

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

**PERSONNEL COMMITTEE MEETING
Wednesday, November 18, 2020
11:00 A.M. OR UPON ADJOURNMENT OF THE INVESTMENT COMMITTEE MEETING,
WHICHEVER IS LATER**

Members of the Committee
Chris Prevatt, Chair
Wayne Lindholm, Vice Chair
Roger Hilton

AGENDA

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 Meeting Video/Teleconference Information	
<p>Join Using Zoom App (Video & Audio)</p> <p>https://ocers.zoom.us/j/96273238910</p> <p>Meeting ID: 962 7323 8910</p> <p>Password: 020780</p> <p>Go to https://www.zoom.us/download to download Zoom app before meeting</p> <p>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 (Tacoma) +1 312 626 6799 US (Chicago) +1 929 436 2866 US (New York) +1 301 715 8592 US (Germantown) <p>Meeting ID: 962 7323 8910 Password: 020780</p>
<p>A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page</p>	

AGENDA

The Personnel Committee of 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 Committee may take action on any item included in the agenda; however, except as otherwise provided by law, no action shall be taken on any item not appearing on the agenda. The Committee may consider matters included on the agenda in any order, and not necessarily in the order listed.

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 Committee Member requests separate action on a specific item.

C-1 COMMITTEE MEETING:

Approval of Meeting and Minutes

Personnel Committee Meeting
Personnel Committee Meeting

February 26, 2020
August 19, 2020

Recommendation: Approve minutes.

ACTION ITEMS

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

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

A-2 PROPOSED LEGISLATIVE AMENDMENT TO CERL REGARDING BOARD’S AUTHORITY TO APPOINT OCERS PERSONNEL

Presentation Gina M. Ratto, General Counsel

Recommendation: Staff recommends that the Committee approve and recommend that the Board approve introduction of a legislative bill to amend Government Code section 31522.5 regarding the Board’s authority to appoint OCERS personnel.

COMMITTEE MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

ADJOURNMENT

NOTICE OF NEXT MEETINGS

DISABILITY COMMITTEE MEETING

December 14, 2020

8:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

REGULAR BOARD MEETING

December 14, 2020

9:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

INVESTMENT COMMITTEE MEETING

December 14, 2020

**10:00 A.M. OR UPON ADJOURNMENT OF THE REGULAR BOARD MEETING,
WHICHEVER IS LATER**

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

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

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

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

**PERSONNEL COMMITTEE MEETING
February 26, 2020
12:30 P.M. OR UPON ADJOURNMENT OF THE INVESTMENT COMMITTEE MEETING,
WHICHEVER IS LATER**

Members of the Committee

Chris Prevatt, Chair
Wayne Lindholm, Vice Chair
Roger Hilton

MINUTES

Attendance was as follows:

Present: Chris Prevatt, Chair; Wayne Lindholm, Vice Chair; Roger Hilton

Also

Present: Steve Delaney, Chief Executive Officer; Suzanne Jenike, Assistant CEO, External Operations; Molly Murphy, Chief Investment Officer; Gina Ratto, General Counsel; Cynthia Hockless, Director of Administrative Services; Anthony Beltran, Visual Technician; and Brittany Cleberg, Recording Secretary

The Chair called the meeting to order at 12:51 p.m.

CONSENT AGENDA

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

C-1 COMMITTEE MEETING:

Personnel Committee Meeting
Personnel Committee Meeting

November 7, 2019
January 31, 2020

Recommendation: Approve minutes.

The motion passed **unanimously**.

Orange County Employees Retirement System
February 26, 2020
Personnel Committee Meeting - Minutes

ACTION ITEMS

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

No items were trailed from the Consent Agenda.

A-2 PROPOSED 2020 PERSONNEL COMMITTEE MEETING SCHEDULE

Presentation Steve Delaney, Chief Executive Officer

After discussion by the Committee, **MOTION** by Lindholm, **seconded** by Hilton, to approve the 2020 OCERS Personnel Committee Meeting Schedule.

The agreed upon dates were March 25, 2020; April 22, 2020; May 7, 2020; June 24, 2020; July 29, 2020; August 26, 2020; October 28, 2020; November 18, 2020; and December 1, 2020.

The motion passed **unanimously**.

INFORMATION ITEMS

The following informational items were presented to the Committee:

I-1 COMPENSATION WORKSHOP

Presentation Igor Shegolev, CPS-HR Consultant

After discussion by the Committee, the Committee directed staff to review the data presented to ensure accuracy. The Committee also directed staff to work with the consultant to design a pay structure for the OCERS Direct positions that takes into consideration the County employees pay ranges so to promote a single employer structure and bring the proposed pay structure and data to the next Committee meeting. Mr. Hilton noted that he would like to see the County of Orange and another employer brought in to discuss compensation methodology.

COMMITTEE MEMBER/CEO/CONSULTANT/COUNSEL COMMENTS

None

The meeting **ADJOURNED** at 2:22 p.m.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Committee

Chris Prevatt
Chair

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

**PERSONNEL COMMITTEE MEETING
August 19, 2020
10:00 A.M.**

Members of the Committee

Chris Prevatt, Chair
Wayne Lindholm, Vice Chair
Roger Hilton

MINUTES

This meeting replaces the meeting originally scheduled for Monday, August 17, 2020 at 1:30 p.m., but which was adjourned pursuant to California Government Code § 54955.

Chair Prevatt called the meeting to order at 10:05 a.m.

Recording Secretary 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:

Present: Chris Prevatt, Chair; Wayne Lindholm, Vice Chair; Roger Hilton

Also

Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Molly Murphy, Chief Investment Officer; Manuel Serpa, Counsel; Cynthia Hockless, Director of Human Resources; Anthony Beltran, Visual Technician; and Brittany Cleberg, Recording Secretary

ACTION ITEMS

A-1 2020 OCERS DIRECT PERFORMANCE MANAGEMENT PROGRAM

Presentation by Steve Delaney, Chief Executive Officer

After discussion by the Committee, **MOTION** by Prevatt, **seconded** by Hilton, to include two options for 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.

Option 1:

Use the same approach as was used in the past two years. The approach 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).

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 approach 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).

In addition to the inflation based increase, award a merit adjustment that is lower than was awarded in the past two 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 motion passed unanimously, pursuant to a Roll Call vote, as follows:

AYES

NAYS

ABSTAIN

ABSENT

Mr. Lindholm
Mr. Hilton
Chair Prevatt

After discussion by the Committee, **MOTION** by Hilton, **seconded** by Lindholm, to 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.

The motion passed unanimously, pursuant to a Roll Call vote, as follows:

AYES

NAYS

ABSTAIN

ABSENT

Mr. Lindholm
Mr. Hilton
Chair Prevatt

Orange County Employees Retirement System
August 19, 2020
Personnel Committee Meeting - Minutes

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COMMITTEE MEMBER/CEO/CONSULTANT/COUNSEL COMMENTS

None

The meeting **ADJOURNED** at 11:04 a.m.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Committee

Chris Prevatt
Chair



Memorandum

DATE: November 18, 2020
TO: Members of the Personnel Committee
FROM: Gina M. Ratto, General Counsel
SUBJECT: **PROPOSED LEGISLATIVE AMENDMENT TO CERL REGARDING BOARD'S AUTHORITY TO APPOINT OCERS PERSONNEL**

Recommendation

Staff recommends that the Committee approve and recommend that the Board approve introduction of a legislative bill to amend Government Code section 31522.5 regarding the Board's authority to appoint OCERS personnel.

Background/Discussion

Under existing law, the Board has the authority to appoint certain personnel who will be employees of the retirement system (OCERS often refers to employees of the retirement system as "OCERS-direct employees"). Government Code section 31522.5 (hereafter Section 31522.5) states, in full, as follows:

§31522.5. Additional personnel; appointment authority (Orange, San Bernardino)

(a) In a county in which the board of retirement has appointed personnel pursuant to Section 31522.1¹, the board of retirement may appoint an administrator, an assistant administrator, a chief investment officer, senior management employees next in line of authority to the chief investment officer, subordinate administrators, senior management employees next in line of authority to subordinate administrators, and legal counsel.

(b) Notwithstanding any other provision of law, the personnel appointed pursuant to this section may not be county employees but shall be employees of the retirement system, subject to terms and conditions of employment established by the board of retirement. Except as specifically provided in this subdivision, all other personnel shall be county employees for purposes of the county's employee relations resolution, or equivalent local rules, and the terms and conditions of employment established by the board of supervisors for county employees, including those set forth in a memorandum of understanding.

(c) Except as otherwise provided by Sections 31529.9 and 31596.1, the compensation of personnel appointed pursuant to this section shall be an expense of administration of the retirement system, pursuant to Section 31580.2.

(d) The board of retirement and board of supervisors may enter into any agreements as may be necessary and appropriate to carry out the provisions of this section.

(e) Section 31522.2 is not applicable to any retirement system that elects to appoint personnel pursuant to this section.

(f) This section shall apply only in Orange County.

¹ Section 31522.1 authorizes the Board to appoint administrative, technical and clerical staff who shall be county employees.

(g) This section shall apply to the retirement system established under this chapter in San Bernardino County at such time as the board of retirement, by resolution, makes this section applicable in that county.²

The proposed amendment to Section 31522.5 would accomplish two things: First, it would allow for a level of management staff between the Chief Investment Officer (CIO) and the remainder of the employees of the Investment Division; and second, it would authorize the Board to appoint more than one assistant administrator. The proposed amendments are reflected in the attached document.

There are two important points to emphasize: staff is **not** seeking to add to the headcount of the organization; and with or without the amendments, the Board retains full authority to appoint (or not appoint) OCERS-direct personnel.

OCERS Investment Division

Under Section 31522.5, the Board has authority to appoint a CIO and senior management employees next in line of authority to the CIO. This means that all OCERS-direct employees of the OCERS Investment Division (other than the CIO) must report to the CIO.

Currently, there are eight OCERS-direct employees of the Investment Division, including the CIO, and one County employee. The classifications of the current OCERS-direct employees are:

- Managing Director (1)
- Director of Investments (1)
- Senior Investment Officer (1)
- Investment Officer (1)
- Senior Investment Analyst (1)
- Investment Analyst (2)

Although there are five levels of OCERS-direct employees beneath the CIO, because of the current wording of Section 31522.5, they all must report directly to the CIO. The CIO has proposed amending Section 31522.5 so that the lower levels of OCERS-direct employees in the Investment Division can report to the higher levels of OCERS-direct employees. Specifically, director level team members, currently the Managing Director and the Director of Investments, would report directly to the CIO; and the other employees would report to the Managing Director or the Director of Investments. This structure would enhance opportunities to mentor and develop lower level staff, give director level team members an opportunity to develop their management skills, and introduce more formal succession planning into the Investment Division. This structure allows for future team needs and aligns the Investment Division with the expected long-term growth of plan assets.

The CIO is **not** seeking to increase staffing or headcount of the Investment Division – only seeking to introduce a level of management between herself and the rest of the staff in the division.

Executive Office

Under Section 31522.5, the Board has authority to appoint an administrator and an assistant administrator. Based on the size and complexity of the OCERS organization, the CEO strongly believes having two assistant administrators would increase the effectiveness of the OCERS team and our ability to deliver benefits to OCERS members. The CEO

² San Bernardino County has not adopted Section 31522.5.

therefore has proposed amending Section 31522.5 to authorize the Board to appoint more than one assistant administrator. As with the proposed amendment for the Investment Division team, the CEO is **not** seeking to increase staffing or headcount.

Submitted by:



Gina M. Ratto
General Counsel

§31522.5. Additional personnel; appointment authority (Orange, San Bernardino)

(a) In a county in which the board of retirement has appointed personnel pursuant to Section 31522.1, the board of retirement may appoint an administrator, ~~an~~ assistant ~~administrator~~administrators, a chief investment officer, subordinate investment officers next in line of authority to the chief investment officer, senior management employees next in line of authority to subordinate investment officers~~the chief investment officer~~, subordinate administrators, senior management employees next in line of authority to subordinate administrators, and legal counsel.

(b) Notwithstanding any other provision of law, the personnel appointed pursuant to this section may not be county employees but shall be employees of the retirement system, subject to terms and conditions of employment established by the board of retirement. Except as specifically provided in this subdivision, all other personnel shall be county employees for purposes of the county's employee relations resolution, or equivalent local rules, and the terms and conditions of employment established by the board of supervisors for county employees, including those set forth in a memorandum of understanding.

(c) Except as otherwise provided by Sections 31529.9 and 31596.1, the compensation of personnel appointed pursuant to this section shall be an expense of administration of the retirement system, pursuant to Section 31580.2.

(d) The board of retirement and board of supervisors may enter into any agreements as may be necessary and appropriate to carry out the provisions of this section.

(e) Section 31522.2 is not applicable to any retirement system that elects to appoint personnel pursuant to this section.

(f) This section shall apply only in Orange County.

(g) This section shall apply to the retirement system established under this chapter in San Bernardino County at such time as the board of retirement, by resolution, makes this section applicable in that county.

(Added by Stats. 2002, Ch. 74 (AB 1992), Sec. 2, Effective June 27, 2002, as an urgency statute)

(Amended by Stats. 2006, Ch. 369 (SB 777), Sec. 5)

(Amended by Stats. 2008, Ch. 164 (AB 3044), Sec. 4)