

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

**REGULAR MEETING
Monday, December 14, 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/95789067850</p> <p>Meeting ID: 957 8906 7850 Password: 017802</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> <p>+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> <p>Meeting ID: 957 8906 7850 Password: 017802</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.

- Juan Flores

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

November 16, 2020

Recommendation: Approve minutes.

DISABILITY/MEMBER BENEFITS AGENDA

9:30 AM

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 in closed session during agenda item DA-1.

DC-1: PETER DACQUISTO

Firefighter, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of July 17, 2020. (Safety Member)

DC-2: STEVEN FLOREN

Firefighter/Paramedic, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of February 4, 2020. (Safety Member)

DC-3: KEVIN McDONALD

Senior Social Worker, Orange County Social Services Agency

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of July 6, 2019. (General Member)

DC-4: DEBBIE PHUNG

Coach Operator, Orange County Transportation Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of January 22, 2017. (General Member)

DC-5: WILLIAM VALDEZ

Fire Captain, 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: VANESSA HAMLIN

Social Worker II, Orange County Social Services Agency

Recommendation: The Disability Committee recommends that the Board grant non-service connected disability retirement with an effective date of February 16, 2018. (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.

DA-1: INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE DISABILITY/MEMBER BENEFITS CONSENT AGENDA

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 ELECTION OF OCERS BOARD VICE-CHAIR

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation: Elect a new OCERS Board Vice-Chair for calendar year 2021.

INFORMATION ITEMS

Each of the following informational items will be presented to the Board for discussion.

Presentations

I-1 OCERS 75TH ANNIVERSARY PROCLAMATION

I-2 RETIRED EMPLOYEES ASSOCIATION OF ORANGE COUNTY – ISSUES UPDATE

Presentation by Linda Robinson and Doug Storm, Co-Presidents, REAOC

I-3 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-4 COVID-19 UPDATE
Presentation by Steve Delaney, Chief Executive Officer, OCERS

WRITTEN REPORTS

The following are written reports that will not be discussed unless a member of the Board requests discussion.

R-1 MEMBER MATERIALS DISTRIBUTED
Written Report

Application Notices
Death Notices

December 14, 2020
December 14, 2020

R-2 COMMITTEE MEETING MINUTES
- None

R-3 CEO FUTURE AGENDAS AND 2021 OCERS BOARD WORK PLAN
Written Report

R-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS
Written Report

R-5 BOARD COMMUNICATIONS
Written Report

R-6 2021 OCERS BOARD COMMITTEE ASSIGNMENTS
Written Report

R-7 GOVERNANCE COMMITTEE REPORT – STATUS OF COMMITTEE’S REVIEW OF CHARTERS AND BOARD POLICIES IN 2020
Written Report

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

**DISABILITY COMMITTEE MEETING
January 19, 2021
8:30 A.M.**

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

**REGULAR BOARD MEETING
January 19, 2021
9:30 A.M.**

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

**DISABILITY COMMITTEE MEETING
February 16, 2021
8:30 A.M.**

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

**REGULAR BOARD MEETING
February 16, 2021
9:30 A.M.**

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

AVAILABILITY OF AGENDA MATERIALS - Documents and other materials that are non-exempt public records distributed to all or a majority of the members of the OCERS Board or Committee of the Board in connection with a matter subject to discussion or consideration at an open meeting of the Board or Committee of the Board are available at the OCERS' website: <https://www.ocers.org/board-committee-meetings>. If such materials are distributed to members of the Board or Committee of the Board less than 72 hours prior to the meeting, they will be made available on the OCERS' website at the same time as they are distributed to the Board or Committee members. Non-exempt materials distributed during an open meeting of the Board or Committee of the Board will be made available on the OCERS' website as soon as practicable and will be available promptly upon request.

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: December 14, 2020
TO: Members of the Board of Retirement
FROM: Adina Bercaru, Member Services Manager
SUBJECT: **OPTION 4 RETIREMENT ELECTION – JUAN FLORES**

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 July 31, 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
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 San Francisco, CA 94105-6147
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Personal and Confidential

November 30, 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 Juan Flores**

Dear Adina:

Pursuant to your request, we have determined the Option 4 benefits payable to Juan Flores and his ex-spouse based on the unmodified benefit and other information provided in the System's request dated November 21, 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	July 31, 2020								
Plan of Membership	General Plan B, Safety Plan D and Safety Plan F								
Monthly Unmodified Benefit	<table> <tr> <td>Plan B:</td> <td>\$108.45¹</td> </tr> <tr> <td>Plan D:</td> <td>662.25</td> </tr> <tr> <td>Plan F:</td> <td><u>2,716.63</u></td> </tr> <tr> <td>Total:</td> <td>\$3,487.33</td> </tr> </table>	Plan B:	\$108.45 ¹	Plan D:	662.25	Plan F:	<u>2,716.63</u>	Total:	\$3,487.33
Plan B:	\$108.45 ¹								
Plan D:	662.25								
Plan F:	<u>2,716.63</u>								
Total:	\$3,487.33								
Ex-Spouse's Share of Monthly Unmodified Benefit	34.09%								
Retirement Type	Service Retirement								

¹ This is set to be equal to the Annuity portion of the Plan B benefit that is payable based on the member's Plan B account balance as that is greater than the benefit calculated based on the Plan B benefit formula.

Ms. Adina Bercaru
November 30, 2020
Page 2

We calculated the adjustment to the member's unmodified benefit to provide a 34.09% continuance to the ex-spouse. As instructed by OCERS, the cost to provide the continuance benefit to the ex-spouse is paid for entirely by the ex-spouse.

	Payable while the Member is Alive	Payable After the Member's Death
Monthly benefit payable to member		
Plan B Annuity:	\$71.48	
Plan B Pension:	0.00	
Plan D Annuity:	90.86	
Plan D Pension:	345.63	
Plan F Annuity:	596.76	
Plan F Pension:	<u>1,193.77</u>	
Total:	\$2,298.50	\$0.00
Monthly benefit payable to ex-spouse ²	\$1,070.55	\$1,070.55

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.³

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

² This is equal to 34.09% of the member's unmodified benefit (i.e., 34.09% * \$3,487.33 or \$1,188.83) 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.

³ Since the member last worked as a Safety member, we used Safety assumptions in determining optional benefits even for benefits paid from the General Plan.

Ms. Adina Bercaru
November 30, 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



November 30, 2020

Juan O. Flores

Re: Retirement Election Confirmation – Option 4

Dear Mr. FLORES:


You have elected Option 4 as your retirement option. This option will provide a 34.09% of your monthly benefit, for the life of the benefit, to:

MARIA ORTEGA.

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 34.09% continuance to MARIA ORTEGA.

 12/2/20

Member Signature/Date

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, November 16, 2020
9:30 a.m.**

MINUTES

Chair Hilton called the meeting to order at 9:33 a.m.

Cammy Torres administered the Roll Call attendance.

Attendance was as follows:

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

Roger Hilton, Chair; Shawn Dewane, Vice-Chair; 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; Cammy Torres; Recording Secretary

Guests via Zoom:

Harvey Leiderman, ReedSmith

Absent:

Jeremy Vallone

CONSENT AGENDA

MOTION by Prevatt, **seconded** by Lindholm, 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.

- Donald Voght

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

October 19, 2020

Recommendation: Approve minutes.

C-3 OUTCOMES OF THE OCTOBER 6, 2020 GOVERNANCE COMMITTEE MEETING

Recommendation: The Governance Committee recommends that the Board:

- (1) Adopt revisions to the Reserves and Interest-Crediting Policy as approved by the Governance Committee; and
- (2) Adopt revisions to the Elections Procedures as approved by the Governance Committee.

C-4 RETIREE REQUEST TO BE REINSTATED – SAMUEL CHAIREZ

Recommendation: Reinstate Mr. Chairez as an active member under the provisions of Government Code Section 31680.4 and 31680.5.

The motion passed **unanimously**.

CONSENT ITEMS: DISABILITY/MEMBER BENEFITS AGENDA

OPEN SESSION

CONSENT ITEMS

MOTION by Eley, **seconded** by Packard, to approve staff's recommendation on all of the following items on the Disability/Member Benefits Consent Agenda:

DC-1: MARGARITA CASTILLO

Coach Operator, Orange County Transportation Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of October 29, 2017. (General Member)

DC-2: STEVEN CHAFE

Firefighter/Paramedic, Orange County Fire Authority

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

DC-3: JAIME CLEPHAS

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 June 21, 2019. (Safety Member)

DC-4: DAVID CUNNINGHAM

Firefighter/Paramedic, Orange County Fire Authority

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

DC-5: GINA EDWARDS

Information Processing Technician, Orange County Probation Department

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. (General Member)

DC-6: COLLEEN FLYNN

Court Reporter, Orange County Superior Court

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of June 22, 2018. (General Member)

DC-7: LAURIE KEOGH

Senior Computer Graphics Specialist, Orange County Public Works

Recommendation: The Disability Committee recommends that the Board grant non-service connected disability retirement with an effective date of December 22, 2017 (General Member)

DC-7 was pulled by Mr. Eley

DC-8: CONNIE TRAN

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 March 27, 2020. (Safety Member)

The motion passed **unanimously**.

ACTION ITEMS:

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

N/A

The Board adjourned into closed session at: 9:37 a.m.

CLOSED SESSION

DISABILITY/MEMBER BENEFITS AGENDA

OPEN SESSION

The Board reconvened into open session at: 10:49 a.m.

REPORT OF ACTIONS TAKEN IN CLOSED SESSION

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

DC-7: LAURIE KEOGH

Senior Computer Graphics Specialist, Orange County Public Works

Recommendation: The Disability Committee recommends that the Board grant non-service connected disability retirement with an effective date of December 22, 2017 (General Member)

MOTION by Eley, **seconded** by Packard to grant non-service connected disability retirement with an effective date of December 22, 2017.

The motion passed **unanimously**.

ACTION ITEMS

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

N/A

A-2 OCERS' ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2021

Presentation by Brenda Shott, Assistant CEO, Internal Operations, and Steve Delaney, CEO

Ms. Shott presented, in detail, the Administrative Budget for fiscal year 2021.

Each recommendation was voted on separately.

Recommendation:

1. Adopt the Administrative Budget for Fiscal Year 2021 in the amount of \$28,283,900 which includes:

- a. Personnel costs in the amount of \$16,034,052
- b. Services and supplies in the amount of \$11,579,848
- c. Capital expenditures in the amount of \$670,000

MOTION by Prevatt, **seconded** by Eley, to adopt the Administrative Budget for Fiscal Year 2021.

The motion passed **unanimously**.

2. Approve the Personnel Committee’s recommendation for the 2021 Staffing Plan consisting of 96 budgeted positions within 102 approved classifications which includes the following changes:

- a. Adding one Investment Analyst in the Investment Division (+ 1 FTE)
- b. Dropping one Extra-Help Attorney in the Legal Division (- 0.5 FTE)

MOTION by Dewane, **seconded** by Packard, to approve the Personnel Committee’s recommendation for the 2021 Staffing Plan consisting of 96 budgeted positions within 102 approved classifications.

The motion passed **unanimously**.

3. Approve Salary Adjustments based on one of the two options below as recommended by the Personnel Committee:

- a. Performance based Salary Adjustments for OCERS’ direct employees consisting of a rating scale as follows:

- i. Option 1

- A base salary increase of 1.5% for employees whose performance meets expectations; a base of 1.5% plus a merit increase of 2.75% for employees whose performance exceeds expectations; and a base of 1.5% plus two merit increases totaling 5.50% (2.75% x 2) for employees whose performance was exceptional

OR

- ii. Option 2

- A base salary increase of 1.5% for employees whose performance meets expectations; a base of 1.5% plus a merit increase of 1.75% for employees whose performance exceeds expectations; and a base of 1.5% plus two merit increases totaling 3.50% (1.75% x 2) for employees whose performance was exceptional

MOTION by Dewane, **seconded** by Packard to approve OPTION 2 Salary Adjustments.

Mr. Prevatt stated that although he supports option 2, he prefers option 1.

Mr. Eley stated that he too prefers option 1.

After further discussion, a **SUBSTITUTE MOTION** was made by Eley, **seconded** by Prevatt to approve OPTION 1 Salary Adjustments.

Ms. Tagaloa also stated that she agrees with option 1.

Mr. Lindholm stated that he agrees with option 2.

Mr. Packard stated that since mandatory telecommuting took place, employees have had a cost savings in not having to commute to and from the office.

Substitute motion **failed** with a 4-5 vote.

Original motion to approve OPTION 2 passed **unanimously**.

4. Approve the Personnel Committee’s recommendation to adjust all existing OCERS’ direct salary ranges by 1.5%

MOTION by Eley, **seconded** by Packard to approve the Personnel Committee’s recommendation to adjust all existing OCERS’ direct salary ranges by 1.5%.

Motion passed **unanimously** with Mr. Hidalgo absent.

Board recessed for break at 11:38 a.m.

Board reconvened from break at 11:46 a.m.

A-3 PROPOSED 2021 REGULAR BOARD MEETING AND INVESTMENT COMMITTEE MEETING SCHEDULE

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation: Approve the proposed 2021 Regular Board Meeting and Investment Committee Meeting Schedule.

Mr. Delaney presented the proposed 2021 Regular Board meeting and Investment Committee meeting schedule. The dates were reviewed and approved as follows:

Regular Board Meeting	Investment Committee Meeting
January 19	N/A
February 16	February 24
March 15	March 24
April 19	April 21
May 17	May 26
June 21	June 23
July 19	July 28
August 16	August 25
September 8-9 (Strategic Planning Workshop)	September 8-9 (Strategic Planning Workshop)
October 18	October 27
November 15	November 17
December 13	December 13

INFORMATION ITEMS

Each of the following informational items were presented to the Board for discussion.

I-1 ACTUARIAL UPDATES

Presentation by Paul Angelo, Segal Consulting

Mr. Angelo presented the actuarial updates. He discussed the active to retired member ratio and other risk statistics. He also explained the background that led to an increase in the December 2019 total UAAL due to a larger than assumed COLA. He also provided detail regarding the “other” heading in the December 2019 valuation report on the UALL. All three items were addressed due to prior requests from Mr. Lindholm.

I-2 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

Ms. Jenike briefly updated the board on the Alameda County decision. She reminded the Board of the ongoing collaboration OCERS continues to have with all employers and major labor groups in order to keep everyone up to date.

I-3 COVID-19 UPDATE
Presentation by Steve Delaney, Chief Executive Officer, OCERS

Mr. Delaney presented the COVID-19 update for the month of November. He informed the Board that while OCERS staff continue to work remotely until the end of November, in line with current County Health Department advice emphasizing telework wherever possible, that decision is revisited by himself and the Crisis Management Team (CMT) every month. Mr. Delaney further stated that he would be meeting with the CMT the following day, and in light of increasing illnesses he would not be surprised if OCERS remains teleworking at least through to the end of the calendar year.

WRITTEN REPORTS

None of the written reports were pulled for discussion.

R-1 MEMBER MATERIALS DISTRIBUTED
 Written Report

Application Notices	November 16, 2020
Death Notices	November 16, 2020

R-2 COMMITTEE MEETING MINUTES
 - January 13, 2020 Audit Committee Minutes
 - June 4, 2020 Audit Committee Minutes

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

R-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS
 Written Report

R-5 BOARD COMMUNICATIONS
 Written Report

R-6 THIRD QUARTER 2020 BUDGET TO ACTUALS REPORT

Written Report

R-7 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

Written Report

R-8 2020 STRATEGIC PLANNING WORKSHOP SUMMARY

Written Report

R-9 PUBLIC PENSION COORDINATING COUNCIL (PPCC) STANDARDS AWARD FOR FUNDING AND ADMINISTRATION

Written Report

R-10 STATE STREET PERFORMANCE REVIEW

Written Report

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.

No reportable action taken.

E-2 PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957

Adjourn to closed session pursuant to Government Code Section 54957

Position to be evaluated: Chief Executive Officer

Recommendation: Take appropriate action.

No reportable action taken.

OPEN SESSION ITEMS

ACTION ITEMS

A-4 COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

Recommendation: Take appropriate action.

Orange County Employees Retirement System
November 16, 2020
Regular Board Meeting – Minutes

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MOTION by Hilton, **seconded** by Prevatt to grant the CEO a 3% increase in base salary and a 2% one-time bonus for a total of 5% of salary.

Motion passed **unanimously**.

BOARD MEMBER COMMENTS

Mr. Dewane reminded the trustees to submit their committee assignment requests as they will be presented at the December Board meeting.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

N/A

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 2:16 p.m.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Board

Roger Hilton
Chairman



Memorandum

DATE: December 14, 2020
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: ELECTION OF OCERS BOARD VICE-CHAIR

Recommendation

Elect a new OCERS Board Vice-Chair for Calendar Year 2021.

Background/Discussion

In accordance with OCERS' By-Laws, excerpted below, the election of the Vice-Chair is to take place at the "last regular Board meeting in December," which is our meeting of December 14 this year.

With Mr. Dewane, an appointed member, serving as 2020 Vice-Chair, the Board's charter directs that he "shall automatically succeed to the office of Chair".

Then the by-laws provide further guidance to the election of Vice-Chair by directing that the Vice-Chair shall be of a different "group" than the Chair; for 2021 that would be one of the elected members. Note: While the election will take place in December, the new Chair, Mr. Dewane, and the newly elected Vice-Chair will not take office until January 1, 2021.

By-Laws Excerpt:

3. Election of Officers: The Board shall have a Chairperson and a Vice-Chairperson, each of whom will serve a one-year term of office, which corresponds with the calendar year. The person who holds the office of Vice-Chairman on the last day of the Calendar year shall automatically succeed to the office of Chairperson effective the first day of the following calendar year. At its last regular Board meeting in December, the Board shall elect a new Vice-Chairperson, who shall serve in that capacity beginning in January of the following year until the end of that calendar year, at which time he or she shall succeed to the office of Chairperson. The Chairperson and Vice-Chairperson shall both be members of the Board, and shall be from different "groups" as hereinafter defined.

For purposes of this section, all Board Members shall be considered to be members of one of two “groups.” The elected member group shall include those members of the Board who are elected by the members of the Retirement System; i.e., the two general member representatives, the retired member representative, and the safety member representative. The appointed member group shall include the four members appointed by the County Board of Supervisors and the County Treasurer. The alternate member of the Board is ineligible to hold office as Chairperson or Vice-Chairperson of the Board.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Memorandum

DATE: December 14, 2020
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **OCERS 75TH ANNIVERSARY PROCLAMATION**

Background/Discussion

As OCERS comes to the end of its 75th Anniversary observatory season, it is possible we will have one or more proclamations to share with the Board from various Orange County legislators. As with all things in the time of COVID, we cannot be positive any or all will be able to participate, so this serves simply as a placeholder for the Monday, December 14, 2020 agenda.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Memorandum

DATE: December 14, 2020
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **RETIRED EMPLOYEES ASSOCIATION OF ORANGE COUNTY – ISSUES UPDATE**

Background/Discussion

At the OCERS Board's continued invitation, Ms. Linda Robinson and Doug Storm, Co-Presidents of the Retired Employees Association of Orange County (REAOC) will be at the December 14th meeting.

As another year comes to a close, perhaps one of the most challenging any of us has ever faced, they will share thoughts and comments on what those challenges have meant to our retired members as well as comments regarding the services OCERS as an organization provides to those same members.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Memorandum

DATE: December 14, 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***

Staff will provide a verbal update on the progress we have made in response to the *Alameda* decision since the Board meeting of December 14, 2020.

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: December 14, 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, December 14th 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

*Orange County Employees Retirement System
Retirement Board Meeting
December 14, 2020
Application Notices*

Member Name	Agency/Employer	Retirement Date
Aasen, Kathy	Health Care Agency	9/11/2020
Abadessa, Virginia	OCTA	9/27/2020
Aceituno, Tommie	Health Care Agency	10/23/2020
Akau, Julie	Social Services Agency	10/9/2020
Arnau, John	OCWR	10/9/2020
Avalos, Joseph	Sheriff's Dept	10/9/2020
Barreto, Maria	Probation	10/8/2020
Belshe, Michael Scott	Fire Authority (OCFA)	10/2/2020
Biggs, Aaron	Superior Court	10/9/2020
Blanco, Sara	Social Services Agency	10/9/2020
Bolle, Delores	Public Defender	10/9/2020
Booth, Rebecca	Probation	9/25/2020
Boyle, Lori	Fire Authority (OCFA)	10/20/2020
Brewer, Jacqueline	Social Services Agency	10/6/2020
Brown, Gwendolyn	Social Services Agency	10/9/2020
Bull, Joseph	Sheriff's Dept	10/9/2020
Burns, Michael	Social Services Agency	10/9/2020
Cardenas, Fe	Social Services Agency	10/9/2020
Cassidy, Charles	OC Vector Control District	10/9/2020
Caughorn, Sandra	Probation	9/11/2020
Celaya, Lisa	Social Services Agency	10/9/2020
Chamberlain, Aaron	Sheriff's Dept	9/25/2020
Christensen, Lance	Sheriff's Dept	9/25/2020
Cich, Brian	Auditor Controller	10/9/2020
Cook, Randall	Fire Authority (OCFA)	9/17/2020
Cortez Najares, Rachel	Social Services Agency	10/13/2020
Daigneau, Phillip	Auditor Controller	10/12/2020
Damato, Nicholas	Social Services Agency	10/9/2020
Eyanson, Lisa	Public Defender	9/25/2020
Feng, William	Child Support Services	10/1/2020
Fitch, Julie	OC Community Resources	10/9/2020
Fitzpatrick, Judy	OCTA	10/8/2020
Flores, Lisa	Superior Court	10/9/2020
Fox, Ann	Social Services Agency	10/9/2020
Gabaldon, Mario	Probation	10/23/2020
Garza, Jacqueline	Social Services Agency	10/9/2020
Gavia, Martha	Social Services Agency	10/9/2020
Goldsmith, Craig	Sheriff's Dept	10/23/2020
Hernandez, Lena	Social Services Agency	8/10/2020
Holliday, Patricia	Sheriff's Dept	8/13/2020
Huang, Anna	Social Services Agency	9/25/2020
Jenkins, Renee	OC Community Resources	10/9/2020
Johnson, Neal	OCTA	10/25/2020
Johnson, Susan	Health Care Agency	9/25/2020
Kay, Diane	Social Services Agency	10/19/2020
Laub, Peggy	Assessor	10/9/2020
Le, Caroline	Social Services Agency	10/9/2020
Le, Kim-Hong	Social Services Agency	10/9/2020
Liang, Jian	Sanitation District	10/10/2020

Member Name	Agency/Employer	Retirement Date
Lopez, Silvia	Social Services Agency	10/9/2020
Lopez, Teresa	Social Services Agency	10/9/2020
Macedo, Rosa	Social Services Agency	10/9/2020
Matthews, Sharon	Probation	8/14/2020
Mcclellan, Steven	Fire Authority (OCFA)	9/1/2020
Meleton, Marjorie	Social Services Agency	10/11/2020
Mendoza, Albert	Health Care Agency	10/23/2020
Merck, Marty	John Wayne Airport	10/23/2020
Miscione, Angelica	Health Care Agency	10/9/2020
Molina, Jeffrey	Social Services Agency	10/9/2020
Muresan, Tatiana	Social Services Agency	10/9/2020
Nguyen, Mai-Tram	Health Care Agency	10/9/2020
Nguyen, Quan	Health Care Agency	10/23/2020
Oliva, Edgar	Sheriff's Dept	10/7/2020
Ortiz, Blanca	Health Care Agency	10/9/2020
Osorio-Reyes, Silvia	Social Services Agency	10/9/2020
Pirollo, Jill	Social Services Agency	10/9/2020
Prendez, Maricelva	Social Services Agency	10/9/2020
Price, Janelle	County Counsel	10/8/2020
Quan, David	Social Services Agency	10/9/2020
Ranada, Teresita	Social Services Agency	8/14/2020
Reynoso, Juan	Social Services Agency	10/9/2020
Roberts, Jermaine	Social Services Agency	10/9/2020
Ronnberg, Yvette	OC Community Resources	10/3/2020
Rooney, Catharine	Social Services Agency	10/9/2020
Schlinger, Maria	Superior Court	10/3/2020
Scholl, Frank	OCTA	10/3/2020
Shaw, Lawrence	OC Vector Control District	10/1/2020
Shelp, Curt	Sanitation District	10/9/2020
Sipilovic, Shanon	Superior Court	10/23/2020
Stone, Becky	Health Care Agency	10/9/2020
Stribling, Nellie	OC Community Resources	10/9/2020
Swartz, Bryan	Fire Authority (OCFA)	10/8/2020
Tat, Hai Q	Social Services Agency	10/9/2020
Taylor, Grant	City of San Juan Capistrano	10/1/2020
Toole, Ronald	Social Services Agency	10/9/2020
Tran, Timothy	Health Care Agency	10/9/2020
Tsai, Dennis	Assessor	10/9/2020
Turner, Ryan	Fire Authority (OCFA)	9/18/2020
Van, Melinda	Auditor Controller	10/15/2020
Vargas, Eugenia	Social Services Agency	10/9/2020
Vargas, Maqda	Social Services Agency	10/9/2020
Vo, My	OCWR	10/9/2020
Voght, Donald	Sheriff's Dept	10/9/2020
Vought, Cora	Superior Court	9/25/2020
Zerihun, Seyoum	OCTA	10/13/2020

*Orange County Employees Retirement
Retirement Board Meeting
December 14, 2020
Death Notices*

<i>Active Members</i>	<i>Agency/Employer</i>
Goldman, Jeremy	Public Defender
Lawless, James	John Wayne Airport

<i>Retired Members</i>	<i>Agency/Employer</i>
Avila, Lorenzo	OCTA
Blair, Kenneth	Sheriff's Dept
Brown, Phydith	Assessor
Carbis, Christopher	OCTA
Creech, James	John Wayne Airport
Elefante, Dennis	OCTA
Gaylord, Dolores	Health Care Agency
Henriksen, Paul	OCTA
Illoso, Emmy	County Clerk/Recorder
Jimenez, Manuel	Health Care Agency
Johnson, Patricia	Sanitation District
Joralemon, Donald	Sheriff's Dept
Marston, Robert	Health Care Agency
Martinez, Benny	OC Public Works
Miller, Janet	Social Services Agency
Nickerson, Ben	OC Public Works
Philips, Elizabeth	Social Services Agency
Radon, Arthur	Superior Court
Robinson, Frank	OC Public Works
Thibault, Fred	Sheriff's Dept
Walker, Jack	Assessor
Woolley, Linda	OCTA

<i>Surviving Spouses</i>	
Bebout-Webb, Roberta	
Goad, Marilyn	
Johnson, Ernest	
Raedel, Calvin	
Ramirez, Abigail	
Sackett, Barbara	
York, Helen	



Memorandum

DATE: December 14, 2020
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **CEO FUTURE AGENDAS AND 2021 OCERS BOARD WORK PLAN**

Written Report

AGENDA TOPICS FOR THE OCERS BOARD OF RETIREMENT

JANUARY

- 2020 Disability Statistics
- 2020 OCERS Innovations
- 2020 Year in Review: Communication Plan
- Alameda Case* – OCERS Board Initial Recommendation (Tentative Date)
- Board Education Report
- Communication Policy Fact Sheet
- Form 700 Filing Requirements
- Initial Discussion of OCERS Legislation
- Pension Obligation Bonds – An Overview by Segal

FEBRUARY

- 2021 Annual Cost of Living Adjustment
- 2021 Overpaid And Underpaid Plan Benefits Report
- 2021 Policy Compliance Report
- 2021 Report Outcome of Prior Year Business Plan
- 2021 STAR COLA posting
- Alameda Case* – OCERS Board Final Adoption (Tentative Date)
- CEM Benchmarking Presentation (Tentative Date)

MARCH

- 2021 STAR COLA Final Approval
- Alameda Case* - Update
- Business Continuity Disaster Recovery Update
- GFOA awards
- OCFA Liability Paydown Update (Tentative Date)
- Quarterly 2021-2023 Strategic Plan Review

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

OCERS RETIREMENT BOARD - 2021 Work Plan

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep (Offsite)	Oct	Nov	Dec
System Oversight		STAR COLA Posting (I)	Approve 2021 STAR COLA (A)	SACRS Board of Directors Election (A)	Preliminary December 31, 2020 Valuation (I)	Mid-Year Review of 2021 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 2022 Administrative Budget and Investment (Workshop) (I)	Review 3rd Quarter Budget to Actuals Financial Report (I)	
		Approve 2021 COLA (A)	Quarterly 2021-2023 Strategic Plan Review (A)			Approve December 31, 2020 Actuarial Valuation & Funded Status of OCERS (A)	Actuarial Review: Risk Assessment (I)	Receive OCERS by the Numbers (I)	Annual OCERS Employer Review (I)	Approve 2022-2024 Strategic Plan (A)	Approve 2022 Administrative (Operating) Budget (A)	
						Approve 2020 CAFR (A)	Approve Early Payment Rates for Fiscal Year 2021-22 (A)	Receive Evolution of the UAAL (I)		Approve 2022 Business Plan (A)	Annual CEO Performance Review and Compensation (A)	
						Quarterly 2021-2023 Strategic Plan Review (A)		Employer & Employee Pension Cost Comparison (I)				
												Adopt 2022 Board Meeting Calendar (A)
Board Governance				Brown Act Training (I)					Annual Review of Succession Plan (I)			Adopt Annual Work Plan for 2022 (A)
				Fiduciary Training (I)								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 2021 (I)	

(A) = Action (I) = Information



Memorandum

DATE: December 1, 2020
TO: Members of the Board of Retirement
FROM: Jim Doezie, Contracts, Risk and Performance Administrator
SUBJECT: QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

Background/Discussion

1. **Quiet Period Policy Guidelines**

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

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

2. **Quiet Period Guidelines**

In addition, the following language is included in all distributed RFP's:

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

Distributed RFP's

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

- An RFP for an Accounting System (ERP) was released October 30th. We need to replace our current, unsupported system so this RFP is to solicit bids for this effort. The bid responses are due December 7th.

Submitted by:

Jim Doezie
Contracts, Risk and Performance Administrator



Memorandum

DATE: December 14, 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:

- Placentia's departure from OCFA was an important event for one of our largest employers, therefore it is important that OCERS monitor the discussion it is generating in the press.
<https://californiaglobe.com/section-2/placentias-independent-fire-department-saves-millions-and-improves-service/>

Attached:

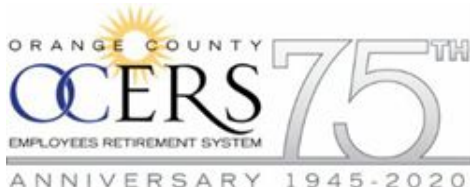
- OCERS Activities for October 2020

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Monthly Staff Status October 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 October 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

“Representative was very informative, helpful and patient.”

August 2020

“Representative was the most professional, caring, efficient and helpful team member I have ever met. They went beyond my expectations.”

September 2020

“I just wanted to drop you a quick note to convey my satisfaction with the assistance I received from OCERS on October 15. When I called your office, I had no idea what to expect, but the OCERS representative’s genuine interest in helping me was a pleasant surprise. Before I spoke to her, I was running out of options, but she reached out to my employer and put me on track to getting the information I need. Whenever I get superior customer service, I like to speak up, and this was definitely one of those occasions.”

October 2020

Customer Service Statistics

Member Approval: 100%

Un-Planned Recalculations: 0

Retirement Applications Received:

Oct – 2020	57
Sept – 2020	114
Aug – 2020	229
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



Monthly Staff Status

October 2020

MEMBER SERVICES TELEPHONE METRICS

Member Services Call History			
Month / Year	Incoming Calls Through Queue	Incoming Calls Direct to Extension	Total Calls (Queue + Direct)
October 2020	*	*	8145
October 2019	1350	2305	3655
October 2018	1464	2135	3599

ACTIVITIES

IRC 415 SUPPLEMENTAL PAYMENTS

My thanks to Ms. Bowman and Ms. Shott for working closely with the County of Orange from mid-September into October to help in resolving an issue of great concern to certain of our retired members. In July, the process of paying supplemental payments to those County of Orange members who's Final Average Salary was above the IRC 415 compensation limits, moved appropriately from OCERS, to the County's Auditor Controller's office. In moving that task however, the County initially chose to make the supplemental payment with the first official payroll of each month. That led to the supplemental payment being received by the retiree on a date later than the 1st of the month, which had been OCERS prior practice. The County received some very unhappy phone calls from impacted retirees, and reached out to OCERS to see what could be done. Wanting to actually return the process to OCERS, the County accepted instead an alternative suggestion from Ms. Bowman and Ms. Shott, to tie those payments to the last payroll of the prior month.

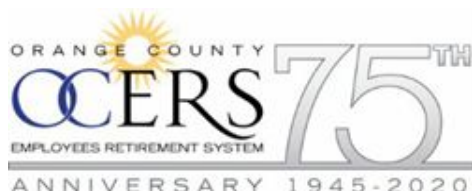
OCERS YEAR IN REVIEW

Finished at last. With two final virtual meetings, first with the Orange County Transportation Authority (OCTA) on October 7, and the Orange County Attorneys Association (OCAA) on October 8, Ms. Jenike, Ms. Shott and I completed the last of our annual outreach meetings. The conversations were all positive. Our meeting with the executive OCAA team was a first – we had meet with their labor rep in prior years, but this was the first time we got to meet with OCAA Board members as well.

INVESTMENT TEAM ACTIVITIES

David Beeson reports:

As of September 30, 2020, the portfolio year-to-date is up 1.7%, while the one-year return is up 5.6%. The fund value now stands at \$17.7 billion. The OCERS Investment Team continues to work effectively remotely during the coronavirus pandemic. The October 28th Investment Committee meeting took place via video/teleconference on Zoom. Molly Murphy began the meeting discussing the recent market performance which has been positive for the year but had softened during October due to a recent rise in COVID cases, the delay in additional fiscal stimulus, and uncertainty to the upcoming U.S. elections. Next, David Beeson, Reginald



Monthly Staff Status October 2020

Tucker, and Molly Murphy from the Investment Team presented the monthly manager selections and terminations report. OCERS committed \$50 million to Grain Spectrum Holdings III, a niche infrastructure manager that focuses on wireless communication spectrum licenses. OCERS committed €13 million (approximately 15 million USD) to H.I.G. Europe Capital Partners III. This is OCERS fifth investment in the H.I.G. platform (totaling approximately \$150 million in commitments) that will focus on investing in complex, under-managed, and stressed lower middle-market buyout companies primarily in Western Europe. OCERS also committed \$75 million to Cerberus Institutional Real Estate Partners V, a non-core real estate fund that will opportunistically invest across the capital structure in direct equity real estate assets and real estate debt assets. Heidi Poon and David Fann from Aksia TorreyCove then presented the Q2 2020 private equity performance update. Since inception, the OCERS private equity program has returned a 13.0% net IRR and 1.53x multiple of total value to paid-in capital (TVPI). Nic DiLoretta from Aksia TorreyCove next presented the Q2 2020 private real assets report. Nic DiLoretta discussed the challenges of the energy portfolio as a result of the supply/demand shocks that energy experienced in 2020. OCERS' 2015 vintage year energy investments that still have upstream assets experienced significant write-downs in 2020 as oil prices fell. Infrastructure assets have been more resilient in 2020, especially the communication sector that has benefitted from the acceleration of digital transformation during COVID. David Beeson next presented the real assets asset class review. Mr. Beeson reviewed the real assets structure and objectives of continuing to build out the infrastructure sub-asset class towards its 3% target, while reducing energy towards its new lower target of 2%. Finally, Nic DiLoretta presented the 2021 real assets commitment pacing model. The Investment Committee approved the 2021 pacing plan of \$100 million to \$150 million in new real assets commitments.

UPDATES

OCERS STAFFING

It is interesting to report that in the eight months since OCERS staff began mandatory Telework from home, we have had no turnover.

In discussing this positive phenomenon Ms. Hockless suggests one possibility may be the County of Orange having implemented a freeze on hires. Loss of staff to the County with its greater career growth opportunities is always our biggest staffing challenge.



As a reminder you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the December 14 meeting of the OCERS Board of Retirement.



Memorandum

DATE: December 2, 2020
TO: Members of the Board of Retirement
FROM: Shawn Dewane, OCERS Board Chair (2021)
SUBJECT: 2021 OCERS BOARD COMMITTEE ASSIGNMENTS

Written Report

Background/Discussion

I would like to thank my fellow OCERS Board Trustees for their input regarding committee assignments in 2021. I appreciate your flexibility and willingness to serve where needed:

In determining assignments, I had a number of goals to guide me:

- o Tried to fulfill each Board member’s stated committee preference(s) where possible
- o Tried to have each Board member assigned to at least one committee
- o Continued the practice of appointing a Vice Chair for all committees (should the Chair be absent)
- o Continued the practice of alternating elected and appointed members as Investment Committee Chair and Investment Committee Vice Chair

A note:

- o As of January 1, 2021 I am directing the formation of a new permanent Building Committee to assist in crafting a new design and associated budget for the OCERS Headquarters building.

The 2021 OCERS Board of Retirement committee assignments are as follows:

Investment Committee

Frank Eley – Chair

Arthur Hidalgo – Vice Chair

Audit Committee

Frank Eley, Chair

Shari Freidenrich, Vice-Chair

Chuck Packard

Jeremy Vallone

Building Committee

Wayne Lindholm – Chair
Chuck Packard – Vice Chair
Chris Prevatt
Adele Tagaloa

Disability Committee

Adele Tagaloa, Chair
Roger Hilton, Vice-Chair
Chuck Packard
Jeremy Vallone, Alternate Member

Governance Committee

Frank Eley, Chair
Chuck Packard, Vice-Chair
Wayne Lindholm
Roger Hilton

Personnel Committee

Roger Hilton, Chair
Shawn Dewane, Vice Chair
Chris Prevatt

My thanks to each of you and best wishes for a successful 2021 for this Board of Retirement.

Submitted by:
Shawn Dewane

Approved by:



SD - Approved

Steve Delaney
Chief Executive Officer



Memorandum

DATE: December 14, 2020
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, General Counsel
SUBJECT: GOVERNANCE COMMITTEE REPORT – STATUS OF COMMITTEE’S REVIEW OF CHARTERS AND BOARD POLICIES IN 2020

Written Report

At its November 7, 2019 meeting, the Governance Committee (Committee) directed staff to prepare a report to the Board providing the status of the Committee’s review of the Charters and Board Policies that were due for triennial review by the Committee in 2019. Carrying that directive into 2020, staff submits the following report of the Committee’s activities in 2020.

In 2020, the Committee reviewed, approved and obtained the Board’s approval of the following Charters and Board Policies:

Charter/Policy Name	Reviewer	Board Approval
Actuarial Valuation Policy	<i>Asst.CEO, Internal Ops</i>	8/17/2020
Administrative Review and Hearing Policy	<i>General Counsel</i>	8/17/2020
Budget Approval Policy	<i>Director of Finance</i>	4/20/2020
Communications Policy	<i>Communications Manager</i>	4/20/2020
Conflict of Interest Code	<i>General Counsel</i>	8/17/2020
Elections Procedures Policy	<i>General Counsel</i>	11/16/2020
Governance Committee Charter	<i>General Counsel</i>	4/20/2020
Membership Eligibility Policy	<i>Asst.CEO, External Ops</i>	7/20/2020
Planning Policy	<i>CEO</i>	4/20/2020
Public Records Request Policy	<i>General Counsel</i>	4/20/2020
Quiet Period Policy	<i>Asst.CEO, Internal Ops</i>	4/20/2020
Reserves and Interest Crediting Policy	<i>Asst.CEO, Internal Ops</i>	11/16/2020
SACRS Voting Authority Policy	<i>CEO</i>	4/20/2020
Securities Litigation Policy	<i>General Counsel</i>	8/17/2020

One policy, the Records Retention Policy, is past due for the Committee’s review. As provided in the 2020 and 2021 Business Plans, staff is in the process of creating a new Records Management Program that will replace the Records Retention Policy. A replacement policy will be presented to the Committee, and then the Board, at a future date.

Submitted by:



GMR- Approved

Gina M. Ratto
General Counsel