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

REGULAR MEETING
Monday, August 16, 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	
Join Using Zoom App (Video & Audio) https://ocers.zoom.us/j/95455519529 **Meeting ID: 954 5551 9529** **Passcode: 046182** Go to https://www.zoom.us/download to download Zoom app before meeting Go to https://zoom.us to connect online using any browser.	**Join by Telephone (Audio Only)** Dial by your location +1 669 900 6833 US (San Jose) +1 346 248 7799 US (Houston) +1 253 215 8782 US +1 301 715 8592 US +1 312 626 6799 US (Chicago) +1 929 436 2866 US (New York) **Meeting ID: 954 5551 9529** **Passcode: 046182**
A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page	

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.

- None

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes July 19, 2021

Recommendation: Approve minutes.

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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: MICHAEL BLAWN
Battalion Chief, Orange County Fire Authority (Safety Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as March 30, 2020.

DC-2: WILLIAM DANCER
Coach Operator, Orange County Transportation Authority (General Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as December 24, 2017.

DC-3: ALBERT DASHER
Firefighter/Paramedic, Orange County Fire Authority (Safety Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as August 16, 2019.

DC-4: AUGUSTINE ESTRADA
Fire Apparatus Engineer, Orange County Fire Authority (Safety Member)

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

DC-5: JOSHUA DIETRICH
Sergeant, Orange County Sheriff’s Department (Safety Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as August 14, 2020.

DC-6: PERRY FRESE
Deputy Sheriff II, Orange County Sheriff's Department (Safety Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as November 15, 2019.

DC-7: PAUL DONOVAN GEORGE
Firefighter/Paramedic, Orange County Fire Authority (Safety Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as March 26, 2021.

DC-8: RICHARD GRAF
Coach Operator, Orange County Transportation Authority (General Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as June 11, 2017.

DC-9: PETER HAMBORG
Firefighter, Orange County Fire Authority (Safety Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as February 28, 2020.

DC-10: CHRISTINA QUINTERO
Property Tax Technician, Orange County Treasurer-Tax Collector (General Member)

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Recommendation: The Disability Committee recommends that the Board:
- Deny service and non-service connected disability retirement due to insufficient evidence of permanent incapacity.

DC-11: RONALD REED
Deputy Sheriff I, Orange County Sheriff's Department (Safety Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as September 15, 2020.

the member's failure to cooperate.

DC-12: JUDY TORRES
Office Assistant, Orange County Child Support Services (General Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as August 16, 2019.

DC-13: JAMES WARNER
Deputy Sheriff II, Orange County Sheriff's Department (Safety Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as the first day after the last date of regular compensation.

DC-14: WARREN WEBER
Public Assistance Investigator, Orange County District Attorney's Office (General Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as January 29, 2021.

CLOSED SESSION

Government Code section 54957

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

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

DA-2: AMBER DRYSOL
Recommendation: Staff recommends the Board approve and adopt the findings and recommendations of the Referee/Hearing Officer as set forth in the Summary of Analysis of the Evidence and Issue, Proposed Findings of Fact Conclusions and Recommendation dated July 18, 2021 (Recommendation) wherein the Hearing Officer recommended that the Applicant, Amber Drysol, is entitled to a service-connected disability retirement.

OPEN SESSION

REPORT OF ACTIONS TAKEN IN CLOSED SESSION

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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 BUILDING COMMITTEE - BOARD ROOM AUDIO/VISUAL EQUIPMENT REPLACEMENT
Presentation by Brenda Shott, Assistant CEO, Finance and Internal Operations and Jenny Sadoski, Director of Information Technology

Recommendation: Authorize staff to execute an agreement with Key Code Media, Inc. for Board Room Audio Visual equipment replacement and implementation services in the amount not to exceed $532,000 and authorize the Assistant CEO, Finance and Internal Operations to transfer budget from the Services and Supplies budget category to the Capital Projects budget category to fund additional project costs.

INFORMATION ITEMS

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

Presentations

I-1 ALAMEDA IMPLEMENTATION UPDATE
Presentation by Suzanne Jenike, Assistant CEO, External Operations and Jeff Lamberson, Director of Member Services

1-2 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	August 16, 2021
Death Notices	August 16, 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 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2021
Written Report

R-8 SECOND QUARTER 2021 BUDGET TO ACTUALS REPORT
Written Report

R-9 OCERS BY THE NUMBERS (2021 EDITION)
Written Report

R-10 THE EVOLUTION OF OCERS' UAAL (2021 EDITION)
Written Report

R-11 2021 STRATEGIC PLANNING WORKSHOP – FINAL AGENDA
Written Report

R-12 GENERAL MEMBER ELECTION
Written Report

R-13 2021 EMPLOYER AND EMPLOYEE CONTRIBUTIONS MATRIX
Written Report

CLOSED SESSION ITEM

E-1 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED (GOVERNMENT CODE SECTION 54956.9(d)(1))
James B. Morell v. Board of Retirement of the Orange County Employees Retirement System, Los Angeles County Superior Court, Case No. 30-2019-01043847
Adjourn to closed session pursuant to Government Code Section 54956.9(d)(1).

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
August 25, 2021
9:30 A.M.

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

STRATEGIC PLANNING WORKSHOP
September 8 and 9, 2021
9:00 A.M.

THE WESTIN SOUTH COAST PLAZA
686 ANTON BLVD.
COSTA MESA, CA 92626

DISABILITY COMMITTEE MEETING
September 20, 2021
8:30 A.M.

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

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

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

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

REGULAR MEETING
Monday, July 19, 2021
9:30 a.m.

MINUTES

Chair Dewane called the meeting to order at 9:32 a.m.

Sonal Sharma-Beeson 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, Richard Oates, Adele Tagaloa, Charles Packard, Chris Prevatt, Arthur Hidalgo, Jeremy Vallone, and Wayne Lindholm

Also Present via Zoom: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Gina Ratto, General Counsel; Jenny Sadoski, Director of Information Technology, Javier Lara, Visual Technician; Sonal Sharma-Beeson; Recording Secretary

Guests via Zoom: Harvey Leiderman, ReedSmith

Robin Stieler, Clerk of the Board, administered the Oath of Office for Mr. Oates and Mr. Vallone.

CONSENT AGENDA

MOTION by Eley, **seconded** by Tagaloa 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.

- Michael A. Baker
- Dewitt McCall

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes June 21, 2021

Recommendation: Approve minutes.

C-3 RETIREE REQUEST TO BE REINSTATED – RICHARD J. CROSBIE

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

The motion passed **unanimously**.

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CONSENT ITEMS: DISABILITY/MEMBER BENEFITS AGENDA

OPEN SESSION

CONSENT ITEMS

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

DC-1: JEFFREY CARLSON
Fire Pilot, 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 30, 2019.

DC-2: MICHAEL DUDA
Sergeant, 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 March 13, 2020.

DC-3: KRISTIN EITNER
Senior Social Worker, 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 July 3, 2020.

DC-4: MICHAEL HURST
Deputy Sheriff II, 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 September 13, 2019.

DC-5: ERICK IVANCIC
Deputy Sheriff II, 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 August 14, 2020.

DC-6: DYLAN KENNEDY
Deputy Sheriff II, 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 February 26, 2021.

DC-7: MICHAEL PARTEE
Fire Apparatus Engineer, 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 July 17, 2020.

DC-8: SONJA POWELL
Fire Prevention Specialist, Orange County Fire Authority (General Member)

Recommendation: The Disability Committee recommends that the Board of Retirement:
- Grant service connected disability retirement.
- Set the effective date as August 21, 2020.

DC-9: TIANA VANESSA TOVAR
Group Counselor I, 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 June 19, 2020, the day following the last day of regular compensation as a Group Counselor I.
- Find the applicant is capable of performing other duties in the service of the County of Orange, pursuant to Government Code Section 31725.65.
- Grant a supplemental disability retirement payment allowance in the amount of the salary difference between the higher and lower paying positions, effective the same

date as above.

The motion passed **unanimously**.

DA-3: STOKELY, ESMERELDA

Staff recommends that the Board approve and adopt the findings and recommendations of the Referee/Hearing Officer as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated May 14, 2021 (Recommendations), wherein the Hearing Officer recommend that (1) the Applicant is not entitled to reciprocity from OCERS with respect to her retirement credits with CalPERS; and (2) the Board of Retirement has no authority to adjudicate the Member's claims on an alleged breach of contract by the County of Orange. The Board declines to make any decision based on such claims.

MOTION by Eley, **seconded** by Packard, to approve staff's recommendation.

The motion passed **unanimously.**

The Board recessed into Closed Session at 9:54am.

CLOSED SESSION ITEMS

DA-2: BLUMBERG, LAURA

Staff recommends that the Board approve and adopt the findings and recommendations of the Referee/Hearing Officer as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated June 24, 2021 (Recommendations), wherein the Hearing Officer recommend that (1) the Board find the Applicant Laura Blumberg (Applicant) is permanently incapacitated from performing her usual and customary duties as an Office Specialist; but there is insufficient evidence of job causation to support a service-connected disability retirement; (2) The application for non-service connected disability retirement be ***granted*** with an effective date of August 22, 2017; and (3)The application for service connected disability retirement be ***denied*** due to insufficient evidence of job causation.

MOTION by Eley, **seconded** by Tagaloa, to approve staff's recommendation.

The motion passed **unanimously.**

OPEN SESSION

The Board reconvened into open session at 10:01 a.m.

ACTION ITEMS:

A-2 EARLY PAYMENT OF EMPLOYER CONTRIBUTIONS PROGRAM - 2022

Presentation by Brenda Shott, Asst. Chief Executive Officer, Internal Operations and Molly Murphy, Chief Investment Officer, CFA, OCERS

Recommendation: Approve the terms of a prepayment discount program for the advance payment of employer contributions, including a 5.8% discount rate to be used for contribution year July 2022 through June 2023.

Ms. Shott presented this item to the Board.

MOTION by Packard, **seconded** by Lindholm, to approve staff's recommendation.

Ms. Sharma-Beeson administered the roll call.

The motion passed **unanimously.**

I-1 OCFA LIABILITY PAYDOWN UPDATE
Presentation by Assistant Chief Lori Zeller, OCFA

Using a series of PowerPoint slides, Assistant Chief Zeller provided the current status of the Orange County Fire Authority's process of making additional employer payments to pay down their Unfunded Actuarial Accrued Liability (UAAL). Segal estimates that at the current rate of pay down the OCFA UAAL will be paid off at some time between 2025 and 2027.

The Board took a break at 10:44 a.m.
The Board reconvened at 11:00 a.m.

INFORMATION ITEMS

Presentations

I-2 ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE INVESTMENT RETURN SCENARIOS
Presentation by Paul Angelo, Andy Yeung and Todd Tauzer, Segal

I-3 SENSITIVITY ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE INFLATION AND INVESTMENT RETURN ASSUMPTIONS
Presentation by Paul Angelo, Andy Yeung and Todd Tauzer, Segal

I-4 ACTUARIAL RISK ASSESSMENT BASED ON THE DECEMBER 31, 2020 ACTUARIAL VALUATION
Presentation by Paul Angelo, Andy Yeung and Todd Tauzer, Segal

1-5 CEM BENCHMARKING PRESENTATION
Presentation by Steve Delaney, Chief Executive Officer, OCERS

Mr. Delaney reviewed the CEM Benchmarking Presentation. Prepared every two years, this report provides OCERS with a service score and estimated "cost per member" data point to be used in improving future services. At a cost per member that runs at about the median of participating California public pension systems, OCERS aggregate service score is above the peer average.

I-6 ALAMEDA IMPLEMENTATION UPDATE
Presentation by Steve Delaney, Chief Executive Officer & Suzanne Jenike, OCERS

Ms. Jenike informed the Board that OCERS is in the process of drafting letters, developing FAQS, and setting up a series of Zoom meetings for impacted members who have questions. The first letters will be sent late this week. Two retirees will be rehired so that all phone calls will be answered.

Ms. Ratto informed the Board about the AB-826 bill.

I-7 COVID-19 UPDATE
Presentation by Steve Delaney, Chief Executive Officer, OCERS

Mr. Delaney informed the Board that while OCERS remains officially closed to the public, we have reopened the front doors of the headquarters building to allow the team to provide service for those members who may be unaware of the closure and arrive in person.. In person counseling sessions have not yet resumed. As of July 1 OCERS team members are now allowed to volunteer to work at the OCERS headquarters building, and the plan is to continue to see what the mask guidance is come September 1st to have a better sense of when the entire OCERS work force might return to work in the building.

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	July 19, 2021
Death Notices	July 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 SECOND QUARTER 2021 TRAVEL AND TRAINING EXPENSE REPORT
Written Report

R-8 2021 STRATEGIC PLANNING WORKSHOP – PROPOSED AGENDA
Written Report

R-9 CONTRACT STATUS FOR NAMED SERVICE PROVIDERS
Written Report

BOARD MEMBER COMMENTS
None.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS
None.

COUNSEL COMMENTS
None.

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The meeting **ADJOURNED** at 12:30 p.m.

Submitted by:	Approved by:
___________________________	______________________________
Steve Delaney	Shawn Dewane
Secretary to the Board	Chairman

Memorandum

DATE: July 9, 2021

TO: Members of the Board of Retirement

FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations and
Jenny Sadoski, Director of Information Technology

SUBJECT: **BUILDING COMMITTEE - BOARD ROOM AUDIO/VISUAL EQUIPMENT REPLACEMENT**

Recommendation

Authorize staff to execute an agreement with Key Code Media, Inc. for Board Room Audio Visual equipment replacement and implementation services in the amount not to exceed $532,000 and authorize the Assistant CEO, Finance and Internal Operations to transfer budget from the Services and Supplies budget category to the Capital Projects budget category to fund additional project costs.

Background/Discussion

The Board's Procurement and Contracting Policy, Section II, item 10, states that "non-routine items" valued over $100,000 must be approved by the CEO and the Board as either part of the annual budget or a specific Board approval. In addition, Section VI, Item D.2, states contract approval from Board will be acquired for non-routine expenses.

On November 16, 2020, the Board of Retirement approved OCERS' Administrative Budget for Fiscal Year 2021 which included $350,000 for the 2021 Business Plan initiative to replace the Board Room audio/visual equipment which was end of life (carried over from the 2020 Business Plan).

In October 2019, a Request for Proposal (RFP) was issued for the Board Room Audio/Visual equipment replacement project using a competitive process that resulted in five qualified responses ranging in price from $269,000 to $585,000. The Board Room audio/visual equipment replacement project requirements include procuring equipment and implementation services for the complete replacement and upgrade of the following:

- individual digital displays for Board members
- large digital displays for meeting attendees,
- video and audio equipment
- meeting presentation and voting system
- digital agenda display in OCERS lobby

Per discussions at the May 12th, 2020 ad hoc Building Committee, the project was put on hold due to the on-going COVID-19 pandemic.

In June 2021, a Request for Proposal (RFP) was re-issued for the Board Room Audio/Visual equipment replacement project using a new competitive process that resulted in four qualified responses ranging in price from $250,000 to $535,000 (one vendor from the first RFP decided they were no longer interested to participate in the project).

Memorandum

The RFP review panel, consisting of three team members from the Information Technology Department, including the Director of IT, and the Contracts, Risk & Performance Administrator, thoroughly reviewed and evaluated all the proposals based on the following criteria:

Functionality	30%
Pricing/Value	30%
Experience/Reputation	20%
Proposal Presentation	10%
Quality of the Team	10%

Based on the results of the evaluations and review of the proposed solutions the committee unanimously selected the proposal by KeyCode Media as the most cost effective and functional Board Room Audio/Visual solution for OCERS needs and requirements. KeyCode Media was founded in 2001 in Burbank, CA and has extensive experience implementing boardroom, council chambers and conference room for government and municipalities in California, Colorado, Illinois, New York and Washington.

KeyCode Media's proposed cost of implementing the proposed solution, including the design, procurement, installation and support is $442,757.24. In addition, staff recommends an approximate 20% project contingency of $89,242.76 to cover any potential changes in scope, equipment costs, or other unanticipated implementation costs for a total estimated cost not to exceed $532,000. The total amount budgeted for the Boardroom audio/visual equipment project was $350,000. Staff recommends funding the additional $182,000 above the 2021 budgeted amount by utilizing $70,000 budgeted in the Capital Projects category for a roof replacement that will not be completed until 2022 and to transfer the remaining $112,000 from the Services and Supplies category from identified line items that will not be spent in 2021. The recommended action would not increase the 2021 Administrative Budget.

Submitted by:

OCERS J.S. - Approved

Jenny Sadoski

Director of Information Technology

Approved by:

OCERS B.M.S - Approved

Brenda Shott

Assistant CEO, Finance and Internal Operations

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Memorandum

DATE: August 16, 2021

TO: Members of the Board of Retirement

FROM: Suzanne Jenike, Assistant CEO, External Operations

SUBJECT: **ALAMEDA IMPLEMENTATION UPDATE**

Presentation

On the June 21 OCERS Board Meeting, the Board approved staff recommendations regarding ALAMEDA, with an implementation date of July 15, 2021.

On August 16, Mr. Lamberson and I will provide the Board with a verbal update as to actions now underway to enact the OCERS Board's directives.

Submitted by:

SJ- Approved

Suzanne Jenike
Assistant CEO, External Operations

Memorandum

DATE: August 16, 2021

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **COVID-19 UPDATE**

Presentation

The OCERS staff continues to do a great job meeting the COVID-19 challenge and ensuring that our members receive the services they expect as we fulfil this agency's mission. Rather than provide you with a written report of the agency status prior to the Monday, August 16th meeting of the OCERS Board of Retirement, I will instead provide a verbal update of plan status and challenges at that time. This recognizes the fact that issues impacted by COVID-19 seem to change daily.

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

Orange County Employees Retirement System
Retirement Board Meeting
August 16, 2021
Application Notices

Member Name	Agency/Employer	Retirement Date
Arias, Cynthia	OCTA	6/22/2021
Baker, Michael	Sheriff's Dept	5/19/2021
Browne, William	Sheriff's Dept	3/27/2021
Cao, Christopher	Sheriff's Dept	6/4/2021
Castillo, Benjamin	OCWR	4/8/2021
Castillo, Pedro	Sheriff's Dept	3/30/2021
Chapin, Stephen	Health Care Agency	6/4/2021
Chiaravalloti, Jennifer	Superior Court	5/28/2021
Curtis, Marisabel	Social Services Agency	6/8/2021
Davila, Eugene	Health Care Agency	6/4/2021
Eaton, Rebecca	Social Services Agency	6/4/2021
Finley, Thomas	District Attorney	6/4/2021
Freeman, Mark	Sheriff's Dept	6/4/2021
Giraldo, Julio	OCTA	6/6/2021
Gonzalez, Elizabeth Margaret	In-Home Supportive Services (IHSS)	6/18/2021
Hogan, David	Fire Authority (OCFA)	6/4/2021
Holland, John	Child Support Services	5/7/2021
Jackson, Kevin	Superior Court	6/4/2021
Kantar, Joseph	Sheriff's Dept	6/4/2021
Lang, Craig	Sheriff's Dept	6/18/2021
Ledesma, San Juanita	OC Community Resources	6/18/2021
Lonyai, Francis	OCTA	3/31/2021
Luna, Luis	Sheriff's Dept	6/7/2021
Mahar, Andrea	Probation	6/18/2021
Martini, Joseph	Sheriff's Dept	6/18/2021
Mc Call, Dewitt	District Attorney	3/26/2021
Mckinney, Karen	District Attorney	6/4/2021
Michaelson, Ferne	Superior Court	6/18/2021
Mitchell, Lawrence	Sheriff's Dept	6/18/2021
Nguyen, Johnny	OCTA	6/2/2021
Nguyen, Ryan	OCTA	6/16/2021
Nieh, Miranda	Auditor Controller	6/17/2021
Ohare-Pomponi, Christine	OC Community Resources	6/4/2021
Ramos, Eli	Superior Court	6/18/2021
Rowe, Susan	Superior Court	6/4/2021
Sio, Maria	OC Community Resources	6/18/2021
Smedley, Susan	Superior Court	6/17/2021
Steinkraus, Nancy	Sheriff's Dept	5/28/2021
Thompson, Deanne	John Wayne Airport	6/18/2021
Tran, Thuy	Health Care Agency	5/29/2021
Upton, Pamela	Child Support Services	6/4/2021
Urueta, Tracy	Superior Court	6/18/2021
Washington-Collins, Lauren	Child Support Services	6/4/2021
Weckerle, Stephanie	Health Care Agency	5/29/2021
Woelfel, David	Health Care Agency	5/3/2021
Wood, Carol	Social Services Agency	6/4/2021

Orange County Employees Retirement
Retirement Board Meeting
August 16, 2021
Death Notices

Active Members	Agency/Employer
Del Rosario, Gerard	Auditor Controller
Herrera, Jennifer	Health Care Agency
McMullen, Kristina	OC Community Resources
Silva, Mitzi	Health Care Agency

Retired Members	Agency/Employer
Ayala, Mary	OCTA
Balazs, Karl	UCI
Carlson, Audrey	Superior Court
Devereux, John	Probation
Dickson, Jean	Health Care Agency
Gaston, Earl	OCTA
Gear, William	Auditor Controller
Glen, Harvey	John Wayne Airport
Hardy, Lois	Social Services Agency
Harvey, Glen	John Wayne Airport
Harvey, Glen	John Wayne Airport
Hoyle, Steven	Fire Authority (OCFA)
Hull, Barbara	OCERS
Jacobus, John	OCTA
Kysoth, Sidney	Social Services Agency
Lassiter, Jackie	Sanitation District
Merrifield, Lynne	District Attorney
Mujagic, Helen	County Clerk/Recorder
Nguyen,Tiffanie	Auditor Controller
Olsen, Maria	Probation
Perkins, Harriette	Superior Court
Pham, Hien	Assessor
Ramsey, Virginia	Social Services Agency
Reyes, Enrique	OCTA
Rodgers, Robert	OC Community Resources
Romero, Francisco	Social Services Agency
Sanders, Judith	Social Services Agency
Schimke, Thomas	Sheriff's Dept
Schneider, Donald	OC Public Works
Shoemate, Helen	UCI
Shurts, Wayne	Health Care Agency
Solomon, Douglas	OCTA
Squires, Barbara	OCTA
Talley, Robert	Sheriff's Dept

Surviving Spouses	
Current, Barbara	
Eichler, Virginia	
Graham, Gladys	
Senior, Pamela	

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Memorandum

DATE: August 16, 2021

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **CEO FUTURE AGENDAS AND 2021 OCERS BOARD WORK PLAN**

Written Report

AGENDA TOPICS FOR THE OCERS BOARD OF RETIREMENT

AUGUST

Employer Employee Contribution Matrix
OCERS by the Numbers
The Evolution of the OCERS UAAL
OCERS Different Benefit Plans – An Overview

SEPTEMBER

Strategic Planning Workshop

OCTOBER

Strategic Planning Workshop Summary
Approve 2022-2024 Strategic Plan
Approve 2022 Business Plan
Business Continuity Disaster Recovery Updates

NOVEMBER

OCERS Administrative Budget for Fiscal Year 2022
Election of the Vice Chair
CEO Personnel Review and Compensation Discussion
General Member Election Outcome

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

OCERS RETIREMENT BOARD - 2021 Work Plan

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep (Offsite)	Oct	Nov	Dec
System Oversight		STAR COLA Posting **(I)**	Approve 2021 STAR COLA **(A)**	SACRS Board of Directors Election **(A)**	Preliminary December 31, 2020 Valuation **(I)**	Mid-Year Review of 2021 Business Plan Progress **(I)**	Alt. Invest. Return and Assumption Sensitivity: 20-year Illustration **(I)**	Review 2nd Quarter Budget to Actuals Financial Report **(I)**	Strategic Planning Workshop **(I)**	Overview of 2022 Administrative Budget and Investment (Workshop) **(I)**	Review 3rd Quarter Budget to Actuals Financial Report **(I)**	
		Approve 2021 COLA **(A)**	Quarterly 2021-2023 Strategic Plan Review **(A)**			Approve December 31, 2020 Actuarial Valuation & Funded Status of OCERS **(A)**	Actuarial Review: Risk Assessment **(I)**	Receive OCERS by the Numbers **(I)**	Annual OCERS Employer Review **(I)**	Approve 2022-2024 Strategic Plan **(A)**	Approve 2022 Administrative (Operating) Budget **(A)**	
						Approve 2020 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)**	
Board Governance				Brown Act Training (biannual) **(I)**								Adopt Annual Work Plan for 2022 **(A)**
				Fiduciary Training **(I)**							Vice-Chair Election **(A)**	
Regulation / Policies	Communication Policy Fact Sheet **(I)**											
Compliance	Status of Board Education Hours for 2020 **(I)**			Form 700 Due **(A)**		Receive Financial Audit **(I)**			State of OCERS **(I)**			

(A) = Action **(I) = Information**

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Memorandum

DATE: August 16, 2021

TO: Members of the Board of Retirement

FROM: Jim Doezie, Contracts, Risk and Performance Administrator

SUBJECT: **QUIET PERIOD – NON-INVESTMENT CONTRACTS**

Written Report
Background/Discussion

1. ***Quiet Period Policy Guidelines***

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

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

2. ***Quiet Period Guidelines***

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

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

Distributed RFP's

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

- An RFP for a Board Room Presentation and Audio/Visual solution was distributed June 7th. This is to solicit proposals to upgrade the audio/visual systems for the Board Room. We received four bids that are currently being evaluated.
- An RFP for Financial Auditor Services was distributed in July. This RFP is to put into place a Financial Auditor Agreement as the prior vendor agreement with MGO has expired and cannot be extended. The RFP was distributed July 22nd with a proposal submission deadline of September 3rd.

Submitted by:

Jim Doezie
Contracts, Risk and Performance Administrator

Memorandum

DATE: August 16, 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.

Attached:

- OCERS Activities and Updates for May 2021
- OCERS Activities and Updates for June 2021

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Monthly Team Status
May 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 May.

MEMBER SERVICES MONTHLY METRICS

Retirement Applications Received

Month	2019	2020	2021
January	261	254	101
February	201	169	90
March	206	80	57
April	38	33	41
May	44	47	55
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

2021 Customer Service Statistics

Month	Unplanned Recalculations	Member Satisfaction Approval Rate	Queue Calls Received	Direct to Extension Calls	Operator Calls Received	Total Calls (monthly)
January	2	100%	2606	4867	992	**8465**
February	1	100%	2618	4839	1811	**9268**
March	1	95%	2947	5630	1599	**10176**
April	0	95%	2830	5120	1146	**9096**
May	4	95%	2552	4731	973	**8256**
Grand Total	8	97%	**13553**	**25187**	**6521**	**45261**

MEMBER SURVEY RESPONE

"The process was easy to use and follow. He especially liked that his first congratulations on having decided to retire came from his OCERS representative when he came in for his appointment. It reassured him that he was doing the right thing."

May 2021

"I wanted to let you know how much I appreciated the courteous, and patient manner of the OCERS representative who helped me this morning to complete the "Application For Service Retirement" form. The team member was very patient and thorough as he explained to me each item of the application form. The OCERS representative gave me a sense of confidence that I had both understood and completed the form correctly. My words cannot adequately express my gratitude to this team member for having helped me in such a very kind and professional manner. Thank YOU again."

April 2021

"Member called to commend our OCERS representative for the customer service experience they provided while answering questions regarding reciprocity. Member said she found the representatives voice to be very joyful which she finds rare during these unprecedented times and appreciated the kindness and willingness to assist her."

March 2021

Monthly Team Status
May 2021

ACTIVITIES

OCERS PASSES BILLION DOLLAR ANNUAL BENEFIT PAYROLL

As reported verbally to the Board in May, OCERS is now paying out $1 billion in pension benefits on an annualized basis. You may recall we noted this goal post was close when we reviewed the "Next 75 Years" at last year's Strategic Planning Workshop I did want to add some actual numbers to this important event. Ms. Bowman informs us that "the gross payroll figure for the 05-01-2021 retiree payroll run totaled $85,969,819. That means as we continue at this rate on a go-forward annualized basis, we are now projected to pay over $1 billion in benefits over the next twelve month period."

DIVERSITY, EQUITY AND INCLUSION

Following an agency survey which received overwhelming participation of approximately 85% of OCERS staff, and which indicated a desire to learn more about how OCERS can be even better at approaching diversity and inclusion, the OCERS Senior Managers began working for some months in providing a consultant to engage with the entire OCERS team. We met with Inclusion Nation via Zoom on May12, and found them to be the most effective of the various firms interviewed. They have begun a program working with the entire OCERS team in June.

INVESTMENT TEAM

David Beeson provides a May Summary:

As of April 30, 2021, the portfolio year-to-date is up 5.7% net of fees, while the one-year return is up 24.2%. The fund value now stands at $20.8 billion. The OCERS Investment Team continued to work effectively remotely during the coronavirus pandemic in May. OCERS' Investment Team added three new strategies to the portfolio. OCERS committed $75 million to Hellman & Friedman Capital Partners X within the private equity buyout space. This is a re-up investment as OCERS also committed $25 million to Hellman & Friedman Capital Partners IX. Hellman & Friedman is a generalist manager that makes control investments in growth-oriented large cap companies. OCERS committed $30 million to Orchid Asia VIII within the private equity space. Orchid Asia focuses on growth equity investments primarily in China-based companies across multiple sectors. OCERS committed $25 million to Insight Partners XII, which was also a re-up investment (OCERS committed $20 million to Insight Partners XI). Insight focuses on equity and equity related investments in growth-stage as well as more mature software, software-enabled services and Internet companies, and digital assets. OCERS' Investment Team and Townsend completed the real estate asset class review and real estate investment plan during May. The OCERS real estate investment plan includes committing $150 - $225 million (2-3 new investments at $75 million per fund) in the non-core real estate portfolio in FY 2022. Finally, OCERS' Investment Team has been working with Aksia TorreyCove on new co-investment ideas sourced from existing GPs within the private equity program.

Monthly Team Status
May 2021

UPDATES

OCERS YEAR IN REVIEW

Our annual outreach program normally takes more than half a year to be able to coordinate meetings with my team, the executive teams of our thirteen employers, as well as nearly a dozen labor groups, and each County Supervisor on an individual basis.

May 3 – AOCDS. We were able to accomplish this meeting with a hybrid approach. I attended in person at the AOCDS headquarters office, while Ms. Jenike and Ms. Shott joined via Zoom. The focus was on the Alameda case and possible outcomes.

May 19 - City of San Juan Capistrano management labor group. This meeting was accomplished via Zoom. There are a very few number of retirees from the City of San Juan Capistrano impacted by the Alameda decision, so we did go into some detail as to the issue.

May 20 – Orange County Attorney's Association – This meeting was accomplished via Zoom. As with the other labor groups, there were many questions regarding Alameda. OCAA has been particularly impacted with the likely disallowance of Attorney Special Duty pay.

OCERS STAFF TURNOVER

I am happy to report that now nearly 16 months into the COVID pandemic, OCERS has experienced 0% staff turnover! Our previous turnover rate ran between 4-6% annually. I believe our rapid response to COVID-19, allowing staff to work from home, providing them with the equipment they needed in their home offices, and weekly staff meeting engagement via Zoom has demonstrated the importance the management team, with the OCERS Board's support, has placed on staff's health and wellbeing. That together with just a great commitment to our mission of serving our members, has evidently led to the staff sitting tight through the pandemic.

A caution, I have heard from other CEOs who also had seen a slowdown in turnover rates now finding a quick rise in turnover as they return to the office. I hope that our continued careful approach to safety and understanding of individual situations as we prepare for our own return through this summer will mitigate the effect others have seen.

As a reminder you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the July 19 meeting of the OCERS Board of Retirement.

Monthly Team Status
June 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 June, 2021.

MEMBER SERVICES MONTHLY METRICS

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April	0	95%	2830	5120	1146	**9096**
May	4	95%	2552	4731	973	**8256**
June	1	95%	2010	4601	747	**7358**
Grand Total	9	97%	**15563**	**29788**	**7268**	**52619**

MEMBER SURVEY RESPONE

"As a member with Reciprocity, I have been working with four retirement systems in total. I really appreciated how detailed OCERS has been throughout the process. The OCERS customer service representative made me feel like they had everything under control. This made the entire process extremely stress free."

June 2021

"The process was easy to use and follow. He especially liked that his first congratulations on having decided to retire came from his OCERS representative when he came in for his appointment. It reassured him that he was doing the right thing."

May 2021

"I wanted to let you know how much I appreciated the courteous, and patient manner of the OCERS representative who helped me this morning to complete the "Application For Service Retirement" form. The team member was very patient and thorough as he explained to me each item of the application form. The OCERS representative gave me a sense of confidence that I had both understood and completed the form correctly. My words cannot adequately express my gratitude to this team member for having helped me in such a very kind and professional manner. Thank YOU again."

April 2021

Monthly Team Status
June 2021

ACTIVITIES

OCERS YEAR IN REVIEW OUTREACH – BOARD OF SUPERVISORS

The OCERS team was able to meet with all five of the individual County of Orange Supervisors in a seven-day period. That is a first. Normally it takes many months of planning, and often changing appointment dates before we have visited with each of the Supervisors in order to share OCERS highlights from the past year.

On June 14 Chair Dewane, Vice Chair Eley, Ms. Murphy and I met in person with Supervisor Wagner and his staff. As anticipated, there were many questions about Alameda. And as in past years, the Supervisor asked me "what keeps me up at night" when it comes to pension system challenges, and I repeated as I do to any who pose that question to me, that improving life-expectancies and the impact that will have on our funding is my greatest concern.

On June 15 the same team met via Zoom with Supervisor Chaffee. Alameda was the primary topic.

On June 16 the same team met in person with Supervisor Do and his staff. While again the issue of Alameda occupied much of our time, Supervisor Do had many questions for Ms. Murphy regarding the OCERS portfolio, and the Board's recent change to its asset allocation goals.

On June 18 Chair Dewane, Vice Chair Eley and I met with the Executive Assistant to Supervisor Foley. Along with Alameda questions, he had many basic questions about OCERS and defined benefit plans, being relatively new to this topic.

On June 28 I was in Washington DC, so Ms. Jenike joined Chair Dewane, Vice Chair Eley and Ms. Murphy in meeting via Zoom with Supervisor Bartlett and her staff. As anticipated, the details of the Alameda decision and what actions the Board of Supervisors might take on behalf of our retired members dominated the discussion.

OCERS YEAR IN REVIEW OUTREACH - STAKEHOLDERS

Ms. Jenike, Ms. Shott and I met via Zoom with all of the following stakeholders:

OC CEMETERY DISTRICT	June 2
ASSOCIATION OF COUNTY LAW ENFORCEMENT MANAGERS (ACLEM)	June 2
IN HOME SERVICES	June 3
OC TRANSPORTATION	June 9
Superior Courts	June 14
The County of Orange	June 15
OC Fire Authority	June 17

In almost every case it was concern in better understanding the Alameda decision and its impact that dominated the conversations, even for those employers who did not have impacted employees.

Monthly Team Status
June 2021

DIVERSITY/EQUITY/INCLUSION (DEI)

The OCERS Board's 2021-2023 Strategic Plan, under talent management directs OCERS to "cultivate a collaborative, inclusive and creative culture. In December of 2020, OCERS HR facilitated an engaging learning session around Diversity, Equity, and Inclusion. Surveying all team members afterward, with an impressive 85% participation rate, we learned that the team generally felt good about OCERS efforts with regard to diversity and inclusion, but the majority hoped the management team would continue working on this topic. Ms Hockless and her team worked with the Senior Executives to seek experts to partner with OCERS and continue the DEI conversation. After multiple screening sessions with various providers, *Inclusion Nation* was selected to assist with future phases such as continued training and engagement with all team members. In June, Michelle Silverthorn of *Inclusion Nation* completed a session of Diversity, Equity, and Inclusion training for all OCERS team members. Additionally, *Inclusion Nation* completed a listening session with the Executive team. *Inclusion Nation* will continue to collaborate with the OCERS team and complete a survey and listening sessions with all team members as OCERS continues to promote a collaborative and inclusive workplace for all employees

NEXT LEVEL LEADERSHIP (A TRIAL MANAGEMENT POSITION)

With a management position open in Member Services, Ms. Jenike worked with Ms. Hockless to provide an interesting opportunity. Allow several staff members to apply and rotate through the position, giving each candidate the ability to test run the position as it were, while allowing Ms. Jenike and her team time to see the candidates in action. At the end of the trial period one of the candidates will be offered the position permanently. Ms. Hockless provides more details here:

> OCERS' LOD team designed and launched the Next Level Leadership (NLL) program in November of 2020. This program was created with the intention and strategy to identify in-house talent and provide them with essential leadership competencies to produce a next-generation supervisor and/or manager. This program aligns with the OCERS Business Plan in meeting its Talent Management Goals in employee development, succession, and retention. OCERS' first NLL cohort was chosen after candidates participated in a comprehensive application and interviewing process. The top candidates were identified and offered to participate in an extensive year-long learning program. During the NLL program, candidates rotate and temporarily work as a supervisor to practically apply their learning. The cohort meets 4-6 hours bi-weekly for learning and coaching sessions, and regular reviews of comprehension with visual and oral reports. On-off weeks, the Cohort meets autonomously to review and collaborate for learning assignments. NLL's first Cohort is currently in the Practical Application phase of their journey, meaning the start of the rotation into the vacant Retirement Benefits Program Supervisory role. Each will assume the temporary role for approximately one month. The supervisor rotation began in May and will end in July. In August, the Retirement Benefits Supervisor position will open to internal candidates.

UPDATES

OCERS STAFFING

Over the past 16 months of the pandemic OCERS has not experienced a single turnover. [*] From what I hear at other systems, that record is likely to change once we come fully back to the office, which as you will recall is planned for the

Monthly Team Status
June 2021

first of September. In the meantime, I asked Ms. Hockless to provide a general update on the state of OCERS staffing presently:

OCERS' budgeted headcount is ninety-six (96) positions. This year, there were no employee separations from the agency. In the past, OCERS has experienced a higher turnover rate as a result of employees leaving the agency to accept a promotion in other County departments. This year, the same movement has not taken place. This may be attributed to the County of Orange hiring freeze for non-essential positions or the health pandemic.

Currently, OCERS has a total of seven (7) vacant positions, with three (3) positions on hold due to the current health crisis.

1. Senior Manager - Operations Support Services – OCERS Direct **(HOLD)**
2. Staff Assistant - Human Resources – County Position **(HOLD)**
3. Accountant/Auditor II - Finance – County Position **(HOLD)**
4. Retirement Benefits Program Supervisor – County Position (Next Level Leadership Program)
5. Extra-Help Retirement Program Specialist – County Position (Three open vacancies)

In May, the Member Services department selected an external candidate to fill the Office Technician position. The Human Resources department on boarded the selected candidate virtually on May 7, 2021.

The Human Resources department has partnered with local staffing agencies to source a temporary Project Manager to lead the Master OCERS Process and Procedures Documentation Project. Over the past few weeks, several candidates were interviewed, recently a candidate was selected and plans to on-boarding with the agency in mid-July.

In conclusion, OCERS has eighty-nine (89) team members on the payroll. There are no employee separations to report.

[*] Big asterisk here. I prepared most of this report yesterday morning, and at the time this was still true. By the end of the day yesterday however I had received my first notice of a departure by an OCERS team member since the start of the pandemic.

OCERS INVESTMENT TEAM

Mr. Beeson provides a June summary:

As of May 31, 2021, the portfolio year-to-date is up 8.0% net of fees, while the one-year return is up 25.3%. The fund value now stands at $21.1 billion. The OCERS Investment Team continued to work effectively remotely during the coronavirus pandemic in June. OCERS' Investment Team added two new strategies to the portfolio. OCERS committed $75 million to EQT Infrastructure V within the real assets portfolio. EQT Infrastructure V will invest in businesses primarily in Europe and North America across the telecom, transportation and logistics, energy, environmental, and social infrastructure sectors. This is OCERS' second strategy with EQT as OCERS committed approximately $20 million to EQT Ventures II in 2019 within the private equity portfolio. OCERS also committed $75 million to Crayhill Principal Strategies Fund II within the private credit portfolio. The fund will focus on specialty finance and asset-based lending solutions in the private credit space. OCERS' Investment Team and Aksia TorreyCove completed the private equity asset class review and commitment pacing model during

June. The approved pacing plan for private equity now calls for $675 million in private equity commitments in 2021 and $700 million in 2022 to move towards the 13% private equity target. Finally, OCERS' Investment Team has been working with Aksia TorreyCove on new co-investment ideas sourced from existing GPs within the private equity program.

OCERS HEADQUARTERS BUILDING

Following a recommendation from Chair Dewane, on June 3 Ms. Shott and I joined a Zoom meeting with representatives of Lee & Associates, a commercial real estate services firm located in Tustin. We continue to talk with industry experts to get a sense of what they believe office space will look like "post pandemic". Very friendly folks, happy to share their thinking, but unfortunately we are still too early in the process of returning to offices, thus the consensus continues to be no one is sure what offices will look like in the future. Before the OCERS Building Committee can proceed in determining our next steps for the OCERS Headquarters Building, we will need to resolve that question.

As a reminder you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the August 16 meeting of the OCERS Board of Retirement.

Memorandum

DATE: August 16, 2021

TO: Members of the Board of Retirement

FROM: Gina M. Ratto, General Counsel

SUBJECT: **LEGISLATIVE UPDATE**

Written Report

State Legislative Update

The California Legislature convened on January 11, 2021, beginning the two-year legislative session. Summer Recess began on July 16, 2021 and the Legislature will reconvene on August 16, 2021.

A comprehensive list and summary of the pending bills that staff is monitoring 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

AB 761 (Chen)
This bill would 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: Signed by the Governor and Chaptered by the Secretary of State on 06/28/21. Amendments take effect on 01/01/22.)

SACRS Sponsored Bill

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 and creates the Cash Balance Benefit Program 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, and requires a member to return the total gross distribution amount of all payments for any canceled retirement benefit, including a lump-sum payment. 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 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.

The PERL authorizes certain members of CalPERS who are employed to perform service covered by the Defined Benefit Program of the State Teachers' Retirement Plan to elect to retain coverage by CalPERS for this service under specified conditions, including that the member submit a written election to retain coverage to CalPERS on a prescribed form and that a copy of the form be submitted to CalSTRS. This bill would instead require the member to submit the election to retain coverage to the employer and would delete the requirement that a copy of the form be submitted to CalSTRS. The bill would require the employer to retain a copy of the employee's signed election form and submit the original signed form to PERS.

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.

The Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS, governs the funding and provision of postemployment health care benefits for eligible retired public employees and their beneficiaries. Under PEMHCA, if specified firefighters and peace officers die as a result of injuries or disease arising in the course of their duties, their uninsured surviving spouses and eligible family members are deemed annuitants, as specified, and may be enrolled in health benefit plans. This bill would authorize, for purposes of the above-described provisions, a notification of the death of any firefighter or peace officer to come from any reliable and verifiable source. The bill would make conforming changes regarding the duties of employers in these circumstances.

(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 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.
(STATUS: Introduced 02/19/21. Read second time; ordered to consent calendar on 04/06/21. Read third time; passed; ordered to Assembly; read first time in Assembly on 04/08/21. Referred to Com. on P.E & R on 05/13/21. From committee with author's amendments. Read second time and amended. Re-referred to Com. on P.E & R on 06/14/21. From committee: Do pass and re-refer to Com. on APPR with recommendation: To consent calendar. Re-referred to Com. on APPR on 06/24/21. June 30 hearing postponed by committee on 06/25/21. **From committee: Do pass and ordered to consent calendar on 07/07/21. Read second time and ordered to consent calendar on 07/08/21. Read third time, passed and ordered to Senate on 07/15/21. In Senate: Concurrence in Assembly amendments pending on 07/15/21.**)

Bills that Would Amend the CERL or PEPRA

AB 761 (Chen)
See description, above.

SB 634 (Cortese, Durazo, Laird, Newman, and Ochoa Bogh)
See description, above.

AB 826 (Irwin) Amended in Senate July 14, 2021

This bill would amend the definition of compensation earnable in the CERL by amending subdivisions (b) and (c) of Government Code section 31461 as follows:

31461.

(a) . . .

(b) Except as provided in subdivision (c), "compensation earnable" does not include, in any case, the following:

(1) Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:

(A) 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 in the final average salary period.

(B) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.

(C) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period regardless of when reported or paid.

(2) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.

(3) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(4) Payments made at the termination of employment, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.

(c) (1) Notwithstanding subdivision (b) and Section 31460, "compensation earnable" means any form of remuneration, whether paid in cash or as in-kind benefits, if all of the following requirements are met:

(A) The remuneration is made available to any person in the same grade or class of positions. For purposes of this subdivision, "grade or class of positions" means a number of employees considered together because they share similarities in job duties, work location, collective bargaining unit, or other logical, work-related grouping. A single employee shall not be considered a grade or class of positions.

(B) The remuneration is not expressly excluded from "compensation earnable" pursuant to paragraphs (2) to (4), inclusive, of subdivision (b).

(C) ~~With regard to~~**The** remuneration **is** paid ~~between~~ **on or after** January 1, 2013, ~~and July 30, 2020,~~ the remuneration ~~was~~ **is** included in compensation earnable, and the employer and employee paid contributions to the retirement system based on the remuneration.

(D) On the date that the act adding this subdivision becomes operative, the board of retirement has not completed a formal action to reverse a prior determination that a form of remuneration, to which this subdivision would otherwise apply, is compensation earnable.

(2) This subdivision is declarative of existing law.

(d) The terms of subdivision (b) are intended to be consistent with and not in conflict with the holdings in Salus v. San Diego County Employees Retirement Association (2004) 117 Cal.App.4th 734 and In re Retirement Cases (2003)110 Cal.App.4th 426.

(STATUS: Introduced 02/16/21 as bill to amend the Public Resources Code. Bill was gutted and replaced with language that would amend the CERL on 06/21/21. From committee chair, with author's amendments: Amend, and re-refer to committee; read second time, amended, and re-referred to the Com. on RLS on 06/21/21. From committee chair, with author's amendments: Amend, and re-refer to committee; read second time, amended, and re-referred to the Com. on RLS on 06/22/21. Re-referred to Com. on L, P.E & R on 06/24/21. **From committee: Amend, and do pass as amended on 07/13/21. Read second time, amended and ordered to third reading on 07/14/21.**)

AB 845 (Rodriguez)

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 a public retirement system would be required to find in accordance with the presumption.
(STATUS: **Signed by the Governor and Chaptered by the Secretary of State on 07/23/21.**)

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 non-substantive changes to that provision.
(STATUS: Introduced and read first time on 02/22/21.)

Bills that Would Amend the Brown Act

AB 339 (Lee) – *Applies only to City Councils and County Boards of Supervisors*
This bill would, until December 31, 2023, require all open and public meetings of a city council or a county board of supervisors that governs a jurisdiction containing least 250,000 people to include an opportunity for members of the public to attend via two-way a telephonic option or a two-way internet-based service option, as specified, and would require a city council or county board of supervisors that has, as of June 15, 2021, provided video streaming, as defined, of at least one of its meetings to continue to provide that video streaming. It would also require all open and public meetings to include an in-person public comment opportunity, except in specified circumstances during a declared state or local emergency. The bill would require all meetings to provide the public with an opportunity to comment on proposed legislation in person and remotely via a telephonic or an internet-based service option, as provided.
(STATUS: Read third time in Assembly; passed; ordered to Senate on 06/02/21. Read first time in Senate and referred to Com. on RLS on 06/03/21. Referred to Coms. on GOV & F and JUD on 06/16/21. From committee chair with author's amendments: Amend and re-refer to committee. Read second time, amended, and re-referred to Com. on GOV & F on 06/25/21. From committee: Amend, pass as amended and re-refer to Com. on JUD on 07/01/21. Read second time and amended. Re-referred to Com. on JUD on 07/05/21. **From committee: Do pass and re-refer to Com. on APPR on 07/14/21.**)

AB 361 (R. Rivas) – *Applies only to meetings held during a proclaimed state of emergency*
This bill**, until January 1, 2024,** would authorize the legislative body of a local agency to hold public meetings using 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 of emergency ~~or local emergency~~, **as that term is defined,** when state or local health officials have imposed or recommended measures to promote social distancing, ~~and~~ during a ~~declared local~~ **proclaimed state of** emergency~~, provided the legislative body determines,~~ **held for the purpose of determining,** by majority vote, ~~that~~ **whether** meeting in person would present imminent risks to the health or safety of attendees**, and during a proclaimed state of emergency when the legislative body has determined that meeting in person would present imminent risks to the health and safety of attendees**.

The bill would require legislative bodies that hold teleconferenced meetings under these abbreviated teleconferencing procedures to give notice of the meeting and post agendas, as described, to allow members of the public to access the meeting and address the legislative body, to give notice of the means by which members of the public may access the meeting and offer public comment, including an opportunity for all persons to attend via a call-in option or an internet-based service option, and to conduct the meeting in a manner that protects the statutory and constitutional rights of the parties and the public appearing before the legislative body. The bill would require the legislative body to take no further action on agenda items when there is a disruption which prevents the public agency from broadcasting the meeting, or in the event of a disruption within the local agency's control which prevents members of the public from offering public comments, until public access is restored. The bill would specify that actions taken during the disruption are subject to challenge proceedings.

The bill would prohibit the legislative body from requiring public comments to be submitted in advance of the meeting and would specify that the legislative body must provide an opportunity for the public to address the legislative body and offer comment in real time. **The bill would prohibit the legislative body from closing the public comment period and the opportunity to register to provide public comment, until the public comment period has elapsed or until a reasonable amount of time has elapsed, as specified.** When there is a continuing state of emergency, ~~local emergency,~~ or when state or local officials have imposed or recommended measures to promote social distancing, the bill would require a legislative body to make specified findings not later than 30 days after the first teleconferenced meeting pursuant to these provisions, and make those findings every 30 days thereafter in order to continue to meet under these teleconferencing procedures.

Existing law prohibits a state body from requiring, as a condition to attend a meeting, a person to register the person's name, or to provide other information, or to fulfill any condition precedent to the person's attendance. This bill would exclude from that prohibition, a registration requirement imposed by a third-party internet website or other online platform not under the control of the legislative body.
(STATUS: Introduced and read first time on 02/01/21. Read second time; ordered to third reading on 05/11/21. Read third time; passed; ordered to the Senate on 05/17/21. In Senate; read first time; referred to Com. on RLS for assignment on 05/18/21. Referred to Coms. on GOV & F and JUD on 05/27/21. **From committee: Amend, and do pass as amended and re-refer to Com. on JUD on 07/05/21. Read second time, amended and re-referred to Com. on JUD on 07/06/21. From committee: Do pass on 07/14/21. Read second time and ordered third reading on 07/15/21.**)

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 has a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities.

This bill would remove the notice requirements particular to teleconferencing and would revise the requirements of the Brown Act to would allow for teleconferencing *provided that*:

- Existing provisions regarding the posting of notice of an agenda are met;
- The public is allowed to observe the meeting and address the legislative body directly both in person and remotely via a call-in option or internet-based service option;
- A quorum of members participate in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the jurisdiction;
- 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
- 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 and read first time on 02/16/21. Referred to Com. on L. GOV on 02/25/21. From committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV; read second time and amended on 04/29/21. Re-referred to Com. on L. GOV on 05/03/21.)

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 email 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. Read second time; ordered to consent calendar on 04/20/21. Read third time; passed; ordered to Assembly. In Assembly, read first time; held at Desk on 04/22/21. Referred to Com. on L. GOV. on 05/13/21. From committee: Do pass and refer to Com. on APPR on 06/24/21. **From committee: Do pass. on 07/07/21. Read second time and ordered to third reading on 07/08/21.**)

<u>Bills that Would Amend Other Laws Applicable to OCERS</u>

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: **Signed by the Governor and Chaptered by the Secretary of State on 07/09/21.**)

<u>Other Bills of Interest</u>

AB 766 (Gabriel and Bennett)
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 Com. on NAT. RES. From committee chair, with author's amendments: Amend, and re-refer to Com. on NAT. RES. Read second time and amended on 03/18/21. Re-referred to Com. on NAT. RES on 03/22/21.)

AB 885 (Quirk)
This bill would amend the Bagley-Keene Act (applicable to state bodies) to 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 and read first time on 02/17/21. Read second time on 03/24/21. Re-referred to Com. on G.O on 03/25/21.)

SB 449 (Stern and Wiener)
Existing law generally provides for the regulation of various financial institutions, including banks, credit unions, and finance lenders, by the Department of Financial Protection and Innovation. Existing law requires the Secretary for Environmental Protection to coordinate greenhouse gas emission reductions and climate-change activities in state government. Executive Order N-19-19 requires, among other things, the Department of Finance to create a Climate Investment Framework and to consult with the Office of Planning and Research on the framework. This bill would require a covered entity, defined as a corporation, partnership, limited liability company, or other business entity incorporated, formed, or issued a license to operate or certificate of authority under the laws of the state that had annual gross revenues of at least five hundred million dollars ($500,000,000) in the prior calendar year, to, on or before December 31, 2022, and annually thereafter, prepare a climate-related financial risk report, as defined, and to submit to the Secretary of State, and make available to the public on its own internet website, a copy of that report. The bill would also require a covered entity to submit to the Secretary of State a statement affirming, not under penalty of perjury, that the climate-related financial risk report discloses climate-related financial risk, as required by the bill. This bill would also require, on or before January 31, 2023, and annually thereafter, the Secretary of State to deliver to the Climate-Related Risk Disclosure Advisory Group in the Office of Planning and Research copies of all climate-related financial risk

reports received pursuant to these provisions in the prior calendar year and would require the office to make those reports available to the public on its internet website.
(STATUS: Introduced 02/16/21. Read second time; amended; and re-referred to Com. on B & F.I on 04/13/21. Read second time; amended; re-referred to Com. on E.Q on 04/22/21. Re-referred to Com. on APPR on 04/29/21. Held in committee and under submission on 05/20/21.)

Bills that Apply to CalPERS and/or CalSTRS Only

AB 386 (Cooper)
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. The bill would prescribe specified exceptions to the new exemption from disclosure.
(STATUS: Introduced and read first time on 02/02/21. Read second time and amended on 04/28/21. Ordered third reading on 05/13/21. Read third time; passed; ordered to Senate on 06/01/21. Read first time in Senate on 06/02/21. Referred to Coms. on L, P.E & R and JUD on 06/09/21. From committee: Do pass and re-refer to Com. on JUD on 06/22/21. From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on JUD on 06/29/21. **In committee: Set, first hearing; failed passage; and reconsideration granted on 07/13/21.**)

AB 539 (Cooley and Cervantes)
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. The bill would, pursuant to a policy adopted by the board, authorize the board to establish a competitive bidding process and to specify the contract terms and conditions the board solely deems necessary and prudent to contract with qualified investment managers and investment advisers.
(STATUS: Introduced and read first time on 02/10/21. Read second time; ordered to Consent Calendar on 04/29/21. Read third time; passed; ordered to the Senate; in Senate, read first time on 05/06/21. Referred to Com. on L, P.E & R on 05/19/21. From committee: Do pass and re-refer to Com. on APPR on 06/22/21. Hearing postponed by committee on 06/30/21. **From committee: Ordered to second reading pursuant to Senate Rule 28.8**)

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 and read first time on 02/10/21. Read second time; ordered to third reading on 05/06/21. Ordered to inactive file by author on 06/03/21.)

AB 890 (Cervantes)
This bill would require, until January 1, 2028, the Boards of CalPERS and CalSTRS to provide reports to the Legislature, commencing March 1, 2023, 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, 2022, and be based on information from the prior fiscal year.
(STATUS: Introduced and read first time on 02/17/21. Read second time and amended on 03/11/21. From committee: Do pass and re-referred to Com. on APPR on 05/03/21. From committee: Amend, and passed on 05/20/21. Read second time; amended; ordered to second reading on 05/24/21. Read second time; ordered to third reading on 05/25/21. Read third time; passed; ordered to Senate on 06/01/21. Read first time in Senate on 06/02/21. Referred to Com. on L., P.E & R on 06/16/21. From committee: pass and re-referred to Com. on APPR on 07/06/21. **From committee: Do pass on 07/15/21.**)

AB 1092 (Mayes)
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 also prohibits, among other things, employees, annuitants, and family members who become eligible to enroll on or after January 1, 1985, in Part A and Part B of Medicare from being enrolled in a basic health benefit plan. PEMHCA, however, permits the employee, annuitant, or family member to enroll in a Medicare health benefit plan if they are enrolled in Part **A** and Part B of Medicare. 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. The bill would also prohibit, except as provided and by January 1, 2023, persons who have retired under a public retirement system, as defined, annuitants of a public retirement system, and their beneficiaries who become eligible to enroll on or after January 1, 1985, in Part A and Part B of Medicare from being enrolled in a basic health benefit plan, as defined, offered by the public retirement system. (STATUS: Introduced and read first time on 02/18/21. Read second time and amended on 03/18/21. Re-referred to Com. on P.E & R on 03/22/21. From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E & R; read second time and amended on 04/26/21. Re-referred to Com. on P.E & R on 04/27/21.)

AB 1293 (Cooley)
Current law establishes the Judges' Retirement System and the Judges' Retirement System II, both of which are administered by CalPERS. Existing law establishes the Legislators' Retirement System, also administered by the CalPERS which provides pension and other benefits to those members of the Legislature and specified state and statutory officers who have elected to become members. Existing California constitutional provisions prohibit the provision of retirement benefits to members of the Legislature and, on and after January 1, 2013, the Legislators' Retirement System was closed generally to new members. Federal law limits the amount that a public employee defined benefit plan may pay a participant annually, and requires that this limitation be adjusted by regulation to account for increases in the cost of living. This bill would prohibit the amount payable to a member or a judge under the Legislators' Retirement System, the Judges' Retirement System, and the Judges' Retirement System II, including specified adjustments, from exceeding the federal limits on annual defined benefit plan payments and would incorporate specified provisions of federal law by reference. The bill would also require the retirement allowance of a judge who is a member of the Judges' Retirement System or the Judges Retirement System II, or a person who is a member of the Legislators' Retirement System, to be increased to reflect adjustments to payment limits prescribed by federal law provided that the member's allowance determined without regard to that law equals or exceeds the applicable limit as indexed. The bill, for judges in the Judges' Retirement System II, would also apply this requirement to a monetary payment annuity that is payable to a judge.
(STATUS: Introduced 02/19/21. Read first time on 02/22/21. Read second time and amended on 03/18/21. Read second time; ordered to third reading on 05/06/21. Read third time; passed; ordered to the Senate; in Senate, read first time on 05/13/21. Referred to Com. on L, P.E & R. on 05/27/21. From committee chair with author's amendments: amend and re-refer to committee. Read second time, amended and re-referred to Com. in L, P.E & R on 07/06/21. **From committee: Do pass and re-referred to Com. on APPR with recommendation: To Consent Calendar on 07/13/21.**)

SB 278 (Leyva)
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 PEPRA 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. Read second time; ordered third reading on 05/20/21. Read third time; passed and ordered to Assembly on 06/01/21. Read first time in Assembly on 06/02/21. Referred to Com. on P.E & R on 06/10/21. From committee: Do pass and re-refer to Com. on APPR on 06/24/21. June 30 hearing postponed by committee on 06/25/21. **Set for first hearing; placed on suspense on 07/07/21.**)

SB 294 (Leyva)
CalPERS and CalSTRS require employees to make contributions to the system based on their creditable compensation, as defined. Existing law entitles an elected officer of an employee organization that is on a compensated leave of absence, as specified, for purposes of service with an employee organization to retirement service credit in STRS and PERS if specified conditions are met. Existing law requires the governing board of a school district, or the governing board of a community college district, to grant any employee, upon request, a leave of absence without loss of compensation for the purpose of enabling the employee to serve in this manner, as specified. Existing law excepts certain employees from these provisions if they are subject to a collective bargaining agreement that expressly provides for a leave of absence without loss of compensation for participation in authorized activities as an elected officer or an unelected member of the public employee organization. Existing law limits the maximum amount of the service credit earned during a compensated leave

of absence for the purposes described above to 12 years. This bill would remove the 12-year limitation for service credit earned on a compensated leave of absence for purposes of service with an employee organization, as described above. The bill would state that this leave is in addition to any leave to which public employees may be entitled by other laws or by a memorandum of understanding or collective bargaining agreement. The bill, for purposes of provisions relating to community college districts, would apply its provisions retroactively to service as an elected officer in a public employee organization occurring after August 31, 1978, and would prescribe a process and conditions for receiving service credit in this context. The bill would prescribe the rates at which contributions are to be made for certain provisions. The bill would make conforming changes consistent with its retroactive effect and would make technical changes.
(STATUS: Introduced 02/02/21. Read second time and ordered to third reading on 03/23/21. Read third time; passed; ordered to Assembly on 05/03/21. Read first time in Assembly on 05/04/21. Referred to Com. on P.E & R on 05/13/21. From committee with author's amendments. Read second time and amended. Re-referred to Com. on P.E & R on 06/14/21. From committee: Do pass and re-refer to Com. on APPR on 06/24/21. June 30 hearing postponed by committee on 06/25/21. **From committee: Do pass on 07/07/21. Read second time and ordered to third reading on 07/08/21.**)

SB 411 (Cortese)
PEPRA prescribed various limitations on public employees, employers, and retirement systems concerning, among other things, work after retirement. PERL generally prohibits retired PERS members from working for an agency participating in the system without reinstatement in the system, unless that employment is otherwise specifically authorized. This bill would eliminate the above-described requirement that a person employed without reinstatement in a manner other than authorized by PERL be reinstated, instead providing that reinstatement is permissive. The bill would limit the circumstances pursuant to which retired members and employers are obligated to pay employee and employer contributions, which would have otherwise been paid, plus interest, to apply only to specified reinstatements. The bill would make conforming changes and make specific reference to the duties of employees and employers regarding reinstatement after retirement in violation of PEPRA.
(STATUS: **Signed by the Governor and Chaptered by the Secretary of State on 07/23/21.**)

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. Read second time; ordered to third reading on 05/20/21. Read third time; passed; ordered to Assembly; read first time in Assembly on 05/24/21. Referred to Com. on P.E & R on 05/28/21.)

Divestment Proposals (CalPERS and CalSTRS Only)

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 Com. on P.E. & R on 03/04/21.)

Attachments:
Legislative Update
2021 Legislative Calendar

Submitted by:

GMR- Approved

Gina M. Ratto
General Counsel

OCERS BOARD OF RETIREMENT
AUGUST 16, 2021 MEETING

LEGISLATIVE UPDATE – ATTACHMENT
2021 - 2022 CALIFORNIA STATE LEGISLATIVE SESSION
BILLS OF INTEREST

New or updated information in bold text

AB 339 (Lee) – *Applies only to City Councils and County Boards of Supervisors*
This bill would, until December 31, 2023, require all open and public meetings of a city council or a county board of supervisors that governs a jurisdiction containing least 250,000 people to include an opportunity for members of the public to attend via two-way a telephonic option or a two-way internet-based service option, as specified, and would require a city council or county board of supervisors that has, as of June 15, 2021, provided video streaming, as defined, of at least one of its meetings to continue to provide that video streaming. It would also require all open and public meetings to include an in-person public comment opportunity, except in specified circumstances during a declared state or local emergency. The bill would require all meetings to provide the public with an opportunity to comment on proposed legislation in person and remotely via a telephonic or an internet-based service option, as provided.
(STATUS: Read third time in Assembly; passed; ordered to Senate on 06/02/21. Read first time in Senate and referred to Com. on RLS on 06/03/21. Referred to Coms. on GOV & F and JUD on 06/16/21. From committee chair with author's amendments: Amend and re-refer to committee. Read second time, amended, and re-referred to Com. on GOV & F on 06/25/21. From committee: Amend, pass as amended and re-refer to Com. on JUD on 07/01/21. Read second time and amended. Re-referred to Com. on JUD on 07/05/21. **From committee: Do pass and re-refer to Com. on APPR on 07/14/21.**)

AB 361 (R. Rivas) – *Applies only to meetings held during a proclaimed state of emergency*
This bill**, until January 1, 2024,** would authorize the legislative body of a local agency to hold public meetings using 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 of emergency ~~or local emergency~~, **as that term is defined,** when state or local health officials have imposed or recommended measures to promote social distancing, ~~and~~ during a ~~declared local~~ **proclaimed state of** emergency~~, provided the legislative body determines,~~ **held for the purpose of determining,** by majority vote, ~~that~~ **whether** meeting in person would present imminent risks to the health or safety of attendees**, and during a proclaimed state of emergency when the legislative body has determined that meeting in person would present imminent risks to the health and safety of attendees**.

The bill would require legislative bodies that hold teleconferenced meetings under these abbreviated teleconferencing procedures to give notice of the meeting and post agendas, as described, to allow members of the public to access the meeting and address the legislative body, to give notice of the means by which members of the public may access the meeting and offer public comment, including an opportunity for all persons to attend via a call-in option or an internet-based service option, and to conduct the meeting in a manner that protects the statutory and constitutional rights of the parties and the public appearing before the legislative body. The bill would require the legislative body to take no further action on agenda items when there is a disruption which prevents the public agency from broadcasting the meeting, or in the event of a disruption within the local agency's control which prevents members of the public from offering public comments, until public access is restored. The bill would specify that actions taken during the disruption are subject to challenge proceedings.

The bill would prohibit the legislative body from requiring public comments to be submitted in advance of the meeting and would specify that the legislative body must provide an opportunity for the public to address the legislative body and offer comment in real time. **The bill would prohibit the legislative body from closing the public comment period and the opportunity to register to provide public comment, until the public comment period has elapsed or until a reasonable amount of time has elapsed, as specified.** When there is a continuing state of emergency, ~~local emergency,~~ or when state or local officials have imposed or recommended measures to promote social distancing, the bill would require a legislative body to make specified findings not later than 30 days after the first teleconferenced meeting pursuant to these provisions, and make those findings every 30 days thereafter in order to continue to meet under these teleconferencing procedures.

Existing law prohibits a state body from requiring, as a condition to attend a meeting, a person to register the person's name, or to provide other information, or to fulfill any condition precedent to the person's attendance. This bill would exclude from that prohibition, a registration requirement imposed by a third-party internet website or other online platform not under the control of the legislative body.
(STATUS: Introduced and read first time on 02/01/21. Read second time; ordered to third reading on 05/11/21. Read third time; passed; ordered to the Senate on 05/17/21. In Senate; read first time; referred to Com. on RLS for assignment on 05/18/21. Referred to Coms. on GOV & F and JUD on 05/27/21. **From committee: Amend, and do pass as amended and re-refer to Com. on JUD on 07/05/21. Read second time, amended and re-referred to Com. on JUD on 07/06/21. From committee: Do pass on 07/14/21. Read second time and ordered third reading on 07/15/21.**)

AB 386 (Cooper)
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. The bill would prescribe specified exceptions to the new exemption from disclosure.
(STATUS: Introduced and read first time on 02/02/21. Read second time and amended on 04/28/21. Ordered third reading on 05/13/21. Read third time; passed; ordered to Senate on 06/01/21. Read first time in Senate on

06/02/21. Referred to Coms. on L, P.E & R and JUD on 06/09/21. From committee: Do pass and re-refer to Com. on JUD on 06/22/21. From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on JUD on 06/29/21. **In committee: Set, first hearing; failed passage; and reconsideration granted on 07/13/21.**)

AB 539 (Cooley and Cervantes)
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. The bill would, pursuant to a policy adopted by the board, authorize the board to establish a competitive bidding process and to specify the contract terms and conditions the board solely deems necessary and prudent to contract with qualified investment managers and investment advisers.
(STATUS: Introduced and read first time on 02/10/21. Read second time; ordered to Consent Calendar on 04/29/21. Read third time; passed; ordered to the Senate; in Senate, read first time on 05/06/21. Referred to Com. on L, P.E & R on 05/19/21. From committee: Do pass and re-refer to Com. on APPR on 06/22/21. Hearing postponed by committee on 06/30/21. **From committee: Ordered to second reading pursuant to Senate Rule 28.8.**)

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 and read first time on 02/10/21. Read second time; ordered to third reading on 05/06/21. Ordered to inactive file by author on 06/03/21.)

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: **Signed by the Governor and Chaptered by the Secretary of State on 07/09/21.**)

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 has a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities.

This bill would remove the notice requirements particular to teleconferencing and would revise the requirements of the Brown Act to would allow for teleconferencing ***provided that***:

- Existing provisions regarding the posting of notice of an agenda are met;
- The public is allowed to observe the meeting and address the legislative body directly both in person and remotely via a call-in option or internet-based service option;
- A quorum of members participate in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the jurisdiction;
- 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
- 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 and read first time on 02/16/21. Referred to Com. on L. GOV on 02/25/21. From committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV; read second time and amended on 04/29/21. Re-referred to Com. on L. GOV on 05/03/21.)

AB 761 (Chen) – OCERS' Sponsored Bill
This bill would 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: Signed by the Governor and Chaptered by the Secretary of State on 06/28/21. Amendments take effect on 01/01/22.)

AB 766 (Gabriel and Bennett)
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 Com. on NAT. RES. From committee chair, with author's amendments: Amend, and re-refer to Com. on NAT. RES. Read second time and amended on 03/18/21. Re-referred to Com. on NAT. RES on 03/22/21.)

AB 826 (Irwin) Amended in Senate July 14, 2021
This bill would amend the definition of compensation earnable in the CERL by amending subdivisions (b) and (c) of Government Code section 31461 as follows:

> 31461.
> (a) . . .
>
> (b) Except as provided in subdivision (c), "compensation earnable" does not include, in any case, the following:
>
> (1) Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:
>
> (A) 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 in the final average salary period.

(B) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.

(C) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period regardless of when reported or paid.

(2) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.

(3) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(4) Payments made at the termination of employment, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.

(c) (1) Notwithstanding subdivision (b) and Section 31460, "compensation earnable" means any form of remuneration, whether paid in cash or as in-kind benefits, if all of the following requirements are met:

(A) The remuneration is made available to any person in the same grade or class of positions. For purposes of this subdivision, "grade or class of positions" means a number of employees considered together because they share similarities in job duties, work location, collective bargaining unit, or other logical, work-related grouping. A single employee shall not be considered a grade or class of positions.

(B) The remuneration is not expressly excluded from "compensation earnable" pursuant to paragraphs (2) to (4), inclusive, of subdivision (b).

(C) ~~With regard to~~**The** remuneration **is** paid ~~between~~ **on or after** January 1, 2013, ~~and July 30, 2020,~~ the remuneration ~~was~~ **is** included in compensation earnable, and the employer and employee paid contributions to the retirement system based on the remuneration.

(D) On the date that the act adding this subdivision becomes operative, the board of retirement has not completed a formal action to reverse a prior determination that a form of remuneration, to which this subdivision would otherwise apply, is compensation earnable.

(2) This subdivision is declarative of existing law.

(d) The terms of subdivision (b) are intended to be consistent with and not in conflict with the holdings in Salus v. San Diego County Employees Retirement Association (2004) 117 Cal.App.4th 734 and In re Retirement Cases (2003) 110 Cal.App.4th 426.

(STATUS: Introduced 02/16/21 as bill to amend the Public Resources Code. Bill was gutted and replaced with language that would amend the CERL on 06/21/21. From committee chair, with author's amendments: Amend, and re-refer to committee; read second time, amended, and re-referred to the Com. on RLS on 06/21/21. From committee chair, with author's amendments: Amend, and re-refer to committee; read second time, amended, and re-referred to the Com. on RLS on 06/22/21. Re-referred to Com. on L, P.E & R on 06/24/21. **From committee: Amend, and do pass as amended on 07/13/21. Read second time, amended and ordered to third reading on 07/14/21.**)

AB 845 (Rodriguez)

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 a public retirement system would be required to find in accordance with the presumption.

(STATUS: **Signed by the Governor and Chaptered by the Secretary of State on 07/23/21.**)

AB 885 (Quirk)

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 and read first time on 02/17/21. Read second time on 03/24/21. Re-referred to Com. on G.O on 03/25/21.)

AB 890 (Cervantes)

This bill would require, until January 1, 2028, the Boards of CalPERS and CalSTRS to provide reports to the Legislature, commencing March 1, 2023, 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, 2022, and be based on information from the prior fiscal year.
(STATUS: Introduced and read first time on 02/17/21. Read second time and amended on 03/11/21. From committee: Do pass and re-referred to Com. on APPR on 05/03/21. From committee: Amend, and passed on 05/20/21. Read second time; amended; ordered to second reading on 05/24/21. Read second time; ordered to third reading on 05/25/21. Read third time; passed; ordered to Senate on 06/01/21. Read first time in Senate on 06/02/21. Referred to Com. on L., P.E & R on 06/16/21. From committee: pass and re-referred to Com. on APPR on 07/06/21. **From committee: Do pass on 07/15/21.**)

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 Com. on P.E & R on 03/04/21.)

AB 1092 (Mayes)
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 also prohibits, among other things, employees, annuitants, and family members who become eligible to enroll on or after January 1, 1985, in Part A and Part B of Medicare from being enrolled in a basic health benefit plan. PEMHCA, however, permits the employee, annuitant, or family member to enroll in a Medicare health benefit plan if they are enrolled in Part **A** and Part B of Medicare. 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. The bill would also prohibit, except as provided and by January 1, 2023, persons who have retired under a public retirement system, as defined, annuitants of a public retirement system, and their beneficiaries who become eligible to enroll on or after January 1, 1985, in Part A and Part B of Medicare from being enrolled in a basic health benefit plan, as defined, offered by the public retirement system. (STATUS: Introduced and read first time on 02/18/21. Read second time and amended on 03/18/21. Re-referred to Com. on P.E & R on 03/22/21. From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E & R; read second time and amended on 04/26/21. Re-referred to Com. on P.E & R on 04/27/21.)

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 and read first time on 02/18/21.)

AB 1293 (Cooley)
Current law establishes the Judges' Retirement System and the Judges' Retirement System II, both of which are administered by CalPERS. Existing law establishes the Legislators' Retirement System, also administered by the CalPERS which provides pension and other benefits to those members of the Legislature and specified state and statutory officers who have elected to become members. Existing California constitutional provisions prohibit the provision of retirement benefits to members of the Legislature and, on and after January 1, 2013, the Legislators' Retirement System was closed generally to new members. Federal law limits the amount that a public employee defined benefit plan may pay a participant annually, and requires that this limitation be adjusted by regulation to account for increases in the cost of living. This bill would prohibit the amount payable to a member or a judge under the Legislators' Retirement System, the Judges' Retirement System, and the Judges' Retirement System II, including specified adjustments, from exceeding the federal limits on annual defined benefit plan payments and would incorporate specified provisions of federal law by reference. The bill would also require the retirement allowance of a judge who is a member of the Judges' Retirement System or the Judges Retirement System II, or a person who is a member of the Legislators' Retirement System, to be increased to reflect adjustments to payment limits prescribed by federal law provided that the member's allowance determined without regard to that law equals or exceeds the applicable limit as indexed. The bill, for judges in the Judges' Retirement System II, would also apply this requirement to a monetary payment annuity that is payable to a judge.
(STATUS: Introduced 02/19/21. Read first time on 02/22/21. Read second time and amended on 03/18/21. Read second time; ordered to third reading on 05/06/21. Read third time; passed; ordered to the Senate; in Senate, read first time on 05/13/21. Referred to Com. on L, P.E & R. on 05/27/21. From committee chair with author's amendments: amend and re-refer to committee. Read second time, amended and re-referred to Com. in L, P.E & R on 07/06/21. **From committee: Do pass and re-refer to Com. on APPR with recommendation: To Consent Calendar on 07/13/21.**)

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 non-substantive changes to that provision. (STATUS: Introduced and 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 email 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. Read second time; ordered to consent calendar on 04/20/21. Read third time; passed; ordered to Assembly. In Assembly, read first time; held at Desk on 04/22/21. Referred to Com. on L. GOV. on 05/13/21. From committee: Do pass and refer to Com. on APPR on 06/24/21. **From committee: Do pass on 07/07/21. Read second time and ordered to third reading on 07/08/21.**)

SB 278 (Leyva)
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 PEPRA 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. Read second time; ordered third reading on 05/20/21. Read third time; passed and ordered to Assembly on 06/01/21. Read first time in Assembly on 06/02/21. Referred to Com. on P.E & R on 06/10/21. From committee: Do pass and re-refer to Com. on APPR on 06/24/21. June 30 hearing postponed by committee on 06/25/21. **Set for first hearing; placed on suspense on 07/07/21.**)

SB 294 (Leyva)
CalPERS and CalSTRS require employees to make contributions to the system based on their creditable compensation, as defined. Existing law entitles an elected officer of an employee organization that is on a compensated leave of absence, as specified, for purposes of service with an employee organization to retirement service credit in STRS and PERS if specified conditions are met. Existing law requires the governing board of a school district, or the governing board of a community college district, to grant any employee, upon request, a leave of absence without loss of compensation for the purpose of enabling the employee to serve in this manner, as specified. Existing law excepts certain employees from these provisions if they are subject to a collective bargaining agreement that expressly provides for a leave of absence without loss of compensation for participation in authorized activities as an elected officer or an unelected member of the public employee organization. Existing law limits the maximum amount of the service credit earned during a compensated leave of absence for the purposes described above to 12 years.

This bill would remove the 12-year limitation for service credit earned on a compensated leave of absence for purposes of service with an employee organization, as described above. The bill would state that this leave is in addition to any leave to which public employees may be entitled by other laws or by a memorandum of understanding or collective bargaining agreement. The bill, for purposes of provisions relating to community college districts, would apply its provisions retroactively to service as an elected officer in a public employee organization occurring after August 31, 1978, and would prescribe a process and conditions for receiving service credit in this context. The bill would prescribe the rates at which contributions are to be made for certain

provisions. The bill would make conforming changes consistent with its retroactive effect and would make technical changes.
(STATUS: Introduced 02/02/21. Read second time and ordered to third reading on 03/23/21. Read third time; passed; ordered to Assembly on 05/03/21. Read first time in Assembly on 05/04/21. Referred to Com. on P.E & R on 05/13/21. From committee with author's amendments. Read second time and amended. Re-referred to Com. on P.E & R on 06/14/21. From committee: Do pass and re-refer to Com. on APPR on 06/24/21. June 30 hearing postponed by committee on 06/25/21. **From committee: Do pass on 07/07/21. Read second time and ordered to third reading on 07/08/21.**)

SB 411 (Cortese)
PEPRA prescribed various limitations on public employees, employers, and retirement systems concerning, among other things, work after retirement. PERL generally prohibits retired PERS members from working for an agency participating in the system without reinstatement in the system, unless that employment is otherwise specifically authorized. This bill would eliminate the above-described requirement that a person employed without reinstatement in a manner other than authorized by PERL be reinstated, instead providing that reinstatement is permissive. The bill would limit the circumstances pursuant to which retired members and employers are obligated to pay employee and employer contributions, which would have otherwise been paid, plus interest, to apply only to specified reinstatements. The bill would make conforming changes and make specific reference to the duties of employees and employers regarding reinstatement after retirement in violation of PEPRA.
(STATUS: **Signed by the Governor and Chaptered by the Secretary of State on 07/23/21.**)

SB 449 (Stern and Wiener)
Existing law generally provides for the regulation of various financial institutions, including banks, credit unions, and finance lenders, by the Department of Financial Protection and Innovation. Existing law requires the Secretary for Environmental Protection to coordinate greenhouse gas emission reductions and climate-change activities in state government. Executive Order N-19-19 requires, among other things, the Department of Finance to create a Climate Investment Framework and to consult with the Office of Planning and Research on the framework. This bill would require a covered entity, defined as a corporation, partnership, limited liability company, or other business entity incorporated, formed, or issued a license to operate or certificate of authority under the laws of the state that had annual gross revenues of at least five hundred million dollars ($500,000,000) in the prior calendar year, to, on or before December 31, 2022, and annually thereafter, prepare a climate-related financial risk report, as defined, and to submit to the Secretary of State, and make available to the public on its own internet website, a copy of that report. The bill would also require a covered entity to submit to the Secretary of State a statement affirming, not under penalty of perjury, that the climate-related financial risk report discloses climate-related financial risk, as required by the bill. This bill would also require, on or before January 31, 2023, and annually thereafter, the Secretary of State to deliver to the Climate-Related Risk Disclosure Advisory Group in the Office of Planning and Research copies of all climate-related financial risk reports received pursuant to these provisions in the prior calendar year and would require the office to make those reports available to the public on its internet website.

(STATUS: Introduced 02/16/21. Read second time; amended; and re-referred to Com. on B & F.I on 04/13/21. Read second time; amended; re-referred to Com. on E.Q on 04/22/21. Re-referred to Com. on APPR on 04/29/21. Held in committee and under submission on 05/20/21.)

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. Read second time; ordered to third reading on 05/20/21. Read third time; passed; ordered to Assembly; read first time in Assembly on 05/24/21. Referred to Com. on P.E & R on 05/28/21.)

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 and creates the Cash Balance Benefit Program 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, and requires a member to return the total gross distribution amount of all payments for any canceled retirement benefit, including a lump-sum payment. 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 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.

The PERL authorizes certain members of CalPERS who are employed to perform service covered by the Defined Benefit Program of the State Teachers’ Retirement Plan to elect to retain coverage by CalPERS for this service under specified conditions, including that the member submit a written election to retain coverage to PERS on a prescribed form and that a copy of the form be submitted to CalSTRS. This bill would instead require the member to submit the election to retain coverage to the employer and would delete the requirement that a copy of the form be submitted to CalSTRS. The bill would require the employer to retain a copy of the employee's signed election form and submit the original signed form to CalPERS.

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.

The Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS, governs the funding and provision of postemployment health care benefits for eligible retired public employees and their beneficiaries. Under PEMHCA, if specified firefighters and peace officers die as a result of injuries or disease arising in the course of their duties, their uninsured surviving spouses and eligible family members are deemed annuitants, as specified, and may be enrolled in health benefit plans. This bill would authorize, for purposes of the above-described provisions, a notification of the death of any firefighter or peace officer to come from any reliable and verifiable source. The bill would make conforming changes regarding the duties of employers in these circumstances.

(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 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.
(STATUS: Introduced 02/19/21. Read second time; ordered to consent calendar on 04/06/21. Read third time; passed; ordered to Assembly; read first time in Assembly on 04/08/21. Referred to Com. on P.E & R on 05/13/21. From committee with author's amendments. Read second time and amended. Re-referred to Com. on P.E & R on 06/14/21. From committee: Do pass and re-refer to Com. on APPR with recommendation: To consent calendar. Re-referred to Com. on APPR on 06/24/21. June 30 hearing postponed by committee on 06/25/21. **From committee: Do pass and ordered to consent calendar on 07/07/21. Read second time and ordered to consent calendar on 07/08/21. Read third time, passed and ordered to Senate on 07/15/21. In Senate: Concurrence in Assembly amendments pending on 07/15/21.**)

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
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

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.

FEBRUARY

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	25	26	27
28						

Feb. 15 Presidents' Day

Feb. 19 Last day for bills to be **introduced** (J.R. 61(a)(1)), (J.R. 54(a)).

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	25	26	27
28	29	30	31			

Mar. 25 **Spring Recess** begins upon adjournment of this day's session (J.R. 51(a)(2)).

Mar. 31 Cesar Chavez Day.

APRIL

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
25	26	27	28	29	30	

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

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	25	26	27	28	29
30	31					

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 Revised Agreed Regular
bcm

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
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	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	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	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	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

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
			1	2	3	4
5	6	7	8	9	10	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)).

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** Holiday schedule subject to final approval by Rules Committee

2021 Revised Agreed Regular
bcm

Memorandum

DATE: August 16, 2021

TO: Members of the Board of Retirement

FROM: Tracy Bowman, Director of Finance

SUBJECT: **SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2021**

Written Report

Background/Discussion

The attached financial statements reflect the unaudited activity for the six months ended June 30, 2021. These statements are unaudited and are not the official statements of OCERS. The following statements represent a review of the progress to date for the second quarter of 2021. The official financial statements of OCERS are included in the Comprehensive Annual Financial Report (Annual Report) as of and for the year ended December 31, 2020, which is available on our website, www.ocers.org/financial-reports.

Summary

Fiduciary Net Position

As of June 30, 2021, the net position restricted for pension, other postemployment benefits and employer is $20.9 billion, an increase of $4.4 billion, or 26.5%, from June 30, 2020. The change is a result of an increase in total assets of $4.3 billion and a decrease in total liabilities of $90.7 million as described below:

The $4.3 billion increase in total assets can be attributed to a $318.8 million increase in total cash and short-term investments and a $4.1 billion increase in investments at fair value, offset by a decrease of $176.5 million in total receivables and a decrease of $2.5 million in capital assets.

The increase of $318.8 million in cash and short-term investments consists of an increase of $229.3 million in cash and cash equivalents due to the timing of investing employee and employer contributions received during the quarter and an increase of $89.6 million in securities lending collateral due to an increase in lending activity in the securities lending program.

The decrease of $176.5 million in the receivables balance is primarily related to decreases of $168.1 million in pending security sales receivables and $5.2 million in investment income.

Investments at fair value increased $4.1 billion, or 25%, from June 30, 2020 to June 30, 2021. The second quarter of 2021 saw an improved coronavirus vaccination outlook and a faster reopening schedule for the economy following the economic shutdown in 2020 due to the coronavirus pandemic. Equity markets continued to generate solid gains during the second quarter in 2021 following an uncertain 2020. Global Public Equities experienced strong performance posting an annual return of 42.3% as of June 30, 2021 compared to an annual return of 2.9%

as of June 30, 2020. In addition to adding several new private equity managers during the past year, Private Equities experienced significant growth during the quarter posting an annual return of 61% as of June 30, 2021 versus an annual return of 4.9% as of June 30, 2020. Core Fixed Income decreased due to portfolio rebalancing and funding of new investment managers. Unique Strategies is a new investment category for 2021 and currently has two investment managers. The decrease in Credit related to the termination of two investment managers in 2020. The decrease in Real Assets is related to $350 million in redemptions for two investment managers.

The decrease in capital assets of $2.5 million from the prior year represents depreciation expense, of which $2.2 million is attributed to the Pension Administration System Solution (PASS) Project.

Total liabilities decreased $90.7 million, or 7.6%, from June 30, 2020 to June 30, 2021, primarily due to a decrease of $216.3 million in pending securities purchased. The majority of the decrease in securities purchased related to the termination of one investment manager in the Credit investment category, which accounted for $188.2 million of pending securities purchased in the prior year, resulting in a decrease in this category of 87%. This decrease was offset by increases in obligations under the security lending program of $89.6 million, which is directly related to the increase in the securities lending collateral as previously discussed, unearned contributions of $24.5 million and retiree payroll payable of $6 million. Unearned contributions increased due to increases in prepaid employer contributions received for the 2021-2022 prepayment program compared to the prior year's prepayment program. An increase in retiree payroll payable is a result of increases in the number of participants in the plan and the retiree benefits paid.

Statement of Changes in Fiduciary Net Position

The ending net position as of June 30, 2021 increased by $4.4 billion or 26.5%, when compared to the same period ending June 30, 2020. The change is primarily the result of the comeback of the market after the downturn in 2020 due to the lockdown from the COVID-19 pandemic. The annual return on the investment portfolio as of June 30, 2021 was 26.7%, compared to an annual return of 2% as of June 30, 2020. Total additions to fiduciary net position increased 2,557% or $2.2 billion for the quarter from the previous year.

Net investment income for the six months ended June 30, 2021 is $1.7 billion versus a net investment loss of -$562.5 million for the six months ended June 30, 2020, an increase of $2.2 billion. The majority of the increase is due to the net appreciation in fair value of investments. The year-to-date return for the portfolio at June 30, 2021 is 9.8% versus a negative year-to-date return of -3.11% at June 30, 2020. Global Public Equities have soared since the big drop in the second quarter of 2020. Global Public Equities had a negative year-to-date return for June 2020 of -5.7% versus a year-to-date return of 12.7% for June 2021. The Private Equity category also performed significantly better in 2021, which reported a year-to-date return for June 2021 of 30.3% versus a negative year-to-date return of -1.79% for June 2020. Dividends, interest and other investment income increased by $159.9 million or 477.1%, mainly due to the increase in securities income for 2021. Total investment fees and expenses increased $13.3 million, primarily due to increases in investment manager fees and other fund expenses.

Employer and employee contributions have increased $12.9 million over the prior year. Employee contributions to the pension plan have decreased by approximately $6.5 million, while employer contributions have increased by approximately $21.8 million. The decrease in employee contributions can be attributed to a decrease of nearly 4% of County active employees as a result of the Voluntary Incentive Program Separation and Retirement

Incentives Program offered by the County to eligible employees in the fall of 2020 as a way to manage revenue reductions that occurred as a result of the COVID-19 pandemic. In addition, the decrease in employee contributions can also be attributed to the reduction and/or gradual phase-out of employee reverse pick-up rates for various OCEA represented employees, which were offset by an increase to employer contributions. Increases to employer contributions can also be attributed to the receipt of higher UAAL contributions compared to June 2020, as well as an increase in employer contribution rates.

Total deductions from fiduciary net position increased 7.7%, or $39.2 million, from the previous year. Participant benefits increased by $38.1 million, which is expected due to the continued and anticipated growth in member pension benefit payments, both in the total number of OCERS' retired members receiving a pension benefit and an increase in the average benefit received. In June 2021, there were 19,338 retirees with an average benefit payment of $4,461 compared to 18,651 retirees with an average benefit payment of $4,312 in June 2020. Death benefits and members withdrawals and refunds increased as changes in these categories will fluctuate from year to year based on the occurrence of these events.

Other Supporting Schedules

In addition to the basic financial statements for the six months ended June 30, 2021, the following supporting schedules are provided for additional information pertaining to OCERS:

- Total Plan Reserves
- Schedule of Contributions
- Schedule of Investment Expenses
- Schedule of Administrative Expenses
- Administrative Expense Compared to Projected Actuarial Accrued Liability (21 basis points test).

Submitted by:

OCERS T.B. - Approved

Tracy Bowman
Director of Finance

Orange County Employees Retirement System

Unaudited Financial Statements

For the Six Months Ended June 30, 2021

Orange County Employees Retirement System

Unaudited Financial Statements
For the Six Months Ended June 30, 2021

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Statement of Fiduciary Net Position (Unaudited)

As of June 30, 2021

(with summarized comparative amounts as of June 30, 2020)
(Dollars in Thousands)

	Pension Trust Fund	Health Care Fund-County	Health Care Fund-OCFA	Custodial Fund - OCTA	Total Funds	Comparative Totals 2020
Assets						
Cash and Short-Term Investments						
Cash and Cash Equivalents	$ 836,946	$ 18,368	$ 1,779	$ 68	$ 857,161	$ 627,894
Securities Lending Collateral	264,688	5,809	563	-	271,060	181,497
Total Cash and Short-Term Investments	1,101,634	24,177	2,342	68	1,128,221	809,391
Receivables						
Investment Income	18,164	399	39	-	18,602	23,851
Securities Sales	44,570	978	95	-	45,643	213,721
Contributions	21,215	-	-	-	21,215	24,127
Foreign Currency Forward Contracts	-	-	-	-	-	413
Other Receivables	4,793	105	10	-	4,908	4,709
Total Receivables	88,742	1,482	144	-	90,368	266,821
Investments at Fair Value						
Global Public Equity	10,130,456	222,322	21,537	14,688	10,389,003	6,391,948
Private Equity	2,571,199	56,427	5,466	-	2,633,092	1,799,482
Core Fixed Income	2,352,669	51,631	5,002	6,031	2,415,333	2,973,798
Credit	1,543,679	33,877	3,282	-	1,580,838	1,638,039
Real Assets	1,836,718	40,308	3,905	-	1,880,931	2,088,493
Risk Mitigation	1,762,141	38,672	3,746	-	1,804,559	1,720,114
Absolute Return	3	-	-	-	3	574
Unique Strategies	53,402	1,172	114	-	54,688	2,081
Total Investments at Fair Value	20,250,267	444,409	43,052	20,719	20,758,447	16,614,529
Capital Assets, Net	12,424	-	-	-	12,424	14,963
Total Assets	**21,453,067**	**470,068**	**45,538**	**20,787**	**21,989,460**	**17,705,704**
Liabilities						
Obligations Under Securities Lending Program	264,688	5,809	563	-	271,060	181,497
Securities Purchased	107,598	2,361	229	-	110,188	326,441
Unearned Contributions	611,110	-	-	-	611,110	586,594
Foreign Currency Forward Contracts	1,094	24	2	-	1,120	52
Retiree Payroll Payable	83,973	4,821	830	-	89,624	83,614
Other	20,984	461	45	-	21,490	17,096
Total Liabilities	**1,089,447**	**13,476**	**1,669**	**-**	**1,104,592**	**1,195,294**
Net Position Restricted for Pension, Other Postemployment Benefits and Employer	**$20,363,620**	**$ 456,592**	**$ 43,869**	**$ 20,787**	**$20,884,868**	**$16,510,410**

1

Statement of Changes in Fiduciary Net Position (Unaudited)

For the Six Months Ended June 30, 2021

(with summarized comparative amounts for the Six Months Ended June 30, 2020)

(Dollars in Thousands)

	Pension Trust Fund	Health Care Fund-County	Health Care Fund-OCFA	Custodial Fund - OCTA	Total Funds	Comparative Totals 2020
Additions						
Contributions						
Employer	$ 332,030	$ 20,349	$ 933	$ -	$ 353,312	$ 333,873
Employee	133,903	-	-	-	133,903	140,441
Employer OPEB Contributions	-	-	-	299	299	313
Total Contributions	465,933	20,349	933	299	487,514	474,627
Investment Income						
Net Appreciation / (Depreciation) in Fair Value of Investments	1,498,103	36,382	3,639	1,624	1,539,748	(548,305)
Dividends, Interest, & Other Investment Income	188,832	4,144	401	(1)	193,376	33,506
Securities Lending Income						
Gross Earnings	584	13	1	-	598	1,348
Less: Borrower Rebates and Bank Charges	(109)	(2)	-	-	(111)	(797)
Net Securities Lending Income	475	11	1	-	487	551
Total Investment Income / (Loss)	1,687,410	40,537	4,041	1,623	1,733,611	(514,248)
Investment Fees and Expenses	(60,123)	(1,319)	(128)	(1)	(61,571)	(48,273)
Net Investment Income / (Loss)	1,627,287	39,218	3,913	1,622	1,672,040	(562,521)
Total Additions	**2,093,220**	**59,567**	**4,846**	**1,921**	**2,159,554**	**(87,894)**
Deductions						
Participant Benefits	509,263	18,823	2,923	-	531,009	492,941
Death Benefits	616	-	-	-	616	388
Member Withdrawals and Refunds	6,486	-	-	-	6,486	5,680
Employer OPEB Payments	-	-	-	702	702	686
Administrative Expenses	10,438	11	12	11	10,472	10,385
Total Deductions	**526,803**	**18,834**	**2,935**	**713**	**549,285**	**510,080**
Net Increase / (Decrease)	1,566,417	40,733	1,911	1,208	1,610,269	(597,974)
Net Position Restricted For Pension, Other Postemployment Benefits and Employer, Beginning of Year	18,797,203	415,859	41,958	19,579	19,274,599	17,108,384
Ending Net Position Restricted For Pension, Other Postemployment Benefits and Employer	**$ 20,363,620**	**$ 456,592**	**$ 43,869**	**$ 20,787**	**$ 20,884,868**	**$ 16,510,410**

2

Total Plan Reserves

For the Six Months Ended June 30, 2021

(with summarized comparative amounts for the Six Months Ended June 30, 2020)
(Dollars in Thousands)

	2021	2020
Pension Reserve	$ 11,392,340	$ 9,839,692
Employee Contribution Reserve	3,593,342	3,458,849
Employer Contribution Reserve	2,594,563	3,255,145
Annuity Reserve	2,255,323	2,001,120
Health Care Reserve	500,461	401,407
Custodial Fund Reserve	20,787	17,383
County Investment Account (POB Proceeds) Reserve	168,802	145,496
OCSD UAAL Deferred Reserve	13,433	12,088
Contra Account	345,817	(2,620,770)
Total Net Position Restricted for Penion, Other Postemployment Benefits and Employer	**$ 20,884,868**	**$ 16,510,410**

Schedule of Contributions

For the Six Months Ended June 30, 2021

(with summarized comparative amounts for the Six Months Ended June 30, 2020

(Dollars in Thousands)

	2021		2020	
	Employee	**Employer**	**Employee**	**Employer**
Pension Trust Fund Contributions				
County of Orange	$ 101,123	$ 254,033	$ 107,693	$ 241,033
Orange County Fire Authority	14,400	49,240 [1]	13,625	40,529 [1]
Orange County Superior Court of California	7,660	17,795	8,068	16,609
Orange County Transportation Authority	4,960	14,477	5,268	14,070
Orange County Sanitation District	4,125	4,224	4,077	4,195
UCI Medical Center & Campus	-	1,608 [2]	-	1,471 [2]
Orange County Employees Retirement System	593	1,602	587	1,413
City of San Juan Capistrano	358	1,176	410	1,185
Transportation Corridor Agencies	369	421	402	459
Orange County Department of Education	-	168 [2]	-	146 [2]
Orange County Cemetery District	88	106	81	102
Orange County In-Home Supportive Services Public Authority	61	81	63	84
Orange County Local Agency Formation Commission	22	90	23	80
Orange County Children & Families Commission	67	91	62	71
Orange County Public Law Library	77	69	82	61
Contributions Before Prepaid Discount	133,903	345,181	140,441	321,508
Prepaid Employer Contributions Discount	-	(13,151)	-	(11,322)
Total Pension Trust Fund Contributions	**133,903**	**332,030**	**140,441**	**310,186**
Health Care Fund - County Contributions	**-**	**20,349**	**-**	**22,679**
Health Care Fund - OCFA Contributions	**-**	**933**	**-**	**1,008**
Custodial Fund - OCTA OPEB Contributions	**-**	**299**	**-**	**313**
Total Contributions	**$ 133,903**	**$ 353,611**	**$ 140,441**	**$ 334,186**

[1] Unfunded actuarial accrued liability payments were made in 2021 for $9.2 million and 2020 for $3.8 million for the Orange County Fire Authority.

[2] Unfunded actuarial accrued liability payments have been made in accordance with a separate 20-year level dollar payment schedule to include liabilities for employee benefits related to past service credit.

Schedule of Investment Expenses

For the Six Months Ended June 30, 2021

(with summarized comparative amounts for the Six Months Ended June 30, 2020)
(Dollars in Thousands)

	2021	2020
Investment Management Fees*		
Global Public Equity		
U.S. Equity	$ 671	$ 458
International Equity	4,541	3,118
Emerging Markets Equity	2,879	2,200
Total Global Public Equity	8,091	5,776
Core Fixed Income		
U.S. Fixed Income	1,304	1,324
Total Core Fixed Income	1,304	1,324
Credit		
Emerging Markets Debt	1,571	1,416
Corporate Credit	302	870
Opportunistic Credit	1,307	1,816
Private Credit	2,092	1,414
Total Credit	5,272	5,516
Real Assets		
Real Estate	7,000	5,608
Real Return		
Timber	65	379
Agriculture	592	623
Infrastructure	2,781	1,464
Energy	1,776	2,504
Total Real Return	5,214	4,970
Total Real Assets	12,214	10,578
Absolute Return		
Direct Hedge Fund	1	4
Total Absolute Return	1	4
Private Equity	12,670	9,954
Risk Mitigation	5,909	6,692
Unique Strategies	770	-
Short-Term Investments	202	184
Total Investment Management Fees	**46,433**	**40,028**
Other Fund Expenses[1]	**12,095**	**5,599**
Other Investment Expenses		
Consulting/Research Fees	1,088	887
Investment Department Expenses	1,480	1,212
Legal Services	175	248
Custodian Services	290	290
Investment Service Providers	9	9
Total Other Investment Expenses	**3,042**	**2,646**
Security Lending Activity		
Security Lending Fees	128	137
Rebate Fees	(17)	660
Total Security Lending Activity	**111**	**797**
Custodial Fund - OCTA Investment Fees and Expenses	**1**	**-**
Total Investment Expenses	**$ 61,682**	**$ 49,070**

* Does not include undisclosed fees deducted at source.

[1] These costs include, but are not limited to, foreign income tax and other indirect flow-through investment expenses such as organizational expenses in limited partnership structures.

Schedule of Administrative Expenses

For the Six Months Ended June 30, 2021

(with summarized comparative amounts for the Six Months Ended June 30, 2020)

(Dollars in Thousands)

	2021	2020
Pension Trust Fund Administrative Expenses		
Expenses Subject to the Statutory Limit		
Personnel Services		
Employee Salaries and Benefits	$ 6,521	$ 6,500
Board Members' Allowance	7	7
Total Personnel Services	6,528	6,507
Office Operating Expenses		
Depreciation/Amortization	1,289	1,267
Professional Services	1,004	830
General Office and Administrative Expenses	728	764
Rent/Leased Real Property	342	302
Total Office Operating Expenses	3,363	3,163
Total Expenses Subject to the Statutory Limit	9,891	9,670
Expenses Not Subject to the Statutory Limit		
Information Technology Professional Services	362	400
Actuarial Fees	84	88
Equipment / Software	72	161
Information Security Professional Services	29	33
Total Expenses Not Subject to the Statutory Limit	547	682
Total Pension Trust Fund Administrative Expenses	**10,438**	**10,352**
Health Care Fund - County Administrative Expenses	**11**	**11**
Health Care Fund - OCFA Administrative Expenses	**12**	**11**
Custodial Fund - OCTA Administrative Expenses	**11**	**11**
Total Administrative Expenses	**$ 10,472**	**$ 10,385**

Administrative Expense Compared to Projected Actuarial Accrued Liability

For the Six Months Ended June 30, 2021

(Dollars in Thousands)

Projected Actuarial Accrued Liability (AAL) as of 12/31/20	$	22,980,997
Maximum Allowed for Administrative Expense (AAL * 0.21%)		48,260
Actual Administrative Expense[1]		9,891
Excess of Allowed Over Actual Expense	**$**	**38,369**
Actual Administrative Expense as a Percentage of Projected Actuarial Accrued Liability as of 12/31/21		0.04%
Actual Administrative Expense as a Percentage of Projected Actuarial Accrued Liability as of 12/31/20		0.08%
[1] Administrative Expense Reconciliation		
Administrative Expense per Statement of Changes in Fiduciary Net Position	$	10,438
Less: Administrative Expense Not Considered per CERL Section 31596.1		(547)
Administrative Expense Allowable Under CERL Section 31580.2	**$**	**9,891**

Memorandum

DATE: August 4, 2021

TO: Members of the Board of Retirement

FROM: Tracy Bowman, Director of Finance

SUBJECT: **SECOND QUARTER 2021 BUDGET TO ACTUALS REPORT**

Written Report

Highlights

Second Quarter Target: 50% Used /50% Remaining

Administrative Budget	Actuals to Date	Annual Budget	Budget $ Remaining	Budget % Remaining
Personnel Costs	$ 7,750,469	$ 16,254,052	$ 8,503,583	52.3%
Service and Supplies	4,441,284	11,629,848	7,188,564	61.8%
Capital Expenditures	-	670,000	670,000	100.0%
Grand Total	$ 12,191,753	$ 28,553,900	$ 16,362,147	57.3%

Background/Discussion

The Board of Retirement approved OCERS' Administrative Budget for Fiscal Year 2021 (FY21) on November 16, 2020, for $28,283,900 to fund administrative expenses. On February 16, 2021, the Board of Retirement approved an amendment to increase the budget for Services and Supplies by $50,000. This amendment is related to the 2021 Business Plan initiative to procure and implement a new Enterprise Resource Planning (ERP) system and increased the original amount budgeted for this project from $150,000 to $200,000. Subsequently, on June 21, 2021 a second budget amendment was approved to increase the budget for Personnel Costs by $220,000. This amendment was a result of outcomes from the 2021 Business Plan initiative to complete the OCERS compensation study and implement recommendations as appropriate, including a 5% mid-year pay adjustment with the implementation of new salary ranges and pay structure for OCERS Direct employees. These two budget amendments resulted in a total amended administrative budget of $28,553,900.

OCERS' budgeting authority, which is regulated by California Government Code Sections 31580.2 and 31596.1, includes a provision that limits the OCERS' budget for administrative expenses to twenty-one hundredths of one percent of the accrued actuarial liability of the retirement system. This provision (commonly referred to as the 21 basis points test) excludes investment related costs and expenditures for computer software, hardware and related technology consulting services. The approved amended FY21 administrative budget represents 8.83 basis points of the projected actuarial accrued liability.

The Chief Executive Officer, or the Assistant CEO, has the authority to transfer funds within the three broad categories of the budget: 1) Personnel Costs, 2) Services and Supplies, and 3) Capital Expenditures. Funds may not be transferred from one broad category to another without approval from the Board of Retirement.

Administrative Summary

For the six months ended June 30, 2021, year-to-date actual administrative expenses were $12,191,753 or 42.7% of the $28,553,900 amended administrative budget and below the 50% target set for the end of the second quarter amended budget by approximately $2.1 million. A summary of all administrative expenses and explanations of significant variances are below:

Summary of all Administrative Expenses
For the Quarter Ended June 30, 2021

	Actuals to Date	Annual Amended Budget	Balance Remaining	% of Amended Budget Used	Prorated Amended Budget*	Prorated Amended Budget vs. Actuals (Over)/Under
Personnel Costs	**$ 7,750,469**	**$ 16,254,052**	**$ 8,503,583**	**47.7%**	**$ 8,127,026**	**$ 376,557**
Services and Supplies						
Bldg. Prop. Mgmt./Maintenance	324,163	680,000	355,837	47.7%	340,000	15,837
Due Diligence	0	100,000	100,000	0.0%	50,000	50,000
Equipment Lease	18,326	49,500	31,174	37.0%	24,750	6,424
Equipment/Software Expenses	298,672	1,086,500	787,828	27.5%	543,250	244,578
Infrastructure Maintenance	429,205	854,700	425,495	50.2%	427,350	(1,855)
Legal Services	349,329	960,000	610,671	36.4%	480,000	130,671
Meetings & Mileage	3,957	57,500	53,543	6.9%	28,750	24,793
Membership/Periodicals	66,005	119,395	53,390	55.3%	59,698	(6,307)
Office Supplies	6,830	95,000	88,170	7.2%	47,500	40,670
Postage	48,123	184,000	135,877	26.2%	92,000	43,877
Printing	26,728	77,000	50,272	34.7%	38,500	11,772
Professional Services	2,691,306	6,575,113	3,883,807	40.9%	3,287,557	596,251
Telephone	74,302	205,000	130,698	36.2%	102,500	28,198
Training	104,338	586,140	481,802	17.8%	293,070	188,732
Services and Supplies	**4,441,284**	**11,629,848**	**7,188,564**	**38.2%**	**5,814,925**	**1,373,641**
Administrative Expense-Sub Total	**12,191,753**	**27,883,900**	**15,692,147**	**43.7%**	**13,941,951**	**1,750,198**
Capital Expenditures**	**-**	**670,000**	**670,000**	**0.0%**	**335,000**	**335,000**
Administrative Expense Total	**$ 12,191,753**	**$ 28,553,900**	**$ 16,362,147**	**42.7%**	**$ 14,276,951**	**$ 2,085,198**

*Prorated amended budget represents 50% (6 months/12 months) of annual amended budget.
**Capital expenditures represent purchases of assets to be amortized in future periods.

Personnel Costs

Personnel Costs as of June 30, 2021 were approximately $7.8 million or 47.7% of the annual amended budget for this category, under the prorated amended budget by $376,557. These costs include lump sum payments made during the first quarter as well as an increase in the annual leave liability. Annual leave expense and liability accounts adjust each quarter based on the annual leave balances of OCERS employees. Leave balances continue to trend higher because of impacts of COVID-19 and hesitancy to travel. The number of employees taking time-off has increased with the onset of summer slowing the increase in the annual leave liability from earlier in the year. For the six months ended June 30, 2021, the annual leave liability increased by approximately $190,000. Personnel costs are expected to be within budget for the year.

Services and Supplies

Expenditures for services and supplies were approximately $4.4 million or 38.2% of the annual amended budget for this category. The positive variance of $1,373,641 between the pro-rated amended budget and year-to-date actuals in this category is primarily due to the following:

- Building Property Mgmt./Maintenance costs utilized 47.7% of the annual amended budget and were slightly lower than the prorated budget by $15,837. Lower overall costs relate to timing of payments for items such as insurance premiums, as well as lower maintenance costs incurred due to the continued work from home order in the first half of the year. Maintenance costs do not occur evenly and will fluctuate throughout the year. This category is expected to remain under budget during the work from home period.
- Due Diligence costs are at 0% of the annual amended budget and lower than the prorated budget by $50,000. All investment team travel, including some training, is in this category. The lower than budgeted cost is due to no in-person meetings and travel occurring during the first half of the year due to the continued global pandemic. Due diligence meetings are held by telephone or video conference. Travel is expected to pick up in the latter half of the year as travel restrictions related to COVID-19 have lifted.
- Equipment Lease expenditures are at 37.0% of the annual amended budget, and lower than the prorated amended budget by $6,424. The lower than budgeted cost is attributed to the reduction in the use of the copiers with employees working remotely.
- Equipment/Software expense utilized 27.5% of the annual amended budget, and lower than the prorated amended budget by $244,578. The lower than expected expenditures is due to the timing of several projects budgeted for the year that have not yet been implemented. The contract for the new accounting software has been finalized and initial design meetings have recently begun with implementation to occur in the third and fourth quarters. Information security software implementations and other IT software implementations are anticipated to be completed in the third and fourth quarters of the year.
- Infrastructure Maintenance costs are at 50.2% of the annual amended budget, which is higher than the prorated amended budget by $1,855. The higher than budgeted costs is due to maintenance agreement renewals costing more than anticipated. Maintenance services renew throughout the year, and their costs are monitored closely. Also included in this category are various costs associated

with software and hardware support services that are utilized on an as-needed basis. This category is not expected to be over budget for the year.

- Legal Services are at 36.4% of the budget and are lower than the prorated amended budget by $130,671. Legal services for investments, litigation and tax counsel are utilized on an as-needed basis. Investment legal services are below budget by approximately $126,000 through the second quarter. General board, tax counsel and outside counsel services are slightly under the prorated amended budget by approximately $5,000. Legal fees and costs associated with the implementation of the *Alameda* case (*Alameda County Deputy Sheriffs Association et al v. Alameda County Employees Retirement Association and Board of Retirement of ACERA* (S247095)) have been the primary use of legal services. Other litigation costs budgeted are currently under budget. Total legal fees are not anticipated to exceed the budget for the year, but will be closely monitored throughout the year.
- Meetings and Mileage costs are $3,957 or 6.9% of the total amended budget, and under the prorated amended budget by $24,793. This category represents expenditures related to Board and Committee meetings, as well as team member meetings, which have been primarily remote since the Stay-at-Home order was put in place. Some in-person meetings have resumed. Team members are currently scheduled to return to the office beginning in October. The utilization of this budget category has started to increase, but is expected to remain low for the year.
- Memberships/Periodical expense is at 55.3% of the annual amended budget and above the prorated amended budget by $6,307. This overage is due to timing differences as many of the memberships and periodicals renew at the start of the year. This difference is expected to diminish as the year continues and remain within budget for this category.
- Office Supplies utilized are at 7.2% of the amended budget and lower than the prorated amended budget by $40,670. During the first half of the year, the majority of OCERS team members continued to work from home resulting in the need for fewer office supplies. As OCERS team members return to the office, it is expected that more office supplies will be utilized.
- Postage is at 26.2% of the annual amended budget and lower than the prorated amended budget by $43,877. The costs incurred include postage for the quarterly newsletters and mailing of retiree 1099s. Postage usage fluctuates based on current needs, such as additional mailings to members. Additionally, during the pandemic, OCERS has discontinued the practice of printing ACH remittance advices, which are available online using the member portal.
- Printing Services is at 34.7% of the annual amended budget and under the prorated amended budget by $11,772. During the first half of the year, printing costs include the costs for the quarterly newsletters and an additional mailing concerning the *Alameda* Case. The Annual Report is expected to be printed sometime during the third quarter.
- Professional Services utilized through the second quarter represent 40.9% of the annual amended budget and are lower than the prorated amended budget by $596,251 due to several consulting and professional services projects incurring little to no costs during the first half of the year. Some professional services budgeted with no costs incurred include a technical writer and a governance consultant in the Executive Department; Office 365 migration consulting and mobile app/enhanced self-service portal in the IT Department; as well as internal audit consulting and information security consultants. Many of the services are scheduled to begin during the latter part of the year, including the Office 365 migration and information security projects.

- Telephone expenditures were 36.2% of the amended budget, $28,198 under the prorated amended budget. Monthly telephone expenses incurred for cellular and mobile services are averaging less than originally anticipated.
- Training expense is at 17.8% of the annual amended budget and lower than the prorated amended budget by $188,732. Training costs are significantly below the amended budget since the majority of travel-related training and conferences for the first half of the year have been cancelled or postponed due to the COVID-19 pandemic. Current training and conferences are primarily remote and are typically less expensive than in-person training or conferences. Conferences requiring travel are anticipated to resume in the coming months as the various training organizations are resuming in-person participation in addition to remote participation. In addition, the Board is scheduled to meet in person at the Strategic Planning meeting to be held in September.

Capital Expenditures

No Capital Expenditures have been incurred as of the end of the second quarter. Capital expenditures budgeted for the year include $350,000 for boardroom audiovisual improvements. The audiovisual improvements RFP process has been completed and a vendor selection will be presented to the Board in August for final approval. The audiovisual improvements are included as part of the re-opening plan of the OCERS headquarters building. The capital expenditures budget also includes project costs of $250,000 for a new enterprise backup solution to enhance recovery of on premise and cloud systems, which is expected to start within the third quarter and be completed by the end of the year. A planned project for HVAC rooftop replacements of $70,000 has been postponed indefinitely.

Conclusion:

As of the six months ended, the actual administrative expenses are at 42.7% of the amended annual budget. As actual administrative expenses are under the amended annual budget, OCERS complies with the 21 basis point test.

Submitted by:

OCERS T.B. - Approved

Tracy Bowman
Director of Finance

Memorandum

DATE: August 16, 2021

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **OCERS BY THE NUMBERS (2021 EDITION)**

Written Report

Background/Discussion

Attached is the 2021 edition of OCERS by the Numbers, based on the December 31, 2020 actuarial valuation.

OCERS has been producing this general informational document since 2009, with the majority of the statistical data drawn from each year's completed valuation report.

This document provides all stakeholders, no matter their point of view as to public pensions, with data based facts regarding the OCERS plan.

Submitted by:

Suzanne Jenike
Assistant CEO, External Operations

Approved by:

Steve Delaney
Chief Executive Officer

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

2021
Edition of OCERS by the Numbers

(As of December 31, 2020 actuarial valuation)

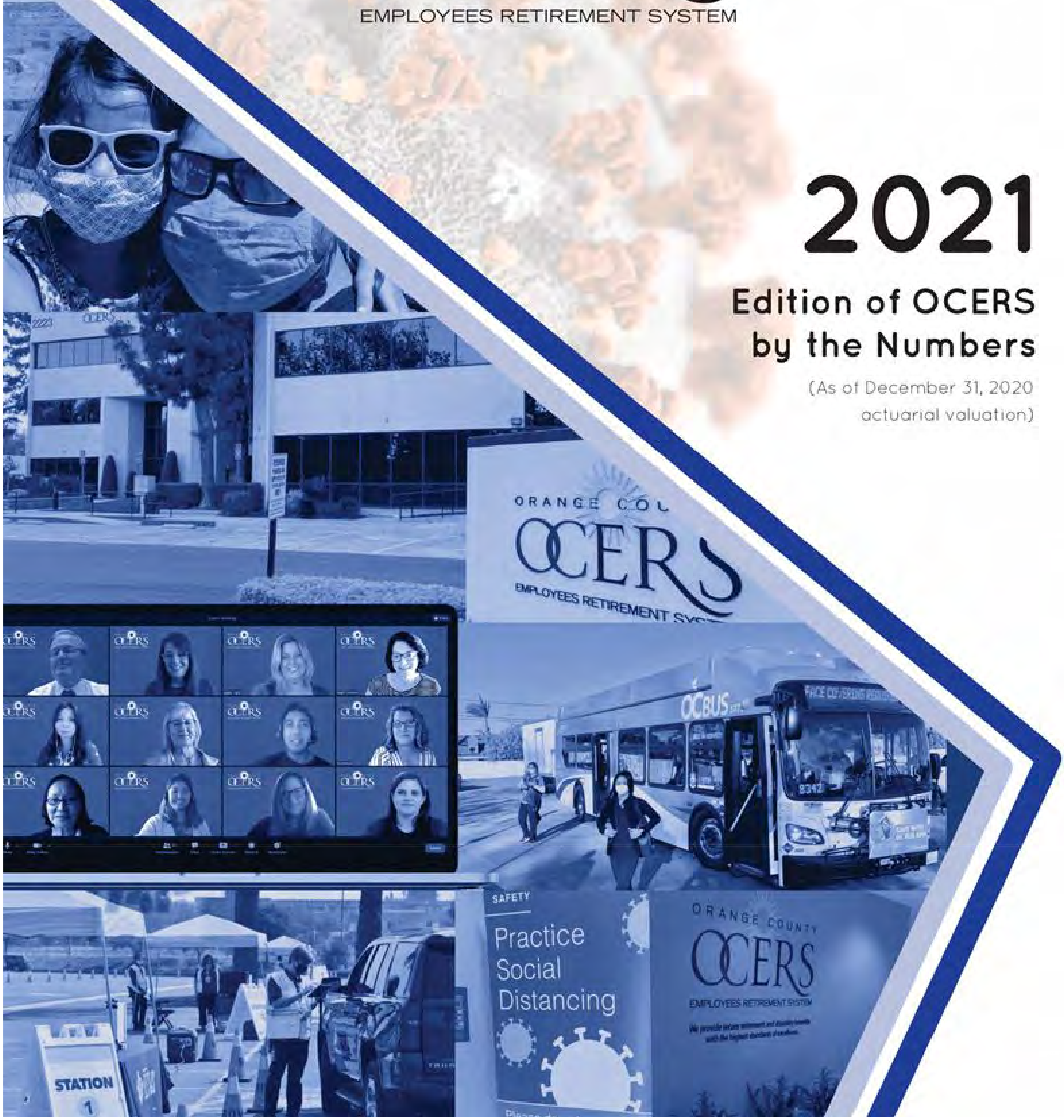


Table of Contents

OCERS by the Numbers

Our Members Tell Our Story

OCERS members do not receive Social Security benefits for their years of service in our community so they depend on us to help them achieve a measure of financial security in retirement.

OCERS partners with 13 active participating employers to provide pension benefits for retirees and their beneficiaries. Our members include many different public servants, including deputy sheriffs, firefighters, probation officers, physicians, secretaries, and bus drivers.

$961 mil. paid in pension benefits annually (as of Dec. 31, 2020)

$3,686 average monthly allowance for retired General members (excludes DRO's and beneficiaries)

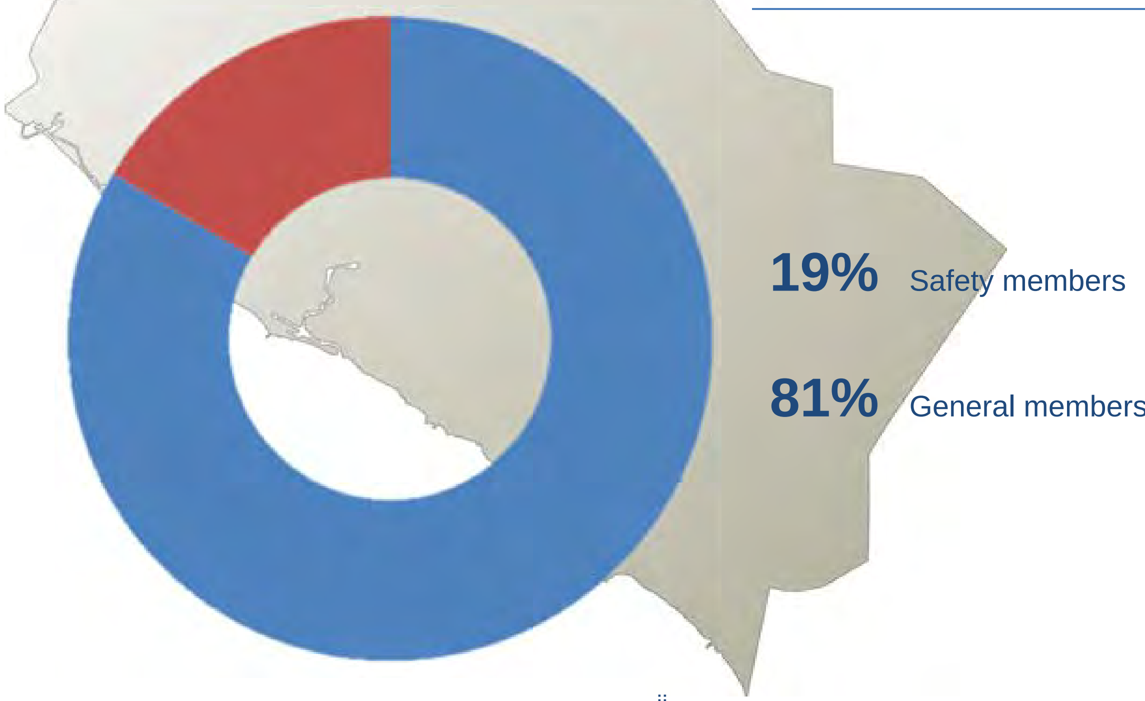
$6,680 average monthly allowance for retired Safety members (excludes DRO's and beneficiaries)

$4,380 average monthly allowance for General members who retired with service retirement in 2020

$7,380 average monthly allowance for Safety members who retired with service retirement in 2020

45% of all retirees who receive a monthly allowance receive less than $3,000

12% of all retirees receive a pension greater than $100,000 annually; they are typically attorneys, department heads, and other professionals



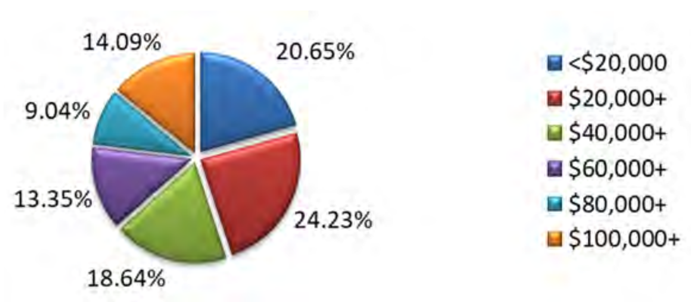
OCERS Pension Quick Facts

As of December 31, 2020

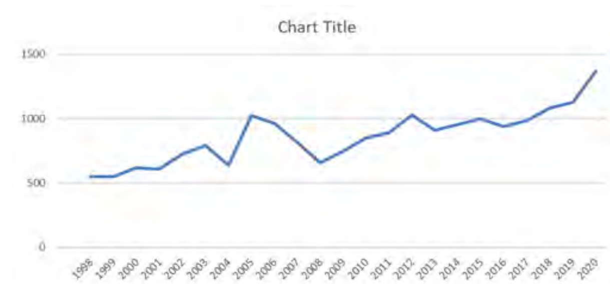
Quick Facts
(For more details on retirees see pages 16–31)

Members & Employers	**28,377** active & inactive members		**19,419** retirees, beneficiaries & survivors		**20** Participating Employers	**47,796** total membership
Pension Averages	**$3,686** monthly allowance for all General members and payees	**$6,680** monthly allowance for all Safety members and payees	**23** average years of service for General members who retired in 2020	**24** average years of service for Safety members who retired in 2020	**61 years old** average age at retirement for General members who retired in 2020	**54 years old** average age at retirement for Safety members who retired in 2020

Annual Pensions for Service Retirees



Retirement Trend
Retirees per year



FUNDING STATUS:
As of December 31, 2020 OCERS is approximately 76.51% funded based on the valuation value of assets of $17.5 billion in trust fund assets. The unfunded liability is estimated at $5.4 billion. (The Segal Group, Inc.)

CONTRIBUTION SOURCES:
Every dollar paid to OCERS pensioners comes from three sources:*

OCERS active members – 15¢

Employers – 31¢

Investment Earnings – 54¢

* Source: OCERS income to trust fund over last 23 years

Demographics

Orange County Employees Retirement System
As of December 31, 2020

Demographics

OCERS Active Participating Employers

City of San Juan Capistrano

County of Orange

Orange County Cemetery District

Orange County Children and Families Commission

Orange County Employees Retirement System

Orange County Fire Authority

Orange County In-Home Supportive Services Public Authority

Orange County Local Agency Formation Commission

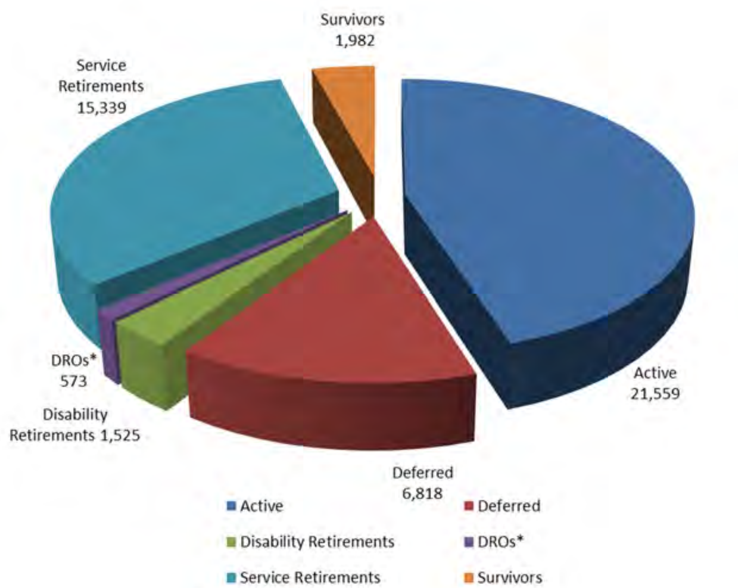
Orange County Public Law Library

Orange County Sanitation District

Orange County Superior Court

Orange County Transportation Authority

Transportation Corridor Agencies



* DRO: A court order dividing a pension benefit due to a divorce or legal separation.

OCERS Inactive Participating Employers

Capistrano Beach Sanitary District

City of Rancho Santa Margarita

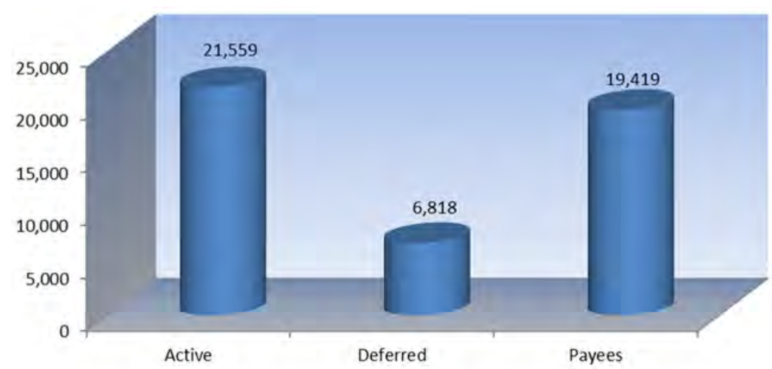
Cypress Recreation and Park District

Orange County Department of Education

Orange County Mosquito and Vector Control District

University of California, Irvine Medical Center

University of California, Irvine Campus



Count of Active, Deferred and Payee by Status
As of December 31, 2020

	General	Safety	Total
Active	17,733	3,826	21,559
Deferred	6,280	538	6,818
Payee	15,745	3,674	19,419
Total	39,758	8,038	47,796
Active Members per Payee	1.13	1.04	1.11

Active Member Demographics

Count of Active Members by Status
As of December 31, 2020

	General	Safety	Total Count
Active	17,733	3,826	21,559

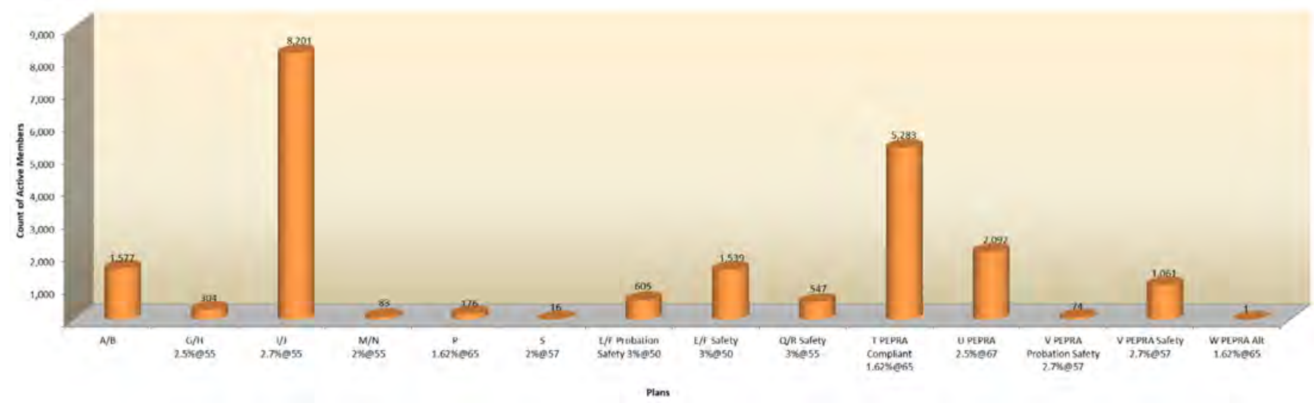
Count of Active Members by Plans and by Employers
As of December 31, 2020

Retirement Plans

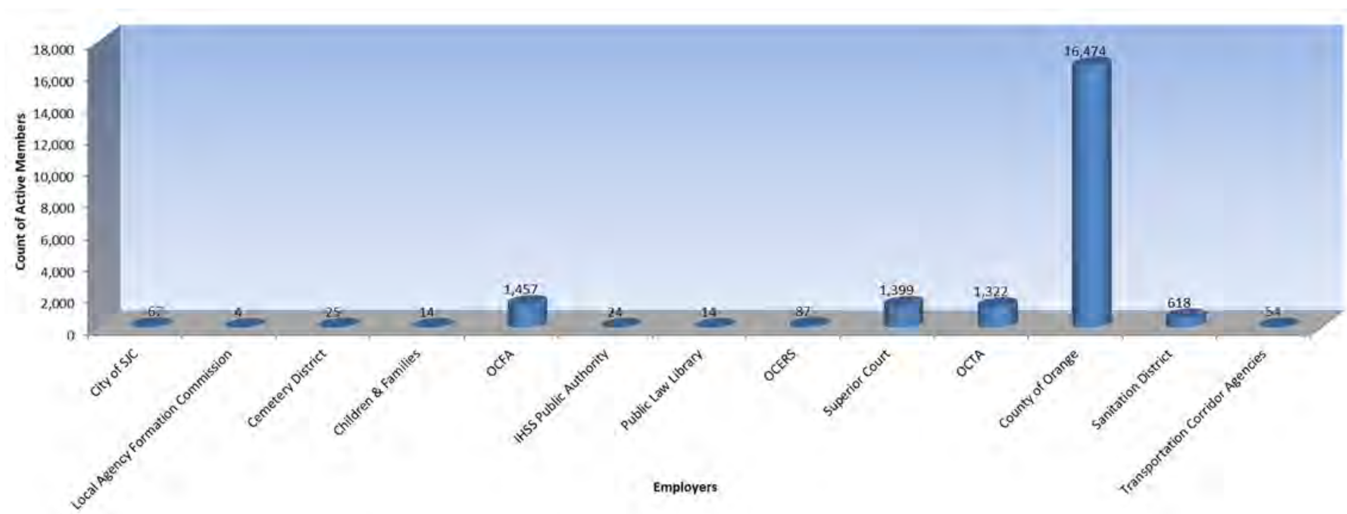
Employers	A/B	G/H 2.5%@55	I/J 2.7%@55	M/N 2%@55	P 1.62%@65	S 2%@57	E/F Probation Safety 3%@50	E/F Safety 3%@50	Q/R Safety 3%@55	T PEPRA Compliant 1.62%@65	U PEPRA 2.5%@67	V PEPRA Probation Safety 2.7%@57	V PEPRA Safety 2.7%@57	W PEPRA Alt 1.62%@65	Total
City of SJC			23			16					27			1	67
Local Agency Formation Commission			2							2					4
Cemetery District				15							10				25
Children & Families			4								10				14
OCFA			105	42				620	160		178		352		1,457
IHSS Public Authority	6										18				24
Public Law Library		12									2				14
OCERS			40							27	20				87
Superior Court			892		19					488					1,399
OCTA	897										425				1,322
County of Orange	622		7,135		157		605	919	387	4,766	1,100	74	709		16,474
Sanitation District	52	292									274				618
Transportation Corridor Agencies				26							28				54
Total	1,577	304	8,201	83	176	16	605	1,539	547	5,283	2,092	74	1,061	1	21,559

OCERS by the Numbers

Count of Active Members by Plans
As of December 31, 2020

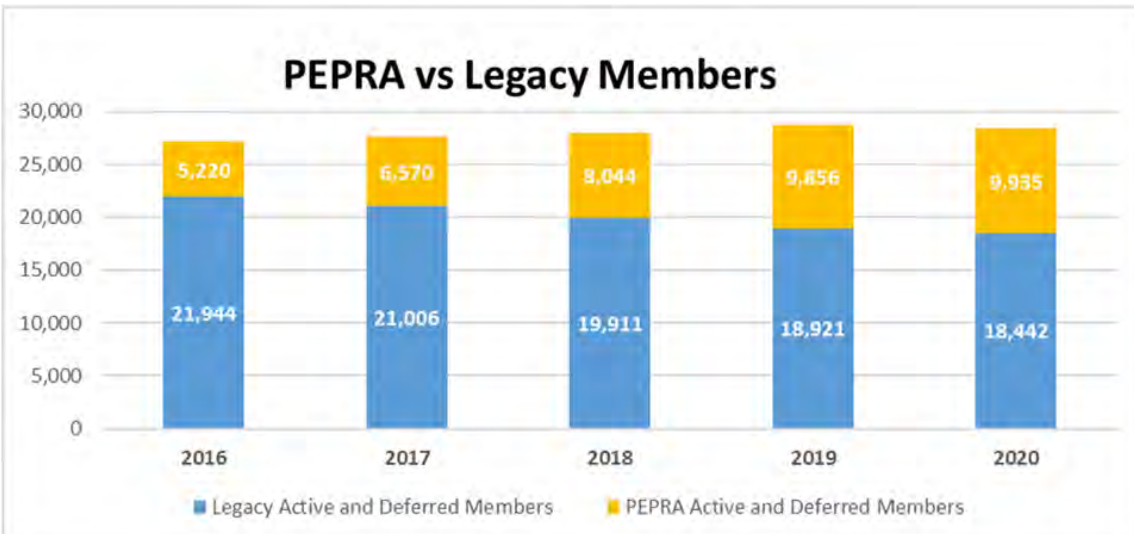


Count of Active Members by Employers
As of December 31, 2020



Count and Percentage of PEPRA to Legacy Members

	2016	2017	2018	2019	2020
Legacy Active and Deferred Members	21,944	21,006	19,911	18,921	18,442
PEPRA Active and Deferred Members	5,220	6,570	8,044	9,856	9,935
Total	27,164	27,576	27,955	28,777	28,377
Percentage of PEPRA to Legacy Members	**19%**	**24%**	**29%**	**34%**	**35%**

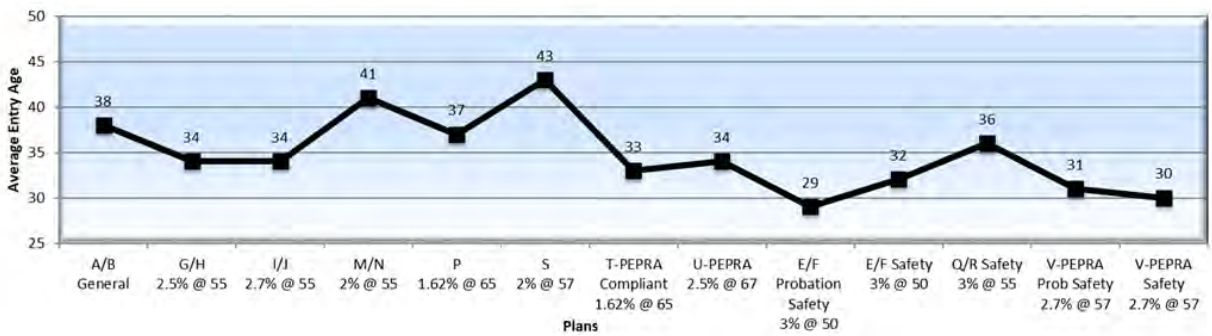


PEPRA Members are new Public Employees hired on or after Jan 1, 2013

OCERS by the Numbers

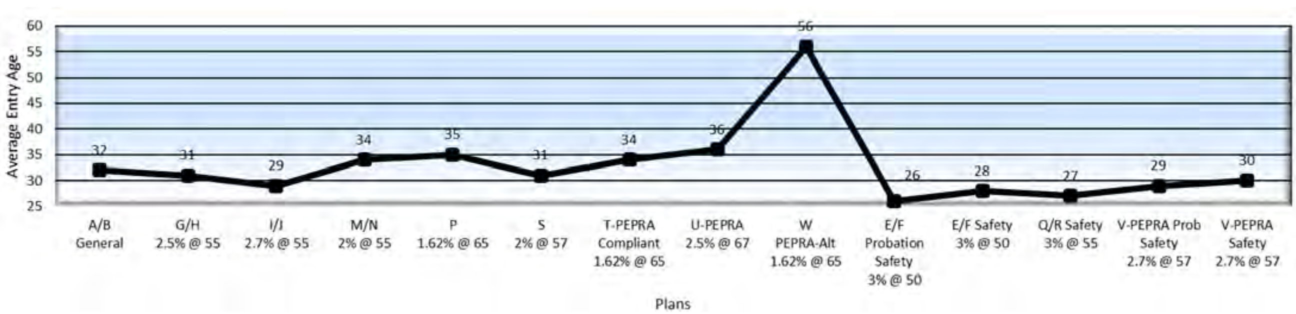
Average Entry Age of Active Members with Reciprocity by Plan Formula
As of December 31, 2020

	A/B General	G/H 2.5% @ 55	I/J 2.7% @ 55	M/N 2% @ 55	P 1.62% @ 65	S 2% @ 57	T-PEPRA Compliant 1.62% @ 65	U-PEPRA 2.5% @ 67	E/F Probation Safety 3% @ 50	E/F Safety 3% @ 50	Q/R Safety 3% @ 55	V-PEPRA Prob Safety 2.7% @ 57	V-PEPRA Safety 2.7% @ 57	Average Entry Age
Average Entry Age by Plan	38	34	34	41	37	43	33	34	29	32	36	31	30	34



Average Entry Age of Active Members without Reciprocity by Plan Formula
As of December 31, 2020

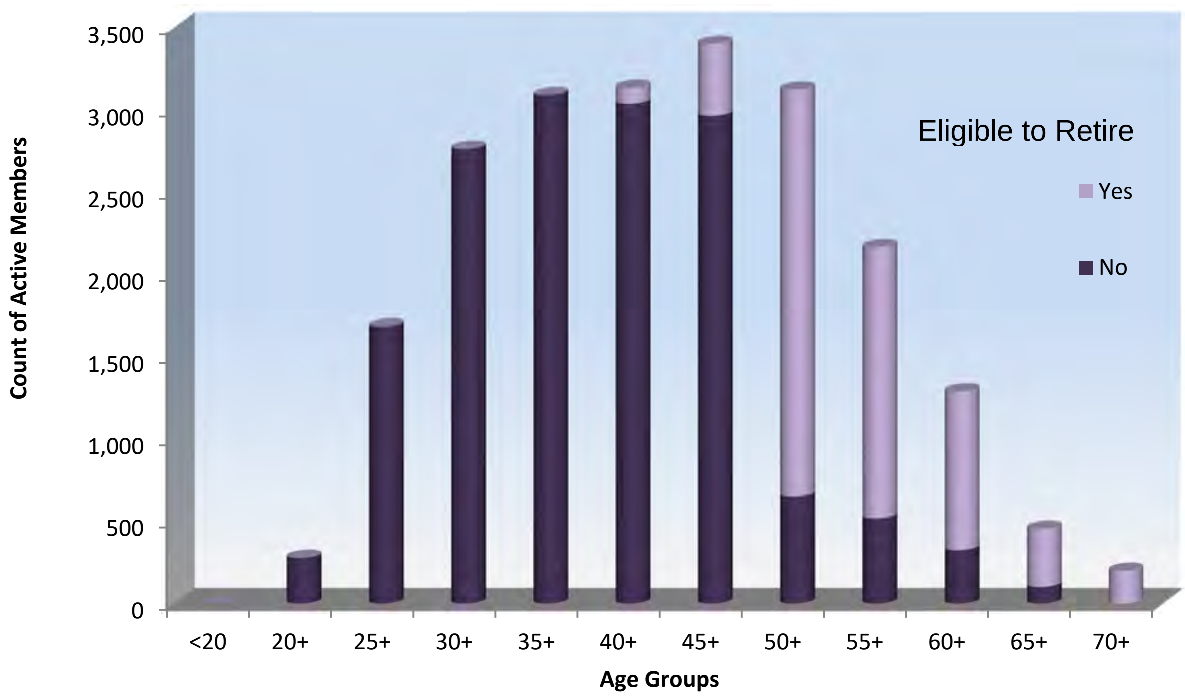
	A/B General	G/H 2.5% @ 55	I/J 2.7% @ 55	M/N 2% @ 55	P 1.62% @ 65	S 2% @ 57	T-PEPRA Compliant 1.62% @ 65	U-PEPRA 2.5% @ 67	W PEPRA-Alt 1.62% @ 65	E/F Probation Safety 3% @ 50	E/F Safety 3% @ 50	Q/R Safety 3% @ 55	V-PEPRA Prob Safety 2.7% @ 57	V-PEPRA Safety 2.7% @ 57	Average Entry Age
Average Entry Age by Plan	32	31	29	34	35	31	34	36	56	26	28	27	29	30	31



Count of Active Members Eligible to Retire by Age Groups
As of December 31, 2020

Age Groups

Eligible to Retire	<20	20+	25+	30+	35+	40+	45+	50+	55+	60+	65+	70+	Total
No	1	278	1,683	2,759	3,086	3,033	2,960	652	518	325	101		15,396
Yes						97	437	2,467	1,644	965	354	199	6,163
													21,559



OCERS by the Numbers

Active Members – Eligible to Retire by Employers
As of December 31, 2020

Plans	A & B General	G & H 2.5%@55	I & J 2.7%@55	M & N 2%@55	P 1.62%@65	S 2%@57	T PEPRA Compliant 1.62%@65	U PEPRA 2.5%@67	W PEPRA Alt 1.62%@65	E & F Prob Safety 3%@50	E & F Safety 3%@50	Q & R Safety 3%@55	V PEPRA Prob Safety 2.7%@57	V PEPRA Safety 2.7%@57	Total Eligible to Retire	% Eligible by Employer
City of SJC			11			7									18	27%
LAFCO			1												1	25%
Cemetery District				9											9	36%
Children & Families Comm															0	0%
OCFA			65	6							261	28			360	25%
IHSS Public Authority	5							1							6	25%
Public Law Library		9													9	64%
OCERS			17												17	20%
Superior Court			444		3		5								452	32%
OCTA	521							1							522	39%
County of Orange	280		3,398		20		16	3		293	527	18		3	4,558	28%
Sanitation District	10	184													194	31%
Transportation Corridor Agencies				17											17	31%
Total Eligible to Retire	**816**	**193**	**3,936**	**32**	**23**	**7**	**21**	**5**	**0**	**293**	**788**	**46**	**0**	**3**	**6,163**	**29%**
% Eligible By Plan	**52%**	**63%**	**48%**	**39%**	**13%**	**44%**	**0%**	**0%**	**0%**	**48%**	**51%**	**8%**	**0%**	**0%**		

(Percentages rounded)

Eligible to retire for plans A – S (Legacy plans for public employees hired before Jan 1, 2013 including reciprocity) if:
- 70 years old
- 50 years old and has 10 or more years of ***eligible service***
- Safety member has 20 years or more of ***eligible service at any age***
- General member has 30 years or more of ***eligible service at any age***

Eligible to retire for PEPRA compliant/alternative plans T and W if:
- 50 years old and has 10 or more years of ***eligible service***
- 70 years old

Eligible to retire for PEPRA plan U if:
- 52 years old and has 5 or more years of ***eligible service***
- 70 years old

Eligible to retire for PEPRA Safety plan V if:
- 50 years old and has 5 or more years of ***eligible service***
- 70 years old

Eligible Service = current service + incoming reciprocal service

	Tier 1 12 month measuring period	**Tier 2 (hired on or after Sep 21, 1979)** 36 month measuring period	
General	**A**	**B**	Other General Members
	G	**H**	2.5% @ 55
	I	**J**	2.7% @ 55
	M	**N**	2% @ 55
	O	**P**	1.62% @ 65
		S	2% @ 57
Safety	**C**	**D**	2% @ 50
	E	**F**	3% @ 50
	Q	**R**	3% @ 55

New Public Employees hired on or after Jan 1, 2013

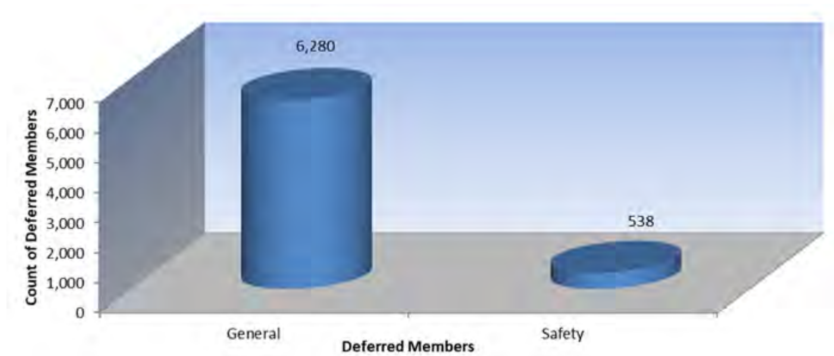
General	**T & W**	1.62% @ 65
	U	2.5% @ 67
Safety	**V**	2.7% @ 57

Deferred Member Demographics

OCERS by the Numbers

Count of Deferred Members by Status
As of December 31, 2020

	General	Safety	Total Count
Deferred	6,280	538	6,818

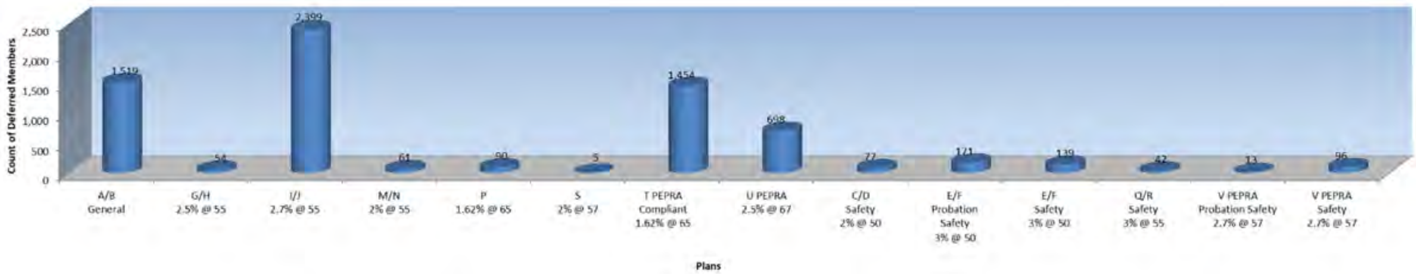


Count of Deferred Members by Plans and by Employers
As of December 31, 2020

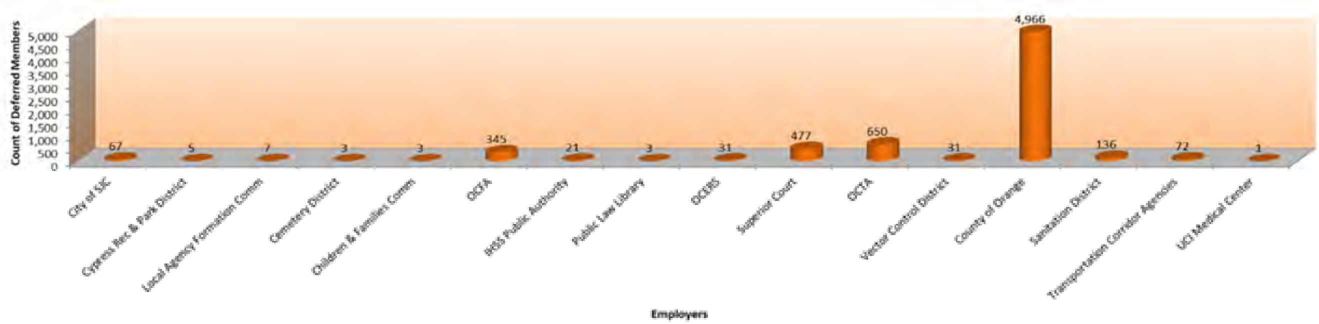
Retirement Plans

Employers	A/B General	G/H 2.5% @ 55	I/J 2.7% @ 55	M/N 2% @ 55	P 1.62% @ 65	S 2% @ 57	T PEPRA Compliant 1.62% @ 65	U PEPRA 2.5% @ 67	C/D Safety 2% @ 50	E/F Probation Safety 3% @ 50	E/F Safety 3% @ 50	Q/R Safety 3% @ 55	V PEPRA Probation Safety 2.7% @ 57	V PEPRA Safety 2.7% @ 57	Total
City of SJC	4		39			5		19							67
Cypress Rec & Park District	5														5
Local Agency Formation Comm			3		2		2								7
Cemetery District				2				1							3
Children & Families Comm			2					1							3
OCFA	8		89	18				119	4		45	7		55	345
IHSS Public Authority	4							17							21
Public Law Library	1	2													3
OCERS			19				8	4							31
Superior Court	16		274		15		172								477
OCTA	518							132							650
Vector Control District	31														31
County of Orange	874		1,973		73		1,272	347	73	171	94	35	13	41	4,966
Sanitation District	45	52						39							136
Transportation Corridor Agencies	12			41				19							72
UCI Medical Center	1														1
Total	**1,519**	**54**	**2,399**	**61**	**90**	**5**	**1,454**	**698**	**77**	**171**	**139**	**42**	**13**	**96**	**6,818**

Count of Deferred Members by Plans
As of December 31, 2020



Count of Deferred Members by Employers
As of December 31, 2020

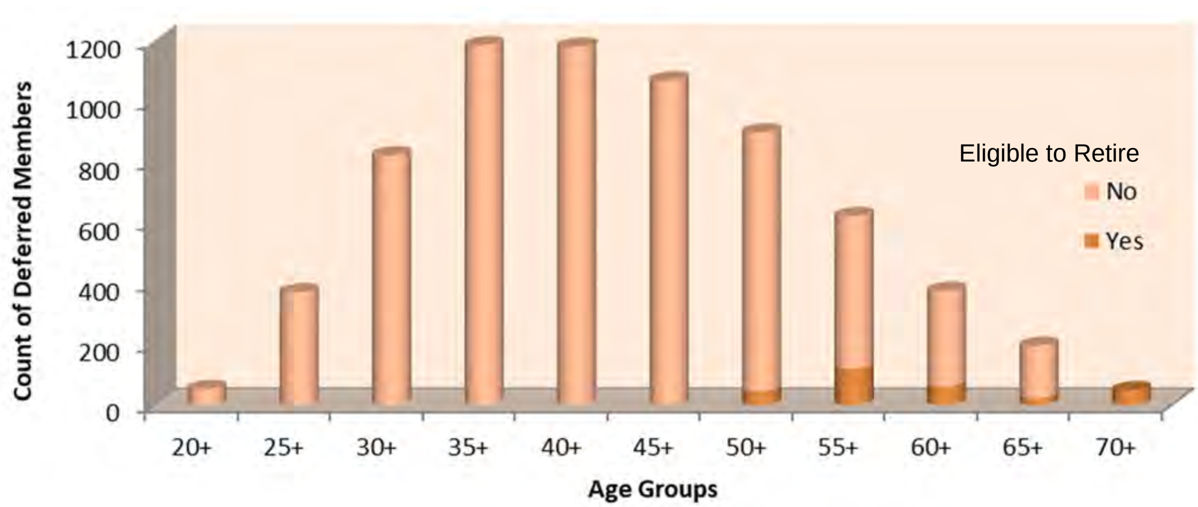


OCERS by the Numbers

Count of Deferred Members Eligible to Retire by Age Groups
As of December 31, 2020

Age Groups

Eligible to Retire	20+	25+	30+	35+	40+	45+	50+	55+	60+	65+	70+	Total
No	52	371	822	1,185	1,180	1,066	853	503	315	173		6,520
Yes						3	45	119	61	22	48	298
												6,818



Count of Deferred Members - Eligible to Retire by Employers
As of December 31, 2020

Plans	A/B	G/H 2.5%@55	I/J 2.7%@55	M/N 2%@55	P 1.62%@65	T PEPRA Compliant 1.62%@65	U PEPRA 2.5%@67	C/ D Safety 2%@50	E/F Prob Safety 3%@50	E/F Safety 3%@50	Q/R Safety 3% @ 55	Eligible to Retire	% Eligible by Employer
City of SJC	1		3									4	6%
Cypress Rec & Park District	1											1	20%
OCFA	1		5	1						2		9	3%
OCERS			2									2	6%
Superior Court	1		15									16	3%
OCTA	51											51	8%
Vector Control	9											9	29%
County of Orange	101		64		1	7	3	5	3	5	1	190	4%
Sanitation District	6	3										9	7%
Transportaion Corridor Agencies				6								6	8%
UCI Medical Center	1											1	100%
Total Eligible to Retire	**172**	**3**	**89**	**7**	**1**	**7**	**3**	**5**	**3**	**7**	**1**	**298**	**4%**
% Eligible by Plan	**11%**	**6%**	**4%**	**11%**	**1%**	**0%**	**0%**	**6%**	**2%**	**5%**	**3%**		

Eligible to retire for plans A – S (Legacy plans for public employees hired before Jan 1, 2013 including reciprocity) if:
- 70 years old
- 50 years old and has 10 or more years of ***eligible service***
- Safety member has 20 years or more of ***eligible service at any age***
- General member has 30 years or more of ***eligible service at any age***

Eligible to retire for PEPRA compliant/alternative plans T & W if:
- 50 years old and has 10 or more years of ***eligible service***
- 70 years old

Eligible to retire for PEPRA plan U if:
- 52 years old and has 5 or more years of ***eligible service***
- 70 years old

Eligible to retire for PEPRA Safety plan V if:
- 50 years old and has 5 or more years of ***eligible service***
- 70 years old

Eligible Service = current service + incoming reciprocal service

	Tier 1 12 month measuring period	**Tier 2 (hired on or after Sep 21, 1979)** 36 month measuring period	
General	**G**	**H**	2.5% @ 55
	I	**J**	2.7% @ 55
	M	**N**	2% @ 55
	O	**P**	1.62% @ 65
		S	2% @ 57
	A	**B**	Other General Members
Safety	**C**	**D**	2% @ 50
	E	**F**	3% @ 50
	Q	**R**	3% @ 55

New Public Employees hired on or after Jan 1, 2013

General	**T & W**	1.62% @ 65
	U	2.5% @ 67
Safety	**V**	2.7% @ 57

Retiree & Beneficiary Demographics (Payees)

Retiree & Beneficiary Demographics

All benefit recipients as of December 31, 2020

- For Retired General members with service and disability retirements: 13,757
- For General member survivors and other payees: 2,088
- For Safety members with service and disability retirements: 3,107
- For Safety member survivors and other payees: 567

Total Benefit Recipients: 19,419

Average age at retirement for members who retired with a service retirement in 2020

- For General members: 61.02 years old
- For Safety members: 54.15 years old

Average years of service for members who retired with a service retirement in 2020

- For General members: 23.18
- For Safety members: 23.87

Average years of service for all General and Safety members who retired with service and disability retirements as of December 31, 2020: 23.28

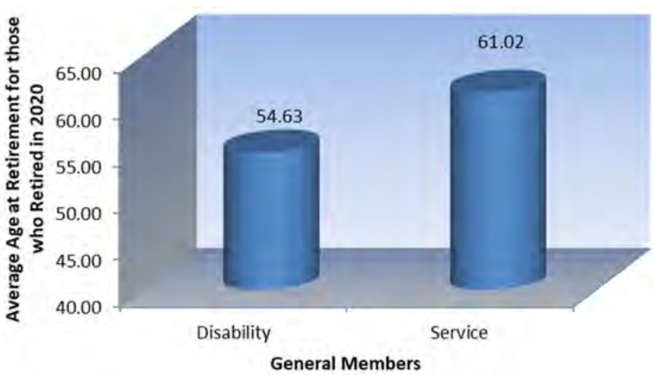
Average Years Into Retirement of Currently Retired Members
As of December 31, 2020

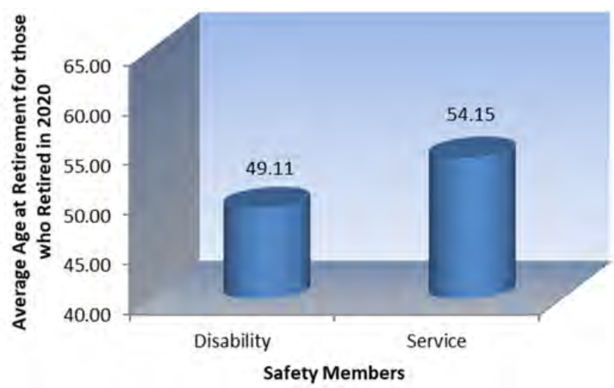
	Service			Disability			Total
	General	Safety 2%	Safety 3%	General	Safety 2%	Safety 3%	
Capistrano Beach Sanitary District	3 11.51						3 11.51
City of San Juan Capistrano	122 10.80			6 19.83			128 11.23
Cypress Recreation & Park District	16 13.52						16 13.52
Department of Education	15 20.34						15 20.34
Local Agency Formation Comm.	5 8.05						5 8.05
Cemetery District	7 9.20						7 9.20
Children & Families Comm.	11 7.39						11 7.39
OCFA	187 9.01	49 19.02	432 9.19	11 15.00	31 20.92	183 8.76	892 10.11
IHSS Public Authority	3 3.92						3 3.92
Public Law Library	12 9.62						12 9.62
OCERS	43 9.78			3 21.20			46 10.53
Superior Court	973 9.18			16 11.44			989 9.22
OCTA	1,028 10.28			267 18.18			1,295 11.91
Vector Control District	38 10.87						38 10.87
County of Orange	9,717 11.96	449 19.23	1,549 8.26	564 19.16	203 28.69	211 9.34	12,693 12.31
City of Rancho Santa Margarita	1 4.74						1 4.74
Sanitation District	435 9.94			19 16.68			454 10.22
Transportation Corridor Agencies	54 8.61						54 8.61
UCI Campus	14 17.98			1 16.48			15 17.88
UCI Medical Center	167 23.68			11 16.47			178 23.85
Average	12,851 11.63	498 19.21	1,981 8.46	898 18.73	233 27.83	394 9.07	16,855 12.02

OCERS by the Numbers

Average Age at Retirement by Employer and Benefit Type For Those That Retired With An Effective Retirement Date in 2020

	General				Safety		
	Disability	Service	Total		Disability	Service	Total
City of San Juan Capistrano		60.91	**60.91**				
Children & Families Commission		54.42	**54.42**				
OCFA		56.51	**56.51**		52.70	56.15	**55.85**
OCERS		59.14	**59.14**				
Superior Court		59.25	**59.25**				
OCTA		62.96	**62.96**				
Vector Control District		62.91	**62.91**				
County of Orange	54.63	61.15	**61.14**		47.76	53.74	**53.44**
Sanitation District		60.21	**60.21**				
Transportation Corridor Agencies		59.27	**59.27**				
Average	**54.63**	**61.02**	**61.01**		**49.11**	**54.15**	**53.86**



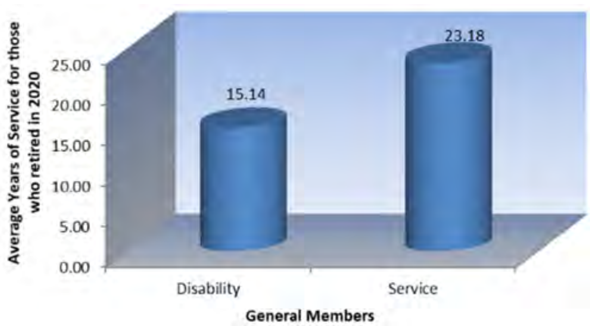


Average Retirement Age for Service and Disability Retirements Combined over last 10 years

Year Ended December 31	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General	60.65	60.42	61.32	60.79	59.37	59.44	60.79	61.30	61.14	61.01
Safety	54.56	54.33	54.80	54.06	53.51	53.58	55.09	55.15	54.53	53.86

Average Years of Service at Retirement by Employer and Benefit Type For Those That Retired With an Effective Retirement Date in 2020

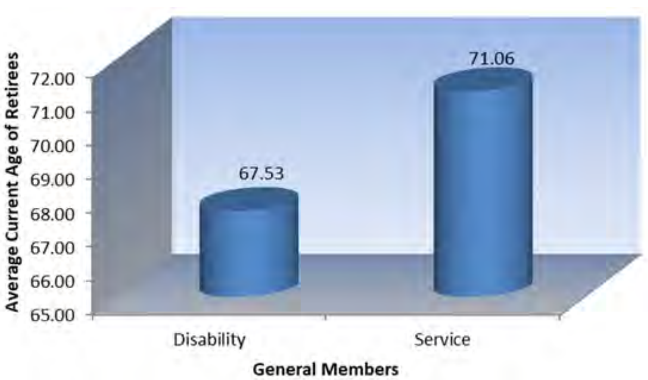
	General				Safety		
	Disability	Service	Total		Disability	Service	Total
City of San Juan Capistrano		15.50	**15.50**				
Children & Families Commission		28.77	**28.77**				
OCFA		19.90	**19.90**		30.04	25.74	**26.12**
OCERS		11.88	**11.88**				
Superior Court		23.33	**23.33**				
OCTA		23.79	**23.79**				
Vector Control District		21.16	**21.16**				
County of Orange	15.14	23.33	**23.31**		21.58	23.49	**23.40**
Sanitation District		24.03	**24.03**				
Transportation Corridor Agencies		14.03	**14.03**				
Average	**15.14**	**23.18**	**23.17**		**23.88**	**23.87**	**23.87**

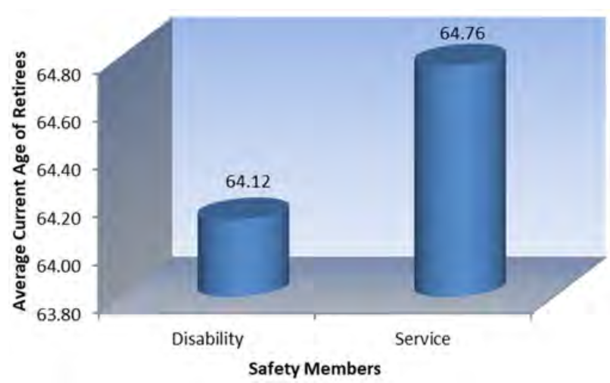


OCERS by the Numbers

Average Age of Retirees by Employer and Benefit Type
As of December 31, 2020

	General			Safety		
	Disability	Service	Total	Disability	Service	Total
Capistrano Beach Sanitary District		74.44	**74.44**			
City of San Juan Capistrano	64.44	68.72	**68.52**			
Cypress Recreation & Park District		70.36	**70.36**			
Department of Education		81.81	**81.81**			
Local Agency Formation Comm.		64.91	**64.91**			
Cemetery District		73.26	**73.26**			
Children & Families Comm.		66.23	**66.23**			
OCFA	65.45	66.56	**66.50**	65.45	65.81	**65.70**
IHSS Public Authority		67.68	**67.68**			
Public Law Library		72.06	**72.06**			
OCERS	72.69	69.69	**69.89**			
Superior Court	65.22	68.33	**68.28**			
OCTA	67.30	70.95	**70.20**			
Vector Control District		72.00	**72.00**			
County of Orange	67.50	71.39	**71.18**	63.44	64.50	**64.32**
City of Rancho Santa Margarita		75.95	**75.95**			
Sanitation District	66.89	68.93	**68.56**			
Transportation Corridor Agencies		69.93	**69.93**			
UCI Medical Campus	69.62	75.48	**75.09**			
UCI Medical Center	80.81	81.22	**81.19**			
Average	**67.53**	**71.06**	**70.83**	**64.12**	**64.76**	**64.63**





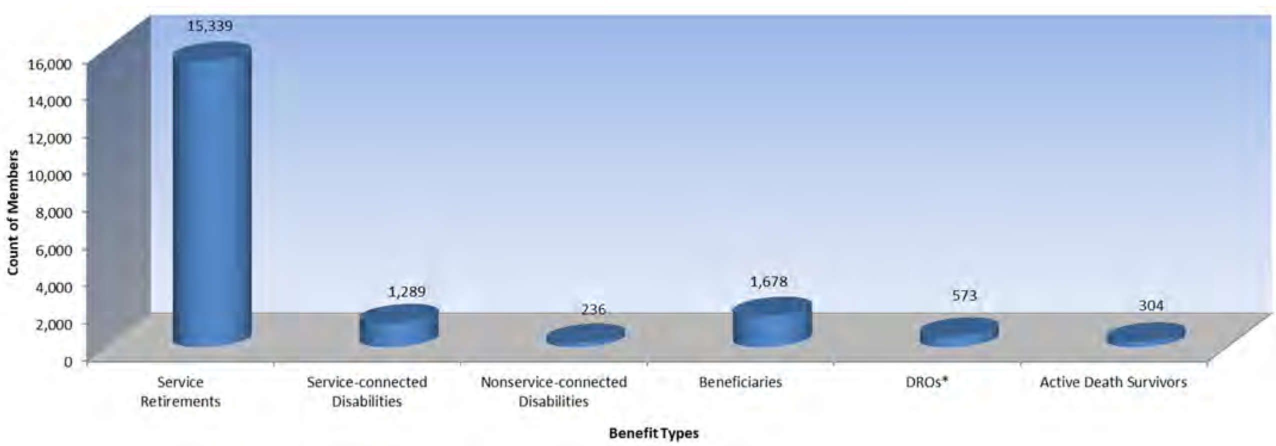
Benefit Recipients by Employers and Plans
As of December 31, 2020

	A & B General	G & H 2.5% @ 55	I & J 2.7% @ 55	M & N 2% @ 55	P 1.62% @ 65	S 2% @ 57	T PEPRA - Compliant 1.62% @ 65	U PEPRA 2.5% @ 67	C & D Safety 2% @ 50	E & F Probation Safety 3% @ 50	E & F Safety 3% @ 50	Q & R Safety 3% @ 50	V PEPRA Safety 2.7% @ 57	Total Payees
Capistrano Beach Sanitary District	3													3
City of San Juan Capistrano	65		79			1								145
Cypress Recreation & Park District	22													22
Department of Education	17													17
Local Agency Formation Comm.	1		4											5
Cemetery District	6			6										12
Children & Families Comm.	1		11											12
OCFA	47		160	2				2	96		723	1	2	1,033
IHSS Public Authority	2							1						3
Public Law Library	5	7												12
OCERS	16		33					1						50
Superior Court	124		922											1,046
OCTA	1,487							2						1,489
Vector Control District	42													42
County of Orange	4,978		6,857		10		6	5	854	369	1,617	5	7	14,708
City of Rancho Santa Margarita		1												1
Sanitation District	142	395						2						539
Transportation Corridor Agencies	14			43				1						58
UCI Campus	15													15
UCI Medical Center	207													207
Total	**7,194**	**403**	**8,066**	**51**	**10**	**1**	**6**	**14**	**950**	**369**	**2,340**	**6**	**9**	**19,419**

Benefit Recipients by Benefit Types
As of December 31, 2020

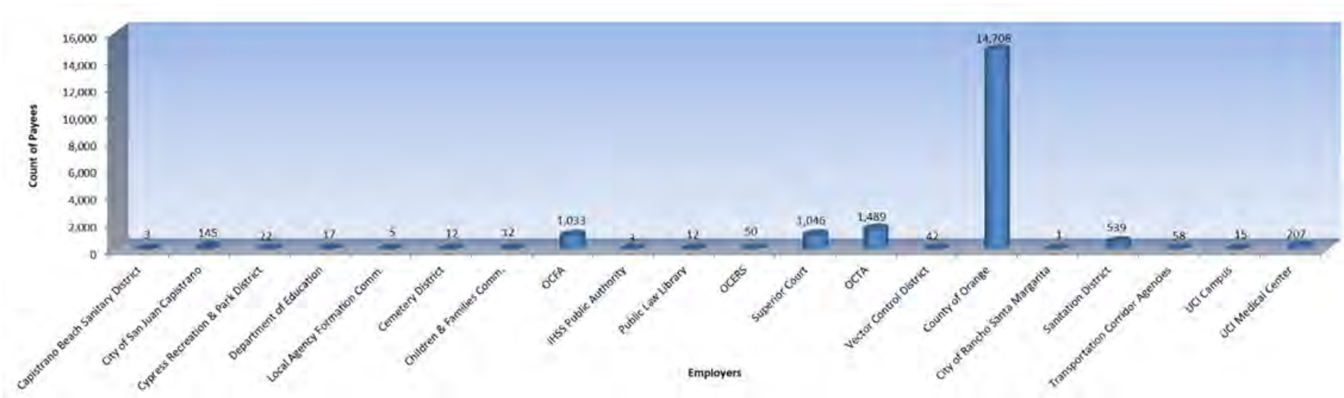
Service Retirements	Service-connected Disabilities	Nonservice-connected Disabilities	Beneficiaries	DROs*	Active Death Survivors	Total Payees
15,339	1,289	236	1,678	573	304	19,419

* DRO: A court order dividing a pension benefit due to a divorce or legal separation.

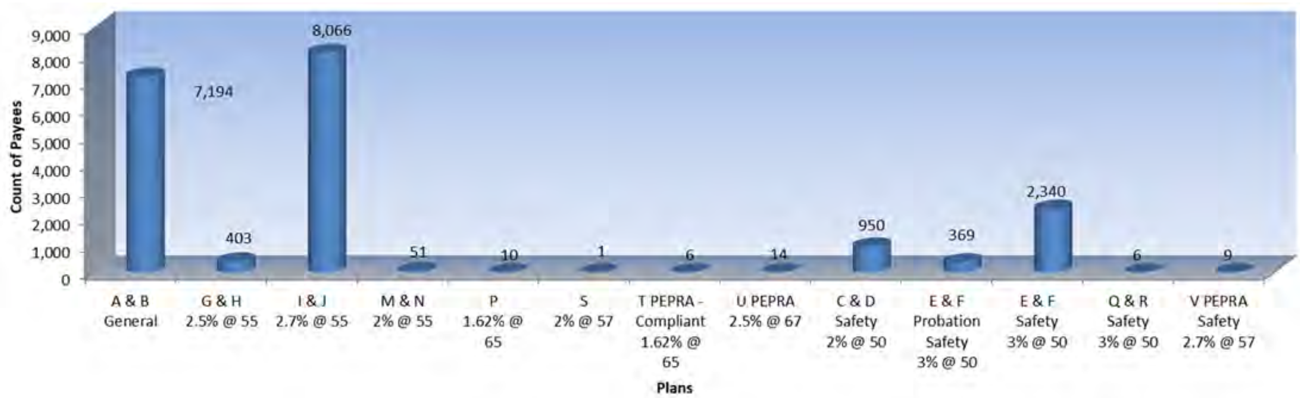


OCERS by the Numbers

Benefit Recipients by Employers
As of December 31, 2020



Benefit Recipients by Plans
As of December 31, 2020



Benefit Recipients by Payment Options
December 31, 2020

Monthly Benefit	Unmodified	Option1	Option2	Option3	Option4	DRO Benefit	Annuity Only	Total Payees
$001-500	657	1	26	3	3	80	10	780
$501-1,000	1,272	1	52	1	4	113		1,443
$1,001-1,500	1,604	1	41	2	1	104		1,753
1,501-2,000	1,496	1	40	4	2	81		1,624
$2,001-2,500	1,485		31	2	8	64		1,590
$2,501-3,000	1,494		20	3	5	30		1,552
$3,001-3,500	1,325		26	3	2	40		1,396
$3,501-4,000	1,102	1	15	2	7	25		1,152
$4,001-4,500	961	1	14	1	12	12		1,001
$4,501-5,000	912		18	3	3	7		943
$5,001-5,500	808		18		9	6		841
$5,501-6,000	662		13	2	3	7		687
$6,001-6,500	610	1	6		5	1		623
$6,501-7,000	515		10		8	1		534
Over $7,000	3,429	2	36	2	29	2		3,500
Total	**18,332**	**9**	**366**	**28**	**101**	**573**	**10**	**19,419**
Percentage	**94.41%**	**0.05%**	**1.88%**	**0.14%**	**0.52%**	**2.95%**	**0.05%**	**100%**

Definition of Payment Options

Unmodified: This option provides the maximum lifetime retirement allowance with a 60 percent continuance to an eligible spouse, qualified domestic partner or eligible child for service retirement and 100 percent for service-connected disability retirement.

Option 1: Cash refund annuity. This option provides a reduced lifetime monthly allowance and a refund of any of the remaining member's contributions to the designated beneficiary.

Option 2: A 100 percent joint and survivor annuity. This option provides a reduced lifetime monthly allowance with the same monthly allowance to the designated beneficiary for the remainder of his or her lifetime.

Option 3: A 50 percent joint and survivor annuity. This option provides a reduced lifetime monthly allowance with 50 percent of the monthly allowance to the designated beneficiary for the remainder of his or her lifetime.

Option 4: This option allows multiple lifetime monthly allowances to designated beneficiaries and varying payment percentages if approved in advance by the Retirement Board.

DRO Benefit: Domestic Relations Order Benefit. This is a court order allocating a portion of a retired member's pension to an ex-spouse or domestic partner.

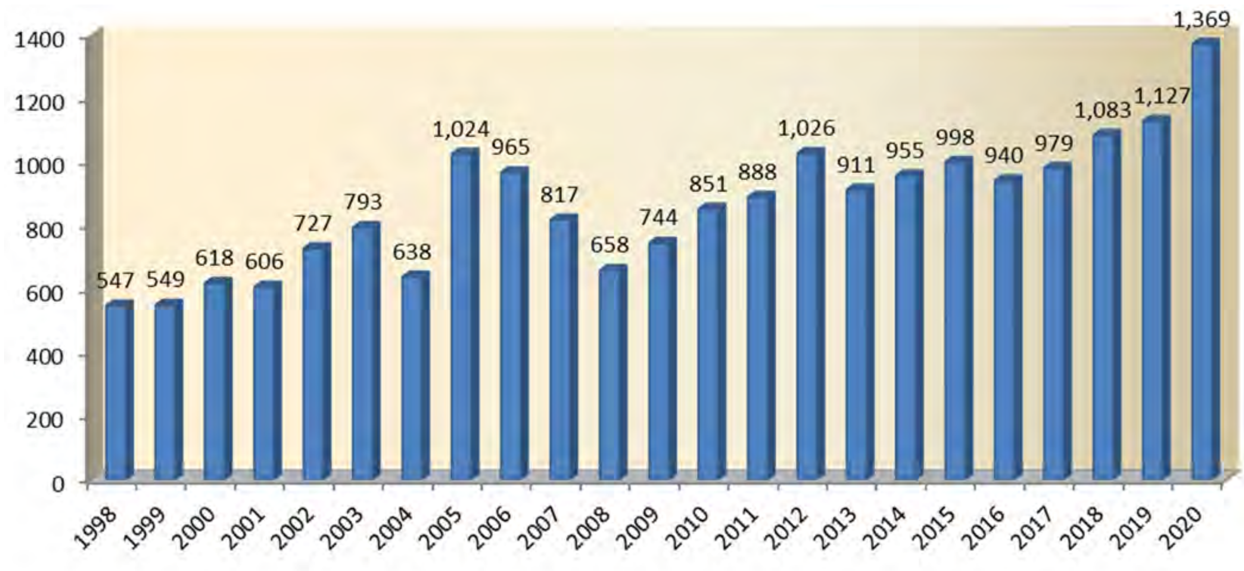
Annuity Only: This payment option provides the actuarial equivalent of the member's accumulated contributions at the time of retirement and is used for very specific situations usually related to disability retirement payments and reciprocity.

OCERS by the Numbers

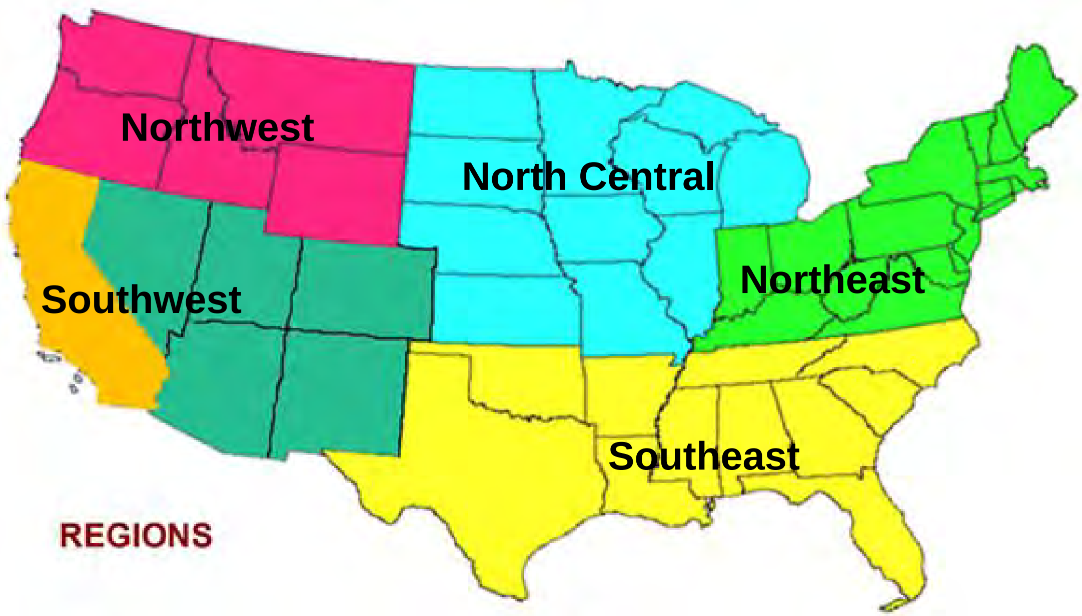
Number of New Payees by Calendar Year

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
547	549	618	606	727	793	638	1,024	965	817	658	744

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
851	888	1,026	911	995	998	940	979	1,083	1,127	1,369



Payees' Residences by Region & State
As of December 31, 2020



Foreign Countries & US Territories	35
North Central	263
Northeast	253
Northwest	882
Southeast	1,050
Southwest	16,657
Total Count of Payees	**19,140***

* Payees with multiple benefits are counted only once.

Total Annual Benefits Paid in California	**$762,614,169**	**15,110**
Total Annual Benefits Paid in Orange County	**$545,127,395**	**10,185**

OCERS by the Numbers

Benefits

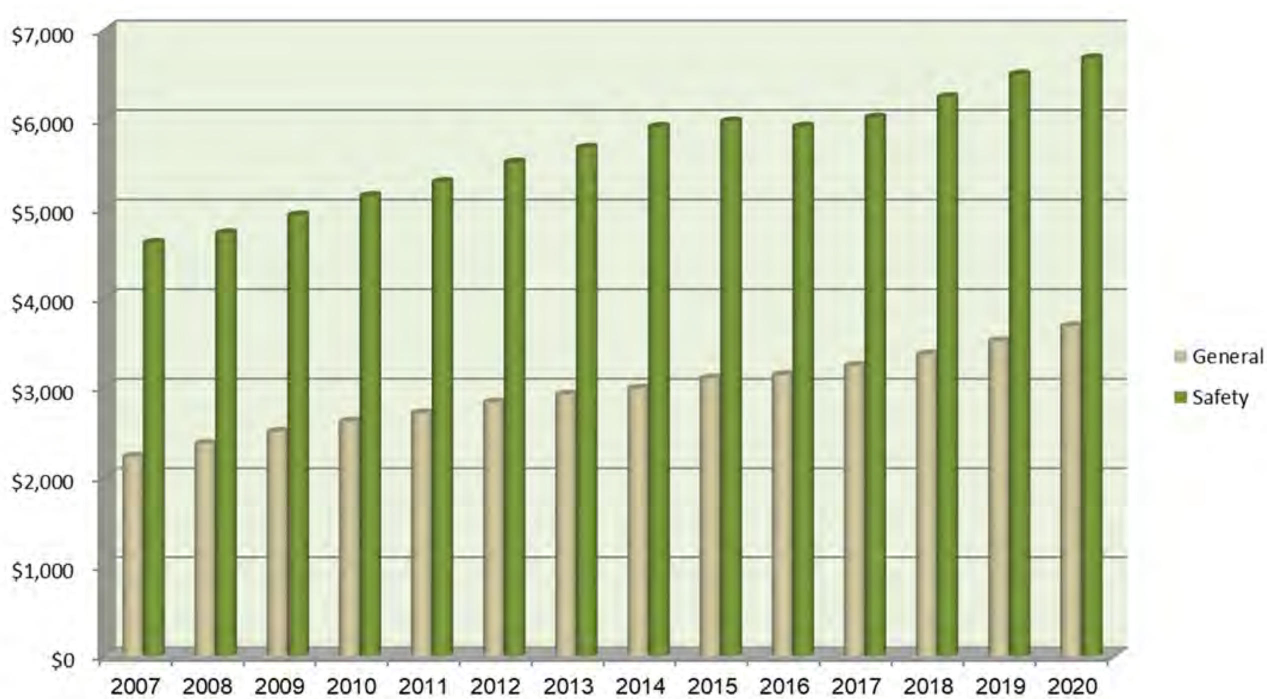
Benefits as of December 31, 2020

Average benefit

- For all General member retirees and other payees $3,686 monthly; $44,232 annually
- For all Safety member retirees and other payees $6,680 monthly; $80,160 annually
- For all General and Safety retirees and payees combined $4,252 monthly; $51,024 annually
- For all General and Safety retirees only $4,548; $54,576 annually

Average monthly pension check for all General and Safety retirees and payees

Years Ended Dec. 31	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General	$2,228	$2,373	$2,508	$2,621	$2,714	$2,836	$2,924	$2,991	$3,103	$3,142	$3,244	$3,372	$3,520	$3,686
Safety	$4,618	$4,724	$4,926	$5,141	$5,297	$5,516	$5,679	$5,914	$5,974	$5,917	$6,017	$6,245	$6,499	$6,680
Total Payees	11,420	11,778	12,243	12,762	13,289	13,947	14,505	15,169	15,810	16,369	16,947	17,674	18,420	19,419



Average Monthly Pension Check for All General and Safety Retirees and Payees

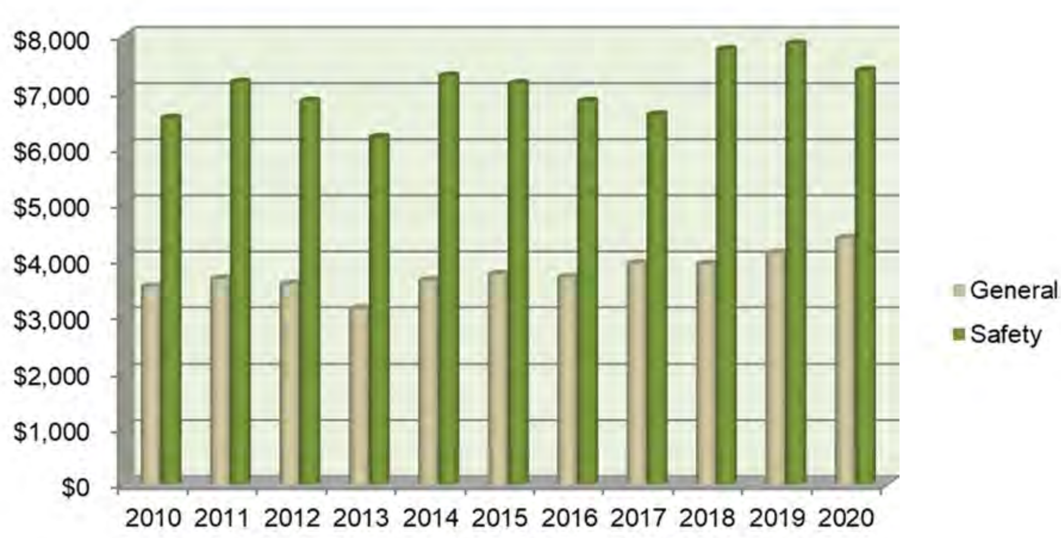
OCERS by the Numbers

Average benefit for General and Safety members with a service retirement (no disabilities) that retired in 2020

- For General members $4,380 monthly; $52,560 annually
- For Safety members $7,380 monthly; $88,560 annually

Average monthly pension check for those who retired in each calendar year with service retirements only

Years Ended Dec. 31	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General	$3,518	$3,660	$3,570	$3,132	$3,632	$3,744	$3,689	$3,934	$3,922	$4,118	$4,380
Safety	$6,528	$7,169	$6,832	$6,187	$7,281	$7,146	$6,827	$6,586	$7,752	$7,854	$7,380



Average Monthly Pension Check for Those Who Retired in Each Calendar Year with Service Retirements Only

History of OCERS' Cost-of-Living Adjustments

OCERS annually adjusts the benefit allowances relative to the increase or decrease in the Consumer Price Index (CPI).* This adjustment, known as a Cost-of-Living Adjustment (COLA), is effective April 1st of each year. To determine the change in CPI, OCERS' actuary compares the Bureau of Labor Statistics' annual average CPI for all urban consumers for the Los Angeles-Riverside-Orange County area for each of the past two years and derives the percentage change between the two. The increase or decrease in the CPI is rounded to the nearest one-half of one percent. The maximum COLA of 3% shall be granted on every retirement allowance, optional death allowance, or annual death allowance payable to or on account of any member of the system.

For years in which the CPI exceeds 3%, the excess amount is banked and drawn from for future years when the CPI is less than 3%.

Date Granted	Actual CPI Rate	CPI Rounded	Max COLA Rate	COLA Granted
4/1/2020	3.07	3	3	3
4/1/2019	3.81	4	3	3
4/1/2018	2.79	3	3	3
4/1/2017	1.89	2	3	2
4/1/2016	0.91	1	3	1
4/1/2015	1.35	1.5	3	1.5
4/1/2014	1.08	1	3	1
4/1/2013	2.04	2	3	2
4/1/2012	2.67	2.5	3	2.5
4/1/2011	1.20	1	3	1
4/1/2010	-0.80	-1	3	0/-1**
4/1/2009	3.53	3.5	3	3
4/1/2008	3.30	3.5	3	3
4/1/2007	4.26	4.5	3	3
4/1/2006	4.45	4.5	3	3
4/1/2005	3.31	3.5	3	3
4/1/2004	2.63	2.5	3	2.5
4/1/2003	2.76	3	3	3
4/1/2002	3.32	3.5	3	3
4/1/2001	3.31	3.5	3	3
4/1/2000	2.34	2.5	3	2.5
4/1/1999	1.44	1.5	3	1.5
4/1/1998	1.58	1.5	3	1.5

***** Per Government Code Section 318780.1
***** * 2009 saw a unique scenario, a -1% CPI reflecting economic deflation in that year. For new retirees as of April 1, 2010, 0% was determined to be a COLA "floor", as no benefit will ever be reduced. For longer retired members however, who had accumulated a COLA bank as of 2010, that bank was reduced by -1%.

OCERS by the Numbers

Schedule of Average Monthly Pension Benefit Payments for Service Retirements by Years of Service

2009 – 2020

Retirement Effective Dates	Years of Service 0-5	5-10	10-15	15-20	20-25	25-30	30 & Over
PERIOD 1/1/09 –12/31/09							
Average Monthly Pension Benefits	$381	$950	$1,821	$2,716	$3,711	$5,852	$7,467
Average Monthly "Final Average Salary"	$3,766	$4,228	$5,564	$6,006	$6,417	$7,669	$8,378
Number of Retired Members	26	45	102	87	110	106	124
PERIOD 1/1/10 –12/31/10							
Average Monthly Pension Benefits	$587	$986	$1,855	$2,929	$4,046	$5,922	$6,856
Average Monthly "Final Average Salary"	$3,666	$4,800	$5,537	$6,291	$6,962	$7,764	$7,741
Number of Retired Members	23	45	108	106	130	127	129
PERIOD 1/1/11 –12/31/11							
Average Monthly Pension Benefits	$678	$1,057	$1,689	$3,054	$4,257	$5,910	$6,766
Average Monthly "Final Average Salary"	$4,843	$5,825	$5,475	$6,497	$7,314	$7,874	$7,650
Number of Retired Members	16	55	111	86	120	123	155
PERIOD 1/1/12 –12/31/12							
Average Monthly Pension Benefits	$647	$1,142	$1,701	$2,957	$4,058	$5,802	$7,015
Average Monthly "Final Average Salary"	$5,988	$5,398	$5,672	$6,347	$6,759	$7,702	$7,750
Number of Retired Members	20	71	128	88	187	145	172
PERIOD 1/1/13 –12/31/13							
Average Monthly Pension Benefits	$435	$1,166	$2,039	$2,946	$3,794	$6,409	$7,732
Average Monthly "Final Average Salary"	$8,199	$6,347	$6,458	$6,492	$6,431	$8,432	$8,482
Number of Retired Members	29	55	139	82	161	147	131
PERIOD 1/1/14 –12/31/14							
Average Monthly Pension Benefits	$421	$1,152	$1,925	$3,188	$4,117	$6,444	$6,719
Average Monthly "Final Average Salary"	$8,176	$6,955	$6,301	$6,961	$7,003	$8,463	$7,349
Number of Retired Members	23	45	146	96	143	192	138
PERIOD 1/1/15 –12/31/15							
Average Monthly Pension Benefits	$582	$1,263	$1,755	$2,850	$3,895	$5,679	$7,235
Average Monthly "Final Average Salary"	$8,802	$6,888	$5,970	$6,673	$6,800	$7,893	$8,352
Number of Retired Members	22	63	128	119	110	200	182
PERIOD 1/1/16 –12/31/16							
Average Monthly Pension Benefits	$427	$1,244	$2,135	$2,886	$4,272	$5,549	$6,782
Average Monthly "Final Average Salary"	$8,298	$6,907	$6,911	$6,580	$7,383	$7,651	$7,762
Number of Retired Members	24	56	121	120	113	195	163
PERIOD 1/1/17 –12/31/17							
Average Monthly Pension Benefits	$541	$1,215	$2,073	$3,062	$4,513	$5,851	$7,069
Average Monthly "Final Average Salary"	$7,952	$6,800	$6,844	$6,810	$7,743	$7,975	$7,931
Number of Retired Members	21	47	122	147	112	190	153
PERIOD 1/1/18 –12/31/18							
Average Monthly Pension Benefits	$554	$1,190	$1,943	$2,879	$4,681	$6,074	$7,439
Average Monthly "Final Average Salary"	$10,584	$7,287	$6,904	$6,859	$8,134	$8,246	$8,561
Number of Retired Members	23	62	125	144	127	205	208
PERIOD 1/1/19 –12/31/19							
Average Monthly Pension Benefits	$367	$1,424	$2,332	$3,073	$4,831	$6,475	$7,324
Average Monthly "Final Average Salary"	$7,568	$8,243	$7,509	$6,985	$8,088	$8,591	$8,249
Number of Retired Members	31	54	121	150	135	249	191
PERIOD 1/1/20 –12/31/20							
Average Monthly Pension Benefits	$536	$1,475	$2,149	$3,422	$4,697	$6,151	$6,825
Average Monthly "Final Average Salary"	$9,267	$8,556	$6,784	$7,473	$8,046	$8,340	$7,917
Number of Retired Members	29	59	128	166	237	281	288

Schedule of Median Monthly Pension Benefit Payments for Service Retirements by Years of Service

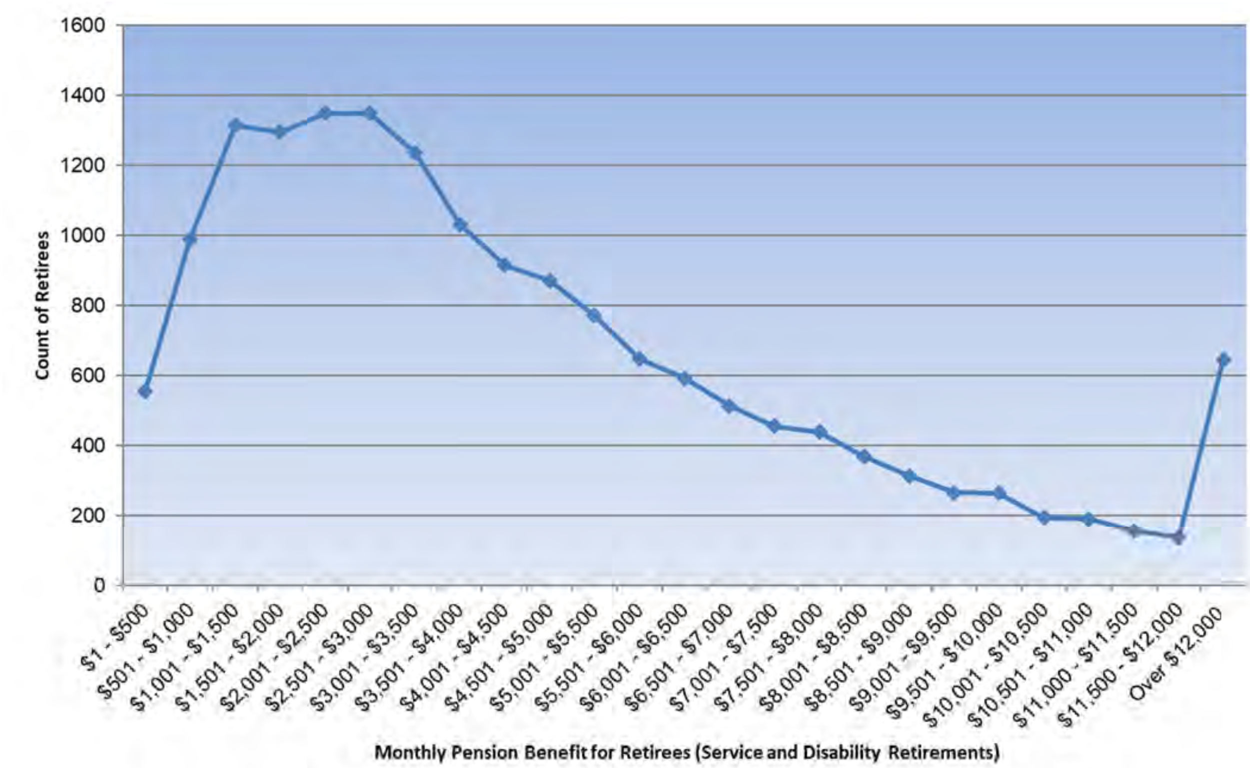
2010 – 2020

Retirement Effective Dates	Years of Service 0-5	5-10	10-15	15-20	20-25	25-30	30 & Over
PERIOD 1/1/10 –12/31/10							
Median Monthly Pension Benefits	$590	$887	$1,610	$2,438	$3,721	$5,396	$6,501
Median "Final Average Salary"	$2,109	$3,750	$4,688	$5,638	$6,826	$7,152	$7,451
Number of Retired Members	23	45	108	106	130	127	129
PERIOD 1/1/11 –12/31/11							
Median Monthly Pension Benefits	$557	$889	$1,456	$2,567	$3,994	$5,762	$5,691
Median "Final Average Salary"	$2,825	$4,698	$4,987	$5,501	$6,856	$7,807	$6,409
Number of Retired Members	16	55	111	86	120	123	155
PERIOD 1/1/12 –12/31/12							
Median Monthly Pension Benefits	$542	$992	$1,427	$2,568	$3,659	$5,830	$5,801
Median "Final Average Salary"	$3,431	$4,742	$4,730	$5,747	$6,166	$7,783	$6,831
Number of Retired Members	20	71	128	88	187	145	172
PERIOD 1/1/13 –12/31/13							
Median Monthly Pension Benefits	$280	$989	$1,767	$2,545	$3,225	$6,246	$6,570
Median "Final Average Salary"	$6,334	$5,582	$5,783	$5,959	$7,036	$8,477	$7,742
Number of Retired Members	29	55	139	82	161	147	131
PERIOD 1/1/14 –12/31/14							
Median Monthly Pension Benefits	$289	$830	$1,448	$2,627	$3,721	$6,451	$5,720
Median "Final Average Salary"	$8,646	$4,876	$5,188	$5,990	$6,265	$8,561	$6,319
Number of Retired Members	23	45	146	96	143	192	138
PERIOD 1/1/15 –12/31/15							
Median Monthly Pension Benefits	$426	$914	$1,640	$2,514	$3,511	$5,241	$5,965
Median "Final Average Salary"	$7,350	$4,979	$4,926	$5,999	$5,924	$7,379	$6,869
Number of Retired Members	22	63	128	119	110	200	182
PERIOD 1/1/16 –12/31/16							
Median Monthly Pension Benefits	$339	$980	$1,878	$2,563	$3,933	$5,080	$6,198
Median "Final Average Salary"	$9,412	$5,885	$6,015	$5,707	$6,714	$7,314	$7,020
Number of Retired Members	24	56	121	120	113	195	163
PERIOD 1/1/17 –12/31/17							
Median Monthly Pension Benefits	$393	$843	$1,703	$2,574	$3,845	$5,404	$6,333
Median "Final Average Salary"	$8,043	$4,996	$5,560	$5,946	$6,842	$7,673	$7,058
Number of Retired Members	21	47	122	147	112	190	153
PERIOD 1/1/18 –12/31/18							
Median Monthly Pension Benefits	$584	$876	$1,807	$2,489	$4,367	$5,284	$6,335
Median "Final Average Salary"	$10,653	$6,447	$5,795	$5,709	$7,430	$7,255	$7,151
Number of Retired Members	23	62	125	144	127	205	208
PERIOD 1/1/19 –12/31/19							
Median Monthly Pension Benefits	$349	$1,108	$1,956	$2,715	$4,141	$5,591	$6,524
Median "Final Average Salary"	$6,738	$7,434	$6,459	$6,068	$7,308	$7,328	$7,430
Number of Retired Members	31	54	121	150	135	249	191
PERIOD 1/1/20 –12/31/20							
Median Monthly Pension Benefits	$411	$1,169	$1,713	$2,799	$3,944	$5,508	$5,916
Median "Final Average Salary"	$7,754	$8,310	$5,501	$6,241	$6,845	$7,328	$6,860
Number of Retired Members	29	59	128	166	237	281	288

OCERS by the Numbers

Schedule of Monthly Pension Benefit for Retirees (Service and Disability Retirements)
As of December 31, 2020

Monthly Benefit	Number of retirees
$1 – 500	556
$501 – 1,000	989
$1,001 – 1,500	1,315
$1,501 – 2,000	1,296
$2,001 – 2,500	1,349
$2,501 – 3,000	1,350
$3,001 – 3,500	1,236
$3,501 – 4,000	1,033
$4,001 – 4,500	916
$4,501 – 5,000	872
$5,001 – 5,500	771
$5,501 – 6,000	647
$6,001 – 6,500	593
$6,501 – 7,000	513
$7,001 – 7,500	456
$7,501 – 8,000	439
$8,001 – 8,500	368
$8,501 – 9,000	314
$9,001 – 9,500	266
$9,501 – 10,000	264
$10,001 – 10,500	194
$10,501 – 11,000	189
$11,001 – 11,500	156
$11,501 – 12,000	136
Over $12,000	646
Total	16,864



The OCERS Fund

OCERS by the Numbers

Funding Sources

Funding Sources for Benefits
(OCERS' net additions for the period 1998 – 2020)

54¢ 31¢ 15¢

Employee Contributions
This is the money active employees pay into the fund for future benefits

Net Investment Income
This includes earnings from stocks, bonds, alternatives, real estate and other investments, minus fees.

Employer Contributions
This is the money paid to OCERS from employers for pension benefits.

An often stated error with regard to public pension retirement benefits is that they are funded solely from the taxpayers' back pocket.

That is not true.

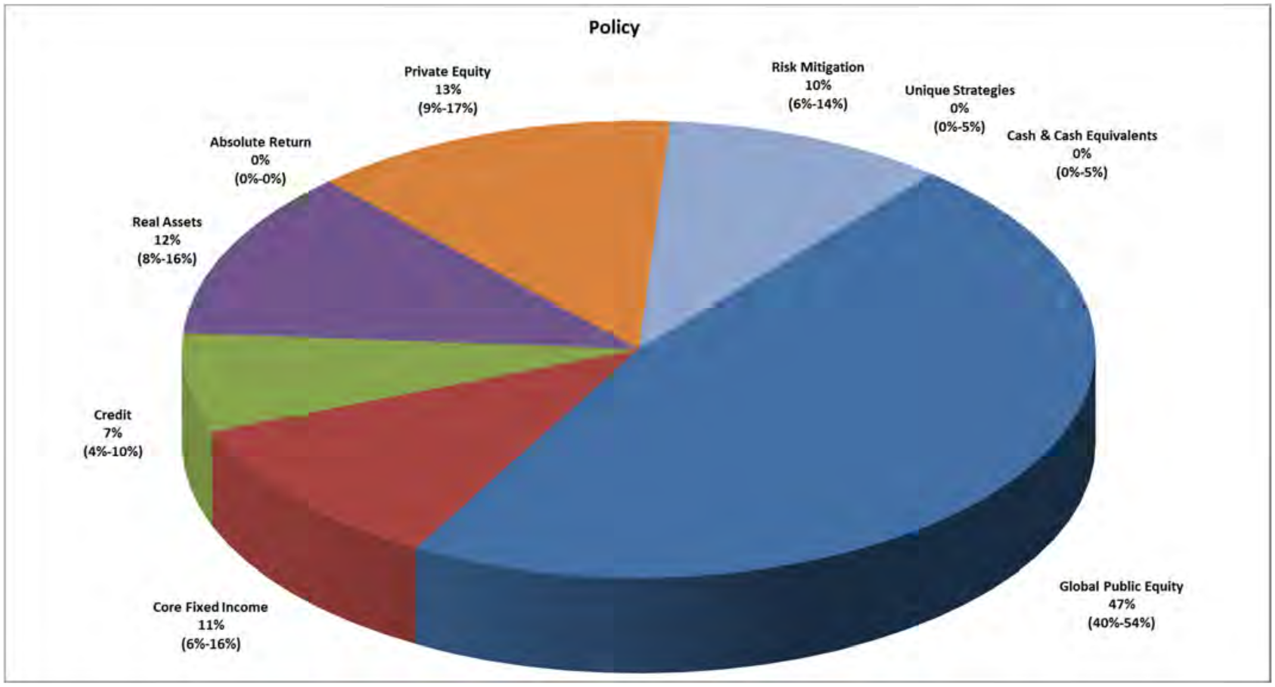
We have illustrated here a dollar going out the door in a benefit payment from OCERS to one of our retirees. What were the source funds for that dollar?

The first portion of that dollar, at 54 cents, represents earnings achieved by the OCERS investment portfolio. The OCERS Board of Trustees takes the contributions OCERS receives from both employees and employers and invests those contributions on behalf of our approximately 48,000 members. OCERS grows those "seed" contributions through careful investments to an amount likely larger than an individual employee might have done solely on his or her own.

The next largest portion of that benefit dollar, at 31 cents, comes from employer contributions, such as those paid by the County of Orange, the City of San Juan Capistrano, the Public Law Library, and other public employers within Orange County. You might ask if those aren't local taxpayer dollars then, but the answer would be no. Many of those 31 cents do come from Orange County taxpayers, without a doubt, but some might just as well be paid from various federal government grant programs or other sources. Interestingly, that figure of 31 cents paid by the employers would be even larger were it not for the fact that some OCERS employees assist in paying the employer obligation.

Despite what is sometimes reported in the press, the hard working employees of the County of Orange and our other participating employers are contributing their own dollars to the retirement plan as well. The final portion of the benefit dollar in the amount of 15 cents represents the deduction taken directly from the paychecks of OCERS' members. In addition, as noted in the prior paragraph, several employee groups pay a portion of the employer contribution out of their own pockets to further help fund their own retirement benefit. One example of this additional payment is found with the County of Orange, which some years ago contracted with labor groups to have certain employees pay a portion of the employer contribution in what is commonly termed a "reverse pick up."

Asset Allocation Policy for 2020



Credit – The fixed income-related strategies are diversified by region, by credit quality, and by sources of risk. The general shared characteristics of these strategies are a degree of illiquidity, and a focus on current yield as a principal source of expected return.

Core Fixed Income – A debt investment in which an investor loans money to an entity (corporate or governmental) that borrows the funds for a defined period of time at a fixed interest rate.

Global Public Equity – A stock or any other security representing an ownership interest. (Domestic – U.S.; Global – U.S. and developed countries outside the U.S.; International – developed countries outside of the U.S.; Emerging Markets – countries that are less economically developed).

Private Equity – Private equity includes investments in venture capital, buyouts, secondaries and special situations including distressed debt. These assets are illiquid and valuations are not marked to market on a daily basis. Valuations for private equity investments are based on estimates of fair value in accordance with industry standards.

Real Asset – Investments in physical or tangible assets that have a value due to their substance and properties. Real assets consist of both private and public securities, and include both equity and debt-oriented investments. Real assets includes a number of sub-asset classes including agriculture, energy, timber, infrastructure, and real estate.

Risk Mitigation – investments aimed at protecting the OCERS' portfolio during severe equity market downturns with a secondary objective of producing an uncorrelated positive real return in the long-term.

Unique Strategies – An investment that can have characteristics representative of any asset class, wholly or blended. These investments are designed to achieve rates of return consistent with or in excess of the actuarial expected rate of return with low correlation to other portfolio holdings. Often these investments are private and valuations may be based on estimates of fair value in accordance with industry standards.

OCERS by the Numbers

Fund Performance

OCERS' total portfolio weathered the volatile and uncertain markets well in 2020, returning 11.38% net of fees for the calendar year, outperforming the policy benchmark return of 10.14%. The portfolio finished the year with a market value of $19.3 billion, up from $17.3 billion at the end of 2019. As of December 31, 2020, the portfolio has generated a return of 9.26%, 7.35% and 6.44% over the 5-, 10- and 20 year time periods, respectively.

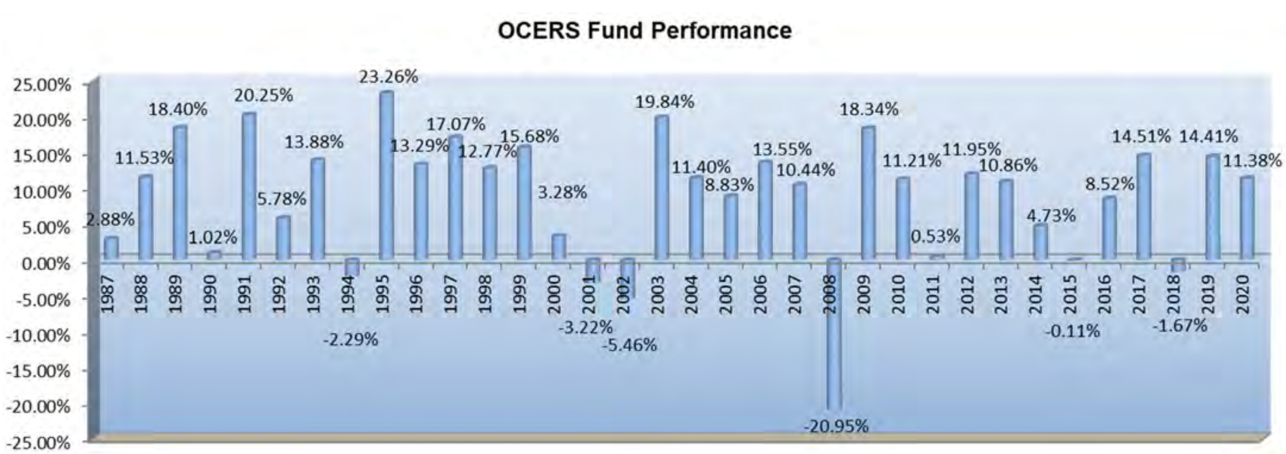
Overall 2020 was a year of records and history making for markets. Global public equities led the way in performance with OCERS' global equity portfolio gaining 19.14% for the year, well above the MSCI ACWI IMI index of 16.25%. Private equity performance also contributed to overall results, with a one year return of 16.15%, compared to a benchmark return of 12.62%. Despite the turbulent markets, OCERS' Core Fixed Income allocation returned 9.12% for the year, above its custom benchmark of 8.80%. For OCERS, 2020 highlighted the Investment Team's consistent commitment to the Plan's long-term asset allocation and investment approach and proved the benefits of diversification and the wisdom of staying the course even in the most challenging times.

OCERS' Fund Performance by Calendar Years 1987 – 2020

As of Dec. 31	Return	Assumed Rate of Return
1987	2.88%	7.25%
1988	11.53%	7.25%
1989	18.40%	7.50%
1990	1.02%	7.50%
1991	20.25%	8.00%
1992	5.78%	8.00%
1993	13.88%	8.00%
1994	-2.29%	8.00%
1995	23.26%	8.00%
1996	13.29%	8.00%
1997	17.07%	8.00%
1998	12.77%	8.00%
1999	15.68%	8.00%
2000	3.28%	8.00%
2001	-3.22%	8.00%
2002	-5.46%	8.00%
2003	19.84%	7.50%

As of Dec. 31	Return	Assumed Rate of Return
2004	11.40%	7.75%
2005	8.83%	7.75%
2006	13.55%	7.75%
2007*	10.44%	7.75%
2008	-20.95%	7.75%
2009	18.34%	7.75%
2010	11.21%	7.75%
2011	.53%	7.75%
2012	11.95%	7.25%
2013	10.86%	7.25%
2014	4.73%	7.25%
2015	-0.11%	7.25%
2016	8.52%	7.25%
2017	14.51%	7.00%
2018	-1.67%	7.00%
2019	14.41%	7.00%
2020	11.38%	7.00%

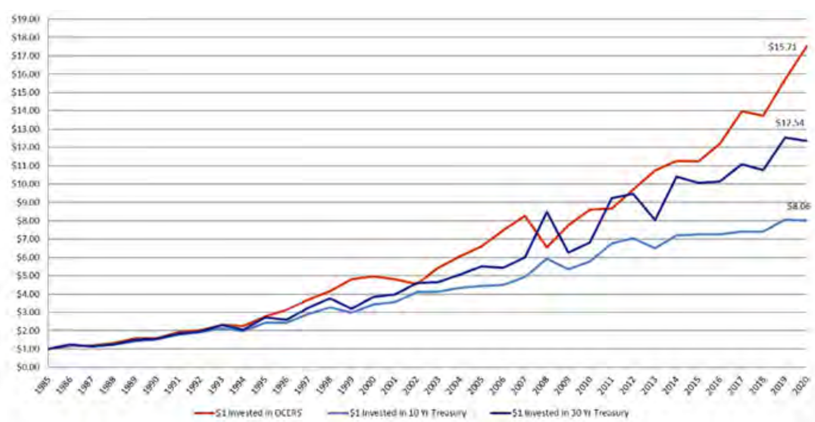
***As of 2007, returns are presented net of fees.**



Growth of a Dollar in OCERS Compared to Treasury Bonds
1985 – 2020

	$1 Invested in OCERS	$1 Invested in 10 Yr Treasury	$1 Invested in 30 Yr Treasury
1985	$1.00	$1.00	$1.00
1986	$1.16	$1.20	$1.25
1987	$1.19	$1.16	$1.15
1988	$1.33	$1.23	$1.24
1989	$1.58	$1.44	$1.49
1990	$1.59	$1.53	$1.56
1991	$1.91	$1.80	$1.84
1992	$2.03	$1.91	$1.96
1993	$2.31	$2.14	$2.32
1994	$2.25	$1.97	$2.04
1995	$2.78	$2.44	$2.72
1996	$3.15	$2.44	$2.60
1997	$3.68	$2.90	$3.24
1998	$4.16	$3.27	$3.76
1999	$4.81	$3.00	$3.20
2000	$4.96	$3.43	$3.84
2001	$4.80	$3.57	$3.97
2002	$4.54	$4.09	$4.61
2003	$5.44	$4.15	$4.65
2004	$6.06	$4.35	$5.06
2005	$6.60	$4.44	$5.50
2006	$7.49	$4.50	$5.44
2007	$8.30	$4.94	$5.99
2008	$6.58	$5.94	$8.47
2009	$7.80	$5.35	$6.27
2010	$8.71	$5.78	$6.82
2011	$8.77	$6.76	$9.24
2012	$9.85	$7.05	$9.46
2013	$10.95	$6.50	$8.04
2014	$11.49	$7.19	$10.40
2015	$11.50	$7.26	$10.07
2016	$12.19	$7.25	$10.15
2017	$13.96	$7.40	$11.08
2018	$13.73	$7.40	$10.77
2019	$15.71	$8.06	$12.54
2020	$17.50	$8.01	$12.35

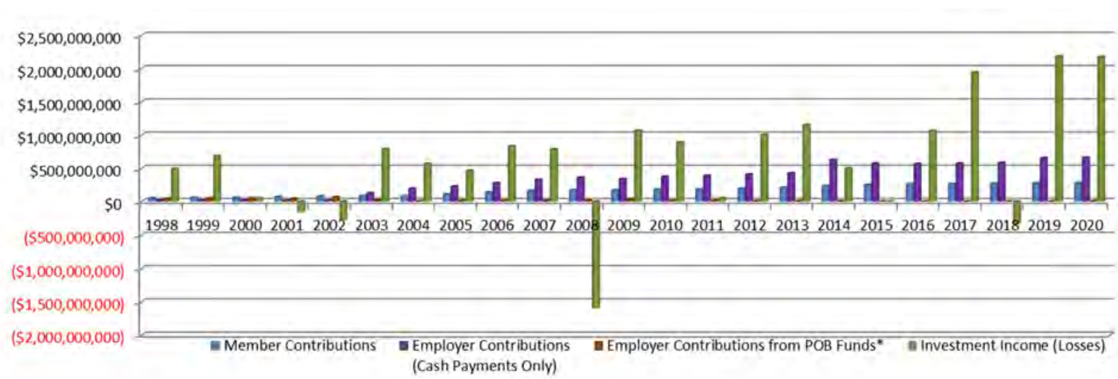
Growth of a Dollar



Revenue

Member and Employer Contributions and Investment Income and Losses to Pension Trust

Year	Member Contributions	Employer Contributions (Cash Payments Only to Pension Trust)	Employer Contributions from POB Funds*	Investment Income (Losses)
1998	$50,557,000	$17,977,000	$42,020,000	$493,491,000
1999	$55,693,000	$17,591,000	$47,129,000	$685,178,000
2000	$61,179,000	$15,561,000	$48,555,000	$45,284,000
2001	$68,635,000	$12,060,000	$41,319,000	($149,858,000)
2002	$77,917,000	$13,289,000	$65,180,000	($269,188,000)
2003	$81,581,000	$124,243,000	$26,209,000	$789,086,000
2004	$81,931,000	$194,430,000	$3,579,000	$569,000,000
2005	$107,544,000	$226,130,000	$9,675,000	$461,980,000
2006	$137,582,000	$277,368,000	$11,000,000	$830,200,000
2007	$159,476,000	$326,736,000	$11,000,000	$784,961,000
2008	$172,291,000	$360,365,000	$12,600,000	($1,596,776,000)
2009	$171,928,000	$338,387,000	$34,900,000	$1,064,855,000
2010	$177,929,000	$372,437,000	$11,000,000	$888,542,000
2011	$183,820,000	$387,585,000	$11,000,000	$50,456,000
2012	$191,215,000	$406,521,000	$5,500,000	$1,004,770,000
2013	$209,301,000	$427,095,000	$5,000,000	$1,152,647,000
2014	$232,656,000	$625,520,000	$5,000,000	$499,195,000
2015	$249,271,000	$571,298,000	$0	($10,873,000)
2016	$258,297,000	$567,196,000	$0	$1,061,243,000
2017	$262,294,000	$572,104,000	$0	$1,939,635,000
2018	$270,070,000	$580,905,000	$0	($324,628,000)
2019	$279,373,000	$653,793,000	$0	$2,183,808,000
2020	$279,384,000	$659,807,000	$5,000,000	$2,173,184,000



* In September 1994, the County of Orange issued $320 million in Pension Obligation Bonds (POB's) of which $318.3 million in proceeds were paid to OCERS to fund the County's portion of the Unfunded Actuarial Accrued Liability (UAAL). For accounting purposes, OCERS maintains the proceeds for the POB's in the County Investment Account. OCERS and the County of Orange, a single participating district, entered into an agreement which provided an offsetting credit based upon an amount actuarially determined to deplete the County Investment Account over the then remaining UAAL amortization period. The County determines annually how the account will be applied to contribution requirements.

Fund Status

OCERS' independent actuary, Segal Consulting, performed an actuarial valuation as of December 31, 2020 and determined that OCERS' funding ratio of actuarial assets to the actuarial accrued liability is 76.51%, which increased from the prior's year's funded status of 73.17%. (See *The Evolution of OCERS UAAL* at ocers.org)

OCERS' Funded Status by Calendar Years 1987 – 2020
(Dollars in thousands)

Actuarial Valuation Date Dec. 31	Valuation Value of Assets (VVA) (a)	Actuarial Accrued Liability (AAL) (b)	Total Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Investment Returns
2020	$17,525,117	$22,904,975	$5,379,858	76.51%**	11.38%
2019	$16,036,869	$21,916,730	$5,879,861	73.17%	14.41%
2018	$14,994,420	$20,703,349	$5,708,929	72.43%	-1.67%
2017	$14,197,125	$19,635,427	$5,438,302	72.30%	14.51%
2016	$13,102,978	$17,933,461	$4,830,483	73.06%	8.52%
2015	$12,228,009	$17,050,357	$4,822,348	71.72%	-0.11%
2014	$11,449,911	$16,413,124	$4,963,213	69.76%	4.73%
2013	$10,417,125	$15,785,042	$5,367,917	65.99%	10.86%
2012	$9,469,208	$15,144,888	$5,675,680	62.52%	11.95%
2011	$9,064,355	$13,522,978	$4,458,623	67.03%	0.53%
2010	$8,672,592	$12,425,873	$3,753,281	69.79%	11.21%
2009	$8,154,687	$11,858,578	$3,703,891	68.77%	18.34%
2008	$7,748,380	$10,860,715	$3,112,335	71.34%	-20.95%
2007*	$7,288,900	$9,838,686	$2,549,786	74.08%	10.44%
2006	$6,466,085	$8,765,045	$2,298,960	73.77%	13.55%
2005	$5,786,617	$8,089,627	$2,303,010	71.53%	8.83%
2004	$5,245,821	$7,403,972	$2,158,151	70.85%	11.40%
2003	$4,790,099	$6,099,433	$1,309,334	78.53%	19.84%
2002	$4,695,675	$5,673,754	$978,079	82.76%	-5.46%
2001	$4,586,844	$4,843,899	$257,055	94.69%	-3.22%
2000	$4,497,362	$4,335,025	($162,337)	103.74%	3.28%
1999	$3,931,744	$4,017,279	$85,535	97.87%	15.70%
1998	$3,504,708	$3,682,686	$177,978	95.17%	12.77%
1997	$3,128,132	$3,332,967	$204,835	93.85%	17.07%
1996	$2,675,632	$2,851,894	$176,262	93.82%	13.29%
1995	$2,434,406	$2,633,884	$199,478	92.43%	23.26%
1994	$2,177,673	$2,550,059	$372,386	85.40%	-2.29%
1993	$2,024,447	$2,305,019	$280,572	87.83%	13.88%
1992	$1,807,319	$2,140,081	$332,763	84.45%	5.78%
1991	$1,567,131	$1,763,894	$196,763	88.84%	20.25%
1990	$1,297,575	$1,840,915	$543,340	70.49%	1.02%
1989	$1,136,210	$1,651,988	$515,778	68.78%	18.40%
1988	$985,030	$1,453,858	$468,828	67.75%	11.53%
1987	$821,884	$1,343,982	$522,098	61.16%	2.88%

***As of 2007, returns are presented net of fees**

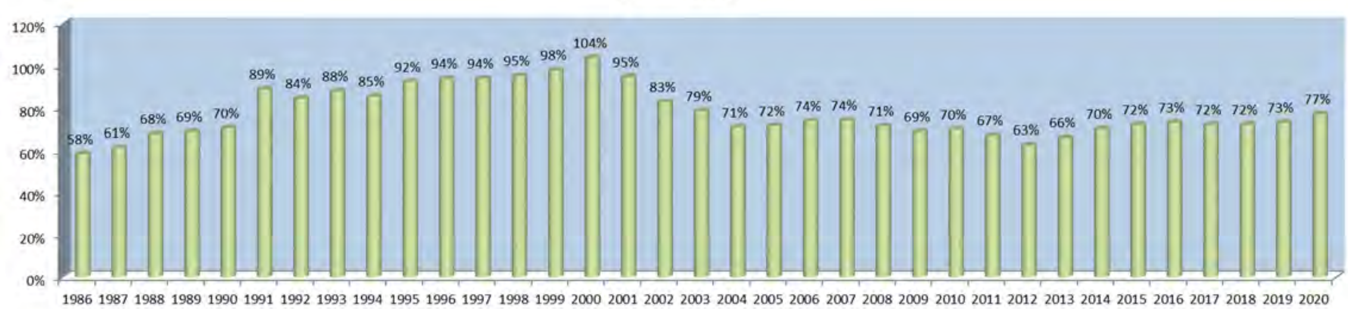
** Note: On a market value basis OCERS' funded status is 80.74%

OCERS by the Numbers

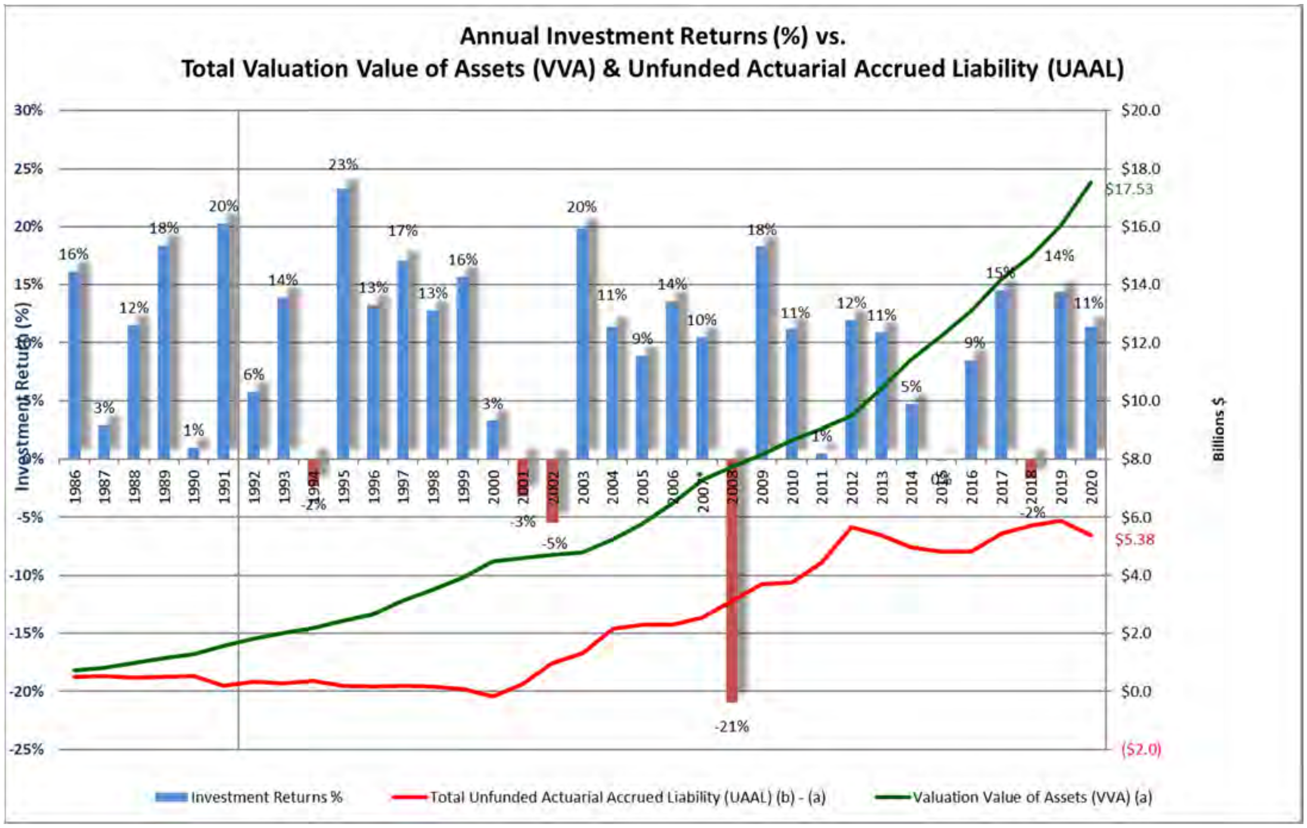
Growth of System Net Investments at Fair Value
(Dollars in Millions)

Unfunded Actuarial Accrued Liabilities (UAAL)
(Dollars in Millions)

Funded Ratio by Calendar Years
(Rounded)



OCERS by the Numbers



This chart demonstrates how positive earnings in most years will cause the Unfunded Actuarial Accrued Liability (UAAL) to decrease. Interestingly this chart also illustrates how the UAAL can grow larger even when the pension fund's investment portfolio returns are positive.

First we need a definition for the UAAL. It simply means that the value of the retirement benefits promised by employers is larger than the actual dollars the retirement system has on hand. The difference between the two is called the UAAL. Having a UAAL is not a bad thing, a retirement system does not need to have in the bank today every benefit dollar that will ever be paid out in the coming 10, 20, 30 years or more. It is much like a parent saving for his or her child's college education. All the dollars required to pay that future obligation do not need to be in the parent's bank account today. In fact the parent is planning on including the returns from sound investments to help meet that future obligation.

OCERS has a plan in place to pay off the UAAL in 20 year increments. That plan includes an expectation that the OCERS portfolio will earn on average 7.00% each calendar year, while each employer and individual member in turn continues to pay the monthly contribution required of them by OCERS' actuary. It's good to note here that no OCERS employer or individual OCERS member has ever failed to make the annual actuarially required contribution to the OCERS retirement system.

While it is fairly easy to understand that when the portfolio does not earn its expected 7.00% in a year, that will cause the UAAL to grow, how is it possible for the UAAL to grow even in years where the portfolio earnings are at least positive? Note the chart above. The blue bars indicate how much OCERS earned on its investment portfolio each calendar year. The green line measuring total assets held in the portfolio is doing well and growing strongly because of those many good years. The red line tracks the rise and fall of the UAAL. The few red bars indicate when the portfolio actually lost money. In those years with the red bars, as you would expect, you can see an uptick in the UAAL as measured by the red line. But back to our basic question, how is it that even in some good years you can see a rise in the UAAL as tracked by that red line?

Two basic reasons – in some years, such as 2011, even though the earnings bar is blue, it is barely blue. Positive returns yes, but since it was not enough to meet the earnings expectation in that year, there was an uptick in the UAAL. The other cause can occur when there is a change made to a basic assumption. 2012 is a good example of that – a strong blue bar representing a 12% return; easily beating our then expected 7.75%. However, in that same year of 2012 we lowered what we assumed could be earned in future years from 7.75% to 7.25% so the UAAL rose. If a parent saving for their child's college education is expecting to earn 7.75% on their savings account suddenly learns the bank is only crediting 7.25% in the future, the parent won't have enough dollars in that account when the child finally reaches the big day. So too with OCERS, by lowering its assumed earnings rate for future years in 2012 the red line had to tick upward despite the good earnings in that year in order to account for the fact that OCERS had to anticipate fewer future dollars would be gained from investment earnings.

Memorandum

DATE: August 16, 2021

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **THE EVOLUTION OF OCERS' UAAL (2021 EDITION)**

The Evolution of the UAAL document has been produced annually since 2009 to assist our members and the public to better understand how unfunded liabilities can develop over time, and how public pension systems such as OCERS manager the long term in order to pay for those liabilities.

Revised in August of each year following the release of the annual actuarial valuation, this 2021 edition is based on the Actuarial Valuation of December 31, 2020.

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

The Evolution of OCERS Unfunded Actuarial Accrued Liability

Steve Delaney, CEO

December 31, 2020 Valuation

The Evolution of OCERS Unfunded Actuarial Accrued Liability

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

OCERS conducts an annual valuation of the OCERS Trust Fund to determine its current economic status. In the most recent valuation, for the period ending December 31, 2020, the system's professional actuary (The Segal Group) calculated the Unfunded Actuarial Accrued Liability (UAAL) of the fund to be approximately $5.38 billion. At the start of the millennium, as of December 31, 2000, there was no UAAL at all, the system being more than 100% funded. The drivers and components that contributed to the evolution of OCERS' current UAAL are the subjects of this paper.

WHAT IS AN UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)?

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

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

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

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

(1) You could deposit a single lump sum amount representing the present value of that future cost into a savings account, similar to an endowment or trust, calculated to grow with sufficient earnings to total $100,000.

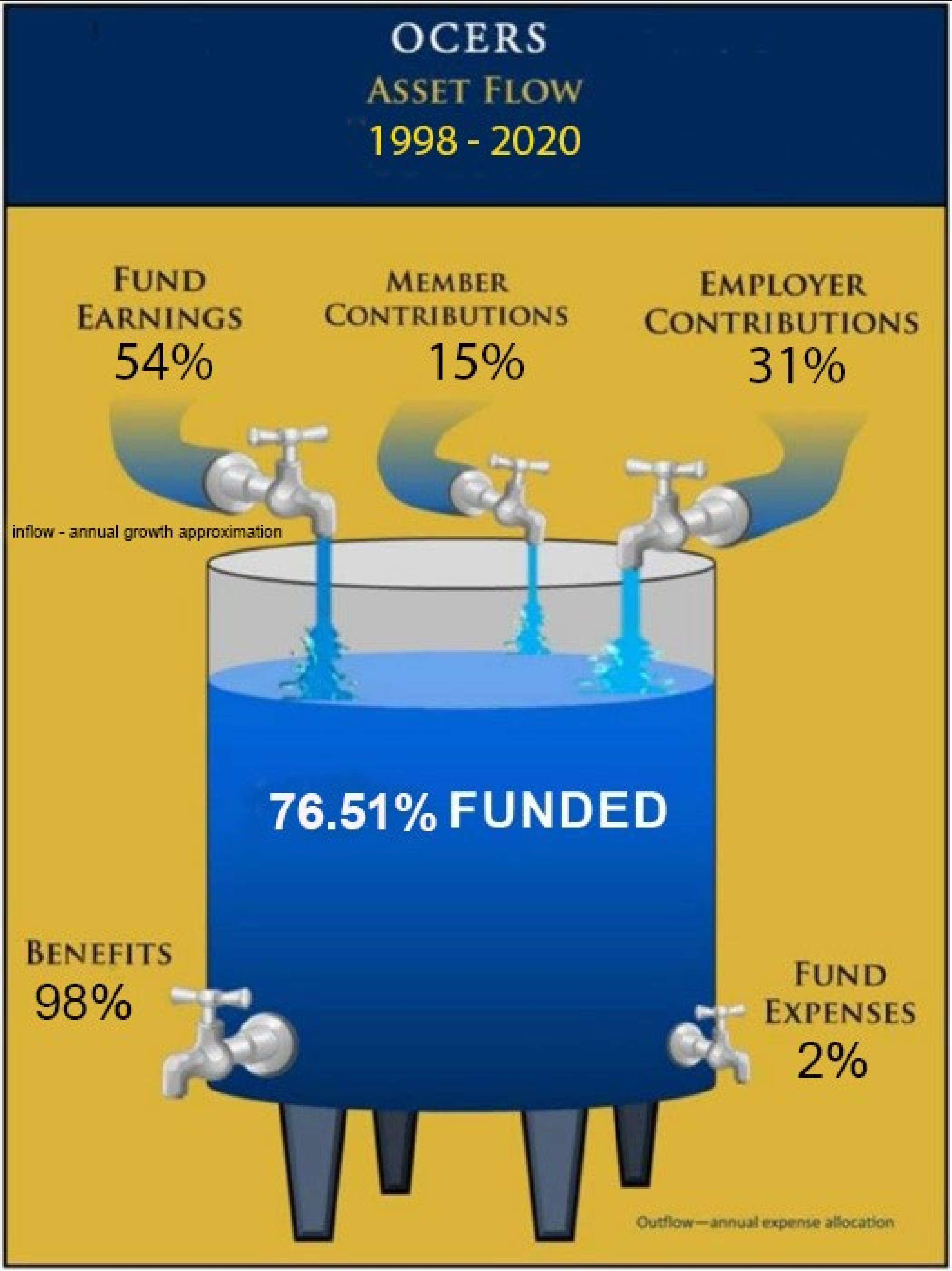
(2) You could save over time, depositing a certain percent of the salary you earn each year into an account and again assume that sufficient interest earnings will accrue to fully fund the cost when the big day arrives.

(3) You could wait until the child turns 18 and pull from your available resources at that time to pay the entire $100,000 in a single payment.

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

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

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


OCERS
Asset Flow
1998 - 2020
Fund Earnings
54%
Member Contributions
15%
Employer Contributions
31%
inflow - annual growth approximation
76.51% FUNDED
Benefits
98%
Fund Expenses
2%
Outflow—annual expense allocation

The graphic above shows a snapshot of OCERS' funded status as of December 31, 2020, while the representation of cash inflows and outflows reflect the period of 1998 through 2020.

HOW DID OCERS' CURRENT UAAL DEVELOP?

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

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

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

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

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

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

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

(In 000's)

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

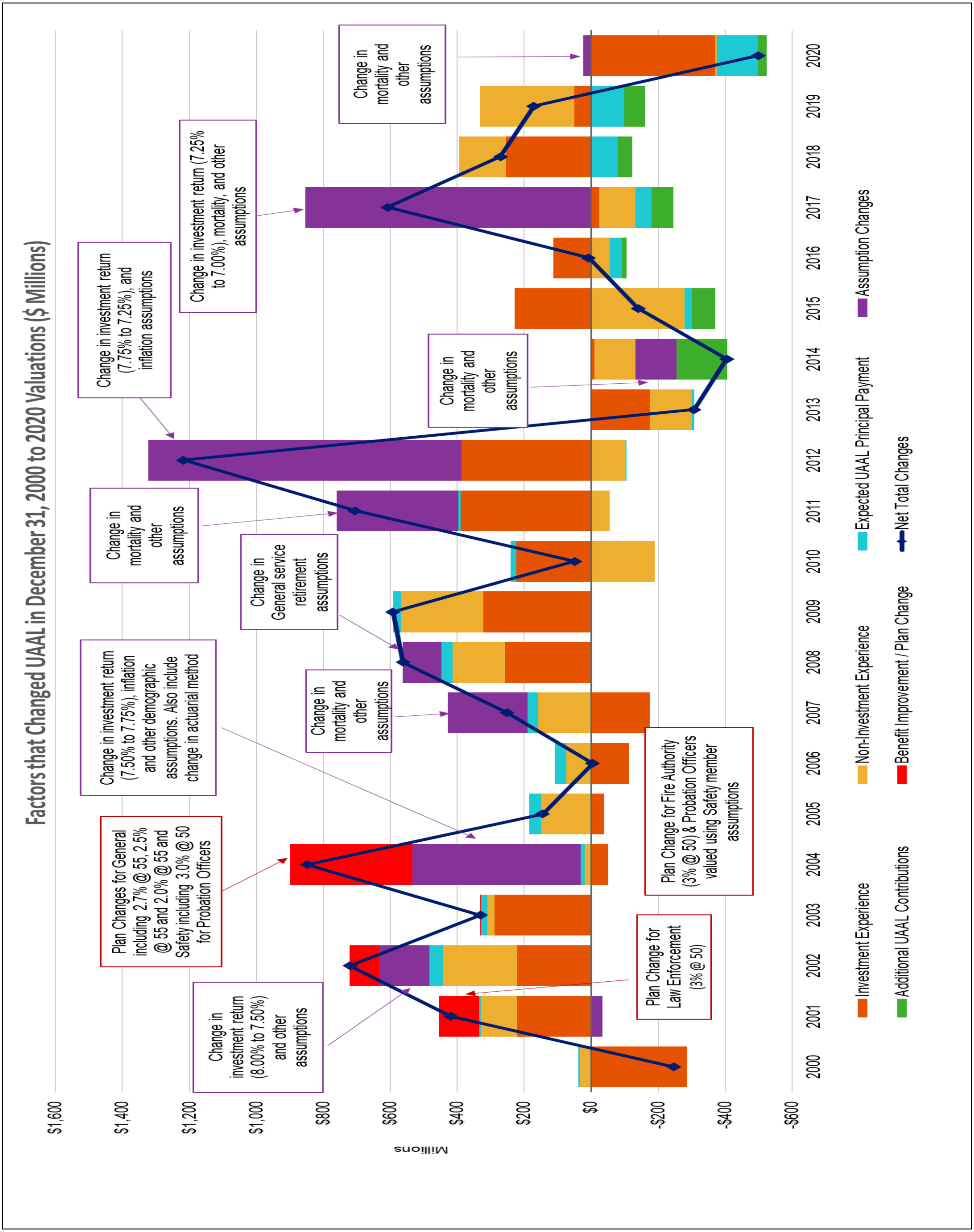
Actuarial Valuation Date December 31	Valuation Value of Plan Assets	Total Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio
2007	$7,288,900	$2,549,786	74.08%
2008	$7,748,380	$3,112,335	71.34%
2009	$8,154,687	$3,703,891	68.77%
2010	$8,672,592	$3,753,281	69.79%
2011	$9,064,355	$4,458,623	67.03%
2012	$9,469,208	$5,675,680	62.52%
2013	$10,417,125	$5,367,917	65.99%
2014	$11,449,911	$4,963,213	69.76%
2015	$12,228,009	$4,822,348	71.72%
2016	$13,102,978	$4,830,483	73.06%
2017	$14,197,125	$5,438,302	72.30%
2018	$14,994,420	$5,708,929	72.43%
2019	$16,036,953	$5,879,861	73.17%
2020	$17,525,117	$5,379,858	76.51%

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

FACTORS THAT CHANGED THE UAAL

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

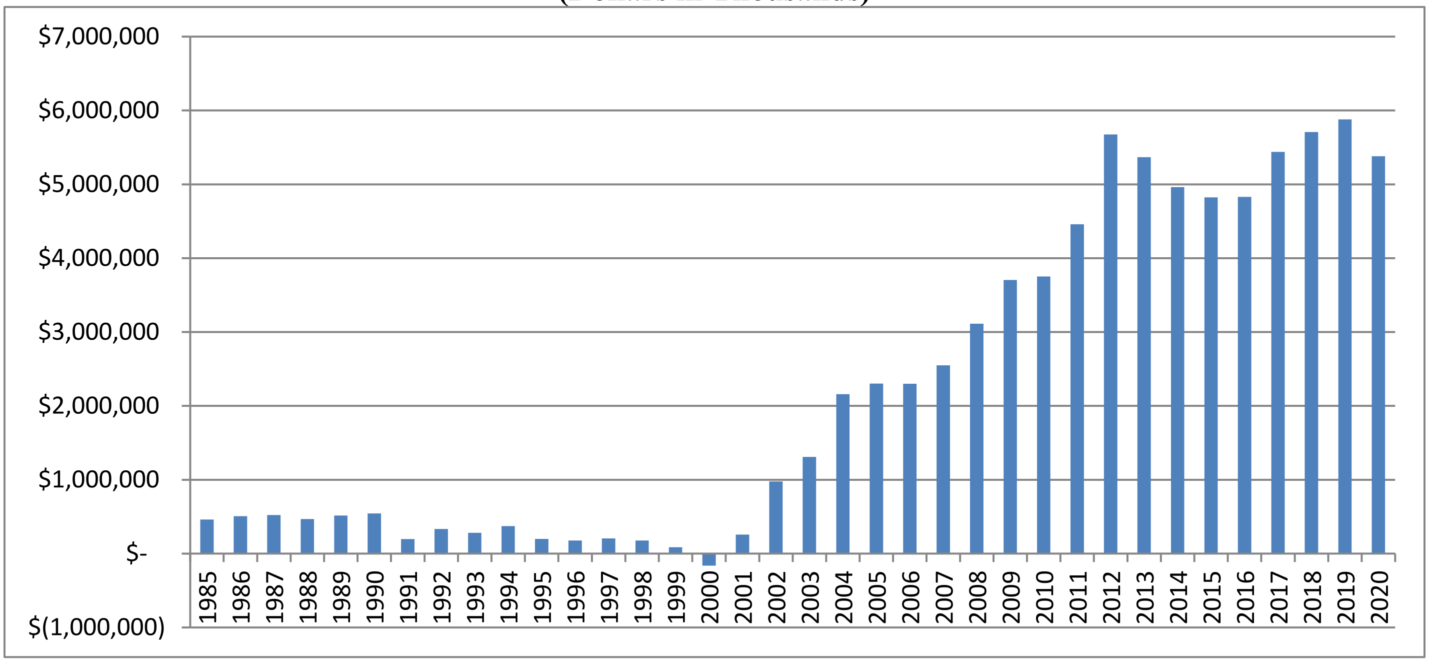
It is important to note that OCERS has taken significant strides in risk management over this same time period resulting in long-term plan sustainability. This includes strengthening of assumptions, particularly the expected return discount rate, and adopting a funding policy that eliminates negative amortization and promotes intergenerational equity. These changes may result in higher UAAL and associated contributions in the short term, but in the medium to long term avoid both deferring contributions and allowing unmanaged growth in the UAAL. Such decisions are essential for OCERS' fiscal health on a going forward basis.


Factors that Changed UAAL in December 31, 2000 to 2020 Valuations ($ Millions)
Millions
$1,600
$1,400
$1,200
$1,000
$800
$600
$400
$200
$0
-$200
-$400
-$600
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
Change in investment return (8.00% to 7.50%) and other assumptions
Plan Changes for General including 2.7% @ 55, 2.5% @ 55 and 2.0% @ 55 and Safety including 3.0% @ 50 for Probation Officers
Plan Change for Law Enforcement (3% @ 50)
Change in investment return (7.50% to 7.75%), inflation and other demographic assumptions. Also include change in actuarial method
Plan Change for Fire Authority (3% @ 50) & Probation Officers valued using Safety member assumptions
Change in mortality and other assumptions
Change in General service retirement assumptions
Change in mortality and other assumptions
Change in investment return (7.75% to 7.25%), and inflation assumptions
Change in mortality and other assumptions
Change in investment return (7.25% to 7.00%), mortality, and other assumptions
Change in mortality and other assumptions
Investment Experience
Non-Investment Experience
Expected UAAL Principal Payment
Assumption Changes
Additional UAAL Contributions
Benefit Improvement / Plan Change
Net Total Changes

A VISUAL REVIEW OF THE UAAL HISTORY

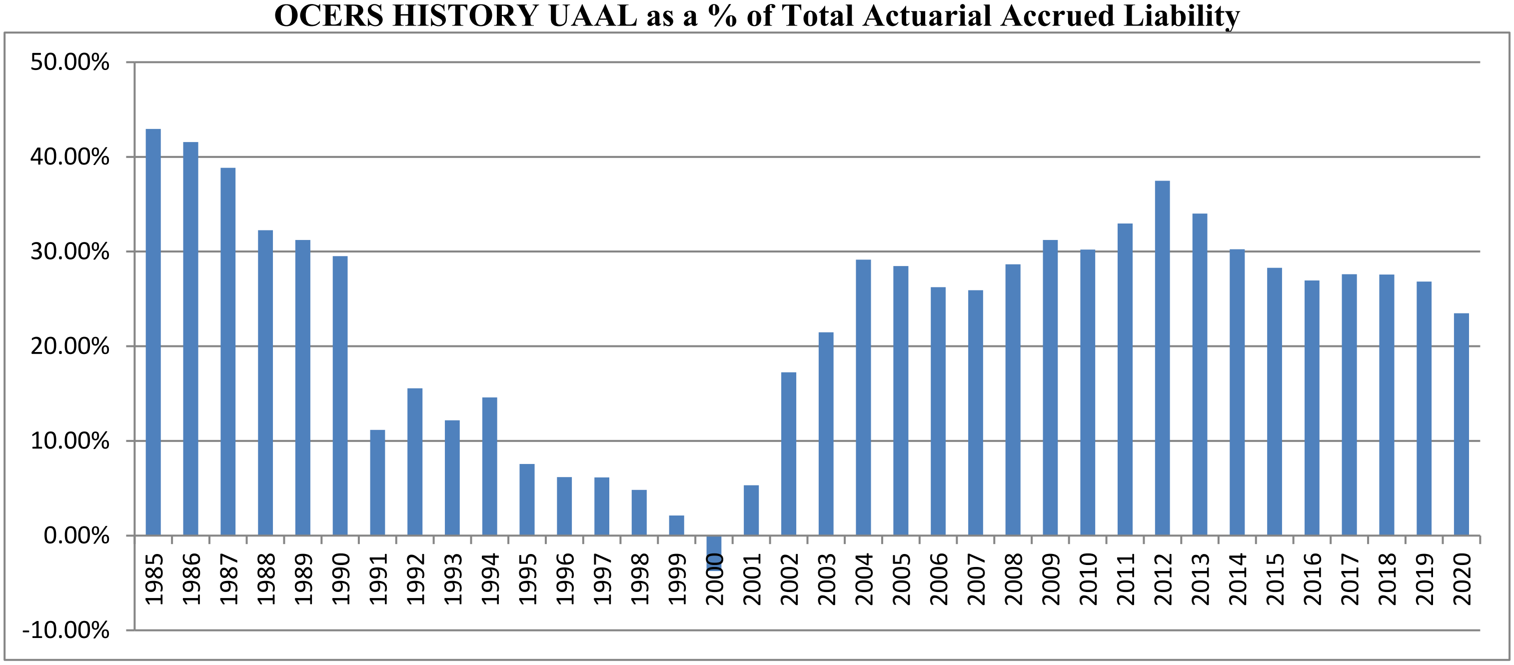
Two different approaches to viewing the UAAL in context of the OCERS Fund as a whole are displayed in the following tables. In the first table the historical amount of UAAL is displayed, reflecting the growth of the UAAL in total dollars. Identifying trends, and determining how best to address the cautionary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

OCERS Total UAAL
(Dollars in Thousands)



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

OCERS HISTORY UAAL as a % of Total Actuarial Accrued Liability



CONCLUSION:

As this review has shown, both past experience and assumptions (that try to predict the future using that past experience) often change, and have a major impact on the system's future costs. Actuaries use long economic cycles to make their assumptions. They do not often adjust their assumptions in response to year-to-year fluctuations in actual experience. Rather, actuarial assumptions are typically changed only following careful assessment of ongoing and durable trends in experience. Because public pension plans such as OCERS take a very long view of the time horizon, recognizing that in 2020 our average general and safety member retired with approximately 23 and 24 years of service, respectively. OCERS is designed specifically to allow time to exercise its smoothing effect on the costs associated with the variability of life and its vagaries.

While this document tracks the evolution of the OCERS UAAL as it has developed especially since the year 2000, keep in mind that the actuary can only show from one year to the next what the initial impact a given event may have on future liability projections using the assumptions adopted by the OCERS Board as of that measurement date. It cannot show what specific long term impact of that same event may be in later years should the initial assumption prove different from actual experience. An example of this was the increase in benefits that occurred in 2004, when a number of key benefit formulas were changed by the plan sponsor, leading to a change in the projection regarding future liabilities to be paid out, and creating an immediate increase in the UAAL of $365 million. Will the ultimate cost of that benefit adjustment be $365 million? Not likely. But it was an estimate developed using the best assumptions available at the time to prepare that projection. Can we track that specific change in the plan design to see what the ultimate cost might truly be? Not really. The OCERS plan is large and complex, with nearly 48,000 members making individual life choices that will impact the ultimate cost, either positively or negatively, over a very long period of time. Once the initial event is priced into the cost of the plan, then it is the plan as a whole that gets valued in future years, composed of the many smaller decisions made year after year, and determining the course of the UAAL.

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

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YEAR BY YEAR REVIEW:

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

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

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

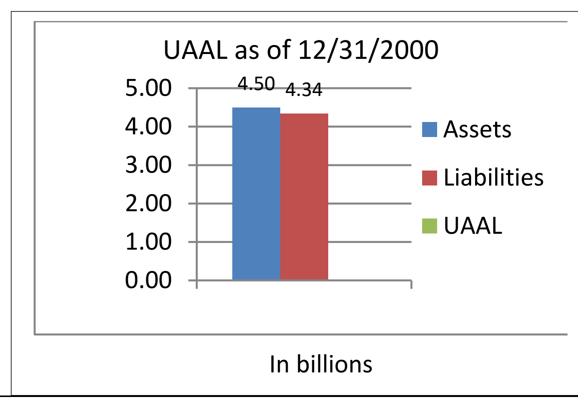
IMPACTING EVENTS

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

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

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

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



2001

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

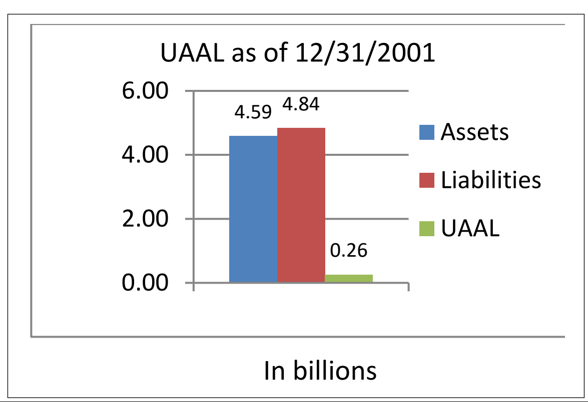
1.	**(Surplus) at beginning of year**		$(162,336,848)
2.	Total normal cost at middle of year		
3.	Amortization Payment		(11,193,795)
4.	Interest		7,117,033
5.	Expected UAAL		$(158,260,086)
6.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	$221,191,812	
	b. Loss on salary increases	40,447,786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

IMPACTING EVENTS

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

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

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



2002

Development of UAAL for Year Ended December 31, 2002

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

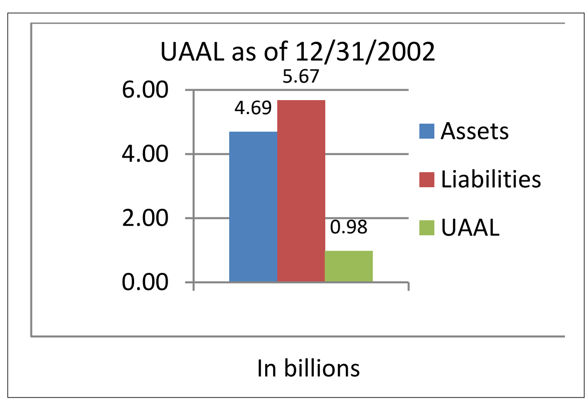
IMPACTING EVENTS

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

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

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

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



2003

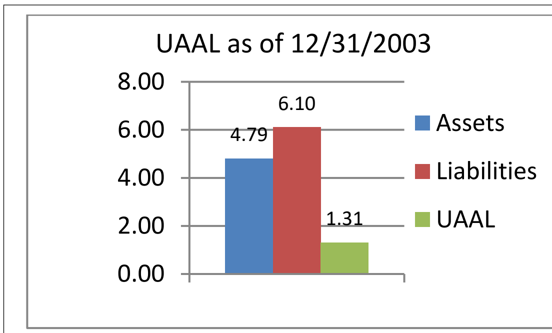
Development of UAAL for Year Ended December 31, 2003			
1.	**UAAL at beginning of year**		$ 978,079,531
3.	Total normal cost at middle of year		
4.	Amortization Payment		(58,355,527)
5.	Interest (7.5%)		78,359,367
6.	Expected UAAL		$ 998,083,371
7.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	$ 287,828,001	
	b. Gain on salary increases	(103,234,000)	
	c. Loss on new retirees	119,420,000	
	d. Other experience (gain)/loss	4,898,374	
	e. Change in actuarial assumptions		
	f. Impact of new formula for City of San Juan Capistrano, and City of Rancho Santa Margarita	2,337,899	
	g. Total changes		311,250,274
8.	**UAAL at the end of the year**		$1,309,333,645

IMPACTING EVENTS

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

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

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



In billions

2004

Development of UAAL for Year Ended December 31, 2004			
1.	**UAAL at beginning of year**		$1,309,334,000
2.	Changes in methods and procedures		106,630,000
3.	Total normal cost at middle of year		188,163,000
4.	Actual employer/member contributions		(279,940,000)
5.	Interest		102,756,000
6.	Expected UAAL		$1,426,943,000
7.	Actuarial (gain)/loss and other changes		
	a. Gain on investment	$(50,536,000)	
	b. Other experience (gain)/loss	19,372,000	
	c. Benefit improvements	365,409,000	
	d. Change in actuarial assumptions	579,681,000	
	e. Change to 3.5% inflation assumption and Entry Age Normal funding method	33,129,000	
	f. Change in investment return	(215,487,000)	
	g. Total changes		731,208,000
8.	**UAAL at the end of the year**		$2,158,151,000

IMPACTING EVENTS

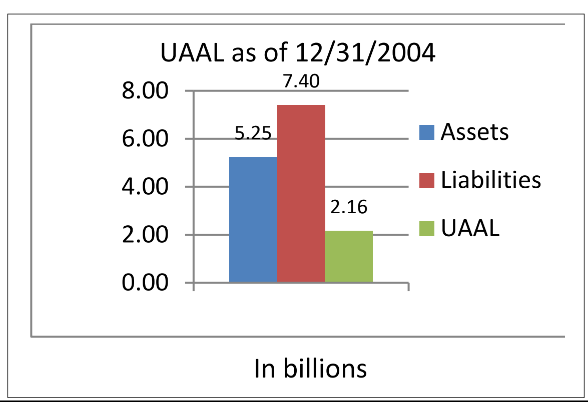
Two major events occurred in 2004, a change in actuarial services from Towers Perrin to The Segal Group led to a review and change in actuarial methods, procedures, and assumptions. There were also several retirement benefit formula improvements

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

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

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

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



2005

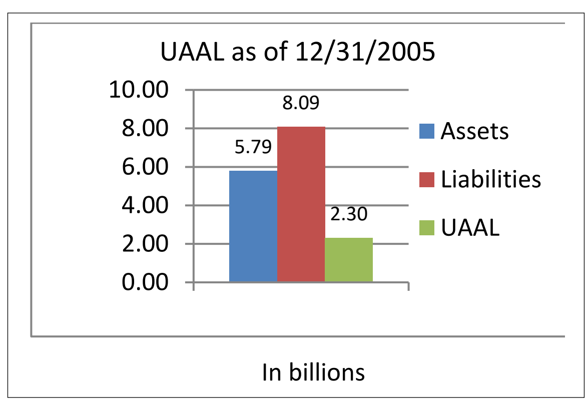
Development of UAAL for Year Ended December 31, 2005			
1.	**UAAL at beginning of year**		$2,158,151,000
2.	Total normal cost at middle of year		297,420,000
3.	Actual employer/member contributions		(345,111,000)
4.	Interest		165,409,000
5.	Expected UAAL		$2,275,869,000
6.	Actuarial (gain)/loss and other changes		
	a. Gain on investment	$(39,536,000)	
	b. Loss on salary increases	16,544,000	
	c. Change in methodology used to calculate benefits for deferred vested members	(15,335,000)	
	d. Other experience (gain)/loss	65,468,000	
	e. Benefit improvements		
	f. Change in actuarial assumptions		
	g. Total changes		27,141,000
7.	**UAAL at the end of the year**		$2,303,010,000

IMPACTING EVENTS

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

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

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



2006

Development of UAAL for Year Ended December 31, 2006

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

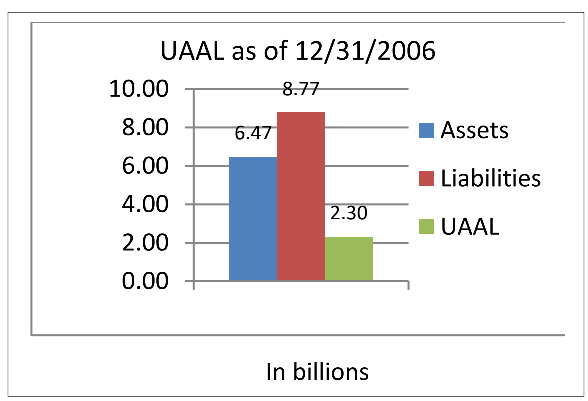
IMPACTING EVENTS

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

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

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

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



2007

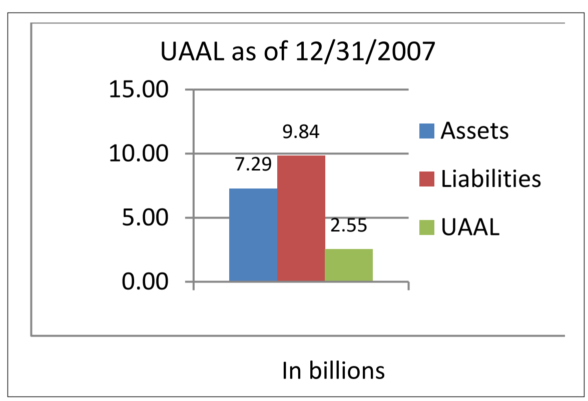
Development of UAAL for Year Ended December 31, 2007			
1.	**UAAL at beginning of year**		$2,298,960,000
2.	Total normal cost at middle of year		324,706,000
3.	Actual employer/member contributions		(486,212,000)
4.	Interest		171,911,000
5.	Expected UAAL		$2,309,365,000
6.	Actuarial (gain)/loss and other changes		
	a. Gain on investment	$(176,681,000)	
	b. Loss on salary increases	136,417,000	
	c. Other experience (gain)/loss	43,538,000	
	d. Benefit improvements		
	e. Change in actuarial assumptions	237,147,000	
	f. Total changes		240,421,000
7.	**UAAL at the end of the year**		$2,549,786,000

IMPACTING EVENTS

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

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

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



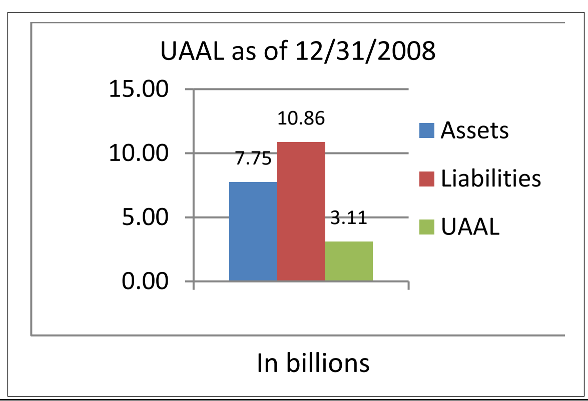
2008

Development of UAAL for Year Ended December 31, 2008			
1.	**UAAL at beginning of year**		$2,549,786,000
2.	Changes in methods and procedures		
3.	Total normal cost at middle of year		361,097,000
4.	Actual employer/member contributions		(532,656,000)
5.	Interest		190,961,000
6.	Expected UAAL		$2,569,188,000
7.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	$257,752,000	
	b. Loss on salary increases	97,561,000	
	c. Loss on new retirements	54,911,000	
	d. Other experience (gain)/loss	17,159,000	
	e. Benefit improvements		
	f. Change in actuarial assumptions	115,764,000	
	g. Total changes		543,147,000
8.	**UAAL at the end of the year**		$3,112,335,000

IMPACTING EVENTS

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

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



2009

Development of UAAL for Year Ended December 31, 2009			
1.	**UAAL at beginning of year**		$3,112,335,000
2.	**Inclusion of Additional Premium Pay Items**		228,051,000
3	**ADJUSTED UAAL for beginning of year**		3,340,386,000
4.	Changes in methods and procedures		
5.	Total normal cost at middle of year		396,025,000
6.	Actual employer/member contributions		(545,215,000)
7.	Interest		253,099,000
8.	Expected UAAL		$3,444,295,000
9.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	$322,523,000	
	b. Gain on lower than expected salary increases	(77,858,000)	
	c. Other experience (gain)/loss	14,931,000	
	d. Benefit improvements		
	e. Change in actuarial assumptions		
	f. Total changes		259,596,000
8.	**UAAL at the end of the year**		$3,703,891,000

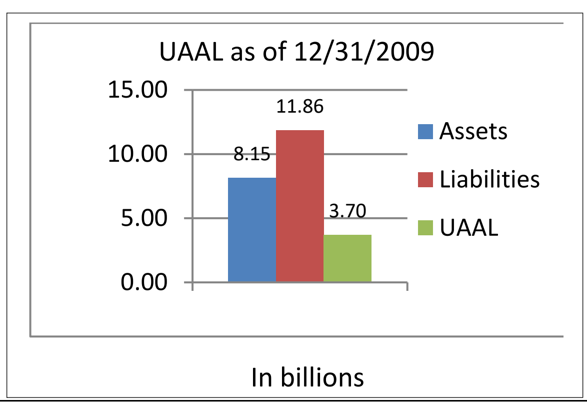
IMPACTING EVENTS

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

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

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

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



2010

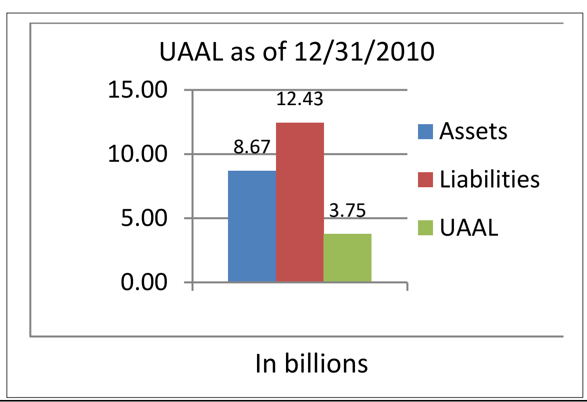
Development of UAAL for Year Ended December 31, 2010

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

IMPACTING EVENTS

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

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



2011

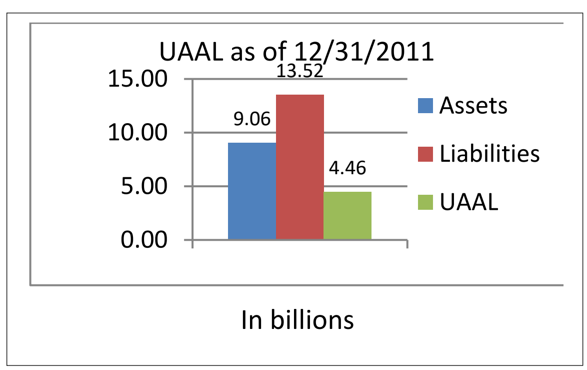
Development of UAAL for Year Ended December 31, 2011

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

IMPACTING EVENTS

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

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



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

Determining that full-time equivalent salaries (calculated by adjusting actual pensionable salaries with earnable salaries during those pay periods when the member is not working full-time) would more accurately reflect likely final compensation used to determine retirement benefits. That clarification added $73,448,000.

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

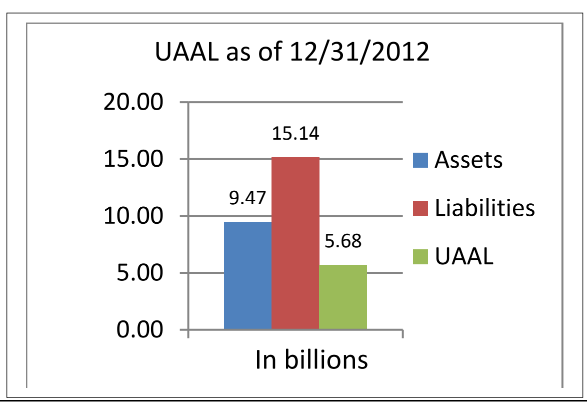
Confirming that some members who had been classified as active and therefore still accruing a liability, were in fact deferred and had reduced the UAAL by $6,295,000.

2012

Development of UAAL for Year Ended December 31, 2012			
1.	**UAAL at beginning of year**		$4,458,623,000
2.	Changes in methods and procedures		
3.	Total normal cost at middle of year		410,258,000
4.	Actual employer/member contributions		(627,964,000)
5.	Interest		337,107,000
6.	Expected UAAL		$4,578,024,000
7.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	$387,808,000	
	b. Gain on lower than expected salary increases	(244,750,000)	
	c. Loss on new retirements		
	d. Other experience (gain)/loss	19,979,000	
	e. Benefit improvements		
	f. Change in actuarial assumptions	934,619,000	
	g. Total changes		1,097,656,000
8.	**UAAL at the end of the year**		$5,675,680,000

IMPACTING EVENTS

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



2013

Development of UAAL for Year Ended December 31, 2013

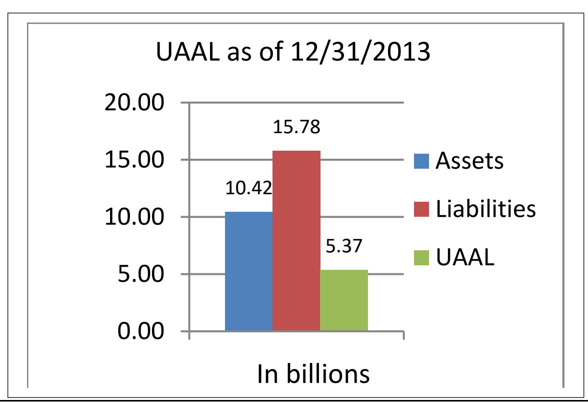
1.	**UAAL at beginning of year**		$5,675,680,000
2.	Changes in methods and procedures		
3.	Total normal cost at middle of year		457,762,000
4.	Actual employer/member contributions		(667,788,000)
5.	Interest		403,873,000
6.	Expected UAAL		$5,869,527,000
7.	Actuarial (gain)/loss and other changes		
	a.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

IMPACTING EVENTS

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

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

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



2014

Development of UAAL for Year Ended December 31, 2014

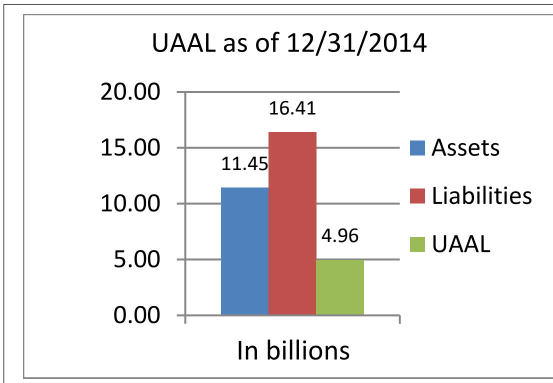
1.	**UAAL at beginning of year**		$5,367,917,000
2.	Changes in methods and procedures		
3.	Total normal cost at middle of year		454,221,000
4.	Expected employer/member contributions		(829,361,000)
5.	Interest		376,931,000
6.	Expected UAAL		$5,369,708,000
7.	Actuarial (gain)/loss and other changes		
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

IMPACTING EVENTS

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

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

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



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

2015

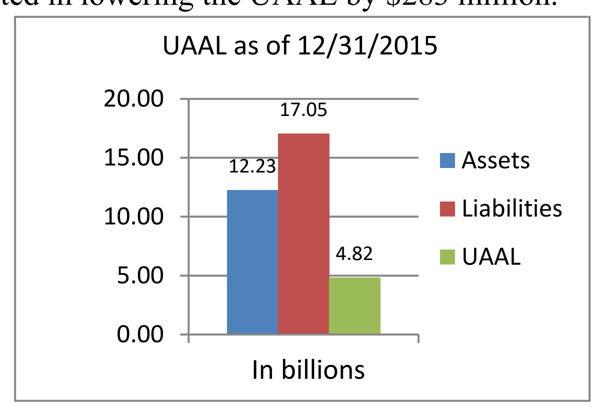
Development of UAAL for Year Ended December 31, 2015

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

IMPACTING EVENTS

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

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



2016

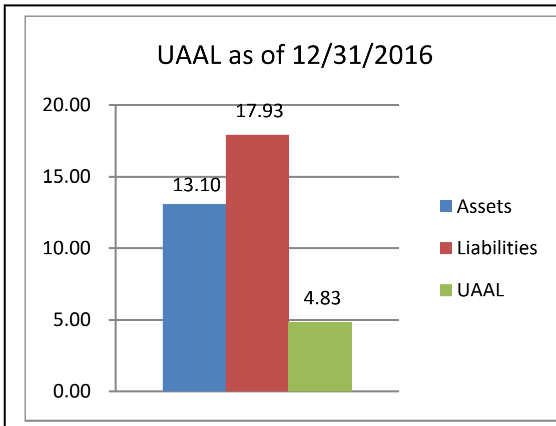
Development of UAAL for Year Ended December 31, 2016

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

IMPACTING EVENTS

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

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



In billions

Now, when adding in the smoothed gains from 2016, the scheduled net deferred losses to be recognized in the 2017 valuation are reduced to $135 million, a reduction of $34 million.

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

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

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

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

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

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

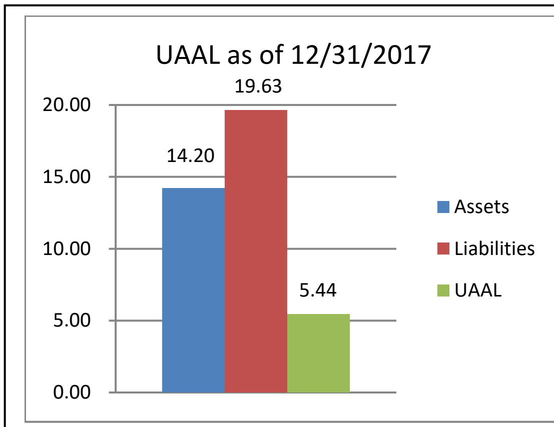
2017

Development of UAAL for Year Ended December 31, 2017

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

IMPACTING EVENTS

2017 is an excellent example of the challenges that any public pension system faces in the short term. The OCERS investment portfolio earned more than double that had been assumed, returning 14.74% or approximately $1.9 billion, and yet despite that the UAAL increased by nearly $608 million, decreasing the funded level of the system on a valuation value of assets basis from 73.1% to 72.3%. Despite those great earnings, two things were balancing out those great returns, and Items 8(c) and (h) combined tell the story of what occurred:



In billions

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

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

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

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

A couple of other numbers to take note of –

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

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

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

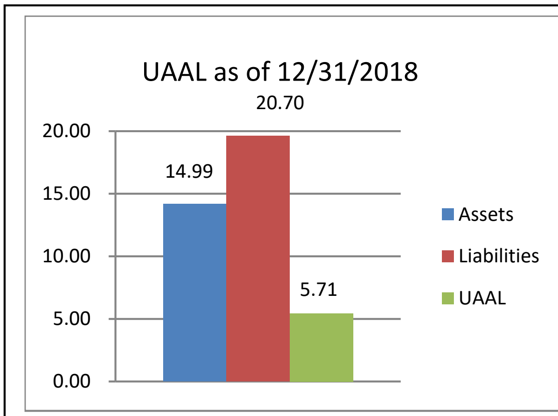
2018

Development of UAAL for Year Ended December 31, 2018

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

IMPACTING EVENTS

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



In billions

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

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

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

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

Other items that had an impact on the UAAL include:

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

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

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

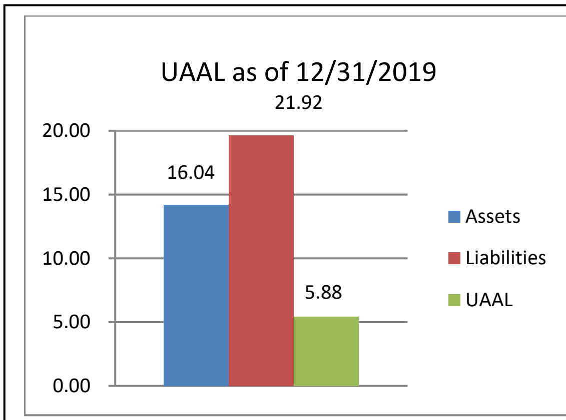
2019

Development of UAAL for Year Ended December 31, 2019

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

IMPACTING EVENTS

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



In billions

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

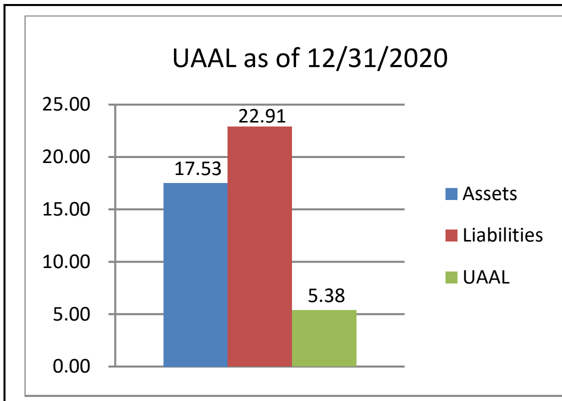
Besides investment losses on a smoothed basis, the system has $131.2 million in losses from higher actual versus expected COLA increases paid to retirees. Even though a maximum COLA of up to 3% was adopted by the plan sponsors for all retirees, only a 2.75% COLA was assumed in the valuation based on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

2020

Development of UAAL for Year Ended December 31, 2020

1.	**UAAL at beginning of year**		$5,879,861,000
2.	Normal Cost at middle of year		529,849,000
3.	Expected employer and member contributions		(1,050,381,000)
4.	Interest		397,256,000
5.	Expected Unfunded Accrued Liability at end of		$5,756,585,000
6.	Changes due to:		
	a. Investment gains (after smoothing)	$(370,675,000)	
	b. Additional UAAL contributions from OCFA and anticipated payments from DOE and UCI	(25,295,000)	
	c. Difference in actual versus expected contributions	110,129,000	
	d. Difference in actual versus expected salary increases	(62,291,000)	
	e. Effect of higher than expected COLA increases in 2020	34,044,000	
	f. Effect of lower than expected COLA increases in 2021	(157,888,000)	
	g. Changes in actuarial assumptions	24,273,000	
	h. Effect of reallocating present value benefits between NC and AAL	(37,783,000)	
	i. Other experience loss	108,759,000	
	Total Changes		$(376,727,000
	UAAL at the end of the year		$5,379,858,000

IMPACTING EVENTS



In billions

With a rate of return on the Market Value of Assets of 12.01% for calendar year 2020, the OCERS funding position continues to improve.

Because of the actuarial practice of smoothing investment gains and losses over a five year period, OCERS' actuary only credited OCERS with a rate of return of 9.31% on the Valuation Value of Assets at the end of 2020 including the recognition of prior year investment gains and losses, against an expected return of 7%. With a number of recent years, including 2020 exceeding the OCERS expected return of 7%, the fund now has a positive "unrecognized return" of $969+ million. That is a large cushion of positive dollars waiting to be blended into the “actuarial value” of the OCERS fund over the next four years.

That cushion will play an important part in helping OCERS reach a projected fully funded status - that is a payoff of all unfunded liabilities, by the end of calendar year 2032. That cushion will play an important part in helping OCERS reach a projected fully funded status - that is a payoff of all unfunded liabilities, by the end of calendar year 2032, if all the actuarial assumptions were to be met. Further, if the system were to earn 14% instead of 7% in 2021, it will allow OCERS to reach full funding two years earlier.

Another positive as noted in the list of impactful events above, was the payment of more than $25 million in additional dollars by an OCERS participating employer to speed the payoff of their unfunded liability, a sound fiscal decision similar to the efforts taken by a number of OCERS’ participating employers over the past several years. The Orange County Fire Authority (OCFA) has been paying additional dollars since 2013 when the OCFA Board approved an “Expedited Pension UAAL Payment Plan.” Since that time, OCFA has paid a total of $142.5 million in additional payments toward its UAAL, and has saved well in excess of $46.8 million in interest charges through the end of 2021. At this rate, depending upon whether OCFA continues this program of accelerated funding, OCFA will have paid off its unfunded liability (UAAL) sometime between 2025 and 2027.

Memorandum

DATE: August 11, 2021

TO: Members of the Board of Retirement

FROM: Steve Delany, Chief Executive Officer

SUBJECT: **2021 STRATEGIC PLANNING WORKSHOP – FINAL AGENDA**

Written Report

Background/Discussion

This memo serves as a placement holder for Agenda Item: **2021 STRATEGIC PLANNING WORKSHOP – FINAL AGENDA.** Materials will be uploaded soon.

Unfortunately our friends from Alabama just yesterday declined my invitation to speak at the OCERS Board's annual Strategic Planning Workshop.

I do have alternate speakers prepared. A completed agenda will be provided next week, prior to the August 16 meeting of the Board of Retirement.

Update

With four weeks to go, we had another cancellation by one of our participating employers. I believe it is best to provide you with a verbal update of the proposed agenda when we meet on Monday, August 16th.

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

Memorandum

DATE: August 16, 2021

TO: Members of the Board of Retirement

FROM: Steve Delany, Chief Executive Officer

SUBJECT: **2021 STRATEGIC PLANNING WORKSHOP – FINAL AGENDA**

Written Report

Background/Discussion

This memo serves as a placement holder for Agenda Item: **2021 STRATEGIC PLANNING WORKSHOP – FINAL AGENDA.** Materials will be uploaded soon.

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Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Memorandum

DATE: August 16, 2021

TO: Members of the Board of Retirement

FROM: Cynthia Hockless, Director of Human Resources

SUBJECT: **BOARD ELECTION, GENERAL MEMBER UPDATE**

Recommendation:

Informational Only

Background:

On July 13, 2021, OCERS contacted the Registrar of Voters requesting an election for the General Member whose terms expire on December 31, 2021. We received a response informing us that the elections will be held on November 02, 2021. The Registrar of Voters has provided OCERS with an election schedule.

As per the attached schedule, we are in the process of notifying eligible members of the elections. The Election Notices will be distributed with August 06, 2021, and August 20, 2021, payrolls as well as mailed to the home of each General Member via US mail.

The nomination period begins on August 11, 2021, and will close at 5:00 p.m. on September 10, 2021.

We are currently on schedule and will continue to provide updates as we progress through the process.

Attachments:

1. OCERS letter requesting a General Member election
2. Response letter from the Registrar of Voters with Calendar of events

Submitted by:

C.H. – APPROVED
Cynthia Hockless
Director of Human Resources

ORANGE COUNTY
OCERS
EMPLOYEES RETIREMENT SYSTEM

Active Participating Employers:

CITY OF SAN JUAN CAPISTRANO

COUNTY OF ORANGE

ORANGE COUNTY CEMETERY DISTRICT

ORANGE COUNTY CHILDREN & FAMILIES COMMISSION

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

July 13, 2021

Registrar of Voters
Marcia Nielsen, Candidate and Voter Services Manager
1300 N. Grand Avenue, Bldg. #C
Santa Ana, CA 92705

Re: General Member Election for the Board of Retirement for the term of office from January 1, 2022 through December 31, 2024.

Dear Ms. Nielsen,

The Orange County Employees Retirement System would like to request that the Registrar of Voters conduct an election for the position of General Member whose terms of office will expire on December 31, 2021.

The election for the General Member should be conducted from active General Members of the Retirement System.

The new Board Member is scheduled to assume office upon the certification of the election results by the Board of Supervisors.

Under separate cover, we will be sending a list of eligible voting General Members.

We are looking forward to working with your office on the various steps of this election process. Should you have any questions regarding this request you may contact me directly at (714) 558-6228.

Sincerely,

Cynthia Hockless

Cynthia Hockless
Director of Human Resources

NEAL KELLEY
Registrar of Voters

Mailing Address:
P.O. Box 11298
Santa Ana, California 92711

REGISTRAR OF VOTERS
1300 South Grand Avenue, Bldg. C
Santa Ana, California 92705
(714) 567-7600
FAX (714) 567-7627
ocvote.com

July 21, 2021

Ms. Cynthia Hockless
Director of Administrative Services
Orange County Employees Retirement System
2223 Wellington Avenue, Suite 100
Santa Ana, CA 92701

Dear Ms. Hockless:

This is in response to your July 13, 2021 letter requesting the Registrar of Voters' Office to conduct a Special Election for the position of General Member for the term of office from January 1, 2022 through December 31, 2024.

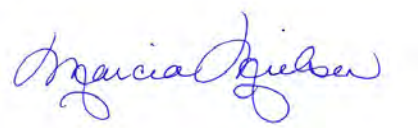
The election schedule is as follows:

August 6 and August 20 (E-88 and E-74)	The Orange County Retirement office shall notify the General Members of the Retirement System that an election will be conducted on November 2, 2021. The notice shall include the filing period, qualifications and requirements to be a candidate for General Member of the Orange County Retirement Board of Directors and shall be provided with the payrolls on August 6, 2021 and August 20, 2021.
August 6 (E-88)	The Retirement Office shall provide the number of eligible General Members to the Registrar of Voters' Office.
August 6 (E-88)	The Retirement Office shall provide the Registrar of Voters' Office with Willingness to Serve forms.
August 11 (E-83)	First day the Nomination Petition is available for pick up from the Registrar of Voters' Office. A General Member requires 75 nomination signatures.
September 10 (E-53)	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.
September 13 (E-50)	Random draw will be held to determine the candidate placement on the ballot.

September 17 (E-46)	Retirement Office shall provide the Registrar of Voters with names and addresses of eligible General Members in an electronic format.
September 27 (E-36)	Mailing of ballots begins.
November 2 (E-0)	Tally voted ballots at the Registrar of Voters' Office.
November 16 (E+14)	Certificate of Election on Board of Supervisors' agenda.
January 1 (E+ 60)	Term begins for General Member. Term expires on December 31, 2024.

If you have any questions, I can be reached at (714) 567-7568.

Sincerely,



Marcia Nielsen
Candidate and Voter Services Manager

Memorandum

DATE: August 16, 2021

TO: Members, Board of Retirement

FROM: Suzanne Jenike, Assistant CEO, External Operations

SUBJECT: **2021 EMPLOYER AND EMPLOYEE CONTRIBUTIONS MATRIX**

Written Report

Background/Discussion

On an annual basis I provide the Board with an updated contribution comparison matrix showing the various contribution rate provisions paid by employers and employees across several rate groups and plans. This document is intended to provide a high level overview of the rates, ownership of the funds once they are sent to OCERS, as well as some of the pick-up arrangements that the OCERS Employers have bargained for with their employees.

Submitted by:

S. J. – APPROVED

Suzanne Jenike
Assistant CEO, External Operations

2021 LEGACY CONTRIBUTION COMPARISON MATRIX

Contribution rates are based on age at entry. For the purpose of this information the contribution rate reflected is the average age for that rate group.
The number of members in each plan/rate group are estimates and the contribution information was taken from pay period 15, 2021

								Employer Owned	Employee Owned			
								Employer Paid EE Contributions		Employee Paid EE Contributions		
	A	B	C	D	E	F	G	H	I	J	K	L
	Number of Members	Tier, Plan and Rate Group	Rep Units	Description	Net Employer Costs = (ER + EE P/U) - REV P/U	Employer Contribution Rate	Employee Contribution Rate	Pick up Rates Eff	Pick up Rates Eff	EE Rate	EE Reverse Pickup Rate (Reduces ER Cost)	Net Employee Costs
								(.1 ER P/U *)	(.2 ER P/U (varies) *)			
		Rate Group #1 - General Members; County Only; Non-OCTA; - Avg Age = 32										
0.00%	**0**	Tier 1 - Plan A - 2%@57 - 1 year MP	**EW**	Eligibility Worker Unit	15.84%	15.84%	6.93%	0.00%	0.00%	6.93%	0.00%	6.93%
4.37%	**575**	Tier 2 - Plan B - 1.667%@57 1/2 - 3 year MP			15.84%	15.84%	9.33%	0.00%	0.00%	9.33%	0.00%	9.33%
0.02%	**2**	Tier 2 - Plan B - 1.667%@57 1/2 - 3 year MP	**PO**	Deputy Sheriff Trainee	15.84%	15.84%	9.33%	0.00%	0.00%	9.33%	0.00%	9.33%
		Rate Group #1 - IHSS - Avg Age = 38										
0.04%	**5**	Tier 2 - Plan B - 1.667%@57 1/2 - 3 year MP			15.84%	15.84%	10.29%	0.00%	0.00%	10.29%	0.00%	10.29%
		Rate Group #2 - General Members 2.7@55 Non-OCFA. County only limited barg units, see disclaimer - Avg Age = 32										
0.01%	**1**	Tier 1 - Plan I - 2.7%@55 - 1 year MP	**MA**	OCMA Member	36.36%	41.72%	13.61%	0.00%	0.00%	13.61%	5.359%	18.97%
6.74%	**887**	Tier 2 - Plan J - 2.7%@55 - 3 year MP			36.36%	41.72%	13.01%	0.00%	0.00%	13.01%	5.359%	18.37%
0.09%	**12**	Tier 2 - Plan P - 1.62%@65 - 3 year MP			33.48%	33.48%	8.56%	0.00%	0.00%	8.56%	0.000%	8.56%
0.05%	**6**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**MB**	OCMA Member	36.36%	41.72%	13.01%	0.00%	0.00%	13.01%	5.359%	18.37%
0.02%	**3**	Tier 2 - Plan P - 1.62%@65 - 3 year MP			33.48%	33.48%	8.56%	0.00%	0.00%	8.56%	0.000%	8.56%
2.28%	**300**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**AT**	Attorney	36.86%	41.72%	13.01%	0.00%	0.00%	13.01%	4.859%	17.87%
1.63%	**214**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**SSO**	Sheriff Special Officer	36.84%	41.72%	13.01%	0.00%	0.00%	13.01%	4.879%	17.89%
0.02%	**2**	Tier 2 - Plan P - 1.62%@65 - 3 year MP			33.48%	33.48%	8.56%	0.00%	0.00%	8.56%	0.000%	8.56%
0.00%	**0**	Tier 1 - Plan I - 2.7%@55 - 1 year MP	**E1, E2 E3, EA**	County Board of Supv Elected Officials Exec. Mgmt.	36.10%	41.72%	13.61%	0.00%	0.00%	13.61%	5.619%	19.23%
0.64%	**84**	Tier 2 - Plan J - 2.7%@55 - 3 year MP			35.49%	41.72%	13.01%	0.00%	0.00%	13.01%	6.230%	19.24%
0.03%	**4**	Tier 2 - Plan P - 1.62%@65 - 3 year MP			30.24%	33.48%	8.56%	0.00%	0.00%	8.56%	3.240%	11.80%
0.13%	**17**	Tier 1 - Plan I - 2.7%@55 - 1 year MP	**CL, CS, GE HP, SM, OS**	OCEA represented	36.84%	41.72%	13.61%	0.00%	0.00%	13.61%	4.879%	18.49%
44.55%	**5865**	Tier 2 - Plan J - 2.7%@55 - 3 year MP			36.84%	41.72%	13.01%	0.00%	0.00%	13.01%	4.879%	17.89%
1.02%	**134**	Tier 2 - Plan P - 1.62%@65 - 3 year MP			33.48%	33.48%	8.56%	0.00%	0.00%	8.56%	0.000%	8.56%
0.01%	**1**	Tier 1 - Plan I - 2.7%@55 - 1 year MP	**CP**	Craft and Plant IUOE Members	37.86%	41.72%	13.61%	0.00%	0.00%	13.61%	3.859%	17.47%
0.32%	**42**	Tier 2 - Plan J - 2.7%@55 - 3 year MP			36.86%	41.72%	13.01%	0.00%	0.00%	13.01%	4.859%	17.87%
0.03%	**4**	Tier 2 - Plan P - 1.62%@65 - 3 year MP			33.48%	33.48%	8.56%	0.00%	0.00%	8.56%	0.000%	8.56%
0.20%	**26**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**GM**		33.24%	41.72%	13.01%	0.00%	0.00%	13.01%	8.479%	21.49%
0.21%	**28**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**GS**		33.24%	41.72%	13.01%	0.00%	0.00%	13.01%	8.479%	21.49%

2021 LEGACY CONTRIBUTION COMPARISON MATRIX

Contribution rates are based on age at entry. For the purpose of this information the contribution rate reflected is the average age for that rate group.
The number of members in each plan/rate group are estimates and the contribution information was taken from pay period 15, 2021

								Employer Owned	Employee Owned			
								Employer Paid EE Contributions		Employee Paid EE Contributions		
	A	B	C	D	E	F	G	H	I	J	K	L
	Number of Members	Tier, Plan and Rate Group	Rep Units	Description	Net Employer Costs = (ER + EE P/U) - REV P/U	Employer Contribution Rate	Employee Contribution Rate	Pick up Rates Eff	Pick up Rates Eff	EE Rate	EE Reverse Pickup Rate (Reduces ER Cost)	Net Employee Costs
								(.1 ER P/U *)	(.2 ER P/U (varies) *			
		Rate Group #2 - Superior Court - Avg Age = 33										
0.01%	**1**	Tier 1 - Plan I - 2.7%@55 - 1 year MP	**CC**		36.72%	41.72%	13.84%	0.00%	0.00%	13.84%	5.00%	18.84%
0.96%	**126**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**AX, CX, E5**		38.72%	41.72%	13.23%	0.00%	0.00%	13.23%	3.00%	16.23%
0.08%	**10**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**E6**		41.72%	41.72%	13.23%	0.00%	0.00%	13.23%	0.00%	13.23%
5.17%	**680**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**CC, SS, SG**		36.72%	41.72%	13.23%	0.00%	0.00%	13.23%	5.00%	18.23%
0.30%	**39**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**CI**		36.72%	41.72%	13.23%	0.00%	0.00%	13.23%	5.00%	18.23%
0.13%	**17**	Tier 2 - Plan P - 1.62%@65 - 3 year MP	**AX,CC,CX,SG**		33.48%	33.48%	9.7%	0.00%	0.00%	9.70%	0.00%	9.70%
		Rate Group #2 - SJC - Avg Age = 36										
0.01%	**1**	Tier 1 - Plan I - 2.7%@55 - 1 year MP			41.72%	41.72%	13.84%	0.00%	0.00%	13.84%	0.00%	13.84%
0.16%	**21**	Tier 2 - Plan J - 2.7%@55 - 3 year MP			41.72%	41.72%	13.92%	0.00%	0.00%	13.92%	0.00%	13.92%
0.11%	**15**	Tier 2 - Plan S - 2%@57 - 3 year MP			39.99%	39.99%	11.46%	0.00%	0.00%	11.46%	0.00%	11.46%
0.01%	**1**	Tier 2 - Plan W -1.62%@65 - 3 year MP			29.18%	35.92%	6.2%	0.00%	0.00%	6.20%	0.00%	6.20%
		Rate Group #2 - OCERS Mgmt (future service) - Avg Age = 35										
0.11%	**15**	Tier 2 - Plan J - 2.7%@55 - 3 year MP			40.50%	40.50%	13.69%	0.00%	0.00%	13.69%	0.00%	13.69%
		Rate Group #2 - Children & Families Comm. (future service) - Avg Age = 33										
0.03%	**4**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**E9, MX**		24.64%	19.70%	13.23%	4.24%	**4.36%**	8.99%	3.66%	8.41%
		Rate Group #2 - LAFCO (future service) - Avg Age = 33										
0.02%	**2**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**E9, MY**		46.78%	41.72%	13.23%	5.06%	**3.15%**	8.17%	3.15%	6.26%
		Rate Group #3 - Sanitation - Avg Age = 34										
0.00%	**0**	Tier 1 - Plan G - 2.5%@55 - 1 year MP			13.24%	13.24%	13.79%	0.00%	0.00%	13.79%	0.00%	13.79%
2.05%	**270**	Tier 2 - Plan H - 2.5%@55 - 3 year MP			16.72%	13.22%	13.18%	0.00%	3.50%	13.18%	0.00%	9.68%
0.39%	**52**	Tier 2 - Plan B - 1.667%@57 1/2 - 3 year MP			11.23%	11.23%	9.70%	0.00%	0.00%	9.70%	0.00%	9.70%
		Rate Group #5 - OCTA - Avg Age = 36										
0.01%	**1**	Tier 1 - Plan A - 2%@57 - 1 year MP	**CO**		31.51%	31.51%	7.53%	0.00%	0.00%	7.53%	0.00%	7.53%
6.62%	**872**	Tier 2 - Plan B - 1.667%@57 1/2 - 3 year MP	**CO, MN, TCU, NONE**		31.51%	31.51%	10.08%	0.00%	0.00%	10.08%	0.00%	10.08%

2021 LEGACY CONTRIBUTION COMPARISON MATRIX

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								Employer Paid EE Contributions		Employee Paid EE Contributions		
	A	B	C	D	E	F	G	H	I	J	K	L
	Number of Members	Tier, Plan and Rate Group	Rep Units	Description	Net Employer Costs = (ER + EE P/U) - REV P/U	Employer Contribution Rate	Employee Contribution Rate	Pick up Rates Eff	Pick up Rates Eff	EE Rate	EE Reverse Pickup Rate (Reduces ER Cost)	Net Employee Costs
								(.1 ER P/U *)	(.2 ER P/U (varies) *			
		Rate Group #6 - Probation - Avg Age = 27										
0.04%	**5**	Tier 2 - Plan F - 3%@50 - 3 year MP - Mgmt	**E4/E8**	Executive	55.73%	55.73%	17.42%	0.00%	0.00%	17.42%	0.00%	17.42%
0.65%	**85**	Tier 2 - Plan F - 3%@50 - 3 year MP - Mgmt	**PM**		55.73%	55.73%	17.42%	0.00%	0.00%	17.42%	0.00%	17.42%
4.10%	**540**	Tier 2 - Plan F - 3%@50 - 3 year MP - Officer	**PS**	Probation Services	55.73%	55.73%	17.42%	0.00%	0.00%	17.42%	0.00%	17.42%
		Rate Group #7 - County Law Enforcement - Avg Age = 27										
5.86%	**772**	Tier 2 - Plan F - 3%@50 - 3 year MP - Sheriff	**PO/SP**	New Hires After 4/9/2010	70.22%	70.22%	18.04%	0.00%	0.00%	18.04%	0.00%	18.04%
2.92%	**385**	Tier 2 - Plan R - 3%@55 - 3 year MP - Sheriff			67.23%	67.23%	16.91%	0.00%	0.00%	16.91%	0.00%	16.91%
0.65%	**85**	Tier 2 - Plan F - 3%@50 - 3 year MP - Sheriff	**ML, EB**	Law Enforce/Mgmt	70.22%	70.22%	18.04%	0.00%	0.00%	18.04%	0.00%	18.04%
		Rate Group #8 - Fire Authority Safety - Avg Age = 30										
4.21%	**554**	Tier 2 - Plan F - 3%@50 - 3 year MP	**FF, T1, T3**	Fire Fighter Engineer 14.5%	53.27%	51.27%	18.22%	0.00%	**2.00%**	14.50%	0.00%	12.50%
0.00%	**0**	Tier 2 - Plan F - 3%@50 - 3 year MP	**M3**	Fire Management 15.99%	51.27%	51.27%	18.22%	0.00%	0.00%	15.99%	0.00%	15.99%
0.36%	**48**	Tier 2 - Plan F - 3%@50 - 3 year MP	**E3, M1**	Full Rate	51.27%	51.27%	18.22%	0.00%	0.00%	17.32%	0.00%	17.32%
1.22%	**160**	Tier 2 - Plan R - 3%@55 - 3 year MP	**T5, M5**	New hires After 7/1/2012 - 14.5%	49.56%	49.56%	17.78%	0.00%	0.00%	14.50%	0.00%	14.50%
		Rate Group #9 - TCA (retroactive upgrade) - Avg Age = 39										
0.19%	**25**	Tier 2 - Plan N - 2%@55 - 3 year MP			14.62%	14.62%	10.99%	0.00%	0.00%	10.99%	0.00%	10.99%
		Rate Group #10 - Fire Authority General - Avg Age = 33										
0.72%	**95**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**E2, G2, M2, S2**		28.81%	28.81%	13.20%	0.00%	0.00%	13.20%	0.00%	13.20%
0.32%	**42**	Tier 2 - Plan N - 2.0%@55 - 3 year MP	**E4, G4, M4, S4**	New Hires After 7/1/2012	27.74%	27.74%	10.08%	0.00%	0.00%	10.08%	0.00%	10.08%
0.03%	**4**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**SE**	General Members .2 ER pickup over Flat Rate	42.01%	28.81%	13.20%	0.00%	**13.20%**	13.50%	0.00%	13.50%
		Rate Group #11 - Cemetery District (future service) - Avg Age = 31										
0.11%	**15**	Tier 2 - Plan N - 2%@55 - 3 year MP	**E9, ZC**		14.63%	14.63%	9.65%	0.00%	0.00%	9.65%	0.00%	9.65%
		Rate Group #12 - OCPLL (future service) - Avg Age = 42										
0.08%	**11**	Tier 2 - Plan H - 2.5%@55 - 3 year MP	**MY, ZL**		12.64%	14.39%	14.94%	0.00%	0.00%	14.94%	1.75%	16.69%
100.00%	13165											

Note: The total employee contribution can have several components. There can be an employer pick up component where the employer can pay some or all of the employee's normal contributions under two different sections of the '37 Act (31581.1 & 31581.2). There is also a reverse pick up that is in addition to the regular normal employee contributions. The reverse pick up is always paid by the employee and goes into the employee contribution balance.

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								Employer Owned	Employee Owned			
								Employer Paid EE Contributions		Employee Paid EE Contributions		
	A	B	C	D	E	F	G	H	I	J	K	L
	Number of Members	Tier, Plan and Rate Group	Rep Units	Description	Net Employer Costs = (ER + EE P/U) - REV P/U	Employer Contribution Rate	Employee Contribution Rate	Pick up Rates Eff	Pick up Rates	EE Rate	EE Reverse Pickup Rate (Reduces ER Cost)	Net Employee Costs
								(.1 ER P/U *)	(.2 ER P/U (varies) *			
		Rate Group #1 - General Members; Orange County; Non-OCTA, County Only - Avg Age = 32										
10.53%	**926**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**EW**	Eligibility Worker Unit	15.21%	15.21%	8.56%	0.00%	0.00%	8.56%	0.00%	8.56%
1.14%	**100**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**PO**	Deputy Sheriff Trainee	15.21%	15.21%	9.69%	0.00%	0.00%	9.69%	0.00%	9.69%
		Rate Group #1 - IHSS - Avg Age = 38										
0.23%	**20**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP			15.21%	15.21%	10.66%	0.00%	0.00%	10.66%	0.00%	10.66%
		Rate Group #2 - General members non-OCFA. County only limited barg units, see disclaimer - Avg Age = 32										
3.44%	**302**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP	**MA**	OCMA Member	34.02%	34.52%	6.77%	0.00%	0.00%	6.77%	0.500%	7.27%
0.39%	**34**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP	**MB**	OCMA Member	34.02%	34.52%	6.77%	0.00%	0.00%	6.77%	0.500%	7.27%
2.05%	**180**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**AT**	Attorney	36.19%	36.19%	8.56%	0.00%	0.00%	8.56%	0.000%	8.56%
0.53%	**47**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP	**SSO**	Sheriff Special Officer	34.52%	34.52%	6.77%	0.00%	0.00%	6.77%	0.000%	6.77%
0.08%	**7**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP	**E2,E3**		33.76%	34.52%	6.77%	0.00%	0.00%	6.77%	0.760%	7.53%
48.73%	**4283**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP	**CL, CS, GE HP, SM, OS**	OCEA represented	34.52%	34.52%	6.77%	0.00%	0.00%	6.77%	0.000%	6.77%
0.80%	**70**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP	**CP**		34.06%	34.52%	6.77%	0.00%	0.00%	6.77%	0.460%	7.23%
0.09%	**8**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP	**GM**		29.70%	34.52%	6.77%	0.00%	0.00%	6.77%	4.820%	11.59%
0.50%	**44**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP	**GS**		29.70%	34.52%	6.77%	0.00%	0.00%	6.77%	4.820%	11.59%
		Rate Group #2 - Superior Court - Avg Age = 33										
4.74%	**417**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP	**CC, E6,SG**		34.52%	34.52%	6.88%	0.00%	0.00%	6.88%	0.00%	6.88%
0.73%	**64**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP	**AX,CX,E5**		34.52%	34.52%	6.88%	0.00%	0.00%	6.88%	0.00%	6.88%
0.43%	**38**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP	**CI,SS,EC**		34.52%	34.52%	6.88%	0.00%	0.00%	6.88%	0.00%	6.88%
		Rate Group #2 - SJC - Avg Age = 36										
0.30%	**26**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP			36.19%	36.19%	9.12%	0.00%	0.00%	9.12%	0.00%	9.12%
		Rate Group #2 - OCERS Mgmt - Avg Age = 35										
0.24%	**21**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP			34.97%	34.97%	8.98%	0.00%	0.00%	8.98%	0.00%	8.98%

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								(.1 ER P/U *)	(.2 ER P/U (varies) *			
		Rate Group #2 - Children & Families Comm. - Avg Age = 33										
0.10%	**9**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP			12.04%	12.04%	14.17%	0.00%	0.00%	14.17%	0.00%	14.17%
		Rate Group #2 - LAFCO - Avg Age = 33										
0.03%	**3**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP			34.52%	34.52%	6.88%	0.00%	0.00%	6.88%	0.00%	6.88%
		Rate Group #3 - Sanitation - Avg Age = 34										
3.25%	**286**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP			9.88%	9.88%	9.25%	0.00%	0.00%	9.25%	0.00%	9.25%
		Rate Group #5 - OCTA - Avg Age = 36										
5.28%	**464**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**CO, MN NONE, TCU**		31.13%	31.13%	10.85%	0.00%	0.00%	10.85%	0.00%	10.85%
		Rate Group #6 - Probation - Avg Age = 27										
0.78%	**69**	**Tier 2** - Plan V - 2.7%@67 - 3 year MP	**PS**	Probation Services	53.74%	53.74%	16.18%	0.00%	0.00%	16.18%	0.00%	16.18%
		Rate Group #7 - County Law Enforcement - Avg Age = 27										
8.38%	**737**	**Tier 2** - Plan V - 2.7%@67 - 3 year MP	**PO**		62.11%	62.11%	17.37%	0.00%	0.00%	17.37%	0.00%	17.37%
		Rate Group #8 - Fire Authority Safety - Avg Age = 30										
4.62%	**406**	**Tier 2** - Plan V - 2.7%@67 - 3 year MP	**F7, C7**	Fire Chief	39.45%	39.45%	15.91%	0.00%	0.00%	15.91%	0.00%	15.91%
		Rate Group #9 - TCA (retroactive upgrade) - Avg Age = 39										
0.36%	**32**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP			11.02%	11.53%	10.28%	0.00%	0.00%	10.28%	0.00%	10.28%
		Rate Group #10 - Fire Authority General - Avg Age = 33										
1.84%	**162**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**G6**		24.11%	24.11%	9.44%	0.00%	0.00%	9.44%	0.00%	9.44%
0.18%	**16**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**M6**	Admin Mgmt	24.11%	24.11%	9.44%	0.00%	0.00%	9.44%	0.00%	9.44%
0.06%	**5**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**S6**	Supervisory	24.11%	24.11%	9.44%	0.00%	0.00%	9.44%	0.00%	9.44%
		Rate Group #11 - Cemetery District - Avg Age = 31										
0.13%	**11**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP			15.26%	15.26%	9.93%	0.00%	0.00%	9.93%	0.00%	9.93%
		Rate Group #12 - OCPLL - Avg Age = 42										
0.03%	**3**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**ZL**		8.81%	10.56%	10.34%	0.00%	0.00%	10.34%	1.75%	12.09%
100.00%	**8790**											

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							(.1 ER P/U *)	(.2 ER P/U (varies) *			
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