

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

**REGULAR MEETING
Monday, November 14, 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 2022-10, 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/82095733608</p> <p>Meeting ID: 820 9573 3608 Passcode: 268913</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: 820 9573 3608 Passcode: 268913</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.

Σ Steven Hoffman

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

October 17, 2022

Recommendation: Approve minutes.

C-3 OUTCOMES FROM THE GOVERNANCE COMMITTEE MEETING ON OCTOBER 19, 2022

Recommendation: The Governance Committee recommends that the Board adopt the following:

- (1) Revisions to the Withdrawing Employer (Fully Satisfied Obligation) Policy as presented
- (2) Revisions to the Withdrawing Employer (Continuing Obligation) Policy as presented

- (3) Revisions to the Declining Payroll Policy as presented
- (4) Revisions to the Actuarial Funding Policy as presented
- (5) Revisions to the Interest Crediting and Reserves Policy as presented
- (6) Revisions to the Travel Policy as presented

DISABILITY/MEMBER BENEFITS AGENDA

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: KENNETH BURMOOD

Assistant Sheriff, 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 January 14, 2022.

DC-2: JOHN GRAY

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

Recommendation: The Disability Committee recommends that the Board:

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

DC-3: JASON LUONG

Correctional Services Assistant, Orange County Sheriff’s Department (General 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-4: EDDIE MEDRANO

Fire Apparatus Engineer, Orange County Fire Authority (Safety Member)

Recommendation: The Disability Committee recommends that the Board:

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

DC-5: JOHN PATTERSON

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

Recommendation: The Disability Committee recommends that the Board:

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

DC-6: LEONIKA RECITES

Senior Institutional Cook, Orange County Probation Department (General Member)

Recommendation: The Disability Committee recommends that the Board:

- Σ Grant service connected disability retirement.
- Σ Set the effective date as June 3, 2022, the day after last date of regular compensation as a Senior Institutional Cook.
- Σ Find the Applicant is capable of performing other duties in the service of the County of Orange pursuant to Government Code Section 31725.65.
- Σ Grant a supplemental disability retirement payment allowance in the amount of the salary difference between the higher and lower paying positions effective June 3, 2022, the date of the position change until the day Ms. Recites wishes to retire from the new position.

DC-7: TODD RUSS

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

Recommendation: The Disability Committee recommends that the Board:

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

DC-8: GLENN STITZ

Court Collection Officer I, Orange County Superior Court (General Member)

Recommendation: The Disability Committee recommends that the Board:

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

DC-9: SUZANNE TINKLER

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

Recommendation: The Disability Committee recommends that the Board:

- Σ Grant service connected disability retirement.
- Σ Set the effective date as April 8, 2022.

DC-10: ROBERT TWEEDY

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

Recommendation: The Disability Committee recommends that the Board:

- ∑ Grant service connected disability retirement.
- ∑ Set the effective date as December 27, 2021.

DC-11: KELLY ZIMMERMAN

Battalion Chief, Orange County Fire Authority (Safety Member)

Recommendation: The Disability Committee recommends that the Board:

- ∑ Grant service connected disability retirement.
- ∑ Set the effective date as March 25, 2022.

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 2022-11**

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 2022-11 to reflect such findings pursuant to Government Code section 54953, as amended by AB 361.

A-3 OCERS CERTIFICATION INCENTIVE PROGRAM

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation:

1. The Personnel Committee recommends the Board of Retirement approve the addition of three certifications to the OCERS Certification Incentive Program, providing 5.5% in additional salary. Such additions to first become available on January 1, 2023. The three additions are:
 - a. Certified Information Systems Security Professional
 - b. Certified Internal Auditor
 - c. SHRM - Senior Certified Professional
2. The Personnel Committee recommends the Board of Retirement approve a requirement of a minimum of 20 hours of continuing education (CE) each year for any certification that does not have a CE requirement set by its governing Board. Such requirement to become effective January 1, 2023, with professional documentation to be provided by December 2023 to confirm compliance.

A-4 OCERS' PROPOSED ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2023

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

Recommendation: Adopt the Proposed Administrative Budget for Fiscal Year 2023 in the amount of \$39,874,896 which includes:

- a. Personnel costs in the amount of \$23,697,171
- b. Services and supplies in the amount of \$14,951,725
- c. Capital expenditures in the amount of \$1,226,000

A-5 CONSULTING ACTUARY SERVICES – SELECTION OF SERVICE PROVIDER

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation:

1. Approve Segal as OCERS' Consulting Actuary subject to contract negotiations
OR
2. Move Segal to be a finalist for an interview presentation at the December 15, 2022, Regular Board Meeting

A-6 ANNUAL CEO PERFORMANCE REVIEW AND COMPENSATION

Recommendation: Take appropriate action.

A-7 ADOPT 2023 BOARD MEETING CALENDAR

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation: Take appropriate action.

INFORMATION ITEMS

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

Presentations

I-1 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

November 14, 2022

Death Notices

November 14, 2022

R-2 COMMITTEE MEETING MINUTES

- August 2022 – Governance Committee Minutes
- September 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 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

Written Report

R-7 THIRD QUARTER 2022 BUDGET TO ACTUALS REPORT

Written Report

CLOSED SESSION

E-1 PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957

Adjourn to closed session pursuant to Government Code Section 54957

Position to be evaluated: Chief Executive Officer

Recommendation: Take appropriate action.

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

November 16, 2022

9:00 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

DISABILITY COMMITTEE MEETING

December 12, 2022

8:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

REGULAR BOARD MEETING

December 12, 2022

9:30 A.M.

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

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

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



Memorandum

DATE: November 14, 2022
TO: Members of the Board of Retirement
FROM: Jonathea Tallase, Member Services Manager
SUBJECT: **OPTION 4 RETIREMENT ELECTION – STEVEN HOFFMAN**

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 September 9, 2022. The Orange County Employees Retirement System (OCERS) was joined in the member's dissolution of marriage and under the terms of the DRO, the member's ex-spouse was awarded a lifetime continuance as a 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
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180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
segalco.com

Personal and Confidential

October 28, 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 Steven Hoffman**

Dear Jonathea:

Pursuant to your request, we have determined the Option 4 benefits payable to Steven Hoffman and his ex-spouse based on the unmodified benefit and other information provided in the System's request dated October 19, 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	September 9, 2022
Plan of Membership	General Plan B and Safety Plan F
Monthly Unmodified Benefit	Plan B: \$71.40 Plan F: <u>10,377.59</u> Total: \$10,448.99
Ex-Spouse's Share of Monthly Unmodified Benefit	38.75%
Retirement Type	Service Retirement

Jonathea Tallase
October 28, 2022
Page 2

We calculated the adjustment to the member's unmodified benefit to provide a 38.75% 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.

	Payable while the Member is Alive	Payable after the Member's Death
Monthly benefit payable to member		
Plan B Annuity:	\$12.11	
Plan B Pension:	31.63	
Plan F Annuity:	1,148.88	
Plan F Pension:	<u>5,207.39</u>	
Total:	\$6,400.01	\$0.00
Monthly benefit payable to ex-spouse ¹	\$3,675.08	\$3,675.08

Actuarial Assumptions

We have calculated the Option 4 benefits based on the following actuarial assumptions:²

Interest:	Effective interest rate of 4.136253% per year, which is calculated using an investment return assumption of 7.00% per year together with a cost-of-living adjustment assumption of 2.75% per year.
Mortality Table:	<p>Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2019 associated with a retirement year of 2024, weighted 80% male and 20% female for members</p> <p>Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Mortality Table with rates increased by 5%, projected generationally with the two-dimensional mortality improvement scale MP-2019 associated with a retirement year of 2024, weighted 20% male and 80% female for beneficiaries.</p>

¹ This is equal to 38.75% of the member's unmodified benefit (i.e., 38.75% * \$10,448.99 or \$4,048.98) adjusted further to provide a benefit payable over the ex-spouse's lifetime or to the estate of the ex-spouse if the ex-spouse pre-deceases the member.

² Since the member last worked as a Safety member, we used Safety assumptions in determining optional benefits even for benefits paid from the General Plan.

Jonathea Tallase
October 28, 2022
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The actuarial calculations contained in this letter were prepared under my supervision. I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

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

Sincerely,



Molly Calcagno, ASA, MAAA, EA
Actuary

JY/bf



October 31, 2022

Steven J. Hoffman

Re: Retirement Election Confirmation – Option 4

Dear Mr. HOFFMAN:

You have elected Option 4 as your retirement option. This option will provide a 38.75% of your monthly benefit, for the life of the benefit, to:

KAREN CHRISTINE IVESON

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 38.75% continuance to KAREN CHRISTINE IVESON.

 10-31-22

Member Signature/Date

Sincerely,

A handwritten signature in blue ink, appearing to be "Cesar Rodriguez", written in a cursive style.

Cesar Rodriguez
Retirement Program Specialist

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

**REGULAR MEETING
Monday, October 17, 2022
9:30 A.M.**

MINUTES

Chair Eley called the meeting to order at 9:30 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Frank Eley, Chair; Shawn Dewane, Vice Chair; Adele Tagaloa, Charles Packard, Chris Prevatt, Richard Oates, Wayne Lindholm, Arthur Hidalgo, Shari Freidenrich

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; Anthony Beltran, Audio-Visual Technician; Carolyn Nih, Recording Secretary

Guests: Harvey Leiderman, ReedSmith

Absent: Jeremy Vallone

CONSENT AGENDA

BENEFITS

C-1 OPTION 4 RETIREMENT ELECTION

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

Σ Sean Howell

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes	August 15, 2022
Special Board Meeting Minutes	August 24, 2022
Strategic Planning Workshop Minutes	September 14-15, 2022

Recommendation: Approve minutes.

C-3 OUTCOMES FROM THE GOVERNANCE COMMITTEE ON AUGUST 3, 2022

Recommendation: The Governance Committee recommends the Board approve revisions to the following charter and policies as presented:

- ∑ Board of Retirement Charter
- ∑ Trustee Education Policy
- ∑ Member Services Customer Service Policy
- ∑ Monitoring and Reporting Policy

MOTION by Mr. Lindholm, **SECONDED** by Ms. Tagaloo, to approve Consent Agenda items, C-1, C-2 and C-3.

The motion passed **unanimously**.

C-4 OUTCOMES FROM THE DISABILITY COMMITTEE ON AUGUST 15, 2022

Recommendation: The Disability Committee recommends the Board approve OCERS Administrative Procedure - Disability from Performance of Usual Duty Determinations.

Ms. Freidenrich had questions regarding the language, but Legal Division confirmed that they had drafted and reviewed the language.

Pulled for discussion (see A-1)

DISABILITY/MEMBER BENEFITS AGENDA

CONSENT ITEMS

DC-1: KENDRA BOLDEN

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

Recommendation: The Disability Committee recommends that the Board:

- ∑ Grant service connected disability retirement.
- ∑ Set the effective date as December 31, 2021, the day after last date of regular compensation as a Supervising Juvenile Correction Officer.
- ∑ Find the Applicant is capable of performing other duties in the service of the County of Orange pursuant to Government Code Section 31725.65.
- ∑ Grant a supplemental disability retirement payment allowance in the amount of the salary

difference between the higher and lower paying positions effective December 31, 2021, the date of the position change until the day Ms. Bolden wishes to retire from the new position.

DC-2: JAMES CARROLL
Sergeant, Orange County Sheriff's Department (Safety Member)

Recommendation: The Disability Committee recommends that the Board:

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

DC-3: DONESHIA CHATMAN
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 January 3, 2021.

DC-4: YVETTE CLANTON
Coach Operator, Orange County Transportation Authority (General Member)

Recommendation: The Disability Committee recommends that the Board:

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

DC-5: CHARLES EASTMAN
Supervising Helicopter Mechanic, Orange County Sheriff's Department (General Member)

Recommendation: The Disability Committee recommends that the Board:

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

DC-6: BRANDY HARRIS
Office Technician, Orange County Social Services Agency (General Member)

Recommendation: The Disability Committee recommends that the Board:

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

DC-7: SHANE HOWEY

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

Recommendation: The Disability Committee recommends that the Board:

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

DC-8: TERRY JOHNSON

Office Supervisor B, Orange County Probation Department (General Member)

Recommendation: The Disability Committee recommends that the Board:

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

DC-9: PRESTON KNOWLES

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

Recommendation: The Disability Committee recommends that the Board:

- ∑ Grant service connected disability retirement.
- ∑ Set the effective date as February 2, 2022.

DC-10: JARRETT KURIMAY

Commander, 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 January 14, 2022.

DC-11: ANA LA PYRNE

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

Recommendation: The Disability Committee recommends that the Board:

- ∑ Grant service connected disability retirement.
- ∑ Set the effective date as March 11, 2022.

DC-12: MICHAEL MATRANGA

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

Recommendation: The Disability Committee recommends that the Board:

- ∑ Grant service connected disability retirement.
- ∑ Set the effective date as January 1, 2021.

DC-13: JESSICA MITCHELL (ULMER-RODRIGUEZ)

Communications Coordinator II, Orange County Sheriff's Department (General Member)

Recommendation: The Disability Committee recommends that the Board:

- ∑ Grant service connected disability retirement.
- ∑ Set the effective date as August 18, 2017.

DC-14: MARK PETERS

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 March 25, 2022.

DC-15: PAUL PHANTUMABAMRUNG

Fire Apparatus Engineer, Orange County Fire Authority (Safety Member)

Recommendation: The Disability Committee recommends that the Board:

- ∑ Grant service connected disability retirement.
- ∑ Set the effective date as March 11, 2022.

DC-16: BRAD ALLEN PHOENIX

Battalion Chief, Orange County Fire Authority (Safety Member)

Recommendation: The Disability Committee recommends that the Board:

- ∑ Grant service connected disability retirement.
- ∑ Set the effective date as December 21, 2021.

DC-17: BRANDI STUMPH

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

Recommendation: The Disability Committee recommends that the Board:

- ∑ Grant service connected disability retirement.
- ∑ Find the Applicant is capable of performing other duties in the service of the County of Orange pursuant to Government Code Section 31725.65.
- ∑ Grant a supplemental disability retirement payment allowance in the amount of the salary difference between the higher and lower paying positions effective July 2, 2021, the date of the position change, until the day Ms. Stumph stops working in the new position.

DC-18: PAMELA THOMAS

Senior Family Support Officer, Orange County Child Support Services (General Member)

Recommendation: The Disability Committee recommends that the Board:

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

DC-19: MICHAEL TIVENAN

Fire Apparatus Engineer, Orange County Fire Authority (Safety Member)

Recommendation: The Disability Committee recommends that the Board:

- ∑ Grant service connected disability retirement.
- ∑ Set the effective date as February 3, 2015.

DC-20: FRANK VILLASENOR

Park Maintenance Worker, Orange County Community Resources/OC Parks (General Member)

Recommendation: The Disability Committee recommends that the Board:

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

DC-21: BAO VINH

Senior Social Worker, Orange County Social Services Agency (General Member)

Recommendation: The Disability Committee recommends that the Board:

- ∑ Grant service connected disability retirement.
- ∑ Set the effective date as March 31, 2017.

DC-22: GLENN STITZ

Court Collection Officer I, Orange County Superior Court (General Member)

Recommendation: The Disability Committee recommends that the Board:

- ∑ Grant non-service connected disability retirement.
- ∑ Set the effective date as August 6, 2021.

MOTION by Mr. Prevatt, **SECONDED** by Mr. Packard, to approve the Disability Consent Agenda items, DC-1 through DC-22.

The motion passed **unanimously**.

Adjourn to closed session at 9:42 am.

CLOSED SESSION

DA-2: LAURIE KEOGH

Senior Computer Graphics Specialist, Orange County Public Works

Recommendation: Approve and adopt the findings and recommendations of the Hearing Officer as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated June 1, 2022 (Recommendation) wherein the Hearing Officer recommended that the Board deny the application of Applicant Laurie Keogh for service-connected disability retirement benefits.

OPEN SESSION

Return from Closed Session at 10:00 am.

REPORT OF ACTIONS TAKEN IN CLOSED SESSION

Chair Eley reported out: **MOTION** by Mr. Prevatt, **SECONDED** by Mr. Lindholm, to approve consideration in favor of hearing officer’s review.

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

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

END OF DISABILITY/MEMBER BENEFITS AGENDA

ACTION ITEMS

**A-1 INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA
C-4 OUTCOMES FROM THE DISABILITY COMMITTEE ON AUGUST 15, 2022**

Recommendation: The Disability Committee recommends the Board approve OCERS Administrative Procedure - Disability from Performance of Usual Duty Determinations.

Ms. Freidenrich had questions regarding the language, but Legal Division confirmed that they had drafted and reviewed the language.

MOTION by Ms. Freidenrich, **SECONDED** by Mr. Lindholm, to approve staff recommendation.

The motion passed **unanimously**.

A-2 BOARD FINDINGS PURSUANT TO GOVERNMENT CODE § 54953, AS AMENDED BY AB 361, AND ADOPTION OF BOARD RESOLUTION 2022-10

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 2022-10 to reflect such findings pursuant to Government Code section 54953, as amended by AB 361.

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

The motion passed **unanimously**.

A-3 OCERS 2023-2025 STRATEGIC PLAN

Presentation by Steve Delaney, Chief Executive Officer

Recommendation: Approve the OCERS 2023-2025 Strategic Plan as modified, and direct staff to update the 2023 Business Plan to reflect modified language.

Discussion called for approval of Strategic Plan at this time, but requesting updates at the next quarterly review.

MOTION by Mr. Packard, **SECONDED** by Ms. Tagaloa, to approve the 2023-2025 Strategic Plan with an update from “Leading Practice” to “Best Practice” and to task staff to update the Business Plan accordingly.

The motion passed **unanimously**.

A-4 2023 PROPOSED STAFFING PLAN – PERSONNEL COMMITTEE RECOMMENDATIONS

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation: The Personnel Committee recommends the Board of Retirement approve the following items related to the 2023 Staffing Plan at the October 17, 2022 Board meeting:

- 1. Add 14 New Positions to the 2023 Budgeted Headcount**

- A. Add one Project Manager position to the Executive Division
 - B. Add three positions to the Legal Division
 - i) Chief Compliance Officer
 - ii) Staff Attorney
 - iii) Executive Secretary I
 - C. Add one Investment Officer position to the Investments Division
 - D. Add three Retirement Program Specialists to the Member Services Division
 - E. Add one Information Security Analyst (Staff Analyst) position to the Information Security Department
 - F. Add three positions to the IT Department
 - i) IT Systems Technician
 - ii) Testing Coordinator (Manager Level)
 - iii) Automation Developer (Manager Level)
 - G. Add two positions to the Human Resources Department
 - i) Staff Analyst
 - ii) Staff Assistant
- 2. Approve the Creation of Three Career Ladders in the Finance and Internal Audit Departments (no change to headcount)**
- A. Finance Department
 - i) Senior Accountant to Staff Analyst
 - ii) Accountant Auditor to Senior Accountant
 - B. Internal Audit Department
 - i) Internal Auditor to Senior Internal Auditor
- 3. Approve the Following Add/Drop**
- A. Add a Director of Communications and drop a Communications Manager position in the Communications department (no change to headcount).

The total estimated Personnel Cost to be added with the 2023 budget is **\$2,376,000**.

MOTION by Mr. Dewane, **SECONDED** by Mr. Packard, to approve the 2023 Proposed Staffing Plan.

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

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

The Board recessed for break at 11:13 a.m.

The Board reconvened from break at 11:36 a.m.

Recording Secretary administered the Roll Call attendance.

A-5 OCERS 2023 BUSINESS PLAN

Presentation by Steve Delaney, Chief Executive Officer and Brenda Shott, Assistant CEO, Finance and Internal Operations

Recommendation: Approve OCERS 2023 Business Plan.

MOTION by Mr. Dewane, **SECONDED** by Mr. Lindholm, to approve the 2023 Business Plan.

The motion passed **unanimously**.

A-6 VOTING DIRECTION FOR SACRS BUSINESS MEETING

Presentation by Gina Ratto, General Counsel, OCERS

Recommendation: Give voting direction to OCERS' delegates for November 11, 2022 SACRS business meeting.

MOTION by Ms. Tagaloa, **SECONDED** by Mr. Lindholm, to direct OCERS Delegates to cast OCERS' votes at the November 11, 2022 SACRS business meeting in accordance with SACRS Voting Authority Policy.

The motion passed **unanimously**.

INFORMATION ITEMS

Presentations

I-1 NEW FORM 700 REVIEW PROCESS

Presentation by Gina Ratto, General Counsel, OCERS

General Counsel Ratto informed the Board of the new Form 700 review process to ensure additional accountability and oversight of potential conflicts.

I-2 EMPLOYER & EMPLOYEE PENSION COST COMPARISON

Presentation by Suzanne Jenike, Assistant CEO, External Operations, OCERS

Assistant CEO Jenike reported on the employee and employer pension cost comparison. Chair Eley thanked Ms. Jenike for her staff's work and requested this report continue to be provided to the Board on an annual basis.

I-3 ALAMEDA IMPLEMENTATION UPDATE

Presentation by Suzanne Jenike, Assistant CEO, External Operations, OCERS

Assistant CEO Jenike reported on the status of the *Alameda* implementation project. Ms. Jenike reported that the project is on track overall, she gave details on the recent accomplishments of the team as well as challenges looking ahead. The report included information regarding recent addition of resources in the form of contractors who are in the process of being trained on performing benefit recalculations. Once these contractors are performing independently, the team

will be able to determine the benefit recalculation schedule moving forward and identify additional resource needs.

I-4 SUMMARY OF CHANGES TO THE BROWN ACT TELECONFERENCE MEETING RULES EFFECTIVE 1/1/2023 – AB 2499

Presentation by Manuel Serpa, Deputy General Counsel, OCERS

Deputy GC Serpa summarized the changes to Brown Act rules regarding teleconferencing.

I-5 COVID-19 UPDATE

Presentation by Steve Delaney, Chief Executive Officer, OCERS

CEO Delaney shared about the OCERS approach to COVID-19, with staff continuing a hybrid attendance program.

WRITTEN REPORTS

R-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

October 17, 2022

Death Notices

October 17, 2022

R-2 COMMITTEE MEETING MINUTES

- May 2022 – Governance Committee Minutes
- June 2022 - Audit Committee Minutes
- August 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 RESPONSE TO BOARD MEMBER QUESTIONS REGARDING PROVISIONS OF THE PROCUREMENT AND CONTRACTING POLICY

Written Report

R-8 BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN EXERCISE EXECUTIVE SUMMARY

Written Report

R-9 ELECTION UPDATE - GENERAL AND RETIRED BOARD MEMBER

Written Report

R-10 THIRD QUARTER 2022 TRAVEL AND TRAINING EXPENSE REPORT

Written Report

R-9 was pulled to congratulate Mr. Hilton on his election to the Board and Ms. Tagaloa for her re-election to the Board.

CIO Comments

CIO Murphy shared about the current market and predictive models regarding recession. While the tough market remains, the Investment team is thinking about cash flow and being cognizant of wanting productive results and optimizing current markets.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS- None

COUNSEL COMMENTS - None

BOARD MEMBER COMMENTS- None

Meeting **ADJOURNED** at 1:41pm.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Board

Frank Eley
Chairman



Memorandum

DATE: November 14, 2022
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, General Counsel
SUBJECT: **OUTCOMES OF THE MEETING OF THE GOVERNANCE COMMITTEE HELD ON OCTOBER 19, 2022**

Recommendation

The Governance Committee recommends that the Board adopt the following:

- (1) The **Withdrawing Employer (Fully Satisfied Obligation) Policy** with no revisions
- (2) The **Withdrawing Employer (Continuing Obligation) Policy** with no revisions
- (3) The **Declining Employer Payroll Policy** with no revisions
- (4) Revisions to the **Actuarial Funding Policy** as presented
- (5) Revisions to the **Interest Crediting and Reserves Policy** as presented
- (6) Revisions to the **Travel Policy** as presented

Background/Discussion

The Governance Committee met on October 19, 2022 and reviewed the above-listed policies. The Committee now recommends that the Board approve the revisions to all of the policies as set forth below.

Revisions to the **Withdrawing Employer (Fully Satisfied Obligation) Policy**

The Governance Committee conducted the triennial review of the Withdrawing Employer (Fully Satisfied Obligation) Policy at its meeting on October 19, 2022. Staff recommended to the Committee, and the Committee agreed, that no revisions to the Withdrawing Employer (Fully Satisfied Obligation) Policy are necessary at this time.

A copy of the policy is attached.

Revisions to the **Withdrawing Employer (Continuing Obligation) Policy**

The Governance Committee conducted the triennial review of the Withdrawing Employer (Continuing Obligation) Policy at its meeting on October 19, 2022. Staff recommended to the Committee, and the Committee agreed, that no revisions to the Withdrawing Employer (Continuing Obligation) Policy are necessary at this time.

A copy of the policy is attached.

Revisions to the **Declining Employer Payroll Policy**

The Governance Committee conducted the triennial review of the Declining Employer Payroll Policy at its meeting on October 19, 2022. Staff recommended to the Committee, and the Committee agreed, that no revisions to the Declining Employer Payroll Policy are necessary at this time.

A copy of the policy is attached.

Revisions to the Actuarial Funding Policy

The Governance Committee conducted the triennial review of the Actuarial Funding Policy at its meeting on October 19, 2022. The Committee approved non-substantive clarifying revisions to the policy and the following additions and deletions to the policy as recommended by Staff and Segal Consulting:

- ∑ Add language to the Actuarial Funding Policy under the Asset Smoothing Method section that future circumstances may warrant adjustments to change the pattern of the recognition of net deferred investment gains or losses after a period of significant market changes followed by a period of market correction.

NOTE: As a result of this new funding policy provision, Segal will acknowledge that it has reviewed the pattern of recognition of future deferred investment gains or losses identified as part of the valuation, and include the following statement in the Actuarial Valuation Report:

Upon reviewing the pattern of deferred investment gains or losses that are scheduled to be recognized in the next four years after the current valuation, we conclude based on our professional judgement that the pattern of such recognition for the next four years is (or is not) so markedly non-level as to warrant additional study by the Board.

If Segal believes an additional study by the Board is warranted, the following statement would also be included in the Actuarial Valuation Report:

If authorized by the Board, the additional study will not have an impact of the results presented in the current valuation, and would include a comparison of the employer's annual contribution rates for the next four years under the status quo and after the modification anticipated in the funding policy, which per the policy would not change in the amount of net deferred investment or losses, or the four year period over which such net amount is to be recognized years.

- ∑ Delete a reference that is unrelated to the funding of benefits under the Other Policy Considerations section.
- ∑ Delete Appendix A which lists all the current actuarial assumptions used in the annual actuarial valuation and is available in the latest actuarial valuation report available on OCERS' website.

A copy of the policy, with the changes approved by the Committee indicated in underlined/strikeout text, is attached.

Revisions to the Interest Crediting and Reserves Policy

The Governance Committee conducted the triennial review of the Interest and Credit Reserves Policy at its meeting on October 19, 2022. Staff and Segal Consulting recommended and the Committee approved several nomenclature changes that, although not substantive, are aimed at clarifying the order of distribution of available earnings and interest crediting to the reserve accounts and create consistency with terminology used in the Annual Comprehensive Financial Report.

A copy of the policy, with the changes approved by the Committee indicated in underlined/strikeout text, is attached.

Revisions to the Travel Policy

The Governance Committee performed its triennial review of the Travel Policy at the Committee's meeting on August 3, 2022, and approved several non-substantive or clarifying revisions to the policy, including several corrections to the names of conference sponsors. Just before the policy was to be presented to the Board for the Board's concurrence in the revisions approved by the Committee, another revision to the Travel Policy was suggested by the Committee Chair. At its meeting on October 19, 2022, the Committee approved the following substantive revision to Section 33 of the Travel Policy:

Airline Travel

33. OCERS' Board members and staff will use good judgment to obtain airline tickets at competitive prices. OCERS will not reimburse a Board or staff member to fly business class (or the equivalent) except in the case of international travel that exceeds six (6) hours, or first class except in extraordinary circumstances, and then only with the approval of the Board Chair or Vice Chair where the traveler is a Board member or the Chief Executive Officer, or the approval of the Chief Executive Officer where the traveler is a staff member. In addition, for travel that exceeds four (4) hours in length, additional legroom seats or premium economy fees will be reimbursed. An individual may, at his or her own expense, pay to upgrade travel to business or first class.

A copy of the policy, with the changes approved by the Committee indicated in underlined/strikeout text, is attached.

Submitted by:

Gina M. Ratto
General Counsel



OCERS Board Policy

Withdrawing Employer (Fully Satisfied Obligation) Policy

Purpose and Background

The purpose of this policy is to establish guidelines by which a participating employer (other than the County of Orange) in the Orange County Employees Retirement System (OCERS) may withdraw from OCERS and fully satisfy at the time of such withdrawal the employer's obligation to pay all Unfunded Actuarial Accrued Liability (UAAL) attributable to the employer's active, retired and deferred employees by reason of their prior service as OCERS' members.

Policy Objectives

1. The objectives of this policy are, among other things, to ensure compliance with County Employees Retirement Law of 1937, California Government Code sections 31450 et seq., as amended (CERL) and other applicable provisions of law:
 - a. Pursuant to CERL sections 31564.2, 31580.1, 31584, 31585 and other applicable provisions of law, an employer remains liable, and must make the required appropriations and transfers, to OCERS for the employer's share of liabilities attributable to its officers and employees who are and may be entitled to receive retirement, disability and related benefits from OCERS.
 - b. CERL section 31564.2(d) provides, in part, that "[t]he funding of the retirement benefits for the employees of a withdrawing agency is solely the responsibility of the withdrawing agency or the board of supervisors. Notwithstanding any other provision of the law, no contracting agency shall fail or refuse to pay the employer's contributions required by this chapter within the applicable time limitations. In dealing with a withdrawing district, the board of retirement shall take whatever action needed to ensure the actuarial soundness of the retirement system."
2. The general principle applied in this policy is to establish the funding obligation of withdrawing employers as:
 - a. The value of future benefits to be paid to OCERS members credited with service while employed with the withdrawing employer calculated at a "risk free" discount rate as determined by OCERS in consultation with its actuary, as of the date the employer initiated its withdrawal; *minus*
 - b. The OCERS assets accumulated from contributions of the withdrawing employer and its employees, as determined by OCERS' actuary, and earnings on such contributions determined on a market value basis.

A "risk free" discount rate for purposes of this policy generally refers to the set of market-based interest assumptions used by the Pension Benefit Guaranty Corporation (PBGC) to measure the sufficiency of assets for a corporate employer that is terminating its single-employer defined benefit pension plan. These PBGC rates are generally lower than the expected earnings based discount rate used in OCERS' actuarial valuation.



OCERS Board Policy

Withdrawing Employer (Fully Satisfied Obligation) Policy

3. Where it is the Board's intent that the employer settle its liabilities to OCERS in full upon the employer's withdrawal (or it is the employer's desire to do so), this policy provides the guidelines to do so.
4. This policy necessarily covers any withdrawing employers that are going out of business, dissolving or ceasing to exist as a separate entity by reason of bankruptcy, loss of funding, or merger, or similar circumstance. This policy may also be applied to other going concern employers if mutually agreed by OCERS and such employers.

Policy Guidelines

Absent unique and compelling circumstances or unless otherwise expressly approved by the Board at a duly-noticed meeting, the guidelines for implementing this policy are set forth below.

5. Upon notice that a participating employer seeks to terminate its membership in OCERS and to fully settle its liabilities to OCERS upon withdrawal, and on the advice and recommendation of its actuary, OCERS will segregate on its books all assets and liabilities attributable to the employer as determined by OCERS' actuary.
6. OCERS' actuary will determine, and certify to the Board, the withdrawing employer's UAAL calculated as of the date of withdrawal.
7. The value of the assets used to determine the withdrawing employer's UAAL will be based on a market value basis allocated to the withdrawing employer determined as of the end of the prior calendar year, adjusted to the date the employer initiates its withdrawal.

The value of assets will be determined in two steps. In the first step, the assets will be allocated on a valuation value of assets (VVA) (a smoothed value) basis. In the second step, the assets as determined on the VVA basis are marked to a market value basis, taking into account any deferred investment gains/losses not yet recognized in the valuation value of assets.

The value of the assets used in the first step to determine the withdrawing employer's initial funding obligation for its UAAL will be based on the VVA allocated to the withdrawing employer determined as of the end of the prior calendar year, adjusted to the date the employer initiated its withdrawal based upon all of OCERS' then current actuarial assumptions and methodologies, including the use of a pro-rata allocation of UAAL (and VVA) within its rate group (if any) based on payroll.

Alternatively, based on the recommendation of OCERS' actuary, the Board may determine that the VVA allocated to the withdrawing employer be determined using a pro-rata allocation based on the Actuarial Accrued Liabilities (AAL) for the withdrawing employer.

8. The present value of future benefits owed to the withdrawing employer's active, retired, deferred and disabled officers and employees and their surviving beneficiaries (present value of accrued benefits, or "liabilities") will be redetermined on a market value basis by using a "risk free" discount rate as described above, together with modifications to other actuarial assumptions



OCERS Board Policy Withdrawing Employer (Fully Satisfied Obligation) Policy

as appropriate for a settlement of liabilities as recommended by OCERS' actuary. Such assumptions could include, for example, mortality tables, salary increases and expected dates of retirement.

- 9. The withdrawing employer will pay the full amount of the UAAL calculated in accordance with this policy on or before the date set by OCERS as a condition to withdrawal from OCERS.

Policy Review

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

Policy History

- 11. The Board adopted this policy on December 16, 2019.

Secretary's Certificate

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

12/16/2019

Steve Delaney
Secretary of the Board

Date



OCERS Board Policy

Withdrawing Employer (Continuing Obligation) Policy

Purpose and Background

From time to time, a participating OCERS employer ceases to provide OCERS' benefits to certain of its employees. *This Withdrawing Employer (Continuing Obligation) Policy* (Policy) is designed to assure that OCERS continues to collect from the employer all contributions necessary to fund all Unfunded Actuarial Accrued Liability (UAAL) attributable to the employer's active, retired and deferred employees covered OCERS' service. Consistent with applicable law and this Policy, OCERS will enter into a Withdrawing Employer (Continuing Obligation) Agreement (Continuing Obligation Agreement) with any such employer.

Policy Objectives

1. The objectives of this policy are, among other things, to ensure compliance with County Employees Retirement Law of 1937, California Government Code sections 31450 et seq., as amended (CERL) and other applicable provisions of law:
 - a. Pursuant to CERL sections 31564.2, 31580.1, 31584, 31585 and other applicable provisions of law, an employer remains liable, and must make the required appropriations and transfers, to OCERS for the employer's share of liabilities attributable to its officers and employees who are and may be entitled to receive retirement, disability and related benefits from OCERS. This obligation continues after the employer withdraws any or all of its officers' and employees' service from the OCERS plan until the employer pays all UAAL attributable to its active, retired and deferred officers and employees by reason of their prior service as OCERS' members.
 - b. CERL section 31564.2(d) provides, in part, that "[t]he funding of the retirement benefits for the employees of a withdrawing agency is solely the responsibility of the withdrawing agency or the board of supervisors. Notwithstanding any other provision of the law, no contracting agency shall fail or refuse to pay the employer's contributions required by this chapter within the applicable time limitations. In dealing with a withdrawing district, the board of retirement shall take whatever action needed to ensure the actuarial soundness of the retirement system."
2. The general principle applied in this policy is to establish the funding obligation of withdrawing employers as:
 - a. The value of future benefits to be paid to OCERS members credited with service while employed with the withdrawing employer; *minus*
 - b. The OCERS assets accumulated from contributions of the withdrawing employer and its employees, as determined by OCERS' actuary, and earnings on such contributions.
3. It is the OCERS Board of Retirement's (Board) intent to allow a withdrawing employer to satisfy its funding obligation in a manner that provides the employer reasonable flexibility; however, primary consideration will be given to ensuring the funding obligation of the withdrawing employer is properly determined and satisfied. This will generally require



OCERS Board Policy

Withdrawing Employer (Continuing Obligation) Policy

redetermination of the funding obligation of the employer for several years following the date the employer initiates its withdrawal.

4. This policy covers *only* those withdrawing employers (i) who cease to provide OCERS membership for their active officers and/or employees (i.e., both current actives and new hires), (ii) who are financially viable entities when the withdrawal is initiated, and (iii) who are expected to continue in existence as financially viable entities. This policy does not cover any other situation – whether a withdrawing employer, a terminating employer or otherwise – including, without limitation, an employer that is going out of business by reason of bankruptcy, loss of funding, or merger, or an employer who gradually winds down its active officers' and employees' continued participation in OCERS either through attrition or through a decision to have officers and employees hired after a specific date to not become members of OCERS (e.g., to participate in a retirement arrangement other than OCERS).

Policy Guidelines

Absent unique and compelling circumstances or unless otherwise expressly approved by the Board at a duly-noticed meeting, the guidelines for implementing this policy are set forth below.

5. Upon notice that a participating employer seeks to terminate OCERS' membership for its active employees' future service, and on the advice and recommendation of its actuary, OCERS will segregate on its books all assets and liabilities attributable to the employer as determined by OCERS' actuary, and will maintain such separate accounting for the employer until all of its liabilities have been fully satisfied.
6. OCERS and the withdrawing employer will enter into a Continuing Contribution Agreement, the purposes of which are to:
 - a. evidence the withdrawing employer's obligations as of the date the employer initiates its withdrawal, as well as its continuing funding obligations for the ongoing benefits owed to its retired, deferred and disabled officers and employees and their surviving beneficiaries, for their accumulated OCERS service and related benefits;
 - b. provide a funding mechanism acceptable to OCERS for the withdrawing employer to timely satisfy its existing and continuing funding obligations to OCERS, the payment of which must be over a period which is not longer than the period over which OCERS' remaining unfunded liability is being amortized (see CERL section 31564.2(c));
 - c. require the withdrawing employer to provide OCERS with updated employee census and payroll data requested by OCERS in the years following the date the employer initiates its withdrawal;
 - d. provide a mechanism for adjusting the withdrawing employer's obligations and payments due to OCERS based on periodic actuarial experience analysis; and



OCERS Board Policy Withdrawing Employer (Continuing Obligation) Policy

- e. provide a mechanism by which OCERS will consider the transfer of any Final Surplus, as defined below, to the withdrawing employer or a successor retirement system, as appropriate.
7. Pursuant to the terms of the Continuing Contribution Agreement, OCERS' actuary will determine, and certify to the Board, the withdrawing employer's initial funding obligation for its UAAL calculated as of the date of withdrawal. Absent unique and compelling circumstances, the amortization schedule for payment of the employer's initial funding obligation will not exceed a period of five (5) years.
8. The initial value of the assets used to determine the withdrawing employer's initial funding obligation for its UAAL will be based on the valuation value of assets (VVA) (a smoothed value) allocated to the withdrawing employer determined as of the end of the prior calendar year, adjusted to the date the employer initiated its withdrawal (or later date if the Continuing Contribution Agreement so provides), based upon all of OCERS' then current actuarial assumptions and methodologies, including the use of a pro-rata allocation of UAAL (and VVA) within its rate groups (if any) based on payroll. Alternatively, based on recommendation of OCERS' actuary, the Board may determine VVA allocated to the withdrawing employer be determined using a pro-rata allocation based on the Actuarial Accrued Liabilities (AAL) for the withdrawing employer.

Later values (i.e., those used in "true-ups" described below) will be determined by rolling forward the initial VVA, adding contributions, deducting benefit payments, and crediting earnings at the Total OCERS smoothed (VVA) earnings rate.
9. The present value of future benefits owed to the withdrawing employer's retired, deferred and disabled officers and employees and their surviving beneficiaries (present value of accrued benefits, or "liabilities") will be determined using OCERS' then current actuarial assumptions and methodologies. In determining the present value of accrued benefits, benefit service will be frozen for the withdrawing employer's active employees but, for members who transfer to a system that has reciprocity with OCERS, pay will be projected based on OCERS' then salary growth assumptions.
10. Periodically after the date the employer initiated its withdrawal, in periods not to exceed three (3) years' duration, following an experience analysis, OCERS' actuary will remeasure (true-up), and certify to the Board, any additional obligation of the withdrawing employer for UAAL. In accordance with the terms of the Continuing Contribution Agreement and applicable law, the withdrawing employer is liable for, and must contribute, any new UAAL determined in the true-up experience analysis, based upon an amortization schedule recommended by the actuary and adopted by OCERS.

Absent unique and compelling circumstances, the amortization schedule for payment of the employer's periodic true-up funding obligations will not exceed a period of three (3) years. OCERS will hold any negative UAAL (Surplus) to be applied against any future UAAL of the withdrawing employer.



OCERS Board Policy **Withdrawing Employer (Continuing Obligation) Policy**

- 11. If any surplus remains after the withdrawing employer has satisfied *all* of its UAAL obligations (Final Surplus), OCERS will distribute the Final Surplus in accordance with the terms of the Continuing Contribution Agreement and applicable law.
- 12. Notwithstanding anything to the contrary herein, the OCERS Board reserves the right to pursue any other remedies under applicable law that, depending on the circumstances, may be available to “ensure the actuarial soundness of the retirement system” (CERL section 31564.2(d)). For example, notwithstanding the employer’s obligations under the Continuing Contribution Agreement, if concerns arise regarding the employer’s ongoing existence as a financially viable entity, or if the employer’s funding obligations become so small that the Board, in its sole discretion, determines it is not administratively feasible to continue to accept ongoing payments from the employer, the Board may assess the projected full amount of the employer’s UAAL (as recommended by the fund’s actuary and approved by the Board) using a “risk free” discount rate as determined by OCERS in consultation with its actuary, and require an immediate lump sum payment.

A “risk free” discount rate for purposes of this policy generally refers to the set of market-based interest assumptions used by the Pension Benefit Guaranty Corporation (PBGC) to measure the sufficiency of assets for a corporate employer that is terminating its single-employer defined benefit pension plan. These PBGC rates are generally lower than the expected earnings based discount rate used in OCERS’ actuarial valuation.

Policy Review

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

Policy History

- 14. The Board adopted this policy on February 17, 2015, and revised on December 16, 2019.

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

2/17/15

Date



OCERS Board Policy

Declining Employer Payroll Policy

Purpose and Background

1. A participating employer in the Orange County Employees Retirement System (OCERS or the System) may experience an actual or expected material decline in the payroll attributable to its OCERS' active members (OCERS-covered payroll). This Declining Employer Payroll Policy (Policy) is intended to establish guidelines to assure that such employer will continue to satisfy its obligation to timely pay all unfunded actuarial accrued liability (UAAL) attributable to the employer's active, retired and deferred employees and their beneficiaries by reason of their prior and future service as OCERS' members.

Background and Objectives

2. As a general rule, employers' contribution obligations for UAAL are determined by applying a contribution rate determined by OCERS' actuary to the employer's OCERS-covered payroll (the percentage-of-payroll methodology). For employers whose payrolls are generally consistent with OCERS' actuarial assumptions regarding payroll growth, the percentage-of-payroll methodology is appropriate. However, for employers whose OCERS-covered payroll is declining or is expected to decline materially over time, the OCERS Board of Retirement (Board) has determined that the percentage-of-payroll methodology is not the appropriate method of collecting employer contributions owed to the System. The objectives of this Policy are to (i) to ensure equitable and adequate funding of UAAL in cases involving employers with declining payrolls, (ii) approve procedures for identifying employers who should be subject to this Policy, and (iii) approve a different methodology for determining any UAAL attributable to such employers and setting the amount and schedule of the contributions needed to fund such UAAL. This Policy does *not* change the methodology regarding how contributions for "normal cost" are determined for participating employers.
3. Generally, the objectives of this Policy also are to ensure compliance with County Employees Retirement Law of 1937, California Government Code sections 31450 et seq., as amended, and other applicable provisions of law. Pursuant to Gov't. Code sections 31453, 31453.5, 31581, 31582, 31584, 31585, 31586 and other applicable provisions of law, a participating employer remains liable, and must make the required appropriations and transfers, to OCERS for the employer's share of liabilities attributable to its officers and employees who are and may be entitled to receive retirement, disability and related benefits from OCERS. This obligation continues after the employer no longer has active employees or payroll and until the employer has paid all UAAL attributable to the employer's active, retired and deferred employees and their beneficiaries by reason of their prior and future service as OCERS' members.
4. It is the Board's intent to allow an employer covered by this Policy to satisfy its funding obligation in a manner that provides the employer reasonable flexibility; however, primary consideration will be given to ensuring the adequacy of the assets attributable to the employer to satisfy the employer's funding obligations. This will generally require redetermination of the funding obligations of the employer for several years.



OCERS Board Policy

Declining Employer Payroll Policy

Policy Procedures and Guidelines

Absent unique and compelling circumstances or unless otherwise expressly approved by the Board at a duly-noticed public meeting, the procedures and guidelines for implementing this Policy are set forth below.

Commencement of Coverage – Triggering Events

5. This Policy covers only those employers for whom the Board determines, based on a recommendation from OCERS' Chief Executive Officer (CEO), that a *triggering event* as described in this section 5 has occurred, *and* who are not excluded from coverage under this Policy as described in sections 6 and 7 below.
 - a. *Triggering event resulting from ceasing to enroll new hires.* Some OCERS' participating employers cease to enroll new hires with OCERS but, for a period of time, continue to have at least some previously-enrolled employees maintaining their status as active OCERS members. These employers' OCERS-covered payroll will eventually diminish to zero as their active employees retire or otherwise terminate employment. Examples of employers in this category may include an employer that is acquired by another entity that is not an OCERS participating employer, or an OCERS employer that is taken over by a state agency whose employees are covered by another pension system such as CalPERS. There may be other examples as well.
 - b. *Triggering event resulting from a material and expected long-lasting reduction in OCERS-covered payroll.* Some employers may experience a material reduction in their OCERS-covered payroll, but nevertheless continue to enroll their new hires with OCERS. The reduction may be sudden (e.g., due to a discrete event such as a partial loss of funding or partial outsourcing), or it may be more gradual, over a period of years, and might not be tied to a discrete event. Generally, the Board would determine that this type of triggering event has occurred only if the Board expects that the reduction in employer's OCERS-covered payroll is expected to be permanent, long-lasting or for an indefinite period of time that is greater than a cycle that the employer may typically experience, or a cycle similarly experienced by the other employers, if any, in the same OCERS' rate group. Generally, by its nature, the determination whether this type of triggering event has occurred is more subjective than that described in section 5.a. above.

Exclusions from Coverage; Terminations of Coverage

6. This Policy covers *only* those employers (i) who are financially-viable entities when a triggering event occurs, *and* (ii) whom OCERS expects to continue indefinitely thereafter to be financially-viable entities. This Policy does not cover any other situation, including, without limitation, an employer going out of business by reason of dissolution, loss of funding, consolidation or merger (unless there is a surviving financially-viable entity that is acceptable to the Board that will make the ongoing payments under the Policy). This Policy also does not cover a "withdrawing employer" who ceases to provide OCERS membership for *all* of the employer's active OCERS members (*i.e.*, as of a date certain, withdraws both new hires and existing actives from membership with OCERS).



OCERS Board Policy

Declining Employer Payroll Policy

7. The Board recognizes that participating employers covered by this Policy will have UAAL funding obligations for several years. If concerns arise during that period of time regarding the employer's ongoing existence as a financially-viable entity, or if the employer's funding obligations become so small that the Board, in its sole discretion, determines it is not administratively feasible to continue to apply this Policy to said employer, the Board may remove the employer from coverage under this Policy and/or take any other measures that may be available to ensure the actuarial soundness of the retirement system or that are administratively convenient and reasonable, including, without limitation, assessing the projected full amount of the employer's UAAL (as recommended by the fund's actuary and approved by the Board), applying a "risk free" discount rate as determined by OCERS in consultation with its actuary, and requiring an immediate lump sum payment.

A "risk free" discount rate for purposes of this Policy generally refers to the set of market-based interest assumptions used by the Pension Benefit Guaranty Corporation (PBGC) to measure the sufficiency of assets for a corporate employer that is terminating its single-employer defined benefit pension plan. These PBGC rates are generally lower than the expected earnings based discount rate used in OCERS' actuarial valuation.

Procedures

8. The CEO will work with OCERS' staff, service providers (e.g., the actuary), and participating employers to obtain the information (e.g., OCERS-covered payroll history, financial reports) needed for the Board to make determinations regarding triggering events and exclusions from, or terminations of, coverage.
9. Upon a recommendation from the CEO and notice to the affected participating employer, the Board will make a determination at a duly-noticed public meeting regarding (i) whether a triggering event has occurred for the employer, (ii) whether the employer is expressly excluded from coverage under this Policy and if not, whether unique and compelling circumstances exist such that the Board should not apply the Policy to the employer, and (iii) for those employers that the Board has previously determined to be covered under the Policy, whether their coverage should be terminated under section 7 above. Employers may be required to provide OCERS with updated employee census and payroll data and financial reports. See Gov't. Code section 31543.

Procedures When Board Determines this Policy Should Apply

10. If the Board determines that (i) a triggering event has occurred, (ii) the employer is not expressly excluded from coverage under the Policy, and (iii) unique and compelling circumstances do not exist then, solely for purposes of determining the covered employer's UAAL contribution obligation, the employer will be removed from its rate group (if any); OCERS will segregate on its books all assets and liabilities attributable to the employer based upon the recommendation of OCERS' actuary; and OCERS shall maintain such separate accounting for the employer until all of the employer's obligations to OCERS as determined under sections 11, 12 and 13 below have been fully satisfied.
11. OCERS' actuary will determine, and certify to the Board, the covered employer's funding obligation for its initial UAAL, which obligation shall not be pro-rata based on payroll, but rather based on the employer's actuarial accrued liability (AAL) including inactives. The Board may determine to



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require the employer's contributions to be paid in level, fixed-dollar amounts over a period to be determined in the Board's sole discretion, which in no event may exceed the maximum amortization period for losses as defined by the OCERS Actuarial Funding Policy, beginning on July 1 of the calendar year immediately after the year in which the triggering event occurs.

12. The actuary will use the actuarial valuation performed for OCERS as of the end of the calendar year immediately prior to the calendar year in which the triggering event occurs (and based on all of OCERS' then current actuarial assumptions and methodologies) to determine the initial valuation value of assets (VVA), a smoothed value, allocated to the covered employer. That initial VVA will be a pro-rata allocation based on the employer's AAL (*i.e.*, based on the employer's initial UAAL allocation determined in accordance with section 11 above). Later values of the VVA (*i.e.*, those used in the future valuations described below) shall be determined by rolling forward the initial VVA, adding contributions, deducting benefit payments, and crediting earnings at the actual smoothed (VVA) earnings rate on total OCERS assets.
13. Annually, after the determination of the covered employer's initial funding obligation, as part of the regular annual actuarial valuation of the plan, OCERS' actuary will measure any change in the UAAL of the participating employer due to actuarial experience or changes in actuarial assumptions. In addition to the amortized payments for the covered employer's initial UAAL funding obligation determined as of the initial valuation, the employer will be liable for, and must contribute to OCERS, any such new UAAL determined as of subsequent valuations, based upon an amortization schedule recommended by the actuary and adopted by the Board of Retirement. OCERS will hold any negative UAAL (Surplus) to be applied against any future UAAL of the covered employer.
14. If any Surplus remains after the covered employer has satisfied *all* of its UAAL obligations (Final Surplus), OCERS will distribute the Final Surplus in accordance with the terms of applicable law.

Procedures When Board Determines this Policy Should Not Apply

15. The Board may, in its sole discretion, determine that unique and compelling circumstances exist such that the Board should not apply the Policy to the employer. Such determination by the Board should be informed by the objectives of this Policy, which include (i) ensuring equitable and adequate funding of UAAL in cases involving employers with declining payrolls, (ii) approving procedures for identifying employers who should be subject to this Policy, (iii) approving a different methodology for determining any UAAL attributable to such employers and setting the amount and schedule of the contributions needed to fund such UAAL, and (iv) ensuring that the employer remains liable to OCERS and is required to make the required appropriations and transfers to OCERS for the employer's share of liabilities attributable to the its officers and employees who are and may be entitled to receive retirement, disability and related benefits from OCERS. Examples of unique and compelling circumstances include, but are not limited to, a determination that the decline in the employer's payroll is not material; that the impact to the other employers in the rate group resulting from the triggering event is not material; or the employer is willing to pay a premium to mitigate the additional contributions that would otherwise be shifted to the other employers in the rate pool.



OCERS Board Policy

Declining Employer Payroll Policy

- 16. If the Board determines that unique and compelling circumstances exist such that the Policy should not be applied to the employer, then the Board may fashion an alternative for the employer that could include allowing the employer to remain pooled with the other employers in the rate group, and that might also require the employer to pay a premium to mitigate against a shifting of costs to the other employers in the rate group.
- 17. The CEO will timely report to the Board any instances of triggering events and exclusions from, or terminations of, coverage among any of the participating employers in OCERS.

Policy Review

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

Policy History

- 19. The Board of Retirement adopted this Policy on June 15, 2015. The Policy was revised on December 16, 2019.

Secretary's Certificate

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

12/16/2019

Steve Delaney
Secretary of the Board

Date



OCERS Board Policy

Actuarial Funding Policy

Purpose and Background

The Orange County Employees Retirement System (OCERS) is charged with administering defined benefit plans for its members. Administering the system includes establishing systematic funding of current and future benefit payments for members of OCERS. In doing so, the Board of Retirement engages the services of an actuary to assist in establishing contributions that will fully fund the System's liabilities, and that, as a percentage of payroll, will remain as level as possible for each generation of active members. In order for the actuary to perform the requested services, the Board must approve specific funding objectives, methods, and assumptions to be used in the actuarial valuation for the purpose of funding member benefits.

Policy Objectives

- Σ Achieve long-term full funding of the cost of benefits provided by OCERS;
- Σ Seek reasonable and equitable allocation of the cost of benefits over time;
- Σ Minimize volatility of the plan sponsor's contribution to the extent reasonably possible, consistent with other policy goals; and,
- Σ Support the general public policy goals of accountability and transparency by being clear as to both intent and effect, allowing for an assessment of how and when plan sponsors will meet the funding requirements of the plan.

Definitions

1. **Actuarial Accrued Liability (AAL)** – The portion of the present value of projected benefits that is attributed to past service by the actuarial funding method.
2. **Actuarial Funding Method** – A process used to allocate present value of projected benefits among past and future periods of service.
3. **Actuarial Gains and Losses** – The changes in unfunded actuarial accrued liability or surplus due to actual experience different from what is assumed in the actuarial valuation. For example, if during a given year the assets earn more than the investment return assumption, the amount of earnings above the assumption will cause an unexpected reduction in unfunded actuarial accrued liability, or "actuarial gain" as of the next valuation.
4. **Actuarial Surplus** – The positive difference, if any, between the Valuation Value of Assets and the Actuarial Accrued Liability
5. **Actuarial Value of Assets (AVA)** – The market value of assets less or plus the net deferred investment gains or losses not yet recognized by the asset smoothing method.



OCERS Board Policy

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6. **Entry Age Method** – An actuarial cost method designed to fund a member's total plan benefit over the course of his or her career. This method is designed to produce stable employer and employee contributions in amounts that increase at the same rate as the members' payroll (i.e., level % of payroll).
7. **Market Value of Assets (MVA)** – The fair value of assets of the plan as reported under generally accepted accounting principles.
8. **Normal Cost** – The portion of the present value of projected benefits that is attributed to current service by the actuarial funding method.
9. **Unfunded Actuarial Accrued Liability (UAAL)** – The portion of the Actuarial Accrued Liability that is not currently covered by plan assets. It is calculated by subtracting the Valuation Value of Assets from the Actuarial Accrued Liability.
10. **Valuation Value of Assets (VVA)** – The value of assets used in the actuarial valuation to determine contribution rate requirements. It is equal to the Actuarial Value of Assets reduced by the value of any non-valuation reserves.
11. **Valuation Period** – The year for which the actuarial valuation is being performed, which is the calendar year preceding the December 31 actuarial valuation date.

Policy Guidelines

OCERS annual funding requirement is comprised of a payment of the Normal Cost and a payment on the Unfunded Actuarial Accrued Liability (UAAL). The Normal Cost and the amount of payment on UAAL are determined by the following three components of this funding policy

- a. Actuarial Cost Method: the process used to allocate the total present value of future benefits to each year (Normal Cost), and all past years (Actuarial Accrued Liability);
- b. Asset Smoothing Method: the process used that spreads the recognition of investment gains or losses over a period of time for the purposes of determining the Actuarial Value of Assets used in the actuarial valuation process; and
- c. Amortization Policy: the decisions on how, in terms of duration and pattern, to reduce the difference between the Actuarial Accrued Liability and the Valuation Value of Assets in a systematic manner.

Actuarial Cost Method

The Entry Age cost method with Normal Cost developed as a level percentage of pay shall be applied to each member's retirement benefit in determining the Normal Cost and the Actuarial Accrued Liability.



OCERS Board Policy

Actuarial Funding Policy

Asset Smoothing Method

The investment gains or losses of each Valuation Period, as a result of comparing the actual return on the Market Value of Assets at the end of the period with what the expected return on the Market Value of Assets would have been if the assumed rate of return on assets was realized during the period, shall be recognized in a level amount over a fixed five (5) years in calculating the Actuarial Value of Assets.

This policy anticipates that future circumstances may warrant adjustments to change the pattern of the recognition of the net deferred investment gains or losses after a period of significant market change followed by a period of market correction, upon receiving an analysis from OCERS' actuary. Such adjustments would be appropriate when the net deferred investment gains or losses are relatively small (i.e., the actuarial and market values are very close together), but the recognition of that net deferred amount is markedly non-level. Any such adjustment would be made subject to the following conditions:

- ∑ The net deferred investment gains or losses are unchanged as of the date of the adjustment; and,
- ∑ The period over which the net deferred investment gains and losses are fully recognized is unchanged as of the date of the adjustment.

Amortization Policy

- a. The Unfunded Actuarial Accrued Liability, the difference between the Actuarial Accrued Liability and the Valuation Value of Assets, shall be amortized over various periods of time, depending on how the unfunded liability arose;
- b. The total Unfunded Actuarial Accrued Liability as of December 31, 2013 (which consists of the outstanding balance of the UAAL from the December 31, 2012 valuation and any new actuarial gains or losses from calendar year 2013) shall be amortized over twenty (20) years;
- c. Actuarial Gains or Losses incurred in a single year shall be amortized over twenty (20) years;
- d. Changes in actuarial assumptions and cost methods shall be amortized over twenty (20) years;
- e. Plan amendments other than Early Retirement Incentives shall be amortized over fifteen (15) years;
- f. Early Retirement Incentives shall be amortized over a period not to exceed five (5) years;
- g. Unfunded Actuarial Accrued Liabilities shall be amortized in multiple layers by source over "closed" amortization periods;
- h. Unfunded Actuarial Accrued Liabilities shall be amortized as a level percentage of payroll so that the amortization amount in each year during the amortization period shall be expected to be a level percentage of covered payroll, taking into consideration the current assumption for general payroll increase;
- i. If an overfunding or "surplus" exists (i.e., the Valuation Value of Assets is greater than the Actuarial Accrued Liability) and the amount of such surplus is in excess of 20% of the AAL and the other conditions of Section 7522.52 of the California Public Employee's Pension Reform Act are met, such actuarial surplus in excess of 20% of the AAL and any subsequent such surpluses will be amortized



OCERS Board Policy

Actuarial Funding Policy

over an “open” amortization period of 30 years. Any prior UAAL amortization layers will be considered fully amortized, and any subsequent UAAL will be amortized as the first of a new series of amortization layers, using the above amortization periods.

- j. These amortization policy components will generally apply separately to each of OCERS’ UAAL rate groups with the exception that the conditions of Section 7522.52 apply to the total plan.

Other Policy Considerations

- a. In order to allow Plan Sponsors to more accurately budget for pension contributions and other practical considerations, the contribution rates determined in each actuarial valuation (as of December 31) will generally apply to the fiscal year beginning eighteen months after the Actuarial Valuation date. The UAAL contribution rates in the current actuarial valuation are adjusted to account for any shortfall or excess contributions as a result of the implementation lag;
- b. Any change in contribution rate requirement that results from a plan amendment is generally implemented as of the effective date of the plan amendment or as soon as administratively feasible;
- c. When calculating both employer and member contribution rates (basic and COLA portions) for Legacy members, the actuary shall include an assumption for the additional cash out of accumulated annual leave, sick leave or compensatory leave both earned and permitted to be cashed out during the final average measuring period, applied on a pooled basis (General, Safety-Probation, Safety-Law and Safety-Fire).
- d. The actuarial assumptions adopted by the Board for use in the actuarial valuation affect only the timing of contributions; the ultimate contribution level is determined by the benefits and the expense actually paid offset by actual investment returns. To the extent that actual experience deviates from the assumptions, experience gains and losses will occur. These gains (or losses) then serve to reduce (or increase) the future contribution requirements.

Actuarial assumptions are generally grouped into two major categories:

- ∑ Demographic assumptions – including rates of withdrawal, service retirement, disability retirement, mortality, etc.
- ∑ Economic assumptions – including price inflation, wage inflation, investment return, salary increase, etc.

The actuarial assumptions represent the Board’s best estimate of anticipated experience under OCERS and are intended to be long term in nature. Therefore, in developing the actuarial assumptions, the Board considers not only past experience but also trends, external forces and future expectations. The Board will review all assumptions triennially. The current assumptions used by the actuary can be found in the latest actuarial valuation report available on OCERS’ website..



OCERS Board Policy Actuarial Funding Policy

Policy Review

The Board of Retirement will review this policy every three years or more frequently if recommended by the actuary to ensure that it remains relevant and appropriate.

Policy History

The Board adopted this policy on January 21, 2014. This policy was revised on December 15, 2014, April 18, 2018, and November 14, 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

11/14/2022

Date



OCERS Board Policy

Actuarial Funding Policy

Purpose and Background

The Orange County Employees Retirement System (OCERS) is charged with administering defined benefit plans for its members. Administering the system includes establishing systematic funding of current and future benefit payments for members of OCERS. In doing so, the Board of Retirement engages the services of an actuary to assist in establishing contributions that will fully fund the System's liabilities, and that, as a percentage of payroll, will remain as level as possible for each generation of active members. In order for the actuary to perform the requested services, the Board must approve specific funding objectives, methods, and assumptions to be used in the actuarial valuation for the purpose of funding member benefits.

Policy Objectives

- ∑ Achieve long-term full funding of the cost of benefits provided by OCERS;
- ∑ Seek reasonable and equitable allocation of the cost of benefits over time;
- ∑ Minimize volatility of the plan sponsor's contribution to the extent reasonably possible, consistent with other policy goals; and,
- ∑ Support the general public policy goals of accountability and transparency by being clear as to both intent and effect, allowing for an assessment of how and when plan sponsors will meet the funding requirements of the plan.

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4. **Actuarial Surplus** – ~~the~~The positive difference, if any, between the Valuation Value of Assets and the Actuarial Accrued Liability
5. **Actuarial Value of Assets (AVA)** – The market value of assets less or plus the net deferred investment gains or losses not yet recognized by the asset smoothing method.



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Policy Guidelines

OCERS annual funding requirement is comprised of a payment of the Normal Cost and a payment on the Unfunded Actuarial Accrued Liability (UAAL). The Normal Cost and the amount of payment on UAAL are determined by the following three components of this funding policy

- a. Actuarial Cost Method: the process used to allocate the total present value of future benefits to each year (Normal Cost), and all past years (Actuarial Accrued Liability);
- b. Asset Smoothing Method: the process used that spreads the recognition of investment gains or losses over a period of time for the purposes of determining the Actuarial Value of Assets used in the actuarial valuation process; and
- c. Amortization Policy: the decisions on how, in terms of duration and pattern, to reduce the difference between the Actuarial Accrued Liability and the Actuarial Valuation Value of Assets (~~after adjustment for non-valuation reserves~~) in a systematic manner.

Actuarial Cost Method

The Entry Age cost method with Normal Cost developed as a level percentage of pay ~~of~~ shall be applied to each member's retirement benefit in determining the Normal Cost and the Actuarial Accrued Liability.



OCERS Board Policy

Actuarial Funding Policy

Asset Smoothing Method

The investment gains or losses of each Valuation Period, as a result of comparing the actual return on the Market Value of Assets at the end of the period with what the expected return on the Market Value of Assets would have been if the assumed rate of return on assets was realized during the period, shall be recognized in a level amount over a fixed five (5) years in calculating the Actuarial Value of Assets.

This policy anticipates that future circumstances may warrant adjustments to change the pattern of the recognition of the net deferred investment gains or losses after a period of significant market change followed by a period of market correction, upon receiving an analysis from OCERS' actuary. Such adjustments would be appropriate when the net deferred investment gains or losses are relatively small (i.e., the actuarial and market values are very close together), but the recognition of that net deferred amount is markedly non-level. Any such adjustment would be made subject to the following conditions:

Σ The net deferred investment gains or losses are unchanged as of the date of the adjustment; and,

Σ The period over which the net deferred investment gains and losses are fully recognized is unchanged as of the date of the adjustment.

Amortization Policy

- a. The Unfunded Actuarial Accrued Liability, the difference between the Actuarial Accrued Liability and the Actuarial Valuation Value of Assets ~~(after again adjustment for non-valuation reserves),~~ shall be amortized over various periods of time, depending on how the unfunded liability arose;
- b. ~~he~~The total Unfunded Actuarial Accrued Liability as of December 31, 2013 (which consists of the outstanding balance of the UAAL from the December 31, 2012 valuation and any new actuarial gains or losses from calendar year 2013) shall be amortized over twenty (20) years;
- c. Actuarial Gains or Losses incurred in a single year shall be amortized over twenty (20) years;
- d. Changes in actuarial assumptions and cost methods shall be amortized over twenty (20) years;
- e. Plan amendments other than Early Retirement Incentives shall be amortized over fifteen (15) years;
- f. Early Retirement Incentives shall be amortized over a period not to exceed five (5) years;
- g. Unfunded Actuarial Accrued Liabilities shall be amortized in multiple layers by source over "closed" amortization periods;
- h. Unfunded Actuarial Accrued Liabilities shall be amortized as a level percentage of payroll so that the amortization amount in each year during the amortization period shall be expected to be a level percentage of covered payroll, taking into consideration the current assumption for general payroll increase;
- i. If an overfunding or "surplus" exists (i.e., the adjusted Actuarial Valuation Value of Assets is greater than the Actuarial Accrued Liability) and the amount of such surplus is in excess of 20% of the AAL per and the other conditions of Section 7522.52 of the California Public Employee's Pension Reform Act are met, such actuarial surplus in excess of 20% of the AAL and any subsequent



OCERS Board Policy

Actuarial Funding Policy

such surpluses will be amortized over an “open” amortization period of 30 years. Any prior UAAL amortization layers will be considered fully amortized, and any subsequent UAAL will be amortized as the first of a new series of amortization layers, using the above amortization periods.

i. These amortization policy components will generally apply separately to each of OCERS’ UAAL rate groups with the exception that the conditions of Section 7522.52 apply to the total plan.

Other Policy Considerations

a. In order to allow Plan Sponsors to more accurately budget for pension contributions and other practical considerations, the contribution rates determined in each actuarial valuation (as of December 31) will generally apply to the fiscal year beginning eighteen months after the Actuarial Valuation date. The UAAL contribution rates in the current actuarial valuation are adjusted to account for any shortfall or excess contributions as a result of the implementation lag;

b. Any change in contribution rate requirement that results from a plan amendment is generally implemented as of the effective date of the plan amendment or as soon as administratively feasible;

~~c. When calculating a retirement benefit amount under allowable optional benefit allowances per Government Code sections 31761-31764 (known as Options 2, 3 and 4), the actuary shall include a cost of living assumption;~~

~~d.c.~~ When calculating both employer and member contribution rates (basic and COLA portions) for Legacy members, the actuary shall include an assumption for the additional cash out of accumulated annual leave, sick leave or compensatory leave both earned and permitted to be cashed out during the final average measuring period, applied on a pooled basis (General, Safety-Probation, Safety-Law and Safety-Fire).

~~e.d.~~ The actuarial assumptions adopted by the Board for use in the actuarial valuation affect only the timing of contributions; the ultimate contribution level is determined by the benefits and the expense actually paid offset by actual investment returns. To the extent that actual experience deviates from the assumptions, experience gains and losses will occur. These gains (or losses) then serve to reduce (or increase) the future contribution requirements.

Actuarial assumptions are generally grouped into two major categories:

∑ Demographic assumptions – including rates of withdrawal, service retirement, disability retirement, mortality, etc.

∑ Economic assumptions – including price inflation, wage inflation, investment return, salary increase, etc.

The actuarial assumptions represent the Board’s best estimate of anticipated experience under OCERS and are intended to be long term in nature. Therefore, in developing the actuarial assumptions, the Board considers not only past experience but also trends, external forces and future expectations. The Board will review all assumptions triennially. The current assumptions



OCERS Board Policy Actuarial Funding Policy

used by the actuary ~~are listed~~ can be found in ~~Appendix A~~ the latest actuarial valuation report available on OCERS' website.

Policy Review

The Board of Retirement will review this policy every three years or more frequently if recommended by the actuary to ensure that it remains relevant and appropriate.

Policy History

The Board adopted this policy on January 21, 2014. This policy was revised on December 15, 2014, ~~April 18, 2018, and November 14, 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.

	04/18/2018 <u>11/14/2022</u>
Steve Delaney Secretary of the Board	Date



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Appendix A

The following are current assumptions used by the actuary when producing the annual actuarial valuation for OCERS:

Economic Assumptions

INFLATION

2.75% per annum, retiree cost of living adjustments are subject to a 3.0% maximum change per year.

INVESTMENT RETURN

7.00% per annum net of investment and administrative expenses.

EMPLOYEE CONTRIBUTION CREDITING RATE:

5.00%, compounded semi-annually.

INDIVIDUAL SALARY INCREASES:

- Inflationary increases: 2.75%
- Real “across the board” increases: 0.50%
- Merit and promotion increases:

YEARS OF SERVICE	GENERAL	SAFETY
Less than 1	9.00%	14.00%
1	7.25	10.00
2	6.00	7.75
3	5.00	6.00
4	4.00	5.50
5	3.50	4.50
6	2.50	3.75
7	2.25	3.25
8	1.75	2.50
9	1.50	2.25
10	1.50	1.75
11	1.50	1.75
12	1.50	1.75
13	1.50	1.75

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YEARS OF SERVICE	GENERAL	SAFETY
14	1.50	1.75
15	1.50	1.75
16	1.00	1.50
17	1.00	1.50
18	1.00	1.50
19	1.00	1.50
20 & over	1.00	1.50

Note: in addition to the individual salary increase assumptions, also assume an average two hours of additional salary annually for leap year salary adjustment.

ACTIVE MEMBER PAYROLL INCREASES

3.25% per annum

Non-Economic Assumptions

Post-Retirement Mortality Rates:

HEALTHY

- For General Members and all Beneficiaries: Headcount Weighted RP-2014 Healthy Annuitant Mortality Table, projected generationally with the two-dimensional MP-2016 scale.
- For Safety Members: Headcount Weighted RP-2014 Healthy Annuitant Mortality Table set back four years, projected generationally with the two-dimensional MP-2016 scale.

DISABLED

- For General Members: Headcount Weighted RP-2014 Healthy Annuitant Mortality Table set forward five years, projected generationally with the two-dimensional MP-2016 scale.
- For Safety Members: Headcount Weighted RP-2014 Healthy Annuitant Mortality Table projected generationally with the two-dimensional MP-2016 scale.

BENEFICIARIES

- Beneficiaries are assumed to have the same mortality as a General Member of the opposite sex who is receiving a service (non-disability) retirement.

EMPLOYEE CONTRIBUTION RATES

- For General Members: Headcount Weighted RP-2014 Healthy Annuitant Mortality Table (separate tables for males and females) projected 20 years with the two-dimensional mortality improvement scale MP-2016 scale, weighted 40% male and 60% female.

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→ For Safety Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table set back four years (separate tables for males and females), projected 20 years with the two-dimensional mortality improvement scale MP-2016 scale, weighted 80% male and 20% female.

PRE-RETIREMENT MORTALITY RATES

For General and Safety Members; Headcount-Weighted RP-2014 Employee Mortality Table times 80% projected generationally with the two-dimensional MP-2016 projection scale.

Termination Rates Before Retirement

	RATE (%) MORTALITY ⁱ			
	General		Safety	
Age	Male	Female	Male	Female
25	0.05	0.02	0.05	0.02
30	0.05	0.02	0.05	0.02
35	0.05	0.03	0.05	0.03
40	0.06	0.04	0.06	0.04
45	0.10	0.07	0.10	0.07
50	0.17	0.11	0.17	0.11
55	0.27	0.17	0.27	0.17
60	0.45	0.24	0.45	0.24
65	0.78	0.36	0.78	0.36
70	1.27	0.59	1.27	0.59

Note that generational projections beyond the base year (2014) are not reflected in the above mortality rates.

All General pre-retirement deaths are assumed to be non-service connected. For Safety, 90% of pre-retirement deaths are assumed to be non service-connected. The other 10% are assumed to be service-connected.

	RATE (%) DISABILITY			
	General All-Other ⁽¹⁾	General OCTA ⁽²⁾	Safety Law & Fire ⁽³⁾	Safety Probation ⁽⁴⁾
20	0.00	0.00	0.00	0.00
25	0.00	0.00	0.01	0.03

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	RATE (%) DISABILITY			
30	0.01	0.03	0.04	0.08
35	0.03	0.20	0.14	0.10
40	0.08	0.36	0.23	0.13
45	0.13	0.43	0.40	0.21
50	0.18	0.48	1.10	0.28
55	0.23	0.65	2.40	0.42
60	0.31	1.26	4.80	0.20

- ~~(1) 60% of General All Other disabilities are assumed to be service connected disabilities. The other 40% are assumed to be non-service connected.~~
- ~~(2) 65% of General OCTA disabilities are assumed to be service connected disabilities. The other 35% are assumed to be non-service connected.~~
- ~~(3) 100% of Safety Law Enforcement, Fire and Probation disabilities are assumed to be service connected disabilities.~~
- ~~(4) 75% of Safety Probation disabilities are assumed to be service connected disabilities. The other 25% are assumed to be non-service connected.~~

	RATE (%) TERMINATION			
Years of Service	General All Other⁽¹⁾	General OCTA⁽¹⁾	Safety Law & Fire⁽²⁾	Safety Probation⁽²⁾
0	11.0	17.50	4.50	14.00
1	7.50	11.00	2.50	13.00
2	6.50	9.00	2.00	10.00
3	5.0	8.50	1.50	5.00
4	4.50	7.50	1.25	4.00
5	4.25	7.00	1.00	3.50
6	3.75	4.50	0.95	2.75
7	3.25	4.00	0.90	2.00
8	3.00	3.50	0.85	2.00
9	2.75	3.00	0.80	1.75
10	2.50	3.00	0.75	1.75

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	RATE (%) TERMINATION			
11	2.00	3.00	0.65	1.50
12	2.00	3.00	0.60	1.25
13	1.75	2.50	0.55	1.00
14	1.50	2.50	0.50	0.75
15	1.40	2.50	0.45	0.75
16	1.30	2.00	0.40	0.75
17	1.20	1.80	0.35	0.25
18	1.10	1.60	0.30	0.25
19	1.00	1.40	0.25	0.25
20 or more	.90	1.20	0.20	0.25

Proportion of Total Termination Assumed to Withdraw Contributions

	Election for Withdrawal of Contributions (%)			
Years of Service	General-ALL-Other	General-OCTA	Safety-Law and-Fire	Safety-Probation
0-4	35.0	40.0	20.0	25.0
5-9	30.0	35.0	20.0	25.0
10-14	25.0	30.0	20.0	25.0
15 or more	20.0	20.0	20.0	25.0



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Retirement Rates

Age	RATE (%)							
	General-Enhanced	General-Non-Enhanced ⁽⁴⁾	General-SJC-(31676.12)	Safety-Law-(31664.1) ⁽²⁾	Safety-Law-(31664.2) ⁽²⁾	Safety-Fire-(31664.1) ⁽²⁾	Safety-Fire-(31664.2) ⁽²⁾	Safety-Probation ⁽²⁾
48	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0
49	30.00	25.00	0.00	12.00	0.00	2.00	0.00	0.00
50	2.50	2.00	3.00	18.00	11.50	5.00	8.00	3.25
51	2.00	2.00	3.00	18.00	12.00	7.00	10.00	3.25
52	2.50	2.00	3.00	17.00	12.70	9.50	11.00	4.25
53	2.50	2.75	3.00	17.00	17.90	10.50	12.00	4.25
54	5.50	2.75	3.00	22.0	18.80	15.00	14.00	7.00
55	15.00	3.25	4.00	22.0	30.70	18.00	24.00	12.00
56	10.00	3.50	5.00	20.00	20.00	20.00	23.00	12.00
57	10.00	5.50	6.00	20.00	20.00	21.00	27.00	18.00
58	11.00	5.50	7.00	20.00	25.00	28.00	27.00	18.00
59	11.00	6.5	9.00	26.00	30.00	28.00	36.00	18.00
60	12.00	9.25	11.00	35.00	40.00	30.00	40.00	20.00
61	12.00	12.00	13.00	35.00	40.00	30.00	40.00	20.00
62	14.00	16.00	15.00	40.00	40.00	35.00	40.00	25.00
63	16.00	16.00	15.00	40.00	40.00	35.00	40.00	40.00
64	16.00	18.00	20.00	40.00	40.00	35.00	40.00	40.00
65	22.00	22.00	20.00	100.00	100.00	100.00	40.00	100.00
66	22.00	28.00	24.00	100.00	100.00	100.00	100.00	100.00
67	23.00	24.00	24.00	100.00	100.00	100.00	100.00	100.00
68	23.00	24.00	24.00	100.00	100.00	100.00	100.00	100.00
69	23.00	20.00	24.00	100.00	100.00	100.00	100.00	100.00
70	25.00	20.00	50.00	100.00	100.00	100.00	100.00	100.00

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	RATE (%)							
71	25.00	25.00	50.00	100.00	100.00	100.00	100.00	100.00
72	25.00	25.00	50.00	100.00	100.00	100.00	100.00	100.00
73	25.00	25.00	50.00	100.00	100.00	100.00	100.00	100.00
74	25.00	25.00	50.00	100.00	100.00	100.00	100.00	100.00
75	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

(1) – These assumptions are also used for the CalPEPRA 1.62% @ 65 formula (Plan T and Plan W).

(2) – Retirement rate is 100% after a member accrues a benefit of 100% of final average earnings.

	RATE (%)			
Age	CalPEPRA 2.5% @ 67 General Formula	CalPEPRA Safety – Probation Formula (1)	CalPEPRA Safety – Law Formula (1)	CalPEPRA Safety – Fire Formula (1)
50	0.00	2.50	11.00	6.00
51	0.00	2.50	11.50	7.00
52	4.00	3.00	12.00	9.00
53	1.50	3.00	16.00	10.00
54	1.50	5.50	17.00	11.50
55	2.50	10.00	28.00	21.00
56	3.50	10.00	18.00	20.00
57	5.50	15.00	17.50	22.00
58	7.50	20.00	22.00	25.00
59	7.50	20.00	26.00	30.00
60	7.50	40.00	40.00	40.00
61	7.50	40.00	40.00	40.00
62	14.00	40.00	40.00	40.00
63	14.00	40.00	40.00	40.00
64	14.00	40.00	40.00	40.00



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	RATE (%)			
65	18.00	100.00	100.00	100.00
66	22.00	100.00	100.00	100.00
67	23.00	100.00	100.00	100.00
68	23.00	100.00	100.00	100.00
69	23.00	100.00	100.00	100.00
70	25.00	100.00	100.00	100.00
71	25.00	100.00	100.00	100.00
72	25.00	100.00	100.00	100.00
73	25.00	100.00	100.00	100.00
74	25.00	100.00	100.00	100.00
75	100.00	100.00	100.00	100.00

~~(1) Retirement rate is 100% after a member accrues a benefit of 100% of final average earnings~~

~~Retirement Age and Benefit for Deferred Vested Members:~~

~~For deferred vested members, the following assumptions are made:~~

- ~~—General Retirement Age: 59~~
- ~~—Safety Retirement Age: 53~~

~~Assume that 15% of future General and 25% of future Safety deferred vested members are reciprocal. For reciprocals, assume 4.25% compensation increases for General and 4.75% for Safety per annum.~~

~~Liability Calculation for Current Deferred Vested Members:~~

~~Liability for a current deferred vested member is calculated based on salary, service, and eligibility for reciprocal benefit as provided by the Retirement System. For those members without salary information that have~~



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Future Benefit Accruals:	3 or more years of service, use an average salary. For those members without salary information that have less than 3 years of service or for those members without service information, assume a refund of account balance.
Unknown Data for Members:	1.0 year of service per year of employment. There is no assumption to anticipate conversion of unused sick leave at retirement.
Form of Payment	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Percent married:	All members are assumed to elect the unmodified option at retirement.
Age of Spouse:	75% of male members and 55% of female members are assumed to be married at retirement or time of pre-retirement death.
Age of Spouse:	Female (or male) three years younger (or older) than spouse.

<p>Additional Cashout Assumptions For Non-CalPEPRA Formulas</p>	<p>Additional compensation amounts are expected to be received during a member's final average earnings period. The percentages used in this valuation are:</p> <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: center;">Final One-Year Salary</td> <td style="text-align: center;">Final Three-Year Salary</td> </tr> <tr> <td style="text-align: left;">General Members</td> <td style="text-align: center;">3.00%</td> <td style="text-align: center;">2.80%</td> </tr> </table>		Final One-Year Salary	Final Three-Year Salary	General Members	3.00%	2.80%
	Final One-Year Salary	Final Three-Year Salary					
General Members	3.00%	2.80%					



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	<p>Safety — Probation 3.80% 3.40%</p> <p>Safety — Law 5.20% 4.60%</p> <p>Safety — Fire 2.00% 1.70%</p> <p>The additional cashout assumptions are the same for service and disability retirements.</p>
Additional Cashout Assumptions For CalPEPRA Formulas	None



OCERS Board Policy Reserves and Interest-Crediting Policy

Purpose and Background

1. The purpose of this policy is to document the existing reserve structure created and maintained by OCERS and the distribution of available earnings and interest-crediting to the reserve accounts consistent with Government Code §§31591, 31592 and 31592.2.

Policy Objectives

2. The objectives of this policy are to:
 - a. Identify all the reserves maintained by OCERS, and how funds are distributed to and from the relevant reserve.
 - b. In the event of excess earnings in any fiscal year, provide guidance to OCERS' staff to ensure appropriate application of excess earnings (Undistributed Earnings) to reserve accounts.

Definitions

The System's reserves are book-keeping accounts and do not represent an actual separation of funds; the sum of all reserves equals the net position restricted for pension, other postemployment benefits and employer and fall into these categories: Valuation Reserves, Non-Valuation Reserves, Health Care Plan and Custodial Fund Reserves.

3. **Valuation Reserves** consist of the reserves used by the actuary in calculating the valuation value of assets. The total of the Valuation Reserves equals the value of the system's assets used by the actuary in determining current funding levels. The following are OCERS' Valuation Reserve accounts:
 - a. **Employer Contribution Reserve**—represents employer contributions for active and deferred members plus interest for future retirement benefits. Additions include employer contributions for active members and interest credited semi-annually. Deductions include transfers to the Pension Reserve to fund retirement benefits, disability benefits and death benefits.
 - b. **Employee Contribution Reserve**—represents employee contributions for active and deferred members plus interest for future retirement benefits. Additions include member contributions and interest credited semi-annually. Deductions include member refunds and transfer of funds to the Annuity Reserve for retirement benefits of newly retired members.
 - c. **Pension Reserve**—represents funding originally from employer contributions for retirement and disability benefit payments for retired members plus interest. Additions include transfers from the Employer Contribution Reserve as current active members retire, transfers from other reserves as described below and interest credited semi-annually. Deductions include benefit payments to retired and disabled members, and their beneficiaries.
 - d. **Annuity Reserve**—represents funding originally from employee contributions for retirement and disability benefit payments for retired members plus interest. Additions include transfers from the Employee Contribution Reserve as current active members retire and



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interest credited semi-annually. Deductions include benefit payments to retired and disabled members, and their beneficiaries.

- e. **UAAL Contribution Reserve**—represents the cumulative additional employer contributions made for their unfunded actuarial accrued liability in excess of the required contribution plus interest. This reserve is included as part of the Employer Contribution Reserve in the financial statements of the System. Additions include employer contributions to their UAAL, and interest credited semi-annually. Deductions will include transfers to the Pension Reserve to fund retirement benefits, disability benefits and death benefits if Employer Contribution Reserves are insufficient.
 - f. **STAR COLA (Supplemental Targeted Adjustment for Retirees Cost-of-living Adjustment) Reserve**—represents employer contributions for retirees whose retirement benefit has lost more than 20 percent of its purchasing power since retirement. Additions to this reserve include contributions received from employers. Deductions include monthly benefit payments made to eligible retired members and transfers to the Pension Reserve for any differences between amounts contributed and benefits paid.
 - g. **ERI (Early Retirement Incentive) Contribution Reserve**—represents employer contributions for future retirement payments to active employees who were offered an incentive for early retirement by their employer plus interest. This reserve is included as part of the Employer Contribution Reserve in the financial statements of the System. Additions include annual employer contributions paid from 2002 through 2017 and interest credited semi-annually. Deductions include transfers to the Pension Reserve to fund the early retirement benefits for eligible members. There are currently no active early incentive retirement programs that require contributions to this reserve.
 - h. **Contra Account**—is an accounting informational mechanism, not a reserve. The balance in the account represents the accumulation of any prior shortfall in interest crediting to the valuation reserve accounts which could not be funded from available earnings.
 - i. **Contingency Reserve**—provides a buffer against deficiencies for payment of retirement benefits due to interest and earnings fluctuations, changes in assumptions or some other unforeseen contingency. The County Employees Retirement Law provides that when the Contingency Reserve exceeds one percent of total assets, the retirement board may transfer all or any part of the surplus as specified in Government Code § 31592.2. Additions to this reserve are transfers from the Undistributed Earnings. Deductions are transfers to other reserve funds as required by this policy. If no Undistributed Earnings are available, this reserve may be unfunded.
4. **Non-Valuation Reserves** are special purpose reserves for specific employers and retirees and are not used by the actuary in determining current funding levels. The following are OCERS' Non-Valuation Reserves:
- a. **County Investment Account Reserve**—represents the remaining proceeds from the County of Orange's 1994 Pension Obligation Bond issuance. The remaining proceeds are utilized, in accordance with a long-standing agreement between OCERS and the County of Orange, to offset a portion of the annual actuarially determined contributions for the County of Orange at their



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sole discretion. Additions to this reserve include interest credited as stated in the agreement (at the actual market rate of return). Deductions represent transfers to the Employer Contribution Reserve as provided in the aforementioned agreement.

- b. **Medicare/Medical Insurance Reserve**—represents funds received from the County to subsidize Medicare benefits for a small group of retirees in settlement of a retiree healthcare lawsuit back in the 1970's. There are no additions to this reserve. Deductions to this reserve represent payments to the few remaining retirees who are entitled to this benefit. Once there are no longer any retirees entitled to this benefit, any remaining funds will be transferred to the Pension Reserve. For financial statement reporting purposes only, this reserve is currently included with the Pension Reserve.
 - c. **EPA (Employee Purchased Annuity) Reserve**—represents additional after-tax contributions made by employees pursuant to Government Code §31627 for the purpose of providing additional benefits. Under this plan, active employees were given the choice of receiving a lump sum benefit upon retirement, or a monthly distribution for 60 to 120 months, then a lifetime additional retirement benefit. The plan was closed as of December 31, 2002 and only a few retirees are receiving this additional benefit. Interest had been credited at the assumed rate of return minus 0.5%, but the balance in this reserve has been exhausted. Activity in this reserve is limited to deductions for the monthly additional benefit for the remaining retirees. For financial reporting purposes, the negative balance in this reserve is offset against the Pension Reserve.
 - d. **OCSD UAAL Deferred Reserve**—represents payments by the Orange County Sanitation District (OCSD) for its deferred unfunded actuarial accrued liability (UAAL). This non-valuation reserve was established by a memorandum of understanding (MOU) adopted on January 17, 2017 to track the funding of the actuarial deferred losses attributed to OCSD that is to be applied against their UAAL in future years. Additions to this reserve include payments made by OCSD and interest credited annually at the actual market rate of return. Deductions to this reserve are transfers made to the Employer Reserve Account to offset OCSD UAAL as calculated by the actuary. As of December 18, 2018, the full balance of this reserve had been used to offset OCSD's UAAL and a new MOU was adopted on October 21, 2019 to track the funding of an additional payment by OCSD for its deferred UAAL.
 - e. **Actuarial Deferred Returns**—represents the amount of deferred earnings created by a five-year smoothing of actual gains and losses compared to the assumed investment rate of return. A positive balance represents accumulated earnings above the assumed investment rate of return. A negative balance represents accumulated earnings below the assumed investment rate of return. Changes to this amount are determined based on the actuarial valuation completed at the end of the year. This amount may also be referred to as "Net Unrecognized Gains/ (Losses)" or "Reserve for Market Stabilization."
5. **Health Care Plan Reserves** include funds held for the special purpose to pay medical benefits for eligible recipients. The following are the Health Care Plan Reserve accounts:
- a. **Health Care Plan Reserve—County**—represents assets held to pay retiree medical benefits for eligible participants of the County 401(h) health care plan. Additions include employer



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contributions and investment earnings. Deductions include medical premium payments and administrative expenses.

- b. **Health Care Plan Reserve—OCFA (Orange County Fire Authority)** —represents assets held to pay retiree medical benefits for eligible participants of the OCFA 401(h) health care plan. Additions include employer contributions and investment earnings. Deductions include medical premium payments and administrative expenses.
- 6. Custodial Fund Reserve** – represents custodial assets held by OCERS in an investment capacity for the Orange County Transportation Authority (OCTA) health care plan. Additions include other postemployment benefit contributions and investment earnings. Deductions include other postemployment benefits and administrative expenses.
- 7. Other Related Terms**
- a. **Undistributed Earnings** are the most recent annual earnings of the fund.
 - b. **Unallocated Fund Balance** is the amount remaining after all the required reserves have been funded and interest has been credited to those reserves. An Unallocated Fund Balance will only occur when earnings have more than exceeded expectations and the required Contingency Reserve has been funded.
 - c. **Available Earnings** are Undistributed Earnings, as defined above, plus any balance in the Unallocated Fund Balance and Contingency Reserves.

Policy Guidelines

- 8. Available Earnings of OCERS will be allocated in the following order:
 - a. Payment of administrative and investment expenses
 - b. Credit of interest at actual market rate of return per terms of applicable agreement to the following non-valuation reserves:
 - a. County Investment Account Reserve
 - b. OCSD UAAL Deferred Reserve
 - c. Credit of regular interest compounded semi-annually on June 30 and December 31 to all contributions in the retirement fund which have been on deposit for six months prior to that date as specified in Government Code § 31591:
 - 1. Employee (EE) Contribution Reserve at an annual rate of 5%
 - 2. Employer (ER) Contribution Reserve at the annual assumed rate of return plus the excess between the annual assumed rate of return and 5% credited for employee interest
 - 3. Annuity Reserve at the annual assumed rate of return
 - 4. Pension Reserve at the annual assumed rate of return
 - 5. Early Retirement Incentive (ERI) Reserve at the annual assumed rate of return
 - 6. UAAL Contribution Reserve at the annual assumed rate of return



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- d. Maintain a Contra Account to track any shortfall of available earnings relative to full regular interest on the valuation reserves, after crediting interest to the County Investment Account Reserve and OCSD UAAL Deferred Reserve.
- 9. The Board adopts the allocation of the remaining balance of Undistributed Earnings after making the allocations described in Section 8 in the following order:
 - a. Replenish the Contra Account until it is zero
 - b. Replenish the Contingency Reserves to 1% of assets
 - c. Credit to Employer (ER) Contribution and Pension Reserves so as to reduce the unfunded actuarial accrued liability (UAAL) of the System to zero
 - d. Credit the balance to the Unallocated Fund Balance

Policy Review

- 10. This Policy is subject to change in the exercise of the Board's judgment. The Board will review this policy at least every three years to ensure that it remains relevant and appropriate. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.

Policy History

- 11. The Board adopted the Undistributed Earnings policy on November 23, 2009.
- 12. The Undistributed Earnings Policy was last reviewed on January 21, 2014.
- 13. The Reserves and Interest-Crediting Policy superseded the prior Undistributed Earnings Policy and was approved by the Board on December 18, 2017.
- 14. The Reserves and Interest Crediting Policy was reviewed on December 18, 2017, November 16, 2020, and November 14, 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

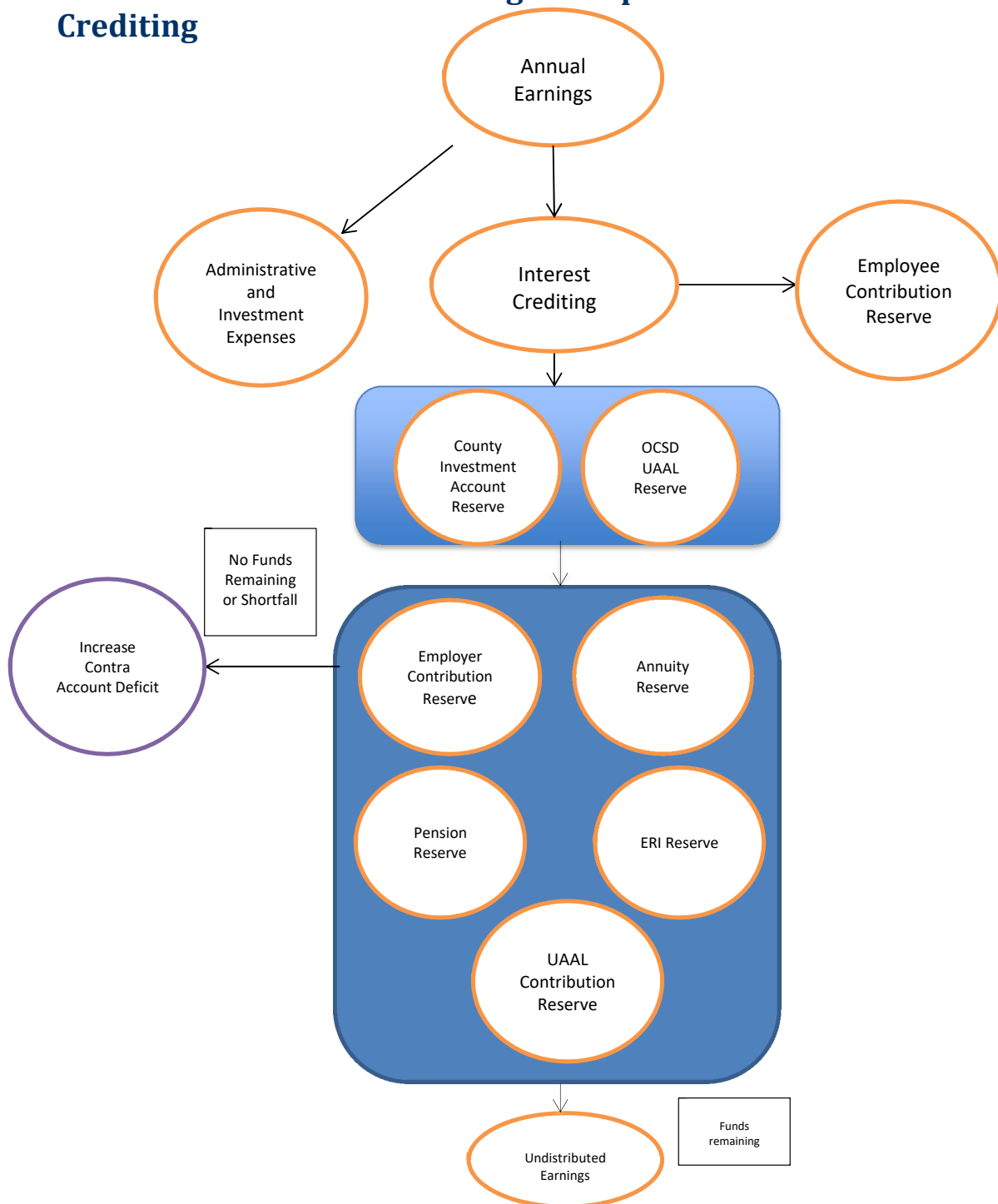
11/14/2022

Date



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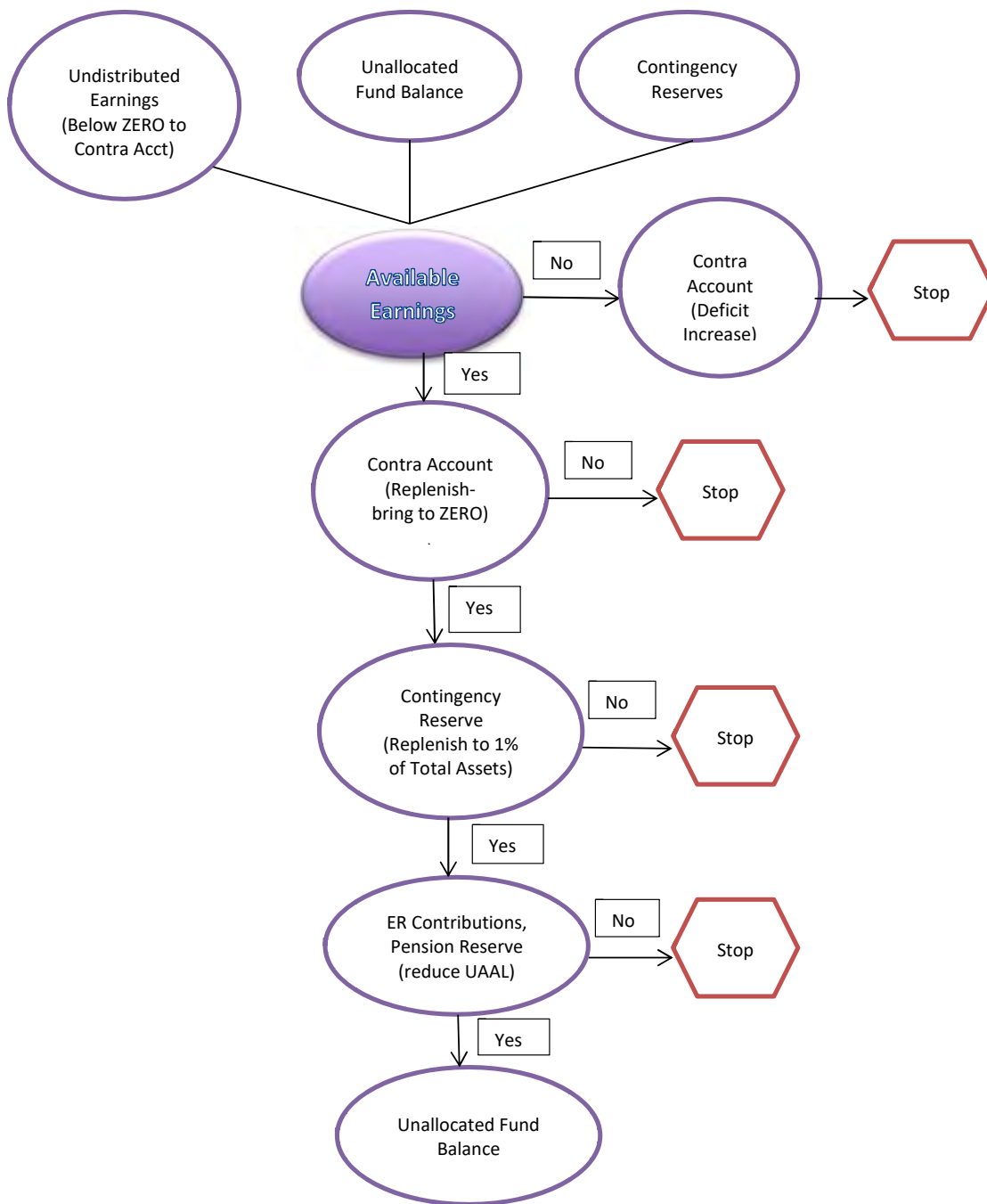
Distribution of Annual Earnings to Expenses and Interest-Crediting





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Allocation of Undistributed Earnings and Available Earnings





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Purpose and Background

1. The purpose of this policy is to document the existing reserve structure created and maintained by OCERS and the distribution of available earnings and interest-crediting to the reserve accounts consistent with Government Code §§[31591](#), 31592 and 31592.2.-

Policy Objectives

2. The objectives of this policy are to:
 - a. Identify all the reserves maintained by OCERS, and how funds are distributed to and from the relevant reserve.
 - b. In the event of excess earnings in any fiscal year, provide guidance to OCERS' staff to ensure appropriate application of excess earnings (Undistributed Earnings) to reserve accounts.

Definitions

The System's reserves are book-keeping accounts and do not represent an actual separation of funds; the sum of all reserves equals the net position restricted for pension, other postemployment benefits and ~~OPEB-115~~[employer](#) and fall into these categories: Valuation [Reserves](#), Non-Valuation [Reserves](#), Health Care [Plan](#) and ~~OPEB-115~~[Custodial Fund Reserves](#).

3. **Valuation Reserves** consist of the reserves used by the actuary in calculating the valuation value of assets. The total of the Valuation Reserves equals the ~~market~~ value of the system's assets used by the actuary in determining current funding levels. The following are OCERS' Valuation Reserve accounts:
 - a. **Employer Contribution Reserve**—represents employer contributions for active and deferred members plus interest for future retirement benefits. Additions include employer contributions for active members and interest credited semi-annually. Deductions include transfers to the Pension Reserve to fund retirement benefits, disability benefits and death benefits.
 - b. **Employee Contribution Reserve**—represents employee contributions for active and deferred members plus interest for future retirement benefits. Additions include member contributions and interest credited semi-annually. Deductions include member refunds and transfer of funds to the Annuity Reserve for retirement benefits of newly retired members.
 - c. **Pension Reserve**—represents funding originally from employer contributions for retirement and disability benefit payments for retired members- [plus interest](#). Additions include transfers from the Employer Contribution Reserve as current active members retire, transfers from other reserves as described below and interest credited semi-annually. Deductions include benefit payments to retired and disabled members, and their beneficiaries.
 - d. **Annuity Reserve**—represents funding originally from employee contributions for retirement and disability benefit payments for retired members- [plus interest](#). Additions include transfers from the Employee Contribution Reserve as current active members retire and



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interest credited semi-annually. Deductions include benefit payments to retired and disabled members, and their beneficiaries.

- e. **UAAL Contribution Reserve**—represents the cumulative additional employer contributions made for their unfunded actuarial accrued liability in excess of the required contribution-~~plus interest~~. This reserve is included as part of the Employer Contribution Reserve in the financial statements of the System. Additions include employer contributions to their UAAL, and interest credited semi-annually. Deductions will include transfers to the Pension Reserve to fund retirement benefits, disability benefits and death benefits if Employer Contribution Reserves are insufficient.
 - f. **STAR COLA (Supplemental Targeted Adjustment for Retirees Cost-of-living Adjustment) Reserve**—represents employer contributions for retirees whose retirement benefit has lost more than 20 percent of its purchasing power since retirement. Additions to this reserve include contributions received from employers. Deductions include monthly benefit payments made to eligible retired members and transfers to the Pension Reserve for any differences between amounts contributed and benefits paid.
 - g. **ERI (Early Retirement Incentive) Contribution Reserve**—represents employer contributions for future retirement payments to active employees who were offered an incentive for early retirement by their employer- ~~plus interest~~. This reserve is included as part of the Employer Contribution Reserve in the financial statements of the System. Additions include annual employer contributions paid from 2002 through 2017 and interest credited semi-annually. Deductions include transfers to the Pension Reserve to fund the early retirement benefits for eligible members. There are currently no active early incentive retirement programs that require contributions to this reserve.
 - h. **Contra Account**—is an accounting informational mechanism, not a reserve. The balance in the account represents the accumulation of ~~the any prior shortfall in~~ interest crediting to the valuation ~~reserves~~reserve accounts which ~~cannot~~could not be funded from available earnings.
 - i. **Contingency Reserve**—provides a buffer against deficiencies for payment of retirement benefits due to interest and earnings fluctuations, changes in assumptions or some other unforeseen contingency. The County Employees Retirement Law provides that when the Contingency Reserve exceeds one percent of total assets, the retirement board may transfer all or any part of the surplus as specified in Government Code § 31592.2. Additions to this reserve are transfers from the Undistributed Earnings. Deductions are transfers to other reserve funds as required by this policy. If no Undistributed Earnings are available, this reserve may be unfunded.
4. **Non-Valuation Reserves** are special purpose reserves for specific employers and retirees and are not used by the actuary in determining current funding levels. The following are OCERS' Non-Valuation Reserves:
- a. **County Investment Account Reserve**—represents the remaining proceeds from the County of Orange's 1994 Pension Obligation Bond issuance. The remaining proceeds are utilized, in accordance with a long-~~standing~~ agreement between OCERS and the County of Orange, to offset



OCERS Board Policy

Reserves and Interest-Crediting Policy

a portion of the annual actuarially-determined contributions for the County of Orange- at their sole discretion. Additions to this reserve include interest credited as stated in the agreement- (at the actual market rate of return). Deductions represent transfers to the Employer Contribution Reserve as provided in the aforementioned agreement.

- b. **Medicare/Medical Insurance Reserve**—represents funds received from the County to subsidize Medicare benefits for a small group of retirees in settlement of a retiree healthcare lawsuit back in the 1970's. There are no additions to this reserve. Deductions to this reserve represent payments to the few remaining retirees who are entitled to this benefit. Once there are no longer any retirees entitled to this benefit, any remaining funds will be transferred to the Pension Reserve. For financial statement reporting purposes only, this reserve is currently included with the Pension Reserve.
 - c. **EPA (Employee Purchased Annuity) Reserve**—represents additional after-tax contributions made by employees pursuant to Government Code §31627 for the purpose of providing additional benefits. Under this plan, active employees were given the choice of receiving a lump sum benefit upon retirement, or a monthly distribution for 60 to 120 months, then a lifetime additional retirement benefit. The plan was closed as of December 31, 2002 and only a few retirees are receiving this additional benefit. Interest had been credited at the assumed rate of return minus 0.5%, but the balance in this reserve has been exhausted. Activity in this reserve is limited to deductions for the monthly additional benefit for the remaining retirees. For financial reporting purposes, the negative balance in this reserve is offset against the Pension Reserve.
 - d. **OCSD UAAL Deferred Reserve**—represents payments by the Orange County Sanitation District (OCSD) for its deferred unfunded actuarial accrued liability (UAAL). This non-valuation reserve was established by a memorandum of understanding (MOU) adopted on January 17, 2017 to track the funding of the actuarial deferred losses attributed to OCSD that is to be applied against their UAAL in future years. Additions to this reserve include payments made by OCSD and interest credited annually at the actual market rate of return. Deductions to this reserve are transfers made to the Employer Reserve Account to offset OCSD UAAL as calculated by the actuary. As of December 18, 2018, the full balance of this reserve had been used to offset OCSD's UAAL and a new MOU was adopted on October 21, 2019 to track the funding of an additional payment by OCSD for its deferred UAAL.
 - e. **Actuarial Deferred Returns**—represents the amount of deferred earnings created by a five-year smoothing of actual gains and losses compared to the assumed investment rate of return. A positive balance represents accumulated earnings above the assumed investment rate of return. A negative balance represents accumulated earnings below the assumed investment rate of return. Changes to this amount are determined based on the actuarial valuation completed at the end of the year. This amount may also be referred to as "Net Unrecognized Gains/ (Losses)" or "Reserve for Market Stabilization."
5. **Health Care Plan Reserves** include funds held for the special purpose to pay medical benefits for eligible recipients. The following are the Health Care Plan Reserve accounts:



OCERS Board Policy

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- a. **Health Care ~~Plan~~ Reserve—County**—represents assets held to pay retiree medical benefits for eligible participants of the County 401(h) health care ~~plans~~plan. Additions include employer contributions and investment earnings. Deductions include medical premium payments and administrative expenses.
- b. **Health Care ~~Plan~~ Reserve—OCFA (Orange County Fire Authority)** —represents assets held to pay retiree medical benefits for eligible participants of the OCFA 401(h) health care ~~plans~~plan. Additions include employer contributions and investment earnings. Deductions include medical premium payments and administrative expenses.
- 6. **~~OPEB 115 Plan~~Custodial Fund Reserve** – represents custodial assets held by OCERS in an investment capacity for the Orange County Transportation Authority (OCTA) health care plan. Additions include other postemployment benefit contributions and investment earnings. Deductions include other postemployment benefits and administrative expenses.
- 7. **Other Related Terms**
 - a. **Undistributed Earnings** are the most recent annual earnings of the fund.
 - b. **Unallocated Fund Balance** is the amount remaining after all the required reserves have been funded and interest has been credited to those reserves. An Unallocated Fund Balance will only occur when earnings have more than exceeded expectations and the required Contingency Reserve has been funded.
 - c. **Available Earnings** are Undistributed Earnings, as defined above, plus any balance in the Unallocated Fund Balance and Contingency Reserves.

Policy Guidelines

- 8. Available Earnings of OCERS will be allocated in the following order:
 - a. Payment of administrative and investment expenses
 - b. Credit of interest at actual market rate of return per terms of applicable agreement to the following non-valuation reserves:
 - a. County Investment Account Reserve
 - b. OCSD UAAL Deferred Reserve
 - ~~b-c.~~ Credit of regular interest compounded semi-annually on June 30 and December 31 to all contributions in the retirement fund which have been on deposit for six months prior to that date as specified in Government Code § 31591:
 1. Employee (EE) Contribution Reserve at an annual rate of 5%
 2. Employer (ER) Contribution Reserve at the annual assumed rate of return plus the excess between the annual assumed rate of return and 5% credited for employee interest
 3. Annuity Reserve at the annual assumed rate of return
 4. Pension Reserve at the annual assumed rate of return



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- 5. Early Retirement Incentive (ERI) Reserve at the annual -assumed rate of return
- 6. UAAL Contribution Reserve at the annual assumed rate of return
- ~~e. Credit~~ Maintain a Contra Account to track any shortfall of available earnings relative to full regular interest per terms of applicable agreement to on the following non-valuation reserves:
- d. , after crediting interest to the County Investment Account Reserve and OCSD UAAL Deferred Reserve.
 - ~~a. OCSD UAAL Deferred Reserve~~

~~10.9.~~ The Board adopts the allocation of the remaining balance of Undistributed Earnings after making the allocations described in Section 8 -in the following order:

- a. Replenish the Contra Account until it is zero
- b. Replenish the Contingency Reserves to 1% of assets
- c. Credit to Employer (ER) Contribution and Pension Reserves so as to reduce the unfunded ~~accrued~~ actuarial accrued liability (UAAL) of the System to zero
- d. Credit the balance to the Unallocated Fund Balance

Policy Review

~~11.10.~~ This Policy is subject to change in the exercise of the Board's judgment. The Board will review this policy at least every three years to ensure that it remains relevant and appropriate. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.

Policy History

- ~~12.11.~~ The Board adopted the Undistributed Earnings policy on November 23, 2009.
- ~~13.12.~~ The Undistributed Earnings Policy was last reviewed on January 21, 2014.
- ~~14.13.~~ The Reserves and Interest-Crediting Policy superseded the prior Undistributed Earnings Policy and was approved by the Board on December 18, 2017.
- ~~15.14.~~ The Reserves and Interest Crediting Policy was ~~last~~ reviewed on December 18, 2017, November 16, 2020, and November 14, 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.



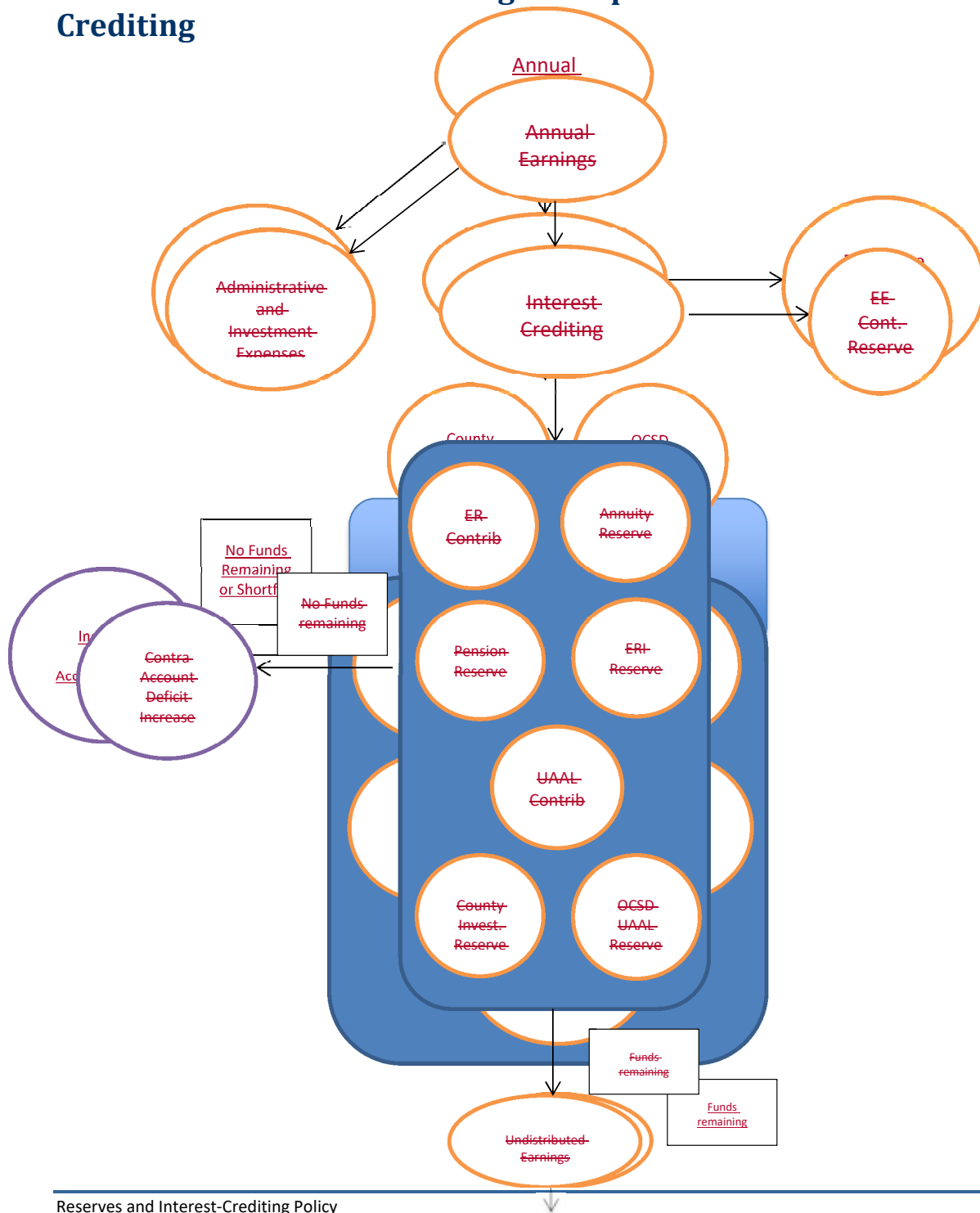
OCERS Board Policy Reserves and Interest-Crediting Policy

Steve Delaney Secretary of the Board	<u>11/14/2022</u> Date
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OCERS Board Policy Reserves and Interest-Crediting Policy

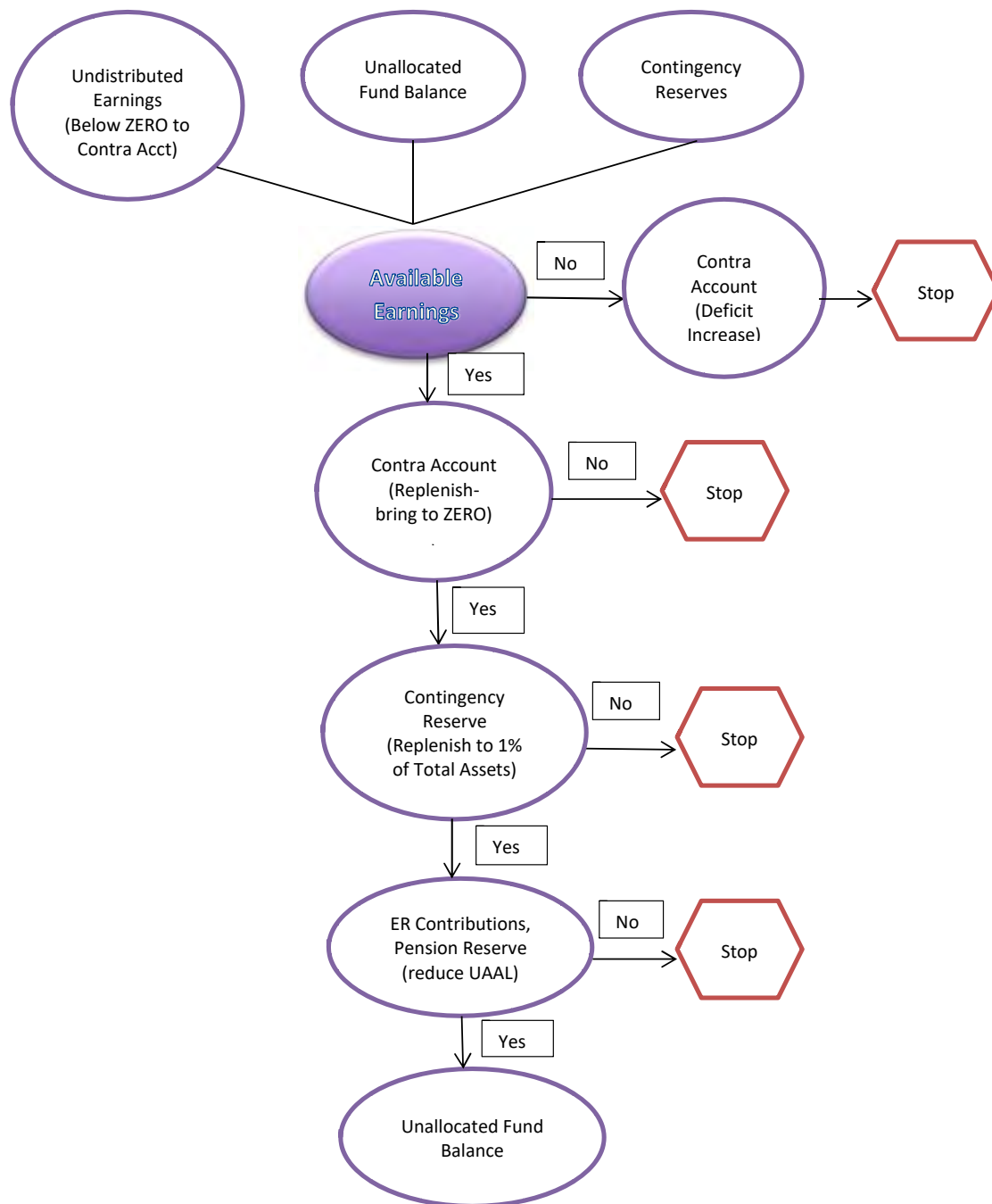
Distribution of Annual Earnings to Expenses and Interest-Crediting





OCERS Board Policy Reserves and Interest-Crediting Policy

Allocation of Undistributed Earnings and Available Earnings





OCERS Board Policy Travel Policy

Purpose

1. Prudent oversight of a public sector pension plan requires that trustees and staff occasionally travel to business meetings and educational conferences or seminars, held in or outside of the state of California. Travel and related costs incurred in doing so not only represent legitimate expenses of the plan, but are a sound investment in the ongoing success of the organization in meeting the needs of the membership.
2. The purpose of the Travel Policy is to encourage and facilitate the pursuit of relevant educational and business related initiatives by trustees and staff. The policy is designed to assist them in meeting their fiduciary duties to administer the pension plan, ensure that expenditures incurred in the education and travel process are prudent and cost-effective, and to mitigate the risk of improprieties arising from travel or business related activities. Exceptions to any provision of this policy for a Board member or the Chief Executive Officer require the pre-approval of the Board Chair or Vice Chair; and require the pre-approval of the Chief Executive Officer in the case of an exception for a staff member.

Content Requirements

3. As a general rule, and with the exception of public retirement system meetings discussed below, unless a conference/seminar agenda contains an average of five (5) hours of substantive educational content per day, attendance at the particular conference/seminar will not be approved and related travel expenses will not be reimbursed. Educational forums, conferences and seminars that routinely and consistently satisfy this requirement will automatically qualify for Board approval for attendance. The Chief Executive Officer will screen and determine those conferences or seminars that meet the five (5) hour requirement and provide a list thereof to the Board members and appropriate staff members. Authorization to attend and receive travel expense reimbursement for a client conference organized or sponsored by a single company or firm shall be restricted to those conferences sponsored by firms who have a contractual relationship with OCERS. Board members or staff members who have independent relationships with a conference sponsor are not automatically entitled to attend such conferences at OCERS' expense. The Board of Retirement shall consider each request individually regardless of any Board or staff affiliation.

Board Member

4. The term "Board Member" shall include a designee of the Treasurer, provided such person is designated in writing to act as the designee, has taken the oath of office and has filed the written designation with the County Clerk, County Auditor and OCERS.

Travel Authorization

5. Except as otherwise provided herein, reimbursement of travel expenses for a Board member to attend an educational conference or seminar (or other type of meeting or event) requires the prior approval of the Board of Retirement.



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6. All reimbursement of travel expenses for an employee of OCERS to attend an educational conference or seminar (or other type of meeting or event) or for administrative purposes requires the prior approval of the Chief Executive Officer or his or her designee.
7. Travel on OCERS' business within the Southern California region by Board members or staff need not be approved in advance provided that overnight accommodations are not required. The Southern California region shall include the counties of Orange, Los Angeles, San Bernardino, Riverside, San Diego, Imperial, Ventura, Santa Barbara and Kern.

Limitation on Meeting for Business Purpose

8. No more than four members of the Board are authorized to meet together for business purposes within the State of California unless there is appropriate public notice of the meeting. Attendance at educational conferences, seminars and social activities by more than four members of the Board is not a violation of this provision.

Cost of Administration

9. Approved education and travel expenses for Board and staff members shall be direct costs of administration of OCERS (or directly charged to Investments in the case of education, due diligence, and travel expenses for Investments staff) ~~shall be paid by OCERS~~ and shall not be paid through third party contracts or otherwise without express written authorization of the Board of Retirement. All approved travel and education expenses shall be included in the OCERS annual budget approved by the Board of Retirement. ~~Due Diligence expenses, as authorized by the Board, shall not be treated as costs of administration.~~

Pre-Approved Conferences and Meetings

10. Board members and the OCERS staff members designated by the Chief Executive Officer are automatically authorized and encouraged to attend the following:
 - a. Regular meetings of the State Association of County Retirement Systems (SACRS);
 - b. Conferences of the National Conference on Public Employee Retirement Systems (NCPERS);
 - c. CALAPRS annual General Assembly and Round Table meetings;
 - d. Conferences of the National Association of State Retirement Administrators (NASRA);
 - e. Conferences of the National Institute on Retirement Security (NIRS);
 - f. Conferences sponsored by the Board of Retirement's retained consultants and/or investment managers;
 - g. Conferences sponsored by the California Retired County Employees Association (CRCEA);
 - h. Conferences sponsored by the National Association of Police Organizations (NAPO); and
 - i. Conferences sponsored by a firm that has a contractual relationship with OCERS.

In addition, the OCERS staff members designated by the Chief Executive Officer are automatically authorized and encouraged to attend the following:



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- j. Annual Conference of the Public Pension Financial Forum (P2F2);
 - k. Conferences of the National Association of Public Pension Attorneys (NAPPA);
 - l. Conferences sponsored by the Government Finance Officers Association (GFOA); and
 - m. Conferences sponsored by CEM Benchmarking.
11. ~~Staff members designated by the Chief Executive Officer and~~ Board members and staff members designated by the Chief Executive Officer who are appointed or elected to serve on committees and/or the Board of Directors of the organizations named in paragraph 10 are automatically authorized to attend meetings of the committee(s) to which they have been appointed or elected.
12. Board members and ~~the OCERS~~ staff members designated by the Chief Executive Officer are automatically authorized to attend each of the following full curriculum pension management programs and courses:
- a. Basic and advance educational programs sponsored by CALAPRS – once during each Board member’s term, and one time only for OCERS staff members;
 - b. Basic and advanced educational programs sponsored by SACRS – once during each Board member’s term, and one time only for OCERS staff members;
 - c. Basic and advanced investment programs sponsored by the Wharton School -- one time only for Board members and staff; provided, however, if the Wharton School does not offer an advanced investment program, the basic program may be taken a second time after three years of initially completing the program; and
 - d. Global Financial Markets Institute, Inc. ~~—~~ various programs are available; Board members and staff may attend each program only once.
13. New Board members, other than those with prior experience administering a public retirement system or pension fund, are encouraged to attend one of the courses listed in paragraph 12 within the first year after their election or appointment.
14. The Chief Executive Officer has identified the following conferences/seminars that Board members and designated staff members are automatically authorized to attend, subject to the limits set forth in paragraph 16, at OCERS expense:
- a. Conferences and Programs (CAPP) sponsored by the International Foundation of Employee Benefit Plans (IFEBCP);
 - b. Conferences sponsored by the Pension Real Estate Association (PREA);
 - c. Conferences sponsored by Pension and Investments;
 - d. Conferences sponsored by the Pacific Pension Institute (PPI);
 - e. Forums sponsored by Institutional Investor;
 - f. Conferences sponsored by the Council of Institutional Investors (CII);
 - g. Conferences sponsored by Institutional Real Estate, Inc. (IREI);
 - h. Conferences sponsored by the Opal Financial Group;



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- i. Conferences sponsored by ~~The Pension Bridge~~ With Intelligence and all of its subsidiaries;
 - j. Conferences sponsored by the Investment ~~and Wealth Institute~~ Management Consultants Association (IMCA);
 - k. Conferences sponsored by SuperReturn;
 - l. Conferences sponsored by Global ARC;
 - m. Conferences sponsored by ~~CIO Magazine~~ Institutional Shareholder Services (ISS) Media Solutions and all of its subsidiaries;
 - n. Conferences sponsored by the Institutional Limited Partners Association;
 - o. Conferences sponsored by the ~~Falk Marques~~ Markets Group; ~~and~~
 - ~~p. q.~~ Conferences sponsored by Public Retirement Information Systems Management (PRISM); and
Conferences sponsored by Gartner.
15. The Chief Executive Officer shall provide newly elected or appointed Board members with a list of approved conferences scheduled to take place within the current calendar year.

Limitation on Attendance at Conferences and Seminars

- 16. A Board member is authorized to attend up to three events (i.e., conferences, seminars, meetings, or courses) that require overnight lodging at OCERS' expense each calendar year. Attendance at the pre-approved events listed in paragraphs 10, 11 and 12 are not subject to the three-event limit imposed by this paragraph even if they require overnight travel.
- 17. Board members who want to attend events (i.e., conferences, seminars, meetings or courses) that require overnight lodging and that are not automatically authorized under paragraphs 10, 11, 12 or 14 require advance approval by the Board. Staff members who want to attend events (i.e., conferences, seminars, meetings or courses) that require overnight lodging and that are not automatically authorized under paragraphs 10, 11, 12 or 14 require advance approval by the Chief Executive Officer or his or her designee.
- 18. OCERS will not reimburse overnight lodging for travel within Orange County, regardless of whether the event is pre-approved under any of the provisions of this policy. An exception to this provision may be granted by the Board Chair or Vice Chair upon the request of, and showing of good cause by, a Board member or the Chief Executive Officer; and by the Chief Executive Officer upon the request of, and showing of good cause by, a staff member.
- 19. In cases where attendance at a particular conference, seminar or other event is limited, the CEO will identify those trustees who will be authorized to attend as follows:
 - a. first, by giving priority to those trustees who have not previously attended the specific conference, seminar or other event and, if needed, make selections by lottery of the interested trustees in this group;
 - b. second, if additional opportunities to attend remain available, make selections by lottery of other interested trustees, and
 - c. third, designate the remaining interested trustees as alternate attendees, who may attend in



OCERS Board Policy Travel Policy

the event the trustees originally selected are unable to attend.

International Travel and Travel Outside the Continental United States

- 20. Travel by Board members to a destination outside the continental United States requires pre-approval by the Board, regardless of whether the event is pre-approved under any of the provisions of this policy. Travel by staff to a destination outside the continental United States requires pre-approval by the Chief Executive Officer and notification to the Board Chair. Travel to attend a conference, seminar or meeting held outside the continental United States shall not be reimbursed by OCERS unless it can be demonstrated to the satisfaction of the Board (for travel by a Board member or the Chief Executive Officer) or the Chief Executive Officer (for travel by a staff member) that there is significant value to OCERS in attending, and comparable value cannot be obtained within the continental United States within a reasonable period of time.

Travel Reports

- 21. The Chief Executive Officer shall submit a quarterly report on conference, seminar and educational course attendance by Board members and staff and OCERS' costs related to such events. Such reports shall identify the individual (Board Member or staff), location, purpose and cost of travel. The Board of Retirement will review these reports in January, April, July and October of each calendar year. The report also shall include scheduled travel for the ensuing quarter.

Report on Conference or Seminar

- 22. Board Members and staff who travel to conferences or seminars that are not automatically authorized in paragraphs 10, 11, 12 or 14 shall file with the Chief Executive Officer a report that briefly summarizes the information and knowledge gained that may be relevant to other Board Members or staff, provides an evaluation of the conference or seminar, and provides a recommendation concerning future participation. Reports by a Board Member or staff will be made on the Conference/Seminar Report form shown in the appendix. The Chief Executive Officer shall cause a copy of the report will be included in the materials for the next meeting of the Board to be distributed to each Board Member and to the Chief Investment Officer.

Claims for Reimbursement

- 23. Reimbursement for travel by a Board member or staff shall be submitted ~~en~~through OCERS ~~Expense Reimbursement Forms~~ expense management application accompanied by all supporting original receipts or documentation of the expense incurred. All expense claim forms will be reviewed and approved (or disapproved) in accordance with the provisions of this policy. The Board Chair shall approve expense claims for Board members and the Chief Executive Officer. The Vice Chair will approve expense claims for the Chair. The Chief Executive Officer or his or her designee will approve all expense claims for staff. All approvals are subject to ultimate review and concurrence by the Board of Retirement as part of the quarterly report process required in paragraph 21.



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Cash Advances

- 24. Cash advances will be provided upon request only for those conferences, seminars, meetings, and courses identified in paragraphs 10, 11, 12 or 14 of this policy as pre-approved by the Board and Chief Executive Officer. Any and all cash advances for travel and training shall be requested through the Chief Executive Officer. Cash advances are subject to approval by the Chair of the Board of Retirement and the Chief Executive Officer. Notice of all cash advances for travel and training shall be placed on the Consent Agenda for the next Regular Meeting of the Board of Retirement as an informational item.

Time Limit for Expense Claims

- 25. Claims for reimbursement pursuant to this policy must be submitted within 30 days following return to Orange County. In no event will a claim for reimbursement be approved if submitted 90 days after the end of the calendar year in which the expense was incurred.

Expenses for Traveling Companions

- 26. Expenses of family members and/or traveling companions are not reimbursable by OCERS.

Limitation on Time and Expense Allowance

- 27. Board and staff members will be reimbursed daily travel expenses, such as meals as outlined in paragraph 29, and gratuities as outlined in paragraph 42, for each day of travel when such travel is outside Orange County. Allowance for time and expense shall not exceed that which is reasonable and necessary as claimed by others to that precise destination whether by private automobile or common carrier. Expense reimbursements are limited to those items and amounts considered to be non-taxable income to the recipient by the Internal Revenue Service (IRS). Whenever feasible, Board and staff members are encouraged to travel on the same day of a one-day event and on the first and last days of a multiple-day event, rather than the day before or after, in order to save the System lodging and meal costs. Expense costs for extra days prior to or after a conference will be reimbursed only if such extension results in lower overall trip costs. For staff, cost comparisons for trip extensions shall include the cost of salary for any work days lost by the extension.

Travel and Lodging Cancellations

- 28. Board members and staff are responsible for the timely cancellation of registration fees, travel and lodging reservations made on his/her behalf that will not be used, so that no unnecessary expense will be incurred by OCERS.

Meals

- 29. **Meals While Attending Events that Require Overnight Travel.** Meals purchased by a Board or staff member while attending an event (i.e., conference, seminar, meeting or course) that requires overnight travel will be reimbursed at the actual and reasonable cost of the meals, including non-alcoholic beverages, tax and tip, (a) provided that both an itemized receipt and a charge receipt (when a payment card is used) are submitted, and (b) provided further that any meals included and already paid for by OCERS (such as through the conference registration fee) and meals paid for by a



OCERS Board Policy Travel Policy

third party and subject to reporting requirements under the Political Reform Act will not be reimbursed. If an itemized receipt is not submitted, OCERS will reimburse the Board or staff member up to the GSA rate for that meal, upon request.

- 30. **Reimbursement for Meals Consumed and Purchased During a Business-Purpose Meeting Where Travel is Not Involved.** Board and staff members will be reimbursed for the actual and reasonable expense of meals, including non-alcoholic beverages, tax and a reasonable tip, consumed and purchased during meetings where business is conducted during the course of the meal, and no overnight travel is required to attend the meeting. (See paragraph 29 for meal reimbursement during trips with overnight travel.) The Board or staff member must provide both an itemized receipt and a charge receipt (when a payment card is used) for all such meals. The names of the people who attended the business-purpose meeting and a brief description of the business discussed or conducted shall be submitted with the reimbursement request. In the event an itemized receipt is lost or is not available, a Missing Receipt Form must be completed and submitted with the expense reimbursement claim. The Missing Receipt Form includes a certification that only allowable items are included in the request for reimbursement.

Hotels

- 31. Actual expenses for economical and practical lodging will be reimbursed. Reimbursement will be limited to a room considered to be in a standard class. Whenever possible, a request for a government or conference rate will be made.
- 32. If, at the conclusion of a business-related trip, it would be impractical for a Board member or staff member to return home the same day, the Board member or staff member will be entitled to be reimbursed for one additional night of lodging.

Airline Travel

- 33. OCERS' Board members and staff will use good judgment to obtain airline tickets at competitive prices. OCERS will not reimburse a Board or staff member to fly business class (or the equivalent) except in the case of international travel that exceeds six (6) hours, or first class except in extraordinary circumstances, and then only with the approval of the Board Chair or Vice Chair where the traveler is a Board member or the Chief Executive Officer, or the approval of the Chief Executive Officer where the traveler is a staff member. In addition, for travel that exceeds four (4) hours in length, additional legroom seats or premium economy fees will be reimbursed. An individual may, at his or her own expense, pay to upgrade travel to business or first class.
- 34. If a significant savings can be realized on the airline fare by having a Board member or staff member extend their stay to include a Saturday night, the Board or staff member, at his or her option, may extend his or her stay in order to realize such savings. OCERS will reimburse the additional lodging and meal costs resulting from an extended itinerary, not to exceed the savings in airline fare.

Automobile Mileage

- 35. A Board member or staff member who uses his/her personal automobile for transportation on OCERS business will keep records of the actual mileage driven on business, and will report such

Travel Policy

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Adopted Date December 16, 2002

Last Revised ~~November 14, 2022~~ ~~October 21, 2019~~



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mileage ~~on an~~ through OCERS Expense Report Form ~~expense management application~~ and will use the mileage calculator in the application or provide ~~attach~~ documentation of the miles driven (e.g., copy of map and route). Reimbursement will be made at the per-mile rate allowed by the IRS. Mileage will be reimbursed for only those miles incurred beyond the staff member's normal commute to his or her regular worksite (i.e., if an employee departs from or returns to his or her home instead of the regular worksite, only the mileage in excess of the normal daily commute will be reimbursed).

36. Board members who use their personal automobiles for transportation to OCERS (or to OCERS' offsite meeting locations) to attend meetings of the Board or committees of the Board or for the purpose of conducting other OCERS business will be reimbursed for actual mileage driven at the per-mile rate allowed by the IRS. The Board member will report such mileage to the CEO's Executive Assistant who will submit the claim through on an the OCERS Expense Report Form ~~expense management application~~ and will use the mileage calculator in the application or attach ~~provide~~ documentation of the miles driven (e.g., copy of map and route).

37. A Board member or staff member who elects to use his/her personal automobile for travel will be reimbursed for mileage and parking fees up to an amount that does not exceed the cost of traveling by air, which will be calculated to include the most economical (least expensive) round-trip ticket between Orange County and the destination city, airline baggage fees, transportation to/from and parking fees at the local airport, and transportation between the destination airport and hotel/conference site.

Parking and Tolls

38. Parking and tolls will be reimbursed at current rates. A receipt is required for amounts over \$25.00.

Public Transportation

39. Use of taxis, hired cars, shared ride services (e.g., Uber, Lyft, Sidecar) and public transportation for OCERS business (including attendance by a Board member at meetings of the Board or committees of the Board) will be reimbursed at current rates. The most economical mode of transportation should be used whenever practicable; however, use of a transportation provider with multiple stops (e.g., shuttle) is not required. A receipt is required for amounts over \$25.00.

Car Rentals

40. The use of a rental car by a Board member or staff will be reimbursed when it is economically reasonable to rent a vehicle rather than use taxis, hired cars, shared ride services or public transportation. Board members and staff are required to obtain and purchase (and OCERS will reimburse) Loss Damage Waiver and Supplemental Liability Insurance when renting vehicles on OCERS' business. Rental car discounts must be used whenever possible and appropriate. If available, a compact vehicle will be requested, unless several Board members and/or staff will be using the vehicle together.

Incidental Business Expenses



OCERS Board Policy Travel Policy

41. Incidental business expenses reasonably incurred in connection with OCERS business, such as telephone, fax, Internet access, and similar business expenses, will be reimbursed. Receipts are required for all amounts.

Porterage/Housekeeping/Other

42. OCERS will reimburse a maximum of \$15 per day of travel for porterage, housekeeping and non-meal related gratuities. Receipts are not required for these expenses.

Excluded Expenses

43. The following expenses will not be reimbursed: Alcoholic beverages, tobacco, in-room movies, barber shop, beauty shop, gifts, magazines, personal telephone calls and mini-bar charges. In the case of a trip longer than five business days or an emergency situation, laundry and dry cleaning expenses will be reimbursed.

44. OCERS will not reimburse or pay for charges for attendance at or participation in networking, social or entertainment type events (e.g., golf, cocktail parties, excursions, outings, etc.) that are in addition to or not included in the general conference registration fee, except that OCERS will pay for NASRA-sponsored networking events that take place during, and are included in the agenda for, NASRA-sponsored conferences.

Staff Travel

45. In furtherance of this policy, the Chief Executive Officer shall have discretionary authority to approve staff travel as necessary to carry out the administrative responsibilities of OCERS, such as attendance at legislative meetings or hearings, conducting on-site visits as part of due diligence evaluation of existing and proposed service providers, participating in continuing education programs, and other duties as directed.

Policy Review

46. This policy shall be reviewed every three years by the Governance Committee and may be amended by the Board of Retirement at any time.

Policy History

47. The Retirement Board adopted this policy on December 16, 2002, and last revised on November 14, 2022 ~~October 21, 2019~~.



OCERS Board Policy Travel Policy

Secretary's Certificate

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

~~10/21/19~~ 11/14/22

Steve Delaney
Secretary of the Board

Date



OCERS Board Policy Travel Policy

Report of Attendance at Conference or Seminar

Name of Member Attending: _____

Name of Conference/Seminar: _____

Location of Conference/Seminar: _____

Conference/Seminar Sponsor: _____

Dates of Attendance: _____

Total Cost of Attendance: _____

Brief Summary of Information and Knowledge Gained:

Evaluation of the Conference or Seminar:

Recommendation Concerning Future Attendance:

Signature

Return to: Executive Assistant

Copies to: Board Members
Chief Executive Officer
Assistant Chief Executive Officers



Memorandum

DATE: November 14, 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 2022-11**

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 2022-11 to reflect such findings pursuant to Government Code section 54953, as amended by AB 361.

Background/Discussion

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

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

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

More specifically, AB 361 amended the Brown Act to add subdivision (e) to Government 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. A state of emergency must exist in order for the Board to avail itself of the provisions of subdivision (e)(1) of Government Code § 54953. **On October 17, 2022, Governor Newsom announced that the COVID-19 State of Emergency will end on February 28, 2023.** 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 Government Code § 8625 of the California Emergency State Services Act.)

On June 20, 2022, the Board adopted Resolution 2022-06 to reflect the findings made by the Board pursuant to AB 361. The Board determined that because state and local officials continue to impose or recommend measures to promote physical distancing, the Board would elect to continue to use the abbreviated teleconferencing procedures under Government Code section 54953(e)(3), and adopted Resolution 2022-06 after deleting the following language from Section 3 of the Resolution, "that the State of Emergency directly impacts the ability of the OCERS Board, its committees, members and staff to meet safely in person". At each of its monthly meetings following the June 20, 2022 meeting, the Board has adopted resolutions 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 2022-11 in order for the Board and its committees to continue to meet by teleconference. Like the resolutions adopted in June and thereafter, Resolution 2022-11 is based on the single finding that state or local officials continue to impose or recommend measures to promote social distancing. That is, Resolution 2022-11 *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 causes COVID-19. **To avoid this possible exposure, you may want to avoid crowded areas, or keep distance between yourself and others.**"

Moreover, the County of Orange Health Officer's "Orders and Strong Recommendations" (revised September 23, 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 11 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 15) 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 2022-11 in order for the Board and its committees to continue to meet by teleconference. As mentioned above, the draft Resolution 2022-11 is based on the single finding that state or local officials continue to impose or recommend measures to promote social distancing, and does not include a determination that the state of emergency continues to directly impact the ability of the members of the Board to meet safely in person. Staff will revise the Resolution as necessary to match the findings of the Board.

Attachments

Submitted by:



Gina M. Ratto
General Counsel

**OCERS BOARD OF RETIREMENT
RESOLUTION NO. 2022-11**

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

- Σ **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**
- Σ **AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE BOARD AND ITS COMMITTEES THROUGH NOVEMBER 17, 2022, PURSUANT TO BROWN ACT PROVISIONS.**

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

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

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

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

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

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

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

WHEREAS, such conditions now exist in Orange County, specifically, a Local Health Emergency based on an imminent and proximate threat to public health from the introduction of COVID-19 in Orange County was declared by the County of Orange Health Officer on February 26, 2020; a Local Emergency based on

the imminent and proximate threat to public health from the introduction of COVID-19 that created conditions of extreme peril to the safety of persons and property within the territorial limits of Orange County was proclaimed by the Chairwoman of the Board of Supervisors on February 26, 2020; Resolutions No. 20-011 and No. 20-012 of the Orange County Board of Supervisors were adopted on March 2, 2020, ratifying the Local Health Emergency and Local Emergency; and a State of Emergency was proclaimed by Governor Newsom for the State of California on March 4, 2020 based on an outbreak of respiratory illness due to COVID-19 (on October 14, 2022, the Governor announced that the COVID-19 state of emergency will continue until February 28, 2023); 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 have 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 September 23, 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 mask 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"; 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, which State of Emergency will continue until February 28, 2023; 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 avoid crowded areas and maintain physical distance between yourself and others; and

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

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

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

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

Section 2. Acknowledgement of Proclamation of State and Local Emergency. The OCERS Board hereby acknowledges that a State of Emergency has been proclaimed by the Governor of the State of California effective March 4, 2020, and said State of Emergency will continue until February 28, 2023; 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 December 15, 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 14th day of November, 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

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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.

(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:

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



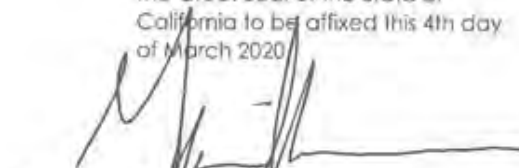
notification requirement of Civil Code section 1798.24, subdivision (i), is suspended.

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

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

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

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



GAVIN NEWSOM
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State



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Subchapter 7. General Industry Safety Orders
Introduction

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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

(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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

within or in contact with the employer's workplace.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) Face coverings.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(C) Personal protective equipment.

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

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

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

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

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

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

(8) Reporting, recordkeeping, and access.

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

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

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

(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.

(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.

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

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

HISTORY

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

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, 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

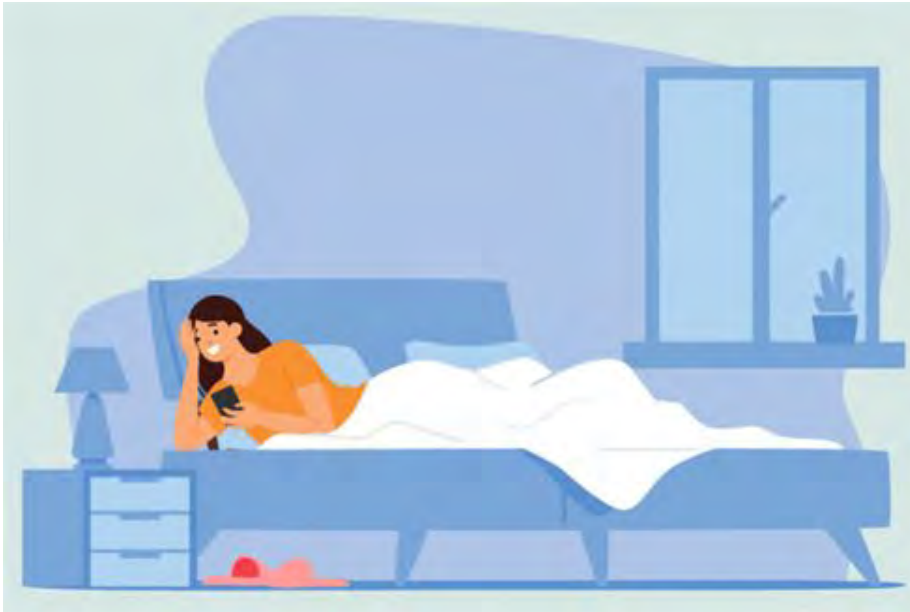
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you were exposed to someone with COVID-19, you may have been infected with the virus. Follow CDC's recommendations for [what to do if you were exposed](#). This includes wearing a high-quality mask when indoors around others (including inside your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



← OCGOV HOME (<http://www.ocgov.com>) TRANSLATE

(<https://www.ocgov.com>)

[Home \(/\)](#) / **OC Health Officer's Orders & Recommendations**

OC Health Officer's Orders & Recommendations

For the PDF English version, click [here \(/sites/virus/files/2022-09/9.16.22 Health Officer Orders and Recommendations Final Version 2.pdf\)](/sites/virus/files/2022-09/9.16.22 Health Officer Orders and Recommendations Final Version 2.pdf).

For translation, please click on the black "Translate" button on the top right to translate the same order displayed below.



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**COUNTY OF ORANGE HEALTH OFFICER'S
ORDERS AND STRONG RECOMMENDATIONS**
(Revised September 23, 2022)



In light of recent updated COVID-19 State Public Health Officer Orders on masking guidance, vaccine requirements and testing recommendations, 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 September 16, 2022. The Orders and Strong Recommendations issued on September 16, 2022, are no longer in effect as of September 23, 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.*

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.

- 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.
- 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



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.
 - 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.
- 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.

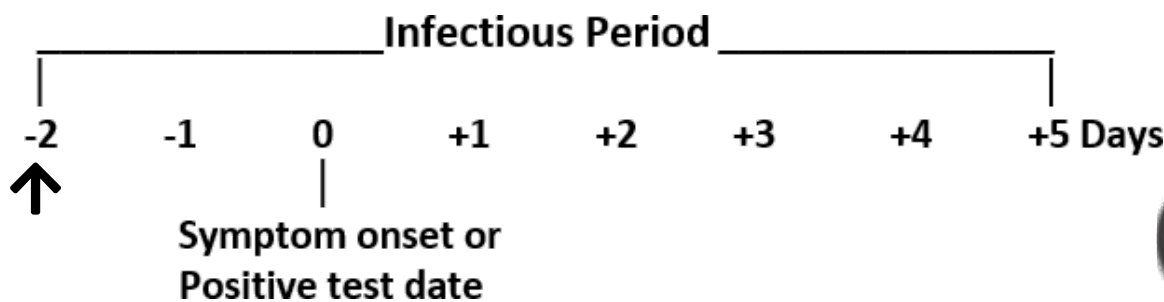


3. Additional Considerations for Self-Isolation.

- 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.
- 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> (<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> (<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

(<https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/Isolation-Quarantine-QA.aspx>), 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> (<https://www.dir.ca.gov/dosh/coronavirus>).

Definition.

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.

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



NOTE: For Correctional Facilities and Detention centers, when utilizing COVID-19 Community levels to determine masking requirements, an outbreak in these settings is defined as three suspected, probable, or confirmed COVID-19 cases within a 14-day period among residents and/or staff.

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.
- 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> (<https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/Face-Coverings-QA.aspx>).

↑ workplaces, employers and employees are subject to either the Cal/OSHA COVID-19 Emergency Temporary Standards (ETS) or the Cal/OSHA Aerosol Transmissible Disease (ATD) Standard and should consult those regulations for additional applicable requirements.



III. COVID-19 Vaccine Requirement Order

- 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 September 13, 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>
 (<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
- Hospice Facilities
- Pediatric Day Health and Respite Care Facilities
- Residential Substance Use Treatment and Mental Health Treatment Facilities

The word, "worker," as used in this Order shall have the same meaning as defined in the State Health Officer's Order, dated September 13, 2022.

• **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 September 13, 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 "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-Health-Care-Worker-Vaccine-Requirement.aspx>
(<https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/Order-of-the-State-Public-Health-Officer-Correctional-Facilities-and-Detention-Centers-Health-Care-Worker-Vaccination-Order.aspx>)

- **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 September 13, 2022, State Health Officer Order. 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-Adult-Care-Facilities-and-Direct-Care-Worker-Vaccine-Requirement.aspx> (<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 are family members of the recipient.



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.

IV. 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 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 health care services to a patient but are otherwise integrated into and necessary to the 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> (<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, 2022-2023 School Year found at: <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/K-12-Guidance-2022-23-School-Year.aspx> (<https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/K-12-Guidance-2022-23-School-Year.aspx>)
 - 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> (<https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/Child-Care-Guidance.aspx>).
- **Workplaces**

↑◦ In workplaces, employers and employees are subject to the Quarantine requirement as stated in the CalOSHA COVID-19 Emergency Temporary Standards (ETS) as modified



the Governor's Executive Order N-5-22 or in some workplaces the Cal/OSHA Aerosol Transmissible Diseases (ATD) Standard.

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> (<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.

CDC Guidance can be found at: <https://www.cdc.gov/coronavirus/2019-ncov/vaccines/stay-up-to-date.html> (<https://www.cdc.gov/coronavirus/2019-ncov/vaccines/stay-up-to-date.html>) and <https://www.cdc.gov/coronavirus/2019-ncov/vaccines/recommendations/specific-groups.html> (<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> (<https://www.cdc.gov/coronavirus/2019-ncov/vaccines/recommendations/specific-groups.html>)



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

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 September 23, 2022, the County has reported a total of 664,185 recorded confirmed COVID-19 cases and 7,432 of COVID-19 related deaths.
6. 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 splash sprays like a cough or sneeze. 3) Touching eyes, nose, or mouth with hands that have



on them.

See <https://www.cdc.gov/coronavirus/2019-ncov/vaccines/stay-up-to-date.html>
(<https://www.cdc.gov/coronavirus/2019-ncov/vaccines/stay-up-to-date.html>)

and <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/how-covid-spreads.html>
(<https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/how-covid-spreads.html>).

7. 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> (<https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/guidance-for-face-coverings.aspx>)
8. 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> (<https://www.cdc.gov/coronavirus/2019-ncov/need-extra-precautions/index.html>)
9. 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 been widely available, but certain populations have been slow to getting vaccinated or boosted (ii) 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 (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) current evidence shows that the novel coronavirus can survive on surfaces and can be indirectly transmitted between individuals; (v) older adults and individuals with medical conditions are at higher risk of severe illness; (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.
10. 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.



- 11. 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.
- 12. 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.
- 13. 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.
- 14. 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: September 23, 2022



Regina Chinsio-Kwong, DD
 County Health Officer
 County of Orange



Additional Resources



COVID-19 in California
(<https://covid19.ca.gov/>)



Centers for Disease Control and Prevention
(<https://www.cdc.gov/coronavirus/2019-nCoV/index.html>)



World Health Organization
(<https://www.who.int/>)



County Directory Assistance
855.886.5400

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Memorandum

DATE: November 14, 2022
 TO: Members of the Board of Retirement
 FROM: Steve Delaney, Chief Executive Officer
 SUBJECT: **OCERS CERTIFICATION INCENTIVE PROGRAM**

Recommendation

1. The Personnel Committee recommends the Board of Retirement approve the addition of three certifications to the OCERS Certification Incentive Program, providing 5.5% in additional salary. Such additions to first become available on January 1, 2023. The three additions are:
 - a. Certified Information Systems Security Professional
 - b. Certified Internal Auditor
 - c. SHRM - Senior Certified Professional

2. The Personnel Committee recommends the Board of Retirement approve a requirement of a minimum of 20 hours of continuing education (CE) each year for any certification that does not have a CE requirement set by its governing Board. Such requirement to become effective January 1, 2023, with professional documentation to be provided by December 2023 to confirm compliance.

Background

In 2017, having lost an employee who had just obtained his CFA to LACERA, due to LACERA offering a 5.5% salary incentive to those who obtained any one of seven possible professional certifications, OCERS began its own certification incentive program that pays OCERS direct employees an additional 5.5% of their salary for possessing a valid Certified Public Accountant (CPA) or Chartered Financial Analyst (CFA) certification.

The Personnel Committee met on October 12, 2022 to hear from OCERS CEO Steve Delaney, and concurred with him in recommending to the full OCERS Board that the program should be expanded to include three additional professional level certifications with the maximum certification pay to be received by any one individual being 5.5%.

The anticipated cost in the 2023 budget for these additional certifications is approximately \$36,000.

The anticipated cost in the 2023 budget for the entire OCERS Certification Incentive Program is approximately \$135,000.

The background materials shared with the Personnel Committee are attached.

Attachments:

1. Memo to the Personnel Committee
2. Certificate Comparison Matrix
3. LACERA Certificate Program
4. NASRA Certificate Survey Results

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Memorandum

DATE: October 12, 2022
 TO: Members of the Personnel Committee
 FROM: Steve Delaney, Chief Executive Officer
 SUBJECT: **OCERS CERTIFICATION INCENTIVE PROGRAM**

Recommendation

1. Approve and recommend that the Board of Retirement approve the addition of three certifications to the OCERS Certification Incentive Program, providing 5.5% in additional salary. Such additions to first become available on January 1, 2023. The three additions are:
 - a. Certified Information Systems Security Professional
 - b. Certified Internal Auditor
 - c. SHRM - Senior Certified Professional
2. Approve and recommend that the Board of Retirement approve a requirement of a minimum of 20 hours of continuing education (CE) each year for any certification that does not have a CE requirement set by its governing Board. Such requirement to become effective January 1, 2023, with professional documentation to be provided by December 2023 to confirm compliance.

Background

In 2017, OCERS began a certification incentive program that pays OCERS direct employees an additional 5.5% of their salary for possessing a valid Certified Public Accountant (CPA) or Chartered Financial Analyst (CFA) certification. OCERS is seeking to expand the program to include other professional level certifications with the maximum certification pay to be received by any one individual being 5.5%.

To qualify for the program, the following items related to the certification were evaluated:

- 1) Issued from a National Professional Association or Institution
- 2) Related to and representative of the employee's current job title or profession
- 3) Seen as valuable in the industry (i.e., do job recruitments list the certification as a highly desirable qualification)
- 4) Level of difficulty to achieve (demonstrated by a low pass rate of test required, extensive experience and/or education)
- 5) Require Continuing Education Units (CEU)
- 6) Other factors as deemed appropriate by the CEO or his/her designee

NOTE: Administratively we do not allow for an accumulation of certification incentives. Each staff member is limited to a single certification incentive.

At the time of approval in 2017, the Personnel Committee encouraged the CEO to return in future years as needed to add other certifications that would further our staffing goals of both finding the best talent possible for OCERS positions while retaining those especially skilled staff members already part of the team.

On September 28 I met with the Personnel Committee and recommended three certifications for addition to the current Certification Incentive Program:

- a. Certified Information Systems Security Professional
- b. Certified Internal Auditor
- c. SHRM - Senior Certified Professional

At that September 28 meeting we discussed several relevant issues that helped clarify why these additions are important to successfully meet our mission goals.

THE LACERA EXAMPLE

LACERA has a series of seven approved certification skills which provide an incentive salary stipend of 5.5%. In discussing with a holder of a WCCP (Workers Compensation Claims Professional), I learned the following:

1. It was a value-added skill needed by the Disability Department
2. It encouraged the individual to seek the education necessary to qualify
3. It did not have a Continuing Education requirement
4. He confirmed there was a limit of being incentivized for only one certification

In a recent meeting with the LACERA CEO, we confirmed that both of our agencies share similar challenges - finding qualified individuals to apply for open positions (LACERA has a vacancy rate similar to OCERS) and retaining those new hires beyond the first year which is comprised basically of training.

OCERS lost a talented staff member to LACERA immediately upon successful completion of his CFA examinations due to our lack of a Certification Incentive Program at that time. Continued support of this program is important to prevent loss of OCERS talent to other systems in the future.

NOT EVERY CERTIFICATION NEEDS TO BE REWARDED

Some certifications will not be rewarded as they are requisites to obtaining a given position at OCERS in the first place. We are not rewarding an individual with a Juris Doctorate, as that is a requirement to even be eligible to apply for a position with OCERS Legal Counsel.

Similarly, as I shared at the recent Strategic Planning Workshop, I will be requesting our first Project Manager. The highest accreditation available to a project manager is a PMP - a Project Manager Professional. To obtain a PMP an individual must take a 30-hour exam, but more importantly, have completed 3 years of project management activity as well as obtaining a 4-year college degree. I will be requiring a PMP certification of our eventual approved candidate, so there will be no additional certification incentive available to that individual.

CONTINUING EDUCATION (CE)

The Personnel Committee concurred in the value of continuing education as a requirement to be enrolled in this program and recommended that effective January 1, 2023, ALL approved certification programs include a CE

requirement of a minimum of 20 hours of CE related to that skill each year, even if the governing body of that certification, as is the case with CFA holders, does not make such a requirement.

Attached are several reports that were used to show the value of these new additions to the Certification Incentive Program.

The addition of the above certifications is estimated to benefit three additional individuals in 2023 at a cost of \$36,000 annually.

Attachments:

1. Certificate Comparison Matrix
2. LACERA Certificate Program
3. NASRA Certificate Survey Results

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

11-14-2022 REGULAR BOARD MEETING - A-3 Certification Incentive Program

Comparison of SHRM-CP SHRM-SCP, CISSP, CIA, CPA, and CFA Certifications

Certification	Society Human Resource Management - Certified Professional - (SHRM-CP) ¹⁶	Society Human Resources Management - Senior Certified Professional (SHRM-SCP) ¹⁶	Certified Information Systems Security Professional (CISSP)	Certified Internal Auditor (CIA)	Certified Public Accountant (CPA)	Chartered Financial Analyst (CFA)
Governing Organization	Society Human Resource Management (SHRM) ¹	Society Human Resource Management (SHRM) ¹	International Information System Security Certification Consortium (ISC) ²	The Institute of Internal Auditors (IIA) ³⁵	American Institute of Certified Public Accountants (AICPA)	CFA Institute
Accreditation Body Competency & Knowledge	The Bureau Center for Testing ² SHRM Body of Competency and Knowledge (SHRM BoCK) ³	The Bureau Center for Testing ² SHRM Body of Competency and Knowledge (SHRM BoCK) ³	American National Standards Institute (ANSI) ISO/IEC Standard 17024 ⁴	International Professional Practices Framework International Standards for the Professional Practice of Internal Auditing ³⁶	N/A (Internal AICPA Committee) ²	N/A ³
Education Requirement	HR Certificate Program (Accredited institution - eight courses covering HR fundamentals) or Associate's Degree or Higher ⁴	HR Certificate Program (Accredited institution - eight courses covering HR fundamentals) or Associate's Degree or Higher ⁴	N/A (can use four-year college degree to satisfy 1 year of required experience) ⁴	Associate's Degree or Higher	Bachelor's Degree (150 semester units of education, including 24 semester units in accounting-related subjects and 24 semester units in business-related subjects) ⁵	Bachelor's Degree or 4 years professional work experience (does not have to be investment-related) or Combination of work experience and education totaling 4 years prior to enrollment ⁶
Experience Requirement	Dependent upon education level:⁷ Must work in the role of HR a minimum of 1,000+ hours within a calendar year Associate's Degree: HR-Related Degree: 3 years in HR role Non HR-Related Degree: 4 years in HR role Bachelor's Degree: HR-Related Degree: 1 year in HR role Non-HR Degree: 2 years in HR role Graduate Degree: HR-Related Degree: Currently in HR role Non-HR Degree: 1 year in HR role	Dependent upon education level:⁸ Must work in the role of HR a minimum of 1,000+ hours within a calendar year Associate's Degree: HR-Related Degree: 6 years in HR role Non HR-Related Degree: 7 years in HR role Bachelor's Degree: HR-Related Degree: 4 years in HR role Non-HR Degree: 5 years in HR role Graduate Degree: HR-Related Degree: 3 year in HR role Non-HR Degree: 4 years in HR role	5 years cumulative paid work experience in 2 or more of the 8 domains of the CISSP CBK (a four-year college degree or an approved credential will satisfy 1 year of required experience) ⁷	Dependent upon education level: Master Degree - 12 months Internal Audit (IA) Experience Bachelor's Degree - 24 months IA Experience Associate's Degree - 60 months IA Experience	1 year general accounting experience, supervised by actively-licensed CPA ⁸	4 years in the investment decision-making process ⁹
Exam Requirement	4 hours in length ⁵ 160 questions - 95 knowledge based items (60%) 65 situational judgement items (40%) 30 pre-test questions	4 hours in length ⁵ 160 questions - 95 knowledge based items (60%) 65 situational judgement items (40%) 30 pre-test questions	One 250 question, 6 hour exam (2017 and earlier) or One 100-150 question, 3 hour Computerized Adaptive Test exam (2018 and later) (exams include multiple choice and simulation questions) ¹⁰	Three exams, multiple choice ³⁷ Part 1 - 125 questions / 150 minutes Part 2 - 100 questions / 120 minutes Part 3 - 100 questions / 120 minutes	Four exams, containing an average of 77 questions each, 4 hours per exam (exams include multiple choice, simulation, and writing questions) ¹¹	Three exams as follows: Level I Exam: 240 multiple choice questions (6 hours) Level II Exam: 120 multiple choice questions (6 hours) Level III Exam: 8-12 essay questions, 60 multiple choice questions (6 hours) ¹²
Certification	Society Human Resource Management - Certified Professional - (SHRM-CP) ¹⁶	Society Human Resources Management - Senior Certified Professional (SHRM-SCP) ¹⁶	Certified Information Systems Security Professional (CISSP)	Certified Internal Auditor (CIA)	Certified Public Accountant (CPA)	Chartered Financial Analyst (CFA)
Exam Passing Score	Modified Angoff method ⁷	Modified Angoff method ⁷	700 out of 1000 ¹³	600 out of 750 ³⁸	75 out of 99 on each exam ¹⁴	Pass/Fail ¹⁵
Exam Pass Rate	Average of 69% ⁸	Average of 55% ⁸	Not publicly released; widely assumed to be well below 50% ¹⁶	43% ³⁹	Historically between 45-50% ¹⁷	Level I: 43%; Level II: 45%; Level III: 56% ¹⁸
Certification Term	3 years ¹²	3 years ¹²	3 years ¹⁹	1 year ⁴⁰	2 years ²⁰	N/A
Continuing Education Requirement	60 Professional Development Credits (PDC's) within the three-year recertification period ⁵	60 Professional Development Credits (PDC's) within the three-year recertification period ⁵	120 hours over the three-year period (40 hours annually) ²¹	40 hours annually	80 hours during the two-year period (40 hours annually) ²²	N/A (Voluntary) ²³
Ethics Requirement	Agree to SHRM Certification Candidate agreement ¹ , abide by SHRM Bylaws & Code of Ethics ¹⁰	Agree to SHRM Certification Candidate agreement ¹ , abide by SHRM Bylaws & Code of Ethics ¹⁰	Agree to and uphold the (ISC) ² Code of Ethics ²⁴	Agree to abide by the Code of Ethics established by The IIA ⁴¹	Ca/CPA PETH Exam (50 multiple-choice questions; no time limit; 90%+ passing score) ²⁵	Complete a Professional Conduct Statement and uphold the Code of Ethics and Standards of Professional Conduct ²⁶
Endorsement Requirement	N/A ¹¹	N/A ¹¹	Endorsement by an (ISC) ² certified professional in good standing ²⁷	Candidates must exhibit high moral and professional character and must submit a Character Reference Form signed by a CIA, CGAP, CCSA, CFSA, CRMA, or the candidate's supervisor ⁴¹	N/A	N/A
Desirability in Industry	In 2018, the median SHRM-CP certification holders received a 22.8% increase in salary. ¹³	In 2018, HR professionals reported receiving median pay increases by 54 percent going from a SHRM-CP certification to SHRM-SCP certification. ¹³	Job Openings Requiring Information Security Certifications (Nov. 2018): CISSP (ISC²): 49,731 CISM (ISACA): 20,209 CEH (EC-COUNCIL): 10,780 Security+ (COMPTIA): 10,345 GSEC (SANS): 7,642 ²⁸	CIAs earn an average of \$38,000 more annually than those without a certification. ⁴²	N/A	N/A
No. of Certification Holders	65,730 ¹⁴	45,677 ¹⁴	> 136,428 worldwide ²⁹	> 157,444 worldwide ³⁷	> 664,532 in the US ³⁰	> 154,000 worldwide ³¹
Year Established	1976 ^{15,17}	1976 ^{15,17}	1994 ³²	1974 ³⁷	1917 ³³	1963 ³⁴

Certified Public Accountant license issued by the State of California or a valid Certified Government Financial Manager certification issued by the Association of Government Accountants
Assistant Chief Financial Officer, LACERA
Assistant Chief, Internal Audit, LACERA
Assistant Division Manager, LACERA
Chief Financial Officer, LACERA
Chief, Internal Audit, LACERA
Division Manager, LACERA
Internal Auditor, LACERA
Internal Auditor, LACERA
Principal Internal Auditor, LACERA
Senior Internal Auditor, LACERA
Special Assistant, LACERA

Certified Internal Auditor certification from the Institute of Internal Auditors or a valid Certified Information Systems Auditor certification from the Information Systems Audit and Control Association	Certified Public Finance Officer certification from the Government Finance Officers Association
Assistant Chief, Internal Audit, LACERA	Assistant Chief, Internal Audit, LACERA
Assistant Division Manager, LACERA	Assistant Division Manager, LACERA
Chief, Internal Audit, LACERA	Chief, Internal Audit, LACERA
Internal Auditor, LACERA	Division Manager, LACERA
Internal Auditor, LACERA	Internal Auditor, LACERA
Principal Internal Auditor, LACERA	Internal Auditor, LACERA
Senior Internal Auditor, LACERA	Principal Internal Auditor, LACERA
Special Assistant, LACERA	Senior Internal Auditor, LACERA

Certified Employee Benefits Specialist designation from the International Foundation of Employee Benefit Plans and the Wharton School of the University of Pennsylvania	Worker's Compensation Claims Professional certification from the Insurance Education Association
Assistant Division Manager, LACERA	Disability Retirement Specialist
Chief, Quality Assurance and Metrics, LACERA	Disability Retirement Specialist Supervisor
Division Manager, LACERA	Division Manager, LACERA
Legislative Affairs Officer, LACERA	Human Resources Analyst, LACERA
Quality Auditor I, LACERA	Senior Disability Retirement Specialist
Quality Auditor II, LACERA	Senior Human Resources Analyst, LACERA
Section Head, LACERA	
Senior Quality Auditor, LACERA	
Special Assistant, LACERA	
Supervising Administrative Assistant III, LACERA	

Chartered Financial Analyst certification from the CFA Institute	Certified Compensation Professional designation from WorldatWork, formerly the American Compensation Association
Chief Investment Officer, LACERA (UC)	Assistant Director, Human Resources, LACERA
Deputy, Chief Investment Officer, LACERA (UC)	Director, Human Resources, LACERA
Finance Analyst I, LACERA	Human Resources Analyst, LACERA
Finance Analyst II, LACERA	Senior Human Resources Analyst, LACERA
Finance Analyst III, LACERA	
Principal Investment Officer, LACERA	
Principal Investment Officer, LACERA (UC)	
Senior Investment Officer, LACERA	



National Association of State Retirement Administrators

Responses to survey regarding professional designations

Fourteen systems in 11 different states responded to this survey; a listing of responding systems is at the end of these results. This survey was conducted in July 2022.

1. *Does your system state a preference in job announcements for applicants with the following professional designations?*

Professional designation	Yes	No
CEBS (in benefits)	2	12
SHRM (in HR)	9	5
CISSP (in IT)	6	8
IIA (in Internal Audit)	8	6

2. *If yes, is there a pay differential for applicants with preferred professional designations?*

CEBS (in benefits)

SHRM (in HR)

- 1-2%

CISSP (in IT)

- 1-2%

IIA (in Internal Audit)

- 1-2%

3. *Please identify any other professional designations not listed above for which your system has indicated a preference for relevant applicants?*

- CFA, CAIA, CPA, CGFM, various IT designations depending on the position. We do not pay specific pay differentials based on professional designations.
- CFA and CPA
- We advertise that we pay a 5% differential for Investment Staff that have their CFA.
- For Investment Managerial Staff, we advertise that we pay a 5% base pay differential for CFA, CCIM, FRM, CIMA and CAIA.
- CPA, CFA, A+, Network+,
- CFA (2)
- CFA, CPA
- Certified Public Accountants (CPA)
- CFP, CFA, CAIA, CIA (Internal Audit), CPA
- CFA, CAIA-we do provide educational differential to candidate in investments with these professional designations.

Compiled by NASRA based on information provided by retirement systems | July 2022
 Contact: Keith Brainard keith@nasra.org or Alex Brown alex@nasra.org

- CPA-a CPA doing certain financial auditing or examining is eligible for a one-time payment.
- PHR – HR, CIA – Internal Audit, CPA – Internal Audit
- Various Designations Based upon Role
- For our recent Executive Director recruitment we posted "Advanced degree and knowledge of defined benefit, IRC 401(a) defined contribution, and IRC 457(b) deferred compensation plans is preferred." For our Chief Financial Officer we've sometimes stated a Certified Public Accountant (CPA) is preferred.
- CFA, CIA, CPA which there is a pay differential for these designations
- CISA for Internal Audit, CTCM and CTPM for contracts and procurement, CPA for accountants

4. *Please share any other information you think is relevant to this subject.*

- We have a pay differential for certain rank-and-file investment professionals who are CFA charterholders.
- We've asked questions about professional certifications to collect the info from applicants but not indicated the certifications were preferred. For high-level accounting positions it might be CPA, Certified Management Accountant (CMA), Chartered Global Management Accountant (CGMA), Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE), Chartered Financial Analyst (CFA), or other relevant. For our investment professional titles, it might be Chartered Alternative Investment Analyst (CAIA), Chartered Financial Analyst (CFA), Certificate in Investment Performance Measurement (CIPM).
- The Indiana Public Retirement System has revised its policy to support and pay up to (\$5,250 year) including all professional designations, credentials and certifications as long as the employee is in good standing.
- We tend to "home grow" these skills in new hires, so we have not traditionally marketed or compensated people differently for them. Our state compensation plan allows for an hourly add-on for CPAs, so we do provide that.

Responding Systems:

- | | |
|---|--|
| <ul style="list-style-type: none"> • California Public Employee's Retirement System • California State Teachers' Retirement System • Indiana Public Retirement System • Municipal Employees' Retirement System of Michigan • Missouri Public School / Public Educational Employees' Retirement System • Missouri State Employees' Retirement System | <ul style="list-style-type: none"> • New York State Teachers' Retirement System • Ohio School Employees' Retirement System • Ohio State Teachers' Retirement System • Pennsylvania State Employees' Retirement System • Teacher Retirement System of Texas • Utah Retirement Systems • Government Employees' Retirement System of the U.S. Virgin Islands • Wisconsin Department of Employee Trust Funds |
|---|--|



Memorandum

DATE: November 14, 2022
TO: Members of the Board of Retirement
FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations
SUBJECT: **OCERS' PROPOSED ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2023**

Recommendation

Adopt the Proposed Administrative Budget for Fiscal Year 2023 in the amount of \$39,874,896 which includes:

- a. Personnel costs in the amount of \$23,697,171
- b. Services and supplies in the amount of \$14,951,725
- c. Capital expenditures in the amount of \$1,226,000

Background/Discussion

The proposed budget was developed based on the 2023 Business Plan and the Personnel Committee's recommended 2023 Staffing Plan, both of which were approved by the Board of Retirement on October 17, 2022.

The Business Plan is directly linked to the 2023-2025 Strategic Plan developed using OCERS' Mission Statement and Vision Statement and Values as its foundation. The goals and initiatives included in the approved Business Plan provided guidance for the proposed Fiscal Year (FY) 23 Administrative Budget.

In addition to the 2023 Business Plan, the proposed budget for personnel costs was developed based on the approved 2023 Staffing Plan, OCERS' Compensation Policy for direct employees, the most recent Memorandum of Understanding between the County of Orange and the Orange County Employees Association applicable to County employees working at OCERS, and the incentive compensation program outlined in the recently adopted Incentive Compensation Policy.

In accordance with the Compensation Policy, in each year in which salary ranges are not reviewed, the salary ranges will be automatically increased by the amount, if any, of the increase in the Employer Cost Index (ECI) for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics. OCERS direct salaries were not reviewed during 2022; therefore, salary ranges have been adjusted by the ECI index of 5.1% for the 12-month period ended September 30, 2022. See Appendix F – *OCERS' Direct Employees Salary Ranges* for the updated salary ranges.

Attached is the presentation that summarizes the FY23 Proposed Administrative Budget, as well as a detailed budget narrative and several detailed appendixes that provide further information about the proposed budget that staff is recommending for approval.



Memorandum

Submitted by:

A handwritten signature in black ink, appearing to be "Tracy Bowman", written over a horizontal line.

Tracy Bowman
Director of Finance

Approved by:

A handwritten signature in black ink, appearing to be "Brenda M Shott", written over a horizontal line.

Brenda Shott
Assistant CEO, Finance & Internal Operations

Approved by:

A handwritten signature in black ink, appearing to be "Steve Delaney", written over a horizontal line.

Steve Delaney
CEO



OCERS

2023 Proposed Administrative Budget

**Regular Board Meeting
November 14, 2022**

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Today's Agenda

1. Purpose of Presentation
2. Overview of Budget Process
3. Proposed 2023 Administration Budget



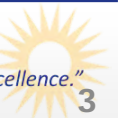


Purpose of Presentation

➤ General review of 2023 Administrative Budget

Recommended action:

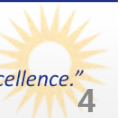
1. Adopt the Administrative Budget for Fiscal Year 2023 in the amount of \$39,874,896 which includes:
 - a. Personnel costs in the amount of \$23,697,171
 - b. Service and supplies in the amount of \$14,951,725
 - c. Capital expenditures in the amount of \$1,226,000





Overview of Budget Process

- Budget Approval Policy
- OCERS' Mission Statement, Vision and Values, and 3-Year Strategic Plan
- Set Business Plan goals for 2023 and related cost estimates
 - Full OCERS' Leadership offsite meeting prior to Strategic Planning
 - Strategic Planning with Board on September 14-15, 2022
 - 2023 Business Plan approval on October 17, 2022
- Initial budget requests are made by each department head
- CEO, Assistant CEO of Internal Operations and Director of Finance met individually with department heads to discuss and determine necessity of each line item in their budget request





Overview of Budget Process (cont'd)

- Prepare budget with comparisons to prior years' budgets and actuals
- Personnel Committee meeting on August 1, 2022 recommended approval of an incentive compensation policy for the OCERS direct investment team, which was approved by the full Board at the August 15, 2022 Board meeting
- Meeting with the Personnel Committee on September 28, 2022 to review and approve the 2023 recommended Staffing Plan which added 14 new positions to the budgeted headcount, which was approved by the full Board at the October 17, 2022 Board meeting





Overview of Budget Process (cont'd)

- Personnel Committee meeting on October 12, 2022, recommended approval of three additional certifications to the OCERS Certification Incentive Program by the full Board at the November 14, 2022 Board meeting
- Approval of the budget by the Board at the November 14, 2022 meeting





Budget Supports Strategic Goals

Fund
Sustainability

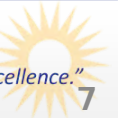
Excellent
Service and
Support

Risk
Management

Talent
Management

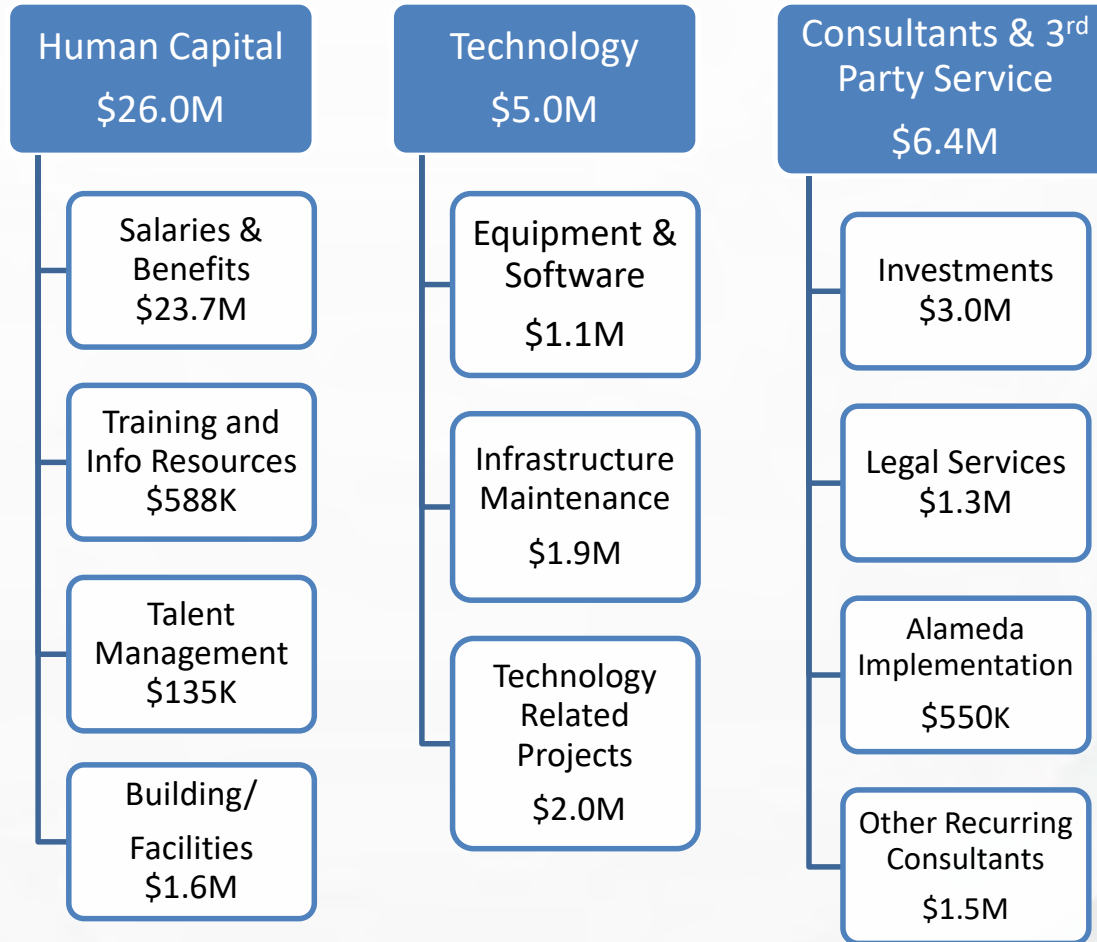
Effective
Governance

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Primary Cost Drivers



The sum of the primary cost drivers noted above represents approx. 94% of the 2023 Administrative Budget



Budget Limitations

Budget Authority

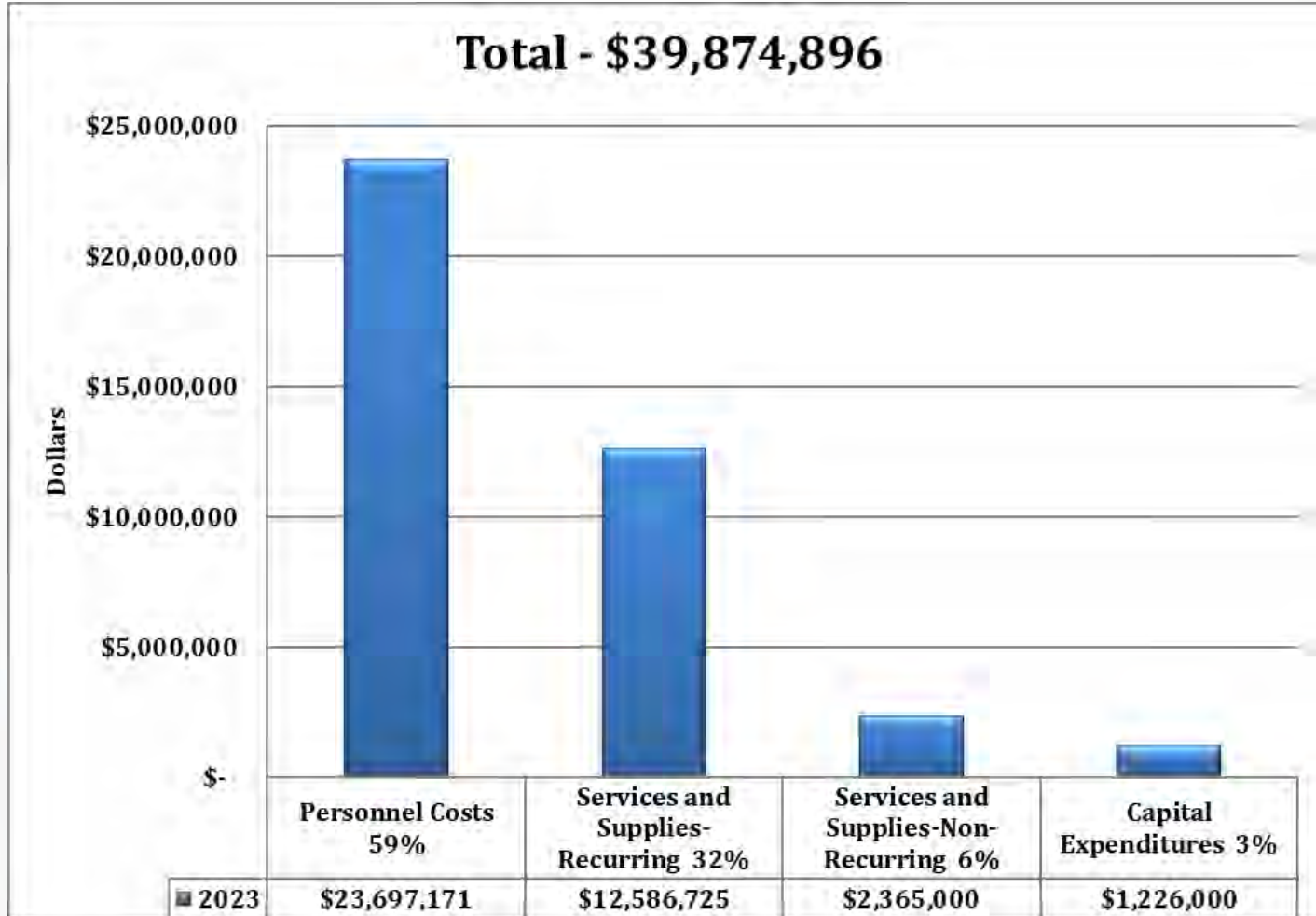
Administration expenses, as defined in Government Code Section 31580.2, incurred in any year will not exceed 21 basis points of the actuarial accrued liability (AAL) of the system.

2023 Statutory Budget Limitation is \$52,691,940

2023 Proposed Budget (excluding investment-related costs and applicable IT-related costs not subject to budget limitation test) is 10.73 basis point of AAL



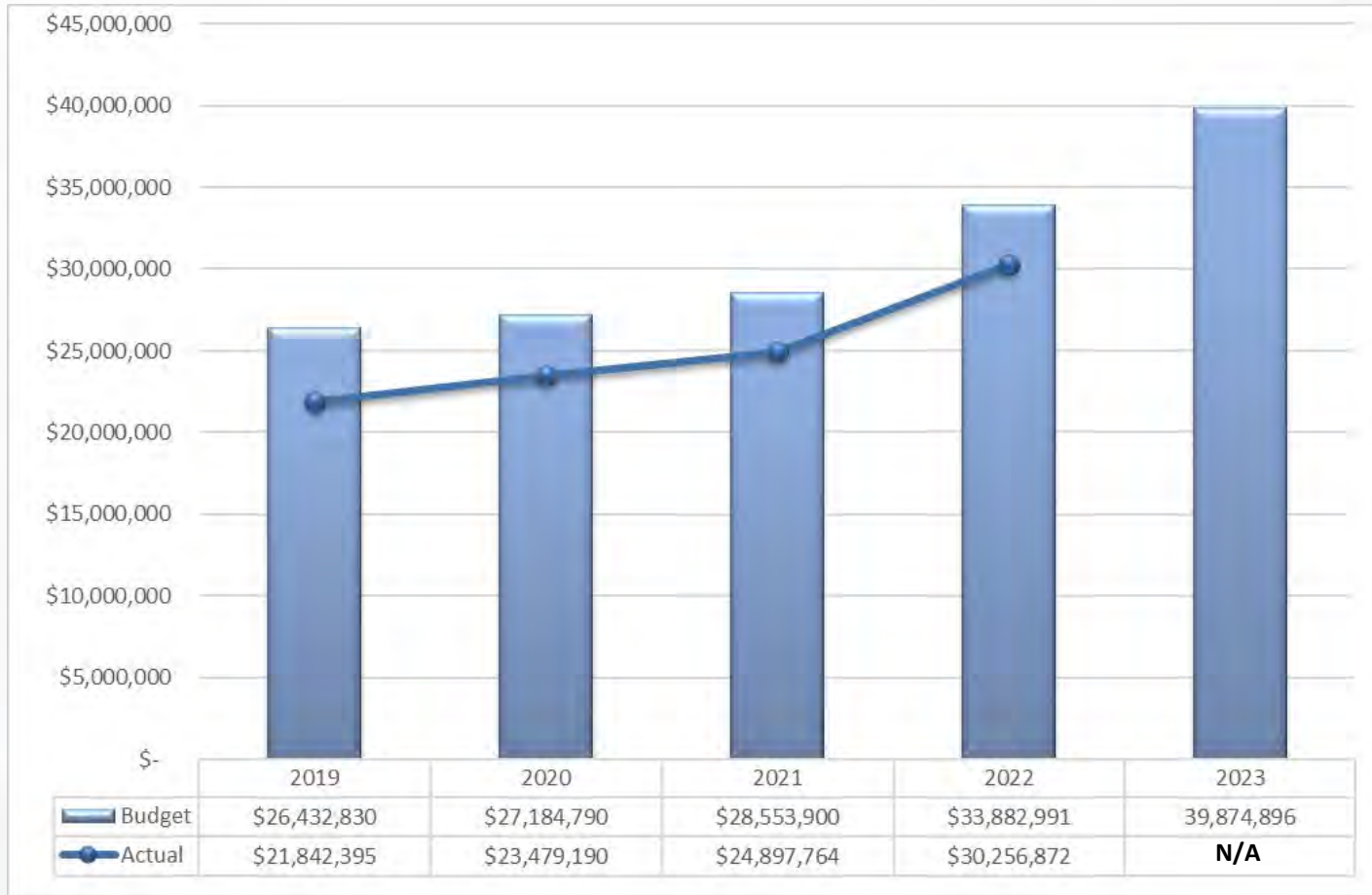
FY23 Proposed Administrative Budget Summary





Budget versus Actuals Trend

Total Budget



Actual to Budget % 82.63% 86.37% 87.20% 89.30% N/A

Amounts may include immaterial rounding differences

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Summary of Budget Increases

Description of Increase	Amount
Staffing Plan, Retirement & Benefit Costs, & Salary Growth	\$4.4M
Building Maintenance and Improvements	\$0.2M
Infrastructure Maintenance	\$0.8M
3 rd Party Consulting	\$0.3M
Other Cost Increases	\$0.3M
Total Increase in 2023 Budget over prior year	\$6.0M

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FY 2023 Staffing Plan

\$23,697,171

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Budget versus Actuals Trend Personnel Costs and FTE's



Amounts may include immaterial rounding differences

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Increase in Budgeted Personnel Costs

Description	Amount
Additional Positions (includes salary and benefits)	\$2.3M
Increase in Retirement Contribution Rate and Other Personnel Costs (fringe benefit factor 57%)*	\$1.1M
Salary Growth/Adjustments	\$1.0M
Total Increase in Budget from Prior Year	\$4.4 M

*Benefits related to new positions are included in Additional Positions above, excluded here.



Compensation Policy

OCERS' Direct



- **Purpose and Background**

- Create and maintain a pay structure that is competitive among OCERS' peers in the public pension community and aligned with published market data for similarly sized governmental organizations
- Recognize and reward individual performance
- Provide management the flexibility to make compensation decisions within budgetary guidelines
- Provide employees some measure of predictability with respect to both salary growth and rewards for superior performance

- **Compensation Program**

- CEO manages salaries within approved salary ranges using the Board approved performance-based system:
 1. Meets Expectations receives salary increase equal to the Employer Cost Index (base increase)
 2. Exceeds Expectations receives base increase plus one Merit Step (Merit Step = 2.75%)
 3. Exceptional receives base increase plus two Merit Steps
- Salary ranges will be reviewed at least every five years to ensure they remain competitive
- Salary ranges are increased by 5.1% based on the Employer Cost Index



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Staffing Plan

Board approved the following changes to 2023 Staffing Plan at the October Board meeting

		Title	Direct or County	Total Budgeted Cost
Executive	New Position	Project Manager	Direct	\$ 303,000
Legal	New Position	Chief Compliance Officer	Direct	156,000
Legal	New Position	Staff Attorney	Direct	213,000
Legal	New Position	Executive Secretary I	County	68,000
Investments	New Position	Investment Officer	Direct	219,000
Member Services	New Position	Retirement Program Specialist	County	114,000
Member Services	New Position	Retirement Program Specialist	County	114,000
Member Services	New Position	Retirement Program Specialist	County	114,000
Information Security	New Position	Staff Analyst	Direct	131,000
Information Technology	New Position	IT Systems Technician	County	119,000
Information Technology	New Position	Testing Coordinator	Direct	247,000
Information Technology	New Position	Automation Developer	Direct	233,000
Human Resources	New Position	Staff Analyst	Direct	157,000
Human Resources	New Position	Staff Assistant	County	101,000
Finance	Career Ladder	Staff Analyst	Direct	16,000
Finance	Career Ladder	Senior Accountant	County	13,000
Internal Auditor	Career Ladder	Senior Internal Auditor	Direct	21,000
Communications	Add	Director of Communications	Direct	242,000
Communications	Drop	Communications Manager	Direct	(215,000)
			Total Budgeted Cost*	\$ 2,366,000

*Total Budgeted Cost includes estimated salary and related fringe benefits

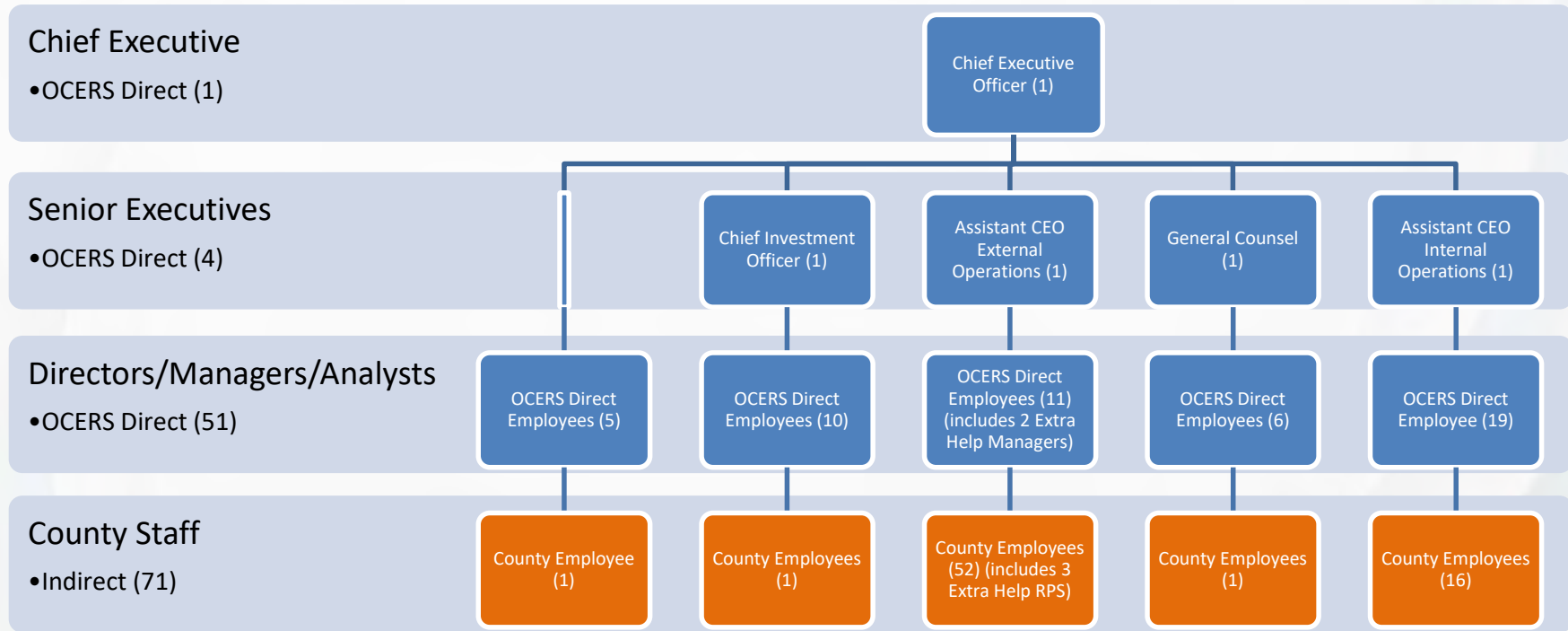
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2023 Organization Chart

(127 team members, 124.5 FTE)



Staffing Plan
 127 Budgeted Positions
 136 Approved Classifications
 (includes 5 Part-time Extra Help in Member Services)

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OCERS Direct Employees Salary Ranges Approved June 2021, adjusted 5.1% for ECI at 9/30/2022



OCERS Employee Position	Current Annual Minimum	Revised Annual Minimum	Current Annual Midpoint	Revised Annual Midpoint	Current Annual Maximum	Revised Annual Maximum
Chief Investment Officer	\$293,641	\$308,617	\$374,393	\$393,487	\$455,144	\$478,356
General Counsel	\$204,538	\$214,969	\$260,786	\$274,086	\$317,034	\$333,203
Managing Director of Investments	\$204,538	\$214,969	\$260,786	\$274,086	\$317,034	\$333,203
Assistant Chief Executive Officer	\$176,994	\$186,021	\$225,667	\$237,176	\$274,340	\$288,331
Director of Investments	\$164,645	\$173,042	\$209,923	\$220,629	\$255,200	\$268,215
Deputy Legal Counsel	\$142,473	\$149,739	\$181,653	\$190,917	\$220,833	\$232,095
Senior Investment Officer	\$142,473	\$149,739	\$181,653	\$190,917	\$220,833	\$232,095
Director of Finance	\$132,533	\$139,292	\$168,980	\$177,597	\$205,426	\$215,903
Director of Human Resources	\$132,533	\$139,292	\$168,980	\$177,597	\$205,426	\$215,903
Director of Information Security	\$132,533	\$139,292	\$168,980	\$177,597	\$205,426	\$215,903
Director of Information Technology	\$132,533	\$139,292	\$168,980	\$177,597	\$205,426	\$215,903
Director of Internal Audit	\$132,533	\$139,292	\$168,980	\$177,597	\$205,426	\$215,903
Director of Member Services	\$132,533	\$139,292	\$168,980	\$177,597	\$205,426	\$215,903
Investment Officer	\$123,286	\$129,574	\$157,190	\$165,207	\$191,094	\$200,840
Staff Attorney	\$123,286	\$129,574	\$157,190	\$165,207	\$191,094	\$200,840
Finance Manager	\$106,684	\$112,125	\$136,022	\$142,959	\$165,360	\$173,793
Information Security Manager	\$106,684	\$112,125	\$136,022	\$142,959	\$165,360	\$173,793
Information Technology Manager	\$106,684	\$112,125	\$136,022	\$142,959	\$165,360	\$173,793
Retirement Analyst	\$106,684	\$112,125	\$136,022	\$142,959	\$165,360	\$173,793
Senior Manager Operations Support Services	\$106,684	\$112,125	\$136,022	\$142,959	\$165,360	\$173,793
Contracts, Risk & Performance Administrator	\$99,241	\$104,302	\$126,532	\$132,985	\$153,823	\$161,668
Disability Manager	\$99,241	\$104,302	\$126,532	\$132,985	\$153,823	\$161,668
Learning and Organization Development Manager	\$99,241	\$104,302	\$126,532	\$132,985	\$153,823	\$161,668
Member Services Manager	\$99,241	\$104,302	\$126,532	\$132,985	\$153,823	\$161,668
Senior Investment Analyst	\$99,241	\$104,302	\$126,532	\$132,985	\$153,823	\$161,668
Communications Manager	\$92,317	\$97,025	\$117,704	\$123,707	\$143,091	\$150,389
Internal Auditor	\$82,876	\$87,103	\$107,992	\$113,500	\$133,108	\$139,897
Investment Analyst	\$79,885	\$83,959	\$97,859	\$102,850	\$115,833	\$121,740
Legal Analyst	\$79,885	\$83,959	\$97,859	\$102,850	\$115,833	\$121,740
Staff Analyst	\$79,885	\$83,959	\$97,859	\$102,850	\$115,833	\$121,740

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Services and Supplies

\$14,951,725





Budget versus Actuals - Trend Services and Supplies



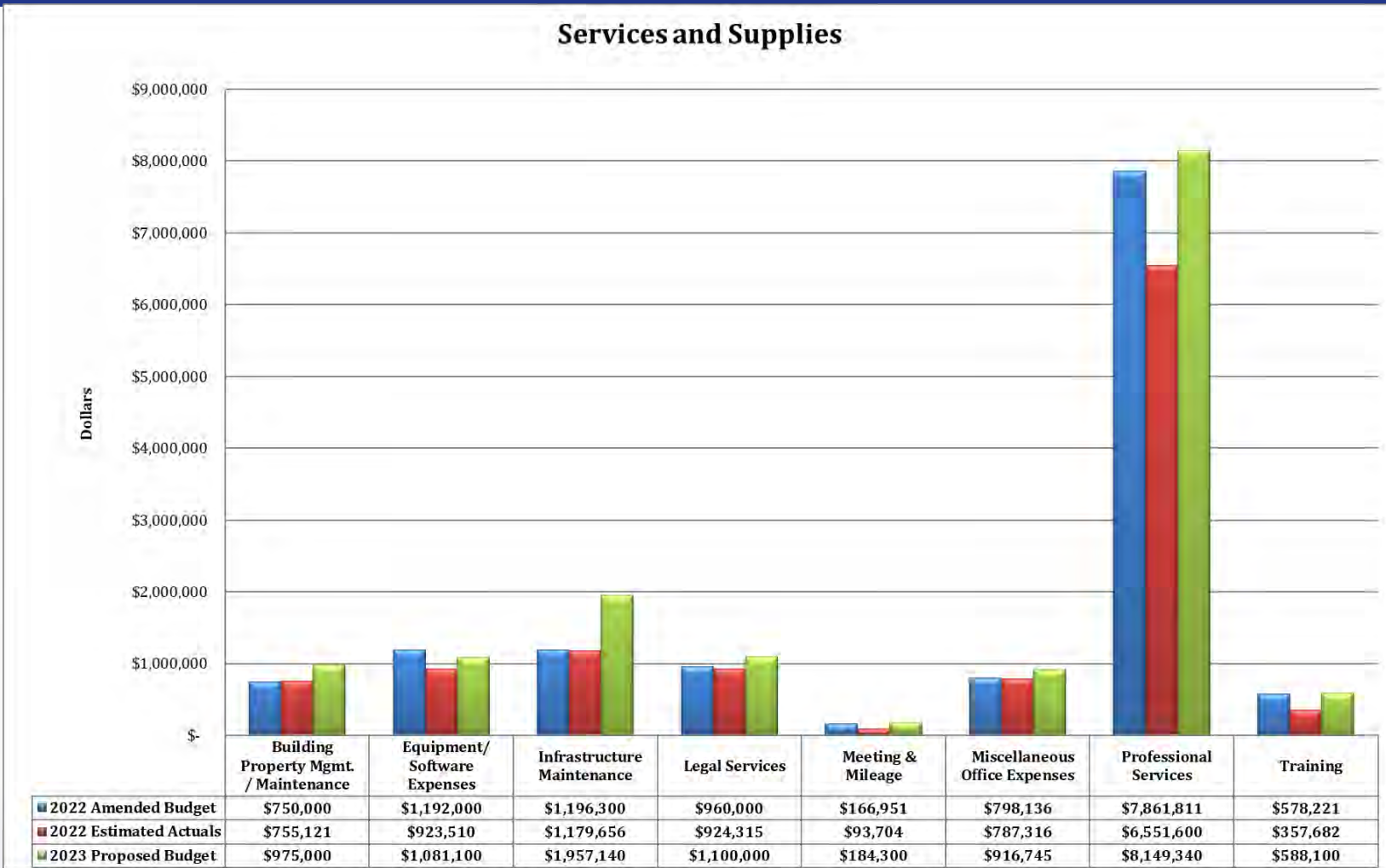
Actual to Budget % 72.22% 75.32% 79.95% 85.70% N/A

Amounts may include immaterial rounding differences

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Services and Supplies Proposed versus Estimated Actuals



Amounts may include immaterial rounding differences

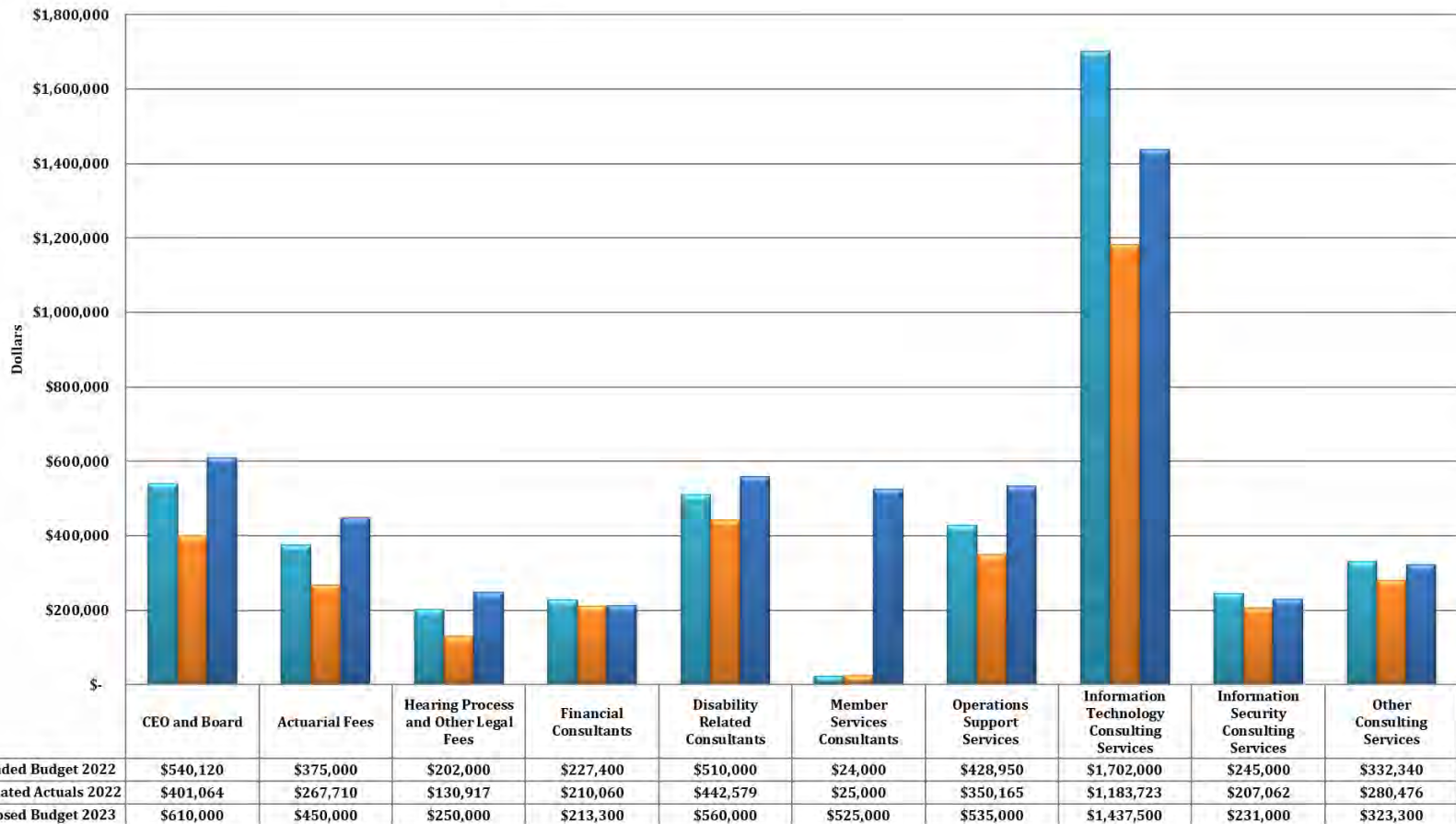
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Professional Services Administration



Professional Services-Administration (excludes investment services)
\$5,135,100



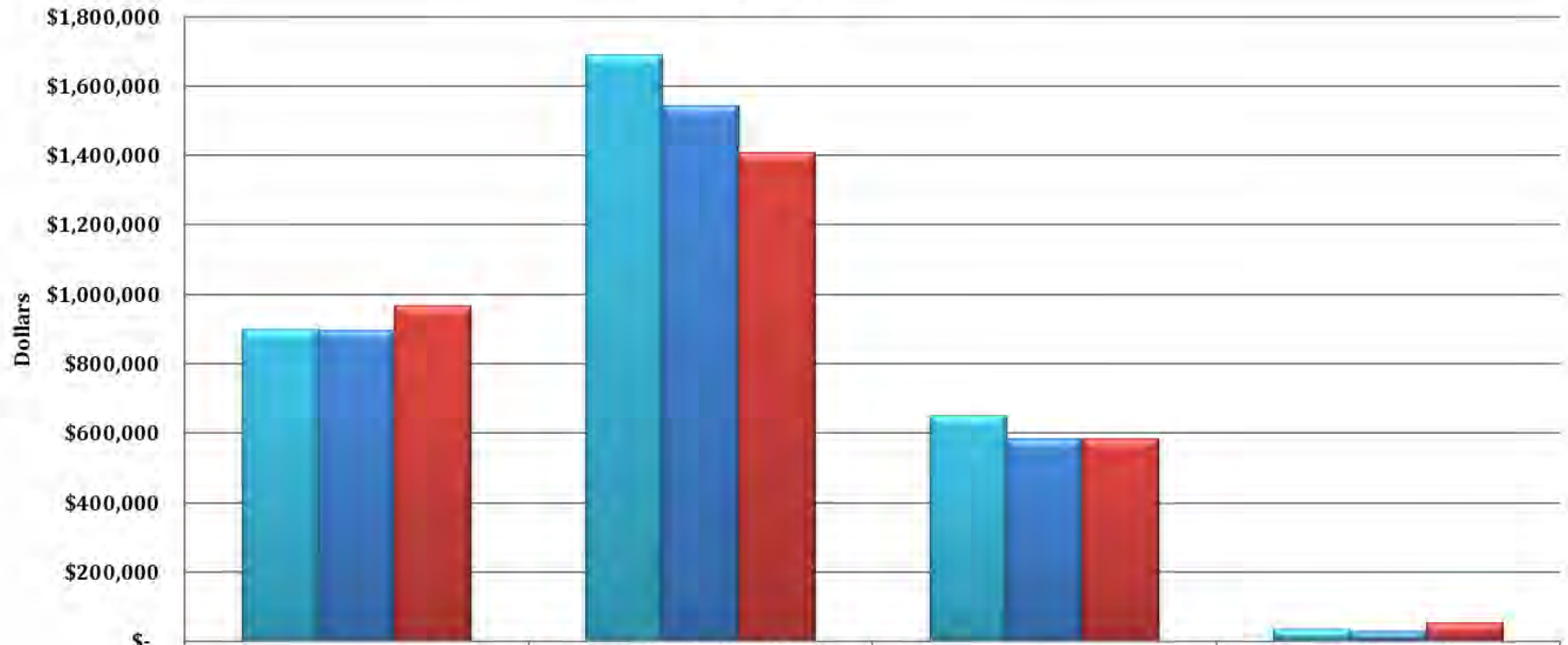
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Professional Services Investments

Professional Services-Investments \$3,014,240

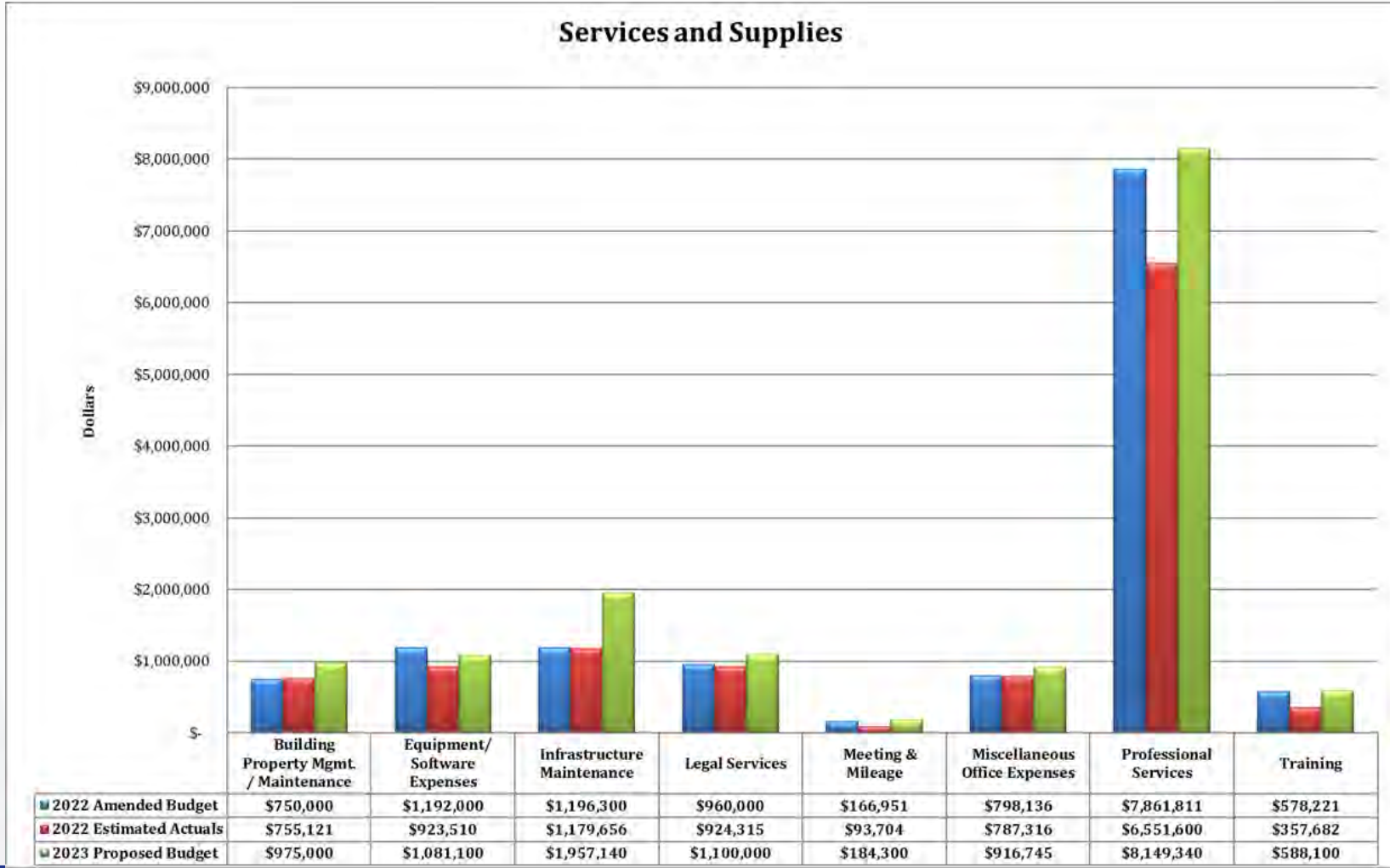


	Investment Consultant	Private Equity/Real Estate Consultants	Custodial Bank Fees	Investor Search/Proxy Services/Other
Amended Budget 2022	\$900,000	\$1,690,000	\$650,000	\$35,000
Estimated Actuals 2022	\$896,745	\$1,541,762	\$585,000	\$29,337
Proposed Budget 2023	\$965,650	\$1,408,330	\$585,000	\$55,260

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Services and Supplies Proposed versus Estimated Actuals



Amounts may include immaterial rounding differences

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Capital Expenditures

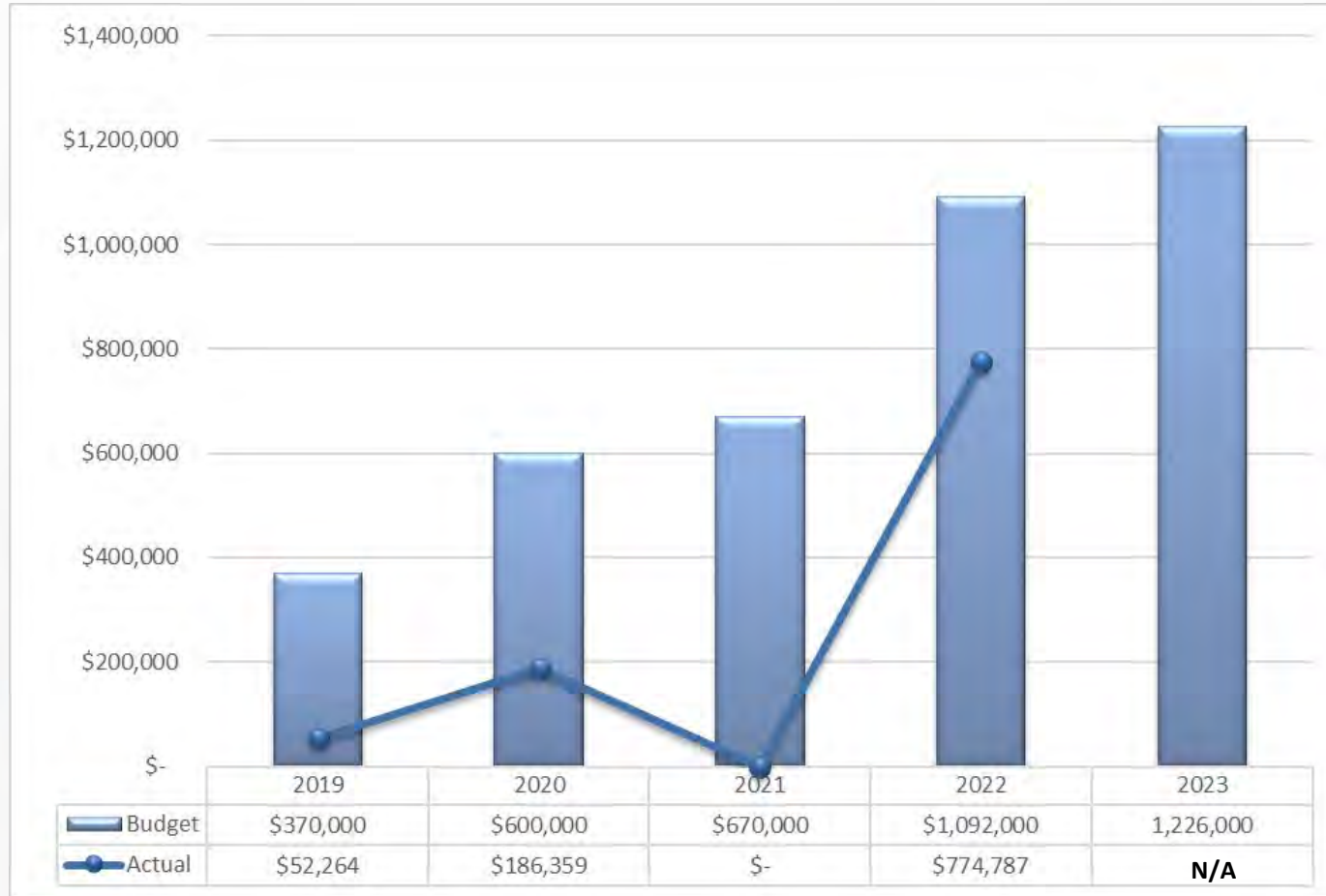
\$1,226,000

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Budget vs. Actuals Trend Capital Expenditures



Actual to Budget % **14.13%** **31.06%** **0%** **70.95%** **N/A**



Capital Expenditures

➤ Electronic Content/Document Management	\$250,000
➤ Board Room Audio Visual (continued)	\$215,000
➤ Data Center EOL Server Virtual Replacement	\$250,000
➤ Space Planning	\$300,000
➤ Other Building and Property Improvements	<u>\$211,000</u>
Total	\$1,226,000



21 Basis Points Test

**Orange County Employees Retirement System
21 Basis Points for Budget Year 2023**

Projected actuarial accrued liability as of December 31, 2022	\$25,091,400,000
21 basis points of projected actuarial accrued liability	52,691,940
FY23 proposed budget amount subject to 21 basis points limitation ¹	26,913,485
Amount under 21 basis points	\$25,778,455
Budgeted amount expressed as basis points of projected actuarial accrued liability-FY23	10.73
Budgeted amount expressed as basis points of projected actuarial accrued liability-FY22	9.75

¹ Reconciliation of amount subject to 21 basis points limitation:

Total FY23 proposed budget	\$ 39,874,896
Less: Investment Department Costs	(6,867,171)
Legal Investment Fees	(500,000)
Actuarial Fees Fees	(450,000)
Total FY23 proposed administrative budget	32,057,725
Less: Information Security Expenses :	
Computer Hardware and Software	(401,100)
Professional Services Consulting	(128,000)
Less: Information Technology Expenses :	
Computer Hardware and Software	(640,000)
Professional Services Consulting	(1,265,000)
Infrastructure Maintenance Costs	(1,957,140)
Capital Expenditures	(715,000)
Less: Finance Expenses :	
Professional Services Consulting	(38,000)
FY23 proposed budget amount subject to 21 basis points limitation	\$ 26,913,485

21 Basis Point History					
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
21 Basis Points	8.93	9.04	8.86	9.75	10.73



End of Presentation

Questions?

Brenda Shott, Assistant CEO
Tracy Bowman, Director of Finance

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2023
ADMINISTRATIVE BUDGET

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5 Year Actuals Comparison	
E - Historical Statistics	
F - OCERS' Direct Employees Salary Ranges	

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

SECTION I – INTRODUCTION

The 2023 Administrative Budget was developed based on the 2023 Business Plan which is directly linked to the 2023-2025 Strategic Plan. OCERS’ Mission Statement and Vision Statement and Values are the foundation for all three documents:

Mission Statement:

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

Vision Statement:

“To be a trusted partner providing premier pension administration, distinguished by consistent, quality member experiences and prudent financial stewardship.”

Values:

- Open and Transparent*
- Commitment to Superior Service*
- Engaged and Dedicated Workforce*
- Reliable and Accurate*
- Secure and Sustainable*

The 2023 Administrative Budget reflects OCERS’ continued commitment to:

- ∑ Strengthen the long-term stability of the pension fund*
- ∑ Achieve excellence in the service and support we provide to our members and employers*
- ∑ Cultivate a risk-intelligent organization*
- ∑ Recruit, retain and empower a high-performing workforce*
- ∑ Improve the effectiveness and efficiency of the Board and staff by implementing best practices in board and organizational governance*

These strategic goals were outlined in the 2023-2025 Strategic Plan and 2023 Business Plan presented to the Board at the Strategic Planning Meeting held on September 14-15, 2022 and formally adopted by the Board at the Regular Board Meeting held on October 17, 2022. In addition to the 2023 Business Plan, the Board also adopted the 2023 Staffing Plan as

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

recommended by the Personnel Committee. The 2023 Staffing Plan and OCERS Compensation Policy were used as the basis for developing the personnel costs portion of the proposed Administrative Budget. In addition, personnel costs also include funding for estimated bonuses to be paid to eligible Investment Team Members under an incentive compensation program outlined in a new Incentive Compensation Policy that was recommended by the Personnel Committee on August 1, 2022 and adopted by the full Board on August 15, 2022.

The proposed 2023 Administrative Budget was developed to include the funding of business plan initiatives to help OCERS achieve its strategic goals. Many of the business plan initiatives focus on providing excellent service and support with the objective to continuously improve business processes and procedures to be efficient and effective. These initiatives align with the continuation of the long-term strategic goal of 100% benefit accuracy by using some form of Robotic Process Automation (RPA), Machine Learning (ML) and/or Artificial Intelligence (AI). As part of this long-term initiative (referred to as "Vision 2030"), the budget includes funding for a pilot project that will use RPA to streamline routine tasks for identified use cases; continuation of the master repository project to fully develop and document business processes that will lay a foundation for programming a new pension administration system; carry over of costs for procuring a new electronic content and document management system to retrieve and view stored member documents; and a consultant to assist with the procurement of the next generation pension administration system that will utilize RPA, ML and AI.

Other business plan initiatives with a budget impact include talent management with an emphasis on recruiting and retaining a diverse high-performing workforce to meet organizational priorities. This includes completing space management projects to ensure adequate workspace for all team members and replacing aging tablet computers with upgraded laptops. The budget also includes a risk management initiative to replace server virtualization infrastructure that is reaching end of life and supports the objective to continuously assess technology environment and address risks.

2023 Administrative Budget Summary

Staff recommends a 2023 Administrative Budget of \$39,874,896 which is:

- ∑ \$6.0 million or 17.7% greater than the 2022 Budget
- ∑ \$9.6 million or 31.8% greater than 2022 estimated actuals

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

SECTION II – BUDGET POLICIES AND PROCESS***Budget Policies***

OCERS budgeting policies are based on legal statutes required for 1937 Act Systems as well as policies set by OCERS Board of Retirement. Budgeted items are on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP).

OCERS budgeting authority is regulated by California Government Code Sections 31580.2 and 31596.1. A notable provision within the regulations is that OCERS' budget for administrative expenses (which excludes investment-related costs and expenditures for computer software, hardware and related technology consulting services) is limited to twenty-one hundredths of one percent of the accrued actuarial liability of the retirement system (commonly referred to as the 21 basis point test). The FY23 Administrative Budget represents 10.73 basis points of the projected actuarial accrued liability. See *Appendix C* for the 21 basis point test calculation.

The OCERS' Budget Approval Policy provides the purpose, roles and guidelines related to approving the annual budget for covering the expenses of administering the retirement system including the authority of the Chief Executive Officer, or the Assistant CEO, 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 moved from one category to another without approval from the Board of Retirement. In addition, any increases to the total approved budget resulting in a budget amendment must be approved by the Board of Retirement.

Budget Process

In August, each department head begins the process of completing their budget requests for the following fiscal year. The Director of Finance and Finance Manager-Budgeting compile the budget requests and draft the budgets for each department. The department heads then meet individually with the CEO, Assistant CEO of Internal Operations, and the Director of Finance to review, discuss and determine the necessity of each line item of their draft budget, which may go through several review cycles.

Once the CEO agrees upon the budget requests, any proposed business plan goals/initiatives with a budget impact are incorporated into the Business Plan for the upcoming fiscal year and presented to the Board at its annual Strategic Planning Meeting in September for discussion and feedback and the final version of the Business Plan is approved in October. The Personnel Committee meets to consider changes to the OCERS staffing plan and compensation-related policies. The Board is provided the opportunity to discuss and take action on the Personnel Committee's recommendations at a regularly scheduled meeting. The Board's actions and any feedback is incorporated into the proposed final version of the administrative budget and submitted for final adoption at the regularly scheduled Board Meeting held in November.

SECTION III – EXECUTIVE SUMMARY - 2023 ADMINISTRATIVE BUDGET

The overall administrative budget for 2023 is summarized by the following categories of expenses:

- ∑ Personnel Costs
- ∑ Services and Supplies
- ∑ Capital Expenditures

The 2023 Administrative Budget is based on estimates of anticipated expenses for personnel costs, services and supplies, and capital expenditures. It includes the costs of carrying out the current level of services, activities, initiatives and projects approved by OCERS' Board, as well as the Board approved 2023 Staffing Plan.

Notable components in the 2023 Administrative Budget include:

Personnel Costs:

- ∑ Salaries are budgeted at \$13,330,000 to support the Board approved 2023 Staffing Plan consisting of 127 budgeted positions. Staffing changes include adding 14 new positions to the 2023 budgeted headcount, many which were added to support high priority business plan initiatives (*See Appendix B – Budget Impact of 2023 Staffing Changes*):
 - Add one Project Manager position to the Executive Division to support the risk management objective of creating a project management office
 - Add three positions to the Legal Division
 1. Chief Compliance Officer to support the risk management objective of creating a compliance office
 2. Staff Attorney to support the risk management objective of expanding in-house legal resources
 3. Executive Secretary I
 - Add one Investment Officer position to the Investments Division
 - Add three Retirement Program Specialists to the Member Services Department
 - Add one Information Security Analyst position to the Information Security Department to support the risk management objective of enhancing governance of technology risks
 - Add three positions to the IT Department to provide excellent service and support and meet the objective to continuously improve business processes and procedures to be efficient and effective
 1. IT Systems Technician
 2. Testing Coordinator
 3. Automation Developer

- Add two positions to the Human Resources Department
 1. Staff Analyst to support the talent management objective to recruit and retain a diverse high-performing workforce to meet organizational priorities
 2. Staff Assistant to support the talent management objective to develop and empower every member of the team

- ∑ In addition to the new positions, the 2023 Staffing Plan includes the creation of three career ladders in the Finance and Internal Audit Departments and an add/drop position in the Communications Department, which resulted in no change in headcount (*See Appendix B – Budget Impact of 2023 Staffing Changes*):
 - Finance Department Career Ladders:
 1. Senior Accountant to Staff Analyst
 2. Accountant Auditor to Senior Accountant
 - Internal Audit Department Career Ladder:
 1. Internal Auditor to Senior Internal Auditor
 - Communications Department Add/Drop:
 - ∑ Add a Director of Communications
 - ∑ Drop a Communications Manager

- ∑ An average fringe benefit rate of 57% of total salaries - \$8,439,000
- ∑ Performance based salary adjustments for OCERS’ direct employees eligible to participate in the annual Performance Management Program based on OCERS Compensation Policy:
 - A base salary increase of 5.1% equal to the increase in the Employer Cost Index for Salaries and Wages for the previous 12-month period ending September 30, 2022, as published by the U.S. Department of Labor, Bureau of Labor Statistics, for employees whose performance meet expectations; a base increase of 5.1% plus a merit increase of 2.75% for employees whose performance exceeds expectations; and a base increase of 5.1% plus two merit increases totaling 5.50% (2.75% x2) for employees whose performance was exceptional. The estimated annual cost for these salary adjustments is \$565,000

- ∑ Estimated bonuses to be paid to eligible Investment Team Members under an incentive compensation program outlined in a new Incentive Compensation Policy - \$220,000
- ∑ Step increases for approximately eight County staff not at the top of the established salary range and across the board salary increases for all County staff as dictated by County MOU - \$155,000
- ∑ Accrued Annual Leave - \$380,000
- ∑ Temporary help - \$332,000
- ∑ Pay item of 5.5% of salary for employees obtaining the designations of Chartered Financial Analyst, Certified Professional Accountant, and if approved by the Board at the November 14, 2022 Board meeting, certification pay for designations of Certified Information

Systems Security Professional, Certified Internal Auditor and SHRM-Senior Certified Professional - \$135,000

∑ Overtime - \$106,000

∑ Board Allowance - \$16,000

Services and Supplies:

∑ New recurring expenses include the following 2023 Business Plan Initiatives:

- Comprehensive Training Program (OCERS University) - \$126,000
- Implement a new helpdesk solution for internal use - \$35,000
- Implement strategies that promote an inclusive workplace - \$30,000
- Investigate using digital signatures for member forms - \$10,000
- Implement video interview platform - \$8,000
- Annual licensing fees for information security policy library - \$3,000

∑ Non-recurring expenses, including

- 2023 Business Plan Initiatives with an associated implementation cost:
 - Continue a pilot project for the use of RPA to streamline routine tasks for identified use cases - \$600,000
 - Master repository project to fully develop and document business processes that will lay a foundation for programming a new pension administration system - \$450,000
 - Replace aging tablet computers with upgraded laptops - \$300,000
 - Issue a Request for Proposal for next generation pension administration system - \$200,000
 - Update guest Wi-Fi - \$25,000
 - Review and rewrite where appropriate classification specifications and compensation ranges of County level team members - \$20,000
 - Replace security system in headquarters building - \$20,000
 - Create a dedicated call center - \$20,000
 - Create training videos for Member Services processes - \$10,000
 - Update older videos on website - \$10,000
- Other non-recurring professional services expenses including:
 - Alameda Calculation Consultant - \$500,000
 - Architect Design Consultant - \$100,000
 - Alameda Program Manager - \$50,000

Capital Expenditures:

Business Plan initiatives that have costs that meet the criteria for being a capitalized expense:

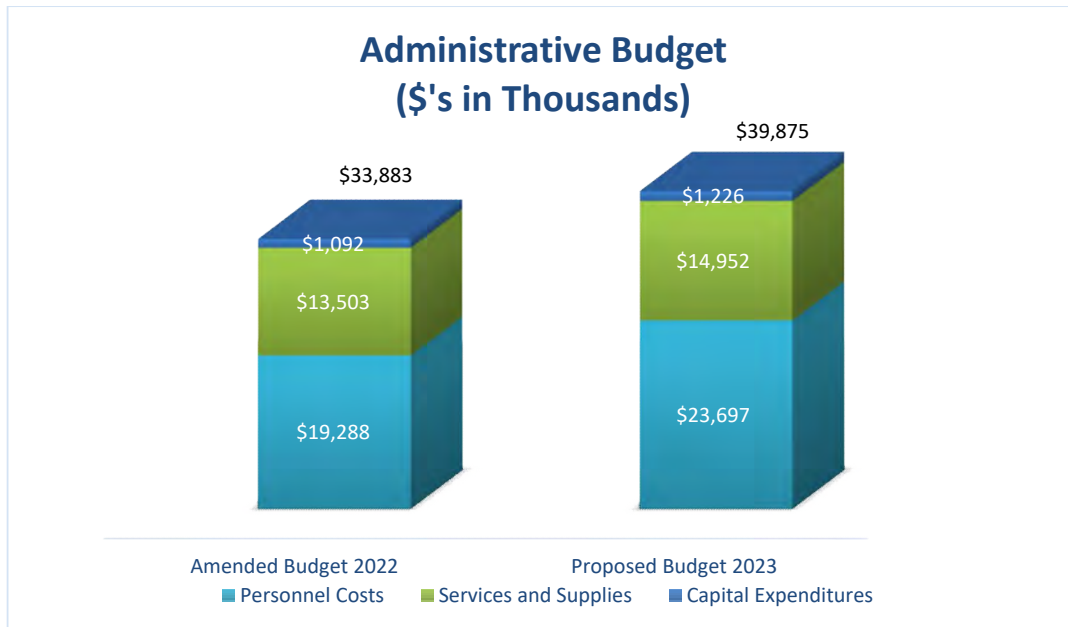
- Σ Space Management project - \$300,000
- Σ Electronic content and document management system - \$250,000
- Σ Completion of Board Room Audio Visual upgrades - \$215,000
- Σ Scheduled building and property improvements - \$211,000

Regularly scheduled data center upgrades meeting the criteria for being a capitalized expense include:

- Σ Data Center EOL server virtual replacement -\$250,000

SECTION IV –2023 ADMINISTRATIVE BUDGET

Comparison to 2022 Administrative Budget



The total administrative budget for 2023 is \$39.9 million, representing a total increase of \$6.0 million or 17.7% from the 2022 Amended Budget of \$33.9 million. The increase can be attributed to an increase in personnel costs of \$4.4 million primarily due to the addition of 14 new positions approved as part of the 2023 Staffing Plan, as well as an increase in employer pension contributions, health care costs and funding for FY23 salary adjustments. Additionally, services and supplies increased \$1.4 million primarily related to professional services and infrastructure maintenance. Capital expenditures increased slightly by \$0.1 million and the budget includes carryover for the completion of the board room audio visual upgrade project, as well as various building and property improvements. A detailed comparison between the FY23 Proposed Administrative Budget and FY22 Administrative Budget, as well as FY22 estimated actuals, are discussed further in the following *Administrative Budget Summary*.

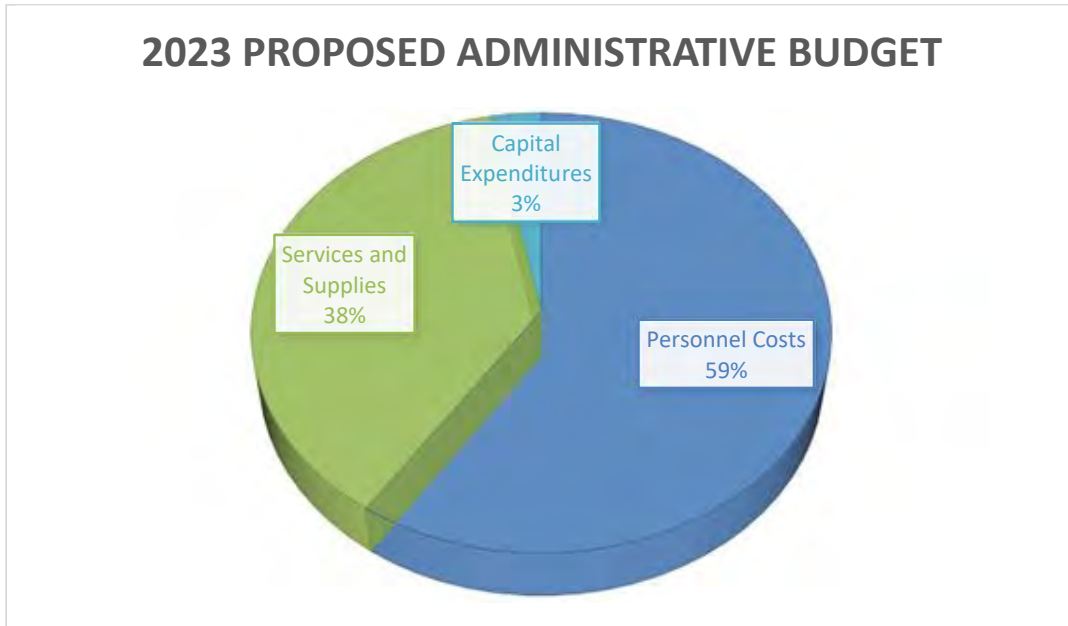
Administrative Budget Summary

The Administrative Budget is prepared in accordance with the limits of Section 31580.2 of the County Employees Act of 1937 which limits the budget to twenty-one hundredths of one percent of the accrued actuarial liability of the retirement system (commonly referred to as the 21 basis point test), excluding investment-related costs of \$7.8 million and expenditures for computer software, hardware and related technology consulting services totaling \$5.1 million in the FY23 Administrative Budget. The 2023 Administrative Budget, at 10.73 basis points, is \$25.8 million under the cap limit of \$52.7 million (see *Appendix C – 21 Basis Points for Budget Year 2023*).

A summary of the FY22 Administrative Budget compared to FY22 estimated actuals and the FY23 Proposed Administrative Budget compared to FY22 estimated actuals is provided below:

	Budget 2022	Estimated Actuals 2022	2022 (Over)/Under Budget	Proposed Budget 2023	2023 Proposed Budget vs. 2022 Actuals	
Personnel Costs	\$19,287,569	\$17,909,179	\$1,378,390	\$23,697,171	\$5,787,992	32.3%
Services and Supplies						
Building Prop Mgmt/Maint	750,000	755,121	(5,121)	975,000	219,879	29.1%
Due Diligence Meetings	100,000	54,388	45,612	130,000	75,612	139.0%
Equipment - Rents and Leases	54,500	52,903	1,597	50,000	(2,903)	-5.5%
Equipment and Software	1,192,000	923,510	268,490	1,081,100	157,590	17.1%
Infrastructure Maintenance	1,196,300	1,179,656	16,644	1,957,140	777,484	65.9%
Legal Services	960,000	924,315	35,685	1,100,000	175,685	19.0%
Meetings and Related Costs	66,950	39,316	27,634	54,300	14,984	38.1%
Miscellaneous Office Expense	743,635	734,414	9,221	866,745	132,331	18.0%
Professional Services	7,861,810	6,551,600	1,310,210	8,149,340	1,597,740	24.4%
Training	578,220	357,682	220,538	588,100	230,418	64.4%
Services and Supplies	13,503,415	11,572,905	1,930,510	14,951,725	3,378,820	29.2%
Capital Expenditures*	1,092,000	774,787	317,213	1,226,000	451,213	58.2%
Administrative Expense Total	\$33,882,984	\$30,256,871	\$3,626,113	\$39,874,896	\$9,618,025	31.8%

*Capital expenditures represent purchases of assets to be amortized in future periods.



Personnel Costs

A summary of the FY22 budgeted personnel costs compared to FY22 estimated actuals and the FY23 proposed budgeted personnel costs compared to FY22 estimated actuals is provided below:

	Budget 2022	Estimated Actuals 2022	2022 (Over)/Under Budget	Proposed Budget 2023	2023 Proposed Budget vs. 2022 Actuals	
Personnel Costs:						
Annual Salary	\$11,059,785	\$10,241,346	\$818,439	\$13,330,235	\$3,088,889	30.2%
Fringe Benefits	6,950,908	6,298,213	652,695	8,439,028	2,140,815	34.0%
Salary Adjustments*	576,482	576,482	0	959,415	382,933	66.4%
Leave Payout	387,327	299,534	87,793	379,914	80,380	26.8%
Temp Help	141,728	83,272	58,456	331,682	248,410	298.3%
Overtime	71,000	309,540	(238,540)	106,000	(203,540)	-65.8%
Certification Pay	82,339	87,892	(5,553)	134,897	47,005	53.5%
Board Allowance	18,000	12,900	5,100	16,000	3,100	24.0%
Total Personnel Costs	\$19,287,569	\$17,909,179	\$1,378,390	\$23,697,171	\$5,787,992	32.3%

*All salary adjustments (excluding Investment Team incentive bonuses) are budgeted in the Human Resources Department until awarded.

Personnel Costs for 2023 are \$23.7 million and represent 59% of the total Administrative Budget. Personnel costs are detailed by department in *Appendix B - OCERS Personnel Cost Budget 2023* and include salaries, fringe benefits (e.g., health insurances, pension, retiree medical plan,

deferred compensation, and tuition reimbursement), salary adjustments, leave payout, temporary help costs, overtime, certification pay for Board approved certifications, and Board allowance for meeting attendance.

The total budget for personnel costs is \$5.8 million or 32.3% higher than the FY22 estimated actuals for personnel costs. The increase can be attributed to the addition of 14 new positions approved as part of the 2023 Staffing Plan, which increased the budget by \$2.3 million. The additional positions are to support high priority business initiatives in the areas of risk management, excellent service and support, and talent management. The increase also includes performance and salary adjustments of \$576,000 that were granted in FY22 being included in annual salary in FY23. In addition, there were vacant positions that remained unfilled for most of FY22, including a Senior Manager-Operations Support Services, an Accountant Auditor, and various positions in Member Services. Overtime was over budget in FY22 by \$239,000 and is attributed to the vacant positions in Member Services. The increase in personnel costs is also due to higher fringe benefits which increased by \$2.1 million primarily due to higher employer pension contribution rates and health care costs, as well as the impact of higher salaries and the added positions.

The FY23 Administrative Budget for personnel costs includes the following components:

- ∑ Salaries are budgeted at \$13,330,000 to support the Board approved 2023 Staffing Plan consisting of 127 budgeted positions. Staffing changes include adding 14 new positions to the 2023 budgeted headcount, many which were added to support high priority business plan initiatives (*See Appendix B – Budget Impact of 2023 Staffing Changes*):
 - Add one Project Manager position to the Executive Division to support the risk management objective of creating a project management office
 - Add three positions to the Legal Division
 1. Chief Compliance Officer to support the risk management objective of creating a compliance office
 2. Staff Attorney to support the risk management objective of expanding in-house legal resources
 3. Executive Secretary I
 - Add one Investment Officer position to the Investments Division
 - Add three Retirement Program Specialists to the Member Services Department
 - Add one Information Security Analyst position to the Information Security Department to support the risk management objective of enhancing governance of technology risks
 - Add three positions to the IT Department to provide excellent service and support and meet the objective to continuously improve business processes and procedures to be efficient and effective

- 1. IT Systems Technician
 - 2. Testing Coordinator
 - 3. Automation Developer
- Add two positions to the Human Resources Department
 - 1. Staff Analyst to support the talent management objective to recruit and retain a diverse high-performing workforce to meet organizational priorities
 - 2. Staff Assistant to support the talent management objective to develop and empower every member of the team
- ∑ In addition to the new positions, the 2023 Staffing Plan includes the creation of three career ladders in the Finance and Internal Audit Departments and an add/drop position in the Communications Department, which resulted in no change in headcount (*See Appendix B – Budget Impact of 2023 Staffing Changes*):
 - Finance Department Career Ladders:
 - 1. Senior Accountant to Staff Analyst
 - 2. Accountant Auditor to Senior Accountant
 - Internal Audit Department Career Ladder:
 - 1. Internal Auditor to Senior Internal Auditor
 - Communications Department Add/Drop:
 - ∑ Add a Director of Communications
 - ∑ Drop a Communications Manager
- ∑ An average fringe benefit rate of 57% of total salaries - \$8,439,000
- ∑ Performance based salary adjustments for OCERS’ direct employees eligible to participate in the annual Performance Management Program based on OCERS Compensation Policy:
 - A base salary increase of 5.1% equal to the increase in the Employer Cost Index for Salaries and Wages for the previous 12-month period ending September 30, 2022, as published by the U.S. Department of Labor, Bureau of Labor Statistics, for employees whose performance meet expectations; a base increase of 5.1% plus a merit increase of 2.75% for employees whose performance exceeds expectations; and a base increase of 5.1% plus two merit increases totaling 5.50% (2.75% x2) for employees whose performance was exceptional. The estimated annual cost for these salary adjustments is \$565,000
- ∑ Estimated bonuses to be paid to eligible Investment Team Members under an incentive compensation program outlined in a new Incentive Compensation Policy - \$220,000
- ∑ Step increases for approximately eight County staff not at the top of the established salary range and across the board salary increases for all County staff as dictated by County MOU - \$155,000

- ∑ Accrued Annual Leave - \$380,000
- ∑ Temporary help - \$332,000
- ∑ Pay item of 5.5% of salary for employees obtaining the designations of Chartered Financial Analyst, Certified Professional Accountant, and if approved by the Board at the November 14, 2022 Board meeting, certification pay for designations of Certified Information Systems Security Professional, Certified Internal Auditor and SHRM-Senior Certified Professional - \$135,000
- ∑ Overtime - \$106,000
- ∑ Board Allowance - \$16,000

Current vacant positions have been budgeted on a prorated basis based on the planned timing of when the vacancy will be filled. The full list of budgeted positions and the related budgeted costs can be found in *Appendix B - OCERS Personnel Cost Budget 2023*.

Salary Ranges

In accordance with OCERS' Compensation Policy, adopted October 21, 2013 and revised on June 21 2021, the CEO will be responsible for ensuring that the Board-approved salary ranges are reviewed at least every five years to ensure that they remain competitive, and will promptly inform the Board of the results of each such review. The CEO may retain a compensation consultant for purposes of undertaking this review. If the CEO believes adjustments to the salary ranges may be necessary, the CEO will promptly present his or her recommendations to the Board for the Board's approval of any adjustments to the salary ranges. In each year in which salary ranges are not reviewed, the salary ranges will be automatically increased by the amount, if any, of the increase in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics. Salary adjustments are made through the Performance Management Program as previously discussed. For details of all OCERS' direct salary ranges please refer to *Appendix F – OCERS' Direct Employees Salary Ranges*

Services and Supplies

Services and Supplies costs for 2023 are \$15.0 million, which is 38% of the total Administrative Budget. Included in services and supplies are administrative and investment professional services, legal services, equipment expenses (other than those that are capitalized on OCERS' books as assets that will be depreciated over time and budgeted as a capital expenditure), infrastructure maintenance costs, office expenses, training, and meetings and related costs. These expenses are broken down by department in *Appendix A – 2023 Administration Budget Detail by Department* and summarized below:

- ∑ **Building Management and Maintenance** budgeted at \$975,000 represents 2.4% of the overall Administrative Budget and is related to funds provided to the property manager of OCERS' Headquarters building to manage and maintain the building. Expenses include

property management fees, security, utilities, property taxes, insurance, and maintenance contracts. FY22 estimated costs were slightly higher than the budget by \$5,000. The FY23 budget is \$220,000 higher than FY22 estimated actuals due to higher costs for utilities and building maintenance related to record high inflation and the return of OCERS staff to the headquarters building. In addition, OCERS has increased staffing for security and safety equipment in the headquarters building.

- ∑ **Due Diligence Meetings** budgeted at \$130,000 represent 0.3% of the total Administrative budget and consist of travel expense for investment related meetings. The FY23 budget has increased \$76,000 or 139% from FY22 actuals due to an increase in investment staff and in anticipation that more meetings will resume in-person during 2023.
- ∑ **Equipment/Software Expenses** budgeted at \$1,081,000 represent 2.7% of the total Administrative Budget and consist of information security related software/tools of \$401,000, computers, laptops, and monitors totaling \$358,000, and investment related software of \$282,000. The increase of \$158,000 from FY22 estimated actuals or 17.1% is primarily due to costs to procure additional equipment, including the upgrade of end-of-life surface tablets at an estimated cost of \$300,000 as part of the talent management business initiative to prepare for the growth of OCERS team.
- ∑ **Infrastructure Maintenance** budgeted at \$1,957,000 represents 4.9% of the total Administrative Budget and has increased from FY22 estimated actuals by approximately \$777,000 or 65.9%, primarily due to anticipated increases in maintenance renewals. This budget category includes increased fees for pension administration system maintenance consisting of V3 licensing and support of \$505,000, other ongoing V3 related costs including support hours of \$170,000, as well as Oracle consulting, licensing and support of \$194,000. This category also includes cloud subscriptions for various software, including Microsoft related software licensing of \$138,000; Adobe related software of \$100,000, renewal of online board portal of \$58,000, subscription fees for accounting software of \$57,000; and various other software, hardware and mobile device licensing, maintenance, support and security.
- ∑ **Legal Services** budgeted at \$1,100,000 are 2.8% of the total Administrative Budget and consist of fees paid to OCERS' external fiduciary counsel, labor attorney, litigation counsel, tax attorney, and investment related legal services. These fees are budgeted for use on an as-needed basis and in FY22 legal fees came in less than anticipated for overall legal services. The FY23 budget has increased \$140,000 from the FY22 budget and is \$176,000 or 19% higher than FY22 estimated actuals due to an increase in potential litigation costs.
- ∑ **Meetings and Related Costs** budgeted at \$54,000 represents 0.1% of the total Administrative Budget. The majority of this expenses relates to Board meeting costs. The budget has increased by \$15,000 or 38.1% compared to FY22 estimated actuals primarily due to the ongoing impact of the COVID-19 pandemic on all board-related meetings during FY22 and the continuation of holding these meetings in a hybrid setting. Team

member meetings also continued to be held virtually instead of in-person. The FY23 budget assumes that in-person meetings will resume at the beginning of 2023. The amount budgeted is lower than the amount budgeted for FY22 by approximately \$13,000 due to a decrease in the amount budgeted for investment-related committee meetings and team member meetings.

- ∑ **Miscellaneous Office Expense** budgeted at \$867,000 represents 2.2% of the total Administrative Budget and consists of routine office expenses such as postage, printing costs, telephone, equipment leases, office supplies and periodicals. In FY22, telephone costs and postage came in higher than anticipated. The FY23 budget is higher than the FY22 budget by \$123,000 and increased from FY22 actuals by approximately \$132,000 or 18.0%, primarily due to budgeting for increases in telephone and internet costs due to additional staffing and anticipated higher rates for telecom service plans and internet service costs, as well as an increase in postage for mailings sent to a growing population of retirees.
- ∑ **Professional Services** budgeted at \$8.2 million represents the largest percentage of Services and Supplies and comprises 20.4% of the total Administrative Budget. This category includes investment-related consulting fees, actuarial and audit fees, medical panel reviews, pension administration system consultants, and other IT related consulting and professional services fees. The overall increase of approximately \$1.6 million or 24.4% from FY22 estimated actuals can be attributed to new non-recurring costs that support OCERS' strategic goals, including the following implementation costs to enhance excellent service and support: \$600,000 for a consultant to assist with a pilot project for the use of RPA to streamline routine tasks for identified use cases; \$450,000 for the master repository project to fully develop and document business processes that will lay a foundation for programming a new pension administration system; \$200,000 for a consultant to assist with the procurement of a next generation pension administration system that will utilize RPA, ML and AI; and \$35,000 to continue the implementation of a helpdesk solution for internal use. The budget also includes \$20,000 to review and rewrite classification specifications and compensation ranges of County level team members in support of the talent management business initiative to have 100% of OCERS employees employed under one agency. Other non-recurring expenses included in the budget consist of \$500,000 for a consultant to assist with Alameda benefit recalculations, \$50,000 for a program manager to oversee the Alameda project, and \$100,000 for an architect/design consultant to assist with the design of a new headquarters building.
- ∑ **Training** budgeted at \$588,000 represents 1.5% of the total Administrative Budget and encompasses training and conferences attended by the Board and staff. The budget for this category is above the FY22 estimated actuals by approximately \$230,000 or 64.4%. During 2022, travel for work-related training continued to be limited during the first half of the year due to the ongoing COVID-19 pandemic. Most conferences remained virtual, resulting in a significant reduction in costs. The second half of the year saw an increase in in-person training and conferences and this trend is expected to continue during FY23.

The FY23 budget also includes costs to support talent management business initiatives including \$126,000 to design and develop a comprehensive training program based on individual needs and career goals that embeds a talent management mindset and creates succession plans across the agency, as well as \$30,000 to continue implementing DEI strategies to reduce turnover and meet the objective of cultivating a collaborative, inclusive and creative culture.

Capital Expenditures

Capital Expenditures for 2023 are \$1.2 million and are 3.1% of the total Administrative Budget. The FY23 budget is slightly higher than the FY22 budget by \$134,000 and approximately \$451,000 higher than FY22 estimated actuals. The FY23 budget includes carryover of \$215,000 for the completion of the board room audio visual upgrade project, as well as \$211,000 to fund various building and property improvements related to the replacement of end-of-life HVAC equipment and implementing water conservation measures in landscaping. This category also includes funding to support various business initiatives related to risk management, providing excellent service and support, and talent management, including: \$250,000 to replace end of life server virtualization infrastructure in support of the risk management business initiative to continuously assess technology environment and assess risk; \$250,000 for an electronic content/document management system as part of the business plan initiative to provide excellent service and support with an objective to continuously improve business processes and procedures to be efficient and effective; and \$300,000 for space management in support of a talent management initiative to ensure there is adequate workspace for all team members.

APPENDIX

Appendix A

OCERS
Four Year Budget - Department and Account

Account No. & Name	Year Ended	Year Ended	Year Ended	Year Ended	Budget Year vs.	
	December	December	December	December	Prior Budget Year	Budget Year
	Budget 2020	Budget 2021	Amended Budget 2022	Proposed Budget 2023	Budget Difference(\$)	Budget Difference(%)
Administrative Expenses						
D0001 Board						
Board Personnel Costs	\$ 18,900	\$ 18,900	\$ 18,000	\$ 16,000	\$ (2,000)	(11.11) %
Board Services and Supplies						
61000 - Professional Services	15,120	92,000	100,120	10,000	(90,120)	(90.01) %
66100 - Training and Related Costs	114,000	78,400	126,000	120,000	(6,000)	(4.76) %
66150 - Meetings and Related Costs	24,500	17,500	20,000	20,000	0	0.00 %
66200 - Memberships	20,000	20,050	20,050	20,500	450	2.24 %
Total Board Services and Supplies	173,620	207,950	266,170	170,500	(95,670)	(35.94) %
Total Board	\$ 192,520	\$ 226,850	\$ 284,170	\$ 186,500	\$ (97,670)	(34.37) %
D0002 Internal Audit						
Internal Audit Personnel Costs						
Salaries and Wages	283,434	312,789	340,816	548,563	207,747	60.96 %
Fringe Benefits	159,187	165,202	186,464	337,418	150,954	80.96 %
Total Internal Audit Personnel Costs	442,621	477,991	527,280	885,981	358,701	68.03 %
Internal Audit Services and Supplies						
61000 - Professional Services	180,000	134,250	161,840	143,000	(18,840)	(11.64) %
66100 - Training and Related Costs	16,400	10,440	13,900	21,280	7,380	53.09 %
66150 - Meetings and Related Costs	1,350	100	100	100	0	0.00 %
66200 - Memberships	1,500	1,295	1,345	2,495	1,150	85.50 %
66400 - Subscriptions and Periodicals	200	200	100	100	0	0.00 %
Total Internal Audit Services and Supplies	199,450	146,285	177,285	166,975	(10,310)	(5.82) %
Total Internal Audit	\$ 642,071	\$ 624,276	\$ 704,565	\$ 1,052,956	\$ 348,391	49.45 %
D0010 Executive						
Executive Personnel Costs						
Salaries and Wages	876,529	971,053	1,060,302	1,261,866	201,564	19.01 %
Fringe Benefits	510,953	528,598	582,184	739,177	156,993	26.97 %
Total Executive Personnel Costs	1,387,482	1,499,651	1,642,486	2,001,043	358,557	21.83 %
Executive Services and Supplies						
61000 - Professional Services	465,000	265,000	440,000	600,000	160,000	36.36 %
61301 - Actuarial Fees	435,000	400,000	375,000	450,000	75,000	20.00 %
66100 - Training and Related Costs	58,200	45,450	51,100	53,000	1,900	3.72 %
66150 - Meetings and Related Costs	15,000	10,500	14,750	12,000	(2,750)	(18.64) %
66200 - Memberships	4,320	6,350	6,540	28,150	21,610	330.43 %
66400 - Subscriptions and Periodicals	1,450	1,750	800	1,200	400	50.00 %
Total Executive Services and Supplies	978,970	729,050	888,190	1,144,350	256,160	28.84 %
Total Executive	\$ 2,366,452	\$ 2,228,701	\$ 2,530,676	\$ 3,145,393	\$ 614,717	24.29 %
D0020 Legal						
Legal Personnel Costs						
Salaries and Wages	997,895	1,012,540	1,079,223	1,299,473	220,250	20.41 %
Fringe Benefits	495,246	517,764	580,518	767,489	186,971	32.21 %
Total Legal Personnel Costs	1,493,141	1,530,304	1,659,741	2,066,962	407,221	24.54 %
Legal Services and Supplies						
61000 - Professional Services	202,000	202,000	202,000	250,000	48,000	23.76 %
62030 - Legal Services - Investment Related	600,000	600,000	600,000	500,000	(100,000)	(16.67) %
62100 - Legal Services - Tax Advice and General Matters (8690)	50,000	35,000	35,000	150,000	115,000	328.57 %
62200 - Legal Services - Board and Fiduciary (8690)	125,000	125,000	125,000	0	(125,000)	(100.00) %
62300 - Legal Services - Other Litigation (8690)	250,000	200,000	200,000	450,000	250,000	125.00 %
66100 - Training and Related Costs	29,299	20,000	20,000	20,000	0	0.00 %
66150 - Meetings and Related Costs	5,000	2,000	2,000	2,000	0	0.00 %
66200 - Memberships	4,200	5,000	5,000	4,000	(1,000)	(20.00) %
66400 - Subscriptions and Periodicals	12,500	12,500	12,500	13,000	500	4.00 %
Total Legal Services and Supplies	1,277,999	1,201,500	1,201,500	1,389,000	187,500	15.61 %
Total Legal	\$ 2,771,140	\$ 2,731,804	\$ 2,861,241	\$ 3,455,962	\$ 594,721	20.79 %
D0030 Investments						
Investments Personnel Costs						
Salaries and Wages	1,415,601	1,663,161	1,810,917	2,093,296	282,379	15.59 %
Fringe Benefits	761,073	852,200	960,155	1,160,135	199,980	20.83 %
Total Investments Personnel Costs	2,176,674	2,515,361	2,771,072	3,253,431	482,359	17.41 %
Investments Services and Supplies						
61300 - Professional Services - Admin. Non 21 Basis Points	135,000	99,999	0	0	0	0.00 %
61500 - Prof Services - Investment Related - Investment Consultant	2,558,000	2,618,502	3,275,000	965,650	(2,309,350)	(70.51) %
61501 - Prof Services - Investment Related - Other Consultants	0	0	0	1,408,330	1,408,330	0.00 %
61502 - Prof Services - Investment Related - Custodian Services	0	0	0	585,000	585,000	0.00 %
61503 - Prof Services - Investment Related - Other Services	0	0	0	55,260	55,260	0.00 %
64000 - Equipment and Software	7,300	10,000	0	0	0	0.00 %
64030 - Equipment and Software - Investment Related	0	0	25,000	40,000	15,000	60.00 %
66100 - Training and Related Costs	0	8,000	8,000	10,000	2,000	25.00 %
66130 - Due Diligence Expenses	0	0	100,000	130,000	30,000	30.00 %
66150 - Meetings and Related Costs	16,000	16,000	16,000	10,000	(6,000)	(37.50) %
66200 - Memberships	16,105	16,500	27,000	20,000	(7,000)	(25.93) %
66400 - Subscriptions and Periodicals	3,375	35,000	35,000	40,500	5,500	15.71 %

Appendix A

OCERS
Four Year Budget - Department and Account

Account No. & Name	Year Ended	Year Ended	Year Ended	Year Ended	Budget Year vs.	
	December	December	December	December	Budget Difference(\$)	Budget Difference(%)
	Budget 2020	Budget 2021	Amended Budget 2022	Proposed Budget 2023		
Total Investments Services and Supplies	2,735,780	2,804,001	3,486,000	3,264,740	(221,260)	(6.35) %
Total Investments	\$ 4,912,454	\$ 5,319,362	\$ 6,257,072	\$ 6,518,171	\$ 261,099	4.17 %
D0041 Communications						
Communications Personnel Costs						
Salaries and Wages	184,163	197,741	207,790	278,844	71,054	34.20 %
Fringe Benefits	105,811	110,477	123,767	170,258	46,491	37.56 %
Total Communications Personnel Costs	289,974	308,218	331,557	449,102	117,545	35.45 %
Communications Services and Supplies						
61000 - Professional Services	50,000	50,000	25,000	45,000	20,000	80.00 %
64000 - Equipment and Software	1,200	2,500	1,000	0	(1,000)	(100.00) %
66100 - Training and Related Costs	5,000	5,000	5,000	2,500	(2,500)	(50.00) %
66150 - Meetings and Related Costs	300	150	150	150	0	0.00 %
66300 - Office Supplies	10,000	10,000	10,000	10,000	0	0.00 %
66400 - Subscriptions and Periodicals	600	0	0	0	0	0.00 %
66501 - Postage and Delivery Costs - Quarterly Newsletters	60,000	65,000	35,000	76,000	41,000	117.14 %
66502 - Postage and Delivery Costs - Mass Mailings	40,000	40,000	40,000	20,000	(20,000)	(50.00) %
66551 - Printing Costs - Quarterly Newsletters	40,000	40,000	25,000	50,000	25,000	100.00 %
66552 - Printing Costs - Brochures	10,000	10,000	17,000	5,000	(12,000)	(70.59) %
66553 - Printing Costs - Annual Report	12,000	12,000	12,000	12,000	0	0.00 %
Total Communications Services and Supplies	229,100	234,650	170,150	220,650	50,500	29.68 %
Total Communications	\$ 519,074	\$ 542,868	\$ 501,707	\$ 669,752	\$ 168,045	33.49 %
D0042 Disability						
Disability Personnel Costs						
Salaries and Wages	345,977	368,445	386,192	426,878	40,686	10.54 %
Fringe Benefits	225,602	246,803	277,120	239,444	(37,676)	(13.60) %
Total Disability Personnel Costs	571,579	615,248	663,312	666,322	3,010	0.45 %
Disability Services and Supplies						
61000 - Professional Services	300,000	295,000	510,000	560,000	50,000	9.80 %
66100 - Training and Related Costs	8,255	3,600	7,870	36,320	28,450	361.50 %
66150 - Meetings and Related Costs	450	250	250	250	0	0.00 %
Total Disability Services and Supplies	308,705	298,850	518,120	596,570	78,450	15.14 %
Total Disability	\$ 880,284	\$ 914,098	\$ 1,181,432	\$ 1,262,892	\$ 81,460	6.90 %
D0043 Member Services						
Member Services Personnel Costs						
Salaries and Wages	2,610,467	2,901,456	3,790,259	3,969,264	179,005	4.72 %
Fringe Benefits	1,422,483	1,554,932	2,164,338	2,495,374	331,036	15.30 %
Total Member Services Personnel Costs	4,032,950	4,456,388	5,954,597	6,464,638	510,041	8.57 %
Member Services Services and Supplies						
61000 - Professional Services	20,000	20,000	24,000	525,000	501,000	2,087.50 %
66100 - Training and Related Costs	19,800	18,800	17,000	10,000	(7,000)	(41.18) %
66150 - Meetings and Related Costs	250	250	250	250	0	0.00 %
Total Member Services Services and Supplies	40,050	39,050	41,250	535,250	494,000	1,197.58 %
Total Member Services	\$ 4,073,000	\$ 4,495,438	\$ 5,995,847	\$ 6,999,888	\$ 1,004,041	16.75 %
D0051 Finance						
Finance Personnel Costs						
Salaries and Wages	939,911	958,248	1,009,068	992,345	(16,723)	(1.66) %
Fringe Benefits	495,014	506,514	571,638	636,004	64,366	11.26 %
Total Finance Personnel Costs	1,434,925	1,464,762	1,580,706	1,628,349	47,643	3.01 %
Finance Services and Supplies						
61000 - Professional Services	193,300	188,410	21,400	22,000	600	2.80 %
61010 - Professional Services - Bank Fees	0	0	30,000	36,000	6,000	20.00 %
61020 - Professional Services - External Audit Fees	0	0	129,000	117,300	(11,700)	(9.07) %
61300 - Professional Services - Admin. Non 21 Basis Points	0	0	47,000	38,000	(9,000)	(19.15) %
66100 - Training and Related Costs	13,600	9,000	10,500	10,500	0	0.00 %
66150 - Meetings and Related Costs	499	250	250	250	0	0.00 %
66200 - Memberships	3,955	4,300	4,800	4,800	0	0.00 %
66400 - Subscriptions and Periodicals	1,000	1,000	1,000	1,000	0	0.00 %
Total Finance Services and Supplies	212,354	202,960	243,950	229,850	(14,100)	(5.78) %
Total Finance	\$ 1,647,279	\$ 1,667,722	\$ 1,824,656	\$ 1,858,199	\$ 33,543	1.84 %
D0052 Human Resources						
Human Resources Personnel Costs						
Salaries and Wages	1,283,644	643,552	607,155	1,784,754	1,177,599	193.95 %
Fringe Benefits	481,763	362,992	412,203	476,753	64,550	15.66 %
Total Human Resources Personnel Costs	1,765,407	1,006,544	1,019,358	2,261,507	1,242,149	121.86 %
Human Resources Services and Supplies						
61000 - Professional Services	168,500	98,500	145,500	64,000	(81,500)	(56.01) %
61052 - Professional Services - Recruitment Costs	0	0	0	71,300	71,300	0.00 %
65000 - Building Property Management and Maintenance	680,000	0	0	0	0	0.00 %
65100 - Equipment - Rent and Leases	13,500	0	0	0	0	0.00 %
66100 - Training and Related Costs	166,000	191,450	230,850	221,000	(9,850)	(4.27) %
66150 - Meetings and Related Costs	10,500	10,000	10,000	5,600	(4,400)	(44.00) %
66200 - Memberships	10,000	11,400	12,000	6,000	(6,000)	(50.00) %

Appendix A

OCERS
Four Year Budget - Department and Account

Account No. & Name	Year Ended	Year Ended	Year Ended	Year Ended	Budget Year vs.	
	December	December	December	December	Prior Budget Year	Budget Year
	Budget 2020	Budget 2021	Amended Budget 2022	Proposed Budget 2023	Budget Difference(\$)	Budget Difference(%)
66300 - Office Supplies	55,000	0	0	0	0	0.00 %
66301 - Office Supplies - Furniture Costs	15,000	0	0	0	0	0.00 %
66500 - Postage and Delivery Costs - Regular Postage	65,000	0	0	0	0	0.00 %
66503 - Postage and Delivery Costs - Pony Mail	2,000	0	0	0	0	0.00 %
66550 - Printing Costs - Other	7,000	0	0	0	0	0.00 %
Total Human Resources Services and Supplies	1,192,500	311,350	398,350	367,900	(30,450)	(7.64) %
Human Resources Capital Expenditures						
69040 - Capital Expenditures - All	450,000	0	0	0	0	0.00 %
Total Human Resources Capital Expenditures	450,000	0	0	0	0	0.00 %
Total Human Resources	\$ 3,407,907	\$ 1,317,894	\$ 1,417,708	\$ 2,629,407	\$ 1,211,699	85.47 %
D0053 Information Security						
Information Security Personnel Costs						
Salaries and Wages	288,143	335,917	363,011	461,058	98,047	27.01 %
Fringe Benefits	158,746	166,057	188,558	268,355	79,797	42.32 %
Total Information Security Personnel Costs	446,889	501,974	551,569	729,413	177,844	32.24 %
Information Security Services and Supplies						
61000 - Professional Services	282,000	115,000	40,000	103,000	63,000	157.50 %
61300 - Professional Services - Admin. Non 21 Basis Points	0	180,000	205,000	128,000	(77,000)	(37.56) %
64000 - Equipment and Software	90,000	196,000	321,000	401,100	80,100	24.95 %
66100 - Training and Related Costs	62,000	49,000	46,000	54,000	8,000	17.39 %
66150 - Meetings and Related Costs	500	500	500	500	0	0.00 %
66200 - Memberships	1,849	1,850	3,000	3,000	0	0.00 %
66400 - Subscriptions and Periodicals	500	500	500	500	0	0.00 %
Total Information Security Services and Supplies	436,849	542,850	616,000	690,100	74,100	12.03 %
Total Information Security	\$ 883,738	\$ 1,044,824	\$ 1,167,569	\$ 1,419,513	\$ 251,944	21.58 %
D0054 Information Technology						
Information Technology Personnel Costs						
Salaries and Wages	990,645	1,065,748	1,359,189	1,732,159	372,970	27.44 %
Fringe Benefits	516,221	552,702	748,505	966,737	218,232	29.16 %
Total Information Technology Personnel Costs	1,506,866	1,618,450	2,107,694	2,698,896	591,202	28.05 %
Information Technology Services and Supplies						
61000 - Professional Services	1,330,400	446,000	292,000	172,500	(119,500)	(40.92) %
61300 - Professional Services - Admin. Non 21 Basis Points	0	1,167,400	1,410,000	1,265,000	(145,000)	(10.28) %
63000 - Infrastructure Maintenance	835,100	854,700	1,196,300	309,750	(886,550)	(74.11) %
63010 - InfraMte - Cloud Subscriptions	0	0	0	445,250	445,250	0.00 %
63020 - InfraMte - Equipment Maintenance	0	0	0	19,500	19,500	0.00 %
63030 - InfraMte - Software Maintenance	0	0	0	297,985	297,985	0.00 %
63040 - InfraMte - PAS Maintenance	0	0	0	884,655	884,655	0.00 %
64000 - Equipment and Software	759,000	878,000	845,000	358,000	(487,000)	(57.63) %
64030 - Equipment and Software - Investment Related	0	0	0	282,000	282,000	0.00 %
65100 - Equipment - Rent and Leases	35,000	35,000	40,000	0	(40,000)	(100.00) %
65201 - Telephone Expense - Telecom Services	35,000	25,000	32,000	63,600	31,600	98.75 %
65202 - Telephone Expense - Cellular/Mobile Services	45,000	55,000	45,000	60,600	15,600	34.67 %
65203 - Telephone Expense - Phone/VOIP	125,000	125,000	105,000	97,500	(7,500)	(7.14) %
65300 - Internet Services	0	0	125,000	169,500	44,500	35.60 %
66100 - Training and Related Costs	60,999	43,000	38,000	25,500	(12,500)	(32.89) %
66150 - Meetings and Related Costs	5,000	0	2,500	3,000	500	20.00 %
66200 - Memberships	1,500	1,500	1,500	1,800	300	20.00 %
Total Information Technology Services and Supplies	3,231,999	3,630,600	4,132,300	4,456,140	323,840	7.84 %
Information Technology Capital Expenditures						
69040 - Capital Expenditures - All	150,000	600,000	982,000	715,000	(267,000)	(27.19) %
Total Information Technology Capital Expenditures	150,000	600,000	982,000	715,000	(267,000)	(27.19) %
Total Information Technology	\$ 4,888,865	\$ 5,849,050	\$ 7,221,994	\$ 7,870,036	\$ 648,042	8.97 %
D0055 Operations Support Services						
Operations Support Services Personnel Costs						
Salaries and Wages	0	227,429	304,738	373,680	68,942	22.62 %
Fringe Benefits	0	112,828	155,459	201,847	46,388	29.84 %
Total Operations Support Services Personnel Costs	0	340,257	460,197	575,527	115,330	25.06 %
Operations Support Services Services and Supplies						
61000 - Professional Services	0	303,050	148,950	255,000	106,050	71.20 %
61001 - Professional Services - Insurance Services	0	0	280,000	280,000	0	0.00 %
65000 - Building Property Management and Maintenance	0	680,000	750,000	975,000	225,000	30.00 %
65100 - Equipment - Rent and Leases	0	14,500	14,500	50,000	35,500	244.83 %
66100 - Training and Related Costs	0	4,000	4,000	4,000	0	0.00 %
66150 - Meetings and Related Costs	0	0	200	200	0	0.00 %
66200 - Memberships	0	199	500	500	0	0.00 %
66300 - Office Supplies	0	55,000	60,000	50,000	(10,000)	(16.67) %
66301 - Office Supplies - Furniture Costs	0	30,000	40,000	40,000	0	0.00 %
66500 - Postage and Delivery Costs - Regular Postage	0	75,000	55,000	55,000	0	0.00 %
66503 - Postage and Delivery Costs - Pony Mail	0	4,000	4,000	4,000	0	0.00 %
66504 - Postage and Delivery Costs - Delivery Services	0	0	0	6,000	6,000	0.00 %
66550 - Printing Costs - Other	0	15,000	7,000	0	(7,000)	(100.00) %

Appendix A

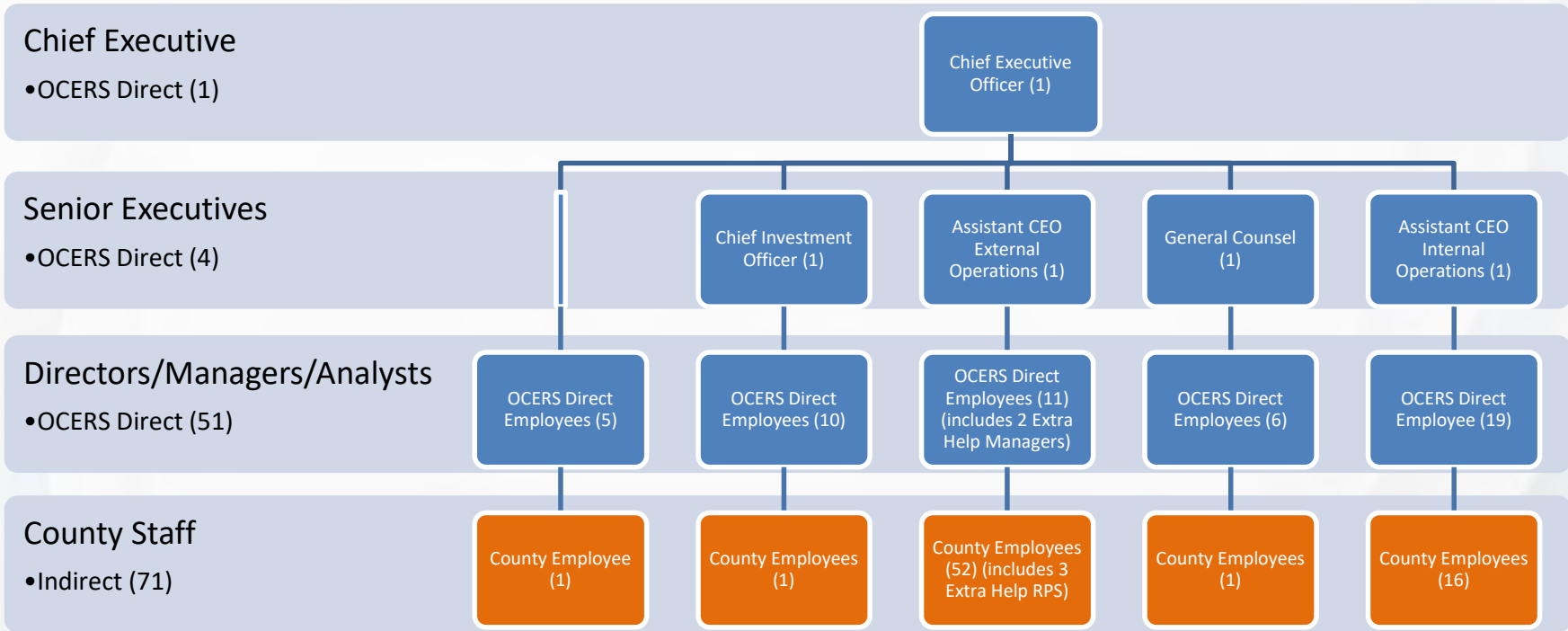
OCERS
Four Year Budget - Department and Account

Account No. & Name	Year Ended	Year Ended	Year Ended	Year Ended	Budget Year vs.	
	December	December	December	December	Prior Budget Year	Budget Year
	Budget 2020	Budget 2021	Amended Budget 2022	Proposed Budget 2023	Budget Difference(\$)	Budget Difference(%)
Total Operations Support Services Services and Supplies	0	1,180,749	1,364,150	1,719,700	355,550	26.06 %
Operations Support Services Capital Expenditures						
69040 - Capital Expenditures - All	0	70,000	110,000	511,000	401,000	364.55 %
Total Operations Support Services Capital Expenditures	0	70,000	110,000	511,000	401,000	364.55 %
Total Operations Support Services	\$ 0	\$ 1,591,006	\$ 1,934,347	\$ 2,806,227	\$ 871,880	45.07 %
Total Administrative Expenses	\$ 27,184,784	\$ 28,553,893	\$ 33,882,984	\$ 39,874,896	\$ 5,991,912	17.68 %



2023 Organization Chart

(127 team members, 124.5 FTE)



Staffing Plan

127 Budgeted Positions

136 Approved Classifications

(includes 5 Part-time Extra Help in Member Services)

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



Appendix B

OCERS
Personnel Cost Budget
2023

Department	Position	Employee Count	Regular Salary	Certification Pay	Fringe Benefits	Salary Adjustments	Overtime	Leave Payout	Temporary Help	Grand Total
Board										
	Board Member	-	16,000	-	-	-	-	-	-	-
Board Total			\$ 16,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,000
Executive										
	Chief Executive Officer	1	312,208	-	215,539	-	-	-	-	-
	Assistant Chief Executive Officer	2	548,662	15,088	369,556	-	-	-	-	-
	Project Manager	1	200,000	-	103,332	-	-	-	-	-
	Executive Secretary II	1	74,547	-	50,749	-	-	-	-	-
	Temporary Help	-	-	-	-	-	-	-	15,000	-
Executive Total		5	\$ 1,135,418	\$ 15,088	\$ 739,176	\$ -	\$ 1,000	\$ 95,360	\$ 15,000	\$ 2,001,041
Investments										
	Chief Investment Officer	1	450,008	24,750	255,908	-	-	-	-	-
	Director of Investments	2	441,002	-	300,278	-	-	-	-	-
	Senior Investment Officer	1	175,926	9,676	98,328	-	-	-	-	-
	Investment Officer	3	427,440	7,700	239,335	-	-	-	-	-
	Investment Analyst	4	392,808	16,654	232,399	-	-	-	-	-
	Staff Specialist	1	74,027	-	33,889	-	-	-	-	-
	Performance Incentive	-	-	-	-	220,000	-	-	-	-
Investments Total		12	\$ 1,961,211	\$ 58,781	\$ 1,160,136	\$ 220,000	\$ 1,000	\$ 72,304	\$ -	\$ 3,473,432
Communications										
	Director/Manager Communication	1	190,196	-	119,757	-	-	-	-	-
	Staff Specialist	1	77,979	-	50,502	-	-	-	-	-
Communications Total		2	\$ 268,176	\$ -	\$ 170,259	\$ -	\$ 500	\$ 10,168	\$ -	\$ 449,103
Legal										
	General Counsel	1	317,034	-	204,960	-	-	-	-	-
	Deputy General Counsel	1	210,205	-	117,852	-	-	-	-	-
	Chief Compliance Officer	1	95,000	-	61,071	-	-	-	-	-
	Staff Attorney	3	507,341	-	285,303	-	-	-	-	-
	Executive Secretary I	1	33,800	-	32,430	-	-	-	-	-
	Staff Analyst	1	85,779	-	65,873	-	-	-	-	-
Legal Total		8	\$ 1,249,158	\$ -	\$ 767,490	\$ -	\$ 1,000	\$ 49,315	\$ -	\$ 2,066,963

Appendix B

OCERS
Personnel Cost Budget
2023

Department	Position	Employee Count	Regular Salary	Certification Pay	Fringe Benefits	Salary Adjustments	Overtime	Leave Payout	Temporary Help	Grand Total
Member Services										
	Director of Member Services	2	328,037	-	188,486					
	Member Services Manager	4	321,360	-	234,911				61,526	
	Staff Analyst	2	190,000	-	120,500					
	Executive Secretary II	1	68,640	-	47,344					
	Retirement Benefits Program Supervisor	4	337,272	-	237,584					
	Sr. Retirement Program Specialist	4	294,070	-	167,061					
	Sr. Staff Development Specialist	1	89,544	-	58,347					
	Retirement Program Specialist	23	1,308,362	-	914,901				99,133	
	Retirement Benefits Technician	4	210,288	-	123,087					
	Accounting Technician	6	376,938	-	252,798					
	Office Specialist	1	50,190	-	43,204					
	Office Technician	3	137,613	-	107,149					
Member Services Total		55	\$ 3,712,314	\$ -	\$ 2,495,374	\$ -	\$ 50,000	\$ 46,291	\$ 160,659	\$ 6,464,638
Finance										
	Director of Finance	1	193,981	10,669	136,344					
	Finance Manager	2	288,662	7,938	171,213					
	Sr. Accountant / Auditor I	1	99,882	-	67,011					
	Staff Analyst	1	104,666	5,757	70,913					
	Accountant Auditor II	1	89,877	-	46,705					
	Accounting Technician	3	166,587	-	131,520					
Finance Total		9	\$ 943,654	\$ 24,364	\$ 623,706	\$ -	\$ 1,000	\$ 23,327	\$ -	\$ 1,616,051
Disability										
	Disablity Coordinator	1	82,680	-	45,482					
	Disability Manager	1	-	-	-				78,023	
	Disability Retirement Investigator	2	150,010	-	98,322					
	Office Specialist	2	111,280	-	94,524					
Disability Total		5	\$ 261,290	\$ -	\$ 192,846	\$ -	\$ 1,000	\$ 5,000	\$ -	\$ 460,135
Human Resources										
	Director of Human Resources	1	185,328	-	109,650					
	Learning and Organization Development Manager	1	111,446	-	53,315					
	Staff Analyst	3	317,928	-	193,292					
	Staff Assistant	2	125,008	-	70,494					
	Salary Adjustments	-	-	-	-	739,414				
	Temporary Help	-	-	-	-				78,000	
	Tuition Reimbursements	-	-	-	50,000					
Human Resources Total		7	\$ 739,710	\$ -	\$ 476,752	\$ 739,414	\$ 500	\$ 25,977	\$ 78,000	\$ 2,060,353

Appendix B

OCERS
Personnel Cost Budget
2023

Department	Position	Employee Count	Regular Salary	Certification Pay	Fringe Benefits	Salary Adjustments	Overtime	Leave Payout	Temporary Help	Grand Total
Operations Support Services										
	Senior Manager Operations Support Services	1	165,000	-	88,971					
	Contracts, Risk & Performance Administrator	1	143,978	-	79,732					
	Store Clerk	1	51,397	-	33,143					
Operations Support Total		3	\$ 360,374	\$ -	\$ 201,847	\$ -	\$ -	\$ 13,306	\$ -	\$ 575,528
Information Technology										
	Director of Information Technology	1	185,848	-	106,590					
	Information Technology Manager	2	290,014	-	158,869					
	Testing Analyst	1	160,000	-	86,920					
	IT Operations Supervisor	1	127,587	-	86,116					
	Sr. IT Applications Developer	3	358,488	-	205,397					
	IT Automation Developer	1	150,000	-	82,817					
	IT Systems Technician I	1	70,000	-	47,162					
	IT Network Engineer II	1	108,410	-	76,851					
	IT Systems Engineer II	2	212,410	-	116,013					
Information Technology Total		13	\$ 1,662,757	\$ -	\$ 966,735	\$ -	\$ 50,000	\$ 19,402	\$ -	\$ 2,698,894
Internal Audit										
	Director of Internal Audit	1	186,805	10,274	110,805					
	Internal Auditor	3	339,310	7,174	220,061					
Internal Audit Total		4	\$ 526,115	\$ 17,448	\$ 330,866	\$ -	\$ -	\$ 5,000	\$ -	\$ 879,430
Information Security										
	Director of Information Security	1	185,328	10,193	117,400					
	Information Security Manager	1	164,050	9,023	97,679					
	Information Security Analyst	1	78,000	-	53,275					
Information Security Total		3	\$ 427,378	\$ 19,216	\$ 268,354	\$ -	\$ -	\$ 14,464	\$ -	\$ 729,412
Grand Total		127	\$ 13,346,235	\$ 134,897	\$ 8,439,021	\$ 959,414	\$ 106,000	\$ 379,914	\$ 331,682	\$ 23,697,164

Minor differences are due to rounding.

Appendix B - Budget Impact of 2023 Staffing Changes

14 New Positions:			2023 Proposed Budgeted Costs			Annualized		
Department	Title	Direct or County	Proposed Budget Salary	Fringe Benefits	Total Personnel Cost	Proposed Budget Salary	Fringe Benefits	Total Personnel Cost
Executive	Project Manager	Direct	200,000	103,033	303,033	200,000	103,033	303,033
Legal	Chief Compliance Officer	Direct	95,000	43,916	138,916	190,000	87,831	277,831
Legal	Staff Attorney	Direct	135,000	60,443	195,443	180,000	80,591	260,591
Legal	Executive Secretary I	County	35,828	15,282	51,110	71,656	30,564	102,220
Investments	Investment Officer	Direct	140,005	78,423	218,428	140,005	78,423	218,428
Member Services	Retirement Program Specialist	County	68,557	45,369	113,926	68,557	45,369	113,926
Member Services	Retirement Program Specialist	County	68,557	45,369	113,926	68,557	45,369	113,926
Member Services	Retirement Program Specialist	County	68,557	45,369	113,926	68,557	45,369	113,926
Information Security	Staff Analyst	Direct	78,000	52,988	130,988	104,000	70,651	174,651
Information Technology	IT Systems Technician	County	72,259	46,877	119,136	72,259	46,877	119,136
Information Technology	Testing Coordinator	Direct	160,000	86,625	246,625	160,000	86,625	246,625
Information Technology	Automation Developer	Direct	150,000	82,523	232,523	150,000	82,523	232,523
Human Resources	Staff Analyst	Direct	101,920	54,470	156,390	101,920	54,470	156,390
Human Resources	Staff Assistant	County	66,144	34,685	100,829	66,144	34,685	100,829
			\$ 1,439,826	\$ 795,372	\$ 2,235,198	\$ 1,641,654	\$ 892,380	\$ 2,534,034

3 Career Ladders:				2023 Proposed		
Department	Title	Direct or County	Career Ladder (Current Classification)	Current Salary and Benefits	Salary and Benefits	Total Annual Budget Impact
Finance	Staff Analyst	Direct	Senior Accountant Auditor (County)	165,702	181,995	16,293
Finance	Senior Accountant	County	Accountant/Auditor II	136,083	148,874	12,791
Internal Auditor	Senior Internal Auditor	Direct	Internal Auditor	237,983	259,268	21,285
				\$ 539,769	\$ 590,137	\$ 50,369

1 Add/Drop:				2023 Proposed	
Department	Title (ADD/DROP Classification)	Direct or County		Salary and Benefits	Total Annual Budget Impact
Communications	ADD: Director of Communications	Direct		231,352	231,352
Communications	DROP: Communications Manager	Direct		(140,507)	(214,594)
				\$ 90,845	\$ 16,758

Appendix C

**Orange County Employees Retirement System
21 Basis Points for Budget Year 2023**

Projected actuarial accrued liability as of December 31, 2022	\$25,091,400,000
21 basis points of projected actuarial accrued liability	52,691,940
FY23 proposed budget amount subject to 21 basis points limitation ¹	26,913,485
Amount under 21 basis points	\$25,778,455
Budgeted amount expressed as basis points of projected actuarial accrued liability-FY23	10.73
Budgeted amount expressed as basis points of projected actuarial accrued liability-FY22	9.75

¹ Reconciliation of amount subject to 21 basis points limitation:

Total FY23 proposed budget	\$ 39,874,896
Less: Investment Department Costs	(6,867,171)
Legal Investment Fees	(500,000)
Actuarial Fees Fees	(450,000)
Total FY23 proposed administrative budget	32,057,725
Less: Information Security Expenses :	
Computer Hardware and Software	(401,100)
Professional Services Consulting	(128,000)
Less: Information Technology Expenses :	
Computer Hardware and Software	(640,000)
Professional Services Consulting	(1,265,000)
Infrastructure Maintenance Costs	(1,957,140)
Capital Expenditures	(715,000)
Less: Finance Expenses :	
Professional Services Consulting	(38,000)
FY23 proposed budget amount subject to 21 basis points limitation	\$ 26,913,485

<u>21 Basis Point History</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
21 Basis Points	8.93	9.04	8.86	9.75	10.73



Exhibit D

5 Year Budget Comparison

	Budget 2019	Budget 2020	Amended Budget 2021	Amended Budget 2022	Proposed Budget 2023	\$ Variance FY22-23	% Variance FY22-23
Personnel Costs	\$ 14,764,600	\$ 15,507,410	\$ 16,254,052	\$ 19,287,569	\$ 23,697,171	\$ 4,409,602	22.9%
Services and Supplies	\$ 11,298,230	\$ 11,077,380	\$ 11,517,848	\$ 13,503,415	\$ 14,951,725	\$ 1,448,310	10.7%
Capital Expenditures	\$ 370,000	\$ 600,000	\$ 782,000	\$ 1,092,000	\$ 1,226,000	\$ 134,000	12.3%
Total	\$ 26,432,830	\$ 27,184,790	\$ 28,553,900	\$ 33,882,984	\$ 39,874,896	\$ 5,991,912	17.7%

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





Exhibit D

Actuals Compared to Proposed Budget



	Actuals 2019	Actuals 2020	Actuals 2021	Estimated Actuals 2022	Proposed Budget 2023	\$ Variance FY22-23	% Variance FY22-23
Personnel Costs:	\$13,630,916	\$14,973,837	\$15,654,802	\$17,909,179	\$23,697,171	\$5,787,992	32.3%
Total Services and Supplies:	8,159,215	8,318,994	9,242,962	11,572,905	14,951,725	3,378,820	29.2%
Total Capital Expenditures:	52,264	186,359	(0)	774,787	1,226,000	451,213	58.2%
Total	\$21,842,395	\$23,479,190	\$24,897,764	\$30,256,872	\$39,874,896	\$9,618,024	31.8%

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Exhibit D

2023 Proposed Budget Compared to Actuals by Category



	Actuals 2019	Actuals 2020	Actuals 2021	Estimated Actuals 2022	Proposed Budget 2023	\$ Variance FY22-23	% Variance FY22-23
Personnel Costs:	\$13,630,916	\$14,973,837	15,654,802	17,909,179	23,697,171	5,787,992	32.3%
Services and Supplies:							
Building Property Mgmt. / Maintenance	558,346	602,076	651,173	755,121	975,000	219,879	29.1%
Equipment/ Software Expenses	296,900	434,348	671,733	923,510	1,081,100	157,590	17.1%
Infrastructure Maintenance	691,482	741,295	884,534	1,179,656	1,957,140	777,484	65.9%
Legal Services	900,015	261,551	848,173	924,315	1,100,000	175,685	19.0%
Meeting & Mileage	86,417	30,004	11,152	93,704	184,300	90,596	96.7%
Miscellaneous Office Expenses	517,550	579,080	457,388	787,316	916,745	129,429	16.4%
Professional Services	4,782,275	5,523,002	5,500,007	6,551,600	8,149,340	1,597,740	24.4%
Training	326,230	147,638	218,803	357,682	588,100	230,418	64.4%
Total Services and Supplies:	\$8,159,215	\$8,318,994	9,242,962	11,572,905	14,951,725	3,378,820	29.2%
Total Capital Expenditures:	52,264	186,359	(0.00)	774,787	1,226,000	451,213	58.2%
Total	\$21,842,395	\$23,479,190	\$24,897,764	\$30,256,872	\$39,874,896	\$9,618,024	31.8%

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with the highest standards of excellence."*





Appendix E

Historical Statistics

	2018	2019	2020	2021	2022
Number of Full-Time Positions Budgeted	92	93	93	94.5	113
Number of Retirees - Beginning of Year	16,947	17,674	18,420	19,419	19,826
Number of Additional Retirements ¹	1,080	1,203	1,409	943	1,177
Number Removed from Payroll ¹	(353)	(457)	(410)	(551)	(456)
Payroll \$ (in thousands) * ²	\$ 828,278	\$ 900,902	\$ 973,325	\$ 1,067,211	\$ 1,127,670
Number of Members ** ¹	45,629	47,197	47,796	49,024	50,475
Number of New Members ** ¹	1,135	1,450	767	1,228	1,451

¹ 2022 amounts are as of October 2022

² 2022 amounts are annualized estimates based on actuals through September 2022.

* Payroll represents retirement payroll, withdrawals and death benefits

** Number of members includes active, deferred and retired (including beneficiaries).

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Appendix F

OCERS Direct Employees

Salary Ranges Approved by Board, June 2021 revised by ECI as of September 30, 2022

OCERS Employee Position	Current Annual Minimum	Revised Annual Minimum	Current Annual Midpoint	Revised Annual Midpoint	Current Annual Maximum	Revised Annual Maximum
Chief Investment Officer	\$293,641	\$308,617	\$374,393	\$393,487	\$455,144	\$478,356
General Counsel	\$204,538	\$214,969	\$260,786	\$274,086	\$317,034	\$333,203
Managing Director of Investments	\$204,538	\$214,969	\$260,786	\$274,086	\$317,034	\$333,203
Assistant Chief Executive Officer	\$176,994	\$186,021	\$225,667	\$237,176	\$274,340	\$288,331
Director of Investments	\$164,645	\$173,042	\$209,923	\$220,629	\$255,200	\$268,215
Deputy Legal Counsel	\$142,473	\$149,739	\$181,653	\$190,917	\$220,833	\$232,095
Senior Investment Officer	\$142,473	\$149,739	\$181,653	\$190,917	\$220,833	\$232,095
Director of Finance	\$132,533	\$139,292	\$168,980	\$177,597	\$205,426	\$215,903
Director of Human Resources	\$132,533	\$139,292	\$168,980	\$177,597	\$205,426	\$215,903
Director of Information Security	\$132,533	\$139,292	\$168,980	\$177,597	\$205,426	\$215,903
Director of Information Technology	\$132,533	\$139,292	\$168,980	\$177,597	\$205,426	\$215,903
Director of Internal Audit	\$132,533	\$139,292	\$168,980	\$177,597	\$205,426	\$215,903
Director of Member Services	\$132,533	\$139,292	\$168,980	\$177,597	\$205,426	\$215,903
Investment Officer	\$123,286	\$129,574	\$157,190	\$165,207	\$191,094	\$200,840
Staff Attorney	\$123,286	\$129,574	\$157,190	\$165,207	\$191,094	\$200,840
Finance Manager	\$106,684	\$112,125	\$136,022	\$142,959	\$165,360	\$173,793
Information Security Manager	\$106,684	\$112,125	\$136,022	\$142,959	\$165,360	\$173,793
Information Technology Manager	\$106,684	\$112,125	\$136,022	\$142,959	\$165,360	\$173,793
Retirement Analyst	\$106,684	\$112,125	\$136,022	\$142,959	\$165,360	\$173,793
Senior Manager Operations Support Services	\$106,684	\$112,125	\$136,022	\$142,959	\$165,360	\$173,793
Contracts, Risk & Performance Administrator	\$99,241	\$104,302	\$126,532	\$132,985	\$153,823	\$161,668
Disability Manager	\$99,241	\$104,302	\$126,532	\$132,985	\$153,823	\$161,668
Learning and Organization Development Manager	\$99,241	\$104,302	\$126,532	\$132,985	\$153,823	\$161,668
Member Services Manager	\$99,241	\$104,302	\$126,532	\$132,985	\$153,823	\$161,668
Senior Investment Analyst	\$99,241	\$104,302	\$126,532	\$132,985	\$153,823	\$161,668
Communications Manager	\$92,317	\$97,025	\$117,704	\$123,707	\$143,091	\$150,389
Internal Auditor	\$82,876	\$87,103	\$107,992	\$113,500	\$133,108	\$139,897
Investment Analyst	\$79,885	\$83,959	\$97,859	\$102,850	\$115,833	\$121,740
Legal Analyst	\$79,885	\$83,959	\$97,859	\$102,850	\$115,833	\$121,740
Staff Analyst	\$79,885	\$83,959	\$97,859	\$102,850	\$115,833	\$121,740



Memorandum

DATE: October 27, 2022
TO: Members of the Board of Retirement
FROM: Steve Delaney, CEO
SUBJECT: **CONSULTING ACTUARY SERVICES – SELECTION OF SERVICE PROVIDER**

Recommendation

1. Approve Segal as OCERS' Consulting Actuary subject to contract negotiations
- OR
2. Move Segal to be a finalist for an interview presentation at the December 15, 2022, Regular Board Meeting

Background

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

The Board of Retirement Charter and the Procurement and Contracting Policy call for the Board to approve, upon the recommendation of the CEO, the appointment of Named Service Providers which includes the Consulting Actuary. The policy also calls for a request for proposals to be conducted every six years for Named Service Providers.

OCERS has utilized Segal Consulting as its Consulting Actuary since August 2004. Segal was selected through open competitive proposal processes in 2004, 2010, and again in 2016.

The Board of Retirement approved the current procurement process for Consulting Actuary Services on July 18, 2022. The Request for Proposal (RFP) for Actuary and Consulting Services was posted on OCERS' website and social media platforms, released to various procurement solicitation sites and sent directly to ten known consulting actuary firms. Four proposals were received and reviewed by the staff evaluation committee for responsiveness based on the following criteria:

Firm's Relative Experience and Capabilities	25%
---	-----

Firm’s reputation and references	25%
Quality and Experience of Assigned Professional Personnel	20%
Fee Proposal (price and value)	20%
Quality of Proposal	10%

Proposals were received from the following firms (in alphabetical order):

- Σ Cavanaugh Macdonald Consulting, LLC
- Σ Cheiron
- Σ Milliman
- Σ Segal

Discussion

The review panel, consisting of the CEO, Assistant CEO of Finance and Internal Operations, Assistant CEO, External Operations and the Chief Investment Officer, thoroughly reviewed all proposals and scored them on each criterion. Below is a summary of selected key information from the proposals received:

	Cavanaugh	Cheiron	Milliman	Segal
Firm Size	38	106	5,000	977
Primary Actuary	Brent Banister & Bryan Hoge	Ann Harper & Graham Schmidt	Nick Collier	Paul Angelo & Todd Tauzer
Revenues	\$13.5 million	\$30 million	\$1.38 billion	\$277.1 million
Firm Structure	Employee Owned	Employee Owned C Corp	Employee Owned	Employee Owned
Total Actuarial Consulting Clients (2021)	68	397	11,000	833
Pension Plan Actuarial Consulting Clients (2021)	68	248	4,559	515
Public Pension Plan Actuarial Consulting Clients (2021)	68	86	881	142
37 Act Valuation Clients (County Systems)	Los Angeles (actuarial audit)	Santa Barbara Tulare Marin Stanislaus San Joaquin	Los Angeles San Mateo	Orange Alameda Fresno Imperial Mendocino

	Cavanaugh	Cheiron	Milliman	Segal
		Stanislaus Merced		Sacramento San Diego Sonoma Kern San Bernardino Ventura Contra Costa
Other Relevant Experience (i.e. California clients or multi-employer plans where an actuarial valuation is prepared – the list may not be a complete list)	Indiana Public Retirement System Iowa Public Employees Retirement System Kansas Public Employees Retirement System Kentucky Teachers’ Retirement System Minnesota Teachers’ Retirement Association Mississippi: Highway Safety Patrol and, Municipal Retirement Systems	City and County of San Francisco Employees Retirement System San Luis Obispo Pension Trust San Diego City Employees Retirement System State of New Jersey Division of Pension and Benefits State Teachers Retirement System of Ohio Maine Public Employees Retirement System	California State Teachers Retirement System (CalSTRS) State of Washington Department of Retirement Systems Tacoma Employees Retirement System Texas County & District Retirement System Florida Retirement System Oregon Public Employees Retirement System PA Independent Fiscal Offices (Plan A & Plan B)	University of California Retirement System Los Angeles City Employees Retirement System City of LA Fire and Police Pension Plan LA Water & Power Employees’ Retirement System County of Santa Clara City of Fresno (both Employees and Fire and Police) East Bay Municipal utility District Retirement System
Specialties and Strengths	Public Sector Understanding of challenges facing public pensions Dedication of staff/teamwork Ability to effectively communicate highly technical material	Experience with 37-Act systems and Independent Charter Cities and Counties Sophisticated Interactive Tools Unique Communications Independent Internal Auditing Team	Variety of Public Sector Experience including 37-Act systems Financial projection models Connection with governmental and industry bodies to stay current on events in the industry Employee Benefits Research Group Track record of: Responsiveness, Quality,	Familiarity with OCERS Familiarity with 37-Act systems Public sector leadership Communication – excel at explaining complex issues to non-technical individuals Broad public sector experience Sole business is consulting and actuarial work for all phases of employee

	Cavanaugh	Cheiron	Milliman	Segal
			Communication, Integrity and Stability	benefits, compensation and HR
Limitations	Does not provide services other than actuarial consulting	Does not provide services other than actuarial consulting	Some of the client team is based in Seattle	

Some of the areas that the evaluation team considered when ranking each proposal were:

- ∑ OCERS complicated system and comparable/relevant experience each firm had that would be similar to OCERS
- ∑ Relevant experience with CERL systems and the length of time the firm has served CERL systems as their Consulting Actuary
- ∑ Reputation, influence, and leadership of primary actuaries in the public pension industry
- ∑ Competency of the primary actuaries in explaining technical information to general audiences
- ∑ Demonstrated understanding of OCERS and the requested services
- ∑ Total number of pension clients, public pension clients and 37 Act clients

The evaluation committee unanimously determined that Segal was the highest-ranked firm in all of the qualitative scoring areas and is the firm most qualified to perform Actuary and Consulting Services to OCERS.

The fee proposals from each of the firms included fixed rate fees for the Annual Actuarial Valuation, annual GASB 67 valuation, annual GASB 68 valuation, and the Triennial Experience Study as well as hourly rates for all other consulting and advisory services. The proposals included annual fees and rates for three years; 2023, 2024, and 2025. Below is a summary of the total of the three years of fixed costs proposed by each firm:

	Cavanaugh	Cheiron	Milliman	Segal
Actuarial Valuation	\$230,672	\$253,500	\$261,000	\$303,000
GASB 67	\$24,605	\$46,500	\$46,500	\$48,000
GASB 68	\$98,420	\$108,000	\$108,000	\$103,500
Triennial Experience Study	\$55,000	\$55,000	\$55,000	\$62,500
Total	\$408,697	\$463,000	\$470,500	\$517,000

Hourly rates for each of the firms varied for each level of staff that could be assigned to consulting services. Below is an extract of rates for 2023, future increases in rates vary by firm

	Cavanaugh	Cheiron	Milliman	Segal
Principal Actuary	\$380-\$440	\$390-\$525	\$480	\$550-\$570
Supervising/Consulting Actuary	\$340-\$440	\$290-\$468	\$480	\$520
Assistant/Reviewing/Senior/ Actuaries	\$320-\$375	\$197-\$306	\$420	\$340-\$510
Senior Actuarial Analyst	\$270-\$350	\$183-\$235	\$350	
Actuarial Analysts	\$260-\$300	\$160-\$200	\$230	\$240-\$340
Clerical/Other	\$135-\$150	\$111-\$150	Not included	No charge

Staff recommends further negotiations with Segal on their fee proposal to reduce both the fixed fees and hourly rates.

Conclusion:

The Board of Retirement approved the current procurement process for Consulting Actuary Services on July 18, 2022. The staff evaluation panel reviewed the proposals and recommends that the Board of Retirement select Segal as OCERS Consulting Actuary subject to successful fee negotiations without further interviewing. As an alternative, the Board could also choose to direct staff to bring Segal back to the December Board meeting for a finalist interview before making a selection for Consulting Actuarial Services.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Memorandum

DATE: November 14, 2022
TO: Members of the Board of Retirement
FROM: Frank Eley, Board Chair
SUBJECT: **ANNUAL CEO PERFORMANCE REVIEW AND COMPENSATION**

OCERS' Chief Executive Officer Performance Evaluation Policy states that a formal evaluation will be conducted annually, and the Board will consider compensation at the time the performance evaluation is conducted. The Brown Act code 54957 requires the Board to discuss the Chief Executive Officer's Compensation during an open session. In prior years, the Board has requested comparable CEO compensation data from other pension systems and organizations which are both close in proximity and size to OCERS, as well as base compensation history for Mr. Delaney. Attached are the CEO Compensation Performance Evaluation documents used to evaluate the CEO.

Attachments:

1. CEO Performance Evaluation Policy
2. CEO Charter
3. 2022 Business Plan
4. Blank CEO Evaluation Form
5. Steve Delaney Compensation History
6. CEO Salary Comparison 2022 (In-Progress)



OCERS Board Policy Chief Executive Officer Performance Evaluation Policy

Background and Objectives

1. The Board of Retirement supervises the Chief Executive Officer. Formal evaluation procedures and practices are required. This process shall be performed on an annual basis.
2. The objectives of this policy are to:
 - a. Assist the Board in arriving at and communicating clear and meaningful goals and performance targets for the Chief Executive Officer;
 - b. Ensure that the Chief Executive Officer receives meaningful, objective, and timely feedback that will allow the Chief Executive Officer to perform, over time, at the highest levels possible; and
 - c. Enable the Board to hold the Chief Executive Officer accountable for performance.

Roles

3. The Board will be responsible for evaluating the performance of the Chief Executive Officer.
4. The Chair and Vice Chair will be responsible for coordinating the evaluation process. The Board may use a third party to facilitate the process.

Policy Guidelines

Process and Timelines

5. The Chief Executive Officer will discuss the following items with the Chair during November each year:
 - a. Proposed CEO evaluation criteria for the coming calendar year;
 - b. Proposed weights for each of the above criteria; and
 - c. Proposed CEO Evaluation Form for the coming calendar year.
6. In addition, the CEO's performance for the prior twelve months may be based on the six categories below:
 - a. Achievement of performance targets established for the System as a whole;
 - b. Implementation of the annual Business Plan;
 - c. Implementation of Board policies and associated reporting to the Board;
 - d. Leadership and related qualities;
 - e. Ability to address special developments or situations that may arise; and
 - f. Other criteria that the Board may determine to be appropriate.



OCERS Board Policy

Chief Executive Officer Performance Evaluation Policy

7. The Board will attempt to ensure that the criteria:
 - a. Are objective and measurable; and
 - b. Pertain only to outcomes over which the Chief Executive Officer has a reasonable degree of control.
8. The Chair shall distribute the CEO Evaluation Package to each member of the Board in October of each year. The Evaluation Package will include copies of the Evaluation Form to be completed by each Board member, Business Plan, and the CEO's self-evaluation. The Chief Executive Officer's self-evaluation report is designed to assist the Board in the evaluation process. It should describe the extent to which the CEO believes the evaluation criteria were met over the past year, as well as all relevant supporting data. Supporting data may be confirmed by internal audit material where appropriate. The report may also describe any additional accomplishments during the year.
9. The Board shall treat this material as confidential. Completed individual Evaluation Forms will be returned to the Chair or the designated third party with a copy to the Vice Chair within the time frame specified. The Chair will ensure that all data is tabulated and summarized in a Master CEO Evaluation Form and treated as confidential until released to the Board.
10. Evaluation of the Chief Executive Officer will be completed by November each year. The evaluation process itself will be conducted in executive session. The Chair will distribute a copy of the Master CEO Evaluation Form and invite discussion by the Board. At the conclusion of discussion, the Chief Executive Officer will join the Board for review and discussion of his/her performance along with any suggestions for improvement. The Board may have preliminary discussions in October, but will complete the process by November.
11. Upon completion of the Master CEO Evaluation Form, the Chair and the Chief Executive Officer will sign the Master CEO Evaluation Form and cause it to be placed in the Chief Executive Officer's personnel file.

Documentation

12. The Individual and Master CEO Evaluation Form(s) may take any format the Board deems appropriate, but must allow Board members an opportunity to provide general comments.

Compensation

13. The Board of Retirement will consider the Chief Executive Officer's compensation at the time the performance evaluation is conducted.



OCERS Board Policy Chief Executive Officer Performance Evaluation Policy

Policy Review

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

Policy History

15. This policy will be implemented in February 19, 2002. This policy was revised May 16, 2005, May 19, 2008, March 22, 2010, January 21, 2014 , November 14, 2016 and August 19, 2019.

Secretary's Certificate

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

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

Steve Delaney
Secretary of the Board

08/19/19

Date



OCERS Board Charter CEO Charter

Introduction

1. The Board of Retirement (Board) will appoint a Chief Executive Officer (CEO) who will serve at its pleasure. The CEO is the most senior executive of OCERS and is not subject to county civil service and merit system rules. This charter sets out the roles and responsibilities of the CEO.

Duties and Responsibilities

Leadership and Policy Analysis

2. The CEO will provide leadership for the OCERS staff in implementing the programs necessary to achieve the mission, goals and objectives established by the Board. The CEO will manage the day-to-day affairs of OCERS in accordance with policies established by the Board, and may delegate duties to senior management as necessary. In so doing, the CEO will solicit advice and counsel from the Board, the Board Chair, or individual Board members, as appropriate.
3. The CEO will provide support to the Board and its committees in establishing all policies of the Board including identifying and analyzing issues requiring Board policy, and providing well-supported policy recommendations for consideration by the Board or its committees.
4. The CEO will be responsible for ensuring that all policies of the Board and provisions of the County Employees Retirement Law, with the exception of governance policies pertaining to the conduct of the Board, are properly implemented.

Governance

5. The CEO will:
 - a. Recommend to the Governance Committee policies to help ensure appropriate governance practices;
 - b. Assist the Board in implementing its governance policies, charters, and By-Laws; and
 - c. Assist with Board member education and travel.
6. The CEO will serve as Secretary to the Board and, as such, will carry out the following duties:
 - a. Coordinate meetings, agendas, schedules and presentations for both Board and committee meetings in accordance with the Ralph M Brown Act (California Government Code §§54950, *et seq.*);
 - b. Maintain minutes of Board and committee meetings;
 - c. Sign minutes upon approval of the Board;
 - d. Sign subpoenas; and
 - e. Serve as OCERS' filing officer for purpose of compliance with the California Political Reform Act and regulations of the Fair Political Practices Commission.



OCERS Board Charter CEO Charter

Investments

7. The CEO will:
 - a. Employ a Chief Investment Officer (CIO) with appropriate education and experience in institutional investing;
 - b. Carry out the duties described in this section through the CIO and other professional investment staff;
 - c. Recommend to the Investment Committee an Investment Policy Statement which will include investment objectives;
 - d. Recommend to the Investment Committee strategies for achieving OCERS' investment objectives;
 - e. Ensure the implementation of the strategies approved by the Board by establishing manager structures for each asset class, which includes among other things determining:
 - i. The number of investment manager mandates to be established; and
 - ii. The size of each investment manager mandate.
 - f. Ensure execution of portfolio rebalancing and portfolio transitions;
 - g. Ensure that necessary research is performed into investment trends, issues and opportunities that may have implications for the OCERS investment program;
 - h. Ensure all necessary investment manager due diligence is performed in accordance with the Investment Policy Statement of the Board; and
 - i. Oversee the CIO's hiring and termination of investment managers.

Benefits Administration

8. The CEO will:
 - a. Recommend to the Board, as necessary, policies to ensure effective and efficient administration of member benefits;
 - b. Ensure accurate payment of benefits to members, and address problems or errors in accordance with established policies and procedures;
 - c. In consultation with medical evaluators and legal counsel, recommend disability applications to the Board and the Disability Committee for each of their consideration;
 - d. Maintain accurate records of member accounts;
 - e. Ensure delivery of high standards of service to members including calculations and counseling; and
 - f. Develop staff policies and procedures to ensure effective and efficient administration of member benefits.



OCERS Board Charter CEO Charter

Operations

9. The CEO will:
 - a. Recommend to the Board, as appropriate, Board policies designed to help ensure effective operations;
 - b. Develop and recommend to the Board a business plan and updates to the plan as necessary;
 - c. Recommend the annual Operating Budget to the Board;
 - d. Transfer funds within a category of expenditures (i.e., Salaries and Benefits; Services and Supplies; Capital Projects) within the approved Operating Budget;
 - e. Execute contractual agreements in accordance with the Procurement and Contracting Policy and authorize payments related to the administration of OCERS, consistent with the Operating Budget and OCERS' internal controls;
 - f. Account for and ensure appropriate collection, deposit and distribution of funds as required;
 - g. Implement internal operational control policies;
 - h. Ensure the appropriate design, acquisition, implementation, and maintenance of all technological systems required to administer OCERS;
 - i. Maintain the records of OCERS in a permanent and readily accessible format and in accordance with the Record Retention Policy and Guidelines;
 - j. Assist the Audit Committee in coordinating operational audits; and
 - k. Maintain an effective working relationship with the County and other plan sponsors of OCERS.

Finance, Actuarial and Accounting

10. The CEO will:
 - a. Recommend to the Audit Committee as appropriate, financial and accounting policies;
 - b. Implement appropriate internal financial controls to safeguard the assets of the OCERS;
 - c. Assist the Audit Committee in coordinating the annual financial audit;
 - d. Coordinate the actuarial valuation, actuarial experience studies, and actuarial audits;
 - e. Cause to be prepared a comprehensive annual financial report on the operations of OCERS for Board approval; and
 - f. File in the office of the County Auditor and with the Board of Supervisors a sworn statement which will exhibit the financial condition of the OCERS at the close of the preceding calendar year and its financial transactions for the year ending on that day as required by Government Code §31597.

Human Resources

11. The CEO will:
 - a. Recommend human resources and compensation policies to the Board;



OCERS Board Charter CEO Charter

- b. Assess the human resources needs of OCERS and establish and implement appropriate human resources programs and procedures, consistent with the human resources and compensation policies of the Board;
- c. Hire, manage and terminate senior management, and approve all personnel decisions concerning OCERS staff; and
- d. Implement and lead agency training, talent development and succession planning.

Legislation and Litigation

12. The CEO will:
- a. Recommend legislative proposals for approval by the Board;
 - b. Conduct and oversee the assigning, directing, and handling of litigation, claims, demands, disputes or legal proceedings involving OCERS and report material developments in these matters to the Board on a timely basis;
 - c. In consultation with legal counsel, provide recommendations to the Board concerning the initiation and settlement of litigation, including administrative appeals, involving OCERS; and
 - d. Oversee the development and implementation of plans to comply with newly enacted legislation and court rulings, as applicable.

Communications

13. The CEO will:
- a. Ensure effective and timely communications with stakeholders on matters relating to the administration of OCERS. Such communications may include press releases, newsletters, presentations, and internet communications; and
 - b. In situations that call for an official spokesperson to speak on behalf of OCERS, jointly determine with the Chair, on an issue-by-issue basis, who will act in such capacity.

Appointment of Service Providers

14. The CEO will cause the necessary due diligence to be performed for Named Service Providers, as listed in the Board Procurement and Contracting Policy, and will provide the Board with appropriate recommendations, in accordance with the Procurement and Contracting Policy and the Investment Policy Statement of the Board.
15. The CEO may hire other service providers, consistent with the Operating Budget and the Procurement and Contracting Policy and other policies of the Board, provided that the Board has not specifically retained the authority to hire such service providers.

Monitoring and Reporting

16. The CEO will provide the Board with relevant, appropriate and timely information to enable it to properly carry out its oversight and fiduciary responsibilities. Furthermore, the CEO will apprise the Board in a timely manner of all significant issues, problems, or



OCERS Board Charter CEO Charter

developments pertaining to OCERS and provide recommended courses of action as appropriate.

17. The CEO will:

- a. Oversee the regular review of all policies of OCERS to ensure they are being followed and continue to meet OCERS' needs;
- b. Oversee the activities of the Investment Division and report annually to the Board regarding the administrative oversight of the division, including identifying any issues that arose during the reporting period;
- c. Oversee the funded status of OCERS and all issues that may reasonably have a significant impact on such status;
- d. Oversee the investment performance of the Fund, the component asset classes, and the investment managers retained to manage the assets of the Fund;
- e. Oversee management's response to the findings of the annual financial audit, and of any internal audits that may be performed;
- f. Oversee employees and service providers of OCERS to ensure compliance with the OCERS policies;
- g. Oversee the activities and performance of key service providers including the actuary, financial auditor, investment consultant, legal counsel, and custodian on a regular basis;
- h. Oversee the activities and performance of senior management;
- i. Oversee the collection of all payments due to OCERS and the payment of all amounts due by OCERS to ensure accuracy and timeliness;
- j. Oversee OCERS' compliance with applicable laws and regulations; and
- k. In conjunction with legal counsel, oversee the status of all claims, demands, disputes and legal proceedings involving OCERS and report to the Board as appropriate.

Emergency Authority

18. In emergency situations, the CEO, after making reasonable attempts to contact the Board Chair and Vice Chair, will have the authority to act on matters not expressly stated within this charter provided that:

- a. The action is, in the CEO's judgment, necessary to protect the System, its employees, the Fund, or System assets from loss or harm that is reasonably likely to occur if action is delayed for the scheduling of a notices meeting of the Board or its committees; and



OCERS Board Charter CEO Charter

- b. The CEO promptly reports to the Board the emergency action taken, and the reasons why the CEO determined action was immediately necessary.

Charter Review

- 19. The Governance Committee will review this charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the charter remains relevant and appropriate.
- 20. This charter was adopted by the Board on November 18, 2002, and amended on August 25, 2008, July 20, 2015, April 18, 2018, and March 18, 2019.

Secretary's Certificate

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

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

03/18/19

Steve Delaney
Secretary of the Board

Date

Orange County Employees Retirement System
2223 East Wellington Avenue | Santa Ana | 92701

2022
BUSINESS PLAN



MISSION, VISION AND VALUES

MISSION STATEMENT:

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

VISION STATEMENT:

To be a trusted partner providing premier pension administration, distinguished by consistent, quality member experiences and prudent financial stewardship.

VALUES:

- **O**pen and Transparent
- **C**ommitment to Superior Service
- **E**ngaged and Dedicated Workforce
- **R**eliable and Accurate
- **S**ecure and Sustainable

2022-2024 STRATEGIC GOALS

- Fund Sustainability
- Excellent Service and Support
- Risk Management
- Talent Management
- Effective Governance

FUND SUSTAINABILITY

GOAL: STRENGTHEN THE LONG-TERM STABILITY OF THE PENSION FUND

Business Plan Initiatives

Objective A: Mitigate the Risk of Significant Investment Loss

Executive Lead – Molly Murphy

1. Complete Investment Consultants procurement process

Objective B: Prudent Use and Security of Resources

Executive Lead – Molly Murphy

1. Initiate Custodial Bank Services RFP preparation

EXCELLENT SERVICE AND SUPPORT

GOAL: ACHIEVE EXCELLENCE IN THE SERVICE AND SUPPORT WE PROVIDE TO OUR MEMBERS AND PLAN SPONSORS

Business Plan Initiatives

Objective A: Provide Accurate and Timely Benefits

Executive Lead – Suzanne Jenike

1. Create comprehensive overview of applicable Memorandum of Understandings (MOU) (\$25,000)
2. Continue to Enhance Cross Training for Member Services Team
3. Continue Evaluation of Existing Forms & Letters
4. Investigate options of enhancing the online calculator to provide disability estimates
5. Evaluate Options for New Imaging System for Member Document Repository and implement if appropriate (\$250,000)

Objective B: Provide Education to our Members and Employers

Executive Lead – Suzanne Jenike

1. Update website to enhance disability related FAQs and include a white board video that counsels on the disability application process.
2. Investigate options for communicating OCERS news via email.

3. Continue to create videos, both in-house and white board (\$25,000)
4. Evaluate options for transition *At Your Service* newsletter to be electronic for active/deferred members and only send hard copies to retirees.

Objective C: Continuously Improve Business Processes and Procedures to be Efficient and Effective

Executive Leads – Brenda Shott and Suzanne Jenike

1. Investigate options for enhanced member survey platform (\$10,000)
2. Investigate creating a triage process for disability applications allowing the independent medical examination to be foregone if allowable.
3. Identify, develop and implement V3 Data Validation and Clean Up procedures (\$10,000)
4. Issue a RFP for next generation pension administration system (\$200,000)
5. Execute a pilot project for the use of Robotic Process Automation to streamline routine task (\$350,000)
6. Complete implementation and post-implementation of new ERP/Accounting Software system (\$42,500)
7. Conduct LEAN process on the investment reporting function (\$10,000)
8. Procure and implement a new helpdesk solution for internal use (\$100,000)

RISK MANAGEMENT

GOAL: CULTIVATE A RISK-INTELLIGENT ORGANIZATION

Business Plan Initiatives

Objective A: Enhance Governance of Technology Risks

Executive Leads – Brenda Shott, Matt Eakin & Jenny Sadoski

1. Continue implementation plan for security and operational best practice controls (multi-year)
2. Continue to develop and enhance information security policies (year two)
3. Develop and enhance information technology policies (year one of two)
4. Develop executive dashboard and security strategy document to enhance communication of Information Security program
5. Implement project management tools and best practices for use throughout the organization

Objective B: Continuously Assess Technology Environment and Address Risks

Executive Leads – Brenda Shott, Matt Eakin & Jenny Sadoski

1. Replace Web Application Firewalls (\$180,000)
2. Continue Phased Implementation of Microsoft 365 (\$100,000)

Objective C: Ensure Compliance with Industry Frameworks and Best Practices

Executive Leads – Brenda Shott, Matt Eakin & Jenny Sadoski

1. Implement an Information Security Governance, Risk & Compliance system (\$50,000)
2. Complete a data classification study (year two) (\$100,000)

Objective D: Provide a Robust Business Continuity Solution

Executive Leads – Brenda Shott, Matt Eakin & Jenny Sadoski

1. Review implementation of mail services using a 3rd party vendor (\$25,000)
2. Expand the Disaster Recovery and Business Continuity Plan and semi-annual exercise as it relates to remote data recovery

Objective E: Ensure a Safe and Secure Workplace and Public Service Facility

Executive Lead – Brenda Shott

1. Continue to investigate and evaluate long-term options for OCERS headquarters
2. Replace Roof on Existing OCERS Headquarters (\$110,000)

TALENT MANAGEMENT

GOAL: RECRUIT, RETAIN AND INSPIRE A HIGH-PERFORMING WORKFORCE

Business Plan Initiatives

Objective A: Recruit and Retain a Diverse High-Performing Workforce to Meet Organizational Priorities

Executive Leads – Steve Delaney and Cynthia Hockless

1. Review and rewrite where appropriate classification specifications and compensation ranges of County level team members (\$35,000)

Objective B: Develop and empower every member of the team

Executive Lead – Steve Delaney

1. Design and develop a comprehensive training program based on individual needs and career goals that embeds a talent management mindset and creates succession plans across the agency (\$50,000)
2. Develop a comprehensive standardized library of business processes and procedure manuals across the organization (\$330,000)

Objective C: Cultivate a Collaborative, Inclusive and Creative Culture

Executive Lead – Steve Delaney

1. Continue to implement strategies that promote an inclusive workplace (\$47,000)

EFFECTIVE GOVERNANCE

GOAL: IMPROVE THE EFFECTIVENESS AND EFFICIENCY OF THE BOARD AND STAFF BY CLARIFYING ROLES AND RESPONSIBILITIES, IMPROVING OVERSIGHT, CLARIFYING ACCOUNTABILITY AND IMPROVING DECISION MAKING

Objective A: Employ a Governance Structure that Supports a Dynamic System
Executive Lead – Steve Delaney

1. Delegated Authority with regard to Investments and the creation of the Board’s Personnel Committee have both been positive initiatives of Board Governance implemented in recent years. Possible Board review of overall best in class governance continues to be an issue for consideration, but likely in 2023.

Objective B: Improve the Governance and Management of OCERS’ Records (multi-year)
Executive Lead – Gina Ratto

1. Implement a Records Management Program that reflects best practices and identifies appropriate retention periods for each category of OCERS records
2. Establish, include within the Records Management Program, and implement (using Microsoft 365) the default rules for automated archival and automated destruction of electronic mail, with limited exceptions from the default rules (e.g., for litigation holds)
3. Establish a process to export and save electronic mail in an alternative format (PDF preferably) for longer retention and in

accordance with the retention period for underlying record category

4. Develop and adopt an Implementation Plan for the Records Management Program
5. Systematically bring each department within OCERS into compliance with the Records Management Program
6. Establish procedures to maintain and audit compliance with the Records Management Program



ORANGE COUNTY EMPLOYEES RETIREMENT
SYSTEM
www.ocers.org

Chief Executive Officer 2022 Performance Evaluation

Please download and save this form to your computer prior to completing the form.

OCERS Mission, Vision & Values

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

Vision: To be a trusted partner providing premier pension administration, distinguished by consistent, quality member experiences and prudent financial stewardship.

Values: Open and transparent; Commitment to superior service; Engaged and dedicated workforce; Reliable and accurate; Secure and sustainable

Criteria for 2022 Performance Evaluation

OCERS is committed to providing secure retirement and disability benefits with the highest standards of excellence. We are a trusted partner providing premier pension administration, distinguished by consistent, quality member experiences and prudent financial stewardship. Our values are: Open and transparent; Commitment to superior service; Engaged and dedicated workforce; Reliable and accurate; Secure and sustainable.

- Risk Management
- Talent Management

The CEO's performance evaluation will also cover the following areas:

- Direction and oversight of benefit administration
- Direction and oversight of the investment program
- Direction and oversight of internal operations
- Communications (membership, sponsors, Board, staff, public)
- Addressing exigent situations that arose during the year
- Addressing the opportunities to grow identified in this evaluation
- Overall leadership and development of the organization

1. Board Member Name (please select from dropdown):

Please remember to save your changes before closing this form.

Rating:	Definition
0. Does not Meet Performance Expectations	Performance improvement and/or skill development is needed to increase the overall effectiveness and meet performance expectations; requires substantial direction from the supervisor or manager.
1. Meets Performance Expectations	Proficient in the performance of responsibilities. Normally meets performance expectations. Requires some guidance and direction to complete tasks effectively.
2. Exceeds Expectations	Fully proficient in the performance of responsibilities. Normally exceeds performance expectations. Does not require significant guidance and direction to complete tasks effectively.
3. Exceptional Performance	Exceptional overall performance. Consistently performs above the standards that are expected of the position. Accomplishments make notable contributions to the organization and represent OCERS and the department in an exemplary fashion. Often functions as a model or mentor to others in this area.

For questions 2-11, please select the best rating and provide details to support your rating.

2. Fund Security and Sustainability

Comments:

3. Risk Management

Comments:

4. Talent Management

Comments:

5. Direction and oversight of benefit administration.

Comments:

6. Direction and oversight of the investment program.

Comments:

7. Direction and oversight of internal operations.

Comments:

8. Communications (membership, sponsors, Board, staff, public).

Comments:

9. Addressing exigent situations that arose during the year.

Comments:

10. Overall leadership and development of the organization (e.g., staff training and development, improvement of work processes, policy development, professionalism of the organization).

Comments:

11. Addressing the Opportunities to Grow identified in prior evaluation.

- a. Fine-tune CIO and Investment Team Delegation, and reporting of Investment Consultants to the Board - Balancing Board's oversight with CIO's delegation and giving the Board the ability to trust, but verify. Have investment consultants prepare reports specifically for the Board.
- b. Prepare to bring workforce back when it is safe to do so. Have a comprehensive strategy communicated to the Board on how you plan to assimilate the workforce back into the office.
- c. Future facilities - Recommend a facility adequate to deal with the future workforce as well as possible pandemics or disasters. Work with the building committee to develop a plan for a new building or alternative approach.

Comments:

12. Overall Performance Rating Comments

COMPETENCY RATING SUMMARY

_____ /10 = _____

14. Please add any performance evaluation criteria to focus on for the CEO's 2023 performance here.

Comments:

Please remember to save your changes before closing this form.

11-14-2022 REGULAR BOARD MEETING - A-6 ANNUAL CEO PERFORMANCE REVIEW AND COMPENSATION

OCERS CEO Total Compensation Cost History

Name: Steve Delaney
Date of Hire: 1/2/2008

CEO Compensation										Total Base Salary Lump Sum Auto Allowance AL Cash Out, OBP
Year	Increase Effective Date	% Increase over prior year	Base Salary Increase	Base Salary	Lump Sum	Notes	Auto Allowance	Annual Leave (AL) Cash Out	Optional Benefit Plan (OBP)	Annualized
2022	12/31/2021	5%	\$14,868	\$312,202.8	\$5,946.70	5.0% Annual Salary Adjustment & 2.0% Lump sum - 2021 Performance Evaluation	\$0	\$24,909.02	\$4,500	\$347,559
2021	1/1/2021	3%	\$8,660	\$297,335.18	\$5,773.50	3.0% Annual Salary Adjustment & 2.0% Lump sum - 2020 Performance Evaluation	\$0	\$23,947.58	\$4,500	\$331,556
2020	1/3/2020	3%	\$8,408	\$288,675	\$5,605	3.0% Annual Salary Adjustment & 2.0% Lump sum - 2019 Performance Evaluation	\$0	\$23,290	\$4,500	\$322,070
2019	1/4/2019	2.5%	\$6,836	\$280,267	\$6,836	2.5% Annual Salary Adjustment & 2.5% Lump sum - 2018 Performance Evaluation	\$0	\$22,906	\$4,500	\$314,509
2018	1/5/2018	5%	\$12,006	\$273,437	\$0	5% Annual Salary Adjustment - 2017 Performance Evaluation	\$0	\$22,348	\$4,500	\$300,285
2017	1/6/2017	3%	\$7,614	\$261,431	\$0	3% Annual Salary Adjustment - 2016 Performance Evaluation	\$0	\$20,739	\$4,500	\$286,670
2016	None for 2016	0%	\$0	\$253,817	\$0	Last increase effective date 1/9/2015	\$0	\$10,982	\$4,500	\$269,299
2015	1/9/2015	0%	\$0	\$253,817	\$5,076	One time 2% non-base building performance award	\$0	\$20,745	\$4,500	\$284,138
2014	12/27/2013	2%	\$4,977	\$253,817	\$0	Annual Merit	\$0	\$20,745	\$4,500	\$279,062
2013	6/2/2013	3%	\$7,248	\$248,840	\$0	Annual Merit	\$0	\$10,454	\$4,500	\$263,794
2012	1/13/2012	14%	\$29,640	\$241,592	\$0	Stop employee contribution pick up move to salary	\$0	\$0	\$4,500	\$246,092
2012	12/16/2011	4%	\$8,154	\$211,952	\$0	Annual Merit	\$0	\$0	\$0	\$211,952
2011	12/17/2010	5%	\$9,194	\$203,798	\$0	Stop auto allowance move to salary	\$0	\$0	\$4,500	\$208,298
2011	12/17/2010	4%	\$7,488	\$194,605	\$0	Annual Merit	\$9,180	\$0	\$0	\$203,785
2010	12/18/2009	8%	\$13,874	\$187,117	\$0	Annual Merit	\$9,180	\$0	\$4,500	\$200,797
2009	12/19/2008	5%	\$8,258	\$173,243	\$0	Annual Merit	\$9,180	\$0	\$4,500	\$186,923
2008	1/2/2008			\$164,986	\$0	Starting Salary	\$9,180	\$0	\$4,500	\$178,666

County 401(a)			OCERS 401(a)*		Total Employee's Deferred Comp County and OCERS 401(a)	Total Base Salary, Lump Sum, Auto Allowance, Annual Leave Cash Out, 401(a), OBP
Year	% of Salary	Annualized	% of Salary	Annualized	Annualized	Annualized
2022	5%	\$15,610	3%	\$9,366	\$24,976	\$372,535
2021	5%	\$14,867	3%	\$8,920	\$23,787	\$355,343
2020	5%	\$14,434	3%	\$8,660	\$23,094	\$345,384
2019	5%	\$14,013	3%	\$8,408	\$22,421	\$336,920
2018	5%	\$13,672	3%	\$8,203	\$21,875	\$322,160
2017	5%	\$13,072	3%	\$7,843	\$20,914	\$307,584
2016	5%	\$12,691	3%	\$7,614	\$20,305	\$289,604
2015	5%	\$12,691	3%	\$7,614	\$20,305	\$304,443
2014	5%	\$12,691	3%	\$7,614	\$20,305	\$299,367
2013	5%	\$12,442	3%	\$7,465	\$19,907	\$283,701
2012	5%	\$12,080	3%	\$7,248	\$19,327	\$265,419
2011	5%	\$10,190	3%**	\$6,114	\$16,304	\$224,602
2010	5%	\$9,356	3%	\$5,614	\$14,969	\$215,766
2009	5%	\$8,662	3%	\$5,197	\$13,859	\$200,783
2008	5%	\$8,249	3%	\$4,950	\$13,199	\$191,864

OCERS 2.7655 Retirement Employer Contributions			Employer Pickup of Employee Contributions			
Fiscal Year	Employer contribution % of Salary	Employer Contribution Amount Annualized	Calendar Year	Gov't Code Section 31581.2 Pick up	Gov't Code Section 31581.1 Pick up	Combined Total
7/1/22 - 12/31/22	42.41%	\$129,424	2022	\$0	\$0	\$0
1/1/22 - 6/30/22	40.50%					
7/1/21 - 12/31/21	40.50%	\$117,105	2021	\$0	\$0	\$0
1/1/21 - 6/30/21	38.27%					
7/1/20 - 12/31/20	38.27%	\$106,406	2020	\$0	\$0	\$0
1/1/20 - 6/30/20	35.45%					
7/1/19 - 12/31/19	35.45%	\$95,641	2019	\$0	\$0	\$0
1/1/19 - 6/30/19	32.80%					
7/1/18 - 12/31/18	32.80%	\$91,301	2018	\$0	\$0	\$0
1/1/18 - 6/30/18	33.98%					
7/1/17 - 12/31/17	33.98%	\$87,749	2017	\$0	\$0	\$0
1/1/17 - 6/30/17	33.15%					
7/1/16 - 12/31/16	33.15%	\$87,491	2016	\$0	\$0	\$0
1/1/16 - 6/30/16	35.79%					
7/1/15 - 12/31/15	35.79%	\$90,359	2015	\$0	\$0	\$0
1/1/15 - 6/30/15	35.41%					
7/1/14 - 12/31/14	35.41%	\$84,445	2014	\$0	\$0	\$0
1/1/14 - 6/30/14	31.13%					
7/1/13 - 12/31/13	31.13%	\$71,840	2013	\$0	\$0	\$0
1/1/13 - 6/30/13	26.61%					
7/1/12 - 12/31/12	26.61%	\$62,669	2012	\$0	\$0	\$0
1/1/12 - 6/30/12	25.27%					
7/1/11 - 12/31/11	25.27%	\$49,085	2011	\$14,219	\$11,011	\$25,230
1/1/11 - 6/30/11	22.90%					
7/1/10 - 12/31/10	22.90%	\$41,379	2010	\$13,662	\$10,644	\$24,306
1/1/10 - 6/30/10	19.26%					
7/1/09 - 12/31/09	19.26%	\$34,679	2009	\$12,636	\$9,628	\$22,264
1/1/09 - 6/30/09	18.76%					
7/1/08 - 12/31/08	18.76%	\$32,874	2008	\$10,771	\$8,802	\$19,573
1/1/08 - 6/30/08	18.99%					

Grand Total Annual Compensation Cost to OCERS									
Calendar Year	Base Salary	Lump Sum/401(a)/Car Allowance	OCERS Annualized Cost of Retirement Benefit (Pension)	Retiree Medical Benefit (annualized cost)	Health Care, Life and Disability Insurance	Optional Benefit Plan	Annual Leave (AL) Cash Out	Employer Portion of Medicare Tax (1.45%)	Total Compensation
2022	\$312,203	\$30,923	\$129,424	\$12,176	\$12,082	\$4,500	\$24,909	\$4,953	\$531,170
2021	\$297,335	\$29,560	\$117,105	\$11,596	\$10,631	\$4,500	\$23,948	\$4,724	\$499,400
2020	\$288,675	\$28,699	\$106,406	\$11,258	\$10,777	\$4,500	\$23,290	\$4,589	\$478,193
2019	\$280,267	\$29,257	\$95,641	\$10,930	\$10,340	\$4,500	\$22,906	\$4,461	\$458,303
2018	\$273,437	\$21,875	\$91,301	\$10,793	\$10,320	\$4,500	\$22,348	\$4,354	\$438,928
2017	\$261,431	\$20,914	\$87,749	\$10,445	\$10,528	\$4,500	\$20,739	\$4,157	\$420,463
2016	\$253,817	\$20,305	\$87,748	\$9,684	\$10,449	\$4,500	\$10,982	\$3,905	\$401,391
2015	\$253,817	\$25,382	\$90,359	\$8,630	\$11,208	\$4,500	\$20,745	\$4,046	\$418,686

11-14-2022 REGULAR BOARD MEETING - A-6 ANNUAL CEO PERFORMANCE REVIEW AND COMPENSATION

2014	\$253,817	\$20,305	\$84,445	\$9,340	\$11,262	\$4,500	\$20,745	\$4,046	\$408,461
2013	\$248,840	\$19,907	\$71,840	\$9,854	\$11,314	\$4,500	\$10,454	\$3,825	\$380,534
2012	\$241,592	\$19,327	\$62,659	\$4,784	\$10,735	\$4,500	\$0	\$3,568	\$347,175
2011	\$203,798	\$25,484	\$74,315	\$5,329	\$9,067	\$4,500	\$0	\$3,020	\$325,514
2010	\$187,117	\$24,149	\$65,685	\$4,800	\$6,173	\$4,500	\$0	\$2,778	\$295,202
2009	\$173,243	\$23,039	\$56,942	\$3,681	\$5,839	\$4,500	\$0	\$2,577	\$269,823
2008	\$164,986	\$22,379	\$52,446	\$5,807	\$6,207	\$4,500	\$0	\$2,458	\$258,782

*Separate & in addition to the County 401(a)

**No DCERS 401a contributions were made on the portion of salary that was added by eliminating auto allowance.

† Human Resources' 2008-2018 Salary CEO CIO Audit Total Compensation 2018
Updated 11/4/2019 L.Borker



Memorandum

DATE: November 14, 2022
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **ADOPT 2023 BOARD MEETING CALENDAR**

Recommendation

Approve the proposed 2023 regular Board and other meeting schedule.

Background/Discussion

Attached is a list of the proposed Board meeting, Investment Committee, Disability Committee, and Strategic Workshop dates for 2023.

Dates in 2023 for other Board Committee meetings such as Audit, Governance, and Personnel will be determined after those committees are assigned in December 2022.

Also attached is a list of important conferences that may be of interest in 2023. This is provided to assist you in your personal calendaring.

While any Trustee is free to pull this item for open discussion, it is hoped adopting the coming year's meeting dates in this manner will encourage meeting standardization.

Attachments:

- 2023 Board and Investment Committee Schedule
- 2023 Conference Dates

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

2023 Meeting Calendar

January						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

February						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

March						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

April						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

May						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

June						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

July						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

August						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

September						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

October						
Su	Mo	Tu	We	Th	Fr	Sa
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8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

November						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

December						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Federal Holidays 2023

Jan 1	New Year's Day	May 29	Memorial Day	Oct 9	Columbus Day	Dec 24	Christmas Eve
Jan 2	New Year's Day Observed	Jul 4	Independence Day	Nov 11	Veterans Day	Dec 25	Christmas Day
Jan 16	Martin Luther King Day	Sep 4	Labor Day	Nov 23	Thanksgiving Day		
Feb 12	Lincoln's Day			Nov 24	Holiday Observed		
Feb 20	Presidents' Day						

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Federal Holidays
Regular Board Meeting
Disability Committee Meeting
Strategic Planning Workshop
Investment Committee Meeting

Audit Committee Meeting
Building Committee Meeting
Governance Committee Meeting
Personnel Committee Meeting

SACRS 2023 CONFERENCES		
Spring Conference	May 9-12, 2023	San Diego, CA
Fall Conference	November 7-10, 2023	Rancho Mirage, CA
SACRS/UC Berkeley Program	July 2023 (No exact date yet)	Berkeley, CA

CALAPRS 2023 CONFERENCES		
General Assembly	March 4-7, 2023	Monterey, CA
Advanced Principals of Pension Governance for Trustees at UCLA	March 29-31, 2023	Los Angeles, CA
Principles of Pension Governance for Trustees at Pepperdine University	Not Yet Listed	Not Yet Listed

NASRA 2023 CONFERENCES		
Winter Meeting	February 25-27, 2023	Washington, DC
Annual Conference	August 5-9, 2023	Broomfield, CO

NCPERS 2022 CONFERENCES		
Legislative Conference	January 22-24	Washington, D.C.
Trustee Educational Seminar (TEDS)	May 20-21, 2023	New Orleans, LA
Program for Advanced Trustee Studies (PATs)	Not Yet Listed	Not Yet Listed

NCPERS Accredited Fiduciary Program (NAF) Modules 1&2	May 20-21, 2023	New Orleans, LA
NCPERS Accredited Fiduciary Program (NAF) Modules 3&4	May 20-21, 2023	New Orleans, LA
Annual Conference & Exhibition (ACE)	May 21-24, 2023	New Orleans, LA
Public Pension Funding Forum	Not Yet Listed	Not Yet Listed
Public Safety Conference	Not Yet Listed	Not Yet Listed

IFEBP 2022 CONFERENCES		
Public Employee Benefits Institute	Not Yet Listed	Not Yet Listed
Health Benefits Conference & Expo	January 31-February 1, 2023	Clearwater Beach, FL
Advanced Trustees and Administrators Institute	February 13-15, 2023	Orlando, FL
68th Annual Employee Benefits Conference	October 1-4, 2023	Boston, MA



Memorandum

DATE: November 14, 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 November 14.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

*Orange County Employees Retirement System
Retirement Board Meeting
November 14, 2022
Application Notices*

<i>Member Name</i>	<i>Agency/Employer</i>	<i>Retirement Date</i>
BARNHART, TROY	Social Services Agency	8/26/2022
BARWICK, KELVIN	Sanitation District	9/9/2022
BOZANICH, CHRISTOPHER	Probation	9/1/2022
BRAYALL, SHARILYN	Probation	9/23/2022
BRENEMAN, JERRY	Fire Authority (OCFA)	9/23/2022
BURGESS, MIKE	Sheriff's Dept	8/26/2022
DIEP, COLLEEN	District Attorney	9/15/2022
EMAN, STEPHANUS	Health Care Agency	7/30/2022
EWING, LYNETTE	Health Care Agency	9/16/2022
FRANKEL, JOSEPH	OC Community Resources	9/4/2022
GADBOIS, BRUCE	OCTA	9/1/2022
GRAY, JOHN	Fire Authority (OCFA)	9/18/2022
HOUSTON, TONICA	Health Care Agency	8/26/2022
HOWELL, SEAN	Sheriff's Dept	8/12/2022
JUAREZ, ELIZABETH	Social Services Agency	9/9/2022
KAMINSKI, MARK	OC Public Works	5/1/2021
KELLEY, BRIAN	Sheriff's Dept	8/28/2022
KERCKHOFF, STEPHANIE	Health Care Agency	7/26/2022
KOGAN, YULIYA	Social Services Agency	9/6/2022
LEGASPE, NELLIE	Social Services Agency	8/2/2022
LIM, HEATHER	Social Services Agency	9/23/2022
LITSEY, MERRILYN	County Clerk/Recorder	9/9/2022
LOMOV, ALEXANDER	Social Services Agency	9/1/2022
LOVEDER, JAMES	Superior Court	9/9/2022
LOZANO, SYLVIA	Auditor Controller	9/11/2022
LUU, BAO	Superior Court	9/9/2022
MACPHERSON, JAMES	Sheriff's Dept	9/9/2022
MATTISON, TINA	Superior Court	8/12/2022
MAZZARINI, PAULO	Sheriff's Dept	9/9/2022
MCLAIN, DANIEL	Sheriff's Dept	9/9/2022
NGUYEN, HUNG	OCTA	9/14/2022
NGUYEN, KEN	Health Care Agency	9/23/2022
NICOLI, DAMON	District Attorney	8/26/2022
NYE, MARK	Probation	9/23/2022
ORTEGA, CHRISTINA	Social Services Agency	9/11/2022
PINHEIRO, EUGENIA	OCTA	8/6/2022
PONTI, ARTHUR	Assessor	9/23/2022
PRABHU, SUNITA	Health Care Agency	8/26/2022
PRICKETT, GREGG	District Attorney	8/26/2022
RICHARDSON, EVELYN	Sheriff's Dept	8/26/2022
RODRIGUEZ, JESUS	OCWR	9/23/2022
SANCHEZ MENES, BEN	Superior Court	9/9/2022
SANCHEZ, MARTIN	Sheriff's Dept	9/9/2022
SEJPAL, NIRUPA	Social Services Agency	9/9/2022
SMITH, GEORGE	OCWR	9/9/2022
SOLIS, FELISA	Health Care Agency	9/9/2022

<i>Member Name</i>	<i>Agency/Employer</i>	<i>Retirement Date</i>
TOMER, JONATHAN	Sheriff's Dept	8/12/2022
TRAN, RICHARD	Social Services Agency	9/9/2022
URE, MEGAN	Social Services Agency	4/1/2022
VAILEA, ALIPATE	OCTA	9/13/2022
WEEMS FULLER, GENA	Superior Court	7/8/2022
WIGHTMAN, TAMMY	Social Services Agency	8/26/2022
WOODS, MARY LOU	Transportation Corridor Agency (TCA)	8/26/2022
ZAKIR, REHAN	Sheriff's Dept	9/23/2022

*Orange County Employees Retirement
Retirement Board Meeting
November 14, 2022
Death Notices*

<i>Retired Members</i>	<i>Agency/Employer</i>
ARCHULETA, MILDRED	Superior Court
ARNELL, JERRY	Child Support Services
AZUELO, JOEY	Probation
BASA, PERCIVAL	Social Services Agency
BENSON, MARTHA	OCWR
CAMOU-WOLFF, ELIZABETH	Health Care Agency
CASTRO, TONY	Probation
DAVIDSON, STANLEY	Child Support Services
DIAZ, RUDOLPH	OCWR
DONEGAN, BRIAN	Sheriff's Dept
ERICKSON, RAE	UCI
GALVEZ, SUSANA	Social Services Agency
GOALBY, HELEN	Health Care Agency
GONZALES, WILLIE	OCTA
HAO, LYDIA	OC Community Resources
HIGHT, ROBERT	Child Support Services
HOLMES, NANCY	Social Services Agency
JONES, DONA	UCI
KARR, RAYMOND	Sheriff's Dept
KIRSTINE, JERRY	Fire Authority (OCFA)
MERRITT, DIANE	Probation
MUNOZ, JOE	Social Services Agency
NELSON, EDITH	Health Care Agency
NELSON, MICHELLE	Probation
SARIN, NIRMALA	Health Care Agency
SELIG, GARY	Child Support Services
SHIM, ANGELA	Health Care Agency
SLIPICH, STEPHEN	OC Public Works
STARKE, WILLIAM	Child Support Services
THOMAS, GERALD	Sanitation District
TRESCOTT, WILLIAM	OCTA
VALLE-OCHOA, JOSE	Health Care Agency

<i>Surviving Spouses</i>	
HALL, MICHAEL	
RECUPERO, JAMES	
SPAINHOWER, DONALD	

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

**GOVERNANCE COMMITTEE MEETING
August 3, 2022
9:00 a.m.**

MINUTES

The Chair called the meeting to order at 9:00 a.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;

Also present:

Adele Tagaloa, Board Member; Shari Freidenrich, Board Member; Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Manuel Serpa, Staff Attorney; Cynthia Hockless, Director of Human Resources; Anthony Beltran, Audio Visual Technician; Carolyn Nih, Recording Secretary

CONSENT AGENDA

C-1 APPROVE GOVERNANCE COMMITTEE MEETING MINUTES

Governance Committee Meeting Minutes

May 3, 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 TRAVEL POLICY

Presentation by Steve Delaney, Chief Executive Officer

Recommendation: Approve, and recommend the Board adopt, revisions to the Travel Policy.

MOTION by Mr. Oates, **seconded** by Ms. Freidenrich, to approve the changes to the Travel Policy.

The motion passed **unanimously**.

A-3 TRIENNIAL REVIEW OF THE TRUSTEE EDUCATION POLICY

Presentation by Steve Delaney, Chief Executive Officer

Recommendation: Approve, and recommend the Board adopt, revision to the Trustee Education Policy.

MOTION by Ms. Freidenrich, **seconded** by Ms. Tagaloa, to approve the changes to the Trustee Education Policy.

The motion passed **unanimously**.

A-4 TRIENNIAL REVIEW OF THE MONITORING AND REPORTING POLICY

Presentation by Steve Delaney, Chief Executive Officer

Recommendation: Approve, and recommend the Board adopt, revisions to the Monitoring and Reporting Policy.

Amended MOTION by Ms. Freidenrich, **seconded** by Ms. Tagaloa, to approve the changes to the Monitoring and Reporting Policy while adding a column to Section 2 to indicate responsible staff member or staff position to clarify expectations.

The motion passed **unanimously**.

A-5 TRIENNIAL REVIEW OF THE MEMBER SERVICES CUSTOMER SERVICE POLICY

Presentation by Suzanne Jenike, Asst. CEO, External Operations

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

MOTION by Ms. Freidenrich, **seconded** by Ms. Tagaloa, to approve the Member Services Customer Service Policy. Amended to add that the policy will likely return to the committee for review more regularly as technology and communication capabilities change.

The motion passed **unanimously**.

A-6 REVIEW OF THE BOARD OF RETIREMENT CHARTER

Presentation by Gina M. Ratto, General Counsel

Recommendation: Consider and thereafter recommend to the Board (1) whether to add a subsection to Section 9 of the Board of Retirement Charter to provide that “the Board may, in its discretion, extend the term of office of a sitting Chair and/or Vice Chair for one calendar year”; and (2) whether extending the term of office of the Chair and/or Vice Chair should require a supermajority vote of the Board.

MOTION by Ms. Freidenrich, **seconded** by Mr. Oates, to approve staff recommendations on the Board of Retirement Charter. Further, an agenda item to confirm the appointment of the new chair will be added to the December Board Meeting.

The motion passed **unanimously**.

COMMITTEE MEMBER COMMENTS

The Committee Members decided to move the October 19 committee meeting from 9:30am to 9:00am.

Orange County Employees Retirement System
May 3, 2022
Governance Committee Meeting – Minutes

Page 3

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

None

COUNSEL COMMENTS

None

ADJOURNMENT at 10:00 a.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
Wednesday, September 28, 2022
2:00 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 1:55 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 Charles Packard, Vice Chair

Absent:

Also

Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Gina Ratto, General Counsel; David Beeson Director of Investments; Tracy Bowman, Direct of Finance Matt Eakin, Director of Information Security; Cynthia Hockless, Director of Human Resources; David Kim, Director of Internal Audit; Jeff Lamberson; Member Services Director; Silviu Ardeleanu, Director of Member Services; Anthony Beltran, Visual Technician; Carolyn Nih and Ayanna McGiffert Recording Secretary.

PUBLIC COMMENTS

None

CONSENT AGENDA

C-1 COMMITTEE MEETING:

Personnel Committee Meeting

August 1, 2022

Recommendation: Approve minutes.

Orange County Employees Retirement System
September 28, 2022
Personnel Committee Meeting - Minutes

Page 2

MOTION by Mr. Packard, **seconded** by Mr. Oates, to approve August 1, 2022, 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 2023 STAFFING PLAN

Presentation Steve Delaney, CEO, OCERS

Recommendation: Approve and recommend the Board of Retirement include the following personnel costs in the 2023 OCERS Budget to be presented at the November 14, 2022, Board meeting:

1. **Add 14 New Positions to the 2023 Budgeted Headcount**
 - A. Add one Project Manager position to the Executive Division
 - B. Add three positions to the Legal Division
 - (1) Chief Compliance Officer
 - (2) Staff Attorney
 - (3) Executive Secretary I
 - C. Add one Investment Officer position to the Investments Division
 - D. Add three Retirement Program Specialists to the Member Services Division
 - E. Add one Information Security Analyst (Staff Analyst) position to the Information Security Department
 - F. Add three positions to the IT Department
 - (1) IT Systems Technician
 - (2) Testing Coordinator (Manager Level)
 - (3) Automation Developer (Manager Level)
 - G. Add two positions to the Human Resources Department
 - (1) Staff Analyst
 - (2) Staff Assistant
2. **Approve the Creation of Three Career Ladders in the Finance and Internal Audit Departments (no change to headcount)**
 - A. Finance Department
 - (1) Senior Accountant to Staff Analyst
 - (2) Accountant Auditor to Senior Accountant
 - B. Internal Audit Department
 - (1) Internal Auditor to Senior Internal Auditor
3. **Approve the Following Add/Drop**
 - A. Add a Director of Communications and drop a Communications Manager position in the Communications department (no change to headcount).

Orange County Employees Retirement System
September 28, 2022
Personnel Committee Meeting - Minutes

Staff would like to have this brought before the board at the October 17, 2022, Board Meeting for approval to be included in the 2023 budget presentation scheduled for November 2022 Board Meeting.

MOTION by Mr. Packard, **seconded** by Mr. Oates, to approve all 3 recommendations of action item A-2.

The motion passed **unanimously**.

The Board recessed for break at 3:34 p.m.

The Board reconvened from break at 3:38 p.m.

Recording Secretary administered the Roll Call attendance

A-3 OCERS CERTIFICATION INCENTIVE PROGRAM

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

Recommendation: Approve and recommend the Board of Retirement the following:

1. Create a second tier of certifications that are eligible for a salary incentive
 - a. TIER 1 = 5.5% annual increase
 - b. TIER 2 = 2.75% annual increase
2. Add one initial certification standard to the First Tier
 - a. Certified Information Systems Security Professional
3. Add two initial certification standards to the Second Tier
 - a. Certified Internal Auditor
 - b. SHRM - Senior Certified Professional
4. Require a minimum of 10 hours of continuing education (CE) for any certification that does not have a CE requirement set by its governing Board.

OR

5. Grant CEO authority to establish standards and make determinations as to eligible certification programs, with informational reports to the PERSONNEL COMMITTEE.

Committee request staff come back to the next Committee Meeting October 12, 2022, with budget impact plan for 2023 as well as continued education plan. Committee would like to know what each education tier consists of, when the increase applies for the continued education plan, ongoing cost for increase, CEO ability to make changes, 3 standards, 20 hour continued education plan requirement and what the process would be if the continued education plan is not completed by staff.

INFORMATION ITEMS

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

Orange County Employees Retirement System
September 28, 2022
Personnel Committee Meeting - Minutes

Page 4

I-1 OCERS COUNTY EMPLOYEES TO OCERS DIRECT STATUS UPDATE

Presentation by Cynthia Hockless, Director of Human Resources, 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 3:54 p.m.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Committee

Chris Prevatt
Chair



Memorandum

DATE: November 14, 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

DECEMBER

- Adopt Annual Work Plan
- Election of the Vice-Chair
- List of Next Year's Committee Assignments
- REAOC Annual Update
- CIO Comments

JANUARY

- Annual Disability Statistics
- Annual OCERS Innovations
- Annual Preview of "Year in Review": Communication Plan
- Board Education Report
- Communication Policy Fact Sheet
- Form 700 Filing Requirements
- Receive Quality of Member Services Report (Tentative)
- CIO Comments
- Annual Information Security Summary (closed session)
- Quarterly Travel and Training Expense Report

FEBRUARY

- Annual Cost of Living Adjustment
- Initial STAR COLA Posting
- Annual Overpaid and Underpaid Plan Benefits Report
- Annual Policy Compliance Report
- CEM Benchmarking Presentation (Every other year)
- Report Outcome of Prior Year Business Plan
- Annual Report of Contracts >\$100,000

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: November 14, 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.

- Σ 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. Contract work is currently in progress.
- Σ An RFP for employee Classification and Compensation Review was released in July. This is to provide benchmarking to compare employee's total compensation versus similar internal and external positions. We re-released the RFP waiting for new Proposals due November 21.
- Σ We sent out an RFP for Consulting Actuary Services in August. 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. We received four (4) proposals are currently evaluating those responses.
- Σ We sent out an RFP for Pension Administration Technology Futurist Consulting Services in August. This RFP is to hire a qualified firm to provide consulting services for the design and implementation of Vision 2030 as it relates to a new Pension Administration system. We received two Proposals that we are currently evaluating.



Memorandum

- Σ We sent out an RFP for a Robotic Process Automation platform and associated services in September. This RFP is to hire a qualified firm to provide software and services to automate processes to increase productivity, efficiency, and accuracy. We received eight Proposals that we are currently evaluating.
- Σ An RFP for Administrative Hearing Officer Services was released in October. Contracts for some of our current Hearing Officers are set to expire and so we must bid-out these services. The Proposals are due December 1.

Submitted by:



JD - Approved

Jim Doezie
Contracts, Risk and Performance Administrator



Memorandum

DATE: November 14, 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:

From Steve Delaney:

- ∑ NASRA News Clips
- ∑ "Microsoft's remote-work-friendly CEO puts his finger on the big problem with working from home"
<https://fortune.com/2022/10/17/microsoft-ceo-satya-nadella-remote-work-problem-productivity-paranoia/amp/>
- ∑ Announcement of the confirmation appointments (Item #1) of Mr. Dewane, Mr. Hidalgo and Mr. Packard, and the confirmation of the election (Item #16) of Mr. Hilton and Ms. Tagaloo. Special thanks to Mr. Eley for more than two decades of service to our members.
https://ocgov.granicus.com/player/clip/4710?view_id=8&redirect=true&h=93daa2d9cd8855f0835522f0730136d

From Robert Kinsler:

- ∑ "Union Announces Strike Against OCTA; Bus Service to Shut Down"
<https://mynews1a.com/business/2022/11/02/union-announces-strike-against-octa-bus-service-to-shut-down-3/>
- ∑ "OCTA Maintenance Employees Strike; OC Bus Service to Halt Beginning Nov. 3"
<https://fullertonobserver.com/2022/11/02/press-release/>
- ∑ "Orange County Bus Service to Shut Down as Union Announces Strike"
<https://www.nbclosangeles.com/news/local/orange-county-bus-service-to-shut-down-as-union-announces-strike/3023504/>

Σ “Orange County buses halted by OCTA strike”

https://dailytitan.com/news/local/bus-services-in-orange-county-halted-amidst-transit-worker-strike/article_d022ce76-5b37-11ed-b7a3-c3d5e3e71783.html

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 September 2022.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Monthly Team Status September 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 September.

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	54	July	0	98%	2,098	3,977	652	6,727
Aug	61	190	59	58	August	0	98%	1,945	4,210	894	7,049
Sep	42	117	70	42	September	0	98%	1,554	3,755	537	5,846
Oct	59	51	67		October						
Nov	49	48	95		November						
Dec	68	66	93		December						
Grand Total	1033	1360	847	958	Grand Total	2	98%	21,368	41,323	7,758	70,449

MEMBER SURVEY RESPONSE

“I wanted to thank your customer support representative for all the help. I had a question about my service credit purchase, and they went out of their way to take the time to help me and complete my purchase. I really appreciate the effort as I was anxious about the cost and wanted to take care of this before I retire in a few months. Thank you again!”

September 2022

“I wanted to thank your OCERS customer support representative for helping me update my tax withholdings. They were extremely kind and professional.”

August 2022

“Kudos to your OCERS customer support representative. They assisted me by explaining the benefit recalculation process. The Representative was patient and professional in a time of frustration for many people retiring. Retirement is a scary transition. Thank you OCERS for being part of the solution by providing very clear information, support, and excellent customer service.”

July 2022



Monthly Team Status September 2022

ACTIVITIES

OCERS YEAR IN REVIEW

On September 6 Ms. Jenike, Ms. Shott and I met via Zoom with the executive team of the Orange County Fire Authority. This is part of our continuing 2021 Year In Review Outreach. Of particular interest was sharing the positive feedback the OCERS team has received from County of Orange Supervisors in reaction to OCFA's continued fast track pay down of their specific agency unfunded liabilities.

COMPLIANCE OFFICER

Ms. Ratto and I held a very informative Zoom meeting on September 8 with Wrally Dutkiewicz, who has served since 2013 as the Compliance Officer for the Contra Costa Employees Retirement Association (CCERA). In preparation for our request that the OCERS Board approve the addition of a Compliance Officer to the OCERS Legal Division staff, we were able to obtain a clear understanding as to how CCERA has used a Compliance function, and how we might integrate a similar approach at OCERS.

MASSACHUSETTS STATE EMPLOYEES RETIREMENT SYSTEM

While attending the recent Council of Institutional Investors conference in Boston, I arranged to spend the afternoon of September 23 at the end of the conference visiting a satellite office of the Massachusetts state pension plan. As many staff were still working virtually, it wasn't easy to get a broad sense of activities underway. I did meet with a retirement counselor and reviewed with him the process they use in meeting with their members as they prepare for retirement (they are once again providing in-person retirement counseling sessions). I reviewed with the counselor their written materials as well, to make a comparison to what we provide. Not as complicated as OCERS when it comes to formulas, the challenge of getting our members to understand what is available to them is the same in every system.

VITECH LEADERSHIP VISIT

On September 28 we hosted a visit from the leadership team of Vitech, the firm that built our V3 pension administration system. We spent some time outlining our VISION 2030 and asking if their new system (V3 now being their legacy system) would have the abilities we are seeking in the coming years. It was a fruitful conversation, but too early to tell if indeed Vitech will have the technology we will be seeking to reach our goal of "no human actors involved in the calculation of a retirement benefit."

UPDATES

INVESTMENT TEAM

Ms. Chary reports on September activities for the investment team:

As of August 31, 2022, the portfolio year-to-date is down 6.7% net of fees, while the one-year return is down 3.5%. The fund value now stands at \$21.0 billion. The OCERS Investment Team closed on 4



Monthly Team Status September 2022

investments totaling \$175 million in September. OCERS' Investment Team participated in the Annual Strategic Planning Workshop. The team put together a highly dynamic agenda, the topics included Liquidity, China, Investment Beliefs, Secondaries, Digital Assets, Inflation and Energy. The OCERS Investment Team has made good progress on the staffing front; Mitchell Peterson and Ryan Durr joined the Investment Team as analysts. The Investment Team completed the Proxy Voting Services RFP and reaffirmed ISS, the incumbent vendor. Finally, the Investment Team in conjunction with the Finance Team has issued an RFP for Global Custody Services

VISION 2030 MULTI EMPLOYER MONTHLY CONFERENCE CALL

Word of our monthly Zoom meeting has gotten out. The value of each agency sharing what they have undertaken in the past month has proved beneficial to all. We had two additional employers reach out and ask to join the Multi-Employer group. Presently made up of OCERS, OC Transportation, OC Superior Courts, and LA County Retirement, we are now joined by representatives of LA City Retirement, and CalOPTIMA Orange County.



As a reminder, you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the November 14 meeting of the OCERS Board of Retirement.



Memorandum

DATE: November 14, 2022
TO: Members of the Board of Retirement
FROM: Tracy Bowman, Director of Finance
SUBJECT: **THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

Written Report

Background/Discussion

The attached financial statements reflect the unaudited financial activity for the nine months ended September 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 third quarter of 2022. The official financial statements of OCERS are included in the Annual Comprehensive Financial Report 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 September 30, 2022, the net position restricted for pension, other postemployment benefits and employer is \$19.5 billion, a decrease of \$1.7 billion, or -7.8%, from September 30, 2021. The change is a result of a decrease in total assets of \$1.7 billion and, offset by a decrease in total liabilities of \$72.8 million as described below:

The \$1.7 billion decrease in total assets can be attributed to decreases of \$1.4 billion in investments at fair value, \$335.2 million in total cash and short-term investments, and \$2.2 million in capital assets, offset by an increase of \$4.1 million in total receivables.

The decrease of \$335.2 million in total cash and short-term investments is related to a decrease in cash and cash equivalents, which decreased \$333.2 million due to the timing of investing employee and employer contributions received during the quarter.

The increase of \$4.1 million in total receivables is related to the timing of pending security sales, which increased by \$3.5 million and other receivables, which increased \$1.4 million due to the timing of investment receivables, offset by decreases in contribution receivables of \$1.8 million due to the timing of when contributions were received.

Total investments at fair value decreased \$1.4 billion, or -6.6%, from September 30, 2021 to September 30, 2022. The total portfolio reported a net loss of -7% for the one-year period. 2022 has continued to be a challenging year, driven by macro-economic factors and geopolitical events. Investors' fears of a recession, contractionary monetary policy from central banks and inflation pressures continued to remain elevated. Global public equity

decreased by \$2.2 billion and core fixed income decreased by \$644.2 million. These decreases were offset by increases in private equity of \$338.4 million, credit of \$85 million, real assets of \$863.7 million, risk mitigation of \$158.2 million and unique strategies of \$3.4 million. Global public equity continued its decline and reported a loss of -21.7% for the one-year period. The core fixed income portfolio was down -11.9% for the one-year period due to high inflation and aggressive interest rate hikes. Corporate bonds and high yield bonds underperformed government bonds as spreads widened. Significant private equity distributions helped enhance the performance numbers as private equity is not mark-to-market and the turmoil in public markets is not yet fully reflected. In addition, there have been 35 new private equity investment managers added since September 30, 2021. The credit portfolio reported a loss of -6.9% for the one-year period, which outperformed the benchmark of -14.5%. Real assets returned 27.5% for the one-year period, 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 13% for the one-year period, outperforming the benchmark of 3.9%. Unique strategies reported a one-year return of 1%.

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

Total liabilities decreased \$72.8 million, or -7.4%, from September 30, 2021 to September 30, 2022, primarily due to the timing of securities purchased, which decreased \$35.2 million and retiree payroll payable which decreased \$68.4 million due to the timing of when October 1 participant benefits were paid out. October 1 landed on a Saturday in 2022, therefore the electronic benefit payments were paid on September 30. These decreases were offset by an increase in unearned contributions, which increased \$22 million due to increases in prepaid employer contributions received for the 2022-2023 prepayment program compared to the prior year's prepayment program.

Statement of Changes in Fiduciary Net Position (Unaudited)

The ending net position restricted for pension, other postemployment benefits and employer as of September 30, 2022, decreased by \$1.7 billion or -7.8%, when compared to the same period ending September 30, 2021.

Total additions to fiduciary net position decreased -177.8% or \$4.8 billion from the previous year. Net investment losses for the nine months ended September 30, 2022, were -\$2.9 billion versus income of \$2 billion for the nine months ended September 30, 2021, a decrease of \$4.8 billion or -245.6%. The main cause of the decrease is due to the net appreciation/(depreciation) in fair value of investments, which decreased \$5 billion from the prior year and was slightly offset by an increase in dividends, interest, and other investment income of \$193 million. The third quarter in 2022 reported a year-to-date loss of -11.2%, compared to a year-to-date return of 11.3% for the third quarter in 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 -26% and private equities reporting a year-to-date return of 1.7%. As mentioned previously, significant distributions from the private equity class helped enhance performance. Core fixed income reported a year-to-date loss of -12.1% due to high inflation and aggressive interest rate hikes, which hit longer duration bonds harder. Credit reported a year-to-date loss of -7.1%. Total investment fees and expenses increased by \$20.2 million in September 2022 primarily due to an increase in investment management fees attributed to the addition of over 43 new investment managers since September 2021.

Total contributions increased \$25.7 million over the prior year mainly due to employer contributions which increased \$26.5 million. This increase can be attributed to an increase in employer contribution rates, offset by decreases of approximately \$885,000 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.

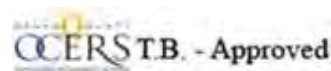
Total deductions from fiduciary net position increased 8%, or \$66.2 million, from the previous year. Participant benefits increased by \$62 million, which is expected due to the continued growth in member pension benefit payments, both in the total number of OCERS' retired members receiving a pension benefit and an increase in the average benefit received. In September 2022, there were 20,304 payees with an average benefit payment of \$4,624 compared to 19,423 payees with an average benefit payment of \$4,416 in September 2021. Total death benefits and members withdrawals and refunds 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 nine months ended September 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 Nine Months Ended September 30, 2022

Orange County Employees Retirement System

Unaudited Financial Statements For the Nine Months Ended September 30, 2022

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Statement of Fiduciary Net Position (Unaudited)

As of September 30, 2022

(with summarized comparative amounts as of September 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	\$ 309,851	\$ 6,849	\$ 818	\$ 736	\$ 318,254	\$ 651,458
Securities Lending Collateral	211,449	4,674	558	-	216,681	218,725
Total Cash and Short-Term Investments	521,300	11,523	1,376	736	534,935	870,183
Receivables						
Investment Income	14,705	325	39	-	15,069	14,173
Securities Sales	112,311	2,483	297	-	115,091	111,593
Contributions	18,215	-	-	-	18,215	20,021
Foreign Currency Forward Contracts	663	15	2	-	680	485
Other Receivables	6,401	141	17	-	6,559	5,208
Total Receivables	152,295	2,964	355	-	155,614	151,480
Investments at Fair Value						
Global Public Equity	7,710,420	170,445	20,361	10,413	7,911,639	10,109,922
Private Equity	3,237,664	71,571	8,550	-	3,317,785	2,979,421
Core Fixed Income	1,728,759	38,216	4,565	5,156	1,776,696	2,420,847
Credit	1,633,616	36,112	4,314	-	1,674,042	1,589,028
Real Assets	2,777,659	61,402	7,335	-	2,846,396	1,982,700
Risk Mitigation	2,060,371	45,546	5,441	-	2,111,358	1,953,182
Absolute Return	-	-	-	-	-	21
Unique Strategies	62,609	1,384	165	-	64,158	60,791
Total Investments at Fair Value	19,211,098	424,676	50,731	15,569	19,702,074	21,095,912
Capital Assets, Net	9,533	-	-	-	9,533	11,780
Total Assets	19,864,226	439,163	52,462	16,305	20,402,156	22,129,355
Liabilities						
Obligations Under Securities Lending Program	211,449	4,674	558	-	216,681	218,725
Securities Purchased	145,737	3,222	385	-	149,344	184,513
Unearned Contributions	479,547	-	-	-	479,547	457,590
Foreign Currency Forward Contracts	3,381	75	9	-	3,465	217
Retiree Payroll Payable	14,668	5,162	894	-	20,724	89,117
Other	40,112	887	106	-	41,105	33,517
Total Liabilities	894,894	14,020	1,952	-	910,866	983,679
Net Position Restricted for Pension, Other Postemployment Benefits and Employer	\$18,999,332	\$ 425,143	\$ 50,510	\$ 16,305	\$19,491,290	\$21,145,676

Statement of Changes in Fiduciary Net Position (Unaudited)

For the Nine Months Ended September 30, 2022

(with summarized comparative amounts for the Nine Months Ended September 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	\$ 535,360	\$ 21,081	\$ 2,570	\$ -	\$ 559,011	\$ 532,471
Employee	201,459	-	-	-	201,459	202,344
Employer OPEB Contributions	-	-	-	503	503	464
Total Contributions	736,819	21,081	2,570	503	760,973	735,279
Investment Income						
Net Appreciation/(Depreciation) in Fair Value of Investments	(3,134,153)	(61,834)	(7,459)	(4,539)	(3,207,985)	1,793,334
Dividends, Interest, & Other Investment Income	450,209	9,952	1,189	-	461,350	268,303
Securities Lending Income						
Gross Earnings	2,223	49	6	-	2,278	933
Less: Borrower Rebates and Bank Charges	(1,659)	(37)	(4)	-	(1,700)	(180)
Net Securities Lending Income	564	12	2	-	578	753
Total Investment Income/(Loss)	(2,683,380)	(51,870)	(6,268)	(4,539)	(2,746,057)	2,062,390
Investment Fees and Expenses	(113,369)	(2,506)	(299)	(3)	(116,177)	(95,949)
Net Investment Income/(Loss)	(2,796,749)	(54,376)	(6,567)	(4,542)	(2,862,234)	1,966,441
Total Additions	(2,059,930)	(33,295)	(3,997)	(4,039)	(2,101,261)	2,701,720
Deductions						
Participant Benefits	832,600	27,876	4,932	-	865,408	803,416
Death Benefits	659	-	-	-	659	820
Member Withdrawals and Refunds	12,493	-	-	-	12,493	9,280
Employer OPEB Payments	-	-	-	1,096	1,096	1,059
Administrative Expenses	17,168	18	17	17	17,220	16,068
Total Deductions	862,920	27,894	4,949	1,113	896,876	830,643
Net Increase/(Decrease)	(2,922,850)	(61,189)	(8,946)	(5,152)	(2,998,137)	1,871,077
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	\$ 18,999,332	\$ 425,143	\$ 50,510	\$ 16,305	\$ 19,491,290	\$ 21,145,676

Total Plan Reserves

For the Nine Months Ended September 30, 2022

(with summarized comparative amounts for the Nine Months Ended September 30, 2021)

(Dollars in Thousands)

	2022	2021
Pension Reserve	\$ 11,839,638	\$ 11,248,117
Employee Contribution Reserve	3,690,953	3,618,461
Employer Contribution Reserve	3,119,374	2,783,581
Annuity Reserve	2,480,661	2,182,197
Health Care Reserve	475,653	496,788
Custodial Fund Reserve	16,305	20,605
County Investment Account (POB Proceeds) Reserve	138,609	165,755
OCSD UAAL Deferred Reserve	15,643	13,433
Contra Account and Actuarial Deferred Return	(2,285,546)	616,739
Total Net Position Restricted for Pension, Other Postemployment Benefits and Employer	<u>\$ 19,491,290</u>	<u>\$ 21,145,676</u>

Schedule of Contributions

For the Nine Months Ended September 30, 2022

(with summarized comparative amounts for the Nine Months Ended September 30, 2021

(Dollars in Thousands)

	2022		2021	
	Employee	Employer	Employee	Employer
Pension Trust Fund Contributions				
County of Orange	\$ 150,619	\$ 424,007	\$ 152,748	\$ 395,781
Orange County Fire Authority	22,390	68,269 ¹	21,780	72,552 ¹
Orange County Superior Court of California	11,227	30,420	11,490	27,623
Orange County Transportation Authority	8,420	24,770	7,568	22,339
Orange County Sanitation District	6,267	6,441	6,277	6,429
Orange County Employees Retirement System	856	2,679	880	2,469
UCI - Medical Center and Campus	-	2,455 ²	-	2,440 ²
City of San Juan Capistrano	577	1,602	548	1,824
Transportation Corridor Agencies	604	698	568	650
Cypress Recreation and Parks District	-	596 ³	-	-
Orange County Department of Education	-	288 ²	-	286 ²
Orange County Cemetery District	143	214	135	175
Orange County Local Agency Formation Commission	34	146	95	127
Orange County In-Home Supportive Services Public Authority	108	146	35	142
Children and Families Commission of Orange County	91	143	102	145
Orange County Public Law Library	123	96	118	102
Contributions Before Prepaid Discount	201,459	562,970	202,344	533,084
Prepaid Employer Contributions Discount	-	(27,610)	-	(22,316)
Total Pension Trust Fund Contributions	201,459	535,360	202,344	510,768
Health Care Fund - County Contributions	-	21,081	-	20,349
Health Care Fund - OCFA Contributions	-	2,570	-	1,354
Custodial Fund - OCTA OPEB Contributions	-	503	-	464
Total Contributions	\$ 201,459	\$ 559,514	\$ 202,344	\$ 532,935

¹ Unfunded actuarial accrued liability payments were made in 2022 for \$8.8 million and 2021 for \$11.7 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.

³ This balance reflects the unfunded actuarial accrued liability obligation payment made in July 2022 to fund the obligations for the ongoing benefits owed to Cypress Recreation & Parks District's retired and disabled employees and their survivors and beneficiaries.

Schedule of Investment Expenses

For the Nine Months Ended September 30, 2022

(with summarized comparative amounts for the Nine Months Ended September 30, 2021)

(Dollars in Thousands)

	2022	2021
Investment Management Fees*		
Global Public Equity	\$ 11,024	\$ 14,342
Core Fixed Income	1,864	1,961
Credit	7,291	9,023
Real Assets	25,947	21,756
Absolute Return	-	1
Private Equity	26,118	19,818
Risk Mitigation	16,065	9,274
Unique Strategies	734	967
Short-Term Investments	172	304
Total Investment Management Fees	89,215	77,446
Other Fund Expenses¹	22,115	13,961
Other Investment Expenses		
Consulting/Research Fees	1,775	1,625
Investment Department Expenses	2,175	2,137
Legal Services	434	329
Custodian Services	435	435
Investment Service Providers	25	14
Total Other Investment Expenses	4,844	4,540
Security Lending Activity		
Security Lending Fees	147	190
Rebate Fees	1,553	(10)
Total Security Lending Activity	1,700	180
Custodial Fund - OCTA Investment Fees and Expenses	3	2
Total Investment Expenses	\$ 117,877	\$ 96,129

* 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 Nine Months Ended September 30, 2022

(with summarized comparative amounts for the Nine Months Ended September 30, 2021)

(Dollars in Thousands)

	2022	2021
Pension Trust Fund Administrative Expenses		
Expenses Subject to the Statutory Limit		
Personnel Services		
Employee Salaries and Benefits	\$ 10,740	\$ 9,912
Board Members' Allowance	10	11
Total Personnel Services	10,750	9,923
Office Operating Expenses		
Depreciation/Amortization	1,956	1,933
Professional Services	1,514	1,519
General Office and Administrative Expenses	1,352	1,098
Rent/Leased Real Property	635	531
Total Office Operating Expenses	5,457	5,081
Total Expenses Subject to the Statutory Limit	16,207	15,004
Expenses Not Subject to the Statutory Limit		
Information Technology Professional Services	274	480
Information Security Professional Services	49	79
Finance Professional Services	43	-
Actuarial Fees	236	286
Equipment/Software	359	167
Total Expenses Not Subject to the Statutory Limit	961	1,012
Total Pension Trust Fund Administrative Expenses	17,168	16,016
Health Care Fund - County Administrative Expenses	18	17
Health Care Fund - OCFA Administrative Expenses	17	18
Custodial Fund - OCTA Administrative Expenses	17	17
Total Administrative Expenses	\$ 17,220	\$ 16,068

Administrative Expense Compared to Actuarial Accrued Liability

For the Nine Months Ended September 30, 2022

(Dollars in Thousands)

Actuarial Accrued Liability (AAL) as of 12/31/21	\$ 25,091,400
Maximum Allowed for Administrative Expense (AAL * 0.21%)	52,692
Actual Administrative Expense ¹	<u>16,207</u>
Excess of Allowed Over Actual Expense	<u>\$ 36,485</u>
Actual Administrative Expense for the nine months ended 9/30/22 as a Percentage of Actuarial Accrued Liability as of 12/31/21	0.06%
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	\$ 17,168
Less: Administrative Expense Not Considered per CERL Section 31596.1	<u>(961)</u>
Administrative Expense Allowable Under CERL Section 31580.2	<u>\$ 16,207</u>



Memorandum

DATE: November 14, 2022
TO: Members of the Board of Retirement
FROM: Tracy Bowman, Director of Finance
SUBJECT: **THIRD QUARTER 2022 BUDGET TO ACTUALS REPORT**

Written Report

Highlights

Third Quarter Target: 75% Used /25% Remaining

	Actuals to Date	Amended Budget	Budget Remaining (\$)	Budget Remaining (%)
Administrative Expenses				
Personnel Costs	\$ 12,582,997	\$ 19,287,569	\$ 6,704,572	34.8 %
Services and Supplies	7,472,362	13,503,415	6,031,053	44.7 %
Capital Expenditures	422,379	1,092,000	669,621	61.3 %
Grand Total	\$ 20,477,738	\$ 33,882,984	\$ 13,405,246	39.6 %

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 nine months ended September 30, 2022, year-to-date actual administrative expenses were \$20,477,738 or 39.6% of the \$33,882,984 amended administrative budget and below the 75% target set for the end of the third quarter amended budget by approximately \$4.9 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	\$ 12,582,997	\$ 19,287,569	\$ 6,704,572	65.2 %	\$ 14,465,677	\$ 1,882,680
Services and Supplies						
Building Property Management and Maintenance	595,121	750,000	154,879	79.3 %	562,500	(32,621)
Due Diligence Expenses	10,231	100,000	89,769	10.2 %	75,000	64,769
Equipment - Rent and Leases	39,550	54,500	14,950	72.6 %	40,875	1,325
Equipment and Software	652,741	1,192,000	539,259	54.8 %	894,000	241,259
Infrastructure	648,676	1,196,300	547,624	54.2 %	897,225	248,549
Legal Services	645,238	960,000	314,762	67.2 %	720,000	74,762
Meetings and Related Costs	20,417	66,950	46,533	30.5 %	50,213	29,796
Memberships	48,116	81,735	33,619	58.9 %	61,301	13,185
Office Supplies	59,818	110,000	50,182	54.4 %	82,500	22,682
Postage and Delivery Costs	105,832	134,000	28,168	79.0 %	100,500	(5,332)
Printing Cost	55,168	61,000	5,832	90.4 %	45,750	(9,418)
Professional Services	4,139,633	7,861,810	3,722,177	52.7 %	5,896,358	1,756,725
Subscriptions and Periodicals	36,147	49,900	13,753	72.4 %	37,425	1,278
Telephone and Internet	245,513	307,000	61,487	80.0 %	230,250	(15,263)
Training and Related Costs	170,161	578,220	408,059	29.4 %	433,665	263,504
Total Services and Supplies	7,472,362	13,503,415	6,031,053	55.3 %	10,127,562	2,655,200
Administrative Expense - Subtotal	20,055,359	32,790,984	12,735,625	61.2 %	24,593,240	4,537,881
Capital Expenditures**	422,379	1,092,000	669,621	38.7 %	819,000	396,621
Grand Total	\$ 20,477,738	\$ 33,882,984	\$ 13,405,246	60.4 %	\$ 25,412,240	\$ 4,934,502

*Prorated budget represents 75% (9 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 September 30, 2022 were approximately \$12.6 million or 65.2% of the annual amended budget for this category, under the prorated amended budget by \$1,882,680. Personnel Costs are under budget due to budgeted positions that remained vacant during the first half of the year. During the third quarter, many of these vacancies have been filled and other recruitments are in process. The budget also accounts for annual leave expense and liability accounts that 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. Personnel costs will increase in the coming months as open positions are filled, but are expected to be within budget for the year.

Services and Supplies

Expenditures for services and supplies were approximately \$7.5 million or 55.3% of the annual amended budget for this category. The variance of \$2,655,200 between the prorated amended budget and year-to-date actuals in this category is primarily due to the following (note: under budget differences less than \$5,000 have been deemed immaterial and are excluded from the discussion below):

- ∑ Building Property Mgmt./Maintenance costs utilized 79.3% of the annual budget and are higher than the prorated budget by \$32,621. The higher overall cost is due to timing of funding requests from

OCERS' 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 10.2% of the annual budget and lower than the prorated budget by \$64,769. The lower than budgeted cost is due to the investment team conducting limited in-person meetings and travel during the first half of the year. Most due diligence meetings have been held by telephone or video conference, but as travel restrictions related to COVID-19 have lifted, this category is expected to increase.
- ∑ Equipment/Software expense utilized 54.8% of the annual amended budget, and lower than the prorated budget by \$241,259. The lower-than-expected expenditures are the result of various projects budgeted for the year which have not been implemented as of the third quarter, including the IT Help Desk Solution and Imaging System. Other projects which were budgeted for a full year were implemented in the third quarter or will be implemented during the fourth quarter.
- ∑ Infrastructure costs are at 54.2% of the annual amended budget resulting in an unused prorated budget of \$248,549. 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 67.2% of the budget and are lower than the prorated budget by \$74,762. 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 \$16,000 for the third quarter. General board, tax counsel and outside counsel services are under budget by approximately \$7,000. Other litigation costs budgeted are currently under budget by approximately \$52,000. 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 \$20,417 or 30.5% of the total amended budget, and under the prorated budget by \$29,796. This category represents expenditures related to Board and Committee meetings which resumed in-person during the second quarter. Also included in this category are team member meetings, which are being held both virtually and in-person. 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.
- ∑ Memberships expense is at 58.9% of the annual amended budget and below the prorated budget by \$13,185. 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 54.4% of the amended budget and lower than the prorated budget by \$22,682. Usage of this category has increased as new team members have on-boarded and existing OCERS team members have returned to the office resulting in the need for additional office supplies.
- ∑ Postage is at 79.0% of the annual amended budget and above the prorated budget by \$5,332. The amount over budget is trending downward from the second quarter. The costs are related to the mailing of three quarterly newsletters, which have 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.
- ∑ Printing Cost is at 90.4% of the annual amended budget and above the prorated budget by \$9,418. The printing cost of the quarterly newsletters sent to all members has been greater than the amount

budgeted. This category is expected to remain over budget for the year but is not expected to require a budget amendment as the total category for services and supplies is expected to remain underbudget for the year.

- ∑ Professional Services utilized 52.7% of the annual amended budget and are lower than the prorated budget by \$1,756,725 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.
- ∑ Telephone and Internet expenditures were 80.0% of the amended budget and over the prorated budget by \$15,263. 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, telecom service plans and internet service costs have been trending higher than budgeted. This category is expected to remain slightly over budget for the year and is not expected to require a budget amendment as the total category for services and supplies is expected to remain underbudget for the year.
- ∑ Training and Related Costs are at 29.4% of the annual amended budget and lower than the prorated budget by \$263,504. Training costs are significantly below budget since all travel-related training and conferences were primarily virtual during the half of the year and are typically less expensive than in-person training or conferences. As of the third quarter, conferences requiring travel have resumed, and additional training is scheduled in the upcoming months. Training expenditures are expected to continue to increase but stay within budget for the year.

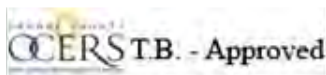
Capital Expenditures

Total costs incurred for capital projects at the end of the third quarter are \$669,621, 38.7% of the amended budget. The Capital Expenditures budget includes \$532,000 for the board room audio/visual equipment project, which is nearing completion and incurred \$339,470 as of the end of the third quarter. The capital expenditures budget also includes \$110,000 for a roof replacement that was completed during the second quarter and incurred costs 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 third quarter, the Administrative Budget based on actuals is at 60.4% 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