

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

**REGULAR MEETING
Monday, April 17, 2023
9:30 A.M.**

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 (information below) from any location.

OCERS Zoom Video/Teleconference information	
<p>Join Using Zoom App (Video & Audio)</p> <p>https://ocers.zoom.us/j/89208510905</p> <p>Meeting ID: 892 0851 0905 Passcode: 389209</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> <p>+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> <p>Meeting ID: 892 0851 0905 Passcode: 389209</p>
<p>A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page</p>	

AGENDA (AMENDED)

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.

1. CALL MEETING TO ORDER AND ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. BOARD MEMBER STATEMENT REGARDING PARTICIPATION VIA ZOOM UNDER “JUST CAUSE” EXCEPTION (Government Code section 54953(e)(2))
4. PUBLIC COMMENTS

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. When addressing the Committee, please state your name for the record prior to providing your comments. Speakers will be limited to three (3) minutes.

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 Committee; and (2) any matter appearing on the Consent Agenda.

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.

- Richards, Danny
- Rowe, Erin
- Counts, Christopher

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes March 20, 2023

Recommendation: Approve minutes.

C-3 OUTCOMES FROM THE AUDIT COMMITTEE MEETING ON FEBRUARY 14, 2023 AND APRIL 5, 2023

Recommendation: The Audit Committee recommends the Board adopt the following:

1. Actuarial Audit of OCERS’s 2021 Actuarial Valuation
2. Revisions to the Operational Risk Policy as presented
3. Revisions to the OCERS’ Audit Committee Charter as presented
4. Revisions to the OCERS’ Internal Audit Charter as presented
5. Revisions to the Ethics, Compliance, and Fraud Hotline Policy as presented

C-4 OUTCOMES OF THE MEETING OF THE GOVERNANCE COMMITTEE HELD ON MARCH 23, 2023

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

1. The **Governance Committee Charter** with revisions approved by the Committee
2. The **CEO Charter** with revisions approved by the Committee
3. The **Public Records and Data Request Policy** with no substantive revisions
4. The **SACRS Voting Authority Policy** with no substantive revisions
5. The **Procurement and Contracting Policy** with revisions approved by the Committee
6. The **OCERS Rules of Parliamentary Procedure** with revisions approved by the Committee
7. The new **OCERS Administrative Procedure Re: Documentation of Birthdate and Marriage/Domestic Partnership**

DISABILITY/MEMBER BENEFITS AGENDA

9:30 AM

NOTE: WHEN CONSIDERING DISABILITY RETIREMENT APPLICATIONS OR MEMBER APPEALS OF DISABILITY RETIREMENT DETERMINATIONS, THE BOARD MAY ADJOURN TO CLOSED SESSION TO DISCUSS MATTERS RELATING TO THE MEMBER’S APPLICATION OR APPEAL PURSUANT TO GOVERNMENT CODE SECTIONS 54957 OR 54956.9. IF THE MATTER IS A DISABILITY APPLICATION UNDER SECTION 54957, THE MEMBER MAY REQUEST THAT THE DISCUSSION BE IN PUBLIC.

OPEN SESSION

CONSENT ITEMS

All matters on the Consent Agenda are to be approved by one action unless a Board member requires separate action on a specific item. If separate action is requested, the item will be discussed in closed session during agenda item DA-1.

DC-1: BRUCE FRAZEE

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-2: ROBERT FRICK

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 October 7, 2022.

DC-3: DARRYL KIRBY

Maintenance Supervisor, 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 31, 2022.

DC-4: DEANN KURIMAY

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 11, 2022.

DC-5: TIMOTHY LOYA

Fire Captain, 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

DA-2: MINH TAM THI LUONG

Senior Public Health Nurse, Orange County Health Care Agency

Recommendation: Disability Committee recommends that the Board:

- Approve and adopt the findings and recommendations of the Hearing Officer as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations, dated December 12, 2022 (Recommendations) wherein the Hearing Officer recommended that the Board deny the Applicant (Minh Tam Thi Luong) service-connected disability retirement.

DA-3 MONICA RANGEL-SANTOS

Eligibility Technician, Orange County Social Services Agency

Recommendation: Disability Committee recommends that the Board:

- Approve and adopt the findings and recommendations of the Hearing Officer as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations (Modified), dated March 1, 2023 (“Modified Recommendation”), wherein the Hearing Officer recommends that the Board find the Applicant, Monica Rangel-Santos, is not permanently incapacitated from the substantial performance of her usual and customary duties. If the Board finds the Applicant is not permanently incapacitated, then the Alternative Recommendations (defined herein) are unnecessary, and the application for service and non-service connected disability retirement benefits must be denied under Government Code §§31720 and 31724.

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 SACRS BOARD OF DIRECTORS ELECTION 2023-2024 – DIRECTION TO OCERS’ VOTING DELEGATE
Presentation by Gina M. Ratto, General Counsel

Recommendation: Consider the SACRS Nominating Committee’s recommended slate of candidates and the list of additional candidates interested in running for the election of SACRS Directors; and give direction to OCERS’ Voting Delegate and Alternate Delegates for the SACRS Board of Directors election to be held during the SACRS Spring Conference on May 12, 2023.

INFORMATION ITEMS

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

Presentations

I-1 HARASSMENT PREVENTION TRAINING

Presentation by Susan Arduengo, Partner, Burke, Williams & Sorenson

I-2 COVID-19 UPDATE

Presentation by Steve Delaney, Chief Executive Officer, OCERS

WRITTEN REPORTS

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

R-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices
Death Notices

April 17, 2023
April 17, 2023

R-2 COMMITTEE MEETING MINUTES

- October 2022- Governance Committee Minutes
- February 2023- Audit Committee Minutes

R-3 CEO FUTURE AGENDAS AND 2023 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 QUARTERLY TRAVEL AND TRAINING EXPENSE REPORT

Written Report

R-8 INCENTIVE COMPENSATION PROGRAM (2022)

Written Report

CLOSED SESSION ITEMS

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

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

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

**April 19, 2023
9:00 A.M.**

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

**2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701**

DISABILITY COMMITTEE MEETING

**May 17, 2023
8:30 A.M.**

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

**2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701**

REGULAR BOARD MEETING

**May 17, 2023
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

Orange County Employees Retirement System
April 17, 2023
Regular Board Meeting – Agenda

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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: April 17, 2023
TO: Members of the Board of Retirement
FROM: Jonathea Tallase, Member Services Manager
SUBJECT: **OPTION 4 RETIREMENT ELECTION – DANNY RICHARDS**

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 November 23, 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
mcalcagno@segalco.com

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

Personal and Confidential

January 10, 2023

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 Danny B. Richards**

Dear Jonathea:

Pursuant to your request, we have determined the Option 4 benefits payable to Danny B. Richards and his ex-spouse based on the unmodified benefit and other information provided in the System's request dated December 21, 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	November 23, 2022
Plan of Membership	General Plan J
Monthly Unmodified Benefit	\$4,649.38
Ex-Spouse's Share of Monthly Unmodified Benefit	22.98%
Retirement Type	Service Retirement

Jonathea Tallase
January 10, 2023
Page 2

We calculated the adjustment to the member's unmodified benefit to provide a 22.98% 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		
Annuity:	\$1,707.79	
Pension:	<u>1,873.16</u>	
Total:	\$3,580.95	\$0.00
Monthly benefit payable to ex-spouse ¹	\$934.20	\$934.20

Actuarial Assumptions

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

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: Pub-2010 General Healthy Retiree 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 40% male and 60% female for members.

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 60% male and 40% female for beneficiaries.

¹ This is equal to 22.98% of the member's unmodified benefit (i.e., 22.98% * \$4,649.38 or \$1,068.43) 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.

Jonathea Tallase
January 10, 2023
Page 3

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

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

Sincerely,



Molly Calcagno, ASA, MAAA, EA
Actuary

MYM/bbf



January 13, 2023

Danny B. Richards

Re: Retirement Election Confirmation – Option 4

Dear Mr. RICHARDS:

You have elected Option 4 as your retirement option. This option will provide a 22.98% of your monthly benefit, for the life of the benefit, to:

RICHARDS, JULIE

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 22.98% continuance to RICHARDS, JULIE.


Member Signature (Date)

Sincerely,

Christine Guerrero
Retirement Program Specialist



Memorandum

DATE: April 17, 2023
TO: Members of the Board of Retirement
FROM: Jonathea Tallase, Member Services Manager
SUBJECT: **OPTION 4 RETIREMENT ELECTION – ERIN ROWE**

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 her service retirement allowance as required by her Domestic Relations Order (DRO), effective January 20, 2023. 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
Senior Actuary
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mcalcagno@segalco.com

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San Francisco, CA 94105-6147
segalco.com

Personal and Confidential

April 4, 2023

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 Erin Rowe**

Dear Jonathea:

Pursuant to your request, we have determined the Option 4 benefits payable to Erin Rowe and her ex-spouse based on the unmodified benefit and other information provided in the System's request dated March 31, 2023.

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

Member's Date of Birth	
Ex-Spouse's Date of Birth	
Date of Retirement	January 20, 2023
Plan of Membership	General Plan J
Monthly Unmodified Benefit	\$7,782.99
Ex-Spouse's Share of Monthly Unmodified Benefit	31.89%
Retirement Type	Service Retirement

Jonathea Tallase
 April 4, 2023
 Page 2

We calculated the adjustment to the member's unmodified benefit to provide a 31.89% continuance to the ex-spouse. As instructed by OCERS, the cost to provide the continuance benefit to the ex-spouse is paid for entirely by the ex-spouse.

	Payable while the Member is Alive	Payable after the Member's Death
Monthly benefit payable to member		
Annuity:	\$1,385.81	
Pension:	<u>3,915.18</u>	
Total:	\$5,300.99	\$0.00
Monthly benefit payable to ex-spouse¹	\$2,310.35	\$2,310.35

Actuarial Assumptions

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

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: Pub-2010 General Healthy Retiree 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 40% male and 60% female for members.

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 60% male and 40% female for beneficiaries.

¹ This is equal to 31.89% of the member's unmodified benefit (i.e., 31.89% * \$7,782.99 or \$2,482.00) 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.

Jonathea Tallase
April 4, 2023
Page 3

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

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

Sincerely,



Molly Calcagno, ASA, MAAA, EA
Senior Actuary

JY/bbf



April 11, 2023

Erin B. Rowe

Re: Retirement Election Confirmation – Option 4

Dear Ms. ROWE:

You have elected Option 4 as your retirement option. This option will provide a 31.89% of your monthly benefit, for the life of the benefit, to:

Mark Douglas

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

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

I understand that my retirement option is irrevocable; by choosing Option 4 I will take a monthly reduction in order to provide a 31.89% continuance to Mark Douglas.

Erin B. Rowe 4/12/23

Member Signature/Date

Sincerely,

Erika Gonzalez
Retirement Program Specialist



Memorandum

DATE: April 17, 2023
TO: Members of the Board of Retirement
FROM: Jonathea Tallase, Member Services Manager
SUBJECT: **OPTION 4 RETIREMENT ELECTION – CHRISTOPHER COUNTS**

Recommendation

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

Background/Discussion

This member elected Option 4 as the benefit payment option for his service retirement allowance as required by his Domestic Relations Order (DRO), effective March 10, 2023. 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
Senior Actuary
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mcalcagno@segalco.com

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Personal and Confidential

April 14, 2023

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

**Re: Orange County Employees Retirement System (OCERS)
Option 4 Calculation for Christopher Counts**

Dear Jonathea:

Pursuant to your request, we have determined the Option 4 benefits payable to Christopher Counts and his ex-spouse based on the unmodified benefit and other information provided in the System's request dated April 12, 2023.

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	March 10, 2023
Plan of Membership	General Plan J
Monthly Unmodified Benefit	\$5,141.50
Ex-Spouse's Share of Monthly Unmodified Benefit	17.14%
Retirement Type	Service Retirement

Jonathea Tallase
 April 14, 2023
 Page 2

We calculated the adjustment to the member's unmodified benefit to provide a 17.14% 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		
Annuity:	\$1,864.41	
Pension:	<u>2,395.84</u>	
Total:	\$4,260.25	\$0.00
Monthly benefit payable to ex-spouse ¹	\$763.44	\$763.44

Actuarial Assumptions

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

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: Pub-2010 General Healthy Retiree 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 40% male and 60% female for members.

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 60% male and 40% female for beneficiaries.

¹ This is equal to 17.14% of the member's unmodified benefit (i.e., 17.14% * \$5,141.50 or \$881.25) 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.

Jonathea Tallase
April 14, 2023
Page 3

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

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

Sincerely,



Molly Calcagno, ASA, MAAA, EA
Senior Actuary

JY/bbf



April 14, 2023

Christopher A. Counts

Re: Retirement Election Confirmation – Option 4

Dear Mr. Counts:

You have elected Option 4 as your retirement option, as required by your DRO. This option will provide 17.14% of your monthly benefit, for the life of the benefit, to:

Kimberly Counts

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 17.14% continuance to Kimberly Counts.

 4/14/23

Member Signature / Date

Sincerely,



Jonathea Tallase
Member Services Manager

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

**REGULAR MEETING
Monday, March 20, 2023
9:30 A.M.**

MINUTES

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

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present in Person: Shawn Dewane, Chair; Adele Tagaloa, Vice Chair; Charles Packard, Chris Prevatt, Richard Oates, Arthur Hidalgo, Shari Freidenrich, Wayne Lindholm, Roger Hilton, Jeremy Vallone

Present via Zoom:

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; Jeff Lamberson, Director of Member Services; Silviu Ardeleanu, Director of Member Services; Cynthia Hockless, Director of Human Resources; Fong Tse, Operations Manager; Anthony Beltran, Audio-Visual Technician; Carolyn Nih, Recording Secretary

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

Absent:

Ms. Freidenrich arrived at 9:35 am.

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.

- Perea, Julie
- Henningham, La Vette

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

February 21, 2023

Recommendation: Approve minutes.

MOTION by Mr. Lindholm, **SECONDED** by Mr. Oates, to approve the Consent Agenda items, C-1 and C-2.

The motion passed **unanimously**.

DISABILITY/MEMBER BENEFITS AGENDA

OPEN SESSION

CONSENT ITEMS

DC-1: JANNIE BAUTISTA

Information Processing Technician, Orange County Health Care Agency (General Member)

Recommendation: Disability Committee recommends that the Board:

- Deny service and non-service connected disability retirement, without prejudice, because the member opted not to join in on the employer filed application.

DC-2: ALDENISE BELCER

Office Specialist, Orange County Child Support Services (General Member)

Recommendation: Disability Committee recommends that the Board:

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

DC-3: NATHAN BROWN

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

Recommendation: Disability Committee recommends that the Board:

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

DC-4: MARK BUBERL

Senior Public Works Specialist, City of San Juan Capistrano (General Member)

Recommendation: Disability Committee recommends that the Board:

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

DC-5: AMIJO CHIPPARI

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

Recommendation: Disability Committee recommends that the Board:

- Deny service and non-service connected disability retirement, without prejudice, because the member opted not to join in on the employer filed application.

DC-6: BRET CLARK

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

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as December 16, 2022.

DC-7: JOEL CUNNINGHAM

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

Recommendation: Disability Committee recommends that the Board:

- Deny service and non-service connected disability retirement, without prejudice, because the member opted not to join in on the employer filed application.

DC-8: DELBERT FARLEY

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

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as July 9, 2021.

DC-9: LISA FETTIS

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

Recommendation: Disability Committee recommends that the Board:

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

DC-10: RUSSELL GARCIA

Firefighter, Orange County Fire Authority (Safety Member)

Recommendation: Disability Committee recommends that the Board:

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

DC-11: MICHELLE JACKSON

Coach Operator, Orange County Transportation Authority (General Member)

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as June 7, 2020.

DC-12: JAMES MC ALPIN

Battalion Chief, Orange County Fire Authority (Safety Member)

Recommendation: Disability Committee recommends that the Board:

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

DC-13: LISA PEDROZA

Coach Operator, Orange County Transportation Authority (General Member)

Recommendation: Disability Committee recommends that the Board:

- Grant non-service connected disability retirement.
- Set the effective date as May 10, 2020.

DC-14: JUSTIN SMITH

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

Recommendation: Disability Committee recommends that the Board:

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

MOTION by Mr. Hidalgo, **SECONDED** by Mr. Packard, to approve items, DC-1 through DC-14 on the Disability Consent Agenda.

The motion passed **unanimously**.

CLOSED SESSION- PULLED

DA-2: MINH TAM THI LUONG - PULLED

Senior Public Health Nurse, Orange County Health Care Agency

Recommendation: Disability Committee recommends that the Board:

- Approve and adopt the findings and recommendations of the Hearing Officer as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations, dated December 12, 2022 (Recommendations) wherein the Hearing Officer recommended that the Board deny the Applicant (Minh Tam Thi Luong) service-connected disability retirement.

DA-2 was pulled by applicant for more time.

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 2023 STAR COLA FINAL APPROVAL

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

Recommendation: Approve payment of STAR COLA for the period April 1, 2023 through March 31, 2024 in the amount of \$447,841.

Ms. Sara Harms from REAOC spoke in favor of the STAR COLA.

MOTION by Mr. Hilton, **SECONDED** by Ms. Tagaloa, to approve staff recommendation.

The motion passed **unanimously**.

A-3 DISABILITY PROCESS OVERSIGHT IN THE COMING DECADE

Presentation by Steve Delaney, Chief Executive Officer, Suzanne Jenike, Assistant CEO, OCERS

Recommendation: Staff recommends that the Board of Retirement approve the addition of a Director of Disability to the 2023 Staffing Plan and drop the position of Disability Supervisor.

Indicating that his discussion on this topic with the Board in February had been flawed as it had suggested the request for a Director position was an issue of Span of Control, when it is more appropriately an issue of experience and expertise. Mr. Delaney with assistance from Ms. Jenike

then shared a PowerPoint presentation that he hoped would better demonstrate to the Board the need for a Director position.

After discussion, **MOTION** by Mr. Packard, **SECONDED** by Mr. Prevatt, to approve staff recommendation.

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. Oates		
Mr. Hidalgo	Ms. Freidenrich		
Mr. Lindholm	Mr. Hilton		
Mr. Packard			
Mr. Prevatt			
Ms. Tagaloa			

INFORMATION ITEMS

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

Presentations

I-1 UPDATE OF STAFF WORK AS A RESULT OF COUNTY RESOLUTION IMPACTING THE ALAMEDA IMPLEMENTATION

Presentation by Suzanne Jenike, Assistant CEO, OCERS

Ms. Jenike informed the Board that good progress is being made in gathering the data needed to determine the impact the County resolution may have on implementing the *Alameda* decision. Ms. Jenike emphasized that the County resolution applies to approximately half of the members identified as subject to the *Alameda* decision and staff are calling this project Alameda II. Ms. Jenike informed the Board that the staff are continuing with the work associated to the other group, the non-County resolution impacted group. This group is being referred to as Alameda I. Ms. Jenike reported that she will return to the Board once a determination has been made as to how the County resolution will impact the pension benefits of Alameda II individuals.

I-2 VISION 2030 – AN UPDATE

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Mr. Delaney provided a number of highlights via a PowerPoint presentation, as to progress being made by staff in reaching the Vision 2030 goal of “no human involved in the calculation of a retirement benefit.” Mr. Delaney discussed the contract with Roboyo to begin work on process automation. Mr. Gossard joined to share an update on work to complete a master repository of policies and procedures. Mr. Nguyen joined at the conclusion of the presentation to demonstrate the possibilities becoming available via technology with the recent release of ChatGPT.

I-3 COVID-19 UPDATE

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Mr. Delaney shared about the OCERS approach to COVID-19, with staff continuing a hybrid attendance program and still monitoring to follow Cal/OSHA rules.

The Board recessed for break at 10:50 a.m.

Ms. Tagaloa left the meeting at 10:54 a.m.

The Board reconvened from break at 11:02 a.m.

Recording Secretary administered the Roll Call attendance.

WRITTEN REPORTS

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

R-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices
Death Notices

March 20, 2023
March 20, 2023

R-2 COMMITTEE MEETING MINUTES

- November 2022 - Building Committee Minutes

R-3 CEO FUTURE AGENDAS AND 2023 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 FIRST QUARTER REVIEW OF OCERS 2023-2025 STRATEGIC PLAN

Written Report

R-8 FOURTH QUARTER 2022 BUDGET VS. ACTUALS REPORT

Written Report

R-9 FOURTH QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

Written Report

R-10 OCERS CONFLICT OF INTEREST CODE – DETERMINING WHO MUST FILE A FORM 700

Orange County Employees Retirement System
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Written Report

R-11 QUARTERLY BUSINESS CONTINUITY DISASTER RECOVERY UPDATES
Written Report

Adjourn to closed session at 11:03 a.m.

CLOSED SESSION ITEMS

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

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

Recommendation: Take appropriate action.

Return to open session at 11:10 a.m.

No reportable action taken

CIO COMMENTS- CIO commented on recent events pertaining to Silicon Valley Bank and Signature Bank. She shared that the Investment Team is closely monitoring OCERS exposure and the effects of the bank to the overall market.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS- CEO commented to staff that we have several new 100 year old members. The Board suggested that we also look to see if there were any 100 year old Trustees as well.

COUNSEL COMMENTS- none

BOARD MEMBER COMMENTS- Mr. Hilton had a question regarding the securities litigation firm selection process and asked if it should be re-reviewed by the Governance Committee.

Meeting **ADJOURNED** at 11:52am in memory of active members, retired members, and surviving spouses who passed away this month.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Board

Shawn Dewane
Chairman



Memorandum

DATE: April 17, 2023
TO: Members of the Board
FROM: David Kim, Director of Internal Audit
SUBJECT: **OUTCOMES FROM THE AUDIT COMMITTEE HELD ON FEBRUARY 14, 2023 AND APRIL 5, 2023**

Recommendation

The Audit Committee recommends that the Board receive and file the following:

1. Actuarial Audit of OCERS's 2021 Actuarial Valuation
2. Revisions to the Operational Risk Policy as presented
3. Revisions to the OCERS's Audit Committee Charter as presented
4. Revisions to the OCERS's Internal Audit Charter as presented
5. Revisions to the Ethics, Compliance, and Fraud Hotline Policy as presented

Background/Discussion

The Audit Committee met on February 14, 2023 to review the results from the Actuarial Audit of OCERS's 2021 Actuarial Valuation and to perform the triennial review of the *Operational Risk Policy*, the *Audit Committee Charter* and the *Internal Audit Charter*. The Audit Committee met on April 5, 2023 and performed the triennial review of the *Ethics, Compliance, and Fraud Hotline Policy*. The Committee supports the results in the actuarial audit report along with the changes to the policies and charter as set forth below.

Actuarial Audit of OCERS's 2021 Actuarial Valuation

Cheiron representatives presented the results of their actuarial audit of OCERS's 2021 actuarial valuation to the Audit Committee. Cheiron's audit report concludes that the liabilities and costs computed in the actuarial valuation as of December 31, 2021 are reasonably accurate and were computed in accordance with generally accepted actuarial principles. Cheiron also discussed their recommendations regarding Segal's calculations related to a member's entry age and years of service.

Revisions to the Operational Risk Policy

The Audit Committee conducted the triennial review of the Operational Risk Policy at its meeting on February 14, 2023. The Committee approved the non-substantive clarifying revisions to the policy.

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

Revisions to the OCERS's Audit Committee Charter

The Audit Committee conducted the triennial review of the Audit Committee Charter at its meeting on February 14, 2023. The Committee approved non-substantive clarifying revisions to the charter and the following addition to the charter as recommended by Staff:

- Include resources to the items the Audit Committee would inquire of the Director of Internal Audit that may impede Internal Audit in Section 5.d.7.

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

Revisions to the OCERS's Internal Audit Charter as presented

The Audit Committee conducted the triennial review of the Internal Audit Charter at its meeting on February 14, 2023. The Committee approved non-substantive clarifying revisions to the charter and the following addition to the charter as recommended by Staff:

- Include "resources" to the items the Audit Committee would inquire of the Director of Internal Audit that may impede Internal Audit in Section 4.f; and
- Include the following statement, "The Board of Retirement established an Audit Committee to assist in overseeing the audit function within OCERS" in section 5.

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

Revisions to the Ethics, Compliance, and Fraud Hotline Policy

The Audit Committee conducted the triennial review of the Ethics, Compliance, and Fraud Hotline Policy at its meeting on April 5, 2023. The Committee approved non-substantive clarifying revisions to the policy and the following updates to the policy as recommended by Staff:

- Update the title from Manager of Administrative Services to Director of Human Resources in section 7; and
- Include General Counsel to the communication of any illegal acts reported to the hotline in section 10.

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

Submitted by:



DK-Approved

David Kim
Director of Internal Audit



Classic Values, Innovative Advice

Orange County Employees Retirement System

**Actuarial Review of the
December 31, 2021 Actuarial
Valuation and 2019 Actuarial
Experience Study**

Produced by Cheiron

December 2022

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Via Electronic Mail

January 18, 2023

Board of Trustees
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Anna, California 92701

Members of the Board,

Cheiron is pleased to present the results of our actuarial audit of the December 31, 2021 actuarial valuation of the Orange County Employees Retirement System (OCERS) and peer review of the Actuarial Experience Study covering the period from January 1, 2017 to December 31, 2019, performed by Segal Consulting (Segal). We would like to thank Segal for providing us with information and explanations that facilitated the actuarial audit process and ensured that our findings are accurate and benefit OCERS.

We direct your attention to the executive summary section of our report which highlights the key findings of our review. The balance of the report provides details in support of these findings along with supplemental data, background information, and discussion of the process used in the evaluation of the work performed by Segal.

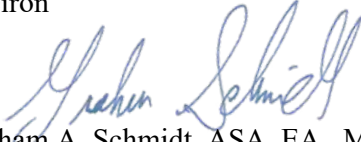
In preparing our report, we relied on information (some oral and some written) supplied by OCERS and Segal. This information includes, but is not limited to, actuarial assumptions and methods adopted by OCERS, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness in accordance with Actuarial Standard of Practice No. 23. A detailed description of all information provided for this review is provided in the body of our report.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Board of Trustees
Orange County Employees Retirement System
January 18, 2023

This report was prepared exclusively for the Orange County Employees Retirement System for the purpose described herein. This report is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

Sincerely,
Cheiron



Graham A. Schmidt, ASA, EA, MAAA, FCA
Consulting Actuary



Anne Harper, FSA, EA, MAAA
Principal Consulting Actuary

**ACTUARIAL AUDIT REPORT OF THE
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM**

SECTION I – EXECUTIVE SUMMARY

Scope of Assignment

Cheiron performed a complete independent replication of the OCERS December 31, 2021 Actuarial Valuation and Review and reviewed the January 1, 2017 to December 31, 2019 Actuarial Experience Study.

We reviewed the census data provided by OCERS staff and compared it to the information used by Segal in their valuations. We then performed a full parallel valuation, including the calculation of the projected benefits, actuarial accrued liability, and normal cost for all OCERS members, and compared the results to those shown in Segal’s actuarial valuation report.

Additionally, Cheiron performed a review of the assumptions used by Segal for the December 31, 2021 valuation, as reflected in the actuarial experience study covering the period from January 1, 2017 through December 31, 2019. This review did not constitute a full replication of the experience study; it was focused on a review of the recommendations and communications from Segal, based on the information provided within the study.

This audit provides OCERS confirmation that the results reported by Segal can be relied upon, the actuarial methods and assumptions comply with Actuarial Standards of Practice (ASOP), and the communication of the actuarial valuation results is complete and reasonable.

Key Findings and Recommendations

The main findings of our review are outlined below.

1. We are able to confirm that the liabilities and costs computed in the valuation as of December 31, 2021 are reasonably accurate and were computed in accordance with generally accepted actuarial principles. For the scope of this audit, materiality means the results in aggregate are within industry standards of plus or minus 5%.
2. We found two small technical issues in Segal’s coding of their valuation system related to:
 - The calculation of a member’s entry age to determine age-based member contribution rates
 - The service used to determine when a Safety member reaches 30 years of service and their employee contributions cease.

If these were corrected, the result would be a slight reduction to the overall employer contribution rate of approximately 0.10% of payroll. We do not believe either of these issues represents a significant finding since the impacts on the overall funding requirements of the System are very small.

3. We have reviewed the economic and demographic assumptions recommended in the Actuarial Experience Study for the period ending December 31, 2019. In general, we have found them to be reasonable and in accordance with generally accepted actuarial principles.

**ACTUARIAL AUDIT REPORT OF THE
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM**

SECTION I – EXECUTIVE SUMMARY

In particular, we support the change to use benefit-weighted instead of headcount-weighted mortality tables and the recommendation for service retirement rates to be based both on age and service, both of which were suggestions from our previous actuarial audit.

However, we have a few recommendations for Segal to consider at the time of their next Actuarial Experience Study:

- Review the assumed retirement age for deferred vested members separately for those who work for a reciprocal system and those who do not.
- Review the probability that a terminated member will establish reciprocity by analyzing actual retirements for terminated OCERS members during the experience study period and distinguishing the percentage that were active members with a reciprocal system after their employment at OCERS, rather than using the percentage of current terminated members that have actually reported reciprocity to OCERS.
- Review the retirement experience for members with less than 30 years of service in two service groupings (less than 20 years and 20 to 29 years of service) instead of one group.
- Disclose the number of exposures, actual, and expected decrements for each of the demographic assumptions (i.e., retirement, termination, disability, and death).

**ACTUARIAL AUDIT REPORT OF THE
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM**

SECTION II – REVIEW OF ACTUARIAL VALUATION RESULTS

This section summarizes our review of the actuarial valuation and experience study and our recommendations.

Valuation Procedures

Overall, we find that the December 31, 2021 actuarial valuation procedures applied in the reporting of the funded status and the determination of the funding requirements based on the current funding policies and adopted assumptions are technically reasonable and conform to the ASOPs. This is based on our review of the valuation report, the census data used in the valuation, individual sample lives and our parallel valuation using the information described above.

Valuation Results

Our independent replication of the December 31, 2021 actuarial valuation found no material difference in calculations of plan liabilities, actuarial value of assets, and overall contribution rates from the amounts calculated by Segal based on the adopted assumptions and methods. For the scope of this audit, materiality means the results in the aggregate were within industry standards of plus or minus 5%. Consequently, we conclude that the valuation prepared by Segal for OCERS as of December 31, 2021 is reasonable and can be relied on by the Board for its intended purpose. Our replication of the measures of plan liabilities and costs is summarized in Table II-1 below.

Table II-1			
Summary of Valuation Results as of December 31, 2021			
(\$ in millions)			
	Segal	Cheiron	Ratio
Actuarial Accrued Liability	\$ 24,016	\$ 23,922	99.6%
Actuarial Value of Assets	<u>19,489</u>	<u>19,489</u>	100.0%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 4,527	\$ 4,433	97.9%
Funded Percentage	81.1%	81.5%	100.4%
Contribution Rate by Component			
Employer Normal Cost Rate	14.46%	14.53%	100.5%
UAAL Rate	<u>23.36%</u>	<u>22.87%</u>	97.9%
Total Employer Contribution	37.82%	37.40%	98.9%

We note that all results are within 5% of Segal's calculations.

**ACTUARIAL AUDIT REPORT OF THE
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM**

SECTION II – REVIEW OF ACTUARIAL VALUATION RESULTS

During the independent replication and review of sample lives from Segal, we found two small technical issues in Segal’s coding of their valuation system that would impact the weighted average of the employee contribution rates used the valuation results. The net employer normal cost rate is the total normal cost rate less the weighted average of the members’ contribution rate in total and by each Rate Group. In both instances, Segal is slightly undervaluing the weighted average of the employee contribution rates, which Segal confirmed in an email correspondence on September 23, 2022.

The first issue is the calculation of each active member’s entry age which determines their individual member contribution rate used in the valuation. These calculations are necessary since the actual member contribution rates are not provided in the raw census data. Section 31620 of the CERL requires that the calculation uses “nearest age” which is the same as standard rounding. However, Segal is using the member’s “completed or attained age”, which results in a lower entry age of one year less than the CERL requires for about half the members in their coding. Since member contribution rates increase with entry age, lower entry ages results in lower member contribution rates and slightly higher employer normal cost rates. If Segal were to update the rounding convention to calculate members’ entry ages using the method required by the CERL, we estimate it would reduce the employer normal cost rates by approximately 0.06% of pay, on average.

The second is issue is that Segal is including reciprocal service for the purpose of determining when a Safety member has 30 years of service and can cease their member contributions (i.e., the 30-year cutoff). Our understanding, based on CERL Sections 31664.1 and 31664.2, is that reciprocal service does **not** count towards the 30-year cutoff. If Segal were to exclude reciprocal service in this calculation, we estimate it would reduce the overall employer rate by about 0.03% pay, driven by a reduction of about 0.28% of pay for Safety Rate Group #8.

Again, we do not believe either of these issues represents a significant finding since the impacts on the overall funding requirements of the System are very small.

**ACTUARIAL AUDIT REPORT OF THE
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM**

SECTION II – REVIEW OF ACTUARIAL VALUATION RESULTS

Our independent replication of the December 31, 2021 actuarial valuation found no material differences in the calculation of plan liabilities, actuarial value of assets, or overall contribution rates from the amounts calculated by Segal based on the adopted assumptions and methods. For the scope of this audit, materiality means the results in the aggregate were within industry standard of plus or minus 5%.

Our replication of the actuarial accrued liability by Rate Group is shown below in Table II-2. We note that the liabilities by Rate Group are all within the 5% threshold.

Table II-2			
Actuarial Accrued Liability by Rate Group			
(\$ in millions)			
	Segal	Cheiron	Ratio
General Members			
Rate Group #1	\$ 544.0	\$ 543.7	99.9%
Rate Group #2	13,398.4	13,335.2	99.5%
Rate Group #3	835.0	830.7	99.5%
Rate Group #5	1,069.8	1,065.8	99.6%
Rate Group #9	56.4	56.4	100.0%
Rate Group #10	299.9	297.8	99.3%
Rate Group #11	13.6	13.5	99.3%
Rate Group #12	12.1	12.0	99.5%
Safety Members			
Rate Group #6	\$ 998.2	\$ 1,006.3	100.8%
Rate Group #7	4,707.7	4,696.4	99.8%
Rate Group #8	2,080.9	2,064.2	99.2%
Combined	\$ 24,016.0	\$ 23,922.0	99.6%

**ACTUARIAL AUDIT REPORT OF THE
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM**

SECTION II – REVIEW OF ACTUARIAL VALUATION RESULTS

Our replication of the employer contribution rates by Rate Group is shown below in Table II-3. We note that the employer rates by Rate Group are all within the 5% threshold.

Table II-3 Comparison of Employer Contribution Rates			
	Segal	Cheiron	Ratio
General Members			
Rate Group #1	13.53%	13.64%	100.8%
Rate Group #2	37.69%	37.27%	98.9%
Rate Group #3	11.82%	11.90%	100.7%
Rate Group #5	28.74%	28.68%	99.8%
Rate Group #9	12.81%	12.87%	100.5%
Rate Group #10	22.20%	21.36%	96.2%
Rate Group #11	13.47%	13.04%	96.8%
Rate Group #12	13.01%	13.09%	100.6%
Safety Members			
Rate Group #6	52.95%	52.82%	99.8%
Rate Group #7	58.70%	58.15%	99.1%
Rate Group #8	36.02%	34.95%	97.0%
Combined	37.82%	37.40%	98.9%

In determining the unfunded actuarial liability, Segal relies on reserve balances provided by OCERS, as well as information related to the liabilities associated with the withdrawal calculations for individual employers provided outside of the actuarial valuation report. Our review did not include an audit of these additional sources of information.

**ACTUARIAL AUDIT REPORT OF THE
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM**

SECTION II – REVIEW OF ACTUARIAL VALUATION RESULTS

Employee Contribution Rates

As part of the audit, we replicated the calculations of the individual employee contribution rates based on the applicable provisions of the County Employees Retirement Law (the CERL) and our understanding of additional cost-sharing as described in the valuation report. For the Non-PEPRA (Legacy) tiers, we understand the employee Basic or “Normal” contribution rates to be made up of the following components:

Plan/Tier	Code Section	Member Contribution Provides Average Annuity	FAS Period
General I	31621.8	1/100th of Final Average Salary (FAS) at age 55	1 year
General H,J	31622.8	1/100th of Final Average Salary (FAS) at age 55	3 year
General B,N,P	31621	1/120th of Final Average Salary (FAS) at age 60	3 years
General S	31621.2	1/100th of Final Average Salary (FAS) at age 60	3 years
General A	31621.5	1/200th of Final Average Salary (FAS) at age 60	1 year
Safety F,R	31639.25	1/100th of Final Average Salary (FAS) at age 50	3 years

Non-PEPRA Safety members with 30 or more years of service (and General members hired on or before March 7, 1973) are exempt from paying member contributions.

We independently calculated the individual employee contribution rates based on the applicable provisions of the CERL and calculated the future Cost-of-Living costs. We have shown our comparison to Segal’s calculated rates for the sample Entry Age of 35 in Table II-4 on the following page. For all Rate Groups, our calculations of the Normal (non-COLA) rates are within 1.5% of Segal’s rates and our Total rates are within 2.5% of Segal’s rates for all Legacy tiers.

We also compared the individual employee contribution rates for sample Entry Ages of 25 and 45. We found that all member rates were within the 5% threshold for both the Normal and Total contribution rates.

**ACTUARIAL AUDIT REPORT OF THE
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM**

SECTION II – REVIEW OF ACTUARIAL VALUATION RESULTS

Table II-4 Member Contribution Rates Comparison by Plan Sample Entry Age 35						
Plan	Segal		Cheiron		Ratio	
	Normal	Total	Normal	Total	Normal	Total
General Tier 1						
Plan A (OCTA)	4.43%	7.51%	4.44%	7.67%	100.1%	102.1%
Plan I	10.24%	14.55%	10.26%	14.64%	100.2%	100.6%
General Tier 2						
Plan B (OCSD)	7.08%	10.17%	7.11%	10.14%	100.4%	99.7%
Plan B (OCTA)	7.08%	10.04%	7.11%	10.10%	100.4%	100.6%
Plan B (County/IHSS)	7.08%	9.79%	7.11%	9.79%	100.4%	100.0%
Plan H (OCSD)	9.82%	13.62%	9.86%	13.62%	100.4%	100.0%
Plan H (Law Library)	9.82%	13.57%	9.86%	13.57%	100.4%	100.0%
Plan J (non-OCFA)	9.82%	13.95%	9.86%	13.94%	100.4%	99.9%
Plan J (OCFA)	9.82%	13.88%	9.86%	13.87%	100.4%	99.9%
Plan N (non-OCFA)	7.08%	10.46%	7.11%	10.42%	100.4%	99.6%
Plan N (OCFA)	7.08%	11.14%	7.11%	10.99%	100.4%	98.6%
Plan P	7.08%	9.00%	7.11%	9.03%	100.4%	100.4%
Plan S (City of SJC)	8.50%	12.39%	8.53%	12.32%	100.3%	99.4%
Safety Tier 2						
Plan F (OCFA)	11.80%	19.76%	11.83%	19.88%	100.3%	100.6%
Plan F (Law Enf)	12.29%	20.78%	12.46%	20.86%	101.4%	100.4%
Plan F (Probation)	11.97%	19.79%	12.05%	19.47%	100.7%	98.4%
Plan R (OCFA)	11.80%	19.87%	11.83%	20.33%	100.3%	102.3%
Plan R (Law Enf)	12.29%	19.57%	12.46%	19.78%	101.4%	101.1%

For the PEPRA members, the employee contribution rates were calculated following the proposed methodology outlined in Segal’s December 4, 2012 letter. The total member rates computed for the new CalPEPRA tiers are designed to provide for 50% of the total normal cost rate within each Rate Group. We checked that the total member rates determined by Segal meet this requirement and all Rate Groups are within the 5% margin.

The Segal methodology is commonly used by ’37 Act systems (determining Basic rates and then applying a COLA load based on each years’ valuation results) and appears to meet the requirement that “*Any increases in contribution shall be shared equally between the county or district and the contributing members*” (CERL 31873). However, we have previously shared with Segal’s



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SECTION II – REVIEW OF ACTUARIAL VALUATION RESULTS

consultants an alternative methodology for determining employee COLA contribution rates, which involves calculating a distinct COLA rate for each individual entry-age, rather than applying a certain percentage load to the Basic rates. This methodology has the advantage of avoiding annual changes to the COLA contribution rates; the COLA rates will only change if there is a modification to the benefit provisions or actuarial assumptions.

Census Data

We reviewed the information in the raw census data provided to us by OCERS Staff and Segal's processed valuation data that was used in the December 31, 2021 actuarial valuations. Table II-5 below shows the comparison of OCERS raw data with slight modifications based on the data questions provided to OCERS by Segal and the OCERS responses. Note that the average compensation for active members shown for OCERS is prior to any projection to 2022.

Table II-5 Summary of Member Statistics as of December 31, 2021			
	Segal	OCERS Data	Ratio
Active Members			
Total Number	22,011	22,011	100.0%
Average Age	44.9	44.9	100.0%
Average Service	12.4	12.4	100.0%
Average Compensation ¹	\$ 93,258	\$ 87,991	94.4%
Vested Terminated Members			
Total Number	7,238	7,238	100.0%
Average Age	45.0	45.0	100.0%
Service Retirees			
Total Number	15,607	15,649	100.3%
Average Age	70.3	70.3	100.0%
Average Monthly Benefit	\$ 4,717	\$ 4,703	99.7%
Disabled Retirees			
Total Number	1,561	1,565	100.3%
Average Age	66.2	66.1	99.8%
Average Monthly Benefit	\$ 4,360	\$ 4,350	99.8%
Beneficiaries			
Total Number	2,658	2,653	99.8%
Average Age	73.3	73.4	100.1%
Average Monthly Benefit	\$ 2,402	\$ 2,401	100.0%

*Segal's average compensation includes projected salary increases for the coming year

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SECTION II – REVIEW OF ACTUARIAL VALUATION RESULTS

We find that the data used in the valuation is valid, complete and contains the necessary data elements for purposes of performing the actuarial valuation of OCERS. We also find that the methods and requirements provided in the Actuarial Standard of Practice No. 23 *Data Quality* have been adhered to, to the extent applicable for the valuation of pension plan obligations.

Plan Provisions

We compared the summary of plan provisions shown in Section 4, Exhibit 2 of Segal’s December 31, 2021 valuation report to the benefits as summarized in the member handbooks shown on the OCERS website. In general, the plan provisions shown in the exhibit match what is in the handbooks. Based on our close match of the Segal liabilities as part of our parallel valuation, we conclude that Segal has appropriately reflected these provisions in the actuarial valuation, with the exception of the two minor coding issues described elsewhere in our report.

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SECTION III – REVIEW OF ACTUARIAL ASSUMPTIONS

Actuarial Assumptions

The December 31, 2021 actuarial valuation was based on the assumptions ultimately adopted by the OCERS Board, based on recommendations made by Segal in the Actuarial Experience Study covering the three-year period ending December 31, 2019. As part of our actuarial audit review, we have performed a peer review of this study. Our suggested recommendations for the next Actuarial Experience Study are outlined in this section.

Demographic Assumptions

Retirement age for deferred vested members

Segal recommends different assumed retirement ages for General and Safety inactive members with a deferred benefit. However, the assumed retirement age is the same regardless of whether the inactive member works for a reciprocal employer subsequent to their departure from OCERS. The current assumed retirement age for deferred vested members is 59 for General and age 54 for Safety.

We have generally found for the systems we work with that the age at which deferred vested members typically commence benefits differs between those who have and have not established reciprocity, with those who establish reciprocity commencing benefits later, on average. This makes intuitive sense, since the members with reciprocity may benefit from deferring their retirement, if the final average compensation used to determine their OCERS benefit continues to increase during their employment with the other system. The same incentive does not exist for members without reciprocity.

In particular, Safety members under Section 31664.1 (3.0% @ 50) who are not working for a reciprocal system do not have *any* incentive to postpone retirement beyond age 50, since their benefit multiplier does not increase beyond that point. In fact, if they postpone retirement to age 54 (based on the current assumption), they will forfeit four years of benefit payments and the associated potential cost of living adjustments, with no additional benefits accruing during that period. We suggest that Segal review the assumed commencement age for deferred vested members separately for those who have and have not established reciprocity, since the current assumptions will potentially produce future actuarial losses for deferred vested members without reciprocity if their actual age at retirement is earlier.

Reciprocity rates for deferred vested members

As part of their last experience review, Segal recommended an assumption that 15% of General and 20% of Safety deferred vested members will go on to be covered by a reciprocal retirement system. These assumptions are lower than the rates of reciprocity we have seen at other 1937 Act systems.

Segal noted that they reviewed the data for all deferred vested members and not “just new deferred vested members during the three-year period. This is because there is usually a lag between a member’s date of termination and the time that it is know if they have reciprocity with a reciprocal retirement system.”

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However, for many of the 1937 Act plans we work with, members may not report that they have established reciprocity with another system until just prior to retirement. Therefore, we generally request that the system provide us with information on the number of members that have retired from deferred status and have reciprocity with another system during the experience study period or we perform our own research on these members, rather than just looking at the data reported on those who have terminated. When we have reviewed reciprocity rates under both methods – by looking at new terminations and newly retired deferred vested members who subsequently were employed by a reciprocal system - the rates are substantially higher when looking at recent retirements.

We performed an independent analysis of the current OCERS deferred vested membership, reviewing approximately 100 Safety and 70 General members who had not reported any reciprocity to OCERS as indicated in the raw census data. We searched for these individuals using publicly-available sources (including <https://transparentcalifornia.com/>) and found that approximately 31% and 33% of these General and Safety deferred vested members, respectively, are likely to have gone to work for another public/government employer within California.

We suggest that as part of the next experience study for OCERS, Segal considers analyzing this assumption using retirement experience of deferred vested members in addition to their current method of analyzing the data for deferred vested members.

Retirement Rates

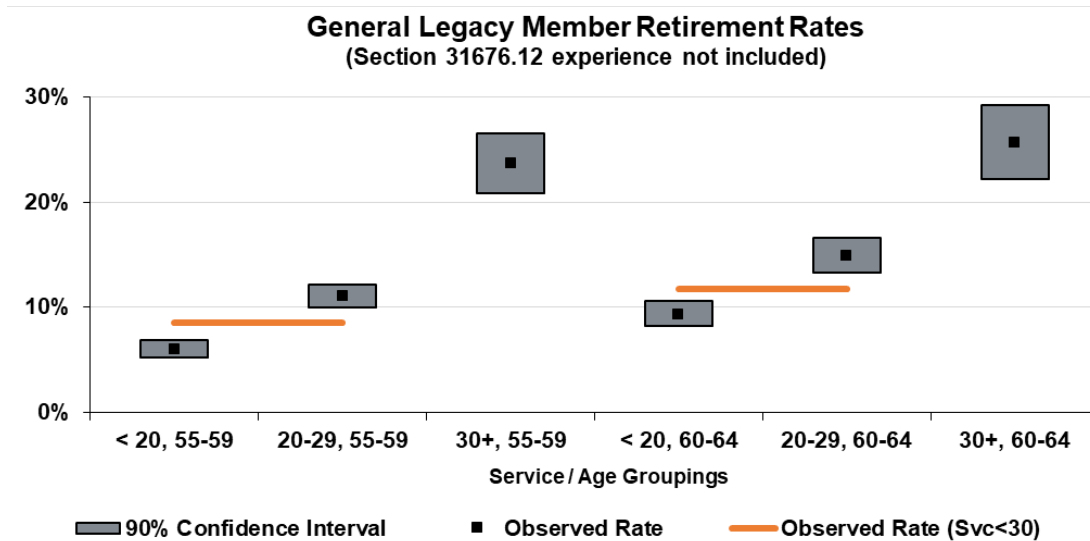
We strongly support Segal’s recommendation to use a different set of retirement rates for actives who have less than 30 years of service and those who have 30 or more years of service. It is intuitive and reasonable to assume that, for two members of the same age, the one with the higher level of service will be more likely to retire, if for no other reason than the higher-service member is more likely to have achieved their desired level of post-retirement replacement income. On page 31 and 32 of their Actuarial Experience Study report for the three-year period ending December 31, 2019, Segal shows the actual OCERS retirement experience is significantly different for actives with less than 30 years of service compared to actives with more than 30 years of experience.

However, as part of our previous review of the OCERS Actuarial Experience Study for the three-year period ending December 31, 2016, we found that retirement experience also varied significantly for the period from 2014-2016 for members with less than 20 years of service compared to those with 20-29 years of service (as shown in the graph on the next page for certain General retirement experience). This experience shows that a large difference exists between both the observed rates (black squares) and the 90% confidence intervals (gray boxes) at all of the selected service levels, not just above and below 30 years of service. The 90% confidence interval is a statistical measure of where the true retirement rate falls within a 90% certainty.

The left side of the graph shows the General retirement experience for active members retiring between the ages of 55-59 at three difference service levels (less than 20 years of service, 20-29 years of service, and 30 or more years of service). The right side of the graph shows the same experience except for ages 60-64. In both age groupings, the actual retirement experience for those with less than 20 years of experience is materially lower than those with 20-29 years of experience, yet the current retirement assumptions are the same for both service groupings.

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This discrepancy in the rates matters, because all other things being equal, the liabilities will be more heavily weighted towards those with higher levels of service (and thus higher benefits). If the retirement rates accurately predict the number of retirements by age but overestimate the number of retirements for those with low levels of service and underestimate the number of retirements for those with high levels of service, it is likely that the assumptions will underestimate the future liabilities and costs of the System. We note that Segal’s recommendation to split the retirement rates by those with more or less than thirty years of service and increase the rates for the higher service individuals had the largest impact of any of the demographic assumption changes in the 2019 experience study

Other Demographic Assumptions

We believe the analysis and assumptions proposed by Segal for the other demographic assumptions – including disability and termination rates, merit and promotional (merit) pay increases, percentage married and assumed spouse age differences, and assumptions regarding additional cashouts for terminal pay – are reasonable based on the information presented, and consistent with the methods and assumptions we have seen used at other systems.

For future studies, we recommend Segal disclose the number of exposures, actual, expected and proposed decrements (or the benefit-weighted amounts, if applicable) for the demographic assumptions to provide more transparency. Segal shows only the actual, expected, and proposed **rates** of decrement. Thus, it is unclear how much data was available and used in setting the assumptions and if a change is warranted based on the amount of information in the analysis.

Economic Assumptions

The Actuarial Experience Study we are reviewing was published in August 2020 and since then, the economic environment has changed dramatically. Inflation and interest rates are higher than



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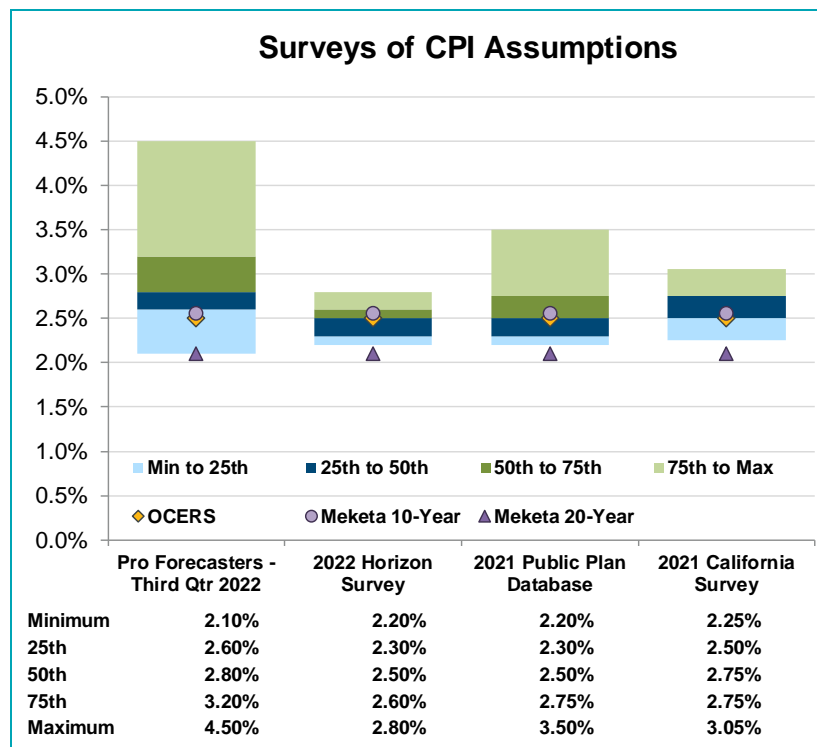
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they have been in decades and there is significant volatility in the investment markets. The capital market assumptions used in the Actuarial Experience Study report were developed by investment consultants using the market conditions at the end of 2019. However, the economic assumptions used in the December 31, 2021 actuarial valuation report are reasonable and consistent with those of their peers who have conducted more recent experience studies.

Inflation

We believe Segal’s recommended inflation assumption of 2.50% still represents a reasonable long-term assumption. Our analysis of the inflation assumption includes reviewing inflation surveys and market indicators of inflation expectations.

The chart below shows the range of inflation expectations of a Federal Reserve survey of professional economic forecasters from the Federal Reserve survey (10-year forecasts), investment consultants from the Horizon survey (20-year forecasts) as well as a comparison of inflation assumptions among OCERS public plan peers in California and nationally. All the surveys had a median inflation expectation between 2.50% and 2.80%.

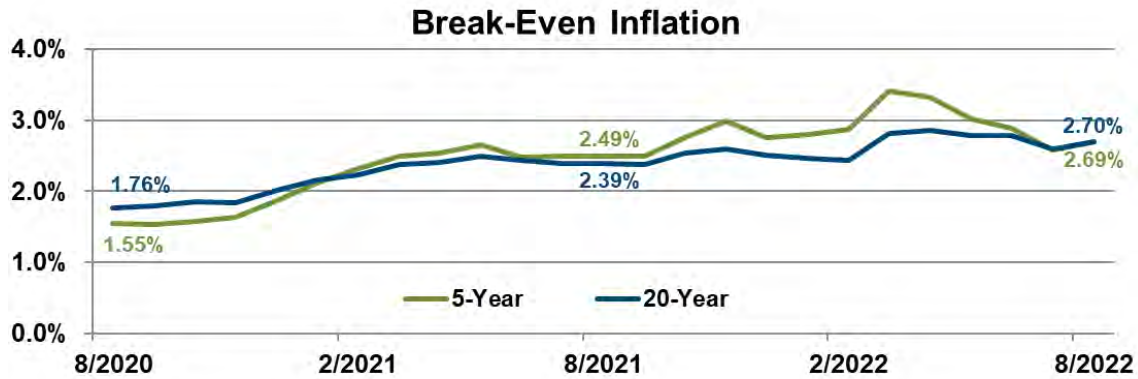


Meketa’s inflation assumptions are based on their June 2022 capital market assumptions.

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Another measure of the future expectations of inflation is called “break-even inflation” which is the difference between yields on nominal Treasury securities and Treasury Inflation-Protected Securities (TIPS) at the same maturity. Break-even inflation is the level of inflation needed for an investment in TIPS to “break even” with an investment in conventional treasury bonds of the same maturity. The graph below shows market expectations of inflation over a 5-year and 20-year time horizon. Break-even inflation rates were less than 2.00% in August 2020 when Segal recommended to lower the inflation assumption from 2.75% to 2.50%. Break-even inflation increased to just below 2.50% in August 2021. Recent market data show that the expectation has continued to increase through August 2022 to around 2.70%. Long-term and short-term expectations are almost the same.



Investment Rate of Return Assumption

The recommended assumed rate of investment return of 7.00%, net of both investment and administrative expenses, was reasonable in August 2020 and is still reasonable in today’s economic environment, given the asset allocation shown in the most recent Actuarial Experience Study. Many public retirement systems in California who have had actuarial experience studies conducted in 2022 have adopted to stay at their current assumed rate of return, a “wait-and-see” philosophy based on the extreme volatility and changes to market conditions over the last few years. Some investment consultants updated their capital market assumptions based on conditions as of June 2022, which significantly increased forward looking return expectations compared to the capital market assumptions developed in December 2021.

The charts which follow show a series of comparisons of the OCERS return assumption based on Cheiron’s survey of 39 large public pension plans in California, including all 20 of the 1937 Act Systems. The first chart on the next page shows the trend in the assumed rate of investment return from this survey. For most of the last decade, OCERS’ assumed rate of return has been on the lower end of the range, in the 25th and 50th percentile, of California systems.



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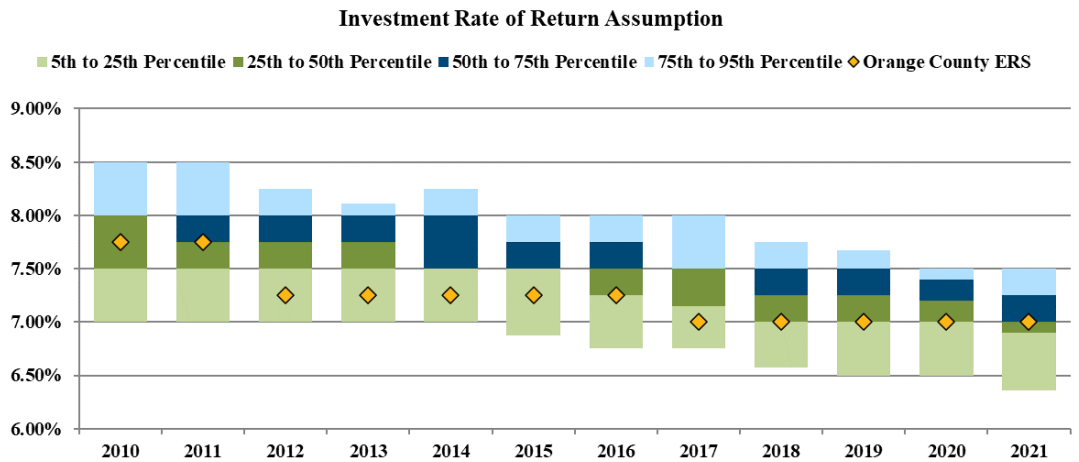
SECTION III – REVIEW OF ACTUARIAL ASSUMPTIONS



The chart below shows the distribution of the latest assumed rates of return, mostly from 2021 actuarial valuations. The median and most common assumed rate of instead return for California systems is 7.00%, OCERS current assumption.



The chart below shows the trends in the assumed rate of return for almost 200 public retirement systems nationwide. Over the last decade, OCERS has been in the lowest 5th-25th percentile, with the exception of 2011 and 2021.



Survey Data from Public Plans Data as of 11/16/2022



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SECTION III – REVIEW OF ACTUARIAL ASSUMPTIONS

Alternative Approaches to Reviewing the Investment Return Assumption

As Segal noted in the Actuarial Experience Study report, the Actuarial Standards of Practice (ASOP) No. 27 outlines two approaches for reviewing the assumed rate of return for each asset class in a system’s portfolio: 1) using expected arithmetic returns and 2) using expected geometric returns.

Segal uses expected arithmetic return with a “risk adjustment” net of investment and administrative expense, while Cheiron and other actuaries working with California public plans typically use the expected geometric returns, net of investment expenses only. One advantage to developing an assumed rate of investment return that is net of investment expenses only is that this method complies with Governmental Accounting Standards Board No. 67 and 68.

Overall, we agree that both approaches are reasonable and lead to comparable outcomes.

Investment Expenses

A frequent assumption used in setting return assumptions is that the additional returns earned due to active management will offset the higher level of expenses associated with active management. Instead of this approach, Segal assumes that additional expenses for active management simply reduce the return, which is a more conservative assumption but implies that – all other things being equal – Segal’s model would result in a higher recommended return assumption if the Board were invested passively instead of using active managers. Segal noted that nearly all of the investment expenses paid during 2015-2019 were paid for expenses associated with active management.

While there is much debate about this question among investment professionals, we prefer to remain neutral, assuming no advantage or disadvantage to active management. This is consistent with the Actuarial Standard of Practice (No. 27) quoted by Segal in their experience study report:

"The actuary should not assume that superior **or inferior** (*emphasis added*) returns will be achieved, net of investment expenses, from an active investment management strategy compared to a passive investment management strategy unless the actuary has reason to believe, based on relevant supporting data, that such superior or inferior returns represent a reasonable expectation over the long term."

However, as Segal has done in their own report, we note that the conservatism included in their approach may enhance the likelihood that the investment return assumption will be achieved.

Other Economic Assumptions

We believe the analysis and assumptions proposed by Segal for the real wage growth (0.50%), retiree cost-of-living increases (2.75%), and the System administrative and investment expenses are reasonable based on the information presented, and consistent with the methods and assumptions we have seen used at other systems.



**ACTUARIAL AUDIT REPORT OF THE
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SECTION IV – REVIEW OF ACTUARIAL METHODS

Actuarial Methods

Actuarial methods relate to the application of actuarial assumptions in the determination of Plan liabilities and contributions. These methods include the actuarial cost method, amortization policy, actuarial asset smoothing, and cost-sharing methodologies. The questions guiding our review of the actuarial methods were the following:

- Are the methods acceptable and appropriate for the intended purpose?
- Do the methods comply with relevant accounting and actuarial standards?

Actuarial Cost Method

The individual Entry Age actuarial cost method is used in the December 31, 2021 actuarial valuation. Under this method, the expected cost of benefits for each individual member is allocated over that member's career as a level percentage of that member's expected salary. The normal cost for the plan is the sum of the individual normal costs calculated for each member. We concur with this methodology and note that it is a "Model Practice" based on the guidance issued by the California Actuarial Advisory Panel (CAAP) and the Conference of Consulting Actuaries Public Plans Community, and a "Best Practice" based on guidance issued by the Government Finance Officers Association. Segal has also applied this method in a manner which complies with the disclosure requirements under GASB Statements 67 and 68.

Asset Smoothing Method

The actuarial (or smoothed) value of assets is determined using a five-year smoothing period for investment gains and losses. We have confirmed that the Segal report applies the actuarial smoothing method as described.

In our opinion, this method satisfies the Actuarial Standard of Practice which governs asset valuation methods (ASOP No. 44), which requires that the actuarial asset value should fall within a "reasonable range around the corresponding market value" and that differences between the actuarial and the market value should be "recognized within a reasonable period of time."

We commend Segal for including the funded ratio and unfunded liability using both the market value and smoothed value of assets in their report. These disclosures are included in the "Model Disclosure Elements for Actuarial Valuation Reports" adopted by the CAAP.

Amortization Policy

The current Amortization Policy for OCERS is a layered amortization policy, with the balance of the unfunded liability as of December 31, 2012 amortized as a level percentage of payroll over a closed 20-year period beginning December 31, 2013 (12 years remaining as of December 31, 2021). Each subsequent year's unfunded liability attributable to experience gains or losses, assumption changes, and cost method changes is amortized as a level percentage of payroll over a new closed 20-year period. Plan amendments are amortized over closed 15-year periods and early retirement incentive programs will be amortized over five years.

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We have confirmed that the Segal report applies the amortization method as described. This amortization method is in accordance with the recent funding policy guidance issued by the CAAP, GFOA, and the Conference of Consulting Actuaries Public Plans Community. This amortization policy also meets the minimum standards of the 1937 Act.

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SECTION V – CONTENTS OF THE REPORT

Contents of the Reports

We find the actuarial valuation and experience study reports to be in compliance with the relevant Actuarial Standards of Practice.

ASOP No. 51 Assessment and Disclosure of Risk for pension plans now mandates more focus on risks and future outcomes. We understand that Segal publishes a separate report to comply with ASOP No. 51 (which is not under the scope for this audit), in addition to the actuarial valuation report. We encourage Segal to consider whether a demonstration of future expected contribution rates and funding progress should be contained within the actuarial valuation report. We believe that a longer projection can also be helpful to the Board. For example, such a projection could show the Board how the costs are expected to be affected by the interplay of the deferred investment gains currently not reflected in the smoothed value of assets and potential investment losses for the 2022 plan year.

Again, we recommend Segal disclose the number of exposures, actual, expected, and proposed decrements, not just the rates of decrement, for the demographic assumptions in future experience study reports.

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APPENDIX A – GLOSSARY OF TERMS

1. Actuarial Assumptions

Estimates of future experience with respect to rates of mortality, disability, turnover, retirement, investment income, and salary increases. Demographic assumptions (rates of mortality, disability, turnover, and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

2. Actuarial Gain (Loss)

The difference between actual experience and actuarial assumption anticipated experience during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial funding method.

3. Actuarial Liability

The Actuarial Liability is the present value of all benefits accrued as of the valuation date using the methods and assumptions of the valuation. It is also referred to by some actuaries as the “accrued liability” or “actuarial accrued liability.”

4. Actuarial Present Value

The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payment.

5. Actuarial Value of Assets

The Actuarial Value of Assets equals the Market Value of Assets adjusted according to the smoothing method. The smoothing method is intended to smooth out the short-term volatility of investment returns in order to stabilize contribution rates and the funded status.

6. Actuarial Cost Method

A mathematical budgeting procedure for allocating the dollar amount of the “actuarial present value of future plan benefits” between the actuarial present value of future normal costs and the actuarial liability. It is sometimes referred to as the “actuarial funding method.”

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APPENDIX A – GLOSSARY OF TERMS

7. Funded Status

The Actuarial Value of Assets divided by the Actuarial Liability. The Funded Status can also be calculated using the Market Value of Assets.

8. Governmental Accounting Standards Board

The Governmental Accounting Standards Board (GASB) defines the accounting and financial reporting requirements for governmental entities. GASB Statement No. 67 defines the plan accounting and financial reporting for governmental pension plans, and GASB Statement No. 68 defines the employer accounting and financial reporting for participating in a governmental pension plan.

9. Market Value of Assets

The fair value of the Plan’s assets assuming that all holdings are liquidated on the measurement date.

10. Normal Cost

The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. It is sometimes referred to as “current service cost.” Any payment toward the unfunded actuarial liability is not part of the normal cost.

11. Present Value of Future Benefits

The estimated amount of assets needed today to pay for all benefits promised in the future to current members of the Plan, assuming all Actuarial Assumptions are met.

12. Present Value of Future Normal Costs

The Actuarial Present Value of retirement system benefits allocated to future years of service.

13. Unfunded Actuarial Liability (UAL)

The difference between the Actuarial Liability and the Actuarial Value of Assets. This is sometimes referred to as the “unfunded accrued liability.”



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January 20, 2023

Mr. Steve Delaney
Chief Executive Officer
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701-3101

**Re: Orange County Employees Retirement System (OCERS)
Response to Cheiron's Audit Findings and Recommendations**

Dear Steve:

Cheiron was contracted by the Board of Retirement to review the liabilities and the fiscal year 2023/2024 contribution rates determined in the Actuarial Valuation and Review as of December 31, 2021. They were also contracted to perform a high-level review of the January 1, 2017 through December 31, 2019 Actuarial Experience Study that Segal used as the bases for the actuarial assumptions applied in the Actuarial Valuation and Review as of December 31, 2021.

Statement of Key Findings and Recommendations

Valuation Results

According to Cheiron, "the results reported by Segal can be relied upon, the actuarial methods and assumptions comply with Actuarial Standards of Practice (ASOP), and the communication of the actuarial valuation results is complete and reasonable."

The following are the principal valuation results from Cheiron's audit of the Actuarial Valuation and Review as of December 31, 2021 (\$ in millions):

	Segal	Cheiron
Actuarial Accrued Liability	\$24,016	\$23,922
Actuarial Value of Assets	<u>19,489</u>	<u>19,489</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$4,527	\$4,433
Funded Percentage	81.1%	81.5%
Contribution Rate by Component		
Employer Normal Cost Rate	14.46%	14.53%
UAAL Rate	<u>23.36%</u>	<u>22.87%</u>
Total Employer Contribution	37.82%	37.40%

Mr. Steve Delaney
January 20, 2023
Page 2

Other Key Findings and Recommendations

Cheiron found two technical issues with Segal's valuation procedures. However, Cheiron noted, and Segal agrees, that the impact of these changes on the overall funding of the System are very small and thus do not represent a significant finding. The two recommended changes are as follows:

- *The calculation of a member's entry age to determine age-based member contribution rates should be based on the member's "nearest age", or rounded age, at entry rather than the member's "completed or attained age."*

We agree with Cheiron's finding and will include this change in the Actuarial Valuation and Review as of December 31, 2022. As pointed out by Cheiron in their report, this change will only impact the calculation of the weighted average employee contribution rates¹ used in the valuation to determine the employer's net remaining normal cost rate to fund the total normal cost.

- *The service used to determine when a Safety member reaches 30 years of service and their member contributions cease should not include reciprocal service.*

We agree that excluding reciprocal service in the 30-year member contribution cessation determination is consistent with the description on OCERS' website. While some other 1937 CERL systems do include reciprocal service for this purpose, we understand after consulting with OCERS staff that the relevant sections of the 1937 CERL to enable the use of reciprocal service have not been adopted by OCERS' sponsoring employers. We will work with OCERS to make sure that our valuation process is consistent with OCERS' ongoing practice as part of the Actuarial Valuation and Review as of December 31, 2022.

Cheiron found the economic assumptions recommended in the most recent Actuarial Experience Study to be reasonable, including the investment return assumption of 7.00%. This is true even though, in the body of their report, they also comment on the "expected arithmetic return" approach we use to set the investment return assumption for OCERS versus the "expected geometric return" approach they use for their clients (both of which are acceptable under the applicable Actuarial Standards of Practice) as well as differential treatment of investment expenses. Cheiron also supports our recommendation to lower the inflation assumption by 0.25% from 2.75% to 2.50%.

Cheiron also found the demographic assumptions recommended in the most recent Actuarial Experience Study to be reasonable and they support our recommendation to change to the benefit-weighted approach when selecting mortality tables.

Cheiron provided suggestions for us to consider when reviewing the following assumptions in the next Actuarial Experience Study:

- *Review the assumed retirement age for deferred vested members separately for those who work for a reciprocal system and those who do not.*

¹ Because the actual employee contribution rates are determined using the age at entry as calculated by OCERS, this change will have no impact on the actual contributions paid by the employees.

Mr. Steve Delaney
January 20, 2023
Page 3

We agree with this suggestion and we will include this analysis in the next Actuarial Experience Study covering the period January 1, 2020 through December 31, 2022.

- *Review the probability that a terminated member will establish reciprocity by analyzing actual retirements for terminated OCERS members during the experience study period and distinguishing the percentage that were active members with a reciprocal system after their employment at OCERS, rather than using the percentage of current terminated members that have actually reported reciprocity to OCERS.*

We will work with OCERS to collect additional data in order to include this analysis in a future Actuarial Experience Study.

- *Review the retirement experience for members with less than 30 years of service in two service groupings (less than 20 years and 20 to 29 years of service) instead of one group.*

We will continue to analyze retirement experience as a function of both age and service and will take this suggestion into account when performing the next Actuarial Experience Study.

- *Disclose the number of exposures, actual, and expected decrements for each of the demographic assumptions (i.e., retirement, termination, disability, and death).*

We will take this suggestion into account when performing the next Actuarial Experience Study.

Finally, Cheiron suggested that Segal “consider whether a demonstration of future expected contribution rates and funding progress should be contained within the actuarial valuation report.” Based on Segal’s experience with similar retirement systems and consistent with OCERS’ past practice and direction, we have included projections of the employer contribution rate in a stand-alone Segal work product. In particular, OCERS’ sponsoring employers have in the past requested projected employer contribution rates by Rate Group and by Tier be provided for multiple years for budgetary purposes. We believe the volume of results produced for such purposes are best included in a separate work product.

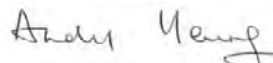
The funding valuation determines current funding status and recommends contribution rate requirements based on a point-in-time measure of the assets and liabilities. Therefore, we believe it is more effective to provide such projections in a separate presentation.

In closing, we would like to thank Cheiron for their work on this audit. Please let us know if you have any questions.

Sincerely,



Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President & Actuary



Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary

MYM/hy

cc: Brenda Shott



OCERS Board Policy Operational Risk Policy

Background

1. The Board considers risk management an essential component of strategic, operational, financial and reputational management.

Policy Objectives

2. To help achieve long-term sustainability by ensuring that OCERS is aware of and prepared for risks facing the organization.

Policy Guidelines

3. OCERS embeds risk management in all business practices to keep it relevant, effective and efficient.
4. Management through the Operational Risk Management Committee is responsible for identifying, assessing, and responding to risks and timely communication to the Board of the results of these processes, with accountability addressed in annual performance evaluations.
5. At least annually, management through the Operational Risk Management Committee will report to the Audit Committee regarding operational risk management and the related responsibilities, strategies, risks identified and actions for addressing material risks facing OCERS.

Policy Review

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

Policy History

7. This policy was adopted by the Board of Retirement on November 16, 2015.
8. This policy was revised by the Board of Retirement on February 19, 2019, and on February January XX, 2023.

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

2/19/19

Date



OCERS Board Policy Operational Risk Policy

Background

1. The Board considers risk management an essential component of strategic, operational, financial and reputational management.

Policy Objectives

2. To help achieve long-term sustainability by ensuring that OCERS is aware of and prepared for risks facing the organization.

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Secretary's Certificate

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Steve Delaney
Secretary of the Board

_____ Date



OCERS Board Charter Audit Committee Charter

Introduction

1. The Board of Retirement has established an Audit Committee to assist it in overseeing the audit function within OCERS. The Audit Committee is an advisory committee to the Board of Retirement, and its recommendations are subject to final approval by the Board. Notwithstanding the preceding sentence, with respect to those matters expressly assigned to it in this Audit Committee Charter, the Audit Committee has final authority.

Purpose

2. The Audit Committee provides oversight of OCERS's internal and external audit activities. The Audit Committee assists the Board in ensuring the independence of the internal audit functions and ensuring that appropriate action is taken on audit recommendations. The Audit Committee helps promote and enhance effective internal controls for OCERS operations, and oversees communication between external auditors, internal auditors, and management.

Membership

3. The Audit Committee will consist of four members of the Board of Retirement. The Board Chair will appoint members of the Audit Committee as provided in the OCERS By-Laws and designate one member to serve as the Committee Chair.

Ideally, members should have expertise in accounting, auditing, financial reporting, and internal control. Although these desired traits are not mandatory, members should be sufficiently knowledgeable about these topics to make informed decisions with the assistance of a financial expert.

Meetings

4. The Audit Committee will meet at least quarterly, with authority to convene additional meetings as circumstances require. All Audit Committee members are expected to attend each meeting. The Director of Internal Audit and Internal Audit staff will attend all Audit Committee meetings. Meeting notices will be provided to interested parties in conformance with applicable laws, regulations, customs, and practices. All meetings are subject to the Brown Act. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes of meetings will be prepared. ~~Minutes of the meeting~~ will contain a record of persons present, decisions taken, and a high-level summary of the discussion.

Responsibilities and Duties

5. The Audit Committee's key areas of responsibility are:
 - a. *Law and Ethics*: The Audit Committee will provide the policy and framework for compliance with laws and regulations, mechanisms for assessment of compliance, and communication with the Board on OCERS policies.
 - b. *Financial Reporting Process*: The Audit Committee will:



OCERS Board Charter Audit Committee Charter

1. Monitor management's processes for the reporting of all financial information, including management's review with the external auditor regarding their scope, plan, duties, responsibilities, and the timing and engagement fee of the annual financial audit;
 2. Resolve disagreements between the internal auditor, external auditor, and /or management regarding financial reporting and internal control risks identified in the audit;
 3. Review the audited financial statements with the external auditor and senior management;
 4. Review management letters with [OCERS's](#) management;
 5. Review the findings or comments of regulatory agencies concerning financial statements or other information regarding OCERS;
 6. Review the external auditor's assessments of the appropriate application of accounting principles by OCERS management;
 7. Review all matters required to be disclosed by accounting standards, including significant changes in those standards; and
 8. Meet with senior management, at least annually, to discuss the effectiveness of the internal financial and operational control policies.
- c. *Oversight of the External Auditors:* The Audit Committee will:
1. Conduct the solicitation for the financial auditor, including without limitation, approving the Request for Proposals or other solicitation vehicle, reviewing candidate qualifications and conducting interviews, and recommend one or more finalists to the Board for appointment;
 2. Conduct the solicitation for the actuarial auditor, including without limitation, approving the Request for Proposals or other solicitation vehicle, reviewing candidate qualifications and conducting interviews, and recommend~~ing~~ one or more finalists to the Board for appointment;
 3. Conduct the solicitation for, select, and appoint all external auditors (other than the financial auditor and the actuarial auditor) engaged for the purpose of issuing an independent audit report or performing other independent audits, reviews, or attest services;
 4. Oversee the work of all external auditors; and conduct regular monitoring and performance reviews of the actuarial auditor and the financial auditor at least biennially in accordance with the Board's Procurement and Contracting Policy; and
 5. Approve other audits, agreed upon procedures, and non-audit work to be conducted by external auditors.
- d. *Oversight of Internal Audit:* The Audit Committee will:
1. Approve all decisions regarding the performance evaluation, appointment, or removal of the Director of Internal Audit;



OCERS Board Charter Audit Committee Charter

2. Approve the compensation and salary adjustments ~~of for~~ the Director of Internal Audit;
 3. Review the charters and policies assigned to ~~the~~ Audit Committee at least once every three years in accordance with the schedule set forth in the OCERS Charters and Policies Review Schedule and recommend the same for approval by the Board of Retirement;
 4. Review and approve the risk assessment and annual Internal Audit Plan prepared by the Director of Internal Audit;
 5. Receive and review internal and external audit reports and management responses;
 6. Review significant recommendations from audits during the year and management's responses, and make appropriate recommendations to the Board; and
 7. Make appropriate inquiries of the Director of Internal Audit to determine whether there is audit scope ~~or~~ budgetary ~~or~~ resource limitations that impede the ability of the internal audit activity to carry out its responsibilities.
- e. *Internal Control and Risk Management:* The Audit Committee will review management responsibilities for:
1. The adequacy of OCERS's internal controls, including information systems;
 2. Material risks facing OCERS and management's actions to minimize risk;
 3. Risks from external organizations such as service providers, vendors, investment managers, consultants, and plan sponsors; and
 4. Special investigations and whistleblower mechanisms. The Audit Committee can retain independent counsel, accountants, or other specialists to assist in the conduct of an investigation.

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Reporting

6. The Audit Committee will:
 - a. Report to the Board of Retirement its activities and the results of its reviews; and
 - b. Review significant changes in accounting standards, policies, or practices that may impact OCERS and report the results of that review to the Board of Retirement.

Charter Review

7. The Audit 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.

Charter History

8. The Audit Committee Charter was adopted by the Board of Retirement on November 18, 2002, and amended on January 17, 2012, July 20, 2015, May 15, 2017, ~~and~~ January 13, 2020, ~~and~~ [February XX, 2023](#).

Audit Committee Charter
 Adopted November 18, 2002
 Last Revised [February XX, 2023](#)

3 of 4



OCERS Board Charter Audit Committee Charter

Secretary's Certificate

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

12/13XX/230

Steve Delaney, Secretary of the Board

Date



OCERS Board Charter Audit Committee Charter

Introduction

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Membership

3. The Audit Committee will consist of four members of the Board of Retirement. The Board Chair will appoint members of the Audit Committee as provided in the OCERS By-Laws and designate one member to serve as the Committee Chair.

Ideally, members should have expertise in accounting, auditing, financial reporting, and internal control. Although these desired traits are not mandatory, members should be sufficiently knowledgeable about these topics to make informed decisions with the assistance of a financial expert.

Meetings

4. The Audit Committee will meet at least quarterly, with authority to convene additional meetings as circumstances require. All Audit Committee members are expected to attend each meeting. The Director of Internal Audit and Internal Audit staff will attend all Audit Committee meetings. Meeting notices will be provided to interested parties in conformance with applicable laws, regulations, customs, and practices. All meetings are subject to the Brown Act. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes of meetings will be prepared and will contain a record of persons present, decisions taken, and a high-level summary of the discussion.

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OCERS Board Charter Audit Committee Charter

1. Monitor management's processes for the reporting of all financial information, including management's review with the external auditor regarding their scope, plan, duties, responsibilities, and the timing and engagement fee of the annual financial audit;
 2. Resolve disagreements between the internal auditor, external auditor, and /or management regarding financial reporting and internal control risks identified in the audit;
 3. Review the audited financial statements with the external auditor and senior management;
 4. Review management letters with OCERS's management;
 5. Review the findings or comments of regulatory agencies concerning financial statements or other information regarding OCERS;
 6. Review the external auditor's assessments of the appropriate application of accounting principles by OCERS management;
 7. Review all matters required to be disclosed by accounting standards, including significant changes in those standards; and
 8. Meet with senior management, at least annually, to discuss the effectiveness of the internal financial and operational control policies.
- c. *Oversight of the External Auditors:* The Audit Committee will:
1. Conduct the solicitation for the financial auditor, including without limitation, approving the Request for Proposals or other solicitation vehicle, reviewing candidate qualifications and conducting interviews, and recommend one or more finalists to the Board for appointment;
 2. Conduct the solicitation for the actuarial auditor, including without limitation, approving the Request for Proposals or other solicitation vehicle, reviewing candidate qualifications and conducting interviews, and recommending one or more finalists to the Board for appointment;
 3. Conduct the solicitation for, select, and appoint all external auditors (other than the financial auditor and the actuarial auditor) engaged for the purpose of issuing an independent audit report or performing other independent audits, reviews, or attest services;
 4. Oversee the work of all external auditors and conduct regular monitoring and performance reviews of the actuarial auditor and the financial auditor at least biennially in accordance with the Board's Procurement and Contracting Policy; and
 5. Approve other audits, agreed upon procedures, and non-audit work to be conducted by external auditors.
- d. *Oversight of Internal Audit:* The Audit Committee will:
1. Approve all decisions regarding the performance evaluation, appointment, or removal of the Director of Internal Audit;



OCERS Board Charter Audit Committee Charter

2. Approve the compensation and salary adjustments for the Director of Internal Audit;
 3. Review the charters and policies assigned to the Audit Committee at least once every three years in accordance with the schedule set forth in the OCERS Charters and Policies Review Schedule and recommend the same for approval by the Board of Retirement;
 4. Review and approve the risk assessment and annual Internal Audit Plan prepared by the Director of Internal Audit;
 5. Receive and review internal and external audit reports and management responses;
 6. Review significant recommendations from audits during the year and management's responses, and make appropriate recommendations to the Board; and
 7. Make appropriate inquiries of the Director of Internal Audit to determine whether there is audit scope, budgetary, or resource limitations that impede the ability of the internal audit activity to carry out its responsibilities.
- e. *Internal Control and Risk Management:* The Audit Committee will review management responsibilities for:
1. The adequacy of OCERS's internal controls, including information systems;
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 3. Risks from external organizations such as service providers, vendors, investment managers, consultants, and plan sponsors; and
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Reporting

6. The Audit Committee will:
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 - b. Review significant changes in accounting standards, policies, or practices that may impact OCERS and report the results of that review to the Board of Retirement.

Charter Review

7. The Audit 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.

Charter History

8. The Audit Committee Charter was adopted by the Board of Retirement on November 18, 2002, and amended on January 17, 2012; July 20, 2015; May 15, 2017; January 13, 2020; and February XX, 2023.



OCERS Board Charter Audit Committee Charter

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

2/XX/23

Steve Delaney, Secretary of the Board

Date



OCERS Board Charter Internal Audit Charter

Introduction

The Audit Committee of OCERS oversees the Internal Audit Department under the following provisions:

Mission of the Internal Audit Department

1. The mission of the Internal Audit Department is to provide reliable, independent and objective evaluations and consulting services to the Audit Committee and OCERS' management relating to business and financial operations. Internal Audit assists the Board of Retirement and management to achieve their objectives by testing and reporting on the effectiveness of internal control systems, risk management, and governance processes.

Independence of the Director of Internal Audit

2. The internal audit activity must be independent, and internal auditors must be objective in performing their work. Independence is the freedom from conditions that threaten the ability of Internal Audit to carry out its responsibilities in an unbiased manner.
3. Internal Audit shall not participate in any management activity or management relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization, in accordance with the Institute of Internal Auditors' Code of Ethics.

Independence is the fundamental principle that guides the reporting relationship of the internal auditor. Internal auditor independence is strongly emphasized by authoritative bodies such as the Institute of Internal Auditors, the American Institute of Certified Public Accountants, and the Government Accountability Office. The Director of Internal Audit will follow recognized professional standards established by the Institute of Internal Auditors and be free of operational and management responsibilities that would conflict with the standards. Any potential impairment to independence will be communicated to the Audit Committee.

Organizational Reporting

4. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the Director of Internal Audit will have direct access to senior management and the Board of Retirement. This can be achieved by a dual-reporting relationship. The Director of Internal Audit will report functionally to the Audit Committee and administratively to the Chief Executive Officer.

Functionally reporting to the Audit Committee involves the Audit Committee:

- a. Reviewing and recommending changes to the Internal Audit Charter to the Board of Retirement;
- b. Approving the risk-based Internal Audit plan;
- c. Receiving communications from the Director of Internal Audit on the results of audit activities;



OCERS Board Charter Internal Audit Charter

- d. Approving all decisions regarding the performance evaluation, appointment, or removal of the Director of Internal Audit;
- e. Approving the compensation and salary adjustments of the Director of Internal Audit; [and](#)
- f. Making appropriate inquiries of the Director of Internal Audit to determine whether there is audit scope, ~~or budgetary~~, [or resource](#) limitations that impede the ability of Internal Audit to carry out its responsibilities.

Administrative reporting is the reporting relationship within the OCERS management structure that facilitates the daily operations of the internal audit activity, which includes:

- a. Budgeting and management accounting;
- b. Human resource administration, including personnel evaluations, leave request approval, and compensation;
- c. Internal communications and information flows; [and](#)
- d. Administration of the Internal Audit Department's policies and procedures.

Objectives and Scope

- 5. The objective of Internal Audit is to assist the Board of Retirement and management in the effective discharge of their fiduciary responsibilities. [The Board of Retirement established an Audit Committee to assist in overseeing the audit function within OCERS.](#) Internal Audit will furnish the ~~an~~ [Audit Committee](#) with audits, ~~analysis~~ [analyses](#), evaluations, recommendations, and information. Objectives include promoting effective internal controls, helping provide assurance that the organization's assets are safeguarded; ~~compliance is maintained~~ [maintaining compliance](#) with prescribed laws, Board, and management policies; [maintaining](#) the reliability and integrity of OCERS' ~~ss~~ [data](#) ~~is maintained~~; and [enhancing](#) procedures and operating efficiency ~~are enhanced~~.

The scope of Internal Audit includes the examination and evaluation of the adequacy of OCERS' ~~s~~ [system](#) of internal controls, risk management and governance processes. The scope includes:

- a. Reviewing the reliability and integrity of financial and business information systems, and the means used to identify, measure, classify, ~~and~~ report such information;
- b. Reviewing the systems and processes established to ensure compliance with those policies, plans, procedures, laws, and regulations that are fundamental to the operations of OCERS and could have a significant impact on operations, financial reports, and disclosures;
- c. Reviewing the means of safeguarding assets and verifying the existence of such assets;
- d. Monitoring and evaluating the effectiveness of OCERS' ~~ss~~ [risk management](#) systems, including identifying internal and external risks;
- e. Auditing the accuracy of data transmitted to OCERS by external parties.
- f. Evaluating the quality of performance of external auditors and the degree of coordination with Internal Audit; [and](#)



OCERS Board Charter Internal Audit Charter

- g. ~~Providing assessments and advice~~ for consulting and advisory services. ~~Internal Audit may provide assessments and advice~~ to identify risks and internal controls for projects.

Authority and Responsibility

- 6. The Internal Audit Department is established by the OCERS Board of Retirement pursuant to applicable laws and regulations, customs of corporate governance, and best practices. This Charter and all future amendments are approved by the Audit Committee and adopted by the Board of Retirement by a majority vote.

The responsibility of OCERS Internal Audit is to serve the Board of Retirement in a manner that is consistent with the International Professional Practices Framework of the Institute of Internal Auditors, as required by California Government Code 1236. In addition, when appropriate, OCERS Internal Audit follows professional standards promulgated by the Government Accountability Office, the American Institute of Certified Public Accountants, and the Information Systems Audit and Control Association.

OCERS Internal Audit is responsible for:

- a. Establishing policies and procedures for auditing, and directing and performing its technical and administrative functions;
- b. Developing and executing a comprehensive audit program for the evaluation of internal controls established over OCERS's financial and business activities;
- c. Preparing an annual audit plan that identifies audit projects addressing areas of highest risk to OCERS operations;
- d. Auditing management's stewardship of OCERS's trust funds and resources and their compliance with policies and procedures;
- e. Recommending improvements in internal controls to help:
 - 1. Safeguard trust funds and resources,
 - 2. Ensure data is not compromised,
 - 3. Ensure compliance with laws and regulations;
- f. Auditing procedures and records for accuracy and completeness to accomplish and report on intended objectives;
- g. Producing reports on the results of audits, including findings and recommendations;
- h. Following-up on actions taken to correct reported deficiencies;
- i. Creating and maintaining a mechanism (i.e., OCERS's Ethics, Compliance, and Fraud Hotline) for reporting financial statement fraud, other fraud, and inappropriate activities; and
- j. Conducting special investigations and analysis as needed.



OCERS Board Charter Internal Audit Charter

Internal Audit Access to Personnel and Information

- 7. Except where prohibited by law, Internal Audit will have complete and unrestricted access to all OCERS personnel, records, files, information systems, and assets. The Director of Internal Audit will inform the Audit Committee whenever significant barriers or resistance to access to personnel or information occurs.

Charter History

- 8. The Audit 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.
- 9. The OCERS Internal Audit Charter was adopted by the Board of Retirement on November 18, 2002 and amended on August 19, 2008; ~~January 17, 2012~~; ~~July 20, 2015~~; ~~April 17, 2017~~; ~~and~~ January 13, 2020; ~~and February XX, 2023~~.

Secretary's Certificate

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

21/13XX/230

Steve Delaney, Secretary of the Board

Date



OCERS Board Charter Internal Audit Charter

Introduction

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Mission of the Internal Audit Department

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Independence of the Director of Internal Audit

2. The internal audit activity must be independent, and internal auditors must be objective in performing their work. Independence is the freedom from conditions that threaten the ability of Internal Audit to carry out its responsibilities in an unbiased manner.
3. Internal Audit shall not participate in any management activity or management relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization in accordance with the Institute of Internal Auditors' Code of Ethics.

Independence is the fundamental principle that guides the reporting relationship of the internal auditor. Internal auditor independence is strongly emphasized by authoritative bodies such as the Institute of Internal Auditors, the American Institute of Certified Public Accountants, and the Government Accountability Office. The Director of Internal Audit will follow recognized professional standards established by the Institute of Internal Auditors and be free of operational and management responsibilities that would conflict with the standards. Any potential impairment to independence will be communicated to the Audit Committee.

Organizational Reporting

4. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the Director of Internal Audit will have direct access to senior management and the Board of Retirement. This can be achieved by a dual-reporting relationship. The Director of Internal Audit will report functionally to the Audit Committee and administratively to the Chief Executive Officer.

Functionally reporting to the Audit Committee involves the Audit Committee:

- a. Reviewing and recommending changes to the Internal Audit Charter to the Board of Retirement;
- b. Approving the risk-based Internal Audit plan;
- c. Receiving communications from the Director of Internal Audit on the results of audit activities;



OCERS Board Charter Internal Audit Charter

- d. Approving all decisions regarding the performance evaluation, appointment, or removal of the Director of Internal Audit;
- e. Approving the compensation and salary adjustments of the Director of Internal Audit; and
- f. Making appropriate inquiries of the Director of Internal Audit to determine whether there is audit scope, budgetary, or resource limitations that impede the ability of Internal Audit to carry out its responsibilities.

Administrative reporting is the reporting relationship within the OCERS management structure that facilitates the daily operations of the internal audit activity, which includes:

- a. Budgeting and management accounting;
- b. Human resource administration, including personnel evaluations, leave request approval, and compensation;
- c. Internal communications and information flows; and
- d. Administration of the Internal Audit Department's policies and procedures.

Objectives and Scope

- 5. The objective of Internal Audit is to assist the Board of Retirement and management in the effective discharge of their fiduciary responsibilities. The Board of Retirement established an Audit Committee to assist in overseeing the audit function within OCERS. Internal Audit will furnish the Audit Committee with audits, analyses, evaluations, recommendations, and information. Objectives include promoting effective internal controls, helping provide assurance that the organization's assets are safeguarded; maintaining compliance with prescribed laws, Board, and management policies; maintaining the reliability and integrity of OCERS's data, and enhancing procedures and operating efficiency.

The scope of Internal Audit includes the examination and evaluation of the adequacy of OCERS's system of internal controls, risk management and governance processes. The scope includes:

- a. Reviewing the reliability and integrity of financial and business information systems, and the means used to identify, measure, classify, and report such information;
- b. Reviewing the systems and processes established to ensure compliance with those policies, plans, procedures, laws, and regulations that are fundamental to the operations of OCERS and could have a significant impact on operations, financial reports, and disclosures;
- c. Reviewing the means of safeguarding assets and verifying the existence of such assets;
- d. Monitoring and evaluating the effectiveness of OCERS's risk management systems, including identifying internal and external risks;
- e. Auditing the accuracy of data transmitted to OCERS by external parties.
- f. Evaluating the quality of performance of external auditors and the degree of coordination with Internal Audit; and



OCERS Board Charter Internal Audit Charter

- g. Providing assessments and advice for consulting and advisory services to identify risks and internal controls for projects.

Authority and Responsibility

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The responsibility of OCERS Internal Audit is to serve the Board of Retirement in a manner that is consistent with the International Professional Practices Framework of the Institute of Internal Auditors, as required by California Government Code 1236. In addition, when appropriate, OCERS Internal Audit follows professional standards promulgated by the Government Accountability Office, the American Institute of Certified Public Accountants, and the Information Systems Audit and Control Association.

OCERS Internal Audit is responsible for:

- a. Establishing policies and procedures for auditing and directing and performing its technical and administrative functions;
- b. Developing and executing a comprehensive audit program for the evaluation of internal controls established over OCERS's financial and business activities;
- c. Preparing an annual audit plan that identifies audit projects addressing areas of highest risk to OCERS operations;
- d. Auditing management's stewardship of OCERS's trust funds and resources and their compliance with policies and procedures;
- e. Recommending improvements in internal controls to help:
 - 1. Safeguard trust funds and resources,
 - 2. Ensure data is not compromised,
 - 3. Ensure compliance with laws and regulations;
- f. Auditing procedures and records for accuracy and completeness to accomplish and report on intended objectives;
- g. Producing reports on the results of audits, including findings and recommendations;
- h. Following-up on actions taken to correct reported deficiencies;
- i. Creating and maintaining a mechanism (i.e., OCERS's Ethics, Compliance, and Fraud Hotline) for reporting financial statement fraud, other fraud, and inappropriate activities; and
- j. Conducting special investigations and analysis as needed.



OCERS Board Charter Internal Audit Charter

Internal Audit Access to Personnel and Information

- 7. Except where prohibited by law, Internal Audit will have complete and unrestricted access to all OCERS personnel, records, files, information systems, and assets. The Director of Internal Audit will inform the Audit Committee whenever significant barriers or resistance to access to personnel or information occurs.

Charter History

- 8. The Audit 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.
- 9. The OCERS Internal Audit Charter was adopted by the Board of Retirement on November 18, 2002 and amended on August 19, 2008; January 17, 2012; July 20, 2015; April 17, 2017; January 13, 2020; and February XX, 2023.

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/XX/23

Date



OCERS Board Policy Ethics, Compliance, and Fraud Hotline

Purpose and Background

1. The OCERS Ethics, Compliance, and Fraud Hotline (the Hotline) was established ~~in October 2012~~ to aid management in the detection of activities that are unethical, fraudulent, or not in compliance with ~~OCERS' policies~~ the policies of OCERS. The Hotline facilitates anonymous reporting by employees, contractors, members, and the general public to report concerns about potential misconduct or inappropriate activities, including but not limited to, harassment, conflict of interest, violation of policy, fraud, and waste of resources.
 - ~~2.~~~~a.~~ The Hotline ~~helps-assists in~~ reinforces OCERS' efforts to ensure transparency, accountability, fairness, and integrity in the workplace.

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Policy Objectives

- ~~3.~~~~2.~~ The purpose of this document is to establish a policy for conducting an investigation when a report of potential misconduct or inappropriate activity is made through the Hotline, and for assigning responsibility for taking appropriate actions as a result of the investigation. Workplace complaints against members of the Board or OCERS executive staff are not covered under this policy. Workplace complaints are instead handled under the Protocol for Handling Workplace Complaints Against Board Members and Executives Policy.

Policy Guidelines

- ~~4.~~~~3.~~ OCERS management is responsible for the implementation of procedures and controls designed to prevent and detect fraud, misappropriations, deception, wrongdoing, and other inappropriate conduct. Fraud is defined by the Association of Certified Fraud Examiners as a knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment. Fraud can include conflict of interest, theft, or breach of fiduciary duty. Each member of the OCERS management team must be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.
- ~~5.~~~~4.~~ All allegations of potential misconduct or inappropriate activity raised by any source will be taken seriously and properly investigated. Retaliation against anyone who reports suspected misconduct or inappropriate activity will not be tolerated.
- ~~6.~~~~5.~~ OCERS Director of Internal Audit will be responsible for conducting an investigation as a result of a report being filed on the Hotline. The investigation will be conducted without regard to the alleged wrongdoer's length of service, position, title, or relationship with OCERS.
- ~~7.~~~~6.~~ If an accusation is made against the Director of Internal Audit, then the Director of Internal Audit or ~~a member of the Internal Audit department team~~, as appropriate, will inform the Chief Executive Officer, who will then be responsible for directing an investigation.
- ~~8.~~~~7.~~ Depending on the nature of the complaint, some investigations regarding human resources matters such as matters related to performance appraisals or harassment may be turned over to



OCERS Board Policy

Ethics, Compliance, and Fraud Hotline

the ~~Director~~ ~~Manager~~ of ~~Administrative Services~~ ~~Human Resources~~. Internal Audit may also seek the assistance of Legal or other informed parties in conducting an investigation.

~~9-8.~~ Except as provided in Section 10, below, the Chief Executive Officer will make the final determination regarding action to be taken upon completion of the investigation.

~~10-9.~~ The Audit Committee or Chair of the Audit Committee will make the final determination regarding action to be taken upon completion of the investigation where:

- a. the accusation is against a member of OCERS Senior Executive management;
- b. the results of an investigation indicate criminal acts have occurred; or
- c. there are high-level policy implications resulting from an investigation.

~~11-10.~~ If a report to the hotline indicates that illegal acts may have been committed, Internal Audit will refer those reports to General Counsel and the appropriate law enforcement agency or the district attorney. If a report to the hotline indicates that a violation of the Political Reform Act has occurred, such as a conflict of interest, illegal acceptance of gifts or honorarium, or restrictions on activities of former investment officials, then Internal Audit will refer the report to the California Fair Political Practices Commission (FPPC).

~~12-11.~~ The final outcome of all investigations will be reviewed with the Chair of the Audit Committee and a summary will be submitted to the Audit Committee unless deemed confidential by the Director of Internal Audit in consultation with the Chief Executive Officer, the Chair of the Audit Committee and Legal Counsel.

~~13-12.~~ The identities of the complainant and the subject of the complaint will remain confidential to the fullest extent possible, consistent with the law and customary practice.

Policy Review and History

~~13.~~ This policy will be reviewed every three years.

~~14. The Board adopted this policy on June 06, 2013, and amended on January 1, 2017, and May 18, 2020 and April X, 2023.~~

Policy History

~~15. The Board adopted this policy on June 06, 2013, and amended on January 1, 2017 and May 18, 2020.~~

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Secretary's Certificate

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

~~45/18XX/20230~~

Ethics, Compliance, and Fraud Hotline
Adopted Date: June 6, 2013
Last Revised Date: ~~April/May XX18~~, 20230



OCERS Board Policy
Ethics, Compliance, and Fraud
Hotline

Steve Delaney
Secretary of the Board

Date

Ethics, Compliance, and Fraud Hotline
Adopted Date: June 6, 2013
Last Revised Date: ~~April 18, 2023~~ ~~May 18, 2023~~

3 of 3

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OCERS Board Policy Ethics, Compliance, and Fraud Hotline

Purpose and Background

1. The OCERS Ethics, Compliance, and Fraud Hotline (the Hotline) was established to aid management in the detection of activities that are unethical, fraudulent, or not in compliance with OCERS' policies. The Hotline facilitates anonymous reporting by employees, contractors, members, and the general public to report concerns about potential misconduct or inappropriate activities, including but not limited to, harassment, conflict of interest, violation of policy, fraud, and waste of resources.
 - a. The Hotline assists in reinforcing OCERS' efforts to ensure transparency, accountability, fairness, and integrity in the workplace.

Policy Objectives

2. The purpose of this document is to establish a policy for conducting an investigation when a report of potential misconduct or inappropriate activity is made through the Hotline, and for assigning responsibility for taking appropriate actions as a result of the investigation. Workplace complaints against members of the Board or OCERS executive staff are not covered under this policy. Workplace complaints are instead handled under the Protocol for Handling Workplace Complaints Against Board Members and Executives Policy.

Policy Guidelines

3. OCERS management is responsible for the implementation of procedures and controls designed to prevent and detect fraud, misappropriations, deception, wrongdoing, and other inappropriate conduct. Fraud is defined by the Association of Certified Fraud Examiners as a knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment. Fraud can include conflict of interest, theft, or breach of fiduciary duty. Each member of the OCERS management team must be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.
4. All allegations of potential misconduct or inappropriate activity raised by any source will be taken seriously and properly investigated. Retaliation against anyone who reports suspected misconduct or inappropriate activity will not be tolerated.
5. OCERS Director of Internal Audit will be responsible for conducting an investigation as a result of a report being filed on the Hotline. The investigation will be conducted without regard to the alleged wrongdoer's length of service, position, title, or relationship with OCERS.
6. If an accusation is made against the Director of Internal Audit, then the Director of Internal Audit or a member of the Internal Audit department, as appropriate, will inform the Chief Executive Officer, who will then be responsible for directing an investigation.
7. Depending on the nature of the complaint, some investigations regarding human resources matters such as matters related to performance appraisals or harassment may be turned over to



OCERS Board Policy Ethics, Compliance, and Fraud Hotline

the Director of Human Resources. Internal Audit may also seek the assistance of Legal or other informed parties in conducting an investigation.

8. Except as provided in Section 10, below, the Chief Executive Officer will make the final determination regarding action to be taken upon completion of the investigation.
9. The Audit Committee or Chair of the Audit Committee will make the final determination regarding action to be taken upon completion of the investigation where:
 - a. the accusation is against a member of OCERS Senior Executive management;
 - b. the results of an investigation indicate criminal acts have occurred; or
 - c. there are high-level policy implications resulting from an investigation.
10. If a report to the hotline indicates that illegal acts may have been committed, Internal Audit will refer those reports to General Counsel and the appropriate law enforcement agency or the district attorney. If a report to the hotline indicates that a violation of the Political Reform Act has occurred, such as a conflict of interest, illegal acceptance of gifts or honorarium, or restrictions on activities of former investment officials, then Internal Audit will refer the report to the California Fair Political Practices Commission (FPPC).
11. The final outcome of all investigations will be reviewed with the Chair of the Audit Committee and a summary will be submitted to the Audit Committee unless deemed confidential by the Director of Internal Audit in consultation with the Chief Executive Officer, the Chair of the Audit Committee and Legal Counsel.
12. The identities of the complainant and the subject of the complaint will remain confidential to the fullest extent possible, consistent with the law and customary practice.

Policy Review and History

13. This policy will be reviewed every three years.
14. The Board adopted this policy on June 06, 2013, and amended on January 1, 2017, May 18, 2020 and April X, 2023.

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

4/XX/2023

Date



Memorandum

DATE: April 17, 2023
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, General Counsel
SUBJECT: **OUTCOMES OF THE MEETING OF THE GOVERNANCE COMMITTEE HELD ON MARCH 23, 2023**

Recommendation

The Governance Committee recommends that the Board adopt the following:

- (1) The **Governance Committee Charter** with revisions approved by the Committee
- (2) The **CEO Charter** with revisions approved by the Committee
- (3) The **Public Records and Data Request Policy** with no substantive revisions
- (4) The **SACRS Voting Authority Policy** with no substantive revisions
- (5) The **Procurement and Contracting Policy** with revisions approved by the Committee
- (6) The **OCERS Rules of Parliamentary Procedure** with revisions approved by the Committee
- (7) The new **OCERS Administrative Procedure Re: Documentation of Birthdate and Marriage/Domestic Partnership**

Background/Discussion

The Governance Committee met on March 23, 2023 and reviewed the above-listed charters, policies and one OCERS administrative procedure (OAP). The Committee now recommends that the Board adopt the revisions to all of the charters and policies, and adopt the new OAP, as set forth below.

Revisions to the Governance Committee Charter

Staff recommended to the Committee, and the Committee approved, a revision to the Governance Committee Charter in paragraph 4.c., to reflect that in addition to reviewing charters and policies and recommending the same to the Board for approval, the Committee also reviews and recommends to the Board new Administrative Procedures and revisions to existing Administrative Procedures.

The Committee also determined that paragraph 4.d. should be deleted from the Charter because the Committee does not “monitor the implementation of and compliance with governance related policies”; this is a responsibility delegated by the Board to the CEO.

The revisions to the Governance Committee Charter approved by the Committee and recommended to the Board for adoption are set forth in marked text in the attached Charter. An unmarked version of the Charter is also attached.

Revisions to the CEO Charter

Staff recommended to the Committee, and the Committee approved, a revision to paragraph 9.k. of the CEO Charter to include key stakeholders like REAOC and member labor unions as entities with which the CEO will maintain an effective working relationship:

- 9.k. Maintain an effective working relationship with the County, ~~and other~~ participating employers, plan sponsors of OCERS and key stakeholders such as REAOC and member labor unions.

Staff also recommended to the Committee, and the Committee approved, a revision to paragraph 11.b. of the Charter to clarify the authority of the CEO approve benefits of OCERS employees consistent with Board approved policies:

- 11.b. Assess the human resources needs of OCERS and its employees and establish and implement appropriate human resources programs, ~~and~~ procedures and employee benefits, consistent with the human resources and compensation policies of the Board;

The Committee also requested the following revision to paragraph 5.b. of the Charter:

- 5.b. ~~Assist the Board in implementing its~~ Implement Board-approved governance policies, charters, and By-Laws; and

Finally, the Committee approved a revision to paragraph 10.e. to update/correct the reference to the “annual comprehensive financial report”.

The revisions to the CEO Charter approved by the Committee and recommended to the Board for adoption are set forth in marked text in the attached Charter. An unmarked version of the Charter is also attached.

Non-substantive Revisions to the Public Records and Data Request Policy

There were no substantive revisions to the Public Records and Data Request Policy recommended or approved by the Committee. The non-substantive revisions to the Public Records and Data Request Policy are set forth in marked text in the attached policy. An unmarked version of the policy is also attached.

Non-substantive Revisions to the SACRS Voting Authority Policy

There were no substantive revisions to the SACRS Voting Authority Policy recommended or approved by the Committee. The non-substantive revisions to the SACRS Voting Authority Policy are set forth in marked text in the attached policy. An unmarked version of the policy is also attached.

Revisions to the Procurement and Contracting Policy

The Procurement and Contracting Policy (Policy) was adopted by the Board on November 18, 2002 and was last reviewed and revised on November 15, 2021. OCERS' Internal Auditors presented the Audit of Procurement Process Report to the Audit Committee on October 3, 2022. In the audit report, there were a number of findings that management determined could be addressed in part by an update to the Policy. Management committed to bringing the Policy back to the Governance Committee in the first quarter of 2023.

A cross-departmental team of OCERS' leadership worked together to perform a comprehensive review of the policy. Additional due diligence of reviewing the County of Orange's Procurement Policy as well as other peer retirement system and participating employer's policy was performed. In addition to the changes necessary to address the audit findings, staff recommended and the Governance Committee approved several substantive and non-substantive policy changes to address operational situations that have been encountered that require specific new policy provisions or clarifications. The Committee also made some edits to further clarify policy provisions which have been incorporated into the Policy as presented here. A **summary of the substantive changes** is included in the chart below.

Policy Section	Description of Change	Reason for Change
I.C.4 The Role of the Contract Administrator	Clarified Roles of the Contract Administrator related to due diligence, training team members responsible for purchasing and contractors on the Policy and ensuring contracts are executed by authorized signers.	Management Action Plan for Audit Findings
I.D - Definitions	Added definitions (Master Services Agreement, Pre-Qualified Contractors, Total Contract Value, Unilateral Contract and Written Agreement) and arranged definitions in alphabetic order	To address operations situations needing policy provisions and for clarifications
II.A.5 Contracting Philosophy	Added provision that a written agreement is required when services valued over \$1,000 and spanning more than one year are obtained and when goods purchased with a value greater than \$1,000 are purchased.	Management Action Plan for Audit Findings
II.B.7 Authority for Entering Into Contracts	Added language requiring a procurement and contracting checklist be utilized to ensure policy compliance	Management Action Plan for Audit Findings
II.C Contract Amendments	Added a section creating policy requirements for contract amendments	To address operational situations needing policy provisions
II.D.4 Contract Term	Added clarification to provisions for contract terms	To address operational situations and provide clarification

II.D E.2	Added language to allow Board to delegate Performance Reviews of Named Service Provider	To address operational situations needing policy provisions
III.A.3 Request for Qualifications	Added RFQ as an allowable procurement method	To address operational situations needing policy provisions
III.A.4 Small Purchase Procedures	Create a distinction between a competitive small purchase procedure for goods valued between \$1,000 and \$49,999 (need to obtain one quote) vs those valued between \$50,000 and \$99,999 (need to obtain 3 quotes)	To address operation situations needing policy provisions
III.A.5 Process for Receiving Bids	Amended process to reflect newly implemented use of online bidding system (PlanetBids)	Reflect current process (recently revised)
III.A.6 Request for Information	Added procurement method	To address operational situations needing policy provisions
III.A.7 Search and Selection Process – Exceptions	Moved “exception” language from section III.A.2 – RFP to a new section and added clarifications regarding continued maintenance IT-related purchases	To address operational situations needing policy provisions and to provide clarification
III.C Sole Source & IV Contract Guidelines Summary	Added provisions that must be included in the justification to use a sole source method of procurement (has OCERS contracted with them in the past five years, how prices/fees compare to the general market for similar services/goods) Added requirement that Board approve all Sole Source contracts with Contract Value over \$100,000	To address operations situations needing policy provisions
III.D Technology Purchases	Added requirements that technology-related purchases need to be reviewed and approved by IT and InfoSec to ensure compatibility with OCERS’ technology and security environments	To address operational situations needing policy provisions and to reflect the current process

<p>V.A.Designation of Named Service Providers</p>	<p>Add Custodial Bank back to the list. Remove Securities lending manager (typically included as part of Custodial Bank agreement)</p>	<p>To reflect Investment Committee feedback</p>
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In addition to reviewing the changes to the Policy, the Committee also discussed whether Securities Litigation Monitoring Firms (Monitoring Firms) should be added as Named Service Providers in Section V of the Procurement and Contracting Policy. Currently, selection of the Monitoring Firms has been delegated by the Board to the General Counsel, with approval of the CEO.

The Securities Litigation Policy states that the General Counsel, with the approval of the CEO, will engage two to five Monitoring Firms with demonstrated expertise in securities class actions to monitor and advise OCERS in connection with securities class action filings and settlements that affect OCERS’ investment portfolio. Under zero dollar, six-year contracts, the Monitoring Firms identify and monitor domestic and foreign securities class actions; analyze OCERS’ estimated losses in those cases; and provide reports of newly-filed securities class actions and OCERS’ estimated losses on at least a quarterly basis. The Legal Division collects all of these reports and rolls them up into a quarterly report that is delivered to the Investment Committee. The custodial bank files all claims on behalf of OCERS in domestic cases, and the Monitoring Firms assist OCERS in occasionally filing claims in foreign securities actions where the Investment Committee has approved such filings.

The Monitoring Firms also assist OCERS on a non-exclusive basis in identifying meritorious securities class actions where OCERS has suffered losses that meet OCERS’ loss thresholds (as defined in the policy) and where active participation in the case may be warranted. When such an action is identified, the Legal Division will recommend to the Investment Committee whether or not OCERS should take an active role in the action. If the Investment Committee decides OCERS should take an active role in the action, the Investment Committee will, per the Securities Litigation Policy, select litigation counsel or delegate to the General Counsel the authority to retain litigation counsel. OCERS considers but is under no obligation to retain any of the Monitoring Firms to represent OCERS in the securities class action. OCERS can select any litigation counsel that OCERS chooses -- even where OCERS was informed by the class action by one of the Monitoring Firms; and any engagement of litigation counsel must be pursuant to a separately negotiated retainer agreement. The opportunity to present meritorious class action cases to OCERS for its consideration is not exclusive to the Monitoring Firms, but current and past Monitoring Firms tend to be the firms that approach OCERS with these cases.

The Procurement and Contracting Policy states that the performance of Named Service Providers will be reviewed by the Board. There is little or no basis for the Board to evaluate performance of the Monitoring Firms since all interaction is between the Monitoring Firms and the Legal Division. Reports from the Monitoring Firms are delivered to the Legal Division and used by staff to prepare a quarterly report to the Investment Committee. Based on this understanding of the role of the Monitoring Firms, the Committee decided to not recommend adding the Monitoring Firms as Named Service Providers to the Procurement and Contracting Policy.

Revisions to OCERS Rules of Parliamentary Procedure

At its meeting in February 2023, the Board determined to continue to make participation in meetings of the Board and its committees available to members of the public via the Zoom app. However, the Chair of the

Board directed staff to review existing policies of the Board and suggest where procedures for handling disruptions or willful interruptions to public meetings could be addressed.

Staff reviewed the various charters and policies of the Board and recommended to the Committee, and the Committee approved, adding a **new section** to the OCERS Rules of Parliamentary Procedure (Rules) relating to disruptions of meetings as set forth below. As noted by staff, the new language reflects the provisions of the Brown Act, both Government Code § 54957.9 (Section 4 below) and new Government Code § 54957.95 added by SB 1100, effective January 1, 2023 (Section 5 below).

Disruptions of Meetings

4. In the event any meeting is willfully interrupted by a group or groups of persons so as to render the orderly conduct of such meeting unfeasible and order cannot be restored by the removal of individuals who are willfully interrupting the meeting, the Chair of the Board or committee may:
 - a. Order the meeting room (including the Zoom meeting room) cleared and continue in session as follows:
 - i. Only matters appearing on the agenda may be considered in such a session.
 - ii. Representatives of the press or other news media, except those participating in the disturbance, shall be allowed to attend such a session.
 - b. Readmit to the session individual or individuals not responsible for willfully disturbing the orderly conduct of the meeting.
5. In addition to the authority described in Section 4, above, the Chair of the Board or committee or their designee may remove or cause the removal of any individual for disrupting a meeting provided that prior to removing an individual, the Chair or their designee warns the individual that their behavior is disrupting the meeting and that their failure to cease their behavior may result in their removal. If they do not promptly cease their disruptive behavior, the Chair or their designee may then remove the individual.
 - a. For purposes of this Section 5, “disrupting a meeting” means engaging in behavior that actually disrupts, disturbs, impedes, or renders infeasible the orderly conduct of the meeting and includes, but is not limited to, a failure to comply with reasonable time limits for public comment established by the Board or committee or engaging in behavior that constitutes use of force, or a true threat of force that has sufficient indicia of intent and seriousness that a reasonable observer would perceive it to be an actual threat to use force by the person making the threat.
6. For purposes of Sections 4 and 5, above, “removal from the meeting” includes physically removing the individual or individuals from the in-person meeting location and, in the case of a Zoom meeting, muting the microphone of the individual or individuals or placing them in the Zoom virtual waiting room.

Staff also recommended and the Committee approved the following addition to Section 3.h. of the Rules regarding time limits on speakers:

To ensure that public comment (1) on any matter within the jurisdiction of the Board or committee is permitted at each meeting of the Board or committee; (2) is limited to three minutes per speaker and to a total of 20 minutes per issue (with the exception of appearances on disability matters; see OCERS By-Laws); and (3) does not interfere with the orderly conduct of the meeting. The Chair of the Board or committee has the discretion to modify the time limit per speaker should, for example, it be necessary to shorten the time to accommodate a lengthy agenda or a large number of speakers. Similarly, the time limit per speaker may be lengthened to allow additional time for discussion on a complicated matter.

The revisions to the Rules approved by the Committee and recommended to the Board for adoption are set forth in marked text in the attached Rules. An unmarked version of the Rules is also attached.

New OCERS Administrative Procedure Re: Documentation of Birthdate and Marriage/Domestic Partnership

Staff recommended, and the Committee approved, a new OCERS administrative procedure (OAP) outlining the documents OCERS requires to prove age and marital/domestic partnership status when applying for OCERS benefits. The Committee suggested one non-substantive change to the language to clearly state that the list of alternative documents would be reviewed by OCERS to determine if they are acceptable.

Attachments:

- Governance Committee Charter (redlined and unmarked)
- CEO Charter (redlined and unmarked)
- Public Records and Data Request Policy (redlined and unmarked)
- SACRS Voting Authority Policy (redlined and unmarked)
- Procurement and Contracting Policy (redlined and unmarked)
- OCERS Rules of Parliamentary Procedure (redlined and unmarked)
- OCERS Administrative Procedure Re: Documentation of Birthdate and Marriage/Domestic Partnership

Submitted by:



Gina M. Ratto
General Counsel



OCERS Board Charter Governance Committee Charter

Introduction

1. The OCERS Board of Retirement (Board) has established a Governance Committee to assist the Board in recommending, reviewing, and amending, as necessary, policies and procedures for governance of the Board. The Governance Committee is an advisory committee to the Board and its recommendations are subject to final approval by the Board.
2. The Board Chair will appoint members to the Governance Committee as provided in OCERS' By-Laws and will designate one member of the committee to serve as committee chair and one member of the committee to serve as committee vice chair.
3. The Governance Committee will be comprised of four (4) members of the Board. As provided in OCERS' By-Laws, two members of the Governance Committee constitute a quorum.

Duties and Responsibilities

4. The Governance Committee will:
 - a. In consultation with the Chief Executive Officer, develop terms of reference for the Board, the Committee Chairs, and the Chief Executive Officer, and periodically recommend to the Board such amendments as may be necessary or advisable;
 - b. Review, develop, and recommend to the Board for approval, new governance policies as may be necessary, review existing governance policies based upon the established schedule for review, and review and recommend changes to the By-Laws as directed by the Board or Board Chair;
 - ~~e.~~ Review the charters, ~~and~~ policies and administrative procedures assigned to the Governance Committee by the Board at least once every three years in accordance with the established schedule for review, and recommend the same for approval by the Board;
 - ~~d.c.~~ Monitor the implementation of and compliance with governance-related policies;
 - ~~e.d.~~ Report regularly to the Board on the Committee's activities; and
 - ~~f.e.~~ At the request of the Board Chair or the Board, undertake such other governance-related initiatives as may be necessary or desirable to guide or assist the Board and OCERS staff in carrying out their respective duties and responsibilities.

Charter Review

5. 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.

Charter History

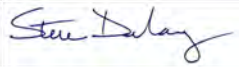
6. This Charter was adopted by the Board of Retirement on November 18, 2002, and amended on March 17, 2014, July 20, 2015, May 15, 2017, ~~and~~ April 20, 2020, and April 17, 2023.



OCERS Board Charter Governance Committee Charter

Secretary's Certificate

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



04/20/2020

Steve Delaney, Secretary of the Board

Date



OCERS Board Charter

Governance Committee Charter

Introduction

1. The OCERS Board of Retirement (Board) has established a Governance Committee to assist the Board in recommending, reviewing, and amending, as necessary, policies and procedures for governance of the Board. The Governance Committee is an advisory committee to the Board and its recommendations are subject to final approval by the Board.
2. The Board Chair will appoint members to the Governance Committee as provided in OCERS' By-Laws and will designate one member of the committee to serve as committee chair and one member of the committee to serve as committee vice chair.
3. The Governance Committee will be comprised of four (4) members of the Board. As provided in OCERS' By-Laws, two members of the Governance Committee constitute a quorum.

Duties and Responsibilities

4. The Governance Committee will:
 - a. In consultation with the Chief Executive Officer, develop terms of reference for the Board, the Committee Chairs, and the Chief Executive Officer, and periodically recommend to the Board such amendments as may be necessary or advisable;
 - b. Review, develop, and recommend to the Board for approval, new governance policies as may be necessary, review existing governance policies based upon the established schedule for review, and review and recommend changes to the By-Laws as directed by the Board or Board Chair;
 - c. Review the charters, policies and administrative procedures assigned to the Governance Committee by the Board at least once every three years in accordance with the established schedule for review, and recommend the same for approval by the Board;
 - d. Report regularly to the Board on the Committee's activities; and
 - e. At the request of the Board Chair or the Board, undertake such other governance-related initiatives as may be necessary or desirable to guide or assist the Board and OCERS staff in carrying out their respective duties and responsibilities.

Charter Review

5. 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.

Charter History

6. This Charter was adopted by the Board of Retirement on November 18, 2002, and amended on March 17, 2014, July 20, 2015, May 15, 2017, April 20, 2020, and April 17, 2023.



OCERS Board Charter Governance Committee Charter

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

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~~ Implement Board-approved 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 participating employers, plan sponsors of OCERS and key stakeholders such as REAOC and member labor unions.

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 ~~n comprehensive~~ annual comprehensive 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.



OCERS Board Charter CEO Charter

Human Resources

11. The CEO will:
 - a. Recommend human resources and compensation policies to the Board;
 - b. Assess the human resources needs of OCERS and its employees and establish and implement appropriate human resources programs, ~~and~~ procedures and employee benefits, 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.



OCERS Board Charter CEO Charter

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 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, and April 17, 2023.

Secretary's Certificate

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

03/18/19

Steve Delaney
Secretary of the Board

Date



OCERS Board Charter

Governance Committee Charter

Introduction

1. The OCERS Board of Retirement (Board) has established a Governance Committee to assist the Board in recommending, reviewing, and amending, as necessary, policies and procedures for governance of the Board. The Governance Committee is an advisory committee to the Board and its recommendations are subject to final approval by the Board.
2. The Board Chair will appoint members to the Governance Committee as provided in OCERS' By-Laws and will designate one member of the committee to serve as committee chair and one member of the committee to serve as committee vice chair.
3. The Governance Committee will be comprised of four (4) members of the Board. As provided in OCERS' By-Laws, two members of the Governance Committee constitute a quorum.

Duties and Responsibilities

4. The Governance Committee will:
 - a. In consultation with the Chief Executive Officer, develop terms of reference for the Board, the Committee Chairs, and the Chief Executive Officer, and periodically recommend to the Board such amendments as may be necessary or advisable;
 - b. Review, develop, and recommend to the Board for approval, new governance policies as may be necessary, review existing governance policies based upon the established schedule for review, and review and recommend changes to the By-Laws as directed by the Board or Board Chair;
 - c. Review the charters, policies and administrative procedures assigned to the Governance Committee by the Board at least once every three years in accordance with the established schedule for review, and recommend the same for approval by the Board;
 - d. Report regularly to the Board on the Committee's activities; and
 - e. At the request of the Board Chair or the Board, undertake such other governance-related initiatives as may be necessary or desirable to guide or assist the Board and OCERS staff in carrying out their respective duties and responsibilities.

Charter Review

5. 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.

Charter History

6. This Charter was adopted by the Board of Retirement on November 18, 2002, and amended on March 17, 2014, July 20, 2015, May 15, 2017, April 20, 2020, and April 17, 2023.



OCERS Board Charter Governance Committee Charter

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

Date



OCERS Board Policy

Public Records and Data Request Policy

Purpose and Background

1. The Board of Retirement ("Board") of the Orange County Employees Retirement System ("OCERS") adopts this policy to establish guidelines and procedures regarding responses to requests ("PRA Requests") pursuant to the California Public Records Act ("PRA"); data requests received from OCERS employers or other stakeholders ("Data Requests"); and requests for account information received from OCERS members and their beneficiaries.

The Board is committed to transparency and recognizes that transparency is integral to good governance. The Board has an obligation to balance its members' right to privacy with the public's right to information regarding public business. In addition, the Board must balance the interests of OCERS employers and other stakeholders that request information from OCERS against the Board's paramount duty to administer the system solely in the interest of, and for the exclusive purpose of providing benefits to, OCERS members and their beneficiaries. This policy is not intended to cover all of the complex legal and factual issues that may arise in responding to a PRA Request. However, the Board has determined that it is useful to establish guidelines for OCERS to consider when responding to a PRA Request or a Data Request, and to publish those guidelines for the benefit of OCERS members and their beneficiaries, OCERS employers and stakeholders, and the public at large.

Policy Objectives

2. The objectives of this policy are to provide guidelines to staff in responding to PRA Requests and Data Requests.

Policy Guidelines

3. OCERS members and their beneficiaries are entitled to access their own individual OCERS records and accounts and may authorize access by another person or entity by providing written authorization to OCERS. OCERS staff is authorized to provide members and their beneficiaries with copies of their own individual records and account information and to charge the requestor only the direct cost of duplicating a record, if any. A request made by an OCERS member or beneficiary for their own individual records or information will not be treated as a PRA Request or Data Request under this policy.
4. All Data Requests made by an OCERS employer or other stakeholder shall be routed to an Assistant CEO or the General Counsel and will be treated by OCERS as a request made pursuant to the PRA and subject to this policy. Requests from individual Board members shall be routed to the CEO and will be handled by OCERS in accordance with the Board's Communications Policy.
5. OCERS prefers that all PRA Requests and Data Requests be made in writing in order to facilitate a clear understanding of the request and the records or data being sought by the requestor. When a request is made verbally, staff should ask the requesting party to put the request in writing. In the



OCERS Board Policy

Public Records and Data Request Policy

event the requesting party refuses to make a written request, staff should seek to clarify the request verbally and take detailed notes regarding the request.

6. The PRA requires OCERS to disclose “public records” unless the particular information is exempt from disclosure. “Public records” include any writing containing information relating to the conduct of the public’s business (i.e., OCERS’ business) that is prepared, owned, used or retained by OCERS.
7. Communications related to the conduct of the public business that are sent, received or stored on the private accounts and personal devices of OCERS staff or Board members are public records subject to disclosure under the PRA. If it is determined that the scope of a PRA Request includes public records that may be held in a Board member’s or OCERS’ employee’s non-governmental accounts or on their personal devices, OCERS will communicate the request to the Board members and employees in question and they must thereafter perform a reasonable search of their personal files, accounts and devices for responsive material.
8. OCERS will respond to PRA Requests and Data Requests in accordance with the PRA, the County Employees Retirement Law of 1937 (the “CERL”), and controlling case law interpreting the PRA and the CERL; and OCERS will not disclose pursuant to a PRA Request or a Data Request records exempt from disclosure under such laws. The General Counsel, in consultation with the CEO, has the authority to exercise discretion to waive an exemption if it is in OCERS’ best interest to do so.
9. The PRA expressly permits, and OCERS’ fiduciary responsibility to administer the system for the exclusive purpose of providing benefits to OCERS members and their beneficiaries requires, that OCERS recover the direct costs of duplication when providing copies of records, and under certain circumstances, the costs of data compilation, extraction, and programming to produce an electronic record. OCERS will provide an estimate of any such costs to the requestor under a PRA Request or a Data Request and will promptly fulfill the request for records or data after payment of the full estimated amount. Any payments made based on the estimate that are in excess of the actual cost for copying or producing the requested records or data will be refunded to the requestor.

Policy Review

10. The Board shall review this Policy at least every three years to ensure that it remains relevant and appropriate.

Policy History

11. The Board adopted this Policy on March 19, 2012. The Board reviewed and amended this policy on December 14, 2015, May 15, 2017, ~~and~~ April 20, 2020, and April 17, 2023.



OCERS Board Policy Public Records and Data Request 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.

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

Steve Delaney
Secretary of the Board

~~04/20/2020~~

Date



OCERS Board Policy

Public Records and Data Request Policy

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OCERS Board Policy Public Records and Data Request Policy

Secretary's Certificate

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

Steve Delaney
Secretary of the Board

_____ Date



OCERS Board Policy

SACRS Voting Authority Policy

Background

1. The State Association of County Retirement Systems (SACRS) is an association of 20 California county retirement systems, established under the County Employees Retirement Law of 1937. SACRS meets as an organization twice a year with all 20 counties participating through attendance by Trustees, Administrators, and staff.
2. Regular member County Retirement Systems have the right to vote on the election of the officers/directors of SACRS, amendments to the Articles of Incorporation and By-laws, legislative proposals for SACRS' sponsorship and positions on non-SACRS' sponsored legislation, resolutions, and other items of SACRS' business. Regular member County Retirement Systems are entitled to one (1) voting delegate.
3. The voting delegate must be designated in writing by the member County Retirement Board and must be a Trustee or an Administrator who is employed directly by the County Retirement System. Alternate delegates may be designated in writing by the member County Retirement Board.

Policy Guidelines

4. In order to ensure that OCERS is represented by a voting delegate at each business meeting of SACRS, OCERS will designate the current Board Chair as OCERS' voting delegate and each member of the Board and the Administrator as alternate delegates.
5. Credentials for the delegates who are voting participants shall be filed by OCERS with the SACRS Credentials Committee in writing prior to any meeting of SACRS at which voting will take place. Credentials will include the name of the member County Retirement System, and designate the Board Chair as OCERS' voting delegate and designate all other Board members and the Administrator as alternate voting delegates.
6. Voting at meetings of SACRS shall be the exclusive privilege of the delegate or one of the alternate delegates. If the Board Chair is present at the SACRS business meeting, he or she will cast OCERS' vote(s) at the meeting. If the Board Chair is not present at the SACRS business meeting at which a vote is taking place, the Vice Chair shall cast OCERS' vote(s) at the meeting. If neither the Board Chair nor Vice Chair are present, the alternate voting delegate to cast OCERS' vote(s) will be determined, among the Board members in attendance, alphabetically by the Board member's last name. The voting delegate, or designated alternate delegate if the voting delegate is absent, may cast one (1) vote on each matter submitted to a vote of the SACRS membership.
7. Where the OCERS' Board has taken an official Board position on an item to be voted on at a SACRS business meeting, the voting delegate or designated alternate voting delegate must cast a vote consistent with the Board position. If the Board has not taken a position on an item to be voted on, the voting delegate or designated alternate voting delegate must comply with the Board policy or policies that address(es) the subject matter of the item. When the item to be voted on is not addressed in any OCERS' Board policy and the Board has not taken a position, the voting delegate or designated alternate voting delegate may use his or her best judgment to vote in accordance



OCERS Board Policy SACRS Voting Authority Policy

with the position he or she believes the Board would take on the item, or abstain from voting. Notwithstanding the foregoing, the voting delegate and designated alternate voting delegate shall not vote on any item that would obligate OCERS financially to pay any sums other than SACRS dues.

Policy Review

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

Policy History

- 9. This policy was adopted on May 9, 1988.
- 10. This policy was revised on August 25, 2008, May 17, 2011, March 17, 2014, May 15, 2017, ~~and~~ April 20, 2020, and April 17, 2023.

Secretary's Certificate

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

Steve Delaney
Secretary of the Board

~~04/20/2020~~

Date



OCERS Board Policy SACRS Voting Authority Policy

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2. Regular member County Retirement Systems have the right to vote on the election of the officers/directors of SACRS, amendments to the Articles of Incorporation and By-laws, legislative proposals for SACRS' sponsorship and positions on non-SACRS' sponsored legislation, resolutions, and other items of SACRS' business. Regular member County Retirement Systems are entitled to one (1) voting delegate.
3. The voting delegate must be designated in writing by the member County Retirement Board and must be a Trustee or an Administrator who is employed directly by the County Retirement System. Alternate delegates may be designated in writing by the member County Retirement Board.

Policy Guidelines

4. In order to ensure that OCERS is represented by a voting delegate at each business meeting of SACRS, OCERS will designate the current Board Chair as OCERS' voting delegate and each member of the Board and the Administrator as alternate delegates.
5. Credentials for the delegates who are voting participants shall be filed by OCERS with the SACRS Credentials Committee in writing prior to any meeting of SACRS at which voting will take place. Credentials will include the name of the member County Retirement System, and designate the Board Chair as OCERS' voting delegate and designate all other Board members and the Administrator as alternate voting delegates.
6. Voting at meetings of SACRS shall be the exclusive privilege of the delegate or one of the alternate delegates. If the Board Chair is present at the SACRS business meeting, he or she will cast OCERS' vote(s) at the meeting. If the Board Chair is not present at the SACRS business meeting at which a vote is taking place, the Vice Chair shall cast OCERS' vote(s) at the meeting. If neither the Board Chair nor Vice Chair are present, the alternate voting delegate to cast OCERS' vote(s) will be determined, among the Board members in attendance, alphabetically by the Board member's last name. The voting delegate, or designated alternate delegate if the voting delegate is absent, may cast one (1) vote on each matter submitted to a vote of the SACRS membership.
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OCERS Board Policy

SACRS Voting Authority Policy

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Policy Review

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Policy History

- 9. This policy was adopted on May 9, 1988.
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Secretary's Certificate

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

Steve Delaney
Secretary of the Board

Date



OCERS Board Policy

Procurement and Contracting

I. Purpose and Background

A. Purpose

The Procurement and Contracting Policy (policy) establishes the guidelines by which OCERS will procure goods and services. Investment Management Agreements (as defined below) are exempt from this policy, and will instead be governed by the CIO Charter and the Investment Policy Statement.

B. Objectives

The objectives of this policy are to ensure that:

1. Contractual arrangements for the purchase of goods and services are made in a manner consistent with OCERS' fiduciary duty to its members and beneficiaries;
2. The procurement of goods and services is efficient, transparent, economical, fair, and in compliance with all applicable laws;
3. A system of internal controls related to the procurement of goods and services is implemented;
4. All contracting activities are performed by qualified individuals with specifically delegated authority using sound business practices in an ethical manner;
5. The selection of Contractors reflects a level of rigor that is commensurate with the importance and cost of the service or goods in question.

C. Roles and Responsibilities

1. The role of the Board of Retirement (Board), or the Investment Committee if applicable, is to:
 - i. Establish appropriate policies to ensure selection decisions are prudent and sound;
 - ii. Oversee compliance with such policies;
 - iii. Select and ~~appoint~~terminate Named Service Providers; and
 - iv. Authorize staff to execute contracts with Named Service Providers.
2. The role of the Chief Executive Officer (CEO) is to:
 - i. Approve the purchase of goods and services for which the CEO is responsible under this policy; and
 - ii. Keep the Board apprised of contract actions as necessary for the Board to carry out its oversight function.
3. The role of the Responsible Executive is to:
 - i. Approve the purchase of goods and services for which ~~s/he is~~they are responsible under this policy;



OCERS Board Policy

Procurement and Contracting

- ii. Keep the CEO apprised of all significant contract actions for which the Responsible Executive is responsible;
 - iii. Ensure that budget authority exists within the budget ~~line item category~~ from which a contract will be paid;
 - iv. Select the appropriate procurement process to be used and participate in the preparation of the solicitation documents for the goods and services being procured.
 - v. Select, or recommend that the CEO select as the case may be, Contractors in the area for which the Responsible Executive is responsible;
 - vi. Negotiate, or delegate to an appropriate staff member who will negotiate terms and conditions of contracts for the purchase of goods and services for which ~~s/he is~~they are responsible.
4. The role of the Contract Administrator is to:
- i. Manage the Contractor files and the lifecycle management system, and ensure compliance with best practices for Contractor management;
 - ii. Assemble, manage, and distribute all contract solicitations and other contract acquisition efforts;
 - iii. Maintain appropriate contract and solicitations templates in consultation with the Legal Division;
 - iv. Assist the Responsible Executive with the selection of Contractors and negotiation of contractual terms;
 - v. ~~Conduct~~Ensure due diligence is completed in accordance with Section III.E for ~~potential~~ Contractors; with whom OCERS does not have an existing contract;
 - vi. Review Contractors' certificates of insurance to verify compliance with the contracted requirements for coverage;
 - vii. Serve as the CEO's designee under the Quiet Period Policy;
 - viii. Develop (subject to the approval of the Responsible Executive and in consultation with the Legal Division) required and preferred terms and conditions to be included in OCERS contracts;
 - ix. Ensure all solicitations are reflected in the Quiet Period Report to the Board;
 - x. Coordinate and oversee the review of Contractors' performance;
 - xi. Monitor the expiration dates of all contracts to ensure either timely extension of the contract term or timely issuance of contract solicitation; ~~and~~
 - xii. Report to the Board annually all contracts that exceed a Contract Value of \$100,000; ~~;~~



OCERS Board Policy

Procurement and Contracting

- xiii. Conduct annual Procurement & Contracting Policy training for team members who have responsibility for purchasing and contracting;
 - xiv. Ensure contracts comply with the signature requirements set forth in Section IV of this policy; and
 - xv. Ensure OCERS' contract template is attached to and incorporated into all RFPs.
5. The role of the General Counsel or his/her/their designee is to:
- i. Review contracts before execution for compliance with legal requirements and to provide an assessment of risk to the agency;
 - ii. Assist the CEO, Responsible Executive, and Contract Administrator in preparing Requests for Proposals, Invitations to Bid, and other solicitations when requested;
 - iii. Assist the Responsible Executive and Contract Administrator in the negotiation of contractual terms and conditions when requested; and
 - iv. Assist the Contract Administrator in developing necessary and preferred terms and conditions and contract templates.

D. Definitions

- ~~1. **Executive:** The CEO, the Assistant CEOs, the Chief Investment Officer, and the General Counsel.~~
- ~~2. **Responsible Executive:** The Executive who manages the budget line item for the funds being committed under the contract.~~
- ~~3.1. **Contract Value:** For the purposes of the dollar thresholds in this policy, the value of a contract is the anticipated amount OCERS ~~is~~will be obligated to pay for one year under the contract.~~
- 2. **Contractors:** For purposes of this policy, Contractors include providers of services and vendors of goods.
- 3. **Executive:** The CEO, the Assistant CEOs, the Chief Investment Officer, and the General Counsel.
- 4. **Investment Management Agreements:** agreements of any kind that evidence and/or govern the investment of OCERS' assets in any investment class. Investment Consultant Agreements are not Investment Management Agreements.
- 5. **Master Services Agreement:** A contract for goods or services to be provided on an as-needed basis or which may govern future transactions with the vendor is sometimes referred to as a Master Services Agreement. Any statement of work or order made under such contracts will comply with the requirements for contracts of the same value.
- 6. **Named Service Providers:** The Contractors designated in section V, below.



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~~4-7. Non-Routine Items:~~ expenses that are not regularly purchased or budgeted on an annual basis:— Contracts or purchase orders for non-routine items require:

- ~~i. Must have Available funds in the approved budget, including any permissible budget transfers under the Budget Approval Policy or Board approved amendments to the budget; designated for the goods or services being procured; and~~
- ~~ii. Can be approved Approval by the Responsible Executive responsible for where the budget item goods or services are to be paid from for expenditures valued at less than \$100,000; or~~
- ~~iii. Approval by the Board for expenditures valued over \$100,000. The Board may approve of the expenditure either as part of the annual budget, budget amendment, annual Business Plan or a specific Board approval of the contract or purchase order.~~

8. Pre-Qualified Contractors: Contractors that have been evaluated and selected by OCERS through a publicly advertised competitive search and selection process, and passed a due diligence review.

9. Responsible Executive: The Executive who manages the budget category for the funds being committed under the contract.

~~5-10. Routine Items:~~ expenses that are regularly budgeted on an annual basis. These items include but are not limited to the following:

- ~~i. Office supplies, postage, furniture, office equipment, subscriptions, temporary services, professional and consulting services engaged to supplement or support staff, and software and cloud services; and~~
- ~~ii. General services contracts and agreements such as hearing officers, medical panel reviewers, property management, maintenance and repair of landscaping, building, and equipment, printing, Board of Retirement elections, computer consulting, software licenses, messenger services, catering, etc.~~

~~Non-Routine Items:~~ expenses that are not regularly purchased or budgeted on an annual basis. Contracts or purchase orders for ~~non~~-Routine Items require:

- ~~iii. Available funds in the approved budget, including any Board approved amendments to the budget designated for the goods or services being procured,~~
- ~~iv. Approval by the Responsible Executive responsible for the budget in which the goods or services to paid from for expenditures valued at less than \$100,000,~~
- ~~i. Approval by the Board for expenditures valued over \$100,000. The Board may approve of the expenditure either as part of the annual budget, budget amendment, annual Business Plan or a specific Board approval of the contract or purchase order.~~

~~7-1. Contractors:~~ For purposes of this policy, Contractors include providers of services and vendors of goods.



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~~8. **Named Service Providers:** Contractors recommended by the CEO and selected and appointed by the Board where such providers are retained primarily to fulfill an independent audit or advisory role for the Board. See also below section V.~~

~~9-11. **Time and Material (T&M) Contracts:** agreements with Contractors where the value of the contract is variable based on the time and material costs of the Contractor. In these types of contracts, if the contract ~~will does not~~ include a ~~provision stating that the Contract Value is not to exceed a~~ specified not-to-exceed dollar amount, ~~or~~ the Contract Value will be limited by the available budget for the goods or services.~~

12. **Total Contract Value:** the sum of all Contract Values that, when the contract is entered, is anticipated to be the amount OCERS will be obligated to pay over the entire term of the contract.

13. **Unilateral Contract:** a contract that is used to pay for critical, ongoing services provided by exclusive entities that will not sign an OCERS-written contract. Unilateral Contracts are not subject to OCERS' standard procurement practices. The following are permissible Unilateral Contracts:

- i. Utility services: electric, gas, water, telephone
- ii. Cable/Satellite companies
- iii. US Postal Service
- iv. Memberships in associations formed for a purpose directly related to the primary work of OCERS

14. **Written Agreement:** a document that is a legally binding contract between OCERS and another party(s) regarding the buying and selling of goods or services. Examples include but are not limited to: a contract, sale or lease agreement, bill of sale, purchase order, or memorandum of understanding. Reference to a written agreement means a contract that has been reduced to writing, regardless of format or label.

~~9-1. **Investment Management Agreements:** agreements of any kind that evidence and/or govern the investment of OCERS' assets in any investment class. Investment Consultant Agreements are not Investment Management Agreements.~~

III. II. Provisions Applicable to All Contracts

A. Contracting Philosophy

1. OCERS will consider as broad a universe of qualified Contractors as is practical and reasonable given budgetary, staffing, time, and other relevant constraints and considerations.
2. The search, selection, monitoring, and reporting provisions contained in this policy serve as minimum requirements. If more stringent requirements are established under the law or within other policies of OCERS, the law, and such other policies will control.



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3. Consistent with Title 2, Division 6, Chapter 7 of the California Code of Regulations, §§ 18700-18720, no OCERS Board Member or staff will be directly or indirectly involved in an OCERS contracting decision if the decision will have a material financial effect on an economic interest of the Board Member, staff person, or the immediate family of the Board Member or staff person.
4. OCERS values diversity and inclusion and is committed to fostering diversity in its procurement process through ~~the~~ outreach to small and diverse businesses. In the distribution and publication of solicitations, OCERS will endeavour to reach beyond traditional sources and list opportunities in locations that will notify a diverse audience of Contractors.
5. A Written Agreement is required when:
 - a. Services valued over \$1,000, and the delivery of services will span a duration of more than one year; or
 - b. Goods purchased with a value greater than \$1,000
6. Contracts shall not be split to avoid approval by the Board or to bypass competitive search and selection requirements.

B. Authority for Entering Into Contracts.

1. Before entering into any contract for goods or services, OCERS must have available funds in the current year's approved budget, including any Board approved amendments to the budget, to fund the current year's expense or Contract Value.
2. Only the Responsible Executive or his/her/their designee may bind or commit OCERS for the purchase of goods or services as set forth in this policy, except in emergencies and as may be otherwise authorized by the Board.
3. An emergency is any circumstance that would interfere with ~~OCERS'~~OCERS' ability to meet its fiduciary obligations, threaten the health and safety of its staff, or compromise its legal rights or remedies. If a contract is needed as the result of an emergency, report of the contract will be made to the Responsible Executive or to the Board whose authorization is normally required for such contract as soon as practicable.
4. The CEO may delegate his/her/their authority to execute documents to an Executive.
5. A Responsible Executive may delegate his/her authority to approve check requests, invoices and/or purchase requisitions.
6. All delegations will be documented in writing, identifying the individual to whom the authority is delegated and any dollar restriction or budget account restrictions associated therewith.
7. Contracts will be routed to the Responsible Executive for signature. The submission will include a certification by both the Contracts Administrator and the staff member who originated the contract certifying compliance of the contract with the provisions of this policy.



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8. After the Responsible Executive signs the contract it will be routed for the second Executive signature when required.

C. Contract Amendments

1. Contract Amendments that increase Contract Value are permissible under the following circumstances:
 - i. The need for services could not be accurately projected and the increase does not justify rebidding
 - ii. To cover services already provided in the scope of work or additional services similar to those already provided in the scope of work set forth in the contract
 - iii. Special economic factors that justify a contract increase
 - iv. An emergency exists which does not permit rebidding
2. Contract Value may be increased up to twenty-five percent (25%) of the original Contract Value or \$100,000, whichever is less.
3. For contracts that span over multiple years, the Total Contract Value may be increased up to twenty-five percent (25%) or \$200,000 whichever is less.
4. Contract amendments have the signature requirements of the Total Contract Value for the purpose of determining signing authority.
5. A full due diligence review is not required for Contract Amendments.
6. If an amendment is determined to be in the best interest of OCERS and will exceed the limitations in sections II.C.2 and II.C.3, justification must be documented and CEO approval is required.
7. Exemptions: Amendments to Unilateral Contracts or subscriptions, cloud services, or license agreements for the purpose of increasing the number of users required to meet OCERS operational needs are not limited as prescribed in section II.C.1. However, approved budget funds must be available in the designated budget category.

C.D. Contract Term

1. ~~The term of a contract~~ Contract terms will not exceed six (6) years.
2. Ongoing subscriptions or licenses will be reviewed at least every six (6) years
3. The Legal department must review renewal documents.
4. Board of Retirement approval is required to extend a contract term beyond a total of six years without a new competitive search and selection process, with the exception of Unilateral Contracts

D.E. Performance Reviews

1. The Contract Administrator will coordinate ~~the evaluation~~ evaluations of all Contractors ~~to determine if Contractors are performing their contractual obligations.~~



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2. The performance of Named Service Providers and Contractors with Contract Values that exceed \$100,000 will be reviewed at least every three years. In addition, at least six months before the expiration of the initial term of a contract with a Named Service Provider and Contract Value over \$100,000, the continued appropriateness and cost-effectiveness of the Contractor will be assessed. For contracts with Named Service Providers, the CEO, ~~and~~ the Board or the pertinent committee of the Board, or their designee will make the performance review and assessment. For Contract Values over \$100,000, the CEO (or his/her designee) will make the performance review and assessment.

The results of performance reviews of Named Service Providers will be summarized and reported to the Board.

IV.III. Search and Selection Process

A. Competitive Search and Selection Process

Where a competitive search and selection process is required under this policy, the Responsible Executive will use one of the following procurement methods.

1. Invitation for Bid (IFB):
 - i. This method will be used when multiple bidders are available and willing to bid, and procurement needs can be stated in detail, with precision, or where services or products are standardized.
 - ii. The IFB process requires the evaluation of price, delivery and payment terms, and compliance with technical standards. The bid that provides the best pricing and delivery and payment terms will be selected.
 - iii. The bids may be reviewed by a minimum of three OCERS staff members to identify the bidder who provides the best value to OCERS.
2. Request for Proposal (RFP)
 - i. This method will be used where the product or service to be acquired cannot be stated with specificity (such as consulting services) or where OCERS may seek to evaluate a number of different types of professional services or products.
 - ii. The proposal that best meets OCERS' needs, with consideration for price, qualifications, and other relevant factors set forth in the RFP, will be selected.
 - iii. This method will be used in most circumstances where the Contract Value exceeds \$100,000. ~~In cases where the Responsible Executive deems an RFP will not be of benefit, the Responsible Executive or designee will provide a report to the CEO detailing the reasons why an RFP is not beneficial. The CEO must approve the exception prior to selecting a Contractor, or Master Service Agreements.~~

3. Request for Qualifications (RFQ)



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- i. A solicitation that describes the product, project, or services required and solicits qualifications from potential Contractors for purposes of evaluating those qualifications for screening, pre-qualifying, or for an award of contract.
- ii. This method will be used where:
 - a. The available specifications or description of the product, project, or service to be acquired are not sufficiently complete without further technical evaluations and discussions between the Contractor and OCERS, or
 - b. OCERS has a business need to have one or multiple Pre-Qualified Contractors within a designated field of work (i.e. information technology support), a Master Services Agreement will be used with specific scopes of work developed on an as-needed basis. Use of a Pre-Qualified Contractor will be based on the best interest and needs of OCERS.

3.4. Small Purchase Procedure

- i. Where the Contract Value is at least \$1,000 but less than \$50,000, the selection of Contractors will be based on a less formal competitive process resulting in a minimum of one written or oral quote from a qualified source. Quotes can be obtained from means such as websites, email, catalogs, price lists, and letters.
- ii. Where the Contract Value is \$50,000 or more but less than \$100,000, the selection of Contractors will be based on a less formal competitive process resulting in a minimum of three quotes from qualified sources ~~must be obtained~~. Quotes can be obtained from means such as websites, email, catalogs, price lists, and letters. If three qualified sources cannot be reasonably identified, then the Responsible Executive may authorize the use of a ~~sole source process, as set forth below in Section III.C.~~ selected vendor based on the best interest and needs of OCERS.

4.5. Process for Receiving Bids in Response to an RFP ~~or~~, IFB and RFQ

- i. The period for submitting bids in response to an RFP, IFB and ~~IFBRFQ~~ will be at least fifteen (15) days from the date the RFP ~~or~~, IFB or RFQ is issued. All RFPs ~~and~~, IFBs and RFQs will be issued on OCERS' bidding system. A link to the bidding system will be posted on ~~the OCERS~~OCERS' website and ~~distributed~~notification may be given to entities that OCERS identifies as likely to be interested.
- ii. The Contract Administrator or ~~his/her~~their designee will answer questions from any bidder or potential bidder, and all answers provided to any bidder will be made available to all bidders ~~by posting on the OCERS website and by e-mailing all bidders through OCERS' bidding system.~~
- iii. Best efforts will be made to have at least three OCERS personnel review the bids and recommend finalists. Best efforts will be made to include at least one representative from a department other than the one that has authority over the contract. In the case where external expertise is used to review the bids, at least one reviewer must be an OCERS employee.

6. Request for Information (RFI)



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- i. A solicitation used when OCERS does not intend to award a contract, but needs to obtain price, delivery, other market information, or capabilities for planning purposes. Responses to RFI notices are not offers and cannot be accepted by OCERS to form a binding contract.
 - ii. An RFI may precede an RFP or RFQ. The RFI is a way to find interested vendors and service providers and is generally in the format of a business letter, clearly identifying the needs or services OCERS desires to obtain. An RFI could contain some of the following:
 - 1. Description of the goods or services being requested, and if applicable, the target population to be served;
 - 2. Term of a potential contract;
 - 3. Deadline for submitting a response to the RFI;
 - 4. Contact information for responding to the RFI Letter;
- 7. Exceptions**
- i. In cases where an RFP, IFB or RFQ is required, but the Responsible Executive deems the defined search and selection process will not be of benefit, the Responsible Executive or designee will provide a report to the CEO, detailing the reasons why the required search and selection process is not beneficial along with a description of an alternative search and selection process that does not restrict open and fair competition to be used.
 - ii. The CEO must approve the alternative search and selection process prior to selecting a Contractor.
 - iii. In cases where OCERS has purchased equipment, software and operating systems for its use in compliance with this policy, procurement of the continuing maintenance, and upgrades of the software and operating systems from the developer, manufacturer or authorized reseller does not require a separate competitive procurement

B. Contracted Suppliers

Where a Contractor has been selected by OCERS pursuant to a competitive search and selection process or by the County of Orange or other governmental agency pursuant to a competitive search and selection process, the Contractor may be used as a Contracted Supplier under certain circumstances as set forth in this policy. Such Contracted Suppliers may include, by way of example, retail sellers of off-the-shelf office supplies contracted by the County of Orange or directly by OCERS.

C. Sole Source

A sole source approach may be permitted under the following circumstances:

- 1. In cases where a competitive search and selection process will not likely yield a viable alternative to a known service provider; or
- 2. Where legal services are urgently needed, a competitive search and selection process will not be timely, and a known Contractor exists.

A written report describing the unique characteristics of the situation, the known Contractor ~~and,~~ whether OCERS has contracted with this Contractor within the last five years, sound justification for a sole source approach and explanation of how prices or fees compare to the general market for



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comparable services or supplies will be provided to the Contract Administrator and the Executive who will either approve or deny the request to use a sole source approach— in writing

Executives who wish to use a sole source approach will provide the report to the Contract Administrator and the -CEO, who will either approve or deny the request. When the CEO is the Responsible Executive, the report will be provided to the Contract Administrator, the Board Chair and Vice-Chair who will either approve or deny the request to use a sole source approach. All sole source contracts (whether approved by the CEO or the Board Chair and Vice-Chair and regardless of Contract Value) will be reported to the Board at its next regular meeting. Sole Source contracts with a Contract Value of \$100,000 or more require Board approval.

D. Technology Purchases and Leases

1. Include any information technology-related hardware, software, licenses, subscriptions, services, and/or consulting;
2. Must be initiated and processed with the full knowledge, direction, and approval of OCERS' Director of Information Technology, regardless of cost, to ensure compatibility with OCERS' current technology environment, and
3. Require an information security due diligence review that includes a review of the Contractor's service and organizational controls (i.e. SOC-2 report), if applicable, as well as a review and analysis of whether the purchase complies with OCERS' information security policies and controls. Information security due diligence will be completed by the Director of Information Security or their designee.

D-E. Exclusions

Notwithstanding any other provision in this policy, Contractor back-fill or temporary help for staff augmentation does not require Board approval or compliance with this policy as long as budgetary amounts are available for individual temporary help or contractor positions.

E-F. Due Diligence

1. Before awarding a contract, the Contract Administrator will conduct due diligence of any bidder selected to ensure that the bidder:
 - i. Meets all minimum qualifications set forth in the solicitation document; and
 - ii. Meets all other standards which, in the exercise of sound business judgment, are required of the Contractor.
2. If a selected bidder is disqualified as a result of the due diligence process, the reason for the disqualification will be documented and forwarded to the Responsible Executive for confirmation.
3. For certain critical Information Technology Contractors, SOC2 reports will be requested during the due diligence process. These reports will then be requested from the Contractor annually to ensure proper Information Technology and security controls are in place.



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V.IV. Contract Guidelines Summary

<u>Estimated Contract Value¹ or Type of Contractor</u>	<u>Approver</u>	<u>Signatory</u>	<u>Procurement Requirements^{2*}</u>
Named Service Provider	Board of Retirement or represented committee	CEO (or CIO on Investment-related contracts) +1 Executive	IFB or RFP
Sole Source > \$100,000 or More	CEO/Board of Retirement or represented committee	CEO (or CIO on Investment-related contracts) +1 Executive	IFB or RFP Sole Source
\$1100,000 to \$99,999 or More	Responsible Executive/CEO	Responsible Executive + CEO (or CIO on Investment-related contracts) +1 Executive, Director or Manager	IFB, RFP, Small Purchase Procedure, RFQ or Contracted Supplier
Under \$1,000 to \$99,999	Responsible Executive or designee	Responsible Executive + 1 Executive, Director or designee/Manager	Contracted Supplier IFB, RFP, RFQ, Small Purchase Procedure, or Contracted Supplier
Investment Managers Under \$1,000	CEO / CIO/Responsible Executive or designee	CEO or CIO +1 Responsible Executive or designee	In accordance with CIO Charter and IC Charter and IPS Small Purchase

¹ Refers to the value of the contract or the value of a new statement of work or new order under an existing contract.

² See section III.C for Sole Source requirements



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			<u>Procedure, Contracted Supplier</u>
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VI.V. Contracts with Named Service Providers

Contracts with Named Service Providers will comply with the requirements of this section.

A. Designation of Named Service Providers

The following service providers are designated as Named Service Providers:

1. Consulting actuary;
2. Actuarial auditor;
3. General investment consultant;
4. Alternative investments consultant;
5. Fiduciary counsel;
- ~~6. Securities lending manager;~~
6. Custodial Bank;
7. Financial auditor; and
8. Any additional consultant not named above but which the Board may, from time to time, designate.

B. Search and Selection Process

1. At least six months before the expiration of the final extension of a contract with a Named Service Provider, or upon direction of the Board following the review of the performance of the Named Service Provider, the CEO will conduct a competitive search and selection process for a Named Service Provider.
2. Prior to conducting a search for a Named Service Provider, the CEO or his designee will present a written summary to the Board or representative Committee, which will include:
 - i. The type of service provider being sought and the supporting rationale;
 - ii. The objectives and selection criteria to be met and their relative importance;
 - iii. An estimated timeline for completion of the search process; and
 - iv. A description of the search methodology that is deemed most appropriate and cost effective in the particular circumstances, and that addresses such issues as:
 - a. What method of competitive search and selection process will be used;
 - b. Whether a consultant is to be used to assist with the search process;



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- c. The due diligence efforts to be undertaken, including such efforts as site visits, and reference checks;
 - d. Such other information that the CEO believes may assist the Board in better understanding the search process.
3. The CEO will provide the Board (or a designated committee of the Board) with periodic reports on the status of all search processes involving Named Service Providers.
4. Upon completion of the analysis and due diligence involved in a search process for a Named Service Provider, the CEO will provide the Board (or a designated committee of the Board) with a written report containing, at a minimum:
 - i. A description of the due diligence activities undertaken;
 - i. The recommended finalist(s) and analysis of the recommendation;
 - ii. Confirmation of compliance with the objectives, selection criteria and search methodology presented to the Board prior to the commencement of the search, or an explanation of any deviations that occurred;
 - iii. A description of performance expectations and the proper time horizon for evaluation of results;
 - iv. A bid (pricing) summary with annotations regarding differentiating features; and
 - v. A description of the expected performance monitoring and reporting efforts to be carried out with respect to the Named Service Provider throughout the term of the contract, including the reporting to be provided to the Board.
5. The Board (or a designated committee of the Board) will interview the candidate or candidates recommended for appointment as a Named Service Provider. If a committee reviews the candidates, the committee will recommend to the Board the appointment of the Named Service Provider. If the Board interviews the candidates, the Board itself will decide on the appointment.
6. Upon selection of the candidate, the CEO (or ~~his/her~~their designee) will negotiate a final contract with the selected Named Service Provider, consistent with the terms of the contract solicitation, this policy, and any other direction from the Board. If, at any time during the negotiations, the CEO determines that there is an impasse in negotiations, ~~s/het~~they may recommend to the Board that the Board select an alternate bidder for the Named Service Provider.

C. Approval and Execution

Upon completion of negotiations with a Named Service Provider, the CEO or ~~his/her~~their designee will inform the Board of the general contract terms and conditions that have been negotiated. Contracts with Named Service Providers must be executed by the CEO and one other Executive.

D. Reports

1. The CEO will report promptly to the Board any failures by a Named Service Provider to comply with the terms of their contract.



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2. At least annually, the CEO will provide the Board a schedule of the contracts with Named Service Providers due for renewal and those whose terms will expire in the coming year.
3. The CEO will report regularly and in a timely fashion to the Board on all monitoring efforts involving Named Services Providers, identifying any material issues and actions taken in response.

VII.VI. Contracts with Contract Value of \$100,000 or More

Contracts for goods or services, excluding contracts with Named Service Providers, for which the Contract Value exceeds \$100,000 will comply with the requirements of this section.

A. Review and Renewal

1. At least six months before the expiration of the term of a contract with a Contract Value over \$100,000, the CEO (or his/her/their designee) will assess the continued appropriateness and cost-effectiveness of the Contractor in question.
2. Upon recommendation of the Responsible Executive (or his/her/their designee), the CEO will: 1) extend the term of the contract up to the maximum total term of six years; 2) direct the Responsible Executive (or his/her/their designee) to conduct a new search and selection process; or 3) determine that the goods or services are no longer necessary.

B. Search and Selection Process

1. Contracts for goods or services for which the Contract Value exceeds \$100,000, require a competitive search and selection process- (See Section IV for procurement requirements).
2. Upon completion of a competitive search and selection process, a written report will be provided to the CEO or his/her/their designee and will include at a minimum:
 - i. Purpose and need for the goods or services being procured;
 - ii. A description of the procurement process and due diligence activities undertaken; and
 - iii. The recommended finalist and analysis concerning the candidates.
3. Upon the CEO's, or his/her/their designee's approval of the candidate, the Responsible Executive (or his/her/their designee) will negotiate a final contract, consistent with the terms of the contract solicitation, this policy, and direction from the CEO. If, at any time during the negotiations, the Responsible Executive determines that there is an impasse in negotiations, s/he/they may recommend to the CEO that the CEO select an alternate candidate.

C. Approval and Execution

1. Contracts for goods or services with a Contract Value that exceeds \$100,000 must be executed by the CEO and one other Executive.



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2. For contracts relating to Routine and Non-Routine Items, Board ~~approval~~authorization of the expenditure may be acquired through either the budgeting process or the annual Business Plan.

~~VIII.~~VII. Contracts with Contract Value Between \$1,000-\$99,999.99

Contracts for goods or services, excluding contracts with Named Service Providers, with a Contract Value that is at least \$1,000 but less than \$100,000 will comply with the requirements of this section.

A. Search and Selection Process

1. Contracts for goods or services, excluding contracts with Named Service Providers, with a Contract Value of at least \$1,000 but less than \$100,000, the Executive Responsible will require a competitive search and selection process. ~~The use of a Contracted Supplier is permitted.~~(See Section IV for procurement requirements).
2. Upon selection of the candidate, the Responsible Executive (or ~~his/her~~their designee) will negotiate a final contract consistent with the terms of the contract solicitation, this policy, and direction from the CEO. If, at any time during the negotiations, the Responsible Executive determines that there is an impasse in negotiations, ~~s/he~~they may select an alternate candidate.

B. Approval and Execution

1. Upon completion of negotiations, the Responsible Executive will approve the contract.
2. Any contract under this provision must be executed by at least two Executives.

~~IX.~~VIII. Contracts with Contract Value Less than \$1,000

Contracts for goods or services, excluding contracts with Named Service Providers, for which the Contract Value is less than \$1,000 will comply with the requirements of this section.

A. Search and Selection Process

The Responsible Executive may enter into a contract with any qualified Contractor that the Responsible Executive determines is in the best interest of OCERS. Alternatively, the Responsible Executive may choose to use a competitive search and selection process if ~~s/he determines~~they determine it is in the best interest of OCERS.

Policy Review and History

- A. The Board will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.
- B. The Board adopted this policy on Monday, ~~November 18, 2002~~April 17, 2023.



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C. This policy was revised May 19, 2008, March 22, 2010, May 20, 2013, January 20, 2015, October 15, 2018, ~~and~~ November 2021, April 2023.

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

Date: 11/15/21



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I. Purpose and Background

A. Purpose

The Procurement and Contracting Policy (policy) establishes the guidelines by which OCERS will procure goods and services. Investment Management Agreements (as defined below) are exempt from this policy, and will instead be governed by the CIO Charter and the Investment Policy Statement.

B. Objectives

The objectives of this policy are to ensure that:

1. Contractual arrangements for the purchase of goods and services are made in a manner consistent with OCERS' fiduciary duty to its members and beneficiaries;
2. The procurement of goods and services is efficient, transparent, economical, fair, and in compliance with all applicable laws;
3. A system of internal controls related to the procurement of goods and services is implemented;
4. All contracting activities are performed by qualified individuals with specifically delegated authority using sound business practices in an ethical manner;
5. The selection of Contractors reflects a level of rigor that is commensurate with the importance and cost of the service or goods in question.

C. Roles and Responsibilities

1. The role of the Board of Retirement (Board), or the Investment Committee if applicable, is to:
 - i. Establish appropriate policies to ensure selection decisions are prudent and sound;
 - ii. Oversee compliance with such policies;
 - iii. Select and terminate Named Service Providers; and
 - iv. Authorize staff to execute contracts with Named Service Providers.
2. The role of the Chief Executive Officer (CEO) is to:
 - i. Approve the purchase of goods and services for which the CEO is responsible under this policy; and
 - ii. Keep the Board apprised of contract actions as necessary for the Board to carry out its oversight function.
3. The role of the Responsible Executive is to:
 - i. Approve the purchase of goods and services for which they are responsible under this policy;



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- ii. Keep the CEO apprised of all significant contract actions for which the Responsible Executive is responsible;
 - iii. Ensure that budget authority exists within the budget category from which a contract will be paid;
 - iv. Select the appropriate procurement process to be used and participate in the preparation of the solicitation documents for the goods and services being procured.
 - v. Select, or recommend that the CEO select as the case may be, Contractors in the area for which the Responsible Executive is responsible;
 - vi. Negotiate, or delegate to an appropriate staff member who will negotiate terms and conditions of contracts for the purchase of goods and services for which they are responsible.
4. The role of the Contract Administrator is to:
- i. Manage the Contractor files and the lifecycle management system, and ensure compliance with best practices for Contractor management;
 - ii. Assemble, manage, and distribute all contract solicitations and other contract acquisition efforts;
 - iii. Maintain appropriate contract and solicitations templates in consultation with the Legal Division;
 - iv. Assist the Responsible Executive with the selection of Contractors and negotiation of contractual terms;
 - v. Ensure due diligence is completed in accordance with Section III.E for Contractors with whom OCERS does not have an existing contract;
 - vi. Review Contractors' certificates of insurance to verify compliance with the contracted requirements for coverage;
 - vii. Serve as the CEO's designee under the Quiet Period Policy;
 - viii. Develop (subject to the approval of the Responsible Executive and in consultation with the Legal Division) required and preferred terms and conditions to be included in OCERS contracts;
 - ix. Ensure all solicitations are reflected in the Quiet Period Report to the Board;
 - x. Coordinate and oversee the review of Contractors' performance;
 - xi. Monitor the expiration dates of all contracts to ensure either timely extension of the contract term or timely issuance of contract solicitation
 - xii. Report to the Board annually all contracts that exceed a Contract Value of \$100,000;



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- xiii. Conduct annual Procurement & Contracting Policy training for team members who have responsibility for purchasing and contracting;
 - xiv. Ensure contracts comply with the signature requirements set forth in Section IV of this policy; and
 - xv. Ensure OCERS' contract template is attached to and incorporated into all RFPs.
5. The role of the General Counsel or their designee is to:
- i. Review contracts before execution for compliance with legal requirements and to provide an assessment of risk to the agency;
 - ii. Assist the CEO, Responsible Executive, and Contract Administrator in preparing Requests for Proposals, Invitations to Bid, and other solicitations when requested;
 - iii. Assist the Responsible Executive and Contract Administrator in the negotiation of contractual terms and conditions when requested; and
 - iv. Assist the Contract Administrator in developing necessary and preferred terms and conditions and contract templates.

D. Definitions

- 1. **Contract Value:** For the purposes of the dollar thresholds in this policy, the value of a contract is the anticipated amount OCERS will be obligated to pay for one year under the contract.
- 2. **Contractors:** For purposes of this policy, Contractors include providers of services and vendors of goods.
- 3. **Executive:** The CEO, the Assistant CEOs, the Chief Investment Officer, and the General Counsel.
- 4. **Investment Management Agreements:** agreements of any kind that evidence and/or govern the investment of OCERS' assets in any investment class. Investment Consultant Agreements are not Investment Management Agreements.
- 5. **Master Services Agreement:** A contract for goods or services to be provided on an as-needed basis or which may govern future transactions with the vendor is sometimes referred to as a Master Services Agreement. Any statement of work or order made under such contracts will comply with the requirements for contracts of the same value.
- 6. **Named Service Providers:** The Contractors designated in section V, below.
- 7. **Non-Routine Items:** expenses that are not regularly purchased or budgeted on an annual basis. Contracts or purchase orders for non-routine items require:
 - i. Available funds in the approved budget, including permissible budget transfers under the Budget Approval Policy or Board approved amendments to the budget designated for the goods or services being procured; and



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- ii. Approval by the Responsible Executive for where the goods or services are to be paid from for expenditures valued at less than \$100,000; or
 - iii. Approval by the Board for expenditures valued over \$100,000. The Board may approve of the expenditure either as part of the annual budget, budget amendment, annual Business Plan or a specific Board approval of the contract or purchase order.
- 8. **Pre-Qualified Contractors:** Contractors that have been evaluated and selected by OCERS through a publicly advertised competitive search and selection process, and passed a due diligence review.
- 9. **Responsible Executive:** The Executive who manages the budget category for the funds being committed under the contract.
- 10. **Routine Items:** expenses that are regularly budgeted on an annual basis. These items include but are not limited to the following:
 - i. Office supplies, postage, furniture, office equipment, subscriptions, temporary services, professional and consulting services engaged to supplement or support staff, software and cloud services; and
 - ii. General services contracts and agreements such as hearing officers, medical panel reviewers, property management, maintenance and repair of landscaping, building, and equipment, printing, Board of Retirement elections, computer consulting, software licenses, messenger services, catering, etc.Contracts or purchase orders for Routine Items require:
 - iii. Available funds in the approved budget, including any Board approved amendments to the budget.
 - iv. Approval by the Responsible Executive
- 11. **Time and Material (T&M) Contracts:** agreements with Contractors where the value of the contract is variable based on the time and material costs of the Contractor. In these types of contracts, if the contract does not include a specified not-to-exceed dollar amount, the Contract Value will be limited by the available budget for the goods or services.
- 12. **Total Contract Value:** the sum of all Contract Values that, when the contract is entered, is anticipated to be the amount OCERS will be obligated to pay over the entire term of the contract.
- 13. **Unilateral Contract:** a contract that is used to pay for critical, ongoing services provided by exclusive entities that will not sign an OCERS-written contract. Unilateral Contracts are not subject to OCERS' standard procurement practices. The following are permissible Unilateral Contracts:
 - i. Utility services: electric, gas, water, telephone
 - ii. Cable/Satellite companies
 - iii. US Postal Service



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- iv. Memberships in associations formed for a purpose directly related to the primary work of OCERS

14. **Written Agreement:** a document that is a legally binding contract between OCERS and another party(s) regarding the buying and selling of goods or services. Examples include but are not limited to: a contract, sale or lease agreement, bill of sale, purchase order, or memorandum of understanding. Reference to a written agreement means a contract that has been reduced to writing, regardless of format or label.

II. Provisions Applicable to All Contracts

A. Contracting Philosophy

1. OCERS will consider as broad a universe of qualified Contractors as is practical and reasonable given budgetary, staffing, time, and other relevant constraints and considerations.
2. The search, selection, monitoring, and reporting provisions contained in this policy serve as minimum requirements. If more stringent requirements are established under the law or within other policies of OCERS, the law, and such other policies will control.
3. Consistent with Title 2, Division 6, Chapter 7 of the California Code of Regulations, §§ 18700-18720, no OCERS Board Member or staff will be directly or indirectly involved in an OCERS contracting decision if the decision will have a material financial effect on an economic interest of the Board Member, staff person, or the immediate family of the Board Member or staff person.
4. OCERS values diversity and inclusion and is committed to fostering diversity in its procurement process through outreach to small and diverse businesses. In the distribution and publication of solicitations, OCERS will endeavour to reach beyond traditional sources and list opportunities in locations that will notify a diverse audience of Contractors.
5. A Written Agreement is required when:
 - a. Services valued over \$1,000, and the delivery of services will span a duration of more than one year; or
 - b. Goods purchased with a value greater than \$1,000
6. Contracts shall not be split to avoid approval by the Board or to bypass competitive search and selection requirements.

B. Authority for Entering Into Contracts.

1. Before entering into any contract for goods or services, OCERS must have available funds in the current year's approved budget, including any Board approved amendments to the budget, to fund the current year's expense or Contract Value.



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2. Only the Responsible Executive or their designee may bind or commit OCERS for the purchase of goods or services as set forth in this policy, except in emergencies and as may be otherwise authorized by the Board.
3. An emergency is any circumstance that would interfere with OCERS' ability to meet its fiduciary obligations, threaten the health and safety of its staff, or compromise its legal rights or remedies. If a contract is needed as the result of an emergency, report of the contract will be made to the Responsible Executive or to the Board whose authorization is normally required for such contract as soon as practicable.
4. The CEO may delegate their authority to execute documents to an Executive.
5. A Responsible Executive may delegate his/her authority to approve check requests, invoices and/or purchase requisitions.
6. All delegations will be documented in writing, identifying the individual to whom the authority is delegated and any dollar restriction or budget account restrictions associated therewith.
7. Contracts will be routed to the Responsible Executive for signature. The submission will include a certification by both the Contracts Administrator and the staff member who originated the contract certifying compliance of the contract with the provisions of this policy.
8. After the Responsible Executive signs the contract it will be routed for the second Executive signature when required.

C. Contract Amendments

1. Contract Amendments that increase Contract Value are permissible under the following circumstances:
 - i. The need for services could not be accurately projected and the increase does not justify rebidding
 - ii. To cover services already provided in the scope of work or additional services similar to those already provided in the scope of work set forth in the contract
 - iii. Special economic factors that justify a contract increase
 - iv. An emergency exists which does not permit rebidding
2. Contract Value may be increased up to twenty-five percent (25%) of the original Contract Value or \$100,000, whichever is less.
3. For contracts that span over multiple years, the Total Contract Value may be increased up to twenty-five percent (25%) or \$200,000 whichever is less.
4. Contract amendments have the signature requirements of the Total Contract Value for the purpose of determining signing authority.
5. A full due diligence review is not required for Contract Amendments.



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6. If an amendment is determined to be in the best interest of OCERS and will exceed the limitations in sections II.C.2 and II.C.3, justification must be documented and CEO approval is required.
7. Exemptions: Amendments to Unilateral Contracts or subscriptions, cloud services, or license agreements for the purpose of increasing the number of users required to meet OCERS operational needs are not limited as prescribed in section II.C.1. However, approved budget funds must be available in the designated budget category.

D. Contract Term

1. Contract terms will not exceed six (6) years
2. Ongoing subscriptions or licenses will be reviewed at least every six (6) years
3. The Legal department must review renewal documents.
4. Board of Retirement approval is required to extend a contract term beyond a total of six years without a new competitive search and selection process, with the exception of Unilateral Contracts

E. Performance Reviews

1. The Contract Administrator will coordinate evaluations of Contractors.
2. The performance of Named Service Providers and Contractors with Contract Values that exceed \$100,000 will be reviewed at least every three years. In addition, at least six months before the expiration of the initial term of a contract with a Named Service Provider and Contract Value over \$100,000, the continued appropriateness and cost-effectiveness of the Contractor will be assessed. For contracts with Named Service Providers, the CEO, the Board or the pertinent committee of the Board, or their designee will make the performance review and assessment. For Contract Values over \$100,000, the CEO (or his/her designee) will make the performance review and assessment.

The results of performance reviews of Named Service Providers will be summarized and reported to the Board.

III. Search and Selection Process

A. Competitive Search and Selection Process

Where a competitive search and selection process is required under this policy, the Responsible Executive will use one of the following procurement methods.

1. Invitation for Bid (IFB):
 - i. This method will be used when multiple bidders are available and willing to bid, and procurement needs can be stated in detail, with precision, or where services or products are standardized.



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- ii. The IFB process requires the evaluation of price, delivery and payment terms, and compliance with technical standards. The bid that provides the best pricing and delivery and payment terms will be selected.
 - iii. The bids may be reviewed by a minimum of three OCERS staff members to identify the bidder who provides the best value to OCERS.
- 2. Request for Proposal (RFP)
 - i. This method will be used where the product or service to be acquired cannot be stated with specificity (such as consulting services) or where OCERS may seek to evaluate a number of different types of professional services or products.
 - ii. The proposal that best meets OCERS' needs, with consideration for price, qualifications, and other relevant factors set forth in the RFP, will be selected.
 - iii. This method will be used in most circumstances where the Contract Value exceeds \$100,000 or Master Service Agreements.
- 3. Request for Qualifications (RFQ)
 - i. A solicitation that describes the product, project, or services required and solicits qualifications from potential Contractors for purposes of evaluating those qualifications for screening, pre-qualifying, or for an award of contract.
 - ii. This method will be used where:
 - a. The available specifications or description of the product, project, or service to be acquired are not sufficiently complete without further technical evaluations and discussions between the Contractor and OCERS, or
 - b. OCERS has a business need to have one or multiple Pre-Qualified Contractors within a designated field of work (i.e. information technology support), a Master Services Agreement will be used with specific scopes of work developed on an as-needed basis. Use of a Pre-Qualified Contractor will be based on the best interest and needs of OCERS.
- 4. Small Purchase Procedure
 - i. Where the Contract Value is at least \$1,000 but less than \$50,000, the selection of Contractors will be based on a less formal competitive process resulting in a minimum of one written or oral quote from a qualified source. Quotes can be obtained from means such as websites, email, catalogs, price lists, and letters.
 - ii. Where the Contract Value is \$50,000 or more but less than \$100,000, the selection of Contractors will be based on a less formal competitive process resulting in a minimum of three quotes from qualified sources. Quotes can be obtained from means such as websites, email, catalogs, price lists, and letters. If three qualified sources cannot be reasonably identified, then the Responsible Executive may authorize the use of a selected vendor based on the best interest and needs of OCERS.
- 5. Process for Receiving Bids in Response to an RFP, IFB and RFQ



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- i. The period for submitting bids in response to an RFP, IFB and RFQ will be at least fifteen (15) days from the date the RFP, IFB or RFQ is issued. All RFPs, IFBs and RFQs will be issued on OCERS' bidding system. A link to the bidding system will be posted on OCERS' website and notification may be given to entities that OCERS identifies as likely to be interested.
 - ii. The Contract Administrator or their designee will answer questions from any bidder or potential bidder, and all answers provided to any bidder will be made available to all bidders through OCERS' bidding system.
 - iii. Best efforts will be made to have at least three OCERS personnel review the bids and recommend finalists. Best efforts will be made to include at least one representative from a department other than the one that has authority over the contract. In the case where external expertise is used to review the bids, at least one reviewer must be an OCERS employee.
6. Request for Information (RFI)
- i. A solicitation used when OCERS does not intend to award a contract, but needs to obtain price, delivery, other market information, or capabilities for planning purposes. Responses to RFI notices are not offers and cannot be accepted by OCERS to form a binding contract.
 - ii. An RFI may precede an RFP or RFQ. The RFI is a way to find interested vendors and service providers and is generally in the format of a business letter, clearly identifying the needs or services OCERS desires to obtain. An RFI could contain some of the following:
 - 1. Description of the goods or services being requested, and if applicable, the target population to be served;
 - 2. Term of a potential contract;
 - 3. Deadline for submitting a response to the RFI;
 - 4. Contact information for responding to the RFI Letter;
7. Exceptions
- i. In cases where an RFP, IFB or RFQ is required, but the Responsible Executive deems the defined search and selection process will not be of benefit, the Responsible Executive or designee will provide a report to the CEO, detailing the reasons why the required search and selection process is not beneficial along with a description of an alternative search and selection process that does not restrict open and fair competition to be used.
 - ii. The CEO must approve the alternative search and selection process prior to selecting a Contractor.
 - iii. In cases where OCERS has purchased equipment, software and operating systems for its use in compliance with this policy, procurement of the continuing maintenance, and upgrades of the software and operating systems from the developer, manufacturer or authorized reseller does not require a separate competitive procurement

B. Contracted Suppliers

Where a Contractor has been selected by OCERS pursuant to a competitive search and selection process or by the County of Orange or other governmental agency pursuant to a competitive search



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and selection process, the Contractor may be used as a Contracted Supplier under certain circumstances as set forth in this policy. Such Contracted Suppliers may include, by way of example, retail sellers of off-the-shelf office supplies contracted by the County of Orange or directly by OCERS.

C. Sole Source

A sole source approach may be permitted under the following circumstances:

1. In cases where a competitive search and selection process will not likely yield a viable alternative to a known service provider; or
2. Where legal services are urgently needed, a competitive search and selection process will not be timely, and a known Contractor exists.

A written report describing the unique characteristics of the situation, the known Contractor, whether OCERS has contracted with this Contractor within the last five years, sound justification for a sole source approach and explanation of how prices or fees compare to the general market for comparable services or supplies will be provided to the Contract Administrator and the Executive who will either approve or deny the request to use a sole source approach in writing

Executives who wish to use a sole source approach will provide the report to the Contract Administrator and the CEO, who will either approve or deny the request. When the CEO is the Responsible Executive, the report will be provided to the Contract Administrator, the Board Chair and Vice-Chair who will either approve or deny the request to use a sole source approach. All sole source contracts (whether approved by the CEO or the Board Chair and Vice-Chair and regardless of Contract Value) will be reported to the Board at its next regular meeting. Sole Source contracts with a Contract Value of \$100,000 or more require Board approval.

D. Technology Purchases and Leases

1. Include any information technology-related hardware, software, licenses, subscriptions, services, and/or consulting;
2. Must be initiated and processed with the full knowledge, direction, and approval of OCERS' Director of Information Technology, regardless of cost, to ensure compatibility with OCERS' current technology environment, and
3. Require an information security due diligence review that includes a review of the Contractor's service and organizational controls (i.e. SOC-2 report), if applicable, as well as a review and analysis of whether the purchase complies with OCERS' information security policies and controls. Information security due diligence will be completed by the Director of Information Security or their designee.

E. Exclusions

Notwithstanding any other provision in this policy, Contractor back-fill or temporary help for staff augmentation does not require Board approval or compliance with this policy as long as budgetary amounts are available for individual temporary help or contractor positions.

F. Due Diligence



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1. Before awarding a contract, the Contract Administrator will conduct due diligence of any bidder selected to ensure that the bidder:
 - i. Meets all minimum qualifications set forth in the solicitation document; and
 - ii. Meets all other standards which, in the exercise of sound business judgment, are required of the Contractor.
2. If a selected bidder is disqualified as a result of the due diligence process, the reason for the disqualification will be documented and forwarded to the Responsible Executive for confirmation.
3. For certain critical Information Technology Contractors, SOC2 reports will be requested during the due diligence process. These reports will then be requested from the Contractor annually to ensure proper Information Technology and security controls are in place.



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IV. Contract Guidelines Summary

Estimated Contract Value ¹ or Type of Contractor	Approver	Signatory	Procurement Requirements ^{2*}
Named Service Provider	Board of Retirement or represented committee	CEO (or CIO on Investment-related contracts) +1 Executive	IFB or RFP
Sole Source > \$100,00	Board of Retirement or represented committee	CEO (or CIO on Investment-related contracts) +1 Executive	Sole Source
\$100,000 or More	CEO	CEO (or CIO on Investment-related contracts) +1 Executive	IFB, RFP, RFQ or Contracted Supplier
\$1,000 to \$99,999	Responsible Executive	Responsible Executive + 1 Executive, Director or Manager	IFB, RFP, RFQ, Small Purchase Procedure, or Contracted Supplier
Under \$1,000	Responsible Executive or designee	Responsible Executive or designee	Small Purchase Procedure, Contracted Supplier

¹ Refers to the value of the contract or the value of a new statement of work or new order under an existing contract.

² See section III.C for Sole Source requirements



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V. Contracts with Named Service Providers

Contracts with Named Service Providers will comply with the requirements of this section.

A. Designation of Named Service Providers

The following service providers are designated as Named Service Providers:

1. Consulting actuary;
2. Actuarial auditor;
3. General investment consultant;
4. Alternative investments consultant;
5. Fiduciary counsel;
6. Custodial Bank;
7. Financial auditor; and
8. Any additional consultant not named above but which the Board may, from time to time, designate.

B. Search and Selection Process

1. At least six months before the expiration of the final extension of a contract with a Named Service Provider, or upon direction of the Board following the review of the performance of the Named Service Provider, the CEO will conduct a competitive search and selection process for a Named Service Provider.
2. Prior to conducting a search for a Named Service Provider, the CEO or his designee will present a written summary to the Board or representative Committee, which will include:
 - i. The type of service provider being sought and the supporting rationale;
 - ii. The objectives and selection criteria to be met and their relative importance;
 - iii. An estimated timeline for completion of the search process; and
 - iv. A description of the search methodology that is deemed most appropriate and cost effective in the particular circumstances, and that addresses such issues as:
 - a. What method of competitive search and selection process will be used;
 - b. Whether a consultant is to be used to assist with the search process;
 - c. The due diligence efforts to be undertaken, including such efforts as site visits, and reference checks;
 - d. Such other information that the CEO believes may assist the Board in better understanding the search process.
3. The CEO will provide the Board (or a designated committee of the Board) with periodic reports on the status of all search processes involving Named Service Providers.



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4. Upon completion of the analysis and due diligence involved in a search process for a Named Service Provider, the CEO will provide the Board (or a designated committee of the Board) with a written report containing, at a minimum:
 - i. A description of the due diligence activities undertaken;
 - i. The recommended finalist(s) and analysis of the recommendation;
 - ii. Confirmation of compliance with the objectives, selection criteria and search methodology presented to the Board prior to the commencement of the search, or an explanation of any deviations that occurred;
 - iii. A description of performance expectations and the proper time horizon for evaluation of results;
 - iv. A bid (pricing) summary with annotations regarding differentiating features; and
 - v. A description of the expected performance monitoring and reporting efforts to be carried out with respect to the Named Service Provider throughout the term of the contract, including the reporting to be provided to the Board.
5. The Board (or a designated committee of the Board) will interview the candidate or candidates recommended for appointment as a Named Service Provider. If a committee reviews the candidates, the committee will recommend to the Board the appointment of the Named Service Provider. If the Board interviews the candidates, the Board itself will decide on the appointment.
6. Upon selection of the candidate, the CEO (or their designee) will negotiate a final contract with the selected Named Service Provider, consistent with the terms of the contract solicitation, this policy, and any other direction from the Board. If, at any time during the negotiations, the CEO determines that there is an impasse in negotiations, they may recommend to the Board that the Board select an alternate bidder for the Named Service Provider.

C. Approval and Execution

Upon completion of negotiations with a Named Service Provider, the CEO or their designee will inform the Board of the general contract terms and conditions that have been negotiated. Contracts with Named Service Providers must be executed by the CEO and one other Executive.

D. Reports

1. The CEO will report promptly to the Board any failures by a Named Service Provider to comply with the terms of their contract.
2. At least annually, the CEO will provide the Board a schedule of the contracts with Named Service Providers due for renewal and those whose terms will expire in the coming year.
3. The CEO will report regularly and in a timely fashion to the Board on all monitoring efforts involving Named Services Providers, identifying any material issues and actions taken in response.



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VI. Contracts with Contract Value of \$100,000 or More

Contracts for goods or services, excluding contracts with Named Service Providers, for which the Contract Value exceeds \$100,000 will comply with the requirements of this section.

A. Review and Renewal

1. At least six months before the expiration of the term of a contract with a Contract Value over \$100,000, the CEO (or their designee) will assess the continued appropriateness and cost-effectiveness of the Contractor in question.
2. Upon recommendation of the Responsible Executive (or their designee), the CEO will: 1) extend the term of the contract up to the maximum total term of six years; 2) direct the Responsible Executive (or their designee) to conduct a new search and selection process; or 3) determine that the goods or services are no longer necessary.

B. Search and Selection Process

1. Contracts for goods or services for which the Contract Value exceeds \$100,000, require a competitive search and selection process (See Section IV for procurement requirements).
2. Upon completion of a competitive search and selection process, a written report will be provided to the CEO or their designee and will include at a minimum:
 - i. Purpose and need for the goods or services being procured;
 - ii. A description of the procurement process and due diligence activities undertaken; and
 - iii. The recommended finalist and analysis concerning the candidates.
3. Upon the CEO's, or their designee's approval of the candidate, the Responsible Executive (or their designee) will negotiate a final contract, consistent with the terms of the contract solicitation, this policy, and direction from the CEO. If, at any time during the negotiations, the Responsible Executive determines that there is an impasse in negotiations, they may recommend to the CEO that the CEO select an alternate candidate.

C. Approval and Execution

1. Contracts for goods or services with a Contract Value that exceeds \$100,000 must be executed by the CEO and one other Executive.
2. For contracts relating to Routine and Non-Routine Items, Board authorization of the expenditure may be acquired through either the budgeting process or the annual Business Plan.

VII. Contracts with Contract Value Between \$1,000-\$99,999.99

Contracts for goods or services, excluding contracts with Named Service Providers, with a Contract Value that is at least \$1,000 but less than \$100,000 will comply with the requirements of this section.



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A. Search and Selection Process

1. Contracts for goods or services, excluding contracts with Named Service Providers, with a Contract Value of at least \$1,000 but less than \$100,000, the Executive Responsible will require a competitive search and selection process. (See Section IV for procurement requirements).
2. Upon selection of the candidate, the Responsible Executive (or their designee) will negotiate a final contract consistent with the terms of the contract solicitation, this policy, and direction from the CEO. If, at any time during the negotiations, the Responsible Executive determines that there is an impasse in negotiations, they may select an alternate candidate.

B. Approval and Execution

1. Upon completion of negotiations, the Responsible Executive will approve the contract.
2. Any contract under this provision must be executed by at least two Executives.

VIII. Contracts with Contract Value Less than \$1,000

Contracts for goods or services, excluding contracts with Named Service Providers, for which the Contract Value is less than \$1,000 will comply with the requirements of this section.

A. Search and Selection Process

The Responsible Executive may enter into a contract with any qualified Contractor that the Responsible Executive determines is in the best interest of OCERS. Alternatively, the Responsible Executive may choose to use a competitive search and selection process if they determine it is in the best interest of OCERS.

Policy Review and History

- A. The Board will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.
- B. The Board adopted this policy on Monday, April 17, 2023.
- C. This policy was revised May 19, 2008, March 22, 2010, May 20, 2013, January 20, 2015, October 15, 2018, November 2021, April 2023.

Secretary's Certificate

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

Steve Delaney Secretary of the Board	Date:
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OCERS Board Policy

OCERS Rules of Parliamentary Procedure

Purpose and Background

1. The Orange County Employees Retirement System Board of Retirement is committed to the principals of open and efficient government. The Board conducts regular meetings of the full board and various committees. The Board wishes to establish rules for conduct of those meetings that are consistent with the Ralph M. Brown Act ("Brown Act") in order to ensure orderly meetings and to protect the rights of the Board, its individual members, OCERS members and plan sponsors, and members of the public.

Basic Rules

2. All meetings of the Board and its committees shall adhere to the following basic rules of conduct:
 - a. The collective fiduciary interests of the Board and its committees supersede the rights of individual members of the Board. All members of the Board must adhere to the rules established by the Board. If there is a conflict between the rights of a member and the interests of the Board to conduct its business, the interests of the Board prevail.
 - b. All members of the Board are equal. All members of the Board have the following rights:
 - i. To hold office.
 - ii. To attend meetings.
 - iii. To make motions and speak in Board or committee deliberations.
 - iv. To nominate.
 - v. To vote.
 - c. A quorum must be present to conduct business. The By-Laws specify that a quorum for conduct of a meeting of the full Board shall be five members present; a quorum for a meeting of the Investment Committee shall be five members present; and a quorum for a meeting of a standing committee of the Board, other than the Investment Committee, shall be two members present.
 - d. The majority rules. The minority has the right to be heard on issues up for deliberation before the Board or a committee. Once a decision has been made by the majority of Board members present and voting, the minority must respect and abide by the decision.
 - e. The Brown Act requires OCERS to publicly report the vote or abstention of each Board or committee member present. (Gov. Code § 54953 (c).) Therefore, each Board or committee member present shall vote or abstain in each vote of the Board or committee. Silence on a vote is not authorized under the Brown Act.
 - f. One question will be addressed at a time, and one speaker will speak at a time. A motion will be out of order if it does not directly relate to the question under consideration. Once a



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speaker has been recognized, he or she has the floor and should not be interrupted except in rare circumstances, such as by the Chair to maintain order or decorum.

- g. Members of the Board or committee shall have the opportunity to fully debate all debatable motions. A debatable motion may not be put to a vote as long as members of the Board or committee wish to continue the debate unless debate is suspended by majority vote of the Board or committee.
- h. Once a motion has been decided at a Board or committee meeting, it is out of order to bring up the same motion or a motion that is essentially the same at the same meeting unless it is brought through a Motion for Reconsideration.
- i. Remarks directed at another Board or committee member personally and not relating to the business of the Board or committee are out of order in a debate. Debate shall be limited to motions and not motives, principles, or personalities. The Chair may request that the speaker cease his or her out of order remarks.
- j. Board and standing committee meetings shall be conducted in accordance with the Brown Act (Gov. Code § 54950, et. seq.).
- k. The Board and its committees shall not conduct any business that has not been properly placed on the agenda and noticed to the public unless authorized by the Brown Act.

Roles and Responsibilities of the Chair in the Conduct of Meetings

- 3. The Chair of the Board or committee shall be the presiding officer of the meeting. If the Chair of the Board or committee is absent, the Vice Chair shall serve as the presiding officer. In the event that both the Chair and the Vice Chair are absent from the meeting, the Chair shall appoint a presiding officer of the meeting from among the remaining members of the Board or committee who are entitled to vote during the meeting. The general responsibilities of the presiding officer are:
 - a. To ensure that the meeting starts on time and moves through the agenda in an expeditious manner. The presiding officer may take steps to prevent dissenting Board or committee members and members of the public from employing dilatory tactics to delay a meeting.
 - b. To ensure that Board and committee members and members of the public adhere to the published agenda, except as otherwise permitted by law.
 - c. To be familiar with these rules, OCERS' By-Laws, charters, and policies, and the customary practices of the Board and its committees.
 - d. To direct the orderly conduct of the meeting by recognizing speakers and reminding others that interruption of speakers who have the floor is out of order.
 - e. To impartially recognize members of the Board or committee and members of the public to speak during discussion of a motion. It shall be the presiding officer's prerogative to



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determine the timing of public comment; that is, whether public comment is taken before or during the Board members' discussion on each matter. In any event, the presiding officer should provide opportunity for Board and committee members and members of the public on all sides of a discussion to speak before the Board's action on the motion.

- f. To restate a motion before a vote is taken and to announce the results of the vote. The presiding officer may require a vote by roll call, show of hands, or any other means in order to clarify the results of the vote and permit the vote to be recorded accurately in the minutes of the meeting.
- g. To ensure that discussion is relevant and focused on the issue at hand. The presiding officer may request a Board or committee member or member of the public to confine his or her remarks to the motion under consideration.
- h. To ensure that public comment (1) on any matter within the jurisdiction of the Board or committee is permitted at each meeting of the Board or committee; (2) is limited to three minutes per speaker and to a total of 20 minutes per issue (with the exception of appearances on disability matters; see OCERS By-Laws); and (3) does not interfere with the orderly conduct of the meeting. The Chair of the Board or committee has the discretion to modify the time limit per speaker should, for example, it be necessary to shorten the time to accommodate a lengthy agenda or a large number of speakers. Similarly, the time limit per speaker may be lengthened to allow additional time for discussion on a complicated matter.
- i. To ensure that public comment is directed to the presiding officer, and not to staff, vendors or consultants.
- j. To ensure that any requests made of staff, vendors or consultants to report back to the Board or committee, to place a matter of business on a future agenda of the Board or committee, or to otherwise commit staff time and OCERS resources are (1) made at the direction of the presiding officer; (2) with consensus of the Board or committee members; and (3) with due consideration of the burdens such requests will place on staff, consultants and OCERS resources and any other relevant concerns staff or consultants may identify.
- k. To ensure, before staff, a vendor or a consultant is directed by the presiding officer to respond to questions from, or to report or release additional information requested by, a member of the public during a meeting of the Board or committee, that the information is (1) relevant and appropriate to the subject matter of the meeting; and (2) public in nature.



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- I. To adjourn each meeting of the Board or committee at the conclusion of the business set forth on the agenda by unanimous consent.¹

Disruptions of Meetings

4. In the event any meeting is willfully interrupted by a group or groups of persons so as to render the orderly conduct of such meeting unfeasible and order cannot be restored by the removal of individuals who are willfully interrupting the meeting, the Chair of the Board or committee may:
 - a. Order the meeting room (including the Zoom meeting room) cleared and continue in session as follows:
 - i. Only matters appearing on the agenda may be considered in such a session.
 - ii. Representatives of the press or other news media, except those participating in the disturbance, shall be allowed to attend such a session.
 - b. Readmit to the session individual or individuals not responsible for willfully disturbing the orderly conduct of the meeting.
5. In addition to the authority described in Section 4, above, the Chair of the Board or committee or their designee may remove or cause the removal of any individual for disrupting a meeting provided that prior to removing an individual, the Chair or their designee warns the individual that their behavior is disrupting the meeting and that their failure to cease their behavior may result in their removal. If they do not promptly cease their disruptive behavior, the Chair or their designee may then remove the individual.
 - a. For purposes of this Section 5, "disrupting a meeting" means engaging in behavior that actually disrupts, disturbs, impedes, or renders infeasible the orderly conduct of the meeting and includes, but is not limited to, a failure to comply with reasonable time limits for public comment established by the Board or committee or engaging in behavior that constitutes use of force, or a true threat of force that has sufficient indicia of intent and seriousness that a reasonable observer would perceive it to be an actual threat to use force by the person making the threat.
6. For purposes of Sections 4 and 5, above, "removal from the meeting" includes physically removing the individual or individuals from the in-person meeting location and, in the case of a Zoom

¹ The presiding officer may state (for example), "If there is no objection, this meeting will be adjourned;" and after a pause for objection, if there is no objection, "The meeting is adjourned."



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meeting, muting the microphone of the individual or individuals or placing them in the Zoom virtual waiting room.

Roles and Responsibilities of the CEO; Meeting Minutes

4.7. The OCERS CEO or his or her designee shall be the secretary of the Board or committee meeting. The duties of the secretary of the meeting are:

- a. To prepare or cause to be prepared concise minutes of all meetings of the Board and its committees for approval by the Board at a subsequent meeting.
- b. At a minimum, the secretary shall record the following in the minutes:
 - i. All members of the Board or committee present at the meeting.
 - ii. All adopted and defeated motions.
 - iii. The name of the maker and seconder of each motion and amendment.
 - iv. Names of all persons reporting or presenting to the Board or committee.
 - v. The identity and vote of each Board or committee member voting or abstaining from a vote.
- c. The secretary need not record the following in the minutes:
 - i. Detailed discussion or personal opinions of members of the Board or committee or members of the public.
 - ii. Motions that have been withdrawn.
 - iii. Full reports of committees.

5-8. The minutes of a meeting of the Board will be presented to the Board for approval, and the minutes of a meeting of a committee will be presented to that committee for approval, at the next meeting of the Board or committee as applicable. In addition, because there are periodically changes in the membership of the committees, each current member of a committee is authorized to approve the minutes of meetings conducted prior to the individual becoming a member of the committee.

Agendizing Matters for Board or Committee Consideration

6-9. In general, matters for Board or committee discussion may be placed on a meeting agenda by staff in the reasonable discretion of the CEO or by a Board or committee member by request to the Chair of the Board or committee.

- a. The Board and its committees will make use of consent agendas whenever feasible to group items that do not require discussion or debate into a single voting package in order to expedite approval of routine matters.



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- b. Informational reports that have been requested by the Board or a committee will be agendized and presented as information items and may be accepted without action by the Board or committee.

7-10. In the event that the Chair of the Board or committee refuses to place an item on the agenda, the Board or committee member making the request may appeal the decision to the full Board or committee at the next duly noticed meeting during the Board or committee member comments section of the meeting. The motion must receive a second to move forward. The Board or committee will then vote on the question of whether to place the requested matter on the agenda of the next available duly noticed Board or committee meeting.

- a. If the Board or committee votes to place the item on the next available agenda, the matter shall be placed on that agenda and discussed by the Board or committee at the time noticed in the agenda.
- b. If the Board or committee votes not to place the item on the next available agenda, the matter will be tabled.
- c. In either case, no action will be taken on the matter after the vote so that any action item can be properly placed on an agenda pursuant to the Brown Act.

8-11. In the event that a Board or committee member proposes placing a matter on a future agenda during the Board or committee member comments section of the meeting, the presiding officer of the Board or committee may rule on the proposal prior to the end of the meeting. If the presiding officer does so rule at that meeting and refuses to place the proposed matter on a future agenda, the Board or committee member making the proposal may immediately exercise his or her appeal rights as described in [Section 10 number 6](#) above.

Types of Motions and Their Uses

Main Motions

9-12. The motions are:

- a. The main motion is the means by which the Board and committee proposes action and does business. It is a proposal that a certain action be taken by the Board or committee whether that action be to express an opinion, adopt a policy, make an expenditure of funds, enter into a contractual obligation, or to take any other action that is within the power of the Board or committee.
- b. A main motion may be made by any qualified member of the Board or Committee; however, a motion can only be made concerning business that has been placed on the published agenda unless otherwise authorized by law.
- c. To introduce a main motion, a Board or committee member who has the floor should state, "**I move that...**"



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- d. The presiding officer of the meeting may assist the Board or committee member in clarifying the motion.
- e. A main motion must be seconded unless the motion comes to the Board from a committee recommendation since any motion coming from a committee already has more than two Board members in favor of considering the motion.
- f. Debate is held on the main motion when the presiding officer states, “**Is there any discussion.**” The presiding officer shall provide all Board or committee members the opportunity to speak during discussion of a main motion.
- g. A main motion may be amended.
- h. Passage of a main motion requires simple majority vote.
- i. The presiding officer may require that lengthy motions be made in writing.
- j. The maker of the main motion has the right to speak first in support of the motion.
- k. A member may amend his or her own motion before it is restated by the presiding officer immediately preceding the vote on the motion. To be effective, the amendment must be agreed to by the seconder. Such an amendment by the maker of the motion shall not be considered a Motion to Amend or Substitute Motion.
- l. A member may withdraw his or her motion up until the time it is stated by the presiding officer immediately preceding the vote.

Motions that are not in Order

~~10.13.~~ The motions are:

- a. Motions that conflict with the By-Laws of OCERS.
- b. Motions that repeat an issue that the Board or committee has already dealt with on the day of the meeting unless made through a Motion for Reconsideration.
- c. Motions that do not comply with the Brown Act, the County Employees Retirement Law of 1937, or other applicable law governing OCERS.
- d. Motions that appear to the presiding officer to be dilatory, unintelligible, frivolous, or rude.
- e. The presiding officer shall make rulings on whether a motion is out of order. The member making the motion has the right of appeal as under ~~section 15.b.11-b.~~

Subsidiary Motions

~~11.14.~~ The following motions are ranked lowest to highest in precedence:

- a. Motion to Amend (Substitute Motion):
 - i. Motion to Amend changes the wording of a main motion and may be made at any time after the main motion has been seconded.



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- ii. A motion may be amended by:
 - 1. Adding words or phrases;
 - 2. Striking out words or phrases;
 - 3. Substituting by striking out and inserting new words; or
 - 4. Substituting an entire motion or paragraph
 - iii. An amendment to a motion must relate to the pending motion. No new business may be introduced under pretext of an amendment.
 - iv. Adoption of an amendment changes the motion. If the motion to amend is successful, the Board or committee must vote to adopt the motion as amended.
 - v. If the amendment is not successful, the original motion is on the floor as originally stated.
 - vi. An amendment may be amended one time so there may be a main motion, a primary amendment, and secondary amendment. A third amendment is not in order.
 - vii. Voting shall be in reverse order of how the motions were offered. Therefore, voting will be on the secondary amendment, if any, first, the primary amendment second, and the main motion third. Voting on the main motion and all amendments must be completed before a new main motion or any amendments may be offered.
 - viii. A Board or committee member must have the floor to offer an amendment.
 - ix. An amendment must be seconded.
 - x. An amendment is debatable if it is made to a debatable motion.
 - xi. The presiding officer shall provide all Board or committee members the opportunity to speak during debate or discussion of a motion to amend.
 - xii. A Motion to Amend requires a majority vote.
- b. Motion to Commit or Refer:
- i. Motion to Commit or Refer sends the question on the floor to a committee or OCERS' staff so it can be more carefully studied and prepared for discussion by the Board.
 - ii. The Motion to Commit or Refer should include specific direction as to which committee or staff shall study the question, whether the committee or staff will have authority to act, and when the committee or staff should report back to the Board.
 - iii. A Motion to Commit or Refer can be applied to any main motion and any amendments pending on the main motion go with the motion to committee.
 - iv. A Motion to Commit or Refer must be seconded.
 - v. A Motion to Commit or Refer may be debated, but debate must be limited to the merits of sending the issue to a committee or staff.



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- vi. A Motion to Commit or Refer can be amended as to the committee or staff assigned to study the issue and instructions to the committee or staff.
- vii. A Motion to Commit or Refer requires a majority vote.
- c. Motion to Postpone
 - i. A Motion to Postpone delays action on a question until later in the same meeting or until a subsequent meeting.
 - ii. A Motion to Postpone may be applied to any main motion.
 - iii. A Motion to Postpone must be seconded.
 - iv. A Motion to Postpone may not interrupt a speaker who has the floor.
 - v. A Motion to Postpone may be debated; however, debate must be limited to the merits of postponing consideration of the question.
 - vi. A Motion to Postpone may be amended to change the time or length of postponement.
 - vii. The Motion to Postpone requires a majority vote.
 - viii. The postponed motion should be placed on a subsequent meeting agenda as appropriate.
- d. Motion to Limit Debate:
 - i. The Board or committee may use a Motion to Limit Debate to exercise control over debate by reducing the number and length of comments allowed or by requiring that debate stop at a time certain.
 - ii. A Motion to Limit Debate may be used with any motion.
 - iii. A Motion to Limit Debate must be seconded.
 - iv. A Motion to Limit Debate is not debatable.
 - v. A Motion to Limit Debate may be amended only as to the length of comments allowed or when the vote will be taken.
 - vi. A Motion to Limit Debate requires a majority vote.
 - vii. When a Motion to Limit Debate that imposes time limits is successful, the presiding officer will appoint a timekeeper and will inform speakers of when their time is up.
- e. Move the Previous Question:
 - i. Move the Previous Question is the motion used to end debate on a question in order to bring the Board or committee to an immediate vote.
 - ii. Move the Previous Question requires a second.



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- iii. The Previous Question motion is out of order if the main motion is debatable and has not received any debate.
- iv. Previous Question may be applied to any question or motion that is before the Board or committee.
- v. Previous Question may not be used to interrupt a speaker who has the floor.
- vi. Previous Question may not be debated.
- viii. Previous Question requires a majority vote.

Incidental Motions or Procedures

12-15. The motions are:

- a. Point of Order
 - i. A Point of Order is used by a member of the Board or committee when that member feels the presiding officer is failing to operate within the Board or committee rules.
 - ii. Point of Order may be brought during discussion of any motion and may interrupt a speaker who has the floor.
 - iii. A Point of Order is not debatable.
 - iv. The presiding officer rules on the Point of Order motion.
 - v. The Point of Order cannot be amended.
- b. Appeal
 - i. Appeal allows any two members of the Board or committee to challenge what they feel is an incorrect or unfair ruling by the presiding officer.
 - ii. The question of Appeal is stated in the affirmative so that a majority vote sustains the ruling of the presiding officer.
 - iii. Appeal requires a second.
 - iv. If seconded, the Appeal requires the presiding officer to put his or her ruling to a vote of the Board or committee.
 - v. The Appeal is debatable.
 - vi. A majority vote in the negative is required to reverse the ruling of the presiding officer. Therefore, the question to be posed is, for example, "If you believe the presiding officer's ruling is correct, please vote 'yes;' and if you believe the presiding officer's ruling is incorrect, please vote 'no.'"
- c. Point of Information



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- i. Point of Information is used by a Board or committee member to obtain additional information regarding the subject being considered.
- ii. Point of Information does not require a second or a vote.
- iii. The presiding officer will ask the requesting Board or committee member what the Point is.
- iv. Additional information will be provided by staff or the speaker.
- d. Parliamentary Inquiry
 - i. Parliamentary Inquiry allows the Board or committee members to get parliamentary help.
 - ii. Parliamentary Inquiry does not require a second or a vote.
 - iii. The presiding officer will ask the requesting Board or committee member what the Inquiry is.
 - iv. The presiding officer will rule on the Inquiry after consultation with the secretary, counsel, or others who are familiar with parliamentary procedure.

Restorative Motions

13.16. The motions are:

- a. Motion to Rescind
 - i. This motion is used to quash or nullify a previously adopted motion. It may be used to strike out an entire motion.
 - ii. A Motion to Rescind is not in order when any action has already been taken as a result of a previous vote (i.e., a contract has been executed with a vendor as a result of the previous vote).
 - iii. A Motion to Rescind must be placed on the meeting agenda in order for the Board or committee to take action on it.
 - iv. It must be seconded.
 - v. It requires a majority vote.
- b. Motion to Reconsider
 - i. A Motion to Reconsider allows the Board or committee to reconsider the vote on a previous motion voted on at that meeting.
 - ii. A Motion to Reconsider can only be made by a member of the Board or committee who voted on the prevailing side of the previous vote.



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- iii. It must be seconded, but the seconder does not have to have been on the prevailing side of the previous vote.
- iv. It may be debated and it opens up the motion to which it applies to debate.
- v. It requires a majority vote.
- vi. A Motion to Reconsider may be made and seconded while other business is pending, but debate and vote will not occur until the business on the floor has been completed.
- vii. All actions that came out of the original motion must be stayed immediately at the time the Motion to Reconsider is made and seconded.

Voting Methods and Procedures

- ~~14-17.~~ All votes shall comply with the Brown Act (Gov. Code § 54953).
- ~~15-18.~~ The electronic voting system shall be the preferred means of voting for the Board because it allows for accurate recording of each vote.
- ~~16-19.~~ The Board and committees may use voice votes for the convenience of the Board or committee in order to promote efficiency. When using voice votes, any member of the Board or committee may request a roll-call vote or show-of-hands vote in order to accurately record each Board or committee member’s vote.
- ~~17-20.~~ All votes shall be recorded in the meeting minutes.

Voting Protocols for the Alternate Seventh Member of the Board

- ~~18-21.~~ The alternate seventh member of the Board² will vote as a member of the Board under the following circumstances:
 - a. When one of the OCERS membership-elected Board members is absent from a board meeting for any cause the alternate seventh member will vote in place of the absent Board member;

²The seventh member of the Board is a safety member elected by the safety members of the system. The alternate seventh member of the Board is the candidate from the group under Government Code §31470.2 (sheriffs, etc.) or 31470.4 (firefighters, etc.) that is not represented by the seventh member, and who received the highest number of votes of all candidates in that group. (See Government Code §31520.11(a).)



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- b. When there is a vacancy with respect to any of the OCERS membership-elected Board members the alternate seventh member will fill the vacancy and vote in place of the vacant Board position;
- c. When a member of the same service (i.e., sheriffs or fire) as the alternate seventh member is before the Board for determination of his or her retirement, the alternate seventh member will vote in place of the seventh member and the seventh member will not vote, unless one of the OCERS membership-elected Board members is absent or there is a vacancy with respect to any of the OCERS membership-elected Board members, in which case, both the seventh member and the alternate seventh member will vote on that determination, with the alternate seventh member voting for the absent or vacant Board member.

Scope of Rules and Disputes

19-22. These rules should be used by the presiding officer, staff, and members of the Board or committee as guidelines for the conduct of meetings unless it is prudent to utilize a different procedure under the circumstances.

20-23. The presiding officer of the Board or committee meeting is responsible for the orderly conduct of the meeting. The presiding officer may call upon other Board or committee members, the secretary of the Board or committee, or counsel for assistance in resolving disputes.

21-24. Rulings by the presiding officer should be respected by all Board and committee members, but such rulings may be challenged in accordance with these rules.

Rules Review

22-25. The Board of Retirement shall review these rules at least every three (3) years to ensure that they remain relevant and appropriate.

Policy History

23-26. The Orange County Employees Retirement System Rules of Parliamentary Procedure were originally approved and adopted by the Board of Retirement on February 16, 2015, and were revised on December 19, 2016, October 16, 2017, November 13, 2017, March 18, 2019, ~~and~~ June 20, 2022, and April 17, 2023.

Secretary's Certificate

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

06/20/2022



OCERS Board Policy
OCERS Rules of Parliamentary
Procedure

Steve Delaney
Secretary of the Board

Date



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Purpose and Background

1. The Orange County Employees Retirement System Board of Retirement is committed to the principals of open and efficient government. The Board conducts regular meetings of the full board and various committees. The Board wishes to establish rules for conduct of those meetings that are consistent with the Ralph M. Brown Act ("Brown Act") in order to ensure orderly meetings and to protect the rights of the Board, its individual members, OCERS members and plan sponsors, and members of the public.

Basic Rules

2. All meetings of the Board and its committees shall adhere to the following basic rules of conduct:
 - a. The collective fiduciary interests of the Board and its committees supersede the rights of individual members of the Board. All members of the Board must adhere to the rules established by the Board. If there is a conflict between the rights of a member and the interests of the Board to conduct its business, the interests of the Board prevail.
 - b. All members of the Board are equal. All members of the Board have the following rights:
 - i. To hold office.
 - ii. To attend meetings.
 - iii. To make motions and speak in Board or committee deliberations.
 - iv. To nominate.
 - v. To vote.
 - c. A quorum must be present to conduct business. The By-Laws specify that a quorum for conduct of a meeting of the full Board shall be five members present; a quorum for a meeting of the Investment Committee shall be five members present; and a quorum for a meeting of a standing committee of the Board, other than the Investment Committee, shall be two members present.
 - d. The majority rules. The minority has the right to be heard on issues up for deliberation before the Board or a committee. Once a decision has been made by the majority of Board members present and voting, the minority must respect and abide by the decision.
 - e. The Brown Act requires OCERS to publicly report the vote or abstention of each Board or committee member present. (Gov. Code § 54953 (c).) Therefore, each Board or committee member present shall vote or abstain in each vote of the Board or committee. Silence on a vote is not authorized under the Brown Act.
 - f. One question will be addressed at a time, and one speaker will speak at a time. A motion will be out of order if it does not directly relate to the question under consideration. Once a



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speaker has been recognized, he or she has the floor and should not be interrupted except in rare circumstances, such as by the Chair to maintain order or decorum.

- g. Members of the Board or committee shall have the opportunity to fully debate all debatable motions. A debatable motion may not be put to a vote as long as members of the Board or committee wish to continue the debate unless debate is suspended by majority vote of the Board or committee.
- h. Once a motion has been decided at a Board or committee meeting, it is out of order to bring up the same motion or a motion that is essentially the same at the same meeting unless it is brought through a Motion for Reconsideration.
- i. Remarks directed at another Board or committee member personally and not relating to the business of the Board or committee are out of order in a debate. Debate shall be limited to motions and not motives, principles, or personalities. The Chair may request that the speaker cease his or her out of order remarks.
- j. Board and standing committee meetings shall be conducted in accordance with the Brown Act (Gov. Code § 54950, et. seq.).
- k. The Board and its committees shall not conduct any business that has not been properly placed on the agenda and noticed to the public unless authorized by the Brown Act.

Roles and Responsibilities of the Chair in the Conduct of Meetings

- 3. The Chair of the Board or committee shall be the presiding officer of the meeting. If the Chair of the Board or committee is absent, the Vice Chair shall serve as the presiding officer. In the event that both the Chair and the Vice Chair are absent from the meeting, the Chair shall appoint a presiding officer of the meeting from among the remaining members of the Board or committee who are entitled to vote during the meeting. The general responsibilities of the presiding officer are:
 - a. To ensure that the meeting starts on time and moves through the agenda in an expeditious manner. The presiding officer may take steps to prevent dissenting Board or committee members and members of the public from employing dilatory tactics to delay a meeting.
 - b. To ensure that Board and committee members and members of the public adhere to the published agenda, except as otherwise permitted by law.
 - c. To be familiar with these rules, OCERS' By-Laws, charters, and policies, and the customary practices of the Board and its committees.
 - d. To direct the orderly conduct of the meeting by recognizing speakers and reminding others that interruption of speakers who have the floor is out of order.
 - e. To impartially recognize members of the Board or committee and members of the public to speak during discussion of a motion. It shall be the presiding officer's prerogative to



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determine the timing of public comment; that is, whether public comment is taken before or during the Board members' discussion on each matter. In any event, the presiding officer should provide opportunity for Board and committee members and members of the public on all sides of a discussion to speak before the Board's action on the motion.

- f. To restate a motion before a vote is taken and to announce the results of the vote. The presiding officer may require a vote by roll call, show of hands, or any other means in order to clarify the results of the vote and permit the vote to be recorded accurately in the minutes of the meeting.
- g. To ensure that discussion is relevant and focused on the issue at hand. The presiding officer may request a Board or committee member or member of the public to confine his or her remarks to the motion under consideration.
- h. To ensure that public comment (1) on any matter within the jurisdiction of the Board or committee is permitted at each meeting of the Board or committee; (2) is limited to three minutes per speaker and to a total of 20 minutes per issue (with the exception of appearances on disability matters; see OCERS By-Laws); and (3) does not interfere with the orderly conduct of the meeting. The Chair of the Board or committee has the discretion to modify the time limit per speaker should, for example, it be necessary to shorten the time to accommodate a lengthy agenda or a large number of speakers. Similarly, the time limit per speaker may be lengthened to allow additional time for discussion on a complicated matter.
- i. To ensure that public comment is directed to the presiding officer, and not to staff, vendors or consultants.
- j. To ensure that any requests made of staff, vendors or consultants to report back to the Board or committee, to place a matter of business on a future agenda of the Board or committee, or to otherwise commit staff time and OCERS resources are (1) made at the direction of the presiding officer; (2) with consensus of the Board or committee members; and (3) with due consideration of the burdens such requests will place on staff, consultants and OCERS resources and any other relevant concerns staff or consultants may identify.
- k. To ensure, before staff, a vendor or a consultant is directed by the presiding officer to respond to questions from, or to report or release additional information requested by, a member of the public during a meeting of the Board or committee, that the information is (1) relevant and appropriate to the subject matter of the meeting; and (2) public in nature.



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- I. To adjourn each meeting of the Board or committee at the conclusion of the business set forth on the agenda by unanimous consent.¹

Disruptions of Meetings

4. In the event any meeting is willfully interrupted by a group or groups of persons so as to render the orderly conduct of such meeting unfeasible and order cannot be restored by the removal of individuals who are willfully interrupting the meeting, the Chair of the Board or committee may:
 - a. Order the meeting room (including the Zoom meeting room) cleared and continue in session as follows:
 - i. Only matters appearing on the agenda may be considered in such a session.
 - ii. Representatives of the press or other news media, except those participating in the disturbance, shall be allowed to attend such a session.
 - b. Readmit to the session individual or individuals not responsible for willfully disturbing the orderly conduct of the meeting.
5. In addition to the authority described in Section 4, above, the Chair of the Board or committee or their designee may remove or cause the removal of any individual for disrupting a meeting provided that prior to removing an individual, the Chair or their designee warns the individual that their behavior is disrupting the meeting and that their failure to cease their behavior may result in their removal. If they do not promptly cease their disruptive behavior, the Chair or their designee may then remove the individual.
 - a. For purposes of this Section 5, “disrupting a meeting” means engaging in behavior that actually disrupts, disturbs, impedes, or renders infeasible the orderly conduct of the meeting and includes, but is not limited to, a failure to comply with reasonable time limits for public comment established by the Board or committee or engaging in behavior that constitutes use of force, or a true threat of force that has sufficient indicia of intent and seriousness that a reasonable observer would perceive it to be an actual threat to use force by the person making the threat.
6. For purposes of Sections 4 and 5, above, “removal from the meeting” includes physically removing the individual or individuals from the in-person meeting location and, in the case of a Zoom

¹ The presiding officer may state (for example), “If there is no objection, this meeting will be adjourned;” and after a pause for objection, if there is no objection, “The meeting is adjourned.”



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meeting, muting the microphone of the individual or individuals or placing them in the Zoom virtual waiting room.

Roles and Responsibilities of the CEO; Meeting Minutes

7. The OCERS CEO or his or her designee shall be the secretary of the Board or committee meeting. The duties of the secretary of the meeting are:
 - a. To prepare or cause to be prepared concise minutes of all meetings of the Board and its committees for approval by the Board at a subsequent meeting.
 - b. At a minimum, the secretary shall record the following in the minutes:
 - i. All members of the Board or committee present at the meeting.
 - ii. All adopted and defeated motions.
 - iii. The name of the maker and seconder of each motion and amendment.
 - iv. Names of all persons reporting or presenting to the Board or committee.
 - v. The identity and vote of each Board or committee member voting or abstaining from a vote.
 - c. The secretary need not record the following in the minutes:
 - i. Detailed discussion or personal opinions of members of the Board or committee or members of the public.
 - ii. Motions that have been withdrawn.
 - iii. Full reports of committees.
8. The minutes of a meeting of the Board will be presented to the Board for approval, and the minutes of a meeting of a committee will be presented to that committee for approval, at the next meeting of the Board or committee as applicable. In addition, because there are periodically changes in the membership of the committees, each current member of a committee is authorized to approve the minutes of meetings conducted prior to the individual becoming a member of the committee.

Agendizing Matters for Board or Committee Consideration

9. In general, matters for Board or committee discussion may be placed on a meeting agenda by staff in the reasonable discretion of the CEO or by a Board or committee member by request to the Chair of the Board or committee.
 - a. The Board and its committees will make use of consent agendas whenever feasible to group items that do not require discussion or debate into a single voting package in order to expedite approval of routine matters.



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- b. Informational reports that have been requested by the Board or a committee will be agendized and presented as information items and may be accepted without action by the Board or committee.
10. In the event that the Chair of the Board or committee refuses to place an item on the agenda, the Board or committee member making the request may appeal the decision to the full Board or committee at the next duly noticed meeting during the Board or committee member comments section of the meeting. The motion must receive a second to move forward. The Board or committee will then vote on the question of whether to place the requested matter on the agenda of the next available duly noticed Board or committee meeting.
- a. If the Board or committee votes to place the item on the next available agenda, the matter shall be placed on that agenda and discussed by the Board or committee at the time noticed in the agenda.
 - b. If the Board or committee votes not to place the item on the next available agenda, the matter will be tabled.
 - c. In either case, no action will be taken on the matter after the vote so that any action item can be properly placed on an agenda pursuant to the Brown Act.
11. In the event that a Board or committee member proposes placing a matter on a future agenda during the Board or committee member comments section of the meeting, the presiding officer of the Board or committee may rule on the proposal prior to the end of the meeting. If the presiding officer does so rule at that meeting and refuses to place the proposed matter on a future agenda, the Board or committee member making the proposal may immediately exercise his or her appeal rights as described in Section 10 above.

Types of Motions and Their Uses

Main Motions

12. The motions are:
- a. The main motion is the means by which the Board and committee proposes action and does business. It is a proposal that a certain action be taken by the Board or committee whether that action be to express an opinion, adopt a policy, make an expenditure of funds, enter into a contractual obligation, or to take any other action that is within the power of the Board or committee.
 - b. A main motion may be made by any qualified member of the Board or Committee; however, a motion can only be made concerning business that has been placed on the published agenda unless otherwise authorized by law.
 - c. To introduce a main motion, a Board or committee member who has the floor should state, "**I move that...**"



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- d. The presiding officer of the meeting may assist the Board or committee member in clarifying the motion.
- e. A main motion must be seconded unless the motion comes to the Board from a committee recommendation since any motion coming from a committee already has more than two Board members in favor of considering the motion.
- f. Debate is held on the main motion when the presiding officer states, "**Is there any discussion.**" The presiding officer shall provide all Board or committee members the opportunity to speak during discussion of a main motion.
- g. A main motion may be amended.
- h. Passage of a main motion requires simple majority vote.
- i. The presiding officer may require that lengthy motions be made in writing.
- j. The maker of the main motion has the right to speak first in support of the motion.
- k. A member may amend his or her own motion before it is restated by the presiding officer immediately preceding the vote on the motion. To be effective, the amendment must be agreed to by the seconder. Such an amendment by the maker of the motion shall not be considered a Motion to Amend or Substitute Motion.
- l. A member may withdraw his or her motion up until the time it is stated by the presiding officer immediately preceding the vote.

Motions that are not in Order

13. The motions are:
 - a. Motions that conflict with the By-Laws of OCERS.
 - b. Motions that repeat an issue that the Board or committee has already dealt with on the day of the meeting unless made through a Motion for Reconsideration.
 - c. Motions that do not comply with the Brown Act, the County Employees Retirement Law of 1937, or other applicable law governing OCERS.
 - d. Motions that appear to the presiding officer to be dilatory, unintelligible, frivolous, or rude.
 - e. The presiding officer shall make rulings on whether a motion is out of order. The member making the motion has the right of appeal as under Section 15.b.

Subsidiary Motions

14. The following motions are ranked lowest to highest in precedence:
 - a. Motion to Amend (Substitute Motion):
 - i. Motion to Amend changes the wording of a main motion and may be made at any time after the main motion has been seconded.



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- ii. A motion may be amended by:
 - 1. Adding words or phrases;
 - 2. Striking out words or phrases;
 - 3. Substituting by striking out and inserting new words; or
 - 4. Substituting an entire motion or paragraph
 - iii. An amendment to a motion must relate to the pending motion. No new business may be introduced under pretext of an amendment.
 - iv. Adoption of an amendment changes the motion. If the motion to amend is successful, the Board or committee must vote to adopt the motion as amended.
 - v. If the amendment is not successful, the original motion is on the floor as originally stated.
 - vi. An amendment may be amended one time so there may be a main motion, a primary amendment, and secondary amendment. A third amendment is not in order.
 - vii. Voting shall be in reverse order of how the motions were offered. Therefore, voting will be on the secondary amendment, if any, first, the primary amendment second, and the main motion third. Voting on the main motion and all amendments must be completed before a new main motion or any amendments may be offered.
 - viii. A Board or committee member must have the floor to offer an amendment.
 - ix. An amendment must be seconded.
 - x. An amendment is debatable if it is made to a debatable motion.
 - xi. The presiding officer shall provide all Board or committee members the opportunity to speak during debate or discussion of a motion to amend.
 - xii. A Motion to Amend requires a majority vote.
- b. Motion to Commit or Refer:
- i. Motion to Commit or Refer sends the question on the floor to a committee or OCERS' staff so it can be more carefully studied and prepared for discussion by the Board.
 - ii. The Motion to Commit or Refer should include specific direction as to which committee or staff shall study the question, whether the committee or staff will have authority to act, and when the committee or staff should report back to the Board.
 - iii. A Motion to Commit or Refer can be applied to any main motion and any amendments pending on the main motion go with the motion to committee.
 - iv. A Motion to Commit or Refer must be seconded.
 - v. A Motion to Commit or Refer may be debated, but debate must be limited to the merits of sending the issue to a committee or staff.



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- vi. A Motion to Commit or Refer can be amended as to the committee or staff assigned to study the issue and instructions to the committee or staff.
- vii. A Motion to Commit or Refer requires a majority vote.
- c. Motion to Postpone
 - i. A Motion to Postpone delays action on a question until later in the same meeting or until a subsequent meeting.
 - ii. A Motion to Postpone may be applied to any main motion.
 - iii. A Motion to Postpone must be seconded.
 - iv. A Motion to Postpone may not interrupt a speaker who has the floor.
 - v. A Motion to Postpone may be debated; however, debate must be limited to the merits of postponing consideration of the question.
 - vi. A Motion to Postpone may be amended to change the time or length of postponement.
 - vii. The Motion to Postpone requires a majority vote.
 - viii. The postponed motion should be placed on a subsequent meeting agenda as appropriate.
- d. Motion to Limit Debate:
 - i. The Board or committee may use a Motion to Limit Debate to exercise control over debate by reducing the number and length of comments allowed or by requiring that debate stop at a time certain.
 - ii. A Motion to Limit Debate may be used with any motion.
 - iii. A Motion to Limit Debate must be seconded.
 - iv. A Motion to Limit Debate is not debatable.
 - v. A Motion to Limit Debate may be amended only as to the length of comments allowed or when the vote will be taken.
 - vi. A Motion to Limit Debate requires a majority vote.
 - vii. When a Motion to Limit Debate that imposes time limits is successful, the presiding officer will appoint a timekeeper and will inform speakers of when their time is up.
- e. Move the Previous Question:
 - i. Move the Previous Question is the motion used to end debate on a question in order to bring the Board or committee to an immediate vote.
 - ii. Move the Previous Question requires a second.



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- iii. The Previous Question motion is out of order if the main motion is debatable and has not received any debate.
- iv. Previous Question may be applied to any question or motion that is before the Board or committee.
- v. Previous Question may not be used to interrupt a speaker who has the floor.
- vi. Previous Question may not be debated.
- viii. Previous Question requires a majority vote.

Incidental Motions or Procedures

15. The motions are:

- a. Point of Order
 - i. A Point of Order is used by a member of the Board or committee when that member feels the presiding officer is failing to operate within the Board or committee rules.
 - ii. Point of Order may be brought during discussion of any motion and may interrupt a speaker who has the floor.
 - iii. A Point of Order is not debatable.
 - iv. The presiding officer rules on the Point of Order motion.
 - v. The Point of Order cannot be amended.
- b. Appeal
 - i. Appeal allows any two members of the Board or committee to challenge what they feel is an incorrect or unfair ruling by the presiding officer.
 - ii. The question of Appeal is stated in the affirmative so that a majority vote sustains the ruling of the presiding officer.
 - iii. Appeal requires a second.
 - iv. If seconded, the Appeal requires the presiding officer to put his or her ruling to a vote of the Board or committee.
 - v. The Appeal is debatable.
 - vi. A majority vote in the negative is required to reverse the ruling of the presiding officer. Therefore, the question to be posed is, for example, "If you believe the presiding officer's ruling is correct, please vote 'yes;' and if you believe the presiding officer's ruling is incorrect, please vote 'no.'"



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- c. Point of Information
 - i. Point of Information is used by a Board or committee member to obtain additional information regarding the subject being considered.
 - ii. Point of Information does not require a second or a vote.
 - iii. The presiding officer will ask the requesting Board or committee member what the Point is.
 - iv. Additional information will be provided by staff or the speaker.
- d. Parliamentary Inquiry
 - i. Parliamentary Inquiry allows the Board or committee members to get parliamentary help.
 - ii. Parliamentary Inquiry does not require a second or a vote.
 - iii. The presiding officer will ask the requesting Board or committee member what the Inquiry is.
 - iv. The presiding officer will rule on the Inquiry after consultation with the secretary, counsel, or others who are familiar with parliamentary procedure.

Restorative Motions

16. The motions are:
- a. Motion to Rescind
 - i. This motion is used to quash or nullify a previously adopted motion. It may be used to strike out an entire motion.
 - ii. A Motion to Rescind is not in order when any action has already been taken as a result of a previous vote (i.e., a contract has been executed with a vendor as a result of the previous vote).
 - iii. A Motion to Rescind must be placed on the meeting agenda in order for the Board or committee to take action on it.
 - iv. It must be seconded.
 - v. It requires a majority vote.
 - b. Motion to Reconsider
 - i. A Motion to Reconsider allows the Board or committee to reconsider the vote on a previous motion voted on at that meeting.
 - ii. A Motion to Reconsider can only be made by a member of the Board or committee who voted on the prevailing side of the previous vote.



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- iii. It must be seconded, but the seconder does not have to have been on the prevailing side of the previous vote.
- iv. It may be debated and it opens up the motion to which it applies to debate.
- v. It requires a majority vote.
- vi. A Motion to Reconsider may be made and seconded while other business is pending, but debate and vote will not occur until the business on the floor has been completed.
- vii. All actions that came out of the original motion must be stayed immediately at the time the Motion to Reconsider is made and seconded.

Voting Methods and Procedures

- 17. All votes shall comply with the Brown Act (Gov. Code § 54953).
- 18. The electronic voting system shall be the preferred means of voting for the Board because it allows for accurate recording of each vote.
- 19. The Board and committees may use voice votes for the convenience of the Board or committee in order to promote efficiency. When using voice votes, any member of the Board or committee may request a roll-call vote or show-of-hands vote in order to accurately record each Board or committee member's vote.
- 20. All votes shall be recorded in the meeting minutes.

Voting Protocols for the Alternate Seventh Member of the Board

- 21. The alternate seventh member of the Board² will vote as a member of the Board under the following circumstances:
 - a. When one of the OCERS membership-elected Board members is absent from a board meeting for any cause the alternate seventh member will vote in place of the absent Board member;

²The seventh member of the Board is a safety member elected by the safety members of the system. The alternate seventh member of the Board is the candidate from the group under Government Code §31470.2 (sheriffs, etc.) or 31470.4 (firefighters, etc.) that is not represented by the seventh member, and who received the highest number of votes of all candidates in that group. (See Government Code §31520.11(a).)



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- b. When there is a vacancy with respect to any of the OCERS membership-elected Board members the alternate seventh member will fill the vacancy and vote in place of the vacant Board position;
- c. When a member of the same service (i.e., sheriffs or fire) as the alternate seventh member is before the Board for determination of his or her retirement, the alternate seventh member will vote in place of the seventh member and the seventh member will not vote, unless one of the OCERS membership-elected Board members is absent or there is a vacancy with respect to any of the OCERS membership-elected Board members, in which case, both the seventh member and the alternate seventh member will vote on that determination, with the alternate seventh member voting for the absent or vacant Board member.

Scope of Rules and Disputes

- 22. These rules should be used by the presiding officer, staff, and members of the Board or committee as guidelines for the conduct of meetings unless it is prudent to utilize a different procedure under the circumstances.
- 23. The presiding officer of the Board or committee meeting is responsible for the orderly conduct of the meeting. The presiding officer may call upon other Board or committee members, the secretary of the Board or committee, or counsel for assistance in resolving disputes.
- 24. Rulings by the presiding officer should be respected by all Board and committee members, but such rulings may be challenged in accordance with these rules.

Rules Review

- 25. The Board of Retirement shall review these rules at least every three (3) years to ensure that they remain relevant and appropriate.

Policy History

- 26. The Orange County Employees Retirement System Rules of Parliamentary Procedure were originally approved and adopted by the Board of Retirement on February 16, 2015, and were revised on December 19, 2016, October 16, 2017, November 13, 2017, March 18, 2019, June 20, 2022, and April 17, 2023.

Secretary's Certificate

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

Steve Delaney
Secretary of the Board

_____ Date



OCERS Board Policy
OCERS Rules of Parliamentary
Procedure



OCERS Administrative Procedure (OAP)

Documentation of Birthdate and Marriage/Domestic Partnership

I. Purpose

This OCERS administrative procedure (OAP) aims to set forth what documentation OCERS' staff will consider when verifying a member or beneficiary's birthdate or marriage/domestic partnership status.

II. Authority

This OAP is established pursuant to the Chief Executive Officer (CEO) Charter, section 8.f., which directs the CEO to develop staff policies and procedures to ensure effective and efficient administration of member benefits. The OAP is in conformance with Board Policy, the County Employees Retirement Law (California Government Code section 31450, *et seq.*) (CERL), and the Public Employees' Pension Reform Act (Government Code, sections 7522 - 7522.74) (PEPRA).

III. Documentation

Date of birth evidence

OCERS will deem authentic copies of the following documents sufficient to establish the birthdate of a member or beneficiary:

- Birth certificate or delayed birth certificate
- Certificate of Naturalization or U.S. passport
- Foreign passport with I-94
- Border crossing card with I-94
- Real ID/driver's license
- Social Security certification

Marriage or Domestic Partnership Evidence

OCERS will deem authentic copies of the following documents sufficient to establish the marriage or domestic partnership status of a member:

- Marriage certificate
- State-recognized certificate of domestic partnership



OCERS Administrative Procedure (OAP)

Documentation of Birthdate and Marriage/Domestic Partnership

When none of the above documents can be produced, an alternative document, such as those listed below, may be submitted for review. OCERS will make a determination on whether or not they are sufficient to establish the date of birth, marriage, or domestic partnership status:

- Sworn affidavits from relatives – must be notarized
- Records of religious ceremonies (e.g., church, temple, or mosque records of a birth or marriage ceremony)
- State census records
- Hospital records/vaccination records
- Physician or midwife birth record
- DD214 (military discharge certificate)
- School records
- Insurance policy records
- Other credible records

All records submitted to OCERS intended to establish birthdate or marriage/domestic partnership status must be true and correct copies, with no alterations from the original document. An individual who provides false or altered documentation may be liable for repayment of any funds received based on the false documentation submitted and may forfeit any related benefit.



Memorandum

DATE: April 17, 2023
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, General Counsel
SUBJECT: SACRS BOARD OF DIRECTORS ELECTION 2023-2024 – DIRECTION TO OCERS' VOTING DELEGATE

Recommendation

Consider the SACRS Nominating Committee's recommended slate of candidates and give direction to OCERS' Voting Delegate and Alternate Delegates for the SACRS Board of Directors election to be held during the SACRS Spring Conference on May 12, 2023.

Background/Discussion

The election for the SACRS Board of Directors for 2023–2024 will be held on May 12, 2023 during the regular business meeting portion of the SACRS Spring Conference. The Administrator of each regular member County Retirement System is responsible for communicating the Nominating Committee's suggested slate to each trustee and placing the election of SACRS Directors on their board agenda. The Administrator is required to acknowledge the completion of these responsibilities with the Nominating Committee. The election will be conducted by an open roll call vote, and OCERS' voting delegate should be prepared to vote the recommended ballot and by each board position separately. Newly elected directors assume their duties at the conclusion of the meeting at which they are elected, with the exception of the office of Treasurer. The incumbent Treasurer will co-serve with the newly elected Treasurer through the completion of the current fiscal year.

The SACRS Nominating Committee's Recommend Ballot for the 2023—2024 election includes the following candidates:

- President – David MacDonald, Contra Costa CERA
- Vice President – Adele Tagalao, Orange CERS
- Treasurer – Jordan Kaufman, Kern CERA
- Secretary – Zandra Cholmondeley, Santa Barbara CERS
- Regular Member – David Gilmore, San Diego CERA
- Regular Member – Open

The candidate submissions are attached for the Board's consideration. As you may recall, on February 21, 2023, the OCERS Board met and took action to nominate OCERS trustee, Adele Tagalao, for the position of Vice President on the SACRS Board of Directors.

This year, the SACRS Nominating Committee did not receive a Submission Form from any candidates other than those appearing on the recommended ballot (listed above). In addition, one Regular Member position remains “open” due to the late withdrawal of a submission by an interested candidate. It is past the deadline to submit nominations and the SACRS Bylaws do not allow nominations or write-in candidates from the floor. The Nominating Committee is therefore reaching out to the SACRS regular membership in search of parties interested in serving on the SACRS Board. Regular members interested in serving as a “Regular Member” of the SACRS Board of Directors may complete a supplemental candidate form (attached) and submit it to sulema@sacrs.org on or before April 21, 2023. The open position will be filled by the 2023-2024 Board of Directors at its first meeting in June.

At the SACRS business meeting, OCERS’ voting delegate will have the opportunity to cast OCERS’ vote as directed by the Board. In accordance with OCERS’ SACRS Voting Authority Policy (copy attached), OCERS’ voting delegate is the Board Chair, and all other members of the Board and the CEO are alternate delegates. If the Board Chair is unable to attend a SACRS business meeting at which a vote is taking place, the Policy provides that the Vice Chair shall be designated as alternate voting delegate. If both the Chair and Vice Chair are unable to attend, the alternate voting delegate will be determined, among the Board members in attendance at the business meeting, alphabetically by the Board member’s last name. The voting delegate may vote by recommended ballot or by each position separately.

Staff requests that the Board direct the OCERS voting delegate/alternate delegates on how to cast OCERS’ vote at the election.

Attachments

- (1) SACRS Memorandum dated March 24, 2023 re: Board of Director Elections 2023-2024 Elections – Final Ballot
- (2) SACRS BOD Election Submissions for Consideration 2023-2024
- (3) Supplemental Candidate Submission Form
- (4) SACRS Voting Authority Policy

Submitted by:



Gina M. Ratto
General Counsel



March 24, 2023

To: SACRS Trustees & SACRS Administrators/CEO’s
 From: Dan McAllister, SACRS Immediate Past President, Nominating Committee Chair
 SACRS Nominating Committee
 Re: SACRS Board of Director Elections 2023-2024 Elections – Final Ballot

SACRS BOD 2023-2024 election process began January 2023. Please provide the final ballot and voting instructions to your Board of Trustees and Voting Delegates.

DEADLINE	DESCRIPTION
March 1, 2023	Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.
March 25, 2023	The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25
May 12, 2023	Nominating Committee to conduct elections during the SACRS Business Meeting at the Spring Conference, May 9-12, 2023
May 12, 2023	Board of Directors take office for 1 year (until Spring 2024 Elections)

Per SACRS Bylaws, Article VIII, Section 1. Board of Director and Section 2. Elections of Directors:

Section 1. Board of Directors. *The Board shall consist of the officers of SACRS as described in Article VI, Section 1, the immediate Past President, and two (2) regular members.*

A. Immediate Past President. *The immediate Past President, while he or she is a regular member of SACRS, shall also be a member of the Board. In the event the immediate Past President is unable to serve on the Board, the most recent Past President who qualifies shall serve as a member of the Board.*

B. Two (2) Regular Members. *Two (2) regular members shall also be members of the Board with full voting rights.*

Section 2. Elections of Directors. *Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.*

The Nominating Committee will report its suggested slate, along with a list of the names of all members who had been nominated, to each regular member County Retirement System prior to March 25. The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee’s suggested slate to each trustee and placing the election of



SACRS Directors on his or her board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.

Director elections shall take place during the first regular meeting of each calendar year. The election shall be conducted by an open roll call vote, and shall conform to Article V, Sections 6 and 7 of these Bylaws.

Newly elected Directors shall assume their duties at the conclusion of the meeting at which they are elected, with the exception of the office of Treasurer. The incumbent Treasurer shall co-serve with the newly elected Treasurer through the completion of the current fiscal year.

The elections will be held at the SACRS Spring Conference on Friday, May 12, 2023, during the scheduled business meeting at the Paradise Point Resort & Spa, San Diego, CA.

SACRS Nominating Committee Recommended Slate:

- President – David MacDonald, Contra Costa CERA
- Vice President – Adele Tagaloa, Orange CERS
- Treasurer – Jordan Kaufman, Kern CERA
- Secretary – Zandra Cholmondeley, Santa Barbara CERS
- Regular Member – David Gilmore, San Diego CERA
- Regular Member – Open

The Regular Member listed as “Open” is due to a late withdrawal of a submission by an interested candidate. We are past the deadline to submit a nomination, and we received no other submissions of interest. SACRS Bylaws do not allow nominations or write-in candidates from the floor, therefore the Nominating Committee will be reaching out to the regular membership in search of interested parties that would like to serve.

***Bylaws- Article VIII Board of Directors/Section 2/ Elections of Directors**

The Bylaws state that the Board of Directors can make an appointment if there is a vacant position on the Board. Once the Board of Directors are elected, at their first meeting in June, they will fill the vacancy.

***Bylaws- Article VIII Board of Directors/Section 6/ Elections of Directors**

Regular members interested in serving as a “Regular Member” of the SACRS Board of Directors may complete a supplemental candidate form for consideration. Send the supplemental candidate form, no later than April 21, 2023, to sulema@sacrs.org to be reviewed by the Nominating Committee. At the SACRS Business meeting in May, the Nominating Committee will update the membership on submissions received and make a recommendation to the newly elected Board of Directors.

Please prepare your voting delegate to have the ability to vote by the recommended ballot and by each position separately.

If you have any questions, please contact me at Dan McAllister, Dan.McAllister@sdcounty.ca.gov or Sulema Peterson, sulema@sacrs.org (916) 701-5158.

Continued



Providing insight. Fostering oversight.

Thank you for your prompt attention to this timely matter.

Sincerely,

Dan McAllister

Dan McAllister, San Diego CERA Trustee
SACRS Nominating Committee Chair

CC: SACRS Board of Directors
SACRS Nominating Committee Members
Sulema H. Peterson, SACRS Executive Director

Attached: 2023-2024 Candidate submissions
Candidate Form



**SACRS Nomination SUPPLEMENTAL Submission
Form SACRS Board of Directors Elections**

All interested candidates that would like to be considered for appointment to the Board of Directors for the 2023-2024 OPEN REGULAR MEMBER position must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than April 21, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name:
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: Email Address: Phone:
Name of Retirement System Candidate Currently Serves On	System Name:
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input checked="" type="radio"/> President <input checked="" type="radio"/> Vice President <input checked="" type="radio"/> Treasurer <input checked="" type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio in Paragraph Format	

President Candidate Form - David MacDonald, Contra Costa CERA



Providing insight. Fostering oversight.

SACRS Board of Directors Elections 2023-2024

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: David J. MacDonald, MD
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: dmacdcccera@gmail.com Phone: [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name: CCCERA
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input checked="" type="radio"/> Other - Vice Chair X (elected board member)
Applying for SACRS Board of Directors Position (select only one)	<input checked="" type="radio"/> President X <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio	<ul style="list-style-type: none"> * SACRS Board of Directors, Member – 2020-2021 & 2021-2022 * SACRS Vice President – 2022-2023 * Vice Chair, CCCERA Board of Retirement * Elected general member trustee of CCCERA since 2016 * President, Physicians' and Dentists' of Contra Costa (PDOCC), since 2010 (Union for health care providers working at Contra Costa County). * 29 years serving on the PDOCC Executive Board, including many years as Vice President and President. * 32 years of service to Contra Costa County as a physician working in the Department of Health Services. * Education/Pension Trustee Certificates: <ul style="list-style-type: none"> - Bachelors of Science, Biology – UC Irvine - Doctor of Medicine – UC Irvine - UC Berkeley (SACRS) – Modern Investment Theory & Practice for Retirement Systems - Wharton Business School – Portfolio Concepts & Management - IFEBP – CAPP program, Trustees Masters Program - CALAPRS Trustee Education – Principles of Pension Governance

Vice President Candidate Form - Adele Tagaloa, Orange CERS



Providing insight. Fostering oversight.

**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2022-2023**

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Name of Candidate	Adele Tagaloa
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: atagaloa@ocers.org [REDACTED] Phone: [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name: Orange County Employees Retirement System (OCERS)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<ul style="list-style-type: none"> <input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<ul style="list-style-type: none"> <input type="radio"/> President <input checked="" type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio	<ul style="list-style-type: none"> ♦ Secretary, [REDACTED] ram and Bylaws Committee ♦ Elected General Member Trustee, OCERS, 2020 to present Over 13 years of service to the County of Orange Proudly serving 1.8 million registered voters at the Registrar of Voters office ♦ Chair, OCERS Disability Committee 2020 to present ♦ Vice- Chair, OCERS Investment Committee 2022 to present ♦ Member, OCERS Governance Committee member 2022 to present ♦ Union Steward, Orange County Employees Association (OCEA) 2012 to present ♦ Board of Directors, OCEA 2018 to present ♦ Political Action Committee and Scholarship Committee member, OCEA <p>Public Pension Trustee Certificates: Public Pension Investment Management Program - UC Berkeley CALAPRS Principles of Pension Governance and Principles for Trustees Completed 190 hours of education, 2020 - present</p>

Treasurer Candidate Form - Jordan Kaufman, Kern CERA



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2023-2024**

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Name of Candidate	Name:
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: jkaufman@kerncounty.com [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name: Kern CERA
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected <input type="radio"/> Retiree <input checked="" type="checkbox"/> Other <u>Statutory</u>
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input checked="" type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio in Paragraph Format	I am the current SACRS Treasurer and am excited for the opportunity to continue in this role. I am in my second term as the elected Kern County Treasurer-Tax Collector with fiduciary responsibility over the \$5.2 billion Treasury Investment Pool and the responsibility of annually collecting over \$1.4 billion in local property taxes. I am also the Plan Administrator for the \$670 million deferred compensation plan for County employees. Prior to being elected, I became the assistant Treasurer-Tax Collector in 2006. Prior to 2006, I spent over a decade in the County Administrative Office where I performed budget and policy analysis and was involved in the issuance of various types of municipal bonds for the County. I am the Treasurer and past Chairman of the United Way of Kern County, Trustee and past Chairman of the Kern County Employees Retirement Association (KCERA), Commissioner on the California Statewide Communities Development Authority (CSCDA), Treasurer of the Boy Scouts of America Southern Sierra Council. I have a Bachelor of Science degree in Industrial Technology from Cal Poly San Luis Obispo. I live in Bakersfield with my beautiful wife Kristen and we have four children.

Secretary Candidate Form - Zandra Cholmondeley, Santa Barbara CERS



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2023-2024**

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Name of Candidate	Name: Zandra Cholmondeley
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: zcholmondeley@gmail.com Phone: [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name: Santa Barbara County Employees' Retirement System (SBCERS)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input checked="" type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member
Brief Bio in Paragraph Format	<p>Zandra Cholmondeley was elected to represent County retirees as a trustee on the governing board of the Santa Barbara County Retirement System (SBCERS) in November 2008. She joined the SBCERS Board in January 2009 and starting in January 2010, served two terms as Chair of the Board. She has also served three terms as the President of the Retired Employees of Santa Barbara County (RESBC).</p> <p>Zandra retired in July 2008. As Principal Analyst for Santa Barbara County she was charged with overseeing the development of the County's annual budget and performed numerous special projects for the County Executive Officer (CEO). Her budget responsibilities included working with County departments to ensure the accuracy of projections and overall preparation of the budget document. Special projects experience included implementing fiscal policy for the County Executive and oversight of internal service funds including the fleet and self-insurance funds.</p>

Regular Member Candidate Form - David Gilmore, San Diego CERA



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2023-2024**

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Name of Candidate	Name: David Gilmore
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: DGilmore@sdcscera.org Phone: [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name:
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member
Brief Bio in Paragraph Format	<p>I have over 25 years with the County of San Diego and have been in management for the past 13 years. I am currently in my second term at SDCERA as a trustee and occupy the safety seat. I was elected to the SACRS Board of Directors last year and am seeking re-election for the upcoming year. I have a degree in accounting and a graduate degree in public administration.</p> <p>Thank you for your consideration and please see my letter of intent attached.</p>



OCERS Board Policy

SACRS Voting Authority Policy

Background

1. The State Association of County Retirement Systems (SACRS) is an association of 20 California county retirement systems, established under the County Employees Retirement Law of 1937. SACRS meets as an organization twice a year with all 20 counties participating through attendance by Trustees, Administrators, and staff.
2. Regular member County Retirement Systems have the right to vote on the election of the officers/directors of SACRS, amendments to the Articles of Incorporation and By-laws, legislative proposals for SACRS' sponsorship and positions on non-SACRS' sponsored legislation, resolutions, and other items of SACRS' business. Regular member County Retirement Systems are entitled to one (1) voting delegate.
3. The voting delegate must be designated in writing by the member County Retirement Board and must be a Trustee or an Administrator who is employed directly by the County Retirement System. Alternate delegates may be designated in writing by the member County Retirement Board.

Policy Guidelines

4. In order to ensure that OCERS is represented by a voting delegate at each business meeting of SACRS, OCERS will designate the current Board Chair as OCERS' voting delegate and each member of the Board and the Administrator as alternate delegates.
5. Credentials for the delegates who are voting participants shall be filed by OCERS with the SACRS Credentials Committee in writing prior to any meeting of SACRS at which voting will take place. Credentials will include the name of the member County Retirement System, and designate the Board Chair as OCERS' voting delegate and designate all other Board members and the Administrator as alternate voting delegates.
6. Voting at meetings of SACRS shall be the exclusive privilege of the delegate or one of the alternate delegates. If the Board Chair is present at the SACRS business meeting, he or she will cast OCERS' vote(s) at the meeting. If the Board Chair is not present at the SACRS business meeting at which a vote is taking place, the Vice Chair shall cast OCERS' vote(s) at the meeting. If neither the Board Chair nor Vice Chair are present, the alternate voting delegate to cast OCERS' vote(s) will be determined, among the Board members in attendance, alphabetically by the Board member's last name. The voting delegate, or designated alternate delegate if the voting delegate is absent, may cast one (1) vote on each matter submitted to a vote of the SACRS membership.
7. Where the OCERS' Board has taken an official Board position on an item to be voted on at a SACRS business meeting, the voting delegate or designated alternate voting delegate must cast a vote consistent with the Board position. If the Board has not taken a position on an item to be voted on, the voting delegate or designated alternate voting delegate must comply with the Board policy or policies that address(es) the subject matter of the item. When the item to be voted on is not addressed in any OCERS' Board policy and the Board has not taken a position, the voting delegate or designated alternate voting delegate may use his or her best judgment to vote in accordance



OCERS Board Policy SACRS Voting Authority Policy

with the position he or she believes the Board would take on the item, or abstain from voting. Notwithstanding the foregoing, the voting delegate and designated alternate voting delegate shall not vote on any item that would obligate OCERS financially to pay any sums other than SACRS dues.

Policy Review

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

Policy History

- 9. This policy was adopted on May 9, 1988.
- 10. This policy was revised on August 25, 2008, May 17, 2011, March 17, 2014, May 15, 2017, and April 20, 2020.

Secretary's Certificate

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

Steve Delaney
Secretary of the Board

04/20/2020

Date



Memorandum

DATE: April 17, 2023
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **HARASSMENT PREVENTION TRAINING**

Presentation

The OCERS Board's *Trustee Education Policy* regarding its purpose states:

"Trustees are also required to complete two hours of harassment prevention training every two years. (Gov. Code § 12950.1) Harassment prevention training is in addition to the 24 hour education requirement set forth in Gov. Code § 31522.8." (Section 4)

On April 17, the OCERS Board is scheduled to complete that two-hour mandatory training.

Ms. Susan Arduengo, AWI-CH, from Burke, Williams & Sorensen, LLP, will be our presenter. Her biography is attached.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Susan V. Arduengo, AWI-CH

Partner

Los Angeles

444 South Flower Street

Suite 2400

Los Angeles, CA 90071-2953

✉ sarduengo@bwslaw.com

☎ **D:** +1 213.236.2840

☎ **T:** +1 213.236.0600

Pronouns: she, her, hers

Susan Arduengo is a partner in Burke's [Los Angeles](#) office and a member of the firm's [Labor](#) and [Employment Law](#) practice group.

Susan is an Association of Workplace Investigators (AWI) Certificate Holder and the convener for the AWI Los Angeles Mentoring Circle. Susan conducts workplace investigations as a neutral fact-finder. She has investigated a variety of employment-related complaints including allegations of sexual harassment, hostile work environment, gender and disability discrimination, retaliation, abusive conduct, workplace violence, wage and hour violations, and "me too" claims. Employers rely on her findings in order to make informed decisions on how to resolve internal workplace complaints.

Additionally, Susan performs California's mandatory sexual harassment prevention training for supervisory and non-supervisory employees. She is experienced in virtual and in-person training to groups both large and small. She also creates customized training focused on particular workforce concerns, including Employment Law/HR Bootcamp, interactive process and reasonable accommodation, and Wage and Hour 101. Susan has also served as a speaker on pay equity matters for community groups.

Susan has litigated on behalf of California employers against claims of discrimination, retaliation, wrongful termination, and harassment in addition to defending against wage and hour class actions and PAGA claims.

Susan's litigation experience defending employers provides her an advantage in providing her clients preventative employment counseling. Susan's counseling work is focused on litigation avoidance on matters related to employee discipline, leaves of absences, and separation issues. Susan is also experienced in drafting employment policies, handbooks, and separation agreements as well as performing employment law compliance audits.

PRACTICES

Employment Law and Litigation

Labor Relations

Workplace Investigations

EDUCATION

J.D., Stetson University College of Law, 2009

B.A., Business Administration, minor in Mass Communications, University of Florida, 2005

ADMISSION

State Bar of California

State Bar of Illinois (Inactive)

United States District Court for the Central District of California

United States District Court for the Southern District of California

United States District Court for the Northern District of California

United States District Court for the Northern District of Illinois

United States District Court for the Southern District of New York

AFFILIATIONS

Association of Workplace
Investigators, Los Angeles
Mentoring Circle, Convener
Association of Workplace
Investigators, Certificate Holder
Women Lawyers Association of
Los Angeles
Los Angeles Bar Association
State Bar of California, Labor &
Employment Law Section
Orange County Bar Association,
Entertainment, Sports &
Marketing Section, Chair-Elect
(2018)
Newport Beach Chamber of
Commerce, Board of Directors
(2017-2018)
Ellevate, Orange County
Chapter, Founding Co-President
(2016-2017)

Susan is active in Burke's Diversity, Equity and Inclusion Committee.

PUBLICATIONS

2022 Legal Trends
2021 Legal Trends
Changes to California Meal Period Law
2020 Legal Trends



Memorandum

DATE: April 17, 2023
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 April 17.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

ORANGE COUNTY
 **Retirement Board Meeting**
April 17, 2023
Application Notices
 EMPLOYEES RETIREMENT SYSTEM

MEMBER NAME	AGENCY/EMPLOYER	RETIREMENT DATE
AGUILAR, SYLVIA	Social Services Agency	02/24/2023
ALVAREZ, CLAUDIA	District Attorney	02/23/2023
ASHBACH, SCOTT	Fire Authority (OCFA)	02/24/2023
AVALOS, MARISOL	Assessor	02/09/2023
BECKLEY, MARK	Fire Authority (OCFA)	02/10/2023
BENOIT, LARRY	OC Public Works	02/10/2023
BRANDT, ANGELA	Sanitation District	01/27/2023
CHAVEZ, EDRULFO	OC Public Works	02/24/2023
CLAXTON, RAY	Sheriff's Dept	02/10/2023
CRANE, JOHN	Health Care Agency	02/10/2023
DEMATEIS, CHRISTOPHER	Fire Authority (OCFA)	02/10/2023
DERFLINGER, JEFFREY	Health Care Agency	02/24/2023
DIALYNAS, PETE	Sheriff's Dept	02/24/2023
DINH, BACH-TUYET	Social Services Agency	02/24/2023
DOSSEY, KENNY	Fire Authority (OCFA)	01/27/2023
DUFF, CHRISTOPHER	District Attorney	02/01/2023
ECHEVARRIA-LUCERO, CELIA	Social Services Agency	03/10/2023
ELVIR, MIRNA	OC Community Resources	01/31/2023
FERGUSON, THOMAS	OCTA	02/16/2023
GOOD, JOHN	Sheriff's Dept	02/24/2023
GREENE, MARILYN	Assessor	02/10/2023
HAMASAKI, SUZANNE	Health Care Agency	02/24/2023
HERBERG, JAMES	Sanitation District	02/10/2023
HERRERA, SUSAN	Superior Court	02/10/2023
HURDLE, STEPHEN	Fire Authority (OCFA)	01/27/2023
ITO, JASON	Sheriff's Dept	02/10/2023
KARR, JAMES	Sheriff's Dept	02/10/2023
KELLMAN, ALISON	Health Care Agency	02/12/2023
KENT, MARK	Sheriff's Dept	02/10/2023
KILTZ, KRISTOPHER	Sheriff's Dept	02/09/2023
KUMAR, JITENDRA	Social Services Agency	1/4/2023
LEWIS, DEMETRA	District Attorney	10/4/2022
MAI, PHUNG K	OCTA	02/12/2023
MATSUO, DAWN	OCERS	02/24/2023
MC GREEVY, STEPHEN	District Attorney	01/31/2023
MCENTARFFER, DARREL	District Attorney	03/10/2023
MCMILLION, JASON	Sheriff's Dept	02/24/2023
MOLINE, WILLIAM	Sanitation District	02/24/2023

ORANGE COUNTY
 **Retirement Board Meeting**
April 17, 2023
Application Notices
 EMPLOYEES RETIREMENT SYSTEM

MONZON, MATTHEW	Sheriff's Dept	01/27/2023
MOODY, BETH	Probation	02/24/2023
MUNOZ, CYNTHIA	Human Resources Dept	01/28/2023
NGUYEN, JAMI	Social Services Agency	02/24/2023
NGUYEN, LLOYD	Sheriff's Dept	02/24/2023
NGUYEN_STANLEY	OCTA	02/05/2023
NORDMAN, MAARIT	Superior Court	03/10/2023
OLVERA, MARIA	Health Care Agency	02/24/2023
OSTERHUES, MARK	Fire Authority (OCFA)	02/10/2023
PARETTI, PAUL	OCTA	02/22/2023
PASZKIEWICZ, MARK	Registrar of Voters	02/10/2023
PEREA, JULIE	Superior Court	01/27/2023
PETERS, MARGARET	Sheriff's Dept	01/27/2023
PIVAROFF, LYNNE	Fire Authority (OCFA)	02/24/2023
ROBB, WILLIAM	Sheriff's Dept	02/24/2023
ROSSOW, FREDERICK	Sheriff's Dept	02/10/2023
SANDOVAL, JOSEPH	Sheriff's Dept	02/24/2023
SHEEAN-WALLACE, BETHIA	OC Community Resources	02/24/2023
SHEROHMAN, ANNEKE	Sheriff's Dept	12/30/2022
SIQUEIROS, MARICELA	Child Support Services	02/24/2023
SOLORIO, JOSE	OCTA	1/2/2023
SOWBY, MICHELE	District Attorney	02/24/2023
STAMM, REBECCA	Superior Court	03/10/2023
STERETT, RANDALL	Sheriff's Dept	02/24/2023
STONE, CINDY	Social Services Agency	02/24/2023
SWART, DANA	Auditor Controller	02/01/2023
TA, LINH	Social Services Agency	02/10/2023
TAMAYO, MARTHA	Superior Court	02/10/2023
TEANO, LILIA	Health Care Agency	03/10/2023
TOY, JEFFREY	District Attorney	02/24/2023
TRUONG, CAROLYN	Social Services Agency	02/24/2023
VON NORDHEIM, LISA	Sheriff's Dept	02/24/2023
VU, ROSEMARY	Social Services Agency	02/10/2023
WILLIAMS, KATHY	OC Community Resources	02/24/2023
WOLF, BRIAN	Superior Court	12/31/2022
WOLFE, LYNN	Sheriff's Dept	02/24/2023
WUNSCH, LEANNE	Superior Court	03/10/2023
YAMBAO, EVELYN	Social Services Agency	02/24/2023
YIN, ROGER	OCTA	01/27/2023



Retirement Board Meeting

April 17, 2023

Death Notices

ACTIVE DEATHS	AGENCY/EMPLOYER
MANLIGUIS, CARL K	Probation
RODRIGUEZ, JENIFER L	Social Services Agency

RETIRED MEMBERS	AGENCY/EMPLOYER
ANDERSON, LARRY B	OCTA
ARMSTRONG, JUNE A	Health Care Agency
BOER, EVERT	OCTA
CANBY, LEONARD D	Social Services Agency
CLAXTON, ETTA M	District Attorney
COSTLEY, RUTH L	Sheriff's Dept
COZZA, GUSTAVO A	OCTA
DATENO, BERNADINE	Health Care Agency
DEGEN, DONNA	Health Care Agency
DIXON, STEVEN W	Social Services Agency
DOMINGUEZ, ANTONIO	OC Public Works
DUHN, ELROY N	OCTA
ESPINOSA, ROLANDO M	OCWR
GOMEZ, ERNEST	Registrar of Voters
GUTIERREZ, ANTONIO	Sanitation District
HANLEY, NANCY J	Health Care Agency
HORTON, MARK B	Health Care Agency
JALBERT, EUGENE F	Health Care Agency
JOLLY, LINDA C	UCI
KEELER, CAROLYN A	Superior Court
KING, NANCY	Health Care Agency
KMETZ, DONALD	Probation
KULL, WELCOME S	Registrar of Voters
KUMAR, JITENDRA	Social Services Agency
LE RAY, LAWRENCE B	District Attorney
LEE, VICTOR Y	OC Public Works
LEONHARDT, MARIE J	Probation
LUND, ROBERT J	Public Defender
MATTHEWS, SHARON L	Probation
MCKENZIE, ELAINE SUE	Sheriff's Dept
MILLER, DALE R	OCTA
MILLER, DOUGLAS W	Fire Authority (OCFA)
MIYASHIRO, SUSUMU	Registrar of Voters
MORISON, WILLIAM J	District Attorney
MOSCINSKI, JAMES	Superior Court
PFEIFFER, THOMAS R	Sheriff's Dept



Retirement Board Meeting

April 17, 2023

Death Notices

PHIPPS, RAMONA B	Social Services Agency
ROBLEDO, MARIE ANNE	Superior Court
SCHARFE, RENE W	Sheriff's Dept
SLAVICK, NORIS R	Public Defender
SMITH, ANTHONY E	Sheriff's Dept
SMITH, KENNETH E	OC Public Works
SPARIOSU, MARIA	Social Services Agency
SULLIVAN, LORRAINE J	County Clerk/Recorder
TRAN, HUONG	Social Services Agency
TURACK, PAUL A	OCWR
TURNER, LAURIE E	OC Community Resources
WASSERMAN, BERNARD	Health Care Agency

SURVIVING SPOUSES	
DAVEY, WALTER	
FRASER, JUDITH C	
HART, HERMINE JOYCE	
LAO, SALLY	
MYERS, LILAH LOUISE	
ROELS, PATRICIA F	
STEENBLIK, GEORGINE	
TRUITT, JAMES A	

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

**GOVERNANCE COMMITTEE MEETING
October 19, 2022
9:00 a.m.**

MINUTES

The Chair called the meeting to order at 9:01 a.m.

Recording Secretary administered the roll call.

Attendance was as follows:

Present: Arthur Hidalgo, Chair; Richard Oates, Vice Chair; Adele Tagaloa, Board Member; Shari Freidenrich, Board Member.

Also present:

Gina Ratto, General Counsel; Suzanne Jenike, Assistant CEO; Tracy Bowman, Director of Finance; Andy Yeung, Segal; Anthony Beltran, Audio Visual Technician; Ayanna McGiffert, Recording Secretary.

CONSENT AGENDA

C-1 APPROVE GOVERNANCE COMMITTEE MEETING MINUTES

Governance Committee Meeting Minutes

August 3, 2022

MOTION by Mr. Oates, **seconded** by Ms. Tagaloa, 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 WITHDRAWING EMPLOYER (FULLY SATISFIED OBLIGATION) POLICY

Presentation by Suzanne Jenike, Asst. CEO External Operations

Recommendation: Receive and File

MOTION by Ms. Freidenrich, **seconded** by Mr. Oates, to adopt staff's recommendation.

The motion passed **unanimously**.

A-3 TRIENNIAL REVIEW OF THE WITHDRAWING EMPLOYER (CONTINUING OBLIGATION) POLICY

Presentation by Suzanne Jenike, Asst. CEO External Operations

Recommendation: Receive and File

MOTION by Mr. Oates, **seconded** by Ms. Tagaloa, to approve staff's recommendation.

The motion passed **unanimously**.

A-4 TRIENNIAL REVIEW OF THE DECLINING PAYROLL POLICY

Presentation by Suzanne Jenike, Asst. CEO, External Operations

Recommendation: Receive and File

MOTION by Ms. Freidenrich, **seconded** by Ms. Tagaloa to adopt staff's recommendations.

The motion passed **unanimously**.

A-5 TRIENNIAL REVIEW OF THE ACTUARIAL FUNDING POLICY

Presentation by Andy Yeung, Segal

Recommendation: Board request Segal add additional information to the Actuarial Funding Policy by providing a summary on gains and losses. The Board would like to know if requirements were met on the gains and losses policy.

MOTION by Ms. Freidenrich, **seconded** by Ms. Tagaloa, to approve staff recommendations.

The motion passed **unanimously**.

A-6 OUT OF CYCLE REVIEW OF THE INTEREST CREDITING AND RESERVES POLICY

Presentation by Andy Yeung, Segal

Recommendation: Receive and File.

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

The motion passed **unanimously**.

A-7 REVIEW OF THE TRAVEL POLICY

Presentation by Steve Delaney, Chef Executive Officer

Recommendation: Board would like Committee to update Travel Policy guidelines by adding flights 6 hours or more can purchase premium/business class tickets. First class in extraordinary circumstances. Committee will bring back to Board at the November meeting with updated policy.

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

The motion passed **unanimously**.

Orange County Employees Retirement System
October 19, 2022
Governance Committee Meeting – Minutes

COMMITTEE MEMBER COMMENTS

None

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

None

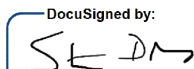
COUNSEL COMMENTS

None


ADJOURNMENT

Chair adjourned meeting at 10:48 a.m.

Submitted by:

DocuSigned by:

C00D5744FF39463...
Steve Delaney
Chef Executive Officer

Approved by:

DocuSigned by:

E2E579A3994E4B5...
Chris Prevatt, Chair

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

**AUDIT COMMITTEE MEETING
February 14, 2023
9:30 A.M.**

MINUTES

OPEN SESSION

Chair Oates called the meeting to order at 9:36 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Richard Oates, Chair; Charles Packard, Vice Chair; Adele Tagaloo; Shari Freidenrich

Also Present: Steve Delaney, Chief Executive Officer; Suzanne Jenike, Assistant CEO, External Operations; Brenda Shott, Assistant CEO, Internal Operations; Gina Ratto, General Counsel; David Kim, Director of Internal Audit; Jeff Lamberson, Director of Member Services; Jenny Sadoski, Director of Information Technology; Mark Adviento, Internal Auditor; Esther Hong, Internal Auditor; Jenny Davey, Internal Auditor; Marielle Horst, Recording Secretary; Anthony Beltran, Audio Visual Technician

Guests: Graham Schmidt, Cheiron; Anne Harper, Cheiron; Andy Yeung, Segal; and Todd Tauzer, Segal

PUBLIC COMMENT

None.

C-1 APPROVE AUDIT COMMITTEE MEETING MINUTES

Audit Committee Meeting Minutes

December 15, 2022

MOTION by Ms. Freidenrich, **seconded** by Ms. Tagaloo, to approve the Minutes.

The motion passed **unanimously**.

C-2 REQUEST FOR PROPOSAL – EXTERNAL QUALITY ASSESSMENT OF INTERNAL AUDIT

Orange County Employees Retirement System
February 14, 2023
Audit Committee Meeting

Recommendation: Staff request the Audit Committee approve the distribution of a Request for Proposal to initiate a search for an external quality assessment of the Internal Audit Department.

Discussion: Madam Treasurer Freidenrich brought up a number of suggestions for possible inclusion or modifications to this and similar future RFPs. Staff will consider the suggestions and issue the RFP.

MOTION by Mr. Packard, **seconded** by Ms. Freidenrich, to adopt staff's recommendation.

The motion passed **unanimously.**

A-2 ACTUARIAL AUDIT OF OCERS'S 2021 ACTUARIAL VALUATION AND 2019 ACTUARIAL EXPERIENCE STUDY

Presentation by Graham Schmidt and Anne Harper, Cheiron

Recommendation: Receive and file.

Discussion: Chair Oates thanked the representatives from Cheiron and Segal for their work on the Actuarial Valuation and Experience study.

MOTION by Mr. Packard, **SECONDED** by Ms. Freidenrich to adopt staff's recommendation.

The motion passed **unanimously.**

The Board recessed for break at 10:53 a.m.

The Board reconvened from break at 11:05 a.m.

A-3 THE TRANSPORTATION CORRIDOR AGENCIES EMPLOYER AUDIT

Presentation by Mark Adviento, Senior Internal Auditor

Recommendation: Receive and file.

Discussion: Madam Treasurer Freidenrich provided positive feedback on the new audit report format and thanked the Chair for making the changes to the report format.

MOTION by Ms. Freidenrich, **SECONDED** by Mr. Packard to adopt staff's recommendation.

The motion passed **unanimously.**

A-4 TRIENNIAL REVIEW OF THE OPERATIONAL RISK POLICY

Presentation by Brenda Shott, Assistant CEO, Internal Operations

Recommendation: Approve and recommend that the Board approve the Operational Risk Policy.

Orange County Employees Retirement System
February 14, 2023
Audit Committee Meeting

MOTION by Mr. Packard, **SECONDED** by Ms. Tagaloa to adopt staff's recommendation.

The motion passed **unanimously**.

A-5 TRIENNIAL REVIEW OF OCERS'S AUDIT COMMITTEE CHARTER

Presentation by David Kim, Director of Internal Audit

Recommendation: Approve, and recommend that the Board approve, revisions to the Audit Committee Charter.

MOTION by Mr. Packard, **SECONDED** by Ms. Tagaloa to adopt staff's recommendation.

The motion passed **unanimously**.

A-6 TRIENNIAL REVIEW OF OCERS'S INTERNAL AUDIT CHARTER

Presentation by David Kim, Director of Internal Audit

Recommendation: Approve, and recommend that the Board approve, revisions to the Internal Audit Charter.

MOTION by Mr. Packard, **SECONDED** by Ms. Freidenrich to adopt staff's recommendation.

The motion passed **unanimously**.

A-7 AUDIT OF INFORMATION TECHNOLOGY AUTOMATED CONTROLS

Presentation by David Kim, Director of Internal Audit

Recommendation: Receive and file

MOTION by Ms. Freidenrich, **SECONDED** by Ms. Tagaloa to adopt staff's recommendation.

The motion passed **unanimously**.

The Board recessed for break at 11:32 a.m.

The Board reconvened from break at 11:37 a.m.

CLOSED SESSION ITEMS

Adjourned to closed session at 11:37 a.m.

E-1 THREAT TO PUBLIC SERVICES OR FACILITIES (GOVERNMENT CODE SECTION 54957)

Orange County Employees Retirement System
February 14, 2023
Audit Committee Meeting

Adjourn into Closed Session pursuant to Government Code section 54957 to consult with Steve Delaney, CEO, Brenda Shott, Asst. CEO; Matthew Eakin, Director of Information Security; Jenny Sadoski, Director of Information Technology; Jon Gossard, Information Security Manager; and Gina M. Ratto, General Counsel.

Recommendation: Take appropriate action.

Returned to open session at 12:21 p.m.

No reportable action taken.

WRITTEN REPORTS

R-1 OPERATIONAL RISK MANAGEMENT ANNUAL REPORT

Written Report

R-2 MANAGEMENT ACTION PLAN VERIFICATION REPORT

Written Report

R-3 STATUS UPDATE OF 2023 AUDIT PLAN

Written Report

COMMITTEE MEMBER COMMENTS

None

STAFF COMMENTS

None

CHIEF EXECUTIVE OFFICER

None

COUNSEL COMMENTS

None

ADJOURNMENT

Chair Oates adjourned the meeting at 12:23 p.m.

Orange County Employees Retirement System
February 14, 2023
Audit Committee Meeting

Submitted by:

Submitted by:

Approved by:

David Kim
Committee Liaison

Steve Delaney
Secretary to the Board

Richard Oates
Chair



Memorandum

DATE: April 17, 2023
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **CEO FUTURE AGENDAS AND 2023 OCERS BOARD WORK PLAN**

Written Report

AGENDA TOPICS FOR THE OCERS BOARD OF RETIREMENT

MAY

- Annual Fiduciary Training
- Preliminary December 31, 2022 Valuation
- Review of OCERS Multiple Plans
- Quarterly Unaudited Financial Statements
- Quarterly Budget vs Actual Report

JUNE

- December 31, 2022 Actuarial Valuation- Final Approval
- OCERS 2023 Business Plan and 2023-2025 Strategic Plan: Mid-year Review
- Strategic Planning Workshop – Proposed Agenda
- GASB 68 Valuation and Audit Report
- Audited Financial Statements and Annual Comprehensive Financial Reports
- CIO Comments

JULY

- Approve Early Payment Rates for Fiscal Year 2023-25
- Approve Actuarial Experience Study 2020-2022
- Strategic Planning Workshop – Final Agenda
- SEGAL Cost Illustrations
- Quarterly Travel and Training Expense Report
- Contract Status for Named Services Providers
- CIO Comments

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

OCERS RETIREMENT BOARD - 2023 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 2023 STAR COLA (A)	SACRS Board of Directors Election (A)	Preliminary December 31, 2022 Valuation (I)	Mid-Year Review of 2023 Business Plan Progress (I)	Approve Early Payment Rates for Fiscal Year 2023-25 (A)	Review 2nd Quarter Budget to Actuals Financial Report (I)	Strategic Planning Workshop (I)	Approve 2024-2026 Strategic Plan (A)	Review 3rd Quarter Budget to Actuals Financial Report (I)	
	Receive OCERS Innovation Report (I)	Approve 2023 COLA (A)	Quarterly 2023-2025 Strategic Plan Review (A)			Approve December 31, 2022 Actuarial Valuation & Funded Status of OCERS (A)	Approve Actuarial Experience Study 2020-2022 (A)	Receive OCERS by the Numbers (I)	Annual OCERS Employer Review (I)	Approve 2024 Business Plan (A)	Approve 2024 Administrative (Operating) Budget (A)	
						Approve 2022 Comprehensive Annual Financial Report (A)		Receive Evolution of the UAAL (I)	State of OCERS (I)	Employer & Employee Pension Cost Comparison (I)	Annual CEO Performance Review and Compensation (A)	
						Quarterly 2023-2025 Strategic Plan Review (A)						
											Adopt 2024 Board Meeting Calendar (A)	
Board Governance												Adopt Annual Work Plan for 2024 (A)
												Vice-Chair Election (A)
												Receive 2024 Board Committee Assignments (A)
Regulation / Policies	Communication Policy Fact Sheet (I)											
Compliance	Status of Board Education Hours for 2022 (I)			Form 700 Due (A)		Receive Financial Audit (I)						

(A) = Action (I) = Information



Memorandum

DATE: April 17, 2023
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.

- A Request for Qualification (RFQ) was distributed in February to select three to five qualified firms that will receive an invitation to bid to become OCERS Building Representative/Program Manager related to the planning and construction of a new OCERS headquarters building. We are currently evaluating the responses received.
- A Request for Proposal (RFP) was distributed in February to select a firm that will provide External Quality Assessment Services related to the Internal Audit department of OCERS. We are currently waiting for responses.
- We distributed an RFP for an Executive Recruiting Firm in February. This service is needed in the event OCERS wants to use an Executive Recruiting firm for upcoming position vacancies. We are currently waiting for responses.



Memorandum

Submitted by:



JD - Approved

Jim Doezie
Contracts, Risk and Performance Administrator



Memorandum

DATE: April 17, 2023
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
- OCERS staff continues to work primarily a 3 days in the office, 2 days remotely. While I have previously articulated to the Board that my primary driver on this course is a concern for Business Continuity/Disaster Recovery, it is not the sole driver. This article reviews many of the issues I must consider. <https://www.ft.com/content/f9762bb3-644d-4f89-9209-bf1d56724f5c>

Other Items: (See Attached)

- Monthly summary of OCERS staff activities and updates, starting with an overview of key customer service metrics, for the month of FEBRUARY 2023.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Monthly Team Status February 2023

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 FEBRUARY 2023.

MEMBER SERVICES MONTHLY METRICS

Retirement Applications Received				Customer Service Statistics						
Month	2021	2022	2023	Month	Unplanned Recalculations	Member Satisfaction Approval Rate	Calls Received via Call Center	Calls Direct to Extension	Calls Received by Operator	Total Calls (monthly)
January	117	346	244	January	1	98%	1,648	3,352	845	5,845
February	91	151	152	February	0	98%	1,430	3,212	929	5,571
March	51	120		March						
April	39	47		April						
May	52	65		May						
June	49	73		June						
July	64	54		July						
August	59	58		August						
September	70	42		September						
October	67	70		October						
November	95	78		November						
December	93	86		December						
Grand Total	847	1190	396	Grand Total	1	98%	3,078	6,564	1,774	11,416

MEMBER SURVEY RESPONSE

“Your customer support representative left me with a warm feeling of gratitude and since our meeting I have thought of them often. The level of customer service provided by your customer support representative is something rare on this earth.”

February 2023

“I want to express my gratitude to two of your OCERS representatives for their efforts in helping me purchase service credit. My case was very complicated as my records had to be retrieved from microfiche. Additionally, I had went from extra help to part time, back to extra help so this complicated things even further. I recognize that I was relentless but both representatives were courteous and patient with the numerous emails from me inquiring about the status as well as the process of my request. I recognize and am so appreciative of their outstanding efforts in helping me, and finally, I just looked online and my account has been credited with the service credit.

Thank you so very much. They are outstanding!!!”

January 2023

“I wanted to thank you for all your help, I had a productive meeting with one of your customer representatives and they were excellent in navigating me through the process. With their help, I believe I have all the information that I need to finalize my retirement.”

December 2022



Monthly Team Status

February 2023

ACTIVITIES

MEMBER SERVICES OUTREACH

Mr. Silviu Ardeleanu reports:

February was a busy, short, very impacted month. In addition to regular assistance we provide, the seminars provided in February are listed below by date and Plan Sponsors:

- 2.3.2023 – OCFA (Academy 57 Orientation) – in-person new member seminar
- 2.7.2023 – AOCDS in-person pre-retirement seminar
- 2.9.2023 – AOCDS in-person pre-retirement seminar
- 2.7.2023 – OC Sanitation virtual seminar (84 members attended online!)
- 2.08.2023 – OCERS in-person pre-retirement seminar
- 2.22.2023 – OCERS virtual pre-retirement seminar
- 2.15.23 – OCTA pre-retirement webinar
- 2.21.23 – OCTA pre-retirement webinar (5:30 – 6:30 PM)
- 2.22.23 – OCTA Santa Ana Base – in-person seminar
- 2.27.23 – OCTA Garden Grove Base – in-person seminar
- 2.24.2023 – Orange County Sheriff Department – in-person seminar for General Members

It's obvious, but worth mentioning: February is the shortest working month of the year (18 workdays vs. 23 workdays for March), and it was quite impacted. A big thanks to the team for conducting the seminars as well as to Rene for liaising with the Plan Sponsors, in addition to assisting members with new applications and deferred/retired members with other requests.

HEADQUARTERS BUILDING

Mr. Fong Tse reports:

Staff issued a Request for Qualifications (SOQ) through the PlanetBids platform to firms in the vertical construction community wishing to be considered to provide consultant Owner's Representative - Program Manager (OR/PM) services to assist our in-house Facilities Department in the execution and administration of our upcoming new Headquarters construction project. The SOQs are due to us by COB on March 8th. Staff anticipates issuing a Request for Proposal (RFP) to no more than the five highest-rated RFQ respondents in late March.



Monthly Team Status

February 2023

The Facilities Department has been proactive in implementing cost-effective improvements to our existing headquarters building such as repairing faulty HVAC equipment, remodeling existing occupied and vacant spaces within the building to accommodate new employees and/or department functions, and manipulating ceiling lighting options to provide staff with a more comfortable work environment.

In addition to the existing 24/7 continuous security guard coverage, staff also collaborated with our immediate neighbors to implement driveway closures to discourage after-hours trespassing onto our campus. Our neighbors have been very understanding and receptive to our enhanced measures.

EXECUTIVE MANAGEMENT TEAM OFF-SITE

The OCERS Executive Management Team meets twice a year – In the winter, to take stock of where we are with our annual Business Plan as well as any needed updates to the multi-year Strategic Plan, as well as general training; - In the summer, to prepare for the September Strategic Planning Workshop with the full Board, including a review of the proposed budget for the coming year.

On February 2 the team met to review current projects underway. A large undertaking is the work that has begun to prepare for possible legislation in 2024 that would allow OCERS County of Orange employees to become OCERS direct employees. Joining us by Zoom, we were happy to welcome Gail Strohl, CEO for the Contra Costa County Employees Association. She shared with us the process that system used to undertake a similar task. There were many questions from the OCERS team, and we appreciated her very helpful input.





Monthly Team Status

February 2023

UPDATES

INVESTMENT TEAM

Mr. David Beeson reports:

As of January 31, 2023, the portfolio year-to-date is up 3.6% net of fees, while the one-year return is down 1.9%. The fund value now stands at \$21.2 billion. OCERS' Investment Team closed on two re-ups within the private equity program during the month of February. The OCERS Investment Team completed the 2022 Year In Review presentation with Meketa, Aksia, and Townsend during February. The Year In Review presentation focused on 2022 accomplishments, portfolio activities and return attribution, 2023 initiatives, and an investment manager DE&I survey. The Investment Team was quite busy during 2022 and conducted a total of 609 meetings and calls. The OCERS Investment Team and Townsend completed the real estate asset class review and 2023 real estate investment plan during the month. The real estate investment plan includes: no new commitments in the core portfolio and committing \$75 - \$150 million in the non-core portfolio (1-2 new investments at \$75 million per fund) in 2023. OCERS' Investment Team finished the income strategies asset class review in February and previewed the new public and private income strategies structure. Finally, the Investment Team held first round interviews for its open Investment Officer position in February.

HUMAN RESOURCES DEPARTMENT

Ms. Cynthia Hockless reports:

In February, no new employees joined the agency. However, OCERS made a total of 6 (six) job offers to applicants that will start on March 10th. The new employees are filling five (5) Retirement Program Specialist positions and an Information Systems Technician I position. Also, in February OCERS implemented a new video interview software, Spark Hire. Spark Hire is an easy-to-use one-way video interviewing platform that brings a lean, collaborative, and enjoyable experience to the hiring process. Last year the department coordinated over (300) three hundred interviews. This year, the department sought to be more innovative and streamline the heavy task of interviewing. Spark Hire provides candidates with the ultimate flexibility to answer interview questions on their own time in a pre-recorded video interview. The applicant's video interview is shared with the hiring managers to obtain their feedback as to which candidates should move forward to an in-person interview. Thus far, the feedback received from using Spark Hire has been positive and the hiring Managers enjoy the ability to quickly review candidates without the need to coordinate their calendar with an interview panel of managers or spend multiple days interviewing applicants. For example, Spark Hire was used for the Director of Enterprise Project Management Office position. Twenty-seven (27) high-quality candidates were invited to participate in the Spark Hire pre-screening process. After reviewing the videos of 27 candidates, eight (8) candidates were invited to the in-person interviews. If you are interested in previewing Spark Hire, click here: <https://www.sparkhire.com>



Monthly Team Status

February 2023

OCERS started the year with one hundred twenty-seven (127) budgeted positions. We have a total of one hundred and three (103) employees on payroll and twenty-four (24) vacancies. A total of two (2) employees have separated from the agency. The separations were due to one (1) retirement and the end of one (1) extra-help assignment. The year-to-date turnover rate is estimated at **2%**. The turnover rate is the number of separated employees divided by the number of employees on payroll, multiplied by 100. The current vacancy rate is estimated at **19%**. The vacancy rate is calculated by taking the number of vacant positions, multiplying that number by 100, and dividing that result by the total number of budgeted positions.



As a reminder, you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the April 17 meeting of the OCERS Board of Retirement.



Memorandum

DATE: April 17, 2023
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, General Counsel
SUBJECT: LEGISLATIVE UPDATE

Written Report

State Legislative Update

The California Legislature reconvened on January 4, 2023, for the first year of the 2023 – 2024 Legislative Session. The Legislature adjourned for spring recess on March 30 and will reconvene on April 10.

A comprehensive list and summary of the pending bills that staff is monitoring during the first year of the 2023 – 2024 legislative session is attached. **New or updated information since the last report to the Board are indicated in bold text.**

SACRS Sponsored Bills

None to report. The SACRS Legislative Committee is working on a CERL housekeeping bill for introduction this year.

Bills That Would Amend the CERL or Other Laws (PEPRA, the Brown Act, etc.) That Apply to OCERS

AB 557 (Hart)

The Brown Act allows for meetings to occur via teleconferencing subject to certain requirements, including 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.

Existing law, until January 1, 2024, authorizes a local agency to use teleconferencing without complying with the above-noted requirements in specified circumstances when a declared state of emergency is in effect, or in other situations related to public health, as specified. If there is a continuing state of emergency, or if state or local officials have imposed or recommended measures to promote social distancing, existing law requires a legislative body to make specified findings not later than 30 days after the first teleconferenced meeting, and to make those findings every 30 days thereafter, in order to continue to meet under these abbreviated teleconferencing procedures. Existing law requires a legislative body that holds a teleconferenced meeting

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. Existing law prohibits a legislative body that holds a teleconferenced meeting under these abbreviated teleconferencing procedures 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.

This bill would extend the above-described abbreviated teleconferencing provisions when a declared state of emergency is in effect, or in other situations related to public health, as specified, indefinitely. The bill would also extend the period for a legislative body to make the above-described findings related to a continuing state of emergency and social distancing to not later than 45 days after the first teleconferenced meeting, and every 45 days thereafter, in order to continue to meet under the abbreviated teleconferencing procedures.

(STATUS: Introduced 02/08/23. Referred to Com. on L. GOV. on 02/17/23.)

AB 739 (Lackey)

The California Public Employees' Pension Reform Act of 2013 (PEPRA) generally requires a public retirement system, as defined, to modify its plan or plans to comply with the act. PEPRA prohibits a public employer's contribution to a defined benefit plan, in combination with employee contributions to the plan, from being less than the normal cost rate, as defined, for the plan in a fiscal year. Existing law authorizes a public retirement system to suspend contributions if certain conditions are satisfied, one of which is that the plan be funded by more than 120%, based on a computation by the retirement system actuary in accordance with specified standards, that is included in the annual valuation. This bill would revise the conditions for suspending contributions to a public retirement system defined benefit plan to increase the threshold percentage amount of plan funding to more than 130%.

(STATUS: Introduced; Read first time on 02/13/23. Referred to Com. P.E. & R. on 02/23/23. **In committee: Set, first hearing; hearing cancelled at the request of author on 03/13/23.**)

AB 817 (Pacheco, Wilson)

The Brown Act generally requires for teleconferencing that the legislative body of a local agency that elects to use teleconferencing post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and have each teleconference location be accessible to the public. Existing law also requires that, during the teleconference, at least a quorum of the members of the legislative body participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction.

Existing law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions

specify that they do not require a legislative body to provide a physical location from which the public may attend or comment.

Existing law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body.

This bill would authorize a subsidiary body, as defined, to use alternative teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency. In order to use teleconferencing pursuant to this act, the bill would require the legislative body that established the subsidiary body by charter, ordinance, resolution, or other formal action to make specified findings by majority vote before the subsidiary body uses teleconferencing for the first time and every 12 months thereafter.

(STATUS: Introduced; Read first time on 02/13/23. Referred to Com. on L. GOV.; from committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV.; read second time and amended on 03/16/23. Re-referred to Com. on L. GOV. on 03/20/23.)

AB 1020 (Grayson)

The CERL prescribes the rights, benefits, and duties of members of the retirement systems established pursuant to its provisions. Existing law requires, if a safety member, a firefighter member, or a member in active law enforcement who has completed five years or more of service develops heart trouble, that the heart trouble be presumed to arise out of and in the course of employment. **This bill would additionally require, if a safety member, firefighter, or member in active law enforcement who has completed 5 years or more of service develops hernia or pneumonia, that the hernia or pneumonia be presumed to arise out of and in the course of employment.**

Existing law provides that participants in certain membership categories may be entitled to special benefits if the injury that causes their disability arises in the course of their employment. Existing law creates a presumption, for purposes of qualification for disability retirement benefits for specified members, that certain injuries, including, but not limited to, a bloodborne infectious disease or a methicillin-resistant *Staphylococcus aureus* skin infection, arose out of and in the course of employment. Existing law authorizes the presumption to be rebutted by evidence to the contrary, but unless controverted, the applicable governing board of a public retirement system is required to find in accordance with the presumption. **This bill would expand the scope of this presumption to include additional injuries, including post-traumatic stress disorder, tuberculosis, and meningitis, if the injury develops or manifests while a member is in a specified membership classification or job classification. This bill would authorize the presumption relating to these additional injuries to be rebutted by evidence to the contrary, but unless controverted, the applicable governing board of a public retirement system is required to find in accordance with the presumption.**

(STATUS: Introduced 02/15/23. Referred to Com. on P.E. & R. on 03/09/23. From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E. & R.; read second time and amended on 03/13/23. Re-referred to Com. on P.E. & R. on 03/14/23.)

AB 1379 (Papan)

The Brown Act generally requires for teleconferencing that the legislative body of a local agency that elects to use teleconferencing post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and have each teleconference location be accessible to the public. Existing law also requires that, during the teleconference, at least a quorum of the members of the legislative body participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction.

This bill, with respect to those general provisions on teleconferencing, would require a legislative body electing to use teleconferencing to instead post agendas at a singular designated physical meeting location, as defined, rather than at all teleconference locations. The bill would remove the requirements for the legislative body of the local agency to identify each teleconference location in the notice and agenda, that each teleconference location be accessible to the public, and that at least a quorum of the members participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction. The bill would instead provide that, for purposes of establishing a quorum of the legislative body, members of the body may participate remotely, at the designated physical location, or at both the designated physical meeting location and remotely. The bill would require the legislative body to have at least two meetings per year in which the legislative body's members are in person at a singular designated physical meeting location.

Existing law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing provisions without complying with the general teleconferencing requirements that agendas be posted at each teleconference, that each teleconference location be identified in the notice and agenda, and that each teleconference location be accessible to the public, if at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the local agency's jurisdiction. Under existing law, these alternative teleconferencing provisions require the legislative body to provide at least one of two specified means by which the public may remotely hear and visually observe the meeting. Under existing law, these alternative teleconferencing provisions authorize a member to participate remotely if the member is participating remotely for just cause, limited to twice per year, or due to emergency circumstances, contingent upon a request to, and action by, the legislative body, as prescribed. Existing law specifies that just cause includes travel while on official business of the legislative body or another state or local agency.

This bill would revise the alternative provisions, operative until January 1, 2026, to make these provisions operative indefinitely. The bill would delete the restriction that prohibits a member, based on just cause, from participating remotely for more than two meetings per calendar year. The bill would delete the requirement for the legislative body to provide at least one of two specified means by which the public may remotely hear and visually observe the meeting. The bill would also delete a provision that requires a member participating remotely to publicly disclose at the meeting before action is taken whether there are individuals 18 years of

age present in the room at the remote location and the general nature of the member's relationship to those individuals. The bill would further delete a provision that prohibits a member from participating remotely for a period of more than three consecutive months or 20% of the regular meetings within a calendar year, or more than two meetings if the legislative body regularly meets fewer than ten times per calendar year. The bill would expand the definition of just cause to include travel related to a member of a legislative body's occupation. The bill would make related, conforming changes.

(STATUS: Introduced; read first time on 02/17/23. Referred to Com. on L. GOV.; from committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV.; read second time and amended on 03/23/23. Re-referred to Com. on L. GOV. on 03/27/23.)

AB 1637 (Irwin)

This bill, no later than January 1, 2025, would require a local agency, as defined, that maintains an internet website for use by the public to ensure that the internet website utilizes a ".gov" top-level domain or a ".ca.gov" second-level domain, and would require a local agency that maintains an internet website that is noncompliant with that requirement to redirect that internet website to a domain name that does utilize a ".gov" or ".ca.gov" domain. This bill, no later than January 1, 2025, would also require a local agency that maintains public email addresses to ensure that each email address provided to its employees utilizes a ".gov" domain name or a ".ca.gov" domain name. By adding to the duties of local officials, the bill would impose a state-mandated local program.

The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities. The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that no reimbursement is required by this act for a specified reason.

~~The Information Practices Act of 1977 requires an agency that owns or licenses computerized data that includes personal information, as defined, to disclose any breach of the security of the system following discovery or notification of the breach in the security of the data to any resident of California, as prescribed. The act defines "agency" to not include a local agency, as specified. This bill would express the intent of the Legislature to enact legislation that would relate to the security of information maintained by local governments and special districts.~~

(STATUS: Introduced; read first time on 02/17/23. Referred to Coms. on L. GOV. and P. & C.P.; from committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV.; read second time and amended on 03/16/23. Re-referred to Com. on L. GOV. on 03/20/23.)

SB 411 (Portantino, Menjivar, Assembly Member Luz Rivas)

The Brown Act allows for meetings to occur via teleconferencing subject to certain requirements, including 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.

Existing law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions specify that they do not require a legislative body to provide a physical location from which the public may attend or comment.

Existing law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body.

This bill would authorize a legislative body to use alternate teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency. The bill would alternatively define "legislative body" for this purpose to mean a board, commission, or advisory body of a local agency, the membership of which board, commission, or advisory body is appointed and which board, commission, or advisory body is otherwise subject to the act. This bill would declare that it is to take effect immediately as an urgency statute.

(STATUS: Introduced; read first time on 02/09/23. Referred to Com. on GOV. & F. and JUD. 02/22/23.)

SB 537 (Becker)

Existing law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions specify that they do not require a legislative body to provide a physical location from which the public may attend or comment.

Existing law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body. These circumstances include if a member shows "just cause," including for a childcare or caregiving need of a relative that requires the member to participate remotely.

This bill would authorize certain legislative bodies to use alternate teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency. The bill would also require a legislative body to provide a record of attendance on its internet website within seven days after a teleconference meeting, as specified. The bill would define "legislative body" for this purpose to mean a board, commission, or advisory body of a multijurisdictional cross county agency, the membership of which

board, commission, or advisory body is appointed and which board, commission, or advisory body is otherwise subject to the act. The bill would also define “multijurisdictional” to mean a legislative body that includes representatives from more than one county, city, city and county, special district, or a joint powers entity. With respect to the alternative teleconferencing provisions operative until January 1, 2026, the bill would expand the circumstances of “just cause” to apply to the situation in which an immunocompromised child, parent, grandparent, or other specified relative requires the member to participate remotely. This bill would declare that it is to take effect immediately as an urgency statute.

(STATUS: Introduced; read first time on 02/14/23. Referred to Com. on RLS on 02/22/23. **From committee with author's amendments; read second time and amended; re-referred to Com. on RLS. on 03/22/23. Re-referred to Coms. on GOV. & F. and JUD. on 03/29/23.**)

Other Bills of Interest

AB 699 (Weber, Ward)

Existing law establishes a workers’ compensation system, administered by the Administrative Director of the Division of Workers’ Compensation, to compensate an employee for injuries sustained in the course of employment. Existing law creates a rebuttable presumption that specified injuries, such as meningitis, tuberculosis, or hernia, sustained in the course of employment of a specified member of law enforcement or a specified first responder arose out of and in the course of employment. Existing law creates a rebuttable presumption that skin cancer that develops or manifests in the course of employment of a lifeguard, as specified, arose out of and in the course of employment. Existing law authorizes a lifeguard to file a claim for skin cancer after employment has terminated for a specified period based on years of employment, not to exceed 60 months. This bill would expand presumptions for hernia, pneumonia, heart trouble, cancer, tuberculosis, bloodborne infectious disease, methicillin-resistant *Staphylococcus aureus* skin infection, and meningitis-related illnesses and injuries to a lifeguard employed on a year-round, full-time basis in the Boating Safety Unit by the City of San Diego Fire-Rescue Department. The bill would increase the period of time after termination of employment that a lifeguard employed on a year-round, full-time basis in the Boating Safety Unit by the City of San Diego Fire-Rescue Department can file a claim for skin cancer. The bill would expand the presumptions for illness or injury related to post-traumatic stress disorder or exposure to biochemical substances, as defined, to a lifeguard employed in the Boating Safety Unit by the City of San Diego Fire-Rescue Department.

(STATUS: Introduced; Read first time on 02/13/23. Referred to Com. on INS. on 02/23/23. **From committee: Do pass and re-refer to Com. on APPR. on 03/22/23.**)

AB 1025 (Dixon)

Existing law requires a county board of supervisors, upon request of the county assessor or sheriff, to contract with legal counsel to assist the assessor, auditor-controller, or sheriff with duties for which the district attorney or county counsel would have a conflict of interest in representing the assessor, auditor-controller, or sheriff. In the event the board of supervisors does not concur with the assessor, auditor-controller, or sheriff that a conflict of interest exists, existing law authorizes the county assessor, auditor-controller, or sheriff to initiate an ex parte proceeding before the presiding judge of the superior court, as provided. This bill would extend these provisions to additionally require the board of supervisors to contract with legal counsel to assist the elected treasurer-tax

collector, as described above. By adding to the duties of county boards of supervisors with respect to contracts for legal counsel, this bill would impose a state-mandated local program. The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

(STATUS: Introduced 02/15/23. Referred to Com. on L. GOV. on 03/02/23. **From committee: Do pass and re-referred to Com. on APPR. on 03/29/23.**)

AB 1145 (Maienschein)

Under existing law, a person injured in the course of employment is generally entitled to receive workers' compensation on account of that injury. Existing law, until January 1, 2025, provides that, in the case of certain state and local firefighting personnel and peace officers, the term "injury" includes post-traumatic stress disorder that developed or manifested during a period while the member is in the service of the department or unit, and establishes a disputable presumption in this regard. This bill would provide, only until January 1, 2030, that in the case of certain state nurses, psychiatric technicians, and various medical and social services specialists, the term "injury" also includes post-traumatic stress that develops or manifests itself during a period in which the injured person is in the service of the department or unit. The bill would apply to injuries occurring on or after January 1, 2024. The bill would prohibit compensation from being paid for a claim of injury unless the member has performed services for the department or unit for at least six months, unless the injury is caused by a sudden and extraordinary employment condition.

(STATUS: Introduced; Read first time on 02/16/23. Referred to Com. on INS. on 03/02/23.)

SB 265 (Hurtado, Umberg)

Existing law requires the California Office of Emergency Services (Cal OES) to establish the California Cybersecurity Integration Center (Cal-CSIC) with the primary mission of reducing the likelihood and severity of cyber incidents that could damage California's economy, its critical infrastructure, or public and private sector computer networks in the state. Existing law requires Cal-CSIC to provide warnings of cyberattacks to government agencies and nongovernmental partners, coordinate information sharing among these entities, assess risks to critical infrastructure information networks, enable cross-sector coordination and sharing of best practices and security measures, and support certain cybersecurity assessments, audits, and accountability programs. Existing law also requires Cal-CSIC to develop a statewide cybersecurity strategy to improve how cyber threats are identified, understood, and shared in order to reduce threats to California government, businesses, and consumers, and to strengthen cyber emergency preparedness and response and expand cybersecurity awareness and public education.

This bill would require Cal OES to direct Cal-CSIC to prepare, and Cal OES to submit to the Legislature on or before January 1, 2025, a strategic, multiyear outreach plan to assist critical infrastructure sectors, as defined, in their efforts to improve cybersecurity and an evaluation of options for providing grants or alternative forms of funding to, and potential voluntary actions that do not require funding and that assist, that sector in their efforts to improve cybersecurity preparedness.

(STATUS: Introduced; read first time on 01/31/23. Referred to Com. on G.O. on 02/09/23. Set for hearing 03/14.
From committee: Do pass and re-referred to Com. on APPR. on 03/14/23.)

SB 391 (Blakespear)

Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment. Existing law provides, among other things, that skin cancer developing in active lifeguards, as defined, is presumed to arise out of and in the course of employment, unless the presumption is rebutted. This bill would expand the scope of those provisions to certain peace officers of the Department of Fish and Wildlife and the Department of Parks and Recreation.

(STATUS: Introduced; read first time on 02/09/23. Referred to Com. L., P.E. & R. on 02/22/23.)

Bills that Apply to CalPERS and/or CalSTRS Only

AB 621 (Irwin)

Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment, which, in the case of the death of an employee, includes a death benefit. Existing law provides, however, that no benefits, except reasonable expenses of burial not exceeding \$1,000, shall be awarded under the workers' compensation laws on account of the death of an employee who is an active member of CalPERS, unless the death benefits available under the Public Employees' Retirement Law are less than the workers' compensation death benefits. In that case, the surviving spouse and children of the employee are also entitled to the difference between the two death benefit amounts. Existing law exempts local safety members and patrol members, as defined, from this limitation. This bill would expand that exemption to include state safety members, peace officers, and firefighters for the Department of Forestry and Fire Protection who are members of Bargaining Unit 8.

(STATUS: Introduced; read first time on 02/09/23. Referred to Com. on INS. on 02/17/23. **From committee: Do pass and re-refer to Com. on APPR. on 03/22/23.)**

AB 658 (Fong) – Amended in Assembly on 03/23/23.

The Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS, authorizes the CalPERS board to contract for health benefit plans for employees and annuitants, as defined, which may include employees and annuitants of contracting agencies. ~~PEMHCA prescribes requirements for the contributions of contracting agencies and their employees and annuitants and entitles a contracting agency annuitant to a single employer contribution.~~ **Under existing law, the employee's or annuitant's contribution is the total cost per month of coverage less the portion contributed by the employer. Existing law prescribes a minimum level for the employer's contribution toward the employee's or annuitant's health benefits coverage. This bill would authorize the City of San Gabriel to enter into an agreement with specified employees hired on or after January 1, 2023, to provide employer contributions for postretirement health care coverage to employees with at least 5 years of credited service with the City of San Gabriel. The bill would provide that its provisions for postretirement health benefits apply to employees who retire on or after the date that a memorandum of understanding that authorizes this benefit becomes effective. The bill also**

requires the City of San Gabriel to provide notice, as prescribed, of the agreement and any additional information necessary to implement these benefits. ~~This bill would make a nonsubstantive change to the restrictions on the employer contribution for a contracting agency annuitant.~~

(STATUS: Introduced; read first time on 02/09/23. Referred to Com. on P.E. & R.; from committee chair, with author's amendments: Amend, and re-refer to Com. on P.E. & R.; read second time and amended on 03/23/23. Re-referred to Com. on P.E. & R. on 03/27/23.)

AB 1246 (Nguyen)

Existing law permits a member of CalPERS who retires on or before December 31, 2017 to elect from among several optional settlements for the purpose of structuring the member's retirement allowance. Existing law prohibits a member who elects to receive specified optional settlements from changing the member's optional settlement and designated beneficiary after election of an optional settlement unless a specified event occurs, including the death of a beneficiary who predeceased the member, a dissolution of marriage or a legal separation in which the judgment dividing the community property awards the total interest in the retirement system to the retired member, or in an annulment of marriage in which the court confirms the annulment. This bill would extend the ability of a retiree to change their designated beneficiary to include naming a new spouse following a retiree's divorce and subsequent remarriage. The bill would allow a retiree's new spouse to receive the retiree's post-divorce retirement settlement benefits.

(STATUS: Introduced; read first time on 02/16/23. Referred to Com. on P.E. & R.; from committee chair, with author's amendments: Amend, and re-refer to Com. on P.E. & R.; read second time and amended on 03/16/23. Re-referred to Com. on P.E. & R. on 03/20/23.)

SB 300 (Seyarto Niello, Ochoa-Bogh, Wilk)

This bill would require any bill, introduced on or after January 1, 2024, that is referred to the Senate Labor, Public Employment and Retirement Committee and relates to CalPERS to include a fiscal impact analysis from the Legislative Analyst's Office that describes the fiscal impact of the bill on CalPERS and what the outcome of the bill would be if implemented.

(STATUS: Introduced. Read first time. To Com. on RLS. for assignment on 02/02/23. Referred to Coms. on L., P.E. & R. and APPR. on 02/22/23.)

SB 327 (Laird)

Existing law authorizes a member of CalSTRS who is eligible and applies for a disability allowance or retirement to apply to receive a service retirement pending the determination of their application for disability, subject to meeting certain conditions. These include that the member submit an application on a form prescribed by the system and, if the application for disability benefits is denied or canceled, the service retirement date of a member who submits an application for retirement under these provisions may not be earlier than January 1, 2014. This bill would instead prohibit the service retirement date of a member who submits an application for retirement under these provisions from being earlier than 180 calendar days prior to when the application for service retirement is received by the system.

Existing law, with respect to an application for disability benefits that is denied or canceled, prohibits the service retirement date from being earlier than one day after the date on which a retirement allowance was terminated, as specified, provided that the retirement allowance is terminated on or after January 1, 2014. This bill would instead provide that the retirement allowance under the above-described circumstances is terminated no earlier than 180 calendar days prior to when the application for service retirement is received by the system.

Existing law provides that a service retirement allowance under CalSTRS becomes effective on a date designated by the member, provided all of specified conditions are met, including that the member executes an application for service retirement allowance no earlier than 6 months before the effective date of retirement allowance. This bill would provide that the effective date of a member who files an application for service retirement under a specified formula applicable to members 55 years of age or older is no earlier than 180 calendar days prior to when the application for service retirement is received by the system. The bill, with respect to the above members, would delete a provision specifying that the retirement date of a member who files an application for retirement on or after January 1, 2012, is no earlier than January 1, 2012.

The bill would require the board to determine a date when CalSTRS has the capacity to implement the above-described changes and to post the date on the CalSTRS website no later than January 1, 2026. The bill would make those provisions operative on the date determined by the board, and would repeal those existing provisions on January 1, 2026. By changing the method for calculating the service retirement date of certain members of STRS, the bill would affect moneys in a continuously appropriated fund, thereby making an appropriation.

(STATUS: Introduced and read first time on 02/07/23. Referred to Com. on L., P.E. & R. and APPR. on 02/15/23.)

SB 432 (Cortese)

The Teachers' Retirement Law establishes CalSTRS and creates the Defined Benefit Program of the State Teachers' Retirement Plan, which provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. Existing law creates the Cash Balance Benefit Program to provide a retirement plan for the benefit of participating employees who perform creditable service for less than 50% of full time.

Existing law commits the administration of CalSTRS and its defined benefit program and the Cash Balance Benefit Program to the CalSTRS Board. Existing law generally prohibits adjustments in new rates of contribution adopted by the board on the basis of an investigation, valuation, and determination or because of an amendment to the Teachers' Retirement Law with respect to the Defined Benefit Program, for time prior to the effective date of the adoption or amendment. Existing law prohibits an action of the board, other than for correction of errors in calculating the allowance or annuity at the time of retirement, disability, or death of a member, from changing the allowance or annuity payable to a retired member or beneficiary prior to the date the action is taken. Existing law prescribes various duties for CalSTRS, as well as for employers participating in the system and members and their beneficiaries, in connection with law relating to the applicability of creditable compensation and creditable service. Existing law, for purposes of audits or other system actions, requires that

employers be responsible for the rules in effect at the time the compensation is reported, except when expressly superseded by state or federal law or an executive order of the Governor.

Under existing law, new or different interpretations related to creditable compensation and service are required to take effect after notice is issued to employers and exclusive representatives and are prohibited from being applied retroactively to compensation reported prior to that notice, unless a retroactive interpretation is expressly required by state or federal law or an executive order of the Governor. Existing law requires that, if compensation is reported in accordance with CalSTRS rules and is later determined by CalSTRS to have been reported in error, the resulting overpayment be deemed to be an error by the system. Existing law requires that overpayments made due to an error by the system be recovered pursuant to a specified process, and a portion of this recovery is funded by a continuous appropriation from the General Fund.

This bill would revise those provisions to specify that compensation reported in accordance with CalSTRS' rules includes rules relating to timeliness and accuracy and would eliminate the requirement that supersession by other law or order be express, as described above. By broadening the circumstances that may lead to recovery pursuant to the above-described continuous appropriation, this bill would make an appropriation.

Existing law also prohibits those changes in interpretations from applying before the next July 1, unless changes to state or federal law, an executive order of the Governor, an advisory letter, or programs require application or revision of the creditability of compensation on an earlier basis. This bill would delete the prohibition against changes in interpretations applying before the next July 1.

The bill would require CalSTRS to provide a prescribed written notice if it determines that compensation has been reported in error. The bill would require that a determination of error be based on the law applicable at the time that the compensation was reported. The bill would require that the prescribed notice be in writing, identify the pertinent error, document the basis of the error, and specify the total amount, if any, overpaid due to the error. The bill would specify that overpayments, in this context, are those made to the member.

Existing law authorizes an employer or an exclusive labor representative to submit a request to CalSTRS for an advisory letter, which is defined as a formal written guidance relating to the proper reporting of compensation in publicly available agreement consistent with laws governing creditable compensation. These provisions require, if compensation that is reported in accordance with the advisory letter is later determined by CalSTRS to have been reported in error, that a resulting overpayment be deemed an error by the system.

This bill would require notice of determination of an error in compensation reported to the system in accordance with a system advisory letter be provided in writing. The bill would require that a determination of error in this context be based on the law that was applicable at the time that the compensation was reported. Existing law prescribes various requirements and methods for the repayment of amounts that have been overpaid by CalSTRS.

This bill would require that amounts that have been overpaid resulting from compensation that is determined to have been paid to enhance a member's benefits, as specified, be recovered from the member, participant, former participant, or beneficiary receiving the allowance or annuity benefit, or the employer, or both.

(STATUS: Introduced; read first time on 02/13/23. Referred to Com. on L., P.E. & R. on 02/22/23.)

SB 548 (Niello)

The PERL requires, for counties that contract for retirement benefits through CalPERS for eligible employees, as of the implementation date of the Trial Court Employment Protection and Governance Act, that a trial court and a county in which the trial court is located jointly participate in the system by joint contract. Existing law requires the CalPERS board to do one-time, separate computations of the assets and liabilities of two counties and the trial courts in the counties. PEPRA establishes a variety of requirements and restrictions on public employers offering defined benefit pension plans, including limiting the benefits that may be provided to new members.

This bill would authorize a county and the trial court located within the county to elect to separate their joint CalPERS contract into individual contracts, if the county and the trial court make that election voluntarily, and would prescribe a process for this. The bill would prohibit the separation from being a cause for modification of employee retirement benefits, as specified. The bill would require the CalPERS board, within its existing resources, to do a specified computation of assets and liabilities for a county and trial court seeking to separate their joint contract. For purposes of PEPRA, the bill would authorize a county and a trial court to provide employees the defined benefit plan or formula that those employees received from their respective employers prior to the exercise of the option to separate, as specified.

(STATUS: Introduced; read first time on 02/15/23. Referred to Com. on L., P.E. & R. on 02/22/23.)

SB 660 (Alvarado-Gil)

The PERL prescribes various definitions of final compensation based on employment classification, bargaining unit, date of hire, and date of retirement, among other things. The PERL authorizes public agencies to join CalPERS and prescribes the rights and duties of agencies participating in CalPERS.

Existing law authorizes CalPERS to enter into agreements with specified public retirement systems to establish reciprocity between CalPERS and those public retirement systems. Existing law provides that an agency that has entered into an agreement establishing reciprocity with CalPERS is deemed to have obtained the same rights and limitations that apply to all other public agencies that have entered into similar reciprocal agreements with CalPERS.

This bill would establish the California Public Retirement System Agency Cost and Liability Panel, located in the Controller's office, with members as defined. The bill would assign responsibilities to the panel related to retirement benefit costs, including determining how costs and unfunded liability are apportioned to a public agency when a member changes employers within the same public retirement system or when a member concurrently retires with 2 or more retirement systems that have entered into reciprocity agreements. The bill would require the panel to meet no later than March 31, 2024, and quarterly beginning on April 1, 2024, and to submit a report to the Legislature, no later than December 31, 2024, providing information regarding the financial impact a public agency assumes when an employee transfers to another public agency within the

same retirement system or when an employee transfers to a public agency in a reciprocal retirement system and concurrently retires under 2 or more systems.

(STATUS: Introduced; read first time on 02/16/23. Referred to Com. on RLS. on 03/01/23. From committee with author's amendments; read second time and amended; re-referred to Com. on RLS. on 03/21/23. Re-referred to Com. on L., P.E. & R. on 03/29/23.)

Divestment Proposals (CalPERS and CalSTRS Only)

SB 252 (Gonzalez, Stern, and Weiner)

Existing law prohibits the boards of CalPERS and CalSTRS from making new investments or renewing existing investments of public employee retirement funds in a thermal coal company, as defined. Existing law requires the boards to liquidate investments in thermal coal companies on or before July 1, 2017, and requires the boards, in making a determination to liquidate investments, to constructively engage with thermal coal companies to establish whether the companies are transitioning their business models to adapt to clean energy generation. Existing law provides that it does not require a board to take any action unless the board determines in good faith that the action is consistent with the board's fiduciary responsibilities established in the California Constitution.

This bill would prohibit the boards of CalPERS and CalSTRS from making new investments or renewing existing investments of public employee retirement funds in a fossil fuel company, as defined. The bill would require the boards to liquidate investments in a fossil fuel company on or before July 1, 2030. The bill would temporarily suspend the above-described liquidation provision upon a good faith determination by the board that certain conditions materially impact normal market mechanisms for pricing assets, as specified, and would make this suspension provision inoperative on January 1, 2035. The bill would provide that it does not require a board to take any action unless the board determines in good faith that the action is consistent with the board's fiduciary responsibilities established in the California Constitution.

This bill would require the boards, commencing February 1, 2025, and annually thereafter, to file a report with the Legislature and the Governor, containing specified information, including a list of fossil fuel companies of which the board has liquidated their investments. The bill would provide that board members and other officers and employees shall be held harmless and be eligible for indemnification in connection with actions taken pursuant to the bill's requirements, as specified.

(STATUS: Introduced and read first time on 01/30/23. Referred to Coms. on L., P.E. & R. and JUD. on 02/09/23.)

Federal Legislative Update

At the end of 2022, Congress passed the Consolidated Appropriations Act of 2023, which includes the SECURE 2.0 Act of 2022 (“SECURE 2.0”). SECURE 2.0 includes many significant changes for retirement plans. Set forth below are the main changes impacting governmental defined benefit plans:

Required Minimum Distributions (RMD)

- Section 107 increases the RMD age to: (i) 73 for a person who attains age 72 after December 31, 2022, and age 73 before January 1, 2033; and (ii) 75 for an individual who attains age 74 after December 31, 2032. It is effective for distributions made after December 31, 2022, for individuals who attain age 72 after that date.
- Section 302 reduces the excise tax for failure to take RMDs from 50% of the shortfall to 25%. It further reduces the excise tax to 10% if the individual corrects the shortfall during a two-year correction window. It is effective for taxable years beginning after the date of enactment.
- Section 327 allows a spousal beneficiary to irrevocably elect to be treated as the employee for RMD purposes, and if the spouse is the employee’s sole designated beneficiary, the applicable distribution period after the participant’s year of death is determined under the uniform life table. It is effective for calendar years beginning after December 31, 2023.

Correction and the IRS Employee Plans Compliance Resolution System (EPCRS)

- Section 301 provides that a 401(a), 403(a), 403(b), and governmental plan (but not including a 457(b) plan) will not fail to be a tax favored plan merely because the plan fails to recover an “inadvertent benefit overpayment” (a defined term in the bill) or otherwise amends the plan to permit this increased benefit. In certain cases, the overpayment is also treated as an eligible rollover distribution. It is effective upon enactment with certain retroactive relief for prior good faith interpretations of existing guidance.
- Section 305 allows any “eligible inadvertent failure” (a defined term in the bill) to be self-corrected under EPCRS at any time (regardless of whether the error is significant or insignificant) unless (i) the IRS identified the failure before self-corrective measures commenced, or (ii) the self-correction was not completed in a reasonable period after the failure was identified. It is effective upon enactment.

Tax Treatment of Distributions

- Section 328 amends the HELPS Act by allowing the plan to distribute funds to pay for qualified health insurance premiums (1) directly to the insurer or (2) directly to the participant (but the participant must include a self-certification that such funds did not exceed the amount paid for premiums in the year of the distribution when filing the tax return for that year). It is effective for distributions made after the date of enactment.

- Section 309 excludes service-connected, disability pension payments (from a 401(a), 403(a), governmental 457(b), or 403(b) plan) from gross income of first responders after reaching retirement age up to an annualized excludable disability amount. The term “qualified first responder service” means service as a law enforcement officer, firefighter, paramedic, or emergency medical technician. It is effective for plan years beginning after December 31, 2023.
- Section 323 clarifies that the exception to the 10% tax on early distributions from tax-preferred retirement accounts for substantially equal periodic payments continues to apply after certain rollovers and for certain annuities. It is effective for transfers, rollovers, and exchanges after December 31, 2023, and effective for annuity distributions on or after the date of enactment.
- Section 329 extends the age 50 exception to the 10% early withdrawal penalty to those qualified public safety employees who have separated from service and have attained age 50 or 25 years of service, whichever comes first. It is effective for distributions made after the date of enactment.
- Section 330 expands the definition of qualified public safety employee to include certain corrections officers and forensic security employees, thus making them eligible for the age 50 exception to the 10% early withdrawal penalty. It is effective for distributions made after the date of enactment.

Amendment Deadlines

- Section 501 allows plan amendments made pursuant to the bill to be made by the end of the 2027 plan year for governmental plans as long as the plan operates in accordance with such amendments as of the effective date of a legislative or regulatory requirement or amendment. If a plan operates as such and meets the amendment timeline and requirements of this bill, then the plan will be treated as being operated in accordance with its terms. It also extends the plan amendment deadlines under the SECURE Act, CARES Act, and Taxpayer Certainty and Disaster Relief Act of 2020 to these new remedial amendment period dates, as previously reflected in IRS notices. It is effective upon enactment.

Attachment:

Legislative Update
2023 Tentative Legislative Calendar

Submitted by:



Gina M. Ratto
General Counsel



**OCERS BOARD OF RETIREMENT
April 17, 2023 MEETING**

**LEGISLATIVE UPDATE – ATTACHMENT
2023 - 2024 CALIFORNIA STATE LEGISLATIVE SESSION
BILLS OF INTEREST**

New or updated information in bold text

AB 557 (Hart)

The Brown Act allows for meetings to occur via teleconferencing subject to certain requirements, including 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.

Existing law, until January 1, 2024, authorizes a local agency to use teleconferencing without complying with the above-noted requirements in specified circumstances when a declared state of emergency is in effect, or in other situations related to public health, as specified. If there is a continuing state of emergency, or if state or local officials have imposed or recommended measures to promote social distancing, existing law requires a legislative body to make specified findings not later than 30 days after the first teleconferenced meeting, and to make those findings every 30 days thereafter, in order to continue to meet under these abbreviated teleconferencing procedures. Existing law requires a legislative body that holds a teleconferenced meeting 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. Existing law prohibits a legislative body that holds a teleconferenced meeting under these abbreviated teleconferencing procedures 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.

This bill would extend the above-described abbreviated teleconferencing provisions when a declared state of emergency is in effect, or in other situations related to public health, as specified, indefinitely. The bill would also extend the period for a legislative body to make the above-described findings related to a continuing state of emergency and social distancing to not later than 45 days after the first teleconferenced meeting, and every 45 days thereafter, in order to continue to meet under the abbreviated teleconferencing procedures.

(STATUS: Introduced 02/08/23. Referred to Com. on L. GOV. on 02/17/23.)

AB 621 (Irwin)

Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment, which, in the case of the death of an employee, includes a death benefit. Existing law provides, however, that no benefits, except reasonable expenses of burial not exceeding \$1,000, shall be awarded under the workers' compensation laws on account of the death of an employee who is an active member of CalPERS, unless the death benefits available under the PERL are less than the workers' compensation death benefits. In that case, the surviving spouse and children of the employee are also entitled to the difference between the two death benefit amounts. Existing law exempts local safety members and patrol members, as defined, from this limitation. This bill would expand that exemption to include state safety members, peace officers, and firefighters for the Department of Forestry and Fire Protection who are members of Bargaining Unit 8. (STATUS: Introduced; read first time on 02/09/23. Referred to Com. on INS. on 02/17/23. **From committee: Do pass and re-refer to Com. on APPR. on 03/22/23.**)

AB 658 (Fong)

The Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS, authorizes the CalPERS board to contract for health benefit plans for employees and annuitants, as defined, which may include employees and annuitants of contracting agencies. ~~PEMHCA prescribes requirements for the contributions of contracting agencies and their employees and annuitants and entitles a contracting agency annuitant to a single employer contribution.~~ Under existing law, the employee's or annuitant's contribution is the total cost per month of coverage less the portion contributed by the employer. Existing law prescribes a minimum level for the employer's contribution toward the employee's or annuitant's health benefits coverage. This bill would authorize the City of San Gabriel to enter into an agreement with specified employees hired on or after January 1, 2023, to provide employer contributions for postretirement health care coverage to employees with at least 5 years of credited service with the City of San Gabriel. The bill would provide that its provisions for postretirement health benefits apply to employees who retire on or after the date that a memorandum of understanding that authorizes this benefit becomes effective. The bill also requires the City of San Gabriel to provide notice, as prescribed, of the agreement and any additional information necessary to implement these benefits. ~~This bill would make a nonsubstantive change to the restrictions on the employer contribution for a contracting agency annuitant.~~ (STATUS: Introduced; read first time on 02/09/23. Referred to Com. on P.E. & R.; from committee chair, with author's amendments: Amend, and re-refer to Com. on P.E. & R.; read second time and amended on 03/23/23. Re-referred to Com. on P.E. & R. on 03/27/23.)

AB 699 (Weber, Ward)

Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment. Existing law creates a rebuttable presumption that specified injuries, such as meningitis, tuberculosis, or hernia, sustained in the course of employment of a specified member of law enforcement or a specified first responder arose out of and in the course of employment. Existing law creates a rebuttable

presumption that skin cancer that develops or manifests in the course of employment of a lifeguard, as specified, arose out of and in the course of employment. Existing law authorizes a lifeguard to file a claim for skin cancer after employment has terminated for a specified period based on years of employment, not to exceed 60 months. This bill would expand presumptions for hernia, pneumonia, heart trouble, cancer, tuberculosis, bloodborne infectious disease, methicillin-resistant *Staphylococcus aureus* skin infection, and meningitis-related illnesses and injuries to a lifeguard employed on a year-round, full-time basis in the Boating Safety Unit by the City of San Diego Fire-Rescue Department. The bill would increase the period of time after termination of employment that a lifeguard employed on a year-round, full-time basis in the Boating Safety Unit by the City of San Diego Fire-Rescue Department can file a claim for skin cancer. The bill would expand the presumptions for illness or injury related to post-traumatic stress disorder or exposure to biochemical substances, as defined, to a lifeguard employed in the Boating Safety Unit by the City of San Diego Fire-Rescue Department.

(STATUS: Introduced; Read first time on 02/13/23. Referred to Com. on INS. on 02/23/23. **From committee: Do pass and re-refer to Com. on APPR. on 03/22/23.**)

AB 739 (Lackey)

The California Public Employees' Pension Reform Act of 2013 (PEPRA) generally requires a public retirement system, as defined, to modify its plan or plans to comply with the act. PEPRA prohibits a public employer's contribution to a defined benefit plan, in combination with employee contributions to the plan, from being less than the normal cost rate, as defined, for the plan in a fiscal year. Existing law authorizes a public retirement system to suspend contributions if certain conditions are satisfied, one of which is that the plan be funded by more than 120%, based on a computation by the retirement system actuary in accordance with specified standards, that is included in the annual valuation. This bill would revise the conditions for suspending contributions to a public retirement system defined benefit plan to increase the threshold percentage amount of plan funding to more than 130%.

(STATUS: Introduced; Read first time on 02/13/23. Referred to Com. P.E. & R. on 02/23/23. **In committee: Set, first hearing; hearing cancelled at the request of author on 03/13/23.**)

AB 817 (Pacheco, Wilson)

The Brown Act generally requires for teleconferencing that the legislative body of a local agency that elects to use teleconferencing post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and have each teleconference location be accessible to the public. Existing law also requires that, during the teleconference, at least a quorum of the members of the legislative body participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction.

Existing law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions

specify that they do not require a legislative body to provide a physical location from which the public may attend or comment.

Existing law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body.

This bill would authorize a subsidiary body, as defined, to use alternative teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency. In order to use teleconferencing pursuant to this act, the bill would require the legislative body that established the subsidiary body by charter, ordinance, resolution, or other formal action to make specified findings by majority vote before the subsidiary body uses teleconferencing for the first time and every 12 months thereafter.

(STATUS: Introduced; Read first time on 02/13/23. Referred to Com. on L. GOV.; from committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV.; read second time and amended on 03/16/23. Re-referred to Com. on L. GOV. on 03/20/23.)

AB 1020 (Grayson)

The CERL prescribes the rights, benefits, and duties of members of the retirement systems established pursuant to its provisions. Existing law requires, if a safety member, a firefighter member, or a member in active law enforcement who has completed five years or more of service develops heart trouble, that the heart trouble be presumed to arise out of and in the course of employment. **This bill would additionally require, if a safety member, firefighter, or member in active law enforcement who has completed 5 years or more of service develops hernia or pneumonia, that the hernia or pneumonia be presumed to arise out of and in the course of employment.**

Existing law provides that participants in certain membership categories may be entitled to special benefits if the injury that causes their disability arises in the course of their employment. Existing law creates a presumption, for purposes of qualification for disability retirement benefits for specified members, that certain injuries, including, but not limited to, a bloodborne infectious disease or a methicillin-resistant *Staphylococcus aureus* skin infection, arose out of and in the course of employment. Existing law authorizes the presumption to be rebutted by evidence to the contrary, but unless controverted, the applicable governing board of a public retirement system is required to find in accordance with the presumption. **This bill would expand the scope of this presumption to include additional injuries, including post-traumatic stress disorder, tuberculosis, and meningitis, if the injury develops or manifests while a member is in a specified membership classification or job classification. This bill would authorize the presumption relating to these additional injuries to be rebutted by evidence to the contrary, but unless controverted, the applicable governing board of a public retirement system is required to find in accordance with the presumption.**

(STATUS: Introduced 02/15/23. **Referred to Com. on P.E. & R. on 03/09/23. From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E. & R.; read second time and amended on 03/13/23. Re-referred to Com. on P.E. & R. on 03/14/23.**)

AB 1025 (Dixon)

Existing law requires a county board of supervisors, upon request of the county assessor or sheriff, to contract with legal counsel to assist the assessor, auditor-controller, or sheriff with duties for which the district attorney or county counsel would have a conflict of interest in representing the assessor, auditor-controller, or sheriff. In the event the board of supervisors does not concur with the assessor, auditor-controller, or sheriff that a conflict of interest exists, existing law authorizes the county assessor, auditor-controller, or sheriff to initiate an ex parte proceeding before the presiding judge of the superior court, as provided. This bill would extend these provisions to additionally require the board of supervisors to contract with legal counsel to assist the elected treasurer-tax collector, as described above. By adding to the duties of county boards of supervisors with respect to contracts for legal counsel, this bill would impose a state-mandated local program. The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

(STATUS: Introduced 02/15/23. Referred to Com. on L. GOV. on 03/02/23. **From committee: Do pass and re-referred to Com. on APPR. on 03/29/23.**)

AB 1145 (Maienschein)

Under existing law, a person injured in the course of employment is generally entitled to receive workers' compensation on account of that injury. Existing law, until January 1, 2025, provides that, in the case of certain state and local firefighting personnel and peace officers, the term "injury" includes post-traumatic stress disorder that developed or manifested during a period while the member is in the service of the department or unit, and establishes a disputable presumption in this regard. This bill would provide, only until January 1, 2030, that in the case of certain state nurses, psychiatric technicians, and various medical and social services specialists, the term "injury" also includes post-traumatic stress that develops or manifests itself during a period in which the injured person is in the service of the department or unit. The bill would apply to injuries occurring on or after January 1, 2024. The bill would prohibit compensation from being paid for a claim of injury unless the member has performed services for the department or unit for at least six months, unless the injury is caused by a sudden and extraordinary employment condition.

(STATUS: Introduced; Read first time on 02/16/23. Referred to Com. on INS. on 03/02/23.)

AB 1246 (Nguyen)

Existing law permits a member of CalPERS who retires on or before December 31, 2017 to elect from among several optional settlements for the purpose of structuring the member's retirement allowance. Existing law prohibits a member who elects to receive specified optional settlements from changing the member's optional settlement and designated beneficiary after election of an optional settlement unless a specified

event occurs, including the death of a beneficiary who predeceased the member, a dissolution of marriage or a legal separation in which the judgment dividing the community property awards the total interest in the retirement system to the retired member, or in an annulment of marriage in which the court confirms the annulment. This bill would extend the ability of a retiree to change their designated beneficiary to include naming a new spouse following a retiree's divorce and subsequent remarriage. The bill would allow a retiree's new spouse to receive the retiree's post-divorce retirement settlement benefits.

(STATUS: Introduced; read first time on 02/16/23. Referred to Com. on P.E. & R.; from committee chair, with author's amendments: Amend, and re-refer to Com. on P.E. & R.; read second time and amended on 03/16/23. Re-referred to Com. on P.E. & R. on 03/20/23.)

AB 1379 (Papan)

The Brown Act generally requires for teleconferencing that the legislative body of a local agency that elects to use teleconferencing post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and have each teleconference location be accessible to the public. Existing law also requires that, during the teleconference, at least a quorum of the members of the legislative body participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction.

This bill, with respect to those general provisions on teleconferencing, would require a legislative body electing to use teleconferencing to instead post agendas at a singular designated physical meeting location, as defined, rather than at all teleconference locations. The bill would remove the requirements for the legislative body of the local agency to identify each teleconference location in the notice and agenda, that each teleconference location be accessible to the public, and that at least a quorum of the members participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction. The bill would instead provide that, for purposes of establishing a quorum of the legislative body, members of the body may participate remotely, at the designated physical location, or at both the designated physical meeting location and remotely. The bill would require the legislative body to have at least two meetings per year in which the legislative body's members are in person at a singular designated physical meeting location.

Existing law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing provisions without complying with the general teleconferencing requirements that agendas be posted at each teleconference, that each teleconference location be identified in the notice and agenda, and that each teleconference location be accessible to the public, if at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the local agency's jurisdiction. Under existing law, these alternative teleconferencing provisions require the legislative body to provide at least one of two specified means by which the public may remotely hear and visually observe the meeting. Under existing law, these alternative teleconferencing provisions authorize a member to participate remotely if the member is participating remotely for just cause, limited to twice per year, or due to emergency circumstances, contingent upon a

request to, and action by, the legislative body, as prescribed. Existing law specifies that just cause includes travel while on official business of the legislative body or another state or local agency.

This bill would revise the alternative provisions, operative until January 1, 2026, to make these provisions operative indefinitely. The bill would delete the restriction that prohibits a member, based on just cause, from participating remotely for more than two meetings per calendar year. The bill would delete the requirement for the legislative body to provide at least one of two specified means by which the public may remotely hear and visually observe the meeting. The bill would also delete a provision that requires a member participating remotely to publicly disclose at the meeting before action is taken whether there are individuals 18 years of age present in the room at the remote location and the general nature of the member's relationship to those individuals. The bill would further delete a provision that prohibits a member from participating remotely for a period of more than three consecutive months or 20% of the regular meetings within a calendar year, or more than two meetings if the legislative body regularly meets fewer than ten times per calendar year. The bill would expand the definition of just cause to include travel related to a member of a legislative body's occupation. The bill would make related, conforming changes.

(STATUS: Introduced; read first time on 02/17/23. Referred to Com. on L. GOV.; from committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV.; read second time and amended on 03/23/23. Re-referred to Com. on L. GOV. on 03/27/23.)

AB 1637 (Irwin)

This bill, no later than January 1, 2025, would require a local agency, as defined, that maintains an internet website for use by the public to ensure that the internet website utilizes a ".gov" top-level domain or a ".ca.gov" second-level domain, and would require a local agency that maintains an internet website that is noncompliant with that requirement to redirect that internet website to a domain name that does utilize a ".gov" or ".ca.gov" domain. This bill, no later than January 1, 2025, would also require a local agency that maintains public email addresses to ensure that each email address provided to its employees utilizes a ".gov" domain name or a ".ca.gov" domain name. By adding to the duties of local officials, the bill would impose a state-mandated local program.

The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities. The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that no reimbursement is required by this act for a specified reason.

~~The Information Practices Act of 1977 requires an agency that owns or licenses computerized data that includes personal information, as defined, to disclose any breach of the security of the system following discovery or notification of the breach in the security of the data to any resident of California, as prescribed. The act defines "agency" to not include a local agency, as specified. This bill would express the intent of the Legislature to enact legislation that would relate to the security of information maintained by local governments and special districts.~~

(STATUS: Introduced; read first time on 02/17/23. Referred to Coms. on L. GOV. and P. & C.P.; from committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV.; read second time and amended on 03/16/23. Re-referred to Com. on L. GOV. on 03/20/23.)

SB 252 (Gonzalez, Stern, and Weiner)

Existing law prohibits the boards of CalPERS and CalSTRS from making new investments or renewing existing investments of public employee retirement funds in a thermal coal company, as defined. Existing law requires the boards to liquidate investments in thermal coal companies on or before July 1, 2017, and requires the boards, in making a determination to liquidate investments, to constructively engage with thermal coal companies to establish whether the companies are transitioning their business models to adapt to clean energy generation. Existing law provides that it does not require a board to take any action unless the board determines in good faith that the action is consistent with the board's fiduciary responsibilities established in the California Constitution.

This bill would prohibit the boards of CalPERS and CalSTRS from making new investments or renewing existing investments of public employee retirement funds in a fossil fuel company, as defined. The bill would require the boards to liquidate investments in a fossil fuel company on or before July 1, 2030. The bill would temporarily suspend the above-described liquidation provision upon a good faith determination by the board that certain conditions materially impact normal market mechanisms for pricing assets, as specified, and would make this suspension provision inoperative on January 1, 2035. The bill would provide that it does not require a board to take any action unless the board determines in good faith that the action is consistent with the board's fiduciary responsibilities established in the California Constitution.

This bill would require the boards, commencing February 1, 2025, and annually thereafter, to file a report with the Legislature and the Governor, containing specified information, including a list of fossil fuel companies of which the board has liquidated their investments. The bill would provide that board members and other officers and employees shall be held harmless and be eligible for indemnification in connection with actions taken pursuant to the bill's requirements, as specified.

(STATUS: Introduced and read first time on 01/30/23. Referred to Coms. on L., P.E. & R. and JUD. on 02/09/23.)

SB 265 (Hurtado, Umberg)

Existing law requires the California Office of Emergency Services (Cal OES) to establish the California Cybersecurity Integration Center (Cal-CSIC) with the primary mission of reducing the likelihood and severity of cyber incidents that could damage California's economy, its critical infrastructure, or public and private sector computer networks in the state. Existing law requires Cal-CSIC to provide warnings of cyberattacks to government agencies and nongovernmental partners, coordinate information sharing among these entities, assess risks to critical infrastructure information networks, enable cross-sector coordination and sharing of best practices and security measures, and support certain cybersecurity assessments, audits, and accountability programs. Existing law also requires Cal-CSIC to develop a statewide cybersecurity strategy to improve how cyber threats are identified, understood, and shared in order to reduce threats to California government,

businesses, and consumers, and to strengthen cyber emergency preparedness and response and expand cybersecurity awareness and public education.

This bill would require Cal OES to direct Cal-CSIC to prepare, and Cal OES to submit to the Legislature on or before January 1, 2025, a strategic, multiyear outreach plan to assist critical infrastructure sectors, as defined, in their efforts to improve cybersecurity and an evaluation of options for providing grants or alternative forms of funding to, and potential voluntary actions that do not require funding and that assist, that sector in their efforts to improve cybersecurity preparedness.

(STATUS: Introduced; read first time on 01/31/23. Referred to Com. on G.O. on 02/09/23. **From committee: Do pass and re-referred to Com. on APPR. on 03/14/23.**)

SB 300 (Seyarto Niello, Ochoa-Bogh, Wilk)

This bill would require any bill, introduced on or after January 1, 2024, that is referred to the Senate Labor, Public Employment and Retirement Committee and relates to CalPERS to include a fiscal impact analysis from the Legislative Analyst's Office that describes the fiscal impact of the bill on CalPERS and what the outcome of the bill would be if implemented.

(STATUS: Introduced. Read first time. To Com. on RLS. for assignment on 02/02/23. Referred to Coms. on L., P.E. & R. and APPR. on 02/22/23.)

SB 327 (Laird)

Existing law authorizes a member of CalSTRS who is eligible and applies for a disability allowance or retirement to apply to receive a service retirement pending the determination of their application for disability, subject to meeting certain conditions. These include that the member submit an application on a form prescribed by the system and, if the application for disability benefits is denied or canceled, the service retirement date of a member who submits an application for retirement under these provisions may not be earlier than January 1, 2014. This bill would instead prohibit the service retirement date of a member who submits an application for retirement under these provisions from being earlier than 180 calendar days prior to when the application for service retirement is received by the system.

Existing law, with respect to an application for disability benefits that is denied or canceled, prohibits the service retirement date from being earlier than one day after the date on which a retirement allowance was terminated, as specified, provided that the retirement allowance is terminated on or after January 1, 2014. This bill would instead provide that the retirement allowance under the above-described circumstances is terminated no earlier than 180 calendar days prior to when the application for service retirement is received by the system.

Existing law provides that a service retirement allowance under CalSTRS becomes effective on a date designated by the member, provided all of specified conditions are met, including that the member executes an application for service retirement allowance no earlier than 6 months before the effective date of retirement allowance. This bill would provide that the effective date of a member who files an application for service retirement under

a specified formula applicable to members 55 years of age or older is no earlier than 180 calendar days prior to when the application for service retirement is received by the system. The bill, with respect to the above members, would delete a provision specifying that the retirement date of a member who files an application for retirement on or after January 1, 2012, is no earlier than January 1, 2012.

The bill would require the board to determine a date when CalSTRS has the capacity to implement the above-described changes and to post the date on the CalSTRS website no later than January 1, 2026. The bill would make those provisions operative on the date determined by the board, and would repeal those existing provisions on January 1, 2026. By changing the method for calculating the service retirement date of certain members of STRS, the bill would affect moneys in a continuously appropriated fund, thereby making an appropriation.

(STATUS: Introduced and read first time on 02/07/23. Referred to Com. on L., P.E. & R. and APPR. on 02/15/23.)

SB 391 (Blakespear)

Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment. Existing law provides, among other things, that skin cancer developing in active lifeguards, as defined, is presumed to arise out of and in the course of employment, unless the presumption is rebutted. This bill would expand the scope of those provisions to certain peace officers of the Department of Fish and Wildlife and the Department of Parks and Recreation.

(STATUS: Introduced; read first time on 02/09/23. Referred to Com. L., P.E. & R. on 02/22/23.)

SB 411 (Portantino, Menjivar, Assembly Member Rivas)

The Brown Act allows for meetings to occur via teleconferencing subject to certain requirements, including 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.

Existing law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions specify that they do not require a legislative body to provide a physical location from which the public may attend or comment.

Existing law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's

jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body.

This bill would authorize a legislative body to use alternate teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency. The bill would alternatively define “legislative body” for this purpose to mean a board, commission, or advisory body of a local agency, the membership of which board, commission, or advisory body is appointed and which board, commission, or advisory body is otherwise subject to the act. This bill would declare that it is to take effect immediately as an urgency statute.

(STATUS: Introduced; read first time on 02/09/23. Referred to Com. on GOV. & F. and JUD. 02/22/23.)

SB 432 (Cortese)

The Teachers’ Retirement Law establishes CalSTRS and creates the Defined Benefit Program of the State Teachers’ Retirement Plan, which provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. Existing law creates the Cash Balance Benefit Program to provide a retirement plan for the benefit of participating employees who perform creditable service for less than 50% of full time.

Existing law commits the administration of CalSTRS and its defined benefit program and the Cash Balance Benefit Program to the CalSTRS Board. Existing law generally prohibits adjustments in new rates of contribution adopted by the board on the basis of an investigation, valuation, and determination or because of an amendment to the Teachers’ Retirement Law with respect to the Defined Benefit Program, for time prior to the effective date of the adoption or amendment. Existing law prohibits an action of the board, other than for correction of errors in calculating the allowance or annuity at the time of retirement, disability, or death of a member, from changing the allowance or annuity payable to a retired member or beneficiary prior to the date the action is taken. Existing law prescribes various duties for CalSTRS, as well as for employers participating in the system and members and their beneficiaries, in connection with law relating to the applicability of creditable compensation and creditable service. Existing law, for purposes of audits or other system actions, requires that employers be responsible for the rules in effect at the time the compensation is reported, except when expressly superseded by state or federal law or an executive order of the Governor.

Under existing law, new or different interpretations related to creditable compensation and service are required to take effect after notice is issued to employers and exclusive representatives and are prohibited from being applied retroactively to compensation reported prior to that notice, unless a retroactive interpretation is expressly required by state or federal law or an executive order of the Governor. Existing law requires that, if compensation is reported in accordance with CalSTRS rules and is later determined by CalSTRS to have been reported in error, the resulting overpayment be deemed to be an error by the system. Existing law requires that overpayments made due to an error by the system be recovered pursuant to a specified process, and a portion of this recovery is funded by a continuous appropriation from the General Fund.

This bill would revise those provisions to specify that compensation reported in accordance with CalSTRS' rules includes rules relating to timeliness and accuracy and would eliminate the requirement that supersession by other law or order be express, as described above. By broadening the circumstances that may lead to recovery pursuant to the above-described continuous appropriation, this bill would make an appropriation.

Existing law also prohibits those changes in interpretations from applying before the next July 1, unless changes to state or federal law, an executive order of the Governor, an advisory letter, or programs require application or revision of the creditability of compensation on an earlier basis. This bill would delete the prohibition against changes in interpretations applying before the next July 1.

The bill would require CalSTRS to provide a prescribed written notice if it determines that compensation has been reported in error. The bill would require that a determination of error be based on the law applicable at the time that the compensation was reported. The bill would require that the prescribed notice be in writing, identify the pertinent error, document the basis of the error, and specify the total amount, if any, overpaid due to the error. The bill would specify that overpayments, in this context, are those made to the member.

Existing law authorizes an employer or an exclusive labor representative to submit a request to CalSTRS for an advisory letter, which is defined as a formal written guidance relating to the proper reporting of compensation in publicly available agreement consistent with laws governing creditable compensation. These provisions require, if compensation that is reported in accordance with the advisory letter is later determined by CalSTRS to have been reported in error, that a resulting overpayment be deemed an error by the system.

This bill would require notice of determination of an error in compensation reported to the system in accordance with a system advisory letter be provided in writing. The bill would require that a determination of error in this context be based on the law that was applicable at the time that the compensation was reported. Existing law prescribes various requirements and methods for the repayment of amounts that have been overpaid by CalSTRS.

This bill would require that amounts that have been overpaid resulting from compensation that is determined to have been paid to enhance a member's benefits, as specified, be recovered from the member, participant, former participant, or beneficiary receiving the allowance or annuity benefit, or the employer, or both. (STATUS: Introduced; read first time on 02/13/23. Referred to Com. on L., P.E. & R. on 02/22/23.)

SB 537 (Becker)

Existing law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions specify that they do not require a legislative body to provide a physical location from which the public may attend or comment.

Existing law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body. These circumstances include if a member shows "just cause," including for a childcare or caregiving need of a relative that requires the member to participate remotely.

This bill would authorize certain legislative bodies to use alternate teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency. The bill would also require a legislative body to provide a record of attendance on its internet website within seven days after a teleconference meeting, as specified. The bill would define "legislative body" for this purpose to mean a board, commission, or advisory body of a multijurisdictional cross county agency, the membership of which board, commission, or advisory body is appointed and which board, commission, or advisory body is otherwise subject to the act. The bill would also define "multijurisdictional" to mean a legislative body that includes representatives from more than one county, city, city and county, special district, or a joint powers entity. With respect to the alternative teleconferencing provisions operative until January 1, 2026, the bill would expand the circumstances of "just cause" to apply to the situation in which an immunocompromised child, parent, grandparent, or other specified relative requires the member to participate remotely. This bill would declare that it is to take effect immediately as an urgency statute.

(STATUS: Introduced; read first time on 02/14/23. Referred to Com. on RLS on 02/22/23. From committee with author's amendments; read second time and amended; re-referred to Com. on RLS. on 03/22/23. Re-referred to Coms. on GOV. & F. and JUD. on 03/29/23.)

SB 548 (Niello)

The PERL requires, for counties that contract for retirement benefits through CalPERS for eligible employees, as of the implementation date of the Trial Court Employment Protection and Governance Act, that a trial court and a county in which the trial court is located jointly participate in the system by joint contract. Existing law requires the CalPERS board to do one-time, separate computations of the assets and liabilities of two counties and the trial courts in the counties. PEPR establishes a variety of requirements and restrictions on public employers offering defined benefit pension plans, including limiting the benefits that may be provided to new members.

This bill would authorize a county and the trial court located within the county to elect to separate their joint CalPERS contract into individual contracts, if the county and the trial court make that election voluntarily, and would prescribe a process for this. The bill would prohibit the separation from being a cause for modification of employee retirement benefits, as specified. The bill would require the CalPERS board, within its existing resources, to do a specified computation of assets and liabilities for a county and trial court seeking to separate their joint contract. For purposes of PEPR, the bill would authorize a county and a trial court to provide employees the defined benefit plan or formula that those employees received from their respective employers prior to the exercise of the option to separate, as specified.

(STATUS: Introduced; read first time on 02/15/23. Referred to Com. on L., P.E. & R. on 02/22/23.)

SB 660 (Alvarado-Gil)

The PERL prescribes various definitions of final compensation based on employment classification, bargaining unit, date of hire, and date of retirement, among other things. The PERL authorizes public agencies to join CalPERS and prescribes the rights and duties of agencies participating in CalPERS.

Existing law authorizes CalPERS to enter into agreements with specified public retirement systems to establish reciprocity between CalPERS and those public retirement systems. Existing law provides that an agency that has entered into an agreement establishing reciprocity with CalPERS is deemed to have obtained the same rights and limitations that apply to all other public agencies that have entered into similar reciprocal agreements with CalPERS.

This bill would establish the California Public Retirement System Agency Cost and Liability Panel, located in the Controller's office, with members as defined. The bill would assign responsibilities to the panel related to retirement benefit costs, including determining how costs and unfunded liability are apportioned to a public agency when a member changes employers within the same public retirement system or when a member concurrently retires with 2 or more retirement systems that have entered into reciprocity agreements. The bill would require the panel to meet no later than March 31, 2024, and quarterly beginning on April 1, 2024, and to submit a report to the Legislature, no later than December 31, 2024, providing information regarding the financial impact a public agency assumes when an employee transfers to another public agency within the same retirement system or when an employee transfers to a public agency in a reciprocal retirement system and concurrently retires under 2 or more systems.

(STATUS: Introduced; read first time on 02/16/23. Referred to Com. on RLS. on 03/01/23. From committee with author's amendments; read second time and amended; re-referred to Com. on RLS. on 03/21/23. Re-referred to Com. on L., P.E. & R. on 03/29/23.)

2023 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE SECRETARY OF THE SENATE AND THE OFFICE OF THE ASSEMBLY CHIEF CLERK
Revised 11/4/2022

DEADLINES

JANUARY						
S	M	T	W	TH	F	S
<u>1</u>	2	3	<u>4</u>	5	6	7
8	9	<u>10</u>	11	12	13	14
15	<u>16</u>	17	18	19	<u>20</u>	21
22	23	24	25	26	27	28
29	30	31				

FEBRUARY						
S	M	T	W	TH	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	<u>17</u>	18
19	<u>20</u>	21	22	23	24	25
26	27	28				

MARCH						
S	M	T	W	TH	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	<u>30</u>	<u>31</u>	

APRIL						
S	M	T	W	TH	F	S
						1
2	3	4	5	6	7	8
9	<u>10</u>	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	<u>28</u>	29
30						

MAY						
S	M	T	W	TH	F	S
	1	2	3	4	<u>5</u>	6
7	8	9	10	11	<u>12</u>	13
14	15	16	17	18	<u>19</u>	20
21	22	23	24	25	26	27
28	<u>29</u>	<u>30</u>	<u>31</u>			

- [Jan. 1](#) Statutes take effect (Art. IV, Sec. 8(c)).
- [Jan. 4](#) Legislature **reconvenes** (J.R. 51(a)(1)).
- [Jan. 10](#) Budget must be submitted by Governor (Art. IV, Sec. 12(a)).
- [Jan. 16](#) Martin Luther King, Jr. Day
- [Jan. 20](#) Last day to submit **bill requests** to the Office of Legislative Counsel

- [Feb. 17](#) Last day for bills to **be introduced** (J.R. 61(a),(1)(J.R. 54(a)).
- [Feb. 20](#) Presidents' Day.

- [Mar. 30](#) **Spring recess** begins upon adjournment of this day's session (J.R. 51(a)(2)).

- [Mar. 31](#) Cesar Chavez Day.

- [Apr. 10](#) Legislature reconvenes from **Spring recess** (J.R. 51(a)(2)).

- [Apr. 28](#) Last day for **policy committees** to hear and report to **fiscal committees** **fiscal bills** introduced in their house (J.R. 61(a)(2)).

- [May 5](#) Last day for **policy committees** to hear and report to the floor **non-fiscal bills** introduced in their house (J.R. 61(a)(3)).

- [May 12](#) Last day for **policy committees** to meet prior to June 5 (J.R. 61(a)(4)).

- [May 19](#) Last day for **fiscal committees** to hear and report to the Floor bills introduced in their house (J.R. 61(a)(5)).

Last day for **fiscal committees** to meet prior to June 5 (J.R. 61(a)(6)).

- [May 29](#) Memorial Day.

- [May 30-June 2](#) **Floor Session Only**. No committees, other than conference or Rules committees, may meet for any purpose (J.R. 61(a)(7)).

*Holiday schedule subject to Senate Rules committee approval

2023 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE SECRETARY OF THE SENATE AND THE OFFICE OF THE ASSEMBLY CHIEF CLERK
Revised 11/4/2022

JUNE						
S	M	T	W	TH	F	S
				<u>1</u>	<u>2</u>	3
4	<u>5</u>	6	7	8	9	10
11	12	13	14	<u>15</u>	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

June 2 Last day for each house to pass bills introduced in that house (J.R. 61(a)(8)).

June 5 Committee meetings may resume (J.R. 61(a)(9)).

June 15 Budget must be passed by **midnight** (Art. IV, Sec. 12(c)(3)).

JULY						
S	M	T	W	TH	F	S
						1
2	3	<u>4</u>	5	6	7	8
9	10	11	12	13	<u>14</u>	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

July 4 Independence Day.

July 14 Last day for **policy committees** to meet and report bills (J.R. 61(a)(10)).

Summer Recess begins upon adjournment of session provided Budget Bill has been passed (J.R. 51(a)(3)).

AUGUST						
S	M	T	W	TH	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	<u>14</u>	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Aug. 14 Legislature reconvenes from **Summer Recess** (J.R. 51(a)(3)).

SEPTEMBER						
S	M	T	W	TH	F	S
					<u>1</u>	2
3	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	9
10	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

Sept. 1 Last day for **fiscal committees** to meet and report bills to Floor (J.R. 61(a)(11)).

Sept. 4 Labor Day.

Sept. 5-14 **Floor session only.** No committees, other than conference or Rules committees, may meet for any purpose (J.R. 61(a)(12)).

Sept. 8 Last day to **amend** on the floor (J.R. 61(a)(13)).

Sept. 14 Last day for **each house to pass bills** (J.R. 61(a)(14)).
Interim Study Recess begins at the end of this day's session (J.R. 51(a)(4)).

*Holiday schedule subject to Senate Rules committee approval

IMPORTANT DATES OCCURRING DURING INTERIM STUDY RECESS

2023

Oct. 14

Last day for Governor to sign or veto bills passed by the Legislature on or before Sept. 14 and in his possession after Sept. 14 (Art. IV, Sec.10(b)(1)).

2024

Jan. 1

Statutes take effect (Art. IV, Sec. 8(c)).

Jan. 3

Legislature reconvenes (J.R. 51(a)(4)).



Memorandum

DATE: April 5, 2023
TO: Members of the Board of Retirement
FROM: Tracy Bowman, Director of Finance
SUBJECT: **FIRST QUARTER 2023 TRAVEL AND TRAINING EXPENSE REPORT**

Written Report

Background/Discussion

In accordance with OCERS' Travel Policy, the Chief Executive Officer is required to submit a quarterly report to the Board of Retirement on conference attendance and related expenditures incurred by OCERS' Board Members and staff. Attached is the First Quarter 2023 Travel and Training Expense Report that includes all expenses submitted through March 31, 2023.

Submitted by:

A stamp that reads "OCERS T.B. - Approved" with a signature line above it.

OCERS T.B. - Approved

Tracy Bowman
Director of Finance

04-17-2023 REGULAR BOARD MEETING - R-7 QUARTERLY TRAVEL AND TRAINING EXPENSE REPORT

TRAVEL AND TRAINING EXPENSE REPORT
FIRST QUARTER 2023
Submitted Through March 31, 2023

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2023 YTD Total	2022 Total*
FREIDENRICH	2/25-2/27/23	NASRA 2023 Winter Round Table & Joint Legislative Conference	Washington DC	Training	-	800.00	42.53	-	-	-	-	842.53	-
Sub Total					-	800.00	42.53	-	-	-	-	842.53	1,034.57
HIDALGO	1/19/23	IREI VIP Conference	Rancho Palos Verdes, CA	Training	-	-	58.95	-	-	25.00	-	83.95	-
Sub Total					-	-	58.95	-	-	25.00	-	83.95	120.00
HILTON	1/22-1/24/23	NCPEERS 2023 Legislative Conference & Communications Summit	Washington DC	Training	31.44	615.00	-	356.96	1,031.10	132.32	-	2,166.82	-
Sub Total	2/25-2/27/23	NASRA 2023 Winter Round Table & Joint Legislative Conference	Washington DC	Training	32.10	800.00	42.53	307.97	1,236.88	228.86	-	2,648.34	-
Sub Total	5/9-5/12/23	SACRS Spring 2023 Conference	San Diego, CA	Training	-	120.00	-	-	-	-	-	120.00	-
Sub Total					63.54	1,535.00	42.53	664.93	2,267.98	361.18	-	4,935.16	-
OATES	1/22-1/24/23	NCPEERS 2023 Legislative Conference & Communications Summit	Washington DC	Training	-	615.00	35.73	630.40	1,031.10	222.39	-	2,534.62	-
Sub Total	1/29-1/31/23	NAPO 34th Annual Pension and Benefits Seminar	Las Vegas, NV	Training	339.95	635.00	35.00	-	259.64	-	-	1,269.59	-
Sub Total	3/4-3/7/23	CALAPRS General Assembly 2023	Monterey, CA	Training	-	250.00	-	514.30	-	-	-	764.30	-
Sub Total	5/9-5/12/23	SACRS Spring 2023 Conference	San Diego, CA	Training	-	120.00	-	-	-	-	-	120.00	-
Sub Total					339.95	1,620.00	70.73	1,144.70	1,290.74	222.39	-	4,688.51	10,448.74
PACKARD	3/4-3/7/23	CALAPRS General Assembly 2023	Monterey, CA	Training	-	250.00	-	-	-	-	-	250.00	-
Sub Total					-	250.00	-	-	-	-	-	250.00	-
PREVATT	2/25-2/27/23	NASRA 2023 Winter Round Table & Joint Legislative Conference	Washington DC	Training	-	800.00	122.45	857.45	1,256.88	186.11	-	3,222.89	-
Sub Total	3/4-3/7/23	CALAPRS General Assembly 2023	Monterey, CA	Training	-	250.00	85.52	286.90	15.00	260.42	-	897.84	-
Sub Total	5/9-5/12/23	SACRS Spring 2023 Conference	San Diego, CA	Training	-	120.00	-	-	-	-	-	120.00	-
Sub Total					-	1,170.00	207.97	1,144.35	1,271.88	446.53	-	4,240.73	7,179.72
TAGALOA	1/22-1/24/23	NCPEERS 2023 Legislative Conference & Communications Summit	Washington DC	Training	-	-	20.43	317.19	1,031.10	109.99	-	1,478.71	-
Sub Total	2/25-2/27/23	NASRA 2023 Winter Round Table & Joint Legislative Conference	Washington DC	Training	86.48	800.00	42.52	517.81	1,236.88	152.98	-	2,836.67	-
Sub Total	3/4-3/7/23	CALAPRS General Assembly 2023	Monterey, CA	Training	21.99	250.00	-	247.10	-	-	-	519.09	-
Sub Total	5/5/23	CALAPRS Trustees' Round Table Ticket	Online	Training	-	50.00	-	-	-	-	-	50.00	-
Sub Total	5/9-5/12/23	SACRS Spring 2023 Conference	San Diego, CA	Training	-	120.00	-	-	-	-	-	120.00	-
Sub Total					108.47	1,220.00	62.95	1,082.10	2,267.98	262.97	-	5,004.47	11,917.65
BOARD Total					511.96	6,595.00	485.66	4,036.08	7,098.58	1,318.07	-	20,045.35	30,700.68
DELANEY	1/19/23	IREI VIP Conference	Rancho Palos Verdes, CA	Training	28.82	-	-	-	-	-	-	28.82	-
Sub Total	2/9/23	CALAPRS Administrators Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	-
Sub Total	3/4-3/7/23	CALAPRS General Assembly 2023	Monterey, CA	Training	-	250.00	-	-	-	-	-	250.00	-
Sub Total	4/21/23	CALAPRS Trustees' Round Table Ticket	Online	Training	-	50.00	-	-	-	-	-	50.00	-
Sub Total					28.82	350.00	-	-	-	-	-	378.82	17,282.18
JENIKE	3/4-3/7/23	CALAPRS General Assembly 2023	Monterey, CA	Training	-	-	-	275.91	629.08	435.68	-	1,340.67	-
Sub Total	5/9-5/12/23	SACRS Spring 2023 Conference	San Diego, CA	Training	-	120.00	-	-	-	-	-	120.00	-
Sub Total					-	120.00	-	275.91	629.08	435.68	-	1,460.67	6,072.48
NH					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	2,345.00
SHOTT	2/27-2/28/23	Garner CIO Leadership Forum	Phoenix, AZ	Training	-	-	-	318.95	362.47	40.00	-	721.42	-
Sub Total	3/16-3/17/23	LCW 2023 Annual Conference	San Diego, CA	Training	-	620.00	-	-	-	-	-	620.00	-
Sub Total	5/9-5/12/23	SACRS Spring 2023 Conference	San Diego, CA	Training	-	120.00	-	-	-	-	-	120.00	-
Sub Total					-	740.00	-	318.95	362.47	40.00	-	1,461.42	15,869.92
EXECUTIVE Total					28.82	1,210.00	-	594.86	991.55	475.68	-	3,300.91	41,569.58
BEESON	2/28-3/1/23	Mayfield Annual Meeting	San Jose, CA	Meeting/Due Diligence	-	-	68.79	137.96	774.62	250.91	-	1,232.28	-
Sub Total	5/9-5/12/23	SACRS Spring 2023 Conference	San Diego, CA	Training	-	120.00	-	-	-	-	-	120.00	-
Sub Total					-	120.00	68.79	137.96	774.62	250.91	-	1,352.28	2,600.00
CHARY	2/8-2/9/23	Aksia Palooza 2023	New York, NY	Meeting/Due Diligence	-	-	34.23	877.80	930.82	173.30	-	2,016.15	-
Sub Total					-	-	34.23	877.80	930.82	173.30	-	2,016.15	-
CHEN	1/30-1/31/23	Warwick Investment Annual Meeting and LPAC	Austin, TX	Meeting/Due Diligence	-	-	65.09	285.80	330.60	236.70	-	918.19	-
Sub Total	3/7-3/9/23	Women's Private Equity Summit	Coronado, CA	Meeting/Due Diligence	-	-	102.79	740.80	1,539.54	343.90	-	2,727.03	-
Sub Total					-	-	167.88	1,026.60	1,870.14	580.60	-	3,645.22	1,841.02
DURR					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	174.00
JJ	2/28-3/1/23	Mayfield Annual Meeting	San Jose, CA	Meeting/Due Diligence	-	-	50.23	132.96	615.35	84.94	10.00	893.48	-
Sub Total					-	-	50.23	132.96	615.35	84.94	10.00	893.48	-
MURPHY	3/7-3/9/23	Women's Private Equity Summit	Coronado, CA	Meeting/Due Diligence	-	-	405.83	18.00	-	-	-	423.83	-
Sub Total	4/25/23	Institutional Investor Conference - 2023 Public Funds Roundtable	Beverly Hills, CA	Conference/Due Diligence	-	-	-	288.92	-	-	-	288.92	-
Sub Total					-	-	-	694.75	18.00	-	-	712.75	14,640.14
PETERSON	2/8-2/9/23	Aksia Palooza 2023	New York, NY	Meeting/Due Diligence	-	-	16.28	497.80	957.21	247.80	-	1,719.09	-
Sub Total					-	-	16.28	497.80	957.21	247.80	-	1,719.09	226.38
TURIAGI					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	77.33
WALANDER-SARKIN	3/7-3/9/23	Women's Private Equity Summit	Coronado, CA	Meeting/Due Diligence	115.28	-	-	-	369.71	-	-	484.99	-
Sub Total					115.28	-	-	-	369.71	-	-	484.99	73.08
INVESTMENTS Total					115.28	120.00	337.41	2,673.12	6,212.60	1,355.55	10.00	10,823.96	19,631.99
MCINTOSH	5/9-5/12/23	SACRS Spring 2023 Conference	San Diego, CA	Training	-	120.00	-	-	-	-	-	120.00	-
Sub Total					-	120.00	-	-	-	-	-	120.00	1,135.67
RATTO	2/10/23	CALAPRS Attorneys Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	-
Sub Total	2/22-2/24/23	NAPPA 2023 Winter Seminar	Tucson, AZ	Training	-	740.00	62.00	366.96	833.40	56.39	-	2,058.75	-
Sub Total					-	790.00	62.00	366.96	833.40	56.39	-	2,108.75	5,586.08
SERPA	2/10/23	CALAPRS Attorneys Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	-
Sub Total	3/21/23	CALAPRS Compliance Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	-
Sub Total	3/28/23	AWI Workplace Investigations Seminar Series	Online	Training	-	425.00	-	-	-	-	-	425.00	-
Sub Total	5/26/23	CALAPRS Attorneys Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	-
Sub Total					-	575.00	-	-	-	-	-	575.00	1,176.39
SINGLETON					-	-	-	-	-	-	-	0.00	-
Sub Total					-	-	-	-	-	-	-	0.00	648.01
LEGAL Total					-	1,485.00	62.00	366.96	833.40	56.39	-	2,803.75	8,546.15

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TRAVEL AND TRAINING EXPENSE REPORT
 FIRST QUARTER 2023
 Submitted Through March 31, 2023

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2023 YTD Total	2022 Total*
ARDELEANU					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	50.00
CORTEZ					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	1,499.00
FIELDS					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	2,224.45
GUEVARA					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	50.00
HORST					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	150.00
LAMBERSON					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	1,423.19
LOPEZ	2/16/23	CALAPRS Benefits Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	50.00	-	-	-	-	-	50.00	3,000.00
PANAMENO					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	50.00
PERSI					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	50.00
MALDONADO	2/16/23	CALAPRS Benefits Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	50.00	-	-	-	-	-	50.00	
SHARMA-RAMKISHUN	2/16/23	CALAPRS Benefits Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	50.00	-	-	-	-	-	50.00	
VARGAS	Various	Synthesia - AI Video Platform	Online	Training	-	60.00	-	-	-	-	-	60.00	
Sub Total					-	60.00	-	-	-	-	-	60.00	
MEMBER SERVICES Total					-	210.00	-	-	-	-	-	210.00	8,496.64
BARKER					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	394.65
BOWMAN	2/23/23	GFOA Contracting for Cloud Software	Online	Training	-	85.00	-	-	-	-	-	85.00	
3/15/23	GFOA Subscription-Based Information Technology Managements	Online	Training	-	35.00	-	-	-	-	-	-	35.00	
Sub Total					-	120.00	-	-	-	-	-	120.00	2,628.34
DURIGON					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	50.00
KANG					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	1,560.00
REYES	4/7/23	CALAPRS Accountants Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	50.00	-	-	-	-	-	50.00	344.00
LAM	4/28/23	CALAPRS Overview Course	Online	Training	-	100.00	-	-	-	-	-	100.00	
Sub Total					-	100.00	-	-	-	-	-	100.00	-
FINANCE Total					-	270.00	-	-	-	-	-	270.00	4,976.99
RODRIGUEZ	5/9-5/12/23	SACRS Spring 2023 Conference	San Diego, CA	Training	-	120.00	-	-	-	-	-	120.00	
Sub Total					-	120.00	-	-	-	-	-	120.00	-
BRAYBOY	5/9-5/12/23	SACRS Spring 2023 Conference	San Diego, CA	Training	-	120.00	-	-	-	-	-	120.00	
Sub Total					-	120.00	-	-	-	-	-	120.00	-
DISABILITY Total					-	240.00	-	-	-	-	-	240.00	-
DURRAH					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	1,015.22
GUNSOLLEY					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	475.00
HOCKLESS					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	4,246.49
NGUYEN					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	100.00
WOZNIUK					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	1,054.22
HUMAN RESOURCES Total					-	-	-	-	-	-	-	0.00	6,890.93
ADVIENTO	3/13/23	HIA 2023 General Audit Management Conference	Online	Training	-	1,495.00	-	-	-	-	-	1,495.00	
4/28/23	CALAPRS Overview Course	Online	Training	-	100.00	-	-	-	-	-	-	100.00	
Sub Total					-	1,595.00	-	-	-	-	-	1,595.00	1,773.95
DAVEY	3/27/23	HIA Tools for New Auditors	Online	Training	-	1,399.00	-	-	-	-	-	1,399.00	
Sub Total					-	1,399.00	-	-	-	-	-	1,399.00	1,228.00
KIM	3/13/23	HIA 2023 General Audit Management Conference	Online	Training	-	2,094.00	-	-	-	-	-	2,094.00	
4/28/23	CALAPRS Overview Course	Online	Training	-	100.00	-	-	-	-	-	-	100.00	
Sub Total					-	2,194.00	-	-	-	-	-	2,194.00	3,504.10
HONG	4/28/23	CALAPRS Overview Course	Online	Training	-	100.00	-	-	-	-	-	100.00	
Sub Total					-	100.00	-	-	-	-	-	100.00	-
INTERNAL AUDIT Total					-	5,288.00	-	-	-	-	-	5,288.00	6,506.05

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Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2023 YTD Total	2022 Total*
EAKIN					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	830.51
GOSSARD	6/5-6/7/23	Gartner Security & Risk Management Summit	Harbor, MD	Training	-	3,650.00	-	525.00	991.20	-	-	5,166.20	
Sub Total					-	3,650.00	-	525.00	991.20	-	-	5,166.20	8,602.83
INFORMATION SECURITY Total					-	3,650.00	-	525.00	991.20	-	-	5,166.20	9,433.34
BARRIERE	4/3/23	ISACA LA Spring Conference 2023	Universal City, CA	Training	-	600.00	-	-	-	-	-	600.00	
	4/14/23	CALAPRS IT Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	650.00	-	-	-	-	-	650.00	934.11
LARA					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	904.59
SADOSKI	Various	Pluralsight	Online	Training	-	179.00	-	-	-	-	-	179.00	
Sub Total					-	179.00	-	-	-	-	-	179.00	-
ZAJZON	4/14/23	CALAPRS IT Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	50.00	-	-	-	-	-	50.00	3,988.60
NANDI	8/21-8/25/23	MS 365 Educon Conference	Seattle, WA	Training	-	1,799.90	-	-	-	-	-	1,799.90	
Sub Total					-	1,799.90	-	-	-	-	-	1,799.90	-
INFORMATION TECHNOLOGY Total					-	2,678.90	-	-	-	-	-	2,678.90	5,827.30
Total					656.06	21,746.90	885.07	8,196.02	16,127.33	3,205.69	10.00	50,827.07	142,579.61

* Prior year totals only presented for 2023 active staff & Board members. Totals include online training.
 ** Excludes non-training expenses such as misc. meals, mileage, strategic planning and tuition reimbursement.



Memorandum

DATE: April 17, 2023
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: INCENTIVE COMPENSATION PROGRAM (2022)

Written Report

Background/Discussion

In support of its stated strategic goal to “recruit, retain and empower a high-performing workforce,” the OCERS’ Board of Trustees on August 15, 2022 approved an Incentive Compensation Program (“the Program”) for the OCERS Investment Team. The Program became effective immediately with the first calculation period ending on December 31, 2022. Below is a summary of the results of the inaugural period.

The Program

There are three components of the Program:

- 1) excess return over the total portfolio benchmark (alpha) measured over the prior three years (2020 – 2022)
- 2) relative risk-adjusted returns (Sharpe Ratio);
- 3) annual team member performance appraisal ratings.

Results

- 1) For the three-year measuring period ended December 31, 2022, the OCERS’ portfolio earned 62 basis points of annualized excess return over the total portfolio benchmark, as calculated by State Street and reviewed by Meketa. Performance results were presented to the OCERS’ Investment Committee by Meketa at the February 2023 Investment Committee meeting. In dollar terms, OCERS’ Investment Team created approximately \$350 million of additional return over the past three years, based on average assets over the same period.
- 2) OCERS’ history of prudent risk management continued, with the Sharpe Ratio of the portfolio beating the total portfolio benchmark and ranking in the top quartile of its peer group, also reported by Meketa at the February Investment Committee meeting.
- 3) The median employee earned an “exceeds” rating on their 2022 annual performance appraisals.

On December 31, 2022, the Investment Team was comprised of ten OCERS’ direct employees covered under the Program. Seven of ten were eligible for payment based on the three-year measuring period results. The other three employees were not employed for the full year and, thus, did not become eligible under the requirements of the Program. One employee was eligible for a prorated payment and two employees received mid-year promotions which required a blended calculation.

Incentive compensation awards ranged between 70-80% of maximum allowed, with a median award of 70%. The total team award for the period ended December 31, 2022 was \$478,272, payable in two equal installments

of \$239,136. The first payments were paid at the end of March 2023, and the second payments will be paid in March 2024 to team members who are still employed by OCERS at the time of payment.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer