

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

**REGULAR MEETING
Monday, July 18, 2022
9:30 A.M.**

Pursuant to Assembly Bill 361, signed into law on September 16, 2021 as urgency legislation; Governor Newsom’s Proclamation of a State of Emergency on March 4, 2020, which Proclamation is still in effect; and Board of Retirement Resolution 2022-06, this meeting will be conducted by video/teleconference, in compliance with Government Code section 54953 as amended by Assembly Bill 361. In addition, members of the Board and the public are welcome to participate in the meeting via Zoom from the OCERS Boardroom located at 2223 E. Wellington Ave., Santa Ana, CA. However, none of the other locations from which the Board members participate by teleconference will be open to the public.

Members of the public who wish to observe and/or participate in the meeting may do so (1) from the OCERS Boardroom or (2) via the Zoom app or telephone from any location. 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. Members of the public who participate in the meeting from the OCERS Boardroom and who wish to provide comment during the meeting may do so from the podium located in the OCERS Boardroom.

OCERS Zoom Video/Teleconference information	
<p>Join Using Zoom App (Video & Audio)</p> <p>https://ocers.zoom.us/j/84812097811</p> <p>Meeting ID: 848 1209 7811 Password: 788648</p> <p>Go to https://www.zoom.us/download to download Zoom app before meeting Go to https://zoom.us to connect online using any browser.</p>	<p>Join by Telephone (Audio Only)</p> <p>Dial by your location</p> <ul style="list-style-type: none"> +1 669 900 6833 US (San Jose) +1 346 248 7799 US (Houston) +1 253 215 8782 US +1 301 715 8592 US +1 312 626 6799 US (Chicago) +1 929 436 2866 US (New York) <p>Meeting ID: 848 1209 7811 Password: 788648</p>
<p>A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page</p>	

AGENDA

The Orange County Board of Retirement welcomes you to this meeting. This agenda contains a brief general description of each item to be considered. The Board of Retirement may take action on any item included in the following agenda; however, except as otherwise provided by law, no action shall be taken on any item not appearing on the agenda. The Board of Retirement may consider matters included on the agenda in any order, and not necessarily in the order listed.

CALL MEETING TO ORDER AND ROLL CALL

PLEDGE OF ALLEGIANCE

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. Persons attending the meeting in person and wishing to provide comment at this time should fill out a speaker card located at the back of the Boardroom and deposit it in the Recording Secretary’s box located near the back counter. 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.

- Nadeau, Kevin

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

June 20, 2022

Recommendation: Approve minutes.

C-3 ADOPT RESOLUTIONS TO AMEND OCERS’ REGULATIONS UNDER THE INTERNAL REVENUE CODE

Recommendation: Staff recommends that the Board adopt the following Resolutions to amend OCERS’ Regulations under the Internal Revenue Code and direct Staff to present these amendments to the Orange County Board of Supervisors for its approval:

- (1) Adopt Resolution No. 22-001 to amend OCERS’ Regulations for Internal Revenue Code section 401(a) – Return to Work and Separation from Service to reflect a change in the Internal Revenue Code lowering the member age requirement for returning to work after retirement.
- (2) Adopt Resolution No. 22-002 to amend OCERS’ Regulations for Internal Revenue Code section 401(a)(9) – Minimum Required Distributions to reflect a change in the Internal Revenue Code to increase the age (from 70½ to 72) at which distributions to members must begin.
- (3) Adopt Resolution No. 22-003 to amend OCERS’ Regulations for Internal Revenue Code section 415 – Annual Limits to clarify that the definition of compensation for the purposes of Internal Revenue Code section 415 includes “differential wage payments” as defined in Internal Revenue Code section 3401(h) pursuant to section 105(b) of the Heroes Earnings Assistance and Relief Tax Act of 2008.

C-4 CONSULTING ACTUARY SERVICES PROCUREMENT

Recommendation: Approve the proposed procurement process and schedule for consulting actuarial services.

DISABILITY/MEMBER BENEFITS AGENDA

9:30 AM

NOTE: WHEN CONSIDERING DISABILITY RETIREMENT APPLICATIONS OR MEMBER APPEALS OF 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: DANIELLE ARRIOLA

Deputy Sheriff I, 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 30, 2018.

DC-2: JASON FINLEY

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

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

- Grant service connected disability retirement per Government Code Section 31720.6.
- Set the effective date as July 22, 2021.

DC-3: BENJAMIN GARCIA

Coach Operator, Orange County Transportation Authority (General Member)

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

- Grant service connected disability retirement.
- Set the effective date as January 3, 2021.

DC-4: MARY HELEN GOMEZ

Office Manager, Orange County In-Home Supportive Services Public Authority (General Member)

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

- Grant service connected disability retirement.
- Set the effective date as July 10, 2015.

DC-5: ELIZABETH GONZALES

Coach Operator, Orange County Transportation Authority (General Member)

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

- Grant service connected disability retirement.
- Set the effective date as January 19, 2020.

DC-6: KENNETH HARRISON

Battalion Chief, 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 March 12, 2021.

DC-7: MICHELLE JACKSON

Coach Operator, Orange County Transportation Authority (General Member)

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

- Deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate.

DC-8: JOCELYN LEYVA

Service Worker, Orange County Transportation Authority (General Member)

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

- Deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate.

DC-9: JACK PERISHO

Fire Captain, 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 March 25, 2022.

DC-10: HENRY RAMIREZ

Firefighter, Orange County Fire Authority (Safety Member)

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

- Deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate.

DC-11: ANGELA SANCHEZ

Assessment Technician II, Orange County Assessor's Office (General 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-12: MARK WEISS

Fire Captain, 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 December 31, 2021.

DC-13: MIKE WILSON

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 the day after the last date of regular compensation.

CLOSED SESSION

Government Code section 54957

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

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

OPEN SESSION

REPORT OF ACTIONS TAKEN IN CLOSED SESSION

ACTION ITEMS

NOTE: Public comment on matters listed in this agenda will be taken at the time the item is addressed, prior to the Board’s discussion of the item. **Members of the public who wish to provide comment in connection with any matter listed in this agenda may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing * 9, at the time the item is called. Persons attending the meeting in person and wishing to provide comment on a matter listed on the agenda should fill out a speaker card located at the back of the Boardroom and deposit it in the Recording Secretary’s box located near the back counter.**

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

A-2 BOARD FINDINGS PURSUANT TO GOVERNMENT CODE § 54953, AS AMENDED BY AB 361, AND ADOPTION OF BOARD RESOLUTION 2022-07

Presentation by Gina Ratto, General Counsel, OCERS

Recommendation: That the Board:

- (1) Reconsider the circumstances of the state of emergency resulting from the COVID-19 pandemic and determine whether:
 - i. The state of emergency continues to directly impact the ability of the members of the Board to meet safely in person; **and/or**
 - ii. State or local officials continue to impose or recommend measures to promote social distancing; and
- (2) If the Board so determines, adopt Board of Retirement Resolution 2022-07 to reflect such findings pursuant to Government Code section 54953, as amended by AB 361.

A-3 CONSIDERATION OF EARLY PAYMENT OF EMPLOYER CONTRIBUTIONS FOR FISCAL YEAR- 2023-2024

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 2023 through June 2024.

A-4 MID-YEAR STAFFING ADJUSTMENTS – PERSONNEL COMMITTEE RECOMMENDATIONS

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation: The Personnel Committee recommends that the Board of Retirement approve the following mid-year staffing adjustments:

- (1) Drop a Retirement Benefits Program Supervisor position (currently vacant) and add an additional Member Services Director position
- (2) Add a new Legal Analyst classification
- (3) Add an additional Investment Analyst position
- (4) Add two (2) Internal Auditor positions – limited-term

INFORMATION ITEMS

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

Presentations

I-1 ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE INVESTMENT RETURN SCENARIOS

Presentation by Paul Angelo and Andy Yeung, Segal

I-2 SENSITIVITY ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE INFLATION AND INVESTMENT RETURN ASSUMPTIONS

Presentation by Paul Angelo and Andy Yeung, Segal

I-3 ACTUARIAL RISK ASSESSMENT BASED ON THE DECEMBER 31, 2021 ACTUARIAL VALUATION

Presentation by Paul Angelo and Andy Yeung, Segal

I-4 COVID-19 UPDATE

Presentation by Steve Delaney, Chief Executive Officer, OCERS

WRITTEN REPORTS

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

R-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices July 18, 2022
Death Notices July 18, 2022

R-2 COMMITTEE MEETING MINUTES
- None

R-3 CEO FUTURE AGENDAS AND 2022 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 ELECTION UPDATE - GENERAL AND RETIRED BOARD MEMBER
Written Report

R-8 SECOND QUARTER 2022 TRAVEL AND TRAINING EXPENSE REPORT
Written Report

R-9 SEPTEMBER 2022 OCERS STRATEGIC PLANNING WORKSHOP AGENDA
Written Report

R-10 CONTRACT STATUS FOR NAMED SERVICE PROVIDERS
Written Report

R-11 ACTUARIAL SERVICES PERFORMANCE REVIEW
Written Report

CIO COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

BOARD MEMBER COMMENTS

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

NOTICE OF NEXT MEETINGS

GOVERNANCE COMMITTEE MEETING

**August 3, 2022
9:30 A.M.**

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

DISABILITY COMMITTEE MEETING

**August 15, 2022
8:30 A.M.**

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

REGULAR BOARD MEETING

**August 15, 2022
9:30 A.M.**

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

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

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



Memorandum

DATE: July 18, 2022
TO: Members of the Board of Retirement
FROM: Jonathea Tallase, Member Services Manager
SUBJECT: **OPTION 4 RETIREMENT ELECTION – KEVIN NADEAU**

Recommendation

Grant election of retirement benefit payment, Option 4, based on Segal Consulting’s actuarial report.

Background/Discussion

This member elected Option 4 as the benefit payment option for his service retirement allowance as required by his Domestic Relations Order (DRO), effective March 25, 2022. The Orange County Employees Retirement System (OCERS) was joined in the member’s dissolution of marriage and under the terms of the DRO, the member’s ex-spouse was awarded a lifetime continuance as a flat amount of the member’s allowance.

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

Submitted by:



J. T. – APPROVED

Jonathea Tallase
Member Services Manager



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

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

Personal and Confidential

June 22, 2022

Jonathea Tallase
 Member Services Manager
 Orange County Employees Retirement System
 2223 Wellington Avenue
 Santa Ana, CA 92701-3101

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

Dear Jonathea:

Pursuant to your request, we have determined the Option 4 benefits payable to Kevin M. Nadeau, his ex-spouse, and his current spouse based on the unmodified benefit and other information provided in the System’s request dated May 12, 2022.

The monthly benefits payable to the member, ex-spouse and current spouse and the data we used for our calculations are as follows:

Member’s Date of Birth	
Ex-Spouse’s Date of Birth	
Date of Retirement	March 25, 2022
Plan of Membership	General Plan B and Safety Plan F
Monthly Unmodified Benefit	Plan B: \$87.56 Plan F: <u>13,117.55</u> Total: \$13,205.11
Ex-Spouse’s Share of Monthly Unmodified Benefit	\$3,750.00 ¹
Retirement Type	Service Retirement
Current Spouse’s Date of Birth	
Continuance Payable to Current Spouse	20%/30%/50%

¹ This is before adjustment to provide a flat benefit payable over the ex-spouse’s lifetime or to the estate of the ex-spouse if the ex-spouse pre-deceases the member. Per OCERS, the ex-spouse is not entitled to any Cost-of-Living Adjustment (COLA).

Jonathea Tallase
June 22, 2022
Page 2

Per instructions provided by OCERS, the ex-spouse is not entitled to any COLA. Any COLA benefit that would be accrued on the ex-spouse's benefit (\$3,750.00 before adjustment to provide a flat benefit over the ex-spouse's lifetime or to the estate of the ex-spouse if the ex-spouse pre-deceases the member) will instead be payable to the member. It is our understanding that OCERS can keep track of the COLA accrued on the benefit amount prior to the DRO split (see amount under "monthly benefit basis for the purpose of accruing COLA payable to the member" provided in Parts One and Two of the calculation below).

We have determined the Option 4 benefits using a two-part process. In Part One, we first calculated the adjustment to the member's unmodified benefit to provide a flat \$3,750.00 continuance to the ex-spouse. As instructed by OCERS, the ex-spouse is not entitled to any COLA, and the cost to provide the continuance benefit to the ex-spouse is paid for entirely by the ex-spouse.

Part One – Before Adjustment for Continuance to Current Spouse

	Payable while the Member is Alive	Payable After the Member's Death
Monthly benefit payable to member ²		
Plan B Annuity:	\$13.75	
Plan B Pension:	48.94	
Plan F Annuity:	1,891.90	
Plan F Pension:	<u>7,500.52</u>	
Total:	\$9,455.11	\$0.00
Monthly benefit basis for the purpose of accruing COLA payable to member ³	\$13,205.11	\$0.00
Monthly benefit payable to ex-spouse ⁴	\$3,403.62	\$3,403.62

In Part Two, we further adjusted the member's benefit in Part One so that a continuance benefit of 20%, 30%, or 50% can be paid to the member's current spouse. In addition, the cost to provide this continuance benefit would be paid for entirely by the member.

Per instructions provided by OCERS, we understand that the current spouse will also receive the COLA benefit that would be accrued on the ex-spouse's benefit in the form of a continuance benefit (either 20%, 30% or 50%) upon the death of member.

² This is equal to \$13,205.11 minus the ex-spouse's portion of \$3,750.00.

³ The member's COLA benefit will be accrued on \$13,205.11 (the monthly unmodified benefit prior to the DRO split).

⁴ This is equal to \$3,750.00 adjusted to provide a flat benefit payable over the ex-spouse's lifetime or to the estate of the ex-spouse if the ex-spouse pre-deceases the member. As instructed by OCERS, the ex-spouse is not entitled to any COLA. The adjustment is based on the effective interest rate of 7.00% per year and the mortality table as shown on page 5 of this letter.

Jonathea Tallase
June 22, 2022
Page 3

Part Two – After Adjustment for Continuance Benefit Payable to Current Spouse

Alternative A: 20% Continuance

	Payable while the Member is Alive	Payable after the Member's Death
Monthly benefit payable to member ⁵		
Plan B Annuity:	\$13.35	
Plan B Pension:	47.50	
Plan F Annuity:	1,836.42	
Plan F Pension:	<u>7,280.55</u>	
Total:	\$9,177.82	\$0.00
Monthly benefit payable to current spouse	\$0.00	\$1,835.56
Monthly benefit basis for the purpose of accruing COLA payable to member ⁶	\$12,075.65	20% of COLA accrued on \$12,075.65
Monthly benefit payable to ex-spouse ⁷	\$3,403.62	\$3,403.62

Alternative B: 30% Continuance

	Payable while the Member is Alive	Payable after the Member's Death
Monthly benefit payable to member ⁵		
Plan B Annuity:	\$13.15	
Plan B Pension:	46.82	
Plan F Annuity:	1,809.88	
Plan F Pension:	<u>7,175.34</u>	
Total:	\$9,045.19	\$0.00
Monthly benefit payable to current spouse	\$0.00	\$2,713.56
Monthly benefit basis for the purpose of accruing COLA payable to member ⁶	\$11,580.40	30% of COLA accrued on \$11,580.40
Monthly benefit payable to ex-spouse ⁷	\$3,403.62	\$3,403.62

⁵ This is equal to \$13,205.11 minus the ex-spouse's portion of \$3,750.00, adjusted to provide a 20% or 30% continuance benefit payable to the current spouse upon the death of the member. The adjustment is based on the effective interest rate of 7.00% per year and the mortality table as shown on page 5 of this letter.

⁶ The member's COLA benefit will be accrued on \$13,205.11 (the monthly unmodified benefit prior to the DRO split) and adjusted to provide a 20% or 30% continuance benefit payable to the current spouse upon the death of the member. The adjustment is based on the effective interest rate of 4.136253% per year and the mortality table as shown on page 5 of this letter. The COLA benefit continued to the current spouse would be reduced by the corresponding continuance percentage for each alternative.

⁷ See footnote 4 on page 2.

Jonathea Tallase
June 22, 2022
Page 4

Part Two – After Adjustment for Continuance Benefit Payable to Current Spouse

Alternative C: 50% Continuance

	Payable while the Member is Alive	Payable after the Member's Death
Monthly benefit payable to member ⁸		
Plan B Annuity:	\$12.78	
Plan B Pension:	45.51	
Plan F Annuity:	1,759.04	
Plan F Pension:	<u>6,973.78</u>	
Total:	\$8,791.11	\$0.00
Monthly benefit payable to current spouse	\$0.00	\$4,395.56
Monthly benefit basis for the purpose of accruing COLA payable to member ⁹	\$10,702.53	50% of COLA accrued on \$10,702.53
Monthly benefit payable to ex-spouse ¹⁰	\$3,403.62	\$3,403.62

⁸ This is equal to \$13,205.11 minus the ex-spouse's portion of \$3,750.00, adjusted to provide a 50% continuance benefit payable to the current spouse upon the death of the member. The adjustment is based on the effective interest rate of 7.00% per year and the mortality table as shown on page 5 of this letter.

⁹ The member's COLA benefit will be accrued on \$13,205.11 (the monthly unmodified benefit prior to the DRO split) and adjusted to provide a 50% continuance benefit payable to the current spouse upon the death of the member. The adjustment is based on the effective interest rate of 4.136253% per year and the mortality table as shown on page 5 of this letter. The COLA benefit continued to the current spouse would be reduced by the corresponding continuance percentage for each alternative.

¹⁰ See footnote 4 on page 2.

Jonathea Tallase
 June 22, 2022
 Page 5

ACTUARIAL ASSUMPTIONS

We have calculated various parts of the Option 4 benefits based on the following two sets of actuarial assumptions:¹¹

Interest: ¹²	Effective interest rate of 7.00% per year
Interest:	Effective interest rate of 4.136253% per year, which is calculated using an investment return assumption of 7.00% per year together with a cost-of-living adjustment assumption of 2.75% per year.
Mortality Table:	<p>Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional mortality improvement scale MP-2016 set back four years, weighted 80% male and 20% female for members.</p> <p>Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional mortality improvement scale MP-2016, weighted 20% male and 80% female for beneficiaries.</p>

¹¹ Since the member last worked as a Safety member, we used Safety assumptions in determining optional benefits even for benefits paid from the General Plan.

¹² When annuitizing the member account balance to the annuity component of the benefit, we are continuing to use the effective interest rate of 4.136253% per year and the mortality table as shown on this page.

Jonathea Tallase
June 22, 2022
Page 6

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

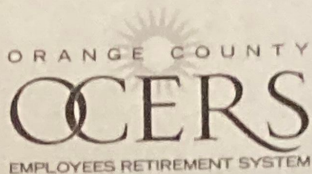
Please let us know if you have any comments or questions. As in all matters pertaining to the interpretation and application of the law, Plan, or individual Option 4 Calculation provisions, you should be guided by the advice of the Plan's Legal Counsel.

Sincerely,



Molly Calcagno, ASA, MAAA, EA
Actuary

JY/bbf



June 23, 2022

Kevin M. Nadeau

Re: Retirement Election Confirmation – Option 4

Dear Mr. NADEAU:

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

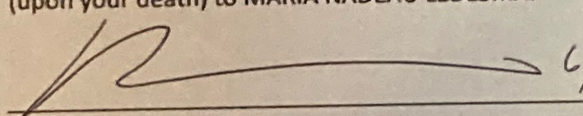
a monthly flat amount of \$3,750 of your monthly benefit, for the life of the benefit, to: BOUCHRA E. NADEAU

30% of your monthly benefit (upon your death) to your current spouse: MARIA NADEAU LEDESMA

This designation is irrevocable; you will not be allowed to change your retirement option or designated beneficiary.

Please complete this form and return to OCERS as soon as possible.

I understand that my retirement option is irrevocable; by choosing Option 4 I will take a monthly reduction in order to provide a monthly flat amount of \$3,750 to BOUCHRA E. NADEAU and 30% Continuance (upon your death) to MARIA NADEAU LEDESMA.

 6/24/2022

Member Signature/Date

Sincerely,

Cesar Rodriguez
Retirement Program Specialist

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

BOARD OF RETIREMENT

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CALIFORNIA

REGULAR MEETING

Monday, June 20, 2022

9:30 a.m.

MINUTES

Chair Eley called the meeting to order at 9:31 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Frank Eley, Chair; Adele Tagaloo, Charles Packard, Chris Prevatt, and Shari Freidenrich

Present via Zoom Video conference pursuant to Government Code § 54953, as amended by

AB 361: Shawn Dewane, Vice Chair; Richard Oates, Wayne Lindholm, Arthur Hidalgo, Jeremy Vallone

Also Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Shanta Chary, Director of Investment Operations; Gina Ratto, General Counsel; Manuel Serpa, Deputy General Counsel; David Kim, Director of Internal Audit; Tracy Bowman, Director of Finance; Anthony Beltran, Audio-Visual Technician; Carolyn Nih, Recording Secretary

Guests: Andy Yeung, Segal Consulting; Todd, Segal Consulting; Harvey Leiderman, ReedSmith; Maytak Chin, ReedSmith; Cory Hogan, Moss Adams

Chair Eley lead the Pledge of Allegiance.

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.

- Frazee, Bruce

Orange County Employees Retirement System
June 20, 2022
Regular Board Meeting – Minutes

- Gardner, Robert
- Nadeau, Kevin
- Neal, Sandra
- Perrin, Todd
- Stewart, Steve
- Waldron, Elvia

Ms. Suzanne Jenike requests that we remove Kevin Nadeau from consent item C-1.

MOTION by Mr. Packard, **SECONDED** by Ms. Tagaloa, to consent on all the remainder Option 4 applications of agenda item C-1.

The motion passed **unanimously**.

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

May 16, 2022

Recommendation: Approve minutes.

MOTION by Mr. Lindholm, **SECONDED** by Ms. Tagaloa, to approve previous minutes.

The motion passed **unanimously**.

C-3 OUTCOMES OF THE MEETINGS OF THE GOVERNANCE COMMITTEE HELD ON FEBRUARY 14, 2022 AND MAY 3, 2022

Recommendation: The Governance Committee recommends the Board approve the following:

1. Revisions to the **Board of Retirement Charter** as approved by the Committee;
2. Revisions to the **Board of Retirement Chair Charter** as approved by the Committee;
3. Revisions to the **Board of Retirement Vice Chair Charter** as approved by the Committee;
4. Revisions to the **Committee Chair Charter** as approved by the Committee;
5. Revisions to the **Indemnity and Defense Policy** as approved by the Committee;
6. Revisions to the **Rules of Parliamentary Procedure** as approved by the Committee;
7. Revisions to the **Whistleblower Policy** as approved by the Committee;
8. Revisions to the **Protocol for Handling Workplace Complaints** as approved by the Committee;
9. Revisions to the **Retirement and Enhancement Review Policy** as approved by the Committee; and
10. Revisions to the **Pay Item Review Policy** as approved by the Committee.

MOTION by Mr. Prevatt, **SECONDED** by Ms. Freidenrich: Approve all revisions except Board Retirement Charter. Refer the Board Retirement Charter to the Governance Committee for further review.

The motion passed **unanimously**.

DISABILITY/MEMBER BENEFITS AGENDA

CONSENT ITEMS

MOTION by Mr. Packard, **SECONDED** by Mr. Lindholm, to approve staff’s recommendations on the Disability/Member Benefits Consent Agenda:

The motion passed **unanimously**.

DC-1: DAN BOWDISH
Investigator, Orange County Sheriff’s Department

Recommendation: The Disability Committee recommends that the Board:

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

DC-2: MICHAEL CARLSON
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 day after the last day of regular compensation.

DC-3: COLLIN CATE
Paramedic Engineer, Orange County Fire Authority (Safety Member)

Recommendation: The Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as September 24, 2021.

DC-4: SANDRA CHAIBUN
Employment and Eligibility Specialist, Orange County Social Services Agency (General Member)

Recommendation: The Disability Committee recommends that the Board:

- Deny service and non-service connected disability retirement due to insufficient evidence of permanent incapacity.

DC-5: JEREMY DOTY

Automotive Fleet Technician II, Orange County Public Works (General Member)

Recommendation: The Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as October 11, 2019.

DC-6: KEVIN FOSS

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

Recommendation: The Disability Committee recommends that the Board:

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

DC-7: ROSEMARY HARVEY

Coach Operator, Orange County Transportation Authority (General Member)

Recommendation: The Disability Committee recommends that the Board:

- Deny service and non-service connected disability retirement due without prejudice due to member’s failure to cooperate.

DC-8: KIPP LYONS

Community Services Coordinator, City of San Juan Capistrano (General Member)

Recommendation: The Disability Committee recommends that the Board:

- Deny service and non-service connected disability retirement due without prejudice due to member’s failure to cooperate.

DC-9: KERI STUFF

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

Recommendation: The Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as December 31, 2021.

CLOSED SESSION

The Board adjourned into closed session at 9:55 a.m.

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

DA-2: EDER PALMA

Deputy Sheriff II, Orange County Sheriff’s Department

Recommendation:

Staff recommends the Board approve and adopt the findings and recommendations of the Hearing Officer as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated April 10, 2022 (Recommendation) wherein the Hearing Officer recommended that the Board **deny** both service and non-service connected disability retirement.

OPEN SESSION

The Board reconvened into open session at 10:30 a.m.

REPORT OF ACTIONS TAKEN IN CLOSED SESSION

Mr. Dewane left the meeting during closed session to return later.

Motion to approve staff’s recommendations for DA-2; the motion passed **unanimously** with Mr. Dewane being absent.

DA-3: REQUEST FOR ADMINISTRATIVE REVIEW OF CEO DETERMINATION - MANCHESTER, JEFFREY

Recommendation:

- (1) Staff recommends that the Board review and determine the Request for Administrative Review of CEO Determination filed by OCERS member, Jeffrey Manchester (Applicant), at the Board’s meeting on June 20, 2022; and
- (2) The Board affirm that OCERS’ Staff correctly calculated the Applicant’s final average salary in accordance with the law, OCERS’ policies and procedures, and the applicable Memorandum of Understanding (MOU).

**Item DA-3 was pulled at the request of the member.

END OF DISABILITY/MEMBER BENEFITS AGENDA

ACTION ITEMS:

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

A-2 BOARD FINDINGS PURSUANT TO GOVERNMENT CODE § 54953, AS AMENDED BY AB 361, AND ADOPTION OF BOARD RESOLUTION 2022-06

Recommendation: That the Board:

(1) Reconsider the circumstances of the state of emergency resulting from the COVID-19 pandemic and determine whether:

- i. The state of emergency continues to directly impact the ability of the members of the Board to meet safely in person; and/or
- ii. State or local officials continue to impose or recommend measures to promote social distancing; and

(2) If the Board so determines, adopt Board of Retirement Resolution 2022-06 to reflect such findings pursuant to Government Code section 54953, as amended by AB 361.

The Board moved to adopt a portion of Board of Retirement Resolution 2022-06 and will continue a hybrid model in July 2022.

MOTION by Ms. Freidenrich, **SECONDED** by Mr. Lindholm, to approve staff recommendations, but removing the verbiage in paragraph (1)i of staff’s recommendation.

The motion passed **unanimously**.

The Board recessed for break at 10:45 a.m.

The Board reconvened from break at 11:00 a.m.

Recording Secretary administered the Roll Call attendance.

A-3 DECEMBER 31, 2021 ACTUARIAL VALUATION- FINAL APPROVAL

Presentation by Andy Yeung, Segal Consulting, and Todd Tauzer, Segal Consulting

Recommendation: Approve the Actuarial Valuation and Review as of December 31, 2021 and adopt contribution rates for Fiscal Year 2023 – 2024 as recommended by Segal Consulting.

MOTION by Mr. Packard, **SECONDED** by Mr. Prevatt, to approve and adopt recommendations by Segal.

The motion passed **unanimously**.

Mr. Dewane returned to the meeting.

A-4 2021 AUDITED FINANCIAL STATEMENTS AND ANNUAL COMPREHENSIVE FINANCIAL REPORTS

Presentation by Brenda Shott, Assistant Chief Executive Officer, Internal Operations, and Tracy Bowman, Director of Finance, OCERS

Recommendation: Approve the following recommendations presented to the Audit Committee during a meeting held on June 2, 2022:

- 1. Approve OCERS’ audited financial statements for the year ended December 31, 2021
- 2. Direct staff to finalize OCERS’ 2021 Annual Comprehensive Financial Report (Annual Report)
- 3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2021

4. Receive and file Moss Adams LLP’s “OCERS’ Report to the Audit Committee for the Year Ended December 31, 2021” and their “Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards”

MOTION by Ms. Freidenrich, **SECONDED** by Mr. Packard, to approve staff recommendations.

The motion passed **unanimously**.

A-5 GASB 68 VALUATION AND AUDIT REPORT

Presentation by Brenda Shott, Assistant Chief Executive Officer, Internal Operations, and Tracy Bowman, Director of Finance, OCERS

Recommendation: Approve the following recommendations from the Audit Committee during a meeting held on June 2, 2022:

1. Approve OCERS’ audited Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2021.
2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2021 for distribution to employers.

MOTION by Mr. Packard, **SECONDED** by Ms. Freidenrich, to approve staff recommendations.

The motion passed **unanimously**.

A-6 AUDIT COMMITTEE- ACTUARIAL AUDITOR SERVICES CONTRACT AWARD

Presentation by David Kim, Director of Internal Audit, OCERS

Recommendation: The Audit Committee recommends the Board of Retirement award a contract for actuarial auditor services to Cheiron Inc. (Cheiron), subject to satisfactory negotiation of terms.

MOTION by Mr. Packard, **SECONDED** by Ms. Freidenrich, to approve staff recommendations.

The motion passed **unanimously**.

The Board recessed for break at 1:08 p.m.

The Board reconvened from break at 1:17 p.m.

Recording Secretary administered the Roll Call attendance.

INFORMATION ITEMS

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

Presentations

I-1 BENEFIT PLANS OFFERED BY CONTRACTING EMPLOYERS AND ASSOCIATED ADMINISTRATIVE CHALLENGES

Presentation by Andy Yeung, Segal Consulting, Todd Tauzer, Segal Consulting

Mr. Yeung and Mr. Tauzer presented on the topic of the various plans offered through OCERS.

I-2 ALTERNATIVE ECONOMIC ASSUMPTIONS FOR USE IN 2022 SENSITIVITY ANALYSES

Presentation by Andy Yeung, Segal Consulting, Todd Tauzer, Segal Consulting

Mr. Yeung and Mr. Tauzer offered scenarios for testing the economic assumptions.

I-3 ALAMEDA IMPLEMENTATION PROJECT UPDATE

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

Ms. Jenike provided an update on the status of the implementation of recalculation as dictated from the Alameda decision.

I-4 COVID-19 UPDATE

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Mr. Delaney presented to the board an update about OCERS and the effects of COVID-19.

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

June 20, 2022

Death Notices

June 20, 2022

R-2 COMMITTEE MEETING MINUTES

- March 2022 Audit Committee Meeting Minutes
- April 2022 Disability Committee Meeting Minutes

R-3 CEO FUTURE AGENDAS AND 2022 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

Orange County Employees Retirement System
June 20, 2022
Regular Board Meeting – Minutes

R-7 ELECTION UPDATE - GENERAL AND RETIRED BOARD MEMBER

Written Report

R-8 2022 ANNUAL BUSINESS PLAN PROGRESS – MID YEAR REVIEW

Written Report

R-9 SECOND QUARTER REVIEW OF OCERS 2022-2024 STRATEGIC PLAN

Written Report

R-10 2022 STRATEGIC PLANNING WORKSHOP – PROPOSED FORMAT AND AGENDA TOPICS

Written Report

CIO COMMENTS

Ms. Chary presented the current status of the OCERS portfolio noting that the fund is doing well despite being barely cash flow negative.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

Mr. Delaney shared about the passing of Ms. Anna Crosson and a video clip from her prior interview. Anna Crosson is the longest OCERS member.

COUNSEL COMMENTS

Ms. Ratto announced to the Board that Mr. Manuel Serpa has been promoted to Deputy General Counsel.

BOARD MEMBER COMMENTS

None

Meeting **ADJOURNED** at 2:29 p.m. in memory of the active members, retired members, and surviving spouses.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Board

Frank Eley
Chairman



Memorandum

DATE: July 18, 2022
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, General Counsel
SUBJECT: **ADOPT RESOLUTIONS TO AMEND OCERS' REGULATIONS UNDER THE INTERNAL REVENUE CODE**

Recommendation

Staff recommends that the Board adopt the following Resolutions to amend OCERS' Regulations under the Internal Revenue Code and direct Staff to present these amendments to the Orange County Board of Supervisors for its approval:

- (1) Adopt Resolution No. 22-001 to amend OCERS' Regulations for Internal Revenue Code section 401(a) – Return to Work and Separation from Service to reflect a change in the Internal Revenue Code lowering the member age requirement for returning to work after retirement.
- (2) Adopt Resolution No. 22-002 to amend OCERS' Regulations for Internal Revenue Code section 401(a)(9) – Minimum Required Distributions to reflect a change in the Internal Revenue Code to increase the age (from 70½ to 72) at which distributions to members must begin.
- (3) Adopt Resolution No. 22-003 to amend OCERS' Regulations for Internal Revenue Code section 415 – Annual Limits to clarify that the definition of compensation for the purposes of Internal Revenue Code section 415 includes “differential wage payments” as defined in Internal Revenue Code section 3401(h) pursuant to section 105(b) of the Heroes Earnings Assistance and Relief Tax Act of 2008.

Background/Discussion

In 2014, as part of OCERS' application for a tax determination letter from the IRS, the IRS required OCERS to adopt a handful of (eight to be exact) regulations to “reaffirm and clarify the existing practices” of OCERS with respect to various provisions of the Internal Revenue Code. The regulations were adopted by the OCERS Board and approved by the Board of Supervisors effective December 9, 2014.

OCERS' tax counsel recently reviewed OCERS' regulations and recommends that three of the regulations be amended in order to maintain OCERS' compliance with tax law. Counsel recommends the Board adopt the amendments to the regulations by resolution. The amendments are more fully described below.

All of OCERS' regulations (and any amendments to those regulations), once adopted by the OCERS' Board, must be approved by the Board of Supervisors in order to be effective. Staff will present the amendments to the Board of Supervisors as soon as practicable after the OCERS Board adopts the resolutions.

Resolution No. 22-001

Resolution No. 22-001 (see attachment) would amend OCERS' Regulations for Internal Revenue Code section 401(a) – Return to Work and Separation from Service to reflect an amendment to the Internal Revenue Code that resulted from the Bipartisan American Miners Act of 2019 (the “Miners Act”) that was signed into law on December 31, 2019 and became effective for plan years beginning after December 31, 2019.

Prior to passage of the Miner’s Act, if a retired member of the retirement system had not reached the earlier of age 62 or “normal retirement age” (as defined by the retirement system), the IRS required the member to have a bona fide separation from service with no prearrangement to be rehired by the employer before the member could return to work post-retirement. A violation of the bona fide separation requirement potentially results in an impermissible in-service distribution to the member.

Under the Miner’s Act, a retired member is now required to have a bona fide separation from service only if the member has not reached the earlier of 59½ or normal retirement age. Because OCERS defines normal retirement age for general members as 62 years of age, the Miner’s Act means that there is a population of OCERS’ general members who could be relieved of the requirement of a bona fide separation from service. OCERS conformed its operations to comply with amendments effectuated by the Miner’s Act when the Act became effective on January 1, 2020. OCERS is now amending its Regulations for Internal Revenue Code section 401(a) – Return to Work and Separation from Service to reflect in the regulations the amendment to the Internal Revenue Code that resulted from the Miners Act. OCERS has until the end of 2024 to adopt the amendment.

Resolution No. 22-002

Resolution No. 22-002 (see attachment) would amend OCERS' Regulations for Internal Revenue Code section 401(a)(9) – Minimum Required Distributions. This amendment would conform OCERS’ regulation to an amendment to section 401(a)(9) of the Internal Revenue Code resulting from the Setting Every Community Up for Retirement Enhancement Act of 2019 (the “SECURE Act”). The Secure Act was signed into law on December 20, 2019 and became effective January 1, 2020.

The SECURE Act amended section 401(a)(9) of the Internal Revenue Code to increase the age (from 70½ to 72) at which distributions from the retirement system to members must begin. Section 31706 of the CERL was also amended to increase the age to age 72. OCERS conformed its operations to comply with amendments effectuated by the SECURE Act when the Act became effective on January 1, 2020. OCERS is now amending its Regulations for Internal Revenue Code section 401(a)(9) – Minimum Required Distributions to reflect in the regulations the amendment to the Internal Revenue Code that resulted from the SECURE Act. OCERS has until the end of 2024 to adopt the amendment.

Resolution No. 22-003

Resolution No. 22-003 (see attachment) would amend OCERS' Regulations for Internal Revenue Code section 415 – Annual Limits. The amendment would add to the list of items that are included in the definition of “Total Compensation” “differential wage payments” as defined in the Heroes Earnings Assistance and Relief Tax Act of 2008 (the “HEART Act”). OCERS’ Regulations for Internal Revenue Code section 415 already broadly defines compensation such that any differential wage payments received by an OCERS member is treated as compensation and OCERS has operated in accordance with the regulations. This amendment simply clarifies

that differential wage payments under the HEART Act are a type of military service payment that is included in compensation. The amendment will not require any change in OCERS' operations. OCERS has until the end of 2022 to adopt this amendment.

Attachments:

- (1) Resolution No. 22-001 of the Board of Retirement of the Orange County Employees Retirement System Pertaining to Regulations for IRC Section 401(a) – Return to Work and Separation from Service
- (2) Resolution No. 22-002 of the Board of Retirement of the Orange County Employees Retirement System Pertaining to Regulations for IRC Section 401(a)(9) – Minimum Required Distributions
- (3) Resolution No. 22-003 of the Board of Retirement of the Orange County Employees Retirement System Pertaining to Regulations for IRC Section 415 – Annual Limits

Submitted by:



GMR- Approved

Gina M. Ratto
General Counsel

**RESOLUTION OF THE BOARD OF RETIREMENT OF
THE ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM PERTAINING TO
REGULATIONS FOR IRC SECTION 401(a)
RETURN TO WORK AND SEPARATION FROM SERVICE**

RESOLUTION NO. 22-001

WHEREAS, the Board of Retirement of the Orange County Employees Retirement System ("OCERS") administers OCERS for the benefit of its members and their beneficiaries; and

WHEREAS, OCERS is intended to comply with the requirements of the Internal Revenue Code of 1986, as amended or replaced from time to time (the "Code") and the regulations issued thereunder as applicable; and

WHEREAS, on July 28, 2015, the Board of Retirement of OCERS submitted to the Internal Revenue Service (the "IRS") a request for a favorable determination that OCERS meets the applicable requirements of the Code, which request was supplemented on October 6, 2016; and

WHEREAS, the plan documents including Regulations of the Board of Retirement of OCERS were submitted for review with OCERS' request for a determination letter; and

WHEREAS, section 401(a) of the Code permits retirement systems to establish any reasonable procedures with respect to the return to work by retired members and a bona fide separation from service prior to such return to work as the system deems necessary or desirable for complying with applicable tax laws or for administrative purposes; and

WHEREAS, Section II of OCERS' Regulations for IRC Section 401(a) set forth the requirements of OCERS with respect to the return to work by retired members and the bona fide separation from service prior to return to work; and

WHEREAS, the Bipartisan American Miners Act of 2019 ("Miners Act") was signed into law on December 20, 2019 and became effective for plan years beginning after December 31, 2019; and

WHEREAS, under Section 401(a)(36) of the Code, a pension plan does not fail to be qualified solely because the plan provides that an in-service distribution may be made from the plan to an employee who has attained a minimum age; and

WHEREAS, prior to the effective date of the Miners Act, the minimum age for allowable in-service distributions was the earlier of age 62 or normal retirement age, as defined by the system; and

WHEREAS, section 104(a) of the Miners Act amended section 401(a)(36) of the Code to lower the minimum age for in-service distributions from age 62 to age 59½ for plan years beginning after December 31, 2019;

NOW, THEREFORE, BE IT RESOLVED that the Board of Retirement of OCERS hereby amends Section II of OCERS' Regulations for IRC Section 401(a), effective the date that section 104(a) of the Miners Act became effective, January 1, 2020, by deleting and replacing Section II so that Section II reads in its entirety as follows:

**RESOLUTION NO. 22-001 OF THE BOARD OF RETIREMENT OF
THE ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM PERTAINING TO
REGULATIONS FOR IRC SECTION 401(a)
RETURN TO WORK AND SEPARATION FROM SERVICE**

“SECTION II. RETURN TO WORK AND BONA FIDE SEPARATION FROM SERVICE

For purposes of employment with the County or a participating employer under the System after retirement for service, a Member who has not attained the earlier of normal retirement age or age 59½ may not return to work unless he or she has had a bona fide separation from service to the extent required by section 401(a) of Title 26 of the United States Code. A bona fide separation from service is defined as follows:

1. The Member has not entered into any predetermined agreement (either written or unwritten) with the County or a participating employer under the System prior to retirement to return to work for the Member's employer after retirement, regardless of the length of the separation.
2. Prior to entering into an agreement to return or returning to employment with the County or a participating employer under the System while retired, the Member must have a separation from service of at least the greater of (a) any required separation from service prior to return to work required under the terms of the California Public Employees' Pension Reform Act of 2013 or (b) a 15 calendar day separation from service.
3. The Member may be employed by the County or a participating employer under the System prior to the time in section 2 for emergency situations as defined in Government Code section 8558. However, this exception does not apply to the requirement listed in section 1 above that there be no prearranged agreement to return to work.”

ATTESTED TO:

I hereby certify that on July 18, 2022, the Board of Retirement of the Orange County Employees Retirement System adopted this Resolution 22-001.

Steve Delaney
Secretary to the Board of Retirement
Orange County Employees Retirement System

**RESOLUTION OF THE BOARD OF RETIREMENT OF
THE ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM PERTAINING TO
REGULATIONS FOR IRC SECTION 401(a)(9) – MINIMUM REQUIRED DISTRIBUTIONS**

RESOLUTION NO. 22-002

WHEREAS, the Board of Retirement of the Orange County Employees Retirement System (“OCERS”) administers OCERS for the benefit of its members and their beneficiaries; and

WHEREAS, OCERS is intended to comply with the requirements of the Internal Revenue Code of 1986, as amended or replaced from time to time (the “Code”) and the regulations issued thereunder as applicable; and

WHEREAS, on July 28, 2015, the Board of Retirement of OCERS submitted to the Internal Revenue Service (the “IRS”) a request for a favorable determination that OCERS meets the applicable requirements of the Code, which request was supplemented on October 6, 2016; and

WHEREAS, the plan documents including Regulations of the Board of Retirement of OCERS were submitted for review with OCERS’ request for a determination letter; and

WHEREAS, section 401(a)(9) of the Code requires a member’s entire interest in the retirement system to be distributed, or begin to be distributed, no later than the member’s “Required Beginning Date”; and

WHEREAS, “Required Beginning Date” for purposes of section 401(a)(9) of the Code is defined in Section VI.D of OCERS’ Regulations for IRC Section 401(a)(9); and

WHEREAS, the Setting Every Community Up for Retirement Enhancement Act of 2019 (the “SECURE Act”) was signed into law on December 20, 2019 and became effective January 1, 2020; and

WHEREAS, section 114 of the SECURE Act amended section 401(a)(9) of the Code to increase the required beginning date age at which a member’s entire interest in the retirement system must be distributed, or begin to be distributed, from age 70½ to age 72, effective for distributions required to be made after December 31, 2019, with respect to individuals who attain age 70½ after such date;

NOW, THEREFORE, BE IT RESOLVED that the Board of Retirement of OCERS hereby amends Section VI.D of OCERS’ Regulations for IRC Section 401(a)(9), effective the date the SECURE Act became effective, January 1, 2020, by deleting and replacing Section VI.D. so that Section VI.D. reads in its entirety as follows:

“D. Required Beginning Date

“Required Beginning Date” means April 1 of the calendar year following the later of the calendar year in which the Member attains age 72 (or age 70½ if the Member attained age 70½ prior to January 1, 2020) or the calendar year in which the Member retires.”

**RESOLUTION NO. 22-002 OF THE BOARD OF RETIREMENT OF
THE ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM PERTAINING TO
REGULATIONS FOR IRC SECTION 401(a)(9) – MINIMUM REQUIRED DISTRIBUTIONS**

ATTESTED TO:

I hereby certify that on July 18, 2022, the Board of Retirement of the Orange County Employees Retirement System adopted this Resolution 22-002.

Steve Delaney
Secretary to the Board of Retirement
Orange County Employees Retirement System

**RESOLUTION OF THE BOARD OF RETIREMENT OF
THE ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM PERTAINING TO
REGULATIONS FOR IRC SECTION 415 – ANNUAL LIMITS**

RESOLUTION NO. 22-003

WHEREAS, the Board of Retirement of the Orange County Employees Retirement System (“OCERS”) administers OCERS for the benefit of its members and their beneficiaries; and

WHEREAS, OCERS is intended to comply with the requirements of the Internal Revenue Code of 1986, as amended or replaced from time to time (the “Code”) and the regulations issued thereunder as applicable; and

WHEREAS, on July 28, 2015, the Board of Retirement of OCERS submitted to the Internal Revenue Service (the “IRS”) a request for a favorable determination that OCERS meets the applicable requirements of the Code, which request was supplemented on October 6, 2016; and

WHEREAS, the plan documents including Regulations of the Board of Retirement of OCERS were submitted for review with OCERS’ request for a determination letter; and

WHEREAS, items of pay that are included in a member’s “Total Compensation” for purposes of Code section 415 are defined in subsections a. through f. of Section III.I.1 of OCERS’ Regulations for IRC Section 415(c); and

WHEREAS, Section III.I.3 of OCERS’ Regulations for IRC Section 415(c), which became effective on December 9, 2014, provides that payments the description of which meet the definition of “differential wage payments” provided in Code section 3401(h)(2) are included in a member’s Total Compensation, even if paid more than 2½ months after severance from employment or after the end of the Limitation Year, if later; and

WHEREAS, the IRS has requested that OCERS’ Regulations for IRC Section 415(c) be clarified to provide that the definition of compensation for purposes of Code section 415 includes “differential wage payments” as defined in Code section 3401(h)(2) pursuant to Section 105(b) of the Heroes Earnings Assistance and Relief Tax Act of 2008 (the “HEART Act”);

NOW, THEREFORE, BE IT RESOLVED that the Board of Retirement of OCERS hereby amends Section III.I.1 of OCERS’ Regulations for IRC Section 415(c), effective the date OCERS’ Regulations for IRC Section 415(c) became effective, December 9, 2014, to add subsection “g” thereto to read in its entirety as follows:

“g. Differential wage payments as defined in Code section 3401(h)(2).”

ATTESTED TO:

I hereby certify that on July 18, 2022, the Board of Retirement of the Orange County Employees Retirement System adopted this Resolution 22-003.

Steve Delaney
Secretary to the Board of Retirement
Orange County Employees Retirement System



Memorandum

DATE: July 18, 2022
TO: Members of the Board of Retirement
FROM: Brenda Shott, Assistant CEO, Finance, and Internal Operations
SUBJECT: CONSULTING ACTUARY SERVICES PROCUREMENT

Recommendation

Approve the proposed procurement process and schedule for consulting actuarial services.

Background

The 1937 Act requires that the Board of Retirement take certain actions only after receiving advice/recommendation from an actuary. One of the most notable recommendations required from the actuary is establishing the annual funding required from the employers and employees sufficient to pay the promised benefits. To accomplish this task the actuary works with the Board in establishing demographic and economic assumptions and a funding policy, performing experience studies to adjust assumptions and assisting in the interpretation of benefit provisions. Other tasks that a consulting actuary performs for retirement systems such as OCERS include (but are not limited to): provide general advice on benefit issues and plan design, analyze prospective legislative changes, calculate benefit adjustments such as STAR COLA or optional benefit amounts that are actuarial equivalent to the unmodified benefit, and special projects as requested.

The Consulting Actuary is designated as a "Named Service Provider" in the Board of Retirement Charter and the Procurement and Contracting Policy (Policy). Under the Policy, all contracts with Named Service Providers are to have a total maximum term of six years. Prior to the expiration of the contract, a competitive search and selection process for the Named Service Provider must be conducted. OCERS has utilized Segal as their Consulting Actuary since August 2004. Segal was selected through competitive proposal processes in 2004, 2010 and again in 2016. OCERS current contract with Segal was effective September 2016 and will expire on December 31, 2022.

Discussion

In accordance with the Policy, staff is presenting to the Board this report which includes a proposed procurement schedule and a summary of the search and selection process.

Type of service being sought: Consulting actuarial services required to carry out the operations and fiduciary obligations of the Board

Type of Competitive Search and Selection Process to be Used: Request for Proposal (RFP)

Procurement Schedule:

Deliverable	Date	Time
Release of RFP	Monday, July 25, 2022	5:00 pm, PDT
RFP Questions Deadline	Monday, August 8, 2022	5:00 pm, PDT
RFP Answers Posted	Friday, August 19, 2022	5:00 pm, PDT
RFP Submission Deadline	Friday, September 2, 2022	5:00 pm, PDT
OCERS Review of RFP Submissions	September 2022 (estimated)	
Selection of Finalists	Monday, October 3, 2022 (estimated)	
Interviews of Finalists	To be determined	
Service Award [or recommendation to the Board]	To be determined	

Evaluation criteria:

1. Quality and depth (i.e., bench strength) of the firm and the team proposed to support OCERS
2. Expertise and experience of the team proposed to support OCERS
3. Pricing and value
4. The merits of the proposal.
5. Information provided by references
6. Other relevant factors as determined by OCERS

Planned due diligence:

1. Review and evaluation of proposals
2. Verification that firms meet requirements contained within the RFP
3. Reference Checks

Review and selection process: Members of OCERS Executive Staff, will comprise the Evaluation Committee. Based on the Committee's evaluation of the proposal and results of due diligence performed, a finalist or a list of finalists will be recommended to the Board. The Board or a committee designated by the Board will interview the recommended candidate(s); and the Board will select the candidate to be awarded the contract.

Conclusion

OCERS' Procurement and Contracting Policy calls for a competitive procurement process to be conducted every six years for Named Service Providers, including a Consulting Actuary. Segal, OCERS Consulting Actuary, was

awarded their current contract after a competitive procurement completed in 2016. Staff recommends the Board approve the search and selection process and schedule for consulting actuarial services as describe above.

Approved by:



Brenda Shott

Assistant CEO, Finance and Internal Operations



Memorandum

DATE: July 18, 2022
TO: Members of the Board
FROM: Gina M. Ratto, General Counsel
SUBJECT: **BOARD FINDINGS PURSUANT TO GOVERNMENT CODE § 54953, AS AMENDED BY AB 361, AND ADOPTION OF BOARD RESOLUTION 2022-07**

Recommendation

That the Board:

- (1) Reconsider the circumstances of the state of emergency resulting from the COVID-19 pandemic and determine whether:
 - i. The state of emergency continues to directly impact the ability of the members of the Board to meet safely in person; *and/or*
 - ii. State or local officials continue to impose or recommend measures to promote social distancing; and
- (2) If the Board so determines, adopt Board of Retirement Resolution 2022-07 to reflect such findings pursuant to Government Code section 54953, as amended by AB 361.

Background/Discussion

In March of 2020, amid rising concern surrounding the spread of COVID-19 throughout communities in the state, Governor Newsom declared a state of emergency and issued a series of Executive Orders that modified certain requirements of the Brown Act. The orders waived several requirements for meetings conducted by teleconference, including the requirement that each teleconference location be accessible to the public, that agendas are posted at all teleconference locations, and that each teleconference location be accessible to the public.

On June 11, 2021, the Governor issued Executive Order N-08-21, rescinding the aforementioned modifications of the Brown Act effective September 30, 2021. On September 16, 2021, Assembly Bill 361 was signed into law as urgency legislation. AB 361 provides local agencies with the ability to meet remotely during proclaimed states of emergency under modifications to the Brown Act that are similar in many ways to the rules and procedures established by the Governor's Executive Orders. On September 20, 2021, the Governor signed an executive order waiving the application of AB 361 until October 1, 2021.

AB 361 amended the teleconference rules of the Brown Act and added new provisions for abbreviated teleconferencing procedures that deviate from the traditional teleconferencing procedures during a proclaimed state of emergency, subject to certain requirements specified in the statute.

More specifically, AB 361 amended the Brown Act to add subdivision (e) to Gov't Code § 54953. This subdivision describes the circumstances and procedures for adopting abbreviated teleconferencing procedures during a proclaimed state of emergency, such as the current continuing COVID-19 pandemic. Subdivision (e)(1) of the statute provides the circumstances and requirements under which a local legislative body may adopt the abbreviated teleconferencing procedures. Once a local legislative body meets the requirements for adopting teleconferencing procedures, subdivision (e)(2) provides the requirements for the abbreviated teleconferencing procedures that the local legislative body must implement.

Adopting Abbreviated Teleconferencing Procedures Under AB 361

A local legislative body, such as OCERS and its standing committees, may elect to use the abbreviated teleconferencing procedures under AB 361 where a state of emergency has been formally proclaimed, **provided that**:

- State or local officials have imposed or recommended measures to promote social distancing at the time the legislative body holds the meeting (Gov't Code § 54953(e)(1)(A)); **or**
- The legislative body holds a meeting for the first time for the purpose of determining by majority vote whether, as a result of proclaimed state of emergency, meeting in person would present imminent risks to the health and safety of attendees (Gov't Code § 54953(e)(1)(B)), **or**
- The legislative body has determined (per previous bullet) that, as a result of the proclaimed state of emergency, meeting in person would continue to present imminent risks to the health or safety of attendees (Gov't Code § 54953(e)(1)(C)).

AB 361 further imposes on local legislative bodies a duty to make factual findings to justify the election to continue to use the abbreviated teleconferencing procedures. (Gov't Code § 54953(e)(3).) Local legislative bodies who wish to consider using the AB 361 abbreviated teleconferencing procedures must make the following factual findings within 30 days after teleconferencing for the first time after the expiration of Executive Order N-29-20, and every 30 days thereafter:

- 1) The legislative body has reconsidered the circumstances of the state of emergency; and
- 2) **One or both** of the following circumstances exist:
 - a. The state of emergency continues to directly impact the ability of the members to meet safely in person; **and/or**
 - b. State or local officials continue to impose or recommend measures to promote social distancing.

Until January 1, 2024, public retirement boards and their Boards must reconsider the aforementioned circumstances and make factual findings by majority vote that the circumstances continue to exist in order for the local legislative body to elect and continue to use the abbreviated teleconferencing procedures. (Note that AB 361 was designed not only to deal with COVID-19 but also with other types of states of emergency, as defined in Gov't Code § 8625 of the California Emergency State Services Act.)

On June 20, 2022, the Board adopted Resolution 2022-06 to reflect the findings made by the Board pursuant to AB 361. The Board determined that because state and local officials continue to impose or recommend

measures to promote physical distancing, the Board would elect to continue to use the abbreviated teleconferencing procedures under Government Code section 54953(e)(3), and adopted Resolution 2022-06 after deleting the following language from Section 3 of the Resolution, “that the State of Emergency directly impacts the ability of the OCERS Board, its committees, members and staff to meet safely in person”.

Staff recommends the Board now reconsider the circumstances of the state of emergency resulting from the COVID-19 pandemic, and if the Board determines the state of emergency continues to directly impact the ability of the members of the Board to meet safely in person *and/or* state or local officials continue to impose or recommend measures to promote social distancing, that the Board renew its findings and adopt Resolution 2022-07 in order for the Board and its committees to continue to meet by teleconference. **Resolution 2022-07 mirrors Resolution 2022-06 adopted by the Board on June 20, 2022, and does not include a determination that the state of emergency continues to directly impact the ability of the members of the Board to meet safely in person.**

Reconsideration of the State of Emergency and Requisite Findings

The standards, guidance and recommendations of health officials set forth below support a determination by the Board that the state of emergency continues to directly impact the ability of the members of the Board and its committees to meet safely in person, and confirms that both state and local officials continue to impose or recommend measures to promote social distancing.

The COVID-19 Prevention Emergency Temporary Standards issued by the California Division of Occupational Safety and Health (Cal/OSHA) (codified at 8 C.C.R. § 3205-3205.4) recognizes that physical distancing decreases the spread of COVID-19 and requires it be considered under certain circumstances. For example, the Emergency Temporary Standards require employers to evaluate whether to implement physical distancing of at least six feet between persons or, where six feet of physical distancing is not feasible, as much distance between persons as feasible, when there has been an outbreak at the workplace (an "outbreak" is when there have been three or more COVID-19 cases at the workplace during a 14-day period). On May 6, 2022, the Occupational Safety and Health Standards Board readopted the Cal/OSHA COVID-19 Prevention Emergency Temporary Standards for the third time. The draft emergency standards include important revisions to make the workplace rules consistent with the latest requirements and recommendations from the California Department of Public Health (CDPH). The revised emergency standards were effective commencing May 6, 2022. In addition to the emergency temporary standards relevant to OCERS, a fact sheet about the revised emergency standards is attached to the Resolution.

In addition, OSHA has issued guidance on mitigating and preventing the spread of COVID-19 in the workplace that recommends physical distancing in all communal work areas for unvaccinated and otherwise at-risk workers: "[a] **key way to protect such workers is to physically distance** them from other such people (workers or customers) – generally **at least 6 feet of distance is recommended**, although this is not a guarantee of safety, especially in enclosed or poorly ventilated spaces." (Emphasis added.) **The CDC currently recommends that individuals who are not up to date on their COVID-19 vaccines stay six feet away from others when indoors in public, especially if they are at higher risk of getting very sick from COVID-19.**

Moreover, the County of Orange Health Officer's "Orders and Strong Recommendations" (revised June 15, 2022) states at page 13 that, "[i]n general, the older a person is, the more health conditions a person has, and the more severe the conditions, the more important it is to take preventive measures for COVID-19 such as getting vaccinated, including boosters, **social distancing** and wearing a mask when around people who don't live in the same household, and practicing hand hygiene." (Emphasis added.) The Health Officer also recognizes, at page 15 of the "Orders and Strong Recommendations", the Center for Disease Control's admonition that anyone infected with COVID-19 can spread it even if they do not have symptoms; and (at page 16) that "**the current consensus among public health officials for slowing down the transmission of and avoiding contracting COVID-19 is for at-risk persons to** complete a COVID-19 vaccination series and receive a booster if eligible, wear well-fitted mask in indoor settings when around others outside of their household, **practice distancing**, frequently wash hands with soap" (Emphasis added.)

Based on the foregoing, if the Board determines either that (1) the state of emergency continues to directly impact the ability of the members of the Board to meet safely in person or (2) state or local officials continue to impose or recommend measures to promote social distancing, staff recommends that the Board renew its findings and adopt Resolution 2022-07 in order for the Board and its committees to continue to meet by teleconference.

Attachments

Submitted by:



GMR- Approved

Gina M. Ratto
General Counsel

**OCERS BOARD OF RETIREMENT
RESOLUTION NO. 2022-07**

RESOLUTION OF THE BOARD OF THE ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM:

- **RATIFYING (1) THE PROCLAMATION OF A LOCAL HEALTH EMERGENCY BY THE COUNTY OF ORANGE HEALTH OFFICER ON FEBRUARY 26, 2020; (2) THE PROCLAMATION OF A LOCAL EMERGENCY BY THE CHAIRWOMAN OF THE ORANGE COUNTY BOARD OF SUPERVISORS ON FEBRUARY 26, 2020; (3) RESOLUTIONS NO. 20-011 AND 20-012 OF THE ORANGE COUNTY BOARD OF SUPERVISORS RATIFYING THE LOCAL HEALTH EMERGENCY AND THE LOCAL EMERGENCY; AND (4) THE PROCLAMATION OF A STATE OF EMERGENCY BY GOVERNOR NEWSOM ON MARCH 4, 2020; AND**
- **AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE BOARD AND ITS COMMITTEES THROUGH AUGUST 18, 2022, PURSUANT TO BROWN ACT PROVISIONS.**

WHEREAS, the Board of the Orange County Employees Retirement System (OCERS Board) is a legislative body under Government Code section 54952; and

WHEREAS, OCERS is committed to preserving and nurturing public access and participation in meetings of the OCERS Board and its committees; and

WHEREAS, all meetings of the OCERS Board and its committees are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch the OCERS Board and its committees conduct their business; and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a State of Emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the geographical boundaries within which the OCERS Board and its committees hold their meetings, caused by natural, technological, or human-caused disasters; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, such conditions now exist in Orange County, specifically, a Local Health Emergency based on an imminent and proximate threat to public health from the introduction of COVID-19 in Orange County

was declared by the County of Orange Health Officer on February 26, 2020; a Local Emergency based on the imminent and proximate threat to public health from the introduction of COVID-19 that created conditions of extreme peril to the safety of persons and property within the territorial limits of Orange County was proclaimed by the Chairwoman of the Board of Supervisors on February 26, 2020; Resolutions No. 20-011 and No. 20-012 of the Orange County Board of Supervisors were adopted on March 2, 2020, ratifying the Local Health Emergency and Local Emergency; and a State of Emergency was proclaimed by Governor Newsom for the State of California on March 4, 2020 based on an outbreak of respiratory illness due to COVID-19; and

WHEREAS, the California Division of Occupational Safety and Health has issued COVID-19 prevention Emergency Temporary Standards recognizing that physical distancing decreases the spread of COVID-19 and requiring the evaluation of the need for physical distancing when there has been an outbreak at the workplace (an "outbreak" is when there has been three or more COVID-19 cases at the workplace during a 14-day period); and

WHEREAS, the County of Orange Health Officer's Orders and Strong Recommendations, last revised on June 15, 2022, state that "the current consensus among public health officials for slowing down the transmission of and avoiding contracting COVID-19 is for at-risk persons to complete a COVID-19 vaccination series and receive a booster if eligible, wear well-fitted masks in indoor settings when around others outside of their household, practice distancing, frequently wash hands with soap"; and

WHEREAS, the CDC currently recommends that individuals who are not up to date on their COVID-19 vaccines stay six feet away from others when indoors in public, especially if they are at higher risk of getting very sick from COVID-19; and

WHEREAS, the OCERS Board does hereby find that the COVID-19 pandemic has caused, and will continue to cause, conditions of peril to the safety of persons that are likely to be beyond the control of services, personnel, equipment, and facilities of OCERS; and

WHEREAS, in making the aforementioned finding, the OCERS Board acknowledges the proclamation of State of Emergency by the Governor of the State of California; the proclamation of Local Health Emergency by the County of Orange Health Officer; the proclamation of a Local Emergency by the Chairwoman of the Orange County Board of Supervisors; and the ratification of the Local Health Emergency and Local Emergency by the Orange County Board of Supervisors; as well as CalOSHA's prevention Emergency Temporary Standards requiring the evaluation of physical distancing when a COVID-19 outbreak occurs at the workplace; the County of Orange Health Officer's Orders and Strong Recommendations for at-risk persons to wear well-fitted masks in indoor settings when around others outside of their household and practice distancing; and the CDC's recommendation for unvaccinated persons to maintain physical distance when in public, indoor settings; and

WHEREAS, as a consequence of the State of Emergency, Local Health Emergency and Local Emergency, the OCERS Board does hereby find that conditions exist to enable the OCERS Board and its committees to conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that the OCERS Board and its committees will comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

WHEREAS, members of the public who wish to observe or participate in the meeting may do so via the Zoom application or via telephone, as explained in the agenda for the meeting posted on the OCERS' website and at its business office location at least 72 hours prior to the meeting.

NOW, THEREFORE, THE OCERS BOARD DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Acknowledgement of Proclamation of State and Local Emergency. The OCERS Board hereby acknowledges that a State of Emergency has been proclaimed by the Governor of the State of California effective March 4, 2020; that a Local Health Emergency has been proclaimed by the Orange County Health Officer on February 26, 2020; that a Local Emergency has been proclaimed by the Chairwoman of the Board of Supervisors on February 26, 2020; and that the Local Health Emergency and Local Emergency were ratified by the Orange County Board of Supervisors on March 2, 2020, all of which continue to exist within the geographical boundaries of the territory within which the OCERS Board and its committees hold meetings to conduct business.

Section 3. Determination Regarding Health and Safety Need to Continue Teleconferencing. The OCERS Board finds that state or local officials continue to impose or recommend measures to promote social distancing.

Section 4. Remote Teleconference Meetings. The staff and the OCERS Board and each of its committees are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution will take effect immediately upon its adoption and shall be effective until the earlier of August 19, 2022, or such time the OCERS Board adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the OCERS Board and its committees may continue to meet by teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

PASSED AND ADOPTED by the Board of the Orange County Employees Retirement System this 18th day of July, 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Assembly Bill No. 361

CHAPTER 165

An act to add and repeal Section 89305.6 of the Education Code, and to amend, repeal, and add Section 54953 of, and to add and repeal Section 11133 of, the Government Code, relating to open meetings, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 16, 2021. Filed with Secretary of State September 16, 2021.]

LEGISLATIVE COUNSEL'S DIGEST

AB 361, Robert Rivas. Open meetings: state and local agencies: teleconferences.

(1) Existing law, the Ralph M. Brown Act requires, with specified exceptions, that all meetings of a legislative body of a local agency, as those terms are defined, be open and public and that all persons be permitted to attend and participate. The act contains specified provisions regarding the timelines for posting an agenda and providing for the ability of the public to directly address the legislative body on any item of interest to the public. The act generally requires all regular and special meetings of the legislative body be held within the boundaries of the territory over which the local agency exercises jurisdiction, subject to certain exceptions. The act allows for meetings to occur via teleconferencing subject to certain requirements, particularly that the legislative body notice each teleconference location of each member that will be participating in the public meeting, that each teleconference location be accessible to the public, that members of the public be allowed to address the legislative body at each teleconference location, that the legislative body post an agenda at each teleconference location, and that at least a quorum of the legislative body participate from locations within the boundaries of the local agency's jurisdiction. The act provides an exemption to the jurisdictional requirement for health authorities, as defined. The act authorizes the district attorney or any interested person, subject to certain provisions, to commence an action by mandamus or injunction for the purpose of obtaining a judicial determination that specified actions taken by a legislative body are null and void.

Existing law, the California Emergency Services Act, authorizes the Governor, or the Director of Emergency Services when the governor is inaccessible, to proclaim a state of emergency under specified circumstances.

Executive Order No. N-29-20 suspends the Ralph M. Brown Act's requirements for teleconferencing during the COVID-19 pandemic provided that notice and accessibility requirements are met, the public members are allowed to observe and address the legislative body at the meeting, and that a legislative body of a local agency has a procedure for receiving and swiftly

Ch. 165

— 2 —

resolving requests for reasonable accommodation for individuals with disabilities, as specified.

This bill, until January 1, 2024, would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements imposed by the Ralph M. Brown Act when a legislative body of a local agency holds a meeting during a declared state of emergency, as that term is defined, when state or local health officials have imposed or recommended measures to promote social distancing, during a proclaimed state of emergency held for the purpose of determining, by majority vote, 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 or safety of attendees, as provided.

This 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, as specified.

This 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, 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 to make those findings every 30 days thereafter, in order to continue to meet under these abbreviated teleconferencing procedures.

Existing law prohibits a legislative 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.

(2) Existing law, the Bagley-Keene Open Meeting Act, requires, with specified exceptions, that all meetings of a state body be open and public and all persons be permitted to attend any meeting of a state body. The act requires at least one member of the state body to be physically present at the location specified in the notice of the meeting.

The Governor's Executive Order No. N-29-20 suspends the requirements of the Bagley-Keene Open Meeting Act for teleconferencing during the COVID-19 pandemic, provided that notice and accessibility requirements are met, the public members are allowed to observe and address the state body at the meeting, and that a state body has a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, as specified.

This bill, until January 31, 2022, would authorize, subject to specified notice and accessibility requirements, a state body to hold public meetings through teleconferencing and to make public meetings accessible telephonically, or otherwise electronically, to all members of the public seeking to observe and to address the state body. With respect to a state body holding a public meeting pursuant to these provisions, the bill would suspend certain requirements of existing law, including the requirements that each teleconference location be accessible to the public and that members of the public be able to address the state body at each teleconference location. Under the bill, a state body that holds a meeting through teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically would satisfy any requirement that the state body allow members of the public to attend the meeting and offer public comment. The bill would require that each state body that holds a meeting through teleconferencing provide notice of the meeting, and post the agenda, as provided. The bill would urge state bodies utilizing these teleconferencing procedures in the bill to use sound discretion and to make reasonable efforts to adhere as closely as reasonably possible to existing law, as provided.

(3) Existing law establishes the various campuses of the California State University under the administration of the Trustees of the California State University, and authorizes the establishment of student body organizations in connection with the operations of California State University campuses.

The Gloria Romero Open Meetings Act of 2000 generally requires a legislative body, as defined, of a student body organization to conduct its business in a meeting that is open and public. The act authorizes the legislative body to use teleconferencing, as defined, for the benefit of the public and the legislative body in connection with any meeting or proceeding authorized by law.

This bill, until January 31, 2022, would authorize, subject to specified notice and accessibility requirements, a legislative body, as defined for purposes of the act, to hold public meetings through teleconferencing and

Ch. 165

— 4 —

to make public meetings accessible telephonically, or otherwise electronically, to all members of the public seeking to observe and to address the legislative body. With respect to a legislative body holding a public meeting pursuant to these provisions, the bill would suspend certain requirements of existing law, including the requirements that each teleconference location be accessible to the public and that members of the public be able to address the legislative body at each teleconference location. Under the bill, a legislative body that holds a meeting through teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically would satisfy any requirement that the legislative body allow members of the public to attend the meeting and offer public comment. The bill would require that each legislative body that holds a meeting through teleconferencing provide notice of the meeting, and post the agenda, as provided. The bill would urge legislative bodies utilizing these teleconferencing procedures in the bill to use sound discretion and to make reasonable efforts to adhere as closely as reasonably possible to existing law, as provided.

(4) This bill would declare the Legislature's intent, consistent with the Governor's Executive Order No. N-29-20, to improve and enhance public access to state and local agency meetings during the COVID-19 pandemic and future emergencies by allowing broader access through teleconferencing options.

(5) This bill would incorporate additional changes to Section 54953 of the Government Code proposed by AB 339 to be operative only if this bill and AB 339 are enacted and this bill is enacted last.

(6) The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This bill would make legislative findings to that effect.

(7) Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

(8) This bill would declare that it is to take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. Section 89305.6 is added to the Education Code, to read:
89305.6. (a) Notwithstanding any other provision of this article, and subject to the notice and accessibility requirements in subdivisions (d) and (e), a legislative body may hold public meetings through teleconferencing

and make public meetings accessible telephonically, or otherwise electronically, to all members of the public seeking to observe and to address the legislative body.

(b) (1) For a legislative body holding a public meeting through teleconferencing pursuant to this section, all requirements in this article requiring the physical presence of members, the clerk or other personnel of the legislative body, or the public, as a condition of participation in or quorum for a public meeting, are hereby suspended.

(2) For a legislative body holding a public meeting through teleconferencing pursuant to this section, all of the following requirements in this article are suspended:

(A) Each teleconference location from which a member will be participating in a public meeting or proceeding be identified in the notice and agenda of the public meeting or proceeding.

(B) Each teleconference location be accessible to the public.

(C) Members of the public may address the legislative body at each teleconference conference location.

(D) Post agendas at all teleconference locations.

(E) At least one member of the legislative body be physically present at the location specified in the notice of the meeting.

(c) A legislative body that holds a meeting through teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically, consistent with the notice and accessibility requirements in subdivisions (d) and (e), shall have satisfied any requirement that the legislative body allow members of the public to attend the meeting and offer public comment. A legislative body need not make available any physical location from which members of the public may observe the meeting and offer public comment.

(d) If a legislative body holds a meeting through teleconferencing pursuant to this section and allows members of the public to observe and address the meeting telephonically or otherwise electronically, the legislative body shall also do both of the following:

(1) Implement a procedure for receiving and swiftly resolving requests for reasonable modification or accommodation from individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), and resolving any doubt whatsoever in favor of accessibility.

(2) Advertise that procedure each time notice is given of the means by which members of the public may observe the meeting and offer public comment, pursuant to paragraph (2) of subdivision (e).

(e) Except to the extent this section provides otherwise, each legislative body that holds a meeting through teleconferencing pursuant to this section shall do both of the following:

(1) Give advance notice of the time of, and post the agenda for, each public meeting according to the timeframes otherwise prescribed by this article, and using the means otherwise prescribed by this article, as applicable.

Ch. 165

— 6 —

(2) In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, also give notice of the means by which members of the public may observe the meeting and offer public comment. As to any instance in which there is a change in the means of public observation and comment, or any instance prior to the effective date of this section in which the time of the meeting has been noticed or the agenda for the meeting has been posted without also including notice of the means of public observation and comment, a legislative body may satisfy this requirement by advertising the means of public observation and comment using the most rapid means of communication available at the time. Advertising the means of public observation and comment using the most rapid means of communication available at the time shall include, but need not be limited to, posting such means on the legislative body's internet website.

(f) All legislative bodies utilizing the teleconferencing procedures in this section are urged to use sound discretion and to make reasonable efforts to adhere as closely as reasonably possible to the otherwise applicable provisions of this article, in order to maximize transparency and provide the public access to legislative body meetings.

(g) This section shall remain in effect only until January 31, 2022, and as of that date is repealed.

SEC. 2. Section 11133 is added to the Government Code, to read:

11133. (a) Notwithstanding any other provision of this article, and subject to the notice and accessibility requirements in subdivisions (d) and (e), a state body may hold public meetings through teleconferencing and make public meetings accessible telephonically, or otherwise electronically, to all members of the public seeking to observe and to address the state body.

(b) (1) For a state body holding a public meeting through teleconferencing pursuant to this section, all requirements in this article requiring the physical presence of members, the clerk or other personnel of the state body, or the public, as a condition of participation in or quorum for a public meeting, are hereby suspended.

(2) For a state body holding a public meeting through teleconferencing pursuant to this section, all of the following requirements in this article are suspended:

(A) Each teleconference location from which a member will be participating in a public meeting or proceeding be identified in the notice and agenda of the public meeting or proceeding.

(B) Each teleconference location be accessible to the public.

(C) Members of the public may address the state body at each teleconference conference location.

(D) Post agendas at all teleconference locations.

(E) At least one member of the state body be physically present at the location specified in the notice of the meeting.

(c) A state body that holds a meeting through teleconferencing and allows members of the public to observe and address the meeting telephonically

or otherwise electronically, consistent with the notice and accessibility requirements in subdivisions (d) and (e), shall have satisfied any requirement that the state body allow members of the public to attend the meeting and offer public comment. A state body need not make available any physical location from which members of the public may observe the meeting and offer public comment.

(d) If a state body holds a meeting through teleconferencing pursuant to this section and allows members of the public to observe and address the meeting telephonically or otherwise electronically, the state body shall also do both of the following:

(1) Implement a procedure for receiving and swiftly resolving requests for reasonable modification or accommodation from individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), and resolving any doubt whatsoever in favor of accessibility.

(2) Advertise that procedure each time notice is given of the means by which members of the public may observe the meeting and offer public comment, pursuant to paragraph (2) of subdivision (e).

(e) Except to the extent this section provides otherwise, each state body that holds a meeting through teleconferencing pursuant to this section shall do both of the following:

(1) Give advance notice of the time of, and post the agenda for, each public meeting according to the timeframes otherwise prescribed by this article, and using the means otherwise prescribed by this article, as applicable.

(2) In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, also give notice of the means by which members of the public may observe the meeting and offer public comment. As to any instance in which there is a change in the means of public observation and comment, or any instance prior to the effective date of this section in which the time of the meeting has been noticed or the agenda for the meeting has been posted without also including notice of the means of public observation and comment, a state body may satisfy this requirement by advertising the means of public observation and comment using the most rapid means of communication available at the time. Advertising the means of public observation and comment using the most rapid means of communication available at the time shall include, but need not be limited to, posting such means on the state body's internet website.

(f) All state bodies utilizing the teleconferencing procedures in this section are urged to use sound discretion and to make reasonable efforts to adhere as closely as reasonably possible to the otherwise applicable provisions of this article, in order to maximize transparency and provide the public access to state body meetings.

(g) This section shall remain in effect only until January 31, 2022, and as of that date is repealed.

SEC. 3. Section 54953 of the Government Code is amended to read:

Ch. 165

— 8 —

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all otherwise applicable requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. All votes taken during a teleconferenced meeting shall be by rollcall.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivisions (d) and (e). The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3 at each teleconference location.

(4) For the purposes of this section, “teleconference” means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit a local agency from providing the public with additional teleconference locations.

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public’s right under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) (1) A local agency may use teleconferencing without complying with the requirements of paragraph (3) of subdivision (b) if the legislative body complies with the requirements of paragraph (2) of this subdivision in any of the following circumstances:

(A) The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.

(B) The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(C) The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, pursuant to subparagraph (B), that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(2) A legislative body that holds a meeting pursuant to this subdivision shall do all of the following:

(A) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter.

(B) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3.

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 legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment. The agenda shall identify and include an opportunity for all persons to attend via a call-in option or an internet-based service option. This subparagraph shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

(C) The legislative body shall conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties and the public appearing before the legislative body of a local agency.

(D) In the event of a disruption which prevents the public agency from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control which prevents members of the public from offering public comments using the call-in option or internet-based service option, the body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items during a disruption which prevents the public agency from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(E) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time. This subparagraph shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

(F) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(G) (i) A legislative body that provides a timed public comment period for each agenda item shall not close the public comment period for the agenda item, or the opportunity to register, pursuant to subparagraph (F), to provide public comment until that timed public comment period has elapsed.

(ii) A legislative body that does not provide a timed public comment period, but takes public comment separately on each agenda item, shall allow a reasonable amount of time per agenda item to allow public members the opportunity to provide public comment, including time for members of the public to register pursuant to subparagraph (F), or otherwise be recognized for the purpose of providing public comment.

(iii) A legislative body that provides a timed general public comment period that does not correspond to a specific agenda item shall not close the public comment period or the opportunity to register, pursuant to subparagraph (F), until the timed general public comment period has elapsed.

(3) If a state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, in order to continue to teleconference without compliance with paragraph (3) of subdivision (b), the legislative body shall, not later than 30 days after teleconferencing for the first time pursuant to subparagraph (A), (B), or (C) of paragraph (1), and every 30 days thereafter, make the following findings by majority vote:

(A) The legislative body has reconsidered the circumstances of the state of emergency.

(B) Any of the following circumstances exist:

(i) The state of emergency continues to directly impact the ability of the members to meet safely in person.

(ii) State or local officials continue to impose or recommend measures to promote social distancing.

(4) For the purposes of this subdivision, “state of emergency” means a state of emergency proclaimed pursuant to Section 8625 of the California Emergency Services Act (Article 1 (commencing with Section 8550) of Chapter 7 of Division 1 of Title 2).

(f) This section shall remain in effect only until January 1, 2024, and as of that date is repealed.

SEC. 3.1. Section 54953 of the Government Code is amended to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency in person, except as otherwise provided in this chapter. Local agencies shall conduct meetings subject to this chapter consistent with applicable state and federal civil rights laws, including, but not limited to, any applicable language access and other nondiscrimination obligations.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all otherwise applicable requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. All votes taken during a teleconferenced meeting shall be by rollcall.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body

shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivisions (d) and (e). The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3 at each teleconference location.

(4) For the purposes of this section, “teleconference” means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit a local agency from providing the public with additional teleconference locations.

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public’s right under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter

2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) (1) A local agency may use teleconferencing without complying with the requirements of paragraph (3) of subdivision (b) if the legislative body complies with the requirements of paragraph (2) of this subdivision in any of the following circumstances:

(A) The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.

(B) The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(C) The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, pursuant to subparagraph (B), that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(2) A legislative body that holds a meeting pursuant to this subdivision shall do all of the following:

(A) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter.

(B) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3. 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 legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment. The agenda shall identify and include an opportunity for all persons to attend via a call-in option or an internet-based service option. This subparagraph shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

(C) The legislative body shall conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties and the public appearing before the legislative body of a local agency.

(D) In the event of a disruption which prevents the public agency from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control which prevents members of the public from offering public comments using the call-in option or internet-based service option, the body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items during a disruption which prevents the public agency from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(E) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for

Ch. 165

— 14 —

the public to address the legislative body and offer comment in real time. This subparagraph shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

(F) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(G) (i) A legislative body that provides a timed public comment period for each agenda item shall not close the public comment period for the agenda item, or the opportunity to register, pursuant to subparagraph (F), to provide public comment until that timed public comment period has elapsed.

(ii) A legislative body that does not provide a timed public comment period, but takes public comment separately on each agenda item, shall allow a reasonable amount of time per agenda item to allow public members the opportunity to provide public comment, including time for members of the public to register pursuant to subparagraph (F), or otherwise be recognized for the purpose of providing public comment.

(iii) A legislative body that provides a timed general public comment period that does not correspond to a specific agenda item shall not close the public comment period or the opportunity to register, pursuant to subparagraph (F), until the timed general public comment period has elapsed.

(3) If a state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, in order to continue to teleconference without compliance with paragraph (3) of subdivision (b), the legislative body shall, not later than 30 days after teleconferencing for the first time pursuant to subparagraph (A), (B), or (C) of paragraph (1), and every 30 days thereafter, make the following findings by majority vote:

(A) The legislative body has reconsidered the circumstances of the state of emergency.

(B) Any of the following circumstances exist:

(i) The state of emergency continues to directly impact the ability of the members to meet safely in person.

(ii) State or local officials continue to impose or recommend measures to promote social distancing.

(4) For the purposes of this subdivision, “state of emergency” means a state of emergency proclaimed pursuant to Section 8625 of the California Emergency Services Act (Article 1 (commencing with Section 8550) of Chapter 7 of Division 1 of Title 2).

(f) This section shall remain in effect only until January 1, 2024, and as of that date is repealed.

SEC. 4. Section 54953 is added to the Government Code, to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting

of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. All votes taken during a teleconferenced meeting shall be by rollcall.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivision (d). The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3 at each teleconference location.

(4) For the purposes of this section, “teleconference” means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit a local agency from providing the public with additional teleconference locations

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public’s right under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting,

members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) This section shall become operative January 1, 2024.

SEC. 4.1. Section 54953 is added to the Government Code, to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, in person except as otherwise provided in this chapter. Local agencies shall conduct meetings subject to this chapter consistent with applicable state and federal civil rights laws, including, but not limited to, any applicable language access and other nondiscrimination obligations.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. All votes taken during a teleconferenced meeting shall be by rollcall.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the

legislative body of a local agency. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivision (d). The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3 at each teleconference location.

(4) For the purposes of this section, “teleconference” means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit a local agency from providing the public with additional teleconference locations.

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public’s right under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint

powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) This section shall become operative January 1, 2024.

SEC. 5. Sections 3.1 and 4.1 of this bill incorporate amendments to Section 54953 of the Government Code proposed by both this bill and Assembly Bill 339. Those sections of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2022, but this bill becomes operative first, (2) each bill amends Section 54953 of the Government Code, and (3) this bill is enacted after Assembly Bill 339, in which case Section 54953 of the Government Code, as amended by Sections 3 and 4 of this bill, shall remain operative only until the operative date of Assembly Bill 339, at which time Sections 3.1 and 4.1 of this bill shall become operative.

SEC. 6. It is the intent of the Legislature in enacting this act to improve and enhance public access to state and local agency meetings during the COVID-19 pandemic and future applicable emergencies, by allowing broader access through teleconferencing options consistent with the Governor's Executive Order No. N-29-20 dated March 17, 2020, permitting expanded use of teleconferencing during the COVID-19 pandemic.

SEC. 7. The Legislature finds and declares that Sections 3 and 4 of this act, which amend, repeal, and add Section 54953 of the Government Code, further, within the meaning of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the purposes of that constitutional section as it relates to the right of public access to the meetings of local public bodies or the writings of local public officials and local agencies. Pursuant to paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the Legislature makes the following findings:

This act is necessary to ensure minimum standards for public participation and notice requirements allowing for greater public participation in teleconference meetings during applicable emergencies.

SEC. 8. (a) The Legislature finds and declares that during the COVID-19 public health emergency, certain requirements of the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code) were suspended by Executive Order N-29-20. Audio and video teleconference were widely used to conduct public meetings in lieu of physical location meetings, and public meetings conducted by teleconference during the COVID-19 public health emergency have been productive, have increased public participation by all members of the public regardless of their location in the state and ability to travel to physical meeting locations, have protected the health and safety of civil servants and the public, and have reduced travel costs incurred by members of state bodies and reduced work hours spent traveling to and from meetings.

(b) The Legislature finds and declares that Section 1 of this act, which adds and repeals Section 89305.6 of the Education Code, Section 2 of this act, which adds and repeals Section 11133 of the Government Code, and Sections 3 and 4 of this act, which amend, repeal, and add Section 54953 of the Government Code, all increase and potentially limit the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

(1) By removing the requirement that public meetings be conducted at a primary physical location with a quorum of members present, this act protects the health and safety of civil servants and the public and does not preference the experience of members of the public who might be able to attend a meeting in a physical location over members of the public who cannot travel or attend that meeting in a physical location.

(2) By removing the requirement for agendas to be placed at the location of each public official participating in a public meeting remotely, including from the member's private home or hotel room, this act protects the personal, private information of public officials and their families while preserving the public's right to access information concerning the conduct of the people's business.

SEC. 9. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that state and local agencies can continue holding public meetings while providing essential services like water, power, and fire protection to their constituents during public health, wildfire, or other states of emergencies, it is necessary that this act take effect immediately.

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DECLARATION OF A LOCAL HEALTH EMERGENCY

WHEREAS, Health and Safety Code section 101080 authorizes a local health officer to declare a local health emergency in the health officer's jurisdiction, or any part thereof, whenever the health officer reasonably determines that there is an imminent and proximate threat of the introduction of any contagious, infectious, or communicable disease, chemical agent, non-communicable biologic agent, toxin, or radioactive agent;

WHEREAS, the Centers for Disease Control and Prevention announced on February 25, 2020 that community spread of COVID-19 is likely to occur in the United States;

WHEREAS, based on the Centers for Disease Control and Prevention statements, there is an ongoing risk and likelihood of COVID-19 positive patients being identified in Orange County;

WHEREAS, based on the foregoing, there is an imminent and proximate threat of the introduction of COVID-19 in the County of Orange and a threat to the public health of the County residents;

THEREFORE, the County Health Officer hereby declares a health emergency.



Nichole Quick, MD, MPH
Health Officer

2/26/2020

Date

COUNTY OF ORANGE
STATE OF CALIFORNIA
PROCLAMATION OF A LOCAL EMERGENCY

REQUEST FOR GOVERNOR TO DECLARE A STATE OF EMERGENCY

WHEREAS, in accordance with Government Code Section 8630, a local emergency may be proclaimed by the Board of Supervisors of the County of Orange or by an official so designated by ordinance adopted by the Board of Supervisors; and

WHEREAS, Section 3-1-6(a) of the Codified Ordinances of the County of Orange provides that the Director of Emergency Services shall request the Board of Supervisors to proclaim a local emergency when the Board of Supervisors is in session and the Chair of the Emergency Management Council to so proclaim when the Board of Supervisors is not in session; and

WHEREAS, the Board of Supervisors is not currently in session, and the Director of Emergency Services has requested that the Chair of the Emergency Management Council proclaim a local emergency; and

WHEREAS, a novel coronavirus, COVID-19, which causes infectious disease resulting in symptoms of fever, coughing and shortness of breath with outcomes ranging from mild to severe illness and in some cases death, has arisen in China and spread to numerous other countries including the United States; and

WHEREAS, the Centers for Disease Control and Prevention has determined the virus to be a very serious public health threat, yet the method and efficacy of transmission of the virus is not yet fully understood and no vaccine currently exists; and

WHEREAS, Orange County has a population of over 3 million residents, is a major tourist destination, has a high volume airport within its jurisdiction and is a significant

destination for business travel all resulting in high volumes of foreign and domestic travelers traveling into and out of the County, which has the potential to result in significant spreading of the disease; and

WHEREAS, the Health Officer of the County of Orange has determined that the County is preparing for an imminent and proximate threat to public health from the virus; and

WHEREAS, communities within the geographic boundaries of Orange County have and will continue to prepare and, as necessary, take significant response actions to any developing contagion and to any other risks that may arise from introduction and possible spread of the virus;

WHEREAS, the above described events are creating a condition of extreme peril to the safety of persons and property within the territorial limits of the County of Orange which conditions are or are likely to be beyond the control of the services, personnel, equipment and facilities of the County of Orange, and require the combined forces of other political subdivisions to combat;

IT IS HEREBY PROCLAIMED that a local emergency exists within the geographic area of Orange County;

IT IS FURTHER PROCLAIMED AND ORDERED that as of this date all County departments and agencies take those actions, measures and steps deemed necessary to assure the safety and welfare of Orange County residents and property, including requesting mutual aid to the extent such aid is necessary and utilizing EOC Cal Cards and any other available funding stream to acquire resources determined by the DES or an authorized emergency purchaser as necessary to respond to this declared emergency.

ACCORDINGLY, THE CHAIR OF THE BOARD OF SUPERVISORS ACTING AS THE CHAIR OF THE EMERGENCY MANAGEMENT COUNCIL HEREBY REQUESTS that the Governor declare a State of Emergency and make all relevant funds available to the County of Orange and all eligible community members and businesses, including but not limited to, California Disaster Assistance Act funds and State Private Nonprofit Organizations Assistance Program funds, and that the Governor request that the President of the United States make a Presidential Declaration of Emergency in and for the County of Orange and make all relevant funds available to the County of Orange and all eligible community members and businesses, including, but not limited to, aid provided by the Small Business Administration.

Date: 2/26/20

Signed: 

Michelle Steel,
Chairwoman of the Board of Supervisors Acting as
the Chair of the Emergency Management Council
County of Orange

Attachment A

RESOLUTION OF THE BOARD OF SUPERVISORS OF
ORANGE COUNTY, CALIFORNIA
March 2, 2020

WHEREAS, Health and Safety Code section 101080 authorizes a local health officer to declare a local health emergency in the health officer's jurisdiction, or any part thereof, whenever the health officer reasonably determines that there is an imminent and proximate threat of the introduction of any contagious, infectious, or communicable disease, chemical agent, non-communicable biologic agent, toxin, or radioactive agent;

WHEREAS, on February 26, 2020, the County's Health Officer declared a local health emergency based on an imminent and proximate threat to public health from the introduction of a novel coronavirus (named "COVID-19") in Orange County.

WHEREAS, under Health and Safety Code Section 101080, the local health emergency shall not remain in effect for more than seven days unless ratified by the Board of Supervisors;

WHEREAS, the Board of Supervisors hereby finds that there continues to exist an imminent and proximate threat to public health from the introduction of COVID-19 in Orange County for reasons set forth in the declaration of local health emergency by County's Health Officer, dated February 26, 2020;

NOW, THEREFORE, BE IT RESOLVED by the Orange County Board of Supervisors
that:

1. The local health emergency declared by the County's Health Officer on February 26, 2020 is hereby ratified. Under Health and Safety Code Section 101080, the local health emergency may remain in effect for no more than 30 days from the date of this Resolution.
2. The County's Health Officer is directed to bring for review by the Board of Supervisors the need for continuing the local health emergency no later than the date


coinciding with the expiration of this Resolution

3. The Board of Supervisors delegates authority to the County's Health Officer to terminate the local health emergency, pursuant to Health and Safety Code Section 101080, "at the earliest possible date that conditions warrant the terminations."
4. All County departments and agencies take those actions, measures, and steps deemed necessary to assure the health, safety and welfare of Orange County citizens and property, including requesting mutual aid to the extent such aid is necessary.

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APPROVED AS TO FORM
OFFICE OF THE COUNTY COUNSEL
ORANGE COUNTY, CALIFORNIA

By 
Deputy
Date 2/27/20

Attachment C

RESOLUTION OF THE BOARD OF SUPERVISORS OF
ORANGE COUNTY, CALIFORNIA
March 2, 2020

WHEREAS, Government Code section 8630 and section 3-1-6(a) of the Codified Ordinances of the County of Orange empower the Director of Emergency Services to request the Chair of the Emergency Management Council to proclaim the existence or threatened existence of a local emergency, subject to ratification by the Board of Supervisors within seven days; and

WHEREAS, a novel coronavirus, COVID-19, which causes infectious disease resulting in symptoms of fever, coughing and shortness of breath with outcomes ranging from mild to severe illness and in some cases death, has arisen in China and spread to numerous other countries including the United States; and

WHEREAS, the Centers for Disease Control and Prevention has determined the virus to be a very serious public health threat, yet the method and efficacy of transmission of the virus is not yet fully understood and no vaccine currently exists; and

WHEREAS, Orange County has a population of over 3 million residents, is a major tourist destination, has a high volume airport within its jurisdiction and is a significant destination for business travel all resulting in high volumes of foreign and domestic travelers traveling into and out of the County, which has the potential to result in significant spreading of the disease; and

WHEREAS, the Health Officer of the County of Orange has determined that the County is preparing for an imminent and proximate threat to public health from the virus; and

WHEREAS, communities within the geographic boundaries of Orange County have and will continue to prepare and, as necessary, take significant response actions to any developing contagion and to any other risks that may arise from introduction and possible spread of the virus;

Attachment C

WHEREAS, the above described events are creating conditions of extreme peril and such conditions are or are likely to be beyond the control of the services, personnel, equipment, and facilities of the County, requiring the combined forces of other political subdivisions to combat;
and

WHEREAS, at the request of the Director of Emergency Services, the Chair of the Emergency Management Council, on February 26, 2020, did proclaim the existence of local emergency within the County of Orange; and

WHEREAS, the Board of Supervisors does hereby find that the aforesaid conditions of extreme peril did warrant and necessitate the proclamation of the existence of a local emergency;
and

WHEREAS, the Board of Supervisors also finds a local emergency does exist and shall be deemed to continue to exist until its termination is proclaimed by the Board of Supervisors;

NOW, THEREFORE, BE IT RESOLVED that the Orange County Board of Supervisors does hereby ratify the Chair of the Emergency Management Council's February 26, 2020, Proclamation of a Local Emergency.

BE IT FURTHER RESOLVED that all powers, functions, and duties of the emergency organization of the County of Orange shall be vested in such persons as prescribed by federal and state law, by County ordinances and resolutions, and by the Orange County Emergency Plan now in effect.


BE IT FURTHER RESOLVED that all County departments and agencies take those actions, measures, and steps deemed necessary to assure the safety and welfare of Orange County citizens and property, including requesting mutual aid to the extent such aid is necessary.

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Resolution No. _____ Item No. _____
Proclamation of a Local Emergency

APPROVED AS TO FORM
OFFICE OF THE COUNTY COUNSEL
ORANGE COUNTY, CALIFORNIA

By 
Deputy
Date 2/27/20

EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA

PROCLAMATION OF A STATE OF EMERGENCY

WHEREAS in December 2019, an outbreak of respiratory illness due to a novel coronavirus (a disease now known as COVID-19), was first identified in Wuhan City, Hubei Province, China, and has spread outside of China, impacting more than 75 countries, including the United States; and

WHEREAS the State of California has been working in close collaboration with the national Centers for Disease Control and Prevention (CDC), with the United States Health and Human Services Agency, and with local health departments since December 2019 to monitor and plan for the potential spread of COVID-19 to the United States; and

WHEREAS on January 23, 2020, the CDC activated its Emergency Response System to provide ongoing support for the response to COVID-19 across the country; and

WHEREAS on January 24, 2020, the California Department of Public Health activated its Medical and Health Coordination Center and on March 2, 2020, the Office of Emergency Services activated the State Operations Center to support and guide state and local actions to preserve public health; and

WHEREAS the California Department of Public Health has been in regular communication with hospitals, clinics and other health providers and has provided guidance to health facilities and providers regarding COVID-19; and

WHEREAS as of March 4, 2020, across the globe, there are more than 94,000 confirmed cases of COVID-19, tragically resulting in more than 3,000 deaths worldwide; and

WHEREAS as of March 4, 2020, there are 129 confirmed cases of COVID-19 in the United States, including 53 in California, and more than 9,400 Californians across 49 counties are in home monitoring based on possible travel-based exposure to the virus, and officials expect the number of cases in California, the United States, and worldwide to increase; and

WHEREAS for more than a decade California has had a robust pandemic influenza plan, supported local governments in the development of local plans, and required that state and local plans be regularly updated and exercised; and

WHEREAS California has a strong federal, state and local public health and health care delivery system that has effectively responded to prior events including the H1N1 influenza virus in 2009, and most recently Ebola; and



WHEREAS experts anticipate that while a high percentage of individuals affected by COVID-19 will experience mild flu-like symptoms, some will have more serious symptoms and require hospitalization, particularly individuals who are elderly or already have underlying chronic health conditions; and

WHEREAS it is imperative to prepare for and respond to suspected or confirmed COVID-19 cases in California, to implement measures to mitigate the spread of COVID-19, and to prepare to respond to an increasing number of individuals requiring medical care and hospitalization; and

WHEREAS if COVID-19 spreads in California at a rate comparable to the rate of spread in other countries, the number of persons requiring medical care may exceed locally available resources, and controlling outbreaks minimizes the risk to the public, maintains the health and safety of the people of California, and limits the spread of infection in our communities and within the healthcare delivery system; and

WHEREAS personal protective equipment (PPE) is not necessary for use by the general population but appropriate PPE is one of the most effective ways to preserve and protect California's healthcare workforce at this critical time and to prevent the spread of COVID-19 broadly; and

WHEREAS state and local health departments must use all available preventative measures to combat the spread of COVID-19, which will require access to services, personnel, equipment, facilities, and other resources, potentially including resources beyond those currently available, to prepare for and respond to any potential cases and the spread of the virus; and

WHEREAS I find that conditions of Government Code section 8558(b), relating to the declaration of a State of Emergency, have been met; and

WHEREAS I find that the conditions caused by COVID-19 are likely to require the combined forces of a mutual aid region or regions to appropriately respond; and

WHEREAS under the provisions of Government Code section 8625(c), I find that local authority is inadequate to cope with the threat posed by COVID-19; and

WHEREAS under the provisions of Government Code section 8571, I find that strict compliance with various statutes and regulations specified in this order would prevent, hinder, or delay appropriate actions to prevent and mitigate the effects of the COVID-19.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes, including the California Emergency Services Act, and in particular, Government Code section 8625, **HEREBY PROCLAIM A STATE OF EMERGENCY** to exist in California.



IT IS HEREBY ORDERED THAT:

1. In preparing for and responding to COVID-19, all agencies of the state government use and employ state personnel, equipment, and facilities or perform any and all activities consistent with the direction of the Office of Emergency Services and the State Emergency Plan, as well as the California Department of Public Health and the Emergency Medical Services Authority. Also, all residents are to heed the advice of emergency officials with regard to this emergency in order to protect their safety.
2. As necessary to assist local governments and for the protection of public health, state agencies shall enter into contracts to arrange for the procurement of materials, goods, and services needed to assist in preparing for, containing, responding to, mitigating the effects of, and recovering from the spread of COVID-19. Applicable provisions of the Government Code and the Public Contract Code, including but not limited to travel, advertising, and competitive bidding requirements, are suspended to the extent necessary to address the effects of COVID-19.
3. Any out-of-state personnel, including, but not limited to, medical personnel, entering California to assist in preparing for, responding to, mitigating the effects of, and recovering from COVID-19 shall be permitted to provide services in the same manner as prescribed in Government Code section 179.5, with respect to licensing and certification. Permission for any such individual rendering service is subject to the approval of the Director of the Emergency Medical Services Authority for medical personnel and the Director of the Office of Emergency Services for non-medical personnel and shall be in effect for a period of time not to exceed the duration of this emergency.
4. The time limitation set forth in Penal Code section 396, subdivision (b), prohibiting price gouging in time of emergency is hereby waived as it relates to emergency supplies and medical supplies. These price gouging protections shall be in effect through September 4, 2020.
5. Any state-owned properties that the Office of Emergency Services determines are suitable for use to assist in preparing for, responding to, mitigating the effects of, or recovering from COVID-19 shall be made available to the Office of Emergency Services for this purpose, notwithstanding any state or local law that would restrict, delay, or otherwise inhibit such use.
6. Any fairgrounds that the Office of Emergency Services determines are suitable to assist in preparing for, responding to, mitigating the effects of, or recovering from COVID-19 shall be made available to the Office of Emergency Services pursuant to the Emergency Services Act, Government Code section 8589. The Office of Emergency Services shall notify the fairgrounds of the intended use and can immediately use the fairgrounds without the fairground board of directors' approval, and



notwithstanding any state or local law that would restrict, delay, or otherwise inhibit such use.

7. The 30-day time period in Health and Safety Code section 101080, within which a local governing authority must renew a local health emergency, is hereby waived for the duration of this statewide emergency. Any such local health emergency will remain in effect until each local governing authority terminates its respective local health emergency.
8. The 60-day time period in Government Code section 8630, within which local government authorities must renew a local emergency, is hereby waived for the duration of this statewide emergency. Any local emergency proclaimed will remain in effect until each local governing authority terminates its respective local emergency.
9. The Office of Emergency Services shall provide assistance to local governments that have demonstrated extraordinary or disproportionate impacts from COVID-19, if appropriate and necessary, under the authority of the California Disaster Assistance Act, Government Code section 8680 et seq., and California Code of Regulations, Title 19, section 2900 et seq.
10. To ensure hospitals and other health facilities are able to adequately treat patients legally isolated as a result of COVID-19, the Director of the California Department of Public Health may waive any of the licensing requirements of Chapter 2 of Division 2 of the Health and Safety Code and accompanying regulations with respect to any hospital or health facility identified in Health and Safety Code section 1250. Any waiver shall include alternative measures that, under the circumstances, will allow the facilities to treat legally isolated patients while protecting public health and safety. Any facilities being granted a waiver shall be established and operated in accordance with the facility's required disaster and mass casualty plan. Any waivers granted pursuant to this paragraph shall be posted on the Department's website.
11. To support consistent practices across California, state departments, in coordination with the Office of Emergency Services, shall provide updated and specific guidance relating to preventing and mitigating COVID-19 to schools, employers, employees, first responders and community care facilities by no later than March 10, 2020.
12. To promptly respond for the protection of public health, state entities are, notwithstanding any other state or local law, authorized to share relevant medical information, limited to the patient's underlying health conditions, age, current condition, date of exposure, and possible contact tracing, as necessary to address the effect of the COVID-19 outbreak with state, local, federal, and nongovernmental partners, with such information to be used for the limited purposes of monitoring, investigation and control, and treatment and coordination of care. The



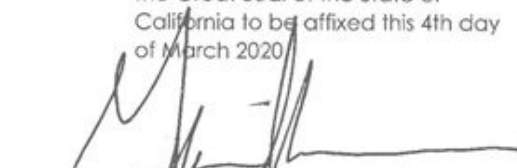
notification requirement of Civil Code section 1798.24, subdivision (i), is suspended.

13. Notwithstanding Health and Safety Code sections 1797.52 and 1797.218, during the course of this emergency, any EMT-P licensees shall have the authority to transport patients to medical facilities other than acute care hospitals when approved by the California EMS Authority. In order to carry out this order, to the extent that the provisions of Health and Safety Code sections 1797.52 and 1797.218 may prohibit EMT-P licensees from transporting patients to facilities other than acute care hospitals, those statutes are hereby suspended until the termination of this State of Emergency.

14. The Department of Social Services may, to the extent the Department deems necessary to respond to the threat of COVID-19, waive any provisions of the Health and Safety Code or Welfare and Institutions Code, and accompanying regulations, interim licensing standards, or other written policies or procedures with respect to the use, licensing, or approval of facilities or homes within the Department's jurisdiction set forth in the California Community Care Facilities Act (Health and Safety Code section 1500 et seq.), the California Child Day Care Facilities Act (Health and Safety Code section 1596.70 et seq.), and the California Residential Care Facilities for the Elderly Act (Health and Safety Code section 1569 et seq.). Any waivers granted pursuant to this paragraph shall be posted on the Department's website.

I FURTHER DIRECT that as soon as hereafter possible, this proclamation be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this proclamation.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 4th day of March 2020.



GAVIN NEWSOM
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State



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Subchapter 7. General Industry Safety Orders
Introduction

[Return to index](#)
[New query](#)

§3205. COVID-19 Prevention.

(a) Scope.

(1) This section applies to all employees and places of employment, with the following exceptions:

(A) Work locations with one employee who does not have contact with other persons.

(B) Employees working from home.

(C) Employees with occupational exposure as defined by section 5199, when covered by that section.

(D) Employees teleworking from a location of the employee's choice, which is not under the control of the employer.

(2) Nothing in this section is intended to limit more protective or stringent state or local health department mandates or guidance.

(b) Definitions. The following definitions apply to this section and to sections 3205.1 through 3205.4.

(1) "Close contact" means being within six feet of a COVID-19 case for a cumulative total of 15 minutes or greater in any 24-hour period within or overlapping with the infectious period defined by this section, regardless of the use of face coverings, unless close contact is defined by regulation or order of the CDPH. If so, the CDPH definition shall apply.

EXCEPTION: Employees have not had a close contact if they wore a respirator required by the employer and used in compliance with section 5144, whenever they were within six feet of the COVID-19 case during the infectious period.

(2) "COVID-19" (Coronavirus Disease 2019) means the disease caused by SARS-CoV-2 (severe acute respiratory syndrome coronavirus 2).

(3) "COVID-19 case" means a person who:

(A) Has a positive COVID-19 test; or

(B) Has a positive COVID-19 diagnosis from a licensed health care provider; or

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California Code of Regulations, Title 8, Section 3205. COVID-19 Prevention.

(C) Is subject to a COVID-19-related order to isolate issued by a local or state health official; or

(D) Has died due to COVID-19, in the determination of a local health department or per inclusion in the COVID-19 statistics of a county.

(4) "COVID-19 hazard" means potentially infectious material that may contain SARS-CoV-2, the virus that causes COVID-19. Potentially infectious materials include airborne droplets, small particle aerosols, and airborne droplet nuclei, which most commonly result from a person or persons exhaling, talking or vocalizing, coughing, or sneezing, or from procedures performed on persons which may aerosolize saliva or respiratory tract fluids.

(5) "COVID-19 symptoms" means fever of 100.4 degrees Fahrenheit or higher, chills, cough, shortness of breath or difficulty breathing, fatigue, muscle or body aches, headache, new loss of taste or smell, sore throat, congestion or runny nose, nausea or vomiting, or diarrhea, unless a licensed health care professional determines the person's symptoms were caused by a known condition other than COVID-19.

(6) "COVID-19 test" means a test for SARS-CoV-2 that is:

(A) Cleared, approved, or authorized, including in an Emergency Use Authorization (EUA), by the United States Food and Drug Administration (FDA) to detect current infection with the SARS-CoV-2 virus (e.g., a viral test); and

(B) Administered in accordance with the authorized instructions.

(C) To meet the return to work criteria set forth in subsection (c)(10), a COVID-19 test may be both self-administered and self-read only if another means of independent verification of the results can be provided (e.g., a time-stamped photograph of the results).

(7) "Exposed group" means all employees at a work location, working area, or a common area at work, where an employee COVID-19 case was present at any time during the infectious period. A common area at work includes bathrooms, walkways, hallways, aisles, break or eating areas, and waiting areas. The following exceptions apply:

(A) For the purpose of determining the exposed group, a place where persons momentarily pass through while everyone is wearing face coverings, without congregating, is not a work location, working area, or a common area at work.

(B) If the COVID-19 case was part of a distinct group of employees who are not present at the workplace at the same time as other employees, for instance a work crew or shift that does not overlap with another work crew or shift, only employees within that distinct group are part of the exposed group.

(C) If the COVID-19 case visited a work location, working area, or a common area at work for less than 15 minutes during the infectious period, and the COVID-19 case was wearing a face covering during the entire visit, other people at the work location, working area, or common area are not part of the exposed group.

Note: An exposed group may include the employees of more than one employer. See Labor Code sections 6303 and 6304.1.

(8) "Face covering" means a surgical mask, a medical procedure mask, a respirator worn voluntarily, or a tightly woven fabric or non-woven material of at least two layers that completely covers the nose and mouth and is secured to the head with ties, ear loops, or elastic bands that go behind the head. If gaiters are worn, they shall have two layers of fabric or be folded to make two layers. A face covering is a solid piece of material without slits, visible holes, or punctures, and must fit snugly over the nose, mouth, and chin with

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California Code of Regulations, Title 8, Section 3205. COVID-19 Prevention.

no large gaps on the outside of the face. A face covering does not include a scarf, ski mask, balaclava, bandana, turtleneck, collar, or single layer of fabric.

This definition includes clear face coverings or cloth face coverings with a clear plastic panel that otherwise meet this definition and which may be used to facilitate communication with people who are deaf or hard-of-hearing or others who need to see a speaker's mouth or facial expressions to understand speech or sign language respectively.

(9) "Infectious period" means the following time period, unless otherwise defined by CDPH regulation or order, in which case the CDPH definition shall apply:

(A) For COVID-19 cases who develop COVID-19 symptoms, from two days before they first develop symptoms until all of the following are true: it has been 10 days since symptoms first appeared; 24 hours have passed with no fever, without the use of fever-reducing medications; and symptoms have improved.

(B) For COVID-19 cases who never develop COVID-19 symptoms, from two days before until 10 days after the specimen for their first positive test for COVID-19 was collected.

(10) "Respirator" means a respiratory protection device approved by the National Institute for Occupational Safety and Health (NIOSH) to protect the wearer from particulate matter, such as an N95 filtering facepiece respirator.

(11) "Returned case" means a COVID-19 case who returned to work pursuant to subsection (c)(10) and did not develop any COVID-19 symptoms after returning. A person shall only be considered a returned case for 90 days after the initial onset of COVID-19 symptoms or, if the person never developed COVID-19 symptoms, for 90 days after the first positive test. If a period of other than 90 days is required by a CDPH regulation or order, that period shall apply.

(12) "Worksite," for the limited purposes of sections 3205 through 3205.4 only, means the building, store, facility, agricultural field, or other location where a COVID-19 case was present during the infectious period. It does not apply to buildings, floors, or other locations of the employer that a COVID-19 case did not enter, locations where the worker worked by themselves without exposure to other employees, or to a worker's personal residence or alternative work location chosen by the worker when working remotely.

Note: The term worksite is used for the purpose of notice requirements in subsections (c)(3)(B)3. and 4. only.

(c) Written COVID-19 Prevention Program. Employers shall establish, implement, and maintain an effective, written COVID-19 Prevention Program, which may be integrated into the employer's Injury and Illness Prevention Program required by section 3203, or be maintained in a separate document. The written elements of a COVID-19 Prevention Program shall include:

(1) System for communicating. The employer shall do all of the following in a form readily understandable by employees:

(A) Ask employees to report to the employer, without fear of reprisal, COVID-19 symptoms, possible close contacts, and possible COVID-19 hazards at the workplace.

(B) Describe how employees with medical or other conditions that put them at increased risk of severe COVID-19 illness can request accommodations.

(C) Provide information about access to COVID-19 testing as described in subsection (c)(5)(I) when testing is required under this section, section 3205.1, or section 3205.2.

(D) In accordance with subsection (c)(3)(B), communicate information about COVID-19 hazards and the employer's COVID-19 policies and procedures to employees and to other employers, persons, and entities

within or in contact with the employer's workplace.

Note: See subsection (c)(3)(C) for confidentiality requirements for COVID-19 cases.

(2) Identification and evaluation of COVID-19 hazards.

(A) The employer shall allow for employee and authorized employee representative participation in the identification and evaluation of COVID-19 hazards.

(B) The employer shall develop and implement a process for screening employees for and responding to employees with COVID-19 symptoms. The employer may ask employees to evaluate their own symptoms before reporting to work. If the employer conducts screening indoors at the workplace, the employer shall ensure that face coverings are used during screening by both screeners and employees and, if temperatures are measured, that non-contact thermometers are used.

(C) The employer shall develop COVID-19 policies and procedures to respond effectively and immediately to individuals at the workplace who are a COVID-19 case to prevent or reduce the risk of transmission of COVID-19 in the workplace.

(D) The employer shall conduct a workplace-specific identification of all interactions, areas, activities, processes, equipment, and materials that could potentially expose employees to COVID-19 hazards. Employers shall treat all persons, regardless of symptoms or negative COVID-19 test results, as potentially infectious.

1. This shall include identification of places and times when people may congregate or come in contact with one another, regardless of whether employees are performing an assigned work task or not, for instance during meetings or trainings and including in and around entrances, bathrooms, hallways, aisles, walkways, elevators, break or eating areas, cool-down areas, and waiting areas.

2. This shall include an evaluation of employees' potential workplace exposure to all persons at the workplace or who may enter the workplace, including coworkers, employees of other entities, members of the public, customers or clients, and independent contractors. Employers shall consider how employees and other persons enter, leave, and travel through the workplace, in addition to addressing stationary work.

(E) For indoor locations, the employer shall evaluate how to maximize ventilation with outdoor air; the highest level of filtration efficiency compatible with the existing ventilation system; and whether the use of portable or mounted High Efficiency Particulate Air (HEPA) filtration units, or other air cleaning systems, would reduce the risk of COVID-19 transmission.

(F) The employer shall review applicable orders and guidance from the State of California and the local health department related to COVID-19 hazards and prevention. These orders and guidance are both information of general application, including Interim guidance for Ventilation, Filtration, and Air Quality in Indoor Environments by CDPH, and information specific to the employer's industry, location, and operations.

(G) The employer shall evaluate existing COVID-19 prevention controls at the workplace and the need for different or additional controls. This includes evaluation of controls in subsections (c)(4), (c)(6), and (c)(7).

(H) The employer shall conduct periodic inspections as needed to identify unhealthy conditions, work practices, and work procedures related to COVID-19 and to ensure compliance with employers' COVID-19 policies and procedures.

(3) Investigating and responding to COVID-19 cases in the workplace.

(A) Employers shall have an effective procedure to investigate COVID-19 cases in the workplace. This includes procedures for seeking information from employees regarding COVID-19 cases and close contacts, COVID-19 test results, and onset of COVID-19 symptoms, and identifying and recording COVID-19 cases.

(B) The employer shall take the following actions when there has been a COVID-19 case at the place of employment:

1. Determine the day and time the COVID-19 case was last present and, to the extent possible, the date of the positive COVID-19 test(s) and/or diagnosis, and the date the COVID-19 case first had one or more COVID-19 symptoms, if any were experienced.

2. Determine who may have had a close contact. This requires an evaluation of the activities of the COVID-19 case and all locations at the workplace which may have been visited by the COVID-19 case during the infectious period.

Note: See subsection (c)(9) for exclusion requirements for employees after a close contact.

3. Within one business day of the time the employer knew or should have known of a COVID-19 case, the employer shall give written notice, in a form readily understandable by employees, that people at the worksite may have been exposed to COVID-19. The notice shall be written in a way that does not reveal any personal identifying information of the COVID-19 case, and in the manner the employer normally uses to communicate employment-related information. Written notice may include, but is not limited to, personal service, email, or text message if it can reasonably be anticipated to be received by the employee within one business day of sending. The notice shall include the cleaning and disinfection plan required by Labor Code section 6409.6(a)(4). The notice must be sent to the following:

a. All employees who were on the premises at the same worksite as the COVID-19 case during the infectious period. If the employer should reasonably know that an employee has not received the notice, or has limited literacy in the language used in the notice, the employer shall provide verbal notice, as soon as practicable, in a language understandable by the employee.

b. Independent contractors and other employers on the premises at the same worksite as the COVID-19 case during the infectious period.

4. Within one business day of the time the employer knew or should have known of the COVID-19 case, the employer shall:

a. provide the notice required by Labor Code section 6409.6(a)(2) and (c) to the authorized representative, if any, of the COVID-19 case and of any employee who had a close contact; and

b. provide the notice required by Labor Code section 6409.6(a)(4) to the authorized representative, if any, of any employee who was on the premises at the same worksite as the COVID-19 case during the infectious period.

5. Make COVID-19 testing available at no cost, during paid time, to all employees of the employer who had a close contact in the workplace and provide them with the information on benefits described in subsections (c)(5)(B) and (c)(9)(C).

Exception to subsection (c)(3)(B)5.: The employer is not required to make COVID-19 testing available to returned cases.

6. Investigate whether workplace conditions could have contributed to the risk of COVID-19 exposure and what could be done to reduce exposure to COVID-19 hazards.

(C) Personal identifying information of COVID-19 cases or persons with COVID-19 symptoms, and any employee medical records required by this section or by sections 3205.1 through 3205.4, shall be kept confidential unless disclosure is required or permitted by law. Unredacted information on COVID-19 cases shall be provided to the local health department, CDPH, the Division, and NIOSH immediately upon request, and when required by law.

(4) Correction of COVID-19 hazards. Employers shall implement effective policies and/or procedures for correcting unsafe or unhealthy conditions, work practices, policies and procedures in a timely manner based on the severity of the hazard. This includes, but is not limited to, implementing controls and/or policies and procedures in response to the evaluations conducted under subsections (c)(2) and (c)(3) and implementing the controls required by subsections (c)(6) and (c)(7).

(5) Training and instruction. The employer shall provide effective training and instruction to employees that includes the following:

(A) The employer's COVID-19 policies and procedures to protect employees from COVID-19 hazards, and how to participate in the identification and evaluation of COVID-19 hazards under subsection (c)(2)(A).

(B) Information regarding COVID-19-related benefits to which the employee may be entitled under applicable federal, state, or local laws. This includes any benefits available under legally mandated sick and vaccination leave, if applicable, workers' compensation law, local governmental requirements, the employer's own leave policies, leave guaranteed by contract, and this section.

(C) The fact that COVID-19 is an infectious disease that can be spread through the air when an infectious person talks or vocalizes, sneezes, coughs, or exhales; that COVID-19 may be transmitted when a person touches a contaminated object and then touches their eyes, nose, or mouth, although that is less common; and that an infectious person may have no symptoms.

(D) The fact that particles containing the virus can travel more than six feet, especially indoors, so physical distancing, face coverings, increased ventilation indoors, and respiratory protection decrease the spread of COVID-19, but are most effective when used in combination.

(E) The employer's policies for providing respirators, and the right of employees to request a respirator for voluntary use as stated in this section, without fear of retaliation and at no cost to employees. Whenever respirators are provided for voluntary use under this section or sections 3205.1 through 3205.4, the employer shall provide effective training and instruction to employees regarding:

1. How to properly wear the respirator provided;
2. How to perform a seal check according to the manufacturer's instructions each time a respirator is worn, and the fact that facial hair interferes with a seal.

(F) The importance of frequent hand washing with soap and water for at least 20 seconds and using hand sanitizer when employees do not have immediate access to a sink or hand washing facility, and that hand sanitizer does not work if the hands are soiled.

(G) Proper use of face coverings and the fact that face coverings are not respiratory protective equipment. COVID-19 is an airborne disease. N95s and more protective respirators protect the users from airborne disease while face coverings primarily protect people around the user.

(H) COVID-19 symptoms, and the importance of not coming to work and obtaining a COVID-19 test if the employee has COVID-19 symptoms.

(I) Information on the employer's COVID-19 policies; how to access COVID-19 testing and vaccination; and the fact that vaccination is effective at preventing COVID-19, protecting against both transmission and serious illness or death.

(J) The conditions under which face coverings must be worn at the workplace and that employees can request face coverings from the employer at no cost to the employee and can wear them at work, regardless of vaccination status, without fear of retaliation.

(6) Face coverings.

(A) Employers shall provide face coverings and ensure they are worn by employees when required by orders from CDPH.

(B) Employers shall ensure that required face coverings are clean and undamaged, and that they are worn over the nose and mouth. Face shields are not a replacement for face coverings, although they may be worn together for additional protection.

(C) When employees are required to wear face coverings under this section or sections 3205.1 through 3205.4, the following exceptions apply:

1. When an employee is alone in a room or vehicle.

2. While eating or drinking at the workplace, provided employees are at least six feet apart and outside air supply to the area, if indoors, has been maximized to the extent feasible.

3. Employees wearing respirators required by the employer and used in compliance with section 5144.

4. Employees who cannot wear face coverings due to a medical or mental health condition or disability, or who are hearing-impaired or communicating with a hearing-impaired person.

5. Specific tasks which cannot feasibly be performed with a face covering. This exception is limited to the time period in which such tasks are actually being performed.

(D) Employees exempted from wearing face coverings pursuant to subsection (c)(6)(C)4. due to a medical condition, mental health condition, or disability shall wear an effective non-restrictive alternative, such as a face shield with a drape on the bottom, if their condition or disability permits it. If their condition or disability does not permit a non-restrictive alternative, the employee shall be tested at least weekly for COVID-19 during paid time and at no cost to the employee.

(E) Any employee not wearing a face covering, pursuant to the exception in subsection (c)(6)(C)5. shall be tested at least weekly for COVID-19 during paid time and at no cost to the employee. Employers may not use the provisions of subsection (c)(6)(E) as an alternative to face coverings when face coverings are otherwise required by this section.

(F) No employer shall prevent any employee from wearing a face covering when not required by this section, unless it would create a safety hazard, such as interfering with the safe operation of equipment.

(G) When face coverings are not required by this section or by sections 3205.1 through 3205.4, employers shall provide face coverings to employees upon request, regardless of vaccination status.

(H) Employers shall implement measures to communicate to non-employees the face coverings requirements on their premises.

(7) Other engineering controls, administrative controls, and personal protective equipment.

(A) For buildings with mechanical or natural ventilation, or both, employers shall maximize the quantity of outside air provided to the extent feasible, except when the United States Environmental Protection Agency (EPA) Air Quality Index is greater than 100 for any pollutant or if opening windows or maximizing outdoor air by other means would cause a hazard to employees, for instance from excessive heat or cold.

(B) To protect employees from COVID-19 hazards, the employer shall evaluate its handwashing facilities, determine the need for additional facilities, encourage and allow time for employee handwashing, and provide employees with an effective hand sanitizer. Employers shall encourage employees to wash their hands for at least 20 seconds each time. Provision or use of hand sanitizers with methyl alcohol is prohibited.

(C) Personal protective equipment.

1. Employers shall evaluate the need for personal protective equipment to prevent exposure to COVID-19 hazards, such as gloves, goggles, and face shields, and provide such personal protective equipment as needed.

2. Upon request, employers shall provide respirators for voluntary use in compliance with subsection 5144(c)(2) to all employees who are working indoors or in vehicles with more than one person. Whenever an employer makes respirators for voluntary use available, under this section or sections 3205.1 through 3205.4, the employer shall encourage their use and shall ensure that employees are provided with a respirator of the correct size.

3. Employers shall provide and ensure use of respirators in compliance with section 5144 when deemed necessary by the Division through the Issuance of Order to Take Special Action, in accordance with title 8, section 332.3.

4. Employers shall provide and ensure use of eye protection and respiratory protection in compliance with section 5144 when employees are exposed to procedures that may aerosolize potentially infectious material such as saliva or respiratory tract fluids.

NOTE: Examples of work covered by subsection (c)(7)(C)4. include, but are not limited to, certain dental procedures and outpatient medical specialties not covered by section 5199.

(D) Testing of symptomatic employees. Employers shall make COVID-19 testing available at no cost to employees with COVID-19 symptoms, during employees' paid time.

(8) Reporting, recordkeeping, and access.

(A) The employer shall report information about COVID-19 cases and outbreaks at the workplace to the local health department whenever required by law, and shall provide any related information requested by the local health department. The employer shall report all information to the local health department as required by Labor Code section 6409.6.

(B) The employer shall maintain records of the steps taken to implement the written COVID-19 Prevention Program in accordance with section 3203(b).

(C) The written COVID-19 Prevention Program shall be made available at the workplace to employees, authorized employee representatives, and to representatives of the Division immediately upon request.

6/8/22, 1:49 PM

California Code of Regulations, Title 8, Section 3205. COVID-19 Prevention.

(D) The employer shall keep a record of and track all COVID-19 cases with the employee's name, contact information, occupation, location where the employee worked, the date of the last day at the workplace, and the date of a positive COVID-19 test.

(9) Exclusion of COVID-19 cases and employees who had a close contact. The purpose of this subsection is to limit transmission of COVID-19 in the workplace.

(A) Employers shall ensure that COVID-19 cases are excluded from the workplace until the return to work requirements of subsection (c)(10) are met.

(B) Employers shall review current CDPH guidance for persons who had close contacts, including any guidance regarding quarantine or other measures to reduce transmission. Employers shall develop, implement, and maintain effective policies to prevent transmission of COVID-19 by persons who had close contacts.

(C) For employees excluded from work under subsection (c)(9), employers shall continue and maintain an employee's earnings, wages, seniority, and all other employee rights and benefits, including the employee's right to their former job status, as if the employee had not been removed from their job. Employers may use employer-provided employee sick leave for this purpose to the extent permitted by law. Wages due under this subsection are subject to existing wage payment obligations and must be paid at the employee's regular rate of pay no later than the regular pay day for the pay period(s) in which the employee is excluded. Unpaid wages owed under this subsection are subject to enforcement through procedures available in existing law. If an employer determines that one of the exceptions below applies, it shall inform the employee of the denial and the applicable exception.

Exception 1: Subsection (c)(9)(C) does not apply where the employee received disability payments or was covered by workers' compensation and received temporary disability.

Exception 2: Subsection (c)(9)(C) does not apply where the employer demonstrates that the close contact is not work related.

(D) Subsection (c)(9) does not limit any other applicable law, employer policy, or collective bargaining agreement that provides for greater protections.

(E) At the time of exclusion, the employer shall provide the employee the information on benefits described in subsections (c)(5)(B) and (c)(9)(C).

(10) Return to work criteria. The following return to work criteria shall apply to COVID-19 cases and employees excluded under sections 3205.1 and 3205.2. The employer must demonstrate it has met the applicable requirements below:

(A) COVID-19 cases, regardless of vaccination status or previous infection, who do not develop COVID-19 symptoms or whose COVID-19 symptoms are resolving, shall not return to work until:

1. At least five days have passed from the date that COVID-19 symptoms began or, if the person does not develop COVID-19 symptoms, from the date of first positive COVID-19 test;
2. At least 24 hours have passed since a fever of 100.4 degrees Fahrenheit or higher has resolved without the use of fever reducing medications; and
3. A negative COVID-19 test from a specimen collected on the fifth day or later is obtained; or, if unable to test or the employer chooses not to require a test, 10 days have passed from the date that COVID-19 symptoms began or, if the person does not develop COVID-19 symptoms, from the date of first positive COVID-19 test.

6/8/22, 1:49 PM

California Code of Regulations, Title 8, Section 3205. COVID-19 Prevention.

(B) COVID-19 cases, regardless of vaccination status or previous infection, whose COVID-19 symptoms are not resolving, may not return to work until:

1. At least 24 hours have passed since a fever of 100.4 degrees Fahrenheit or higher has resolved without the use of fever-reducing medication; and
2. Symptoms are resolving or 10 days have passed from when the symptoms began.

(C) Regardless of vaccination status, previous infection, or lack of COVID-19 symptoms, a COVID-19 case shall wear a face covering in the workplace until 10 days have passed since the date that COVID-19 symptoms began or, if the person did not have COVID-19 symptoms, from the date of their first positive COVID-19 test.

(D) The requirements in subsections (c)(10)(A) and (c)(10)(B) apply regardless of whether an employee has previously been excluded or other precautions were taken in response to an employee's close contact or membership in an exposed group.

(E) If an order to isolate, quarantine, or exclude an employee is issued by a local or state health official, the employee shall not return to work until the period of isolation or quarantine is completed or the order is lifted. If no period was specified, then the period shall be in accordance with the return to work periods in subsection (c)(10).

(F) If no violations of local or state health officer orders for isolation, quarantine, or exclusion would result, the Division may, upon request, allow employees to return to work on the basis that the removal of an employee would create undue risk to a community's health and safety. In such cases, the employer shall develop, implement, and maintain effective control measures to prevent transmission in the workplace including providing isolation for the employee at the workplace and, if isolation is not feasible, the use of respirators in the workplace.

Note: Authority cited: Section 142.3, Labor Code. Reference: Sections 142.3, 144.6 and 6409.6, Labor Code.

HISTORY

1. New section filed 11-30-2020 as an emergency; operative 11-30-2020. Emergency expiration extended 60 days (Executive Order N-40-20) plus an additional 60 days (Executive Order N-71-20) (Register 2020, No. 49). A Certificate of Compliance must be transmitted to OAL by 10-1-2021 or emergency language will be repealed by operation of law on the following day. For prior history, see Register 74, No. 43.
2. Governor Newsom issued Executive Order N-84-20 (2019 CA EO 84-20), dated December 14, 2020, which suspended certain provisions relating to the exclusion of COVID-19 cases from the workplace.
3. Editorial correction of punctuation errors in subsections (b)(1), (c)(3)(D), (c)(10)(C) and (c)(10)(E) (Register 2021, No. 24).
4. New section refiled with amendments 6-17-2021 as an emergency; operative 6-17-2021 pursuant to Executive Order N-09-21 (Register 2021, No. 25). Exempt from the APA pursuant to Government Code sections 8567, 8571 and 8627 (Executive Order N-09-21). Emergency expiration extended 60 days (Executive Order N-40-20) plus an additional 60 days (Executive Order N-71-20). A Certificate of Compliance must be transmitted to OAL by 1-13-2022 or emergency language will be repealed by operation of law on the following day.
5. New section, including amendments, refiled 1-5-2022 as an emergency; operative 1-14-2022 (Register 2022, No. 1). A Certificate of Compliance must be transmitted to OAL by 4-14-2022 or emergency language will be repealed by operation of law on the following day.
6. Editorial correction of History 5 (Register 2022, No. 9).

6/8/22, 1:49 PM

California Code of Regulations, Title 8, Section 3205. COVID-19 Prevention.

7. Emergency filed 1-5-2022 extended an additional 21 calendar days pursuant to Executive Order N-5-22. A Certificate of Compliance must be transmitted to OAL by 5-5-2022 or emergency language will be repealed by operation of law on the following day.

8. New section, including amendments, refiled 5-5-2022 as an emergency pursuant to EO N-23-21; operative 5-5-2022 pursuant to EO N-23-21 (Register 2022, No. 18). Pursuant to EO N-23-21, a Certificate of Compliance must be transmitted to OAL by 12-31-2022 or emergency language will be repealed by operation of law on the following day.

 [Go Back to General Industry Safety Orders, Introduction](#)

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Subchapter 7. General Industry Safety Orders
Introduction

[Return to index](#)
[New query](#)

§3205.1. Multiple COVID-19 Infections and COVID-19 Outbreaks.

(a) Scope.

- (1) This section applies to a workplace covered by section 3205 if three or more employee COVID-19 cases within an exposed group, as defined by section 3205(b), visited the workplace during their infectious period at any time during a 14-day period.
- (2) This section shall apply until there are no new COVID-19 cases detected in the exposed group for a 14-day period.

(b) COVID-19 testing.

(1) The employer shall make COVID-19 testing available at no cost to its employees within the exposed group, during employees' paid time, except:

(A) Employees who were not present at the workplace during the relevant 14-day period(s) under subsection (a).

(B) For returned cases who did not develop COVID-19 symptoms after returning to work pursuant to subsection 3205(c)(10), no testing is required.

(2) COVID-19 testing shall consist of the following:

(A) Immediately upon being covered by this section, the employer shall make testing available to all employees in the exposed group, regardless of vaccination status, and then again one week later. Negative COVID-19 test results of employees with COVID-19 exposure shall not impact the duration of any quarantine, isolation, or exclusion period required by, or orders issued by, the local health department.

(B) After the first two COVID-19 tests required by subsection (b)(2)(A), employers shall make COVID-19 testing available once a week at no cost, during paid time, to all employees in the exposed group who remain at the workplace, or more frequently if recommended by the local health department, until this section no longer applies pursuant to subsection (a)(2).

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California Code of Regulations, Title 8, Section 3205.1. Multiple COVID-19 Infections and COVID-19 Outbreaks.

(C) Employees who had close contacts shall have a negative COVID-19 test taken within three and five days after the close contact or shall be excluded and follow the return to work requirements of subsection 3205(c)(10) starting from the date of the last known close contact.

(c) Employers shall make additional testing available at no cost to employees, during employees' paid time, when deemed necessary by the Division through the Issuance of Order to Take Special Action, in accordance with title 8, section 332.3.

(d) The employer shall continue to comply with all applicable provisions of section 3205, and shall also do the following:

(1) Employees in the exposed group shall wear face coverings when indoors, or when outdoors and less than six feet from another person, unless one of the exceptions in subsection 3205(c)(6)(C) applies.

(2) Employers shall give notice to employees in the exposed group of their right to request a respirator for voluntary use under subsection 3205(c)(7)(C)2.

(3) Employers shall evaluate whether to implement physical distancing of at least six feet between persons or, where six feet of physical distancing is not feasible, as much distance between persons as feasible.

(e) COVID-19 Investigation, review and hazard correction. The employer shall immediately perform a review of potentially relevant COVID-19 policies, procedures, and controls and implement changes as needed to prevent further spread of COVID-19. The investigation and review shall be documented and include:

(1) Investigation of new or unabated COVID-19 hazards including the employer's leave policies and practices and whether employees are discouraged from remaining home when sick; the employer's COVID-19 testing policies; insufficient outdoor air; insufficient air filtration; and lack of physical distancing.

(2) The review shall be updated every 30 days that this section continues to apply, in response to new information or to new or previously unrecognized COVID-19 hazards, or when otherwise necessary.

(3) The employer shall implement changes to reduce the transmission of COVID-19 based on the investigation and review required by subsections (e)(1) and (e)(2). The employer shall consider moving indoor tasks outdoors or having them performed remotely, increasing outdoor air supply when work is done indoors, improving air filtration, increasing physical distancing as much as feasible, requiring respiratory protection in compliance with section 5144, and other applicable controls.

(f) In buildings or structures with mechanical ventilation, employers shall filter recirculated air with Minimum Efficiency Reporting Value (MERV) 13 or higher efficiency filters if compatible with the ventilation system. If MERV-13 or higher filters are not compatible with the ventilation system, employers shall use filters with the highest compatible filtering efficiency. Employers shall also evaluate whether portable or mounted High Efficiency Particulate Air (HEPA) filtration units or other air cleaning systems would reduce the risk of transmission and, if so, shall implement their use to the degree feasible.

Note: Authority cited: Section 142.3, Labor Code. Reference: Sections 142.3 and 144.6, Labor Code.

HISTORY

1. New section filed 11-30-2020 as an emergency; operative 11-30-2020. Emergency expiration extended 60 days (Executive Order N-40-20) plus an additional 60 days (Executive Order N-71-20) (Register 2020, No. 49). A Certificate of Compliance must be transmitted to OAL by 10-1-2021 or emergency language will be repealed by operation of law on the following day.

2. New section refiled with amendments 6-17-2021 as an emergency; operative 6-17-2021 pursuant to Executive Order N-09-21 (Register 2021, No. 25). Exempt from the APA pursuant to Government Code sections 8567,

6/8/22, 1:50 PM

California Code of Regulations, Title 8, Section 3205.1. Multiple COVID-19 Infections and COVID-19 Outbreaks.

8571 and 8627 (Executive Order N-09-21). Emergency expiration extended 60 days (Executive Order N-40-20) plus an additional 60 days (Executive Order N-71-20). A Certificate of Compliance must be transmitted to OAL by 1-13-2022 or emergency language will be repealed by operation of law on the following day.

3. New section refiled 1-5-2022 as an emergency; operative 1-14-2022 (Register 2022, No. 1). A Certificate of Compliance must be transmitted to OAL by 4-14-2022 or emergency language will be repealed by operation of law on the following day.

4. Editorial correction of History 5 (Register 2022, No. 9).

5. Emergency filed 1-5-2022 extended an additional 21 calendar days pursuant to Executive Order N-5-22. A Certificate of Compliance must be transmitted to OAL by 5-5-2022 or emergency language will be repealed by operation of law on the following day.

6. New section, including amendments, refiled 5-5-2022 as an emergency pursuant to EO N-23-21; operative 5-5-2022 pursuant to EO N-23-21 (Register 2022, No. 18). Pursuant to EO N-23-21, a Certificate of Compliance must be transmitted to OAL by 12-31-2022 or emergency language will be repealed by operation of law on the following day.

 [Go Back to General Industry Safety Orders, Introduction](#)

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Subchapter 7. General Industry Safety Orders
Introduction

[Return to index](#)

[New query](#)

§3205.2. Major COVID-19 Outbreaks.

(a) Scope.

(1) This section applies to any workplace covered by section 3205 if 20 or more employee COVID-19 cases in an exposed group, as defined by section 3205(b), visited the workplace during their infectious period within a 30-day period.

(2) This section shall apply until there are fewer than three COVID-19 cases detected in the exposed group for a 14-day period.

(b) Employers shall continue to comply with section 3205.1, except that the COVID-19 testing described in section 3205.1(b) shall be required of all employees in the exposed group, regardless of vaccination status, twice a week or more frequently if recommended by the local health department. Employees in the exposed group shall be tested or shall be excluded and follow the return to work requirements of subsection 3205(c)(10) starting from the date that the outbreak begins.

(c) In addition to the requirements of sections 3205 and 3205.1, the employer shall take the following actions:

(1) The employer shall provide a respirator for voluntary use in compliance with subsection 5144(c)(2) to employees in the exposed group and shall determine the need for a respiratory protection program or changes to an existing respiratory protection program under section 5144 to address COVID-19 hazards.

(2) Any employees in the exposed group who are not wearing respirators required by the employer and used in compliance with section 5144 shall be separated from other persons by at least six feet, except where an employer can demonstrate that six feet of separation is not feasible, and except for momentary exposure while persons are in movement. Methods of physical distancing include: telework or other remote work arrangements; reducing the number of persons in an area at one time, including visitors; visual cues such as signs and floor markings to indicate where employees and others should be located or their direction and path of travel; staggered arrival, departure, work, and break times; and adjusted work processes or procedures, such as reducing production speed, to allow greater distance between employees. When it is not feasible to maintain a distance of at least six feet, individuals shall be as far apart as feasible.

(3) The employer shall evaluate whether to halt some or all operations at the workplace until COVID-19 hazards have been corrected.

6/8/22, 1:51 PM

California Code of Regulations, Title 8, Section 3205.2. Major COVID-19 Outbreaks.

(4) Any other control measures deemed necessary by the Division through the Issuance of Order to Take Special Action, in accordance with title 8 section 332.3.

Note: Authority cited: Section 142.3, Labor Code. Reference: Sections 142.3 and 144.6, Labor Code.

HISTORY

1. New section filed 11-30-2020 as an emergency; operative 11-30-2020. Emergency expiration extended 60 days (Executive Order N-40-20) plus an additional 60 days (Executive Order N-71-20) (Register 2020, No. 49). A Certificate of Compliance must be transmitted to OAL by 10-1-2021 or emergency language will be repealed by operation of law on the following day.
2. New section refiled with amendments 6-17-2021 as an emergency; operative 6-17-2021 pursuant to Executive Order N-09-21 (Register 2021, No. 25). Exempt from the APA pursuant to Government Code sections 8567, 8571 and 8627 (Executive Order N-09-21). Emergency expiration extended 60 days (Executive Order N-40-20) plus an additional 60 days (Executive Order N-71-20). A Certificate of Compliance must be transmitted to OAL by 1-13-2022 or emergency language will be repealed by operation of law on the following day.
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4. Editorial correction of History 5 (Register 2022, No. 9).
5. Emergency filed 1-5-2022 extended an additional 21 calendar days pursuant to Executive Order N-5-22. A Certificate of Compliance must be transmitted to OAL by 5-5-2022 or emergency language will be repealed by operation of law on the following day.
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 [Go Back to General Industry Safety Orders, Introduction](#)



California Department of Industrial Relations
Division of Occupational Safety & Health

What Employers and Workers Need to Know about COVID-19 Isolation & Quarantine

May 6, 2022

This fact sheet provides employers and workers not covered by the [Aerosol Transmissible Diseases standard](#) with information on when and for how long workers must be excluded from the workplace if they test positive or are exposed to someone who has COVID-19. The chart below reflects the new California Department of Public Health (CDPH) isolation and quarantine periods guidance from April 6, 2022 and the third re-adoption of the Cal/OSHA COVID-19 Prevention Emergency Regulation effective May 6, 2022.

More information is available on [Cal/OSHA's ETS FAQs](#) and [CDPH's Isolation and Quarantine Guidance](#).

Employees who test positive for COVID-19 must be excluded from the workplace as described in Table 1. For employees who had a close contact, employers must review [CPDH guidance](#) and implement quarantine and other measures in the workplace to prevent COVID-19 transmission in the workplace. Please refer to table 2 and table 3 below for CDPH quarantine guidance after close contact.

Where the tables below refer to action to be taken on a specified day (e.g. "day 5" or "day 10"), day 1 is the first day following the onset of symptoms or, if no symptoms develop, the day following the first positive test.

Table 1: Exclusion Requirements for Employees Who Test Positive for COVID-19

Requirements apply to all employees, regardless of vaccination status, previous infection, or lack of symptoms.	<ul style="list-style-type: none"> • Employees who test positive for COVID-19 must be excluded from the workplace for at least 5 days after start of symptoms or after date of first positive test if no symptoms. • Isolation can end and employees may return to the workplace after day 5 if symptoms are not present or are resolving, and a diagnostic specimen* collected on day 5 or later tests negative. • If an employee's test on day 5 (or later) is positive, isolation can end and the employee may return to the workplace after day 10 if they are fever-free for 24 hours without the use of fever-reducing medications. • If an employee is unable to or choosing not to test ⁱ, isolation can end, and the employee may return to the workplace after day 10 if they are fever-free for 24 hours without the use of fever-reducing medications. • If an employee has a feverⁱⁱ, isolation must continue and the employee may not return to work until 24 hours after the fever resolves without the use of fever-reducing medications.ⁱⁱⁱ • If an employee's symptoms other than fever are not resolving, they may not return to work until their symptoms are resolving or until after day 10. • Employees must wear face coverings around others for a total of 10 days. Please refer the FAQs regarding face coverings for additional information <p>*Antigen test preferred.</p>
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ⁱ An employer may require a test. More information is available in the [Department of Fair Employment and Housing FAQ](#).

ⁱⁱ A fever is a measured body temperature of 100.4 degrees Fahrenheit or higher.

ⁱⁱⁱ A fever resolves when 24 hours have passed with no fever, without the use of fever-reducing medications.

Table 2: CDPH Guidance for Close Contacts – Employees Who Are Exposed to Someone with COVID-19. (Applies to All Employees Except those in High-Risk Settings)

<p>For employees who are asymptomatic. Applies to all employees, regardless of vaccination status.</p>	<ul style="list-style-type: none"> Exposed employees must test within three to five days after their last close contact. Persons infected within the prior 90 days do not need to be tested unless symptoms develop. Employees must wear face coverings around others for a total of 10 days after exposure. Please refer to the FAQs on face coverings for additional information. If an exposed employee tests positive for COVID- 19, they must follow the isolation requirements above in Table 1. Employees are strongly encouraged to get vaccinated and boosted
<p>For employees who are symptomatic. Applies to all employees, regardless of vaccination status.</p>	<ul style="list-style-type: none"> Symptomatic employees must be excluded and test as soon as possible. Exclusion must continue until test results are obtained. If the employee is unable to test or choosing not to test, exclusion must continue for 10 days. If the employee tests negative and returns to work earlier than 10 days after the close contact, the employee must wear a face covering around others for 10 days following the close contact. CDPH recommends continuing exclusion and retesting in 1-2 days if testing negative with an antigen test, particularly if tested during the first 1-2 days of symptoms. For symptomatic employees who have tested positive within the previous 90 days, using an antigen test is preferred.

Table 3: CDPH Guidance for Close Contacts – Specified High-Risk Settings

<p>Applies to employees who are:</p> <ul style="list-style-type: none"> Not fully vaccinated, OR Not infected with SARS-CoV-2 within the prior 90 days. <p>AND who work in the following high-risk settings:</p> <ul style="list-style-type: none"> Emergency Shelters Cooling and Heating Centers Long Term Care Settings & Adult and Senior Care Facilities* Local correctional facilities and detention centers* Healthcare settings* <p>* Please note that some employees in these high-risk settings are covered by the Aerosol Transmissible Diseases standard (section 5199) and are subject to different requirements. Please see the Scope of Coverage section of the FAQ for additional information.</p>	<ul style="list-style-type: none"> Exposed employees must be excluded from work for at least five days after the last known close contact. Exclusion can end and exposed employees may return to the workplace after day 5 if symptoms are not present and a diagnostic specimen collected on day 5 or later tests negative. If an employee is unable to test or choosing not to test, and symptoms are not present, work exclusion can end and the employee may return to the workplace after day 10. Employees in these settings must wear a face covering while indoors and around others in accordance with CDPH’s universal masking guidance. Employees are strongly encouraged to get vaccinated or boosted. If employees develop symptoms after returning to work, they must be excluded from the workplace and test as soon as possible. If employees test positive, they must follow the isolation requirements in Table 1.
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Commonly Asked Questions

When do workers need to be paid exclusion pay if exposed to COVID-19?

When workers are required to be excluded from work due to work-related COVID-19 exposure, they must be paid exclusion pay. Workers should speak with their employers about available exclusion pay. Some exceptions apply, for example if the worker can work from home, or they are receiving disability pay or Workers' Compensation Temporary Disability Payments.

What does CDPH guidance require if a worker was exposed to COVID-19 but tests are not available?

If a worker in a non-high-risk setting cannot be tested as required but never develops symptoms, the worker may continue to work but must wear a face covering for 10 days after the close contact. If the worker works in a high-risk setting, they should continue isolation for 10 days, as explained in the table.

This guidance is an overview, for full requirements see Title 8 sections [3205](#), [3205.1](#), [3205.2](#), [3205.3](#), [3205.4](#)

Update History

- January 19, 2022 – Updated to clarify this fact sheet does not apply to workplaces covered by the Aerosol Transmissible Diseases Standard.
- May 6, 2022 – Updated to align with new CDPH guidance for general population and adding high-risk settings.



For assistance with developing a COVID-19 Prevention Program, employers may contact Cal/OSHA Consultation Services at 1 800 963 9424 or InfoCons@dir.ca.gov

For Consultation information or publications, access the following link or copy the site address:
[DOSHConsultation www.dir.ca.gov/dosh/consultation.html](http://www.dir.ca.gov/dosh/consultation.html)



COVID-19

How to Protect Yourself & Others

Updated Feb. 25, 2022



Get Vaccinated and stay up to date on your COVID-19 vaccines

- [COVID-19 vaccines](#) are effective at preventing you from getting sick. [COVID-19 vaccines](#) are highly effective at preventing severe illness, hospitalizations, and death.
- Getting vaccinated is the best way to slow the spread of SARS-CoV-2, the virus that causes COVID-19.
- CDC recommends that everyone who is eligible [stay up to date on their COVID-19 vaccines](#), including [people with weakened immune systems](#).



Wear a mask

- Everyone ages 2 years and older should properly wear a well-fitting mask indoors in public in areas where the [COVID-19 Community Level](#) is high, regardless of vaccination status.
- Wear a mask with the best fit, protection, and comfort for you.
- If you are in an area with a high [COVID-19 Community Level](#) and are ages 2 or older, wear a mask indoors in public.
- If you are sick and need to be around others, or are caring for someone who has COVID-19, wear a mask.
- If you are at increased risk for severe illness, or live with or spend time with someone at higher risk, speak to your healthcare provider about wearing a mask at medium COVID-19 Community Levels.
- People who have a condition or are taking medications that [weaken their immune system](#) may not be fully protected even if they are up to date on their COVID-19 vaccines. They should talk to their healthcare providers about what additional precautions may be necessary.
 - For more information, see [COVID-19 Vaccines for Moderately or Severely Immunocompromised People](#)

[Wearing a mask over your nose and mouth is required](#) on planes, buses, trains, and other forms of public transportation traveling into, within, or out of the United States and while indoors at U.S. transportation hubs such as airports and stations. Travelers are not required to wear a mask in outdoor areas of a conveyance (like on open deck areas of a ferry or the uncovered top deck of a bus).



COVID-19 County Check

Find community levels and prevention steps by county.

Select a Location (all fields required)

State	↕	County
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Stay 6 feet away from others

- Inside your home: Avoid close contact with people who are sick, if possible. If possible, maintain 6 feet between the person who is sick and other household members. If you are taking care of someone who is sick, make sure you properly wear a [well-fitting mask](#) and follow other steps to protect yourself.
- Indoors in public: If you are not [up to date on COVID-19 vaccines](#), stay at least 6 feet away from other people, especially if you are at [higher risk of getting very sick](#) with COVID-19.



Avoid poorly ventilated spaces and crowds

- If indoors, [bring in fresh air](#) by opening windows and doors, if possible.
- If you are at [increased risk of getting very sick](#) from COVID-19, avoid crowded places and indoor spaces that do not have fresh air from the outdoors.



Test to prevent spread to others

- You can choose from many different [types of tests](#).
- Tests for [SARS-CoV-2](#)(the virus that causes COVID-19) tell you [if you have an infection](#) at the time of the test. This type of test is called a **viral test** because it looks for viral infection.
- Regardless of the test type you select, a [positive test result](#) means that you have an infection and should [isolate](#) and inform your [close contacts](#) to avoid spreading disease to others.
- Over-the-counter [self-tests](#) are viral tests that can be used at home or anywhere, are easy to use, and produce rapid results. Anyone can use self-tests, regardless of their vaccination status or whether they have symptoms.
- COVID-19 [self-tests](#) are one of many risk-reduction measures, along with vaccination, masking, and physical distancing, that protect you and others by reducing the chances of spreading COVID-19.



Wash your hands often

- **Wash your hands** often with soap and water for at least 20 seconds especially after you have been in a public place, or after blowing your nose, coughing, or sneezing.
- It's especially important to wash your hands:
 - Before eating or preparing food
 - Before touching your face
 - After using the restroom
 - After leaving a public place
 - After blowing your nose, coughing, or sneezing
 - After handling your mask
 - After changing a diaper
 - After caring for someone sick
 - After touching animals or pets
- If soap and water are not readily available, **use a hand sanitizer that contains at least 60% alcohol**. Cover all surfaces of your hands and rub them together until they feel dry.
- **Avoid touching your eyes, nose, and mouth** with unwashed hands.



Cover coughs and sneezes

- **If you are wearing a mask:** You can cough or sneeze into your mask. Put on a new, clean mask as soon as possible and wash your hands.
- **If you are not wearing a mask:**
 - Always cover your mouth and nose with a tissue when you cough or sneeze, or use the inside of your elbow and do not spit.
 - Throw used tissues in the trash.
 - Immediately **wash your hands** with soap and water for at least 20 seconds. If soap and water are not readily available, clean your hands with a hand sanitizer that contains at least 60% alcohol.



Clean and disinfect

- Clean high touch surfaces regularly or as needed and after you have visitors in your home. This includes tables, doorknobs, light switches, countertops, handles, desks, phones, keyboards, toilets, faucets, and sinks.
- **If someone is sick or has tested positive for COVID-19, disinfect frequently touched surfaces.**
 - Use a household disinfectant product from [EPA's List N: Disinfectants for Coronavirus \(COVID-19\)](#) [↗](#) according to manufacturer's labeled directions.
 - **If surfaces are dirty, clean them** using detergent or soap and water prior to disinfection.



Monitor your health daily

- **Be alert for symptoms:**
 - Watch for fever, cough, shortness of breath, or [other symptoms of COVID-19](#).
 - **Take your temperature** if symptoms develop.
 - Don't take your temperature within 30 minutes of exercising or after taking medications that could lower your temperature, like acetaminophen.
 - Follow [CDC guidance](#) if symptoms develop.
- Monitoring symptoms is especially important if you are running errands, going into the office or workplace, and in settings where it may be difficult to keep a physical distance of 6 feet.



Follow recommendations for quarantine

- If you come into [close contact](#) with someone with COVID-19: follow CDC's [recommendations for quarantine](#).



Follow recommendations for isolation

- If you [test positive](#) for COVID-19 or have [symptoms](#): follow CDC's [recommendations for isolation](#).



Take precautions when you travel

- Follow CDC's [recommendations for domestic and international travel](#).

Additional Resources

For more information, see:

- [Families with vaccinated and unvaccinated members](#)
- [Improve How Your Mask Protects You](#)
- Information for specific groups of people (link: [COVID-19 Information for Specific Groups of People | CDC](#))



Related Pages

[Prevent Getting Sick](#)

[Symptoms](#)

[How COVID-19 Spreads](#)

[If You Are Sick or Caring for Someone](#)

[People at Increased Risk](#)

[Frequently Asked Questions](#)

[Hand Sanitizer Use](#)

[Quarantine and Isolation](#)

Last Updated Feb. 25, 2022
Content source: [National Center for Immunization and Respiratory Diseases \(NCIRD\), Division of Viral Diseases](#)



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**COUNTY OF ORANGE HEALTH OFFICER'S
ORDERS AND STRONG RECOMMENDATIONS
(Revised June 15, 2022)**

In light of recent Face Mask Guidance issued by the California Department of Public Health (CDPH) and certain recent orders issued by the State Public Health Officer regarding COVID-19 vaccine requirements, the following Orders and Strong Recommendations shall revise and replace the prior Orders and Strong Recommendations of the County Health Officer that were issued on March 11, 2022. The Orders and Strong Recommendations issued on March 24, 2022, are no longer in effect as of June 15, 2022.

Pursuant to California Health and Safety Code sections 101030, 101040, 101470, 120175, and 120130, the County Health Officer for County of Orange orders and strongly recommends the following:

ORDERS

Effective immediately, and continuing until further notice, the following shall be in effect in unincorporated and incorporated territories of Orange County, California:

I. Self-Isolation of Persons with COVID-19 Order

NOTE: This Self-Isolation Order DOES NOT in any way restrict access by first responders to an isolation site during an emergency.

Order and Strong Recommendations of the County of Orange Health Officer
June 15, 2022
Page 2 of 17

1. Persons who are symptom-free but test positive for COVID-19.

If you do not have any COVID-19 symptoms (as defined below in this Order) but test positive for COVID-19, you shall immediately isolate yourself in your home or another suitable place for at least 5 days from the date you test positive and may end your self-isolation after day 5:

- If you continue not having any COVID-19 symptoms and a diagnostic specimen collected on day 5 or later tests negative.
 - While an antigen test, nucleic acid amplification test (NAAT), or LAMP test are acceptable, use of an antigen test is recommended. Use of Over-the-Counter tests are also acceptable to end isolation.

Exceptions.

- 1) If you are unable or choose not to test on day 5 or after, or if you test positive after day 5, you shall continue your self-isolation through day 10 from the date of your initial positive test and may end your self-isolation after 10 days from the date of your initial positive test.
- 2) If you develop COVID-19 symptoms during the time of your self-isolation, you shall isolate yourself for at least 10 days from the date of symptom(s) onset. You may end your self-isolation sooner if a diagnostic specimen collected on day 5 (or later) from the date of symptom(s) onset tests negative.

All persons who test positive for COVID-19 should continue to wear a well-fitting mask at all times around other people through day 10.

2. Persons who have COVID-19 symptoms.

If you have COVID-19 symptoms, you shall immediately isolate yourself in your home or another suitable place for 10 days from the date of your symptom(s) onset and may end your self-isolation sooner under any of the following conditions:

- If a diagnostic specimen collected as early as the date of your symptom(s) onset tests negative.

Order and Strong Recommendations of the County of Orange Health Officer
June 15, 2022
Page 3 of 17

II. While an antigen test, nucleic acid amplification test (NAAT), or LAMP test are acceptable, use of an antigen test is recommended. Use of Over-the-Counter tests are also acceptable to end isolation.

- Note: A negative PCR or antigen test collected on day 1-2 of symptom onset should be repeated in 1-2 days to confirm negative status. While isolation may end after the first negative test, it is strongly recommended to end isolation upon negative results from the repeat test.

III. If you obtain an alternative diagnosis from a healthcare provider.

Exception:

If you have COVID-19 symptoms and test positive for COVID-19, you shall isolate yourself for at least 10 days from the date of symptom(s) onset. You may end your self-isolation sooner if a diagnostic specimen collected on day 5 (or later) from the date of symptom(s) onset tests negative.

You are not required to self-isolate for more than 10 days from the date of your COVID-19 symptom(s) onset regardless of whether your symptoms are present on Day 11.

All persons who have COVID-19 symptoms should continue to wear a well-fitting mask at all times around other people through at least Day 10.

Additional Considerations for Self-Isolation.

- A person who is self-isolated may not leave his or her place of isolation except to receive necessary medical care.
- If a more specific and individualized isolation order is issued by the County Health Officer for any county resident, the resident shall follow the specific order instead of the order herein.
- People who are severely ill with COVID-19 might need to stay in self-isolation longer than 5 days and up to 20 days after symptoms first appeared. People with weakened immune systems should talk to their healthcare provider for more information.

Order and Strong Recommendations of the County of Orange Health Officer
June 15, 2022
Page 5 of 17

Whenever the term “symptom” or “*COVID-19 symptom*” is used, it shall mean COVID-19 symptom. People with COVID-19 have had a wide range of symptoms reported – ranging from mild symptoms to severe illness. Symptoms may appear 2-14 days after exposure to the virus. Anyone can have mild to severe symptoms. People with these symptoms may have COVID-19:

- Fever or chills
- Cough
- Shortness of breath or difficulty breathing
- Fatigue
- Muscle or body aches
- Headache
- New loss of taste or smell
- Sore throat
- Congestion or runny nose
- Nausea or vomiting
- Diarrhea
- The list above does not include all possible symptoms.

IV. Face-Coverings/Masks:

To help prevent the spread of droplets containing COVID-19, all County residents and visitors are required to wear face coverings in accordance with the Guidance for the Use of Face Coverings issued by CDPH, dated April 20, 2022. The Guidance is attached herein as Attachment "A" and can be found at:

A: <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/guidance-for-face-coverings.aspx>.

Masks are required for all individuals in the following indoor settings, regardless of vaccination status:

- Emergency shelters and cooling and heating centers.
- Healthcare settings (applies to all healthcare settings, including those that are not covered by State Health Officer Order issued on July 26, 2021).

Order and Strong Recommendations of the County of Orange Health Officer
June 15, 2022
Page 6 of 17

- Local correctional facilities and detention centers.
- Long Term Care Settings & Adult and Senior Care Facilities.

NOTE:

1) When using public transit, individuals shall follow the guidance and requirements set by the Federal government. More information about the guidance on public transportation can be found at <https://www.cdc.gov/quarantine/masks/face-masks-public-transportation.html>.

2) In workplaces, employers are subject to the Cal/OSHA COVID-19 Prevention Emergency Temporary Standards (ETS) or in some workplaces the Cal/OSHA Aerosol Transmissible Diseases (ATD) Standard (PDF) and should consult those regulations for additional applicable requirements, as modified by the Governor's Executive Order N-5-22. Additional information about how CDPH isolation and quarantine guidance affects ETS-covered workplaces may be found in Cal/OSHA FAQs.

3) In accordance with State Health Officer Order, issued on July 26, 2021, and found at <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/Order-of-the-State-Public-Health-Officer-Unvaccinated-Workers-In-High-Risk-Settings.aspx>, in certain healthcare situations or settings, surgical masks are required.

No person shall be prevented from wearing a mask as a condition of participation in an activity or entry into a business.

Exemptions to masks requirements.

- The following individuals are exempt from this mask order:
 - Persons younger than two years old.
 - Persons with a medical condition, mental health condition, or disability that prevents wearing a mask. This includes persons with a medical condition for whom wearing a mask could obstruct breathing or who are unconscious, incapacitated, or otherwise unable to remove a mask without assistance.

Order and Strong Recommendations of the County of Orange Health Officer
June 15, 2022
Page 7 of 17

- Persons who are hearing impaired, or communicating with a person who is hearing impaired, where the ability to see the mouth is essential for communication.
- Persons for whom wearing a mask would create a risk to the person related to their work, as determined by local, state, or federal regulators or workplace safety guidelines.
- Additional exceptions to masking requirements in high-risk settings can be found at <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/Face-Coverings-QA.aspx>.

V. Health Care Workers COVID-19 Vaccine Requirement Order:

To help prevent transmission of COVID-19, all workers who provide services or work in facilities described below shall comply with the COVID-19 vaccination and booster dose requirements as set forth in the February 22, 2022, State Health Officer Order. A copy of the State Health Officer Order is attached herein as Attachment "B" and can be found at the following link:

B: <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/Order-of-the-State-Public-Health-Officer-Health-Care-Worker-Vaccine-Requirement.aspx>

Facilities covered by this order include:

- General Acute Care Hospitals
- Skilled Nursing Facilities (including Subacute Facilities)
- Intermediate Care Facilities
- Acute Psychiatric Hospitals
- Adult Day Health Care Centers
- Program of All-Inclusive Care for the Elderly (PACE) and PACE Centers
- Ambulatory Surgery Centers
- Chemical Dependency Recovery Hospitals
- Clinics & Doctor Offices (including behavioral health, surgical)
- Congregate Living Health Facilities
- Dialysis Centers

Order and Strong Recommendations of the County of Orange Health Officer
June 15, 2022
Page 8 of 17

- Hospice Facilities
- Pediatric Day Health and Respite Care Facilities
- Residential Substance Use Treatment and Mental Health Treatment Facilities
- o. The word, "worker," as used in this Order shall have the same meaning as defined in the State Health Officer's Order, dated December 22, 2021.

VI. Requirements and Guidance for Specific Facilities

Requirements for COVID-19 Vaccination Status Verification, COVID-19 Testing, and Masking for Certain Facilities.

To help prevent transmission of COVID-19, all facilities described below shall comply with the State Health Officer Order, issued on July 26, 2021 and effective August 9, 2021. A copy of the State Health Officer Order is attached herein as Attachment "C" and can be found at the following link:

C: <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/Order-of-the-State-Public-Health-Officer-Unvaccinated-Workers-In-High-Risk-Settings.aspx>

Facilities covered by this order include:

- Acute Health Care and Long-Term Care Settings:
 - General Acute Care Hospitals
 - Skilled Nursing Facilities (including Subacute Facilities)
 - Intermediate Care Facilities
- High-Risk Congregate Settings:
 - Adult and Senior Care Facilities
 - Homeless Shelters
 - State and Local Correctional Facilities and Detention Centers
- Other Health Care Settings:
 - Acute Psychiatric Hospitals
 - Adult Day Health Care Centers
 - Adult Day Programs Licensed by the California Department of Social Services
 - Program of All-Inclusive Care for the Elderly (PACE) and PACE Centers

Order and Strong Recommendations of the County of Orange Health Officer
June 15, 2022
Page 9 of 17

- Ambulatory Surgery Centers
- Chemical Dependency Recovery Hospitals
- Clinics & Doctor Offices (including behavioral health, surgical)
- Congregate Living Health Facilities
- Dental Offices
- Dialysis Centers
- Hospice Facilities
- Pediatric Day Health and Respite Care Facilities
- Residential Substance Use Treatment and Mental Health Treatment Facilities

1. Requirements for COVID-19 Vaccine Status Verification and COVID-19 Testing for School Workers in Transitional Kindergarten through Grade 12.

To prevent the further spread of COVID-19 in K-12 school settings, all public and private schools serving students in transitional kindergarten through grade 12 shall comply with the State Health Officer Order, effective August 11, 2021, regarding verification of COVID-19 vaccination status and COVID-19 testing of all workers. A copy of the State Health Officer Order is attached herein as Attachment "D" and can be found at the following link:

D: <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/Order-of-the-State-Public-Health-Officer-Vaccine-Verification-for-Workers-in-Schools.aspx>

This Order does not apply to (i) home schools, (ii) childcare settings, or (iii) higher education.

2. Local Correctional Facilities and Detention Centers Health Care Worker Vaccination Requirement.

To prevent the further spread of COVID-19 in local correctional facilities and detention centers, all individuals identified in the State Health Officer Order, effective February 22, 2022, shall comply with the State Health Officer's Order with regards to obtaining COVID-19 vaccination and booster doses. A copy of the State Health Officer Order is attached herein as Attachment "E" and can be found at the following link:

Order and Strong Recommendations of the County of Orange Health Officer
June 15, 2022
Page 10 of 17

E: <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/Order-of-the-State-Public-Health-Officer-Health-Care-Worker-Vaccine-Requirement.aspx>

3. Adult Care Facilities and Direct Care Worker Vaccination Requirements.

To help prevent transmission of COVID-19, all individuals specified below shall comply with the COVID-19 vaccination and booster dose requirements as set forth in the February 22, 2022, State Health Officer Order. A copy of the State Health Officer Order is attached herein as Attachment "F" and can be found at the following link:

F: <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/Order-of-the-State-Public-Health-Officer-Adult-Care-Facilities-and-Direct-Care-Worker-Vaccine-Requirement.aspx>

Individuals covered by this order include:

- All workers who provide services or work in Adult and Senior Care Facilities licensed by the California Department of Social Services;
- All in-home direct care services workers, including registered home care aides and certified home health aides, except for those workers who only provide services to a recipient with whom they live or who are a family member of the recipient for whom they provide services;
- All waiver personal care services (WPCS) providers, as defined by the California Department of Health Care Services, and in-home supportive services (IHSS) providers, as defined by the California Department of Social Services, except for those workers who only provide services to a recipient with whom they live or who are a family member of the recipient for whom they provide services;
- All hospice workers who are providing services in the home or in a licensed facility; and
- All regional center employees, as well as service provider workers, who provide services to a consumer through the network of Regional Centers serving individuals with developmental and intellectual disabilities, except for those workers who only provide services to a recipient with whom they live or who are a family member of the recipient for whom they provide services.

Order and Strong Recommendations of the County of Orange Health Officer
June 15, 2022
Page 11 of 17

4. Requirements for Visiting Acute Health Care and Long-Term Care Settings.

To help prevent transmission of COVID-19, all acute health care and long-term care settings shall comply with the indoor visitation requirements set forth in the State Health Officer issued February 7, 2022. A copy of the State Health Officer Order is attached herein as Attachment "G" and can be found at the following link:

G. <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/Order-of-the-State-Public-Health-Officer-Requirements-for-Visitors-in-Acute-Health-Care-and-Long-Term-Care-Settings.aspx>

V. Seasonal Flu Vaccination Order:

Seasonal Flu Vaccination for Certain County Residents.

All individuals who reside or work in Orange County and fall under one of the following categories, shall obtain the seasonal flu vaccination unless a medical or religious exemption applies: (i) current providers for congregate settings; (ii) current health care providers; and (iii) current emergency responders. However, nothing herein shall be construed as an obligation, on the part of employers, public or private, to require employees obtain the seasonal flu vaccination as a term or condition of employment.

- *Emergency responder* shall mean military or national guard; law enforcement officers; correctional institution personnel; fire fighters; emergency medical services personnel; physicians; nurses; public health personnel; emergency medical technicians; paramedics; emergency management personnel; 911 operators; child welfare workers and service providers; public works personnel; and persons with skills or training in operating specialized equipment or other skills needed to provide aid in a declared emergency; as well as individuals who work for such facilities employing these individuals and whose work is necessary to maintain the operation of the facility.
- *Health care provider* shall mean physicians; psychiatrists; nurses; nurse practitioners; nurse assistants; medical technicians; any other person who is employed to provide diagnostic services, preventive services, treatment services

Order and Strong Recommendations of the County of Orange Health Officer
 June 15, 2022
 Page 12 of 17

or other services that are integrated with and necessary to the provision of patient care and, if not provided, would adversely impact patient care; and employees who directly assist or are supervised by a direct provider of diagnostic, preventive, treatment, or other patient care services; and employees who do not provide direct health care services to a patient but are otherwise integrated into and necessary to the provision those services – for example, a laboratory technician who processes medical test results to aid in the diagnosis and treatment of a health condition. A person is not a health care provider merely because his or her employer provides health care services or because he or she provides a service that affects the provision of health care services. For example, IT professionals, building maintenance staff, human resources personnel, cooks, food services workers, records managers, consultants, and billers are not health care providers, even if they work at a hospital of a similar health care facility.

STRONG RECOMMENDATIONS

Effective immediately, and continuing until further notice, the following shall be in effect in unincorporated and incorporated territories in Orange County, California:

1. **Self-quarantine of Persons Exposed to COVID-19**

- If you are known to be exposed to COVID-19 (regardless of vaccination status, prior disease, or occupation), it is strongly recommended to follow CDPH Quarantine guidance found at <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/Guidance-on-Isolation-and-Quarantine-for-COVID-19-Contact-Tracing.aspx>.
- **K-12 Schools and Child Care**
 - Schools/school districts are advised to follow CDPH COVID-19 Public Health Guidance for K-12 Schools in California, 2021-2022 School Year found at: <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/K-12-Guidance-2021-22-School-Year.aspx>

Order and Strong Recommendations of the County of Orange Health Officer
June 15, 2022
Page 13 of 17

- Child care providers and programs are advised to follow CDPH Guidance for Child Care Providers and Programs found at: <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/Child-Care-Guidance.aspx>.
- **Workplaces**
 - In workplaces, employers are subject to the Cal/OSHA COVID-19 Prevention Emergency Temporary Standards (ETS) or in some workplaces the Cal/OSHA Aerosol Transmissible Diseases (ATD) Standard (PDF) and should consult those regulations for additional applicable requirements, as modified by the Governor’s Executive Order N-5-22. Additional information about how CDPH isolation and quarantine guidance affects ETS-covered workplaces may be found in Cal/OSHA FAQs.

Exposed to COVID-19 or exposure to COVID-19 means sharing the same indoor space (e.g. home, clinic waiting room, airplane, etc.) for a cumulative total of 15 minutes or more over a 24-hour period (for example, three individual 5- minute exposures for a total of 15 minutes) during an infected person’s (laboratory-confirmed or a clinical diagnosis) infectious period.

2. **For Vulnerable Populations.** In general, the older a person is, the more health conditions a person has, and the more severe the conditions, the more important it is to take preventive measures for COVID-19 such as getting vaccinated, including boosters, social distancing and wearing a mask when around people who don’t live in the same household, and practicing hand hygiene. For more information see <https://www.cdc.gov/coronavirus/2019-ncov/need-extra-precautions/people-with-medical-conditions.html>.
3. **COVID-19 Vaccination for County Residents.** All Orange County residents should receive COVID-19 vaccination in accordance with the Federal Food and Drug Administration (FDA) and CDC guidance. Minors, who are eligible to receive COVID-19 vaccination in accordance with the applicable CDC guidelines, should be vaccinated in the presence of their parent or legal guardian.

Order and Strong Recommendations of the County of Orange Health Officer
June 15, 2022
Page 14 of 17

CDC Guidance can be found at: <https://www.cdc.gov/coronavirus/2019-ncov/vaccines/recommendations/specific-groups.html>

4. **Seasonal Flu Vaccination for County Residents**. All County residents who are six months of age or older should obtain the seasonal flu vaccination unless a medical or religious exemption applies.
5. **COVID-19 Vaccination and Testing for Emergency Medical Technicians, Paramedics and Home Healthcare Providers**. To help prevent transmission of COVID-19, it is strongly recommended that all Emergency Medical Technicians, Paramedics, and Home Healthcare Providers (including In Home Supportive Services Program workers) remain up to date as defined by CDC with COVID-19 vaccination. CDC Guidance can be found at: <https://www.cdc.gov/coronavirus/2019-ncov/vaccines/recommendations/specific-groups.html>
6. Furthermore, it is strongly recommended that all unvaccinated Emergency Medical Technicians, Paramedics, and Home Healthcare Providers (including In Home Supportive Services Program workers) undergo at least twice weekly testing for COVID-19 until such time they are fully vaccinated.

GENERAL PROVISIONS

1. The Orders and Strong Recommendations, above, shall not supersede any conflicting or more restrictive orders issued by the State of California or federal government. If any portion of this document or the application thereof to any person or circumstance is held to be invalid, the remainder of the document, including the application of such part or provision to other persons or circumstances, shall not be affected and shall continue in full force and effect. To this end, the provisions of the orders and strong recommendations are severable.
2. The Orders contained in this document may be enforced by the Orange County Sheriff or Chiefs of Police pursuant to California Health and Safety Code section 101029, and California Government Code sections 26602 and 41601. A violation of a health order is subject to fine, imprisonment, or both (California Health and Safety Code section 120295).

REASONS FOR THE ORDERS AND STRONG RECOMMENDATIONS

Order and Strong Recommendations of the County of Orange Health Officer
June 15, 2022
Page 15 of 17

1. On February 26, 2020, the County of Orange Health Officer declared a Local Health Emergency based on an imminent and proximate threat to public health from the introduction of COVID-19 in Orange County.
2. On February 26, 2020, the Chairwoman of the Board of Supervisors, acting as the Chair of Emergency Management Council, proclaimed a Local Emergency in that the imminent and proximate threat to public health from the introduction of COVID-19 created conditions of extreme peril to the safety of persons and property within the territorial limits of Orange County.
3. On March 2, 2020, the Orange County Board of Supervisors adopted Resolutions No. 20-011 and No. 20-012 ratifying the Local Health Emergency and Local Emergency, referenced above.
4. On March 4, 2020, the Governor of the State of California declared a State of Emergency to exist in California as a result of the threat of COVID-19.
5. As of March 23, 2022, the County has reported a total of 546,125 recorded confirmed COVID-19 cases and 6,857 of COVID-19 related deaths.
6. As of June 15, 2022, the County has reported a total of 586,120 recorded confirmed COVID-19 cases and 7,076 of COVID-19 related deaths.
7. Safe and effective authorized COVID-19 vaccines are recommended by the CDC. According to CDC, anyone infected with COVID-19 can spread it, even if they do NOT have symptoms. The novel coronavirus is spread in 3 ways: 1) Breathing in air when close to an infected person who is exhaling small droplets and particles that contain the virus. 2) Having these small droplets and particles that contain virus land on the eyes, nose, or mouth, especially through splashes and sprays like a cough or sneeze. 3) Touching eyes, nose, or mouth with hands that have the virus on them.
See <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/how-covid-spreads.html>.
8. The CDPH issued a revised Guidance for the Use of Face Coverings, effective April 20, 2022, available at: <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/guidance-for-face-coverings.aspx>.

Order and Strong Recommendations of the County of Orange Health Officer
June 15, 2022
Page 16 of 17

9. According to the CDC and CDPH, older adults, individuals with medical conditions, and pregnant and recently pregnant persons are at higher risk of severe illness when they contract COVID-19. See <https://www.cdc.gov/coronavirus/2019-ncov/need-extra-precautions/index.html>
10. The Orders and the Strong Recommendations contained in this document are based on the following facts, in addition to the facts stated under the foregoing paragraphs: (i) Safe and effective FDA authorized COVID-19 vaccines have become widely available, but newer circulating variants are demonstrating immune escape (ii) the current consensus among public health officials for slowing down the transmission of and avoiding severe COVID illness for at-risk persons is to complete a COVID-19 vaccination series and receive a booster if eligible, wear well-fitted mask in poorly ventilated settings when around others outside of their household, practice distancing, frequently wash hands with soap (iii) some individuals who contract COVID-19 have no symptoms or have only mild symptoms and so are unaware that they carry the virus and are transmitting it to others; (iv) older adults and individuals with medical conditions are at higher risk of severe illness- (v) individuals at higher risk for severe illness should seek medical attention for consideration of COVID therapeutics to reduce risk of hospitalization or death; (vi) sustained COVID-19 community transmission continues to occur; (vii) the age, condition, and health of a portion of Orange County's residents place them at risk for serious health complications, including hospitalization and death, from COVID-19; (viii) younger and otherwise healthy people are also at risk for serious negative health outcomes and for transmitting the novel coronavirus to others.
11. The orders and strong recommendations contained in this document are necessary and less restrictive preventive measures to control and reduce the spread of COVID-19 in Orange County, help preserve critical and limited healthcare capacity in Orange County and save the lives of Orange County residents.
12. The California Health and Safety Code section 120175 requires the County of Orange Health Officer knowing or having reason to believe that any case of a communicable disease exists or has recently existed within the County to take measures as may be necessary to prevent the spread of the disease or occurrence of additional cases.

Order and Strong Recommendations of the County of Orange Health Officer
June 15, 2022
Page 17 of 17

13. The California Health and Safety Code sections 101030 and 101470 require the county health officer to enforce and observe in the unincorporated territory of the county and within the city boundaries located with a county all of the following: (a) Orders and ordinances of the board of supervisors, pertaining to the public health and sanitary matters; (b) Orders, including quarantine and other regulations, prescribed by the department; and (c) Statutes relating to public health.
14. The California Health and Safety Code section 101040 authorizes the County of Orange Health Officer to take any preventive measure that may be necessary to protect and preserve the public health from any public health hazard during any "state of war emergency," "state of emergency," or "local emergency," as defined by Section 8558 of the Government Code, within his or her jurisdiction. "Preventive measure" means abatement, correction, removal, or any other protective step that may be taken against any public health hazard that is caused by a disaster and affects the public health.
15. The California Health and Safety Code section 120130 (d) authorizes the County of Orange Health Officer to require strict or modified isolation, or quarantine, for any case of contagious, infectious, or communicable disease, when such action is necessary for the protection of the public health.

IT IS SO ORDERED:

Date: June 15, 2022



Regina Chinsio-Kwong, DO
County Health Officer
County of Orange



Memorandum

DATE: July 7, 2022
TO: Members of the Board of Retirement
FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations and Molly Murphy, CIO
SUBJECT: **CONSIDERATION OF EARLY PAYMENT OF EMPLOYER CONTRIBUTIONS FOR FISCAL YEAR 2023-2024**

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 2023 through June 2024.

Background

Government Code Section 31582 (b) and (c) (the Code) relates to the advance payment of employer retirement contributions and states:

(b) "The board of supervisors may authorize the county auditor to make an advance payment of all or part of the county's estimated annual contribution to the retirement fund, provided that the payment is made not later than 30 days after the commencement of the county's fiscal year. This subdivision does not prevent the board of supervisors from authorizing the county auditor to make an advance payment for the estimated annual county contributions for an additional year or partial year if the advance payment is made no later than 30 days after the commencement of the county fiscal year for which the advance payment is made. If the advance is only a partial payment of the county's estimated annual contribution, remaining transfers to the retirement fund shall be made at the end of each month or at the end of each pay period until the total amount required for the year is contributed. Transfers shall be adjusted at the end of the fiscal year to reflect the actual contribution required for that year.

(c) A district subject to Section 31585 may also authorize an advance payment of all or part of the district's estimated annual contribution to the retirement fund, provided that the payment is made no later than 30 days after the commencement of the district's fiscal year. This subdivision does not prevent the governing body of a district from authorizing the district to make an advance payment for the estimated annual district contributions for an additional year or partial year if the advance payment is made no later than 30 days after the commencement of the district fiscal year for which the advance payment is made. If the advance is only a partial payment of the district's estimated annual contribution, payments to the retirement fund shall be made at the end of each month or at the end of each pay period until the total amount required for the year is contributed. This amount shall be adjusted at the end of the fiscal year to reflect the actual contribution required for that year."

In connection with the Code, OCERS has annually offered plan sponsors the opportunity to receive a discount on their employer contributions if they paid their contributions early with a lump sum payment. The program dates back to 2005, and is brought back to the Board annually for consideration on the program terms to offer for the next year. Timely consideration of the program is appropriate now, in order to give plan sponsors adequate time to plan funding for a lump sum payment in January 2023, for the contribution year July 2023 – June 2024.

Plan sponsor interest in such a program remains high as eleven of the thirteen plan sponsors with active members elected to prepay contributions of approximately \$675M achieving over \$36M in discounts for Fiscal Year 2022-2023 for a net payment of \$639M to OCERS (Superior Court and OCERS are the two employers who did not participate last year). An early payment program is primarily a tool for plan sponsor budget management, rather than a long-term funding technique for the system.

Prepaid contributions allow OCERS to deploy cash on a more concentrated basis; however, they also increase OCERS' internal cash flow and short-term cash overlay portfolio risk, and challenge the efficiency of dollar cost averaging during periods of volatile markets. The Board approved revised program provisions for FY15-16, which reduced short-term investment related risks. Specifically, the discount rate offered to the plan sponsors for prepaying their contributions was reduced from 7.25% down to 5.8%. Based on the market conditions, the Board approved the same discount rate of 5.8% for FY16-17 and then reduced the discount rate to 4.5% for FY17-18 and then maintained that discount rate through FY20-21. In 2020, OCERS Investment Consultant (Meketa) reviewed the market expectations for OCERS portfolio allocation and calculated a probability of 74.9% of achieving 5.8% over twenty years. With the improved expectations, the Board approved an increase in the discount rate back up to 5.8% for the FY21-22 and the FY22-23 prepayment program.

Discussion

Participation in the Contribution Prepayment Program

The Contribution Prepayment Program allows employers to pay their upcoming year's contribution in a lump sum prior to the beginning of the employers' fiscal year. Employers who prepay their contributions in January pay their full year of contributions six months prior to when their first bi-weekly payment would otherwise be due. Should an employer who had previously participated in the prepayment program decide to opt out of the program this year, they would not make any employer contributions from February 2022 through June 2023. This is because they would have paid their full year of contributions for FY22-23 in January 2022 and the FY23-24 contributions would not be due until after the first pay period in July 2023. OCERS has also allowed the prepayment to be made in July at half the discount rate. This option has not been utilized by employers in the past.

Prepayment Discount Rate

Employer contributions rates are calculated by the System's actuary in the annual actuarial valuation assuming that contributions are collected in installments between July and June of the employer fiscal year for which the rates are effective. Since that means the annual contributions are received, on average, at the middle of that fiscal year, the actuary determines the contribution rates assuming

that the current year's contributions will earn only one-half of the investment return assumption (currently 7% per year) during the fiscal year they are received. If instead, for example, an employer pays all estimated employer contributions in July, at the beginning of the fiscal year when installments were assumed to have begun, it would be appropriate to provide a half-year of interest credit because the contributions will be in the fund generating investment income for (on average) an additional one-half year. For purposes of this program, we have termed this interest credit as a "prepayment discount".

The annual rate used for applying a prepayment discount had historically been the annual assumed rate of return used in the applicable actuarial valuation for the system (as this is the rate that the actuary used when calculating the contribution rate). The actual discount amount is calculated as a function of both the prepayment discount rate and the timing of when OCERS receives payment of the contributions (discounted cash flows). For example, payments received in July would be discounted using one-half the approved discount rate in the discounted cash flow calculation because OCERS would have assumed to earn on average one-half year of additional investment income at the assumed earnings rate on contributions received during the period. Prepayments of contributions made in January (which has been the practice at OCERS), would be received a full six months prior to the beginning of the contribution year. Therefore, prepayments made in January would be discounted using the full annual prepayment discount rate because the prepaid contributions would be on deposit for an additional six months prior to the beginning of the fiscal year and so, on average, would be received a full year earlier than if paid in installments during the contribution year.

From an actuarial perspective, the prepayment program and the prepayment discount, using the assumed rate of return as the discount rate for prepayment of contributions results in equivalent mathematical funding into the system. However, from an investment perspective, the prepaid contributions are invested in a derivatives overlay program that will synthetically replicate the OCERS' asset allocation strategy, thus ensuring that all funds are immediately participating in global markets. As benefit payments are paid and investment opportunities are funded, the dollars invested in the overlay program will be drawn down throughout the year. While the prepayment program should not introduce any additional risks to achieving long-term investment assumption of 7%, the prepayment program does present a market timing risk with prepaid contributions coming in one lump sum rather than in installments throughout the year that can then be invested into the market using a dollar cost averaging methodology. This risk should be tolerable in the long-term but should be recognized in the short-term.

To mitigate the short-term market timing investment risk of the prepayment program, OCERS Board has reduced the prepayment discount rate offered to the plan sponsors as described above. Staff's recommendations for the discount rate are made by considering the probability of achieving the selected discount rate over a twenty-year period. Given that changes in the market from last year have not led to substantial movements in our long term predictive modeling, staff is recommending leaving the discount rate unchanged at 5.8% for the FY2023-2024 Early Payment of Contributions Program.

Conclusion:

Staff recommends that the Board approve the Early Payment of Contributions Program for employer contributions paid by the employer for contribution year July 2023 through June 2024 with the following terms:

- a) Use a discount rate of 5.8% when calculating the present value of discounted cash flows if payment is received by January 14, 2023 or 2.9% if payment is received after January 13, 2023 but before July 14, 2023
- b) Contributions not paid early must be paid pro rata over the year with no discount being credited
- c) OCERS' staff will compare the payroll estimates used to calculate the prepayment amount for each participating plan sponsor to actual payroll each pay period. Should actual payroll be 5% greater than estimated payroll for four consecutive pay periods, the plan sponsor will be required to pay additional contributions each pay period for the additional salary above the projected salary used to calculate the prepayment (no discount would be applied to the additional amount)
- d) Plan sponsors that have more than one plan or rate group are required to provide the estimated pensionable salary separately for each plan or group
- e) Only employer contributions paid by the employer are eligible for the prepaid discount program (employee pick-ups and reverse pick-ups are ineligible)
- f) The application of the prepayment of contributions will be applied to pay periods 2023-15 through 2024-14
- g) OCERS will reconcile the prepaid contributions to the actual contributions at the end of the contribution year. Any overpayments will be made available to either apply to the following year's prepayment of employer contributions or to the current year's bi-weekly employer contributions (Note: overpayments cannot be applied to employee contributions). Any under payments will be collected from the employer.

Submitted by:



Brenda Shott
Assistant CEO, Finance and Internal
Operations



Molly A. Murphy, CFA
Chief Investment Officer



Memorandum

DATE: July 14, 2022
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: MID-YEAR STAFFING ADJUSTMENTS – PERSONNEL COMMITTEE RECOMMENDATIONS

Recommendation

The Personnel Committee recommends that the Board of Retirement approve the following mid-year staffing adjustments:

- (1) Drop a Retirement Benefits Program Supervisor position (currently vacant) and add an additional Member Services Director position
- (2) Add a new Legal Analyst classification
- (3) Add an additional Investment Analyst position
- (4) Add two (2) Internal Auditor positions – limited-term

Background

For varying reasons, each unique to the position in question, OCERS staff is meeting with the Personnel Committee on Thursday, July 14, to request they forward to the full OCERS Board for approval our request for five new positions (which due to adds and drops will actually only add 3 to our current head count of 110).

Because the additional staffing assistance is needed as quickly as possible, I have arranged with Board Chair Eley as well as Personnel Committee Chair Prevatt to ask the OCERS Board to take up this request when meeting on Monday July 18.

You will find attached the entire Item A-2 [Mid-Year Staffing Adjustment] packet of materials that will be discussed with the Personnel Committee on July 14.

I will forward to the full OCERS Board a report at the end of the day Thursday, July 14, informing the Board as to whether the Personnel Committee has approved all or part of the OCERS management staffing request.

Attachment [*A-2 Mid-Year Staffing Adjustment, July 14, 2022 OCERS Board Personnel Committee*]

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Memorandum

DATE: July 14, 2022
TO: Members of the Personnel Committee
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: MID YEAR STAFFING ADJUSTMENTS

Recommendation

Approve and recommend the Board of Retirement approve the following items at the July 18, 2022 Board meeting:

1. Drop a Retirement Benefits Program Supervisor position (currently vacant) and add an additional Member Services Director position
2. Add a new Legal Analyst classification
3. Add an additional Investment Analyst position
4. Add two (2) Internal Auditor positions – Limited Term

Background/Discussion

The 2023 budget process will begin in September at the annual Strategic Planning Workshop, but for varying and individually unique reasons I am asking the Personnel Committee to approve a series of mid-year staffing requests.

Because a number of the requests involve adjusting other existing positions, these five requests only increase OCERS head count by one (1) regular position and two (2) limited term positions. If approved these five requests would move OCERS from 110 positions to 113. A description of each of the five requested positions and the circumstances related to each follows. Additionally, for each of the five, a justification memo from the supervising manager is attached.

Although there are costs associated in 2022 for these requests, there is no budget impact, as all costs can be absorbed in this year's budget.

1. Member Services Director

Traditionally the Member Services Director position has had the largest span of control among all OCERS departments. A series of events in the first half of 2022 have demonstrated that is no longer prudent or tenable.

The *Alameda* Implementation project required by Supreme Court action requires approximately 700 retired members to have their benefits recalculated – a complicated and staffing resource intensive project. Coupled with that is our 100% Accuracy initiative spurred by audit activity that indicated the complications of our system requires even more hands on processing via added quality assurance. This is also a staffing resource intensive project.

To meet those known challenges OCERS management asked at the end of 2021 to add ten additional positions to the 37 already reporting to Member Services Director Jeff Lamberson as part of the 2022 budget. What we didn't add into our calculations was the tremendous increase in administrative oversight responsibilities required by growing the department to that size.

Then in the midst of the hiring effort required to bring on those ten positions, as well as filling the existing positions that correspondingly opened due to promotions, we experienced one of, if not the largest number of April 1 retirements in our history. All of the demands on Mr. Lamberson's time, as well as that of Ms. Suzanne Jenike, the Senior Executive over Member Services, are becoming too much to ensure our customer service levels met the Board's stated goal of providing lifetime benefits with the "highest standards of excellence". Because the demands of providing outstanding member services could not wait until the 2023 budget was considered and approved, I directed Ms. Jenike and Mr. Lamberson to immediately review and recommend a reorganization of Member Services to make it possible for us to meet the Board's expected standards.

At my direction they have provided a new organizational chart that divides Member Services almost equally in half, and drops a generalist position, allowing us to add, at a greater cost we understand, a much needed second Director position.

To better help visualize what we are seeking to accomplish, three organizational charts have been produced and are attached.

Attachment A-2-1a shows the entire organization down to the Director level. Mr. Lamberson has far more staff on his team than all of the other Directors combined.

Attachment A-2-1b shows the current structure of the Member Services department with one Director overseeing all 47 staff members.

Attachment A-2-1c shows the proposed structure given two Directors. We have organized the department into two separate and distinct units: Operations and Process Improvements and Member/Employer Experience.

	Position Title (add classification)	Department	Position Type	Drop (existing classification)	Position Salary Range	2022 Cost	2023 Net Annual Budget Impact
1.	Member Services Director	Member Services	OCERS	Benefits Program Supervisor	\$132,533- \$205,426	\$40,000	\$120,000

2. Legal Analyst (Career Ladder Position)

Talent Management is part of the OCERS Strategic Plan with a goal to recruit, retain and inspire a high performing workforce. A strategy that was implemented several years ago was to create career ladder positions that can be utilized as a tool for retention of high performing staff. A career ladder position is created with the approval of an additional classification without an increase in the number of positions. The career ladder is used when an employee in the base position has demonstrated consistent performance that exceeds expectations, increased job knowledge and skills and the ability to progress into the next level of job duties and responsibilities.

The General Counsel proposes the creation of a Legal Analyst classification in the Legal Division as a career ladder for the existing Paralegal position. The Paralegal is a County position with an annual salary range of \$62,969 - \$77,974. If approved, the Legal Analyst position would be an OCERS-direct position with an annual salary range of \$79,885 - \$115,833. The net annual budget impact, assuming a 10% salary increase upon promotion of a paralegal at the top of the paralegal salary range would be \$10,000.

The proposed organizational chart for the Legal Division is attached as Attachment A-2-2a.

	Position Title (add classification)	Department	Position Type	Career Ladder (current classification)	Ladder Position Salary Range	2022 Cost	2023 Net Annual Budget Impact
2.	Legal Analyst	Legal	OCERS	Paralegal	\$79,885- \$115,833	\$10,000	\$30,000

3. Investment Analyst

Ms. Murphy has crafted a long range vision for the OCERS Investment team. As part of her future growth outlook she has been planning on requesting two additional investment analyst positions in the 2023 budget. Unfortunately a number of personnel-related situations have arisen leaving her short handed now, and she needs to advance one of those positions to this mid-year effort. Her justification memo states in part:

“As OCERS has expanded into more private markets strategies and added co-investments, the investment team workload has increased dramatically. At the same time, portfolio and operational coverage has been tested by departures and family leave requests. As a result, a mid-year staffing request to add a new investment analyst position is essential to ensure that investment processes continue with the highest quality and efficiency.”

The current and proposed organizational charts for the Investment team are attached respectively as Attachment A-2-3a and Attachment A-2-3b.

	Position Title (add classification)	Department	Position Type	Position Salary Range	2022 Cost	2023 Net Annual Budget Impact
3.	Investment Analyst	Investments	OCERS	\$79,885- \$115,833	\$52,000	\$156,000

4. Internal Auditors –Limited Term

Internal Audit will require additional resources to conduct an audit of the Alameda Implementation project based on guidance from the Audit Committee. The Audit Committee directed Internal Audit to audit beyond the traditional sampling approach and instead audit closer to 100% of the benefit payment recalculations before the revised benefit payments are issued. For a typical quarterly Final Average Salary (FAS) audit, Internal Audit would sample an average of 65 FAS calculations to audit, in addition to other concurrent audits. The Alameda Implementation project will have approximately 700 benefit payment recalculations which are anticipated to be more complex than a traditional FAS calculation. Based on the number of benefit payment recalculations to be performed and the time constraints, Internal Audit will not have the necessary resources to audit the benefit payment recalculations before the repayments are issued and complete the planned annual audit program.

The Audit Committee Chair recommended Internal Audit should expand its resources due to the Alameda Implementation project as well as the anticipated increased workload Internal Audit will face as OCERS staff expands. This comment was made during the June 2022 Audit Committee meeting, noting as other departments have expanded while Internal Audit has remained a two-person department.

To illustrate the proposed additions, an organizational chart (Attachment A-2-4a) has been produced and attached to show the Internal Audit organization.

	Position Title (add classification)	Department	Position Type	Position Salary Range	2022 Cost	2023 Net Annual Budget Impact
4.	Two (2) Internal Auditors -Limited Term	Internal Audit	OCERS	\$85,876- \$133,108	\$114,000	\$341.616

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

Attachments:

- A-2-1 Mid-Year Staffing Adjustments- Member Services Director
 - A-2-1a OCERS Organization Chart 2022
 - A-2-1b MS Team ORG Chart PC Proposal- CURRENT STRUCTURE
 - A-2-1c MS Team ORG Chart PC Proposal- PROPOSED STRUCTURE
- A-2-2 Mid-Year Staffing Adjustments- Legal Analyst
 - A-2-2a 2022 Proposed Legal Org Chart
- A-2-3 Mid-Year Staffing Adjustments- Investment Analyst
 - A-2-3a 2022 Investments Org Chart
 - A-2-3b 2022 Proposed Investments Org Chart
- A-2-4 Mid-Year Staffing Adjustments- Internal Auditor- Limited Term
 - A-2-4a 2022 Proposed Internal Audit Org Chart



Memorandum

DATE: July 14, 2022
TO: Steve Delaney, Chief Executive Officer
FROM: Suzanne Jenike, Assistant Chief Executive Officer
SUBJECT: MID-YEAR STAFFING ADJUSTMENTS – MEMBER SERVICES DIRECTOR

Background/Discussion

The Member Services department currently consists of one Director and 47 staff members, making Member Services the largest department within the organization. There are five other Directors within OCERS and the next director in the OCERS organization with the highest team count has 9 team members. The Member Services Director is responsible for mission critical activities across all of the major business initiatives of the organization including the *Alameda* Implementation project, 100% accuracy initiative, robot process automation as well as activities associated with Vision2030. Mr. Lamberson manages his team with patience and professionalism. He has tackled all of his assignments with the OCERS mission, vision and values in mind and has made incredible progress on implementing the *Alameda* decision, improving 100% accuracy, hiring and training new personnel and becoming LEAN certified. However, there is simply too much important work to be done for one person to accomplish it successfully. We are proposing to split the duties of the Member Services Director between two Director positions.

I am requesting that we do a mid-year adjustment to the 2022 staffing plan by adding a second Director position and dropping a Supervisor position. If approved this change would not result in a change to OCERS total headcount. My vision would be to split the department as equally as possible making Mr. Lamberson Director of Operations and Process Improvements and the second person Director of Member/Employer Experience.

In the upcoming months of 2022, the Member Services team will have some significant projects to take on that are critical to the services we provide our members.

1. **Quality Assurance Department and 100% Accuracy Project** – As you are aware, the 100% Accuracy project is critical to the reputation of the OCERS organization. The Member Services department has been redeveloping our Member Retirement Process (Final Average Salary calculation) and working with internal audit to ensure we are meeting the 100% accuracy goals.

With the approval of additional staffing in 2021 for the 2022 budget year, we are reorganizing our team to have a dedicated Quality Assurance team within the Member Services department. This new team along with a focused transaction processing team will report up through one of the Member Services Directors and allow for more oversight of the financial transactions driving our 100% Accuracy project. Having an additional Director level team member will allow for the focus to be split between the accuracy goals of our transactions and the member support provided by our call teams.

2. **Alameda Project** –Member Services has also been tasked with addressing the required recalculations and refunds for the complicated and time-consuming process that is the result of the Alameda decision made by the Supreme Court in July 2020. This project requires roughly 695-member benefit



Memorandum

recalculations and over 1850-contribution refunds to be processed on top of the normal monthly payroll work to be completed.

This project has been managed by the Member Services leadership team and most of the work is performed within the team to meet the goals. Having an additional Director level team member will allow for the focus to be split between the management of this project and the member support provided by our call teams.

3. **Recruitments for 2022 Staffing** – During the 2022 budget planning process, Member Services management provided the backup for our request to add 10 additional positions:
 - a. 2 Benefit Analysts – Currently in the process of recruiting.
 - b. 2 QA Supervisors – We just completed one of these recruitments and we will be giving one of these up for the Director Role - **COMPLETE**
 - c. 6 Sr RPS Representatives – We elected to fill these at the RPS level and are currently in the process of recruiting.

In addition to these 10 positions, we have or had the following existing positions to fill from either internal promotions or team member departures:

- a. 1 Senior Staff Development Specialist– Currently in the process of recruiting.
- b. 1 MS Manager – We just completed this recruitment - **COMPLETE**
- c. 1 Sr RPS Representatives – Currently in the process of recruiting.
- d. 3 RPS representatives – We have completed this recruitment - **COMPLETE**
- e. 1 BT representative – We just completed this recruitment - **COMPLETE**
- f. 1 OT representative – Currently in the process of recruiting.

As you can imagine, filling this many roles puts an additional burden on the management team to manage the recruitments, train and support the new team members. A New Director would greatly help in assisting in the management of this process within Member Services.

4. **Reorganization of the Team:** We developed a plan to reorganize the team and develop the following departments:
 - a. **Dedicated Quality Assurance Department** – This department would be dedicated to the QA review of any financial transactions processed within the OCERS MS Transaction Department.
 - b. **Dedicated Transaction Processing Department** - This department would be responsible for responding to all member transaction process.
 - c. **Dedicated Call Center and Member Support Department** – This department would be responsible for responding to all member inquiries and phone calls.
 - d. **Dedicated Employer Payroll Department** – This department would be responsible for employer transmittal files, which includes employer outreach and training.

To accomplish this transition of our organization, we must complete most of our recruitments for 2022. With this reorganization plan, it makes it easier to separate the department reporting structure for a new director position.



Memorandum

5. **Process Improvement Project** – The OCERS Process improvement project is also starting to take off in the last quarter of 2022. This will require the member services management team to dedicate a significant amount of leadership resources to the coordination of staff resource allocations while maintaining workloads on all the projects above. This project will eventually lead into the work product for our new PAS application development project and is critical to our automation goals for 2030.

Submitted by:

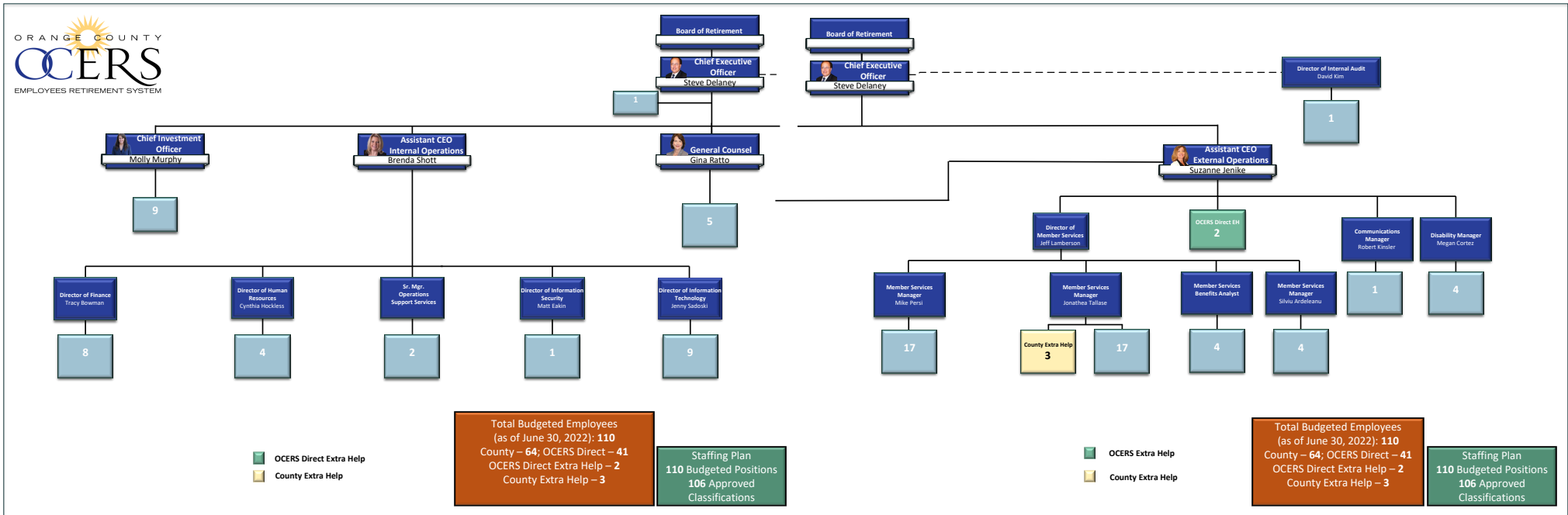


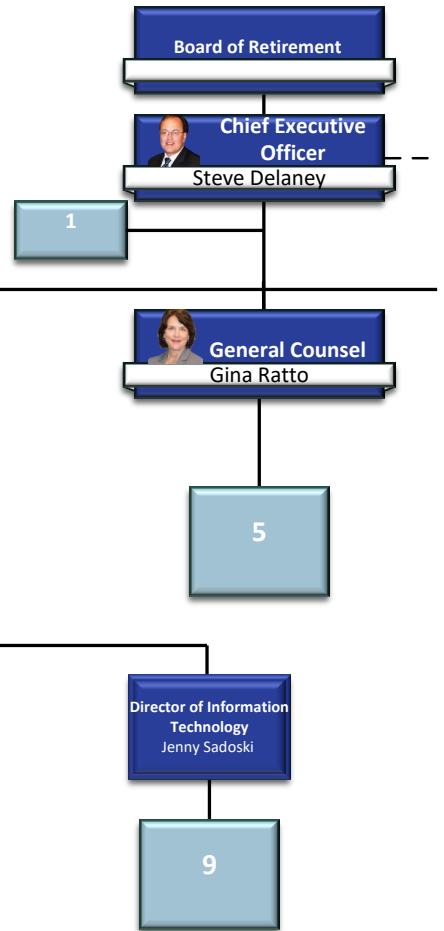
_SJ- Approved _____

Suzanne Jenike

Assistant Chief Executive Officer

Attachments (3)

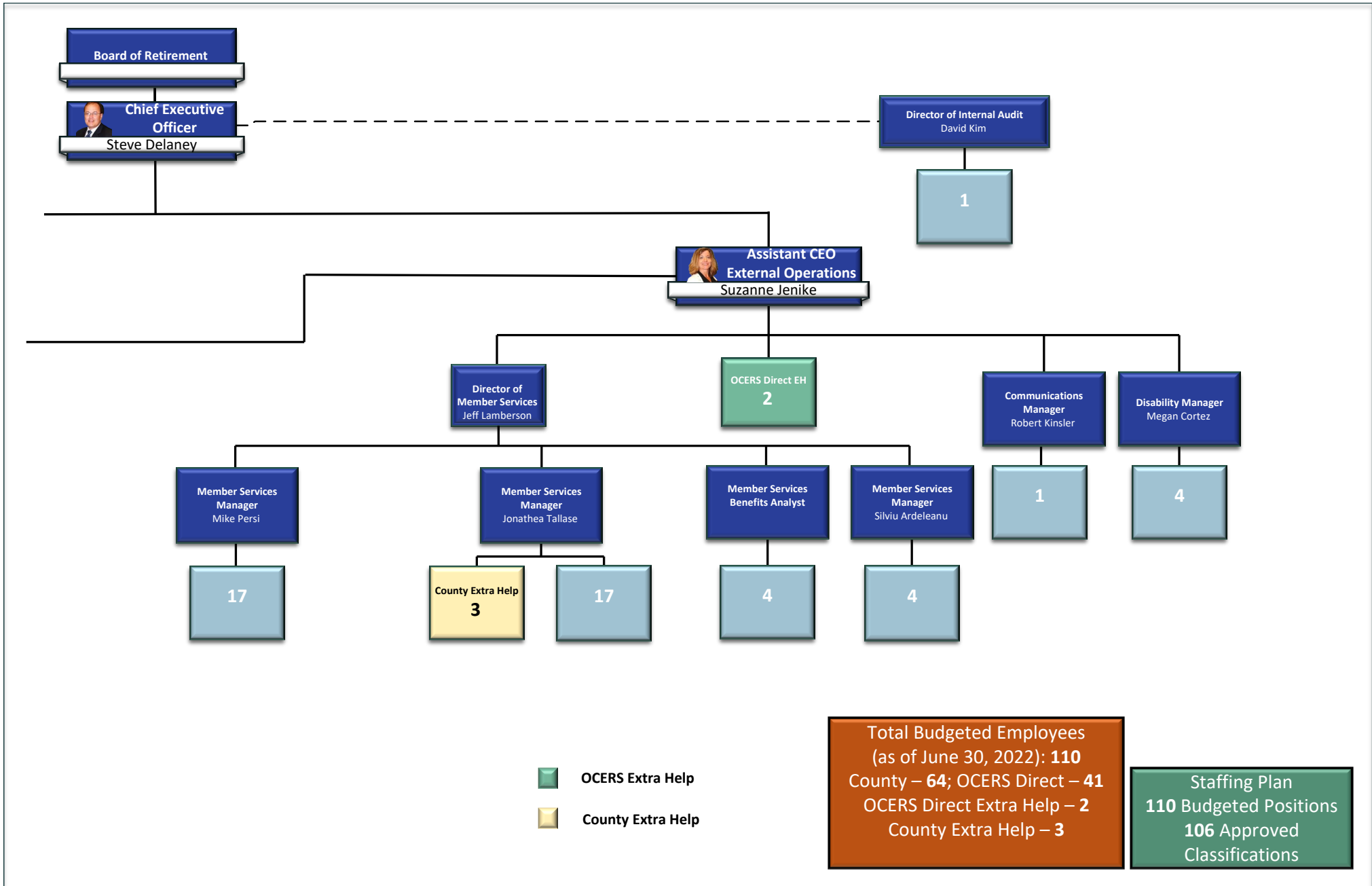




■ OCERS Direct Extra Help
■ County Extra Help

Total Budgeted Employees
 (as of June 30, 2022): **110**
 County – 64; OCERS Direct – 41
 OCERS Direct Extra Help – 2
 County Extra Help – 3

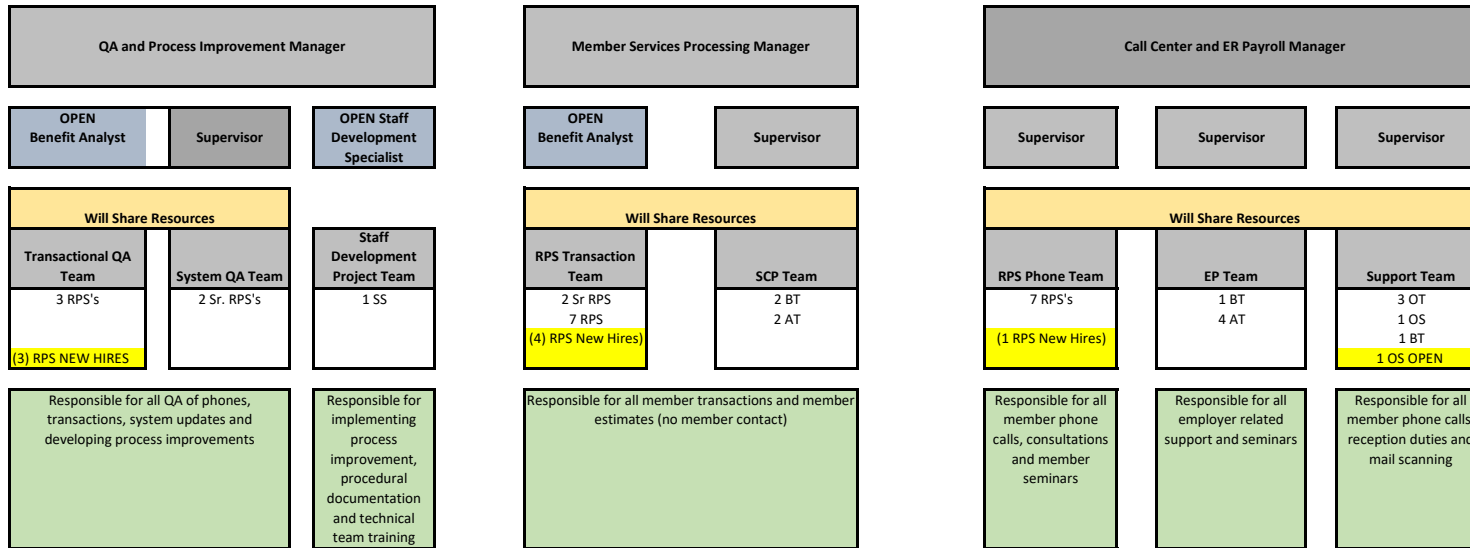
Staffing Plan
110 Budgeted Positions
106 Approved Classifications



CURRENT STRUCTURE

Asst CEO External Operations

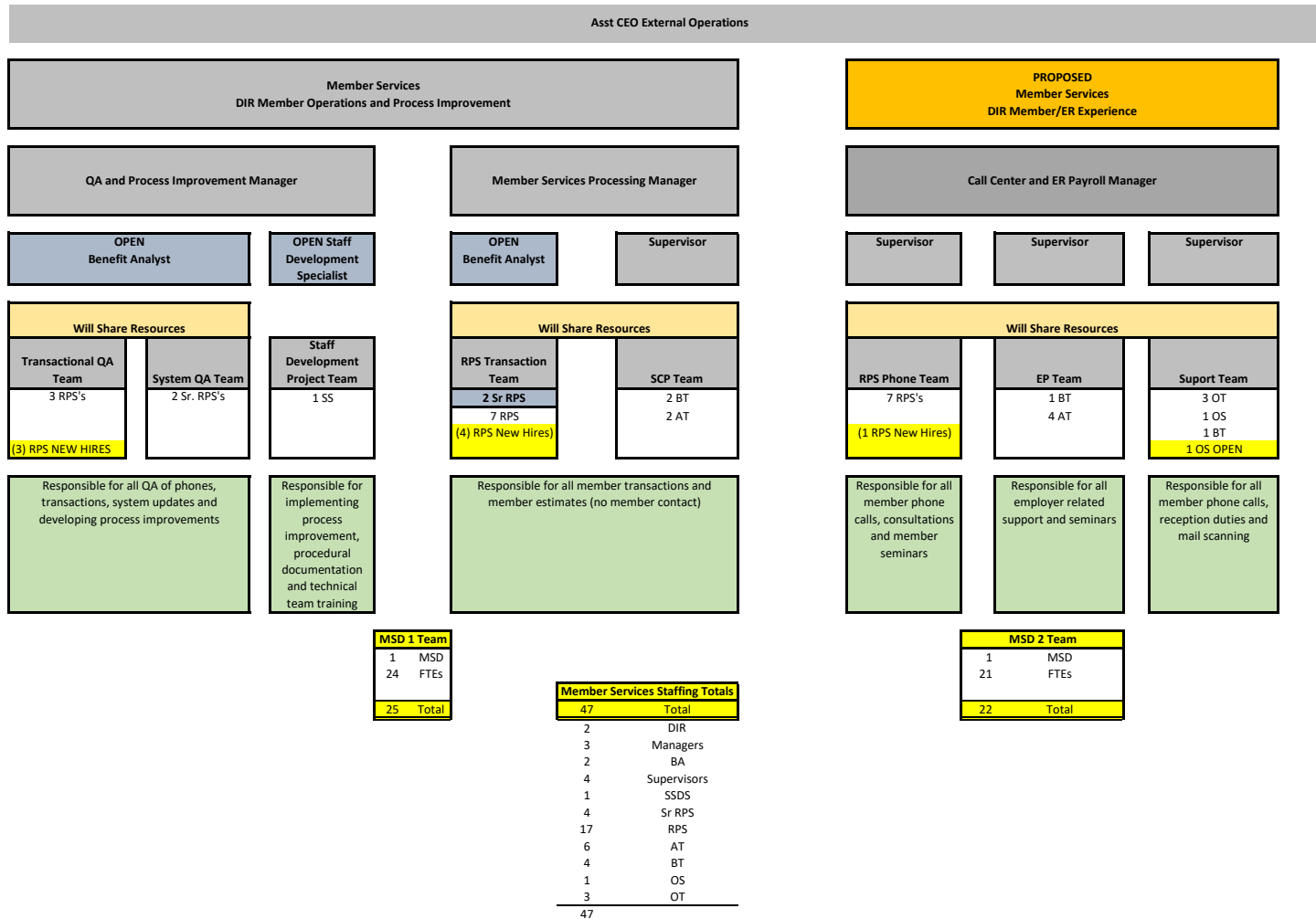
DIR Member Operations and Process Improvement



Member Services Staffing Totals

1	DIR
3	Managers
2	BA
5	Supervisors
1	SSDS
4	Sr RPS
17	RPS
6	AT
4	BT
1	OS
3	OT
47	TOTAL

PROPOSED STRUCTURE



MSD 1 Team	
1	MSD
24	FTEs
25	Total

Member Services Staffing Totals	
47	Total
2	DIR
3	Managers
2	BA
4	Supervisors
1	SSDS
4	Sr RPS
17	RPS
6	AT
4	BT
1	OS
3	OT
47	

MSD 2 Team	
1	MSD
21	FTEs
22	Total



Memorandum

DATE: July 14, 2022
TO: Steve Delaney, Chief Executive Officer
FROM: Gina M. Ratto, General Counsel
SUBJECT: MID-YEAR STAFFING ADJUSTMENTS – LEGAL ANALYST

Background/Discussion

I request the addition of a Legal Analyst position to the Legal Division. This would be a career ladder position to the existing Paralegal position.

As you know, the concept of a career ladder was implemented by OCERS several years ago as a tool for retention of high performing staff. The career ladder is used when an employee in the base position has demonstrated consistent performance that exceeds expectations, increased job knowledge and skills and the ability to progress into the next level of job duties and responsibilities. A career ladder position is created with the approval of an additional classification without an increase to head count.

The proposed Legal Analyst position would be a career ladder position to the existing Paralegal position. The Paralegal position is a County position with an annual salary range of \$62,969 - \$77,974. If approved, the Legal Analyst position would be an OCERS-direct position with an annual salary range of \$79,885 - \$115,833. The net annual budget impact, assuming a 10% salary increase upon promotion of a paralegal at the top of the paralegal salary range would be \$7,794. This addition will not result in an increase in head count.

The assignments, demands on and expectations of the Paralegal have expanded over the years and are expected to continue to expand in the future.

Since I joined OCERS almost six years ago, the following responsibilities have been added to the duties of the Paralegal without amending the official job duty statement of the position:

- Serve as Clerk of the Hearing Officers
- Intake, processing and collection of records responsive to Public Records Act requests
- First review of joinders, DROs and powers of attorney
- First draft of monthly Legislative Update reports for the Board

In addition, I envision that future expansion of the responsibilities of the Legal Division (e.g., future Compliance Department) will also create additional opportunities to expand the duties of the Legal Analyst.

Finally, the creation of a Legal Analyst position will serve as an important retention tool for the Legal Division. As noted above the Paralegal position is a County position. There is no County career ladder position for the Paralegal; and the person holding the Paralegal position has held the position for over six years without

promotion or opportunity for promotion. In addition, he has the skills and the ability to progress into the next level of job duties and responsibilities. Accordingly, unless OCERS adds a career ladder position for the Paralegal, we risk losing the person holding the Paralegal position to the private sector.

Submitted by:






Gina M. Ratto
General Counsel

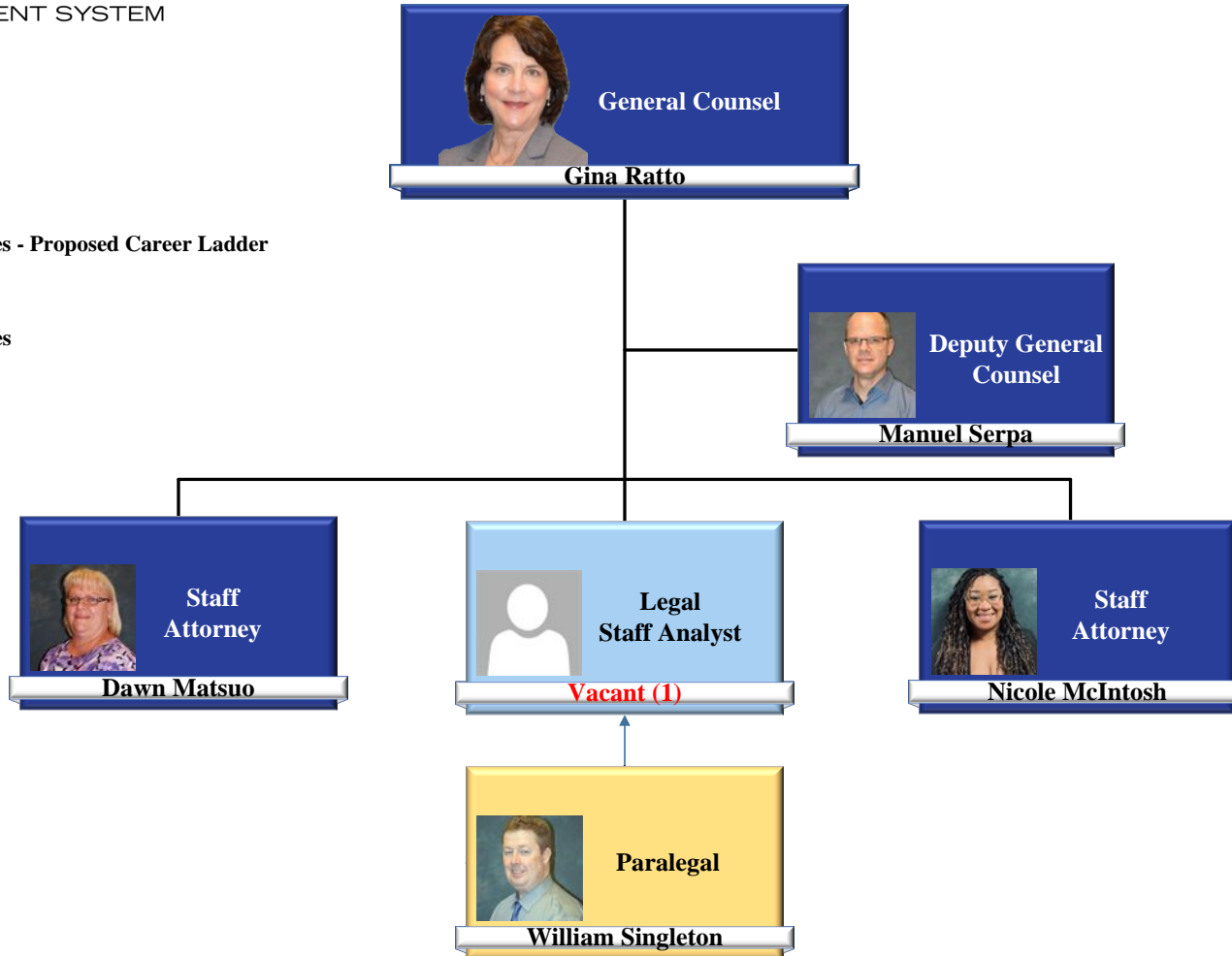
Attachment (1)



Proposed Legal Organization Chart

Total Proposed Budgeted Legal Employees
(as of June 30, 2022): 5
County – 1; OCERS Direct – 4

-  OCERS Direct Employees - Proposed Career Ladder
-  OCERS Direct Employees
-  County Employees





Memorandum

DATE: July 14, 2022
TO: Steve Delaney
FROM: Molly A. Murphy, CFA, Chief Investment Officer
SUBJECT: MID-YEAR STAFFING ADJUSTMENTS- INVESTMENT ANALYST

Background/Discussion

As OCERS has expanded into more private markets strategies and added co-investments, the investment team workload has increased dramatically. At the same time, portfolio and operational coverage has been tested by departures and family leave requests. As a result, a mid-year staffing request to add a new investment analyst position is essential to ensure that investment processes continue with the highest quality and efficiency.

Both the current and a pro forma organizational chart have been provided to show the investment team structure, should this position be approved.

Budget Impact

There will be no budget impact for this year as the investment department budget has salary capacity at this time.

Annual Cost Impact

Assuming the investment analyst is hired at the median of the salary range, the annual cost (salary plus benefits) is \$156,000.

Submitted by:



MAM - approved
Molly A. Murphy, CFA
Chief Investment Officer

Attachments (2)



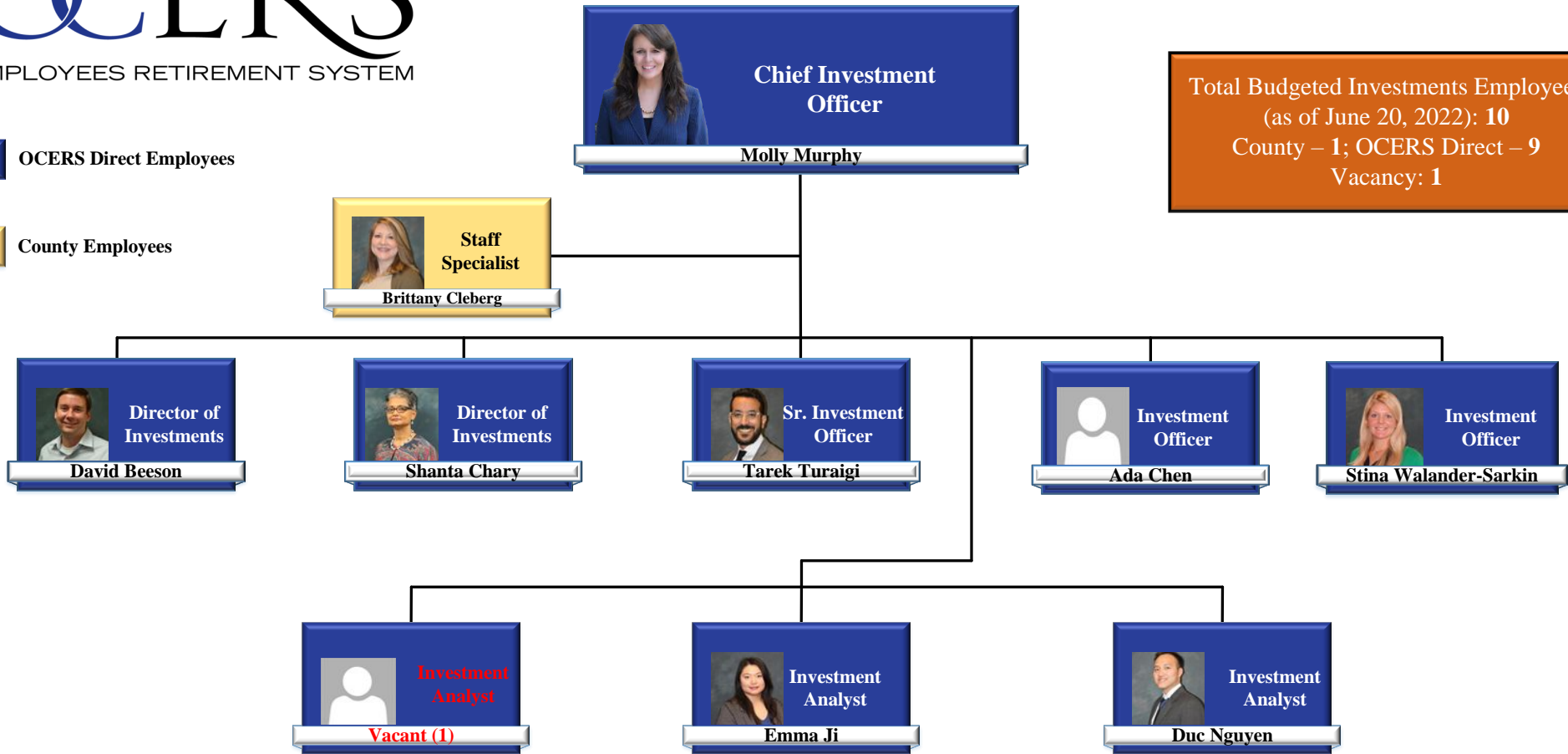
2022 Investments Organization Chart

Org Chart
Effective 06/20/2022

Total Budgeted Investments Employees
(as of June 20, 2022): **10**
County – 1; OCERS Direct – 9
Vacancy: 1

 OCERS Direct Employees

 County Employees





2022 Proposed Investments Organization Chart

Proposed Org Chart Effective July, 2022

Total Budgeted Investments Employees (as of June 13, 2022): **10**
 County – 0; OCERS Direct – 9
 Vacancy: 1

Total Proposed Budgeted Investments Employees (effective July, 2022): **11**
 County – 1; OCERS Direct – 10
 Vacancies: 2

- OCERS Direct Employees
- County Employees
- OCERS Direct Employee - Proposed

Chief Investment Officer

 Molly Murphy

Staff Specialist

 Brittany Cleberg

Director of Investments

 David Beeson

Director of Investments

 Shanta Chary

Sr. Investment Officer

 Tarek Turaigi

Investment Officer

 Ada Chen

Investment Officer

 Stina Walander-Sarkin

Proposed Investment Analyst

 Vacant (1)

Investment Analyst

 Vacant (1)

Investment Analyst

 Emma Ji

Investment Analyst

 Duc Nguyen



Memorandum

DATE: July 14, 2022
TO: Steve Delaney, CEO
FROM: David Kim, Director of Internal Audit
SUBJECT: MID YEAR STAFFING ADJUSTMENTS – INTERNAL AUDITOR- LIMITED TERM

Background/Discussion

Limited Term Positions

Effective July 15, 2021, the OCERS Board directed staff to implement the Supreme Court Alameda decision. Implementing the decision involved identifying compensation for non-pensionable work related to the Alameda decision and calculating the related refund for the contributions plus interest for impacted active, deferred and retired members. Additionally, for retired members, the benefit payments are to be recalculated prospectively, offsetting overpaid benefits with over collected contributions and either refund the excess contributions or recover overpaid benefits in accordance with OCERS' Overpaid/Underpaid Benefits policy.

Internal Audit will audit the different aspects of the Alameda Implementation project: contribution and interest calculations, benefit payment recalculations, refund and repayment transactions, including the financial reporting. Furthermore, the Audit Committee Chair directed Internal Audit to audit beyond the traditional sampling approach and instead audit closer to 100% of the benefit payment recalculations before the revised payments are issued. For a typical quarterly Final Average Salary (FAS) audit, Internal Audit would sample an average of 65 FAS calculations to audit, in addition to other concurrent audits. Alameda is projected to have approximately 700 benefit payment recalculations which are anticipated to be more complex than a traditional FAS calculation. Based on the number of benefit payment recalculations to be performed and the time constraints, as well as possibly postponing the audits originally planned for the remainder of 2022 in order to focus on the Alameda Implementation audit, Internal Audit will not have the necessary resources to audit the benefit payment recalculations before the payments are issued.

To address the matter, the Audit Committee Chair recommended Internal Audit should expand its resources due to the Alameda Implementation project as well as the anticipated increased workload Internal Audit will face as OCERS staff expands. This comment was made during the June Audit Committee meeting as other departments have expanded while Internal Audit has remained a two-person department.

In addition to the Alameda Implementation project, the current audit universe includes over 75 auditable processes. Internal Audit's goal is to audit each of the processes over a five-year cycle based on risk ratings. However, due to current resource limitations, we anticipate the current audit universe is likely to be extended beyond five years and closer to an eight-year cycle.

After examining the workload for the Internal Audit department, staff has determined the need to hire two Limited Term Internal Audit positions to address the Alameda Implementation project. The Audit Committee Chair has also indicated, and we concur, that an additional permanent position in Internal Audit should be included for 2023 budget consideration. The expectation is that one of the two Limited Term individuals will be in a position to qualify and apply for the permanent position.

The Internal Auditor positions will be responsible for testing Alameda Implementation benefit recalculations and assisting with the audits scheduled in the annual audit program.

- As directed by the Audit Committee Chair, the two limited term positions will perform audits of the Alameda Implementation benefit recalculations prior to the issuance of the recalculated benefit payment.
- Additionally, conduct audits from the annual audit program, including the Transportation Corridor Agency Employer Audit, Management Action Plan follow-up audits and the Continuous Audit – FAS Benefit Calculation.

We request your approval of this request under the CEO Charter, item 11 c. *Hire, manage and terminate senior management, and approve all personnel decisions concerning OCERS staff.* This personnel decision will increase the existing approved headcount in the Internal Audit Department from two to four (two permanent and two Limited Term) and will result in approximately \$114,000 in additional salary expenses for the remainder of the year if hired by September 2022 based on mid-point salary range for an Internal Auditor plus related fringe costs (\$109,492 for each Internal Audit position).

Submitted by:





DK- Approved

David Kim
Director of Internal Audit

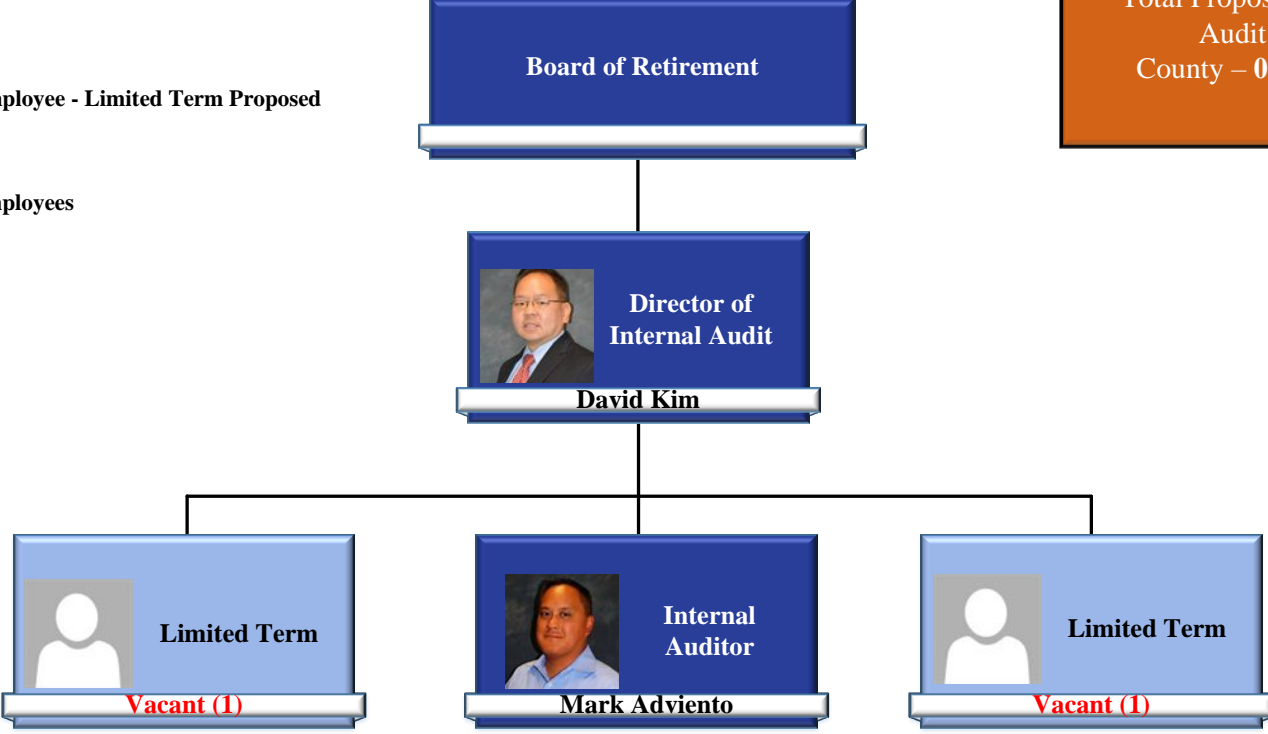
Attachment: A-2-4a 2022 Proposed Internal Audit Org Chart



2022 Proposed Internal Audit Organization Chart

-  OCERS Direct Employee - Limited Term Proposed
-  OCERS Direct Employees

Total Proposed Budgeted Internal Audit Employees : 4
County – 0; OCERS Direct – 4





Memorandum

DATE: July 18, 2022
TO: Members, Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE INVESTMENT RETURN SCENARIOS

Presentation

Background/Discussion

Segal Consulting annually prepares an Illustration of Retirement Costs, Unfunded Actuarial Accrued Liability and Funded Ratio under Alternative Investment Return Scenarios. The illustrations cover a 20 year period to reflect the current 20 year amortization period. The information contained in the letter are not a guarantee of what rates will actually be in the future as rates are impacted by experience and changes in assumptions and funding policy. Segal will present this information to the Board at the July 18, 2022 meeting and staff will distribute the letter to plan sponsors.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary
T 415.263.8283
ayeung@segalco.com

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

Via Email

July 7, 2022

Mr. Steve Delaney
Chief Executive Officer
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701-3101

**Re: Orange County Employees Retirement System (OCERS)
Illustrations of Retirement Costs, Unfunded Actuarial Accrued Liability and
Funded Ratio under Alternative Investment Return Scenarios**

Dear Steve:

As requested, we have developed 20-year illustrations of the employer contribution rates for OCERS under three sets of market investment return “scenarios” after December 31, 2021. In this letter, we have also provided the Unfunded Actuarial Accrued Liability (UAAL) in dollars and the funded ratio associated with those projected market investment return scenarios. These results have been prepared using the results from the December 31, 2021 valuation¹ approved by the Board at its meeting on June 20, 2022.

The three market rate of return scenarios used in this letter are as follows:

- Scenario #1: 0.0% for 2022 and 7.0% thereafter.
- Scenario #2: 7.0% for all years.
- Scenario #3: 14.0% for 2022 and 7.0% thereafter.

Even though the financial impact is shown under only three hypothetical market investment return scenarios for 2022, the financial impact under other possible short-term market investment return scenarios may be approximated by interpolating or extrapolating using the results from the three scenarios shown.²

¹ Any additional UAAL contributions made by the employer subsequent to the valuation date as of December 31, 2021 are not reflected in the projection.

² For example, a hypothetical market investment return of 3.50% (i.e., one-half of 7.00%) for 2022 is expected to result in a change in employer’s contribution rate of about one-half of the difference between those shown for Scenarios #1 and #2, starting with the December 31, 2022 valuation.

Mr. Steve Delaney
 Orange County Employees Retirement System
 July 7, 2022
 Page 2

The various projections included are as follows:

- The projected contribution rates for the aggregate plan are provided in Attachment A.
- The projected contribution rates for the eleven Rate Groups are provided in Attachment B.
- The projected UAAL and funded ratio for the aggregate plan are provided in Attachment C.
- The projected UAAL and funded ratio for the eleven Rate Groups are provided in Attachments D through N.
- The projected contribution rates for the different plans within the eleven Rate Groups are provided in Attachment O.

The projections also reflect the potential employer savings as current members leave employment and are replaced by new members covered under the tiers required by the California Public Employees' Pension Reform Act of 2013 (CalPEPRA) starting on January 1, 2013 (or January 1, 2015 for Rate Group #5). Please note that some of the changes made by CalPEPRA, such as the sharing of the total Normal Cost on a 50:50 basis, may result in employer savings for current members under the legacy plans. As those changes have not been implemented by the employers and the bargaining parties at OCERS, we have not reflected them in this illustration.

Under Scenarios #2 and #3, an observation could be made by reviewing the projected UAAL and funded ratio for the aggregate plan that OCERS would be fully funded starting with the December 31, 2028 valuation; however, full funding for each and every Rate Group would not be attained until the last Rate Group (Rate Group #2) achieves such status in the December 31, 2030 valuation.

METHODS AND ASSUMPTIONS

The methods and actuarial assumptions we used to prepare the employer contribution rates, the UAAL and the funded ratio are as summarized below:

- The illustrations are based on the actuarial assumptions and census data used in our December 31, 2021 valuation report for the Retirement Plan. With the exception of the market rates of return specified above, it is assumed that all actuarial assumptions would be met in the future and that there would be no change in the future for any of the actuarial assumptions adopted by the Board for the December 31, 2021 valuation.
- The detailed amortization schedule for OCERS' UAAL as of December 31, 2021 is provided in the valuation report. Any subsequent changes in the UAAL due to actuarial gains or losses (e.g., from investment returns on valuation value of assets greater or less than the assumed 7.00%) are amortized over separate 20-year periods. Some rate groups would be expected to reach 120% funded within the projection period. However, as the System as a whole is not expected to reach 120% and the requirement that other statutory conditions must be met

Mr. Steve Delaney
 Orange County Employees Retirement System
 July 7, 2022
 Page 3

before the surplus can be amortized, we have not illustrated the potential reduction in the employer's normal cost contribution as a result of amortizing any surplus.

- CalPEPRA prescribes new benefit formulas for members with a membership date on or after January 1, 2013 (or January 1, 2015 for Rate Group #5). In the December 31, 2021 valuation, about 45% of OCERS' total active membership group is made up of members enrolled in the PEPRA plans. Using a simplified method that does not take into account any difference in demographic profile of the active members covered under the PEPRA and the legacy plans, we have estimated a reduction in all the sponsoring employers' annual normal cost of about 2.5% of payroll or \$51 million.
- For Rate Groups #1, #3, #5, #9, #10, #11 and #12, we have estimated the Normal Cost savings³ associated with the enrollment of those members under the new 2.5% at 67 formula.
- For new members within Rate Group #2, only the County's attorneys, San Juan Capistrano members⁴ and OCERS Management members will receive the 2.5% at 67 formula while all other new members in Rate Group #2 will receive the "new" 1.62% at 65 formulas.⁵ We assumed that the proportion of the payrolls for members who will receive the 2.5% at 67 formula, the Plan T "new" 1.62% at 65 formula and the Plan W "new" 1.62% at 65 formula in the future would remain unchanged from that observed at the December 31, 2021 valuation. As of December 31, 2021, payroll for active members in Rate Group #2 under these three formulas represented about 8.48%, 91.49%, and 0.03% of the combined payroll for members under the 2.5% at 67 formula, the Plan T "new" 1.62% at 65 formula and the Plan W "new" 1.62% at 65 formula, respectively. We have estimated the Normal Cost savings⁶ associated with the enrollment of new members under the three new formulas.⁷
- For Rate Group #6, #7 and #8 members with a membership date on and after January 1, 2013, we have estimated the Normal Cost savings⁶ associated with the enrollment of those members under the new 2.7% at 57 formula.
- We understand that, with the exception of new members who would be covered under the Plan T "new" 1.62% at 65 formula, in the determination of pension benefits under the CalPEPRA formulas the maximum compensation that can be taken into account for new members hired on and after January 1, 2022 is equal to \$161,969 in 2022. To the extent this provision will limit covered compensation of the new members, our assumption that the total payroll will increase by 3.00% each year over the projection period (for use in determining the contribution rate for the UAAL) may be overstated somewhat. If so, then there would be an

³ We have estimated the potential employer Normal Cost savings assuming that the payroll for new members who would be covered after the December 31, 2021 valuation under the CalPEPRA tiers could be modeled by: (1) projecting the total December 31, 2021 payroll within each Rate Group using the 3.00% assumption used in the valuation to predict annual wage growth for amortizing the UAAL and (2) subtracting the projected closed group payroll from the current members in the December 31, 2021 valuation using the assumptions applied in the valuation to anticipate salary increases as well as termination, retirement (both service and disability) and other exits from active employment.

⁴ For San Juan Capistrano members with membership dates on or after January 1, 2016, they will be allowed to elect Plan W (1.62% at 65) in lieu of Plan U (2.5% at 67 formula). As of December 31, 2021, there was one member enrolled in Plan W.

⁵ The "new" 1.62% at 65 formula is the CalPEPRA Plan T for non-City of San Juan Capistrano members and the CalPEPRA Plan W for City of San Juan Capistrano members.

⁶ Please refer to footnote (3) on how we have estimated the potential employer Normal Cost savings.

⁷ The payroll for new members is split between the 2.5% at 67 formula, the Plan T 1.62% at 65 formula and the Plan W 1.62% at 65 formula based on the proportion of payrolls under those formulas as of December 31, 2021.

Mr. Steve Delaney
 Orange County Employees Retirement System
 July 7, 2022
 Page 4

increase in the UAAL contribution rate as the amount required to amortize the UAAL will have to be spread over a somewhat smaller total payroll base.

- On July 30, 2020, the California Supreme Court issued a decision in the case of Alameda County Deputy Sheriffs' Association et al. v. Alameda County Employees' Retirement Association (ACERA) and Board of Retirement of ACERA. That decision has important implications for OCERS and its members. In particular, the decision requires pension systems like OCERS to exclude certain pay items from a legacy member's compensation earnable. It should be noted that neither the December 31, 2021 assets provided by OCERS nor the December 31, 2021 liabilities reflect the financial impact of the California Supreme Court decision.
- It is important to note that this actuarial valuation is based on plan assets as of December 31, 2021. Due to the COVID-19 pandemic, market conditions have changed significantly since the onset of the Public Health Emergency. The plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the plan year. Moreover, this actuarial valuation does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after December 31, 2021.

OTHER CONSIDERATIONS

Projections, by their nature, are not a guarantee of future results. The modeling projections are intended to serve as illustrations of future financial outcomes that are based on the information available to us at the time the modeling is undertaken and completed, and the agreed-upon assumptions and methodologies described herein. Emerging results may differ significantly if the actual experience proves to be different from these assumptions or if alternative methodologies are used. Actual experience may differ due to such variables as demographic experience, the economy, stock market performance and the regulatory environment.

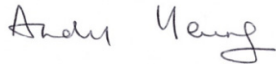
Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

This study was prepared under my supervision and I am a member of the American Academy of Actuaries and meet the qualification requirements to provide the opinion contained herein.

Mr. Steve Delaney
Orange County Employees Retirement System
July 7, 2022
Page 5

Please let us know if you have any questions.

Sincerely,

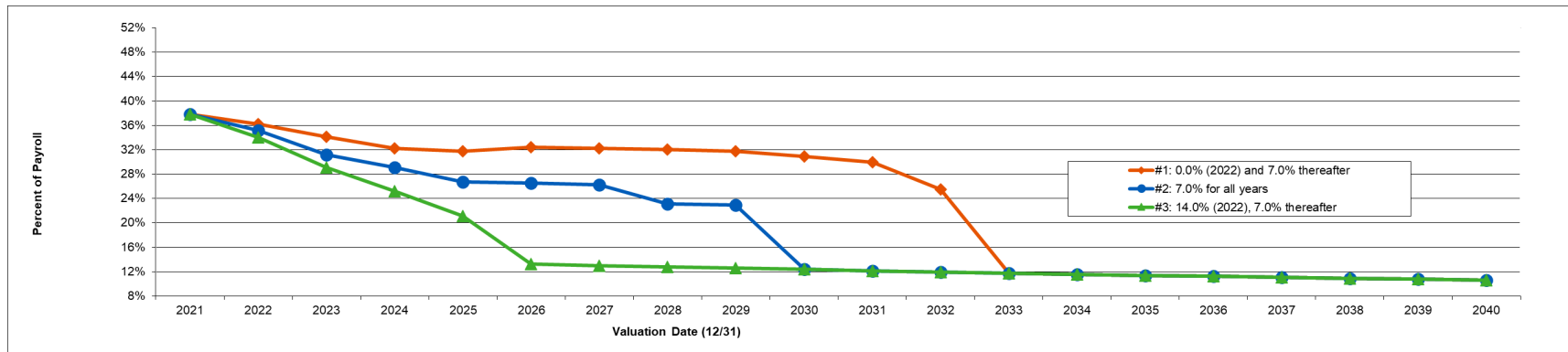


Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary

JY/elf
Enclosures

cc: Tracy Bowman
Brenda Shott

Projected Employer Rates Aggregate Plan



Valuation Date (12/31)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	37.8%	36.2%	34.2%	32.3%	31.8%	32.5%	32.2%	32.0%	31.8%	30.9%	29.9%	25.5%	11.8%	11.6%	11.4%	11.2%	11.1%	10.9%	10.8%	10.6%
#2: 7.0% for all years	37.8%	35.1%	31.2%	29.1%	26.8%	26.5%	26.3%	23.1%	22.9%	12.4%	12.2%	12.0%	11.8%	11.6%	11.4%	11.2%	11.1%	10.9%	10.8%	10.6%
#3: 14.0% (2022), 7.0% thereafter	37.8%	34.1%	29.1%	25.2%	21.1%	13.2%	13.0%	12.8%	12.6%	12.4%	12.2%	12.0%	11.8%	11.6%	11.4%	11.2%	11.1%	10.9%	10.8%	10.6%

Projected Employer Rates by Rate Group
Scenario 1: 0.0% for 2022 and 7.0% thereafter

Valuation Date (12/31)

General	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
RG #1 - Plans A, B and U (County and IHSS)	13.5%	13.0%	12.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	37.7%	36.2%	34.2%	33.1%	32.6%	33.4%	33.2%	32.9%	32.7%	32.5%	32.3%	31.9%	8.9%	8.7%	8.5%	8.3%	8.2%	8.0%	7.9%	7.8%
RG #3 - Plans B, G, H and U (OCSD)	11.8%	11.7%	11.5%	11.4%	11.3%	11.1%	11.0%	10.9%	10.8%	10.7%	10.7%	10.6%	10.5%	10.4%	10.4%	10.3%	10.2%	10.2%	10.1%	10.1%
RG #5 - Plans A, B and U (OCTA)	28.7%	27.5%	25.7%	24.9%	24.6%	25.5%	25.5%	25.5%	25.5%	12.2%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.0%	12.0%
RG #9 - Plans M, N and U (TCA)	12.8%	12.7%	12.5%	12.4%	12.3%	12.2%	12.1%	12.0%	11.9%	11.8%	11.7%	11.7%	11.6%	11.5%	11.5%	11.4%	11.4%	11.4%	11.3%	11.3%
RG #10 - Plans I, J, M, N and U (OCFA)	22.2%	20.8%	19.0%	12.3%	12.1%	12.0%	11.8%	11.6%	11.5%	11.3%	11.2%	11.0%	10.9%	10.8%	10.7%	10.6%	10.5%	10.4%	10.3%	10.2%
RG #11 - Plans M and N, future service, and U (Cemetery)	13.5%	12.4%	12.3%	12.3%	12.3%	12.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.0%	12.0%	12.0%
RG #12 - Plans G and H, future service, and U (Law Library)	13.0%	12.4%	12.1%	11.9%	11.8%	11.6%	11.5%	11.3%	11.2%	11.2%	11.1%	11.0%	10.9%	10.8%	10.8%	10.7%	10.7%	10.6%	10.6%	10.6%
Safety																				
RG #6 - Plans E, F and V (Probation)	53.0%	50.6%	47.4%	45.7%	45.0%	46.3%	46.0%	45.6%	45.1%	44.8%	19.0%	18.6%	18.2%	17.9%	17.6%	17.3%	17.0%	16.8%	16.6%	16.5%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	58.7%	56.3%	53.2%	51.5%	50.8%	52.1%	51.8%	51.5%	51.3%	51.0%	50.8%	20.0%	19.8%	19.6%	19.4%	19.2%	19.0%	18.8%	18.6%	18.4%
RG #8 - Plans E, F, Q, R and V (OCFA)	36.0%	33.9%	31.0%	22.3%	21.8%	21.4%	21.0%	20.7%	20.3%	19.9%	19.5%	19.1%	18.7%	18.3%	17.9%	17.5%	17.1%	16.8%	16.5%	16.2%

Under this scenario, Rate Group #3 would be expected to use none of the amount in the O.C. Sanitation District UAAL Deferred Account (that account has a balance of \$15,643,000 as of December 31, 2021) by the December 31, 2040 valuation.

Similar to prior projections, we have not taken into account the County Investment Account (that account has a balance of \$167,745,000 as of December 31, 2021) in these projections.

Attachment B (continued)

Projected Employer Rates by Rate Group Scenario 2: 7.0% for all years

General	Valuation Date (12/31)																			
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
RG #1 - Plans A, B and U (County and IHSS)	13.5%	12.5%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	37.7%	35.2%	31.9%	29.6%	28.1%	27.8%	27.6%	27.4%	27.2%	9.5%	9.3%	9.1%	8.9%	8.7%	8.5%	8.3%	8.2%	8.0%	7.9%	7.8%
RG #3 - Plans B, G, H and U (OCSD)	11.8%	11.7%	11.5%	11.4%	11.3%	11.1%	11.0%	10.9%	10.8%	10.7%	10.7%	10.6%	10.5%	10.4%	10.4%	10.3%	10.2%	10.2%	10.1%	10.1%
RG #5 - Plans A, B and U (OCTA)	28.7%	26.4%	23.5%	21.5%	12.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.0%	12.0%
RG #9 - Plans M, N and U (TCA)	12.8%	12.7%	12.5%	12.4%	12.3%	12.2%	12.1%	12.0%	11.9%	11.8%	11.7%	11.7%	11.6%	11.5%	11.5%	11.4%	11.4%	11.4%	11.3%	11.3%
RG #10 - Plans I, J, M, N and U (OCFA)	22.2%	19.8%	12.5%	12.3%	12.1%	12.0%	11.8%	11.6%	11.5%	11.3%	11.2%	11.0%	10.9%	10.8%	10.7%	10.6%	10.5%	10.4%	10.3%	10.2%
RG #11 - Plans M and N, future service, and U (Cemetery)	13.5%	12.4%	12.3%	12.3%	12.3%	12.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.0%	12.0%	12.0%
RG #12 - Plans G and H, future service, and U (Law Library)	13.0%	12.4%	12.1%	11.9%	11.8%	11.6%	11.5%	11.3%	11.2%	11.2%	11.1%	11.0%	10.9%	10.8%	10.8%	10.7%	10.7%	10.6%	10.6%	10.6%
Safety																				
RG #6 - Plans E, F and V (Probation)	53.0%	48.9%	43.5%	39.7%	21.3%	21.0%	20.6%	20.2%	19.8%	19.4%	19.0%	18.6%	18.2%	17.9%	17.6%	17.3%	17.0%	16.8%	16.6%	16.5%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	58.7%	54.7%	49.5%	45.8%	43.4%	43.1%	42.8%	21.0%	20.7%	20.5%	20.2%	20.0%	19.8%	19.6%	19.4%	19.2%	19.0%	18.8%	18.6%	18.4%
RG #8 - Plans E, F, Q, R and V (OCFA)	36.0%	32.5%	22.7%	22.3%	21.8%	21.4%	21.0%	20.7%	20.3%	19.9%	19.5%	19.1%	18.7%	18.3%	17.9%	17.5%	17.1%	16.8%	16.5%	16.2%

Under this scenario, Rate Group #3 would be expected to use none of the amount in the O.C. Sanitation District UAAL Deferred Account (that account has a balance of \$15,643,000 as of December 31, 2021) by the December 31, 2040 valuation.

Similar to prior projections, we have not taken into account the County Investment Account (that account has a balance of \$167,745,000 as of December 31, 2021) in these projections.

Attachment B (continued)

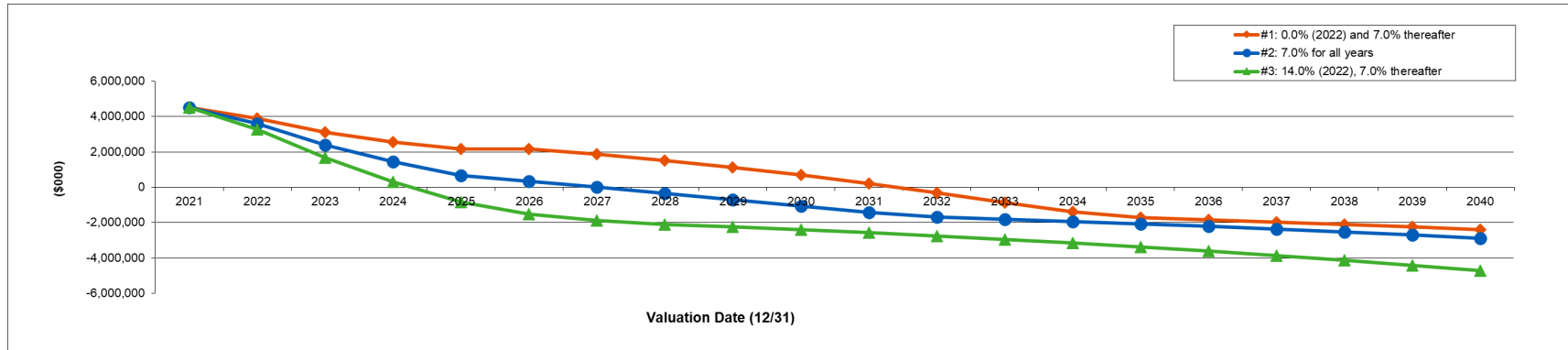
Projected Employer Rates by Rate Group
Scenario 3: 14.0% for 2022 and 7.0% thereafter

	Valuation Date (12/31)																			
General	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
RG #1 - Plans A, B and U (County and IHSS)	13.5%	12.0%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	37.7%	34.1%	29.6%	26.2%	23.5%	10.3%	10.1%	9.9%	9.7%	9.5%	9.3%	9.1%	8.9%	8.7%	8.5%	8.3%	8.2%	8.0%	7.9%	7.8%
RG #3 - Plans B, G, H and U (OCSD)	11.8%	11.7%	11.5%	11.4%	11.3%	11.1%	11.0%	10.9%	10.8%	10.7%	10.7%	10.6%	10.5%	10.4%	10.4%	10.3%	10.2%	10.2%	10.1%	10.1%
RG #5 - Plans A, B and U (OCTA)	28.7%	25.4%	21.2%	12.3%	12.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.0%	12.0%
RG #9 - Plans M, N and U (TCA)	12.8%	12.7%	12.5%	12.4%	12.3%	12.2%	12.1%	12.0%	11.9%	11.8%	11.7%	11.7%	11.6%	11.5%	11.5%	11.4%	11.4%	11.4%	11.3%	11.3%
RG #10 - Plans I, J, M, N and U (OCFA)	22.2%	18.9%	12.5%	12.3%	12.1%	12.0%	11.8%	11.6%	11.5%	11.3%	11.2%	11.0%	10.9%	10.8%	10.7%	10.6%	10.5%	10.4%	10.3%	10.2%
RG #11 - Plans M and N, future service, and U (Cemetery)	13.5%	12.4%	12.3%	12.3%	12.3%	12.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.0%	12.0%	12.0%
RG #12 - Plans G and H, future service, and U (Law Library)	13.0%	12.4%	12.1%	11.9%	11.8%	11.6%	11.5%	11.3%	11.2%	11.2%	11.1%	11.0%	10.9%	10.8%	10.8%	10.7%	10.7%	10.6%	10.6%	10.6%
Safety																				
RG #6 - Plans E, F and V (Probation)	53.0%	47.1%	39.6%	21.6%	21.3%	21.0%	20.6%	20.2%	19.8%	19.4%	19.0%	18.6%	18.2%	17.9%	17.6%	17.3%	17.0%	16.8%	16.6%	16.5%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	58.7%	53.0%	45.7%	40.2%	21.8%	21.5%	21.2%	21.0%	20.7%	20.5%	20.2%	20.0%	19.8%	19.6%	19.4%	19.2%	19.0%	18.8%	18.6%	18.4%
RG #8 - Plans E, F, Q, R and V (OCFA)	36.0%	31.0%	22.7%	22.3%	21.8%	21.4%	21.0%	20.7%	20.3%	19.9%	19.5%	19.1%	18.7%	18.3%	17.9%	17.5%	17.1%	16.8%	16.5%	16.2%

Under this scenario, Rate Group #3 would be expected to use none of the amount in the O.C. Sanitation District UAAL Deferred Account (that account has a balance of \$15,643,000 as of December 31, 2021) by the December 31, 2040 valuation.

Similar to prior projections, we have not taken into account the County Investment Account (that account has a balance of \$167,745,000 as of December 31, 2021) in these projections.

Projected UAAL⁸ and Funded Ratio for Aggregate Plan

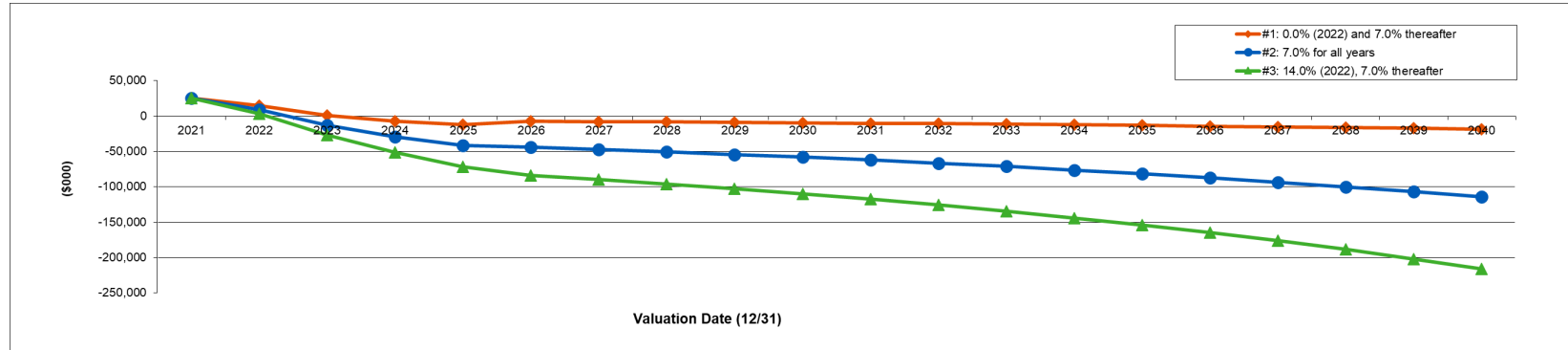


UAAL (\$000)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	4,498,586	3,892,440	3,107,012	2,554,099	2,165,964	2,177,558	1,875,486	1,530,238	1,134,983	697,091	213,143	-310,501	-865,675	-1,400,050	-1,708,824	-1,828,443	-1,956,434	-2,093,384	-2,239,921	-2,396,715
#2: 7.0% for all years	4,498,586	3,589,945	2,396,149	1,439,722	676,083	333,469	3,574	-333,491	-704,044	-1,071,471	-1,433,617	-1,681,849	-1,799,578	-1,925,548	-2,060,337	-2,204,560	-2,358,879	-2,524,001	-2,700,681	-2,889,729
#3: 14.0% (2022), 7.0% thereafter	4,498,586	3,287,450	1,685,286	325,318	-824,202	-1,524,583	-1,868,015	-2,096,114	-2,242,843	-2,399,842	-2,567,831	-2,747,579	-2,939,909	-3,145,703	-3,365,903	-3,601,516	-3,853,622	-4,123,375	-4,412,012	-4,720,853

Funded Ratio	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	81.2%	84.4%	88.1%	90.6%	92.4%	92.6%	93.9%	95.2%	96.6%	98.0%	99.4%	100.9%	102.3%	103.6%	104.3%	104.5%	104.7%	105.0%	105.3%	105.6%
#2: 7.0% for all years	81.2%	85.6%	90.8%	94.7%	97.6%	98.9%	100.0%	101.0%	102.1%	103.1%	104.1%	104.6%	104.8%	105.0%	105.2%	105.5%	105.7%	106.0%	106.3%	106.7%
#3: 14.0% (2022), 7.0% thereafter	81.2%	86.8%	93.5%	98.8%	102.9%	105.2%	106.1%	106.6%	106.8%	107.0%	107.3%	107.5%	107.8%	108.2%	108.5%	108.9%	109.3%	109.8%	110.3%	110.9%

⁸ Excludes UAALs paid by O.C. Vector Control, Cypress Recreation and Parks, U.C.I. and Department of Education in Rate Group #1. If those amounts have been taken into account, the UAAL for the System would have been \$4,527,312 and the funded ratio would remain unchanged at 81.2% as of 12/31/2021.

Projected UAAL⁹ and Funded Ratio for Rate Group #1 Plans A, B and U (County and IHSS)

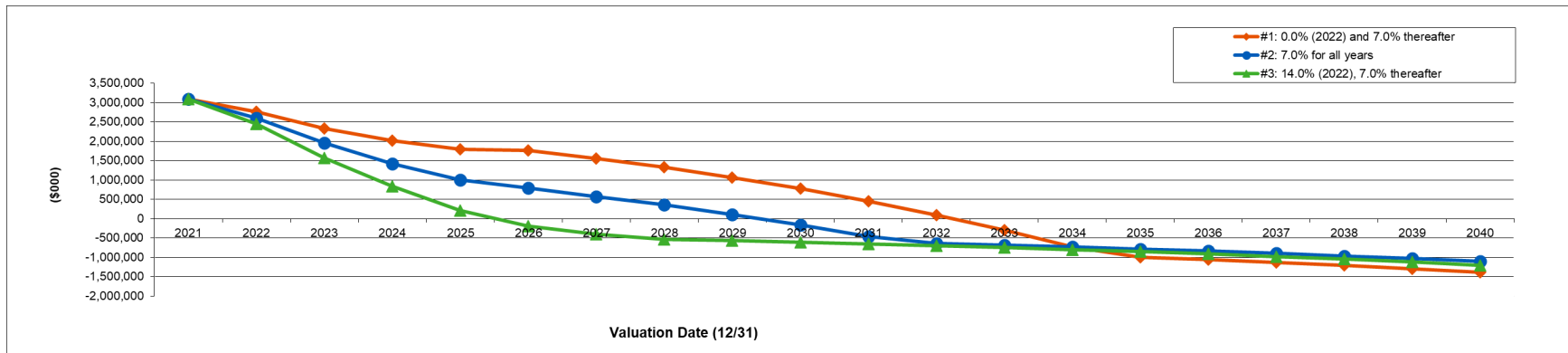


UAAL (\$000)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	25,224	14,774	1,167	-7,302	-12,043	-7,252	-7,760	-8,303	-8,884	-9,506	-10,172	-10,884	-11,645	-12,461	-13,333	-14,266	-15,265	-16,333	-17,477	-18,700
#2: 7.0% for all years	25,224	8,872	-12,842	-29,438	-41,446	-44,347	-47,452	-50,773	-54,328	-58,131	-62,200	-66,554	-71,212	-76,197	-81,531	-87,238	-93,345	-99,879	-106,871	-114,352
#3: 14.0% (2022), 7.0% thereafter	25,224	2,969	-26,846	-51,554	-71,920	-83,711	-89,571	-95,841	-102,550	-109,729	-117,410	-125,628	-134,422	-143,832	-153,900	-164,673	-176,200	-188,534	-201,732	-215,853

Funded Ratio	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	93.7%	96.6%	99.7%	101.5%	102.3%	101.3%	101.3%	101.3%	101.3%	101.3%	101.3%	101.3%	101.3%	101.3%	101.3%	101.3%	101.3%	101.4%	101.4%	101.4%
#2: 7.0% for all years	93.7%	97.9%	102.8%	105.9%	107.8%	107.8%	107.8%	107.8%	107.8%	107.8%	107.9%	107.9%	108.0%	108.0%	108.1%	108.1%	108.2%	108.3%	108.4%	108.5%
#3: 14.0% (2022), 7.0% thereafter	93.7%	99.3%	105.8%	110.4%	113.5%	114.7%	114.7%	114.7%	114.7%	114.8%	114.9%	114.9%	115.0%	115.1%	115.2%	115.4%	115.5%	115.7%	115.9%	116.0%

⁹ Excludes UAALs paid by O.C. Vector Control, Cypress Recreation and Parks, U.C.I. and Department of Education in Rate Group #1. If those amounts have been taken into account, the UAAL for Rate Group #1 would have been \$53,950 and the funded ratio would have been 90.1% as of 12/31/2021.

Projected UAAL and Funded Ratio for Rate Group #2 Plans I, J, O, P, S, T, U and W (County et al.)

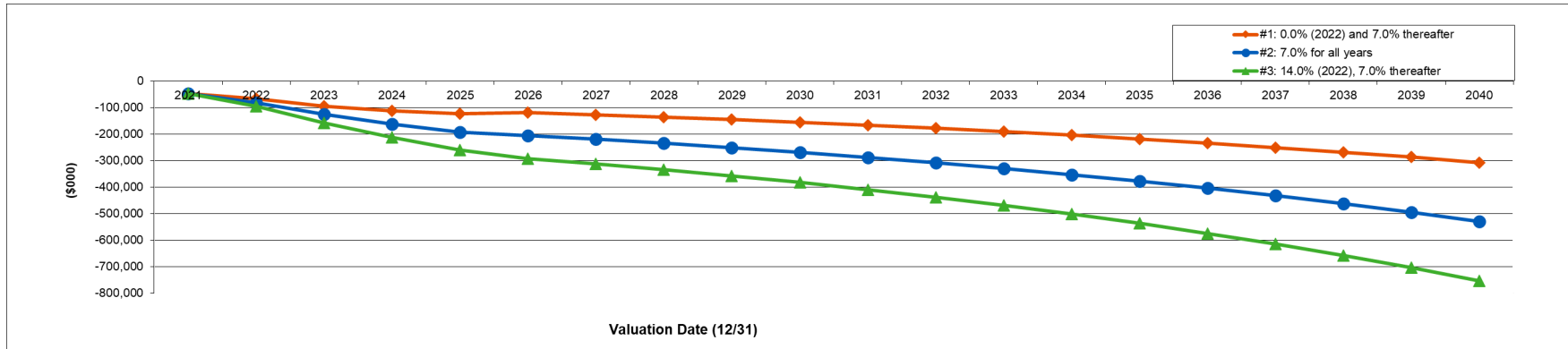


UAAL (\$000)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	3,097,129	2,769,166	2,333,389	2,019,400	1,790,100	1,763,647	1,563,237	1,333,671	1,070,432	778,150	454,473	96,878	-297,256	-729,122	-990,931	-1,060,296	-1,134,517	-1,213,933	-1,298,909	-1,389,832
#2: 7.0% for all years	3,097,129	2,608,532	1,956,325	1,429,216	999,556	788,392	578,386	355,721	109,730	-161,447	-459,891	-639,962	-684,760	-732,693	-783,981	-838,860	-897,580	-960,410	-1,027,639	-1,099,574
#3: 14.0% (2022), 7.0% thereafter ¹⁰	3,097,129	2,447,897	1,579,249	838,918	208,758	-187,236	-406,863	-532,682	-569,970	-609,868	-652,558	-698,237	-747,114	-799,412	-855,371	-915,247	-979,314	-1,047,866	-1,121,217	-1,199,702

Funded Ratio	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	76.9%	80.2%	83.9%	86.6%	88.5%	89.1%	90.6%	92.2%	94.0%	95.7%	97.6%	99.5%	101.5%	103.7%	104.9%	105.2%	105.6%	105.9%	106.3%	106.8%
#2: 7.0% for all years	76.9%	81.3%	86.5%	90.5%	93.6%	95.1%	96.5%	97.9%	99.4%	100.9%	102.5%	103.4%	103.5%	103.7%	103.9%	104.1%	104.4%	104.7%	105.0%	105.4%
#3: 14.0% (2022), 7.0% thereafter	76.9%	82.5%	89.1%	94.4%	98.7%	101.2%	102.4%	103.1%	103.2%	103.4%	103.5%	103.7%	103.8%	104.0%	104.3%	104.5%	104.8%	105.1%	105.5%	105.9%

¹⁰ Starting in year 2035, the UAALs are projected to be less negative when compared to the UAALs under Scenario 1. This is primarily due to the effect of the 18-month delay between the date of the valuation and the fiscal year contribution rate implementation where the last UAAL contribution requirement before the rate group becomes fully funded is greater than the UAAL outstanding balance.

Projected UAAL and Funded Ratio for Rate Group #3 Plans B, G, H and U (OCSD)

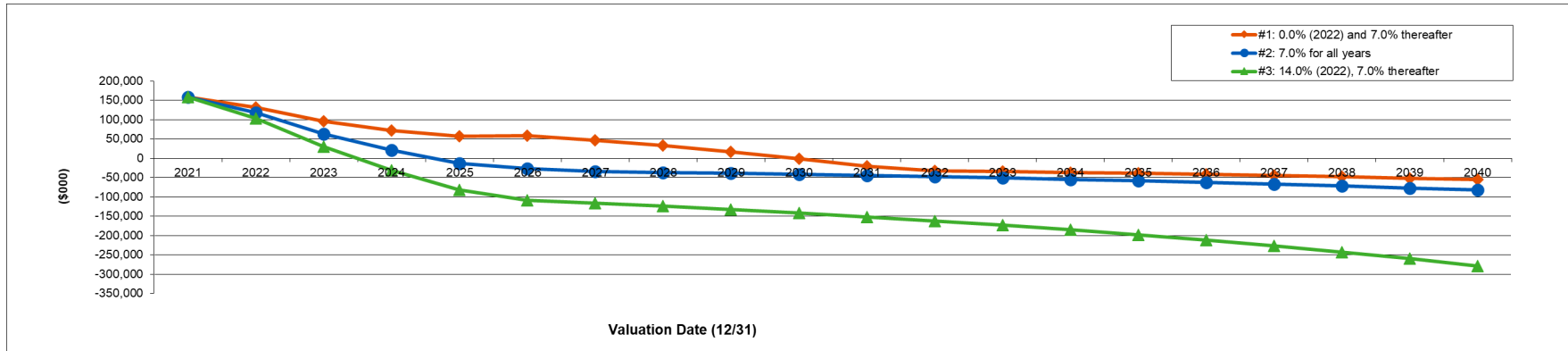


UAAL (\$000)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	-48,071	-67,589	-95,002	-112,847	-123,996	-119,090	-127,427	-136,346	-145,891	-156,103	-167,030	-178,722	-191,233	-204,619	-218,942	-234,268	-250,667	-268,214	-286,989	-307,078
#2: 7.0% for all years	-48,071	-81,215	-126,665	-162,596	-191,964	-205,401	-219,779	-235,164	-251,625	-269,239	-288,086	-308,252	-329,830	-352,918	-377,622	-404,055	-432,339	-462,603	-494,985	-529,634
#3: 14.0% (2022), 7.0% thereafter	-48,071	-94,841	-158,337	-212,389	-260,060	-292,004	-312,445	-334,316	-357,718	-382,758	-409,551	-438,220	-468,895	-501,718	-536,838	-574,417	-614,626	-657,649	-703,685	-752,943

Funded Ratio	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	105.8%	107.8%	110.5%	111.9%	112.6%	111.7%	112.0%	112.4%	112.9%	113.3%	113.9%	114.4%	115.0%	115.7%	116.4%	117.2%	118.1%	119.1%	120.2%	121.5%
#2: 7.0% for all years	105.8%	109.3%	113.9%	117.2%	119.5%	120.1%	120.7%	121.4%	122.2%	123.0%	123.9%	124.8%	125.9%	127.0%	128.3%	129.7%	131.2%	132.9%	134.9%	137.0%
#3: 14.0% (2022), 7.0% thereafter	105.8%	110.9%	117.4%	122.4%	126.4%	128.6%	129.5%	130.5%	131.6%	132.7%	134.0%	135.3%	136.8%	138.4%	140.2%	142.2%	144.4%	146.8%	149.5%	152.6%

Under Scenarios #2 and #3, the continued growth in surplus is attributable to the assumption made in preparing these illustrations that no surplus would be amortized to reduce the employee’s normal cost until the System as a whole is 120% funded.

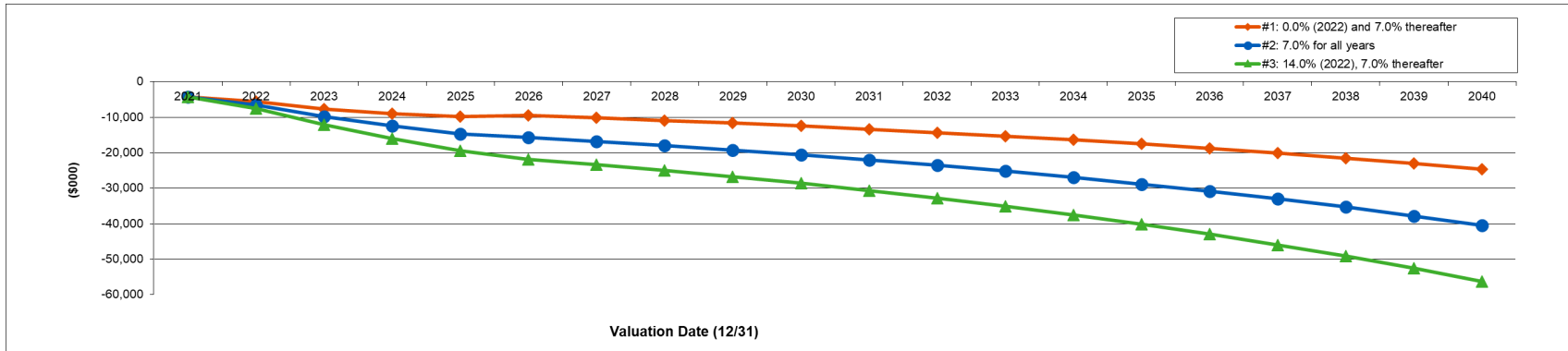
Projected UAAL and Funded Ratio for Rate Group #5 Plans A, B and U (OCTA)



UAAL (\$000)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	159,372	132,004	96,767	72,810	56,867	59,172	47,034	33,089	17,000	-766	-20,338	-31,810	-34,037	-36,419	-38,969	-41,696	-44,615	-47,738	-51,080	-54,655
#2: 7.0% for all years	159,372	117,840	63,598	20,993	-12,424	-26,164	-33,978	-36,356	-38,901	-41,624	-44,538	-47,655	-50,991	-54,561	-58,380	-62,466	-66,839	-71,518	-76,524	-81,881
#3: 14.0% (2022), 7.0% thereafter	159,372	103,676	30,426	-30,830	-81,725	-107,867	-115,418	-123,497	-132,142	-141,392	-151,289	-161,879	-173,211	-185,336	-198,309	-212,191	-227,044	-242,937	-259,943	-278,139

Funded Ratio	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	85.1%	88.2%	91.7%	94.0%	95.5%	95.5%	96.5%	97.6%	98.8%	100.1%	101.3%	102.0%	102.1%	102.2%	102.3%	102.4%	102.5%	102.6%	102.8%	102.9%
#2: 7.0% for all years	85.1%	89.4%	94.5%	98.3%	101.0%	102.0%	102.5%	102.6%	102.7%	102.8%	102.9%	103.0%	103.1%	103.2%	103.4%	103.5%	103.7%	103.9%	104.1%	104.4%
#3: 14.0% (2022), 7.0% thereafter	85.1%	90.7%	97.4%	102.5%	106.5%	108.3%	108.5%	108.8%	109.1%	109.4%	109.8%	110.2%	110.6%	111.0%	111.5%	112.1%	112.7%	113.3%	114.1%	114.9%

Projected UAAL and Funded Ratio for Rate Group #9 Plans M, N and U (TCA)

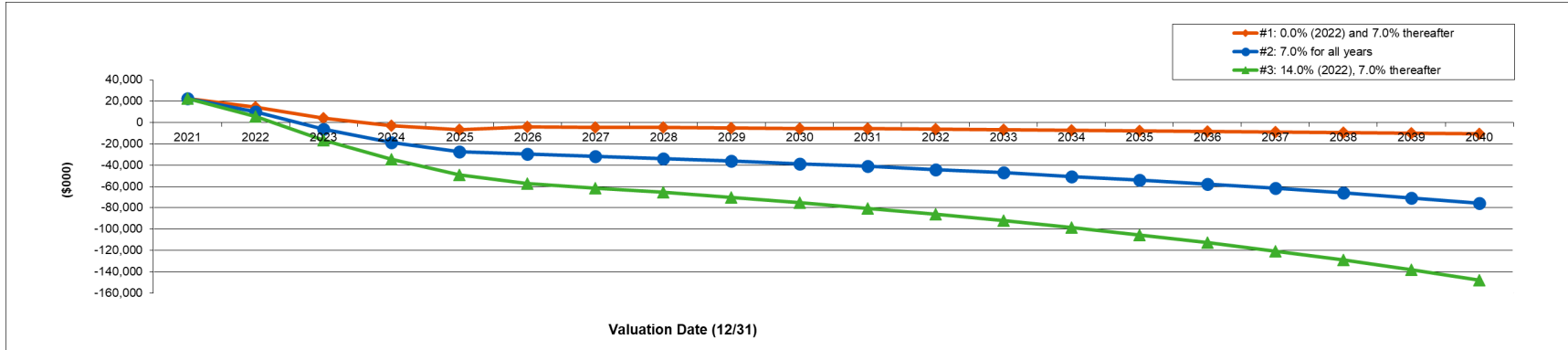


UAAL (\$'000)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	-4,231	-5,661	-7,650	-8,984	-9,847	-9,540	-10,208	-10,922	-11,687	-12,505	-13,380	-14,317	-15,319	-16,391	-17,539	-18,767	-20,080	-21,486	-22,990	-24,599
#2: 7.0% for all years	-4,231	-6,604	-9,859	-12,477	-14,649	-15,674	-16,772	-17,946	-19,202	-20,546	-21,984	-23,523	-25,170	-26,932	-28,817	-30,834	-32,992	-35,302	-37,773	-40,417
#3: 14.0% (2022), 7.0% thereafter	-4,231	-7,547	-12,068	-15,971	-19,455	-21,821	-23,348	-24,983	-26,732	-28,603	-30,605	-32,747	-35,040	-37,492	-40,117	-42,925	-45,930	-49,145	-52,585	-56,266

Funded Ratio	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	107.5%	109.5%	112.1%	113.4%	113.9%	112.8%	112.9%	113.1%	113.4%	113.6%	113.8%	114.1%	114.4%	114.7%	115.0%	115.4%	115.7%	116.1%	116.5%	117.0%
#2: 7.0% for all years	107.5%	111.0%	115.6%	118.6%	120.7%	121.0%	121.3%	121.6%	122.0%	122.3%	122.7%	123.2%	123.6%	124.1%	124.7%	125.2%	125.8%	126.5%	127.2%	127.9%
#3: 14.0% (2022), 7.0% thereafter	107.5%	112.6%	119.1%	123.8%	127.5%	129.2%	129.6%	130.1%	130.6%	131.1%	131.7%	132.3%	132.9%	133.6%	134.3%	135.1%	136.0%	136.9%	137.8%	138.8%

Under Scenarios #2 and #3, the continued growth in surplus is attributable to the assumption made in preparing these illustrations that no surplus would be amortized to reduce the employee's normal cost until the System as a whole is 120% funded.

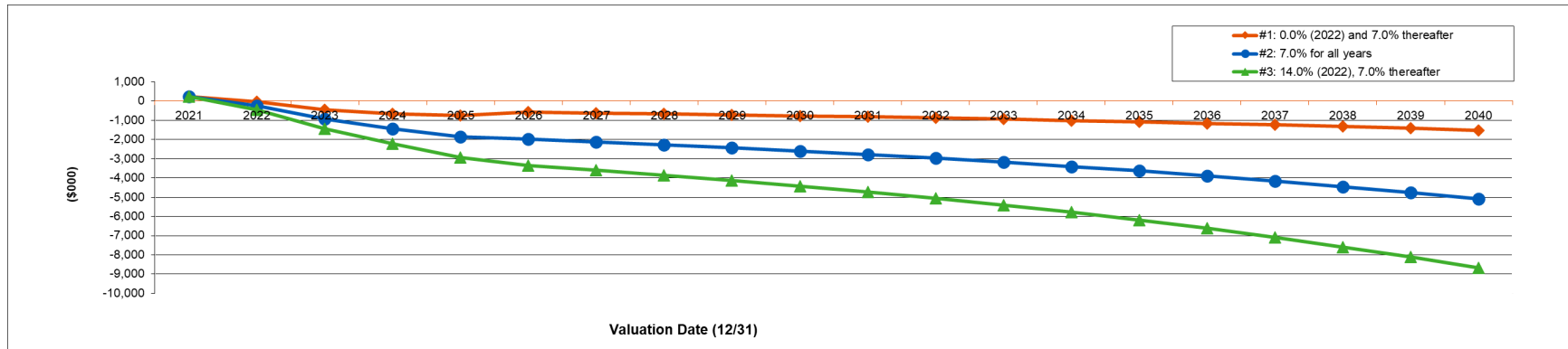
Projected UAAL and Funded Ratio for Rate Group #10 Plans I, J, M, N and U (OCFA)



UAAL (\$000)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	22,370	14,210	3,981	-2,782	-6,957	-4,146	-4,437	-4,747	-5,079	-5,435	-5,815	-6,223	-6,658	-7,124	-7,623	-8,156	-8,727	-9,338	-9,992	-10,691
#2: 7.0% for all years	22,370	9,877	-6,199	-18,723	-27,459	-29,381	-31,438	-33,638	-35,993	-38,513	-41,208	-44,093	-47,180	-50,482	-54,016	-57,797	-61,843	-66,172	-70,804	-75,760
#3: 14.0% (2022), 7.0% thereafter	22,370	5,543	-16,379	-34,668	-49,263	-57,334	-61,347	-65,642	-70,237	-75,153	-80,414	-86,043	-92,066	-98,510	-105,406	-112,785	-120,679	-129,127	-138,166	-147,837

Funded Ratio	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	92.5%	95.5%	98.8%	100.8%	101.9%	101.1%	101.1%	101.1%	101.1%	101.2%	101.2%	101.2%	101.3%	101.3%	101.4%	101.4%	101.4%	101.5%	101.5%	101.6%
#2: 7.0% for all years	92.5%	96.9%	101.9%	105.3%	107.5%	107.6%	107.8%	107.9%	108.1%	108.3%	108.5%	108.8%	109.0%	109.3%	109.6%	109.9%	110.2%	110.6%	111.0%	111.4%
#3: 14.0% (2022), 7.0% thereafter	92.5%	98.2%	104.9%	109.9%	113.4%	114.9%	115.2%	115.5%	115.9%	116.2%	116.7%	117.1%	117.6%	118.1%	118.7%	119.3%	119.9%	120.6%	121.4%	122.2%

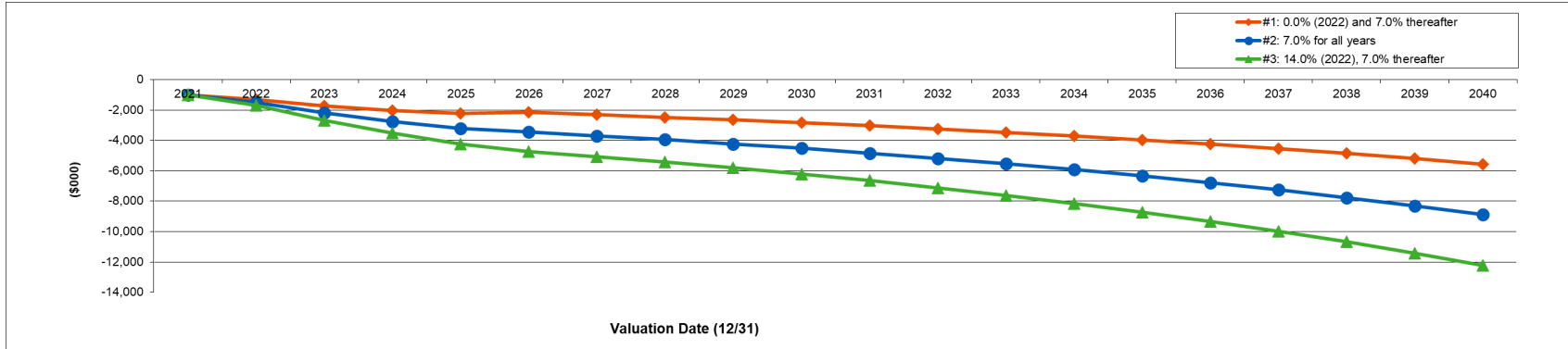
Projected UAAL and Funded Ratio for Rate Group #11 Plans M and N, future service, and U (Cemetery)



UAAL (\$000)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	242	-45	-444	-667	-767	-590	-631	-675	-722	-773	-827	-885	-947	-1,013	-1,084	-1,160	-1,241	-1,328	-1,421	-1,520
#2: 7.0% for all years	242	-254	-936	-1,450	-1,849	-1,978	-2,117	-2,265	-2,424	-2,593	-2,775	-2,969	-3,177	-3,399	-3,637	-3,892	-4,164	-4,456	-4,768	-5,102
#3: 14.0% (2022), 7.0% thereafter	242	-463	-1,429	-2,233	-2,931	-3,368	-3,604	-3,856	-4,126	-4,415	-4,724	-5,055	-5,409	-5,787	-6,193	-6,626	-7,090	-7,586	-8,117	-8,685

Funded Ratio	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	98.2%	100.3%	102.8%	104.0%	104.3%	103.1%	103.1%	103.1%	103.1%	103.1%	103.1%	103.1%	103.2%	103.2%	103.2%	103.2%	103.2%	103.3%	103.3%	103.3%
#2: 7.0% for all years	98.2%	101.7%	106.0%	108.7%	110.4%	110.4%	110.4%	110.4%	110.4%	110.5%	110.5%	110.6%	110.6%	110.7%	110.7%	110.8%	110.9%	111.0%	111.1%	111.1%
#3: 14.0% (2022), 7.0% thereafter	98.2%	103.2%	109.2%	113.4%	116.4%	117.7%	117.7%	117.7%	117.8%	117.8%	117.9%	118.0%	118.1%	118.2%	118.3%	118.4%	118.5%	118.7%	118.8%	119.0%

Projected UAAL and Funded Ratio for Rate Group #12 Plans G, H and U (Law Library)

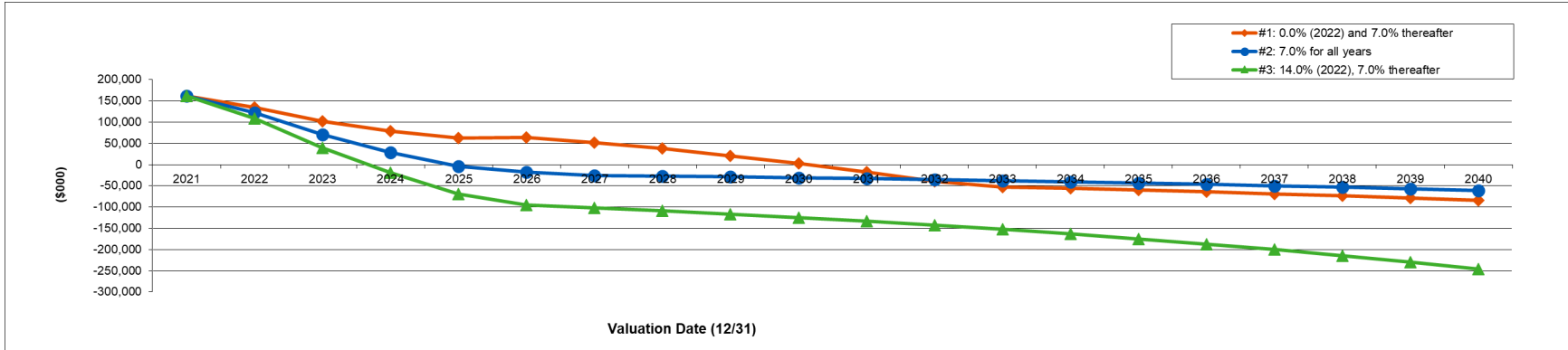


UAAL (\$000)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	-992	-1,302	-1,731	-2,019	-2,209	-2,159	-2,311	-2,472	-2,645	-2,831	-3,029	-3,241	-3,468	-3,710	-3,970	-4,248	-4,545	-4,863	-5,204	-5,568
#2: 7.0% for all years	-992	-1,504	-2,201	-2,760	-3,222	-3,448	-3,689	-3,947	-4,224	-4,519	-4,836	-5,174	-5,536	-5,924	-6,339	-6,782	-7,257	-7,765	-8,309	-8,890
#3: 14.0% (2022), 7.0% thereafter	-992	-1,706	-2,672	-3,500	-4,237	-4,740	-5,072	-5,427	-5,807	-6,213	-6,648	-7,114	-7,612	-8,144	-8,715	-9,325	-9,977	-10,676	-11,423	-12,223

Funded Ratio	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	108.2%	110.3%	113.1%	114.6%	115.3%	114.4%	114.8%	115.2%	115.7%	116.2%	116.7%	117.3%	118.0%	118.7%	119.4%	120.3%	121.2%	122.2%	123.3%	124.5%
#2: 7.0% for all years	108.2%	111.9%	116.6%	120.0%	122.3%	122.9%	123.6%	124.3%	125.0%	125.8%	126.7%	127.7%	128.7%	129.8%	131.0%	132.4%	133.8%	135.4%	137.2%	139.2%
#3: 14.0% (2022), 7.0% thereafter	108.2%	113.5%	120.2%	125.3%	129.4%	131.5%	132.4%	133.4%	134.4%	135.5%	136.7%	138.0%	139.5%	141.0%	142.7%	144.5%	146.5%	148.7%	151.1%	153.8%

Under Scenarios #2 and #3, the continued growth in surplus is attributable to the assumption made in preparing these illustrations that no surplus would be amortized to reduce the employee’s normal cost until the System as a whole is 120% funded.

Projected UAAL and Funded Ratio for Rate Group #6 Plans E, F and V (Probation)

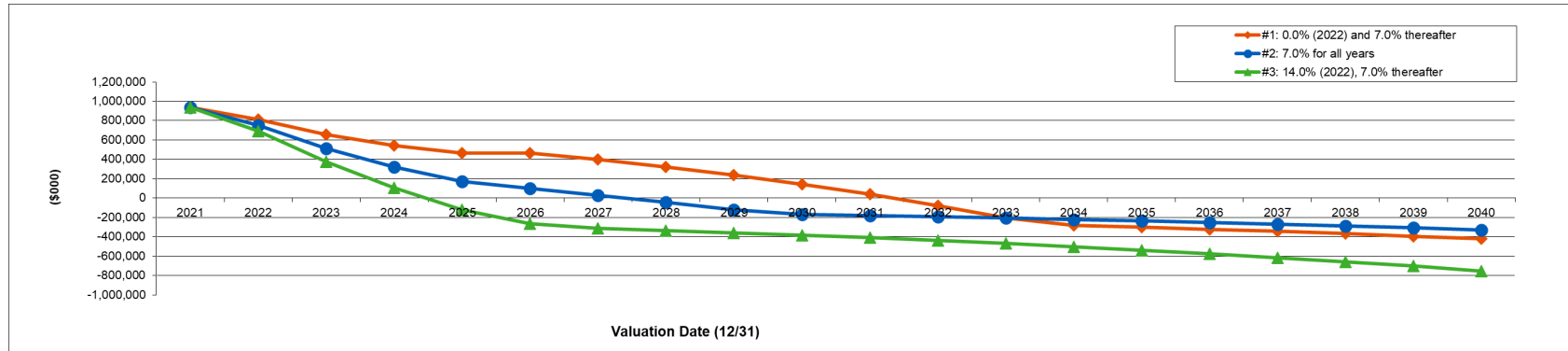


UAAL (\$000)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	161,071	135,100	101,654	78,180	62,207	64,175	51,762	37,506	21,071	2,917	-17,088	-39,096	-52,551	-56,229	-60,165	-64,377	-68,883	-73,705	-78,864	-84,385
#2: 7.0% for all years ¹¹	161,071	121,955	70,592	29,276	-3,681	-17,600	-25,250	-27,017	-28,908	-30,932	-33,097	-35,414	-37,893	-40,545	-43,384	-46,420	-49,670	-53,147	-56,867	-60,848
#3: 14.0% (2022), 7.0% thereafter	161,071	108,809	39,534	-19,607	-69,520	-95,082	-101,738	-108,859	-116,480	-124,633	-133,357	-142,692	-152,681	-163,369	-174,804	-187,041	-200,134	-214,143	-229,133	-245,172

Funded Ratio	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	83.9%	87.2%	90.9%	93.4%	95.0%	95.1%	96.3%	97.4%	98.6%	99.8%	101.0%	102.2%	102.8%	102.9%	103.0%	103.0%	103.1%	103.2%	103.3%	103.4%
#2: 7.0% for all years	83.9%	88.5%	93.7%	97.5%	100.3%	101.3%	101.8%	101.9%	101.9%	101.9%	102.0%	102.0%	102.0%	102.1%	102.1%	102.2%	102.2%	102.3%	102.4%	102.4%
#3: 14.0% (2022), 7.0% thereafter	83.9%	89.7%	96.5%	101.7%	105.6%	107.3%	107.4%	107.5%	107.6%	107.8%	107.9%	108.1%	108.2%	108.4%	108.6%	108.8%	109.0%	109.3%	109.5%	109.8%

¹¹ Starting in year 2032, the UAALs are projected to be less negative when compared to the UAALs under Scenario 1. This is primarily due to the effect of the 18-month delay between the date of the valuation and the fiscal year contribution rate implementation where the last UAAL contribution requirement before the rate group becomes fully funded is greater than the UAAL outstanding balance.

Projected UAAL and Funded Ratio for Rate Group #7 Plans E, F, Q, R and V (Law Enforcement)

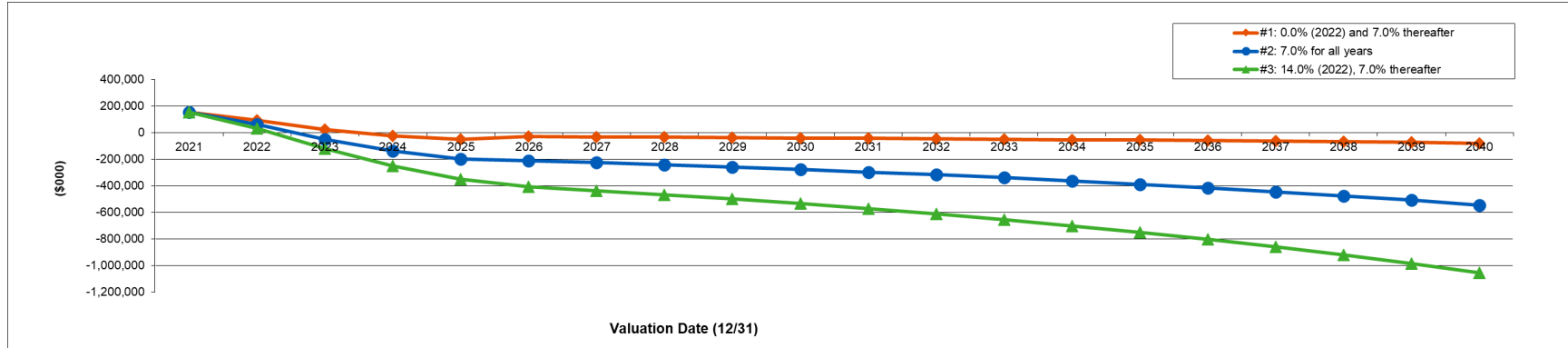


UAAL (\$000)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	934,471	809,722	653,686	542,877	464,584	464,120	399,156	324,676	239,092	144,286	39,516	-76,014	-203,141	-280,080	-299,686	-320,664	-343,111	-367,128	-392,827	-420,325
#2: 7.0% for all years ¹²	934,471	750,621	514,406	324,144	170,642	100,312	31,690	-40,255	-119,391	-167,033	-178,726	-191,236	-204,623	-218,947	-234,273	-250,672	-268,219	-286,994	-307,084	-328,580
#3: 14.0% (2022), 7.0% thereafter	934,471	691,520	375,137	105,482	-123,139	-263,246	-311,864	-333,694	-357,053	-382,047	-408,790	-437,405	-468,023	-500,785	-535,840	-573,349	-613,483	-656,427	-702,377	-751,543

Funded Ratio	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	80.2%	83.6%	87.4%	90.0%	91.8%	92.2%	93.5%	95.0%	96.4%	97.9%	99.5%	101.0%	102.6%	103.5%	103.6%	103.7%	103.9%	104.0%	104.2%	104.4%
#2: 7.0% for all years	80.2%	84.8%	90.1%	94.0%	97.0%	98.3%	99.5%	100.6%	101.8%	102.4%	102.5%	102.5%	102.6%	102.7%	102.8%	102.9%	103.0%	103.2%	103.3%	103.4%
#3: 14.0% (2022), 7.0% thereafter	80.2%	86.0%	92.8%	98.1%	102.2%	104.4%	105.0%	105.2%	105.3%	105.5%	105.6%	105.8%	106.0%	106.2%	106.4%	106.7%	106.9%	107.2%	107.5%	107.9%

¹² Starting in year 2034, the UAALs are projected to be less negative when compared to the UAALs under Scenario 1. This is primarily due to the effect of the 18-month delay between the date of the valuation and the fiscal year contribution rate implementation where the last UAAL contribution requirement before the rate group becomes fully funded is greater than the UAAL outstanding balance.

Projected UAAL and Funded Ratio for Rate Group #8 Plans E, F, Q, R and V (OCFA)



UAAL (\$000)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	152,001	92,059	21,195	-24,569	-51,974	-30,777	-32,932	-35,237	-37,704	-40,343	-43,167	-46,188	-49,422	-52,881	-56,583	-60,544	-64,782	-69,316	-74,169	-79,360
#2: 7.0% for all years	152,001	61,825	-50,069	-136,464	-197,421	-211,241	-226,028	-241,850	-258,779	-276,894	-296,276	-317,016	-339,207	-362,951	-388,358	-415,543	-444,631	-475,755	-509,058	-544,692
#3: 14.0% (2022), 7.0% thereafter	152,001	31,591	-121,328	-248,330	-350,711	-408,173	-436,746	-467,318	-500,030	-535,032	-572,484	-612,558	-655,437	-701,318	-750,410	-802,939	-859,145	-919,285	-983,635	-1,052,489

Funded Ratio	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
#1: 0.0% (2022) and 7.0% thereafter	92.7%	95.8%	99.1%	101.0%	102.0%	101.1%	101.1%	101.2%	101.2%	101.2%	101.2%	101.2%	101.3%	101.3%	101.3%	101.4%	101.4%	101.4%	101.5%	101.5%
#2: 7.0% for all years	92.7%	97.2%	102.1%	105.5%	107.6%	107.7%	107.8%	107.9%	108.0%	108.2%	108.4%	108.5%	108.7%	108.9%	109.1%	109.4%	109.6%	109.9%	110.2%	110.5%
#3: 14.0% (2022), 7.0% thereafter	92.7%	98.6%	105.2%	110.0%	113.4%	114.8%	115.0%	115.3%	115.5%	115.8%	116.1%	116.5%	116.8%	117.2%	117.6%	118.1%	118.6%	119.1%	119.6%	120.2%

Projected Employer Rates by Plans within each Rate Group
Scenario 1: 0.0% for 2022 and 7.0% thereafter

	Valuation Date (12/31)																			
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
General																				
RG #1 - Plans A and B	13.8%	13.2%	12.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%
RG #1 - Plan U	13.4%	12.9%	12.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%
RG #1 - Plans A, B and U (County and IHSS)	13.5%	13.0%	12.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%
RG #2 - Plans I and J (non-Children and Families Comm.)	40.8%	39.6%	37.9%	37.0%	36.8%	37.7%	37.7%	37.7%	37.7%	37.7%	37.7%	37.7%	37.7%	37.7%	37.7%	37.7%	37.7%	37.7%	37.7%	37.7%
RG #2 - Plans I and J (Children and Families Comm.)	18.2%	16.9%	15.2%	14.5%	14.6%	15.1%	15.1%	15.1%	15.1%	15.1%	15.1%	15.0%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%
RG #2 - Plans O and P	32.4%	31.1%	29.4%	28.6%	28.3%	29.3%	29.3%	29.3%	29.3%	29.3%	29.3%	29.1%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%
RG #2 - Plan S	42.8%	41.5%	39.8%	39.0%	38.7%	39.7%	39.7%	39.7%	39.7%	39.7%	39.7%	39.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%
RG #2 - Plan T	33.3%	32.0%	30.3%	29.5%	29.2%	30.2%	30.2%	30.2%	30.2%	30.2%	30.1%	29.9%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
RG #2 - Plan U (non-Children and Families Comm.)	34.4%	33.2%	31.5%	30.6%	30.4%	31.3%	31.3%	31.3%	31.3%	31.3%	31.3%	31.1%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
RG #2 - Plan U (Children and Families Comm.)	11.8%	10.5%	8.8%	8.1%	8.2%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.6%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
RG #2 - Plan W	35.1%	33.9%	32.1%	31.3%	31.1%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	31.8%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	37.7%	36.2%	34.2%	33.1%	32.6%	33.4%	33.2%	32.9%	32.7%	32.5%	32.3%	31.9%	8.9%	8.7%	8.5%	8.3%	8.2%	8.0%	7.9%	7.8%
RG #3 - Plans G and H	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%
RG #3 - Plan B	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%
RG #3 - Plan U	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%
RG #3 - Plans B, G, H and U (OCSJD)	11.8%	11.7%	11.5%	11.4%	11.3%	11.1%	11.0%	10.9%	10.8%	10.7%	10.7%	10.6%	10.5%	10.4%	10.4%	10.3%	10.2%	10.2%	10.1%	10.1%
RG #5 - Plans A and B	28.9%	27.7%	26.0%	25.2%	24.9%	25.9%	25.9%	25.9%	25.8%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
RG #5 - Plan U	28.4%	27.1%	25.4%	24.6%	24.4%	25.3%	25.3%	25.3%	25.3%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
RG #5 - Plans A, B and U (OCTA)	28.7%	27.5%	25.7%	24.9%	24.6%	25.5%	25.5%	25.5%	25.5%	12.2%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.0%	12.0%
RG #9 - Plans M and N	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%
RG #9 - Plan U	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%
RG #9 - Plans M, N and U (TCA)	12.8%	12.7%	12.5%	12.4%	12.3%	12.2%	12.1%	12.0%	11.9%	11.8%	11.7%	11.7%	11.6%	11.5%	11.5%	11.4%	11.4%	11.4%	11.3%	11.3%
RG #10 - Plans I and J	24.6%	23.4%	21.8%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%
RG #10 - Plans M and N	26.4%	25.2%	23.5%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%
RG #10 - Plan U	19.2%	18.0%	16.4%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%
RG #10 - Plans I, J, M, N and U (OCFA)	22.2%	20.8%	19.0%	12.3%	12.1%	12.0%	11.8%	11.6%	11.5%	11.3%	11.2%	11.0%	10.9%	10.8%	10.7%	10.6%	10.5%	10.4%	10.3%	10.2%
RG #11 - Plans M and N, future service	13.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%
RG #11 - Plan U	13.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
RG #11 - Plans M and N, future service, and U (Cemetery)	13.5%	12.4%	12.3%	12.3%	12.3%	12.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.0%	12.0%	12.0%
RG #12 - Plans G and H, future service	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%
RG #12 - Plan U	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
RG #12 - Plans G and H, future service, and U (Law Library)	13.0%	12.4%	12.1%	11.9%	11.8%	11.8%	11.5%	11.3%	11.2%	11.1%	11.0%	10.9%	10.8%	10.8%	10.7%	10.7%	10.6%	10.6%	10.6%	10.6%
Safety																				
RG #6 - Plans E and F	53.7%	51.6%	48.7%	47.3%	46.8%	48.6%	48.6%	48.5%	48.5%	48.5%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%
RG #6 - Plan V	46.7%	44.6%	41.7%	40.2%	39.8%	41.5%	41.5%	41.5%	41.5%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%
RG #6 - Plans E, F and V (Probation)	53.0%	50.6%	47.4%	45.7%	45.0%	46.3%	46.0%	45.6%	45.1%	44.8%	19.0%	18.6%	18.2%	17.9%	17.6%	17.3%	17.0%	16.8%	16.6%	16.5%
RG #7 - Plans E and F	62.2%	60.1%	57.4%	56.0%	55.6%	57.2%	57.2%	57.2%	57.2%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%
RG #7 - Plans Q and R	60.3%	58.3%	55.5%	54.1%	53.7%	55.3%	55.3%	55.3%	55.3%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%
RG #7 - Plan V	53.3%	51.3%	48.5%	47.1%	46.7%	48.3%	48.3%	48.3%	48.3%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	58.7%	56.3%	53.2%	51.5%	50.8%	52.1%	51.8%	51.5%	51.3%	20.0%	19.8%	19.6%	19.4%	19.2%	19.0%	18.8%	18.6%	18.4%	18.4%	18.4%
RG #8 - Plans E and F	39.4%	37.8%	35.4%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%
RG #8 - Plans Q and R	39.0%	37.3%	35.0%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%
RG #8 - Plan V	27.6%	26.0%	23.6%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%
RG #8 - Plans E, F, Q, R and V (OCFA)	36.0%	33.9%	31.0%	22.3%	21.8%	21.4%	21.0%	20.7%	20.3%	19.9%	19.5%	19.1%	18.7%	18.3%	17.9%	17.5%	17.1%	16.8%	16.5%	16.2%

Rates shown above have not been adjusted for employers with future service only benefit enhancement in Rate Group #2 (i.e., Orange County Employees Retirement System).

Attachment O (continued)

Projected Employer Rates by Plans within each Rate Group
Scenario 2: 7.0% for all years

	Valuation Date (12/31)																			
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
General																				
RG #1 - Plans A and B	13.8%	12.7%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%
RG #1 - Plan U	13.4%	12.4%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%
RG #1 - Plans A, B and U (County and IHSS)	13.5%	12.5%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%
RG #2 - Plans I and J (non-Children and Families Comm.)	40.8%	38.5%	35.5%	33.5%	32.2%	32.2%	32.2%	32.2%	32.2%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%
RG #2 - Plans I and J (Children and Families Comm.)	18.2%	15.9%	14.3%	14.4%	14.5%	14.6%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%
RG #2 - Plans O and P	32.4%	30.1%	27.1%	25.1%	23.8%	23.7%	23.7%	23.7%	23.7%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%
RG #2 - Plan S	42.8%	40.5%	37.5%	35.5%	34.1%	34.1%	34.1%	34.1%	34.1%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%
RG #2 - Plan T	33.3%	31.0%	28.0%	26.0%	24.6%	24.6%	24.6%	24.6%	24.6%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
RG #2 - Plan U (non-Children and Families Comm.)	34.4%	32.1%	29.1%	27.1%	25.8%	25.8%	25.8%	25.8%	25.8%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
RG #2 - Plan U (Children and Families Comm.)	11.8%	9.5%	7.9%	8.0%	8.1%	8.2%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
RG #2 - Plan W	35.1%	32.8%	29.8%	27.8%	26.5%	26.5%	26.5%	26.5%	26.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	37.7%	35.2%	31.9%	29.6%	28.1%	27.8%	27.6%	27.4%	27.2%	9.5%	9.3%	9.1%	8.9%	8.7%	8.5%	8.3%	8.2%	8.0%	7.9%	7.8%
RG #3 - Plans G and H	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%
RG #3 - Plan B	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%
RG #3 - Plan U	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%
RG #3 - Plans B, G, H and U (OCSD)	11.8%	11.7%	11.5%	11.4%	11.3%	11.1%	11.0%	10.9%	10.8%	10.7%	10.8%	10.6%	10.5%	10.4%	10.4%	10.3%	10.2%	10.2%	10.1%	10.1%
RG #5 - Plans A and B	28.9%	26.6%	23.7%	21.7%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
RG #5 - Plan U	28.4%	26.1%	23.2%	21.2%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
RG #5 - Plans A, B and U (OCTA)	28.7%	26.4%	23.5%	21.5%	12.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.0%	12.0%
RG #9 - Plans M and N	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%
RG #9 - Plan U	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%
RG #9 - Plans M, N and U (TCA)	12.8%	12.7%	12.5%	12.4%	12.3%	12.2%	12.1%	12.0%	11.9%	11.8%	11.7%	11.7%	11.6%	11.5%	11.5%	11.4%	11.4%	11.4%	11.3%	11.3%
RG #10 - Plans I and J	24.6%	22.4%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%
RG #10 - Plans M and N	26.4%	24.2%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%
RG #10 - Plan U	19.2%	17.1%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%
RG #10 - Plans I, J, M, N and U (OCFA)	22.2%	19.8%	12.5%	12.3%	12.1%	12.0%	11.8%	11.6%	11.5%	11.3%	11.2%	11.0%	10.9%	10.8%	10.7%	10.6%	10.5%	10.4%	10.3%	10.2%
RG #11 - Plans M and N, future service	13.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%
RG #11 - Plan U	13.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
RG #11 - Plans M and N, future service, and U (Cemetery)	13.5%	12.4%	12.3%	12.3%	12.3%	12.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.0%	12.0%	12.0%
RG #12 - Plans G and H, future service	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%
RG #12 - Plan U	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
RG #12 - Plans G and H, future service, and U (Law Library)	13.0%	12.4%	12.1%	11.9%	11.8%	11.8%	11.5%	11.3%	11.2%	11.1%	11.0%	10.9%	10.8%	10.8%	10.7%	10.7%	10.7%	10.6%	10.6%	10.6%
Safety																				
RG #6 - Plans E and F	53.7%	49.9%	44.8%	41.3%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%
RG #6 - Plan V	46.7%	42.9%	37.7%	34.3%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%
RG #6 - Plans E, F and V (Probation)	53.0%	48.9%	43.5%	39.7%	21.3%	21.0%	20.6%	20.2%	19.8%	19.4%	19.0%	18.6%	18.2%	17.9%	17.6%	17.3%	17.0%	16.8%	16.6%	16.5%
RG #7 - Plans E and F	62.2%	58.5%	53.6%	50.4%	48.2%	48.2%	48.2%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%
RG #7 - Plans Q and R	60.3%	56.6%	51.8%	48.5%	46.3%	46.3%	46.3%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%
RG #7 - Plan V	53.3%	49.6%	44.8%	41.5%	39.3%	39.3%	39.3%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	58.7%	54.7%	49.5%	45.8%	43.4%	43.1%	42.8%	21.0%	20.7%	20.5%	20.2%	20.0%	19.8%	19.6%	19.4%	19.2%	19.0%	18.8%	18.6%	18.4%
RG #8 - Plans E and F	39.4%	36.4%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%
RG #8 - Plans Q and R	39.0%	35.9%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%
RG #8 - Plan V	27.6%	24.6%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%
RG #8 - Plans E, F, Q, R and V (OCFA)	36.0%	32.5%	22.7%	22.3%	21.8%	21.4%	21.0%	20.7%	20.3%	19.9%	19.5%	19.1%	18.7%	18.3%	17.9%	17.5%	17.1%	16.8%	16.5%	16.2%

Rates shown above have not been adjusted for employers with future service only benefit enhancement (i.e., Orange County Employees Retirement System) in Rate Group #2.

Attachment O (continued)

Projected Employer Rates by Plans within each Rate Group
Scenario 3: 14.0% for 2022 and 7.0% thereafter

	Valuation Date (12/31)																			
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
General																				
RG #1 - Plans A and B	13.8%	12.3%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%
RG #1 - Plan U	13.4%	11.9%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%
RG #1 - Plans A, B and U (County and IHSS)	13.5%	12.0%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%
RG #2 - Plans I and J (non-Children and Families Comm.)	40.8%	37.5%	33.2%	30.0%	27.6%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%
RG #2 - Plans I and J (Children and Families Comm.)	18.2%	14.9%	14.2%	14.2%	14.3%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%
RG #2 - Plans O and P	32.4%	29.1%	24.8%	21.6%	19.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%
RG #2 - Plan S	42.8%	39.5%	35.2%	32.0%	29.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%
RG #2 - Plan T	33.3%	30.0%	25.7%	22.5%	20.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
RG #2 - Plan U (non-Children and Families Comm.)	34.4%	31.1%	26.8%	23.6%	21.2%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
RG #2 - Plan U (Children and Families Comm.)	11.8%	8.5%	7.8%	7.8%	7.9%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
RG #2 - Plan W	35.1%	31.8%	27.5%	24.3%	21.9%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	37.7%	34.1%	29.6%	26.2%	23.5%	10.3%	10.1%	9.9%	9.7%	9.5%	9.3%	9.1%	8.9%	8.7%	8.5%	8.3%	8.2%	8.0%	7.9%	7.8%
RG #3 - Plans G and H	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%
RG #3 - Plan B	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%
RG #3 - Plan U	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%
RG #3 - Plans B, G, H and U (OCSD)	11.8%	11.7%	11.5%	11.4%	11.3%	11.1%	11.0%	10.9%	10.8%	10.7%	10.7%	10.6%	10.5%	10.4%	10.4%	10.3%	10.2%	10.2%	10.1%	10.1%
RG #5 - Plans A and B	28.9%	25.6%	21.4%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
RG #5 - Plan U	28.4%	25.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
RG #5 - Plans A, B and U (OCTA)	28.7%	25.4%	21.2%	12.3%	12.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.0%	12.0%
RG #9 - Plans M and N	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%
RG #9 - Plan U	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%
RG #9 - Plans M, N and U (TCA)	12.8%	12.7%	12.5%	12.4%	12.3%	12.2%	12.1%	12.0%	11.9%	11.8%	11.7%	11.7%	11.6%	11.5%	11.5%	11.4%	11.4%	11.3%	11.3%	11.3%
RG #10 - Plans I and J	24.6%	21.5%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%
RG #10 - Plans M and N	26.4%	23.2%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%
RG #10 - Plan U	19.2%	16.1%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%
RG #10 - Plans I, J, M, N and U (OCFA)	22.2%	18.9%	12.5%	12.3%	12.1%	12.0%	11.8%	11.6%	11.5%	11.3%	11.2%	11.0%	10.9%	10.8%	10.7%	10.6%	10.5%	10.4%	10.3%	10.2%
RG #11 - Plans M and N, future service	13.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%
RG #11 - Plan U	13.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
RG #11 - Plans M and N, future service, and U (Cemetery)	13.5%	12.4%	12.3%	12.3%	12.3%	12.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.0%	12.0%	12.0%
RG #12 - Plans G and H, future service	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%
RG #12 - Plan U	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
RG #12 - Plans G and H, future service, and U (Law Library)	13.0%	12.4%	12.1%	11.9%	11.8%	11.6%	11.5%	11.3%	11.2%	11.1%	11.0%	10.9%	10.8%	10.8%	10.7%	10.7%	10.6%	10.6%	10.6%	10.6%
Safety																				
RG #6 - Plans E and F	53.7%	48.2%	40.9%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%
RG #6 - Plan V	46.7%	41.1%	33.8%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%
RG #6 - Plans E, F and V (Probation)	53.0%	47.1%	39.6%	21.6%	21.3%	21.0%	20.6%	20.2%	19.8%	19.4%	19.0%	18.6%	18.2%	17.9%	17.6%	17.3%	17.0%	16.8%	16.6%	16.5%
RG #7 - Plans E and F	62.2%	56.8%	49.9%	44.7%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%
RG #7 - Plans Q and R	60.3%	55.0%	48.0%	42.8%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%
RG #7 - Plan V	53.3%	48.0%	41.1%	35.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	58.7%	53.0%	45.7%	40.2%	21.8%	21.5%	21.2%	21.0%	20.7%	20.5%	20.2%	20.0%	19.8%	19.6%	19.4%	19.2%	19.0%	18.8%	18.6%	18.4%
RG #8 - Plans E and F	39.4%	34.9%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%
RG #8 - Plans Q and R	39.0%	34.5%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%	26.7%
RG #8 - Plan V	27.6%	23.1%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%
RG #8 - Plans E, F, Q, R and V (OCFA)	36.0%	31.0%	22.7%	22.3%	21.8%	21.4%	21.0%	20.7%	20.3%	19.9%	19.5%	19.1%	18.7%	18.3%	17.9%	17.5%	17.1%	16.8%	16.5%	16.2%

Rates shown above have not been adjusted for employers with future service only benefit enhancement (i.e., Orange County Employees Retirement System) in Rate Group #2.



Memorandum

DATE: July 18, 2022
TO: Members, Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: SENSITIVITY ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE INFLATION AND INVESTMENT RETURN ASSUMPTIONS

Presentation

Background/Discussion

In August 2016, as part of the OCERS Board's renewal of the Segal contract for actuarial services, it was agreed Segal would provide up to four sensitivity analyses of alternative economic actuarial assumptions as part of each annual actuarial valuation process. The sensitivity analyses are provided on an aggregate basis for OCERS as a whole rather than on an individual rate group basis. Each year Segal first discusses with the Board options of sensitivity analysis that could be performed to meet this contractual requirement. That occurred at the Board's meeting this past month of June.

On July 18 Segal will return to review the attached results.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary
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San Francisco, CA 94105-6147
segalco.com

Via Email

July 8, 2022

Mr. Steve Delaney
Chief Executive Officer
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701-3101

**Re: Orange County Employees Retirement System (OCERS)
Sensitivity Illustrations of Retirement Costs, Unfunded Actuarial Accrued
Liability and Funded Ratio under Alternative Inflation and
Investment Return Assumptions**

Dear Steve:

As requested, we have developed 20-year illustrations of the employer contribution rates for OCERS under four alternative sets of inflation and investment return assumptions¹ as if those assumptions were effective in the December 31, 2021 valuation. In this letter, we have also provided the Unfunded Actuarial Accrued Liability (UAAL) in dollars and the funded ratio associated with those projected employer contribution rates, as well the member contribution rates.

These results have been prepared based on the December 31, 2021 valuation approved by the Board at its meeting on June 20, 2022. The illustrations have been prepared for use in studying how sensitive the projection results are to changes in the economic assumptions used in the December 31, 2021 valuation.

These illustrations are provided for informational purposes only. We understand that the Board has no intent to perform a review of the economic assumptions prior to the next regularly scheduled triennial experience study. The next triennial experience study will be performed in 2023 and the assumptions approved by the Board will be used in the December 31, 2023 actuarial valuation, which will determine contribution rates for FY 2025/2026. In addition, it is important to note that the above alternatives are not necessarily the assumptions that we would recommend to the Board in that triennial experience study, or that would be adopted by the Board.

¹ On June 20, 2022 the Board approved these four alternative sets of assumptions for use in the illustrations.

Mr. Steve Delaney
 July 8, 2022
 Page 2

The current inflation and investment return assumptions used in the December 31, 2021 valuation are as follows:

- Baseline:² 7.00% investment return assumption and 2.50% inflation assumption.

The current and alternative sets of inflation and investment return assumptions used in the illustrations are as follows:

	Inflation ³	Real Return	Investment Return
Baseline (current assumptions)	2.50%	4.50%	7.00%
Alternative #1	2.25%	4.50%	6.75%
Alternative #2	2.50%	4.25%	6.75%
Alternative #3	2.25%	4.25%	6.50%
Alternative #4	2.75%	4.25%	7.00%

The various projections included are as follows:

- The projected contribution rates for the aggregate plan are provided in Attachment A.
- The projected UAAL and funded ratio for the aggregate plan are provided in Attachment B.
- The projected member contribution rates for the aggregate plan are provided in Attachment C.

SUMMARY OF RESULTS

The changes in the employer contribution rate (including the Normal Cost and UAAL components), the member contribution rate and the UAAL from the baseline to each of the alternatives are summarized below. The impact of the assumption changes is determined as if those assumptions were effective in the December 31, 2021 valuation.

² The results provided for the baseline is the same as those provided under Scenario #2 for OCERS in total in our letter entitled "Illustrations of Retirement Costs, Unfunded Actuarial Accrued Liability and Funded Ratio under Alternative Investment Return Scenarios" dated July 7, 2022.

³ For the baseline and each alternative scenario, the COLA assumption would include an additional margin of 0.25% to reflect higher expected CPI for LA-Long Beach-Anaheim Area.

Mr. Steve Delaney
 July 8, 2022
 Page 3

Change in:	Alternative #1	Alternative #2	Alternative #3	Alternative #4
Inflation ⁴	(0.25%)	0.00%	(0.25%)	0.25%
Real Return ⁴	<u>0.00%</u>	<u>(0.25%)</u>	<u>(0.25%)</u>	<u>(0.25%)</u>
Investment Return ⁴	(0.25%)	(0.25%)	(0.50%)	0.00%
Employer Rate				
<i>Normal Cost Rate</i>	0.09% ⁵	0.96%	1.06%	0.87%
<i>UAAL Rate</i>	<u>0.12%</u>	<u>2.61%</u>	<u>2.73%</u>	<u>2.09%</u>
<i>Total Rate</i>	0.21%	3.57%	3.79%	2.96%
Member Rate	(0.01%) ⁶	0.79%	0.77%	0.80%
UAAL (\$000s) ^{7,8}	\$17,738	\$768,822	\$788,672	\$643,753

METHODS AND ASSUMPTIONS

The methods and actuarial assumptions we used to prepare the employer contribution rates, the UAAL and the funded ratio is the same as those used in Scenario #2 in our letter dated July 7, 2022 with the exception of the inflation and investment return assumptions specified above. The following are additional points of note when reviewing the illustrative results:

- It is assumed that all actuarial assumptions used in preparing the illustrative results would be met in the future and that there would be no other changes in the future for any of the actuarial assumptions (such as the mortality tables). In particular, it is assumed that the actual future inflation and investment return experience under each of the four alternatives would follow the corresponding inflation and investment return assumed for that alternative.
- The assumptions that we have used in preparing these illustrations were based on those that we discussed with the Board at its meeting on June 20, 2022. As further discussed and requested during that meeting, we have included in Attachment D a comparison of the historical CPIs with the inflation assumptions used by OCERS in the actuarial valuations. For the historical CPIs, we have included both the CPI measures used by the Board to set cost-of-living adjustments for retirees/beneficiaries (based on annual-to-annual change in CPIs for Los-Angeles-Long Beach-Anaheim) and the CPI measures that we generally include in our economic assumptions report (based on annual-to-annual change in CPIs for US city average).

⁴ Relative to 2.50% inflation assumption, 4.50% real return assumption and 7.00% investment return assumption used in the baseline. Note that in practice, the real return is determined by the inflation and investment return assumptions.

⁵ Generally speaking, there will be a slight increase in the employer normal cost rates for both the General and the Safety Rate Groups. The overall increase in the aggregate employer normal cost rate reflects the proportion of payrolls of both General and Safety members.

⁶ Generally speaking, there will be no change in the member rates for the General Rate Groups while there will be a slight decrease in the member rates for the Safety Rate Groups. The overall reduction in the aggregate member rate reflects the proportion of payrolls of both General and Safety members.

⁷ If the hypothetical assumptions under all the alternatives were applied as of December 31, 2021, no transfer would have been required from the O.C. Sanitation District UAAL Deferred Account to pay off their UAAL. The balance in the O.C. Sanitation District UAAL Deferred Account as of December 31, 2021 would have been \$15.6 million.

⁸ Excludes UAAL paid by O.C. Vector Control, Cypress Recreation and Parks, U.C.I. and Department of Education in Rate Group #1.

Mr. Steve Delaney
 July 8, 2022
 Page 4

- The detailed amortization schedule for OCERS' UAAL as of December 31, 2021 is provided in the valuation report. The changes in UAAL due to the changes in the inflation and investment return assumptions used in preparing the illustrative results are amortized over a 20-year period as of December 31, 2021. Any subsequent changes in the UAAL due to actuarial gains or losses (e.g., from investment returns on valuation value of assets greater or less than the assumed rates) are amortized over separate 20-year periods. Some rate groups would be expected to reach 120% funded within the projection period. However, as the System as a whole is not expected to reach 120% and the requirement that other statutory conditions must be met before the surplus can be amortized, we have not illustrated the potential reduction in the employer's normal cost contribution as a result of amortizing any surplus.
- On July 30, 2020, the California Supreme Court issued a decision in the case of Alameda County Deputy Sheriffs' Association et al. v. Alameda County Employees' Retirement Association (ACERA) and Board of Retirement of ACERA. That decision has important implications for OCERS and its members. In particular, the decision requires pension systems like OCERS to exclude certain pay items from a legacy member's compensation earnable. It should be noted that neither the December 31, 2021 assets provided by OCERS nor the December 31, 2021 liabilities reflect the financial impact of the California Supreme Court decision.
- It is important to note that this actuarial valuation is based on plan assets as of December 31, 2021. Due to the COVID-19 pandemic, market conditions have changed significantly since the onset of the Public Health Emergency. The plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the plan year. Moreover, this actuarial valuation does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after December 31, 2021.

OTHER CONSIDERATIONS

Projections, by their nature, are not a guarantee of future results. The modeling projections are intended to serve as illustrations of future financial outcomes that are based on the information available to us at the time the modeling is undertaken and completed, and the agreed-upon assumptions and methodologies described herein. Emerging results may differ significantly if the actual experience proves to be different from these assumptions or if alternative methodologies are used. Actual experience may differ due to such variables as demographic experience, the economy, stock market performance and the regulatory environment.

Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

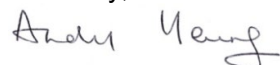


Mr. Steve Delaney
July 8, 2022
Page 5

This study was prepared under my supervision. I am a member of the American Academy of Actuaries and meet the qualification requirements to provide the opinion contained herein.

Please let us know if you have any questions.

Sincerely,

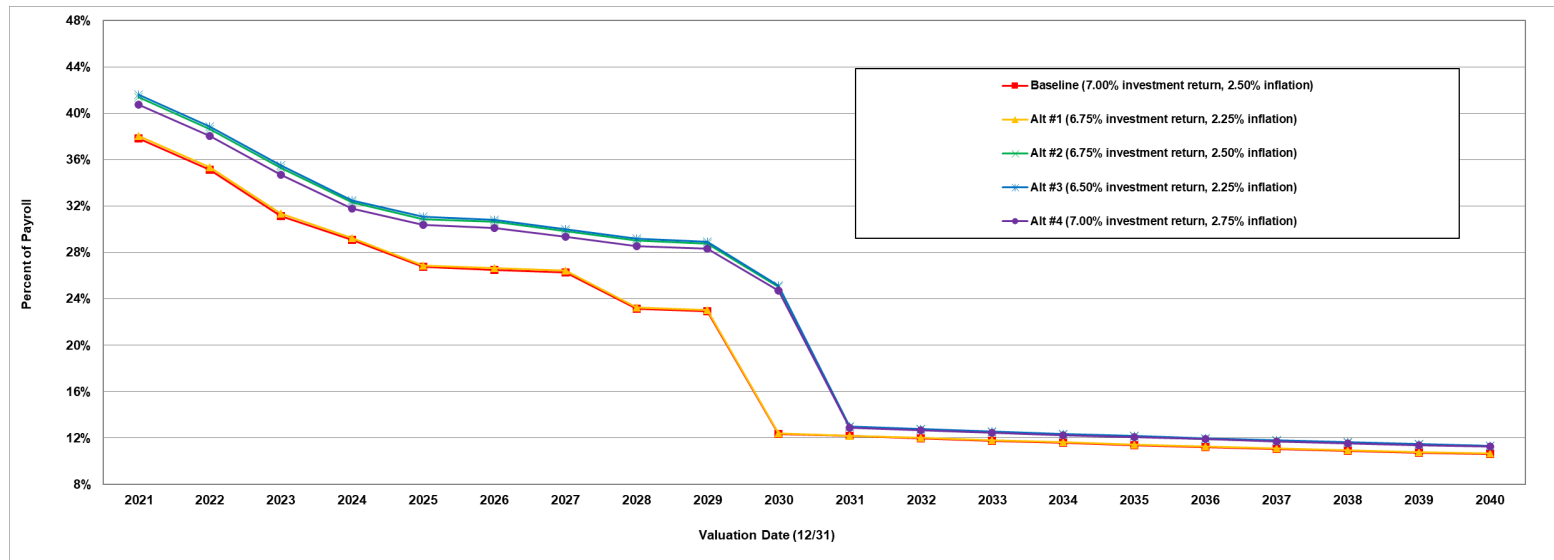


Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary

JY/hy
Enclosures

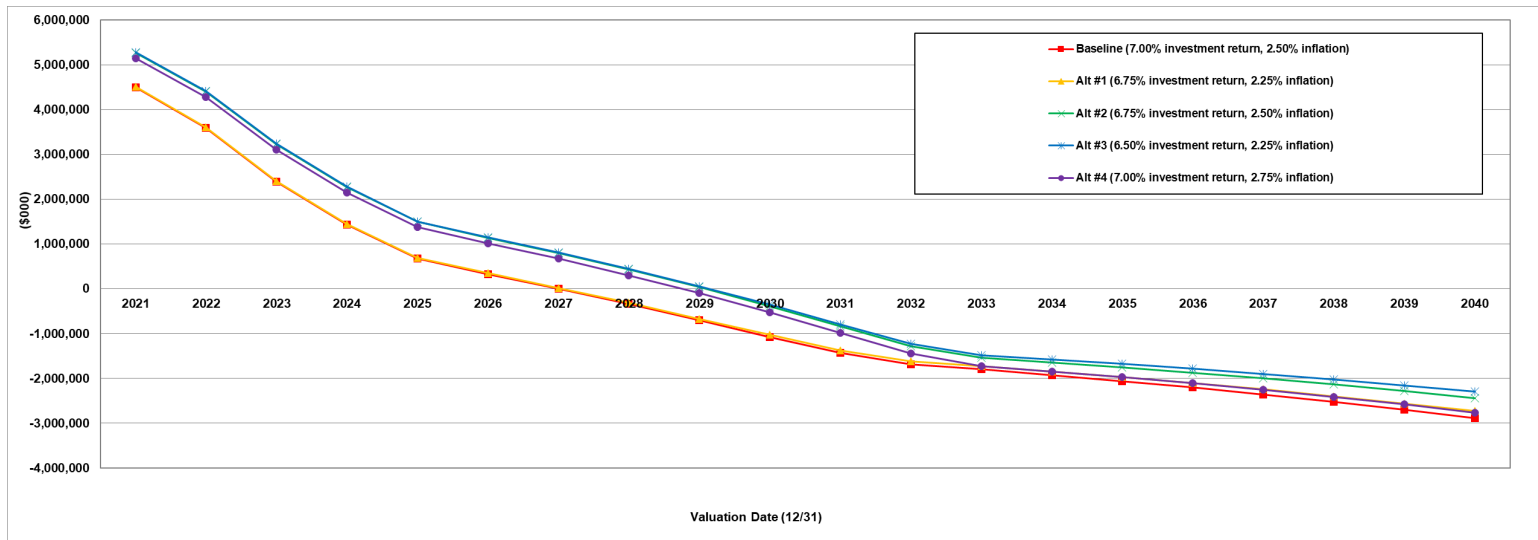
cc: Tracy Bowman
Brenda Shott

Projected Employer Rates Aggregate Plan



Valuation Date (12/31)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Baseline (7.00% investment return, 2.50% inflation)	37.8%	35.1%	31.2%	29.1%	26.8%	26.5%	26.3%	23.1%	22.9%	12.4%	12.2%	12.0%	11.8%	11.6%	11.4%	11.2%	11.1%	10.9%	10.8%	10.6%
Alt #1 (6.75% investment return, 2.25% inflation)	38.0%	35.3%	31.3%	29.2%	26.9%	26.7%	26.4%	23.3%	23.0%	12.4%	12.2%	12.0%	11.8%	11.6%	11.4%	11.3%	11.1%	10.9%	10.8%	10.7%
Alt #2 (6.75% investment return, 2.50% inflation)	41.4%	38.7%	35.3%	32.3%	30.9%	30.6%	29.9%	29.0%	28.8%	25.0%	12.9%	12.7%	12.5%	12.3%	12.1%	11.9%	11.8%	11.6%	11.4%	11.3%
Alt #3 (6.50% investment return, 2.25% inflation)	41.6%	38.9%	35.5%	32.5%	31.1%	30.8%	30.0%	29.2%	28.9%	25.2%	13.0%	12.8%	12.6%	12.4%	12.2%	12.0%	11.8%	11.6%	11.5%	11.3%
Alt #4 (7.00% investment return, 2.75% inflation)	40.8%	38.0%	34.5%	31.6%	30.1%	29.8%	29.1%	28.2%	28.0%	24.4%	12.9%	12.7%	12.5%	12.3%	12.1%	11.9%	11.7%	11.6%	11.4%	11.3%

Projected UAAL⁹ and Funded Ratio for Aggregate Plan

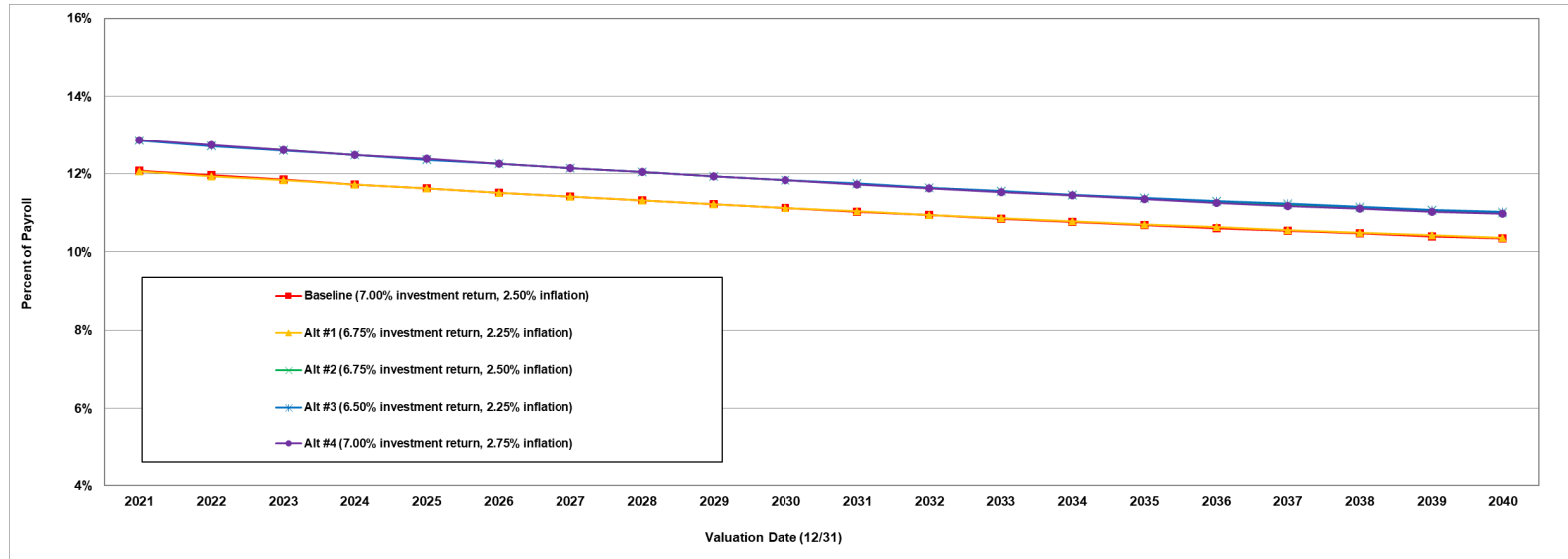


UAAL (\$'000)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Baseline (7.00% investment return, 2.50% inflation)	4,498,586	3,589,945	2,396,149	1,439,722	676,083	333,469	3,574	-333,491	-704,044	-1,071,471	-1,433,617	-1,681,849	-1,799,578	-1,925,548	-2,060,337	-2,204,560	-2,358,879	-2,524,001	-2,700,681	-2,889,729
Alt #1 (6.75% investment return, 2.25% inflation)	4,516,324	3,605,213	2,409,806	1,452,265	689,147	348,606	22,328	-309,175	-671,913	-1,029,895	-1,380,868	-1,618,633	-1,727,891	-1,844,524	-1,969,030	-2,101,939	-2,243,820	-2,395,278	-2,556,960	-2,729,555
Alt #2 (6.75% investment return, 2.50% inflation)	5,267,408	4,405,684	3,234,515	2,273,312	1,496,735	1,142,002	797,431	431,991	36,547	-382,963	-835,075	-1,280,331	-1,541,251	-1,645,285	-1,756,342	-1,874,895	-2,001,451	-2,136,548	-2,280,765	-2,434,717
Alt #3 (6.50% investment return, 2.25% inflation)	5,287,258	4,421,233	3,246,411	2,282,125	1,504,069	1,149,421	806,745	445,256	56,065	-354,855	-795,759	-1,227,762	-1,477,787	-1,573,843	-1,676,143	-1,785,093	-1,901,124	-2,024,697	-2,156,302	-2,296,462
Alt #4 (7.00% investment return, 2.75% inflation)	5,142,339	4,277,447	3,106,158	2,148,564	1,374,310	1,020,144	674,208	305,676	-95,069	-522,485	-985,238	-1,444,273	-1,721,008	-1,841,478	-1,970,382	-2,108,308	-2,255,890	-2,413,802	-2,582,768	-2,763,562

Funded Ratio	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Baseline (7.00% investment return, 2.50% inflation)	81.2%	85.6%	90.8%	94.7%	97.6%	98.9%	100.0%	101.0%	102.1%	103.1%	104.1%	104.6%	104.8%	105.0%	105.2%	105.5%	105.7%	106.0%	106.3%	106.7%
Alt #1 (6.75% investment return, 2.25% inflation)	81.1%	85.5%	90.7%	94.6%	97.5%	98.8%	99.9%	101.0%	102.1%	103.1%	104.0%	104.6%	104.8%	105.0%	105.2%	105.5%	105.8%	106.1%	106.4%	106.8%
Alt #2 (6.75% investment return, 2.50% inflation)	78.6%	82.9%	88.0%	91.9%	94.9%	96.2%	97.5%	98.7%	99.9%	101.1%	102.3%	103.4%	104.0%	104.2%	104.3%	104.5%	104.7%	104.9%	105.2%	105.5%
Alt #3 (6.50% investment return, 2.25% inflation)	78.6%	82.8%	87.9%	91.8%	94.8%	96.2%	97.4%	98.6%	99.8%	101.0%	102.3%	103.4%	104.0%	104.1%	104.3%	104.5%	104.7%	105.0%	105.3%	105.6%
Alt #4 (7.00% investment return, 2.75% inflation)	79.0%	83.4%	88.5%	92.4%	95.3%	96.7%	97.9%	99.1%	100.3%	101.5%	102.6%	103.8%	104.3%	104.5%	104.7%	104.9%	105.1%	105.3%	105.5%	105.8%

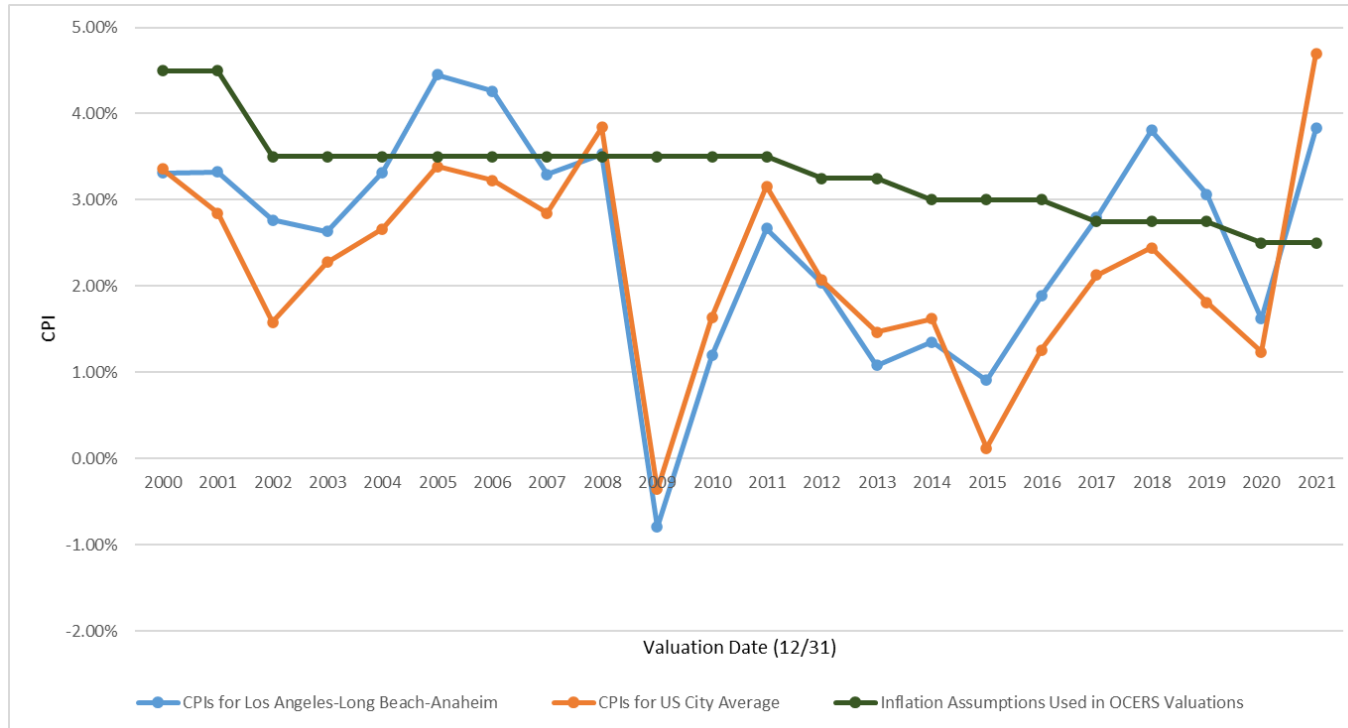
⁹ Excludes UAAL paid by O.C. Vector Control, Cypress Recreation and Parks, U.C.I. and Department of Education in Rate Group #1. If those amounts have been taken into account, the UAAL for the System would have been \$4,527,312 and the funded ratio would have been 81.2% as of 12/31/2021.

Projected Member Rates Aggregate Plan



Valuation Date (12/31)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Baseline (7.00% investment return, 2.50% inflation)	12.1%	12.0%	11.9%	11.7%	11.6%	11.5%	11.4%	11.3%	11.2%	11.1%	11.0%	10.9%	10.9%	10.8%	10.7%	10.6%	10.5%	10.5%	10.4%	10.4%
Alt #1 (6.75% investment return, 2.25% inflation)	12.1%	11.9%	11.8%	11.7%	11.6%	11.5%	11.4%	11.3%	11.2%	11.1%	11.0%	11.0%	10.9%	10.8%	10.7%	10.6%	10.6%	10.5%	10.4%	10.4%
Alt #2 (6.75% investment return, 2.50% inflation)	12.9%	12.7%	12.6%	12.5%	12.4%	12.3%	12.2%	12.0%	11.9%	11.8%	11.7%	11.6%	11.5%	11.5%	11.4%	11.3%	11.2%	11.1%	11.1%	11.0%
Alt #3 (6.50% investment return, 2.25% inflation)	12.9%	12.7%	12.6%	12.5%	12.4%	12.3%	12.2%	12.1%	11.9%	11.8%	11.8%	11.7%	11.6%	11.5%	11.4%	11.3%	11.2%	11.2%	11.1%	11.0%
Alt #4 (7.00% investment return, 2.75% inflation)	12.9%	12.7%	12.6%	12.5%	12.4%	12.3%	12.2%	12.0%	11.9%	11.8%	11.7%	11.6%	11.5%	11.4%	11.4%	11.3%	11.2%	11.1%	11.0%	11.0%

Comparison of Historical CPIs with Inflation Assumptions Used in OCERS Valuations¹⁰



	CPIs for Los Angeles-Long Beach-Anaheim	CPIs for US City Average	Inflation Assumptions Used in OCERS Valuations
20-Year Geometric Average	2.48%	2.15%	3.19%
15-Year Geometric Average	2.14%	1.99%	3.08%
10-Year Geometric Average	2.23%	1.88%	2.87%
5-Year Geometric Average	3.02%	2.46%	2.65%

¹⁰ For the inflation assumptions used in the OCERS' valuations as of December 31, 2000 to December 31, 2003, we have relied on the disclosure provided by the prior actuary in their certification letters and included by OCERS in their annual comprehensive financial reports.



Memorandum

DATE: July 18, 2022
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: ACTUARIAL RISK ASSESSMENT BASED ON THE DECEMBER 31, 2021 ACTUARIAL VALUATION

Presentation

Background/Discussion

Actuarial Standard of Practice (ASOP) No. 51 regarding risk assessment requires actuaries to identify risks that “may reasonably be anticipated to significantly affect the plan’s future financial condition”.

Segal will review the attached copy of the risk assessment report on July 18th.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

Orange County Employees Retirement System

Risk Assessment

**Based on the Actuarial Valuation and Review
as of December 31, 2021**

July 8, 2022

**Paul Angelo, FSA, MAAA, FCA, EA
Andy Yeung, ASA, MAAA, FCA, EA
Todd Tauzer, FSA, MAAA, FCA, CERA**

Table of Contents

Section 1: Introduction and Executive Summary 3
 Introduction 3
 Executive Summary 5

Section 2: Key Plan Risks on Funded Status, Unfunded Actuarial Accrued Liabilities, and Employer Contribution Rates 7
 Evaluation of Historical Trends 7
 Assessment of Primary Risk Factors Going Forward 14
 Plan Maturity Measures that Affect Primary Risks 20

Appendix: Actuarial Assumptions & Methods, Actuarial Certification, and Detailed Scenario Test Results 25
 A: Actuarial Assumptions & Methods 25
 B: Actuarial Certification 27
 C: Detailed Scenario Test Results 28

Section 1: Introduction and Executive Summary

Introduction

The purpose of this report is to assist the Board of Retirement,¹ participating employers and members and other stakeholders to better understand and assess the risk profile of the System, as well as the particular risks inherent in using a fixed set of actuarial assumptions in preparing the results in our December 31, 2021 funding valuation for Orange County Employees Retirement System (OCERS).

The results included in our December 31, 2021 funding valuation report for the Plan were prepared based on a fixed set of economic and non-economic actuarial assumptions under the premise that future experience of OCERS would be consistent with those assumptions. While those assumptions are generally reviewed every three years (with the assumptions from the last triennial experience study adopted by the Board of Retirement for use starting with the December 31, 2020 valuation), there is a risk that emerging results may differ significantly as actual experience is fluid and will not completely track current assumptions.

It is important to note that this risk assessment is based on plan assets as of December 31, 2021. Due to the COVID-19 pandemic, market conditions have changed significantly since the onset of the Public Health Emergency. The Plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the Plan Year. Moreover, these projections do not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after December 31, 2021. While it is impossible to determine how the pandemic will affect market conditions and other demographic experience of the plan in future valuations, the single year investment return scenario test included within this report provides an illustration of the impact of short term market fluctuations on the plan. Additionally, Segal is available to prepare other projections of selected potential outcome scenarios upon request.

On July 30, 2020, the California Supreme Court issued a decision in the case of Alameda County Deputy Sheriffs' Association et al. v. Alameda County Employees' Retirement Association (ACERA) and Board of Retirement of ACERA. That decision has important implications for OCERS and its members. In particular, the decision requires pension systems like OCERS to exclude certain pay items from a legacy member's compensation earnable. It should be noted that neither the December 31, 2021 assets provided by OCERS nor the liabilities we calculated using the membership data provided by OCERS reflect the financial impact of the California Supreme Court decision.

¹ This risk report has been prepared at the request of the Board of Retirement to assist in administering the Plan. This risk report may not otherwise be copied or reproduced in any form without the consent of the Board of Retirement and may only be provided to other parties in its entirety, unless expressly authorized by Segal. The measurements shown in this risk report may not be applicable for other purposes.

Actuarial Standard of Practice on Risk Assessment

The Actuarial Standards Board approved the Actuarial Standard of Practice No. 51 (ASOP 51) regarding risk assessment when performing a funding valuation and it was effective with OCERS' December 31, 2018 actuarial valuation for benefits provided by the Plan. ASOP 51 requires actuaries to identify and assess risks that "may reasonably be anticipated to significantly affect the plan's future financial condition." Examples of key risks listed that are particularly relevant to OCERS are asset/liability mismatch risk, investment risk, and longevity and other demographic risks. ASOP 51 also requires an actuary to consider if there is any ongoing contribution risk to the plan; however, it does not require the actuary to evaluate the particular ability or willingness of contributing entities to make contributions when due, nor does it require the actuary to assess the likelihood or consequences of future changes in applicable law.

The actuary's initial assessment can be strictly a qualitative discussion about potential adverse experience and the possible effect on future results, but it may also include quantitative numerical demonstrations where informative. The actuary is also encouraged to consider a recommendation as to whether a more detailed risk assessment would be significantly beneficial for the intended user in order to examine particular financial risks. When making that recommendation, the actuary will take into account such factors as the plan's design, risk profile, maturity, size, funded status, asset allocation, cash flow, possible insolvency and current market conditions. This report incorporates a more detailed risk assessment as agreed upon with OCERS.

Plan Risk Assessment

In Section 2, we start by discussing some of the historical factors that have caused changes in OCERS' funded status and employer contribution rates. It is important to understand how the combination of decisions and experience has led to the current financial status of the plan.

We follow this with a discussion of the most significant risk factors going forward. Even though we have not included a numerical analysis of all the risk factors, based on our discussions with OCERS we have illustrated the impact on the funded status and employer contribution rates using relevant economic scenario tests. These tests illustrate the effect of future investment returns on the portfolio coming in differently from the current 7.00% annual investment return assumption used in the December 31, 2021 valuation.

ASOP 51 also requires disclosure of plan maturity measures and other historical information that are significant to understanding the risks associated with the Plan and this information is included in this report.

Executive Summary

Historical Funded Status and Employer Contribution Rates

The following table provides a summary of financial changes to the Plan over the last 10 valuations. During this period, there were net decreases in the unfunded actuarial accrued liability (UAAL) and contribution rates despite some increases in those measures^{2,3} primarily from strengthening of the actuarial assumptions used in preparing the valuations and unfavorable investment experience in some prior years. Those increases were more than offset by favorable non-investment experience and by recent favorable investment experience. These changes are detailed in Section 2 of this report.

Valuation Date	Market Value Basis		Valuation Value Basis		Total (Aggregate) Employer Contribution Rate (% of Payroll)
	Funded Status	UAAL	Funded Status	UAAL	
December 31, 2012	63.2%	\$5,578.2 M	62.5%	\$5,675.7 M	41.64%
December 31, 2021	90.5%	\$2,277.3 M	81.2%	\$4,527.3 M	37.82%

Future Funded Status and Employer Contribution Rates

In this report, we highlight key factors besides assumption changes that may affect the financial profile of the Plan going forward. As investment experience in the past 10 years has had a significant impact on the funded status and employer contribution rates, we have also provided deterministic projections (using select scenarios for illustration) under hypothetical favorable and unfavorable future market experience so that the impact of market performance can be better understood.

The total (aggregate) employer contribution rate for the plan is 37.82% of total payroll in the December 31, 2021 valuation. Using a deterministic projection, this report shows the effect of either unfavorable (0.00%) or favorable (14.00%) hypothetical market returns for 2022 on key valuation results. In particular, the changes in the total employer contribution rate (relative to the December 31, 2021 valuation aggregate employer contribution rate of 37.82%) in the December 31, 2022 valuation and in the December 31, 2026 valuation (when all the investment gains or losses are fully recognized at the end of the five-year asset smoothing period) are as shown in the following table:

² For instance, as a result of the two immediately preceding experience studies, the UAAL increased by \$935 million and \$854 million in the December 31, 2012 and December 31, 2017 valuations, respectively.

³ For instance, as a result of the two immediately preceding experience studies, the employer's total rate (normal cost plus UAAL) increased by 4.63% of payroll and 4.81% of payroll in the December 31, 2012 and December 31, 2017 valuations, respectively.

Employer Contribution Rate Change	2022 Single Plan-Year Investment Return		
	0.00%	7.00% (Baseline)	14.00%
December 31, 2022	-1.6% of payroll	-2.7% of payroll	-3.8% of payroll
December 31, 2026	-5.4% of payroll	-11.3% of payroll	-24.6% of payroll

Under the favorable (14.00%) hypothetical market return scenario for 2022, the System would be expected to reach full funding by December 31, 2025⁴ and the total employer contribution rate would be comprised of only normal cost contributions, resulting in a larger relative change from the baseline than the unfavorable (0.00%) hypothetical market return scenario at that time. Furthermore, under all three hypothetical market return scenarios for 2022, the System would be expected to reach full funding within 11 years (by December 31, 2032⁵) and the total employer contribution rate would be expected to approach about 11% of payroll.⁶ This means that the Board's funding policy is very effective in achieving the general policy goal of achieving the long-term full funding of the costs of the benefits paid by OCERS.

Plan Maturity Measures

During the past 10 valuations, the System has become more mature as evidenced by an increase in the ratio of members in pay status (retirees and beneficiaries) to active members (as shown in *Section 2, Chart 8 on page 22*) and by an increase in the ratios of plan assets and liabilities to active member payroll (as shown in *Section 2, Chart 9 on page 23* and *Chart 10 on page 24*, respectively). We expect these trends to continue going forward. This is significant for understanding the volatility of both historical and future employer contribution rates because any increase in UAAL due to unfavorable investment and non-investment experience for the relatively larger group of non-active members would have to be amortized and funded over the payroll of the relatively smaller group of only active members. Put another way, as a plan grows more mature, its contribution rate becomes more sensitive to investment volatility and liability changes. As OCERS continues to mature with time, its risk profile will continue to evolve in this way and contribution volatility will grow more sensitive to plan experience.

⁴ Note that under the 14% return scenario, full funding for each and every Rate Group would not be attained until the last Rate Group (Rate Group #2) achieves that status in the December 31, 2026 Valuation.

⁵ Note that under the 0% return scenario, full funding for each and every Rate Group would not be attained until the last Rate Group (Rate Group #2) achieves that status in the December 31, 2033 Valuation.

⁶ Assuming no further assumption changes, method changes or experience that differs significantly from assumptions.

Section 2: Key Plan Risks on Funded Status, Unfunded Actuarial Accrued Liabilities, and Employer Contribution Rates

Evaluation of Historical Trends

Funded Status and Change in Unfunded Actuarial Accrued Liabilities

One common measure of OCERS' financial status is the funded ratio. This ratio compares the valuation⁷ and market value of assets to the actuarial accrued liabilities (AAL)⁸ of OCERS. While the overall level of funding of OCERS has increased, that increase was offset to some extent as a result of strengthening of the economic and non-economic assumptions especially in the two triennial experience studies recommending assumptions used in the December 31, 2012 and 2017 valuations. Unfavorable investment experience also had an impact. The funded ratios and UAAL for the past 10 valuations from December 31, 2012 to 2021 measured using both valuation and market value of assets are provided in *Chart 1*.

The factors that caused the changes in the UAAL for the past 10 valuations from December 31, 2012 to 2021 are specified in *Chart 2*. The results in *Chart 2* reflect the changes in the investment return assumption from 7.75% to 7.25% in the December 31, 2012 valuation and from 7.25% to 7.00% in the December 31, 2017 valuation. These reductions together with the changes in the mortality tables and other assumptions from the two triennial experience studies recommending assumptions used in the December 31, 2012 and 2017 valuations have had by far the most impact on the UAAL for OCERS⁹. The next greatest impact was from the unfavorable investment experience in 2008, that was recognized from 2009 to 2012 under OCERS' asset smoothing policy. Finally, the favorable investment experience in 2021 has offset some of the unfavorable investment experience in the recent past.

Chart 2 also shows that the unfavorable investment experience prior to 2021 was offset to some extent by favorable non-investment experience as well as the favorable investment experience in 2021. The non-investment experience includes smaller salary increases received by active members and smaller cost-of-living-adjustment (COLA) increases received by

⁷ The valuation value of assets is equal to the market value of assets excluding unrecognized market gains and losses from the last few years and any non-valuation reserves. Market gains and losses are equal to the difference between the actual market return and the expected return on the market value, and are recognized over a five-year period.

⁸ For the actives, the actuarial accrued liability is the value of the accumulated normal costs allocated to the years before the valuation date. For the pensioners, beneficiaries and inactive vested members, the actuarial accrued liability is the single-sum present value of the lifetime benefit expected to be paid to those members.

⁹ For instance, as a result of the two experience studies, the UAAL increased by \$935 million and \$854 million in the December 31, 2012 and December 31, 2017 valuations, respectively.

retirees and beneficiaries than those expected under the actuarial assumptions. The non-investment experience also includes the scheduled 18-month delay in implementing the contribution rates determined in the annual valuation.

It is important to note that OCERS has taken significant strides in risk management and resulting long-term plan sustainability. This includes strengthening of assumptions, particularly the expected investment rate of return and mortality assumption (amount-weighted generational mortality tables), and adopting a funding policy that eliminates negative amortization and promotes intergenerational equity. Assumptions will continue to be reviewed in future experience studies to reflect the Plan's experience as well as future expectations. Those changes may result in higher contributions in the short term, but in the medium to longer term avoid both deferring contributions and allowing unmanaged growth in the UAAL. We believe these actions are essential for OCERS' fiscal health going forward.

Chart 1

Funded Ratio (Percentages) and Dollar UAAL (\$ Millions)
in December 31, 2012 to 2021 Valuations

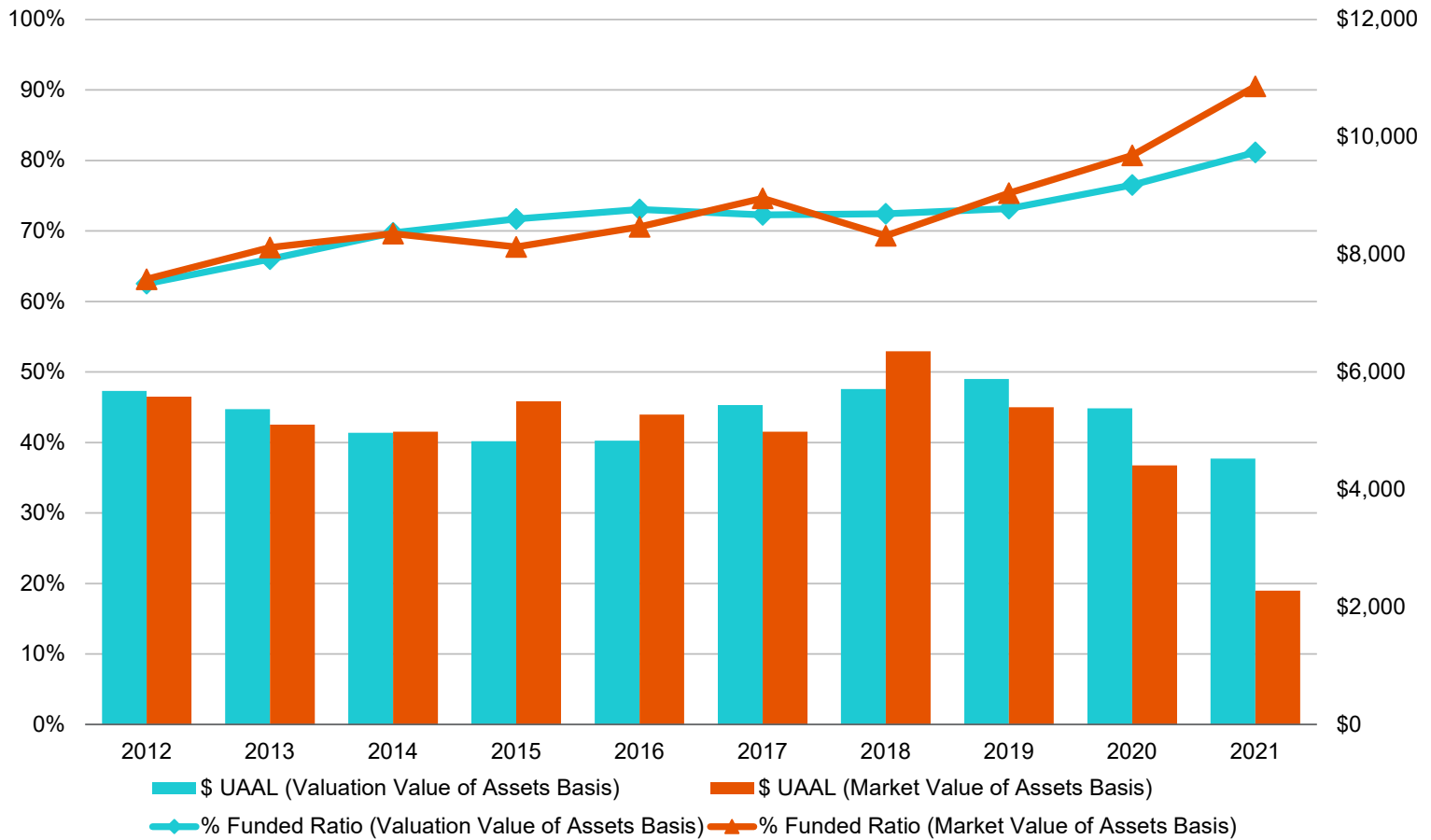
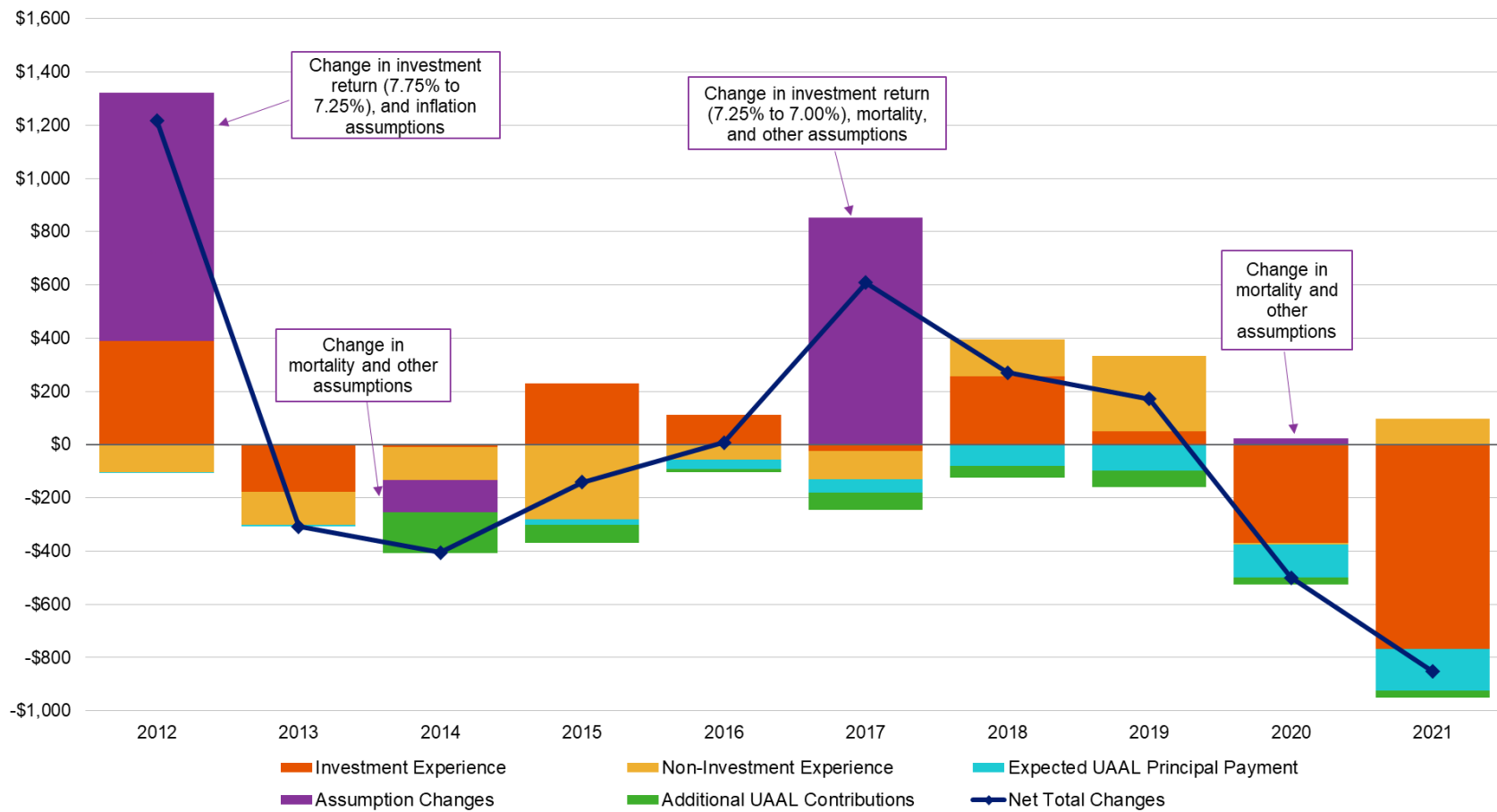


Chart 2

Factors that Changed UAAL in December 31, 2012 to 2021 Valuations (\$ Millions)



Note: The primary source of investment losses shown in the December 31, 2012 valuation is the 2008 market decline (“the Great Recession”), which was recognized in the valuation value of assets over five years.

Employer Contribution Rates

The total (normal cost¹⁰ plus UAAL payment) employer contribution rates determined in the December 31, 2012 to 2021 valuations are provided in *Chart 3* and the factors that caused the changes in the total aggregate employer rates¹¹ are provided in *Chart 4*.

The employer's aggregate normal cost rates in *Chart 3* have stayed relatively flat during the last 10 years. There have been increases in the employer's normal cost rates due to the changes in the actuarial assumptions. However, those increases were offset to some degree by the plan changes under the Public Employees' Pension Reform Act of 2013 (PEPRA) as new members have been enrolled in the lower cost PEPRA benefit tiers starting on January 1, 2013. In the December 31, 2021 valuation, about 45% of OCERS' total active membership group is made up of members enrolled in the PEPRA plans. Using a simplified method that does not take into account any difference in demographic profile of the active members covered under the PEPRA and the legacy plans, we estimated that the lower cost PEPRA benefit tiers have reduced the average sponsoring employers' normal cost for the December 31, 2021 valuation by about 2.5% of payroll or \$51 million per year.

Chart 4 shows that the changes in the investment return (from 7.75% to 7.25% in the December 31, 2012 valuation and from 7.25% to 7.00% in the December 31, 2017 valuation), mortality tables and other assumptions from the two triennial experience studies performed before the December 31, 2012 and December 31, 2017 valuations had by far the most impact on increasing the UAAL contribution rates¹² for the employers. The next greatest impact was from the unfavorable investment experience in 2008, that was recognized from 2009 to 2012 under OCERS' asset smoothing policy.

¹⁰The normal cost is the amount of contributions required to fund the portion of the level cost of the member's projected retirement benefit that is allocated to the current year of service.

¹¹There are separate contribution rates determined in the valuation for the General and Safety membership groups and for the different benefit tiers and employers. The aggregate contribution rates have been calculated based on an average of those rates weighted by the payrolls of the active members reported in those valuations.

¹²For instance, as a result of the two experience studies, the employer's total rate (normal cost plus UAAL) increased by 4.63% of payroll and 4.81% of payroll in the December 31, 2012 and December 31, 2017 valuations, respectively.

Chart 3

Employer Contribution Rates in December 31, 2012 to 2021 Valuations (% of Payroll)

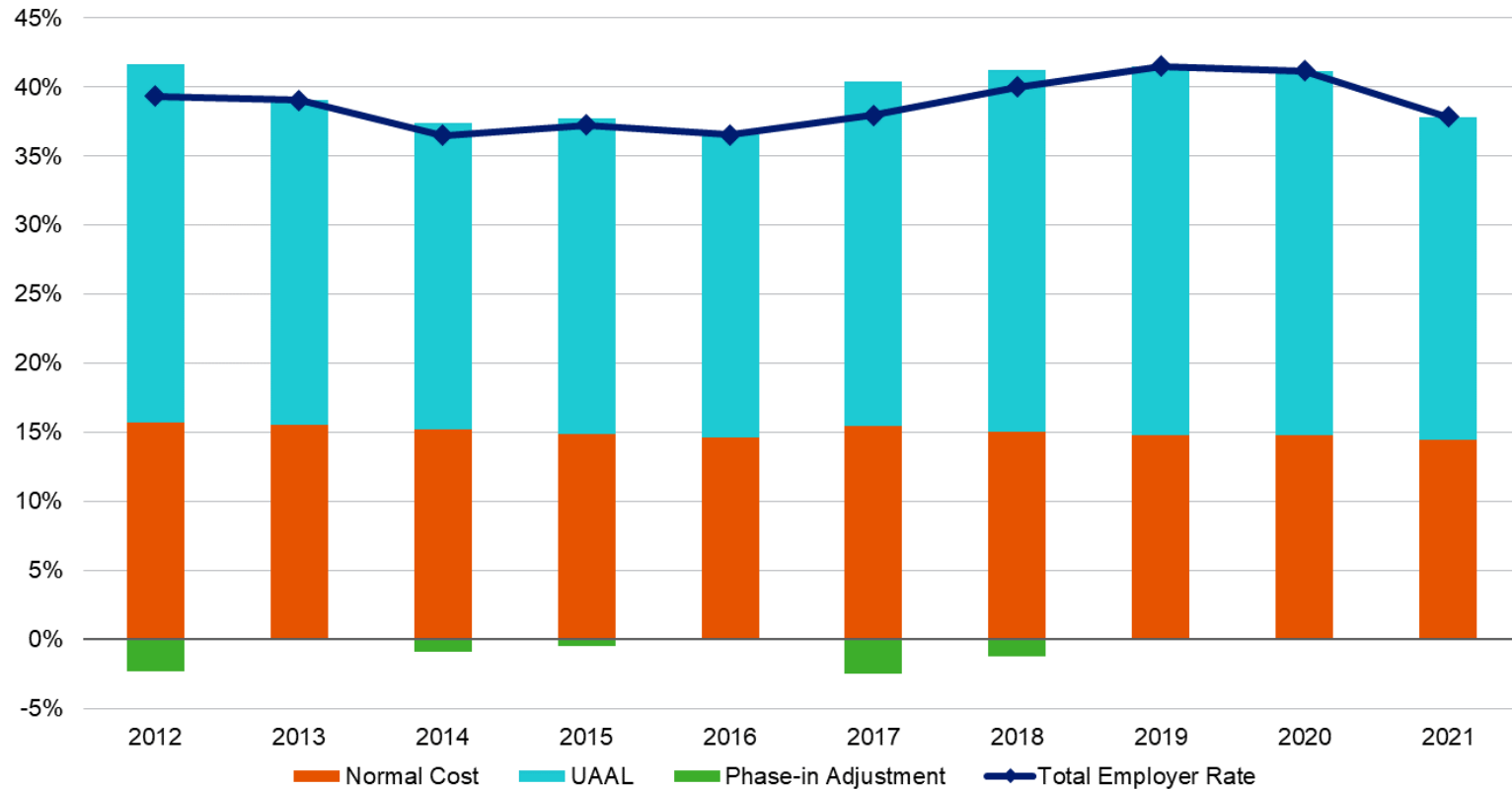
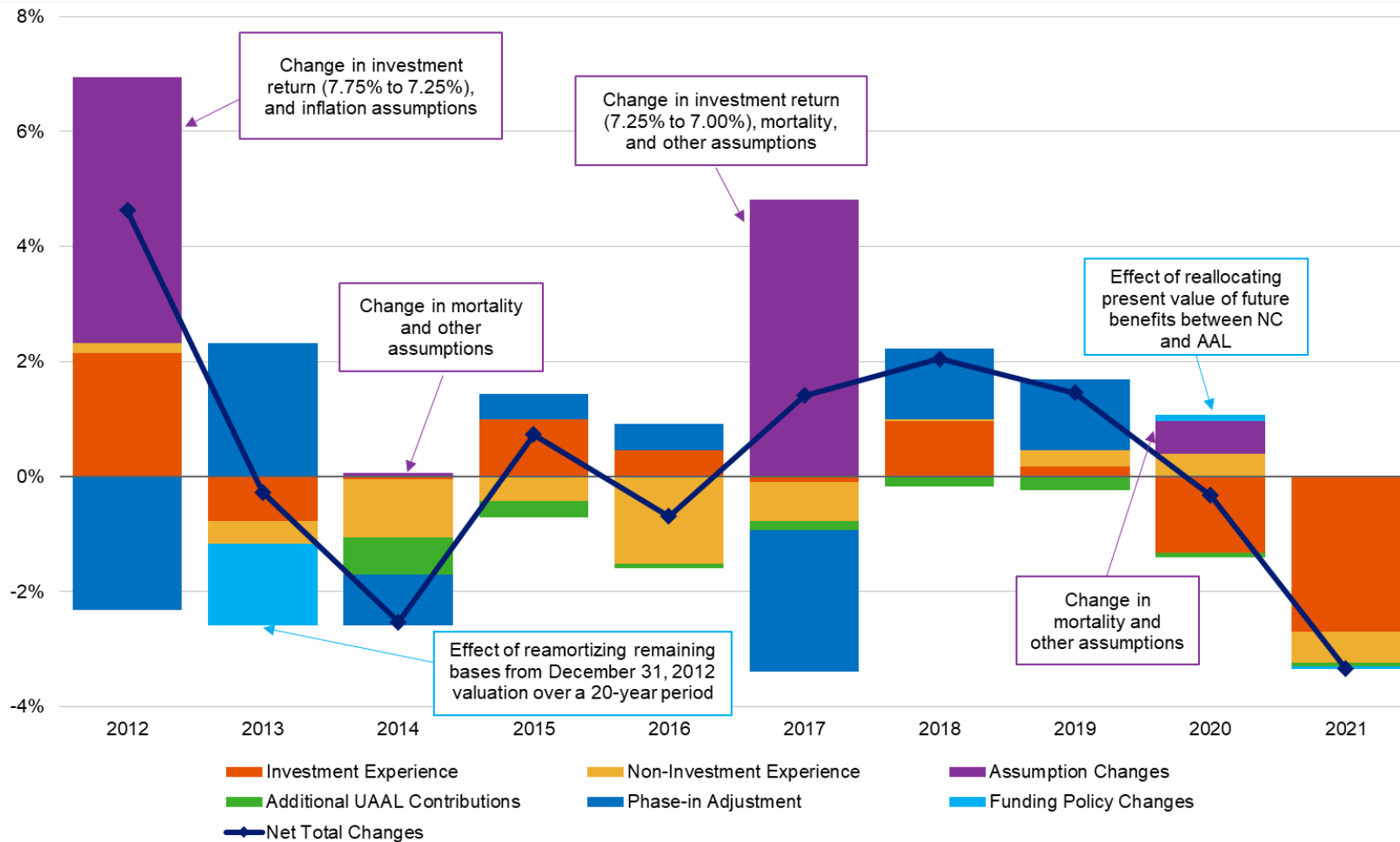


Chart 4

Factors that Affected Employer Contribution Rates in December 31, 2012 to 2021 Valuations (% of Payroll)



Note: The primary source of investment losses shown in the December 31, 2012 valuation is the 2008 market decline (“the Great Recession”), which was recognized in the valuation value of assets over five years.

Assessment of Primary Risk Factors Going Forward

As discussed in the Evaluation of Historical Trends section, in the 2012 to 2021 valuations the funded ratios and the employer contribution rates have changed mainly as a result of changes in actuarial assumptions, investment experience, and non-investment experience.

In general, we anticipate the following risk factors to have an ongoing influence on those financial metrics in our future valuations:

- **Asset/liability mismatch risk** – the potential that future plan experience does not affect asset and liability values in the same way, causing them to diverge.

The most significant asset/liability mismatch risk to OCERS is investment risk, as defined below. In fact, investment risk has the potential to impact asset/liability mismatch in two ways. The first mismatch is evident in annual valuations: when asset values deviate from assumptions, those changes are essentially independent from liability changes. The second mismatch can be caused when systemic asset deviations from assumptions may signal the need for an assumption change, which causes liability values and contribution rates to move in the opposite direction from the experience of the asset values.

Asset/liability mismatch can also be caused by longevity and other demographic assumption risks, which affect liabilities but have no impact on asset levels. These risks are also discussed below.

It may be informative to use the asset volatility and liability volatility ratios and associated contribution rate impacts provided in the following Plan Maturity Measures section when discussing with the employers the effect of unfavorable or favorable actuarial experience on the assets and the liabilities of OCERS.

- **Investment risk** – the potential that future market returns will be different from the current expected 7.00% annual return assumption.

The investment return assumption is a long-term, deterministic assumption for valuation purposes even though in reality market experience can be quite volatile in any given year. We have included deterministic scenario tests later in this section so that OCERS can better understand the risk associated with earning either less or more than the assumed rate.

Also, the Board has a policy of reviewing the investment return and the other actuarial assumptions generally every three years, with the next triennial experience study (recommending assumptions for the December 31, 2023 actuarial valuations) scheduled to be performed in 2023 following the December 31, 2022 valuation.

- **Longevity and other demographic risks** – the potential that mortality or other demographic experience will be different than expected.

In the most recent experience study recommending assumptions for the December 31, 2020 valuation, mortality tables were updated to using amount-weighted public sector mortality tables published by the Society of Actuaries. However, the impact of this change resulted in a small net change in liabilities (as the liabilities for the General membership groups increased while the liabilities for the Safety membership groups decreased). Overall, the non-economic assumption changes in the most recent experience study had a relatively small net impact compared to prior experience studies. As can be observed from *Charts 2 and 4*, generally there has been relatively small impact on the UAAL and employer contribution rates due to non-investment related experience relative to that assumed in the last 10 valuations.

- **Contribution risk** – the potential that actual future contributions will be different from expected future contributions.

ASOP 51 does not require the actuary to evaluate the particular ability or willingness of the plan sponsor or other contributing entity to make contributions to the plan when due. However, it does require the actuary to consider the potential for and impact of actual contributions deviating from expected in the future. OCERS' employers have a well-established practice of making the actuarially determined contribution (ADC) determined in the annual actuarial valuations, based on the Board of Retirement's Actuarial Funding Policy. As a result, in practice OCERS has essentially no contribution risk.

Furthermore, when ADCs determined in accordance with the OCERS Actuarial Funding Policy are made in the future by the employers (and contributions required by the statute are made by the employees), it is anticipated that the System would have enough assets to provide all future benefits promised to the current members enrolled in the System, if all of the actuarial assumptions used in the valuation are met.

ASOP 51 also lists interest rate risk as an example of a potential risk to consider. However, the valuations of your Plan's liabilities are not linked directly to market interest rates so the resulting interest rate risk exposure is minimal.

Scenario Tests: Deterministic Projections

Since the funded ratio, UAAL and employer contribution rates have fluctuated as a result of deviation in investment experience in the last 10 valuations, we have examined the risk for OCERS associated with assets earning either lower or higher than the assumed rate of 7.00% in future valuations using projections under a deterministic approach.

To measure such risk, we have included scenario tests to study the change in the UAAL and contribution rates if OCERS were to earn a market return lower or higher than 7.00% in the next year following the December 31, 2021 valuations. In *Charts 5, 6 and 7*, we show the aggregate employer contribution rates, funded ratios, and UAAL respectively assuming that the System's portfolio market return in 2022 will be as follows:

Scenario 1: 0.00% (unfavorable)

Scenario 2: 7.00% (baseline)

Scenario 3: 14.00% (favorable)

The following table summarizes the resulting employer contribution changes (relative to the December 31, 2021 valuation aggregate employer contribution rate of 37.82%) in the next valuation (i.e., December 31, 2022) as well as in the December 31, 2026 valuation when all of the investment gains and losses are fully recognized in the (smoothed) valuation value of assets.

Employer Contribution Rate Change	2022 Single Plan-Year Investment Return		
	0.00%	7.00% (Baseline)	14.00%
December 31, 2022	-1.6% of payroll	-2.7% of payroll	-3.8% of payroll
December 31, 2026	-5.4% of payroll	-11.3% of payroll	-24.6% of payroll

Under the favorable (14.00%) hypothetical market return scenario for 2022, the System would be expected to completely pay off the unfunded liability and reach full funding by December 31, 2025¹³. At that time the total employer contribution rate would be comprised of only normal cost contributions, resulting in a larger relative change from the baseline than in the unfavorable (0.00%) hypothetical market return scenario. Furthermore, under all three hypothetical market return scenarios for 2022, the System would be expected to reach full funding within 11 years (by December 31, 2032¹⁴) and the total employer contribution rate would be expected to approach about 11% of payroll.¹⁵ This means that the Board's funding policy is very effective in achieving the general policy goal of achieving the long-term full funding of the costs of the benefits paid by OCERS.

While we have not assigned a probability on the 2022 market return coming in at these rates, the Board and other stakeholders monitoring OCERS should still be able to interpolate in order to estimate the funded status and employer contribution rates for the December 31, 2022 and next several valuations as the actual investment experience for the 2022 year becomes available throughout the year. Additionally, comparable experience in upcoming future years is likely to have a similar impact on the System absent any significant plan or assumption changes.

¹³ Note that under the 14% return scenario, full funding for each and every Rate Group would not be attained until the last Rate Group (Rate Group #2) achieves that status in the December 31, 2026 Valuation.

¹⁴ Note that under the 0% return scenario, full funding for each and every Rate Group would not be attained until the last Rate Group (Rate Group #2) achieves that status in the December 31, 2033 Valuation.

¹⁵ Assuming no further assumption changes, method changes or experience that differs significantly from assumptions.

Chart 5

Projected Employer Contribution Rates Under Three Hypothetical Market Return Scenarios for 2022 (% of Payroll)

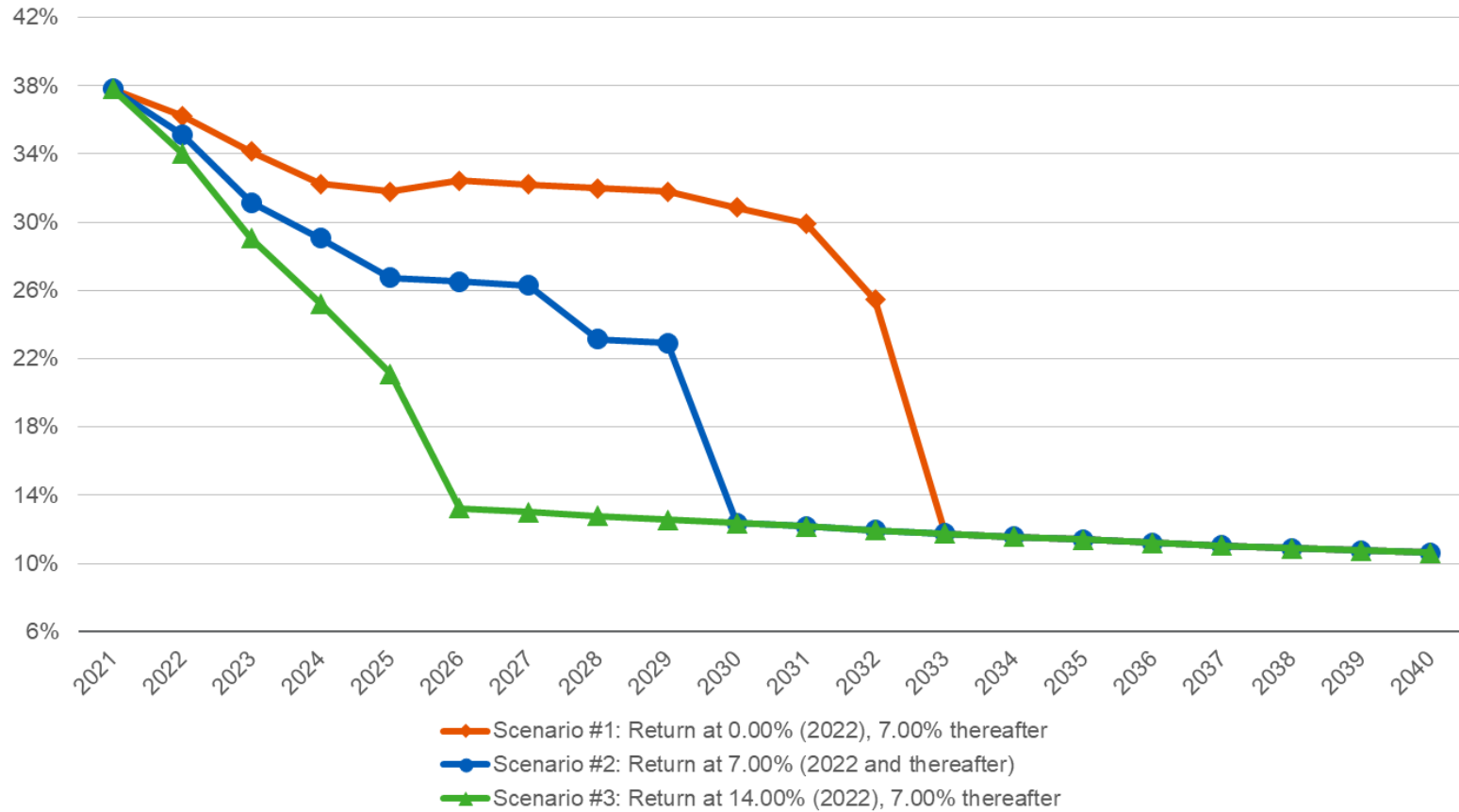


Chart 6

Projected Funded Ratios (on Valuation Value of Assets Basis) Under Three Hypothetical Market Return Scenarios for 2022

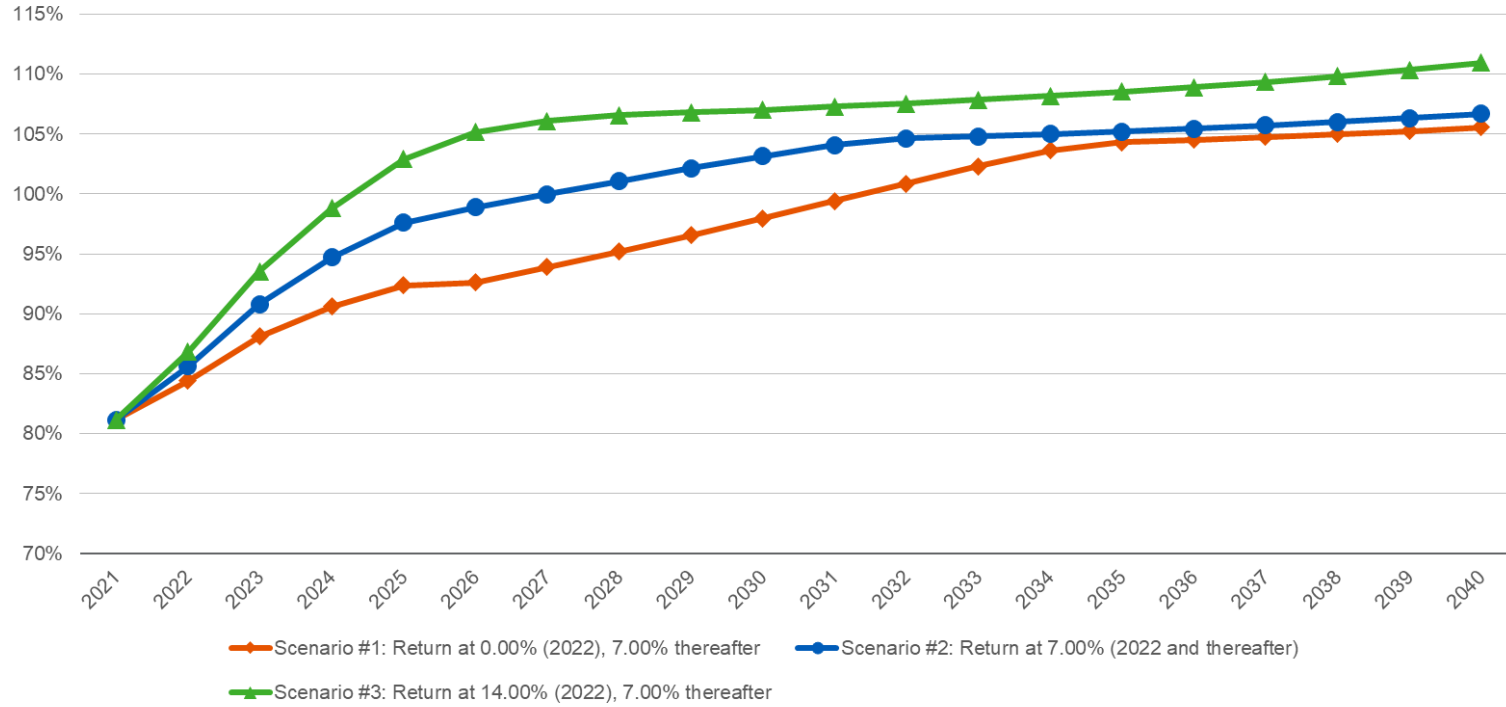
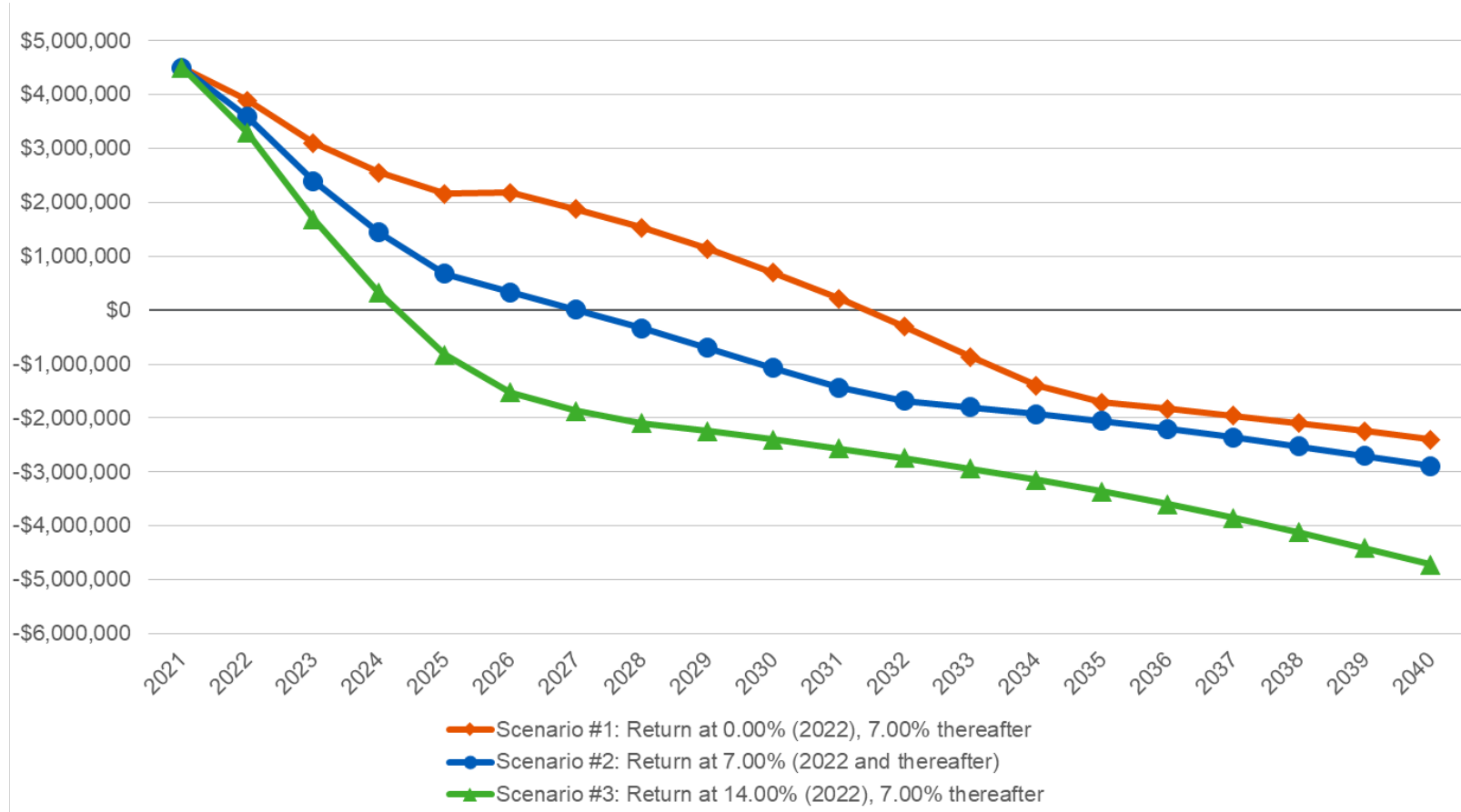


Chart 7

Projected UAAL (on Valuation Value of Assets Basis) Under
Three Hypothetical Market Return Scenarios for 2022
(\$ 000)



Plan Maturity Measures that Affect Primary Risks

The annual actuarial valuation considers the number and demographic characteristics of covered members, including active members and non-active members (inactive vested, retirees and beneficiaries). In the past 10 valuations from December 31, 2012 to 2021, OCERS has become more mature, indicated by the continued increase in the ratio of non-active to active members covered by the System as shown in *Chart 8*. The Chart also shows the ratio of members in pay status (retirees and beneficiaries) to active members. This ratio excludes the inactive vested members who have relatively smaller liabilities. The increase in the ratios is significant because any increase in UAAL due to unfavorable future investment and non-investment experience for a plan with a relatively larger group of non-active members would have to be amortized and funded using the payroll of a relatively smaller group of active members.

Besides the ratio of members in pay status to active members, another indicator of a more mature plan is relatively large amounts of assets and/or liabilities compared to active member payroll, which leads to increasing volatility in the level of required contributions. The **Asset Volatility Ratio (AVR)**, which is equal to the market value of assets divided by total payroll, provides an indication of contribution sensitivity to changes in the current level of assets and is detailed in *Chart 9*. The **Liability Volatility Ratio (LVR)**, which is equal to the actuarial accrued liability divided by payroll, provides an indication of the contribution sensitivity to changes in the current level of liability and is detailed in *Chart 10*. Over time, the AVR should approach the LVR because when a plan is fully funded the assets will equal the liabilities. As such, the LVR also indicates the long-term contribution sensitivity to the asset volatility, as the plan approaches full funding.

In particular, OCERS' AVR was 10.6 as of December 31, 2021. This means that a 1% asset gain or loss in 2022 (relative to the assumed investment return) would amount to 10.6% of one year's payroll. Similarly, OCERS' LVR was 11.7 as of December 31, 2021, so a 1% liability gain or loss in 2022 would amount to 11.7% of one year's payroll.¹⁶ Based on OCERS' policy to amortize actuarial experience over a period of 20 years, there would be a 0.8% of payroll decrease or increase in the required contribution rate for each 1% asset gain or loss, respectively, and a 0.9% of payroll decrease or increase in the required contribution rate for each 1% liability gain or loss, respectively.

It is also informative to note that the AVR and LVR for OCERS' Safety groups are higher than for the General groups. This means that both investment volatility and assumption changes will have a greater impact on the contribution rates of Safety groups than General groups. This is illustrated in the following table:

¹⁶The 10.6 and 11.7 are the AVR and LVR, respectively, for the entire System. There are considerable differences in those ratios for the General and Safety membership groups.

December 31, 2021				
Employee Group	AVR	10% Investment Loss Compares to	LVR	10% Liability Change Compares to
General	9.3	93% of payroll	10.5	105% of payroll
Safety	14.5	145% of payroll	15.4	154% of payroll
Combined	10.6	106% of payroll	11.7	117% of payroll

Chart 8

Ratios of Members in Pay-Status (Retirees and Beneficiaries) to Active Members & Non-Active Members (Inactive Vested, Retirees and Beneficiaries) to Active Members in December 31, 2012 to 2021 Valuations

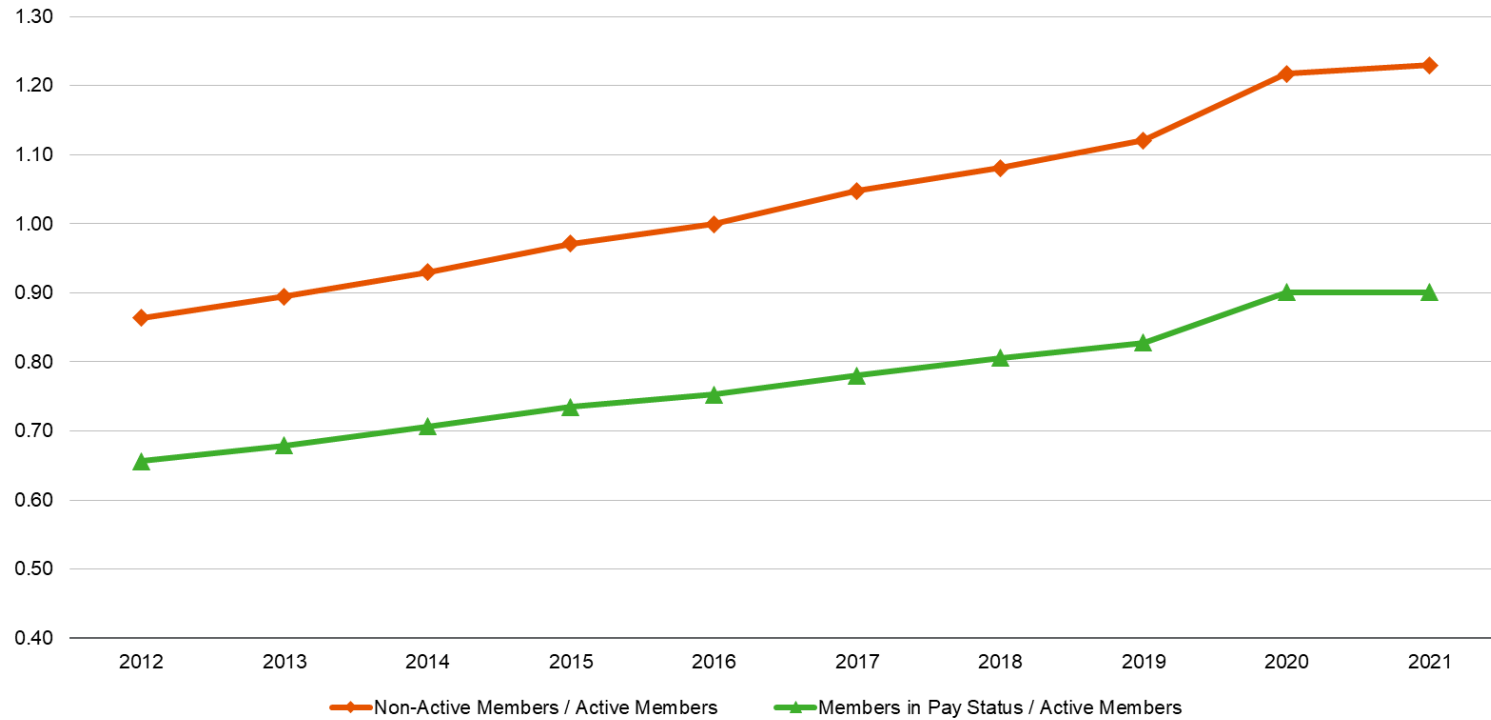


Chart 9

Asset Volatility Ratios in December 31, 2012 to 2021 Valuations

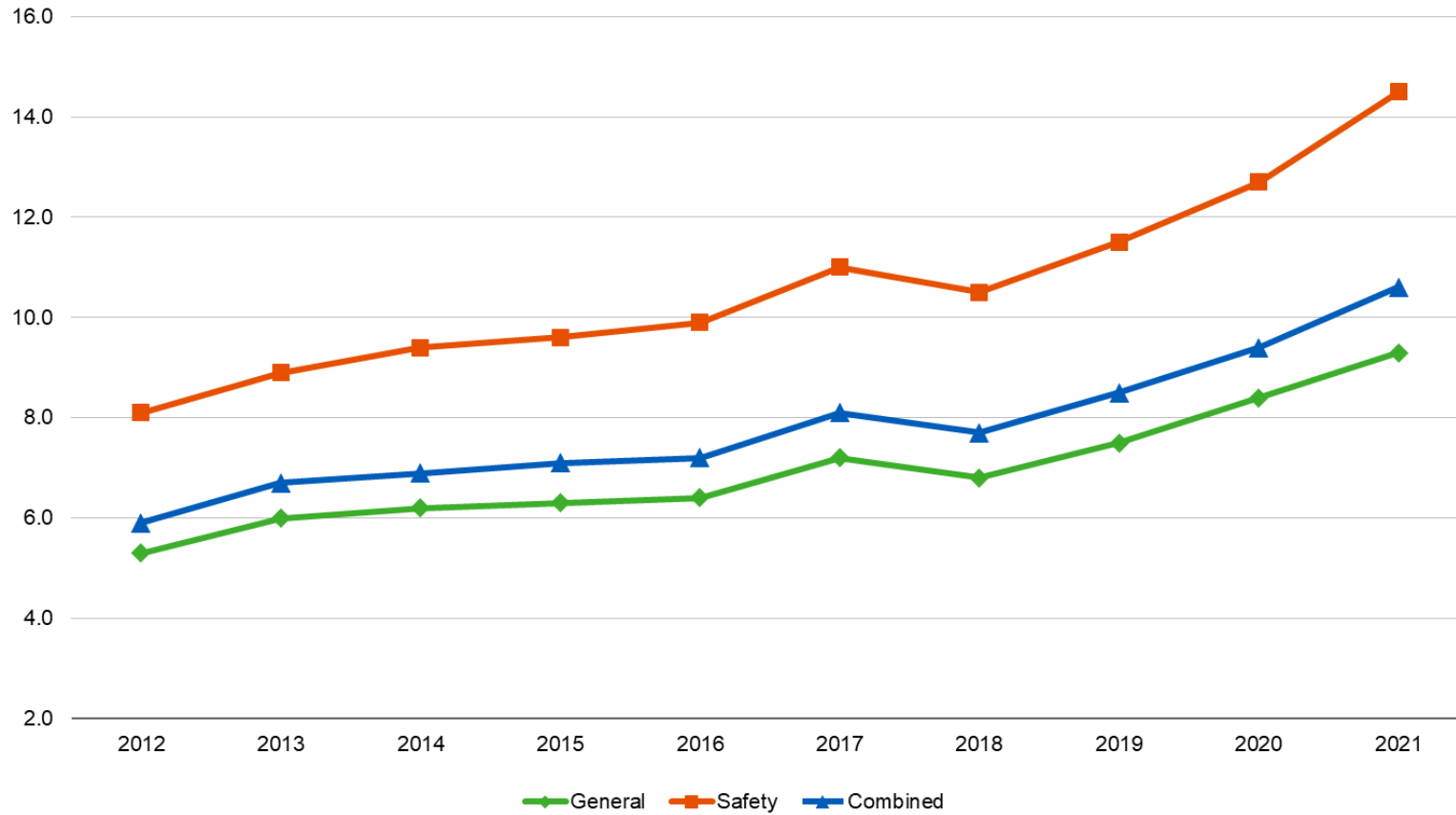
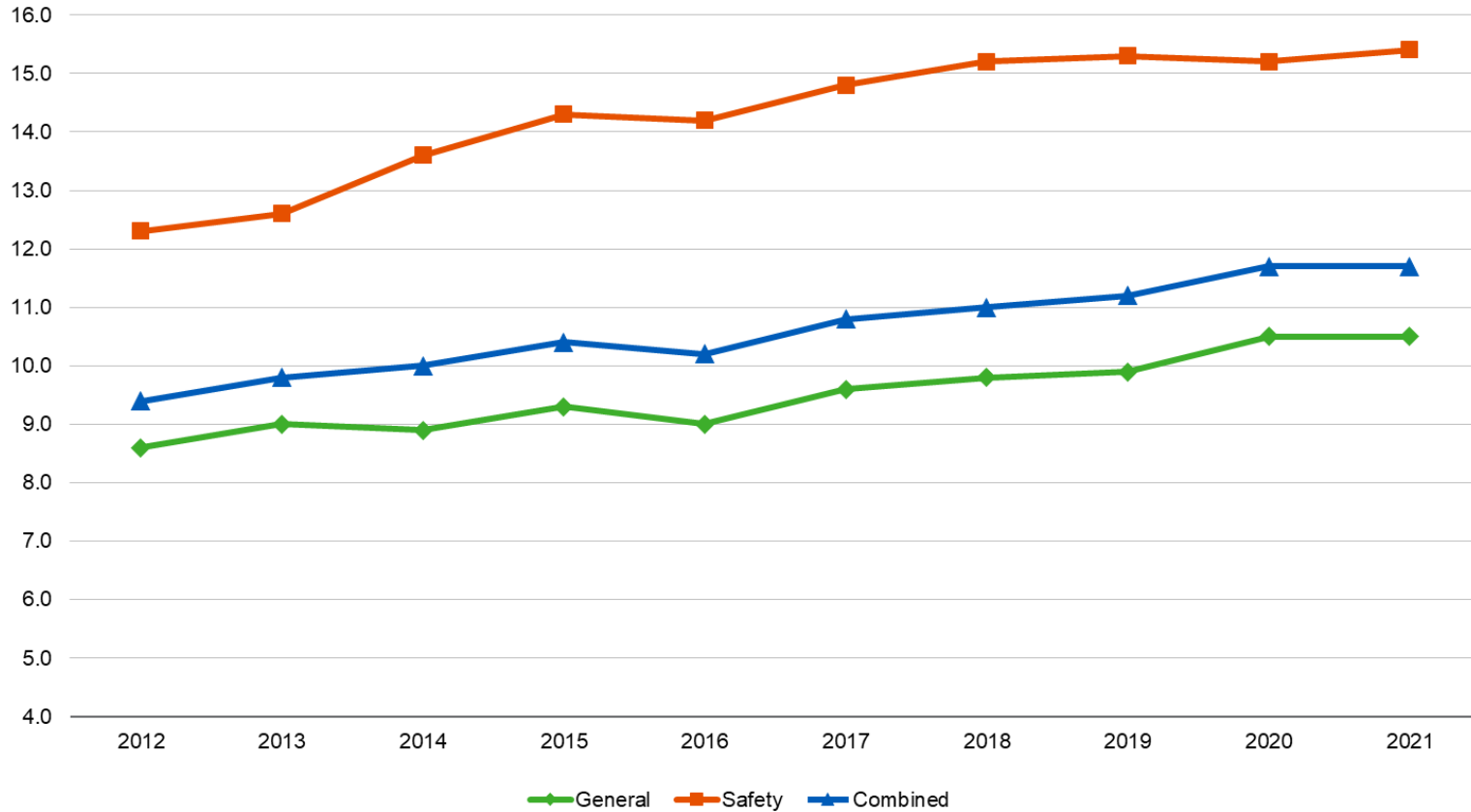


Chart 10

Liability Volatility Ratios in December 31, 2012 to 2021 Valuations



Appendix: Actuarial Assumptions & Methods, Actuarial Certification, and Detailed Scenario Test Results

A: Actuarial Assumptions & Methods

Unless otherwise noted, the results included in this report have been prepared based on the assumptions and methods used in preparing the December 31, 2021 valuation.

Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Deterministic Projection

In addition, we have prepared the deterministic projection using the following assumptions and methods applied in the December 31, 2021 actuarial valuation:

- Non-economic assumptions will remain unchanged.
- Retirement benefit formulas will remain unchanged.
- 1937 Act and PEPRA statutes will remain unchanged.
- UAAL amortization method will remain unchanged (i.e., 20-year layers and level percent of pay).
- Economic assumptions will remain unchanged, including the annual 7.00% investment earnings and 3.00% active payroll growth assumptions.
- Deferred investment gains and losses will be recognized over a five-year period.
- All other actuarial assumptions used in the December 31, 2021 actuarial valuation will be realized.

Appendix A (continued)

Other Considerations

The results presented in this report are intended to provide insight into key plan risks that can inform financial preparation and future decision making. However, we emphasize that deterministic projections, by their nature, are not a guarantee of future results. The modeling projections are intended to serve as illustrations of future financial outcomes that are based on the information available to us at the time the modeling is undertaken and completed, and the agreed-upon assumptions and methodologies described herein. Emerging results may differ significantly if the actual experience proves to be different from these assumptions or if alternative methodologies are used. Actual experience may differ due to such variables as demographic experience, the economy, stock market performance and the regulatory environment.

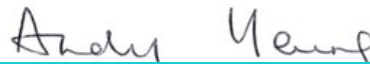
B: Actuarial Certification

The actuarial calculations in this report were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary.

The actuarial opinions expressed in this report were prepared by Paul Angelo, FSA, MAAA, FCA, Enrolled Actuary, Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary, and Todd Tauzer, FSA, MAAA, FCA, CERA. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.



Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary



Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary



Todd Tauzer, FSA, MAAA, FCA, CERA
Vice President and Consulting Actuary

C: Detailed Scenario Test Results

The following table contains detailed results from each of the three hypothetical market return scenario projections.

- Scenario 1: Return at 0.00% (2022), 7.00% thereafter
- Scenario 2: Return at 7.00% (2022 and thereafter)
- Scenario 3: Return at 14.00% (2022), 7.00% thereafter

	Projected Employer Rates (% of Payroll)			Projected Funded Ratio (Valuation Value Basis)			Projected UAAL (\$ Millions)		
	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
2021	37.8%	37.8%	37.8%	81.2%	81.2%	81.2%	4,499	4,499	4,499
2022	36.2%	35.1%	34.1%	84.4%	85.6%	86.8%	3,892	3,590	3,287
2023	34.2%	31.2%	29.1%	88.1%	90.8%	93.5%	3,107	2,396	1,685
2024	32.3%	29.1%	25.2%	90.6%	94.7%	98.8%	2,554	1,440	325
2025	31.8%	26.8%	21.1%	92.4%	97.6%	102.9%	2,166	676	(824)
2026	32.5%	26.5%	13.2%	92.6%	98.9%	105.2%	2,178	333	(1,525)
2027	32.2%	26.3%	13.0%	93.9%	100.0%	106.1%	1,875	4	(1,868)
2028	32.0%	23.1%	12.8%	95.2%	101.0%	106.6%	1,530	(333)	(2,096)
2029	31.8%	22.9%	12.6%	96.6%	102.1%	106.8%	1,135	(704)	(2,243)
2030	30.9%	12.4%	12.4%	98.0%	103.1%	107.0%	697	(1,071)	(2,400)
2031	29.9%	12.2%	12.2%	99.4%	104.1%	107.3%	213	(1,434)	(2,568)
2032	25.5%	12.0%	12.0%	100.9%	104.6%	107.5%	(311)	(1,682)	(2,748)
2033	11.8%	11.8%	11.8%	102.3%	104.8%	107.8%	(866)	(1,800)	(2,940)
2034	11.6%	11.6%	11.6%	103.6%	105.0%	108.2%	(1,400)	(1,926)	(3,146)
2035	11.4%	11.4%	11.4%	104.3%	105.2%	108.5%	(1,709)	(2,060)	(3,366)
2036	11.2%	11.2%	11.2%	104.5%	105.5%	108.9%	(1,828)	(2,205)	(3,602)
2037	11.1%	11.1%	11.1%	104.7%	105.7%	109.3%	(1,956)	(2,359)	(3,854)
2038	10.9%	10.9%	10.9%	105.0%	106.0%	109.8%	(2,093)	(2,524)	(4,123)
2039	10.8%	10.8%	10.8%	105.3%	106.3%	110.3%	(2,240)	(2,701)	(4,412)
2040	10.6%	10.6%	10.6%	105.6%	106.7%	110.9%	(2,397)	(2,890)	(4,721)

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Memorandum

DATE: July 18, 2022
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **COVID-19 UPDATE**

Presentation

I will provide a verbal update of any timely COVID-related information items to the Board on July 18.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

*Orange County Employees Retirement System
Retirement Board Meeting
July 18, 2022
Application Notices*

<i>Member Name</i>	<i>Agency/Employer</i>	<i>Retirement Date</i>
Albelo, Maria	John Wayne Airport	5/20/2022
Ambriz Fernandez, Jorge	OCTA	5/11/2022
Arnold, Richard	OC Vector Control District	5/20/2022
Baker, Michael	Fire Authority (OCFA)	5/6/2022
Bernard, Kyle	Sheriff's Dept	5/13/2022
Bialobreski, Robert	Fire Authority (OCFA)	5/3/2022
Bowman, Jeffrey	Fire Authority (OCFA)	4/24/2022
Browder, Donald	Human Resources Dept	5/20/2022
Burkhart, Diane	Social Services Agency	5/16/2022
Cady, Margaret	Sheriff's Dept	5/3/2022
Carr, George	OCTA	5/8/2022
Cauldwell, Alynn	Health Care Agency	5/2/2022
Chatwin, Robert	Sheriff's Dept	5/20/2022
Ciraulo, Christopher	Fire Authority (OCFA)	5/3/2022
Clements, Michael	Social Services Agency	4/1/2022
Concepcion, Rey	OC Public Works	5/21/2022
Derbyshire, Gretchen	Sheriff's Dept	5/20/2022
Devore, James	City of San Juan Capistrano	5/5/2022
Dinco, Christian	Sheriff's Dept	4/1/2022
Ellman, Karl	Fire Authority (OCFA)	4/28/2022
Fraze, Bruce	Sheriff's Dept	3/25/2022
Gardner, Robert	Sheriff's Dept	3/25/2022
Hittner, Carolyn	Health Care Agency	5/12/2022
Hsieh, Jane	Health Care Agency	5/3/2022
Johnson, Phillip	OCFA	3/25/2022
Juarez, Dionne	Social Services Agency	3/11/2022
Laz, Creighton	Superior Court	5/13/2022
Manning, John	Fire Authority (OCFA)	5/1/2022
Marinello, Dennis	Fire Authority (OCFA)	4/27/2022
Masaoka, My-Dung	Social Services Agency	5/6/2022
Matranga, Michael	Sheriff's Dept	5/20/2022
Neal, Sandra	Probation	3/25/2022
Negash, Beyan	OCTA	5/22/2022
Nelson, Richard	Sheriff's Dept	3/11/2022
Perrin, Todd	Fire Authority (OCFA)	3/25/2022
Schneider, Mark	Auditor Controller	5/11/2022
Solomon, Steven	Fire Authority (OCFA)	4/26/2022
Stewart, Stephen	Fire Authority (OCFA)	3/25/2022
Sutphin, Mark	Health Care Agency	4/1/2022
Tate, Antoinette	OCTA	5/20/2022
Thurai, Ambi	John Wayne Airport	5/7/2022
Tuiteleapaga, Aimalefoa	OC Community Resources	5/22/2022
Urena, Carlos	OCTA	5/9/2022
Waldron, Elvia	Probation	3/25/2022
White, Paul	Sheriff's Dept	3/25/2022

*Orange County Employees Retirement
Retirement Board Meeting
July 18, 2022
Death Notices*

<i>Active Members</i>	<i>Agency/Employer</i>
Parker, Erik	County Executive Office (CEO)
Premoli, Daniel	Superior Court
Robinson-Crump, Johari	OCTA

<i>Retired Members</i>	<i>Agency/Employer</i>
Bone, Bertha	Assessor
Camarena, Roberto	OCTA
Carson, Dorothea	UCI
Chance, Max	Social Services Agency
Chen, Mike	OC Public Works
Crosson, Anna	County Clerk/Recorder
Duffy, Donald	OC Public Works
Heaton, Sandra	OC Public Works
Kamanski, Joan	Superior Court
Lutz, John	OCTA
Massey, Barth	Sheriff's Dept
Mooradian, Mary	OC Community Resources
Moratin, Benigna	Health Care Agency
Raith, Michael	Auditor Controller
Rawlins, Michael	OCTA
Saint, Ronald	Probation
Steiger, Marilen	Child Support Services
Sutherland, Anna	Health Care Agency

<i>Surviving Spouses</i>	
Bracy, Barbara	Social Services Agency
Cordero, Veronica	Social Services Agency
Nolan, Gertrude	OC Public Works



Memorandum

DATE: July 18, 2022
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **CEO FUTURE AGENDAS AND 2022 OCERS BOARD WORK PLAN**

Written Report

AGENDA TOPICS FOR THE OCERS BOARD OF RETIREMENT

AUGUST

Employer Employee Contribution Matrix
OCERS by the Numbers
Sexual Harassment Prevention Training
The Evolution of the OCERS UAAL

SEPTEMBER

Strategic Planning Workshop Offsite

1. State of OCERS- Annual Report
2. State of OCERS- Quality of Member Services
3. Proposed Board Meeting Schedule for 2023
4. Quality of Member Services

OCTOBER

Semi Annual Business Continuity Disaster Recovery Updates
Quarterly Strategic Plan Review 2022-2024
Strategic Planning Workshop outcomes
CIO Comments

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

OCERS RETIREMENT BOARD - 2022 Work Plan

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep (Offsite)	Oct	Nov	Dec
System Oversight	Receive Quality of Member Services Report (I)	STAR COLA Posting (I)	Approve 2022 STAR COLA (A)	SACRS Board of Directors Election (A)	Preliminary December 31, 2021 Valuation (I)	Mid-Year Review of 2022 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 2023 Administrative Budget and Investment (Workshop) (I)	Review 3rd Quarter Budget to Actuals Financial Report (I)	
	Receive OCERS Innovation Report (I)	Approve 2023 COLA (A)	Quarterly 2022-2024 Strategic Plan Review (A)			Approve December 31, 2021 Actuarial Valuation & Funded Status of OCERS (A)	Actuarial Review: Risk Assessment (I)	Receive OCERS by the Numbers (I)	Annual OCERS Employer Review (I)	Approve 2023-2025 Strategic Plan (A)	Approve 2023 Administrative (Operating) Budget (A)	
						Approve 2021 Comprehensive Annual Financial Report (A)	Approve Early Payment Rates for Fiscal Year 2022-24 (A)	Receive Evolution of the UAAL (I)		Approve 2023 Business Plan (A)	Annual CEO Performance Review and Compensation (A)	
						Quarterly 2022-2024 Strategic Plan Review (A)		Employer & Employee Pension Cost Comparison (I)				
												Adopt 2023 Board Meeting Calendar (A)
Board Governance				Brown Act Training (biannual) (I)				Sexual Harassment Prevention Training (I)				Adopt Annual Work Plan for 2023 (A)
				Fiduciary Training (I)								Vice-Chair Election (A)
												Receive 2023 Board Committee Assignments (A)
Regulation / Policies	Communication Policy Fact Sheet (I)											
Compliance	Status of Board Education Hours for 2021 (I)			Form 700 Due (A)		Receive Financial Audit (I)			State of OCERS (I)			

(A) = Action (I) = Information



Memorandum

DATE: July 18, 2022
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 is finalized.

- An RFP for Insurance Broker Services was distributed in late March 2022. This RFP is to put into place an Insurance Broker as our current vendor contract has been in place for six years and their services needs to be re-bid per the Procurement and Contracting Policy. Three (3) responses were received, two finalists were selected, and final evaluations are in process.
- An Actuarial Auditor Services RFP was released early April 2022. These services are requested every five years and it is time to perform this review. Five (5) responses were received. Two finalists presented at the Audit Committee meeting on June 2nd. A recommendation to award a contract to Cheiron was presented to the Board of Retirement on June 20th. Contract work is in process.
- Scheduled for release in early July is an RFP for Business Procedure Documentation Services. This RFP seeks to identify a qualified firm to assist OCERS in creating or updating business procedure documentation across the organization.



Memorandum

- An RFP for Proxy Voting Services is scheduled to be released in July. This is for the Investments department for proxy voting software. The voting of proxies, as is required by California Government Code sections 7450 and 7451, is integral to the ownership of public equities. OCERS will delegate the authority to vote all proxies to the Provider, who shall be solely responsible for voting all proxies, consistent with OCERS' proxy voting guidelines, to be established and approved by the Investment Committee at the time the Provider is engaged.
- An RFP for an employee Total Compensation Review is scheduled for release in July. This is to provide benchmarking to compare employee's total compensation versus similar internal and external positions.
- Scheduled for release in late July is an RFP for Consulting Actuary Services. This RFP is to hire a qualified firm as a Consulting Actuary as our current contract with Segal has reached its maximum six-year term.

Submitted by:



JD - Approved

Jim Doezie
Contracts, Risk and Performance Administrator



Memorandum

DATE: July 18, 2022
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **BOARD COMMUNICATIONS**

Written Report

Background/Discussion

To ensure that the public has free and open access to those items that could have bearing on the decisions of the Trustees of the Board of Retirement, the OCERS Board has directed that all written communications to the entire Board during the interim between regular Board meetings be included in a monthly communications summary.

News Links

The following news and informational item was provided by the CEO for distribution to the entire Board:

Steve Delaney:

- NASRA News Clips with commentary from CEO on recent news
- Inquiry from NASRA

Other Items: (See Attached)

1. Monthly summary of OCERS staff activities and updates, starting with an overview of key customer service metrics, for the month of MAY 2022.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Monthly Team Status

May 2022

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 May.2022.

MEMBER SERVICES MONTHLY METRICS

Retirement Applications Received					2022 Customer Service Statistics						
Month	2019	2020	2021	2022	Month	Unplanned Recalculations	Member Satisfaction Approval Rate	Calls Received via Call Center	Calls Direct to Extension	Calls Received by Operator	Total Calls (monthly)
Jan	265	240	117	346	January	0	98%	3,004	5,402	1,060	9,466
Feb	193	152	91	155	February	0	98%	2,972	5,577	1,271	9,820
Mar	112	95	51	120	March	1	98%	2,666	4,951	845	8,462
Apr	41	37	39	47	April	0	98%	2,828	4,868	966	8,662
May	41	43	52	65	May	0	98%	2,313	4,414	776	7,503
Jun	50	59	49		June						
Jul	52	262	64		July						
Aug	61	190	59		August						
Sep	42	117	70		September						
Oct	59	51	67		October						
Nov	49	48	95		November						
Dec	68	66	93		December						
Grand Total	1033	1360	847	733	Grand Total	1	98%	13,783	25,212	4,918	43,913

MEMBER SURVEY RESPONSE

"I wanted to convey my satisfaction with the assistance I received from OCERS. When I called the office I was met with a courteous representative who went above and beyond my expectations. I had a much better understanding of how much I can expect to receive in retirement and the components that make up my monthly retirement."

May 2022

"I want to thank your customer support representative for helping me complete my phone appointment. At first, it was not clear what I needed to do in order to change my date of retirement. The representative helped me and I was able to complete the retirement application process. I am very grateful I was able to reach this customer service team member and I am confident about my upcoming retirement."

April 2022

"I would like to take a moment to thank one of your customer service representatives for their superb service to my mother. They went "above and beyond" to help my mother with accessing her proof of payment for her Medicare Services."

March 2022



Monthly Team Status

May 2022

ACTIVITIES

CALIFORNIA RETIRED COUNTY EMPLOYEES ASSOCIATION (CRCEA)

The Retired Employees Association of Orange County (REAOC) hosted the larger CRCEA conference on May 2 and 3. The conference was virtual, but the REAOC executive team arranged to use an OCERS meeting room so they could be together as they performed their hosting duties. The REAOC team was particularly thankful for the early assistance of OCERS' Javier Lara, especially in helping them connect to the private IT firm that provided the conference's IT services. I received a note from one of the REAOC executives in thanks: "We are very fortunate to have Doug (Storm), Linda (Robinson), Sara (Ruckle-Harm) and Ilene (Barcenas) plus OCERS support. Not many county Associations could replicate the technology and staging of this conference!"

MULTI-EMPLOYER AI ROUNDTABLE (VISION 2030)

Having learned that two of our own participating employers, the Orange County Superior Courts as well as the Orange County Transportation Authority, were both beginning their own efforts in leveraging AI technology, I reached out and facilitated the formation of a Zoom roundtable with representatives from both, as well as our sister system Los Angeles County Employees Retirement Association. The initial meeting was held on May 5. We will be meeting once a month to discuss activities taking place in each agency. We hope not only to learn from one another's experiences, but especially to avoid duplicating work, anticipating finding ways to assist one another as we move forward.

CALAPRS OVERVIEW COURSE

On May 6 I had the privilege of joining representatives from CalPERS and the Alameda-Contra Costa Transit District to discuss our differing challenges and approaches to pension governance as part of an annual CALAPRS administrators overview course. Attendees tend to be newer managers, and we had a fun and engaging discussion with the group, helping them get a better sense of the work that lay ahead. The main instructor provides some background:

Each year the audience, via Zoom, gets larger. Last year, we had 85 individuals sign up from 19 different systems. This year we had 94 sign-ups and 88 attendees. Twenty-five systems enrolled attendees:



Monthly Team Status

May 2022

ACERA enrolled 7; City of Fresno 2; CCCERA 1; EBMUD 1; Fresno CERS 6; Kern CERA 5; LACERA 5; Los Angeles City 1; LA City F&P 3; Merced CERA 2; OCERS 3; Sacramento CERS 7; Sacramento Transit 1; San Bernardino CERS 8; San Diego City 6; San Diego CERA 5; San Joaquin CERA 3; San Jose Federal 5; San Mateo CERA 1; Santa Clara VTA 5; Santa Barbara CERA 2; Sonoma CERA 1; Tulare CERA 2; UC Retirement 3; Ventura CERA 7.

UPDATES

100% ACCURACY

Member Services has provided Internal Audit with the population of retirements for May 1 and June 1 payrolls for Q2 testing of Final Average Salary calculations in June. Internal Audit will perform their Q2 testing starting in late June.

)

ALAMEDA RECALCULATION

Progress is continuing the Alameda implementation. As discussed in the last update, we sent update letters to the entire Alameda population of members in May 2022. Internal Audit and the Finance department are validating the Contribution and Interest Calculation work Member Services has prepared. We are working towards mailing the necessary forms to request the withdrawal of the contributions and interest associated with the Alameda pay items to Active and Deferred members by June 30, 2022. Retired members and other payees will see their benefit recalculation and contribution refunds, if applicable, later this year.

INVESTMENT TEAM UPDATE

This month's summary of MAY activity is prepared by Tarek Turaigi:

As of April 30, 2022, the portfolio year-to-date is down 3.38% net of fees, while the one-year return is up 5.05%. The fund value now stands at \$21.65 billion. The Investment Team closed on two new private equity funds, two private equity co-investments and one small-cap equity fund. The OCERS Investment Team and Meketa presented the global public equity asset class review in May, which covered performance, portfolio characteristics and on-going initiatives. OCERS' Investment Team and Aksia completed the private equity



Monthly Team Status

May 2022

asset class review and pacing plan. The latter includes annual commitments of \$700 in 2022 and 2023. The OCERS Investment Team completed the unique strategies asset class review, highlighting the role of the asset class, overview of current investments and their performance. Finally, the Investment Team concluded the hiring process for its open investment officer role and the new employee will join the team this month.



As a reminder, you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the July 18, 2022 meeting of the OCERS Board of Retirement.



Memorandum

DATE: June 07, 2022
TO: OCERS Board of Retirement
FROM: Cynthia Hockless, Director of Human Resources
SUBJECT: MAY 2022 STAFFING UPDATE

OCERS Human Resources department started the year with a budgeted headcount of one-hundred and eight (108) positions. At the February 22, 2022, Board meeting, the Board approved the addition of two (2) Extra-Help positions. This action moved the agency's budgeted headcount from 108 to 110. The two (2) additional positions are one (1) Members Services Manager and one (1) Disability Manager in the Member Services division. A total of fourteen (14) new positions were added this year.

A status update for each newly added position is listed below.

- Two (2) Extra-Help Member Services Managers – Member Services (Hired)
- Two (2) Information Technology Managers – Information Technology (will join OCERS in mid-June)
- Four (4) Senior Retirement Program Specialists (Hiring at the RPS level) – Member Services (interviews are in progress)
- Two (2) Retirement Program Specialists – Member Services (interviews are in progress to fill one (1) vacancy, and one (1) will join OCERS in mid-June)
- Two (2) Benefit Analysts – Member Services (In the process of drafting the recruitment bulletin)
- Two (2) Retirement Benefits Program Supervisors – Member Services (one (1) hired, and one (1) On Hold)

The following ten (10) legacy positions are vacant:

- 1) Investment Officer – Investments (will join OCERS in mid-June)
- 2) Sr. Retirement Programmer/Business Analyst – Information Technology (On Hold)
- 3) Sr. Manager of Operations Support Services – Operations Support Services (On Hold)
- 4) Accountant/Auditor I – Finance (On Hold)
- 5) Senior Staff Development Specialist – Member Services (Pending the County's eligible list)
- 6) Disability Investigator – Disability (County's classification review in progress)
- 7) Information Technologist II – Information Technology (Pending the County's eligible list)
- 8) Senior Retirement Manager – (Hired at the Member Services Manager level) Member Services (will join OCERS in mid-June)

- 9) Sr. Retirement Program Specialist – Member Services (On Hold)
- 10) Investment Analyst – Investments – (Currently recruiting)

The Human Resources department filled two (2) Legacy positions in May:

- Office Specialist – (Member Services) – (Internal Promotion – Hired)
- Retirement Program Specialist – Member Services (Hired)

The Human Resources department completed one (1) career ladder in May:

- Investment Officer – Promoting from a Senior Investment Analyst – (Investments) – (Internal Promotion)

The Human Resources department filled one (1) of the newly added positions in May:

- Retirement Benefits Program Supervisor – (Internal Promotion – Hired)

In May, the Human Resources department onboarded a Retirement Program Specialist to support the Member Services department. Additionally, the agency promoted three (3) internal employees. One (1) employee was promoted to fill the Retirement Benefits Program Supervisor position, one (1) employee was promoted to fill the Office Specialist position and one (1) employee received a career ladder promotion to an Investment Officer position in the Investments department. These promotions created a backfill for the Sr. Retirement Program Specialist and for the Office Technician position in the Member Services department. In addition to the above activity, five (5) offers were extended to candidates that will join the agency in mid-June. Positions slated to be filled in June include:

1. Member Services Manager
2. Information Technology Manager- Operations
3. Information Technology Manager- Programming
4. Investment Officer
5. Retirement Program Specialist

The Human Resources department processed one (1) separation in May. This was for an Investment Analyst, who resigned due to a new employment opportunity. The department has opened a recruitment to fill this position.

In conclusion, the Human Resources department has received, reviewed, and processed 870 applications since the beginning of 2022. This includes inviting over 90 candidates to participate in pre-employment testing, scheduling 120 interviews, hiring seven (7) new employees, and promoting five (5) employees to date.

OCERS has 110 budgeted positions. A total of 88 team members are on payroll, and there are twenty-two (22) vacancies. At the time of this report, a total of seven (7) employees have separated from the agency. Three (3) separations were due to retirement, two (2) departed for personal reasons, one (1) departed due to a new employment opportunity, and a returning Extra-Help retiree assisting the Member Services department permanently retired. The year-to-date **turnover rate is estimated at 8%**. The turnover rate is the number of separated employees divided by the number of employees on payroll, multiplied by 100. **The current vacancy rate is 20%**. The vacancy rate is calculated by taking the number of vacant positions, multiplying that number by 100, and dividing that result by the total number of budgeted positions.

Attachment:

May 2022 Staffing Activity Map

Submitted by:



CH - Approved

Cynthia Hockless

Director of Human Resources

From: [Delaney, Steve](#)
To: [Delaney, Steve](#)
Subject: NASRA News Clips
Date: Wednesday, June 22, 2022 7:55:11 AM

To the members of the OCERS Board of Retirement,

There is a lot of information packed into this particular issue of News Clips as provided by the National Association of State Retirement Administrators (NASRA).

- The first article addressed is from the Wall Street Journal regarding BlackRock and its proxy voting process. Mr. Dewane had earlier asked that I forward the same article to all of you, but I was working to try to untangle the “paywall” issue.
- Under “Continued reductions to investment return assumptions” you may find the link entitled “KornFerry presentation to PennSERS Board” of interest, as this is a topic we will be discussing during the triennial study next year.
- Under “US Senators write to retirement systems and associations requesting information on ESG, DEI” you will find more detail regarding the letter Senator Scott is sending to various retirement systems. I earlier this morning forwarded to each of you a note from NASRA regarding that letter.

If any of the articles raise questions or concerns, please call.

STEVE DELANEY | Chief Executive Officer | **Orange County Employees Retirement System (OCERS)**

P: (714) 558-6222 | C: (714) 697-8291 | ✉: sdelaney@ocers.org | 2223 E. Wellington Ave., Suite 100 | Santa Ana, CA 92701

"We provide secure retirement and disability benefits with the highest standards of excellence."

From: NASRA <keith@nasra.org>
Sent: Wednesday, June 22, 2022 7:03 AM
To: Delaney, Steve <sdelaney@ocers.org>
Subject: [EXTERNAL] NASRA News Clips

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.



NASRA News Clips

June 22, 2022

In the Media

WSJ: BlackRock proxy voting team wields tremendous power

The tiny group of analysts – BlackRock has around 18,400 employees all told – looks after the interests of investors in the firm’s \$4.6 trillion worth of passive funds. That means weighing in on matters as varied as executive compensation, climate change and abortion access. Chief executives jockey for time on analysts’ calendars. They have the power to unseat directors and upend corporate decision-making.

[Read the article](#)

Retired Seattle employees dealing with effects of errors in retirement system pension calculations

Charles Sampson is one of six retired city employees or their beneficiaries who have received such notices, all stemming from a failure to adjust pension payments lower. Combined, the city paid these retirees roughly \$775,000 more than they should have received, according to records of the Seattle City Employees’ Retirement System – a daunting sum for individuals, although merely a drop in the \$3.95 billion pension fund. The errors are a legacy of a time, as recently as 2018, when SCERS staffers manually logged pension data in spreadsheets to make a series of complicated benefit calculations.

[Seattle Times](#)

Studies & Reports

Federal Reserve reports aggregate public pension assets declined in first quarter of 2022

The Federal Reserve publishes data on state and local defined benefit assets on a quarterly basis. As of the first quarter of 2022 (March 31st), aggregate public pension assets were \$5.76 trillion, a decrease of 2.5 percent, from the \$5.90 trillion reported for the prior quarter. This value is higher than the same quarter one year ago by some \$460 billion, or 8.7 percent. Following seven consecutive quarters of growth, the first quarter of 2022 marks the first quarter in which the aggregate value of public pension assets declined.

[Public Pension Assets@NASRA.org](mailto:PublicPensionAssets@NASRA.org)

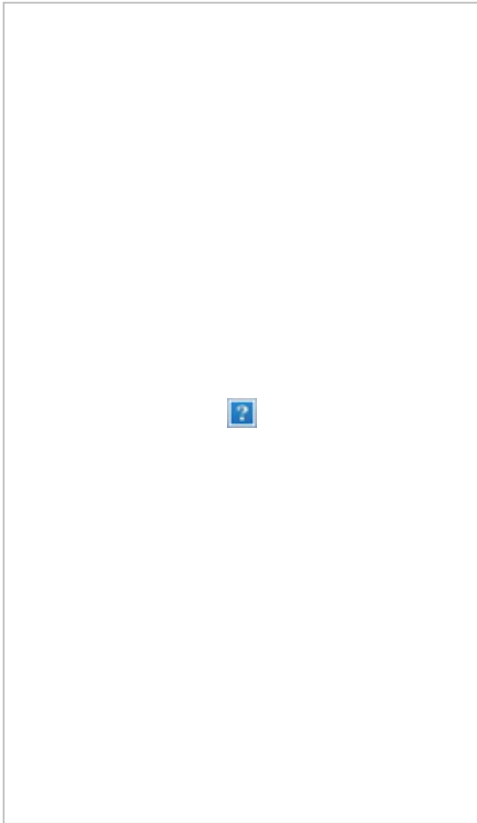
Continued reductions to investment return assumptions

The Arizona Public Safety Personnel Retirement System Board last month voted to reduce its Tier 1 and 2 assumed rates of investment return from 7.3% to 7.2%. The decision also continues a phased reduction of the payroll growth assumption, which was lowered from 3.0% to 2.5%, and will continue to decrease by 0.5% each year with the intention of reaching zero, with a planned reevaluation at 2.0%. The changes are projected to increase the Tier 1 and 2 unfunded liability by 2.4%, and increase the employer contribution rate from 55.9% to 57.3%.

The Penn SERS Board voted to reduce its assumed

Tweet of the Week

A pension plan's [amortization policy](#) is a central feature of its funding policy, and the effectiveness of the amortization policy can have significant effects on a pension plan's long-term cost. An amortization policy is defined as the rules and processes that determine the length of time and the structure of payments required to systematically eliminate a funding shortfall, known as the unfunded actuarial accrued liability (UAAL).



rate of investment return from 7.0% to 6.875%. The change is projected to increase the plan's unfunded liability by approximately 4.4%, and reduce the funded ratio from 72.4% to 71.5%.

[PSPRS press release](#)

[PSPRS actuarial assumptions presentation](#)

[Penn SERS press release](#)

[KornFerry presentation to PennSERS Board](#)

[Latest Return Assumptions@NASRA.org](#)

Pew assesses benefits for workers who leave before attaining normal retirement eligibility

The Pew Charitable Trusts conducted an analysis using the retirement savings rate. This measure calculates how much money, expressed as a percentage of annual salary, employees can withdraw from their pension funds when leaving an employer before reaching retirement eligibility. Employees typically have access to their own contributions – the funds taken from their paychecks – to the retirement plan, as well as the compounded interest on those funds.

[Greg Mennis](#)

CRR study finds that retirees without a pension benefit are at greater risk of depleting their retirement savings

Studies show that retirees have tended to draw down their financial wealth very slowly. But these retirees generally had defined benefit (DB) pension plans, which pay benefits for life. Hence, this slow drawdown pattern may not hold for new retirees, who rely on 401(k)s. Indeed, the analysis finds that households with a DB plan retain more of their wealth – that is, they draw it down more slowly than those with a 401(k).

[Executive summary and full brief](#)

Federal Focus

U.S. senators write to retirement systems and associations requesting information on ESG, DEI

U.S. Senator Rick Scott (R-FL) sent a letter to NASRA regarding public plan ESG investing, issued a press release announcing the letter, and asked that NASRA share his letter with its membership. Some retirement systems also received a copy of NASRA's letter via email directly. Separately, U.S. Senator Bob Menendez (D-NJ) led a group of colleagues in

Correction

The correction in last week's NASRA News Clips referred to Ira Magaziner, father of Rhode Island State Treasurer Seth Magaziner, as the state's former treasurer. In fact, Ira was never state treasurer. I apologize for the error and confusion. *kb*

sending letters to 25 large companies requesting information about the diversity among asset managers of their pension plans.

[Senator Scott press release and letter](#)
[Senator Menendez press release and letter](#)

Many new retirement provisions included in EARN Act; Senate Finance Committee markup today

The U.S. Senate Committee on Finance will today be considering the Enhancing American Retirement Now (EARN) Act, its version of SECURE 2.0, which includes a number of similar and distinctive provisions from previous legislation, including an administrative fix for the HELPS (Healthcare Enhancement for Local Public Safety) Retirees Act, added exceptions to the 10% early distribution penalty, increased age for required minimum distributions, and tax modifications for governmental DC plans, among other things. A number of amendments have also been filed, including one that would allow 501(c)(3) non-profit fire department personnel to participate in governmental plans.

[Hearing, bill summary, amendments and other information](#)

IRS announces new pre-examination pilot program for retirement plans

The Internal Revenue Service has announced that its Employee Plans function is piloting a pre-examination retirement plan compliance program beginning in June 2022. This program will notify a plan sponsor by letter that their retirement plan was selected for an upcoming examination. The plan sponsor will have 90 days to review its plan documents and plan operations and to correct any compliance issues that may be discovered. The Pilot Program is intended to promote compliance while reducing audit costs.

[Ice Miller](#)
[Groom Law Group](#)

Senators request GAO audit of state & local uses of American Rescue Plan Act uses, including pension deposits

Senate Finance Committee Republicans have requested the Government Accountability Office (GAO) provide a detailed accounting of the \$350 billion of COVID relief funds appropriated to state and local governments under the American Rescue

People

Arkansas PERS board appoints new executive director

Amy Fecher has a bachelor's degree in physical science from the University of Central Arkansas and has been secretary of the state Department of Transformation and Shared Services since 2019. She also served as the state's chief transformation officer from 2016-2019, executive vice president for the Arkansas Economic Development Commission from 2015-2019 and director of the Department of Rural Services in 2015 under Governor Hutchinson, according to her resume. She worked as assistant director in Gov. Mike Huckabee's office from 2000-2001, deputy director of the Department of Rural Services from 2001-2005 and as legislative consultant and liaison for state officials for the Hutchinson Group consulting firm from 2005-2007, her resume states.

[Arkansas Gazette](#)

Pennsylvania Public School Employees' Retirement System board names Terri Sanchez executive director

Ms. Sanchez most recently served in an emergency return to service capacity as Interim Executive Director at PSERS while a search was conducted for a new Executive Director. Prior to returning to PSERS, Ms. Sanchez served as the Executive Director of the Pennsylvania SERS. ... During Ms. Sanchez's 26-year tenure at PSERS, she championed several significant strategic initiatives resulting in more efficient and effective administration and operation of the system, and enhanced services for its members. ... Ms. Sanchez succeeds former PSERS Executive Director Glen Grell who retired on February 28, 2022.

[Press release](#)

Job Postings

Assistant Chief Executive Officer, Benefits,
Alameda County Employees' Retirement
Association

For details on open positions, visit
[Job Search@NASRA.org](mailto:JobSearch@NASRA.org)

Plan Act (ARPA). Among the areas GAO was asked to assess was to how Treasury was enforcing the restriction against depositing ARPA funds into governmental pensions.

[Press release](#)
[Letter to GAO](#)

National Association of State Retirement Administrators

www.nasra.org

202.624.1418



NASRA | 449 Lewis Hargett Circle, Suite 290 , Lexington, KY 40503-3590

[Unsubscribe sdelaney@ocers.org](mailto:sdelaney@ocers.org)

[Constant Contact Data Notice](#)

Sent by keith@nasra.org powered by



[Try email marketing for free today!](#)

From: [Delaney, Steve](#)
To: [Delaney, Steve](#)
Subject: FW: [EXTERNAL] Inquiry from Senator Rick Scott
Date: Wednesday, June 22, 2022 7:15:19 AM

To the members of the OCERS Board of Retirement,

A note from NASRA regarding a developing issue in the ESG space.

I have checked with staff and consultants, and none of us have received the inquiry referenced.

I thought it important that you at least be informed of the issue.

This note will be added to the July 18, 2022 Board Communications document.

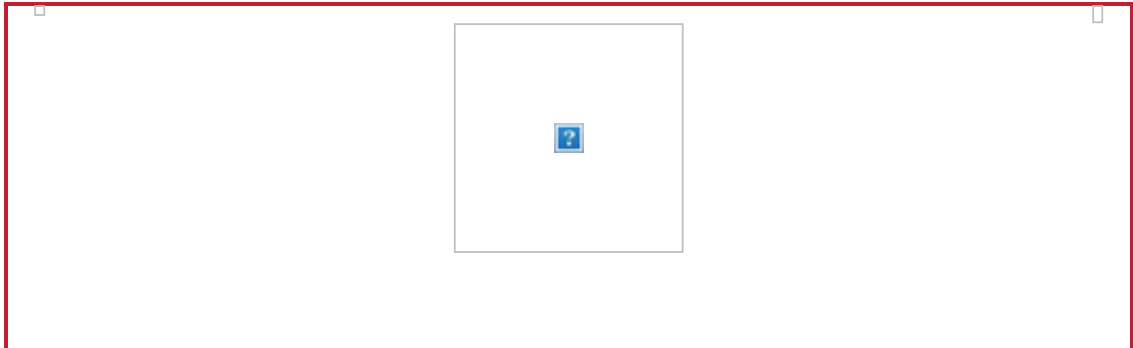
STEVE DELANEY | Chief Executive Officer | **Orange County Employees Retirement System (OCERS)**

P: (714) 558-6222 | C: (714) 697-8291 | ✉: sdelaney@ocers.org | 2223 E. Wellington Ave., Suite 100 | Santa Ana, CA 92701

"We provide secure retirement and disability benefits with the highest standards of excellence."

From: NASRA <dana@nasra.org>
Sent: Tuesday, June 21, 2022 9:35 AM
To: Delaney, Steve <sdelaney@ocers.org>
Subject: [EXTERNAL] Inquiry from Senator Rick Scott

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.



NASRA

NASRA Members:

U.S. Senator Rick Scott (R-FL) sent a [letter to NASRA](#) regarding public plan ESG investing, issued a press release announcing the letter, and asked that we share his letter with our membership. We have learned that Senator Scott also sent this via email directly to some retirement systems.

We would appreciate knowing if your system has received this letter from Senator Scott and whether you plan to respond. We are also interested in your input as we explore the most appropriate way for NASRA to respond to the Senator's inquiry.

Thank you.

Dana Bilyeu and Jeannine Raymond

National Association of State Retirement Administrators

www.nasra.org

202.624.1418

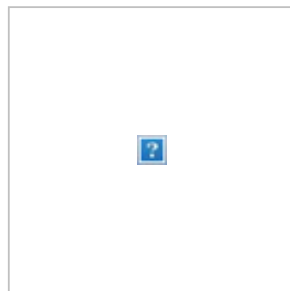


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RICK SCOTT
FLORIDA

United States Senate

ARMED SERVICES
HOMELAND SECURITY
COMMERCE, SCIENCE, AND
TRANSPORTATION
BUDGET
SPECIAL COMMITTEE
ON AGING

June 16, 2022

National Association of State Retirement Administrators
444 North Capitol Street, NW
Suite 548
Washington, D.C. 20001

Dear State Retirement Plan Administrator:

I write to express my serious concerns with the growing movement to invest the savings and retirements of hardworking Americans in funds driven by environmental, social, and governance (ESG) principles. Such investment decisions, which are not made using purely fiscal factors, may jeopardize the nest eggs of families across America and their ability to retire comfortably.

Today, a significant portion of ESG investments are being made via public pension funds, which are overseen by state or local officials like yourselves. Further, the federal government, along with outside groups, have been pushing for new rules that would allow investments to be guided by social causes and corporate goals, even if it adversely affects the return to the employee.

With an ESG focus on everything from pensions and loans to complex derivatives, assets are set to balloon to \$50 trillion worldwide by 2025, according to estimates from Bloomberg Intelligence.

For years, I have been concerned that politically motivated investing strategies by woke politicians will reduce hardworking families' long-term wealth and ability to retire with dignity.

For example, large investors, such as Blackrock, Vanguard and State Street, which currently invest a significant share of public pension funds in the United States, are unilaterally making choices on behalf of American investors – choosing what they believe in and what they think is right or wrong based on ESG principles, not what's in the best financial interests of the individual. Most Americans, and certainly your own plan's investors, would likely be surprised and furious to know these large Wall Street institutions are using their hard-earned dollars to advance their own liberal, political agendas.

National Association of State Retirement Administrators
June 16, 2022
Page Two

I have been clear—American families deserve to have their investments under their control and used according to their interests. The ESG movement is a slippery slope that is forcing states and public pension plans bend the knee to the woke capitalists or suffer financial harm.

It is with these concerns that I am writing you today and request your prompt response to the following questions:

1. What portion of your public pension and investment plan portfolios are invested in funds applying ESG principles? How do you provide your investors with meaningful and ample information on the risks of investing in ESG funds versus traditional investment funds based on sound, traditional financial factors?
2. Does your pension plan consider ESG alongside traditional fiduciary factors in making investing decisions?
3. How are you protecting state and local government employees from investments driven by non-financial factors, like ESG, which may lead to lower overall returns on investment and smaller retirement benefits long-term?
4. How does your pension plan's offerings protect your investors from the radical ESG agenda being pushed by the nation's largest fund managers, including Blackrock?

I urge you to take a critical look at how your pension and investment plans invest in these risky ESG-motivated funds and urge you to consider preventing public pensions from making investments using ESG principles going forward for the protection of your plan's investors. Thank you in advance for your timely response to these important inquiries.

Sincerely,



Rick Scott
United States Senator



Memorandum

DATE: July 18, 2022
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, General Counsel
SUBJECT: LEGISLATIVE UPDATE

Written Report

The California Legislature reconvened for the second year of the 2021-22 Legislative Session on January 3, 2022. July 1, 2022 was the last day for bills to pass out of their policy committees. The Legislature adjourned for Summer Recess on July 1, 2022, and will reconvene on August 1, 2022. The last day to amend bills on the floor is August 25, 2022. The last day for each house to pass bills is August 31, 2022. Final Recess will begin upon adjournment. **New or updated information since the last report to the Board are indicated in bold text.**

SACRS Sponsored Bills

The SACRS membership approved the SACRS proposed legislation (annual CERL housekeeping bill) at the Fall Conference last November¹. Most of the proposals in the approved SACRS Sponsored Bill have been placed into the annual omnibus committee cleanup bill with amendments to the PERL and the Education Code introduced by CalPERS and CalSTRS, respectively. (See AB 1824 below.) The remaining proposals, while not controversial, were placed in a policy bill (see AB 1971 below) because they are more than “technical cleanup” amendments suitable for an omnibus bill. In light of informal feedback in opposition to some of the provisions of AB 1971, the bill was amended on April 18, 2022 to delete a few of the proposed amendments.

Bills that Would Amend the CERL or PEPRA

AB 498 (Quirk-Silva)

On June 13, 2022, this bill was amended such that it no longer affects the CERL systems. The bill will be removed from the August report.

~~CERL defines compensation earnable for purposes of its provisions, with particular application to the calculation of final compensation and the determination of pension amounts and other benefits. In this regard, “compensation earnable” by a member means the average compensation as determined by the retirement board, for the period considered based on the average number of days ordinarily worked by persons in the same grade or class of positions during the period, as specified. PEPRA prescribes various limitations on public employees, employers, and retirement systems concerning, among other things, the types of remuneration that may be included in compensation that is applied to pensions.~~

¹ The proposed legislation was approved by the OCERS Board at its October 18, 2021 meeting.

~~This bill would delete the term “grade” and replace it with the term “group” for purposes of the definition of compensation earnable, as described above. The bill would define the phrase “group or class of positions” for purposes of this definition to mean a number of employees considered together because they share similarities in job duties, work location, collective bargaining unit, or other logical work-related grouping, and would specify that a single employee is not a group or class. The bill would state that its changes are declaratory of existing law and would make a declaration of legislative intent in regards to its application.~~

~~(STATUS: AB 498 was originally introduced as a Computer Science Access Initiative. AB 498 passed out of the Assembly and was ordered to the Senate on 05/27/21. In the Senate on 09/10/21, the bill was gutted and replaced with language to amend the CERL. It was referred to Com. on RLS on 09/10/21.)~~

AB 826 (Irwin)

This bill, which would apply only in Ventura County, would provide that compensation and compensation earnable include flexible benefits plan allowances paid by a county or a district on behalf of its employees as part of a cafeteria plan, as specified, if certain requirements are met. Among these conditions, the bill would require that the retirement system included the flexible benefit plan allowance as part of compensation earnable as of July 30, 2020, that the employer and employee paid contributions to the retirement system based on the flexible benefit plan allowance, and that an employer and an employee continues to pay those contributions as employee earns this allowance. The bill would apply these provisions to eligible members who have retired prior to the effective date of the measure and would state that these provisions are declarative of existing law.

The bill would add section 31461.7 to the Government Code, to read:

(a) This section applies only to a county of the thirteenth class, as defined by Section 28020, as amended by Chapter 1204 of the Statutes of 1971, and Section 28034, as amended by Chapter 1204 of the Statutes of 1971.

(b) (1) Compensation, as defined in Section 31460, and compensation earnable, as defined in Section 31461, include flexible benefits plan allowances paid by a county or a district on behalf of its employees as part of a cafeteria plan offered pursuant to Section 125 of the Internal Revenue Code if all of the following requirements are met:

(A) The flexible benefit plan allowance 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 flexible benefit plan allowance is not expressly excluded from “compensation earnable” pursuant to paragraphs (2) to (4), inclusive, of subdivision (b) of Section 31461.

(C) The retirement system included the flexible benefit plan allowance as part of compensation earnable as of July 30, 2020, and the employer and employee paid contributions to the retirement system based on the flexible benefit plan allowance as of that date.

(D) The employer and employee pay the required contributions to the retirement system as the employee continues to earn the flexible benefit plan allowance.

(2) For employee groups in which the monetary amount of the flexible benefits plan allowance is the same for all employees, regardless of the number of dependents, the entire amount shall be included in compensation earnable. For employee groups in which the monetary amount of the flexible benefits plan allowance varies among employees depending on the number of dependents, the amount included in compensation earnable shall be the amount provided to an employee with no dependents.

(c) This section shall only apply to employees who are not new members, as defined in Section 7522.04.

(d) Paragraphs (1) and (2) of subdivision (b) shall apply to any eligible member who has retired prior to the effective date of this section, as permitted by subdivision (a) of Section 31481.

(e) This section is declarative of existing law.

(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. In Senate, read third time, amended to apply only in Ventura County and ordered to second reading on 08/31/21. Read second time and ordered to third reading on 09/01/21. Ordered to inactive file at the request of Senator Limón on 09/08/21.)

AB 1824 (Cooper, Voepel, Calderon, Cooley, O'Donnell, and Seyarto) – SACRS Sponsored Bill – Amended in Senate 06/30/22.

This bill represents the annual omnibus bill to propose technical “housekeeping” amendments to the CERL, the PERL, and Education Code provisions applicable to CalSTRS. With respect to the CERL, the bill would make the following changes:

1. The CERL requires, upon the death of a member, the payment of a retirement allowance earned but not yet paid to a member to be paid to the member’s designated beneficiary. The CERL requires, upon the death of a person receiving a survivor’s allowance, the payment of any allowance earned but not yet paid to the survivor to be paid to the survivor’s designated beneficiary. This bill would amend Government Code section 31452.7 to include a corporation, a trust, or an estate in the definition of “beneficiary” for purposes of these provisions.
2. The CERL restricts the types of employment for which members may receive credit for service and restricts credit for other employment in public service based upon whether the member is entitled to receive a pension or retirement allowance from another public agency. If a member elects to contribute to obtain credit for other employment in another public agency, the CERL requires certification, as specified, of the fact that pension or retirement allowance will not accrue to the member by virtue of the member’s employment. This bill would amend Government Code section 31641.4 to specify that the provisions described above do not prohibit a member from receiving credit for a period of federal public service if federal law expressly permits the credit even though the member is already entitled to receive a pension or retirement allowance from that service.
3. The CERL prescribes a process for purposes of establishing a date of retirement with reference to safety members. Further, the CERL authorizes a safety member to be retired upon the occurrence of certain events and the filing, with the retirement board, of a written application setting forth the date upon which the member desires their retirement to become effective. The CERL prohibits this date from being more than 60 days after the date of filing the application. This bill would amend Government Code

sections 31663.25 and 31663.26 to revise the restrictions on the above-described effective retirement date to prohibit the retirement date from being earlier than the date the application is filed with the board or more than 60 days after the date of filing the application or more than a number of days that has been approved by the board.

4. The CERL authorizes the payment of a death benefit upon the death of a member while in service. It further prescribes the components of the death benefit, which are a member's accumulated contributions and an amount, provided from contributions by a county or district, calculated pursuant to a specified method, not to exceed 50% of annual compensation earnable or pensionable compensation of the deceased. This bill would amend Government Code sections 31761, 31762, 31763, 31764 and 31781 to require, in connection with the calculation of the death benefit, that the computation for any absence be based on the compensation of the position held by the member at the beginning of the absence.
5. The bill would also make non-substantive style and technical changes to the CERL. (Government Code sections 31726 and 31726.5.)

(STATUS: Introduced 02/07/22. Passed out of the Assembly; read first time in Senate on 04/07/22. Read second time, amended, and re-referred to Com. on L, P.E & R on 05/25/22. **From committee: Amend, do pass as amended and re-refer to Com. on APPR on 06/29/22. Read second time and amended; re-referred to Com. on APPR. on 06/30/22.**)

AB 1971 (Cooper) – SACRS Sponsored Bill – Amended in Senate on 06/30/22

The CERL authorizes a member who returns to active service following an uncompensated leave of absence on account of illness or parental leave to receive service credit for the period of the absence upon the payment of the contributions, as specified. CERL prescribes limits on these benefits and processes for making contributions. CERL authorizes the provision of service credit to members in other specified instances while generally providing that a person is not entitled to service credit for time the person was not in service. This bill would authorize the board to grant members who are subject to a temporary mandatory furlough the same service credit and compensation earnable or pensionable compensation to which the members would have been entitled in the absence of the temporary mandatory furlough. The bill would authorize the board to condition this grant on specified factors.

The CERL generally prohibits a member retired from service from being paid for service rendered to a county or district after retirement, subject to certain exceptions, and prescribes requirements for reinstatement into a retirement system upon reemployment. CERL and PEPRA authorize reemployment of, and service by, retired members in certain capacities after retirement without reinstatement into the applicable retirement system, and prescribe limits on this service. This bill would authorize a person who is retired and receiving a retirement benefit from a county system to serve **as a nonsalaried member** without reinstatement for service on a part-time board ~~or commission operating under a participating agency of the same county retirement system.~~ **commission, as specified.** The bill would prohibit a retired person acting in this capacity from acquiring benefits, service credit, or retirement rights with respect to the ~~service and would prescribe limits on the salary or stipend for service with the board or commission~~ **service, but would authorize the receipt of any per diem that is authorized to all members of the board or commission.**

The CERL regulates disability retirements and authorizes a retirement board to grant a service retirement allowance pending the determination of the entitlement to disability retirement. If a member is found eligible for disability retirement, CERL requires that appropriate adjustments be made in the member's retirement allowance retroactive to the effective date of their disability retirement. CERL prohibits this authorization from being construed to authorize a member to receive more than one type of retirement allowance for the same period of time or to entitle a beneficiary to receive benefits which the beneficiary would not otherwise have been entitled to receive. This bill would apply specified provisions in this regard to a member retired for service who subsequently files an application for disability retirement and, if the member is found to be eligible for disability retirement, would require appropriate adjustments to be made in the retirement allowance retroactive to the effective date of the disability retirement.

The CERL authorizes a member or a retired member, until the first payment of a retirement allowance is made, to elect to have the actuarial equivalent of a retirement allowance, as of the date of retirement, applied to a lesser retirement allowance payable throughout life in accordance with specified optional settlements. This bill would authorize a member retired for service who is subsequently granted a disability retirement to change the type of optional or unmodified allowance that they elected at the time the service retirement was granted, as specified.

(STATUS: Introduced 02/10/22. Passed out of the Assembly on 05/25/22. In Senate, read first time on 05/26/22. **Referred to Com. on L, P.E & R on 06/08/22. From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on L, P.E & R on 06/09/22. From committee: Amend, do pass as amended and ordered to Consent Calendar on 06/29/22. Read second time and amended. Ordered to consent calendar on 06/30/22.)**

AB 2493 (Chen) Amended in Senate 06/30/22

~~This bill would authorize a county retirement system to adjust retirement payments based on disallowed compensation for sworn peace officers and firefighters of that system. The bill would provide that if the retirement system determines that the compensation reported for a sworn peace officer or firefighter of the system is disallowed compensation, as defined, the system would require the county employer or agency to discontinue reporting the disallowed compensation. The bill would apply this to determinations made on or after July 30, 2020, if an appeal has been filed and the applicable member, retired member, survivor, or beneficiary has not exhausted their administrative or legal remedies.~~ **require a retirement system established under CERL, upon determining that the compensation reported for a sworn peace officer or firefighter is disallowed compensation, to require the employer to discontinue reporting the disallowed compensation.** The bill would require, for an active sworn peace officer or firefighter, ~~that all contributions~~ **the retirement system to credit all contributions** made on the disallowed compensation ~~be credited~~ against future contributions to the benefit of the employer ~~or agency~~ that reported the disallowed compensation, and **return** any contribution paid by, or on behalf of, that member, ~~be returned~~ to the member by the employer ~~or agency,~~ as specified. **that reported the disallowed compensation, except in certain circumstances in which a system has already initiated recalculating compensation.** The bill would require **the system**, for a retired sworn peace officer or firefighter, survivor, or beneficiary whose final compensation was predicated upon the disallowed compensation, ~~that contributions made on the disallowed compensation be credited against future contributions to the benefit of the employer or agency that reported the disallowed compensation and would~~

require the system to permanently adjust the benefit of the affected retired member, survivor, or beneficiary to reflect the exclusion of the disallowed compensation. **to credit the contributions made on the disallowed compensation against future contributions, to the benefit of the employer that reported the disallowed compensation, and to permanently adjust the benefit of the affected retired member, survivor, or beneficiary to reflect the exclusion of the disallowed compensation.** The bill would ~~specify~~ **establish** other conditions required to be satisfied with respect to a retired sworn peace officer or firefighter, survivor, or beneficiary ~~whose~~ **when** final compensation was predicated upon disallowed compensation, including, among others, requiring a **specified** payment of a ~~penalty to be made~~ by the employer or agency that reported contributions on the disallowed ~~compensation.~~ **compensation to the retired member, survivor, or beneficiary, as appropriate.** The bill would authorize a retirement system that has initiated a process prior to July 1, 2022, to **permanently adjust the benefit of the affected retired member, survivor, or beneficiary to reflect the exclusion of the disallowed compensation to use that system in lieu of specified provisions that the bill would enact.** The bill would also require certain information regarding the relevant retired member, survivor, or beneficiary needed for purposes of these provisions to be kept confidential by the recipient.

The bill would authorize an employer to submit to a retirement system for review a compensation item proposed to be included in an agreement, as specified, on and after January 1, 2022, that is intended to form the basis of a pension benefit calculation and would require the system to provide guidance on the matter. The bill would prescribe a process in this regard. The bill would specify that it does not affect or otherwise alter a party's right to appeal any determination regarding disallowed compensation made by the system after July 30, 2022.

The bill would specify that its provisions are not to be interpreted to alter certain existing laws, including PEPPRA and the holding in *Alameda County Deputy Sheriff's Association v. Alameda County Employees' Retirement Association* (2020) 9 Cal.5th 1032.

(STATUS: Introduced 02/17/22. Passed out of the Assembly on 05/02/22. In Senate, read first time on 05/03/22. Referred to Coms. on L, P.E & R and JUD on 05/11/22. **From committee: Do pass and re-referred to Com. on JUD on 06/23/22. From committee: Amend, and do pass as amended on 06/29/22. Read second time, amended; ordered to third reading on 06/30/22.**)

Bills that Would Amend the Brown Act

AB 1944 (Lee)

The Ralph M. Brown Act (the Brown Act), requires, with specified exceptions, that all meetings of a legislative body of a local agency, as those terms are defined, be open and public and that all persons be permitted to attend and participate. The act contains specified provisions regarding the timelines for posting an agenda and providing for the ability of the public to observe and provide comment. The act allows for meetings to occur via teleconferencing subject to certain requirements, particularly that the legislative body notice each teleconference location of each member that will be participating in the public meeting, that each teleconference location be accessible to the public, that members of the public be allowed to address the legislative body at each teleconference location, that the legislative body post an agenda at each teleconference location, and that at least a quorum of the legislative body participate from locations within the boundaries of

the local agency's jurisdiction. The act provides an exemption to the jurisdictional requirement for health authorities, as defined.

The Brown Act was amended in response to the COVID pandemic to allow, until January 1, 2024, local agencies to use teleconferencing without complying with the aforementioned teleconferencing requirements in specified circumstances when a declared state of emergency is in effect, or in other situations related to public health. This bill would further amend the Brown Act to require the agenda to identify any member of the legislative body that will participate in the meeting remotely. The bill would also require an updated agenda reflecting all of the members participating in the meeting remotely to be posted, if a member of the legislative body elects to participate in the meeting remotely after the agenda is posted. This bill would authorize, upon a determination by a majority vote of the legislative body, a member to be exempt from identifying the address of the member's teleconference location in the notice and agenda or having the location be accessible to the public, if the member elects to teleconference from a location that is not a public ~~place~~ place, provided that at least a quorum of members of the legislative body participates from a single physical location that is clearly identified on the agenda, open to the public, and situated within the boundaries of the territory over which the local agency has jurisdiction. This bill would require all open and public meetings of a legislative body that elects to use teleconferencing to provide a video stream accessible to members of the public and an option for members of the public to address the body remotely during the public comment period through an audio-visual or call-in option. This bill would repeal these provisions on January 1, 2030.

(STATUS: Introduced on 02/10/22. Passed out of the Assembly on 05/26/22. In Senate, read first time on 05/27/22. **Referred to Coms. on GOV & F and JUD on 06/08/22. In committee: Set, first hearing. Hearing canceled at the request of author. In committee: Hearing postponed by committee on 06/22/22. NOTE: Since the bill did not pass out of policy committee by July 1, 2022, AB 1944 will not move forward this session.**)

AB 2449 (B. Rubio) Amended in Senate 06/30/22

The Brown Act, until January 1, 2024, authorizes a local agency to use teleconferencing without complying with specified teleconferencing requirements in specified circumstances when a declared state of emergency is in effect, or in other situations related to public health. This bill would revise and recast those teleconferencing provisions and, until January 1, 2026, would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements that each teleconference location be identified in the notice and agenda and that each teleconference location be accessible to the public if at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the local agency's jurisdiction. Under this exception, the bill would authorize a member to participate remotely under specified circumstances, including participating remotely for just cause or due to emergency circumstances. The emergency circumstances basis for remote participation would be contingent on a request to, and action by, the legislative body. The bill would define terms for purposes of these teleconferencing provisions. This bill would impose prescribed requirements for this exception relating to notice, agendas, the means and manner of access, and procedures for disruptions. The bill would require the legislative body to implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with federal law.

(STATUS: Introduced 02/17/22. Passed out of the Assembly on 05/26/22. In Senate, read first time on 05/27/22. **Referred to Coms. on GOV & F and JUD on 06/08/22. 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 06/15/22. From committee: Do pass and re-referred to Com. on JUD on 06/22/22. 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 06/23/22. From committee: Amend, do pass as amended and re-refer to Com. on APPR on 06/29/22. Re-referred to Com. on APPR on 06/30/22.)

AB 2647 (Levine)

The Brown Act requires the meetings of the legislative body of a local agency to be conducted openly and publicly, with specified exceptions. Current law makes agendas of public meetings and other writings distributed to the members of the governing board disclosable public records, with certain exceptions. Current law requires a local agency to make those writings distributed to the members of the governing board available less than 72 hours before a meeting for public inspection, as specified, at a public office or location that the agency designates. This bill would instead require a local agency to make those writings distributed to the members of the governing board available for public inspection at a public office or location that the agency designates and list the address of the office or location on the agenda for all meetings of the legislative body of the agency unless the local agency meets certain requirements, including the local agency immediately posts the writings on the local agency's internet website in a position and manner that makes it clear that the writing relates to an agenda item for an upcoming meeting.

(STATUS: Introduced 02/18/22. Passed out of the Assembly on 05/12/22. In Senate, read first time on 05/12/22. Referred to Com. on GOV & F on 05/25/22. **In committee: Set, first hearing. Hearing canceled at the request of author on 06/20/22. From committee: Amend, and do pass as amended on 06/30/22.)**

SB 1100 (Cortese, Low, Aguiar-Curry) Revised 06/16/22

The Brown Act requires, with specified exceptions, that all meetings of a legislative body of a local agency, as those terms are defined, be open and public and that all persons be permitted to attend and participate. Existing law requires every agenda for regular meetings of a local agency to provide an opportunity for members of the public to directly address the legislative body on any item of interest to the public, before or during the legislative body's consideration of the item, that is within the subject matter jurisdiction of the legislative body. Existing law authorizes the legislative body to adopt reasonable regulations to ensure that the intent of the provisions relating to this public comment requirement is carried out, including, but not limited to, regulations limiting the total amount of time allocated for public testimony on particular issues and for each individual speaker. Existing law authorizes the members of the legislative body conducting the meeting to order the meeting room cleared and continue in session, as prescribed, if a group or groups have willfully interrupted the orderly conduct of a meeting and order cannot be restored by the removal of individuals who are willfully interrupting the meeting.

This bill would authorize the presiding member of the legislative body conducting a meeting to remove an individual for disrupting the meeting. The bill, except as provided, would require removal to be preceded by a warning to the individual by the presiding member of the legislative body or their designee that the individual's behavior is disrupting the meeting and that the individual's failure to cease their behavior may result in their removal. The bill would authorize the presiding member or their designee to then remove the individual if the individual does not promptly cease their disruptive behavior. The bill would define "disrupting" for this purpose.

(STATUS: Introduced 02/16/22. Passed out of the Senate on 05/02/22. In Assembly, read first time on 05/02/22. Referred to Coms. on L GOV and JUD on 05/05/22. From committee with author amendments; read second time and amended; re-referred to Com. on L. GOV on 06/06/22. **Coauthors revised. From committee: pass and re-referred to Com. on JUD 06/16/22. From committee: pass on 06/21/22. Read second time; and ordered to third reading on 06/22/22.**)

Bills that Would Amend Other Laws Applicable to OCERS

AB 551 (Rodriguez) – Amended in Senate 6/28/22

Current law, until January 1, 2023, establishes a disability retirement presumption that is applicable to the members of various public employee retirement systems who are employed in certain firefighter, public safety officer, and health care job classifications, among others, who test positive for COVID-19, as specified. The law requires, if the member retires for disability on the basis, in whole or in part, of a COVID-19-related illness, that it be presumed that the disability arose out of, or in the course of, the member's employment, unless rebutted. This bill would extend the operation of the provisions described above until January 1, ~~2025.~~ **2024.**

(STATUS: Passed out of the Assembly on 01/27/22. Read first time in Senate on 01/27/22. Read second time in Senate on 05/09/22. **Ordered to third reading on 06/21/22. Read third time; amended; ordered to second reading on 06/28/22. Read second time; ordered to third reading on 06/29/22.**)

AB 1993 (Wicks and Low)

Existing law, the California Fair Employment and Housing Act (FEHA), establishes the Department of Fair Employment (department) and Housing within the Business, Consumer Services, and Housing Agency and sets forth its powers and duties relating to the enforcement of civil rights laws with respect to housing and employment. Existing federal law, the Federal Food, Drug, and Cosmetic Act, authorizes the United States Secretary of Health and Human Services to approve new drugs and products, including vaccines, for introduction into interstate commerce, and authorizes the secretary to authorize vaccines for use in an emergency upon declaring a public health emergency. On February 4, 2020, the secretary determined that there is a public health emergency and declared circumstances exist justifying the authorization of emergency use of drugs and biological products. The secretary subsequently authorized the emergency use of 3 vaccines for the prevention of COVID-19, and on August 23, 2021, the secretary approved a vaccine for the prevention of COVID-19.

The California Emergency Services Act authorizes the Governor to declare a state of emergency during conditions of disaster or extreme peril to persons or property, including epidemics. On March 4, 2020, the Governor declared a state of emergency relating to the COVID-19 pandemic. Pursuant to this authority, the Governor issued several executive orders requiring individuals in specified employment, health care, school, or other settings to provide proof of a COVID-19 vaccination status, unless specified exceptions are met.

This bill would require an employer to require each person who is an employee or independent contractor, and who is eligible to receive the COVID-19 vaccine, to show proof to the employer, or an authorized agent thereof, that the person has been vaccinated against COVID-19. This bill would establish an exception from this vaccination requirement for a person who is ineligible to receive a COVID-19 vaccine due to a medical condition or disability or because of a sincerely held religious belief, as specified, and would require compliance with

various other state and federal laws. The bill would require proof-of-vaccination status to be obtained in a manner that complies with federal and state privacy laws and not be retained by the employer, unless the person authorizes the employer to retain proof. This bill would require, on January 1, 2023, each employer to affirm, in a form and manner provided by the department, that each employee or independent contractor complied with these provisions, and would require the employer to affirm that each new employee or independent contractor is in compliance at the time of hiring or contracting with that person. The bill would require the department to impose a penalty of an unspecified amount on an employer for any violation of these provisions.

The bill would apply to both private and public employers, and defines “public employer” as (1) the state and every state entity, including, but not limited to, the Legislature, the judicial branch, the University of California, and the California State University; and (2) a political subdivision of the state, or agency or instrumentality of the state or subdivision of the state, including, but not limited to, a city, county, city and county, charter city, charter county, school district, community college district, powers authority, joint powers agency, and any public agency, authority, board, commission, or district.

This bill would repeal these provisions when the federal Centers for Disease Control and Prevention’s Advisory Committee on Immunization Practices determines that COVID-19 vaccinations are no longer necessary for the health and safety of individuals. This bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities. This bill would declare that its provisions are severable.

(STATUS: Introduced 02/10/22. Referred to Coms. on L & E and JUD on 03/17/22. In committee: Hearing canceled at the request of author on 03/29/22. Coauthors revised on 04/18/22. **NOTE: Since the bill did not pass out of policy committee by July 1, 2022, AB 1993 will not move forward this session.**)

SB 1328 (McGuire and Cortese) – DIVESTMENT BILL

The provisions of SB 1328 applicable to public retirement system boards were significantly amended on May 19, 2022. (See bill language, below.) As amended, the bill still applies to local public retirement systems like OCERS, but the requirements are less onerous. In addition, the divestment language in the bill was deleted and replaced with simpler language.

As amended, the new law would require or prevent the following actions by public retirement system boards:

1. Public retirement system boards would be prohibited from making additional or new investments (as defined) or renew existing investments in any of the following:
 - (a) A prohibited company (as defined).
 - (b) A company that the United States government has designated as complicit in the aggressor countries’ war against Ukraine.
 - (c) A company that supplies military equipment to the aggressor countries.

And, public retirement system boards would be required to liquidate any existing investments in a company described in paragraph 1, above, in a manner consistent with the boards’ fiduciary responsibilities as described in Section 17 of Article XVI of the California Constitution.

“Prohibited company” means either of the following:

(A) A sole proprietorship, organization, association, corporation, partnership, venture, or other entity, or its subsidiary or affiliate that exists for profitmaking purposes or to secure economic advantage, that is domiciled in Russia or Belarus.

(B) A sole proprietorship, organization, association, corporation, partnership, venture, or other entity, or its subsidiary or affiliate that exists for profitmaking purposes or to secure economic advantage, that is owned or controlled, directly or indirectly, by the government of Russia or Belarus or by a sanctioned person.

The definitions of “invest” or “investment” were amended to mean the purchase, ownership, or control of stock, a partnership interest, or a membership interest of a prohibited company, bonds issued by the government or a political subdivision of Russia or by the government or a political subdivision of Belarus, corporate bonds or other debt instruments issued by a company domiciled in Russia or Belarus, or the commitment of funds or other assets to a company domiciled in Russia or Belarus, including a loan or extension of credit to that company, unless the investment is authorized by the United States Department of the Treasury, Office of Foreign Assets Control.

Investments in companies that are primarily engaged in supplying goods or services intended to relieve human suffering in Ukraine or that promotes health, education, journalistic, or religious activities in or welfare in Ukraine are excluded from the bill.

2. On or before January 1, 2023, and every year thereafter, the public retirement system board is required to file a report with the Legislature. The report shall describe all of the following:
 - (a) A list of the board’s investments in companies described in paragraph 1, above, including, but not limited to, the issuer, by name, of the stock, bonds, securities, and other evidence of indebtedness.
 - (b) Whether the board has divested from its investments in a company included in the list.
 - (c) If the board has not divested from its investment in a company included in the list, a description of when the board anticipates that it will divest from those investments or the reasons why a sale or transfer of investments is inconsistent with its fiduciary responsibilities as described in Section 17 of Article XVI of the California Constitution.

3. The bill continues to state that it does not require a public retirement system board to take action under the bill unless the board determines, in good faith, that the action is consistent with the fiduciary responsibilities of the board as described in Section 17 of Article XVI of the California Constitution.

The May 19, 2022 amendments deleted several provisions from the bill including:

- The definitions of “active business operations”, “business operations”, “company” and “substantial action”
- The requirement that the boards of public retirement systems enter into contracts with research firms
- The requirements that the boards review publicly available information regarding companies with business operations in Russia/Belarus; contact other institutional investors that invest in companies with business operations in Russia/Belarus; and send written notices to companies with business operations in Russia/Belarus
- The requirement to contact fund managers and request that they remove companies from the fund
- The requirement to identify private equity investments that involve companies with operations in Russia/Belarus
- The requirement to notify, in the board’s capacity as a shareholder or investor, companies and request substantial action

This The bill, except as specified, would prohibit the boards of specified state and local public retirement systems from making additional or new investments in prohibited companies, as defined, domiciled in Russia or Belarus, as defined, companies that the United States government has designated as complicit in the aggressor countries', as defined, war in Ukraine, or companies that supply military equipment to the aggressor countries, and to liquidate the investments of the board in those companies, as specified. The bill would also require the board, on or before January 1, 2023, and every year thereafter, to file a specified report with the Legislature. The bill would repeal these provisions on specified triggering events. The bill specifies that it does not require the board to take action as described unless the board determines, in good faith, that the action is consistent with the fiduciary responsibilities of the board as described in Section 17 of Article XVI of the California Constitution. By requiring the boards of local public retirement systems to take specified actions, this bill would impose a state-mandated local program.

Existing law specifies the duties of the Treasurer, which include receiving and keeping in the vaults of the State Treasury or depositing in banks or credit unions all moneys belonging to the state, and, except as specified, receiving and keeping in the vaults of the State Treasury or depositing for safekeeping with any federal reserve bank or any branch thereof, or with any trust company or the trust department of any state or national bank located in a city designated as a reserve or central reserve city by the Board of Governors of the Federal Reserve System, bonds and other securities or investments belonging to the state. This bill, except as specified, would prohibit the Treasurer from making additional or new investments or renewing existing investments of state moneys in any investment vehicle in the government of Russia or the government of Belarus that meets certain conditions, or in or from a Russian or Belarusian financial institution currently under sanctions imposed by the United States, as defined and specified. The bill would repeal these provisions on specified triggering events.

Existing law specifies how money received into the treasury must be credited and how those state funds are to be used. Existing law prohibits state funds from being used to reimburse a state contractor for costs incurred to assist, promote, or deter union organizing, as defined and specified. Existing law also prohibits state trust moneys from being used to make additional or new investments or to renew existing investments in business firms that engage in discriminatory practices in further of or in compliance with the Arab League's economic boycott of Israel, as defined and specified. This bill, except as specified, would prohibit a state agency, as defined, from making additional or new investments or renewing existing investments of state moneys in any investment vehicle in the government of Russia or the government of Belarus that meets certain conditions, or in or from Russian or Belarusian financial institutions currently under sanctions imposed by the United States, and would require a state agency to liquidate those investments. The bill would also require a state agency to file a specified report with the Legislature and the Governor. The bill would urge companies operating in California and the Regents of the University of California to divest and separate themselves from the government of Russia, Russian financial institutions, Russian businesses, the government of Belarus, Belarusian financial institutions, and Belarusian businesses, and would request companies doing business in California to report their investments in and contracts with the government of Russia, Russian financial institutions, Russian

businesses, the government of Belarus, Belarusian financial institutions, and Belarusian businesses, as specified. The bill would repeal these provisions on specified triggering events.

Existing law authorizes state agencies to contract for goods, information technology, or services with certain suppliers, as specified. Existing law also makes companies in Sudan involved in certain activities ineligible to bid or submit a proposal for, and forbids them from bidding on or submitting a proposal for, a contract with a state agency for goods or services, as specified. This bill, except as specified, would make a company that conducts business with the government of Russia or the government of Belarus ineligible to bid or submit a proposal for, and would forbid that company from bidding on or submitting a proposal for, a contract with a state agency for goods or services, as defined and specified. The bill would require a state agency to require a company that submits a bid or proposal with respect to a contract for goods or services to certify that the company is not a scrutinized company, as prescribed. The bill would, among other things, make a company that submits a false certification under these provisions liable for a civil penalty, and would require the Department of General Services to report the company to the Attorney General, who would be required to determine whether to bring a civil action against the company, as specified. The bill would repeal these provisions on specified triggering events.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above. This bill would declare that it is to take effect immediately as an urgency statute.

(STATUS: Introduced 02/18/22. Passed out of the Senate on 05/26/22. In Assembly, read first time on 05/27/22.

Referred to Coms. on P.E & R and A & A.R on 06/09/22. June 22 hearing postponed by committee. NOTE: Since the bill did not pass out of policy committee by July 1, 2022, SB 1329 will not move forward this session.)

Other Bills of Interest

AB 1795 (Fong)

The Bagley-Keene Open Meeting Act requires state bodies to allow all persons to attend meetings and provide an opportunity for the public to address the state body regarding any item included in its agenda, except as specified. This bill would require state bodies, subject to existing exceptions, to provide all persons the ability to participate both in-person and remotely, as defined, in any meeting and to address the body remotely.

(STATUS: Introduced on 02/07/22. Referred to Com. on G.O on 02/18/22. **NOTE: Since the bill did not pass out of policy committee by July 1, 2022, AB 1795 will not move forward this session.)**

SB 931 (Leyva)

Current law prohibits a public employer from deterring or discouraging public employees or applicants to be public employees from becoming or remaining members of an employee organization, authorizing representation by an employee organization, or authorizing dues or fee deductions to an employee organization. Current law generally vests jurisdiction over violations of these provisions in the Public Employment Relations Board. This bill would authorize an employee organization, as described, to bring a claim

before the Public Employment Relations Board alleging that a public employer violated the above-described provisions. Upon a finding by the board that the public employer violated those provisions, the public employer would be subject to a civil penalty, to be deposited in the General Fund, of up to \$1,000 for each affected employee, not to exceed \$100,000 in total, and subject to attorney's fees and costs, as described and except as specified.

(STATUS: Introduced 02/07/22. Passed out of the Senate on 05/24/22. In Assembly, read first time on 05/25/22. Referred to Coms. on P.E & R and JUD on 05/27/22. **From committee: pass and re-referred to Com. on P.E & R on 06/14/22. From committee: pass and re-referred to Com. on APPR on 06/22/22.**)

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: Read first time in Senate on 06/02/21. 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. **NOTE: Since the bill did not pass out of policy committee by July 1, 2022, AB 386 will not move forward this session.**)

AB 1667 (Cooper)

The Teachers' Retirement Law establishes the State Teachers' Retirement System (STRS) and creates the Defined Benefit Program of the State Teachers' Retirement Plan, which provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. Existing law also creates the Cash Balance Benefit Program, administered by the STRS board, to provide a retirement plan for the benefit of participating employees who provide creditable service for less than 50% of full time. Existing law authorizes the STRS board to audit, or cause to be audited, the records of any public agency as often as it deems necessary.

This bill would prescribe various requirements and duties in connection with audits of public agencies by the STRS board. The bill would require the board to provide written notice of and the purpose and scope of an intended audit to the affected public agency and to the exclusive representative of the members affected by the audit. The bill would define "exclusive representative" for purposes of STRS. The bill would require the public agency to provide information requested by the board in a timely manner and, at that time, to also provide the information to the exclusive representative of the members affected by the audit. The bill would authorize an audited public agency and the exclusive representative of affected members to provide the board or its designee information relevant to the audit and would require the board to consider this information in preparing its draft audit report. The bill would require the board to provide to the audited public agency and the exclusive representative of the affected members a draft audit report and a list of every member known to be

affected. The bill would authorize recipients to provide the board written responses to the draft audit report and would require the board to consider the responses in preparing its final audit report. The bill would require the public agency to provide, as specified, the board and the exclusive representative a list of the names of any member affected by the audit not included in the board's list.

This bill would require the board to provide the final audit report to an audited public agency, to the exclusive representative or representatives of members affected by the audit, and to the affected members, with an explanation of their appeal rights. The bill would authorize the public agency and the affected members to request administrative hearings if they disagree with the final audit and would prescribe a process for this purpose. The bill would require STRS to make all final employer audit reports available on its internet website, as specified.

This bill would require STRS to annually publish rules, at least annually, that interpret and clarify the applicability of creditable compensation and creditable service laws. The bill would prohibit new interpretations, including those that would modify prior interpretations, from taking effect until after notice is issued to employers and exclusive bargaining representatives and would prohibit retroactive application to compensation reported prior to that notice, unless that is expressly required by state or federal law, or an executive order of the Governor, and would generally require application on July 1, following the notice. The bill would state that for audits and other actions, including actions and penalties relating to disallowed compensation reporting, employers are responsible for the rules in effect at time the compensation is reported, except when specified. If system rules and guidance are later determined by the system to result in disallowed compensation, the bill would require disallowed compensation reported in accordance with the written guidance to be deemed an error by the system, which would result in system responsibility for assessments or payments owed to a retired member.

The bill would authorize an employer or an exclusive representative to submit to STRS a request for an advisory letter concerning items of compensation that are contained or proposed for inclusion in a publicly available written contractual agreement for review by the system to provide guidance for the proper reporting of such compensation consistent with law governing creditable compensation and with system regulations. The bill would prescribe a process in this regard, which would include requiring the system to provide an advisory letter within 30 days of the receipt of all information required for a review. If compensation reported in accordance with written guidance given by the system is later determined by the system to have been reported in error, the bill would require any resulting overpayment or penalty to be deemed an error by the system, which would result in system responsibility for assessments or payments owed to a retired member.

Existing law requires an employer to deduct from the creditable compensation of members who are employed by the employer the member contributions required by the Teachers' Retirement Law and to remit them to the system plus required employer contributions. Existing law requires a county superintendent of schools, among others, that reports directly to the system to draw requisitions for required contributions, as specified, in favor of STRS, and the requisitions, when allowed and signed by the county auditor, are a warrant against the county treasury. Existing law requires the board to assess penalties if required contributions are not paid or if specified monthly reports are not made or are made in an improper form. Existing law creates the county school service fund and prescribes the expenses to which it may be applied. Existing law generally prohibits expending moneys

in the fund for any purpose in excess of the latest proposed expenditures for a purpose as approved by the Superintendent of Public Instruction, as specified. Existing law generally requires a county auditor to approve warrants drawn on the service fund for expenses approved in the county school service fund budget. This bill would authorize the county superintendent of schools to draw requisitions against the county school service fund and the funds of the respective employing agencies for the purpose of making certain payments to STRS, as specified, in amounts equal to employing agency payments.

Existing law generally authorizes the board, in its discretion and upon any terms it deems just, to correct the errors or omissions of a member or beneficiary of the Defined Benefit Program, and of any participant or beneficiary of the Cash Balance Benefit Program, if specified facts exist. Under existing law, the failure by a member, participant or beneficiary to make an inquiry that would be made by a reasonable person in like or similar circumstances does not constitute an error or omission. Existing law requires that any overpayment made to, or on behalf of, any member, former member, or beneficiary be deducted from any subsequent benefit that may be payable, except as specified. This bill would revise the requirement to deduct, as described above, to except from its application amounts overpaid in a variety of situations, including those amounts overpaid due to inaccurate or untimely submission of information, amounts overpaid on the basis of fraud or intentional misrepresentation by the recipient of a benefit, and amounts overpaid due to compensation that the system determines to have been paid to enhance a member's benefits, among others. The bill would prescribe requirements for the recovery of these and other overpaid amounts. The bill would prohibit recovery of amounts overpaid due to an error by the system. The bill would require the Controller, in certain circumstances, upon the order of the board, to reduce payments from the State School Fund to a county for deposit in the county school service fund or, upon the request of a county superintendent of schools to the county auditor. The bill would require the Controller to reduce payments to a school district for deposit in the district general fund by the amount owed. The bill would require the Controller to then pay specified amounts owed for deposit in the Teachers' Retirement Fund.

Existing law prescribes a process for, and limitations on, payments into or out of the Teachers' Retirement Fund for adjustments of errors or omissions with respect to the Defined Benefit Program or the Defined Benefit Supplement Program. Existing law requires STRS, if an employer reports erroneous information, to calculate the actuarial present value of the expected payments from the member, the former member, or beneficiary, as specified, and requires the employer to pay the difference between the total amount of the overpayment and the calculation of the actuarial present value of expected payments. Existing law establishes limits on the amounts by which a monthly allowance payable under the Defined Benefit Program or benefit payable under the Defined Benefit Supplement Program or the Cash Balance Benefit Program may be reduced to recover an overpayment, if the collection of the overpayment is not the result of fraud or intentional misrepresentation of facts by the recipient of the allowance or benefit. This bill would repeal the above-described requirement that applies if an employer reports erroneous information and the above-described limitations on the reductions of allowances and benefits to recover an overpayment. The bill would prescribe various requirements to apply in instances in which STRS determines that the compensation reported for a member by an employer is disallowed compensation. The bill would define "disallowed compensation" to mean compensation reported by an employer that the system subsequently determines is not properly creditable pursuant to applicable law. The bill would require upon a determination of disallowed compensation that the employer discontinue reporting

the compensation as being creditable to the member's designated account. The bill would require, in the case of an active member, that all employer and member contributions be credited to the member's appropriate account, where applicable, and would require that employer contributions on disallowed compensation be credited against future contributions to the benefit of the employer and member contributions be returned to the member by the employer.

The bill would prescribe notice and repayment requirements that would apply to a retired member, survivor, or beneficiary if the final compensation applicable to their pensions was predicated upon disallowed compensation and if specified conditions are met. The bill would require, in this context, if the conditions are met, that the employer that reported contributions on the disallowed compensation pay STRS the full cost of any overpayment of a prior paid benefit resulting from the disallowed compensation. The bill would require an employer or a county superintendent of schools, as specified, to pay STRS a penalty, to be calculated according to a specified formulation. The bill would require that 90% of this penalty be paid to the affected retired member, survivor, or beneficiary and that 10% be paid to STRS, as specified. The bill would require STRS to provide certain notices in this regard to the employer that reported contributions on the disallowed compensation, to a county superintendent of schools, as specified, and to the affected retired member, survivor, or beneficiary. The bill would require STRS, upon request, to provide employers information regarding retired members, survivors, or beneficiaries in order for employers to fulfill their obligations and would require that this information be kept confidential. The bill would also require STRS, if an overpayment is deemed to be the result of an error of the system, to pay the affected retired member, survivor, or beneficiary a penalty, as specified. The bill would require, if the employer that reported compensation information did so in reliance on the written guidance of STRS, that the disallowed compensation be deemed an error by the system, and the system would be financially responsible for any assessments or payments owed. The bill would require, if compensation is determined to be disallowed compensation due to an act by a county superintendent of schools that reports directly to the system on behalf of an employer, that the county superintendent be financially responsible for any assessments or payments owed, except as specified.

(STATUS: Introduced 01/19/2022. Passed out of the Assembly on 05/26/22. In Senate, read first time and ordered to Com. on RLS for assignment 05/27/22. **Referred to Coms. on L, P.E & R and JUD on 06/08/22. Re-referred to Com. on JUD on 06/23/22. From committee: Do pass and re-referred to Com. on APPR on 06/29/22.**)

AB 1722 (Cooper)

The PERL, until January 1, 2023, provides a state safety member of CalPERS who retires for industrial disability a retirement benefit equal to the greatest amount resulting from 3 possible calculations. In this regard, the benefit amount is based on an actuarially reduced service retirement, a service retirement allowance, if the member is qualified, or 50% of the member's final compensation, plus an annuity purchased with their accumulated contributions, if any. This bill would delete the termination of these provisions on January 1, 2023, thereby making them operative in perpetuity.

(STATUS: Introduced 01/27/22. Passed out of the Assembly on 05/25/22. In Senate, read first time and ordered to Com. on RLS for assignment on 05/26/22. Referred to Com. on L, P.E & R on 06/1/22. **From committee: Do pass and re-refer to Com. on APPR on 06/29/22.**)

AB 1877 (Fong)

Current law limits the postretirement compensation of a member of the CalSTRS Defined Benefit Program to an amount calculated by CalSTRS, as specified. If the member's postretirement compensation exceeds this amount, the law requires the member's retirement allowance to be reduced by the amount of excess compensation. Current law, however, permits members retired for service from CalSTRS to perform member activities without being subject to the compensation limit under certain limited conditions and circumstances. This bill would exempt from the postretirement compensation limit the compensation of a member retired for service who was a classroom teacher who has returned to work to fulfill a critical need in a position due to a teacher shortage in the area of special education. The bill would require a local school district, county office of education, or other local educational agency exercising this exemption to submit specified documentation, certified under penalty of perjury, to substantiate a retired member's eligibility.

(STATUS: Introduced 02/08/22. Referred to Com. on P.E & R on 02/18/22. In committee: Set, first hearing; hearing canceled at the request of author on 04/20/22. **NOTE: Since the bill did not pass out of policy committee by July 1, 2022, AB 1877 will not move forward this session.**)

AB 2443 (Cooley) Amended in Senate 06/22/22

Current law establishes the Legislators' Retirement System, Public Employees' Retirement System, the Judges' Retirement System, and Judges' Retirement System II, all of which provide retirement and other benefits to their respective members and are administered by CalPERS. Existing federal law prescribes limits on the amount of retirement benefits that a member may receive if a retirement system is to maintain its tax-qualified status and may require that benefits from different retirement plans maintained by the same employer be aggregated. This bill, for purposes of the above-described retirement systems, would prescribe the method by which benefits are to be reduced when federal law requires aggregation of benefits from different plans maintained by the same employer and federal limits on benefits are reached. **The bill would make findings and declarations regarding the intent of the Legislature to address the Judges' Retirement System II, as specified.**

(STATUS: Introduced 02/17/22. Passed out of the Assembly on 05/05/22. In Senate, read first time on 05/05/22. Referred to Com. on L, P.E & R on 05/18/22. **From committee chair, with author's amendments: Amend, and re-refer to committee; read second time, amended, and re-referred to Com. on L, P.E & R on 06/22/22. From committee: Do pass; re-referred to Com. on APPR on 06/29/22.**)

SB 850 (Laird)

The PERL requires the payment of death benefits to beneficiaries of members and, under certain conditions, the payment of special death benefits. These special death benefits are payable to the surviving spouse and children of certain member categories, among them peace officer and safety member categories, whose deaths are determined to be industrial. Existing law requires an additional percentage of the special death benefit to be paid to the spouses of members who are killed in the performance of their duties, or who die as a result of an accident or an injury caused by external violence or physical force during the performance of their duties, for each of the members' children, as specified, for the lifetime of the surviving spouse. This bill, for the purpose of the additional percentage of the special death benefit described above, would require that payment be made to the person having custody of the member's child or children, if the member does not have a surviving spouse but otherwise meets the specified requirements, or if the surviving spouse dies before each child of the member has died, married, or reached 22 years of age. The bill would eliminate the

use of the lifetime of the surviving spouse for purposes of determining the term during which this benefit is paid. The bill would make these provisions operative retroactively to on or after January 1, 2013.

(STATUS: Introduced 01/18/22. Passed out of the Senate on 05/25/22. In Assembly, read first time on 05/26/22. Referred to Com. on P.E & R on 06/02/22. From committee: Pass and re-referred to Com. on APPR 06/22/22.)

SB 868 (Cortese)

Current law creates the Teachers' Retirement Fund and establishes within that fund a segregated account named the Supplemental Benefit Maintenance Account. Current law continuously appropriates funds in the Supplemental Benefit Maintenance Account for expenditure for the purpose of restoring the purchasing power of the allowances of retired members and nonmember spouses, disabled members, and beneficiaries, and prescribes various schedules pursuant to which these allowances are augmented. This bill would prescribe additional benefits to be paid quarterly from the Supplemental Benefit Maintenance Account, beginning July 1, 2023, to retired members and nonmember spouses, disabled members, and beneficiaries, to be made pursuant to a specified schedule. By providing for additional payments to be made from a continuously appropriated fund, this bill would make an appropriation. The bill would require the amount of these increases to be determined on July 1, 2023, as specified, and would require that amount to be increased each year commencing on July 1, 2024, but not compounded. The bill would specify that these increases are not part of the base allowance, are payable only to the extent that funds are available from the Supplemental Benefit Maintenance Account, and would state the extent to which these payments would be vested.

(STATUS: Introduced 01/24/22. Passed out of the Senate on 05/23/22. In Assembly, read first time on 05/24/22. Referred to Com. on P.E & R on 05/27/22. From committee: pass and re-referred to Com. on APPR on 06/22/22.)

SB 1168 (Cortese)

Existing law, applicable to agencies that contract with PERS to provide benefits to their employees, requires a payment of \$500 to be made to a beneficiary upon the death of a member after retirement and while receiving a retirement allowance from PERS, unless otherwise provided. This bill, for a death occurring on or after July 1, 2023, would increase the amount of the above-described benefit to \$2,000.

(STATUS: Introduced 02/17/22. Passed out of the Senate on 05/09/22. In Assembly, read first time on 05/09/22. Referred to Com. on P.E & R on 05/12/22. From committee: pass and re-referred to Com. on APPR on 06/22/22.)

SB 1173 (Gonzalez)

This bill would prohibit the boards of CalPERS and CalSTRS from making new investments or renewing existing investments of public employee retirement funds in a fossil fuel company, as defined. The bill would require the boards to liquidate investments in a fossil fuel company on or before July 1, 2030. The bill would temporarily suspend the above-described liquidation provision upon a good faith determination by the board that certain conditions materially impact normal market mechanisms for pricing assets, as specified, and would make this suspension provision inoperative on January 1, 2035. The bill would provide that it does not require a board to take any action unless the board determines in good faith that the action is consistent with the board's fiduciary responsibilities established in the California Constitution. This bill would require the boards, commencing

February 1, 2024, and annually thereafter, to file a report with the Legislature and the Governor, containing specified information, including a list of fossil fuel companies of which the board has liquidated their investments. The bill would provide that board members and other officers and employees shall be held harmless and be eligible for indemnification in connection with actions taken pursuant to the bill's requirements, as specified.

(STATUS: Introduced 02/17/22. Passed out of the Senate on 05/25/22. In Assembly, read first time on 05/26/22. Referred to Coms. on P.E & R and JUD on 06/02/22. **June 22 hearing postponed by committee. NOTE: Since the bill did not pass out of policy committee by July 1, 2022, SB 1173 will not move forward this session.**)

SB 1343 (Leyva) Amended in Assembly 06/15/22

The Charter Schools Act of 1992 authorizes the establishment and operation of charter schools. Existing law authorizes charter schools to elect to make CalSTRS, CalPERS, or both available to qualifying employees. This bill would require ~~charter schools~~ **a charter school initially authorized to commence operations** on and after January 1, 2023, to participate in CalSTRS, CalPERS, or both. The bill would specify that this provision does not apply to ~~charter schools~~ **a charter school seeking a renewal authorization on or after January 1, 2023, if the charter school initially received authorization to commence operations before January 1, 2023, and has continuously operated as a charter school since that initial authorization.** The bill would generally require CalSTRS, the Cash Balance Benefit Program, and CalPERS to apply to ~~charter schools~~ **a charter school** in the same manner as the systems and program apply to other public schools. The bill would require the chartering authority to provide notice to STRS or PERS, as applicable, of the occurrence of specified events, including approval of a charter school petition, within 30 days of the event's occurrence, on a form prescribed by the system. For the purpose of paying contributions on behalf of a charter school, the bill would require a county superintendent, district superintendent, or other employing agency that reports directly to CalSTRS, upon state apportionment to a charter school, to draw requisitions against the funds of the charter school in amounts equal to the estimated contributions required to be paid by the charter school to CalSTRS, as specified, and pay them to the system. The bill would prohibit these requisitions from exceeding an estimated 3 months of contributions to be paid by the charter school. The bill would also require a county superintendent, district superintendent, or other employing agency that reports directly to the retirement system to use any unencumbered funds, otherwise legally available for this purpose, to pay for any amounts due to the system that remain unpaid. The bill would require the estimated amount to be determined by the county superintendent, district superintendent, or other employing agency. The bill would create similar requirements and prohibitions for purposes of requisitions related to the Cash Balance Benefit Program and CalPERS. By depositing additional moneys in continuously appropriated funds, this bill would make an appropriation.

Existing law requires a county superintendent, district superintendent, chancellor of a community college district, or other employing agency that reports directly to CalSTRS to draw requisitions for contributions required pursuant to specified provisions in favor of the system. Existing law requires employers participating in CalSTRS to contribute monthly a specified percentage of the creditable contribution upon which member contributions are based in connection with funding the liability for benefits related to accumulated and unused sick leave. This bill would require that the monthly contributions for benefits related to accumulated and unused sick leave be subject to the above-described requisition process.

(STATUS: Introduced 02/18/22. Passed out of the Senate on 05/25/22. In Assembly, read first time on 05/26/22. **Referred to Coms. on P.E & R and ED on 06/09/22. From committee with author's amendments; read second time and amended; re-referred to Com. on P.E & R on 06/15/22. From committee: pass and re-referred to Com. on ED on 06/22/22. From committee: pass and re-referred to Com. on APPR on 06/29/22.**)

SB 1402 (Umberg)

Current law authorizes a member of CalSTRS to receive creditable service for certain types of service outside the system, including military service, and distinguishes in this regard between service performed before membership and after becoming a member. Current law authorizes a member who is a state employee, or a retired member who retired immediately following service as a state employee, as specified, to receive credit for specified military or Merchant Marine service occurring prior to membership and prescribes requirements and limits in this connection. Current law requires, in this context, that the member contribute sufficient funds to cover the total cost of military service credit, as specified. Current law limits the application of this authorization to receive premembership service credit to specified service in the Armed Forces of the United States or in the Merchant Marine of the United States prior to January 1, 1950. This bill would delete the limitation that the service have occurred prior to January 1, 1950, from these provisions, unless certain exceptions apply, and would delete the requirement that the electing member is a state employee or a retired member who retired immediately following service as a state employee.

Existing law authorizes specified members of PERS, including state members, to receive public service credit for certain types of service outside the system, including military service, and distinguishes in this regard between service performed before membership and after becoming a member. Existing law authorizes receipt of public service credit for specified military or Merchant Marine service occurring prior to membership and prescribes requirements and limits in this connection. Existing law requires, in this context, that the member contribute funds to cover the total cost of this public service credit, as specified. Existing law limits the application of this authorization to receive this public service credit to specified service in the Armed Forces of the United States or in the Merchant Marine of the United States prior to January 1, 1950. Existing law provides that this authorization only applies to agencies contracting with PERS if the agency elects to amend its contract. This bill would delete the limitation that the service have occurred prior to January 1, 1950, and would require contracting agencies to provide members the option to receive the public service credit for specified service in the Armed Forces of the United States or in the Merchant Marine of the United States.

(STATUS: Introduced 02/18/22. Passed out of the Senate on 05/09/22. In Assembly, read first time on 05/09/22. Referred to Com. on P.E & R on 05/19/22. **From committee: pass and re-referred to Com. on APPR on 06/22/22.**)

SB 1420 (Dahle)

This bill would require that an agency participating in CalPERS that increases the compensation of a member who was previously employed by a different agency to bear all actuarial liability for the action, if it results in an increased actuarial liability beyond what would have been reasonably expected for the member. The bill would require, in this context, that the increased actuarial liability be in addition to reasonable compensation growth that is anticipated for a member who works for an employer or multiple employers over an extended time. The bill would require, if multiple employers cause increased liability, that the liability be apportioned equitably

among them. The bill would apply to an increase in actuarial liability, as specified, due to increased compensation paid to an employee on and after January 1, 2023.

(STATUS: Introduced 02/18/22. Referred to Com. on L, P.E & R on 03/09/22. Heard in committee on 04/27/22; failed passage; reconsideration granted. **NOTE: Since the bill did not pass out of policy committee by July 1, 2022, SB 1420 will not move forward this session.**)

Attachments:

Legislative Update
2022 Legislative Calendar

Submitted by:



GMR- Approved

Gina M. Ratto
General Counsel



**OCERS BOARD OF RETIREMENT
July 18, 2022 MEETING**

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

New or updated information in bold text

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: Read first time in Senate on 06/02/21. 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. **NOTE: Since the bill did not pass out of policy committee by July 1, 2022, AB 386 will not move forward this session.**)

AB 498 (Quirk-Silva)

On June 13, 2022, this bill was amended such that it no longer affects the CERL systems. The bill will be removed from the August report.

~~CERL defines compensation earnable for purposes of its provisions, with particular application to the calculation of final compensation and the determination of pension amounts and other benefits. In this regard, “compensation earnable” by a member means the average compensation as determined by the retirement board, for the period considered based on the average number of days ordinarily worked by persons in the same grade or class of positions during the period, as specified. PEPPRA prescribes various limitations on public employees, employers, and retirement systems concerning, among other things, the types of remuneration that may be included in compensation that is applied to pensions.~~

~~This bill would delete the term “grade” and replace it with the term “group” for purposes of the definition of compensation earnable, as described above. The bill would define the phrase “group or class of positions” for purposes of this definition to mean a number of employees considered together because they share similarities in job duties, work location, collective bargaining unit, or other logical work-related grouping, and would specify that a single employee is not a group or class. The bill would state that its changes are declaratory of existing law and would make a declaration of legislative intent in regards to its application.~~

~~(STATUS: AB 498 was originally introduced as a Computer Science Access Initiative. Passed out of the Assembly and ordered to the Senate on 05/27/21. In the Senate on 09/10/21, the bill was gutted and replaced with language to amend the CERL. It was referred to Com. on RLS on 09/10/21.)~~

AB 551 (Rodriguez) – Amended 6/28/22

Current law, until January 1, 2023, establishes a disability retirement presumption that is applicable to the members of various public employee retirement systems who are employed in certain firefighter, public safety officer, and health care job classifications, among others, who test positive for COVID-19, as specified. The law requires, if the member retires for disability on the basis, in whole or in part, of a COVID-19-related illness, that it be presumed that the disability arose out of, or in the course of, the member’s employment, unless rebutted. This bill would extend the operation of the provisions described above until January 1, ~~2025~~ **2024**.

(STATUS: Passed out of the Assembly on 01/27/22. Read first time in Senate on 01/27/22. Read second time in Senate on 05/09/22. **Ordered to third reading on 06/21/22. Read third time; amended; ordered to second reading on 06/28/22. Read second time; ordered to third reading on 06/29/22.**)

AB 826 (Irwin)

This bill, which would apply only in Ventura County, would provide that compensation and compensation earnable include flexible benefits plan allowances paid by a county or a district on behalf of its employees as part of a cafeteria plan, as specified, if certain requirements are met. Among these conditions, the bill would require that the retirement system included the flexible benefit plan allowance as part of compensation earnable as of July 30, 2020, that the employer and employee paid contributions to the retirement system based on the flexible benefit plan allowance, and that an employer and an employee continues to pay those contributions as employee earns this allowance. The bill would apply these provisions to eligible members who retired prior to the effective date of the measure and would state that these provisions are declarative of existing law.

The bill would add section 31461.7 to the Government Code, to read:

(a) This section applies only to a county of the thirteenth class, as defined by Section 28020, as amended by Chapter 1204 of the Statutes of 1971, and Section 28034, as amended by Chapter 1204 of the Statutes of 1971.

(b) (1) Compensation, as defined in Section 31460, and compensation earnable, as defined in Section 31461, include flexible benefits plan allowances paid by a county or a district on behalf of its employees as part of a cafeteria plan offered pursuant to Section 125 of the Internal Revenue Code if all of the following requirements are met:

(A) The flexible benefit plan allowance 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 flexible benefit plan allowance is not expressly excluded from “compensation earnable” pursuant to paragraphs (2) to (4), inclusive, of subdivision (b) of Section 31461.

(C) The retirement system included the flexible benefit plan allowance as part of compensation earnable as of July 30, 2020, and the employer and employee paid contributions to the retirement system based on the flexible benefit plan allowance as of that date.

(D) The employer and employee pay the required contributions to the retirement system as the employee continues to earn the flexible benefit plan allowance.

(2) For employee groups in which the monetary amount of the flexible benefits plan allowance is the same for all employees, regardless of the number of dependents, the entire amount shall be included in compensation earnable. For employee groups in which the monetary amount of the flexible benefits plan allowance varies among employees depending on the number of dependents, the amount included in compensation earnable shall be the amount provided to an employee with no dependents.

(c) This section shall only apply to employees who are not new members, as defined in Section 7522.04.

(d) Paragraphs (1) and (2) of subdivision (b) shall apply to any eligible member who has retired prior to the effective date of this section, as permitted by subdivision (a) of Section 31481.

(e) This section is declarative of existing law.

(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. In Senate, read third time, amended to apply only in Ventura County and ordered to second reading on 08/31/21. Read second time and ordered to third reading on 09/01/21. Ordered to inactive file at the request of Senator Limón on 09/08/21.)

AB 1667 (Cooper)

The Teachers' Retirement Law establishes the State Teachers' Retirement System (STRS) and creates the Defined Benefit Program of the State Teachers' Retirement Plan, which provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. Existing law also creates the Cash Balance Benefit Program, administered by the STRS board, to provide a retirement plan for the benefit of participating employees who provide creditable service for less than 50% of full time. Existing law authorizes the STRS board to audit, or cause to be audited, the records of any public agency as often as it deems necessary.

This bill would prescribe various requirements and duties in connection with audits of public agencies by the STRS board. The bill would require the board to provide written notice of and the purpose and scope of an intended audit to the affected public agency and to the exclusive representative of the members affected by the audit. The bill would define "exclusive representative" for purposes of STRS. The bill would require the public agency to provide information requested by the board in a timely manner and, at that time, to also provide the information to the exclusive representative of the members affected by the audit. The bill would authorize an audited public agency and the exclusive representative of affected members to provide the board or its designee information relevant to the audit and would require the board to consider this information in preparing its draft audit report. The bill would require the board to provide to the audited public agency and the exclusive representative of the affected members a draft audit report and a list of every member known to be

affected. The bill would authorize recipients to provide the board written responses to the draft audit report and would require the board to consider the responses in preparing its final audit report. The bill would require the public agency to provide, as specified, the board and the exclusive representative a list of the names of any member affected by the audit not included in the board's list.

This bill would require the board to provide the final audit report to an audited public agency, to the exclusive representative or representatives of members affected by the audit, and to the affected members, with an explanation of their appeal rights. The bill would authorize the public agency and the affected members to request administrative hearings if they disagree with the final audit and would prescribe a process for this purpose. The bill would require STRS to make all final employer audit reports available on its internet website, as specified.

This bill would require STRS to annually publish rules, at least annually, that interpret and clarify the applicability of creditable compensation and creditable service laws. The bill would prohibit new interpretations, including those that would modify prior interpretations, from taking effect until after notice is issued to employers and exclusive bargaining representatives and would prohibit retroactive application to compensation reported prior to that notice, unless that is expressly required by state or federal law, or an executive order of the Governor, and would generally require application on July 1, following the notice. The bill would state that for audits and other actions, including actions and penalties relating to disallowed compensation reporting, employers are responsible for the rules in effect at time the compensation is reported, except when specified. If system rules and guidance are later determined by the system to result in disallowed compensation, the bill would require disallowed compensation reported in accordance with the written guidance to be deemed an error by the system, which would result in system responsibility for assessments or payments owed to a retired member.

The bill would authorize an employer or an exclusive representative to submit to STRS a request for an advisory letter concerning items of compensation that are contained or proposed for inclusion in a publicly available written contractual agreement for review by the system to provide guidance for the proper reporting of such compensation consistent with law governing creditable compensation and with system regulations. The bill would prescribe a process in this regard, which would include requiring the system to provide an advisory letter within 30 days of the receipt of all information required for a review. If compensation reported in accordance with written guidance given by the system is later determined by the system to have been reported in error, the bill would require any resulting overpayment or penalty to be deemed an error by the system, which would result in system responsibility for assessments or payments owed to a retired member.

Existing law requires an employer to deduct from the creditable compensation of members who are employed by the employer the member contributions required by the Teachers' Retirement Law and to remit them to the system plus required employer contributions. Existing law requires a county superintendent of schools, among others, that reports directly to the system to draw requisitions for required contributions, as specified, in favor of STRS, and the requisitions, when allowed and signed by the county auditor, are a warrant against the county treasury. Existing law requires the board to assess penalties if required contributions are not paid or if specified

monthly reports are not made or are made in an improper form. Existing law creates the county school service fund and prescribes the expenses to which it may be applied. Existing law generally prohibits expending moneys in the fund for any purpose in excess of the latest proposed expenditures for a purpose as approved by the Superintendent of Public Instruction, as specified. Existing law generally requires a county auditor to approve warrants drawn on the service fund for expenses approved in the county school service fund budget. This bill would authorize the county superintendent of schools to draw requisitions against the county school service fund and the funds of the respective employing agencies for the purpose of making certain payments to STRS, as specified, in amounts equal to employing agency payments.

Existing law generally authorizes the board, in its discretion and upon any terms it deems just, to correct the errors or omissions of a member or beneficiary of the Defined Benefit Program, and of any participant or beneficiary of the Cash Balance Benefit Program, if specified facts exist. Under existing law, the failure by a member, participant or beneficiary to make an inquiry that would be made by a reasonable person in like or similar circumstances does not constitute an error or omission. Existing law requires that any overpayment made to, or on behalf of, any member, former member, or beneficiary be deducted from any subsequent benefit that may be payable, except as specified. This bill would revise the requirement to deduct, as described above, to except from its application amounts overpaid in a variety of situations, including those amounts overpaid due to inaccurate or untimely submission of information, amounts overpaid on the basis of fraud or intentional misrepresentation by the recipient of a benefit, and amounts overpaid due to compensation that the system determines to have been paid to enhance a member's benefits, among others. The bill would prescribe requirements for the recovery of these and other overpaid amounts. The bill would prohibit recovery of amounts overpaid due to an error by the system. The bill would require the Controller, in certain circumstances, upon the order of the board, to reduce payments from the State School Fund to a county for deposit in the county school service fund or, upon the request of a county superintendent of schools to the county auditor. The bill would require the Controller to reduce payments to a school district for deposit in the district general fund by the amount owed. The bill would require the Controller to then pay specified amounts owed for deposit in the Teachers' Retirement Fund.

Existing law prescribes a process for, and limitations on, payments into or out of the Teachers' Retirement Fund for adjustments of errors or omissions with respect to the Defined Benefit Program or the Defined Benefit Supplement Program. Existing law requires STRS, if an employer reports erroneous information, to calculate the actuarial present value of the expected payments from the member, the former member, or beneficiary, as specified, and requires the employer to pay the difference between the total amount of the overpayment and the calculation of the actuarial present value of expected payments. Existing law establishes limits on the amounts by which a monthly allowance payable under the Defined Benefit Program or benefit payable under the Defined Benefit Supplement Program or the Cash Balance Benefit Program may be reduced to recover an overpayment, if the collection of the overpayment is not the result of fraud or intentional misrepresentation of facts by the recipient of the allowance or benefit. This bill would repeal the above-described requirement that applies if an employer reports erroneous information and the above-described limitations on the reductions of allowances and benefits to recover an overpayment. The bill would prescribe various requirements to apply in

instances in which STRS determines that the compensation reported for a member by an employer is disallowed compensation. The bill would define “disallowed compensation” to mean compensation reported by an employer that the system subsequently determines is not properly creditable pursuant to applicable law. The bill would require upon a determination of disallowed compensation that the employer discontinue reporting the compensation as being creditable to the member’s designated account. The bill would require, in the case of an active member, that all employer and member contributions be credited to the member’s appropriate account, where applicable, and would require that employer contributions on disallowed compensation be credited against future contributions to the benefit of the employer and member contributions be returned to the member by the employer.

The bill would prescribe notice and repayment requirements that would apply to a retired member, survivor, or beneficiary if the final compensation applicable to their pensions was predicated upon disallowed compensation and if specified conditions are met. The bill would require, in this context, if the conditions are met, that the employer that reported contributions on the disallowed compensation pay STRS the full cost of any overpayment of a prior paid benefit resulting from the disallowed compensation. The bill would require an employer or a county superintendent of schools, as specified, to pay STRS a penalty, to be calculated according to a specified formulation. The bill would require that 90% of this penalty be paid to the affected retired member, survivor, or beneficiary and that 10% be paid to STRS, as specified. The bill would require STRS to provide certain notices in this regard to the employer that reported contributions on the disallowed compensation, to a county superintendent of schools, as specified, and to the affected retired member, survivor, or beneficiary. The bill would require STRS, upon request, to provide employers information regarding retired members, survivors, or beneficiaries in order for employers to fulfill their obligations and would require that this information be kept confidential. The bill would also require STRS, if an overpayment is deemed to be the result of an error of the system, to pay the affected retired member, survivor, or beneficiary a penalty, as specified. The bill would require, if the employer that reported compensation **information** did so in reliance on the written guidance of STRS, that the disallowed compensation be deemed an error by the system, and the system would be financially responsible for any assessments or payments owed. The bill would require, if compensation is determined to be disallowed compensation due to an act by a county superintendent of schools that reports directly to the system on behalf of an employer, that the county superintendent be financially responsible for any assessments or payments owed, except as specified.

(STATUS: Introduced 01/19/2022. Passed out of the Assembly on 05/26/22. In Senate, read first time and ordered to Com. on RLS for assignment 05/27/22. **Referred to Coms. on L, P.E & R and JUD on 06/08/22. Re-referred to Com. on JUD on 06/23/22. From committee: Do pass and re-referred to Com. on APPR on 06/29/22.**)

AB 1722 (Cooper)

The PERL, until January 1, 2023, provides a state safety member of CalPERS who retires for industrial disability a retirement benefit equal to the greatest amount resulting from 3 possible calculations. In this regard, the benefit amount is based on an actuarially reduced service retirement, a service retirement allowance, if the member is qualified, or 50% of the member’s final compensation, plus an annuity purchased with their

accumulated contributions, if any. This bill would delete the termination of these provisions on January 1, 2023, thereby making them operative in perpetuity.

(STATUS: Introduced 01/27/22. Passed out of the Assembly on 05/25/22. In Senate, read first time and ordered to Com. on RLS for assignment on 05/26/22. Referred to Com. on L, P.E & R on 06/1/22. **From committee: Do pass and re-refer to Com. on APPR on 06/29/22.**)

AB 1795 (Fong)

The Bagley-Keene Open Meeting Act requires state bodies to allow all persons to attend meetings and provide an opportunity for the public to address the state body regarding any item included in its agenda, except as specified. This bill would require state bodies, subject to existing exceptions, to provide all persons the ability to participate both in-person and remotely, as defined, in any meeting and to address the body remotely.

(STATUS: Introduced on 02/07/22. Referred to Com. on G.O on 02/18/22. **NOTE: Since the bill did not pass out of policy committee by July 1, 2022, AB 1795 will not move forward this session.**)

AB 1824 (Cooper, Voepel, Calderon, Cooley, O'Donnell, and Seyarto) – SACRS Sponsored Bill – Amended in Senate 06/30/22.

This bill represents the annual omnibus bill to propose technical “housekeeping” amendments to Education Code provisions applicable to CalSTRS, the PERL and the CERL. With respect to the CERL, the bill would make the following changes:

1. The CERL requires, upon the death of a member, the payment of a retirement allowance earned but not yet paid to a member to be paid to the member’s designated beneficiary. The CERL requires, upon the death of a person receiving a survivor’s allowance, the payment of any allowance earned but not yet paid to the survivor to be paid to the survivor’s designated beneficiary. This bill would amend Government Code section 31452.7 to include a corporation, a trust, or an estate in the definition of “beneficiary” for purposes of these provisions.
2. The CERL restricts the types of employment for which members may receive credit for service and restricts credit for other employment in public service based upon whether the member is entitled to receive a pension or retirement allowance from another public agency. If a member elects to contribute to obtain credit for other employment in another public agency, the CERL requires certification, as specified, of the fact that pension or retirement allowance will not accrue to the member by virtue of the member’s employment. This bill would amend Government Code section 31641.4 to specify that the provisions described above do not prohibit a member from receiving credit for a period of federal public service if federal law expressly permits the credit even though the member is already entitled to receive a pension or retirement allowance from that service.
3. The CERL prescribes a process for purposes of establishing a date of retirement with reference to safety members. Further, the CERL authorizes a safety member to be retired upon the occurrence of certain events and the filing, with the retirement board, of a written application setting forth the date upon which the member desires their retirement to become effective. The CERL prohibits this date from being more than 60 days after the date of filing the application. This bill would amend Government Code sections 31663.25 and 31663.26 to revise the restrictions on the above-described effective retirement

date to prohibit the retirement date from being earlier than the date the application is filed with the board or more than 60 days after the date of filing the application or more than a number of days that has been approved by the board.

4. The CERL authorizes the payment of a death benefit upon the death of a member while in service. It further prescribes the components of the death benefit, which are a member's accumulated contributions and an amount, provided from contributions by a county or district, calculated pursuant to a specified method, not to exceed 50% of annual compensation earnable or pensionable compensation of the deceased. This bill would amend Government Code sections 31761, 31762, 31763, 31764 and 31781 to require, in connection with the calculation of the death benefit, that the computation for any absence be based on the compensation of the position held by the member at the beginning of the absence.
5. The bill would also make non-substantive style and technical changes to the CERL. (Government Code sections 31726 and 31726.5.)

(STATUS: Introduced 02/07/22. Passed out of the Assembly; read first time in Senate on 04/07/22. Read second time, amended, and re-referred to Com. on L, P.E & R on 05/25/22. **From committee: Amend, do pass as amended and re-refer to Com. on APPR on 06/29/22. Read second time and amended; re-referred to Com. on APPR on 06/30/22.**)

AB 1877 (Fong)

Current law limits the postretirement compensation of a member of the CalSTRS Defined Benefit Program to an amount calculated by CalSTRS, as specified. If the member's postretirement compensation exceeds this amount, the law requires the member's retirement allowance to be reduced by the amount of excess compensation. Current law, however, permits members retired for service from CalSTRS to perform member activities without being subject to the compensation limit under certain limited conditions and circumstances. This bill would exempt from the postretirement compensation limit the compensation of a member retired for service who was a classroom teacher who has returned to work to fulfill a critical need in a position due to a teacher shortage in the area of special education. The bill would require a local school district, county office of education, or other local educational agency exercising this exemption to submit specified documentation, certified under penalty of perjury, to substantiate a retired member's eligibility.

(STATUS: Introduced 02/08/22. Referred to Com. on P.E & R on 02/18/22. In committee: Set, first hearing; hearing canceled at the request of author on 04/20/22. **NOTE: Since the bill did not pass out of policy committee by July 1, 2022, AB 1877 will not move forward this session.**)

AB 1944 (Lee)

The Ralph M. Brown Act (the Brown Act), requires, with specified exceptions, that all meetings of a legislative body of a local agency, as those terms are defined, be open and public and that all persons be permitted to attend and participate. The act contains specified provisions regarding the timelines for posting an agenda and providing for the ability of the public to observe and provide comment. The act allows for meetings to occur via teleconferencing subject to certain requirements, particularly that the legislative body notice each teleconference location of each member that will be participating in the public meeting, that each teleconference location be accessible to the public, that members of the public be allowed to address the

legislative body at each teleconference location, that the legislative body post an agenda at each teleconference location, and that at least a quorum of the legislative body participate from locations within the boundaries of the local agency's jurisdiction. The act provides an exemption to the jurisdictional requirement for health authorities, as defined.

The Brown Act was previously amended in response to the COVID pandemic to allow, until January 1, 2024, local agencies to use teleconferencing without complying with the aforementioned teleconferencing requirements in specified circumstances when a declared state of emergency is in effect, or in other situations related to public health. This bill would further amend the Brown Act to require the agenda to identify any member of the legislative body that will participate in the meeting remotely. The bill would also require an updated agenda reflecting all of the members participating in the meeting remotely to be posted, if a member of the legislative body elects to participate in the meeting remotely after the agenda is posted. This bill would authorize, upon a determination by a majority vote of the legislative body, a member to be exempt from identifying the address of the member's teleconference location in the notice and agenda or having the location be accessible to the public, if the member elects to teleconference from a location that is not a public place, provided that at least a quorum of members of the legislative body participates from a single physical location that is clearly identified on the agenda, open to the public, and situated within the boundaries of the territory over which the local agency has jurisdiction. This bill would require all open and public meetings of a legislative body that elects to use teleconferencing to provide a video stream accessible to members of the public and an option for members of the public to address the body remotely during the public comment period through an audio-visual or call-in option. This bill would repeal these provisions on January 1, 2030.

(STATUS: Introduced on 02/10/22. Passed out of the Assembly on 05/26/22. In Senate, read first time on 05/27/22. **Referred to Coms. on GOV & F and JUD on 06/08/22. In committee: Set, first hearing. Hearing canceled at the request of author. In committee: Hearing postponed by committee on 06/22/22. NOTE: Since the bill did not pass out of policy committee by July 1, 2022, AB 1944 will not move forward this session.**)

AB 1971 (Cooper) – SACRS Sponsored Bill – Amended in Senate on 06/30/22

The CERL authorizes a member who returns to active service following an uncompensated leave of absence on account of illness or parental leave to receive service credit for the period of the absence upon the payment of the contributions, as specified. CERL prescribes limits on these benefits and processes for making contributions. CERL authorizes the provision of service credit to members in other specified instances while generally providing that a person is not entitled to service credit for time the person was not in service. This bill would allow a member who returns to active service following an uncompensated leave of absence because of the serious illness of a family member when the absence is eligible for coverage, as specified, to receive service credit for the period of the absence, upon the payment of the member and employer contributions that would have been paid during that period, together with the interest that would have been earned. The bill would prescribe requirements for, and limits on, this benefit and would condition its operation on approval by resolution, as specified, by the county board of supervisors.

This bill would authorize the board to grant members who are subject to a temporary mandatory furlough the same service credit and compensation earnable or pensionable compensation to which the members would have been entitled in the absence of the temporary mandatory furlough. The bill would authorize the board to condition this grant on specified factors.

The CERL generally prohibits a member retired from service from being paid for service rendered to a county or district after retirement, subject to certain exceptions, and prescribes requirements for reinstatement into a retirement system upon reemployment. CERL and PEPRA authorize reemployment of, and service by, retired members in certain capacities after retirement without reinstatement into the applicable retirement system, and prescribe limits on this service. This bill would authorize a person who is retired and receiving a retirement benefit from a county system to serve **as a nonsalaried member** without reinstatement for service on a part-time board ~~or commission operating under a participating agency of the same county retirement system.~~ **commission, as specified.** The bill would prohibit a retired person acting in this capacity from acquiring benefits, service credit, or retirement rights with respect to the ~~service and would prescribe limits on the salary or stipend for service with the board or commission.~~ **service, but would authorize the receipt of any per diem that is authorized to all members of the board or commission.**

The CERL regulates disability retirements and authorizes a retirement board to grant a service retirement allowance pending the determination of the entitlement to disability retirement. If a member is found eligible for disability retirement, CERL requires that appropriate adjustments be made in the member's retirement allowance retroactive to the effective date of their disability retirement. CERL prohibits this authorization from being construed to authorize a member to receive more than one type of retirement allowance for the same period of time or to entitle a beneficiary to receive benefits which the beneficiary would not otherwise have been entitled to receive. This bill would apply specified provisions in this regard to a member retired for service who subsequently files an application for disability retirement and, if the member is found to be eligible for disability retirement, would require appropriate adjustments to be made in the retirement allowance retroactive to the effective date of the disability retirement.

The CERL authorizes a member or a retired member, until the first payment of a retirement allowance is made, to elect to have the actuarial equivalent of a retirement allowance, as of the date of retirement, applied to a lesser retirement allowance payable throughout life in accordance with specified optional settlements. This bill would authorize a member retired for service who is subsequently granted a disability retirement to change the type of optional or unmodified allowance that they elected at the time the service retirement was granted, as specified.

(STATUS: Introduced 02/10/22. Passed out of the Assembly on 05/25/22. In Senate, read first time on 05/26/22. **Referred to Com. on L, P.E & R on 06/08/22. From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on L, P.E & R on 06/09/22. From committee: Amend, do pass as amended and ordered to Consent Calendar on 06/29/22. Read second time and amended. Ordered to consent calendar on 06/30/22.)**

AB 1993 (Wicks and Low)

Existing law, the California Fair Employment and Housing Act (FEHA), establishes the Department of Fair Employment (department) and Housing within the Business, Consumer Services, and Housing Agency and sets forth its powers and duties relating to the enforcement of civil rights laws with respect to housing and employment. Existing federal law, the Federal Food, Drug, and Cosmetic Act, authorizes the United States Secretary of Health and Human Services to approve new drugs and products, including vaccines, for introduction into interstate commerce, and authorizes the secretary to authorize vaccines for use in an emergency upon declaring a public health emergency. On February 4, 2020, the secretary determined that there is a public health emergency and declared circumstances exist justifying the authorization of emergency use of drugs and biological products. The secretary subsequently authorized the emergency use of 3 vaccines for the prevention of COVID-19, and on August 23, 2021, the secretary approved a vaccine for the prevention of COVID-19.

The California Emergency Services Act authorizes the Governor to declare a state of emergency during conditions of disaster or extreme peril to persons or property, including epidemics. On March 4, 2020, the Governor declared a state of emergency relating to the COVID-19 pandemic. Pursuant to this authority, the Governor issued several executive orders requiring individuals in specified employment, health care, school, or other settings to provide proof of a COVID-19 vaccination status, unless specified exceptions are met.

This bill would require an employer to require each person who is an employee or independent contractor, and who is eligible to receive the COVID-19 vaccine, to show proof to the employer, or an authorized agent thereof, that the person has been vaccinated against COVID-19. This bill would establish an exception from this vaccination requirement for a person who is ineligible to receive a COVID-19 vaccine due to a medical condition or disability or because of a sincerely held religious belief, as specified, and would require compliance with various other state and federal laws. The bill would require proof-of-vaccination status to be obtained in a manner that complies with federal and state privacy laws and not be retained by the employer, unless the person authorizes the employer to retain proof. This bill would require, on January 1, 2023, each employer to affirm, in a form and manner provided by the department, that each employee or independent contractor complied with these provisions, and would require the employer to affirm that each new employee or independent contractor is in compliance at the time of hiring or contracting with that person. The bill would require the department to impose a penalty of an unspecified amount on an employer for any violation of these provisions.

The bill would apply to both private and public employers, and defines “public employer” as (1) the state and every state entity, including, but not limited to, the Legislature, the judicial branch, the University of California, and the California State University; and (2) a political subdivision of the state, or agency or instrumentality of the state or subdivision of the state, including, but not limited to, a city, county, city and county, charter city, charter county, school district, community college district, powers authority, joint powers agency, and any public agency, authority, board, commission, or district.

This bill would repeal these provisions when the federal Centers for Disease Control and Prevention's Advisory Committee on Immunization Practices determines that COVID-19 vaccinations are no longer necessary for the health and safety of individuals. This bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities. This bill would declare that its provisions are severable.

(STATUS: Introduced 02/10/22. Referred to Coms. on L & E and JUD on 03/17/22. In committee: Hearing canceled at the request of author on 03/29/22. Coauthors revised on 04/18/22. **NOTE: Since the bill did not pass out of policy committee by July 1, 2022, AB 1993 will not move forward this session.**)

AB 2443 (Cooley) Amended in Senate 06/22/22

Current law establishes the Legislators' Retirement System, Public Employees' Retirement System, the Judges' Retirement System, and Judges' Retirement System II, all of which provide retirement and other benefits to their respective members and are administered by CalPERS. Existing federal law prescribes limits on the amount of retirement benefits that a member may receive if a retirement system is to maintain its tax-qualified status and may require that benefits from different retirement plans maintained by the same employer be aggregated. This bill, for purposes of the above-described retirement systems, would prescribe the method by which benefits are to be reduced when federal law requires aggregation of benefits from different plans maintained by the same employer and federal limits on benefits are reached. **The bill would make findings and declarations regarding the intent of the Legislature to address the Judges' Retirement System II, as specified.**

(STATUS: Introduced 02/17/22. Passed out of the Assembly on 05/05/22. In Senate, read first time on 05/05/22. Referred to Com. on L, P.E & R on 05/18/22. **From committee chair, with author's amendments: Amend, and re-refer to committee; read second time, amended, and re-referred to Com. on L, P.E & R on 06/22/22. From committee: Do pass; re-referred to Com. on APPR on 06/29/22.**)

AB 2449 (B. Rubio) Amended in Senate on 06/30/22

The Brown Act, until January 1, 2024, authorizes a local agency to use teleconferencing without complying with specified teleconferencing requirements in specified circumstances when a declared state of emergency is in effect, or in other situations related to public health. This bill would revise and recast those teleconferencing provisions and, until January 1, 2026, would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements that each teleconference location be identified in the notice and agenda and that each teleconference location be accessible to the public if at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the local agency's jurisdiction. Under this exception, the bill would authorize a member to participate remotely under specified circumstances, including participating remotely for just cause or due to emergency circumstances. The emergency circumstances basis for remote participation would be contingent on a request to, and action by, the legislative body. The bill would define terms for purposes of these teleconferencing provisions. This bill would impose prescribed requirements for this exception relating to notice, agendas, the means and manner of access, and procedures for disruptions. The bill would require the legislative body to implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with federal law.

(STATUS: Introduced 02/17/22. Passed out of the Assembly on 05/26/22. In Senate, read first time on 05/27/22. Referred to Coms. on GOV & F and JUD on 06/08/22. 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 06/15/22. From committee: Do pass and re-referred to Com. on JUD on 06/22/22. 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 06/23/22. From committee: Amend, do pass as amended and re-refer to Com. on APPR on 06/29/22. Re-referred to Com. on APPR on 06/30/22.)

AB 2493 (Chen) Amended in Senate 06/30/22

This bill would authorize a county retirement system to adjust retirement payments based on disallowed compensation for sworn peace officers and firefighters of that system. The bill would provide that if the retirement system determines that the compensation reported for a sworn peace officer or firefighter of the system is disallowed compensation, as defined, the system would require the county employer or agency to discontinue reporting the disallowed compensation. The bill would apply this to determinations made on or after July 30, 2020, if an appeal has been filed and the applicable member, retired member, survivor, or beneficiary has not exhausted their administrative or legal remedies. **require a retirement system established under CERL, upon determining that the compensation reported for a sworn peace officer or firefighter is disallowed compensation, to require the employer to discontinue reporting the disallowed compensation.** The bill would require, for an active sworn peace officer or firefighter, ~~that all contributions~~ **the retirement system to credit all contributions** made on the disallowed compensation ~~be credited~~ against future contributions to the benefit of the employer or agency that reported the disallowed compensation, and **return** any contribution paid by, or on behalf of, that member, ~~be returned~~ to the member by the employer or agency, ~~as specified.~~ **that reported the disallowed compensation, except in certain circumstances in which a system has already initiated recalculating compensation.** The bill would require **the system**, for a retired sworn peace officer or firefighter, survivor, or beneficiary whose final compensation was predicated upon the disallowed compensation, ~~that contributions made on the disallowed compensation be credited against future contributions to the benefit of the employer or agency that reported the disallowed compensation and would require the system to permanently adjust the benefit of the affected retired member, survivor, or beneficiary to reflect the exclusion of the disallowed compensation.~~ **to credit the contributions made on the disallowed compensation against future contributions, to the benefit of the employer that reported the disallowed compensation, and to permanently adjust the benefit of the affected retired member, survivor, or beneficiary to reflect the exclusion of the disallowed compensation.** The bill would ~~specify~~ **establish** other conditions required to be satisfied with respect to a retired sworn peace officer or firefighter, survivor, or beneficiary ~~whose~~ **when** final compensation was predicated upon disallowed compensation, including, among others, requiring a **specified** payment of a penalty **to be made** by the employer or agency that reported contributions on the disallowed compensation. **compensation to the retired member, survivor, or beneficiary, as appropriate. The bill would authorize a retirement system that has initiated a process prior to July 1, 2022, to permanently adjust the benefit of the affected retired member, survivor, or beneficiary to reflect the exclusion of the disallowed compensation to use that system in lieu of specified provisions that the bill would**

enact. The bill would also require certain information regarding the relevant retired member, survivor, or beneficiary needed for purposes of these provisions to be kept confidential by the recipient.

The bill would authorize an employer to submit to a retirement system for review a compensation item proposed to be included in an agreement, as specified, on and after January 1, 2022, that is intended to form the basis of a pension benefit calculation and would require the system to provide guidance on the matter. The bill would prescribe a process in this regard. The bill would specify that it does not affect or otherwise alter a party's right to appeal any determination regarding disallowed compensation made by the system after July 30, 2022.

The bill would specify that its provisions are not to be interpreted to alter certain existing laws, including PEPPRA and the holding in *Alameda County Deputy Sheriff's Association v. Alameda County Employees' Retirement Association* (2020) 9 Cal.5th 1032.

(STATUS: Introduced 02/17/22. Passed out of the Assembly on 05/02/22. In Senate, read first time on 05/03/22. Referred to Coms. on L, P.E & R and JUD on 05/11/22. **From committee: Do pass and re-referred to Com. on JUD on 06/23/22. From committee: Amend, and do pass as amended on 06/29/22. Read second time, amended; ordered to third reading on 06/30/22.**)

AB 2647 (Levine)

The Brown Act requires the meetings of the legislative body of a local agency to be conducted openly and publicly, with specified exceptions. Current law makes agendas of public meetings and other writings distributed to the members of the governing board disclosable public records, with certain exceptions. Current law requires a local agency to make those writings distributed to the members of the governing board available less than 72 hours before a meeting for public inspection, as specified, at a public office or location that the agency designates. This bill would instead require a local agency to make those writings distributed to the members of the governing board available for public inspection at a public office or location that the agency designates ~~or~~ ~~post~~ and list the address of the office or location on the agenda for all meetings of the legislative body of the agency unless the local agency meets certain requirements, including the local agency immediately posts the writings on the local agency's internet website in a position and manner that makes it clear that the writing relates to an agenda item for an upcoming meeting.

(STATUS: Introduced 02/18/22. Passed out of the Assembly on 05/12/22. In Senate, read first time on 05/12/22. Referred to Com. on GOV & F on 05/25/22. **In committee: Set, first hearing. Hearing canceled at the request of author on 06/20/22. From committee: Amend, and do pass as amended on 06/30/22.**)

SB 850 (Laird)

The PERL requires the payment of death benefits to beneficiaries of members and, under certain conditions, the payment of special death benefits. These special death benefits are payable to the surviving spouse and children of certain member categories, among them peace officer and safety member categories, whose deaths are determined to be industrial. Existing law requires an additional percentage of the special death benefit to be paid to the spouses of members who are killed in the performance of their duties, or who die as a result of

an accident or an injury caused by external violence or physical force during the performance of their duties, for each of the members' children, as specified, for the lifetime of the surviving spouse.

This bill, for the purpose of the additional percentage of the special death benefit described above, would require that payment be made to the person having custody of the member's child or children, if the member does not have a surviving spouse but otherwise meets the specified requirements, or if the surviving spouse dies before each child of the member has died, married, or reached 22 years of age. The bill would eliminate the use of the lifetime of the surviving spouse for purposes of determining the term during which this benefit is paid. The bill would make these provisions operative retroactively to on or after January 1, 2013, and would make various nonsubstantive style changes.

(STATUS: Introduced 01/18/22. Passed out of the Senate on 05/25/22. In Assembly, read first time on 05/26/22. Referred to Com. on P.E & R on 06/02/22. From committee: Pass and re-referred to Com. on APPR 06/22/22.)

SB 868 (Cortese)

Current law creates the Teachers' Retirement Fund and establishes within that fund a segregated account named the Supplemental Benefit Maintenance Account. Current law continuously appropriates funds in the Supplemental Benefit Maintenance Account for expenditure for the purpose of restoring the purchasing power of the allowances of retired members and nonmember spouses, disabled members, and beneficiaries, and prescribes various schedules pursuant to which these allowances are augmented. This bill would prescribe additional benefits to be paid quarterly from the Supplemental Benefit Maintenance Account, beginning July 1, 2023, to retired members and nonmember spouses, disabled members, and beneficiaries, to be made pursuant to a specified schedule. By providing for additional payments to be made from a continuously appropriated fund, this bill would make an appropriation. The bill would require the amount of these increases to be determined on July 1, 2023, as specified, and would require that amount to be increased each year commencing on July 1, 2024, but not compounded. The bill would specify that these increases are not part of the base allowance, are payable only to the extent that funds are available from the Supplemental Benefit Maintenance Account, and would state the extent to which these payments would be vested.

(STATUS: Introduced 01/24/22. Passed out of the Senate on 05/23/22. In Assembly, read first time on 05/24/22. Referred to Com. on P.E & R on 05/27/22. From committee: pass and re-referred to Com. on APPR on 06/22/22.)

SB 931 (Leyva)

Current law prohibits a public employer from deterring or discouraging public employees or applicants to be public employees from becoming or remaining members of an employee organization, authorizing representation by an employee organization, or authorizing dues or fee deductions to an employee organization. Current law generally vests jurisdiction over violations of these provisions in the Public Employment Relations Board. This bill would authorize an employee organization, as described, to bring a claim before the Public Employment Relations Board alleging that a public employer violated the above-described provisions. Upon a finding by the board that the public employer violated those provisions, the public employer would be subject to a civil penalty, to be deposited in the General Fund, of up to \$1,000 for each affected

employee, not to exceed \$100,000 in total, and subject to attorney's fees and costs, as described and except as specified.

(STATUS: Introduced 02/07/22. Passed out of the Senate on 05/24/22. In Assembly, read first time on 05/25/22. Referred to Coms. on P.E & R and JUD on 05/27/22. **From committee: pass and re-referred to Com. on P.E & R on 06/14/22. From committee: pass and re-referred to Com. on APPR on 06/22/22.**)

SB 1100 (Cortese, Low, Aguiar-Curry) Revised 06/16/22

The Brown Act requires, with specified exceptions, that all meetings of a legislative body of a local agency, as those terms are defined, be open and public and that all persons be permitted to attend and participate. Existing law requires every agenda for regular meetings of a local agency to provide an opportunity for members of the public to directly address the legislative body on any item of interest to the public, before or during the legislative body's consideration of the item, that is within the subject matter jurisdiction of the legislative body. Existing law authorizes the legislative body to adopt reasonable regulations to ensure that the intent of the provisions relating to this public comment requirement is carried out, including, but not limited to, regulations limiting the total amount of time allocated for public testimony on particular issues and for each individual speaker. Existing law authorizes the members of the legislative body conducting the meeting to order the meeting room cleared and continue in session, as prescribed, if a group or groups have willfully interrupted the orderly conduct of a meeting and order cannot be restored by the removal of individuals who are willfully interrupting the meeting.

This bill would authorize the presiding member of the legislative body conducting a meeting to remove an individual for disrupting the meeting. The bill, except as provided, would require removal to be preceded by a warning **to the individual** by the presiding member of the legislative body **or their designee** that ~~the individual~~ **individual's behavior** is disrupting the proceedings, ~~a request that the individual curtail their disruptive behavior or be subject to removal, and a reasonable opportunity to curtail their disruptive behavior.~~ **meeting and that the individual's failure to cease their behavior may result in their removal. The bill would authorize the presiding member or their designee to then remove the individual if the individual does not promptly cease their disruptive behavior.** The bill would define "disrupting" for this purpose. ~~By establishing new requirements for local legislative bodies, this bill would impose a state-mandated program.~~
(STATUS: Introduced 02/16/22. Passed out of the Senate on 05/02/22. In Assembly, read first time on 05/02/22. Referred to Coms. on L GOV and JUD on 05/05/22. From committee with author amendments; read second time and amended; re-referred to Com. on L. GOV on 06/06/22. **Coauthors revised. From committee: pass and re-referred to Com. on JUD 06/16/22. From committee: pass on 06/21/22. Read second time; and ordered to third reading on 06/22/22.**)

SB 1168 (Cortese)

Existing law, applicable to agencies that contract with PERS to provide benefits to their employees, requires a payment of \$500 to be made to a beneficiary upon the death of a member after retirement and while receiving a retirement allowance from PERS, unless otherwise provided. This bill, for a death occurring on or after July 1, 2023, would increase the amount of the above-described benefit to \$2,000.

(STATUS: Introduced 02/17/22. Passed out of the Senate on 05/09/22. In Assembly, read first time on 05/09/22. Referred to Com. on P.E & R on 05/12/22. **From committee: pass and re-referred to Com. on APPR on 06/22/22.**)

SB 1173 (Gonzalez)

This bill would prohibit the boards of CalPERS and CalSTRS from making new investments or renewing existing investments of public employee retirement funds in a fossil fuel company, as defined. The bill would require the boards to liquidate investments in a fossil fuel company on or before July 1, 2030. The bill would temporarily suspend the above-described liquidation provision upon a good faith determination by the board that certain conditions materially impact normal market mechanisms for pricing assets, as specified, and would make this suspension provision inoperative on January 1, 2035. The bill would provide that it does not require a board to take any action unless the board determines in good faith that the action is consistent with the board's fiduciary responsibilities established in the California Constitution. This bill would require the boards, commencing February 1, 2024, and annually thereafter, to file a report with the Legislature and the Governor, containing specified information, including a list of fossil fuel companies of which the board has liquidated their investments. The bill would provide that board members and other officers and employees shall be held harmless and be eligible for indemnification in connection with actions taken pursuant to the bill's requirements, as specified.

(STATUS: Introduced 02/17/22. Passed out of the Senate on 05/25/22. In Assembly, read first time on 05/26/22. Referred to Coms. on P.E & R and JUD on 06/02/22. **June 22 hearing postponed by committee. NOTE: Since the bill did not pass out of policy committee by July 1, 2022, SB 1173 will not move forward this session.**)

SB 1328 (McGuire and Cortese)

This The bill, except as specified, would prohibit the boards of specified state and local public retirement systems from making additional or new investments in prohibited companies, as defined, domiciled in Russia or Belarus, as defined, companies that the United States government has designated as complicit in the aggressor countries', as defined, war in Ukraine, or companies that supply military equipment to the aggressor countries, and to liquidate the investments of the board in those companies, as specified. The bill would also require the board, on or before January 1, 2023, and every year thereafter, to file a specified report with the Legislature. The bill would repeal these provisions on specified triggering events. The bill specifies that it does not require the board to take action as described unless the board determines, in good faith, that the action is consistent with the fiduciary responsibilities of the board as described in Section 17 of Article XVI of the California Constitution. By requiring the boards of local public retirement systems to take specified actions, this bill would impose a state-mandated local program.

Existing law specifies the duties of the Treasurer, which include receiving and keeping in the vaults of the State Treasury or depositing in banks or credit unions all moneys belonging to the state, and, except as specified, receiving and keeping in the vaults of the State Treasury or depositing for safekeeping with any federal reserve bank or any branch thereof, or with any trust company or the trust department of any state or national bank located in a city designated as a reserve or central reserve city by the Board of Governors of the Federal Reserve

System, bonds and other securities or investments belonging to the state. This bill, except as specified, would prohibit the Treasurer from making additional or new investments or renewing existing investments of state moneys in any investment vehicle in the government of Russia or the government of Belarus that meets certain conditions, or in or from a Russian or Belarusian financial institution currently under sanctions imposed by the United States, as defined and specified. The bill would repeal these provisions on specified triggering events.

Existing law specifies how money received into the treasury must be credited and how those state funds are to be used. Existing law prohibits state funds from being used to reimburse a state contractor for costs incurred to assist, promote, or deter union organizing, as defined and specified. Existing law also prohibits state trust moneys from being used to make additional or new investments or to renew existing investments in business firms that engage in discriminatory practices in further of or in compliance with the Arab League's economic boycott of Israel, as defined and specified. This bill, except as specified, would prohibit a state agency, as defined, from making additional or new investments or renewing existing investments of state moneys in any investment vehicle in the government of Russia or the government of Belarus that meets certain conditions, or in or from Russian or Belarusian financial institutions currently under sanctions imposed by the United States, and would require a state agency to liquidate those investments. The bill would also require a state agency to file a specified report with the Legislature and the Governor. The bill would urge companies operating in California and the Regents of the University of California to divest and separate themselves from the government of Russia, Russian financial institutions, Russian businesses, the government of Belarus, Belarusian financial institutions, and Belarusian businesses, and would request companies doing business in California to report their investments in and contracts with the government of Russia, Russian financial institutions, -Russian businesses, the government of Belarus, Belarusian financial institutions, and Belarusian businesses, as specified. The bill would repeal these provisions on specified triggering events.

Existing law authorizes state agencies to contract for goods, information technology, or services with certain suppliers, as specified. Existing law also makes companies in Sudan involved in certain activities ineligible to bid or submit a proposal for, and forbids them from bidding on or submitting a proposal for, a contract with a state agency for goods or services, as specified. This bill, except as specified, would make a company that conducts business with the government of Russia or the government of Belarus ineligible to bid or submit a proposal for, and would forbid that company from bidding on or submitting a proposal for, a contract with a state agency for goods or services, as defined and specified. The bill would require a state agency to require a company that submits a bid or proposal with respect to a contract for goods or services to certify that the company is not a scrutinized company, as prescribed. The bill would, among other things, make a company that submits a false certification under these provisions liable for a civil penalty, and would require the Department of General Services to report the company to the Attorney General, who would be required to determine whether to bring a civil action against the company, as specified. The bill would repeal these provisions on specified triggering events.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill

would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above. This bill would declare that it is to take effect immediately as an urgency statute.

(STATUS: Introduced 02/18/22. Passed out of the Senate on 05/26/22. In Assembly, read first time on 05/27/22.

Referred to Coms. on P.E & R and A & A.R on 06/09/22. June 22 hearing postponed by committee. NOTE: Since the bill did not pass out of policy committee by July 1, 2022, SB 1329 will not move forward this session.)

SB 1343 (Leyva) Amended in Assembly 06/15/22

The Charter Schools Act of 1992 authorizes the establishment and operation of charter schools. Existing law authorizes charter schools to elect to make CalSTRS, CalPERS, or both available to qualifying employees. This bill would require ~~charter schools~~ **a charter school initially authorized to commence operations** on and after January 1, 2023, to participate in CalSTRS, CalPERS, or both. The bill would specify that this provision does not apply to ~~charter schools~~ **a charter school** seeking a renewal authorization on or after January 1, ~~2023~~, **2023, if the charter school initially received authorization to commence operations before January 1, 2023, and has continuously operated as a charter school since that initial authorization.** The bill would generally require CalSTRS, the Cash Balance Benefit Program, and CalPERS to apply to ~~charter schools~~ **a charter school** in the same manner as the systems and program apply to other public schools. The bill would require the chartering authority to provide notice to STRS or PERS, as applicable, of the occurrence of specified events, including approval of a charter school petition, within 30 days of the event's occurrence, on a form prescribed by the system. For the purpose of paying contributions on behalf of a charter school, the bill would require a county superintendent, district superintendent, or other employing agency that reports directly to CalSTRS, upon state apportionment to a charter school, to draw requisitions against the funds of the charter school in amounts equal to the estimated contributions required to be paid by the charter school to CalSTRS, as specified, and pay them to the system. The bill would prohibit these requisitions from exceeding an estimated 3 months of contributions to be paid by the charter school. The bill would also require a county superintendent, district superintendent, or other employing agency that reports directly to the retirement system to use any unencumbered funds, otherwise legally available for this purpose, to pay for any amounts due to the system that remain unpaid. The bill would require the estimated amount to be determined by the county superintendent, district superintendent, or other employing agency. The bill would create similar requirements and prohibitions for purposes of requisitions related to the Cash Balance Benefit Program and CalPERS. By depositing additional moneys in continuously appropriated funds, this bill would make an appropriation.

Existing law requires a county superintendent, district superintendent, chancellor of a community college district, or other employing agency that reports directly to CalSTRS to draw requisitions for contributions required pursuant to specified provisions in favor of the system. Existing law requires employers participating in CalSTRS to contribute monthly a specified percentage of the creditable contribution upon which member contributions are based in connection with funding the liability for benefits related to accumulated and unused sick leave. This bill would require that the monthly contributions for benefits related to accumulated and unused sick leave be subject to the above-described requisition process.

(STATUS: Introduced 02/18/22. Passed out of the Senate on 05/25/22. In Assembly, read first time on 05/26/22. **Referred to Coms. on P.E & R and ED on 06/09/22. From committee with author's amendments; read second time and amended; re-referred to Com. on P.E & R on 06/15/22. From committee: pass and re-referred to Com. on ED on 06/22/22. From committee: pass and re-referred to Com. on APPR on 06/29/22.)**

SB 1402 (Umberg)

Current law authorizes a member of CalSTRS to receive creditable service for certain types of service outside the system, including military service, and distinguishes in this regard between service performed before membership and after becoming a member. Current law authorizes a member who is a state employee, or a retired member who retired immediately following service as a state employee, as specified, to receive credit for specified military or Merchant Marine service occurring prior to membership and prescribes requirements and limits in this connection. Current law requires, in this context, that the member contribute sufficient funds to cover the total cost of military service credit, as specified. Current law limits the application of this authorization to receive premembership service credit to specified service in the Armed Forces of the United States or in the Merchant Marine of the United States prior to January 1, 1950. This bill would delete the limitation that the service have occurred prior to January 1, 1950, from these provisions, unless certain exceptions apply, and would delete the requirement that the electing member is a state employee or a retired member who retired immediately following service as a state employee.

Existing law authorizes specified members of PERS, including state members, to receive public service credit for certain types of service outside the system, including military service, and distinguishes in this regard between service performed before membership and after becoming a member. Existing law authorizes receipt of public service credit for specified military or Merchant Marine service occurring prior to membership and prescribes requirements and limits in this connection. Existing law requires, in this context, that the member contribute funds to cover the total cost of this public service credit, as specified. Existing law limits the application of this authorization to receive this public service credit to specified service in the Armed Forces of the United States or in the Merchant Marine of the United States prior to January 1, 1950. Existing law provides that this authorization only applies to agencies contracting with PERS if the agency elects to amend its contract. This bill would delete the limitation that the service have occurred prior to January 1, 1950, and would require contracting agencies to provide members the option to receive the public service credit for specified service in the Armed Forces of the United States or in the Merchant Marine of the United States.

(STATUS: Introduced 02/18/22. Passed out of the Senate on 05/09/22. In Assembly, read first time on 05/09/22. **Referred to Com. on P.E & R on 05/19/22. From committee: pass and re-referred to Com. on APPR on 06/22/22.)**

SB 1420 (Dahle)

This bill would require that an agency participating in CalPERS that increases the compensation of a member who was previously employed by a different agency to bear all actuarial liability for the action, if it results in an increased actuarial liability beyond what would have been reasonably expected for the member. The bill would require, in this context, that the increased actuarial liability be in addition to reasonable compensation growth

that is anticipated for a member who works for an employer or multiple employers over an extended time. The bill would require, if multiple employers cause increased liability, that the liability be apportioned equitably among them. The bill would apply to an increase in actuarial liability, as specified, due to increased compensation paid to an employee on and after January 1, 2023.

(STATUS: Introduced 02/18/22. Referred to Com. on L, P.E & R on 03/09/22. Heard in committee on 04/27/22; failed passage; reconsideration granted. **NOTE: Since the bill did not pass out of policy committee by July 1, 2022, SB 1420 will not move forward this session.**)

2022 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE ASSEMBLY CHIEF CLERK AND THE OFFICE OF THE SECRETARY OF THE SENATE
Revised 10-21-21

DEADLINES

JANUARY							
	S	M	T	W	TH	F	S
Interim Recess							1
Wk. 1	2	3	4	5	6	7	8
Wk. 2	9	10	11	12	13	14	15
Wk. 3	16	17	18	19	20	21	22
Wk. 4	23	24	25	26	27	28	29
Wk. 1	30	31					

FEBRUARY							
	S	M	T	W	TH	F	S
Wk. 1			1	2	3	4	5
Wk. 2	6	7	8	9	10	11	12
Wk. 3	13	14	15	16	17	18	19
Wk. 4	20	21	22	23	24	25	26
Wk. 1	27	28					

MARCH							
	S	M	T	W	TH	F	S
Wk. 1			1	2	3	4	5
Wk. 2	6	7	8	9	10	11	12
Wk. 3	13	14	15	16	17	18	19
Wk. 4	20	21	22	23	24	25	26
Wk. 1	27	28	29	30	31		

APRIL							
	S	M	T	W	TH	F	S
Wk. 1						1	2
Wk. 2	3	4	5	6	7	8	9
Spring Recess	10	11	12	13	14	15	16
Wk. 3	17	18	19	20	21	22	23
Wk. 4	24	25	26	27	28	29	30

MAY							
	S	M	T	W	TH	F	S
Wk. 1	1	2	3	4	5	6	7
Wk. 2	8	9	10	11	12	13	14
Wk. 3	15	16	17	18	19	20	21
No Hrgs.	22	23	24	25	26	27	28
Wk. 4	29	30	31				

- Jan. 1** Statutes take effect (Art. IV, Sec. 8(c)).
- Jan. 3** Legislature reconvenes (J.R. 51(a)(4)).
- Jan. 10** Budget must be submitted by Governor (Art. IV, Sec. 12(a)).
- Jan. 14** Last day for **policy committees** to hear and report to **fiscal committees** fiscal bills introduced in their house in the odd-numbered year (J.R. 61(b)(1)).
- Jan. 17** Martin Luther King, Jr. Day.
- Jan. 21** Last day for any committee to hear and report to the **floor** bills introduced in that house in the odd-numbered year. (J.R. 61(b)(2)).
Last day to submit **bill requests** to the Office of Legislative Counsel.
- Jan. 31** Last day for each house to pass bills introduced in that house in the odd-numbered year (J.R. 61(b)(3)) (Art. IV, Sec. 10(c)).

- Feb. 18** Last day for bills to be **introduced** (J.R. 61(b)(4), J.R. 54(a)).
- Feb. 21** Presidents' Day.

- Apr. 1** Cesar Chavez Day observed.
- Apr. 7** **Spring Recess** begins upon adjournment (J.R. 51(b)(1)).
- Apr. 18** Legislature reconvenes from Spring Recess (J.R. 51(b)(1)).
- Apr. 29** Last day for **policy committees** to hear and report to fiscal committees **fiscal bills** introduced in their house (J.R. 61(b)(5)).
- May 6** Last day for **policy committees** to hear and report to the floor **nonfiscal** bills introduced in their house (J.R. 61(b)(6)).
- May 13** Last day for **policy committees** to meet prior to May 31 (J.R. 61(b)(7)).
- May 20** Last day for **fiscal committees** to hear and report to the **floor** bills introduced in their house (J.R. 61 (b)(8)).
Last day for **fiscal committees** to meet prior to May 31 (J.R. 61 (b)(9)).
- May 23 – 27** **Floor session only.** No committee may meet for any purpose except for Rules Committee, bills referred pursuant to Assembly Rule 77.2, and Conference Committees (J.R. 61(b)(10)).
- May 27** Last day for each house to pass bills introduced in that house (J.R. 61(b)(11)).
- May 30** Memorial Day.
- May 31** Committee meetings may resume (J.R. 61(b)(12)).

*Holiday schedule subject to final approval by Rules Committee.

2022 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE ASSEMBLY CHIEF CLERK AND THE OFFICE OF THE SECRETARY OF THE SENATE
Revised 10-21-21

JUNE							
	S	M	T	W	TH	F	S
Wk. 4				1	2	3	4
Wk. 1	5	6	7	8	9	10	11
Wk. 2	12	13	14	15	16	17	18
Wk. 3	19	20	21	22	23	24	25
Wk. 4	26	27	28	29	30		

June 15 Budget Bill must be passed by midnight (Art. IV, Sec. 12(c)).

June 30 Last day for a legislative measure to qualify for the Nov. 8 General Election ballot (Elections Code Sec. 9040).

JULY							
	S	M	T	W	TH	F	S
Wk. 4						1	2
Summer Recess	3	4	5	6	7	8	9
Summer Recess	10	11	12	13	14	15	16
Summer Recess	17	18	19	20	21	22	23
Summer Recess	24	25	26	27	28	29	30
Wk. 1	31						

July 1 Last day for **policy committees** to meet and report bills (J.R. 61(b)(14)).

Summer Recess begins upon adjournment, provided Budget Bill has been passed (J.R. 51(b)(2)).

July 4 Independence Day.

AUGUST							
	S	M	T	W	TH	F	S
Wk. 1		1	2	3	4	5	6
Wk. 2	7	8	9	10	11	12	13
No Hrgs.	14	15	16	17	18	19	20
No Hrgs.	21	22	23	24	25	26	27
No Hrgs.	28	29	30	31			

Aug. 1 Legislature reconvenes from **Summer Recess** (J.R. 51(b)(2)).

Aug. 12 Last day for **fiscal committees** to meet and report bills (J.R. 61(b)(15)).

Aug. 15 – 31 Floor session only. No committee may meet for any purpose except Rules Committee, bills referred pursuant to Assembly Rule 77.2, and Conference Committees (J.R. 61(b)(16)).

Aug. 25 Last day to **amend** bills on the floor (J.R. 61(b)(17)).

Aug. 31 Last day for each house to pass bills (Art. IV, Sec 10(c), J.R. 61(b)(18)).

Final Recess begins upon adjournment (J.R. 51(b)(3)).

IMPORTANT DATES OCCURRING DURING FINAL RECESS

2022

Sept. 30 Last day for Governor to sign or veto bills passed by the Legislature before Sept. 1 and in the Governor's possession on or after Sept. 1 (Art. IV, Sec. 10(b)(2)).

Oct. 2 Bills enacted on or before this date take effect January 1, 2023. (Art. IV, Sec. 8(c)).

Nov. 8 General Election.

Nov. 30 Adjournment *sine die* at midnight (Art. IV, Sec. 3(a)).

Dec. 5 2023-24 Regular Session convenes for Organizational Session at 12 noon. (Art. IV, Sec. 3(a)).

2023

Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).

*Holiday schedule subject to final approval by Rules Committee.



Memorandum

DATE: July 18, 2022
TO: Members of the Board of Retirement
FROM: Cynthia Hockless, Director of Human Resources
SUBJECT: ELECTION UPDATE - GENERAL AND RETIRED BOARD MEMBER

Recommendation

Informational Only

Background/Discussion

On March 15, 2022, OCERS contacted the Registrar of Voters requesting that they conduct an election for the General and Retired Member whose terms will expire on December 31, 2022. We received a response informing us that the elections will be held on October 04, 2022. The Registrar of Voters has provided OCERS with an election schedule.

As per the attached schedule, OCERS mailed a notification to the home address of all eligible General and Retired members via US mail.

At the time of this memo, we are currently in the nomination period which started on July 05, 2022 and will close at 5:00 p.m. on August 03, 2022.

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

Attachment:

- October 04, 2022 General and Retired Member Election Calendar

Submitted by:



C.H. – APPROVED

Cynthia Hockless
Director of Human Resources

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM ELECTION CALENDAR
October 4, 2022
1 GENERAL MEMBER AND 1 RETIRED MEMBER

June 24 and July 8 (E-102 and E-88)	The Orange County Retirement office shall notify the General and Retired Members of the Retirement System that an election will be conducted on October 4, 2022. The notice shall include the filing period, qualifications and requirements to be a candidate for General Member and Retired Member of the Orange County Retirement Board of Directors and shall be provided with the payrolls on June 24, 2022 and July 8, 2022.
June 27 (E-99)	The Retirement Office shall provide the number of eligible General Members and Retired Members to the Registrar of Voters' Office.
June 27 (E-99)	The Retirement Office shall provide the Registrar of Voters' Office with Willingness to Serve forms.
July 5 (E-91)	First day the Nomination Petition is available for pick up from the Registrar of Voters' Office. A General Member requires 75 nomination signatures and a Retired Member requires 25 nomination signatures.
August 3 (E-62)	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.
August 4 (E-61)	Random draw will be held to determine the candidate placement on the ballot.
August 15 (E-50)	Retirement Office shall provide the Registrar of Voters with names and addresses of eligible General Members and Retired Members in an electronic format.
August 29 (E-36)	Mailing of ballots begins.
October 4 (E-0)	Tally voted ballots at the Registrar of Voters' Office.
TBD (E+)	Certificate of Election on Board of Supervisors' agenda.
January 1, 2023 (E+89)	Term begins for General Member and Retired Member. Term expires on December 31, 2025.



Memorandum

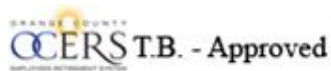
DATE: July 6, 2022
TO: Members of the Board of Retirement
FROM: Tracy Bowman, Director of Finance
SUBJECT: **SECOND QUARTER 2022 TRAVEL AND TRAINING EXPENSE REPORT**

Written Report

Background/Discussion

In accordance with OCERS' Travel Policy, the Chief Executive Officer is required to submit a quarterly report to the Board of Retirement on conference attendance and related expenditures incurred by OCERS' Board Members and staff. Attached is the Second Quarter 2022 Travel and Training Expense Report that includes all expenses submitted through June 30, 2022.

Submitted by:



Tracy Bowman
Director of Finance

07-18-2022 REGULAR BOARD MEETING AGENDA - R-8 Second Quarter 2022 Travel and Training Expense Report

TRAVEL AND TRAINING EXPENSE REPORT
 SECOND QUARTER 2022
 Submitted Through June 30, 2022**

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2022 YTD Total	2021 Total*
ELEY					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	1,184.49
FRIDENRICH	4/29/22	CALAPRS Trustees' Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
	5/10-5/13/22	SACRS Spring 2022 Conference: System Member Pricing	Rancho Mirage, CA	Training	-	120.00	-	-	553.64	-	-	673.64	
Sub Total					-	170.00	-	-	553.64	-	-	723.64	2,286.78
OATES	2/27-3/1/22	NAPO 33rd Pension & Benefit	Las Vegas, NV	Training	303.03	635.00	-	-	439.92	36.00	-	1,413.95	
	3/5-3/8/22	CALAPRS General Assembly	San Diego, CA	Training	102.96	250.00	55.65	-	774.24	-	-	1,182.85	
	7/17-7/20/22	SACRS/UC Berkeley 2022 Program: System Pricing	Berkeley, CA	Training	-	2,500.00	-	305.96	-	-	-	2,805.96	
Sub Total					405.99	3,385.00	55.65	305.96	1,214.16	36.00	-	5,402.76	3,897.41
PACKARD					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	550.00
PREVATT	3/5-3/8/22	CALAPRS General Assembly	San Diego, CA	Training	118.17	250.00	94.08	-	789.24	-	-	1,251.49	
	3/30-4/1/22	CALAPRS Advanced Principles of Pension Gov for Trustees	UCLA Lusking Center	Training	-	3,100.00	-	-	-	-	-	3,100.00	
	5/10-5/13/22	SACRS Spring 2022 Conference: System Member Pricing	Rancho Mirage, CA	Training	142.16	120.00	39.53	-	845.46	-	-	1,147.15	
Sub Total					260.33	3,470.00	133.61	-	1,634.70	-	-	5,498.64	1,887.79
TAGALOA	2/26-3/1/22	NASRANIRS Roundtable & Joint Legislative Conference	Washington D.C.	Training	18.72	750.00	30.90	289.20	1,006.96	19.49	-	2,115.27	
	3/5-3/8/22	CALAPRS General Assembly	San Diego, CA	Training	109.52	250.00	62.09	-	774.24	63.00	-	1,238.85	
	3/30-4/1/22	CALAPRS Advanced Principles of Pension Gov for Trustees	Los Angeles, CA	Training	156.20	3,100.00	-	-	-	-	-	3,256.20	
	5/10-5/13/22	SACRS Spring 2022 Conference: System Member Pricing	Rancho Mirage, CA	Training	124.61	120.00	-	-	830.46	-	-	1,075.07	
	6/20-6/22/22	SACRS Committee Meeting	Santa Rosa, CA	Meeting	-	-	-	498.01	840.88	-	-	1,338.89	
Sub Total					409.05	4,220.00	92.99	787.21	3,452.54	82.49	-	9,044.28	7,713.22
VALLONE					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	120.00
BOARD Total					1,075.37	11,245.00	282.25	1,093.17	6,855.04	118.49	-	20,669.32	17,639.69
DELANEY	2/10/22	CALAPRS Administrators Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
	2/26-3/1/22	NASRANIRS Round Table & Joint Legislative Conference	Washington D.C.	Training	-	750.00	167.55	346.20	639.14	251.25	-	2,154.14	
	3/5-3/8/22	CALAPRS General Assembly	San Diego, CA	Training	96.64	250.00	27.77	-	516.16	-	-	890.57	
	5/10-5/13/22	SACRS Spring 2022 Conference: System Member Pricing	Rancho Mirage, CA	Training	60.26	120.00	-	-	-	-	-	180.26	
	6/24/22	CALAPRS Administrators Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
	8/24-8/26/22	ITechCONNECT Annual Summit	Washington D.C.	Training	-	1,195.00	-	-	-	-	-	1,195.00	
Sub Total					156.90	2,415.00	195.32	346.20	1,155.30	251.25	-	4,519.97	6,446.07
JENIKE	3/5-3/8/22	CALAPRS General Assembly	San Diego, CA	Training	101.91	250.00	-	-	774.24	42.00	-	1,168.15	
	5/10-5/13/22	SACRS Spring 2022 Conference: System Member Pricing	Rancho Mirage, CA	Training	91.85	120.00	-	-	553.64	-	-	765.49	
	6/24/22	CALAPRS Benefits Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
	7/18-7/19/22	IFEBP Benefit Communication and Technology Institute	Online	Training	-	1,325.00	-	-	350.00	-	-	1,675.00	
	8/6/22	NASRA Annual Conference	Long Beach, CA	Training	-	1,325.00	-	-	-	-	-	1,325.00	
Sub Total					193.76	3,070.00	-	-	1,677.88	42.00	-	4,983.64	1,315.00
NIH	5/6/22	CALAPRS Overview Course in Retirement Plan Admin.	Online	Training	-	100.00	-	-	-	-	-	100.00	
	6/21/22	CALAPRS Administrative Assistants Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	150.00	-	-	-	-	-	150.00	-
SHOTT	2/28-3/1/22	CIO Leadership Forum	Online	Training	-	1,450.00	-	-	-	-	-	1,450.00	
	3/5-3/8/22	CALAPRS General Assembly	San Diego, CA	Training	81.90	250.00	54.89	-	516.16	-	-	902.95	
	5/22-6/25/22	NCPERS 2022 Annual Conference	Washington D.C.	Training	21.06	900.00	219.92	999.94	1,353.84	60.50	-	3,555.16	
	6/5-6/8/22	GFOA Annual Conference	Austin, TX	Training	-	555.00	141.76	571.19	1,845.18	50.05	-	3,163.18	
Sub Total					102.96	3,155.00	416.57	1,571.03	3,715.18	110.55	-	9,071.29	2,965.00
EXECUTIVE Total					453.62	8,790.00	611.89	1,917.23	6,548.36	403.80	-	18,724.90	10,726.07
BEESON	Various	UCLA Leading High Performing Teams	Online	Training	-	2,600.00	-	-	-	-	-	2,600.00	
Sub Total					-	2,600.00	-	-	-	-	-	2,600.00	120.00
CHARY					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	4,570.00
Jl					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	270.00
MURPHY	4/4/22	Manager DD Meeting with LYUNO-SDI Group	Los Angeles, CA	Meeting	50.08	-	-	-	-	-	-	50.08	
	5/1-5/4/22	Milken Institute Global Conference	Beverly Hills, CA	Training	59.67	-	-	-	1,926.96	165.00	-	2,151.63	
	6/18/22	Due Diligence	Amsterdam & Stockholm	Meeting	-	-	-	2,083.35	-	-	-	2,083.35	
Sub Total					109.75	-	-	2,083.35	1,926.96	165.00	-	4,285.06	4,355.55
WALANDER-SARKIN	3/10/22	Women's Private Equity Summit	Dana Point, CA	Meeting	50.08	-	-	-	-	23.00	-	73.08	
	4/4/22	Manager DD Meeting with LYUNO-SDI Group	Los Angeles, CA	Meeting	50.08	-	-	-	-	-	-	100.16	
Sub Total					100.16	-	-	-	-	23.00	-	173.16	120.00
INVESTMENTS Total					159.83	2,600.00	-	2,083.35	1,926.96	188.00	-	6,958.14	9,435.55
KINSLER	4/13/22	CALAPRS Communications Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	50.00	-	-	-	-	-	50.00	50.00
RITCHEY	4/13/22	CALAPRS Communications Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	50.00	-	-	-	-	-	50.00	50.00
COMMUNICATIONS Total					-	100.00	-	-	-	-	-	100.00	100.00

07-18-2022 REGULAR BOARD MEETING AGENDA - R-8 Second Quarter 2022 Travel and Training Expense Report

TRAVEL AND TRAINING EXPENSE REPORT
 SECOND QUARTER 2022
 Submitted Through June 30, 2022**

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2022 YTD Total	2021 Total*
HORST	5/6/22	CALAPRS Overview Course in Retirement Plan Admin.	Online	Training	-	100.00	-	-	-	-	-	100.00	-
	6/21/22	CALAPRS Administrative Assistants Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	-
Sub Total					-	150.00	-	-	-	-	-	150.00	-
MATSUO	2/18/22	CALAPRS Attorney's Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	-
	5/10-5/13/22	SACRS Spring 2022 Conference: System Member Pricing	Rancho Mirage, CA	Training	-	120.00	-	-	298.41	-	-	418.41	-
	5/27/22	CALAPRS Attorney's Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	-
Sub Total					-	220.00	-	-	298.41	-	-	518.41	220.00
MCINTOSH	5/10-5/13/22	SACRS Spring 2022 Conference: System Member Pricing	Rancho Mirage, CA	Training	-	120.00	-	-	895.67	-	-	1,015.67	-
Sub Total					-	120.00	-	-	895.67	-	-	1,015.67	1,068.16
RATTO	3/6-3/9/22	NAPPA Board Meetings	New Orleans, LA	Training	25.51	-	153.43	696.19	726.72	88.20	-	1,690.05	-
	5/10-5/13/22	SACRS Spring 2022 Conference: System Member Pricing	Rancho Mirage, CA	Training	57.33	120.00	-	-	276.82	-	-	454.15	-
	5/27/22	CALAPRS Attorney's Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	-
	6/21-6/24/22	NAPPA Legal Education Conference	Louisville, KY	Training	-	995.00	-	1,327.20	242.59	-	-	2,564.79	-
Sub Total					82.84	1,165.00	153.43	2,023.39	1,246.13	88.20	-	4,758.99	1,845.58
SERPA	2/18/22	CALAPRS Attorney's Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	-
Sub Total					-	50.00	-	-	-	-	-	50.00	499.00
SINGLETON	5/10-5/13/22	SACRS Spring 2022 Conference: System Member Pricing	Rancho Mirage, CA	Training	120.51	120.00	-	-	160.00	15.00	-	415.51	-
Sub Total					120.51	120.00	-	-	160.00	15.00	-	415.51	284.14
LEGAL Total					203.35	1,825.00	153.43	2,023.39	2,600.21	103.20	-	6,908.58	3,916.88
ARDELEANU	6/24/22	CALAPRS Benefits Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	-
Sub Total					-	50.00	-	-	-	-	-	50.00	-
GUEVARA	6/24/22	CALAPRS Benefits Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	-
Sub Total					-	50.00	-	-	-	-	-	50.00	513.50
IBARRA					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	100.00
LAMBERSON	6/24/22	CALAPRS Benefits Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	-
Sub Total					-	50.00	-	-	-	-	-	50.00	2,089.00
LOPEZ	4/11-4/12/22	CALAPRS Management Academy 2022: Module 1	Pasadena, CA	Training	-	3,000.00	-	-	-	-	-	3,000.00	-
Sub Total					-	3,000.00	-	-	-	-	-	3,000.00	513.50
PANAMENO	6/24/22	CALAPRS Benefits Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	-
Sub Total					-	50.00	-	-	-	-	-	50.00	100.00
PERSI	6/24/22	CALAPRS Benefits Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	-
Sub Total					-	50.00	-	-	-	-	-	50.00	40.00
RODRIGUEZ					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	100.00
RUBIO					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	100.00
MEMBER SERVICES Total					-	3,250.00	-	-	-	-	-	3,250.00	3,556.00
BARKER					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	229.00
BOWMAN	4/20/22	GFOA Essential Tools for Policies & Procedure in Treasury Dept.	Online	Training	-	85.00	-	-	-	-	-	85.00	-
Sub Total					-	85.00	-	-	-	-	-	85.00	670.00
DURIGON					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	191.75
KANG	Various	CPE Continuing Education for CPA	Online	Training	-	1,385.00	-	-	-	-	-	1,385.00	-
Sub Total					-	1,385.00	-	-	-	-	-	1,385.00	1,645.00
REYES					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	210.00
FINANCE Total					-	1,470.00	-	-	-	-	-	1,470.00	2,936.75
ACUNA	Various	Lean Six Sigma Black Belt	Online	Training	-	1,499.00	-	-	-	-	-	1,499.00	-
Sub Total					-	1,499.00	-	-	-	-	-	1,499.00	513.50
CORTEZ	Various	Lean Six Sigma Black Belt	Online	Training	-	1,499.00	-	-	-	-	-	1,499.00	-
Sub Total					-	1,499.00	-	-	-	-	-	1,499.00	500.00
DISABILITY Total					-	2,998.00	-	-	-	-	-	2,998.00	1,013.50
DURRAH					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	2,656.75
GUNSOLLEY	5/15-5/18/22	ADT 2022 International Conference & Exposition	Online	Training	-	475.00	-	-	-	-	-	475.00	-
Sub Total					-	475.00	-	-	-	-	-	475.00	756.75
HOCKLESS					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	400.00
NGUYEN	5/6/22	CALAPRS Overview Course in Retirement Plan Admin.	Online	Training	-	100.00	-	-	-	-	-	100.00	-
Sub Total					-	100.00	-	-	-	-	-	100.00	-
WONZNIUK					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	3,436.75
HUMAN RESOURCES Total					-	575.00	-	-	-	-	-	575.00	7,250.25
D'AIELLO					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	100.00
DOEZIE					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	415.00
OPERATIONS SUPPORT SERVICES Total					-	-	-	-	-	-	-	0.00	515.00

07-18-2022 REGULAR BOARD MEETING AGENDA - R-8 Second Quarter 2022 Travel and Training Expense Report

TRAVEL AND TRAINING EXPENSE REPORT
 SECOND QUARTER 2022
 Submitted Through June 30, 2022**

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2022 YTD Total	2021 Total*
LARA					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	40.00
SADOSKI					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	40.00
IT Total					-	-	-	-	-	-	-	0.00	80.00
ADVIENTO	3/31/22	MasterCPE Ethics for California	Online	Training	-	188.95	-	-	-	-	-	188.95	
	Various	CalCPA Government/Commercial	Online	Training	-	350.00	-	-	-	-	-	350.00	
Sub Total					-	538.95	-	-	-	-	-	538.95	1,290.00
KIM	Various	AI for Decision Making: Business Strategies & Application	Online	Training	-	2,249.10	-	-	-	-	-	2,249.10	
Sub Total					-	2,249.10	-	-	-	-	-	2,249.10	850.00
INTERNAL AUDIT Total					-	2,788.05	-	-	-	-	-	2,788.05	2,140.00
EAKIN	3/5-3/8/22	CALAPRS General Assembly	San Diego, CA	Speaker	-	-	65.10	-	279.08	-	-	344.18	
Sub Total					-	-	65.10	-	279.08	-	-	344.18	40.00
INFORMATION SECURITY Total					-	-	65.10	-	279.08	-	-	344.18	40.00
Total					1,892.17	35,641.05	1,112.67	7,117.14	18,209.65	813.49	-	64,786.17	59,349.69

Footnotes:

* Prior year totals only presented for 2021 active staff & Board members. Totals include online training.

** Excludes non-training expenses such as meetings, mileage, strategic planning and tuition reimbursement.



Memorandum

DATE: July 18, 2022
TO: Members of the Board of Retirement
FROM: Steve Delany, Chief Executive Officer
SUBJECT: **SEPTEMBER 2022 OCERS STRATEGIC PLANNING WORKSHOP AGENDA**

Written Report

Background/Discussion

Last month, the Board was provided a memo listing possible topics for consideration at its annual Strategic Planning Workshop, to be held at the Westin South Coast Plaza in Costa Mesa, over two days – Wednesday, September 14 and Thursday, September 15, 2022. As has been the Board’s preference for many years, that preview allows for adjustments to the agenda, ensuring the Board considers the issues it sees as most important in preparation for the coming calendar year.

We continue to feature Dr. David Bronner, the CEO of the Retirement Systems of Alabama (RSA), as our keynote speaker. Dr. Bronner will join us via Zoom to share RSA’s engaging story.

No individual Board member requests for changes to other proposed topics were received, so you will find attached staff’s recommended OCERS Board Strategic Planning Workshop Agenda. I will work with the Board Chair to make any adjustments to the agenda as we near September.

Similarly note that the investment portion of the agenda, covering Wednesday (Sept 14) and Thursday (Sept 15) afternoons will be finalized in September prior to forwarding your Board packet materials. Presently Ms. Murphy is planning on covering the following:

- Inflation Panel
- Portfolio liquidity update
- OCERS investment beliefs review
- Governance best practices
- China update
- Energy update
- Digital Assets discussion

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

Attachment: Strategic Planning Workshop September 14-15 Agenda



**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF RETIREMENT**

**2022 STRATEGIC PLANNING WORKSHOP
Wednesday, September 14, 2022
8:30 A.M.
Westin South Coast Plaza**

Pursuant to Executive Order N-29-20, certain provisions of the Brown Act are suspended due to a State of Emergency in response to the COVID-19 pandemic. Consistent with the Executive Order, this meeting will be conducted by video/teleconference only. None of the locations from which the Board members will participate will be open to the public.

Members of the public who wish to observe and/or participate in the meeting may do so via the Zoom app or via telephone. Members of the public who wish to provide comment during the meeting may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing * 9 on your telephone keypad.

OCERS Zoom Video/Teleconference information	
<p>Join Zoom Meeting https://ocers.zoom.us/j/98996692973</p> <p>Meeting ID: 989 9669 2973 Passcode: 982960</p> <p>Go to https://www.zoom.us/download to download Zoom app before meeting Go to https://zoom.us to connect online using any browser.</p>	<p>Join by Telephone (Audio Only) Dial by your location</p> <ul style="list-style-type: none"> +1 669 900 6833 US (San Jose) +1 346 248 7799 US (Houston) +1 253 215 8782 US (Tacoma) +1 312 626 6799 US (Chicago) +1 929 436 2866 US (New York) +1 301 715 8592 US (Washington DC) <p>Meeting ID: 989 9669 2973 Passcode: 982960</p>
<p>A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page</p>	

Agenda

- | | |
|---|--------------------|
| Breakfast | 7:15 - 8:30 |
| 1. WELCOME & INTRODUCTORY COMMENTS
Steve Delaney, CEO, OCERS | 8:30 – 8:45 |
| 2. HEARING FROM OUR STAKEHOLDERS
For more than a decade we have started each workshop by first hearing from our stakeholders. | 8:45 – 9:30 |



County of Orange;
Orange County Transportation Authority; and
Association of County Law Enforcement Managers

3. KEY NOTE SPEAKER: The Retirement Systems of Alabama - Dr Bronner, Executive Director	9:30 – 10:30
BREAK	10:30 – 10:45
4. Vision 2030 – OCERS and the leveraging of technology Steve Delaney, CEO, OCERS	10:45 – 11:15
5. OCERS Headquarters Status – The Headquarters of our Future Brenda Shott, Assistant CEO, OCERS	11:15 – 12:00
LUNCH	12:00 - 1:00
6. Investment Topics Molly Murphy, CIO, OCERS	1:00 – 4:00
7. Wrap Up	4:00 – 4:15
8. Networking Happy Hour	
ADJOURNMENT	



**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF RETIREMENT**

2022 STRATEGIC PLANNING WORKSHOP
Thursday, September 15, 2022
8:30 A.M.
Westin South Coast Plaza

Pursuant to Executive Order N-29-20, certain provisions of the Brown Act are suspended due to a State of Emergency in response to the COVID-19 pandemic. Consistent with the Executive Order, this meeting will be conducted by video/teleconference only. None of the locations from which the Board members will participate will be open to the public.

Members of the public who wish to observe and/or participate in the meeting may do so via the Zoom app or via telephone. Members of the public who wish to provide comment during the meeting may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing * 9 on your telephone keypad.

OCERS Zoom Video/Teleconference information	
<p>Join Zoom Meeting https://ocers.zoom.us/j/99168046699 Meeting ID: 991 6804 6699 Passcode: 186066</p> <p>Go to https://www.zoom.us/download to download Zoom app before meeting Go to https://zoom.us to connect online using any browser.</p>	<p>Join by Telephone (Audio Only) Dial by your location</p> <ul style="list-style-type: none"> +1 669 900 6833 US (San Jose) +1 346 248 7799 US (Houston) +1 253 215 8782 US (Tacoma) +1 929 436 2866 US (New York) +1 301 715 8592 US (Washington DC) +1 312 626 6799 US (Chicago) <p>Meeting ID: 991 6804 6699 Passcode: 186066</p>
<p>A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page</p>	

Agenda

BREAKFAST	7:15 - 8:30
1. WELCOME AND INTRODUCTIONS Steve Delaney, CEO, OCERS	8:30 – 8:45
2. STATE OF OCERS- AN OVERVIEW Steve Delaney, CEO, OCERS	8:45 – 9:30



3. STATE OF OCERS- ANNUAL MEMBER SERVICES REPORT Suzanne Jenike, Assistant CEO, OCERS	9:30 – 9:45
4. PROPOSED 2023-2025 STRATEGIC PLAN Brenda Shott, Assistant CEO, Finance and Internal Operations	9:45– 10:15
BREAK	10:15 – 10:30
5. PROPOSED 2023 BUSINESS PLAN AND BUDGET Brenda Shott, Assistant CEO, Finance and Internal Operations	10:30– 11:30
6. TBD	11:30-12:00
LUNCH	12:00 - 1:00
7. Investment Topics	1:00 – 4:00
8. Wrap Up	4:00 – 4:15



Memorandum

DATE: July 18, 2022
TO: Members of the Board of Retirement
FROM: Jim Doezie, Contracts, Risk and Performance Administrator
SUBJECT: **CONTRACT STATUS FOR NAMED SERVICE PROVIDERS**

Written Report

Background/Discussion

1. Performance Reviews

The following policy provisions stipulate the terms by which vendor performance reviews will be conducted:

- The Procurement & Contracting Policy (Section II.D.) specifies that selected vendors will be reviewed every three years. *“The performance of Named Service Providers and Contractors with Contract Values that exceed \$100,000 will be reviewed at least every three years. In addition, at least six months before the expiration of the initial term of a contract with a Named Service Provider and Contract Value over \$100,000, the continued appropriateness and cost-effectiveness of the Contractor will be assessed.”*
- The Board of Retirement Charter (Item #21) states that an Actuarial Review is needed every five (5) years. (With coordination by the Internal Audit department.)

2. Pursuant to OCERS policy and charter provisions, the schedules below references the Named Service Provider contracts that are up for renewal, expiration, review, or RFP:

Named Service Provider	Vendor	Contract Start	Contract Expiration	Last Review Date	Next Review Date	RFP start	Responsible Senior Exec	Notes
Actuarial Auditor (Every 5 years)	Cheiron	8/1/2017	12/31/2017	12/31/2017	N/A	Feb-2022	Delaney/Kim	New contract in process awarded to Cheiron
Consulting Actuary	Segal	8/25/2016	12/31/2022	7/11/2019	Jul-2022	Jul-2022	Shott	Review presented to Board in July
Securities lending manager	State Street	7/1/2017	6/30/2023	11/16/2020	Jan-2023	Jan-2023	Murphy	
Fiduciary Counsel	Reed Smith	7/1/2021	6/30/2024	3/15/2021	Mar-2024	Jan-2027	Ratto	
Financial Auditor	Moss Adams	3/15/2022	3/15/2025	N/A	Jul-2024	Jul-2027	Shott	
General investment consultant	Meketa	4/1/2022	3/31/2027	5/6/2019	Jan-2025	Jul-2027	Murphy	
Private Equity consultant	Aksia	4/1/2022	3/31/2027	1/19/2021	Jan-2025	Jul-2027	Murphy	
Real Estate consultant	Townsend Holdings	4/1/2022	3/31/2027	1/19/2021	Jan-2025	Jul-2027	Murphy	

Submitted by:



JD - Approved

Jim Doezie
 Contracts, Risk and Performance Administrator



Memorandum

DATE: July 18, 2022
TO: Members of the Board of Retirement
FROM: Jim Doezie, Contracts, Risk and Performance Administrator
SUBJECT: Actuarial Services Performance Review

Written Report

Background/Discussion

1. Performance Review Guidelines

According to the Procurement & Contracting Policy (Section II.D., page 5):

The performance of Named Service Providers and Contractors with Contract Values that exceed \$100,000 will be reviewed at least every three years. In addition, at least six months before the expiration of the initial term of a contract with a Named Service Provider and Contract Value over \$100,000, the continued appropriateness and cost-effectiveness of the Contractor will be assessed. For contracts with Named Service Providers, the CEO and the Board or the pertinent committee of the Board will make the performance review and assessment. For Contract Values over \$100,000, the CEO (or his/her designee) will make the performance review and assessment.

The results of performance reviews of Named Service Providers will be summarized and reported to the Board.

2. Results of Performance Review: Actuarial Services Consultant – Segal Consulting

Pursuant to the above referenced policy, a performance survey was distributed for Segal Consulting on April 21st, 2022 for the period of February 2019, through March, 2022. The notes below summarize the results:

- We received a total of 14 out of 15 potential reviews. A 93% response rate
- The Segal Consulting personnel were rated as being highly knowledgeable, easy to work with, and very reliable
- Segal Consulting is seen as being effective in supporting the Board and helping to guide the Board to decisions
- The overall performance rating for the majority of those surveyed resulted in an “A” grade
- The only item noted for future improvement was a desire to have technical explanations simplified to make them easier to understand.



Memorandum

3. *Performance Review Action Item(s)*

- The contract with Segal Consulting expires December 31, 2022. As such, an RFP for these services is required as we have been contracting with Segal Consulting for the maximum six-year period per the Procurement Policy.

Submitted by:



JD - Approved

Jim Doezie
Contracts, Risk and Performance Administrator