The approval of Option 4 will not increase OCERS liability because the cost of this Option 4 benefit is proportional to the cost of the other benefit plans. Segal Consulting has calculated the member's monthly allowance as indicated in the attached letter, as well as the allowance payable to the member's ex-spouse.

## Submitted by:

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

A. B. – APPROVED
Adina Bercaru
Member Services Manager

Segal

Molly Calcagno, ASA, MAAA, EA
Actuary
T 415.263.8254
mcalcagno@segalco.com

180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
segalco.com

**Personal and Confidential**

July 10, 2020

Ms. Adina Bercaru
Member Services Manager
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701-3101

**Re: Orange County Employees Retirement System**
**Option 4 Calculation for Joseph D. Hoskins**

Dear Adina:

Pursuant to your request, we have determined the Option 4 benefits payable to Joseph D. Hoskins and his ex-spouse based on the unmodified benefit and other information provided in the System's request dated July 7, 2020.

The monthly benefits payable to the member and the ex-spouse and the data we used for our calculations are as follows:

| | |
|---|---|
| Member's Date of Birth | |
| Ex-Spouse's Date of Birth | |
| Date of Retirement | May 30, 2020 |
| Plan of Membership | General Plan B, Safety Plan F |
| Monthly Unmodified Benefit | $12,188.77 |
| Ex-Spouse's Share of Monthly Unmodified Benefit | 16.42% |
| Retirement Type | Service Retirement |

Ms. Adina Bercaru
July 10, 2020
Page 2

We calculated the adjustment to the member's unmodified benefit to provide a 16.42% continuance to the ex-spouse. As instructed by OCERS, the cost to provide the continuance benefit to the ex-spouse is paid for entirely by the ex-spouse.

| | Payable while the Member is Alive | Payable After the Member's Death |
|---|---|---|
| Monthly benefit payable to member | | |
| Plan B Annuity: | $13.36 | |
| Plan B Pension: | 40.58 | |
| Plan F Annuity: | 1,475.44 | |
| Plan F Pension: | 8,657.99 | |
| Total: | $10,187.37 | $0.00 |
| Monthly benefit payable to ex-spouse[1] | $1,814.05 | $1,814.05 |

## ACTUARIAL ASSUMPTIONS

Effective interest rate of 4.136253% per year, which is calculated using an investment return assumption of 7.00% per year together with a cost-of-living adjustment assumption of 2.75% per year.

Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional mortality improvement scale MP-2016 set back four years, weighted 80% male and 20% female for members.[2]

Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional mortality improvement scale MP-2016, weighted 20% male and 80% female for beneficiaries.[2]

[1] This is equal to 16.42% of the member's unmodified benefit (i.e., 16.42% * $12,188.77 or $2,001.40) adjusted further to provide a benefit payable over the ex-spouse's lifetime or to the estate of the ex-spouse if the ex-spouse pre-deceases the member.

[2] Since the member last worked as a Safety member, we used Safety assumptions in determining optional benefits even for benefits paid from the General Plan.

The actuarial calculations contained in this letter were prepared under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary, who is a member of the American Academy of Actuaries and who meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any comments or questions. As in all matters pertaining to the interpretation and application of the law, Plan, or individual Option 4 Calculation provisions, you should be guided by the advice of the Plan's Legal Counsel.

Sincerely,

Molly Calcagno

Molly Calcagno, ASA, MAAA, EA
Actuary

JY/bf

ORANGE COUNTY
OCERS
EMPLOYEES RETIREMENT SYSTEM

July 10, 2020

Joseph D. Hoskins

Re: Retirement Election Confirmation – Option 4

Dear Mr. HOSKINS:

You have elected Option 4 as your retirement option. This option will provide 16.42 % of your monthly benefit, for the life of the benefit, to:

KRISTA HOSKINS

This designation is irrevocable; you will not be allowed to change your retirement option or designated beneficiary.

Please complete this form and return to OCERS as soon as possible.

(✓) I understand that my retirement option is irrevocable; by choosing Option 4 I will take a monthly reduction in order to provide a 16.42% continuance to KRISTA HOSKINS.

Joseph D. Hoskins 7-10-2020
Member Signature/Date

Sincerely,

Rick Serrano

Ricardo Serrano
Retirement Program Specialist

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM 2223 E. Wellington Avenue, Suite 100, Santa Ana, CA 92701
Telephone (714) 558-6200 www.ocers.org

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

**REGULAR MEETING**
**Monday, June 15, 2020**
**9:30 a.m.**

**MINUTES**

Chair Hilton called the meeting to order at 9:34 a.m.

Cammy Torres administered the Roll Call attendance.

Attendance was as follows:

Present via Zoom video teleconference pursuant to Executive Order N-29-20 issued by Governor Newsom on March 17, 2020:

Roger Hilton, Chair; Shawn Dewane, Vice-Chair; Frank Eley, Shari Freidenrich, Jeremy Vallone, Adele Tagaloa, Charles Packard, Wayne Lindholm, Chris Prevatt and Arthur Hidalgo

Also Present via Zoom: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Gina Ratto, General Counsel; Jenny Sadoski, Director of Information Technology, Anthony Beltran, Visual Technician; Cammy Torres; Recording Secretary

Guests via Zoom: Harvey Leiderman, ReedSmith

**PUBLIC COMMENTS:**

Jamie Singleton, daughter and Power of Attorney of retired member Mr. James Singleton, addressed the Board and asked to approve her request to change her father's benefit payment option from Unmodified to Option 2. Mr. Hilton directed staff to develop and return this issue for Board Consideration at the time of the Board's Investment Committee meeting next week.

**CONSENT AGENDA**

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

| **BENEFITS** |
| --- |

**C-1 OPTION 4 RETIREMENT ELECTION**

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

- MICHAEL BLAWN

## ADMINISTRATION

**C-2 BOARD MEETING MINUTES**

Regular Board Meeting Minutes May 18, 2020

**Recommendation**: Approve minutes.

The motion passed **unanimously**.

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**CONSENT ITEMS: DISABILITY/MEMBER BENEFITS AGENDA**

**OPEN SESSION**

**CONSENT ITEMS**

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

**DC-1: TABETHA BLACK**
**Deputy Sheriff I, Orange County Sheriff's Department**

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

**DC-2: DEBORAH BORBOA**
**Deputy Sheriff I, Orange County Sheriff's Department**

**Recommendation:** The Disability Committee recommends that the Board deny service and non-service connected disability retirement due to the member's failure to cooperate. (Safety Member)

**DC-3: CHRISTOPHER EMERSON**
**Deputy Sheriff II, Orange County Sheriff's Department**

**Recommendation:** The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of the day after the last day of regular compensation. (Safety Member)

**DC-4: BRENT HALE**
**Coach Operator, Orange County Transportation Authority**

**Recommendation:** The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of June 24, 2018. (General Member)

**DC-5: JOSEPH LEOS**
**Firefighter, Orange County Fire Authority**

**Recommendation:** The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of July 17, 2019. (Safety Member)

**DC-6: WILLIAM LEVERENZ**
**Fire Captain, Orange County Fire Authority**

**Recommendation:** The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of December 31, 2017. (Safety Member)

The motion passed **unanimously**.

**The Board adjourned into Closed Session to consider DA-2 and E-1 at 9:53 a.m.**

## CLOSED SESSION

**(Government Code sections 54957 and 54956.9)**

The Board will adjourn to Closed Session pursuant to Government Code sections 54957 or 54956.9 to discuss matters relating to member applications or appeals. The member may request that the discussion relating to his or her application or appeal take place in Open Session.

## ACTION ITEMS

**DA-1: INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA**

**No items were trailed from the Consent Agenda.**

## DISABILITY/MEMBER BENEFITS AGENDA

**DA-2: DISABILITY APPEAL – KIMBERLY CORMANY**

**Recommendation:** Approve and adopt the findings and recommendations of the Referee/Hearing Officer as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated April 20, 2020 (Recommendations), and deny the Applicant's application for both service and non-service connected disability retirement.

**E-1 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED (GOVERNMENT CODE SECTION 54956.9(d)(1))**
**Nicholas Casson v. OCERS, California Superior Court, Orange County (Case No. 30-2020-01140757-CU-WM-CJC)**
Adjourn pursuant to Government Code section 54956.9(d)(1)

**Recommendation:** Take appropriate action.

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The Board recessed for a break at 10:28 a.m.
The Board reconvened at 10:43 a.m.
The Board reconvened into Open Session at 10:43 a.m.

Cammy Torres administered Roll Call attendance.

## OPEN SESSION

**REPORT OF ACTIONS TAKEN IN CLOSED SESSION**

Chair Hilton reported that the Board took the following actions in Closed Session:

**DA-2: DISABILITY APPEAL – KIMBERLY CORMANY**

**MOTION** by Eley, **seconded** by Packard to approve and adopt the findings and recommendations of the Referee/Hearing Officer as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated April 20, 2020 (Recommendations), and deny the Applicant's application for both service and non-service connected disability retirement. The motion passed **unanimously.**

**E-1 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED (GOVERNMENT CODE SECTION 54956.9(d)(1))**
**Nicholas Casson v. OCERS, California Superior Court, Orange County (Case No. 30-2020-01140757-CU-WM-CJC)**
Adjourn pursuant to Government Code section 54956.9(d)(1)

The Board voted **unanimously** to retain Reed Smith to represent OCERS in the Nicholas Casson v. OCERS California Superior Court case.

## ACTION ITEMS

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

### A-2 DECEMBER 31, 2019 ACTUARIAL VALUATION

*Presentation by Andy Yeung, Segal Consulting*

**Recommendation:** Approve the Actuarial Valuation and Review as of December 31, 2019 and adopt contribution rates for Fiscal Year 2021 – 2022 as recommended by Segal Consulting.

Paul Angelo and Andy Yeung presented the December 31, 2019 Actuarial Valuation.

Following Board discussion, a **MOTION** was made by Eley, **seconded** by Dewane to approve the Actuarial Valuation and Review as of December 31, 2019 and adopt contribution rates for Fiscal Year 2021 – 2022 as recommended by Segal Consulting. The motion passed **unanimously.**

### I-12 DISCUSSION OF SENSITIVITY ANALYSIS OF ALTERNATIVE ECONOMIC ASSUMPTIONS

*Presentation by Andy Yeung, Segal Consulting*

Paul Angelo and Andy Yeung presented the Discussion of Sensitivity Analysis of Alternative Economic Assumptions. Among the four assumption changes that Segal proposed modeling was one suggested by the County of Orange to assist in their budget projections. The Board directed Segal to produce the four suggested models and return with the results in July.

### A-3 2019 AUDITED FINANCIAL STATEMENTS AND COMPREHENSIVE ANNUAL FINANCIAL REPORTS

*Presentation by Brenda Shott, Assistant Chief Executive Officer, Internal Operations, and Tracy Bowman, Director of Finance, OCERS*

**Recommendation: Approve the following recommendations presented to the Audit Committee during a meeting held on June 4, 2020:**

1. Approve OCERS' audited financial statements for the year ended December 31, 2019
2. Direct staff to finalize OCERS' 2019 Comprehensive Annual Financial Report (CAFR)
3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2019
4. Receive and file Macias, Gini & O'Connell LLP's (MGO) "OCERS' Report to the Audit Committee for the Year Ended December 31, 2019" and their "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*"

Ms. Bowman presented the 2019 Audited Financial Statements and Comprehensive Annual Financial Reports.

At Mr. Delaney's request, Ms. Linda Hurley, Partner of MGO, shared with the Board the same comments of commendation she had shared the week prior with the Board's Audit Committee. She stated that going into this audit at the very start of the COVID 19 pandemic she was concerned how it would proceed as all work would have to be done remotely. She praised Ms Shott and Ms Bowman and their team for having done excellent work, with no delays. She was also impressed with OCERS' disaster recovery preparedness which had even included previous practice for a possible pandemic, something she has not encountered with any other client.

Following Board discussion, a **MOTION** was made by Freidenrich, **seconded** by Eley to approve staff recommendation. The motion passed **unanimously.**

**A-4 GASB 68 VALUATION AND AUDIT REPORT**

*Presentation by Brenda Shott, Assistant Chief Executive Officer, Internal Operations, and Tracy Bowman, Director of Finance, OCERS*

**Recommendation: Approve the following recommendations from the Audit Committee during a meeting held on June 4, 2020:**

1. Approve OCERS' audited Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2019.
2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2019 for distribution to employers.

Ms. Bowman presented the GASB 68 Valuation and Audit Report.

Following Board discussion, a **MOTION** was made by Freidenrich, **seconded** by Packard to approve staff recommendation. The motion passed **unanimously**.

**A-5 SUSPENSION OF ADMINISTRATIVE HEARINGS INVOLVING THE ISSUE OF THE APPLICATION OF THE DISABILITY OFFSET UNDER GOVERNMENT CODE SECTION 31838.5**

*Presentation by Gina M. Ratto, General Counsel, OCERS*

**Recommendation:** Pursuant to the Board's retained authority under the Board's Adjudication Policy and Administrative Hearing Rules, ***order*** that all pending administrative hearings and administrative hearings requested in the future involving the issue of the application of the disability offset under Government Code section 31838.5 be suspended pending a final decision in pending litigation captioned, Nicholas Casson v. OCERS, Orange County Superior Court, Case No. 30-2020-01140757-CU-WM-CJC.

This item was **pulled** from the June 15, 2020 agenda.

## INFORMATION ITEMS

**I-1 MEMBER MATERIALS DISTRIBUTED**

Written Report

Application Notices June 15, 2020

Death Notices June 15, 2020

**I-2 COMMITTEE MEETING MINUTES**

- April 20, 2020 Audit Committee Minutes

**I-3 CEO FUTURE AGENDAS AND 2020 OCERS BOARD WORK PLAN**

Written Report

**I-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS**

Written Report

**I-5 BOARD COMMUNICATIONS**

Written Report

**I-6 STATE AND FEDERAL LEGISLATIVE UPDATE**

Written Report

**I-7 2020 ANNUAL BUSINESS PLAN PROGRESS – MID YEAR REIVEW**

Written Report

**I-8 OCERS 2020-2022 STRATEGIC PLAN PROGRESS – MID YEAR REVIEW**

Written Report

**I-9 UPDATE ON OCERS' APPLICATION TO SERVICEMARK OCERS' NAME AND LOGO**

*Presentation by Manuel Serpa, Staff Attorney, OCERS*

Mr. Serpa presented an update on OCERS' Application to servicemark OCERS' name and logo.

**I-10 2020 STRATEGIC PLANNING WORKSHOP – PROPOSED FORMAT AND AGENDA TOPICS**

*Presentation by Steve Delaney, Chief Executive Officer, OCERS*

Mr. Delaney presented the 2020 Strategic Planning Workshop – proposed format and agenda topics. A discussion was generated by the Board on the various options in hosting this years' Strategic Planning Workshop due to the Coronavirus Pandemic.

At the Boards direction the Strategic Planning workshop will remain scheduled for Wednesday, September 9 and Thursday, September 10, but it will be held virtually via Zoom. Each day will be reduced to an approximately three hour Zoom session. Mr. Delaney will return to the Board in July with a proposed agenda.

**I-11 COVID-19 UPDATE**

*Presentation by Steve Delaney, Chief Executive Officer, OCERS*

Mr. Delaney presented the COVID-19 updates to the Board for the month of June.

Mr. Delaney informed the Board that while OCERS staff continue to work remotely through Friday, June 26, in line with current County Health Department advice emphasizing telework wherever possible, that decision is revisited by himself and the Crisis Management team every two weeks. He further informed the Board that his next revisit would be on Thursday, June 18, and he fully anticipated extending his mandatory telework directive to staff well into July to get past the Fourth of July holiday and its possible compact on spikes in COVID Cases.

He also gave an update on what other retirement systems are doing in terms of returning physically back to work and/or prolonging working from home. Discussion was generated by the Board relating to child care as well as emphasizing the safety and wellness of staff once the time comes to return back to the office.

*** * * * * END OF INFORMATION ITEMS AGENDA * * * * ***

**BOARD MEMBER COMMENTS**
N/A

**CHIEF EXECUTIVE OFFICER/STAFF COMMENTS**
N/A

**COUNSEL COMMENTS**
Ms. Ratto informed the Board that the election of the SACRS Board of Directors will be held via electronic voting. Staff will submit OCERS' ballot consistent with the action and direction of the Board at its April 2020 meeting.

********************

**MOTION** by Eley, **seconded** by Packard to adjourn in memory of the active members, retired members, and surviving spouses who passed away during the past month. The meeting **ADJOURNED** at 12:49 p.m.

| Submitted by: | Approved by: |
|---|---|
| ___________________________ | ______________________________ |
| Steve Delaney | Roger Hilton |
| Secretary to the Board | Chairman |

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

**REGULAR MEETING**
**Wednesday, June 24, 2020**
**9:00 a.m.**

**MINUTES**

Chair Hilton called the meeting to order at 9:07 a.m.

Cammy Torres administered the Roll Call attendance.

Attendance was as follows:

Present via Zoom video teleconference pursuant to Executive Order N-29-20 issued by Governor Newsom on March 17, 2020:

| | |
|---|---|
| | Roger Hilton, Chair; Shawn Dewane, Vice-Chair; Frank Eley, Adele Tagaloa, Charles Packard, Wayne Lindholm, Chris Prevatt and Arthur Hidalgo |
| Also Present via Zoom: | Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Gina Ratto, General Counsel; Jenny Sadoski, Director of Information Technology, Anthony Beltran, Visual Technician; Cammy Torres; Recording Secretary |
| Guests via Zoom: | Harvey Leiderman, ReedSmith |
| Absent: | Shari Freidenrich, Jeremy Vallone |

**OPEN SESSION**

**A-1 JAMIE SINGLETON, DAUGHTER AND POWER OF ATTORNEY OF RETIRED MEMBER MR. JAMES SINGLETON. MS. SINGLETON REQUESTS THAT THE BOARD APPROVE HER REQUEST TO CHANGE HER FATHER'S BENEFIT PAYMENT OPTION FROM UNMODIFIED TO OPTION 2.**
*Presentation by Suzanne Jenike, Assistant Chief Executive Officer External Operations*

**Staff recommendation:** Affirm Staff's determination that Mr. Singleton's unmodified benefit payment is irrevocable and cannot be changed.

Following discussion, a **MOTION** was made by Eley, **seconded** by Prevatt, to approve staff's recommendation.

Ms. Singleton addressed the Board and requested a change in her father's benefit payment plan.

Following further discussion, a **SUBSTITUTE MOTION** was made by Dewane, **seconded** by Hidalgo, to deny staff's recommendation and approve Ms. Singleton's request to change her father's benefit payment plan.

Mr. Packard asked regarding the current status of Mr. Singleton.

Ms. Jenike stated that the firm OCERS uses to verify when a member passes away has confirmed that Mr. Singleton is now deceased.

At fiduciary council's recommendation, Mr. Hilton placed Ms. Singleton under soath and requested that she confirm that her father is currently on hospice and is still alive.

Ms. Singleton confirmed her father is currently on hospice.

Ms. Torres administered a roll call vote for the substitute motion.

The substitute motion failed **8-0**.

Ms. Torres administered a roll call vote for the original motion.

The motion passed **unanimously**.

**BOARD MEMBER COMMENTS**
N/A

**CHIEF EXECUTIVE OFFICER/STAFF COMMENTS**
N/A

**COUNSEL COMMENTS**
N/A

The meeting **ADJOURNED** at 10:24 a.m.

| | |
|---|---|
| Submitted by: | Approved by: |
| ___________________________ | ______________________________ |
| Steve Delaney<br>Secretary to the Board | Roger Hilton<br>Chairman |

# Memorandum

**DATE**: July 20, 2020

**TO**: Members of the Board of Retirement

**FROM**: Suzanne Jenike, Assistant CEO, External Operations

**SUBJECT**: **OUTCOMES OF THE GOVERNANCE COMMITTEE MEETING ON JUNE 9, 2020**

## Recommendation

The Governance Committee recommends that the Board approve the Membership Eligibility Requirements Policy as presented.

## Background

Staff reviewed the Membership Eligibility Requirements Policy with the Governance Committee on June 9, 2020 as part of the standard triennial review process. Staff did not recommend any changes to the policy at this time. Prior to the meeting Staff also inquired with Employers regarding their usage of the policy and requested feedback for any areas of confusion or issues that they might have administering the policy. No comments were received.

## Submitted by:

SJ-Approved

Suzanne Jenike
Assistant Chief Executive Officer
External Operations

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Board Policy

# Membership Eligibility Requirements

## Purpose and Background

1. The Orange County Employees Retirement System (OCERS, System or Plan) is charged with administering a defined benefit pension plan for eligible employees of the County and Districts who participate in the Plan (each a Participating Employer). The purpose of this Policy regarding Membership Eligibility Requirements (Policy) is to clarify the rules that the System will use as a basis for determining the eligibility of persons to be members of the System.

## Policy Objectives

2. All persons eligible to be members of the System who have not executed a lawful waiver of membership (e.g., elected officials and members entering employment after age 60) must be enrolled in the System. Conversely, persons ineligible for membership in the System must be excluded from membership. The objective of this Policy is to clarify existing law (Government Code sections 31550, et. seq.) and OCERS' regulations with respect to the persons who are eligible for membership in OCERS.

## Roles and Responsibilities

3. Each Participating Employer is responsible for determining, in accordance with this Policy, which of the Participating Employer's employees are eligible for membership in OCERS and is responsible for enrolling those eligible employees into OCERS membership.

## Policy Guidelines

4. The following employees of a Participating Employer are eligible to participate and shall be enrolled in the Plan:

   Any employee of the Participating Employer who is:

   a. Hired with the expectation of employment for more than one year and at least 1,040 hours per year, or who is actually employed for more than one year and at least 1,040 hours per year for at least one of those years; and

   b. Not expressly excluded from membership under Paragraph 5 below.

5. The following employees of a Participating Employer are ineligible to participate and shall not be enrolled in the Plan:

   Any employee of the Participating Employer who:

   a. Is a retired member who satisfies the requirements of Government Code section 7522.56 to serve a Participating Employer without reinstatement from retirement; or

   b. Has executed a lawful waiver of membership (e.g., elected officials and members entering employment after age 60); or

   c. Is hired with the expectation of employment for less than 1,600 hours per year, is actually employed for less than 1,600 hours in every year, and is classified as "extra help" by the Participating Employer because he or she works in a position that:

i. Requires professional or highly technical skills for more than one year;

ii. Is designated “intern” for more than one year (entry level and consistent with the Participating Employer’s salary resolution or comparable classification scheme);

iii. Is designated “seasonal” for more than one year (works in less than seven calendar months per year); or

iv. Is designated “intermittent” for more than one year (works on an irregular, as-needed basis).

***Note: Per section 4(a), all employees hired with the expectation that they will work less than one year are properly excluded from OCERS membership for that year, regardless of how their position may be designated. If such employees ultimately work more than one year, they should be enrolled in OCERS membership if they work more than 1,040 hours per year (if not “extra help”) or more than 1,600 hours per year (if “extra help”).***

6. The Board may grant exceptions to the requirements of Paragraphs 4 and 5 if the Board determines that doing so is consistent with the intent of this Policy and is fair to all parties. For example:

    a. The Board may consider an employee’s preference not to be enrolled as a member of OCERS, even though that preference alone does not justify exclusion from OCERS membership; and

    b. The Board may consider whether an employee’s work hours exceeded the relevant maximum due to administrative oversight.

7. When a Participating Employer fails to comply with the requirements of Paragraphs 4 and 5, and the Board does not grant an exception under Paragraph 6, the Board will exercise its discretion to determine an appropriate correction procedure based on the facts of each case.

8. For purposes of Paragraphs 4 and 5, the term “year” refers to a fiscal year or a calendar year, whichever is used by the Participating Employer for employment purposes.

9. A Participating Employer that temporarily employs an individual who (i) previously was the employee of a labor supplier with which the Participating Employer contracted, and (ii) would otherwise be excluded from OCERS membership under this Policy, will be permitted to exclude the individual from OCERS membership for a period of up to one year. The Board will consider requests for exceptions from the requirements of this paragraph based on the facts of each case, but will not extend the one-year period for excluding the employee from OCERS membership by more than one additional year.

10. The Board shall periodically audit, pursuant to Government Code section 31543, each Participating Employer’s payroll practices to assure compliance with this Policy.

# Membership Eligibility Requirements

## Policy Review

11. The Board will review this Policy at least every three (3) years to ensure that it remains relevant and appropriate.

## Policy History

12. This Policy was adopted by the Board of Retirement on March 20, 2017, with an effective date of January 1, 2018.

## Secretary's Certificate

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

Steve Delaney
Secretary of the Board

**3/20/17**
Date

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

# Memorandum

**DATE**: July 2, 2020

**TO**: Members of the Board of Retirement

**FROM**: Steve Delaney, CEO, Brenda Shott, Assistant CEO, Finance and Internal Operations and Molly Murphy, CIO

**SUBJECT**: **EARLY PAYMENT OF EMPLOYER CONTRIBUTIONS PROGRAM - 2021**

## Recommendation

Approve the terms of a prepayment discount program for the advance payment of employer contributions, including a 5.8% discount rate to be used for contribution year July 2021 through June 2022.

## Background

Government Code Section 31582 (b) and (c) (the Code) relates to the advance payment of employer retirement contributions and states:

(b) "*The board of supervisors may authorize the county auditor to make an advance payment of all or part of the county's estimated annual contribution to the retirement fund, provided that the payment is made not later than 30 days after the commencement of the county's fiscal year. This subdivision does not prevent the board of supervisors from authorizing the county auditor to make an advance payment for the estimated annual county contributions for an additional year or partial year if the advance payment is made no later than 30 days after the commencement of the county fiscal year for which the advance payment is made. If the advance is only a partial payment of the county's estimated annual contribution, remaining transfers to the retirement fund shall be made at the end of each month or at the end of each pay period until the total amount required for the year is contributed. Transfers shall be adjusted at the end of the fiscal year to reflect the actual contribution required for that year.*

*(c) A district subject to Section 31585 may also authorize an advance payment of all or part of the district's estimated annual contribution to the retirement fund, provided that the payment is made no later than 30 days after the commencement of the district's fiscal year. This subdivision does not prevent the governing body of a district from authorizing the district to make an advance payment for the estimated annual district contributions for an additional year or partial year if the advance payment is made no later than 30 days after the commencement of the district fiscal year for which the advance payment is made. If the advance is only a partial payment of the district's estimated annual contribution, payments to the retirement fund shall be made at the end of each month or at the end of each pay period until the total amount required for the year is contributed. This amount shall be adjusted at the end of the fiscal year to reflect the actual contribution required for that year."*

In connection with the Code, OCERS has annually offered plan sponsors the opportunity to receive a discount on their employer contributions if they paid their contributions early with a lump sum payment. The program dates back to Fiscal Year 2005-2006, and is brought back to the Board annually for consideration on the program terms to offer for the next year. Timely consideration of the program is appropriate now, in order to give plan sponsors adequate time to plan funding for a lump sum payment in January 2021, should the plan be approved for the contribution year July 2021 – June2022.

Plan sponsor interest in such a program remains high as ten of the thirteen plan sponsors with active members elected to prepay contributions of approximately $618M achieving over $26M in discounts for Fiscal Year 2020-2021 for a net payment of $592M to OCERS (Superior Court, OC Children & Families Commission and OCERS are the three employers who did not participate last year). An early payment program is primarily a tool for plan sponsor budget management, rather than a long-term funding technique for the system.

Prepaid contributions allow OCERS to deploy cash on a more concentrated basis; however, they also increase OCERS' internal cash flow and short-term cash overlay portfolio risk, and challenge the efficiency of dollar cost averaging during periods of volatile markets. The Board approved revised program provisions in 2014 (for FY15-16) which reduced short term investment related risks. Specifically, the discount rate offered to the plan sponsors for prepaying their contributions was reduced from 7.25% down to 5.8% (which equated to a 20% rate reduction from the actuarial assumed rate of return). Based on the market conditions in 2015, the Board again approved the same discount rate of 5.8% for FY16-17 and then reduced the discount rate to 4.5% for FY 17-18 and has maintained that discount rate for the program through this past year. Staff is recommending that the discount rate be increased back up to 5.8% for the FY21-22 prepayment program as further discussed below.

## Discussion

### *Participation in the Contribution Prepayment Program*

The Contribution Prepayment Program allows employers to pay their upcoming year's contribution in a lump sum prior to the beginning of the employers' fiscal year. Employers who prepay their contributions in January pay their full year of contributions six months prior to when their first bi-weekly payment would otherwise be due. Should an employer who had previously participated in the prepayment program decide to opt out of the program this year, they would not make any employer contributions from January 2021 through June 2021. This is because they would have paid their full year of contributions for FY20-21 in January 2020 and the FY21-22 contributions would not be due until after the first pay period in July 2021. OCERS has also allowed the prepayment to be made in July at half the discount rate. This option has not been utilized by employers in the past.

### *Prepayment Discount Rate*

Employer contributions rates are calculated by the System's actuary in the annual actuarial valuation assuming that contributions are collected in installments between July and June of the employer fiscal year for which the rates are effective. Since that means the annual contributions are received, on average, at the middle of that fiscal year, the actuary determines the contribution rates assuming that the current year's contributions will earn only one-half of the investment return assumption (currently 7% per year) during the fiscal year they are received. If instead, for example, an employer pays all estimated employer contributions in July, at the beginning of the fiscal year when installments were assumed to have begun, it would be appropriate to provide a half-year of interest credit because the contributions will be in the fund generating investment income for (on average) an additional one-half year. For purposes of this program we have termed this interest credit as a "prepayment discount".

The annual rate used for applying a prepayment discount had historically been the annual assumed rate of return used in the applicable actuarial valuation for the system (as this is the rate that the actuary used when calculating the contribution rate). The actual discount amount is calculated as a function of both the prepayment discount rate and the timing of when OCERS receives payment of the contributions (discounted cash flows). For example, payments received in July would be discounted using one-half the approved discount rate in the discounted cash flow calculation because OCERS would have assumed to earn on average one-half year of additional investment income at the assumed earnings rate on contributions received during the period. Prepayments of contributions made in January (which has been the practice at OCERS), would be received a full six months prior to the beginning of the contribution year. Therefore prepayments made in January would be discounted using the full annual prepayment discount rate because the prepaid contributions would be on deposit for an additional six months prior to the beginning of the fiscal year and so, on average, would be received a full year earlier than if paid in installments during the contribution year.

From an actuarial perspective, the prepayment program and the prepayment discount, using the assumed rate of return as the discount rate for prepayment of contributions results in equivalent mathematical funding into the system. However, from an investment perspective, the prepaid contributions are invested in a derivatives overlay program that will synthetically replicate the OCERS' asset allocation strategy, thus ensuring that all funds are immediately participating in global markets. As benefit payments are paid and investment opportunities are funded, the dollars invested in the overlay program will be drawn down throughout the year. While the prepayment program should not introduce any additional risks to achieving long-term investment assumption of 7%, the prepayment program does present a market timing risk with prepaid contributions coming in one lump sum rather than in installments throughout the year that can then be invested into the market using a dollar cost averaging methodology. This risk should be tolerable in the long-term but should be recognized in the short-term.

To mitigate the short term market timing investment risk of the prepayment program, OCERS Board has reduced the prepayment discount rate offered to the plan sponsors as described above. Staff's recommendations for the discount rate are made by considering the probability of achieving the selected discount rate over a twenty year period. Given the current asset allocation approved by the Board in January 2020, OCERS Investment Consultant (Meketa) has calculated an 86.7% probability of achieving 4.5% over twenty years and a probability of 74.9% of achieving 5.8% over twenty years. Given the current stage of the market cycle and the relatively high probability rate of achieving 5.8%, staff is recommending a discount rate of 5.8% for the 2021 prepayment program. The increase in the discount rate would result in a reduction in cash paid for contributions. For illustrative purposes, had a 5.8% discount rate been used in the 2020 prepayment program (for contributions related to FY 20-21) employers would have recognized discounts of approximately $33M instead of the $26M that were recognized using the 4.5% discount rate.

## Conclusion:

**Staff recommends that the Board approve the Early Payment of Contribution Program for employer contributions paid by the employer for contribution year July 2021 through June 2022 with the following terms:**

a) Use a discount rate of 5.8% when calculating the present value of discounted cash flows if payment is received by January 15, 2021 or 2.9% if payment is received after January 15, 2021 but before July 15, 2021
b) Contributions not paid early must be paid pro rata over the year with no discount being credited
c) OCERS' staff will compare the payroll estimates used to calculate the prepayment amount for each participating plan sponsor to actual payroll each pay period. Should actual payroll be 5% greater than estimated payroll for four consecutive pay periods, the plan sponsor will be required to pay additional contributions each pay period for the additional salary above the projected salary used to calculate the prepayment (no discount would be applied to the additional amount)
d) Plan sponsors that have more than one plan or rate group are required to provide the estimated pensionable salary separately for each plan or group
e) Only employer contributions paid by the employer are eligible for the prepaid discount program (employee pick-ups and reverse pick-ups are ineligible)
f) The application of the prepayment of contributions will be applied to pay periods 2021-15 through 2022-14
g) OCERS will reconcile the prepaid contributions to the actual contributions at the end of the contribution year. Any overpayments will be made available to either apply to the following year's prepayment of employer contributions or to the current year's bi-weekly employer contributions (Note: overpayments cannot be applied to employee contributions). Any under payments will be collected from the employer.

## Submitted by:

Brenda M Shott

Brenda Shott

Assistant CEO, Finance and Internal Operations

Molly A. Murphy

Molly A. Murphy, CFA

Chief Investment Officer

## Approved by:

Steve Delaney

___________________________________

Steve Delaney

Chief Executive Officer

# Memorandum

**DATE**: July 20, 2020

**TO**: Members of the Board of Retirement

**FROM**: Gina M. Ratto, General Counsel

**SUBJECT**: **SUSPENSION OF ADMINISTRATIVE HEARINGS INVOLVING THE ISSUE OF THE APPLICATION OF THE DISABILITY OFFSET UNDER GOVERNMENT CODE SECTION 31838.5**

## Recommendation

Pursuant to the Board's retained authority under the Board's Adjudication Policy and Administrative Hearing Rules, ***order*** that all pending administrative hearings and administrative hearings requested in the future involving the issue of the application of the disability offset under Government Code section 31838.5 to members who have not established reciprocity be suspended pending a final decision in pending litigation captioned, *Nicholas Casson v. OCERS*, Orange County Superior Court, Case No. 30-2020-01140757-CU-WM-CJC.

## Background

On October 20, 2019, the Hearing Officer in *The Matter of the Application for Disability Retirement of Nicholas Casson* (Casson) issued his Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations (Recommendations). The legal question before the Hearing Officer was whether OCERS had correctly applied the disability offset of Government Code section 31838.5 to Casson's disability allowance notwithstanding the fact that Casson had not established reciprocity with OCERS when he was hired by the Orange County Fire Authority following his service retirement as a CalPERS member. In his Recommendations, the Hearing Officer recommended the following:

> … that the Board of Retirement adopt the findings of OCERS; namely that OCERS correctly applied an offset to Applicant's disability allowance, in accordance with a reasonable interpretation of California law, so that Applicant will not receive a disability allowance greater than the amount Applicant would had (sic) received if all of his service had been with one entity, notwithstanding the fact that Applicant did not elect reciprocity.

At its January 21, 2020 meeting, the Board approved and adopted the Recommendations.

On May 26, 2020, Casson filed a Verified Petition for Writ of Mandate against OCERS in Orange County Superior Court (Casson Writ Petition), challenging OCERS' application of the disability offset on the grounds that the offset applies only when the member has established reciprocity, and Casson had not established reciprocity. Among other things, Casson asks the court to issue a writ of mandate compelling OCERS to set aside the decision to apply the "illegal offset" to Casson's retirement.

Currently, there are five coordinated member cases (the Coordinated Cases), involving the precise legal issue that has been raised in the Casson Writ Petition that are pending administrative hearing before an OCERS Hearing Officer. All of the cases involve firefighters who service retired from CalPERS and who were then granted service connected disability benefits by OCERS. At its February 10, 2020 meeting, the Board ordered the administrative appeals filed by OCERS members, Christopher Roelle, James Bento, Arthur Lopez-Hidalgo, Guy Grindle, and John Gammon be coordinated, assigned to, and heard by one hearing officer in a coordinated hearing. The basis for the coordination was that all five cases raised the same legal question, that is, whether the disability offset of Government Code section 31838.5 applies absent reciprocity. There are no material factual questions at issue in the Coordinated Cases. The hearing in the Coordinated Cases is scheduled for October 6, 7 and 8, 2020.

There are at least two additional similarly situated members who have requested or who staff anticipates will request an administrative hearing on the same legal question.

## Discussion

The Board's Adjudication Policy and Administrative Hearing Rules (rev. 1/16/18; Policy), states that "[t]he Board retains the right to amend this policy or, in extraordinary cases, vary the process set forth in this policy, in any manner consistent with the law." The Policy does not expressly address the possibility of the Board suspending administrative hearings due to exigent circumstances.

As stated above, the legal question at issue in the Coordinated Cases and the two other member matters is the very same legal question that will be addressed by the Superior Court in the Casson Writ Petition – that is, does the disability offset of Government Code section 31838.5 apply regardless of reciprocity? Because the legal question is the same in all of these cases, staff recommends the Board exercise its retained authority under the Policy to order that the pending hearing in the Coordinated Cases, as well as any hearings requested in the future involving the same legal question, be suspended until there is a final decision on the Casson Writ Petition.

The final decision in Casson Writ Petition will effectively establish the rule for resolving all of the other cases. There is therefore no sound reason for proceeding with the other hearings, at considerable administrative cost, effort and uncertainty. For example, the Hearing Officer recommendation in the Coordinated Cases will eventually be presented to the Board – probably in April or May of 2021 – for the Board's consideration. Assuming the Casson Writ Petition has not been finally resolved by that time, staff will strongly recommend the Board postpone its decision on the Coordinated Cases – *regardless of what the Hearing Officer recommended* – until after a final decision on the Casson Writ Petition. It would be imprudent and premature for the Board to reverse its determination in Casson and commence paying the members in the Coordinated Cases an unreduced benefit based on a new and conflicting Hearing Officer recommendation, when there is a case pending in State court that will decide, one way or another, whether the disability offset applies regardless of reciprocity. If OCERS begins paying the members in the Coordinated Cases an unreduced benefit based on that Hearing Officer's recommendation, and the State court subsequently decides that the disability offset *does* apply, the members will have received an overpayment of benefits that OCERS will be required to collect from them.

Staff understands that a decision by the Board suspending the hearings may temporarily delay resolution of the other members' appeals. However, it is important to note that the members are currently collecting a disability allowance from OCERS, albeit adjusted by virtue of the mandated offset, in addition to a full service retirement allowance from CalPERS. If the Casson Writ Petition is finally resolved in Casson's favor, all of the members whose pensions have been offset will receive a lump sum payment of the benefit reduction and their disability allowances will be corrected going forward.

Board, staff and judicial economy and efficiency dictate that all pending administrative hearings and administrative hearings requested in the future involving the issue of the application of the disability offset under Government Code section 31838.5 should be ordered suspended pending a final decision on the Casson Writ Petition. This is clearly within both the retained authority of the Board under the Policy and the broad discretion of the Board to administer the system prudently and incur only reasonable expenses of administration under the California Constitution (CA Const. Art. XVI sec. 17(a), (c)). The Board's fiduciary counsel concurs in this recommendation.

Counsel to the members in the Coordinated Cases was notified that this item would be presented to the Board at its July 20, 2020 meeting so that he may appear and address any comments to the Board.

**Submitted by:**

GMR- Approved

Gina M. Ratto
General Counsel

# *Orange County Employees Retirement System*
# *Retirement Board Meeting*
# *July 20, 2020*
# *Application Notices*

| *Member Name* | *Agency/Employer* | *Retirement Date* |
|---|---|---|
| **Ali, Issam** | OC Public Works | 5/8/2020 |
| **Arnold, Timothy** | OC Public Works | 5/1/2020 |
| **Balilo, Oscar** | Health Care Agency | 5/8/2020 |
| **Barbati, Isabella** | Superior Court | 4/30/2020 |
| **Blawn, Michael** | Fire Authority (OCFA) | 3/30/2020 |
| **Bustamante, Magali** | Health Care Agency | 4/30/2020 |
| **Chen, Joseph** | Health Care Agency | 3/27/2020 |
| **Dunning, Gerald** | OCTA | 4/26/2020 |
| **Gaworski, Tom** | Sanitation District | 4/24/2020 |
| **Hay, Matiny** | Social Services Agency | 5/22/2020 |
| **Heaton, Sandra** | OC Public Works | 5/22/2020 |
| **Javier, Avelino** | OC Public Works | 4/1/2020 |
| **Khorashadi, Arash** | Superior Court | 5/22/2020 |
| **King, Angela** | Social Services Agency | 5/22/2020 |
| **Leaming, Kim** | OC Community Resources | 4/1/2020 |
| **Legaspina, Ulrich Antonio** | Sheriff's Dept | 4/30/2020 |
| **Leyman, Jeffrey** | Sheriff's Dept | 4/1/2020 |
| **Lo, Thomas** | Public Defender | 5/20/2020 |
| **Madrid, Mercedes** | Health Care Agency | 5/1/2020 |
| **Mckenney, Larry** | OC Public Works | 5/15/2020 |
| **Navalle, Nelia** | Child Support Services | 5/22/2020 |
| **Nguyen, Michelle** | Social Services Agency | 4/24/2020 |
| **Nguyen, My** | Probation | 2/15/2020 |
| **Parkins, Joy** | Assessor | 5/22/2020 |
| **Raabe, Matthew** | Treasurer - Tax Collector | 5/1/2020 |
| **Sargeant, Sean** | Probation | 5/22/2020 |
| **Scheele, Victoria** | Social Services Agency | 4/30/2020 |
| **Specovius, Ann** | Probation | 5/8/2020 |
| **Tanaka, Jill** | Assessor | 5/22/2020 |
| **Taylor, Ronald** | County Executive Office (CEO) | 5/18/2020 |
| **Valer, Robert** | OCERS | 5/31/2020 |
| **Wilson, Cathie** | OC Community Resources | 5/22/2020 |
| **Wollenberg, Diane** | OC Public Works | 3/27/2020 |

# Orange County Employees Retirement
# Retirement Board Meeting
# July 20, 2020
# Death Notices

| Active Members | Agency/Employer |
|---|---|
| **Gomez, Rosemary** | Superior Court |
| **Jin, Mary** | Health Care Agency |
| **Steen, William** | OCTA |
| **Tatoy, Jose** | Sheriff's Dept |

| Retired Members | Agency/Employer |
|---|---|
| **Acosta, Diana** | Social Services Agency |
| **Adams, Joan** | Assessor |
| **Alvarez, Mary** | UCI |
| **Anderson, Robert** | Health Care Agency |
| **Asder, John** | OCTA |
| **Batory, William** | OCTA |
| **Clarke, William** | Sanitation District |
| **Elton, Shara** | Superior Court |
| **Fierro, Vivian** | OCTA |
| **Ford, Ira** | Social Services Agency |
| **Havens, Julia** | OC Public Works |
| **Holznecht, Myra** | Probation |
| **Hurlebaus, Cynthia** | Auditor Controller |
| **Joseph, Cathy** | Health Care Agency |
| **Kinney, Marjorie** | UCI |
| **Kraft, Lorraine** | Treasurer - Tax Collector |
| **Kyler, Richard** | OCWR |
| **Leroy, N. Nadine** | Health Care Agency |
| **Long, Merl** | Health Care Agency |
| **Lucky, Patricia** | Social Services Agency |
| **Luu, Nam** | Social Services Agency |
| **Maglalang, Damasceno** | OC Public Works |
| **Mc Mahon, Laura** | Probation |
| **Militante, Isagani** | Sheriff's Dept |
| **Ortiz, Darlene** | Social Services Agency |
| **Perez, Mario** | District Attorney |
| **Perez, Steven** | Sheriff's Dept |
| **Postel, Edward** | Sheriff's Dept |
| **Sampouw, Theresia** | OC Public Works |
| **Stegman, Alice** | District Attorney |
| **Stokes, Juanita** | Registrar of Voters |
| **Vu-huynh, Nancy** | Superior Court |
| **Vu-huynh, Nancy** | Superior Court |
| **Wuetcher, Clara** | Health Care Agency |

| *Surviving Spouses* | |
|---|---|
| **Baumgartner, Joseph** | |
| **Etling, Gloria** | |
| **Hunt, Norma** | |
| **Snyder, Cecilia** | |
| **Zolezio, Heraldo** | |

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

**GOVERNANCE COMMITTEE MEETING**
**March 13, 2020**
**10:00 a.m.**

**MINUTES**

The Chair called the meeting to order at 10:12 a.m. Attendance was as follows:

Present: Shawn Dewane, Chair; Frank Eley, Vice Chair; Charles Packard, Roger Hilton

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

**CONSENT AGENDA**

**C-1 APPROVE GOVERNANCE COMMITTEE MEETING MINUTES**

Governance Committee Meeting Minutes November 7, 2019

**MOTION** by Hilton, **seconded** by Eley, to approve the Minutes.

The motion passed **unanimously**.

**ACTION ITEMS**

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

**No items were trailed from the Consent Agenda.**

**A-2 TRIENNIAL REVIEW OF THE GOVERNANCE COMMITTEE CHARTER**
*Presentation by Gina M. Ratto, General Counsel*

**Recommendation:** Approve, and recommend that the Board adopt, revisions to the Governance Committee Charter.

**MOTION** by Packard, **seconded** by Eley, to approve, and recommend that the Board adopt, revisions to the Governance Committee Charter, as presented, with the following additional revision to Paragraph 3 of the Governance Committee Charter (revision redlined).

"The Governance Committee will be comprised ~~on~~ of four (4) members of the Board. As provided in OCERS' By-Laws, two members of the Governance Committee constitute a quorum."

The motion passed **unanimously.**

**A-3 TRIENNIAL REVIEW OF THE PLANNING POLICY**
*Presentation by Steve Delaney, Chief Executive Officer*

**Recommendation:** Approve, and recommend that the Board adopt, revisions to the Planning Policy.

**MOTION** by Hilton, **seconded** by Packard, to approve, and recommend that the Board adopt, revisions to the Planning Policy, as presented.

The motion passed **unanimously.**

**A-4 TRIENNIAL REVIEW OF THE SACRS VOTING DELEGATE POLICY**
*Presentation by Steve Delaney, Chief Executive Officer*

**Recommendation:** Approve, and recommend that the Board adopt, revisions to the SACRS Voting Delegate Policy.

**MOTION** by Packard, **seconded** by Hilton, to approve, and recommend that the Board adopt, revisions to the SACRS Voting Delegate Policy, as presented.

The motion passed **unanimously.**

**A-5 TRIENNIAL REVIEW OF THE QUIET PERIOD POLICY**
*Presentation by Brenda Shott, Asst. Chief Executive Officer, Internal Operations*

**Recommendation:** Approve, and recommend that the Board adopt, revisions to the Quiet Period Policy.

**MOTION** by Packard, **seconded** by Hilton, to approve, and recommend that the Board adopt, revisions to the Quiet Period Policy, as presented.

The motion passed **unanimously.**

**A-6 TRIENNIAL REVIEW OF THE BUDGET APPROVAL POLICY**
*Presentation by Tracy Bowman, Director of Finance*

**Recommendation:** Approve, and recommend that the Board adopt, revisions to the Budget Approval Policy.

**MOTION** by Dewane, **seconded** by Eley, to approve, and recommend that the Board adopt, revisions to the Budget Approval Policy, as presented.

The motion passed **unanimously.**

**MOTION** by Dewane, **seconded** by Eley, to recommend that the Board approve discontinuing the practice of the “18 basis points test” and eliminate the need for staff to produce the “18 basis points test” as part of its annual and quarterly budget.

The motion passed **unanimously.**

**A-7 TRIENNIAL REVIEW OF THE COMMUNICATIONS POLICY**
*Presentation by Suzanne Jenike, Asst. Chief Executive Officer, External Operations*

**Recommendation:** Approve, and recommend that the Board adopt, revisions to the Communications Policy.

**MOTION** by Packard, **seconded** by Eley, to approve, and recommend that the Board adopt, revisions to the Communications Policy, as presented.

The motion passed **unanimously.**

**A-8 TRIENNIAL REVIEW OF THE PUBLIC RECORDS REQUEST POLICY AND RESCISSION OF THE DATA REQUEST POLICY**
*Presentation by Gina M. Ratto, General Counsel*

**Recommendation:**
(1) Approve, and recommend that the Board adopt, revisions to the Public Record Request Policy, including incorporating into the Public Records Request Policy provisions of the Data Request Policy; and
(2) Recommend that the Board rescind the Data Request Policy.

**MOTION** by Eley, **seconded** by Dewane, to approve, and recommend that the Board adopt, revisions to the Public Record Request Policy, including incorporating into the Public Records Request Policy provisions of the Data Request Policy, as presented.

Mr. Eley requested that staff make available, on the OCERS website, a list of the types of member information that is generally subject to disclosure, upon request, pursuant to the California Public Records Act.

**MOTION** by Eley, **seconded** by Hilton, to recommend that the Board rescind the Data Request Policy.

The motion passed **unanimously.**

**INFORMATION ITEMS**

**I-1 REVIEW OF NEW PAY ITEMS PURSUANT TO THE PAY ITEM REVIEW POLICY**

There was a presentation by Suzanne Jenike, Asst. Chief Executive Officer, External Operations

**I-2 GOVERNANCE COMMITTEE 2020 WORK PLAN AND MEETING SCHEDULE**

There was a presentation by Gina M. Ratto, General Counsel

**COMMITTEE MEMBER COMMENTS**
Future Governance Committee meetings were scheduled to take place on June 9, 2020, August 4, 2020, and October 6, 2020.

**CHIEF EXECUTIVE OFFICER/STAFF COMMENTS**
None.

**COUNSEL COMMENTS**
None.

**ADJOURNMENT**
The meeting adjourned at 11:08a.m.

| **Submitted by:** | **Approved by:** |
|---|---|
| ___________________________ | ______________________________ |
| Steve Delaney<br>Secretary to the Board | Shawn Dewane, Chair |

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

# Memorandum

DATE: July 20, 2020

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **CEO FUTURE AGENDAS AND 2020 OCERS BOARD WORK PLAN**

## Written Report

AGENDA TOPICS FOR THE OCERS BOARD OF RETIREMENT

AUGUST

Second Quarter 2020 Budget To Actuals Report
OCERS By The Numbers (2020 Edition)
The Evolution Of The OCERS UAAL (2020 Edition)
Actuarial Experience Study 2017-2019
Employer & Employee Pension Cost Comparison

SEPTEMBER

2020 OCERS Board Strategic Planning Workshop
Annual Review of Succession Plan
State of OCERS
Proposed Board Meeting schedule for 2021

OCTOBER

September 2020 Strategic Workshop Summary
Overview of 2021 Proposed Administrative Budget
Approve 2021-2023 Strategic Plan
Approve 2021 Business Plan

**Submitted by:**

**SD - Approved**

Steve Delaney
Chief Executive Officer

**OCERS RETIREMENT BOARD - 2020 Work Plan**

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep (Offsite) | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***System Oversight*** | | STAR COLA Posting **(I)** | Approve 2020 STAR COLA **(A)** | SACRS Board of Directors Election **(A)** | Preliminary December 31, 2019 Valuation **(I)** | Mid-Year Review of 2020 Business Plan Progress **(I)** | Alt. Invest. Return and Assumption Sensitivity: 20-year Illustration **(I)** | Review 2nd Quarter Budget to Actuals Financial Report **(I)** | Strategic Planning Workshop **(I)** | Overview of 2021 Administrative Budget and Investment (Workshop) **(I)** | Review 3rd Quarter Budget to Actuals Financial Report **(I)** | |
| | | Approve 2020 COLA **(A)** | Quarterly 2020-2022 Strategic Plan Review **(A)** | | | Approve December 31, 2019 Actuarial Valuation & Funded Status of OCERS **(A)** | Actuarial Review: Risk Assessment **(I)** | Receive OCERS by the Numbers **(I)** | | Approve 2021-2023 Strategic Plan **(A)** | Approve 2021 Administrative (Operating) Budget **(A)** | |
| | | | | | | Approve 2019 CAFR **(A)** | Approve Early Payment Rates for Fiscal Year 2019-20 **(A)** | Receive Evolution of the UAAL **(I)** | | Approve 2021 Business Plan **(A)** | Annual CEO Performance Review and Compensation **(A)** | |
| | | | | | | Quarterly 2020-2022 Strategic Plan Review **(A)** | | Employer & Employee Pension Cost Comparison **(I)** | | | | |
| | | | | | | | | Approve Actuarial Experience Study 2017-2019 **(A)** | | | Adopt 2021 Board Meeting Calendar **(A)** | |
| ***Board Governance*** | | | | Brown Act Training **(I) - Future Date TBD** | | | | | Annual Review of Succession Plan **(I)** | | | Adopt Annual Work Plan for 2021 **(A)** |
| | | | | Conflict of Interest Training **(I) - Future Date TBD** | | | | | | | Vice-Chair Election **(A)** | |
| | | | | | | | | | | | | |
| ***Regulation / Policies*** | Communication Policy Fact Sheet **(I)** | | | | | | | | | | | |
| | | | | | | | | | | | | |
| ***Compliance*** | | | | Form 700 Due **(A)** | | Receive Financial Audit **(I)** | | | State of OCERS **(I)** | | Status of Board Education Hours for 2020 **(I)** | |

**(A) = Action** **(I) = Information**

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

# Memorandum

**DATE**: July 7, 2020

**TO**: Members of the Board of Retirement

**FROM**: Jim Doezie, Contracts, Risk and Performance Administrator

**SUBJECT**: **QUIET PERIOD – NON-INVESTMENT CONTRACTS**

## Written Report
## Background/Discussion

1. ***Quiet Period Policy Guidelines***
The following guidelines established by the Quiet Period Policy, section 3.c, will govern a search process for any contract to be awarded by OCERS:

*"…Board Members and OCERS staff shall not knowingly communicate with any party financially interested in any prospective contract with OCERS regarding the contract, the services to be provided under the contract or the selection process;"*

2. ***Quiet Period Guidelines***
In addition, the following language is included in all distributed RFP's:

*"From the date of issuance of this RFP until the selection of one or more respondents is completed and announced, respondents are not permitted to communicate with any OCERS staff member or Board Members regarding this procurement, except through the Point of Contact named herein. Respondents violating the communications prohibition may be disqualified at OCERS' discretion. Respondents having current business with OCERS must limit their communications to the subject of such business."*

***Distributed RFP's***

The RFP's noted below are subject to the quiet period until such time as a contract(s) is finalized.

- An RFP for additional Investment Counsel firm(s) was issued in March 2020. The need for this RFP is to get at least one additional Investment Counsel Firm (Attorney group) to handle the volume of investments that are being reviewed. OCERS received thirteen (13) bids that are currently being evaluated.
- An RFP for Investment Risk Management software was distributed in March 2020. We have received twelve (12) bids that are currently being evaluated.

Submitted by:
Jim Doezie
Contracts, Risk and Performance Administrator

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

# Memorandum

**DATE**: July 20, 2020

**TO**: Members of the Board of Retirement

**FROM**: Steve Delaney, Chief Executive Officer

**SUBJECT**: **BOARD COMMUNICATIONS**

## Written Report

## Background/Discussion

To ensure that the public has free and open access to those items that could have bearing on the decisions of the Trustees of the Board of Retirement, the OCERS Board has directed that all written communications to the entire Board during the interim between regular Board meetings be included in a monthly communications summary.

## News Links

The various news and informational articles that have been shared with the full Board are being provided to you here by web link address. By providing the links in this publicly available report, we comply with both the Brown Act public meeting requirements, as well as avoid any copyright issues.

The following news and informational item was provided by staff and the CEO for distribution to the entire Board:

**Steve Delaney:**

- A great article on what various investment firms are doing in order to maintain creative cultures when working remotely. Knowing I was concerned about this challenge, the following article was first shared with me by Reggie Tucker as further info on an issue the entire OCERS team is already addressing. I in turn shared it with the OCERS management team as an additional help in thinking through the task of maintaining cultural creativity not just by our investment team but by every department in OCERS.
https://www.pionline.com/largest-money-managers/preservation-investment-culture-worries-execs-covid-19-aftermath

- Oregon Supreme Court is considering a similar question as that faced by the California Supreme Court - can future pension benefits for current employees be reduced?
https://www.opb.org/news/article/oregon-state-supreme-court-pers-pension-cuts/

- CalPERS adjusts to COVID world. https://www.bizjournals.com/sacramento/news/2020/06/17/calpers-may-use-remote-work-after-pandemic.html

**Robert Kinsler:**

- The following article is titled "Firefighting in Orange County – Part One, Firefighter Pay and Benefits" was published today in *California Globe*: https://californiaglobe.com/section-2/firefighting-in-orange-county-part-one-firefighter-pay-and-benefits/

Be safe all,

Attached:

- OCERS Activities for May 2020

**Submitted by:**

**SD - Approved**

Steve Delaney
Chief Executive Officer

# Monthly Staff Status
# May 2020

To the members of the OCERS Board of Retirement,

The following is my regular monthly summary of OCERS staff activity, starting with an overview of key customer service statistics as well as activity highlights followed by updates for the month of May 2020.

## MEMBER SURVEY RESPONSES

"I came in to get a copy of my benefits for the Social Security Office. My request was handled promptly and I received exactly what I needed"
**February 2020**

"OCERS was extremely helpful and very professional. The OCERS representative went above and beyond my expectations."
**March 2020**

"I want to express my gratitude to OCERS for their efforts in helping me purchase service credit. OCERS team members were courteous, patient, thorough and responsive. They were outstanding!!!"
**April 2020**

"Thank you so much for your kindness on the telephone and your prompt response to my request. Everyone one of you at the Board, and in this case, especially you are amazing. "
**May 2020**

## MEMBER SERVICES TELEPHONE METRICS

| Member Services Call History | | | |
|---|---|---|---|
| **Month / Year** | **Incoming Calls Through Queue** | **Incoming Calls Direct to Extension** | **Total Calls** (Queue + Direct) |
| May 2020 | * | * | 8586 |
| May 2019 | 1643 | 2637 | 4280 |
| May 2018 | 1799 | 2540 | 4339 |

*Currently configuring reports from new phone system Dialpad to determine calls through Queue versus Direct to Extension.

## Customer Service Statistics

**Member Approval:** 100%

**Un-Planned Recalculations:** 0

**Retirement Applications Received:**

| | |
|---|---|
| **May – 2020** | **47** |
| **Apr – 2020** | **33** |
| **Mar – 2020** | **80** |
| **Feb – 2020** | **169** |
| **Jan – 2020** | **249** |
| **Dec – 2019** | **75** |
| **Nov – 2019** | **54** |
| **Oct – 2019** | **69** |
| **Sept – 2019** | **38** |
| **Aug – 2019** | **62** |
| **July – 2019** | **53** |
| **June – 2019** | **50** |
| **May – 2019** | **43** |
| **Apr – 2019** | **37** |
| **Mar – 2019** | **107** |
| **Feb – 2019** | **199** |
| **Jan – 2019** | **258** |
| **Dec – 2018** | **54** |
| **Nov – 2018** | **85** |
| **Oct – 2018** | **49** |
| **Sept – 2018** | **40** |
| **Aug – 2018** | **55** |
| **Jul – 2018** | **67** |

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM 75TH ANNIVERSARY 1945-2020

# Monthly Staff Status May 2020

## ACTIVITIES

### WEEKLY ALL OCERS TEAM ZOOM CONFERENCE CALL

The OCERS team continues to meet via Zoom every Wednesday at 2:00 p.m. We often have themed calls (we've had "bring your child", "bring your dog", "bring your cat", even "bring your alternative pet" weekly calls, which are always a lot of fun as we get to know so much more about our OCERS family!

Here is a shot of this week's call which had a "70s Style" theme:

# Monthly Staff Status
# May 2020

The weekly calls allow us to share with the full team updates on what is happening, with reports shared by every division. It gives me a chance to answer any questions that may be on folk's minds, and does much to bring us together. Here is an example of a one of similar notes I have received from appreciative OCERS team members:

> *"Thank you Steve (for today's Zoom call), many of my friends have continued to go into work throughout the pandemic and I am so grateful to work at OCERS, where we have been able to conduct business as usual while telecommuting. As an employee, it makes me feel valued that OCERS puts employee health and safety above the convenience to go back to the office. Thank you for always keeping us informed."*

## UPDATES

### FUTURE OCERS HQ PROJECT

Ms. Shott reports:

The Building Committee met on May 12, 2020 with the Cushman team to discuss the current status of the OCERS HQ project. Based on that discussion and on the advice of the consultants we believe our best course of action at this time is to diligently watch the market with an interested eye on viable opportunities and various options that could meet OCERS HQ needs in the future. During this time we are also going to be exploring how the pandemic and the new widespread work from home conditions might change the workplace and OCERS office space needs in the future.

### UPDATE ON PREPARING OCERS CURRENT HQ BUILDING TO REOPEN

Ms. Shott reports:

A date for when OCERS employees will return to working in the office has not yet been determined. However, when it is deemed safe and is recommended by the state and local authorities, our team will return to the office. As such, we have been diligently working on developing a plan to make the necessary and prudent modifications to OCERS' offices to help reduce employee risk to COVID-19 spread in the workplace. In developing our plans, we have utilized the resources issued by the CDC, California Department of Public Health, County of Orange and our property management firm, Cushman & Wakefield. These resources have a plethora of information and guidance on developing a COVID-19 preparedness, response and control plan. In addition to these resources, we have also been consulting with legal counsel and considering their recommendations and guidance as well.

Some of the more significant changes/modifications related to the building that we will be incorporating into the plan to reopen the OCERS offices include (but not limited to) the following:

Social distancing protocols

- Move employees into offices when possible
- For employees who will remain in a cubicle workspace physically spread them out

  - Modify existing cubicles to include a physical plastic barrier on all walls so that all walls will extend up to be six feet high.
  - Encourage use of virtual meetings instead of in person meetings (even when in the office)
  - Limit the use of common areas with signage and other measures such as removing chairs
  - Require the use of face masks while moving around in the office (not required while sitting at their desk)
  - Post signage throughout the office to remind employees of social distancing protocols
- Sanitization protocols
  - Regular disinfecting and cleaning of common area contact surfaces throughout the day.
  - Install disinfecting wipe dispensers throughout the work areas near high touch areas/items such as copiers, kitchens and conference rooms
  - Install additional hand sanitizer dispensers throughout the office and common areas as well as provide each employee an individual bottle for use at their desk.
  - Post signs in restrooms and kitchen reminding individuals proper handwashing techniques
- Ventilation
  - Increase ventilation rates
  - Improve air filtration to the MERV-11 filter rack
  - Perform necessary maintenance and repairs to the HVAC system to improve the consistency of comfortable air temperature in the building.

OCERS' Executive team is committed to keeping our team member's health and safety a top priority. Our return to the office plan will reflect that priority.

As a reminder you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the July 20 meeting of the OCERS Board of Retirement.

# Memorandum

**DATE**: July 20, 2020

**TO**: Members of the Board of Retirement

**FROM**: Gina M. Ratto, General Counsel

**SUBJECT**: **STATE AND FEDERAL LEGISLATIVE UPDATE**

## Written Report

### *State Legislative Update*

The California Legislature reconvened on January 6, 2020, marking the beginning of the second year of the legislative session. The Assembly and Senate adjourned for summer recess on June 19, 2020 and July 2, 2020, respectively. Both houses will reconvene on July 13, 2020.

A comprehensive list and description of the pending bills that staff will monitor during the second year of the 2019-2020 legislative session is attached. Below is a brief summary of the bills that may be of greater interest to the Board. **New or updated information since the last report to the Board are indicated in bold text.**

**SACRS Sponsored Bills**

- **AB 2101 (formerly SB 783) (Senate Committee on Labor, Public Employees and Retirement)**
  **The provisions of the SACRS' sponsored "CERL housekeeping" bill were added to the CalPERS' sponsored annual "PERL housekeeping" bill and the CalSTRS' sponsored annual "Education Code housekeeping" bill; and the proposed CERL amendments are now set forth in the bill language. See the attachment for a description of the proposed amendments to the PERL and Education Code.**

  **This bill would amend the CERL to include a statement of legislative affirmation regarding the ruling in *Mijares v. OCERS*, which upheld a retirement board's plenary authority to recommend adjustments to county and district contributions necessary to ensure the appropriate funding of the retirement system.**

  **CERL authorizes a member who returns to active service following an uncompensated leave of absence on account of illness to receive service credit for the period of the absence upon payment of the contributions that the member would have paid during that period, together with the interest that the contributions would have accrued. This bill would similarly authorize a member who returns to active service following an uncompensated leave of absence on account of approved parental leave to receive service credit for the period upon payment of contributions and interest. The bill would prohibit service credit to be received for such a period of absence from exceeding 12 consecutive months and would prescribe requirements for payments. This provision would be operative in a county only if the board of supervisors elect to make it so, and would apply to parental leave that begins after the election.**

**The CERL authorizes a member who resigns or obtains a leave of absence to enter, and who does enter, the Armed Forces of the United States on a voluntary or involuntary basis, under prescribed circumstances, to obtain service credit for the period during which the member was out of county service. This bill would recast these provisions and would generally require that CERL comply with the federal Uniformed Services Employment and Reemployment Rights Act of 1994, as it may be amended. The bill would also authorize a member who does not qualify for reemployment benefits due to the length of military service and who returns to county or district employment within one year of being honorably discharged from the Armed Forces of the United States to receive credit for service for all or any part of the member's military service upon making specified payments.**

**The CERL requires boards of retirement to provide for the retirement of members who meet age and service requirements. This bill would authorize a system administrator or other personnel to exercise a board's power to retire members. The bill would require that service retirements be reported to the board at its next public meeting after the retirement.**

**The CERL prescribes requirements for calculating the effective date of retirement under different membership conditions, generally providing that the date not be more than 60 days after the date of filing of the application for retirement. This bill would prescribe general requirements regarding the effective date of retirement to prohibit it from beginning earlier than the date the application is filed with the board or more than 60 days after the date of filing or more than a number of days that has been approved by the board.**

**The CERL and other existing laws prescribe requirements for reinstatement after retirement and for service without reinstatement. The CERL prescribes different requirements, to be elected by a county, regarding member status in a retirement system upon reemployment, including how the rate of contributions and retirement allowance are to be calculated upon a subsequent retirement. This bill would require that people who have retired under the CERL following an involuntary termination of employment who are subsequently reinstated to that employment pursuant to a final administrative or judicial proceeding be reinstated from retirement as if there were no intervening period of retirement. The bill would require the person to repay an allowance paid to the person to the retirement system from which they retired in accordance with the retirement system's repayment policy and that contributions be made for any period for which salary is awarded in the administrative or judicial proceedings in the amount that would have been contributed had the member's employment not been terminated. The bill would require that the person receive service credit for the period for which salary is awarded. The retirement system would be granted discretion regarding the timing of repayment.**

**The CERL prescribes requirements regarding notification of members who have left service and elected to leave accumulated contributions in the retirement fund or have been deemed to have elected deferred retirement, as specified. Existing law requires the retirement system to start paying the member an unmodified retirement allowance in the year in which the member attains 70 ½ years of age, if the member can be located but does not make proper application for a deferred retirement allowance.**

**Existing law prescribes alternate requirements if a member cannot be located. The CERL establishes the Deferred Retirement Option Program, which a county or district may elect to offer and which provides an additional benefit on retirement to participating members. This bill would require that members who have left service, as described above, in addition to notification regarding retirement allowances, also be notified regarding their eligibility for a one-time distribution of accumulated contributions and interest. The bill would revise the age at which the retirement system is required to provide the above-described notice, as well as when the retirement system must start payment of an unmodified retirement allowance, to 72 years of age. The bill would further require the retirement system at that time to make a one-time distribution of accumulated contributions if the member is ineligible for a deferred retirement allowance, as specified. The bill would change the age threshold from 70 ½ years of age to 72 years of age with regard to requirements that apply when members cannot be located and with reference to when distributions are to be made to members who are participating in a Deferred Retirement Option Program.**

**The CERL establishes various rights to benefits that accrue to children of members and their surviving spouses under specified circumstances. In these instances, generally, these benefits will accrue provided that the children are under 18 years of age and unmarried and they continue until every child dies, marries, or attains age 18. Existing law authorizes the continuance of the benefits, in specified instances, to children through the age of 21 if the children remain unmarried and are regularly enrolled as full-time students in an accredited school. This bill would revise the standard applicable to children through the age of 21 to instead be up to the 22nd birthday of the child. The bill would make a related change with regard to a provision that provides an alternative to survivorship benefits under federal social security benefits. (STATUS: Passed out of the Assembly and ordered to the Senate on 06/08/20. Read second time in Senate, amended, and re-referred to Committee on L., P.E. & R. on 06/29/20.)**

**Bills That Would Amend the CERL or Other Laws That Apply to OCERS**

- **AB 992 (Mullin)**
  The Brown Act generally requires that the meetings of legislative bodies of local agencies be conducted openly. That act defines "meeting" for purposes of the act and prohibits a majority of the members of a legislative body, outside a meeting authorized by the act, from using a series of communications of any kind to discuss, deliberate, or take action on any item of business that is within the subject matter jurisdiction of the legislative body**.** This bill would provide that the prohibition described above does not apply to the participation, as defined, in an internet-based social media platform, as defined, by a majority of the members of a legislative body, provided that a majority of the members do not discuss among themselves, as defined, business of a specific nature that is within the subject matter jurisdiction of the legislative body of the local agency**.**
  (STATUS: Introduced 02/21/19. Passed out of the Assembly and ordered to the Senate on 01/30/20. Read first time in Senate; to Committee on RLS. for assignment on 01/30/20. **Referred to Committee on GOV. & F on 06/23/20.)**

- **AB 2473 (Cooper)**
  The California Public Records Act requires state and local agencies to make their records available for public inspection, unless an exemption from disclosure applies. Existing law excludes from the disclosure requirement certain records regarding alternative investments in which public investment funds invest. This bill would exempt from disclosure under the act specified records regarding an internally managed private loan made directly by a public investment fund, including quarterly and annual financial statements of the borrower or its constituent owners, unless the information has already been publicly released by the keeper of the information.
  (STATUS: Introduced 02/19/20. **Passed out of the Assembly and ordered to the Senate on 06/08/20. Read first time in Senate and referred to Committee on RLS for assignment on 06/09/20. Referred to Committee on P.E. & R. on 06/23/20**.)

- **AB 2659 (Chen)**
  The Information Practices Act of 1977 prescribes a set of requirements, prohibitions, and remedies applicable to public agencies, as defined, with regard to their collection, storage, and disclosure of personal information. The act specifically requires an agency to establish rules of conduct for persons involved in the design, development, operation, disclosure, or maintenance of records containing personal information and to instruct these people with respect to the rules and the requirements of the act. This bill would require that the above-described rules of conduct include security awareness and training policies and procedures.
  (STATUS: Introduced 02/20/20. Referred to Committee on P. & C. P. on 03/12/20.)

- **AB 2676 (Quirk)**
  Current law exempts from disclosure critical infrastructure information, as defined, that is voluntarily submitted to the Office of Emergency Services for use by that office, including the identity of the person who or entity that voluntarily submitted the information. This law defines “voluntarily submitted” for that purpose. This bill would remove the restriction that the submission be voluntary, thereby expanding that exemption. Current constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest. This bill would make legislative findings to that effect. The California Constitution also requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose. This bill would make legislative findings to that effect.
  (STATUS: Introduced 02/20/20. Referred to Committee on JUD on 03/02/20. Hearing postponed by Committee on 03/17/20.)

- **AB 2768 (Kalra)**
  Existing law authorizes the use of a digital signature in any written communication with a public entity, as defined, in which a signature is required or used. Under existing law, if a public entity elects to use a digital signature, that digital signature has the same force and effect as the use of a manual signature if it embodies

all of specified attributes, including being unique to the person using it and conforming to regulations adopted by the Secretary of State. Existing law requires the Secretary of State to have adopted the initial regulations for these provisions no later than January 1, 1997, including seeking the advice of public and private entities in developing these regulations and holding at least one public hearing to receive comments before adopting the regulations. This bill would delete the above-described language requiring the adoption of the initial regulations, as prescribed. The bill would instead require digital signatures to conform to regulations adopted by the Secretary of State pursuant to specified procedures. The bill would further require the Secretary of State to adopt emergency regulations to provide appropriate and timely guidance to public entities and the public generally regarding the signature requirements and to make the regulatory changes needed to update these provisions no later than March 1, 2022, in accordance with the Administrative Procedure Act. The bill would make the emergency regulations adopted pursuant to these provisions effective only until nonemergency, final regulations are adopted and become effective through the regular rulemaking process.
(STATUS: Introduced 02/20/20; original bill language replaced in full on 05/04/20**.** From committee chair, with author's amendments: Amend, and re-refer to Committee on JUD. Read second time and amended on 05/04/20. Re-referred to Committee on JUD. on 05/05/20.)

- **AB 2937 (Fong)**
  The CERL prescribes the methods for calculating a non-service-connected disability retirement for different membership classifications and for the purpose of calculating reciprocal benefits. In these instances, the sum of allowance may vary depending on whether or not the retirement board finds, in its opinion, the member's disability is due to intemperate use of alcoholic liquor or drugs, among other things. In this regard, the CERL conditions the grant of a disability retirement pension by a county or district on a finding by the board that the member's disability is not the result of intemperate use of alcoholic liquor or drugs. This bill would create an optional provision, to be elected by a county board of supervisors, that would remove the retirement board's assessment regarding the intemperate use of alcoholic liquor or drugs as a condition to the disability retirement.
  (STATUS: Introduced 02/21/20. Read first time 02/24/20**.** Referred to Committee on P.E. & R. on 03/05/20.)

- **SB 749 (Durazo)**
  The California Public Records Act provides that nothing in the act requires the disclosure of corporate proprietary information including trade secrets, among other things. This bill would provide that specified records of a private industry employer that are prepared, owned, used, or retained by a public agency are not trade secrets and are public records, including certain records relating to employment terms and conditions of employees working for a private industry employer pursuant to a contract with a public agency, if those wages, benefits, working hours and other employment terms and conditions relate to work performed under the contract, records of compliance with local, state, or federal domestic content requirements, and records of a private industry employer's compliance with job creation, job quality, or job retention obligations contained in a contract or agreement with a state or local agency. The bill, however, would exclude contracts between a public agency and a private industry employer entered into on or before January 1, 2020, and records that include communications between the state or local agency and specified state or local officials, on matters posing a threat to the security of a public building, a threat to the

security of essential public services, or a threat to the public's right of access to public services or public facilities, from these provisions. Because the bill would require local officials to perform additional duties, it would impose a state-mandated local program.
(STATUS: Introduced 02/22/19. From committee with author's amendments. Read second time and amended. Re-referred to Committee on JUD. on 09/10/19. Assembly Rule 96 suspended. Withdrawn from committee. Ordered to third reading on 09/12/19. Ordered to inactive file on request of Assembly Member Calderon on 09/13/19.)

- **SB 931 (Wieckowski)**
  The Brown Act requires meetings of the legislative body of a local agency to be open and public and also requires regular and special meetings of the legislative body to be held within the boundaries of the territory over which the local agency exercises jurisdiction, with specified exceptions. Current law authorizes a person to request that a copy of an agenda, or a copy of all the documents constituting the agenda packet, of any meeting of a legislative body be mailed to that person. This bill would require, if the local agency has an internet website, a legislative body or its designee to email a copy of, or website link to, the agenda or a copy of all the documents constituting the agenda packet if the person requests that the items be delivered by email. The bill would require, where the local agency determines it is technologically infeasible to send a copy of all documents constituting the agenda packet or a website link containing the documents by electronic mail or by other electronic means, the legislative body or its designee to send by electronic mail a copy of the agenda or a website link to the agenda and mail a copy of all other documents constituting the agenda packet in accordance with the mailing requirements.
  (STATUS: Introduced 02/05/20. Referred to Committee on GOV. and F. on 02/12/20. From committee with author's amendments; read second time and amended; re-referred to Committee on GOV. and F. on 04/02/20.)

- **SB 1297 (Moorlach)**
  This bill would revise the provision of pension and other benefits to members of all state or local public retirement systems. The bill would apply its provisions prospectively to any member of a state or local public retirement system who is employed upon the date of its enactment and to any person who may be employed and become a member thereafter.

  The bill would:
  - void any limit on a pension that prohibits the pension from exceeding a percentage of final compensation, as specified;
  - prohibit a local entity from establishing a deferred retirement option program, as described, and if a local entity has established a deferred retirement option program, whether or not the program is closed to new participants, it would be required to disenroll any participating employees and close the program;
  - with regard to any member of a state or local public retirement system, the bill would require that final annual compensation used for purposes of ascertaining any pension or benefit be calculated as an average of the member's three highest earning years;

- prohibit, for any method of calculating a pension that is based on fractional percentage of final compensation multiplied by years of service with respect to a particular age at retirement, that fractional percentage from exceeding 2.7%;
- include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities;
- require that an agency participating in PERS that increases the compensation of a member who was previously employed by a different agency to bear all actuarial liability for the action, if it results in an increased actuarial liability beyond what would have been reasonably expected for the member;
- require that the increased actuarial liability be in addition to reasonable compensation growth that is anticipated for a member who works for an employer or multiple employers over an extended time;
- require, if multiple employers cause increased liability, that the liability be apportioned equitably among them; and
- apply to an increase in actuarial liability, as specified, due to increased compensation paid to an employee on and after January 1, 2021.

(STATUS: Introduced on 02/21/20. To Committee on RLS for assignment on 02/21/20. Read first time on 02/24/20**.** Referred to Committee on L., P.E. & R. on 03/05/20.)

**Other Bills of Interest**

- **AB 664 (Cooper, Bonta and, Gonzalez)**
  Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment. Existing law creates a disputable presumption that specified injuries sustained in the course of employment of a specified member of law enforcement or a specified first responder arose out of and in the course of employment. Existing law also makes an employer liable only for the percentage of permanent disability directly caused by the injury arising out of and occurring in the course of employment. Existing law requires apportionment of permanent disability to be based on causation, and requires a physician's report addressing the issue of permanent disability to include an apportionment determination in order for the report to be considered complete on that issue. Existing law exempts certain injuries, including the above-described injuries, from the provisions requiring apportionment. This bill would define "injury," for certain state and local firefighting personnel, peace officers, certain hospital employees, and certain fire and rescue services coordinators who work for the Office of Emergency Services to include being exposed to or contracting, on or after January 1, 2020, a communicable disease, including coronavirus disease 2019 (COVID-19), that is the subject of a state or local declaration of a state of emergency that is issued on or after January 1, 2020. The bill would create a conclusive presumption, as specified, that the injury arose out of and in the course of the employment. The bill would apply to injuries that occurred prior to the declaration of the state of emergency. The bill would also exempt these provisions from the apportionment requirements. This bill would declare that it is to take effect immediately as an urgency statute.
  (STATUS: Introduced 02/15/19; original bill language replaced in full on 04/17/20. From committee chair with author's amendments. Amended and re-referred to committee. Read second time, amended, and re-referred to Committee on L., P.E. & R. on 05/18/20.)

- **AB 1945 (Sala) Amended 06/29/20**
  Under existing law, the California Emergency Services Act, the Governor is authorized to proclaim a state of emergency, as defined, under specified circumstances. The California Emergency Services Act also authorizes the governing body of a city, county, city and county, or an official designated by ordinance adopted by that governing body, to proclaim a local emergency, as defined. **Under existing law, the Office of Emergency Services within the Governor's office is required to, among other things, develop curriculum for first responder training, and to adopt standards and procedures for training first responder instructors.** A person who violates any provision of the act is guilty of a misdemeanor. This bill would, for purposes of the California Emergency Services Act, define "first responder" as an employee of the state or a local public agency who provides emergency response services, including a peace officer, firefighter, paramedic, emergency medical technician, public safety dispatcher, public safety telecommunicator, ~~**or emergency response communication employee**~~. The bill would provide that the definition of first responder described above does not confer a right to, or entitlement upon, an employee or prospective employee to obtain a retirement benefit formula for an employment classification that is not included in, or is expressly excluded from, that formula, as specified. The bill would prohibit an employer from offering, or indicating an ability to offer to an employee or prospective employee a retirement benefit formula for an employment classification that is not included in, or is expressly excluded from, that formula because of the definition of "first responder."
  (STATUS: Introduced 01/17/20. Referred to Committees on G.O. and P.E. & R. on 01/30/20. From Committee Chair, with author's amendments: Amend, and re-refer to Committee on G.O. Read second time and amended on 05/04/20. Re-referred to Committee on G.O. on 05/05/20. From committee: Do pass and re-referred to Committee on APPR. on 05/13/20**. Passed out of the Assembly and ordered to the Senate on 06/08/20. In Senate. Read first time; referred to Committee on RLS. for Assignment on 06/09/20. Referred to Committee on L. P.E. & R. on 06/23/20. From committee chair, with author's amendments. Read second time, amended, and re-referred to Committee on L. P.E. & R. on 06/29/20.**)

- **AB 2452 (C. Garcia)**
  Current law authorizes the California State Auditor to establish a high-risk local government agency audit program to identify, audit, and issue reports on any local government agency, including any city, county, or special district, or any publicly created entity that the California State Auditor identifies as being at high risk for the potential of waste, fraud, abuse, or mismanagement or that has major challenges associated with its economy, efficiency, or effectiveness. Existing law authorizes the California State Auditor to consult with the Controller, the Attorney General, and other state agencies in identifying local government agencies that are at high risk. Current law also authorizes the legislative body of a local agency or a district to enter into an association for the purposes of attending the Legislature and the Congress of the United States, and any committees thereof, and presenting information regarding legislation that the legislative body or the district deems to be beneficial or detrimental to the local agency or the district. This bill would authorize the California State Auditor to include in the high-risk local government agency audit program any local agency or district association that the California State Auditor identifies as being at high risk for the potential of waste, fraud, abuse, or mismanagement or that has major challenges associated with its economy, efficiency, or effectiveness.
  (STATUS: Introduced 02/19/20**.** Referred to Committee on A. & A.R. on 02/27/20.)

- **AB 3249 (Fong)**
  Current law requires state and local public retirement systems to submit audited financial statements to the Controller at the earliest practicable opportunity within 6 months of the close of each fiscal year, and requires the Controller, within 12 months of receipt of the information, to compile and publish a report on the financial condition of all state and local public retirement systems. This bill would additionally require the Controller to post the report on the financial condition of all state and local public retirement systems on the Controller's internet website.
  (STATUS: Introduced 02/21/2020. Read first time on 02/24/20. Referred to Committee on P.E. & R. on 03/09/20.)

- **SB 53 (Wilk)**
  The Bagley-Keene Open Meeting Act requires that all meetings of a state body, as defined, be open and public and that all persons be permitted to attend and participate in a meeting of a state body, subject to certain conditions and exceptions. This bill would specify that the definition of "state body" includes an advisory board, advisory commission, advisory committee, advisory subcommittee, or similar multimember advisory body of a state body that consists of 3 or more individuals, as prescribed, except a board, commission, committee, or similar multimember body on which a member of a body serves in his or her official capacity as a representative of that state body and that is supported, in whole or in part, by funds provided by the state body, whether the multimember body is organized and operated by the state body or by a private corporation. This bill would declare that it is to take effect immediately as an urgency statute.
  (STATUS: Introduced 12/10/18. Placed on APPR. suspense file on 08/14/19. Heard on 08/30/19. Held in committee and under submission on 08/30/19.)

- **SB 1159 (Hill) Amended 06/18/20**
  Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment. Existing law creates a disputable presumption that specified injuries sustained in the course of employment of a specified member of law enforcement or a specified first responder arose out of and in the course of the employment. This bill would, until an unspecified date, define "injury" for ~~**a critical worker, as described, to include illness or death that results from exposure to**~~ **an employee to include illness or death resulting from** coronavirus disease 2019 (COVID-19) under specified circumstances. The bill would create a disputable presumption, as specified, that an injury that develops or manifests itself while ~~**a critical worker**~~ **an employee** is employed arose out of and in the course of the employment. **The bill would require an employee to exhaust their paid sick leave benefits and meet specified certification requirements before receiving any temporary disability benefits or, for police officers, firefighters, and other specified government employees, a leave of absence.**
  (STATUS: Introduced 02/20/20; original bill language replaced in full on 04/22/20. **Passed out of the Senate and ordered to the Assembly on 06/26/20. Read first time in Assembly. Referred to Committee on INS. on 06/29/20.**)

**Bills that Apply to CalPERS and/or CalSTRS Only:**

- **AB 462 (Rodriguez)**
  This bill would require the Boards of Administration of CalPERS and CalSTRS to each provide a report to the Legislature, commencing March 1, 2021, and annually thereafter, on the status of achieving appropriate objectives and initiatives, to be defined by the boards, regarding participation of emerging managers responsible for asset management within each system's portfolio of investments. The bill would require that the report be based on contracts that the system enters into on and after January 1, 2020, and be based on information from the prior fiscal year. The bill would require each report to include certain elements and would require the boards to define emerging manager for purposes of these provisions. This bill contains other related provisions and other existing laws.
  (STATUS: Introduced 02/11/19. Passed out of the Assembly and ordered to the Senate on 04/22/19. Read second time in the Senate, amended, and re-referred to Com. on RLS. on 05/21/19.)

- **AB 1975 (Bigelow)**
  Existing law, the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by the Board of Administration of the Public Employees' Retirement System, authorizes the board to contract for health benefit plans for employees and annuitants, as defined, which may include employees and annuitants of contracting agencies. PEMHCA prescribes requirements for the contributions of contracting agencies and their employees and annuitants for these benefits and creates alternative funding formulations for specified counties and districts. This bill would create an alternative funding formulation for employer contributions for postretirement health care benefits for specified employees of the County of Madera. The bill would apply its provisions to unrepresented and extra help employees, appointed department heads, and represented employees, as specified, provided that these employees are otherwise eligible. The bill would require the employees to have a specified minimum amount of service credit, including at least 5 years of service with the county. If the employees are represented, the bill would require a mutually agreed-upon memorandum of understanding regarding contributions for postretirement health benefits consistent with the bill's provisions to be in place. With regard to unrepresented and extra help employees and appointed department heads, the bill would require a specified resolution to have been adopted by a majority of the county board of supervisors that provides for contributions for postretirement health benefits. Upon satisfaction of these conditions, the bill would prescribe a schedule pursuant to which the county would pay employer contributions for postretirement health care benefits for the employees based on specified percentages associated with the employee's credited years of service, that would reach 100% when the employee attains 20 years of service. The bill would apply these provisions to employees of the County of Madera first hired and appointed on and after the date the bill becomes effective.
  (STATUS: Introduced 02/22/20. Original bill language replaced in full on 05/04/20. From committee chair, with author's amendments: Amend, and re-refer to Committee on P.E. & R. Read second time and amended on 05/04/20. Re-referred to Committee on P.E. & R. on 05/05/20.)

- **AB 2378 (Cooper)**
  The PERL requires that upon the death of certain members after retirement and while receiving a retirement allowance, a specified sum of money be paid to the member's designated beneficiary. Existing law provides that the additional employer contributions required to fund these benefits be computed as a level percentage of member compensation, and requires the contributions to be deposited in the Public Employees' Retirement Fund. This bill would authorize the CalPERS Board, beginning on or after January 1, 2021, to adjust the death benefit amounts following each actuarial valuation to reflect changes in the All Urban California Consumer Price Index, as specified. By authorizing the board to increase contributions deposited in the Public Employees' Retirement Fund, this bill would make an appropriation.
  (STATUS: Introduced 02/18/20. Referred to Committee on P.E. and R. on 02/24/20.)

- **AB 2394 (Cooper)**
  Pursuant to the PERL, CalPERS provides a defined benefit to members of the system, based on final compensation, credited service, and age at retirement, subject to certain variations. Existing law generally provides that retirement allowances are adjusted annually to reflect increases in the cost of living in relation to the consumer price index, as defined. Existing law defines "consumer price index" for these purposes to mean the United States city average "Consumer Price Index for All Urban Consumers," effective January 1, 1978. Existing law establishes the Department of Industrial Relations as an instrumentality of California government. This bill would change the definition of "consumer price index," effective January 1, 2021, to instead refer to the California Consumer Price Index for All Urban Consumers for all items, as determined by the Department of Industrial Relations.
  (STATUS: Introduced 02/18/20. Referred to Committee on P.E. and R. on 02/24/20.)

- **AB 2510 (Cooley)**
  The CalSTRS Defined Benefit Program provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. Current law authorizes the CalSTRS board, upon a finding by the board that necessary investment expertise is not available within existing civil service classifications, and with approval of the State Personnel Board, to contract with qualified investment managers, as provided. This bill would additionally authorize the board to contract with investment advisers, as defined, upon the same finding by the board and approval by the State Personnel Board. The bill would, pursuant to a policy adopted by the board, authorize the board to establish a competitive bidding process and to specify the contract terms and conditions the board solely deems necessary and prudent to contract with qualified investment managers and investment advisers.
  (STATUS: Introduced 02/19/20. Referred to Committee on P.E. & R. on 02/27/20. First hearing canceled at the request of author on 05/04/20.)

- **AB 2967 (O'Donnell) Amended in Senate on 06/29/20**
  **The PERL authorizes a public agency to contract to make all or part of its employees members of PERS, subject to specified conditions, and requires membership in PERS to be compulsory for all employees included under a contract. Existing law prohibits these contracts from providing for the exclusion of some, but not all, firefighters and specified public safety officers. With regard to other groups of employees,**

**existing law requires that they be based on general categories, such as departments or duties, and not on individual employees. This bill would delete provisions of PERL that generally authorize a public agency contracting with PERS to make all or part of its employees members of the system. The bill would generally prohibit exclusions of groups of employees from being made by amendment of a public agency contract with PERS. The bill would apply these provisions to contracts entered into, amended, or extended on and after January 1, 2020.**
~~**Existing law, the Public Employees' Medical and Hospital Care Act, which is administered by the CalPERS Board of Administration, governs the funding and provision of postemployment health care benefits for eligible retired public employees and their beneficiaries. The act deems a surviving spouse or other eligible family member of certain firefighters or peace officers, whose deaths occur as a result of injury or disease arising out of their official duties, to be an annuitant, as specified, for purposes of enrollment in a health benefit plan, if the spouse or family member is uninsured. Existing law requires the employer of the deceased firefighter or peace officer to notify the board within 10 business days of the death of the employee, among other things, if that spouse or family member may be eligible for enrollment.**~~
~~**This bill would reduce the period within which an employer is to provide notice to the board, as described above, to within seven calendar days.**~~
(STATUS: Introduced 02/21/20. Original bill language replaced in full on 05/04/20. **Passed out of the Assembly and ordered to the Senate on 06/08/20. Read second time in the Senate, amended, and re-referred to Committee on L. P.E. & R. on 06/29/20.)**

- **AB 2998 (Kiley)**
  The CalSTRS Defined Benefit Program provides a defined benefit to members of the program based on final compensation, credited service, and age at retirement, subject to certain variations. Existing law prohibits the governing board of a school district from drawing orders for the salary of any teacher in violation of a salary schedule based on a uniform allowance for years of training and years of experience, or on other criteria agreed to by the school district and the exclusive representative of the certificated employees of the school district. This bill would authorize a school district to offer a defined contribution plan to certificated employees and would exclude a certificated employee who opts into a defined contribution plan from membership in the Defined Benefit Program. The bill would authorize a school district to offer a higher salary or lower contribution rate to a defined contribution plan as an incentive for a certificated employee to opt into a defined contribution plan. The bill would authorize a certificated employee to negotiate a salary or contribution rate for a defined contribution plan outside of the school district's salary schedule. The bill would provide that, to the extent the bill's provisions conflict with any provision of a collective bargaining agreement entered into by a public school employer and an exclusive bargaining representative before January 1, 2021, these provisions do not apply to the school district until the expiration or renewal of that collective bargaining agreement.
  (STATUS: Introduced 02/19/20. From committee chair with author's amendments; re-referred to Committee on P.E. & R.; read second time and amended on 05/04/20. Re-referred to Committee on P.E. & R. on 05/05/20.)

- **SB 266 (Leyva**)

  Under existing law, CalPERS is responsible for correcting errors and omissions in the administration of the system and the payment of benefits. Existing law requires the board to correct all actions taken as a result of errors or omissions of the state or a contracting agency, in accordance with certain procedures. This bill would establish new procedures under PERL for cases in which CalPERS determines that the benefits of a member or annuitant are, or would be, based on disallowed compensation that conflicts with PEPRA and other specified laws and thus impermissible under PERL. The bill would also apply these procedures retroactively to determinations made on or after January 1, 2017, if an appeal has been filed and the employee member, survivor, or beneficiary has not exhausted their administrative or legal remedies. At the threshold, after determining that compensation for an employee member reported by the state, school employer, or a contracting agency is disallowed, the bill would require the applicable employer to discontinue the reporting of the disallowed compensation. The bill would require that contributions made on the disallowed compensation, for active members, be credited against future contributions on behalf of the state, school employer, or contracting agency that reported the disallowed compensation and would require that the state, school employer, or contracting agency return to the member any contributions paid by the member or on the member's behalf.

  With respect to retired members, survivors, or beneficiaries whose benefits are based on disallowed final compensation, the bill would require PERS to adjust the benefit to reflect the exclusion of the disallowed compensation, and provide that contributions made on the disallowed compensation be credited against future contributions on behalf of the employer entity that reported the disallowed compensation. Additionally, if specified conditions are met, the bill would require the employing entity to refund overpayment costs to the system and to pay retired members, survivors, and beneficiaries whose benefits have been reduced an annuity or a lump sum, as prescribed, that reflects the difference between the monthly allowance that was based on the disallowed compensation and the adjusted monthly allowance calculated without the disallowed compensation, as provided. The bill would require the system to provide certain notices in this regard. This bill would require the system to provide confidential contact information of retired members, and their survivors and beneficiaries, who are affected by these provisions to the relevant employing entities, the confidentiality of which the entities would be required to maintain.

  The bill would authorize the state, a school employer, as specified, or a contracting agency, as applicable, to submit to the system an additional compensation item proposed to be included or contained in a memorandum of understanding or collective bargaining agreement on and after January 1, 2020, that is intended to form the basis of a pension benefit calculation in order for PERS to review its consistency with PEPRA and other laws, as specified, and would require PERS to provide guidance regarding the review within 90 days, as specified. The bill would require PERS to publish notices regarding proposed compensation language submitted to the system for review and the guidance given by the system that is connected with it. For educational entities that participate in the system, the final responsibility for funding payments to the system and to retired members, survivors, and beneficiaries would belong to the educational entity that is the actual employer of the employee.

(STATUS: Introduced 02/12/19. Read third time in Assembly; ordered to the Senate; Senate concurred in amendments; ordered to engrossing and enrolling on 09/12/19. Withdrawn from engrossing and enrolling, and ordered held at the Desk on 09/13/19.)

- **SB 430 (Wieckowski)**
  PEPRA prohibits a public employer offering a defined benefit pension plan from exceeding specified retirement formulas for new members and prohibits an enhancement of a public employee's retirement formula or benefit adopted after January 1, 2013, from applying to service performed prior to the operative date of the enhancement. PEPRA defines "new member" to mean, among other things, an individual who becomes a member of any public retirement system for the first time on or after January 1, 2013, and who was not a member of any other public retirement system prior to date. Existing law creates the Judges' Retirement System II, which is administered by the Board of Administration of the Public Employees' Retirement System, for the provision of retirement and other benefits to specified judges and their beneficiaries. This bill would grant a judge who was elected to office in 2012, but did not take office until on or after January 1, 2013, the option of making a one-time, irrevocable election to have a pre-January 1, 2013, membership status in the Judges' Retirement System II for service accrued after on and after July 1, 2020. The bill would require the election to be made during a 30-day period beginning March 1, 2020. A judge making this election would no longer be a new member under specified provisions of PEPRA. The election would apply prospectively only, and membership rights and obligations that accrued based on service subject to PEPRA prior to July 1, 2020, would remain unchanged. The bill would specify that the Public Employees' Retirement System is not obligated to inform or locate a person who may be eligible to make the election and that its provisions do not affect the Legislature's reserved right to increase contributions or reduce benefits for purposes of the Judges' Retirement System II.
  (STATUS: Introduced 02/21/19. Passed out of the Senate and ordered to the Assembly on 05/21/19. Referred to the Committee on P.E. & R. on 05/30/19. Set for first hearing; cancelled at request of author on 06/26/19.)

**Divestment Proposals (CalPERS and CalSTRS Only)**

- **AB 2780 (Holden)**
  Existing law, upon the passage of a federal law imposing sanctions on the government of Turkey for failure to officially acknowledge its responsibility for the Armenian Genocide, prohibits the CalPERS and CalSTRS boards from making additional or new investments, or renewing existing investments, of public employee retirement funds in an investment vehicle in the government of Turkey that is issued by the government of Turkey or that is owned by the government of Turkey. Existing law requires the boards to liquidate existing investments in the government of Turkey within 18 months of the passage of the above-described federal law.

  This bill, upon the passage of a federal law imposing sanctions on the government of Turkey for imposing an economic blockade of Armenia, would prohibit the boards that administer the Public Employees' Retirement Fund, the Legislators' Retirement Fund, the State Teachers' Retirement Fund, the Judges' Retirement Fund, the Judges' Retirement Fund II, the Volunteer Firefighters Fund, and the General Fund portion of the

University of California Retirement Fund from making additional or new investments or renew existing investments of public employee retirement funds in any investment vehicle that is issued or owned by the government of Azerbaijan or Turkey. The bill would require the boards to liquidate investments in the government of Azerbaijan or Turkey within 18 months of the passage of the above-described law.

The bill would not apply the above provisions to an investment vehicle if the governing body of the financial institution issuing the investment vehicle, by resolution, adopts a policy not to renew existing, expand existing, or engage in new, discriminatory practices in furtherance of or in compliance with the economic blockade of Armenia by the governments of Turkey and Azerbaijan. The bill would require a copy of the resolution to be submitted to the Treasurer and the chief administrative officer of each public employee retirement fund, accompanied by a certification, under penalty of perjury, that the adopted policy is being complied with by the financial institution. By expanding the scope of the crime of perjury, the bill would impose a state-mandated local program.

The bill would also require these boards to make specified reports to the Legislature and the Governor regarding these actions within one year of the passage of a federal law imposing those sanctions on the government of Azerbaijan or Turkey. The bill would specify that its provisions do not require a board to take any action that the board determines in good faith is inconsistent with its constitutional fiduciary responsibilities to the retirement system.

The bill would indemnify from the General Fund and hold harmless the present, former, and future board members, officers, and employees of, and investment managers under contract with, the boards, in connection with actions relating to these investments. The bill would repeal the above-described prohibited investment and reporting provisions on January 1, 2026, or if a determination is made by the Legislature, the Department of State, the Congress of the United States, or another appropriate federal agency that the government of either Turkey or both Turkey and Azerbaijan has adopted a policy to cease their economic blockade of Armenia.
(STATUS: Introduced 02/20/20. Original bill language replaced in full on 05/04/20. From committee chair, with author's amendments: Amend, and re-refer to Committee on P.E. & R. Read second time and amended on 05/04/20. Referred to Committee on P.E. & R. on 05/05/20.)

## *Federal Legislation Affecting '37 Act Systems*

**The Federal SECURE Act (HR 1865)**
On December 20, 2019, the President signed HR 1865, which includes the Setting Every Community Up for Retirement Enhancement Act of 2019 ("SECURE Act"), into law. Two provisions affect the '37 Act Systems.
***Section 114 of the SECURE Act***
Prior to passage of the SECURE Act, tax qualified plans were required to distribute a member's entire benefit or begin to distribute a member's benefit no later than the "required beginning date." Internal Revenue Code (IRC) § 401(a)(9) defined required beginning date as April 1 of the calendar year following the later of (i) the calendar year in which the member attains age 70½ or (ii) the member retires.

Section 114 of the SECURE Act increases the required beginning date age factor from age 70½ to age 72. Under this new guidance, to satisfy the required minimum distribution rules, members must begin receiving benefits by April 1 of the calendar year following the later of (i) the calendar year in which the member attains age 72, or the member retires. The new rule applies to individuals who turn 70½ after December 31, 2019. For anyone who turned 70½ in 2019, the first RMD must still be taken by April 1, 2020**.** Individuals turning 70½ in 2020 or later will not be required to take their first withdrawal until April 1 of the year following their 72nd birthday.

The SACRS Legislative Committee is reviewing whether an amendment to the CERL will be necessary in order to conform the CERL to Section 114 of the SECURE Act. In addition, the OCERS team will review and amend as necessary our §401(a)(9) regulations or procedures to ensure the higher distribution age is reflected. Unless further extended by the Secretary of the Treasury, any necessary amendments will be required to be made no later than the last day of the first plan year beginning on or after January 1, 2024. Therefore, calendar year Systems like OCERS must amend affected regulations by December 31, 2024 (fiscal year Systems will have until June 30, 2025).

***Section 402 of the SECURE Act***

IRS Form 945, Annual Return of Withheld Federal Income Tax, is typically used to report federal income taxes withheld on distributions made from a retirement system. IRC §6651 imposes a tax penalty for the failure to timely file a Form 945.

Section 402 of the SECURE Act increases the minimum tax penalty imposed by IRC §6651. As amended, IRC §6651 allows for the imposition of a tax equal to at least the lesser of $435 (to be adjusted for inflation) or 100% of the amount required to be shown as tax on the return where the Form 945 is not filed within 60 days of its due date (including any applicable filing extensions). The penalty may still be waived if a System can show reasonable cause for the failure to timely file a Form 945.

The increase in penalties applies to IRS Forms 945 with a due date after December 31, 2019, including extensions. While no amendments or policy updates may be required as a result of this change, future failures to timely file Form 945 may trigger increased penalties.

Attachments

**Submitted by:**

GMR- Approved

Gina M. Ratto
General Counsel

**OCERS BOARD OF RETIREMENT**
**July 20, 2020 MEETING**

**LEGISLATIVE UPDATE – ATTACHMENT**

**2019 - 2020 CALIFORNIA STATE LEGISLATIVE SESSION**
**BILLS OF INTEREST**

***New or updated information in bold text***

**AB 462 (Rodriguez)**
This bill would require the Boards of Administration of CalPERS and CalSTRS to each provide a report to the Legislature, commencing March 1, 2021, and annually thereafter, on the status of achieving appropriate objectives and initiatives, to be defined by the boards, regarding participation of emerging managers responsible for asset management within each system's portfolio of investments. The bill would require that the report be based on contracts that the system enters into on and after January 1, 2020, and be based on information from the prior fiscal year. The bill would require each report to include certain elements and would require the boards to define emerging manager for purposes of these provisions.
(STATUS: Introduced 02/11/19. Passed out of the Assembly and ordered to the Senate on April 22, 2019. Read second time in the Senate, amended, and re-referred to Com. on RLS. on 05/21/19.)

**AB 664 (Cooper, Bonta and, Gonzalez)**
Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment. Existing law creates a disputable presumption that specified injuries sustained in the course of employment of a specified member of law enforcement or a specified first responder arose out of and in the course of employment. Existing law also makes an employer liable only for the percentage of permanent disability directly caused by the injury arising out of and occurring in the course of employment. Existing law requires apportionment of permanent disability to be based on causation, and requires a physician's report addressing the issue of permanent disability to include an apportionment determination in order for the report to be considered complete on that issue. Existing law exempts certain injuries, including the above-described injuries, from the provisions requiring apportionment. This bill would define "injury," for certain state and local firefighting personnel, peace officers, certain hospital employees, and certain fire and rescue services coordinators who work for the Office of Emergency Services to include being exposed to or contracting, on or after January 1, 2020, a communicable disease, including coronavirus disease 2019 (COVID-19), that is the subject of a state or local declaration of a state of emergency that is issued on or after January 1, 2020. The bill would create a conclusive presumption, as specified, that the injury arose out of and in the course of the employment. The bill would apply to injuries that occurred prior to the declaration of the state of emergency. The bill would also exempt these provisions from the apportionment requirements. This bill would declare that it is to take effect immediately as an urgency statute.
(STATUS: Introduced 02/15/19; original bill language replaced in full on 04/17/20. From committee chair with author's amendments. Amend and re-referred to committee. Read second time, amended, and re-referred to Committee on L., P.E. & R. on 05/18/20.)

**AB 992 (Mullin)**
The Brown Act generally requires that the meetings of legislative bodies of local agencies be conducted openly. That act defines “meeting” for purposes of the act and prohibits a majority of the members of a legislative body, outside a meeting authorized by the act, from using a series of communications of any kind to discuss, deliberate, or take action on any item of business that is within the subject matter jurisdiction of the legislative body**.** This bill would provide that the prohibition described above does not apply to the participation, as defined, in an internet-based social media platform, as defined, by a majority of the members of a legislative body, provided that a majority of the members do not discuss among themselves, as defined, business of a specific nature that is within the subject matter jurisdiction of the legislative body of the local agency**.**
(STATUS: Introduced 02/21/19. Passed out of the Assembly and ordered to the Senate on 01/30/20. Read first time in Senate. **Referred to Committee on GOV. & F. on 06/23/20.)**

**AB 1945 (Sala) Amended 06/29/20**
Under existing law, the California Emergency Services Act, the Governor is authorized to proclaim a state of emergency, as defined, under specified circumstances. The California Emergency Services Act also authorizes the governing body of a city, county, city and county, or an official designated by ordinance adopted by that governing body, to proclaim a local emergency, as defined. **Under existing law, the Office of Emergency Services within the Governor’s office is required to, among other things, develop curriculum for first responder training, and to adopt standards and procedures for training first responder instructors.** A person who violates any provision of the act is guilty of a misdemeanor**.** This bill would, for purposes of the California Emergency Services Act, define “first responder” as an employee of the state or a local public agency who provides emergency response services, including a peace officer, firefighter, paramedic, emergency medical technician, public safety dispatcher, public safety telecommunicator, **~~or emergency response communication employee~~**. The bill would provide that the definition of first responder described above does not confer a right to, or entitlement upon, an employee or prospective employee to obtain a retirement benefit formula for an employment classification that is not included in, or is expressly excluded from, that formula, as specified. The bill would prohibit an employer from offering, or indicating an ability to offer to an employee or prospective employee a retirement benefit formula for an employment classification that is not included in, or is expressly excluded from, that formula because of the definition of “first responder.”
(STATUS: Introduced 01/17/20. **Passed out of the Assembly and ordered to the Senate on 06/08/20. In Senate. Read first time; referred to Committee on RLS. for Assignment on 06/09/20. Referred to Committee on L. P.E. & R. on 06/23/20. From committee chair, with author’s amendments. Read second time, amended, and re-referred to Committee on L. P.E. & R. on 06/29/20.**)

**AB 1975 (Bigelow)**
Existing law, the Public Employees’ Medical and Hospital Care Act (PEMHCA), which is administered by the CalPERS board, authorizes the board to contract for health benefit plans for employees and annuitants, as defined, which may include employees and annuitants of contracting agencies. PEMHCA prescribes requirements for the contributions of contracting agencies and their employees and annuitants for these benefits and creates alternative funding formulations for specified counties and districts. This bill would create an alternative funding formulation for employer contributions for postretirement health care benefits for specified employees of the County of Madera. The bill would apply its provisions to unrepresented and extra help employees, appointed department heads, and represented employees, as specified, provided that these employees are otherwise eligible. The bill would require the employees to have a specified minimum amount of service credit, including at least 5 years of service with the county. If the employees are represented, the bill would require a mutually agreed-upon memorandum of understanding regarding contributions for

postretirement health benefits consistent with the bill's provisions to be in place. With regard to unrepresented and extra help employees and appointed department heads, the bill would require a specified resolution to have been adopted by a majority of the county board of supervisors that provides for contributions for postretirement health benefits. Upon satisfaction of these conditions, the bill would prescribe a schedule pursuant to which the county would pay employer contributions for postretirement health care benefits for the employees based on specified percentages associated with the employee's credited years of service, that would reach 100% when the employee attains 20 years of service. The bill would apply these provisions to employees of the County of Madera first hired and appointed on and after the date the bill becomes effective.
(STATUS: Introduced 02/22/20. Original bill language replaced in full on 05/04/20. From committee chair, with author's amendments: Amend, and re-refer to Committee on P.E. & R. Read second time and amended on 05/04/20. Re-referred to Committee on P.E. & R. on 05/05/20.)

**AB 2101 (Committee on Public Employment and Retirement)**
***This bill combines CalPERS' annual "PERL housekeeping bill" and CalSTRS' annual "Education Code housekeeping bill" and incorporates SACRS' first sponsored "CERL housekeeping bill" (previously SB 783).***

**CERL/Government Code Changes:**
**The California Constitution commits plenary authority for administration of public employee retirement systems, and for the provision of actuarial services for the systems, to their boards of administration. CERL prescribes actuarial requirements for CERL systems and, upon the basis of the investigation, valuation, and recommendation of the actuary, the retirement board is required to recommend to the county board of supervisors the changes in rates of interest, in rates of member contributions, and in county and district appropriations that are necessary. A similar process is prescribed for districts within the system, but that are not governed by the board of supervisors. This bill would make a statement of legislative affirmation regarding the ruling in *Mijares v. OCERS*, which upheld a retirement board's plenary authority to recommend adjustments to county and district contributions necessary to ensure the appropriate funding of the retirement system.**

**CERL authorizes a member who returns to active service following an uncompensated leave of absence on account of illness to receive service credit for the period of the absence upon payment of the contributions that the member would have paid during that period, together with the interest that the contributions would have accrued. This bill would similarly authorize a member who returns to active service following an uncompensated leave of absence on account of approved parental leave to receive service credit for the period upon payment of contributions and interest. The bill would prohibit service credit to be received for such a period of absence from exceeding 12 consecutive months and would prescribe requirements for payments. This provision would be operative in a county only if the board of supervisors elect to make it so, as specified, and would apply to parental leave that begins after the election.**

**The CERL authorizes a member who resigns or obtains a leave of absence to enter, and who does enter, the Armed Forces of the United States on a voluntary or involuntary basis, under prescribed circumstances, to obtain service credit for the period during which the member was out of county service. This bill would recast these provisions and would generally require that CERL comply with the federal Uniformed Services Employment and Reemployment Rights Act of 1994, as it may be amended. The bill would also authorize a member who does not qualify for reemployment benefits due to the length of military service and who returns to county or district employment within one year of being honorably discharged from the Armed**

**Forces of the United States, to receive credit for service for all or any part of the member's military service upon making specified payments.**

**The CERL requires boards of retirement to provide for the retirement of members who meet age and service requirements. This bill would authorize a system administrator or other personnel to exercise a board's power to retire members as described above. The bill would require that service retirements be reported to the board at its next public meeting after the retirement.**

**The CERL prescribes requirements for calculating the effective date of retirement under different membership conditions, generally providing that the date not be more than 60 days after the date of filing. This bill would prescribe general requirements regarding the effective date of retirement to prohibit it from beginning earlier than the date the application is filed with the board or more than 60 days after the date of filing or more than a number of days that has been approved by the board.**

**The CERL and other existing laws prescribe requirements for reinstatement after retirement and for service without reinstatement. The CERL prescribes different requirements, to be elected by a county, regarding member status in a retirement system upon reemployment, including how the rate of contributions and retirement allowance are to be calculated upon a subsequent retirement. This bill would require that people who have retired under the CERL following an involuntary termination of employment who are subsequently reinstated to that employment pursuant to a final administrative or judicial proceeding, as specified, be reinstated from retirement as if there were no intervening period of retirement. The bill would require the person to repay an allowance paid to the person to the retirement system from which they retired in accordance with the retirement system's repayment policy and that contributions be made for any period for which salary is awarded in the administrative or judicial proceedings in the amount that would have been contributed had the member's employment not been terminated. The bill would require that the person receive service credit for the period for which salary is awarded. The retirement system would be granted discretion regarding the timing of repayment.**

**The CERL prescribes requirements regarding notification of members who have left service and elected to leave accumulated contributions in the retirement fund or have been deemed to have elected deferred retirement, as specified. Existing law requires the retirement system to start paying the member an unmodified retirement allowance in the year in which the member attains 70 ½ years of age, if the member can be located but does not make proper application for a deferred retirement allowance, as specified. Existing law prescribes alternate requirements if a member cannot be located. CERL establishes the Deferred Retirement Option Program, which a county or district may elect to offer and which provides an additional benefit on retirement to participating members. This bill would require that members who have left service, as described above, in addition to notification regarding retirement allowances, also be notified regarding their eligibility for a one-time distribution of accumulated contributions and interest. The bill would revise the age at which the retirement system is required to provide the above-described notice, as well as when the retirement system must start payment of an unmodified retirement allowance, to 72 years of age. The bill would further require the retirement system at that time to make a one-time distribution of accumulated contributions if the member is ineligible for a deferred retirement allowance, as specified. The bill would change the age threshold from 70 ½ years of age to 72 years of age with regard to requirements that apply when members cannot be located and with reference to when distributions are to be made to members who are participating in a Deferred Retirement Option Program.**

**The CERL establishes various rights to benefits that accrue to children of members and their surviving spouses under specified circumstances. In these instances, generally, these benefits will accrue provided that the children are under 18 years of age and unmarried and they continue until every child dies, marries, or attains age 18. Existing law authorizes the continuance of the benefits, in specified instances, to children through the age of 21 if the children remain unmarried and are regularly enrolled as full-time students in an accredited school, as specified. This bill would revise the above-described standard applicable to children through the age of 21 to instead be up to the 22nd birthdays of the children. The bill would make a related change with regard to a provision that provides an alternative to survivorship benefits under federal social security benefits.**

**PERL/Government Code Changes:**
**Under existing provisions of the PERL, data filed with the CalPERS board by any member, retired member, beneficiary, or annuitant is confidential. Existing law prohibits system officials and employees from divulging the data except pursuant to specified parties and entities. This bill would make various technical and clarifying changes to these provisions, including specifying that data filed on behalf of any member, retired member, beneficiary, or annuitant is also confidential and that data may be divulged to other retirement systems that provide reciprocal benefits to members of PERS.**

**Existing law authorizes a member of PERS, who is credited with less than a certain number of years of service and who enters employment as a member of another public retirement system supported by state funds, within 6 months of leaving state service, to elect to leave their accumulated contributions on deposit in the retirement fund. Existing law specifies that a member's failure to make an election to withdraw accumulated contributions is deemed an election to leave the member's accumulated contributions on deposit in the retirement fund. Existing law provides that a member may revoke their election to allow accumulated contributions to remain in the retirement system, except under specified circumstances. Existing law requires a member who is permanently separated from all PERS covered service, who meets specified conditions, and who attains 70 years of age, to be provided with an election to withdraw contributions, or, if vested, an election to either apply for service retirement or to withdraw contributions. This bill would instead require a member permanently separated under the circumstances described above to attain 71 ½ years of age before being provided with those election options.**

**The PERL contains the State Peace Officers' and Firefighters' Defined Contribution Plan as a separate supplemental plan for certain peace officers and firefighters. Under applicable provisions of the PERL, a participant, nonparticipant, spouse, or beneficiary is not permitted to elect a distribution under the plan that does not satisfy specified requirements of federal law related to being a qualified pension trust plan. Existing law requires the beginning date of distributions that reflect the entire interest of the participant, for a lump-sum distribution, to be made not later than April 1 of the calendar year following the later of the calendar year in which the participant attains 70 ½ or the calendar year in which the participant terminates all employment subject to plan coverage. Existing law also requires, for a distribution to the participant in the form of installment payments or an annuity, that payment begin not later than April 1 of the calendar year following the later of the calendar year in which the participant attains 70 ½ years of age or the calendar year in which the participant terminates all employment subject to plan coverage. Existing law also requires, if a benefit is payable on account of the participant's death, and the beneficiary is the participant's spouse, the distributions to commence on or before the later of either December 31 of the calendar year immediately following the calendar year in which the participant dies, or December 31 of the calendar year in which the**

**participant would have attained 70 ½ years of age. This bill would raise the age for required distributions, in the circumstances described above, from 70 ½ years of age to 72 years of age.**

**Existing law establishes the Supplemental Contributions Program as a defined contribution plan to supplement the benefits provided under PERL. Under existing law, a participant, nonparticipant, spouse, or beneficiary is not permitted to elect a distribution under the plan that does not satisfy federal requirements related to being a qualified pension trust plan. Existing law requires the beginning date of distributions that reflect the entire interest of the participant, for a lump-sum distribution to the participant, to be made not later than April 1 of the calendar year following the later of the calendar year in which the participant attains 70 ½ years of age or the calendar year in which the participant terminates all employment. Existing law requires the beginning date of distributions, if provided in periodic payments, to begin not later than April 1 of the calendar year following the later of the calendar year in which the participant attains 70 ½ years of age or the calendar year in which the participant terminates all employment subject to plan coverage. Existing law also requires, if a benefit is payable on account of the participant's death, and the beneficiary is the participant's spouse, that distributions commence on or before the later of either December 31 of the calendar year immediately following the calendar year in which the participant dies or December 31 of the calendar year in which the participant would have attained 70 ½ years of age. This bill would raise the age for required distributions, in the circumstances described above, from 70 ½ years of age to 72 years of age.**

**The Judges' Retirement Law prescribes retirement benefits for judges, as defined, who were first elected or appointed to judicial office before November 9, 1994. Existing law also establishes the Extended Service Incentive Program to provide enhanced retirement benefits for those judges who continue in service beyond retirement age, as specified, and directs the board of administration of PERS to implement the program. Existing law prescribes that the required beginning date of distributions that reflect the entire interest of the judge, for a lump-sum distribution, be made not later than April 1 of the calendar year following the later of the calendar year in which the judge attains 70 ½ years of age or the calendar year in which the judge terminates employment. Existing law also requires, if a benefit is payable on account of the judge's death, and the beneficiary is the judge's spouse, that distributions commence on or before the later of December 31 of the calendar year immediately following the calendar year in which the judge dies or December 31 of the calendar year in which the judge would have attained 70 ½ years of age. This bill would raise the age for required distributions, in the circumstances described above, from 70 ½ years of age to 72 years of age.**

**Education Code Changes:**
**Existing law authorizes a member to elect continued defined benefit coverage in CalSTRS when taking a position that provides a defined benefit in another public retirement system, and requires the election to be made in writing and to be filed with CalSTRS and the other public retirement system. This bill would remove the requirement that the election be filed with the other public retirement system, and would instead require the employer to retain a copy of the election form.**

**Existing law grants a member of CalSTRS service credit at retirement for accumulated and unused sick leave days, as specified. Existing law defines sick leave days for these purposes to mean the number of days of accumulated and unused leave of absence for illness or injury, and defines basic sick leave to mean the equivalent of one day's paid leave of absence per pay period due to illness or injury. Existing law also grants a member service credit during the time the member is serving as an elected officer of an employee organization and is on a compensated leave of absence. This bill would instead define sick leave to be the number of days of accumulated and unused leave of absence for illness or injury granted by each employer,**

**and would define basic sick leave to mean the days of paid leave of absence due to illness or injury granted by each employer, not to exceed 12 days per school year. The bill would specify that a member is prohibited from receiving service credit for accumulated, unused sick leave that the member receives service credit for in another public retirement system. The bill would grant a member who is an elected officer of an employee organization on a compensated leave of absence STRS benefits that the member would have received had the member not been on a compensated leave of absence.**

**Existing law authorizes an employer, for purposes of CalSTRS, to offer an additional 2 years of service credit to specified members if the member elects to retire in a defined period. Existing law requires a member to forfeit the additional 2 years of service credit if the retired member takes any job within the school district, community college district, or county office of education that granted the member the service credit less than 5 years after receiving the additional credit. This bill would require a member to forfeit the additional 2 years of service credit if the member takes any job within the school district, community college district, or county office of education as an employee, an independent contractor, or an employee of a third party.**

**Existing law requires a termination benefit under the Defined Benefit Supplement Program and Cash Balance Benefit Program to be payable 6 months after the member terminates employment. This bill would instead require the termination benefit to be payable 180 calendar days after the member terminates employment.**

**Existing law authorizes the Teachers' Retirement Board to assess penalties and interest if an employer fails to make a payment of contributions to CalSTRS. This bill would require penalties and interest overpaid to CalSTRS to be considered additional contributions, to be deposited in the Teachers' Retirement Fund, and to be treated in the same manner as other contributions paid to CalSTRS.**

**(STATUS: Passed out of the Assembly and ordered to the Senate on 06/08/20. Read second time in Senate, amended, and re-referred to Committee on L., P.E. & R. on 06/29/20.)**

**AB 2226 (Voepel)**
The Personal Income Tax Law imposes a tax on individual taxpayers measured by the taxpayer's taxable income for the taxable year, but excludes certain items of income from the computation of tax, including an exclusion for combat-related special compensation. This bill, for taxable years beginning on or after January 1, 2021, and before January 1, 2031, would exclude from gross income specified amounts of retirement pay received by a taxpayer from the federal government for service performed in the uniformed services, as defined, during the taxable year. Current law requires any bill authorizing a new tax expenditure to contain, among other things, specific goals, purposes, and objectives that the tax expenditure will achieve, detailed performance indicators, and data collection requirements. The bill also would include additional information required for any bill authorizing a new tax expenditure. This bill would take effect immediately as a tax levy.
(STATUS: Introduced 02/12/20. Referred to Committee on REV. and TAX on 02/20/20. Hearing postponed by committee on 03/16/20.)

**AB 2378 (Cooper)**
The PERL requires that upon the death of certain members after retirement and while receiving a retirement allowance, a specified sum of money be paid to the member's designated beneficiary. Existing law provides that the additional employer contributions required to fund these benefits be computed as a level percentage of member compensation, and requires the contributions to be deposited in the Public Employees' Retirement Fund. This bill would authorize the CalPERS Board, beginning on or after January 1, 2021, to adjust the death

benefit amounts following each actuarial valuation to reflect changes in the All Urban California Consumer Price Index, as specified. By authorizing the board to increase contributions deposited in the Public Employees' Retirement Fund, this bill would make an appropriation.
(STATUS: Introduced 02/18/20. Referred to Committee on P.E. and R. on 02/24/20.)

**AB 2394 (Cooper)**
Pursuant to the PERL, CalPERS provides a defined benefit to members of the system, based on final compensation, credited service, and age at retirement, subject to certain variations. Existing law generally provides that retirement allowances are adjusted annually to reflect increases in the cost of living in relation to the consumer price index, as defined. Existing law defines "consumer price index" for these purposes to mean the United States city average "Consumer Price Index for All Urban Consumers," effective January 1, 1978. Existing law establishes the Department of Industrial Relations as an instrumentality of California government. This bill would change the definition of "consumer price index," effective January 1, 2021, to instead refer to the California Consumer Price Index for All Urban Consumers for all items, as determined by the Department of Industrial Relations.
(STATUS: Introduced 02/18/20. Referred to Committee on P.E. and R. on 02/24/20.)

**AB 2452 (C. Garcia)**
Current law authorizes the California State Auditor to establish a high-risk local government agency audit program to identify, audit, and issue reports on any local government agency, including any city, county, or special district, or any publicly created entity that the California State Auditor identifies as being at high risk for the potential of waste, fraud, abuse, or mismanagement or that has major challenges associated with its economy, efficiency, or effectiveness. Existing law authorizes the California State Auditor to consult with the Controller, the Attorney General, and other state agencies in identifying local government agencies that are at high risk. Current law also authorizes the legislative body of a local agency or a district to enter into an association for the purposes of attending the Legislature and the Congress of the United States, and any committees thereof, and presenting information regarding legislation that the legislative body or the district deems to be beneficial or detrimental to the local agency or the district. This bill would authorize the California State Auditor to include in the high-risk local government agency audit program any local agency or district association that the California State Auditor identifies as being at high risk for the potential of waste, fraud, abuse, or mismanagement or that has major challenges associated with its economy, efficiency, or effectiveness.
(STATUS: Introduced 02/19/20. Referred to Committee on A. & A.R. on 02/27/20.)

**AB 2473 (Cooper)**
The California Public Records Act requires state and local agencies to make their records available for public inspection, unless an exemption from disclosure applies. Existing law excludes from the disclosure requirement certain records regarding alternative investments in which public investment funds invest. This bill would exempt from disclosure under the act specified records regarding an internally managed private loan made directly by a public investment fund, including quarterly and annual financial statements of the borrower or its constituent owners, unless the information has already been publicly released by the keeper of the information.
(STATUS: Introduced 02/19/20. **Passed out of the Assembly and ordered to the Senate on 06/08/20. Read first time in Senate and referred to Committee on RLS for assignment on 06/09/20. Referred to Committee on P.E. & R. on 06/23/20.**)

**AB 2510 (Cooley)**
The CalSTRS Defined Benefit Program provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. Current law authorizes the CalSTRS board, upon a finding by the board that necessary investment expertise is not available within existing civil service classifications, and with approval of the State Personnel Board, to contract with qualified investment managers, as provided. This bill would additionally authorize the board to contract with investment advisers, as defined, upon the same finding by the board and approval by the State Personnel Board. The bill would, pursuant to a policy adopted by the board, authorize the board to establish a competitive bidding process and to specify the contract terms and conditions the board solely deems necessary and prudent to contract with qualified investment managers and investment advisers.
(STATUS: Introduced 02/19/20. Referred to Committee on P.E. & R. on 02/27/20. First hearing canceled at the request of author on 05/04/20.)

**AB 2659 (Chen)**
The Information Practices Act of 1977 prescribes a set of requirements, prohibitions, and remedies applicable to public agencies with regard to their collection, storage, and disclosure of personal information. The act specifically requires an agency to establish rules of conduct for persons involved in the design, development, operation, disclosure, or maintenance of records containing personal information and to instruct these people with respect to the rules and the requirements of the act. This bill would require that the above-described rules of conduct include security awareness and training policies and procedures.
(STATUS: Introduced 02/20/20. Referred to Committee on P. & C.P. on 03/12/20.)

**AB 2676 (Quirk)**
Current law exempts from disclosure critical infrastructure information, as defined, that is voluntarily submitted to the Office of Emergency Services for use by that office, including the identity of the person who or entity that voluntarily submitted the information. This law defines “voluntarily submitted” for that purpose. This bill would remove the restriction that the submission be voluntary, thereby expanding that exemption. Current constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest. This bill would make legislative findings to that effect. The California Constitution also requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose. This bill would make legislative findings to that effect.
(STATUS: Introduced 02/20/20. Referred to Committee on JUD on 03/02/20. Hearing postponed by Committee on 03/17/20.)

**AB 2768 (Kalra)**
Existing law authorizes the use of a digital signature in any written communication with a public entity, as defined, in which a signature is required or used. Under existing law, if a public entity elects to use a digital signature, that digital signature has the same force and effect as the use of a manual signature if it embodies all of specified attributes, including being unique to the person using it and conforming to regulations adopted by the Secretary of State. Existing law requires the Secretary of State to have adopted the initial regulations for these provisions no later than January 1, 1997, including seeking the advice of public and private entities in developing these regulations and holding at least one public hearing to receive comments before adopting the

regulations. This bill would delete the above-described language requiring the adoption of the initial regulations, as prescribed. The bill would instead require digital signatures to conform to regulations adopted by the Secretary of State pursuant to specified procedures. The bill would further require the Secretary of State to adopt emergency regulations to provide appropriate and timely guidance to public entities and the public generally regarding the signature requirements and to make the regulatory changes needed to update these provisions no later than March 1, 2022, in accordance with the Administrative Procedure Act. The bill would make the emergency regulations adopted pursuant to these provisions effective only until nonemergency, final regulations are adopted and become effective through the regular rulemaking process.
(STATUS: Introduced 02/20/20; original bill language replaced in full on 05/04/20**.** From committee chair, with author's amendments: Amend, and re-refer to Committee on JUD. Read second time and amended on 05/04/20. Re-referred to Committee on JUD. on 05/05/20.)

**AB 2780 (Holden)**
Existing law, upon the passage of a federal law imposing sanctions on the government of Turkey for failure to officially acknowledge its responsibility for the Armenian Genocide, prohibits the CalPERS and CalSTRS boards from making additional or new investments, or renewing existing investments, of public employee retirement funds in an investment vehicle in the government of Turkey that is issued by the government of Turkey or that is owned by the government of Turkey. Existing law requires the boards to liquidate existing investments in the government of Turkey within 18 months of the passage of the above-described federal law.

This bill, upon the passage of a federal law imposing sanctions on the government of Turkey for imposing an economic blockade of Armenia, would prohibit the boards that administer the Public Employees' Retirement Fund, the Legislators' Retirement Fund, the State Teachers' Retirement Fund, the Judges' Retirement Fund, the Judges' Retirement Fund II, the Volunteer Firefighters Fund, and the General Fund portion of the University of California Retirement Fund from making additional or new investments or renew existing investments of public employee retirement funds in any investment vehicle that is issued or owned by the government of Azerbaijan or Turkey. The bill would require the boards to liquidate investments in the government of Azerbaijan or Turkey within 18 months of the passage of the above-described law.

The bill would not apply the above provisions to an investment vehicle if the governing body of the financial institution issuing the investment vehicle, by resolution, adopts a policy not to renew existing, expand existing, or engage in new, discriminatory practices in furtherance of or in compliance with the economic blockade of Armenia by the governments of Turkey and Azerbaijan. The bill would require a copy of the resolution to be submitted to the Treasurer and the chief administrative officer of each public employee retirement fund, accompanied by a certification, under penalty of perjury, that the adopted policy is being complied with by the financial institution. By expanding the scope of the crime of perjury, the bill would impose a state-mandated local program.

The bill would also require these boards to make specified reports to the Legislature and the Governor regarding these actions within one year of the passage of a federal law imposing those sanctions on the government of Azerbaijan or Turkey. The bill would specify that its provisions do not require a board to take any action that the board determines in good faith is inconsistent with its constitutional fiduciary responsibilities to the retirement system.

The bill would indemnify from the General Fund and hold harmless the present, former, and future board members, officers, and employees of, and investment managers under contract with, the boards, in connection with actions relating to these investments. The bill would repeal the above-described prohibited investment and reporting provisions on January 1, 2026, or if a determination is made by the Legislature, the Department of State, the Congress of the United States, or another appropriate federal agency that the government of either Turkey or both Turkey and Azerbaijan has adopted a policy to cease their economic blockade of Armenia. (STATUS: Introduced 02/20/20. Original bill language replaced in full on 05/04/20. From committee chair, with author's amendments: Amend, and re-refer to Committee on P.E. & R. Read second time and amended on 05/04/20. Referred to Committee on P.E. & R. on 05/05/20.)

**AB 2937 (Fong)**
The CERL prescribes the methods for calculating a non-service-connected disability retirement for different membership classifications and for the purpose of calculating reciprocal benefits. In these instances, the sum of allowance may vary depending on whether or not the retirement board finds, in its opinion, the member's disability is due to intemperate use of alcoholic liquor or drugs, among other things. In this regard, the CERL conditions the grant of a disability retirement pension by a county or district on a finding by the board that the member's disability is not the result of intemperate use of alcoholic liquor or drugs. This bill would create an optional provision, to be elected by a county board of supervisors, that would remove the retirement board's assessment regarding the intemperate use of alcoholic liquor or drugs as a condition to the disability retirement. (STATUS: Introduced 02/21/20. Read first time 02/24/20. Referred to Committee on P.E. & R. on 03/05/20.)

**AB 2967 (O'Donnell) Amended in Senate on 06/29/20**
**The PERL authorizes a public agency to contract to make all or part of its employees members of PERS, subject to specified conditions, and requires membership in PERS to be compulsory for all employees included under a contract. Existing law prohibits these contracts from providing for the exclusion of some, but not all, firefighters and specified public safety officers. With regard to other groups of employees, existing law requires that they be based on general categories, such as departments or duties, and not on individual employees. This bill would delete provisions of the PERL that generally authorize a public agency contracting with PERS to make all or part of its employees members of the system. The bill would generally prohibit exclusions of groups of employees from being made by amendment of a public agency contract with PERS. The bill would apply these provisions to contracts entered into, amended, or extended on and after 1/1/2020.**

**~~Existing law, the Public Employees' Medical and Hospital Care Act, which is administered by the CalPERS Board of Administration, governs the funding and provision of postemployment health care benefits for eligible retired public employees and their beneficiaries. The act deems a surviving spouse or other eligible family member of certain firefighters or peace officers, whose deaths occur as a result of injury or disease arising out of their official duties, to be an annuitant, as specified, for purposes of enrollment in a health benefit plan, if the spouse or family member is uninsured. Existing law requires the employer of the deceased firefighter or peace officer to notify the board within 10 business days of the death of the employee, among other things, if that spouse or family member may be eligible for enrollment. This bill would reduce the period within which an employer is to provide notice to the board, as described above, to within seven calendar days.~~**
(STATUS: Introduced 02/21/20. Original bill language replaced in full on 05/04/20. **Passed out of the Assembly and ordered to the Senate on 06/08/20. Read second time in the Senate, amended, and re-referred to Committee on L. P.E. & R. on 06/29/20.)**

**AB 2998 (Kiley)**
The CalSTRS Defined Benefit Program provides a defined benefit to members of the program based on final compensation, credited service, and age at retirement, subject to certain variations. Existing law prohibits the governing board of a school district from drawing orders for the salary of any teacher in violation of a salary schedule based on a uniform allowance for years of training and years of experience, or on other criteria agreed to by the school district and the exclusive representative of the certificated employees of the school district. This bill would authorize a school district to offer a defined contribution plan to certificated employees and would exclude a certificated employee who opts into a defined contribution plan from membership in the Defined Benefit Program. The bill would authorize a school district to offer a higher salary or lower contribution rate to a defined contribution plan as an incentive for a certificated employee to opt into a defined contribution plan. The bill would authorize a certificated employee to negotiate a salary or contribution rate for a defined contribution plan outside of the school district's salary schedule. The bill would provide that, to the extent the bill's provisions conflict with any provision of a collective bargaining agreement entered into by a public school employer and an exclusive bargaining representative before January 1, 2021, these provisions do not apply to the school district until the expiration or renewal of that collective bargaining agreement.
(STATUS: Introduced 02/19/20. From committee chair with author's amendments; re-referred to Committee on P.E. & R.; read second time and amended on 05/04/20. Re-referred to Committee on P.E. & R. on 05/05/20.)

**AB 3249 (Fong)**
Current law requires state and local public retirement systems to submit audited financial statements to the Controller at the earliest practicable opportunity within 6 months of the close of each fiscal year, and requires the Controller, within 12 months of receipt of the information, to compile and publish a report on the financial condition of all state and local public retirement systems. This bill would additionally require the Controller to post the report on the financial condition of all state and local public retirement systems on the Controller's internet website.
(STATUS: Introduced 02/21/2020. Read first time on 02/24/20. Referred to Committee on P.E. & R. on 03/09/20.)

**SB 53 (Wilk)**
The Bagley-Keene Open Meeting Act requires that all meetings of a state body, as defined, be open and public and that all persons be permitted to attend and participate in a meeting of a state body, subject to certain conditions and exceptions. This bill would specify that the definition of "state body" includes an advisory board, advisory commission, advisory committee, advisory subcommittee, or similar multimember advisory body of a state body that consists of 3 or more individuals, as prescribed, except a board, commission, committee, or similar multimember body on which a member of a body serves in his or her official capacity as a representative of that state body and that is supported, in whole or in part, by funds provided by the state body, whether the multimember body is organized and operated by the state body or by a private corporation. This bill would declare that it is to take effect immediately as an urgency statute.
(STATUS: Introduced 12/10/18. Placed on APPR. suspense file on 08/14/19. Heard on 08/30/19. Held in committee and under submission on 08/30/19.)

**SB 266 (Leyva**)
Under existing law, CalPERS is responsible for correcting errors and omissions in the administration of the system and the payment of benefits. Existing law requires the board to correct all actions taken as a result of errors or omissions of the state or a contracting agency, in accordance with certain procedures. This bill would establish new procedures under PERL for cases in which CalPERS determines that the benefits of a member or

annuitant are, or would be, based on disallowed compensation that conflicts with PEPRA and other specified laws and thus impermissible under PERL. The bill would also apply these procedures retroactively to determinations made on or after January 1, 2017, if an appeal has been filed and the employee member, survivor, or beneficiary has not exhausted their administrative or legal remedies. At the threshold, after determining that compensation for an employee member reported by the state, school employer, or a contracting agency is disallowed, the bill would require the applicable employer to discontinue the reporting of the disallowed compensation. The bill would require that contributions made on the disallowed compensation, for active members, be credited against future contributions on behalf of the state, school employer, or contracting agency that reported the disallowed compensation and would require that the state, school employer, or contracting agency return to the member any contributions paid by the member or on the member's behalf.

With respect to retired members, survivors, or beneficiaries whose benefits are based on disallowed final compensation, the bill would require PERS to adjust the benefit to reflect the exclusion of the disallowed compensation, and provide that contributions made on the disallowed compensation be credited against future contributions on behalf of the employer entity that reported the disallowed compensation. Additionally, if specified conditions are met, the bill would require the employing entity to refund overpayment costs to the system and to pay retired members, survivors, and beneficiaries whose benefits have been reduced an annuity or a lump sum, as prescribed, that reflects the difference between the monthly allowance that was based on the disallowed compensation and the adjusted monthly allowance calculated without the disallowed compensation, as provided. The bill would require the system to provide certain notices in this regard. This bill would require the system to provide confidential contact information of retired members, and their survivors and beneficiaries, who are affected by these provisions to the relevant employing entities, the confidentiality of which the entities would be required to maintain.

The bill would authorize the state, a school employer, as specified, or a contracting agency, as applicable, to submit to the system an additional compensation item proposed to be included or contained in a memorandum of understanding or collective bargaining agreement on and after January 1, 2020, that is intended to form the basis of a pension benefit calculation order for PERS to review its consistency with PEPRA and other laws, as specified, and would require PERS to provide guidance regarding the review within 90 days, as specified. The bill would require PERS to publish notices regarding proposed compensation language submitted to the system for review and the guidance given by the system that is connected with it. For educational entities that participate in the system, the final responsibility for funding payments to the system and to retired members, survivors, and beneficiaries would belong to the educational entity that is the actual employer of the employee.
(STATUS: Introduced 02/12/19. Read third time in Assembly; ordered to the Senate; Senate concurred in amendments; ordered to engrossing and enrolling on 09/12/19. Withdrawn from engrossing and enrolling, and ordered held at the Desk on 09/13/19.)

**SB 430 (Wieckowski)**
PEPRA prohibits a public employer offering a defined benefit pension plan from exceeding specified retirement formulas for new members and prohibits an enhancement of a public employee's retirement formula or benefit adopted after January 1, 2013, from applying to service performed prior to the operative date of the enhancement. PEPRA defines "new member" to mean, among other things, an individual who becomes a member of any public retirement system for the first time on or after January 1, 2013, and who was not a member of any other public retirement system prior to date. Existing law creates the Judges' Retirement System II (JRS II), which is administered by the CalPERS Board, for the provision of retirement and other benefits to

specified judges and their beneficiaries. This bill would grant a judge who was elected to office in 2012, but did not take office until on or after January 1, 2013, the option of making a one-time, irrevocable election to have a pre-January 1, 2013, membership status in JRS II for service accrued after on and after July 1, 2020. The bill would require the election to be made during a 30-day period beginning March 1, 2020. A judge making this election would no longer be a new member under specified provisions of PEPRA. The election would apply prospectively only, and membership rights and obligations that accrued based on service subject to PEPRA prior to July 1, 2020, would remain unchanged. The bill would specify that CalPERS is not obligated to inform or locate a person who may be eligible to make the election and that its provisions do not affect the Legislature's reserved right to increase contributions or reduce benefits for purposes of JRS II.
(STATUS: Introduced 02/21/19. Passed out of the Senate and ordered to the Assembly on 05/21/19. Referred to the Committee on P.E. & R. on 05/30/19. Hearing cancelled at request of author on 06/26/19.)

**SB 749 (Durazo)**
The California Public Records Act provides that nothing in the act requires the disclosure of corporate proprietary information including trade secrets, among other things. This bill would provide that specified records of a private industry employer that are prepared, owned, used, or retained by a public agency are not trade secrets and are public records, including certain records relating to employment terms and conditions of employees working for a private industry employer pursuant to a contract with a public agency, if those wages, benefits, working hours and other employment terms and conditions relate to work performed under the contract, records of compliance with local, state, or federal domestic content requirements, and records of a private industry employer's compliance with job creation, job quality, or job retention obligations contained in a contract or agreement with a state or local agency. The bill, however, would exclude contracts between a public agency and a private industry employer entered into on or before January 1, 2020, and records that include communications between the state or local agency and specified state or local officials, on matters posing a threat to the security of a public building, a threat to the security of essential public services, or a threat to the public's right of access to public services or public facilities, from these provisions. Because the bill would require local officials to perform additional duties, it would impose a state-mandated local program.
(STATUS: Introduced 02/22/19. From committee with author's amendments. Read second time and amended. Re-referred to Committee on JUD. on 09/10/19. Assembly Rule 96 suspended. Withdrawn from committee and ordered to third reading on 09/12/19. Ordered to inactive file on request of Assembly Member Calderon on 09/13/19.)

**SB 931 (Wieckowski)**
The Brown Act requires meetings of the legislative body of a local agency to be open and public and also requires regular and special meetings of the legislative body to be held within the boundaries of the territory over which the local agency exercises jurisdiction, with specified exceptions. Current law authorizes a person to request that a copy of an agenda, or a copy of all the documents constituting the agenda packet, of any meeting of a legislative body be mailed to that person. This bill would require, if the local agency has an internet website, a legislative body or its designee to email a copy of, or website link to, the agenda or a copy of all the documents constituting the agenda packet if the person requests that the items be delivered by email. The bill would require, where the local agency determines it is technologically infeasible to send a copy of all documents constituting the agenda packet or a website link containing the documents by electronic mail or by other electronic means, the legislative body or its designee to send by electronic mail a copy of the agenda or a website link to the agenda and mail a copy of all other documents constituting the agenda packet in accordance with the mailing requirements.

(STATUS: Introduced 02/05/20. Referred to Committee on GOV. and F. on 02/12/20. From committee with author's amendments; read second time and amended; re-referred to Committee on GOV. and F. on 04/02/20.)

**SB 1042 (Pan)**
The California Secure Choice Retirement Savings Trust Act establishes the CalSavers Retirement Savings Program to be administered by the California Secure Choice Retirement Savings Investment Board. Existing law requires the Treasurer, on behalf of the board, to appoint an executive director, who is not a member of the board and who serves at its pleasure. Existing law requires eligible employers to offer a payroll deposit retirement savings arrangement so that eligible employees may contribute a portion of their salary or wages to a retirement savings program account in the program, as specified. Existing law requires the board to take various actions upon implementation of the program and, for to up 3 years following its initial implementation of the program, requires the board to establish managed accounts invested in United States Treasuries, myRAs, or similar investments. This bill would rename the California Secure Choice Retirement Savings Trust Act as the CalSavers Retirement Savings Trust Act, the body that administers the act as the CalSavers Retirement Savings Board, and make conforming changes in this regard. The bill would make various changes in the act to reflect that it has been implemented, including eliminating the requirement to establish managed accounts invested in United States Treasuries, myRAs, or similar investments described above. The bill would authorize the board to delegate rulemaking authority to its executive director. The bill would authorize an employee to opt out of participation in the program by telephone and would eliminate a condition relating to contribution amounts that depends on the length of time that an employee has contributed to the program.

Current law, the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA), an initiative measure approved as Proposition 64 at the November 8, 2016, statewide general election, authorizes a person who obtains a state license under AUMA to engage in commercial adult-use cannabis activity pursuant to that license and applicable local ordinances. Existing law, the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), among other things, consolidates the licensure and regulation of commercial medicinal and adult-use cannabis activities. MAUCRSA generally divides responsibility for the state licensure and regulation of commercial cannabis activity among the Department of Food and Agriculture, the State Department of Public Health, and the Bureau of Cannabis Control, which are generally referred to as licensing authorities. This bill would require the licensing authorities described above to provide specified information regarding licensees to the CalSavers Retirement Savings Board upon request by the board.
(STATUS: Introduced on 02/18/20. Referred to Committee on L. P.E. & R. and B., P. & E.D. on 02/27/20. Set for hearing March 25; hearing postponed by committee on 03/18/20. On 05/12/20, referral to Committee on B., P. & E.D. rescinded due to the shortened 2020 Legislative Calendar.)

**SB 1159 (Hill) Amended 06/18/20**
Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment. Existing law creates a disputable presumption that specified injuries sustained in the course of employment of a specified member of law enforcement or a specified first responder arose out of and in the course of the employment. This bill would, until an unspecified date, define "injury" for **~~a critical worker, as described, to include illness or~~** **~~death that results from exposure to~~** **an employee to include illness or death resulting from** coronavirus disease 2019 (COVID-19) under specified circumstances. The bill would create a disputable presumption, as specified, that an injury that develops or manifests itself while **~~a critical worker~~** **an employee** is employed arose out of and in the course of the employment. **The bill would require an employee to exhaust their paid sick leave benefits and meet specified certification requirements before receiving any**

**temporary disability benefits or, for police officers, firefighters, and other specified government employees, a leave of absence.**
(STATUS: Introduced 02/20/20; original bill language replaced in full on 04/22/20. **Passed out of the Senate and ordered to the Assembly on 06/26/20. Read first time in Assembly. Referred to Committee on INS. on 06/29/20.)**

**SB 1297 (Moorlach)**
This bill would revise the provision of pension and other benefits to members of all state or local public retirement systems. The bill would apply its provisions prospectively to any member of a state or local public retirement system who is employed upon the date of its enactment and to any person who may be employed and become a member thereafter.

The bill would:

- void any limit on a pension that prohibits the pension from exceeding a percentage of final compensation, as specified;
- prohibit a local entity from establishing a deferred retirement option program, as described, and if a local entity has established a deferred retirement option program, whether or not the program is closed to new participants, it would be required to disenroll any participating employees and close the program;
- with regard to any member of a state or local public retirement system, the bill would require that final annual compensation used for purposes of ascertaining any pension or benefit be calculated as an average of the member's three highest earning years;
- prohibit, for any method of calculating a pension that is based on fractional percentage of final compensation multiplied by years of service with respect to a particular age at retirement, that fractional percentage from exceeding 2.7%;
- include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities;
- require that an agency participating in PERS that increases the compensation of a member who was previously employed by a different agency to bear all actuarial liability for the action, if it results in an increased actuarial liability beyond what would have been reasonably expected for the member;
- require that the increased actuarial liability be in addition to reasonable compensation growth that is anticipated for a member who works for an employer or multiple employers over an extended time;
- require, if multiple employers cause increased liability, that the liability be apportioned equitably among them; and
- apply to an increase in actuarial liability, as specified, due to increased compensation paid to an employee on and after January 1, 2021.

(STATUS: Introduced on 02/21/20. To Committee on RLS for assignment on 02/21/20. Read first time on 02/24/20. Referred to Committee on L., P.E. & R. on 03/05/20.)

# 2020 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE ASSEMBLY CHIEF CLERK AND THE OFFICE OF THE SECRETARY OF THE SENATE

Revised 10-18-19

**JANUARY**

| | S | M | T | W | TH | F | S |
|---|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 | 4 |
| Wk. 1 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Wk. 2 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| Wk. 3 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| Wk. 4 | 26 | 27 | 28 | 29 | 30 | 31 | |

**FEBRUARY**

| | S | M | T | W | TH | F | S |
|---|---|---|---|---|---|---|---|
| Wk. 4 | | | | | | | 1 |
| Wk. 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Wk. 2 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Wk. 3 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| Wk. 4 | 23 | 24 | 25 | 26 | 27 | 28 | 29 |

**MARCH**

| | S | M | T | W | TH | F | S |
|---|---|---|---|---|---|---|---|
| Wk. 1 | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Wk. 2 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| Wk. 3 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| Wk. 4 | 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| Wk. 1 | 29 | 30 | 31 | | | | |

**APRIL**

| | S | M | T | W | TH | F | S |
|---|---|---|---|---|---|---|---|
| Wk. 1 | | | | 1 | 2 | 3 | 4 |
| Spring Recess | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Wk. 2 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| Wk. 3 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| Wk. 4 | 26 | 27 | 28 | 29 | 30 | | |

**MAY**

| | S | M | T | W | TH | F | S |
|---|---|---|---|---|---|---|---|
| Wk. 4 | | | | | | 1 | 2 |
| Wk. 1 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Wk. 2 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| Wk. 3 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| No Hrgs. | 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| Wk. 4 | 31 | | | | | | |

*Holiday schedule subject to final approval by Rules Committee.

## DEADLINES

**Jan. 1** Statutes take effect (Art. IV, Sec. 8(c)).

**Jan. 6** Legislature reconvenes (J.R. 51(a)(4)).

**Jan. 10** Budget must be submitted by Governor (Art. IV, Sec. 12(a)).

**Jan. 17** Last day for **policy committees** to hear and report to **fiscal committees** fiscal bills introduced in their house in the odd-numbered year (J.R. 61(b)(1)).

**Jan. 20** Martin Luther King, Jr. Day.

**Jan. 24** Last day for any committee to hear and report to the **floor** bills introduced in that house in the odd-numbered year. (J.R. 61(b)(2)). Last day to submit **bill requests** to the Office of Legislative Counsel.

**Jan. 31** Last day for each house to pass bills introduced in that house in the odd-numbered year (J.R. 61(b)(3)) (Art. IV, Sec. 10(c)).

**Feb. 17** Presidents' Day.

**Feb. 21** Last day for bills to be **introduced** (J.R. 61(b)(4), J.R. 54(a)).

**Mar. 27** Cesar Chavez Day observed.

**Apr. 2** **Spring Recess** begins upon adjournment (J.R. 51(b)(1)).

**Apr. 13** Legislature reconvenes from Spring Recess (J.R. 51(b)(1)).

**Apr. 24** Last day for **policy committees** to hear and report to fiscal committees **fiscal bills** introduced in their house (J.R. 61(b)(5)).

**May 1** Last day for **policy committees** to hear and report to the floor **nonfiscal** bills introduced in their house (J.R. 61(b)(6)).

**May 8** Last day for **policy committees** to meet prior to June 1 (J.R. 61(b)(7)).

**May 15** Last day for **fiscal committees** to hear and report to the **floor** bills introduced in their house (J.R. 61 (b)(8)). Last day for **fiscal committees** to meet prior to June 1 (J.R. 61 (b)(9)).

**May 25** Memorial Day.

**May 26-29** **Floor session only**. No committee may meet for any purpose except for Rules Committee, bills referred pursuant to Assembly Rule 77.2, and Conference Committees (J.R. 61(b)(10)).

**May 29** Last day for each house to pass bills introduced in that house (J.R. 61(b)(11)).



OVER

# 2020 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE ASSEMBLY CHIEF CLERK AND THE OFFICE OF THE SECRETARY OF THE SENATE
Revised 10-18-19

**JUNE**

| | S | M | T | W | TH | F | S |
|---|---|---|---|---|---|---|---|
| Wk. 4 | | 1 | 2 | 3 | 4 | 5 | 6 |
| Wk. 1 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| Wk. 2 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| Wk. 3 | 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| Wk. 4 | 28 | 29 | 30 | | | | |

**June 1** Committee meetings may resume (J.R. 61(b)(12)).

**June 15** Budget Bill must be passed by midnight (Art. IV, Sec. 12(c)).

**June 25** Last day for a legislative measure to qualify for the Nov. 3 General Election ballot (Elections Code Sec. 9040).

**June 26** Last day for **policy committees** to hear and report **fiscal bills** to fiscal committees (J.R. 61(b)(13).

**JULY**

| | S | M | T | W | TH | F | S |
|---|---|---|---|---|---|---|---|
| Wk. 4 | | | | 1 | 2 | 3 | 4 |
| Summer Recess | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Summer Recess | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| Summer Recess | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| Summer Recess | 26 | 27 | 28 | 29 | 30 | 31 | |

**July 2** Last day for **policy committees** to meet and report bills (J.R. 61(b)(14)).

**Summer Recess** begins upon adjournment, provided Budget Bill has been passed (J.R. 51(b)(2)).

**July 3** Independence Day observed.

**AUGUST**

| | S | M | T | W | TH | F | S |
|---|---|---|---|---|---|---|---|
| Summer Recess | | | | | | | 1 |
| Wk. 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Wk. 2 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| No Hrgs. | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| No Hrgs. | 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| No Hrgs | 30 | 31 | | | | | |

**Aug. 3** Legislature reconvenes from **Summer Recess** (J.R. 51(b)(2)).

**Aug. 14** Last day for **fiscal committees** to meet and report bills (J.R. 61(b)(15)).

**Aug. 17 – 31** **Floor session only**. No committee may meet for any purpose except Rules Committee, bills referred pursuant to Assembly Rule 77.2, and Conference Committees (J.R. 61(b)(16)).

**Aug. 21** Last day to **amend** bills on the floor (J.R. 61(b)(17)).

**Aug. 31** Last day for each house to pass bills (Art. IV, Sec 10(c), J.R. 61(b)(18)). **Final Recess** begins upon adjournment (J.R. 51(b)(3)).

## IMPORTANT DATES OCCURRING DURING FINAL RECESS

**2020**

Sept. 30 — Last day for Governor to sign or veto bills passed by the Legislature before Sept. 1 and in the Governor's possession on or after Sept. 1 (Art. IV, Sec. 10(b)(2)).

Oct. 1 — Bills enacted on or before this date take effect January 1, 2021. (Art. IV, Sec. 8(c)).

Nov. 3 — General Election.

Nov. 30 — Adjournment *sine die* at midnight (Art. IV, Sec. 3(a)).

Dec. 7 — 2021-22 Regular Session convenes for Organizational Session at 12 noon. (Art. IV, Sec. 3(a)).

**2021**

Jan. 1 — Statutes take effect (Art. IV, Sec. 8(c)).

*Holiday schedule subject to final approval by Rules Committee.

# Memorandum

**DATE**: June 30, 2020

**TO**: Members of the Board of Retirement

**FROM**: Tracy Bowman, Director of Finance

**SUBJECT**: **SECOND QUARTER 2020 TRAVEL AND TRAINING EXPENSE REPORT**

## Written Report

## Background/Discussion

In accordance with OCERS' Travel Policy, the Chief Executive Officer is required to submit a quarterly report to the Board of Retirement on conference attendance and related expenditures incurred by OCERS' Board Members and staff. Attached is the Second Quarter 2020 Travel and Training Expense Report that includes all expenses submitted through June 30, 2020.

## Submitted by:

T.B. - Approved

Tracy Bowman
Director of Finance

**TRAVEL AND TRAINING EXPENSE REPORT**
**Second QUARTER 2020**
Submitted Through June 30 , 2020**

| Name | Trip OR Class Dates | Trip Name | Destination | Trip Type | Mileage | Reg. Fee | Meals | Airfare | Hotel | Trans. | Misc. | 2020 YTD Total | 2019 Total* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| DEWANE | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 3,247.38 |
| HILTON | 1/13-1/14/20 | SACRS Meeting | Sacramento, CA | Meeting | - | - | 7.61 | 147.96 | 448.91 | 26.00 | - | 630.48 | |
| | 1/26-1/28/20 | NCPERS Legislative Conference | Washington, D.C. | Conference | - | 565.00 | 18.74 | 385.00 | 1,027.95 | 52.00 | - | 2,048.69 | |
| | 2/10-2/11/20 | SACRS Meeting | Sacramento, CA | Meeting | - | - | 9.50 | 237.97 | - | 60.60 | - | 308.07 | |
| | 2/29-3/2/20 | NASRA Winter Conference | Washington, D.C. | Conference | 14.61 | 675.00 | 57.52 | 316.40 | 1,006.96 | 100.20 | - | 2,170.69 | |
| | 3/7-3/10/20 | CALAPRS General Assembly | Palm Springs, CA | Conference | 101.55 | 250.00 | - | - | 813.45 | - | - | 1,165.00 | |
| | 3/16/20 | SACRS Meeting (1) | Sacramento, CA | Meeting | - | - | - | 194.96 | - | - | - | 194.96 | |
| Sub Total | | | | | 116.16 | 1,490.00 | 93.37 | 1,282.29 | 3,297.27 | 238.80 | - | 6,517.89 | 20,557.56 |
| LINDHOLM | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 701.02 |
| PACKARD | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 4,236.24 |
| PREVATT | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 17,159.36 |
| TAGALOA | 3/7-3/10/20 | CALAPRS General Assembly | Palm Springs, CA | Conference | - | 250.00 | - | - | 813.45 | - | - | 1,063.45 | |
| Sub Total | | | | | - | 250.00 | - | - | 813.45 | - | - | 1,063.45 | - |
| VALLONE | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 1,743.23 |
| BOARD Total | | | | | 116.16 | 1,740.00 | 93.37 | 1,282.29 | 4,110.72 | 238.80 | - | 7,581.34 | 45,901.56 |
| DELANEY | 2/7/20 | CALAPRS Administrators Round Table | Costa Mesa, CA | Conference | - | 125.00 | - | - | - | 20.00 | - | 145.00 | |
| | 2/29-3/2/20 | NASRA Winter Conference | Washington, D.C. | Conference | - | 675.00 | - | 538.01 | 845.31 | 118.72 | - | 2,177.04 | |
| | 3/7-3/10/20 | CALAPRS General Assembly | Palm Springs, CA | Conference | - | 250.00 | 205.56 | - | - | - | - | 455.56 | |
| Sub Total | | | | | - | 1,050.00 | 205.56 | 538.01 | 845.31 | 138.72 | - | 2,777.60 | 21,516.09 |
| JENIKE | 3/7-3/10/20 | CALAPRS General Assembly | Palm Springs, CA | Conference | 82.23 | 250.00 | 41.78 | - | 542.30 | - | - | 916.31 | |
| Sub Total | | | | | 82.23 | 250.00 | 41.78 | - | 542.30 | - | - | 916.31 | 8,952.48 |
| SHOTT | 1/26-1/28/20 | GFOA/CORBA Meeting | Washington, D.C. | Meeting | 9.49 | - | 151.17 | 477.78 | 621.06 | 166.16 | - | 1,425.66 | |
| | 2/23-2/25/20 | Gartner CIO Leadership Forum | Phoenix, AZ | Conference | 9.49 | 3,000.00 | 139.50 | 453.96 | 1,164.83 | 150.99 | - | 4,918.77 | |
| | 3/7-3/10/20 | CALAPRS General Assembly | Palm Springs, CA | Conference | 117.30 | 250.00 | 77.68 | - | 542.30 | 10.66 | - | 997.94 | |
| | 3/19/20 | CalSTRS Meeting (1) | Sacramento, CA | Meeting | - | - | - | 329.97 | - | - | - | 329.97 | |
| Sub Total | | | | | 136.28 | 3,250.00 | 368.35 | 1,261.71 | 2,328.19 | 327.81 | - | 7,672.34 | 7,840.34 |
| EXECUTIVE Total | | | | | 218.51 | 4,550.00 | 615.69 | 1,799.72 | 3,715.80 | 466.53 | - | 11,366.25 | 38,308.91 |
| BEESON | 1/14-1/16/20 | KKR, Mayfield, Accel KKR, DBL, Thoma Bravo, Genstar | San Jose, CA/San Franscisco, CA | Due Diligence | - | - | 81.20 | 227.96 | 725.22 | 97.06 | - | 1,131.44 | |
| | 1/28-1/29/20 | Five Point, Quantam, EnCap | Houston, TX | Due Diligence | - | - | 15.44 | 233.96 | 304.20 | 28.34 | - | 581.94 | |
| | 3/2-3/3/20 | Thoma Bravo Annual Meeting | San Francisco, CA | Due Diligence | - | - | 41.50 | 191.80 | 313.34 | 79.40 | - | 626.04 | |
| Sub Total | | | | | - | - | 138.14 | 653.72 | 1,342.76 | 204.80 | - | 2,339.42 | 5,490.36 |
| CHARY | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 7,176.35 |
| CLEBERG | 5/8/20 | CALAPRS Overview Course in Retirement (1) | San Jose, CA | Training | - | - | - | 234.96 | - | - | - | 234.96 | |
| | 10/14-10/16/20 | CALAPRS Intermediate Course in Retirement | Costa Mesa, CA | Training | - | 250.00 | - | - | - | - | - | 250.00 | |
| | 12/2-12/4/20 | CALAPRS Advanced Course in Retirement | Costa Mesa, CA | Training | - | 500.00 | - | - | - | - | - | 500.00 | |
| Sub Total | | | | | - | 750.00 | - | 234.96 | - | - | - | 984.96 | 768.53 |
| MURPHY | 1/10/20 | Pacific Center for Asset Management | San Diego, CA | Due Diligence | 69.92 | - | - | - | - | - | - | 69.92 | |
| | 1/14-1/16/20 | KKR, Mayfield, Accel KKR, DBL, Thoma Bravo, Genstar | San Jose, CA/San Franscisco, CA | Due Diligence | - | - | 105.48 | 68.99 | 771.98 | 231.06 | - | 1,177.51 | |
| | 1/27/20 | Pathfinder & Silver Rock | Los Angeles, CA | Due Diligence | 49.28 | - | - | - | - | - | - | 49.28 | |
| | 1/28-1/29/20 | Five Point, Quantam, EnCap | Houston, TX | Due Diligence | - | - | - | 512.80 | 340.44 | 160.40 | - | 1,013.64 | |
| | 1/31/20 | Meketa | Carlsbad, CA | Due Diligence | 48.76 | - | - | - | - | - | - | 48.76 | |
| | 3/7-3/10/20 | CALAPRS General Assembly (2) | Palm Springs, CA | Conference | - | 250.00 | - | - | 390.27 | - | - | 640.27 | |
| Sub Total | | | | | 167.96 | 250.00 | 105.48 | 581.79 | 1,502.69 | 391.46 | - | 2,999.38 | 13,787.44 |
| NGUYEN | 1/31/20 | Meketa | Carlsbad, CA | Due Diligence | 46.57 | - | - | - | - | 12.68 | - | 59.25 | |
| | 2/3/20 | SDCERA: Investment Conference | La Jolla, CA | Conference | 72.11 | 75.00 | - | - | - | 28.68 | - | 175.79 | |
| | 2/24-2/28/20 | BlackRock:Mastering Alternative Asset Classes | New York, NY | Conference | 25.24 | - | 227.02 | 371.80 | 1,168.70 | 242.41 | - | 2,035.17 | |
| | 10/14-10/16/20 | CALAPRS Intermediate Course in Retirement | Costa Mesa, CA | Training | - | 250.00 | - | - | - | - | - | 250.00 | |
| | 12/2-12/4/20 | CALAPRS Advanced Course in Retirement | Costa Mesa, CA | Training | - | 500.00 | - | - | - | - | - | 500.00 | |
| Sub Total | | | | | 143.92 | 825.00 | 227.02 | 371.80 | 1,168.70 | 283.77 | - | 3,020.21 | 82.38 |
| TUCKER | 1/13-1/17/20 | AIF Global, Blue Harbor | New York, NY/Greenwich, CT | Due Diligence | - | - | 98.38 | 389.60 | 719.00 | 221.22 | - | 1,428.20 | |
| | 3/11-3/19/20 | Manager Due Diligence (1) | New York, NY | Due Diligence | - | - | - | 466.80 | - | - | - | 466.80 | |
| Sub Total | | | | | - | - | 98.38 | 856.40 | 719.00 | 221.22 | - | 1,895.00 | 7,852.16 |
| TURAIGI | 1/27/20 | Pathfinder & Silver Rock | Los Angeles, CA | Due Diligence | 57.04 | - | - | - | - | - | - | 57.04 | |
| | 1/31/20 | Meketa | Carlsbad, CA | Due Diligence | 65.90 | - | - | - | - | - | - | 65.90 | |
| | 2/24/20 | PIMCO Bootcamp | Newport Beach, CA | Training | 56.58 | - | - | - | - | - | - | 56.58 | |
| Sub Total | | | | | 179.52 | - | - | - | - | - | - | 179.52 | 4,666.05 |
| WALANDER-SARKIN | 1/31/20 | Meketa | Carlsbad, CA | Due Diligence | 45.31 | - | - | - | - | - | - | 45.31 | |
| | 2/16-3/4/20 | SuperReturn International/Manager Due Diligence | London/Berlin | Due Diligence | 122.82 | - | 136.80 | 980.41 | 1,815.12 | 225.83 | - | 3,280.98 | |
| Sub Total | | | | | 168.13 | - | 136.80 | 980.41 | 1,815.12 | 225.83 | - | 3,326.29 | 3,252.60 |
| INVESTMENTS Total | | | | | 659.53 | 1,825.00 | 705.82 | 3,679.08 | 6,548.27 | 1,327.08 | - | 14,744.78 | 43,075.87 |

**TRAVEL AND TRAINING EXPENSE REPORT**
**Second QUARTER 2020**
Submitted Through June 30 , 2020**

| Name | Trip OR Class Dates | Trip Name | Destination | Trip Type | Mileage | Reg. Fee | Meals | Airfare | Hotel | Trans. | Misc. | 2020 YTD Total | 2019 Total* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| KINSLER | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 161.53 |
| RITCHEY | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 420.59 |
| COMMUNICATIONS Total | | | | | - | - | - | - | - | - | - | - | 582.12 |
| MATSUO | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 1,693.82 |
| MCINTOSH | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 6,209.90 |
| RATTO | 1/17/20 | SACRS Legislative Meeting | Sacramento, CA | Meeting | - | - | - | 282.96 | - | 45.00 | - | 327.96 | |
| | 2/19-2/21/20 | NAPPA 2020 Winter Seminar | Tempe, AZ | Conference | 10.00 | 555.00 | 63.40 | 241.96 | 838.66 | 20.70 | - | 1,729.72 | |
| Sub Total | | | | | 10.00 | 555.00 | 63.40 | 524.92 | 838.66 | 65.70 | - | 2,057.68 | 7,662.51 |
| SHARMA | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 39.72 |
| SINGLETON | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 620.28 |
| LEGAL Total | | | | | 10.00 | 555.00 | 63.40 | 524.92 | 838.66 | 65.70 | - | 2,057.68 | 16,226.23 |
| BERCARU | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 250.00 |
| CAMARILLO | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 1,612.03 |
| FIELDS | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 149.50 |
| JOVEL | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 1,402.01 |
| LOPEZ | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 125.00 |
| MARTINEZ, C | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 754.91 |
| MERIDA | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 190.40 |
| MIRAMONTES | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 250.00 |
| PERSI | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 3,338.00 |
| RUBIO | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 125.00 |
| SERRANO | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 250.00 |
| WOOD | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 255.00 |
| YU | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 208.41 |
| MEMBER SERVICES Total | | | | | - | - | - | - | - | - | - | - | 8,701.85 |
| BARKER | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 632.00 |
| BOWMAN | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 1,910.43 |
| DAVEY | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 250.00 |
| DURIGON | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 2,174.96 |
| GUERRERO | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 4,036.66 |
| KANG | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 965.54 |
| REYES | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 642.00 |
| FINANCE Total | | | | | - | - | - | - | - | - | - | - | 10,611.59 |
| ACUNA | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 610.52 |
| CORTEZ | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 250.00 |
| DISABILITY Total | | | | | - | - | - | - | - | - | - | - | 860.52 |

**TRAVEL AND TRAINING EXPENSE REPORT**
**Second QUARTER 2020**
Submitted Through June 30 , 2020**

| Name | Trip OR Class Dates | Trip Name | Destination | Trip Type | Mileage | Reg. Fee | Meals | Airfare | Hotel | Trans. | Misc. | 2020 YTD Total | 2019 Total* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| D'AIELLO | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 149.00 |
| DOEZIE | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 4,404.82 |
| DURRAH | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 3,111.97 |
| GUNSOLLEY | 5/18-5/21/20 | UCLA Multidimensional Leaders' Institute | Los Angeles, CA | Training | - | 8,500.00 | - | - | - | - | - | 8,500.00 | |
| Sub Total | | | | | - | 8,500.00 | - | - | - | - | - | 8,500.00 | 1,866.92 |
| HOCKLESS | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 2,549.65 |
| WOZNIUK | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 312.00 |
| ADMINISTRATION Total | | | | | - | 8,500.00 | - | - | - | - | - | 8,500.00 | 12,394.36 |
| JOHNSON | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 4,074.55 |
| LARA | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 7,828.87 |
| NANDI | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 250.00 |
| TAKIMOTO | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 4,008.03 |
| IT Total | | | | | - | - | - | - | - | - | - | - | 16,161.45 |
| ADVIENTO | 1/28-1/31/20 | CSFMO 2020 | Anaheim, CA | Conference | 32.20 | 735.00 | - | - | - | 45.00 | - | 812.20 | |
| Sub Total | | | | | 32.20 | 735.00 | - | - | - | 45.00 | - | 812.20 | 2,123.88 |
| KIM | | | | | - | - | - | - | - | - | - | - | |
| Sub Total | | | | | - | - | - | - | - | - | - | - | 6,535.86 |
| INTERNAL AUDIT Total | | | | | 32.20 | 735.00 | - | - | - | 45.00 | - | 812.20 | 8,659.74 |
| EAKIN | 6/1-6/4/20 | Gartner Security & Risk Management Summit (1) | National Harbor, MD | Conference | - | - | - | 665.40 | - | - | - | 665.40 | |
| Sub Total | | | | | - | - | - | 665.40 | - | - | - | 665.40 | 16,967.21 |
| GOSSARD | 6/1-6/4/20 | Gartner Security & Risk Management Summit (1) | National Harbor, MD | Conference | - | - | - | 760.40 | - | - | - | 760.40 | |
| Sub Total | | | | | - | - | - | 760.40 | - | - | - | 760.40 | 16,481.52 |
| INFORMATION SECURITY Total | | | | | - | - | - | 1,425.80 | - | - | - | 1,425.80 | 33,448.73 |
| Total | | | | | 1,036.40 | 17,905.00 | 1,478.28 | 8,711.81 | 15,213.45 | 2,143.11 | - | 46,488.05 | 236,884.57 |

Footnotes:
* Prior year totals only presented for 2020 active staff & Board members.
** Excludes expenses for non-travel related training conferences including: misc. lunches, meetings, mileage, strategic planning, and tuition reimbursement.
1 Trip cancelled and a credit has been placed on the airlines account which will be applied towards a future trip.
2 Trip cancelled. Expenses do not qualify for full refund due to cancellation outside policy.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

# Memorandum

**DATE**: July 7, 2020

**TO**: Members of the Board of Retirement

**FROM**: Jim Doezie, Contracts, Risk and Performance Administrator

**SUBJECT**: **CONTRACT STATUS FOR NAMED SERVICE PROVIDERS**

## Written Report

## Background/Discussion

1. **Performance Reviews**
   The following policy provisions stipulate the terms by which vendor performance reviews will be conducted:
   - The Procurement & Contracting Policy (Section II.D.) specifies that vendors will be reviewed every three years. "*The performance of every contracted provider will be reviewed at least every three years.*"
   - The Board of Retirement Charter (Item #21) states that an Actuarial Review is needed every five (5) years. (With coordination by the Internal Audit department.)

2. ***Review and Renewal of Named Service Providers***
   Section V.C of the Procurement &and Contracting Policy notes the following:
   "*At least six months before the expiration of the initial term of any contract with a Named Service Provider, the CEO and the pertinent committee(s) of the Board shall assess the continued appropriateness and cost-effectiveness of the Named Service Provider in question*"

3. Pursuant to OCERS policy and charter provisions, the schedule below references the Named Service Provider contracts that are up for renewal, expiration, or review:

| Named Service Provider | Vendor | Contracted | Contract Expiration | Last Review Date | Next Review Date | Notes |
|---|---|---|---|---|---|---|
| Custodian | State Street | 7/1/2017 | 6/30/2023 | 7/1/2017 | Jul-2020 | Last review was part of RFP evaluation. Scheduled to distribute review |
| Securities lending manager | State Street | 7/1/2017 | 6/30/2023 | 7/1/2017 | Jul-2020 | Last review was part of RFP evaluation. Scheduled to distribute review |
| Private Equity consultant | TorreyCove | 4/1/2018 | 3/30/2021 | N/A | Sep-2020 | Last review was part of RFP evaluation |
| Real Estate consultant | Townsend Holdings | 4/1/2018 | 3/30/2021 | N/A | Sep-2020 | Last review was part of RFP evaluation |
| General investment consultant | Meketa | 6/15/2016 | 5/31/2021 | 5/6/2019 | Dec-2020 | Last review presented to Board 5/20/2019. Next review 6 months prior to contract expiration. |
| Financial Auditor | MGO | 2/19/2016 | 12/31/2020 | 2/16/2018 | Dec-2020 | Presented review to Audit Committee August, 2018. Dec '20 review completed. Pending report to Audit Committee |
| Fiduciary Counsel | Reed Smith | 4/1/2015 | 4/30/2021 | 4/18/2018 | Apr-2021 | Reviewed and extend contract during April 18th, 2018, Board Meeting |
| Consulting Actuary | Segal | 8/25/2016 | 12/31/2022 | 7/11/2019 | Jul-2022 | Reviewed and presenting to Board 7/11/2019. Extending 3 years |
| Pension Administration software provider | Vitech | 2/25/2016 | Evergreen. 30-day cancel | 7/11/2019 | Jul-2022 | Last review report provided to Board 7/11/2019. |
| Actuarial Auditor (Every 5 years) | Cheiron | 8/1/2017 | 12/31/2017 | 12/31/2017 | Aug-2022 | Reviewed 2017. Report received January, 2018. Next review in 2022 |

# Memorandum

**Submitted by:**

Jim Doezie
Contracts, Risk and Performance Administrator

# Memorandum

**DATE**: July 20, 2020

**TO**: Members of the Board of Retirement

**FROM**: Steve Delaney, Chief Executive Officer

**SUBJECT**: **IMPACT OF VARIABILITY OF SALARY CHANGES ON UAAL AS OF DECEMBER 31, 2019 FOR THE DIFFERENT RATE GROUPS**

## Written Report

## Background/Discussion

With so many unknown outcomes facing OCERS participating employers and labor groups as to future budgets, the annual *Impact of Salary Increases More/Less than Expected on UAAL as of December 31, 2019* report is an important planning tool for all of our stakeholders. This report estimates the impact on the Unfunded Actuarial Accrued Liability (UAAL) and the change in the UAAL contributions that would result from salary increases for one year that are either 1% higher or 1% lower than the salary increase assumptions used in the actuarial valuation by rate group. With that illustrative impact, stakeholders can extrapolate from the Segal data and project any number of alternative possibilities to assist in their budget planning.

**Submitted by:**

**SD - Approved**

Steve Delaney
Chief Executive Officer

Segal

Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary
T 415.263.8283
ayeung@segalco.com

180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
segalco.com

**Via Email**

July 9, 2020

Mr. Steve Delaney
Chief Executive Officer
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701-3101

**Re: Orange County Employees Retirement System (OCERS)**
**Impact of Variability of Salary Changes on UAAL as of December 31, 2019 for the Different Rate Groups**

Dear Steve:

We have been requested by OCERS to estimate the impact on the Unfunded Actuarial Accrued Liability (UAAL) and the change in the UAAL contributions that would result from salary increases for one year that are either 1% higher or 1% lower than the salary increase assumptions used in the actuarial valuation by rate group.[1] For the System as a whole, the change in the UAAL was estimated as an increase in the UAAL of $85.7 million (for a 1% higher salary increase) or a decrease in the UAAL of $85.7 million (for a 1% lower salary increase). For the System as a whole, the change in the UAAL contributions was estimated as an increase in the UAAL contribution rate of 0.31% of payroll (for a 1% higher salary increase) or a decrease in the UAAL contribution rate of 0.31% of payroll (for a 1% lower salary increase).

**Estimated Change in UAAL**

Salary increases that are more or less than expected would not impact the Actuarial Accrued Liability (AAL) for members in pay status or deferred status. The change in the AAL for actives is generally proportional to changes in salary.

The total UAAL is $5,880 million as of December 31, 2019. If a 1% higher than assumed salary increase were to be used to project the salaries for active members for 2020 in the December 31, 2019 valuation, both the active AAL and UAAL would increase by about $85.7 million, bringing the UAAL to $5,966 million. Similarly, if a 1% lower than assumed salary increase were to be used to project the salaries for active members, both the active AAL and

[1] Here the salary increase assumption is the assumed increase in average salaries, which because the valuation assumes an about constant future active headcount, is also the assumed increase in total salaries. This assumption does not include the “merit and promotion” increases that are assumed for individual members.

5646198v2/05794.001

UAAL would decrease by about $85.7 million from $5,880 million to about $5,794 million as of December 31, 2019. Those impacts by rate group are as follows:

| Rate Group | (1) Baseline UAAL $(000s) | (2) UAAL $(000s) with 1% higher salary increase | (3) = (2) – (1) Increase in UAAL $(000s) with 1% higher salary increase | (4) UAAL $(000s) with 1% lower salary increase | (5) = (4) – (1) (Decrease) in UAAL $(000s) with 1% lower salary increase |
|---|---|---|---|---|---|
| #1 | $89,621[2] | $91,776 | $2,155 | $87,463 | $(2,158) |
| #2 | $3,553,748[3] | $3,601,622 | $47,874 | $3,505,858 | $(47,890) |
| #3 | $0 | $2,867[4] | $2,867 | $(2,865) | $(2,865) |
| #5 | $249,186 | $253,179 | $3,993 | $245,192 | $(3,994) |
| #9 | $373 | $551 | $178 | $194 | $(179) |
| #10 | $46,103 | $47,085 | $982 | $45,125 | $(978) |
| #11 | $648 | $718 | $70 | $579 | $(69) |
| #12 | $31 | $84 | $53 | $(20) | $(51) |
| #6 | $263,477 | $268,237 | $4,760 | $258,714 | $(4,763) |
| #7 | $1,288,095 | $1,303,315 | $15,220 | $1,272,871 | $(15,224) |
| #8 | $388,579 | $396,078 | $7,499 | $381,077 | $(7,502) |
| Combined | $5,879,861 | $5,965,512 | $85,651 | $5,794,188 | $(85,673) |

**Estimated Change in UAAL**

OCERS uses a 20-year amortization period for gains and losses. In the following table, we show the changes in the UAAL contributions by rate group as a dollar amount and as a percentage of payroll.[5] Note that we have used a simplifying assumption that the payrolls used to convert the existing December 31, 2019 UAAL dollar contributions to a percentage of pay would have remained unchanged from those payrolls used in our December 31, 2019 valuation.[6]

[2] In the December 31, 2019 valuation, the combined UAAL for O.C. Vector Control, Department of Education, U.C.I. and Cypress Recreation and Parks represented about 44% of the UAAL for Rate Group #1. The remaining UAAL was allocated among the County and IHSS by payroll. For informational purposes, the ratio of County member payroll to total payroll for the County and IHSS in Rate Group #1 is 98.6%.

[3] For informational purposes, the ratio of County member payroll to all member payroll for Rate Group #2 is 88.6%.

[4] We have not used the O.C. Sanitation District UAAL Deferred Account to offset the increase in the UAAL. The balance in that account is $12.1 million as of December 31, 2019.

[5] There would also be a change in the Normal Cost dollar amount but not in the Normal Cost rate as a percentage of payroll.

[6] The payrolls can be found on page 45 of the December 31, 2019 valuation.

Mr. Steve Delaney
July 9, 2020
Page 3

| Rate Group | (1) Increase in UAAL contribution $(000s) with 1% higher salary increase | (2) Increase in UAAL contribution rate with 1% higher salary increase | (3) (Decrease) in UAAL contribution $(000s) with 1% lower salary increase | (4) (Decrease) in UAAL contribution rate with 1% lower salary increase |
|---|---|---|---|---|
| #1 | $154 | 0.17% | $(154) | (0.17%) |
| #2 | $3,412 | 0.29% | $(3,413) | (0.29%) |
| #3 | $204[7] | 0.27% | $(204)[8] | (0.27%) |
| #5 | $285 | 0.25% | $(285) | (0.25%) |
| #9 | $13 | 0.17% | $(13) | (0.17%) |
| #10 | $70 | 0.22% | $(70) | (0.22%) |
| #11 | $5 | 0.30% | $(5) | (0.29%) |
| #12 | $4 | 0.34% | $(4)[8] | (0.32%) |
| #6 | $339 | 0.54% | $(339) | (0.54%) |
| #7 | $1,085 | 0.42% | $(1,085) | (0.42%) |
| #8 | $534 | 0.36% | $(535) | (0.36%) |
| Combined | $6,105 | 0.31% | $(6,107) | (0.31%) |

I'm a member of the American Academy of Actuaries and I meet the Qualification Standard of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions.

Sincerely,

Andy Yeung

Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary

AW/hy

cc: Tracy Bowman
Brenda Shott

[7] We have assumed that the increase in the UAAL is equal to the increase in the AAL (i.e., we have ignored the funding status) and we have not used the O.C. Sanitation District UAAL Deferred Account to offset the increase in the UAAL.

[8] We have assumed that the decrease in the UAAL is equal to the decrease in the AAL (i.e., we have ignored the funding status).

# Memorandum

**DATE**: July 20, 2020

**TO**: Members, Board of Retirement

**FROM**: Steve Delaney, Chief Executive Officer

**SUBJECT**: **ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE INVESTMENT RETURN SCENARIOS**

## Presentation

## Background/Discussion

Segal Consulting annually prepares an Illustration of Retirement Costs, Unfunded Actuarial Accrued Liability and Funded Ratio under Alternative Investment Return Scenarios. The illustrations cover a 20 year period to reflect the current 20 year amortization period. The information contained in the letter are not a guarantee of what rates will actually be in the future as rates are impacted by experience and changes in assumptions and funding policy. Segal will present this information to the Board at the July 20, 2020 meeting and staff will distribute the letter to plan sponsors.

**Submitted by:**

**SD - Approved**

Steve Delaney
Chief Executive Officer

Segal

Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary
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180 Howard Street, Suite 1100
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**Via Email**

July 9, 2020

Mr. Steve Delaney
Chief Executive Officer
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701-3101

**Re: Orange County Employees Retirement System (OCERS)
Illustrations of Retirement Costs, Unfunded Actuarial Accrued Liability and Funded Ratio under Alternative Investment Return Scenarios**

Dear Steve:

As requested, we have developed 20-year illustrations of the employer contribution rates for OCERS under three sets of market investment return "scenarios" after December 31, 2019. In this letter, we have also provided the Unfunded Actuarial Accrued Liability (UAAL) in dollars and the funded ratio associated with those projected market investment return scenarios. These results have been prepared using the results from the December 31, 2019 valuation[1] approved by the Board at its meeting on June 15, 2020.

The three market rate of return scenarios used in this letter are as follows:

- Scenario #1: 0.0% for 2020 and 7.0% thereafter.
- Scenario #2: 7.0% for all years.
- Scenario #3: 14.0% for 2020 and 7.0% thereafter.

Even though the financial impact is shown under only three hypothetical market investment return scenarios for 2020, the financial impact under other possible short-term market investment return scenarios may be approximated by interpolating or extrapolating using the results from the three scenarios shown.[2]

[1] Any additional UAAL contributions made by the employer subsequent to the valuation date as of December 31, 2019 are not reflected in the projection.

[2] For example, a hypothetical market investment return of 3.50% (i.e., one-half of 7.00%) for 2020 is expected to result in a change in employer's contribution rate of about one-half of the difference between those shown for Scenarios #1 and #2, starting with the December 31, 2020 valuation.

The various projections included are as follows:

- The projected contribution rates for the aggregate plan are provided in Attachment A.
- The projected contribution rates for the eleven Rate Groups are provided in Attachment B.
- The projected UAAL and funded ratio for the aggregate plan are provided in Attachment C.
- The projected UAAL and funded ratio for the eleven Rate Groups are provided in Attachments D through N.
- The projected contribution rates for the different plans within the eleven Rate Groups are provided in Attachment O.

The projections also reflect the potential employer savings as current members leave employment and are replaced by new members covered under the tiers required by the California Public Employees' Pension Reform Act of 2013 (CalPEPRA) starting on January 1, 2013 (or January 1, 2015 for Rate Group #5). Please note that some of the changes made by CalPEPRA, such as the sharing of the total Normal Cost on a 50:50 basis, may result in employer savings for current members under the legacy plans. As those changes have not been implemented by the employers and the bargaining parties at OCERS, we have not reflected them in this illustration.

## Methods and Assumptions

The methods and actuarial assumptions we used to prepare the employer contribution rates, the UAAL and the funded ratio are as summarized below:

- The illustrations are based on the actuarial assumptions and census data used in our December 31, 2019 valuation report for the Retirement Plan. With the exception of the market rates of return specified above, it is assumed that all actuarial assumptions would be met in the future and that there would be no change in the future for any of the actuarial assumptions adopted by the Board for the December 31, 2019 valuation.
- The detailed amortization schedule for OCERS' UAAL as of December 31, 2019 is provided in the valuation report. Any subsequent changes in the UAAL due to actuarial gains or losses (e.g., from investment returns on valuation value of assets greater or less than the assumed 7.00%) are amortized over separate 20-year periods.
- CalPEPRA prescribes new benefit formulas for members with a membership date on or after January 1, 2013 (or January 1, 2015 for Rate Group #5). For Rate Groups #1, #3, #5, #9, #10, #11 and #12, we have estimated the Normal Cost savings[3] associated with the enrollment of those members under the new 2.5% at 67 formula.

[3] We have estimated the potential employer Normal Cost savings assuming that the payroll for new members who would be covered after the December 31, 2019 valuation under the CalPEPRA tiers could be modeled by: (1) projecting the total December 31, 2019 payroll within each Rate Group using the 3.25% assumption used in the valuation to predict annual wage growth for amortizing the UAAL and (2) subtracting the projected closed group payroll from the current members in the December 31, 2019 valuation using the assumptions applied in the valuation to anticipate salary increases as well as termination, retirement (both service and disability) and other exits from active employment.

- For new members within Rate Group #2, only the County's attorneys, San Juan Capistrano members[4] and OCERS Management members will receive the 2.5% at 67 formula while all other new members in Rate Group #2 will receive the "new" 1.62% at 65 formulas.[5] We assumed that the proportion of the payrolls for members who will receive the 2.5% at 67 formula, the Plan T "new" 1.62% at 65 formula and the Plan W "new" 1.62% at 65 formula in the future would remain unchanged from that observed at the December 31, 2019 valuation. As of December 31, 2019, payroll for active members in Rate Group #2 under these three formulas represented about 7.4%, 92.5% and 0.1% of the combined payroll for members under the 2.5% at 67 formula, the Plan T "new" 1.62% at 65 formula and the Plan W "new" 1.62% at 65 formula, respectively. We have estimated the Normal Cost savings[6] associated with the enrollment of new members under the three new formulas.[7]
- For Rate Group #6, #7 and #8 members with a membership date on and after January 1, 2013, we have estimated the Normal Cost savings[6] associated with the enrollment of those members under the new 2.7% at 57 formula.
- We understand that, with the exception of new members who would be covered under the Plan T "new" 1.62% at 65 formula, in the determination of pension benefits under the CalPEPRA formulas the maximum compensation that can be taken into account for new members hired on and after January 1, 2020 is equal to $151,549 in 2020. To the extent this provision will limit covered compensation of the new members, our assumption that the total payroll will increase by 3.25% each year over the projection period (for use in determining the contribution rate for the UAAL) may be overstated somewhat. If so, then there would be an increase in the UAAL contribution rate as the amount required to amortize the UAAL will have to be spread over a somewhat smaller total payroll base.
- As directed recently by OCERS, starting with this projection Segal is only showing the "net" UAAL contribution rates as well as the "net" funded ratio for the active employers in Rate Group #1 (i.e., the County and O.C. IHSS Public Authority) after adjustments to exclude the UAAL funded by O.C. Vector Control, Cypress Recreation and Parks, U.C.I. and Department of Education.

[4] For San Juan Capistrano members with membership dates on or after January 1, 2016, they will be allowed to elect Plan W (1.62% at 65) in lieu of Plan U (2.5% at 67 formula). As of December 31, 2019, there was one member enrolled in Plan W.

[5] The "new" 1.62% at 65 formula is the CalPEPRA Plan T for non-City of San Juan Capistrano members and the CalPEPRA Plan W for City of San Juan Capistrano members.

[6] Please refer to footnote (3) on how we have estimated the potential employer Normal Cost savings.

[7] The payroll for new members is split between the 2.5% at 67 formula, the Plan T 1.62% at 65 formula and the Plan W 1.62% at 65 formula based on the proportion of payrolls under those formulas as of December 31, 2019.

**OTHER CONSIDERATIONS**

Projections, by their nature, are not a guarantee of future results. The modeling projections are intended to serve as illustrations of future financial outcomes that are based on the information available to us at the time the modeling is undertaken and completed, and the agreed-upon assumptions and methodologies described herein. Emerging results may differ significantly if the actual experience proves to be different from these assumptions or if alternative methodologies are used. Actual experience may differ due to such variables as demographic experience, the economy, stock market performance and the regulatory environment.

This study was prepared under my supervision and I am a member of the American Academy of Actuaries and meet the qualification requirements to provide the opinion contained herein.

Please let us know if you have any questions.

Sincerely,

Andy Yeung

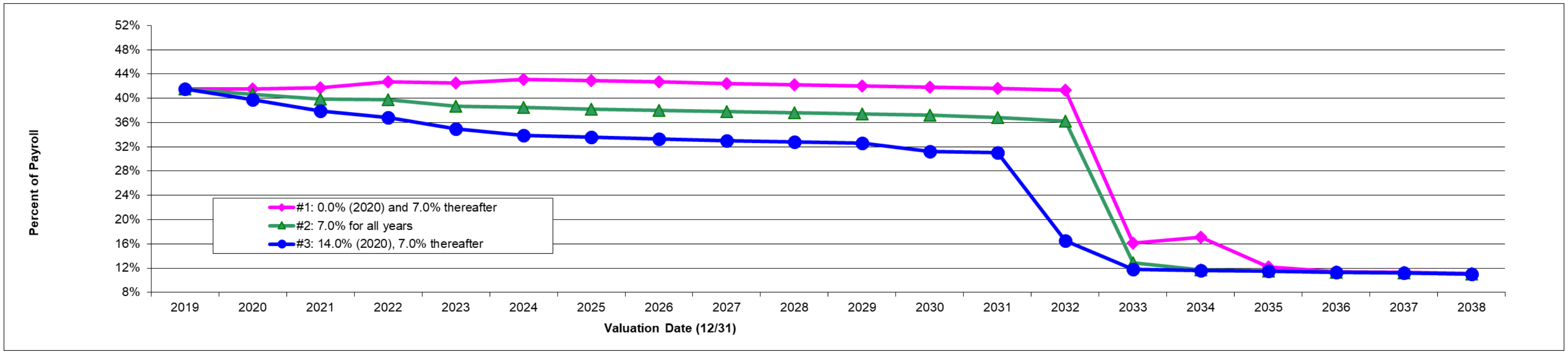
Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary

JY/bbf
Enclosures

cc: Tracy Bowman
Brenda Shott

*Attachment A*

# Projected Employer Rates
# Aggregate Plan




| Valuation Date (12/31) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 41.5% | 41.5% | 41.8% | 42.7% | 42.5% | 43.1% | 42.9% | 42.7% | 42.5% | 42.3% | 42.1% | 41.8% | 41.7% | 41.3% | 16.2% | 17.1% | 12.2% | 11.4% | 11.3% | 11.1% |
| #2: 7.0% for all years | 41.5% | 40.7% | 39.8% | 39.8% | 38.7% | 38.5% | 38.2% | 38.0% | 37.8% | 37.6% | 37.4% | 37.2% | 36.8% | 36.3% | 12.9% | 11.7% | 11.5% | 11.3% | 11.2% | 11.1% |
| #3: 14.0% (2020), 7.0% thereafter | 41.5% | 39.8% | 37.9% | 36.9% | 34.9% | 33.9% | 33.5% | 33.3% | 33.0% | 32.8% | 32.6% | 31.3% | 31.1% | 16.5% | 11.8% | 11.7% | 11.5% | 11.3% | 11.2% | 11.1% |

*Attachment B*

# Projected Employer Rates by Rate Group
## Scenario 1: 0.0% for 2020 and 7.0% thereafter

| | Valuation Date (12/31) | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
| General | | | | | | | | | | | | | | | | | | | | |
| RG #1 - Plans A, B and U (non-OCTA, non-OCSD) | 15.5% | 15.6% | 15.8% | 16.3% | 16.4% | 16.8% | 16.7% | 16.7% | 16.7% | 16.7% | 16.7% | 16.7% | 16.7% | 16.6% | 10.2% | 10.7% | 10.2% | 10.1% | 10.1% | 10.1% |
| RG #2 - Plans I, J, O, P, S, T, U and W (County et al.) | 39.4% | 39.4% | 39.6% | 40.4% | 40.2% | 40.7% | 40.5% | 40.2% | 40.0% | 39.8% | 39.6% | 39.4% | 39.2% | 38.9% | 11.8% | 14.1% | 8.6% | 8.5% | 8.3% | 8.2% |
| RG #3 - Plans B, G, H and U (OCSD) | 11.9% | 11.8% | 11.6% | 12.3% | 12.3% | 13.1% | 13.0% | 12.9% | 12.8% | 12.7% | 12.6% | 12.5% | 12.5% | 12.4% | 12.3% | 12.3% | 12.2% | 12.1% | 12.1% | 12.1% |
| RG #5 - Plans A, B and U (OCTA) | 31.4% | 31.7% | 32.1% | 33.0% | 33.0% | 33.7% | 33.7% | 33.7% | 33.6% | 33.6% | 33.6% | 33.6% | 33.6% | 33.5% | 14.9% | 16.1% | 16.1% | 11.6% | 11.6% | 11.6% |
| RG #9 - Plans M, N and U (TCA) | 13.2% | 13.2% | 13.5% | 14.4% | 14.4% | 14.9% | 14.8% | 14.7% | 14.6% | 14.5% | 14.4% | 14.3% | 14.2% | 14.2% | 14.1% | 14.0% | 14.0% | 14.0% | 13.9% | 13.9% |
| RG #10 - Plans I, J, M, N and U (OCFA) | 26.7% | 26.8% | 27.1% | 27.9% | 27.8% | 28.4% | 28.2% | 28.1% | 28.0% | 27.9% | 27.7% | 27.6% | 27.5% | 27.3% | 10.8% | 10.7% | 10.6% | 10.6% | 10.5% | 10.4% |
| RG #11 - Plans M and N, future service, and U (Cemetery) | 14.8% | 15.0% | 15.4% | 16.3% | 16.5% | 17.2% | 17.2% | 17.2% | 17.2% | 17.2% | 17.2% | 17.1% | 17.1% | 17.1% | 17.1% | 17.1% | 17.1% | 17.1% | 15.8% | 17.0% |
| RG #12 - Plans G and H, future service, and U (Law Library) | 13.7% | 13.3% | 13.7% | 14.8% | 14.7% | 15.6% | 15.5% | 15.3% | 15.1% | 14.9% | 14.8% | 14.6% | 14.5% | 14.3% | 14.2% | 14.1% | 14.0% | 13.9% | 13.5% | 11.8% |
| Safety | | | | | | | | | | | | | | | | | | | | |
| RG #6 - Plans E, F and V (Probation) | 59.7% | 60.0% | 60.6% | 62.0% | 62.0% | 63.0% | 62.8% | 62.6% | 62.3% | 62.0% | 61.7% | 61.3% | 61.0% | 60.5% | 32.9% | 27.4% | 28.5% | 18.1% | 17.8% | 17.6% |
| RG #7 - Plans E, F, Q, R and V (Law Enforcement) | 67.6% | 67.7% | 68.1% | 69.5% | 69.3% | 70.2% | 69.9% | 69.7% | 69.4% | 69.1% | 68.9% | 68.6% | 68.4% | 68.0% | 33.3% | 30.5% | 19.8% | 19.6% | 19.5% | 19.3% |
| RG #8 - Plans E, F, Q, R and V (OCFA) | 48.7% | 48.5% | 48.7% | 49.9% | 49.4% | 50.0% | 49.6% | 49.2% | 48.8% | 48.4% | 48.0% | 47.6% | 47.1% | 46.6% | 21.5% | 20.9% | 18.1% | 17.7% | 17.4% | 17.1% |

In the December 31, 2033 valuation, most of the General Rate Groups (Rate Group #2 in particular) would be projected to have smaller UAAL rates due to the favorable 18-month rate delay adjustments from the significant decrease in the UAAL rates in the December 31, 2033 valuation. However, in the following year, the UAAL rates would no longer be offset by the 18-month rate delay adjustments so the employer rates increase in that year.

In addition, under this scenario, Rate Group #3 would be expected to use up the <u>entire</u> amount in the O.C. Sanitation District UAAL Deferred Account (that account has a balance of $12,057,000 as of December 31, 2019) by the December 31, 2022 valuation.

Similar to prior projections, we have not taken into account the County Investment Account (that account has a balance of $150,416,000 as of December 31, 2019) in these projections.

*Attachment B (continued)*

# Projected Employer Rates by Rate Group
## Scenario 2: 7.0% for all years

| | Valuation Date (12/31) | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
| General | | | | | | | | | | | | | | | | | | | | |
| RG #1 - Plans A, B and U (non-OCTA, non-OCSD) | 15.5% | 15.2% | 15.0% | 15.0% | 14.6% | 14.6% | 14.6% | 14.6% | 14.6% | 14.5% | 14.5% | 14.5% | 14.5% | 10.2% | 10.2% | 10.2% | 10.2% | 10.1% | 10.1% | 10.1% |
| RG #2 - Plans I, J, O, P, S, T, U and W (County et al.) | 39.4% | 38.5% | 37.7% | 37.6% | 36.6% | 36.4% | 36.2% | 35.9% | 35.7% | 35.5% | 35.3% | 35.1% | 34.9% | 34.6% | 8.9% | 8.8% | 8.6% | 8.5% | 8.3% | 8.2% |
| RG #3 - Plans B, G, H and U (OCSD) | 11.9% | 11.8% | 11.6% | 11.5% | 11.4% | 11.2% | 11.1% | 11.0% | 10.9% | 10.8% | 10.7% | 10.7% | 10.6% | 10.5% | 10.5% | 10.4% | 10.3% | 10.3% | 10.2% | 10.2% |
| RG #5 - Plans A, B and U (OCTA) | 31.4% | 30.9% | 30.4% | 30.5% | 29.8% | 29.8% | 29.7% | 29.7% | 29.7% | 29.7% | 29.7% | 29.7% | 29.6% | 29.5% | 11.7% | 11.7% | 11.7% | 11.6% | 11.6% | 11.6% |
| RG #9 - Plans M, N and U (TCA) | 13.2% | 12.7% | 12.6% | 12.5% | 12.4% | 12.2% | 12.1% | 12.0% | 11.9% | 11.8% | 11.8% | 11.7% | 11.6% | 11.6% | 11.5% | 11.5% | 11.4% | 11.4% | 11.3% | 11.3% |
| RG #10 - Plans I, J, M, N and U (OCFA) | 26.7% | 26.0% | 25.3% | 25.3% | 24.4% | 24.3% | 24.1% | 24.0% | 23.9% | 23.8% | 23.6% | 23.5% | 11.0% | 10.9% | 10.8% | 10.7% | 10.6% | 10.6% | 10.5% | 10.4% |
| RG #11 - Plans M and N, future service, and U (Cemetery) | 14.8% | 14.3% | 13.8% | 13.9% | 13.3% | 13.4% | 13.5% | 13.5% | 13.6% | 13.7% | 13.7% | 13.7% | 13.8% | 13.8% | 13.8% | 13.8% | 12.1% | 12.2% | 12.2% | 12.2% |
| RG #12 - Plans G and H, future service, and U (Law Library) | 13.7% | 12.9% | 12.6% | 12.3% | 12.0% | 11.9% | 11.7% | 11.6% | 11.4% | 11.3% | 11.2% | 11.1% | 11.0% | 10.9% | 10.9% | 10.8% | 10.7% | 10.7% | 10.6% | 10.6% |
| Safety | | | | | | | | | | | | | | | | | | | | |
| RG #6 - Plans E, F and V (Probation) | 59.7% | 58.8% | 57.9% | 58.0% | 56.6% | 56.4% | 56.2% | 56.0% | 55.7% | 55.4% | 55.1% | 54.7% | 54.4% | 53.9% | 26.3% | 18.8% | 18.5% | 18.1% | 17.8% | 17.6% |
| RG #7 - Plans E, F, Q, R and V (Law Enforcement) | 67.6% | 66.4% | 65.2% | 65.1% | 63.5% | 63.1% | 62.9% | 62.6% | 62.3% | 62.1% | 61.8% | 61.6% | 61.4% | 61.0% | 26.2% | 20.0% | 19.8% | 19.6% | 19.5% | 19.3% |
| RG #8 - Plans E, F, Q, R and V (OCFA) | 48.7% | 47.3% | 46.2% | 46.0% | 44.3% | 43.8% | 43.3% | 42.9% | 42.6% | 42.2% | 41.8% | 41.3% | 40.9% | 40.3% | 18.9% | 18.5% | 18.1% | 17.7% | 17.4% | 17.1% |

In the December 31, 2033 valuation, most of the General Rate Groups (Rate Group #2 in particular) would be projected to have smaller UAAL rates due to the favorable 18-month rate delay adjustments from the significant decrease in the UAAL rates in the December 31, 2033 valuation.

Under this scenario, Rate Group #3 would be expected to use up none of the amount in the O.C. Sanitation District UAAL Deferred Account (that account has a balance of $12,057,000 as of December 31, 2019) by the December 31, 2038 valuation.

Similar to prior projections, we have not taken into account the County Investment Account (that account has a balance of $150,416,000 as of December 31, 2019) in these projections.

*Attachment B (continued)*

# Projected Employer Rates by Rate Group
## Scenario 3: 14.0% for 2020 and 7.0% thereafter

Valuation Date (12/31)

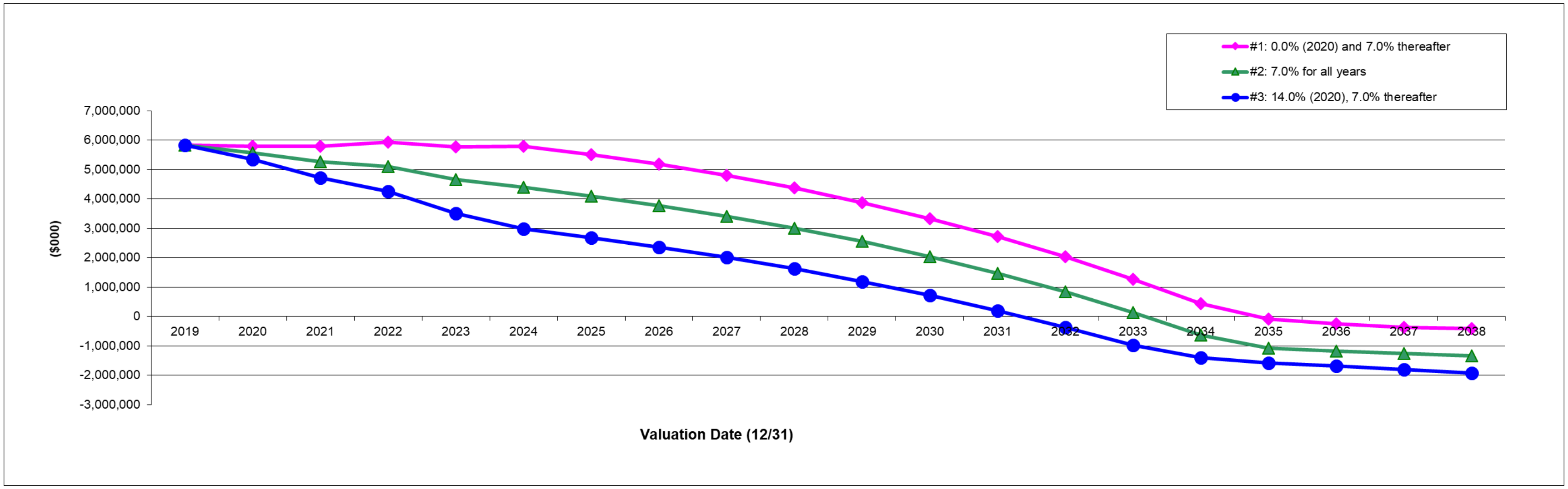
| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| General | | | | | | | | | | | | | | | | | | | | |
| RG #1 - Plans A, B and U (non-OCTA, non-OCSD) | 15.5% | 14.9% | 14.1% | 13.7% | 12.9% | 12.5% | 10.3% | 10.2% | 10.2% | 10.2% | 10.2% | 10.2% | 10.2% | 10.2% | 10.2% | 10.2% | 10.2% | 10.1% | 10.1% | 10.1% |
| RG #2 - Plans I, J, O, P, S, T, U and W (County et al.) | 39.4% | 37.7% | 35.9% | 34.9% | 33.1% | 32.1% | 31.8% | 31.6% | 31.4% | 31.2% | 31.0% | 30.8% | 30.6% | 9.1% | 8.9% | 8.8% | 8.6% | 8.5% | 8.3% | 8.2% |
| RG #3 - Plans B, G, H and U (OCSD) | 11.9% | 11.8% | 11.6% | 11.5% | 11.4% | 11.2% | 11.1% | 11.0% | 10.9% | 10.8% | 10.7% | 10.7% | 10.6% | 10.5% | 10.5% | 10.4% | 10.3% | 10.3% | 10.2% | 10.2% |
| RG #5 - Plans A, B and U (OCTA) | 31.4% | 30.2% | 28.8% | 28.0% | 26.5% | 25.8% | 25.8% | 25.8% | 25.8% | 25.7% | 25.7% | 25.7% | 25.7% | 11.7% | 11.7% | 11.7% | 11.7% | 11.6% | 11.6% | 11.6% |
| RG #9 - Plans M, N and U (TCA) | 13.2% | 12.7% | 12.6% | 12.5% | 12.4% | 12.2% | 12.1% | 12.0% | 11.9% | 11.8% | 11.8% | 11.7% | 11.6% | 11.6% | 11.5% | 11.5% | 11.4% | 11.4% | 11.3% | 11.3% |
| RG #10 - Plans I, J, M, N and U (OCFA) | 26.7% | 25.3% | 23.6% | 22.7% | 21.1% | 20.2% | 20.0% | 19.9% | 11.5% | 11.4% | 11.3% | 11.1% | 11.0% | 10.9% | 10.8% | 10.7% | 10.6% | 10.6% | 10.5% | 10.4% |
| RG #11 - Plans M and N, future service, and U (Cemetery) | 14.8% | 13.6% | 12.2% | 11.9% | 11.9% | 12.0% | 12.0% | 12.0% | 12.0% | 12.0% | 12.1% | 12.1% | 12.1% | 12.1% | 12.1% | 12.1% | 12.1% | 12.2% | 12.2% | 12.2% |
| RG #12 - Plans G and H, future service, and U (Law Library) | 13.7% | 12.9% | 12.6% | 12.3% | 12.0% | 11.9% | 11.7% | 11.6% | 11.4% | 11.3% | 11.2% | 11.1% | 11.0% | 10.9% | 10.9% | 10.8% | 10.7% | 10.7% | 10.6% | 10.6% |
| Safety | | | | | | | | | | | | | | | | | | | | |
| RG #6 - Plans E, F and V (Probation) | 59.7% | 57.7% | 55.2% | 53.9% | 51.2% | 49.8% | 49.6% | 49.4% | 49.1% | 48.8% | 48.5% | 48.2% | 47.8% | 19.7% | 19.2% | 18.8% | 18.5% | 18.1% | 17.8% | 17.6% |
| RG #7 - Plans E, F, Q, R and V (Law Enforcement) | 67.6% | 65.1% | 62.2% | 60.6% | 57.7% | 56.1% | 55.8% | 55.5% | 55.3% | 55.0% | 54.8% | 54.5% | 54.3% | 53.9% | 20.2% | 20.0% | 19.8% | 19.6% | 19.5% | 19.3% |
| RG #8 - Plans E, F, Q, R and V (OCFA) | 48.7% | 46.2% | 43.6% | 42.1% | 39.1% | 37.5% | 37.1% | 36.7% | 36.3% | 35.9% | 35.6% | 20.2% | 19.8% | 19.3% | 18.9% | 18.5% | 18.1% | 17.7% | 17.4% | 17.1% |

Under this scenario, Rate Group #3 would be expected to use up none of the amount in the O.C. Sanitation District UAAL Deferred Account (that account has a balance of $12,057,000 as of December 31, 2019) by the December 31, 2038 valuation.

Similar to prior projections, we have not taken into account the County Investment Account (that account has a balance of $150,416,000 as of December 31, 2019) in these projections.

*Attachment C*

## Projected UAAL[8] and Funded Ratio for Aggregate Plan



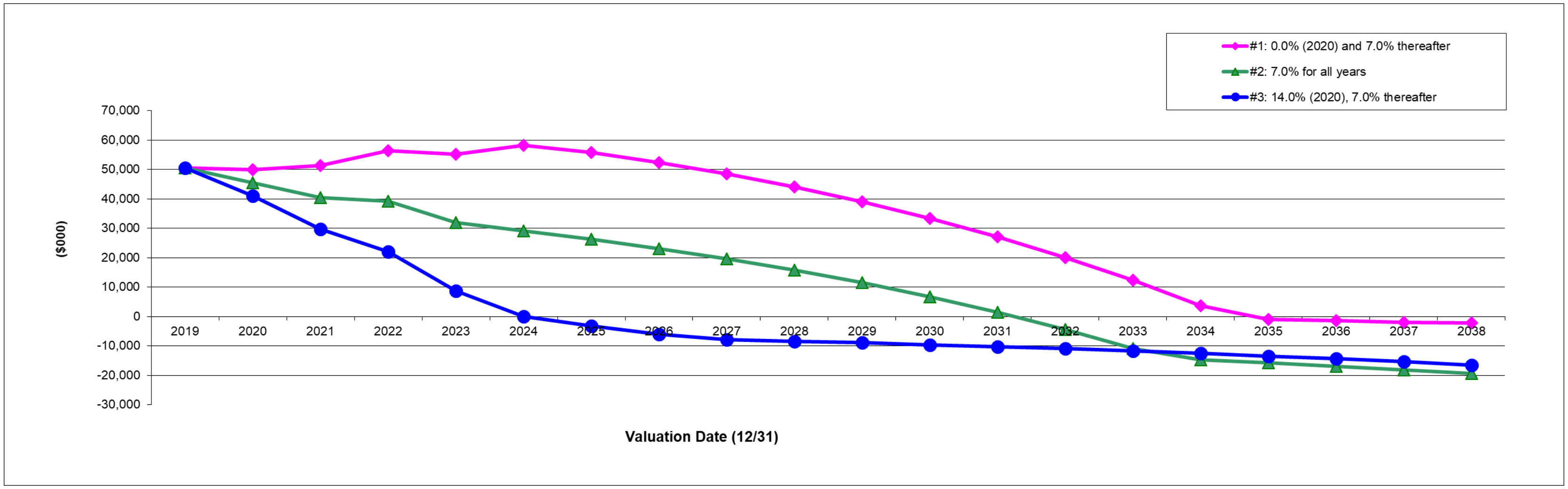

| UAAL ($000) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 5,840,751 | 5,799,451 | 5,799,603 | 5,942,518 | 5,778,208 | 5,785,979 | 5,512,322 | 5,186,185 | 4,803,517 | 4,369,872 | 3,881,004 | 3,332,350 | 2,718,884 | 2,035,227 | 1,275,513 | 435,391 | -83,781 | -253,946 | -377,459 | -417,523 |
| #2: 7.0% for all years | 5,840,751 | 5,570,766 | 5,266,879 | 5,109,071 | 4,655,016 | 4,393,237 | 4,102,009 | 3,780,986 | 3,417,883 | 3,009,169 | 2,550,937 | 2,039,036 | 1,469,119 | 836,313 | 138,525 | -624,338 | -1,081,205 | -1,174,396 | -1,256,630 | -1,344,594 |
| #3: 14.0% (2020), 7.0% thereafter | 5,840,751 | 5,340,849 | 4,726,564 | 4,261,781 | 3,516,688 | 2,983,888 | 2,672,899 | 2,353,997 | 2,008,109 | 1,622,989 | 1,195,767 | 723,054 | 199,302 | -362,944 | -965,886 | -1,402,262 | -1,573,389 | -1,683,526 | -1,801,373 | -1,927,470 |

| Funded Ratio | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 73.2% | 74.6% | 75.8% | 76.4% | 78.1% | 79.0% | 80.8% | 82.7% | 84.6% | 86.6% | 88.5% | 90.5% | 92.5% | 94.6% | 96.7% | 98.9% | 100.2% | 100.6% | 100.9% | 100.9% |
| #2: 7.0% for all years | 73.2% | 75.6% | 78.0% | 79.7% | 82.3% | 84.0% | 85.7% | 87.4% | 89.1% | 90.8% | 92.5% | 94.2% | 96.0% | 97.8% | 99.6% | 101.6% | 102.6% | 102.8% | 102.9% | 103.0% |
| #3: 14.0% (2020), 7.0% thereafter | 73.2% | 76.6% | 80.3% | 83.1% | 86.6% | 89.2% | 90.7% | 92.2% | 93.6% | 95.0% | 96.5% | 97.9% | 99.5% | 101.0% | 102.5% | 103.5% | 103.8% | 104.0% | 104.1% | 104.3% |

[8] Excludes UAALs paid by O.C. Vector Control, Cypress Recreation and Parks, U.C.I. and Department of Education in Rate Group #1. If those amounts have been taken into account, the UAAL for the System would have been $5,879,861 and the funded ratio would have been 73.2% as of 12/31/2019.

*Attachment D*

# Projected UAAL[9] and Funded Ratio for Rate Group #1
## Plans A, B and U (non-OCTA, non-OCSD)



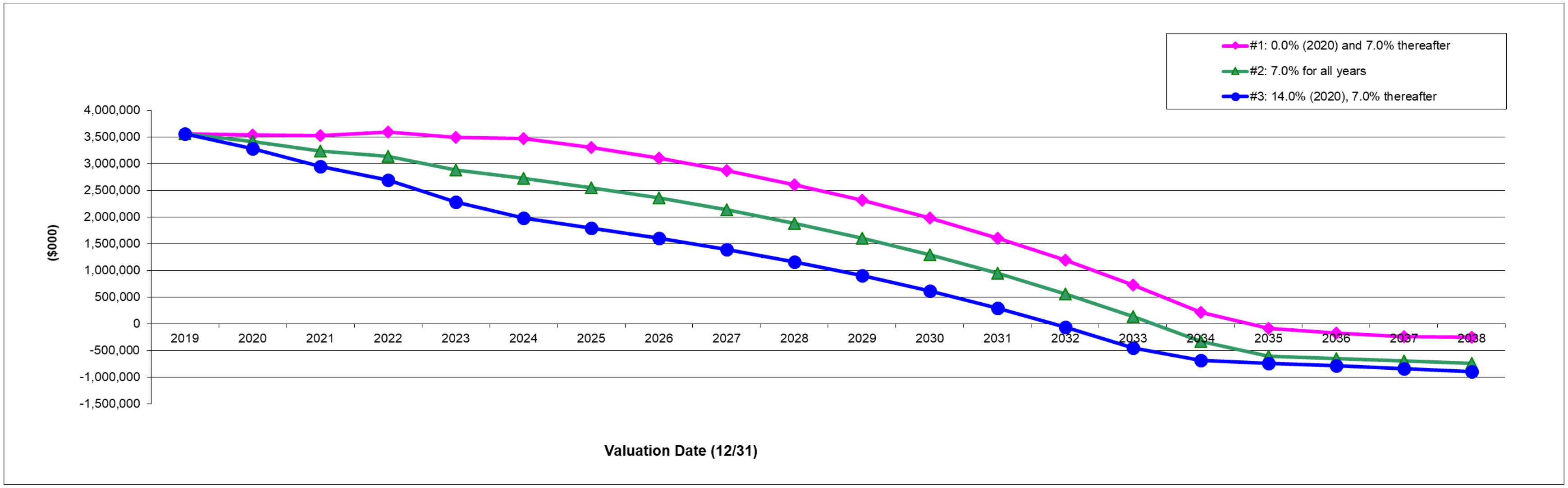

| UAAL ($000) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 50,511 | 50,028 | 51,341 | 56,355 | 55,232 | 58,304 | 55,705 | 52,457 | 48,521 | 44,067 | 39,047 | 33,412 | 27,110 | 20,087 | 12,289 | 3,676 | -947 | -1,435 | -1,972 | -2,110 |
| #2: 7.0% for all years | 50,511 | 45,497 | 40,532 | 39,196 | 31,937 | 29,173 | 26,230 | 23,140 | 19,679 | 15,818 | 11,522 | 6,749 | 1,461 | -4,384 | -10,831 | -14,760 | -15,793 | -16,898 | -18,081 | -19,347 |
| #3: 14.0% (2020), 7.0% thereafter[10] | 50,511 | 40,967 | 29,728 | 22,058 | 8,692 | 123 | -3,159 | -6,090 | -7,801 | -8,347 | -8,932 | -9,557 | -10,226 | -10,941 | -11,707 | -12,527 | -13,404 | -14,342 | -15,346 | -16,420 |
| | | | | | | | | | | | | | | | | | | | | |
| Funded Ratio | | | | | | | | | | | | | | | | | | | | |
| #1: 0.0% (2020) and 7.0% thereafter | 86.0% | 87.2% | 87.9% | 87.8% | 88.9% | 89.2% | 90.4% | 91.6% | 92.8% | 93.9% | 95.0% | 96.0% | 97.0% | 97.9% | 98.8% | 99.7% | 100.1% | 100.1% | 100.1% | 100.1% |
| #2: 7.0% for all years | 86.0% | 88.4% | 90.4% | 91.5% | 93.6% | 94.6% | 95.5% | 96.3% | 97.1% | 97.8% | 98.5% | 99.2% | 99.8% | 100.5% | 101.0% | 101.3% | 101.3% | 101.3% | 101.3% | 101.3% |
| #3: 14.0% (2020), 7.0% thereafter | 86.0% | 89.5% | 93.0% | 95.2% | 98.3% | 100.0% | 100.5% | 101.0% | 101.2% | 101.1% | 101.1% | 101.1% | 101.1% | 101.1% | 101.1% | 101.1% | 101.1% | 101.1% | 101.1% | 101.1% |

[9] Excludes UAALs paid by O.C. Vector Control, Cypress Recreation and Parks, U.C.I. and Department of Education in Rate Group #1. If those amounts have been taken into account, the UAAL for Rate Group #1 would have been $89,621 and the funded ratio would have been 82.5% as of 12/31/2019.

[10] Starting in year 2034, the UAALs are projected to be less negative when compared to the UAALs under Scenario 2. This is primarily due to the effect of the 18-month delay between the date of the valuation and the fiscal year contribution rate implementation where the last UAAL contribution requirement before the rate group becomes fully funded is greater than the UAAL outstanding balance.

*Attachment E*

# Projected UAAL and Funded Ratio for Rate Group #2
## Plans I, J, O, P, S, T, U and W (County et al.)

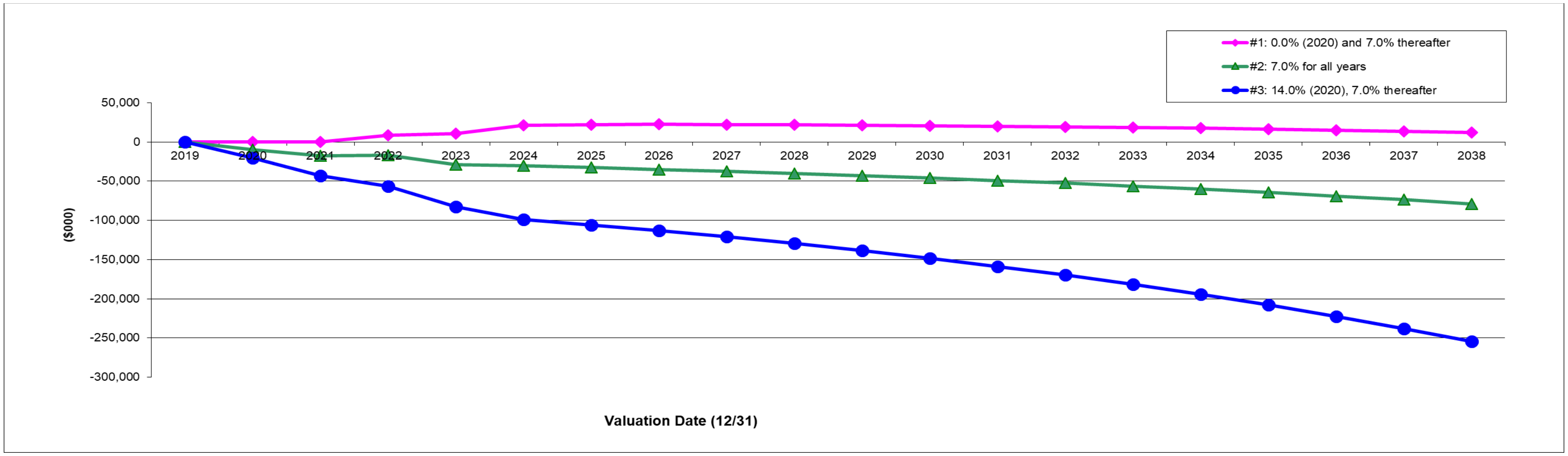



| UAAL ($000) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 3,553,748 | 3,530,239 | 3,525,235 | 3,589,970 | 3,485,904 | 3,469,226 | 3,300,967 | 3,101,676 | 2,868,891 | 2,605,189 | 2,308,011 | 1,974,611 | 1,601,958 | 1,186,791 | 725,516 | 215,576 | -85,681 | -173,510 | -240,778 | -257,632 |
| #2: 7.0% for all years | 3,553,748 | 3,407,071 | 3,236,428 | 3,138,325 | 2,881,164 | 2,723,235 | 2,547,003 | 2,352,112 | 2,131,526 | 1,883,134 | 1,604,513 | 1,293,132 | 946,354 | 561,178 | 134,459 | -335,960 | -606,559 | -649,019 | -694,450 | -743,061 |
| #3: 14.0% (2020), 7.0% thereafter | 3,553,748 | 3,283,902 | 2,947,604 | 2,686,488 | 2,275,939 | 1,976,609 | 1,792,359 | 1,601,820 | 1,393,533 | 1,160,407 | 900,296 | 610,966 | 290,017 | -65,131 | -457,251 | -689,290 | -737,540 | -789,168 | -844,410 | -903,519 |

| Funded Ratio | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 70.6% | 72.1% | 73.3% | 73.9% | 75.7% | 76.7% | 78.7% | 80.7% | 82.7% | 84.8% | 86.9% | 89.1% | 91.4% | 93.8% | 96.3% | 98.9% | 100.4% | 100.8% | 101.2% | 101.2% |
| #2: 7.0% for all years | 70.6% | 73.1% | 75.5% | 77.2% | 79.9% | 81.7% | 83.5% | 85.3% | 87.1% | 89.0% | 90.9% | 92.9% | 94.9% | 97.1% | 99.3% | 101.7% | 103.0% | 103.1% | 103.3% | 103.5% |
| #3: 14.0% (2020), 7.0% thereafter | 70.6% | 74.0% | 77.7% | 80.5% | 84.1% | 86.7% | 88.4% | 90.0% | 91.6% | 93.2% | 94.9% | 96.6% | 98.4% | 100.3% | 102.3% | 103.4% | 103.6% | 103.8% | 104.0% | 104.3% |

*Attachment F*

# Projected UAAL and Funded Ratio for Rate Group #3
## Plans B, G, H and U (OCSD)

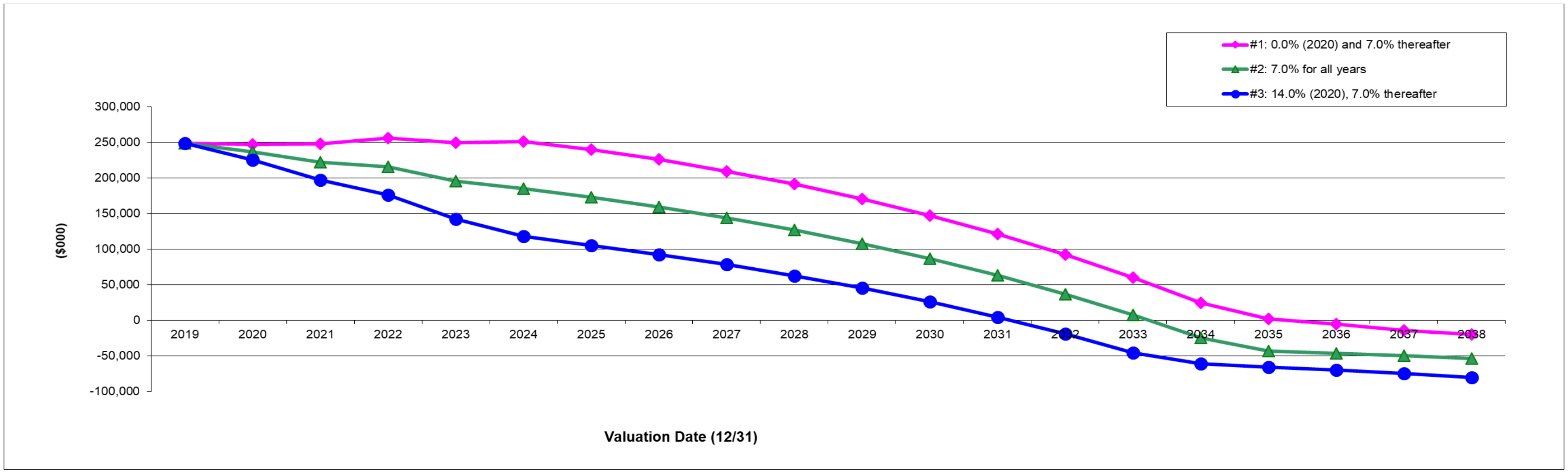



| UAAL ($000) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 0 | 0 | 0 | 8,828 | 10,534 | 21,583 | 22,278 | 22,501 | 22,232 | 21,878 | 21,438 | 20,903 | 20,264 | 19,512 | 18,643 | 17,647 | 16,506 | 15,209 | 13,740 | 12,087 |
| #2: 7.0% for all years | 0 | -9,607 | -17,558 | -16,912 | -28,539 | -30,537 | -32,675 | -34,962 | -37,409 | -40,028 | -42,830 | -45,828 | -49,036 | -52,468 | -56,141 | -60,071 | -64,276 | -68,775 | -73,589 | -78,741 |
| #3: 14.0% (2020), 7.0% thereafter | 0 | -20,448 | -42,717 | -56,354 | -82,329 | -98,738 | -105,650 | -113,046 | -120,959 | -129,426 | -138,486 | -148,180 | -158,552 | -169,651 | -181,527 | -194,234 | -207,830 | -222,378 | -237,944 | -254,601 |

| Funded Ratio | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 100.0% | 100.0% | 100.0% | 99.0% | 98.8% | 97.7% | 97.8% | 97.8% | 97.9% | 98.0% | 98.2% | 98.3% | 98.4% | 98.5% | 98.6% | 98.7% | 98.8% | 98.9% | 99.1% | 99.2% |
| #2: 7.0% for all years | 100.0% | 101.2% | 102.1% | 101.9% | 103.1% | 103.2% | 103.3% | 103.4% | 103.5% | 103.6% | 103.7% | 103.8% | 103.9% | 104.1% | 104.2% | 104.4% | 104.6% | 104.8% | 105.0% | 105.2% |
| #3: 14.0% (2020), 7.0% thereafter | 100.0% | 102.6% | 105.1% | 106.5% | 109.0% | 110.4% | 110.6% | 110.9% | 111.2% | 111.6% | 111.9% | 112.3% | 112.7% | 113.2% | 113.7% | 114.2% | 114.8% | 115.4% | 116.1% | 116.9% |

*Attachment G*

# Projected UAAL and Funded Ratio for Rate Group #5
# Plans A, B and U (OCTA)

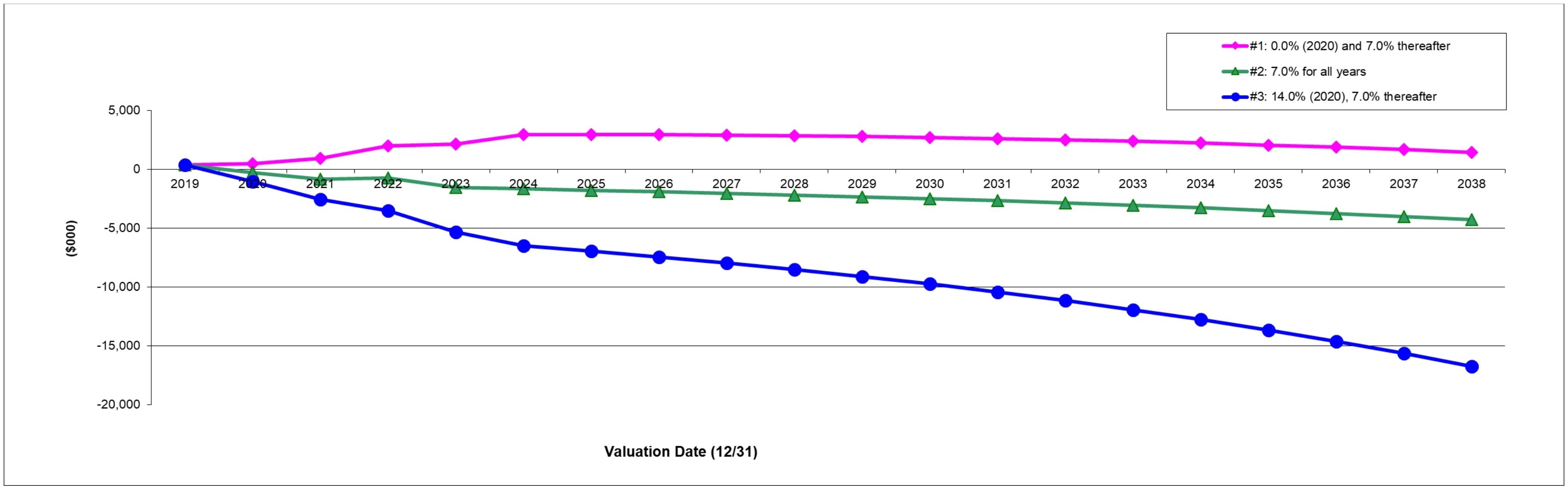



| UAAL ($000) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 249,186 | 247,684 | 248,475 | 256,487 | 249,844 | 251,376 | 239,877 | 226,096 | 209,866 | 191,467 | 170,704 | 147,385 | 121,296 | 92,206 | 59,867 | 24,086 | 2,128 | -5,174 | -14,469 | -20,119 |
| #2: 7.0% for all years | 249,186 | 236,699 | 222,734 | 216,248 | 195,985 | 184,959 | 172,749 | 159,362 | 144,217 | 127,165 | 108,044 | 86,683 | 62,894 | 36,470 | 7,204 | -25,054 | -43,679 | -46,737 | -50,008 | -53,509 |
| #3: 14.0% (2020), 7.0% thereafter | 249,186 | 225,714 | 196,992 | 175,995 | 142,088 | 118,484 | 105,565 | 92,576 | 78,526 | 62,834 | 45,362 | 25,965 | 4,476 | -19,266 | -45,443 | -61,442 | -65,743 | -70,345 | -75,269 | -80,538 |

| Funded Ratio | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 75.4% | 76.6% | 77.6% | 77.9% | 79.4% | 80.2% | 81.9% | 83.6% | 85.4% | 87.2% | 89.0% | 90.8% | 92.7% | 94.7% | 96.6% | 98.7% | 99.9% | 100.3% | 100.7% | 101.0% |
| #2: 7.0% for all years | 75.4% | 77.7% | 79.9% | 81.4% | 83.9% | 85.4% | 86.9% | 88.4% | 90.0% | 91.5% | 93.0% | 94.6% | 96.2% | 97.9% | 99.6% | 101.4% | 102.3% | 102.4% | 102.5% | 102.6% |
| #3: 14.0% (2020), 7.0% thereafter | 75.4% | 78.7% | 82.3% | 84.8% | 88.3% | 90.7% | 92.0% | 93.3% | 94.5% | 95.8% | 97.1% | 98.4% | 99.7% | 101.1% | 102.5% | 103.3% | 103.5% | 103.6% | 103.7% | 103.9% |

*Attachment H*

# Projected UAAL and Funded Ratio for Rate Group #9
## Plans M, N and U (TCA)

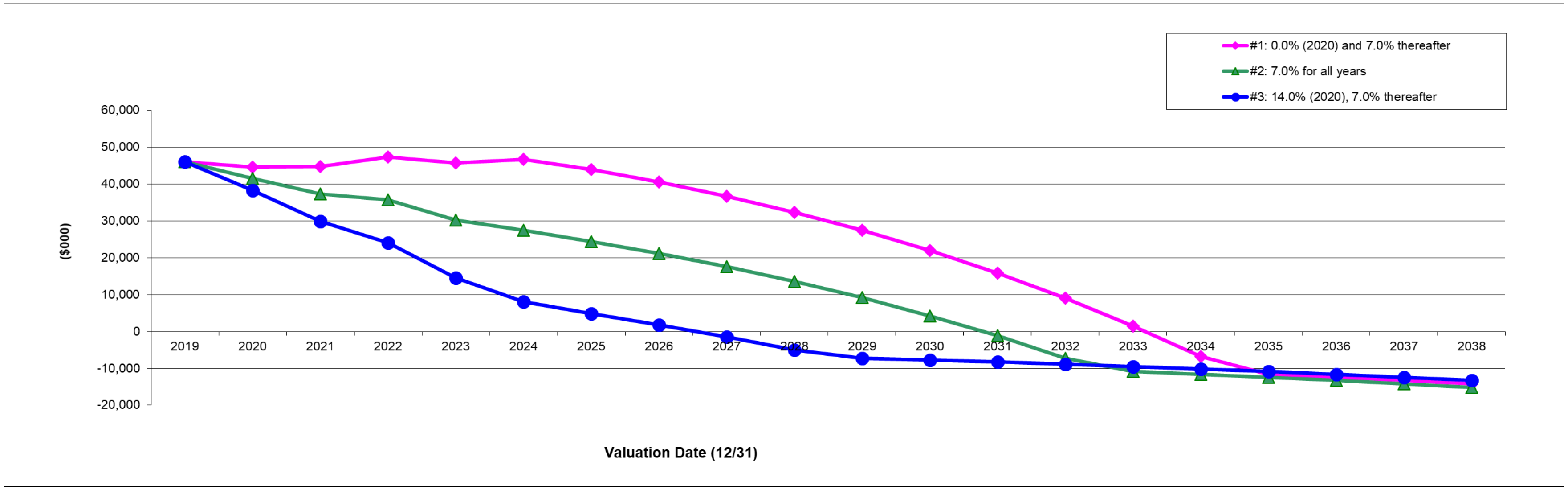



| UAAL ($000) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 373 | 485 | 944 | 1,994 | 2,151 | 2,944 | 2,975 | 2,967 | 2,918 | 2,859 | 2,789 | 2,705 | 2,609 | 2,498 | 2,371 | 2,228 | 2,065 | 1,883 | 1,679 | 1,449 |
| #2: 7.0% for all years | 373 | -268 | -813 | -753 | -1,555 | -1,664 | -1,781 | -1,905 | -2,039 | -2,182 | -2,334 | -2,498 | -2,673 | -2,860 | -3,060 | -3,274 | -3,503 | -3,748 | -4,011 | -4,292 |
| #3: 14.0% (2020), 7.0% thereafter | 373 | -1,021 | -2,570 | -3,522 | -5,349 | -6,495 | -6,950 | -7,436 | -7,957 | -8,514 | -9,110 | -9,747 | -10,430 | -11,160 | -11,941 | -12,777 | -13,671 | -14,628 | -15,652 | -16,748 |

| Funded Ratio | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 99.3% | 99.1% | 98.4% | 96.8% | 96.8% | 95.8% | 96.0% | 96.2% | 96.5% | 96.7% | 96.9% | 97.2% | 97.4% | 97.6% | 97.9% | 98.1% | 98.3% | 98.5% | 98.7% | 98.9% |
| #2: 7.0% for all years | 99.3% | 100.5% | 101.4% | 101.2% | 102.3% | 102.4% | 102.4% | 102.4% | 102.5% | 102.5% | 102.6% | 102.6% | 102.7% | 102.7% | 102.8% | 102.8% | 102.9% | 103.0% | 103.0% | 103.1% |
| #3: 14.0% (2020), 7.0% thereafter | 99.3% | 101.8% | 104.3% | 105.6% | 108.1% | 109.3% | 109.4% | 109.5% | 109.7% | 109.8% | 110.0% | 110.2% | 110.4% | 110.6% | 110.8% | 111.0% | 111.3% | 111.6% | 111.8% | 112.1% |

*Attachment I*

# Projected UAAL and Funded Ratio for Rate Group #10
# Plans I, J, M, N and U (OCFA)



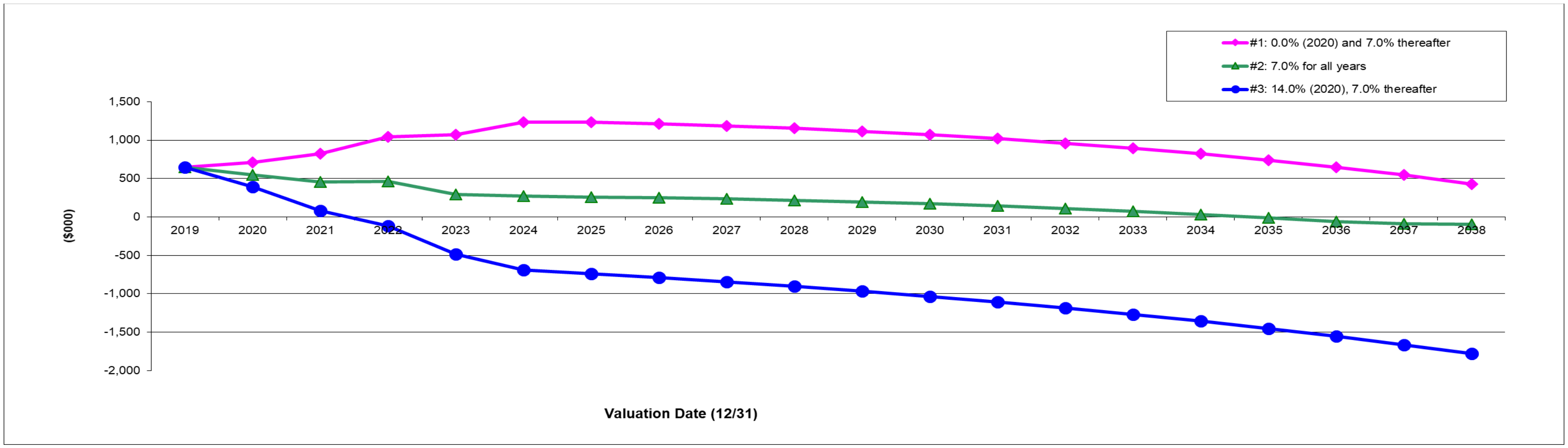

| UAAL ($000) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 46,103 | 44,670 | 44,774 | 47,374 | 45,809 | 46,747 | 43,977 | 40,663 | 36,763 | 32,371 | 27,445 | 21,942 | 15,816 | 9,014 | 1,484 | -6,810 | -11,609 | -12,422 | -13,292 | -14,222 |
| #2: 7.0% for all years | 46,103 | 41,508 | 37,337 | 35,717 | 30,173 | 27,429 | 24,448 | 21,244 | 17,658 | 13,658 | 9,211 | 4,276 | -1,183 | -7,209 | -10,782 | -11,536 | -12,344 | -13,208 | -14,132 | -15,122 |
| #3: 14.0% (2020), 7.0% thereafter[11] | 46,103 | 38,347 | 29,900 | 24,061 | 14,537 | 8,112 | 4,925 | 1,836 | -1,431 | -5,035 | -7,195 | -7,699 | -8,238 | -8,815 | -9,432 | -10,092 | -10,798 | -11,554 | -12,363 | -13,228 |

| Funded Ratio | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 82.6% | 84.0% | 84.8% | 84.8% | 86.0% | 86.5% | 87.9% | 89.3% | 90.8% | 92.3% | 93.8% | 95.2% | 96.7% | 98.2% | 99.7% | 101.2% | 102.0% | 102.1% | 102.2% | 102.2% |
| #2: 7.0% for all years | 82.6% | 85.2% | 87.4% | 88.5% | 90.8% | 92.1% | 93.3% | 94.4% | 95.6% | 96.7% | 97.9% | 99.1% | 100.2% | 101.4% | 102.1% | 102.1% | 102.2% | 102.2% | 102.3% | 102.4% |
| #3: 14.0% (2020), 7.0% thereafter | 82.6% | 86.3% | 89.9% | 92.3% | 95.6% | 97.7% | 98.6% | 99.5% | 100.4% | 101.2% | 101.6% | 101.7% | 101.7% | 101.8% | 101.8% | 101.9% | 101.9% | 102.0% | 102.0% | 102.1% |

[11] Starting in year 2033, the UAALs are projected to be less negative when compared to the UAALs under Scenario 2. This is primarily due to the effect of the 18-month delay between the date of the valuation and the fiscal year contribution rate implementation where the last UAAL contribution requirement before the rate group becomes fully funded is greater than the UAAL outstanding balance.

*Attachment J*

# Projected UAAL and Funded Ratio for Rate Group #11
## Plans M and N, future service, and U (Cemetery)

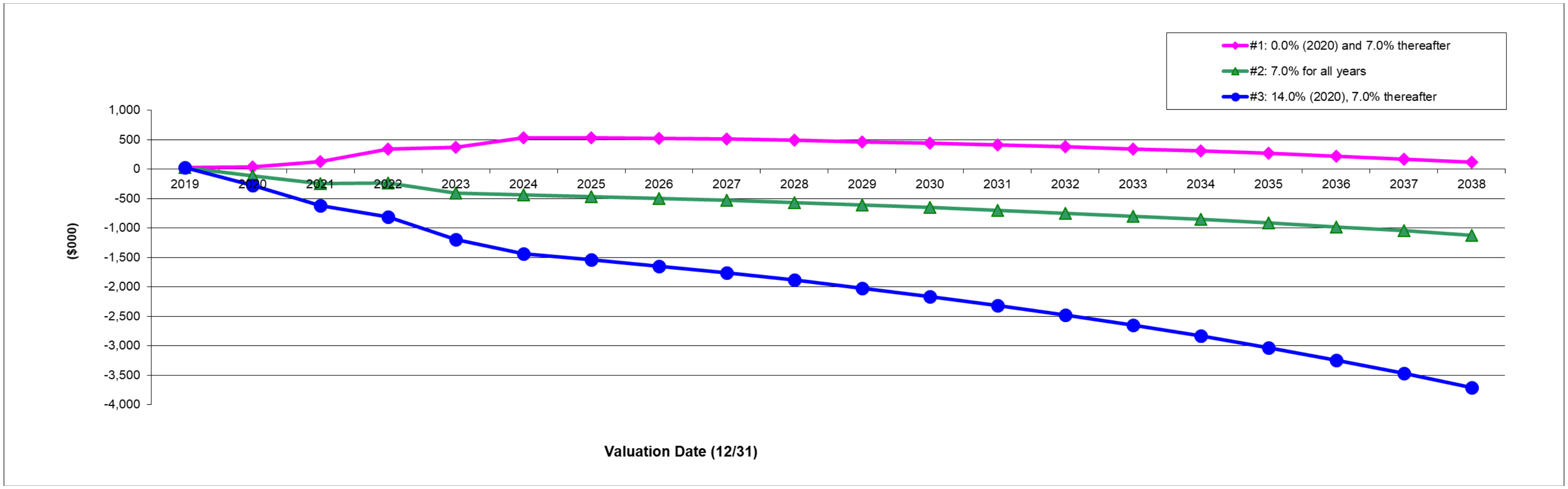



| UAAL ($000) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 648 | 707 | 823 | 1,042 | 1,069 | 1,235 | 1,231 | 1,215 | 1,187 | 1,154 | 1,115 | 1,069 | 1,018 | 960 | 894 | 820 | 738 | 647 | 544 | 431 |
| #2: 7.0% for all years | 648 | 550 | 453 | 464 | 292 | 275 | 260 | 249 | 235 | 217 | 197 | 172 | 144 | 112 | 75 | 34 | -12 | -62 | -92 | -99 |
| #3: 14.0% (2020), 7.0% thereafter | 648 | 393 | 84 | -115 | -484 | -690 | -738 | -790 | -845 | -904 | -967 | -1,035 | -1,107 | -1,185 | -1,268 | -1,357 | -1,452 | -1,553 | -1,662 | -1,778 |

| Funded Ratio | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 94.4% | 94.3% | 93.8% | 92.6% | 92.9% | 92.4% | 92.9% | 93.4% | 94.0% | 94.5% | 95.0% | 95.5% | 96.0% | 96.4% | 96.9% | 97.3% | 97.7% | 98.1% | 98.5% | 98.9% |
| #2: 7.0% for all years | 94.4% | 95.6% | 96.6% | 96.7% | 98.1% | 98.3% | 98.5% | 98.6% | 98.8% | 99.0% | 99.1% | 99.3% | 99.4% | 99.6% | 99.7% | 99.9% | 100.0% | 100.2% | 100.3% | 100.3% |
| #3: 14.0% (2020), 7.0% thereafter | 94.4% | 96.8% | 99.4% | 100.8% | 103.2% | 104.3% | 104.3% | 104.3% | 104.3% | 104.3% | 104.3% | 104.4% | 104.4% | 104.4% | 104.4% | 104.5% | 104.5% | 104.5% | 104.6% | 104.6% |

*Attachment K*

# Projected UAAL and Funded Ratio for Rate Group #12
## Plans G, H and U (Law Library)

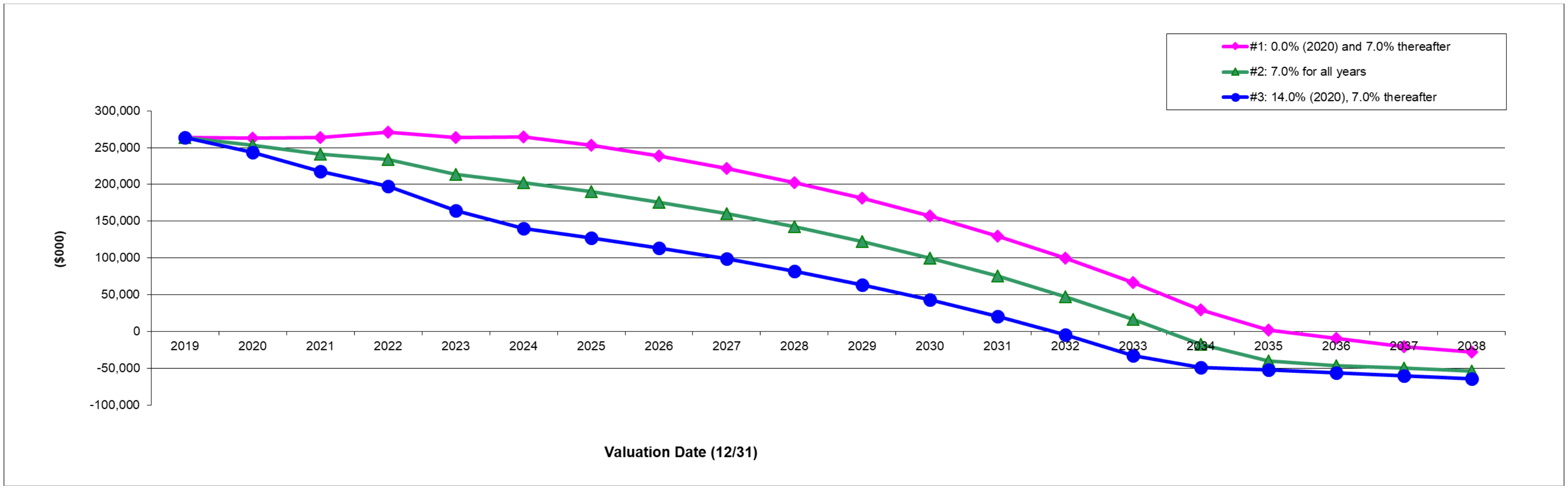



| UAAL ($000) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 31 | 41 | 124 | 341 | 372 | 530 | 532 | 525 | 508 | 488 | 465 | 440 | 411 | 380 | 346 | 307 | 266 | 220 | 170 | 115 |
| #2: 7.0% for all years | 31 | -118 | -245 | -235 | -406 | -434 | -465 | -497 | -532 | -569 | -609 | -652 | -698 | -746 | -799 | -855 | -914 | -979 | -1,047 | -1,120 |
| #3: 14.0% (2020), 7.0% thereafter | 31 | -276 | -614 | -815 | -1,197 | -1,439 | -1,539 | -1,647 | -1,762 | -1,886 | -2,018 | -2,159 | -2,310 | -2,472 | -2,645 | -2,830 | -3,028 | -3,240 | -3,467 | -3,710 |

| Funded Ratio | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 99.7% | 99.7% | 99.0% | 97.4% | 97.3% | 96.3% | 96.4% | 96.6% | 96.8% | 97.1% | 97.3% | 97.6% | 97.8% | 98.0% | 98.3% | 98.5% | 98.8% | 99.0% | 99.3% | 99.5% |
| #2: 7.0% for all years | 99.7% | 101.0% | 102.0% | 101.8% | 103.0% | 103.1% | 103.1% | 103.2% | 103.3% | 103.4% | 103.5% | 103.6% | 103.7% | 103.8% | 104.0% | 104.1% | 104.3% | 104.4% | 104.6% | 104.8% |
| #3: 14.0% (2020), 7.0% thereafter | 99.7% | 102.4% | 105.0% | 106.3% | 108.9% | 110.2% | 110.4% | 110.7% | 110.9% | 111.2% | 111.6% | 111.9% | 112.3% | 112.7% | 113.1% | 113.6% | 114.1% | 114.7% | 115.3% | 115.9% |

*Attachment L*

# Projected UAAL and Funded Ratio for Rate Group #6
## Plans E, F and V (Probation)

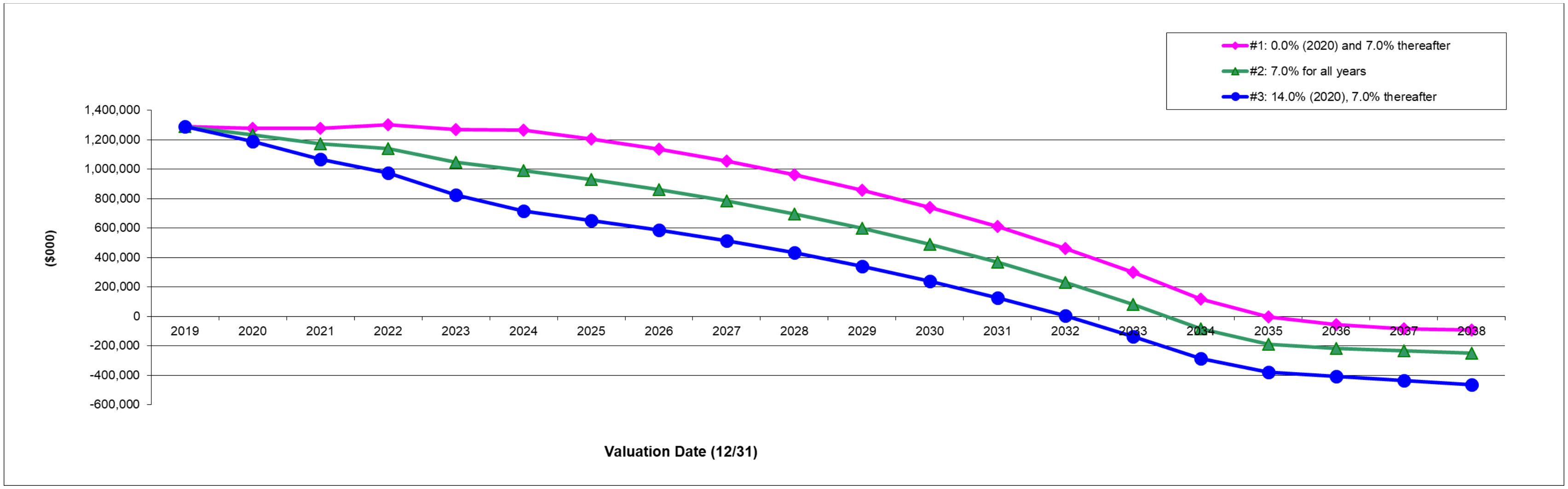



| UAAL ($000) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 263,477 | 263,111 | 264,115 | 270,914 | 263,844 | 264,813 | 252,880 | 238,599 | 221,789 | 202,722 | 181,204 | 157,029 | 129,972 | 99,795 | 66,238 | 29,087 | 2,394 | -9,546 | -20,691 | -27,964 |
| #2: 7.0% for all years | 263,477 | 253,323 | 240,864 | 234,109 | 214,001 | 202,621 | 189,962 | 176,020 | 160,225 | 142,415 | 122,423 | 100,067 | 75,150 | 47,457 | 16,759 | -17,122 | -40,097 | -46,739 | -50,010 | -53,511 |
| #3: 14.0% (2020), 7.0% thereafter | 263,477 | 243,535 | 217,618 | 197,331 | 164,217 | 140,537 | 127,157 | 113,550 | 98,765 | 82,219 | 63,761 | 43,228 | 20,446 | -4,765 | -32,596 | -49,071 | -52,506 | -56,182 | -60,115 | -64,323 |

| Funded Ratio | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 71.8% | 73.6% | 75.1% | 76.0% | 78.1% | 79.3% | 81.4% | 83.5% | 85.5% | 87.5% | 89.5% | 91.4% | 93.3% | 95.1% | 96.9% | 98.7% | 99.9% | 100.4% | 100.8% | 101.0% |
| #2: 7.0% for all years | 71.8% | 74.6% | 77.3% | 79.3% | 82.2% | 84.1% | 86.0% | 87.8% | 89.5% | 91.2% | 92.9% | 94.5% | 96.1% | 97.7% | 99.2% | 100.8% | 101.7% | 101.8% | 101.9% | 101.9% |
| #3: 14.0% (2020), 7.0% thereafter | 71.8% | 75.6% | 79.5% | 82.5% | 86.3% | 89.0% | 90.6% | 92.1% | 93.5% | 94.9% | 96.3% | 97.6% | 98.9% | 100.2% | 101.5% | 102.2% | 102.2% | 102.2% | 102.2% | 102.3% |

*Attachment M*

# Projected UAAL and Funded Ratio for Rate Group #7
## Plans E, F, Q, R and V (Law Enforcement)

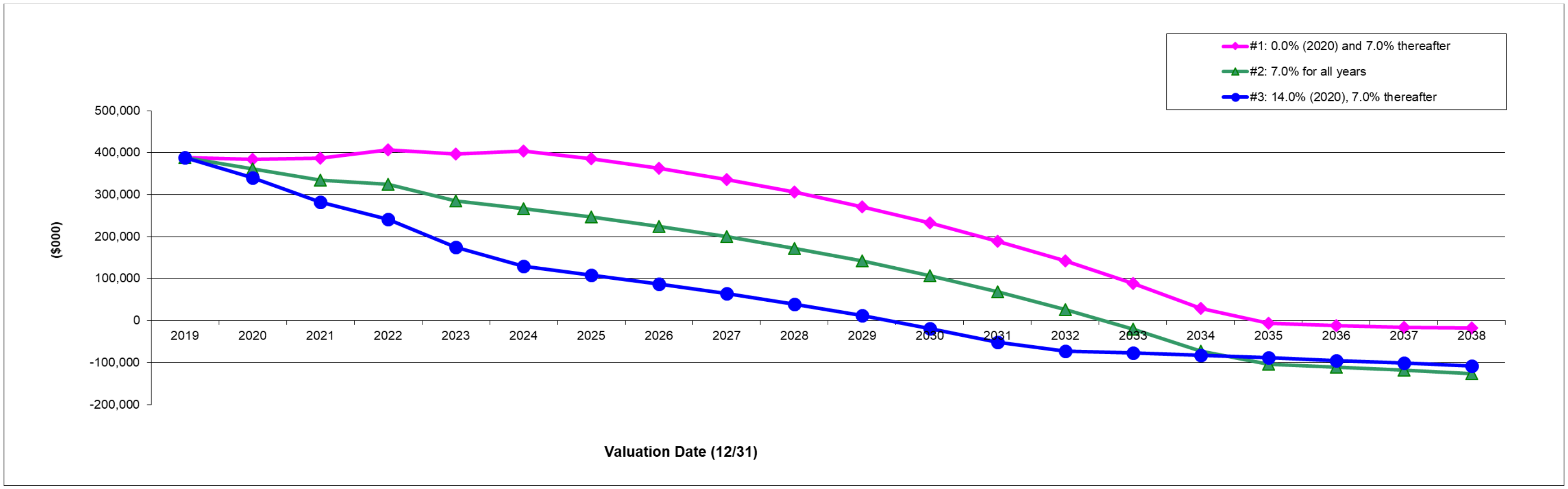



| UAAL ($000) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 1,288,095 | 1,278,265 | 1,276,965 | 1,302,900 | 1,267,175 | 1,264,818 | 1,206,179 | 1,136,419 | 1,054,677 | 961,990 | 857,456 | 740,074 | 608,749 | 462,338 | 299,596 | 119,522 | -4,203 | -57,641 | -86,169 | -92,200 |
| #2: 7.0% for all years | 1,288,095 | 1,234,015 | 1,172,599 | 1,138,832 | 1,046,411 | 991,122 | 929,426 | 861,222 | 783,962 | 696,860 | 599,081 | 489,732 | 367,869 | 232,460 | 82,376 | -83,242 | -190,555 | -217,517 | -232,743 | -249,035 |
| #3: 14.0% (2020), 7.0% thereafter | 1,288,095 | 1,189,765 | 1,068,242 | 974,775 | 825,671 | 717,535 | 652,821 | 586,200 | 513,418 | 431,895 | 340,883 | 239,579 | 127,154 | 2,700 | -134,760 | -285,915 | -378,897 | -405,420 | -433,799 | -464,165 |

| Funded Ratio | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 70.3% | 72.0% | 73.5% | 74.2% | 76.1% | 77.3% | 79.4% | 81.4% | 83.5% | 85.6% | 87.7% | 89.9% | 92.0% | 94.2% | 96.4% | 98.6% | 100.0% | 100.6% | 100.9% | 100.9% |
| #2: 7.0% for all years | 70.3% | 73.0% | 75.6% | 77.5% | 80.3% | 82.2% | 84.1% | 85.9% | 87.8% | 89.6% | 91.4% | 93.3% | 95.2% | 97.1% | 99.0% | 101.0% | 102.1% | 102.4% | 102.4% | 102.5% |
| #3: 14.0% (2020), 7.0% thereafter | 70.3% | 74.0% | 77.8% | 80.7% | 84.5% | 87.1% | 88.8% | 90.4% | 92.0% | 93.6% | 95.1% | 96.7% | 98.3% | 100.0% | 101.6% | 103.3% | 104.3% | 104.4% | 104.5% | 104.7% |

*Attachment N*

# Projected UAAL and Funded Ratio for Rate Group #8
## Plans E, F, Q, R and V (OCFA)




| UAAL ($000) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| #1: 0.0% (2020) and 7.0% thereafter | 388,579 | 384,221 | 386,807 | 406,312 | 396,275 | 404,402 | 385,721 | 363,067 | 336,164 | 305,687 | 271,331 | 232,780 | 189,681 | 141,647 | 88,269 | 29,252 | -5,440 | -12,175 | -16,222 | -17,358 |
| #2: 7.0% for all years | 388,579 | 362,096 | 334,548 | 324,082 | 285,554 | 267,059 | 246,852 | 225,002 | 200,361 | 172,682 | 141,720 | 107,203 | 68,835 | 26,302 | -20,735 | -72,498 | -103,472 | -110,716 | -118,466 | -126,758 |
| #3: 14.0% (2020), 7.0% thereafter[12] | 388,579 | 339,970 | 282,296 | 241,879 | 174,902 | 129,849 | 108,108 | 87,024 | 64,622 | 39,746 | 12,172 | -18,307 | -51,928 | -72,258 | -77,316 | -82,728 | -88,519 | -94,715 | -101,345 | -108,439 |
| | | | | | | | | | | | | | | | | | | | | |
| Funded Ratio | | | | | | | | | | | | | | | | | | | | |
| #1: 0.0% (2020) and 7.0% thereafter | 79.7% | 81.1% | 82.1% | 82.3% | 83.7% | 84.3% | 85.8% | 87.4% | 88.9% | 90.5% | 92.0% | 93.4% | 94.9% | 96.4% | 97.9% | 99.3% | 100.1% | 100.3% | 100.3% | 100.3% |
| #2: 7.0% for all years | 79.7% | 82.2% | 84.5% | 85.9% | 88.2% | 89.6% | 90.9% | 92.2% | 93.4% | 94.6% | 95.8% | 97.0% | 98.2% | 99.3% | 100.5% | 101.7% | 102.3% | 102.3% | 102.4% | 102.4% |
| #3: 14.0% (2020), 7.0% thereafter | 79.7% | 83.3% | 86.9% | 89.4% | 92.8% | 95.0% | 96.0% | 97.0% | 97.9% | 98.8% | 99.6% | 100.5% | 101.4% | 101.8% | 101.9% | 101.9% | 102.0% | 102.0% | 102.0% | 102.1% |

[12] Starting in year 2035, the UAALs are projected to be less negative when compared to the UAALs under Scenario 2. This is primarily due to the effect of the 18-month delay between the date of the valuation and the fiscal year contribution rate implementation where the last UAAL contribution requirement before the rate group becomes fully funded is greater than the UAAL outstanding balance.

*Attachment O*

## Projected Employer Rates by Plans within each Rate Group

### Scenario 1: 0.0% for 2020 and 7.0% thereafter

| Valuation Date (12/31) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **General** | | | | | | | | | | | | | | | | | | | | |
| RG #1 - Plans A and B | 15.8% | 16.0% | 16.2% | 16.7% | 16.8% | 17.2% | 17.2% | 17.2% | 17.2% | 17.2% | 17.2% | 17.2% | 17.2% | 17.1% | 10.7% | 11.2% | 10.7% | 10.7% | 10.7% | 10.7% |
| RG #1 - Plan U | 15.2% | 15.4% | 15.6% | 16.1% | 16.1% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 16.5% | 10.1% | 10.6% | 10.1% | 10.1% | 10.1% | 10.1% |
| RG #1 - Plans A, B and U (non-OCTA, non-OCSD) | 15.5% | 15.6% | 15.8% | 16.3% | 16.4% | 16.8% | 16.7% | 16.7% | 16.7% | 16.7% | 16.7% | 16.7% | 16.7% | 16.6% | 10.2% | 10.7% | 10.2% | 10.1% | 10.1% | 10.1% |
| RG #2 - Plans I and J (non-Children and Families Comm.) | 41.7% | 42.0% | 42.5% | 43.5% | 43.6% | 44.3% | 44.3% | 44.3% | 44.3% | 44.3% | 44.3% | 44.3% | 44.3% | 44.1% | 17.2% | 19.7% | 14.3% | 14.3% | 14.3% | 14.3% |
| RG #2 - Plans I and J (Children and Families Comm.) | 19.7% | 20.0% | 20.4% | 21.5% | 21.6% | 22.3% | 22.3% | 22.3% | 22.3% | 22.3% | 22.3% | 22.3% | 22.2% | 22.2% | 19.7% | 19.9% | 14.3% | 14.3% | 14.3% | 14.3% |
| RG #2 - Plans O and P | 33.5% | 33.8% | 34.2% | 35.3% | 35.3% | 36.1% | 36.1% | 36.1% | 36.1% | 36.1% | 36.1% | 36.0% | 36.0% | 35.9% | 8.9% | 11.4% | 6.1% | 6.1% | 6.1% | 6.1% |
| RG #2 - Plan S | 40.0% | 40.3% | 40.7% | 41.8% | 41.9% | 42.6% | 42.6% | 42.6% | 42.6% | 42.6% | 42.6% | 42.6% | 42.5% | 42.4% | 15.5% | 17.9% | 12.6% | 12.6% | 12.6% | 12.6% |
| RG #2 - Plan T | 34.5% | 34.8% | 35.3% | 36.3% | 36.4% | 37.1% | 37.1% | 37.1% | 37.1% | 37.1% | 37.1% | 37.1% | 37.1% | 36.9% | 10.0% | 12.5% | 7.1% | 7.1% | 7.1% | 7.1% |
| RG #2 - Plan U (non-Children and Families Comm.) | 36.2% | 36.5% | 36.9% | 38.0% | 38.1% | 38.8% | 38.8% | 38.8% | 38.8% | 38.8% | 38.8% | 38.8% | 38.7% | 38.6% | 11.7% | 14.1% | 8.8% | 8.8% | 8.8% | 8.8% |
| RG #2 - Plan U (Children and Families Comm.) | 14.2% | 14.5% | 14.9% | 15.9% | 16.0% | 16.8% | 16.8% | 16.8% | 16.8% | 16.7% | 16.7% | 16.7% | 16.7% | 16.7% | 14.2% | 14.3% | 8.8% | 8.8% | 8.8% | 8.8% |
| RG #2 - Plan W | 35.9% | 36.2% | 36.7% | 37.7% | 37.8% | 38.5% | 38.5% | 38.5% | 38.5% | 38.5% | 38.5% | 38.5% | 38.5% | 38.3% | 11.4% | 13.9% | 8.5% | 8.5% | 8.5% | 8.5% |
| RG #2 - Plans I, J, O, P, S, T, U and W (County et al.) | 39.4% | 39.4% | 39.6% | 40.4% | 40.2% | 40.7% | 40.5% | 40.2% | 40.0% | 39.8% | 39.6% | 39.4% | 39.2% | 38.9% | 11.8% | 14.1% | 8.6% | 8.5% | 8.3% | 8.2% |
| RG #3 - Plans G and H | 13.2% | 13.2% | 13.2% | 14.1% | 14.2% | 15.1% | 15.1% | 15.1% | 15.1% | 15.1% | 15.1% | 15.1% | 15.1% | 15.1% | 15.1% | 15.1% | 15.1% | 15.1% | 15.1% | 15.1% |
| RG #3 - Plan B | 11.2% | 11.2% | 11.2% | 12.1% | 12.2% | 13.1% | 13.1% | 13.1% | 13.1% | 13.1% | 13.1% | 13.1% | 13.1% | 13.1% | 13.1% | 13.1% | 13.1% | 13.1% | 13.1% | 13.1% |
| RG #3 - Plan U | 9.9% | 9.9% | 9.9% | 10.7% | 10.8% | 11.7% | 11.8% | 11.8% | 11.8% | 11.8% | 11.8% | 11.8% | 11.7% | 11.7% | 11.7% | 11.7% | 11.7% | 11.7% | 11.7% | 11.7% |
| RG #3 - Plans B, G, H and U (OCSD) | 11.9% | 11.8% | 11.6% | 12.3% | 12.3% | 13.1% | 13.0% | 12.9% | 12.8% | 12.7% | 12.6% | 12.5% | 12.5% | 12.4% | 12.3% | 12.3% | 12.2% | 12.1% | 12.1% | 12.1% |
| RG #5 - Plans A and B | 31.5% | 31.8% | 32.2% | 33.1% | 33.2% | 33.9% | 33.9% | 33.9% | 33.9% | 33.9% | 33.9% | 33.9% | 33.9% | 33.8% | 15.2% | 16.4% | 16.4% | 12.0% | 12.0% | 12.0% |
| RG #5 - Plan U | 31.1% | 31.4% | 31.8% | 32.8% | 32.8% | 33.5% | 33.5% | 33.5% | 33.5% | 33.5% | 33.5% | 33.5% | 33.5% | 33.4% | 14.8% | 16.0% | 16.1% | 11.6% | 11.6% | 11.6% |
| RG #5 - Plans A, B and U (OCTA) | 31.4% | 31.7% | 32.1% | 33.0% | 33.0% | 33.7% | 33.7% | 33.7% | 33.6% | 33.6% | 33.6% | 33.6% | 33.6% | 33.5% | 14.9% | 16.1% | 16.1% | 11.6% | 11.6% | 11.6% |
| RG #9 - Plans M and N | 14.6% | 14.7% | 15.2% | 16.2% | 16.2% | 16.9% | 16.9% | 16.9% | 16.9% | 16.9% | 16.9% | 16.9% | 16.8% | 16.8% | 16.8% | 16.8% | 16.8% | 16.8% | 16.8% | 16.8% |
| RG #9 - Plan U | 11.5% | 11.6% | 12.1% | 13.1% | 13.1% | 13.8% | 13.8% | 13.8% | 13.8% | 13.8% | 13.8% | 13.8% | 13.8% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% |
| RG #9 - Plans M, N and U (TCA) | 13.2% | 13.2% | 13.5% | 14.4% | 14.4% | 14.9% | 14.8% | 14.7% | 14.6% | 14.5% | 14.4% | 14.3% | 14.2% | 14.2% | 14.1% | 14.0% | 14.0% | 14.0% | 13.9% | 13.9% |
| RG #10 - Plans I and J | 28.8% | 29.0% | 29.5% | 30.5% | 30.5% | 31.2% | 31.2% | 31.2% | 31.2% | 31.2% | 31.2% | 31.2% | 31.2% | 31.1% | 14.8% | 14.8% | 14.8% | 14.8% | 14.8% | 14.8% |
| RG #10 - Plans M and N | 27.7% | 28.0% | 28.4% | 29.4% | 29.5% | 30.2% | 30.2% | 30.2% | 30.2% | 30.2% | 30.2% | 30.2% | 30.1% | 30.0% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% |
| RG #10 - Plan U | 24.1% | 24.3% | 24.8% | 25.8% | 25.8% | 26.5% | 26.5% | 26.5% | 26.5% | 26.5% | 26.5% | 26.5% | 26.5% | 26.4% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% |
| RG #10 - Plans I, J, M, N and U (OCFA) | 26.7% | 26.8% | 27.1% | 27.9% | 27.8% | 28.4% | 28.2% | 28.1% | 28.0% | 27.9% | 27.7% | 27.6% | 27.5% | 27.3% | 10.8% | 10.7% | 10.6% | 10.6% | 10.5% | 10.4% |
| RG #11 - Plans M and N, future service | 14.6% | 14.7% | 15.1% | 16.0% | 16.1% | 16.8% | 16.8% | 16.8% | 16.8% | 16.8% | 16.7% | 16.7% | 16.7% | 16.6% | 16.6% | 16.6% | 16.6% | 16.5% | 15.2% | 16.4% |
| RG #11 - Plan U | 15.3% | 15.4% | 15.8% | 16.6% | 16.8% | 17.5% | 17.5% | 17.5% | 17.4% | 17.4% | 17.4% | 17.3% | 17.3% | 17.3% | 17.2% | 17.2% | 17.2% | 17.2% | 15.9% | 17.0% |
| RG #11 - Plans M and N, future service, and U (Cemetery) | 14.8% | 15.0% | 15.4% | 16.3% | 16.5% | 17.2% | 17.2% | 17.2% | 17.2% | 17.2% | 17.2% | 17.1% | 17.1% | 17.1% | 17.1% | 17.1% | 17.1% | 17.1% | 15.8% | 17.0% |
| RG #12 - Plans G and H, future service | 14.4% | 14.6% | 15.3% | 16.7% | 16.9% | 17.9% | 17.9% | 17.9% | 17.9% | 17.8% | 17.8% | 17.7% | 17.7% | 17.6% | 17.6% | 17.5% | 17.5% | 17.4% | 17.0% | 15.4% |
| RG #12 - Plan U | 10.6% | 10.8% | 11.5% | 12.9% | 13.0% | 14.1% | 14.1% | 14.1% | 14.0% | 14.0% | 13.9% | 13.9% | 13.8% | 13.8% | 13.7% | 13.7% | 13.6% | 13.6% | 13.2% | 11.6% |
| RG #12 - Plans G and H, future service, and U (Law Library) | 13.7% | 13.3% | 13.7% | 14.8% | 14.7% | 15.6% | 15.5% | 15.3% | 15.1% | 14.9% | 14.8% | 14.6% | 14.5% | 14.3% | 14.2% | 14.1% | 14.0% | 13.9% | 13.5% | 11.8% |
| **Safety** | | | | | | | | | | | | | | | | | | | | |
| RG #6 - Plans E and F | 60.2% | 60.7% | 61.4% | 63.0% | 63.1% | 64.3% | 64.3% | 64.3% | 64.3% | 64.2% | 64.2% | 64.2% | 64.2% | 64.1% | 36.9% | 31.9% | 33.3% | 23.3% | 23.3% | 23.3% |
| RG #6 - Plan V | 53.7% | 54.2% | 54.9% | 56.5% | 56.6% | 57.9% | 57.8% | 57.8% | 57.8% | 57.8% | 57.8% | 57.8% | 57.8% | 57.7% | 30.5% | 25.4% | 26.9% | 16.8% | 16.8% | 16.8% |
| RG #6 - Plans E, F and V (Probation) | 59.7% | 60.0% | 60.6% | 62.0% | 62.0% | 63.0% | 62.8% | 62.6% | 62.3% | 62.0% | 61.7% | 61.3% | 61.0% | 60.5% | 32.9% | 27.4% | 28.5% | 18.1% | 17.8% | 17.6% |
| RG #7 - Plans E and F | 70.2% | 70.7% | 71.4% | 73.1% | 73.3% | 74.5% | 74.5% | 74.5% | 74.5% | 74.5% | 74.4% | 74.4% | 74.4% | 74.2% | 39.7% | 37.1% | 26.6% | 26.6% | 26.6% | 26.6% |
| RG #7 - Plans Q and R | 67.2% | 67.7% | 68.4% | 70.1% | 70.3% | 71.5% | 71.5% | 71.5% | 71.5% | 71.5% | 71.5% | 71.4% | 71.4% | 71.2% | 36.7% | 34.2% | 23.6% | 23.6% | 23.6% | 23.6% |
| RG #7 - Plan V | 62.1% | 62.6% | 63.3% | 65.0% | 65.1% | 66.4% | 66.4% | 66.4% | 66.4% | 66.3% | 66.3% | 66.3% | 66.3% | 66.1% | 31.6% | 29.0% | 18.5% | 18.5% | 18.5% | 18.5% |
| RG #7 - Plans E, F, Q, R and V (Law Enforcement) | 67.6% | 67.7% | 68.1% | 69.5% | 69.3% | 70.2% | 69.9% | 69.7% | 69.4% | 69.1% | 68.9% | 68.6% | 68.4% | 68.0% | 33.3% | 30.5% | 19.8% | 19.6% | 19.5% | 19.3% |
| RG #8 - Plans E and F | 51.3% | 51.5% | 52.1% | 53.7% | 53.8% | 54.9% | 54.9% | 54.9% | 54.9% | 54.9% | 54.8% | 54.8% | 54.8% | 54.7% | 30.0% | 29.9% | 27.5% | 27.5% | 27.5% | 27.5% |
| RG #8 - Plans Q and R | 49.6% | 49.8% | 50.4% | 51.9% | 52.1% | 53.2% | 53.2% | 53.2% | 53.2% | 53.1% | 53.1% | 53.1% | 53.1% | 53.0% | 28.3% | 28.2% | 25.8% | 25.8% | 25.8% | 25.8% |
| RG #8 - Plan V | 39.5% | 39.7% | 40.3% | 41.8% | 42.0% | 43.1% | 43.1% | 43.1% | 43.0% | 43.0% | 43.0% | 43.0% | 43.0% | 42.9% | 18.2% | 18.1% | 15.7% | 15.7% | 15.7% | 15.7% |
| RG #8 - Plans E, F, Q, R and V (OCFA) | 48.7% | 48.5% | 48.7% | 49.9% | 49.4% | 50.0% | 49.6% | 49.2% | 48.8% | 48.4% | 48.0% | 47.6% | 47.1% | 46.6% | 21.5% | 20.9% | 18.1% | 17.7% | 17.4% | 17.1% |

Rates shown above have not been adjusted for employers with future service only benefit enhancement in Rate Group #2 (i.e., Orange County Employees Retirement System).

In the December 31, 2033 valuation, most of the General Rate Groups (Rate Group #2 in particular) would be projected to have smaller UAAL rates due to the favorable 18-month rate delay adjustments from the significant decrease in the UAAL rates in the December 31, 2033 valuation. However, in the following year, the UAAL rates would no longer be offset by the 18-month rate delay adjustments so the employer rates increase in that year.

*Attachment O (continued)*

## Projected Employer Rates by Plans within each Rate Group
## Scenario 2: 7.0% for all years

Valuation Date (12/31)

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **General** | | | | | | | | | | | | | | | | | | | | |
| RG #1 - Plans A and B | 15.8% | 15.6% | 15.3% | 15.4% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 10.7% | 10.7% | 10.7% | 10.7% | 10.7% | 10.7% | 10.7% |
| RG #1 - Plan U | 15.2% | 15.0% | 14.7% | 14.8% | 14.4% | 14.4% | 14.4% | 14.4% | 14.4% | 14.4% | 14.4% | 14.4% | 14.4% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% |
| RG #1 - Plans A, B and U (non-OCTA, non-OCSD) | 15.5% | 15.2% | 15.0% | 15.0% | 14.6% | 14.6% | 14.6% | 14.6% | 14.6% | 14.5% | 14.5% | 14.5% | 14.5% | 10.2% | 10.2% | 10.2% | 10.2% | 10.1% | 10.1% | 10.1% |
| RG #2 - Plans I and J (non-Children and Families Comm.) | 41.7% | 41.2% | 40.7% | 40.8% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 39.8% | 14.3% | 14.3% | 14.3% | 14.3% | 14.3% | 14.3% |
| RG #2 - Plans I and J (Children and Families Comm.) | 19.7% | 19.2% | 18.6% | 18.8% | 18.0% | 18.0% | 18.0% | 18.0% | 18.0% | 18.0% | 18.0% | 18.0% | 17.9% | 17.9% | 16.9% | 14.3% | 14.3% | 14.3% | 14.3% | 14.3% |
| RG #2 - Plans O and P | 33.5% | 33.0% | 32.4% | 32.5% | 31.8% | 31.8% | 31.8% | 31.8% | 31.8% | 31.7% | 31.7% | 31.7% | 31.7% | 31.6% | 6.1% | 6.1% | 6.1% | 6.1% | 6.1% | 6.1% |
| RG #2 - Plan S | 40.0% | 39.5% | 38.9% | 39.1% | 38.3% | 38.3% | 38.3% | 38.3% | 38.3% | 38.3% | 38.3% | 38.2% | 38.2% | 38.1% | 12.6% | 12.6% | 12.6% | 12.6% | 12.6% | 12.6% |
| RG #2 - Plan T | 34.5% | 34.0% | 33.5% | 33.6% | 32.8% | 32.8% | 32.8% | 32.8% | 32.8% | 32.8% | 32.8% | 32.8% | 32.8% | 32.6% | 7.1% | 7.1% | 7.1% | 7.1% | 7.1% | 7.1% |
| RG #2 - Plan U (non-Children and Families Comm.) | 36.2% | 35.7% | 35.1% | 35.3% | 34.5% | 34.5% | 34.5% | 34.5% | 34.5% | 34.5% | 34.5% | 34.4% | 34.4% | 34.3% | 8.8% | 8.8% | 8.8% | 8.8% | 8.8% | 8.8% |
| RG #2 - Plan U (Children and Families Comm.) | 14.2% | 13.6% | 13.1% | 13.2% | 12.5% | 12.5% | 12.5% | 12.4% | 12.4% | 12.4% | 12.4% | 12.4% | 12.4% | 12.4% | 11.4% | 8.8% | 8.8% | 8.8% | 8.8% | 8.8% |
| RG #2 - Plan W | 35.9% | 35.4% | 34.9% | 35.0% | 34.2% | 34.2% | 34.2% | 34.2% | 34.2% | 34.2% | 34.2% | 34.2% | 34.2% | 34.0% | 8.5% | 8.5% | 8.5% | 8.5% | 8.5% | 8.5% |
| RG #2 - Plans I, J, O, P, S, T, U and W (County et al.) | 39.4% | 38.5% | 37.7% | 37.6% | 36.6% | 36.4% | 36.2% | 35.9% | 35.7% | 35.5% | 35.3% | 35.1% | 34.9% | 34.6% | 8.9% | 8.8% | 8.6% | 8.5% | 8.3% | 8.2% |
| RG #3 - Plans G and H | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% |
| RG #3 - Plan B | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% |
| RG #3 - Plan U | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% |
| RG #3 - Plans B, G, H and U (OCSD) | 11.9% | 11.8% | 11.6% | 11.5% | 11.4% | 11.2% | 11.1% | 11.0% | 10.9% | 10.8% | 10.7% | 10.7% | 10.6% | 10.5% | 10.5% | 10.4% | 10.3% | 10.3% | 10.2% | 10.2% |
| RG #5 - Plans A and B | 31.5% | 31.0% | 30.5% | 30.7% | 30.0% | 30.0% | 30.0% | 29.9% | 29.9% | 29.9% | 29.9% | 29.9% | 29.9% | 29.8% | 12.0% | 12.0% | 12.0% | 12.0% | 12.0% | 12.0% |
| RG #5 - Plan U | 31.1% | 30.6% | 30.2% | 30.3% | 29.6% | 29.6% | 29.6% | 29.6% | 29.6% | 29.6% | 29.6% | 29.6% | 29.5% | 29.5% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% |
| RG #5 - Plans A, B and U (OCTA) | 31.4% | 30.9% | 30.4% | 30.5% | 29.8% | 29.8% | 29.7% | 29.7% | 29.7% | 29.7% | 29.7% | 29.7% | 29.6% | 29.5% | 11.7% | 11.7% | 11.7% | 11.6% | 11.6% | 11.6% |
| RG #9 - Plans M and N | 14.6% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% |
| RG #9 - Plan U | 11.5% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% |
| RG #9 - Plans M, N and U (TCA) | 13.2% | 12.7% | 12.6% | 12.5% | 12.4% | 12.2% | 12.1% | 12.0% | 11.9% | 11.8% | 11.8% | 11.7% | 11.6% | 11.6% | 11.5% | 11.5% | 11.4% | 11.4% | 11.3% | 11.3% |
| RG #10 - Plans I and J | 28.8% | 28.3% | 27.8% | 27.9% | 27.2% | 27.2% | 27.2% | 27.1% | 27.1% | 27.1% | 27.1% | 27.1% | 14.8% | 14.8% | 14.8% | 14.8% | 14.8% | 14.8% | 14.8% | 14.8% |
| RG #10 - Plans M and N | 27.7% | 27.2% | 26.7% | 26.8% | 26.1% | 26.1% | 26.1% | 26.1% | 26.1% | 26.1% | 26.1% | 26.1% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% |
| RG #10 - Plan U | 24.1% | 23.6% | 23.1% | 23.2% | 22.5% | 22.5% | 22.5% | 22.4% | 22.4% | 22.4% | 22.4% | 22.4% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% |
| RG #10 - Plans I, J, M, N and U (OCFA) | 26.7% | 26.0% | 25.3% | 25.3% | 24.4% | 24.3% | 24.1% | 24.0% | 23.9% | 23.8% | 23.6% | 23.5% | 11.0% | 10.9% | 10.8% | 10.7% | 10.6% | 10.6% | 10.5% | 10.4% |
| RG #11 - Plans M and N, future service | 14.6% | 14.0% | 13.5% | 13.6% | 13.0% | 13.0% | 13.1% | 13.2% | 13.2% | 13.2% | 13.3% | 13.3% | 13.3% | 13.4% | 13.3% | 13.3% | 11.6% | 11.6% | 11.6% | 11.6% |
| RG #11 - Plan U | 15.3% | 14.7% | 14.1% | 14.3% | 13.6% | 13.7% | 13.7% | 13.8% | 13.8% | 13.9% | 13.9% | 13.9% | 14.0% | 14.0% | 14.0% | 14.0% | 12.3% | 12.3% | 12.3% | 12.3% |
| RG #11 - Plans M and N, future service, and U (Cemetery) | 14.8% | 14.3% | 13.8% | 13.9% | 13.3% | 13.4% | 13.5% | 13.5% | 13.6% | 13.7% | 13.7% | 13.7% | 13.8% | 13.8% | 13.8% | 13.8% | 12.1% | 12.2% | 12.2% | 12.2% |
| RG #12 - Plans G and H, future service | 14.4% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% |
| RG #12 - Plan U | 10.6% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% |
| RG #12 - Plans G and H, future service, and U (Law Library) | 13.7% | 12.9% | 12.6% | 12.3% | 12.0% | 11.9% | 11.7% | 11.6% | 11.4% | 11.3% | 11.2% | 11.1% | 11.0% | 10.9% | 10.9% | 10.8% | 10.7% | 10.7% | 10.6% | 10.6% |
| **Safety** | | | | | | | | | | | | | | | | | | | | |
| RG #6 - Plans E and F | 60.2% | 59.5% | 58.7% | 58.9% | 57.7% | 57.7% | 57.7% | 57.7% | 57.7% | 57.6% | 57.6% | 57.6% | 57.6% | 57.5% | 30.3% | 23.3% | 23.3% | 23.3% | 23.3% | 23.3% |
| RG #6 - Plan V | 53.7% | 53.1% | 52.2% | 52.4% | 51.3% | 51.2% | 51.2% | 51.2% | 51.2% | 51.2% | 51.2% | 51.2% | 51.2% | 51.1% | 23.9% | 16.8% | 16.8% | 16.8% | 16.8% | 16.8% |
| RG #6 - Plans E, F and V (Probation) | 59.7% | 58.8% | 57.9% | 58.0% | 56.6% | 56.4% | 56.2% | 56.0% | 55.7% | 55.4% | 55.1% | 54.7% | 54.4% | 53.9% | 26.3% | 18.8% | 18.5% | 18.1% | 17.8% | 17.6% |
| RG #7 - Plans E and F | 70.2% | 69.4% | 68.5% | 68.7% | 67.5% | 67.4% | 67.4% | 67.4% | 67.4% | 67.4% | 67.4% | 67.4% | 67.4% | 67.2% | 32.6% | 26.6% | 26.6% | 26.6% | 26.6% | 26.6% |
| RG #7 - Plans Q and R | 67.2% | 66.4% | 65.5% | 65.7% | 64.5% | 64.5% | 64.4% | 64.4% | 64.4% | 64.4% | 64.4% | 64.4% | 64.4% | 64.2% | 29.7% | 23.6% | 23.6% | 23.6% | 23.6% | 23.6% |
| RG #7 - Plan V | 62.1% | 61.3% | 60.4% | 60.6% | 59.4% | 59.3% | 59.3% | 59.3% | 59.3% | 59.3% | 59.3% | 59.3% | 59.3% | 59.1% | 24.5% | 18.5% | 18.5% | 18.5% | 18.5% | 18.5% |
| RG #7 - Plans E, F, Q, R and V (Law Enforcement) | 67.6% | 66.4% | 65.2% | 65.1% | 63.5% | 63.1% | 62.9% | 62.6% | 62.3% | 62.1% | 61.8% | 61.6% | 61.4% | 61.0% | 26.2% | 20.0% | 19.8% | 19.6% | 19.5% | 19.3% |
| RG #8 - Plans E and F | 51.3% | 50.3% | 49.6% | 49.8% | 48.6% | 48.6% | 48.6% | 48.6% | 48.6% | 48.6% | 48.6% | 48.6% | 48.6% | 48.5% | 27.5% | 27.5% | 27.5% | 27.5% | 27.5% | 27.5% |
| RG #8 - Plans Q and R | 49.6% | 48.6% | 47.9% | 48.0% | 46.9% | 46.9% | 46.9% | 46.9% | 46.9% | 46.9% | 46.9% | 46.9% | 46.9% | 46.8% | 25.8% | 25.8% | 25.8% | 25.8% | 25.8% | 25.8% |
| RG #8 - Plan V | 39.5% | 38.5% | 37.8% | 37.9% | 36.8% | 36.8% | 36.8% | 36.8% | 36.8% | 36.8% | 36.8% | 36.8% | 36.8% | 36.7% | 15.7% | 15.7% | 15.7% | 15.7% | 15.7% | 15.7% |
| RG #8 - Plans E, F, Q, R and V (OCFA) | 48.7% | 47.3% | 46.2% | 46.0% | 44.3% | 43.8% | 43.3% | 42.9% | 42.6% | 42.2% | 41.8% | 41.3% | 40.9% | 40.3% | 18.9% | 18.5% | 18.1% | 17.7% | 17.4% | 17.1% |

Rates shown above have not been adjusted for employers with future service only benefit enhancement in Rate Group #2 (i.e., Orange County Employees Retirement System).

In the December 31, 2033 valuation, most of the General Rate Groups (Rate Group #2 in particular) would be projected to have smaller UAAL rates due to the favorable 18-month rate delay adjustments from the significant decrease in the UAAL rates in the December 31, 2033 valuation.

*Attachment O (continued)*

## Projected Employer Rates by Plans within each Rate Group
## Scenario 3: 14.0% for 2020 and 7.0% thereafter

Valuation Date (12/31)

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **General** | | | | | | | | | | | | | | | | | | | | |
| RG #1 - Plans A and B | 15.8% | 15.2% | 14.5% | 14.1% | 13.3% | 12.9% | 10.7% | 10.7% | 10.7% | 10.7% | 10.7% | 10.7% | 10.7% | 10.7% | 10.7% | 10.7% | 10.7% | 10.7% | 10.7% | 10.7% |
| RG #1 - Plan U | 15.2% | 14.6% | 13.8% | 13.5% | 12.6% | 12.2% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% |
| RG #1 - Plans A, B and U (non-OCTA, non-OCSD) | 15.5% | 14.9% | 14.1% | 13.7% | 12.9% | 12.5% | 10.3% | 10.2% | 10.2% | 10.2% | 10.2% | 10.2% | 10.2% | 10.2% | 10.2% | 10.2% | 10.2% | 10.1% | 10.1% | 10.1% |
| RG #2 - Plans I and J (non-Children and Families Comm.) | 41.7% | 40.4% | 38.8% | 38.1% | 36.5% | 35.7% | 35.7% | 35.7% | 35.7% | 35.7% | 35.7% | 35.7% | 35.7% | 14.3% | 14.3% | 14.3% | 14.3% | 14.3% | 14.3% | 14.3% |
| RG #2 - Plans I and J (Children and Families Comm.) | 19.7% | 18.4% | 16.8% | 16.0% | 14.4% | 14.2% | 14.3% | 14.3% | 14.3% | 14.3% | 14.3% | 14.3% | 14.3% | 14.3% | 14.3% | 14.3% | 14.3% | 14.3% | 14.3% | 14.3% |
| RG #2 - Plans O and P | 33.5% | 32.2% | 30.6% | 29.8% | 28.2% | 27.5% | 27.4% | 27.4% | 27.4% | 27.4% | 27.4% | 27.4% | 27.4% | 6.1% | 6.1% | 6.1% | 6.1% | 6.1% | 6.1% | 6.1% |
| RG #2 - Plan S | 40.0% | 38.7% | 37.1% | 36.3% | 34.7% | 34.0% | 34.0% | 34.0% | 34.0% | 33.9% | 33.9% | 33.9% | 33.9% | 12.6% | 12.6% | 12.6% | 12.6% | 12.6% | 12.6% | 12.6% |
| RG #2 - Plan T | 34.5% | 33.2% | 31.6% | 30.9% | 29.3% | 28.5% | 28.5% | 28.5% | 28.5% | 28.5% | 28.5% | 28.5% | 28.5% | 7.1% | 7.1% | 7.1% | 7.1% | 7.1% | 7.1% | 7.1% |
| RG #2 - Plan U (non-Children and Families Comm.) | 36.2% | 34.9% | 33.3% | 32.5% | 30.9% | 30.2% | 30.2% | 30.2% | 30.2% | 30.1% | 30.1% | 30.1% | 30.1% | 8.8% | 8.8% | 8.8% | 8.8% | 8.8% | 8.8% | 8.8% |
| RG #2 - Plan U (Children and Families Comm.) | 14.2% | 12.8% | 11.3% | 10.5% | 8.9% | 8.7% | 8.8% | 8.8% | 8.8% | 8.8% | 8.8% | 8.8% | 8.8% | 8.8% | 8.8% | 8.8% | 8.8% | 8.8% | 8.8% | 8.8% |
| RG #2 - Plan W | 35.9% | 34.6% | 33.0% | 32.3% | 30.7% | 29.9% | 29.9% | 29.9% | 29.9% | 29.9% | 29.9% | 29.9% | 29.9% | 8.5% | 8.5% | 8.5% | 8.5% | 8.5% | 8.5% | 8.5% |
| RG #2 - Plans I, J, O, P, S, T, U and W (County et al.) | 39.4% | 37.7% | 35.9% | 34.9% | 33.1% | 32.1% | 31.8% | 31.6% | 31.4% | 31.2% | 31.0% | 30.8% | 30.6% | 9.1% | 8.9% | 8.8% | 8.6% | 8.5% | 8.3% | 8.2% |
| RG #3 - Plans G and H | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% | 13.2% |
| RG #3 - Plan B | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% |
| RG #3 - Plan U | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% |
| RG #3 - Plans B, G, H and U (OCSD) | 11.9% | 11.8% | 11.6% | 11.5% | 11.4% | 11.2% | 11.1% | 11.0% | 10.9% | 10.8% | 10.7% | 10.7% | 10.6% | 10.5% | 10.5% | 10.4% | 10.3% | 10.3% | 10.2% | 10.2% |
| RG #5 - Plans A and B | 31.5% | 30.3% | 28.9% | 28.2% | 26.7% | 26.0% | 26.0% | 26.0% | 26.0% | 26.0% | 26.0% | 26.0% | 26.0% | 12.0% | 12.0% | 12.0% | 12.0% | 12.0% | 12.0% | 12.0% |
| RG #5 - Plan U | 31.1% | 29.9% | 28.5% | 27.8% | 26.3% | 25.6% | 25.6% | 25.6% | 25.6% | 25.6% | 25.6% | 25.6% | 25.6% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% |
| RG #5 - Plans A, B and U (OCTA) | 31.4% | 30.2% | 28.8% | 28.0% | 26.5% | 25.8% | 25.8% | 25.8% | 25.8% | 25.7% | 25.7% | 25.7% | 25.7% | 11.7% | 11.7% | 11.7% | 11.7% | 11.6% | 11.6% | 11.6% |
| RG #9 - Plans M and N | 14.6% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% |
| RG #9 - Plan U | 11.5% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% | 11.1% |
| RG #9 - Plans M, N and U (TCA) | 13.2% | 12.7% | 12.6% | 12.5% | 12.4% | 12.2% | 12.1% | 12.0% | 11.9% | 11.8% | 11.8% | 11.7% | 11.6% | 11.6% | 11.5% | 11.5% | 11.4% | 11.4% | 11.3% | 11.3% |
| RG #10 - Plans I and J | 28.8% | 27.5% | 26.0% | 25.3% | 23.8% | 23.1% | 23.1% | 23.0% | 14.8% | 14.8% | 14.8% | 14.8% | 14.8% | 14.8% | 14.8% | 14.8% | 14.8% | 14.8% | 14.8% | 14.8% |
| RG #10 - Plans M and N | 27.7% | 26.4% | 25.0% | 24.2% | 22.7% | 22.0% | 22.0% | 22.0% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% |
| RG #10 - Plan U | 24.1% | 22.8% | 21.3% | 20.6% | 19.1% | 18.4% | 18.4% | 18.3% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% | 10.1% |
| RG #10 - Plans I, J, M, N and U (OCFA) | 26.7% | 25.3% | 23.6% | 22.7% | 21.1% | 20.2% | 20.0% | 19.9% | 11.5% | 11.4% | 11.3% | 11.1% | 11.0% | 10.9% | 10.8% | 10.7% | 10.6% | 10.6% | 10.5% | 10.4% |
| RG #11 - Plans M and N, future service | 14.6% | 13.3% | 11.9% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% |
| RG #11 - Plan U | 15.3% | 14.0% | 12.5% | 12.3% | 12.3% | 12.3% | 12.3% | 12.3% | 12.3% | 12.3% | 12.3% | 12.3% | 12.3% | 12.3% | 12.3% | 12.3% | 12.3% | 12.3% | 12.3% | 12.3% |
| RG #11 - Plans M and N, future service, and U (Cemetery) | 14.8% | 13.6% | 12.2% | 11.9% | 11.9% | 12.0% | 12.0% | 12.0% | 12.0% | 12.0% | 12.1% | 12.1% | 12.1% | 12.1% | 12.1% | 12.1% | 12.1% | 12.2% | 12.2% | 12.2% |
| RG #12 - Plans G and H, future service | 14.4% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% | 14.2% |
| RG #12 - Plan U | 10.6% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% | 10.4% |
| RG #12 - Plans G and H, future service, and U (Law Library) | 13.7% | 12.9% | 12.6% | 12.3% | 12.0% | 11.9% | 11.7% | 11.6% | 11.4% | 11.3% | 11.2% | 11.1% | 11.0% | 10.9% | 10.9% | 10.8% | 10.7% | 10.7% | 10.6% | 10.6% |
| **Safety** | | | | | | | | | | | | | | | | | | | | |
| RG #6 - Plans E and F | 60.2% | 58.3% | 56.0% | 54.8% | 52.3% | 51.1% | 51.1% | 51.1% | 51.1% | 51.1% | 51.1% | 51.0% | 51.0% | 23.3% | 23.3% | 23.3% | 23.3% | 23.3% | 23.3% | 23.3% |
| RG #6 - Plan V | 53.7% | 51.9% | 49.6% | 48.4% | 45.9% | 44.7% | 44.6% | 44.6% | 44.6% | 44.6% | 44.6% | 44.6% | 44.6% | 16.8% | 16.8% | 16.8% | 16.8% | 16.8% | 16.8% | 16.8% |
| RG #6 - Plans E, F and V (Probation) | 59.7% | 57.7% | 55.2% | 53.9% | 51.2% | 49.8% | 49.6% | 49.4% | 49.1% | 48.8% | 48.5% | 48.2% | 47.8% | 19.7% | 19.2% | 18.8% | 18.5% | 18.1% | 17.8% | 17.6% |
| RG #7 - Plans E and F | 70.2% | 68.1% | 65.6% | 64.3% | 61.7% | 60.4% | 60.4% | 60.4% | 60.4% | 60.4% | 60.3% | 60.3% | 60.3% | 60.1% | 26.6% | 26.6% | 26.6% | 26.6% | 26.6% | 26.6% |
| RG #7 - Plans Q and R | 67.2% | 65.1% | 62.6% | 61.3% | 58.7% | 57.4% | 57.4% | 57.4% | 57.4% | 57.4% | 57.4% | 57.3% | 57.3% | 57.2% | 23.6% | 23.6% | 23.6% | 23.6% | 23.6% | 23.6% |
| RG #7 - Plan V | 62.1% | 60.0% | 57.5% | 56.2% | 53.6% | 52.3% | 52.3% | 52.3% | 52.3% | 52.2% | 52.2% | 52.2% | 52.2% | 52.0% | 18.5% | 18.5% | 18.5% | 18.5% | 18.5% | 18.5% |
| RG #7 - Plans E, F, Q, R and V (Law Enforcement) | 67.6% | 65.1% | 62.2% | 60.6% | 57.7% | 56.1% | 55.8% | 55.5% | 55.3% | 55.0% | 54.8% | 54.5% | 54.3% | 53.9% | 20.2% | 20.0% | 19.8% | 19.6% | 19.5% | 19.3% |
| RG #8 - Plans E and F | 51.3% | 49.2% | 47.0% | 45.9% | 43.5% | 42.4% | 42.4% | 42.4% | 42.4% | 42.4% | 42.4% | 27.5% | 27.5% | 27.5% | 27.5% | 27.5% | 27.5% | 27.5% | 27.5% | 27.5% |
| RG #8 - Plans Q and R | 49.6% | 47.5% | 45.3% | 44.1% | 41.8% | 40.7% | 40.7% | 40.7% | 40.7% | 40.7% | 40.7% | 25.8% | 25.8% | 25.8% | 25.8% | 25.8% | 25.8% | 25.8% | 25.8% | 25.8% |
| RG #8 - Plan V | 39.5% | 37.4% | 35.2% | 34.0% | 31.7% | 30.6% | 30.6% | 30.6% | 30.6% | 30.6% | 30.6% | 15.7% | 15.7% | 15.7% | 15.7% | 15.7% | 15.7% | 15.7% | 15.7% | 15.7% |
| RG #8 - Plans E, F, Q, R and V (OCFA) | 48.7% | 46.2% | 43.6% | 42.1% | 39.1% | 37.5% | 37.1% | 36.7% | 36.3% | 35.9% | 35.6% | 20.2% | 19.8% | 19.3% | 18.9% | 18.5% | 18.1% | 17.7% | 17.4% | 17.1% |

Rates shown above have <u>not</u> been adjusted for employers with future service only benefit enhancement in Rate Group #2 (i.e., Orange County Employees Retirement System).

# Memorandum

**DATE**: July 20, 2020

**TO**: Members, Board of Retirement

**FROM**: Steve Delaney, Chief Executive Officer

**SUBJECT**: **SENSITIVITY ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE INFLATION AND INVESTMENT RETURN ASSUMPTIONS**

## Presentation

## Background/Discussion

In August 2016, as part of the OCERS Board's renewal of the Segal contract for actuarial services, it was agreed Segal would provide up to four sensitivity analyses of alternative economic actuarial assumptions as part of each annual actuarial valuation process. The sensitivity analyses are provided on an aggregate basis for OCERS as a whole rather than on an individual rate group basis. Each year Segal first discusses with the Board options of sensitivity analysis that could be performed to meet this contractual requirement. That occurred at the Board's meeting this past month.

On July 20 Segal will return to review the attached results of their analysis of the alternative economic assumptions.

**Submitted by:**

**SD - Approved**

Steve Delaney
Chief Executive Officer

# Memorandum

**DATE**: July 20, 2020

**TO**: Members of the Board of Retirement

**FROM**: Steve Delaney, Chief Executive Officer

**SUBJECT**: **ACTUARIAL RISK ASSESSMENT BASED ON THE DECEMBER 31, 2019 ACTUARIAL VALUATION**

## Presentation

## Background/Discussion

Actuarial Standard of Practice (ASOP) No. 51 regarding risk assessment requires actuaries to identify risks that "may reasonably be anticipated to significantly affect the plan's future financial condition".

Segal will review the attached copy of the risk assessment report on July 20th.

**Submitted by:**

**SD - Approved**

Steve Delaney
Chief Executive Officer

## Orange County Employees Retirement System

# Risk Assessment

## Based on the Actuarial Valuation and Review as of December 31, 2019

**July 9, 2020**

**Paul Angelo, FSA, MAAA, FCA, EA**
**Andy Yeung, ASA, MAAA, FCA, EA**
**Todd Tauzer, FSA, MAAA, FCA, CERA**



Segal

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# Section 1: Introduction and Executive Summary

## Introduction

The purpose of this report is to assist the Board of Retirement,[1] participating employers and members and other stakeholders to better understand and assess the risk profile of the System, as well as the particular risks inherent in using a fixed set of actuarial assumptions in preparing the results in our December 31, 2019 funding valuation for Orange County Employees Retirement System (OCERS).

The results included in our December 31, 2019 funding valuation report for the Plan were prepared based on a specific set of economic and non-economic actuarial assumptions under the premise that future experience of OCERS would be consistent with those assumptions. While those assumptions are generally reviewed every three years (with the assumptions from the last triennial experience study adopted by the Board of Retirement for use starting with the December 31, 2017 valuation),[2] there is a risk that emerging results may differ significantly as actual experience is fluid and will not completely track current assumptions.

It is important to note that this risk assessment is based on plan assets as of December 31, 2019. Due to the COVID-19 pandemic, market conditions have changed significantly since the valuation date. The Plan's actuarial status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the Plan Year. While it is impossible to determine how the market will perform over the next several months, and how that will affect the results of next year's valuation, the single year investment return scenario test included within this report provides an illustration of the impact of short term market fluctuations on the plan. Additionally, Segal is available to prepare other projections of selected potential outcome scenarios upon request.

## Actuarial Standard of Practice on Risk Assessment

The Actuarial Standards Board approved the Actuarial Standard of Practice No. 51 (ASOP 51) regarding risk assessment when performing a funding valuation and it was effective with OCERS' December 31, 2018 actuarial valuation for benefits provided by the Plan. ASOP 51 requires actuaries to identify and assess risks that "may reasonably be anticipated to significantly affect the plan's future financial condition." Examples of key risks listed that are particularly relevant to

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[1] This risk report has been prepared at the request of the Board of Retirement to assist in administering the Plan. This risk report may not otherwise be copied or reproduced in any form without the consent of the Board of Retirement and may only be provided to other parties in its entirety, unless expressly authorized by Segal. The measurements shown in this risk report may not be applicable for other purposes.

[2] The next triennial experience study is currently in progress and the assumptions approved by the Board will be used in the December 31, 2020 actuarial valuation

OCERS are asset/liability mismatch risk, investment risk, and longevity and other demographic risks. ASOP 51 also requires an actuary to consider if there is any ongoing contribution risk to the plan; however, it does not require the actuary to evaluate the particular ability or willingness of contributing entities to make contributions when due, nor does it require the actuary to assess the likelihood or consequences of future changes in applicable law.

The actuary's initial assessment can be strictly a qualitative discussion about potential adverse experience and the possible effect on future results, but it may also include quantitative numerical demonstrations where informative. The actuary is also encouraged to consider a recommendation as to whether a more detailed risk assessment would be significantly beneficial for the intended user in order to examine particular financial risks. When making that recommendation, the actuary will take into account such factors as the plan's design, risk profile, maturity, size, funded status, asset allocation, cash flow, possible insolvency and current market conditions. This report incorporates a more detailed risk assessment as agreed upon with OCERS.

## Plan Risk Assessment

In Section 2, we start by discussing some of the historical factors that have caused changes in OCERS' funded status and employer contribution rates. It is important to understand how the combination of decisions and experience has led to the current financial status of the plan.

We follow this with a discussion of the most significant risk factors going forward. Even though we have not included a numerical analysis of all the risk factors, based on our discussions with OCERS we have illustrated the impact on the funded status and employer contribution rates using relevant economic scenario tests. These tests illustrate the effect of future investment returns on the portfolio coming in differently from the current 7.00% annual investment return assumption used in the December 31, 2019 valuation. ASOP 51 also requires disclosure of plan maturity measures and other historical information that are significant to understanding the risks associated with the Plan and this information is included in this report.

# Executive Summary

## Historical Funded Status and Employer Contribution Rates

The following table provides a summary of financial changes to the Plan over the last 10 valuations. The unfunded actuarial accrued liability (UAAL)[3] and contribution rates[4] increased primarily as a result of the strengthening of the actuarial assumptions used in preparing the valuations and unfavorable investment experience that were offset to some degree by favorable non-investment experience.

| | Market Value Basis | | Valuation Value Basis | | Total (Aggregate) Employer Contribution Rate (% of Payroll) |
|---|---|---|---|---|---|
| Valuation Date | Funded Status | UAAL | Funded Status | UAAL | |
| December 31, 2010 | 67.3% | $4,068.0 M | 69.8% | $3,753.3 M | 31.01% |
| December 31, 2019 | 75.4% | $5,400.7 M | 73.2% | $5,879.9 M | 41.49% |

## Future Funded Status and Employer Contribution Rates

In this report, we highlight key factors besides assumption changes that may affect the financial profile of the Plan going forward. As investment experience in the past 10 years has had a significant impact on the funded status and employer contribution rates, we have also provided deterministic projections (using select scenarios for illustration) under hypothetical favorable and unfavorable future market experience so that the impact of market performance can be better understood.

The total (aggregate) employer contribution rate for the plan is 41.49% of total payroll in the December 31, 2019 valuation.

Using a deterministic projection, this report shows the effect of either unfavorable (0.00%) or favorable (14.00%) hypothetical market returns for 2020 on key valuation results. In particular, the changes in the total employer contribution rate (relative to the December 31, 2019 valuation aggregate employer contribution rate of 41.49%) in the December 31, 2020 valuation and in the December 31, 2024 valuation (when all the investment gains or losses are fully recognized at the end of the five-year asset smoothing period) are as shown in the following table:

[3] For example, the UAAL increased by $935 million and $854 million in the December 31, 2012 and December 31, 2017 valuations, respectively, as a result of the two immediately preceding experience studies.

[4] For example, the increase in the employer's total rate (normal cost plus UAAL) was 4.63% in the December 31, 2012 valuation and 4.81% in the December 31, 2017 valuation, as a result of the two immediately preceding experience studies.

| | 2020 Single Plan-Year Investment Return | | |
|---|---|---|---|
| **Contribution Rate Change** | **0.00%** | **7.00% (Baseline)** | **14.00%** |
| December 31, 2020 | 0.0% of payroll | -0.8% of payroll | -1.7% of payroll |
| December 31, 2024 | 1.6% of payroll | -3.0% of payroll | -7.6% of payroll |

Under the favorable (14.00%) hypothetical market return scenario for 2020, the System would be expected to reach full funding by December 31, 2032 and the total employer contribution rate would be comprised of only normal cost contributions. Furthermore, under all three hypothetical market return scenarios for 2020, the System would be expected to reach full funding within 20 years and the total employer contribution rate would be expected to approach about 11% of payroll.[5] This means that the Board's funding policy is very effective in achieving the general policy goal of providing for the long-term full funding of the costs of the benefits paid by OCERS.

## Plan Maturity Measures

During the past 10 valuations, the System has become more mature as evidenced by an increase in the ratio of members in pay status (retirees and beneficiaries) to active members (as shown in *Section 2, Chart 8 on page 22)* and by an increase in the ratios of plan assets and liabilities to active member payroll (as shown in *Section 2, Chart 9 on page 23* and *Chart 10 on page 24,* respectively*)*. We expect these trends to continue going forward. This is significant for understanding the volatility of both historical and future employer contribution rates because any increase in UAAL due to unfavorable investment and non-investment experience for the relatively larger group of non-active members would have to be amortized and funded over the payroll of the relatively smaller group of only active members. Put another way, as a plan grows more mature, its contribution rate becomes more sensitive to investment volatility and liability changes. As OCERS continues to mature with time, its risk profile will continue to evolve in this way and contributions will grow more sensitive to plan experience.

[5] Assuming no further assumption changes, method changes or experience that differs significantly from assumptions.

# Section 2: Key Plan Risks on Funded Status, Unfunded Actuarial Accrued Liabilities, and Employer Contribution Rates

## Evaluation of Historical Trends

### Funded Status and Change in Unfunded Actuarial Accrued Liabilities

One common measure of OCERS' financial status is the funded ratio. This ratio compares the valuation[6] and market value of assets to the actuarial accrued liabilities (AAL)[7] of OCERS. The overall level of funding of OCERS has only slightly increased as a result of strengthening of the economic and non-economic assumptions especially in the two triennial experience studies recommending assumptions used in the December 31, 2012 and 2017 valuations. Unfavorable investment experience also had an impact. The funded ratios and UAAL for the past 10 valuations from December 31, 2010 to 2019 measured using both valuation and market value of assets are provided in *Chart 1*.

The factors that caused the changes in the UAAL for the past 10 valuations from December 31, 2010 to 2019 are specified in *Chart 2*. The results in Chart 2 reflect the changes in the investment return assumption from 7.75% to 7.25% in the December 31, 2012 valuation and from 7.25% to 7.00% in the December 31, 2017 valuation. These reductions together with the changes in the mortality tables and other assumptions from the two triennial experience studies recommending assumptions used in the December 31, 2012 and 2017 valuations have had by far the most impact on the UAAL for OCERS[8] followed by the unfavorable investment experience during 2010 to 2019.

*Chart 2* also shows that the unfavorable investment experience was offset to some extent by favorable non-investment experience. The non-investment experience includes smaller salary increases received by active members and smaller cost-of-living-adjustment (COLA) increases received by retirees and beneficiaries than those expected under the actuarial assumptions. The non-investment experience also includes the scheduled delay in implementing the contribution rates determined in the annual valuation.

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[6] The valuation value of assets is equal to the market value of assets excluding unrecognized returns from the last few years and any non-valuation reserves. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period.

[7] For the actives, the actuarial accrued liability is the value of the accumulated normal costs allocated to the years before the valuation date. For the pensioners, beneficiaries and inactive vested members, the actuarial accrued liability is the single-sum present value of the lifetime benefit expected to be paid to those members.

[8] For instance, the UAAL increased by $935 million and $854 million in the December 31, 2012 and December 31, 2017 valuations, respectively, as a result of the two immediately preceding experience studies.

It is important to note that OCERS has taken significant strides in risk management and resulting long-term plan sustainability. This includes strengthening of assumptions, particularly the expected return discount rate, and adopting a funding policy that eliminates negative amortization and promotes intergenerational equity. These changes may result in higher contributions in the short term, but in the medium to longer term avoid both deferring contributions and allowing unmanaged growth in the unfunded liability. We believe these actions are essential for OCERS' fiscal health going forward.

*Chart 1*

## Funded Ratio (Percentages) and Dollar UAAL ($ Millions) in December 31, 2010 to 2019 Valuations

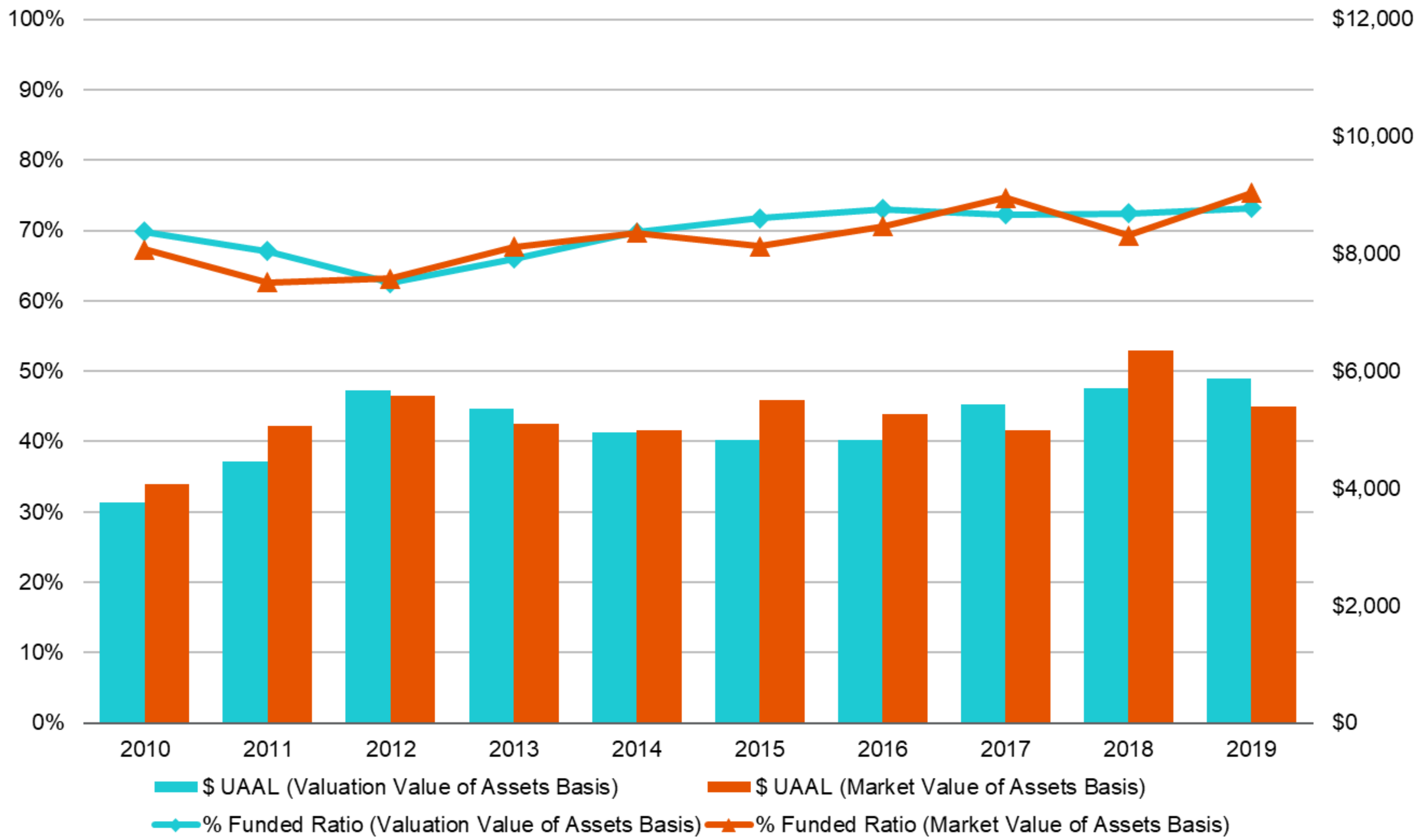
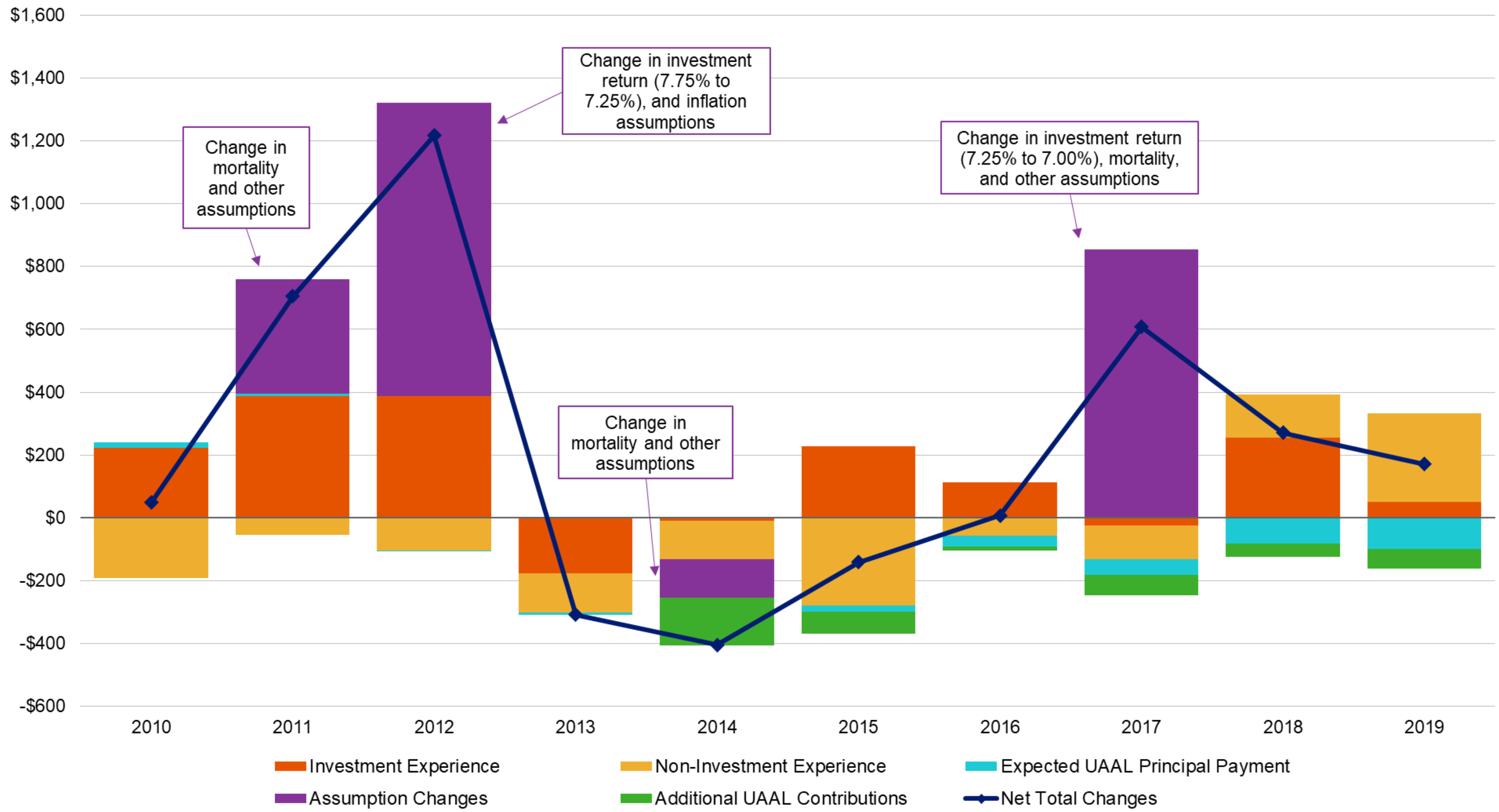


*Chart 2*

## Factors that Changed UAAL in December 31, 2010 to 2019 Valuations ($ Millions)




**Note:** The primary source of investment losses shown starting in the December 31, 2010 valuation is the 2008 market decline (“the Great Recession”), which was recognized in the valuation value of assets over five years.

## Employer Contribution Rates

The total (normal cost[9] plus UAAL payment) employer contribution rates determined in the December 31, 2010 to 2019 valuations are provided in *Chart 3* and the factors that caused the changes in the total aggregate employer rates[10] are provided in *Chart 4*.

Except for the increase caused by using new actuarial assumptions in the December 31, 2012 valuation, the employer's aggregate normal cost rates in Chart 3 have stayed relatively flat during the last 10 years. The changes to the employer's aggregate normal cost rates from assumption changes were offset to some degree by the plan changes under the Public Employees' Pension Reform Act of 2013 (PEPRA) as new members have been enrolled in the lower cost PEPRA benefit tiers starting on January 1, 2013.

*Chart 4* shows that the changes in the investment return, mortality tables inflation and other assumptions from the two triennial experience studies performed before those two valuations have had by far the most impact on increasing the UAAL contribution rates[11] for the employers. The next greatest impact was from the unfavorable investment experience in 2008, that was recognized from 2009 to 2012 under OCERS' asset smoothing policy.

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[9] The normal cost is the amount of contributions required to fund the portion of the level cost of the member's projected retirement benefit that is allocated to the current year of service.

[10] There are separate contribution rates determined in the valuation for the General and Safety membership groups and for the different benefit tiers and employers. The aggregate contribution rates have been calculated based on an average of those rates weighted by the payrolls of the active members reported in those valuations.

[11] For instance, the increase in the employer's total rate (normal cost plus UAAL) was 4.63% in the December 31, 2012 valuation and 4.81% in the December 31, 2017 valuation, as a result of the two experience studies.

*Chart 3*

## Employer Contribution Rates in December 31, 2010 to 2019 Valuations
## (% of Payroll)

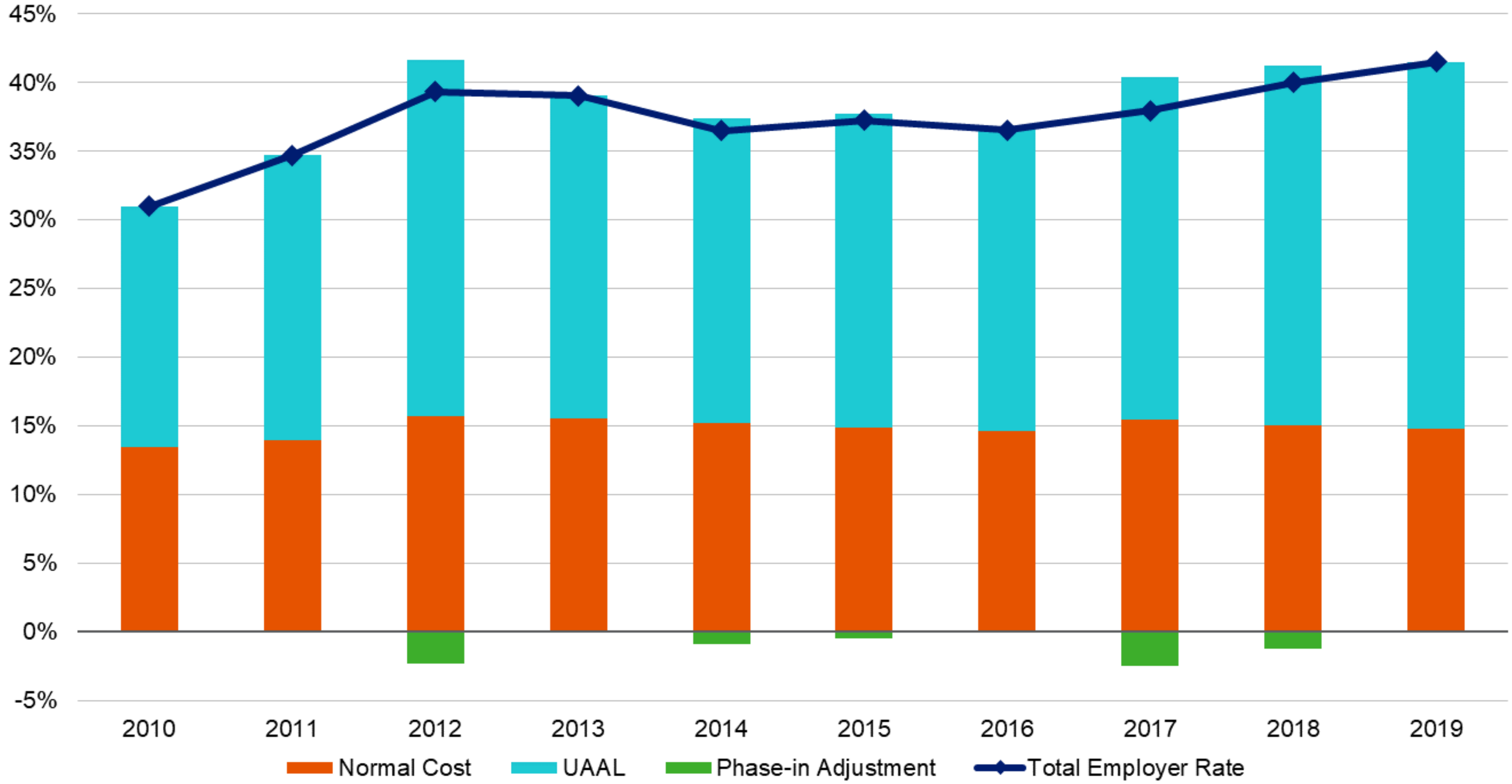
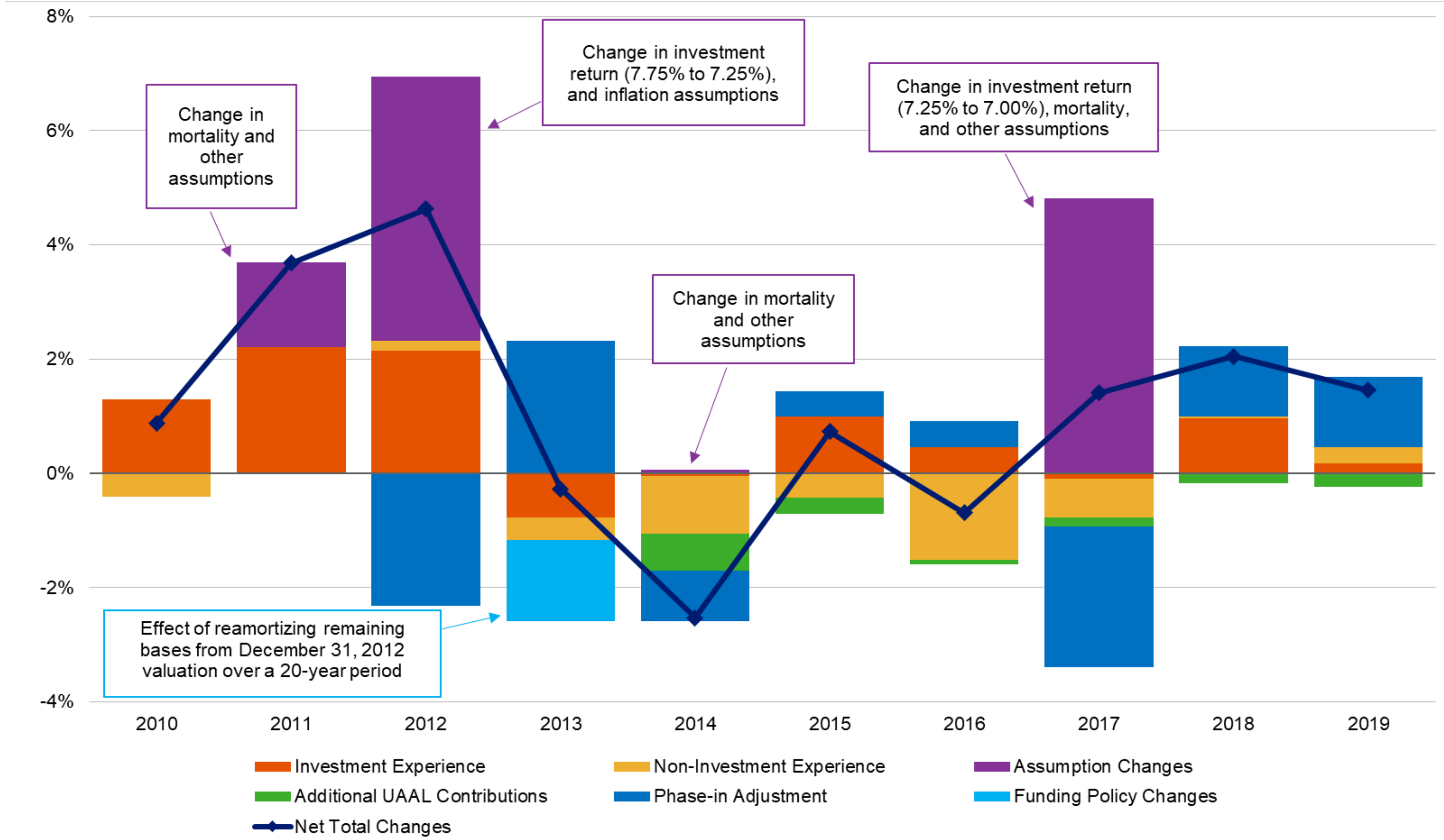


*Chart 4*

## Factors that Affected Employer Contribution Rates in December 31, 2010 to 2019 Valuations (% of Payroll)




**Note:** The primary source of investment losses shown starting in the December 31, 2010 valuation is the 2008 market decline ("the Great Recession"), which was recognized in the valuation value of assets over five years.

## Assessment of Primary Risk Factors Going Forward

As discussed in the Evaluation of Historical Trends section, in the 2010 to 2019 valuations the funded ratios and the employer contribution rates have changed mainly as a result of changes in actuarial assumptions, investment experience, and non-investment experience.

In general, we anticipate the following risk factors to have an ongoing influence on those financial metrics in our future valuations:

- Asset/liability mismatch risk – the potential that future plan experience does not affect asset and liability values in the same way, causing them to diverge.

  The most significant asset/liability mismatch risk to OCERS is investment risk, as defined below. In fact, investment risk has the potential to impact asset/liability mismatch in two ways. The first mismatch is evident in annual valuations: when asset values deviate from assumptions, those changes are essentially independent from liability changes. The second mismatch can be caused when systemic asset deviations from assumptions may signal the need for an assumption change, which causes liability values and contribution rates to move in the opposite direction from the experience of the asset values.

  Asset/liability mismatch can also be caused by longevity and other demographic assumption risks, which affect liabilities but have no impact on asset levels. These risks are also discussed below.

  It may be informative to use the asset volatility and liability volatility ratios and associated contribution rate impacts provided in the following Plan Maturity Measures section when discussing with the employers the effect of unfavorable or favorable actuarial experience on the assets and the liabilities of OCERS.

- Investment risk – the potential that future market returns will be different from the current expected 7.00% annual return assumption.

  The investment return assumption is a long-term, deterministic assumption for valuation purposes even though in reality market experience can be quite volatile in any given year. We have included deterministic scenario tests later in this section so that OCERS can better understand the risk associated with earning either less or more than the assumed rate.

  Also, the Board has a policy of reviewing the investment return and the other actuarial assumptions generally every three years, with the next triennial experience study (recommending assumptions for the December 31, 2020 actuarial valuations) currently in progress.

- Longevity and other demographic risks – the potential that mortality or other demographic experience will be different than expected.

  Changes to the mortality tables were the most significant change to the non-economic assumptions in the last experience study. As can be observed from *Charts 2 and 4*, there has been relatively small impact on the UAAL and employer contribution rates due to non-investment related experience relative to that assumed in the last 10 valuations. However, in the last triennial experience study recommending assumptions for the December 31, 2017 valuation, we alerted the Board that it should consider a new benefit weighted mortality basis when choosing the next mortality table, pending the availability of mortality experience from the Society of Actuaries (SOA) that includes data from public sector retirement plans.[12] In January 2019, the SOA published the public sector mortality tables. While it is premature to estimate the impact of applying those new mortality tables on employer and employee contribution rates until we perform the next triennial experience study recommending assumptions for the December 31, 2020 valuation, the Board should still be aware that there may be some increase in liabilities and contribution rates particularly for the General members.

- Contribution risk – the potential that actual future contributions will be different from expected future contributions.

  ASOP 51 does not require the actuary to evaluate the particular ability or willingness of the plan sponsor or other contributing entity to make contributions to the plan when due. However, it does require the actuary to consider the potential for and impact of actual contributions deviating from expected in the future. OCERS' employers have a well-established practice of making the ADC determined in the annual actuarial valuations, based on the Board of Retirement's Actuarial Funding Policy. As a result, in practice OCERS has essentially no contribution risk.

  Furthermore, when ADCs determined in accordance with the OCERS Actuarial Funding Policy are made in the future by the employers (and contributions required by the statute are made by the employees), it is anticipated that the System would have enough assets to provide all future benefits promised to the current members enrolled in the System, if all of the actuarial assumptions used in the valuation are met.

The ASOP also lists interest rate risk as an example of a potential risk to consider. However, the valuations of your plan's liabilities are not linked directly to market interest rates so the resulting interest rate risk exposure is minimal.

## Scenario Tests: Deterministic Projections

Since the funded ratio, UAAL and the employer contribution rates have fluctuated as a result of deviation in investment experience in the last 10 valuations, we have examined the risk for OCERS associated with earning either lower or higher than the assumed rate of 7.00% in future valuations using projections under a deterministic approach.

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[12] We note that a similar recommendation to use benefit weighted mortality tables was made OCERS' actuarial auditor in 2018.

To measure such risk, we have included scenario tests to study the change in the UAAL and contribution rates if OCERS were to earn a market return lower or higher than 7.00% in the next year following the December 31, 2019 valuations. In *Charts 5, 6* and *7*, we show the aggregate employer contribution rates, funded ratios, and UAAL respectively assuming that the System's portfolio market return in 2020 will be as follows:

Scenario 1: 0.00%,
Scenario 2: 7.00% (baseline)
Scenario 3: 14.00%.

The following table summarizes the resulting contribution changes (relative to the December 31, 2019 valuation aggregate employer contribution rate of 41.49%) in the next valuation (i.e., December 31, 2020) as well as in the December 31, 2024 valuation when all of the investment gains and losses are fully recognized in the (smoothed) valuation value of assets.

| | **2020 Single Plan-Year Investment Return** | | |
|---|---|---|---|
| **Contribution Rate Change** | **0.00%** | **7.00% (Baseline)** | **14.00%** |
| December 31, 2020 | 0.0% of payroll | -0.8% of payroll | -1.7% of payroll |
| December 31, 2024 | 1.6% of payroll | -3.0% of payroll | -7.6% of payroll |

Under the favorable (14.00%) hypothetical market return scenario for 2020, the System would be expected to completely pay off the unfunded liability and reach full funding by December 31, 2032. At that time the total employer contribution rate would be comprised of only normal cost contributions. Furthermore, under all three hypothetical market return scenarios for 2020, the System would be expected to reach full funding within 20 years and the total employer contribution rate would be expected to approach about 11% of payroll.[13] This means that the Board's funding policy is very effective in achieving the general policy goal of achieving the long-term full funding of the costs of the benefits paid by OCERS.

While we have not assigned a probability on the 2020 market return coming in at these rates, the Board and other stakeholders monitoring OCERS should still be able to interpolate in order to estimate the funded status and employer contribution rates for the December 31, 2020 and next several valuations as the actual investment experience for the 2020 year becomes available throughout the year. Additionally, comparable experience in upcoming future years is likely to have a similar impact on the System absent any significant plan or assumption changes.

[13] Assuming no further assumption changes, method changes or experience that differs significantly from assumptions.

*Chart 5*

## Projected Employer Contribution Rates Under Three Hypothetical Market Return Scenarios for 2020 (% of Payroll)

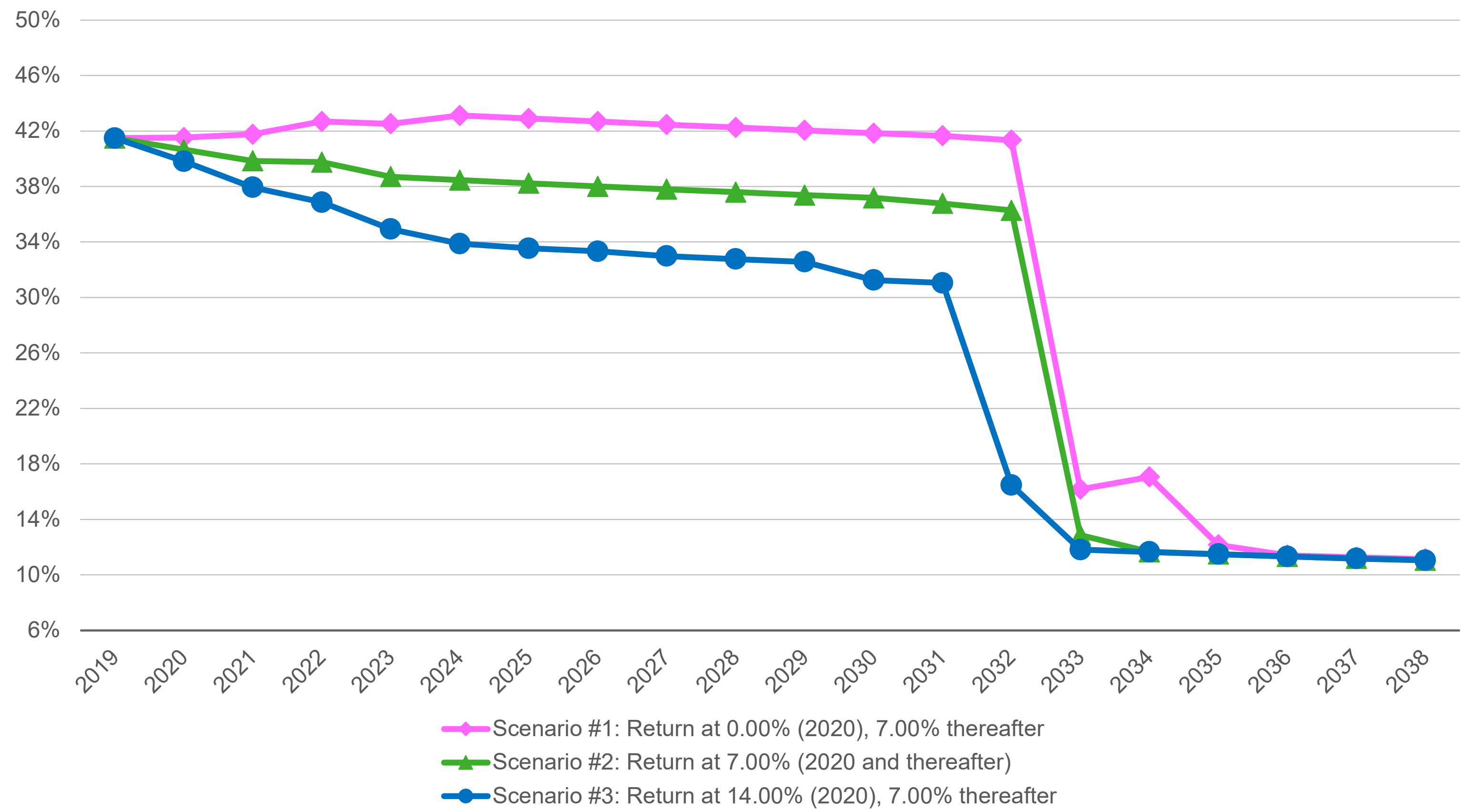


*Chart 6*

## Projected Funded Ratios (on Valuation Value of Assets Basis) Under Three Hypothetical Market Return Scenarios for 2020

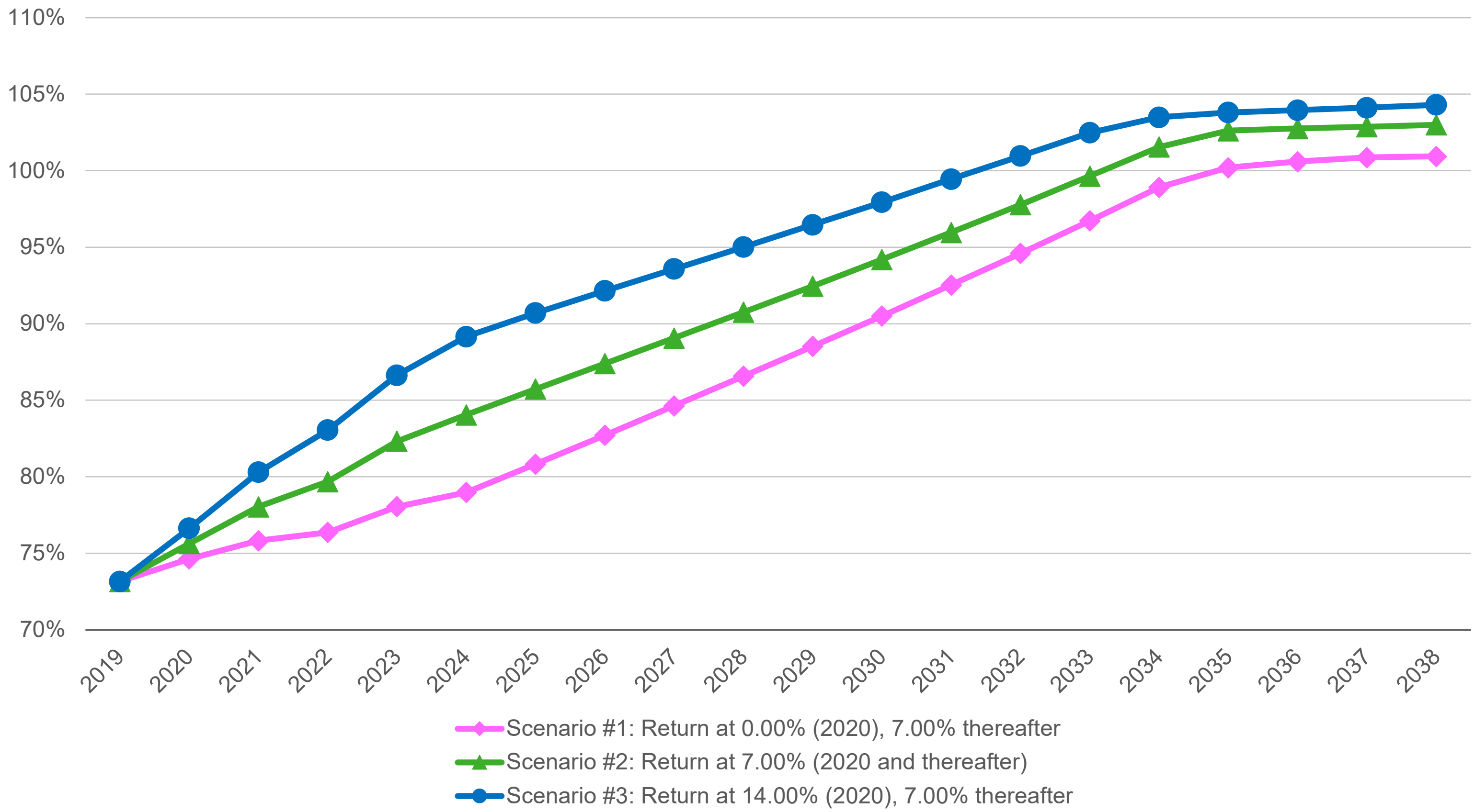
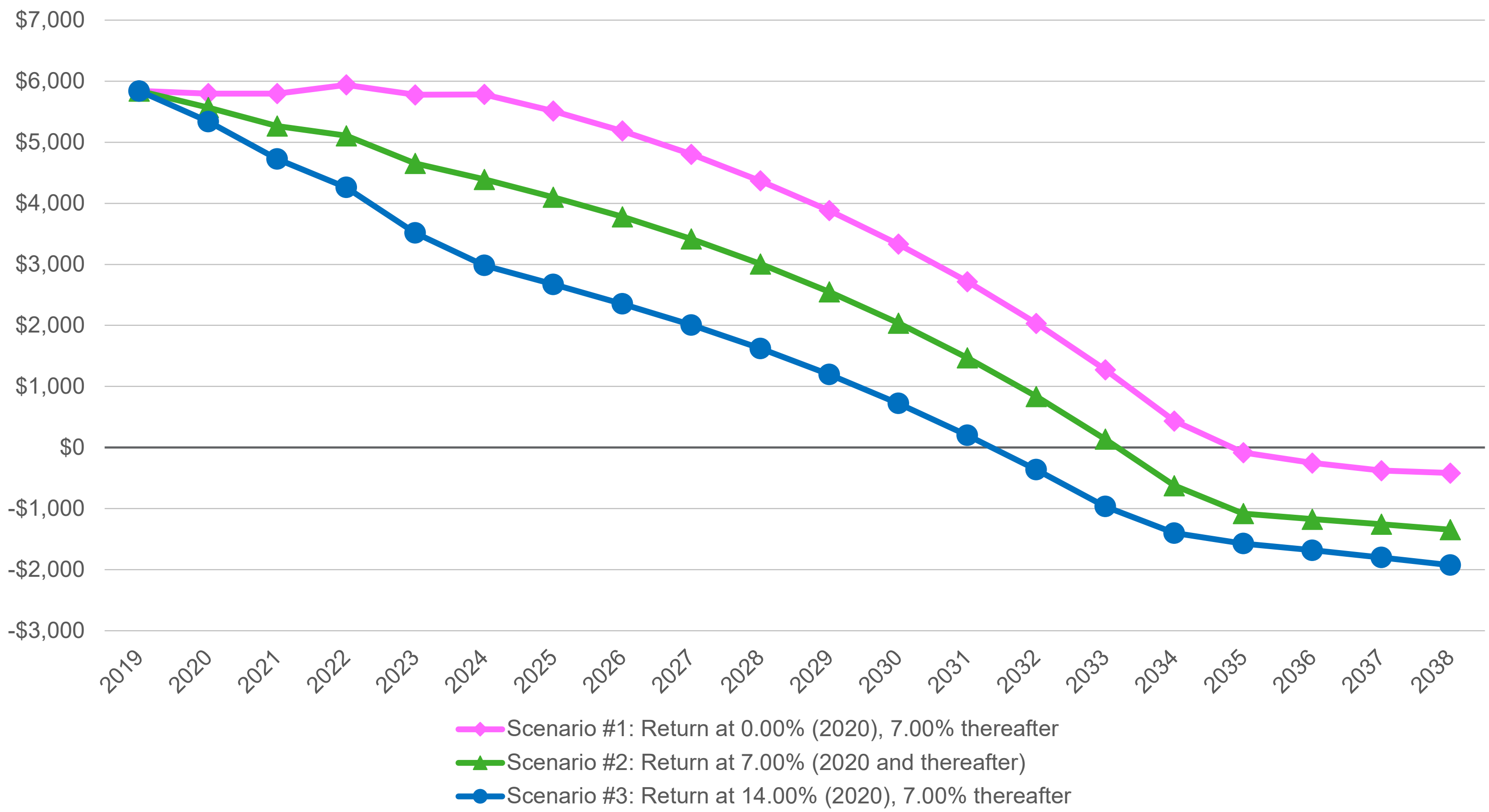


*Chart 7*

## Projected UAAL (on Valuation Value of Assets Basis) Under Three Hypothetical Market Return Scenarios for 2020 ($ Millions)



## Plan Maturity Measures that Affect Primary Risks

The annual actuarial valuation considers the number and demographic characteristics of covered members, including active members and non-active members (inactive vested, retirees and beneficiaries). In the past 10 valuations from December 31, 2010 to 2019, OCERS has become more mature, indicated by the continued increase in the ratio of non-active to active members covered by the System as shown in *Chart 8*. The Chart also shows the ratio of members in pay status (retirees and beneficiaries) to active members. This ratio excludes the inactive vested members who have relatively smaller liabilities. The increase in the ratios is significant because any increase in UAAL due to unfavorable future investment and non-investment experience for a plan with a relatively larger group of non-active members would have to be amortized and funded using the payroll of a relatively smaller group of active members.

Besides the ratio of members in pay status to active members, another indicator of a more mature plan is relatively large amounts of assets and/or liabilities compared to active member payroll, which leads to increasing volatility in the level of required contributions. The **Asset Volatility Ratio (AVR)**, which is equal to the market value of assets divided by total payroll, provides an indication of contribution sensitivity to changes in the current level of assets and is detailed in *Chart 9*. The **Liability Volatility Ratio (LVR)**, which is equal to the actuarial accrued liability divided by payroll, provides an indication of the contribution sensitivity to changes in the current level of liability and is detailed in *Chart 10*. Over time, the AVR should approach the LVR because when a plan is fully funded the assets will equal the liabilities. As such, the LVR also indicates the long-term contribution sensitivity to the asset volatility, as the plan approaches full funding.

In particular, OCERS' AVR was 8.5 as of December 31, 2019. This means that a 1% asset gain or loss in 2020 (relative to the assumed investment return) would amount to 8.5% of one year's payroll. Similarly, OCERS' LVR was 11.2 as of December 31, 2019, so a 1% liability gain or loss in 2020 would amount to 11.2% of one year's payroll.[14] Based on OCERS' policy to amortize actuarial experience over a period of 20 years, there would be a 0.6% of payroll decrease or increase in the required contribution rate for each 1% asset gain or loss, respectively, and a 0.8% of payroll decrease or increase in the required contribution rate for each 1% liability gain or loss, respectively.

It is also informative to note that the AVR and LVR for OCERS' Safety groups are higher than for the General groups. This means that both investment volatility and assumption changes will have a greater impact on the contribution rates of Safety groups than General groups. This is illustrated in the following table:

[14] The 8.5 and 11.2 are the AVR and LVR, respectively, for the entire System. There are considerable differences in those ratios for the General and Safety membership groups.

| | December 31, 2019 | | | |
|---|---|---|---|---|
| **Employee Group** | **AVR** | **10% Investment Loss Compares to** | **LVR** | **10% Liability Change Compares to** |
| General | 7.5 | 75% of payroll | 9.9 | 99% of payroll |
| Safety | 11.5 | 115% of payroll | 15.3 | 153% of payroll |
| Combined | 8.5 | 85% of payroll | 11.2 | 112% of payroll |

*Chart 8*

## Ratios of Members in Pay-Status (Retirees and Beneficiaries) to Active Members & Non-Active Members (Inactive Vested, Retirees and Beneficiaries) to Active Members in December 31, 2010 to 2019 Valuations

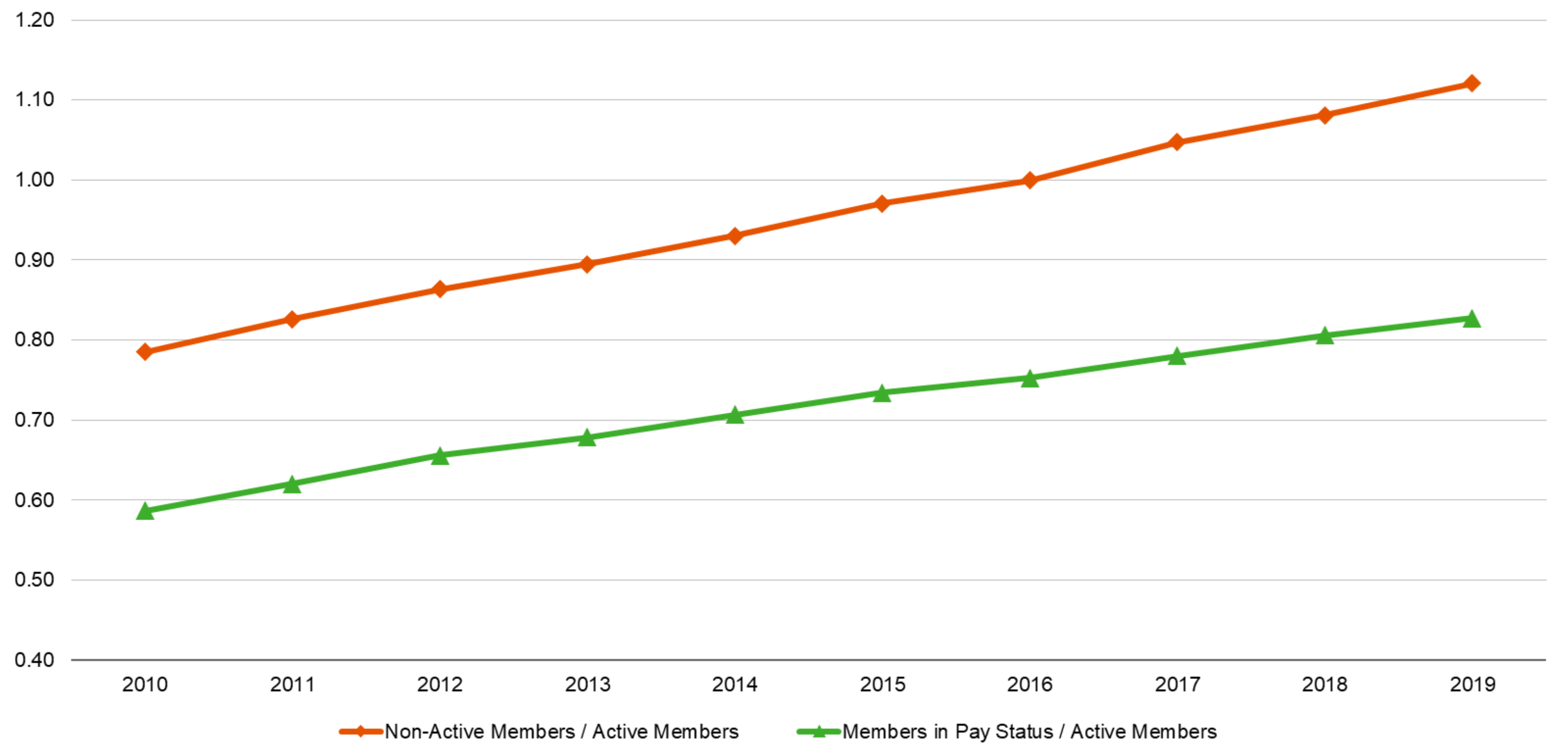


*Chart 9*

## Asset Volatility Ratios in December 31, 2010 to 2019 Valuations

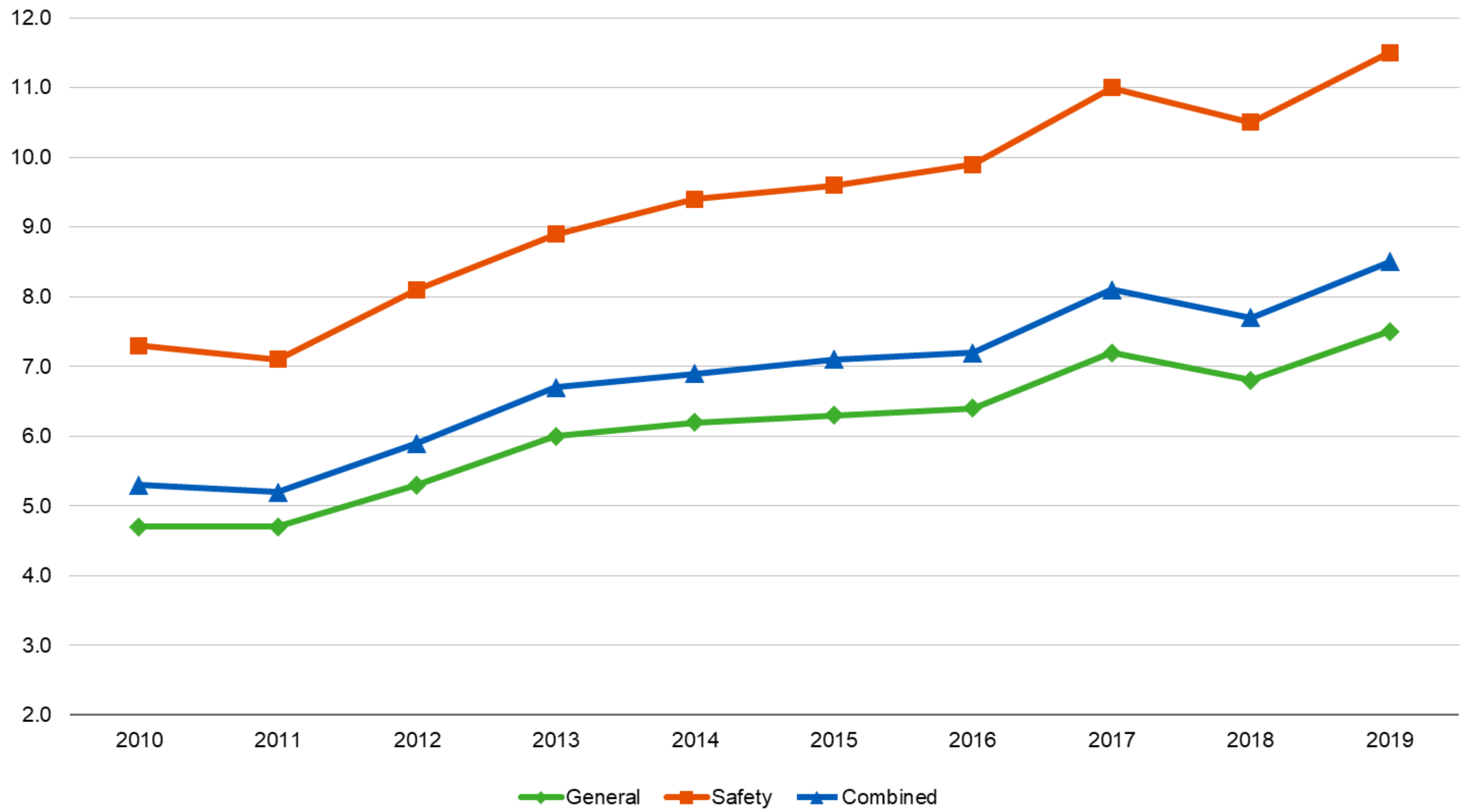
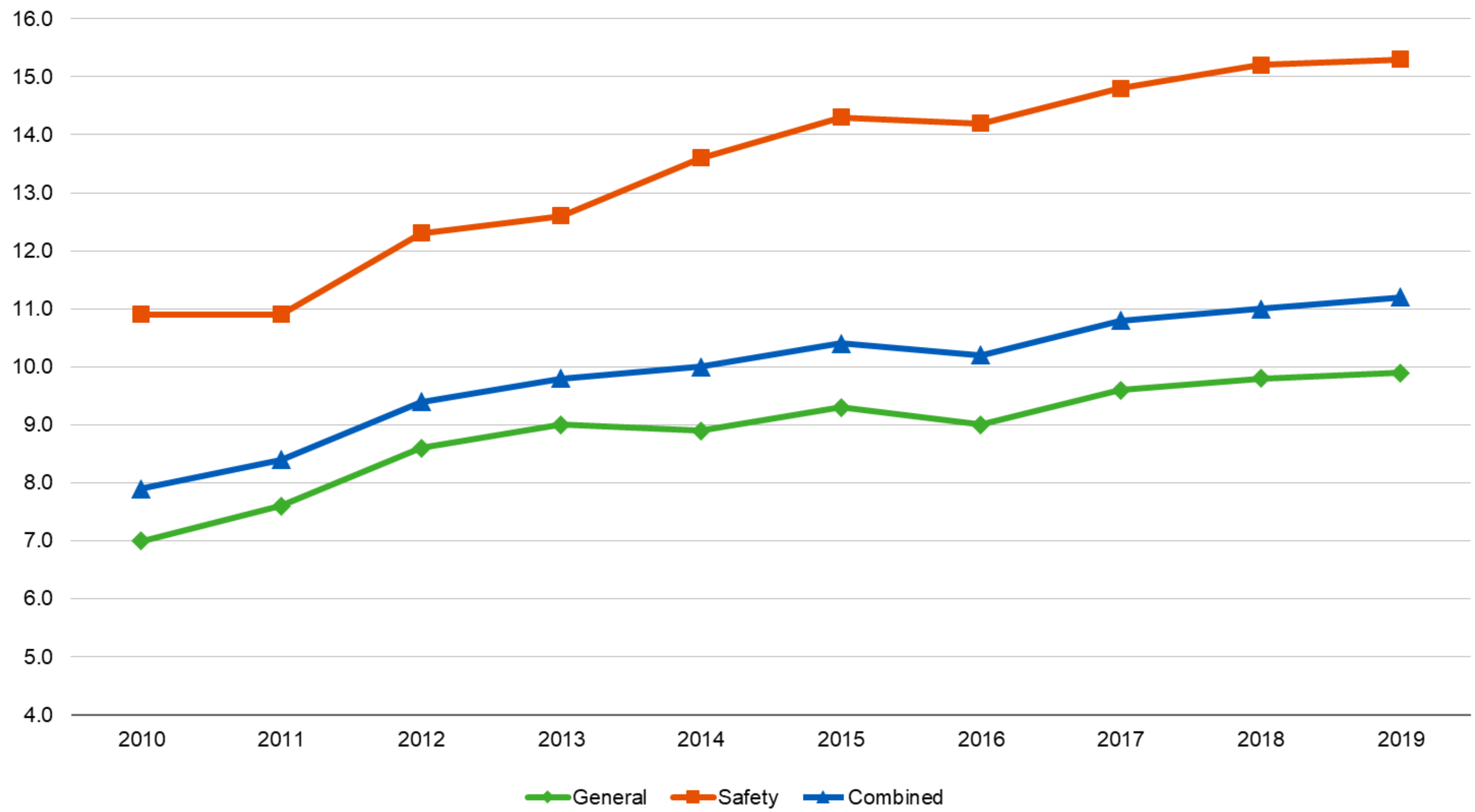


*Chart 10*

## Liability Volatility Ratios in December 31, 2010 to 2019 Valuations



# Appendix: Actuarial Assumptions & Methods, Actuarial Certification, and Detailed Scenario Test Results

## A: Actuarial Assumptions & Methods

Unless otherwise noted, the results included in this report have been prepared based on the assumptions and methods used in preparing the December 31, 2019 valuation.

### Deterministic Projection

In addition, we have prepared the deterministic projection using the following assumptions and methods applied in the December 31, 2019 actuarial valuation:

- Non-economic assumptions will remain unchanged.
- Retirement benefit formulas will remain unchanged.
- 1937 Act and PEPRA statutes will remain unchanged.
- UAAL amortization method will remain unchanged (i.e., 20-year layers and level percent of pay).
- Economic assumptions will remain unchanged, including the annual 7.00% investment earnings and 3.25% active payroll growth assumptions.
- Deferred investment gains and losses will be recognized over a five-year period.
- All other actuarial assumptions used in the December 31, 2019 actuarial valuation will be realized.

## Other Considerations

The results presented in this report are intended to provide insight into key plan risks that can inform financial preparation and future decision making. However, we emphasize that deterministic projections, by their nature, are not a guarantee of future results. The modeling projections are intended to serve as illustrations of future financial outcomes that are based on the information available to us at the time the modeling is undertaken and completed, and the agreed-upon assumptions and methodologies described herein. Emerging results may differ significantly if the actual experience proves to be different from these assumptions or if alternative methodologies are used. Actual experience may differ due to such variables as demographic experience, the economy, stock market performance and the regulatory environment.

# B: Actuarial Certification

The actuarial calculations in this report were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary.

The actuarial opinions expressed in this report were prepared by Paul Angelo, FSA, MAAA, FCA, Enrolled Actuary, Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary, and Todd Tauzer, FSA, MAAA, FCA, CERA. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

| | | |
|---|---|---|
| Paul Angelo, FSA, MAAA, FCA, EA | Andy Yeung, ASA, MAAA, FCA, EA | Todd Tauzer, FSA, MAAA, FCA, CERA |
| Senior Vice President and Actuary | Vice President and Actuary | Vice President and Consulting Actuary |

# C: Detailed Scenario Test Results

The following table contains detailed results from each of the three hypothetical market return scenario projections.

- Scenario 1: Return at 0.00% (2020), 7.00% thereafter
- Scenario 2: Return at 7.00% (2020 and thereafter)
- Scenario 3:Return at 14.00% (2020), 7.00% thereafter

| | Projected Employer Rates (% of Payroll) | | | Projected Funded Ratio (Valuation Value Basis) | | | Projected UAAL ($ Millions) | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Scenario 1** | **Scenario 2** | **Scenario 3** | **Scenario 1** | **Scenario 2** | **Scenario 3** | **Scenario 1** | **Scenario 2** | **Scenario 3** |
| 2019 | 41.5% | 41.5% | 41.5% | 73.2% | 73.2% | 73.2% | 5,841 | 5,841 | 5,841 |
| 2020 | 41.5% | 40.7% | 39.8% | 74.6% | 75.6% | 76.6% | 5,799 | 5,571 | 5,341 |
| 2021 | 41.8% | 39.8% | 37.9% | 75.8% | 78.0% | 80.3% | 5,800 | 5,267 | 4,727 |
| 2022 | 42.7% | 39.8% | 36.9% | 76.4% | 79.7% | 83.1% | 5,943 | 5,109 | 4,262 |
| 2023 | 42.5% | 38.7% | 34.9% | 78.1% | 82.3% | 86.6% | 5,778 | 4,655 | 3,517 |
| 2024 | 43.1% | 38.5% | 33.9% | 79.0% | 84.0% | 89.2% | 5,786 | 4,393 | 2,984 |
| 2025 | 42.9% | 38.2% | 33.5% | 80.8% | 85.7% | 90.7% | 5,512 | 4,102 | 2,673 |
| 2026 | 42.7% | 38.0% | 33.3% | 82.7% | 87.4% | 92.2% | 5,186 | 3,781 | 2,354 |
| 2027 | 42.5% | 37.8% | 33.0% | 84.6% | 89.1% | 93.6% | 4,804 | 3,418 | 2,008 |
| 2028 | 42.3% | 37.6% | 32.8% | 86.6% | 90.8% | 95.0% | 4,370 | 3,009 | 1,623 |
| 2029 | 42.1% | 37.4% | 32.6% | 88.5% | 92.5% | 96.5% | 3,881 | 2,551 | 1,196 |
| 2030 | 41.8% | 37.2% | 31.3% | 90.5% | 94.2% | 97.9% | 3,332 | 2,039 | 723 |
| 2031 | 41.7% | 36.8% | 31.1% | 92.5% | 96.0% | 99.5% | 2,719 | 1,469 | 199 |
| 2032 | 41.3% | 36.3% | 16.5% | 94.6% | 97.8% | 101.0% | 2,035 | 836 | (363) |
| 2033 | 16.2% | 12.9% | 11.8% | 96.7% | 99.6% | 102.5% | 1,276 | 139 | (966) |
| 2034 | 17.1% | 11.7% | 11.7% | 98.9% | 101.6% | 103.5% | 435 | (624) | (1,402) |
| 2035 | 12.2% | 11.5% | 11.5% | 100.2% | 102.6% | 103.8% | (84) | (1,081) | (1,573) |
| 2036 | 11.4% | 11.3% | 11.3% | 100.6% | 102.8% | 104.0% | (254) | (1,174) | (1,684) |
| 2037 | 11.3% | 11.2% | 11.2% | 100.9% | 102.9% | 104.1% | (377) | (1,257) | (1,801) |
| 2038 | 11.1% | 11.1% | 11.1% | 100.9% | 103.0% | 104.3% | (418) | (1,345) | (1,927) |

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# Memorandum

**DATE**: July 20, 2020

**TO**: Members of the Board of Retirement

**FROM**: Steve Delany, Chief Executive Officer

**SUBJECT**: **2020 STRATEGIC PLANNING WORKSHOP – PROPOSED FORMAT AND AGENDA TOPICS**

## Presentation

## Background/Discussion

At the June 15 meeting of the OCERS Board of Retirement, it was determined that this year's Strategic Planning Workshop would still be held as planned on Wednesday, September 9 and Thursday, September 10. Bowing however to the realities of the current COVID-19 pandemic, it was also decided that the workshop would be held using virtual technology. Further, the length of each day's sessions was reduced to three hours per day.

On July 20 I will be prepared to discuss the following proposed agenda, with Wednesday focused on issues that may require multi-year planning and implementation, followed by Thursday codifying those goals in both the Strategic Plan and next year's Business Plan:

**WEDNESDAY, SEPTEMBER 9, 2020**

9:00 – 9:10 Welcome — Chair Hilton, Steve Delaney

9:10 – 10:00 Hearing from our Stakeholders — County of Orange, OCEA, AOCDS

For more than a decade we have started each workshop by hearing first from our stakeholders.

10:00 – 10:30 Annual OCERS Employer Review — Suzanne Jenike, Jeff Lamberson

An annual review of the financial health of our participating employers.

10:30 – 11:00 A Second Look at Age Based Rates — Suzanne Jenike, Steve Delaney

OCERS was nearly alone in continuing with Age Based member contribution rates when PEPRA was first introduced. That creates a number of complications. Staff would like to discuss what might be gained by joining our sister systems in using a flat rate instead.

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|---|---|---|
| 11:00 – 11:10 | BREAK | |
| 11:10 – 12:00 | Pension Administration System Outlook | Suzanne Jenike, Jenny Sadoski, Brenda Shott |
| | V3 is now five years old. While we are still years away from an update or replacement, we do need to begin thinking now about what the future holds for our most important technological tool. | |

**THURSDAY, SEPTEMBER 10, 2020**

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|---|---|---|
| 9:00 – 9:15 | Welcome | Vice Chair Dewane, Molly Murphy |
| 9:15 – 10:00 | Introduction to Private Equity Co-Investments | Molly Murphy |
| 10:00 – 10:30 | Investment Contract Terms – Negotiations and Best Practices | Molly Murphy |
| 10:30 – 11:00 | The State of OCERS | Steve Delaney |
| | An annual review of the challenges and opportunities facing our system. | |
| 11:00 – 11:10 | BREAK | |
| 11:10 – 11:20 | 2021-2023 Strategic Plan | Steve Delaney |
| 11:20 – 12:00 | 2021 Business Plan | OCERS Senior Executive Team |

We are living in a dynamic time period of course, and these topics may be supplanted as we near September simply due to the flow of current events.

**Submitted by:**

**SD - Approved**

Steve Delaney
Chief Executive Officer

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

# Memorandum

DATE: July 20, 2020

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **COVID-19 UPDATE**

## Written Report

The OCERS staff continues to do a great job meeting the COVID-19 challenge and ensuring that our members receive the services they expect as we fulfil this agency's mission. Rather than provide you with a written report of the agency status prior to the Monday, July 20th meeting of the OCERS Board of Retirement, I will instead provide a verbal update of plan status and challenges at that time. This recognizes the fact that issues impacted by COVID-19 seem to change daily.

**Submitted by:**

**SD - Approved**

Steve Delaney
Chief Executive Officer