

**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 recommendations 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, with the exception of DC-7, 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, to be discussed in Closed Session.

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**.

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

CLOSED SESSION

DISABILITY/MEMBER BENEFITS AGENDA

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

The Board met in closed session to discuss Item DC-7 from the Consent 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/DA-1: 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.

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

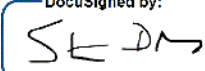
COUNSEL COMMENTS

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:

DocuSigned by:

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Steve Delaney
Secretary to the Board

DocuSigned by:

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Roger Hilton
Chairman