

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

**REGULAR MEETING
Monday, August 15, 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 2022-07, 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: 872 9373 5446 Password: 043822</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: 872 9373 5446 Password: 043822</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.

- Stack, Robert E

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

July 18, 2022

Recommendation: Approve minutes.

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: JEFFREY ANDERSON

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

Recommendation: The Disability Committee recommends that the Board:

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

DC-2: ANTHONY LIM

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 date of regular compensation.

DC-3: ANTHONY McCOLLOUGH

Coach Operator, Orange County Transportation Authority (General Member)

Recommendation: The Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as May 24, 2020.

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 2022-08

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 2022-08 to reflect such findings pursuant to Government Code section 54953, as amended by AB 361.

A-3 INVESTMENT TEAM INCENTIVE COMPENSATION PROGRAM- PERSONNEL COMMITTEE RECOMMENDATION

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation: The Personnel Committee recommends that the Board of Retirement approve and adopt the Incentive Compensation Program detailed in the Incentive Compensation Policy, effective for the calendar year ending December 31, 2022, with payment of the first 50% of the annual award made within 60 days of the benchmark becoming available in 2023 and payment of the remaining 50% of the annual award on or before March 31, 2024.

A-4 ALAMEDA IMPLEMENTATION – ACTIVE MEMBER CONTRIBUTIONS REFUND METHOD - \$75 OR LESS

Presentation by Suzanne Jenike, Assistant Chief Executive Officer, OCERS

Recommendations: Direct staff to coordinate with the Employers to process refunds of contributions and interest to active members entitled to a refund of \$75 or less as a result of the *Alameda* decision.

INFORMATION ITEMS

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

Presentations

I-1 CEM 2022 BENCHMARKING REPORT

Presentation by Steve Delaney, Chief Executive Officer, OCERS

I-2 COVID-19 UPDATE

Presentation by Steve Delaney, Chief Executive Officer, OCERS

WRITTEN REPORTS

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

R-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

August 15, 2022

Death Notices

August 15, 2022

R-2 COMMITTEE MEETING MINUTES

- April 2022 – Personnel Committee Minutes
- May 2022 – Governance Committee Minutes
- July 2022 – Personnel Committee 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

R-7 SECOND QUARTER 2022 BUDGET TO ACTUALS REPORT

Written Report

R-8 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022

Written Report

R-9 OCERS BY THE NUMBERS (2022 EDITION)

Written Report

R-10 THE EVOLUTION OF OCERS’ UAAL (2022 EDITION)

Written Report

R-11 2022 OCERS BOARD STRATEGIC PLANNING WORKSHOP – Final Agenda

Written Report

R-12 ELECTION UPDATE - GENERAL AND RETIRED BOARD MEMBER

Written Report

CLOSED SESSION

**E-1 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED
(GOVERNMENT CODE SECTION 54956.9(d)(1))**

*Robert Szewczyk and Rodney Morikawa v. OCERS; Steven Delaney, Board of Retirement of OCERS; Orange County Superior Court, Case No. 30-2022-01268984-CU-WM-CJC
Adjourn pursuant to Government Code section 54956.9(d)(1).*

Recommendation: Take appropriate action.

**E-2 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED
(GOVERNMENT CODE SECTION 54956.9(d)(1))**

*Adjourn pursuant to Government Code section 54956.9(d)(1).
Nicholas Casson v. OCERS; California Court of Appeal, 4th Appellate District, Case No. G060950*

Recommendation: Take appropriate action.

**E-3 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED
(GOVERNMENT CODE SECTION 54956.9(d)(1))**

*James Morell v. Board of Retirement, OCERS; Los Angeles County Superior Court, Case No. 22STCP02345
Adjourn pursuant to Government Code section 54956.9(d)(1).*

Recommendation: Take appropriate action.

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

INVESTMENT COMMITTEE MEETING

**August 24, 2022
9:30 A.M.**

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

STRATEGIC PLANNING WORKSHOP

**September 14 and 15, 2022
9:00 A.M.**

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

DISABILITY COMMITTEE MEETING

**September 19, 2022
8:30 A.M.**

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

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

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



Memorandum

DATE: August 15, 2022
TO: Members of the Board of Retirement
FROM: Jonathea Tallase, Member Services Manager
SUBJECT: **OPTION 4 RETIREMENT ELECTION – ROBERT STACK**

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 August 14, 2020. The Orange County Employees Retirement System (OCERS) was joined in the member’s dissolution of marriage and under the terms of the DRO, the member’s ex-spouse was awarded a lifetime continuance as a percentage of the member’s allowance.

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

Submitted by:



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

August 10, 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 Robert Stack**

Dear Jonathea:

Pursuant to your request, we have determined the Option 4 benefits payable to Robert Stack and his ex-spouse based on the unmodified benefit and other information provided in the System's request dated August 2, 2022.

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

Member's Date of Birth	
Ex-Spouse's Date of Birth	
Date of Retirement	August 14, 2020
Plan of Membership	General Plan J
Monthly Unmodified Benefit	\$7,476.45
Ex-Spouse's Share of Monthly Unmodified Benefit	37.89%
Type of Retirement	Service Retirement

We calculated the adjustment to the member's unmodified benefit to provide a 37.89% continuance to the ex-spouse. As instructed by OCERS, the cost to provide the continuance benefit to the ex-spouse is paid for entirely by the ex-spouse.

Jonathea Tallase
August 10, 2022
Page 2

	Payable While the Member Is Alive	Payable After the Member's Death
Monthly benefit payable to member		
Annuity:	\$1,805.69	
Pension:	<u>2,837.93</u>	
Total:	\$4,643.62	\$0.00
Monthly benefit payable to ex-spouse ¹	\$2,426.16	\$2,426.16

ACTUARIAL ASSUMPTIONS

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

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

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

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

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/elf

¹ This is equal to 37.89% of the member's unmodified benefit (i.e., 37.89% * \$7,476.45 or \$2,832.83) adjusted further to provide a benefit payable over the ex-spouse's lifetime or to the estate of the ex-spouse if the ex-spouse predeceases the member.



August 10, 2022

Robert E. Stack

Re: Retirement Election Confirmation – Option 4

Dear Mr. STACK:

You have elected Option 4 as your retirement option. This option will provide a 37.89% of your monthly benefit, for the life of the benefit, to:

CHERYL STACK

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 37.89% continuance to CHERYL STACK.

Robert E. Stack 8/11/2022

Member Signature/Date

Sincerely,

Diana Lopez
Retirement Program Specialist

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.

MINUTES

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

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

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

AB 361: Frank Eley, Chair; Shawn Dewane, Vice Chair; Adele Tagaloa, Charles Packard, Chris Prevatt, Shari Freidenrich, 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; Molly Murphy, Chief Investments Officer; Gina Ratto, General Counsel; Manuel Serpa, Deputy General Counsel; David Kim, Director of Internal Audit; Tracy Bowman, Director of Finance; Shanta Chary, Director of Investment Operations; Anthony Beltran, Audio-Visual Technician; Carolyn Nih, Recording Secretary

Guests: Andy Yeung, Segal; Paul Angelo, Segal; Harvey Leiderman, ReedSmith; Maytak Chin, ReedSmith

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.

- 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.

MOTION by Mr. Dewane, **SECONDED** by Mr. Lindholm, to approve Consent Agenda items, C-1 through C-4.

The motion passed **unanimously**.

DISABILITY/MEMBER BENEFITS AGENDA

CONSENT ITEMS

Staff requested that DC-7: MICHELLE JACKSON be pulled from consideration.

MOTION by Mr. Dewane, **SECONDED** by Mr. Packard, to approve on all Disability Consent Agenda items, DC-1 through DC-13, except pulled item DC-7.

The motion passed **unanimously**.

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- PULLED
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.

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 2022-07

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.

MOTION by Mr. Dewane, **SECONDED** by Mr. Prevatt, to adopt Resolution 2022-07, memorializing the Board's findings that a state of emergency continues to exist and that state and local officials continue to impose or recommend measures to promote social distancing.

The motion passed **unanimously**.

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.

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

Ms. Freidenrich requested, in the future, additional information be provided to assist board members in understanding choice of discount rate and past results from the program. Ms. Murphy gave further explanation that the rate is reviewed annually and subject to projections looking forward for 20 years.

Ms. Freidenrich left the meeting.

The motion passed **unanimously** with Ms. Freidenrich absent and not voting, having left the meeting at 10:00 a.m. during discussion the agenda item.

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

MOTION by Mr. Dewane, **SECONDED** by Ms. Tagaloo, to approve the Personnel Committee recommendations, which, as noted, recommends two regular rather than limited term Internal Auditor positions.

Personnel Committee Chair, Mr. Prevatt, spoke to and in support of each of the recommendations.

The motion passed **unanimously**.

INFORMATION ITEMS

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

Messrs. Angelo and Yeung presented on the topics of UAAL and investment return scenarios.

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

Messrs. Angelo and Yeung presented on the topics of sensitivity illustrations and assumptions.

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

Presentation by Paul Angelo and Andy Yeung, Segal

Messrs. Angelo and Yeung presented on the topic of actuarial risk.

I-4 COVID-19 UPDATE

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Mr. Delaney presented to the Board an update on the effects of COVID-19 on OCERS, including the recent enactment of the outbreak protocol.

WRITTEN REPORTS

R-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices
Death Notices

July 18, 2022
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

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

R-9 2022 STRATEGIC PLANNING WORKSHOP – PROPOSED FORMAT AND AGENDA TOPICS
Written Report

R-10 CONTRACT STATUS FOR NAMED SERVICE PROVIDERS
Written Report

R-11 ACTUARIAL SERVICES PERFORMANCE REVIEW
Written Report

R-7 report was pulled by Mr. Lindholm to ask OCERS staff to begin to prepare and work on the applications of the appointed Trustees for re-appointment.

CIO COMMENTS

Ms. Murphy reported that while the public markets are broadly selling off that private market assets are still holding value. Private market assets should start to reflect the decline in public markets in the second half of 2022. There are a wide variety of returns in the current OCERS portfolio.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS - none

COUNSEL COMMENTS - none

BOARD MEMBER COMMENTS - none

Meeting **ADJOURNED** at 11:24 a.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



UPDATED AUGUST 12, 2022

Memorandum

DATE: August 15, 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 2022-08**

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 2022-08 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.

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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

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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”. At its meeting on July 18, 2022, the Board adopted Resolution 2022-07, again based on the single finding that state or local officials continue to impose or recommend measures to promote social distancing.

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* that state or local officials continue to impose or recommend measures to promote social distancing, that the Board renew its findings and adopt Resolution 2022-08 in order for the Board and its committees to continue to meet by teleconference. Resolution 2022-08 mirrors Resolution 2022-07 adopted by the Board on July 18, 2022, and is based on the single finding that state or local officials continue to impose or recommend measures to promote social distancing. Resolution 2022-08 *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** "[t]he closer you are to a greater number of people, the more likely you are to be exposed to the virus that

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causes COVID-19. To avoid this possible exposure, you may want to avoid crowded areas, or keep distance between yourself and others." ~~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 2022-08 in order for the Board and its committees to continue to meet by teleconference.

Attachments

Submitted by:



Gina M. Ratto
General Counsel

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OCERS BOARD OF RETIREMENT RESOLUTION NO. 2022-08

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 SEPTEMBER 15, 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

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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 "[t]he closer you are to a greater number of people, the more likely you are to be exposed to the virus that causes COVID-19. To avoid this possible exposure, you may want to avoid crowded areas, or keep distance between yourself and others" ~~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

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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 September 16, 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 15th day of August, 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

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

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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.

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(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:

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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

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 [Signature]
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



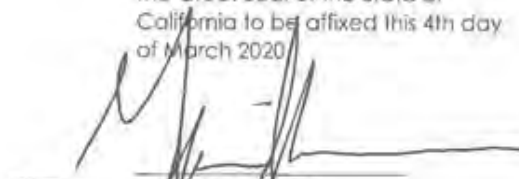
notification requirement of Civil Code section 1798.24, subdivision (f), is suspended.

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

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§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.

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

(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.

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(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.

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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.

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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).

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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.

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§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,

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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.

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§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.

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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).
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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

<p>Requirements apply to all employees, regardless of vaccination status, previous infection, or lack of symptoms.</p>	<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



How to Protect Yourself and Others

Updated Aug. 11, 2022

COVID-19 Prevention Actions

There are many ways your actions can help protect you, your household, and your community from severe illness from COVID-19. [CDC's COVID-19 Community Levels](#) provide information about the amount of severe illness in the community where you are located to help you decide when to take action to protect yourself and others.



COVID-19 County Check

Find community levels and prevention steps by county. Data updated we

Select a Location (all fields required)

[State _____] [County _____]

Prevention Actions to Use at All COVID-19 Community Levels

In addition to basic health and hygiene practices, like [handwashing](#), CDC recommends some prevention actions at all COVID-19 Community Levels, which include:

- Staying Up to Date with COVID-19 Vaccines
- Improving Ventilation
- Getting Tested for COVID-19 If Needed
- Following Recommendations for What to Do If You Have Been Exposed
- Staying Home If You Have Suspected or Confirmed COVID-19
- Seeking Treatment If You Have COVID-19 and Are at High Risk of Getting Very Sick
- Avoiding Contact with People Who Have Suspected or Confirmed COVID-19

Staying Up to Date with COVID-19 Vaccines



COVID-19 vaccines help your body develop protection from the virus that causes COVID-19. Although vaccinated people sometimes get infected with the virus that causes COVID-19, [staying up to date](#) on COVID-19 vaccines significantly lowers the risk of getting very sick, being hospitalized, or dying from COVID-19. CDC recommends that everyone who is eligible get a booster and [stay up to date on their COVID-19 vaccines](#), especially [people with weakened immune systems](#).

If you are moderately or severely immunocompromised or severely allergic to COVID-19 vaccines: Talk with a healthcare provider about whether you are eligible for a medicine called Evusheld that you can take before you are exposed to the virus. This medicine is a combination of two monoclonal antibodies provided together. Evusheld can help prevent infection from the virus that causes COVID-19 for 6 months. See [additional information](#) for making a COVID-19 plan to protect yourself from infection.

To find COVID-19 vaccine locations near you: Search [vaccines.gov](https://www.vaccines.gov), text your ZIP code to 438829, or call 1-800-232-0233.

Improving Ventilation and Spending Time Outdoors



Improving ventilation (moving air into, out of, or within a room) and **filtration** (trapping particles on a filter to remove them from the air) can help prevent virus particles from accumulating in indoor air. Improving ventilation and filtration can help protect you from getting infected with and spreading the virus that causes COVID-19. Spending time outside when possible instead of inside can also help: Viral particles spread between people more readily **indoors than outdoors**.


Actions that can **improve ventilation and filtration** include:

- Bringing in as much outdoor air as possible—for example, opening windows.
- Increasing air filtration in your heating, ventilation, and air conditioning (HVAC) system, such as by changing filters frequently and using filters that are properly fitted and provide higher filtration.
- Using portable high-efficiency particulate air (HEPA) cleaners.
- Turning on exhaust fans and using other fans to improve air flow.
- Turning your thermostat to the “ON” position instead of “AUTO” to ensure your HVAC system provides **continuous airflow and filtration**.

CDC’s interactive ventilation tools can help you see how much you can improve ventilation in your **home** or **school**.

Moving indoor activities outdoors

You are less likely to be infected with COVID-19 during outdoor activities because virus particles do not build up in the air outdoors as much as they do indoors. As the COVID-19 Community Level rises, consider increasing the number of group activities you move outside.

[Financial support](#)  may be available to certain entities, like schools, to make ventilation improvements.

Getting Tested for COVID-19 If Needed



[Get tested](#) if you have [COVID-19 symptoms](#). A viral test tells you if you are infected with the virus that causes COVID-19. There are two types of viral tests: rapid tests and laboratory tests. These tests might use samples from your nose or throat, or saliva. Knowing if you are infected with the virus that causes COVID-19 allows you to take care of yourself and take actions to reduce the chance that you will infect others.

CDC's [Viral Testing Tool](#) is an online, mobile-friendly tool that asks a series of questions and recommends actions and resources based on your responses. It can help you interpret what your test result means.

You can also access tests the following ways:

- Order free self-tests at [COVIDtests.gov](https://www.covidtests.gov) [↗](#) . Free tests are also available through [local health departments](#).
- If you have Medicare Part B, including those enrolled in a Medicare Advantage plan, Medicare will cover up to 8 free self-tests each calendar month from participating pharmacies and providers. Private health insurance may also reimburse the cost of purchasing self-tests. Visit [FDA's website](#) [↗](#) for a list of authorized tests.
- Call your healthcare provider, visit a [community testing site](#) [↗](#) , or call your local health department for more options.

Following Recommendations for What to Do If You Have Been Exposed

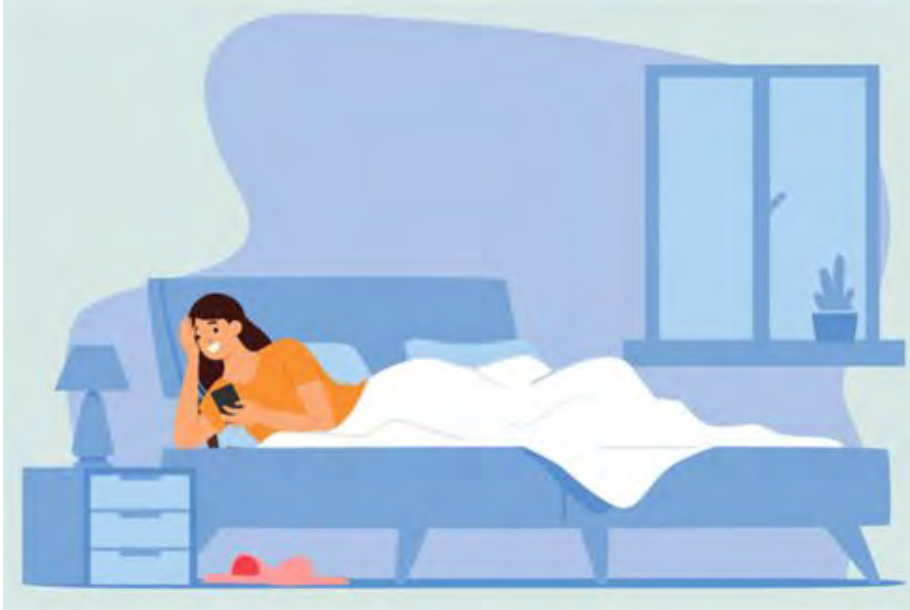
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you were exposed to someone with COVID-19, you may have been infected with the virus. Follow CDC's recommendations for [what to do if you were exposed](#). This includes wearing a high-quality mask when indoors around others (including inside your home) for 10 days, testing, and monitoring yourself for symptoms.

Staying Home When You Have Suspected or Confirmed COVID-19

If



you have COVID-19, you can spread it to others, even if you do not have symptoms. If you have symptoms, get tested and stay home until you have your results. If you have tested positive (even without symptoms), follow CDC's [isolation recommendations](#). These recommendations includes staying home and away from others for at least 5 days (possibly more, depending on how the virus affects you) and wearing a high-quality mask when indoors around others for a period of time.

Seeking Treatment If You Have COVID-19 and Are at High Risk of Getting Very Sick



Effective treatments are now widely available and free, and you may be eligible.

- Contact your healthcare provider, [health department](#), or [Community Health Center](#) [↗](#) to learn about [treatment options](#).
- Don't delay! Treatment must be started within a few days after you first develop symptoms to be effective.
- If you don't have timely access to a healthcare provider, check if a [Test to Treat location](#) [↗](#) is in your community. You can get tested, receive a prescription from a healthcare provider (either onsite or by telehealth), and have it filled all at one location.

Avoiding Contact with People Who Have Suspected or Confirmed COVID-19



Avoiding contact with people who have COVID-19, whether or not they feel sick, can reduce your risk of catching the virus from them. If possible, avoid being around a person who has COVID-19 until they can [safely end home isolation](#). Sometimes it may not be practical for you to stay away from a person who has COVID-19 or you may want to help take care of them. In those situations, use as many prevention strategies as you can, such as practicing hand hygiene, consistently and correctly wearing a high-quality mask, improving ventilation, and keeping your distance, when possible, from the person who is sick or who tested positive.

Prevention Actions to Add as Needed

There are some additional prevention actions that may be done at any level, but CDC especially recommends considering in certain circumstances or at medium or high [COVID-19 Community Levels](#).

- [Wearing Masks or Respirators](#)
- [Increasing Space and Distance](#)

Wearing Masks or Respirators



Masks are made to contain droplets and particles that you breathe, cough, or sneeze out. A variety of masks are available. Some masks provide a higher level of protection than others.

Respirators (for example, N95) are made to protect you by fitting closely on the face to filter out particles, including the virus that causes COVID-19. They can also block droplets and particles you breathe, cough, or sneeze out so you do not spread them to others. Respirators (for example, N95) provide higher protection than masks.

When wearing a mask or respirator (for example, N95), it is most important to choose one that you can wear correctly, that fits closely to your face over your mouth and nose, that provides good protection, and that is comfortable for you.

Increasing Space and Distance



Small particles that people breathe out can contain virus particles. The closer you are to a greater number of people, the more likely you are to be exposed to the virus that causes COVID-19. To avoid this possible exposure, you may want to avoid crowded areas, or keep distance between yourself and others. These actions also protect people who are at [high risk for getting very sick from COVID-19](#) in settings where there are [multiple risks for exposure](#).

Additional Resources

[COVID-19 Community Levels](#)

[Science Brief: SARS-CoV-2 Transmission](#)

[Science Brief: Indicators for Monitoring COVID-19 Community Levels and Making Public Health Recommendations](#)

[Science Brief: Community Use of Masks to Control the Spread of SARS-CoV-2](#)

[Science Brief: COVID-19 Vaccines and Vaccination](#)

Last Updated Aug. 11, 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.

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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.

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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.

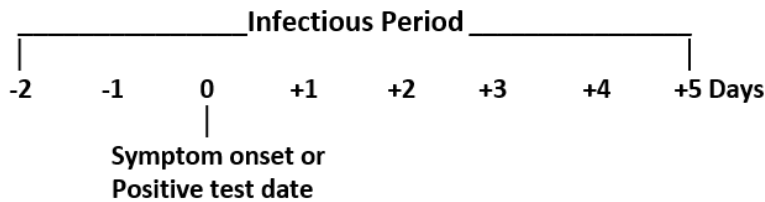
Additional Considerations for Self-Isolation.

- 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.

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- Rebound: Regardless of whether an individual has been treated with an antiviral agent, risk of transmission during COVID-rebound can be managed by following CDC’s guidance on isolation (<https://www.cdc.gov/coronavirus/2019-ncov/your-health/quarantine-isolation.html>). An individual with rebound may end re-isolation after 5 full days of isolation with resolution of their fever for 24 hours without the use of fever-reducing medication and if symptoms are improving. The individual should wear a mask for a total of 10 days after rebound symptoms started.
 - More information can be found at <https://www.cdph.ca.gov/Programs/OPA/Pages/CAHAN/CAHAN-Paxlovid-Recurrence-06-07-22.aspx>.

Timing for “Day 0”- As noted in CDPH Isolation and Quarantine Q&A, the 5-day clock for isolation period starts on the date of symptom onset or (day 0) for people who test positive after symptoms develop, or initial test positive date (day 0) for those who remain asymptomatic. If an asymptomatic person develops symptoms, and test positive, date of symptom onset is day 0.



Note: In workplaces, employers and employees are subject to the Isolation and quarantine requirements as stated in the CalOSHA COVID-19 Emergency Temporary Standards (ETS) as modified by the Governor’s Executive Order N-5-22 or in some workplaces the Cal/OSHA Aerosol transmissible Diseases (ATD) Standard. Information about CalOSHA COVID-19 Emergency Temporary Standards (ETS) can be found at <https://www.dir.ca.gov/dosh/coronavirus>.

Definition.

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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).

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- 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.

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- 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

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- 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

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- 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:

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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.

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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

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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>

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- 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.

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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

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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>.

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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.

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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: August 15, 2022
 TO: Members of the Board of Retirement
 FROM: Steve Delaney, Chief Executive Officer
 SUBJECT: **INVESTMENT TEAM INCENTIVE COMPENSATION PROGRAM- PERSONNEL COMMITTEE RECOMMENDATION**

Recommendation

The Personnel Committee recommends that the Board of Retirement approve and adopt the Incentive Compensation Program detailed in the Incentive Compensation Policy, effective for the calendar year ending December 31, 2022, with payment of the first 50% of the annual award made within 60 days of the benchmark becoming available in 2023 and payment of the remaining 50% of the annual award on or before March 31, 2024.

Background

At the start of this calendar year 2022, I began working with the OCERS Board's Personnel Committee to study the crafting of an incentive compensation program for the OCERS Investment Team. The attached Incentive Compensation policy is a result of the Committee's efforts and will be presented to the OCERS Board on August 15 with a recommendation to approve.

OCERS was a smaller County pension system when I first arrived in January 2008. At that time, we weren't even qualified to be a member of the National Association of State Retirement Administrators (NASRA), with assets under management of approximately \$8 billion and dropping at that point in the Great Recession. We purchased actual buildings in our real estate portfolio in those days, something we could see and touch. Our early tentative steps into hedge funds and private equity were via costly fund of funds models as we grew away from a portfolio long dominated by the more simple but less fiscally productive approach of long bonds. Today, we are nearing a \$22 billion portfolio, which now includes direct private equity, co-investments and other more complicated yet rewarding assets. Hiring the skilled staff to allow us to move into these more lucrative opportunities, while simultaneously ensuring we are not taking on unnecessary risk, raises the cost of doing business.

Despite having approved new salary ranges in 2021, I still felt it important to find some way to value excellent performance by our investment team, without necessarily increasing the salary ranges further. Because salaries come with lifetime benefits attached, I could not in good conscience recommend further increases in the new salary ranges, but I did believe it was worth our time investigating a performance pay incentive compensation plan as such payments are NOT considered salary for PEPRA members. (NOTE: OCERS' current ten-member investment team is comprised of eight PEPRA members and two Legacy members. For Legacy members, any incentive compensation WOULD be salary for pension purposes.)

Locally, the San Bernardino County Employees Retirement Association has for some years had a performance-related incentive compensation program for members of their investment team. In April 2022, Ms. Debby Cherney, CEO of SBCERA, presented a PowerPoint describing their plan and met with the Personnel Committee

to provide details. The Committee was impressed with the simplicity of the SBCERA plan and directed me to craft an OCERS' program that would be equally simple to understand.

Subsequently, the Personnel Committee met on July 14 and, after viewing my presentation regarding a proposed Incentive Compensation Program for the investment team, the Committee made the following directives:

1. Apply the program to the entire OCERS direct investment team.
2. Provide a maximum % of Base Salary annual award tiered from 75% for the Chief Investment Officer down to 20% for an Investment Analyst.
3. Use a rolling three-year measuring period to smooth high and low earnings years, with the payout occurring over a two-year period, at 50% per year.
4. Begin the Incentive Compensation Policy as of December 31, 2022, based on a rolling look back of the returns for past three years (2020-22).
5. Use the standard OCERS' Total Portfolio Benchmark for incentive compensation determination purposes.

Those directives are now codified in the attached Incentive Compensation Policy as approved by the Personnel Committee on August 1, 2022. I will review this program in detail using the PowerPoint presentation attached.

The proposed performance-based program would only pay when gains have exceeded our benchmark and when risk-adjusted returns are above benchmark and peer median. Not reflected in the program calculation, but equally important to the long-term sustainability of the OCERS' system, would be the recognition of the value our investment team provides in avoiding third party costs. As just one example, if we had continued to invest in private equity using fund of funds, we would be paying an estimated \$28 million in annual fees in addition to the fees that we currently pay. A highly skilled, stable investment team will be able to compound those fee savings indefinitely, and attracting and retaining such talent is one of the goals of the proposed Incentive Compensation Policy.

In creating an Incentive Compensation program, OCERS would be moving in the direction of general trends across the country related to public pension investment teams. Mr. Allan Emkin attended the three meetings of the Personnel Committee held so far this year to offer thought and advice as the Committee considered what would best serve the OCERS' plan. On August 15, both Mr. Allan Emkin and Mr. Steve McCourt will be in virtual attendance to share their thoughts on this program, based on their experience with other plans across the country, and respond to any questions you may have.

At nearly \$22 billion, OCERS is no longer the comparatively small county retirement system that it was when I arrived. We are now equal to small statewide systems, and we are ever more consequential to the financial stability of this County's greater economy. I am concerned that we need talent, continuity and long-term stability in our investment staffing to ensure we continue our current momentum.

Attachments

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Investment Team Incentive Pay Program

Executive Summary

- The Personnel Committee determined a need and decided to evaluate potential options for incentive compensation for Investment Department personnel
- This process included:
 - Setting of goals for an incentive pay program
 - Determining covered or eligible employees and their respective maximum % of base that could be paid as incentive pay
 - Approving a policy for incentive pay
 - Approving the design of the program including the metrics by which covered/eligible employees will be measured for success and subsequently paid

Rationale

- OCERS' investment program has grown in size, stature and complexity, OCERS must ensure that it can continue to recruit and retain top talent for the investment department.
- Specifically, over the past decade, OCERS has become a top allocator in private markets which often requires deep investment networks and stable investment teams to access top tier General Partners and funds.
- Over the next decade, OCERS is predicted to become one of the top 50 public pension defined benefit funds in the US by AUM.
- Per a recent NASRA survey, 27 of 69 respondents (38%) offered incentive pay to the pension system Chief Investment Officer, with many assumed to offer incentive pay to other eligible investment employees.
- With historically tight labor markets, recruiters are actively pulling out top talent from pension systems and new job applicants often have multiple offers to consider.
- Many investment professionals are attracted to or accustomed to a partial variable pay-for-performance model (which they view as favorable as it is deemed more merit based)

Background

- A recent study published from the Wharton School at the University of Pennsylvania found that *top quartile pay* was a determining factor in hiring more talented CIOs and retaining that talent, correlating with higher portfolio returns.
- Attribution analysis of CIO pay showed a correlation to higher allocations to private equity and real estate, lower allocations to “lottery” stocks and better stock/manager selection.
- In summary, top performing CIOs have better access to private markets, resist the herd mentality and guide their portfolios to the more complex areas of the markets where expertise matters.

Source: Lu, Yan; Mullally, Kevin; and Ray, Sugata, "Paying for Performance in Public Pension Plans" (2022). Wharton Pension Research Council Working Papers. 727. https://repository.upenn.edu/prc_papers/727

Defining OCERS' Peer Group and Top Quartile Pay

Peer Group
CalPERS
CalSTRS
LACERA
SFERS
OCERS
SDCERA
SBCERA
SCERA
CCCERA
County of Orange*

- Based on OCERS' CPS Study
- OCERS is the median for peer group pay
- Green denotes top quartile
- Blue denotes 2nd quartile
- Top quartile delineation sits between CalSTRS and LACERA
- Due to its proximity to LACERA, OCERS should want to compete for similar talent and would strive to retain said talent

**does not have applicable investment staff*



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Proposed Bonus Incentive Schedule

Position	Maximum % of Base Salary	Target % of Base Salary @ 50%
Chief Investment Officer	75%	37.5%
<i>Deputy Chief Investment Officer*</i>		
Managing Director	45%	22.5%
Director of Investments	40%	20%
Senior Investment Officer	35%	17.5%
Investment Officer	30%	15%
Senior Investment Analyst	25%	12.5%
Investment Analyst	20%	10%

Note: *If the entire current OCERS' investment team earned the maximum % of base salary, incentive payout would equate to approximately \$700,000 for 2022, or approximately 0.3 bps of expense to the pension fund*

**possible future position*

2022 Salary Range Comparison: LACERA vs. OCERS

LACERA		OCERS		
TITLE	SALARY RANGE	TITLE	SALARY RANGE	MAXIMUM SALARY + MAXIMUM PROPOSED BONUS
Finance Analyst I	\$87,520.32-\$114,786.60	Investment Analyst	\$79,885-\$115,833	\$138,999.60
Finance Analyst II	\$126,681.12-\$191,741.64	Senior Investment Analyst	\$99,341-\$153,823	\$192,278.75
Finance Analyst III	\$169,178.64-\$256,065.00	Investment Officer	\$123,286-\$191,094	\$248,422.20
Senior Investment Officer	\$225,932.88-\$341,967.00	Senior Investment Officer	\$142,473-\$220,833	\$298,124.55
Principal Investment Officer	\$280,675.80-\$424,824.48	Director of Investments	\$164,645-\$255,200	\$357,280.00
		Managing Director	\$204,538-\$317,034	\$459,699.30
Chief Investment Officer	\$402,946.32-\$609,890.52*	Chief Investment Officer	\$293,641-\$455,144	\$796,502.00

*LACERA Board approved a CIO current base salary exception. 2022 CIO amended base salary is \$708,946 plus 17% cafeteria pay and \$7,200 transportation allowance. Total cash compensation is estimated to be approximately \$836,667.



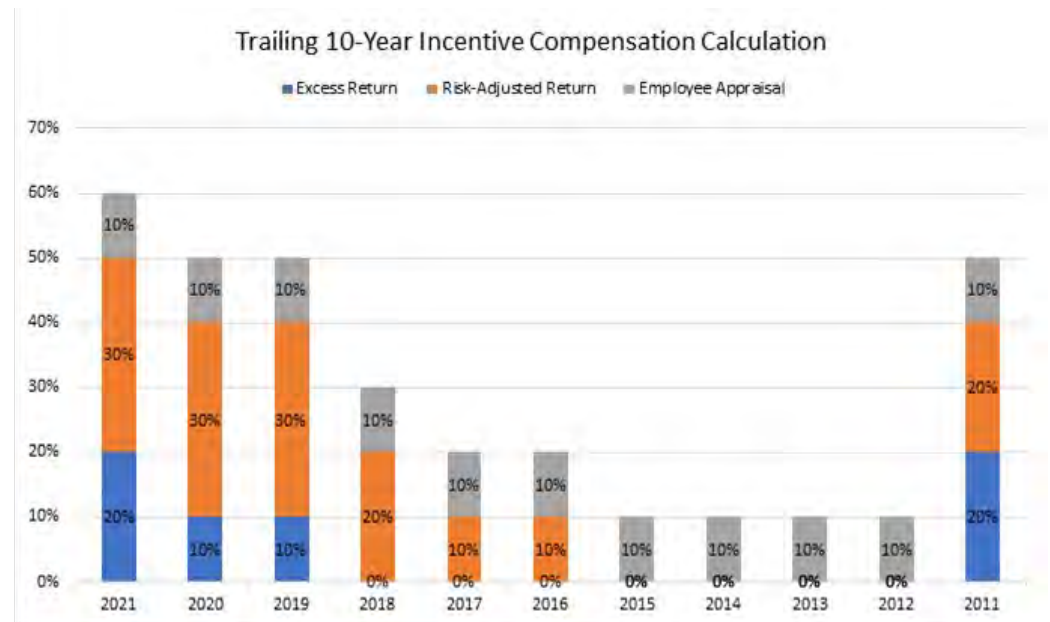
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Proposed Program Design

QUANTITATIVE COMPONENT (Rolling 3-year period, net of fees)	% of Incentive	% of Incentive
Portfolio Excess Return vs Benchmark (Alpha)		0-50%
0-25 bps	10%	
26-50 bps	+10%	
51-75 bps	+10%	
76-100 bps	+10%	
>101 bps	+10%	
Risk Adjusted Return (Sharpe Ratio)		0-30%
A) Portfolio Sharpe Exceeds Benchmark	10%	
B) Above Median Peer Rank	10%	
1 st Quartile Peer Rank	+10%	
QUALITATIVE COMPONENT		
Annual Employee Performance Appraisal		0-20%
Meets	0%	
Exceeds	10%	
Exceptional	20%	

10-Year Back Tested Results

- Median annual incentive since 2011 = 20% of maximum
- Median annual incentive since 2017 = 50% of maximum
- 100% participation requires:
 - > 100 bps of rolling 3-year excess returns
 - Top quartile Sharpe Ratio
 - Exceptional personal effort and teamwork
- OCERS system benefits from incremental return, best-in-class deployment of risk capital and engaged employees

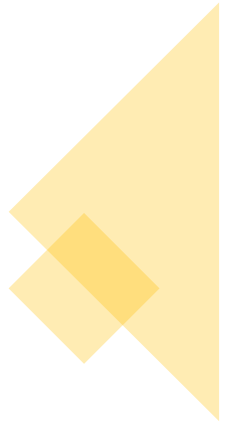


Rigorous Oversight and External Validation

- Measurement
 - Quantitative inputs:
 - OCERS' benchmark will be validated annually by its risk consultant, Meketa
 - Quantitative data provided by third parties:
 - Returns calculated by custodian, State Street Bank and Trust
 - Sharpe Ratio information provided by General Investment Consultant, Meketa
 - Qualitative inputs:
 - Follows OCERS' annual performance evaluation standards
 - Investment team member performance evaluations approved by the CIO and CEO for quality and consistency
- Internal Process
 - OCERS' Finance Department will calculate the award
 - OCERS' Internal Audit Department will validate the process and results
 - OCERS' CEO final approval

Summary: *Align and Achieve Long-Term Goals*

- Ensure the long-term success and stability of the pension fund
- Recruit and retain top talent
- Create a natural alignment of interests and values
- Build and maintain an engaged and motivated investment team
- Improve succession planning
- Enable investment team members to achieve and earn top quartile pay



Appendix

Supporting Data

Proposed Incentive Program: Current Expected Cost

Position Title	Current Base Salary	Proposed Target Bonus	Proposed Maximum Bonus
Chief Investment Officer	\$450,000.10	\$168,750.04	\$337,500.08
Director of Investments	\$241,004.40	\$48,200.88	\$96,401.76
Director of Investments	\$200,000.11	\$40,000.12	\$80,000.04
Senior Investment Officer	\$175,935.55	\$30,788.72	\$61,577.44
Investment Officer	\$147,423.74	\$22,113.56	\$44,227.12
Investment Officer	\$140,000.02	\$21,000.02	\$42,000.01
Investment Analyst	\$105,221.79	\$10,522.18	\$21,044.36
Investment Analyst	\$102,584.14	\$10,258.41	\$20,516.83
Investment Analyst	\$95,000.00*	\$9,500.00*	\$19,000.00*
TOTAL ESTIMATED COST	\$1,657,169.85	\$361,133.82	\$722,267.64

*estimated costs of current unfilled position



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Back Test Data

3-year Rolling Sharpe Ratio

Date	Total Portfolio	Policy Benchmark	Universe Top Quartile	Universe Median	Universe Bottom Quartile	Total Portfolio Quartile Ranking	Policy Benchmark Quartile Ranking	Exceeds Benchmark	Above Median Rank	First Quartile Rank
12/31/2021	1.72	1.61	1.49	1.35	1.29	1st Quartile	1st Quartile	10%	10%	10%
12/31/2020	0.78	0.74	0.65	0.59	0.50	1st Quartile	1st Quartile	10%	10%	10%
12/31/2019	1.49	1.49	1.36	1.16	1.07	1st Quartile	1st Quartile	10%	10%	10%
12/31/2018	1.19	1.28	1.12	0.83	0.73	1st Quartile	1st Quartile	0%	10%	10%
12/31/2017	1.40	1.66	1.48	1.35	1.24	2nd Quartile	1st Quartile	0%	10%	0%
12/31/2016	0.78	1.07	0.84	0.77	0.64	2nd Quartile	1st Quartile	0%	10%	0%
12/31/2015	0.94	1.37	1.33	1.17	1.01	4th Quartile	1st Quartile	0%	0%	0%
12/31/2014	1.67	2.00	1.97	1.91	1.81	4th Quartile	1st Quartile	0%	0%	0%
12/31/2013	1.06	1.33	1.30	1.24	1.13	4th Quartile	1st Quartile	0%	0%	0%
12/31/2012	0.90	1.02	1.02	0.94	0.92	4th Quartile	2nd Quartile	0%	0%	0%
12/31/2011	1.01	0.98	1.02	0.98	0.93	2nd Quartile	2nd Quartile	10%	10%	0%

3-year Rolling Returns

Date	Total Portfolio	Policy Benchmark	Excess Return	0 - 25bps	26 - 50bps	51 - 75bps	76 - 100bps	>101bps
12/31/2021	14.1%	13.7%	0.38%	10%	10%	0%	0%	0%
12/31/2020	7.8%	7.6%	0.21%	10%	0%	0%	0%	0%
12/31/2019	8.8%	8.7%	0.06%	10%	0%	0%	0%	0%
12/31/2018	6.9%	7.1%	-0.21%	0%	0%	0%	0%	0%
12/31/2017	7.5%	7.9%	-0.41%	0%	0%	0%	0%	0%
12/31/2016	4.3%	5.2%	-0.92%	0%	0%	0%	0%	0%
12/31/2015	5.1%	6.1%	-1.07%	0%	0%	0%	0%	0%
12/31/2014	9.1%	9.5%	-0.37%	0%	0%	0%	0%	0%
12/31/2013	7.7%	8.3%	-0.67%	0%	0%	0%	0%	0%
12/31/2012	7.8%	7.9%	-0.09%	0%	0%	0%	0%	0%
12/31/2011	9.8%	9.4%	0.40%	10%	10%	0%	0%	0%



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Wharton Study: Link to Paper

- University of Pennsylvania study, “Paying for Performance in Public Pension Plans,” published in March 2022 by Yan Lu, Kevin Mullally and Sugata Ray, concluded that there is a correlation between CIO compensation and portfolio outperformance:
- Link: https://repository.upenn.edu/prc_papers/727/

“Higher paid CIOs outperform their counterparts by 47 – 60 bps per year, largely through increased and superior investment in private equity and real estate. This outperformance generates an additional \$74.91 – \$95.63 million in economic value. Plans offering higher compensation hire better educated CIOs and are more likely to retain their CIOs. Higher CIO compensation is positively correlated with the use of incentive compensation, but incentive compensation does not directly affect performance.”

-Yu, Mullally and Ray



OCERS Board Policy

Incentive Compensation Policy

Purpose and Background

The philosophy behind the Incentive Compensation Policy is to create and maintain a pay structure that attracts, develops and retains strong leaders who achieve results and model and promote OCERS' mission and values. This Incentive Compensation Policy outlines a performance-based, cash compensation program that, when aligned with a market competitive salary compensation program, will support, reinforce, and align OCERS' values, business strategy, operations and financial needs and, ultimately, provide secure retirement benefits to OCERS' members with the highest standards of excellence.

The goals of this Incentive Compensation Policy are to:

- Ensure the long-term success and stability of the pension fund
- Recruit and retain top talent
- Build and maintain an engaged and motivated team
- Create a natural alignment of interests
- Improve succession planning
- Enable employees to achieve and earn top quartile pay for top quartile results

In alignment with OCERS' culture, the goals of the agency and the design of the Incentive Compensation Program ("Program") will be communicated openly to all employees covered under this policy.

Covered Positions and Participation

Recognizing that investment results are created through collective effort, the Program aims to reward all OCERS Direct Employees serving in the Investment Division ("Covered Employees"). Individuals with the following job titles are covered by this policy and may participate in the Program and earn incentive pay up to the maximum of base salary indicated below:

Position Title	Maximum % of Base Salary
Chief Investment Officer	75%
Managing Director	45%
Director of Investments	40%
Senior Investment Officer	35%
Investment Officer	30%
Senior Investment Analyst	25%
Investment Analyst	20%



OCERS Board Policy

Incentive Compensation Policy

Eligible Employees

In order to receive incentive compensation for the calendar year, Covered Employees must meet all of the following three requirements:

- Achieve a “Meets Expectations” review as part of OCERS’ annual performance evaluation process for the most recent calendar year of the measurement period
- Serve as a Covered Employee in the OCERS’ Investment Division for the full calendar year prior to the end of the computation period (e.g. Jan 1 through December 31)
- Continue to be employed as a Covered Employee in the OCERS’ Investment Division at the time of payment

Program Design and Benchmark

The Program is designed around three components: 1) total portfolio excess return (alpha) over a benchmark; 2) risk-adjusted return (Sharpe Ratio); and 3) employee performance, as shown in the chart below. For the alpha and Sharpe Ratio calculations, the OCERS’ Total Fund Plan Benchmark serves as the relative comparison benchmark.

The measurement period is the prior three years (“Rolling 3-year Period”) ended December 31. For example, at December 31, 2022, the measurement period would include performance results for the calendar years 2020, 2021 and 2022. All OCERS’ portfolio results will be reflected as net of fees.

1. Portfolio Excess Return vs. Benchmark: eligible employees earn 10% of their maximum payout for each 25 basis points of alpha generated by the OCERS’ Total Portfolio, up to 50% of maximum payout
2. Risk-adjusted return:
 - a. Sharpe Ratio exceeds Benchmark: eligible employees earn 10% of their maximum payout if the Sharpe Ratio of the OCERS’ Total Portfolio exceeds that of the Benchmark (i.e. that a dollar of risk was invested more efficiently relative to an indexed portfolio)
 - b. Sharpe Ratio Peer Rank: eligible employees earn 10% of their maximum payout if the OCERS’ Total Portfolio Sharpe Ratio exceeds the median Sharpe Ratio of the public pension peer group, with an additional 10% credited for a first quartile Sharpe Ratio, relative to peers
3. Annual Employee Performance Appraisal: eligible employees earn 10% of their maximum payout for a rating of “Exceeds” on their annual review; they earn the full 20% of maximum for this component of the Program with a rating of “Exceptional”



OCERS Board Policy

Incentive Compensation Policy

QUANTITATIVE COMPONENT (Rolling 3-year period, net of fees)	% of Incentive	% of Incentive
Portfolio Excess Return vs Benchmark (Alpha)		0-50%
0-25 bps	10%	
26-50 bps	+10%	
51-75 bps	+10%	
76-100 bps	+10%	
>101 bps	+10%	
Risk Adjusted Return (Sharpe Ratio)		0-30%
A) Portfolio Sharpe Exceeds Benchmark	10%	
B) Above Median Peer Rank	10%	
1 st Quartile Peer Rank	+10%	
QUALITATIVE COMPONENT		
Annual Employee Performance Appraisal		0-20%
Meets	0%	
Exceeds	10%	
Exceptional	20%	

Incentive Calculation and Payment

The Incentive Compensation Program requires an annual calculation, for period ended December 31, with payments made in two tranches, Year 1 and Year 2. Once eligibility has been confirmed and the annual incentive compensation has been earned and calculated, the two payments for the Program are paid as follows:

- Year 1: the first 50% of the annual award paid within 60 days of the calculation of the OCERS' Total Plan Benchmark and its rolling three-year returns (period ended December 31) and the availability of the relevant Sharpe ratio information
- Year 2: the remaining 50% of the annual award paid in the calendar year following the first payment, prior to March 31 of that year

If a Covered Employee earns a promotion to another Covered Position during the most recent calendar year of the measurement period, the Covered Employee shall have their incentive compensation calculated to reflect the proportion of calendar days spent in each position.

If an Eligible Employee takes a Leave of Absence, other than Annual Leave, during the most recent calendar year, then the annual incentive payment amount will be reduced by a percentage that reflects the amount of leave time taken during the year by the employee.



OCERS Board Policy

Incentive Compensation Policy

Third Party Validation and Oversight

In order to ensure a fair, correct and transparent process, several layers of oversight and validation are built into the annual process. Before any payments are confirmed or paid, the following steps will occur:

1. OCERS' General/Risk Consultant will validate the OCERS' Total Plan Benchmark constitution and calculation.
2. OCERS' Custodian will calculate and validate OCERS' portfolio returns.
3. OCERS' General/Risk Consultant will calculate and provide Sharpe Ratio data relative to benchmark and peers.
4. OCERS' CEO and CIO will review and approve all annual performance reviews for each Covered Employee and Eligible Employee.
5. OCERS' Finance Department will calculate the annual incentive compensation awards for each Eligible Employee.
6. OCERS' Internal Audit Department will validate the Program process and results.
7. OCERS' CEO will have final approve of all incentive compensation awards and payments.

History

This policy was adopted by the Board of Retirement on August 15, 2022.

Secretary's Certificate

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

Steve Delaney
Secretary of the Board

AUGUST 15, 2022

Date

From: [Delaney, Steve](#)
To: [Singleton, William](#)
Cc: [Nih, Carolyn](#); [Ratto, Gina](#)
Subject: Incentive Compensation Program 1
Date: Monday, August 15, 2022 6:46:41 AM

Good morning Bill –

I have a series of e-mails and texts I will be sending your way, as we would like to post these to the website and diligent as soon this morning (prior to Board Meeting) as possible.

I'll stop by to explain more.

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

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From: Delaney, Steve <sdelaney@ocers.org>
Sent: Saturday, August 13, 2022 2:16 PM
To: Freidenrich, Shari (Internet) <shari.freidenrich@ttc.ocgov.com>
Cc: Allan Emkin <aemkin@meketa.com>; Stephen P. McCourt <smccourt@meketa.com>
Subject: Re: OCERS BOARD OF RETIREMENT MEETING - Monday, August 15, 2022 (9:30 a.m.)

Good afternoon Ms. Freidenrich -

I'm not sure I fully follow your queries.

Some of what you are asking may be found in my response to Jaime Martinez, County of Orange, which I shared with you and all trustees yesterday.

Because the benchmark is crafted by the board with the help of our consultants Meketa, and in turn it is Meketa that will measure each year if the team has met their risk requirements, I'm going to forward your note here on to Mr. McCourt and Mr. Emkin.

Please feel free to call if anything else arises.

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From: Freidenrich, Shari <Shari.Freidenrich@ttc.ocgov.com>
Sent: Friday, August 12, 2022 1:06:01 PM

To: Delaney, Steve <sdelaney@ocers.org>

Subject: [EXTERNAL] Re: OCERS BOARD OF RETIREMENT MEETING - Monday, August 15, 2022 (9:30 a.m.)

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.

I am focusing on the risk calculation. Can you explain that further. Can we also get a 10 year summary of our benchmark risk and then the actual and the actual yield to help me understand. I would like history with the market up and down. Thanks.

If you can have any details of the last 5-10 years of how this would apply it would be helpful too.

Who set the tolerance over benchmark? Can you provide more input on how the targets were selected?

Perhaps also a summary of others by each detail (i.e. %, risk, etc.) compared to what is being proposed? How we compare would we helpful,

Thanks.

Shari L. Freidenrich, CPA
Orange County Treasurer
Shari.Freidenrich@ttc.ocgov.com
714-834-7625
octreasurer.com

On Aug 12, 2022, at 8:09 AM, Delaney, Steve <sdelaney@ocers.org> wrote:

Good morning,

I am sharing my regular monthly preview of the OCERS Board of Retirement's agenda.

Recall that I provide a copy to each elected member of the version that goes to their individual supporting associations, while I copy each of you the appointed members, as well as Madame Treasurer, with the version that goes to the County of Orange.

If any of the discussion below raises questions or issues, please feel free to call me at any time, day or evening (714-697-8291).

STEVE DELANEY | Chief Executive Officer | **Orange County Employees Retirement System (OCERS)**

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"We provide secure retirement and disability benefits with the highest standards of excellence."

From: Delaney, Steve

Sent: Friday, August 12, 2022 8:01 AM

To: 'Martinez, Jaime' <Jaime.Martinez@ocgov.com>

Cc: Aguirre, Michelle <Michelle.Aguirre@ocgov.com>; Kim, Frank (HOA) <Frank.Kim@ocgov.com>; Engelby, Kimberly <Kimberly.Engelby@ocgov.com>; Miller, Jenna <Jenna.Miller@ocgov.com>

Subject: OCERS BOARD OF RETIREMENT MEETING - Monday, August 15, 2022 (9:30 a.m.)

Good morning Jaime,

With Michelle on vacation (and good for her!) I am writing to you with my regular preview of the OCERS Board's monthly meeting, to be held Monday, August 15 at 9:30 a.m.

The OCERS Board will be meeting in a hybrid manner, using Zoom. All individuals, members, stakeholders and Trustees, can fully participate via Zoom. At the same time, the OCERS Headquarters building is once again open to the general public, and many of the OCERS Board Trustees plan to attend in person from the OCERS Board Room. Should you choose to attend via Zoom rather than in-person, the link is found in the attached agenda, but I also share it here:

Join Using Zoom App (Video & Audio)

<https://ocers.zoom.us/j/84812097811>

Meeting ID: 872 9373 5446

Password: 043822

Let me summarize a number of August 15 agenda items that I believe you and the County of Orange will find of most interest:

A-2 BOARD FINDINGS PURSUANT TO G.C. 54953...

With the Governor's emergency order pertaining to COVID still in place, the OCERS Board will once again determine if they should meet in a hybrid format (in-person AND Zoom) for the coming month of September. The Board's Strategic Planning Workshop will be held in-person at the Westin Southcoast Plaza in September, so this discussion will cover that important event.

A-3 INVESTMENT TEAM INCENTIVE COMPENSATION PROGRAM

This is of course the issue we already discussed in detail earlier this week, but I wanted to be sure you see the same explanation I will be including in my preview to all stakeholders as I send out my note this morning:

When I arrived at OCERS in January 2008, we were just reaching the \$8 billion mark, and paying approximately \$386 million a year in benefits. Now nearly a decade and a half later, we are nearing \$22 billion in assets under management, and over \$1 billion a year in pension benefit payments flow into the Orange County economy. Seeking to encourage longevity and continuity in the talented team of investment professionals assembled to implement the OCERS Board's policy directives regarding the pension investment program, while also ensuring OCERS is competitive when filling investment team openings, I recommended to the OCERS Board's Personnel Committee the creation of a performance based incentive compensation program to supplement the salaries being paid to our investment team.

The Personnel Committee met on three occasions during the past seven months to consider how other public pension plans, such as our sister system San Bernardino Employees Retirement Association just up the road from us, implemented and managed their own incentive compensation programs. On August 1 the four member committee unanimously approved an incentive compensation program policy to be forwarded to the full Board for consideration and possible approval this coming Monday, to become effective as of December 31, 2022.

I have attached the PowerPoint presentation that will be shared with the Board.

Slide 8 outlines the formula to be used to determine the percentage of an annual incentive payment.

Slide 13 suggests what the maximum total cost annual cost of the program could be (If the team were to add 1% or approximately

\$220 million above the Board's benchmark to the value of the fund as it stands today, incentive payments totaling about \$722,000 to be shared among the nine current members of the investment team would be possible. It's not quite that simple as you will see from Slide 8, gains must be balanced with avoidance of undue risk) A note: As shown on Slide 9 the investment team has never added a full percent of value above the benchmark over the past 10 years, so in all likelihood the total incentive compensation payment in any given year would be much less.

I've gone into some detail here as this is an important step in the professionalization of the OCERS investment program, and requires the clear light of day in its consideration.

A-4 ALAMEDA IMPLEMENTATION – ACTIVE MEMBER CONT REFUND METHOD - \$75 OR LESS

In returning active member contributions that have been determined by the California Supreme Court in the ALAMEDA decision to no longer be eligible for inclusion in Final Average Salary, the OCERS Board directed that OCERS the agency pay those amounts to the member, rather than having the County of Orange or other employers simply return the contributions in the employee's paycheck, to allow for rollover to a tax qualified account if desired. That takes a lot of extra work by the OCERS staff, and Assistant CEO Jenike will be requesting the Board modify its prior directive and allow us to return those contribution amounts equaling \$75 or less using the employer's services instead. The amounts would be so small we believe the tax implications to be negligible, but the administrative savings to OCERS are substantial.

I-1 CEM 2022 BENCHMARKING REPORT

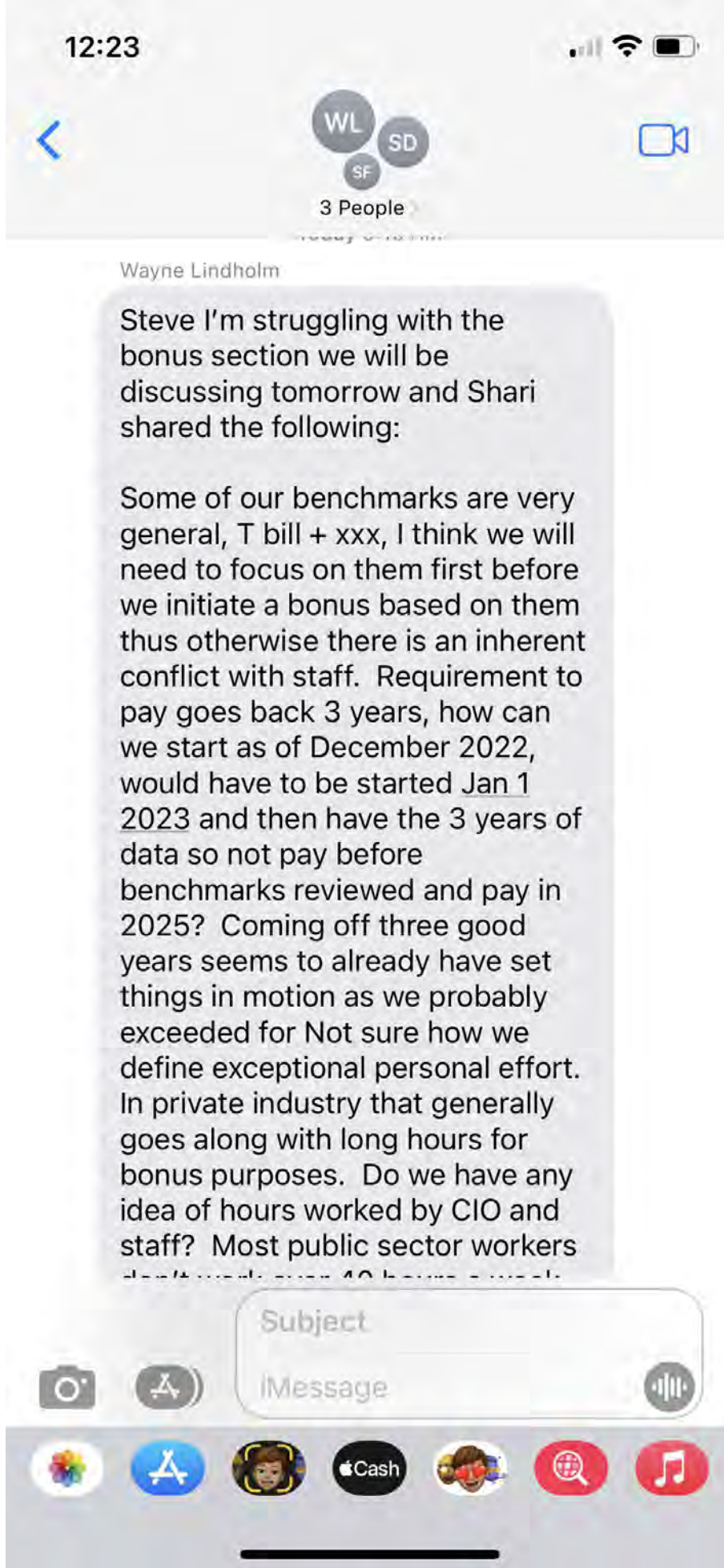
OCERS participates in a biennial study conducted by CEM Benchmarking out of Canada, comparing our costs and services to other peer public pension plans, to help us see what we are doing well, and equally to determine what we might be able to do better. I will be presenting a PowerPoint overview of this year's report.

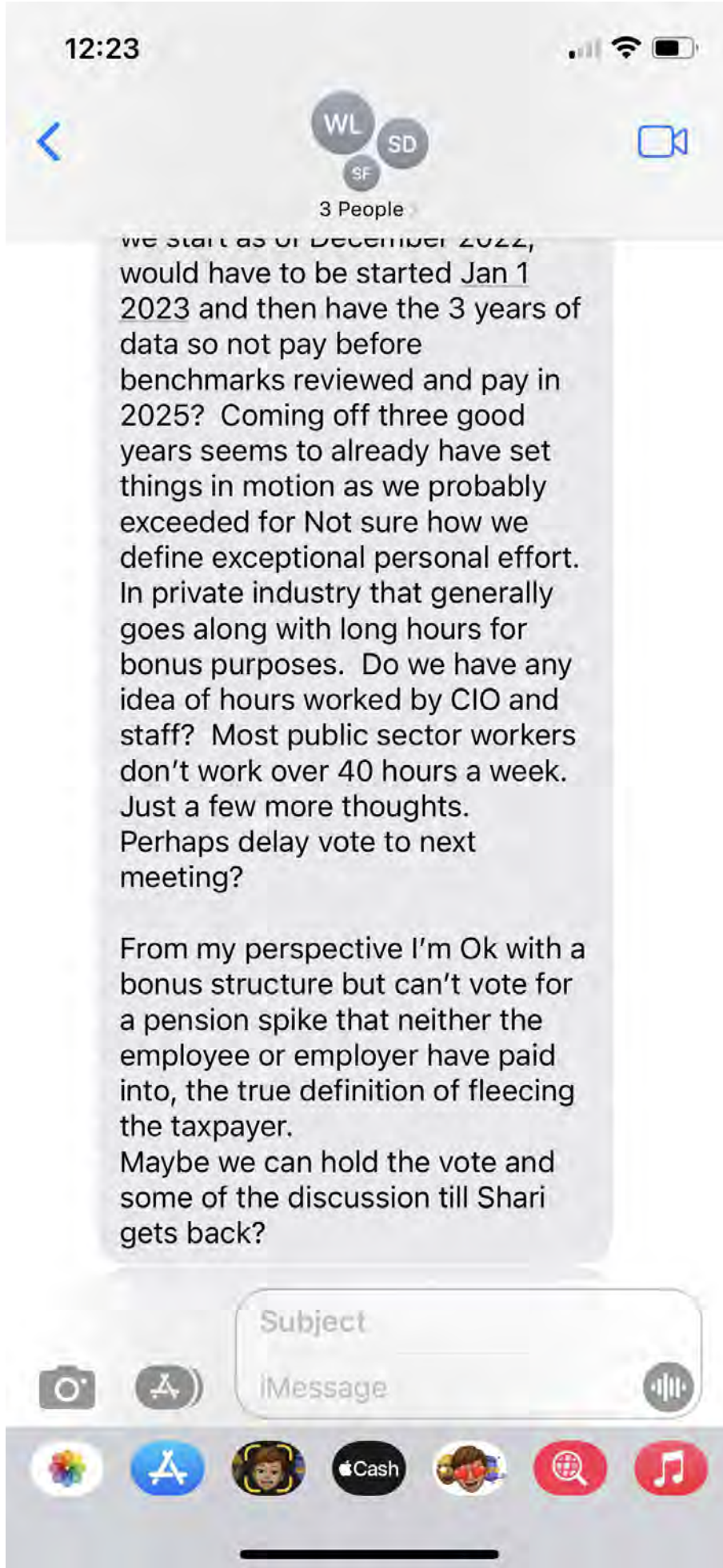
If any of the above items raise questions, or concerns, please feel free to call me on my cell (714-697-8291) at ANY time.

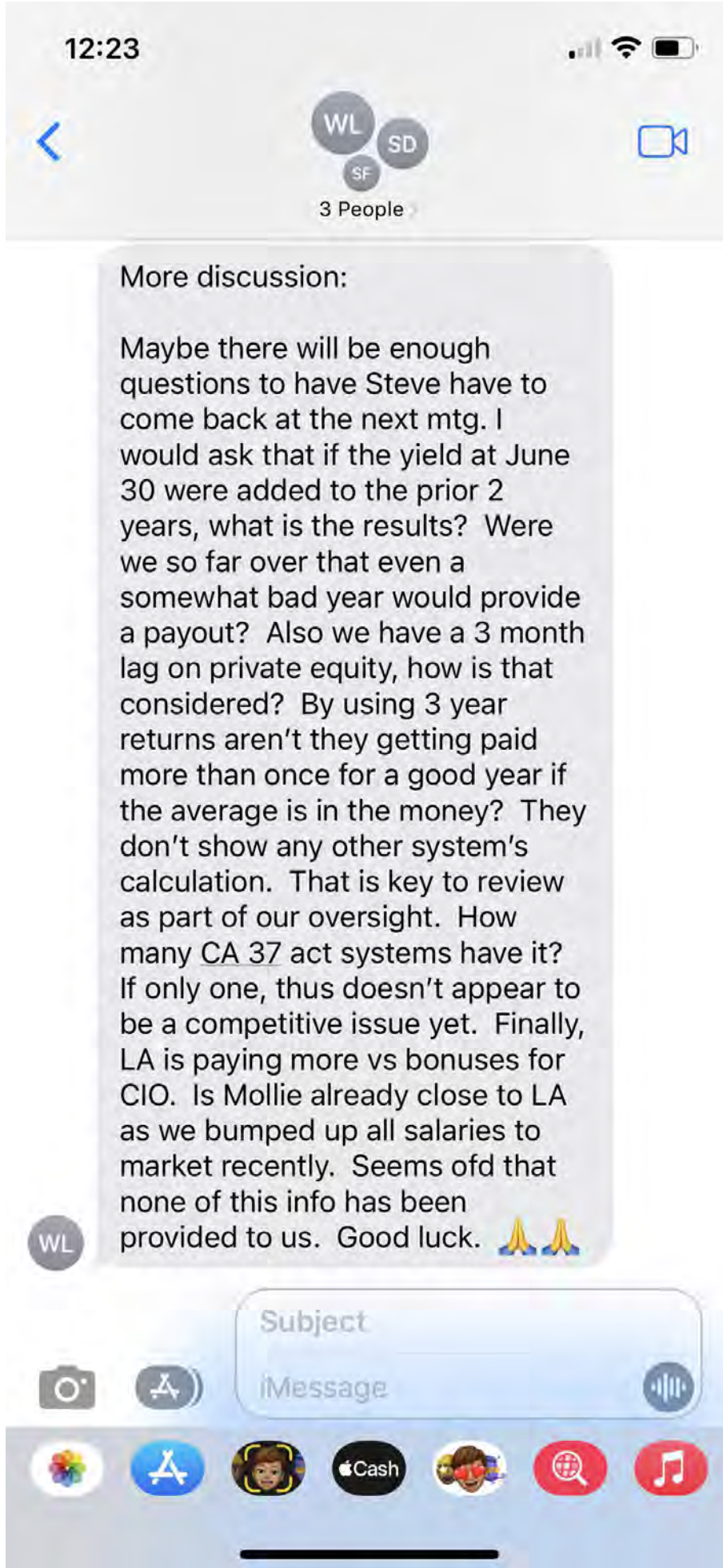
STEVE DELANEY | Chief Executive Officer | **Orange County Employees Retirement System (OCERS)**

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From: [Delaney, Steve](#)
To: [Singleton, William](#)
Cc: [Nih, Carolyn](#); [Ratto, Gina](#)
Subject: Incentive Compensation Program 5
Date: Monday, August 15, 2022 6:48:19 AM

From: Delaney, Steve <sdelaney@ocers.org>
Sent: Sunday, August 14, 2022 10:28 AM
To: Lindholm, Wayne <wlinholm@ocers.org>; Freidenrich, Shari <sfreidenrich@ocers.org>; Dewane, Shawn (Internet) <sdewane@me.com>
Cc: Eley, Frank <feley@ocers.org>; Prevatt, Chris <cprevatt@ocers.org>
Subject: Answering the Questions you posed via Text earlier today

Good morning Mr. Lindholm (and Ms. Freidenrich if she is able to take the time to read this 😊),

I'm going to try to tackle a number of the questions you have raised.

First, you both are concerned about starting this project when the returns have been so good. Frankly, I would think that is exactly when you want to start the program. If you've done well, then you want to keep THAT team together, and moving forward. Horrible returns is not the time to say "and I think I want to reward them for that, let's start an incentive program that will keep them here".

While we are not booking our numbers for Fiscal Year 2021-22, we have our basic number (we face the same PE lag as all other systems as Ms. Freidenrich points out), and we can compare to those that have reported.

Pension and Investment magazine reported last week that the median return as of June 30, 2022 was -7.9. CalPERS is at -6.1, while CalSTRS is at -1.3. Interesting to note, one of the most outstanding returns in the nation is our sister system up the street with an incentive compensation program already in place for a number of years - San Bernardino at -0.1.

The OCERS team, implementing the Board's directives got us to -2.36 as of June 30, 2022.

As I have shared with Ms. Freidenrich, the system I often watch is San Diego County which was larger than OCERS by nearly \$2 billion in AUM when I arrived but is today nearly \$6 billion behind us due to challenges they had in their investment process. They returned -9.5 as of June 30, 2022.

As you've likely seen from my earlier notes, we will have BOTH Allan Emkin and Steve McCourt present to answer any questions about the benchmark, and just as importantly to share their experience from across the country as more and more systems move to implement an incentive compensation program. Just as we moved to "delegated authority" in line with our larger sister systems, this too seems to be the wave of the future.

As to whether OCERS investment team members spend more than 40 hours a week in overseeing the portfolio, my real focus is on the results themselves and the work done to avoid unnecessary risk, as opposed to trying to reward burning the midnight oil. That being said, note the formula used to determine the amount of the incentive payment – Page 118 of diligent, Page 18 of the PowerPoint. You'll note that 20% of the total incentive payment is tied to "employee performance". I would not expect that portion of the payment to be awarded if an individual is sluffing off and not performing at their best. One point on this issue that reassured Ms. Freidenrich when we discussed this in person the week before last, is that all OCERS direct investment team members are "at will", they can be terminated for cause. She had been concerned that an underperformer, if protected by civil service rules could drag out underperformance for years.

As to Ms. Freidenrich's last question on comparative pay, that is, how much does our CIO make compared to LACERA's CIO, that has indeed been included, I have not hid anything – please see Diligent Page 117, which is Slide 7 of the PowerPoint presentation. I hope that after 14 years of my service you would know I am always open and forthright, there is nothing to be gained by ever trying to hide anything.

I will continue to monitor my e-mails. Keep the questions coming 😊!

(Note: Because I am copying a quorum of the Board as I want to be sure the three of you on Mr. Lindholm's text are all copied, but I also copied the Board Chair, as well as the Personnel Committee Chair so they have the same information, for that reason this will go in our next Board Communication document.)

STEVE DELANEY | Chief Executive Officer | **Orange County Employees Retirement System (OCERS)**

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From: [Delaney, Steve](#)
To: [Singleton, William](#)
Cc: [Nih, Carolyn](#); [Ratto, Gina](#)
Subject: INCENTIVE COMPENSATION PROGRAM 6
Date: Monday, August 15, 2022 6:53:39 AM
Attachments: [1Q22 Performance Handout OCERS.pdf](#)
[A-3b Incentive Compensation Policy.docx](#)
[COUNTY 1 - Investment Team Goals.docx](#)
[image001.png](#)
[A-3a Investment Incentive Pay July Personnel Committee presentation.pptx](#)

With the attachments

STEVE DELANEY | Chief Executive Officer | **Orange County Employees Retirement System (OCERS)**

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From: Delaney, Steve
Sent: Friday, August 12, 2022 5:50 PM
To: Delaney, Steve <sdelaney@ocers.org>
Subject: QUESTIONS REGARDING THE OCERS INVESTMENT TEAM INCENTIVE COMPENSATION PROGRAM

To the members of the OCERS Board of Retirement,

Not surprisingly I have received many questions about the Personnel Committee's unanimous recommendation to create a performance based Incentive Compensation program for the OCERS Investment Team, to be effective as of year-end December 31, 2022. (Item I-3 on Monday's agenda.)

I thought it would be helpful to share the questions and my responses (in alphabetical order of the requestor), as the questions may be the same that any of the Trustees might also have in mind.

FROM County of Orange Finance Staff:

Subject: QUESTIONS REGARDING THE OCERS INVESTMENT TEAM INCENTIVE COMPENSATION PROGRAM

Good afternoon Jaime and Jenna,

Following up on your questions regarding Item A-3, the Investment Team Incentive Compensation program as raised in our meeting yesterday [Tuesday, August 9]:

1. You asked if I could clarify the Benchmark that will be used.

The policy (Item A-3b attached above), under “Benchmark” states:

The Program is designed around three components: 1) total portfolio excess return (alpha) over a benchmark; 2) risk-adjusted return (Sharpe Ratio); and 3) employee performance, as shown in the chart below. For the alpha and Sharpe Ratio calculations, the **OCERS’ Total Fund Plan Benchmark** serves as the relative comparison benchmark.

I asked Ms. Murphy to help with more background on that benchmark, and she shares the following:

State Street and Meketa use different terminology for our **total fund benchmark**. The “IQ22 Performance Handout” (attached above) is the report that goes to the IC, created by Meketa. In this report, the benchmark is called “policy benchmark.” Since State Street is our official book of record, our policy uses the benchmark name from the internal State Street reports. However, they are one in the same. The portfolio return vs. the “policy benchmark” is shown at the top of page 3 of the “IQ22 Performance Handout” report.

2. You asked if the subjective performance measures which can compose up to 20% of the total incentive payment are standardized. They are not. Each department sets their own goals in that arena. Ms. Murphy provided me with her teams 2021 goals (I’ve attached as “County 1 – Investment Team Goals”) to show you what she lays out for her team at the start of the year, and holds them to when completing their performance reviews at the end of the year.
3. You asked about San Bernardino Retirement and current salaries and incentive payments. The following was received today from their HR Department in response:

See below. As an FYI, we just added our Investment Officers to our Incentive Pay Program. I’ve included the resolution and scorecard for your reference. Hope this helps.

Position	Fiscal Year	Base Pay	Eligible Incentive	Incentive Received
CIO	21-22	\$ 338,228.80	50% of base pay	TBD at September Board
CIO	20-21	\$ 316,700.80	50% of base pay	\$ 158,350.40
CIO	19-20	\$ 311,411.60	50% of base pay	\$ 46,712.64

Position	Fiscal Year	Base Pay	Eligible Incentive	Incentive Received
SIO	21-22	\$236,412.80	30% of base pay	TBD at September Board
SIO	20-21	\$212,950.40	30% of base pay	\$ 63,885.12
SIO	19-20	\$201,427.20	30% of base pay	\$ 30,214.08

Stacey Barnier, SHRM-SCP

Director of Human Resources and Risk Management



San Bernardino County Employees'
Retirement Association

4. You asked what the Board's policy is with regard to adjusting salary ranges for our OCERS direct employees. A link to the compensation policy is here:

https://www.ocers.org/sites/main/files/file-attachments/ocers_compensation_policy.pdf?1657650215

Your question is addressed in Sections 3-5.

5. You had a fifth question that I hadn't researched because frankly I could not read my own handwriting 😊! But as I filled this out it came to me – you asked who our “peers” would be when Meketa measures our Sharpe Ratio. I will forward this on to Meketa this evening and get that back to you as soon as possible.
6. Finally, today Jenna asked when we planned to first apply this program if adopted. I was asked a similar question by

the REAOC representatives, which made me realize we have not been as clear as we could be in the motion for Item A-3. We will be reposting the agenda tomorrow with this language:

Recommendation: The Personnel Committee recommends that the Board of Retirement approve and adopt the Incentive Compensation Program detailed in the Incentive Compensation Policy, effective for the calendar year ending December 31, 2022, with payment of the first 50% of the annual award made within 60 days of the 2023 benchmark becoming available, and payment of the remaining 50% of the annual award on or before March 31, 2024.

I hope this proves helpful.

I will let you know as soon as I hear from Meketa regarding Question #5 above. [NOTE: I have not yet heard back from Meketa on this item, but BOTH Allan Emkin and Steve McCourt will be attending the Monday, August 15 meeting virtually.]

Of course if you have any further questions, I am happy to assist.

STEVE DELANEY | Chief Executive Officer | **Orange County Employees Retirement System (OCERS)**

FROM Mr. Dewane:

Are the incentive compensation payments pensionable? Yes if a Legacy member, hired before January 1, 2013, but no for PEPRA members. 2 out of 8 current OCERS investment team members are Legacy members, and payments made to them would be additions to their Final Average Salary.

Could the team manufacture alpha? No. The OCERS Board's "Total Fund Plan Benchmark" is the standard against which performance will be measured. That is adopted by the OCERS Board, and per policy, Meketa will be the third party determining each year if the OCERS investment team has met or exceeded the benchmark.

[NOTE: REAOC posed a similar question when I met with their executive team this week and reviewed the August 15 agenda. The question was "Could the team choose an easier benchmark if they are not beating the current benchmark?" The answer is similar – No, the benchmark is determined by the OCERS Board and returns compared to the benchmark will

be determined by Meketa.]

What is the maximum dollar amount that could be paid out in a year under this program?

See slide 6 of Item A-3a. The maximum under current salaries, to be shared among the entire team would be just over \$700,000. As shown on slide 9, over the past ten years the team has never produced a return that would allow them to claim the maximum payout. I anticipate the average to be half of that, or approximately \$350,000 in a given year.

FROM Ms. Freidenrich:

A few initial questions:

If we just completed a salary survey, how can we just exceed that by adding incentive pay?

I think that we compared to some private industry plan, but they do not have pensions, so are other benefits considered when the analysis was done and if not, why not?

Are any other of our peer CA counties giving incentive pay?

I don't see any clawback options, are any being considered (or did I miss it)?

Is the bonus pensionable? I may have missed this, I just took a quick look.

Good morning Ms. Freidenrich,

You ask in essence why we are considering exceeding our recently adopted salary ranges via a performance based incentive pay program? I will cover this in great detail at the August 15 meeting of the OCERS Board if this is approved by the committee, but let me provide some highlights of what brought me here.

Shortly after adopting the salary range and taking Ms. Murphy to approximately \$330,000 I learned that our sister system up the street LACERA was paying \$450,000 for their equivalent to a #2, while over \$700,00 to their CIO. (Shortly after we learned that LACERA is suing the County Board of Supervisors to allow the system to set pay where they believe appropriate, and among the facts coming out of that filing is the staff member at \$450,000 would then be considered their #3, and a new true Deputy position would be created at \$550,000.) I did not want MS Murphy leaving us for a higher paying lesser position, so I met with the OCERS Board in closed session around the start of the year (I can't recall if you were present), and informed the Trustees of my intent to take Ms. Murphy up to the top of our range, \$450,000. At that time I also stated that because those large salaries come with lifetime benefits attached, I could not in good conscience recommend further salary, but I did believe it was worth our time investigating a performance pay incentive plan as that is NOT considered salary for a Tier 2 member such as Ms. Murphy (Important Note: any incentive pay WOULD be salary for Ms. Chary and Mr. Beeson who are Tier 1 members.)

Though I took no vote in that closed session, I heard no directive opposition, and so the Personnel Committee agreed to take up studying the issue through 2022.

Interestingly, to your second question, another close by sister system, San Bernardino has had a performance related incentive pay program for some years. I was very pleased that

the CEO for SBCERA, Ms. Debby Cheney actually created a PowerPoint on the details of her plan and met with the Personnel Committee in April to provide those details. The committee was impressed with the simplicity of the SBCERA plan and directed me to craft an OCERS plan that would also be relatively simply to understand.

I did not direct clawbacks to be included, it's more a plan of "if you can produce over our benchmark you will share in the results". In a negative year there would be nothing to share. I will add here that I turned to Meketa for review of my plan, and they have been very helpful in sharing what they see in other public systems across the country. In fact both Allan Emkin and Steve McCourt have offered to join the August 15 Board meeting as governance experts to the Board in order to assist you and the other Trustees in your review.

I noted earlier that a performance based incentive payment is pensionable salary for Tier 1 members, but is not salary for Tier 2 (PEPRA) staff members (which is the majority of our investment team, including Ms. Murphy).

I am of course available to respond to any additional questions. I should add that while I am always truly appreciative of your cost conscious approach, our members and supporting taxpayers would expect nothing less, I wanted to at least summarize why I am leading this discussion with the Board. It is this - At nearly \$23 billion, OCERS is no longer the comparatively small \$6 billion county retirement system that it was when I arrived. We are equal to small statewide systems now, and we are ever more consequential to the finances of this County's greater economy, and I am concerned that we need both talent and long term stability and continuity in our investment staffing to ensure we continue the direction we are heading.

I am always available.

Steve Delaney
OCERS
(714) 697-8291 [cell]

FROM Mr. Lindholm:

*Can you calculate what the effect on pension liability is if we do the bonuses.
I think it only affects a couple legacy people but it could be significant if somebody retired in the next few years?*

Thanks, Wayne

Good afternoon Mr. Lindholm,

Sorry for delay, it's been non-stopping meetings today.

I can give you sense of lifetime impact.

On slide 13 of Item A-3a, we show the current salaries of the Investment Team. The two directors are our only Legacy members. Any incentive pay to them would become part of their Final Average Salary. (The rest are PEPRA as you referenced, and these payments would NOT impact their retirement benefit. That was why I wanted to try to bolster our investment team via an incentive compensation program similar to San Bernardino rather than simply upping their salaries as LACERA has done.)

So let's take the high earning director. (\$241,000 annual salary)

Let's use the "Proposed Target Bonus", which is at the 50% mark (see Slide 6) , as you will see per Slide 9 that in the past ten years the team has never exceeded the benchmark by 1%, so the Maximum payout is very unlikely to be hit.

Per Slide 13, our high earner would qualify for a \$48,000 incentive in that scenario. (Per the policy, we will smooth the earnings for the year in question (2022) and the prior two years (2020 and 2021 in this scenario), which could lower or raise the \$48,000 incentive. To keep this simple I'm going to assume the team met the "Proposed Target Bonus" of fund earnings all three years.)

To make this simple, I'm going to say our high earner is choosing to retire April 1, 2024 to capture that expected high COLA, so will qualify for both split payments of \$24,000 in 2023, and \$24,000 in 2024. (Must be present to win, so if the our director retires in 2023, the individual does not get the other half of the incentive payment. And again, to keep this simple, I'm going to say that no incentive compensation was earned in 2023, or I'd have to be dealing with a half payment in 2024 for that 2023 year).

When capturing Final Average Salary we average out the high three years, so that \$48,000 would have to be smoothed over three years, so \$16,000 would be added to that \$241,000 salary (that's assuming our director was paid \$241,000 for each of three years, which obviously is not the case, but I'm trying to make this simple.)

Now I have to bring in years of service. I'm going to say our Director has 30 years of service.

So... $\$16,000 \times 81\%$ [$30 \times 2.7\%$] = \$12,960 additional a year, or \$1,080 more a month for the remainder of our Director's life due to receiving a \$48,000 incentive compensation award for 2022, paid over the following two years of 2023 and 2024.

Or Maybe the answer is as simple as we pay over \$1 Billion in total benefits per annum and this would increase those payments by something like \$30,000 per year if both retired with their current years of service.

I took lots of liberties there sir to simplify this somewhat.

Please call if I can clarify any of the above.

STEVE DELANEY | Chief Executive Officer | **Orange County Employees Retirement System (OCERS)**

I will continue to share questions and my responses as they are received through the weekend. Feel free to call at any time day or evening if that is easier (714-697-8291).

This entire missive will be included in the next BOARD COMMUNICATIONS document to ensure the public has received the same information.

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."



Orange County Employees Retirement System

Total Portfolio | As of March 31, 2022

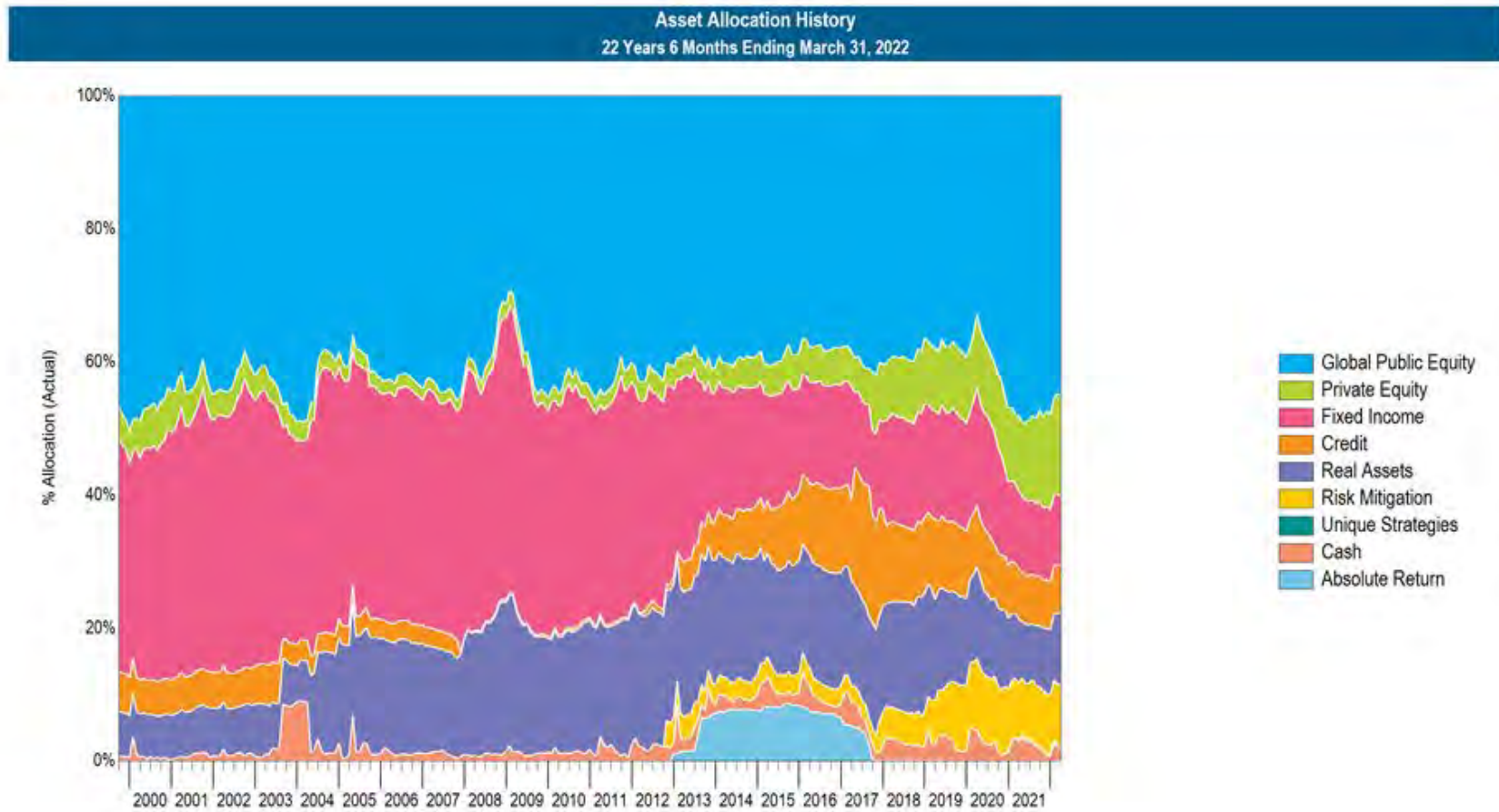


Allocation vs. Targets and Policy						
	Current Balance	Current Allocation	Policy	Difference	Policy Range	
Global Public Equity	\$10,111,407,255	45.0%	47.0%	-2.0%	40.0% - 54.0%	
U.S. Equity	\$6,099,217,570	27.1%	25.0%	2.1%	--	
International Developed Equity	\$2,835,360,902	12.6%	13.0%	-0.4%	--	
Emerging Markets Equity	\$1,176,585,912	5.2%	9.0%	-3.8%	--	
Private Equity	\$3,422,672,738	15.2%	13.0%	2.2%	9.0% - 17.0%	
Fixed Income	\$2,300,028,976	10.2%	11.0%	-0.8%	6.0% - 16.0%	
Investment Grade Bonds	\$1,746,585,338	7.8%	9.0%	-1.2%	--	
TIPS	\$553,443,638	2.5%	2.0%	0.5%	--	
Credit	\$1,647,602,786	7.3%	7.0%	0.3%	4.0% - 10.0%	
Corporate Credit	\$460,108,031	2.0%	1.0%	1.0%	--	
Private Credit	\$630,638,920	2.8%	2.5%	0.3%	--	
Emerging Market Debt	\$478,786,037	2.1%	2.0%	0.1%	--	
Opportunistic Credit	\$78,069,798	0.3%	1.5%	-1.2%	--	
Real Assets	\$2,428,218,919	10.8%	12.0%	-1.2%	8.0% - 16.0%	
Real Return	\$1,108,794,350	4.9%	5.0%	-0.1%	--	
Real Estate	\$1,319,424,569	5.9%	7.0%	-1.1%	--	
Risk Mitigation	\$2,096,018,976	9.3%	10.0%	-0.7%	6.0% - 14.0%	
Unique Strategies	\$71,568,416	0.3%	--	0.3%	0.0% - 5.0%	
Cash	\$403,293,466	1.8%	0.0%	1.8%	0.0% - 5.0%	
Total	\$22,480,811,532	100.0%	100.0%			



Orange County Employees Retirement System

Total Portfolio | As of March 31, 2022





Orange County Employees Retirement System

Total Portfolio | As of March 31, 2022

Performance Summary											
	Market Value (\$)	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
Total Portfolio*	22,480,811,532	-1.8	10	11.4	8	11.4	23	9.5	32	8.0	56
<i>Policy Benchmark</i>		<i>-1.6</i>	<i>7</i>	<i>11.1</i>	<i>8</i>	<i>11.1</i>	<i>28</i>	<i>9.4</i>	<i>38</i>	<i>8.4</i>	<i>48</i>
Global Public Equity	10,111,407,255	-6.2	48	5.3	53	14.1	42	11.8	47	10.4	47
<i>Global Public Equity Blended Benchmark</i>		<i>-5.5</i>	<i>43</i>	<i>6.3</i>	<i>46</i>	<i>13.5</i>	<i>48</i>	<i>11.5</i>	<i>51</i>	<i>9.9</i>	<i>53</i>
U.S. Equity	6,099,217,570	-5.5	47	11.3	34	17.9	27	15.1	33	13.9	27
<i>Russell 3000</i>		<i>-5.3</i>	<i>46</i>	<i>11.9</i>	<i>31</i>	<i>18.2</i>	<i>25</i>	<i>15.4</i>	<i>30</i>	<i>14.3</i>	<i>22</i>
International Developed Equity	2,835,360,902	-6.6	28	-0.5	24	8.5	60	7.5	61	7.3	54
<i>MSCI EAFE (Net)</i>		<i>-5.9</i>	<i>24</i>	<i>1.2</i>	<i>19</i>	<i>7.8</i>	<i>67</i>	<i>6.7</i>	<i>74</i>	<i>6.3</i>	<i>78</i>
Emerging Market Equity	1,176,585,912	-8.4	54	-6.0	37	10.7	16	9.0	18	5.0	28
<i>MSCI Emerging Markets</i>		<i>-7.0</i>	<i>44</i>	<i>-11.4</i>	<i>53</i>	<i>4.9</i>	<i>64</i>	<i>6.0</i>	<i>52</i>	<i>3.4</i>	<i>65</i>
Private Equity	3,422,672,738	4.6	--	45.7	--	26.2	--	21.7	--	16.2	--
<i>Cambridge Associates Private Equity Index</i>		<i>5.5</i>	<i>--</i>	<i>39.0</i>	<i>--</i>	<i>24.5</i>	<i>--</i>	<i>20.2</i>	<i>--</i>	<i>16.6</i>	<i>--</i>
Fixed Income	2,300,028,976	-4.5	6	-1.6	2	3.3	2	3.1	2	2.7	34
<i>Fixed Income Custom Index</i>		<i>-5.1</i>	<i>12</i>	<i>-2.5</i>	<i>3</i>	<i>2.9</i>	<i>6</i>	<i>2.8</i>	<i>13</i>	<i>2.6</i>	<i>46</i>
Investment Grade Bonds	1,746,585,338	-5.8	44	-3.8	35	2.2	31	2.6	26	2.3	70
<i>Bloomberg US Universal TR</i>		<i>-6.1</i>	<i>78</i>	<i>-4.2</i>	<i>72</i>	<i>1.9</i>	<i>67</i>	<i>2.3</i>	<i>58</i>	<i>2.6</i>	<i>47</i>
TIPS	553,443,638	-0.2	11	6.1	1	6.9	1	4.9	1	--	--
<i>US TIPS Benchmark</i>		<i>-0.3</i>	<i>11</i>	<i>5.5</i>	<i>2</i>	<i>6.6</i>	<i>1</i>	<i>4.7</i>	<i>5</i>	<i>--</i>	<i>--</i>
Credit	1,647,602,786	-1.7	2	2.5	1	4.1	11	4.3	9	9.2	1
<i>Credit Custom Index</i>		<i>-4.4</i>	<i>6</i>	<i>-2.1</i>	<i>5</i>	<i>2.8</i>	<i>56</i>	<i>3.2</i>	<i>73</i>	<i>4.5</i>	<i>17</i>
Corporate Credit	460,108,031	-4.5	68	-1.6	31	3.7	16	--	--	--	--
<i>Bloomberg US High Yield TR</i>		<i>-4.8</i>	<i>70</i>	<i>-0.7</i>	<i>18</i>	<i>4.6</i>	<i>9</i>	<i>4.7</i>	<i>3</i>	<i>5.7</i>	<i>1</i>

¹ Peer rankings are from highest (1) to lowest (100) in the respective InvestorForce universes.

² Please note, all private market assets are reported on a lag.

³ Private Equity benchmark returns provided by Cambridge, subject to update once finalized by the custodian State Street.



Orange County Employees Retirement System

Total Portfolio | As of March 31, 2022

	Market Value (\$)	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
Private Credit	630,638,920	6.2	1	19.5	1	10.6	1	--	--	--	--
<i>Private Credit Custom Benchmark</i>		-0.9	1	1.2	1	3.8	16	3.8	17	4.4	19
Emerging Market Debt	478,786,037	-8.0	55	-10.5	97	-2.2	95	-0.2	88	--	--
<i>Emerging Market Debt Custom Benchmark</i>		-8.3	62	-8.0	73	-0.4	80	0.9	73	0.9	69
Opportunistic Credit	78,069,798	1.7	1	11.7	1	8.7	1	--	--	--	--
<i>Bloomberg US High Yield TR</i>		-4.8	7	-0.7	2	4.6	9	4.7	7	5.7	6
Real Assets	2,428,218,919	6.7	--	24.8	--	7.0	--	5.9	--	--	--
<i>Real Assets Custom Blend</i>		7.1	--	25.7	--	7.4	--	7.2	--	7.0	--
Total Real Estate	1,319,424,569	6.8	25	25.4	55	10.9	37	9.8	26	10.8	10
<i>Real Estate Custom Index</i>		7.4	1	28.5	5	11.3	16	9.9	22	10.6	24
Risk Mitigation	2,096,018,976	5.8	1	13.1	3	7.5	41	5.6	51	--	--
<i>Risk Mitigation Custom Index</i>		3.1	2	8.9	11	6.2	53	4.1	74	2.7	87
Unique Strategies	71,568,416	-5.5	--	3.5	--	--	--	--	--	--	--
Cash*	403,293,466	0.0	--	0.0	--	0.8	--	1.2	--	0.8	--
<i>ICE BofA US 3-Month Treasury Bill</i>		0.0	--	0.1	--	0.8	--	1.1	--	0.6	--

*One or more accounts have been excluded from the composite for the purposes of performance calculations and market value.

¹ Peer rankings are from highest (1) to lowest (100) in the respective InvestorForce universes.

² Please note, all private market assets are reported on a lag.

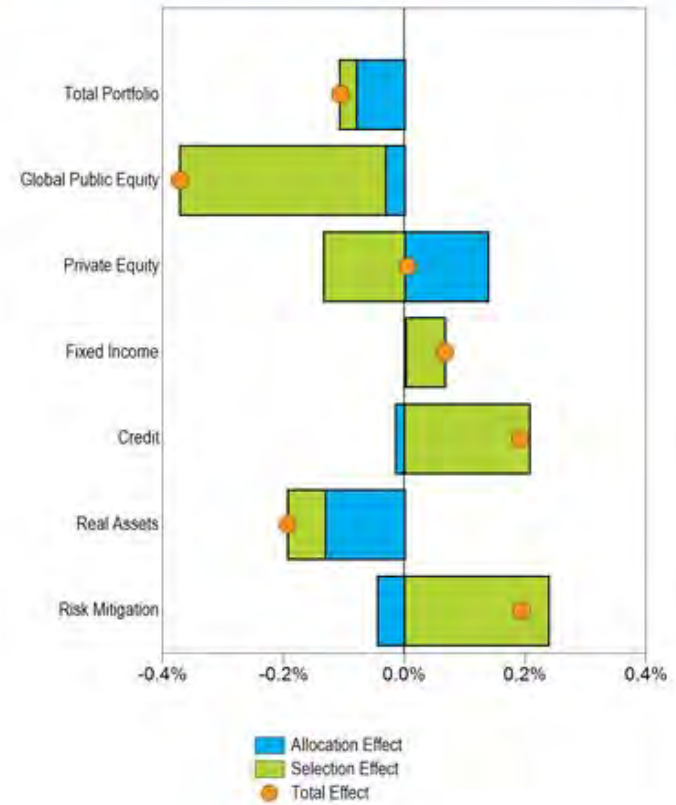


Orange County Employees Retirement System

Total Portfolio | As of March 31, 2022

Attribution Summary						
3 Months Ending March 31, 2022						
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Global Public Equity	-6.2%	-5.5%	-0.7%	-0.3%	0.0%	-0.4%
Private Equity	4.6%	5.5%	-0.9%	-0.1%	0.1%	0.0%
Fixed Income	-4.5%	-5.1%	0.6%	0.1%	0.0%	0.1%
Credit	-1.7%	-4.4%	2.8%	0.2%	0.0%	0.2%
Real Assets	6.7%	7.1%	-0.4%	-0.1%	-0.1%	-0.2%
Risk Mitigation	5.8%	3.1%	2.7%	0.2%	0.0%	0.2%
Total	-1.7%	-1.6%	-0.1%	0.0%	-0.1%	-0.1%

Attribution Effects
3 Months Ending March 31, 2022



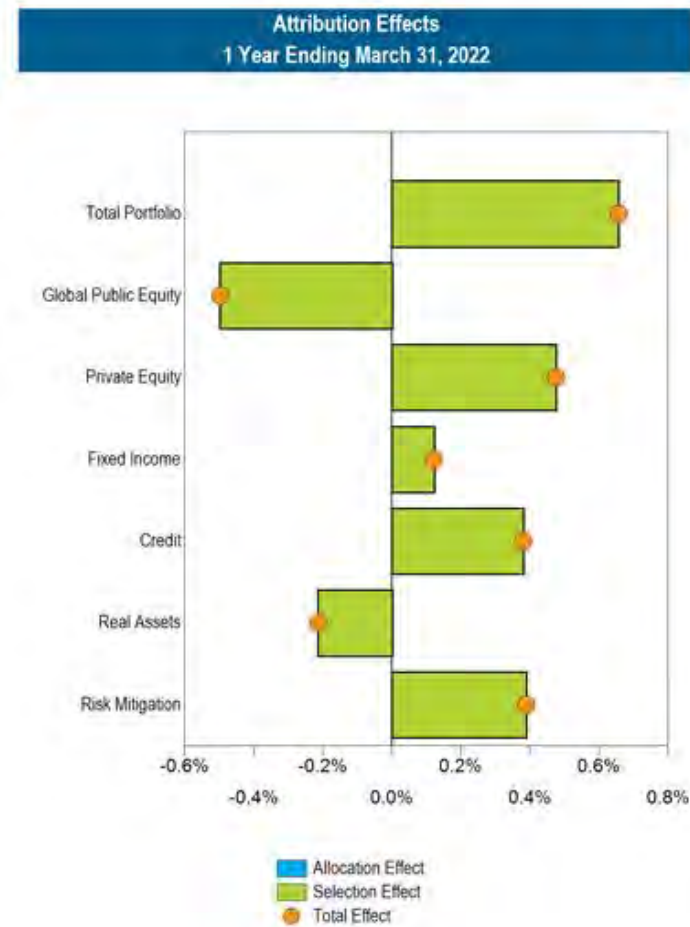
¹ Differences in attribution returns and returns in the performance summary may occur as a result of the different calculation methodologies that are applied by InvestorForce.



Orange County Employees Retirement System

Total Portfolio | As of March 31, 2022

Attribution Summary						
1 Year Ending March 31, 2022						
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Global Public Equity	5.3%	6.3%	-1.0%	-0.5%	0.0%	-0.5%
Private Equity	45.7%	39.0%	6.7%	0.5%	0.0%	0.5%
Fixed Income	-1.6%	-2.5%	1.0%	0.1%	0.0%	0.1%
Credit	2.5%	-2.1%	4.6%	0.4%	0.0%	0.4%
Real Assets	24.8%	25.7%	-0.9%	-0.2%	0.0%	-0.2%
Risk Mitigation	13.1%	8.9%	4.2%	0.4%	0.0%	0.4%
Total	11.6%	11.0%	0.7%	0.7%	0.0%	0.7%



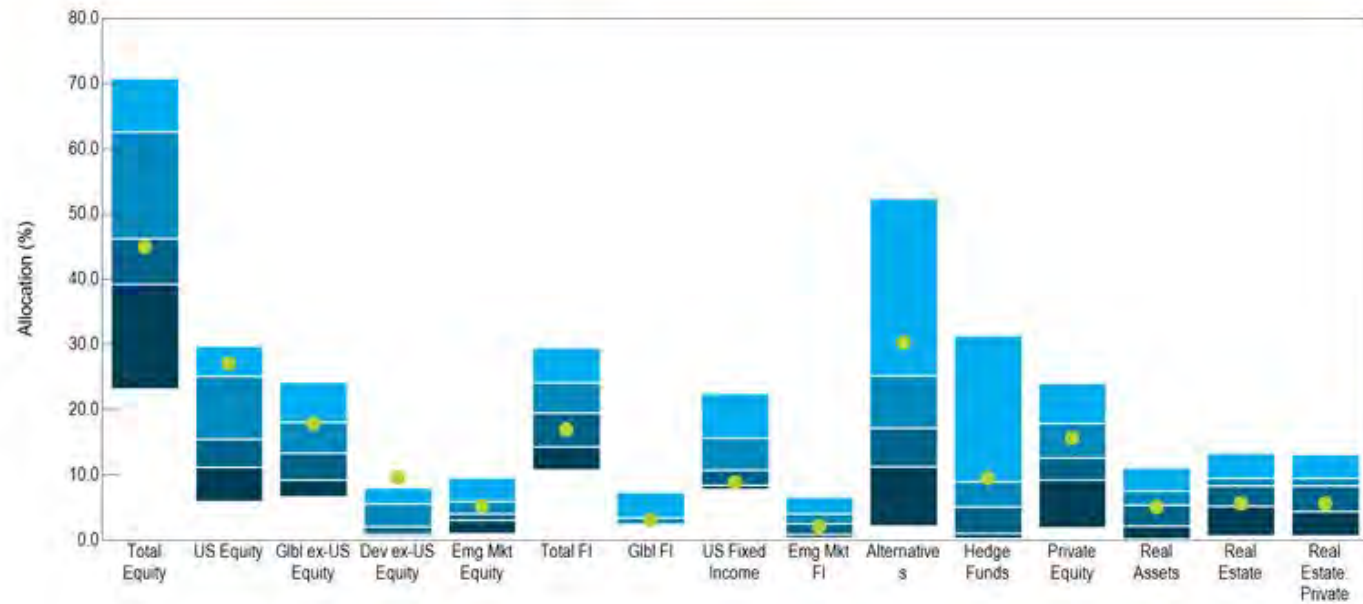
¹ Differences in attribution returns and returns in the performance summary may occur as a result of the different calculation methodologies that are applied by InvestorForce.



Orange County Employees Retirement System

Total Portfolio | As of March 31, 2022

**Total Plan Allocation vs. InvMetrics Public DB > \$1B Net
As of March 31, 2022**



	Allocation (Rank)															
5th Percentile	70.8	29.7	24.2	8.0	9.6	29.5	7.3	22.5	6.6	52.4	31.3	24.0	11.0	13.3	13.1	...
25th Percentile	62.7	25.2	18.2	5.6	6.0	24.2	3.5	15.7	4.1	25.3	9.0	17.9	7.6	9.6	9.5	...
Median	46.3	15.6	13.4	2.1	4.1	19.6	2.5	10.8	2.5	17.3	5.2	12.7	5.5	8.4	8.4	...
75th Percentile	39.3	11.2	9.3	0.9	3.1	14.3	2.2	8.5	0.9	11.3	1.1	9.3	2.2	5.3	4.5	...
95th Percentile	23.2	6.0	6.7	0.6	1.1	10.8	2.0	7.9	0.4	2.2	0.3	2.0	0.2	0.7	0.7	...
# of Portfolios	26	19	23	11	20	26	8	16	11	24	15	20	16	23	23	...
★ Total Portfolio	45.0 (62)	27.1 (20)	17.8 (27)	9.6 (1)	5.2 (38)	17.0 (66)	3.1 (27)	8.8 (71)	2.1 (62)	30.3 (9)	9.5 (25)	15.7 (44)	5.1 (53)	5.6 (73)	5.6 (72)	...



Orange County Employees Retirement System

Total Portfolio | As of March 31, 2022

Performance Summary														
	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Total Portfolio*	22,480,811,532	100.0	-1.8	16	11.4	11	11.4	28	9.5	41	8.0	63	5.1	Dec-88
<i>Policy Benchmark</i>			<i>-1.6</i>	<i>9</i>	<i>11.1</i>	<i>13</i>	<i>11.1</i>	<i>32</i>	<i>9.4</i>	<i>46</i>	<i>8.4</i>	<i>56</i>	<i>--</i>	<i>Dec-88</i>
Over/Under			-0.2		0.3		0.3		0.1		-0.4			
<i>InvMetrics Public DB > \$1B Net Median</i>			-3.5		7.2		10.7		9.1		8.5		8.1	<i>Dec-88</i>
Global Public Equity	10,111,407,255	45.0	-6.2	48	5.3	53	14.1	42	11.8	47	10.4	45	5.3	Dec-88
<i>Global Public Equity Blended Benchmark</i>			<i>-5.5</i>	<i>43</i>	<i>6.3</i>	<i>46</i>	<i>13.5</i>	<i>48</i>	<i>11.5</i>	<i>50</i>	<i>9.9</i>	<i>52</i>	<i>--</i>	<i>Dec-88</i>
Over/Under			-0.7		-1.0		0.6		0.3		0.5			
<i>eV All Global Equity Net Median</i>			-6.6		5.6		13.1		11.4		10.0		9.4	<i>Dec-88</i>
U.S. Equity	6,099,217,570	27.1	-5.5	48	11.3	34	17.9	27	15.1	33	13.9	26	6.2	Dec-88
<i>Russell 3000</i>			<i>-5.3</i>	<i>46</i>	<i>11.9</i>	<i>31</i>	<i>18.2</i>	<i>25</i>	<i>15.4</i>	<i>30</i>	<i>14.3</i>	<i>21</i>	<i>11.1</i>	<i>Dec-88</i>
Over/Under			-0.2		-0.6		-0.3		-0.3		-0.4		-4.9	
<i>eV All US Equity Net Median</i>			-5.9		7.9		15.2		12.6		12.5		11.7	<i>Dec-88</i>
BlackRock Russell 1000	5,531,252,821	24.6	-5.1	53	13.3	47	18.7	21	15.8	20	14.6	12	11.2	Dec-88
<i>Russell 1000</i>			<i>-5.1</i>	<i>53</i>	<i>13.3</i>	<i>47</i>	<i>18.7</i>	<i>21</i>	<i>15.8</i>	<i>20</i>	<i>14.5</i>	<i>13</i>	<i>11.2</i>	<i>Dec-88</i>
Over/Under			0.0		0.0		0.0		0.0		0.1		0.0	
<i>eV US Large Cap Core Equity Net Median</i>			-5.0		13.1		16.6		14.2		13.3		11.4	<i>Dec-88</i>
Systematic Small Cap Value	305,522,261	1.4	-5.1	69	2.6	68	--	--	--	--	--	--	13.7	Oct-19
<i>Russell 2000 Value</i>			<i>-2.4</i>	<i>39</i>	<i>3.3</i>	<i>62</i>	<i>12.7</i>	<i>53</i>	<i>8.6</i>	<i>58</i>	<i>10.5</i>	<i>58</i>	<i>14.5</i>	<i>Oct-19</i>
Over/Under			-2.7		-0.7								-0.8	
<i>eV US Small Cap Value Equity Net Median</i>			-3.1		4.8		13.0		9.1		10.8		14.9	<i>Oct-19</i>
Eagle Asset Management	262,442,488	1.2	-13.3	50	-11.6	67	10.0	91	11.8	83	11.7	83	12.7	Nov-10
<i>Russell 2000 Growth</i>			<i>-12.6</i>	<i>46</i>	<i>-14.3</i>	<i>74</i>	<i>9.9</i>	<i>92</i>	<i>10.3</i>	<i>91</i>	<i>11.2</i>	<i>88</i>	<i>11.8</i>	<i>Nov-10</i>
Over/Under			-0.7		2.7		0.1		1.5		0.5		0.9	
<i>eV US Small Cap Growth Equity Net Median</i>			-13.4		-9.1		14.8		15.5		13.4		14.1	<i>Nov-10</i>

¹ Prior to October 1998, BlackRock Russell 1000 Index Fund returns are gross of fees.

² Fiscal year ends December 31.



Orange County Employees Retirement System

Total Portfolio | As of March 31, 2022

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
International Developed Equity	2,835,360,902	12.6	-6.6	28	-0.5	24	8.5	60	7.5	61	7.3	53	5.3	Oct-89
<i>MSCI EAFE (Net)</i>			<i>-5.9</i>	<i>23</i>	<i>1.2</i>	<i>19</i>	<i>7.8</i>	<i>68</i>	<i>6.7</i>	<i>75</i>	<i>6.3</i>	<i>77</i>	<i>4.9</i>	<i>Oct-89</i>
Over/Under			-0.7		-1.7		0.7		0.8		1.0		0.4	
<i>eV ACWI ex-US All Cap Equity Net Median</i>			-9.7		-3.8		9.3		8.3		7.4		8.7	<i>Oct-89</i>
BlackRock MSCI EAFE Fund	1,255,607,858	5.6	-5.8	45	1.5	35	8.2	51	7.1	41	6.6	43	7.3	Jul-03
<i>MSCI EAFE Custom Index</i>			<i>-5.9</i>	<i>48</i>	<i>1.2</i>	<i>37</i>	<i>7.8</i>	<i>56</i>	<i>6.7</i>	<i>43</i>	<i>6.3</i>	<i>60</i>	<i>7.0</i>	<i>Jul-03</i>
Over/Under			0.1		0.3		0.4		0.4		0.3		0.3	
<i>eV EAFE Large Cap Equity Net Median</i>			-6.1		-0.6		8.2		6.3		6.5		7.0	<i>Jul-03</i>
Capital Group - EAFE	318,949,406	1.4	-12.8	91	-8.4	94	8.6	45	8.9	23	7.4	27	7.8	Oct-89
<i>MSCI EAFE (Net)</i>			<i>-5.9</i>	<i>48</i>	<i>1.2</i>	<i>37</i>	<i>7.8</i>	<i>56</i>	<i>6.7</i>	<i>43</i>	<i>6.3</i>	<i>60</i>	<i>4.7</i>	<i>Oct-89</i>
Over/Under			-6.9		-9.6		0.8		2.2		1.1		3.1	
<i>eV EAFE Large Cap Equity Net Median</i>			-6.1		-0.6		8.2		6.3		6.5		7.1	<i>Oct-89</i>
AQR Capital	294,390,815	1.3	-4.6	33	-3.6	78	5.6	88	4.9	84	6.3	60	3.3	Feb-07
<i>MSCI EAFE (Net)</i>			<i>-5.9</i>	<i>48</i>	<i>1.2</i>	<i>37</i>	<i>7.8</i>	<i>56</i>	<i>6.7</i>	<i>43</i>	<i>6.3</i>	<i>60</i>	<i>3.1</i>	<i>Feb-07</i>
Over/Under			1.3		-4.8		-2.2		-1.8		0.0		0.2	
<i>eV EAFE Large Cap Equity Net Median</i>			-6.1		-0.6		8.2		6.3		6.5		3.7	<i>Feb-07</i>
Artisan Partner International Value Strategy	288,524,147	1.3	-3.0	59	4.4	63	--	--	--	--	--	--	9.1	Dec-20
<i>MSCI EAFE (Net)</i>			<i>-5.9</i>	<i>83</i>	<i>1.2</i>	<i>82</i>	<i>7.8</i>	<i>83</i>	<i>6.7</i>	<i>73</i>	<i>6.3</i>	<i>89</i>	<i>7.1</i>	<i>Dec-20</i>
Over/Under			2.9		3.2								2.0	
<i>eV Global Value Equity Net Median</i>			-2.3		5.8		10.8		8.1		8.2		16.0	<i>Dec-20</i>
GQG Partners International Equity Strategy	288,202,591	1.3	-3.7	3	6.1	17	--	--	--	--	--	--	4.3	Dec-20
<i>MSCI ACWI ex USA</i>			<i>-5.4</i>	<i>8</i>	<i>-1.5</i>	<i>51</i>	<i>7.5</i>	<i>99</i>	<i>6.8</i>	<i>99</i>	<i>5.6</i>	<i>99</i>	<i>5.5</i>	<i>Dec-20</i>
Over/Under			1.7		7.6								-1.2	
<i>eV Global Growth Equity Net Median</i>			-12.9		-1.0		16.3		15.5		11.8		4.2	<i>Dec-20</i>
Fidelity Institutional Asset Management	208,303,442	0.9	-9.4	52	-3.0	48	11.0	23	9.1	21	9.2	42	8.6	Nov-10
<i>S&P Developed ex US Small Cap (Net)</i>			<i>-8.2</i>	<i>43</i>	<i>-3.7</i>	<i>52</i>	<i>8.7</i>	<i>47</i>	<i>7.1</i>	<i>57</i>	<i>7.6</i>	<i>80</i>	<i>6.9</i>	<i>Nov-10</i>
Over/Under			-1.2		0.7		2.3		2.0		1.6		1.7	
<i>eV EAFE Small Cap Equity Net Median</i>			-9.3		-3.4		8.4		7.6		8.9		8.4	<i>Nov-10</i>
Mondrian	181,382,643	0.8	-10.8	91	-9.7	96	5.4	80	5.8	51	6.2	99	6.5	Oct-10
<i>MSCI World ex. US Small Cap (Net)</i>			<i>-7.2</i>	<i>79</i>	<i>-1.7</i>	<i>61</i>	<i>9.5</i>	<i>27</i>	<i>7.8</i>	<i>16</i>	<i>7.8</i>	<i>46</i>	<i>7.4</i>	<i>Oct-10</i>
Over/Under			-3.6		-8.0		-4.1		-2.0		-1.6		-0.9	
<i>eV EAFE Small Cap Value Net Median</i>			-3.9		0.6		7.3		5.9		7.5		7.6	<i>Oct-10</i>

¹ Prior to October 1998, Capital Group Int'l returns are gross of fees.

² Fiscal Year ends December 31.



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	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Emerging Market Equity	1,176,585,912	5.2	-8.4	55	-6.0	38	10.7	17	9.0	18	5.0	27	5.6	Jun-06
<i>MSCI Emerging Markets</i>			<i>-7.0</i>	<i>45</i>	<i>-11.4</i>	<i>54</i>	<i>4.9</i>	<i>64</i>	<i>6.0</i>	<i>52</i>	<i>3.4</i>	<i>67</i>	<i>5.1</i>	<i>Jun-06</i>
Over/Under			<i>-1.4</i>		<i>5.4</i>		<i>5.8</i>		<i>3.0</i>		<i>1.6</i>		<i>0.5</i>	
<i>eV Emg Mkts Equity Net Median</i>			<i>-8.0</i>		<i>-10.1</i>		<i>6.0</i>		<i>6.1</i>		<i>3.9</i>		<i>5.4</i>	<i>Jun-06</i>
William Blair	420,337,732	1.9	-12.1	77	-9.5	48	14.3	7	11.9	6	6.8	10	6.8	Jun-06
<i>MSCI Emerging Markets</i>			<i>-7.0</i>	<i>45</i>	<i>-11.4</i>	<i>54</i>	<i>4.9</i>	<i>64</i>	<i>6.0</i>	<i>52</i>	<i>3.4</i>	<i>67</i>	<i>5.1</i>	<i>Jun-06</i>
Over/Under			<i>-5.1</i>		<i>1.9</i>		<i>9.4</i>		<i>5.9</i>		<i>3.4</i>		<i>1.7</i>	
<i>eV Emg Mkts Equity Net Median</i>			<i>-8.0</i>		<i>-10.1</i>		<i>6.0</i>		<i>6.1</i>		<i>3.9</i>		<i>5.4</i>	<i>Jun-06</i>
Acadian Emerging Markets	268,090,922	1.2	-2.3	19	-1.3	24	8.5	28	6.5	44	--	--	4.2	Nov-13
<i>MSCI Emerging Markets</i>			<i>-7.0</i>	<i>45</i>	<i>-11.4</i>	<i>54</i>	<i>4.9</i>	<i>64</i>	<i>6.0</i>	<i>52</i>	<i>3.4</i>	<i>67</i>	<i>3.5</i>	<i>Nov-13</i>
Over/Under			<i>4.7</i>		<i>10.1</i>		<i>3.6</i>		<i>0.5</i>		<i>0.7</i>		<i>0.7</i>	
<i>eV Emg Mkts Equity Net Median</i>			<i>-8.0</i>		<i>-10.1</i>		<i>6.0</i>		<i>6.1</i>		<i>3.9</i>		<i>3.9</i>	<i>Nov-13</i>
City of London	265,781,650	1.2	-13.4	83	-16.7	76	5.2	61	6.0	53	--	--	4.5	Nov-13
<i>MSCI Emerging Markets</i>			<i>-7.0</i>	<i>45</i>	<i>-11.4</i>	<i>54</i>	<i>4.9</i>	<i>64</i>	<i>6.0</i>	<i>52</i>	<i>3.4</i>	<i>67</i>	<i>3.5</i>	<i>Nov-13</i>
Over/Under			<i>-6.4</i>		<i>-5.3</i>		<i>0.3</i>		<i>0.0</i>		<i>1.0</i>		<i>1.0</i>	
<i>eV Emg Mkts Equity Net Median</i>			<i>-8.0</i>		<i>-10.1</i>		<i>6.0</i>		<i>6.1</i>		<i>3.9</i>		<i>3.9</i>	<i>Nov-13</i>
Acadian Emerging Markets Small Cap	222,375,608	1.0	-1.0	17	13.3	10	14.8	25	11.2	23	--	--	8.5	Jul-14
<i>MSCI Emerging Markets Small Cap</i>			<i>-4.3</i>	<i>40</i>	<i>5.5</i>	<i>35</i>	<i>11.9</i>	<i>46</i>	<i>7.8</i>	<i>65</i>	<i>5.3</i>	<i>71</i>	<i>4.9</i>	<i>Jul-14</i>
Over/Under			<i>3.3</i>		<i>7.8</i>		<i>2.9</i>		<i>3.4</i>		<i>3.6</i>		<i>3.6</i>	
<i>eV Emg Mkts Small Cap Equity Net Median</i>			<i>-7.5</i>		<i>2.6</i>		<i>10.9</i>		<i>8.9</i>		<i>7.1</i>		<i>5.8</i>	<i>Jul-14</i>
Global Equity	242,871	0.0												
J.P. Morgan Global Opportunities	124,471	0.0												
Franklin Templeton	118,400	0.0												

¹ Fiscal Year ends December 31.



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	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Private Equity	3,422,672,738	15.2	4.6	5	45.7	7	26.2	15	21.7	16	16.2	14	8.8	May-91
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	<u>2</u>	<u>39.0</u>	<u>16</u>	<u>24.5</u>	<u>20</u>	<u>20.2</u>	<u>19</u>	<u>16.6</u>	<u>13</u>	<u>15.5</u>	<u>May-91</u>
Over/Under			-0.9		6.7		1.7		1.5		-0.4		-6.7	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		--	<i>May-91</i>
Pantheon Ventures	516,931,255	2.3	6.6	1	62.1	1	31.3	9	22.1	15	--	--	12.6	Dec-14
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	<u>2</u>	<u>39.0</u>	<u>16</u>	<u>24.5</u>	<u>20</u>	<u>20.2</u>	<u>19</u>	<u>16.6</u>	<u>13</u>	<u>16.6</u>	<u>Dec-14</u>
Over/Under			1.1		23.1		6.8		1.9				-4.0	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		14.9	<i>Dec-14</i>
Abbott Capital	449,440,959	2.0	-0.1	82	65.9	1	33.4	6	27.8	1	19.0	9	7.8	Feb-07
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	<u>2</u>	<u>39.0</u>	<u>16</u>	<u>24.5</u>	<u>20</u>	<u>20.2</u>	<u>19</u>	<u>16.6</u>	<u>13</u>	<u>14.1</u>	<u>Feb-07</u>
Over/Under			-5.6		26.9		8.9		7.6		2.4		-6.3	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		10.9	<i>Feb-07</i>
Adams Street Partners	378,754,316	1.7	0.0	78	32.5	24	27.6	13	22.9	14	16.7	13	11.0	May-91
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	<u>2</u>	<u>39.0</u>	<u>16</u>	<u>24.5</u>	<u>20</u>	<u>20.2</u>	<u>19</u>	<u>16.6</u>	<u>13</u>	<u>15.5</u>	<u>May-91</u>
Over/Under			-5.5		-6.5		3.1		2.7		0.1		-4.5	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		--	<i>May-91</i>
Mesirow Financial Private Equity	225,464,525	1.0	0.0	63	80.5	1	40.5	1	30.9	1	21.6	1	12.7	Jan-07
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	<u>2</u>	<u>39.0</u>	<u>16</u>	<u>24.5</u>	<u>20</u>	<u>20.2</u>	<u>19</u>	<u>16.6</u>	<u>13</u>	<u>14.0</u>	<u>Jan-07</u>
Over/Under			-5.5		41.5		16.0		10.7		5.0		-1.3	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		10.9	<i>Jan-07</i>
OCP Asia Orchard Landmark I	141,813,978	0.6	2.5	20	8.2	94	5.7	95	8.2	94	--	--	10.7	Jan-14
<i>JACI Non-Investment Grade Corporates</i>			<u>-10.8</u>	<u>95</u>	<u>-22.9</u>	<u>97</u>	<u>-4.8</u>	<u>97</u>	<u>-1.5</u>	<u>98</u>	<u>6.2</u>	<u>97</u>	<u>2.1</u>	<u>Jan-14</u>
Over/Under			13.3		31.1		10.5		9.7				8.6	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		14.0	<i>Jan-14</i>
OCP Asia Orchard Landmark II	112,801,670	0.5	-1.8	94	7.5	94	9.5	94	14.3	72	--	--	10.9	May-16
<i>JACI Non-Investment Grade Corporates</i>			<u>-10.8</u>	<u>95</u>	<u>-22.9</u>	<u>97</u>	<u>-4.8</u>	<u>97</u>	<u>-1.5</u>	<u>98</u>	<u>6.2</u>	<u>97</u>	<u>0.2</u>	<u>May-16</u>
Over/Under			9.0		30.4		14.3		15.8				10.7	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		16.5	<i>May-16</i>

¹ Fiscal Year ends December 31.

² Please note, all private market assets are reported on a lag.

³ Private Equity benchmark returns provided by Cambridge, subject to update once finalized by the custodian State Street.



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	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Thoma Bravo Fund XIII	108,796,669	0.5	1.0	34	16.7	93	37.5	1	--	--	--	--	36.1	Mar-19
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	23.0	Mar-19
Over/Under			-4.5		-22.3		13.0						13.1	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		19.5	Mar-19
Alcentra Clareant Direct Lending II	95,059,432	0.4	7.6	1	17.8	80	8.2	94	11.0	92	--	--	7.8	May-16
<i>CS Western European Leveraged Loan Index</i>			-2.0	94	-1.8	95	3.3	95	3.9	96	3.2	99	3.3	May-16
Over/Under			9.6		19.6		4.9		7.1				4.5	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		16.5	May-16
DBL Partners TIAB 2018	81,527,555	0.4	30.8	1	95.2	1	39.1	1	--	--	--	--	36.7	Feb-19
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	22.3	Feb-19
Over/Under			25.3		56.2		14.6						14.4	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		18.9	Feb-19
Vista Equity Partners Fund VII	80,550,384	0.4	16.8	1	43.0	11	13.9	92	--	--	--	--	12.8	Mar-19
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	23.0	Mar-19
Over/Under			11.3		4.0		-10.6						-10.2	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		19.5	Mar-19
Harvest Fund VII	79,467,224	0.4	3.3	15	35.3	20	--	--	--	--	--	--	21.8	Nov-19
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	26.9	Nov-19
Over/Under			-2.2		-3.7								-5.1	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		23.1	Nov-19
Thoma Bravo Fund XIV	70,999,766	0.3	-0.1	83	--	--	--	--	--	--	--	--	-0.5	May-21
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	39.0	May-21
Over/Under			-5.6										-39.5	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		24.9	May-21
Stone Point Trident VIII	60,384,101	0.3	8.4	1	35.4	1	--	--	--	--	--	--	20.6	Apr-20
<i>Cambridge Associates Private Equity Index</i>			5.5	1	39.0	1	24.5	1	20.2	1	16.6	1	31.6	Apr-20
Over/Under			2.9		-3.6								-11.0	
<i>InvMetrics Public DB US Eq Net Median</i>			-4.9		11.5		17.1		14.4		13.4		28.2	Apr-20

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	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
DBL Partners TIAB 2020	57,651,715	0.3	29.8	1	90.5	1	--	--	--	--	--	--	47.1	Aug-20
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	46.1	Aug-20
Over/Under			24.3		51.5								1.0	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		34.2	Aug-20
Oak HC/FT III	52,501,092	0.2	28.6	1	98.4	1	--	--	--	--	--	--	47.8	Nov-19
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	26.9	Nov-19
Over/Under			23.1		59.4								20.9	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		23.1	Nov-19
Park Square Capital Credit Opportunities III	47,169,039	0.2	3.1	16	9.0	94	7.0	95	--	--	--	--	6.6	Feb-18
<i>CS Western European Leveraged Loan Index</i>			-2.0	94	-1.8	95	3.3	95	3.9	96	3.2	99	1.4	Feb-18
Over/Under			5.1		10.8		3.7						5.2	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		17.3	Feb-18
Spark Capital Growth Fund III	46,171,533	0.2	1.2	31	83.2	1	--	--	--	--	--	--	23.4	Apr-20
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	31.6	Apr-20
Over/Under			-4.3		44.2								-8.2	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		32.5	Apr-20
GGV Capital VII	41,987,443	0.2	3.7	13	20.0	75	15.3	88	--	--	--	--	14.4	Feb-19
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	22.3	Feb-19
Over/Under			-1.8		-19.0		-9.2						-7.9	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		18.9	Feb-19
Hellman Friedman CAP PTNR X	40,265,457	0.2	-1.2	94	--	--	--	--	--	--	--	--	-1.2	Nov-21
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	11.5	Nov-21
Over/Under			-6.7										-12.7	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		3.4	Nov-21
Clearlake Capital Partners VI	38,871,786	0.2	18.2	1	72.3	1	--	--	--	--	--	--	42.6	May-20
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	31.6	May-20
Over/Under			12.7		33.3								11.0	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		32.5	May-20

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	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Insight Partners VII	36,816,751	0.2	15.2	1	75.8	1	--	--	--	--	--	--	59.8	May-20
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	31.6	May-20
Over/Under			9.7		36.8								28.2	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		32.5	May-20
Advent Global Technology	36,376,136	0.2	-3.2	94	50.9	1	--	--	--	--	--	--	32.5	Feb-20
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	31.0	Feb-20
Over/Under			-8.7		11.9								1.5	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		25.4	Feb-20
H.I.G. Advantage Buyout Fund I	36,069,233	0.2	3.7	14	46.7	3	21.7	30	--	--	--	--	19.4	Oct-18
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	21.3	Oct-18
Over/Under			-1.8		7.7		-2.8						-1.9	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		17.7	Oct-18
Monroe Capital Private Credit Fund II	34,150,224	0.2	-3.1	17	20.0	75	10.9	94	10.0	94	--	--	11.1	May-16
<i>Credit Custom Index</i>			-4.4	95	-2.1	95	2.8	95	3.2	96	4.5	98	4.3	May-16
Over/Under			7.5		22.1		8.1		6.8				6.8	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		16.5	May-16
Cinven Fund VII	32,201,283	0.1	0.6	47	19.7	76	--	--	--	--	--	--	15.2	Apr-20
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	31.6	Apr-20
Over/Under			-4.9		-19.3								-16.4	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		32.5	Apr-20
Oak HC/FT IV	31,836,060	0.1	5.9	1	--	--	--	--	--	--	--	--	0.9	May-21
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	39.0	May-21
Over/Under			0.4										-38.1	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		24.9	May-21
Genstar Capital Partners IX	31,365,217	0.1	4.4	6	41.1	14	--	--	--	--	--	--	--	Jul-19
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	24.8	Jul-19
Over/Under			-1.1		2.1									
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		20.7	Jul-19

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	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Hellman Friedman Capital Partners IX	30,630,129	0.1	4.8	4	31.8	25	--	--	--	--	--	--	20.0	Apr-20
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	31.6	Apr-20
Over/Under			-0.7		-7.2								-11.6	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		32.5	Apr-20
General Catalyst X Growth Vent	29,394,570	0.1	3.4	15	83.9	1	--	--	--	--	--	--	55.3	Jun-20
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	33.2	Jun-20
Over/Under			-2.1		44.9								22.1	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		34.6	Jun-20
Accell-KKR Growth Fund III	24,933,354	0.1	4.9	4	45.1	8	--	--	--	--	--	--	--	Jul-19
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	24.8	Jul-19
Over/Under			-0.6		6.1									
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		20.7	Jul-19
EQT Ventures II	24,315,421	0.1	41.0	1	97.5	1	--	--	--	--	--	--	28.0	Jan-20
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	29.6	Jan-20
Over/Under			35.5		58.5								-1.6	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		24.3	Jan-20
One Rock Partners III	23,033,307	0.1	36.5	1	--	--	--	--	--	--	--	--	29.7	Jun-21
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	39.0	Jun-21
Over/Under			31.0										-9.3	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		22.6	Jun-21
Healthquest Partners III	21,674,721	0.1	14.4	1	51.5	1	--	--	--	--	--	--	1.9	Sep-19
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	26.6	Sep-19
Over/Under			8.9		12.5								-24.7	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		22.2	Sep-19
General Catalyst X Early Vent	19,327,693	0.1	14.8	1	166.5	1	--	--	--	--	--	--	57.8	Jun-20
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	33.2	Jun-20
Over/Under			9.3		127.5								24.6	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		34.6	Jun-20

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HG Saturn 2	18,307,834	0.1	8.6	1	82.0	1	--	--	--	--	--	--	185.1	Jul-20
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	43.5	Jul-20
Over/Under			3.1		43.0								141.6	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		35.8	Jul-20
Advent International GPE IX	16,797,438	0.1	5.2	3	155.0	1	--	--	--	--	--	--	67.7	Oct-19
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	25.9	Oct-19
Over/Under			-0.3		116.0								41.8	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		22.2	Oct-19
General Catalyst Group X Endurance	15,108,658	0.1	1.4	29	32.5	24	--	--	--	--	--	--	36.2	May-20
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	31.6	May-20
Over/Under			-4.1		-6.5								4.6	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		32.5	May-20
GGV Capital VIII	13,685,893	0.1	5.7	1	16.5	93	--	--	--	--	--	--	16.5	Apr-21
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	39.0	Apr-21
Over/Under			0.2		-22.5								-22.5	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		26.4	Apr-21
Stellex Capital Partners II	13,580,173	0.1	-1.7	94	--	--	--	--	--	--	--	--	-15.0	May-21
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	39.0	May-21
Over/Under			-7.2										-54.0	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		24.9	May-21
Vitruvian Investment PTR IV	12,462,449	0.1	10.5	1	--	--	--	--	--	--	--	--	-79.5	Dec-20
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	50.1	Dec-20
Over/Under			5.0										-129.6	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		34.5	Dec-20
Accel-KKR Capital Partners VI	12,128,439	0.1	5.4	2	-28.9	97	--	--	--	--	--	--	-46.5	Mar-21
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	50.1	Mar-21
Over/Under			-0.1		-67.9								-96.6	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		30.9	Mar-21

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Spark Capital VI	11,829,919	0.1	3.0	17	3.3	95	--	--	--	--	--	--	-7.7	Apr-20
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	2	<u>39.0</u>	16	<u>24.5</u>	20	<u>20.2</u>	19	<u>16.6</u>	13	<u>31.6</u>	Apr-20
Over/Under			-2.5		-35.7								-39.3	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		32.5	Apr-20
WestCap SOF II	11,594,232	0.1	10.4	1	--	--	--	--	--	--	--	--	10.8	Nov-21
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	2	<u>39.0</u>	16	<u>24.5</u>	20	<u>20.2</u>	19	<u>16.6</u>	13	<u>11.5</u>	Nov-21
Over/Under			4.9										-0.7	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		3.4	Nov-21
Insight Partners XII	11,312,753	0.1	2.4	21	--	--	--	--	--	--	--	--	0.3	Aug-21
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	2	<u>39.0</u>	16	<u>24.5</u>	20	<u>20.2</u>	19	<u>16.6</u>	13	<u>26.1</u>	Aug-21
Over/Under			-3.1										-25.8	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		10.5	Aug-21
C Bridge Healthcare Fund V	10,115,951	0.0												
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	2	<u>39.0</u>	16	<u>24.5</u>	20	<u>20.2</u>	19	<u>16.6</u>	13	<u>5.5</u>	Feb-22
Over/Under														
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		0.4	Feb-22
Enak Aggregator LP	10,021,763	0.0												
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	2	<u>39.0</u>	16	<u>24.5</u>	20	<u>20.2</u>	19	<u>16.6</u>	13	<u>5.5</u>	Feb-22
Over/Under														
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		0.4	Feb-22
Altaris Health Partners V	9,841,746	0.0	1.6	28	--	--	--	--	--	--	--	--	1.6	May-21
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	2	<u>39.0</u>	16	<u>24.5</u>	20	<u>20.2</u>	19	<u>16.6</u>	13	<u>39.0</u>	May-21
Over/Under			-3.9										-37.4	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		24.9	May-21
General Catalyst GRP XI END	9,773,264	0.0	1.0	32	--	--	--	--	--	--	--	--	1.0	Nov-21
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	2	<u>39.0</u>	16	<u>24.5</u>	20	<u>20.2</u>	19	<u>16.6</u>	13	<u>11.5</u>	Nov-21
Over/Under			-4.5										-10.5	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		3.4	Nov-21

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T VIII Mercury Co-Invest	9,370,188	0.0	0.0	77	--	--	--	--	--	--	--	--	-0.2	Aug-21
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	26.1	Aug-21
Over/Under			-5.5										-26.3	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		10.5	Aug-21
Minerva Partners	9,010,827	0.0	--	--	--	--	--	--	--	--	--	--	0.0	Mar-22
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	5.5	Mar-22
Over/Under													-5.5	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		0.0	Mar-22
HIG Middles Market LBO III	8,456,726	0.0	33.7	1	42.9	11	--	--	--	--	--	--	-73.4	Dec-19
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	28.0	Dec-19
Over/Under			28.2		3.9								-101.4	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		24.0	Dec-19
HG Genesis 9	7,998,573	0.0	5.2	3	157.6	1	--	--	--	--	--	--	139.5	Mar-21
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	50.1	Mar-21
Over/Under			-0.3		118.6								89.4	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		30.9	Mar-21
Biloxi Co-Investment Partners	7,272,064	0.0	0.0	63	--	--	--	--	--	--	--	--	0.0	Sep-21
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	26.1	Sep-21
Over/Under			-5.5										-26.1	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		10.5	Sep-21
Falcon Co Investment Partners	7,260,167	0.0												
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	5.5	Feb-22
Over/Under														
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		0.4	Feb-22
FSN Capital VI	5,802,537	0.0	16.5	1	--	--	--	--	--	--	--	--	-6.2	Aug-21
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	26.1	Aug-21
Over/Under			11.0										-32.3	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		10.5	Aug-21

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	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Greenoaks Capital OPP IV	5,593,525	0.0	-3.9	94	--	--	--	--	--	--	--	--	-3.9	Nov-21
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	11.5	Nov-21
Over/Under			-9.4										-15.4	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		3.4	Nov-21
Project Steam Co Invest Fund	5,001,335	0.0	-0.1	82	--	--	--	--	--	--	--	--	-0.1	Oct-21
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	11.5	Oct-21
Over/Under			-5.6										-11.6	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		3.5	Oct-21
Proofpoint Co-Invest Fund	5,000,200	0.0	0.0	65	--	--	--	--	--	--	--	--	-0.1	Sep-21
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	26.1	Sep-21
Over/Under			-5.5										-26.2	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		10.5	Sep-21
GGV Discovery III	4,836,784	0.0	12.4	1	40.1	15	--	--	--	--	--	--	40.1	Apr-21
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	39.0	Apr-21
Over/Under			6.9		1.1								1.1	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		26.4	Apr-21
Genstar Capital Partners X	4,563,693	0.0	9.4	1	--	--	--	--	--	--	--	--	-76.2	Nov-21
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	11.5	Nov-21
Over/Under			3.9										-87.7	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		3.4	Nov-21
Spark Growth Fund IV	4,329,000	0.0												
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	5.5	Feb-22
Over/Under														
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		0.4	Feb-22
NEA VGE 18	3,285,000	0.0	--	--	--	--	--	--	--	--	--	--	0.0	Mar-22
<i>Cambridge Associates Private Equity Index</i>			5.5	2	39.0	16	24.5	20	20.2	19	16.6	13	5.5	Mar-22
Over/Under													-5.5	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		0.0	Mar-22

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	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
General Catalyst Group XI IGN	2,756,791	0.0	1.4	30	--	--	--	--	--	--	--	--	1.4	Nov-21
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	2	<u>39.0</u>	16	<u>24.5</u>	20	<u>20.2</u>	19	<u>16.6</u>	13	<u>11.5</u>	Nov-21
Over/Under			-4.1										-10.1	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		3.4	Nov-21
Orchid Asia VIII	2,563,952	0.0	--	--	--	--	--	--	--	--	--	--	-5.5	Mar-22
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	2	<u>39.0</u>	16	<u>24.5</u>	20	<u>20.2</u>	19	<u>16.6</u>	13	<u>5.5</u>	Mar-22
Over/Under													-11.0	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		0.0	Mar-22
Advent Global Technology II	2,393,712	0.0	--	--	--	--	--	--	--	--	--	--	-4.6	Mar-22
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	2	<u>39.0</u>	16	<u>24.5</u>	20	<u>20.2</u>	19	<u>16.6</u>	13	<u>5.5</u>	Mar-22
Over/Under													-10.1	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		0.0	Mar-22
Mayfield XVI	2,357,758	0.0	8.5	1	-4.3	95	--	--	--	--	--	--	-4.3	Mar-21
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	2	<u>39.0</u>	16	<u>24.5</u>	20	<u>20.2</u>	19	<u>16.6</u>	13	<u>39.0</u>	Mar-21
Over/Under			3.0		-43.3								-43.3	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		26.4	Mar-21
Spark Capital VII	2,338,000	0.0	--	--	--	--	--	--	--	--	--	--	0.0	Mar-22
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	2	<u>39.0</u>	16	<u>24.5</u>	20	<u>20.2</u>	19	<u>16.6</u>	13	<u>5.5</u>	Mar-22
Over/Under													-5.5	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		0.0	Mar-22
Mayfield Select II	1,588,472	0.0	-0.8	92	--	--	--	--	--	--	--	--	-0.8	Dec-21
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	2	<u>39.0</u>	16	<u>24.5</u>	20	<u>20.2</u>	19	<u>16.6</u>	13	<u>11.5</u>	Dec-21
Over/Under			-6.3										-12.3	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		3.3	Dec-21
H.I.G. Capital Partners VI	1,042,918	0.0	25.0	1	352.4	1	--	--	--	--	--	--	210.2	Dec-20
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	2	<u>39.0</u>	16	<u>24.5</u>	20	<u>20.2</u>	19	<u>16.6</u>	13	<u>50.1</u>	Dec-20
Over/Under			19.5		313.4								160.1	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		34.5	Dec-20

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	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
NEA 18	930,000	0.0	--	--	--	--	--	--	--	--	--	--	0.0	Mar-22
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	2	<u>39.0</u>	16	<u>24.5</u>	20	<u>20.2</u>	19	<u>16.6</u>	13	<u>5.5</u>	Mar-22
Over/Under													-5.5	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		0.0	Mar-22
H.I.G. Europe Cap Partners III	711,142	0.0	0.0	62	-73.4	99	--	--	--	--	--	--	-68.8	Feb-21
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	2	<u>39.0</u>	16	<u>24.5</u>	20	<u>20.2</u>	19	<u>16.6</u>	13	<u>45.8</u>	Feb-21
Over/Under			-5.5		-112.4								-114.6	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		28.4	Feb-21
General Catalyst Grp XI CREA	488,097	0.0	--	--	--	--	--	--	--	--	--	--	0.0	Mar-22
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	--	<u>39.0</u>	--	<u>24.5</u>	--	<u>20.2</u>	--	<u>16.6</u>	--	<u>5.5</u>	Mar-22
Over/Under													-5.5	
H.I.G. Europe Middle Market LBO Fund	459,754	0.0	0.0	63	-84.2	99	--	--	--	--	--	--	-81.3	Apr-20
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	2	<u>39.0</u>	16	<u>24.5</u>	20	<u>20.2</u>	19	<u>16.6</u>	13	<u>31.6</u>	Apr-20
Over/Under			-5.5		-123.2								-112.9	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		32.5	Apr-20
Park Square Capital LLP	188,844	0.0												
HarbourVest Partners	126,744	0.0	0.0	63	5.0	94	-11.6	98	-9.3	99	-2.1	99	3.9	Jun-92
<i>Cambridge Associates Private Equity Index</i>			<u>5.5</u>	2	<u>39.0</u>	16	<u>24.5</u>	20	<u>20.2</u>	19	<u>16.6</u>	13	<u>15.8</u>	Jun-92
Over/Under			-5.5		-34.0		-36.1		-29.5		-18.7		-11.9	
<i>InvMetrics Public DB Private Eq Net Median</i>			0.5		26.4		19.5		17.1		14.2		--	Jun-92

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	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Fixed Income	2,300,028,976	10.2	-4.5	7	-1.6	2	3.3	2	3.1	2	2.7	32	6.8	Dec-88
<i>Fixed Income Custom Index</i>			<i>-5.1</i>	<i>12</i>	<i>-2.5</i>	<i>3</i>	<i>2.9</i>	<i>5</i>	<i>2.8</i>	<i>13</i>	<i>2.6</i>	<i>44</i>	--	<i>Dec-88</i>
Over/Under			0.6		0.9		0.4		0.3		0.1			
<i>eV US Core Fixed Inc Net Median</i>			<i>-5.8</i>		<i>-4.0</i>		<i>2.0</i>		<i>2.4</i>		<i>2.5</i>		<i>5.9</i>	<i>Dec-88</i>
Investment Grade Bonds	1,746,585,338	7.8	-5.8	44	-3.8	34	2.2	29	2.6	25	2.3	68	6.4	Dec-88
<i>Bloomberg US Universal TR</i>			<i>-6.1</i>	<i>79</i>	<i>-4.2</i>	<i>72</i>	<i>1.9</i>	<i>64</i>	<i>2.3</i>	<i>56</i>	<i>2.6</i>	<i>45</i>	--	<i>Dec-88</i>
Over/Under			0.3		0.4		0.3		0.3		-0.3			
<i>eV US Core Fixed Inc Net Median</i>			<i>-5.8</i>		<i>-4.0</i>		<i>2.0</i>		<i>2.4</i>		<i>2.5</i>		<i>5.9</i>	<i>Dec-88</i>
BlackRock US Debt Index	526,227,287	2.3	-5.8	50	-4.1	58	1.8	74	2.2	67	2.4	65	4.6	Feb-00
<i>Bloomberg US Aggregate TR</i>			<i>-5.9</i>	<i>61</i>	<i>-4.2</i>	<i>65</i>	<i>1.7</i>	<i>78</i>	<i>2.1</i>	<i>77</i>	<i>2.2</i>	<i>77</i>	<i>4.5</i>	<i>Feb-00</i>
Over/Under			0.1		0.1		0.1		0.1		0.2		0.1	
<i>eV US Core Fixed Inc Net Median</i>			<i>-5.8</i>		<i>-4.0</i>		<i>2.0</i>		<i>2.4</i>		<i>2.5</i>		<i>4.8</i>	<i>Feb-00</i>
Dodge & Cox Core Fixed Income	326,797,327	1.5	-5.4	26	-3.8	67	3.1	24	3.2	18	--	--	3.0	Apr-15
<i>Bloomberg US Aggregate TR</i>			<i>-5.9</i>	<i>52</i>	<i>-4.2</i>	<i>82</i>	<i>1.7</i>	<i>96</i>	<i>2.1</i>	<i>95</i>	<i>2.2</i>	<i>99</i>	<i>1.9</i>	<i>Apr-15</i>
Over/Under			0.5		0.4		1.4		1.1		1.1		1.1	
<i>eV US Core Plus Fixed Inc Net Median</i>			<i>-5.9</i>		<i>-3.6</i>		<i>2.5</i>		<i>2.8</i>		<i>3.1</i>		<i>2.6</i>	<i>Apr-15</i>
Schroders Value Core	310,977,961	1.4	-6.3	88	-4.2	71	2.5	17	--	--	--	--	2.8	Feb-18
<i>Bloomberg US Aggregate TR</i>			<i>-5.9</i>	<i>61</i>	<i>-4.2</i>	<i>65</i>	<i>1.7</i>	<i>78</i>	<i>2.1</i>	<i>77</i>	<i>2.2</i>	<i>77</i>	<i>2.2</i>	<i>Feb-18</i>
Over/Under			-0.4		0.0		0.8		0.8		0.6		0.6	
<i>eV US Core Fixed Inc Net Median</i>			<i>-5.8</i>		<i>-4.0</i>		<i>2.0</i>		<i>2.4</i>		<i>2.5</i>		<i>2.4</i>	<i>Feb-18</i>
PIMCO Total Return	300,194,192	1.3	-5.6	35	-3.2	27	1.9	88	2.5	80	2.9	72	6.7	Dec-88
<i>Bloomberg US Aggregate TR</i>			<i>-5.9</i>	<i>52</i>	<i>-4.2</i>	<i>82</i>	<i>1.7</i>	<i>96</i>	<i>2.1</i>	<i>95</i>	<i>2.2</i>	<i>99</i>	<i>5.7</i>	<i>Dec-88</i>
Over/Under			0.3		1.0		0.2		0.4		0.7		1.0	
<i>eV US Core Plus Fixed Inc Net Median</i>			<i>-5.9</i>		<i>-3.6</i>		<i>2.5</i>		<i>2.8</i>		<i>3.1</i>		<i>6.4</i>	<i>Dec-88</i>
Longfellow Core	282,388,571	1.3	-5.9	55	-3.6	19	2.5	17	--	--	--	--	2.7	Feb-18
<i>Bloomberg US Aggregate TR</i>			<i>-5.9</i>	<i>61</i>	<i>-4.2</i>	<i>65</i>	<i>1.7</i>	<i>78</i>	<i>2.1</i>	<i>77</i>	<i>2.2</i>	<i>77</i>	<i>2.2</i>	<i>Feb-18</i>
Over/Under			0.0		0.6		0.8		0.8		0.5		0.5	
<i>eV US Core Fixed Inc Net Median</i>			<i>-5.8</i>		<i>-4.0</i>		<i>2.0</i>		<i>2.4</i>		<i>2.5</i>		<i>2.4</i>	<i>Feb-18</i>

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TIPS	553,443,638	2.5	-0.2	11	6.1	1	6.9	1	4.9	1	--	--	4.9	Dec-16
<i>US TIPS Benchmark</i>			<i>-0.3</i>	<i>11</i>	<i>5.5</i>	<i>2</i>	<i>6.6</i>	<i>1</i>	<i>4.7</i>	<i>5</i>	<i>--</i>	<i>--</i>	<i>4.6</i>	<i>Dec-16</i>
Over/Under			0.1		0.6		0.3		0.2				0.3	
<i>eV Global Inflation Indexed Fixed Inc Net Median</i>			<i>-3.3</i>		<i>2.0</i>		<i>4.6</i>		<i>4.0</i>		<i>2.5</i>		<i>4.2</i>	<i>Dec-16</i>
BlackRock U.S. TIPS	553,443,638	2.5	-0.2	11	6.1	1	6.9	1	4.9	1	--	--	4.9	Nov-16
<i>US TIPS Benchmark</i>			<i>-0.3</i>	<i>11</i>	<i>5.5</i>	<i>2</i>	<i>6.6</i>	<i>1</i>	<i>4.7</i>	<i>5</i>	<i>--</i>	<i>--</i>	<i>4.6</i>	<i>Nov-16</i>
Over/Under			0.1		0.6		0.3		0.2				0.3	
<i>eV Global Inflation Indexed Fixed Inc Net Median</i>			<i>-3.3</i>		<i>2.0</i>		<i>4.6</i>		<i>4.0</i>		<i>2.5</i>		<i>4.2</i>	<i>Nov-16</i>
Credit	1,647,602,786	7.3	-1.7	2	2.5	1	4.1	11	4.3	8	9.2	1	7.4	Oct-07
<i>Credit Custom Index</i>			<i>-4.4</i>	<i>6</i>	<i>-2.1</i>	<i>5</i>	<i>2.8</i>	<i>54</i>	<i>3.2</i>	<i>69</i>	<i>4.5</i>	<i>17</i>	<i>5.1</i>	<i>Oct-07</i>
Over/Under			2.7		4.6		1.3		1.1		4.7		2.3	
<i>eV Global Credit Fixed Inc Net Median</i>			<i>-7.0</i>		<i>-5.1</i>		<i>2.8</i>		<i>3.3</i>		<i>3.7</i>		<i>4.9</i>	<i>Oct-07</i>
Corporate Credit	460,108,031	2.0	-4.5	68	-1.6	31	3.7	16	--	--	--	--	3.3	Jan-18
<i>Bloomberg US High Yield TR</i>			<i>-4.8</i>	<i>70</i>	<i>-0.7</i>	<i>18</i>	<i>4.6</i>	<i>9</i>	<i>4.7</i>	<i>3</i>	<i>5.7</i>	<i>1</i>	<i>4.4</i>	<i>Jan-18</i>
Over/Under			0.3		-0.9		-0.9						-1.1	
<i>eV Global Unconstrained Fixed Inc Net Median</i>			<i>-3.4</i>		<i>-3.3</i>		<i>2.2</i>		<i>2.6</i>		<i>2.9</i>		<i>2.1</i>	<i>Jan-18</i>
Loomis Sayles High Yield	281,994,349	1.3	-4.9	91	-2.7	99	3.1	94	3.3	94	5.3	56	9.3	Dec-88
<i>Loomis Sayles Custom Index (50% BC Agg & 50% BC US HY + 100bps)</i>			<i>-5.1</i>	<i>94</i>	<i>-1.7</i>	<i>96</i>	<i>3.7</i>	<i>79</i>	<i>3.9</i>	<i>74</i>	<i>4.5</i>	<i>87</i>	<i>7.2</i>	<i>Dec-88</i>
Over/Under			0.2		-1.0		-0.6		-0.6		0.8		2.1	
<i>eV US High Yield Fixed Inc Net Median</i>			<i>-3.9</i>		<i>0.0</i>		<i>4.4</i>		<i>4.4</i>		<i>5.4</i>		<i>7.2</i>	<i>Dec-88</i>
Beach Point Dynamic High Yield Fund	178,106,065	0.8	-3.8	5	0.0	1	4.3	10	4.3	8	--	--	5.3	Sep-15
<i>Beach Point Custom Blend</i>			<i>-2.5</i>	<i>3</i>	<i>1.3</i>	<i>1</i>	<i>4.4</i>	<i>10</i>	<i>4.4</i>	<i>8</i>	<i>--</i>	<i>--</i>	<i>5.0</i>	<i>Sep-15</i>
Over/Under			-1.3		-1.3		-0.1		-0.1				0.3	
<i>eV Global Credit Fixed Inc Net Median</i>			<i>-7.0</i>		<i>-5.1</i>		<i>2.8</i>		<i>3.3</i>		<i>3.7</i>		<i>3.7</i>	<i>Sep-15</i>

¹ Fiscal Year ends December 31.

² Please note, the performance for Beach Point Dynamic High Yield Fund is reported on a one-month lag.



Orange County Employees Retirement System

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	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Private Credit	630,638,920	2.8	6.2	1	19.5	1	10.6	1	--	--	--	--	9.0	Nov-17
<i>Private Credit Custom Benchmark</i>			<i>-0.9</i>	<i>1</i>	<i>1.2</i>	<i>1</i>	<i>3.8</i>	<i>16</i>	<i>3.8</i>	<i>16</i>	<i>4.4</i>	<i>19</i>	<i>3.8</i>	<i>Nov-17</i>
Over/Under			7.1		18.3		6.8						5.2	
<i>eV Global Credit Fixed Inc Net Median</i>			-7.0		-5.1		2.8		3.3		3.7		2.7	<i>Nov-17</i>
Owl Rock Technology Fin Corp.	120,009,894	0.5	22.7	1	47.4	1	16.7	1	--	--	--	--	14.3	Jan-19
<i>Credit Suisse Leveraged Loans</i>			<i>-0.1</i>	<i>1</i>	<i>3.2</i>	<i>1</i>	<i>4.1</i>	<i>11</i>	<i>4.1</i>	<i>9</i>	<i>4.5</i>	<i>18</i>	<i>5.0</i>	<i>Jan-19</i>
Over/Under			22.8		44.2		12.6						9.3	
<i>eV Global Credit Fixed Inc Net Median</i>			-7.0		-5.1		2.8		3.3		3.7		4.3	<i>Jan-19</i>
SVP Dislocation Fund LP	93,164,597	0.4	3.2	1	30.7	1	--	--	--	--	--	--	20.2	Jun-20
<i>Credit Suisse Leveraged Loans</i>			<i>-0.1</i>	<i>1</i>	<i>3.2</i>	<i>1</i>	<i>4.1</i>	<i>11</i>	<i>4.1</i>	<i>9</i>	<i>4.5</i>	<i>18</i>	<i>8.0</i>	<i>Jun-20</i>
Over/Under			3.3		27.5								12.2	
<i>eV Global Credit Fixed Inc Net Median</i>			-7.0		-5.1		2.8		3.3		3.7		-0.1	<i>Jun-20</i>
Monroe Capital Private Credit Fund III	69,374,608	0.3	2.2	1	8.6	1	8.0	1	--	--	--	--	8.1	Nov-18
<i>Credit Suisse Leveraged Loans</i>			<i>-0.1</i>	<i>1</i>	<i>3.2</i>	<i>1</i>	<i>4.1</i>	<i>11</i>	<i>4.1</i>	<i>9</i>	<i>4.5</i>	<i>18</i>	<i>3.8</i>	<i>Nov-18</i>
Over/Under			2.3		5.4		3.9						4.3	
<i>eV Global Credit Fixed Inc Net Median</i>			-7.0		-5.1		2.8		3.3		3.7		3.9	<i>Nov-18</i>
Alcentra Direct Lending Fund III	62,363,710	0.3	1.8	1	7.9	1	--	--	--	--	--	--	9.0	May-19
<i>CS Western European Leveraged Loan Index</i>			<i>-2.0</i>	<i>3</i>	<i>-1.8</i>	<i>4</i>	<i>3.3</i>	<i>30</i>	<i>3.9</i>	<i>14</i>	<i>3.2</i>	<i>68</i>	<i>3.4</i>	<i>May-19</i>
Over/Under			3.8		9.7								5.6	
<i>eV Global Credit Fixed Inc Net Median</i>			-7.0		-5.1		2.8		3.3		3.7		2.4	<i>May-19</i>
Pathlight Capital Fund II	57,478,023	0.3	1.1	1	--	--	--	--	--	--	--	--	1.1	Jan-22
<i>Credit Suisse Leveraged Loans</i>			<i>-0.1</i>	<i>1</i>	<i>3.2</i>	<i>1</i>	<i>4.1</i>	<i>11</i>	<i>4.1</i>	<i>9</i>	<i>4.5</i>	<i>18</i>	<i>-0.1</i>	<i>Jan-22</i>
Over/Under			1.2										1.2	
<i>eV Global Credit Fixed Inc Net Median</i>			-7.0		-5.1		2.8		3.3		3.7		-7.0	<i>Jan-22</i>

¹ Fiscal Year ends December 31.

² Please note, the following Private Credit funds reflect performance on a one-month lag: Cross Ocean ESS Fund II, Arcmont Direct Lending Fund II, Crescent Direct Lending, Cross Ocean ESS Fund I, CVI Credit Value Fund V, and **Crayhill**. In addition, the performance for the following Private Credit funds are reported on a one-quarter lag: Tennenbaum Senior Loan, Monroe Senior Secured Loan Fund, Monroe Capital Private Credit Fund III, Owl Rock Technology Fin Corp. Owl Rock Technology Fin Corp II, NXT Senior Loan, Hayfin Direct Lending, Arcmont Direct Lending Fund III, Alcentra Direct Lending Fund III and SVP Dislocation Fund LP.

³ Please note PIMCO Dynamic Bond Fund market value of \$7,617 is not included in the analytic.



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	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Arcmont Direct Lending Fund III	52,763,313	0.2	1.4	1	7.4	1	--	--	--	--	--	--	6.4	May-19
<i>CS Western European Leveraged Loan Index</i>			-2.0	3	-1.8	4	3.3	30	3.9	14	3.2	68	3.4	May-19
Over/Under			3.4		9.2								3.0	
<i>eV Global Credit Fixed Inc Net Median</i>			-7.0		-5.1		2.8		3.3		3.7		2.4	May-19
Cross Ocean ESS Fund II	49,956,022	0.2	1.1	1	15.9	1	10.4	1	8.6	1	--	--	9.8	May-16
<i>CS Western European Leveraged Loan Index</i>			-2.0	3	-1.8	4	3.3	30	3.9	14	3.2	68	3.3	May-16
Over/Under			3.1		17.7		7.1		4.7				6.5	
<i>eV Global Credit Fixed Inc Net Median</i>			-7.0		-5.1		2.8		3.3		3.7		3.3	May-16
Owl Rock Technology Fin Corp. II	33,870,041	0.2	--	--	--	--	--	--	--	--	--	--	0.0	Mar-22
<i>Credit Suisse Leveraged Loans</i>			-0.1	1	3.2	1	4.1	11	4.1	9	4.5	18	0.0	Mar-22
Over/Under													0.0	
<i>eV Global Credit Fixed Inc Net Median</i>			-7.0		-5.1		2.8		3.3		3.7		-2.1	Mar-22
CVI Credit Value Fund V	23,272,471	0.1	-0.6	1	9.8	1	--	--	--	--	--	--	7.3	Dec-20
<i>Credit Suisse Leveraged Loans</i>			-0.1	1	3.2	1	4.1	11	4.1	9	4.5	18	5.0	Dec-20
Over/Under			-0.5		6.6								2.3	
<i>eV Global Credit Fixed Inc Net Median</i>			-7.0		-5.1		2.8		3.3		3.7		-5.3	Dec-20
Tennenbaum Senior Loan	21,384,884	0.1	-1.5	2	6.3	1	3.1	41	4.1	9	--	--	7.0	Oct-13
<i>Credit Suisse Leveraged Loans</i>			-0.1	1	3.2	1	4.1	11	4.1	9	4.5	18	4.1	Oct-13
Over/Under			-1.4		3.1		-1.0		0.0				2.9	
<i>eV Global Credit Fixed Inc Net Median</i>			-7.0		-5.1		2.8		3.3		3.7		3.7	Oct-13
Crayhill Principal STR Fund II	20,945,809	0.1	67.1	1	--	--	--	--	--	--	--	--	70.1	Jun-21
<i>Credit Suisse Leveraged Loans</i>			-0.1	1	3.2	1	4.1	11	4.1	9	4.5	18	2.2	Jun-21
Over/Under			67.2										67.9	
<i>eV Global Credit Fixed Inc Net Median</i>			-7.0		-5.1		2.8		3.3		3.7		-6.1	Jun-21
Arcmont Direct Lending Fund II	14,125,326	0.1	3.9	1	13.5	1	9.4	1	9.4	1	--	--	8.5	Jul-15
<i>CS Western European Leveraged Loan Index</i>			-2.0	3	-1.8	4	3.3	30	3.9	14	3.2	68	3.4	Jul-15
Over/Under			5.9		15.3		6.1		5.5				5.1	
<i>eV Global Credit Fixed Inc Net Median</i>			-7.0		-5.1		2.8		3.3		3.7		3.5	Jul-15

¹ Fiscal Year ends December 31.
² Please note, all private market assets are reported on a lag.



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	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Crescent Direct Lending	5,350,272	0.0	0.0	1	5.2	1	6.7	1	6.6	1	--	--	5.4	Oct-13
<i>Credit Suisse Leveraged Loans</i>			<i>-0.1</i>	<i>1</i>	<i>3.2</i>	<i>1</i>	<i>4.1</i>	<i>11</i>	<i>4.1</i>	<i>9</i>	<i>4.5</i>	<i>18</i>	<i>4.1</i>	<i>Oct-13</i>
Over/Under			0.1		2.0		2.6		2.5				1.3	
<i>eV Global Credit Fixed Inc Net Median</i>			<i>-7.0</i>		<i>-5.1</i>		<i>2.8</i>		<i>3.3</i>		<i>3.7</i>		<i>3.7</i>	<i>Oct-13</i>
Cross Ocean ESS Fund I	3,041,212	0.0	-0.9	2	-4.5	26	2.4	64	1.9	99	--	--	3.5	Jan-14
<i>CS Western European Leveraged Loan Index</i>			<i>-2.0</i>	<i>3</i>	<i>-1.8</i>	<i>4</i>	<i>3.3</i>	<i>30</i>	<i>3.9</i>	<i>14</i>	<i>3.2</i>	<i>68</i>	<i>1.9</i>	<i>Jan-14</i>
Over/Under			1.1		-2.7		-0.9		-2.0				1.6	
<i>eV Global Credit Fixed Inc Net Median</i>			<i>-7.0</i>		<i>-5.1</i>		<i>2.8</i>		<i>3.3</i>		<i>3.7</i>		<i>3.6</i>	<i>Jan-14</i>
NXT Senior Loan	2,207,126	0.0	-17.9	99	-18.0	99	-6.9	99	-2.3	99	--	--	1.7	Sep-13
<i>Credit Suisse Leveraged Loans</i>			<i>-0.1</i>	<i>1</i>	<i>3.2</i>	<i>1</i>	<i>4.1</i>	<i>11</i>	<i>4.1</i>	<i>9</i>	<i>4.5</i>	<i>18</i>	<i>4.1</i>	<i>Sep-13</i>
Over/Under			-17.8		-21.2		-11.0		-6.4				-2.4	
<i>eV Global Credit Fixed Inc Net Median</i>			<i>-7.0</i>		<i>-5.1</i>		<i>2.8</i>		<i>3.3</i>		<i>3.7</i>		<i>3.8</i>	<i>Sep-13</i>
Hayfin Direct Lending	1,299,674	0.0	0.4	1	20.1	1	10.6	1	12.2	1	--	--	8.6	Jan-14
<i>CS Western European Leveraged Loan Index</i>			<i>-2.0</i>	<i>3</i>	<i>-1.8</i>	<i>4</i>	<i>3.3</i>	<i>30</i>	<i>3.9</i>	<i>14</i>	<i>3.2</i>	<i>68</i>	<i>1.9</i>	<i>Jan-14</i>
Over/Under			2.4		21.9		7.3		8.3				6.7	
<i>eV Global Credit Fixed Inc Net Median</i>			<i>-7.0</i>		<i>-5.1</i>		<i>2.8</i>		<i>3.3</i>		<i>3.7</i>		<i>3.6</i>	<i>Jan-14</i>
Monroe Senior Secured Loan Fund	31,938	0.0												

¹ Fiscal Year ends December 31.

² Please note, all private market assets are reported on a lag.



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	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Emerging Market Debt	478,786,037	2.1	-8.0	54	-10.5	97	-2.2	95	-0.2	89	--	--	-1.3	Feb-13
<i>Emerging Market Debt Custom Benchmark</i>			<u>-8.3</u>	<u>62</u>	<u>-8.0</u>	<u>74</u>	<u>-0.4</u>	<u>79</u>	<u>0.9</u>	<u>72</u>	<u>0.9</u>	<u>70</u>	<u>0.0</u>	<u>Feb-13</u>
Over/Under			0.3		-2.5		-1.8		-1.1				-1.3	
<i>eV All Emg Mkts Fixed Inc Net Median</i>			-7.7		-6.8		0.6		1.6		2.8		1.9	Feb-13
Wellington Blended Opportunities EM Debt	199,234,808	0.9	-8.3	63	-7.9	73	0.3	55	--	--	--	--	0.3	Mar-19
<i>50% JPM GBI EM Diversified/50% JPM EMBI Global Diversified</i>			<u>-8.2</u>	<u>62</u>	<u>-8.0</u>	<u>74</u>	<u>-0.5</u>	<u>80</u>	<u>1.0</u>	<u>71</u>	<u>1.5</u>	<u>68</u>	<u>-0.5</u>	<u>Mar-19</u>
Over/Under			-0.1		0.1		0.8						0.8	
<i>eV All Emg Mkts Fixed Inc Net Median</i>			-7.7		-6.8		0.6		1.6		2.8		0.6	Mar-19
Ashmore EM Blended Debt	170,533,740	0.8	-9.6	87	-13.0	98	-4.4	99	--	--	--	--	-4.4	Apr-19
<i>50% JPM GBI EM Diversified/50% JPM EMBI Global Diversified</i>			<u>-8.2</u>	<u>62</u>	<u>-8.0</u>	<u>74</u>	<u>-0.5</u>	<u>80</u>	<u>1.0</u>	<u>71</u>	<u>1.5</u>	<u>68</u>	<u>-0.5</u>	<u>Apr-19</u>
Over/Under			-1.4		-5.0		-3.9						-3.9	
<i>eV All Emg Mkts Fixed Inc Net Median</i>			-7.7		-6.8		0.6		1.6		2.8		0.6	Apr-19
Pharo Management (UK)	109,017,489	0.5	-4.9	--	-10.9	--	-0.8	--	2.8	--	--	--	5.3	May-13
<i>HFRI Macro (Total) Index</i>			<u>6.7</u>	--	<u>10.3</u>	--	<u>8.0</u>	--	<u>4.8</u>	--	<u>2.8</u>	--	<u>3.0</u>	<u>May-13</u>
Over/Under			-11.6		-21.2		-8.8		-2.0				2.3	
Opportunistic Credit	78,069,798	0.3	1.7	1	11.7	1	8.7	1	--	--	--	--	7.0	Jan-18
<i>Bloomberg US High Yield TR</i>			<u>-4.8</u>	<u>7</u>	<u>-0.7</u>	<u>2</u>	<u>4.6</u>	<u>9</u>	<u>4.7</u>	<u>6</u>	<u>5.7</u>	<u>6</u>	<u>4.4</u>	<u>Jan-18</u>
Over/Under			6.5		12.4		4.1						2.6	
<i>eV Global Credit Fixed Inc Net Median</i>			-7.0		-5.1		2.8		3.3		3.7		2.6	Jan-18
Silver Rock Tactical Allocation Fund	63,313,083	0.3	2.2	1	9.8	1	--	--	--	--	--	--	16.2	Feb-20
<i>Bloomberg US High Yield TR</i>			<u>-4.8</u>	<u>5</u>	<u>-0.7</u>	<u>1</u>	<u>4.6</u>	<u>3</u>	<u>4.7</u>	<u>1</u>	<u>5.7</u>	<u>1</u>	<u>3.3</u>	<u>Feb-20</u>
Over/Under			7.0		10.5								12.9	
<i>eV US Corporate Fixed Inc Net Median</i>			-7.6		-4.2		3.4		3.6		4.0		-0.3	Feb-20
PIMCO DiSCO III	14,756,715	0.1	-0.5	73	13.4	1	--	--	--	--	--	--	13.9	May-20
<i>Bloomberg US High Yield TR</i>			<u>-4.8</u>	<u>99</u>	<u>-0.7</u>	<u>99</u>	<u>4.6</u>	<u>7</u>	<u>4.7</u>	<u>5</u>	<u>5.7</u>	<u>2</u>	<u>8.8</u>	<u>May-20</u>
Over/Under			4.3		14.1								5.1	
<i>eV US Float-Rate Bank Loan Fixed Inc Net Median</i>			-0.3		2.7		3.5		3.4		3.9		8.4	May-20

¹ Fiscal Year ends December 31.



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	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Real Assets	2,428,218,919	10.8	6.7	--	24.8	--	7.0	--	5.9	--	--	--	5.9	Apr-17
<i>Real Assets Custom Blend</i>			<u>7.1</u>	--	<u>25.7</u>	--	<u>7.4</u>	--	<u>7.2</u>	--	<u>7.0</u>	--	<u>7.2</u>	<i>Apr-17</i>
Over/Under			-0.4		-0.9		-0.4		-1.3				-1.3	
Energy	581,354,457	2.6	9.9	--	42.3	--	2.4	--	1.3	--	--	--	2.9	Dec-12
<i>Cambridge Associates PE Energy (1Qtr Lagged)</i>			<u>7.3</u>	--	<u>32.7</u>	--	<u>1.9</u>	--	<u>2.8</u>	--	<u>2.5</u>	--	<u>2.5</u>	<i>Dec-12</i>
Over/Under			2.6		9.6		0.5		-1.5				0.4	
Kayne Anderson Private Energy	93,284,193	0.4	7.7	--	49.8	--	17.1	--	12.8	--	--	--	19.3	Apr-16
<i>Cambridge Associates PE Energy (1Qtr Lagged)</i>			<u>7.3</u>	--	<u>32.7</u>	--	<u>1.9</u>	--	<u>2.8</u>	--	<u>2.5</u>	--	<u>5.3</u>	<i>Apr-16</i>
Over/Under			0.4		17.1		15.2		10.0				14.0	
Warwick Partners IV	75,232,075	0.3	0.0	--	-3.6	--	--	--	--	--	--	--	--	Aug-19
<i>Cambridge Associates PE Energy (1Qtr Lagged)</i>			<u>7.3</u>	--	<u>32.7</u>	--	<u>1.9</u>	--	<u>2.8</u>	--	<u>2.5</u>	--	<u>1.5</u>	<i>Aug-19</i>
Over/Under			-7.3		-36.3									
Encap Energy Capital XI	73,083,753	0.3	15.3	--	58.4	--	-1.7	--	--	--	--	--	-11.9	Dec-17
<i>Cambridge Associates PE Energy (1Qtr Lagged)</i>			<u>7.3</u>	--	<u>32.7</u>	--	<u>1.9</u>	--	<u>2.8</u>	--	<u>2.5</u>	--	<u>2.6</u>	<i>Dec-17</i>
Over/Under			8.0		25.7		-3.6						-14.5	
Kayne Anderson Energy Fund VII	58,101,814	0.3	23.1	--	77.2	--	-26.6	--	-12.9	--	--	--	-6.9	Jan-16
<i>Cambridge Associates PE Energy (1Qtr Lagged)</i>			<u>7.3</u>	--	<u>32.7</u>	--	<u>1.9</u>	--	<u>2.8</u>	--	<u>2.5</u>	--	<u>3.7</u>	<i>Jan-16</i>
Over/Under			15.8		44.5		-28.5		-15.7				-10.6	
BlackRock PEP Energy	56,009,008	0.2	8.0	--	53.5	--	2.8	--	-8.7	--	--	--	-1.2	Oct-15
<i>Cambridge Associates PE Energy (1Qtr Lagged)</i>			<u>7.3</u>	--	<u>32.7</u>	--	<u>1.9</u>	--	<u>2.8</u>	--	<u>2.5</u>	--	<u>2.1</u>	<i>Oct-15</i>
Over/Under			0.7		20.8		0.9		-11.5				-3.3	
EIG Energy Fund XVI	39,374,113	0.2	10.1	--	24.0	--	4.2	--	6.8	--	--	--	-5.8	Oct-13
<i>Cambridge Associates PE Energy (1Qtr Lagged)</i>			<u>7.3</u>	--	<u>32.7</u>	--	<u>1.9</u>	--	<u>2.8</u>	--	<u>2.5</u>	--	<u>1.8</u>	<i>Oct-13</i>
Over/Under			2.8		-8.7		2.3		4.0				-7.6	
Kayne Anderson Private Energy Income II	36,707,293	0.2	11.6	--	25.3	--	38.6	--	--	--	--	--	33.1	Dec-18
<i>Cambridge Associates PE Energy (1Qtr Lagged)</i>			<u>7.3</u>	--	<u>32.7</u>	--	<u>1.9</u>	--	<u>2.8</u>	--	<u>2.5</u>	--	<u>0.4</u>	<i>Dec-18</i>
Over/Under			4.3		-7.4		36.7						32.7	
Tennenbaum Energy Opp	36,554,917	0.2	24.7	1	29.8	1	2.8	52	6.4	1	--	--	9.5	May-15
<i>Credit Suisse Leveraged Loans</i>			<u>-0.1</u>	<u>1</u>	<u>3.2</u>	<u>1</u>	<u>4.1</u>	<u>11</u>	<u>4.1</u>	<u>9</u>	<u>4.5</u>	<u>18</u>	<u>4.0</u>	<i>May-15</i>
Over/Under			24.8		26.6		-1.3		2.3				5.5	
<i>eV Global Credit Fixed Inc Net Median</i>			-7.0		-5.1		2.8		3.3		3.7		3.1	<i>May-15</i>

¹ Fiscal Year ends December 31.

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	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Kayne Anderson Energy VIII	32,221,895	0.1	13.9	--	69.4	--	-2.3	--	--	--	--	--	-3.3	Dec-18
<i>Cambridge Associates PE Energy (1Qtr Lagged)</i>			<u>7.3</u>	--	<u>32.7</u>	--	<u>1.9</u>	--	<u>2.8</u>	--	<u>2.5</u>	--	<u>0.4</u>	<i>Dec-18</i>
Over/Under			6.6		36.7		-4.2						-3.7	
Blackrock BAA	24,464,805	0.1	0.0	1	7.4	1	14.3	1	9.4	1	--	--	4.9	Oct-15
<i>Cambridge Associates PE Energy (1Qtr Lagged)</i>			<u>7.3</u>	<u>1</u>	<u>32.7</u>	<u>1</u>	<u>1.9</u>	<u>80</u>	<u>2.8</u>	<u>77</u>	<u>2.5</u>	<u>99</u>	<u>2.1</u>	<i>Oct-15</i>
Over/Under			-7.3		-25.3		12.4		6.6				2.8	
<i>eV Global Credit Fixed Inc Net Median</i>			-7.0		-5.1		2.8		3.3		3.7		3.8	<i>Oct-15</i>
Enervest Fund XIV	21,341,352	0.1	7.7	--	75.1	--	8.6	--	13.3	--	--	--	5.9	Oct-15
<i>Cambridge Associates PE Energy (1Qtr Lagged)</i>			<u>7.3</u>	--	<u>32.7</u>	--	<u>1.9</u>	--	<u>2.8</u>	--	<u>2.5</u>	--	<u>2.1</u>	<i>Oct-15</i>
Over/Under			0.4		42.4		6.7		10.5				3.8	
Encap Flatrock Midstream IV	17,945,785	0.1	-0.7	--	6.3	--	9.5	--	--	--	--	--	1.7	Feb-18
<i>Cambridge Associates PE Energy (1Qtr Lagged)</i>			<u>7.3</u>	--	<u>32.7</u>	--	<u>1.9</u>	--	<u>2.8</u>	--	<u>2.5</u>	--	<u>2.3</u>	<i>Feb-18</i>
Over/Under			-8.0		-26.4		7.6						-0.6	
EIG Energy Fund XV	9,463,041	0.0	4.0	--	25.4	--	-7.8	--	-4.4	--	-0.4	--	1.0	May-11
<i>Cambridge Associates PE Energy (1Qtr Lagged)</i>			<u>7.3</u>	--	<u>32.7</u>	--	<u>1.9</u>	--	<u>2.8</u>	--	<u>2.5</u>	--	<u>3.3</u>	<i>May-11</i>
Over/Under			-3.3		-7.3		-9.7		-7.2		-2.9		-2.3	
Brigade Energy Opportunities	4,659,692	0.0	2.4	1	5.0	1	-22.3	99	-17.0	99	--	--	-10.5	May-15
<i>Credit Custom Index</i>			<u>-4.4</u>	<u>6</u>	<u>-2.1</u>	<u>5</u>	<u>2.8</u>	<u>54</u>	<u>3.2</u>	<u>69</u>	<u>4.5</u>	<u>17</u>	<u>3.6</u>	<i>May-15</i>
Over/Under			6.8		7.1		-25.1		-20.2				-14.1	
<i>eV Global Credit Fixed Inc Net Median</i>			-7.0		-5.1		2.8		3.3		3.7		3.1	<i>May-15</i>
Kayne Anderson Energy Fund VI	2,762,151	0.0	41.3	--	80.2	--	6.9	--	-1.7	--	--	--	2.8	Dec-12
<i>Cambridge Associates PE Energy (1Qtr Lagged)</i>			<u>7.3</u>	--	<u>32.7</u>	--	<u>1.9</u>	--	<u>2.8</u>	--	<u>2.5</u>	--	<u>2.5</u>	<i>Dec-12</i>
Over/Under			34.0		47.5		5.0		-4.5				0.3	
Enervest XII	148,572	0.0												

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⁴ Enervest XII market value is due to received income now held in cash.



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	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Infrastructure	449,247,875	2.0	4.1	--	7.2	--	2.2	--	--	--	--	--	-0.4	May-17
<i>Cambridge Infrastructure (1 Quarter Lagged)</i>			<u>6.5</u>	<u>--</u>	<u>14.9</u>	<u>--</u>	<u>11.9</u>	<u>--</u>	<u>12.6</u>	<u>--</u>	<u>10.7</u>	<u>--</u>	<u>12.8</u>	<u>May-17</u>
Over/Under			-2.4		-7.7		-9.7						-13.2	
Argo Capital Platform 2017	131,140,281	0.6	4.6	30	8.1	87	3.4	94	--	--	--	--	-45.4	May-17
<i>Cambridge Infrastructure (1 Quarter Lagged)</i>			<u>6.5</u>	<u>10</u>	<u>14.9</u>	<u>69</u>	<u>11.9</u>	<u>15</u>	<u>12.6</u>	<u>6</u>	<u>10.7</u>	<u>16</u>	<u>13.1</u>	<u>May-17</u>
Over/Under			-1.9		-6.8		-8.5						-58.5	
<i>eV Infrastructure Net Median</i>			3.4		15.9		9.5		8.8		9.1		7.9	May-17
Blackstone Infrastructure Partners	110,483,460	0.5	4.1	32	30.3	5	--	--	--	--	--	--	7.1	Sep-19
<i>Cambridge Infrastructure (1 Quarter Lagged)</i>			<u>6.5</u>	<u>10</u>	<u>14.9</u>	<u>69</u>	<u>11.9</u>	<u>15</u>	<u>12.6</u>	<u>6</u>	<u>10.7</u>	<u>16</u>	<u>12.5</u>	<u>Sep-19</u>
Over/Under			-2.4		15.4								-5.4	
<i>eV Infrastructure Net Median</i>			3.4		15.9		9.5		8.8		9.1		9.0	Sep-19
Global Infrastructure Partners IV	44,236,512	0.2	4.9		-3.6		--	--	--	--	--	--	-87.5	Oct-19
<i>Cambridge Infrastructure (1 Quarter Lagged)</i>			<u>6.5</u>	<u>10</u>	<u>14.9</u>	<u>69</u>	<u>11.9</u>	<u>15</u>	<u>12.6</u>	<u>6</u>	<u>10.7</u>	<u>16</u>	<u>11.6</u>	<u>Oct-19</u>
Over/Under			-1.6		-18.5								-99.1	
<i>eV Infrastructure Net Median</i>			3.4		15.9		9.5		8.8		9.1		8.9	Oct-19
Grain Spectrum Holdings III	39,480,446	0.2	-0.2	88	-0.6	97	--	--	--	--	--	--	-1.3	Nov-20
<i>Cambridge Infrastructure (1 Quarter Lagged)</i>			<u>6.5</u>	<u>10</u>	<u>14.9</u>	<u>69</u>	<u>11.9</u>	<u>15</u>	<u>12.6</u>	<u>6</u>	<u>10.7</u>	<u>16</u>	<u>18.5</u>	<u>Nov-20</u>
Over/Under			-6.7		-15.5								-19.8	
<i>eV Infrastructure Net Median</i>			3.4		15.9		9.5		8.8		9.1		21.5	Nov-20
BlackRock Renewable Power Fund II	37,525,407	0.2	8.9	6	6.6	89	6.6	80	--	--	--	--	2.7	May-17
<i>Cambridge Infrastructure (1 Quarter Lagged)</i>			<u>6.5</u>	<u>10</u>	<u>14.9</u>	<u>69</u>	<u>11.9</u>	<u>15</u>	<u>12.6</u>	<u>6</u>	<u>10.7</u>	<u>16</u>	<u>13.1</u>	<u>May-17</u>
Over/Under			2.4		-8.3		-5.3						-10.4	
<i>eV Infrastructure Net Median</i>			3.4		15.9		9.5		8.8		9.1		7.9	May-17
Digital Colony Partners II	34,281,916	0.2	3.2	55	--	--	--	--	--	--	--	--	8.3	Jun-21
<i>Cambridge Infrastructure (1 Quarter Lagged)</i>			<u>6.5</u>	<u>10</u>	<u>14.9</u>	<u>69</u>	<u>11.9</u>	<u>15</u>	<u>12.6</u>	<u>6</u>	<u>10.7</u>	<u>16</u>	<u>14.9</u>	<u>Jun-21</u>
Over/Under			-3.3										-6.6	
<i>eV Infrastructure Net Median</i>			3.4		15.9		9.5		8.8		9.1		10.3	Jun-21

¹ Fiscal Year ends December 31.

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	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
EQT Infrastructure V	27,557,619	0.1	0.5	84	--	--	--	--	--	--	--	--	-10.6	Aug-21
<i>Cambridge Infrastructure (1 Quarter Lagged)</i>			<u>6.5</u>	10	<u>14.9</u>	69	<u>11.9</u>	15	<u>12.6</u>	6	<u>10.7</u>	16	<u>13.1</u>	Aug-21
Over/Under			-6.0										-23.7	
<i>eV Infrastructure Net Median</i>			3.4		15.9		9.5		8.8		9.1		9.5	Aug-21
Stonepeak Infrastructure FD IV	20,587,328	0.1	4.2	32	-55.2	99	--	--	--	--	--	--	-67.1	Dec-20
<i>Cambridge Infrastructure (1 Quarter Lagged)</i>			<u>6.5</u>	10	<u>14.9</u>	69	<u>11.9</u>	15	<u>12.6</u>	6	<u>10.7</u>	16	<u>19.8</u>	Dec-20
Over/Under			-2.3		-70.1								-86.9	
<i>eV Infrastructure Net Median</i>			3.4		15.9		9.5		8.8		9.1		15.2	Dec-20
ISQ Global Infra Fund III	3,954,906	0.0	0.0	86	--	--	--	--	--	--	--	--	0.0	Jan-22
<i>Cambridge Infrastructure (1 Quarter Lagged)</i>			<u>6.5</u>	10	<u>14.9</u>	69	<u>11.9</u>	15	<u>12.6</u>	6	<u>10.7</u>	16	<u>6.5</u>	Jan-22
Over/Under			-6.5										-6.5	
<i>eV Infrastructure Net Median</i>			3.4		15.9		9.5		8.8		9.1		3.4	Jan-22
Timberland	8,493,556	0.0	-4.1	--	-3.4	--	-2.0	--	0.7	--	2.7	--	1.0	Apr-08
BTG Pactual Timberland	8,493,556	0.0	-4.4	--	-2.8	--	1.1	--	8.0	--	5.4	--	4.2	Jun-08
<i>NCREIF Timberland</i>			<u>3.2</u>	--	<u>11.8</u>	--	<u>4.7</u>	--	<u>4.1</u>	--	<u>5.6</u>	--	<u>4.1</u>	Jun-08
Over/Under			-7.6		-14.6		-3.6		3.9		-0.2		0.1	
Agriculture	69,697,729	0.3	-2.0	--	1.9	--	2.3	--	2.9	--	4.6	--	4.4	Jul-11
Hancock Agricultural Investment Group	69,697,729	0.3	-2.0	--	1.0	--	1.6	--	2.2	--	3.3	--	3.2	Jul-11
<i>NCREIF Farmland</i>			<u>2.6</u>	--	<u>9.7</u>	--	<u>5.9</u>	--	<u>6.2</u>	--	<u>9.6</u>	--	<u>10.3</u>	Jul-11
Over/Under			-4.6		-8.7		-4.3		-4.0		-6.3		-7.1	

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	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Total Real Estate	1,319,424,569	5.9	6.8	36	25.4	69	10.9	38	9.8	33	10.8	15	6.3	Dec-88
<i>Real Estate Custom Index</i>			<u>7.4</u>	<u>5</u>	<u>28.5</u>	<u>5</u>	<u>11.3</u>	<u>15</u>	<u>9.9</u>	<u>30</u>	<u>10.6</u>	<u>33</u>	<u>8.3</u>	<i>Dec-88</i>
Over/Under			-0.6		-3.1		-0.4		-0.1		0.2		-2.0	
<i>InvMetrics Public DB Real Estate Pub+Priv Net Median</i>			6.3		26.4		10.6		9.5		10.2		--	<i>Dec-88</i>
Core/Core Plus Real Estate	930,448,010	4.1	6.3	--	24.3	--	10.1	--	9.1	--	10.6	--	--	Dec-88
Principal US Property Account	238,957,800	1.1	7.3	--	--	--	--	--	--	--	--	--	26.3	May-21
<i>NCREIF ODCE</i>			<u>7.4</u>	--	<u>28.5</u>	--	<u>11.3</u>	--	<u>9.9</u>	--	<u>10.9</u>	--	<u>28.5</u>	<i>May-21</i>
Over/Under			-0.1										-2.2	
Morgan Stanley Prime Properties	157,068,777	0.7	0.0	--	19.3	--	9.4	--	9.0	--	10.8	--	6.5	Aug-08
<i>NCREIF ODCE</i>			<u>7.4</u>	--	<u>28.5</u>	--	<u>11.3</u>	--	<u>9.9</u>	--	<u>10.9</u>	--	<u>6.7</u>	<i>Aug-08</i>
Over/Under			-7.4		-9.2		-1.9		-0.9		-0.1		-0.2	
Clarion Lion Industrial Trust	128,966,668	0.6	12.9	--	48.0	--	--	--	--	--	--	--	24.2	Sep-19
<i>NCREIF ODCE</i>			<u>7.4</u>	--	<u>28.5</u>	--	<u>11.3</u>	--	<u>9.9</u>	--	<u>10.9</u>	--	<u>12.7</u>	<i>Sep-19</i>
Over/Under			5.5		19.5								11.5	
AEW Core Property Trust	105,031,629	0.5	0.9	--	23.9	--	9.6	--	9.3	--	9.7	--	10.0	Nov-09
<i>NCREIF ODCE</i>			<u>7.4</u>	--	<u>28.5</u>	--	<u>11.3</u>	--	<u>9.9</u>	--	<u>10.9</u>	--	<u>11.3</u>	<i>Nov-09</i>
Over/Under			-6.5		-4.6		-1.7		-0.6		-1.2		-1.3	
LBA Logistics Value Fund VII	96,875,374	0.4	23.7	--	42.8	--	--	--	--	--	--	--	21.5	Mar-20
<i>NCREIF ODCE</i>			<u>7.4</u>	--	<u>28.5</u>	--	<u>11.3</u>	--	<u>9.9</u>	--	<u>10.9</u>	--	<u>14.6</u>	<i>Mar-20</i>
Over/Under			16.3		14.3								6.9	
Kayne Anderson Core Real Estate	88,637,881	0.4	3.6	--	12.7	--	7.0	--	--	--	--	--	6.4	Jan-19
<i>NCREIF ODCE</i>			<u>7.4</u>	--	<u>28.5</u>	--	<u>11.3</u>	--	<u>9.9</u>	--	<u>10.9</u>	--	<u>10.9</u>	<i>Jan-19</i>
Over/Under			-3.8		-15.8		-4.3						-4.5	
Jamestown	59,630,355	0.3	1.3	--	-1.0	--	-2.9	--	2.7	--	--	--	3.2	Jul-15
<i>NCREIF ODCE</i>			<u>7.4</u>	--	<u>28.5</u>	--	<u>11.3</u>	--	<u>9.9</u>	--	<u>10.9</u>	--	<u>10.0</u>	<i>Jul-15</i>
Over/Under			-6.1		-29.5		-14.2		-7.2				-6.8	

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Waterton Residential Venture XIV	21,101,594	0.1	4.0	--	32.2	--	--	--	--	--	--	--	13.7	Jan-21
<i>NCREIF ODCE</i>			<u>7.4</u>	--	<u>28.5</u>	--	<u>11.3</u>	--	<u>9.9</u>	--	<u>10.9</u>	--	<u>26.2</u>	<i>Jan-21</i>
Over/Under			-3.4		3.7								-12.5	
D.A. Management	15,007,961	0.1	-1.7	--	-6.0	--	-4.8	--	-3.0	--	4.4	--	--	Dec-88
<i>NCREIF ODCE</i>			<u>7.4</u>	--	<u>28.5</u>	--	<u>11.3</u>	--	<u>9.9</u>	--	<u>10.9</u>	--	<u>7.8</u>	<i>Dec-88</i>
Over/Under			-9.1		-34.5		-16.1		-12.9		-6.5			
Oaktree Real Estate OP FD VIII	11,865,660	0.1	5.8	--	-17.0	--	--	--	--	--	--	--	-14.7	Jan-21
<i>NCREIF ODCE</i>			<u>7.4</u>	--	<u>28.5</u>	--	<u>11.3</u>	--	<u>9.9</u>	--	<u>10.9</u>	--	<u>26.2</u>	<i>Jan-21</i>
Over/Under			-1.6		-45.5								-40.9	
LBA Logistics Value Fund IX	4,768,452	0.0	--	--	--	--	--	--	--	--	--	--	-0.8	Mar-22
<i>NCREIF ODCE</i>			<u>7.4</u>	--	<u>28.5</u>	--	<u>11.3</u>	--	<u>9.9</u>	--	<u>10.9</u>	--	<u>7.4</u>	<i>Mar-22</i>
Over/Under													-8.2	
AG Core Plus Realty Fund III	2,535,859	0.0	-21.5	--	-17.9	--	-13.2	--	-9.6	--	5.9	--	5.5	Jun-11
<i>NCREIF ODCE</i>			<u>7.4</u>	--	<u>28.5</u>	--	<u>11.3</u>	--	<u>9.9</u>	--	<u>10.9</u>	--	<u>11.5</u>	<i>Jun-11</i>
Over/Under			-28.9		-46.4		-24.5		-19.5		-5.0		-6.0	
Value-Added/Oppportunistic	388,976,559	1.7	8.4	--	28.9	--	12.6	--	11.4	--	14.3	--	--	Jun-07
Waterton Res XIII	142,706,673	0.6	12.1	--	63.2	--	21.0	--	--	--	--	--	10.7	Dec-17
<i>NCREIF ODCE</i>			<u>7.4</u>	--	<u>28.5</u>	--	<u>11.3</u>	--	<u>9.9</u>	--	<u>10.9</u>	--	<u>10.6</u>	<i>Dec-17</i>
Over/Under			4.7		34.7		9.7						0.1	
Cerberus Institutional RE Partners V	49,685,124	0.2	10.0	--	18.1	--	--	--	--	--	--	--	-22.3	Dec-20
<i>NCREIF ODCE</i>			<u>7.4</u>	--	<u>28.5</u>	--	<u>11.3</u>	--	<u>9.9</u>	--	<u>10.9</u>	--	<u>23.8</u>	<i>Dec-20</i>
Over/Under			2.6		-10.4								-46.1	
True North	46,288,904	0.2	-3.9	--	-8.4	--	-3.4	--	2.5	--	--	--	3.2	Aug-14
<i>NCREIF ODCE</i>			<u>7.4</u>	--	<u>28.5</u>	--	<u>11.3</u>	--	<u>9.9</u>	--	<u>10.9</u>	--	<u>10.7</u>	<i>Aug-14</i>
Over/Under			-11.3		-36.9		-14.7		-7.4				-7.5	
Waterton Res XII	44,973,827	0.2	19.6	--	51.9	--	16.0	--	14.2	--	--	--	15.3	Oct-15
<i>NCREIF ODCE</i>			<u>7.4</u>	--	<u>28.5</u>	--	<u>11.3</u>	--	<u>9.9</u>	--	<u>10.9</u>	--	<u>9.8</u>	<i>Oct-15</i>
Over/Under			12.2		23.4		4.7		4.3				5.5	

¹ Fiscal Year ends December 31.

² Please note, all private market assets are reported on a lag.



Orange County Employees Retirement System

Total Portfolio | As of March 31, 2022

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Kayne Anderson Real Estate Debt Fund II	41,131,086	0.2	2.1	--	8.5	--	10.7	--	10.2	--	--	--	--	Dec-16
<i>NCREIF ODCE</i>			<u>7.4</u>	--	<u>28.5</u>	--	<u>11.3</u>	--	<u>9.9</u>	--	<u>10.9</u>	--	<u>10.0</u>	<i>Dec-16</i>
Over/Under			-5.3		-20.0		-0.6		0.3					
Westbrook Real Estate Fund X	32,160,580	0.1	3.8	--	15.8	--	11.8	--	11.0	--	--	--	9.5	Jul-16
<i>NCREIF ODCE</i>			<u>7.4</u>	--	<u>28.5</u>	--	<u>11.3</u>	--	<u>9.9</u>	--	<u>10.9</u>	--	<u>9.8</u>	<i>Jul-16</i>
Over/Under			-3.6		-12.7		0.5		1.1				-0.3	
Almanac Realty SEC VIII	31,947,890	0.1	9.8	--	19.8	--	2.1	--	--	--	--	--	-11.0	Jan-19
<i>NCREIF ODCE</i>			<u>7.4</u>	--	<u>28.5</u>	--	<u>11.3</u>	--	<u>9.9</u>	--	<u>10.9</u>	--	<u>10.9</u>	<i>Jan-19</i>
Over/Under			2.4		-8.7		-9.2						-21.9	
Oak Tree	82,475	0.0	6.2	--	184.8	--	50.3	--	33.8	--	--	--	27.2	Apr-14
<i>NCREIF ODCE</i>			<u>7.4</u>	--	<u>28.5</u>	--	<u>11.3</u>	--	<u>9.9</u>	--	<u>10.9</u>	--	<u>10.6</u>	<i>Apr-14</i>
Over/Under			-1.2		156.3		39.0		23.9				16.6	
Risk Mitigation	2,096,018,976	9.3	5.8	1	13.1	3	7.5	41	5.6	51	--	--	5.6	Apr-17
<i>Risk Mitigation Custom Index</i>			<u>3.1</u>	<u>2</u>	<u>8.9</u>	<u>10</u>	<u>6.2</u>	<u>54</u>	<u>4.1</u>	<u>73</u>	<u>2.7</u>	<u>87</u>	<u>4.1</u>	<i>Apr-17</i>
Over/Under			2.7		4.2		1.3		1.5				1.5	
<i>eV Global TAA Net Median</i>			-4.5		2.6		6.6		5.6		5.5		5.6	<i>Apr-17</i>
BlackRock US Long Treasury Bonds	425,682,562	1.9	-10.7	--	-1.1	--	3.4	--	--	--	--	--	3.4	Nov-17
<i>BBgBarc Long Term U.S. Treasury</i>			<u>-10.6</u>	--	<u>-1.4</u>	--	<u>3.3</u>	--	<u>3.9</u>	--	<u>4.0</u>	--	<u>3.4</u>	<i>Nov-17</i>
Over/Under			-0.1		0.3		0.1						0.0	
AlphaSimplex Adaptive Trend Fund, L.P.	259,646,426	1.2	22.9	--	21.7	--	20.1	--	--	--	--	--	19.5	Mar-19
<i>SG Trend Index</i>			<u>17.7</u>	--	<u>23.5</u>	--	<u>13.1</u>	--	<u>7.1</u>	--	<u>4.5</u>	--	<u>14.7</u>	<i>Mar-19</i>
Over/Under			5.2		-1.8		7.0						4.8	
BH-DG Systematic Trading Fund	250,052,516	1.1	20.0	--	22.8	--	18.6	--	--	--	--	--	18.0	Mar-19
<i>SG Trend Index</i>			<u>17.7</u>	--	<u>23.5</u>	--	<u>13.1</u>	--	<u>7.1</u>	--	<u>4.5</u>	--	<u>14.7</u>	<i>Mar-19</i>
Over/Under			2.3		-0.7		5.5						3.3	
Bridgewater Associates	206,945,794	0.9	12.5	1	20.1	1	4.8	68	4.3	70	3.9	73	5.2	May-05
<i>t-bl +5%-6/10; t-bl +7% prior</i>			<u>1.3</u>	<u>3</u>	<u>5.1</u>	<u>28</u>	<u>5.8</u>	<u>57</u>	<u>6.2</u>	<u>45</u>	<u>5.7</u>	<u>48</u>	<u>6.9</u>	<i>May-05</i>
Over/Under			11.2		15.0		-1.0		-1.9		-1.8		-1.7	
<i>eV Global TAA Net Median</i>			-4.5		2.6		6.6		5.6		5.5		6.0	<i>May-05</i>

¹ Fiscal Year ends December 31.

² Please note, all private market assets are reported on a lag.



Orange County Employees Retirement System

Total Portfolio | As of March 31, 2022

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Alpstone Global Macro	153,630,020	0.7	2.5	--	-4.0	--	--	--	--	--	--	--	-8.1	Nov-20
<i>HFRI Macro (Total) Index</i>			<u>6.7</u>	--	<u>10.3</u>	--	<u>8.0</u>	--	<u>4.8</u>	--	<u>2.8</u>	--	<u>14.5</u>	<i>Nov-20</i>
Over/Under			-4.2		-14.3								-22.6	
Systematica Alternative Markets	145,325,638	0.6	7.5	--	41.0	--	--	--	--	--	--	--	14.6	Jul-19
<i>SG Trend Index</i>			<u>17.7</u>	--	<u>23.5</u>	--	<u>13.1</u>	--	<u>7.1</u>	--	<u>4.5</u>	--	<u>12.6</u>	<i>Jul-19</i>
Over/Under			-10.2		17.5								2.0	
Graham Quant Macro	143,154,050	0.6	13.1	--	11.6	--	--	--	--	--	--	--	3.5	Jul-19
<i>SG Multi Alternative Risk Premia</i>			<u>-0.4</u>	--	<u>3.3</u>	--	<u>-2.8</u>	--	<u>-1.2</u>	--	--	--	<u>-2.9</u>	<i>Jul-19</i>
Over/Under			13.5		8.3								6.4	
Two Sigma Risk Premia Cayman	139,597,407	0.6	1.3	--	14.6	--	--	--	--	--	--	--	2.7	Sep-19
<i>SG Multi Alternative Risk Premia</i>			<u>-0.4</u>	--	<u>3.3</u>	--	<u>-2.8</u>	--	<u>-1.2</u>	--	--	--	<u>-3.6</u>	<i>Sep-19</i>
Over/Under			1.7		11.3								6.3	
AQR Style Premia Fund	133,504,526	0.6	11.2	--	26.0	--	--	--	--	--	--	--	-0.2	Sep-19
<i>SG Multi Alternative Risk Premia</i>			<u>-0.4</u>	--	<u>3.3</u>	--	<u>-2.8</u>	--	<u>-1.2</u>	--	--	--	<u>-3.6</u>	<i>Sep-19</i>
Over/Under			11.6		22.7								3.4	
PIMCO MAARS Rover Fund	126,605,305	0.6	3.2	--	9.0	--	--	--	--	--	--	--	-2.5	Nov-19
<i>SG Multi Alternative Risk Premia</i>			<u>-0.4</u>	--	<u>3.3</u>	--	<u>-2.8</u>	--	<u>-1.2</u>	--	--	--	<u>-3.6</u>	<i>Nov-19</i>
Over/Under			3.6		5.7								1.1	
D.E. Shaw Group	111,874,732	0.5	2.9	--	10.4	--	8.8	--	7.3	--	--	--	6.4	Jul-13
<i>HFRI Macro (Total) Index</i>			<u>6.7</u>	--	<u>10.3</u>	--	<u>8.0</u>	--	<u>4.8</u>	--	<u>2.8</u>	--	<u>3.4</u>	<i>Jul-13</i>
Over/Under			-3.8		0.1		0.8		2.5				3.0	
Unique Strategies	71,568,416	0.3	-5.5	--	3.5	--	--	--	--	--	--	--	1.0	May-20
Waterfront	48,943,101	0.2	-6.3	--	2.3	--	--	--	--	--	--	--	-1.6	Dec-20
Constellation Generation IV	12,301,062	0.1	0.0	--	--	--	--	--	--	--	--	--	0.0	Jan-22
Blackstone Life Sciences V	10,324,253	0.0	-7.6	--	4.3	--	--	--	--	--	--	--	8.6	May-20
Cash*	403,293,466	1.8	0.0	--	0.0	--	0.8	--	1.2	--	0.8	--	--	Dec-88
<i>ICE BofA US 3-Month Treasury Bill</i>			<u>0.0</u>	--	<u>0.1</u>	--	<u>0.8</u>	--	<u>1.1</u>	--	<u>0.6</u>	--	<u>3.0</u>	<i>Dec-88</i>
Over/Under			0.0		-0.1		0.0		0.1		0.2			

*One or more accounts have been excluded from the composite for the purposes of performance calculations and market value.

¹ Please note, D.E. Shaw Group, Graham Quant Macro, Two Sigma Risk Premia Cayman, Pimco MAARS Rover Fund and AQR Style Premia Fund are one-month lagged.



Orange County Employees Retirement System

Total Portfolio | As of March 31, 2022

Benchmark History		
As of March 31, 2022		
Total Portfolio		
1/1/2022	Present	47% Global Public Equity Blended Benchmark / 13% Cambridge Associates Private Equity Index / 11% Fixed Income Custom Index / 7% Credit Custom Index / 12% Real Assets Custom Blend / 10% Risk Mitigation Custom Index
1/1/2018	12/31/2021	Weighted Average of Global Public Equity Blended Benchmark / Cambridge Associates Private Equity Index / Fixed Income Custom Index / Credit Custom Index / Real Assets Custom Blend / Risk Mitigation Custom Index
7/1/2016	12/31/2017	13% Russell 1000 / 2% Russell 2000 / 7% MSCI EAFE / 2% MSCI EAFE Small Cap / 6% MSCI Emerging Markets / 5% MSCI World / 10% Bloomberg US Universal TR / 3% Emerging Market Debt Custom Benchmark / 14% Credit Custom Index / 10% Real Estate Custom Index / 8% Real Return Custom Index / 7% GTAA Custom Index / 7% HFRI Macro Total Index / 6% Total Absolute Return Index
12/1/1988	6/30/2016	13% Russell 1000 / 2% Russell 2000 / 7% MSCI EAFE / 2% MSCI EAFE Small Cap / 6% MSCI Emerging Markets / 5% MSCI World / 10% Bloomberg US Universal TR / 3% Emerging Market Debt Custom Benchmark / 14% Credit Custom Index / 8% CPI + 3% / 14% LIBOR + 4.5% / 10% Real Estate Custom Index / 6% Cambridge Associates Private Equity Index
Global Public Equity		
9/1/2019	Present	MSCI ACWI IMI Net USD
12/1/1988	8/31/2019	MSCI ACWI
Fixed Income		
7/1/2020	Present	82% Bloomberg US Universal TR / 18% US TIPS Benchmark
1/1/2018	6/30/2020	60% Bloomberg US Aggregate TR / 20% Bloomberg US Universal TR / 20% Bloomberg US TIPS TR
Credit		
7/1/2020	Present	35% Bloomberg US High Yield TR / 36% Private Credit Custom Benchmark / 29% Emerging Market Debt Custom Benchmark
10/1/2018	6/30/2020	46% Bloomberg US High Yield TR / 27% Credit Suisse Leveraged Loans / 27% Emerging Market Debt Custom Benchmark
1/1/2018	9/30/2018	40% Bloomberg US High Yield TR / 40% Credit Suisse Leveraged Loans / 20% Emerging Market Debt Custom Benchmark
4/1/2016	12/31/2017	50% ICE BofA BB-B US High Yield Constrained TR / 50% Credit Suisse Leveraged Loans
Private Credit		
7/1/2020	Present	60% Credit Suisse Leveraged Loans / 40% Credit Suisse Western European Leveraged Loan Index
11/1/2017	6/30/2020	Credit Suisse Leveraged Loans
Emerging Market Debt		
4/1/2019	Present	50% JP Morgan GBI EM Global Diversified TR USD / 50% JP Morgan EMBI Global Diversified
2/1/2013	3/31/2019	/ 35% JP Morgan EMBI Global Diversified 65% JP Morgan GBI EM Global Diversified TR USD



Orange County Employees Retirement System

Total Portfolio | As of March 31, 2022

Real Assets		
7/1/2020	Present	58% NCREIF ODCE / 17% Cambridge Associates PE Energy (1Qtr Lagged) / 25% Cambridge Infrastructure (1 Quarter Lagged)
1/1/2018	6/30/2020	45% NCREIF ODCE / 36% Cambridge Associates PE Energy (1Qtr Lagged) / 13% Cambridge Infrastructure (1 Quarter Lagged) / 6% NCREIF Farmland
4/1/2017	12/31/2017	54.5% Real Return Custom Index / 45.5% NCREIF ODCE
Total Real Estate		
4/1/2017	Present	NCREIF ODCE
7/1/2014	3/31/2017	90% NCREIF-ODCE / 10% FTSE NAREIT Developed ex US
7/1/2007	6/30/2014	90% NCREIF-ODCE / 10% FTSE NAREIT All Equity REIT
12/1/1988	6/30/2007	NCREIF Property (1 Qtr Lag)
Risk Mitigation		
7/1/2020	Present	25% HFRI Macro (Total) Index / 25% Bloomberg US Treasury Long TR / 25% SG Trend Index / 25% SG Multi Alternative Risk Premia
1/1/2020	6/30/2020	25% HFRX Macro Index / 25% Bloomberg US Treasury Long TR / 25% SG Trend Index / 25% SG Multi Alternative Risk Premia
1/1/2018	12/31/2019	50% HFRX Macro Index / 50% Bloomberg US Treasury Long TR
4/1/2017	12/31/2017	HFRX Global Hedge Fund Index



Disclaimer

WE HAVE PREPARED THIS REPORT (THIS "REPORT") FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE "RECIPIENT").

SIGNIFICANT EVENTS MAY OCCUR (OR HAVE OCCURRED) AFTER THE DATE OF THIS REPORT AND THAT IT IS NOT OUR FUNCTION OR RESPONSIBILITY TO UPDATE THIS REPORT. ANY OPINIONS OR RECOMMENDATIONS PRESENTED HEREIN REPRESENT OUR GOOD FAITH VIEWS AS OF THE DATE OF THIS REPORT AND ARE SUBJECT TO CHANGE AT ANY TIME. ALL INVESTMENTS INVOLVE RISK. THERE CAN BE NO GUARANTEE THAT THE STRATEGIES, TACTICS, AND METHODS DISCUSSED HERE WILL BE SUCCESSFUL.

INFORMATION USED TO PREPARE THIS REPORT WAS OBTAINED FROM INVESTMENT MANAGERS, CUSTODIANS, AND OTHER EXTERNAL SOURCES. WHILE WE HAVE EXERCISED REASONABLE CARE IN PREPARING THIS REPORT, WE CANNOT GUARANTEE THE ACCURACY OF ALL SOURCE INFORMATION CONTAINED HEREIN.

CERTAIN INFORMATION CONTAINED IN THIS REPORT MAY CONSTITUTE "FORWARD - LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "AIM", "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. ANY FORWARD-LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION ARE BASED UPON CURRENT ASSUMPTIONS. CHANGES TO ANY ASSUMPTIONS MAY HAVE A MATERIAL IMPACT ON FORWARD - LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS. ACTUAL RESULTS MAY THEREFORE BE MATERIALLY DIFFERENT FROM ANY FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION.

PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.



OCERS Board Policy

Incentive Compensation Policy

Purpose and Background

The philosophy behind the Incentive Compensation Policy is to create and maintain a pay structure that attracts, develops and retains strong leaders who achieve results and model and promote OCERS' mission and values. This Incentive Compensation Policy outlines a performance-based, cash compensation program that, when aligned with a market competitive salary compensation program, will support, reinforce, and align OCERS' values, business strategy, operations and financial needs and, ultimately, provide secure retirement benefits to OCERS' members with the highest standards of excellence.

The goals of this Incentive Compensation Policy are to:

- Ensure the long-term success and stability of the pension fund
- Recruit and retain top talent
- Build and maintain an engaged and motivated team
- Create a natural alignment of interests
- Improve succession planning
- Enable employees to achieve and earn top quartile pay for top quartile results

In alignment with OCERS' culture, the goals of the agency and the design of the Incentive Compensation Program ("Program") will be communicated openly to all employees covered under this policy.

Covered Positions and Participation

Recognizing that investment results are created through collective effort, the Program aims to reward all OCERS Direct Employees serving in the Investment Division ("Covered Employees"). Individuals with the following job titles are covered by this policy and may participate in the Program and earn incentive pay up to the maximum of base salary indicated below:

Position Title	Maximum % of Base Salary
Chief Investment Officer	75%
Managing Director	45%
Director of Investments	40%
Senior Investment Officer	35%
Investment Officer	30%
Senior Investment Analyst	25%
Investment Analyst	20%



OCERS Board Policy

Incentive Compensation Policy

Eligible Employees

In order to receive incentive compensation for the calendar year, Covered Employees must meet all of the following three requirements:

- Achieve a “Meets Expectations” review as part of OCERS’ annual performance evaluation process for the most recent calendar year of the measurement period
- Serve as a Covered Employee in the OCERS’ Investment Division for the full calendar year prior to the end of the computation period (e.g. Jan 1 through December 31)
- Continue to be employed as a Covered Employee in the OCERS’ Investment Division at the time of payment

Program Design and Benchmark

The Program is designed around three components: 1) total portfolio excess return (alpha) over a benchmark; 2) risk-adjusted return (Sharpe Ratio); and 3) employee performance, as shown in the chart below. For the alpha and Sharpe Ratio calculations, the OCERS’ Total Fund Plan Benchmark serves as the relative comparison benchmark.

The measurement period is the prior three years (“Rolling 3-year Period”) ended December 31. For example, at December 31, 2022, the measurement period would include performance results for the calendar years 2020, 2021 and 2022. All OCERS’ portfolio results will be reflected as net of fees.

1. Portfolio Excess Return vs. Benchmark: eligible employees earn 10% of their maximum payout for each 25 basis points of alpha generated by the OCERS’ Total Portfolio, up to 50% of maximum payout
2. Risk-adjusted return:
 - a. Sharpe Ratio exceeds Benchmark: eligible employees earn 10% of their maximum payout if the Sharpe Ratio of the OCERS’ Total Portfolio exceeds that of the Benchmark (i.e. that a dollar of risk was invested more efficiently relative to an indexed portfolio)
 - b. Sharpe Ratio Peer Rank: eligible employees earn 10% of their maximum payout if the OCERS’ Total Portfolio Sharpe Ratio exceeds the median Sharpe Ratio of the public pension peer group, with an additional 10% credited for a first quartile Sharpe Ratio, relative to peers
3. Annual Employee Performance Appraisal: eligible employees earn 10% of their maximum payout for a rating of “Exceeds” on their annual review; they earn the full 20% of maximum for this component of the Program with a rating of “Exceptional”



OCERS Board Policy

Incentive Compensation Policy

QUANTITATIVE COMPONENT (Rolling 3-year period, net of fees)	% of Incentive	% of Incentive
Portfolio Excess Return vs Benchmark (Alpha)		0-50%
0-25 bps	10%	
26-50 bps	+10%	
51-75 bps	+10%	
76-100 bps	+10%	
>101 bps	+10%	
Risk Adjusted Return (Sharpe Ratio)		0-30%
A) Portfolio Sharpe Exceeds Benchmark	10%	
B) Above Median Peer Rank	10%	
1 st Quartile Peer Rank	+10%	
QUALITATIVE COMPONENT		
Annual Employee Performance Appraisal		0-20%
Meets	0%	
Exceeds	10%	
Exceptional	20%	

Incentive Calculation and Payment

The Incentive Compensation Program requires an annual calculation, for period ended December 31, with payments made in two tranches, Year 1 and Year 2. Once eligibility has been confirmed and the annual incentive compensation has been earned and calculated, the two payments for the Program are paid as follows:

- Year 1: the first 50% of the annual award paid within 60 days of the calculation of the OCERS' Total Plan Benchmark and its rolling three-year returns (period ended December 31) and the availability of the relevant Sharpe ratio information
- Year 2: the remaining 50% of the annual award paid in the calendar year following the first payment, prior to March 31 of that year

If a Covered Employee earns a promotion to another Covered Position during the most recent calendar year of the measurement period, the Covered Employee shall have their incentive compensation calculated to reflect the proportion of calendar days spent in each position.

If an Eligible Employee takes a Leave of Absence, other than Annual Leave, during the most recent calendar year, then the annual incentive payment amount will be reduced by a percentage that reflects the amount of leave time taken during the year by the employee.



OCERS Board Policy Incentive Compensation Policy

Third Party Validation and Oversight

In order to ensure a fair, correct and transparent process, several layers of oversight and validation are built into the annual process. Before any payments are confirmed or paid, the following steps will occur:

1. OCERS' General/Risk Consultant will validate the OCERS' Total Plan Benchmark constitution and calculation.
2. OCERS' Custodian will calculate and validate OCERS' portfolio returns.
3. OCERS' General/Risk Consultant will calculate and provide Sharpe Ratio data relative to benchmark and peers.
4. OCERS' CEO and CIO will review and approve all annual performance reviews for each Covered Employee and Eligible Employee.
5. OCERS' Finance Department will calculate the annual incentive compensation awards for each Eligible Employee.
6. OCERS' Internal Audit Department will validate the Program process and results.
7. OCERS' CEO will have final approve of all incentive compensation awards and payments.

History

This policy was adopted by the Board of Retirement on August 15, 2022.

Secretary's Certificate

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

Steve Delaney
Secretary of the Board

AUGUST 15, 2022

Date

Investment Department 2021 Team Goals

Technology

- Backstop
 - multi-asset class vehicles format
 - replacement for manager selection IC reports
 - legal preferred terms project
 - continue to refine Intelx
 - investment manager interest level system
- Caissa
 - evaluate reports for IC materials
 - evaluate reports for internal use in asset classes
 - evaluate reports for total portfolio risk management reports
- Evaluate risk reports and formats from peers
- Sharepoint
 - Investments landing page charts
 - Records retention project
 - Enhance legal work tracking charts

Operations/Compliance/Legal

- Consultant RFP - 4th Quarter
- Procedures manual annual maintenance
- Restricted List/Conflicts policy
- Manager touchpoint project
- Preferred terms matrix to legal counsel
- Records retention
 - Approve policy
 - Purge F drive
 - Develop annual maintenance procedures

Communications/Reporting

- Enhance report/data for website
- Replacement for IC portfolio activity report from Caissa
- Replacement for IC manager selection report from Backstop

Portfolio Management

- Document procedure for Rebalancing
- Continue implementation of 2020 asset allocation study
- Caissa - Liquidity profiles for managers
- Co-investment guidelines and implementation
- Develop ranking system (interest level) in Backstop to identify manager bench ideas
- Define manager tracking error budget and hold all accountable
- Follow up on best ideas:
 - thematic investing
 - portfolio level leverage (capital efficiency)

Team Development

- Success Factors
- Predictive Index
- EQ Managing Conflict
- PDX for analysts
- Other team bonding activities (fun)

Strategy and Vision

- Vision Statement
 - concrete, measurable goals
 - OCERS' value proposition to GPs and managers
- Strategic Top 10 List (narrative for 2021)

Parking Lot

- Custodian RFP
- Succession Planning



Investment Team Incentive Pay Program

Executive Summary

- The Personnel Committee determined a need and decided to evaluate potential options for incentive compensation for Investment Department personnel
- This process included:
 - Setting of goals for an incentive pay program
 - Determining covered or eligible employees and their respective maximum % of base that could be paid as incentive pay
 - Approving a policy for incentive pay
 - Approving the design of the program including the metrics by which covered/eligible employees will be measured for success and subsequently paid

Rationale

- OCERS' investment program has grown in size, stature and complexity, OCERS must ensure that it can continue to recruit and retain top talent for the investment department.
- Specifically, over the past decade, OCERS has become a top allocator in private markets which often requires deep investment networks and stable investment teams to access top tier General Partners and funds.
- Over the next decade, OCERS is predicted to become one of the top 50 public pension defined benefit funds in the US by AUM.
- Per a recent NASRA survey, 27 of 69 respondents (38%) offered incentive pay to the pension system Chief Investment Officer, with many assumed to offer incentive pay to other eligible investment employees.
- With historically tight labor markets, recruiters are actively pulling out top talent from pension systems and new job applicants often have multiple offers to consider.
- Many investment professionals are attracted to or accustomed to a partial variable pay-for-performance model (which they view as favorable as it is deemed more merit based)

Background

- A recent study published from the Wharton School at the University of Pennsylvania found that *top quartile pay* was a determining factor in hiring more talented CIOs and retaining that talent, correlating with higher portfolio returns.
- Attribution analysis of CIO pay showed a correlation to higher allocations to private equity and real estate, lower allocations to “lottery” stocks and better stock/manager selection.
- In summary, top performing CIOs have better access to private markets, resist the herd mentality and guide their portfolios to the more complex areas of the markets where expertise matters.

Source: Lu, Yan; Mullally, Kevin; and Ray, Sugata, "Paying for Performance in Public Pension Plans" (2022). Wharton Pension Research Council Working Papers. 727. https://repository.upenn.edu/prc_papers/727

Defining OCERS' Peer Group and Top Quartile Pay

Peer Group
CalPERS
CalSTRS
LACERA
SFERS
OCERS
SDCERA
SBCERA
SCERA
CCCERA
County of Orange*

- Based on OCERS' CPS Study
- OCERS is the median for peer group pay
- Green denotes top quartile
- Blue denotes 2nd quartile
- Top quartile delineation sits between CalSTRS and LACERA
- Due to its proximity to LACERA, OCERS should want to compete for similar talent and would strive to retain said talent

**does not have applicable investment staff*

Proposed Bonus Incentive Schedule

Position	Maximum % of Base Salary	Target % of Base Salary @ 50%
Chief Investment Officer	75%	37.5%
<i>Deputy Chief Investment Officer*</i>		
Managing Director	45%	22.5%
Director of Investments	40%	20%
Senior Investment Officer	35%	17.5%
Investment Officer	30%	15%
Senior Investment Analyst	25%	12.5%
Investment Analyst	20%	10%

Note: *If the entire current OCERS' investment team earned the maximum % of base salary, incentive payout would equate to approximately \$700,000 for 2022, or approximately 0.3 bps of expense to the pension fund*

**possible future position*

2022 Salary Range Comparison: LACERA vs. OCERS

LACERA		OCERS		
TITLE	SALARY RANGE	TITLE	SALARY RANGE	MAXIMUM SALARY + MAXIMUM PROPOSED BONUS
Finance Analyst I	\$87,520.32-\$114,786.60	Investment Analyst	\$79,885-\$115,833	\$138,999.60
Finance Analyst II	\$126,681.12-\$191,741.64	Senior Investment Analyst	\$99,341-\$153,823	\$192,278.75
Finance Analyst III	\$169,178.64-\$256,065.00	Investment Officer	\$123,286-\$191,094	\$248,422.20
Senior Investment Officer	\$225,932.88-\$341,967.00	Senior Investment Officer	\$142,473-\$220,833	\$298,124.55
Principal Investment Officer	\$280,675.80-\$424,824.48	Director of Investments	\$164,645-\$255,200	\$357,280.00
		Managing Director	\$204,538-\$317,034	\$459,699.30
Chief Investment Officer	\$402,946.32-\$609,890.52*	Chief Investment Officer	\$293,641-\$455,144	\$796,502.00

*LACERA Board approved a CIO current base salary exception. 2022 CIO amended base salary is \$708,946 plus 17% cafeteria pay and \$7,200 transportation allowance. Total cash compensation is estimated to be approximately \$836,667.



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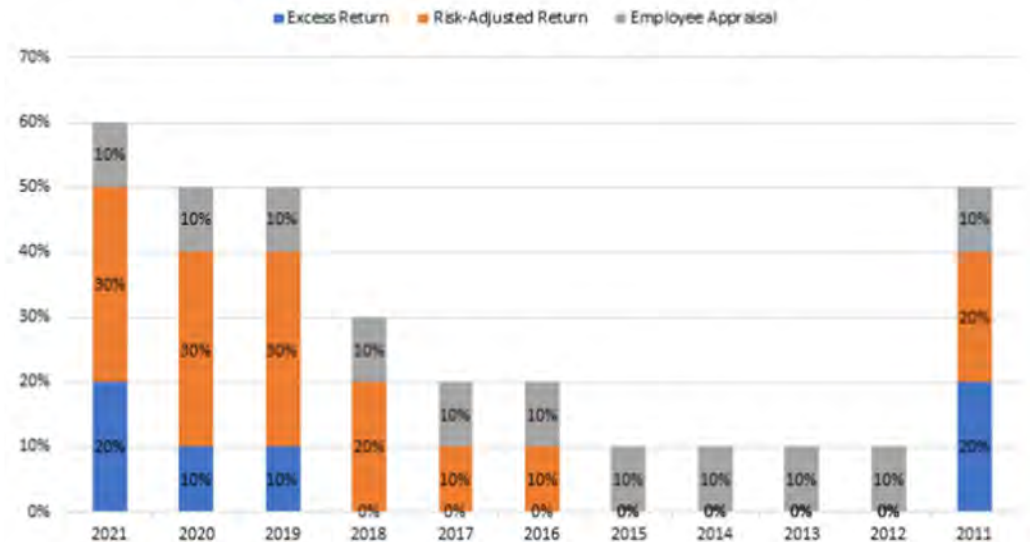
Proposed Program Design

QUANTITATIVE COMPONENT (Rolling 3-year period, net of fees)	% of Incentive	% of Incentive
Portfolio Excess Return vs Benchmark (Alpha)		0-50%
0-25 bps	10%	
26-50 bps	+10%	
51-75 bps	+10%	
76-100 bps	+10%	
>101 bps	+10%	
Risk Adjusted Return (Sharpe Ratio)		0-30%
A) Portfolio Sharpe Exceeds Benchmark	10%	
B) Above Median Peer Rank	10%	
1 st Quartile Peer Rank	+10%	
QUALITATIVE COMPONENT		
Annual Employee Performance Appraisal		0-20%
Meets	0%	
Exceeds	10%	
Exceptional	20%	

10-Year Back Tested Results

- Median annual incentive since 2011 = 20% of maximum
- Median annual incentive since 2017 = 50% of maximum
- 100% participation requires:
 - > 100 bps of rolling 3-year excess returns
 - Top quartile Sharpe Ratio
 - Exceptional personal effort and teamwork
- OCERS system benefits from incremental return, best-in-class deployment of risk capital and engaged employees

Trailing 10-Year Incentive Compensation Calculation

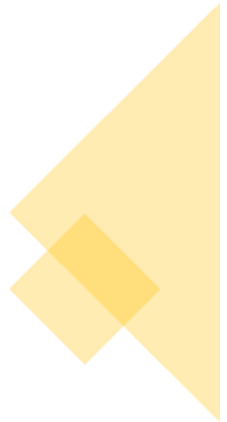


Rigorous Oversight and External Validation

- Measurement
 - Quantitative inputs:
 - OCERS' benchmark will be validated annually by its risk consultant, Meketa
 - Quantitative data provided by third parties:
 - Returns calculated by custodian, State Street Bank and Trust
 - Sharpe Ratio information provided by General Investment Consultant, Meketa
 - Qualitative inputs:
 - Follows OCERS' annual performance evaluation standards
 - Investment team member performance evaluations approved by the CIO and CEO for quality and consistency
- Internal Process
 - OCERS' Finance Department will calculate the award
 - OCERS' Internal Audit Department will validate the process and results
 - OCERS' CEO final approval

Summary: Align and Achieve Long-Term Goals

- Ensure the long-term success and stability of the pension fund
- Recruit and retain top talent
- Create a natural alignment of interests and values
- Build and maintain an engaged and motivated investment team
- Improve succession planning
- Enable investment team members to achieve and earn top quartile pay



Appendix

Supporting Data

Proposed Incentive Program: Current Expected Cost

Position Title	Current Base Salary	Proposed Target Bonus	Proposed Maximum Bonus
Chief Investment Officer	\$450,000.10	\$168,750.04	\$337,500.08
Director of Investments	\$241,004.40	\$48,200.88	\$96,401.76
Director of Investments	\$200,000.11	\$40,000.12	\$80,000.04
Senior Investment Officer	\$175,935.55	\$30,788.72	\$61,577.44
Investment Officer	\$147,423.74	\$22,113.56	\$44,227.12
Investment Officer	\$140,000.02	\$21,000.02	\$42,000.01
Investment Analyst	\$105,221.79	\$10,522.18	\$21,044.36
Investment Analyst	\$102,584.14	\$10,258.41	\$20,516.83
Investment Analyst	\$95,000.00*	\$9,500.00*	\$19,000.00*
TOTAL ESTIMATED COST	\$1,657,169.85	\$361,133.82	\$722,267.64

**estimated costs of current unfilled position*



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Back Test Data

3-year Rolling Sharpe Ratio

Date	Total Portfolio	Policy Benchmark	Universe Top Quartile	Universe Median	Universe Bottom Quartile	Total Portfolio Quartile Ranking	Policy Benchmark Quartile Ranking	Exceeds Benchmark	Above Median Rank	First Quartile Rank
12/31/2021	1.72	1.61	1.49	1.35	1.29	1st Quartile	1st Quartile	10%	10%	10%
12/31/2020	0.78	0.74	0.65	0.59	0.50	1st Quartile	1st Quartile	10%	10%	10%
12/31/2019	1.49	1.49	1.36	1.16	1.07	1st Quartile	1st Quartile	10%	10%	10%
12/31/2018	1.19	1.28	1.12	0.83	0.73	1st Quartile	1st Quartile	0%	10%	10%
12/31/2017	1.40	1.66	1.48	1.35	1.24	2nd Quartile	1st Quartile	0%	10%	0%
12/31/2016	0.78	1.07	0.84	0.77	0.64	2nd Quartile	1st Quartile	0%	10%	0%
12/31/2015	0.94	1.37	1.33	1.17	1.01	4th Quartile	1st Quartile	0%	0%	0%
12/31/2014	1.67	2.00	1.97	1.91	1.81	4th Quartile	1st Quartile	0%	0%	0%
12/31/2013	1.06	1.33	1.30	1.24	1.13	4th Quartile	1st Quartile	0%	0%	0%
12/31/2012	0.90	1.02	1.02	0.94	0.92	4th Quartile	2nd Quartile	0%	0%	0%
12/31/2011	1.01	0.98	1.02	0.98	0.93	2nd Quartile	2nd Quartile	10%	10%	0%

3-year Rolling Returns

Date	Total Portfolio	Policy Benchmark	Excess Return	0 - 25bps	26 - 50bps	51 - 75bps	76 - 100bps	>101bps
12/31/2021	14.1%	13.7%	0.38%	10%	10%	0%	0%	0%
12/31/2020	7.8%	7.6%	0.21%	10%	0%	0%	0%	0%
12/31/2019	8.8%	8.7%	0.06%	10%	0%	0%	0%	0%
12/31/2018	6.9%	7.1%	-0.21%	0%	0%	0%	0%	0%
12/31/2017	7.5%	7.9%	-0.41%	0%	0%	0%	0%	0%
12/31/2016	4.3%	5.2%	-0.92%	0%	0%	0%	0%	0%
12/31/2015	5.1%	6.1%	-1.07%	0%	0%	0%	0%	0%
12/31/2014	9.1%	9.5%	-0.37%	0%	0%	0%	0%	0%
12/31/2013	7.7%	8.3%	-0.67%	0%	0%	0%	0%	0%
12/31/2012	7.8%	7.9%	-0.09%	0%	0%	0%	0%	0%
12/31/2011	9.8%	9.4%	0.40%	10%	10%	0%	0%	0%

Wharton Study: Link to Paper

- University of Pennsylvania study, “Paying for Performance in Public Pension Plans,” published in March 2022 by Yan Lu, Kevin Mullally and Sugata Ray, concluded that there is a correlation between CIO compensation and portfolio outperformance:
- Link: https://repository.upenn.edu/prc_papers/727/

“Higher paid CIOs outperform their counterparts by 47 – 60 bps per year, largely through increased and superior investment in private equity and real estate. This outperformance generates an additional \$74.91 – \$95.63 million in economic value. Plans offering higher compensation hire better educated CIOs and are more likely to retain their CIOs. Higher CIO compensation is positively correlated with the use of incentive compensation, but incentive compensation does not directly affect performance.”

-Yu, Mullally and Ray

From: [Delaney, Steve](#)
To: [Singleton, William](#)
Cc: [Nih, Carolyn](#); [Ratto, Gina](#)
Subject: Incentive Compensation Program 7
Date: Monday, August 15, 2022 6:55:58 AM

And this is it I believe Bill, thank you

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: Wayne Lindholm <wslindholm@gmail.com>
Sent: Sunday, August 14, 2022 1:28 PM
To: Delaney, Steve <sdelaney@ocers.org>
Cc: Lindholm, Wayne <wslindholm@ocers.org>; Freidenrich, Shari <sfreidenrich@ocers.org>; Dewane, Shawn (Internet) <sdewane@me.com>; Eley, Frank <feley@ocers.org>; Prevatt, Chris <cprevatt@ocers.org>
Subject: [EXTERNAL] Re: Answering the Questions you posed via Text earlier today

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Thanks Steve.

As you have added a couple to the string I'll expressed my concern being the spiking of pensions. I know it only affects a couple people but I will not be able to support a benefit where the employee and the employer hasn't paid the majority of the money into the system to cover the expense. That is not the case here and it's like sending a \$2 million bill over 25 years to the taxpayers.

Thanks, Wayne

"Life is not a problem to be solved, but an adventure to be lived". John Eldredge

On Aug 14, 2022, at 10:28 AM, Delaney, Steve <sdelaney@ocers.org> wrote:

Good morning Mr. Lindholm (and Ms. Freidenrich if she is able to take the time to read this 😊),

I'm going to try to tackle a number of the questions you have raised.

First, you both are concerned about starting this project when the returns have been so good. Frankly, I would think that is exactly when you want to start the program. If you've done well, then you want to keep THAT team together, and moving forward. Horrible returns is not the time to say "and I think I want to reward them for that, let's start an incentive program that will keep them here".

While we are not booking our numbers for Fiscal Year 2021-22, we have our basic number (we face the same PE lag as all other systems as Ms. Freidenrich points out), and we can compare to those that have reported.

Pension and Investment magazine reported last week that the median return as of June 30, 2022 was -7.9. CalPERS is at -6.1, while CalSTRS is at -1.3. Interesting to note, one of the most outstanding returns in the nation is our sister system up the street with an incentive compensation program already in place for a number of years - San Bernardino at -0.1.

The OCERS team, implementing the Board's directives got us to -2.36 as of June 30, 2022.

As I have shared with Ms. Freidenrich, the system I often watch is San Diego County which was larger than OCERS by nearly \$2 billion in AUM when I arrived but is today nearly \$6 billion behind us due to challenges they had in their investment process. They returned -9.5 as of June 30, 2022.

As you've likely seen from my earlier notes, we will have BOTH Allan Emkin and Steve McCourt present to answer any questions about the benchmark, and just as importantly to

share their experience from across the country as more and more systems move to implement an incentive compensation program. Just as we moved to “delegated authority” in line with our larger sister systems, this too seems to be the wave of the future.

As to whether OCERS investment team members spend more than 40 hours a week in overseeing the portfolio, my real focus is on the results themselves and the work done to avoid unnecessary risk, as opposed to trying to reward burning the midnight oil. That being said, note the formula used to determine the amount of the incentive payment – Page 118 of diligent, Page 18 of the PowerPoint. You’ll note that 20% of the total incentive payment is tied to “employee performance”. I would not expect that portion of the payment to be awarded if an individual is sluffing off and not performing at their best. One point on this issue that reassured Ms. Freidenrich when we discussed this in person the week before last, is that all OCERS direct investment team members are “at will”, they can be terminated for cause. She had been concerned that an underperformer, if protected by civil service rules could drag out underperformance for years.

As to Ms. Freidenrich’s last question on comparative pay, that is, how much does our CIO make compared to LACERA’s CIO, that has indeed been included, I have not hid anything – please see Diligent Page 117, which is Slide 7 of the PowerPoint presentation. I hope that after 14 years of my service you would know I am always open and forthright, there is nothing to be gained by ever trying to hide anything.

I will continue to monitor my e-mails. Keep the questions coming 😊!

(Note: Because I am copying a quorum of the Board as I want to be sure the three of you on Mr. Lindholm’s text are all copied, but I also copied the Board Chair, as well as the Personnel Committee Chair so they have the same

information, for that reason this will go in our next Board Communication document.)

STEVE DELANEY | Chief Executive Officer | **Orange County Employees Retirement System (OCERS)**

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"We provide secure retirement and disability benefits with the highest standards of excellence."

From: [Delaney, Steve](#)
To: [Singleton, William](#)
Cc: [Nih, Carolyn](#); [Ratto, Gina](#)
Subject: Incentive Compensation Program 8
Date: Monday, August 15, 2022 6:58:33 AM

Actually this is the last.

STEVE DELANEY | Chief Executive Officer | **Orange County Employees Retirement System (OCERS)**

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"We provide secure retirement and disability benefits with the highest standards of excellence."

From: Delaney, Steve <sdelaney@ocers.org>
Sent: Saturday, August 13, 2022 2:16 PM
To: Freidenrich, Shari (Internet) <shari.freidenrich@ttc.ocgov.com>
Cc: Allan Emkin <aemkin@meketa.com>; Stephen P. McCourt <smccourt@meketa.com>
Subject: Re: OCERS BOARD OF RETIREMENT MEETING - Monday, August 15, 2022 (9:30 a.m.)

Good afternoon Ms. Freidenrich -

I'm not sure I fully follow your queries.

Some of what you are asking may be found in my response to Jaime Martinez, County of Orange, which I shared with you and all trustees yesterday.

Because the benchmark is crafted by the board with the help of our consultants Meketa, and in turn it is Meketa that will measure each year if the team has met their risk requirements, I'm going to forward your note here on to Mr. McCourt and Mr. Emkin.

Please feel free to call if anything else arises.

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From: Freidenrich, Shari <Shari.Freidenrich@ttc.ocgov.com>
Sent: Friday, August 12, 2022 1:06:01 PM
To: Delaney, Steve <sdelaney@ocers.org>
Subject: [EXTERNAL] Re: OCERS BOARD OF RETIREMENT MEETING - Monday, August 15, 2022 (9:30 a.m.)

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I am focusing on the risk calculation. Can you explain that further. Can we also get a 10 year summary of our benchmark risk and then the actual and the actual yield to help me understand. I would like history with the market up and down. Thanks.

If you can have any details of the last 5-10 years of how this would apply it would be helpful too.

Who set the tolerance over benchmark? Can you provide more input on how the targets were selected?

Perhaps also a summary of others by each detail (i.e. %, risk, etc.) compared to what is being proposed? How we compare would we helpful,

Thanks.

Shari L. Freidenrich, CPA
Orange County Treasurer
Shari.Freidenrich@ttc.ocgov.com
714-834-7625
octreasurer.com

On Aug 12, 2022, at 8:09 AM, Delaney, Steve <sdelaney@ocers.org> wrote:

Good morning,

I am sharing my regular monthly preview of the OCERS Board of Retirement's agenda.

Recall that I provide a copy to each elected member of the version that goes to their individual supporting associations, while I copy each of you the appointed members, as well as Madame Treasurer, with the version that goes to the County of Orange.

If any of the discussion below raises questions or issues, please feel free to call me at any time, day or evening (714-697-8291).

STEVE DELANEY | Chief Executive Officer | **Orange County Employees Retirement System (OCERS)**

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"We provide secure retirement and disability benefits with the highest standards of excellence."

From: Delaney, Steve

Sent: Friday, August 12, 2022 8:01 AM

To: 'Martinez, Jaime' <Jaime.Martinez@ocgov.com>

Cc: Aguirre, Michelle <Michelle.Aguirre@ocgov.com>; Kim, Frank (HOA) <Frank.Kim@ocgov.com>; Engelby, Kimberly <Kimberly.Engelby@ocgov.com>; Miller, Jenna <Jenna.Miller@ocgov.com>

Subject: OCERS BOARD OF RETIREMENT MEETING - Monday, August 15, 2022 (9:30 a.m.)

Good morning Jaime,

With Michelle on vacation (and good for her!) I am writing to you with my regular preview of the OCERS Board's monthly meeting, to be held Monday, August 15 at 9:30 a.m.

The OCERS Board will be meeting in a hybrid manner, using Zoom. All individuals, members, stakeholders and Trustees, can fully participate via Zoom. At the same time, the OCERS Headquarters building is once again open to the general public, and many of the OCERS Board Trustees plan to attend in person from the OCERS Board Room. Should you choose to attend via Zoom rather than in-person, the link is found in the attached agenda, but I also share it here:

Join Using Zoom App (Video & Audio)

<https://ocers.zoom.us/j/84812097811>

Meeting ID: 872 9373 5446

Password: 043822

Let me summarize a number of August 15 agenda items that I believe you and the County of Orange will find of most interest:

A-2 BOARD FINDINGS PURSUANT TO G.C. 54953...

With the Governor's emergency order pertaining to COVID still in place, the OCERS Board will once again determine if they should meet in a hybrid format (in-person AND Zoom) for the coming month of September. The Board's Strategic Planning Workshop will be held in-person at the Westin Southcoast Plaza in September, so this discussion will cover that important event.

A-3 INVESTMENT TEAM INCENTIVE COMPENSATION PROGRAM

This is of course the issue we already discussed in detail earlier this week, but I wanted to be sure you see the same explanation I will be including in my preview to all stakeholders as I send out my note this morning:

When I arrived at OCERS in January 2008, we were just reaching the \$8 billion mark, and paying approximately \$386 million a year in benefits. Now nearly a decade and a half later, we are nearing \$22 billion in assets under management, and over \$1 billion a year in pension benefit payments flow into the Orange County economy. Seeking to encourage longevity and continuity in the talented team of investment professionals assembled to implement the OCERS Board's policy directives regarding the pension investment program, while also ensuring OCERS is competitive when filling investment team openings, I recommended to the OCERS Board's Personnel Committee the creation of a performance based incentive compensation program to supplement the salaries being paid to our investment team.

The Personnel Committee met on three occasions during the past seven months to consider how other public pension plans, such as our sister system San Bernardino Employees Retirement Association just up the road from us, implemented and managed their own incentive compensation programs. On August 1 the four member committee unanimously approved an incentive compensation program policy to be forwarded to the full Board for consideration and possible approval this coming Monday, to become effective as of December 31, 2022.

I have attached the PowerPoint presentation that will be shared with the Board.

Slide 8 outlines the formula to be used to determine the percentage of an annual incentive payment.

Slide 13 suggests what the maximum total cost annual cost of the program could be (If the team were to add 1% or approximately \$220 million above the Board's benchmark to the value of the fund as it stands today, incentive payments totaling about \$722,000 to be shared among the nine current members of the investment team would be possible. It's not quite that simple as you will see from Slide 8, gains must be balanced with avoidance of undue risk) A note: As shown on Slide 9 the investment team has never added a full percent of value above the benchmark over the past 10 years, so in all likelihood the total incentive compensation payment in any

given year would be much less.

I've gone into some detail here as this is an important step in the professionalization of the OCERS investment program, and requires the clear light of day in its consideration.

A-4 ALAMEDA IMPLEMENTATION – ACTIVE MEMBER CONT REFUND METHOD - \$75 OR LESS

In returning active member contributions that have been determined by the California Supreme Court in the ALAMEDA decision to no longer be eligible for inclusion in Final Average Salary, the OCERS Board directed that OCERS the agency pay those amounts to the member, rather than having the County of Orange or other employers simply return the contributions in the employee's paycheck, to allow for rollover to a tax qualified account if desired. That takes a lot of extra work by the OCERS staff, and Assistant CEO Jenike will be requesting the Board modify its prior directive and allow us to return those contribution amounts equaling \$75 or less using the employer's services instead. The amounts would be so small we believe the tax implications to be negligible, but the administrative savings to OCERS are substantial.

I-1 CEM 2022 BENCHMARKING REPORT

OCERS participates in a biennial study conducted by CEM Benchmarking out of Canada, comparing our costs and services to other peer public pension plans, to help us see what we are doing well, and equally to determine what we might be able to do better. I will be presenting a PowerPoint overview of this year's report.

If any of the above items raise questions, or concerns, please feel free to call me on my cell (714-697-8291) at ANY time.

STEVE DELANEY | Chief Executive Officer | **Orange County Employees Retirement System (OCERS)**

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"We provide secure retirement and disability benefits with the highest standards of excellence."



Memorandum

DATE: August 15, 2022
TO: Members of the Retirement Board
FROM: Suzanne Jenike, Asst. CEO, External Operations
SUBJECT: ALAMEDA IMPLEMENTATION – ACTIVE MEMBER CONTRIBUTION REFUND METHOD - \$75 or less

Recommendation

Direct staff to coordinate with the Employers to process refunds of contributions and interest to active members entitled to a refund of \$75 or less as a result of the *Alameda* decision.

Background/Discussion

In June 2021 the Board directed Staff to refund *Alameda* related contributions and interest directly to active members rather than follow the normal process of requesting the Employer process the refund. Having OCERS issue the refund allowed members to elect the option of rolling over the funds as a tax deferred payment. Since refunds to active members are not normally done by OCERS, we had to develop a process to issue these payments out of our Pension Administration System (PAS) with the assistance of our software vendor. All refunds to active members in amounts greater than \$75 are in the process of being issued by OCERS and are expected to be completed well before the end of 2022.

This agenda item is specifically related to the refunds in the amount of \$75 or less. Having the Employer issue the refunds of \$75 or less is a very straightforward process and would eliminate the manual process OCERS has had to undertake to make payments to active members receiving greater than \$75. There are approximately 922 active members due a refund of \$75 or less that can be processed expeditiously by the Employer through their payroll process. Staff is requesting that the Board approve a change to the method previously approved and direct us to coordinate with the Employer to issue refunds of contributions and interest in the amount of \$75 or less for or active members.

Submitted by:



SJ-APPROVED

Suzanne Jenike
Asst. CEO, External Operations



Memorandum

DATE: August 15, 2022
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: CEM 2022 BENCHMARKING REPORT

Presentation

Background

OCERS has been participating for more than a decade in the CEM Benchmarking administrative report program, allowing us to see our service levels and administrative cost comparisons in the context of other similar pension systems.

Attached you will find the 2021 (received 2022) edition of the biennial CEM Benchmarking study, together with a summary overview CEM has also provided.

I will share highlights of the report on August 15.

Some points to keep in mind when reviewing the report:

While it is helpful to provide us with context for the administrative work we accomplish, there are certain issues that can detract from our total score when compared to others, issues where we have purposefully chosen not to follow the path taken by some of our peer systems. Following are two examples of that decision:

Page 3-9 of the 2021 Benchmarking Analysis Report.

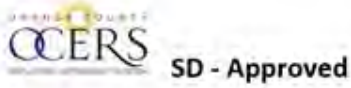
OCERS receives a score of "15 out of 100" when it comes to paying out 85% of our pension benefits within 1 month of the members final pay check. Those pension systems that are able to accomplish that goal on a routine basis are in almost all cases systems that have determined to pay an "estimated" benefit to the retiree, and then return and recalculate the benefit once all final data has been received. OCERS administration considers that duplicative work. We instead prepare our members to be aware that their first check will not be paid within the first 45 days of retirement, but once paid, it is a final benefit calculation.

Page 3-26 of the 2021 Benchmarking Analysis Report.

OCERS receives a score of "20 out of 100" when it comes to "returning a decision on a disability application in 1 month or less". This all comes down to how we choose to view the question. OCERS "starts the clock" on making a decision regarding a disability application when that application is received. To our members, that is when the process begins, and our goal is to make that period from initial receipt to final determination as short as possible, but we will likely never get to 30 days, as the time necessary to collect medical records, send a member to an independent doctor for review, and

then prep for a date before the OCERS Board of Retirement together takes more than 30 days. We have learned some other systems with higher scores do not "start the clock" as it were until they have collected all the medical materials necessary, and the item is ready to go to their Board for approval.

Submitted by:



Steve Delaney
Chief Executive Officer

BenchmarkAdmin

2021 Benchmarking Analysis for Orange County Employees Retirement System

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The benefits to benchmarking your administration costs and service:

1. Measure and manage your performance
 - Identify what is important
 - Monitor progress using an independent benchmark
 - Serves as a catalyst for change

2. Communicate to stake-holders
 - Demonstrate success and achievements to governing bodies
 - Identify service gaps to support resource requests

3. Focus on your customer service levels
 - Learn what others are doing that you are not
 - Gain best practice insights into key areas

76 leading global pension systems participate in the benchmarking service.

Participants

United States

Arizona SRS
 CalPERS
 CalSTRS
 City of Austin ERS
 Colorado PERA
 Delaware PERS
 ER of Fairfax County
 Fairfax County RS
 Florida RS
 Idaho PERS
 Illinois MRF
 Indiana PRS
 Iowa PERS
 Kansas PERS
 LACERA
 LA Fire and Police Pensions
 Michigan ORS
 Minnesota State RS
 Nevada PERS
 NYC BERS
 NYC TRS
 NYSLRS
 Ohio PERS
 Orange County ERS
 Oregon PERS
 Pennsylvania PSERS
 PSRS PEERS of Missouri
 South Dakota RS
 STRS Ohio
 Texas County and District RS
 TRS Illinois

TRS of Texas
 Utah RS
 Virginia RS
 Washington State DRS

Canada

Alberta Teachers
 Alberta Pension Services
 BC Pension Corporation
 Canadian Forces Pension Plans
 Federal Public Service PP
 HOOPP
 Local Authorities (Alberta)
 Municipal Pension Plan of BC
 Ontario Pension Board
 Ontario Teachers
 OPTrust
 RCMP
 Saskatchewan HEPP
 TTC Pension Plan

Denmark

ATP

The Netherlands*

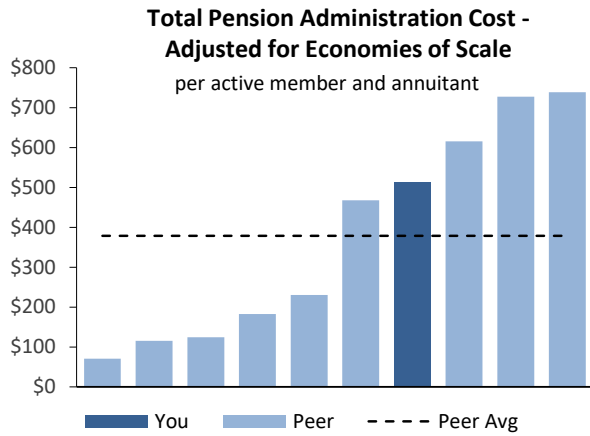
ABN Amro Pensioenfond
 ABP
 bpfBOUW
 Pensioenfond Metaal en Techniek
 Pensioenfond PWRI
 Pensioenfond Vervoer
 PFZW
 Rabobank Pensioenfond

United Kingdom*

Armed Forces Pension Scheme
 BSA NHS Pensions
 BT Pension Scheme
 Greater Manchester PF
 Irish Construction Workers' PS
 Local Pensions Partnership
 Lothian PF
 Merseyside PF
 Pension Protection Fund
 Principal Civil Service
 Railpen Pension Scheme
 Rolls Royce Pension Fund
 Royal Mail Pensions
 Teachers' Pensions
 Tyne & Wear PF
 Universities Superannuation
 West Midlands Metro
 West Yorkshire PF

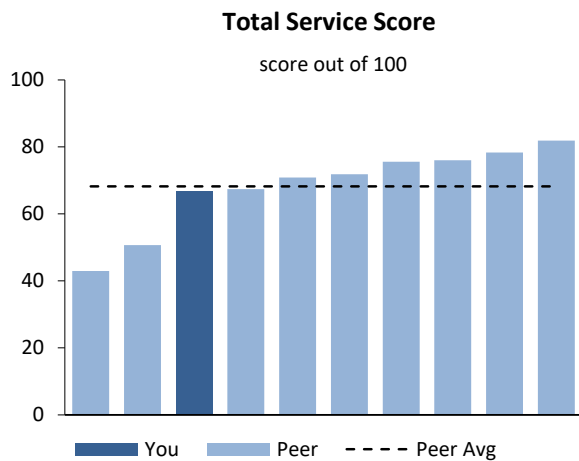
* Systems in the UK and most systems in the Netherlands complete different benchmarking surveys and hence your analysis does not include their results.

Key Takeaways:



Before adjusting for economies of scale, your pension administration cost was \$513 per active member and annuitant. This was \$246 above the peer average of \$267.

Size matters: you had an economies of scale disadvantage relative to the peer average. After adjusting the cost of each peer for its scale (dis)advantage, your cost of \$513 was \$135 above the adjusted peer average of \$379.

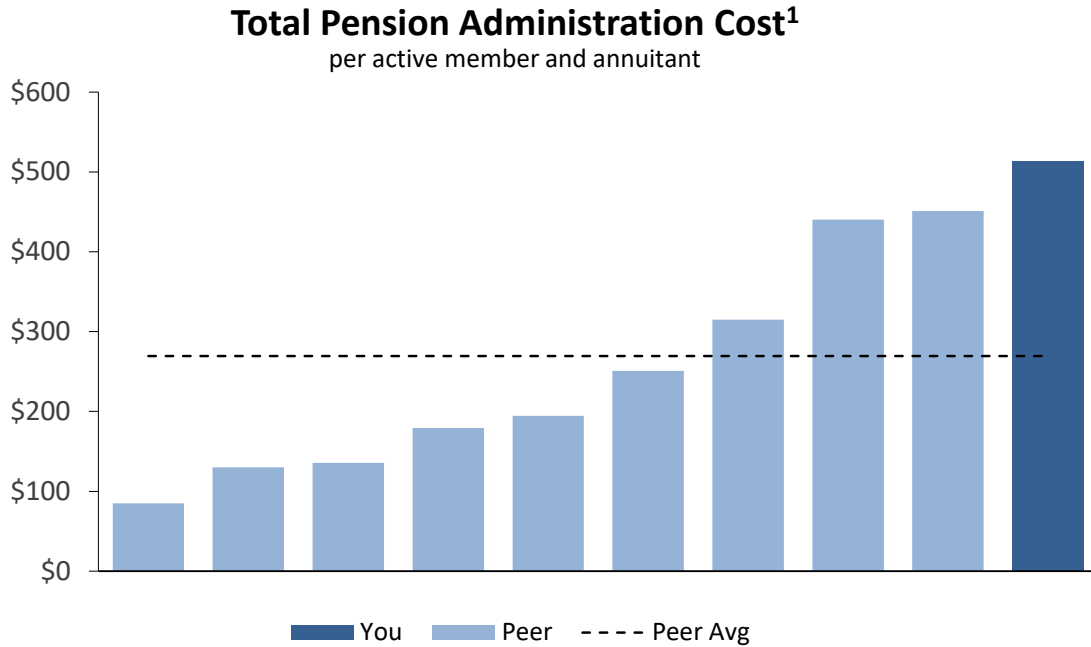


Your total service score was 67 out of 100. This was close to the peer average of 68.

Your peer group consists of the following 10 participants:

Peers	Membership		
	Actives Members	Annuitant	Total
City of Austin ERS	10,138	6,961	17,099
TTCPP	15,384	9,729	25,113
Fairfax County RS	17,740	12,134	29,874
ER of Fairfax County	20,133	12,512	32,645
Orange County ERS	22,011	19,826	41,837
RCMP	22,267	22,156	44,423
NYC BERS	31,198	18,525	49,723
LACERA	99,118	71,366	170,484
CALSTRS	449,339	318,049	767,388
CalPERS	863,767	753,054	1,616,821
Peer Average	155,110	124,431	279,541

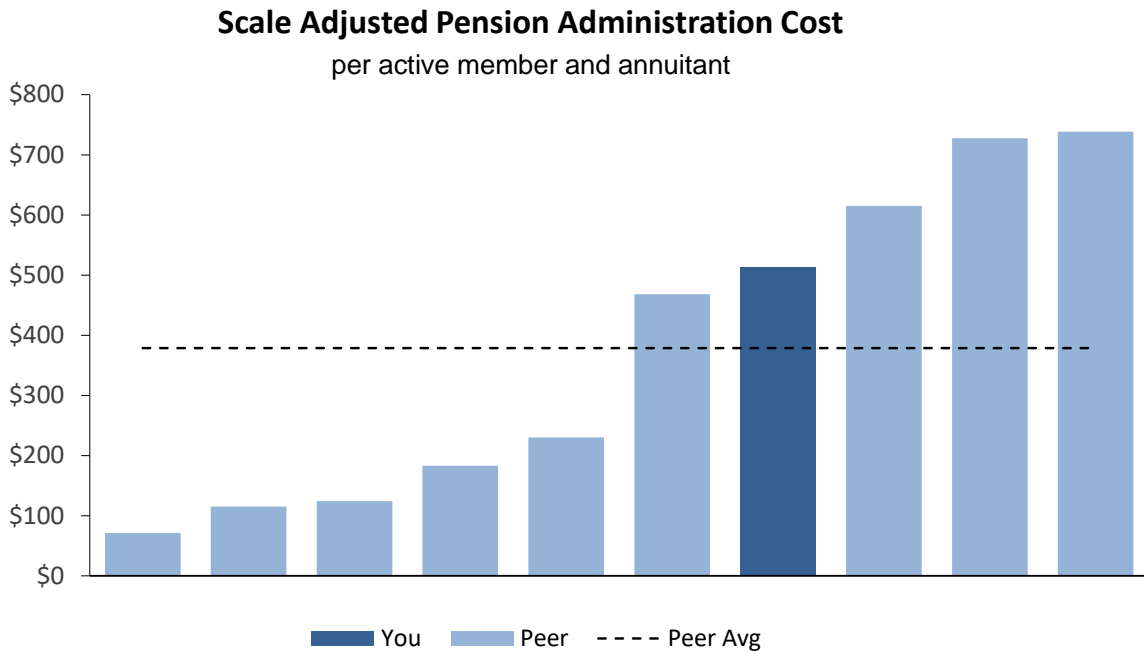
Before adjusting for economies of scale, your pension administration cost was \$513 per active member and annuitant. This was \$246 above the peer average of \$267.



1. All foreign currency amounts have been converted to USD using Purchasing Power Parity figures as per the OECD (see Appendix B).

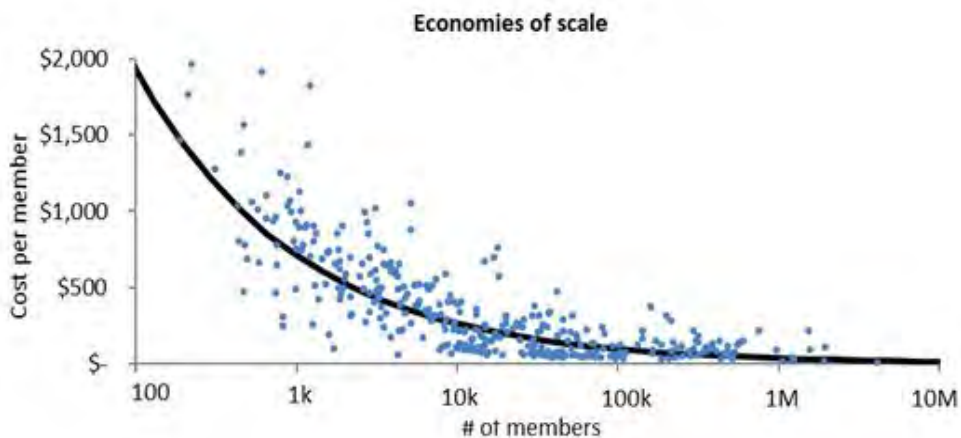
Your cost per member calculation is based on total pension administration cost of \$21.5 million.

Size matters: you had an economies of scale disadvantage relative to the peer average. After adjusting the cost of each peer for its scale (dis)advantage, your cost of \$513 was \$135 above the adjusted peer average of \$379.



Your system had 46% fewer members than the peer weighted average. Your smaller size means that you had a scale disadvantage of \$135 relative to the peer average.

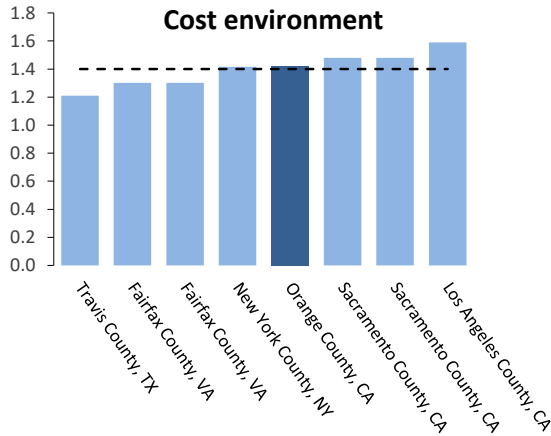
The scale adjustment is based on regression analysis using cost and membership data from 370 global pension plans. Approximately 70% of differences in cost per member can be explained by differences in size. Each peer's cost was adjusted for its scale advantage relative to your system.



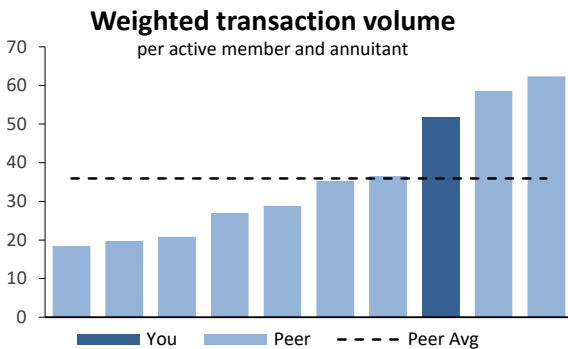
Reasons why your total cost was \$135 higher than the peer average:

Reason	Comparison			Impact \$s per member
	You	Peer average	More/ Less	
	<u>FTE per 10,000 members</u>			
A. Using 53% more FTE to serve members	18.4	12.0	53%	\$78
B. Paying more in total per FTE for:	<u>Cost per FTE</u>			
• Salaries & benefits	\$173,841	\$124,234	40%	
• Building expenses	<u>\$8,477</u>	<u>\$15,537</u>	-45%	
	\$182,318	\$139,771	30%	\$78
C. Paying more per member in total for:	<u>\$s per member</u>			
• Professional Fees	\$81	\$43	87%	
• Amortization	\$62	\$11	444%	
• Charges from sister organizations	\$0	\$1	-100%	
• Other administration expenses	<u>\$36</u>	<u>\$33</u>	9%	
	\$179	\$88	103%	\$90
Total				\$246
Adjustment for your scale disadvantage				-\$111
Total after adjusting for economy of scale differences				\$135

Differences in costs can also be attributed to factors such as cost environment, and differences in transaction volumes.



Your cost environment was 2% higher than the peer average.



Workloads: your weighted transaction volume was 52, which was 44% above the peer average. This suggests that you do more transactions and/or have a more costly mix of transactions per active member and annuitant.

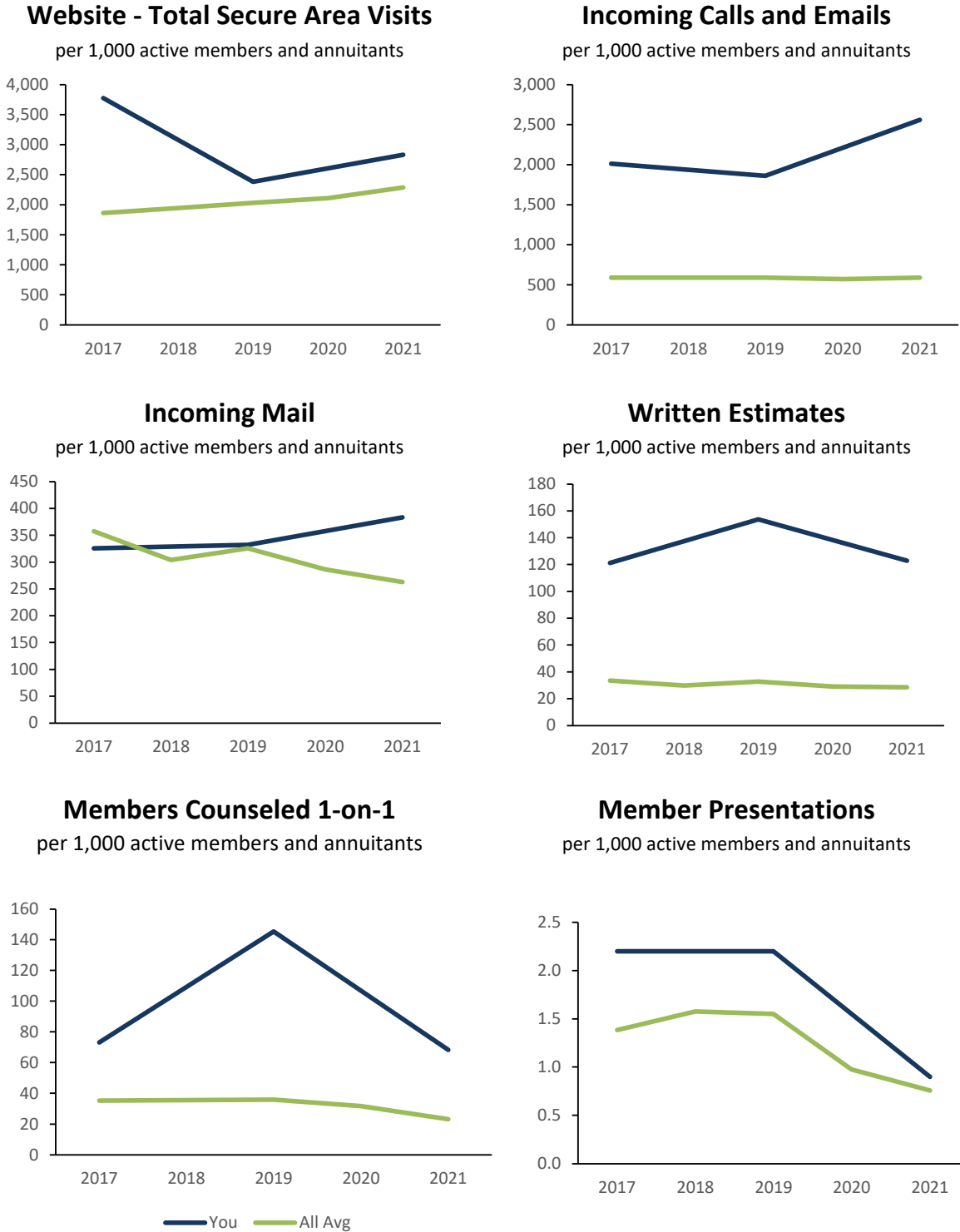
The next page shows you where you are doing more or less transactions in comparison with your peers.

Where are you doing more/fewer transactions than your peers?

Where are you doing more/fewer transactions than your peers?					
Activity	Activity volume description	Your Volume	Volume per 1,000 active members and annuitants		
			You	Peer Avg	More/-less
1. Member Transactions					
A. Pension Payments	annuitants	19,826	473.9	422.8	12%
B. Pension Inceptions	service & survivor inceptions	1,042	24.9	24.0	4%
C. Withdrawals	withdrawals	221	5.3	10.5	-49%
D. Purchases	purchases	451	10.8	10.8	0%
E. Disability	disability applications	135	3.2	1.7	88%
2. Member Communication					
A. Member Calls	calls & emails	107,127	2,560.6	1,245.5	106%
B. Mail Room	incoming letters	16,052	383.7	444.3	-14%
C. Pension Estimates	written estimates	5,140	122.9	63.6	93%
D. 1-on-1 Counseling	counseling sessions	2,856	68.3	50.8	34%
E. Presentations	presentations	36	0.9	0.9	-8%
F. Mass Communication	active members	22,011	526.1	577.2	-9%
3. Collections and Data Maintenance					
A. Employer data	active members	22,011	526.1	577.2	-9%
B. Non-employer data	annuitants, inactive members	27,064	646.9	552.0	17%
Weighted Total¹			51.7	35.9	44%

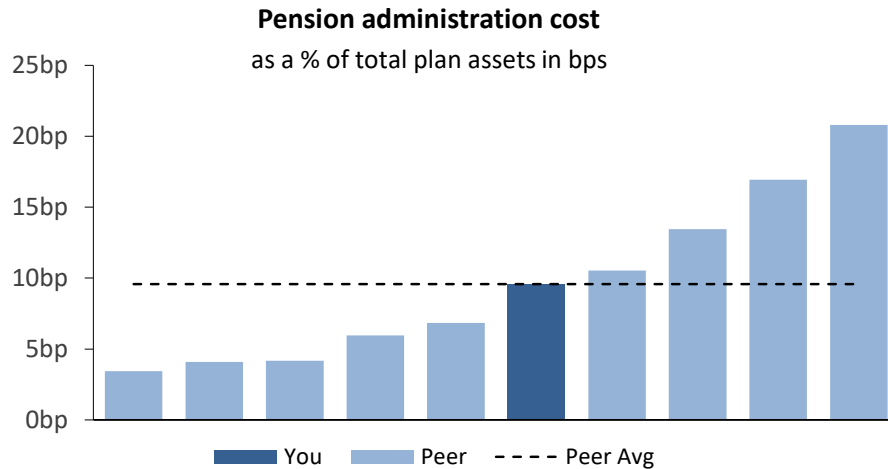
1. The weights used for each transaction type are equal to the 2021 fiscal year global PABS participant median. See section 5 for more details.

Overall, traditional transaction volumes for the global universe are decreasing and digital volumes are increasing:



Trend analysis is based on systems that have provided 8 consecutive years of data.

An alternative way of comparing costs is as a percentage of total assets. Your cost of 9.6 bps was equal to the peer average of 9.6 bps.



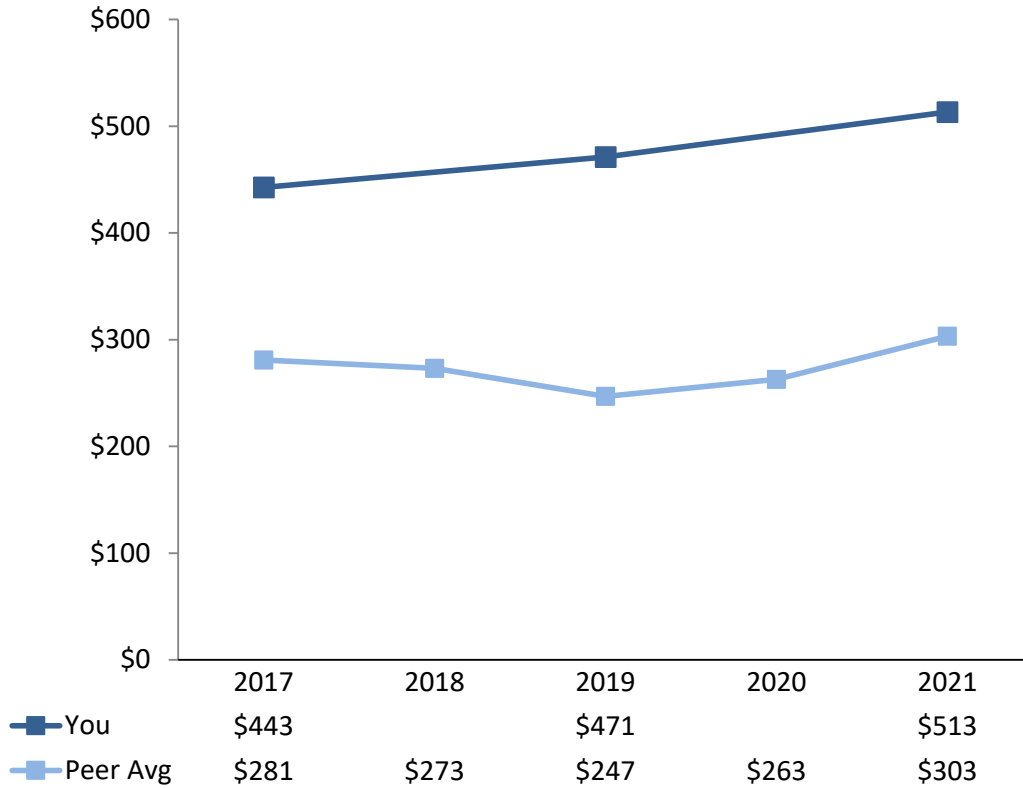
Calculation of your pension administration cost as a percentage of total assets

Total pension administration cost in \$000s (A)	\$21,473
Total assets in \$ millions at the end of the fiscal year (B)	\$22,436.0
<hr/>	
Pension administration cost as a % of total assets in bps (A/B X 10)	9.6 bps
1 basis point (bps) equals 0.01%.	

The above calculation uses your net pension administration cost. These exclude any healthcare or investment management related costs.

Cost Trends

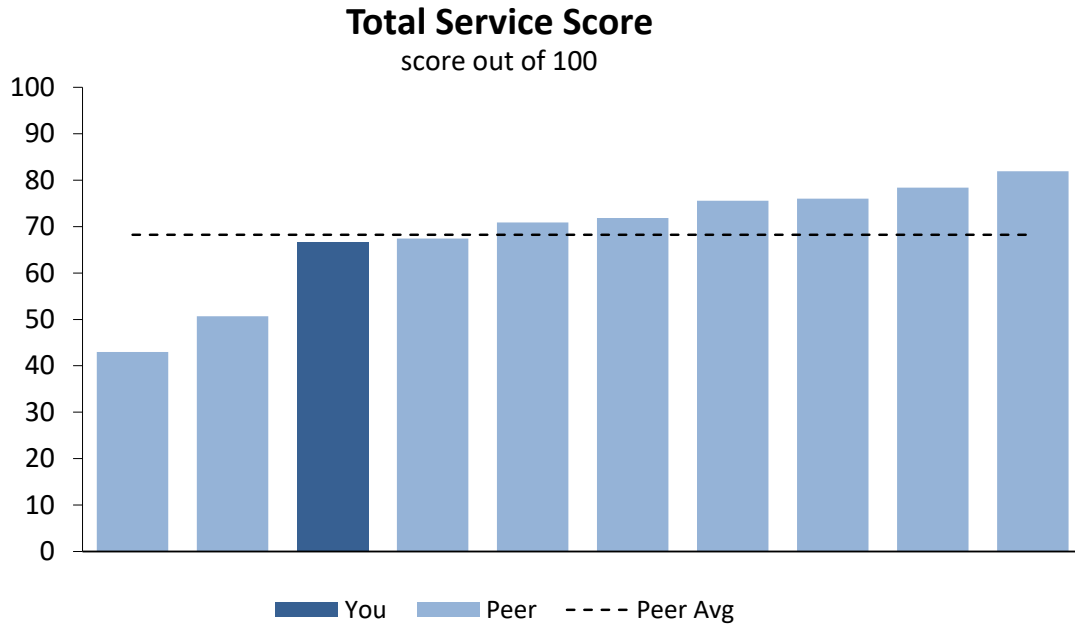
Trend in Total Pension Administration Costs¹



1. Trend analysis is based on systems that have provided 5 consecutive years of data (5 of your 10 peers).

Your total pension administration cost per active member and annuitant increased by 3.8% per annum between 2017 and 2021, mainly due to an increase in salaries and benefits which now includes cash contributions for pension and OPEB for active staff.

Your total service score was 67 out of 100. This was close to the peer average of 68.



Service is defined as 'Anything a member would like, before considering costs'. Generally speaking this means faster is better, and more services and more availability is better. The Total Service Score is a weighted average of the service scores for each activity. The following pages provide an overview of the key service measure included in your Service Score.

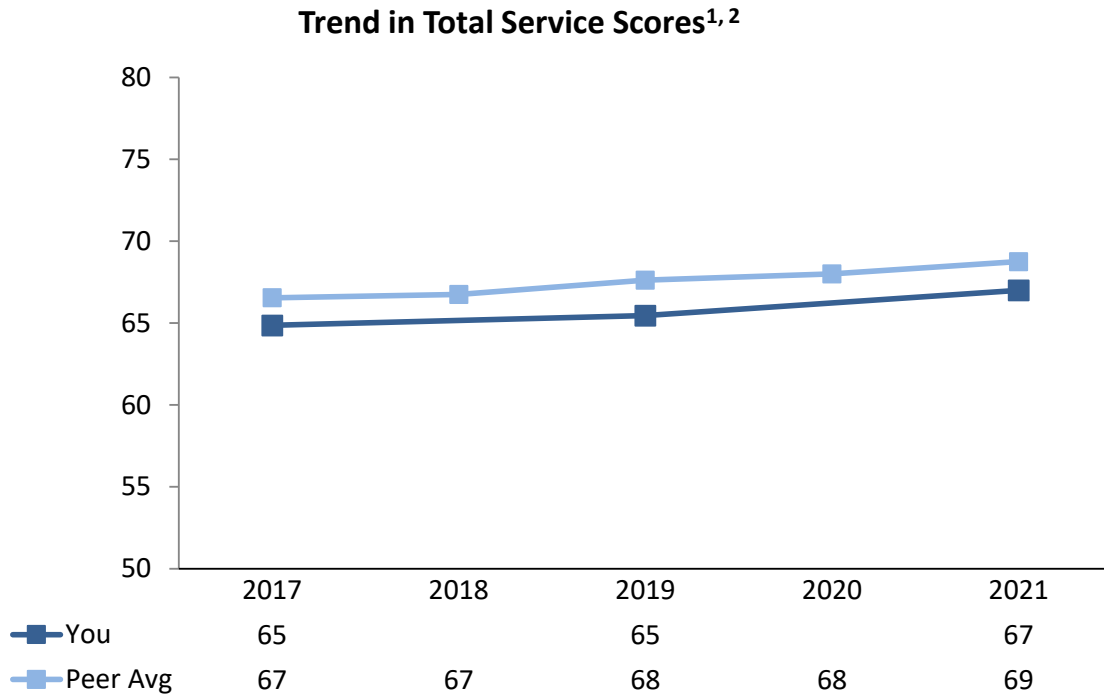
The total service score is the weighted average of the activity level service scores.

Service Scores by Activity				
Activity	You		Peer Average	Weights
	2019	2021		
Paying Pensions	100	100	100	10.0%
Pension Inceptions	14	15	72	7.0%
Benefit Estimates	83	83	63	5.0%
1-on-1 Counseling	95	95	98	7.0%
Presentations	94	94	83	6.0%
Member Contacts	56	56	52	21.0%
Website	81	82	65	21.0%
News and Targeted Communication	68	68	66	4.0%
Member Statements	45	45	72	6.0%
Disability	0	20	54	4.0%
Red Tape	80	80	64	4.0%
Customer Experience Surveying	11	13	33	5.0%
Total Service Score	65	67	68	100.0%

Examples of key service measures included in your Service Score:

Select Key Service Metrics	You		Peer Avg
	2019	2021	
Member Contacts			
• Average total wait time including time negotiating auto attendants, etc.	Unknown	Unknown	254 secs
• % of calls abandoned while in queue, on hold or in menu?	Unknown	Unknown	15%
• How many hours per week can members call service representatives?	40.0	40.0	45.0
Website			
• Can members access their own data in a secure environment?	Yes	Yes	90% Yes
• Do you have an online calculator linked to member data?	Yes	Yes	70% Yes
• # of other website tools offered such as changing address information, registering for counseling sessions and/or workshops, viewing or printing tax receipts, etc.	12	13	11
Member Statements			
• How current is the data in member statements when mailed?	1.0 mnth	1.0 mnth	2.2 mnths
• Do statements provide an estimate of the future pension entitlement?	No	No	60% Yes
Pension Inceptions			
• What % of annuity pension inceptions are paid without an interruption of cash flow greater than 1 month between the final pay check and the first pension check?	1%	1%	73%
1-on-1 counseling			
• % of your active membership that attended a 1-on-1 counseling session	13.2%	13.0%	9.0%
• % of your active membership that attended a presentation	16.7%	3.5%	7.7%

Your service score increased from 65 to 67 between 2017 and 2021.



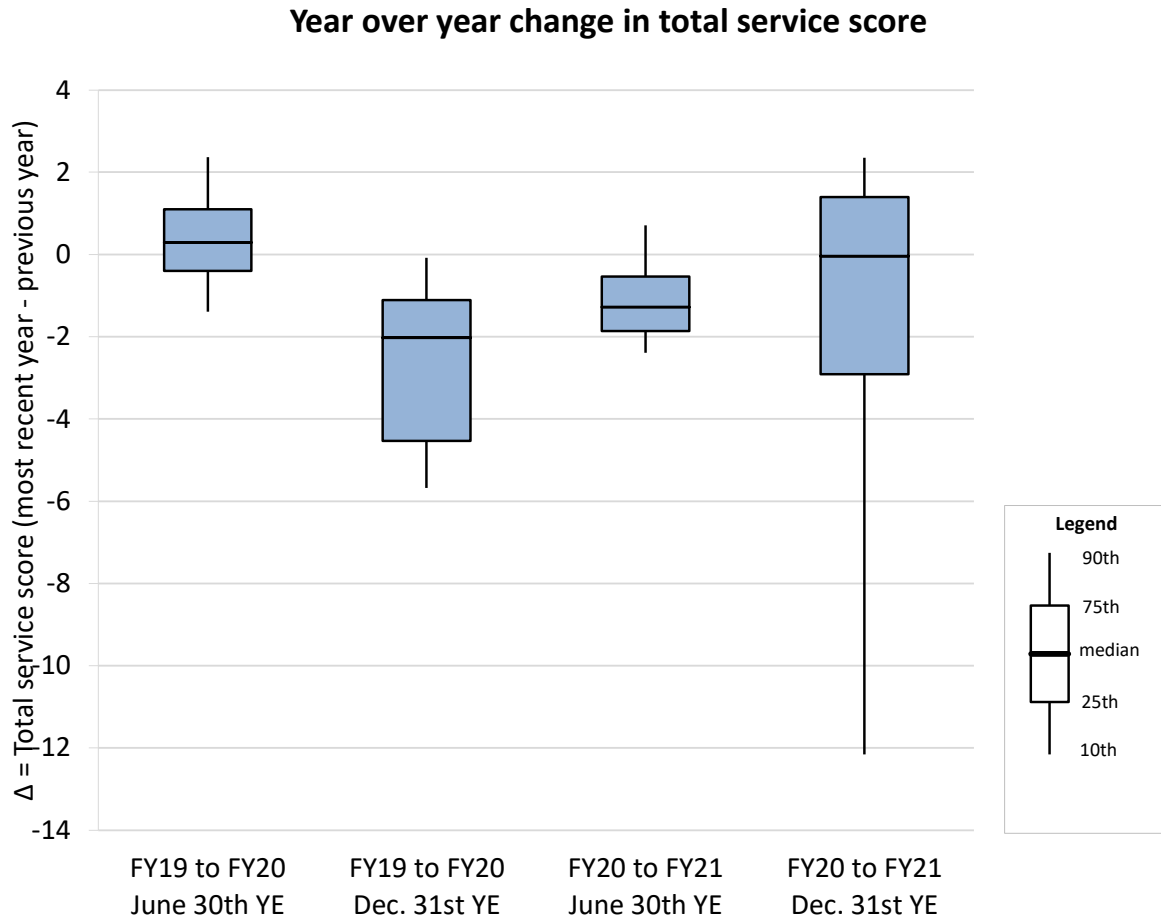
1. Trend analysis is based on systems that have provided 5 consecutive years of data (5 of your 10 peers).

2. Your historic service scores may differ from previous reports because historic scores have been restated to reflect changes in methodology.

Compared to 2017 the activities most improved were:

- **Disability:** Your turnaround time for a disability application decreased from 12 months to 9 months.
- **Website:** Your members can now register for presentations online. Your members also do not need to mail in follow-up documents or signatures once they retire, making retiring online a straight-through process. In 2017 90% still needed to mail in additional information.

Total service scores fell for almost all systems in the 2nd half of 2020 and into 2021 due to COVID. Some systems were impacted more than others.

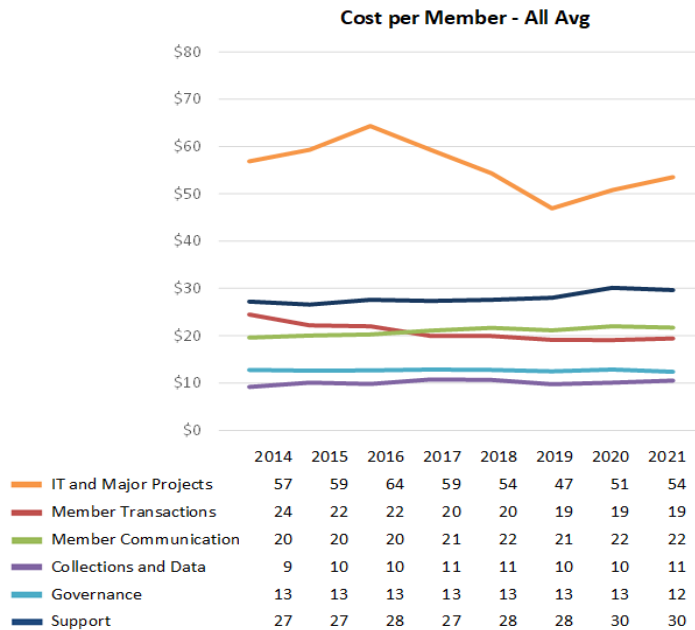


Most service measures are rebounding for the average system.

Select Key Service Metrics	Avg of the Dec 31 universe		
	2020	2021	Change
<u>Member Contacts</u>			
• % of calls resulting in undesired outcomes ('call another time' message and abandoned calls in a queue or on hold)	17.0%	20.4%	19.9%
• Average total wait time including time negotiating auto attendants, etc.	234 secs	262 secs	12.0%
• Average call duration	389 secs	422 secs	8.5%
<u>1-on-1 Counseling and Member Presentations</u>			
• % of your active membership that attended a 1-on-1 counseling session	2.2%	2.2%	-3.7%
• % of your active membership that attended a presentation	5.9%	7.8%	33.5%
<u>Inceptions</u>			
• What % of annuity pension inceptions are paid without an interruption of cash flow greater than 1 month between the final pay check and the first pension check?	92.7%	94.6%	2.0%
• What % of survivor inceptions are paid without an interruption of cash flow greater than 1 month between the pensioner's final pension check and the survivor's first pension check?	90.9%	92.9%	2.1%

Global Trends

1. COVID-19 is changing work and disaster plans.
 - Continuing in the future: Work from home, web counseling, web presentations, and requiring members to do more transactions online.
 - Disaster recovery has less need for a second physical location.
2. Pension administration systems are becoming IT organizations.
 - IT & Major projects is now the biggest cost category for most systems.



Based on 31 systems in the CEM universe that provided 8 years of consecutive data.

3. Cyberrisk continues to increase
 - A sample of 12 large plans had an average of 4 internal FTE dedicated to managing cybersecurity.
4. Customer experience focus
 - Organizing communication, service, work and staff by customer journeys. Collecting satisfaction and effort metrics by journey as well as channel.
 - More segmentation, data mining, focus groups, targeted messaging, personas, branding.
5. Improved cost effectiveness
 - Improving processes: e.g. More than half of systems are using tools such as Lean, Six-Sigma, One and Done.
 - Straight through processing.
 - Maximizing online transactions, eliminating paper.
 - Belief that online is the highest service channel if done correctly.
 - Reduced emphasis on counseling and presentations (less true for systems administering healthcare).
6. Managing pension envy, which is often exacerbated by poor funded status

2

Peer Characteristics

This section:

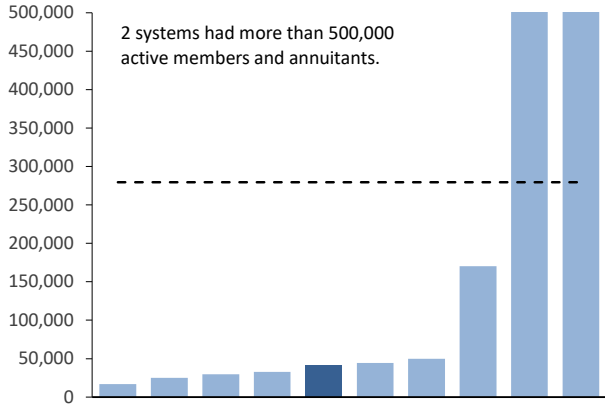
- Details of your peer group.
- A comparison of the characteristics of your peers.

Your peer group consists of 10 peers.

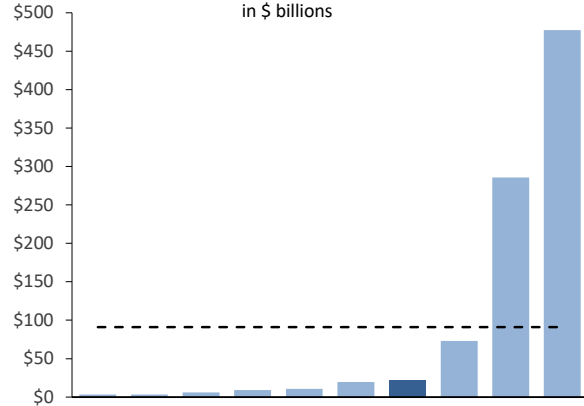
	Custom Peer Group for Orange County ERS					
	Members			Assets \$ millions	# employers	# pension admin. FTEs
	Active	Annuitant	Total			
CalPERS	863,767	753,054	1,616,821	477,300	1,563	1,880
CALSTRS	449,339	318,049	767,388	285,910	1,791	832
LACERA	99,118	71,366	170,484	73,000	4	336
NYC BERS	31,198	18,525	49,723	10,534	7	101
RCMP	22,267	22,156	44,423	19,429	1	23
Orange County ERS	22,011	19,826	41,837	22,436	13	77
ER of Fairfax County	20,133	12,512	32,645	3,288	1	29
Fairfax County RS	17,740	12,134	29,874	9,300	2	26
TTCPP	15,384	9,729	25,113	6,194	3	12
City of Austin ERS	10,138	6,961	17,099	3,183	2	20
Peer Average	155,110	124,431	279,541	91,057	339	334

Graphical comparison of peer characteristics

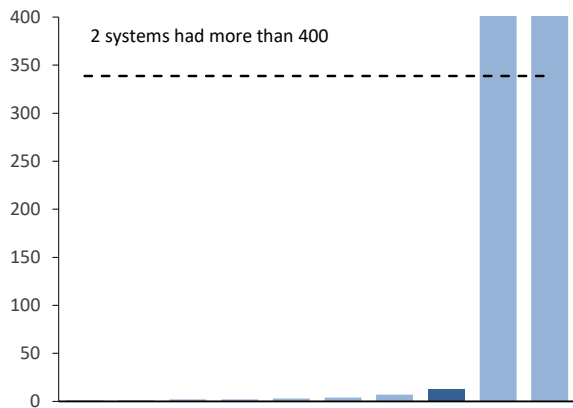
Active Members and Annuitants



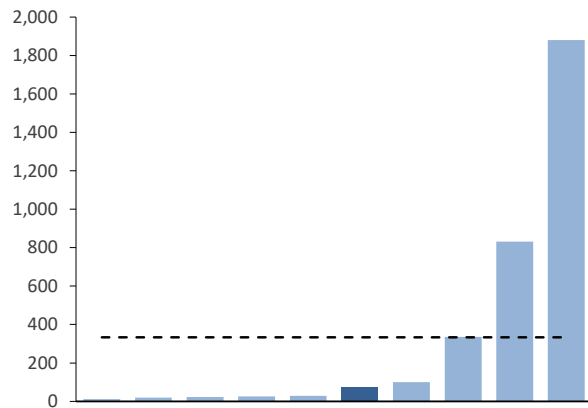
Total Assets



Number of Employers



Number of Administration Staff



■ You ■ Peer - - - Peer Avg

Profiles of the 52 benchmarking participants:

page 1 of 2 (excluding European and UK systems)

Participant	Members by Type			Member Groups										Plan Types						
	Active Members	Annuity	Inactive Members	City or County Only	State/ County Employees	Teachers	School	Police and/or Fire	Participating Local Employers	Other (Judges etc)	Corporate	Industry	DB	Cash Balance	DB/ Cash Balance	DB/ Money Match	Drop	DC	Hybrid DB/ DC	Administer Retiree Healthcare
Canada																				
Alberta Teachers	42,186	30,582	11,833			X							X							
Alberta Pension Services	214,822	116,856	53,773	X			X	X	X	X			X							
BC Pension Corporation	356,165	214,764	87,998	X	X	X	X	X	X	X	X	X	X	X	X				X	
Canadian Forces Pension Plans	90,309	117,694	12,803							X			X							
FPSP	243,776	284,020	41,677	X									X							
HOOPP	248,260	114,300	35,764	X				X			X		X							
Local Authorities (Alberta)	164,370	75,770	35,723	X		X	X	X					X							
Municipal Pension Plan of BC	220,321	111,551	47,219	X		X	X	X	X	X	X	X	X	X	X				X	
Ontario Pension Board	43,731	40,129	7,314	X			X						X							
Ontario Teachers	182,753	147,896	64,984	X	X	X							X							
OPTrust	48,851	40,195	9,437	X								X	X							
RCMP	22,267	22,156	705	X			X						X							
Saskatchewan MEPP	16,002	6,562	3,718	X		X	X	X					X							
SHEPP	37,425	19,989	3,174						X			X	X							
TTC Pension Plan	15,384	9,729	765	X				X			X	X								
United States																				
Arizona SRS	207,913	162,967	250,400		X	X	X		X	X			X	X						X
CalPERS	863,767	753,054	464,652		X		X	X	X	X			X							X
CalSTRS	449,339	318,049	213,897		X	X	X						X	X						
City of Austin ERS	10,138	6,961	3,118	X				X					X							
Colorado PERA	233,989	127,117	288,142		X	X	X		X	X			X					X	X	X
Delaware PERS	45,828	33,632	18,024		X	X	X	X	X	X			X							
ER of Fairfax County	20,133	12,512	5,196	X		X	X						X							
Fairfax County RS	17,740	12,134	846	X		X	X	X					X				X			
Florida RS	633,524	471,884	117,441		X	X	X	X	X	X			X				X	X		
Idaho PERS	73,751	47,483	53,486		X	X	X	X	X	X			X						X	
Illinois MRF	170,750	140,393	129,769				X	X	X				X							
Indiana PRS	247,504	166,785	1,834		X	X	X	X	X	X			X				X	X	X	
Iowa PERS	173,186	129,026	79,710		X	X	X	X	X	X			X							
KPERS	153,959	107,850	64,793		X	X	X	X	X	X			X	X			X			
LACERA	99,118	71,366	16,841	X				X	X				X							X
LA Police and Fire Pensions	12,823	13,527	59	X				X					X				X			X

Profiles of the 52 benchmarking participants:

page 2 of 2 (excluding European and UK systems)

Participant	Members by Type			Member Groups										Plan Types						
	Active Members	Annuity	Inactive Members	City or County Only	State/ County Employees	Teachers	School	Police and/or Fire	Participating Local Employers	Other (Judges etc)	Corporate	Industry	DB	Cash Balance	DB/ Cash Balance	DB/ Money Match	Drop	DC	Hybrid DB/ DC	Administer Retiree Healthcare
United States (continued)																				
Michigan ORS	177,754	283,084	588,440		X	X	X	X		X			X					X	X	X
Minnesota State RS	56,637	51,030	29,526		X			X		X			X					X		
Missouri Lagers	35,810	25,668	8,132				X	X					X							
Nevada PERS	107,147	75,597	19,024		X	X	X	X		X			X							
NYC BERS	31,198	18,525	1,864	X		X	X						X							
NYC TRS	125,338	90,247	31,205	X		X	X						X					X		
NYSLRS	501,890	496,628	173,629		X		X	X	X	X			X							
Ohio PERS	289,435	216,628	677,873		X			X		X			X	X				X	X	
Orange County ERS	22,011	19,826	7,238		X				X				X							
Oregon PERS	180,682	158,884	75,158		X	X	X	X	X	X					X			X	X	
Pennsylvania PSERS	248,091	242,839	167,663		X	X	X						X							X
PERS of Mississippi	153,412	112,530	77,860		X	X	X	X	X	X			X							
PSRS PEERS of Missouri	128,516	100,751	59,800			X	X				X		X							
South Dakota RS	41,305	31,243	22,047		X	X	X	X	X	X			X							
STRS Ohio	202,970	159,578	165,160			X							X					X	X	X
Texas County and District RS	140,918	68,211	101,095					X	X	X					X					
TRS Illinois	159,027	127,518	145,769		X	X							X							
TRS of Texas	918,545	458,133	501,241		X	X	X						X							X
Utah RS	97,919	73,400	59,412		X	X	X	X	X	X			X					X	X	
Virginia RS	347,808	223,441	170,894		X	X	X	X	X	X			X						X	
Washington State DRS	333,992	209,173	308,711		X	X	X	X	X	X			X						X	

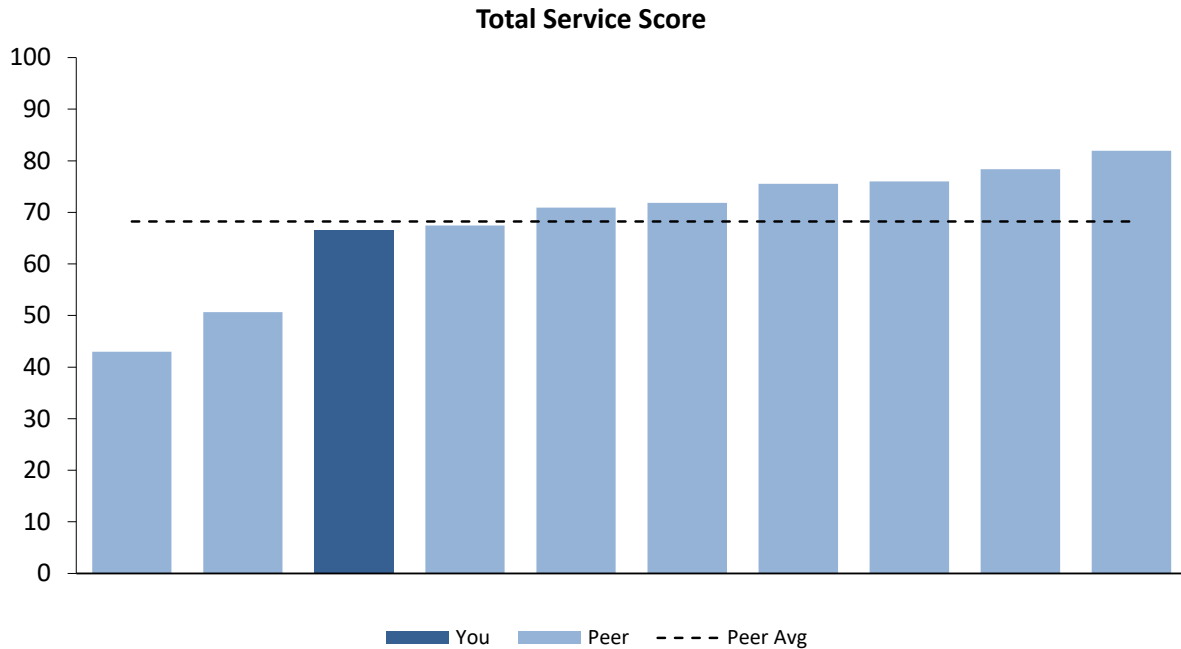
3

Service Levels

This section:

- Analyzes your current service levels relative to your peers, to identify what you do and how it compares to others.
- Identifies areas where you may be able to improve, or reduce, your service levels.
- Provides details of the methodology and criteria we used to evaluate your service levels.

Your total service score was 67 out of 100. This was below the peer average of 68.



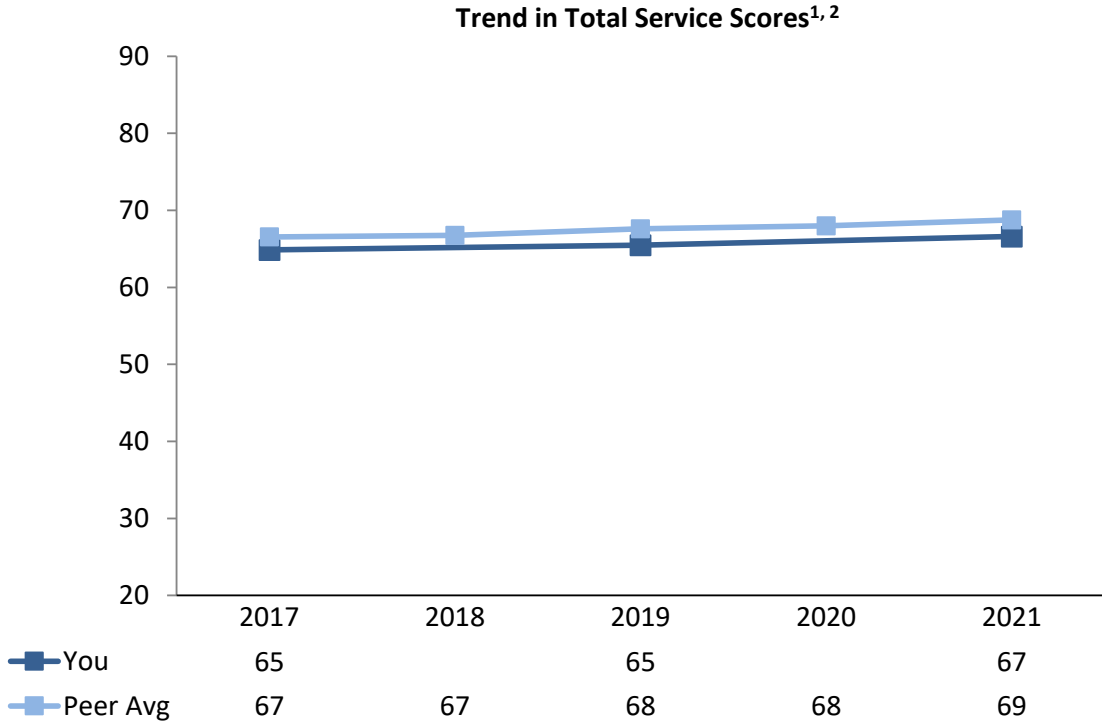
Interpreting your Service Results

Higher service scores are not necessarily better. This is because:

- Service is defined as: *'Anything a member would like, before considering costs'*. As this definition does not consider costs, high service may not always be cost effective or optimal. For example, it is higher service to have a call center open 24 hours a day but few systems would be able to justify the cost.
- Our 'weights' are an approximation of the importance of an individual service element. These weights will not always reflect the relative importance that you or your members attach to an individual service element.

The service measures are most useful for identifying what you are doing differently than your peers. Understanding these differences can give you ideas on how you may want to improve, *or reduce*, the service you provide to your members.

Your service score increased from 65 to 67 between 2017 and 2021.



1. Trend analysis is based on systems that have provided 5 consecutive years of data (5 of your 10 peers).
2. Your historic service scores may differ from previous reports because historic scores have been restated to reflect changes in methodology.

Service scores by activity and the weights used to determine the total service score

Service Scores by Activity				
Activity	You	Peer Average	Weights	
Paying Pensions	100	100	10.0%	
Pension Inceptions	15	72	7.0%	
Benefit Estimates	83	63	5.0%	
1-on-1 Counseling	95	98	7.0%	
Presentations	94	83	6.0%	
Member Contacts	56	52	21.0%	
Website	82	65	21.0%	
News and Targeted Communication	68	66	4.0%	
Member Statements	45	72	6.0%	
Disability	20	54	4.0%	
Red Tape	80	64	4.0%	
Customer Experience Surveying	13	33	5.0%	
Total Service Score	67	68	100.0%	
Total Service Score - Median		71		

How did we determine the weights for each activity?

CEM considered the following 8 criteria to determine the weights used to calculate your total service score:

1. Feedback from Participants

The weights reflect feedback from participants solicited at on-site meetings, symposiums and peer conferences.

2. Relative Cost of Each Activity

The average CEM participant spends 5.4% of its annual budget for member contacts (calls, emails, letters) versus 2.2% for 1-on-1 counseling. Thus, based solely on relative cost, member contacts is 2.5 times more important than 1-on-1 counseling.

3. Relative Volume of Each Activity (i.e., How many times does the service 'touch' a member?)

The average CEM participant initiates 23 pensions and receives 607 calls for every 1,000 active members and annuitants. Thus, based solely on relative volume, calls are 27.0 times more important than pension inceptions.

4. Expectations Based on External Experience

Members have external comparisons for receiving payments, telephone calls and annual statements, but they have no direct experience with the pension inception process. Thus, based solely on external experience, paying pensions and member contacts are more important than pension inceptions.

5. Personalized Human Contact

Research shows that the points of human contact provide the greatest opportunity for generating customer satisfaction. Thus, based solely on personalized human contact, counseling and calls are much more important than 'no contact' activities such as the website or paying annuity pensions.

6. About Members' Money

Nothing gets a member's attention faster than his or her own money. So, based solely on this criteria, activities such as benefit calculators linked to member data, member statements and paying annuity pensions are much more important than newsletters or brochures.

7. Mission Critical

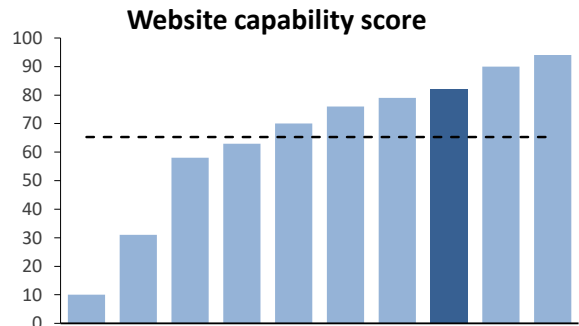
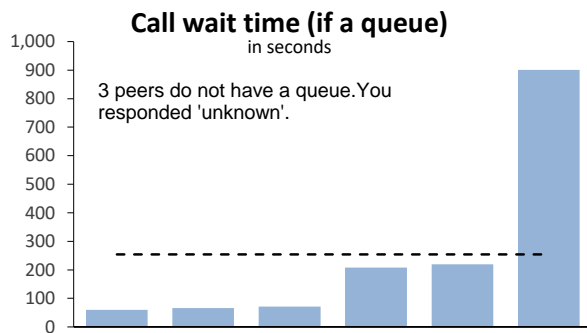
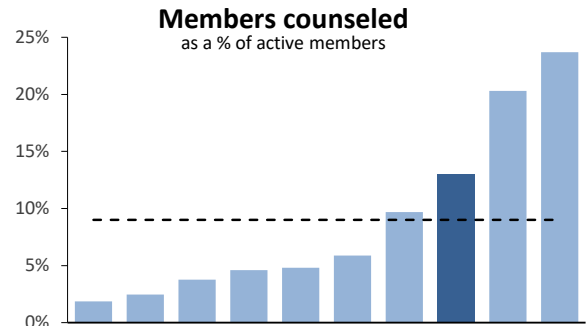
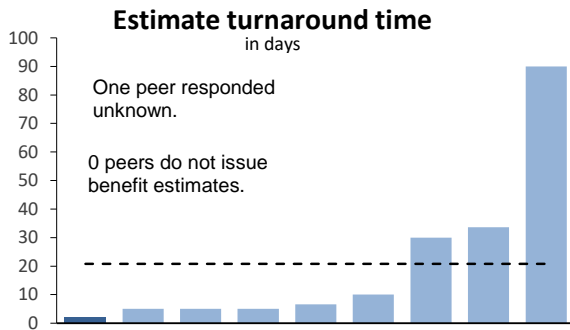
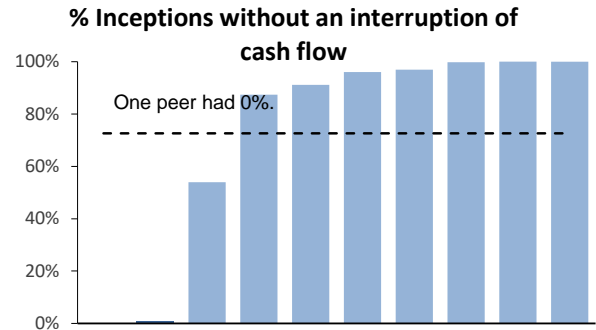
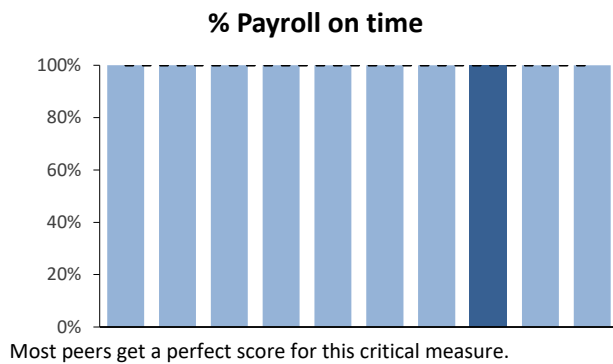
Paying pensions is mission critical. Providing counseling is not.

8. Stability

We have been told that keeping the weights stable is more important than continually perfecting them. Clients want to measure their progress against a stable metric.

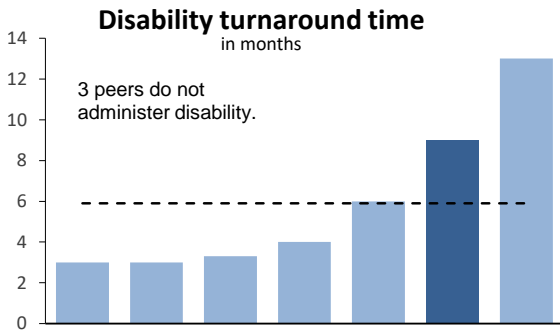
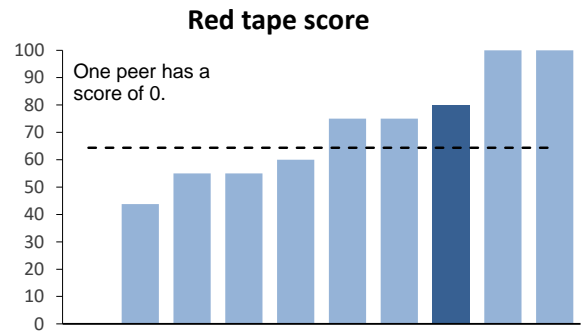
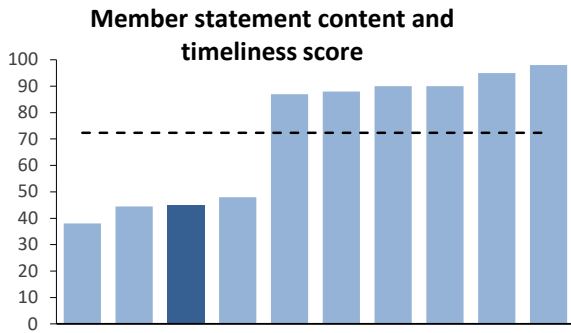
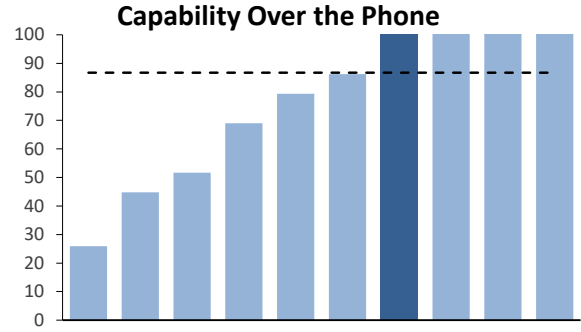
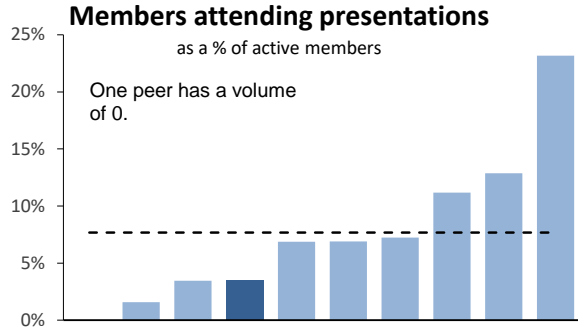
Graphical comparison of key service measures

This page shows a sample of key service metrics that we have weighted highly because we believe they are particularly important service measures from a member's perspective.



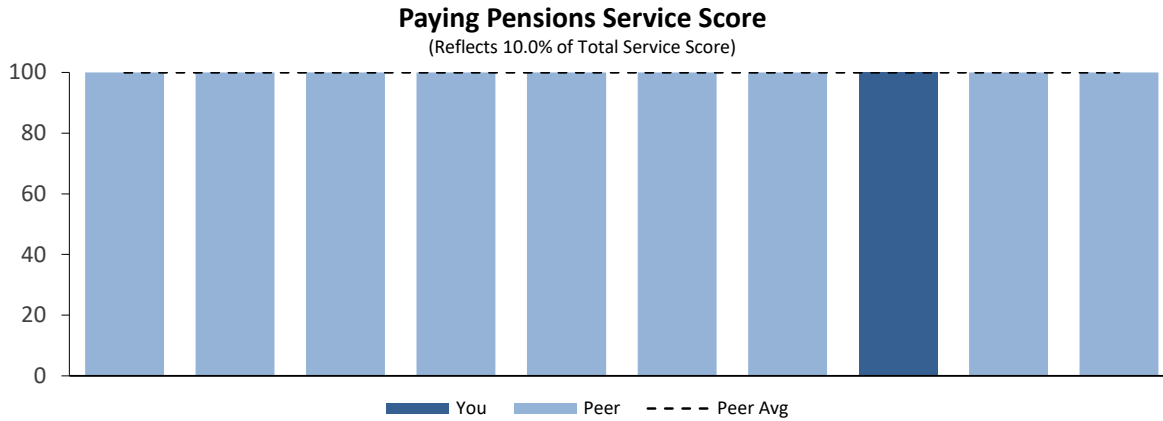
■ You ■ Peer - - - Peer Avg

Graphical comparison of key service measures (continued)



■ You ■ Peer - - - - Peer Avg

Your service score for paying pensions was 100 out of 100. This compares to a peer average of 100.



		Your Data	Your Score
1. Scoring method			
+ 100	If none of your pension payrolls were late vis-à-vis your normal payment cycle, otherwise 100 - 10 x numbers of late payrolls x average number of days late.	none	100.0
Total Score			100.0

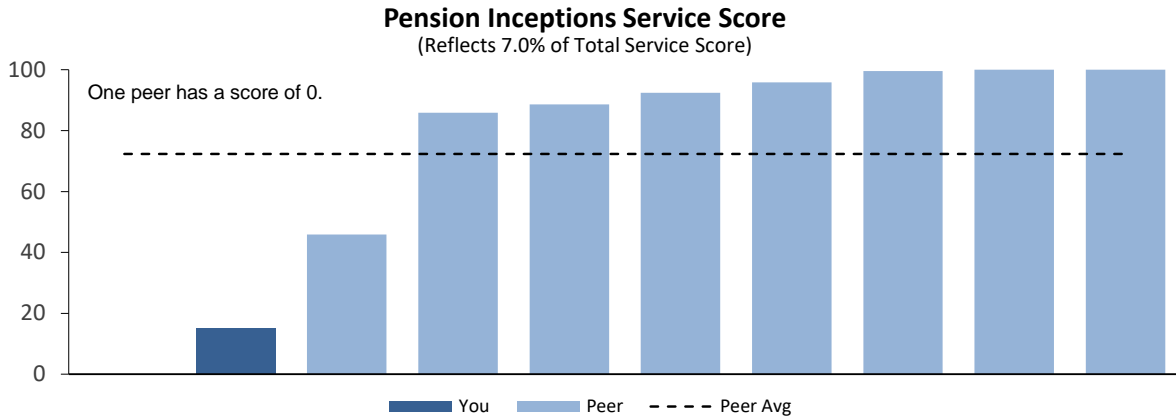
2. Rationale for the scoring method

Paying the pension payroll on the due date is a critical service requirement for retirement systems. Therefore, almost all systems get a perfect score for this measure, except in the event of a business interruption. A perfect score requires that all regular pension payrolls are paid on their due date.

3. Survey questions used

		You	Peer Avg
Q25	Were any of your pension payrolls late vis-à-vis your normal payment cycle? [For example, a payroll might be late because of system problems, etc.]	No	0% Yes
	a) If yes, how many payrolls were late?	n/a	n/a
	b) On average, how many days late were they?	n/a	n/a

Your service score for pension inceptions was 15 out of 100. This compares to a peer average of 72.



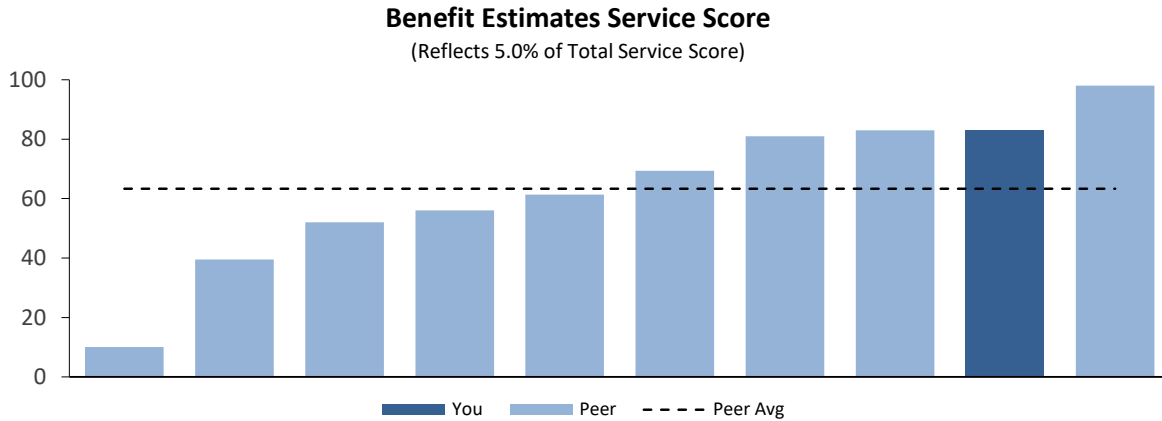
		Your Data	Your Score
1. Scoring Method			
	<u>Cashflow Interruptions</u>		
+ 85	85 x percent of inceptions that occur within 1 month of final pay check (0% is assumed if unknown)	1.0%	0.9
	<u>Survivor Pensions</u>		
+ 15	15 x percent of pensions paid without interruption to survivors (0% is assumed if unknown)	95.0%	14.3
Total Score			15.1

2. Rationale for the scoring method

Cashflow interruptions can cause hardships and irritation for members. In case of a survivor pension this potential hardship comes at a difficult time. A perfect score requires that you can incept a pension or survivor benefit without an interruption of cashflow.

3. Survey questions used		You	Peer Avg
Q26	What % of pension inceptions to retiring active members were paid without an interruption of cash flow greater than 1 month between the final pay check and the first pension check?	1.0%	72.6%
Q27	What % of survivor pension inceptions are paid without an interruption of cash flow between the pensioner's final pension check and the survivor's first pension check?	95.0%	78.5%

Your service score for benefit estimates was 83 out of 100. This compares to a peer average of 63.



1. Scoring method	Your Data	Your Score
<u>Speed of Turnaround</u>		
+ 31 if estimate is mailed in 3 days or less, otherwise 31 minus 1 per day over 3 days to provide a written estimate (30 days is assumed if unknown)	2 days	31.0
+ 4 if you do regularly measure the time to provide an estimate	No	0.0
<u>Content</u>		
+ 9.5 if you clearly address if and how the pension benefit is inflation protected	Yes	9.5
n/a if you discuss the effects of social security	n/a	n/a
+ 3.5 if you discuss alternative scenarios that could improve benefit	Yes	3.5
+ 12 if you model alternative retirement options	Yes	12.0
<u>Alternative Channels</u>		
+ 40 if you also offer estimates via member statement, website and call center, otherwise: 27 if you offer 2 alternatives; 14 if you offer 1; 0 if you offer none	2 channels	27.0
Total Score		83.0

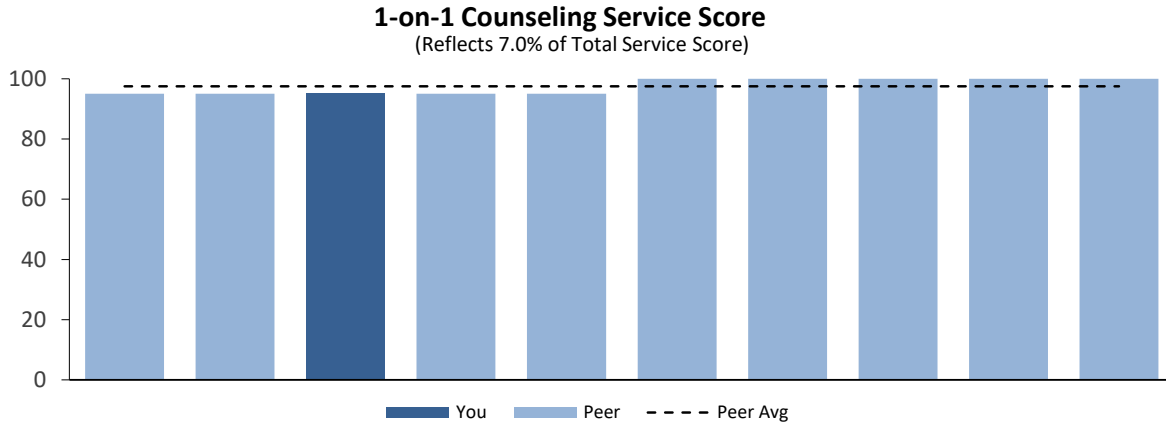
2. Rationale for the scoring method

A perfect score requires that you can turn around an estimate within three days of the request. The more members understand how their pension benefit is affected by inflation, social security, etc. the better they can plan for retirement. A perfect score requires that you provide all this information on a written estimate. More channel choices in obtaining a pension estimate provides greater access and convenience for your members.

Benefit Estimates

3. Survey questions used		You	Peer Avg
Q16	Indicate whether the following capabilities are offered on your website and provide volumes (if available):		
	a) Benefit calculator in non-secure area?	Yes	60% Yes
	b) Benefit calculator in secure area not linked to member data?	No	0% Yes
	c) Benefit calculator in secure area linked to member's salary and service data?	Yes	70% Yes
Q20	Can and will you provide the following information on an immediate real-time basis to members over the phone: [If you do not have real-time access to the information or if your policy is not to give the information over the phone because of security or other concerns then your answer should be 'no'.]		
	a) Estimates of benefits at retirement?	Yes	40% Yes
Q28	On average, how many business days did it take to provide a formal written estimate from the time of initial request from a member? [Do not include time in the mail.]	2	21
	a) Is this a number you regularly measure and track? [versus being an estimate]	No	50% Yes
Q29	Do your written pension estimates: [including cover letters etc. sent with the estimate]		
	a) Clearly address if and how the pension benefit is inflation protected or not protected?	Yes	50% Yes
	b) If your pension is coordinated with or reduced by social security is the impact explained?	n/a	75% Yes
	c) Discuss alternative scenarios that could improve the benefit such as purchasing service credit or working longer?	Yes	60% Yes
	d) Model alternative retirement payment options?	Yes	90% Yes
Q38	Do your member statements for active members include:		
	e) An estimate of the future pension entitlement based on age scenario modeling or assuming the member continues to work until earliest possible retirement?	No	60% Yes

Your service score for 1-on-1 counseling was 95 out of 100. This compares to a peer average of 98.



		Your Data	Your Score
1. Scoring method			
	<u>Availability</u>		
+ 70	if members counseled 1-on-1 as a % of your active membership is more than 1%, otherwise 70 x members counseled 1-on-1 per 10,000 active members (+ 25 if unknown)	13.0%	70.0
+ 25	if 1-on-1 counseling is freely available, without limitations	Yes	25.0
+ 5	if 1-on-1 counseling is available outside of normal working hours, otherwise 0	No	0.0
Total Score			95.0

2. Rationale for the scoring method

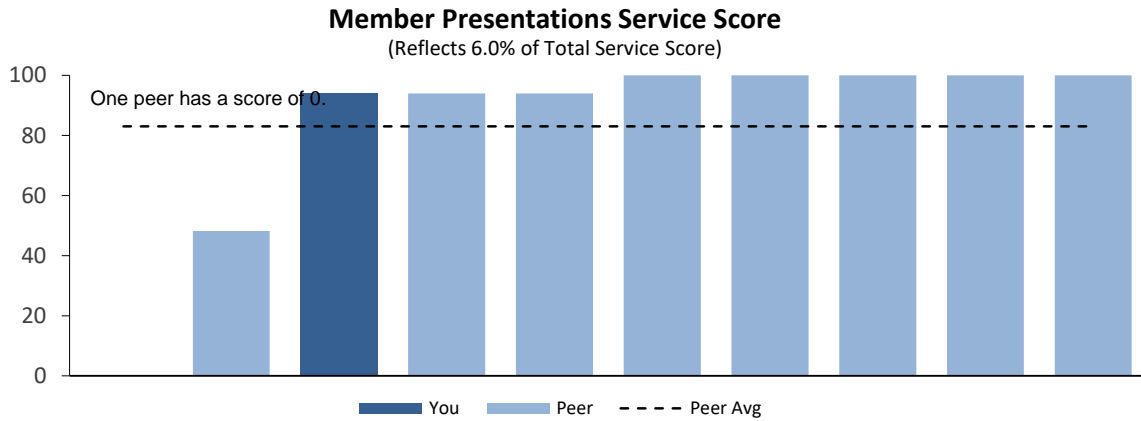
Higher volumes imply greater availability, value and greater communication of availability.

1-on-1 Counseling

3. Survey questions used		You	Peer Avg
Q2	Provide the breakdown of total members between: a) Active members (A)	22,011	155,110
Q14	What were your volumes for: l) Members counseled 1-on-1? [including sessions held via videoconference] (B)	2,856	9,069
	Members counseled 1-on-1 as a % of active members (B / A)	13.0%	9.0%

3. Survey questions used		You	Peer Avg
Q30	Is 1-on-1 retirement counseling a freely available option for most members? [If the only 1-on-1 counseling you do is for VIPs, disability, exceptions and emergencies then your answer should be no]	Yes	100% Yes
Q31	Do you offer 1-on-1 counseling sessions after normal working hours, such as evenings and/or weekends?	No	50% Yes

Your service score for member presentations was 94 out of 100. This compares to a peer average of 83.



		Your Data	Your Score
1. Scoring method			
	<u>Availability</u>		
+ 76	if attendees as a percent of active members is greater than 2.5%, otherwise 30.4 x attendees as percent of active members (+ 25 if unknown)	3.5%	76.0
+ 6	if you offer presentations outside of normal working hours	No	0.0
	<u>Types</u>		
+ 18	if you have 3 or more different targeted types of presentations (excluding healthcare and benefit changes), otherwise 6 X the number of types of presentations	4	18.0
Total Score			94.0

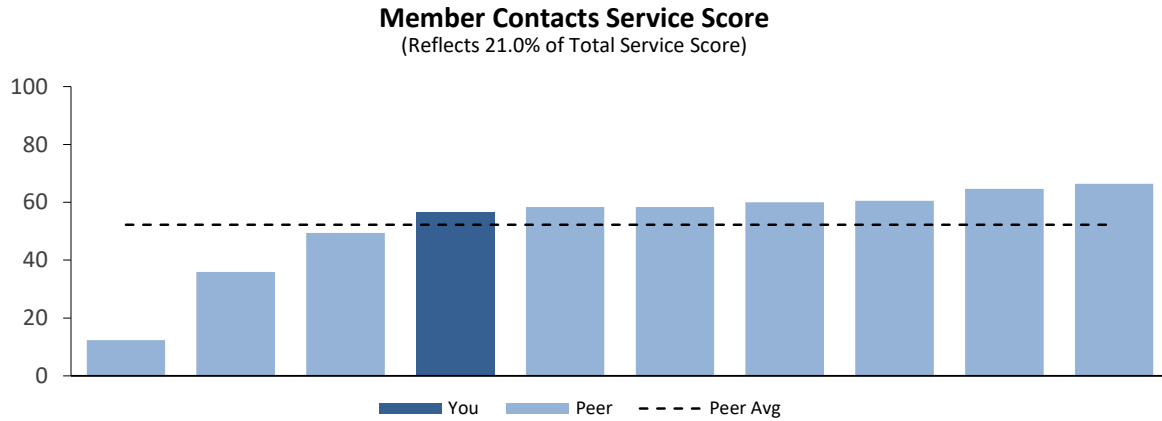
2. Rationale for the scoring method

Higher volumes imply greater availability and value.

Presentations

3. Survey questions used		You	Peer Avg
Q2	Provide the breakdown of total members between: a) Active members (A)	22,011	155,110
Q14	What were your volumes for: m) Presentations to members? [including webinars]	36	178
	n) How many members in total attended these presentations? (B)	768	9,343
	Attendees as a % of active members (B / A)	3.5%	7.7%
Q32	Did you do specific presentations for members, in the past fiscal year, targeted solely for:		
	a) New members?	Yes	70% Yes
	b) Members in mid career?	Yes	70% Yes
	c) Members approaching retirement or ready to retire?	Yes	80% Yes
	d) Healthcare?	No	33% Yes
	e) Changes to benefits?	No	22% Yes
Q33	Do you offer presentations after normal working hours such as evenings and/or weekends?	No	60% Yes

Your service score for member contacts was 56 out of 100. This compares to a peer average of 52.



1. Scoring method		Your Data	Your Score
<u>Availability</u>			
+ 21	if members experience no abandoned calls, less % of abandoned calls X 90 (subject to minimum score of 0), +5 if unknown	Unknown	5.0
+ 3	if your call center is open more than 50 hours per week, otherwise 3 x total weekly operating hours / 50 (subject to a minimum of zero)	40 hours	2.4
+ 24	if members reach a knowledgeable person in 20 seconds or less, otherwise 24 - 0.15 for each second to reach a knowledgeable person (+ 10 if you cannot provide accurate wait times or if you do not have a queue, subject to a minimum of zero)	Unknown	10.0
+ 12	if one or fewer menu layers, + 8 if two menu layers on average or less, + 2.5 if three menu layers on average or less, 0 otherwise	2	8.0
- 4	if a receptionist is the first point of contact	No	0.0

Member Contacts

1. Scoring method (continued)		Your Data	Your Score
<u>If you are able to provide the following information on an immediate real-time basis or conduct the following transactions over the phone:</u>			
+ 4	estimate of the member's pension at retirement	Yes	4.0
+ 5	estimate is linked to the member's actual account data	Yes	5.0
+ 3	model alternate annuity payment scenarios	Yes	3.0
+ 4	provide refunds or transfer value if member exited employment at time of call	Yes	4.0
+ 3	provide pensionable salary	Yes	3.0
+ 3	provide service credit history including gaps	Yes	3.0
+ 3	estimate cost to purchase service credit	No	0.0
+ 2	change address	No	0.0
+ 2	change banking information	No	0.0
+ 2	add or change email address	No	0.0
<u>If you offer the following tools to help serve callers better:</u>			
+ 1.5	record of the member's previous calls to the system	Yes	1.5
+ 1.5	copies of recent correspondence online	Yes	1.5
+ 1.5	knowledge based online help system available for use by the service representative	Yes	1.5
+ 1.5	most recent member statement	Yes	1.5
+ 1.5	beneficiary information	Yes	1.5
+ 1.5	workflow system with the real-time status of open items	Yes	1.5
Total Score			56.4

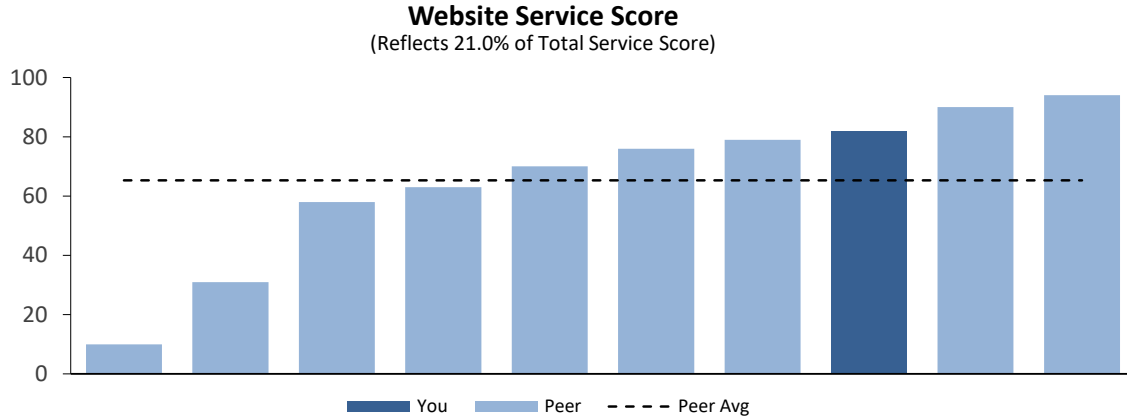
2. Rationale for the scoring method

- A perfect score requires callers to reach a knowledgeable person with a wait time of less than 20 seconds.
- Members prefer to get through immediately to a knowledgeable person who can answer their questions.
- Irritation increases rapidly with the number of menu layers.
- Receptionists are often more irritating than a menu layer because of the need to explain your needs twice, incorrect redirection, etc.
- You can serve your members better if you have real time access to all of their records and have tools which will enable you to provide immediate, informed and accurate answers to their questions.
- Your ability to serve members is greatly reduced if your capabilities or policies prevent you from answering questions over the phone.

Member Contacts

3. Survey questions used		You	Peer Avg
Q17	When a member calls in, is the first point of human contact usually a receptionist?	No	20% Yes
Q18	Do callers wait in a queue for service representatives?	Yes	70% Yes
	a) If yes, what is the average wait time? [in seconds]	Unknown	254
	b) What is the percentage abandoned calls [i.e. caller hangs-up] while in queue or on hold or in menu?	Unknown	10.6%
Q19	Do members have to navigate a phone menu before speaking to a service representative?	Yes	70% Yes
	If yes:		
	a) What is the average number of menu layers that must be navigated before a caller can speak to a live person? [Count each and every time a caller must select a menu option by pressing a button on the phone as a menu layer. Use the volume-weighted average number of menu layers if there are different menu-tree branches.]	2	2
Q20	Can and will you provide the following information on an immediate real-time basis to members over the phone: [If you do not have real-time access to the information or if your policy is not to give the information over the phone because of security or other concerns then your answer should be 'no'.]		
	a) Estimates of benefits at retirement?	Yes	40% Yes
	a1) Can you easily model and provide alternate annuity payment scenarios?	Yes	57% Yes
	a2) Is the estimate based on an interactive benefit calculator linked to the member's actual account data?	Yes	100% Yes
	b) Refund or transfer value assuming the member exited employment at t	Yes	60% Yes
	c) Pensionable salary?	Yes	90% Yes
	d) Service credit history including gaps?	Yes	90% Yes
	e) Service credit purchase cost estimates?	No	40% Yes
Q21	Can members calling in perform the following transactions over the phone:		
	a) Change address?	No	60% Yes
	b) Add or change email address?	No	70% Yes
	c) Change payment instructions? [i.e., bank account]	No	40% Yes
Q22	When a member calls in, do you have immediate computer access to the		
	a) Record of the member's previous calls to the system?	Yes	80% Yes
	b) Copies of recent correspondence on-line?	Yes	90% Yes
	c) Knowledge based on-line help system available for use by the service	Yes	70% Yes
	d) Most recent member statement?	Yes	100% Yes
	e) Beneficiary information?	Yes	100% Yes
Q23	How many hours per week can members call service representatives?	40 hours	45 hours
Q24	Do your service representatives have real time access to a workflow system that lets them know the status of open items?	Yes	90% Yes

Your service score for website was 82 out of 100. This compares to a peer average of 65.



1. Scoring method	Your Data	Your Score
<u>Benefit Calculators</u>		
+ 10 if you have an interactive calculator on your website	Yes	10.0
+ 24 if the calculator is linked to a member's salary and service data	Yes	24.0
+ 2 If the financial planning tool linked to member-specific data	No	0.0
+ 3 if you can calculate the cost of purchasing service credit	Yes	0.0
<u>Salary and Service Credit</u>		
+ 5 if you offer secure access to both salary and service credit data	Yes	5.0
+ 5 if salary & service credit data is up-to-date to the most recent pay period	Yes	5.0
+ 1 if a complete annual history of salary and service credit data is available	No	0.0
<u>Secure Access Design</u>		
+ 4 if members can get online immediately upon registering	Yes	4.0
+ 3 if you greet member by name upon log-in	Yes	3.0
- 2 if you force members to acknowledge a disclaimer every time they log-in	No	0.0
- 2 if you force members to acknowledge a disclaimer every time they use the calculator	No	0.0
+ 1 if inactive members have access to the secure member area	Yes	1.0
+ 2 if you offer a secure mailbox or a digital file which includes a history of recent correspondence and member documents	No	0.0

Website

1. Scoring method (continued)		Your Data	Your Score
<u>Other Transactions and Tools</u>			
+ 1	register for counseling sessions in real time	No	0.0
+ 1	register for presentations	Yes	1.0
+ 2	live chat	No	0.0
+ 3	change address	Yes	3.0
+ 2	change beneficiaries	Yes	2.0
+ 3	add or change email address	Yes	3.0
+ 1	reset password	Yes	1.0
+ 2	change annuity deposit banking information	Yes	2.0
+ 2	change tax withholding amount	Yes	2.0
+ 3	view or print tax receipts	Yes	3.0
+ 3	view pension payment gross amount and deductions (payment stubs)	Yes	3.0
+ 3	apply for retirement	Yes	3.0
+ 2	if less than 50% of pensions initiated online require follow-up documents or signatures to be mailed in	0.0%	2.0
+ 1	if can check status of retirement application	No	0.0
+ 3	apply for a transfer-out or refund	No	0.0
+ 2	download member statement	Yes	2.0
+ 3	upload documents in lieu of mailing hard copies	No	0.0
+ 3	view pensionable earnings and/ or service without downloading	Yes	3.0
Total Score			82.0

2. Rationale for the scoring method

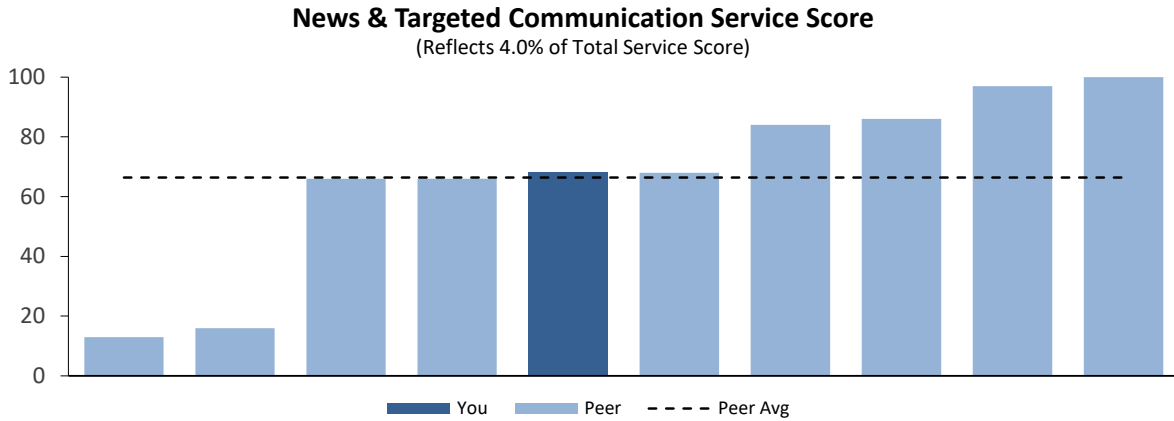
Members visit your website looking for information. The more you can provide, the more tailored and customized to the member, and the easier it is to get on-line, the better.

3. Survey questions used		You	Peer Avg
Q15	Does your website have a secure member area where members can access their own data?	Yes	90% Yes
	If yes:		
	c) If a member wants to register for the first time, does he/she have to wait for a password in the mail?	No	0% Yes
	d) Do you welcome the member by name on the home page of the secure member area?	Yes	89% Yes
	e) Are users required to acknowledge a disclaimer every time they log in?	No	11% Yes
	f) Are users required to acknowledge a disclaimer every time they generate a pension estimate?	No	25% Yes
	g) Do inactive members have access to the secure member area?	Yes	78% Yes

Website

3. Survey questions used (continued)		You	Peer Avg
Q16	Indicate whether the following capabilities are offered on your website and provide volumes (if available):		
	a) Benefit calculator in non-secure area?	Yes	60% Yes
	b) Benefit calculator in secure area not linked to member data?	No	0% Yes
	c) Benefit calculator in secure area linked to member's salary and service data?	Yes	70% Yes
	d) Service credit purchase calculator?	No	40% Yes
	e) Financial planning tool?	No	20% Yes
	e1) Is the financial planning tool linked to member-specific data?	n/a	50% Yes
	f) Register for counseling sessions?	No	50% Yes
	f1) Does the member have real-time access to available dates and times?	n/a	100% Yes
	g) Register for presentations?	Yes	60% Yes
	h) Live chat?	No	10% Yes
	j) Change address?	Yes	70% Yes
	k) Change beneficiary?	Yes	60% Yes
	l) Change email address?	Yes	90% Yes
	m) Reset password?	Yes	89% Yes
	n) Change banking information for direct deposit?	Yes	60% Yes
	o) Change tax withholding amount?	Yes	50% Yes
	p) Download or print duplicate tax receipts? [i.e., 1099s in the U.S.]	Yes	70% Yes
	q) View pension payment details? [i.e., gross amounts, deductions]	Yes	70% Yes
	r) Submit a retirement application online?	Yes	44% Yes
	r1) Does the online application provide an estimate, final value or neither of the annuity payment the member will receive?	Neither	0% Final
	r2) Approximately what % of retirements initiated online require follow-up documents or signatures to be mailed in?	0.0%	41%
	s) View status of online retirement application?	No	22% Yes
	t) Apply for a refund or transfer-out?	No	30% Yes
	u) Secure mailbox or digital file including history of recent correspondence and member documents?	No	60% Yes
	v) Download member statement? [i.e., Adobe format]	Yes	80% Yes
	w) Upload documents (such as birth certificates)?	No	50% Yes
	x) View pensionable earnings and/or service without downloading?	Yes	80% Yes
	x1) Are both salary and service data available?	Yes	88% Yes
	x2) Is online data up-to-date to the most recent pay period?	Yes	100% Yes
	x3) Is a complete history from the beginning of employment available?	No	50% Yes

Your service score for news and targeted communication was 68 out of 100. This compares to a peer average of 66.



1. Scoring method	Your Data	Your Score
<u>Newsletters</u>		
+ 25 if active members receive a newsletter 2 or more times per year, 18 if 1 time, 0 otherwise	4 times	25.0
+ 25 if annuitants receive a newsletter 2 or more times per year, 18 if 1 time, 0 otherwise	4 times	25.0
+ 2 if inactive members receive a newsletter at least annually	4 times	2.0
+ 32 if you have different newsletters for 3 or more of the following segments: all members, actives, inactives, annuitants, age based, gender based, employer/ employment category, other; 18 if 2 segments; 0 otherwise	1 segment	0.0
<u>Other communication</u>		
+ 13 if you issue a 'welcome' kit to new members	Yes	13.0
+ 3 if you include a personalized letter	Yes	3.0
Total Score		68.0

News and Targeted Communication

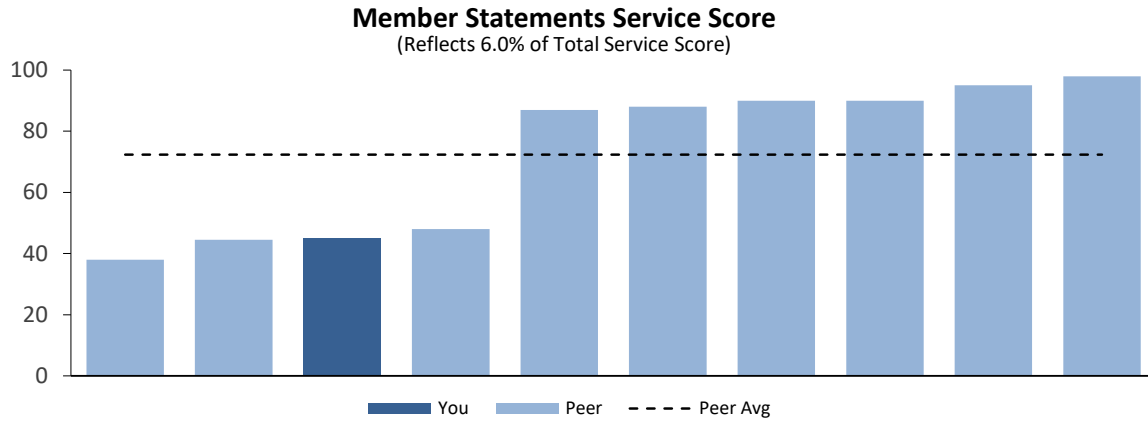
2. Rationale for the scoring method

- Communicating more frequently by newsletter, personalized, and customized messages for different target audiences is higher service.
- Milestone events, such as joining the system, are good opportunities to communicate the value of the benefit.

3. Survey questions used

	You	Peer Avg
Q34 Indicate whether you sent newsletters or news magazines (in either electronic or paper format) last year to any of the following member segments, and if yes, the number of times it was sent. Only indicate 'yes' if the newsletter was customized for and only sent to members in the segment:		
	#	#
a) All members (active, inactive and annuitants)?	Yes 4	30% Yes 3
b) Active and inactives members?	No n/a	20% Yes 8
c) Active members and annuitants?	No n/a	20% Yes 4
d) Active members only?	No n/a	20% Yes 3
e) Inactive members only?	No n/a	0% Yes n/a
f) Annuitants only?	No n/a	30% Yes 6
g) Age segments (i.e., under 35, 35-50, 50 plus)?	No n/a	10% Yes 4
h) Women only or men only?	No n/a	0% Yes n/a
i) Employer or employment category (i.e., a different newsletter for teachers vs. bus drivers)?	No n/a	0% Yes n/a
j) Other?	<u>No</u> n/a	<u>22% Yes</u> 18
Total segments	1	1.5
Q40 Are new members issued a 'welcome' kit describing their benefits?	Yes	100% Yes
a) If yes, does it include a personalized letter addressing the new member by name?	Yes	80% Yes

Your service score for member statements was 45 out of 100. This compares to a peer average of 72.



		Your Data	Your Score
1. Scoring method			
+ 20	if data is current to 1 month, otherwise 22 - 2 x number of months out of date	1	20.0
+ 5	if paper member statements mailed directly to the member's home	No	0.0
+ 5	if email or other electronic notice to members that the statement is available in the secure member area	Yes	5.0
+ 5	if sent to inactive members annually or more frequently, otherwise 5 X times per year on average	0	0.0
<u>Content</u>			
+ 10	if summarizes service credit	Yes	10.0
+ 10	if provides pensionable earnings	No	0.0
+ 5	if provides a historical summary of salary and service credit earned each year	No	0.0
+ 10	if shows refund value if you left at the statement date	Yes	10.0
+ 30	if shows estimate of future pension entitlement	No	0.0
Total Score			45.0

Member Statements

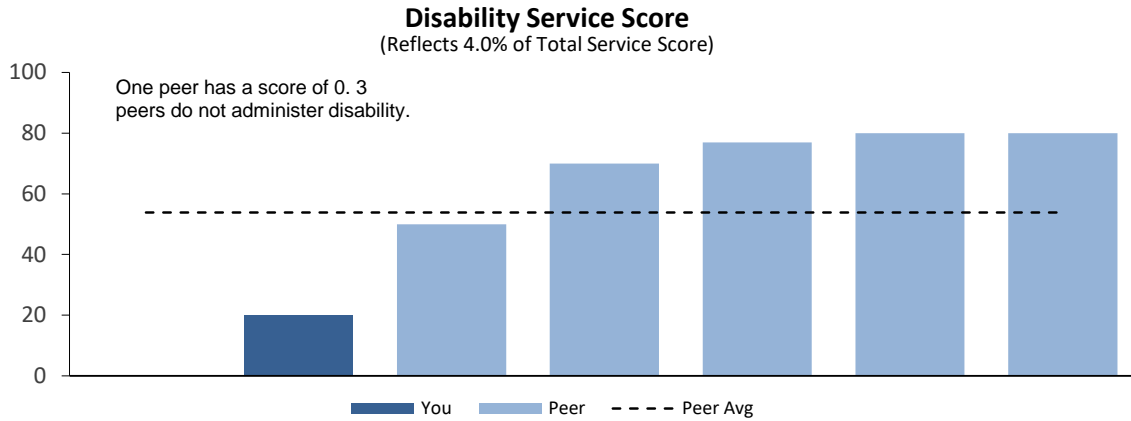
2. Rationale for the scoring method

- Up-to-date, accurate member statements provide one of your best opportunities to communicate the value of the benefit to members.
- Showing an estimate of the future pension entitlement is more important than showing the refund value because the pension entitlement is potentially much more valuable.
- Sending member statements directly to active members' homes or via email or other electronic notice rather than through employers is higher service because the statements are less likely to get lost, and it is more confidential.

3. Survey questions used

	You	Peer Avg
Q36		
Indicate the approximate percentage breakdown of how you send member statements to active members:		
a) Directed through the employer?	0%	0%
b) Mailed directly to members' homes?	0%	37%
c) Email or other electronic notice to members that the statement is available in the secure member area?	100%	60%
Q37		
On average, how current was an active member's data when their member statement was mailed to them?	1	2
Q38		
Do your member statements for active members include:		
a) Total accumulated service credit?	Yes	100% Yes
b) Pensionable earnings?	No	70% Yes
c) A historical summary of salary and service credit earned each year?	No	30% Yes
d) The refund value if you left at the statement date?	Yes	80% Yes
e) An estimate of the future pension entitlement based on age scenario modeling or assuming the member continues to work until earliest possible retirement?	No	60% Yes
Q39		
How frequently do you send member statements to inactive members? [i.e., never, annually, every 2 years, etc.]	Never	1 Per Year

Your service score for disability was 20 out of 100. This compares to a peer average of 54.



		Your Data	Your Score
1. Scoring method			
	<u>Timeliness</u>		
+ 100	if you return a decision on a disability application in 1 month or less, otherwise 110 - 10 x number of months to reach a decision	9 months	20.0
Total Score			20.0

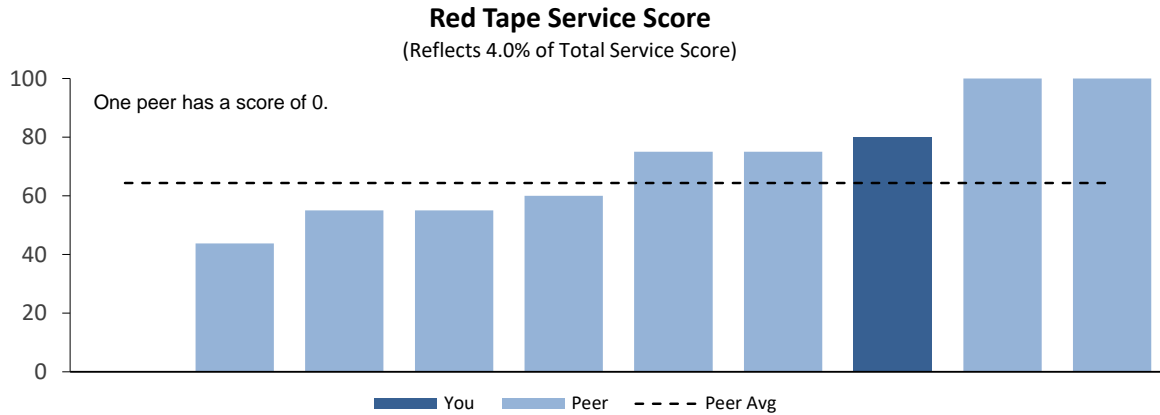
2. Rationale for the scoring method

From a member perspective, faster is higher service.

3. Survey questions used

		You	Peer Avg
Q41	Do you administer disability?		
	If yes, how many months, on average, does it take to return a decision on a disability application from:		
	a) the date of the initial receipt to a decision?	9	6

Your service score for red tape was 80 out of 100. This compares to a peer average of 64.



1. Scoring method	Your Data	Your Score
<u>Red Tape</u>		
+ 50 if you do not require notarization of retirement applications, 25 if you require notarization of only some retirement applications, 0 if you require notarization for all retirement applications	None	50.0
+ 20 if you do not require birth/marriage certificates before incepting a pension, 0 if you do require birth/marriage certificates before incepting a pension	Yes	0.0
+ 10 if you do not require notarization for refund applications, 5 if you require notarization of only some refund applications, 0 if you require notarization for all refund applications	None	10.0
<u>No Notarization Disability</u>		
+ 20 if you do not require notarization of disability applications, 10 if you require notarization of only some disability applications, 0 if you require notarization for all disability applications	None	20.0
Total Score		80.0

2. Rationale for the scoring method

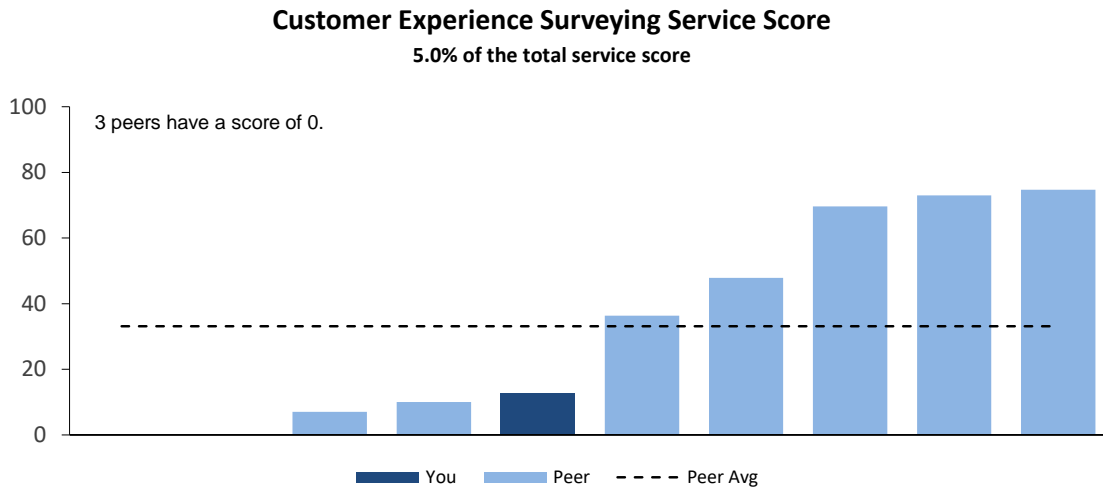
Extra red tape, like obtaining notarizations, creates work for members and may not provide additional protection for the system. For example, notarizations can be fraudulent. Many systems have decided that the potential risk reduction does not justify the inconvenience caused to members.

Red Tape

3. Survey questions used		You	Peer Avg
Q42	Do you require notarization of all/some/none:		
	a) Normal or early retirement applications?	None	10% All
	b) Refund applications?	None	10% All
	c) Disability applications?	None	14% All
Q43	Do you require a birth or marriage certificate before incepting a pension?	Yes	70% Yes

Customer Experience Surveying

Your service score for customer experience surveying was 13 out of 100. This compares to a peer average of 33.



Your service score for customer experience surveying is the weighted total of the components shown in the table below. The methodology and data used to determine your scores for each of these components is described in detail on the following pages.

	Weight ¹	Do you survey?	Your Score
a. Member satisfaction, Net Promoter Score (NPS) or Engagement (If applicable)			
a1. Active members	5.0%	No	0.0
a2. Annuitants	5.0%	No	0.0
b. Single-channel touchpoints			
b1. 1-on-1 counseling	7.0%	Yes	80.0
b2. Member presentations	7.0%	Yes	100.0
b3. Member telephone calls	16.0%	No	0.0
b4. Website - secure member area	16.0%	No	0.0
b5. Website - public area	8.0%	No	0.0
c. Member Journeys			
c6. Disability	5.0%	n/a	0.0
c7. Retirement	21.0%	n/a	0.0
c#. Other member journeys	10.0%	No	0.0
Weighted Total	100.0%		12.6

¹ Other systems may have slightly different activity weights than you. Their weights are reflective of the activities that they do.

- 1. Divorce, 2. Death, 3. Starts a new job, 4. Exits a job, 5. Marries or has children, 8. Takes a leave of absence

Customer Experience Surveying - Satisfaction, NPS, Engagement

A number of plans have told CEM that measuring and managing the customer experience has become a key strategic priority for them. These plans have adopted a more data-driven, customer-centric service delivery model. Extensive feedback is collected from members and employers so the customer experience can be tailored to the customer's wants and needs.

Plans don't just measure member satisfaction. Plans also survey other aspects of the customer experience. Commonly surveyed metrics are a Net Promoter Score (NPS), customer effort and engagement.

1. Scoring method for member satisfaction, NPS or engagement	Your Data	Your Score
a1. Active members		
+ 100 If you survey satisfaction, NPS or engagement of active members.	No	0
a2. Annuitants		
+ 100 If you survey satisfaction, NPS or engagement of annuitants.	No	0

Customer Experience Surveying - Single Channel Touchpoint

1. Scoring method for single-channel touchpoints	Your Data	Your Score
b1. 1-on-1 counseling		
+ 50 if you survey satisfaction or NPS exclusively for 1-on-1 counseling.	Yes	50.0
+ 20 if the greatest length of time between the survey and the 1-on-1 counseling session is 1 day.	5 Days	0.0
+ 15 if you can summarize results by service representative.	Yes	15.0
+ 10 if you can summarize results by topic covered.	Yes	10.0
+ 5 if you survey how easy it was for the member to accomplish what they wanted.	Yes	<u>5.0</u>
Total		80.0
b2. Member presentations		
+ 55 if you survey satisfaction or NPS exclusively for member presentations.	Yes	55.0
+ 30 if the greatest length of time between the survey and the member presentations session is 1 day.	1 Day	30.0
+ 10 if you can summarize results by service representative.	Yes	10.0
+ 5 if you survey how easy it was for the member to accomplish what they wanted.	Yes	<u>5.0</u>
Total		100.0
b3. Member telephone calls		
+ 35 if you survey satisfaction or NPS exclusively for member telephone calls.	No	0.0
+ 25 if the greatest length of time between the survey and the member telephone calls session is 1 day.	n/a	0.0
+ 20 if you survey how easy it was for the member to accomplish what they wanted.	No	0.0
+ 10 if you can summarize results by service representative.	n/a	0.0
+ 10 if you can summarize results by topic covered.	n/a	<u>0.0</u>
Total		0.0
b4. Website - secure member area		
+ 20 if you survey satisfaction or NPS exclusively for website - secure member area.	No	0.0
+ 35 if you survey how easy it was for the member to accomplish what they wanted.	No	0.0
+ 30 if you can summarize results by topic(s) browsed.	n/a	0.0
+ 15 if the greatest length of time between the survey and the website - secure member area session is 1 day.	n/a	<u>0.0</u>
Total		0.0
b5. Website - public area		
+ 20 if you survey satisfaction or NPS exclusively for website - public area.	No	0.0
+ 35 if you survey how easy it was for the member to accomplish what they wanted.	No	0.0
+ 30 if you can summarize results by topic(s) browsed.	n/a	0.0
+ 15 if the greatest length of time between the survey and the website - public area session is 1 day.	n/a	<u>0.0</u>
Total		0.0

Customer Experience Surveying - Member Journey

A member journey reflects a life event that may result in a single or multiple interaction with the pension plan. For example, the retirement process can result in multiple interactions: A retiring member may visit the website, attend presentations or counseling sessions, request a written estimate and call the pension plan. A survey focused exclusively on the retirement journey asks how members rate the retirement process as a whole.

1. Scoring method for member journeys	Your Data	Your Score
c6. Disability		
+ 40 if you survey member satisfaction or NPS exclusively for the disability process.	n/a	0.0
+ 35 if you survey whether the disability process was easy.	n/a	0.0
+ 25 if the greatest length of time between the survey and the end of the disability process is 30 days or less.	n/a	<u>0.0</u>
Total		0.0
c7. Planning for retirement		
+ 40 if you survey member satisfaction or NPS exclusively for the planning for retirement process.	n/a	0.0
+ 35 if you survey whether the planning for retirement process was easy.	n/a	0.0
+ 25 if the greatest length of time between the survey and the end of the planning for retirement process is 30 days or less.	n/a	<u>0.0</u>
Total		0.0
c#. Other member journeys		
+ 40 Divorce and separation: If you survey satisfaction/NPS and effort, 50% of the score if you survey only satisfaction/NPS, or only effort	None	0.0
+ 40 Planning for loved ones: If you survey satisfaction/NPS and effort, 50% of the score if you survey only satisfaction/NPS, or only effort	None	0.0
+ 5 New to the pension plan: If you survey satisfaction/NPS and effort, 50% of the score if you survey only satisfaction/NPS, or only effort	None	0.0
+ 5 Leaving the pension plan: If you survey satisfaction/NPS and effort, 50% of the score if you survey only satisfaction/NPS, or only effort	None	0.0
+ 5 Retired life: If you survey satisfaction/NPS and effort, 50% of the score if you survey only satisfaction/NPS, or only effort	None	0.0
+ 5 Takes a leave of absence: If you survey satisfaction/NPS and effort, 50% of the score if you survey only satisfaction/NPS, or only effort	None	<u>0.0</u>
Total		0.0

Customer Experience Surveying

2. Rationale for the scoring method

Best practice surveying:

- Focuses on a single customer journey, such as the retirement process, or a single service transaction, such as calls.
- Occurs shortly after the transaction or journey is completed. Immediately after a transaction is optimal for getting the member's impression of the service agent. Any longer and research shows that the member starts to confuse service received from the agent with other interactions that occur in the members daily life (e.g., with airlines, banks, retailers, family, etc.). A day or more after a call or the completion of a journey is better for determining whether the member accomplished what they intended, and/or were happy with the entire process.
- Surveying about activities such as calls, 1-on-1 counseling and presentations can be summarized by the person that provided the service, and the purpose of the call or visit.
- Is performed on a frequent random-sample basis and results are communicated widely.

Customer Experience Surveying

3. Survey questions used					
Q120	Did you survey satisfaction, NPS or engagement for this activity in your most recently ended fiscal year?	Did you survey member effort?	If yes, for each activity surveyed:		
			What was the longest possible time in days between the activity or journey and the survey?	Can you break down the survey results by service agent?	Can you break down the survey results by topic covered?
Your Responses					
a. Member satisfaction or experience					
a1. Active members	No				
a2. Annuitants	No				
b. Single-channel touchpoints					
b1. 1-on-1 counseling	Yes	Yes	5	Yes	Yes
b2. Member presentations	Yes	Yes	1	Yes	
b3. Member telephone calls	No	No	n/a	n/a	n/a
b4. Website - secure member area	No	No	n/a		n/a
b5. Website - public area	No	No	n/a		n/a
c. Member Journeys					
c6. Disability	n/a	n/a	n/a		
c7. Retirement	n/a	n/a	n/a		
c#. Other member journeys					
c1. New Job	n/a	n/a	n/a		
c2. Exit Job	n/a	n/a	n/a		
c3. Leave of Absence	n/a	n/a	n/a		
c4. Married	n/a	n/a	n/a		
c5. Divorce	n/a	n/a	n/a		
c8. Death	n/a	n/a			
Peer Responses					
a. Member satisfaction or experience					
a1. Active members	67% Yes				
a2. Annuitants	67% Yes				
b. Single-channel touchpoints					
b1. 1-on-1 counseling	86% Yes	100% Yes	4	80% Yes	75% Yes
b2. Member presentations	100% Yes	100% Yes	3	100% Yes	
b3. Member telephone calls	57% Yes	75% Yes	17	100% Yes	100% Yes
b4. Website - secure member area	50% Yes	75% Yes	20		100% Yes
b5. Website - public area	25% Yes	33% Yes	1		0% Yes
c. Member Journeys					
c6. Disability	75% Yes	67% Yes	49		
c7. Retirement	100% Yes	100% Yes	27		
c#. Other member journeys					
c1. New Job	0% Yes	0% Yes	n/a		
c2. Exit Job	80% Yes	75% Yes	55		
c3. Leave of Absence	0% Yes	0% Yes	n/a		
c4. Married	33% Yes	50% Yes	30		
c5. Divorce	33% Yes	50% Yes	30		
c8. Death	33% Yes	50% Yes	0		

4

Cost Analysis

This section:

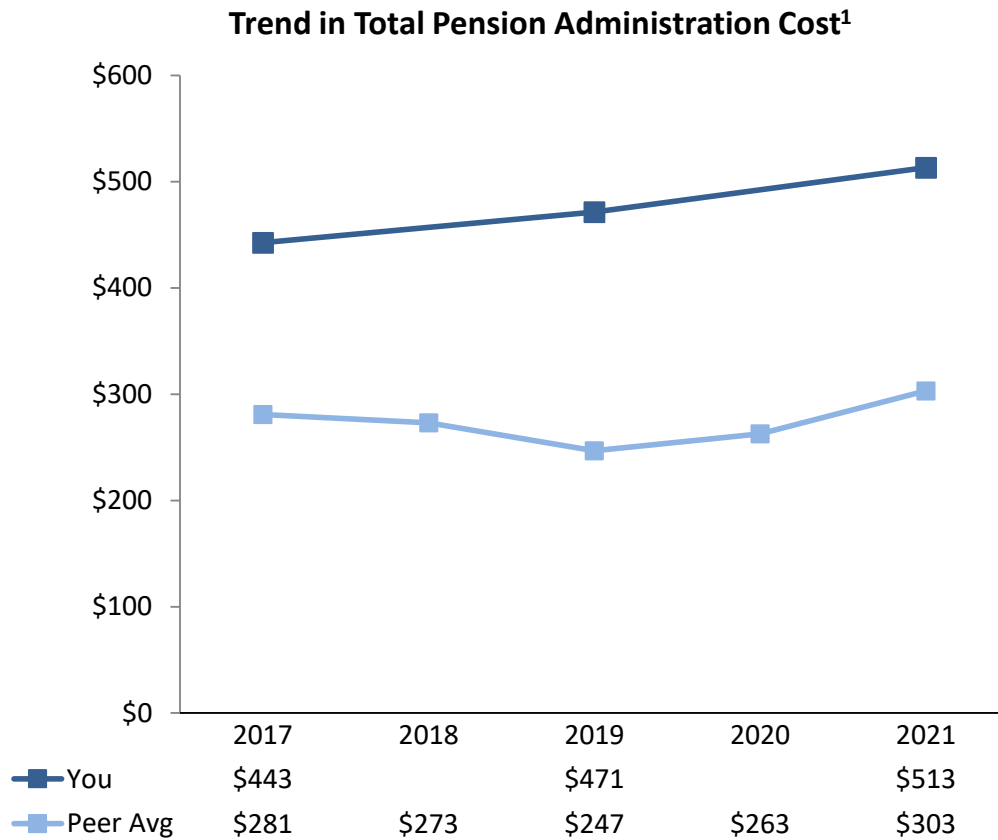
- Compares your total costs per member.
- Shows how differences in FTE, salaries, professional fees and building costs impact your costs.
- Compares other factors that impact costs such as workloads, productivity, economies of scale, cost environment, and major projects.

Your total pension administration cost per the survey was \$21.5 million, or \$513 per active member and annuitant.

Cost Category	In \$000s		as a % of total	
	You	Peer Average	You	Peer Average
Salaries and benefits	13,351	42,214	62%	59%
Professional fees (actuarial, legal, audit, consulting, outsourced IT, etc)	3,395	8,314	16%	15%
Building expenses (rent, depreciation, leasehold amortization, utilities, facility services)	651	5,167	3%	7%
Cross charges paid to sister organizations	0	24	0%	1%
Amortization and depreciation (non-building)	2,577	1,567	12%	3%
Other administrative expenses	1,499	6,731	7%	15%
total administration cost (A)	\$21,473	\$64,016	100%	100%
active members and annuitants (B)	41,837	279,541		
\$ per active member and annuitant (A X 1000/B)	\$513.25	\$267.24		

All foreign currency amounts have been converted to USD using Purchasing Power Parity figures as per the OECD (see Appendix B). The benefit of using the same exchange rate for prior years is that changes in costs reflect fluctuations in your peers' costs and not fluctuations in foreign exchange.

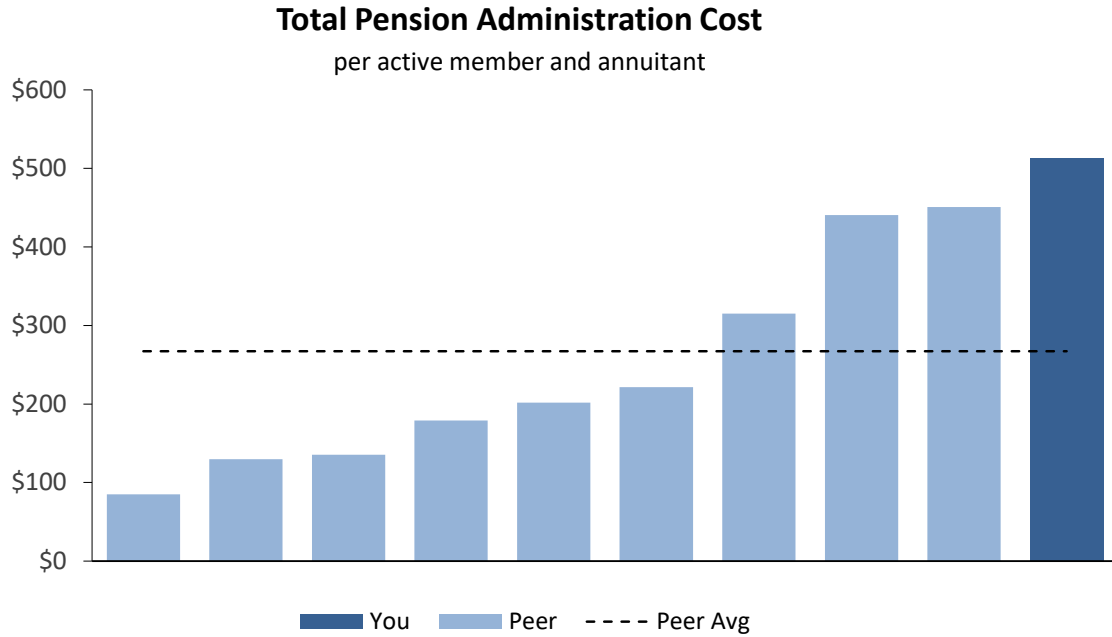
Cost Trends



1. Trend analysis is based on systems that have provided 5 consecutive years of data (5 of your 10 peers).

Your total pension administration cost per active member and annuitant increased by 3.8% per annum between 2017 and 2021.

Before adjusting for economies of scale, your pension administration cost was \$513 per active member and annuitant. This was \$246 above the peer average of \$267.

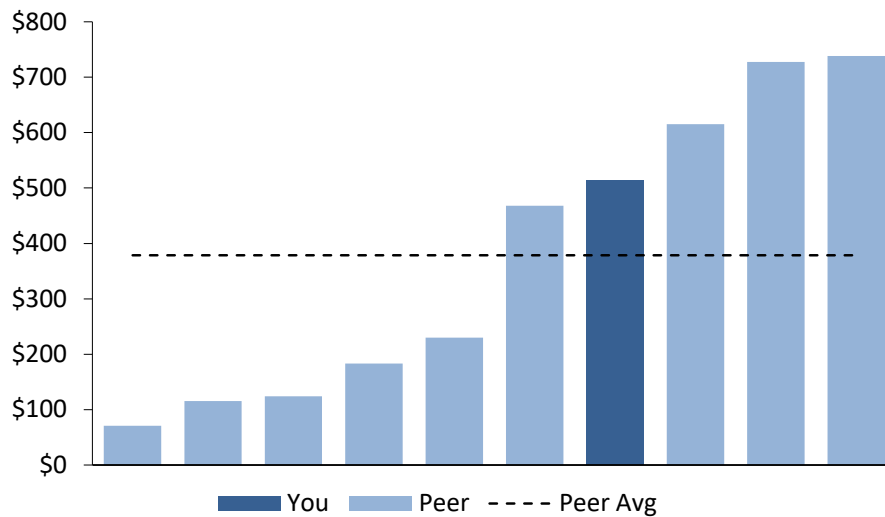


Inactive members are excluded from the total membership because they are much less costly to administer than either active members or annuitants. Inactive members are also excluded from the denominator when determining total cost per member.

Size matters: you had an economies of scale disadvantage relative to the peer average. After adjusting the cost of each peer for its scale advantage, your cost of \$513 was \$135 above the adjusted peer average of \$379.

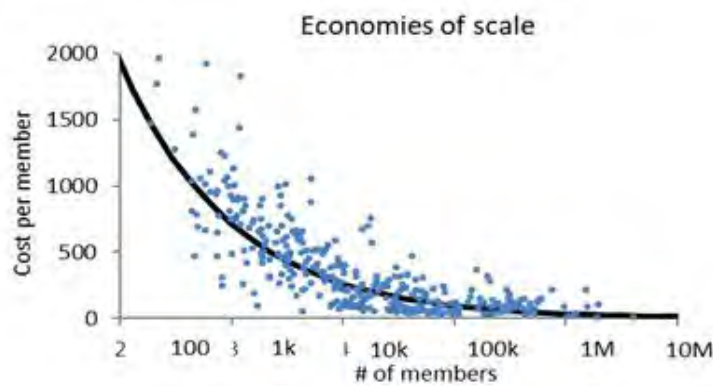
Total Pension Administration Cost - Adjusted for Economies of Scale

per active member and annuitant



Your system had 46% fewer members than the peer weighted average. Your smaller size means that you had a scale disadvantage of \$135 relative to the peer average.

The scale adjustment is based on regression analysis using cost and membership data from 370 global pension plans. Approximately 70% of differences in cost per member can be explained by differences in size. Each peer's cost was adjusted for its scale advantage relative to your system.



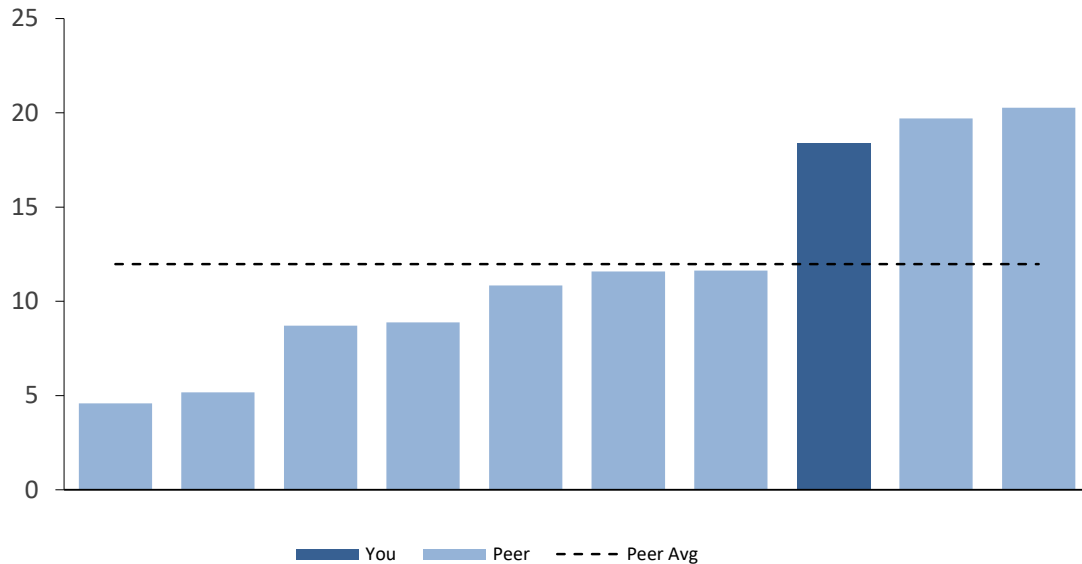
Reasons why your total cost was \$135 higher than the peer average:

Reason	Comparison			Impact \$s per member
	You	Peer average	More/ Less	
FTE per 10,000 members				
A. Using 53% more FTE to serve members	18.4	12.0	53%	\$78
Cost per FTE				
B. Paying more in total per FTE for:				
• Salaries & benefits	\$173,841	\$124,234	40%	
• Building expenses	<u>\$8,477</u>	<u>\$15,537</u>	-45%	
	\$182,318	\$139,771	30%	\$78
\$s per member				
C. Paying more per member in total for:				
• Professional Fees	\$81	\$43	87%	
• Amortization	\$62	\$11	444%	
• Charges to sister organizations	\$0	\$1	-100%	
• Other administration expenses	<u>\$36</u>	<u>\$33</u>	9%	
	\$179	\$88	103%	\$90
Total				\$246
Adjustment for your scale disadvantage				-\$111
Total after adjusting for economy of scale differences				\$135

1`

You used 53% more FTE to serve your members in comparison to the peer average.

FTE per 10,000 active members and annuitants



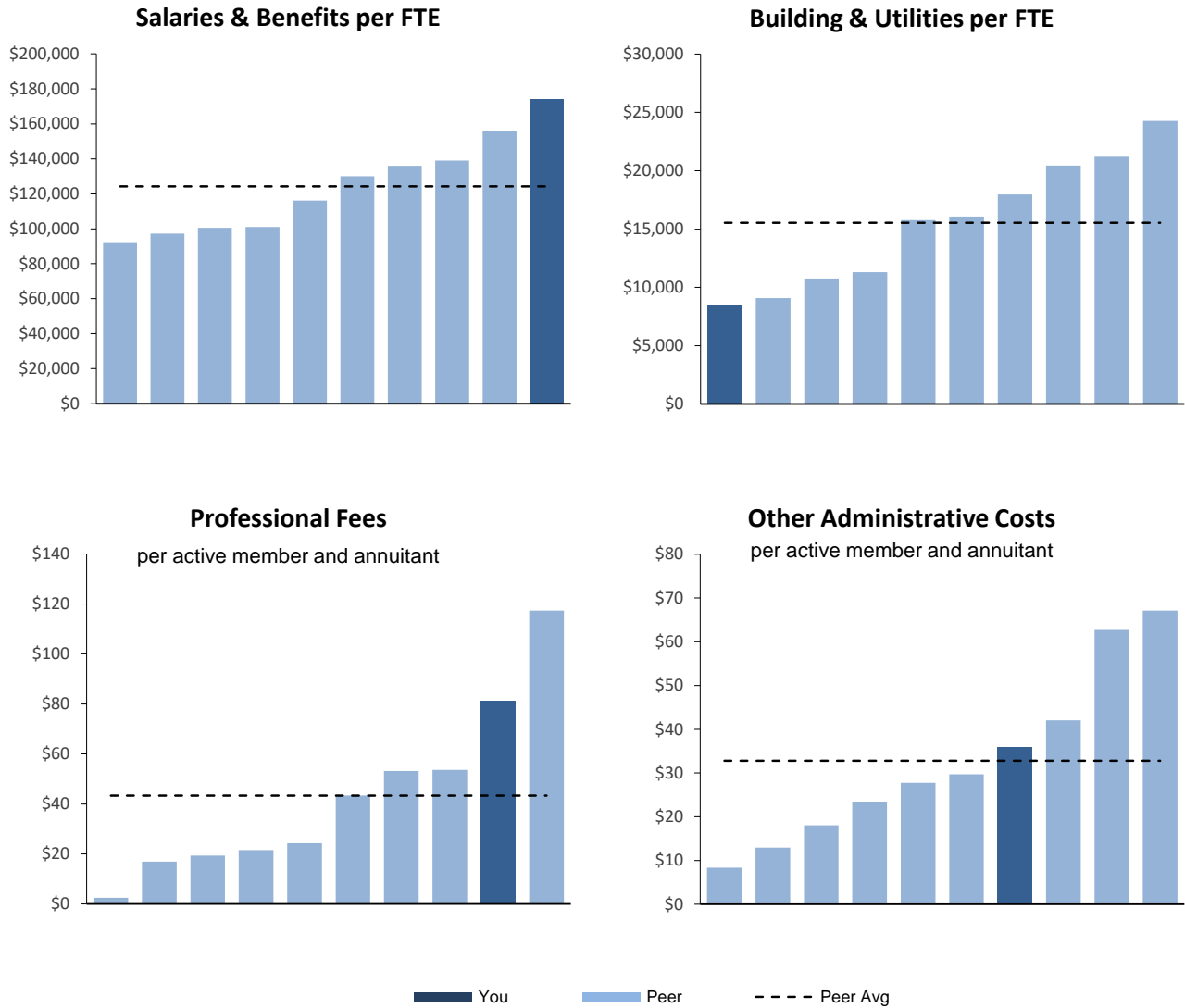
Using more FTE increases your cost relative to the peer average by an estimated \$77.51 per member.

Key reasons for differences in FTE per member include differences in workloads and differences in productivity.

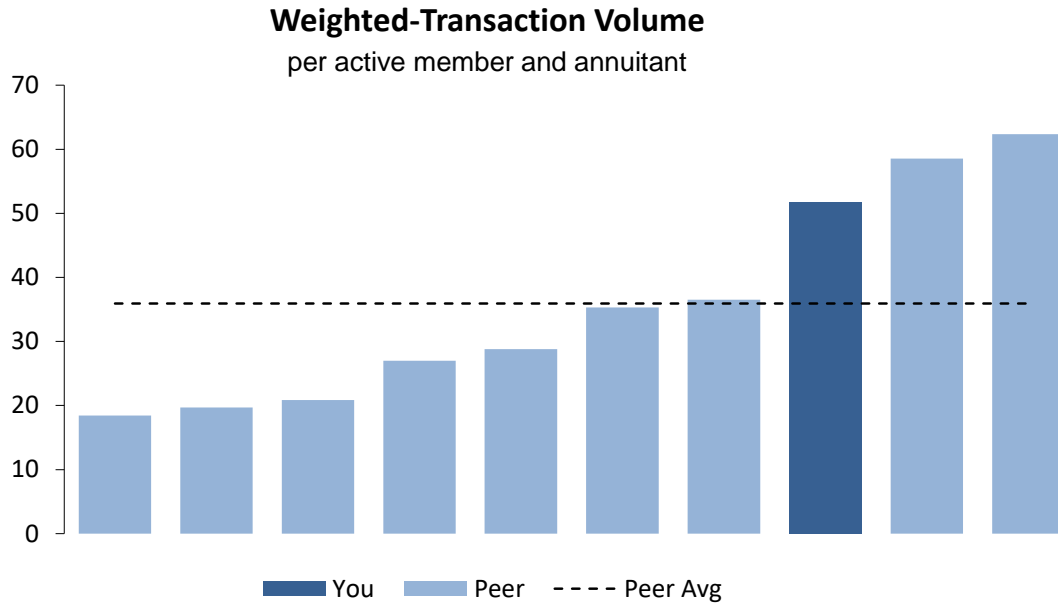
- **Workloads:** your weighted transaction volume was 52, which was 44% above the peer average. This suggests that you do more transactions and/or have a more costly mix of transactions per active member and annuitant.
- **Productivity:** your weighted-transaction score per FTE was 28,169, which is 16% lower than the peer average. Differences in productivity are caused by differences in staff capabilities, IT capability, service levels, economies of scale, organizational processes, complexity, projects and outsourcing (i.e., using consultants instead of internal staff will increase productivity per internal FTE).

Refer to section 5 Transaction Volumes for more insight into workloads.

Graphical comparisons - Where do you pay more/less?



Differences in costs can also be attributed to differences in transaction volumes.

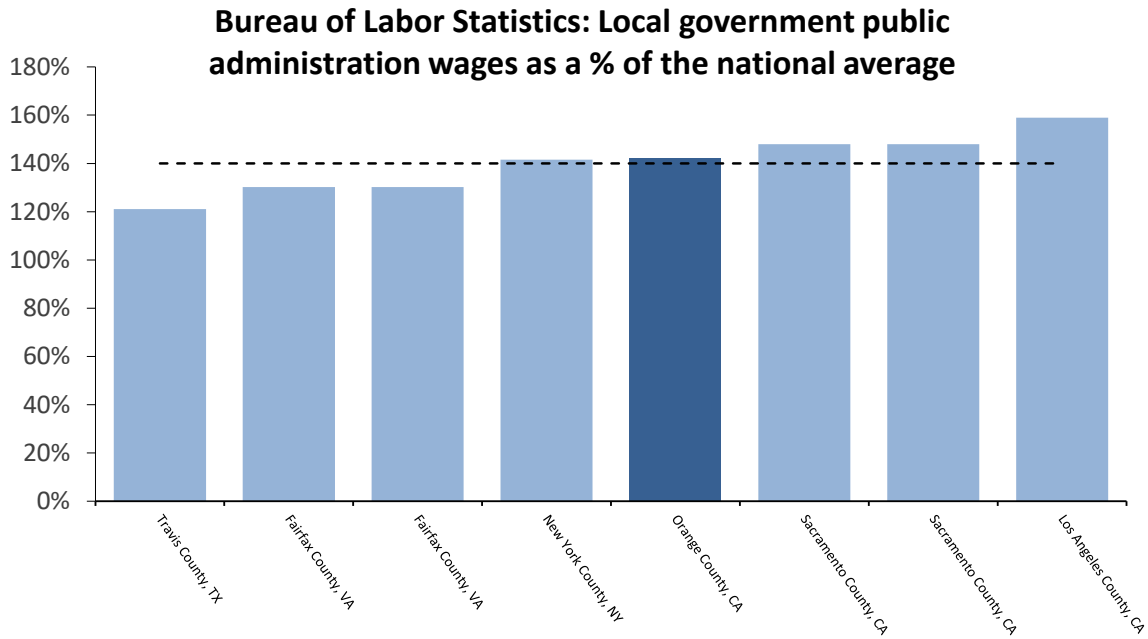


Workloads: your weighted transaction volume was 52, which was 44% above the peer average. This suggests that you do more transactions and/or have a more costly mix of transactions per active member and annuitant.

The next page shows you where you are doing more or less transactions in comparison with your peers.

Your cost environment was 2% higher than the peer average.

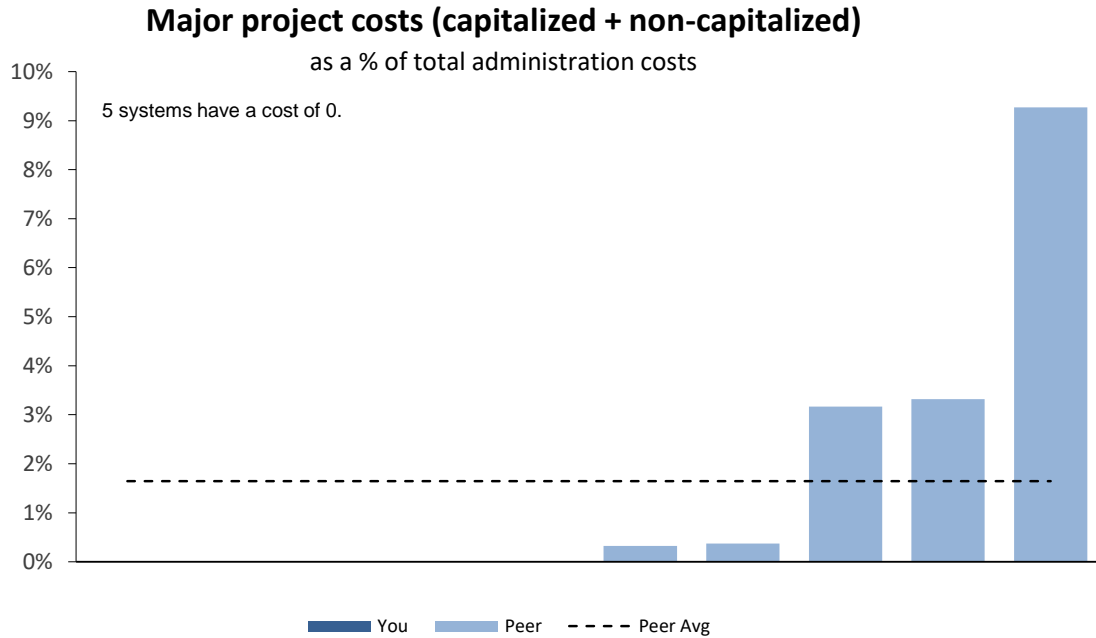
The more expensive the location you are in, the higher your costs. The highest cost environment in your peer group was 31% higher cost than the lowest cost environment.



Source: Bureau of Labor Statistics (BLS), United States Department of Labor

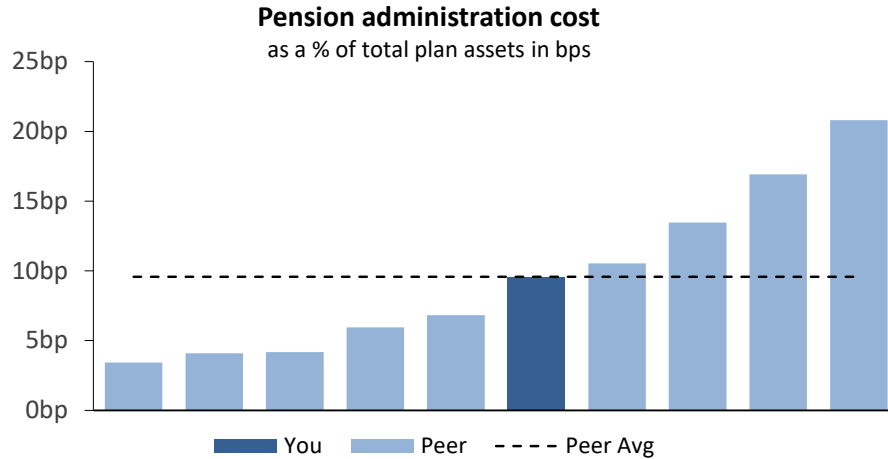
The cost environment measure is based on Bureau of Labor Statistics data for state and local government public administration wages within a given geographical area. It is normalized by dividing it by the national average.

You spent 0% of your total administration cost on major projects. This was below the peer average of 2%.



Differences in investment in major projects can have a very large impact on relative cost performance.

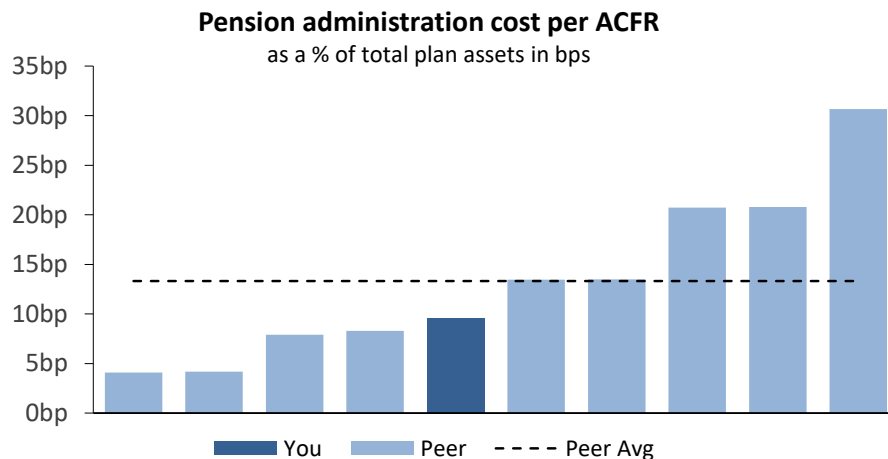
An alternative way of comparing costs is as a percentage of total assets. Your cost of 9.6 bps was equal to the peer average of 9.6 bps.



Calculation of your pension administration cost as a percentage of total assets

Total pension administration cost in \$000s (A)	\$21,473
Total assets in \$ millions at the end of the fiscal year (B)	\$22,436.0
<hr/>	
Pension administration cost as a % of total assets in bps (A/B X 10)	9.6 bps
1 basis point (bps) equals 0.01%.	

The above calculation uses your net pension administration cost. These exclude any healthcare or investment management related costs. If healthcare and investment management related costs are included in this calculation, your cost was 9.6 bps compared to a peer average of 13.3.



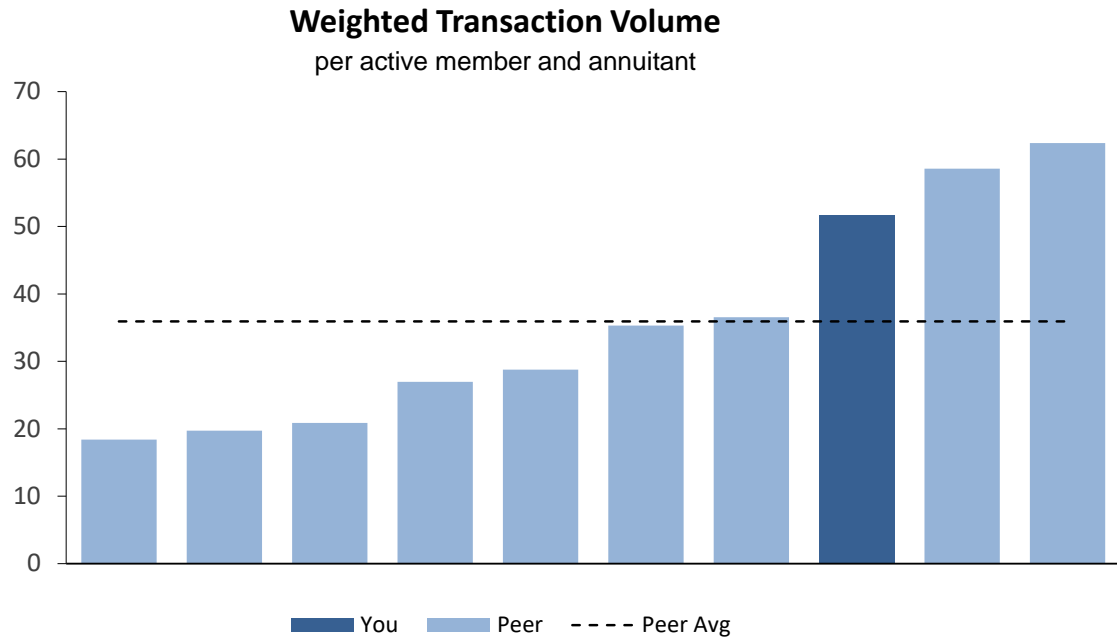
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Transaction Volumes

This section contains:

- Comparisons of the most important pension administration transaction volumes. Transactions are a major driver of costs. It is higher cost to have higher transaction volumes per member.
- The calculation of your weighted transaction volume score per member. It shows whether your transaction volumes are more or less costly in aggregate.
- Comparisons of online transaction volumes.

Your weighted transaction volume was 44% higher than the peer average.



The weighted transaction volume shows whether your transaction volumes are more or less costly in aggregate.

Differences in volume per member reflect differences in:

- Activities that you administer. For example, some plans do not administer disability.
- Services provided. For example, some plans do not offer counseling.
- Online self-service. For example, self-service can reduce call volumes.
- Membership mix. Active members cause more transaction volumes than annuitants.
- Member demographics. Some member types demand more services than others.

Your weighted transaction volume equals the cost weighted average of 13 key activity volumes.

Calculation of your Weighted Transaction Volume per Member				
Activity	Activity volume description	Your Volume (A)	Weight = World PABS Cost per Unit (B)	Weighted Volume (A x B)
1. Member Transactions				
A. Pension Payments	annuitants	19,826	8	167,682
B. Pension Inceptions	service & survivor inceptions	1,042	117	121,520
C. Withdrawals	withdrawals	221	107	23,578
D. Purchases	purchases	451	225	101,281
E. Disability	disability applications	135	1,124	151,749
2. Member Communication				
A. Member Calls	calls & emails	107,127	8	868,854
B. Mail Room	incoming letters	16,052	5	75,017
C. Pension Estimates	written estimates	5,140	41	208,360
D. 1-on-1 Counseling	counseling sessions	2,856	68	195,296
E. Member Presentations	presentations	36	1,284	46,210
F. Mass Communication	active members	22,011	3	62,194
3. Collections and Data Maintenance				
A. Employer data & money	active members	22,011	6	121,164
B. Non-employer data	annuitants, inactive	27,064	1	20,447
Total				2,163,352
Total per active member and annuitant				52

The weights used are the in-house peer median cost per transaction for all participants in CEM's global pension administration benchmarking service. These weights enable us to normalize for the substantial differences in time and effort expended on each type of task. For example, the work effort in responding to a disability application is much higher than answering a telephone call.

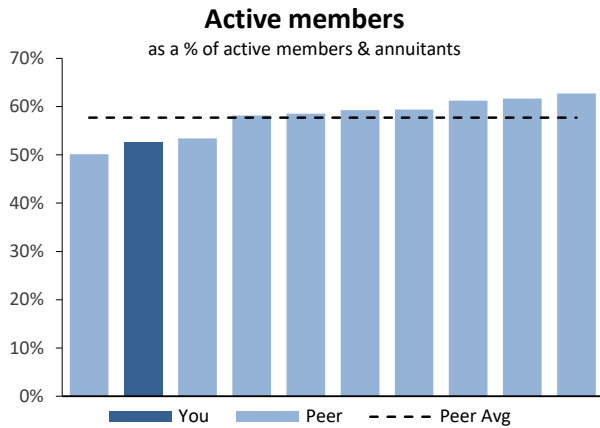
For some activities, we have used members as a proxy for the activity's transactions. For example, active members is used as a proxy for the transactions of employer data and money. The implicit assumption is that data maintenance transactions (such as new hires, leaves, exits, changes in family status, address changes, etc) will occur at similar ratios of members for all schemes.

Where are you doing more/fewer transactions than your peers?

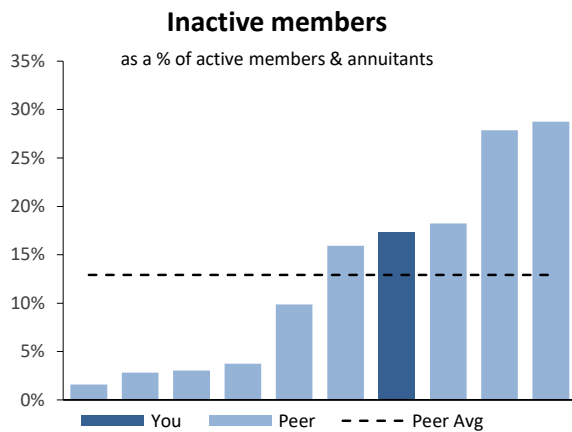
Where are you doing more/fewer transactions than your peers?						
Activity	Activity volume description	Your Volume	Volume per 1,000 active members and annuitants			Cost-impact
			You	Peer Avg	More/-less	You vs. Peers
1. Member Transactions						
A. Pension Payments	annuitants	19,826	473.9	422.8	12%	increasing
B. Pension Inceptions	service & survivor inceptions	1,042	24.9	24.0	4%	neutral
C. Withdrawals	withdrawals	221	5.3	10.5	-49%	decreasing
D. Purchases	purchases	451	10.8	10.8	0%	neutral
E. Disability	disability applications	135	3.2	1.7	88%	increasing
2. Member Communication						
A. Member Calls	calls & emails	107,127	2,560.6	1,245.5	106%	increasing
B. Mail Room	incoming letters	16,052	383.7	444.3	-14%	decreasing
C. Pension Estimates	written estimates	5,140	122.9	63.6	93%	increasing
D. 1-on-1 Counseling	counseling sessions	2,856	68.3	50.8	34%	increasing
E. Presentations	presentations	36	0.9	0.9	-8%	decreasing
F. Mass Communication	active members	22,011	526.1	577.2	-9%	decreasing
3. Collections and Data Maintenance						
A. Employer data	active members	22,011	526.1	577.2	-9%	decreasing
B. Non-employer data	annuitants, inactive	27,064	646.9	552.0	17%	increasing
Weighted Total			51.7	35.9	44%	increasing

All volumes in the above table are compared on a 'per 1,000 active members and annuitants', even if both member groups do not always cause the volume. This is because active members & annuitants is the divisor used to determine cost per member. Therefore, if you want to know how volumes impact your relative cost performance, they need to be compared on the same basis.

Membership mix impacts transaction volumes



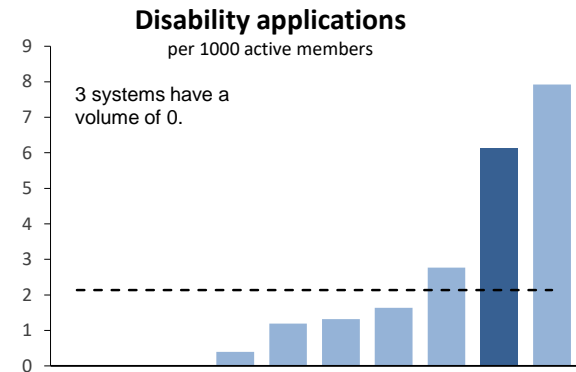
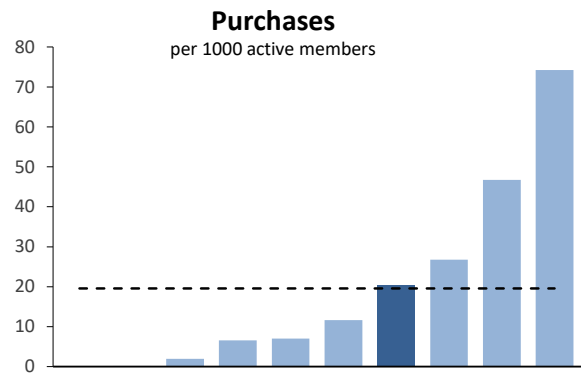
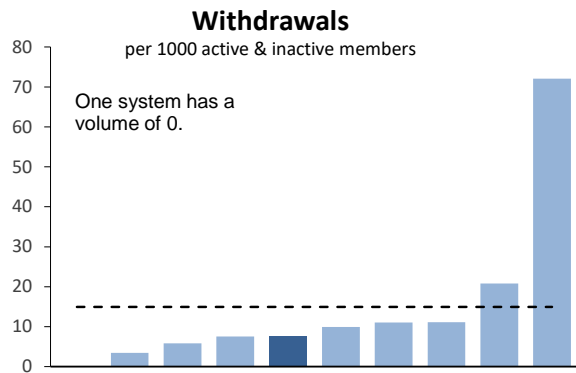
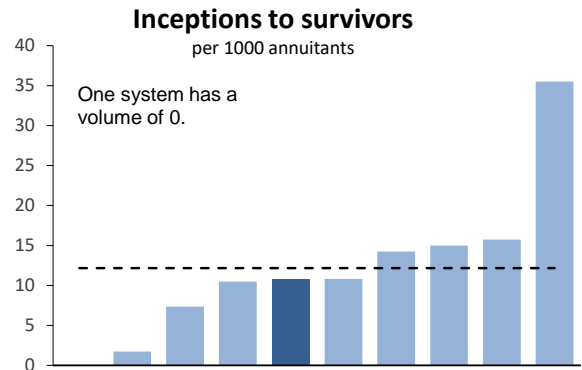
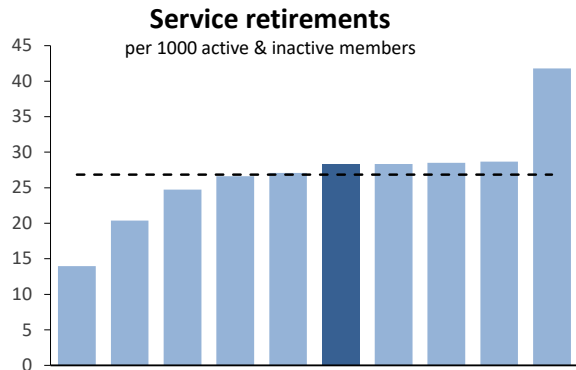
Active members cause more transactions than annuitants. For your system, active members represented 53% of the divisor used to determine cost per member (i.e., active members and annuitants). This was less than the peer average of 58%. Having less active members decreases your relative volumes and costs.



Inactive members cause the fewest transactions. Therefore they are excluded from membership volumes when determining cost per member. But they still cause some transactions (i.e., withdrawals, service retirements, calls). So having more inactive members increases your relative volumes and costs. Your system had more. Inactive members represented 17% of the divisor used to determine cost per member (i.e., active members and annuitants) which was more than the peer average of 13%.

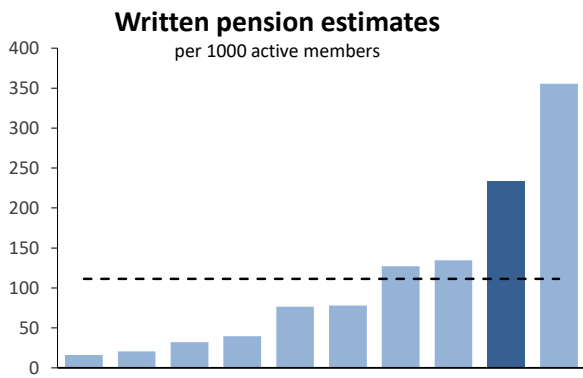
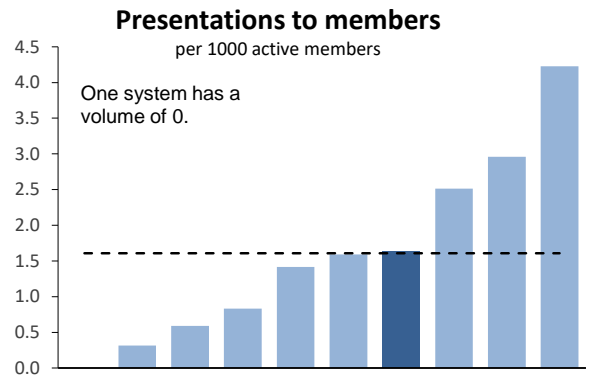
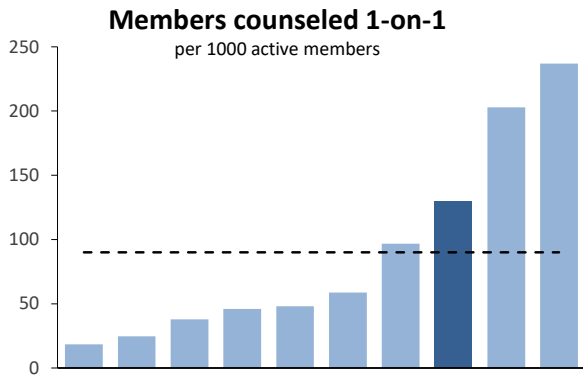
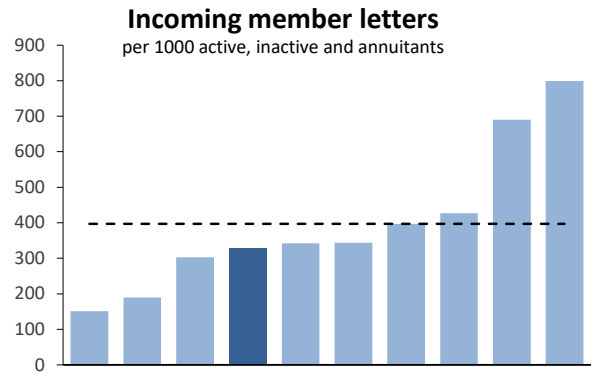
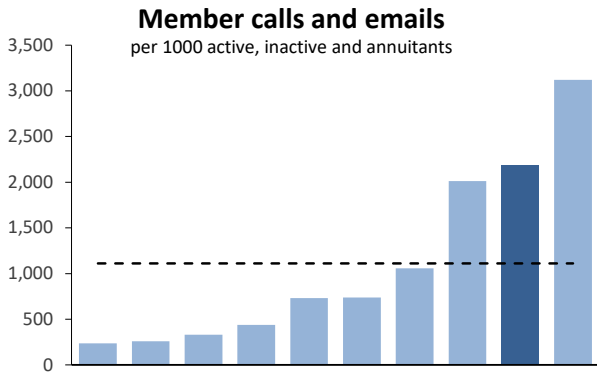
Member transactions - Where are you doing more/less?

Transaction volumes below, and on the following two pages, are compared versus the member group subsets that are most likely to cause the volumes.



■ You ■ Peer - - - Peer Avg

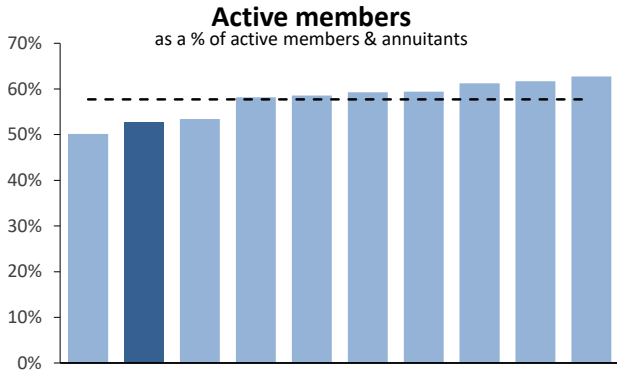
Communication transactions - Where are you doing more/less?



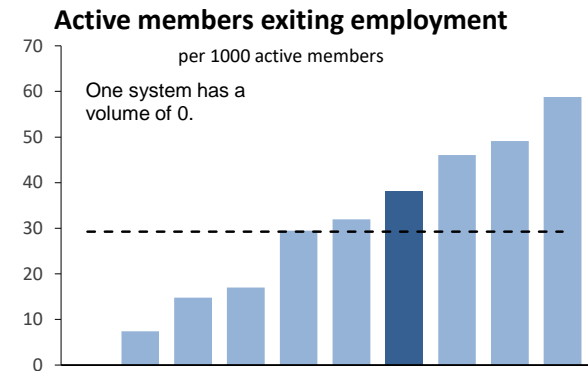
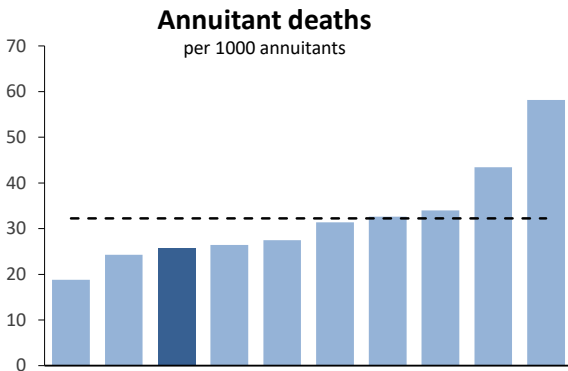
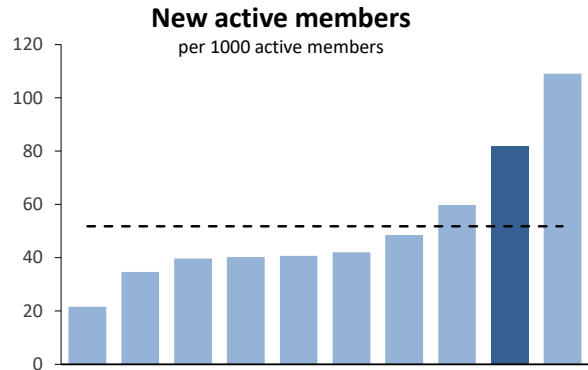
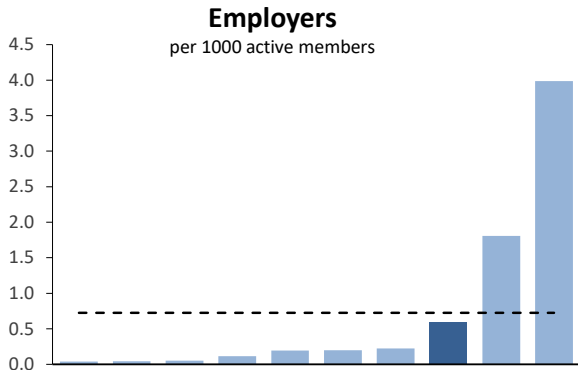
■ You ■ Peer - - - Peer Avg

Collections and data transactions - Where are you doing more/less?

The key driver of collection and data transactions and costs is active members which in turn cause data transactions such as service accruals, divorce, leaves of absence, exits, withdrawals, inceptions, deaths, beneficiaries and new members. Annuitants and inactive members cause far fewer data transactions. So if you have a higher ratio of actives relative to annuitants, this will increase your relative cost per member.

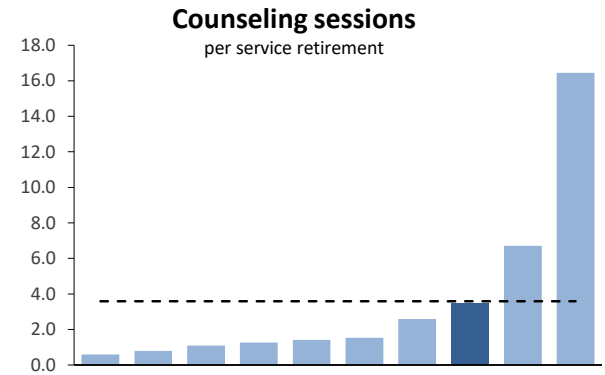
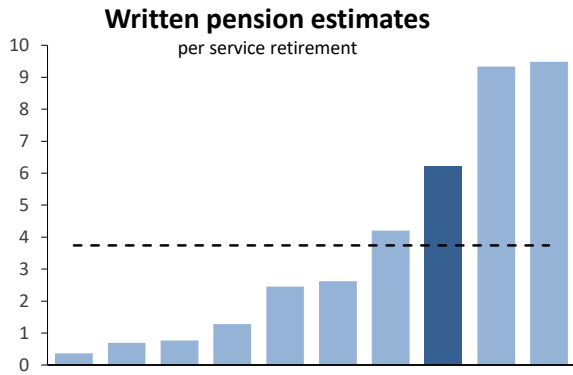
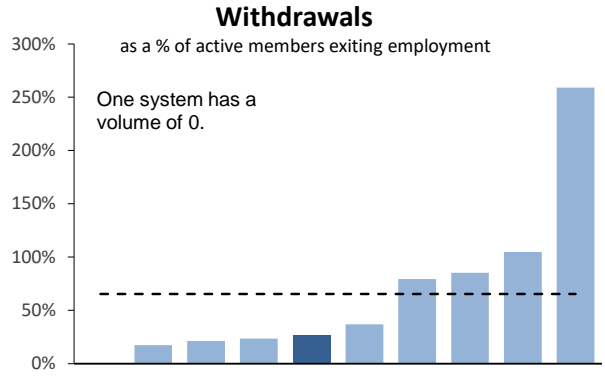
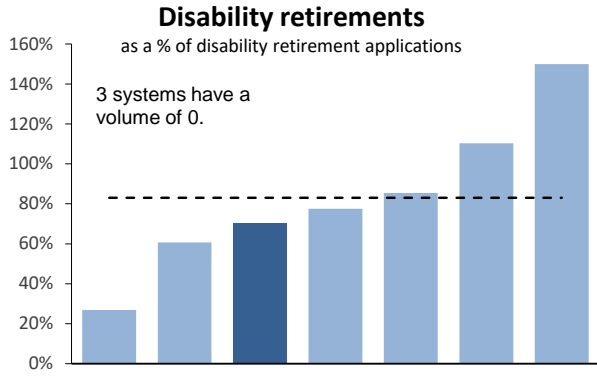


Shown below are secondary drivers of collections and data cost.



■ You ■ Peer - - - Peer Avg

Interesting ratios



Service retirements are not the only driver of counseling sessions. Systems that administer healthcare often counsel retirees on healthcare choices.

■ You ■ Peer - - - Peer Avg

Online Transactions

Online Tool	Do you offer?		If offered: Volume per 1,000 active members and annuitants		
	You	Peers	You	Peer Average	# peers able to provide
Benefit Calculators					
In non-secure area	Yes	60% Yes	574	382	4
In secure area not linked to member's data	No	0% Yes	n/a	n/a	0
In secure area linked to member's salary and service data	Yes	70% Yes	4,192	1,564	4
Service credit purchase calculator	No	40% Yes	n/a	34	2
Register for counseling sessions	No	50% Yes	n/a	20	4
Real-time access to available dates and times	n/a	100% Yes			
Register for presentations	Yes	60% Yes	6	54	5
Live chat	No	10% Yes			
Change address	Yes	70% Yes	37	76	5
Change beneficiary	Yes	60% Yes	69	78	5
Change email address	Yes	90% Yes	10	38	5
Reset password	Yes	89% Yes	104	173	5
Tools for annuitants					
Change banking information for direct deposit	Yes	60% Yes	13	31	4
Change tax withholding amount	Yes	50% Yes	36	47	4
Download duplicate tax receipts	Yes	70% Yes	611	271	4
View annuity payment details	Yes	70% Yes	1,188	1,146	4
Submit a retirement application	Yes	44% Yes	21	14	3
View status of retirement application	No	22% Yes	n/a	107	2
Apply for a refund or transfer-out	No	30% Yes	n/a	4	2
Secure mailbox or digital file of recent correspondence and member documents	No	60% Yes	n/a	193	3
Download member statement (i.e., Adobe format)	Yes	80% Yes	518	368	4
Upload documents	No	50% Yes	n/a	64	3
View pensionable earnings and/or service without downloading	Yes	80% Yes	1,166	1,475	4
If yes:					
Both salary and service data is available	Yes	88% Yes			
Online data is up-to-date to the most recent pay period	Yes	100% Yes			
A complete annual history from the beginning of employment is available	No	50% Yes			

6

Appendices

Appendix A - Survey Responses

Appendix B - Foreign Currency Conversion

Appendix A - Orange County ERS Survey Responses

Survey Question	Your Data			Peers 2021				
	2021	2020	2019	Max.	Median	Min.	Avg	Count
1 <u>Orange County Employees Retirement System</u> <u>Robert Kinsler</u> <u>714-558-6230</u> <u>rkinsler@ocers.org</u>								
Membership								
2 Provide the breakdown of total members between: <u>End of most recent fiscal year</u>								
a) Active members	22,011		22,257	863,767	22,139	10,138	155,110	10
b) Deferred members	7,238		6,520	464,652	4,157	705	71,512	10
c) Annuitants (Service, Disabled, Survivor)	19,826		18,420	753,054	19,176	6,961	124,431	10
<u>End of prior fiscal year</u>								
a) Active members	21,559		21,929	879,842	22,102	10,149	158,042	10
b) Deferred members	6,818		6,026	441,476	3,911	651	67,833	10
c) Annuitants (Service, Disabled, Survivor)	19,419		17,674	735,123	18,735	6,699	121,623	10
Plan Description								
3 Indicate 'yes' if your employers/ member groups can be described as the following (indicate all that apply):								
a) Is your membership limited to a city or county?	No		No	50% Yes, 50% No, 0% n/a				10
b) Participating Local Employers? [i.e. municipalities have a choice in participating in your plan]	Yes		Yes	40% Yes, 60% No, 0% n/a				10
c) State, Province, Country?	No		No	30% Yes, 70% No, 0% n/a				10
d) Teachers?	No		No	30% Yes, 70% No, 0% n/a				10
e) School Employees (Custodians, Admin. Staff)?	No		No	50% Yes, 50% No, 0% n/a				10
f) Safety (Police, Fire, Sheriff's Dept, etc)?	Yes		Yes	60% Yes, 40% No, 0% n/a				10
g) Other (Judges, Legislators, etc)?	No		No	30% Yes, 70% No, 0% n/a				10
h) Corporate?	No		No	0% Yes, 100% No, 0% n/a				10
i) Industry?	No		No	10% Yes, 90% No, 0% n/a				10
i1) If Industry, describe the industry:	<u>n/a</u>							
4 Which of the following descriptions best describes the non-optional benefit plans that you administer for each of your member groups: A plan is non-optional if members' must participate in it, or choose between it and alternatives. Do not include membership in benefit plans that are supplemental and optional such as deferred compensation 457, 403B or 401(k) plans. Do not include plans administered by a 3rd party.								
a) Traditional Defined Benefit ("DB")?	Yes		Yes	100% Yes, 0% No, 0% n/a				10
b) DC Cash Balance (aka Money Purchase)?	No		No	10% Yes, 90% No, 0% n/a				10
c) Hybrid DB/ DC Cash Balance?	No		No	10% Yes, 90% No, 0% n/a				10
d) Hybrid DB/ Money Match?	No		No	0% Yes, 100% No, 0% n/a				10
e) DROP savings?	No		No	10% Yes, 90% No, 0% n/a				10
f) Defined Contribution ("DC")?	No		No	0% Yes, 100% No, 0% n/a				10
g) Hybrid DB/ DC?	No		No	0% Yes, 100% No, 0% n/a				10
h) Other (describe)?	No		No	0% Yes, 90% No, 10% n/a				9
<u>n/a</u>								
5 Which of the following programs do you offer to members AND administer yourself (i.e., design, enrolment, premium collection)?								
a) Pre-retirement health?	No		No	10% Yes, 90% No, 0% n/a				10

Survey Question	Your Data			Peers 2021				Count
	2021	2020	2019	Max.	Median	Min.	Avg	
b) Post-retirement health?	No		No	40% Yes, 60% No, 0% n/a				10
c) Pre-retirement dental and vision?	No		No	0% Yes, 100% No, 0% n/a				10
d) Post-retirement dental and vision?	No		No	20% Yes, 80% No, 0% n/a				10
e) Long-term care insurance?	No		No	10% Yes, 90% No, 0% n/a				10
f) Loans to members?	No		No	10% Yes, 90% No, 0% n/a				10
g) Optional tax deferred savings plans? [i.e., 457, 403, 401k, 401a, etc]	No		No	20% Yes, 80% No, 0% n/a				10
h) Optional insurance? [i.e., life and/or auto and/or home]	No		No	10% Yes, 90% No, 0% n/a				10
i) Other (describe)?	No		No	20% Yes, 70% No, 10% n/a				9
<u>n/a</u>								
<u>n/a</u>								
<u>n/a</u>								
6 What was your total asset value in \$ millions at the end of the fiscal year?	\$22,436.0		\$17,973.0					
7 How many employers do you have?	13		13	1,791	4	1	339	10
Administration Costs								
8 Total administrative expenses per your financial statements (ACFR)	\$21,473.0		\$19,171.0					
<u>Subtract, if included:</u>								
a) Healthcare administration costs	n/a		n/a					
b) Optional and third party administered benefits, such as tax deferred savings plans, loans, dental, etc.	n/a		n/a					
c) Investment administration costs	n/a		n/a					
d) Accrued, non-cash, pension and OPEB expense (per GASB 68 & 75)	n/a		New					
<u>Add, if not included:</u>								
e) Amortization and depreciation of administrative assets	n/a		n/a					
f) Actuarial and all other professional fees relating to pension administration	n/a		n/a					
g) Cash contributions for pension and OPEB, for active staff	\$1,029.0		New					
Net pension administration costs	\$21,473.0		\$19,171.0					
9 Provide the breakdown of your net pension administrative costs from question 8 above:								
a) Salaries and benefits	\$13,351.0		\$11,676.0					
b) Professional fees (actuarial, legal, audit, consulting, outsourced IT, etc.)	\$3,395.0		\$2,687.0					
c) Building expenses (rent, depreciation, utilities, facility services, amortization of lease holds)	\$651.0		\$610.0					
d) Amortization and depreciation (non-building)	\$2,577.0		\$2,534.0					
e) Cross charges paid to sister organizations (do not include building expense cross charges, they belong in 'c' above)	\$0.0		\$0.0					
f) Other administrative expenses	\$1,499.0		\$1,664.0					
Total administrative expenses	\$21,473.0		\$19,171.0					
10 Are any of the following services provided free of charge, or at a subsidized cost, by a sister organization (cost should be included under 9e above):								
<u>Provided by sister org.?</u>								
a) Building?	No		No	0% Yes, 100% No, 0% n/a				10
b) IT services?	No		No	20% Yes, 80% No, 0% n/a				10
c) Actuarial services?	No		No	0% Yes, 100% No, 0% n/a				10
d) Pension payroll?	No		No	10% Yes, 90% No, 0% n/a				10
e) Member data maintenance?	No		No	10% Yes, 90% No, 0% n/a				10
f) Other? Please describe below:	No		No	0% Yes, 90% No, 10% n/a				9
<u>n/a</u>								

Survey Question	Your Data			Peers 2021				
	2021	2020	2019	Max.	Median	Min.	Avg	Count
<u>Free of charge?</u>								
a) Building?	n/a		n/a	0% Yes, 0% No, 100% n/a				0
b) IT services?	n/a		n/a	10% Yes, 10% No, 80% n/a				2
c) Actuarial services?	n/a		n/a	0% Yes, 0% No, 100% n/a				0
d) Pension payroll?	n/a		n/a	0% Yes, 10% No, 90% n/a				1
e) Member data maintenance?	n/a		n/a	10% Yes, 0% No, 90% n/a				1
f) Other? Please describe below:	n/a		n/a	0% Yes, 0% No, 100% n/a				0
11 Provide the number of full-time equivalent ("FTE") of all staff whose compensation is included in 8a above. [i.e. the full time equivalent of all administrative staff, less health care, non-pension and optional benefit, and investment administration staff, less staff whose salaries were capitalized]. Include the FTEs who are under contract, part-time and non-permanent. For example, a person who works 3 days a week counts as 0.6 FTE. Do not include the FTE of unfilled positions.	76.8		75.8	1,880.1	52.9	11.5	333.5	10
12 Did you capitalize any pension administration related costs last year?	No		No	10% Yes, 50% No, 40% n/a				6
a) If yes, total amount capitalized?	n/a		n/a					
13 Did you have any major project costs that were not capitalized?	No		No	40% Yes, 60% No, 0% n/a				10
a) If yes, what were your total non-capitalized major project costs?	n/a		n/a					
Transaction Volumes								
14 What were your volumes for:								
<u>Change-in-Member-Status Volumes</u>								
a) Service retirement inceptions?	828		1,069	35,961	803	321	5,690	10
b) Inceptions to survivors, partners, ex-partners or dependents?	214		216	11,292	227	0	1,601	10
c) Disability retirement inceptions?	95		63	1,852	153	6	354	8
d) Disability retirement applications?	135		90	2,389	135	4	560	7
e) Deaths of annuitants?	511		501	23,649	525	235	3,845	10
f) New active members?	1,798		2,047	51,661	1,519	426	7,885	10
g) Active members exiting employment? [exclude service and disability retirements]	837		707	39,784	919	165	7,466	9
h) Withdrawals, refunds?	221		194	14,694	276	173	2,494	9
i) Purchases?	451		342	5,640	463	2	1,225	10
<u>Communication Volumes</u>								
j) Member calls?	83,236		54,327	1,426,648	52,694	4,247	216,702	10
k) Written pension estimates mailed per member request? [Do not include estimates on annual statements, or given over the phone, or generated through your website]	5,140		6,257	27,625	3,782	285	6,251	10
l) Members counseled 1-on-1? [including sessions held via videoconference]	2,856		2,945	50,779	2,345	495	9,069	10
m) Presentations to members? [including webinars]	36		91	636	36	7	178	9
n) How many members in total attended these presentations?	768		3,720	30,808	2,151	353	9,343	9
o) Email queries from members?	23,891		21,422	109,138	19,812	351	25,710	10
p) Correspondence received from members? [Include all correspondence from members even if the correspondence did not require action.]	16,052		13,519	712,695	16,156	5,710	119,727	9
Website Capabilities								
15 Does your website have a secure member area where members can access their own data? If yes:	Yes		Yes	90% Yes, 10% No, 0% n/a				10

Survey Question	Your Data			Peers 2021				Count
	2021	2020	2019	Max.	Median	Min.	Avg	
a) How many unique members accessed the secure member area? [Count a member only once even if he/she visited multiple times.]	17,907		15,434	719,803	16,472	1,196	142,841	8
b) How many visits in total were there by members to the secure member area? [Count each visit even if the same member visits multiple times.]	118,439		96,941	3,648,692	147,164	2,872	941,775	8
c) If a member wants to register for the first time, does he/she have to wait for a password in the mail?	No		No	0% Yes, 90% No, 10% n/a				9
d) Do you welcome the member by name on the home page of the secure member area?	Yes		Yes	80% Yes, 10% No, 10% n/a				9
e) Are users required to acknowledge a disclaimer every time they log in?	No		No	10% Yes, 80% No, 10% n/a				9
f) Are users required to acknowledge a disclaimer every time they generate a pension estimate?	No		No	20% Yes, 60% No, 20% n/a				8
g) Do inactive members have access to the secure member area?	Yes		Yes	70% Yes, 20% No, 10% n/a				9
16 Indicate whether the following capabilities are offered on your website and provide volumes (if available):								
a) Benefit calculator in non-secure area?	Yes		Yes	60% Yes, 40% No, 0% n/a				10
b) Benefit calculator in secure area not linked to member data?	No		No	0% Yes, 100% No, 0% n/a				10
c) Benefit calculator in secure area linked to member's salary and service data?	Yes		Yes	70% Yes, 30% No, 0% n/a				10
d) Service credit purchase calculator?	No		No	40% Yes, 60% No, 0% n/a				10
e) Financial planning tool?	No		New	20% Yes, 80% No, 0% n/a				10
A financial planning tool considers a member's retirement goals, and helps calculate the required total income and expenses at retirement. It provides a complete picture of member's financial health by incorporating a range of inputs into the planner, including: current expenses, projected salary, expected retirement age, expected retirement lifestyle, taxes, credit, insurance, relationship status, beneficiaries and children, mortgage, assets outside of a pension, etc., and projects scenarios under which a member can retire. The planner will also include tips on how a member can achieve their retirement goals.								
If yes:								
e1) Is the financial planning tool linked to member-specific data?	n/a		New	10% Yes, 10% No, 80% n/a				2
f) Register for counseling sessions?	No		No	50% Yes, 50% No, 0% n/a				10
If yes:								
f1) Does the member have real-time access to available dates and times?	n/a		n/a	50% Yes, 0% No, 50% n/a				5
g) Register for presentations?	Yes		No	60% Yes, 40% No, 0% n/a				10
h) Live chat?	No		No	10% Yes, 90% No, 0% n/a				10
i) Chatbot (or virtual service agent)?	No		New	10% Yes, 90% No, 0% n/a				10
j) Change address?	Yes		Yes	70% Yes, 30% No, 0% n/a				10
k) Change beneficiary?	Yes		Yes	60% Yes, 40% No, 0% n/a				10
l) Change email address?	Yes		Yes	90% Yes, 10% No, 0% n/a				10
m) Reset password?	Yes		Yes	80% Yes, 10% No, 10% n/a				9
n) Change banking information for direct deposit?	Yes		Yes	60% Yes, 40% No, 0% n/a				10
o) Change tax withholding amount?	Yes		Yes	50% Yes, 50% No, 0% n/a				10
p) Download or print duplicate tax receipts? [i.e., 1099s in the U.S.]	Yes		Yes	70% Yes, 30% No, 0% n/a				10
q) View pension payment details? [i.e., gross amounts, deductions]	Yes		Yes	70% Yes, 30% No, 0% n/a				10
r) Submit a retirement application online?	Yes		Yes	40% Yes, 50% No, 10% n/a				9

Survey Question	Your Data			Peers 2021				Count
	2021	2020	2019	Max.	Median	Min.	Avg	
If yes:								
r1) Does the online application provide an estimate, final value or neither of the annuity payment the member will receive?	Neither		Neither	0% Final, 40% Neither, 0% Estimate, 60% n/a				4
r2) Approximately what % of retirements initiated online require follow-up documents or signatures to be mailed in?	0.0%		1.0%	100.0%	31.8%	0.0%	40.9%	4
s) View status of online retirement application?	No		No	20% Yes, 70% No, 10% n/a				9
t) Apply for a refund or transfer-out?	No		No	30% Yes, 70% No, 0% n/a				10
u) Secure mailbox or digital file including history of recent correspondence and member documents?	No		No	60% Yes, 40% No, 0% n/a				10
v) Download member statement? [i.e., Adobe format]	Yes		Yes	80% Yes, 20% No, 0% n/a				10
w) Upload documents (such as birth certificates)?	No		No	50% Yes, 50% No, 0% n/a				10
x) View pensionable earnings and/or service without downloading?	Yes		Yes	80% Yes, 20% No, 0% n/a				10
If yes:								
x1) Are both salary and service data available?	Yes		Yes	70% Yes, 10% No, 20% n/a				8
x2) Is online data up-to-date to the most recent pay period?	Yes		Yes	80% Yes, 0% No, 20% n/a				8
x3) Is a complete history from the beginning of employment available?	No		No	40% Yes, 40% No, 20% n/a				8
<u>If yes, volume</u>								
a) # Benefit calculator in non-secure area?	24,025		31,002	414,371	160,709	24,025	189,953	4
b) # Benefit calculator in secure area not linked to member data?	n/a		n/a	n/a	n/a	n/a	n/a	0
c) # Benefit calculator in secure area linked to member's salary and service data?	175,385		174,216	1,201,545	167,686	12,464	387,345	4
d) # Service credit purchase calculator?	n/a		n/a	75,643	45,965	16,286	45,965	2
f) # Register for counseling sessions?	n/a		n/a	36,635	8,451	419	13,489	4
g) # Register for presentations?	251		n/a	33,709	10,157	251	15,065	5
j) # Change address?	1,540		1,594	319,224	3,591	1,371	80,382	5
k) # Change beneficiary?	2,878		2,159	302,962	14,149	1,520	67,378	5
l) # Change email address?	408		359	64,205	3,910	408	16,902	5
m) # Reset password?	4,338		2,917	382,837	38,119	3,788	120,674	5
n) # Change banking information for direct deposit?	548		510	133,888	8,168	548	37,693	4
o) # Change tax withholding amount?	1,501		1,683	161,901	12,184	1,501	46,942	4
p) # Download or print duplicate tax receipts? [i.e., 1099s in the U.S.]	25,557		20,414	323,711	65,055	23,581	119,351	4
q) # View pension payment details? [i.e., gross amounts, deductions]	49,706		32,698	3,987,109	247,493	49,706	1,132,950	4
r) # Submit retirement application online?	860		883	20,238	6,249	860	9,116	3
s) # View status of online retirement application?	n/a		n/a	285,304	156,898	28,492	156,898	2
t) # Apply for a refund or transfer-out?	n/a		n/a	10,719	5,794	868	5,794	2
u) # Digital file including history of recent correspondence and member documents?	n/a		n/a	161,684	80,855	230	80,923	3
v) # Download member statement? [i.e., Adobe format]	21,658		17,799	451,816	222,832	21,033	229,628	4
w) # Upload documents (such as birth certificates)?	n/a		n/a	75,194	24,766	9	33,323	3
x) # View pensionable earnings and/or service without downloading?	48,781		40,262	1,159,465	285,852	30,993	440,540	4
Member Calls								
17 When a member calls in, is the first point of human contact usually a receptionist?	No		No	20% Yes, 80% No, 0% n/a				10
18 Do callers wait in a queue for service representatives?	Yes		Yes	70% Yes, 30% No, 0% n/a				10
a) If yes, what is the average wait time? [in seconds]	Unknown		Unknown	901	140	60	254	6
b) What is the percentage abandoned calls [i.e. caller hangs-up] while in queue or on hold or in menu?	Unknown		Unknown	49.6%	1.3%	0.0%	10.6%	5
19 Do members have to navigate a phone menu before speaking to a service representative?	Yes		Yes	70% Yes, 30% No, 0% n/a				10

Survey Question	Your Data			Peers 2021				Count
	2021	2020	2019	Max.	Median	Min.	Avg	
If yes: a) What is the average number of menu layers that must be navigated before a caller can speak to a live person? [Count each and every time a caller must select a menu option by pressing a button on the phone as a menu layer. Use the volume-weighted average number of menu layers if there are different menu-tree branches.]	2		2	3	2	1	2	7
20 Can and will you provide the following information on an immediate real-time basis to members over the phone: [If you do not have real-time access to the information or if your policy is not to give the information over the phone because of security or other concerns then your answer should be 'no'.]								
a) Estimates of benefits at retirement?	Yes		Yes	40% Yes, 60% No, 0% n/a				10
If yes: a1) Can you easily model and provide alternate annuity payment scenarios? i.e., joint and 50% survivor, joint and 70% survivor, etc.	Yes		Yes	40% Yes, 30% No, 30% n/a				7
a2) Is the estimate based on an interactive benefit calculator linked to the member's actual account data?	Yes		Yes	40% Yes, 0% No, 60% n/a				4
b) Refund or transfer value assuming the member exited employment at the time of the call?	Yes		Yes	60% Yes, 40% No, 0% n/a				10
c) Pensionable salary?	Yes		Yes	90% Yes, 10% No, 0% n/a				10
d) Service credit history including gaps?	Yes		Yes	90% Yes, 10% No, 0% n/a				10
e) Service credit purchase cost estimates?	No		No	40% Yes, 60% No, 0% n/a				10
21 Can members calling in perform the following transactions over the phone:								
a) Change address?	No		No	60% Yes, 40% No, 0% n/a				10
b) Add or change email address?	No		No	70% Yes, 30% No, 0% n/a				10
c) Change payment instructions? [i.e., bank account]	No		No	40% Yes, 60% No, 0% n/a				10
22 When a member calls in, do you have immediate computer access to the following member data:								
a) Record of the member's previous calls to the system?	Yes		Yes	80% Yes, 20% No, 0% n/a				10
b) Copies of recent correspondence on-line?	Yes		Yes	90% Yes, 10% No, 0% n/a				10
c) Knowledge based on-line help system available for use by the service representative?	Yes		Yes	70% Yes, 30% No, 0% n/a				10
d) Most recent member statement?	Yes		Yes	100% Yes, 0% No, 0% n/a				10
e) Beneficiary information?	Yes		Yes	100% Yes, 0% No, 0% n/a				10
23 How many hours per week can members call service representatives?	40		40	63	43	40	45	10
24 Do your service representatives have real time access to a workflow system that lets them know the status of open items?	Yes		Yes	90% Yes, 10% No, 0% n/a				10
Service Measures								
25 Were any of your pension payrolls late vis-à-vis your normal payment cycle? [For example, a payroll might be late because of system problems, etc.]	No		No	0% Yes, 100% No, 0% n/a				10
a) If yes, how many payrolls were late?	n/a		n/a	n/a	n/a	n/a	n/a	0
b) On average, how many days late were they?	n/a		n/a	n/a	n/a	n/a	n/a	0
26 What % of pension inceptions to retiring active members were paid without an interruption of cash flow greater than 1 month between the final pay check and the first pension check?	1.0%		1.0%	100.0%	93.6%	0.0%	72.6%	10

Survey Question	Your Data			Peers 2021				Count
	2021	2020	2019	Max.	Median	Min.	Avg	
27 What % of survivor pension inceptions are paid without an interruption of cash flow between the pensioner's final pension check and the survivor's first pension check?	95.0%		90.0%	100.0%	95.0%	0.0%	78.5%	9
28 On average, how many business days did it take to provide a formal written estimate from the time of initial request from a member? [Do not include time in the mail.]	2		2	90	7	2	21	9
a) Is this a number you regularly measure and track? [versus being an estimate]	No		No	50% Yes, 50% No, 0% n/a				10
29 Do your written pension estimates: [including cover letters etc. sent with the estimate]								
a) Clearly address if and how the pension benefit is inflation protected or not protected?	Yes		Yes	50% Yes, 50% No, 0% n/a				10
b) If your pension is coordinated with or reduced by social security is the impact explained?	n/a		n/a	60% Yes, 20% No, 20% n/a				8
c) Discuss alternative scenarios that could improve the benefit such as purchasing service credit or working longer?	Yes		Yes	60% Yes, 40% No, 0% n/a				10
d) Model alternative retirement payment options?	Yes		Yes	90% Yes, 10% No, 0% n/a				10
30 Is 1-on-1 retirement counseling a freely available option for most members? [If the only 1-on-1 counseling you do is for VIPs, disability, exceptions and emergencies then your answer should be no]	Yes		Yes	100% Yes, 0% No, 0% n/a				10
31 Do you offer 1-on-1 counseling sessions after normal working hours, such as evenings and/or weekends?	No		No	50% Yes, 50% No, 0% n/a				10
32 Did you do specific presentations for members, in the past fiscal year, targeted solely for:								
a) New members?	Yes		Yes	70% Yes, 30% No, 0% n/a				10
b) Members in mid career?	Yes		Yes	70% Yes, 30% No, 0% n/a				10
c) Members approaching retirement or ready to retire?	Yes		Yes	80% Yes, 20% No, 0% n/a				10
d) Healthcare?	No		No	30% Yes, 60% No, 10% n/a				9
e) Changes to benefits?	No		No	20% Yes, 70% No, 10% n/a				9
f) Other? (Please describe below) <u>Employer Sponsored Job Fairs</u>	Yes		Yes	50% Yes, 30% No, 20% n/a				8
33 Do you offer presentations after normal working hours such as evenings and/or weekends?	No		No	60% Yes, 40% No, 0% n/a				10
34 Indicate whether you sent newsletters or news magazines (in either electronic or paper format) last year to any of the following member segments, and if yes, the number of times it was sent. Only indicate 'yes' if the newsletter was customized for and only sent to members in the segment:								
a) All members (active, inactive and annuitants)?	Yes		Yes	30% Yes, 70% No, 0% n/a				10
b) Active and inactive members?	No		No	20% Yes, 80% No, 0% n/a				10
c) Active members and annuitants?	No		No	20% Yes, 80% No, 0% n/a				10
d) Active members only?	No		No	20% Yes, 80% No, 0% n/a				10
e) Inactive members only?	No		No	0% Yes, 100% No, 0% n/a				10
f) Annuitants only?	No		No	30% Yes, 70% No, 0% n/a				10
g) Age segments? [i.e., under 35, 35-50, 50 plus]	No		No	10% Yes, 90% No, 0% n/a				10
h) Women only or men only?	No		No	0% Yes, 100% No, 0% n/a				10
i) Employer or employment category? [i.e., a different newsletter for teachers vs. bus drivers]	No		No	0% Yes, 100% No, 0% n/a				10
j) Other? (describe your other newsletter segments below) <u>n/a</u>	No		No	20% Yes, 70% No, 10% n/a				9
<u>If yes, # times last year</u>								
a) All members (active, inactive and annuitants)?	4		4	4	4	2	3	3
b) Active and inactive members?	n/a		n/a	12	8	4	8	2
c) Active members and annuitants?	n/a		n/a	4	4	3	4	2

Survey Question	Your Data			Peers 2021				Count
	2021	2020	2019	Max.	Median	Min.	Avg	
d) Active members only?	n/a		n/a	4	3	1	3	2
e) Inactive members only?	n/a		n/a	n/a	n/a	n/a	n/a	0
f) Annuitants only?	n/a		n/a	12	4	2	6	3
g) Age segments (i.e., under 35, 35-50, 50 plus)?	n/a		n/a	4	4	4	4	1
h) Women only or men only?	n/a		n/a	n/a	n/a	n/a	n/a	0
i) Employer or employment category (i.e., a different newsletter for teachers vs. bus drivers)?	n/a		n/a	n/a	n/a	n/a	n/a	0
j) Other? (describe your other newsletter segments below)	n/a		n/a	31	18	4	18	2
35 Indicate the approximate percentage breakdown of how you send newsletters to active members:								
a) Forward through employer?	0.0%		0.0%	100.0%	0.0%	0.0%	20.0%	5
b) Mail to their home?	100.0%		100.0%	100.0%	70.0%	0.0%	54.0%	5
c) Deliver electronically by email or other?	100.0%		100.0%	100.0%	30.0%	0.0%	46.0%	5
36 Indicate the approximate percentage breakdown of how you send member statements to active members:								
a) Directed through the employer?	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	10
b) Mailed directly to members' homes?	0.0%		0.0%	100.0%	6.9%	0.0%	37.3%	10
c) Email or other electronic notice to members that the statement is available in the secure member area?	100.0%		100.0%	100.0%	76.0%	0.0%	60.5%	10
37 On average, how current was an active member's data when their member statement was mailed to them? [For example, if statements with data current to December 31st are mailed in a staggered mailing beginning May 1st and finishing June 30th, then the members are receiving data that is between 4 and 6 months old, or 5 months old on average.]	1		1	5	2	1	2	10
38 Do your member statements for active members include:								
a) Total accumulated service credit?	Yes		Yes	100% Yes, 0% No, 0% n/a				10
b) Pensionable earnings?	No		No	70% Yes, 30% No, 0% n/a				10
c) A historical summary of salary and service credit earned each year?	No		No	30% Yes, 70% No, 0% n/a				10
d) The refund value if you left at the statement date?	Yes		Yes	80% Yes, 20% No, 0% n/a				10
e) An estimate of the future pension entitlement based on age scenario modeling or assuming the member continues to work until earliest possible retirement?	No		No	60% Yes, 40% No, 0% n/a				10
39 How frequently do you send member statements to inactive members? [i.e., never, annually, every 2 years, etc.]	Never		Never	2	1	0	1	10
40 Are new members issued a 'welcome' kit describing their benefits?	Yes		Yes	100% Yes, 0% No, 0% n/a				10
a) If yes, does it include a personalized letter addressing the new member by name?	Yes		Yes	80% Yes, 20% No, 0% n/a				10
41 Do you administer disability?	Yes		Yes	70% Yes, 30% No, 0% n/a				10
If yes, how many months, on average, does it take to return a decision on a disability application from:								
a) the date of the initial receipt to a decision?	9		12	13	4	3	6	7
b) the date if receipt of all necessary documentation to complete an application?	6		6	6	2	0	3	7
42 Do you require notarization of all/some/none:								
a) Normal or early retirement applications?	None		None	10% All, 50% None, 40% Some, 0% n/a				10
b) Refund applications?	None		None	10% All, 70% None, 20% Some, 0% n/a				10
c) Disability applications?	None		None	10% All, 50% None, 10% Some, 30% n/a				7
43 Do you require a birth or marriage certificate before incepting a pension?	Yes		Yes	70% Yes, 30% No, 0% n/a				10

Member Experience Surveying

Survey Question	Your Data			Peers 2021				
	2021	2020	2019	Max.	Median	Min.	Avg	Count
44 Did you send any member experience surveys in your most recent fiscal year that were:								
a) Sent to a sample of a customer group, regardless of whether they interacted with the pension plan or not?								
a1. Active members	No		New	60% Yes, 30% No, 10% n/a				9
a2. Annuitants	No		New	60% Yes, 30% No, 10% n/a				9
a3. Inactive members	No		New	40% Yes, 50% No, 10% n/a				9
a4. Employers	No		New	20% Yes, 60% No, 20% n/a				8
b) Focused exclusively on a single-channel touchpoint? A touchpoint is a single interaction between a customer and the pension plan. Member touchpoints	Yes		Yes	70% Yes, 20% No, 10% n/a				9
b1. Member telephone calls								
b1a. Satisfaction / Net Promoter Score (NPS)	No		No	40% Yes, 30% No, 30% n/a				7
b1b. Effort	No		New	30% Yes, 10% No, 60% n/a				4
b1c. What was the longest possible time in days between the activity/ journey end and the survey?	n/a		n/a	60	4	0	17	4
b1d. Can you break down results by service agent?	n/a		n/a	40% Yes, 0% No, 60% n/a				4
b1e. Can you break down the survey results by topic or journey covered?	n/a		n/a	40% Yes, 0% No, 60% n/a				4
b2. Website - secure member area								
b2a. Satisfaction / Net Promoter Score (NPS)	No		New	30% Yes, 30% No, 40% n/a				6
b2b. Effort	No		New	30% Yes, 10% No, 60% n/a				4
b2c. What was the longest possible time in days between the activity/ journey end and the survey?	n/a		New	60	1	0	20	3
b2e. Can you break down the survey results by topic or journey covered?	n/a		New	20% Yes, 0% No, 80% n/a				2
b3. Website - public area								
b3a. Satisfaction / Net Promoter Score (NPS)	No		New	10% Yes, 30% No, 60% n/a				4
b3b. Effort	No		New	10% Yes, 20% No, 70% n/a				3
b3c. What was the longest possible time in days between the activity/ journey end and the survey?	n/a		New	1	1	1	1	1
b3e. Can you break down the survey results by topic or journey covered?	n/a		New	0% Yes, 10% No, 90% n/a				1
b4. 1-on-1 counseling								
b4a. Satisfaction / Net Promoter Score (NPS)	Yes		Yes	60% Yes, 10% No, 30% n/a				7
b4b. Effort	Yes		New	30% Yes, 0% No, 70% n/a				3
b4c. What was the longest possible time in days between the activity/ journey end and the survey?	5		7	14	1	0	4	5
b4d. Can you break down results by service agent?	Yes		No	40% Yes, 10% No, 50% n/a				5
b4e. Can you break down the survey results by topic or journey covered?	Yes		No	30% Yes, 10% No, 60% n/a				4
b5. Presentation or group counseling								
b5a. Satisfaction / Net Promoter Score (NPS)	Yes		Yes	70% Yes, 0% No, 30% n/a				7
b5b. Effort	Yes		New	50% Yes, 0% No, 50% n/a				5
b5c. What was the longest possible time in days between the activity/ journey end and the survey?	1		1	14	1	0	3	7
b5e. Can you break down the survey results by topic or journey covered?	Yes		Yes	70% Yes, 0% No, 30% n/a				7
b6. Email								

Survey Question	Your Data			Peers 2021				
	2021	2020	2019	Max.	Median	Min.	Avg	Count
b6a. Satisfaction / Net Promoter Score (NPS)	No		New	0% Yes, 40% No, 60% n/a				4
b6b. Effort	No		New	0% Yes, 20% No, 80% n/a				2
b7. Live chat								
b7a. Satisfaction / Net Promoter Score (NPS)	No		New	0% Yes, 30% No, 70% n/a				3
b7b. Effort	No		New	0% Yes, 20% No, 80% n/a				2
b8. Social media								
b8a. Satisfaction / Net Promoter Score (NPS)	No		New	0% Yes, 40% No, 60% n/a				4
b8b. Effort	No		New	0% Yes, 20% No, 80% n/a				2
b9. Member statements								
b9a. Satisfaction / Net Promoter Score (NPS)	No		New	10% Yes, 40% No, 50% n/a				5
b9b. Effort	No		New	10% Yes, 20% No, 70% n/a				3
b10. Targeted communication (letters, newsletters, etc.)								
b10a. Satisfaction / Net Promoter Score (NPS)	No		New	10% Yes, 40% No, 50% n/a				5
b10b. Effort	No		New	0% Yes, 20% No, 80% n/a				2
c) Focused exclusively on a single life event or journey? Journeys revolve around life events that may result in a single or multiple interactions with the pension plan. For example, when a new joins the plan, the plan may proactively welcome the member who, in turn, may visit the website, call a service agent, sign up to the secure member area, etc.	No		New	20% Yes, 40% No, 40% n/a				6
c1. New to the pension plan								
c1a. Satisfaction / Net Promoter Score (NPS)	n/a		New	0% Yes, 29% No, 71% n/a				2
c1b. Effort	n/a		New	0% Yes, 10% No, 90% n/a				1
c1c. What was the longest possible time in days between the activity/ journey end and the survey?	n/a		New	n/a	n/a	n/a	n/a	0
c2. Leaving the pension plan								
c2a. Satisfaction / Net Promoter Score (NPS)	n/a		New	40% Yes, 10% No, 50% n/a				5
c2b. Effort	n/a		New	30% Yes, 10% No, 60% n/a				4
c2c. What was the longest possible time in days between the activity/ journey end and the survey?	n/a		New	60	55	50	55	2
c3. Leave of absence								
c3a. Satisfaction / Net Promoter Score (NPS)	n/a		New	0% Yes, 20% No, 80% n/a				2
c3b. Effort	n/a		New	0% Yes, 10% No, 90% n/a				1
c3c. What was the longest possible time in days between the activity/ journey end and the survey?	n/a		New	n/a	n/a	n/a	n/a	0
c4. Divorce and separation								
c4a. Satisfaction / Net Promoter Score (NPS)	n/a		New	10% Yes, 20% No, 70% n/a				3
c4b. Effort	n/a		New	10% Yes, 10% No, 80% n/a				2
c4c. What was the longest possible time in days between the activity/ journey end and the survey?	n/a		New	30	30	30	30	1
c5. Disability								
c5a. Satisfaction / Net Promoter Score (NPS)	n/a		New	30% Yes, 10% No, 60% n/a				4
c5b. Effort	n/a		New	20% Yes, 10% No, 70% n/a				3
c5c. What was the longest possible time in days between the activity/ journey end and the survey?	n/a		New	50	49	48	49	2
c6.Planning for retirement								
c6a. Satisfaction / Net Promoter Score (NPS)	n/a		New	40% Yes, 0% No, 60% n/a				4

Survey Question	Your Data			Peers 2021				
	2021	2020	2019	Max.	Median	Min.	Avg	Count
c6b. Effort	n/a		New	40% Yes, 0% No, 60% n/a				4
c6c. What was the longest possible time in days between the activity/ journey end and the survey?	n/a		New	50	30	1	27	3
c7. Planning for loved ones								
c7a. Satisfaction / Net Promoter Score (NPS)	n/a		New	10% Yes, 20% No, 70% n/a				3
c7b. Effort	n/a		New	10% Yes, 10% No, 80% n/a				2
c7c. What was the longest possible time in days between the activity/ journey end and the survey?	n/a		New	0	0	0	0	1
c8. Retired life								
c8a. Satisfaction / Net Promoter Score (NPS)	n/a		New	10% Yes, 20% No, 70% n/a				3
c8b. Effort	n/a		New	10% Yes, 10% No, 80% n/a				2
c8c. What was the longest possible time in days between the activity/ journey end and the survey?	n/a		New	30	30	30	30	1
c9. Other (describe): n/a								
d) Employer journeys								
c8. Retired life								
d1a. Satisfaction / Net Promoter Score (NPS)	No		New	0% Yes, 30% No, 70% n/a				3
d1b. Effort	No		New	0% Yes, 20% No, 80% n/a				2
d1c. What was the longest possible time in days between the activity/ journey end and the survey?	n/a		New	n/a	n/a	n/a	n/a	0
d2. Other (describe): n/a								

Appendix B - Foreign currency conversion

Currency	Purchasing Power Parity ¹			
	2021	2020	2019	2018
United States Dollars - USD	1.00	1.00	1.00	1.00
Canada Dollars - CAD	0.78	0.83	0.80	0.80
Euro - EUR	1.45	1.40	1.43	1.43
Denmark Kroner - DKK	0.15	0.15	0.15	0.15
Sweden Kronor - SEK	0.12	0.11	0.11	0.11
United Kingdom Pounds - GBP	0.00	0.00	0.07	0.08
Australia Dollars - AUD	0.68	0.68	0.70	0.70

1. Source OECD Website, March 2021.

Steve Delaney, CEO,
OCERS

August 15, 2022

CEM 2022 Benchmarking Report for Orange County Employees Retirement System

“The benefits to benchmarking OCERS administration costs and services”

1. Measure and manage your performance

- Identify what is important
- Monitor progress using an independent benchmark
- Serve as a catalyst for change

2. Communicate to stake-holders

- Demonstrate success and achievements to governing bodies
- Identify service gaps to support resource requests

3. Focus on your customer service levels

- Learn what others are doing that you are not
- Gain best practice insights into key areas

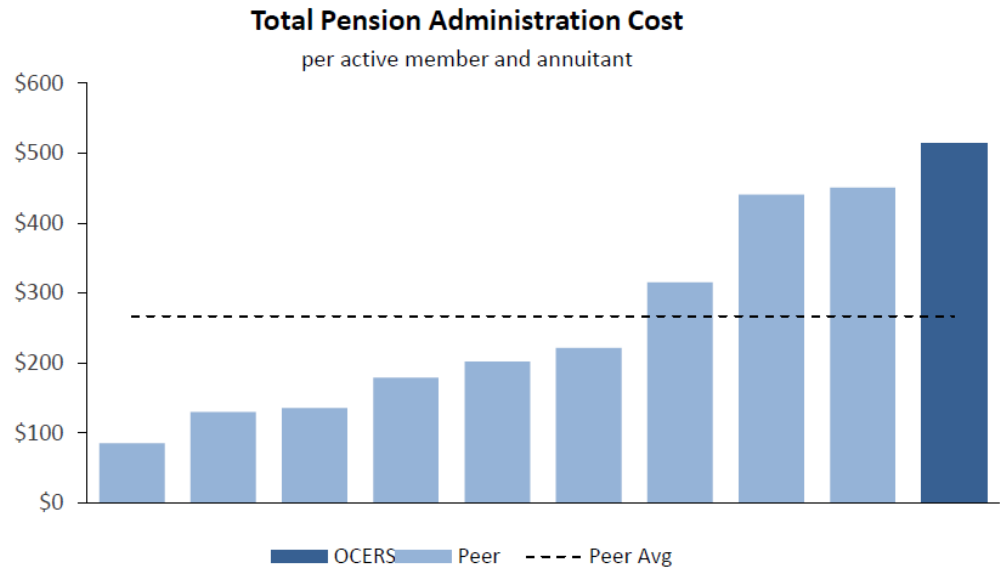
OCERS peer group in 2021 consists of the following 10 participants:

Peers	Membership		
	Actives Members	Annuitant	Total
City of Austin ERS	10,138	6,961	17,099
TTCPP	15,384	9,729	25,113
Fairfax County RS	17,740	12,134	29,874
ER of Fairfax County	20,133	12,512	32,645
Orange County ERS	22,011	19,826	41,837
RCMP	22,267	22,156	44,423
NYC BERS	31,198	18,525	49,723
LACERA	99,118	71,366	170,484
CALSTRS	449,339	318,049	767,388
CalPERS	863,767	753,054	1,616,821
Peer Average	155,110	124,431	279,541

OCERS was compared to the following peers in 2019:

Peers	Membership		
	Actives Members	Annuitant	Total
Milwaukee County	3,797	8,098	11,895
Los Angeles FPP	13,535	10,632	24,167
Sacramento County ERS	12,678	12,381	25,059
Orange County ERS	22,257	18,420	40,677
RCMP	22,415	21,275	43,690
Los Angeles CERS	26,632	20,034	46,666
NYC BERS	31,929	18,549	50,478
Saskatchewan HEPP	36,974	19,050	56,024
South Dakota RS	41,500	29,196	70,696
Delaware PERS	45,583	31,881	77,464
Peer Average	25,730	18,952	44,682

Before adjusting for economies of scale, OCERS pension administration cost was \$513 per active member and annuitant. This was \$246 above the peer average of \$267.

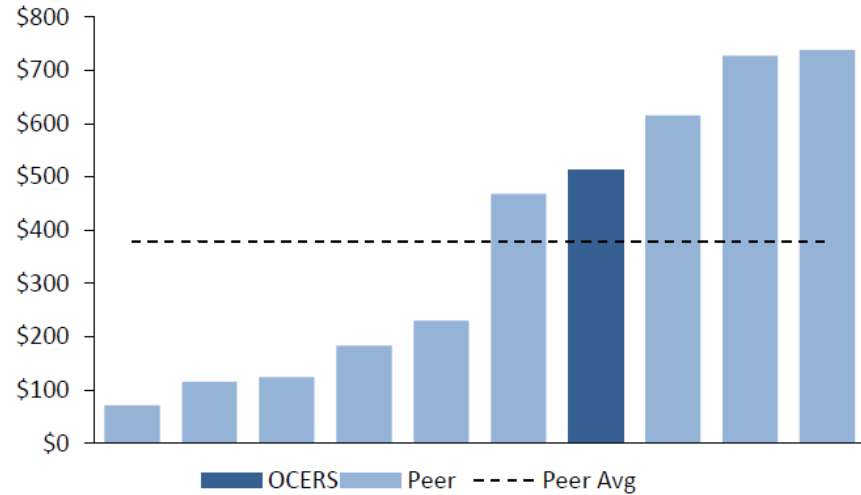


Inactive members are excluded from the total membership because they are much less costly to administer than either active members or annuitants. Inactive members are also excluded from the denominator when determining total cost per member.

Size matters: OCERS had an economies of scale disadvantage relative to the peer average. After adjusting the cost of each peer for its scale advantage, OCERS cost of \$513 was \$135 above the adjusted peer average of \$379.

Total Pension Administration Cost - Adjusted for Economies of Scale

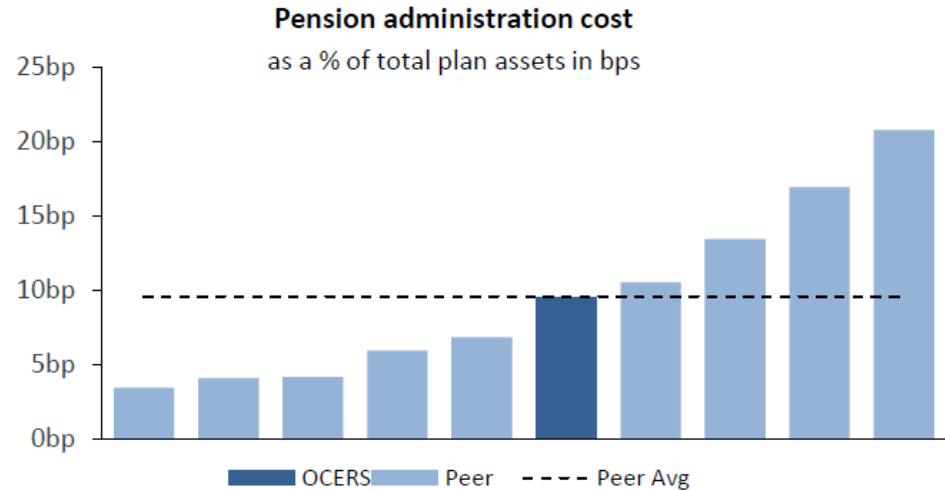
per active member and annuitant



OCERS had 46% fewer members than the peer weighted average. OCERS' smaller size means that OCERS had a scale disadvantage of \$135 relative to the peer average.

The scale adjustment is based on regression analysis using cost and membership data from 370 global pension plans. Approximately 70% of differences in cost per member can be explained by differences in size. Each peer's cost was adjusted for its scale advantage relative to OCERS' system.

An alternative way of comparing costs is as a percentage of total assets. OCERS cost of 9.6 bps was equal to the peer average of 9.6 bps.



Calculation of OCERS pension administration cost as a percentage of total assets

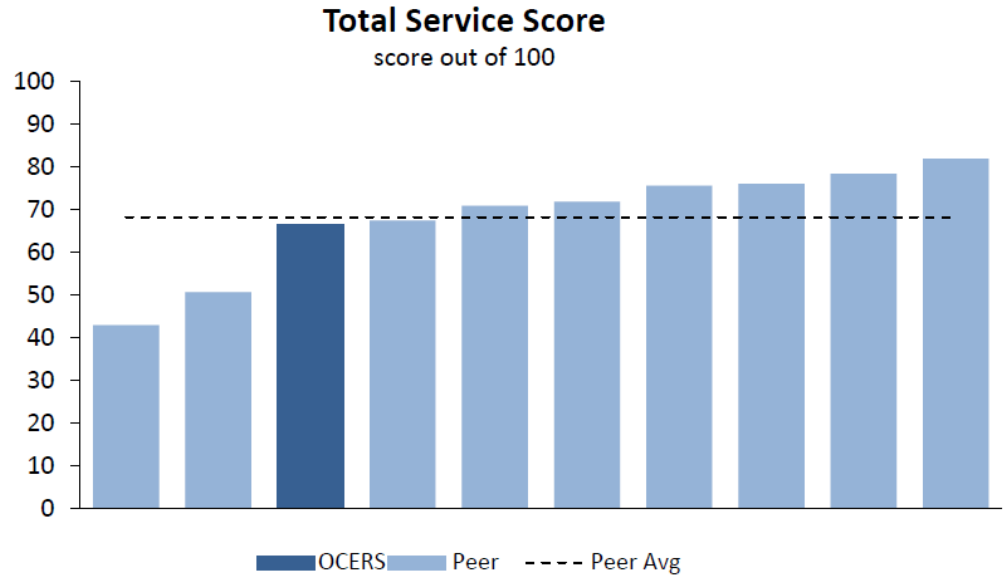
Total pension administration cost in \$000s (A)	\$21,473
Total assets in \$ millions at the end of the fiscal year (B)	\$22,436.0

Pension administration cost as a % of total assets in bps (A/B X 10)	9.6 bps
--	---------

1 basis point (bps) equals 0.01%.

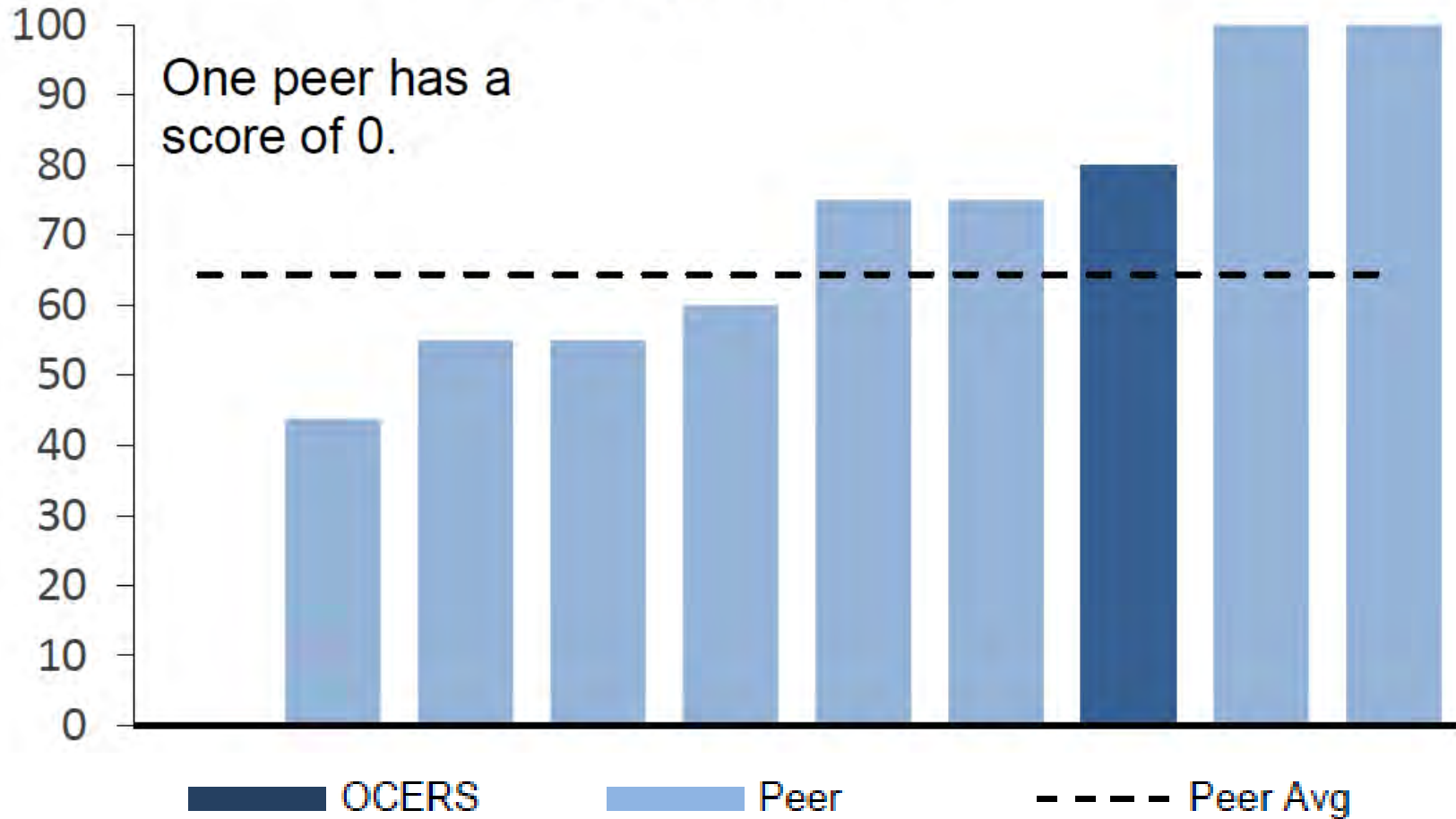
The above calculation uses OCERS net pension administration cost. These exclude any healthcare or investment management related costs.

OCERS total service score was 67 out of 100. This was close to the peer average of 68.



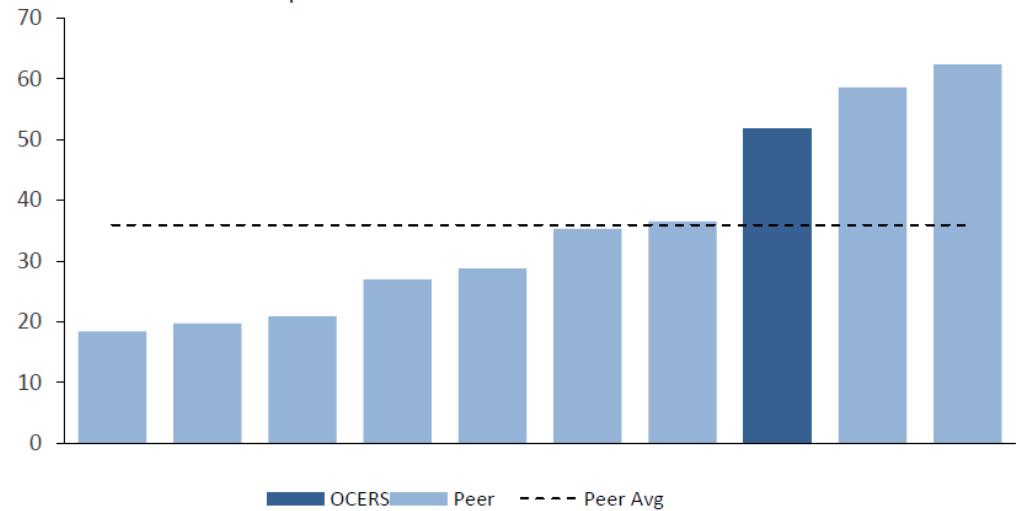
Service is defined as 'Anything a member would like, before considering costs'. Generally speaking this means faster is better, and more services and more availability is better. The Total Service Score is a weighted average of the service scores for each activity. The following pages provide an overview of the key service measure included in your Service Score.

Red tape score



OCERS weighted transaction volume was 44% higher than the peer average.

Weighted Transaction Volume
per active member and annuitant

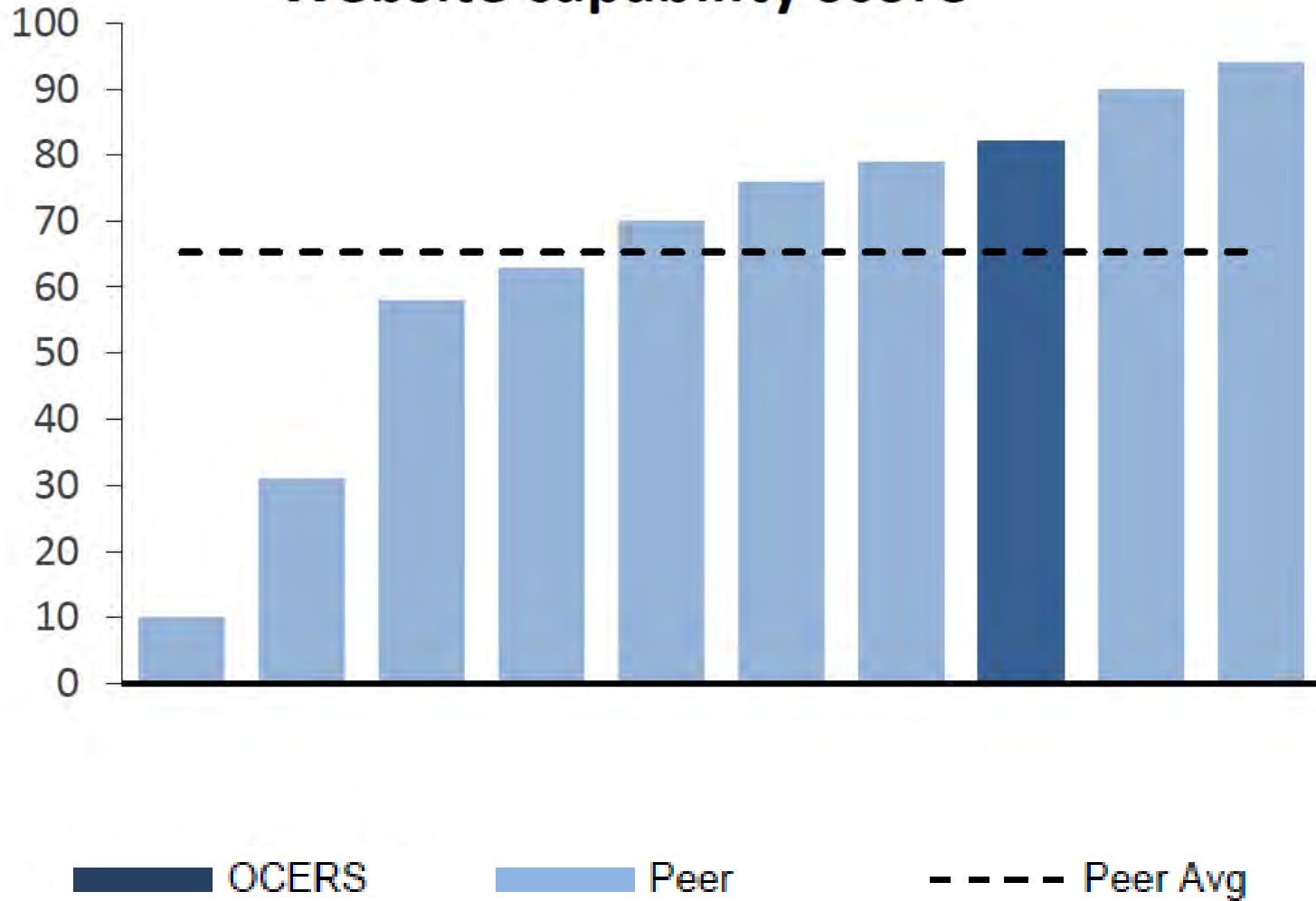


The weighted transaction volume shows whether your transaction volumes are more or less costly in aggregate.

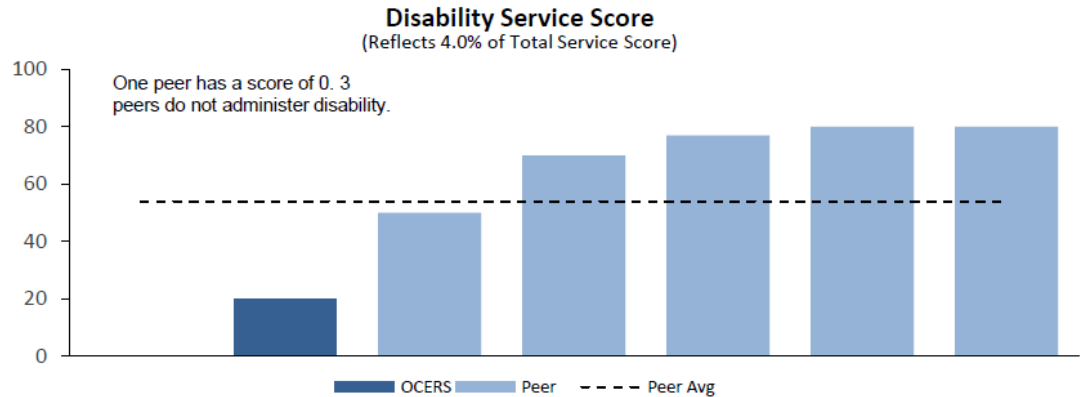
Differences in volume per member reflect differences in:

- Activities that OCERS administer. For example, some plans do not administer disability.
- Services provided. For example, some plans do not offer counseling.
- Online self-service. For example, self-service can reduce call volumes.
- Membership mix. Active members cause more transaction volumes than annuitants.
- Member demographics. Some member types demand more services than others.

Website capability score



OCERS service score for disability was 20 out of 100. This compares to a peer average of 54.



1. Scoring method		OCERS Data	OCERS Score
	<u>Timeliness</u>		
+ 100	if you return a decision on a disability application in 1 month or less, otherwise 110 - 10 x number of months to reach a decision	9 months	20.0
Total Score			20.0

This study is
conducted
biennially.
The next report
will be in the
summer of 2024.



Memorandum

DATE: August 15, 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 August 15.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

*Orange County Employees Retirement System
Retirement Board Meeting
August 15, 2022
Application Notices*

<i>Member Name</i>	<i>Agency/Employer</i>	<i>Retirement Date</i>
Acosta, Anthony	Fire Authority (OCFA)	3/25/2022
Atlas, Bonnie	District Attorney	6/2/2022
Audiss, Jay	District Attorney	6/3/2022
Bacin, Robert	OC Community Resources	6/15/2022
Baskys, Andrius	Health Care Agency	6/1/2022
Brown, Michael	Sheriff's Dept	6/23/2022
Coleman, Paula	Superior Court	6/3/2022
Crippen, Melissa	Health Care Agency	6/20/2022
Davidson, Robert	Fire Authority (OCFA)	6/7/2022
Dolin, Glenn	Fire Authority (OCFA)	6/9/2022
Edwards, Robert	Sheriff's Dept	6/17/2022
Farrell, Kari	Public Defender	6/4/2022
Gray-Monroe, Linda	Social Services Agency	6/1/2022
Hoang, Timothy	Health Care Agency	6/3/2022
Jackson, Trina	Social Services Agency	6/6/2022
Jarvis, Bartlett	Health Care Agency	3/25/2022
Jones, James	OCTA	6/5/2022
Kaldenbach, Kimberly	Superior Court	3/25/2022
Kraman, Michael	Transportation Corridor Agency (TCA)	5/14/2022
Lange, Thomas	OCTA	6/5/2022
Lawler, William	District Attorney	6/3/2022
Le, Huyen	Social Services Agency	6/17/2022
Lopez, Jesse	Health Care Agency	6/3/2022
Maloney, Mark	OCTA	6/10/2022
Mayorga, Orlando	OCTA	6/17/2022
McClelland, Tracy	Fire Authority (OCFA)	6/3/2022
Mejia, John	OCTA	6/5/2022
Mohr, Jeffrey	Sanitation District	6/3/2022
Morgan, Jeffrey	Fire Authority (OCFA)	6/17/2022
Morris, Todd	City of San Juan Capistrano	3/30/2022
Nadeau, Kevin	Sheriff's Dept	3/25/2022
Noyola, Juan	OCTA	6/1/2022
Page-Gonzales, Malvia	Child Support Services	6/3/2022
Perez, Marisol	Social Services Agency	6/17/2022
Ralston, John	Sanitation District	6/15/2022
Rieth, Michael	Fire Authority (OCFA)	6/4/2022
Saythavi, Sue	Sheriff's Dept	6/3/2022
Scott, Sandra	Health Care Agency	6/3/2022
Sherwood, David	Transportation Corridor Agency (TCA)	6/20/2022
Weaver, Wade	OC Public Works	6/3/2022
Youngblood, Ralph	Sheriff's Dept	5/20/2022
Zeledon, Gerardo	Fire Authority (OCFA)	6/17/2022

***Orange County Employees Retirement
Retirement Board Meeting
August 15, 2022
Death Notices***

<i>Active Members</i>	<i>Agency/Employer</i>
Tobiassen, Kirk	Fire Authority (OCFA)

<i>Retired Members</i>	<i>Agency/Employer</i>
Acton, Jeanette	OC Community Resources
Anderson, Carol	Superior Court
Barnett, Sterling	OCTA
Bingman, Brian	Sanitation District
Byrd, Raymond	OC Public Works
Carson, Ruby	UCI
Christensen, Antonette	UCI
Clarke, Lanora	Sheriff's Dept
Cooper, Melba	Auditor Controller
Culp, Jerry	Sheriff's Dept
Guzman, Joe	OC Public Works
Hagy, Margaret	Auditor Controller
Hamari, Michael	Assessor
Hirai, Rachael	Public Defender
Holgado, Azucena	Social Services Agency
Hong, Hee Sup	OC Public Works
Huck, Patricia	Sheriff's Dept
Ingram, Joyce	Sheriff's Dept
Jaeger, Norbert	OCTA
Jasieniecki, Marion	Local Agency Formation Comm (LAFCO)
Karlesky, Evelyn	Social Services Agency
Klatte, Ernest	Health Care Agency
Marcelino, Bayani	Sheriff's Dept
Marquard, Greg	OC Public Works
McDonald, Grace	Social Services Agency
Mesa, Anthony	Public Defender
Miera, Marty	Health Care Agency
Mitchell, William	Sheriff's Dept
Monaco, Edward	Fire Authority (OCFA)
Monsoor, Sally	Social Services Agency
Nash, Beverley	Social Services Agency
Oliver, Dorothy	Social Services Agency
Parrish, David	County Executive Office (CEO)
Peters, Dolores	OC Public Works
Pritchard, Anna	Probation
Rangel, Debbie	Social Services Agency
Robinson, Richard	Social Services Agency

Smith, Faye	Health Care Agency
Turner, Juleen	Superior Court
Watson, Warren	OCTA
Zeman, Charles	Social Services Agency

<i>Surviving Spouses</i>	
Dyer, Eva	
Gaskin, Sylvia	
Mallick, Ralph	
Mamola, Joseph	
Mesa, Anthony	
Nguyen, Thi	
Nunn, Lou	
Palacios, Antonio	
Raroha, Steven	
Zeman, Charles	

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

**PERSONNEL COMMITTEE MEETING
Tuesday, April 5, 2022
1:00 PM**

Members of the Committee

Chris Prevatt, Chair
Charles Packard, Vice Chair
Richard Oates
Shawn Dewane

MINUTES

Chair Prevatt called the meeting to order at 1:01 p.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

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

Present: Chris Prevatt, Chair; Charles Packard, Vice Chair; Richard Oates; Shawn Dewane

Also

Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Gina Ratto, General Counsel; Molly Murphy, Chief Investment Officer; Cynthia Hockless, Director of Human Resources; Anthony Beltran, Visual Technician; and Brittany Cleberg, Investment Staff Specialist; Marielle Horst, Recording Secretary

Guests via

Zoom: Debby Cherney, CEO, SBCERA

PUBLIC COMMENTS

None

CONSENT AGENDA

MOTION by Packard, **seconded** by Dewane, to approve staff's recommendation on all of the following items on the Consent Agenda:

Orange County Employees Retirement System
April 5, 2022
Personnel Committee Meeting - Minutes

C-1 COMMITTEE MEETING:

Personnel Committee Meeting

February 7, 2022

Recommendation: Approve minutes.

The motion passed **unanimously**, pursuant to a Roll Call vote, as follows:

AYES

NAYS

ABSTAIN

ABSENT

Mr. Dewane
Mr. Oates
Mr. Packard
Chair Prevatt

ACTION ITEMS

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

No items were trailed from the Consent Agenda.

INFORMATION ITEMS

The following informational items were presented to the Committee:

I-1 INVESTMENT TEAM INCENTIVE PAY PROGRAM

Presentation by Steve Delaney, CEO, OCERS and Debby Cherney, CEO, SBCERA

I-2 OCERS INCENTIVE CERTIFICATION PROGRAM

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

I-3 OCERS COMPENSATION POLICY REVIEW

Presentation by Cynthia Hockless, Director of Human Resources, OCERS

I-4 OCERS NEW HIRES- UPDATE ON 2022 ACTIVITY

Presentation by Cynthia Hockless, Director of Human Resources, OCERS

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Orange County Employees Retirement System
April 5, 2022
Personnel Committee Meeting - Minutes

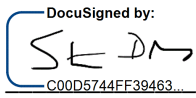
Page 3

COMMITTEE MEMBER/CEO/COUNSEL/STAFF COMMENTS

None

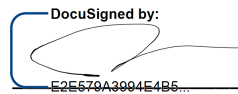
The meeting **ADJOURNED** at 2:55 p.m.

Submitted by:

DocuSigned by:

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Steve Delaney
Secretary to the Committee

Approved by:

DocuSigned by:

E2E579A3004E4B5...

Chris Prevatt
Chair

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

GOVERNANCE COMMITTEE MEETING

May 3, 2022

1:00 p.m.

MINUTES

The Chair called the meeting to order at 1:03 p.m.

Ms. Nih administered the roll call.

Present via Zoom Video conference pursuant to Government Code § 54953, as amended by AB 361:
Arthur Hidalgo, Chair; Richard Oates, Vice Chair; Adele Tagaloa

Also present via Zoom:

Steve Delaney, Chief Executive Officer; Gina Ratto, General Counsel; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Manuel Serpa, Staff Attorney; Cynthia Hockless, Director of Human Resources; Jim Doezie, Contracts Administrator; Anthony Beltran, Audio Visual Technician; Bill Singleton, Paralegal; Carolyn Nih, Recording Secretary

Absent: Shari Freidenrich

CONSENT AGENDA

C-1 APPROVE GOVERNANCE COMMITTEE MEETING MINUTES

Governance Committee Meeting Minutes

February 14, 2022

MOTION by Ms. Tagaloa, **seconded** by Mr. Oates, to approve the Minutes.

The motion passed **unanimously**.

ACTION ITEMS

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

No items were trailed from the Consent Agenda.

A-2 TRIENNIAL REVIEW OF THE BOARD OF RETIREMENT CHARTER (SECOND READING) AND POTENTIAL RELATED REVISION TO THE PROCUREMENT AND CONTRACTING POLICY

Presentation by Gina M. Ratto, General Counsel and Brenda Shott, Asst. CEO Internal Operations and Finance

Recommendation: Approve on a second reading and recommend the Board adopt the proposed revisions to the Board of Retirement Charter as presented.

Ms. Ratto reviewed changes as suggested from the February 2022 Governance Meeting.

MOTION by Mr. Oates, **seconded** by Ms. Tagaloa, to approve staff recommendation with the addition of expanding language on item 15-E and sent for final approval by the full Board.

The motion passed **unanimously**.

A-3 PROPOSED REVISIONS OF THE PROTOCOL FOR HANDLING WORKPLACE COMPLAINTS AGAINST BOARD MEMBERS AND EXECUTIVES

Presentation by Gina M. Ratto, General Counsel

Recommendation: Approve and recommend that the Board of Retirement (Board) approve, proposed revisions to the Protocol for Handling Workplace Complaints Against Board Members and Executives.

Ms. Ratto reviewed changes as suggested from the February 2022 Governance Meeting.

MOTION by Ms. Tagaloa, **seconded** by Mr. Oates, to approve the staff recommendations.

The motion passed **unanimously** via acclamation vote (approved by General Counsel).

A-4 TRIENNIAL REVIEW OF THE MEMBER SERVICES CUSTOMER SERVICE POLICY

Presentation by Suzanne Jenike, Asst. CEO, External Operations

Recommendation: Approve and recommend the Board adopt the proposed revisions to the Member Services Customer Service Policy as presented.

Item was pulled by Ms. Jenike to be brought forward at the next meeting.

A-5 TRIENNIAL REVIEW OF THE RETIREMENT ENHANCEMENT REVIEW POLICY

Presentation by Suzanne Jenike, Asst. CEO, External Operations

Recommendation: Approve and recommend the Board adopt the proposed revisions to the Retirement Enhancement Review Policy as presented.

Ms. Jenike reviewed changes to basic document formatting and title to note “Spiking.”

MOTION by Mr. Oates, **seconded** by Ms. Tagaloa, to approve the staff recommendations.

The motion passed **unanimously**.

A-6 TRIENNIAL REVIEW OF THE PAY ITEM REVIEW POLICY

Presentation by Suzanne Jenike, Asst. CEO, External Operations

Recommendation: Approve and recommend the Board adopt the proposed revisions to the Pay Item Review Policy as presented.

Ms. Jenike reviewed changes to basic document formatting and document structure.

MOTION by Mr. Oates, **seconded** by Ms. Tagaloa, to approve the staff recommendations.

The motion passed **unanimously**.

A-7 TRIENNIAL REVIEW OF THE WHISTLEBLOWER POLICY

Presentation by Cynthia Hockless, Director of Human Resources

Recommendation: Approve and recommend the Board of Retirement (Board) approve, proposed revisions to the Whistleblower policy.

Ms. Hockless presented, and Mr. Serpa shared changes from previous and updated policy.

MOTION by Ms. Tagalao, **seconded** by Mr. Oates, to approve the staff recommendations.

The motion passed **unanimously**.

A-8 FUTURE COMMITTEE MEETINGS

Recommendation: Approve dates for the meetings of the Governance Committee for the remainder of the year.

MOTION by Mr. Oates, **seconded** by Ms. Tagalao, to approve Wednesday, August 3, 2022, at 9:30 a.m. and Wednesday, October 19, 2022, at 9:30 a.m. for future Governance Committee meeting dates.

The motion passed **unanimously**.

INFORMATION ITEMS

I-1 COUNTY OF ORANGE BOARD OF SUPERVISORS BYLAWS TEMPLATE

Presentation by Steve Delaney, CEO

COMMITTEE MEMBER COMMENTS

None

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

None

COUNSEL COMMENTS

None

ADJOURNMENT at 2:12 p.m.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Board

Arthur Hidalgo, Chair

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

**PERSONNEL COMMITTEE MEETING
Thursday, July 14, 2022
1:00 PM**

Members of the Committee

Chris Prevatt, Chair
Charles Packard, Vice Chair
Richard Oates
Shawn Dewane

MINUTES

Chair Prevatt called the meeting to order at 1:02 p.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

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

Present: Chris Prevatt, Chair; Richard Oates; Shawn Dewane

Absent: Charles Packard, Vice Chair

Also

Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Gina Ratto, General Counsel; Molly Murphy, Chief Investment Officer; Cynthia Hockless, Director of Human Resources; David Kim, Director of Internal Audit; Jeff Lamberson; Member Services Director; Anthony Beltran, Visual Technician; and Brittany Cleberg, Investment Staff Specialist; Carolyn Nih, Recording Secretary

Guests via

Zoom: Susie Baker, SPHR, County of Orange
Allan Emkin, Meketa

PUBLIC COMMENTS

None

CONSENT AGENDA

MOTION by Dewane, **seconded** by Oates, to approve staff's recommendation on all of the following items on the Consent Agenda:

Orange County Employees Retirement System
July 14, 2022
Personnel Committee Meeting - Minutes

C-1 COMMITTEE MEETING:

Personnel Committee Meeting

April 5, 2022

Recommendation: Approve minutes.

The motion passed **unanimously**, pursuant to a Roll Call vote, as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Dewane			
Mr. Oates			
Chair Prevatt			

ACTION ITEMS

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

No items were trailed from the Consent Agenda.

A-2 MID-YEAR STAFFING ADJUSTMENTS

Presentation by Steve Delaney, CEO, OCERS

After discussion by the Committee and direction to change the staff recommendation from two (2) limited term Internal Auditor positions to two (2) permanent Internal Auditor positions to ensure higher quality applicants, **MOTION** by Oates, **seconded** by Dewane, to 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) permanent Internal Auditor positions

The motion passed **unanimously**, pursuant to a Roll Call vote, as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Dewane			
Mr. Oates			
Chair Prevatt			

INFORMATION ITEMS

The following informational items were presented to the Committee:

I-1 OCERS COUNTY EMPLOYEES TO OCERS DIRECT STATUS UPDATE

Orange County Employees Retirement System
July 14, 2022
Personnel Committee Meeting - Minutes

Page 3

Presentation by Cynthia Hockless, Director of Human Resources, OCERS

I-2 INVESTMENT TEAM INCENTIVE PAY PROGRAM

Presentation by Steve Delaney, CEO, OCERS

The Committee provided staff direction to proceed with developing the Investment Team Incentive Pay Program for the full team with a 50% payout after Year 1 with 50% paid after Year 2 (prior to March 15 for IRS purposes). The Committee directed that the incentive program to begin 12/31/2022 with a three-year lookback.

The basic eligibility requires the team member achieve “meets expectations” to participate. The team member must be employed for the entire incentive period and must be employed at time of payment or forfeiture. The incentive program will cover the full investment team which includes analysts, officers, directors, and CIO. Maximum percentage of base salary will be tiered by position with a target percentage determination. The program design is 80% quantitative and 20% qualitative. The benchmark is OCERS’ total fund plan benchmark.

I-3 OCERS INCENTIVE CERTIFICATION PROGRAM - UPDATE

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

WRITTEN REPORTS

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

None

COMMITTEE MEMBER/CEO/COUNSEL/STAFF COMMENTS

None

The meeting **ADJOURNED** at 2:38 p.m.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Committee

Chris Prevatt
Chair



Memorandum

DATE: August 15, 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

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

NOVEMBER

Administrative and Investment OCERS Annual Budget
CEO Personnel Review and Compensation Discussion

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)								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: August 15, 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 a final selection was made. Contract work is currently in progress.
- In July an RFP for Business Procedure Documentation Services was distributed. This RFP seeks to identify a qualified firm to assist OCERS in creating or updating business procedure documentation across the organization. Waiting for responses at this time.



Memorandum

- An RFP for employee Total Compensation Review was released in July. This is to provide benchmarking to compare employee’s total compensation versus similar internal and external positions. Waiting for responses at this time.
- Scheduled for release in August 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: August 15, 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 “Board Smart” by Funston Group

From Robert Kinsler:

- Stock Loan Tiff: 4 Allocators’ Case Against Wall Street Firms Advances
<https://www.ai-cio.com/news/stock-loan-tiff-four-allocators-case-against-wall-street-firms-advances/>
- Orange County Employees seeks proxy-voting services provider (Pensions & Investments)
<https://www.pionline.com/searches-and-hires/orange-county-employees-seeks-proxy-voting-services-provider>
- Antitrust Case Against Big Brokers Advances | Barron's (Barron's)
<https://www.barrons.com/articles/goldman-sachs-morgan-stanley-jp-morgan-merrill-lynch-pensions-antitrust-case-51657304434?tesla=y>

Other Items: (See Attached)

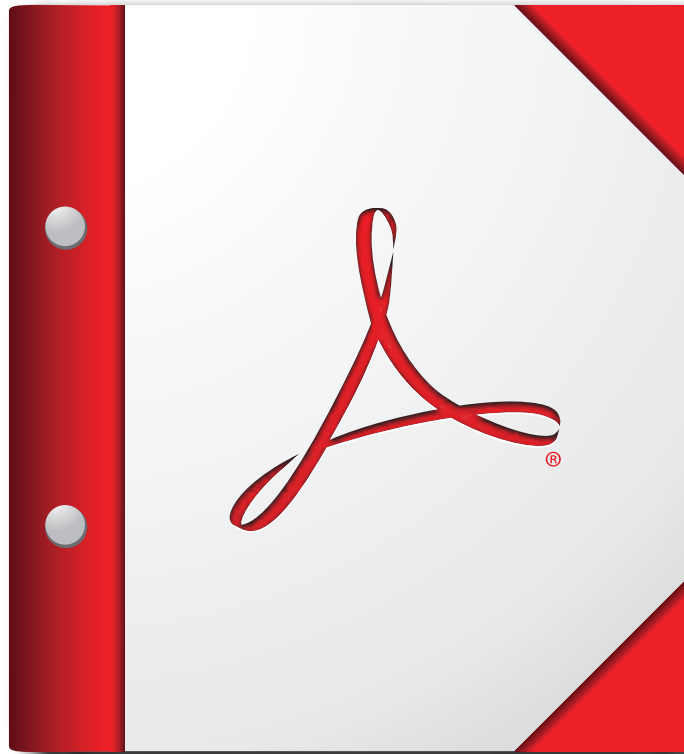
1. Monthly summary of OCERS staff activities and updates, starting with an overview of key customer service metrics, for the month of June 2022.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



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Monthly Team Status

June 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 June 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	153	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	73	June	1	98%	1,988	4,169	757	6,914
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	804	Grand Total	2	98%	15,771	29,381	5,675	50,827

MEMBER SURVEY RESPONSE

"I wanted to let you know how much I appreciated the courteous, and patient manner with which your OCERS representative helped me to complete the "Application For Service Retirement" form. They were very patient and thorough as they explained to me each item of the application form. Your representative made me feel a sense of confidence that I had both understood and completed the form correctly."

June 2022

"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



Monthly Team Status

June 2022

ACTIVITIES

OCERS YEAR IN REVIEW

It's finally time to begin our annual outreach to all stakeholders – employers, labor, the Retiree ciation, and each individual County Supervisor. On June 8, Ms. Jenike, Ms. Shott, and I had our first meeting of 2022. Meeting via Zoom, we shared our materials with the County of Orange executive team. Good discussion, with no issues arising.

SENIOR EXECTUIVES TEAM COACHING

The senior executive team spent a whole day off-site meeting with a representative of Leverage, the consulting firm that is working with us to improve our skill sets, and make the team the best that it can be. Good discussion on communications, and special focus on the large list of projects that the OCERS team must work through.

VISION 2030 -STAFF TRAINING

Reboyo, an AI consulting firm conducted three hour and a half class over the period of an entire day, allowing the majority of the OCERS team to attend and learn more about what can be accomplished with leveraging AI technology. The goal here was to have staff learn how automating certain currently physical processes can pay big dividends in accuracy and productivity. We are now asking staff to submit suggestions on processes that might prove particularly effective when automated, as we start down that road later this year.

UPDATES

INVESTMENT TEAM

David Beeson reports for June:

As of May 31, 2022, the portfolio year-to-date is down 4.3% net of fees, while the one-year return is up 3.4%. The fund value now stands at \$21.8 billion. During June, the OCERS Investment Team closed on one new private equity fund, one new real estate fund, and one new co-investment within the private equity program. While public markets continued to be challenged during June, OCERS' Investment Team reaffirmed the pacing plans for the private market asset classes with Aksia and Townsend. OCERS' Investment Team completed the search for the open Investment Officer position. Ada Chen joined the Investment Team as an Investment Officer from Invesco. The OCERS Investment Team also began reviewing resumes for its open Investment Analyst position during the month.



Monthly Team Status

June 2022

OCERS FUTURE HEADQUARTERS BUILDING

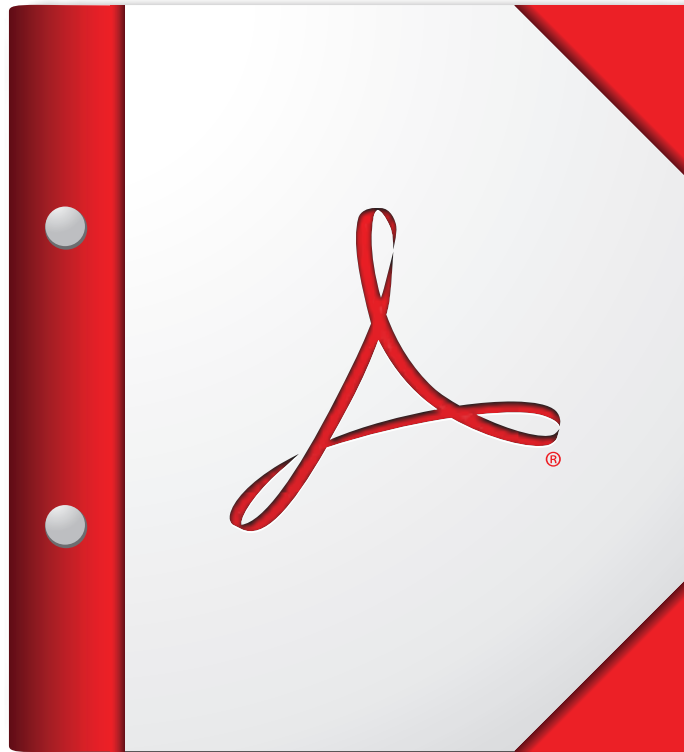
A very productive meeting arranged by Ms. Shott with the City of Santa Ana planning department. We met at the city offices and discussed possible options for the future OCERS Headquarters building. Special thanks to Ms. Shott who has the city staff excited about our project and wanting to help. The city staff offered several ideas about possible use of our current site, which will be shared with the OCERS Board Building Committee when they next meet.

VISION 2030 - OUTREACH

I was asked to speak at a June 27 meeting of CEOs hosted by the National Conference on Public Employees Retirement Systems (NCPERS). Finding that few large pension funds in the USA have yet to start up their own AI initiatives (in contrast to what we have learned from our Canadian and Dutch sister systems), I have been sharing our tentative steps forward in the hope of encouraging others to begin, and allowing us to join with them, benefiting from the synergy that could create.



As a reminder, you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the August 15 meeting of the OCERS Board of Retirement.



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Memorandum

DATE: July 14, 2022
TO: OCERS Board of Retirement
FROM: Cynthia Hockless, Director of Human Resources
SUBJECT: JUNE 2022 STAFFING UPDATE

OCERS Human Resources department started the year with a budgeted headcount of one-hundred and eight (108) positions. On February 22, 2022, the budgeted headcount was increased to 110 due to the addition of two (2) new Extra-Help positions in the Member Services division.

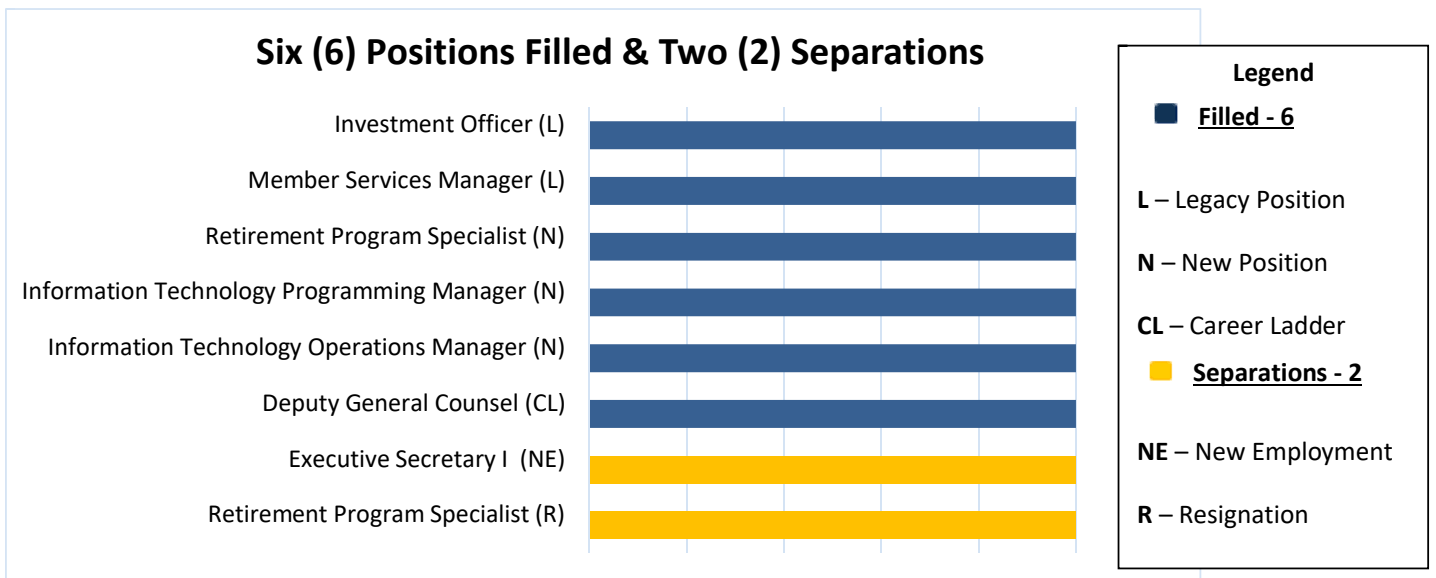
Below is a grid that summarizes our vacancies and the department(s) that they are located in. (N=New Position added in 2022, L=Legacy position or backfill).

Legend	Member Services	Finance	Information Technology	Operations Support Services	Investments
Number of Vacancies	Vacant Positions		Number of Vacancies	Vacant Positions	
4	Senior Retirement Program Specialists (N)		1	Disability Investigator (L)	
1	Retirement Program Specialist (N)		1	Executive Secretary I (L)	
2	Member Services Benefit Analysts (N)		1	Accountant/Auditor I (L)	
1	Retirement Benefits Program Supervisor (N)		1	Information Technologist II (L)	
1	Senior Retirement Program Specialist (L)		1	Senior Retirement Programmer/ Business Analyst (L)	
1	Retirement Program Specialist – Extra Help (L)		1	Senior Manager of Operations Support Services (L)	
1	Office Technician (L)		1	Investment Analyst (L)	
1	Senior Staff Development Specialist (L)		19	As of June 30, 2022, Total Vacancies	

The Human Resources department has received, reviewed, and processed 991 applications this year. This includes inviting over 90 candidates to participate in pre-employment testing, scheduling 123 interviews, hiring twelve (12) new employees, and promoting seven (7) employees to date.

OCERS has 110 budgeted positions. As of June, there are a total of 91 employees on payroll and nineteen (19) vacancies. A total of nine (9) employees have separated from the agency. **The year-to-date turnover rate is estimated at 10%.** 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 17%.** 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.

June Recruitment Activity



Attachment:

1. June 2022 Staffing Activity Map

Submitted by:



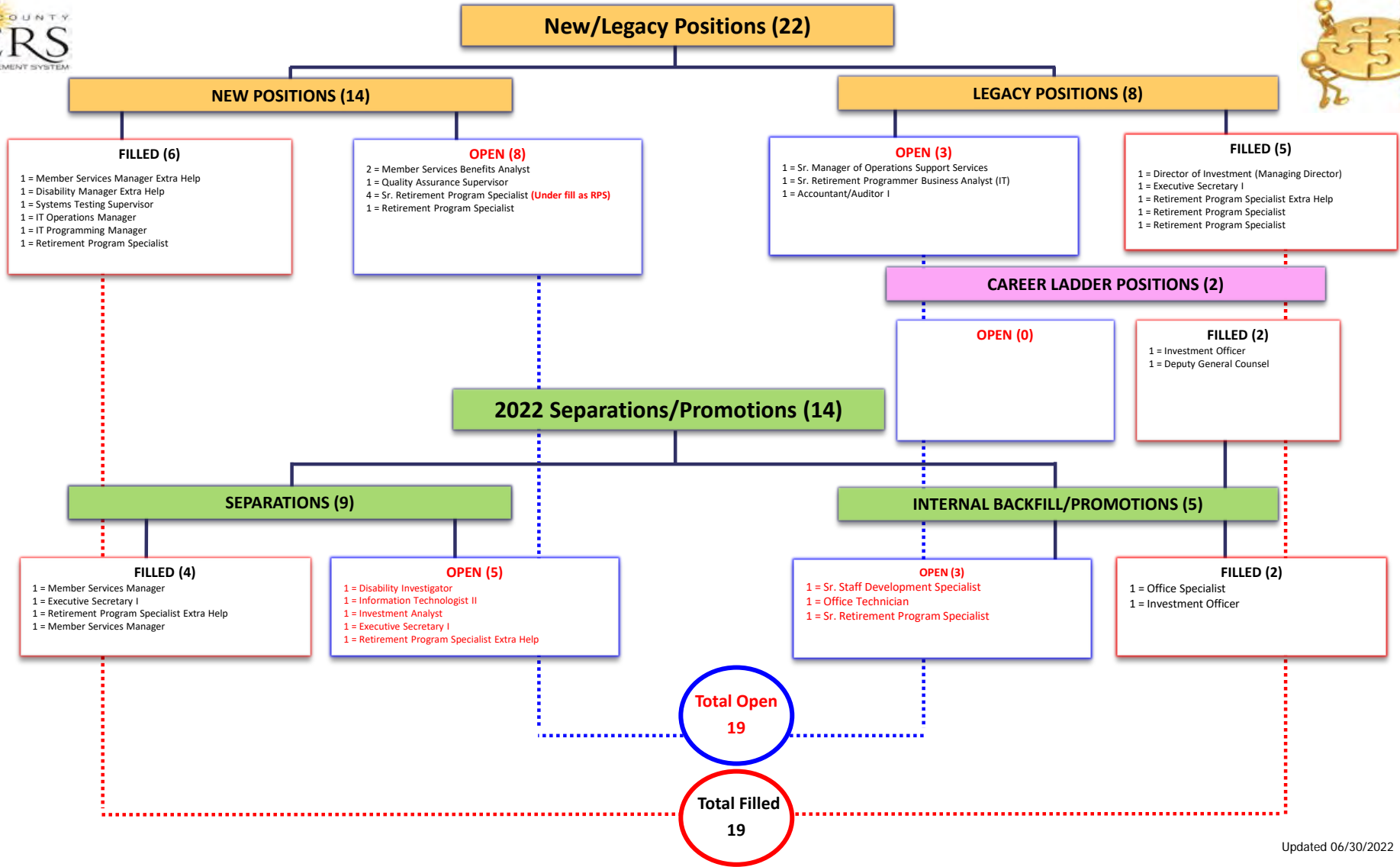
CH - Approved

Cynthia Hockless

Director of Human Resources



2022 Recruitment Activity



Updated 06/30/2022



Memorandum

DATE: August 15, 2022
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, General Counsel
SUBJECT: LEGISLATIVE UPDATE

Written Report

The California Legislature is winding down its second year of the 2021-22 Legislative Session.

- July 1, 2022 was the last day for bills to pass out of their policy committees.
- The Legislature reconvened from Summer Recess on August 1, 2022.
- The last day for bills with a fiscal impact to pass out of the Appropriations Committee of the bill's second house is/was August 12, 2022. Both the Senate and Assembly Appropriations Committees are scheduled to hold a Suspense Hearing on August 11, when the committees will act upon hundreds of bills at one time.
- The last day to amend bills on the floor is August 25, 2022.
- The last day for bills to pass out of the bill's second house (or for the house of origin to concur in amendments made by the second house) is August 31, 2022, when the Legislature adjourns for Final Recess.
- September 30, 2022 is the last day for the Governor to sign or veto bills passed by the Legislature before September 1, 2022.

The following bills were removed from this Report because they will not move forward this Legislative Session; however, they continue to be listed in the first attachment to this memo:

- AB 386 (Cooper)
- AB 1795 (Fong)
- AB 1877 (Fong)
- AB 1944 (Lee)
- AB 1993 (Wicks and Low)
- SB 1173 (Gonzalez)
- SB 1328 (McGuire and Cortese)
- SB 1420 (Dahle)

New or updated information since the last report to the Board is indicated in bold text below.

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 826 (Irwin) – Amended 08/03/22

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~~ **conditions** 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~~ **the** employer and ~~an~~ employee continues to pay those contributions as **the** 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.~~ **retire on or before December 31, 2025. For members who retire after December 31, 2025, the bill would require the retirement system to refund any contributions made by the member, and to credit any contributions made by the employer, that were made based on remuneration under these provisions but are excluded from the definition of compensation or compensation earnable in accordance with requirements under the Internal Revenue Code.**

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.

¹ The proposed legislation was approved by the OCERS Board at its October 18, 2021 meeting.

(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~~ **not** 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.~~

(d) This section shall apply to eligible members who retire on or before December 31, 2025.

(e) For members who retire after December 31, 2025, to the extent the retirement system excludes any remuneration described in subdivision (b) from the definition of “compensation” or “compensation earnable,” the retirement system shall refund contributions to the member, and shall credit contributions to the employer, that were made based on the excluded remuneration in accordance with requirements under the Internal Revenue Code.

(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. **Read second time and amended; ordered returned to second reading on 08/03/22.**)

AB 1824 (Cooper, Voepel, Calderon, Cooley, O'Donnell, and Seyarto) – SACRS Sponsored Bill

Amended in Senate 08/01/22 (amendments did not affect provisions of the CERL)

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. **From committee chair with author's amendments; read second time, amended, and re-referred to Com. on APPR on 08/01/22. Set for hearing on 08/08/22.**)

AB 1971 (Cooper) – SACRS Sponsored Bill

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 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, 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. **Awaiting vote in Senate; AB 1971 is not a fiscal bill so no hearing in Senate Com. on APPR needed.**)

AB 2493 (Chen)

This bill would 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, the retirement system to credit all contributions made on the disallowed compensation against future contributions to the benefit of the employer that reported the disallowed compensation, and return any contribution paid by, or on behalf of, that member, to the member by the employer 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, 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 establish other conditions required to be satisfied with respect to a retired sworn peace officer or firefighter, survivor, or beneficiary when final compensation was predicated upon disallowed compensation, including, among others, requiring a specified payment to be made by the employer that reported contributions on the disallowed 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 PEPR 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. **Awaiting vote in Senate.**)

Bills that Would Amend the Brown Act

SB 1100 (Cortese, Low, Aguiar-Curry)

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. **Read third time; passed and ordered to Senate on 08/01/22. In Senate, concurrence in Assembly amendments pending.**)

Bills that Would Amend Other Laws Applicable to OCERS

AB 551 (Rodriguez)

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, 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.)

Other Bills of Interest

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.

(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 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~~ **audit findings**. 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~~ **the preliminary audit findings, the statutes being addressed by the audit**, 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~~ **preliminary audit findings** 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 ~~publish rules~~ **provide resources**, 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~~ **compensation reported in accordance with these provisions** is 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~~ **and that it not be recoverable.**

The bill, **beginning July 1, 2023**, 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~~ **letter, which would be defined as a written determination relating to compensation that is included** or proposed for inclusion in a publicly available written contractual agreement for review by the system **in order** to provide **formal written** guidance for the proper reporting of such ~~compensation consistent with law governing creditable compensation and with system regulations.~~ **compensation, as specified.** 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.~~ **requested by the system, except as specified. The bill would specify that an advisory letter may be superseded by state or federal law, an executive order of the Governor, or a system rule.** If compensation reported in accordance with ~~written guidance given by the system~~ **a system advisory letter given pursuant to these provisions** 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.~~ **system and that it not be recoverable. The bill would limit the use, as specified, of an advisory letter to the employer or the member to whom an advisory letter expressly relates.**

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 **payments or for the purpose of recovering specified amounts paid that are the responsibility of employers.**

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.~~ **Situations and instead require that overpaid amounts be recovered from the member, participant, former member, former participant, or beneficiary, subject to specified exceptions.** 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. **The bill would except certain recoveries and benefit adjustments from these requirements.**

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. **This bill would delete that provision.** 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. **From committee chair, with author's amendments; amend and re-refer to committee. Read second time, amended and re-referred to Com. on APPR on 08/01/22.**)~~

AB 2443 (Cooley) – Amended in Senate on 08/02/22

~~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.~~~~

Under existing law, the Judges' Retirement System II, a judge is eligible to retire upon attaining both 65 years of age and 20 or more years of service, or upon attaining 70 years of age with a minimum of 5 years of service. Existing law entitles a judge who retires pursuant to this authorization to elect between a specified a monthly retirement allowance for life or certain monetary credits.

This bill, on and after January 1, 2024, would authorize a judge who is not eligible to retire pursuant to the provisions described above to elect other specified, monthly retirement allowances. In order to be eligible for these benefits, the bill would require a judge to be at least 60 years of age and have 15 years or more of service or 65 years of age with a minimum of 10 years of service. The retirement allowances prescribed by the bill would be based on a judge's final compensation and years of service credit adjusted by certain percentages that vary in relation to "full retirement age," as defined. The bill would prohibit a retirement allowance calculated pursuant to these provisions from exceeding, at the time of retirement, 75 percent of a judge's final compensation. The bill would prescribe a process for electing these benefits.

(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. **From committee chair with author's amendments; read second time; amended; and re-referred to Com. on APPR on 08/02/22.**)

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 1343 (Leyva)

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 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 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 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.)

Attachments:

- (1) Legislative Update
- (2) 2022 Legislative Calendar

Submitted by:



Gina M. Ratto
General Counsel



**OCERS BOARD OF RETIREMENT
August 15, 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 551 (Rodriguez)

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, 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) – Amended 08/03/22

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~~ **conditions** 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~~ **the** employer and ~~an~~ employee

continues to pay those contributions as **the** 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.~~ **retire on or before December 31, 2025. For members who retire after December 31, 2025, the bill would require the retirement system to refund any contributions made by the member, and to credit any contributions made by the employer, that were made based on remuneration under these provisions but are excluded from the definition of compensation or compensation earnable in accordance with requirements under the Internal Revenue Code.**

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~~ **not** 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.~~

(d) This section shall apply to eligible members who retire on or before December 31, 2025.

(e) For members who retire after December 31, 2025, to the extent the retirement system excludes any remuneration described in subdivision (b) from the definition of “compensation” or “compensation earnable,” the retirement system shall refund contributions to the member, and shall credit contributions to the employer, that were made based on the excluded remuneration in accordance with requirements under the Internal Revenue Code.

(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. **Read second time and amended; ordered returned to second reading on 08/03/22.**)

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~~ **audit findings**. 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~~ **the preliminary audit findings, the statutes being addressed by the audit**, 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~~ **preliminary audit findings** 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 ~~publish rules~~ **provide resources**, 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~~ **compensation reported in accordance with these provisions** is 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~~ **and that it not be recoverable.**

The bill, beginning July 1, 2023, 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 **letter, which would be defined as a written determination relating to compensation that is included** or proposed for inclusion in a publicly available written contractual agreement for review by the system **in order to provide formal written guidance for the proper reporting of such compensation consistent with law governing creditable compensation and with system regulations. compensation, as specified.** 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.~~ **requested by the system, except as specified. The bill would specify that an advisory letter may be superseded by state or federal law, an executive order of the Governor, or a system rule.** If compensation reported in accordance with ~~written guidance given by the system~~ **a system advisory letter given pursuant to these provisions** 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.~~ **system and that it not be recoverable. The bill would limit the use, as specified, of an advisory letter to the employer or the member to whom an advisory letter expressly relates.**

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 **payments or for the purpose of recovering specified amounts paid that are the responsibility of employers.**

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.~~ **Situations and instead require that overpaid amounts be recovered from the member, participant, former member, former participant, or beneficiary, subject to specified exceptions.** 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. **The bill would except certain recoveries and benefit adjustments from these requirements.**

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. **This bill would delete that provision.** 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. **From committee chair, with author’s amendments; amend and re-refer to committee. Read second time, amended and re-referred to Com. on APPR on 08/01/22.**)

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 three 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. **Referred to Suspense File on 08/02/22.**)

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 08/01/22 (amendments did not affect provisions of the CERL)

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. **From committee chair with author's amendments; read second time, amended, and re-referred to Com. on APPR on 08/01/22. Set for hearing on 08/08/22.**)

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

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 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~~ 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;

amended; and ordered to consent calendar on 06/30/22. **Awaiting vote in Senate; not a fiscal bill so no hearing in Senate Com. on APPR needed.)**

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 on 08/02/22

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.~~

Under existing law, the Judges’ Retirement System II, a judge is eligible to retire upon attaining both 65 years of age and 20 or more years of service, or upon attaining 70 years of age with a minimum of 5 years of service. Existing law entitles a judge who retires pursuant to this authorization to elect between a specified a monthly retirement allowance for life or certain monetary credits.

This bill, on and after January 1, 2024, would authorize a judge who is not eligible to retire pursuant to the provisions described above to elect other specified, monthly retirement allowances. In order to be eligible for these benefits, the bill would require a judge to be at least 60 years of age and have 15 years or more of service or 65 years of age with a minimum of 10 years of service. The retirement allowances prescribed by the bill would be based on a judge’s final compensation and years of service credit adjusted by certain percentages that vary in relation to “full retirement age,” as defined. The bill would prohibit a retirement allowance calculated pursuant to these provisions from exceeding, at the time of retirement, 75 percent of a judge’s final compensation. The bill would prescribe a process for electing these benefits.

(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. **From committee chair with author's amendments; read second time; amended; and re-referred to Com. on APPR on 08/02/22.)**

AB 2449 (B. Rubio)

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. **In Committee: Hearing postponed by committee on 07/13/22.)**

AB 2493 (Chen)

This bill would 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, the retirement system to credit all contributions made on the disallowed compensation against future contributions to the benefit of the employer that reported the disallowed compensation, and **return** any contribution paid by, or on behalf of, that member, to the member by the employer 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, 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 establish other conditions required to be satisfied with respect to a retired sworn peace officer or firefighter, survivor, or beneficiary when final compensation was predicated upon disallowed compensation, including, among others, requiring a specified payment to be made by the employer that reported contributions on the disallowed 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. **Awaiting vote in Senate.**)

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. **Read second time; amended; and ordered to third reading on 08/01/22.**)

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.

(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)

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. **Read third time; passed and ordered to Senate on 08/01/22. In Senate, concurrence in Assembly amendments pending.**)

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 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)

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 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 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 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: August 15, 2022
TO: Members of the Board of Retirement
FROM: Tracy Bowman, Director of Finance
SUBJECT: SECOND QUARTER 2022 BUDGET TO ACTUALS REPORT

Written Report

Highlights

Second Quarter Target: 50% Used /50% Remaining

	Actuals to Date	Amended Budget	Budget Remaining (\$)	Budget Remaining (%)
Administrative Expenses				
Personnel Costs	\$ 8,263,646	\$ 19,287,569	\$ 11,023,923	57.2 %
Services and Supplies	4,772,504	13,503,415	8,730,911	64.7 %
Capital Expenditures	399,787	1,092,000	692,213	63.4 %
Grand Total	\$ 13,435,937	\$ 33,882,984	\$ 20,447,047	60.3 %

Background/Discussion

The Board of Retirement approved OCERS' Administrative Budget for Fiscal Year 2022 (FY22) on November 15, 2021, for \$33,100,984 to fund administrative expenses. Subsequently on January 18, 2022, the Board of Retirement approved a budget amendment of \$782,000 to carryover costs related to two 2021 Business Plan initiatives that were delayed; the upgrade of board room audio/visual equipment for \$532,000 and implementation of new backup solutions to enhance recovery of on-premise and cloud systems in the amount of \$250,000. This amendment increased the 2022 budget for capital expenditures from \$310,000 to \$1,092,000 and the overall 2022 Administrative Budget from \$33,100,984 to \$33,882,984. In addition, on February 22, 2022, the Board approved an amendment to transfer \$25,000 from the Services and Supplies category to the Personnel Costs category related to the 2022 Business Plan initiative for a comprehensive review of MOUs for all OCERS Participating Employers which will be utilizing Extra Help positions, instead of a third-party consultant.

OCERS' budgeting authority, which is regulated by California Government Code Sections 31580.2 and 31596.1, includes a provision that limits the OCERS' budget for administrative expenses to twenty-one hundredths of one percent of the accrued actuarial liability of the retirement system. This provision (commonly referred to as the 21-basis points test) excludes investment related costs and expenditures for computer software, hardware, and related technology consulting services. The approved amended FY22 administrative budget represents 9.75 basis points of the projected actuarial accrued liability.

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

Administrative Summary

For the six months ended June 30, 2022, year-to-date actual administrative expenses were \$13,435,937 or 39.7% of the \$33,882,984 amended administrative budget and below the 50% target set for the end of the second quarter amended budget by approximately \$3.5 million. A summary of all administrative expenses and explanations of significant variances are below:

	Actual to Date	Amended Budget	Budget Remaining (\$)	Budget Used (%)	Prorated Budget*	(Over)/Under Prorated Budget
Administrative Expenses						
Personnel Costs	\$ 8,263,646	\$ 19,287,569	\$ 11,023,923	42.8 %	\$ 9,643,785	\$ 1,380,139
Services and Supplies						
Building Property Management and Maintenance	440,121	750,000	309,879	58.7 %	375,000	(65,121)
Due Diligence Expenses	4,388	100,000	95,612	4.4 %	50,000	45,612
Equipment - Rent and Leases	15,795	54,500	38,705	29.0 %	27,250	11,455
Equipment and Software	396,165	1,192,000	795,835	33.2 %	596,000	199,835
Infrastructure	429,506	1,196,300	766,794	35.9 %	598,150	168,644
Legal Services	389,315	960,000	570,685	40.6 %	480,000	90,685
Meetings and Related Costs	7,567	66,950	59,383	11.3 %	33,475	25,908
Memberships	28,527	81,735	53,208	34.9 %	40,868	12,341
Office Supplies	32,387	110,000	77,613	29.4 %	55,000	22,613
Postage and Delivery Costs	97,395	134,000	36,605	72.7 %	67,000	(30,395)
Printing Cost	28,301	61,000	32,699	46.4 %	30,500	2,199
Professional Services	2,615,158	7,861,810	5,246,652	33.3 %	3,930,906	1,315,748
Subscriptions and Periodicals	26,512	49,900	23,388	53.1 %	24,950	(1,562)
Telephone and Internet	162,444	307,000	144,556	52.9 %	153,500	(8,944)
Training and Related Costs	98,923	578,220	479,297	17.1 %	289,111	190,188
Total Services and Supplies	4,772,504	13,503,415	8,730,911	35.3 %	6,751,710	1,979,206
Administrative Expense - Subtotal	13,036,150	32,790,984	19,754,834	39.8 %	16,395,496	3,359,346
Capital Expenditures**	399,787	1,092,000	692,213	36.6 %	546,000	146,213
Grand Total	\$ 13,435,937	\$ 33,882,984	\$ 20,447,047	39.7 %	\$ 16,941,496	\$ 3,505,559

*Prorated budget represents 50% (6 months/12 months) of annual amended budget.

**Capital expenditures represent purchase of assets to be amortized in future periods.

Personnel Costs

Personnel Costs as of June 30, 2022 were approximately \$8.3 million or 42.8% of the annual amended budget for this category, under the prorated amended budget by \$1,380,139. Although these costs are under budget, annual lump sum optional benefit plan (OBP) payments paid in January 2022 are included in these costs. Annual leave expense and liability accounts are adjusted each quarter based on the annual leave balances of OCERS employees and are slightly higher at the end of the quarter than at the beginning of the year. In addition, overtime expense is higher than budgeted, but is offset by unfilled positions; several of the 12 additional positions included in the approved 2022 Staffing Plan have been filled and others are in process. Personnel costs will increase in the coming months as these positions are filled but are expected to be within budget for the year.

Services and Supplies

Expenditures for services and supplies were approximately \$4.8 million or 35.3% of the annual amended budget for this category. The variance of \$1,979,206 between the prorated amended budget and year-to-date actuals in this category is primarily due to the following (note: under budget differences that are less than \$5,000 have been deemed immaterial and are excluded from the discussion below):

- Building Property Mgmt./Maintenance costs utilized 58.7% of the annual budget and are higher than the prorated budget by \$65,121. The higher overall cost is due to timing of funding requests from

property manager for operating expenses, including higher than anticipated HVAC and safety repairs. Maintenance costs do not occur evenly and will fluctuate throughout the year. This category will be closely monitored in the coming months. It is expected to remain within budget.

- Due Diligence costs are at 4.4% of the annual budget and lower than the prorated budget by \$45,612. Most of the investment team travel is in this category. This lower than budgeted cost is due to limited in-person meetings and travel occurring during the first quarter. Due diligence meetings have been mostly held by telephone or video conference. Travel picked up later in the second quarter as travel restrictions related to COVID-19 have lifted.
- Equipment – Rent and Leases costs are at 29.0% of the annual budget, and lower than the prorated budget by \$11,455. Rents and leases include the costs of the copying machines, and usage continues to be lower. During the pandemic team members learned to complete many processes paperless. These processes have continued as the team returned to the office late in the first quarter with the majority working a hybrid schedule consisting of both in office and remote work.
- Equipment/Software expense utilized 33.2% of the annual amended budget, and lower than the prorated budget by \$199,835. The lower-than-expected expenditures are the result of various projects budgeted for the year which have not been implemented as of the second quarter, including the IT Help Desk Solution and Imaging System. These projects are anticipated to begin later in the year.
- Infrastructure costs are at 35.9% of the annual amended budget resulting in an unused prorated budget of \$168,644. The lower than budgeted costs are due to the timing of maintenance agreement renewals, which renew throughout the year, as well as various costs associated with software and hardware support services that are utilized on an as-needed basis.
- Legal Services are at 40.6% of the budget and are lower than the prorated budget by \$90,685. Legal services for investments, litigation and tax counsel are utilized on an as-needed basis. Investment legal services are below the prorated budget by approximately \$32,000 for the first quarter. General board, tax counsel and outside counsel services are under budget by approximately \$59,000. Other litigation costs budgeted are currently under budget. Total legal fees are not anticipated to exceed the budget for the year but will be closely monitored throughout the year.
- Meetings and Mileage costs are \$7,567 or 11.3% of the total amended budget, and under the prorated budget by \$25,908. This category represents expenditures related to Board and Committee meetings, as well as team member meetings, which continued to be virtual during the first quarter. In-person Board and Committee meetings resumed in the second quarter. The utilization of this budget category will continue to increase as more in-person meetings are held in the office and OCERS headquarters has re-opened to the public in the second quarter.
- Memberships expense is at 34.9% of the annual amended budget and below the prorated budget by \$12,341. Memberships renew throughout the year and this category will fluctuate based on the timing of these renewals. This category is expected to remain within budget for the year.
- Office Supplies are at 29.4% of the amended budget and lower than the prorated budget by \$22,613. Usage of this category has increased as OCERS team members have returned to the office resulting in the need for additional office supplies.
- Postage is at 72.7% of the annual amended budget and above the prorated budget by \$30,395. The costs are higher due to the mailing of three quarterly newsletters in the first half of the year versus two, and the cost per each mailing has been higher than originally budgeted. Additionally, regular

postage costs are slightly higher than the prorated budget due to the timing of the replenishment of the postage meter. Postage usage fluctuates based on current needs. This category will be closely monitored throughout the year.

- Professional Services utilized 33.3% of the annual amended budget and are lower than the prorated budget by \$1,315,748 due to several consulting and professional services projects incurring little to no costs during the first half of the year. Some of the professional services that were under budget include consulting services for a technical writer and project manager; board election costs; pension administrative system consulting; Robotic Process Automation (RPA) pilot project; and other consulting services for human resources and information security. These budgeted services will be utilized later in the year as needed.
- Subscriptions and Periodicals are at 53.1% of the amended budget and over the prorated budget by \$1,562. Subscriptions and periodicals renew throughout the year and this category will fluctuate based on the timing of these renewals. This category is expected to be within budget for the year.
- Telephone and Internet expenditures were 52.9% of the amended budget and over the prorated budget by \$8,944. The increase is the result of issuing additional cell phones related to a new security provision that only allows access to OCERS email with an authorized OCERS issued device. Additionally, internet service costs have been trending higher than budgeted. This category will be closely monitored as the year progresses.
- Training and Related Costs are at 17.1% of the annual amended budget and lower than the prorated budget by \$190,188. Training costs are significantly below budget since all travel-related training and conferences were primarily virtual during the first quarter. Virtual training and conferences are typically less expensive than in-person training or conferences. As of the second quarter, conferences requiring travel have resumed and many team members have additional training scheduled in the upcoming months. Training expenditures are expected to continue to increase but stay within budget for the year.

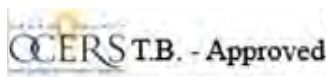
Capital Expenditures

Total costs incurred for capital projects at the end of the second quarter are \$399,787. The Capital Expenditures budget includes \$532,000 for the board room audio/visual equipment project, which is near completion and incurred \$316,878 as of the end of the second quarter. The capital expenditures budget also includes \$110,000 for a roof replacement that was completed during the second quarter and incurred costs to date of \$82,909. Remaining project costs include \$250,000 for a new enterprise backup solution to enhance recovery of on-premise and cloud systems and \$200,000 for the data center SANS replacement.

Conclusion:

As of the end of the second quarter, the Administrative Budget based on actuals is at 39.7% of the annual budget. As actual administrative expenses are under the annual budget, OCERS complies with the 21-basis point test.

Submitted by:



Tracy Bowman, Director of Finance
Director of Finance



Memorandum

DATE: August 15, 2022
TO: Members of the Board of Retirement
FROM: Tracy Bowman, Director of Finance
SUBJECT: **SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Written Report

Background/Discussion

The attached financial statements reflect the unaudited financial activity for the six months ended June 30, 2022. These statements are unaudited and are not the official financial statements of OCERS. The following statements represent a review of the progress to date for the second quarter of 2022. The official financial statements of OCERS are included in the Annual Comprehensive Financial Report (ACFR) for the year ended December 31, 2021, which is available on our website, www.ocers.org.

Summary

Statement of Fiduciary Net Position (Unaudited)

As of June 30, 2022, the net position restricted for pension, other postemployment benefits and employer is \$20.2 billion, a decrease of \$642.1 million, or -3.1%, from June 30, 2021. The change is a result of a decrease in total assets of \$628.2 million and an increase in total liabilities of \$13.9 million as described below:

The \$628.2 million decrease in total assets can be attributed to decreases of \$252.3 million decrease in investments at fair value, \$439.1 million in cash and short-term investments, and \$2.3 million in capital assets, offset by an increase of \$65.4 million in total receivables.

The decrease of \$439.1 million in total cash and short-term investments consists of a decrease of \$394.7 million in cash and cash equivalents due to the timing of investing employee and employer contributions received during the quarter and a decrease of \$44.4 million in securities lending collateral due to reduced demand for U.S. Treasury Securities and less shorting of these assets in anticipation of federal rate hikes..

The increase of \$65.4 million in total receivables is related to the timing of pending security sales, which increased by \$75.5 million, offset by decreases in investment income receivables and contribution receivables of \$4.8 million and \$8.3 million, respectively.

Investments at fair value decreased \$252.3 million, or -1.2%, from June 30, 2021 to June 30, 2022. The total portfolio reported a net loss of -2.39% for the one-year period. The first half of 2022 has been challenging, driven by macro-economic factors and geopolitical events. The fear of a recession and pressures for inflation remain elevated. Global public equity decreased by \$1.9 billion, core fixed income decreased by \$314.5 million, and credit

decreased by \$46 million. These decreases were offset by increases in private equity of \$890 million, real assets of \$824.1 million, risk mitigation of \$304 million and unique strategies of \$14.8 million. The S&P 500 was down 20%, setting the record for the worst first half of the year in over 50 years. Global public equity reported a loss of -17.2% for the one-year period. The core fixed income portfolio was down -7.8% for the one-year period due to high inflation and aggressive interest rate hikes. The credit portfolio reported a loss of -6.2% for the one-year period, which outperformed the benchmark of -13.0%. Private equity came into the crisis in a well-funded position; a strong exit environment led to significant distributions to OCERS, helping to enhance the performance numbers. Private equity is not mark-to-market and the turmoil in public markets is not yet fully reflected in private equity. Real assets returned 16.6% year-to-date and 30.3% for the year, benefitting from high oil and energy prices, as well as rising prices in real estate, which are assets used by investors to hedge against inflation. Risk mitigation, designed to protect the portfolio during down periods, returned 10.6% year-to-date and 13.1% for the year, outperforming the benchmark of 5.2%. Unique strategies reported a one-year return of 9.4%.

The decrease in capital assets of \$2.3 million from the prior year represents depreciation expense, of which \$2.2 million is attributed to the Pension Administration System Solution (PASS) Project.

Total liabilities increased \$13.9 million, or 1.3%, from June 30, 2021 to June 30, 2022, primarily due to unearned contributions, which increased \$31 million due to increases in prepaid employer contributions received for the 2022-2023 prepayment program compared to the prior year's prepayment program, and the timing of securities purchased, which increased \$16.1 million. These increases were offset by a decrease in obligations under securities lending program, which decreased \$44.4 million as previously discussed.

Statement of Changes in Fiduciary Net Position (Unaudited)

The ending net position restricted for pension, other postemployment benefits and employer as of June 30, 2022, decreased by \$642.1 million or -3.1%, when compared to the same period ending June 30, 2021.

Total additions to fiduciary net position decreased -176.6% or \$3.8 billion from the previous year. Net investment losses for the six months ended June 30, 2022, were -\$2.2 billion versus income of \$1.7 billion for the six months ended June 30, 2021, a decrease of \$3.8 billion or -229.2%. The main cause of the decrease is due to the net appreciation/(depreciation) in fair value of investments, which decreased nearly \$4 billion from the prior year and was slightly offset by an increase in dividends, interest, and other income of \$165 million. The second quarter in 2022 reported a year-to-date loss of -8.1%, compared to a year-to-date return of 9.8% for the quarter ending June 30, 2021. Public market portfolios posted negative returns while the private portfolios held up better, with global public equities reporting a year-to-date loss of -20.8% and private equities reporting a year-to-date return of 5.8%. As mentioned previously, significant distributions from the private equity class helped enhance performance. Core fixed income reported a year-to-date loss of -8.5% due to high inflation and aggressive interest rate hikes, which hit longer duration bonds harder. Credit reported a year-to-date loss of -6.9%. Total investment fees and expenses increased by \$7 million in June 2022 primarily due to an increase in investment management fees attributed to the addition of over 35 new investment managers since June 2021.

Total contributions increased \$18.4 million over the prior year mainly due to employer contributions which increased \$19.9 million over the prior year. This increase can be attributed to an increase in employer contribution rates, offset by decreases of approximately \$1.5 in employee contributions to the pension plan. This decrease is

attributed to the reduction and/or gradual phase-out of employee reverse pick-up rates for various OCEA (Orange County Employees Association) represented employees.

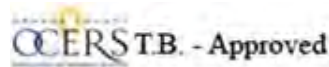
Total deductions from fiduciary net position increased 7.8%, or \$42.8 million, from the previous year. Participant benefits increased by \$41 million, which is expected due to the continued growth in member pension benefit payments, both in the total number of OCERS' retired members receiving a pension benefit and an increase in the average benefit received. In June 2022, there were 20,216 payees with an average benefit payment of \$4,647 compared to 19,338 payees with an average benefit payment of \$4,461 in June 2021. Total death benefits and members withdrawals will fluctuate from year-to-year based on the occurrence of these events.

Other Supporting Schedules

In addition to the basic financial statements for the six months ended June 30, 2022, the following supporting schedules are provided for additional information pertaining to OCERS:

- Total Plan Reserves
- Schedule of Contributions
- Schedule of Investment Expenses
- Schedule of Administrative Expenses
- Administrative Expense Compared to Actuarial Accrued Liability

Submitted by:

The logo for OCERS T.B. - Approved, featuring the text "OCERS T.B. - Approved" in a stylized font with a small graphic element above the text.

Tracy Bowman
Director of Finance



Orange County Employees Retirement System

Unaudited Financial Statements

For the Six Months Ended June 30, 2022

Orange County Employees Retirement System

Unaudited Financial Statements For the Six Months Ended June 30, 2022

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Statement of Fiduciary Net Position (Unaudited)

As of June 30, 2022

(with summarized comparative amounts as of June 30, 2021)

(Dollars in Thousands)

	Pension Trust Fund	Health Care Fund- County	Health Care Fund- OCFA	Custodial Fund - OCTA	Total Funds	Comparative Totals 2021
Assets						
Cash and Short-Term Investments						
Cash and Cash Equivalents	\$ 451,105	\$ 10,111	\$ 1,202	\$ 76	\$ 462,494	\$ 857,161
Securities Lending Collateral	221,126	4,956	589	-	226,671	271,060
Total Cash and Short-Term Investments	672,231	15,067	1,791	76	689,165	1,128,221
Receivables						
Investment Income	13,488	302	36	-	13,826	18,602
Securities Sales	118,163	2,649	315	-	121,127	45,643
Contributions	12,929	-	-	-	12,929	21,215
Foreign Currency Forward Contracts	1,918	43	5	-	1,966	-
Other Receivables	5,816	130	15	-	5,961	4,908
Total Receivables	152,314	3,124	371	-	155,809	90,368
Investments at Fair Value						
Global Public Equity	8,245,794	184,824	21,977	11,863	8,464,458	10,389,003
Private Equity	3,436,820	77,034	9,160	-	3,523,014	2,633,092
Core Fixed Income	2,044,147	45,818	5,448	5,414	2,100,827	2,415,333
Credit	1,497,309	33,561	3,991	-	1,534,861	1,580,838
Real Assets	2,638,846	59,148	7,033	-	2,705,027	1,880,931
Risk Mitigation	2,056,880	46,104	5,482	-	2,108,466	1,804,559
Absolute Return	-	-	-	-	-	3
Unique Strategies	67,756	1,519	181	-	69,456	54,688
Total Investments at Fair Value	19,987,552	448,008	53,272	17,277	20,506,109	20,758,447
Capital Assets, Net	10,163	-	-	-	10,163	12,424
Total Assets	20,822,260	466,199	55,434	17,353	21,361,246	21,989,460
Liabilities						
Obligations Under Securities Lending Program	221,127	4,956	589	-	226,672	271,060
Securities Purchased	123,191	2,761	328	-	126,280	110,188
Unearned Contributions	642,125	-	-	-	642,125	611,110
Foreign Currency Forward Contracts	1,846	41	5	-	1,892	1,120
Retiree Payroll Payable	87,915	8,512	888	-	97,315	89,624
Other	23,636	530	63	-	24,229	21,490
Total Liabilities	1,099,840	16,800	1,873	-	1,118,513	1,104,592
Net Position Restricted for Pension, Other Postemployment Benefits and Employer	\$19,722,420	\$ 449,399	\$ 53,561	\$ 17,353	\$20,242,733	\$20,884,868

Statement of Changes in Fiduciary Net Position (Unaudited)

For the Six Months Ended June 30, 2022

(with summarized comparative amounts for the Six Months Ended June 30, 2021)

(Dollars in Thousands)

	Pension Trust Fund	Health Care Fund- County	Health Care Fund- OCFA	Custodial Fund - OCTA	Total Funds	Comparative Totals 2021
Additions						
Contributions						
Employer	\$ 349,957	\$ 21,081	\$ 2,146	\$ -	\$ 373,184	\$ 353,312
Employee	132,431	-	-	-	132,431	133,903
Employer OPEB Contributions	-	-	-	325	325	299
Total Contributions	482,388	21,081	2,146	325	505,940	487,514
Investment Income						
Net Appreciation/(Depreciation) in Fair Value of Investments	(2,395,993)	(45,740)	(5,546)	(3,686)	(2,450,965)	1,539,748
Dividends, Interest, & Other Investment Income	349,640	7,837	932	-	358,409	193,376
Securities Lending Income						
Gross Earnings	845	19	2	-	866	598
Less: Borrower Rebates and Bank Charges	(480)	(11)	(1)	-	(492)	(111)
Net Securities Lending Income	365	8	1	-	374	487
Total Investment Income/(Loss)	(2,045,984)	(37,899)	(4,613)	(3,686)	(2,092,182)	1,733,611
Investment Fees and Expenses	(66,912)	(1,500)	(178)	(2)	(68,592)	(61,571)
Net Investment Income/(Loss)	(2,112,900)	(39,395)	(4,791)	(3,688)	(2,160,774)	1,672,040
Total Additions	(1,630,512)	(18,314)	(2,645)	(3,363)	(1,654,834)	2,159,554
Deductions						
Participant Benefits	550,202	18,607	3,238	-	572,047	531,009
Death Benefits	459	-	-	-	459	616
Member Withdrawals and Refunds	7,398	-	-	-	7,398	6,486
Employer OPEB Payments	-	-	-	729	729	702
Administrative Expenses	11,191	12	12	12	11,227	10,472
Total Deductions	569,250	18,619	3,250	741	592,860	549,285
Net Increase/(Decrease)	(2,199,762)	(36,933)	(5,895)	(4,104)	(2,246,694)	1,610,269
Net Position Restricted For Pension, Other Postemployment Benefits and Employer, Beginning of Year	21,922,182	486,332	59,456	21,457	22,489,427	19,274,599
Ending Net Position Restricted For Pension, Other Postemployment Benefits and Employer	\$ 19,722,420	\$ 449,399	\$ 53,561	\$ 17,353	\$ 20,242,733	\$ 20,884,868

Total Plan Reserves

For the Six Months Ended June 30, 2022

(with summarized comparative amounts for the Six Months Ended June 30, 2021)

(Dollars in Thousands)

	2022	2021
Pension Reserve	\$ 11,992,491	\$ 11,392,340
Employee Contribution Reserve	3,670,664	3,593,342
Employer Contribution Reserve	2,931,348	2,594,563
Annuity Reserve	2,566,848	2,255,323
Health Care Reserve	502,960	500,461
Custodial Fund Reserve	17,353	20,787
County Investment Account (POB Proceeds) Reserve	145,745	168,802
OCSD UAAL Deferred Reserve	15,643	13,433
Contra Account and Actuarial Deferred Return	<u>(1,600,319)</u>	<u>345,817</u>
Total Net Position Restricted for Pension, Other Postemployment Benefits and Employer	<u>\$ 20,242,733</u>	<u>\$ 20,884,868</u>

Schedule of Contributions

For the Six Months Ended June 30, 2022

(with summarized comparative amounts for the Six Months Ended June 30, 2021)

(Dollars in Thousands)

	2022		2021	
	Employee	Employer	Employee	Employer
Pension Trust Fund Contributions				
County of Orange	\$ 98,617	\$ 275,086	\$ 101,123	\$ 254,033
Orange County Fire Authority	14,966	47,115 ¹	14,400	49,240 ¹
Orange County Superior Court of California	7,480	19,772	7,660	17,795
Orange County Transportation Authority	5,541	16,233	4,960	14,477
Orange County Sanitation District	4,116	4,188	4,125	4,224
Orange County Employees Retirement System	566	1,740	593	1,602
UCI - Medical Center and Campus	-	1,674 ²	-	1,608 ²
City of San Juan Capistrano	420	1,016	358	1,176
Transportation Corridor Agencies	406	469	369	421
Orange County Department of Education	-	210 ²	-	168 ²
Orange County Cemetery District	89	131	88	106
Orange County Local Agency Formation Commission	23	97	22	90
Orange County In-Home Supportive Services Public Authority	71	96	61	81
Children and Families Commission of Orange County	56	89	67	91
Orange County Public Law Library	80	64	77	69
Contributions Before Prepaid Discount	132,431	367,980	133,903	345,181
Prepaid Employer Contributions Discount	-	(18,023)	-	(13,151)
Total Pension Trust Fund Contributions	132,431	349,957	133,903	332,030
Health Care Fund - County Contributions	-	21,081	-	20,349
Health Care Fund - OCFA Contributions	-	2,146	-	933
Custodial Fund - OCTA OPEB Contributions	-	325	-	299
Total Contributions	\$ 132,431	\$ 373,509	\$ 133,903	\$ 353,611

¹ Unfunded actuarial accrued liability payments were made in 2022 for \$5.5 million and 2021 for \$9.2 million for the Orange County Fire Authority.

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

Schedule of Investment Expenses

For the Six Months Ended June 30, 2022

(with summarized comparative amounts for the Six Months Ended June 30, 2021)

(Dollars in Thousands)

	2022	2021
Investment Management Fees*		
Global Public Equity	\$ 7,215	\$ 8,091
Core Fixed Income	1,292	1,304
Credit	4,828	5,272
Real Assets	14,734	12,214
Absolute Return	-	1
Private Equity	18,511	12,670
Risk Mitigation	6,851	5,909
Unique Strategies	665	770
Short-Term Investments	157	202
Total Investment Management Fees	54,253	46,433
Other Fund Expenses¹	11,188	12,095
Other Investment Expenses		
Consulting/Research Fees	1,116	1,088
Investment Department Expenses	1,465	1,480
Legal Services	268	175
Custodian Services	290	290
Investment Service Providers	10	9
Total Other Investment Expenses	3,149	3,042
Security Lending Activity		
Security Lending Fees	97	128
Rebate Fees	395	(17)
Total Security Lending Activity	492	111
Custodial Fund - OCTA Investment Fees and Expenses	2	1
Total Investment Expenses	\$ 68,084	\$ 61,682

* Does not include undisclosed fees deducted at source.

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

Schedule of Administrative Expenses

For the Six Months Ended June 30, 2022

(with summarized comparative amounts for the Six Months Ended June 30, 2021)

(Dollars in Thousands)

	2022	2021
Pension Trust Fund Administrative Expenses		
Expenses Subject to the Statutory Limit		
Personnel Services		
Employee Salaries and Benefits	\$ 7,031	\$ 6,521
Board Members' Allowance	6	7
Total Personnel Services	<u>7,037</u>	<u>6,528</u>
Office Operating Expenses		
Depreciation/Amortization	1,304	1,289
Professional Services	858	1,004
General Office and Administrative Expenses	884	728
Rent/Leased Real Property	455	342
Total Office Operating Expenses	<u>3,501</u>	<u>3,363</u>
Total Expenses Subject to the Statutory Limit	<u>10,538</u>	<u>9,891</u>
Expenses Not Subject to the Statutory Limit		
Information Technology Professional Services	165	362
Information Security Professional Services	37	29
Finance Professional Services	31	-
Actuarial Fees	230	84
Equipment/Software	190	72
Total Expenses Not Subject to the Statutory Limit	<u>653</u>	<u>547</u>
Total Pension Trust Fund Administrative Expenses	11,191	10,438
Health Care Fund - County Administrative Expenses	12	11
Health Care Fund - OCFA Administrative Expenses	12	12
Custodial Fund - OCTA Administrative Expenses	12	11
Total Administrative Expenses	<u>\$ 11,227</u>	<u>\$ 10,472</u>

Administrative Expense Compared to Actuarial Accrued Liability

For the Six Months Ended June 30, 2022

(Dollars in Thousands)

Actuarial Accrued Liability (AAL) as of 12/31/21	\$ 24,016,073
Maximum Allowed for Administrative Expense (AAL * 0.21%)	50,434
Actual Administrative Expense ¹	<u>10,538</u>
Excess of Allowed Over Actual Expense	<u>\$ 39,896</u>
Actual Administrative Expense for the six months ended 6/30/22 as a Percentage of Actuarial Accrued Liability as of 12/31/21	0.04%
Actual Administrative Expense for the year ended 12/31/21 as a Percentage of Actuarial Accrued Liability as of 12/31/21	0.08%
¹ Administrative Expense Reconciliation	
Administrative Expense per Statement of Changes in Fiduciary Net Position	\$ 11,191
Less: Administrative Expense Not Considered per CERL Section 31596.1	<u>(653)</u>
Administrative Expense Allowable Under CERL Section 31580.2	<u>\$ 10,538</u>



Memorandum

DATE: August 15, 2022
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: OCERS BY THE NUMBERS (2022 EDITION)

Written Report

Background/Discussion

Attached is the 2022 edition of OCERS by the Numbers, based on the December 31, 2021 actuarial valuation.

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

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

Approved by:

A handwritten signature in black ink that reads "Steve Delaney". The signature is written over a horizontal line.

Steve Delaney
Chief Executive Officer

ORANGE COUNTY
OCERS
EMPLOYEES RETIREMENT SYSTEM

2022
Edition of OCERS by the Numbers



(As of December 31, 2021 actuarial valuation)

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OCERS by the Numbers

Our Members Tell Our Story

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

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

\$1,030 bn. paid in pension benefits annually (as of Dec. 31, 2021)

\$3,791 average monthly allowance for retired General members (excludes DRO's and beneficiaries)

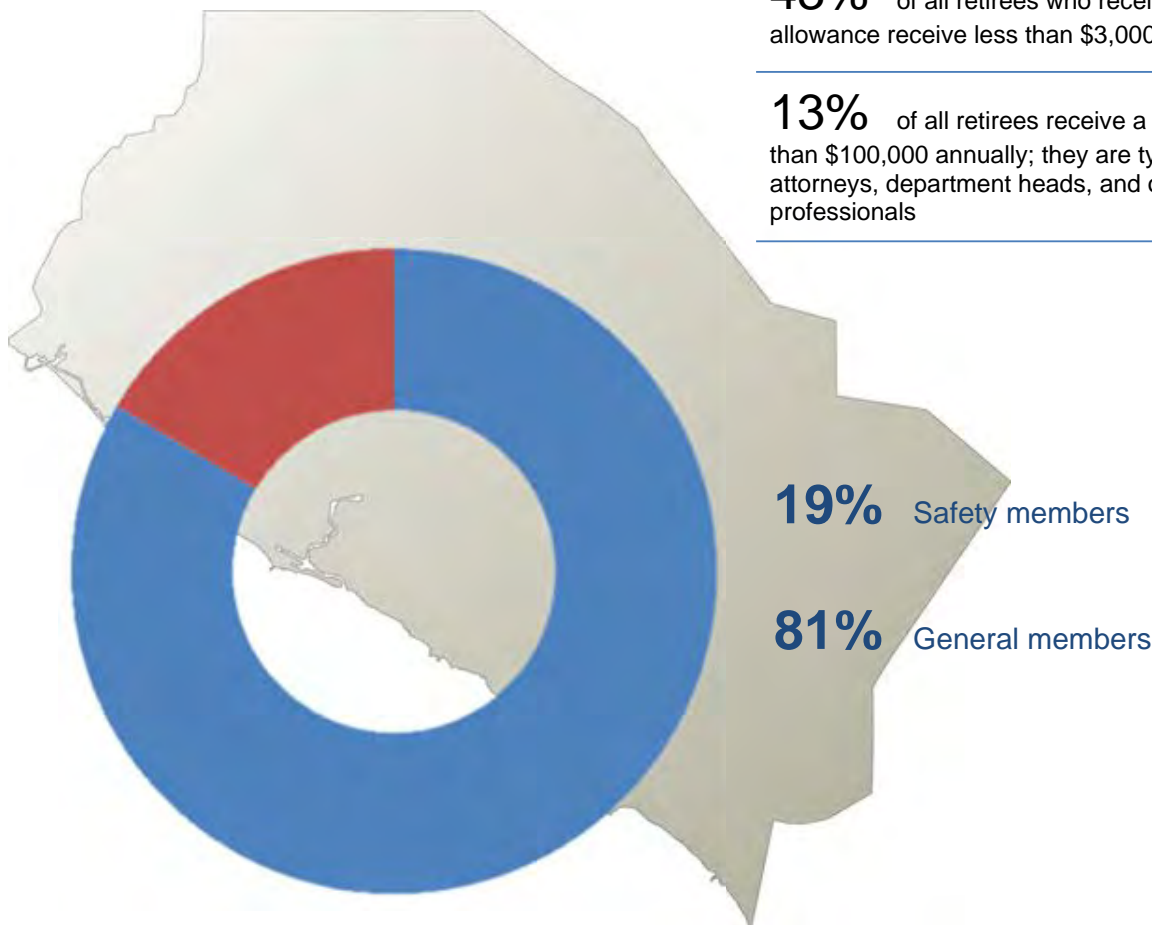
\$6,825 average monthly allowance for retired Safety members (excludes DRO's and beneficiaries)

\$4,028 average monthly allowance for General members who retired with service retirement in 2021

\$7,432 average monthly allowance for Safety members who retired with service retirement in 2021

43% of all retirees who receive a monthly allowance receive less than \$3,000

13% of all retirees receive a pension greater than \$100,000 annually; they are typically attorneys, department heads, and other professionals



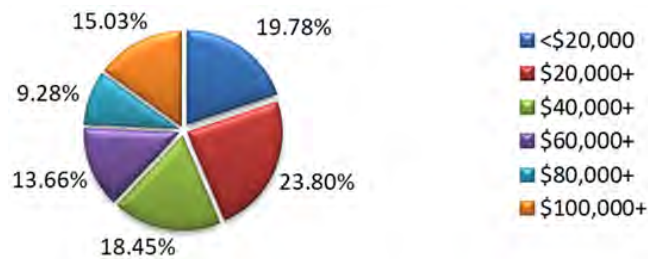
OCERS by the Numbers

OCERS Pension Quick Facts

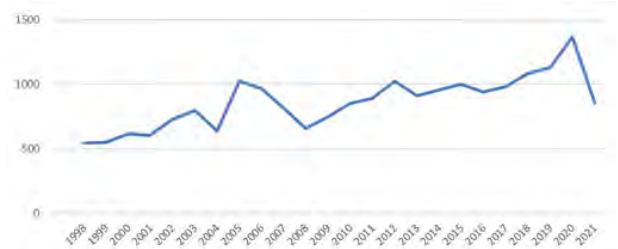
As of December 31, 2021

Quick Facts (For more details on retirees see pages 16–31)						
Members & Employers	29,249 active & inactive members		19,826 retirees, beneficiaries & survivors		20 Participating Employers	49,075 total membership
	\$3,791 monthly allowance for all General members and payees		\$6,825 monthly allowance for all Safety members and payees		21 average years of service for General members who retired in 2021	22 average years of service for Safety members who retired in 2021
Pension Averages	61 years old average age at retirement for General members who retired in 2021		54 years old average age at retirement for Safety members who retired in 2021			

Annual Pensions for Service Retirees



Retirement Trend
Retirees per year



FUNDING STATUS:

As of December 31, 2021 OCERS is approximately 81.15% funded based on the valuation value of assets of \$19.5 billion in trust fund assets. The unfunded liability is estimated at \$4.5 billion. (The Segal Group, Inc.)

CONTRIBUTION SOURCES:

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

OCERS active members – 13¢

Employers – 29¢

Investment Earnings – 58¢

* Source: OCERS income to trust fund over last 24 years

OCERS by the Numbers

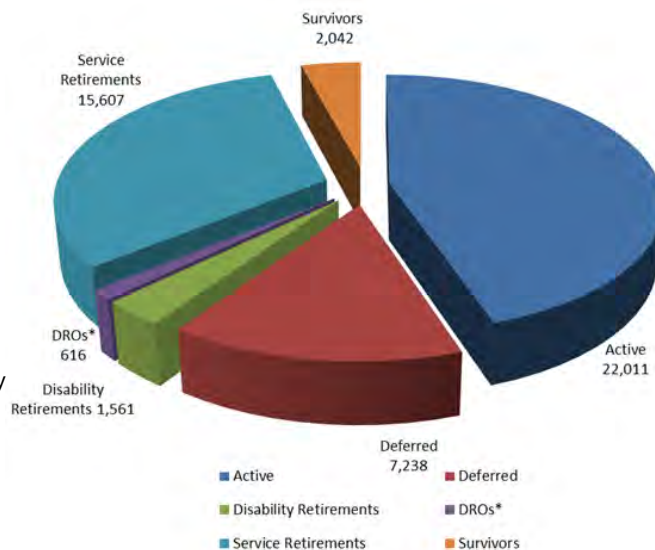
Demographics

Orange County Employees Retirement System As of December 31, 2021

Demographics

OCERS Active Participating Employers

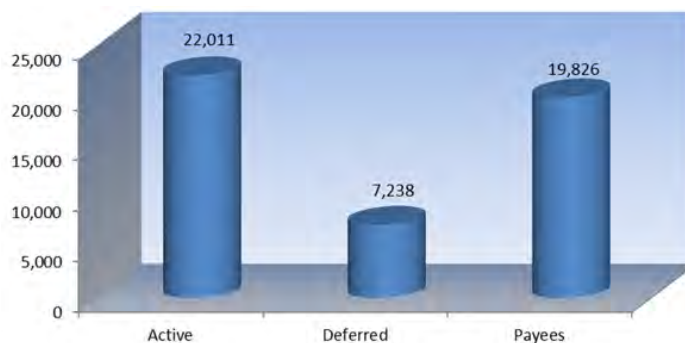
1. City of San Juan Capistrano
2. County of Orange
3. Orange County Cemetery District
4. Orange County Children and Families Commission
5. Orange County Employees Retirement System
6. Orange County Fire Authority
7. Orange County In-Home Supportive Services Public Authority
8. Orange County Local Agency Formation Commission
9. Orange County Public Law Library
10. Orange County Sanitation District
11. Orange County Superior Court
12. Orange County Transportation Authority
13. Transportation Corridor Agencies



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

OCERS Inactive Participating Employers

1. Capistrano Beach Sanitary District
2. City of Rancho Santa Margarita
3. Cypress Recreation and Park District
4. Orange County Department of Education
5. Orange County Mosquito and Vector Control District
6. University of California, Irvine Medical Center
7. University of California, Irvine Campus



**Count of Active, Deferred and Payee by Status
As of December 31, 2021**

	General	Safety	Total
Active	18,128	3,883	22,011
Deferred	6,680	558	7,238
Payee	15,980	3,846	19,826
Total	40,788	8,287	49,075
Active Members per Payee	1.13	1.01	1.11

OCERS by the Numbers

Active Member Demographics

OCERS by the Numbers

**Count of Active Members by Status
As of December 31, 2021**

	General	Safety	Total Count
Active	18,128	3,883	22,011



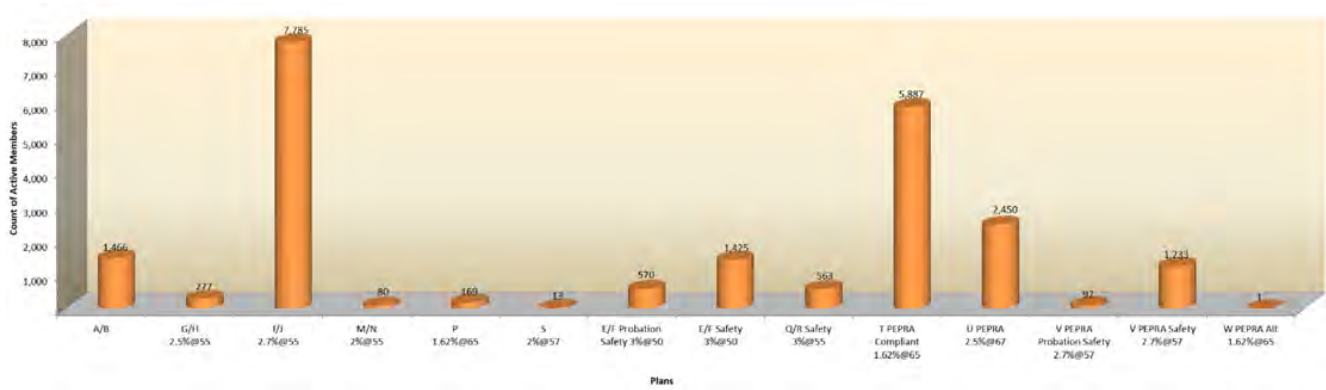
**Count of Active Members by Plans and by Employers
As of December 31, 2021**

Retirement Plans

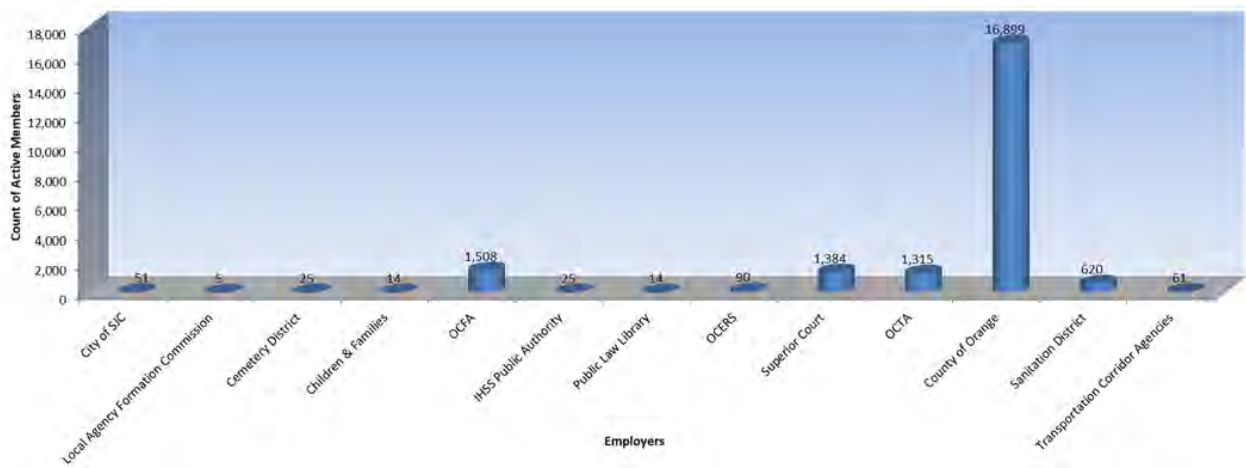
Employers	A/B	G/H 2.5%@55	I/J 2.7%@55	M/N 2%@55	P 1.62%@65	S 2%@57	E/F Probation Safety 3%@50	E/F Safety 3%@50	Q/R Safety 3%@55	T PEPR Compliant 1.62%@65	U PEPR 2.5%@67	V PEPR Probation Safety 2.7%@57	V PEPR Safety 2.7%@57	W PEPR Alt 1.62%@65	Total
City of SJC			15			13					22			1	51
Local Agency Formation Commission			2							3					5
Cemetery District				14							11				25
Children & Families			4								10				14
OCFA			97	42				593	168		183		425		1,508
IHSS Public Authority	5										20				25
Public Law Library		11									3				14
OCERS			40							29	21				90
Superior Court			823		15					546					1,384
OCTA	841										474				1,315
County of Orange	565		6,804		154		570	832	395	5,309	1,370	92	808		16,899
Sanitation District	55	266									299				620
Transportation Corridor Agencies				24							37				61
Total	1,466	277	7,785	80	169	13	570	1,425	563	5,887	2,450	92	1,233	1	22,011

OCERS by the Numbers

Count of Active Members by Plans As of December 31, 2021



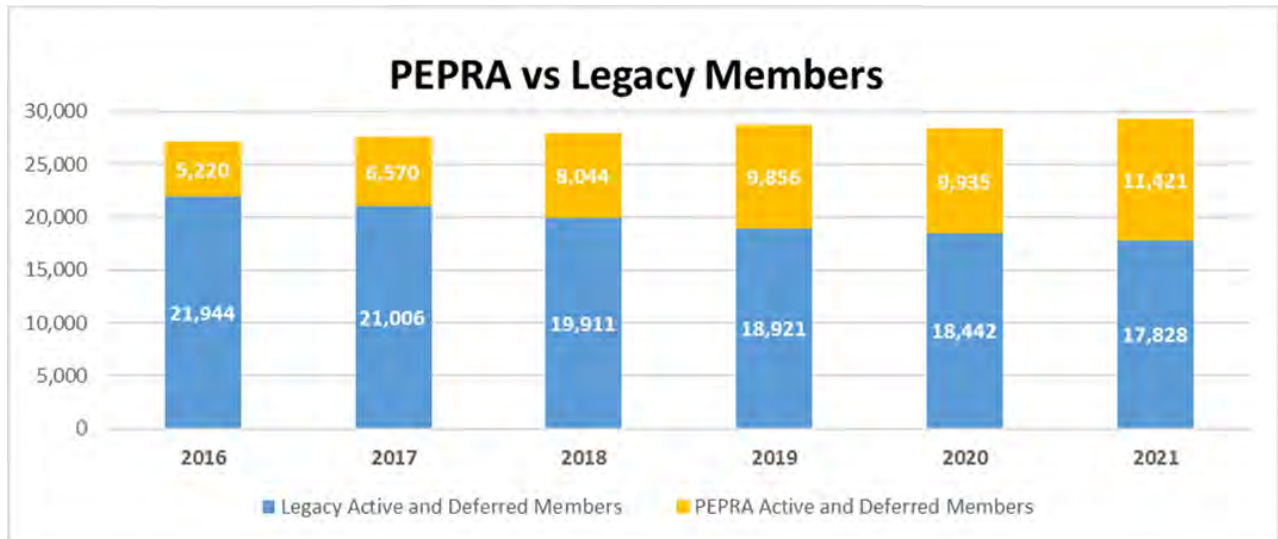
Count of Active Members by Employers As of December 31, 2021



OCERS by the Numbers

Count and Percentage of PEPRA to Legacy Members

	2016	2017	2018	2019	2020	2021
Legacy Active and Deferred Members	21,944	21,006	19,911	18,921	18,442	17,828
PEPRA Active and Deferred Members	5,220	6,570	8,044	9,856	9,935	11,421
Total	27,164	27,576	27,955	28,777	28,377	29,249
Percentage of PEPRA to Legacy Members	19%	24%	29%	34%	35%	39%

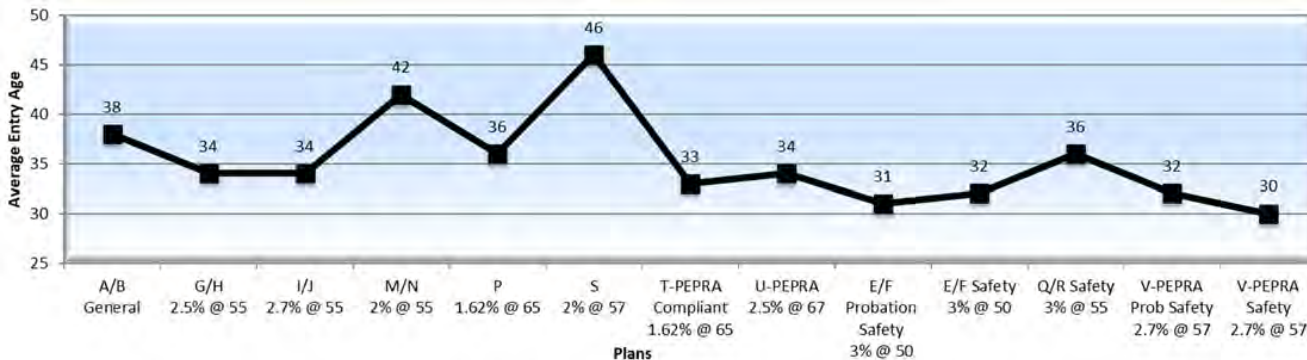


PEPRA Members are new Public Employees hired on or after January 1, 2013

OCERS by the Numbers

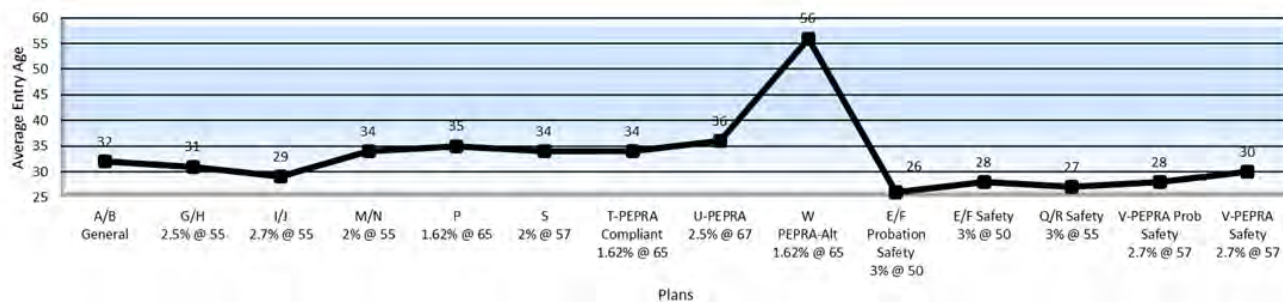
Average Entry Age of Active Members with Reciprocity by Plan Formula As of December 31, 2021

	A/B General	G/H 2.5% @ 55	I/J 2.7% @ 55	M/N 2% @ 55	P 1.62% @ 65	S 2% @ 57	T-PEPRA Compliant 1.62% @ 65	U-PEPRA 2.5% @ 67	E/F Probation Safety 3% @ 50	E/F Safety 3% @ 50	Q/R Safety 3% @ 55	V-PEPRA Prob Safety 2.7% @ 57	V-PEPRA Safety 2.7% @ 57	Average Entry Age
Average Entry Age by Plan	38	34	34	42	36	46	33	34	31	32	36	32	30	34



Average Entry Age of Active Members without Reciprocity by Plan Formula As of December 31, 2021

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

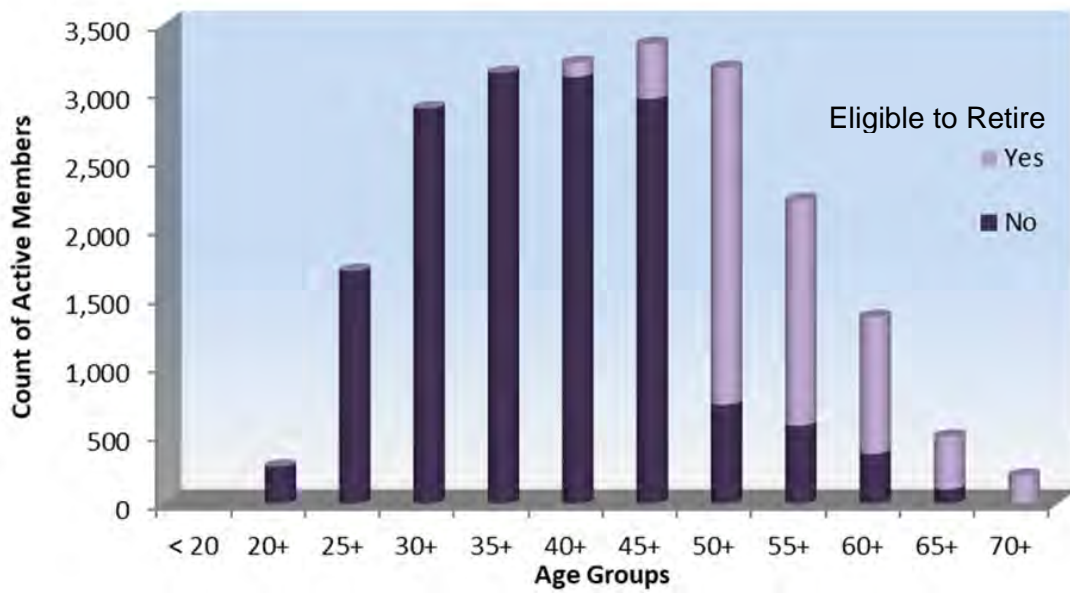


OCERS by the Numbers

Count of Active Members Eligible to Retire by Age Groups As of December 31, 2021

Age Groups

Eligible to Retire	<20	20+	25+	30+	35+	40+	45+	50+	55+	60+	65+	70+	Total
No	2	270	1,695	2,884	3,143	3,114	2,953	722	570	363	105		15,821
Yes						102	402	2,458	1,641	1,000	384	203	6,190
													22,011



OCERS by the Numbers

Active Members – Eligible to Retire by Employers As of December 31, 2021

Plans	A & B General	G & H 2.5%@55	I & J 2.7%@55	M & N 2%@55	P 1.62%@65	S 2%@57	T PEPR Compliant 1.62%@65	U PEPR 2.5%@67	W PEPR Alt 1.62%@65	E & F Prob Safety 3%@50	E & F Safety 3%@50	Q & R Safety 3%@55	V PEPR Prob Safety 2.7%@57	V PEPR Safety 2.7%@57	Total Eligible to Retire	% Eligible by Employer
City of SJ			7			7									14	27%
LAFCO			2												2	40%
Cemetery District				8											8	32%
Children & Families Comm															0	0%
OCFA			58	9							271	29			367	24%
IHSS Public Authority	4														4	16%
Public Law Library		9													9	64%
OCERS			17				1								18	20%
Superior Court			431		4		6								441	32%
OCTA	500							2							502	38%
County of Orange	285		3,436		33		22	4		325	489	25		3	4,622	27%
Sanitation District	14	172													186	30%
Transportation Corridor Agencies				17											17	28%
Total Eligible to Retire	803	181	3,951	34	37	7	29	6	0	325	760	54	0	3	6,190	28%
% Eligible By Plan	55%	65%	51%	42%	22%	54%	0%	0%	0%	57%	53%	10%	0%	0%		

(Percentages rounded)

Eligible to retire for plans A – S (Legacy plans for public employees hired before Jan 1, 2013 including reciprocity) if:

- 70 years old
- 50 years old and has 10 or more years of *eligible service*
- Safety member has 20 years or more of *eligible service at any age*
- General member has 30 years or more of *eligible service at any age*

Eligible to retire for PEPR compliant/alternative plans T and W if:

- 50 years old and has 10 or more years of *eligible service*
- 70 years old

Eligible to retire for PEPR plan U if:

- 52 years old and has 5 or more years of *eligible service*
- 70 years old

Eligible to retire for PEPR Safety plan V if:

- 50 years old and has 5 or more years of *eligible service*
- 70 years old

Eligible Service = current service + incoming reciprocal service

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

New Public Employees hired on or after Jan 1, 2013

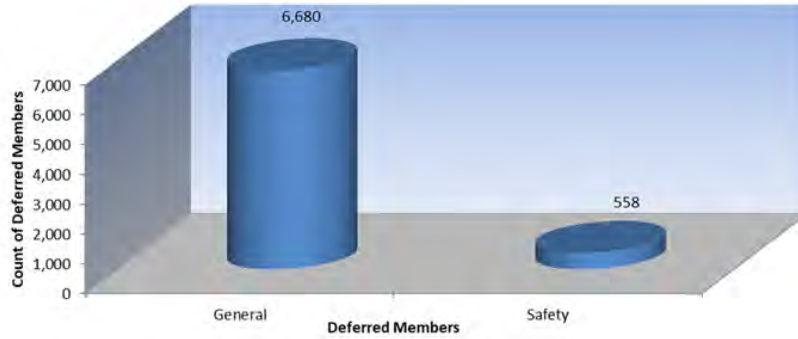
General	T & W 1.62% @ 65
Safety	U 2.5% @ 67
	V 2.7% @ 57

Deferred Member Demographics

OCERS by the Numbers

Count of Deferred Members by Status As of December 31, 2021

	General	Safety	Total Count
Deferred	6,680	558	7,238



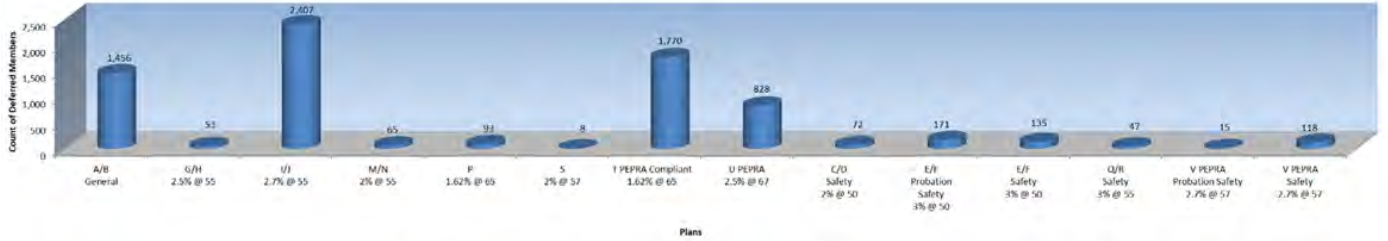
Count of Deferred Members by Plans and by Employers As of December 31, 2021

Retirement Plans

Employers	A/B General	G/H 2.5% @ 55	I/J 2.7% @ 55	M/N 2% @ 55	P 1.62% @ 65	S 2% @ 57	T/PEPRA Compliant 1.62% @ 65	U/PEPRA 2.5% @ 67	C/D Safety 2% @ 50	E/F Probation Safety 3% @ 50	E/F Safety 3% @ 50	G/N Safety 3% @ 55	V/PEPRA Probation Safety 2.7% @ 57	V/PEPRA Safety 2.7% @ 57	Total
City of SJIC	4		42			8		23							77
Cypress Rec & Park District	4														4
Local Agency Formation Comm			3		2		2								7
Cemetery District				3				2							5
Children & Families Comm			2					1							3
OCFA	7		85	21				127	4		44	8		60	356
IHSS Public Authority	3							19							22
Public Law Library	1	2													3
OCERS			18				7	4							29
Superior Court	15		271		17		210								513
OCTA	511							189							700
Vector Control District	28														28
County of Orange	828		1,986		74		1,551	401	68	171	91	39	15	58	5,282
Sanitation District	42	51						42							135
Transportation Corridor Agencies	12			41				20							73
UCI Medical Center	1														1
Total	1,456	53	2,407	65	93	8	1,770	828	72	171	135	47	15	118	7,238

OCERS by the Numbers

Count of Deferred Members by Plans As of December 31, 2021



Count of Deferred Members by Employers As of December 31, 2021

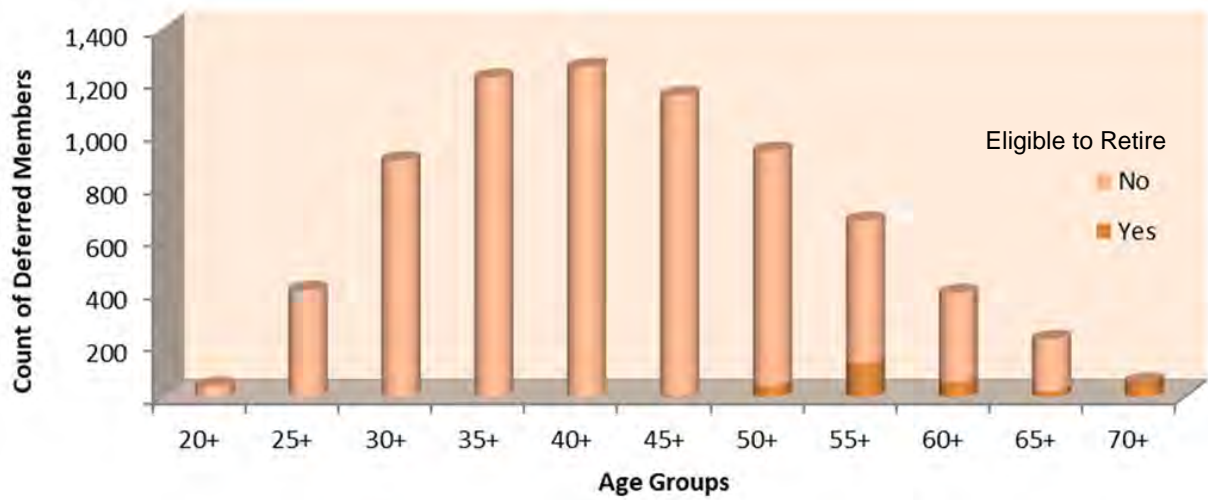


OCERS by the Numbers

Count of Deferred Members Eligible to Retire by Age Groups As of December 31, 2021

Age Groups

Eligible to Retire	20+	25+	30+	35+	40+	45+	50+	55+	60+	65+	70+	Total
No	42	406	899	1,213	1,253	1,142	891	541	337	198		6,922
Yes						4	44	129	58	22	59	316
												7,238



OCERS by the Numbers

**Count of Deferred Members - Eligible to Retire by Employers
As of December 31, 2021**

Plans	A/B	G/H 2.5%@55	I/J 2.7%@55	M/N 2%@55	P 1.62%@65	T PEPRA Compliant 1.62%@65	U PEPRA 2.5%@67	C/ D Safety 2%@50	E/F Prob Safety 3%@50	E/F Safety 3%@50	Q/R Safety 3% @ 55	Eligible to Retire	% Eligible by Employer
City of SJC	1		4									5	6%
Cypress Rec & Park District	1											1	25%
Cemetery District				1								1	20%
OCFA	1		6	1						1		9	3%
OCERS			2									2	7%
Superior Court	2		19									21	4%
OCTA	56						1					57	8%
Vector Control	8											8	29%
County of Orange	84		78		3	10	3	5	6	4	1	194	4%
Sanitation District Transportaion Corridor Agencies	6	4										10	7%
UCI Medical Center	1			7								7	10%
UCI Medical Center	1											1	100%
Total Eligible to Retire	160	4	109	9	3	10	4	5	6	5	1	316	4%
% Eligible by Plan	11%	8%	5%	14%	3%	1%	0%	7%	4%	4%	2%		

Eligible to retire for plans A – S (Legacy plans for public employees hired before Jan 1, 2013 including reciprocity) if:

- 70 years old
- 50 years old and has 10 or more years of *eligible service*
- Safety member has 20 years or more of *eligible service at any age*
- General member has 30 years or more of *eligible service at any age*

Eligible to retire for PEPRA compliant/alternative plans T & W if:

- 50 years old and has 10 or more years of *eligible service*
- 70 years old

Eligible to retire for PEPRA plan U if:

- 52 years old and has 5 or more years of *eligible service*
- 70 years old

Eligible to retire for PEPRA Safety plan V if:

- 50 years old and has 5 or more years of *eligible service*
- 70 years old

Eligible Service = current service + incoming reciprocal service

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

New Public Employees hired on or after Jan 1, 2013

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

OCERS by the Numbers

***Retiree & Beneficiary Demographics
(Payees)***

Retiree & Beneficiary Demographics

All benefit recipients as of December 31, 2021

- For Retired General members with service and disability retirements: 13,931
- For General member survivors and other payees: 2,049
- For Safety members with service and disability retirements: 3,237
- For Safety member survivors and other payees: 609
- Total Benefit Recipients: 19,826

Average age at retirement for members who retired with a service retirement in 2021

- For General members: 60.49 years old
- For Safety members: 53.63 years old

Average years of service for members who retired with a service retirement in 2021

- For General members: 20.87
- For Safety members: 22.16

Average years of service for all General and Safety members who retired with service and disability retirements as of December 31, 2021: 21.11

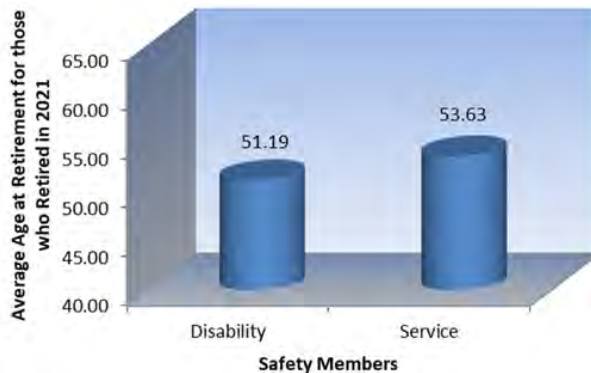
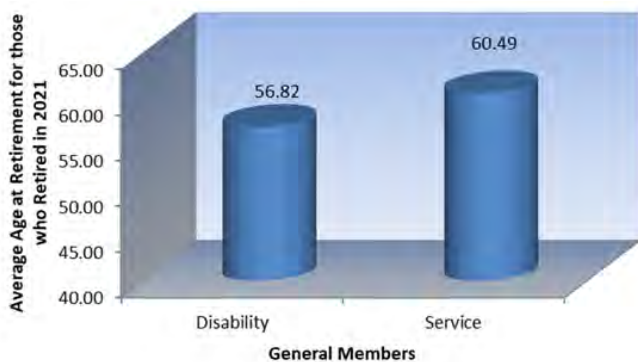
Average Years Into Retirement of Currently Retired Members As of December 31, 2021

	Service			Disability			Total
	General	Safety 2%	Safety 3%	General	Safety 2%	Safety 3%	
Capistrano Beach Sanitary District	3						3
	12.45						12.45
City of San Juan Capistrano	129			6			135
	11.06			20.77			11.49
Cypress Recreation & Park District	17						17
	13.69						13.69
Department of Education	15						15
	21.28						21.28
Local Agency Formation Comm.	5						5
	8.98						8.98
Cemetery District	7						7
	10.14						10.14
Children & Families Comm.	10						10
	7.84						7.84
OCFA	195	49	431	13	31	207	926
	9.53	20.07	9.91	13.94	22.27	8.81	10.59
IHSS Public Authority	5						5
	3.18						3.18
Public Law Library	13						13
	9.84						9.84
OCERS	43			3			46
	10.32			22.14			11.09
Superior Court	1,026			17			1,043
	9.50			11.83			9.54
OCTA	1,046			268			1,314
	10.52			18.33			12.11
Vector Control District	41						41
	11.02						11.02
County of Orange	9,805	453	1,636	555	196	234	12,879
	12.26	19.41	8.70	19.12	29.60	9.29	12.57
City of Rancho Santa Margarita	1						1
	5.68						5.68
Sanitation District	453			20			473
	10.08			16.87			10.36
Transportation Corridor Agencies	54						54
	9.20						9.20
UCI Campus	14			1			15
	18.92			17.42			18.82
UCI Medical Center	156			10			166
	24.13			27.04			24.30
Average	13,038	502	2,067	893	227	441	17,168
	11.90	19.48	8.95	18.73	28.60	9.07	12.27

OCERS by the Numbers

Average Age at Retirement by Employer and Benefit Type For Those That Retired With An Effective Retirement Date in 2021

	General				Safety		
	Disability	Service	Total		Disability	Service	Total
City of San Juan Capistrano		58.86	58.86				
OCFA		58.28	58.28		54.46	56.40	55.84
IHSS Public Authority		57.99	57.99				
Public Law Library		67.04	67.04				
OCERS		70.00	70.00				
Superior Court		59.77	59.77				
OCTA		62.89	62.89				
Vector Control District		67.89	67.89				
County of Orange	56.82	60.32	60.30		43.56	53.25	53.01
Sanitation District		59.79	59.79				
Transportation Corridor Agencies		57.96	57.96				
Average	56.82	60.49	60.47		51.19	53.63	53.47



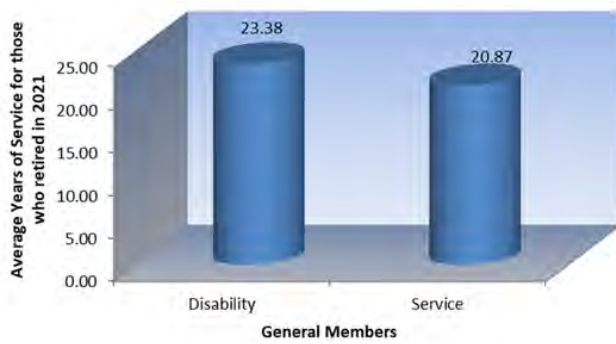
Average Retirement Age for Service and Disability Retirements Combined over last 10 years

Year Ended December 31	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General	60.42	61.32	60.79	59.37	59.44	60.79	61.30	61.14	61.01	60.47
Safety	54.33	54.80	54.06	53.51	53.58	55.09	55.15	54.53	53.86	53.47

OCERS by the Numbers

Average Years of Service at Retirement by Employer and Benefit Type For Those That Retired With an Effective Retirement Date in 2021

	General			Safety		
	Disability	Service	Total	Disability	Service	Total
City of San Juan Capistrano		14.29	14.29			
OCFA		22.49	22.49	19.88	24.02	22.81
IHSS Public Authority		16.07	16.07			
Public Law Library		18.50	18.50			
OCERS		4.37	4.37			
Superior Court		22.48	22.48			
OCTA		19.74	19.74			
Vector Control District		10.08	10.08			
County of Orange	23.38	20.99	21.00	15.28	21.90	21.74
Sanitation District		21.26	21.26			
Transportation Corridor Agencies		14.74	14.74			
Average	23.38	20.87	20.88	18.50	22.16	21.92



OCERS by the Numbers

Average Age of All Retirees by Employer and Benefit Type As of December 31, 2021

	General			Safety		
	Disability	Service	Total	Disability	Service	Total
Capistrano Beach Sanitary District		75.44	75.44			
City of San Juan Capistrano	65.44	69.10	68.94			
Cypress Recreation & Park District		70.63	70.63			
Department of Education		82.81	82.81			
Local Agency Formation Comm.		65.91	65.91			
Cemetery District		74.26	74.26			
Children & Families Comm.		67.09	67.09			
OCFA	64.69	67.01	66.86	65.52	66.56	66.21
IHSS Public Authority		64.55	64.55			
Public Law Library		72.67	72.67			
OCERS	73.69	70.30	70.52			
Superior Court	65.20	68.62	68.57			
OCTA	67.84	71.36	70.64			
Vector Control District		72.64	72.64			
County of Orange	67.42	71.69	71.46	63.47	64.78	64.56
City of Rancho Santa Margarita		76.95	76.95			
Sanitation District	66.88	68.85	68.76			
Transportation Corridor Agencies		70.15	70.15			
UCI Medical Campus	70.62	76.48	76.09			
UCI Medical Center	80.68	81.74	81.68			
Average	67.61	71.35	71.11	64.20	65.11	64.92



OCERS by the Numbers

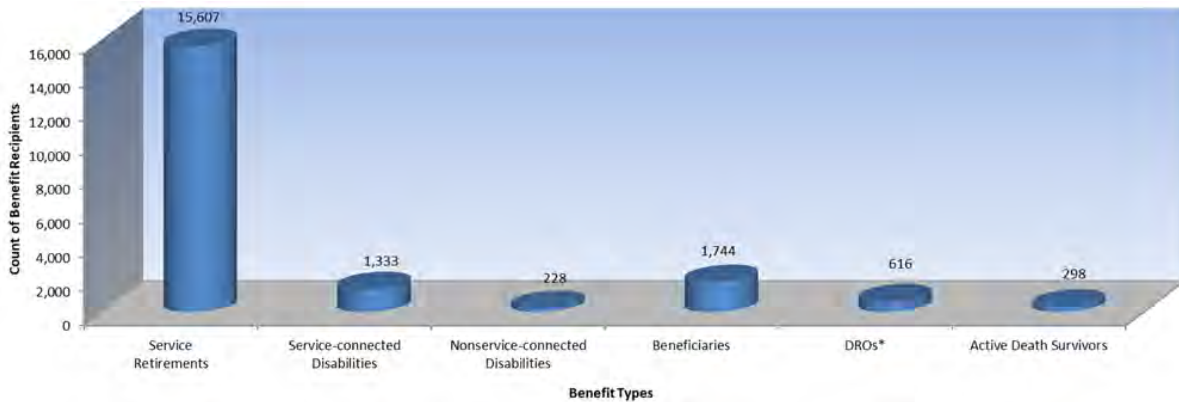
**Benefit Recipients by Employers and Plans
As of December 31, 2021**

	A & B General	G & H 2.5% @ 55	I & J 2.7% @ 55	M & N 2% @ 55	P 1.62% @ 65	S 2% @ 57	T PEPR - Compliant 1.62% @ 65	U PEPR - 2.5% @ 67	C & D Safety 2% @ 50	E & F Probation Safety 3% @ 50	E & F Safety 3% @ 50	Q & R Safety 3% @ 50	V PEPR - Safety 2.7% @ 57	Total Payees
Capistrano Beach Sanitary District	3													3
City of San Juan Capistrano	64		84			2		2						152
Cypress Recreation & Park District	22													22
Department of Education	17													17
Local Agency Formation Comm.	1		4											5
Cemetery District	6			6										12
Children & Families Comm.	1		10											11
OCFA	47		171	2				96		757		2	3	1,080
IHSS Public Authority	4							1						5
Public Law Library	5	8												13
OCERS	14		34					1						49
Superior Court	124		977				1							1,102
OCTA	1,512							4						1,516
Vector Control District	45													45
County of Orange	4,812		7,134		12		9	6	851	400	1,716	9	12	14,961
City of Rancho Santa Margarita		1												1
Sanitation District	140	420						4						564
Transportation Corridor Agencies	14			44				1						59
UCI Campus	15													15
UCI Medical Center	194													194
Total	7,040	429	8,414	52	12	2	10	21	947	400	2,473	11	15	19,826

**Benefit Recipients by Benefit Types
As of December 31, 2021**

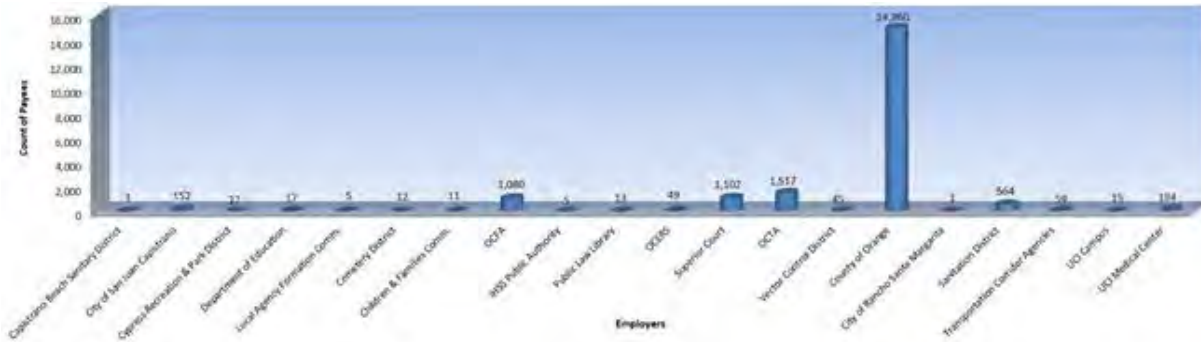
Service Retirements	Service-connected Disabilities	Nonservice-connected Disabilities	Beneficiaries	DROs*	Active Death Survivors	Total Payees
15,607	1,333	228	1,744	616	298	19,826

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

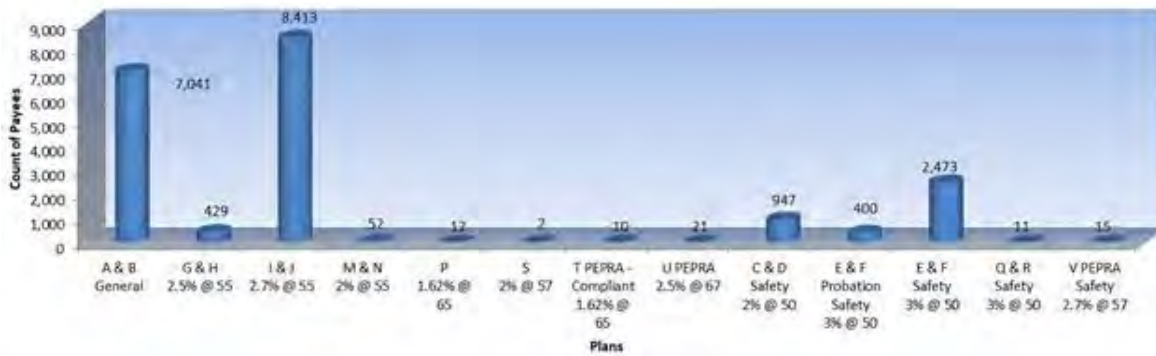


OCERS by the Numbers

Benefit Recipients by Employers As of December 31, 2021



Benefit Recipients by Plans As of December 31, 2021



OCERS by the Numbers

Benefit Recipients by Payment Options December 31, 2021

Monthly Benefit	Unmodified	Option1	Option2	Option3	Option4	DRO Benefit	Annuity Only	Total Payees
\$001-500	653	1	25	2	4	84	12	781
\$501-1,000	1,227	1	54	2	2	120		1,406
\$1,001-1,500	1,524		41	3	2	111		1,681
1,501-2,000	1,502	1	37	3	2	83		1,628
\$2,001-2,500	1,408	1	31	3	8	68		1,519
\$2,501-3,000	1,534		26	2	5	37		1,604
\$3,001-3,500	1,352		24	3	5	42		1,426
\$3,501-4,000	1,132	1	18	2	9	26		1,188
\$4,001-4,500	987	1	12	2	12	17		1,031
\$4,501-5,000	909		18		5	5		937
\$5,001-5,500	851		15	2	8	8		884
\$5,501-6,000	720		15	2	5	8		750
\$6,001-6,500	644		7		4	2		657
\$6,501-7,000	530	1	7		12	1		551
Over \$7,000	3,694	2	46	2	36	3		3,783
Total	18,667	9	376	28	119	615	12	19,826
Percentage	94.15%	0.05%	1.90%	0.14%	0.60%	3.10%	0.06%	100%

Definition of Payment Options

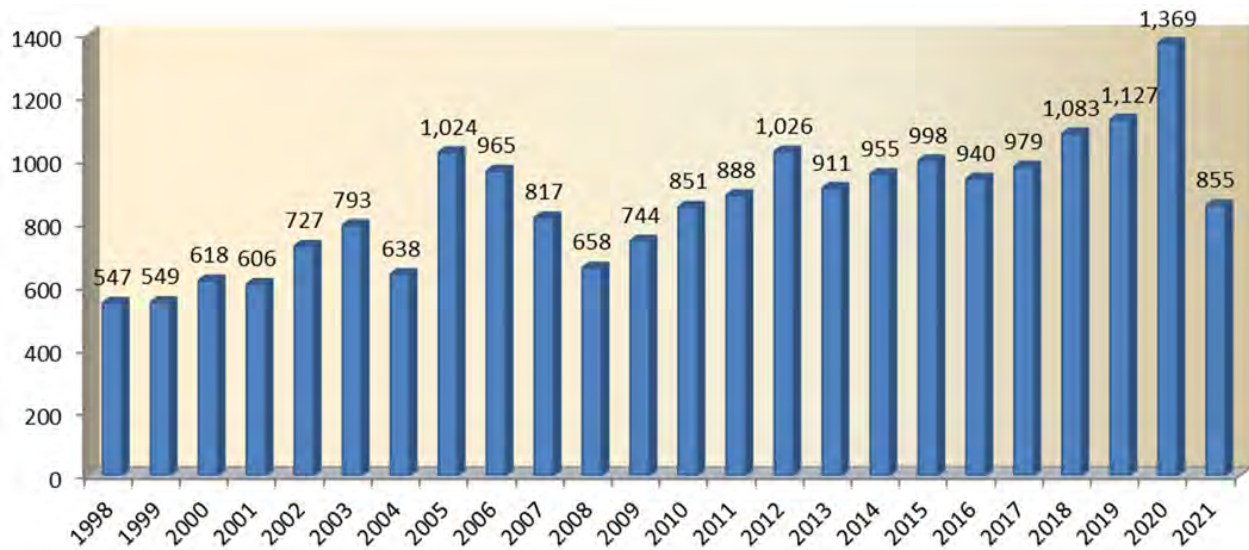
- Unmodified:** This option provides the maximum lifetime retirement allowance with a 60 percent continuance to an eligible spouse, qualified domestic partner or eligible child for service retirement and 100 percent for service-connected disability retirement.
- Option 1:** Cash refund annuity. This option provides a reduced lifetime monthly allowance and a refund of any of the remaining member's contributions to the designated beneficiary.
- Option 2:** A 100 percent joint and survivor annuity. This option provides a reduced lifetime monthly allowance with the same monthly allowance to the designated beneficiary for the remainder of his or her lifetime.
- Option 3:** A 50 percent joint and survivor annuity. This option provides a reduced lifetime monthly allowance with 50 percent of the monthly allowance to the designated beneficiary for the remainder of his or her lifetime.
- Option 4:** This option allows multiple lifetime monthly allowances to designated beneficiaries and varying payment percentages if approved in advance by the Retirement Board.
- DRO Benefit:** Domestic Relations Order Benefit. This is a court order allocating a portion of a retired member's pension to an ex-spouse or domestic partner.
- Annuity Only:** This payment option provides the actuarial equivalent of the member's accumulated contributions at the time of retirement and is used for very specific situations usually related to disability retirement payments and reciprocity.

OCERS by the Numbers

Number of New Payees by Calendar Year

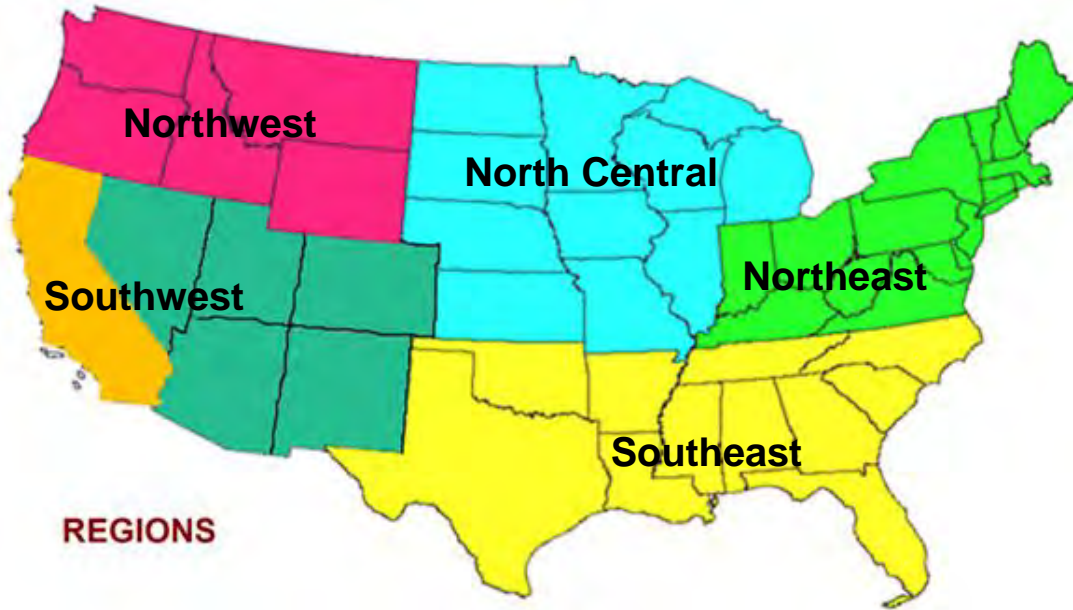
1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
547	549	618	606	727	793	638	1,024	965	817	658	744

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
851	888	1,026	911	995	998	940	979	1,083	1,127	1,369	855



OCERS by the Numbers

**Payees' Residences by Region & State
As of December 31, 2021**



Foreign Countries & US Territories	36
North Central	275
Northeast	257
Northwest	928
Southeast	1,204
Southwest	16,827
Total Count of Payees	19,527*

* Payees with multiple benefits are counted only once.

Total Annual Benefits Paid in California	\$807,424,836.59	15,199
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Total Annual Benefits Paid in Orange County	\$578,441,527.37	10,235
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OCERS by the Numbers

Benefits

OCERS by the Numbers

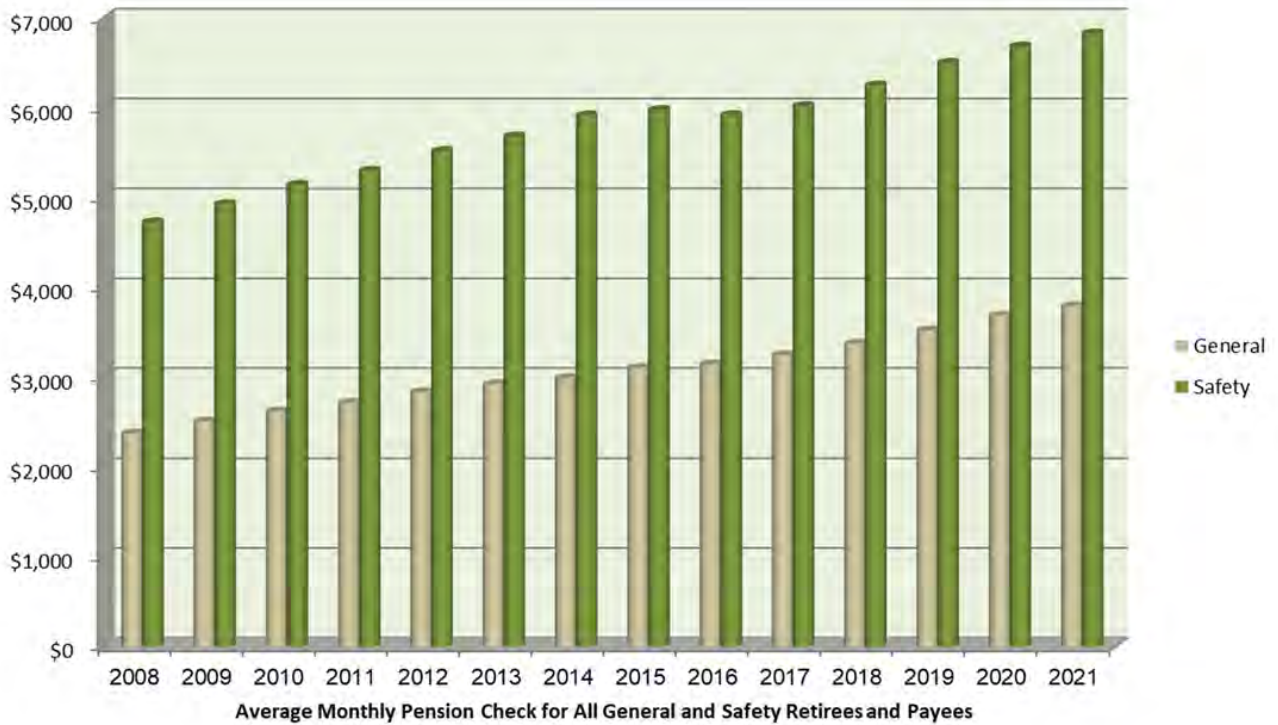
Benefits as of December 31, 2021

Average benefit

- For all General member retirees and other payees \$3,791 monthly; \$45,492 annually
- For all Safety member retirees and other payees \$6,825 monthly; \$81,900 annually
- For all General and Safety retirees and payees combined \$4,380 monthly; \$52,560 annually
- For all General and Safety retirees only \$4,685 monthly; \$56,220 annually

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

Years Ended Dec. 31	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General	\$2,373	\$2,508	\$2,621	\$2,714	\$2,836	\$2,924	\$2,991	\$3,103	\$3,142	\$3,244	\$3,372	\$3,520	\$3,686	\$3,791
Safety	\$4,724	\$4,926	\$5,141	\$5,297	\$5,516	\$5,679	\$5,914	\$5,974	\$5,917	\$6,017	\$6,245	\$6,499	\$6,680	\$6,825
Total Payees	11,778	12,243	12,762	13,289	13,947	14,505	15,169	15,810	16,369	16,947	17,674	18,420	19,419	19,826



OCERS by the Numbers

Average benefit for General and Safety members with a service retirement (no disabilities) that retired in 2021

- For General members \$4,028 monthly; \$48,336 annually
- For Safety members \$7,432 monthly; \$89,184 annually

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

Years Ended Dec. 31	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General	\$3,518	\$3,660	\$3,570	\$3,132	\$3,632	\$3,744	\$3,689	\$3,934	\$3,922	\$4,118	\$4,380	\$4,028
Safety	\$6,528	\$7,169	\$6,832	\$6,187	\$7,281	\$7,146	\$6,827	\$6,586	\$7,752	\$7,854	\$7,380	\$7,432



OCERS by the Numbers

History of OCERS' Cost-of-Living Adjustments

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

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

Date Granted	Actual CPI Rate	CPI Rounded	Max COLA Rate	COLA Granted
4/1/2021	1.62	1.5	3	1.5
4/1/2020	3.07	3	3	3
4/1/2019	3.81	4	3	3
4/1/2018	2.79	3	3	3
4/1/2017	1.89	2	3	2
4/1/2016	0.91	1	3	1
4/1/2015	1.35	1.5	3	1.5
4/1/2014	1.08	1	3	1
4/1/2013	2.04	2	3	2
4/1/2012	2.67	2.5	3	2.5
4/1/2011	1.20	1	3	1
4/1/2010	-0.80	-1	3	0/-1**
4/1/2009	3.53	3.5	3	3
4/1/2008	3.30	3.5	3	3
4/1/2007	4.26	4.5	3	3
4/1/2006	4.45	4.5	3	3
4/1/2005	3.31	3.5	3	3
4/1/2004	2.63	2.5	3	2.5
4/1/2003	2.76	3	3	3
4/1/2002	3.32	3.5	3	3
4/1/2001	3.31	3.5	3	3
4/1/2000	2.34	2.5	3	2.5
4/1/1999	1.44	1.5	3	1.5
4/1/1998	1.58	1.5	3	1.5

^{*} Per Government Code Section 318780.1

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

OCERS by the Numbers

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

2010 – 2021

Years of Service

Retirement Effective Dates	0-5	5-10	10-15	15-20	20-25	25-30	30 & Over
PERIOD 1/1/10 –12/31/10							
Average Monthly Pension Benefits	\$587	\$986	\$1,855	\$2,929	\$4,046	\$5,922	\$6,856
Average Monthly "Final Average Salary"	\$3,666	\$4,800	\$5,537	\$6,291	\$6,962	\$7,764	\$7,741
Number of Retired Members	23	45	108	106	130	127	129
PERIOD 1/1/11 –12/31/11							
Average Monthly Pension Benefits	\$678	\$1,057	\$1,689	\$3,054	\$4,257	\$5,910	\$6,766
Average Monthly "Final Average Salary"	\$4,843	\$5,825	\$5,475	\$6,497	\$7,314	\$7,874	\$7,650
Number of Retired Members	16	55	111	86	120	123	155
PERIOD 1/1/12 –12/31/12							
Average Monthly Pension Benefits	\$647	\$1,142	\$1,701	\$2,957	\$4,058	\$5,802	\$7,015
Average Monthly "Final Average Salary"	\$5,988	\$5,398	\$5,672	\$6,347	\$6,759	\$7,702	\$7,750
Number of Retired Members	20	71	128	88	187	145	172
PERIOD 1/1/13 –12/31/13							
Average Monthly Pension Benefits	\$435	\$1,166	\$2,039	\$2,946	\$3,794	\$6,409	\$7,732
Average Monthly "Final Average Salary"	\$8,199	\$6,347	\$6,458	\$6,492	\$6,431	\$8,432	\$8,482
Number of Retired Members	29	55	139	82	161	147	131
PERIOD 1/1/14 –12/31/14							
Average Monthly Pension Benefits	\$421	\$1,152	\$1,925	\$3,188	\$4,117	\$6,444	\$6,719
Average Monthly "Final Average Salary"	\$8,176	\$6,955	\$6,301	\$6,961	\$7,003	\$8,463	\$7,349
Number of Retired Members	23	45	146	96	143	192	138
PERIOD 1/1/15 –12/31/15							
Average Monthly Pension Benefits	\$582	\$1,263	\$1,755	\$2,850	\$3,895	\$5,679	\$7,235
Average Monthly "Final Average Salary"	\$8,802	\$6,888	\$5,970	\$6,673	\$6,800	\$7,893	\$8,352
Number of Retired Members	22	63	128	119	110	200	182
PERIOD 1/1/16 –12/31/16							
Average Monthly Pension Benefits	\$427	\$1,244	\$2,135	\$2,886	\$4,272	\$5,549	\$6,782
Average Monthly "Final Average Salary"	\$8,298	\$6,907	\$6,911	\$6,580	\$7,383	\$7,651	\$7,762
Number of Retired Members	24	56	121	120	113	195	163
PERIOD 1/1/17 –12/31/17							
Average Monthly Pension Benefits	\$541	\$1,215	\$2,073	\$3,062	\$4,513	\$5,851	\$7,069
Average Monthly "Final Average Salary"	\$7,952	\$6,800	\$6,844	\$6,810	\$7,743	\$7,975	\$7,931
Number of Retired Members	21	47	122	147	112	190	153
PERIOD 1/1/18 –12/31/18							
Average Monthly Pension Benefits	\$554	\$1,190	\$1,943	\$2,879	\$4,681	\$6,074	\$7,439
Average Monthly "Final Average Salary"	\$10,584	\$7,287	\$6,904	\$6,859	\$8,134	\$8,246	\$8,561
Number of Retired Members	23	62	125	144	127	205	208
PERIOD 1/1/19 –12/31/19							
Average Monthly Pension Benefits	\$367	\$1,424	\$2,332	\$3,073	\$4,831	\$6,475	\$7,324
Average Monthly "Final Average Salary"	\$7,568	\$8,243	\$7,509	\$6,985	\$8,088	\$8,591	\$8,249
Number of Retired Members	31	54	121	150	135	249	191
PERIOD 1/1/20 –12/31/20							
Average Monthly Pension Benefits	\$536	\$1,475	\$2,149	\$3,422	\$4,697	\$6,151	\$6,825
Average Monthly "Final Average Salary"	\$9,267	\$8,556	\$6,784	\$7,473	\$8,046	\$8,340	\$7,917
Number of Retired Members	29	59	128	166	237	281	288
PERIOD 1/1/21 –12/31/21							
Average Monthly Pension Benefits	\$540	\$1,524	\$2,361	\$3,532	\$5,406	\$6,602	\$7,219
Average Monthly "Final Average Salary"	\$9,897	\$8,823	\$7,781	\$7,749	\$9,348	\$8,941	\$8,377
Number of Retired Members	27	53	87	102	142	112	128

OCERS by the Numbers

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

2010 – 2021

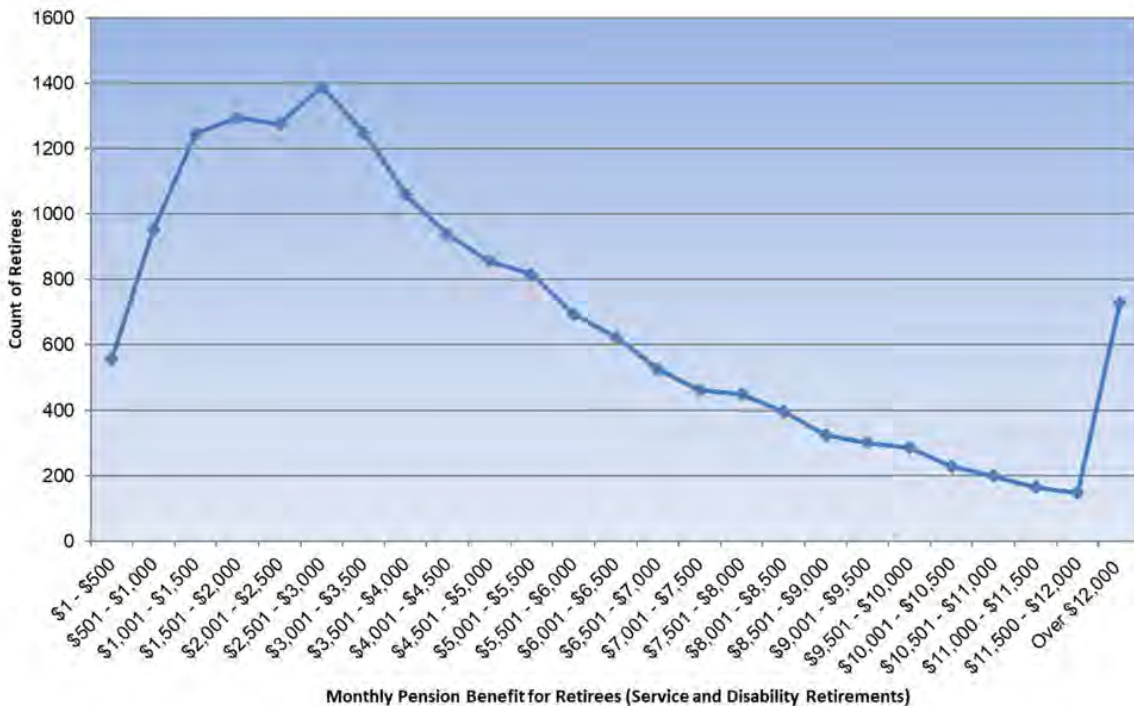
Years of Service

Retirement Effective Dates	0-5	5-10	10-15	15-20	20-25	25-30	30 & Over
PERIOD 1/1/10 –12/31/10							
Median Monthly Pension Benefits	\$590	\$887	\$1,610	\$2,438	\$3,721	\$5,396	\$6,501
Median "Final Average Salary"	\$2,109	\$3,750	\$4,688	\$5,638	\$6,826	\$7,152	\$7,451
Number of Retired Members	23	45	108	106	130	127	129
PERIOD 1/1/11 –12/31/11							
Median Monthly Pension Benefits	\$557	\$889	\$1,456	\$2,567	\$3,994	\$5,762	\$5,691
Median "Final Average Salary"	\$2,825	\$4,698	\$4,987	\$5,501	\$6,856	\$7,807	\$6,409
Number of Retired Members	16	55	111	86	120	123	155
PERIOD 1/1/12 –12/31/12							
Median Monthly Pension Benefits	\$542	\$992	\$1,427	\$2,568	\$3,659	\$5,830	\$5,801
Median "Final Average Salary"	\$3,431	\$4,742	\$4,730	\$5,747	\$6,166	\$7,783	\$6,831
Number of Retired Members	20	71	128	88	187	145	172
PERIOD 1/1/13 –12/31/13							
Median Monthly Pension Benefits	\$280	\$989	\$1,767	\$2,545	\$3,225	\$6,246	\$6,570
Median "Final Average Salary"	\$6,334	\$5,582	\$5,783	\$5,959	\$7,036	\$8,477	\$7,742
Number of Retired Members	29	55	139	82	161	147	131
PERIOD 1/1/14 –12/31/14							
Median Monthly Pension Benefits	\$289	\$830	\$1,448	\$2,627	\$3,721	\$6,451	\$5,720
Median "Final Average Salary"	\$8,646	\$4,876	\$5,188	\$5,990	\$6,265	\$8,561	\$6,319
Number of Retired Members	23	45	146	96	143	192	138
PERIOD 1/1/15 –12/31/15							
Median Monthly Pension Benefits	\$426	\$914	\$1,640	\$2,514	\$3,511	\$5,241	\$5,965
Median "Final Average Salary"	\$7,350	\$4,979	\$4,926	\$5,999	\$5,924	\$7,379	\$6,869
Number of Retired Members	22	63	128	119	110	200	182
PERIOD 1/1/16 –12/31/16							
Median Monthly Pension Benefits	\$339	\$980	\$1,878	\$2,563	\$3,933	\$5,080	\$6,198
Median "Final Average Salary"	\$9,412	\$5,885	\$6,015	\$5,707	\$6,714	\$7,314	\$7,020
Number of Retired Members	24	56	121	120	113	195	163
PERIOD 1/1/17 –12/31/17							
Median Monthly Pension Benefits	\$393	\$843	\$1,703	\$2,574	\$3,845	\$5,404	\$6,333
Median "Final Average Salary"	\$8,043	\$4,996	\$5,560	\$5,946	\$6,842	\$7,673	\$7,058
Number of Retired Members	21	47	122	147	112	190	153
PERIOD 1/1/18 –12/31/18							
Median Monthly Pension Benefits	\$584	\$876	\$1,807	\$2,489	\$4,367	\$5,284	\$6,335
Median "Final Average Salary"	\$10,653	\$6,447	\$5,795	\$5,709	\$7,430	\$7,255	\$7,151
Number of Retired Members	23	62	125	144	127	205	208
PERIOD 1/1/19 –12/31/19							
Median Monthly Pension Benefits	\$349	\$1,108	\$1,956	\$2,715	\$4,141	\$5,591	\$6,524
Median "Final Average Salary"	\$6,738	\$7,434	\$6,459	\$6,068	\$7,308	\$7,328	\$7,430
Number of Retired Members	31	54	121	150	135	249	191
PERIOD 1/1/20 –12/31/20							
Median Monthly Pension Benefits	\$411	\$1,169	\$1,713	\$2,799	\$3,944	\$5,508	\$5,916
Median "Final Average Salary"	\$7,754	\$8,310	\$5,501	\$6,241	\$6,845	\$7,328	\$6,860
Number of Retired Members	29	59	128	166	237	281	288
PERIOD 1/1/21 –12/31/21							
Median Monthly Pension Benefits	\$447	\$1,295	\$1,940	\$2,868	\$4,751	\$5,930	\$6,397
Median "Final Average Salary"	\$8,984	\$8,490	\$6,440	\$6,740	\$7,753	\$8,273	\$7,445
Number of Retired Members	27	53	87	102	142	112	128

OCERS by the Numbers

Schedule of Monthly Pension Benefit for Retirees (Service and Disability Retirements) As of December 31, 2021

Monthly Benefit	Number of retirees
\$1 – 500	556
\$501 – 1,000	952
\$1,001 – 1,500	1,247
\$1,501 – 2,000	1,294
\$2,001 – 2,500	1,275
\$2,501 – 3,000	1,390
\$3,001 – 3,500	1,249
\$3,501 – 4,000	1,060
\$4,001 – 4,500	938
\$4,501 – 5,000	856
\$5,001 – 5,500	815
\$5,501 – 6,000	692
\$6,001 – 6,500	624
\$6,501 – 7,000	526
\$7,001 – 7,500	463
\$7,501 – 8,000	450
\$8,001 – 8,500	396
\$8,501 – 9,000	325
\$9,001 – 9,500	301
\$9,501 – 10,000	287
\$10,001 – 10,500	229
\$10,501 – 11,000	199
\$11,001 – 11,500	166
\$11,501 – 12,000	148
Over \$12,000	730
Total	17,168



OCERS by the Numbers

The OCERS Fund

OCERS by the Numbers

Funding Sources

Funding Sources for Benefits (OCERS' net additions for the period 1998 – 2021)



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

That is not true.

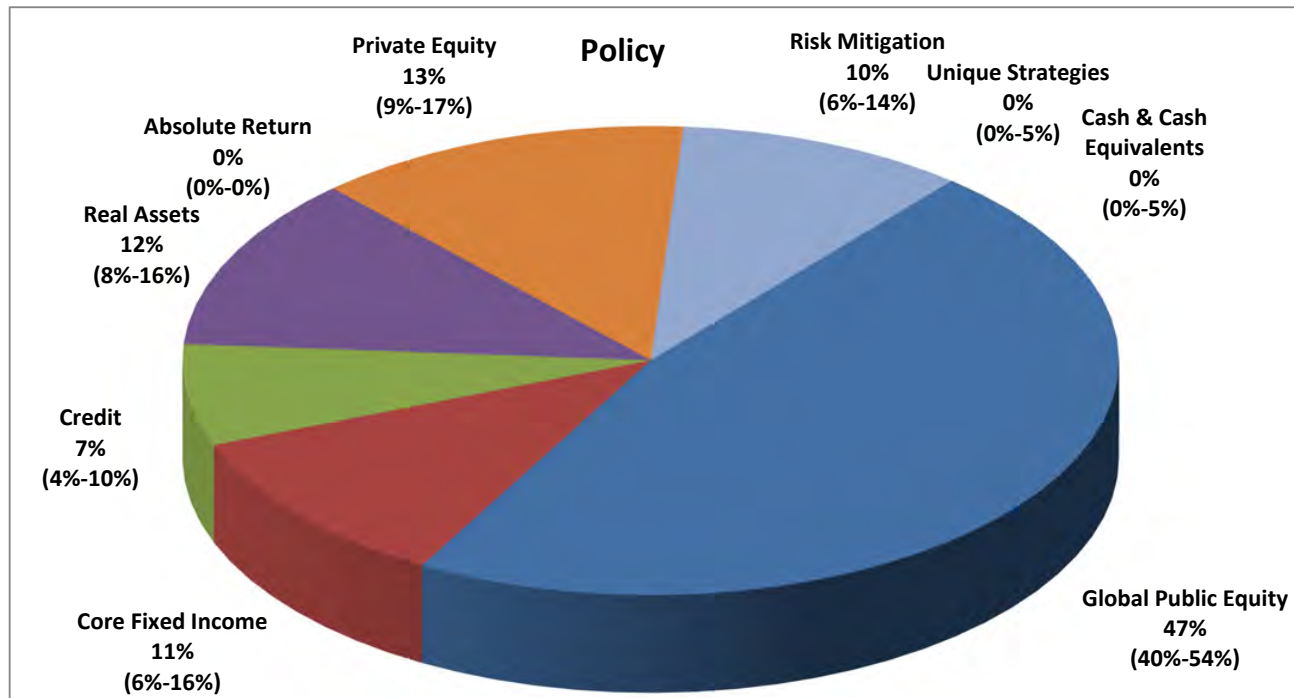
We have illustrated here a dollar going out the door in a benefit payment from OCERS to one of our retirees. What were the source funds for that dollar?

The first portion of that dollar, at 58 cents, represents earnings achieved by the OCERS investment portfolio. The OCERS Board of Trustees takes the contributions OCERS receives from both employees and employers and invests those contributions on behalf of our approximately 49,000 members. OCERS grows those "seed" contributions through careful investments to an amount likely larger than an individual employee might have done solely on his or her own.

The next largest portion of that benefit dollar, at 29 cents, comes from employer contributions, such as those paid by the County of Orange, the City of San Juan Capistrano, the Public Law Library, and other public employers within Orange County. You might ask if those aren't local taxpayer dollars then, but the answer would be no. Many of those 29 cents do come from Orange County taxpayers, without a doubt, but some might just as well be paid from various federal government grant programs or other sources. Interestingly, that figure of 29 cents paid by the employers would be even larger were it not for the fact that some OCERS employees assist in paying the employer obligation.

Despite what is sometimes reported in the press, the hard working employees of the County of Orange and our other participating employers are contributing their own dollars to the retirement plan as well. The final portion of the benefit dollar in the amount of 13 cents represents the deduction taken directly from the paychecks of OCERS' members. In addition, as noted in the prior paragraph, several employee groups pay a portion of the employer contribution out of their own pockets to further help fund their own retirement benefit. One example of this additional payment is found with the County of Orange, which some years ago contracted with labor groups to have certain employees pay a portion of the employer contribution in what is commonly termed a "reverse pick up."

Asset Allocation Policy for 2021



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

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

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

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

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

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

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

OCERS by the Numbers

Fund Performance

OCERS' total portfolio weathered the volatile and uncertain markets well in 2021, returning 16.56% net of fees for the calendar year. OCERS ranked in the 32nd percentile (1st percentile being the best) among pension plans in its peer group in 2021. The portfolio finished the year with a market value of \$22.5 billion, up from \$19.3 billion at the end of 2020. As of December 31, 2021, the portfolio returned 14.10%, 10.83% and 8.95% over the 3-, 5- and 10- year time periods, respectively. The policy benchmark returned 13.71%, 10.65%, and 9.17%, respectively for the same time periods.

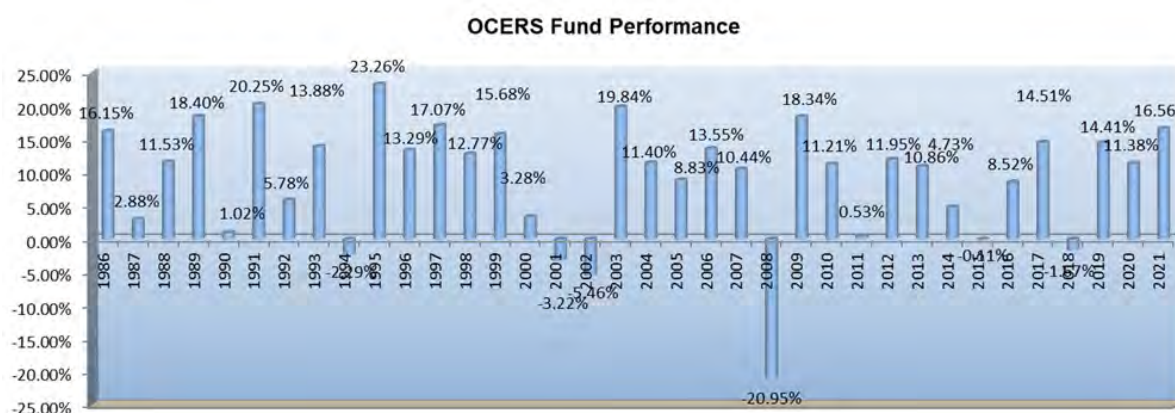
Overall, 2021 was a strong year for risk assets. Global Public Equity posted another double digit return of 17.81% relative to the MSCI ACWI IMI benchmark return of 18.22%. Private Equity led the way with a remarkable one-year return of 50.16%, compared to the benchmark return of 47.06%. The Fixed Income portfolio returned 0.30% for the year, above its custom benchmark of -0.15%. For OCERS, 2021 highlighted the Investment Team's consistent commitment to the Plan's long-term asset allocation and investment approach.

OCERS' Fund Performance by Calendar Years 1987 – 2021

As of Dec. 31	Return	Assumed Rate of Return
1987	2.88%	7.25%
1988	11.53%	7.25%
1989	18.40%	7.50%
1990	1.02%	7.50%
1991	20.25%	8.00%
1992	5.78%	8.00%
1993	13.88%	8.00%
1994	-2.29%	8.00%
1995	23.26%	8.00%
1996	13.29%	8.00%
1997	17.07%	8.00%
1998	12.77%	8.00%
1999	15.68%	8.00%
2000	3.28%	8.00%
2001	-3.22%	8.00%
2002	-5.46%	8.00%
2003	19.84%	7.50%
2004	11.40%	7.75%

As of Dec. 31	Return	Assumed Rate of Return
2005	8.83%	7.75%
2006	13.55%	7.75%
2007*	10.44%	7.75%
2008	-20.95%	7.75%
2009	18.34%	7.75%
2010	11.21%	7.75%
2011	.53%	7.75%
2012	11.95%	7.25%
2013	10.86%	7.25%
2014	4.73%	7.25%
2015	-0.11%	7.25%
2016	8.52%	7.25%
2017	14.51%	7.00%
2018	-1.67%	7.00%
2019	14.41%	7.00%
2020	11.38%	7.00%
2021	16.56%	7.00%

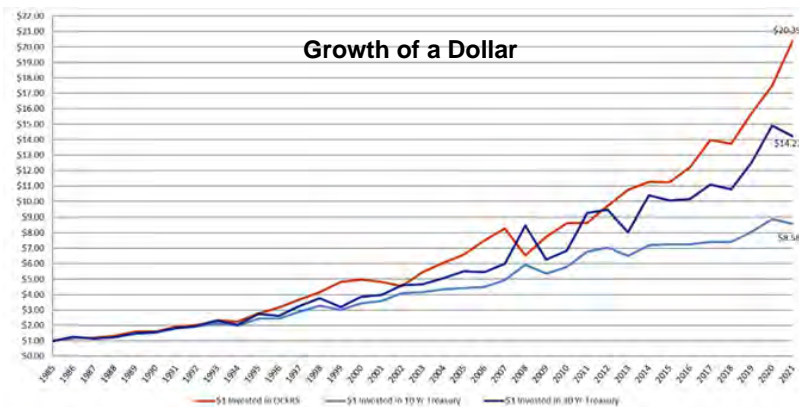
*As of 2007, returns are presented net of fees.



OCERS by the Numbers

Growth of a Dollar in OCERS Compared to Treasury Bonds 1985 – 2021

	\$1 Invested in OCERS	\$1 Invested in 10 Yr Treasury	\$1 Invested in 30 Yr Treasury
1985	\$1.00	\$1.00	\$1.00
1986	\$1.16	\$1.20	\$1.25
1987	\$1.19	\$1.16	\$1.15
1988	\$1.33	\$1.23	\$1.24
1989	\$1.58	\$1.44	\$1.49
1990	\$1.59	\$1.53	\$1.56
1991	\$1.91	\$1.80	\$1.84
1992	\$2.03	\$1.91	\$1.96
1993	\$2.31	\$2.14	\$2.32
1994	\$2.25	\$1.97	\$2.04
1995	\$2.78	\$2.44	\$2.72
1996	\$3.15	\$2.44	\$2.60
1997	\$3.68	\$2.90	\$3.24
1998	\$4.16	\$3.27	\$3.76
1999	\$4.81	\$3.00	\$3.20
2000	\$4.96	\$3.43	\$3.84
2001	\$4.80	\$3.57	\$3.97
2002	\$4.54	\$4.09	\$4.61
2003	\$5.44	\$4.15	\$4.65
2004	\$6.06	\$4.35	\$5.06
2005	\$6.60	\$4.44	\$5.50
2006	\$7.49	\$4.50	\$5.44
2007	\$8.30	\$4.94	\$5.99
2008	\$6.58	\$5.94	\$8.47
2009	\$7.80	\$5.35	\$6.27
2010	\$8.71	\$5.78	\$6.82
2011	\$8.77	\$6.76	\$9.24
2012	\$9.85	\$7.05	\$9.46
2013	\$10.95	\$6.50	\$8.04
2014	\$11.49	\$7.19	\$10.40
2015	\$11.50	\$7.26	\$10.07
2016	\$12.19	\$7.25	\$10.15
2017	\$13.96	\$7.40	\$11.08
2018	\$13.73	\$7.40	\$10.77
2019	\$15.71	\$8.06	\$12.54
2020	\$17.50	\$8.89	\$14.90
2021	\$20.39	\$8.58	\$14.23

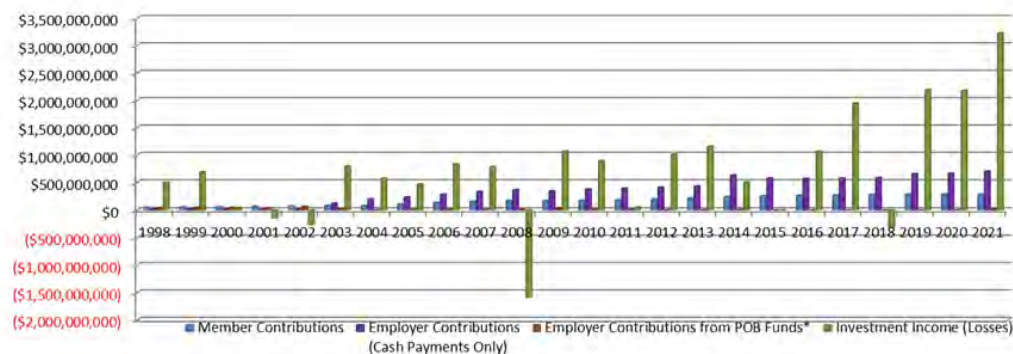


OCERS by the Numbers

Revenue

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

Year	Member Contributions	Employer Contributions (Cash Payments Only to Pension Trust)	Employer Contributions from POB Funds*	Investment Income (Losses)
1998	\$50,557,000	\$17,977,000	\$42,020,000	\$493,491,000
1999	\$55,693,000	\$17,591,000	\$47,129,000	\$685,178,000
2000	\$61,179,000	\$15,561,000	\$48,555,000	\$45,284,000
2001	\$68,635,000	\$12,060,000	\$41,319,000	(\$149,858,000)
2002	\$77,917,000	\$13,289,000	\$65,180,000	(\$269,188,000)
2003	\$81,581,000	\$124,243,000	\$26,209,000	\$789,086,000
2004	\$81,931,000	\$194,430,000	\$3,579,000	\$569,000,000
2005	\$107,544,000	\$226,130,000	\$9,675,000	\$461,980,000
2006	\$137,582,000	\$277,368,000	\$11,000,000	\$830,200,000
2007	\$159,476,000	\$326,736,000	\$11,000,000	\$784,961,000
2008	\$172,291,000	\$360,365,000	\$12,600,000	(\$1,596,776,000)
2009	\$171,928,000	\$338,387,000	\$34,900,000	\$1,064,855,000
2010	\$177,929,000	\$372,437,000	\$11,000,000	\$888,542,000
2011	\$183,820,000	\$387,585,000	\$11,000,000	\$50,456,000
2012	\$191,215,000	\$406,521,000	\$5,500,000	\$1,004,770,000
2013	\$209,301,000	\$427,095,000	\$5,000,000	\$1,152,647,000
2014	\$232,656,000	\$625,520,000	\$5,000,000	\$499,195,000
2015	\$249,271,000	\$571,298,000	\$0	(\$10,873,000)
2016	\$258,297,000	\$567,196,000	\$0	\$1,061,243,000
2017	\$262,294,000	\$572,104,000	\$0	\$1,939,635,000
2018	\$270,070,000	\$580,905,000	\$0	(\$324,628,000)
2019	\$279,373,000	\$653,793,000	\$0	\$2,183,808,000
2020	\$279,384,000	\$659,807,000	\$5,000,000	\$2,173,184,000
2021	\$271,334,000	\$698,791,000	\$15,077,000	\$3,222,065,000



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

OCERS by the Numbers

Fund Status

OCERS' independent actuary, Segal Consulting, performed an actuarial valuation as of December 31, 2021 and determined that OCERS' funding ratio of actuarial assets to the actuarial accrued liability is 81.15%, which increased from the prior's year's funded status of 76.51%. (See *The Evolution of OCERS UAAL* at ocers.org)

OCERS' Funded Status by Calendar Years 1988 – 2021
(Dollars in thousands)

Actuarial Valuation Date Dec. 31	Valuation Value of Assets (VVA) (a)	Actuarial Accrued Liability (AAL) (b)	Total Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Investment Returns
2021	\$19,488,761	\$24,016,073	\$4,527,312	81.15%**	16.56%
2020	\$17,525,117	\$22,904,975	\$5,379,858	76.51%	11.38%
2019	\$16,036,869	\$21,916,730	\$5,879,861	73.17%	14.41%
2018	\$14,994,420	\$20,703,349	\$5,708,929	72.43%	-1.67%
2017	\$14,197,125	\$19,635,427	\$5,438,302	72.30%	14.51%
2016	\$13,102,978	\$17,933,461	\$4,830,483	73.06%	8.52%
2015	\$12,228,009	\$17,050,357	\$4,822,348	71.72%	-0.11%
2014	\$11,449,911	\$16,413,124	\$4,963,213	69.76%	4.73%
2013	\$10,417,125	\$15,785,042	\$5,367,917	65.99%	10.86%
2012	\$9,469,208	\$15,144,888	\$5,675,680	62.52%	11.95%
2011	\$9,064,355	\$13,522,978	\$4,458,623	67.03%	0.53%
2010	\$8,672,592	\$12,425,873	\$3,753,281	69.79%	11.21%
2009	\$8,154,687	\$11,858,578	\$3,703,891	68.77%	18.34%
2008	\$7,748,380	\$10,860,715	\$3,112,335	71.34%	-20.95%
2007*	\$7,288,900	\$9,838,686	\$2,549,786	74.08%	10.44%
2006	\$6,466,085	\$8,765,045	\$2,298,960	73.77%	13.55%
2005	\$5,786,617	\$8,089,627	\$2,303,010	71.53%	8.83%
2004	\$5,245,821	\$7,403,972	\$2,158,151	70.85%	11.40%
2003	\$4,790,099	\$6,099,433	\$1,309,334	78.53%	19.84%
2002	\$4,695,675	\$5,673,754	\$978,079	82.76%	-5.46%
2001	\$4,586,844	\$4,843,899	\$257,055	94.69%	-3.22%
2000	\$4,497,362	\$4,335,025	(\$162,337)	103.74%	3.28%
1999	\$3,931,744	\$4,017,279	\$85,535	97.87%	15.70%
1998	\$3,504,708	\$3,682,686	\$177,978	95.17%	12.77%
1997	\$3,128,132	\$3,332,967	\$204,835	93.85%	17.07%
1996	\$2,675,632	\$2,851,894	\$176,262	93.82%	13.29%
1995	\$2,434,406	\$2,633,884	\$199,478	92.43%	23.26%
1994	\$2,177,673	\$2,550,059	\$372,386	85.40%	-2.29%
1993	\$2,024,447	\$2,305,019	\$280,572	87.83%	13.88%
1992	\$1,807,319	\$2,140,081	\$332,763	84.45%	5.78%
1991	\$1,567,131	\$1,763,894	\$196,763	88.84%	20.25%
1990	\$1,297,575	\$1,840,915	\$543,340	70.49%	1.02%
1989	\$1,136,210	\$1,651,988	\$515,778	68.78%	18.40%
1988	\$985,030	\$1,453,858	\$468,828	67.75%	11.53%

*As of 2007, returns are presented net of fees

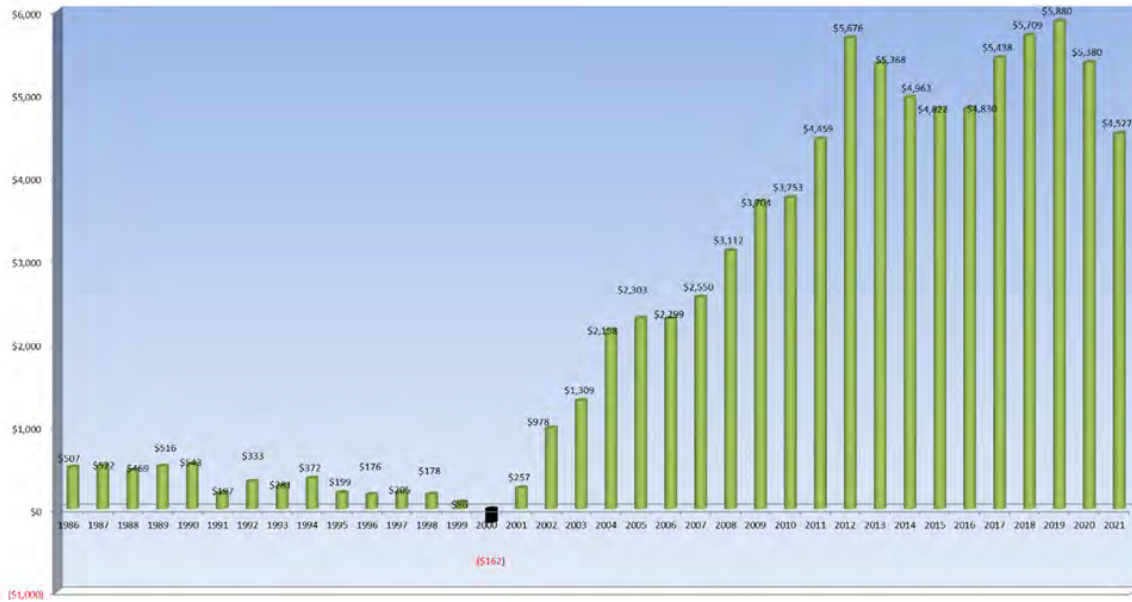
** Note: On a market value basis OCERS' funded status is 90.52%

OCERS by the Numbers

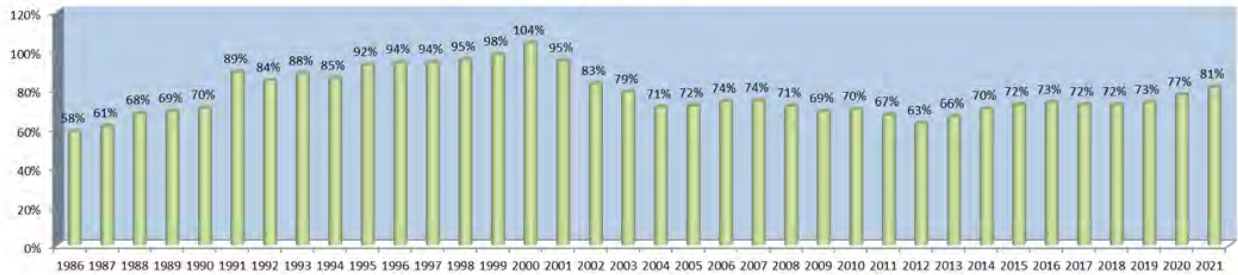
Growth of System Net Investments at Fair Value (Dollars in Millions)



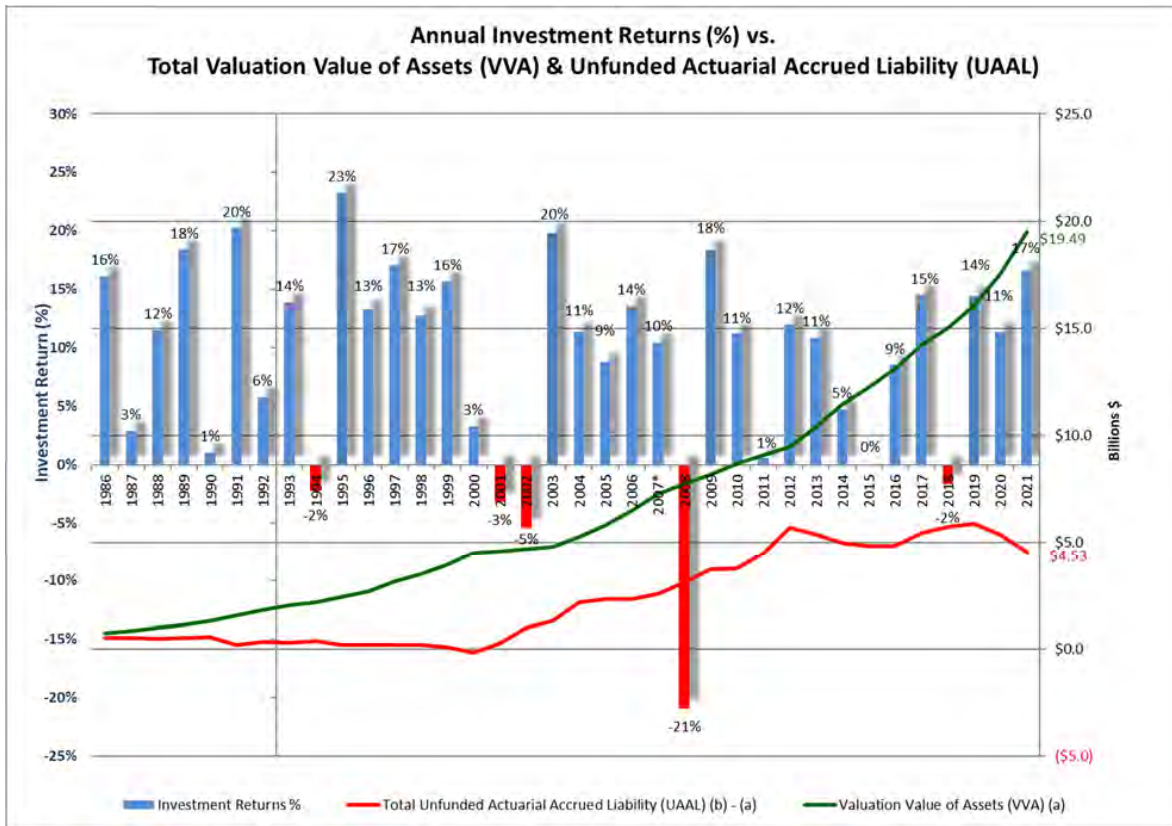
Unfunded Actuarial Accrued Liabilities (UAAL) (Dollars in Millions)



Funded Ratio by Calendar Years (Rounded)



OCERS by the Numbers



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

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

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

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

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





Memorandum

DATE: August 15, 2022
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **THE EVOLUTION OF OCERS' UAAL (2022 EDITION)**

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

Revised in August of each year following the release of the annual actuarial valuation, this 2022 edition is based on the Actuarial Valuation of December 31, 2021.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



The Evolution of OCERS Unfunded Actuarial Accrued Liability

Steve Delaney, CEO
December 31, 2021 Valuation

The Evolution of OCERS Unfunded Actuarial Accrued Liability

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

OCERS conducts an annual valuation of the OCERS Trust Fund to determine its current economic status. In the most recent valuation, for the period ending December 31, 2021, the system's professional actuary (The Segal Group) calculated the Unfunded Actuarial Accrued Liability (UAAL) of the fund to be approximately \$4.53 billion. At the start of the millennium, as of December 31, 2000, there was no UAAL at all, the system being more than 100% funded. The drivers and components that contributed to the evolution of OCERS' current UAAL are the subjects of this paper.

WHAT IS AN UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)?

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

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

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

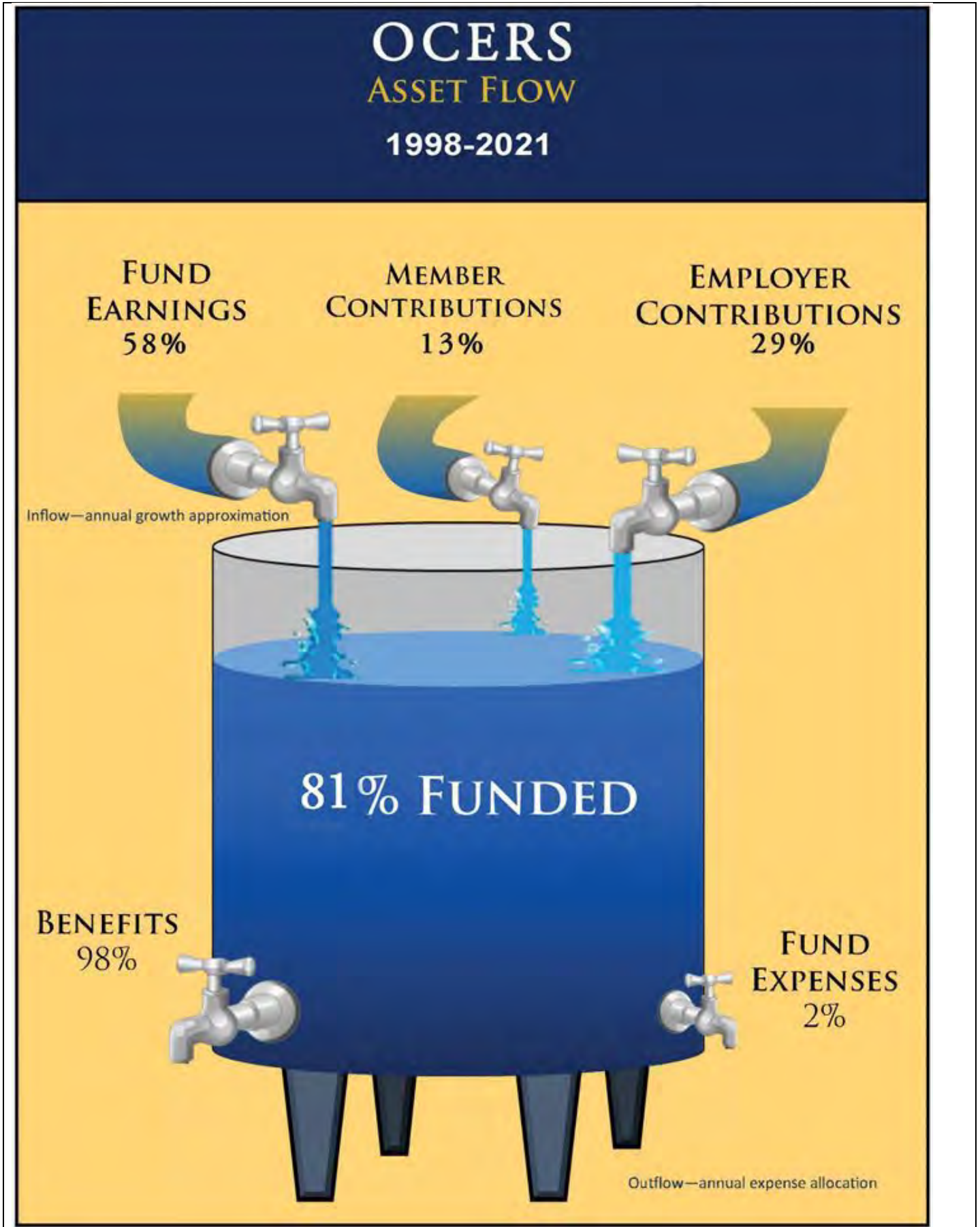
A pension system's approach to building its assets in order to pay future benefits is not unlike the approach taken by many families saving for their children's college education. If you expect your child's education is going to cost \$100,000 eighteen years from now, you have three basic options:

- (1) You could deposit a single lump sum amount representing the present value of that future cost into a savings account, similar to an endowment or trust, calculated to grow with sufficient earnings to total \$100,000.
- (2) You could save over time, depositing a certain percent of the salary you earn each year into an account and again assume that sufficient interest earnings will accrue to fully fund the cost when the big day arrives.
- (3) You could wait until the child turns 18 and pull from your available resources at that time to pay the entire \$100,000 in a single payment.

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

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

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



The graphic above shows a snapshot of OCERS' funded status as of December 31, 2021, while the representation of cash inflows and outflows reflect the period of 1998 through 2021.

HOW DID OCERS' CURRENT UAAL DEVELOP?

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

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

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

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

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

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

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

(In 000's)

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

Actuarial Valuation Date December 31	Valuation Value of Plan Assets	Total Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio
2007	\$7,288,900	\$2,549,786	74.08%
2008	\$7,748,380	\$3,112,335	71.34%
2009	\$8,154,687	\$3,703,891	68.77%
2010	\$8,672,592	\$3,753,281	69.79%
2011	\$9,064,355	\$4,458,623	67.03%
2012	\$9,469,208	\$5,675,680	62.52%
2013	\$10,417,125	\$5,367,917	65.99%
2014	\$11,449,911	\$4,963,213	69.76%
2015	\$12,228,009	\$4,822,348	71.72%
2016	\$13,102,978	\$4,830,483	73.06%
2017	\$14,197,125	\$5,438,302	72.30%
2018	\$14,994,420	\$5,708,929	72.43%
2019	\$16,036,953	\$5,879,861	73.17%
2020	\$17,525,117	\$5,379,858	76.51%
2021	\$19,488,761	\$4,527,312	81.15%

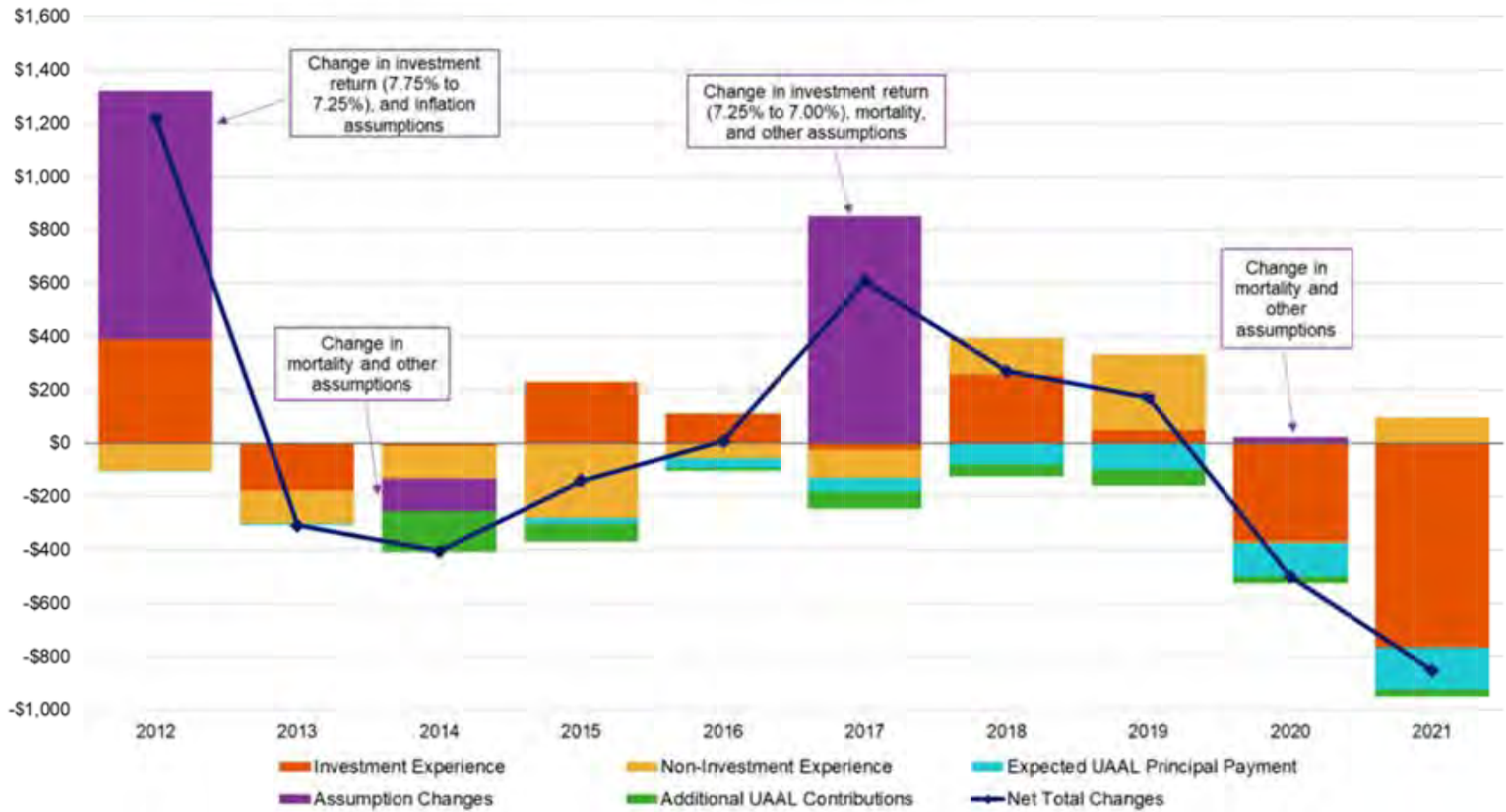
As shown in the table above, the annual calculation of OCERS' UAAL can swing dramatically from year to year, such as **1990-91** when the UAAL shrank from \$543 million to \$196 million, a reduction of nearly 40% in a single year due primarily to the remarkable earnings of that year (1991: 20.25%); or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

FACTORS THAT CHANGED THE UAAL

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

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

Factors that Changed UAAL in December 31, 2012 to 2021 Valuations (\$ Millions)

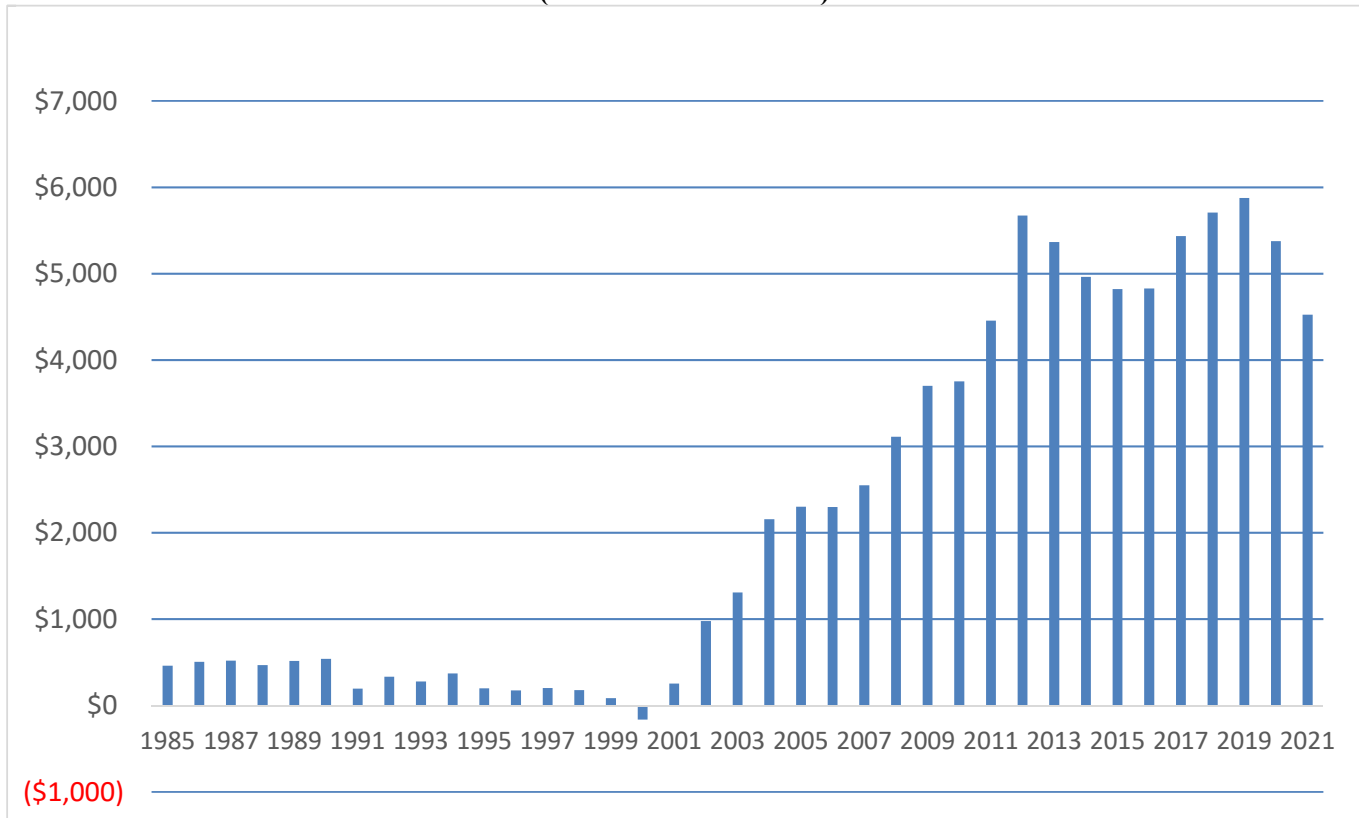


Note: The primary source of investment losses shown in the December 31, 2012 valuation is the 2008 market decline (“the Great Recession”), which was recognized in the valuation value of assets over five years.

A VISUAL REVIEW OF THE UAAL HISTORY

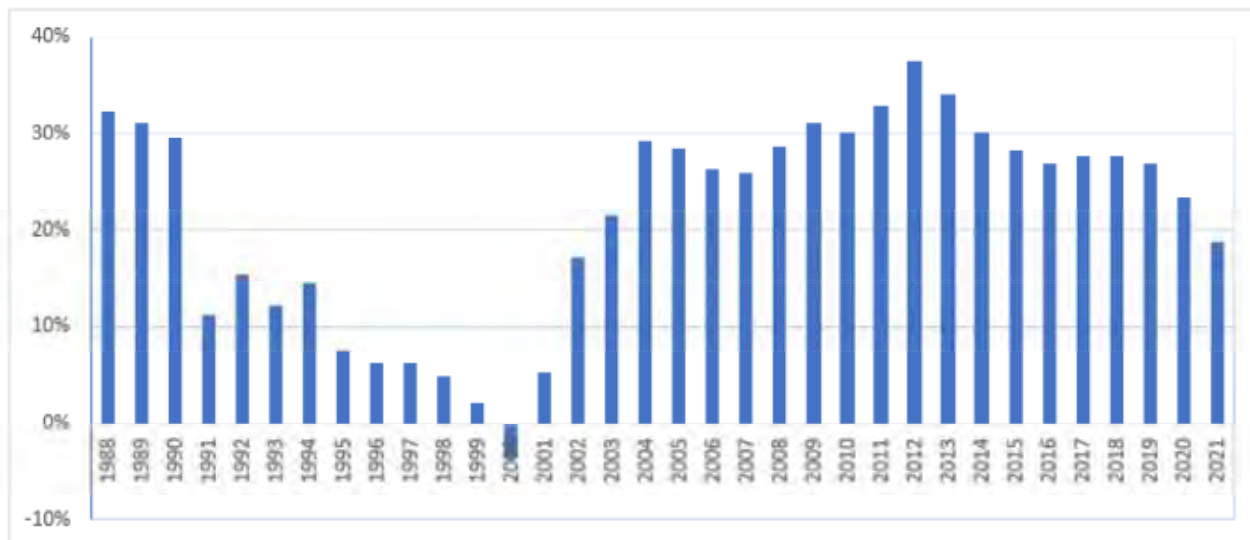
Two different approaches to viewing the UAAL in context of the OCERS Fund are displayed in the following tables. In the first table the historical amount of UAAL is displayed, reflecting the growth of the UAAL in total dollars. Identifying trends and determining how best to address the cautionary tale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

**OCERS Total UAAL
(Dollars in Thousands)**



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

OCERS HISTORY UAAL as a % of Total Actuarial Accrued Liability



CONCLUSION:

As this review has shown, both past experience and assumptions (that try to predict the future using that past experience) often change and have a major impact on the system's future costs. Actuaries use long economic cycles to make their assumptions. They do not often adjust their assumptions in response to year-to-year fluctuations in actual experience. Rather, actuarial assumptions are typically changed only following careful assessment of ongoing and durable trends in experience. Because public pension plans such as OCERS take a very long view of the time horizon, recognizing that in 2021 our average general and safety member retired with approximately 21 and 22 years of service, respectively. OCERS is designed specifically to allow time to exercise its smoothing effect on the costs associated with the variability of life and its vagaries.

While this document tracks the evolution of the OCERS UAAL as it has developed especially since the year 2000, keep in mind that the actuary can only show from one year to the next what the initial impact a given event may have on future liability projections using the assumptions adopted by the OCERS Board as of that measurement date. It cannot show what specific long-term impact of that same event may be in later years should the initial assumption prove different from actual experience. An example of this was the increase in benefits that occurred in 2004, when a number of key benefit formulas were changed by the plan sponsor, leading to a change in the projection regarding future liabilities to be paid out, and creating an immediate increase in the UAAL of \$365 million. Will the ultimate cost of that benefit adjustment be \$365 million? Not likely. But it was an estimate developed using the best assumptions available at the time to prepare that projection. Can we track that specific change in the plan design to see what the ultimate cost might truly be? Not really. The OCERS plan is large and complex, with over 49,000 members making individual life choices that will impact the ultimate cost, either positively or negatively, over a very long period of time. Once the initial event is priced into the cost of the plan, then it is the plan as a whole that gets valued in future years, composed of the many smaller decisions made year after year, and determining the course of the UAAL.

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

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**YEAR BY YEAR REVIEW:**

It is current history that has raised the most questions from both employers, members and the public who want to better understand how the current UAAL has evolved over the past couple of decades. In the following pages the data used in calculating the UAAL from calendar year 2000 when OCERS last had a surplus, through 2021, is presented in table format, with commentary on the events of each year that had primary impact on determining if the UAAL rose or fell for that given year.

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

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

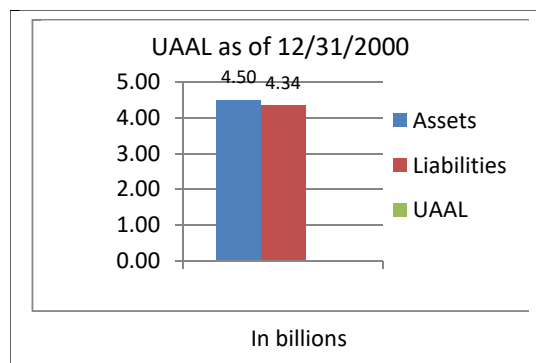
**IMPACTING EVENTS**

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

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

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

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





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

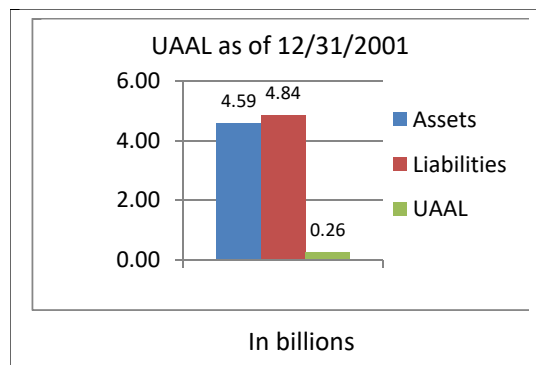
|    |                                                 |               |                    |
|----|-------------------------------------------------|---------------|--------------------|
| 1. | <b>(Surplus) at beginning of year</b>           |               | \$ (162,336,848)   |
| 2. | Total normal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

**IMPACTING EVENTS**

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

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

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



## 2002

### Development of UAAL for Year Ended December 31, 2002

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

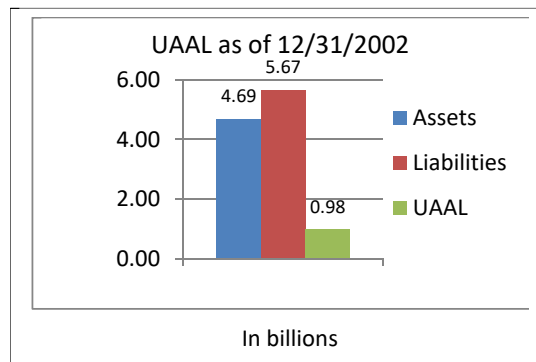
### IMPACTING EVENTS

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

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

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

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



## 2003

### Development of UAAL for Year Ended December 31, 2003

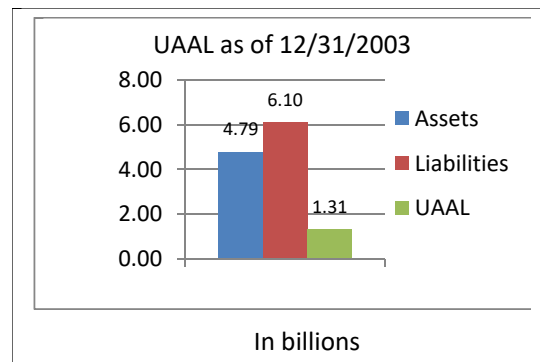
|    |                                                                                              |                |                 |
|----|----------------------------------------------------------------------------------------------|----------------|-----------------|
| 1. | <b>UAAL at beginning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

### IMPACTING EVENTS

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

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

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



## 2004

### Development of UAAL for Year Ended December 31, 2004

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

### IMPACTING EVENTS

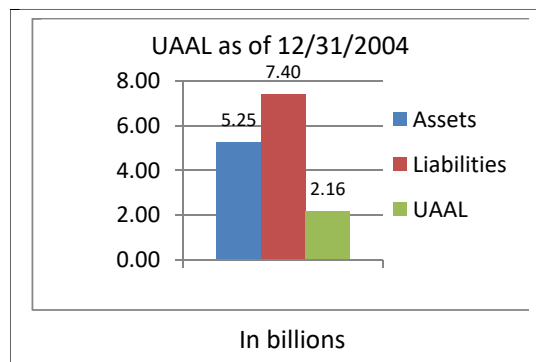
Two major events occurred in 2004, a change in actuarial services from Towers Perrin to The Segal Group led to a review and change in actuarial methods, procedures, and assumptions. There were also several retirement benefit formula improvements

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

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

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

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



## 2005

### Development of UAAL for Year Ended December 31, 2005

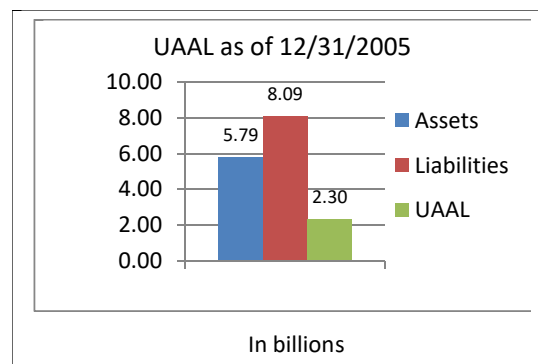
|    |                                                                                 |                |                    |
|----|---------------------------------------------------------------------------------|----------------|--------------------|
| 1. | <b>UAAL at beginning of year</b>       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

### IMPACTING EVENTS

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

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

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



## 2006

### Development of UAAL for Year Ended December 31, 2006

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

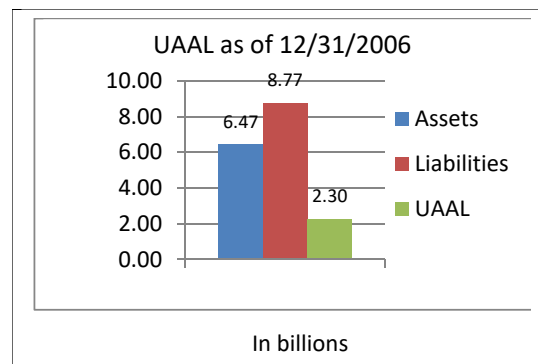
### IMPACTING EVENTS

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

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

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

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



## 2007

### Development of UAAL for Year Ended December 31, 2007

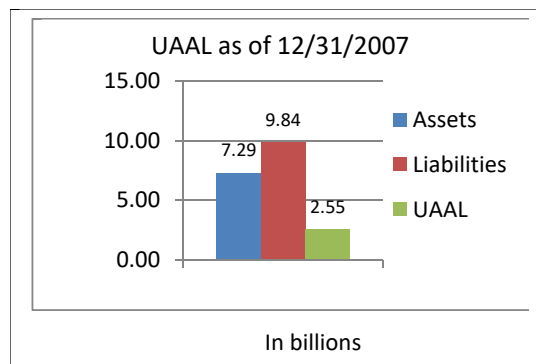
|    |                                         |                 |                    |
|----|-----------------------------------------|-----------------|--------------------|
| 1. | <b>UAAL at beginning of year</b>        |                 | \$2,298,960,000    |
| 2. | Total normal cost at middle of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

### IMPACTING EVENTS

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

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

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



# 2008

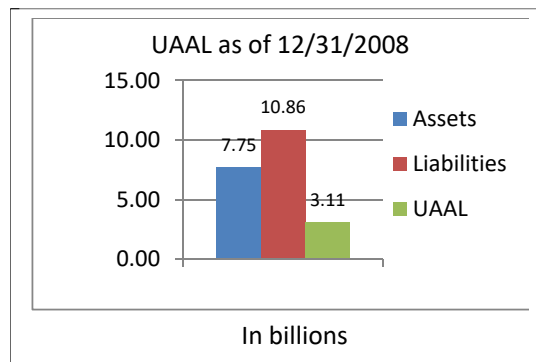
## Development of UAAL for Year Ended December 31, 2008

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

### IMPACTING EVENTS

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

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





# 2009

## Development of UAAL for Year Ended December 31, 2009

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

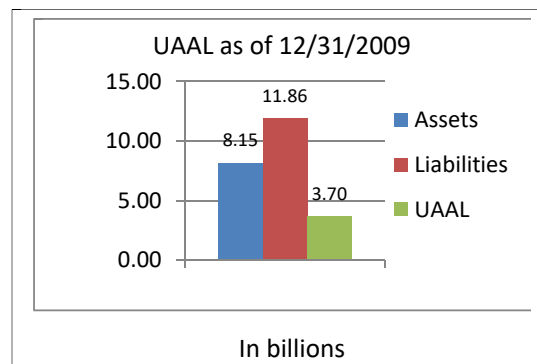
### IMPACTING EVENTS

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

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

|       |                    |
|-------|--------------------|
| 2005  | \$ 3,887,000       |
| 2006  | 64,826,000         |
| 2007  | 47,222,000         |
| 2008  | (444,350,000)      |
| 2009  | <u>120,722,000</u> |
| TOTAL | \$(207,693,000)    |

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



# 2010

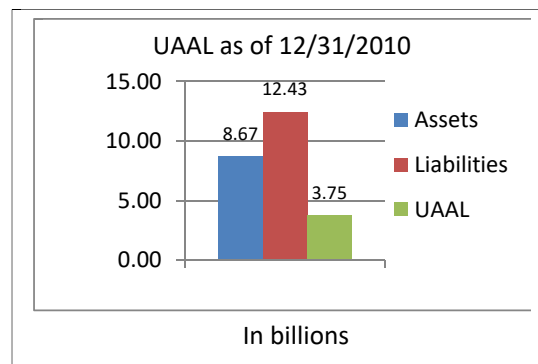
## Development of UAAL for Year Ended December 31, 2010

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

### IMPACTING EVENTS

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

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



# 2011

## Development of UAAL for Year Ended December 31, 2011

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

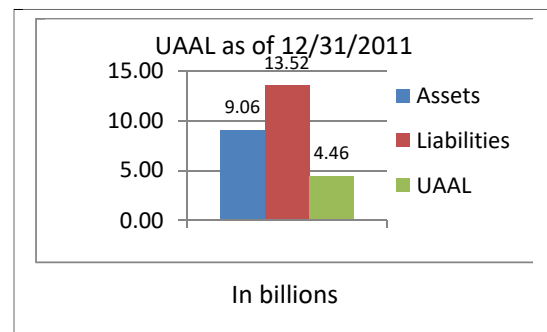
### IMPACTING EVENTS

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

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

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

Determining that full-time equivalent salaries (calculated by adjusting actual pensionable salaries with earnable salaries during those pay periods when the member is not working full-time)



would more accurately reflect likely final compensation used to determine retirement benefits. That clarification added \$73,448,000.

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

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

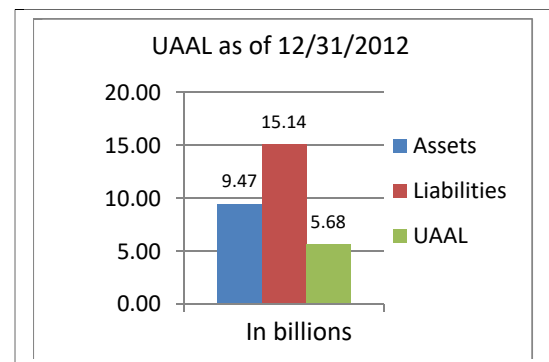
# 2012

## Development of UAAL for Year Ended December 31, 2012

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

### IMPACTING EVENTS

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



# 2013

## Development of UAAL for Year Ended December 31, 2013

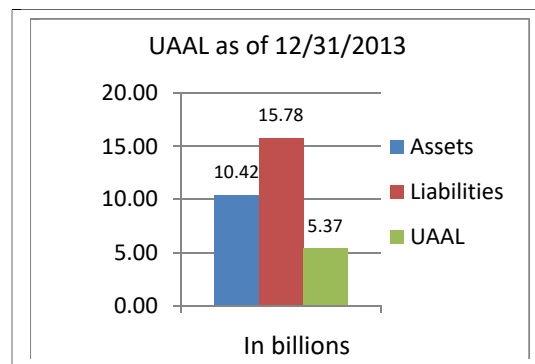
|    |                                                 |                 |                 |
|----|-------------------------------------------------|-----------------|-----------------|
| 1. | <b>UAAL at beginning of year</b>                |                 | \$5,675,680,000 |
| 2. | Changes in methods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

### IMPACTING EVENTS

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

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

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



# 2014

## Development of UAAL for Year Ended December 31, 2014

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

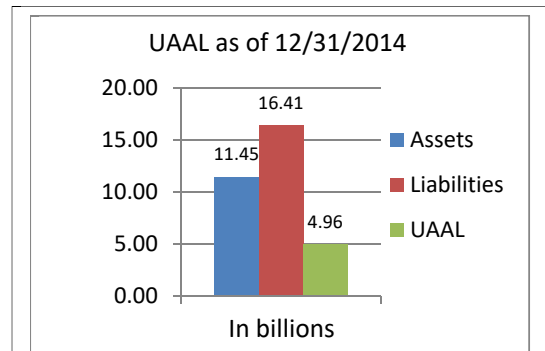
### IMPACTING EVENTS

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

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

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

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



# 2015

## Development of UAAL for Year Ended December 31, 2015

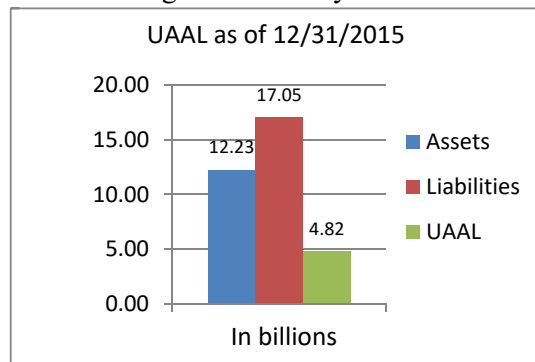
|    |                                                                   |                |                 |
|----|-------------------------------------------------------------------|----------------|-----------------|
| 1. | <b>UAAL at beginning of year</b>                                  |      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

### IMPACTING EVENTS

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

The current year's recognition of investment losses were offset by other gains which netted to a lower UAAL at the end of the year. The primary contributing factor for the decrease is actual salary increases being lower than assumed. As discussed in previous years, when salary growth is less than anticipated there is less payroll as a basis for spreading cost, but more importantly, for the UAAL, that lower salary growth means lower future earned benefit liabilities. In 2015, lower than expected salary growth resulted in lowering the UAAL by \$283 million.

Another factor that contributed to the decline in UAAL was having lower than expected COLA increases in benefit payments. Low inflation is still being experienced and as such, the Board granted retirees a 1.5% COLA in 2015 instead of the assumed maximum allowable COLA of 3%. This resulted in a reduction in the UAAL of \$119 million. Lastly, additional UAAL contributions were made by OCFA and OC Sanitation District which contributed to a \$70 million decrease in UAAL.





# 2016

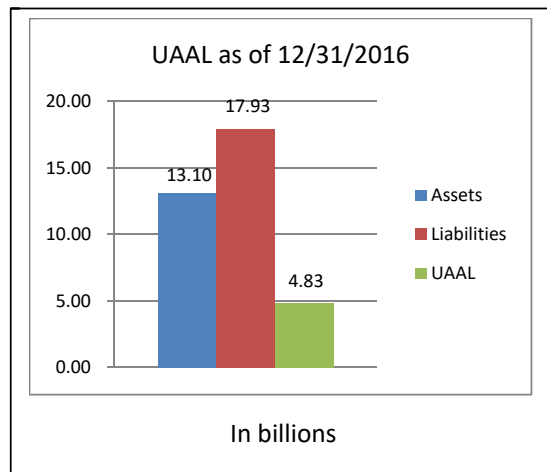
## Development of UAAL for Year Ended December 31, 2016

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

### IMPACTING EVENTS

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

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



**2016** Continued

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

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

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

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

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

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

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

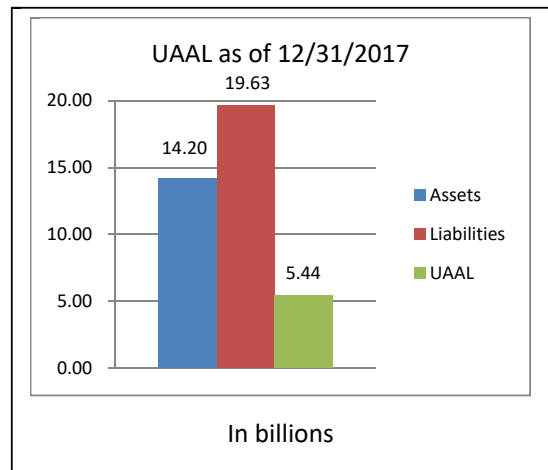
# 2017

## Development of UAAL for Year Ended December 31, 2017

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

### IMPACTING EVENTS

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



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

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

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

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

A couple of other numbers to take note of –

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

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

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

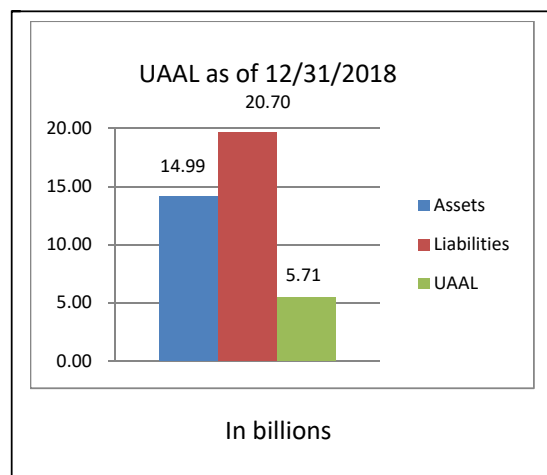
# 2018

## Development of UAAL for Year Ended December 31, 2018

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

### IMPACTING EVENTS

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



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

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

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

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

Other items that had an impact on the UAAL include:

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

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

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

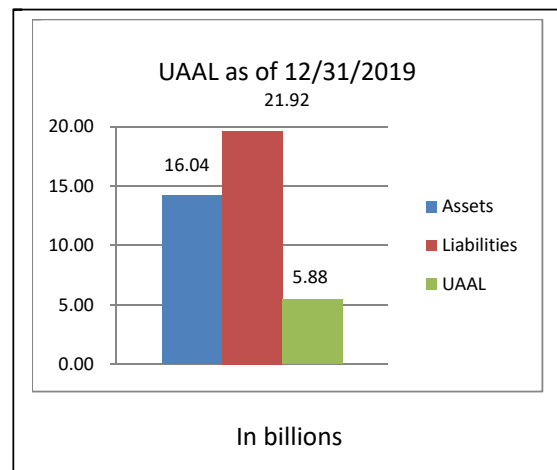
# 2019

## Development of UAAL for Year Ended December 31, 2019

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

### IMPACTING EVENTS

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



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

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



# 2020

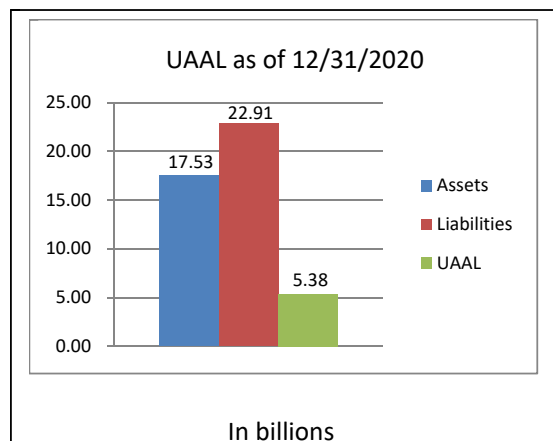
## Development of UAAL for Year Ended December 31, 2020

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

### IMPACTING EVENTS

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

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



into the “actuarial value” of the OCERS fund over the next four years.

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

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

# 2021

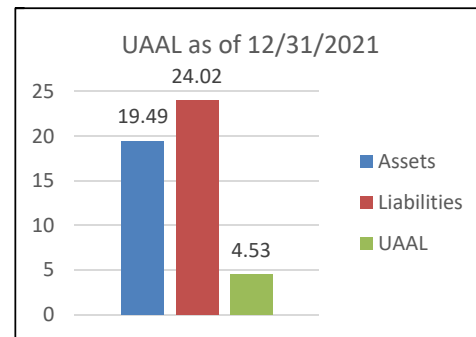
## Development of UAAL for Year Ended December 31, 2021

|    |                                                                                               |               |                 |
|----|-----------------------------------------------------------------------------------------------|---------------|-----------------|
| 1. | <b>UAAL at beginning of year</b>                                                              |               | \$5,379,858,000 |
| 2. | Normal Cost at middle of year                                                                 |               | 528,397,000     |
| 3. | Expected employer and member contributions                                                    |               | (1,046,511,000) |
| 4. | Interest                                                                                      |               | 360,203,000     |
| 5. | Expected UAAL at end of year                                                                  |               | \$5,221,947,000 |
| 6. | Changes due to:                                                                               |               |                 |
|    | a. Difference in actual versus expected contributions                                         | \$56,468,000  |                 |
|    | b. Additional UAAL contributions from OCFA and SJC, and anticipated payments from DOE and UCI | (25,536,000)  |                 |
|    | c. Investment gains (after smoothing)                                                         | (767,019,000) |                 |
|    | d. Difference in actual versus expected salary increases                                      | (87,162,000)  |                 |
|    | e. Higher than expected COLA increases in 2022                                                | 148,830,000   |                 |
|    | f. Other gains                                                                                | (20,216,000)  |                 |
|    | Total Changes                                                                                 |               | \$(694,635,000) |
| 7. | <b>UAAL at the end of the year</b>                                                            |               | \$4,527,312,000 |

### IMPACTING EVENTS

There was significant reduction in the UAAL in 2021, dropping by nearly \$700 million. Three primary events influenced the amount of that reduction as reflected in the table on this page.

First and foremost, an investment gain of \$767 million was actuarially recognized. While the OCERS portfolio actually earned more than that, recall that we “smooth” gains and losses over five years, with only one-fifth of 2021’s gains in particular being applied, as well as gains and losses from the prior four years.



2021 saw high inflation, so the Cost of Living Adjustment (COLA) for the year came in at 3%. Our actuarial projections had expected 2.75%. That additional percentage of COLA added nearly \$149 million to the UAAL. OCERS reviews its assumptions every three years. The next “Triennial” study which will look at this assumption and others will occur next year, in the summer of 2023.

Finally, it appears our employers delayed hiring of new staff in 2021, leading to slower growth in salaries than had been projected. Interestingly that slow growth had both positive and negative impacts on the overall UAAL. Lower than expected salaries had the negative impact of lowering the amount of contributions paid, which increased the UAAL by more than \$56 million. At the same time however, those lower salaries meant total future pension liabilities did not grow as fast as expected, reducing the UAAL by more than \$87 million.



## Memorandum

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**DATE:** August 15, 2022  
**TO:** Members of the Board of Retirement  
**FROM:** Steve Delany, Chief Executive Officer  
**SUBJECT:** **2022 OCERS BOARD STRATEGIC PLANNING WORKSHOP – Final Agenda**

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### Written Report

#### Background/Discussion

The 2022 Annual OCERS Board of Retirement Strategic Planning Workshop will be held in person for the first time in three years. The two-day workshop will be held at the Westin South Coast Plaza on Wednesday, September 14, and Thursday, September 15.

The proposed final agenda is attached. I will work with the Board Chair to coordinate any future changes to the proposed agenda.

Please contact me directly should you have any questions, comments or concerns regarding the agenda or the event.

#### Submitted by:



**SD - Approved**

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Steve Delaney  
Chief Executive Officer

Attachment: Strategic Planning Workshop September 18-19 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><b>Join Zoom Meeting</b><br/> <a href="https://ocers.zoom.us/j/98996692973">https://ocers.zoom.us/j/98996692973</a></p> <p><b>Meeting ID: 893 7487 7067</b><br/> <b>Passcode: 772349</b></p> <p>Go to <a href="https://www.zoom.us/download">https://www.zoom.us/download</a> to download Zoom app before meeting<br/>                     Go to <a href="https://zoom.us">https://zoom.us</a> to connect online using any browser.</p> | <p><b>Join by Telephone (Audio Only)</b><br/>                     Dial by your location</p> <ul style="list-style-type: none"> <li>+1 669 900 6833 US (San Jose)</li> <li>+1 346 248 7799 US (Houston)</li> <li>+1 253 215 8782 US (Tacoma)</li> <li>+1 312 626 6799 US (Chicago)</li> <li>+1 929 436 2866 US (New York)</li> <li>+1 301 715 8592 US (Washington DC)</li> </ul> <p><b>Meeting ID: 893 7487 7067</b><br/> <b>Passcode: 772349</b></p> |
| <p>A <a href="#">Zoom Meeting Participant Guide</a> is available on OCERS website <a href="#">Board &amp; Committee meetings page</a></p>                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

**Agenda**

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|----------------------------------------------------------------------------------------------|--------------------|
| <b>Breakfast</b>                                                                             | <b>7:15 - 8:30</b> |
| <b>1. WELCOME &amp; INTRODUCTORY COMMENTS</b>                                                | <b>8:30 – 8:45</b> |
| Steve Delaney, CEO, OCERS                                                                    |                    |
| <b>2. HEARING FROM OUR STAKEHOLDERS</b>                                                      | <b>8:45 – 9:30</b> |
| For more than a decade we have started each workshop by first hearing from our stakeholders. |                    |



County of Orange;  
Orange County Transportation Authority; and  
Association of County Law Enforcement Managers

- |                                                                                  |                      |
|----------------------------------------------------------------------------------|----------------------|
| <b>3. KEY NOTE SPEAKER:</b>                                                      | <b>9:30 – 10:30</b>  |
| The Retirement Systems of Alabama - Dr Bronner, Executive Director               |                      |
| <b>BREAK</b>                                                                     | <b>10:30 – 10:45</b> |
| <b>4. Vision 2030 – OCERS and the leveraging of technology</b>                   | <b>10:45 – 11:15</b> |
| Steve Delaney, CEO, OCERS                                                        |                      |
| <b>5. OCERS Headquarters Status – The Headquarters of our Future</b>             | <b>11:15 – 12:00</b> |
| Brenda Shott, Assistant CEO, OCERS                                               |                      |
| <b>LUNCH</b>                                                                     | <b>12:00 - 1:00</b>  |
| <b>6. Investment Topics</b>                                                      | <b>1:00 – 4:00</b>   |
| 1:00 - 1:30pm OCERS’ Liquidity Update                                            |                      |
| Shanta Chary, OCERS                                                              |                      |
| 1:30 – 2:00pm OCERS’ Investment Beliefs Review                                   |                      |
| Allan Emkin, Meketa                                                              |                      |
| 2:00 – 3:00pm Introduction to Secondaries                                        |                      |
| Speaker TBD                                                                      |                      |
| 3:00 – 4:00pm China: Public and Private Markets Perspectives                     |                      |
| Hayley Tran, Meketa; Gabriel Li, Orchid Asia; Vivian Lin Thurston, William Blair |                      |
| <b>7. Wrap Up</b>                                                                | <b>4:00 – 4:15</b>   |
| <b>8. Networking Happy Hour</b>                                                  |                      |
| <b>ADJOURNMENT</b>                                                               |                      |



**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM  
BOARD OF RETIREMENT**

**2022 STRATEGIC PLANNING WORKSHOP  
Thursday, September 15, 2022  
8:30 A.M.  
Westin South Coast Plaza**

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| OCERS Zoom Video/Teleconference information                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Join Zoom Meeting</b><br/> <a href="https://ocers.zoom.us/j/99168046699">https://ocers.zoom.us/j/99168046699</a><br/> <b>Meeting ID: 892 1655 3802</b><br/> <b>Passcode: 923020</b></p> <p>Go to <a href="https://www.zoom.us/download">https://www.zoom.us/download</a> to download Zoom app before meeting<br/>                     Go to <a href="https://zoom.us">https://zoom.us</a> to connect online using any browser.</p> | <p><b>Join by Telephone (Audio Only)</b><br/>                     Dial by your location</p> <ul style="list-style-type: none"> <li>+1 669 900 6833 US (San Jose)</li> <li>+1 346 248 7799 US (Houston)</li> <li>+1 253 215 8782 US (Tacoma)</li> <li>+1 929 436 2866 US (New York)</li> <li>+1 301 715 8592 US (Washington DC)</li> <li>+1 312 626 6799 US (Chicago)</li> </ul> <p><b>Meeting ID: 892 1655 3802</b><br/> <b>Passcode: 923020</b></p> |
| <p>A <a href="#">Zoom Meeting Participant Guide</a> is available on OCERS website <a href="#">Board &amp; Committee meetings page</a></p>                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

**Agenda**

|                                                                    |                    |
|--------------------------------------------------------------------|--------------------|
| <b>BREAKFAST</b>                                                   | <b>7:15 - 8:30</b> |
| <b>1. WELCOME AND INTRODUCTIONS</b><br>Steve Delaney, CEO, OCERS   | <b>8:30 – 8:45</b> |
| <b>2. STATE OF OCERS- AN OVERVIEW</b><br>Steve Delaney, CEO, OCERS | <b>8:45 – 9:30</b> |







## Memorandum

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**DATE:** August 04, 2022  
**TO:** Members of the Board of Retirement  
**FROM:** Cynthia Hockless, Director of Human Resources  
**SUBJECT:** ELECTION UPDATE - GENERAL AND RETIRED BOARD MEMBER

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### Recommendation

Informational Only

### Background/Discussion

On March 15, 2022, OCERS contacted the Registrar of Voters requesting they conduct an election for the General and Retired Member whose terms expire on December 31, 2025. The nomination period began on July 05, 2022, and closed at 5:00 p.m. on August 03, 2022.

The following two qualified candidates submitted nomination paperwork for the General Member Election:

- Adele Tagaloa - General Member Election
- Kira Rubin - General Member Election

The schedule for the General Member Election is attached. We are currently on schedule and will continue to provide monthly updates to the Board as we progress through the process.

The Registrar of Voters received one qualified candidate for the Retired Member Election:

- Roger Hilton - Retired Member Election

On August 03, 2022, the Registrar of Voters determined only one qualified candidate filed nomination papers for the Retired Member Election. The Orange County Employees Retirement System's Election Procedures state: *"If there is only one qualified candidate for an office, no election shall be held...The Board of Supervisors shall declare that candidate to be duly elected to the Board of Retirement for the term specified."*

Bob Page, Chief Election Official, at the Registrar of Voters is scheduled to recommend that the Board of Supervisors approve the appointment of Roger Hilton to the position of Retired Board Member at a time determined by the Board of Supervisors. At the time of this memo, a date has not been determined.

Attachment:

- October 04, 2022, General 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<br>and<br>July 8<br>(E-102 and<br>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<br>(E-99)                               | The Retirement Office shall provide the number of eligible General Members and Retired Members to the Registrar of Voters' Office.                                                                                                                                                                                                                                                                                                 |
| June 27<br>(E-99)                               | The Retirement Office shall provide the Registrar of Voters' Office with Willingness to Serve forms.                                                                                                                                                                                                                                                                                                                               |
| July 5<br>(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<br>(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<br>(E-61)                              | Random draw will be held to determine the candidate placement on the ballot.                                                                                                                                                                                                                                                                                                                                                       |
| August 15<br>(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<br>(E-36)                             | Mailing of ballots begins.                                                                                                                                                                                                                                                                                                                                                                                                         |
| October 4<br>(E-0)                              | Tally voted ballots at the Registrar of Voters' Office.                                                                                                                                                                                                                                                                                                                                                                            |
| TBD<br>(E+)                                     | Certificate of Election on Board of Supervisors' agenda.                                                                                                                                                                                                                                                                                                                                                                           |
| January 1,<br>2023<br>(E+89)                    | Term begins for General Member and Retired Member. Term expires on December 31, 2025.                                                                                                                                                                                                                                                                                                                                              |