

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

**REGULAR MEETING
Monday, October 19, 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.

OCERS Zoom Video/Teleconference information	
<p>Join Using Zoom App (Video & Audio)</p> <p>https://ocers.zoom.us/j/95760809775</p> <p>Meeting ID: 946 3969 3775 Password: 244979</p> <p>Go to https://www.zoom.us/download to download Zoom app before meeting Go to https://zoom.us to connect online using any browser.</p>	<p>Join by Telephone (Audio Only)</p> <p>Dial by your location</p> <ul style="list-style-type: none"> +1 669 900 6833 US (San Jose) +1 346 248 7799 US (Houston) +1 253 215 8782 US +1 301 715 8592 US +1 312 626 6799 US (Chicago) +1 929 436 2866 US (New York) <p>Meeting ID: 946 3969 3775 Password: 244979</p>
<p>A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page</p>	

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.

- GERLYN BOWMAN
- ROBERT HUNT
- MICHAEL WALLACE
- HARRIET MYERS FAIN

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

August 17, 2020

Recommendation: Approve summary.

C-3 OUTCOMES OF THE DISABILITY COMMITTEE MEETING ON AUGUST 17, 2020

Recommendation: The Disability Committee recommends that the Board:

- (1) Approve a new OCERS Administrative Procedure for Determining Disability Retirement Effective Dates

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: BRIAN HOPP
Firefighter, Orange County Fire Authority

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

DC-2: JANE MARTORANA
Senior Social Worker, 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 and job causation. (General Member)

DC-3: BAO VINH
Senior Social Worker, Orange County Social Services Agency

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

DC-4: JENNIFER COLE
Deputy Sheriff I, 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-5: RONALD ROSAS

Plumber, Orange County Sheriff's Department

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of October 11, 2019. (General Member)

DC-6: CALINH VU

Employment and Eligibility Specialist, Orange County Social Services Agency

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of September 27, 2019. (General Member)

DC-7: DANIEL MACKAY

Fire Captain, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of November 30, 2019. (Safety Member)

DC-8: TERESA McCONKEY

Group Counselor II, Orange County Social Services Agency

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of August 30, 2019; find the applicant is capable of performing other duties in the service of the County of Orange pursuant to Government Code Section 31725.65 ; Grant a supplemental disability retirement payment allowance effective August 30, 2019. (General Member)

CLOSED SESSION

Government Code section 54957

Adjourn to Closed Session under Government Code section 54957 to consider member disability applications and to discuss member medical records submitted in connection therewith. The applicant may waive confidentiality and request his or her disability application to be considered in Open Session.

ACTION ITEMS:

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

DISABILITY/MEMBER BENEFITS AGENDA

**DA-2: DISABILITY APPEAL – PAULA SNYDER
Office Services Specialist, Orange County Fire Authority**

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 July 7, 2020 (Recommendations), wherein the Hearing Officer recommends that the Board deny service connected disability retirement based upon the fact that Applicant Paula Snyder was found not to be substantially incapacitated to perform her usual and customary job duties.

**DA-3: DISABILITY APPEAL – LYNN HONG
Service Worker, Orange County Transportation Authority**

Recommendation: Approve and adopt the findings and recommendations of the Referee/Hearing Officer as set forth in the Proposed Decision dated August 17, 2020 (Recommendations) wherein the Hearing Officer recommended (1) that the application of Lynn Hong (Applicant) for service connected disability retirement based on the orthopedic injury to Applicant’s left shoulder be granted with an effective date of October 23, 2013; and (2) that the application for service-connected and non-service connected disability retirement based on the orthopedic injuries to Applicant’s right shoulder and lumbar spine be denied.

OPEN SESSION

REPORT 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 OCERS 2021-2023 STRATEGIC PLAN
*Presentation by Steve Delaney, Chief Executive Officer, OCERS***

Recommendation: Approve OCERS 2021-2023 Strategic Plan.

A-3 OCERS 2021 BUSINESS PLAN

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

Recommendation: Approve OCERS 2021 Business Plan.

INFORMATION ITEMS

I-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices
Death Notices

October 19, 2020
October 19, 2020

I-2 COMMITTEE MEETING MINUTES

- None

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 THIRD QUARTER 2020 TRAVEL AND TRAINING EXPENSE REPORT

Written Report

I-8 THE EVOLUTION OF THE OCERS UAAL (2020 EDITION)

Written Report

I-9 MEMBER SERVICES PROGRESS ON PROCESSING COUNTY OF ORANGE VOLUNTARY INCENTIVE PROGRAM RETIREMENTS

Written Report

I-10 OUTCOMES OF THE PERSONNEL COMMITTEE MEETING ON AUGUST 19, 2020

Presentation by Brenda Shott and Steve Delaney

I-11 UPDATE ON STAFFS PROGRESS IN RESPONSE TO THE ALAMEDA COUNTY DECISION IN *Alameda County Deputy Sheriff’s Assoc. et al., v. Alameda County Employees’ Retirement Assn., et al*

Presentation by Suzanne Jenike and Steve Delaney

I-12 COVID-19 UPDATE

Presentation by Steve Delaney, Chief Executive Officer, OCERS

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

CLOSED SESSION ITEMS

**E-1 CONFERENCE REGARDING SIGNIFICANT EXPOSURE TO LITIGATION (ONE MATTER)
(GOVERNMENT CODE SECTION 54956.9)**

Adjourn pursuant to Government Code section 54956.9(d)(2)

Recommendation: Take appropriate action.

BOARD MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

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

NOTICE OF NEXT MEETINGS

INVESTMENT COMMITTEE MEETING

**October 28, 2020
9:30 A.M.**

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

DISABILITY COMMITTEE MEETING

**November 16, 2020
8:30 A.M.**

Orange County Employees Retirement System
October 19, 2020
Regular Board Meeting – Agenda

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

**REGULAR BOARD MEETING
November 16, 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.



Memorandum

DATE: October 19, 2020
TO: Members of the Board of Retirement
FROM: Adina Bercaru, Member Services Manager
SUBJECT: **OPTION 4 RETIREMENT ELECTION – GERLYN BOWMAN**

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 her service retirement allowance as required by her Domestic Relations Order (DRO), effective August 14, 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:



A. B. – APPROVED

Adina Bercaru
Member Services Manager



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

September 28, 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 (OCERS)
Option 4 Calculation for Gerlyn Bowman**

Dear Adina:

Pursuant to your request, we have determined the Option 4 benefits payable to Gerlyn Bowman and her ex-spouse based on the unmodified benefit and other information provided in the System's request dated September 23, 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	August 14, 2020
Plan of Membership	General Plan J
Monthly Unmodified Benefit	\$5,008.71
Ex-Spouse's Share of Monthly Unmodified Benefit	19.65%
Retirement Type	Service Retirement

Ms. Adina Bercaru
September 28, 2020
Page 2

We calculated the adjustment to the member's unmodified benefit to provide a 19.65% 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		
Annuity:	\$1,561.10	
Pension:	<u>2,463.40</u>	
Total:	\$4,024.50	\$0.00
Monthly benefit payable to ex-spouse ¹	\$885.87	\$885.87

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, weighted 40% male and 60% female for members.

Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional mortality improvement scale MP-2016, weighted 60% male and 40% female for beneficiaries.

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.

¹ This is equal to 19.65% of the member's unmodified benefit (i.e., 19.65% * \$5,008.71 or \$984.21) 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 predeceases the member.

Ms. Adina Bercaru
September 28, 2020
Page 3

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, ASA, MAAA, EA
Actuary

JY/hy



September 28, 2020

Gerlyn G. Bowman
(address removed)

Re: Retirement Election Confirmation – Option 4

Dear Ms. BOWMAN:

You have elected Option 4 as your retirement option. This option will provide a 19.65% of your monthly benefit, for the life of the benefit, to:

DOUGLAS DAVID GLIDDEN

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 19.65% continuance to DOUGLAS DAVID GLIDDEN.

A handwritten signature in black ink, appearing to read "D. Glidden", written over a horizontal line.

Member Signature / Date

Sincerely,

A handwritten signature in black ink, appearing to read "Zaida Miramontes", written over a horizontal line.

Zaida Miramontes
Retirement Program Specialist

Received Sept. 28th, 2020



Memorandum

DATE: October 19, 2020
TO: Members of the Board of Retirement
FROM: Adina Bercaru, Member Services Manager
SUBJECT: OPTION 4 RETIREMENT ELECTION – ROBERT HUNT

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 October 11, 2019. 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:



A. B. – APPROVED

Adina Bercaru
Member Services Manager



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

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Personal and Confidential

September 23, 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 Robert W. Hunt**

Dear Adina:

Pursuant to your request, we have determined the Option 4 benefits payable to Robert W. Hunt and his ex-spouse based on the unmodified benefit and other information provided in the System's request dated September 14, 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	October 11, 2019
Plan of Membership	Safety Plan F
Monthly Unmodified Benefit	\$9,043.79
Ex-Spouse's Share of Monthly Unmodified Benefit	40.58%
Retirement Type	Service Retirement

Ms. Adina Bercaru
September 23, 2020
Page 2

As instructed by OCERS, the member and the ex-spouse bear the cost of the Option 4 reduction equally.

	Payable while the Member is Alive	Payable After the Member's Death
Monthly benefit payable to member¹		
Annuity:	\$1,064.28	
Pension:	<u>4,104.54</u>	
Total:	\$5,168.82	\$0.00
Monthly benefit payable to ex-spouse²		
	\$3,464.97	\$3,464.97

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.

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.

¹ The member's benefit payable is equal to 59.42% of the member's unmodified benefit (i.e., 59.42% * \$9,043.79 or \$5,373.82) adjusted by \$205.00 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 The ex-spouse's benefit payable is equal to 40.58% of the member's unmodified benefit (i.e., 40.58% * \$9,043.79 or \$3,669.97) adjusted by \$205.00 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.

Ms. Adina Bercaru
September 23, 2020
Page 3

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, ASA, MAAA, EA
Actuary

JY/hy



September 29, 2020

Robert W. Hunt

Re: Retirement Election Confirmation – Option 4

Dear Mr. HUNT:

You have elected Option 4 as your retirement option. This option will provide a 40.58% of your monthly benefit, for the life of the benefit, to:

DANA HUNT

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 40.58% continuance to DANA HUNT.

Robert W. Hunt 9-30-20
Member Signature/Date

Sincerely,

Ricardo Serrano
Retirement Program Specialist



Memorandum

DATE: October 19, 2020
TO: Members of the Board of Retirement
FROM: Adina Bercaru, Member Services Manager
SUBJECT: **OPTION 4 RETIREMENT ELECTION – MICHAEL WALLACE**

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 October 11, 2019. 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:



A. B. – APPROVED

Adina Bercaru
Member Services Manager



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Personal and Confidential

September 23, 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 Michael Wallace**

Dear Adina:

Pursuant to your request, we have determined the Option 4 benefits payable to Michael Wallace and his ex-spouse based on the unmodified benefit and other information provided in the System's request dated September 17, 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	August 14, 2020
Plan of Membership	General Plan J
Monthly Unmodified Benefit	\$5,309.34
Ex-Spouse's Share of Monthly Unmodified Benefit	17.45%
Retirement Type	Service Retirement

Ms. Adina Bercaru
September 23, 2020
Page 2

We calculated the adjustment to the member's unmodified benefit to provide a 17.45% 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		
Annuity:	\$1,374.31	
Pension:	<u>3,008.55</u>	
Total:	\$4,382.86	\$0.00
Monthly benefit payable to ex-spouse ¹	\$800.58	\$800.58

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, weighted 40% male and 60% female for members.

Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional mortality improvement scale MP-2016, weighted 60% male and 40% female for beneficiaries.

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.

¹ This is equal to 17.45% of the member's unmodified benefit (i.e., 17.45% * \$5,309.34 or \$926.48) 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 predeceases the member.

Ms. Adina Bercaru
September 23, 2020
Page 3

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
Actuary

JY/jl



September 29, 2020

Michael T. Wallace

Re: Retirement Election Confirmation -- Option 4

Dear Mr. WALLACE:

You have elected Option 4 as your retirement option. This option will provide a 17.45% of your monthly benefit, for the life of the benefit, to:

BRENDA WALLACE

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 17.45% continuance to BRENDA WALLACE.

A handwritten signature in black ink, appearing to read "M. Wallace", is written over a horizontal line.

Member Signature/Date

Sincerely,

Received 10/01/2020

A handwritten signature in black ink, appearing to read "Ricardo Serrano", is written over a horizontal line.

Ricardo Serrano
Retirement Program Specialist



Memorandum

DATE: October 19, 2020
TO: Members of the Board of Retirement
FROM: Adina Bercaru, Member Services Manager
SUBJECT: **OPTION 4 RETIREMENT ELECTION – HARRIET MYERS FAIN**

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 her service retirement allowance as required by her Domestic Relations Order (DRO), effective August 14, 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:



A. B. – APPROVED

Adina Bercaru
Member Services Manager



Molly Calcagno, ASA, MAAA, EA
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mcalcagno@segalco.com

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Personal and Confidential

September 28, 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 (OCERS)
Option 4 Calculation for Harriet Myers Fain**

Dear Adina:

Pursuant to your request, we have determined the Option 4 benefits payable to Harriet Myers Fain and her ex-spouse based on the unmodified benefit and other information provided in the System's request dated September 23, 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	August 10, 2020
Plan of Membership	General Plan J
Monthly Unmodified Benefit	\$2,785.26
Ex-Spouse's Share of Monthly Unmodified Benefit	17.48%
Retirement Type	Service Retirement ¹

¹ We understand in preparing this calculation that the member is entitled to a service retirement benefit even though the member has only 8.5286 years of service.

Ms. Adina Bercaru
September 28, 2020
Page 2

We calculated the adjustment to the member's unmodified benefit to provide a 17.48% 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		
Annuity:	\$1,065.15	
Pension:	<u>1,233.25</u>	
Total:	\$2,298.40	\$0.00
Monthly benefit payable to ex-spouse ²	\$434.46	\$434.46

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, weighted 40% male and 60% female for members.

Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional mortality improvement scale MP-2016, weighted 60% male and 40% female for beneficiaries.

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.

² This is equal to 17.48% of the member's unmodified benefit (i.e., 17.48% * \$2,785.26 or \$486.86) 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 predeceases the member.

Ms. Adina Bercaru
September 28, 2020
Page 3

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, ASA, MAAA, EA
Actuary

JY/hy



September 28, 2020

Harriet Myers Fain

Re: Retirement Election Confirmation – Option 4

Dear Ms. MYERS FAIN:

You have elected Option 4 as your retirement option. This option will provide a 17.48% of your monthly benefit, for the life of the benefit, to:


PER TVEDT

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 17.48% continuance to PER TVEDT.

Member Signature/Date

 10/2/2020

Sincerely,



Adina Berbaru
Member Services Manager

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

**REGULAR MEETING
Monday, August 17, 2020
9:30 a.m.**

MINUTES

Chair Hilton called the meeting to order at 9:36 a.m.

Sonal Sharma 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; Shari Freidenrich, Adele Tagaloa, Charles Packard, Chris Prevatt, Arthur Hidalgo, Frank Eley and Wayne Lindholm

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; Sonal Sharma; Recording Secretary

Guests via Zoom:

Harvey Leiderman, ReedSmith

Absent:

Jeremy Vallone

CONSENT AGENDA

MOTION by Eley, **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.

- None

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

July 20, 2020

Recommendation: Approve minutes.

C-3 OUTCOMES OF THE GOVERNANCE COMMITTEE MEETING ON AUGUST 4, 2020

Recommendation: The Governance Committee recommends that the Board:
(1) Adopt the proposed revisions to the Actuarial Valuation Policy as presented;
(2) Adopt the proposed revisions to the Securities Litigation Policy as presented;
(3) Adopt the proposed revisions to OCERS’ Conflict of Interest Code as presented; and
(4) Adopt the proposed revisions to the Adjudication Policy and Administrative Hearing Rules, including renaming the policy as the Administrative Review and Hearing Policy, as presented.

The motion passed **unanimously**.

CONSENT ITEMS: DISABILITY/MEMBER BENEFITS AGENDA

OPEN SESSION

CONSENT ITEMS

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

DC-1: CHRISTINA QUINTERO

Property Tax Technician, Orange County Treasurer-Tax Collector

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)

This item was **pulled** from the agenda.

DC-2: STACY ANDROUS

Deputy Juvenile Correctional Officer II, Orange County Probation Department

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of May 10, 2019. (Safety Member)

DC-3: ROBERT BARNARD

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 August 2, 2019. (Safety Member)

DC-4: ANTHONY BOMMARITO

Fire Captain, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of February 28, 2020. (Safety Member)

DC-5: RUSSELL CARINGER

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 March 30, 2018. (Safety Member)

DC-6: DOUGLAS LEONARD

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 March 15, 2019. (Safety Member)

DC-7: WILLIAM LOCKHART

Battalion Chief, 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-8: CHRISTOPHER SHERWOOD

Firefighter, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of June 7, 2019. (Safety Member)

DC-9: JAMES THURMAN

Coach Operator, Orange County Transportation Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of September 30, 2018. (General Member)

The motion passed **unanimously**.

INFORMATION ITEMS

I-14 UPDATE ON RECENT CALIFORNIA SUPREME COURT DECISION IN *Alameda County Deputy Sheriff's Assoc. et al., v. Alameda County Employees' Retirement Assn., et al*
Presentation by Harvey Leiderman, Partner, Reed Smith

Mr. Leiderman presented the Alameda County case.

The following members of the public commented on I-14:

- Kent McBride – OC Sheriff's Department, Bomb Squad Member
- Juan Viramontes – Sargent, OC Sheriff's Department
- Craig Jensen – OC Sheriff's Department, Bomb Squad Member
- Paul Bartlett – Executive Director, AOCDS
- Jacob Kalinski – Rains Lucia Stern St. Phalle & Silver, Attorney, Orange County Deputy Sheriffs Department

James Thurman, Disability Retirement Member, thanked the Board for approving his disability retirement.

Chair Hilton stated that he sits on both the AOCDS and OCERS Boards. Because of possible litigation and conflicts that could occur, he will recuse himself from the AOCDS Board with regard to any matters relating to this issue. This way he can give his full attention in this matter to the OCERS Board.

The Board adjourned into closed session at 11:20 a.m.

The Board reconvened into open session at 1:03 p.m.

CLOSED SESSION ITEMS

**E-1 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED
(GOVERNMENT CODE SECTION 54956.9(d)(1)) *OCERS v. Al Mijares, et al.*, CA Superior Court, Los Angeles County, (Case No. 19STCP04023)**
Adjourn pursuant to Government Code Section 54956.9(d)(1).

Recommendation: Take appropriate action.

No reportable action taken.

**E-2 CONFERENCE REGARDING SIGNIFICANT EXPOSURE TO LITIGATION (ONE MATTER)
(GOVERNMENT CODE SECTION 54956.9)**
Adjourn pursuant to Government Code section 54956.9(d)(2)

Recommendation: Take appropriate action.

No reportable action taken.

ACTION ITEMS

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

N/A

A-2 TRIENNIAL STUDY OF ACTUARIAL ASSUMPTIONS

Presentation by Paul Angelo and Andy Yeung, Segal Consulting

Recommendation: Approve demographic and economic actuarial assumptions based on the recommendations and alternatives included in the Actuarial Experience Study of the period January 1, 2017 through December 31, 2019 prepared by Segal.

Mr. Angelo and Mr. Yeung presented the Triennial Study of Actuarial Assumptions.

After discussion, a **MOTION** was made by Hilton for the alternative assumption. The motion died for a lack of a second.

MOTION was made by Prevatt, **seconded** by Packard to approve demographic and economic actuarial assumptions based on the recommendations and alternatives included in the Actuarial Experience Study of the period January 1, 2017 through December 31, 2019 prepared by Segal.

Motion passed **8-1** with Chair Hilton voting No.

A-3 ADDITION OF EXTRA HELP POSITION IN THE MEMBER SERVICES DEPARTMENT

Presentation by Suzanne Jenike, Assistant CEO, OCERS

Recommendation:

- 1) Approve the addition of three Extra Help positions, classified as a Retirement Program Specialist(s) in the Member Services department.
- 2) Authorize the CEO to send the attached memorandum to the County of Orange to request the addition of three Extra Help positions.

Ms. Jenike presented the Addition Of Extra Help Position In The Member Services Department.

After board discussion, a **MOTION** was made by Packard, **seconded** by Prevatt, to approve the addition of three Extra Help positions, classified as a Retirement Program Specialist(s) in the Member Services department and to authorize the CEO to send the attached memorandum to the County of Orange to request the addition of three Extra Help positions.

The motion passed **unanimously**.

The Board took a break at 2:37 p.m. to open Personnel Committee meeting.

The Board closed Personnel Committee meeting at 2:37 p.m.

The Board resumed the Regular Board Meeting at 2:38 p.m.

INFORMATION ITEMS

I-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

August 17, 2020

Death Notices

August 17, 2020

I-2 COMMITTEE MEETING MINUTES

- N/A

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 UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2020

Written Report

I-8 SECOND QUARTER 2020 BUDGET TO ACTUALS REPORT

Written Report

I-9 OCERS BY THE NUMBERS (2020 EDITION)

Written Report

I-10 THE EVOLUTION OF THE OCERS UAAL (2020 EDITION)

Written Report

This item was **pulled** from the agenda.

I-11 2020 EMPLOYER AND EMPLOYEE CONTRIBUTIONS MATRIX

Written Report

I-12 2020 STRATEGIC PLANNING WORKSHOP AGENDA

Written Report

I-13 OCERS STAFFING UPDATE

Presentation by Cynthia Hockless, Director of Administrative Services, Admin/HR, OCERS

This item was changed to a “Written Report” instead of a “Presentation” item.

I-15 COVID-19 UPDATE

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Mr. Delaney presented the COVID-19 update for the month of August. He informed the Board that while OCERS staff continue to work remotely until the end of August, in line with current County Health Department advice emphasizing telework wherever possible, that decision is revisited by himself and the Crisis Management team every month.

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

BOARD MEMBER COMMENTS

Mr. Lindholm thanked Ms. Jenike for the Employer/Employee matrix information that was provided.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

Mr. Delaney stated that Mr. Yeung will be reiterating the same information presented at this Board meeting at the Informational Update meeting on August 19, 2020.

Mr. Delaney stated that the hard copy of the CAFR has arrived. If anyone would like a hard copy mailed to them, OCERS will make that arrangement.

Mr. Delaney provided the updates to the September Strategic Planning Workshop agenda.

COUNSEL COMMENTS

N/A

Chair Hilton adjourned in memory of the active members, retired members, and surviving spouses who passed away during the past month. The meeting **ADJOURNED** at 2:47 p.m.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Board

Roger Hilton
Chairman



Memorandum

DATE: October 19, 2020
TO: Members of the Board of Retirement
FROM: Suzanne Jenike, Assistant CEO External Operations
SUBJECT: **OUTCOMES OF THE DISABILITY COMMITTEE MEETING ON AUGUST 17, 2020**

Recommendation

The Disability Committee recommends that the Board adopt a new OCERS Administrative Procedure for Disability Retirement Effective Date determinations.

Background/Discussion

On August 17, 2020 the Disability Committee reviewed the newly created OCERS Administrative Procedure for Disability Retirement Effective Date determinations. The Committee was appreciative of staffs work on making Administrative Procedures for complicated matters comprehensive and understandable for the membership.

When disability retirement applications are approved the benefit effective date of the retirement allowance is typically the later of: 1) the date the completed application is filed with OCERS; or 2) the day following the last day for which the member received regular compensation. The statute also contemplates the situation when a member may request an earlier effective date, which if approved concludes that the date of the application is “deemed filed” earlier that the date actually received by OCERS. In order to qualify for their application to be deemed filed at an earlier date the member must show that their disability retirement application was delayed due to administrative oversight or their inability to ascertain the permanency of their incapacity.

There are also complicated definitions of regular compensation which must be considered when evaluating a members disability retirement effective date. OCERS Team created this administrative procedure to help clarify the laws that govern disability retirement effective date determinations as well as the process that is used to compress regular compensation hours that have been paid intermittently into full pay periods.

The Disability Committee reviewed the OAP and did not recommended any changes. Therefore Staff, with the support of the Disability Committee, recommends that the Board approve the new OCERS Administrative Procedure for Disability Retirement Effective Date determinations.

Submitted by:



SJ-Approved

Suzanne Jenike
Assistant Chief Executive Officer, External
Operations



OCERS Administrative Procedure (OAP) Effective Date of Disability Retirement Allowance

I. Purpose

This OCERS Administrative Procedure (“OAP”) describes the applicable legal standards and processes for determining the effective date of a member’s disability retirement.

II. Authority

This OAP is established by OCERS’ Chief Executive Officer (“CEO”) pursuant to the CEO Charter, in conformance with applicable Board policies and in compliance with the provisions of the County Employees Retirement Law (Title 3, Division 4, Part 3, Chapter 3 & 3.9 of the California Government Code, sections 31450, et seq.) (“CERL”). The primary legal authority governing the effective date of a disability retirement is Government Code Section 31724 (“Section 31724”), which provides that if the Board approves a disability retirement application, the Effective Date of disability retirement will generally be **the later of**:

- a) The Application Date (as defined in Section III below); or
- b) The day following the last day for which the member received Regular Compensation (as defined by the CERL and Sections III and IV below).

III. Definitions

The terms used in this OAP are defined below.

- **4850 Pay** means any compensation paid to a member for a leave of absence pursuant to California Labor Code section 4850. 4850 Pay is usually paid only to safety members.
- **Application Date** means the date a completed application for disability retirement is filed with OCERS.
- **Earlier Effective Date** means the date an application for disability retirement is "deemed filed" under the second paragraph of Section 31724 due to delay in the filing of the application by reason of administrative oversight on the part of OCERS or the inability of the member to ascertain the permanency of their incapacity until after the date following the day for which the member last received Regular Compensation.
- **Effective Date** means the date on which a disability retirement becomes effective and the date from which a disability retirement allowance is first payable.
- **Regular Compensation -- Types of Pay Considered to be Regular Compensation**
In addition to the member’s Regular Pay, Regular Compensation also includes the following types of pay received while the member is on leave:
 - a) 4850 Pay;
 - b) annual leave/sick leave/vacation pay when received for time taken off;

Adopted Date _____ OAP
Last Revised Date _____



OCERS Administrative Procedure (OAP) Effective Date of Disability Retirement Allowance

- c) holiday pay, comp time, or other paid time off;
- d) catastrophic leave pay donated by co-workers, provided contributions are withheld; and
- e) supplemental Workers' Compensation pay in excess of Temporary Total Disability payable pursuant to Workers' Compensation (TTD), provided contributions are withheld.

• **Regular Compensation -- Types of Pay Not Considered to be Regular Compensation**

The types of pay that are NOT considered Regular Compensation include:

- a) TTD payments;
- b) accrued time paid in a lump sum (e.g., terminal pay, OCTA hardship pay); and
- c) any other pay for which no contributions are withheld and/or work for which service credit is not earned.

• **Regular Pay** is a type of Regular Compensation and means compensation of any kind or amount that the employer pays to the member:

- a) at the member's regular rate of pay;
- b) for employment in the member's regular position;
- c) for actually working or for an absence from work; and
- d) for which contributions are withheld and service credit is earned.

IV. Determining Disability Effective Date

General Rule -- Application Date is the Effective Date

In most cases, the Effective Date will be the Application Date.

EXAMPLE 1

- a) Member receives Regular Compensation for regular pay periods through December 1, 2017.
- b) Member submits application for disability retirement on February 1, 2018.
- c) Member was granted a disability retirement (and the allowance will be payable) with an Effective Date of February 1, 2018 (unless granted an earlier effective date as detailed below).

Exception – Day After Final Date of Regular Compensation is the Effective Date

If, after the Application Date, the member continues to receive Regular Compensation (as defined in Section III above), then the Effective Date will be the day after the last day of Regular Compensation.

EXAMPLE 2

- a) Member submits application for disability retirement on February 1, 2018.
- b) Member continues to receive Regular Compensation through June 1, 2018.
- c) Member will be granted a disability retirement with an Effective Date of June 2, 2018.

Adopted Date _____
Last Revised Date _____

OAP

2 of 4



OCERS Administrative Procedure (OAP) Effective Date of Disability Retirement Allowance

Compression of Hours – Delay in Final Date of Regular Compensation

When a member is away from work due to illness or injury for an extended period of time and receives Regular Compensation intermittently or in amounts less than the full amount of the member’s Regular Pay for a single pay period (usually 80 hours), the intermittent nature of the Regular Compensation may unreasonably extend the Effective Date of the disability retirement allowance under a strict interpretation of the language of Section 31724.

OCERS has determined that such intermittent Regular Compensation should be “compressed” by aggregating the hours for which intermittent Regular Compensation was received into full Regular Pay periods, typically 80 hours a pay period. This form of aggregation or compression provides a fair and accurate Effective Date without resulting in an unfair advantage or overstating a member’s disability allowance.

EXAMPLE 3 – Effective Date as the day after the last day of Regular Compensation *without* compression:

- a) Member submits application for disability retirement on February 1, 2020.
- b) Member received last full Regular Pay for the 80-hour pay period ending on February 13, 2020.
- c) Member continues to receive Regular Compensation in the form of intermittent payments of annual leave and catastrophic leave payments equal to 160 hours through the pay period ending on June 4, 2020.
- d) Effective Date would be June 5, 2020.

EXAMPLE 4 – Effective Date the day after last day of Regular Compensation *with* compression:

- a) Member submits application for disability retirement on February 1, 2020.
- b) Member received last full Regular Pay for the 80-hour pay period ending on February 13, 2020.
- c) Member continues to receive Regular Compensation in the form of intermittent payments of annual leave and catastrophic leave totaling 160 hours through the pay period ending on June 4, 2020.
- d) The 160 hours of intermittent payments are compressed into two full 80 hour pay periods and added to the period ending March 12, 2020.
- e) The Effective Date becomes March 13, 2020, eighty three days earlier than without compression.

Compressing the hours associated with intermittent payments of Regular Compensation into full 80 hour pay periods results in an earlier last Regular Compensation date and thus an earlier Effective Date; and disability benefits start sooner. This compression process protects a member from the adverse impact intermittent Regular Compensation would otherwise have on their Effective Date.

Adopted Date _____
Last Revised Date _____



OCERS Administrative Procedure (OAP) Effective Date of Disability Retirement Allowance

Request for an Earlier Effective Date

Pursuant to Section 31724¹, a member may request the Board approve an earlier Effective Date if the member can establish that the delay in filing the member's application was due to 1) an administrative oversight on the part of OCERS; or 2) an inability on the part of the member to ascertain the permanency of their incapacity until after the date following the day for which the member last received Regular Compensation.

Delay due to administrative oversight. If a member is able to demonstrate that the timely filing of their disability retirement application was delayed or not recognized due to administrative error on the part of OCERS or the member's employer, an earlier Effective Date will be granted, and the Effective Date will be the day after the last day of Regular Compensation.

Inability to ascertain permanent incapacity. If a member is able to demonstrate that the member was not able to ascertain the permanency of their incapacity until **after** the date the member last received Regular Compensation, an earlier Effective Date will be granted; and the Effective Date will be the day after the last day of Regular Compensation. However, if the Board determines that the member unreasonably delayed in filing the disability retirement application until after the member knew or should have known of the permanency of their incapacity, the Board may conclude that entitlement to an earlier Effective Date has not been established.

¹The second paragraph of Section 31724 states:

When it has been demonstrated to the satisfaction of the board that the filing of the member's application was delayed by administrative oversight or by inability to ascertain the permanency of the member's incapacity until after the date following the day for which the member last received regular compensation, such date will be deemed to be the date the application was filed.



Memorandum

DATE: October 8, 2020
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **OCERS 2021-2023 STRATEGIC PLAN**

Recommendation

Approve OCERS 2021-2023 Strategic Plan.

Background

Since 2009 OCERS has been working with and modifying the use of a multi-year strategic plan. The formal plan was completely revamped three years ago and we continue the new format for this Strategic Plan which covers the period of January 1, 2021 through December 31, 2023.

OCERS staff reviewed the proposed 2021-2023 Strategic Plan, during OCERS Board's Strategic Planning Workshop last month. The proposed plan was developed using the OCERS Mission, Vision Statement and Values Statements as our guide. The plan is streamlined and focused on the core goals of the organization:

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

Each of the goals are supported by objectives that will be pursued by staff to achieve the goals.

An important change added to the Strategic Plan this year is a final section looking out 5-10 years, and serves as a "parking lot" of sorts to capture important objectives for advancing agency goals that may not be immediately relevant. In particular, the future advancement of Artificial Intelligence is called out, as its impact could have significant relevance to our long term goals.

A reminder, the Strategic Plan is not allowed to age. At the Board's direction we review this document every quarter to ensure it continues relevant and reflective of the OCERS Board's direction.

Submitted by:



S. D. – APPROVED

Steve Delaney
Chief Executive Officer

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

2021-2023 STRATEGIC PLAN



MISSION, VISION AND VALUES

MISSION STATEMENT:

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

VISION STATEMENT:

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

VALUES:

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

STRATEGIC PLAN

2021-2023 STRATEGIC GOALS

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

FUND SUSTAINABILITY

STRENGTHEN THE LONG-TERM STABILITY OF THE PENSION FUND

Objective A: Mitigate the risk of significant investment loss

Objective B: Prudent Use and Security of Resources

EXCELLENT SERVICE AND SUPPORT

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

- Objective A:** Provide accurate and timely benefits
- Objective B:** Provide education to our members and plan sponsors
- Objective C:** Continuously improve business processes and procedures to be efficient and effective

RISK MANAGEMENT

CULTIVATE A RISK-INTELLIGENT ORGANIZATION

Objective A: Provide system and data security and a robust business continuity solution

Objective B: Ensure a safe and secure workplace and public service facility

TALENT MANAGEMENT

RECRUIT, RETAIN AND INSPIRE A HIGH-PERFORMING WORKFORCE

- Objective A:** Recruit and retain a high-performing workforce to meet organizational priorities
- Objective B:** Develop and empower every member of the team
- Objective C:** Cultivate a collaborative, inclusive and creative culture

EFFECTIVE GOVERNANCE

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

Objective A: Employ a governance structure that supports a dynamic System

Objective B: Improve the governance and management of OCERS' records

LOOKING AHEAD 5-10 YEARS

Objective A: Investment best practices as fund approaches \$35 billion

Address by developing investment technology and team resources needed to manage the anticipated Portfolio

Objective B: Preparing for the end of pension administration system (V3)

Address by determining if current pension administrative system is to be upgraded or if new technology will be required

Objective C: Investigate implementation of artificial intelligence (AI) driven Member Self-Service technologies

Objective D: Investigate OCERS management/oversight of member medical coverage upon retirement

Objective E: Short Term (Next 5 Years) – Multi-Factor Authentication for Member and Employer Accounts

Objective F: Long Term (Next 10 Years) – Use of Artificial Intelligence and Machine Learning to Detect Fraudulent Activity and Transactions



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

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

www.ocers.org



Memorandum

DATE: September 30, 2020
TO: Members of the Board of Retirement
FROM: Brenda Shott, Assistant CEO Finance and Internal Operations
SUBJECT: **OCERS 2021 BUSINESS PLAN**

Recommendation

Approve OCERS 2021 Business Plan.

Background/Discussion

The OCERS 2021 Business Plan is presented to the Board for approval. The OCERS 2021 Business Plan is directly linked to the OCERS 2021-2023 Strategic Plan which was developed using OCERS Mission Statement, Vision and Values as its foundation. The Business Plan is a one year plan that lays out initiatives aimed to move the longer term strategic goals and objectives towards completion.

The Business Plan is also an initial planning step in the 2021 budget process. The goals and initiatives included in the Business Plan, if approved by the Board, become directives for staff to finalize 2021 budget requests. The 2021 Business Plan was first reviewed on September 10, 2020 as part of the annual Strategic Planning Workshop. Included with this report are presentation slides that include estimates of amounts needed in 2021 to fund specific initiatives being proposed in next year’s Business Plan. Actual funding of goals and initiatives are subject to final budget approval by the Board at the regularly scheduled meeting in November.

Prepared by:

 **B.M.S. - Approved**

Approved by:



S.D. – APPROVED

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

2021 BUSINESS PLAN



MISSION, VISION AND VALUES

MISSION STATEMENT:

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

VISION STATEMENT:

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

VALUES:

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

2021-2023 STRATEGIC GOALS

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

FUND SUSTAINABILITY

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

Business Plan Initiatives

Objective A: Mitigate the Risk of Significant Investment Loss

Executive Lead – Molly Murphy

1. Investment Consultant Contract Reviews
2. Complete implementation of an investment/risk management system (year two)

Objective B: Prudent Use and Security of Resources

Executive Lead – Molly Murphy

1. Investigate Custodial Bank Services options

EXCELLENT SERVICE AND SUPPORT

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

Business Plan Initiatives

Objective A: Provide Accurate and Timely Benefits

Executive Lead – Suzanne Jenike

1. Streamline the retirement process by implementing:
 - a. LEAN action items
 - b. Review and improve paper forms
 - c. Investigate options to initiate Disability applications online
2. Improve customer service standards by enhancing V3 workflows, monitoring and reporting (multi-year)
3. Investigate phone system options to improve service and reporting
4. Investigate options on developing a Mobile App/Enhanced Self-Service Portal

Objective B: Provide Education to our Members and Employers

Executive Lead – Suzanne Jenike

1. Update annual employer workshop to virtual format
2. Create videos and other online educational resources to enhance education to members and stakeholders about OCERS benefits, administrative operations and investments (multi-year)

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

Executive Leads – Brenda Shott and Suzanne Jenike

1. Explore the process of obtaining LEAN certifications
2. Identify additional business process to implement LEAN principles
3. Implement new Enterprise Resource Planning (ERP) system
4. Migrate to Microsoft 365 infrastructure

RISK MANAGEMENT

GOAL: CULTIVATE A RISK-INTELLIGENT ORGANIZATION

Business Plan Initiatives

Objective A: Enhance Governance of Technology Risks

Executive Leads – Brenda Shott, Matt Eakin & Jenny Sadoski

1. Continue implementation plan for security and operational best practice controls (multi-year)
2. Develop and enhance information security policies
3. Implement project management tools and best practices for use throughout the organization

Objective B: Continuously Assess Technology Environment and Address Risks

Executive Leads – Brenda Shott, Matt Eakin & Jenny Sadoski

1. Implement best practice security controls for Microsoft 365
2. Implement network access control to allow only authorized devices on the internal network
3. Implement network traffic analysis to observe internal network traffic and detect potential intrusions
4. Implement network/server/service monitoring to detect and alert on operational status of systems
5. Implement DNS security solution to protect computer endpoints
6. Evaluate alternative methods of exchanging member identification protocols

Objective C: Ensure Compliance with Industry Frameworks and Best Practices

Executive Leads – Brenda Shott, Matt Eakin & Jenny Sadoski

1. Conduct a data classification study
2. Implement automated inventories for tracking technology assets

Objective D: Provide a Robust Business Continuity Solution

Executive Leads – Brenda Shott, Matt Eakin & Jenny Sadoski

1. Implement new backup solutions to enhance recovery of on premise and cloud systems
2. Implement infrastructure to allow employees to work a hybrid in office and remote environment
3. Adopt policies to support a hybrid work environment

Objective E: Ensure a Safe and Secure Workplace and Public Service Facility

Executive Lead – Brenda Shott

1. Investigate and evaluate long term options for OCERS headquarters
2. Implement COVID-19 protocols and worksite plan
3. Upgrade the Board Room audio/visual equipment

TALENT MANAGEMENT

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

Business Plan Initiatives

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

Executive Leads – Steve Delaney and Cynthia Hockless

1. Review and implement necessary changes onboarding and transitioning of new hires into the organization during remote work conditions
2. Expand advertising and outreach sources in order to continue to encourage diversity in recruitments (multi-year)
3. Complete compensation study and implement recommendations as appropriate

Objective B: Develop and empower every member of the team

Executive Lead – Steve Delaney

1. Design and develop a comprehensive training program based on individual needs and career goals that embeds a talent management mindset and creates succession plans across the agency
2. Develop a comprehensive standardized library of process and procedure manuals across the organization

Objective C: Cultivate a Collaborative, Inclusive and Creative Culture
Executive Lead – Steve Delaney

1. Continue to implement strategies that promote an inclusive workplace

EFFECTIVE GOVERNANCE

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

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

Executive Lead – Steve Delaney

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

Objective B: Improve the Governance and Management of OCERS' Records (multi-year)

Executive Lead – Gina Ratto

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



ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
www.ocers.org

2011



2021 BUSINESS PLAN

Presented on Thursday, September 10, 2020

by

Steve Delaney & OCERS Management Team



Agenda

- Mission, Vision, Values
- Business Plan Initiatives
- Next Steps



2021 Business Plan





Mission, Vision & Values

MISSION STATEMENT:

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

VISION STATEMENT:

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

VALUES:

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



FUND SUSTAINABILITY

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

Business Plan Initiatives

Objective A: Mitigate the Risk of Significant Investment Loss

Executive Lead – Molly Murphy

1. Investment Consultant Contract Reviews
2. Complete implementation of an investment/risk management system (year two)

Objective B: Prudent Use and Security of Resources

Executive Lead – Molly Murphy

1. Investigate Custodial Bank Services options



EXCELLENT SERVICE AND SUPPORT

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

Business Plan Initiatives

Objective A: Provide Accurate and Timely Benefits
Executive Lead – Suzanne Jenike

1. Streamline the retirement process by implementing:
 - a. LEAN action items
 - b. Review and improve paper forms
 - c. Investigate options to initiate Disability applications online
2. Improve customer service standards by enhancing V3 workflows, monitoring and reporting (multi-year)
3. Investigate phone system options to improve service and reporting
4. Investigate options on developing a Mobile App/Enhanced Self Service Portal **\$300,000**



EXCELLENT SERVICE AND SUPPORT

Objective B: Provide Education to our Members and Employers
Executive Lead – Suzanne Jenike

1. Update annual employer workshop to virtual format
2. Create videos and other online educational resources to enhance education to members and stakeholders about OCERS benefits, administrative operations and investments (multi-year) **\$50,000**

Objective C: Continuously Improve Business Processes and Procedures to be Efficient and Effective
Executive Leads – Brenda Shott and Suzanne Jenike

1. Explore the process of obtaining LEAN certifications **\$10,000**
2. Identify additional business process to implement LEAN principles **\$25,000**
3. Implement new Enterprise Resource Planning (ERP) system **\$150,000**
4. Migrate to Microsoft 365 infrastructure **\$180,000**

GOAL: CULTIVATE A RISK-INTELLIGENT ORGANIZATION

Business Plan Initiatives

Objective A: Enhance Governance of Technology Risks
Executive Leads – Brenda Shott, Matt Eakin & Jenny Sadoski

1. Continue implementation plan for security and operational best practice controls (multi-year)
2. Develop and enhance information security policies **\$20,000**
3. Implement project management tools and best practices for use throughout the organization **\$15,000**

Objective B: Continuously Assess Technology Environment and Address Risks

Executive Leads – Brenda Shott, Matt Eakin & Jenny Sadoski

1. Implement best practice security controls for Microsoft 365
\$20,000
2. Implement network access control to allow only authorized devices on the internal network **\$10,000**
3. Implement network traffic analysis to observe internal network traffic and detect potential intrusions **\$20,000**
4. Implement network/server/service monitoring to detect and alert on operational status of systems **\$5,000**
5. Implement DNS security solution to protect computer endpoints **\$20,000**
6. Evaluate alternative methods of exchanging member identification protocols



RISK MANAGEMENT

Objective C: Ensure Compliance with Industry Frameworks and Best Practices
Executive Leads – Brenda Shott, Matt Eakin & Jenny Sadoski

1. Conduct a data classification study **\$100,000 - \$150,000**
2. Implement automated inventories for tracking technology assets **\$75,000 - \$100,000**

Objective D: Provide a Robust Business Continuity Solution
Executive Leads – Brenda Shott, Matt Eakin & Jenny Sadoski

1. Implement new enterprise backup solutions to enhance recovery of on premise and cloud systems **\$250,000**
2. Implement infrastructure to allow employees to work a hybrid in office and remote environment **\$25,000**
3. Adopt policies to support a hybrid work environment

Objective E: Ensure a Safe and Secure Workplace and Public Service Facility

Executive Lead – Brenda Shott

1. Investigate and evaluate long term options for OCERS headquarters
2. Implement COVID-19 protocols and worksite plan
3. Upgrade the Board Room audio/visual equipment. **\$300,000 - \$400,000**



TALENT MANAGEMENT

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

Business Plan Initiatives

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

Executive Leads – Steve Delaney and Cynthia Hockless

1. Review and implement necessary changes onboarding and transitioning of new hires into the organization during remote work conditions
2. Expand advertising and outreach sources in order to continue to encourage diversity in recruitments (multi-year)
3. Complete compensation study and implement recommendations as appropriate **\$30,000**



TALENT MANAGEMENT

Objective B: Develop and empower every member of the team
Executive Lead – Steve Delaney

1. Design and develop a comprehensive training program based on individual needs and career goals that embeds a talent management mindset and creates succession plans across the agency **\$100,000**
2. Develop a comprehensive standardized library of process and procedure manuals across the organization **\$150,000**

Objective C: Cultivate a Collaborative, Inclusive and Creative Culture
Executive Lead – Steve Delaney

1. Continue to implement strategies that promote an inclusive workplace



EFFECTIVE GOVERNANCE

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

Business Plan Initiatives

Objective A: Employ a Governance Structure that Supports a Dynamic System
Executive Lead – Steve Delaney

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

Objective B: Improve the Governance and Management of OCERS' Records (multi-year)

Executive Lead – Gina Ratto

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

QUESTIONS?



*Orange County Employees Retirement System
Retirement Board Meeting
October 19, 2020
Application Notices*

Member Name	Agency/Employer	Retirement Date
Abanobi, Mike	County Clerk/Recorder	8/14/2020
Aquilar, Daniel	Social Services Agency	7/3/2020
Aquilar, Guadalupe	Social Services Agency	8/14/2020
Aikin, Daniel	Sheriff's Dept	8/14/2020
Alonso Rice, Isaac	OC Public Works	7/27/2020
Anderson, Christina	Sheriff's Dept	8/14/2020
Anderson, Mariana	Health Care Agency	8/14/2020
Andres, Ellen	Auditor Controller	8/14/2020
Arroyo, Arcelia	Social Services Agency	8/14/2020
Au, Van	County Executive Office (CEO)	8/14/2020
Avila, Richard	Sheriff's Dept	8/14/2020
Avila, Thelma	Social Services Agency	8/14/2020
Bankey, Duane	County Executive Office (CEO)	8/14/2020
Baril, Lawrence	Probation	8/14/2020
Barlahan, Abelardo	Sheriff's Dept	8/7/2020
Batriz, Joe	Sheriff's Dept	8/14/2020
Baudino, Marylouise	Assessor	8/14/2020
Beckham, Barbara	Sheriff's Dept	8/14/2020
Bellamy, Jill	Sheriff's Dept	7/31/2020
Benavides, Monique	Social Services Agency	8/14/2020
Blazer, Kenneth	Sheriff's Dept	8/14/2020
Bogan, James	County Executive Office (CEO)	7/31/2020
Borghese, Lynda	District Attorney	8/14/2020
Bouqouneau, Roma	Sheriff's Dept	8/14/2020
Bove, Celeste	Social Services Agency	8/14/2020
Bowers, Amber	Sheriff's Dept	8/14/2020
Bradford, Randall	Social Services Agency	8/14/2020
Breault, Dianne	Social Services Agency	8/14/2020
Bricker, Michael	OC Community Resources	8/14/2020
Bucsko, Michael	Sheriff's Dept	7/3/2020
Bui, Linh	Health Care Agency	8/14/2020
Burgos, Anna	Child Support Services	8/14/2020
Burriss, Jeffrey	Sheriff's Dept	8/2/2020
Cabrera, Estela	Social Services Agency	8/5/2020
Campbell, Dorit	District Attorney	8/14/2020
Canales, Paul	Social Services Agency	8/1/2020
Cano, Adrian	OCWR	8/5/2020
Carlin, Jennifer	Probation	7/9/2020
Carr, Jeanette	OCTA	8/13/2020
Carrigan, Margaret	Health Care Agency	8/14/2020
Caselles, Adam	Probation	8/14/2020
Castaneda, Ruth	Assessor	8/14/2020
Castanon, Ines	Sheriff's Dept	8/14/2020
Castellon, Jose	Sheriff's Dept	8/14/2020
Cervellone, Donald	OC Public Works	8/14/2020
Cha, Steven	Assessor	8/14/2020
Chavez, Ava	Health Care Agency	8/4/2020
Chavez, Juan	OCTA	6/28/2020
Chesney-Algar, Pamela	OC Community Resources	8/14/2020

Member Name	Agency/Employer	Retirement Date
Cofer, Annette	OCTA	8/11/2020
Cole, Laura	Health Care Agency	7/17/2020
Cox, Sharon	Sheriff's Dept	7/3/2020
Cox, Teresa	Social Services Agency	7/17/2020
Crawley, Lawanda	County Executive Office (CEO)	8/14/2020
Cruz-Toro, Diana	Social Services Agency	8/14/2020
Cui, Ramon	Sheriff's Dept	8/14/2020
Cummins, Richard	Social Services Agency	8/10/2020
Curd, Kimberly	Probation	7/8/2020
Dacquisto, Peter	Fire Authority (OCFA)	7/17/2020
Dang, Trang K	Social Services Agency	8/14/2020
Daniels, Julie	Public Defender	8/14/2020
Daniels, Stephen	Public Defender	8/14/2020
Dayak, Greg	OCWR	8/14/2020
De La Hoya, Paul	OC Public Works	8/14/2020
Dempsey, Gail	Social Services Agency	8/14/2020
Depuy, Eileen	OC Public Works	8/14/2020
Didio, Dianne	Social Services Agency	8/14/2020
Didio, Oliver	Sheriff's Dept	8/14/2020
Diep, Phuong	Sheriff's Dept	8/14/2020
Dietrich, Joshua	Sheriff's Dept	8/14/2020
Dinh, Huong	Social Services Agency	8/14/2020
Dixon, Sheryl	Sheriff's Dept	8/14/2020
Donald, Cheri	Public Defender	8/14/2020
Dong, Jane	Social Services Agency	8/14/2020
Dorman, Lai	Health Care Agency	8/14/2020
Drake, Pamela	Sheriff's Dept	6/23/2020
Dubash, Khushru	Sheriff's Dept	7/5/2020
Dulong, Maria Gina	OCWR	8/14/2020
Duong, Phuong	Social Services Agency	8/14/2020
Durham, Andrew	District Attorney	8/14/2020
Eck, Debra	Sheriff's Dept	8/14/2020
Ehrhart, Nelly	Social Services Agency	8/14/2020
Eickholt, Suzanne	Public Defender	8/14/2020
Eitner, Kristin	Social Services Agency	7/20/2020
Ellithorpe, Douglas	Sheriff's Dept	8/14/2020
Ennis, Gary	Sheriff's Dept	7/17/2020
Espitia, Annette	Social Services Agency	8/14/2020
Fahey, Michael	Probation	8/14/2020
Falcon, Eddie	OC Community Resources	8/14/2020
Falzone, Christine	Social Services Agency	7/3/2020
Farias, Adalberto	Social Services Agency	8/14/2020
Farzan, Forouzandeh	Health Care Agency	8/14/2020
Fernandez, Maria	Social Services Agency	8/14/2020
Fields Morgan, Paula	OC Public Works	8/14/2020
Finley, Richard	John Wayne Airport	8/14/2020
Flores, Juan	Probation	7/31/2020
Foster, Sylvia	Social Services Agency	8/14/2020
Foy, Cheryl	District Attorney	8/14/2020
Frederickson, Eric	OC Public Works	8/14/2020
Freeze, Denise	Superior Court	7/17/2020
Frye, Wendell	Sheriff's Dept	8/14/2020
Futo Tendai, Ana	OCTA	8/5/2020
Galateanu, Lucica	Probation	8/14/2020
Garcia, Eusebio	Social Services Agency	8/14/2020
Garcia, Leila	Health Care Agency	8/14/2020
Garcia, Leticia	Superior Court	7/17/2020

Member Name	Agency/Employer	Retirement Date
Gautschi, Maureen	Social Services Agency	8/14/2020
Giffin-Barber, Jo Ellen	District Attorney	8/14/2020
Gilbert, Cynthia	Sheriff's Dept	8/14/2020
Goerndt, Catherine	Health Care Agency	8/14/2020
Gonzalez, Elva	Assessor	8/14/2020
Gonzalez, Jovita	Health Care Agency	8/14/2020
Gonzalez, Victor	OC Public Works	8/14/2020
Gordon, Hong	Social Services Agency	8/14/2020
Guevara, David	Social Services Agency	8/14/2020
Guillen-Lopez, Maria	Superior Court	7/3/2020
Gutierrez, Jana	Sanitation District	8/18/2020
Gutierrez, Salvador	OC Public Works	8/14/2020
Hakim, Anees	Sheriff's Dept	8/14/2020
Harman, Kathleen	Sheriff's Dept	8/14/2020
Hart, Todd	District Attorney	8/14/2020
Hays, Christian	Sheriff's Dept	7/3/2020
Heaton, Francisca	Child Support Services	8/14/2020
Hendrickson, John	Social Services Agency	8/14/2020
Hernandez, Vincent	Probation	8/14/2020
Hoag, Paul	Sheriff's Dept	8/14/2020
Hoffman, James	Sheriff's Dept	7/17/2020
Holland, Colleen	Sheriff's Dept	8/14/2020
Holmes, Bessie	OC Public Works	8/14/2020
Holstein, Christina	Child Support Services	8/11/2020
Howell, Lisa	Health Care Agency	8/14/2020
Huie, James	Child Support Services	8/14/2020
Im, Agnes	Health Care Agency	8/14/2020
Ivancic, Erik	Sheriff's Dept	8/14/2020
Iwai, Michael	Health Care Agency	8/14/2020
Jackson, Teolinda	Social Services Agency	7/31/2020
Jahed, Nooshin	OC Community Resources	8/14/2020
Jaiswal, Neelam	OC Public Works	8/14/2020
Johnson, Gail	Child Support Services	8/14/2020
Johnson, Mark	Health Care Agency	8/14/2020
Jones, Karen	Assessor	8/14/2020
Jones, Mary Ann	OC Public Works	8/14/2020
Jones, Sheila	Health Care Agency	8/14/2020
Jorge, Oscar	Assessor	8/14/2020
Jose, Marievel	Health Care Agency	8/14/2020
Joseph, Anthony	OCTA	8/16/2020
Julien, Marlene	John Wayne Airport	8/14/2020
Kim, Sung-Yun	Probation	8/14/2020
King, Patricia	Social Services Agency	8/14/2020
Kinnaman, Patricia	Social Services Agency	8/14/2020
Kiser, Linda	OCTA	7/9/2020
Korson, Michele	Social Services Agency	7/31/2020
Kral, Scepán	Assessor	8/14/2020
Lampa, Norma	Social Services Agency	8/14/2020
Le Bourgeois, Larry	Probation	8/7/2020
Ledesma, Maria	Social Services Agency	8/14/2020
Lee, Scotty	Probation	8/14/2020
Linares, Randall	OCWR	8/14/2020
Litchenberg, Paul	District Attorney	8/14/2020
Lo, Linda	Auditor Controller	8/14/2020
Lockett, Debbie	Social Services Agency	8/14/2020
Lopez, Elvira	Health Care Agency	8/14/2020
Lopez, Hugo	Health Care Agency	8/14/2020

Member Name	Agency/Employer	Retirement Date
Lopez, Ithamar	Health Care Agency	8/14/2020
Maas, Jeff	Sheriff's Dept	8/14/2020
Machado, Roberta	Child Support Services	8/14/2020
Maqallanes, Cynthia	Child Support Services	8/14/2020
Maki, Curtis	John Wayne Airport	8/14/2020
Mankawich, Joseph	City of San Juan Capistrano	7/24/2020
Mariano, Luz	Probation	8/14/2020
Marron-Taylor, D'Alicia	Social Services Agency	8/14/2020
Martindale, Joseph	Sheriff's Dept	7/3/2020
Martinez, Juanita	OC Community Resources	8/14/2020
Matsudaira, Thomas	Sheriff's Dept	8/14/2020
Maynard, Samuel	Sheriff's Dept	8/14/2020
Mazurek, Darryl	Social Services Agency	8/14/2020
Mc Manus, Earl	Assessor	8/14/2020
Mccormick, David	Sheriff's Dept	8/14/2020
Mcqarry, Lauren	Sheriff's Dept	8/14/2020
Medina, Diana	District Attorney	8/14/2020
Medina, Javier	Probation	8/14/2020
Medina, Linda	Child Support Services	8/14/2020
Meloch, Mary	District Attorney	8/28/2020
Mikesell, Kim	Social Services Agency	8/14/2020
Monsivais, Leticia	OC Community Resources	8/14/2020
Montgomery, Michael	District Attorney	8/14/2020
Moore, Adam	Sheriff's Dept	8/7/2020
Moore, Florena	Sheriff's Dept	7/3/2020
Morales, Jose	OC Public Works	8/14/2020
Morgan, Cindi	OC Public Works	8/14/2020
Morgan, Wayne	OC Public Works	8/14/2020
Munsey, Douglas	Sheriff's Dept	8/14/2020
Murray, William	Health Care Agency	8/14/2020
Naji, Jamal	OC Public Works	7/7/2020
Narvaez, Argelia	County Counsel	8/14/2020
Nghiem, Anne	OC Community Resources	8/13/2020
Ngo, Michelle	Social Services Agency	8/14/2020
Nguyen, Catherine	County Executive Office (CEO)	8/14/2020
Nguyen, Duc	OC Public Works	8/14/2020
Nguyen, Le	Child Support Services	8/14/2020
Nguyen, Maikhanh	Social Services Agency	8/14/2020
Nguyen, Monica	Social Services Agency	8/14/2020
Nguyen, Thu-Thuy	Health Care Agency	8/14/2020
Nguyen, Trang	Health Care Agency	7/17/2020
Oakes, Laura	Health Care Agency	7/24/2020
O'Gilbert, Gregory	Social Services Agency	8/14/2020
Ohannesian, Greg	Social Services Agency	8/14/2020
Olivares, Allen	OC Public Works	8/14/2020
Ontiveros, Eddie	OC Public Works	8/14/2020
Pacourek, Patricia	Child Support Services	8/14/2020
Page-Ortez, Lorelee	Health Care Agency	8/14/2020
Papsis, Anthony	Sheriff's Dept	8/14/2020
Papsis, Lorena	Sheriff's Dept	8/14/2020
Parqa, Laura	Health Care Agency	8/14/2020
Parisi, Mike	Health Care Agency	8/14/2020
Pascual, Samuel	OCWR	8/14/2020
Paulson, Kelly	Health Care Agency	8/14/2020
Pease, Ruth	Social Services Agency	7/22/2020
Peluso, Victor	Public Defender	7/3/2020
Pennington, Mike	Social Services Agency	8/14/2020

Member Name	Agency/Employer	Retirement Date
Peterson, Lynne	Child Support Services	8/14/2020
Petrosino, Sharon	Public Defender	7/3/2020
Pham, Kim-Anh	Social Services Agency	8/14/2020
Pham, Nguyet Hong	Social Services Agency	8/14/2020
Piantoni, Donna	Social Services Agency	8/14/2020
Pina, Susan	OC Community Resources	8/14/2020
Pinero, Judy	Social Services Agency	8/14/2020
Pisarski, Cynthia	County Executive Office (CEO)	8/7/2020
Pizzuto, Heather	OC Community Resources	7/25/2020
Portillo, Roni	Health Care Agency	8/14/2020
Powell, Sonja	Fire Authority (OCFA)	7/7/2020
Power, Corazon	Assessor	8/14/2020
Privett, Ronald	Sheriff's Dept	8/14/2020
Quick, Andre	Probation	8/14/2020
Raith, John	OCTA	8/11/2020
Reed, Ronald	Sheriff's Dept	8/14/2020
Richard, Kim	Human Resources Dept	8/14/2020
Rienzo, Maria	Health Care Agency	8/14/2020
Rivera, Felicitas	Social Services Agency	8/14/2020
Robinson, Bruce	Probation	7/17/2020
Rodriguez, Manuel	OCWR	8/14/2020
Rodriguez, Mary	Child Support Services	8/14/2020
Rodriguez, Perry	Probation	8/14/2020
Rodriguez-Montalvo, Nilsa	Social Services Agency	8/14/2020
Romero, Edward	Child Support Services	8/14/2020
Ruelas, Gloria	City of San Juan Capistrano	6/19/2020
Ruesga, Joe	OC Public Works	8/14/2020
Russell, Robin	Treasurer - Tax Collector	7/3/2020
Sanchez, Marco	Social Services Agency	8/14/2020
Santhon, Shannon	Social Services Agency	8/6/2020
Sasano, Martha	Sheriff's Dept	8/14/2020
Scherger, Kathleen	Superior Court	7/3/2020
Schneider, Karen	Social Services Agency	8/14/2020
Schnell, Jeffrey	Sheriff's Dept	8/14/2020
Schreiner, Elke	OC Community Resources	8/7/2020
Serna, Luis	Sheriff's Dept	8/14/2020
Siewerd, Dennis	OCTA	8/2/2020
Silva, Richard	Sheriff's Dept	7/22/2020
Slemmer, David	Probation	8/14/2020
Solis, Gloria	Sheriff's Dept	8/14/2020
Solorio, Rose	County Clerk/Recorder	7/31/2020
Stammer, Thomas	Sheriff's Dept	8/14/2020
Starnes, Michael	Sheriff's Dept	8/14/2020
Swanson, Robert	Sheriff's Dept	8/12/2020
Tapia, Connie	OC Community Resources	8/14/2020
Taylor, Celinda	Social Services Agency	8/14/2020
Tazbaz, Maria	Social Services Agency	8/14/2020
Thomas, Charles	Probation	8/14/2020
Tobias, Rodolfo	OCTA	8/6/2020
Torres, Judy	Child Support Services	8/13/2020
Torres-Lopez, Maria Martha	Child Support Services	8/14/2020
Tran, Tuyet-Trinh	Child Support Services	8/14/2020
Tran, Yvonne	Health Care Agency	8/14/2020
Trimmer, Linh	OC Public Works	8/14/2020
Trinh, Philippe	OC Community Resources	8/14/2020
Trudell, Phyllis	OCTA	7/15/2020
Trujillo, Sylvia	County Counsel	8/14/2020

<i>Member Name</i>	<i>Agency/Employer</i>	<i>Retirement Date</i>
Valenzuela, Wendy	Social Services Agency	7/3/2020
Vargas, Joseph	Health Care Agency	8/14/2020
Vasquez, Bonifacio	OC Public Works	8/14/2020
Vellen, Pamela	Health Care Agency	8/14/2020
Villalobos, Juanita	Child Support Services	8/14/2020
Vlad, Georgetta	County Executive Office (CEO)	8/14/2020
Vu, Quy	Child Support Services	8/14/2020
Wermers, Jeff	OC Public Works	8/14/2020
Whaley, Kendal	Probation	8/17/2020
White, John	Health Care Agency	8/14/2020
Wilson Codispoti, Brenda	Social Services Agency	8/14/2020
Worrell, Sheryl	Social Services Agency	8/12/2020
Yarak, Leslie	OC Community Resources	8/14/2020
Youngkeit, Mark	OCTA	7/19/2020
Youngs, Bernice	Health Care Agency	7/31/2020
Yu, Chau	Assessor	8/14/2020
Zavala, Concepcion	Assessor	8/14/2020
Zimmerman, Mary	Sheriff's Dept	8/14/2020

*Orange County Employees Retirement
Retirement Board Meeting
October 19, 2020
Death Notices*

Active Members	Agency/Employer
Rewerts, Peter	John Wayne Airport
Sekella, Brian	Social Services Agency

Retired Members	Agency/Employer
Banks, Margaret	OCTA
Braselton, Carol	Sheriff's Dept
Brown, Barbara	Board of Supervisors
Burt, Kelley	OCWR
Chew, Beverly	County Clerk/Recorder
Daugherty, Joan	Auditor Controller
De Pauw, Barbara	OC Public Works
Dunegan, Alice	OC Community Resources
Erb, Joy	Assessor
Fites, Robert	Sanitation District
Gomez, Juan M	OC Public Works
Guzman, Bienvenido	Assessor
Hageman, Irene	Sheriff's Dept
Haywood, Karen	Health Care Agency
Herbert, Gwynneth	OC Community Resources
Holbeck, Richard	Sheriff's Dept
Jeu Devine, James	Assessor
Johnson, Michael	OCTA
Jones, Douglas	Health Care Agency
Jones, William	Probation
Langmore, Elizabeth	OC Public Works
Livingston, Anna Lou	OC Public Works
Lucas, Thomas	Sheriff's Dept
Mac Donnell, Gertrud	OC Public Works
Marlow, Charlaire	OC Community Resources
Mattocks, Robin	Social Services Agency
Mayo, David	OCTA
McCalman, Shellie	Social Services Agency
Mcferran, Marie	Health Care Agency
Mendez, Ramona	Assessor
Michel, Carolyn	OC Community Resources
Negro, Charles	OCTA
Niedfelt, Patricia	OC Public Works
Olsen, Dean	County Executive Office (CEO)
Ortiz, Sandy	Social Services Agency
Pennington, Joan	Department of Education
Perez-Lopez, Shirley	Sheriff's Dept

Roberts, Annabelle	District Attorney
Robinson, Barbara	OC Public Works
Schock, Charles	OCTA
Street, Malcolm	OC Public Works
Tanksley, Robert	Superior Court
Thomas, Joyce	Social Services Agency
Walker, Milo	Assessor
Ward, Gary	OC Public Works
Washington, Tommy	OCTA
Wilson, Sharon	Department of Education

<i>Surviving Spouses</i>	
Beevers, Ernestine	
Eberhart, Barbara	
Fellhoelter, Gloria	
Garcia, Gonzalo	
Perreira, Jean	
Quinby, Janet	
Rabago, Cecilia	
Webster, Ray	



Memorandum

DATE: October 19, 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

NOVEMBER

- Administrative and Investment OCERS Annual Budget for fiscal year 2021
- CEO Personnel Review and Compensation Discussion
- Election of the Vice-Chair
- List of Next Year's Committee Members
- Third Quarter Budget to Actuals Report
- Board Education Status Report

DECEMBER

- Adopt Annual Work Plan for Calendar Year 2021
- REAOC Annual Update

JANUARY

- 2020 Year in Review: Communication Plan
- 2020 OCERS Innovations
- 2020 Disability Statistics
- Communication Policy Fact Sheet
- Form 700 Filing Requirements

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



Memorandum

DATE: October 6, 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.

- There are no RFP's in process at this time.

Submitted by:

Jim Doezie
Contracts, Risk and Performance
Administrator



Memorandum

DATE: October 19, 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:

- I had earlier thought the OCERS team would be back in the office by late summer/early fall. Now facing similar concerns addressed in this article, and even though I will continue to consider our options one month at a time, it is looking more and more as though the OCERS team won't be returning until the new year.
<https://apple.news/AHoBqfQYJSdSKOGaCHqT-Kw>
- We may not need to wait 10+ years to begin our transition to AI customer service.
<https://apkmetro.com/an-ai-breaks-the-writing-barrier/>

Attached:

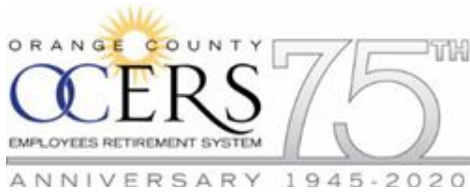
- OCERS Activities for July and August 2020

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Monthly Staff Status July 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 July 2020.

MEMBER SURVEY RESPONSE

“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

“My retirement appointment was one of the easiest meetings I have ever had.”

June 2020

“OCERS is a mom and pop retirement system that has legendary employees from top to bottom.”

July 2020

MEMBER SERVICES TELEPHONE METRICS

Member Services Call History			
Month / Year	Incoming Calls Through Queue	Incoming Calls Direct to Extension	Total Calls (Queue + Direct)
June 2020	*	*	13854
June 2019	1194	2140	3334
June 2018	2124	1350	3474

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

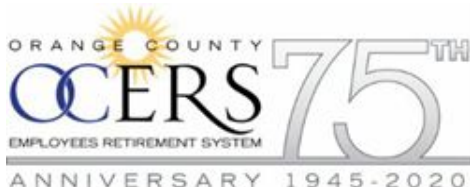
Customer Service Statistics

Member Approval: 100%

Un-Planned Recalculations: 0

Retirement Applications Received:

Jul – 2020	288
Jun – 2020	63
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



Monthly Staff Status

July 2020

ACTIVITIES

OCERS YEAR IN REVIEW

Our annual outreach program began to pick up more steam in July. All meetings this month were accomplished via Zoom.

On July 1 I met with the Executive Director of the Public Law Library.

On July 29 Ms. Shott and Ms. Jenike met with the OC Sanitation Executive Team.

On July 30 we all met with the executive team of the Sanitation Department.

On July 31 we three met with the executive team of OCEA.

While all had questions about the portfolio's performance due to the closed economy, we also spent much time walking through our COVID-related processes with the OCEA team, as they are obviously very concerned for the safety and wellbeing of our county employees. During the course of our discussion they stated they are not worried about OCERS activities, they have seen us as taking the lead in best practices since the start of the pandemic.

Interestingly the County of Orange Executive Department declined our meeting this year, indicating that my monthly updates have kept them sufficiently apprised of OCERS actions, and they are comfortable with the how OCERS has reacted to the pandemic with its various challenges.

MONTHLY UPDATE MEETINGS

July was the first month that the REAOC executive team requested I join them by Zoom for my monthly updates. To that point they had asked me to provide my updates by way of a written report.

The County Supervisor EAs responded to a poll in July, and indicated they wish me to continue with monthly written OCERS update reports for now, they are not ready yet for Zoom or in-person meetings.

The July 15 OCERS Informational Update meeting via Zoom was a continued success. We have been averaging close to 40 in attendance at these monthly meetings. Segal joined us for that meeting and discussed in detail the December 31, 2018 actuarial valuation.

WEEKLY ALL OCERS TEAM ZOOM CONFERENCE CALL

Our weekly team calls continue to be a highlight, as we bring the entire OCERS team together to share some fun facts as we kick off, and then discuss the challenges and opportunities of that week, with reports from every department so all are aware of what their co-workers are undertaking.

The calls each week have a theme as I have mentioned previously. In early July we concluded our "Decade" theme with a "90s" approach as shown in the photo below.



Monthly Staff Status July 2020

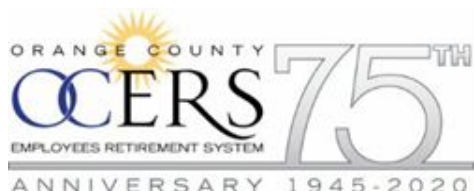


UPDATES

OCERS INVESTMENTS

Mr. Beeson reports:

As of June 30, 2020, the portfolio year-to-date is down 3.1% net of fees, while the one-year return is up 1.6%. The fund value now stands at \$17.1 billion. The OCERS Investment Team continues to work effectively remotely during the coronavirus pandemic. The July 29th Investment Committee meeting took place via video/teleconference on Zoom. The meeting began with guest speaker Ruchir Sharma, Head of Emerging Markets and Chief Global Strategist of Morgan Stanley Investment Management, presenting his views on the post-COVID world. Mr. Sharma discussed how the COVID pandemic was accelerating trends including: de-globalization, rising global debt levels, declining productivity, and the declining working age population growth rate. Next, Molly Murphy presented the monthly manager selections and terminations report. OCERS' committed \$15 million to H.I.G. Capital Partners VI within the private equity buyout space. The strategy has a strong track record of



Monthly Staff Status July 2020

creating value in complex, undermanaged, and/or underperforming lower middle market companies within the business services, consumer, healthcare, industrial, natural resources, and technology sectors. This is the fourth investment OCERS has made across the H.I.G. platform. David Beeson then presented the real estate asset class review. Mr. Beeson discussed the real estate portfolio structure, recent manager activity, and upcoming portfolio objectives including rebalancing the core portfolio towards the new 7% real estate target. Jack Koch and Felix Fels from Townsend next presented the Q1 2020 real estate performance report. The OCERS real estate portfolio has delivered an 8.1% net return since inception versus 6.3% for the NFI-ODCE benchmark. Jack Koch and Felix Fels then presented the annual OCERS real estate investment plan. The Investment Committee approved the real estate investment plan including: redeeming up to \$400 million in the core portfolio to move towards the new 7% real estate target, committing one to two new investments in the non-core portfolio (\$75 million per fund), and increasing the non-U.S. real estate portfolio limit from 5% to 10%.



As a reminder you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the October 15 meeting of the OCERS Board of Retirement.



Memorandum

DATE: October 19, 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

On August 31, 2020, the Legislature adjourned for final recess, marking the end of the second year of the 2019-2020 legislative session. September 30, 2020 was the last day for the Governor to sign or veto bills passed by the Legislature and in the Governor's possession on or after September 1, 2020.

The list and description of the bills that staff monitored during the second year of the 2019-2020 legislative session is attached. Of all of those bills, only five were passed by the Legislature and signed by Governor Newsom. The five bills are listed below.

SACRS Sponsored Bill

- **AB 2101 (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. (See the attachment for a description of the amendments to the PERL and Education Code.)

The bill amends 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 similarly authorizes 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 prohibits service credit to be received for such a period of absence from exceeding 12 consecutive months and would prescribe requirements for payments. This provision is operative in a county only if the board of supervisors elect to make it so, and applies 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 recasts these provisions and generally requires that CERL comply with the federal Uniformed Services Employment and Reemployment Rights Act of 1994, as it may be amended. The bill also authorizes 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 authorizes a system administrator or other personnel to exercise a board's power to retire members. The bill requires 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 prescribes 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 requires 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 requires 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 requires that the person receive service credit for the period for which salary is awarded. The retirement system is 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 requires 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 revises 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 further requires 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 changes 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 revises the standard applicable to children through the age of 21 to instead be up to the 22nd birthday of the child. The bill makes a related change with regard to a provision that provides an alternative to survivorship benefits under federal social security benefits.

(STATUS: To Engrossing and Enrolling on 08/30/20. Enrolled and presented to the Governor on 09/10/20. Signed by the Governor on 09/29/20.)

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 provides that until January 1, 2026, the prohibition described above does not prevent a member from engaging in separate conversations or communications outside of a meeting authorized by the Brown Act with any person using an internet-based social media platform to answer questions, provide information to the public, or to solicit information from the public regarding a matter that is within the subject matter jurisdiction of the legislative body, provided that a majority of the members do not use the internet-based social media platform to discuss among themselves business of a specific nature that is within the subject matter jurisdiction of the legislative body, and that a member shall not respond directly to any communication on an internet-based social media platform regarding a matter that is within the subject matter jurisdiction of the legislative body that is made, posted, or shared by any other member of the legislative body.

(STATUS: To Engrossing and Enrolling on 08/26/20. Enrolled and presented to the Governor on 08/31/20. Signed by the Governor on 09/18/20.)

Other Bills of Interest

- **AB 1945 (Sala)**

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. This bill provides 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 prohibits 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: **To Engrossing and Enrolling on 08/30/20. Enrolled and presented to the Governor on 09/08/20. Signed by the Governor on 09/11/20.**)

- **SB 1159 (Hill)**

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. Existing law governs the procedures for filing a claim for workers' compensation, including filing a claim form, and provides that an injury is presumed compensable if liability is not rejected within 90 days after the claim form is filed. This bill defines "injury" for an employee to include illness or death resulting from the 2019 novel coronavirus disease (COVID-19) under specified circumstances, until January 1, 2024, and July 1, 2024, for employees generally, and until July 1, 2024, for certain peace officers, firefighters, and health care workers, among others. The bill creates a disputable presumption that the injury arose out of and in the course of the employment and is compensable. The bill limits the applicability of the presumption under certain circumstances. The bill requires 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 employees, a leave of absence. The bill also makes a claim relating to a COVID-19 illness presumptively compensable, as described above, after 30 days rather than 90 days. Until July 1, 2024, the bill allows for a presumption of injury for all employees whose fellow employees at their place of employment experience specified levels of positive testing, and whose employer has five or more employees.

(STATUS: **Urgency clause adopted. Ordered to engrossing and enrolling on 08/31/20. Enrolled and presented to the Governor on 09/08/20. Signed by the Governor on 09/17/20.**)

Bills that Apply to CalPERS and/or CalSTRS Only:

- **AB 2967 (O'Donnell)**

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 deletes 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 prohibits exclusions of groups of employees from being made by amendment of a public agency contract with PERS, except as provided. These provisions apply to contracts entered into, amended, or extended on and after January 1, 2021.

(STATUS: **Enrolled and presented to the Governor on 09/11/20. Signed by the Governor on 09/28/20.**)

Attachments

Submitted by:



GMR- Approved

Gina M. Ratto
General Counsel



**OCERS BOARD OF RETIREMENT
October 19, 2020 MEETING**

LEGISLATIVE UPDATE – ATTACHMENT

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

New or updated information in bold text

AB 196 (Gonzalez) – DEAD BILL

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 establishes procedures for filing a workers' compensation claim, including a 90-day investigatory period prior to acceptance or denial. Existing law presumes a claim is accepted if it is not denied within the first 90 days after filing. This bill would define "injury," for certain employees who are employed in an occupation or industry deemed essential in the Governor's Executive Order of March 19, 2020 (Executive Order N-33-20), except as specified, or who are subsequently deemed essential, to include coronavirus disease 2019 (COVID-19) that develops or manifests itself during a period of employment of those persons in the essential occupation or industry. The bill would apply to injuries occurring on or after March 1, 2020, would create a disputable presumption, as specified, that the injury arose out of and in the course of the employment, and would extend that presumption following termination of service for a period of 90 days, commencing with the last date actually worked. The bill would shorten the investigatory timeframe for denial or presumed acceptance of a claim to 30 days, rather than 90 days.

(STATUS: Introduced on 01/10/19. From committee: Do pass. Read second time. Ordered to third reading on 08/20/20. Read third time and amended. Ordered second reading on 08/25/20. Read second time. Ordered to third reading on 08/26/20. Ordered to inactive file by unanimous consent on 09/01/20.)

AB 462 (Rodriguez) – DEAD BILL

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) Amended in Senate on 08/25/20 – DEAD BILL

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, and 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 allows for a claim to be presumed compensable if it has not been rejected within 90 days of filing, as specified. ~~Existing law 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 and requires apportionment of permanent disability to be based on causation and on 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 imposes a duty on an employer to provide certain safety materials and adopt safety practices as necessary. A failure to meet this duty, under specified circumstances, is a misdemeanor.

This bill would, **until July 1, 2024** define "injury," for certain state and local firefighting personnel, peace officers, certain ~~hospital employees, correctional and law enforcement personnel, as described, certain health care employees who provide direct patient care at an acute care hospital,~~ 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), COVID-19 that is the subject of a state or local declaration of a state of public health emergency that is issued on or after January 1, 2020.~~ **Illness or death resulting from COVID-19, that is diagnosed on or after January 1, 2020, if certain circumstances apply.** The bill would create a disputable presumption, as specified, that the injury arose out of and in the course of the employment. The bill would require a claim to be presumed compensable if not rejected within 30 days. ~~The bill would apply to injuries that occurred prior to the declaration of the state of emergency and would also exempt these provisions from the apportionment requirements.~~ This bill would explicitly add **emergency equipment or personal protective equipment as described,** to those materials required to be provided by an ~~employer personal protective equipment, as defined. A failure to comply with provision of personal protective equipment~~ employer. **A failure to comply with this additional requirement** would not constitute a misdemeanor. If passed, this bill would 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. Read second time, amended, and re-referred to Committee on L. P.E. & R. on 07/31/20. **In committee: Referred to APPR. suspense file on 08/17/20. From committee: Do pass. Read second time. Ordered third reading on 08/20/20. Read third time and amended. Ordered to second reading on 08/25/20. Read second time. Ordered to third reading.**)

AB 992 (Mullin) – SIGNED BY GOVERNOR

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 until January 1, 2026, the prohibition described above does not prevent a member from engaging in separate conversations or communications outside of a meeting authorized by the Brown Act with any person using an internet-based social media platform to answer questions, provide information to the public, or to solicit information from the public regarding a matter that is within the subject matter jurisdiction of the legislative body, provided that a majority of the members do not use the internet-based social media platform to discuss among themselves business of a specific nature that is within the subject matter jurisdiction of the legislative body, and that a member shall not respond directly to any communication on an internet-based social media platform regarding a matter that is within the subject matter jurisdiction of the legislative body that is made, posted, or shared by any other member of the legislative body.

(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. From committee: Amended and passed as amended on 07/30/20. Read second time in Senate, amended and ordered to third reading on 07/31/20. **In Assembly. Concurrence in Senate amendments pending. May be considered on or after August 26 pursuant to Assembly Rule 77 on 08/24/20. Senate amendments concurred in. To Engrossing and Enrolling on 08/26/20. Enrolled and presented to the Governor on 08/31/20. Signed by the Governor on 09/18/20.)**

AB 1945 (Sala) – SIGNED BY GOVERNOR

Under existing law, the California Emergency Services Act, the Governor is authorized to proclaim a state of emergency 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. 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. 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. Read second time in Senate, amended, and re-referred to Committee on L. P.E. & R. on 06/29/20. **In Assembly. Concurrence in Senate amendments pending on 08/28/20. Senate amendments concurred in. To Engrossing**

and Enrolling on 08/30/20. Enrolled and presented to the Governor on 09/08/20. Signed by the Governor on 09/11/20.)

AB 1975 (Bigelow) – DEAD BILL

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) – SIGNED BY GOVERNOR

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. **From Committee: That the Senate Amendments be concurred in. Senate amendments concurred in. To Engrossing and Enrolling on 08/30/20. Enrolled and presented to the Governor on 09/10/20. Signed by the Governor on 09/29/20.**)

AB 2226 (Voepel) – DEAD BILL

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) – DEAD BILL

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) – DEAD BILL

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) – DEAD BILL

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) – DEAD BILL

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. From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Committee on L., P.E. & R. on 07/28/20. **In committee: Hearing postponed by committee on 08/05/20. In Committee: Set, first hearing. Hearing canceled at request of author on 08/10/20.**)

AB 2510 (Cooley) – DEAD BILL

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) – DEAD BILL

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) – DEAD BILL

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) – DEAD BILL

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) – DEAD BILL

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 of CalPERS, CalSTRS, 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) – DEAD BILL

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) – SIGNED BY GOVERNOR

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, except as provided. The bill would apply these provisions to contracts entered into, amended, or extended on and after January 1, 2021.

(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. From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Committee on L., P.E. & R. on 07/28/20. **From committee: That the Senate Amendments be concurred in. Senate amendments concurred in. To Engrossing and Enrolling on 08/30/20. Enrolled and presented to the Governor on 09/11/20. Signed by the Governor on 09/28/20.**)

AB 2998 (Kiley) – DEAD BILL

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) – DEAD BILL

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) – DEAD BILL

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) – DEAD BILL

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 PEPR 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) – DEAD BILL

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) – DEAD BILL

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. **Notice of intention to remove from inactive file given by Assembly Member Gonzalez on 08/24/20. From inactive file. Ordered to third reading on 08/25/20.**)

SB 931 (Wieckowski) – DEAD BILL

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) – DEAD BILL

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) – SIGNED BY GOVERNOR

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. Existing law governs the procedures for filing a claim for workers' compensation, including filing a claim form, and provides that an injury is presumed compensable if liability is not rejected within 90 days after the claim form is filed. This bill would define "injury" for an employee to include illness or death resulting from the 2019 novel coronavirus disease (COVID-19) under specified circumstances, until January 1, 2024, and July 1, 2024, for employees generally, and until July 1, 2024, for certain peace officers, firefighters, and health care workers, among others. The bill would create a disputable presumption that-the

injury arose out of and in the course of the employment and is compensable. The bill would limit the applicability of the presumption under certain circumstances. 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 employees, a leave of absence. The bill would also make a claim relating to a COVID-19 illness presumptively compensable, as described above, after 30 days rather than 90 days. Until July 1, 2024, the bill would allow for a presumption of injury for all employees whose fellow employees at their place of employment experience specified levels of positive testing, and whose employer has five or more employees.

(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. July 29 hearing postponed by committee on 07/27/20. Amended in Assembly on 08/04/20. **Urgency clause adopted. Assembly amendments concurred in. Ordered to engrossing and enrolling on 08/31/20. Enrolled and presented to the Governor on 09/08/20. Signed by the Governor on 09/17/20.**)

SB 1297 (Moorlach) – DEAD BILL

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.)



Memorandum

DATE: October 19, 2020
TO: Members of the Board of Retirement
FROM: Tracy Bowman, Director of Finance
SUBJECT: **THIRD 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 Third Quarter 2020 Travel and Training Expense Report that includes all expenses submitted through September 30, 2020. Due to COVID-19, no travel related expenses were incurred in the third quarter. The Third Quarter 2020 Travel and Training Expense Report remains unchanged from the prior quarter.

Submitted by:

The logo for OCERS T.B. - Approved features the OCERS logo and the text "T.B. - Approved" in a stylized font, with "EMPLOYEES RETIREMENT SYSTEM" in a smaller font below.

Tracy Bowman
Director of Finance

10-19-2020 REGULAR BOARD MEETING - 10-19-2020 Regular Board Meeting

TRAVEL AND TRAINING EXPENSE REPORT
Third QUARTER 2020
Submitted Through September 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	-	7,561.34	47,644.79
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 Francisco, 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 Francisco, 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	-	-	-	-	-	-	46.57	-
	2/3/20	SDCERA Investment Conference	La Jolla, CA	Conference	72.11	75.00	-	-	-	-	-	147.11	-
	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	-	3,280.96	-
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	795.82	3,679.08	6,548.27	1,327.08	-	14,744.78	43,075.87

10-19-2020 REGULAR BOARD MEETING - 10-19-2020 Regular Board Meeting

TRAVEL AND TRAINING EXPENSE REPORT
Third QUARTER 2020
Submitted Through September 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

10-19-2020 REGULAR BOARD MEETING - 10-19-2020 Regular Board Meeting

TRAVEL AND TRAINING EXPENSE REPORT
Third QUARTER 2020
Submitted Through September 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.



The Evolution of OCERS Unfunded Actuarial Accrued Liability

Steve Delaney, CEO
December 31, 2019 Valuation

The Evolution of OCERS Unfunded Actuarial Accrued Liability

The Orange County Employees Retirement System (OCERS) is a public pension plan providing a defined benefit lifetime pension to many of Orange County's diverse community of public servants – from firefighters and deputy sheriffs to bus drivers and court clerks.

OCERS conducts an annual valuation of the OCERS Trust Fund to determine its current economic status. In the most recent valuation, for the period ending December 31, 2019, the system's professional actuary (The Segal Group) calculated the Unfunded Actuarial Accrued Liability (UAAL) of the fund to be approximately \$5.88 billion. At the start of the millennium, as of December 31, 2000, there was no UAAL at all, the system being more than 100% funded. The drivers and components that contributed to the evolution of OCERS' current UAAL are the subjects of this paper.

WHAT IS AN UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)?

UAAL is the difference between the actuarial accrued liability and the actuarial value of assets accumulated to finance a public pension. In simpler terms, if you compare the cost of OCERS' pension promises with the actuarial value of OCERS' assets, the promises currently exceed the assets. That shortfall is OCERS' Unfunded Actuarial Accrued Liability.

Assuming no change in the underlying pension benefit formulas, a fully funded pension system with no UAAL (as was the case for OCERS in 2000), generally means that all of the actuary's assumptions as to the cost of the fund and growth of liabilities have been met, and the present value of the system's accumulated assets are sufficient to pay out all of the pension promises to plan members.

But how does a public pension plan accrue the necessary funds for paying out benefits, and how can that process lead to a gap between the amount of assets held, and the present value of those future benefits?

A pension system's approach to building its assets in order to pay future benefits is not unlike the approach taken by many families saving for their children's college education. If you expect your child's education is going to cost \$100,000 eighteen years from now, you have three basic options:

- (1) You could deposit a single lump sum amount representing the present value of that future cost into a savings account, similar to an endowment or trust, calculated to grow with sufficient earnings to total \$100,000.
- (2) You could save over time, depositing a certain percent of the salary you earn each year into an account and again assume that sufficient interest earnings will accrue to fully fund the cost when the big day arrives.
- (3) You could wait until the child turns 18 and pull from your available resources at that time to pay the entire \$100,000 in a single payment.

Public pension plans face similar choices in determining the best method for accruing sufficient resources to fund a member's benefit at retirement. Like most American families, the majority of public pension plan systems choose to pay a level percent of salary each year, in order to gradually grow the amount needed to fund future retirements.

Determining how much to contribute each year is a primary challenge for any public pension system. For that reason public pension plans use the expertise of a professional actuary to assist in planning the funding of those retirement benefits over the long term, allowing investment earnings on the contributions to fund the majority of the pension costs. In Orange County those investment earnings provide the largest portion of retirement benefits being paid, greatly reducing the cost to Orange County's employees and taxpayers in providing public services to our community.

The job of a pension plan actuary includes estimating (or assuming) how much money should be contributed each year so the plan will have enough funds to pay the benefits promised by the plan throughout the lifetime of the member. The year-to-year stream of contributions should be as smooth and consistent as possible to avoid wreaking havoc on the budget of the employer.

OCERS ASSET FLOW 1998-2020

FUND
EARNINGS
53%

MEMBER
CONTRIBUTIONS
15%

EMPLOYER
CONTRIBUTIONS
32%

Inflow—annual growth approximation

73.17% FUNDED

BENEFITS
97%

FUND
EXPENSES
3%

Outflow—annual expense allocation

The graphic above shows a snapshot of OCERS funded status as of December 31, 2019, while the representation of cash inflows and outflows reflect the period of 1998 through 2017.

HOW DID OCERS' CURRENT UAAL DEVELOP?

The long-term cost of retiree benefits are based on a host of variables, the future values of which are unknown. There are many different events that can cause a UAAL to develop or even disappear. While actuaries try to pin down these variables through the use of best or at least reasonable assumptions and professional methodologies, the unexpected should be expected to occur.

There are six assumptions in particular that have the greatest impact on the actuary's estimates of plan funding:

1. The assumed rate of return on investments
2. The rate of increase in salaries for actives and the change in cost-of-living-adjustment (COLA) for retirees
3. Member mortality
4. The age at which members choose to retire
5. How many members become disabled
6. How many members terminate their service earlier than anticipated

Finally, there are two other events that can have great impact on plan funding, events the actuaries can't anticipate:

- (1) plan changes, that is, when a benefit formula is changed in some unanticipated manner by the employer, and
- (2) differing actual experience, that is, when actual experience indicates that previous assumptions must be modified to reflect a more current reality. A key example here is life expectancy, which with the continued advances in medicine challenges actuaries in being able to accurately project average life expectancies in the coming decades.

Either will generally have an "unfunded" impact on the cost of the system, though savings can occur as well, as in fact happened in the period of 2009 through 2012 with a slowing in projected salary increases due to the challenging economic times.

First, a summary history of OCERS UAAL as well as the plan's funded status:

(In 000's)

Actuarial Valuation Date December 31	Valuation Value of Plan Assets	Total Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio
1985	\$613,863	\$462,121	57.05%
1986	\$713,506	\$507,409	58.44%
1987	\$821,884	\$522,098	61.16%
1988	\$985,030	\$468,828	67.75%
1989	\$1,136,210	\$515,778	68.78%
1990	\$1,297,575	\$543,340	70.49%
1991	\$1,576,131	\$196,763	88.84%
1992	\$1,807,319	\$332,763	84.45%
1993	\$2,024,447	\$280,572	87.83%
1994	\$2,177,673	\$372,386	85.40%
1995	\$2,434,406	\$199,478	92.43%
1996	\$2,675,632	\$176,262	93.82%
1997	\$3,128,132	\$204,835	93.85%
1998	\$3,504,708	\$177,978	95.17%
1999	\$3,931,744	\$85,535	97.87%
2000	\$4,497,362	(\$162,337)	103.74%
2002	\$4,695,675	\$978,079	82.76%
2003	\$4,790,099	\$1,309,334	78.53%
2004	\$5,245,821	\$2,158,151	70.85%
2005	\$5,786,617	\$2,303,010	71.53%
2006	\$6,470,000	\$2,298,960	73.77%

Actuarial Valuation Date December 31	Valuation Value of Plan Assets	Total Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio
2007	\$7,288,900	\$2,549,786	74.08%
2008	\$7,748,380	\$3,112,335	71.34%
2009	\$8,154,687	\$3,703,891	68.77%
2010	\$8,672,592	\$3,753,281	69.79%
2011	\$9,064,355	\$4,458,623	67.03%
2012	\$9,469,208	\$5,675,680	62.52%
2013	\$10,417,125	\$5,367,917	65.99%
2014	\$11,449,911	\$4,963,213	69.76%
2015	\$12,228,009	\$4,822,348	71.72%
2016	\$13,102,978	\$4,830,483	73.06%
2017	\$14,197,125	\$5,438,302	72.30%
2018	\$14,994,420	\$5,708,929	72.43%
2019	\$16,036,953	\$5,879,861	73.17%

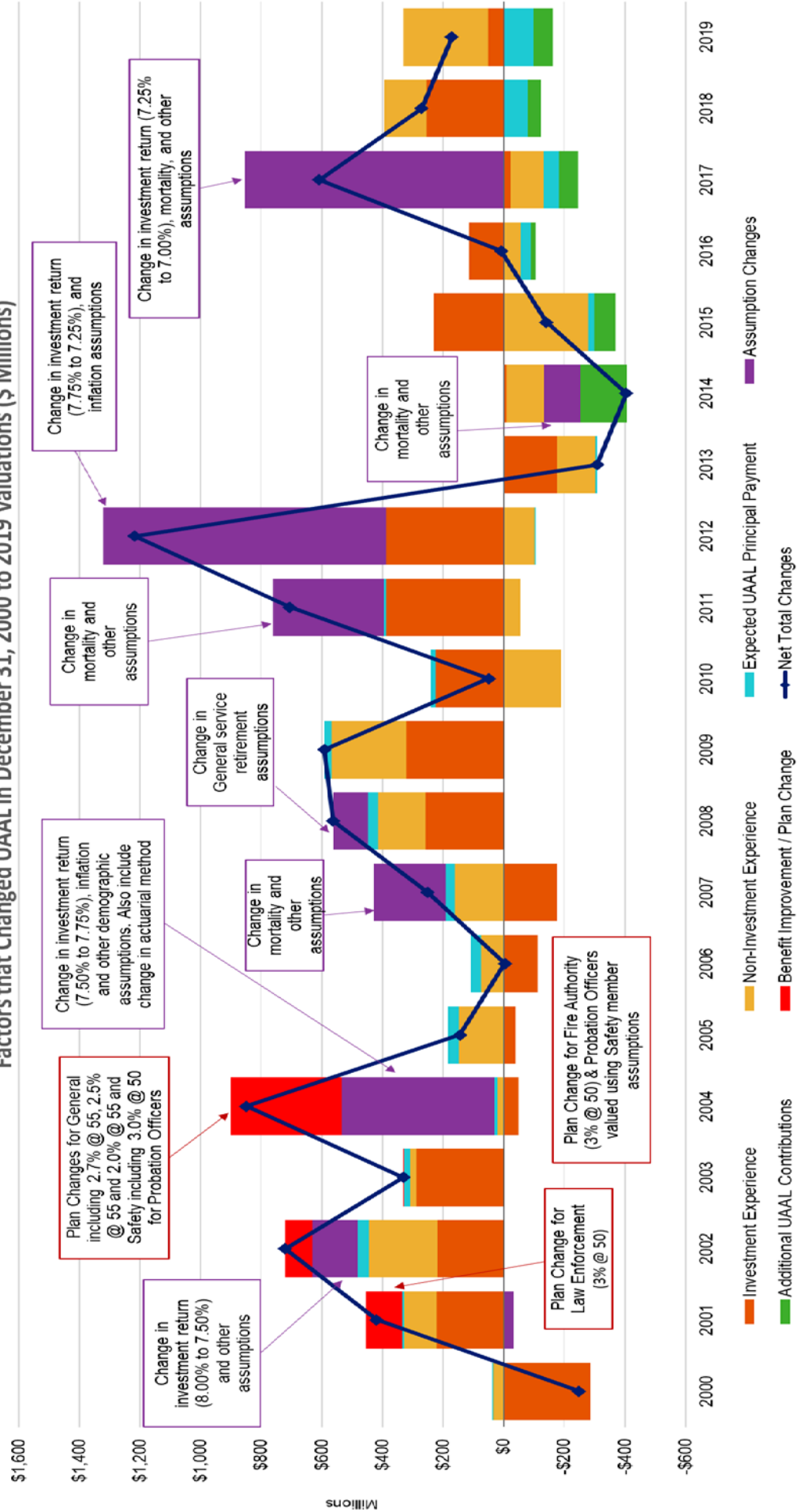
As shown in the table above, the annual calculation of OCERS' UAAL can swing dramatically from year to year, such as **1990-91** when the UAAL shrank from \$543 million to \$196 million, a reduction of nearly 40% in a single year due primarily to the remarkable earnings of that year (1991: 20.25%); or **2002-03** when the UAAL grew from \$978 million to \$1.3 billion, an increase of approximately 30% reflecting both assumption and benefit changes the year before, as well as the delayed recognition of some heavy investment losses incurred in the three prior years.

FACTORS THAT CHANGED THE UAAL

The bar chart that follows on the next page is a new addition to this year's report, illustrating on a single chart some of the same historical factors that have caused changes in OCERS' UAAL amounts since 2000 as reported in this document. Among the factors that have had negative impact (i.e., increase OCERS' UAAL) are reductions in the investment rate assumption, improvement in mortality, and certain periods of unfavorable investment experience such as during the Great Recession. Of course such negatives are somewhat offset by positive factors (i.e., decrease OCERS' UAAL) such as smaller salary increases received by active members and smaller cost-of-living increases received by retirees and beneficiaries than those expected under the actuarial assumptions. And of course good investment returns such as 2017 and 2019 when the fund returned more than double the assumed rate of 7%.

It is important to note that OCERS has taken significant strides in risk management over this same time period resulting in 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 UAAL and associated contributions in the short term, but in the medium to long term avoid both deferring contributions and allowing unmanaged growth in the UAAL. Such decisions are essential for OCERS fiscal health on a going forward basis.

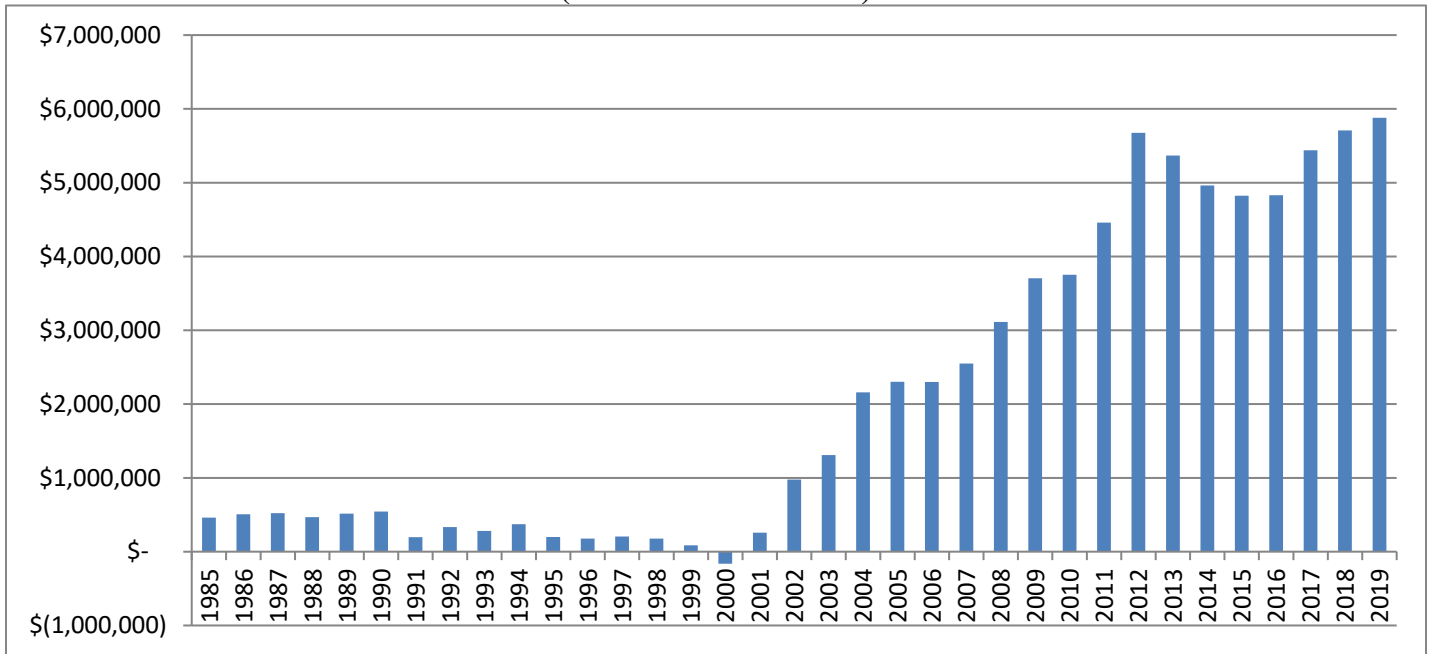
Factors that Changed UAAL in December 31, 2000 to 2019 Valuations (\$ Millions)



A VISUAL REVIEW OF THE UAAL HISTORY

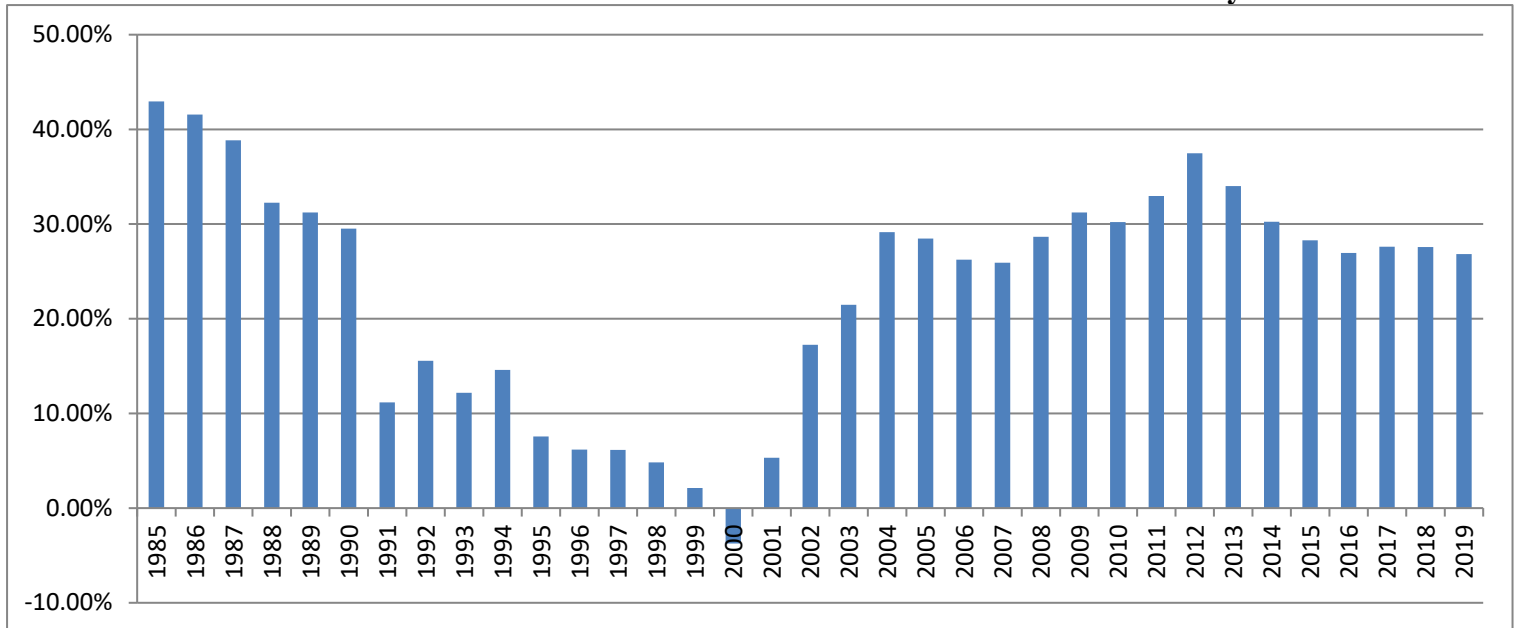
Two different approaches to viewing the UAAL in context of the OCERS Fund as a whole are displayed in the following tables. In the first table the historical amount of UAAL is displayed, reflecting the growth of the UAAL in total dollars. Identifying trends, and determining how best to address the cautionary tale being shared is an important task of any decision maker when it comes to pension design.

**OCERS Total UAAL
(Dollars in Thousands)**



In the following table, the UAAL is now reflected as a percentage of the total actuarial accrued liability, both funded and unfunded, to put it into perspective. This is an important point to keep in mind as the OCERS plan continues to mature over time. Note for example that while the total UAAL increased in 2010 by approximately \$50 million dollars, the funded ratio of the plan actually improved, as the total assets available to pay the plan's liabilities increased at an even faster rate.

OCERS HISTORY UAAL as a % of Total Actuarial Accrued Liability



CONCLUSION:

As this review has shown, both past experience and assumptions (that try to predict the future using that past experience) often change, and have a major impact on the system’s future costs. Actuaries use long economic cycles to make their assumptions. They do not often adjust their assumptions in response to year-to-year fluctuations in actual experience. Rather, actuarial assumptions are typically changed only following careful assessment of ongoing and durable trends in experience. Because public pension plans such as OCERS take a very long view of the time horizon, recognizing that in 2020 our average general and safety member retired with approximately 21 and 24 years of service, respectively. OCERS is designed specifically to allow time to exercise its smoothing effect on the costs associated with the variability of life and its vagaries.

While this document tracks the evolution of the OCERS UAAL as it has developed especially since the year 2000, keep in mind that the actuary can only show from one year to the next what the initial impact a given event may have on future liability projections using the assumptions adopted by the OCERS Board as of that measurement date. It cannot show what specific long term impact of that same event may be in later years should the initial assumption prove different from actual experience. An example of this was the increase in benefits that occurred in 2004, when a number of key benefit formulas were changed by the plan sponsor, leading to a change in the projection regarding future liabilities to be paid out, and creating an immediate increase in the UAAL of \$365 million. Will the ultimate cost of that benefit adjustment be \$365 million? Not likely. But it was an estimate developed using the best assumptions available at the time to prepare that projection. Can we track that specific change in the plan design to see what the ultimate cost might truly be? Not really. The OCERS plan is large and complex, with nearly 46,000 members making individual life choices that will impact the ultimate cost, either positively or negatively, over a very long period of time. Once the initial event is priced into the cost of the plan, then it is the plan as a whole that gets valued in future years, composed of the many smaller decisions made year after year, and determining the course of the UAAL.

No matter how one looks at the UAAL, it’s important to keep certain points in mind. The UAAL is only an estimate based on many different inputs and assumptions that are all subject to refinement. The UAAL is not an absolute number such as the fixed amount of your home mortgage, but is rather a fluid estimate that will both rise and fall as it is revised annually based upon actual experience. Under a well-structured plan with conservative assumptions, the deviations will include both positive (as was the case most recently in 2016) and negative (such as in 2008) amounts in the short run, but tend to smooth to the actuary’s assumed assumptions over time. The causes of transitory shortfalls and surpluses will be captured in improved assumptions and appropriate contribution rates over time, ensuring a secure financial foundation for the promises made to Orange County’s public servants.



YEAR BY YEAR REVIEW:

It is current history that has raised the most questions from both employers, members and the public who want to better understand how the current UAAL has evolved over the past couple of decades. In the following pages the data used in calculating the UAAL from calendar year 2000 when OCERS last had a surplus, through 2019, is presented in table format, with commentary on the events of each year that had primary impact on determining if the UAAL rose or fell for that given year.

Development of UAAL/(Surplus) for Year Ended December 31, 2000

1.	UAAL at beginning of year		\$85,534,716
2.	Total normal cost at middle of year		
3.	Amortization Payment		(6,752,601)
4.	Interest		11,403,640
5.	Expected UAAL		\$90,185,755
6.	Actuarial (gain)/loss and other changes		
	a. Gain on investment	\$(286,267,436)	
	b. Loss on salary increases	24,584,670	
	c. Loss on new retirees	29,186,796	
	d. Gain on mortality	(28,835,682)	
	e. Other experience (gain)/loss	8,809,049	
	f. Benefit improvements		
	g. Change in actuarial assumptions		
	h. Total changes		(252,522,603)
7.	(Surplus) at the end of the year		\$(162,336,848)

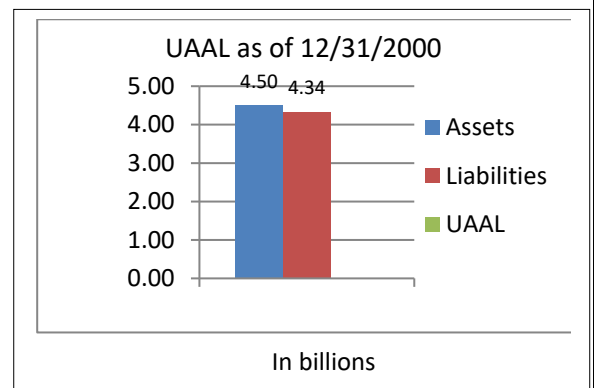
IMPACTING EVENTS

Calendar year 2000 is a key year, and emblematic of how public pension systems are designed to smooth out the highs and lows of plan costs over time, OCERS moves from a UAAL of \$85 million at the start of the year to a surplus of \$162 million as the year comes to a close.

There were no significant changes in Plan provisions in calendar year 2000.

Though total fund returns for 2000 were only 3.28% that exceeded the policy benchmark and ranked OCERS in the top quartile of the Callan Public Plan Sponsor Database. Altogether the recognition of past and current smoothed earnings lowered the UAAL by over \$286 million.

The actuarial value of assets passed the actuarial value of liabilities in 2000, and the Plan was 103.7% funded at the end of the calendar year.



Development of UAAL/(Surplus) for Year Ended December 31, 2001

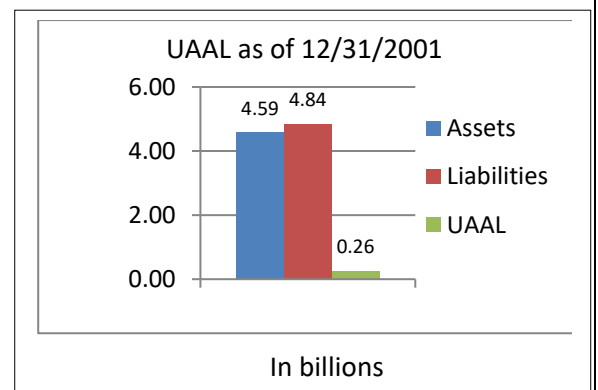
1.	(Surplus) at beginning of year		\$ (162,336,848)
2.	Total normal cost at middle of year		
3.	Amortization Payment		(11,193,795)
4.	Interest		<u>7,117,033</u>
5.	Expected UAAL		\$ (158,260,086)
6.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	\$221,191,812	
	b. Loss on salary increases	40,447,786	
	c. Loss on new retirees	48,490,180	
	d. Other experience (gain)/loss	19,791,339	
	e. Change in actuarial assumptions	(34,094,126)	
	f. Impact of 3% @50 for Law Enforcement (Safety)	119,488,767	
	g. Total changes		<u>415,315,758</u>
7.	UAAL at the end of the year		\$257,055,672

IMPACTING EVENTS

While not significant, changes to the assumed withdrawal rates, the assumed termination rates, the assumed service-connected disability rates and the assumed retirement rates taken together actually lowered future liabilities by approximately \$34 million.

The change in the retirement benefit for Law Enforcement (safety) members to a 3% per year of service benefit payable at age 50 increased future liability by approximately \$119 million.

The OCERS portfolio experienced a loss of -3.24% in calendar year 2001, with an earnings assumption of 8%. That loss, though smoothed led to an increase of the UAAL by \$221 million.



Development of UAAL for Year Ended December 31, 2002

1.	UAAL at beginning of year		\$257,055,672
2.	Total normal cost at middle of year		
3.	Amortization Payment		12,123,329
4.	Interest		<u>27,502,107</u>
5.	Expected UAAL		\$296,681,108
6.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	\$220,329,452	
	b. Loss on salary increases	91,886,000	
	c. Loss on new retirees	82,392,000	
	d. Other experience (gain)/loss	48,763,0690	
	e. Change in actuarial assumptions	148,339,453	
	f. Impact of 3% @50 for Firefighters; Probation become Safety under the 2% @50 formula retro; 3% @50 fwd.	89,688,449	
	g. Total changes		<u>\$681,398,423</u>
7.	UAAL at the end of the year		\$ 978,079,531

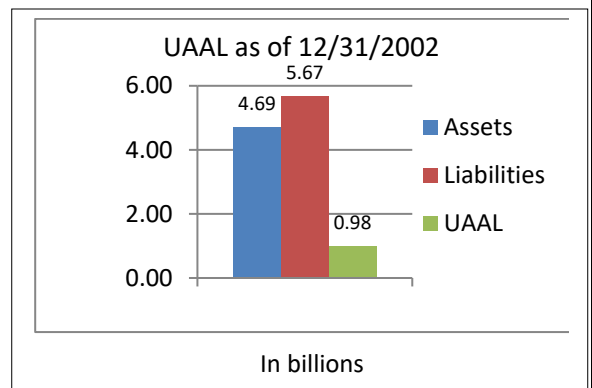
IMPACTING EVENTS

OCERS experienced negative returns in 2002 as did much of the market. A loss of -5.46%, when the assumption was for earnings of 8% led to an effective hit of -13.46% on the funding position of the plan. Even with smoothing in place, more than \$220 million in losses were applied to the UAAL.

With the market having been down for a couple of years in a row, the OCERS Board revisited its earnings assumption and lowered the portfolio’s assumed rate of return from 8% annual to 7.5%. That change in earnings assumption indicated there would be lower investment earnings to offset plan costs. Taken together with a lowering of the assumption for future salary increases (when salaries don’t grow as fast as anticipated, fewer contributions than anticipated will be flowing to the system) from 5.5% to 4.5% annually, led to a \$148 million increase in the UAAL.

On the benefit side, the formula for firefighters was improved to 3% of final average salary at age 50.

Effective June 28, 2002 Probation Services Unit employees became safety members and started accruing benefits in the 2%@50 retirement plan formula. Tier 1 employees hired prior to July 15, 1977 and who remained continuously employed thru June 28, 2002, had their general member service retroactively upgraded to the safety plan formula. Tier 2 employees with seven (7) or more years of service, had 90% of their general member service upgraded to the safety plan formula. Tier 2 employees with less than seven (7) years of service, had 80% of their general member service upgraded to the safety plan formula. The County of Orange Probation department paid for the plan upgrade of service as did the employees by paying a 2% share of employer cost. Additionally, all of the Tier 2 employees were given an opportunity to pay the employee and employer contributions necessary to upgrade the remainder of their general service into the safety plan formula.



Development of UAAL for Year Ended December 31, 2003

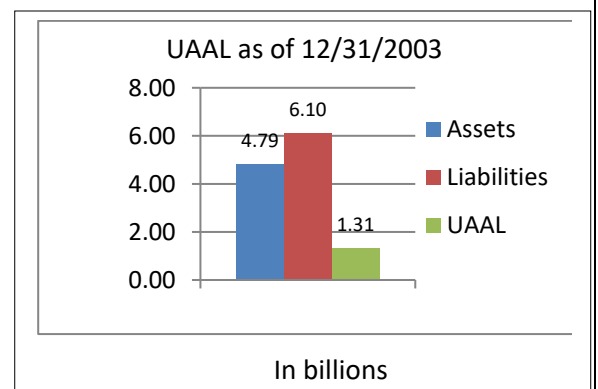
1.	UAAL at beginning of year		\$ 978,079,531
3.	Total normal cost at middle of year		
4.	Amortization Payment		(58,355,527)
5.	Interest (7.5%)		<u>78,359,367</u>
6.	Expected UAAL		\$ 998,083,371
7.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	\$ 287,828,001	
	b. Gain on salary increases	(103,234,000)	
	c. Loss on new retirees	119,420,000	
	d. Other experience (gain)/loss	4,898,374	
	e. Change in actuarial assumptions		
	f. Impact of new formula for City of San Juan Capistrano, and City of Rancho Santa Margarita	2,337,899	
	g. Total changes		<u>311,250,274</u>
8.	UAAL at the end of the year		\$1,309,333,645

IMPACTING EVENTS

Despite a great year for the market, with the OCERS portfolio returning 19.84% in 2003, that wasn't enough to offset the smoothed losses of prior years continuing to be recognized in the valuation, with the UAAL growing by over \$287 million on that basis alone.

Even with the lower salary growth assumption adopted in the previous year, member salaries did not grow as fast as anticipated, so while fewer contributions came in, that was offset by lower growth in pension liabilities, leading to a reduction in the UAAL of \$103 million.

The cities of San Juan Capistrano and Rancho Santa Margarita adopted improved benefit formulas for their general service members, 2.7% @55 for San Juan Capistrano, and 2.5% @55 for Rancho Santa Margarita.



Development of UAAL for Year Ended December 31, 2004

1.	UAAL at beginning of year		\$1,309,334,000
2.	Changes in methods and procedures		106,630,000
3.	Total normal cost at middle of year		188,163,000
4.	Actual employer/member contributions		(279,940,000)
5.	Interest		102,756,000
6.	Expected UAAL		\$1,426,943,000
7.	Actuarial (gain)/loss and other changes		
	a. Gain on investment	\$(50,536,000)	
	b. Other experience (gain)/loss	19,372,000	
	c. Benefit improvements	365,409,000	
	d. Change in actuarial assumptions	579,681,000	
	e. Change to 3.5% inflation assumption and Entry Age Normal funding method	33,129,000	
	f. Change in investment return	(215,487,000)	
	g. Total changes		731,208,000
8.	UAAL at the end of the year		\$2,158,151,000

IMPACTING EVENTS

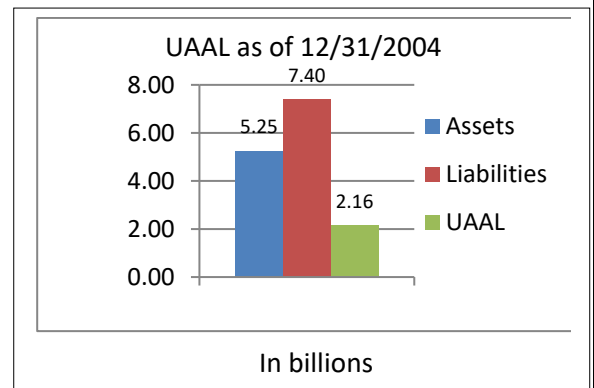
Two major events occurred in 2004, a change in actuarial services from Towers Perrin to The Segal Group led to a review and change in actuarial methods, procedures, and assumptions. There were also several retirement benefit formula improvements

Moving from one actuary to another is an uncommon event The change in valuation methods and procedures between Towers Perrin and The Segal Group led to an increase in the UAAL of \$107 million. 2004 is the only year you will find the “Changes in Methods and Procedures” line entry capturing the impact of that change in this document.

In addition to reflecting a change in methods and procedures, the 2004 valuation also includes a number of basic actuarial assumption changes regarding future salary increases, rates of withdrawal at termination, and rates of retirement. Those changes added an additional \$580 million to the UAAL.

An improvement in benefits as Probation members adopted the 3% @50 formula, Orange County Sanitation District adopted 2.5% @55, and The County of Orange general members adopted 2.7% @55, increased the UAAL by \$365 million.

A gain for the fund was the recognition that the current portfolio composition would earn an assumed rate of return of 7.75%, an increase over the previous 7.5%. That assumption that greater earnings would assist in offsetting costs lowered the UAAL by \$215 million.



Development of UAAL for Year Ended December 31, 2005

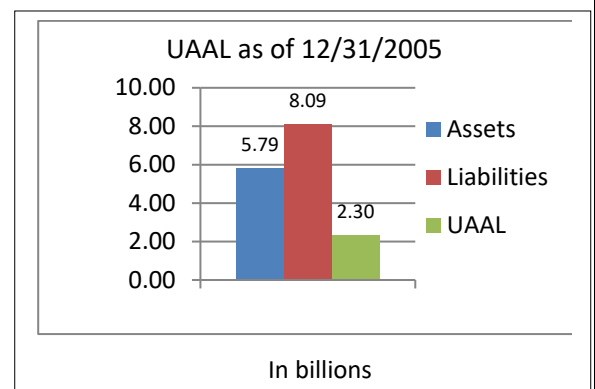
1.	UAAL at beginning of year		\$2,158,151,000
2.	Total normal cost at middle of year		297,420,000
3.	Actual employer/member contributions		(345,111,000)
4.	Interest		165,409,000
5.	Expected UAAL		\$2,275,869,000
6.	Actuarial (gain)/loss and other changes		
	a. Gain on investment	\$ (39,536,000)	
	b. Loss on salary increases	16,544,000	
	c. Change in methodology used to calculate benefits for deferred vested members	(15,335,000)	
	d. Other experience (gain)/loss	65,468,000	
	e. Benefit improvements		
	f. Change in actuarial assumptions		
	g. Total changes		27,141,000
7.	UAAL at the end of the year		\$2,303,010,000

IMPACTING EVENTS

2005 is an example of how over the long term a defined benefit plan experiencing a period of rising costs can correct itself and move to a more stable norm. Though the UAAL rose just over \$27 million in 2005, which was smaller as a percentage than the positive rise in the overall size of the portfolio, causing the funded status of the plan to improve from 70.85% at the start of the year, to 71.53% by the end of the year.

A positive return on the OCERS portfolio of 8.83%, exceeding the assumed earnings rate of 7.75%, allowed for application of a portion (after smoothing) of those investment gains to offset some larger losses where the economic and demographic experience through 2005 was negatively different from the actuarial assumptions.

A change in actuarial methodology used in calculating benefits for deferred vested members with reciprocal service led to a reduction in the UAAL of \$15 million.



Development of UAAL for Year Ended December 31, 2006

1.	UAAL at beginning of year		\$2,303,010,000
2.	Total normal cost at middle of year		300,072,000
3.	Actual employer/member contributions		(425,950,000)
4.	Interest		173,606,000
5.	Expected UAAL		\$2,350,738,000
6.	Actuarial (gain)/loss and other changes		
	a. Gain on investment	\$(112,612,000)	
	b. Loss on salary increases	21,679,000	
	c. Other experience (gain)/loss	39,155,000	
	d. Benefit improvements		
	e. Change in actuarial assumptions		
	f. Total changes		(51,778,000)
7.	UAAL at the end of the year		\$2,298,960,000

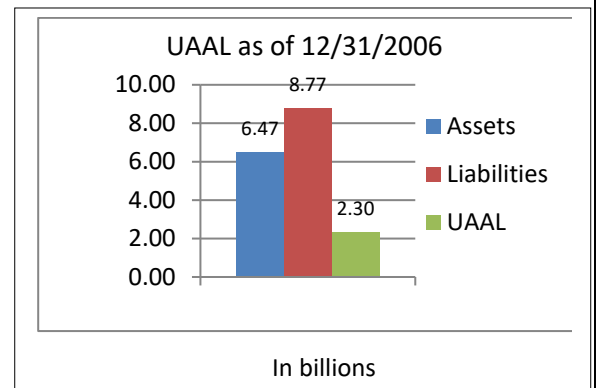
IMPACTING EVENTS

2006 is another example, like that of 2005, of how over the long term a defined benefit plan can correct itself and move to a more stable norm. In 2006 the UAAL dropped in relatively modest terms, by approximately \$5 million. Overall however the funded status of the plan again improved, moving from 71.53% at the start of the year, to 73.77% by the end of the year. At the same time the aggregate employer contribution rate (the average of the County of Orange and all special districts combined) decreased from 24.27% of payroll to 24.01%. In turn, the aggregate employee’s contribution rate similarly decreased from 10.39% of payroll to 10.36%.

Much of the positive movement in 2006 can be attributed to the 13.55% positive portfolio returns, exceeding the assumed earnings rate of 7.75%, allowing for application of a portion (after smoothing) of those investment gains towards the existing UAAL.

There were no benefit plan changes or any actuarial assumption changes in 2006.

The City of Rancho Santa Margarita did withdraw from OCERS in 2006 in order to move to CalPERS. There were no retirees with service earned with the City of Rancho Santa Margarita, so no long term pension liabilities were left behind with the OCERS plan upon the City’s departure.



Development of UAAL for Year Ended December 31, 2007

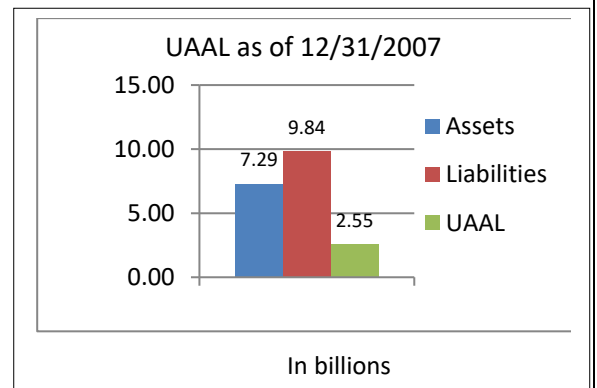
1.	UAAL at beginning of year		\$2,298,960,000
2.	Total normal cost at middle of year		324,706,000
3.	Actual employer/member contributions		(486,212,000)
4.	Interest		171,911,000
5.	Expected UAAL		\$2,309,365,000
6.	Actuarial (gain)/loss and other changes		
	a. Gain on investment	\$(176,681,000)	
	b. Loss on salary increases	136,417,000	
	c. Other experience (gain)/loss	43,538,000	
	d. Benefit improvements		
	e. Change in actuarial assumptions	237,147,000	
	f. Total changes		240,421,000
7.	UAAL at the end of the year		\$2,549,786,000

IMPACTING EVENTS

2007 saw a positive return on the OCERS portfolio of 10.75%, exceeding the assumed earnings rate of 7.75%, allowing for application of a portion (after smoothing) of those investment gains to offset some large changes in the actuarial assumptions.

Coming out of a triennial Actuarial Experience Study, analyzing the period of January 1, 2005 through December 31, 2007, a number of actuarial assumptions were changed in the areas of mortality, termination of membership, rates of retirement, salary growth, and annual payoffs, leading to an increase in the UAAL of approximately \$237 million.

A benefit change for the Cemetery District, moving to a 2% of final average salary at age 55 for future service only, was too negligible to have an impact on plan funding.



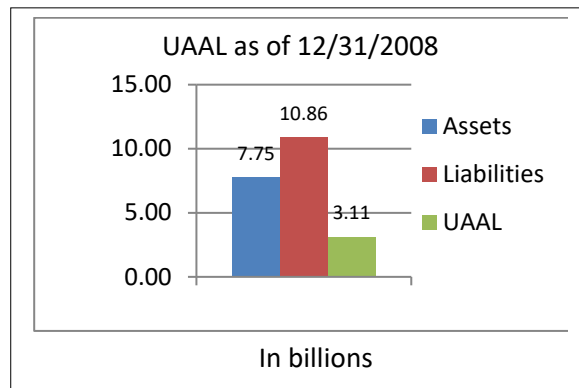
Development of UAAL for Year Ended December 31, 2008

1.	UAAL at beginning of year		\$2,549,786,000
2.	Changes in methods and procedures		
3.	Total normal cost at middle of year		361,097,000
4.	Actual employer/member contributions		(532,656,000)
5.	Interest		190,961,000
6.	Expected UAAL		\$2,569,188,000
7.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	\$257,752,000	
	b. Loss on salary increases	97,561,000	
	c. Loss on new retirements	54,911,000	
	d. Other experience (gain)/loss	17,159,000	
	e. Benefit improvements		
	f. Change in actuarial assumptions	115,764,000	
	g. Total changes		543,147,000
8.	UAAL at the end of the year		\$3,112,335,000

IMPACTING EVENTS

2008 saw massive losses in the market by public pension systems across the country, with the Dow Jones Industrial Average (DJIA) down by -33.8%, the worst single year decline since the Great Depression. OCERS did remarkably well, declining by only -20.71%. Yet, even with smoothing of gains and losses in place, that decline led to a loss of \$257.7 million that had to be recognized in the calculation of the 2008 UAAL.

Changes in service retirement rates for General members under improved benefit formulas required a change in actuarial assumptions, leading to an increase in the UAAL of \$115.7 million.



Development of UAAL for Year Ended December 31, 2009

1.	UAAL at beginning of year		\$3,112,335,000
2.	Inclusion of Additional Premium Pay Items		228,051,000
3.	ADJUSTED UAAL for beginning of year		3,340,386,000
4.	Changes in methods and procedures		
5.	Total normal cost at middle of year		396,025,000
6.	Actual employer/member contributions		(545,215,000)
7.	Interest		<u>253,099,000</u>
8.	Expected UAAL		\$3,444,295,000
9.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	\$322,523,000	
	b. Gain on lower than expected salary increases	(77,858,000)	
	c. Other experience (gain)/loss	14,931,000	
	d. Benefit improvements		
	e. Change in actuarial assumptions		
	f. Total changes		<u>259,596,000</u>
8.	UAAL at the end of the year		\$3,703,891,000

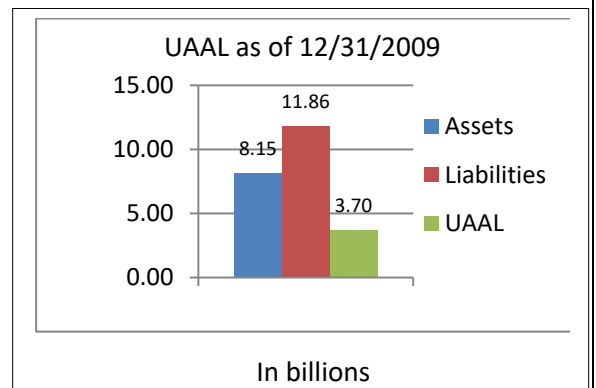
IMPACTING EVENTS

A major challenge for the 2009 valuation was the discovery, and inclusion of a pre-existing liability. The impact of “premium pay” [uniform allowance, bilingual requirements, etc.] on final compensation earnable had been underreported to the actuary since 2004. With proper reporting, the recognition of a liability that had been present, but unvalued, added an additional \$228 million to the adjusted beginning UAAL figure for the year.

Despite increasing assets (on a market value) by over \$1 billion in calendar year 2009, an 18.54% return, OCERS actually takes a loss on investments in 2009, in the amount of \$322,523,000. Because OCERS smooths both gains and losses, only \$120,722,000 of the gains in 2009 were recognized, while \$444,350,000 of deferred losses had to be recognized in turn flowing out of the prior year 2008. Because there were some remaining gains to be recognized from prior years still being smoothed in as well, the actual calculation for the Loss on Investment in 2009 looked like this:

2005	\$ 3,887,000
2006	64,826,000
2007	47,222,000
2008	(444,350,000)
2009	<u>120,722,000</u>
TOTAL	\$(207,693,000)

The difference between the loss of \$207.7 million from smoothing and the actual loss of \$322.5 million recognized in the valuation was due to investment income that was not generated as the value of assets used in the valuation at the start of the year was actually more than the market value by about \$1.5 billion.



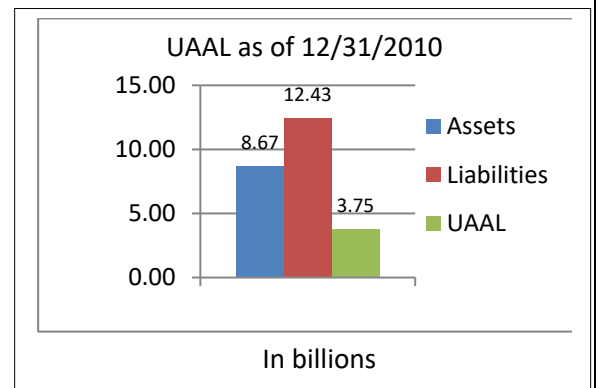
Development of UAAL for Year Ended December 31, 2010

1.	UAAL at beginning of year		\$3,703,891,000
2.	Changes in methods and procedures		
3.	Total normal cost at middle of year		389,458,000
4.	Actual employer/member contributions		(565,242,000)
5.	Interest		280,240,000
6.	Expected UAAL		\$3,808,347,000
7.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	\$224,044,000	
	b. Gain on lower than expected salary increases	(215,936,000)	
	c. Loss on new retirements		
	d. Other experience (gain)/loss	(63,174,000)	
	e. Benefit improvements		
	f. Change in actuarial assumptions		
	g. Total changes		(55,066,000)
8.	UAAL at the end of the year		\$3,753,281,000

IMPACTING EVENTS

With continued economic stress, many of OCERS plan sponsors delayed filling vacancies, did not provide any cost-of-living adjustments to current salaries, and some even experienced wage reductions, combining to provide a large gain of more than \$215 million in savings as future liabilities did not rise as quickly as the actuary assumed would be the case under normal market conditions.

Overall the system UAAL did increase by approximately \$50 million, primarily due to lower than expected investment returns. While the system actually earned 11.74%, more than the assumed rate, due to smoothing, the ongoing recognition of losses coming out of 2008 continued to hold down any possible gain on investments. Still, this was an interesting year as even with a smoothed loss of \$224 million, the funded ratio of the plan, that is total assets compared to total liabilities actually improved, moving from 68.77% the year prior to 69.79% at the end of 2010.



Development of UAAL for Year Ended December 31, 2011

1.	UAAL at beginning of year		\$3,753,281,000
2.	Changes in methods and procedures		
3.	Total normal cost at middle of year		385,008,000
4.	Actual employer/member contributions		(598,271,000)
5.	Interest		282,615,000
6.	Expected UAAL		\$3,822,633,000
7.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	\$388,935,000	
	b. Gain on lower than expected salary increases	(174,558,000)	
	c. Full-Time equivalent salary reporting adjustment for part time employees	73,448,000	
	d. Retiree continuance form code change	42,619,000	
	e. Reclassify some active members as deferred	(6,295,000)	
	f. Loss on new retirements		
	g. Other experience (gain)/loss	(52,001,000)	
	h. Benefit improvements		
	i. Change in actuarial assumptions	363,842,000	
	j. Total changes		635,990,000
8.	UAAL at the end of the year		\$4,458,623,000

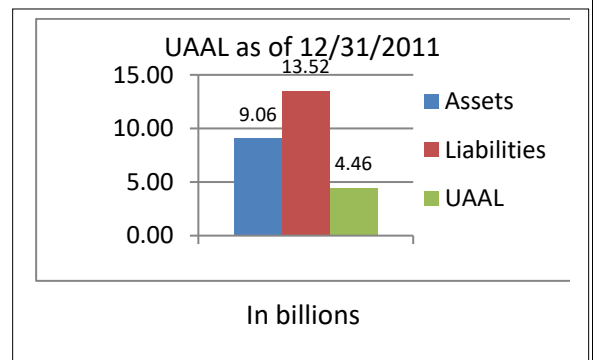
IMPACTING EVENTS

Every three years OCERS performs an experience study to determine how closely the actuary’s assumptions are hewing to actual experience. The 2011 valuation was impacted by a number of assumption changes that flowed from the December 31, 2010 experience study, increasing the UAAL by \$363,842,000. Those changes included (1) higher liability from recognition that General service retirees and all General and Safety beneficiaries were living longer than assumed, and (2) slightly higher individual salary increases, (3) offset to some degree by expectation of later service retirements, (4) fewer disability retirements, (5) more terminations and (6) slightly lower annual payoffs.

A very important change in an economic assumption also occurred, with the introduction of a 0.25% across the Board salary increase assumption. Though in the short term many OCERS plan sponsors have continued with layoffs, delayed hires, and reductions in overall salary payroll, the long term projection by the actuary is that salaries will increase. With the addition of this assumption, there is now a consideration that over long periods of time wage inflation will be higher than price inflation by 0.25% per year.

A major IT software conversion project also led OCERS to further refine the data reported to the actuary. Three of those data refinements had an impact on this year’s UAAL as well:

Determining that full-time equivalent salaries (calculated by adjusting actual pensionable salaries with earnable salaries during those pay periods when the member is not working full-time)



would more accurately reflect likely final compensation used to determine retirement benefits. That clarification added \$73,448,000.

Confirming those retirees who have spouses eligible for a continued benefit following the member's death added \$42,619,000.

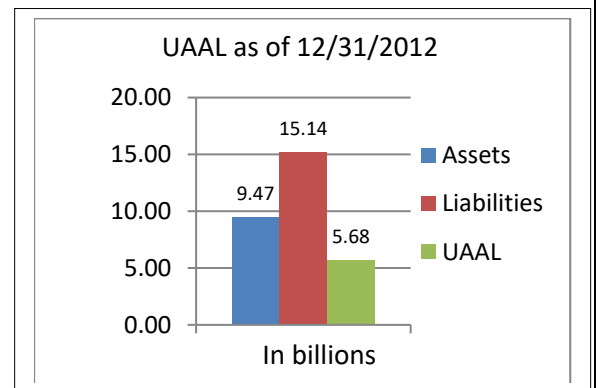
Confirming that some members who had been classified as active and therefore still accruing a liability, were in fact deferred and had reduced the UAAL by \$6,295,000.

Development of UAAL for Year Ended December 31, 2012

1.	UAAL at beginning of year		\$4,458,623,000
2.	Changes in methods and procedures		
3.	Total normal cost at middle of year		410,258,000
4.	Actual employer/member contributions		(627,964,000)
5.	Interest		337,107,000
6.	Expected UAAL		\$4,578,024,000
7.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	\$387,808,000	
	b. Gain on lower than expected salary increases	(244,750,000)	
	c. Loss on new retirements		
	d. Other experience (gain)/loss	19,979,000	
	e. Benefit improvements		
	f. Change in actuarial assumptions	934,619,000	
	g. Total changes		1,097,656,000
8.	UAAL at the end of the year		\$5,675,680,000

IMPACTING EVENTS

The 2012 valuation was impacted by economic assumption changes that flowed from the December 31, 2012 Review of Economic Actuarial Assumptions, increasing the UAAL by \$934,619,000. Those changes included (1) decreasing the net investment return assumption from 7.75% per annum to 7.25% per annum, (2) decreasing the inflation assumption from 3.50% per annum to 3.25% per annum, and (3) increasing the current real “across the board” salary increase assumption from 0.25% to 0.50%. The \$934,619,000 fully represents the effect of the change in earnings assumptions, as the cost impact of the other two (decrease inflation, increase salary assumptions) had a canceling effect on one another.



Development of UAAL for Year Ended December 31, 2013

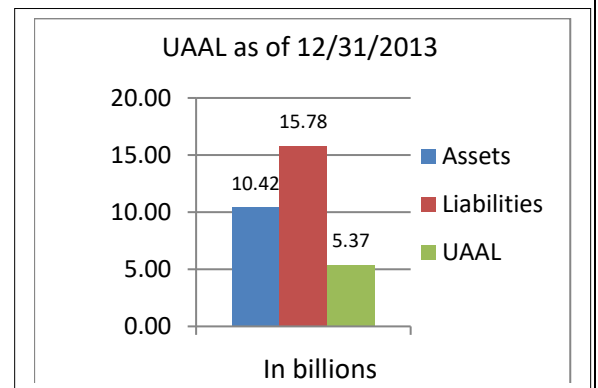
1.	UAAL at beginning of year		\$5,675,680,000
2.	Changes in methods and procedures		
3.	Total normal cost at middle of year		457,762,000
4.	Actual employer/member contributions		(667,788,000)
5.	Interest		403,873,000
6.	Expected UAAL		\$5,869,527,000
7.	Actuarial (gain)/loss and other changes		
	a. Gain on investment	\$(176,930,000)	
	b. Gain on lower than expected salary increases	(294,326,000)	
	c. Loss on new retirements		
	d. Other experience (gain)/loss	(30,354,000)	
	e. Benefit improvements		
	f. Change in actuarial assumptions		
	g. Total changes		(501,610,000)
8.	UAAL at the end of the year		\$5,367,917,000

IMPACTING EVENTS

The UAAL decreased in 2013 to \$5,367,917,000. The decrease in unfunded liability is mainly due to higher than expected investment returns of \$176 million (after smoothing), and lower than expected salary increases saving another \$294 million. When salary growth is less than anticipated there is less payroll as a basis for spreading cost, but more importantly, for the UAAL, that lower salary growth means lower future earned benefit liabilities.

Through the end of 2017, there is an additional \$262 million in deferred investment gains still to be recognized, which represents about 2% of the market value of assets. As noted in the introduction to this study, delaying the full recognition of such gains (or losses) allows for more stability in contribution rates. Were the full \$262 million in deferred gains to be immediately recognized, OCERS funded ratio would rise from 65.99% to 67.65%.

Beginning with the December 31, 2013 valuation, OCERS began to include in the valuation report the decrease (or increase) in the UAAL by employer rate group (as found on pages 128 and 129 of the 2013 valuation). As of December 31, 2013, \$3,872,000,000 of the UAAL is charged to general member service while the remaining \$1,495,000,000 is related to safety member service.



Development of UAAL for Year Ended December 31, 2014

1.	UAAL at beginning of year		\$5,367,917,000
2.	Changes in methods and procedures		
3.	Total normal cost at middle of year		454,221,000
4.	Expected employer/member contributions		(829,361,000)
5.	Interest		376,931,000
6.	Expected UAAL		\$5,369,708,000
7.	Actuarial (gain)/loss and other changes		
	a. Gain from add'l UAAL contributions	\$(151,485,000)	
	b. Loss from actual contributions less than expected	89,407,000	
	c. Gain from investment return	(9,570,000)	
	d. Gain from lower than expected salary increases	(125,746,000)	
	e. Gain from lower than expected COLA increases	(153,484,000)	
	f. Other experience (gain)/loss	66,554,000	
	g. Benefit improvements		
	h. Change in actuarial assumptions	(122,171,000)	
	i. Total changes		(406,495,000)
8.	UAAL at the end of the year		\$4,963,213,000

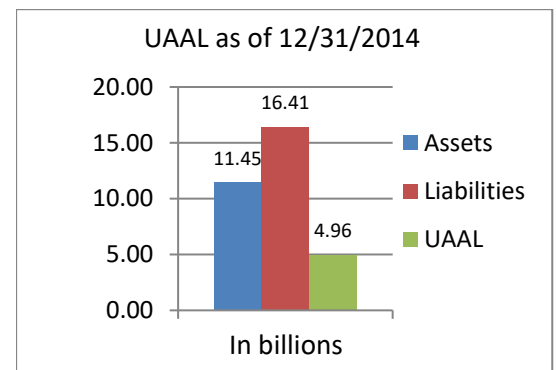
IMPACTING EVENTS

As in 2013, the UAAL once again decreased in 2014 to \$4,963,213,000. A small investment gain of \$9,570,000 was attributed to the fund recognizing prior year gains despite actually earning less than the assumed earnings rate of 7.25%. Additional factors contributing to the decrease in the UAAL included lower than expected salary increases, saving \$125 million - when salary growth is less than anticipated there is less payroll as a basis for spreading cost, but more importantly, for the UAAL, that lower salary growth means lower future earned benefit liabilities. A \$153,484,000 gain accrued due to low inflation as only 1.0% was statutorily granted in 2014 for retiree COLAs, despite the actuary having assumed a possible 3% (the maximum allowable) COLA when setting contribution rates.

The loss of \$66,554,000 noted in the general category of “other experience” was primarily driven by more retirements than had been anticipated.

Beginning with the December 31, 2013 valuation, OCERS began to include in the valuation report the decrease (or increase) in the UAAL by employer rate group (as found on pages 139 and 140 of the 2014 valuation). As of December 31, 2014, \$3,365,137,000 of the UAAL accrued from general member service while the remaining \$1,598,076,000 accrued from safety member service.

A series of actuarial assumption changes led to a \$122,701,000 reduction in the UAAL, with a net change to mortality (improved for safety members, but offset by a reduction among general members) comprising approximately \$33,000,000 of that reduction.



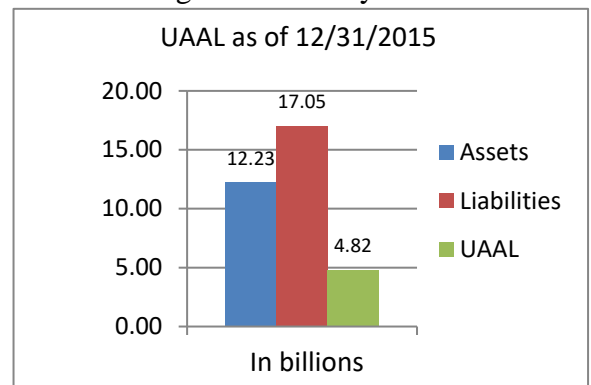
Development of UAAL for Year Ended December 31, 2015

1.	UAAL at beginning of year		\$4,963,213,000
2.	Changes in methods and procedures		
3.	Total normal cost at middle of year		455,105,000
4.	Expected employer/member contributions		(822,863,000)
5.	Interest		347,804,000
6.	Expected UAAL		\$4,943,259,000
7.	Actuarial (gain)/loss and other changes		
	a. Gain from add'l UAAL contributions	(\$69,852,000)	
	b. Loss from actual contributions less than expected	44,960,000	
	c. Loss from investment return	229,138,000	
	e. Gain from lower than expected COLA increases	(119,367,000)	
	f. Gain from lower than expected salary increases	(282,696,000)	
	g. Loss from higher than expected retirement experience increases	62,070,000	
	h. Other experience (gain)/loss	14,836,000	
	i. Total changes		(120,911,000)
8.	UAAL at the end of the year		\$4,822,348,000

IMPACTING EVENTS

For the third year in a row, OCERS UAAL has decreased at a faster rate than would be expected if all assumptions were met. The UAAL at December 31, 2015 was \$140,865 million lower than at the end of 2014 despite having net investment returns of -0.45%. Due to the smoothing of investment gains/losses over five years, the UAAL increased in 2015 by \$229 million for earning less than assumed, but a deferred loss on investments of \$680 million will be added to the UAAL over the next four years.

The current year's recognition of investment losses were offset by other gains which netted to a lower UAAL at the end of the year. The primary contributing factor for the decrease is actual salary increases being lower than assumed. As discussed in previous years, when salary growth is less than anticipated there is less payroll as a basis for spreading cost, but more importantly, for the UAAL, that lower salary growth means lower future earned benefit liabilities. In 2015, lower than expected salary growth resulted in lowering the UAAL by \$283 million. Another factor that contributed to the decline in UAAL was having lower than expected COLA increases in benefit payments. Low inflation is still being experienced and as such, the Board granted retirees a 1.5% COLA in 2015 instead of the assumed maximum allowable COLA of 3%. This resulted in a reduction in the UAAL of \$119 million. Lastly, additional UAAL contributions were made by OCFA and OC Sanitation District which contributed to a \$70 million decrease in UAAL.



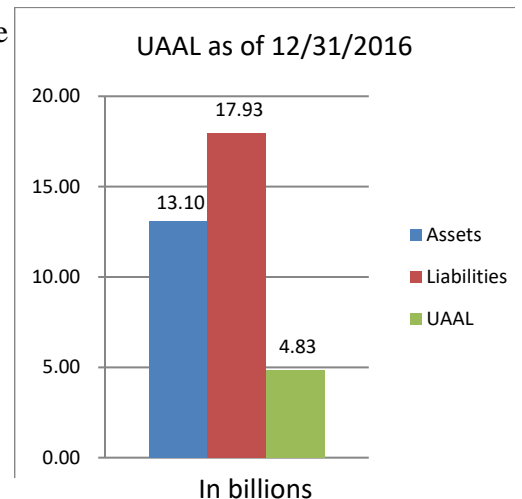
Development of UAAL for Year Ended December 31, 2016

1.	UAAL at beginning of year		\$4,822,348,000
2.	Total normal cost at middle of year		442,698,000
3.	Expected employer/member contributions		(807,757,000)
4.	Interest		330,501,000
5.	Expected UAAL		\$4,787,284,000
6.	Actuarial (gain)/loss and other changes		
	a. Gain from add'l UAAL contributions	(\$13,654,000)	
	b. Loss from actual contributions less than expected	5,142,000	
	c. Loss from investment return	113,103,000	
	d. Gain from lower than expected COLA increases	(186,039,000)	
	e. Loss from higher than expected salary increases	204,603,000	
	f. Loss from higher than expected retirement experience increases		
	g. Other experience (gain)/loss	12,631,000	
	h. Total changes		43,199,000
7.	UAAL at the end of the year		\$4,830,483,000

IMPACTING EVENTS

Following three years of successive declines in the amount of OCERS UAAL, the December 31, 2016 valuation found the UAAL grew slightly by approximately \$8 million in the last year. The UAAL growth occurred despite the portfolio earning 8.7% or \$1,010 million which was higher than the assumed rate of return of 7.25% or \$840 million. The resulting \$170 million gain on investments for the current year, however, is not recognized immediately. Instead, it is “smoothed” into the actuarial valuation evenly over five years (20% each year). Smoothing of investment gains/losses is one of the actuarial levers used by pension systems to help reduce “cost shocks” by averaging investment performance over a period of time. By utilizing a five year smoothing method for investment gains/losses, plan sponsors are not faced with volatile contribution rates and they are able to budget for cost impacts due to investment performance over time.

The greater than assumed earnings achieved in 2016 does play a positive role in controlling system costs, even with the rise in the UAAL for the current year. By recognizing 20% of the \$170 million in gains, or \$34 million, in the current year, the amount of deferred investment losses from prior years was reduced. This will continue to be the case for the next four years as the remaining investment gains from 2016 are recognized in future valuations. For example, in the 2015 valuation, there were \$169 million of net deferred losses related to investment performance between 2012 and 2015 that were scheduled to be recognized in the 2017 valuation. Now, when adding in the smoothed gains from 2016, the scheduled net deferred losses to be recognized



in the 2017 valuation are reduced to \$135 million, a reduction of \$34 million.

The future reduction in the recognition of deferred losses for 2017 through 2020 as a result of the 2016 investment gains can be seen when comparing the schedule on page 5 of the 2016 valuation with page 5 of the 2015 valuation.

The schedule above outlines many of the additional events that ultimately impacted the change in the UAAL as of December 31, 2016 when compared to the prior year.

Some employers made additional contributions to pay down their UAAL, resulting in the \$13 million reduction. (line 6a)

Despite having earned \$170 million more on our investments in 2016 than anticipated, the total smoothed gains and losses over the past five years led to the \$113 million total smoothed loss that was recognized this year. (line 6c)

Inflation continues to run below the 3% annual cost of living allowance (COLA) assumption that is built into the valuation of retiree benefits. A 2% COLA was granted to retirees in 2016, which from an actuarial perspective reduced the UAAL by \$186 million. The \$186 million reduction represents the additional benefits related to COLA that would have otherwise been paid had inflation reached the assumed rate of 3%. (line 6d)

Finally, after having lagged assumptions for several years, salary increases in 2016 began to catch up in a significant way, exceeding the annual assumed projection of salary increases and adding an additional \$204 million to the UAAL. (line 6e)

Development of UAAL for Year Ended December 31, 2017

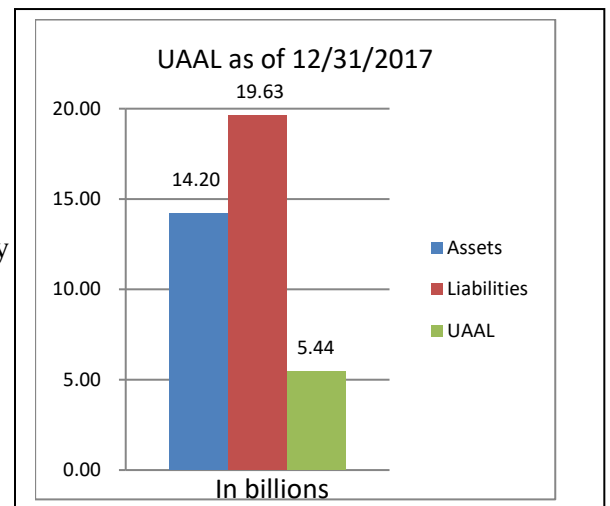
1.	UAAL at beginning of year		\$4,830,483,000
2.	Additional UAAL Contributions from Children and Families and Law Library to pay-off UAAL		(3,800,000)
3.	UAAL at beginning of year after reflecting additional UAAL contributions from Children and Families and Law Library to pay-off UAAL		4,826,683,000
4.	Total normal cost at middle of year		468,525,000
5.	Expected employer and member contributions		(854,874,000)
6.	Interest		336,342,000
7.	Expected UAAL		4,776,676,000
8.	Actuarial (gain)/loss and other changes:		4,776,676,000
	a. Gain from additional UAAL	(36,348,000)	
	b. Loss from actual contributions less than expected	37,726,000	
	c. Gain from investment return	(24,401,000)	
	d. Gain from lower than expected COLA increases	(95,796,000)	
	e. Gain from higher than expected salary increases	(66,399,000)	
	f. Other experience loss	17,348,000	
	g. Gain from asset transfer from O.C. Sanitation District UAAL Deferred Account	(24,042,000)	
	h. Changes in actuarial assumptions	853,538,000	
	Total Changes		661,626,000
9.	UAAL at the end of the year		\$5,438,302,000

IMPACTING EVENTS

2017 is an excellent example of the challenges that any public pension system faces in the short term.

The OCERS investment portfolio earned more than double what had been assumed, returning 14.74% or approximately \$1.9 billion, and yet despite that the UAAL increased by nearly \$608 million, decreasing the funded level of the system on a valuation value of assets basis from 73.1% to 72.3%.

Despite those great earnings, two things were balancing out those great returns, and Items 8(c) and (h) combined tell the story of what occurred:



Item 8 (c) shows that even with all those additional dollars flowing into the pension investment portfolio, only \$24,401,000 was available to help lower the UAAL in the current valuation. First, that is because the system only recognizes one-fifth of any investment gain or loss in a given year, in a process called “smoothing” to help ensure our plan sponsors don’t face the volatility of wildly fluctuating contribution rates which would be the case were the entire investment gain or loss be immediately included with each year’s valuation. Second, the system had losses from prior years that were still being recognized or “smoothed” and offset a portion of those gains.

Still, even \$24 million is a reduction to the UAAL. Now we move to Item 8(h) that tells the rest of the story.

Item 8(h) shows that the impact of updating the assumptions the OCERS Board of Trustees puts in place to help guide how much has to be saved in order to have the resources necessary to meet the pension promises made and those assumptions must be updated from time to time to reflect actual experience, and changing those assumptions can have a major financial impact. In 2017 the OCERS Board of Trustees recognized two primary challenges to the then current assumptions – the first and most impactful of those was mortality, our members are simply living longer than had been assumed in earlier years. And by living longer, the system needs more dollars than earlier anticipated in order to pay those additional benefits. Second, the financial markets have changed over time, especially after the Great Recession, and the recognition that finding solid, risk balanced investment opportunities would be challenging in the coming years, led the Board of Trustees to lower what it assumes it will earn on the investment portfolio from 7.25% to 7.0%.

The change in the mortality assumption alone added approximately \$753 million to the UAAL. The change in the earnings assumption, offset by a reduction in the inflation assumption (from 3.00% to 2.75%) together with some other more minor changes to other assumptions such as the cost of living, added nearly \$100 million more. Taken all together, the changes to the actuarial assumptions add more than \$853 million to the UAAL.

A couple of other numbers to take note of –

Item 8(a) reflects the growing number of OCERS plan sponsors who have paid in additional dollars to the fund in order to lessen the cost of any UAAL attached to their particular employees. With OCERS now charging 7 cents in interest for every dollar in UAAL attributed to an employer, paying that liability down faster than under the current 20-year amortization plan can make a lot of financial sense.

Item 8(b) reflects the interest cost of the 18-month delay from the time that OCERS’ actuary completes an annual valuation, and the date that an employer and members must first begin paying the increased contribution rate. A necessary expense to allow employers the time to plan and budget for salary and pension expenses. Also, there is a contribution loss when the employer’s annual payroll grows at less than what is assumed in the valuation.

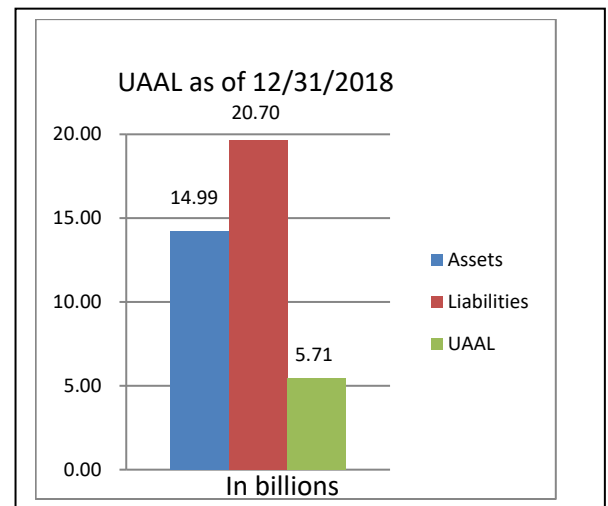
Item 8(d) reflects the savings gained by the fact that with lower inflation, OCERS only paid a 2% cost-of-living adjustment to our retired member’s benefits, though we actuarially budget for a 3% COLA that is possible under OCERS plan provisions.”

Development of UAAL for Year Ended December 31, 2018

1.	UAAL at beginning of year		\$5,438,302,000
2.	Total Normal Cost at middle of the year		508,322,000
3.	Expected employer and member contributions		(961,688,000)
4.	Interest		372,542,000
5.	Expected Unfunded Accrued Liability at end of year		5,357,478,000
6.	Changes due to:		
	a. Investment losses (on value of assets)	255,908,000	
	b. Difference in actual versus expected contributions (including loss from phase-in)	120,939,000	
	c. Additional UAAL payments from Cypress Parks and Recreation and OCFA and anticipated payments from DOE and U.C.I.	(27,674,000)	
	d. Transfer from O.C. Sanitation District UAAL Deferred Account	(14,589,000)	
	e. Difference in actual versus expected salary increases	(71,908,000)	
	f. Difference in actual versus expected COLA increases	24,279,000	
	g. Other experience loss	64,496,000	
	Total Changes		351,451,000
	UAAL at the end of the year		\$5,708,929,000

IMPACTING EVENTS

Comparing the earnings of the OCERS investment portfolio in 2017 (14.79%) to the losses incurred in 2018(-2.46%) is an instructive snapshot of the type of market volatility that pension funds must plan for and adjust over the decades and decades of both the service and eventual retirement of our members. A swing in contribution rates based just on the returns in 2017 and losses in 2018 would make planning and budgeting for this important component of our participating employers salary benefit package extremely difficult.



Such volatility demonstrates why OCERS staff routinely encourage our members and other stakeholders to not focus unduly on short term investment results, but instead look to short term investment results, but instead look to the long term fund accomplishments. In addition, there are tools used by actuaries at the Board's approval to assist in appropriate budgeting for pension expenses as they occur in a volatile market.

"Smoothing" is one such tool. By spreading the differences between actual market returns and OCERS expected market returns (which is presently 7% per year) over a five year period, the impact of year-over-year short term volatility is dampened. Reflected in item 6(a) we see the actuary recognizing one-fifth of the large loss suffered in 2018, offsetting part of that loss by one-fifth of the gains made in 2017, as well as portions of gains and losses still remaining to be recognized from 2016, 2015 and the final one-fifth from 2014.

Taken as a whole, OCERS still has a net deferred investment loss of \$644.7 million to be smoothed over the coming four years. Again demonstrating the volatility that comes naturally from any investment plan, OCERS by contrast had \$455.4 million in net deferred investment gains at the end of 2017.

Another tool that has been used by the actuary, at the direction of the OCERS Board of Retirement, is to phase in, over a three year period the cost impact of implementing more conservative plan assumptions. When the Board concurred in 2017 with the actuary's findings that members are living longer, and therefore, our assumptions regarding mortality had to be lengthened, there was an immediate cost impact. The Board, however, chose to assist our participating employers in better planning and budgeting for that increase by directing the cost to be phased in over a three year period. That modified cost impact is partially reflected in item 6(b).

Other items that had an impact on the UAAL include:

Item 6(e), while salaries did not grow as quickly as assumed, which would cause a decrease in expected contributions, greater savings were accrued because liabilities flowing from those assumed salary increases never accrued. That led to an actual reduction in the UAAL of nearly \$72 million.

Item 6(f) COLA for 2018 came in at 3% which was greater than the assumed 2.7% COLA amount adding an additional \$24,279,000.00 to the UAAL.

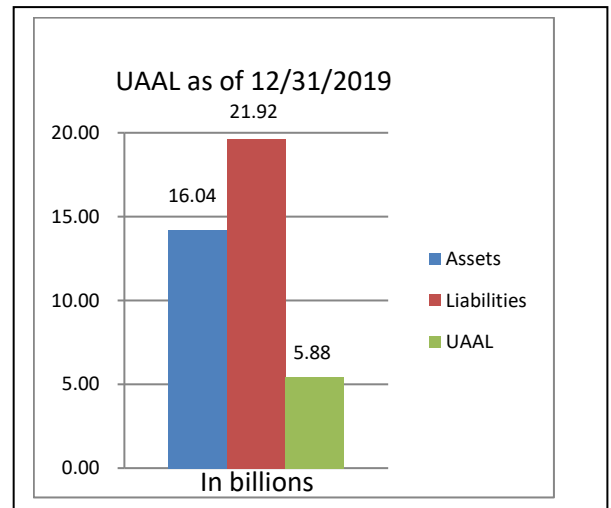
Item 6(g) covers a number of impacts such as member retiring earlier than assumed, more deaths than assumed, and other such variances.

Development of UAAL for Year Ended December 31, 2019

1.	UAAL at beginning of year		\$5,708,929,000
2.	Total Normal Cost at middle of the year		516,408,000
3a.	Expected employer and member contributions		(1,002,599,000)
b.	Additional UAAL contributions from O.C. Sanitation District and TCA		(20,143,000)
4.	Interest		387,158,000
5.	Expected Unfunded Accrued Liability at end of year		\$5,589,753,000
6.	Changes due to:		
	a. Investment losses (on value of assets)	\$50,514,000	
	b. Difference in actual versus expected contributions (including loss from phase-in)	125,415,000	
	c. Additional UAAL payments from Vector Control and O.C.F.A. and anticipated payments from DOE and U.C.I.	(23,327,000)	
	d. Transfer from O.C. Sanitation District UAAL Deferred Account	(18,631,000)	
	e. Difference in actual versus expected salary increases	(52,716,000)	
	f. Difference in actual versus expected COLA increases	131,220,000	
	g. Other experience loss	77,633,000	
	Total Changes		\$290,108,000
	UAAL at the end of the year		\$5,879,861,000

IMPACTING EVENTS

On a market value basis, 2019 was a very strong year as the actual market return of 14.79% was well in excess of the 7.00% assumed by the actuary in the valuation. However, on a smoothed basis, a portion of the superior return from 2019 was utilized to offset the deferred investment losses carried over from the 2018 valuation which resulted in the system recognizing a net \$50.5 million in investment losses in this year's valuation.



However, the system has built up a sizeable \$479.2 million in deferred investment gains which can be used to either mitigate investment losses after December 31, 2019 and/or to offset other increases in UAAL.

Besides investment losses on a smoothed basis, the system has \$131.2 million in losses from higher actual versus expected COLA increases paid to retirees. Even though a maximum COLA of up to 3% was adopted by the plan sponsors for all retirees, only a 2.75% COLA was assumed in the valuation based on a lower expectation of future change in consumer prices by the actuary.



Memorandum

DATE: October 19, 2020
TO: Members of the Board of Retirement
FROM: Jeff Lamberson, Member Services Director
SUBJECT: MEMBER SERVICES PROGRESS ON PROCESSING COUNTY OF ORANGE VOLUNTARY INCENTIVE PROGRAM RETIREMENTS

Written Report

Background/Discussion

Since the County Board of Supervisors approval of the Voluntary Incentive Program in early July, Member Service representatives have assisted over 500 members with their requests to retire. During the month of August, with OCERS Board approval, Member Services filled 2 Extra Help positions to assist members on the phones as well as providing help to get our team ready for processing our largest payroll of the year. Our October 1 payroll of roughly 290 retirements will exceed our largest 2020 payroll that was processed in June with approximately 200 retirements. With these extra help positions and our dedicated team working extra hours, we fully expect to finish the full and complete processing of the October payroll on time. On top of that, while processing this payroll, our team is also making the necessary changes to these member accounts affected by the Alameda decision to ensure we are not including any questionable pay items in their Final Average Salary to prevent us from over paying any benefits. We continue to receive retirement requests and currently have an additional 180 retirement applications to process for November and December. We are very proud of our Member Services team's hard work and dedication to our members by getting this challenging job done. We would also like to thank the Board for their support during these challenging times.

Submitted by:



JL - Approved

Jeff Lamberson
 Member Services Director



Memorandum

DATE: September 30, 2020
TO: Members of the Board of Retirement
FROM: Brenda Shott, Assistant CEO Finance and Internal Operations
SUBJECT: **PERSONNEL COMMITTEE MEETING OUTCOMES – AUGUST 19, 2020**

Written Report

Background/Discussion

The Personnel Committee met on August 19, 2020 to discuss the 2020 OCERS Direct Performance Management Program. Staff was seeking direction from the Committee on the following two items:

1. Select and approve the 2020 Performance Management Program provision related to merit based salary adjustments for OCERS Direct employees to be recommended to the Board of Retirement for approval as part of the OCERS 2021 Budget.
2. Approve and recommend that the Board of Retirement approve an adjustment to the OCERS Direct salary schedule, increasing each position's published salary range by the CPI as published by the U.S. Bureau of Labor Statistics for the Los Angeles-Long Beach-Anaheim area for the previous twelve months.

After discussing item one above, the Committee recommended the Program remain consistent with the terms used for merit based salary adjustments in the prior two years, with the exception of considering two options as it relates to the value of a merit increase. The options that were approved to move on for the Board's consideration are below:

Option 1:

This option includes the same terms as has been used in OCERS Direct Performance Management Program for the past two years. The terms are that employees who receive a performance rating of "meets expectations" or better will be awarded a salary increase based on inflation for the previous twelve months. The actual percentage increase to be awarded would be based on the published data available at the time the Budget is developed (it is anticipated that data through September would be publically available). CPI that is applicable to the Orange County area for the twelve months ended August 2020 is 2.0%

In addition to the inflation based increase, award a merit adjustment (2.75%) for employees who are rated "Exceed Expectations" and award two (2) merit adjustments (2.75% + 2.75% = 5.5%) for employees who are rated "Exceptional".

Option 2:

The alternative option to what was used in the past two years also includes awarding an increase based on inflation for the previous twelve months for all employees who receive a performance rating of "meets expectations" or better. The actual amount to be awarded would be updated based on the published data

available at the time the Budget is developed (it is anticipated that data through September would be publically available). CPI that is applicable to the Orange County area for the twelve months ended August 2020 is 2.0%

In addition to the inflation based increase, OCERS would award a merit adjustment that is reduced from prior years (1.75%) for employees who are rated "Exceed Expectations" and award two (2) merit adjustments (1.75% + 1.75% = 3.5%) for employees who are rated "Exceptional".

The Board will make the final decision on the terms of the 2020 OCERS Direct Performance Management Program when they approve the 2021 Budget in November. The Committee directed staff to proceed with developing the budgeting based Option 1 but to be prepared to adjust the budget should Option 2 be approved by the Board.

The other item that the Committee discussed was the adjustment to the OCERS Direct salary schedule. The committee unanimously recommends that the Board of Retirement approve an adjustment to the OCERS Direct salary schedule, increasing each position's published salary range by the CPI as published by the U.S. Bureau of Labor Statistics for the Los Angeles-Long Beach-Anaheim area for the previous twelve months. The Board will take action on this recommendation concurrently with the 2021 Budget in November.

Prepared by:

 OCERS B.M.S. - Approved

Approved by:





Memorandum

DATE: October 19, 2020

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer
Suzanne Jenike, Assistant CEO External Operations

SUBJECT: **UPDATE ON STAFF'S PROGRESS IN RESPONSE TO THE ALAMEDA COUNTY DECISION IN *Alameda County Deputy Sheriff's Assoc. et al., v. Alameda County Employees' Retirement Assn., et al***

Background/Discussion

The California Supreme Court issued an opinion on July 30, 2020 in what is known as the "*Alameda*" case (*Alameda County Deputy Sheriffs Association et al v. Alameda County Employees Retirement Association and Board of Retirement of ACERA (S247095)*).

The issues in the *Alameda* case date back to changes in the definition of pay items that must be excluded from Final Average Salary as provided in the Public Employees' Pension Reform Act (PEPRA) effective January 1, 2013. Specifically, the Supreme Court decision said that PEPRA amounted to a change in the law with respect to the pay items that may be included in the calculation of retirement benefits on and after January 1, 2013; and further, that retirement systems like OCERS have no authority or discretion to calculate pension benefits in a manner inconsistent with the CERL, as amended by PEPRA.

OCERS has long identified members' pay items as pensionable or non-pensionable, depending on how employers report them to OCERS through pay codes. OCERS' preliminary review indicates that only a few pay items may have been affected by PEPRA and are requiring further analysis. These pay items are generally denominated "on-call pay", "stand by pay", "canine pay" and any others that are for work performed outside of normal working hours.

In light of the decision in *Alameda*, all these questionable pay items need to be put through the now clarified PEPRA test that applies to work performed outside normal working hours. The PEPRA test is set forth below, with the questions that staff will use to determine whether the pay and services in question meet the PEPRA test.

PEPRA TEST: Compensation for services rendered outside of normal working hours is not "compensation earnable".

We will address the issue by answering the following questions:

- (i) are the hours worked required to be worked as part of the employee's regular duties;
- (ii) are the hours worked ordinarily worked by all other members in the same grade/class/rate of pay as the employee; and

(iii) can the hours be voluntarily worked by the employee.

NOTE:

- Normal working hours must be identified in a Memorandum of Understanding (MOU), employment agreement, compensation resolution/ordinance or other official document of the employer.

On August 17, 2020 staff informed the Board of two administrative actions that were implemented immediately:

1. Employee and Employer contributions would no longer be applied to these pay items effective the first full pay period after August 31, 2020. For most employers pay period 20 which started on September 11, 2020 was the pay period in which the change was made.
2. OCERS Team would exclude these pay items from all new benefit set ups beginning on October 1, 2020.

It is critical to note that no action was taken to change benefit allowances that were in place prior to October 1, 2020.

Subsequent to August 17, 2020 OCERS staff has sent informational emails to all employers and major labor groups. We queried the pension administration system database and identified the specific members who would be impacted and mailed these members a letter indicating that we are in the process of evaluating the pay items. We have had meetings with Union Representatives and will continue these discussions while the review is being performed. And finally we are compiling information on the impact to benefit payments in the event that the items are determined to be excluded from compensation earnable. This information, along with Staff's initial determinations on the pensionable status of these pay items will be presented to the Board at a future meeting.

OTHER CERL SYSTEMS

OCERS staff have participated in a number of conference calls, as well as e-mail exchanges with other county systems to learn what actions they are presently taking. Not surprisingly, as with most issues involving the CERL, the impact varies from system to system. A number of systems have no changes to be made. Marin, Sonoma and Tulare in particular have indicated that they had not previously allowed any of the pay items now in question, so they have no actions required due to the ALAMEDA decision.

Some systems have indicated they are making changes now, reducing benefits. It is not clear yet what those systems will do as to retroactive corrections in benefit payments and whether there will be a charge to the member to repay overpaid benefits.

A number of the county systems are like OCERS, trying to better understand the practices of their employer and labor groups before making any changes to current benefit payments. One system reports they are obtaining clarifying documentation from their employers that would suggest certain pay items in question meet the PEPRA test and can continue to be included in Final Average Salary.

Another system interestingly has been applying the PEPRA test for some years to every member at retirement, and has also found certain scenarios where the pay items in question can be included. The OCERS staff is

arranging for an upcoming conference call with the Contra Costa team to learn more about the specifics of those members they have found who meet the test standard.

Alameda is taking no specific action at this time as they have some special issues that will need to be resolved coming out of the case that carries their name.

We will continue to keep you informed of how others are dealing with this difficult adjustment for so many of our members.

Submitted by:



SD-Approved

Steve Delaney
Chief Executive Officer

Submitted by:



SJ-Approved

Suzanne Jenike
Assistant Chief Executive Officer, External
Operations



Memorandum

DATE: October 19, 2020
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **COVID-19 UPDATE**

Presentation

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, October 19th 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