

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

**REGULAR MEETING  
Monday, April 19, 2021  
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><b>Join Using Zoom App (Video &amp; Audio)</b></p> <p><a href="https://ocers.zoom.us/j/95334121297">https://ocers.zoom.us/j/95334121297</a></p> <p><b>Meeting ID: 953 3412 1297</b> <b>Password: 686394</b></p> <p>Go to <a href="https://www.zoom.us/download">https://www.zoom.us/download</a> to download Zoom app before meeting Go to <a href="https://zoom.us">https://zoom.us</a> to connect online using any browser.</p>	<p><b>Join by Telephone (Audio Only)</b></p> <p>Dial by your location</p> <ul style="list-style-type: none"> <li>+1 669 900 6833 US (San Jose)</li> <li>+1 346 248 7799 US (Houston)</li> <li>+1 253 215 8782 US</li> <li>+1 301 715 8592 US</li> <li>+1 312 626 6799 US (Chicago)</li> <li>+1 929 436 2866 US (New York)</li> </ul> <p><b>Meeting ID: 953 3412 1297</b> <b>Password: 686394</b></p>
<p>A <a href="#">Zoom Meeting Participant Guide</a> is available on OCERS website <a href="#">Board &amp; Committee meetings page</a></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.

- Σ Chad Baker
- Σ Anthony Ferrentino
- Σ Paul McBride

**ADMINISTRATION**

**C-2 BOARD MEETING MINUTES**

Regular Board Meeting Minutes March 15, 2021

**Recommendation:** Approve minutes.

**C-3 GOVERNANCE COMMITTEE OUTCOMES FROM COMMITTEE MEETING HELD ON MARCH 5, 2021**

**Recommendation:** The Governance Committee recommends the Board adopt revisions to the following policies as presented:

- (1) Cost Impacting Policy
- (2) Disposition of Surplus Property Policy
- (3) Extraordinary Expense Recovery Policy
- (4) Legislative Policy

**C-4 18TH ANNUAL GLOBAL ARC BOSTON**

**Recommendation:** Approve Trustees Packard and Tagaloa, together with CEO Delaney’s attendance and related expenses including overnight accommodations for the “18th Annual Global Arc Boston” Conference, October 25-October 27, 2021, at the InterContinental Boston, USA.

**C-5    DISABILITY COMMITTEE OUTCOMES FROM COMMITTEE MEETING HELD ON MARCH 15, 2021**

**Recommendation:** The Disability Committee recommends that the Board:

- (1) Adopt revisions to the Disability Reemployment Policy, including changing the name to the Disability Reassignment Policy, as approved by the Disability Committee; and
- (2) Adopt revisions to the Hearing Officer Selection and Retention Policy as approved by the Disability Committee.

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**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:    MARY NEGRON**

Office Technician, Orange County Social Services Agency (General Member)

**Recommendation:** The Disability Committee recommends that the Board of Retirement:

- ∑ Grant non-service connected disability retirement.
- ∑ Set the effective date as June 7, 2019.

**DC-2:    MARTIN NEAL**

Coach Operator, Orange County Transportation Authority (General Member)

**Recommendation:** The Disability Committee recommends that the Board of Retirement:

- ∑ Deny service connected disability retirement due to insufficient evidence of job causation.

**DC-3: TAMARA JIMENEZ**

Group Counselor II, Orange County Social Services Agency (General Member)

**Recommendation:** The Disability Committee recommends that the Board of Retirement:

- ∑ Grant service connected disability retirement.

- Σ Set the effective date as May 10, 2019, the day after the last day of regular compensation for the Group Counselor II position.
- Σ Find the Applicant is capable of performing other duties in the service of the County of Orange pursuant to Government Code Section 31725.65.
- Σ Grant a supplemental disability retirement payment allowance in the amount of the salary difference between the higher and lower paying positions effective May 10, 2019, the date of the position change until the day Ms. Jimenez wishes to retire from the new position.

**DC-4: REBECCA CONTRERAS**

Supervising Peace Officer Sergeant, Orange County Sheriff's Department (Safety Member)

**Recommendation:** The Disability Committee recommends that the Board of Retirement:

- Σ Deny service connected disability retirement due to insufficient evidence of job causation.

**DC-5: JUAN OCEGUEDA**

Senior Institutional Cook, Orange County Sheriff's Department (General Member)

**Recommendation:** The Disability Committee recommends that the Board of Retirement:

- Σ Grant service connected disability retirement.
- Σ Set the effective date as March 29, 2019.

**DC-6: RANDY RIPKEN**

Firefighter, Orange County Fire Authority (Safety Member)

**Recommendation:** The Disability Committee recommends that the Board of Retirement:

- Σ Grant service connected disability retirement.
- Σ Set the effective date as March 27, 2020.

**DC-7: RICARDO ZAMORA**

Sheriff's Special Officer II, Orange County Sheriff's Department (General Member)

**Recommendation:** The Disability Committee recommends that the Board of Retirement:

- Σ Grant service connected disability retirement.
- Σ Set the effective date as September 25, 2020.

**OPEN SESSION**

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

**DA-2: AGENDA ITEM DA-2: MCDONALD, KEVIN – REQUEST FOR ADMINISTRATIVE REVIEW OF CEO  
DETERMINATION**

**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.**

**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 *Alameda County Deputy Sheriff’s Assoc. et al., v. Alameda County Employees’ Retirement Assn., et al – Staff Recommendations Regarding Resolution and Implementation of the Alameda Decision***

*Presentation by Suzanne Jenike, Assistant CEO of External Operations and Steve Delaney, Chief Executive Officer, OCERS*

**Recommendation:**

- 1. STAFF RECOMMENDS THE BOARD APPROVE THE UPDATED PENSIONABLE ATTRIBUTES OF THE FOLLOWING PAY ITEMS AS A RESULT OF STAFF’S APPLICATION OF THE TEST AND DEFINITION OF NORMAL WORKING HOURS, AND FIND THESE PAY ITEMS ARE NOT PENSIONABLE:**
  - a. County of Orange: Attorney Special Duty Pay<sup>1</sup>, Sheriffs Canine Pay and On Call Pay
  - b. Orange County Fire Authority: On Call Pay
  - c. Transportation Corridor Agencies: Stand-By Statistical
  - d. City of San Juan Capistrano: On Call Pay
  - e. Sanitation District: On Call Pay
  - f. Superior Court: On Call Pay
- 2. THE GOVERNANCE COMMITTEE RECOMMENDS THE BOARD APPROVE REVISIONS TO THE FOLLOWING POLICIES, PROCEDURES, PAY ITEM REQUEST FORM AND ADMINISTRATIVE PROCEDURES (OAP) REGARDING COMPENSATION EARNABLE TO REFLECT THE APPROVED TEST AND DEFINITION OF NORMAL WORKING HOURS:**
  - a. Compensation Earnable Policy
  - b. Pensionable Compensation Policy

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<sup>1</sup> OCERS staff believes that the Attorney Special Duty Pay received by County of Orange attorneys associated with preparation for conducting parole hearings may be pensionable as skills-based services performed during normal business hours. However, in order to be recognized as pensionable, OCERS requires that the pay be reported to OCERS as a separate and distinct pay item. The items of pay other than pay for preparation for conducting parole

hearings that are currently included in Attorney Special Duty Pay, including Search Warrant Duty Pay, Parole Hearing Travel Time, Juvenile Hotline Assignment Pay, County Counsel Juvenile Warrant and Emergency Petition Assignment Pay, are non-pensionable and should no longer be reported as Special Duty Pay.

<sup>2</sup> This is pay at one and one-half times the regular rate of pay for 30 minutes per day, seven days a week, to care for and maintain the police service dogs when the service dog is kenneled at the handler's residence while the handler is off-duty.

<sup>3</sup> On call pay is paid by the County of Orange to Sheriffs assigned to the Homicide Detail, the Bomb Squad, the District Attorney Special Assignments Unit, and to the AOCDS President.

<sup>4</sup> With the exception of pay for preparation for conducting parole hearings, provided the County reports this pay to OCERS as a separate and distinct item of pay. See footnote 1, above.

- c. Pay Item Request and Approval Procedures for Employers
- d. Employer Pay Item Request Form
- e. Compensation Earnable and Pensionable Compensation Determination OAP
- f. Final Average Salary Calculation OAP

### **3. STAFF RECOMMENDS THE BOARD DIRECT STAFF TO:**

- a. Recalculate retirement allowances prospectively excluding the aforementioned pay items from compensation earnable for any payee with a benefit effective date of January 1, 2013 through October 1, 2020<sup>2</sup>;
- b. Recover overpayments made to such payees between January 1, 2013 and October 1, 2020 by offsetting them against any over-collected employee contributions during that period.<sup>3</sup> Any remaining overpayments will be recovered via the actuarial valuation process (see f below);
- c. Credit/refund overpaid employee contributions that are remaining once offset against the overpayments in 3.b above to the payees, if applicable;
- d. Credit/refund any overpaid employee contributions made between January 1, 2013 and October 1, 2020 to non-payees as of October 1, 2020; and
- e. Collect overpayments made between October 1, 2020 and the date of the benefit recalculation in 3.a. above from the payee in accordance with the Overpayment/Underpayment of Plan Benefits Policy.
- f. Actuarial valuation process for recovering overpayments – Any remaining overpayments from 3.b above will be recovered from the employers by continuing to recognize the overpayments as part of the employers' unfunded actuarial accrued liability (UAAL).

#### **A-3 FIDUCIARY COUNSEL RFP – SELECTION OF FINALISTS FOR INTERVIEW BY THE BOARD**

*Presentation by Gina Ratto, General Counsel, OCERS*

**Recommendation:** Select the candidates for Fiduciary Counsel who will be interviewed by the Board; establish the interview panel consisting of the full Board; and determine the interviews will be conducted at the Board meeting on May 17, 2021.

#### **A-4 SACRS BOARD OF DIRECTORS ELECTION 2021-2022 – DIRECTION TO OCERS' VOTING DELEGATE**

*Presentation by Gina Ratto, General Counsel, OCERS*

**Recommendation:** Consider the SACRS Nominating Committee’s recommended slate of candidates and the list of additional candidates interested in running for the election of SACRS Directors; and give direction to OCERS’ Voting Delegate and Alternate Delegates for the SACRS Board of Directors election to be held at the SACRS Spring Conference to take place on May 14, 2021.

**A-5 SACRS LEGISLATIVE COMMITTEE RECOMMENDED LEGISLATION FOR SACRS SPONSORSHIP – DIRECTION TO OCERS’ VOTING DELEGATE**

*Presentation by Gina Ratto, General Counsel, OCERS*

**Recommendation:** Direct the SACRS voting delegate and alternate delegates to vote to approve SACRS’ formal sponsorship of SB 634, an omnibus bill to provide technical and clarifying changes to the CERL, when such matter is presented to the SACRS membership for a vote at the SACRS business meeting on May 14, 2021.

**INFORMATION ITEMS**

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

**Presentations**

**I-1 ANNUAL FIDUCIARY EDUCATION**

*Presentation by Harvey Leiderman, ReedSmith, LLP*

**I-2 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

April 19, 2021  
April 19, 2021

**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 **LEGISLATIVE UPDATE**  
Written Report
- R-7 **UPDATE TO BOARD ELECTION, SAFETY MEMBER AND ALTERNATE SAFETY MEMBER**  
Written Report
- R-8 **GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA) CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING**  
Written Report
- R-9 **FIRST QUARTER 2021 TRAVEL AND TRAINING EXPENSE REPORT**  
Written Report
- R-10 **2021 AMERICAN ADVERTISING BRONZE AWARD FOR THE 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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**

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

**NOTICE OF NEXT MEETINGS**

**INVESTMENT COMMITTEE MEETING  
April 21, 2021  
9:30 A.M.**

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



**SANTA ANA, CA 92701**

**DISABILITY COMMITTEE MEETING**

**May 17, 2021**

**8:30 A.M.**

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM**

**2223 E. WELLINGTON AVENUE, SUITE 100**

**SANTA ANA, CA 92701**

**REGULAR BOARD MEETING**

**May 17, 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](mailto: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

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**DATE:** April 19, 2021  
**TO:** Members of the Board of Retirement  
**FROM:** Adina Bercaru, Member Services Manager  
**SUBJECT:** **OPTION 4 RETIREMENT ELECTION – ANTHONY FERRENTINO**

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### 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 February 19, 2021. The Orange County Employees Retirement System (OCERS) was joined in the member’s dissolution of marriage and under the terms of the DRO, the member’s ex-spouse was awarded a lifetime continuance as a percentage of the member’s allowance.

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

### Submitted by:



A. B. – APPROVED

Adina Bercaru  
Member Services Manager



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

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

**Personal and Confidential**

April 7, 2021

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

**Re: Orange County Employees Retirement System (OCERS)  
Option 4 Calculation for Anthony Ferrentino**

Dear Adina:

Pursuant to your request, we have determined the Option 4 benefits payable to Anthony Ferrentino and his ex-spouse based on the unmodified benefit and other information provided in the System’s request dated March 31, 2021.

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	February 19, 2021
Plan of Membership	General Plan J
Monthly Unmodified Benefit	\$9,876.74
Ex-Spouse’s Share of Monthly Unmodified Benefit	32.50%
Retirement Type	Service Retirement

Ms. Adina Bercaru  
 April 7, 2021  
 Page 2

We calculated the adjustment to the member's unmodified benefit to provide a 32.50% 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.

	<b>Payable while the Member is Alive</b>	<b>Payable after the Member's Death</b>
Monthly benefit payable to member		
Annuity:	\$1,739.57	
Pension:	<u>4,927.23</u>	
Total:	\$6,666.80	\$0.00
Monthly benefit payable to ex-spouse <sup>1</sup>	\$2,960.09	\$2,960.09

#### **ACTUARIAL ASSUMPTIONS**

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

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

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

The actuarial calculations contained in this letter were prepared under my supervision. I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

<sup>1</sup> This is equal to 32.50% of the member's unmodified benefit (i.e., 32.50% \* \$9,876.74 or \$3,209.94) adjusted further to provide a benefit payable over the ex-spouse's lifetime or to the estate of the ex-spouse if the ex-spouse pre-deceases the member.

Ms. Adina Bercaru  
April 7, 2021  
Page 3

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

Sincerely,



Molly Calcagno, ASA, MAAA, EA  
Actuary

JY/hy



March 1, 2021

Anthony J. Ferrentino



Re: Retirement Election Confirmation – Option 4

Dear Mr. FERRENTINO:

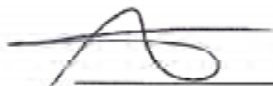
You have elected Option 4 as your retirement option. This option will provide a 32.50% of your monthly benefit, for the life of the benefit, to:

CORREEN FERRENTINO

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, there will be a monthly reduction in order to provide a 32.50% continuance to CORREEN FERRENTINO.

 4-6-21  
Member Signature/Date

Sincerely,



Diana Lopez



## Memorandum

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**DATE:** April 19, 2021  
**TO:** Members of the Board of Retirement  
**FROM:** Adina Bercaru, Member Services Manager  
**SUBJECT:** **OPTION 4 RETIREMENT ELECTION – PAUL MCBRIDE**

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### 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 January 30, 2021. The Orange County Employees Retirement System (OCERS) was joined in the member’s dissolution of marriage and under the terms of the DRO, the member’s ex-spouse was awarded a lifetime continuance as a percentage of the member’s allowance.

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

### Submitted by:



A. B. – APPROVED

Adina Bercaru  
Member Services Manager



Molly Calcagno, ASA, MAAA, EA  
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**Personal and Confidential**

April 7, 2021

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

**Re: Orange County Employees Retirement System (OCERS)  
Option 4 Calculation for Paul McBride**

Dear Adina:

Pursuant to your request, we have determined the Option 4 benefits payable to Paul McBride and his ex-spouse based on the unmodified benefit and other information provided in the System’s request dated March 30, 2021.

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	January 30, 2021
Plan of Membership	General Plan B
Monthly Unmodified Benefit	\$994.97
Ex-Spouse’s Share of Monthly Unmodified Benefit	50%
Retirement Type	Service Retirement



Ms. Adina Bercaru  
 April 7, 2021  
 Page 2

We calculated the adjustment to the member's unmodified benefit to provide a 50% continuance to the ex-spouse. As instructed by OCERS, the member and the ex-spouse bear the cost of the Option 4 reduction equally. In addition, the ex-spouse's share of the benefit will revert back to the member if the ex-spouse pre-deceases the member.

#### Payable while Both Member and Ex-Spouse are Alive

Monthly benefit payable to member	
Annuity:	\$176.67
Pension:	<u>292.77</u>
Total: <sup>1</sup>	\$469.44
Monthly benefit payable to ex-spouse <sup>2</sup>	\$469.44

#### Payable upon First Death

	Member Dies First	Ex-Spouse Dies First
Monthly benefit payable to member	\$0.00	\$938.88 <sup>3</sup>
Monthly benefit payable to ex-spouse	\$469.44	\$0.00

#### **ACTUARIAL ASSUMPTIONS**

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

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

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

<sup>1</sup> This is equal to 50% (i.e., 100% - 50%) of the member's unmodified benefit (i.e., 50% \* 994.97 or \$497.49) adjusted by \$28.05 to provide a benefit payable over the ex-spouse's lifetime or to the member if the ex-spouse pre-deceases the member.

<sup>2</sup> This is equal to 50% of the member's unmodified benefit (i.e., 50% \* 994.97 or \$497.49) adjusted by \$28.05 to provide a benefit payable over the ex-spouse's lifetime or to the member if the ex-spouse pre-deceases the member.

<sup>3</sup> The cost to continue the ex-spouse's share of the benefit to the member is shared implicitly by both the member and the ex-spouse.

Ms. Adina Bercaru  
April 7, 2021  
Page 3

The actuarial calculations contained in this letter were prepared under my supervision. I am a member of the American Academy of Actuaries and meet 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



April 6, 2021

Paul P. McBride



Re: Retirement Election Confirmation – Option 4

Dear Mr. MCBRIDE:

You have elected Option 4 as your retirement option. This option will provide a 50% of your monthly benefit, for the life of the benefit, to:

CATHERINE STEYN

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 50% continuance to CATHERINE STEYN.

7 April 2021

Member Signature/Date

Sincerely,

Diana Lopez  
Retirement Program Specialist



## Memorandum

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**DATE:** April 19, 2021  
**TO:** Members of the Board of Retirement  
**FROM:** Adina Bercaru, Member Services Manager  
**SUBJECT:** **OPTION 4 RETIREMENT ELECTION – CHAD BAKER**

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### 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 February 17, 2021. 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 and the current spouse’s continuance (upon the member’s death).

### Submitted by:



A. B. – APPROVED

Adina Bercaru  
Member Services Manager



Molly Calcagno, ASA, MAAA, EA  
Actuary  
T 415.263.8254  
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180 Howard Street, Suite 1100  
San Francisco, CA 94105-6147  
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**Personal and Confidential**

April 7, 2021

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

**Re: Orange County Employees Retirement System (OCERS)  
Option 4 Calculation for Chad M. Baker**

Dear Adina:

Pursuant to your request, we have determined the Option 4 benefits payable to Chad M. Baker, his ex-spouse and his current spouse based on the unmodified benefit and other information provided in the System’s request dated March 31, 2021.

The monthly benefits payable to the member, the ex-spouse and the current 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	February 17, 2021
Plan of Membership	General Plan B and Safety Plan F
Monthly Unmodified Benefit	\$8,609.01
Ex-Spouse’s Share of Monthly Unmodified Benefit	31.44%
Retirement Type	Service Retirement
Current Spouse’s Date of Birth	
Continuance Payable to Current Spouse	10%/20%/50%

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We have determined the Option 4 benefits using a two-part process. In Part One, we first calculated the adjustment to the member's unmodified benefit to provide a 31.44% 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.

**Part One – Before Adjustment for Continuance to Current Spouse**

	<b>Payable while the Member is Alive</b>	<b>Payable after the Member's Death</b>
Monthly benefit payable to member		
Plan B Annuity:	\$10.83	
Plan B Pension:	35.90	
Plan F Annuity:	1,059.09	
Plan F Pension:	<u>4,796.52</u>	
Total	\$5,902.34	\$0
Monthly benefit payable to ex-spouse <sup>1</sup>	\$2,505.96	\$2,505.96

In Part Two, we further adjusted the member's benefit in Part One so that a continuance benefit of 10%, 20%, or 50% can be paid to the current spouse. In addition, the cost to provide this continuance benefit would be paid for entirely by the member.

<sup>1</sup> This is equal to 31.44% of the member's unmodified benefit (i.e., 31.44% \* \$8,609.01 or \$2,706.67) adjusted further to provide a benefit payable over the ex-spouse's lifetime or to the estate of the ex-spouse if the ex-spouse pre-deceases the member.

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## **Part Two - After Adjustment for Continuance Benefit Payable to Current Spouse**

### Alternative A: 10% Continuance

	<b>Payable while the Member is Alive</b>	<b>Payable after the Member's Death</b>
Monthly benefit payable to member		
Plan B Annuity:	\$10.72	
Plan B Pension:	35.53	
Plan F Annuity:	1,048.16	
Plan F Pension:	<u>4,747.02</u>	
Total:	\$5,841.43	\$0.00
Monthly benefit payable to current spouse	\$0.00	\$584.14
Monthly benefit payable to ex-spouse <sup>2</sup>	\$2,505.96	\$2,505.96

### Alternative B: 20% Continuance

	<b>Payable while the Member is Alive</b>	<b>Payable after the Member's Death</b>
Monthly benefit payable to member		
Plan B Annuity:	\$10.61	
Plan B Pension:	35.17	
Plan F Annuity:	1,037.45	
Plan F Pension:	<u>4,698.54</u>	
Total:	\$5,781.77	\$0.00
Monthly benefit payable to current spouse	\$0.00	\$1,156.35
Monthly benefit payable to ex-spouse <sup>2</sup>	\$2,505.96	\$2,505.96

<sup>2</sup> This is equal to 31.44% of the member's unmodified benefit (i.e., 31.44% \* \$8,609.01 or \$2,706.67) adjusted further to provide a benefit payable over the ex-spouse's lifetime or to the estate of the ex-spouse if the ex-spouse pre-deceases the member.

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### Alternative C: 50% Continuance

	Payable while the Member is Alive	Payable after the Member's Death
Monthly benefit payable to member		
Plan B Annuity:	\$10.29	
Plan B Pension:	34.12	
Plan F Annuity:	1,006.61	
Plan F Pension:	<u>4,558.85</u>	
Total:	\$5,609.87	\$0.00
Monthly benefit payable to current spouse	\$0.00	\$2,804.94
Monthly benefit payable to ex-spouse <sup>3</sup>	\$2,505.96	\$2,505.96

#### 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.<sup>4</sup>

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.<sup>4</sup>

<sup>3</sup> This is equal to 31.44% of the member's unmodified benefit (i.e., 31.44% \* \$8,609.01 or \$2,706.67) adjusted further to provide a benefit payable over the ex-spouse's lifetime or to the estate of the ex-spouse if the ex-spouse pre-deceases the member.

<sup>4</sup> 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  
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The actuarial calculations contained in this letter were prepared under my supervision. I am a member of the American Academy of Actuaries and meet 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



April 7th, 2021

Chad M. Baker

Re: Retirement Election Confirmation – Option 4

Dear Mr. Baker:


You have elected Option 4 as your retirement option. This option will provide the following:

- 31.44% of your monthly benefit, for the life of the benefit, to Bianca Baker and
- 20% of your monthly benefit (upon your death) to Marie Emilie Decena Baker

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 31.44% continuance to Bianca Baker and 20% continuance (upon my death) to Marie Emilie Baker

  
 \_\_\_\_\_  
 Member Signature/Date

Sincerely,



Ricardo Serrano  
Retirement Program Specialist

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

**REGULAR MEETING  
Monday, March 15, 2021  
9:30 a.m.**

**MINUTES**

Chair Dewane called the meeting to order at 9:35 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:

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

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

**CONSENT AGENDA**

**MOTION** by Hilton, **seconded** by Packard, 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.

Σ Alan Wilkes

**ADMINISTRATION**

**C-2 BOARD MEETING MINUTES**

Regular Board Meeting Minutes

February 16, 2021

**Recommendation:** Approve minutes.

The motion passed **unanimously** with Ms. Freidenrich absent.

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

**OPEN SESSION**

**CONSENT ITEMS**

**MOTION** by Packard, **seconded** by Lindholm, to approve staff’s recommendation on all of the following items on the Disability/Member Benefits Consent Agenda excluding DC-9:

**DC-1: KATHERINE KLUG**

Eligibility Supervisor, Orange County Social Services Agency (General Member)

**Recommendation:** The Disability Committee recommends that the Board of Retirement:

- ∑ Grant service connected disability retirement.
- ∑ Set the effective date as February 1, 2017.

**DC-2: MEGAN MEIER**

Deputy Coroner, Orange County Sheriff’s Department (Safety Member)

**Recommendation:** The Disability Committee recommends that the Board of Retirement:

- ∑ Grant service connected disability retirement.
- ∑ Set the effective date as the day after the last date of regular compensation.

**DC-3: EDWARD MOSQUEDA**

Firefighter, Orange County Fire Authority (Safety Member)

**Recommendation:** The Disability Committee recommends that the Board of Retirement:

- ∑ Grant service connected disability retirement.
- ∑ Set the effective date as August 3, 2018.

**DC-4: GABRIELLE PELOQUIN**

Lieutenant, Orange County Sheriff’s Department (Safety Member)

**Recommendation:** The Disability Committee recommends that the Board of Retirement:

- ∑ Grant service connected disability retirement.
- ∑ Set the effective date as January 3, 2020.

**DC-5: STEVE ROVANO**

Fire Captain/Paramedic, Orange County Fire Authority (Safety Member)

**Recommendation:** The Disability Committee recommends that the Board of Retirement:

- Σ Grant service connected disability retirement.
- Σ Set the effective date as March 27, 2020.

**DC-6: FERNANDO SALAS**

Fire Captain, Orange County Fire Authority (Safety Member)

**Recommendation:** The Disability Committee recommends that the Board of Retirement:

- Σ Grant service connected disability retirement.
- Σ Set the effective date as April 15, 2020.

**DC-7: SOU PHOMMASA**

Office Technician, Orange County Community Resources/Housing Authority (General Member)

**Recommendation:** The Disability Committee recommends that the Board of Retirement:

- Σ Grant non-service connected disability retirement.
- Σ Set the effective date as June 12, 2015.

**DC-8: ERMA JONES**

Coach Operator, Orange County Transportation Authority (General Member)

**Recommendation:** The Disability Committee recommends that the Board of Retirement:

- Σ Deny service connected disability retirement due to insufficient evidence of job causation.

**DC-9: JUANITA BRACAMONTES**

Deputy Juvenile Correction Officer II, Orange County Probation Department (Safety Member)

**Recommendation:** The Disability Committee recommends that the Board of Retirement:

- Σ Deny service and non-service connected disability retirement due to the member's failure to cooperate.

This item has been ***pulled*** from the agenda.

**DC-10: ANGELINA CORTEZ**

Deputy Sheriff I, Orange County Sheriff's Department (Safety Member)

**Recommendation:** The Disability Committee recommends that the Board of Retirement:

- Σ Deny service and non-service connected disability retirement due to the member's failure to cooperate.

The motion passed **unanimously** with Ms. Freidenrich absent.

Ms. Freidenrich joined the meeting at 9:38 a.m.

**ACTION ITEMS:**

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

N/A

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

N/A

**A-2 2021 STAR COLA FINAL APPROVAL**

*Presentation by Suzanne Jenike, Assistant Chief Executive Officer, External Operations, OCERS*

**Recommendation:** Approve payment of STAR COLA for the period April 1, 2021 through March 31, 2022 in the amount of \$356,419.

Ms. Jenike presented the 2021 STAR COLA final approval.

Sara Ruckle-Harms, representing Retired Employees Association of Orange County (REAOC) thanked OCERS staff for their hard work and dedication and asked the Board to grant the STAR COLA for an additional year.

**MOTION** by Eley, **seconded** by Prevatt, to approve payment of STAR COLA for the period April 1, 2021 through March 31, 2022 in the amount of \$356,419.

The motion passed **unanimously**.

The Board adjourned into closed session at 9:47 a.m.

**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.

The Board reconvened into open session at 11:33 a.m.

**REPORT OF ACTIONS TAKEN IN CLOSED SESSION**

On behalf of Chair Dewane, Ms. Ratto stated that there is no reportable action taken in closed session.

The Board recessed for break at 11:34 a.m.  
The Board reconvened from break at 11:46 a.m.

**A-3 Alameda County Deputy Sheriff's Assoc. et al., v. Alameda County Employees' Retirement Assn., et al – Staff Recommendations Regarding Resolution and Implementation of the Alameda Decision**

*Presentation by Suzanne Jenike, Assistant Chief Executive Officer, External Operations, and Steve Delaney, Chief Executive Officer, OCERS*

**Recommendation:**

1. Staff recommends the board approve the test and definition of normal working hours for the purposes of determining whether certain items of pay can be included in compensation earnable under the terms of the plan.
2. Staff recommends the board approve the updated policies, procedures, pay item request form and OCERS administrative procedures (OAP) regarding compensation earnable reflective of the approved test.

Mr. Delaney opened with a review of OCERS actions over the past months in preparation for the Board's discussion today. He shared input received from various stakeholders over the course of those months since the Supreme Court announced its Alameda decision.

Ms. Jenike reviewed the Decision Document pertaining to the Alameda "test", as well as related policies.

*Discussion on staff recommendation #1 only:*

**MOTION** by Eley, **seconded** by Lindholm, to approve the test and definition of normal working hours for the purposes of determining whether certain items of pay can be included in compensation earnable under the terms of the plan.

Juan Veramontes, President, Paul Bartlett, Executive Director and Derek Foran, Attorney, all representing AOCDS, expressed concerns regarding staff recommendation #1. They will send proposed documentation to Mr. Delaney over the next month in hopes that staff will not move forward with the test proposed in recommendation #1.

Laurence Zaken, attorney representing OCAA, stated that the test proposed by staff is flawed and should not be adopted.

Doug Storm, Co-President of REAOC, voiced his concern about staff recommendation #1 as well.

The following members of the public also commented on item A-3, recommendation #1, voicing their opposition to staff recommendation.

- Sam Neinard
- Larry Zurborg
- Alex Quilanten
- Robert Mann
- Kevin Nadeaukm

Mr. Hilton stated that staff’s recommendation of the test is more restrictive than the law itself. He stated that in the policy, the word “all” is too broad and requested it to be taken out from the test as well as adding the language “of positions” after the word “class”.

Mr. Leiderman showed the Supreme Court case documentation where the word “all” was included in their explanation which is why it was adopted by OCERS. He stated that if the word “all” would be taken out from the test, it would be less consistent with the Supreme Court decision.

Ms. Ratto stated that leaving the word “all” makes the test more accurate and recommended it would be left in the test.

**Substitute MOTION** by Hilton, **seconded** by Eley to strike the word “all” from the definition of “normal working hours” and add the language “of positions” after the word “class”.

The substitute motion **failed 4-5** with voting as follows:

<b><u>AYES</u></b>	<b><u>NAYS</u></b>	<b><u>ABSTAIN</u></b>	<b><u>ABSENT</u></b>
Mr. Packard	Mr. Lindholm		
Ms. Tagaloa	Mr. Prevatt		
Mr. Hilton	Mr. Hidalgo		
Chair Dewane	Mr. Eley		
	Ms. Freidenrich		

The original **MOTION** by Eley, **seconded** by Lindholm, to approve the test and definition of normal working hours for the purposes of determining whether certain items of pay can be included in compensation earnable under the terms of the plan **carried 8-1** with voting as follows:

<b><u>AYES</u></b>	<b><u>NAYS</u></b>	<b><u>ABSTAIN</u></b>	<b><u>ABSENT</u></b>
Mr. Packard	Mr. Hilton		
Ms. Tagaloa			
Mr. Lindholm			
Mr. Prevatt			
Mr. Hidalgo			
Mr. Eley			
Ms. Freidenrich			
Chair Dewane			

Mr. Hilton requested that staff recommendation #2 be moved and discussed at a Governance Committee meeting before it’s brought back to the full Board.

Chair Dewane directed staff to move recommendation #2 to the next Governance Committee meeting and to be brought back to the full Board at a later time.

**INFORMATION ITEMS**

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



**Presentations**

**I-1 UPDATE ON REQUEST FOR PROPOSAL – FIDUCIARY COUNSEL**

*Presentation by Gina Ratto, General Counsel, OCERS*

Ms. Ratto presented the Update on Request For Proposal – Fiduciary Counsel.

The Board approved the panel of OCERS staff comprised of CEO Steve Delaney, Assistant CEO Suzanne Jenike, General Counsel Gina Ratto, and Staff Attorney Manuel Serpa. They will review and evaluate all the proposals that meet the minimum qualifications set forth in the RFP, and present the Board with a proposed list of finalists. Based on staff’s evaluation of the proposals, staff will then recommend one or more finalists to the Board for its approval at the April 19, 2021 Board meeting, and at that time will ask the Board to determine if it’s interviews will be by the Board as a whole, or a subcommittee of the Board, and to then direct staff to schedule interviews of the finalists to be conducted during the Board’s May 17, 2021 meeting.

**I-2 COVID-19 UPDATE**

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

Mr. Delaney presented the COVID-19 update for the month of March. He informed the Board that while OCERS staff continue to work remotely until the end of March, 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 while he is sure OCERS will be continuing mandatory telework through the end of April, he would not be surprised if OCERS much like other pension plans such as CalPERS remains out into the summer.

**WRITTEN REPORTS**

None of the written reports were pulled for discussion.

**R-1 MEMBER MATERIALS DISTRIBUTED**

Written Report

Application Notices

March 15, 2021

Death Notices

March 15, 2021

**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

Orange County Employees Retirement System  
March 15, 2021  
Regular Board Meeting – Minutes

**R-6 LEGISLATIVE UPDATE**  
Written Report

**R-7 BOARD ELECTION, SAFETY MEMBER AND ALTERNATE SAFETY MEMBER UPDATE**  
Written Report

**R-8 FIRST QUARTER REVIEW OF OCERS 2021-2023 STRATEGIC PLAN**  
Written Report

**R-9 FOURTH QUARTER 2020 BUDGET VS. PRELIMINARY ACTUALS REPORT**  
Written Report

**R-10 FOURTH QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020**  
Written Report

**R-11 REEDSMITH, LLP PERFORMANCE REVIEW – FIDUCIARY COUNSEL SERVICES**  
Written Report

**BOARD MEMBER COMMENTS**  
N/A

**CHIEF EXECUTIVE OFFICER/STAFF COMMENTS**

Ms. Shott updated Chair Dewane that OCERS will consolidate Board and Committee check stipends to be mailed out once a month.

Mr. Delaney updated the Board on OCERS Retiree 100<sup>th</sup> Birthday Program.

**COUNSEL COMMENTS**

Ms. Ratto reminded the Board that Form 700 is due April 1<sup>st</sup>.

\*\*\*\*\*

Chair Dewane adjourned in memory of the active members, retired members, and surviving spouses who passed away during the past month. The meeting **ADJOURNED** at 1:52 p.m.

Submitted by:

Approved by:

\_\_\_\_\_  
Steve Delaney  
Secretary to the Board

\_\_\_\_\_  
Shawn Dewane  
Chairman



## Memorandum

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**DATE:** April 19, 2021  
**TO:** Members of the Board of Retirement  
**FROM:** Gina M. Ratto, General Counsel  
**SUBJECT:** GOVERNANCE COMMITTEE OUTCOMES FROM COMMITTEE MEETING HELD ON MARCH 5, 2021

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### Recommendation

The Governance Committee recommends the Board adopt revisions to the following policies as presented:

- (1) Cost Impacting Policy
- (2) Disposition of Surplus Property Policy
- (3) Extraordinary Expense Recovery Policy
- (4) Legislative Policy

### Background/Discussion

#### (1) Cost Impacting Policy

The Cost Impacting Policy was adopted by the Board on May 17, 2011, and was last reviewed on August 20, 2018. This policy is scheduled for triennial review and approval by the Board, after review by the Governance Committee, in 2021. The Cost Impacting Policy sets forth a process for the Board to follow when the Board is considering decisions that may have a material impact on employer or member financial interests.

The Governance Committee met on March 5, 2021, and reviewed and approved staff's recommended changes to the Cost Impacting Policy as presented. Only one of the recommended revisions is somewhat substantive in nature.

Section 1 ("Background") of the Cost Impacting Policy includes two general statements about the types of Board actions that may affect employers and members, as follows:

"The Board of Retirement recognizes that ***some of its actions*** can materially impact employers' and members' financial interests." (Emphasis added.)

"OCERS believes it prudent, when considering ***such impactful decisions....***" (Emphasis added.)

Section 2 ("Policy Guidelines") of the Cost Impacting Policy, however, includes more narrow language about the types of Board actions that would be covered by the policy, and appears to limit application of the policy to the Board's adoption or modification of policies or regulations:

“In the ordinary course of conducting its business, the Board intends to introduce the ***adoption or modification of policies or regulations*** that can materially impact employers' and members' financial interests....” (Emphasis added.)

Staff suggested to the Governance Committee and the committee agreed that the Board intended the Cost Impacting Policy to apply to any actions of the Board that would materially impact employers' and members' financial interests, not only actions to adopt or modify policies or regulations. Accordingly, staff proposed and the committee approved the following revision to Section 2 of the f Cost Impacting Policy:

In the ordinary course of conducting its business, the Board intends to introduce actions, including without limitation, the adoption or modification of policies or regulations, that can materially impact employers' and members' financial interests, at an initial duly noticed, public meeting, followed by subsequent duly noticed, public meeting(s), as appropriate, to consider the proposal, alternative proposals and comments from stakeholders, the Board, OCERS staff and consultants.

The committee also approved a clarifying revision to Section 3.e. of the policy. A copy of the Cost Impacting Policy, with proposed revisions indicated in underlined/strikeout text, is attached.

## **(2) Disposition of Surplus Property Policy**

The Disposition of Surplus Property Policy is scheduled for review and approval by the Board, after review by the Governance Committee, in 2021. The Disposition of Surplus Property Policy sets forth guidelines for discarding equipment, furniture and other miscellaneous property that is no longer of use to OCERS.

The Governance Committee met on March 5, 2021, reviewed the policy and concurred with staff that no substantive changes to the policy are necessary. A copy of the Disposition of Surplus Property Policy, with proposed non-substantive changes indicated in underlined/strikeout text and a clean revised version are both attached.

## **(3) Extraordinary Expense Recovery Policy**

The Extraordinary Expense Recovery Policy was adopted by the Board on May 26, 2009, and was last reviewed on August 20, 2018. This policy is scheduled for review and approval by the Board, after review by the Governance Committee, in 2021. The Extraordinary Expense Recovery Policy sets forth guidelines for the Board and staff to identify expenses that are incurred by the System as a result of requests by third parties (other than Public Records Act requests and employer and member data requests) that are outside the ordinary course and scope of business of the System, and a mechanism for recovering such expenses from the responsible parties.

The Governance Committee met on March 5, 2021, and reviewed and approved staff's recommended changes to the Extraordinary Expense Recovery Policy as presented. The revisions approved by the committee include changes to (i) reflect that in 2020, the Board combined the Plan Sponsor, Member and Stakeholder Data Request Policy and the policy governing public records requests in a new policy titled the OCERS Public Records and Data Request Policy, and (ii) add clarity to the Extraordinary Expense Recovery Policy.

A copy of the Extraordinary Expense Recovery Policy, with proposed revisions indicated in underlined/strikeout text, is attached.

**(4) Legislative Policy**

The Legislative Policy was adopted by the Board on November 17, 2003, and was last reviewed on August 20, 2018. This policy is scheduled for review and approval by the Board, after review by the Governance Committee, in 2021. The Legislative Policy sets forth procedures for, among other things, the Board to adopt an official position on proposed legislation; identify future legislative action; facilitate timely communication of proposed and enacted legislative changes to the Board and staff; provide guidance in communicating OCERS' official legislative positions to third parties; and identify optimal sources to promote OCERS' official legislative positions.

The Governance Committee met on March 5, 2021, reviewed the policy, and concurred with staff that only clarifying, non-substantive revisions to the Legislative Policy are necessary at this time. A copy of the Legislative Policy, with proposed changes indicated in underlined/strikeout text, is attached.

Attachments:

- (1) Cost Impacting Policy (marked and unmarked)
- (2) Disposition of Surplus Property Policy (marked and unmarked)
- (3) Extraordinary Expense Recovery Policy (marked and unmarked)
- (4) Legislative Policy (marked and unmarked)

**Submitted by:**

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Gina M. Ratto  
General Counsel



## OCERS Board Policy Cost Impacting Policy

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### Background

1. The Board of Retirement recognizes that some of its actions can materially impact employers' and members' financial interests. OCERS believes it prudent, when considering such impactful decisions, to provide appropriate notice and an opportunity for stakeholders to be heard on such matters before taking final action. The Board retains full authority to adopt, modify or repeal OCERS' policies.

### Policy Guidelines

2. In the ordinary course of conducting its business, the Board intends to introduce actions, including without limitation, the adoption or modification of policies or regulations, that can materially impact employers' and members' financial interests, at an initial duly noticed, public meeting, followed by subsequent duly noticed, public meeting(s), as appropriate, to consider the proposal, alternative proposals and comments from stakeholders, the Board, OCERS staff and consultants.

### Policy Review

3. Absent exigent circumstances, the Board will use the following procedure when taking action on cost-impacting decisions covered by this policy:
  - a. No action on any such proposal will be taken at the introductory meeting other than scheduling, direction to staff and consultants and other related matters;
  - b. Action to be taken on proposals relating to the subject of the proposed action will be taken at one or more subsequent duly-noticed public meetings;
  - c. At the meeting where the Board decides to take action (i.e., vote) on a cost-impacting decision, if only a single alternative is presented and discussed (not counting maintaining the *status quo* if that also is an alternative), the vote will constitute the Board's final determination on the matter;
  - d. However, at the meeting where the Board decides to take action (i.e., vote) on a cost-impacting decision, if more than a single alternative is presented and discussed (not counting maintaining the *status quo* if that also is an alternative), the Board's vote will be considered a tentative determination on the matter and will become the Board's final determination *only if* the Board votes to ratify the tentative determination at a subsequent duly-noticed public meeting without material changes; and
  - e. If material changes to the tentative determination are made at the meeting where the ratification vote is taken, that vote (with the changes) will become the Board's final determination on the matter *only if* the Board votes to ratify it at a subsequent duly-noticed public meeting without additional material changes.
4. Challenges to any Board action based on a claim that the procedures in this policy were not properly followed must be brought and fully resolved prior to the end of the next regularly-



## OCERS Board Policy Cost Impacting Policy

scheduled Board meeting following the Board meeting where the final vote or final ratification vote on the challenged action takes place.

### Policy Review

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

### Policy History

- 6. This policy was adopted by the OCERS' Board of Retirement on May 17, 2011. It was revised on December 19, 2011, July 20, 2015, ~~and~~ August 20, 2018, and April 19, 2021.

### Secretary's Certificate

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

08/20/2018

Steve Delaney  
Secretary of the Board

Date



## OCERS Board Policy Cost Impacting Policy

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### Background

1. The Board of Retirement recognizes that some of its actions can materially impact employers' and members' financial interests. OCERS believes it prudent, when considering such impactful decisions, to provide appropriate notice and an opportunity for stakeholders to be heard on such matters before taking final action. The Board retains full authority to adopt, modify or repeal OCERS' policies.

### Policy Guidelines

2. In the ordinary course of conducting its business, the Board intends to introduce actions, including without limitation, the adoption or modification of policies or regulations, that can materially impact employers' and members' financial interests, at an initial duly noticed, public meeting, followed by subsequent duly noticed, public meeting(s), as appropriate, to consider the proposal, alternative proposals and comments from stakeholders, the Board, OCERS staff and consultants.

### Policy Review

3. Absent exigent circumstances, the Board will use the following procedure when taking action on cost-impacting decisions covered by this policy:
  - a. No action on any such proposal will be taken at the introductory meeting other than scheduling, direction to staff and consultants and other related matters;
  - b. Action to be taken on proposals relating to the subject of the proposed action will be taken at one or more subsequent duly-noticed public meetings;
  - c. At the meeting where the Board decides to take action (i.e., vote) on a cost-impacting decision, if only a single alternative is presented and discussed (not counting maintaining the *status quo* if that also is an alternative), the vote will constitute the Board's final determination on the matter;
  - d. However, at the meeting where the Board decides to take action (i.e., vote) on a cost-impacting decision, if more than a single alternative is presented and discussed (not counting maintaining the *status quo* if that also is an alternative), the Board's vote will be considered a tentative determination on the matter and will become the Board's final determination *only if* the Board votes to ratify the tentative determination at a subsequent duly-noticed public meeting without material changes; and
  - e. If material changes to the tentative determination are made at the meeting where the ratification vote is taken, that vote (with the changes) will become the Board's final determination on the matter *only if* the Board votes to ratify it at a subsequent duly-noticed public meeting without additional material changes.
4. Challenges to any Board action based on a claim that the procedures in this policy were not properly followed must be brought and fully resolved prior to the end of the next regularly-





## OCERS Board Policy Cost Impacting Policy

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scheduled Board meeting following the Board meeting where the final vote or final ratification vote on the challenged action takes place.

### Policy Review

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

### Policy History

6. This policy was adopted by the OCERS' Board of Retirement on May 17, 2011. It was revised on December 19, 2011, July 20, 2015, August 20, 2018, and April 19, 2021.

### Secretary's Certificate

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

A handwritten signature in cursive script that reads "Steve Delaney".

Steve Delaney  
Secretary of the Board

\_\_\_\_\_ Date



## OCERS Board Policy

# Disposition of Surplus Property Policy

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### Purpose and Background

1. The CEO is accountable for all OCERS property. When property is no longer needed now or in the foreseeable future a process for the proper disposition is needed.

### Policy Guidelines

2. Surplus Property is defined as all furniture, equipment or other tangible assets owned by OCERS that is determined by the CEO or the Assistant CEO, Finance and Internal Operations, to be obsolete, damaged or no longer useable or required for use by OCERS.
3. The method used to dispose of Surplus Property will be selected from the list in Section 4 by either the CEO or the Assistant CEO, Finance and Internal Operations. Using the method selected, the actual disposition of Surplus Property will be coordinated by the ~~Administrative~~-Operations Support Services Department.
4. Surplus Property will be disposed of in one of the following preferred methods:
  - a. Sale by Auction or direct solicitation of bids
  - b. Donation of items with an estimated value of less than \$5,000 per lot to any California public institution including but not limited to, public libraries, school districts, plan sponsors, or interested charities.
  - c. E-waste recycling
  - d. Recycling
  - e. Trash
5. Disposition of Surplus Property that is a capital asset and, as a lot, has an estimated market value that exceeds \$5,000 must be approved by the Board of Retirement.
6. Surplus Property approved for disposition by the Board under Section 5 will be publicly advertised on OCERS' web-site and mailed to a minimum of three firms active in the purchase of like property. Sealed bids shall be accepted from interested parties with the property sold to the highest bidder. The total of bids for individual items must exceed that of lot bids or the highest lot bidder will be awarded the sale. Property for which OCERS does not receive bids may be disposed by any of the methods listed in Section 5 of this Policy with every attempt being made to receive fair market value for the property.
7. Proceeds from the sale of Surplus Property will be remitted to the Finance department to be deposited into OCERS' Pension Trust Fund and accounted for in accordance with Generally Accepted Accounting Principals.
8. Electronic equipment such as hard drives and other recordable media (rewritable and non-rewritable) **will not be** included in any surplus sale or other routine means of disposing of equipment (e-waste recycling, etc.).



## OCERS Board Policy Disposition of Surplus Property Policy

- a. All hard drives and other rewriteable media (tapes, etc.) will be removed and erased by OCERS IT Staff in accordance with the U.S. Department of Defense 5220.22-M “National Industrial Security Program Operating Manual” (NISPOM) standards.
  - b. Erased hard drives and rewritable media will then be submitted to an authorized third party vendor to be physically destroyed. OCERS will retain a copy of the “Certificate of Destruction” affidavit provided by the vendor in accordance with OCERS’ Records and Retention Policy.
  - c. Rewriteable and non-rewriteable CD’s and DVD’s will be shredded by OCERS’ IT staff per OCERS’ regular paper shredding process.
9. Board members and/or employees of OCERS are are not permitted to bid on or receive Surplus Property.
10. Records of disposition will be kept for a minimum of four years after disposition in accordance with OCERS’ Records Retention Policy.

### Policy Review

11. The Board of Retirement will review this policy at least once every three years to ensure that it remains relevant and appropriate.

### Policy History

12. The Board of Retirement adopted this policy on December 20, 1999. The policy was revised August 25, 2008, May 17, 2011, November 19, 2012, December 14, 2015, ~~and~~ October 15, 2018 and April 19, 2021.

### Secretary’s Certificate

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

\_\_\_\_\_  
Steve Delaney  
Secretary of the Board

10/15/2018  
\_\_\_\_\_  
Date



## OCERS Board Policy Disposition of Surplus Property Policy

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### Purpose and Background

1. The CEO is accountable for all OCERS property. When property is no longer needed now or in the foreseeable future a process for the proper disposition is needed.

### Policy Guidelines

2. Surplus Property is defined as all furniture, equipment or other tangible assets owned by OCERS that is determined by the CEO or the Assistant CEO, Finance and Internal Operations, to be obsolete, damaged or no longer useable or required for use by OCERS.
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  - a. Sale by Auction or direct solicitation of bids
  - b. Donation of items with an estimated value of less than \$5,000 per lot to any California public institution including but not limited to, public libraries, school districts, plan sponsors, or interested charities.
  - c. E-waste recycling
  - d. Recycling
  - e. Trash
5. Disposition of Surplus Property that is a capital asset and, as a lot, has an estimated market value that exceeds \$5,000 must be approved by the Board of Retirement.
6. Surplus Property approved for disposition by the Board under Section 5 will be publicly advertised on OCERS' web-site and mailed to a minimum of three firms active in the purchase of like property. Sealed bids shall be accepted from interested parties with the property sold to the highest bidder. The total of bids for individual items must exceed that of lot bids or the highest lot bidder will be awarded the sale. Property for which OCERS does not receive bids may be disposed by any of the methods listed in Section 5 of this Policy with every attempt being made to receive fair market value for the property.
7. Proceeds from the sale of Surplus Property will be remitted to the Finance department to be deposited into OCERS' Pension Trust Fund and accounted for in accordance with Generally Accepted Accounting Principals.
8. Electronic equipment such as hard drives and other recordable media (rewritable and non-rewritable) **will not be** included in any surplus sale or other routine means of disposing of equipment (e-waste recycling, etc.).



## OCERS Board Policy

# Disposition of Surplus Property Policy

- a. All hard drives and other rewriteable media (tapes, etc.) will be removed and erased by OCERS IT Staff in accordance with the U.S. Department of Defense 5220.22-M “National Industrial Security Program Operating Manual” (NISPOM) standards.
  - b. Erased hard drives and rewritable media will then be submitted to an authorized third party vendor to be physically destroyed. OCERS will retain a copy of the “Certificate of Destruction” affidavit provided by the vendor in accordance with OCERS’ Records and Retention Policy.
  - c. Rewriteable and non-rewriteable CD’s and DVD’s will be shredded by OCERS’ IT staff per OCERS’ regular paper shredding process.
9. Board members and/or employees of OCERS are are not permitted to bid on or receive Surplus Property.
10. Records of disposition will be kept for a minimum of four years after disposition in accordance with OCERS’ Records Retention Policy.

### Policy Review

11. The Board of Retirement will review this policy at least once every three years to ensure that it remains relevant and appropriate.

### Policy History

12. The Board of Retirement adopted this policy on December 20, 1999. The policy was revised August 25, 2008, May 17, 2011, November 19, 2012, December 14, 2015, October 15, 2018 and April 19, 2021.

### Secretary’s Certificate

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

\_\_\_\_\_  
 Steve Delaney  
 Secretary of the Board

\_\_\_\_\_  
 Date



## OCERS Board Policy Extraordinary Expense Recovery Policy

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### Purpose and Background

1. The Extraordinary Expense Recovery Policy is intended to establish guidelines and codify existing practices by which OCERS' Board of Retirement and staff can identify expenses incurred as a result of requests by third parties, other than expenses related to public records requests, ~~which are handled in accordance with OCERS' Public Records Request Policy, or and employer and stakeholder~~ data requests, which are handled in accordance with OCERS' Public Records and Plan-Sponsor, Member and Stakeholder Data Request Policy, that are outside of the ordinary course and scope of the business of the ~~Retirement~~ System ("Extraordinary Expenses"), and establish a mechanism for recovering such expenses from the responsible party(ies).

### Policy Objectives

2. The objectives of the policy are to ensure that:
  - a. OCERS expends trust funds on authorized administrative expenses consistent with the law;
  - b. There are clear expectations when third parties cause OCERS to incur Extraordinary Expenses;
  - c. The identification of Extraordinary Expenses is clearly defined; and
  - d. The method for recovering Extraordinary Expenses is clearly defined.

### Policy Guidelines

3. The following guidelines will be used to identify Extraordinary Expenses:
  - a. OCERS CEO, or his or her designee, will gather the following information:
    - i. The name of the person or organization responsible for the expense;
    - ii. The purpose of the expense;
    - iii. The amount of the expense;
    - iv. Whether the expense benefits OCERS' membership generally, or a significant number of employers, plan sponsors, and to what extent; and
    - v. Whether the expense is necessary for the administration of the sSystem.
  - b. Upon review of all of the above-listed information, the CEO or his or her designee will initially determine whether the expense is beneficial to the membership generally or to a significant number of employers, plan sponsors and whether it is necessary for the administration of the sSystem. If, in the discretion of the CEO or his or her designee, the expense is not beneficial to the membership generally or to a significant number of employers plan sponsors or nor necessary for the administration of the sSystem, the CEO or his or her designee will determine the amount of the expense and make a recommendation to the Board for recovery of the full amount of the expense.



## OCERS Board Policy Extraordinary Expense Recovery Policy

- c. If the CEO or his or her designee initially determines that the party responsible for the expense should reimburse OCERS, the issue will be placed on a Board ~~of Retirement~~ agenda for consideration by the ~~full~~ Board in a public meeting.
- d. The CEO or his or her designee will notify the responsible party of the date and time of the Board ~~of Retirement~~ meeting at which the Board's consideration will take place. The responsible party may be heard on the matter in open session.
- e. If the Board determines that OCERS should be reimbursed for the Extraordinary Expenses, the CEO or his or her designee will provide a written request to the responsible party for reimbursement, detailing the amount of reimbursement requested and a brief statement as to the reason why the Board determined that the party was responsible for the Extraordinary Expenses. The written request will specify that payment is to be received by OCERS within 90 days of the request.
- f. The Board, in its discretion, may allow the party to reimburse OCERS through an installment payment plan that is reasonably designed to allow OCERS to recoup the entire expense plus reasonable interest.
- g. If the responsible party fails to reimburse OCERS within 90 days from the date of the written request or fails to make payments under an installment payment plan, OCERS ~~will~~ **shall** take appropriate action under the law to recover the amount of the Extraordinary Expenses.

### Policy Review

- 4. The Board ~~of Retirement~~ will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

### Policy History

- 5. The OCERS Board of Retirement adopted this policy on May 26, 2009. The Board revised this policy on February 19, 2013, July 20, 2015, ~~and~~ August 20, 2018, ~~and~~ April 19, 2021.

### Secretary's Certificate

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

Steve Delaney  
Secretary of the Board

~~08/20/2018~~

Date



## OCERS Board Policy Extraordinary Expense Recovery Policy

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### Purpose and Background

1. The Extraordinary Expense Recovery Policy is intended to establish guidelines and codify existing practices by which OCERS' Board of Retirement and staff can identify expenses incurred as a result of requests by third parties, other than expenses related to public records requests and employer and stakeholder data requests, which are handled in accordance with OCERS' Public Records and Data Request Policy, that are outside of the ordinary course and scope of the business of the System ("Extraordinary Expenses"), and establish a mechanism for recovering such expenses from the responsible party(ies).

### Policy Objectives

2. The objectives of the policy are to ensure that:
  - a. OCERS expends trust funds on authorized administrative expenses consistent with the law;
  - b. There are clear expectations when third parties cause OCERS to incur Extraordinary Expenses;
  - c. The identification of Extraordinary Expenses is clearly defined; and
  - d. The method for recovering Extraordinary Expenses is clearly defined.

### Policy Guidelines

3. The following guidelines will be used to identify Extraordinary Expenses:
  - a. OCERS CEO, or his or her designee, will gather the following information:
    - i. The name of the person or organization responsible for the expense;
    - ii. The purpose of the expense;
    - iii. The amount of the expense;
    - iv. Whether the expense benefits OCERS' membership generally, or a significant number of employers, and to what extent; and
    - v. Whether the expense is necessary for the administration of the System.
  - b. Upon review of all of the above-listed information, the CEO or his or her designee will initially determine whether the expense is beneficial to the membership generally or to a significant number of employers, and whether it is necessary for the administration of the System. If, in the discretion of the CEO or his or her designee, the expense is not beneficial to the membership generally or to a significant number of employers nor necessary for the administration of the System, the CEO or his or her designee will determine the amount of the expense and make a recommendation to the Board for recovery of the full amount of the expense.





## OCERS Board Policy

# Extraordinary Expense Recovery Policy

- c. If the CEO or his or her designee initially determines that the party responsible for the expense should reimburse OCERS, the issue will be placed on a Board agenda for consideration by the Board in a public meeting.
- d. The CEO or his or her designee will notify the responsible party of the date and time of the Board meeting at which the Board’s consideration will take place. The responsible party may be heard on the matter in open session.
- e. If the Board determines that OCERS should be reimbursed for the Extraordinary Expenses, the CEO or his or her designee will provide a written request to the responsible party for reimbursement, detailing the amount of reimbursement requested and a brief statement as to the reason why the Board determined that the party was responsible for the Extraordinary Expenses. The written request will specify that payment is to be received by OCERS within 90 days of the request.
- f. The Board, in its discretion, may allow the party to reimburse OCERS through an installment payment plan that is reasonably designed to allow OCERS to recoup the entire expense plus reasonable interest.
- g. If the responsible party fails to reimburse OCERS within 90 days from the date of the written request or fails to make payments under an installment payment plan, OCERS will take appropriate action under the law to recover the amount of the Extraordinary Expenses.

### Policy Review

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

### Policy History

- 5. The OCERS Board of Retirement adopted this policy on May 26, 2009. The Board revised this policy on February 19, 2013, July 20, 2015, August 20, 2018, and April 19, 2021.

### Secretary’s Certificate

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

Steve Delaney  
Secretary of the Board

\_\_\_\_\_

Date



## OCERS Board Policy Legislative Policy

### Purpose and Background

1. The purpose of ~~this~~ the Legislative ~~P~~ ol~~i~~ cy is to provide ~~OCERS~~ the organization with a broad framework, ~~which it~~ that ~~OCERS~~ can utilize as a basis for action. The ~~OCERS~~ Board is charged with the responsibility of administering the System in a manner to assure ~~appropriate and~~ prompt delivery of benefits and related services to ~~members~~ plan participants and their beneficiaries and ~~of~~ managing the assets of the System in a prudent manner. Legislation affecting the System must be closely monitored to determine the potential impact on the System and whether action is necessary.

### Policy Objectives

2. The objectives of the Legislative Policy are to:
  - a. Establish a procedure by which the ~~OCERS Board of Retirement~~ can adopt an official ~~OCERS'~~ position on proposed legislation;
  - b. Identify future legislative action in light of the System's needs;
  - c. Facilitate the timely communication of proposed and enacted legislative changes to the Board and staff;
  - d. Provide guidance in communicating OCERS' official legislative positions to third parties; and
  - e. Identify the optimal sources to promote OCERS' official legislative positions.

### Roles and Responsibilities

3. The Board will be responsible for:
  - a. Adopting an official OCERS' position for pertinent legislative proposals affecting the System;
  - b. Identifying the ongoing needs of OCERS for future legislative proposals; and
  - c. Analyzing legislative proposals suggested by OCERS' Board members, staff, or interested third parties, and determining appropriate action.
4. Staff will be responsible for:
  - a. Analyzing and reporting on proposed legislation affecting OCERS, (and other public pension funds if relevant); at the beginning of each legislative session;
  - b. Monitoring proposed legislation throughout the legislative session and reporting material modifications and their potential impact on OCERS to the Board;
  - c. Monitoring all chaptered legislation and determining the impact on OCERS;
  - d. Reporting the impact of, and, as required, suggesting procedures to implement, all chaptered legislation to the Board and staff;
  - e. Communicating with organizations, active and retired OCERS' members, and/or ~~plan-~~ sponsor/employers, as applicable, to inform them of legislative changes affecting OCERS;



## OCERS Board Policy Legislative Policy

- f. Drafting proposed legislation based upon proposals received from OCERS Board members, staff and interested parties, in ~~coordination~~ coordination with SACRS' Legislative Committee, or other appropriate ~~entities~~ entity, ~~guidelines~~ and presenting the draft legislation to the OCERS Board for consideration; and
- g. Identifying and communicating with elected representatives to serve as authors of OCERS-proposed legislation, when appropriate.

### Policy Guidelines

#### Legislative Principles

- 5. The following legislative principles will guide the Board when considering its position on proposed legislation:
  - a. Promote OCERS' legislative position primarily through organizations in which OCERS participates unless proposed legislation has a specific and unique effect on OCERS;
  - b. Support legislative proposals that strengthen the confidentiality protections for member records;
  - c. Support legislative proposals that clarify statutory interpretation of '37 Act provisions unless inconsistent with OCERS' legally sound interpretation and implementation of the provision;
  - d. Support legislative proposals that strengthen the financial condition of ~~the System~~ OCERS and promote administrative efficiency;
  - e. Oppose legislative proposals that create the potential for increased unfunded actuarial liability without appropriate funding provisions; ~~and~~.
  - f. Oppose legislative proposals that compromise or interfere with OCERS' duty to deliver benefits to participants and beneficiaries.

#### SACRS' Legislative Committee

- 6. OCERS will attempt to maintain a representative on the SACRS' Legislative Committee. The representative, or any other Board or staff member that participates in the Committee as a guest, ~~will~~ shall adhere to the following standards:
  - a. Represent the official position, if any, taken by the OCERS' Board ~~of Retirement~~ on all legislation considered by the Committee;
  - b. Provide information to the CEO and Board on the activities of the Committee as needed so that the CEO and Board are well informed regarding legislation that is relevant to OCERS.

### Policy Review

- 7. The Board will review this policy at least every three years to ensure that it remains relevant and appropriate.



## OCERS Board Policy Legislative Policy

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### Policy History

8. The **OCERS** Board adopted this policy on November 17, 2003. The policy was revised on April 16, 2007, June 21, 2010, February 19, 2013, July 20, 2015, ~~and~~ August 20, 2018, and April 19, 2021.

### Secretary's Certificate

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

A handwritten signature in blue ink that reads "Steve Delaney".

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Steve Delaney  
Secretary of the Board

**08/20/2018**

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Date



## OCERS Board Policy Legislative Policy

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### Purpose and Background

1. The purpose of this Legislative Policy is to provide OCERS with a broad framework that OCERS can utilize as a basis for action. The OCERS Board is charged with the responsibility of administering the System in a manner to assure prompt delivery of benefits and related services to members and their beneficiaries and managing the assets of the System in a prudent manner. Legislation affecting the System must be closely monitored to determine the potential impact on the System and whether action is necessary.

### Policy Objectives

2. The objectives of the Legislative Policy are to:
  - a. Establish a procedure by which the OCERS Board can adopt an official position on proposed legislation;
  - b. Identify future legislative action in light of the System's needs;
  - c. Facilitate the timely communication of proposed and enacted legislative changes to the Board and staff;
  - d. Provide guidance in communicating OCERS' official legislative positions to third parties; and
  - e. Identify the optimal sources to promote OCERS' official legislative positions.

### Roles and Responsibilities

3. The Board will be responsible for:
  - a. Adopting an official OCERS' position for pertinent legislative proposals affecting the System;
  - b. Identifying the ongoing needs of OCERS for future legislative proposals; and
  - c. Analyzing legislative proposals suggested by OCERS' Board members, staff, or interested third parties, and determining appropriate action.
4. Staff will be responsible for:
  - a. Analyzing and reporting on proposed legislation affecting OCERS, (and other public pension funds if relevant), at the beginning of each legislative session;
  - b. Monitoring proposed legislation throughout the legislative session and reporting material modifications and their potential impact on OCERS to the Board;
  - c. Monitoring all chaptered legislation and determining the impact on OCERS;
  - d. Reporting the impact of-and, as required, suggesting procedures to implement-all chaptered legislation to the Board and staff;
  - e. Communicating with organizations, active and retired OCERS' members, and/or employers, as applicable, to inform them of legislative changes affecting OCERS;



## OCERS Board Policy Legislative Policy

- f. Drafting proposed legislation based upon proposals received from OCERS Board members, staff and interested parties, in coordination with SACRS' Legislative Committee, or other appropriate entities, and presenting the draft legislation to the OCERS Board for consideration; and
- g. Identifying and communicating with elected representatives to serve as authors of OCERS-proposed legislation, when appropriate.

### Policy Guidelines

#### Legislative Principles

5. The following legislative principles will guide the Board when considering its position on proposed legislation:
  - a. Promote OCERS' legislative position primarily through organizations in which OCERS participates unless proposed legislation has a specific and unique effect on OCERS;
  - b. Support legislative proposals that strengthen the confidentiality protections for member records;
  - c. Support legislative proposals that clarify statutory interpretation of '37 Act provisions unless inconsistent with OCERS' legally sound interpretation and implementation of the provision;
  - d. Support legislative proposals that strengthen the financial condition of the System and promote administrative efficiency;
  - e. Oppose legislative proposals that create the potential for increased unfunded actuarial liability without appropriate funding provisions; and-
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#### SACRS' Legislative Committee

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  - a. Represent the official position, if any, taken by the OCERS'-Board-on all legislation considered by the Committee;
  - b. Provide information to the CEO and Board on the activities of the Committee as needed so that the CEO and Board are well informed regarding legislation that is relevant to OCERS.

### Policy Review

7. The Board will review this policy at least every three years to ensure that it remains relevant and appropriate.



## OCERS Board Policy Legislative Policy

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### Secretary's Certificate

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

A handwritten signature in cursive script that reads "Steve Delaney".

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Steve Delaney  
Secretary of the Board

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Date



## Memorandum

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**DATE:** April 19, 2021  
**TO:** Members of the Board of Retirement  
**FROM:** Steve Delaney, Chief Executive Officer  
**SUBJECT:** 18TH ANNUAL GLOBAL ARC BOSTON

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### Recommendation

Approve Trustees Packard and Tagaloa, together with CEO Delaney's attendance and related expenses including overnight accommodations for the "18th Annual Global Arc Boston" Conference, October 25-October 27, 2021, at the InterContinental Boston, USA.

### Background/Discussion

Founded in 2002, Global ARC Boston convenes a network of the world's largest sovereign wealth funds, foundations and pension funds to discuss urgent macroeconomic, finance, geopolitical, ethical and institutional investment issues. It is wholly owned by its founder David Stewart and is not affiliated with any media company or individual supplier of services to the investment industry. (An agenda is attached.)

The "18th Annual Global Arc Boston" conference is planned to be in-person, and is not a pre-approved educational event as identified in the OCERS Board's Education & Travel policy. Approval of conference related expenses therefore requires OCERS Board action.

The cost for individual attendance includes lodging (\$1095) and airfare (\$300) and registration (\$300) for an approximate total of \$1695 per person.

### Submitted by:

A handwritten signature in black ink that reads "Steve Delaney". The signature is written in a cursive style and is positioned above a horizontal line.

Steve Delaney  
Chief Executive Officer



**Early Bird Rate: USD 8,950 if you register before April 16<sup>th</sup> : a saving of over 30% off the full price.**



# 18<sup>th</sup> Annual Global ARC Boston

Where the Global Institutional Investor and Alternative Investment Communities Meet

## Over 60 institutional investor speakers already confirmed, including:

- Leslie Lenzo, CIO, **Advocate Aurora Health** (USA)
- Ingrid Albinsson, CIO, **AP7 Pension Fund / Sjunde AP-fonden** (Sweden)
- Lan Kollengode, CIO, **Azim Premji Foundation** (India)
- Nico Aspinall, CIO, **B&CE Pension / The People's Pension** (U.K.)
- Ricardo Martinelli, Head of Investments, **Banco Central do Brasil** (Brazil)
- Elena Manola-Bonthond, CIO, **CERN Pension Fund** (Switzerland)
- Raivo Vanags, Head of Market Operations, **Central Bank of Latvia** (Latvia)
- Michael Dittrich, CFO, **DBU / Deutsche Bundesstiftung Umwelt** (Germany)
- Truls Tollefsen, CFO and CIO, **DNB Skadeforsikring AS** (Norway)
- Valerie Sill, President and CEO, **DuPont Capital** (USA)
- Biswajit Dasgupta, CIO, **Emirates Investment Bank** (U.A.E.)
- Katherine Molnar, CIO, **Fairfax County Police Officers Retirement System** (USA)
- Vinicius Barreto de Alencar, Federal Auditor of Brazilian Pension Funds, **Federal Court of Accounts** (Brazil)
- Dan Slack, CEO, **Fire & Police Pension Association of Colorado** (USA)
- Rafael Judar Vicchini, CFO, **Fundação Eletrosul Pension / ELOS** (Brazil)
- Stephen Thompson, Executive Director, **Government of Alberta** (Canada)
- Srikanya Yathip, Secretary General, **Government Pension Fund** (Thailand)
- Rodrigo Garcia, CIO and Deputy Treasurer, **Illinois State Treasury** (USA)
- Martin Rodríguez, CIO, **Integracion AFAP Pension Fund** (Uruguay)
- Eric Nierenberg Ph.D., Chief Strategy Officer, **MassPRIM** (USA)
- Kenichi Ota, CIO, **Mitsui & Co Pension Fund** (Japan)
- Anders Lundgren, Head of Public Markets and Chief Strategy Officer, **NEST** (U.K.)
- Luiz Claudio Levy Cardoso, CIO, **Nucleos-Instituto de Seguridad Pension** (Brazil)
- Arjen Pasma, Chief Risk Officer, **PGGM Investments** (The Netherlands)
- Dominic Garcia, CIO, **Public Employees Retirement Association of New Mexico** (USA)
- Martin Larzabal, CIO, **República AFAP Pension Fund** (Uruguay)
- Jean-Christophe Van Tilborgh, CIO, **Retraites Populaires** (Switzerland)
- Steve Davis, CIO, **Sacramento County Employees' Retirement System** (USA)
- Farouki Majeed, CIO, **School Employees Retirement System of Ohio** (USA)
- Curtis M. Loftis Jr., Treasurer, **South Carolina State Treasurer's Office** (USA)
- Mark Cagwin, Managing Director, Investments, **SSM Health** (USA)
- Andrew Junkin, CIO, **State of Rhode Island Office of the General Treasurer** (USA)
- Patrick Fleming, CIO, **State of Wyoming Treasurer's Office** (USA)
- Steve Algert, Managing Director, Investments, **The J Paul Getty Trust** (USA)
- Elmer Huh, CIO, **The M.J. Murdock Charitable Trust** (USA)
- Andy Greene, Managing Director, Investments, **Toronto Transit Commission Pension** (Canada)
- Mateo Fernandez, CIO, **UniónCapital AFAP Pension Fund** (Uruguay)
- Brian Neale, CIO, **University of Nebraska Foundation** (USA)
- Bruce Cundick, CIO, **Utah Retirement System** (USA)
- Shawn Bengtson, CIO, **Woodmen Life Insurance** (USA)
- Andreas Grünbichler, CFO, **Wüstenrot Insurance** (Austria)



**Monday October 25<sup>th</sup> to Wednesday October 27<sup>th</sup> 2021 • The InterContinental Boston, USA**

# Overview Global ARC 2021

## Background

Founded in 2002, Global ARC Boston convenes a network of the world's largest sovereign wealth funds, foundations and pension funds to discuss urgent macroeconomic, finance, geopolitical, ethical and institutional investment issues.

It is wholly owned by its founder David Stewart and is not affiliated with any media company or individual supplier of services to the investment industry.

## Venue

The InterContinental Boston hotel offers the city's most captivating 4 Diamond AAA rated hotel experience and has been named one of the 'Best Hotels in the World' by Conde Nast Traveler magazine.

Located in the heart of Boston - surrounded by the Fort Point Channel and Rose Kennedy Greenway - The InterContinental Boston hotel is just steps from Faneuil Hall/Quincy Market, Boston Convention and Exhibition Center, North End, Chinatown and a plethora of historical attractions such as the Boston Tea Party Museum and Freedom Trail.

In addition to being flooded in natural light and overlooking the historic Fort Point Channel, at 10,300 Square Feet, The InterContinental Boston's Rose Kennedy Ballroom is much more spacious than Global ARC's previous meeting space, ensuring a more comfortable experience for our delegates.



## The Global ARC Difference

Tired of investment gatherings with only a handful of institutional investor attendees, where criticisms of alpha-driven products are muted and where the same old hackneyed ideas are constantly recirculated?

For 18 years, Global ARC has been providing institutional investors and alternatives managers with the antidote to such gatherings:

1. Global ARC **always attracts a large number of institutional investor delegates.** Creating a uniquely convivial atmosphere, which puts institutional investors at ease and, in so doing, dramatically improves the quality and number of manager investor interactions.
2. Global ARC draws a truly global range of institutional investors: with **institutional investors from over 25 different countries**, Global ARC exposes alternatives managers to new investor perspectives and client opportunities, outside their standard investor 'gene-pool'.
3. Global ARC **definition of 'institutional investor' is very strict:** limiting it to full-time employees of major, not-for-profit, sovereign wealth funds, central banks, pension funds, endowments and foundations.
4. Global ARC provides access to the **latest cutting-edge research:** Global ARC consistently attracts the world's foremost academics and researchers as speakers.
5. Global ARC provides an objective forum for the discussion of alpha-driven investing, strategies, providing institutional investors with **frank critiques of the active management and alternatives industries** products and strategies
6. Global ARC adheres to a **transparent pricing policy:** over the last 19 years Global ARC has earned a hard-won reputation for ensuring that all of our delegates and sponsors are treated equally and that our pricing is transparent.
7. Global ARC **excludes all media or press** from its gatherings; enabling our attendees to speak freely without fear of their frank exchange of views being subsequently misrepresented in the press.

# Key Statistics: 17<sup>th</sup> Annual Global ARC Boston

**165+**  
Institutional investor attendees

**29 Countries**  
Institutional investors from 29 different countries

**USD 7 trillion**  
Total institutional investor AUM

**USD 10.5 billion**  
Median AUM per institutional investor

**56:44 ratio**  
Institutional investors outnumbered managers by 56 to 44

**USD 42 billion**  
Mean AUM per institutional investor

## Institutional Investor Organizations @ 17<sup>th</sup> Annual Global ARC Boston

- Advocate Health Care (USA)
- AFAP SURA Pension (Uruguay)
- Airbus Corporation (France)
- Alaska Permanent Fund Corp (USA)
- Alberta Investment Management Corp (Canada)
- Alberta Teachers' Retirement Fund (Canada)
- Al-Dar Holdings (United Arab Emirates)
- Alfred P. Sloan Foundation (USA)
- Allied World Assurance Co. (USA)
- Amana Global Partners (United Arab Emirates)
- APG Asset Management (Netherlands)
- Ascension Investment Management (USA)
- ATP Pension (Denmark)
- Azim Premji Foundation (India)
- B&CE/The People's Pension (U.K.)
- Bahrain Mumtalakat Holding Co (Bahrain)
- Banco Central do Brasil (Brazil)
- Bank of Canada (Canada)
- Bank of Hawaii (USA)
- Beaumont Health (USA)
- Beth Israel Lahey Health Investment Office (USA)
- Border to Coast Pensions Partnership (U.K.)
- Boston Children's Hospital (USA)
- Caisse de dépôt et placement du Québec (Canada)
- California State Teachers' Retirement System (USA)
- Caltech Investment Office (USA)
- Cambiata Schweiz AG (Switzerland)
- CAA Club Group (Canada)
- CareGroup Healthcare System (USA)
- Central Bank of Latvia (Latvia)
- Central Bank of the Philippines (The Philippines)
- Children's Minnesota (USA)
- City of Austin Employees' Retirement System (USA)
- Cleveland Clinic Investment Office (USA)
- CN Investment Division (Canada)
- Contra Costa County ERS (USA)
- CPPIB / Canada Pension Plan Investment Board (Canada)
- Dar Group (Saudi Arabia)
- DuPont Pension (USA)
- Electricity Supply Board Pension (Ireland)
- Eli Lilly and Co Pension (USA)
- ELOS Pension (Brazil)
- Emirates Investment Bank (United Arab Emirates)
- Employees' Retirement Fund of the City of Dallas (USA)
- Employees Retirement System of Texas (USA)
- EPO Pension (Germany)
- Fairfax County Employees' Retirement System (USA)
- Fairfax County Teachers (USA)
- Farmers Group, Inc (USA)
- FCA Pension (Brazil)
- Fonds de Réserve pour les Retraites (France)
- FWD Insurance Group (China)
- Government of Alberta (Canada)
- Government Pension Fund of Thailand (Thailand)
- Gruppo Cattolica Assicurazioni (Italy)
- Guardian Life Insurance Company of America (USA)
- Hartford HealthCare (USA)
- Harvard Management Co (USA)
- Hydro-Quebec Pension Plan (Canada)
- IMF (USA)
- IndiaFirst Life Insurance (India)
- IAPF (Ireland)
- Kern County Employees' Retirement Association (USA)
- Kruger Inc Pension (Canada)
- Kuwait International Bank (Kuwait)
- London Borough of Islington Pension (U.K.)
- London Borough of Lambeth Pension (U.K.)
- MacArthur Foundation (USA)
- Maine Public Employees Retirement System (USA)
- Maryland State Retirement and Pension System (USA)
- MassPRIM (USA)
- Medical Defence Union (U.K.)
- Mercy Health (USA)
- Merrimac Corp (USA)
- MIT Investment Management Co. (USA)
- Mitsubishi Corporation Pension (Japan)
- Mitsui & Co. Pension (Japan) (Japan)
- Municipal ERS of Michigan (USA)
- Mutual of Omaha (USA)
- National Employment Savings Trust (U.K.)
- New Holland Capital (USA/The Netherlands)
- New Jersey Division of Investment (USA)
- Nissan Motor Co., Pension (Japan)
- Nokia Pension (Finland)
- North Carolina Retirement Systems (USA)
- Northeastern University Endowment (USA)
- Nucleos-Instituto de Seguridade Social (Brazil)
- NYSNA Pension Plan (USA)
- Ohio Public Employees Retirement System (USA)
- Osool Asset Management Co (Bahrain)
- Pepperdine University Endowment (USA)
- PGGM Investments (Netherlands)
- PKA Pension (Denmark)
- Pontificia Universidad Javeriana Endowment (Colombia)
- Public Institution for Social Security (Kuwait)
- PZU Insurance Group (Poland)
- QSuper (Australia)
- Real Grandeza Pension (Brazil)
- República AFAP Pension (Uruguay)
- Retraites Populaires Pension (Switzerland)
- RGA Reinsurance Co (USA)
- RLI Insurance (USA)
- Robert Wood Johnson Foundation (USA)
- School Employees Retirement System of Ohio (USA)
- Shell Asset Management Co (The Netherlands)
- South Carolina Treasurer's Office (USA)
- Sparda-Bank Muenchen eG (Germany)
- State Board of Administration of Florida (USA)
- State Pension Fund of Finland (Finland)
- State of Wyoming State Treasurer (USA)
- Statewide Super (Australia)
- Sunshine Insurance Group (China)
- Teacher Retirement System of Texas (USA)
- Texas Christian University Endowment (USA)
- Texas Treasury Safekeeping Trust Co. (USA)
- The Boston Foundation Inc (USA)
- The Broadway League (USA)
- The Central Bank of Colombia (Colombia)
- The Grosvenor Estate (U.K.)
- The J Paul Getty Trust (USA)
- The M.J. Murdock Charitable Trust (USA)
- UK Local Government Pension Scheme (U.K.)
- UNC Management Company (USA)
- UniónCapital AFAP Pension (Uruguay)
- United Technologies Pension (USA)
- University of Alberta Endowment (Canada)
- University of Minnesota Endowment (USA)
- University of Nebraska Foundation (USA)
- University of Texas Investment Management Co (USA)
- Utah Retirement Systems (USA)
- Virginia Retirement System (USA)
- Woodmen Life Insurance (USA)
- World Trade Organization Pension (Switzerland)
- Wüstenrot Insurance (Austria)

# Institutional Investor Speakers 2021

Institutional investor speakers are sorted alphabetically by organization.

## This brochure and investor list were updated on **March 8<sup>th</sup> 2021.**

Additional Global ARC 2021 institutional investor speakers and academic speakers are being confirmed every month.

Please visit our website [www.garcboston.com](http://www.garcboston.com) for the updated institutional investor and academic speakers list.



Leslie Lenzo, Chief Investment Officer  
**Advocate Aurora Health** - USA

Leslie Lenzo is Chief Investment Officer at Advocate Aurora Health where she oversees the investment of USD 12 billion in corporate and pension assets, and the investment options in the organization's USD 7 billion DC plans. Previously Leslie worked at Northwestern Memorial Healthcare and Partners Health Care. Leslie holds a BA in Economics and Government from Georgetown University and a MBA in Finance from Boston University. She is also a CFA charterholder.



Ingrid Albinsson, Chief Investment Officer  
**AP7 Pension Fund (7th Swedish National Pension)** - Sweden

AP7 (the Seventh National Pension Fund) acts within the DC system in Sweden which is part of the national government pension plan. Its default product "Såfa" has approximately SEK 430 billion (USD 54 billion) under management and is a global diversified life cycle product. Ingrid Albinsson is the Chief Investment Officer and Executive Vice President of AP7. Ingrid joined AP7 in 2011 as Head of Strategy. Prior to joining AP7 she spent 10 years with Swedbank Robur.



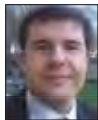
Lan Kollengode, Chief Endowment Officer  
**Azim Premji Foundation** - India

Lan Kollengode is the Chief Endowment Officer of the Azim Premji Endowment Fund, a 15billion USD fund set up by businessman Azim Premji for philanthropy focused on improving India's education system. The Azim Premji Endowment Fund is the first professional investment vehicle set up in India with a mandate to manage investments on behalf of a foundation and is one of the world's largest foundations. Lan is a graduate of the Indian Institute of Management, Lucknow.



Nico Aspinall, Chief Investment Officer  
**B&CE / The People's Pension** - UK

B&CE/The Peoples Pension ('B&CE') is a not-for-profit provider of pension, employee accident and life cover to those working in the construction industry and workplace pensions for UK employers from all sectors. B&CE currently manages USD 6 Billion in assets on behalf of over three million members. Prior to serving as CIO at B&CE, Nico Aspinall was Head of D.C. Investment at Towers Watson, and Head of DC for the Barclays staff pension scheme.



Ricardo da Costa Martinelli, Head of Investment Division  
**Banco Central do Brasil** - Brazil

Banco Central do Brasil (The Central Bank of Brazil) operates as a federal agency that integrates the national financial system in Brazil. It performs various functions of the government bank, including controlling foreign trade operations; receiving deposits from commercial banks; executing foreign exchange trades; and acting on behalf of public enterprises and the National Treasury. It was founded in 1964 and is headquartered in Brasília.



Veronica Wong, Vice President and Senior Portfolio Manager  
**Bank of Hawaii Investment Management Services** - USA

As vice president and senior portfolio manager at Bank of Hawaii Investment Management Services, Veronica Wong is responsible for managing the investment assets of the bank's trust and private clients. Prior to this, she served as director and associate general counsel for Moon Capital and vice president in international equities for Deutsche Bank. She holds a Bachelors in Economics from Harvard University a JD from Columbia Law School and an MBA from INSEAD.



Elena Manola-Bonthond Ph.D., Chief Investment Officer  
**CERN Pension Fund** - Switzerland

Elena Manola-Bonthond Ph.D. is Chief Investment Officer, at the 4.75 billion CHF (USD 4.75 Billion) pension fund of CERN, the European Organization for Nuclear Research. Elena played an instrumental role in creating the investment governance framework optimized for dynamic risk management, now popularly known as the 'CERN model'. Elena holds a Ph.D. in particle physics from University of Savoie and CERN, and an MBA from University of Geneva.



Alex Ambroz, Director of Investments  
**Cleveland Clinic Investment Office** - USA

Alex Ambroz is a Director in the investment office of the Cleveland Clinic Foundation which manages over USD 13 Billion in foundation and pension assets. Prior to joining the Cleveland Clinic, Alex worked for the Chief Investment Officer of J.P. Morgan. He also served in the U.S. Army, with multiple overseas deployments. He holds an undergraduate degree from the University of Massachusetts and an MBA from Duke University.



Michael Dittrich, Chief Financial Officer  
**Deutsche Bundesstiftung Umwelt (DBU)** - Germany

Deutsche Bundesstiftung Umwelt (German Federal Environmental Foundation) was established in 1990 and is one of Europe's largest foundations. Deutsche Bundesstiftung Umwelt's promotional and philanthropic activities concentrate on funding and supporting innovative environmental technology, education and cultural assets. Since 1991, approximately nine thousand projects have received financial backing from Deutsche Bundesstiftung Umwelt.



Truls Tollefsen, Chief Financial Officer and Chief Investment Officer  
**DNB Skadeforsikring** - Norway

Founded in 1822 DNB Group is Norway's largest financial services group and DNB Livsforsikring is Norway's largest life insurance and pension insurance company. DNB Livsforsikring currently has over 1.1 million life and pension insurance customers in Norway. Truls Cook Tollefsen has been Chief Investment Officer of DNB Skadeforsikring AS since 2010 and CFO and Executive Head of Investments at DNB Livsforsikring since 2009.



Valerie Sill, President and Chief Executive Officer  
**DuPont Capital Management** - USA

Valerie Sill is President and Chief Executive Officer of DuPont Capital Management and serves as its Chief Investment Officer. She is responsible for overseeing the investment of approximately USD 28 billion in assets held by DuPont Company plans and external clients. Prior to joining DuPont Valerie was Executive Vice President at The Boston Company Asset Management. Valerie holds a Master's in Business Administration from Harvard Business School.

# Institutional Investor Speakers 2021



Biswajit Dasgupta, Chief Investment Officer  
**Emirates Investment Bank** - United Arab Emirates

Biswajit Dasgupta is Chief Investment Officer - Treasury, at Emirates Investment Bank, overseeing all of the Emirates Investment Bank's proprietary investments. Prior to this, Biswajit Dasgupta was Executive Director at the Abu Dhabi Investment Council-owned Invest AD, where he led Invest AD's treasury and capital market activities and before that served as a senior executive in the Treasury department at Al Khalij Commercial Bank in Doha, Qatar.



Howard Hodel, Senior Investment Officer - Risk Management  
**Employees' Retirement System of the State of Hawaii** - USA

The Employees' Retirement System of the State of Hawaii is a public pension fund with approximately USD 17 billion in assets under management. The Employees' Retirement System of the State of Hawaii engages in a range of alternative investment strategies including buyouts, distressed debt, real estate, timber and venture capital. Howard Hodel holds an MBA in Finance from University of Chicago's Booth School of Business.



Alexander Neszvecsko, Portfolio Manager  
**European Patent Organisation Pension** - Germany

The European Patent Office is an intergovernmental organisation with 38 member states and about seven thousand employees. Its Reserve Funds manages about USD 10 billion in assets. With 19 years of industry experience, Alex Neszvecsko is responsible for two asset class portfolios. Prior to joining the Reserve Funds, he worked in asset management functions at Siemens. He graduated in Business Administration and is a CFA charterholder.



Katherine Molnar, Chief Investment Officer  
**Fairfax County Police Officers Retirement System** - USA

Katherine Molnar is responsible for managing the Fairfax County Police Officers Retirement System, a USD 1.5 billion plan. In addition, she is a member of small investment team providing direction and oversight, including strategic and tactical asset and risk allocation, selection and supervision of external investment managers for the portfolios of three defined benefit systems with assets totaling a further USD 7 billion. Katherine is a Chartered Financial Analyst designation holder.



Vinicius Barreto de Alencar, Federal Auditor of Brazilian Pension Funds  
**Federal Court of Accounts** - Brazil

Vinicius Barreto de Alencar is a federal auditor of the Federal Court of Accounts, serving on the external control secretariat of the national financial system and pension funds, a department responsible for overseeing about USD 100 billion in assets under management of 38 federally sponsored pension funds. He holds a degree in accounting from the University of Brasilia and a law degree from Processos College.



Dan Slack, Chief Executive Officer  
**Fire & Police Pension Association of Colorado** - USA

As head of the Fire and Police Pension Association of Colorado Dan Slack is responsible for the management of more than 200 Colorado pension plans totaling over USD 4 billion in assets. Prior to this, Dan served as Executive Director of the State Universities Retirement System of Illinois Assistant and as a lawyer at Thomas, Mamer & Haughey and as Assistant Attorney General at the Office of the Illinois Attorney General.



Rafael Judar Vicchini, Chief Financial Officer  
**Fundação Eletrosul Pension / ELOS** - Brazil

Rafael Vicchini is the Chief Financial Officer at the multi-billion dollar pension fund unit of the state-owned power company Eletrosul (ELOS). His responsibilities include the management of the pensions investment portfolio and information technology. Rafael previously held roles at ELETROSUL Centrais Elétricas and CELESC Distribuição. He holds a degrees from the University of Sao Paulo - USP and Universidade Federal de Santa Catarina.



Stephen Thompson, Executive Director, Capital Markets  
**Government of Alberta** - Canada

Steve Thompson is the Executive Director of Capital Markets for the Government of Alberta. Steve is responsible for the borrowing and debt management strategy and the development of investment strategy and policy for the Province's CAD 20 billion (USD 16 Billion) Heritage Fund and other provincial endowments. Prior to this, Steve worked for the Province of Nova Scotia and with the Bank of Nova Scotia. Steve is a CFA charterholder.



Srikanya Yathip, Ph.D., Secretary General  
**Government Pension Fund of Thailand** - Thailand

Srikanya Yathip, Ph.D., joined the USD 22 billion Government Pension Fund of Thailand in 2010. Prior to joining the Government Pension Fund of Thailand, she spent more than ten years studying and working first in Japan and later in the United Kingdom. Her responsibilities at the Government Pension Fund of Thailand include assessing investment choices, pension research and making pension policy reform recommendations.



Jean-François Pépin, Senior Director - Financing, Treasury and Pension Fund  
**Hydro-Québec Pension Fund** - Canada

Hydro-Québec manages the generation, transmission and distribution of electricity in the Province of Quebec. Hydro-Québec Pension Fund manages the multi-billion dollar retirement assets of Hydro-Québec's nineteen thousand employees. Jean-François Pépin is Senior Director of Financing, Treasury and the Pension Fund and holds a bachelor's and master's degree in business administration - finance from the Université de Sherbrooke.



Rodrigo Garcia, Chief Investment Officer and Deputy Treasurer  
**Illinois State Treasury** - USA

Rodrigo Garcia directs Illinois State Treasury's combined USD 35 billion investment portfolio, USD 300 billion in related banking operations and financial services. From impact investments to sustainability and diversity and inclusion, he aims to maximize portfolio returns and bolster the Illinois macro and micro economy. He holds two post-graduate degrees, one in finance from the University of Illinois and one in public policy from Northwestern University.

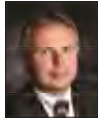


Martin Rodriguez, Chief Investment Officer  
**Integración AFAP Pension** - Uruguay

Integración AFAP is a pension fund and development bank from Uruguay. Integración AFAP offers services in investment strategies and its main activity is to manage pension savings funds. Martin Rodriguez works for Integración AFAP as Chief Investment Officer with the principal responsibility for the administration and profitability of the investment portfolio. Martin is a qualified Certified Public Accountant (CPA) and also holds an MBA.

Entire program updated on March 8<sup>th</sup> 2021 • Additional speakers are being added to the panels every week • Go to [www.garcoboston.com](http://www.garcoboston.com) for the latest program

# Institutional Investor Speakers 2021



Jerry Moriarty, Chief Executive Officer  
**Irish Association of Pension Funds** - Ireland

IAPF's members are responsible for some €147.6 billion (USD 165 billion) in retirement savings and IAPF aims to ensure people in Ireland can have pensions that are secure, fair and simple. Jerry Moriarty is Vice-Chair of PensionsEurope and chairs its DC Committee and Brexit Working Group. In 2018, he was appointed to the European Insurance and Occupational Pensions Authority's Occupational Pensions Stakeholder Group.



Greg Doyle, Vice President, Pension Fund Investments  
**Kruger Inc.** - Canada

Greg Doyle is the Vice President of Pension Fund Investments at Kruger Inc. in charge of all pension investment related activity. Prior to Kruger Inc, Greg was at Caisse de Dépôt et Placement du Québec. He began his career in the United Kingdom, where he worked at various investment banks. Greg is a graduate of City University, London and holds a Diplôme International de Management from the Institut commercial de Nancy, France.



Raivo Vanags, Head of Market Operations Department and Member of the Board  
**Latvijas Banka (Central Bank of Latvia)** - Latvia

Raivo Vanags is a Member of the Board and the Head of Market Operations Department at Latvijas Banka, the central bank of Latvia. In this role Raivo Vanags is responsible for the management of Latvijas Banka's foreign reserves. He also serves as Latvijas Banka's representative on the European Central Bank's Market Operations Committee. Raivo Vanags holds a B.Sc. from the Stockholm School of Economics and an M.Sc. from the University of Latvia.



Joana Marfoh, Head of Treasury and Pension Fund Management  
**London Borough of Islington** - United Kingdom

Joana Marfoh is Head of Treasury and Pension Fund Management for the London Borough of Islington. Joana joined Islington Council in 2006, which is responsible for the administration of the council pension fund under the Local Government Pension Scheme (LGPS). The Islington Council pension fund has assets of over USD 1.5 billion, and allocates diversified portfolio across Equities, Bonds, Infrastructure, Private Equity and other Diversified Growth opportunities.



Mike Fang, Senior, Portfolio Manager  
**Maryland State Retirement and Pension System** - USA

Based in Baltimore, Maryland, the Maryland State Retirement and Pension System manages approximately USD 55 Billion in assets on behalf of over four hundred thousand pension system members and retirees. Mike Fang is Senior Portfolio Manager at Maryland State Retirement and Pension System. He holds an MBA from Yale School of Management and an MS in Financial Mathematics from University of Chicago.



Phillip Titolo, Head of Direct Private Investments; Portfolio Manager, Alternatives  
**MassMutual** - USA

Phillip Titolo is Head of Direct Private Investments and Portfolio Manager, Alternatives for MassMutual's GIA portfolio, focusing on strategic asset allocation and external investment relationships. Previously, Phillip was at Hartford Investment Management, Credit Suisse Asset Management and United Technologies. Education: Boston College (BS), University of Connecticut (JD & MBA). Phillip is a CFA charter holder.



Eric Nierenberg Ph.D., Chief Strategy Officer  
**MassPRIM** - USA

Eric Nierenberg Ph.D. has worked at the USD 60 billion Massachusetts Pension Reserves Investment Management ('MassPRIM') since 2013. In addition to his work at MassPRIM, Eric also teaches graduate courses in investments and international portfolio management at Brandeis University. Prior to joining MassPRIM in 2013, he was a Vice President at Independence Investments. Eric Nierenberg holds a Ph.D. in Business Economics from Harvard University.



Clark Cheng, Chief Investment Officer  
**Merrimac Corp** - USA

Merrimac is a large single family office with investments in hedge funds, private equity, real estate and mutual funds. Prior to Merrimac, Clark was responsible for managing the hedge fund due diligence process in the Americas for HSBC's Alternative Investment Group which had USD 39 billion in hedge fund investments. He holds an MBA from Duke University and a Bachelors of Arts Degree from UCLA. Clark holds the CFA, FRM and CAIA designations.



Kenichi Ota, Chief Investment Officer  
**Mitsui & Co., Pension Fund** - Japan

Ken Ota was appointed CIO for Mitsui & Co. Pension Fund in 2014. He joined Mitsui & Co. in 1987. He was the head of Trading Dept. with nearly 20 years' experience of currency, fixed income, equity, and derivatives trading at Mitsui's Tokyo HQ and London office. After that, he assumed the position of CFO for Mitsui & Co. Australia as well as Auditor for the several subsidiaries of Mitsui. Prior to this, he was the portfolio manager at the investment company affiliated with Mitsui.



Anders Lundgren, Head of Public Markets and Chief Strategy Officer  
**NEST (The National Employment Savings Trust)** - United Kingdom

Anders Lundgren is responsible for the investment strategy and manager selection at NEST, the auto enrolment defined contribution scheme of the United Kingdom. Nest has 9 million members, £12 billion (USD 17 Billion) AUM and is growing by over £400 Million (USD 550 Million) a month. Anders holds a Master of Science in Theoretical Physics from Chalmers University Sweden and an MBA from Imperial College London.



Craig Grenier, Director of Investments  
**Northeastern University Endowment** - USA

Craig Grenier is the Director of Investments for Northeastern University, where he provides strategic direction for the management of over USD 1.5 billion in endowment and operating assets across both public and private markets. Prior to NE, Craig worked at Blue Cross Blue Shield of Massachusetts and GMO. Craig holds an MBA and a BS in Management from Northeastern University, and has both the CFA and CAIA designations.



Luiz Claudio Levy Cardoso, Chief Investment Officer  
**Nucleos-Instituto de Seguridade Social Pension** - Brazil

Luiz Claudio Levy Cardoso is the Chief Investment Officer of Nucleos Instituto de Seguridade Social. Nucleos Instituto de Seguridade Social is the multi-billion USD pension fund for employees of the Brazilian nuclear industry. Before joining Nucleos Instituto de Seguridade Social he served as commercial manager of INB, the Brazilian nuclear fuel cycle company and before that as head of equities and fixed income of Aerus pension fund.

# Institutional Investor Speakers 2021



Arjen Pasma, Chief Risk Officer  
**PGGM Investments** - The Netherlands

PGGM Investments manages approximately EUR 190 billion (USD 210 billion) in investment assets from five Dutch Pension Funds in a worldwide diversified portfolio of both public and private investments. Arjen Pasma is the Chief Risk Officer at PGGM Investments and a board member of the investment committee, allocation committee, asset liability management committee and investment policy committees of PGGM Investments.



Mauricio Guzman, Chief Investment Officer  
**Pontificia Universidad Javeriana** - Colombia

Mauricio Guzmán is Chief Investment Officer at Pontificia Universidad Javeriana, one Colombia's largest private universities, primarily responsible for the investment and risk management process, across local and global equity and fixed income assets, as well as alternative investments in hedge funds, private equity and real state. He holds an MBA from Universidad de Los Andes and is a Chartered Financial Analyst charter holder.



Dominic Garcia, Chief Investment Officer  
**Public Employees Retirement Association of New Mexico** - USA

Dominic Garcia serves as Chief Investment Officer for the New Mexico PERA, a USD 16 billion pension system that serves over 90,000 members and provides over USD 1.2 billion in annual benefits. At New Mexico PERA, Dominic has led the effort to integrate a risk-based approach, separating Alpha and Beta in its investment philosophy. Prior to this Dominic served on the Investment Committee and as a Senior Alpha Manager at the State of Wisconsin Investment Board (SWIB).



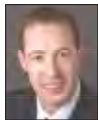
Martin Larzabal, Chief Investment Officer  
**Republica AFAP Pension** - Uruguay

Martin Larzabal is Chief Investment Officer of Republica AFAP the largest pension fund and investor in Uruguay. Martin Larzabal has served as member of the Investment Committee of the International Federation of Pension Fund Managers and the International Association of Social Security and as Visiting Professor at ORT University. His educational background includes an Economics degree from UDELAR, a Charter in Infrastructure, and a LDP from IEEM.



Jean-Christophe Van Tilborgh, Chief Investment Officer  
**Retraites Populaires** - Switzerland

With CHF24 Billion in assets (USD 25 Billion) Retraites Populaires is one of Switzerland's largest public pension funds. It is a not-for-profit organisation that return all excess revenues to our clients has served as Chief Investment Officer since March 2015, prior to which he was Retraites Populaires Head of Investment managers and before that Head of Alternative Investments. He holds a Master in Finance from the HEC Lausanne School of Business.



Steve Davis, Chief Investment Officer  
**Sacramento County Employees' Retirement System** - USA

The Sacramento County Employees' Retirement System (SCERS) is a USD 9 billion public pension plan. Steve Davis has been with SCERS since 2010, and as Chief Investment Officer is responsible for the oversight and implementation of SCERS' investment program. Steve holds a BA from the University of Arizona and an MBA from the University of Southern California's Marshall School of Business, and is a CFA and CAIA charterholder.



Mateja Zivec, Director of Asset Management  
**Sava Re Group** - Slovenia

Sava Re Group provides reinsurance services to over 200 partners worldwide and forms one of the largest insurance groups in Southeast Europe. Prior to joining Sava Re Group, Mateja Zivec was Chief Investment Officer at Triglav Insurance and responsible for managing the reserve funds of Triglav and its subsidiaries. Mateja holds a Master's degree in Accounting and Finance from the London School of Economics and Political Science.



Farouki Majeed, Chief Investment Officer  
**School Employees Retirement System of Ohio** - USA

Founded in 1937, the Ohio School Employees Retirement System currently manages USD 14 billion in assets on behalf of 121,000 active, contributing members and 72,000 benefit recipients. Farouki Majeed has served as Chief Investment Officer of the Ohio School Employees Retirement System since 2012. Prior to this he worked as Senior Investment Officer at CalPERS. Farouki holds an MBA from Rutgers University and is a Chartered Financial Analyst.



Curtis M. Loftis Jr., State Treasurer  
**State of South Carolina Treasurer's Office** - USA

Curtis M. Loftis, Jr. is the State of South Carolina's "private banker," managing and investing the state's funds. He is the custodian of approximately USD 50 Billion in State funds, including the State of South Carolina's pension funds. Curtis was elected State Treasurer in 2010 and was re-elected in 2014. He owns several businesses, is the founder and sole benefactor of the Saluda Charitable Foundation and is graduate of the University of South Carolina.



Mark Cagwin, Managing Director, Investments  
**SSM Health** - USA

SSM Health is a Catholic, not-for-profit health system serving the comprehensive health needs of communities across the U.S. Midwest. SSM Health has 23 hospitals and 40,000 employees. Mark Cagwin oversees day-to-day management of the SSM Health Care Portfolio Management Co. and is responsible for strategic asset allocation, manager selection and diligence and risk management. Mark obtained his CFA designation and is a CPA.



Andrew Junkin, Chief Investment Officer  
**State of Rhode Island Office of the General Treasurer** - USA

Andrew Junkin is Chief Investment Officer of Rhode Island, which oversees the State Investment Commission that includes the USD 9 billion Rhode Island Employees' Retirement System. Prior to joining the State of Rhode Island, he was President of Wilshire Consulting, where he led a team of more than eighty investment professionals and had over USD 1 trillion of pension, endowment and foundation AUA. Andrew holds an MBA from the Wharton School.



Patrick Fleming, Chief Investment Officer  
**State of Wyoming Treasurer's Office** - USA

Patrick Fleming is the CIO for the Wyoming State Treasurer's Office and is responsible for managing the State's USD 20 Billion in non-pension assets. Before this he spent 30 years working primarily in Tokyo, Hong Kong, London and New York specializing in domestic and global bond markets, equities and commodities. He also taught corporate finance, investment management and energy trading and hedging to students at the University of Wyoming.

# Institutional Investor Speakers 2021



Christopher Brockmeyer, Director of Employee Benefit Funds  
**The Broadway League** - USA

Christopher Brockmeyer has been the Director of Employee Benefit Funds for the Broadway League, the national trade association for the Broadway theatre industry, since 2007. This includes 11 multi-employer pension funds, 7 health funds and 4 annuity/401(k) funds with nearly USD 7 Billion in assets, covering 120,000 current or future retirees and providing health care coverage for 24,000 employees (plus their dependents) in the entertainment industry.



Jorge Hernán Toro Córdoba, Ph.D., Advisor to the Governor  
**The Central Bank of Colombia** - Colombia

Jorge Toro, Ph.D., heads the Economic and Investment Research division of Banco la Republica de Colombia, Colombia's central bank. Before Banco la Republica de Colombia, Jorge worked as Principal Economist at the International Monetary Fund in Washington DC. Jorge Toro holds a Master's in Economics from University of Los Andes, Bogotá, as well a Master's in Economics and a Ph.D. in Economics from the University of Oxford.



Ian Prideaux, Chief Investment Officer  
**The Grosvenor Estate** - United Kingdom

The Grosvenor Estate is a multi-billion dollar single-family office. Ian Prideaux manages the Grosvenor Estate's non-property investment portfolio. This includes long equity and bond portfolios, commodity, hedge fund and private equity investments. He is responsible for asset allocation and manager selection, investments being managed externally. Ian has been with The Grosvenor Estate since 2006, and was previously at HSBC, SG Warburg and Price Waterhouse.



Steve Algert, Managing Director, Investments  
**The John Paul Getty Trust** - USA

The J. Paul Getty Trust is the world's wealthiest art institution with an endowment of approximately USD 7 billion. Based in Los Angeles, it operates the J. Paul Getty Museum. Steve Algert serves as Managing Director of Investments and Assistant Treasurer at The J. Paul Getty Trust. Steve holds a Masters in Public and Private Management from the Yale School of Management and a B.S. from the University of California at Berkeley. He is a CFA and CAIA charter holder.



Elmer Huh, Chief Investment Officer  
**The M.J. Murdock Charitable Trust** - USA

The M.J. Murdock Charitable Trust is a private, non-profit foundation based in Vancouver, Washington. The trust funds projects that serve four primary areas: scientific research, arts and culture, education and health and human services. Elmer Huh has more than 20 years' experience in public/private equity and alternative investing, most recently at Ernst & Young Capital Advisors, as senior vice president of investment banking and alternative asset managers.



Andy Greene, Managing Director, Investments  
**Toronto Transit Commission Pension Fund Society** - Canada

Andy Greene serves as Managing Director, Investments, overseeing the investments for the Toronto Transit Commission (TTC) Pension Fund Society, a CAD 8 billion (USD 6.5 billion) defined benefit plan. Prior to TTC, Andy was at OPTrust as Director, Public Markets. Previously he was at Northern Trust, the University of Wisconsin Foundation and Willis Towers Watson. Andy is also on the Investment Committees for the United Church of Canada and York University Pension Plans.



Bridget Uku, Investment Manager  
**UK Local Government Pension Scheme** - United Kingdom

Bridget Uku is Group Investments Manager at the United Kingdom's Local Government Pension Scheme. She holds a law degree and is a Chartered PF Accountant with seventeen years of experience managing Treasury and Pension Fund investments within the United Kingdom's Local Government sector. Bridget Uku also currently serves as a member of the FTSE Europe, Middle East and Africa advisory committee.



Mateo Fernández, Head of Investments  
**UnionCapital AFAP Pension** - Uruguay

Mateo Fernández is Head of Investments at UnionCapital AFAP. UnionCapital AFAP is one of the four pension funds in Uruguay. UnionCapital AFAP has over two hundred thousand members. Mateo Fernández has more than ten years of experience in financial markets. He graduated with a degree in economics from Universidad de Montevideo, Uruguay and has been a Chartered Financial Analyst charterholder since 2015.



Brian Neale, Chief Investment Officer and Vice President of Investments  
**University of Nebraska Foundation** - USA

Brian Neale has nearly 20 years of institutional investment experience and currently is responsible for more than USD 2.4 billion of investable assets on behalf of the University of Nebraska Foundation. In this role, his principal duties include establishing long-term asset allocation policies and short-term tactical tilts, manager research and selection, portfolio construction, compliance and oversight. Brian holds an MBA from The College of William & Mary.



Bruce Cundick, Chief Investment Officer  
**Utah Retirement Systems** - USA

Bruce H. Cundick is Chief Investment Officer at Utah Retirement Systems, where he is responsible for directing the Investment Department and managing all investment functions of the USD 30 billion state pension fund. Bruce currently sits on the Pension Board for Intermountain Healthcare, the Investment Advisory Committee for the University of Utah, and is a Trustee of the London-based Hedge Funds Standards Board.



Shawn Bengtson, Ph.D., (Chief Investment Officer) Vice President - Investment  
**Woodmen Life Insurance** - USA

Shawn Bengtson, Ph.D., is Chief Investment Officer and Vice President, Investment for Woodmen Life, an USD 11 Billion fraternal insurance organization. With a focus on integrating enterprise risk management into investing, her 2010 paper "Insurance in a World with Climate Change" discusses the role of due diligence in asset management. She holds a Doctorate in Business from University of NE-Lincoln and a master's degree in Actuarial Science.



Andreas Grünbichler, Ph.D., Chief Financial Officer  
**Wüstenrot Insurance** - Austria

Wüstenrot Insurance is one of the largest Austrian insurance companies with more than one million customers. In addition to being Wüstenrot Insurance Chief Financial Officer, Andreas has also served as a professor in the finance departments of UCLA, University of St. Gallen and University of Vienna. His research interests include risk management, regulation and asset management. He earned his doctorate at the University of Graz.



# Topics 2021

## IMPORTANT:

This is a draft listing of the topics to be addressed at Global ARC 2021.

In response to financial market changes in the coming months, some of these topics may be merged whilst other new topics may be introduced.

Please note that the order in which the draft topics are presented below is not intended to indicate the order in which they will appear on the final program.

## Post-COVID Skillsets

"COVID-19 has not just pummeled the global economy. It has changed the trajectory of the three big forces that are shaping the modern world. Globalization has been truncated. The digital revolution has been radically accelerated. And the geopolitical rivalry between America and China has intensified."

The Economist, November 20<sup>th</sup> 2020

### What skillsets will investment managers need to thrive in financial markets so drastically reshaped by COVID?

- COVID Implications for Investments - which sectors will outperform? • Will the technology sector continue to outperform?
- Will this further lengthen the advantages of trend following vs value investing? • How will the growth in protectionism impact upon the supply chains and profitability and share price of businesses?

## Resurgent Inflation?

"Signs that inflation is making a comeback are unsettling big investors.... asset managers are now facing a barrage of questions from clients over the risks of inflation and are rushing to shore up portfolios from inflationary risks, fearing that a resurgence threatens to spoil the party."

The Financial Times, February 20<sup>th</sup> 2021

### Protecting your portfolio against inflation risk,

- To avoid a COVID driven economic slowdown governments have released unprecedented levels of spending. • Does this COVID debt spigot threaten a return to inflation? • Which investment strategies currently offer the best inflation hedge?

## ESG Investing

"Corporate ESG initiatives have an additional, unintended consequence: such forensic audits give companies the intimate information and supplier relationships needed to better survive shocks like Covid-19"

The Financial Times, July 9<sup>th</sup> 2020

### "Choosing ESG-compliant financial products increases your portfolio's resilience to external shocks." Discuss.

## SPACs

"More than 200 special purpose acquisition companies ("SPACs") came to market in 2020, raising USD 34 billion, more than quintuple the amount in 2019."

The Wall Street Journal, January 1<sup>st</sup> 2021

### Where are the most compelling investment opportunities for SPACs?

## Private Credit

"U.S. institutional investors are betting big that private credit will provide much-needed yield. Private credit assets of the largest two-hundred U.S. retirement plan nearly doubled, up 93.1% to USD 50 billion in the year ended September 30<sup>th</sup> 2020."

Pensions & Investments, February 8<sup>th</sup> 2021

### Will we see a post-COVID shake-out in the private credit market?

- Which segments of the private credit market are likely to best weather the long-term economic consequences of COVID?
- How can institutional investors distinguish private credit managers who possess the necessary skills to thrive once the current extraordinary government support measures have been removed and lending rates return to a more longterm norm?

## Correlations

### How do you create an investment portfolio that delivers low correlations in the age of the 'everything rallies' and its potential counterpart, the 'everything corrects'?

- The recent surge in prices across virtually all asset classes has been labelled the 'everything rally'. • However shrewder institutional investors recognize that the same tectonic forces that lead to lockstep asset class growth can reverse and lead to a lockstep decline in values across asset classes. • Into which strategies and with which type of manager should investors be placing their assets to protect against such an 'everything crash'?

## Quant Strategies

### The future of quant investing.

- Examining recent developments in quant strategies and technologies and what they portend for the future of the quant industry. • Sorting the quant wheat from the chaff: what metrics should institutional investors use to separate intellectually robust quant managers from the merely lucky?

## Real Estate

"After a three-to six-month coronavirus-induced pause, investor interest in real estate is ramping up as a source of yield in a low-interest-rate world... Industry insiders anticipate growing rents in niche sectors, including data centers, medical offices, cold storage and single-family homes for rent."

Pensions & Investments, January 11<sup>th</sup> 2021

### Which real estate sectors and sub-sectors are currently oversold and now offer long-term value?

- COVID has shaken up the real estate sector and propelled a bifurcation of returns between office, retail, hospitality and residential real estate. • How long is this return dispersion between the various real estate sectors likely to persist? • Which of these sectors currently represent the best long-term buy opportunity and how are these opportunities best accessed?

# Topics 2021

## Equities Strategies

“The adoption of new technological behaviors in response to the pandemic, means usage has already reached levels that were not expected for many years... Recent data shows that we have vaulted five years forward in consumer and business digital adoption in a matter of weeks.”

The Economist January 1<sup>st</sup> 2021

“Contrary to popular opinion, tech sector is not currently overvalued. In fact, their valuations fairly reflect fundamental and lasting changes to the shape of the global economy.” Discuss.

Will the return of equity dispersion herald the return to popularity of long-short strategies?

## Capturing Illiquidity Premiums

Which strategies currently offer institutional investors the best risk-adjusted illiquidity premium?

## Credit Markets

“Strong demand from investors for riskier debt can create a positive feedback loop for companies. Struggling ones can refinance their debt, holding down the overall corporate default rate. That then further boosts investor demand.”

The Wall Street Journal, February 9<sup>th</sup> 2021

Where to now for public credit strategies?

## Cryptocurrencies

“The truly big question is what does it mean for bitcoin now that institutional names are dipping their toes in the asset class and potentially bringing major money inflows with them”

The Financial Times, February 19<sup>th</sup> 2022

Has cryptocurrency finally become “institutionalized” enough to justify institutional investor interest?

## Outperforming Strategies in 2022

“Investors are returning to hedge funds after the sector posted its biggest gains in a decade in a topsy-turvy 2020. But picking which managers will do well this year will not be straightforward.... The problem, comes when investors have to decide which funds to put their money in. Far more than in most years, being in the right place at exactly the right time in 2020 really determined a manager’s fortunes, rather than an ability to dissect a balance sheet and build a pricing model.”

The Financial Times, January 23<sup>rd</sup> 2021

Which hedge fund strategies are likely to outperform in 2022 and why?

## Early Bird Rate

**USD 8,950** if you register before April 16<sup>th</sup>:  
a saving of over **30%** off the full price.

## New for 2021!

Register and pay online at [www.garcoboston.com](http://www.garcoboston.com)

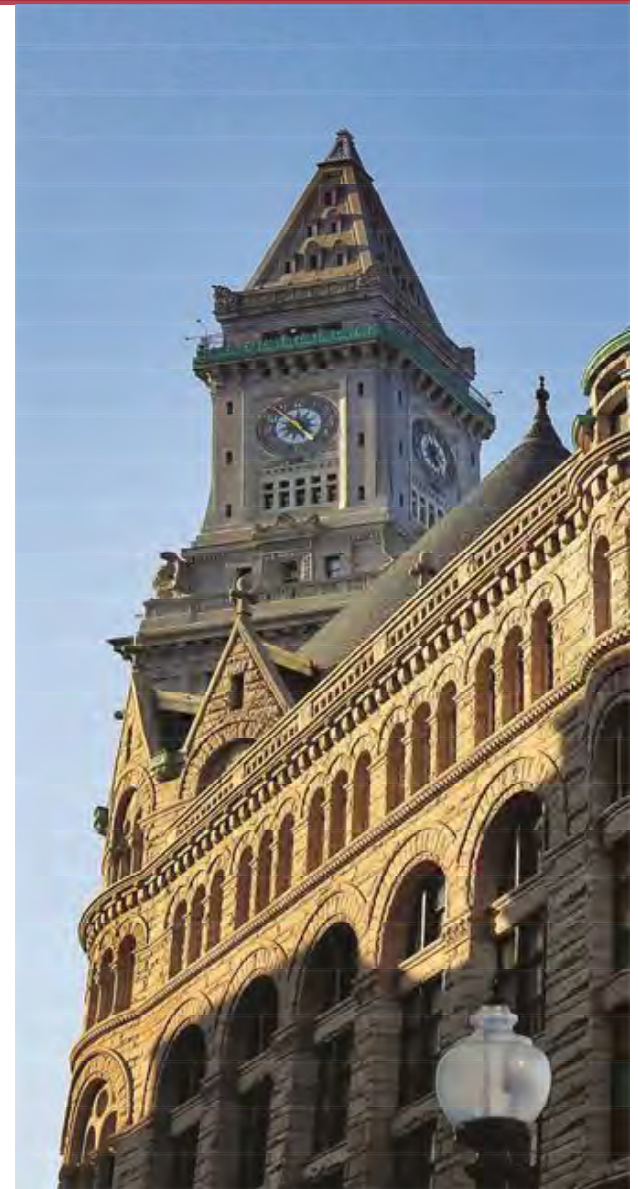
## Contacts

If you have any questions about registration please email Samantha Allwork at:

- [samantha@global-arc.net](mailto:samantha@global-arc.net)

If you have any questions about the program content or sponsorship, please email either David Stewart or Robert Bennett-Lovsey at:

- [david@global-arc.net](mailto:david@global-arc.net)
- [robert@global-arc.net](mailto:robert@global-arc.net)



# Photos: 17<sup>th</sup> Annual Global ARC Boston



Leslie Lenzo  
Chief Investment Officer  
**Advocate Aurora Health**  
- USA



Tom Tull  
Chief Investment Officer  
**Employees Retirement System of Texas** - USA



Charles Woodhouse  
Chief Investment Officer  
**QSuper** - Australia



Gzregorz Gut,  
Chief Investment Officer,  
**Shell Asset Management**  
- The Netherlands



Angela Rodell  
Chief Executive Officer  
**Alaska Permanent Fund Corporation** - USA



Paul Carrett  
Group Chief Investment Officer  
**FWD Insurance Group**  
- Hong Kong



Susan Slocum  
Chief Investment Officer  
**Children's Minnesota** - USA



Sami Lahtinen  
Chief Investment Officer  
**Valtion Eläkerahasto (The State Pension Fund of Finland)** - Finland



Arjen Pasma, Chief Risk Officer  
**PGGM** - The Netherlands

# Photos: 17<sup>th</sup> Annual Global ARC Boston



**Why the future of science will determine the future of humanity**

**Professor Lord Martin John Rees, Baron of Ludlow**  
The Astronomer-Royal  
Author 'On the Future: Prospects for Humanity'  
Co-Founder, The Centre for the Study of Existential Risk  
**University of Cambridge** - United Kingdom



**"China's politico-economic system would likely cope with an extended economic slowdown better than that of the United States." Discuss.**

**Professor Rana Mitter**  
Director of the University of Oxford China Centre  
**University of Oxford** - United Kingdom

**Professor Yasheng Huang**  
Author 'Capitalism with Chinese Characteristics'  
Epoch Foundation Professor of International Management  
**MIT Sloan School of Management** - USA



**Voters tend to be so irrational and ignorant about politics that we need to consider restricting voting rights to only the most educated and knowledgeable citizens**

**Professor Jason Brennan**  
Author 'Against Democracy'  
Robert J. and Elizabeth Flanagan Family  
Professor of Strategy,  
Economics, Ethics, and Public Policy  
**Georgetown University** - USA



**The art of statistics: learning from data.**

**Professor Sir David Spiegelhalter**  
Author 'The Art of Statistics: Learning from Data'  
Chair of the Winton Centre for Risk and Evidence Communication  
Winton Professor of the Public Understanding of Risk  
**University of Cambridge** - United Kingdom



**'Economics research can change the world for the better.' Discuss.**

(Chair) **Professor Mark Blyth**  
Author: 'Austerity: The History of A Dangerous Idea'  
The William R. Rhodes '57 Professor of International Economics  
**Brown University** - USA

**Professor Melissa Dell**, Professor of Economics  
2018 Winner of The Elaine Bennett Research Prize  
2018 Winner of The Calvó-Armengol International Prize  
**Harvard University** - USA

**Professor Stefanie Stantcheva**, Professor of Economics  
Member of The Prime Minister of France's Council of Economic Advisers  
**Harvard University** - USA

**Professor Nathaniel Hendren**, Professor of Economics  
Co-Director of the Harvard Equality of Opportunity Project  
**Harvard University** - USA

Entire program updated on March 8<sup>th</sup>-2021 • Additional speakers are being added to the panels every week • Go to [www.garcboston.com](http://www.garcboston.com) for the latest program

# Photos: 17<sup>th</sup> Annual Global ARC Boston



# Sponsors 2021



400CM is an alternative credit asset manager founded in 2008. The partners have been investing and trading in credit and structured credit markets for over three decades. We offer access to our global platform of innovative credit and structured credit investment opportunities enabling investors to take advantage of the wide range of risk and return profiles available within the credit markets. We manage over \$4 billion for global institutional investors. We have offices in New York and London and together with our affiliates employ 51 people. [www.400capital.com](http://www.400capital.com)



Leucadia Asset Management ("LAM") is a diversified alternative asset management platform offering institutional investors a wide range of innovative investment strategies through its leading boutiques. LAM includes thirteen affiliated alternative asset management businesses. Leucadia Asset Management LLC, is a subsidiary of Jefferies Financial Group Inc. (NYSE ticker: JEF), a global financial services company with USD 13 billion of permanent capital and a nearly 40-year track record of being one of the world's leading longterm investors. Significant balance sheet investments create a strategic alignment across the LAM platform, affiliated asset managers and institutional investors. [www.leucadia-am.com](http://www.leucadia-am.com)



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Monroe Capital LLC ("Monroe") is a private credit asset management firm specializing in direct lending and opportunistic private credit investing. Since 2004, the firm has provided private credit solutions to borrowers in the U.S. and Canada. Monroe's middle market lending platform provides debt financing to businesses, special situation borrowers, and private equity sponsors. Investment types include cash flow, enterprise value and asset-based loans; unitranche financings; and equity co-investments. Monroe is committed to being a value-added and user-friendly partner to business owners, senior management, and private equity and independent sponsors. The firm is headquartered in Chicago, with offices in Atlanta, Boston, Los Angeles, New York, and San Francisco. [www.monroecap.com](http://www.monroecap.com)



Founded in 1988, Campbell Lutyens is a global and independent private capital advisor, focused on fund placement and secondary advisory services. Its fund placement practice advises and raises capital globally for private equity, infrastructure and private credit managers. Its secondary advisory practice advises across a wide range of transactions, including the sale or restructuring of portfolios of funds or direct investments and GP-led liquidity and fund restructuring transactions. The firm has a team of more than 160 operating from offices in London, New York, Hong Kong, Singapore, Paris, Chicago, Los Angeles and Charlotte. [www.campbell-lutyens.com](http://www.campbell-lutyens.com)



One William Street Capital Management is an alternative investment platform focused primarily on actively managed portfolios of Asset-Based and Structured Credits. Investment strategies deploy capital across diversified opportunities consisting of Structured Credit and Structured Finance securities as well other Financial (Consumer loan) and Real asset (Residential and Commercial Real Estate) debt investments. One William Street Capital Management has over USD 5 billion of assets under management serving a global institutional investor base. The firm was founded by David Sherr in 2008 and is 100% employee-owned. [www.onewilliamstreet.com](http://www.onewilliamstreet.com)



Founded by Kenneth G. Tropin in 1994, Graham Capital Management, L.P. ("GCM") is an alternative investment manager with approximately \$16.5 billion in AUM as of March 1, 2021 and a diverse roster of global institutional and private client investors. The firm emphasizes directional trading across liquid global markets, and GCM's strategies tend to have low correlation to traditional and other alternative investments. GCM has three main pillars of its business, comprised of systematic trend-following, quantitative macro, and discretionary macro trading strategies. GCM differentiates itself with an established, long-term track record, a rigorous and comprehensive risk management process, a substantial investment in operational infrastructure, and significant proprietary capital to attract and retain talented investment professionals and develop new investment strategies. [www.grahamcapital.com](http://www.grahamcapital.com)



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PGIM Fixed Income is a global asset manager offering active solutions across all fixed income markets. The company has offices in Newark, N.J., London,

Amsterdam, Zurich, Munich, Singapore, Hong Kong, and Tokyo. As of December 31, 2020, the firm has \$968 billion of assets under management including \$415 billion in institutional assets, \$197 billion in retail assets, and \$356 billion in proprietary assets. Over 900 institutional asset owners have entrusted PGIM Fixed Income with their assets. [www.pgimfixedincome.com](http://www.pgimfixedincome.com)



The World Gold Council is the market development organisation for the gold industry. Our purpose is to stimulate and sustain demand for gold, provide industry leadership and be the global authority on the gold market. We provide insights into the international gold markets, helping people to understand the wealth preservation qualities of gold and its role in meeting the social and environmental needs of society. The membership of the World Gold Council includes the world's leading and most forward-thinking gold mining companies. [www.gold.org](http://www.gold.org)



Pretium is a specialized alternative investment management firm focused on U.S. residential real estate, residential credit, and corporate credit. Pretium was founded in 2012 to capitalize on secular investment and lending opportunities arising as a result of structural changes, disruptions, and inefficiencies within

the economy. Pretium has built an integrated analytical and operational ecosystem within the U.S. housing, residential credit, and corporate credit markets, and believes that its insight and experience within these markets create a strategic advantage over other investment managers. Pretium's platform has more than \$20 billion of assets under management. [www.pretium.com](http://www.pretium.com)



QMA Wadhvani LLP (QMAW) is a London-based asset management company founded in October 2002 as Wadhvani Asset Management by Dr. Sushil Wadhvani, CBE. It was acquired by PGIM in January 2019 and is now a

part of the QMA business. QMAW's investment team specializes in systematic/quantitative macro investing and operates independently. [www.qmaw.com](http://www.qmaw.com)



Sightway Capital, Two Sigma's private investment unit, focuses on building platform companies in financial services and real assets. The company employs a principal mindset and flexible capital approach with the goal of building successful business platforms with experienced

operators and strategic partners. The team at Sightway Capital thinks long-term, targeting business opportunities that afford both asymmetric risk rewards and enterprise value creation over time. Sightway looks for opportunities in and around several industries where the team has significant experience and a network of long-standing relationships, and works to capitalize on Two Sigma's strengths in data science and technology to help our portfolio companies, enhance our investment processes, and develop data-driven investment opportunities. For more information, please visit [www.sightwaycapital.com](http://www.sightwaycapital.com)



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**Registration Rates**

USD registration per delegate for 3 days (general sessions only)	Register and pay <u>before</u> April 16 <sup>th</sup> 2021	Register and pay <u>before</u> June 16 <sup>th</sup> 2021
Standard registration	<b>USD 8,950</b>	<b>USD 9,450</b>
Full time employees of not-for-profit pensions and endowments *	<b>USD 300 *</b>	<b>USD 350 *</b>

**Global ARC Boston Venue**

The official hotel for Global ARC 2021 is The InterContinental Boston. Delegates staying at The InterContinental Boston are entitled to a special rate. For further details or to reserve your room please contact [samantha@global-arc.net](mailto:samantha@global-arc.net)

The InterContinental Boston: 510 Atlantic Avenue, Boston, Massachusetts. [www.intercontinentalboston.com](http://www.intercontinentalboston.com)



**Important Information**

Before registering, we recommend reading our **Terms & Conditions** carefully as they contain important information. You can also email us at [register@global-arc.net](mailto:register@global-arc.net), should you need any clarification on your applicable ticket type.

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All gatherings are held strictly off-the-record with no media or press in attendance.

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For **program or sponsorship queries contact:** David Stewart at [david@global-arc.net](mailto:david@global-arc.net) or Robert Bennett-Lovsey at [robert@global-arc.net](mailto:robert@global-arc.net)

For **registration queries** contact Samantha Allwork at [samantha@global-arc.net](mailto:samantha@global-arc.net)

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## Memorandum

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**DATE:** April 19, 2021  
**TO:** Members of the Board of Retirement  
**FROM:** Suzanne Jenike, Assistant CEO, External Operations  
**SUBJECT:** **OUTCOMES OF THE MARCH 15, 2021 DISABILITY COMMITTEE MEETING**

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### Recommendation

The Disability Committee recommends that the Board:

- (1) Adopt revisions to the Disability Reemployment Policy, including changing the name to the Disability Reassignment Policy, as approved by the Disability Committee; and
- (2) Adopt revisions to the Hearing Officer Selection and Retention Policy as approved by the Disability Committee.

### Background/Discussion

- (1) Disability Reassignment (formerly Reemployment) Policy

The Disability Reemployment Policy was reviewed with the Disability Committee on March 15, 2021, and non-substantive revisions, including changing the name of the policy, were approved by the Committee.

- (2) Hearing Officer Selection and Retention Policy

The Hearing Officer Selection and Retention Policy was reviewed with the Disability Committee on March 15, 2021, and non-substantive revisions were approved by the Committee. The revisions were aimed at making the policy easier to understand and to better reflect actual practices.

A copy of both the policies as well as redlined versions are attached.

### Submitted by:



SJ-Approved

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Suzanne Jenike  
Assistant Chief Executive Officer  
External Operations



## OCERS Board Policy Disability Retirement Reassignment Policy

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### Purpose and Background

1. The purpose of this policy is to encourage the reassignment of disability retirement recipients in alternate positions under Sections 31725.5, 31725.6 and 31725.65 of the California Government Code, to provide staff with a method for delivering benefits and related services to those members and their beneficiaries and to manage the assets of the system in a prudent manner.

### Policy Objectives

2. The objectives of this policy are to:
  - a. Provide a method by which the Board of Retirement (Board) can establish that a member who is permanently incapacitated from performing the duties of their position may be medically qualified to perform the duties required of an alternate position with an OCERS' employer;
  - b. Facilitate communication between OCERS, permanently incapacitated members and employers to identify those members who will engage in a reassignment plan and to identify available positions meeting the member's medical criteria;
  - c. Provide guidance to OCERS' staff and the employer to ensure appropriate treatment during the reassignment period and upon subsequent retirement.

### Policy Guidelines

3. The Board adopts the following approach for all disability retirement recipients who are reassigned under Sections 31725.5, 31725.6 or 31725.65 of the California Government Code:
  - a. Reassigned members will be considered active members of the retirement system for all purposes except death benefit entitlement;
  - b. Reassigned members will not be entitled to a second disability retirement;
  - c. Reassigned members will receive a supplemental disability retirement allowance, which will be the difference between the job salary for the position that the member is permanently incapacitated from performing and the job salary for the alternate position. The supplemental disability allowance will not exceed the amount of the member's original disability retirement allowance, as adjusted by Cost of Living increases;
  - d. Reassigned members will pay contributions to OCERS and earn service credit;
  - e. Reassigned members will have their disability retirement allowances recalculated at the time of retirement from the alternate position.

### Policy Review

4. The Board will review this policy at least every three years to ensure that it remains relevant and appropriate. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.



## OCERS Board Policy Disability Retirement Reassignment Policy

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### Policy History

5. The Board adopted this policy on April 17, 2006. The Board reviewed this policy on August 24, 2009, November 19, 2012 and July 17, 2017.

### Secretary's Certificate

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

A rectangular box containing a handwritten signature in black ink that reads "Steve Delaney".

7/17/17

Steve Delaney  
Secretary of the Board

Date



## OCERS Board Policy

# Disability Retirement Reemployment Reassignment Policy

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### Purpose and Background

1. The purpose of this policy is to encourage the reassignment ~~reemployment~~ of disability retirement recipients in—alternate positions under Sections 31725.5, 31725.6 and 31725.65 of the California Government Code, ~~to—and~~ provide staff with a method for delivering benefits and related services to those members and their beneficiaries and ~~to for~~ managing the assets of the system in a prudent manner.

### Policy Objectives

2. The objectives of this policy are to:
  - a. Provide a method by which the Board of Retirement (Board) can establish that a ~~disabled member who is permanently incapacitated from performing the duties of their position member~~ —may be medically qualified to perform the duties required of another alternate position with an OCERS' ~~plan sponsor employer~~;
  - b. Facilitate communication between OCERS, permanently incapacitated disabled members and ~~plan sponsor employer~~s to identify those members who will engage in a ~~reassignment reemployment~~ plan and to identify available positions meeting the member's medical criteria;
  - c. Provide guidance to OCERS' staff and the ~~reemploying plan sponsor employer~~ to ensure appropriate treatment during the reassignment reemployment period and upon subsequent retirement.

### Policy Guidelines

3. The Board adopts the following approach for all disability retirement recipients who ~~become~~ are reassigned ~~reemployed~~ under Sections 31725.5, 31725.6 or 31725.65 of the California Government Code:
  - a. ~~Reassigned Reemployed~~ members will be considered active members of the retirement system for all purposes except death benefit entitlement;
  - b. ~~Reassigned Reemployed~~ members will not be entitled to a second disability retirement;
  - c. ~~Reassigned Reemployed~~ members will receive a supplemental disability retirement allowance, which will be the difference between the ~~disabled~~ job salary for the position that the member is permantently incapacitated from performing and the ~~alternate~~ job salary for the alternate position. The supplemental disability allowance will not exceed the amount of the member's original disability retirement allowance, as adjusted by Cost of Living increases;
  - d. ~~Reassigned Reemployed~~ members will pay contributions to OCERS and earn service credit;
  - e. ~~Reassigned Reemployed~~ members will have their disability retirement allowances recalculated at the time of retirement from the alternate job position.



## OCERS Board Policy

# Disability Retirement Reemployment-Reassignment Policy

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### Policy Review

4. The Board will review this policy at least every three years to ensure that it remains relevant and appropriate. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.

### Policy History

5. The Board adopted this policy on April 17, 2006. The Board reviewed this policy on August 24, 2009, November 19, 2012 and July 17, 2017.

### Secretary's Certificate

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

A rectangular box containing a handwritten signature in black ink that reads "Steve Delaney".

Steve Delaney  
Secretary of the Board

7/17/17

Date



## OCERS Board Policy

# Hearing Officer Selection and Retention Policy

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### Purpose and Background

1. The purpose of the Hearing Officer Selection and Retention Policy (Policy) is to provide OCERS with procedures for the selection and retention of Hearing Officers who will conduct administrative hearings. The Board of Retirement (Board) is charged with the responsibility of administering the System in a manner to assure prompt delivery of benefits to plan participants and their beneficiaries. Selection of competent Hearing Officers must be made in a manner that ensures the due process rights of plan participants and their beneficiaries are met.
2. Pursuant to Government Code Section 31533, the Board may appoint either a member of the Board or a member of the State Bar of California to serve as a Hearing Officer in an administrative hearing. This Policy apply only to the appointment of members of the State Bar of California as Hearing Officers.

### Policy Objectives

3. The objectives of the Hearing Officer Selection and Retention Policy are to:
  - a. Establish a procedure for the selection of Hearing Officers that complies with the due process rights of plan participants and their beneficiaries;
  - b. Establish a procedure for selection of Hearing Officers that ensures only qualified, competent and impartial Hearing Officers are appointed;
  - c. Establish a procedure for monitoring and evaluating Hearing Officers' performance so only qualified and competent Hearing Officers are retained after they have been appointed; and
  - d. Establish a procedure for assignment of Hearing Officers to individual cases that ensures the due process rights of plan participants and their beneficiaries.

### Roles and Responsibilities

4. The role of the Board of Retirement with respect to the selection of Hearing Officers is to:
  - a. Establish appropriate policies with respect to the selection and evaluation of Hearing Officers; and
  - b. Approve, upon the recommendation of the Hearing Officer Selection Panel (Panel), the appointment of qualified Hearing Officers.
5. The role of the Disability Committee with respect to the selection of Hearing Officers is to:
  - a. Monitor compliance with this Policy.
6. A Panel will consist of (i) the Chief Executive Officer, (ii) the General Counsel (iii) either the Assistant CEO for External Operations or the Director of Member Services; and (iv) either the Chair or Vice Chair of the Disability Committee and will be responsible for:
  - a. Interviewing and recommending to the Board for its approval competent and qualified Hearing Officers in conformity with the Selection Process set forth in this Policy;



## OCERS Board Policy

# Hearing Officer Selection and Retention Policy

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- b. Evaluating the performance of Hearing Officers in accordance with the process for conducting performance evaluations of Hearing Officers set forth in this Policy;
- c. Maintaining a list of Hearing Officers sufficient in number to meet OCERS' needs as set forth in this Policy.

### Hearing Officer Qualifications

- 7. A Hearing Officers must be a member of the State Bar of California (Government Code Section 31533).
- 8. Factors for consideration when selecting Hearing Officers will include the following:
  - a. Past experience as an adjudicator (e.g. judge, judge pro-tem, arbitrator etc.); and
  - b. Past experience in disability retirement, workers' compensation law and all relevant provisions of the County Employees Retirement Law, as amended.

### Hearing Officer Selection and Retention Procedure

#### *The Selection Process*

- 9. Request for Proposals
  - a. Whenever the General Counsel determines that it is necessary in order to maintain a sufficient number of Hearing Officers, the Panel will initiate a Request for Proposals (RFP).
  - b. At the discretion of the Chief Executive Officer, the RFP may be published in major legal periodicals, journals, and/or bar association magazines. The RFP may also be posted at OCERS' web site and at other job related web sites. In addition, the RFP may be sent to potential candidates that are brought to the attention of the General Counsel.
- 10. Selection Process
  - a. The General Counsel or their designee will collect and review the responses to the RFP and select the qualified candidates for formal interviews.
  - b. The Panel will conduct formal interviews of the candidates selected by the General Counsel. The interviews may be conducted in person or virtually. The Panel will review writing samples, references, or other materials that would reflect upon the candidate's ability to competently perform the duties of a Hearing Officer. Based on the interviews and review of materials, the Panel will select the candidates to recommend to the Board for appointment as Hearing Officers.
  - c. Prior to submitting the list of recommended candidates to the Board, the list will be submitted to employers of OCERS and employee representation units. Those entities will be provided a brief outline of the qualifications of the candidates and be given fifteen (15) days to comment on the list of proposed Hearing Officers.
  - d. Employers, employee representation units may provide additional comments in writing or in person with respect to the proposed list of candidates at the time that the Board is to vote on the list of proposed Hearing Officers.



## OCERS Board Policy

# Hearing Officer Selection and Retention Policy

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### *Hearing Officer Contracts*

#### 11. Term of Appointment

- a. Subsequent to appointment by the Board, each Hearing Officer will execute an Agreement for Hearing Officer Services agreement (Agreement). Among other terms, the Agreement will allow for the termination of the Agreement by either party with cause.

#### 12. Expiration of Agreement for Hearing Officer Services

The Agreement shall terminate at the end of its seven year term, provided however, that the term may be extended by the Chief Executive Officer and General Counsel in order for the Hearing Officer to complete any appeals that are not yet final (as defined by the OCERS Administrative Review and Hearing Policy) as of the end of the seven year term. Upon expiration of the Agreement, the Hearing Officer is prohibited from reapplying to serve as a Hearing Officer for a period of two years after the expiration of the previous Agreement, and must participate in the Hearing Officer Selection Process again as a condition to being awarded a new contract.

#### 13. Compliance with OCERS Administrative Review and Hearing Policy

- a. Each agreement will contain a provision whereby the Hearing Officer agrees that they will be bound by the OCERS Administrative Review and Hearing Policy, which may be amended by OCERS from time to time, and that his or her duties shall be performed in a timely and efficient manner, including within the time frames set forth in the OCERS Administrative Review and Hearing Policy.

#### 14. Code of Judicial Ethics

- a. Each Agreement will contain a provision whereby the Hearing Officer agrees that they are subject to and bound by the provisions of subdivision D of Canon 6 of the Code of Judicial Ethics.

### *Hearing Officer Performance Evaluations*

#### 15. Evaluation Criteria

##### a. Quality of opinions

- i. A record shall be maintained of the number of times that a Hearing Officer's recommendation is overturned by the Superior Court on a writ.
- ii. Recommendations of the Hearing Officer shall be reviewed by the General Counsel or their designee to determine whether they are well reasoned and logically apply the law to the facts of a given case.

##### b. Timeliness of opinions

- i. A record will be maintained of the number of times that a Hearing Officer's recommendation is tardy.
- ii. The record shall also include the number of recommendations issued by the Hearing Officer during the contract term.





## OCERS Board Policy

# Hearing Officer Selection and Retention Policy

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### 16. Evaluation Process

- a. The Panel will evaluate each Hearing Officer based on the criteria listed in Section 15, above, within four (4) years of their appointment.
- b. In addition, the General Counsel will at any time during the term of the Agreement evaluate a particular Hearing Officer to determine whether cause exists to terminate the Agreement with that Hearing Officer. Cause for termination includes, but is not limited to, a finding by the General Counsel that the Hearing Officer has repeatedly failed to file their Proposed Findings of Fact and Recommended Decision in a timely manner, engaged in fraudulent billing practices, or has been publicly disciplined by the State Bar of California.
- c. Based on the above referenced evaluations with respect to a particular Hearing Officer, the Chief Executive Officer or General Counsel will recommend to the Board that it terminate the Agreement prior to its normal expiration date or take other appropriate action as necessary.

## Miscellaneous

### *Assignment of Cases*

17. Pursuant to the OCERS Administrative Review and Hearing Policy, the OCERS Legal Division will review, maintain, and formalize a system that ensures that Hearing Officers are assigned cases on a rotational basis, while ensuring that, to the extent possible, each Hearing Officer is assigned an equal number of cases. The General Counsel or their designee shall oversee this process.

### *Number of Hearing Officers*

18. At all times, the General Counsel will make reasonable efforts to maintain a list of Hearing Officers sufficient in number to meet the needs of OCERS, and if the General Counsel concludes that the number of Hearing Officers is insufficient, recommend to the Panel that additional Hearing Officers are necessary. The General Counsel will determine the number of Hearing Officers necessary to meet those needs based upon the following factors:
  - a. The average number of hearings per month;
  - b. The number of hearings per month assigned to each Hearing Officer;

### *Remuneration*

19. To attract and retain the most qualified Hearing Officers, the General Counsel will review, from time to time and before the issuance of any RFP, the contracted rate of pay for OCERS' Hearing Officers. The purpose of the review will be to determine whether OCERS' rate of pay is competitive with current market rates paid for Hearing Officer services by other public retirement systems similarly situated to OCERS.



## OCERS Board Policy Hearing Officer Selection and Retention Policy

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20. Based on this review, the General Counsel may recommend that the Board of Retirement consider modifications to the Hearing Officers' rate of pay.

### Document Terms

21. For purposes of this policy, the term Hearing Officer shall have the same meaning as the term referee, as that term is used in the relevant sections of the California Government Code.

### Policy Review

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

### Policy History

23. This Policy was adopted by the Board on April 17, 2000. It was amended on February 22, 2005 and May 16, 2005; reviewed on June 18, 2007 with no changes; and amended on August 23, 2010, January 21, 2014, December 19, 2016 and January 16, 2018.

### Secretary's Certificate

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

Steve Delaney, Secretary of the Board

01/16/18

Date



## OCERS Board Policy

# Hearing Officer Selection and Retention Policy

---

### Purpose and Background

1. The purpose of the Hearing Officer Selection and Retention Policy (Policy) is to provide OCERS with procedures for the a framework for selection and retention of Hearing Officers who will conduct for administrative hearings. The Board of Retirement (Board) is charged with the responsibility of administering the System in a manner to assure prompt delivery of benefits and related services to plan participants and their beneficiaries. Selection of competent Hearing Officers must be made in a manner that assures-ensures the due process rights of plan participants and their beneficiaries are met.
2. Pursuant to Government Code Section 31533, the Board of Retirement may has the right to appoint either a member of the Board or a member of the State Bar of California-one of its own members to serve as a Hearing Officer in an administrative hearing. The procedures delineated in this This Policy apply only to the appointment of members of the State Bar of California as external third party Hearing Officers.

### Policy Objectives

3. The objectives of the Hearing Officer Selection and Retention Policy are to:
  - a. Establish a procedure for the selection of Hearing Officers that complies with the due process rights of plan participants and their beneficiaries;
  - b. Establish a procedure for selection of Hearing Officers that assures-ensures only qualified, competent and impartial Hearing Officers are appointed;
  - c. Establish a procedure for monitoring and evaluating Hearing Officers' performance to assure that so only qualified and competent Hearing Officers are retained after they have been appointed; and
  - d. Establish a procedure for assignment of Hearing Officers to individual cases that complies-ensures with the due process rights of plan participants and their beneficiaries.

### Roles and Responsibilities

4. The role of the Board of Retirement with respect to the selection of Hearing Officers is to:
  - a. Establish appropriate policies with respect to the selection and evaluation of Hearing Officers; and
  - b. Approve, upon the recommendation of the Hearing Officer Selection Panel (Panel), the appointment of qualified Hearing Officers where it is determined that such Hearing Officers are qualified.
5. The role of the Disability Committee with respect to the selection of Hearing Officers is to:
  - a. Monitor compliance with Board of Retirement policies this Policy.
6. A Hearing Officer Selection Panel will consist consisting of (i) the Chief Executive Officer, (ii) the General Counsel (iii) either the Assistant CEO for External Operations or the Director of Member Services; and (iv) either the Chair or Vice Chair of the Disability Committee and will shall be responsible for:
  - a. Interviewing and recommending to the Board of Retirement for its approval competent and qualified Hearing Officers in conformity with the Selection Process set forth in this Policy;



## OCERS Board Policy Hearing Officer Selection and Retention Policy

- b. Evaluating the performance of Hearing Officers in accordance with the process for conducting performance evaluations of Hearing Officers ~~Performance Evaluations~~ set forth in this Policy;
- c. Maintaining a list of Hearing Officers sufficient in number to meet OCERS' needs as set forth in this Policy.

### Hearing Officer Qualifications

- 7. ~~All~~ Hearing Officers must be a ~~members~~ of the State Bar of California (Government Code Section 31533).
- 8. ~~Additional~~ ~~Ff~~ factors for consideration when selecting Hearing Officers will shall include the following:
  - a. Past experience as an adjudicator (e.g. judge, judge pro-tem, arbitrator etc.); and
  - b. Past experience in disability retirement, ~~or~~ workers' compensation law and all relevant provisions of the County Employees Retirement Law, as amended.

### Hearing Officer Selection and Retention Procedure

#### *The Selection Process*

- 9. Request for Proposals
  - a. Whenever the General Counsel determines that it is necessary in order to maintain a sufficient number of Hearing Officers, the ~~Hearing Officer Selection Panel~~ shall will initiate a Request for Proposals (RFP).
  - b. At the discretion of the Chief Executive Officer, the RFP may be published in major legal periodicals, journals, and/or bar association magazines. The RFP may also be posted at OCERS' web site and at as well as other job related web sites. ~~Further,~~ In addition, the RFP may be sent to potential candidates that are brought to the attention of the ~~Chief Executive Officer~~ General Counsel.
- 10. Selection Process
  - a. The ~~Hearing Officer Selection Panel~~ General Counsel or their designee will collect and shall review the responses to the RFP and select the qualified candidates for formal interviews.
  - b. The ~~Hearing Officer Selection Panel~~ shall will conduct formal interviews of the qualified candidates selected by the General Counsel. The interviews may be conducted in person or virtually. At the Hearing Officer Selection The Panel's discretion, will review writing samples, references, or other materials that would reflect upon on the candidate's ability to competently perform the duties of a Hearing Officer ~~may be required~~. Based on these interviews and review of materials, the ~~Hearing Officer Selection Panel~~ shall will select the compile a list of candidates ~~that it to~~ recommends to the Board ~~of Retirement~~ for appointment as Hearing Officers.
  - c. Prior to submitting the list of recommended candidates to the Board ~~of Retirement~~, the list shall will be submitted to ~~plan sponsor employers~~ of OCERS, and employee representation units, ~~of these plan sponsors, and attorneys who regularly represent OCERS members in administrative hearings.~~



## OCERS Board Policy

# Hearing Officer Selection and Retention Policy

~~These Those~~ entities ~~and individuals shall will~~ be provided a brief outline of the qualifications of the candidates and be given allowed a reasonable amount of time in which to fifteen (15) days to comment on the list of proposed Hearing Officers.

- d. ~~Plan sponsors Employers,~~ employee representation units, ~~attorneys or other interested individuals~~ may provide additional comments in writing or in person with respect to the proposed list of candidates at the time that the Board ~~of Retirement~~ is to vote on the list of proposed Hearing Officers.

~~e. These selection procedures shall apply to all external third party Hearing Officers.~~

### Hearing Officer Contracts

#### 11. Term of Appointment

- a. Subsequent to appointment by the Board ~~of Retirement~~, each Hearing Officer ~~shall will~~ execute an ~~independent contractor Agreement for Hearing Officer Services~~ agreement (Agreement) ~~(contract) to provide services as a Hearing Officer for OCERS.~~ Among other terms, the ~~contract Agreement will shall~~ allow for the termination of the Agreement services by either party with cause.

~~b. The contract shall provide for a term of seven years.~~

#### 12. Expiration of Contract Agreement for Hearing Officer Services

The contract Agreement shall terminate at the end of its seven year term, provided however, that the term may be extended by the Chief Executive Officer and General Counsel in order for the Hearing Officer to complete any appeals that are not yet final (as defined by the OCERS Administrative Review and Hearing Rules Policy) as of the end of the seven year term. Upon expiration of the ~~contract Agreement~~, the Hearing Officer ~~cannot is prohibited from reapplying reapply~~ to serve as a Hearing Officer ~~until for a period of~~ two years after the expiration of the previous ~~contract Agreement~~, and must participate in the Hearing Officer Selection Process again as a condition to being awarded a new contract.

#### 13. Compliance with OCERS Rules Administrative Review and Hearing Policy

- a. Each ~~contract agreement will shall~~ contain a provision whereby the Hearing Officer agrees that ~~s/het they~~ will be bound by the OCERS Administrative Review and Hearing Policy Rules, which may be amended by OCERS from time to time, and that his or her duties shall be performed in a timely and efficient manner, including within the time frames set forth in the OCERS Administrative Review and Hearing Policy Rules.

#### 14. Code of Judicial Ethics

- a. Each ~~contract Agreement will shall~~ contain a provision whereby the Hearing Officer agrees that ~~he or she they are is~~ subject to and bound by the provisions of subdivision D of Canon 6 of the Code of Judicial Ethics.



## OCERS Board Policy Hearing Officer Selection and Retention Policy

### *Hearing Officer Performance Evaluations*

#### 15. Evaluation Criteria

##### a. Quality of opinions

- i. A record shall be maintained of the number of times that a Hearing Officer's recommendation is overturned by the Superior Court on a writ.
- ii. Recommendations of the Hearing Officer shall be reviewed by the General Counsel or ~~his or her~~ their designee to determine whether they are well reasoned and logically apply the law to the facts of a given case.

##### b. Timeliness of opinions

- i. A record ~~shall will~~ be maintained of the number of times that a Hearing Officer's recommendation is ~~issued after its due date~~ tardy.
- ii. The record shall also include the number of recommendations issued by the Hearing Officer during the contract term.

#### 16. Evaluation Process

- a. The ~~Hearing Officer Selection~~ Panel will evaluate each Hearing Officer based on the criteria listed in Section 15, above, within four (4) years of ~~his or her~~ their appointment.
- b. In addition, the ~~Hearing Officer Selection Panel~~ General Counsel will shall at any time during the term of the ~~contract Agreement~~ evaluate a particular Hearing Officers to determine whether cause exists to terminate the ~~contract Agreement~~ with that the Hearing Officer. Cause for termination includes, but is not limited to, a finding by the ~~Hearing Officer Selection Panel~~ General Counsel that the Hearing Officer has repeatedly failed to ~~submit file their Proposed Findings of Fact and Recommended Decision, Conclusions of Law and Recommendations~~ in a timely manner, ~~has~~ engaged in fraudulent billing practices, or has been publicly disciplined by the State Bar of California.
- c. Based on the above referenced evaluations with respect to a particular Hearing Officer, the Chief Executive Officer or General Counsel ~~may will~~ recommend to the Board ~~of Retirement~~ that it terminate the ~~contract Agreement~~ prior to its normal expiration date or take other appropriate action as necessary.

## Miscellaneous

### *Assignment of Cases*

17. ~~Pursuant to the OCERS Administrative Review and Hearing Policy, the OCERS Legal Division will staff shall~~ review, maintain, and formalize a system that ensures that Hearing Officers are assigned cases on a ~~random rotational~~ basis, while ensuring that, to the extent possible, each Hearing Officer is assigned an equal number of cases. The General Counsel or ~~his or her~~ their designee shall oversee this process.



# OCERS Board Policy Hearing Officer Selection and Retention Policy

## Number of Hearing Officers

18. At all times, the ~~Hearing Officer Selection Panel~~ General Counsel will ~~shall~~ make ~~all~~ reasonable efforts to maintain a list of Hearing Officers sufficient in number to meet the needs of ~~OCERS~~ OCERS, and if the General Counsel concludes that the number of Hearing Officers is insufficient, recommend to the Panel that additional Hearing Officers are necessary. The General Counsel will determine the number of Hearing Officers necessary to meet those needs based upon the following factors:
- a. The average number of hearings per month ~~during the calendar year;~~
  - b. The number of hearings per month assigned to each Hearing Officer;

## Remuneration

19. ~~In order to help~~ To attract and retain the most qualified Hearing Officers ~~possible,~~ the General Counsel ~~shall~~ will review, from time to time and before the issuance of any RFP, the contracted rate of pay for OCERS' Hearing Officers. The purpose of the review ~~shall~~ will be to determine whether OCERS' rate of pay is competitive with current market rates paid for Hearing Officer services by other public retirement systems similarly situated to OCERS.
20. Based on this review, the General Counsel may recommend that the Board of Retirement consider modifications to the Hearing Officers' ~~contracted~~ rate of pay.

## Document Terms

21. For purposes of this policy, the term Hearing Officer shall have the same meaning as the term referee, as that term is used in the relevant sections of the California Government Code.

## Policy Review

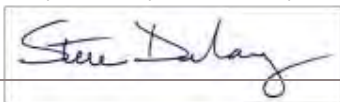
22. The Board ~~of Retirement~~ will review this ~~p~~ Policy at least every three (3) years to ensure that it remains relevant and appropriate.

## Policy History

23. ~~The Hearing Officer Selection and Retention~~ This Policy was ~~originally approved and~~ adopted by the Board ~~of Retirement~~ on April 17, 2000. It was amended on February 22, 2005 and May 16, 2005; reviewed on June 18, 2007 with no changes; and amended on August 23, 2010, January 21, 2014, December 19, 2016 and January 16, 2018.

## Secretary's Certificate

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



01/16/18



## **OCERS Board Policy Hearing Officer Selection and Retention Policy**

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Steve Delaney, Secretary of the Board

Date





## Memorandum

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**DATE:** April 19, 2021  
**TO:** Members of the Board  
**FROM:** Steve Delaney, Chief Executive Officer  
Suzanne Jenike, Assistant CEO, External Operations  
**SUBJECT: IMPLEMENTATION OF ALAMEDA DECISION**

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### Background/Discussion

On July 30, 2020, the California Supreme Court issued a unanimous decision in *Alameda County Deputy Sheriff's Assoc. et al., v. Alameda County Employees' Retirement Assn., et al.* (Alameda). The decision resolved a series of legal challenges which sought to prevent county retirement boards' implementation of amendments, commonly known as PEPRA, to the County Employees Retirement Law of 1937 ("CERL"), Govt. Code §31450 *et seq.* that went into effect on January 1, 2013.

That decision placed a number of obligations on the OCERS Board of Retirement:

1. PEPRA being found constitutional must be applied to legacy (pre January 1, 2013) members as of the date it became effective, January 1, 2013;
2. County retirement board were obligated to follow PEPRA as written. While the boards have discretion to interpret their governing law consistent with its terms, they have no authority to include as "compensation earnable" amounts that are expressly excluded by the law;
3. Among the express exclusions under PEPRA that the OCERS Board must make from "compensation earnable" are pay received for additional services rendered outside of normal working hours, based on the same number of hours of work in a year for all employees in the same grade or class

On August 17, 2020, based on the Supreme Court's ruling, OCERS administrative staff informed the OCERS Board that beginning October 1, 2020 we would no longer collect pension contributions on those excluded pay items, nor would we include them in new benefit calculations until such time as the OCERS Board made a determination as to how best to implement the court's findings.

In the ensuing months OCERS administrative staff held numerous meetings with both employer and labor representatives to better understand the nature and usage of the pay items in question, reporting our progress to the OCERS Board at each monthly meeting.

Finally, on March 15, 2021, the OCERS administrative staff made the first of two series of recommendations to the OCERS Board of Retirement: 1) adopt a test for the purpose of determining whether certain items of pay can be included in compensation earnable under the terms of the OCERS' plan document, and 2) adopt a definition of normal working hours.

The test and definition, as approved by the Board on March 15, 2021, are:

Basic Test: Pay for services rendered outside normal working hours is excluded from compensation earnable. Conversely, pay for services rendered during normal working hours is included in compensation earnable (unless the Board otherwise determines the pay was given in order to enhance a member's retirement allowance).

Definition of Normal Working Hours: "Normal working hours" are hours that (1) are required to be worked as part of the employee's regular duties; (2) are ordinarily worked by all other members in the same grade/class/rate of pay as the employee; and (3) are not and cannot be voluntarily worked by the employee.

On March 15, 2021, the Board also referred several proposed policies and administrative procedures associated with the calculation of compensation earnable to the Governance Committee for review, approval and recommendation. On March 19, 2021, the Governance Committee met and reviewed the policies and administrative procedures and requested several revisions. The Governance Committee now recommends the Board approve the policies and administrative procedures, as revised by the committee, that accompany this Memorandum.

Staff has applied the Board approved test and definition of normal working to the master list of pay items and finds that the designation of the following pay items should be modified from "pensionable" to "non-pensionable" and employers should no longer be deducting employee contributions on these pay items.

**Pay Items:**

- ∑ County of Orange
  - Attorney Special Duty Pay<sup>1</sup> - AS
  - Sheriffs Canine Pay<sup>2</sup> - K9PAY
  - On Call Pay<sup>3</sup> - OC
- ∑ Orange County Fire Authority
  - On Call Pay - OC
- ∑ Transportation Corridor Agencies
  - Stand-By Statistical - SB
- ∑ City of San Juan Capistrano
  - On Call Pay - OC

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<sup>1</sup> OCERS staff believes that the Attorney Special Duty Pay received by County of Orange attorneys associated with preparation for conducting parole hearings may be pensionable as skills-based services performed during normal working hours. However, in order to be recognized as pensionable, OCERS requires that the pay be reported to OCERS as a separate and distinct pay item. The items of pay other than pay for preparation for conducting parole hearings that are currently included in Attorney Special Duty Pay, including Search Warrant Duty Pay, Parole Hearing Travel Time, Juvenile Hotline Assignment Pay, County Counsel Juvenile Warrant and Emergency Petition Assignment Pay, are pay for additional services rendered outside of normal working hours and are therefore non-pensionable, and should no longer be reported under the Special Duty Pay code.

<sup>2</sup> This is pay at one and one-half times the regular rate of pay for 30 minutes per day, seven days a week, to care for and maintain the police service dogs when the service dog is kenneled at the handler's residence while the handler is off-duty.

<sup>3</sup> On call pay is paid by the County of Orange to Sheriffs assigned to the Homicide Detail, the Bomb Squad, the District Attorney Special Assignments Unit, and to the AOCDs President.

- ∑ Sanitation District
  - On Call Pay - OC
- ∑ Superior Court
  - On Call Pay - OC

**Staff Recommendations:**

- 1. STAFF RECOMMENDS THE BOARD APPROVE THE UPDATED PENSIONABLE DESIGNATION OF THE FOLLOWING PAY ITEMS AS A RESULT OF STAFF'S APPLICATION OF THE TEST AND DEFINITION OF NORMAL WORKING HOURS, AND FIND THESE PAY ITEMS ARE NOT PENSIONABLE:**
  - a. County of Orange: Attorney Special Duty Pay<sup>4</sup>, Sheriffs Canine Pay and On Call Pay
  - b. Orange County Fire Authority: On Call Pay
  - c. Transportation Corridor Agencies: Stand-By Statistical
  - d. City of San Juan Capistrano: On Call Pay
  - e. Sanitation District: On Call Pay
  - f. Superior Court: On Call Pay
  
- 2. THE GOVERNANCE COMMITTEE RECOMMENDS THE BOARD APPROVE REVISIONS TO THE FOLLOWING POLICIES, PROCEDURES, PAY ITEM REQUEST FORM AND ADMINISTRATIVE PROCEDURES (OAP) REGARDING COMPENSATION EARNABLE TO REFLECT THE APPROVED TEST AND DEFINITION OF NORMAL WORKING HOURS:**
  - a. Compensation Earnable Policy
  - b. Pensionable Compensation Policy
  - c. Pay Item Request and Approval Procedures for Employers
  - d. Employer Pay Item Request Form
  - e. Compensation Earnable and Pensionable Compensation Determination OAP
  - f. Final Average Salary Calculation OAP
  
- 3. STAFF RECOMMENDS THE BOARD DIRECT STAFF TO:**
  - a. Recalculate retirement allowances prospectively excluding the aforementioned pay items from compensation earnable for any payee with a benefit effective date of January 1, 2013 through October 1, 2020<sup>5</sup>;
  - b. Recover overpayments made to such payees between January 1, 2013 and October 1, 2020 by offsetting them against any over-collected employee contributions during that period.<sup>6</sup> Any remaining overpayments made between January 1, 2013 and October 1, 2020 will be recovered via the actuarial valuation process (see f below);
  - c. Credit/refund overpaid employee contributions that are remaining after being offset against the overpayments in 3.b above to the payees, if applicable;
  - d. Credit/refund any overpaid employee contributions made between January 1, 2013 and October 1, 2020 to non-payees as of October 1, 2020; and

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<sup>4</sup> With the exception of pay for preparation for conducting parole hearings, provided the County reports this pay to OCERS as a separate and distinct item of pay. See footnote 1, above.

<sup>5</sup> These pay items were excluded from compensation earnable for payees with benefit effective dates after October 1, 2020 pursuant to the Board's discussion on August 17, 2020.

<sup>6</sup> Interest will not be added to overpayments made from January 1, 2013 through October 1, 2020.

- e. Collect overpayments made between October 1, 2020 and the date of the benefit recalculation in 3.a. above from the payee in accordance with the Overpayment/Underpayment of Plan Benefits Policy.
- f. Actuarial valuation process for recovering overpayments – Any remaining overpayments from 3.b above to be recovered from the employers by continuing to recognize the overpayments as part of the employers' unfunded actuarial accrued liability (UAAL).

**Submitted by:**



SD - APPROVED

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Steve Delaney  
Chief Executive Officer

**Submitted by:**



SJ - APPROVED

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Suzanne Jenike  
Assistant CEO, External Operations



## OCERS Board Policy

# Compensation Earnable Policy

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## Purpose and Background

1. The purpose of this policy is to affirm OCERS' interpretation of the term Compensation Earnable as set forth in California Government Code section 31461 (Section 31461) and OCERS Board of Retirement Resolution 98-001 (Resolution 98-001).
2. Resolution 98-001 was adopted by the OCERS Board of Retirement (Board) on February 6, 1998, in order to implement the decision of the California Supreme Court (Supreme Court) in the case *Ventura County Deputy Sheriffs' Association vs. Board of Retirement of Ventura County Employees Retirement Association* (1997) 16 Cal.4th 483 (Ventura Decision). The Supreme Court in the Ventura Decision interpreted Section 31461 and the term Compensation Earnable and mandated a change in the method for calculating pension benefits for members and their beneficiaries by retirement systems governed by the County Employees Retirement Law of 1937 (CERL).
3. Resolution 98-001, among other things, reflects the Board's interpretation of the Ventura Decision as it applies to various types or categories of speciality or premium pay received by OCERS members from their employers, and delineates those items of pay that are to be included in and those that are to be excluded from Compensation Earnable.
4. On May 4, 1998, Resolution 98-001 was amended by Board Resolution 98-009 in response to litigation brought by the County of Orange and others challenging the legality of Resolution 98-001. Resolution 98-009 deleted Sections 6, 8 and a portion of Section 9 of Resolution 98-001 related to the imposition of contributions in arrears stemming from the change in contribution rates that resulted from the implementation of Resolution 98-001. Additionally on December 18, 2000, Resolution 98-001 was further amended by Resolution 00-003 to address the treatment of certain automobile allowances. For purposes of this policy, any reference to Resolution 98-001 will be as Resolution 98-001 was amended by Resolutions 98-009 and 00-003.
5. OCERS was a party to several litigation matters that arose subsequent to the Ventura Decision and adoption of Resolution 98-001. These cases were coordinated as class actions in San Francisco Superior Court with other litigation involving other county retirement systems involving the interpretation and implementation of the Ventura Decision (Coordinated Cases).
6. On November 1, 2002, the San Francisco Court entered a judgment (Judgment) approving a settlement agreement of the Coordinated Cases that, among other things, included an agreement that all parties would "... accept as final and binding the inclusions and exclusions from compensation, compensation earnable and final compensation ..." as set forth in Resolution 98-001.
7. In 2012, the California Legislature adopted AB 197 and the Public Employees Pension Reform Act of 2012 (PEPRA), which among other things, effective January 1, 2013, amended Section 31461 to add subdivision (b), a list of items of compensation that are expressly excluded from Compensation Earnable. Among the items of compensation excluded from Compensation Earnable by subdivision (b) of Section 31461 are (1) compensation determined by the board to have been paid to enhance a member's retirement allowance, (2) payments for unused vacation, annual leave, etc., in an amount that exceeds what is earned and payable in each 12-month period during the Final



## OCERS Board Policy

# Compensation Earnable Policy

Compensation Period, (3) payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise, and (4) payments made at termination of employment, except those that do not exceed what is earned and payable in each 12-month period during the Final Compensation Period. PEPRRA also added a new term – Pensionable Compensation – to define the items of compensation that are permitted to be included in the calculation of the retirement allowances of OCERS members enrolled in the pension system on or after January 1, 2013. OCERS members who were members of the system prior to January 1, 2013 are referred to as Legacy members in this policy.

8. A number of lawsuits were filed shortly after PEPRRA became effective. One of these lawsuits was appealed to the Supreme Court, and on July 30, 2020, resulted in a decision of the court upholding as constitutional AB 197 and PEPRRA, including the amendments to Section 31461. (*Alameda County Deputy Sheriff's Association v. Alameda County Employees' Retirement Association* 9 Cal.5th1032; the Alameda Decision.) The Board has amended Paragraph 10 below to reflect the holding of the Supreme Court in the Alameda Decision.

## Policy Objectives

9. The objectives of this policy are to ensure that OCERS fully complies with applicable law including the Alameda Decision when calculating Compensation Earnable and Legacy members' retirement benefits, and to reaffirm the continued applicability of Resolution 98-001 as upheld by the Judgment in the Coordinated Cases.

## Policy Guidelines

10. **Compensation Earnable.** Compensation Earnable for Legacy members will be calculated by OCERS in accordance with the following guidelines.

(a) **Pay Items Included in Compensation Earnable.**

In accordance with Resolution 98-001 and subdivisions (a) and (b) of Section 31461, remuneration that is (i) earned and receivable in cash (under the applicable MOU) by the retiring employee, (ii) during the final compensation period (as defined by Sections 31462 and 31482.1 of the Government Code; hereafter Final Compensation Period), and (iii) for services performed during Normal Working Hours (defined below) will be included in Compensation Earnable, including but not limited to the following items of compensation, and others substantially similar to them:

- Σ Base Salary and Wages
- Σ Bilingual Premium Pay
- Σ Educational Incentive ("POST") Pay
- Σ Aircraft Rescue Firefighting
- Σ Paramedic Pay
- Σ Motorcycle Bonus



## OCERS Board Policy

# Compensation Earnable Policy

- Σ Emergency Dispatch Pay
- Σ Field Training Officer Bonus
- Σ Shift Differential Pay
- Σ Confined Space Pay
- Σ Longevity Incentive
- Σ Automobile Allowance, if paid in cash; and for members whose Final Compensation Period includes time before January 1, 2001, also to the extent that the automobile was provided for personal use and declared as income
- Σ Uniform Allowance
- Σ Uniform Maintenance Allowance
- Σ Payoffs of Vacation, Sick and Holiday leave time to the extent it was (i) earned in each 12-month period of the Final Compensation Period (pro-rated on a monthly basis); (ii) not taken as time off; and (iii) permitted to be cashed-out during the Final Compensation Period (pro-rated on a monthly basis) under the applicable MOU, regardless of when actually paid or cashed out
- Σ Employee Contributions to a Deferred Compensation Plan [already included in Base Wages and Salary, above]
- Σ "Mandatory or Scheduled Overtime" (including pay items such as On-Call and Standby) provided that it is pay for services rendered during the employee's Normal Working Hours (defined below).
- Σ Compensatory Time (excluding "True Overtime" as defined in Section 10(b) below) in excess of minimum required reserve
- Σ "Madera" Pay (see, *Madera Police Officers Association v. City Of Madera* 36 Cal.3d 403)
- Σ Additional Compensation for Scheduled Meal Periods
- Σ Flexible Benefits ("Cafeteria Plan") paid in cash to members retiring before January 1, 1991

**(b) Pay Items Excluded from Compensation Earnable.**

In accordance with Resolution 98-001 and subdivisions (a) and (b) of Section 31461, remuneration or other value to the employee that (i) is neither earned nor payable in cash to the employee during the Final Compensation Period; and (ii) is not for services rendered during the employee's Normal Working Hours (defined below) will be excluded from Compensation Earnable, including but not limited to the following items, and others substantially similar to them:

- Σ "True Overtime", including but not limited to On-Call, Standby and similar pay, for additional services rendered outside of Normal Working Hours (as defined below), whether paid in a lump sum or otherwise



## OCERS Board Policy

# Compensation Earnable Policy

- ∑ Employer Contributions to a Deferred Compensation Plan
- ∑ Employer Contributions to the Retirement System
- ∑ Employer "pick up" of Employee Contributions to the Retirement System
- ∑ Payoffs or cash outs of Vacation and Sick Leave and Holiday Pay, to the extent neither earned nor permitted to be cashed out under the applicable MOU, during each 12-month period of the Final Compensation Period, regardless of when actually paid or cashed out
- ∑ Flexible Benefits ("Cafeteria Plan") provided in-kind
- ∑ Flexible Benefits ("Cafeteria Plan") paid in cash to members retiring on and after January 1, 1991
- ∑ Terminal ("Final") Pay, unless included in Compensation Earnable under Section 10(a), above
- ∑ Expense Reimbursements
- ∑ In-Kind Advantages (e.g. food, lodging, board, laundry, fuel)
- ∑ Fees, Licenses, Memberships provided to the member by the employer
- ∑ Automobile Allowance, if the automobile is provided for personal use and the allowance is not paid in cash, whether or not declared as income, for members whose Final Compensation Periods **do not** include time before January 1, 2001.

(c) **Definition of Normal Working Hours.**

Normal Working Hours are hours that (i) are required to be worked as part of the employee's regular duties; (ii) are ordinarily worked during the period in question by all other members in the same grade/class/rate of pay as the employee; **and** (iii) are not and cannot be voluntarily worked by the employee. "Ordinarily worked" does not include time served on a temporary or emergency basis.

(d) **Calculation of Compensation Earnable.**

The retiring employee's compensation will be "regularized" to what would have been received had the employee been paid for a normal work schedule during the Final Compensation Period. OCERS Staff will calculate Compensation Earnable (Earnable Salary) by creating a fraction, the numerator of which is the amount of the employee's qualifying compensation and the denominator of which is the number of ordinary work hours for which the employee was actually paid. Staff will then multiply that fraction by the number of paid hours ordinarily required to be worked by all other members in the same grade/class as the retiring employee. The result will be the retiring employee's Compensation Earnable for the Final Compensation Period.





## OCERS Board Policy Compensation Earnable Policy

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### Policy Review

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

### Policy History

- 12. The Board of Retirement adopted this policy on March 18, 2019, and this policy was amended by the Board on \_\_\_\_\_, 2021.

### Secretary's Certificate

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

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Steve Delaney  
Secretary of the Board

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Date



## OCERS Board Policy

# Compensation Earnable Policy

## Purpose and Background

1. The purpose of this policy is to affirm OCERS' interpretation of the term Compensation Earnable as set forth in California Government Code section 31461 (Section 31461) and OCERS Board of Retirement Resolution 98-001 (Resolution 98-001).
2. Resolution 98-001 was adopted by the OCERS Board of Retirement (Board) on February 6, 1998, in order to implement the decision of the California Supreme Court (Supreme Court) in the case *Ventura County Deputy Sheriffs' Association vs. Board of Retirement of Ventura County Employees Retirement Association* (1997) 16 Cal.4th 483 (Ventura Decision). The Supreme Court in the Ventura Decision interpreted Section 31461 and the term Compensation Earnable and mandated a change in the method for calculating pension benefits for members and their beneficiaries by retirement systems governed by the County Employees Retirement Law of 1937 (CERL).
3. Resolution 98-001, among other things, reflects the Board's interpretation of the Ventura Decision as it applies to various types or categories of speciality or premium pay received by OCERS members from their employers, and delineates those items of pay that are to be included in and those that are to be excluded from Compensation Earnable.
4. On May 4, 1998, Resolution 98-001 was amended by Board Resolution 98-009 in response to litigation brought by the County of Orange and others challenging the legality of Resolution 98-001. Resolution 98-009 deleted Sections 6, 8 and a portion of Section 9 of Resolution 98-001 related to the imposition of contributions in arrears stemming from the change in contribution rates that resulted from the implementation of Resolution 98-001. Additionally on December 18, 2000, Resolution 98-001 was further amended by Resolution 00-003 to address the treatment of certain automobile allowances. For purposes of this policy, any reference to Resolution 98-001 will be as Resolution 98-001 was amended by Resolutions 98-009 and 00-003.
5. OCERS was a party to several litigation matters that arose subsequent to the Ventura Decision and adoption of Resolution 98-001. These cases were coordinated as class actions in San Francisco Superior Court with other litigation involving other county retirement systems involving the interpretation and implementation of the Ventura Decision (Coordinated Cases).
6. On November 1, 2002, the San Francisco Court entered a judgment (Judgment) approving a settlement agreement of the Coordinated Cases that, among other things, included an agreement that all parties would " . . . accept as final and binding the inclusions and exclusions from compensation, compensation earnable and final compensation . . . " as set forth in Resolution 98-001.
7. In 2012, the California Legislature adopted AB 197 and the Public Employees Pension Reform Act of 2012 ("PEPRA"), which among other things, effective January 1, 2013, amended Section ~~31641-31461~~ [31461](#) to add subdivision (b), a list of items of compensation that are expressly excluded from Compensation Earnable. Among the items of compensation excluded from Compensation Earnable by subdivision (b) of Section ~~31641-31461~~ [31461](#) are [\(1\) compensation determined by the board to have been paid to enhance a member's retirement allowance, \(2\) payments for-of unused vacation, annual leave, etc., in an amount that exceeds what is that which may be earned and payable in each](#)



## OCERS Board Policy

# Compensation Earnable Policy

12-month period during the Final Compensation Period, (3) -payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise, and (4) payments made at termination of employment, except those that do not exceed what is earned and payable in each 12-month period during the Final Compensation Period. PEPRA also added a new term – Pensionable Compensation – to define the items of compensation that are permitted to be included in the calculation of the retirement allowances of OCERS members enrolled in the pension system on or after January 1, 2013. OCERS members who were members of the system prior to January 1, 2013 are referred to as Legacy members in this policy.

8. A number of lawsuits were filed shortly after PEPRA became effective. One of these lawsuits was appealed to the Supreme Court, and on July 30, 2020, resulted in a decision of the court upholding as constitutional AB 197 and PEPRA, including the amendments to Section ~~31641~~31461. (*Alameda County Deputy Sheriff's Association v. Alameda County Employees' Retirement Association* 9 Cal.5<sup>th</sup>1032; the Alameda Decision.) The Board has amended Paragraph 10 below to reflect the holding of the Supreme Court in the Alameda Decision.

## Policy Objectives

9. The objectives of this policy are to ensure that OCERS fully complies with applicable law including the Alameda Decision when calculating Compensation Earnable and Legacy members' retirement benefits, and to reaffirm the continued applicability of Resolution 98-001 as upheld by the Judgment in the Coordinated Cases.

## Policy Guidelines

10. **Compensation Earnable.** Compensation Earnable for Legacy members will be calculated by OCERS in accordance with the following guidelines.

(a) **Pay Items Included in Compensation Earnable.**

In accordance with Resolution 98-001 and subdivisions (a) and (b) of Section 31461, remuneration that is (i) earned and receivable in cash (under the applicable MOU) by the retiring employee, (ii) during the final compensation period (as defined by Sections 31462 and 31482.1 of the Government Code; hereafter Final Compensation Period), and (iii) for services performed during Normal Working Hours (defined below) will be included in Compensation Earnable, including but not limited to the following items of compensation, and others substantially similar to them:

- Σ Base Salary and Wages
- Σ Bilingual Premium Pay
- Σ Educational Incentive ("POST") Pay
- Σ Aircraft Rescue Firefighting
- Σ Paramedic Pay
- Σ Motorcycle Bonus



## OCERS Board Policy

# Compensation Earnable Policy

- Σ Emergency Dispatch Pay
- Σ Field Training Officer Bonus
- Σ Shift Differential Pay
- Σ Confined Space Pay
- Σ Longevity Incentive
- Σ Automobile Allowance, if paid in cash; and for members whose Final Compensation Period includes time before January 1, 2001, also to the extent that the automobile was provided for personal use and declared as income
- Σ Uniform Allowance
- Σ Uniform Maintenance Allowance
- Σ Payoffs of Vacation, Sick and Holiday leave time to the extent it was (i) earned in each of the 12-month period of the Final Compensation Period~~(s)~~ (pro-rated on a monthly basis); (ii) not taken as time off; and (iii) permitted to be cashed-out during the Final Compensation Period (pro-rated on a monthly basis) under the applicable MOU, regardless of when actually paid or cashed out
- Σ Employee Contributions to a Deferred Compensation Plan [already included in Base Wages and Salary, above]
- Σ "Mandatory or Scheduled Overtime" (including pay items such as On-Call and Standby) provided that it is pay for services rendered during the employee's Normal Working Hours (defined below).
- Σ Compensatory Time (excluding "True Overtime" as defined in Section 10(b) below) in excess of minimum required reserve
- Σ "Madera" Pay (see, *Madera Police Officers Association v. City Of Madera* 36 Cal.3d 403)
- Σ Additional Compensation for Scheduled Meal Periods
- Σ Flexible Benefits ("Cafeteria Plan") paid in cash to members retiring before January 1, 1991

(b) **Pay Items Excluded from Compensation Earnable.**

In accordance with Resolution 98-001 and subdivisions (a) and (b) of Section 31461, remuneration or other value to the employee that (i) is neither earned nor payable in cash to the employee during the Final Compensation Period; and (ii) is not for services rendered during the employee's Normal Working Hours (defined below) will be excluded from Compensation Earnable, including but not limited to the following items, and others substantially similar to them:

- Σ "True Overtime", including but not limited to On-Call, Standby and similar pay, for additional services rendered outside of Normal Working Hours (as defined below), whether paid in a lump sum or otherwise



## OCERS Board Policy

# Compensation Earnable Policy

- ∑ Employer Contributions to a Deferred Compensation Plan
- ∑ Employer Contributions to the Retirement System
- ∑ Employer "pick up" of Employee Contributions to the Retirement System
- ∑ Payoffs or cash outs of Vacation and Sick Leave and Holiday Pay, to the extent neither earned nor permitted to be cashed out under the applicable MOU, during each of the 12-month period of the Final Compensation Period (S), regardless of when actually paid or cashed out
- ∑ Flexible Benefits ("Cafeteria Plan") provided in-kind
- ∑ Flexible Benefits ("Cafeteria Plan") paid in cash to members retiring on and after January 1, 1991
- ∑ Terminal ("Final") Pay, unless included in Compensation Earnable under Section 10(a), above
- ∑ Expense Reimbursements
- ∑ In-Kind Advantages (e.g. food, lodging, board, laundry, fuel)
- ∑ Fees, Licenses, Memberships provided to the member by the employer
- ∑ Automobile Allowance, if the automobile is provided for personal use and the allowance is not paid in cash, whether or not declared as income, for members whose Final Compensation Periods **do not** include time before January 1, 2001.

(c) **Definition of Normal Working Hours.**

Normal Working Hours are hours that (i) are required to be worked as part of the employee's regular duties; (ii) are ordinarily worked during the period in question by all other members in the same grade/class/rate of pay as the employee; **and** (iii) are not and cannot be voluntarily worked by the employee. "Ordinarily worked" does not include time served on a temporary or emergency basis.

(d) **Calculation of Compensation Earnable.**

The retiring employee's compensation will be "regularized" to what would have been received had the employee been paid for a normal work schedule during the Final Compensation Period. OCERS Staff will calculate Compensation Earnable (Earnable Salary) by creating a fraction, the numerator of which is the amount of the employee's qualifying compensation and the denominator of which is the number of ordinary work hours for which the employee was actually paid. Staff will then multiply that fraction by the number of paid hours ordinarily required to be worked by all other members in the same grade/class as the retiring employee. The result will be the retiring employee's Compensation Earnable for the Final Compensation Period.



## OCERS Board Policy Compensation Earnable Policy

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### Policy Review

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

### Policy History

- 12. The Board of Retirement adopted this policy on March 18, 2019, and this policy was amended by the Board on \_\_\_\_\_, 2021.

### Secretary's Certificate

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

\_\_\_\_\_  
Steve Delaney  
Secretary of the Board

\_\_\_\_\_  
Date



## OCERS Board Policy

# Pensionable Compensation Policy

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## Purpose and Background

1. Effective January 1, 2013, the State of California enacted the Public Employees Pension Reform Act of 2012, Government Code sections 7522, *et seq.* (PEPRA). PEPRA created a new class of pension plan members composed of members enrolled in the pension plan on or after January 1, 2013 (PEPRA Members).
2. Under Government Code section 7522.34 (Section 7522.34), the items of compensation that are to be included in a retiring PEPRA Member's final compensation are defined as "Pensionable Compensation."
3. The purpose of this policy is to set forth OCERS' interpretation of the term "Pensionable Compensation" as defined in Section 7522.34, in the context of the specific pay items utilized by OCERS' employers.

## Policy Objectives

4. The objective of this policy is to ensure that OCERS fully complies with applicable law when calculating a PEPRA Member's retirement benefit.

## Policy Guidelines

5. **Pensionable Compensation.** OCERS will calculate Pensionable Compensation for PEPRA Members in accordance with the following guidelines.

**(a) Pay Items Included in Pensionable Compensation.**

Pensionable Compensation means (i) the normal monthly rate of pay or base pay of the member; (ii) paid in cash; (iii) to similarly situated members of the same group or class of employment; (iv) for services rendered on a full-time basis; (v) during Normal Working Hours (defined below); (vi) pursuant to Publicly Available Pay Schedules (defined below); and (vi) subject to the limitations of Section 5(b), below.

Subject to the requirements set forth in the preceding paragraph above, Pensionable Compensation includes the following items of compensation:

Base Salary and Wages (gross of any employee contributions to deferred compensation plans) and includes additional compensation for scheduled meal periods, plus the following skill-based or shift-based premium pay items (Premium Pay), and others substantially similar to them:

- Σ Bilingual Pay
- Σ Educational Pay
- Σ Aircraft Rescue Firefighting Pay
- Σ Paramedic Pay
- Σ Motorcycle Pay
- Σ Emergency Dispatch Pay
- Σ Field Training Officer Pay



## OCERS Board Policy

# Pensionable Compensation Policy

- Σ Shift Differential Pay
- Σ Confined Space Pay

### **(b) Pay Items Excluded From Pensionable Compensation.**

The following items of compensation will be excluded from Pensionable Compensation:

- Any compensation determined by the Board (i) to have been paid to increase a member's retirement benefit or (ii) to be inconsistent with the requirements of subsection (a) above
- Overtime, other than as defined in Section 207(k) of Title 29 of the United States Code.
- Payments for additional services rendered outside of Normal Working Hours, whether paid in a lump sum or otherwise
- Employer contributions to deferred compensation plan or retirement system
- Flexible benefits ("Cafeteria Plan") provided in-kind or paid in cash
- Automobile, uniform or other allowances
- Payments for unused vacation, annual leave, personal leave, sick leave, holiday pay or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid
- Expense reimbursements and in-kind advantages (e.g. food, lodging, board, laundry, fuel)
- Fees, licenses, or memberships provided to or for a member by employer
- Any bonus paid in addition to the compensation defined in (a) above
- Any ad hoc or one-time pay of any sort
- Longevity Incentive Pay
- Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.
- Σ Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.

### **(c) Definition of Normal Working Hours.**

- Σ Normal Working Hours are hours that (i) are required to be worked as part of the employee's regular duties; (ii) are ordinarily worked during the period in question by all other members in the same grade/class/rate of pay as the employee; **and** (iii) are not and cannot be served voluntarily by the employee. "Ordinarily worked" does not include time served on a temporary or emergency basis.





## OCERS Board Policy

# Pensionable Compensation Policy

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6. **Publicly Available Pay Schedule.** In accordance with Section 7522.34, OCERS will exclude from Pensionable Compensation any pay code or item of compensation that is not included in a Publicly Available Pay Schedule. Publicly Available Pay Schedule means a document or documents that reflect the amount or category of pay and that meets all of the following requirements:
- (a) Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
  - (b) Identifies the position title for every employee position;
  - (c) Shows the payrate for each identified position, which may be stated as a single amount or as multiple amounts within a range;
  - (d) Is posted on the employer's internet website. If not on the website it will be posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours; and
  - (e) Does not reference a document which is not available in accordance with (d), above in lieu of disclosing the payrate.

The requirement for a Publicly Available Pay Schedule can be met by posting on the employer's internet website the applicable labor memoranda of understanding, compensation resolutions or ordinances and all salary schedules or matrices, so long as taken together the documents contain all required information. The employer need not create a new document to comply with this requirement.

If an employer fails to meet the requirements of Paragraph 6(a) above, the Board, in its sole discretion, may determine an amount that will be considered to be the applicable payrate, taking into consideration all information the Board deems relevant including, but not limited to, the following:

- a) Documents approved by the employer's governing body in accordance with the requirements of public meetings laws and maintained by the employer;
- b) The last payrate listed on a conforming pay schedule with the same employer for the position at issue;
- c) The last payrate for the member that is listed on a conforming pay schedule with the same employer for a different position.

## Policy Review

7. The Board of Retirement will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

## Policy History

8. The Board of Retirement adopted this policy on March 18, 2019, and this policy was amended on \_\_\_\_\_, 2021.



## OCERS Board Policy

# Pensionable Compensation Policy

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### Secretary's Certificate

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

A handwritten signature in cursive script that reads "Steve Delaney".

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Steve Delaney  
Secretary of the Board

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Date



OCERS Board Policy

# Pensionable Compensation Policy

## Purpose and Background

1. Effective January 1, 2013, the State of California enacted the Public Employees Pension Reform Act of 2012, Government Code section 7522, *et seq.* (PEPRA). PEPRA created a new class of pension plan members composed of ~~those~~ members enrolled in the pension plan on or after January 1, 2013 ("~~PEPRA Members~~").
2. Under Government Code section 7522.34 (Section 7522.34), the ~~items of compensation~~ ~~earnings~~ that are to be included in a retiring PEPRA Member's final compensation are defined as "Pensionable Compensation."
3. The purpose of this policy is to set forth OCERS' interpretation of the term "Pensionable Compensation" as defined in Section 7522.34, in the context of the specific pay items utilized by OCERS' ~~plan~~ ~~sponsor~~ ~~employers~~.

## Policy Objectives

4. The objective of this policy is to ensure that OCERS fully complies with applicable law when calculating a PEPRA Member's retirement benefit.

## Policy Guidelines

5. **Pensionable Compensation.** OCERS ~~shall~~ will calculate Pensionable Compensation for PEPRA Members in accordance with the following guidelines.

**(a) Pay Items Included in Pensionable Compensation.**

Pensionable Compensation means (i) the normal monthly rate of pay or base pay of the member; (ii) paid in cash; (iii) to similarly situated members of the same group or class of employment; (iv) for services rendered on a full-time basis; (v) during Normal Working Hours (defined below); (vi) pursuant to ~~Publicly Available Pay Schedules~~ publicly available pay schedules (defined below); and (vi) subject to the limitations of Section 5(b), below. ~~Normal Working Hours are those that (i) are required to be worked as part of the employee's regular duties; (ii) are ordinarily worked during the period in question by all other members in the same grade/class/rate of pay as the employee; and (iii) are not and cannot be served voluntarily by the employee. "Ordinarily worked" does not include time served on a temporary or emergency basis.~~

Subject to the requirements set forth in the preceding paragraph above, Pensionable Compensation includes the following items of compensation:

Base Salary and Wages (gross of any employee contributions to deferred compensation plans) and includes additional compensation for scheduled meal periods, plus the following skill-based or shift-based premium pay items (Premium Pay), and others substantially similar to them:

- Σ Bilingual Pay
- Σ Educational Pay
- Σ Aircraft Rescue Firefighting Pay



OCERS Board Policy

Pensionable Compensation Policy

- Σ Paramedic Pay
- Σ Motorcycle Pay
- Σ Emergency Dispatch Pay
- Σ Field Training Officer Pay
- Σ Shift Differential Pay
- Σ Confined Space Pay

Premium Pay will be included only if the assignment, certification or license:

- Σ is part of a member's regularly assigned responsibilities,
- Σ is an essential, normal or traditional function of the job,
- Σ is part of the regular assignment of all other members in the same grade or class, and,
- Σ is not for work performed or received solely during the final average compensation period.

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(b) Pay Items Excluded From Pensionable Compensation.

The following ~~item~~categories of compensation ~~shall~~will be excluded from "Pensionable Compensation":

- Any compensation determined by the Board ~~(i)~~ to have been paid to increase a member's retirement benefit or ~~(ii) to be~~ inconsistent with the requirements of subsection (a) above
- Overtime, other than as defined in Section 207(k) of Title 29 of the United States Code, ~~that is not performed during Normal Working Hours~~
- Payments for additional services rendered outside of Normal Working Hours, whether paid in a lump sum or otherwise
- Employer contributions to deferred compensation plan or retirement system
- Flexible benefits ("Cafeteria Plan") provided in-kind or paid in cash
- Automobile, uniform or other allowances
- Payments for unused vacation, annual leave, personal leave, sick leave, holiday pay or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid
- Expense reimbursements and in-kind advantages (e.g. food, lodging, board, laundry, fuel)
- Fees, licenses, or memberships provided to or for a member by employer
- Any bonus paid in addition to the compensation defined in (a) above
- Any ad hoc or one-time pay of any sort
- Longevity Incentive Pay
- Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit



## OCERS Board Policy

## Pensionable Compensation Policy

of the member and which was converted to and received by the member in the form of a cash payment.

Σ Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.

Σ (c) **Definition of Normal Working Hours.**

Σ Normal Working Hours are hours that (i) are required to be worked as part of the employee's regular duties; (ii) are ordinarily worked during the period in question by all other members in the same grade/class/rate of pay as the employee; and (iii) are not and cannot be served voluntarily by the employee. "Ordinarily worked" does not include time served on a temporary or emergency basis.

6. **Publicly Available Pay Schedule.** In accordance with Section 7522.34, OCERS will ~~exclude from~~~~not recognize as~~ Pensionable Compensation any pay code or item of compensation that is not included in a Publicly Available Pay Schedule. ~~For purposes of this policy, "Publicly Available Pay Schedule"~~ means a document or documents that reflect the amount or category of pay and that meets all of the following requirements:

- (a) Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
- (b) Identifies the position title for every employee position;
- (c) Shows the payrate for each identified position, which may be stated as a single amount or as multiple amounts within a range;
- (d) Is posted on the employer's internet website. If not on the website it ~~shall~~will be posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours; and
- (e) Does not reference a document which is not available in accordance with (d), above in lieu of disclosing the payrate.

The requirement for a Publicly Available Pay Schedule can be met by posting on the employer's internet website the applicable labor memoranda of understanding, compensation resolutions or ordinances and all salary schedules or matrices, so long as taken together the documents contain all required information. The employer need not create a new document to comply with this requirement.

If an employer fails to meet the requirements of Paragraph 6(a) above, the Board, in its sole discretion, may determine an amount that will be considered to be the applicable payrate, taking into consideration all information the Board deems relevant including, but not limited to, the following:

- a) Documents approved by the employer's governing body in accordance with the requirements of public meetings laws and maintained by the employer;
- b) The last payrate listed on a conforming pay schedule with the same employer for the position at issue;



**OCERS Board Policy**

**Pensionable Compensation Policy**

- c) The last payrate for the member that is listed on a conforming pay schedule with the same employer for a different position.

**Policy Review**

- 7. The Board of Retirement will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

**Policy History**

- 8. The Board of Retirement adopted this policy on March 18, 2019, and this policy was amended on \_\_\_\_\_, 2021.

**Secretary's Certificate**

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

\_\_\_\_\_  
Steve Delaney  
Secretary of the Board

\_\_\_\_\_  
Date



## PAY ITEM REQUEST & APPROVAL PROCEDURES FOR EMPLOYERS

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### I. Purpose

This document explains the process for requesting OCERS' review and approval of new pay items or changes to existing pay items. In accordance with OCERS Board Policy - Pay Item Review, employers must submit a new pay item request for approval to OCERS 30-days before implementation of the pay item so that OCERS can make a determination as to whether the requested pay item is pensionable and can be included in the final average salary. This analysis will help ensure proper, timely, and accurate reporting of pay on transmittal files, collection of contributions and calculation of members' pension benefits. It is part of the overall compensation review process.

### II. Process Summary

When an employer has a new pay item and is requesting a new pay code for the transmittal file, the employer must submit a Pay Item Request describing the pay item including details regarding how, to whom and when it is paid. OCERS will analyze the pay item and make a determination as to whether the pay item is pensionable or non-pensionable under the County Employees Retirement Law ("CERL") or Public Employees' Pension Reform Act ("PEPRA"). OCERS will notify the employer of the determination of the pay item to implement. The pay item and status will then be added to the system and the Pay Item Master List. If the employer disagrees with the determination, it will have 30 days from the date of OCERS' notice of determination to request review of the determination by the Board. Upon receipt of a timely request for review, the Board will consider the request and make a decision on whether or not the pay item is pensionable.

### III. Critical Aspects of Procedures

For this process, the most important elements are the following:

- ∑ **Timing:** Request must be submitted 30-days prior to the implementation of the pay item to provide sufficient time for OCERS to analyze the pay item and set up the code in OCERS' system. **The pay item must be properly reviewed, approved and set up in the system, or else exceptions will be created when validating the payroll transmittal and calculation of contributions and member retirement benefits may be miscalculated.**
- ∑ **Publicly Available Pay Schedule:** PEPRA requires that in order for a pay item to be included in a PEPRA member's final average salary, it must be included in a "publicly available pay schedule." In accordance with PEPRA, the pay item must be included in a pay schedule that:
  - Was duly approved by the employer's governing body;
  - Identifies the position title for every employee position along with the applicable elements of compensation;
  - Is posted or immediately accessible and available for public review at the office of the employer or posted on the employer's internet website; and



## PAY ITEM REQUEST & APPROVAL PROCEDURES FOR EMPLOYERS

- 
- Does not reference an unavailable document in lieu of disclosing the element of compensation.

∑ **OCERS' Approval:** OCERS must approve the pay item for it to be pensionable.

∑ **Accuracy:** The pay item must be coded and reported correctly to prevent under or overpayment of contributions and/or a member's pension.

∑ **Implementation:** Employers must transmit the pay item in accordance with OCERS' determination. Failure to do may result in OCERS imposing administrative costs on the employer. Employers also will be required to prepare appropriate adjustments and calculate any refunds that may be due to an employee.

### IV. Required Documents

The following documentation will be required to process new pay item requests:

1. Copies of the applicable sections of the Memorandum of Understanding (MOU), contract and/or compensation resolution in which the terms of the particular pay code are established.
2. Copies of any other official employer documents such as personnel rules or departmental procedures that evidence the conditions under which the pay item may or may not be pensionable, if not clearly determinable from the MOU.
3. Completed Pay Item Request Form, which includes:
  - General information
  - Pay item
  - Description of the pay item
  - List of job classification(s) of employees eligible for the pay item
  - Type of payment
  - Basis for eligibility

***A separate Pay Item Request is required for each new or changed pay item***
4. Access to the publicly available pay schedule as described in section IV.

### V. Preceding Step (Prerequisites)

To the extent possible, OCERS should be notified of pending negotiations that may result in new items of compensation or modifications to current pay items, so that OCERS can assist the bargaining parties in determining whether the pay item(s) will be considered pensionable. OCERS must approve the pay item for it to be pensionable. Advance notice will also allow OCERS staff to be prepared for the new pay item request and minimize the review time.





## PAY ITEM REQUEST & APPROVAL PROCEDURES FOR EMPLOYERS

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### VI. Procedure Detail for Submitting Pay Item Request for Review and Approval

As new pay items are approved by the employer's governing body, the employer must submit each item for review and approval by OCERS to determine if it is pensionable or non-pensionable.

The following describes the steps for submitting your request:

1. Gather required documentation listed in Section IV.
2. Refer to OCERS policy documents including, but not limited to, the Compensation Earnable Policy and the Pensionable Compensation Policy for guidance on pensionability of various forms of compensation.
3. Download the Pay Item Request Form from the Employer Section of the OCERS website at [www.ocers.org](http://www.ocers.org).
4. Fill in and complete the Pay Item Request Form (see attached form)
5. Send the completed form and required documentation to:  
**OCERS Employer Payroll Unit**  
By Email: [Employerpayroll@ocers.org](mailto:Employerpayroll@ocers.org)

### VII. Subsequent Steps for Approval and Implementation

Once the request for new pay item has been received:

1. The pay item will be reviewed by OCERS staff for compliance with the OCERS Pay Item Review Policy.
2. OCERS staff will evaluate the pay item to determine whether it is pensionable by using the applicable criteria for Compensation Earnable for Legacy members and Pensionable Compensation for PEPRA members. Legacy members refer to existing OCERS members as of January 1, 2013. PEPRA members refer to OCERS members hired on or after January 1, 2013. For more information on Compensation Earnable or Pensionable Compensation, please refer to the Compensation Earnable Policy and Pensionable Compensation Policy at [www.ocers.org](http://www.ocers.org).
3. After completing the review, staff will send the employer a written notification of its determination, including the reasons for its determination and supporting facts and analyses.
4. If staff determines that the pay item meets the criteria for either Compensation Earnable or Pensionable Compensation but not both, a separate pay code will be required; the employer must submit a separate Pay Item Request for the non-pensionable component.
5. Employer will implement the pay item with the approved pay item status (pensionable or non-pensionable) as determined by OCERS.
6. OCERS will set up the pay code in the pension administration system and add the pay item to the approved Pay Item Master List.



## PAY ITEM REQUEST & APPROVAL PROCEDURES FOR EMPLOYERS

### VIII. Review Process

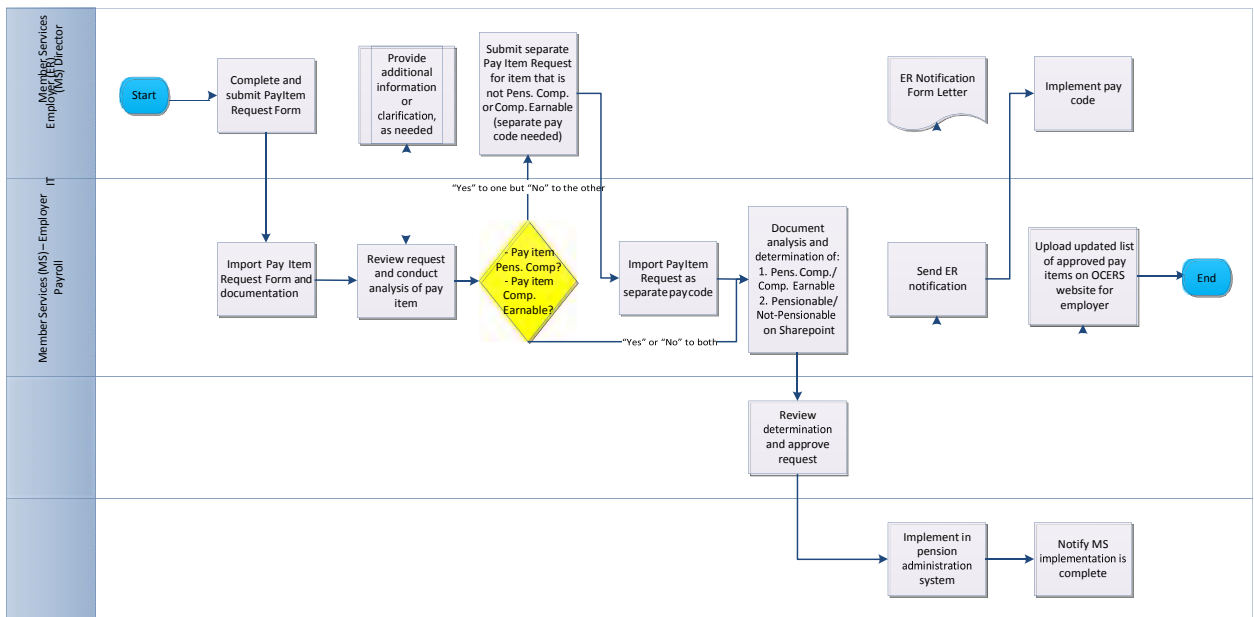
If the employer disagrees with OCERS determination, the employer will have 30 calendar days from the date of the notice of determination to file a request for review of the determination by the Board. The employer must send a letter including the reasons for the request for review and specific supporting facts and documentation to the CEO or his/her designee.

Upon receipt of a timely request, OCERS staff will schedule the review for a future Board meeting and will prepare a written report with its recommendation on the pay item in question. OCERS will provide the employer with advance notice of the Board meeting and a copy of staff's report and all materials to be considered by the Board.

At the meeting, the Board will consider the written materials and any arguments provided by the employer. The Board will then make a determination as to whether the pay item qualifies as Compensation Earnable, Pensionable Compensation or both. The Board's decision will be final.

### IX. Overall Process Flow

The following process flowchart is an overview of the pay item request and approval process.





## **PAY ITEM REQUEST & APPROVAL PROCEDURES FOR EMPLOYERS**

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ATTACHMENT --FORM



## PAY ITEM REQUEST & APPROVAL PROCEDURES FOR EMPLOYERS

### I. Purpose

This document explains the process for requesting OCERS' review and approval of new pay items or changes to existing pay items. In accordance with OCERS Board Policy - Pay Item Review, employers must submit a new pay item request for approval to OCERS 30-days before implementation of the pay item so that OCERS can make a determination as to whether the requested pay item is pensionable and can be included in the final average salary. This analysis will help ensure proper, timely, and accurate reporting of pay on transmittal files, collection of contributions and calculation of members' pension benefits. It is part of the overall compensation review process.

### II. Process Summary

When an employer has a new pay item and is requesting a new pay code for the transmittal file, the employer must submit a Pay Item Request describing the pay item including details regarding how, to whom and when it is paid. OCERS will analyze the pay item and make a determination as to whether the pay item is pensionable or non-pensionable under the County Employees Retirement Law ("CERL") or Public Employees' Pension Reform Act ("PEPRA"). OCERS will notify the employer of the determination of the pay item to implement. The pay item and status will then be added to the system and the ~~Pay Item Master List of pay items~~. If the employer disagrees with the determination, it will have 30 days from the date of OCERS' notice of determination to ~~appeal request review of~~ the determination ~~to by~~ the Board. Upon receipt of a timely ~~appeal request for review~~, the Board will consider the ~~appeal request~~ and make a decision on whether or not the pay item is pensionable.

### III. Critical Aspects of Procedures

For this process, the most important elements are the following:

- ∑ **Timing:** Request must be submitted 30-days prior to the implementation of the pay item to provide sufficient time for OCERS to analyze the pay item and set up the code in OCERS' system. **The pay item must be properly reviewed, approved and set up in the system, or else exceptions will be created when validating the payroll transmittal and calculation of contributions and member retirement benefits may be miscalculated.**
- ∑ **Publicly Available Pay Schedule:** PEPRA requires that in order for a pay item to be included in a PEPRA member's final average salary, it must be included in a "publicly available pay schedule." In accordance with PEPRA, the pay item must be included in a pay schedule that:
  - Was duly approved by the employer's governing body;
  - Identifies the position title for every employee position along with the applicable elements of compensation;
  - Is posted or immediately accessible and available for public review at the office of the employer or posted on the employer's internet website; and



## PAY ITEM REQUEST & APPROVAL PROCEDURES FOR EMPLOYERS

- Does not reference an unavailable document in lieu of disclosing the element of compensation.
- ∑ **OCERS' Approval:** OCERS must approve the pay item for it to be pensionable.
- ∑ **Accuracy:** The pay item must be coded and reported correctly to prevent under or overpayment of contributions and/or a member's pension.
- ∑ **Implementation:** Employers must transmit the pay item in accordance with OCERS' determination. Failure to do may result in OCERS imposing administrative costs on the employer. Employers also will be required to prepare appropriate adjustments and calculate any refunds that may be due to an employee.

#### IV. Required Documents

The following documentation will be required to process new pay item requests:

1. Copies of the applicable sections of the Memorandum of Understanding (MOU), -contract and/or compensation resolution in which the terms of the particular pay code are established.
2. Copies of any other official employer documents such as personnel rules or departmental procedures that evidence the conditions under which the pay item may or may not be pensionable, if not clearly determinable from the MOU.
3. Completed Pay Item Request Form, which includes:
  - General information
  - Pay item
  - Description of the pay item
  - List of job classification(s) of employees eligible for the pay item
  - Type of payment
  - Basis for eligibility

***A separate Pay Item Request is required for each new or changed pay item***
4. Access to the publicly available pay schedule as described in section IV.

#### V. Preceding Step (Prerequisites)

To the extent possible, OCERS should be notified of pending negotiations that may result in new items of compensation or modifications to current pay items, so that OCERS can assist the bargaining parties in determining whether the pay item(s) will be considered pensionable. OCERS must approve the pay item for it to be pensionable. Advance notice will also allow OCERS staff to be prepared for the new pay item request and minimize the review time.



## PAY ITEM REQUEST & APPROVAL PROCEDURES FOR EMPLOYERS

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### VI. Procedure Detail for Submitting Pay Item Request for Review and Approval

As new pay items are approved by the employer's governing body, the employer must submit each item for review and approval by OCERS to determine if it is pensionable or non-pensionable.

The following describes the steps for submitting your request:

1. Gather required documentation listed in Section IV.
2. Refer to OCERS policy documents including, but not limited to, the Compensation Earnable ~~Board~~ Policy and the Pensionable Compensation ~~Board~~ Policy for guidance on pensionability of various forms of compensation.
3. Download the Pay Item Request Form from the Employer Section of the OCERS website at [www.ocers.org](http://www.ocers.org).
4. Fill in and complete the Pay Item Request Form (see attached form)
5. Send the completed form and required documentation to:  
**OCERS Employer Payroll Unit**  
By Email: [Employerpayroll@ocers.org](mailto:Employerpayroll@ocers.org)

### VII. Subsequent Steps for Approval and Implementation

Once the request for new pay item has been received:

1. The pay item will be reviewed by OCERS staff for compliance with the OCERS Pay Item Review Policy.
2. OCERS staff will evaluate the pay item to determine whether it is pensionable by using the applicable criteria for Compensation Earnable for Legacy members and Pensionable Compensation for PEPRA members. Legacy members refer to existing OCERS members as of January 1, 2013. PEPRA members refer to OCERS members hired on or after January 1, 2013. For more information on Compensation Earnable or Pensionable Compensation, please refer to the Compensation Earnable Policy and Pensionable Compensation Policy at [www.ocers.org](http://www.ocers.org).
3. After completing the review, staff will send the employer a written notification of its determination, including the reasons for its determination and supporting facts and analyses.
4. If staff determines that the pay item meets the criteria for either Compensation Earnable or Pensionable Compensation but not both, a separate pay code will be required; the employer must submit a separate Pay Item Request for the non-pensionable component.
5. Employer will implement the pay item with the approved pay item status (pensionable or non-pensionable) as determined by OCERS.
6. OCERS will set up the pay code in the pension administration system and add the pay item to the approved Pay Item Master List.



## PAY ITEM REQUEST & APPROVAL PROCEDURES FOR EMPLOYERS

### VIII. Appeal/Review Process

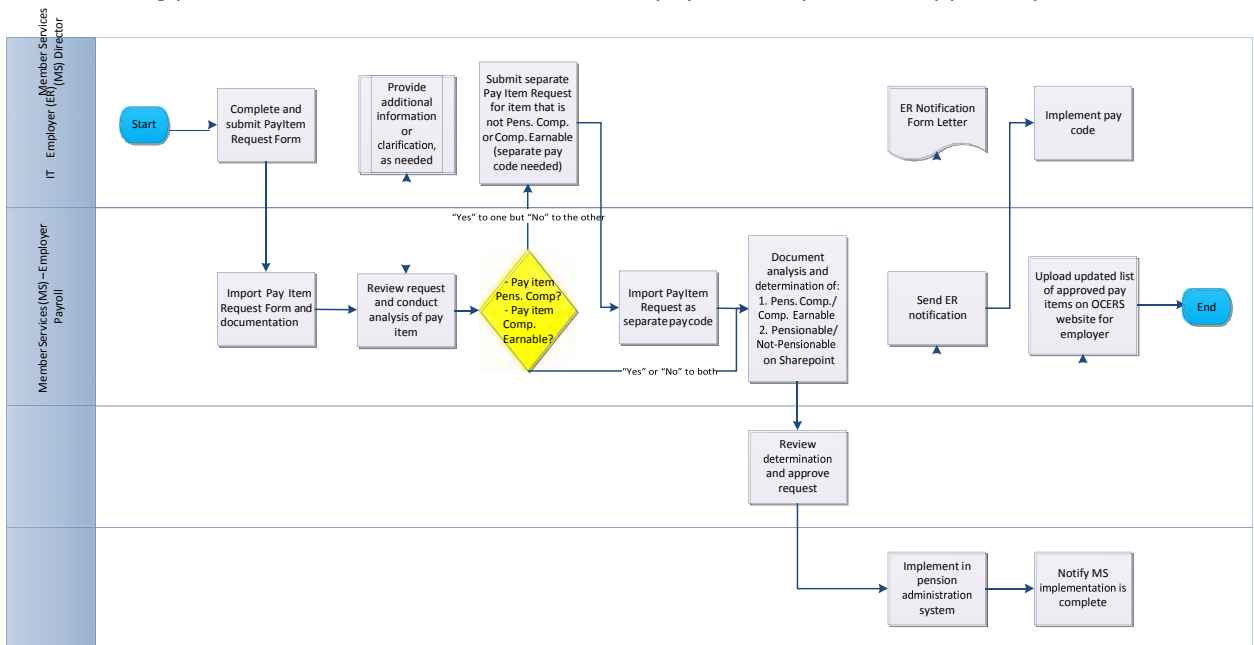
If the employer disagrees with OCERS determination, the employer will have 30 calendar days from the date of the final notice of determination to file a request for review of the determination by the Board. The eEmployer must send a letter including the reasons for the request for review and specific supporting facts and documentation to the CEO or his/her designee.

Upon receipt of a timely request, OCERS staff will schedule the review for a future Board meeting and will prepare a written report with its recommendation on the pay item in question. OCERS will provide the employer with advance notice of the Board meeting and a copy of staff's report and all materials to be considered by the Board.

At the meeting, the Board will consider the written materials and any arguments provided by the employer. The Board will then make a determination as to whether the pay item qualifies as for either or both Compensation Earnable, or Pensionable Compensation or both. The Board's decision will be final.

### IX. Overall Process Flow

The following process flowchart is an overview of the pay item request and approval process.





## **PAY ITEM REQUEST & APPROVAL PROCEDURES FOR EMPLOYERS**

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ATTACHMENT --FORM





# OCERS Pay Item Request Form

2223 E. Wellington Ave Suite I 100 Santa Ana, CA 92701 | Office: 714.558.6200 | FAX: 714.558.6234 | www.ocers.org

### IMPORTANT INFORMATION REGARDING PAY CODES:

Please complete and submit this request form for review and approval of new codes or changes to existing pay codes. New or changed **Pay Items must be submitted 30-days prior to the time of implementation of the code.** Once the code has been approved and entered into the pension system the pay code can be sent on the transmittal. **The pay code must be set up in the system or exceptions are created when validating the file.**

Return completed form and required documentation to Employer Payroll Unit by **Email:** Employerpayroll@ocers.org or **Fax:** 714-558-6234

Use only one form per code

SECTION 1: GENERAL INFORMATION				
Employer Name	Employer Representative	Contact Number	Date	
SECTION 2: PAY CODE & EFFECTIVE DATES				
Pay Code ID	Pay Code Description (Title)	Pay Period Effective	Pay Period Begin Date	Pay Period End Date
SECTION 3: PAY ITEM MOU REFERENCE MATERIAL & INFORMATION				
Name of the governing MOU/Contract:	Term of MOU/Contract:	Date of Adoption:	MOU Page Number(s)	
<b>NOTE: Please attach a copy of the applicable MOU article, section, and page(s), amendment "side letter" and/or other official documents establishing the compensation underlying the pay code and which support your answers, below. (Do not provide copy of entire MOU)</b>				
Please provide a full description of the pay item:				
1. List all job classification(s) of employees are eligible for this pay item? (Please list job classifications)				
2. Indicate if all members or employees in the job classification(s) listed above are eligible to receive this pay item.			<b>YES</b> <input type="checkbox"/>	<b>NO</b> <input type="checkbox"/>
			<b>YES</b> <input type="checkbox"/>	<b>NO</b> <input type="checkbox"/>
			<b>N/A</b> <input type="checkbox"/>	<b>N/A</b> <input type="checkbox"/>
3. Indicate how this Pay Item is calculated.			<b>Fixed Amount</b> <input type="checkbox"/>	<b>% of Base Pay</b> <input type="checkbox"/>
			<b>N/A</b> <input type="checkbox"/>	<b>N/A</b> <input type="checkbox"/>



# OCERS Pay Item Request Form

2223 E. Wellington Ave Suite 1100 Santa Ana, CA 92701 | Office: 714.558.6200 | FAX: 714.558.6234 | www.ocers.org

4. Is the pay item for work performed outside of Normal Working Hours? If the answer is No, but served at times other than during a traditional 8, 10 or 12 hour shifts or 40-hour work week, please include supporting official documentation for that conclusion.	<u>YES</u> <input type="checkbox"/>	<u>NO</u> <input type="checkbox"/>	<u>N/A</u> <input type="checkbox"/>
5. Is the pay item a bonus?	<u>YES</u> <input type="checkbox"/>	<u>NO</u> <input type="checkbox"/>	<u>N/A</u> <input type="checkbox"/>
6. Is the pay item paid one-time or ad hoc?	<u>YES</u> <input type="checkbox"/>	<u>NO</u> <input type="checkbox"/>	<u>N/A</u> <input type="checkbox"/>
7. Is the pay item an allowance (i.e. car allowance, uniform allowance, cell phone allowance)?	<u>YES</u> <input type="checkbox"/>	<u>NO</u> <input type="checkbox"/>	<u>N/A</u> <input type="checkbox"/>
8. Is the pay item a reimbursement?	<u>YES</u> <input type="checkbox"/>	<u>NO</u> <input type="checkbox"/>	<u>N/A</u> <input type="checkbox"/>
9. Is the pay item for deferred compensation?	<u>YES</u> <input type="checkbox"/>	<u>NO</u> <input type="checkbox"/>	<u>N/A</u> <input type="checkbox"/>
10. Is the payment for accrued unused Leave/Vacation Payout, earned and payable within 12-month period?	<u>YES</u> <input type="checkbox"/>	<u>NO</u> <input type="checkbox"/>	<u>N/A</u> <input type="checkbox"/>
11. Is the payment for compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member or employee?	<u>YES</u> <input type="checkbox"/>	<u>NO</u> <input type="checkbox"/>	<u>N/A</u> <input type="checkbox"/>
12. Is the payment severance or other payment in connection with or in anticipation of a separation or termination from employment?	<u>YES</u> <input type="checkbox"/>	<u>NO</u> <input type="checkbox"/>	<u>N/A</u> <input type="checkbox"/>
13. If terminal pay, pay is both earned and payable within 12-month period?	<u>YES</u> <input type="checkbox"/>	<u>NO</u> <input type="checkbox"/>	<u>N/A</u> <input type="checkbox"/>
14. What is the basis of eligibility for the pay item in the case of premium pay or special pay (i.e. certification, degree, shift, assignment)?			
15. Is the pay item included in publicly available pay schedule as defined in the OCERS Pensionable Compensation Board Policy? If so in what publicly available salary schedule is the pay item listed or described? (Please provide the title and location of the document)			



# OCERS Pay Item Request Form

2223 E. Wellington Ave Suite 100 Santa Ana, CA 92701 | Office: 714.558.6200 | FAX: 714.558.6234 | www.ocers.org

PEPRA PENSIONABLE COMPENSATION CRITERIA – SECTION BELOW RESERVED FOR OCERS STAFF		Qualifier	YES	NO	N/A
1.	Normal Monthly Rate of Pay or Base Pay:	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Payable to Similarly Situated:	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	In Public Pay Schedule:	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Basis of eligibility for the pay item in the case of premium pay or special pay (i.e. certification, degree, shift, assignment)	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Earned for Normal Working Hrs. If yes and the Normal Working Hours are other than a traditional 8, 10, or 12 hour shift and/or 40 hour work week, please explain in detail:	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Allowance, Reimbursement or Previously Paid In-Kind:	<u>NO</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	Bonus, one-time ad hoc payment:	<u>NO</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	Severance or Terminal Pay:	<u>NO</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	Overtime other than Section 207(k) time:	<u>NO</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	Payment for any Unused Leave:	<u>NO</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.	Employer contribution to deferred comp:	<u>NO</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>PEPRA Pensionable?</b>					
<b>Notes &amp; Comments Regarding Decisions</b>					

COMPENSATION EARNABLE CRITERIA – PER GC SECTION 31461		Qualifier	YES	NO	N/A
1.	Compensation at Same Pay Rate as Persons in Same Grade or Class	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	One-Time or Ad Hoc Payment Paid to All Similarly Situated	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Leave/Vacation Payout Earned & Payable in 12 Month Period	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Terminal Pay Earned & Payable in 12 Month Period	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Compensation Previously Paid In Kind & Now as Cash	<u>NO</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Payment for Services Rendered During Normal Working Hours. If yes and the Normal Working Hours are other than a traditional 8, 10, or 12 hour shift and/or 40 hour work week, please explain in detail :	<u>NO</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Comp Earnable?</b>					

**Notes & Comments Regarding Decisions**

Applicable Plans	Pensionable	Used in FAS	Prorated in FAS	Additional Notes:
<input type="checkbox"/> PEPRA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/> LEGACY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/> BOTH	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

\_\_\_\_\_  
APPROVED BY

\_\_\_\_\_  
DATE



# OCERS Pay Item Request Form ~~1-16-19~~

2223 E. Wellington Ave Suite 1100 Santa Ana, CA 92701 | Office: 714.558.6200 | FAX: 714.558.6234 | www.ocers.org

### IMPORTANT INFORMATION REGARDING PAY CODES:

Please complete and submit this request form for review and approval of new codes or changes to existing pay codes. New or changed **Pay Items must be submitted 30-days prior to the time of implementation of the code.** Once the code has been approved and entered into the pension system the pay code can be sent on the transmittal. **The pay code must be set up in the system or exceptions are created when validating the file.**

Return completed form and required documentation to Employer Payroll Unit by **Email:** Employerpayroll@ocers.org or **Fax:** 714-558-6234

Use only one form per code

SECTION 1: GENERAL INFORMATION				
Employer Name	Employer Representative	Contact Number	Date	
SECTION 2: PAY CODE & EFFECTIVE DATES				
Pay Code ID	Pay Code Description (Title)	Pay Period Effective	Pay Period Begin Date	Pay Period End Date
SECTION 3: PAY ITEM MOU REFERENCE MATERIAL & INFORMATION				
Name of the governing MOU/Contract:	Term of MOU/Contract:	Date of Adoption:	MOU Page Number(s)	
<p><b>NOTE: Please attach a copy of the applicable MOU article, section, and page(s), amendment "side letter" and/or other official documents establishing the compensation underlying the pay code and which support your answers, below. (Do not provide copy of entire MOU)</b></p> <p>Please provide a full description of the pay item:</p>				
1. List all job classification(s) of employees are eligible for this pay item? (Please list job classifications)				
2. Indicate if all members or employees in the job classification(s) listed above are eligible to receive this pay item.			<b>YES</b> <input type="checkbox"/>	<b>NO</b> <input type="checkbox"/>
3. <del>If the pay item is a type of premium pay or special pay, indicate if the pay assignment, certificate or license:</del>			<b>YES</b> <input type="checkbox"/>	<b>NO</b> <input type="checkbox"/>
<del>i. Is required to be worked as part of a member's regularly assigned responsibilities,</del> <del>ii. is an essential, normal or traditional function of the job, and</del> <del>iii. is part of the regular assignment of all other members in the same grade or class</del>			<input type="checkbox"/>	<input type="checkbox"/>
4.3. Indicate how this Pay Item is calculated.			<b>Fixed Amount</b> <input type="checkbox"/>	<b>% of Base Pay</b> <input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>



# OCERS Pay Item Request Form ~~1-16-19~~

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<p><del>5-4.</del> Is the pay item for work performed outside of Normal Working Hours? If the answer is No, but served at times other than during a traditional 8, 10 or 12 hour shifts or 40-hour work week, please include supporting official documentation for that conclusion.</p>	<p><u>YES</u> <input type="checkbox"/></p>	<p><u>NO</u> <input type="checkbox"/></p>	<p><u>N/A</u> <input type="checkbox"/></p>
<p><del>6-5.</del> Is the pay item a bonus?</p>	<p><u>YES</u> <input type="checkbox"/></p>	<p><u>NO</u> <input type="checkbox"/></p>	<p><u>N/A</u> <input type="checkbox"/></p>
<p><del>7-6.</del> Is the pay item paid one-time or ad hoc?</p>	<p><u>YES</u> <input type="checkbox"/></p>	<p><u>NO</u> <input type="checkbox"/></p>	<p><u>N/A</u> <input type="checkbox"/></p>
<p><del>8-7.</del> Is the pay item an allowance (i.e. car allowance, uniform allowance, cell phone allowance)?</p>	<p><u>YES</u> <input type="checkbox"/></p>	<p><u>NO</u> <input type="checkbox"/></p>	<p><u>N/A</u> <input type="checkbox"/></p>
<p><del>9-8.</del> Is the pay item a reimbursement?</p>	<p><u>YES</u> <input type="checkbox"/></p>	<p><u>NO</u> <input type="checkbox"/></p>	<p><u>N/A</u> <input type="checkbox"/></p>
<p><del>10-9.</del> Is the pay item for deferred compensation?</p>	<p><u>YES</u> <input type="checkbox"/></p>	<p><u>NO</u> <input type="checkbox"/></p>	<p><u>N/A</u> <input type="checkbox"/></p>
<p><del>11-10.</del> Is the payment for accrued unused Leave/Vacation Payout, earned and payable within 12-month period?</p>	<p><u>YES</u> <input type="checkbox"/></p>	<p><u>NO</u> <input type="checkbox"/></p>	<p><u>N/A</u> <input type="checkbox"/></p>
<p><del>12-11.</del> Is the payment for compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member or employee?</p>	<p><u>YES</u> <input type="checkbox"/></p>	<p><u>NO</u> <input type="checkbox"/></p>	<p><u>N/A</u> <input type="checkbox"/></p>
<p><del>13-12.</del> Is the payment severance or other payment in connection with or in anticipation of a separation or termination from employment?</p>	<p><u>YES</u> <input type="checkbox"/></p>	<p><u>NO</u> <input type="checkbox"/></p>	<p><u>N/A</u> <input type="checkbox"/></p>
<p><del>14-13.</del> If terminal pay, pay is both earned and payable within 12-month period?</p>	<p><u>YES</u> <input type="checkbox"/></p>	<p><u>NO</u> <input type="checkbox"/></p>	<p><u>N/A</u> <input type="checkbox"/></p>
<p><del>15-14.</del> What is the basis of eligibility for the pay item in the case of premium pay or special pay (i.e. certification, degree, shift, assignment)?</p>			
<p><del>16-15.</del> Is the pay item included in publicly available pay schedule as defined in the OCERS Pensionable Compensation Board Policy? If so in what publicly available salary schedule is the pay item listed or described? (Please provide the title and location of the document)</p>			



# OCERS Pay Item Request Form ~~1-16-19~~

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PEPRA PENSIONABLE COMPENSATION CRITERIA		SECTION BELOW RESERVED FOR OCERS STAFF			
		Qualifier	YES	NO	N/A
1.	Normal Monthly Rate of Pay or Base Pay:	YES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Payable to Similarly Situated:	YES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	In Public Pay Schedule:	YES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	<u>Basis of eligibility for the pay item in the case of premium pay or special pay (i.e. certification, degree, shift, assignment)</u>  If Premium Pay or Special Pay, is the assignment, certification or license: i. <del>part of a member's regularly assigned responsibilities,</del> ii. <del>an essential, normal or traditional function of the job, and</del> iii. <del>part of the regular assignment of all other members in the same grade or class</del>	YES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Earned for Normal Working Hrs. If yes and the Normal Working Hours are other than a traditional 8, 10, or 12 hour shift and/or 40 hour work week, please explain in detail:	YES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Allowance, Reimbursement or Previously Paid In-Kind:	NO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	Bonus, one-time ad hoc payment:	NO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	Severance or Terminal Pay:	NO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	Overtime other than Section 207(k) time:	NO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	Payment for any Unused Leave:	NO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.	Employer contribution to deferred comp:	NO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<b>PEPRA Pensionable?</b>			
<b>Notes &amp; Comments Regarding Decisions</b>					

COMPENSATION EARNABLE CRITERIA – PER GC SECTION 31461		Qualifier	YES	NO	N/A
1.	Compensation at Same Pay Rate as Persons in Same Grade or Class	YES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	One-Time or Ad Hoc Payment Paid to All Similarly Situated	YES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Leave/Vacation Payout Earned & Payable in 12 Month Period	YES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Terminal Pay Earned & Payable in 12 Month Period	YES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Compensation Previously Paid In Kind & Now as Cash	NO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Payment for Services Rendered During Normal Working Hours. If yes and the Normal Working Hours are other than a traditional 8, 10, or 12 hour shift and/or 40 hour work week, please explain in detail :	NO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<b>Comp Earnable?</b>			
<b>Notes &amp; Comments Regarding Decisions</b>					

Applicable Plans	Pensionable	Used in FAS	Prorated in FAS	Additional Notes:
<input type="checkbox"/> PEPRA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/> LEGACY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/> BOTH	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

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APPROVED BY

\_\_\_\_\_

DATE



## OCERS Pay Item Request Form ~~1-16-19~~

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# Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

## I. Purpose

The purpose of this OAP is to describe the procedure for determining whether an element of pay is pensionable and can be included as Compensation Earnable and/or Pensionable Compensation for inclusion in the Final Average Salary that is used to calculate a member's pension benefit.

## II. Authority

This OAP is established pursuant to OCERS Board Policies: Compensation Earnable Policy, Pensionable Compensation Policy, Retirement Enhancement Review Policy and Pay Item Review Policy.

OCERS Board Resolution 98-001 and OCERS Compensation Earnable Policy affirm the OCERS interpretation of the term Compensation Earnable as defined in California Government Code Section 31461.

The Public Employees' Pension Reform Act of 2012 (PEPRA) and AB 197 amended Section 31461 and created the term Pensionable Compensation for members hired on or after January 1, 2013. OCERS Pensionable Compensation Policy explains OCERS interpretation of the term Pensionable Compensation as defined in California Government Code Section 7522.34.

A number of lawsuits were filed shortly after PEPRA became effective. One of these lawsuits was appealed to the Supreme Court, and on July 30, 2020 resulted in a decision of the Court upholding as constitutional AB 197 and PEPRA, including the amendments to Section 31461. (*Alameda County Deputy Sheriff's Association v. Alameda County Employees' Retirement Association* 9 Cal.5th 1032; the Alameda Decision.) The Board has amended this OAP to reflect the holding of the Court in the Alameda Decision.

California Government Code Section 31542 requires the OCERS Board to establish a procedure for assessing and determining whether an element of compensation was paid to enhance a member's retirement benefit. In keeping with this requirement, the Board adopted the Retirement Enhancement Review Policy and the Pay Item Review Policy, which include policy guidelines for assessing compensation included in the calculation of the member's final average salary to ensure that an element of pay was not paid to enhance a member's retirement benefit.

## III. Definitions

Following are definitions of terms that are used throughout this OAP.

**Compensation Earnable:** See Section V.

**Final Average Salary:** One of the factors used to calculate a member's monthly retirement allowance. It is a measure of a member's level of earnings based on the member's average salary for a specified period of time (e.g. one-year of 12 consecutive months or three-years of 36 consecutive months). It includes base salary and may also include other pay items that the OCERS Board of Retirement has defined as Compensation Earnable or Pensionable Compensation.





## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

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**Legacy member:** Member hired before January 1, 2013.

**Non-pensionable:** Pay item is not included in Final Average Salary and not subject to pension contributions; no pension contributions are collected from the employee or employer.

**Normal Working Hours:** Hours that: (i) are required to be worked as part of the employee's regular duties; (ii) are ordinarily worked during the period in question by all other members in same grade/class/rate of pay as the employee; and (iii) are not and cannot be served voluntarily by the employee. "Ordinarily worked" does not include time served on a temporary or emergency basis. Normal Working Hours will be established by the employer, but must meet OCERS and CERS requirements. OCERS will rely upon official County or District approved documentation establishing grades/classes/rates of pay.

**Pay Item:** Element of compensation.

**Pensionable Compensation:** See Section V.

**Pensionable:** Pay item is included in the Final Average Salary and subject to pension contributions; pension contributions are collected from the employee and employer.

**PEPRA member:** Member hired on or after January 1, 2013.

**Publicly Available Pay Schedule:** A document that:

- a) Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
- b) Identifies the position title for every employee position;
- c) Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;
- d) Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
- e) Does not reference an unavailable document in lieu of disclosing pay rate.

### IV. Limitations

This administrative procedure shall be construed consistently with the requirements of the California Government Code Sections 31460, 31461 and 31462 (Compensation Earnable), 7522.32 and 7522.34 (Pensionable Compensation), 31542, and the Ventura Decision, the Alameda Decision, and other interpretations issued thereunder.

### V. Compensation Earnable and Pensionable Compensation

#### *Compensation Earnable*

Compensation Earnable applies to Legacy members.



## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

### *ITEMS INCLUDED IN COMPENSATION EARNABLE*

As set out in Resolution 98-001 and subdivisions (a) and (b) of Section 31461, and further clarified in OCERS' Compensation Earnable Policy, elements included in Compensation Earnable are remuneration that is (i) earned and receivable in cash (under the applicable MOU) by the retiring member, (ii) during the final compensation period (as defined by Sections 31462 and 31482.1 of the Government Code; hereafter Final Compensation Period), and (iii) for services performed during Normal Working Hours including but not limited to the following items of compensation, and others substantially similar to them:

- Σ Base Salary and Wages
- Σ Bilingual Premium Pay
- Σ Educational Incentive ("POST") Pay
- Σ Aircraft Rescue Firefighting
- Σ Paramedic Pay
- Σ Motorcycle Bonus
- Σ Emergency Dispatch Pay
- Σ Field Training Officer Bonus
- Σ Shift Differential Pay
- Σ Confined Space Pay
- Σ Longevity Incentive
- Σ Automobile Allowance, if paid in cash; and for members whose Final Compensation period includes time before January 1, 2001, also to the extent that the automobile was provided for personal use and declared as income
- Σ Uniform Allowance
- Σ Uniform Maintenance Allowance
- Σ Payoffs of Vacation, Sick and Holiday leave to the extent (i) was earned in each 12-month period of the Final Compensation Period (pro-rated on a monthly basis); (ii) was not taken as time off; and (iii) was permitted to be cashed out during each 12-month period of the Final Compensation Period (prorated on a monthly basis) under the applicable MOU regardless of when actually paid or cashed out
- Σ Employee Contributions to Deferred Compensation Plan (already included in Base Salary and Wages, above)
- Σ "Mandatory or Scheduled Overtime" (including pay items such as On-Call, and Standby) provided that the pay is for services rendered during the employee's Normal Working Hours.



## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

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- Σ Compensatory Time (excluding "True Overtime" in excess of minimum required reserve)
- Σ "Madera" Pay (see, *Madera Police Officers Association v. City Of Madera* 36 Cal.3d 403)
- Σ Additional Compensation for Scheduled Meal Periods
- Σ Flexible Benefits ("Cafeteria Plan") paid in cash to members retiring before January 1, 1991

### ***ITEMS EXCLUDED FROM COMPENSATION EARNABLE***

As further set out in Resolution 98-001 and subdivisions (a) and (b) of Section 31461, and clarified in the Compensation Earnable Policy, remuneration or other value to the employee that (i) is neither earned nor payable in cash to the employee during the final compensation period; and (ii) is not for services rendered during the employee's Normal Working Hours will be excluded from Compensation Earnable, including but not limited to the following items, and others substantially similar to them:

- Σ "True Overtime", including but not limited to On-Call, Standby and similar pay, for additional services rendered outside of Normal Working Hours, whether paid in a lump sum or otherwise.
- Σ Employer Contributions for Deferred Compensation plan or to Retirement System
- Σ Employer "pick up" of Employee Contributions to Retirement System
- Σ Payoffs or cash outs of Vacation and Sick Leave and Holiday Pay, to the extent neither earned nor permitted to be cashed-out under the applicable MOU, during each 12-month period of the Final Compensation Period, regardless of when actually cashed out.
- Σ Flexible Benefits ("Cafeteria Plan") provided in-kind
- Σ Flexible Benefits paid in cash to the extent paid to members retiring on or after January 1, 1991
- Σ Terminal ("Final") Pay, unless included in Compensation Earnable under the section above
- Σ Expense Reimbursements
- Σ In-Kind Advantages (e.g. food, lodging, board, laundry, fuel)
- Σ Fees, Licenses, Memberships provided to member by employers
- Σ Automobile Allowance, if the automobile is provided for personal use and the allowance is not paid in cash, whether or not declared as income, for members whose Final Compensation periods **do not** include time before January 1, 2001.

### ***Pensionable Compensation***

Pensionable Compensation applies to PEPRA members.



## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

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### ***ITEMS INCLUDED IN PENSIONABLE COMPENSATION***

For PEPPRA members, Pensionable Compensation means (i) the normal monthly rate of pay or base pay of the member; (ii) paid in cash; (iii) to similarly situated members of the same group or class of employment; (iv) for services rendered on a full-time basis; (v) during Normal Working Hours; pursuant to Publicly Available Pay Schedules; and (vi) subject to limitations set forth below.

Pensionable Compensation includes the following items of compensation:

Base Salary and Wages, (which includes any employee contributions to deferred compensation plans) and additional compensation for scheduled meal periods, plus the following skill-based or shift-based premium pay categories, and others substantially similar to them:

- ∑ Bilingual Pay
- ∑ Educational Pay
- ∑ Aircraft Rescue Firefighting Pay
- ∑ Paramedic Pay
- ∑ Motorcycle Pay
- ∑ Emergency Dispatch Pay
- ∑ Field Training Officer Pay
- ∑ Shift Differential Pay
- ∑ Confined Space Pay

### ***ITEMS EXCLUDED FROM PENSIONABLE COMPENSATION***

As described in OCERS Board Policy Pensionable Compensation, Pensionable Compensation does not include items explicitly excluded from Pensionable Compensation under Government Code Section 7522.34, including the following items and others substantially similar to them:

- ∑ Any item of compensation determined by the Board (i) to have been paid in order to increase a member's retirement benefit (pension spiking) or (ii) to be inconsistent with the requirements of the Pensionable Compensation Policy.
- ∑ Overtime other than as defined in Section 207(k) of the Title 29 of the United States Code
- ∑ Payments for additional services rendered outside of Normal Working Hours, whether paid in a lump sum or otherwise
- ∑ Employer Contribution to deferred compensation plan or retirement system
- ∑ Flexible benefits ("Cafeteria Plan") provided in-kind or paid in cash
- ∑ Automobile, uniform or other allowances



## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

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- ∑ Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
- ∑ Expense reimbursements and in-kind advantages (e.g. food, lodging, board, laundry, fuel)
- ∑ Fees, licenses, or memberships provided to or for a member by employer
- ∑ Any bonus paid in addition to the compensation defined as Pensionable Compensation above
- ∑ Any ad hoc or one-time pay of any sort including one-time longevity pay
- ∑ Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.
- ∑ Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.

### VI. Process

As pay items are requested, each item must be evaluated by OCERS to determine whether it is Compensation Earnable and/or Pensionable Compensation. Employers are required to submit a request for a new pay item or changes to a pay item for OCERS review and approval in compliance with the Pay Item Request and Approval Procedures for Employers.

The following describes the process of analyzing and determining if a pay item is Compensation Earnable and/or Pensionable Compensation.

1. Upon receiving a pay item request, OCERS staff reviews and analyses the following:
  - a. Pay item description;
  - b. Relevant MOU/contract/side letter or other employer document that establishes the terms or requirements of the pay item;
  - c. Specific provision(s)/section(s) of the MOU/contract, and
  - d. Any other relevant policy or governing code.

Staff will ask the employer for clarification if the descriptions of the pay item or requirements are unclear.

2. OCERS staff reviews the information provided by the employer to determine:
  - a. What job classifications are eligible to receive the pay item
  - b. Whether all members in the same grade/class are eligible for the payment



## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

- c. How the pay item is calculated – fixed amount or % of pay
  - d. Type of pay – allowance, reimbursement, bonus, cash-out, etc.
  - e. Frequency of payment – recurring, ad-hoc, one time
  - f. If payment is for work performed during Normal Working Hours
3. Then the following criteria and guidelines are applied to determine if the pay item qualifies for inclusion in Compensation Earnable and/or Pensionable Compensation:

For Legacy members, if the answer to questions 1-4 below is "Yes" and "NO" to questions 5 and 6, the pay item is Compensation Earnable. If the answers to questions 1-4 are "NO" and "Yes" to questions 5 and 6, the pay item is **not** Compensation Earnable.

COMPENSATION EARNABLE CRITERIA – PER GC SECTION 31461		Qualifier	YES	NO	N/A
1.	Compensation at same pay rate as persons in same grade/class	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	
2.	One-time or ad hoc payment paid to all similarly situated	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Leave/vacation payout earned & payable in 12-month period	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Terminal pay earned & payable in 12-month period	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Compensation previously paid in-kind & now in cash	<u>NO</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Payment for services rendered outside Normal Working Hours	<u>NO</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Compensation Earnable?</b>					

For PEPRAs members, Pensionable Compensation must meet the following qualifying criteria pursuant to Government Code Section 7522.34 If the answers are "YES" to questions 1-4 below, the pay item is determined Pensionable Compensation. If the answer is "NO" to questions 1-4 and/or "YES" to questions 5-10, the pay item is **not** Pensionable Compensation.

PENSIONABLE COMPENSATION CRITERIA – PER GC SECTION 7522.34(a)		Qualifier	YES	NO	N/A
1.	Normal rate of pay or base pay	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Payable to similarly situated	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

PENSIONABLE COMPENSATION CRITERIA – PER GC SECTION 7522.34(a)		Qualifier	YES	NO	N/A
3.	Earned for Normal Working Hours	YES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	In public pay schedule	YES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Allowance, reimbursement or previously paid in-kind	NO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Bonus, one-time or ad-hoc	NO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	Severance or terminal pay	NO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	Overtime other than Section 207(k) time	NO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	Payment for any unused leave	NO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	Employer contribution to deferred compensation	NO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Pensionable Compensation?</b>					

- If the pay item is determined to be Compensation Earnable and/or Pensionable Compensation it will be entered into the pension system as pensionable.<sup>1</sup> OCERS will collect retirement contributions on the approved pay item and include it in retirement benefit calculations.

If the pay item is not Compensation Earnable or Pensionable Compensation, it will be entered into the pension system as non-pensionable. OCERS will not collect retirement contributions on the pay item and will not include it in retirement benefit calculation.

- After completing its assessment, OCERS staff will notify the employer of its determination. The employer will implement the pay code for the new pay item with the approved pay item status.

<sup>1</sup> Exceptions may apply. For example, payoff of compensatory time for holidays, sick leave, vacation, and annual leave may be Compensation Earnable but is reported as non-pensionable for salary reporting purposes. The payoff amount may be considered at the time of retirement.



## **Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure**

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OCERS will add the approved pay item to the master list of approved pay codes. A listing of approved pay items may be found on the Employer Section page of the OCERS website.





## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

### Reference Guide to Compensation Earnable for Legacy Members and Pensionable Compensation for PEPRA Members

	Compensation Earnable Legacy (GC 31461)	Pensionable Compensation PEPRA (GC 7522.34)
Base Salary and Wages	Yes	Yes
Bilingual Premium Pay	Yes	Yes
Educational Incentive ("POST") Pay	Yes	Yes
Aircraft Rescue Firefighting	Yes	Yes
Paramedic Pay	Yes	Yes
Motorcycle Pay	Yes	Yes
Emergency Dispatch Pay	Yes	Yes
Field Training Officer Bonus	Yes	Yes
Shift Differential Pay	Yes	Yes
Confined Space Pay	Yes	Yes
Longevity Incentive – that is not one time or ad hoc	Yes	Yes
Employee Contributions to Deferred Compensation Plan	Yes	Yes
Overtime (i) that is required to be worked; and (ii) that is ordinarily worked by all in the same grade/class; and (iii) not voluntary (Normal Working Hours)	Yes	Only Yes, if Section 207k time
"Madera" Pay and additional compensation for scheduled meal periods	Yes	Yes
Automobile Allowance, if paid in cash; and, for members whose "final compensation" period (as defined under Sections 31462 and 31482.1 of the Government Code) includes time before January 1, 2001, also to the extent automobile was provided for personal use and declared as income	Yes	No
Uniform Allowance and Uniform Maintenance Allowance	Yes	No



## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

	Compensation Earnable Legacy (GC 31461)	Pensionable Compensation PEPRA (GC 7522.34)
Payoffs and cash outs of Vacation and Sick Leave and Holiday provided that the time (1) was earned (pro-rated on a monthly basis); (ii) was not taken as time off; and (iii) was permitted to be cashed-out (pro-rated on a monthly basis) under the applicable MOU regardless of when actually paid or cashed-out	Yes	No
Compensatory Time (excluding "True-Overtime" in excess of minimum required reserve)	Yes	No
Any compensation determined by the Board to have been paid to increase a member's retirement benefit	No	No
True Overtime (amounts paid for working outside Normal Working Hours )	No	No
Payments for additional services rendered outside of Normal Working Hours, whether paid in a lump sum or otherwise	No	No
Employer contributions for deferred compensation plan or to retirement system	No	No
Employer "pick up" of employee contributions to retirement system	No	No
Payoffs of vacation and sick leave and holiday pay, to the extent neither earned nor permitted to be cashed-out under the applicable MOU, regardless of when actually cashed out.	No	No
Flexible benefits ("Cafeteria Plan") provided in-kind	No	No
Flexible benefits paid in cash to the extent paid to members retiring on or after January 1, 1991	No	No
Terminal ("Final") pay in excess of what is earned in 12-month period	No	No
Expense reimbursements	No	No
In-kind advantages (e.g. food, lodging, board, laundry, fuel)	No	No
Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a	No	No



## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

	Compensation Earnable Legacy (GC 31461)	Pensionable Compensation PEPRA (GC 7522.34)
third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment		
Fees, licenses, memberships provided to member by employers	No	No
Automobile allowance to the extent automobile is provided for personal use and not paid in cash, whether or not declared as income, for members whose "final compensation" periods (as defined under Sections 31462 and 31482.1 of the Government Code) do not include time before January 1, 2001.	No	No
Any ad hoc or one-time pay of any sort including one-time longevity pay	Yes - if payment made to all similarly situated members in the member's grade/class.  No - if not paid to all similarly situated members in the member's grade/class.	No
Any bonus paid in addition to normal monthly rate of pay or base pay	Yes - if payment made to all similarly situated members in the member's grade/class.	No



## **Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure**

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# Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

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## I. Purpose

The purpose of this OAP is to describe the procedure for determining whether an element of pay is pensionable and can be included as Compensation Earnable and/or Pensionable Compensation for inclusion in the Final Average Salary that is used to calculate a member's pension benefit.

## II. Authority

This OAP is established pursuant to OCERS Board Policies: Compensation Earnable Policy, Pensionable Compensation Policy, Retirement Enhancement Review Policy and Pay Item Review Policy.

OCERS Board Resolution 98-001 and OCERS Compensation Earnable Policy affirm the OCERS interpretation of the term Compensation Earnable as defined in California Government Code Section 31461.

The Public Employees' Pension Reform Act of 2012 (PEPRA) and AB 197 amended Section 31461 and created the term Pensionable Compensation for members hired on or after January 1, 2013. OCERS Pensionable Compensation Policy explains OCERS interpretation of the term Pensionable Compensation as defined in California Government Code Section 7522.34.

A number of lawsuits were filed shortly after PEPRA became effective. One of these lawsuits was appealed to the Supreme Court, and [on July 30, 2020](#) resulted in a decision of the Court upholding as constitutional AB 197 and PEPRA, including the amendments to Section ~~31641~~[31461](#). (*Alameda County Deputy Sheriff's Association v. Alameda County Employees' Retirement Association* 9 Cal.5th 1032; the Alameda Decision.) The Board has amended this OAP to reflect the holding of the Court in the Alameda Decision.

California Government Code Section 31542 requires the OCERS Board to establish a procedure for assessing and determining whether an element of compensation was paid to enhance a member's retirement benefit. In keeping with this requirement, the Board adopted the Retirement Enhancement Review Policy and the Pay Item Review Policy, which include policy guidelines for assessing compensation included in the calculation of the member's final average salary to ensure that an element of pay was not paid to ~~spike-enhance~~ a member's retirement benefit.

## III. Definitions

Following are definitions of terms that are used throughout this OAP.

**Compensation Earnable:** See Section V.

**Final Average Salary:** One of the factors used to calculate a member's monthly retirement allowance. It is a measure of a member's level of earnings based on the member's average salary for a specified period of time (e.g. one-year of 12 consecutive months or three-years of 36



## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

consecutive months). It includes base salary and may also include other pay items that the OCERS Board of Retirement has defined as Compensation Earnable or Pensionable Compensation.

**Legacy member:** Member hired before January 1, 2013.

**Non-pensionable:** Pay item is not included in Final Average Salary and not subject to pension contributions; no pension contributions are collected from the employee or employer.

**Normal Working Hours:** ~~Those hours an employee must work in order to be paid their base salary, plus overtime hours, including on-call or standby pay, only to the extent that the overtime hours including on-call or standby pay~~ Hours that: (i) are required to be worked as part of the employee's regular duties; (ii) are ordinarily worked during the period in question by all other members in same grade/class/rate of pay as the employee; and (iii) are not and cannot be served voluntarily by the employee. "Ordinarily worked" does not include time served on a temporary or emergency basis. Normal Working Hours will be established by the employer, but must meet OCERS and CERRL requirements. OCERS will rely upon official County or District approved documentation establishing grades/classes/rates of pay.

**Pay Item:** Element of compensation.

**Pensionable Compensation:** See Section V.

**Pensionable:** Pay item is included in the Final Average Salary and subject to pension contributions; pension contributions are collected from the employee and employer.

**PEPRA member:** Member hired on or after January 1, 2013.

**Publicly Available Pay Schedule:** A document that:

- a) Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
- b) Identifies the position title for every employee position;
- c) Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;
- d) Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
- e) Does not reference an unavailable document in lieu of disclosing pay rate.

### IV. Limitations

This administrative procedure shall be construed consistently with the requirements of the California Government Code Sections 31460, 31461 and 31462 (Compensation Earnable), 7522.32 and 7522.34 (Pensionable Compensation), 31542, and the Ventura Decision, the Alameda Decision, and other interpretations issued thereunder.



## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

### V. Compensation Earnable and Pensionable Compensation

#### *Compensation Earnable*

Compensation Earnable applies to Legacy members ~~who are existing members of OCERS as of January 1, 2013.~~

#### **ITEMS INCLUDED IN COMPENSATION EARNABLE**

As set out in Resolution 98-001 and subdivisions (a) and (b) of Section 31461, and further clarified in OCERS' Compensation Earnable Policy, elements included in Compensation Earnable are remuneration that is (i) earned and receivable in cash (under the applicable MOU) by the retiring member, (ii) during the final compensation period (as defined by Sections 31462 and 31482.1 of the Government Code; hereafter Final Compensation Period), and (iii) for services performed during Normal Working Hours including but not limited to the following items of compensation, and others substantially similar to them:

- Σ Base Salary and Wages
- Σ Bilingual Premium Pay
- Σ Educational Incentive ("POST") Pay
- Σ Aircraft Rescue Firefighting
- Σ Paramedic Pay
- Σ Motorcycle Bonus
- Σ Emergency Dispatch Pay
- Σ Field Training Officer Bonus
- Σ Shift Differential Pay
- Σ Confined Space Pay
- Σ Longevity Incentive
- Σ Automobile Allowance, if paid in cash; and for members whose Final Compensation period includes time before January 1, 2001, also to the extent that the automobile was provided for personal use and declared as income
- Σ Uniform Allowance
- Σ Uniform Maintenance Allowance
- Σ Payoffs of Vacation, Sick and Holiday leave to the extent (i) was earned in ~~each of the~~ 12-month ~~period of the~~ Final Compensation Period ~~(s)~~ (pro-rated ~~on a~~ monthly basis); (ii) was not taken as time off; and (iii) was permitted to be cashed ~~out~~ during ~~each of the~~ 12-



## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

month ~~period of the~~ Final Compensation ~~Period(s)~~ (prorated on a monthly basis) under the applicable MOU regardless of when actually paid or cashed out

- Σ Employee Contributions to Deferred Compensation Plan (already included in Base Salary and Wages, above)
- Σ "Mandatory or Scheduled Overtime" (including pay items such as On-Call, and Standby) provided that the pay is for services rendered during the employee's Normal Working Hours.
- Σ Compensatory Time (excluding "True Overtime" in excess of minimum required reserve)
- Σ "Madera" Pay (see, *Madera Police Officers Association v. City Of Madera* 36 Cal.3d 403)
- Σ Additional Compensation for Scheduled Meal Periods
- Σ Flexible Benefits ("Cafeteria Plan") paid in cash to members retiring before January 1, 1991

### ***ITEMS EXCLUDED FROM COMPENSATION EARNABLE***

As further set out in Resolution 98-001 and subdivisions (a) and (b) of Section 31461, and clarified in the Compensation Earnable Policy, remuneration or other value to the employee that (i) is neither earned nor payable in cash to the employee during the final compensation period; and (ii) is not for services rendered during the employee's Normal Working Hours will be excluded from Compensation Earnable, including but not limited to the following items, and others substantially similar to them:

- Σ "True Overtime", including but not limited to On-Call, Standby and similar pay, for additional services rendered outside of Normal Working ~~H~~hours, whether paid in a lump sum or otherwise.
- Σ Employer Contributions for Deferred Compensation plan or to Retirement System
- Σ Employer "pick up" of Employee Contributions to Retirement System
- Σ Payoffs or cash outs of Vacation and Sick Leave and Holiday Pay, to the extent neither earned nor permitted to be cashed-out under the applicable MOU, during ~~each of the~~ 12-month ~~period of the~~ Final Compensation ~~Period(s)~~, regardless of when actually cashed out.
- Σ Flexible Benefits ("Cafeteria Plan") provided in-kind
- Σ Flexible Benefits paid in cash to the extent paid to members retiring on or after January 1, 1991
- Σ Terminal ("Final") Pay, unless included in Compensation Earnable under the section above
- Σ Expense Reimbursements
- Σ In-Kind Advantages (e.g. food, lodging, board, laundry, fuel)
- Σ Fees, Licenses, Memberships provided to member by employers





## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

- Σ Automobile Allowance, if the automobile is provided for personal use and the allowance is not paid in cash, whether or not declared as income, for members whose Final Compensation periods **do not** include time before January 1, 2001.

### *Pensionable Compensation*

Pensionable Compensation applies to PEPRAs members, ~~who are OCERS members hired on or after January 1, 2013.~~

#### **ITEMS INCLUDED IN PENSIONABLE COMPENSATION**

For PEPRAs members, Pensionable Compensation means (i) the normal monthly rate of pay or base pay of the member; (ii) paid in cash; (iii) to similarly situated members of the same group or class of employment; (iv) for services rendered on a full-time basis; (v) during Normal Working Hours; pursuant to ~~P~~publicly ~~A~~available ~~P~~pay ~~S~~schedules; and (vi) subject to limitations set forth below.

Pensionable Compensation includes the following items of compensation:

Base Salary and Wages, (which includes any employee contributions to deferred compensation plans) and additional compensation for scheduled meal periods, plus the following skill-based or shift-based premium pay categories, and others substantially similar to them:

- Σ Bilingual Pay
- Σ Educational Pay
- Σ Aircraft Rescue Firefighting Pay
- Σ Paramedic Pay
- Σ Motorcycle Pay
- Σ Emergency Dispatch Pay
- Σ Field Training Officer Pay
- Σ Shift Differential Pay
- Σ Confined Space Pay
- ~~Σ Longevity Incentive Pay (other than one-time payments based on longevity)~~

**Premium Pay will be included only if the assignment, certification or license:**

- ~~Σ Is part of a member's regularly assigned responsibilities,~~
- ~~Σ Is an essential, normal or traditional function of the job,~~
- ~~Σ Is part of the available to all other regular assignment of all other members in the same grade or class as part of their regular assignment, and,~~
- ~~Σ Is not for work performed or received solely during the final average compensation period.~~



## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

### *ITEMS EXCLUDED FROM PENSIONABLE COMPENSATION*

As described in OCERS Board Policy Pensionable Compensation, Pensionable Compensation does not include items explicitly excluded from Pensionable Compensation under Government Code Section 7522.34, including the following items and others substantially similar to them:

- Σ Any item of compensation determined by the Board (i) to have been paid in order to increase a member's retirement benefit (pension spiking) or (ii) to be inconsistent with the requirements of the Pensionable Compensation Policy.
- Σ Overtime other than as defined in Section 207(k) of the Title 29 of the United States Code
- Σ Payments for additional services rendered outside of Normal Working Hours, whether paid in a lump sum or otherwise
- Σ Employer Contribution to deferred compensation plan or retirement system
- Σ Flexible benefits ("Cafeteria Plan") provided in-kind or paid in cash
- Σ Automobile, uniform or other allowances
- Σ Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
- Σ Expense reimbursements and in-kind advantages (e.g. food, lodging, board, laundry, fuel)
- Σ Fees, licenses, or memberships provided to or for a member by employer
- Σ Any bonus paid in addition to the compensation defined as Pensionable Compensation above
- Σ Any ad hoc or one-time pay of any sort including one-time longevity pay
- Σ Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.
- Σ Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.

## VI. Process

As pay items are requested, each item must be evaluated by OCERS to determine whether it is Compensation Earnable and/or Pensionable Compensation. Employers are required to submit a request for a new pay item or changes to a pay item for OCERS review and approval in compliance with the Pay Item Request and Approval Procedures for Employers.



## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

The following describes the process of analyzing and determining if a pay item is Compensation Earnable and/or Pensionable Compensation.

1. Upon receiving a pay item request, OCERS staff reviews and analyses the following:
  - a. Pay item description;
  - b. Relevant MOU/contract/side letter or other employer document that establishes the terms or requirements of the pay item;
  - c. Specific provision(s)/section(s) of the MOU/contract, and
  - d. Any other relevant policy or governing code.

Staff will ask the employer for clarification if the descriptions of the pay item or requirements are unclear.

2. OCERS staff reviews the information provided by the employer to determine:
  - a. What job classifications are eligible to receive the pay item
  - b. Whether ~~payment is provided to~~ all members in the same grade/class are eligible for the payment
  - c. How the pay item is calculated – fixed amount or % of pay
  - d. Type of pay – allowance, reimbursement, bonus, cash-out, etc.
  - e. Frequency of payment – recurring, ad-hoc, one time
  - f. If payment is for work performed during Normal Working Hours

3. Then the following criteria and guidelines are applied to determine if the pay item qualifies for inclusion in Compensation Earnable and/or Pensionable Compensation:

For Legacy members, if the answer to questions 1-4 below is "Yes" and "NO" to questions 5 and 6, the pay item is Compensation Earnable. If the answers to questions 1-4 are "NO" and "Yes" to questions 5 and 6, the pay item is **not** Compensation Earnable.

COMPENSATION EARNABLE CRITERIA – PER GC SECTION 31461		Qualifier	YES	NO	N/A
1.	Compensation at same pay rate as persons in same grade/class	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	
2.	One-time or ad hoc payment paid to all similarly situated	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Leave/vacation payout earned & payable in 12-month period	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Terminal pay earned & payable in 12-month period	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

COMPENSATION EARNABLE CRITERIA – PER GC SECTION 31461		Qualifier	YES	NO	N/A
5.	Compensation previously paid in-kind & now in cash	<u>NO</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Payment for services rendered outside <del>N</del> ormal <del>W</del> orking <del>H</del> ours	<u>NO</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Compensation Earnable?</b>					

For PEPRAs members, Pensionable Compensation must meet the following qualifying criteria pursuant to Government Code Section 7522.34. If the answers are “YES” to questions 1-4 below, the pay item is determined Pensionable Compensation. If the answer is “NO” to questions 1-4 and/or “YES” to questions 5-10, the pay item is **not** Pensionable Compensation.

PENSIONABLE COMPENSATION CRITERIA – PER GC SECTION 7522.34(a)		Qualifier	YES	NO	N/A
1.	Normal rate of pay or base pay	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Payable to similarly situated	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Earned for <del>N</del> ormal <del>W</del> orking <del>H</del> ours	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	In public pay schedule	<u>YES</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Allowance, reimbursement or previously paid in-kind	<u>NO</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Bonus, one-time or ad-hoc	<u>NO</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	Severance or terminal pay	<u>NO</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	Overtime other than Section 207(k) time	<u>NO</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	Payment for any unused leave	<u>NO</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	Employer contribution to deferred compensation	<u>NO</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Pensionable Compensation?</b>					



## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

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4. If the pay item is determined to be Compensation Earnable and/or Pensionable Compensation it will be entered into the pension system as pensionable.<sup>1</sup> OCERS will collect retirement contributions on the approved pay item and include it in retirement benefit calculations.

If the pay item is not Compensation Earnable or Pensionable Compensation, it will be entered into the pension system as non-pensionable. OCERS will not collect retirement contributions on the pay item and will not include it in retirement benefit calculation.

5. After completing its assessment, OCERS staff will notify the employer of its determination. The employer will implement the pay code for the new pay item with the approved pay item status.

OCERS will add the approved pay item to the master list of approved pay codes. A listing of approved pay items may be found on the Employer Section page of the OCERS website.

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<sup>1</sup> Exceptions may apply. For example, payoff of compensatory time for holidays, sick leave, vacation, and annual leave may be Compensation Earnable but is reported as non-pensionable for salary reporting purposes. The payoff amount may be considered at the time of retirement.



## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

### Reference Guide to Compensation Earnable for Legacy Members and Pensionable Compensation for PEPRA Members

	Compensation Earnable Legacy (GC 31461)	Pensionable Compensation PEPRA (GC 7522.34)
Base Salary and Wages	Yes	Yes
Bilingual Premium Pay	Yes	Yes
Educational Incentive ("POST") Pay	Yes	Yes
Aircraft Rescue Firefighting	Yes	Yes
Paramedic Pay	Yes	Yes
Motorcycle Pay	Yes	Yes
Emergency Dispatch Pay	Yes	Yes
Field Training Officer Bonus	Yes	Yes
Shift Differential Pay	Yes	Yes
Confined Space Pay	Yes	Yes
Longevity Incentive <u>– that is not one time or ad hoc</u>	Yes	Yes
Employee Contributions to Deferred Compensation Plan	Yes	Yes
Overtime (i) that is required to be worked; and (ii) that is ordinarily worked by all in the same grade/class; and (iii) not voluntary (Normal Working Hours)	Yes	Only Yes, if Section 207k time
"Madera" Pay and additional compensation for scheduled meal periods	Yes	Yes
Automobile Allowance, if paid in cash; and, for members whose "final compensation" period (as defined under Sections 31462 and 31482.1 of the Government Code) includes time before January 1, 2001, also to the extent automobile was provided for personal use and declared as income	Yes	No
Uniform Allowance and Uniform Maintenance Allowance	Yes	No



## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

	Compensation Earnable Legacy (GC 31461)	Pensionable Compensation PEPRA (GC 7522.34)
Payoffs and cash outs of Vacation and Sick Leave and Holiday provided that the time (1) was earned (pro-rated on a monthly basis); (ii) was not taken as time off; and (iii) was permitted to be cashed-out (pro-rated on a monthly basis) under the applicable MOU regardless of when actually paid or cashed-out	Yes	No
Compensatory Time (excluding "True-Overtime" in excess of minimum required reserve)	Yes	No
Any compensation determined by the Board to have been paid to increase a member's retirement benefit	No	No
True Overtime (amounts paid for working outside <del>N</del> ormal <del>W</del> orking <del>H</del> ours )	No	No
Payments for additional services rendered outside of <del>N</del> ormal <del>W</del> orking <del>H</del> ours, whether paid in a lump sum or otherwise	No	No
Employer contributions for deferred compensation plan or to retirement system	No	No
Employer "pick up" of employee contributions to retirement system	No	No
Payoffs of vacation and sick leave and holiday pay, to the extent neither earned nor permitted to be cashed-out under the applicable MOU, regardless of when actually cashed out.	No	No
Flexible benefits ("Cafeteria Plan") provided in-kind	No	No
Flexible benefits paid in cash to the extent paid to members retiring on or after January 1, 1991	No	No
Terminal ("Final") pay in excess of what is earned in 12-month period	No	No
Expense reimbursements	No	No
In-kind advantages (e.g. food, lodging, board, laundry, fuel)	No	No
Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a	No	No



## Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

	Compensation Earnable Legacy (GC 31461)	Pensionable Compensation PEPRA (GC 7522.34)
third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment		
Fees, licenses, memberships provided to member by employers	No	No
Automobile allowance to the extent automobile is provided for personal use and not paid in cash, whether or not declared as income, for members whose "final compensation" periods (as defined under Sections 31462 and 31482.1 of the Government Code) do not include time before January 1, 2001.	No	No
Any ad hoc or one-time pay of any sort including one-time longevity pay	Yes - if payment made to all similarly situated members in the member's grade/class.  No - if not paid to all similarly situated members in the member's grade/class.	No
Any bonus paid in addition to normal monthly rate of pay or base pay	Yes - if payment made to all similarly situated members in the member's grade/class.	No





## **Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure**

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## DRAFT OCERS Administrative Procedure (OAP) Final Average Salary Calculation

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### I. Purpose

This OAP describes the procedure for calculating the Final Average Salary (FAS) of a retiring member when calculating the member's monthly retirement allowance.

### II. Authority

This OAP is in accordance with OCERS Board Retirement Enhancement Review Policy Compensation Review Policy, pursuant to California Government Code (GC) Section 31542 and in compliance with GC Sections 7522.32, 7522.34, 31460, 31461, 31462, and related applicable sections.

### III. Final Average Salary Components

Final Average Salary (FAS) is one of the four factors used to calculate a member's monthly retirement allowance; it includes a member's base salary and may also include other pay items that the OCERS Board of Retirement (Board) has defined as Compensation Earnable or Pensionable Compensation.



#### ***COMPENSATION EARNABLE***

Compensation Earnable means (i) remuneration earned and receivable in cash (under the applicable MOU) by the retiring employee, (ii) during the final compensation period, and (iii) for working the ordinary time required of all other employees in the same grade/class. Compensation Earnable is applicable to existing members as of January 1, 2013, referred to as Legacy members.

#### ***PENSIONABLE COMPENSATION***

Pensionable Compensation means (i) the normal monthly rate of pay or base pay of the member; (ii) paid in cash; (iii) to similarly situated members of the same grade or class of employment; (iv) for services rendered on a full-time basis; (v) during Normal Working Hours (as defined in the Pensionable Compensation Policy); (vi) pursuant to Publicly Available Pay Schedules (as defined in the Pensionable Compensation Policy); and (vii) subject to limitations. Pensionable Compensation is applicable to all OCERS members enrolled on or after January 1, 2013, referred to as PEPRAs members.

#### ***EARNABLE SALARY***

FAS is based on a member's earnable salary, which represents the total base salary that could have been earned during a bi-weekly pay period. Earnable salary is calculated by multiplying the member's hourly rate by the total number of hours a member could have worked within a reported pay period.

#### ***GROSS SALARY***

A member's gross salary represents the total payment made to a member within a reported bi-weekly pay period. Gross salary records are used by OCERS when calculating an eligible part-time member's FAS at retirement.



## DRAFT OCERS Administrative Procedure (OAP) Final Average Salary Calculation

### IV. Limitations

This administrative procedure will be construed consistently with the requirements of the California Government Code Sections 31460, 31461, and 31462 (Compensation Earnable), 7522.32 and 7522.34 (Pensionable Compensation), 31542, the decisions of the California Supreme Court in *Ventura County Deputy Sheriffs' Assn. v. Alameda County Employees' Retirement Assn.* (2020) 9 Cal.5<sup>th</sup> 1032 and other interpretations issued thereunder.

### V. Process

The following describes the Final Average Salary calculation process.

#### 1. Plan Verification

The first step in calculating FAS is to identify the member's plan membership and benefit plan formula.

- ∑ **Legacy**
  - **Plan Members**
    - a. Active member of OCERS prior to January 1, 2013; or
    - b. An individual who was a deferred member of OCERS prior to January 1, 2013, and who returns to the same employer; or
    - c. An individual who was a deferred member of a reciprocal retirement system with service under that system prior to January 1, 2013 who became an active member of OCERS within six months of deferring membership in the reciprocal system.
    - d. Deferred Legacy members (who do not return) as either PEPRA or Legacy (depending on what they were when they deferred)
  - **Plans**
    - ∑ Plan A B C, D, E, F, G, H, I, J, M, N, O, P, Q, R and S
- ∑ **PEPRA**
  - **Plan Members** – Member enrolled in OCERS on or after January 1, 2013
  - **Plans**
    - ∑ Plan T, U, V, and W

#### 2. Measuring Period

Then the measuring period – one-year or three-years (12 or 36 consecutive months)- is identified based on the member's plan and entry date. Members who entered OCERS prior to September 21, 1979 have a one-year measuring period; all others have a three-year measuring period.

- ∑ **One-year (12-months):** Plan A, C, E, G, I, M, O and Q
- ∑ **Three-years (36-months):** Plan B, D, F, H, J, N, P, R, S, T, U, V and W



## DRAFT OCERS Administrative Procedure (OAP) Final Average Salary Calculation

### 3. Compensation Review

1. Based on the selected retirement date, the highest average salary earned within a consecutive 12-month or 36-month period, whichever applies based on the member's plan and entry date, is identified.
2. OCERS staff then examines the member's earnable salary records for the highest 12 or 36 consecutive months provided by the employer to determine the member's base pay and whether there are any additional pay items that qualify for inclusion in Compensation Earnable or Pensionable Compensation.

#### ***A) ITEMS INCLUDED IN COMPENSATION EARNABLE – LEGACY MEMBERS***

For Legacy members, OCERS will determine whether the member has any additional premium pay or cash out items that may be included in Compensation Earnable.

#### **TYPES OF PAY ITEMS INCLUDED**

The following pay items are included, in addition to a member's hourly base wages:

- Σ Premium pay (e.g. shift differential, bilingual premium pay, etc.)
- Σ Allowances (e.g. automobile, if paid in cash or used for personal use, uniform, or uniform maintenance, etc.)
  - Overtime, including on-call/standby pay but only if it is: (i) required to be worked as part of the employee's Normal Work Hours (defined below); (ii) ordinarily worked during the period in question as part of the regular assignments of all other members in same grade/class as the employee; and (iii) not served voluntarily by the employee. "Ordinarily worked" does not include time served on a temporary or emergency basis.

#### **TYPES OF CASH OUT ITEMS INCLUDED**

Cash out items, often referring to Paid Time Off (PTO) hours, up to the maximum amount earned and cashable during a 12-month period, for each year of the measuring period:

- Σ **Annual Leave/Vacation** – amount earned, not taken as time off and permitted to be cashed-out during the measuring period under the member's applicable MOU, regardless of when actually cashed out. (e.g. employees are typically able to cash out 40, 60, or 80 hours of vacation or annual leave in a 12-month period.)
- Σ **Sick Leave** – time that (i) was earned; (ii) was not taken as time off; and (iii) was permitted to be cashed-out during the measuring period under the member's applicable MOU, regardless of when actually paid or cashed out.
- Σ **Compensatory Time for Holidays** - for holidays worked or for holidays that fall on a member's regularly scheduled day off, (i) the amount earned; (ii) was not taken as time off; and (iii) was permitted to be cashed-out during the



## DRAFT OCERS Administrative Procedure (OAP) Final Average Salary Calculation

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measuring period under the member's applicable MOU, regardless of when actually paid or cashed out.

For Legacy members, if members have a measuring period that spans multiple fiscal years, OCERS will only include in Compensation Earnable the amount earned and could have been cashed out during each 12-month period of the measuring period.

### ***B) ITEMS INCLUDED IN PENSIONABLE COMPENSATION – PEPRA MEMBERS***

For PEPRA members, OCERS will determine the normal monthly rate of pay and any pensionable items that meet the following criteria for Pensionable Compensation:

- ∑ Pay is the normal monthly rate of pay or base pay
- ∑ Pay is paid in cash
- ∑ Paid to similarly situated members of the same group or class of employment
- ∑ Pay is for services rendered on a full-time basis during Normal Working Hours (defined below)
- ∑ Pay is paid pursuant to publicly available schedules

#### **PAY ITEMS INCLUDED**

- ∑ Base Salary and Wages (which includes employee contributions to deferred compensation plans), and including additional compensation for scheduled meal periods, plus skill-based or shift-based premium pay categories as defined in the Pensionable Compensation Policy.

NORMAL WORKING HOURS ARE HOURS THAT (I) ARE REQUIRED TO BE WORKED AS PART OF THE EMPLOYEE'S REGULAR DUTIES; (II) ARE ORDINARILY WORKED DURING THE PERIOD IN QUESTION BY ALL OTHER MEMBERS IN THE SAME GRADE/CLASS/RATE OF PAY AS THE EMPLOYEE; AND (III) ARE NOT AND CANNOT BE VOLUNTARILY WORKED BY THE EMPLOYEE. "ORDINARILY WORKED" DOES NOT INCLUDE TIME SERVED ON A TEMPORARY OR EMERGENCY BASIS.

### ***C) ITEMS EXCLUDED FROM COMPENSATION EARNABLE AND PENSIONABLE COMPENSATION***

In accordance with Resolution 98-001 and GC Section 7522.34, the following are excluded from Compensation Earnable for Legacy members and Pensionable Compensation for PEPRA members including, but not limited to the following items, and others substantially similar to them.



## DRAFT OCERS Administrative Procedure (OAP) Final Average Salary Calculation

Items Excluded from Compensation Earnable and Pensionable Compensation	
Compensation Earnable Legacy Members	Pensionable Compensation PEPRA Members
Any compensation determined by the Board to have been paid to increase a member's retirement benefit or is inconsistent with the requirements of OCERS Board Policies Compensation Earnable and Pensionable Compensation.	
True overtime (not qualifying in 3. 2. A), above)	Overtime other than as defined in Section 207(k) of Title 29 of the United States Code
Payments for additional services rendered outside of Normal Working Hours, whether paid in a lump sum or otherwise.	
Payoffs or cash outs of vacation and sick leave and holiday pay, to the extent neither earned nor permitted to be cashed-out under the applicable MOU, regardless of when actually paid or cashed out	Payments for unused vacation, annual, leave, personal leave, sick leave or compensatory time off, however denominated, whether paid in lump sum or otherwise, regardless of when reported or paid.
Flexible benefits ("Cafeteria Plan") provided in kind and Flexible Benefits paid in cash	
Expense reimbursements and in-kind advantages (e.g. food, lodging, board, laundry, fuel)	
Fees, licences, memberships provide to member by employer	
Automobile allowance, if the automobile is provided for personal use and the allowance is not paid in cash, whether or not declared as income, for members whose Final Compensation Periods (as defined in Section 9(a) of the Compensation Earnable Policy) <b>do not</b> include time before January 1, 2001.	Automobile, uniform, or other allowances
Terminal "Final" pay, to the extent not included in Cash Out items	Severance or other termination pay that is received while employed
	Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in



## DRAFT OCERS Administrative Procedure (OAP) Final Average Salary Calculation

Items Excluded from Compensation Earnable and Pensionable Compensation	
Compensation Earnable Legacy Members	Pensionable Compensation PEPRA Members
	the form of a cash payment in the final average salary period.
	Any ad hoc or one-time pay of any sort

3. OCERS staff reviews each pay period that contains a pay item to determine whether the pay item is included in the approved list of pay items and is reported as pensionable. Staff then confirms that the member is eligible to receive the pay item by verifying the member’s job classification, bargaining unit and MOU that was applicable during the measuring period. Staff also validates that the pay item was reported and paid correctly according to the applicable MOU.
  4. For Legacy members, to determine whether a cash out item should be included in Compensation Earnable, OCERS reviews all payroll records from the employer and any relevant documents the member may have. Then, using the MOU that was applicable during the measuring period, OCERS confirms that the item was earned, not taken as time off and cashable during a 12-month period for each year of the measuring period. Members cannot receive credit for time that was used for time off.
 

If payment for compensatory time for holidays has not been reported as a cash out item by the employer, the member may be required to provide supporting documentation, including pay stubs and timesheets to show that the holiday hours accrued were not used as time off and that the member either received payment for the holiday hours, or could have received payment for those hours within 12-months of the measuring period.

No cash out items are included in Pensionable Compensation for PEPRA members.
5. OCERS will research any item of compensation that may look inconsistent or appear to have been paid to spike a member’s retirement benefit.
6. OCERS may request additional documentation from the employer or member to verify what has been provided and reported.
7. If OCERS staff determines that one or more items of compensation were paid to inappropriately enhance a member’s retirement benefit, OCERS staff will send written notification to the member and the employer of its determination.
8. OCERS may conduct written or oral follow-up communication with the member and/or employer as appropriate in the exercise of reasonable diligence. Staff will document any such communications and when concluded, will issue a final notice of determination.
9. Once all pay items and applicable cash out items have been validated, staff adds each pay item and/or applicable cash out item to the base salary to compute the total Compensation Earnable or Pensionable Compensation.



## DRAFT OCERS Administrative Procedure (OAP) Final Average Salary Calculation

### 4. FAS Calculation

After completing the compensation review, OCERS calculates the Final Average Salary.

∑ For **Legacy members in Tier 1**, FAS is calculated by taking the sum of the member's highest consecutive 12-months of Compensation Earnable and dividing it by 12.

∑ For **Legacy members in Tier 2**, FAS is calculated by taking the sum of the member's highest 36-months of Compensation Earnable and dividing it by 36.

∑ For **PEPRA members**, FAS is calculated by taking the sum of the member's highest 36-months of Pensionable Compensation and dividing it by 36.

FAS is limited to applicable IRS 401(a)17 and Social Security limits.

The FAS is then applied to the calculation of the member's monthly retirement allowance.

#### ***Part-Time or Full-Time Members with Less than One (1) Year (Tier 1) or Three (3) Years (Tier 2) of Service***

If a member is a part-time employee or a full-time employee with less than 1 year of service (Tier 1) or 3 years of service (Tier 2), then the FAS is calculated using the member's Gross Salary. The member's sum of Gross Salary is divided by the number of months of service credited in OCERS and multiplied by 12.

#### ***Part-Time Members with Equivalent of Three (3) Years of Full-Time Service***

For part-time members, FAS is calculated by using the member's Gross Salary over 6272 hours and dividing it by 36.





## DRAFT OCERS Administrative Procedure (OAP) Final Average Salary Calculation

### I. Purpose

This OAP describes the procedure for calculating the Final Average Salary (FAS) of a retiring member when calculating the member's monthly retirement allowance.

### II. Authority

This OAP is in accordance with OCERS Board Retirement Enhancement Review Policy Compensation Review Policy, pursuant to California Government Code (GC) Section 31542 and in compliance with GC Sections 7522.32, 7522.34, 31460, 31461, 31462, and related applicable sections.

### III. Final Average Salary Components

Final Average Salary (FAS) is one of the four factors used to calculate a member's monthly retirement allowance; it includes a member's base salary and may also include other pay items that the OCERS Board of Retirement (Board) has defined as Compensation Earnable or Pensionable Compensation.



#### **COMPENSATION EARNABLE**

Compensation Earnable means (i) remuneration earned and receivable in cash (under the applicable MOU) by the retiring employee, (ii) during the final compensation period, and (iii) for working the ordinary time required of all other employees in the same grade/class. Compensation Earnable is applicable to existing members as of January 1, 2013, referred to as Legacy members.

#### **PENSIONABLE COMPENSATION**

Pensionable Compensation means (i) the normal monthly rate of pay or base pay of the member; (ii) paid in cash; (iii) to similarly situated members of the same grade or class of employment; (iv) for services rendered on a full-time basis; (v) during ~~N~~ormal ~~W~~orking ~~H~~ours (as defined in the Pensionable Compensation Policy); (vi) pursuant to ~~P~~ublicly ~~A~~available ~~P~~ay ~~S~~chedules (as defined in the Pensionable Compensation Policy); and (vii) subject to limitations. Pensionable Compensation is applicable to all OCERS members enrolled on or after January 1, 2013, referred to as PEPRAs members.

#### **EARNABLE SALARY**

FAS is based on a member's earnable salary, which represents the total base salary that could have been earned during a bi-weekly pay period. Earnable salary is calculated by multiplying the member's hourly rate by the total number of hours a member could have worked within a reported pay period.

#### **GROSS SALARY**

A member's gross salary represents the total payment made to a member within a reported bi-weekly pay period. Gross salary records are used by OCERS when calculating an eligible part-time member's FAS at retirement.



## DRAFT OCERS Administrative Procedure (OAP) Final Average Salary Calculation

### IV. Limitations

This administrative procedure ~~will~~**shall** be construed consistently with the requirements of the California Government Code Sections 31460, 31461, and 31462 (Compensation Earnable), 7522.32 and 7522.34 (Pensionable Compensation), 31542, ~~and the~~ [decisions of the California Supreme Court in \*Ventura County Deputy Sheriffs' Assn. v. Alameda County Employees' Retirement Assn.\* \(2020\) 9 Cal.5th 1032-Decision, the Alameda Decision](#), and other interpretations issued thereunder.

### V. Process

The following describes the Final Average Salary calculation process.

#### 1. Plan Verification

The first step in calculating FAS is to identify the member's plan membership and benefit plan formula.

- ∑ **Legacy**
  - **Plan Members**
    - a. Active member of OCERS prior to January 1, 2013; or
    - b. An individual who was deferred member of OCERS prior to January 1, 2013, and who returns to the same employer; or
    - c. An individual who was a deferred member of a reciprocal retirement system with service under that system prior to January 1, 2013 who became an active member of OCERS within six months of deferring membership in the reciprocal system.
    - d. Deferred Legacy members (who do not return) as either PEPRA or Legacy (depending on what they were when they deferred)
  - **Plans**
    - ∑ Plan A B C, D, E, F, G, H, I, J, M, N, O, P, Q, R and S
- ∑ **PEPRA**
  - **Plan Members** – Member enrolled in OCERS on or after January 1, 2013
  - **Plans**
    - ∑ Plan T, U, V, and W

#### 2. Measuring Period

Then the measuring period – one-year or three-years (12 or 36 consecutive months)- is identified based on the member's plan and entry date. Members who entered OCERS prior to September 21, 1979 have a one-year measuring period; all others have a three-year measuring period.

- ∑ **One-year (12-months):** Plan A, C, E, G, I, M, O and Q
- ∑ **Three-years (36-months):** Plan B, D, F, H, J, N, P, R, S, T, U, V and W



## DRAFT OCERS Administrative Procedure (OAP) Final Average Salary Calculation

### 3. Compensation Review

1. Based on the selected retirement date, the highest average salary earned within a consecutive 12-month or 36-month period, whichever applies based on the member's plan and entry date, is identified.
2. OCERS staff then examines the member's earnable salary records for the highest 12 or 36 consecutive months provided by the employer to determine the member's base pay and whether there are any additional pay items that qualify for inclusion in Compensation Earnable or Pensionable Compensation.

#### ***A) ITEMS INCLUDED IN COMPENSATION EARNABLE – LEGACY MEMBERS***

For Legacy members, OCERS will determine whether the member has any additional premium pay or cash out items that may be included in Compensation Earnable.

#### **TYPES OF PAY ITEMS INCLUDED**

The following pay items are included, in addition to a member's hourly base wages:

- Σ Premium pay (e.g. shift differential, bilingual premium pay, etc.)
- Σ Allowances (e.g. automobile, if paid in cash or used for personal use, uniform, or uniform maintenance, etc.)
  - Overtime, including on-call/standby pay but only if it is: (i) required to be worked as part of the employee's ~~regular duties~~Normal Work Hours (defined below); (ii) ordinarily worked during the period in question as part of the regular assignments of all other members in same grade/class as the employee; and (iii) not served voluntarily by the employee. "Ordinarily worked" does not include time served on a temporary or emergency basis.

#### **TYPES OF CASH OUT ITEMS INCLUDED**

Cash out items, often referring to Paid Time Off (PTO) hours, up to the maximum amount earned and cashable during a 12-month period, for each year of the measuring period:

- Σ **Annual Leave/Vacation** – amount earned, not taken as time off and permitted to be cashed-out during the measuring period under the member's applicable MOU, regardless of when actually cashed out. (e.g. ~~e~~Employees are typically able to cash out 40, 60, or 80 hours of vacation or annual leave in a 12-month period.)
- Σ **Sick Leave** – time that (i) was earned; (ii) was not taken as time off; and (iii) was permitted to be cashed-out during the measuring period under the member's applicable MOU, regardless of when actually paid or cashed out.
- Σ **Compensatory Time for Holidays** - for holidays worked or for holidays that fall on a member's regularly scheduled day off, (i) the amount earned; (ii) was not taken as time off; and (iii) was permitted to be cashed-out during the



## DRAFT OCERS Administrative Procedure (OAP) Final Average Salary Calculation

measuring period under the member's applicable MOU, regardless of when actually paid or cashed out.

For Legacy members, if members have a measuring period that spans multiple fiscal years, OCERS will only include in Compensation Earnable the amount earned and could have been cashed out during each 12-month period of the measuring period.

### ***B) ITEMS INCLUDED IN PENSIONABLE COMPENSATION – PEPRA MEMBERS***

For PEPRA members, OCERS will determine the normal monthly rate of pay and any pensionable items that meet the following criteria for Pensionable Compensation:

- Σ Pay is the normal monthly rate of pay or base pay
- Σ Pay is paid in cash
- Σ Paid to similarly situated members of the same group or class of employment
- Σ Pay is for services rendered on a full-time basis during ~~N~~normal ~~W~~working ~~H~~hours [\(defined below\)](#)
- Σ Pay is paid pursuant to publicly available schedules

#### **PAY ITEMS INCLUDED**

- Σ Base Salary and Wages (which includes employee contributions to deferred compensation plans), and including additional compensation for scheduled meal periods, plus skill-based or shift-based premium pay categories as defined in the Pensionable Compensation Policy.

**NORMAL WORKING HOURS ARE HOURS THAT (I) ARE REQUIRED TO BE WORKED AS PART OF THE EMPLOYEE'S REGULAR DUTIES; (II) ARE ORDINARILY WORKED DURING THE PERIOD IN QUESTION BY ALL OTHER MEMBERS IN THE SAME GRADE/CLASS/RATE OF PAY AS THE EMPLOYEE; AND (III) ARE NOT AND CANNOT BE VOLUNTARILY WORKED BY THE EMPLOYEE. "ORDINARILY WORKED" DOES NOT INCLUDE TIME SERVED ON A TEMPORARY OR EMERGENCY BASIS.**

### ***C) ITEMS EXCLUDED FROM COMPENSATION EARNABLE AND PENSIONABLE COMPENSATION***

In accordance with Resolution 98-001 and GC Section 7522.34, the following are excluded from Compensation Earnable for Legacy members and Pensionable Compensation for PEPRA members including, but not limited to the following items, and others substantially similar to them.



## DRAFT OCERS Administrative Procedure (OAP) Final Average Salary Calculation

Items Excluded from Compensation Earnable and Pensionable Compensation	
Compensation Earnable Legacy Members	Pensionable Compensation PEPRA Members
Any compensation determined by the Board to have been paid to <u>spike-increase</u> a member's retirement benefit or is inconsistent with the requirements of OCERS Board Policies Compensation Earnable and Pensionable Compensation.	
True overtime (not qualifying in <u>3.2.A</u> <del>[A]</del> , above)	Overtime other than as defined in Section 207(k) of Title 29 of the United States Code
Payments for additional services rendered outside of <u>N</u> ormal <u>W</u> orking <u>H</u> ours, whether paid in a lump sum or otherwise.	
Payoffs or cash outs of vacation and sick leave and holiday pay, to the extent neither earned nor permitted to be cashed-out under the applicable MOU, regardless of when actually paid or cashed out	Payments for unused vacation, annual, leave, personal leave, sick leave or compensatory time off, however denominated, whether paid in lump sum or otherwise, regardless of when reported or paid.
Flexible benefits ("Cafeteria Plan") provided in kind and Flexible Benefits paid in cash	
Expense reimbursements and in-kind advantages (e.g. food, lodging, board, laundry, fuel)	
Fees, licences, memberships provide to member by employer	
Automobile allowance, if the automobile is provided for personal use and the allowance is not paid in cash, whether or not declared as income, for members whose Final Compensation Periods (as defined in Section 9(a) of the Compensation Earnable Policy) <b>do not</b> include time before January 1, 2001.	Automobile, uniform, or other allowances
Terminal "Final" pay, to the extent not included in Cash Out items	Severance or other termination pay that is received while employed
	Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in



## DRAFT OCERS Administrative Procedure (OAP) Final Average Salary Calculation

Items Excluded from Compensation Earnable and Pensionable Compensation	
Compensation Earnable Legacy Members	Pensionable Compensation PEPRA Members
	the form of a cash payment in the final average salary period.
	Any ad hoc or one-time pay of any sort

3. OCERS staff reviews each pay period that contains a pay item to determine whether the pay item is included in the approved list of pay items and is reported as pensionable. Staff then confirms that the member is eligible to receive the pay item by verifying the member’s job classification, bargaining unit and MOU that was applicable during the measuring period. Staff also validates that the pay item was reported and paid correctly according to the applicable MOU.
  4. For Legacy members, to determine whether a cash out item should be included in Compensation Earnable, OCERS reviews all payroll records from the employer and any relevant documents the member may have. Then, using the MOU that was applicable during the measuring period, OCERS confirms that the item was earned, not taken as time off and cashable during a 12-month period for each year of the measuring period. Members cannot receive credit for time that was used for time off.
 

If payment for compensatory time for holidays has not been reported as a cash out item by the employer, the member may be required to provide supporting documentation, including pay stubs and timesheets to show that the holiday hours accrued were not used as time off and that the member either received payment for the holiday hours, or could have received payment for those hours within 12-months of the measuring period.

No cash out items are included in Pensionable Compensation for PEPRA members.
5. OCERS will research any item of compensation that may look inconsistent or appear to have been paid to spike a member’s retirement benefit.
6. OCERS may request additional documentation from the employer or member to verify what has been provided and reported.
7. If OCERS staff determines that one or more items of compensation were paid to inappropriately enhance a member’s retirement benefit, OCERS staff will send written notification to the member and the employer of its determination.
8. OCERS may conduct written or oral follow-up communication with the member and/or employer as appropriate in the exercise of reasonable diligence. Staff will document any such communications and when concluded, will issue a final notice of determination.
9. Once all pay items and applicable cash out items have been validated, staff adds each pay item and/or applicable cash out item to the base salary to compute the total Compensation Earnable or Pensionable Compensation.



## DRAFT OCERS Administrative Procedure (OAP) Final Average Salary Calculation

### 4. FAS Calculation

After completing the compensation review, OCERS calculates the Final Average Salary.

∑ For **Legacy members in Tier 1**, FAS is calculated by taking the sum of the member's highest consecutive 12-months of Compensation Earnable and dividing it by 12.

∑ For **Legacy members in Tier 2**, FAS is calculated by taking the sum of the member's highest 36-months of Compensation Earnable and dividing it by 36.

∑ For **PEPRA members**, FAS is calculated by taking the sum of the member's highest 36-months of Pensionable Compensation and dividing it by 36.

FAS is limited to applicable IRS 401(a)17 and Social Security limits.

The FAS is then applied to the calculation of the member's monthly retirement allowance.

#### ***Part-Time or Full-Time Members with Less than One (1) Year (Tier 1) or Three (3) Years (Tier 2) of Service***

If a member is a part-time employee or a full-time employee with less than 1 year of service (Tier 1) or 3 years of service (Tier 2), then the FAS is calculated using the member's Gross Salary. The member's sum of Gross Salary is divided by the number of months of service credited in OCERS and multiplied by 12.

#### ***Part-Time Members with Equivalent of Three (3) Years of Full-Time Service***

For part-time members, FAS is calculated by using the member's Gross Salary over 6272 hours and dividing it by 36.



## Memorandum

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**DATE:** April 19, 2021  
**TO:** Members of the Board of Retirement  
**FROM:** Gina M. Ratto, General Counsel  
**SUBJECT:** FIDUCIARY COUNSEL RFP – SELECTION OF FINALISTS FOR INTERVIEW BY THE BOARD

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### Recommendation

Select the candidates for Fiduciary Counsel who will be interviewed by the Board; establish the interview panel consisting of the full Board; and determine the interviews will be conducted at the Board meeting on May 17, 2021.

### Background/Discussion

At its January 19, 2021 meeting, the Board approved release of a Request for Proposal (RFP) to initiate a search for fiduciary counsel. The Board's Procurement and Contracting Policy (Policy) designates the fiduciary counsel as a "Named Service Provider." Under the Policy, all contracts with Named Service Providers are required to be for an initial term of three years, and may be extended by the Board for up to three additional years, for a total maximum term of six years. Prior to the expiration of the final extension of the contract, a competitive search and selection process for the Named Service Provider must be conducted. The current contract with Reed Smith LLP expires on June 30, 2021.

The RFP was released on January 22, 2021, and responses to the RFP were due on or before March 5, 2021. At its meeting in February, the Board directed that a panel consisting of CEO Steve Delaney, Assistant CEO Suzanne Jenike, General Counsel Gina Ratto, and Staff Attorney Manuel Serpa, review and evaluate all proposals that met the minimum qualifications set forth in the RFP, and present the Board with a proposed list of finalists at the Board's meeting in April.

OCERS received five responses to the RFP:

- ∑ Foley & Lardner
- ∑ Nossaman LLP
- ∑ Olson Remcho, LLP
- ∑ Reed Smith LLP
- ∑ Reinhart Boerner Van Deuren S.C.

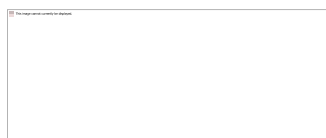
All five firms satisfied the minimum qualifications. The members of the evaluation committee each reviewed and scored all of the proposals submitted, and then met as a committee to discuss their findings. The evaluation committee preliminarily concluded the Board would be best served by limiting its interviews to the two candidates who scored far above the other three. Despite this initial determination, the evaluation committee



chose to conduct reference checks on the two next highest scoring firms to ensure the committee was making its best recommendation to the Board. Nothing was learned in the course of the reference checks to alter the committee’s conviction that Nossaman LLP and Reed Smith LLP are the two best candidates for the Board’s consideration.

The evaluation committee therefore recommends the Board direct staff to invite Nossaman LLP and Reed Smith LLP for an interview with the full Board at its May 17, 2021 meeting. This timing will allow staff to negotiate and execute a contract with the selected firm before the current contract for fiduciary counsel services expires at the end of June.

**Submitted by:**



Gina M. Ratto  
General Counsel



## Memorandum

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**DATE:** April 19, 2021  
**TO:** Members of the Board of Retirement  
**FROM:** Gina M. Ratto, General Counsel  
**SUBJECT:** **SACRS BOARD OF DIRECTORS ELECTION 2021-2022 – DIRECTION TO OCERS’ VOTING DELEGATE**

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### Recommendation

Consider the SACRS Nominating Committee’s recommended slate of candidates and the list of additional candidates interested in running for the election of SACRS Directors; and give direction to OCERS’ Voting Delegate and Alternate Delegates for the SACRS Board of Directors election to be held during the SACRS Spring Conference on May 14, 2021.

### Background/Discussion

The election for the SACRS Board of Directors for 2021–2022 will be held on May 14, 2021 during the regular business meeting portion of the SACRS Spring Conference. The Administrator of each regular member County Retirement System is responsible for communicating the Nominating Committee’s suggested slate to each trustee and placing the election of SACRS Directors on his or her board agenda. The Administrator is required to acknowledge the completion of these responsibilities with the Nominating Committee. The election will be conducted by an open roll call vote, and OCERS’ voting delegate should be prepared to vote the recommended ballot and by each board position separately. Newly elected directors assume their duties at the conclusion of the meeting at which they are elected, with the exception of the office of Treasurer. The incumbent Treasurer will co-serve with the newly elected Treasurer through the completion of the current fiscal year.

The SACRS Nominating Committee’s Recommend Ballot for the 2021—2022 election includes the following candidates:

<b>President</b>	<b>Vivian Gray, Los Angeles CERA</b>
<b>Vice President</b>	<b>Kathryn Cavness, Mendocino CERA</b>
<b>Treasurer</b>	<b>Harry Hagen, Santa Barbara CERS</b>
<b>Secretary</b>	<b>Thomas Garcia, Imperial CERS</b>
<b>Regular Member</b>	<b>David MacDonald, MD, Contra Costa CERA</b>
<b>Regular Member</b>	<b>Vere Williams, San Bernardino CERA</b>

The SACRS Nominating Committee also received a Submission Form from the following SACRS members applying for the following positions on the SACRS Board of Directors. As you may recall, on February 16, 2021,

the OCERS Board met and took action to nominate OCERS trustee, Christopher Prevatt, for one of the two Regular Member Director positions on the SACRS Board of Directors.

<b>Regular Member</b>	<b>John Kelly, Sacramento CERS</b>
<b>Regular Member</b>	<b>Chris Prevatt, Orange CERS</b>

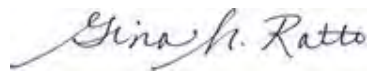
At the SACRS business meeting, OCERS' voting delegate will have the opportunity to cast OCERS' vote as directed by the Board. In accordance with OCERS' SACRS Voting Authority Policy (copy attached), OCERS' voting delegate is the Board Chair, and all other members of the Board and the CEO are alternate delegates. If the Board Chair is unable to attend a SACRS business meeting at which a vote is taking place, the Policy provides that the Vice Chair shall be designated as alternate voting delegate. If both the Chair and Vice Chair are unable to attend, the alternate voting delegate will be determined, among the Board members in attendance at the business meeting, alphabetically by the Board member's last name. The voting delegate may vote by recommended ballot or by each position separately.

Staff requests that the Board direct the OCERS voting delegate/alternate delegates on how to cast OCERS' vote at the election.

Attachments

- (1) SACRS Memorandum dated March 25, 2021 re: Board of Director Elections 2021-2022 Elections – Final Ballot
- (2) SACRS Voting Authority Policy

**Submitted by:**



Gina M. Ratto  
General Counsel



March 25, 2021

To: SACRS Trustees & SACRS Administrators/CEO's  
 From: Dan McAllister, SACRS Immediate Past President, Nominating Committee Chair  
 SACRS Nominating Committee  
 Re: SACRS Board of Director Elections 2021-2022 Elections – Final Ballot

SACRS BOD 2021-2022 election process began January 2021. Please provide the final ballot and voting instructions to your Board of Trustees and Voting Delegates.

DEADLINE	DESCRIPTION
March 1, 2021	Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.
March 25, 2021	The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25
May 14, 2021	Nomination Committee to conduct elections during the SACRS Business Meeting at the Spring Conference, May 11-14, 2021
May 14, 2021	Board of Directors take office for 1 year (until Spring 2022 Elections)

**Per SACRS Bylaws, Article VIII, Section 1. Board of Director and Section 2. Elections of Directors:**

**Section 1. Board of Directors. The Board shall consist of the officers of SACRS as described in Article VI, Section 1, the immediate Past President, and two (2) regular members**

**A. Immediate Past President.** *The immediate Past President, while he or she is a regular member of SACRS, shall also be a member of the Board. In the event the immediate Past President is unable to serve on the Board, the most recent Past President who qualifies shall serve as a member of the Board.*

**B. Two (2) Regular Members.** *Two (2) regular members shall also be members of the Board with full voting rights.*

**Section 2. Elections of Directors.** *Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.*

*The Nominating Committee will report its suggested slate, along with a list of the names of all members who had been nominated, to each regular member County Retirement System prior to March 25. The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's suggested slate to each trustee and placing the election of SACRS Directors on his or her board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.*



*Director elections shall take place during the first regular meeting of each calendar year. The election shall be conducted by an open roll call vote, and shall conform to Article V, Sections 6 and 7 of these Bylaws.*

*Newly elected Directors shall assume their duties at the conclusion of the meeting at which they are elected, with the exception of the office of Treasurer. The incumbent Treasurer shall co-serve with the newly elected Treasurer through the completion of the current fiscal year.*

The elections will be held at the SACRS Spring Conference on Friday, May 14, 2021 during the scheduled business meeting. Access to the business meeting is available on the conference platform, all voting delegates and alternate delegates must be registered for the conference to access link.

**SACRS Nominating Committee Final Ballot:**

- |  |                |
|--|----------------|
| • Vivian Gray, Los Angeles CERA          | President      |
| • Kathryn Cavness, Mendocino CERA        | Vice President |
| • Harry Hagen, Santa Barbara, CERS       | Treasurer      |
| • Thomas Garcia, Imperial CERS           | Secretary      |
| • David MacDonald, MD, Contra Costa CERA | Regular Member |
| • Vere Williams, San Bernardino CERA     | Regular Member |

**Additional Candidates Submitted:**

- |                               |                |
|-------------------------------|----------------|
| • John Kelly, Sacramento CERS | Regular Member |
| • Chris Prevatt, Orange CERS  | Regular Member |

Please prepare your voting delegate to have the ability to vote by the recommended ballot and by each position separately.

If you have any questions, please contact me at Dan McAllister, [Dan.McAllister@sdcounty.ca.gov](mailto:Dan.McAllister@sdcounty.ca.gov) or (619) 531-5231.

Thank you for your prompt attention to this timely matter.

Sincerely,

*Dan McAllister*

Dan McAllister, San Diego CERA Trustee  
SACRS Nominating Committee Chair

CC: SACRS Board of Directors  
SACRS Nominating Committee Members  
Sulema H. Peterson, SACRS Executive Director

Attached: Candidate submissions

## **Submissions for President**



**SACRS Nomination Submission Form  
SACRS Board of Directors Elections 2021-2022**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2021.** Please submit to the Nominating Committee Chair at [Dan.McAllister@sdcounty.ca.gov](mailto:Dan.McAllister@sdcounty.ca.gov) AND to SACRS at [sulema@sacrs.org](mailto:sulema@sacrs.org). If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

<b>Name of Candidate</b>	Name: Vivian H. Gray
<b>Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)</b>	Mailing Address: 300 N. Lake Ave., Ste. 820, Pasadena CA 91101 Email Address: viviangray@aol.com, vgray@lacera.com Phone: 213.440.0142
<b>Name of Retirement System Candidate Currently Serves On</b>	System Name: Los Angeles County Employees Retirement Assoc. (LACERA)
<b>List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)</b>	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other <u>Vice-Chair</u>
<b>Applying for SACRS Board of Directors Position (select only one)</b>	<input checked="" type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
<b>Brief Bio</b>	2020 President, SACRS 2018 Chair, LACERA Board of Retirement 2017 Chair, SACRS Bylaws Committee 2019 Vice Chair, SACRS President Elected general member trustee since 2012 35 years of service to Los Angeles County 10 years in Law Enforcement 25 years as an attorney for Los Angeles County 6 years in private law practice Education/Pension Trustee Certificates - Bachelors of Arts: UCLA - JD: UWLA - New York Law School -Public Pension Trustee Fiduciary Program - Stanford Law School (CALAPRS) -Principles of Pension Management - Harvard Law School Program - Trustee Work Life - UC Berkeley (SACRS) - Modern Investment Theory & Practice for Retirement Systems - IFEBP -Trustee Master's Program - NCPERS Public Pension Funding Forum - National Assoc. of Corporate Directors (NACD) Board Leadership Fellow

## VIVIAN H. GRAY

300 N. LAKE AVENUE, SUITE 820 ~PASADENA, CA 91101 ~ VGRAY@LACERA.COM

February 23, 2021

VIA EMAIL

SACRS Nominating Committee  
Mr. Dan McAllister, Chair

Dear Mr. McAllister and Members of the Nominating Committee:

I would like to express my desire to be considered for SACRS' President for 2021/2022.

For the past year, I have been humbly honored to serve as SACRS President. 2020 was a very difficult time for everyone. SACRS was no exception. During this time, my thoughts focused on two concepts: Relevance and Sustainability.

Within these two concepts, SACRS was able to remain 'relevant' to the pension community by moving forward in its approach to education and 'sustainable' by building on technological advances in order to continue to provide quality education through different mediums.

Most notably SACRS accomplishments for 2020 include, but are not limited to the following:

- Continued communications with 37 Act systems and administrators through SACRS' website and SACRS Magazine
- Relevant and up to the minute webinars on pensions and investments as impacted by the pandemic
- Presentation of SACRS Spring and Fall conferences in a virtual format without sacrificing quality speakers, presentations or interactions among trustees, affiliates and staff
- Presenting the SACRS Berkeley Education Program in a virtual format with on-demand replays of the classes presented
- Maintaining an active role in the legislative process as it affected county retirement systems

In spite of the pandemic, I am very proud of the work the SACRS Board has accomplished under my leadership. We have been and continue to be productive while remaining relevant and sustainable for the SACRS membership.

I would be honored to serve a second term as President of SACRS. I thank you in advance for your consideration of my candidacy for re-election.

Sincerely,

*Vivian Gray*

cc: Sulema Peterson, SACRS



## **Submissions for Vice President**



**SACRS Nomination Submission Form  
SACRS Board of Directors Elections 2021-2022**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2021.** Please submit to the Nominating Committee Chair at [Dan.McAllister@sdcounty.ca.gov](mailto:Dan.McAllister@sdcounty.ca.gov) AND to SACRS at [sulema@sacrs.org](mailto:sulema@sacrs.org). If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

<b>Name of Candidate</b>	Name: Kathryn Cavness
<b>Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)</b>	Mailing Address: 6500 Ridgewood Road, Willits, CA 95490 Email Address: k24u2figure@gmail.com Phone: Home (707) 459-2215; Cell (707) 354-8105; Work (707) 463-4194
<b>Name of Retirement System Candidate Currently Serves On</b>	System Name: Mendocino County Employee Retirement Association (MCERA)
<b>List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc.)</b>	Chair Alternate <input checked="" type="checkbox"/> General Elected Retiree Other _____
<b>Applying for SACRS Board of Directors Position (select only one)</b>	President <input checked="" type="checkbox"/> Vice President Treasurer Secretary Regular Member
<b>Brief Bio</b>	My education and professional experience provides qualifications ideally suited for taking on the responsibilities of Vice President of the SACRS Board of Directors:  <ul style="list-style-type: none"> <li>• Four years as Secretary for SACRS Board of Directors</li> <li>• Past Chair on the MCERA Board &amp; Current MCERA Auditing Committee Member</li> <li>• County of Mendocino District Attorney's Office Administrative Services Manager</li> <li>• Executive Education Investment Program, Hass School of Business, UC Berkeley</li> <li>• Principles of Pension Management for Trustees, Graziadio Business School, Pepperdine University</li> <li>• Advanced Principles of Pension Management for Trustees, UCLA</li> <li>• MBA/Accounting Emphasis</li> </ul>

Kathryn Cavness  
6500 Ridgewood Road  
Willits, CA 95490

February 4, 2021

Dan McAllister, SACRS Nominating Committee Chair  
SACRS Nominating Committee

Dear Dan and Nominating Committee Members,

Please accept my letter of intent to run as Vice President in the State Association of County Retirement Systems (SACRS) Board of Directors (BOD) officers' election for the 2021-22. I have had the honor of serving on the SACRS BOD as Secretary since May 2017, which has enhanced my understanding of the value of this organization for all parties involved. Additionally, I have served as Chair of the Mendocino County Employees Retirement Association (MCERA) for the last two years.

My interest in seeking the position of Vice President is to continue working with the highly effective SACRS Board in achieving common goals. My focus will be on adding value for Trustees by expanding growth and positive outcomes, increasing diversity, and providing educational opportunities through boosting attendance at the UC Berkeley Educational Program, and SACRS conferences. I will also continue working to expand participation and membership opportunities in SACRS Committees.

As a General Elected Trustee of the Mendocino County Employee Retirement Association, which is the smallest and most northern rural county system in California, I welcome the opportunity to continue representing the smaller systems as well as all SACRS members.

My education and professional experience provides qualifications ideally suited for taking on the responsibilities of Vice President of the SACRS Board of Directors:

- SACRS Board of Directors Secretary for four years from FY 2017/2018 - FY 2020/2021
- Chair of the MCERA Board for two years through December 2020
- Trustee on the MCERA Auditing Committee
- Public Pension Investment Management Program/
  - Modern Investment Theory & Practice for Retirement Systems
    - UC Berkeley Hass School of Business
- Advanced Principles of Pension Management for Trustees
  - UCLA Anderson School of Management
- Principles of Pension Management for Trustees
  - Pepperdine University, Graziadio Business School
- County of Mendocino District Attorney's Office Administrative Services Manager
- Master's Degree in Business Administration with Emphasis on Finance & Accounting

Sincerely,



Kathryn Cavness,  
SACRS BOD Secretary,  
Mendocino CERA Trustee

## **Submissions for Treasurer**



Providing insight. Fostering oversight.

**SACRS Nomination Submission Form  
SACRS Board of Directors Elections 2021-2022**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2021.** Please submit to the Nominating Committee Chair at [Dan.McAllister@sdcounty.ca.gov](mailto:Dan.McAllister@sdcounty.ca.gov) AND to SACRS at [sulema@sacrs.org](mailto:sulema@sacrs.org). If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

<b>Name of Candidate</b>	Name: Harry E. Hagen
<b>Candidate Contact Information</b> (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: P.O. Box 579 Santa Barbara, CA 93102  Email Address: hhagen@co.santa-barbara.ca.us  Phone: 805-568-2490
<b>Name of Retirement System Candidate Currently Serves On</b>	System Name: SBCERS (Santa Barbara)
<b>List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)</b>	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input checked="" type="checkbox"/> Other: Ex-Officio Member, Vice-Chair
<b>Applying for SACRS Board of Directors Position (select only one)</b>	<input type="radio"/> President <input type="radio"/> Vice President <input checked="" type="checkbox"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
<b>Brief Bio</b>	See Attachment

Harry E. Hagen  
Bio for SACRS Nomination Submission Form

I am the current Santa Barbara County Treasurer-Tax Collector-Public Administrator. I was first elected in 2010 and am currently serving in my third four-year term.

I am responsible for overseeing and investing a \$2 billion investment pool for local schools, general County government, and special districts. I manage the collection of taxes and general collections, administer Public Administrator estates and Public Guardian conservatorships, and oversee Veterans' Services programs. My duties also include serving as Chair of the County Debt Advisory Committee, implementing and managing the County's municipal financing program, and administering the County's deferred compensation program.

I hold a Bachelor's degree in Business Economics from UCSB, am a 29-year California Certified Public Accountant, and have completed the Certificate in Public Treasury Management from USC. Additionally, I have earned the designations of CPFO from the Government Finance Officers Association, CPFA and ACPFIM from the Association of Public Treasurers, CGIP from the Government Investment Officers Association, and CFIP from the Fixed Income Academy.

February 22, 2021

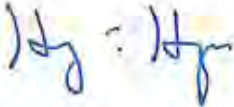
To Dan McAllister, SACRS Nominating Committee Chair,

I would like to continue serving on the SACRS Board of Directors and am submitting my letter of intent to run for the position of Treasurer.

I believe I am well qualified for the position based upon my educational and work experience. I am a 25-year employee of Santa Barbara County and the current Vice-Chair of the Santa Barbara County Employees Retirement System. I have served as the ex-officio member of SBCERS for over 10 years. I was also an alternate member to the board for eight years as the Assistant Treasurer-Tax Collector-Public Administrator.

Should you have any questions, please don't hesitate to call me directly.

Thank you for your consideration.

Handwritten signature of Harry E. Hagen in blue ink.

Harry E. Hagen, CPA, CPFA, CPFO, CFIP, CGIP, ACPFIM  
Treasurer-Tax Collector-Public Administrator-Public Guardian  
County of Santa Barbara  
(805) 568-2490  
hhagen@co.santa-barbara.ca.us

## **Submissions for Secretary**





**SACRS Nomination Submission Form  
SACRS Board of Directors Elections 2021-2022**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2021.** Please submit to the Nominating Committee Chair at [Dan.McAllister@sdcounty.ca.gov](mailto:Dan.McAllister@sdcounty.ca.gov) AND to SACRS at [sulema@sacrs.org](mailto:sulema@sacrs.org). If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

<b>Name of Candidate</b>	Name: Thomas Garcia
<b>Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)</b>	Mailing Address: 107 South B Street, Imperial, CA 92251 Email Address: <a href="mailto:tgarcia@icso.org">tgarcia@icso.org</a> Phone: 442-265-2222
<b>Name of Retirement System Candidate Currently Serves On</b>	System Name: Imperial County Employees Retirement System (ICERS)
<b>List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)</b>	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected ( <b>Safety</b> ) <input type="radio"/> Retiree <input type="radio"/> Other _____
<b>Applying for SACRS Board of Directors Position (select only one)</b>	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input checked="" type="radio"/> Secretary <input type="radio"/> Regular Member
<b>Brief Bio</b>	<p>ICERS Board Trustee, elected safety member (2015-Present)  Vice Chair ICERS Board (Current)  Chair ICERS Board (2016)</p> <p>25 Years <b>Public Service</b> in Law Enforcement with the Imperial County Sheriff's Office:  Chief Deputy Sheriff  Supervising Deputy Coroner</p> <p><b>Education &amp; Training:</b>  Bachelor of Science, Public Administration (Northern Arizona University)  Public Pension Investment Management Program, UC Berkeley Hass School of Business  Principles of Pension Management, Pepperdine University  FBI National Academy (Quantico, VA.)  Sherman Block Supervisory Leadership Institute (Cal POST)</p>

Thomas Garcia  
107 South B Street  
Imperial, CA 92251

February 5<sup>th</sup>, 2021

SACRS Nominating Committee  
SACRS Nominating Committee Chair  
Vivian Gray, SACRS President

Nomination Committee,

Please accept this as my letter of intent to run as Secretary in the State Association of County Retirement System (SACRS) Board of Directors (BOD) officers' 2021-22 election. I have served as an elected Board Trustee to the Imperial County Employees Retirement System (ICERS) since 2015. As an ICERS trustee I have fulfilled the duties of Board Chair and current Vice Chair. In addition, as a member of SACRS I have had the honor and privilege to serve as committee member of both the SACRS Legislation and Nomination Committees (2017–present).

In seeking this position, I hope to further my service to SACRS and all members SACRS represents. My motivation will be concentrated on assisting the distinguished SACRS Board in maintaining the legacy of SACRS work and increasing participation of all SACRS members from systems small and large.

I believe my experience with ICERS and SACRS, in conjunction with 25 years of public service as a law enforcement officer, provide me a unique skillset beneficial to SACRS:

- ICERS Board Trustee (past Chair, current Vice Chair)
- Chief Deputy Sheriff, Imperial County Sheriff's Office
- Bachelor of Science in Public Administration (Northern Arizona University)
- Public Pension Investment Management Program/Modern Investment Theory & Practice for Retirement Systems (UC Berkeley Hass School of Business)
- Principles of Pension Management for Trustees (Pepperdine University, Graziadio Executive Center)
- FBI National Academy (Quantico, VA.)
- Sherman Block Supervisory Leadership Institute (Californian Commission on POST)

Sincerely,



Thomas Garcia, Board Trustee (Safety)  
Imperial County Employees Retirement System

## **Submissions for General Member**



**SACRS Nomination Submission Form  
SACRS Board of Directors Elections 2021-2022**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2021.** Please submit to the Nominating Committee Chair at [Dan.McAllister@sdcounty.ca.gov](mailto:Dan.McAllister@sdcounty.ca.gov) AND to SACRS at [sulema@sacrs.org](mailto:sulema@sacrs.org). If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

<b>Name of Candidate</b>	Name: David J. MacDonald, MD
<b>Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)</b>	Mailing Address: 255 Ramsgate Way, Vallejo, CA 94591  Email Address: <a href="mailto:dmacdcccera@gmail.com">dmacdcccera@gmail.com</a>  Phone: 510-409-4458
<b>Name of Retirement System Candidate Currently Serves On</b>	System Name: CCCERA
<b>List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)</b>	<ul style="list-style-type: none"> <li><input type="radio"/> Chair</li> <li><input type="radio"/> Alternate</li> <li><input checked="" type="radio"/> <b>General Elected X</b></li> <li><input type="radio"/> Retiree</li> <li><input type="radio"/> Other _____</li> </ul>
<b>Applying for SACRS Board of Directors Position (select only one)</b>	<ul style="list-style-type: none"> <li><input type="radio"/> President</li> <li><input type="radio"/> Vice President</li> <li><input type="radio"/> Treasurer</li> <li><input type="radio"/> Secretary</li> <li><input checked="" type="radio"/> <b>Regular Member X</b></li> </ul>
<b>Brief Bio</b>	<ul style="list-style-type: none"> <li>* SACRS Board of Directors, Member – 2020-2021</li> <li>* Secretary, CCCERA Board of Retirement</li> <li>* Elected general member trustee of CCCERA since 2016</li> <li>* President, Physicians' and Dentists' of Contra Costa (PDOCC), since 2010 (Union for health care providers working at Contra Costa County).</li> <li>* 16 years serving on the PDOCC Executive Board (including several years as Vice President) prior to being elected President.</li> <li>* 30 years of service to Contra Costa County as a physician working in the Department of Health Services.</li> <li>* Education/Pension Trustee Certificates: <ul style="list-style-type: none"> <li>- Bachelors of Science, Biology – UC Irvine</li> <li>- Doctor of Medicine – UC Irvine</li> <li>- UC Berkeley (SACRS) – Modern Investment Theory &amp; Practice for Retirement Systems</li> <li>- Wharton Business School – Portfolio Concepts &amp; Management</li> <li>- IFEBP – CAPP program</li> <li>- CALAPRS Trustee Education – Principles of Pension Governance</li> </ul> </li> </ul>

David J MacDonald, MD

255 Ramsgate Way  
Vallejo, CA 94591  
dmacdcccera@gmail.com  
510-409-4458 (mobile)

January 26, 2021

SACRS Nominating Committee  
Mr. Dan McAllister, Chair

Dear Mr. McAllister,

I would like to express my interest in continuing on as a Regular Member of the SACRS' Board of Directors for the 2021/2022 year.

I was elected to the SACRS board in 2020. I am also an elected trustee of the CCCERA Retirement Board (since 2016) and currently serve as CCCERA Board Secretary. I appreciate the level of responsibility entrusted to me in looking after our members' retirement plans. I understand the incredible value of a defined benefit plan for my coworkers and our retirees.

I have a long history of dedicated service to my coworkers and union members and I carry this spirit into my role as an elected trustee. My work with SACRS has meant for further education and inspiration from the SACRS organization via its conferences and programs. SACRS has enhanced my abilities to serve as an effective CCCERA trustee.

I desire to continue my service on the SACRS board. Doing so allows me to further promote, protect and build upon pension programs under CERL for county public employees statewide.

Thank you for your time and consideration.

Sincerely and Respectfully,

*David J MacDonald, MD*

David J MacDonald, MD



<b>Name of Candidate</b>	Name: <b>JOHN B. KELLY</b>
<b>Candidate Contact Information</b> (Please include - Phone)	Mailing Address: <b>1724 GLENBROOK LANE, LINCOLN, CA 95648</b>
	Email Address: <b>(916) 342-9279</b>

<b>Number, Email Address and Mailing Address)</b>	Phone: <b>INVESTORSKADDIE@GMAIL.COM</b>
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<b>Name of Retirement System Candidate Currently Serves On</b>	System Name: <b>SCERS</b>
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<b>List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)</b>	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input checked="" type="radio"/> Other _____
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<b>Applying for SACRS Board of Directors Position (select only one)</b>	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member
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<b>Brief Bio</b>	<ul style="list-style-type: none"> <li>• FISCAL/INVESTMENT ADVISOR</li> <li>• 22 YEARS SCERS TRUSTEE</li> <li>• MASTERS OF PUBLIC ADMINISTRATION</li> <li>• FORMER EXECUTIVE BOARD MEMBER</li> </ul>
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From: [John Kelly](#)  
To: [Sulema Peterson](#)  
Subject: Letter of Intent for SACRS Board Position  
Date: Friday, January 15, 2021 11:07:42 AM

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John B. Kelly, CFP, MPA serving on SCERS; Sacramento County Employee's Retirement System as an Appointed Trustee; Vice President.

Applying as regular member for SACRS.

My interest is to provide enhancements and history for educating and providing networking opportunities for system participants.

Bio:

- 24+years on SCERS Board; VP,
- 42+years as Independent Registered Investment Advisor,
- 12 years as Ca. State employee under the Reagan and Brown administrations,
- 3 years on the SACRS Board previously,
- 22 years First Tee of Greater Sacramento Board; President 2006-2009,
- 2016 induction into the Sacramento Region Golf Hall of Fame,
- produced three publications regarding investment management and retirement planning as 'The Investor's Caddie'.

Thank you for the opportunity and your consideration.

John B. Kelly, CFP, MPA  
'Values Based Financial Advisor'  
The Investors Caddie, Inc.  
investorscaddie@gmail.com  
916-342-9279







**SACRS Nomination Submission Form  
SACRS Board of Directors Elections 2021-2022**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2021.** Please submit to the Nominating Committee Chair at [Dan.McAllister@sdcounty.ca.gov](mailto:Dan.McAllister@sdcounty.ca.gov) AND to SACRS at [sulema@sacrs.org](mailto:sulema@sacrs.org). If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

<b>Name of Candidate</b>	Name: Vere Williams
<b>Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)</b>	Mailing Address: <u>8379 Icicle Drive, Pinon Hills, CA 92372</u> Email Address: <u>verevlw@aol.com</u> Phone: <u>760.486.6311</u>
<b>Name of Retirement System Candidate Currently Serves On</b>	System Name: <u>San Bernardino County Employees' Retirement Association</u>
<b>List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)</b>	<input type="radio"/> <u>General Elected</u>
<b>Applying for SACRS Board of Directors Position (select only one)</b>	<input type="radio"/> <u>Regular Member</u>
<b>Brief Bio</b>	I was elected to SBcera's Board in January 2015 and has served on the Administrative, Audit and Investment Committees. My community involvement includes serving on the governing Boards of the Teamsters Local 1932, California State Conference of the NAACP, Working Assembly of Governmental Employees (WAGE) and other organizations. I am a past president of the San Bernardino County Association of African-American Employees and currently serves as treasurer for the Hispanic Employees Alliance. I have earned an MBA in Information Management/Accounting and has completed certification on Retirement System Management courses at UCLA, Pepperdine and Wharton. I have been an enrolled Agent for over 20 years along with over 25 years working in the finance department at Arrowhead Regional Medical Center. I have been trained in conflict resolution and have completed various workshops and seminars on organization dynamics and interplay. I am currently a member of the SACRS Audit Committee.  A guiding quote – <b>"I always wondered why somebody didn't do something about that, then I realized I was somebody."</b> – Lily Tomlin

March 1, 2021

VIA Email

Dan McAllister,  
SACRS Immediate Past President/ Nominating Committee Chair  
SACRS Nominating Committee

Dear Mr. Immediate Past President/Nominating Committee Chair McAllister,

Please accept this letter as my letter of intent to be a candidate for the position of Regular Member in SACRS Board of Directors Elections 2021-2022.

I am a Trustee with the San Bernardino County Employees' Retirement Association (SBcera). Seated on the SBcera's Board in January 2015, I attended my first SACRS conference that year. I found the sessions to be very informative and educational with the presenters being experts and/or thought leaders in their field. Since then, I have attended several conferences sponsored by other organizations that are single topic focused and I have also completed certification programs at Wharton, Pepperdine and UCLA. In comparison, SACRS conferences provide a comprehensive insight into the "nuts and bolts" of the functioning of the retirement systems with an emphasis on the current application of the topics. SACRS provides attendees an opportunity to understand different perspectives thereby encouraging clearer lines of communication and to hear about what works and what may be problematic. The networking and information sharing opportunities with colleagues at SACRS is immensely valuable.

SACRS recent expansion of the Board to include additional members was a very good strategic move that has helped to expand the experience pool and knowledge base. If elected as a Regular Member, I would work to ensure that SACRS remain the preeminent educational organization for the CERL 37 Act Systems by maintaining the high caliber of our conferences (both as formal seminars and networking opportunities.) Additionally, I would seek to encourage even greater participation from the trustees and staff of the 37 Act Systems. I strongly believe in getting involved as demonstrated by my volunteering to lead a CALAPRS Roundtable after attending only a few sessions. Over the years, I have served on the governing Boards of the Teamsters Local 1932, the Working Assembly of Governmental Employees and other organizations. Currently, I am a member of the SACRS Audit committee.

I would like very much to contribute, based on my education and experience, to SACRS - a superlative organization: *"Providing insight. Fostering oversight."*

I thank you in advance for your kind consideration and support. It would be a high honor for me to be elected to serve as a Regular Member on the SACRS Board for the 2021-2022 term.

Please find attached the completed SACRS nomination form.

Respectfully,



Vere Williams, MBA  
SBcera Board of Directors – General Elected Member  
cc: Sulema Peterson, SACRS





**SACRS Nomination Submission Form  
SACRS Board of Directors Elections 2021-2022**

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<b>Name of Candidate</b>	Name: Chris Prevatt
<b>Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)</b>	Mailing Address: [REDACTED] Email Address: <a href="mailto:Prevatt.c@gmail.com">Prevatt.c@gmail.com</a> <a href="mailto:cprevatt@ocers.org">cprevatt@ocers.org</a> Phone: [REDACTED]
<b>Name of Retirement System Candidate Currently Serves On</b>	System Name: Orange County Employees Retirement System
<b>List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)</b>	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> <b>General Elected</b> <input type="radio"/> Retiree <input type="radio"/> Other _____
<b>Applying for SACRS Board of Directors Position (select only one)</b>	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> <b>Regular Member</b>
<b>Brief Bio</b>	<p>Chris is an Elected General Member of OCERS. His full-time position is with the Orange County Health Care Agency since 1997. He also serves as Second Vice President of the Orange County Employees Association which represents approximately 18,000 public employees in Orange County, CA. Chris has served on the OCEA Board since 2006.</p> <p>In addition to his service with OCERS and OCEA, Chris has more than 20 years' experience serving on multiple non-profit boards of directors at the state and local level.</p> <p>Chris has participated in SACRS Conferences since 2013 and served/participated on the Bylaws and Legislative Committees.</p>

SACRS  
Attn: Dan McAlister  
Nominations Committee

February 22, 2021

Dear Dan,

I am writing to declare my intent to run for election as a Regular Member of the SACRS Board of Directors for the 2021-2022 term. I have included with this letter the required application form.

Regards,

A handwritten signature in black ink, appearing to read "Chris Prevatt". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Chris Prevatt  
Elected General Member Trustee  
Orange County Employees Retirement System



**Serving the Active and Retired Members of:**

CITY OF SAN JUAN  
CAPISTRANO

COUNTY OF ORANGE

ORANGE COUNTY  
CEMETERY DISTRICT

ORANGE COUNTY CHILDREN &  
FAMILIES COMMISSION

ORANGE COUNTY  
DEPARTMENT OF EDUCATION  
(CLOSED TO NEW MEMBERS)

ORANGE COUNTY  
EMPLOYEES RETIREMENT  
SYSTEM

ORANGE COUNTY FIRE  
AUTHORITY

ORANGE COUNTY IN-HOME  
SUPPORTIVE SERVICES PUBLIC  
AUTHORITY

ORANGE COUNTY LOCAL  
AGENCY FORMATION  
COMMISSION

ORANGE COUNTY PUBLIC LAW  
LIBRARY

ORANGE COUNTY  
SANITATION DISTRICT

ORANGE COUNTY  
TRANSPORTATION  
AUTHORITY

SUPERIOR COURT OF  
CALIFORNIA, COUNTY  
OF ORANGE

TRANSPORTATION  
CORRIDOR AGENCIES

UCI MEDICAL CENTER AND  
CAMPUS (CLOSED TO NEW  
MEMBERS)

February 23, 2021

**By email to [Dan.McAllister@sdcounty.ca.gov](mailto:Dan.McAllister@sdcounty.ca.gov) and Regular Mail**

Mr. Dan McAllister  
SACRS Nominating Committee Chair  
SACRS  
1225 8<sup>th</sup> Street, Suite 550  
Sacramento, CA 95814

Re: NOMINATION FOR SACRS BOARD OF DIRECTORS ELECTION 2021-2022

Dear Mr. McAllister:

As a regular member of SACRS, the Orange County Employees Retirement System (OCERS) is entitled, under the SACRS Bylaws, Article VIII, Section 2, to submit nominations for the election of directors for the SACRS Board of Directors.

On February 16, 2021, the OCERS Board of Retirement met and took action to nominate OCERS trustee, Christopher Prevatt, for one of the two Regular Member Director positions on the SACRS Board of Directors, and directed me to submit this nomination to the SACRS Nominating Committee.

Accordingly, please accept this letter as **OCERS' nomination of OCERS Trustee, Christopher Prevatt, for election to the position of Regular Member Director at the 2021-2022 SACRS Board of Directors Election to take place on May 14, 2021.**

Please do not hesitate to contact me at (714) 558-6222 if you have any questions or require additional information.

Thank you.

Best regards,

Steve Delaney  
Chief Executive Officer

cc: Sulema H. Peterson, SACRS Administrator (by email to [sulema@sacrs.org](mailto:sulema@sacrs.org))

02-26-21

Dear Nomination Committee,

Chris Prevatt is running for the Regular Board Member on the SACRS Board. Chris has held many positions at OCERS including Chair and is a Board member at the Orange County Employees Association (OCEA). Working in these roles he has gained a wealth of knowledge and would be a good hard working board member for SACRS. Please accept this letter as my recommendation for Chris Prevatt as Regular Board Member.

Thank you,

Roger Hilton

SACRS and OCERS Board Member





## OCERS Board Policy

# SACRS Voting Authority Policy

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### Background

1. The State Association of County Retirement Systems (SACRS) is an association of 20 California county retirement systems, established under the County Employees Retirement Law of 1937. SACRS meets as an organization twice a year with all 20 counties participating through attendance by Trustees, Administrators, and staff.
2. Regular member County Retirement Systems have the right to vote on the election of the officers/directors of SACRS, amendments to the Articles of Incorporation and By-laws, legislative proposals for SACRS' sponsorship and positions on non-SACRS' sponsored legislation, resolutions, and other items of SACRS' business. Regular member County Retirement Systems are entitled to one (1) voting delegate.
3. The voting delegate must be designated in writing by the member County Retirement Board and must be a Trustee or an Administrator who is employed directly by the County Retirement System. Alternate delegates may be designated in writing by the member County Retirement Board.

### Policy Guidelines

4. In order to ensure that OCERS is represented by a voting delegate at each business meeting of SACRS, OCERS will designate the current Board Chair as OCERS' voting delegate and each member of the Board and the Administrator as alternate delegates.
5. Credentials for the delegates who are voting participants shall be filed by OCERS with the SACRS Credentials Committee in writing prior to any meeting of SACRS at which voting will take place. Credentials will include the name of the member County Retirement System, and designate the Board Chair as OCERS' voting delegate and designate all other Board members and the Administrator as alternate voting delegates.
6. Voting at meetings of SACRS shall be the exclusive privilege of the delegate or one of the alternate delegates. If the Board Chair is present at the SACRS business meeting, he or she will cast OCERS' vote(s) at the meeting. If the Board Chair is not present at the SACRS business meeting at which a vote is taking place, the Vice Chair shall cast OCERS' vote(s) at the meeting. If neither the Board Chair nor Vice Chair are present, the alternate voting delegate to cast OCERS' vote(s) will be determined, among the Board members in attendance, alphabetically by the Board member's last name. The voting delegate, or designated alternate delegate if the voting delegate is absent, may cast one (1) vote on each matter submitted to a vote of the SACRS membership.
7. Where the OCERS' Board has taken an official Board position on an item to be voted on at a SACRS business meeting, the voting delegate or designated alternate voting delegate must cast a vote consistent with the Board position. If the Board has not taken a position on an item to be voted on, the voting delegate or designated alternate voting delegate must comply with the Board policy or policies that address(es) the subject matter of the item. When the item to be voted on is not addressed in any OCERS' Board policy and the Board has not taken a position, the voting delegate or designated alternate voting delegate may use his or her best judgment to vote in accordance



## OCERS Board Policy

# SACRS Voting Authority Policy

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with the position he or she believes the Board would take on the item, or abstain from voting. Notwithstanding the foregoing, the voting delegate and designated alternate voting delegate shall not vote on any item that would obligate OCERS financially to pay any sums other than SACRS dues.

### Policy Review

- 8. The Board will review this policy at least every three years to ensure that it remains relevant and appropriate.

### Policy History

- 9. This policy was adopted on May 9, 1988.
- 10. This policy was revised on August 25, 2008, May 17, 2011, March 17, 2014, May 15, 2017, and April 20, 2020.

### Secretary's Certificate

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

Steve Delaney  
Secretary of the Board

04/20/2020

Date



## Memorandum

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**DATE:** April 19, 2021  
**TO:** Members of the Board of Retirement  
**FROM:** Gina M. Ratto, General Counsel  
**SUBJECT:** **SACRS LEGISLATIVE COMMITTEE RECOMMENDED LEGISLATION FOR SACRS SPONSORSHIP –  
 DIRECTION TO OCERS' VOTING DELEGATE**

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### Recommendation

Direct the SACRS voting delegate and alternate delegates to vote to approve SACRS' formal sponsorship of SB 634, an omnibus bill to provide technical and clarifying changes to the CERL, when such matter is presented to the SACRS membership for a vote at the SACRS business meeting on May 14, 2021.

### Background/Discussion

At the SACRS business meeting to be held on May 14, 2021, the SACRS Legislative Committee will propose SACRS' sponsorship of SB 634. Similar to last year with AB 2101, the Legislative Committee is pursuing another omnibus bill to provide technical and clarifying changes to the CERL. You may recall that last year, SACRS' cleanup changes were initially placed into SB 783, then ultimately amended into AB 2101, a bill sponsored by SACRS, CalPERS, and CalSTRS that made noncontroversial changes to the CERL, the PERL and the provisions of the Education Code applicable to CalSTRS. This year, the Senate Committee on Labor, Public Employment and Retirement is authoring another omnibus bill for SACRS, CalPERS, and CalSTRS to provide technical cleanup of the public pension system statutes.

After fielding proposals from member systems and deliberating among the members of the Legislative Committee, a few minor cleanup proposals were selected to be amended into SB 634 at the start of the new legislative session. These changes include:

- (a) Clarifying that a Board of Retirement may contract with a private physician to provide medical advice as part of the board's duties related to processing disability claims;
- (b) Deleting an obsolete reference to procedures for purchasing additional service;
- (c) Changing incorrect code references; and
- (d) Correcting typographical errors.

In addition to these changes, the Legislative Committee will continue to consider noncontroversial proposals to be added into SB 634 in the coming months. Separately, the Legislative Committee will review more substantive CERL amendments for consideration by SACRS sponsorship in the 2022 legislative session. The bill language for SB 634 and a summary matrix of CERL provisions that would be amended by SB 634 are attached.

Staff believes all of the proposed amendments are acceptable, and recommends the SACRS voting delegate and alternate delegates be directed to vote to approve SACRS' formal sponsorship of SB 634 at the SACRS business meeting on May 14, 2021.

Attachments

- (1) SB 634
- (2) Matrix Summarizing CERL Amendments

**Submitted by:**



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Gina M. Ratto  
General Counsel

SB 634  
As Introduced,  
2/19/2021  
2021 CERL Amendments

Sec	Gov Code	Topic	Issue/Justification
9 14	31530 31732	County Health Officer as Medical Advisor	Updates statutes to conform to existing practices in which many retirement systems currently use outside, independent medical advisors to evaluate disability claims. Amendments clarify that the county health officer, either directly or through a duly authorized representative, shall advise the board on medical matters. Also clarifies that the board may contract with a physician in private practice under its existing authority to secure the necessary medical service and advice in carrying out its adjudication of disability retirement applications.
10	31565.5	County Office of Education	Fixes incorrect cross references when the Education Code was restructured years ago.
11	31641.8	Service Purchase-Installment Payments	Deletes obsolete section. The payment terms related to pre-tax and after-tax contributions in conformity with federal tax law are generally specified in the contracts that members sign when they elect to make additional contributions.
12 13	31680.2 31680.3	Post-Retirement Employment	Fixes typo/missing words. Section 31680.2 provides that retired members may be reemployed without reinstatement to membership in a position requiring special skills or knowledge for a period of time not to exceed 90 working days or 720 hours in one fiscal year of any other 12-month period. Section 31680.3 provides that the period of time not exceed 120 working days or 960 hours. The current statutes are missing the phrase "a period of time," similar to sentence structure in Section 31680.6.
15	31781.2	Survivor benefits	Fixes typo. The word "the" is missing before "guardian."

**SENATE BILL**

**No. 634**

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**Introduced by Committee on Labor, Public Employment and Retirement (Senators Cortese (Chair), Durazo, Laird, Newman, and Ochoa Bogh)**

February 19, 2021

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An act to amend Sections 22011, 22802, 24204, and 26804 of the Education Code, and to amend Sections 20320, 20322, 20324, 31530, 31565.5, 31680.2, 31680.3, 31732, and 31781.2 of, to add Section 21499.1 to, and to repeal Section 31641.8 of, the Government Code, relating to retirement.

LEGISLATIVE COUNSEL'S DIGEST

SB 634, as introduced, Committee on Labor, Public Employment and Retirement. Public employees' retirement.

(1) Existing law, the Teachers' Retirement Law, establishes the State Teachers' Retirement System (STRS) and creates the Defined Benefit Program of the State Teachers' Retirement Plan, which provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. STRS is administrated by the Teachers' Retirement Board. Existing law requires STRS to pay premiums associated with Medicare Part A for certain retired or disabled members, as specified. Existing law creates the Cash Balance Benefit Program, which is administered by the board, to provide a retirement plan for the benefit of participating employees who provide creditable service for less than 50% of full time.

Existing law applicable to the Defined Benefit Program, for applications and documents requiring a signature, requires that the signature be in a form prescribed by the system.

**SB 634**

— 2 —

This bill would apply the above-described requirements regarding signed applications and documents to the Cash Balance Benefit Program and the requirement that STRS pay certain Medicare Part A premiums.

Existing law authorizes a member of STRS who is not retired and who was previously excluded from membership in the Defined Benefit Program request to purchase service credit in the program for certain types of other service. The bill would delete and obsolete cross-reference.

This bill would prohibit a member from purchasing service credit for any school year if the purchase would result in more than one year of service for that school year.

Existing law authorizes a member of STRS who files an application for service retirement to change or cancel their retirement application if specified requirements are met. In this regard, existing law requires a member to return the total gross distribution amount of all payments for any canceled retirement benefit, including a lump-sum payment, as specified.

This bill would extend the requirement to return total gross distribution amount, as described above, to apply to any canceled benefit.

(2) The Public Employees' Retirement Law (PERL) creates the Public Employees' Retirement System (PERS), which is administered by the Board of Administration of the Public Employees' Retirement System. PERL excludes specified appointees, elective officers, and legislative employees from membership in the system unless the person to whom these provisions apply elects to file with the board an election in writing to become a member.

This bill would prescribe the circumstances pursuant to which the start date would be determined for an appointee, elective officer, or legislative employee who elects to become a member of PERS. If the written election is received by the system within 90 days of the applicable appointment, current term, or start date for the position, the bill would require that the effective date be the start date of the appointment, the start date of the term, or the start date of the position. If the election is not received by the system within 90 days, as specified, the effective date would be the first day of the month in which the election is received by the system.

PERL prescribes the circumstances pursuant to which specified payments and benefits may be paid by PERS in connection with the death of a member, among others.

This bill would require that overpayments, issued after the date of death to a member, retired member, or beneficiary, made to or on behalf of any member, retired member, or beneficiary, as specified, be deducted from any subsequent payment or benefit that is payable by PERS as a result of the death.

(3) The County Employees Retirement Law of 1937 (CERL) authorizes counties to establish retirement systems pursuant to its provisions for the purpose of providing pension, disability, and death benefits to county and district employees. CERL vests management of the retirement systems created pursuant to its provisions in a board of retirement. CERL requires the county health officer to advise the board on medical matters and, if requested, attend its meetings.

This bill would authorize a county health officer's duly authorized representative to also advise the board of retirement with advice on medical matters.

CERL authorizes a member of a system established under its provision who ceases to be an employee of the county under certain provisions of the Education Code to elect to remain a member of the CERL system.

This bill would correct an obsolete cross-reference in this regard.

CERL provides benefits based upon service credit, defines service for this purpose, and authorizes a member to elect to receive service credit for other forms of public service, as defined, by making contributions. CERL authorizes a member who has elected to make contributions to receive service credit to complete payment, at any time prior to the effective date of the member's retirement, by a lump sum.

This bill would repeal the above-described authority of a member to complete a payment by lump sum.

CERL requires a board of retirement to secure medical, investigatory, and other service and advice as is necessary for the purpose of administering provisions relating to disability retirement.

This bill would authorize the board to contract with a physician in private practice for the medical advice necessary to carry out the purpose of provisions relating to disability retirement.

This bill would make various technical and stylistic changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.



**SB 634**

— 4 —

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 22011 of the Education Code is amended  
 2 to read:  
 3 22011. For an application or document requiring a signature,  
 4 that signature shall be in a form prescribed by the system,  
 5 including, but not limited to, on paper or made by electronic means.  
 6 Notwithstanding any other law, an application or document made  
 7 under this ~~part part~~, *Part 13.5 (commencing with Section 25900)*,  
 8 *or Part 14 (commencing with Section 26000)* that is signed and  
 9 submitted by the person authorized to do so using technology and  
 10 security measures prescribed by the system shall be deemed to be  
 11 a signed and valid original document.
- 12 SEC. 2. Section 22802 of the Education Code is amended to  
 13 read:  
 14 22802. (a) A member, other than a retired member, who was  
 15 previously excluded from membership in the Defined Benefit  
 16 Program may request to purchase service credit for:  
 17 (1) Service as a substitute excluded under Section 22602.  
 18 (2) Creditable service subject to coverage under the Cash  
 19 Balance Benefit ~~Program, excluding service credited pursuant to~~  
 20 ~~Section 26402; Program~~ if the member is currently contributing  
 21 to the Defined Benefit Program and has terminated all service  
 22 subject to coverage under the Cash Balance Benefit Program. Upon  
 23 requesting to purchase service credit under this paragraph, the  
 24 member shall cease to be eligible for a benefit for the same service  
 25 or time previously credited under the Cash Balance Benefit  
 26 Program pursuant to Part 14 (commencing with Section 26000).  
 27 (3) Service performed on a part-time basis excluded under  
 28 Section 22601.5 or Section 22604, other than service credited  
 29 under paragraph (2).  
 30 (4) Adult education service excluded under Section 22603, as  
 31 it read on December 31, 1995.  
 32 (5) Service as a school nurse excluded under Section 22606, as  
 33 it read on December 31, 1995.  
 34 (6) Service performed in a position prior to the date the position  
 35 was made subject to coverage under the Defined Benefit Program.  
 36 (7) Service subject to coverage under the Defined Benefit  
 37 Program performed while a member of another California public  
 38 retirement system, provided the member has ceased to be a member

1 of, and has ceased to be entitled to benefits from, the other  
 2 retirement system. The member shall not receive credit for the  
 3 service if the member may redeposit withdrawn contributions and  
 4 subsequently be eligible for any benefits based upon the same  
 5 service or based upon other full-time service performed during the  
 6 same period, from another California public retirement system.

7 (b) A member who requests to purchase service credit under  
 8 this part for service performed while excluded from membership  
 9 under the Defined Benefit Program shall pay all of the required  
 10 contributions for all or the portion of that service for which the  
 11 member requests to purchase service credit.

12 (c) A member ~~may~~ shall not request to purchase service credit  
 13 for service or time described in paragraphs (1) and (3) to (7),  
 14 inclusive, of subdivision (a) if, after the request, the member would  
 15 continue to receive credit for the same service or time in the Cash  
 16 Balance Benefit Program under Part 14 (commencing with Section  
 17 26000) or another public retirement system.

18 (d) *A member shall not purchase service credit for any school*  
 19 *year if the purchase would result in more than one year of service*  
 20 *for that school year.*

21 SEC. 3. Section 24204 of the Education Code is amended to  
 22 read:

23 24204. (a) A service retirement allowance under this part shall  
 24 become effective upon any date designated by the member,  
 25 provided all of the following conditions are met:

26 (1) An application for service retirement allowance is filed on  
 27 a form provided by the system, which is executed no earlier than  
 28 six months before the effective date of retirement allowance.

29 (2) The effective date is later than the last day the member  
 30 earned creditable compensation pursuant to Section 22119.2 or  
 31 22119.3.

32 (3) The effective date is no earlier than one day after the date  
 33 on which the retirement allowance was terminated under Section  
 34 24208.

35 (4) The effective date is no earlier than one year following the  
 36 date on which the retirement allowance was terminated under  
 37 subdivision (a) of Section 24117.

38 (5) The effective date is no earlier than the date upon and  
 39 continuously after which the member is determined to the  
 40 satisfaction of the board to have been mentally incompetent.

**SB 634**

— 6 —

1 (6) The effective date is no earlier than one day after the date  
 2 upon which the member completes payment of a service credit  
 3 purchase pursuant to Section 22801, 22820, or 22826, or payment  
 4 of a redeposit of contributions pursuant to Section 23200, except  
 5 as provided in Section 22801 or 22829.

6 (b) A member who files an application for service retirement  
 7 may change or cancel their retirement application if all of the  
 8 following are met:

9 (1) The form provided by the system is received in the system's  
 10 headquarters office no later than 30 days from the date the  
 11 member's initial benefit payment for the member's most recent  
 12 retirement under the Defined Benefit Program is paid by the  
 13 system.

14 (2) The member returns the total gross distribution amount of  
 15 all payments for any canceled ~~retirement~~ benefit, including a  
 16 lump-sum payment being changed to an annuity, to the system's  
 17 headquarters office no later than 45 days from the date of the  
 18 member's initial benefit payment. The member shall be liable for  
 19 any adverse tax consequences that may result from these actions.

20 (c) The retirement date of a member who files an application  
 21 for retirement pursuant to Section 24201 on or after January 1,  
 22 2012, shall be no earlier than January 1, 2012.

23 (d) Nothing in this section shall be construed to allow a member  
 24 to receive more than one type of retirement or disability allowance  
 25 for the same period of time by virtue of the member's own  
 26 membership.

27 SEC. 4. Section 26804 of the Education Code is amended to  
 28 read:

29 26804. Application for a retirement benefit under this part shall  
 30 be made on a form prescribed by the system. A participant who  
 31 files an application for a retirement benefit may change or cancel  
 32 the retirement application if all of the following are met:

33 (a) The form provided by the system is received in the system's  
 34 headquarters office no later than 30 days from the date of the  
 35 ~~member's~~ *participant's* initial benefit payment.

36 (b) The participant returns the total gross distribution amount  
 37 *of all payments* for any canceled retirement benefit, including a  
 38 lump-sum payment being changed to an annuity, to the system's  
 39 headquarters office no later than 45 days from the date of the  
 40 ~~participants's~~ *participant's* initial benefit payment. The participant

1 shall be liable for any adverse tax consequences that may result  
2 from these actions.

3 SEC. 5. Section 20320 of the Government Code is amended  
4 to read:

5 20320. (a) A person directly appointed by the Governor,  
6 without the nomination of any officer or board, or directly  
7 appointed by the Attorney General, Lieutenant Governor,  
8 Controller, Secretary of State, Treasurer, or Superintendent of  
9 Public Instruction exempt from civil service under Article VII of  
10 the California Constitution, except those appointed pursuant to  
11 subdivision (i) of Section 4 thereof, is excluded from membership  
12 in this system unless ~~he or she~~ *the person* files with the board an  
13 election in writing to become a member. *The election effective*  
14 *date shall be the start date of the current appointment, provided*  
15 *the election is received by this system within 90 days of the*  
16 *applicable start date. If the election is not received by this system*  
17 *within 90 days from the start date, the effective date shall be the*  
18 *first day of the month in which the election is received by this*  
19 *system.*

20 (b) Upon electing to become a member, the person may further  
21 elect at any time prior to retirement to receive service credit for  
22 ~~his or her~~ *their* prior, excluded state service by making the  
23 contributions as specified in Sections 21050 and 21051.

24 SEC. 6. Section 20322 of the Government Code is amended  
25 to read:

26 20322. (a) An elective officer is excluded from membership  
27 in this system unless the officer files with the board an election in  
28 writing to become a member. *The election effective date shall be*  
29 *the start date of the current term, provided the election is received*  
30 *by this system within 90 days of the applicable start date. If the*  
31 *election is not received by this system within 90 days from the start*  
32 *date, the effective date shall be the first day of the month in which*  
33 *the election is received by this system.* Upon electing to become a  
34 member, the officer may further elect at any time prior to retirement  
35 to receive service credit for ~~his or her~~ *their* prior, excluded service  
36 by making the contributions as specified in Sections 21050 and  
37 21051.

38 (b) As used in this part, “elective officer” includes any officer  
39 of the Senate or Assembly who is elected by vote of the members  
40 of either or both of the houses of the Legislature, and any

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1 appointive officer of a city or county occupying a fixed term of  
2 office, as well as officers of the state or contracting agencies elected  
3 by the people, and persons elected to a city council or a county  
4 board of supervisors.

5 (c) Notwithstanding any other provision of subdivision (a) or  
6 (b), elected or appointed officers of a county superintendent of  
7 schools, school district, or community college district, or of a  
8 contracting agency, who serve on public commissions, boards,  
9 councils, or similar legislative or administrative bodies are  
10 excluded from membership in this system. This exclusion shall  
11 only apply to those elected or appointed officers, other than city  
12 or county officers, who are first elected or appointed to an office  
13 on or after July 1, 1994, or who are elected or appointed to a term  
14 of office not consecutive with the term of office held on June 30,  
15 1994. For city or county elected or appointed officers, this  
16 exclusion shall only apply to those officers who are first elected  
17 or appointed to an office on or after January 1, 1997, or who are  
18 elected or appointed to a term of office not consecutive with the  
19 term of office held on December 31, 1996. This exclusion shall  
20 not apply to persons elected to a city council or county board of  
21 supervisors.

22 (d) Any person holding the office of city attorney or the office  
23 of assistant city attorney, whether employed, appointed, or elected,  
24 is excluded from the definition of “elective officer” as defined in  
25 subdivision (b). This subdivision shall apply only to persons first  
26 employed, elected, or appointed on or after July 1, 1994, or  
27 following any break in state service while serving in the office if  
28 the office was held on June 30, 1994.

29 (e) In accordance with Section 20125, the board shall be the  
30 sole judge of which elected or appointed positions qualify the  
31 incumbent as an “elective officer” in this system under this section.

32 (f) Notwithstanding any other provision of law, with respect to  
33 elective officers of contracting agencies, payment by a contracting  
34 agency of employer contributions and any other amounts for  
35 employer paid benefits under this system shall not be construed  
36 as receipt of salary or compensation by the elective officer for  
37 purposes of any statutory salary or compensation limitation.

38 SEC. 7. Section 20324 of the Government Code is amended  
39 to read:

1 20324. (a) An employee of the Senate or the Assembly, or the  
 2 respective committees thereof, whose salaries or wages are paid  
 3 from the Senate Operating Fund or the Assembly Operating Fund  
 4 or the Operating Funds of the Assembly and Senate, shall be  
 5 deemed a “legislative employee.” A legislative employee is  
 6 excluded from membership in this system unless ~~he or she~~ *the*  
 7 *person* files with the board an election in writing to become a  
 8 member. *The election effective date shall be the start date of the*  
 9 *current position, provided the election is received by this system*  
 10 *within 90 days of the applicable start date. If the election is not*  
 11 *received by this system within 90 days from the start date, the*  
 12 *effective date shall be the first day of the month in which the*  
 13 *election is received by this system.* The election shall not be  
 14 required of a legislative employee who was a member of this  
 15 system on October 1, 1963.

16 (b) Upon electing to become a member, a legislative employee  
 17 may further elect at any time prior to retirement to receive service  
 18 credit for ~~his or her~~ *their* prior, excluded legislative service and  
 19 ~~he or she~~ *the legislative employee* shall have the option as to how  
 20 much of that prior legislative service is to be credited. The  
 21 legislative employee shall make contributions to this system as  
 22 specified in Sections 21050 and 21051 for the previous service as  
 23 a legislative employee for which ~~he or she~~ *desires they desire* to  
 24 receive service credit.

25 SEC. 8. Section 21499.1 is added to the Government Code, to  
 26 read:

27 21499.1. Any overpayment, issued after the date of death to a  
 28 member, retired member, or beneficiary, made to or on behalf of  
 29 any member, retired member, or beneficiary, including, but not  
 30 limited to, contributions, interest, retirement allowance, payments  
 31 of any kind, or federal or state tax, shall be deducted from any  
 32 subsequent payment or benefit that is payable by this system as a  
 33 result of the death.

34 SEC. 9. Section 31530 of the Government Code is amended  
 35 to read:

36 31530. The county health ~~officer~~ *officer, either directly or*  
 37 *through a duly authorized representative*, shall advise the board  
 38 on medical matters and, if requested by the board, shall attend its  
 39 meetings.

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1 SEC. 10. Section 31565.5 of the Government Code is amended  
2 to read:

3 31565.5. Any member of a system established under this  
4 chapter who ceases to be an employee of the county under the  
5 provisions of ~~Education Code Section 873~~ *Section 1312 of the*  
6 *Education Code* may elect as authorized in ~~Education Code Section~~  
7 ~~873.1~~ *Section 1313 of the Education Code* to remain a member of  
8 such system.

9 SEC. 11. Section 31641.8 of the Government Code is repealed.  
10 ~~31641.8. Any member who has elected to make contributions~~  
11 ~~pursuant to this chapter by installment payments may, at any time~~  
12 ~~prior to the effective date of his retirement, complete payment~~  
13 ~~thereof by lump sum.~~

14 SEC. 12. Section 31680.2 of the Government Code is amended  
15 to read:

16 31680.2. (a) Any person who has retired may be employed in  
17 a position requiring special skills or knowledge, as determined by  
18 the county or district employing ~~him or her, for them, for a period~~  
19 ~~of time~~ not to exceed 90 working days or 720 hours, whichever is  
20 greater, in any one fiscal year or any other 12-month period  
21 designated by the board of supervisors and may be paid for that  
22 employment. That employment shall not operate to reinstate the  
23 person as a member of this system or to terminate or suspend ~~his~~  
24 ~~or her~~ *their* retirement allowance, and no deductions shall be made  
25 from ~~his or her~~ *their* salary as contributions to this system.

26 (b) (1) This section shall not apply to any retired person who  
27 is otherwise eligible for employment under this section if, during  
28 the 12-month period prior to an appointment described in this  
29 section, that retired person receives unemployment insurance  
30 compensation arising out of prior employment subject to this  
31 section with the same employer.

32 (2) A retired person who accepts an appointment after receiving  
33 unemployment insurance compensation as described in this  
34 subdivision shall terminate that employment on the last day of the  
35 current pay period and shall not be eligible for reappointment  
36 subject to this section for a period of 12 months following the last  
37 day of employment.

38 (3) Beginning January 1, 2013, if any provision of this section  
39 conflicts with the California Public Employees' Pension Reform  
40 Act of 2013, the provisions of that act shall prevail, except that

1 the limit on postretirement employment provided in subdivision  
2 (a) to the greater of 90 working days or 720 hours shall remain  
3 effective.

4 SEC. 13. Section 31680.3 of the Government Code is amended  
5 to read:

6 31680.3. (a) Notwithstanding Section 31680.2, any member  
7 who has been covered under the provisions of Section 31751 and  
8 has retired may be reemployed in a position requiring special skills  
9 or knowledge, as determined by the county or district employing  
10 the member, for *a period of time* not to exceed 120 working days  
11 or 960 hours, whichever is greater, in any one fiscal year and may  
12 be paid for that employment. That employment shall not operate  
13 to reinstate the person as a member of this system or to terminate  
14 or suspend the person's retirement allowance, and no deductions  
15 shall be made from the person's salary as contributions to this  
16 system.

17 (b) (1) This section shall not apply to any retired member who  
18 is otherwise eligible for reemployment under this section if, during  
19 the 12-month period prior to an appointment described in this  
20 section, that retired person receives unemployment insurance  
21 compensation arising out of prior employment subject to this  
22 section with the same employer.

23 (2) A retired person who accepts an appointment after receiving  
24 unemployment insurance compensation as described in this  
25 subdivision shall terminate that employment on the last day of the  
26 current pay period and shall not be eligible for reappointment  
27 subject to this section for a period of 12 months following the last  
28 day of employment.

29 (c) Beginning January 1, 2013, if any provision of this section  
30 conflicts with the California Public Employees' Pension Reform  
31 Act of 2013, the provisions of that act shall prevail.

32 SEC. 14. Section 31732 of the Government Code is amended  
33 to read:

34 31732. The board shall secure such medical, investigatory and  
35 other service and advice as is necessary to carry out the purpose  
36 of this article. Notwithstanding Section 31529, the board may  
37 contract with an attorney in private practice for the legal services  
38 and advice necessary to carry out the purpose of this article.  
39 *Notwithstanding Section 31530, the board may contract with a*  
40 *physician in private practice for the medical advice necessary to*



**SB 634**

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1 *carry out the purpose of this article.* It shall pay for such services  
2 and advice such compensation as it deems reasonable.

3 SEC. 15. Section 31781.2 of the Government Code is amended  
4 to read:

5 31781.2. In lieu of accepting in cash the death benefit payable  
6 under Section 31781 or 31781.01, the surviving spouse of a  
7 member who dies prior to reaching the minimum retirement age  
8 and who at the date of the member's death has 10 or more years  
9 of service to the member's credit, shall have the option to leave  
10 the amount of the death benefit on deposit in the retirement system  
11 until the earliest date when the deceased member could have retired  
12 had the member lived, and at that time receive the retirement  
13 allowance provided for in Section 31765, 31765.1, or 31765.11,  
14 whichever is applicable.

15 If, at the death of the spouse, the spouse is survived by one or  
16 more unmarried children of the member, under the age of 18 years,  
17 the retirement allowance shall continue to the child or children,  
18 collectively, until every child dies, marries, or attains the age of  
19 18 years. If the spouse dies, either before or after the death of the  
20 member, without either making the election or receiving any  
21 portion of the death benefit, and no part of the death benefit had  
22 been paid to any person, prior to the payment of any benefits, the  
23 legally appointed guardian of the children shall make the election  
24 herein provided for on behalf of the surviving children as, in *the*  
25 guardian's judgment, may appear to be in their interest and  
26 advantage, and the election so made shall be binding and  
27 conclusive upon all parties in interest.

28 Notwithstanding any other provisions of this section, the benefits  
29 otherwise payable to the children of the member shall be paid to  
30 those children up to the 22nd birthdays of the children if the  
31 children remain unmarried and are regularly enrolled as full-time  
32 students in an accredited school as determined by the board.

O



# WHO DOES WHAT? PRUDENT INVESTMENT GOVERNANCE

Board of Retirement  
Orange County Employees  
Retirement System

April 19, 2021

Harvey L. Leiderman  
Jennifer Kregel  
Reed **Smith** LLP

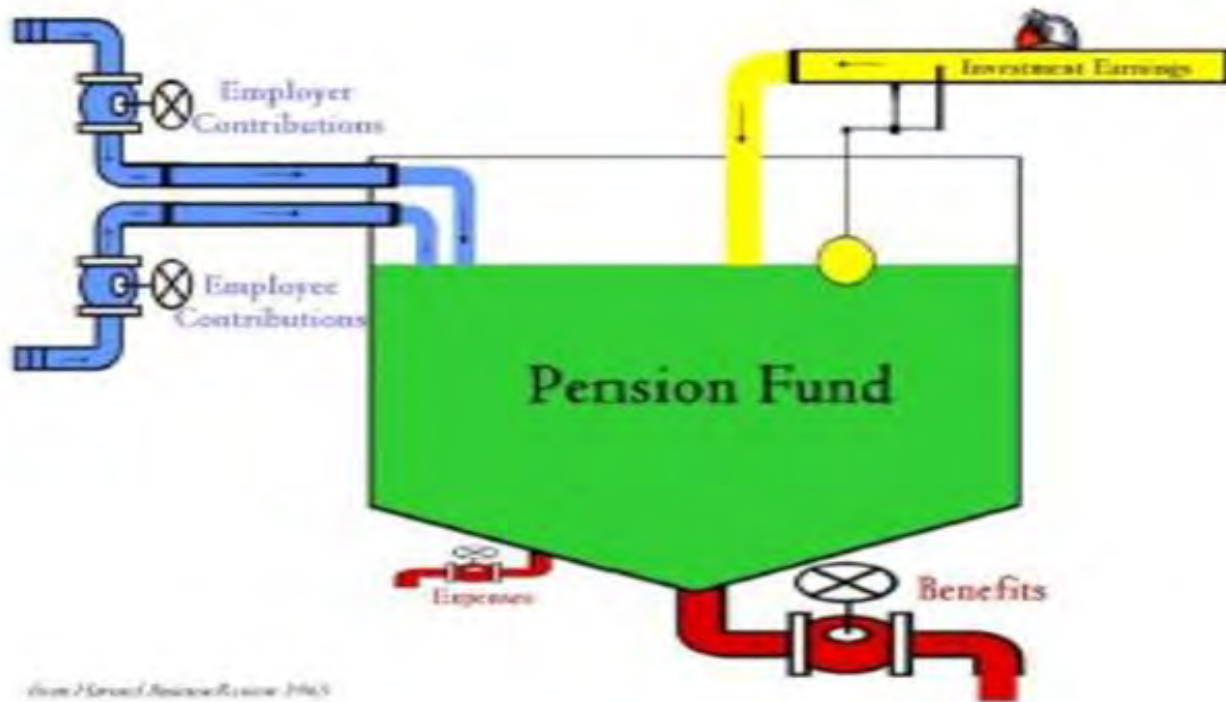


# FIVE FUNDAMENTAL FIDUCIARY DUTIES

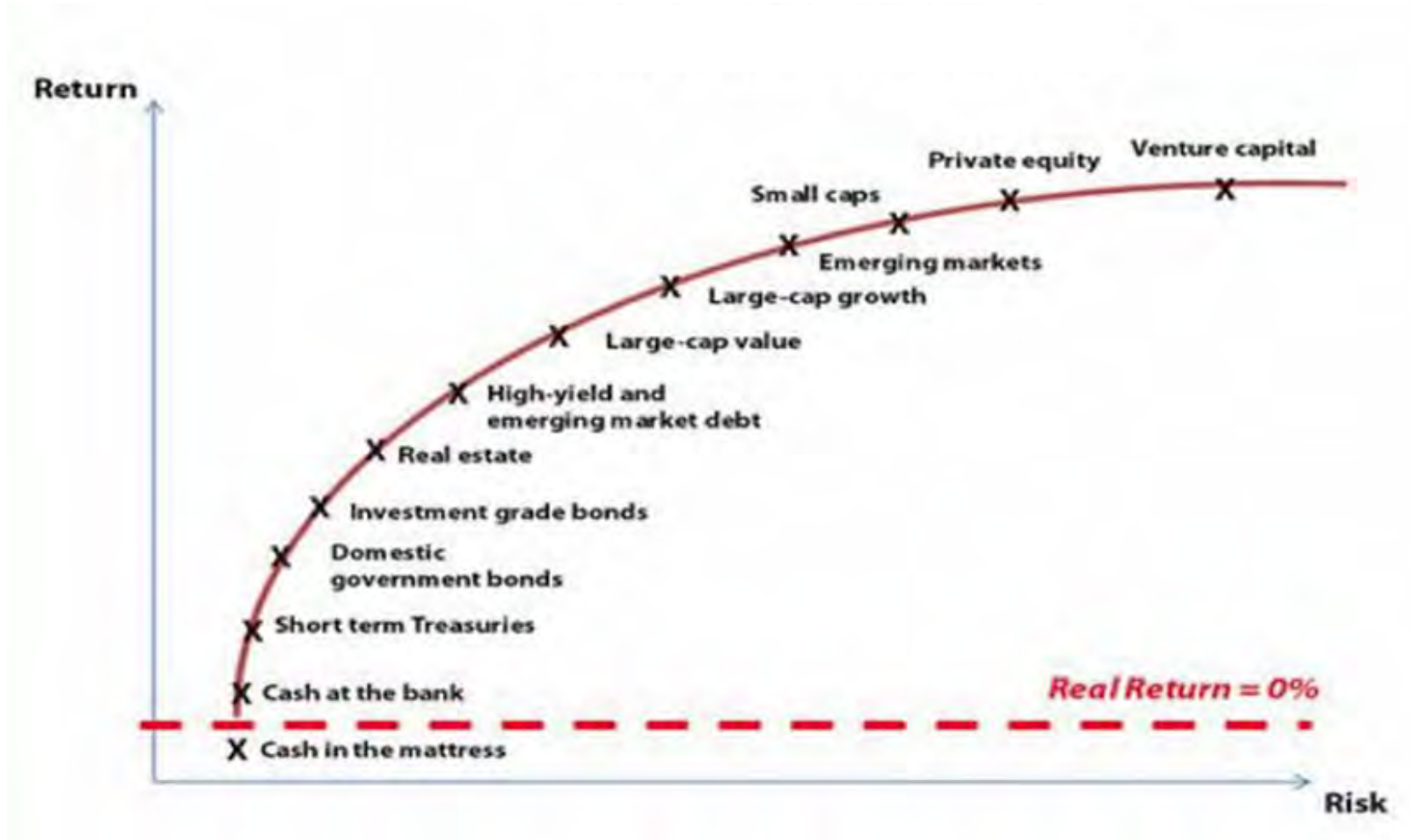
1. **Duty of Loyalty**. You owe your primary duty to members and beneficiaries of the trust. All other obligations must be subordinated.
2. **Exclusive Benefit Rule**. The assets of the trust may be used only to pay benefits and reasonable administrative expenses.
3. **Prudent Expert Rule**. You must exercise the care and skill of a knowledgeable, prudent person charged with similar duties under similar circumstances. And assure the competency of the assets of the trust.
4. **Diversify Investments**. You must diversify the portfolio to maximize return and minimize risk unless it is imprudent to do so (aka “Modern Portfolio Theory.”)
5. **Follow the law**. You must obey the plan documents, which includes the law, policies, regulations and governing documents of the trust.

# IT ALL COMES DOWN TO MAKING THIS WORK:

$$C + I = B + E$$



# MODERN PORTFOLIO THEORY



# MODERN PORTFOLIO REALITY

## The Callan Periodic Table of Investment Returns

Annual Returns for Key Indices Ranked in Order of Performance (2001–2020)

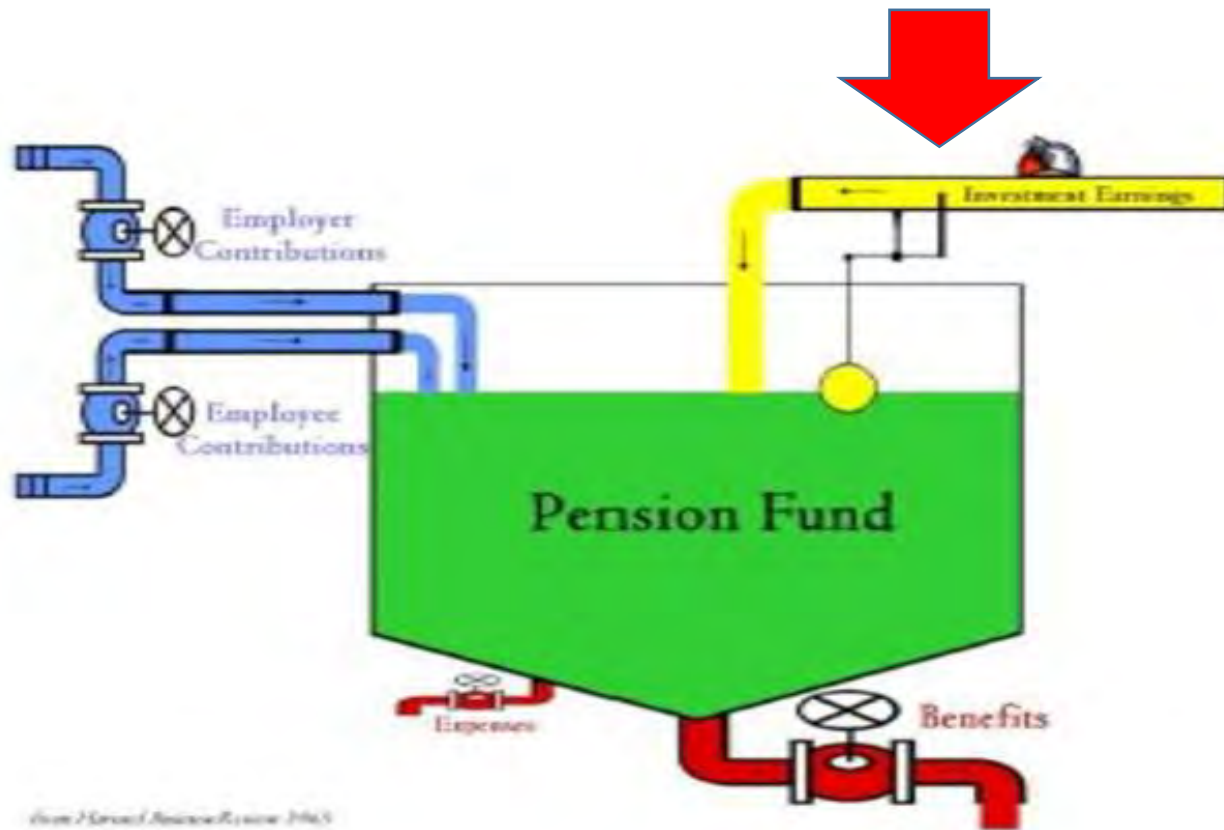
2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
U.S. Fixed Income 8.42%	Oil ex-U.S. Fixed Income 20.37%	Emerging Market Equity 26.47%	Real Estate 27.98%	Emerging Market Equity 44.99%	Real Estate 42.10%	Emerging Market Equity 39.38%	U.S. Fixed Income 5.24%	Emerging Market Equity 16.11%	Small Cap Equity 26.48%	U.S. Fixed Income 7.84%	Real Estate 27.73%	Small Cap Equity 36.67%	Real Estate 16.42%	Large Cap Equity 1.33%	Small Cap Equity 21.21%	Emerging Market Equity 27.28%	Cash Equivalent 1.27%	Large Cap Equity 21.49%	Small Cap Equity 18.49%
High Yield 1.79%	U.S. Fixed Income 10.38%	Small Cap Equity 47.38%	Emerging Market Equity 34.48%	Real Estate 16.38%	Emerging Market Equity 32.10%	Dev ex-U.S. Equity 11.44%	Oil ex-U.S. Fixed Income 4.23%	High Yield 16.71%	Real Estate 19.42%	High Yield 4.89%	Emerging Market Equity 16.23%	Large Cap Equity 22.38%	Large Cap Equity 13.49%	U.S. Fixed Income 9.64%	High Yield 37.10%	Dev ex-U.S. Equity 34.21%	U.S. Fixed Income 9.61%	Small Cap Equity 26.02%	Large Cap Equity 18.40%
Cash Equivalent 6.42%	Real Estate 2.82%	Real Estate 46.46%	Dev ex-U.S. Equity 32.38%	Dev ex-U.S. Equity 14.47%	Dev ex-U.S. Equity 26.71%	Oil ex-U.S. Fixed Income 11.88%	Cash Equivalent 3.94%	Real Estate 37.13%	Emerging Market Equity 16.82%	Oil ex-U.S. Fixed Income 6.54%	Dev ex-U.S. Equity 16.41%	Dev ex-U.S. Equity 21.02%	U.S. Fixed Income 4.87%	Cash Equivalent 3.49%	Large Cap Equity 11.99%	Large Cap Equity 21.83%	High Yield 3.69%	Dev ex-U.S. Equity 22.48%	Emerging Market Equity 16.31%
Small Cap Equity 2.48%	Cash Equivalent 1.73%	Dev ex-U.S. Equity 38.42%	Small Cap Equity 14.52%	Large Cap Equity 4.91%	Small Cap Equity 18.37%	U.S. Fixed Income 4.87%	High Yield 24.19%	Dev ex-U.S. Equity 33.87%	High Yield 16.25%	Large Cap Equity 2.11%	Small Cap Equity 18.35%	High Yield 7.44%	Small Cap Equity 4.59%	Real Estate -2.79%	Emerging Market Equity 11.18%	Small Cap Equity 14.95%	Oil ex-U.S. Fixed Income -2.15%	Real Estate 21.81%	Oil ex-U.S. Fixed Income 16.11%
Emerging Market Equity 2.07%	High Yield -1.27%	High Yield 10.37%	Oil ex-U.S. Fixed Income 11.64%	Small Cap Equity 4.62%	Large Cap Equity 10.79%	Large Cap Equity 6.49%	Small Cap Equity -33.75%	Small Cap Equity 22.07%	Large Cap Equity 16.96%	Cash Equivalent 5.10%	Large Cap Equity 16.00%	Real Estate 3.47%	High Yield 2.46%	Dev ex-U.S. Equity -9.47%	Real Estate 4.09%	Oil ex-U.S. Fixed Income 10.11%	Large Cap Equity -4.33%	Emerging Market Equity 18.44%	Dev ex-U.S. Equity 7.03%
Oil ex-U.S. Fixed Income -3.75%	Emerging Market Equity 4.19%	Large Cap Equity 28.48%	High Yield 11.12%	Cash Equivalent 5.97%	High Yield 11.66%	Cash Equivalent 5.62%	Large Cap Equity -27.69%	Large Cap Equity 26.47%	Dev ex-U.S. Equity 8.89%	Small Cap Equity -4.15%	High Yield 16.81%	Cash Equivalent 9.07%	Cash Equivalent 4.62%	Small Cap Equity -4.47%	Dev ex-U.S. Equity 11.99%	Real Estate 10.36%	Real Estate -4.83%	High Yield 16.02%	U.S. Fixed Income 7.61%
Real Estate -2.81%	Dev ex-U.S. Equity -11.82%	Oil ex-U.S. Fixed Income 16.30%	Large Cap Equity 10.86%	High Yield 2.74%	Oil ex-U.S. Fixed Income 8.19%	High Yield 1.82%	Dev ex-U.S. Equity -41.68%	Oil ex-U.S. Fixed Income 7.02%	U.S. Fixed Income 6.64%	Real Estate -4.48%	U.S. Fixed Income 4.21%	U.S. Fixed Income -2.67%	Emerging Market Equity -2.59%	High Yield -4.42%	U.S. Fixed Income 2.46%	High Yield 7.09%	Small Cap Equity -11.21%	U.S. Fixed Income 8.72%	High Yield 7.21%
Large Cap Equity -11.89%	Small Cap Equity 15.49%	U.S. Fixed Income 4.19%	U.S. Fixed Income 4.34%	U.S. Fixed Income 2.42%	Cash Equivalent 4.69%	Small Cap Equity -1.67%	Real Estate -42.21%	U.S. Fixed Income 4.85%	Oil ex-U.S. Fixed Income 4.99%	Dev ex-U.S. Equity -12.21%	Oil ex-U.S. Fixed Income 4.99%	Emerging Market Equity -2.94%	Oil ex-U.S. Fixed Income -2.89%	Oil ex-U.S. Fixed Income -3.29%	Oil ex-U.S. Fixed Income 1.49%	U.S. Fixed Income 3.44%	Dev ex-U.S. Equity -14.98%	Oil ex-U.S. Fixed Income 5.99%	Cash Equivalent 3.87%
Dev ex-U.S. Equity -21.40%	Large Cap Equity -22.10%	Cash Equivalent 1.12%	Cash Equivalent 1.39%	Oil ex-U.S. Fixed Income 4.93%	U.S. Fixed Income 4.33%	Real Estate -7.59%	Emerging Market Equity -44.82%	Cash Equivalent 3.21%	Cash Equivalent 4.12%	Emerging Market Equity -15.42%	Cash Equivalent 8.11%	Oil ex-U.S. Fixed Income 2.44%	Dev ex-U.S. Equity -4.32%	Emerging Market Equity -14.82%	Cash Equivalent 3.30%	Cash Equivalent 3.94%	Emerging Market Equity -14.02%	Cash Equivalent 2.39%	Real Estate 2.84%

The Callan Periodic Table of Investment Returns conveys the strong case for diversification across asset classes (stocks vs. bonds), capitalizations (large vs. small), and equity markets (U.S. vs. global ex-U.S.). The Table highlights the uncertainty inherent in all capital markets. Rankings change every year. Also noteworthy is the difference between absolute and relative performance, as returns for the top-performing asset class span a wide range over the past 20 years.

A printable copy of The Callan Periodic Table of Investment Returns is available on our website at callan.com.  
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# HOW SHOULD WE PRUDENTLY MANAGE THE INVESTMENT INPUTS?



# INVESTMENT RESPONSIBILITIES

## **STRATEGIC/POLICY SETTING**

- Asset/liability study – the funding plan
- Capital markets assumptions
- Risk assessment and tolerance
- Investment policies and beliefs
- Portfolio diversification – asset class allocations
- Rebalancing ranges
- Active/passive management
- Staff selection, delegation and oversight
- Budgeting and fees
- Benchmarking performance
- Selection of custodian, investment consultants, counsel

## **TACTICAL/IMPLEMENTATION**

- Selecting, monitoring and terminating external managers
- Documenting per law and Policy
- Valuing assets
- Rebalancing within ranges
- Reallocating within sub-classes
- Voting proxies per Policy
- Assuring manager compliance
- Cash flow management
- Risk monitoring
- Reporting to policy makers



# FIDUCIARY DUTIES AND THE INVESTMENT PROCESS

The “prudent care standard” sets a high bar:

- “Familiar with these matters” – trustees are held to the standard of a prudent expert, not just a well-intentioned person
- To get the “care, skill and familiarity” required of a fiduciary a prudent expert must delegate to others, and then must continuously oversee their performance. You can delegate authority, but not responsibility
- Under “the circumstances then prevailing” means to continuously monitor decisions and their prudence over time, in light of changing circumstances
- “Like capacity and like aims” allows consideration of others’ “best practices”

# PRUDENT DELEGATION IS A RISK MANAGEMENT TOOL

- The “Efficient Frontier” establishes expected compensated risks
- Risks that are not compensated by expected investment returns include poor plan governance, inattention, flawed processes, weak understanding of complex markets and failure to monitor and adjust the portfolio
- These governance risks can only detract from expected return
- Prudent delegation can mitigate these risks

# WHEN IS IT PRUDENT TO DELEGATE?

- Practical consideration – Public trustees are not expected to have the knowledge to satisfy the high “prudent expert” standard, without assistance
- Trust funds require 24/7/365 stewardship; trustees meet only once or twice per month, for a few hours
- Absent trustee time and expertise, imprudent not to delegate – especially in specialty, non-public markets
- Delegation is appropriate if done prudently:
  - In selecting delegate
  - In establishing scope and terms of delegation (the “box”)
  - In overseeing performance and compliance
- May not delegate to a non-fiduciary

# OTHER GOOD REASONS TO DELEGATE

- Duty of loyalty requires trustees to avoid conflicts over personal financial and other interests
- Duty of prudence requires trustees to assure a level playing field for vendors/managers, to secure best competitive pricing, talents and opportunities
  - The importance of “quiet periods”
  - Trustees get into trouble when they unduly influence the investment process
- Undue influence can create staff retention issues

# WHAT IS PRUDENT TO DELEGATE?

- Board is obligated to evaluate trust requirements and what is needed to meet them
- Board should focus on strategic policy-setting and oversight of the investment process
- Tactical implementation should be performed by delegates – staff, consultants, counsel (all fiduciaries)
- Delegates granted “discretion in a box,” as designed by the Board
- Board retains ultimate decision-making authority and responsibility, may be assisted by advisors

# WHAT'S RIGHT FOR OCERS?

## Factors to consider:

- AUM
- Board commitment, expertise, focus
- Role of Investment Committee of the whole
- Materiality of decisions, both strategic and tactical
- Active/passive balance desired
- Budget and resources
- Capacity and expertise of investment staff
- Role of consultants – to Board, staff, both?

## FIVE TAKEAWAYS

1. Prudent stewardship requires prudent delegation of authority in order to satisfy the “prudent expert” standard
2. Successful diversification of the portfolio requires skillful delegation of authority to those who can enhance your knowledge of diverse markets
3. A prudent board will use delegation to mitigate uncompensated risk to the fund
4. Successful delegation requires an ongoing investment of resources, trust and verification
5. There is no “one-size-fits-all” model of prudent delegation. Craft your approach to recognize the unique character of OCERS

# DISCUSSION





## Memorandum

---

DATE: April 19, 2021  
TO: Members of the Board of Retirement  
FROM: Steve Delaney, Chief Executive Officer  
SUBJECT: **COVID-19 UPDATE**

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### **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, April 19<sup>th</sup> 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



THE STATE WORKER

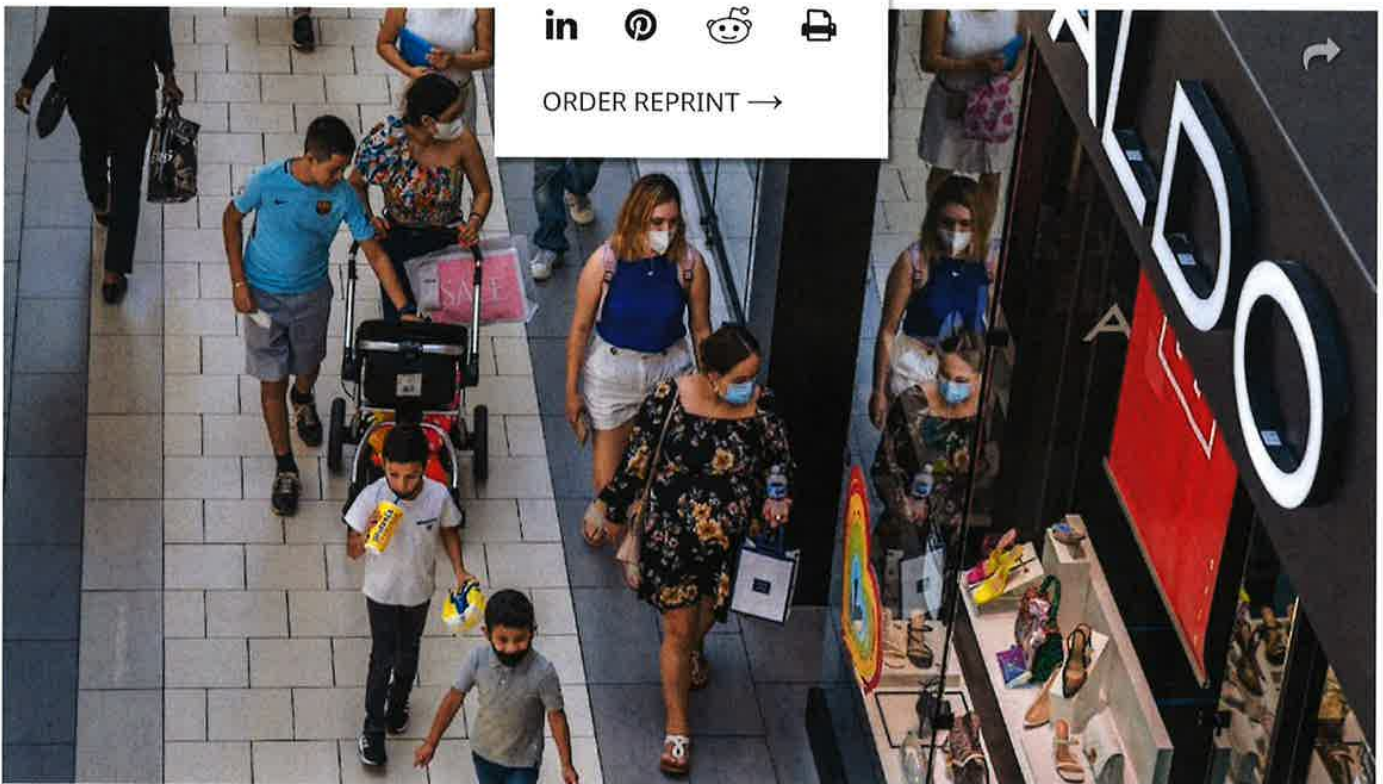
## California state workers told to continue working from home as Newsom signals reopening

BY WES VENTEICHER

APRIL 07, 2021 05:25 AM



ORDER REPRINT →



California Governor Gavin Newsom announces the state will fully reopen its economy June 15 as long as vaccine supplies remain sufficient and hospitalizations low. PHOTO: Renée C. Byer

BY CALIFORNIA GOVERNOR | [DAVID CARACCIO](#) ✉



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**ACCEPT  
COOKIES**

State employees should keep working from home even as the California reopens from its yearlong coronavirus restrictions, Gov. Gavin Newsom’s administration directed Tuesday.

Newsom told reporters in the morning that the state will fully reopen June 15 if it still has enough vaccines to meet demand and hospitalizations are low. That would include a return to office work for private employers.

Eraina Ortega, the director of the state’s Human Resources Department, sent out an email around the same time with guidance for state department directors that reiterated state government’s commitment to telecommuting.

“The administration’s direction continues to be that we aim to keep employees eligible for telework on a telework schedule,” Ortega said in the email.

One of state workers’ most common questions — whether the state will reimburse their phone and internet expenses for remote work — remains unanswered. The email says the administration is negotiating with unions over the expenses, and anticipates reaching agreements “later this spring.”

### Newsom Recall Watch with Capitol Alert

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As recently as January, the administration told department directors that 75% of

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employees can work remotely, but many employed at state prisons, hospitals and other facilities cannot.

Ortega's latest guidance says each department "needs to assess the appropriate level of telework that it will maintain, based on operational needs and employee safety," and restates the administration's stated goal of making telework a permanent part of state employment.

"You should be thinking now about what kind of work culture you want to establish in the near future," the email directs. "Many employees will want to continue to telework, although some will want to work remotely only part-time."

The email directs employers to consider hybrid offices or hoteling strategies, in which workers schedule desk time.

It encourages employers to incorporate broader changes such as "providing more flexibility for employees, reaching out to a larger geographic area for job candidates, consolidating your real estate footprint and reducing carbon emissions," the email says.

Analyses going back to the late 1980s have suggested telework for state employees could reduce traffic and air pollution in Sacramento while increasing productivity among employees, but a stubborn "butts in the chairs" culture kept it from becoming a reality.

Newsom said early in the coronavirus pandemic that he planned to make telework a permanent option for state employees, and ordered department directors in November to incorporate savings from remote work in proposals for mandatory across-the-board spending reductions of 5%.

#### READ NEXT

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Those spending reduction plans, which department leaders had to submit by the end of February, are being finalized, according to the Finance Department.

The full text of Ortega's email is below:

*Dear Colleagues,*

*With vaccinations increasing and infection rates declining, state employees are starting to ask when they can come back to the office. Keeping health and safety at the forefront, the Administration's direction continues to be that we aim to keep employees eligible for telework on a telework schedule. Each department needs to assess the appropriate level of telework that it will maintain, based on operational needs and employee safety. Please continue to refer to the December 18, 2020 CalHR guidance on the Emergency Temporary Standards from Division of Occupational Safety & Health (Cal/OSHA).*

*The Administration continues to support telework as a long-term strategy to decrease office space, allow more flexibility for employees, and provide resiliency in the case of future emergencies that may require people to work outside the office. You should be thinking now about what kind of work culture you want to establish in the near future. Many employees will want to continue to telework, although some will want to work remotely only part-time, so it's important to consider hybrid offices, and what changes might be needed to manage a hybrid workplace, such as a hoteling strategy or how to improve communication with a distributed staff and institutionalize ways to collaborate more effectively. It is important for departments to think about how we can effectively and fairly manage staff, regardless of where they work.*

*Telework is going to be a permanent part of our work lives going forward. It is up to us to capture the broader, longer-term benefits of integrating telework into the way we do our business. You might consider how to capture these benefits in terms of providing more flexibility for employees, reaching out to a larger geographic area for job candidates, consolidating your real estate footprint and reducing carbon emissions. The Telework Dashboard on [telework.govops.ca.gov](https://telework.govops.ca.gov) provides an idea of how profound these opportunities might be, if we take them.*

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*agencies in a virtual session to share their experience in planning and implementing these changes.*

*CalHR offers [training](#) that can help, and more training and tools are available on [telework.govops.ca.gov](#). The Government Operations Agency, with CalHR and the Department of General Services have formed a working group of executives and senior managers to develop recommendations on what changes will be required to sustain a flexible, hybrid model over the long term.*

*Many of you have asked about the status of the draft Telework Policy. It still is in the process of negotiations with the state’s bargaining units. We don’t expect this process to be completed until later this Spring. In the meantime, the emergency telework policy continues to be in effect. More information is available on [telework.govops.ca.gov](#).*

*If you have not conducted an employee engagement survey or are not currently doing “pulse” surveys, please consider getting some feedback from your employees about their telework experience. This will help you make decisions going forward. In conducting employee surveys, work closely with your labor relations advisors to ensure compliance with labor contracts and rules. We also plan to introduce more telework training in the near future for supervisors and managers. I’ll be in touch again to let you know about those opportunities.*

*Thank you.*

*Eraina Ortega, Director*

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MARCH 31, 2021 5:25 AM

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MARCH 24, 2021 5:00 AM

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### soaring? Here's what he said

MARCH 01, 2021 3:51 PM

### permanent telework

NOVEMBER 05, 2020 5:00 AM

WES VENTEICHER



916-321-1410

Wes Venteicher anchors The Bee's popular State Worker coverage in the newspaper's Capitol Bureau. He covers taxes, pensions, unions, state spending and California government. A Montana native, he reported on health care and politics in Chicago and Pittsburgh before joining The Bee in 2018.

**COMMENTS**

READ NEXT

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BY RYAN SABALOW

APRIL 07, 2021 04:55 AM,

UPDATED APRIL 07, 2021 02:38 PM



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***Orange County Employees Retirement System  
Retirement Board Meeting  
April 19, 2021  
Application Notices***

<b><i>Member Name</i></b>	<b><i>Agency/Employer</i></b>	<b><i>Retirement Date</i></b>
Baroldi, Karen	Sanitation District	1/28/2021
Barrows, Mark	Probation	2/12/2021
Bernaudo, Marilyn	Health Care Agency	2/3/2021
Budde, Dori	City of San Juan Capistrano	1/23/2021
Chang, Remmy	Probation	2/12/2021
Coss, Ronald	Sanitation District	1/29/2021
De Lacy, Susan	Probation	2/12/2021
Delcamp, Teri	City of San Juan Capistrano	12/30/2020
Earl, Douglas	Sheriff's Dept	2/17/2021
Fitzgerald, William	Sheriff's Dept	2/22/2021
Gandara, Alma	OCTA	2/14/2021
Garcia, Lorraine	Probation	2/12/2021
Garwood, Jennifer	District Attorney	2/15/2021
Grove, Teresa	Superior Court	2/12/2021
Hsieh, Eric	Sanitation District	2/2/2021
Kleist, Lynn	Health Care Agency	2/12/2021
Lajkowicz, Jeff	Assessor	1/29/2021
Leber, Henry	Sheriff's Dept	2/12/2021
Lindgren, Lance	Health Care Agency	2/12/2021
Linscomb, David	Sheriff's Dept	12/31/2020
Mashburn, Jamie	District Attorney	2/12/2021
McBride, Charles	City of San Juan Capistrano	1/1/2021
Modanlou, Polin	OC Public Works	1/29/2021
Mollazadeh, Mohammad	OC Public Works	12/31/2020
Nguyen, Thuy	Child Support Services	2/8/2021
Niewola, Urszula	OC Vector Control District	12/31/2020
O'Connor, Joseph	Sheriff's Dept	12/7/2020
Ojeda, Rafael	Sheriff's Dept	2/12/2021
Parks, Theodore	Sheriff's Dept	2/12/2021
Prado, Mauricio	Health Care Agency	2/1/2021
Reyes, Ricardo	Sheriff's Dept	2/12/2021
Reza, Kathleen	OC Community Resources	2/19/2021
Rosales, Martha	Probation	1/21/2021
Rowe, Jennifer	Health Care Agency	2/12/2021
Ruiz, Diane	Superior Court	2/6/2021
Sanchez, Mark	Fire Authority (OCFA)	1/29/2021
Schmidt, Louis	OCTA	1/31/2021
Sipa, Laura	County Clerk/Recorder	1/31/2021
Snow, Scott	Health Care Agency	2/12/2021
Soraya, Farnoosh	Social Services Agency	2/6/2021
Vann, Kevin	Health Care Agency	2/19/2021
Watson, Christina	Sheriff's Dept	2/8/2021
Weber, Warren	District Attorney	1/29/2021
Whitmore, Catherine	OCTA	2/11/2021
Wood, John	Superior Court	2/5/2021



***Orange County Employees Retirement  
Retirement Board Meeting  
April 19, 2021  
Death Notices***

<b><i>Active Members</i></b>	<b><i>Agency/Employer</i></b>
Fascio, Mauricio	Social Services Agency
Jones, June	Health Care Agency
Wuterich, Christina	Health Care Agency
Zickrick, Marianne	Social Services Agency

<b><i>Retired Members</i></b>	<b><i>Agency/Employer</i></b>
Bakkila, John	Probation
Buxton, James	Sheriff's Dept
Carter, Thomas	OCTA
Cook, William	Superior Court
Crutchfield, Carol	Superior Court
Disinger, Dennis	OCTA
Doktor, Robert	OC Public Works
Dzierwa, Edward	Social Services Agency
Easel, Eleanor	Social Services Agency
Ennis, Gary	Sheriff's Dept
Hall, Robin	OCWR
Humphrey, Jeanette	Social Services Agency
Jackson, Gary	OC Public Works
Kelley, William	Public Defender
Klier, Thomas	Sheriff's Dept
Krolik, Victor	OC Public Works
Lars, Joan	OCTA
Lear, Donna	Social Services Agency
Ledbetter, Lavone	UCI
Leonhart, John	Sanitation District
Lintner, Robert	OC Community Resources
Lisanti, Lee	Probation
Love, Barbara	OCWR
Marley, Judith	Probation
Mc Corkindale, Carole	Fire Authority (OCFA)
Mc Dowell, Natalie	Assessor
McQuown, Gayle	Superior Court
Moreno, Jose	Social Services Agency
Murata, Ann	UCI
Nguyen, Lan Anh	Social Services Agency
Peterson, Jeffrey	Sanitation District
Pierce, Maxine	Health Care Agency
Romano, Shirley	Child Support Services
Schneider, Andrew	Auditor Controller
Shelton, Jeannette	OC Public Works

Sims, Jeanie	OC Public Works
Stirling, Thomas	OC Public Works
Swick, Frances	Sheriff's Dept
Thompson, Marilyn	Treasurer - Tax Collector
Tsong, Judy	Health Care Agency
Wade, Patricia	OCTA
Warren, Reginald	Social Services Agency
Webb, Ronald	Health Care Agency
Wells, Elizabeth	John Wayne Airport
Whittington, Judith	OCTA
Womble, Marion	Health Care Agency

<b><i>Surviving Spouses</i></b>	
Ajimine, Kay	
Fellstad, Donna	
Gadzinski, Jane	
Gibson, Ruth	
Masters, Ellen	
Mucia, Norma	
Ramirez, Marie	
Stripe, Carolyn	
Tran, Thanh-Leili	
Velarde, Dionisio	



## Memorandum

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DATE: April 19, 2021  
TO: Members of the Board of Retirement  
FROM: Steve Delaney, Chief Executive Officer  
SUBJECT: **CEO FUTURE AGENDAS AND 2021 OCERS BOARD WORK PLAN**

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### Written Report

#### AGENDA TOPICS FOR THE OCERS BOARD OF RETIREMENT

#### MAY

CEM Benchmarking Presentation  
OCERS Different Benefit Plans – An Overview  
OCFA Liability Paydown Update  
Preliminary December 31, 2020 Valuation

#### JUNE

Approve 2020 Comprehensive Annual Financial Report  
OCERS 2021 Business Plan and 2021-2023 Strategic Plan: Mid-year Review  
Strategic Planning Workshop – Proposed Agenda  
December 31, 2021 Actuarial Valuation – Final Approval

#### JULY

Actuarial Review: Risk Assessment  
Alt. Invest. Return and Assumption Sensitivity: 20-year Illustration  
Consideration of early payment of Employer Contributions for fiscal year 2021-2023  
SEGAL Cost Projections  
Strategic Planning Workshop – Final Agenda  
Travel and Training Expense Report

#### 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
<b>System Oversight</b>		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 Comprehensive Annual Financial Report (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)
<b>Board Governance</b>				Brown Act Training (biannual) (I)					Annual Review of Succession Plan (I)			Adopt Annual Work Plan for 2022 (A)
				Fiduciary Training (I)								Vice-Chair Election (A)
<b>Regulation / Policies</b>	Communication Policy Fact Sheet (I)											
<b>Compliance</b>	Status of Board Education Hours for 2020 (I)			Form 700 Due (A)		Receive Financial Audit (I)			State of OCERS (I)			

(A) = Action (I) = Information



## Memorandum

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**DATE:** April 19, 2021  
**TO:** Members of the Board of Retirement  
**FROM:** Jim Doezie, Contracts, Risk and Performance Administrator  
**SUBJECT:** QUIET PERIOD – NON-INVESTMENT CONTRACTS

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### 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 30<sup>th</sup>. We need to replace our current, unsupported system so this RFP is to solicit bids for this effort. Five bids were received. A final selection was made and we are in contract negotiations.
- ∑ An RFP for the Named Services Provider for Fiduciary Counsel Services was distributed January 22nd. Responses are due March 5<sup>th</sup>. Per the Contracting & Procurement Policy, we must do an RFP for Named Service Providers at least every six years. The contract with our current services provider, ReedSmith, will expire on June 30, 2021, the term having been extended by the Board for two months in order to give time for the RFP process. (After being in place for six years.) Five proposals were received that are currently being evaluated.
- ∑ An RFP for Microsoft 365 Implementation Services was distributed February 25<sup>th</sup>, 2021. This is for consulting services to assist with a computer software upgrade to Microsoft 365. Bids were received that are currently being evaluated.
- ∑ An RFP for Executive Coaching Services was released in March. This RFP was to solicit qualified firms to bid on providing coaching and leadership training for the OCERS Executives. Four bids were received that are currently being evaluated.



## Memorandum

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Submitted by:

Jim Doezie

Contracts, Risk and Performance Administrator



## Memorandum

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**DATE:** April 19, 2021  
**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:

#### From Ms. Freidenrich:

- ∑ [https://www.pionline.com/pension-funds/covid-19-fallout-prompts-rethink-stress-test-advice-pew?utm\\_source=p-i-daily-plan-sponsor&utm\\_medium=email&utm\\_campaign=20210309&utm\\_content=hero-readmore&CSAuthResp=1615329660768%3A0%3A277911%3A391%3A24%3Asuccess%3AEDE3FB52DDCBDE09456D44CBDE917801#cci\\_r=](https://www.pionline.com/pension-funds/covid-19-fallout-prompts-rethink-stress-test-advice-pew?utm_source=p-i-daily-plan-sponsor&utm_medium=email&utm_campaign=20210309&utm_content=hero-readmore&CSAuthResp=1615329660768%3A0%3A277911%3A391%3A24%3Asuccess%3AEDE3FB52DDCBDE09456D44CBDE917801#cci_r=)

#### From Mr. Prevatt:

- ∑ <https://finance.yahoo.com/news/fully-funded-u-public-pensions-010000489.html>

#### From Steve Delaney:

- ∑ As I continue to look to the both health authorities and the County of Orange to get a sense of what kind of hybrid mix of work from home and in-office might be offered to the OCERS staff once it is safe to return, it is interesting to see that big industry is also seeing a change in the work world.



<https://www.seattletimes.com/business/ford-gives-30000-employees-the-option-to-work-from-home-forever-another-sign-of-workforce-transformation/>

<https://apnews.com/article/will-work-from-home-last-after-virus-5409e050ff98749621f3d0edbe47f5dc>

- Σ Interesting White Paper prepared for State of California public agencies as we all look into the future of how and where public employees will work post-COVID – (see attachment)

Attached:

- White Paper, March 2020
- OCERS Activities for February 2021

**Submitted by:**



**SD - Approved**

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Steve Delaney  
Chief Executive Officer



# NAVIGATING THE FUTURE OF WORK

California state agencies anticipate lasting changes for state employment — creating new opportunities and challenges.

# STARTING A CONVERSATION

The COVID-19 pandemic triggered a sea change in how California state agencies and departments operate. Remote work and virtual collaboration became the rule rather than the exception for a large percentage of the state's workforce.

As the pandemic subsides, state leaders are assessing the impact of this massive shift and evaluating where opportunities may exist to make permanent changes. In February 2021, the Center for Digital Government and Accenture hosted an hour-long virtual conversation with leaders from key California state agencies and departments to understand how they are approaching the future of work.

Their comments during this conversation point toward significant and long-lasting changes in how and where state employees will work in the years ahead. All participants expect an unprecedented number of state employees to retain full or part-time telework schedules permanently. Several participants projected that 50 percent or more of their employees would continue with remote work at some level after the pandemic subsides.

Broad and permanent adoption of remote work creates a cascade of other changes for state agency leaders to consider. Agencies and departments probably will need less physical office space in the future, and the remaining real estate will be used differently. Performance measurement and management techniques must adapt to a virtual work environment. Hiring and talent development approaches need to evolve, too. And technology upgrades will be necessary to

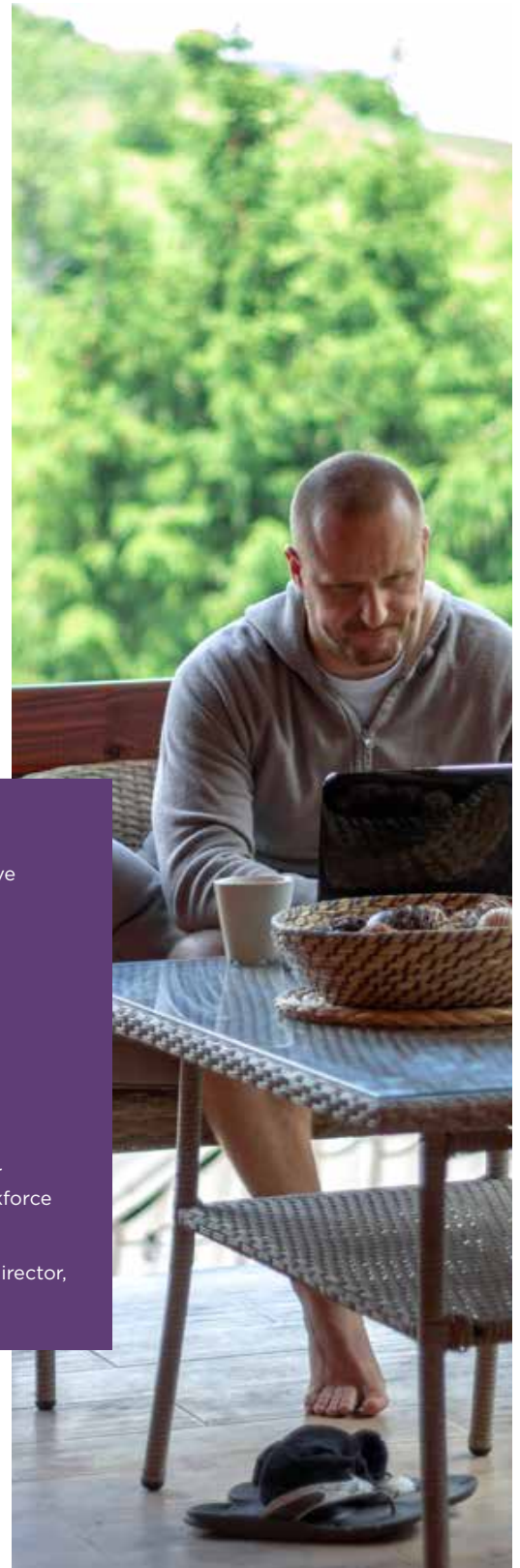
support new models of work and service delivery.

"After the huge disruptions caused by the COVID-19 crisis, government organizations are looking to get back on course and, importantly, build for the future; however, no one is going back to work as they remember it," says Accenture Managing Director Mark Noriega. "Agencies and employees alike are moving instead into a new future, one where work can be done from anywhere. Three years from now, successful organizations will be the ones that resisted the urge to race everyone back to the office in favor of rethinking their workforce model for the evolving world."

This paper details where participants say their organizations are headed, identifies key challenges and exposes emerging best practices as the state of California navigates the future of work.

## THE PARTICIPANTS

- > **Russell Fong**, Chief Administrative Officer, State Controller's Office
- > **Marcie Frost**, CEO, CalPERS
- > **Miriam Barcellona Ingenito**, Director, FI\$Cal
- > **Karen Johnson**, Chief Deputy Executive Director of Operations, Covered California
- > **Abby Snay**, Deputy Secretary for the Future of Work, Labor and Workforce Development Agency
- > **Kathleen Webb**, Chief Deputy Director, Department of Motor Vehicles



# EVOLVING WORKPLACES AND WORKSPACES

The agencies and departments represented in this conversation moved employees to remote work wherever possible in response to the COVID-19 pandemic. Now, most are grappling with the question of how much of their workforce will continue remote work permanently. It's clear from their comments, however, that the pandemic is causing California state agencies and departments to permanently change telework policies — and as a result, these organizations are re-evaluating their need for brick-and-mortar facilities and rethinking the design of remaining office space.

## **A large part of the state's workforce will continue remote work on a permanent basis.**

The outlook for telework varies somewhat across agencies, based primarily on the agency's customer base, the type of work it does, existing technology capabilities and its experience with remote work so far. But all participating agencies expect a significant percentage of their employees to work remotely at least part of the time going forward.

FI\$Cal, the department created in 2016 to operate California's statewide financial information system, has made the most aggressive commitment to permanent remote work. Ninety percent of the department's staff have permanently moved to full-time remote work. The remaining 10 percent work in the office part time, primarily to process mail and handle payroll and HR tasks.

Covered California, created in 2012 to operate the state's health insurance exchange, and CalPERS, which runs the state's public employee retirement system,

also anticipate big shifts toward permanent remote work.

Covered California anticipates 10 to 20 percent of its staff will become permanent remote workers, says Karen Johnson, Chief Deputy Director of Operations for the department. Another 50 percent of its workforce could have part-time remote schedules. CalPERS expects about half of its workforce to work remotely on either a full-time or part-time basis. The breakdown between full-time and part-time remote positions is still being worked out, says CEO Marcie Frost.

Movement toward permanent remote work is more complicated for agencies such as the California DMV and State Controller's Office, which maintain large networks of retail locations and/or operate large physical production operations. Both organizations expect to offer permanent full- and part-time remote positions, but the extent of the shift is less clear.

For the DMV, the state's largest retail operation, long-term

expansion of remote work hinges somewhat on citizen adoption of digital transactions, says Kathleen Webb, Chief Deputy Director for the department. The more citizens use online DMV services, the fewer physical offices the department will need to operate and staff. The department also needs in-office staff to operate extensive printing operations that produce title and registration documents and other hardcopy materials.

On the other hand, the department has a significant number of back-office positions that could be suitable for remote work. The DMV also successfully shifted its call centers to remote operation in response to the pandemic.

Like the DMV, the State Controller's Office needs in-office staff to print paper warrants and operate the state's massive unclaimed property warehouse. Although the office intends to increase the overall amount of telework done by employees, it's still working out the specifics, says Russell Fong, Chief Administrative Officer.

**“The DMV is experiencing both macro and micro changes in the way we do business.”**

— Kathleen Webb, Chief Deputy Director, DMV



“We’re going to try to strive for 75 percent of staff doing some form of remote work,” he says. “But every division is going to have to justify to the controller and myself what the mixture of teleworking and coming into the office should be — and it’s very difficult.”

**Agencies need to evaluate which positions and which people are best suited to long-term remote work.** Although agencies and departments quickly and successfully moved staff to remote work during the pandemic, permanently adopting this practice requires a different analysis.

“During COVID our incentive was to get people out of the building for safety reasons,” Fong says. “Now we have to come up with the business case that justifies teleworking. For me, there are only three reasons to keep telework: It increases performance; it improves retention and recruitment for staff; or it reduces our costs.”

Although most agencies participating in this project had positive experiences with remote work, Fong says results were mixed for his organization. “When you

actually see the output, it’s less in some areas and more in other areas,” he says.

Agencies and departments that have established metrics to measure the performance of individual employees are better positioned to decide which positions lend themselves to successful remote and hybrid work. CalPERS, for example, spent the past four years developing individual output metrics which now cover about 70 percent of its workforce. Only positions with measurable outputs are being considered for full- or part-time remote work, says Frost.

“These are public funds, so we need to be accountable,” she says.

Management also needs to work with employees to understand who will thrive in a remote work environment and who will not. Most agency leaders say they won’t require employees to work remotely if they prefer to return to the office.

“Some folks aren’t good at doing telework,” says Webb. “They are easily distracted and they have a hard time staying focused.”

**Agencies will need less physical office space in the future, and their remaining space will look different than it does today.** Some state organizations already are shrinking their physical footprint because of this new workforce model. FI\$Cal, for example, cut its permanent office space in half. The department is exploring additional space reductions and the possibility of moving to regionally located pod space in the Sacramento region where staff can reserve temporary workspaces when needed.

Covered California estimates permanent adoption of remote and hybrid work could reduce its real estate requirements by as much as 25 percent. In addition, a significant portion of the department’s remaining physical space would be reconfigured to provide collaboration areas and shared offices, says Johnson.

“We’re trying to envision what our workspace should look like now that we’re going away from the traditional one-to-one employee to desk ratio,” says Johnson. “We’ll have more ‘we space’ and less ‘me space.’ So how do we optimize around shared space and conference rooms and give those spaces the right level of equipment.”

**As real estate needs shrink, agencies also are looking to share space with other state departments or even other levels of government.** The new environment may drive unconventional partnerships as state organizations seek to right-size physical operations. Some of the most interesting



**“We’re trying to envision what our workspace should look like now that we’re going away from the traditional one-to-one employee to desk ratio.”**

— Karen Johnson, Chief Deputy Director of Operations, Covered California

thinking is happening at the DMV, which operates 190 retail offices throughout the state. The department's real estate requirements will be shaped at the community level by digital service adoption rates, availability of broadband internet access and other demographic factors. But the DMV is exploring innovative ways to reduce its physical footprint by opening express offices within retail stores, deploying 24-hour service kiosks and sharing space at other state agency field offices or at U.S. Post Office locations.

Similarly, the California Labor and Workforce Development

**“You need to give tools to your managers, because this is very different than watching people at their desks from 8 to 5.”**

— Russell Fong, Chief Administrative Officer, State Controller's Office

Agency is exploring partnerships with public library systems and local workforce boards to share resources. These partnerships, along with greater use of online services, could enable the agency to reduce real estate spending and direct more dollars toward employment programs.

“There are really great conversations going on from

a service delivery perspective around whether we need to go back to in-person visits and to what extent people can do their training and job searches online,” says Abby Snay, the agency's Deputy Secretary for the Future of Work. “I think that's causing a reconsideration of precious dollars that are going into brick-and-mortar spaces.”

## MEASURING AND MANAGING REMOTE WORKFORCES

Permanent adoption of remote and hybrid work requires changes in how California state agencies and departments measure employee performance and manage their workforces. These two interconnected issues are perhaps the biggest hurdles to successfully implementing widespread and long-term remote work strategies.

Today, many state agencies lack good tools and techniques for measuring the output or performance of individual employees. This issue isn't specific to remote workers — it's true for in-office employees, too — but it becomes more acute as state government organizations permanently change workforce models.

**State agencies need to develop effective measurements of employee performance.** Lack of effective performance measures makes it difficult to create the business case for long-term remote work because agencies don't have accurate data to prove remote workers are as productive or more productive than in-office staff. Fortunately, there are examples of effective performance measurement within California state government — both department-wide and for specific functions — from which other agencies can learn.

FI\$CaL and CalPERS have spent the past several years creating and implementing department-wide

measurements which are now easing the transition to permanent remote and hybrid work.

FI\$CaL developed key performance indicators (KPIs) that roll up from staff, to management, to the director level. While key offices within the department have been using KPIs, the department is in the process of refining and developing the remaining indicators. This expertise in developing performance measures stems from FI\$CaL's roots as a project management office for the deployment of California's statewide financial system. Contractor hours were carefully tracked for billing purposes during the implementation. The practice has since been transferred to state employees.

Today, the department tracks a series of metrics, including how fast it responds to trouble tickets submitted by users reporting problems with the financial system and how fast it releases system enhancements. These measures map back to the individual employees who perform these functions.

“I can see if we’re missing any of our service level targets,” says FI\$Cal Director Miriam Barcellona Ingenito. “If we are, I can have a conversation with one of my deputies, and they can see, for example, that three employees are on leave in our service center and that’s why ticket resolution is taking longer than expected in that area.”

Ingenito says the process of determining how employees spend their time and mapping their effort to outcomes can be difficult. But these measures, which the department has developed over the past five years and continually evolves, become the foundation for justifying remote work and implementing data-driven management techniques.

“One of the reasons we’ve been able to go to telework is that we had those metrics in place,” she says. “I could tell from my ticket counts that my staff is responding faster and they’re more productive working remotely than they are in the office. I had the data to back it up.”

Similar efforts are underway at CalPERS, where the agency has created effective measures for more than 70 percent of its activities.

“You need to spend the time to identify your core processes and then determine how to measure them,” says CalPERS CEO Frost.

When the pandemic hit, these metrics let CalPERS monitor the impact of remote work on performance. Frost points to

**“I could tell from my ticket counts that my staff is responding faster and they’re actually more productive working remotely than they are in the office.”** — Miriam Barcellona Ingenito, Director, FI\$Cal

the agency’s customer contact center as an example. Employees and supervisors can easily see important statistics like the number of callers in queue and how long those callers have been waiting. This information helps contact center agents manage their time effectively, and it helps supervisors understand when corrective action is necessary. The data-driven approach easily translated to a remote work environment — and it showed agents could productively work from home.

“We’ve always had our contact center onsite in Sacramento,” says Frost. “But our contact center is doing extremely well working remotely — and I don’t foresee requiring them to come back onsite.”

Other agencies — including Covered California and the DMV — also pointed to remote contact center operations as examples of where telework is both successful and measurable.

“We’ve had an executive dashboard for about eight years now that reports metrics specifically for our call center,” says Covered California’s Johnson. The dashboard includes performance indicators such as how quickly calls are answered, how long agents spend with each consumer and the percentage of calls that are abandoned. Another report shows the percentage of agents who miss their scheduled shifts — a factor known as “shrinkage” in the contact center industry.

“When we went remote, our shrinkage rate actually decreased, so the number

of people who were available to answer calls increased, improving our overall service levels,” says Johnson. “For the call center, remote work has been a tremendous success, and I think there will be higher percentages of our call center representatives working from home in the future.”

**Agencies need to adopt management techniques better suited to remote work environments.** Development of employee performance metrics also supports a necessary shift in management techniques to supervise remote workforces. With more employees working all or part of their jobs from home, agencies and departments must replace “management by attendance” with approaches that are outcomes oriented.

Several agencies participating in this project had begun moving in this direction well before the pandemic struck to strengthen overall management. These agencies are now better positioned to supervise employees who aren’t in the office.

Over the past four years, for example, CalPERS has adopted a management style that’s more flexible and results-driven, supported by performance dashboards that track outputs across core processes.

“I can tell when people are working,” says Frost. “As long as our outputs are in the targeted range, we’re good. We can manage to the output targets and clear obstacles for our teams — we don’t need to micromanage people.”

Implementing these kinds of changes across the state will require

retraining for supervisors steeped in traditional techniques.

“You need to give tools to your managers, because this is very different than watching people at their desks from 8 to 5,” says Fong at the State Controller’s Office. “All the things we’ve taught managers throughout their careers are different than what you want to do in today’s environment.”

Fong said the Controller’s Office recently put almost 300 managers through mandatory training — consisting of five 90-minute sessions — on how to manage employees in remote work environments.

“One of the things this does is point out just how different management is in a remote environment,” says Fong. “You have to trust people; you have to manage them by the output.”

Implementing long-term remote work also magnifies the importance of human capital management, adds the DMV’s Webb.

“The DMV is experiencing both macro and micro changes in the way we do business,” she says. “One thing I feel is really essential in our roadmap for the future is a robust workforce plan. I would think every department is going to have to go through some level of this.”

Agencies already should be exploring how issues like the automation of routine tasks will impact future organizational models and staffing needs, says Webb. The shift to remote work adds other factors into the mix.

“It could change the kind of skills we look for,” she explains. “If we’re hiring call center agents who will work from home, we may look for qualities like the ability to work independently and a really strong commitment to customer service.”

## TAPPING NEW TALENT POOLS AND IMPROVING EQUITY

One key opportunity created by remote work is a huge expansion of workforce talent available to California state agencies. With state employees no longer tied to physical office locations, they can potentially live anywhere in California. This will allow state agencies to tap valuable new talent markets and offer flexibility that makes them more attractive to potential employees.

This trend already is playing out broadly across the employment market. A recent Accenture survey found that 87 percent of executives believe the remote workforce opens up the market for difficult to find talent and expands the competition among organizations.

“As an advocate for diversity and inclusion, I’m excited that we can now offer jobs to those who previously were disadvantaged due to location, lack of transportation and other factors,” says Accenture’s Noriega.

Several agency leaders participating in this project say they’re rethinking talent acquisition and retention policies. But agencies also must implement new communication, hiring and training practices to

support employees who aren’t in the office.

**Geography is no longer a barrier to hiring and retaining the workforce talent agencies need.** Eliminating or minimizing geography as a factor in state employment may help agencies hang on to valuable employees who might otherwise leave state service and attract new workers who haven’t typically considered state employment.

Some agencies already are granting more flexibility to employees who want to relocate. At CalPERS, for example, Frost says employees based at the agency’s Sacramento headquarters are asking if they still must live in the local area or even in the state of California.

“I do a weekly web chat with our entire organization and those are the two most common questions I get,” she says.

While residence in California is required to hold a state job, CalPERS is now open to letting Sacramento-based employees move to other parts of the state — with an important caveat.

“You do have to understand that if your manager says, ‘I need you

**“As an advocate for diversity and inclusion, I’m excited that we can now offer jobs to those who previously were disadvantaged due to location, lack of transportation and other factors.”**

— Mark Noriega, Managing Director, Accenture



to come in the next day,' you have to come in the next day, no matter where you're living," says Frost. "As long as people understand that, I don't see a problem."

This flexibility also could open new career paths for CalPERS employees based in regional offices.

"We have some really talented people in our regional offices who don't want to relocate because of family or other reasons," she says. "Until now, their promotional path has been pretty limited because most of the jobs are in



**"There are really great conversations going on from a service delivery perspective around whether we need to go back to in-person visits and to what extent people can do their training and job searches online."**

— Abby Snay, Deputy Secretary for the Future of Work, California Labor and Workforce Development Agency

Sacramento. Now we might be able to give them a career path they didn't have before."

The DMV's Webb also is optimistic about the impact remote work can have on employee hiring and retention. Although the DMV operates nearly 200 field offices in the state, there are still many communities where state employment typically isn't considered an option — and some of them are rural and low-income areas where state jobs would be extremely desirable.

"I can't wait to move forward with this," she says. "I can target 58 counties now looking for potential employees who never thought they could put in for a state job because there wasn't a state office in their community."

Remote work also could make it easier for agencies to recruit and accommodate employees with

disabilities, expanding the state's reach into another underutilized talent pool. "It really changes the dynamic around equity and diversity in hiring," Webb says.

**Agencies may need to change recruiting practices to reach new talent.** As state entities cast a wider net for potential workers, they'll need to rethink their reliance on in-person job fairs and other traditional recruiting events. Instead, agencies must get better at using social media platforms and digital communication channels to reach new audiences.

Along with getting the word out about job availability, agencies may need to launch educational efforts to help people through the application process.

"It's still a bit of an art form to get a job with the state of California, so that can be a barrier," says Webb. "As we recruit in areas where we

haven't traditionally gone, we may also need to teach applicants how to pursue a job with the state."

**Agencies will need new policies, processes and training to support remote and hybrid workforces.**

Multiple agencies participating in this conversation have launched new communication efforts to engage remote workers, including web-based question-and-answer sessions between employees and leadership, all-staff virtual meetings and regular employee opinion polls. Several organizations also have created virtual meeting norms that give remote employees guidance on common issues like when they should be on camera and when it's ok to turn the video off.

In addition, agencies are digitizing human resources processes to match the new virtual environment. Covered California, for instance, launched

electronic onboarding and offboarding tools. “We wanted to make sure managers and supervisors had the same tools they had when they were in the office and could speak to HR in person,” says Johnson. “All of that is in the virtual environment now.”

And at the DMV, remote work is triggering new activity around online training and more sophisticated talent management.

The department is developing digital courses to replace its historic reliance on in-person training, says Webb. “We’ve already got a library of online training that’s available to team members and team leaders, and it continues to grow.”

Compared to in-person courses, e-learning is less expensive and more accessible to DMV employees, including remote workers.

“One of the things I’m sensitive to is training not being available to everyone, or maybe biases in how training is made available,” she says. “This e-learning format basically eliminates those issues.”

In addition, the DMV is exploring the development of a talent management system that would give the sprawling organization better insight into skills and abilities scattered across its 10,000-member workforce.

“There are a lot of benefits to this, especially as we enter a more virtual work environment,” Webb says. “We can create working teams from employees located across California. We know this already happens in the consulting world at an international level. But we’ve never really harnessed how to best do that here at the state.”

## EVALUATING TECHNOLOGY FOR THE FUTURE OF WORK

Technology plays a fundamental role in the state’s evolution toward new models of work. One lesson from the immediate pandemic response is that agencies and departments with modern technologies — flexible and mobile-friendly business applications, laptops and tablet computers for employees, and up-to-date security tools — had an easier time adopting and sustaining remote work and deploying new digital services for internal and external stakeholders. Long-term remote work — along with expanded digital services strategies — will have lasting impact on the technology tools provided to state employees, equipment needed for physical offices and modernization strategies for key systems.

**End-user technology tools for state employees have changed permanently.** The immediate need during the pandemic was to equip employees with mobile technology, mainly laptop computers and related gear, so they could work from home. Organizations like FISCAL, where all staff members already had modern mobile computers and mobile security tools, were in a much better position to make the shift.

This experience is changing how agencies must view end-user technology going forward. Items that previously may have been considered luxuries — camera-equipped laptop and tablet computers, along with appropriate security protection — are now essential to support full- and part-time remote employees, and

to prepare agencies for future events that prevent employees from working in the office. Video cameras, in particular, are a critical tool for employee communication and engagement.

“Getting video cameras out to our remote employees was a big, important thing for us,” says Fong, who joined the State Controller’s Office in May. “I’ve met probably 20 people here in person. Video helps provide that face-to-face interaction. It’s hard to build a rapport when I’ve never seen you, and you’ve never seen me.”

Covered California addressed another critical barrier to remote work: internet connectivity in employees’ homes. The department’s IT division worked with a WiFi network vendor to pilot a solution that gives remote workers a secure, high-bandwidth internet connection that is routed through Covered California’s servers.

“This was a big issue for some of our call center representatives who didn’t have ideal internet service, or perhaps didn’t have internet connections at all,” says Johnson. “This is a solution that we’ll probably look at implementing more broadly if we have more people teleworking.”

In addition, state offices will need technology upgrades to support hybrid work and shared spaces. As discussed earlier, agencies and departments intend to use physical office space differently than they have in the past.

Several participants in this conversation mentioned the changing nature of meetings and group collaboration sessions. Even when these activities are based in physical offices, they're likely to include a mix of in-person and remote attendees. This will drive the need for high-quality videoconferencing systems inside state facilities.

agility and resiliency of state government operations. Modern technology simply enables agencies to respond faster and more effectively to changing conditions and requirements.

"We can't defer the modernization of our technology any longer," says Webb. "Some DMV systems are still on Assembler

**"I can tell when people are working. As long as our outputs are in the targeted range, we're good."** — Marcie Frost, CEO, CalPERS

Also, as departments implement shared desks and meeting spaces, they'll need reservation systems that let users book physical workspaces and enable supervisors to manage office capacity.

FI\$Cal is using such a system, says Ingenito. "Employees enter which days they'll be in the office and add ergonomic needs they have, and the system shows which cubes are available," she explains. "Then they put in a reservation, just like a hotel."

Finally, there will be even more pressure on state organizations to modernize old technology systems and deploy new digital capabilities. Although the need for modern digital processes and services was apparent before the pandemic, the COVID-19 crisis emphasized the impact old technology has on the

code, and anyone who wrote Assembler code has long since retired. So we need to be careful about what we put on the back of a very fragile system."

The DMV is working with the California Department of Technology to stabilize its old systems and develop a modernization roadmap that leads to new technology that is cloud-based and user-centric, she says.

Participants in this conversation also identified a number of specific systems that are gaining importance as the state moves toward a new workforce model, including digital document and signature applications, data dashboard and visualization tools, and platforms to manage growing libraries of digital training materials.

## A WORK IN PROGRESS

California's journey toward new models for state employment is a work in progress. But it's clear that the rapid and in many cases successful adoption of remote work by state agencies during the COVID-19 crisis helped prove the concept's value and practicality. Now agency leaders are looking for opportunities to expand full- and part-time work permanently where it makes sense.

The push toward virtual work environments will drive potentially beneficial changes in how the state recruits, manages, trains and supports employees. In many cases, these changes will benefit all state employees, whether they work in traditional offices, telecommute part time or work fully remote. This shift also opens opportunities for agencies to tap new talent markets, retain valuable employees, boost performance and redirect money currently spent on physical facilities into important programs and services.

This report begins to sketch out how agencies view the future of work — and it identifies potential benefits and challenges in making these moves. But the views presented here aren't intended to be the last word; they are the start of a running conversation that will be critical to the state's success in the years ahead.

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# Monthly Team Status February 2021

To the members of the OCERS Board of Retirement,

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

## MEMBER SERVICES MONTHLY METRICS

Retirement Applications Received				2021 Customer Service Statistics						
Month	2019	2020	2021	Month	Unplanned Recalculations	Member Satisfaction Approval Rate	Queue Calls Received	Direct to Extension Calls	Operator Calls Received	Total Calls (monthly)
January	261	254	101	January	2	100%	2606	4867	992	8465
February	201	169	90	February	1	100%	2618	4839	1811	9268
March	206	80	0	<b>Grand Total</b>	<b>3</b>	<b>100%</b>	<b>5224</b>	<b>9706</b>	<b>2803</b>	<b>17733</b>
April	38	33	0							
May	44	47	0							
June	52	63	0							
July	56	288	0							
August	65	229	0							
September	41	114	0							
October	69	57	0							
November	54	52	0							
December	75	66	0							

## MEMBER SURVEY RESPONSE

"The OCERS representative I reached today provided all the answers I needed in preparation for my upcoming retirement. I can't thank them enough for the detailed information they provided in order for me to get to my goals. They were very professional, friendly, helpful, patient and answered all the questions and concerns I've had. This team member truly embodied the characteristics of a stellar employee and is such a great asset to your department. With their help, I am looking forward to a smooth transition to retirement without any concerns. I want to thank you for having such a wonderful representative in your unit."

**February 2021**

"I had many questions for the OCERS representative and they were extremely patient with me. The OCERS representative really helped me understand how my monthly benefit was calculated."

**January 2021**

"Mr. Doug Storm, co-President of REAOC called to say that he had gone to the OCERS website to print out his documents necessary to file his 2020 taxes, and found the entire process easy to navigate. "I had an excellent experience, you have a very happy customer" were his closing words."

**January 2021**



# Monthly Team Status

## February 2021

### ACTIVITIES

#### WRITTEN PROCESSES AND PROCEDURES

An important task underway is the written documentation of OCERS processes and procedures to be gathered into one single repository. On February 4 we were pleased to welcome via Zoom a group of managers with LACERA who shared with our work group the work they have put into establishing a similar product. A key take away was the large amount of time we will need to devote to maintaining the relevancy of the document repository. The LACERA team meets weekly to consider updates to their documents, and I would expect we will have similar needs. The outcome however is worth the effort as we work to meet the OCERS vision statement of “consistent quality member experiences”.

#### INVESTMENT DEPARTMENT

Dave Beeson reports on the Investment Team’s activities in February:

As of January 31, 2021, the portfolio year-to-date is down 0.2% net of fees, while the one-year return is up 11.3%. The fund value now stands at \$19.8 billion. The OCERS Investment Team continues to work effectively remotely during the coronavirus pandemic. The Investment Team added four new strategies to the portfolio. OCERS invested \$200 million in the Artisan International Value Fund, an international equity strategy with a value focus. OCERS also invested \$200 million in the GQG Partners International Equity Fund, an international equity growth strategy. These two equity strategies were added as part of the increase to the public equity target from 35% to 47% within the new asset allocation. OCERS committed \$75 million to Oaktree Real Estate Opportunities Fund VIII within the non-core real estate portfolio. This fund will target opportunistic returns through distressed debt acquisitions, equity recapitalizations, rescue financings, and discounted securities purchases. OCERS invested \$50 million in the Waterfront equity market neutral fund that focuses on publicly traded real estate and infrastructure securities. Waterfront is OCERS’ second investment in the Unique Strategies asset class that has a 0 to 5% target. The fund’s strategy is consistent with the Unique Strategies’ objective of having low correlation and niche or unique investment characteristics with an attractive idiosyncratic risk/return profile. The Investment Team continues to work with Aksia TorreyCove on developing a structure for a potential co-investment program within the private equity asset class. Finally, the Investment Team conducted first and second round interviews for a new investment analyst position during the month of February.

#### PROFESSIONALISM

For several years now the OCERS staff has been working on what best distinguishes us as professional financial services employees. On February 17, at the suggestion of Chair Dewane, I and several members OCERS managers had a chance to meet via Zoom with Mesa Water General Manager Paul Shoenberger and members of his management team to learn more about efforts they have made to both raise the level of professionalism among their staff, while also holding the line on budget costs. The team at Mesa Water have accomplished some impressive outcomes, and the meeting was both helpful and constructive as we continue our own journey here at OCERS to meet the expectations of our members.



# Monthly Team Status February 2021

## UPDATES

### ALAMEDA

As reported at the March meeting of the OCERS Board, the month of February was filled with many calls and meetings by OCERS management staff with various stakeholder representatives, assisting them to better understand the direction we believe we have received from the courts, while they in turn helped us to better understand the often nuanced nature of our member's employment as it pertains to the various salary codes impacted by the Supreme Court's decision. We knew we could not get to resolution, but it was important to continue open and transparent dialogue, and that was accomplished.



As a reminder you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the April 19 meeting of the OCERS Board of Retirement.



## Memorandum

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**DATE:** April 19, 2021  
**TO:** Members of the Board of Retirement  
**FROM:** Gina M. Ratto, General Counsel  
**SUBJECT:** LEGISLATIVE UPDATE

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### Written Report

#### *State Legislative Update*

The California Legislature reconvened on January 11, 2021, beginning the two-year legislative session. The Legislature began its Spring Recess on March 25, 2021, and reconvened on April 5, 2021.

A comprehensive list and summary of the pending bills that staff will monitor during the first year of the 2021-2022 legislative session is attached. Below are the bills that may be of greater interest to the Board. **New or updated information since the last report to the Board are indicated in bold text.**

#### OCERS Sponsored Bill

##### Σ **AB 761 (Chen) – OCERS’ Sponsored Bill**

This bill add section 31522.11 to the Government Code to authorize the board of retirement for Orange County to appoint an administrator, assistant administrators, a chief investment officer, subordinate investment officers subordinate investment officers next in line of authority to the chief investment officer, senior management employees next in line of authority to the subordinate investment officers, subordinate administrators, senior management employees next in line of authority to subordinate administrators, and legal counsel. The bill would provide that the personnel appointed pursuant to these provisions would not be county employees subject to county civil service and merit system rules, and instead would be employees of the retirement system. The bill would provide that the compensation of personnel appointed pursuant to these provisions is an expense of administration of the retirement system. The bill would authorize the board of retirement and board of supervisors to enter into agreements as necessary and appropriate to carry out these provisions and would make related, conforming changes. The bill would make conforming changes to Government Code sections 31522.5 and 31580.2.

(STATUS: Introduced 02/16/21. Read first time on 02/16/21. **Referred to Committee on P.E. & R on 02/25/21. From committee chair, with author’s amendments: Amend, and re-refer to Committee on P.E. & R. Read second time and amended on 03/18/21. Re-Referred to Committee on P.E. & R on 03/22/21.**)

**SACRS Sponsored Bills<sup>1</sup>****Σ SB 634 (Cortese, Durazo, Laird, Newman, and Ochoa Bogh)**

This bill is the annual housekeeping bill for CalPERS, CalSTRS and the CERL systems.

(1) Current law requires CalSTRS to pay premiums associated with Medicare Part A for certain retired or disabled members, as specified. Current law creates the Cash Balance Benefit Program, which is administered by the CalSTRS board, to provide a retirement plan for the benefit of participating employees who provide creditable service for less than 50% of full time. Current law applicable to the Defined Benefit Program, for applications and documents requiring a signature, requires that the signature be in a form prescribed by the system. This bill would apply the above-described requirements regarding signed applications and documents to the Cash Balance Benefit Program and the requirement that CalSTRS pay certain Medicare Part A premiums.

Existing law authorizes a member of CalSTRS who is not retired and who was previously excluded from membership in the Defined Benefit Program request to purchase service credit in the program for certain types of other service. This bill would prohibit a member from purchasing service credit for any school year if the purchase would result in more than one year of service for that school year.

Existing law authorizes a member of CalSTRS who files an application for service retirement to change or cancel their retirement application if specified requirements are met. In this regard, existing law requires a member to return the total gross distribution amount of all payments for any canceled retirement benefit, including a lump-sum payment, as specified. This bill would extend the requirement to return total gross distribution amount, as described above, to apply to any canceled benefit.

(2) The PERL excludes specified appointees, elective officers, and legislative employees from membership in CalPERS unless the person to whom these provisions apply elects to file with the board an election in writing to become a member. This bill would prescribe the circumstances pursuant to which the start date would be determined for an appointee, elective officer, or legislative employee who elects to become a member of PERS. If the written election is received by the system within 90 days of the applicable appointment, current term, or start date for the position, the bill would require that the effective date be the start date of the appointment, the start date of the term, or the start date of the position. If the election is not received by the system within 90 days, as specified, the effective date would be the first day of the month in which the election is received by the system.

The PERL prescribes the circumstances pursuant to which specified payments and benefits may be paid by PERS in connection with the death of a member, among others. This bill would require that overpayments, issued after the date of death to a member, retired member, or beneficiary, made to or on behalf of any

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<sup>1</sup> **The SACRS membership will vote on whether to sponsor SB 634 at the SACRS Business Meeting on May 14, 2021.**



member, retired member, or beneficiary, as specified, be deducted from any subsequent payment or benefit that is payable by PERS as a result of the death.

(3) The CERL requires the county health officer to advise the retirement board on medical matters and, if requested, attend its meetings. This bill would authorize a county health officer's duly authorized representative to also advise the board of retirement with advice on medical matters.

The CERL authorizes a member of a system established under its provision who ceases to be an employee of the county under certain provisions of the Education Code to elect to remain a member of the CERL system. This bill would correct an obsolete cross-reference in this regard.

The CERL provides benefits based upon service credit, defines service for this purpose, and authorizes a member to elect to receive service credit for other forms of public service, as defined, by making contributions. CERL authorizes a member who has elected to make contributions to receive service credit to complete payment, at any time prior to the effective date of the member's retirement, by a lump sum. This bill would repeal the above-described authority of a member to complete a payment by lump sum.

The CERL requires the board of retirement to secure medical, investigatory, and other service and advice as is necessary for the purpose of administering provisions relating to disability retirement. This bill would authorize the board to contract with a physician in private practice for the medical advice necessary to carry out the purpose of provisions relating to disability retirement. The bill would make various technical and stylistic changes.

**(STATUS: Introduced 02/19/21. Referred to Committee on L, P.E. & R on 03/03/21. From committee: Do pass and re-refer to Committee on APPR with recommendation: To consent calendar. Re-referred to Committee on APPR on 03/23/21. Set for hearing on 04/05/21.)**

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

##### **Σ AB 627 (Waldron)**

The Tribal Court Civil Money Judgment Act governs the procedure by which the superior courts of the state recognize and enter tribal court money judgments of any federally recognized Indian tribe. Under the act, an applicant may apply for recognition and entry of a judgment based on a tribal court money judgment by filing an application, as specified. If granted, the act requires the court to enter a judgment that has the same terms and provisions as the tribal court money judgment and that has the same effect and is enforceable as a civil money judgment, order, or decree of a state court. The act does not apply to tribal court money judgment orders for which federal law requires that states grant full faith and credit recognition or for which state law otherwise provides for recognition. This bill would establish a procedure pursuant to which one or both of the parties to a tribal court proceeding may file an application for recognition of a tribal court order that establishes a right to child support, spousal support payments, or marital property rights to a spouse, former spouse, child, or other dependent of a participant in a retirement plan or other plan of deferred compensation, and that assigns all or a portion of the benefits payable with respect to the plan participant to an alternate payee.

(STATUS: Introduced 02/12/21. Read first time on 02/12/21 **Referred to Committee on JUD on 02/25/21. From committee: Do pass and re-refer to Committee on APPR on 03/23/21 with recommendation: to Consent Calendar.**)

Σ **AB 703 (Rubio)**

Executive Order N-29-20 suspended the Brown Act requirements for teleconferencing during the COVID-19 pandemic, provided that notice requirements are met, the ability of the public to observe and comment is preserved, and a local agency permitting teleconferencing has a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, as specified. This bill would remove the requirements of the act particular to teleconferencing, and would allow for teleconferencing subject to existing provisions regarding the posting of notice of an agenda and the ability of the public to observe the meeting and provide public comment. The bill would require that, in each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the local agency also give notice of the means by which members of the public may observe the meeting and offer public comment, and require that the legislative body have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act.

(STATUS: Introduced 02/16/21. Read first time on 02/16/21. **Referred to Committee on L. GOV on 02/25/21.**)

Σ **AB 845 (Rodriguez) Amended 03/30/21**

Current law provides that participants of public retirement systems who are in certain membership categories may be entitled to special benefits if death or disability arises in the course of employment. PEPRAs generally require a public retirement system to modify its plan or plans to comply with PEPRAs and establishes, among other things, limits on defined benefit formulas and caps on pensionable compensation. This bill, until January 1, 2023, would create a presumption, applicable to the retirement systems that PEPRAs regulate and to specified members in those systems, that would be applied to disability retirements on the basis, in whole or in part, of a COVID-19-related illness. In this circumstance, the bill would require that it be presumed that the disability arose out of, or in the course of, the member's employment. The bill would authorize the presumption to be rebutted by evidence to the contrary, but unless controverted, the **applicable governing board of administration of the applicable public** retirement system would be required to find in accordance with the presumption.

(STATUS: Introduced 02/17/21. Read first time on 02/17/21. **Referred to Committee on P.E. & R. on 02/25/21. From committee chair, with author's amendments: Amend, and re-refer to Committee on P.E. & R. Read second time and amended on 03/30/21.**)

Σ **SB 274 (Weockowski)**

The Brown Act authorizes a person to request that a copy of an agenda, or a copy of all the documents constituting the agenda packet, of any meeting of a legislative body of a local agency be mailed to that person. This bill would require a local agency with an internet website, or its designee, to email a copy of, or website link to, the agenda or a copy of all the documents constituting the agenda packet if the person

requests that the items be delivered by email. If a local agency determines it to be technologically infeasible to send a copy of the documents or a link to a website that contains the documents by mail or by other electronic means, the bill would require the legislative body or its designee to send by mail a copy of the agenda or a website link to the agenda and to mail a copy of all other documents constituting the agenda packet, as specified.

(STATUS: Introduced 01/29/21. Read first time on 02/01/21. Referred to Committee on GOV & F on 02/10/21. **From committee: Do pass as amended and re-refer to Committee on APPR. On 03/25/21.**)

#### Other Bills of Interest

##### Σ **AB 361 (R. Rivas)**

Would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements imposed by the Brown Act when a legislative body of a local agency holds a meeting for the purpose of declaring or ratifying a local emergency during a declared state or local emergency, when state or local health officials have imposed or recommended measures to promote social distancing, and during a declared local emergency, provided the legislative body makes certain determinations by majority vote.

(STATUS: Introduced 02/01/21. Read first time on 02/01/21. Referred to Committee on L. Gov. on 02/12/21.)

##### Σ **AB 766 (Gabriel and Bennett) Amended 03/18/21**

**This bill would require, beginning January 1, 2025, and annually thereafter, a covered corporation (defined as a publicly traded domestic or foreign corporation whose principal executive offices, according to the corporation's SEC 10-K form, are located in the state and whose annual revenues exceed one hundred million dollars) to disclose to the State Air Resources Board and the Secretary of State specified information for the prior calendar year, including, but not limited to, the potential financial impacts of, and any risk management strategies relating to the physical and transition risks, as defined, posed to the covered corporation by climate change. The bill would require the state board to establish climate change-related disclosure guidance that, to the extent practicable would be specialized for industries within specified sectors of the economy, establish reporting standards for estimating and disclosing direct and indirect greenhouse gas emissions, as defined, include reporting standards for fossil fuel-related assets, establish a minimum social cost of carbon, as defined, and require a covered corporation to conduct climate scenario analyses, as provided.**

(STATUS: Introduced and read first time on 02/16/21. Referred to Committee on NAT. RES. From committee chair, with author's amendments: Amend, and re-refer to Committee on NAT. RES. Read second time and amended on 03/18/21. Re-referred to Committee on NAT. RES on 03/22/21.)

##### Σ **AB 885 (Quirk) Amended 03/24/21**

This bill would require a state body that elects to conduct a meeting or proceeding by teleconference to make the portion that is required to be open to the public both audibly and visually observable. **The bill would require a state body that elects to conduct a meeting or proceeding by teleconference to post an agenda at the designated primary physical meeting location in the notice of the meeting where members of the public may physically attend the meeting and participate.** The bill would extend the above requirements of meetings of multimember advisory bodies that are held by teleconference to meetings of

all multimember state bodies. The bill would require a multimember state body to provide a means by which the public may both audibly and visually remotely observe a meeting if a member of that body participates remotely. The bill would further require any body that is to adjourn and reconvene a meeting on the same day to communicate how a member of the public may both audibly and visually observe the meeting.

(STATUS: Introduced 02/17/21. Read first time on 02/17/21. **Referred to Committee on G.O on 02/25/21. From committee chair, with author's amendments: Amend, and re-refer to Committee on G.O. Read second time on 03/24/21. Re-referred to Committee on G.O on 03/25/21.**)

Σ **SB 449 (Stern)**

**This bill would require a bank, corporation, credit union, finance lender, insurer, investment advisor, real estate investment trust, and mortgage lender, as those terms are defined, to, before January 1, 2023, and annually thereafter, prepare a climate-related financial risk report, as defined, and to submit to the Department of Financial Protection and Innovation, and make available to the public on its own internet website, a copy of that report. The bill would also require those financial institutions to submit to the department a statement affirming that the climate-related financial risk report discloses all climate-related financial risk. This bill would also require the Governor to, before January 1, 2023, establish an advisory Climate Change Financial Risk Task Force to assess climate-related financial risk facing investors, corporations, banks, credit unions, mortgage lenders, insurers, and the state. The bill would require the task force to include certain members, including the Commissioner of Financial Protection and Innovation, the Treasurer, the Controller, and the Insurance Commissioner, and would require the task force to, among other things, annually prepare a report containing certain elements regarding climate-related financial risk reports.**

(STATUS: Introduced 02/16/21. Referred to Committees on B. & F.I. and E.Q. on 02/25/21. First hearing canceled at request of author.)

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

Σ **AB 386 (Cooper) Amended 03/18/21**

The California Public Records Act requires state and local agencies to make their records available for public inspection, unless an exemption from disclosure applies. Current law excludes from disclosure certain records regarding alternative investments in which public investment funds invest. This bill would exempt from disclosure under the act specified records regarding an internally managed private loan made directly by CalPERS. Under the bill, these records would include quarterly and annual financial statements of the borrower or its constituent owners, unless the information has already been publicly released by the keeper of the information.

(STATUS: Introduced 02/02/21. Read first time on 02/02/21. Referred to Committees on P.E., & R. and JUD on 02/12/21. **From committee chair, with author's amendments: Amend, and re-refer to Committee on P.E. & R. Read second time and amended on 03/18/21. Re-Referred to Committee on P.E. & R on 03/22/21.**)

Σ **AB 539 (Cooley)**

The Teachers' Retirement Law authorizes the CalSTRS board, upon a finding by the board that necessary

investment expertise is not available within existing civil service classifications, and with approval of the State Personnel Board, to contract with qualified investment managers. This bill would additionally authorize the CalSTRS board to contract with investment *advisers*, as defined, upon the same finding by the board and approval by the State Personnel Board.

(STATUS: Introduced 02/10/21. Read first time on 02/10/21. Referred to Committee on P.E. & R. on 02/18/21.)

Σ **AB 551 (Rodriguez)**

Current law authorizes CalSTRS to administer an individual retirement plan described in Section 408A of Title 26 of the United States Code, commonly referred to as a Roth IRA, for the purpose of accepting a rollover from an annuity contract or custodial account offered by the system to the extent the rollover complies with specified federal law. Current law establishes the Teachers' Deferred Compensation Fund, which is continuously appropriated, to serve as the repository of funds received by the system for various deferred compensation plans, and specifies where in the fund certain premium and fee revenues received by the system are to be deposited. This bill would also authorize the system to administer an individual retirement plan as described in Section 408 of Title 26 of the United States Code. The bill would eliminate the requirement that the administration of these plans be for the purpose of accepting a rollover from an annuity contract or custodial account offered by the system, as described above. The bill would instead specify categories of people for whom the system could provide this service, including certain former eligible employees and their spouses. The bill would make a conforming change regarding where premium and fee revenues received in this regard are to be deposited.

(STATUS: Introduced 02/10/21. Referred to Committee on P.E. & R. on 02/18/21.)

Σ **AB 890 (Cervantes) Amended 03/11/21**

**Would require the Boards of CalPERS and CalSTRS to provide reports to the Legislature, commencing March 1, 2022, and annually thereafter, on the status of achieving objectives and initiatives, to be defined by the boards, regarding participation of emerging managers or diverse managers responsible for asset management within each retirement system's portfolio of investments. The bill would require the reports to contain specified information and would require the boards to define "emerging manager" and "diverse manager" for purposes of these reports. The bill would require that the reports be based on contracts that the system enters into on and after January 1, 2021, and be based on information from the prior fiscal year.**

(STATUS: Introduced and read first time on 02/17/21. Referred to Committee on P.E. & R; from committee chair, with author's amendments: Amend, and re-refer to Committee on P.E. & R; read second time and amended on 03/11/21. Re-referred to Committee on P.E. & R on 03/15/21.)

Σ **AB 1092 (Mayes) Amended 03/18/21**

**The Public Employees' Medical and Hospital Care Act (PEMHCA), administered by CalPERS, governs the funding and provision of postemployment health care benefits for eligible retired public employees and their families. PEMHCA authorizes an employee or annuitant, as those terms are defined, of the state to enroll in a health benefit plan approved or maintained by CalPERS. The act generally requires the state and each employee or annuitant to contribute a portion of the cost of providing the benefit coverage**

afforded under the approved health benefit plan in which the employee or annuitant is enrolled. PEMHCA establishes the Public Employees' Contingency Reserve Fund for the purpose of funding health benefits and funding administrative expenses. This bill would preclude a person who has retired under PERS and who obtains work with a subsequent employer from receiving any health benefits offered under PEMHCA if the person's subsequent employer offers health care coverage that provides reasonably comparable benefits.

(STATUS: Introduce and read first time on 02/18/21. Referred to Committee on P.E. & R; from committee chair, with author's amendments: Amend, and re-refer to Committee on P.E. & R; read second time and amended on 03/18/21. Re-referred to Committee on P.E. & R on 03/22/21.)

Σ **AB 1293 (Cooley) Amended 03/18/21**

Current law establishes the Judges' Retirement System II, administered by CalPERS. Current law authorizes a judge who is a member of the system and ~~who~~ **retires after meeting specified conditions to receive pension benefits. ~~upon attaining both 65 years of age and 20 or more years of service, or upon attaining 70 years of age with a minimum of 5 years of service, to elect from specified retirement benefits, including a monthly pension.~~** Federal law limits the amount a defined benefit plan may pay a participant annually, and requires that this limitation be adjusted annually by regulation to account for increases in the cost of living. This bill would prohibit the amount payable to a member under the Judges' Retirement System II, including cost-of-living adjustments, from exceeding the limits established by federal law, and would incorporate specified provisions of federal law by reference. The bill would also require the retirement allowance of a member or monetary credits available to a member to be increased to reflect cost-of-living adjustments contained in federal law, in accordance with specified limits. ~~This bill would make nonsubstantive changes to the provisions authorizing a judge to elect retirement benefits described above.~~

(STATUS: Introduced 02/19/21. Read first time on 02/22/21. Referred to Committee on P.E. & R; from committee chair, with author's amendments: Amend, and re-refer to Committee on P.E. & R; read second time and amended on 03/18/21. Re-referred to Committee on P.E. & R. on 03/22/21.)

Σ **SB 278 (Leyva) Amended 03/23/21**

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

With respect to retired members, survivors, or beneficiaries whose benefits are based on disallowed final compensation, the bill would require CalPERS to adjust the benefit to reflect the exclusion of the disallowed compensation and provide that contributions made on the disallowed compensation be credited against future contributions on behalf of the employer entity that reported the disallowed compensation. Additionally, if specified conditions are met, the bill would require the employing entity to refund overpayment costs to the system and to pay retired members, survivors, and beneficiaries whose benefits have been reduced an annuity, or a lump sum, as prescribed, that reflects the difference between the monthly allowance that was based on the disallowed compensation and the adjusted monthly allowance calculated without the disallowed compensation, as provided.

The bill would authorize the state, a school employer, as specified, or a contracting agency, as applicable, to submit to the system an additional compensation item proposed to be included or contained in a memorandum of understanding or collective bargaining agreement on and after January 1, 2022, that is intended to form the basis of a pension benefit calculation in order for CalPERS to review its consistency with PEPR and other laws, as specified, and would require CalPERS to provide guidance regarding the review within 90 days, as specified. The bill would require CalPERS to publish notices regarding proposed compensation language submitted to the system for review and the guidance given by the system that is connected with it. For educational entities that participate in the system, the final responsibility for funding payments to the system and to retired members, survivors, and beneficiaries would belong to the educational entity that is the actual employer of the employee.

(STATUS: Introduced 01/29/21. To Committees on L., P.E. & R and JUD on 02/10/21. **From committee: Do pass and re-refer to Committee on JUD on 03/09/21. From committee with author's amendments; read second time and amended; re-referred to Committee on JUD on 03/23/21.**)

#### Σ **SB 294 (Leyva)**

CalPERS and CalSTRS require employees to make contributions to the system based on their creditable compensation, as defined. Existing law defines "leave of absence" for purposes of both laws as a period of leave to which a member is entitled that is expressly authorized or required pursuant to specified provisions, including employer-approved compensated leave. Under current law, during a leave of absence for an employer-approved compensated leave, an employee earns full service credit and is required to pay employee contributions. Existing law limits the maximum amount of the service credit earned during an employer-approved compensated leave of absence to 12 years. This bill would remove the 12-year limitation for service credit earned on an employer-approved compensated leave.

(STATUS: Introduced 02/02/21. Referred to Committees on L., P.E. & R on 02/10/21. **From committee: Do pass and re-refer to Committee on APPR on 03/09/21. From committee: ordered to second reading on 03/22/21. Read second time and ordered to third reading on 03/23/21.**)

#### Σ **SB 457 (Portatino & Wilk)**

This bill would require the boards of CalPERS and CalSTRS to provide employers that are school districts and cities that participate in the systems an option to elect an investment portfolio that does not contain investment vehicles that are issued or owned by the government of the Republic of Turkey.

(STATUS: Introduced 02/16/21. **Referred to Committee on L., P.E. & R on 02/25/21.**)

**Divestment Proposals (CalPERS and CalSTRS Only)****Σ AB 1019 (Holden)**

Existing law, upon the passage of a federal law that imposes sanctions on the government of Turkey for failure to officially acknowledge its responsibility for the Armenian Genocide, prohibits the boards of CalPERS and CalSTRS from making additional or new investments or renewing existing investments of public employee retirement funds in an investment vehicle in the government of Turkey that is issued by the government of Turkey or that is owned by the government of Turkey. Existing law repeals this provision on January 1, 2025, or upon a determination by the board, the United States Department of State, the Congress of the United States, or another appropriate federal agency that the government of Turkey has officially acknowledged its responsibility for the Armenian Genocide, whichever occurs first. This bill would, in addition, prohibit state trust moneys from being used to make additional or new investments or to renew existing investments in investment vehicles issued or owned by the government of Turkey, unless the government adopts a policy to acknowledge the Armenian Genocide and embark on a path of affording justice to its victims. The bill would define “state trust moneys” to mean funds administered by CalPERS and CalSTRS.

(STATUS: Introduced 02/18/21. Read first time on 02/18/21. **Referred to Committee on P.E. & R on 03/04/21.**)

Attachments:

Legislative Update

2021 Tentative Legislative Calendar

**Submitted by:**

Gina M. Ratto  
General Counsel





**OCERS BOARD OF RETIREMENT  
APRIL 19, 2021 MEETING**

**LEGISLATIVE UPDATE – ATTACHMENT  
2021 - 2022 CALIFORNIA STATE LEGISLATIVE SESSION  
BILLS OF INTEREST**

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

**AB 361 (R. Rivas)**

Would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements imposed by the Brown Act when a legislative body of a local agency holds a meeting for the purpose of declaring or ratifying a local emergency during a declared state or local emergency, when state or local health officials have imposed or recommended measures to promote social distancing, and during a declared local emergency, provided the legislative body makes certain determinations by majority vote.

(STATUS: Introduced 02/01/21. Read first time on 02/01/21. Referred to Committee on L. Gov. on 02/12/21.)

**AB 386 (Cooper) Amended 03/18/21**

The California Public Records Act requires state and local agencies to make their records available for public inspection, unless an exemption from disclosure applies. Current law excludes from disclosure certain records regarding alternative investments in which public investment funds invest. This bill would exempt from disclosure under the act specified records regarding an internally managed private loan made directly by CalPERS. Under the bill, these records would include quarterly and annual financial statements of the borrower or its constituent owners, unless the information has already been publicly released by the keeper of the information.

(STATUS: Introduced 02/02/21. Read first time on 02/02/21. Referred to Committees on P.E., & R. and JUD on 02/12/21. **From committee chair, with author's amendments: Amend, and re-refer to Committee on P.E. & R. Read second time and amended on 03/18/21. Re-Referred to Committee on P.E. & R on 03/22/21.**)

**AB 539 (Cooley)**

The Teachers' Retirement Law authorizes the CalSTRS board, upon a finding by the board that necessary investment expertise is not available within existing civil service classifications, and with approval of the State Personnel Board, to contract with qualified investment managers. This bill would additionally authorize the CalSTRS board to contract with investment *advisers*, as defined, upon the same finding by the board and approval by the State Personnel Board.

(STATUS: Introduced 02/10/21. Read first time on 02/10/21. Referred to Committee on P.E. & R. on 02/18/21.)

**AB 551 (Rodriguez)**

Current law authorizes CalSTRS to administer an individual retirement plan described in Section 408A of Title 26 of the United States Code, commonly referred to as a Roth IRA, for the purpose of accepting a rollover from an annuity contract or custodial account offered by the system to the extent the rollover complies with specified federal law. Current law establishes the Teachers' Deferred Compensation Fund, which is continuously appropriated, to serve as the repository of funds received by the system for various deferred compensation plans, and specifies where in the fund certain premium and fee revenues received by the system are to be deposited. This bill would also authorize the system to administer an individual retirement plan as described in Section 408 of Title 26 of the United States Code. The bill would eliminate the requirement that the administration of these plans be for the purpose of accepting a rollover from an annuity contract or custodial account offered by the system, as described above. The bill would instead specify categories of people for whom the system could provide this service, including certain former eligible employees and their spouses. The bill would make a conforming change regarding where premium and fee revenues received in this regard are to be deposited.

(STATUS: Introduced 02/10/21. Referred to Committee on P.E. & R. on 02/18/21.)

**AB 627 (Waldron)**

The Tribal Court Civil Money Judgment Act governs the procedure by which the superior courts of the state recognize and enter tribal court money judgments of any federally recognized Indian tribe. Under the act, an applicant may apply for recognition and entry of a judgment based on a tribal court money judgment by filing an application, as specified. If granted, the act requires the court to enter a judgment that has the same terms and provisions as the tribal court money judgment and that has the same effect and is enforceable as a civil money judgment, order, or decree of a state court. The act does not apply to tribal court money judgment orders for which federal law requires that states grant full faith and credit recognition or for which state law otherwise provides for recognition. This bill would establish a procedure pursuant to which one or both of the parties to a tribal court proceeding may file an application for recognition of a tribal court order that establishes a right to child support, spousal support payments, or marital property rights to a spouse, former spouse, child, or other dependent of a participant in a retirement plan or other plan of deferred compensation, and that assigns all or a portion of the benefits payable with respect to the plan participant to an alternate payee.

(STATUS: Introduced 02/12/21. Read first time on 02/12/21. **Referred to Committee on JUD on 02/25/21. From committee: Do pass and re-refer to Committee on APPR on 03/23/21 with recommendation: to Consent Calendar.**)

**AB 703 (Rubio)**

Executive Order N-29-20 suspended the Brown Act requirements for teleconferencing during the COVID-19 pandemic, provided that notice requirements are met, the ability of the public to observe and comment is preserved, and a local agency permitting teleconferencing has a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, as specified. This bill would remove the requirements of the act particular to teleconferencing, and would allow for teleconferencing subject to existing provisions regarding the posting of notice of an agenda and the ability of the public to observe the meeting and

provide public comment. The bill would require that, in each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the local agency also give notice of the means by which members of the public may observe the meeting and offer public comment, and require that the legislative body have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act.

(STATUS: Introduced 02/16/21. Read first time on 02/16/21. **Referred to Committee on L. GOV on 02/25/21.**)

#### **AB 761 (Chen) – OCERS’ Sponsored Bill**

This bill add section 31522.11 to the Government Code to authorize the board of retirement for Orange County to appoint an administrator, assistant administrators, a chief investment officer, subordinate investment officers subordinate investment officers next in line of authority to the chief investment officer, senior management employees next in line of authority to the subordinate investment officers, subordinate administrators, senior management employees next in line of authority to subordinate administrators, and legal counsel. The bill would provide that the personnel appointed pursuant to these provisions would not be county employees subject to county civil service and merit system rules, and instead would be employees of the retirement system. The bill would provide that the compensation of personnel appointed pursuant to these provisions is an expense of administration of the retirement system. The bill would authorize the board of retirement and board of supervisors to enter into agreements as necessary and appropriate to carry out these provisions and would make related, conforming changes. The bill would make conforming changes to Government Code sections 31522.5 and 31580.2.

(STATUS: Introduced 02/16/21. Read first time on 02/16/21. **Referred to Committee on P.E. & R on 02/25/21.**

**From committee chair, with author’s amendments: Amend, and re-refer to Committee on P.E. & R. Read second time and amended on 03/18/21. Re-Referred to Committee on P.E. & R on 03/22/21.)**

#### **AB 766 (Gabriel and Bennett) Amended 03/18/21**

This bill would require, beginning January 1, 2025, and annually thereafter, a covered corporation (defined as a publicly traded domestic or foreign corporation whose principal executive offices, according to the corporation’s SEC 10-K form, are located in the state and whose annual revenues exceed one hundred million dollars) to disclose to the State Air Resources Board and the Secretary of State specified information for the prior calendar year, including, but not limited to, the potential financial impacts of, and any risk management strategies relating to the physical and transition risks, as defined, posed to the covered corporation by climate change. The bill would require the state board to establish climate change-related disclosure guidance that, to the extent practicable would be specialized for industries within specified sectors of the economy, establish reporting standards for estimating and disclosing direct and indirect greenhouse gas emissions, as defined, include reporting standards for fossil fuel-related assets, establish a minimum social cost of carbon, as defined, and require a covered corporation to conduct climate scenario analyses, as provided.

(STATUS: Introduced and read first time on 02/16/21. Referred to Committee on NAT. RES. From committee chair, with author’s amendments: Amend, and re-refer to Committee on NAT. RES. Read second time and amended on 03/18/21. Re-referred to Committee on NAT. RES on 03/22/21.)

**AB 845 (Rodriguez) Amended 03/30/21**

Current law provides that participants of public retirement systems who are in certain membership categories may be entitled to special benefits if death or disability arises in the course of employment. PEPRA generally requires a public retirement system to modify its plan or plans to comply with PEPRA and establishes, among other things, limits on defined benefit formulas and caps on pensionable compensation. This bill, until January 1, 2023, would create a presumption, applicable to the retirement systems that PEPRA regulates and to specified members in those systems, that would be applied to disability retirements on the basis, in whole or in part, of a COVID-19-related illness. In this circumstance, the bill would require that it be presumed that the disability arose out of, or in the course of, the member's employment. The bill would authorize the presumption to be rebutted by evidence to the contrary, but unless controverted, the **applicable governing board of administration of the applicable a public** retirement system would be required to find in accordance with the presumption.

(STATUS: Introduced 02/17/21. Read first time on 02/17/21. **Referred to Committee on P.E. & R on 02/25/21.**

**From committee chair, with author's amendments: Amend, and re-refer to Committee on P.E. & R. Read second time and amended on 03/30/21.)**

**AB 885 (Quirk) Amended 03/24/21**

This bill would require a state body that elects to conduct a meeting or proceeding by teleconference to make the portion that is required to be open to the public both audibly and visually observable. **The bill would require a state body that elects to conduct a meeting or proceeding by teleconference to post an agenda at the designated primary physical meeting location in the notice of the meeting where members of the public may physically attend the meeting and participate.** The bill would extend the above requirements of meetings of multimember advisory bodies that are held by teleconference to meetings of all multimember state bodies. The bill would require a multimember state body to provide a means by which the public may both audibly and visually remotely observe a meeting if a member of that body participates remotely. The bill would further require any body that is to adjourn and reconvene a meeting on the same day to communicate how a member of the public may both audibly and visually observe the meeting.

(STATUS: Introduced 02/17/21. Read first time on 02/17/21. **Referred to Committee on G.O on 02/25/21. From committee chair, with author's amendments: Amend, and re-refer to Committee on G.O. Read second time on 03/24/21. Re-referred to Committee on G.O on 03/25/21.)**

**AB 890 (Cervantes) Amended 03/11/21**

**Would require the Boards of CalPERS and CalSTRS to provide reports to the Legislature, commencing March 1, 2022, and annually thereafter, on the status of achieving objectives and initiatives, to be defined by the boards, regarding participation of emerging managers or diverse managers responsible for asset management within each retirement system's portfolio of investments. The bill would require the reports to contain specified information and would require the boards to define "emerging manager" and "diverse manager" for purposes of these reports. The bill would require that the reports be based on contracts that the system enters into on and after January 1, 2021, and be based on information from the prior fiscal year.**

**(STATUS: Introduced and read first time on 02/17/21. Referred to Committee on P.E. & R; from committee chair, with author's amendments: Amend, and re-refer to Committee on P.E. & R; read second time and amended on 03/11/21. Re-referred to Committee on P.E. & R on 03/15/21.)**

**AB 1019 (Holden)**

Existing law, upon the passage of a federal law that imposes sanctions on the government of Turkey for failure to officially acknowledge its responsibility for the Armenian Genocide, prohibits the boards of CalPERS and CalSTRS from making additional or new investments or renewing existing investments of public employee retirement funds in an investment vehicle in the government of Turkey that is issued by the government of Turkey or that is owned by the government of Turkey. Existing law repeals this provision on January 1, 2025, or upon a determination by the board, the United States Department of State, the Congress of the United States, or another appropriate federal agency that the government of Turkey has officially acknowledged its responsibility for the Armenian Genocide, whichever occurs first. This bill would, in addition, prohibit state trust moneys from being used to make additional or new investments or to renew existing investments in investment vehicles issued or owned by the government of Turkey, unless the government adopts a policy to acknowledge the Armenian Genocide and embark on a path of affording justice to its victims. The bill would define "state trust moneys" to mean funds administered by CalPERS and CalSTRS.

**(STATUS: Introduced 02/18/21. Read first time on 02/18/21. Referred to Committee on P.E. & R on 03/04/21.)**

**AB 1092 (Mayes) Amended 03/18/21**

**The Public Employees' Medical and Hospital Care Act (PEMHCA), administered by CalPERS, governs the funding and provision of postemployment health care benefits for eligible retired public employees and their families. PEMHCA authorizes an employee or annuitant, as those terms are defined, of the state to enroll in a health benefit plan approved or maintained by CalPERS. The act generally requires the state and each employee or annuitant to contribute a portion of the cost of providing the benefit coverage afforded under the approved health benefit plan in which the employee or annuitant is enrolled. PEMHCA establishes the Public Employees' Contingency Reserve Fund for the purpose of funding health benefits and funding administrative expenses. This bill would preclude a person who has retired under PERS and who obtains work with a subsequent employer from receiving any health benefits offered under PEMHCA if the person's subsequent employer offers health care coverage that provides reasonably comparable benefits.**

**(STATUS: Introduce and read first time on 02/18/21. Referred to Committee on P.E. & R; from committee chair, with author's amendments: Amend, and re-refer to Committee on P.E. & R; read second time and amended on 03/18/21. Re-referred to Committee on P.E. & R on 03/22/21.)**

**AB 1133 (Chen)**

This bill would state the intent of the Legislature to enact legislation that would create a hybrid retirement benefit, consisting of a defined benefit pension and a defined contribution program, within CalPERS, that state employees would have the option of electing.

**(STATUS: Introduced 02/18/21. Read first time on 02/18/21.)**

**AB 1293 (Cooley) Amended 03/18/21**

Current law establishes the Judges' Retirement System II, administered by CalPERS. Current law authorizes a judge who is a member of the system and ~~who~~ **retires after meeting specified conditions to receive pension benefits upon attaining both 65 years of age and 20 or more years of service, or upon attaining 70 years of age with a minimum of 5 years of service, to elect from specified retirement benefits, including a monthly pension.** Federal law limits the amount a defined benefit plan may pay a participant annually, and requires that this limitation be adjusted annually by regulation to account for increases in the cost of living. This bill would prohibit the amount payable to a member under the Judges' Retirement System II, including cost-of-living adjustments, from exceeding the limits established by federal law, and would incorporate specified provisions of federal law by reference. The bill would also require the retirement allowance of a member or monetary credits available to a member to be increased to reflect cost-of-living adjustments contained in federal law, in accordance with specified limits. ~~This bill would make nonsubstantive changes to the provisions authorizing a judge to elect retirement benefits described above.~~

(STATUS: Introduced 02/19/21. Read first time on 02/22/21. **Referred to Committee on P.E. & R; from committee chair, with author's amendments: Amend, and re-refer to Committee on P.E. & R; read second time and amended on 03/18/21. Re-referred to Committee on P.E. & R. on 03/22/21.**)

**AB 1354 (Grayson)**

PEPRA generally prohibits a retired person from being employed by a public employer in the same public retirement system from which the retiree receives pension benefits without reinstatement from retirement into that system, subject to certain exceptions. This bill would make nonsubstantive changes to that provision. (STATUS: Introduced 02/19/21. Read first time on 02/22/21.)

**SB 274 (Weockowski)**

The Brown Act authorizes a person to request that a copy of an agenda, or a copy of all the documents constituting the agenda packet, of any meeting of a legislative body of a local agency be mailed to that person. This bill would require a local agency with an internet website, or its designee, to email a copy of, or website link to, the agenda or a copy of all the documents constituting the agenda packet if the person requests that the items be delivered by email. If a local agency determines it to be technologically infeasible to send a copy of the documents or a link to a website that contains the documents by mail or by other electronic means, the bill would require the legislative body or its designee to send by mail a copy of the agenda or a website link to the agenda and to mail a copy of all other documents constituting the agenda packet, as specified.

(STATUS: Introduced 01/29/21. Read first time on 02/01/21. Referred to Committee on GOV & F on 02/10/21. **From committee: Do pass as amended and re-refer to Committee on APPR on 03/25/21.**)

**SB 278 (Leyva) Amended 03/23/21**

PEPRA, among other things, established new defined benefit formulas and caps on pensionable compensation. This bill would establish new procedures under the PERL for cases in which CalPERS determines that the benefits of a member or annuitant are, or would be, based on disallowed compensation that conflicts with PEPRA and other specified laws and thus impermissible under the PERL. This bill would also apply these procedures retroactively to determinations made on or after January 1, 2017, if an appeal has been filed and the employee

member, survivor, or beneficiary has not exhausted their administrative or legal remedies. At the threshold, after determining that compensation for an employee member reported by the state, school employer, or a contracting agency is disallowed, the bill would require the applicable employer to discontinue the reporting of the disallowed compensation. The bill would require that contributions made on the disallowed compensation, for active members, be credited against future contributions on behalf of the state, school employer, or contracting agency that reported the disallowed compensation and would require that the state, school employer, or contracting agency return to the member any contributions paid by the member or on the member's behalf.

With respect to retired members, survivors, or beneficiaries whose benefits are based on disallowed final compensation, the bill would require CalPERS to adjust the benefit to reflect the exclusion of the disallowed compensation and provide that contributions made on the disallowed compensation be credited against future contributions on behalf of the employer entity that reported the disallowed compensation. Additionally, if specified conditions are met, the bill would require the employing entity to refund overpayment costs to the system and to pay retired members, survivors, and beneficiaries whose benefits have been reduced an annuity, or a lump sum, as prescribed, that reflects the difference between the monthly allowance that was based on the disallowed compensation and the adjusted monthly allowance calculated without the disallowed compensation, as provided.

The bill would authorize the state, a school employer, as specified, or a contracting agency, as applicable, to submit to the system an additional compensation item proposed to be included or contained in a memorandum of understanding or collective bargaining agreement on and after January 1, 2022, that is intended to form the basis of a pension benefit calculation in order for CalPERS to review its consistency with PEPR and other laws, as specified, and would require CalPERS to provide guidance regarding the review within 90 days, as specified. The bill would require CalPERS to publish notices regarding proposed compensation language submitted to the system for review and the guidance given by the system that is connected with it. For educational entities that participate in the system, the final responsibility for funding payments to the system and to retired members, survivors, and beneficiaries would belong to the educational entity that is the actual employer of the employee. (STATUS: Introduced 01/29/21. Read first time on 02/01/21. To Committees on L., P.E. & R and JUD on 02/10/21. **From committee: Do pass and re-refer to Committee on JUD on 03/09/21. From committee with author's amendments; read second time and amended; re-referred to Committee on JUD on 03/23/21.**)

### **SB 294 (Leyva)**

CalPERS and CalSTRS require employees to make contributions to the system based on their creditable compensation, as defined. Existing law defines "leave of absence" for purposes of both laws as a period of leave to which a member is entitled that is expressly authorized or required pursuant to specified provisions, including employer-approved compensated leave. Under current law, during a leave of absence for an employer-approved compensated leave, an employee earns full service credit and is required to pay employee contributions. Existing law limits the maximum amount of the service credit earned during an employer-approved compensated leave of absence to 12 years. This bill would remove the 12-year limitation for service credit earned on an employer-approved compensated leave.

(STATUS: Introduced 02/02/21. Referred to Committees on L., P.E. & R on 02/10/21. **From committee: Do pass and re-refer to Committee on APPR on 03/09/21. From committee: ordered to second reading on 03/22/21. Read second time and ordered to third reading on 03/23/21.**

#### **SB 449 (Stern)**

This bill would require a bank, corporation, credit union, finance lender, insurer, investment advisor, real estate investment trust, and mortgage lender, as those terms are defined, to, before January 1, 2023, and annually thereafter, prepare a climate-related financial risk report, as defined, and to submit to the Department of Financial Protection and Innovation, and make available to the public on its own internet website, a copy of that report. The bill would also require those financial institutions to submit to the department a statement affirming that the climate-related financial risk report discloses all climate-related financial risk. This bill would also require the Governor to, before January 1, 2023, establish an advisory Climate Change Financial Risk Task Force to assess climate-related financial risk facing investors, corporations, banks, credit unions, mortgage lenders, insurers, and the state. The bill would require the task force to include certain members, including the Commissioner of Financial Protection and Innovation, the Treasurer, the Controller, and the Insurance Commissioner, and would require the task force to, among other things, annually prepare a report containing certain elements regarding climate-related financial risk reports. (STATUS: Introduced 02/16/21. Referred to Committees on B. & F.I. and E.Q. on 02/25/21. First hearing canceled at request of author.)

#### **SB 457 (Portatino & Wilk)**

This bill would require the boards of CalPERS and CalSTRS to provide employers that are school districts and cities that participate in the systems an option to elect an investment portfolio that does not contain investment vehicles that are issued or owned by the government of the Republic of Turkey. (STATUS: Introduced 02/16/21. Referred to Committee on L., P.E. & R on 02/25/21.)

#### **SB 634 (Cortese, Durazo, Laird, Newman, and Ochoa Bogh)**

This bill is the annual housekeeping bill for CalPERS, CalSTRS and the CERL systems.

(1) Current law requires CalSTRS to pay premiums associated with Medicare Part A for certain retired or disabled members, as specified. Current law creates the Cash Balance Benefit Program, which is administered by the CalSTRS board, to provide a retirement plan for the benefit of participating employees who provide creditable service for less than 50% of full time. Current law applicable to the Defined Benefit Program, for applications and documents requiring a signature, requires that the signature be in a form prescribed by the system. This bill would apply the above-described requirements regarding signed applications and documents to the Cash Balance Benefit Program and the requirement that CalSTRS pay certain Medicare Part A premiums.

Existing law authorizes a member of CalSTRS who is not retired and who was previously excluded from membership in the Defined Benefit Program request to purchase service credit in the program for certain types of other service. This bill would prohibit a member from purchasing service credit for any school year if the purchase would result in more than one year of service for that school year.



Existing law authorizes a member of CalSTRS who files an application for service retirement to change or cancel their retirement application if specified requirements are met. In this regard, existing law requires a member to return the total gross distribution amount of all payments for any canceled retirement benefit, including a lump-sum payment, as specified. This bill would extend the requirement to return total gross distribution amount, as described above, to apply to any canceled benefit.

(2) The PERL excludes specified appointees, elective officers, and legislative employees from membership in CalPERS unless the person to whom these provisions apply elects to file with the board an election in writing to become a member. This bill would prescribe the circumstances pursuant to which the start date would be determined for an appointee, elective officer, or legislative employee who elects to become a member of PERS. If the written election is received by the system within 90 days of the applicable appointment, current term, or start date for the position, the bill would require that the effective date be the start date of the appointment, the start date of the term, or the start date of the position. If the election is not received by the system within 90 days, as specified, the effective date would be the first day of the month in which the election is received by the system.

The PERL prescribes the circumstances pursuant to which specified payments and benefits may be paid by PERS in connection with the death of a member, among others. This bill would require that overpayments, issued after the date of death to a member, retired member, or beneficiary, made to or on behalf of any member, retired member, or beneficiary, as specified, be deducted from any subsequent payment or benefit that is payable by PERS as a result of the death.

(3) The CERL requires the county health officer to advise the retirement board on medical matters and, if requested, attend its meetings. This bill would authorize a county health officer's duly authorized representative to also advise the board of retirement with advice on medical matters.

The CERL authorizes a member of a system established under its provision who ceases to be an employee of the county under certain provisions of the Education Code to elect to remain a member of the CERL system. This bill would correct an obsolete cross-reference in this regard.

The CERL provides benefits based upon service credit, defines service for this purpose, and authorizes a member to elect to receive service credit for other forms of public service, as defined, by making contributions. CERL authorizes a member who has elected to make contributions to receive service credit to complete payment, at any time prior to the effective date of the member's retirement, by a lump sum. This bill would repeal the above-described authority of a member to complete a payment by lump sum.

The CERL requires the board of retirement to secure medical, investigatory, and other service and advice as is necessary for the purpose of administering provisions relating to disability retirement. This bill would authorize the board to contract with a physician in private practice for the medical advice necessary to carry out the

purpose of provisions relating to disability retirement. The bill would make various technical and stylistic changes.

**(STATUS: Introduced 02/19/21. Referred to Committee on L, P.E. & R on 03/03/21. From committee: Do pass and re-refer to Committee on APPR with recommendation: To consent calendar. Re-referred to Committee on APPR on 03/23/21. Set for hearing on 04/05/21.)**

**2021 TENTATIVE LEGISLATIVE CALENDAR**  
 COMPILED BY THE OFFICES OF THE SECRETARY OF THE SENATE AND THE CHIEF CLERK  
 Revised 12-21-2020

**DEADLINES**

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

FEBRUARY						
S	M	T	W	TH	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	<u>15</u>	16	17	18	<u>19</u>	20
21	22	23	24	25	26	27
28						

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

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

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

- [Jan. 1](#) Statutes take effect (Art. IV, Sec. 8(c)).
- [Jan. 10](#) Budget must be submitted by Governor (Art. IV, Sec. 12 (a)).
- [Jan. 11](#) Legislature **reconvenes** (J.R. 51(a)(1)).
- [Jan. 18](#) Martin Luther King, Jr. Day.
- [Jan. 22](#) Last day to submit **bill requests** to the Office of Legislative Counsel.

- [Feb. 15](#) Presidents' Day
- [Feb. 19](#) Last day for bills to be **introduced** (J.R. 61(a)(1)), (J.R. 54(a)).

- [Mar. 25](#) **Spring Recess** begins upon adjournment of this day's session (J.R. 51(a)(2)).
- [Mar. 31](#) Cesar Chavez Day.

- [Apr. 5](#) Legislature reconvenes from **Spring Recess** (J.R. 51(a)(2)).
- [Apr. 30](#) Last day for **policy committees** to hear and report to Fiscal Committees **fiscal bills** introduced in their house (J.R. 61(a)(2)).

- [May 7](#) Last day for **policy committees** to hear and report to the Floor **non-fiscal** bills introduced in their house (J.R. 61(a)(3)).
- [May 14](#) Last day for **policy committees** to meet prior to June 7 (J.R. 61(a)(4)).
- [May 21](#) Last day for **fiscal committees** to hear and report to the Floor bills introduced in their house (J.R. 61 (a)(5)). Last day for **fiscal committees** to meet prior to June 7 (J.R. 61 (a)(6)).
- [May 31](#) Memorial Day.

\* Holiday schedule subject to final approval by Rules Committee

**2021 TENTATIVE LEGISLATIVE CALENDAR**  
 COMPILED BY THE OFFICES OF THE SECRETARY OF THE SENATE AND THE CHIEF CLERK  
 Revised 12-21-2020

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

- [June 1-4](#) **Floor Session Only.** No committee, other than Conference or Rules, may meet for any purpose (J.R. 61(a)(7)).
- [June 4](#) Last day for bills to be **passed out of the house of origin** (J.R. 61(a)(8)).
- [June 7](#) Committee meetings may resume (J.R. 61(a)(9)).
- [June 15](#) **Budget bill** must be passed by **midnight** (Art. IV, Sec. 12 (c)(3)).

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

- [July 2](#) Independence Day observed.
- [July 14](#) Last day for **policy committees** to meet and report bills (J.R. 61(a)(10)).
- [July 16](#) **Summer Recess** begins upon adjournment of this day's session, provided Budget Bill has been passed (J.R. 51(a)(3)).

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

- [Aug. 16](#) Legislature reconvenes from **Summer Recess** (J.R. 51(a)(3)).
- [Aug. 27](#) Last day for **fiscal committees** to meet and report bills to the Floor (J.R. 61(a)(11)).
- [Aug. 30-Sept. 10](#) **Floor Session only.** No committees, other than conference committees and Rules Committee, may meet for any purpose (J.R. 61(a)(12)).

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

- [Sept. 3](#) Last day to **amend** bills on the Floor (J.R. 61(a)(13)).
- [Sept. 6](#) Labor Day.
- [Sept. 10](#) Last day for **each house to pass bills** (J.R. 61(a)(14)).  
**Interim Study Recess** begins at end of this day's session (J.R. 51(a)(4)).

**IMPORTANT DATES OCCURRING DURING INTERIM STUDY RECESS**

**2021**  
[Oct. 10](#) Last day for Governor to sign or veto bills passed by the Legislature on or before Sept. 10 and in the Governor's possession after Sept. 10 (Art. IV, Sec. 10(b)(1)).

**2022**  
[Jan. 1](#) Statutes take effect (Art. IV, Sec. 8(c)).

[Jan. 3](#) Legislature reconvenes (J.R. 51 (a)(4)).

\*\* Holiday schedule subject to final approval by Rules Committee



## Memorandum

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**DATE:** April 06, 2021  
**TO:** Members of the Board of Retirement  
**FROM:** Cynthia Hockless, Director of Human Resources  
**SUBJECT: UPDATE TO BOARD ELECTION, SAFETY MEMBER AND ALTERNATE SAFETY MEMBER**

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**Recommendation:**

Informational Only

**Background/Discussion:**

OCERS contacted the Registrar of Voters on December 28, 2020, with a request to conduct an election for the position of Safety Member and Alternate Safety Member with a term of office from July 1, 2021, through June 30, 2024.

The following two candidates filed nomination papers by the deadline and were determined, qualified candidates:

1. Jeremy Vallone, Incumbent Safety Board Member/ Firefighter
2. Richard Oates, Deputy Sheriff II

The Registrar of Voters will mail out ballots to the home of each OCERS Safety Member on April 12, 2021. A voted ballot must be received in the Registrar of Voters’ office by 9:00 A.M., May 18, 2021. Ballots will be tallied at the Registrar of Voters’ office on this date. Once the Registrar of Voters completes its tally, the Orange County Board of Supervisors will certify the election on May 25, 2021.

We are currently on schedule and will continue to provide updates as we progress through the process.

Attachment:

OCERS Election Calendar May 18, 2021

Submitted by:



C.H. – APPROVED

\_\_\_\_\_  
Cynthia Hockless  
Director of Human Resources

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**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM ELECTION CALENDAR**  
**May 18, 2021**  
**1 SAFETY MEMBER AND 1 ALTERNATE MEMBER**

February 5 and February 19 (E-102 and E-88)	The Orange County Retirement office shall notify the Safety Members of the Retirement System that an election will be conducted on May 18, 2021. The notice shall include the filing period, qualifications and requirements to be a candidate for Safety Member and Alternate Member of the Orange County Retirement Board of Directors and shall be provided with the payrolls on February 5, 2021 and February 19, 2021.
February 10 (E-97)	The Retirement Office shall provide the number of eligible Safety Members to the Registrar of Voters' Office.
February 10 (E-97)	The Retirement Office shall provide the Registrar of Voters' Office with Willingness to Serve forms.
February 16 (E-91)	First day the Nomination Petition is available for pick up from the Registrar of Voters' Office. A Safety Member requires 75 nomination signatures.
March 19 (E-60)	Last day to file the Nomination Petition, Willingness to Serve Form, and Biographical Statement with the Registrar of Voters' office by 5:00 p.m.
March 22 (E-57)	Random draw will be held to determine the candidate placement on the ballot.
April 1 (E-47)	Retirement Office shall provide the Registrar of Voters with names and addresses of eligible Safety Members in an electronic format.
April 12 (E-36)	Mailing of ballots begins.
May 18 (E-0)	Tally voted ballots at the Registrar of Voters' Office.
May 25 (E+7)	Certificate of Election on Board of Supervisors' agenda.
July 1 (E+45)	Term begins for Safety Member and Alternate Member. Term expires on June 30, 2024.



## Memorandum

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**DATE:** April 19, 2021  
**TO:** Members of the Board of Retirement  
**FROM:** Tracy Bowman, Director of Finance  
**SUBJECT:** **GOVERNMENT FINANCE OFFICERS (GFOA) CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING**

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### *Written report only*

#### **Background/Discussion**

The Government Finance Officers Association (GFOA) established the Certificate of Achievement for Excellence in Financial Reporting Program in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal.

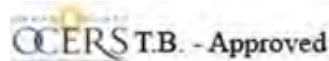
The Certificate of Achievement for Excellence in Financial Reporting has been awarded to OCERS by the GFOA for its comprehensive annual financial report for the year ended December 31, 2019. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

In addition, an Award of Financial Reporting Achievement has been presented to the Finance Department by the GFOA for preparing the award-winning annual report. The annual report was judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the annual report.

#### **Attachments:**

Certificate of Achievement for Excellence in Financial Reporting  
Award of Financial Reporting Achievement

#### **Submitted by:**



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Tracy Bowman  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Orange County Employees Retirement System  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

A handwritten signature in black ink that reads "Christopher P. Morill". The signature is written in a cursive style.

Executive Director/CEO





**The Government Finance Officers Association of  
the United States and Canada**

*presents this*

## **AWARD OF FINANCIAL REPORTING ACHIEVEMENT**

*to*

**Finance Department**

Orange County Employees Retirement System, California



*The Award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the department or individual designated as instrumental in the government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.*

Executive Director

*Christopher P. Morill*

Date: 3/5/2021



## Memorandum

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**DATE:** April 19, 2021  
**TO:** Members of the Board of Retirement  
**FROM:** Tracy Bowman, Director of Finance  
**SUBJECT:** **FIRST QUARTER 2021 TRAVEL AND TRAINING EXPENSE REPORT**

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### Written Report

#### Background/Discussion

In accordance with OCERS' Travel Policy, the Chief Executive Officer is required to submit a quarterly report to the Board of Retirement on conference attendance and related expenditures incurred by OCERS' Board Members and staff. Attached is the First Quarter 2021 Travel and Training Expense Report that includes all expenses submitted through March 31, 2021.

#### Submitted by:

A rectangular stamp with the OCERS logo on the left and the text "OCERS T.B. - Approved" on the right, underlined.

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Tracy Bowman  
Director of Finance

04-19-2021 REGULAR BOARD MEETING - R-9 FIRST QUARTER 2021 TRAVEL AND TRAINING EXPENSE REPORT

TRAVEL AND TRAINING EXPENSE REPORT  
 First QUARTER 2021  
 Submitted Through March 31, 2021\*\*

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2021 YTD Total	2020 Total*
FREIDENRICH					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	170.00
HIDALGO					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	50.00
HILTON	5/11-5/14/21	SACRS Spring 2021 Conference	Online	Conference	-	120.00	-	-	-	-	-	120.00	
Sub Total					-	120.00	-	-	-	-	-	120.00	6,637.89
PACKARD	2/2-2/3/21	NCPEPS Fall Conference	Online	Conference	-	300.00	-	-	-	-	-	300.00	
	3/8-3/9/21	CALAPRS General Assembly 2021	Online	Conference	-	250.00	-	-	-	-	-	250.00	
Sub Total					-	550.00	-	-	-	-	-	550.00	-
PREVATT	2/22-2/24/21	NASRA Winter System Round Table	Online	Conference	-	350.00	-	-	-	-	-	350.00	
	5/11-5/14/21	SACRS Spring 2021 Conference	Online	Conference	-	120.00	-	-	-	-	-	120.00	
Sub Total					-	470.00	-	-	-	-	-	470.00	515.00
TAGALOA	2/2-2/3/21	NCPEPS Fall Conference	Online	Conference	-	300.00	-	-	-	-	-	300.00	
	3/8-3/9/21	CALAPRS General Assembly 2021	Online	Conference	-	250.00	-	-	-	-	-	250.00	
Sub Total					-	550.00	-	-	-	-	-	550.00	2,058.45
VALLONE	5/11-5/14/21	SACRS Spring 2021 Conference	Online	Conference	-	120.00	-	-	-	-	-	120.00	
Sub Total					-	120.00	-	-	-	-	-	120.00	-
BOARD Total					-	1,810.00	-	-	-	-	-	1,810.00	9,431.34
DELANEY	2/11/21	CALAPRS Virtual Administrators Round Table	Online	Conference	-	50.00	-	-	-	-	-	50.00	
	2/22-2/24/21	NASRA Winter System Round Table	Online	Conference	-	350.00	-	-	-	-	-	350.00	
	3/8-3/9/21	CALAPRS General Assembly 2021	Online	Conference	-	250.00	-	-	-	-	-	250.00	
	3/18/21	Vitoch Conference	Online	Conference	-	40.00	-	-	-	-	-	40.00	
	5/11-5/14/21	SACRS Spring 2021 Conference	Online	Conference	-	120.00	-	-	-	-	-	120.00	
Sub Total					-	810.00	-	-	-	-	-	810.00	3,792.60
JENIKE	3/8-3/9/21	CALAPRS General Assembly 2021	Online	Conference	-	250.00	-	-	-	-	-	250.00	
Sub Total					-	250.00	-	-	-	-	-	250.00	916.31
SHOTT	3/8-3/9/21	CALAPRS General Assembly 2021	Online	Conference	-	250.00	-	-	-	-	-	250.00	
	3/18/21	Vitoch Conference	Online	Conference	-	40.00	-	-	-	-	-	40.00	
Sub Total					-	290.00	-	-	-	-	-	290.00	8,798.34
TORRES					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	149.00
EXECUTIVE Total					-	1,350.00	-	-	-	-	-	1,350.00	13,656.25
BEESON	5/11-5/14/21	SACRS Spring 2021 Conference	Online	Conference	-	120.00	-	-	-	-	-	120.00	
Sub Total					-	120.00	-	-	-	-	-	120.00	2,339.42
CHARY	3/16/21	CALAPRS Investments Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	50.00	-	-	-	-	-	50.00	-
CLEBERG					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	684.96
JJ					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	400.00
MURPHY	3/8-3/9/21	CALAPRS General Assembly 2021	Online	Conference	-	250.00	-	-	-	-	-	250.00	
	3/16/21	CALAPRS Investments Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
	5/11-5/14/21	SACRS Spring 2021 Conference	Online	Conference	-	120.00	-	-	-	-	-	120.00	
Sub Total					-	420.00	-	-	-	-	-	420.00	2,999.38
NGUYEN					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	2,720.21
TUCKER					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	2,395.00
TURAIGI					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	179.52
WALANDER-SARKIN	5/11-5/14/21	SACRS Spring 2021 Conference	Online	Conference	-	120.00	-	-	-	-	-	120.00	
Sub Total					-	120.00	-	-	-	-	-	120.00	3,326.29
INVESTMENTS Total					-	710.00	-	-	-	-	-	710.00	15,044.78
KINSLER	4/13/21	CALAPRS Communications Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	50.00	-	-	-	-	-	50.00	-
RITCHEY	4/13/21	CALAPRS Communications Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	50.00	-	-	-	-	-	50.00	400.00
COMMUNICATIONS Total					-	100.00	-	-	-	-	-	100.00	400.00
MATSUO	2/19/21	CALAPRS Attorneys Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	50.00	-	-	-	-	-	50.00	580.00
MCINTOSH	2/19/21	CALAPRS Attorneys Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	50.00	-	-	-	-	-	50.00	100.00
RATTO					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	2,177.68
LEGAL Total					-	100.00	-	-	-	-	-	100.00	2,857.68
LAMBERSON	3/18/21	Vitoch Conference	Online	Conference	-	40.00	-	-	-	-	-	40.00	
	Varies	LEAN Six Sigma Black Belt Complete Certificate	Online	Training	-	1,499.00	-	-	-	-	-	1,499.00	
Sub Total					-	1,539.00	-	-	-	-	-	1,539.00	450.00
WOOD					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	200.00
PERSI	3/18/21	Vitoch Conference	Online	Conference	-	40.00	-	-	-	-	-	40.00	
Sub Total					-	40.00	-	-	-	-	-	40.00	-
MEMBER SERVICES Total					-	1,579.00	-	-	-	-	-	1,579.00	650.00

04-19-2021 REGULAR BOARD MEETING - R-9 FIRST QUARTER 2021 TRAVEL AND TRAINING EXPENSE REPORT

TRAVEL AND TRAINING EXPENSE REPORT  
 First QUARTER 2021  
 Submitted Through March 31, 2021\*\*

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2021 YTD Total	2020 Total*
BARKER	3/19/21	CALAPRS Accountants Round Table	Online	Conference	-	50.00	-	-	-	-	-	50.00	-
Sub Total					-	50.00	-	-	-	-	-	50.00	1,590.00
BOWMAN					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	1,161.15
DAVEY					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	400.00
DURIGON					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	391.75
GUERRERO					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	702.00
KANG	3/19/21	CALAPRS Accountants Round Table	Online	Conference	-	50.00	-	-	-	-	-	50.00	-
Sub Total	3/18/21	Vitech Conference	Online	Conference	-	40.00	-	-	-	-	-	40.00	-
Sub Total					-	90.00	-	-	-	-	-	90.00	872.00
REYES	3/18/21	Vitech Conference	Online	Conference	-	40.00	-	-	-	-	-	40.00	-
Sub Total					-	40.00	-	-	-	-	-	40.00	957.00
FINANCE Total					-	180.00	-	-	-	-	-	180.00	6,073.90
ACUNA					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	599.00
CORTEZ					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	699.00
DISABILITY Total					-	-	-	-	-	-	-	0.00	1,298.00
DURRAH					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	513.20
GUNSOLLEY					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	8,500.00
WOZNIUK	3/31/21	2-Day Drive Results with Talent Training	Online	Training	-	3,080.00	-	-	-	-	-	3,080.00	-
Sub Total					-	3,080.00	-	-	-	-	-	3,080.00	-
HUMAN RESOURCES Total					-	3,080.00	-	-	-	-	-	3,080.00	9,013.20
DOEZIE					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	375.00
OPERATIONS SUPPORT SERVICES Total					-	-	-	-	-	-	-	0.00	375.00
I.T. DEPARTMENT TRAINING					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	19,305.42
JOHNSON	3/18/21	Vitech Conference	Online	Conference	-	40.00	-	-	-	-	-	40.00	-
Sub Total					-	40.00	-	-	-	-	-	40.00	-
LARA	3/18/21	Vitech Conference	Online	Conference	-	40.00	-	-	-	-	-	40.00	-
Sub Total					-	40.00	-	-	-	-	-	40.00	-
SADOSKI	3/18/21	Vitech Conference	Online	Conference	-	40.00	-	-	-	-	-	40.00	-
Sub Total					-	40.00	-	-	-	-	-	40.00	-
IT Total					-	120.00	-	-	-	-	-	120.00	19,305.42
ADVIENTO	Varies	Intermediate Governmental Accounting/Financial Reporting	Online	Training	-	150.00	-	-	-	-	-	150.00	-
Sub Total					-	150.00	-	-	-	-	-	150.00	3,756.20
KIM	1/21/21	Fraud & Financial Crimes in the New Age	Online	Training	-	10.00	-	-	-	-	-	10.00	-
Sub Total					-	10.00	-	-	-	-	-	10.00	1,220.00
INTERNAL AUDIT Total					-	160.00	-	-	-	-	-	160.00	4,976.20
EAKIN	3/18/21	Vitech Conference	Online	Conference	-	40.00	-	-	-	-	-	40.00	-
Sub Total					-	40.00	-	-	-	-	-	40.00	2,510.40
GOSSARD					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	2,555.40
INFORMATION SECURITY Total					-	40.00	-	-	-	-	-	40.00	5,065.80
Total					-	9,229.00	-	-	-	-	-	9,229.00	88,147.57

Footnotes:

\*Prior year totals only presented for 2021 active staff & Board members. Totals include online training.  
 \*\*Excludes non-training expenses such as meetings, mileage, strategic planning and tuition reimbursement.



## Memorandum

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**DATE:** April 19, 2021  
**TO:** Members of the Board of Retirement  
**FROM:** Tracy Bowman, Director of Finance  
**SUBJECT:** **2021 AMERICAN ADVERTISING BRONZE AWARD FOR THE 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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### *Written report only*

#### **Background/Discussion**

OCERS' Comprehensive Annual Financial Report for the year ended December 31, 2019, was entered into the local tier competition of the American Advertising Awards. The annual report was submitted by Spencer Lewis Group, an Inland Empire-based graphic design firm who has assisted with producing OCERS' annual reports since 2012.

The American Advertising Awards is conducted annually by the American Advertising Federation and is the advertising industry's largest and most representative competition, attracting nearly 35,000 entries every year in local competitions. Concurrently, across the county, local entrants vie to receive an award – recognition against the very best in their markets. The winners of the local competitions move up to one of 15 District competitions for a chance to advance to the National Finals. The 2021 American Advertising Awards Virtual Gala for the Inland Empire was held on March 20, 2021.

OCERS' comprehensive annual report for the year ended December 31, 2019 was entered in the Printed Annual Report Category under the Entry Name: "Pieces of Public Transportation" and received the American Advertising Bronze Award.

#### **Submitted by:**

A logo consisting of the OCERS logo above the text "OCERS T.B. - Approved".

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Tracy Bowman  
Director of Finance