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

REGULAR MEETING (AMENDED)
Monday, July 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	
Join Using Zoom App (Video & Audio) **https://ocers.zoom.us/j/82852824000** **Meeting ID: 828 5282 4000** **Passcode: 371632** Go to https://www.zoom.us/download to download Zoom app before meeting Go to https://zoom.us to connect online using any browser.	**Join by Telephone (Audio Only)** Dial by your location +1 669 900 6833 US (San Jose) +1 346 248 7799 US (Houston) +1 253 215 8782 US +1 301 715 8592 US +1 312 626 6799 US (Chicago) +1 929 436 2866 US (New York) **Meeting ID: 828 5282 4000** **Passcode: 371632**
A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page	

AGENDA

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

1. CALL MEETING TO ORDER AND ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. BOARD MEMBER STATEMENT REGARDING PARTICIPATION VIA ZOOM (IF NECESSARY) (Government Code section 54953(f))

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.

- NONE

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes June 19, 2023

Recommendation: Approve minutes.

****

DISABILITY/MEMBER BENEFITS AGENDA
9:30 AM

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

OPEN SESSION

CONSENT ITEMS

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

A. Disability Committee Recommendations:

DC-1: RICHARD CHAPPELL- CONTINUED TO FUTURE MONTH
Construction Inspection Supervisor, Orange County Sanitation District (General Member)

Recommendation: The Disability Committee recommends that the Board:

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

DC-2: BRIAN KURKA
Sheriff's Special Officer II, Orange County Sheriff's Department (General Member)

Recommendation: The Disability Committee recommends that the Board:

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

B. CEO Recommendations:

DC-3: JOLEANE ALEXANDER
Coach Operator, Orange County Transportation Authority (General Member)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as July 18, 2021.

DC-4: KRISTOPHER KILTZ
Sergeant, Orange County Sheriff's Department (Safety Member)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as February 9, 2023.

DC-5: MARK OSTERHUES
Fire Apparatus Engineer, Orange County Fire Authority (Safety Member)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as February 10, 2023.

DC-6: MICHELLE RODRIGUEZ
Sergeant, Orange County Sheriff's Department (Safety Member)

Recommendation: Steve Delaney, CEO, recommends that the Board:

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

DC-7: JULIAN VALENCIA
Deputy Sheriff II, Orange County Sheriff's Department (Safety Member)

Recommendation: Steve Delaney, CEO, recommends that the Board:

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

CLOSED SESSION

Government Code section 54957

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

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

OPEN SESSION

REPORT OF ACTIONS TAKEN IN CLOSED SESSION

ACTION ITEMS

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

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

A-2 CONSIDERATION OF EARLY PAYMENT OF EMPLOYER CONTRIBUTIONS FOR FISCAL YEAR- 2024-2025
Presentation by Brenda Shott, Asst. Chief Executive Officer, Internal Operations and Molly Murphy, Chief Investment Officer, CFA, OCERS

Recommendation: Approve the terms of a prepayment discount program for the advance payment of employer contributions, including a 7% discount rate to be used for contribution year July 2024 through June 2025.

A-3 REVISIONS TO THE CEO PERFORMANCE EVALUATION POLICY – APPOINTMENT OF A DESIGNATED REPRESENTATIVE UNDER GOVERNMENT CODE § 54957.6(a) –PERSONNEL COMMITTEE RECOMMENDATION
Presentation by Steve Delaney, Chief Executive Officer and Cynthia Hockless, Director of Human Resources

Recommendation: The Personnel Committee recommends the Board adopt revisions to the CEO Performance Evaluation Policy to allow for the appointment of a designated representative under Government Code § 54957.6(a) to assist the Board in negotiating the CEO's salary, salary schedule and/or compensation in the form of fringe benefits.

INFORMATION ITEMS

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

I-1 ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE INVESTMENT RETURN SCENARIOS
Presentation by Andy Yeung and Paul Angelo, Segal

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

I-3 ACTUARIAL RISK ASSESSMENT BASED ON THE DECEMBER 31, 2022 ACTUARIAL VALUATION
Presentation by Andy Yeung and Paul Angelo, Segal

WRITTEN REPORTS

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

R-1 MEMBER MATERIALS DISTRIBUTED
Written Report

Application Notices	July 17, 2023
Death Notices	July 17, 2023

R-2 COMMITTEE MEETING MINUTES
- May 2023- Personnel 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 **SEPTEMBER 2023 OCERS STRATEGIC PLANNING WORKSHOP**
Written Report

R-9 **INDIANA PUBLIC RETIREMENT SYSTEM VISIT REPORT**
Written Report

R-10 **CONTRACT STATUS FOR NAMED SERVICE PROVIDERS**
Written Report

CIO COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

BOARD MEMBER COMMENTS

****

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

NOTICE OF NEXT MEETINGS

PERSONNEL COMMITTEE MEETING
July 19, 2023
9:30 A.M.

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

DISABILITY COMMITTEE MEETING
August 21, 2023
8:30 A.M.

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

REGULAR BOARD MEETING
August 21, 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 your needs and to determine if accommodation is feasible. We would appreciate at least 48 hours' notice, if possible. Please also advise us if you plan to attend meetings on a regular basis.

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

REGULAR MEETING
Monday, June 19, 2023
9:30 A.M.

MINUTES

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

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present in Person:	Adele Tagaloa, Vice Chair; Charles Packard, Chris Prevatt, Arthur Hidalgo, Richard Oates, Roger Hilton, Chris Prevatt; Jeremy Vallone, Wayne Lindholm, Shari Freidenrich
Present via Zoom (under Government Code Section 54953(f)):	None
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; Will Tsao, Director of Enterprise Project Management Office; Mary-Joy Coburn, Director of Communications; Anthony, Audio-Visual Technician; Carolyn Nih, Recording Secretary
Guests:	Harvey Leiderman, ReedSmith, Andy Yeung and Molly Calcagno, Segal
Absent:	Shawn Dewane, Chair

Mr. Vallone arrived at 9:31.

Ms. Jenike introduced the Board to our new team member, Mary-Joy Coburn, Director of Communications.

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.

- Espinoza, Armando
- Andrews, Teresa
- Africano, Timothy
- Frazee, Bruce

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes May 17, 2023

Recommendation: Approve minutes.

C-3 OUTCOMES FROM THE PERSONNEL COMMITTEE MEETING ON MAY 24, 2023

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

1. The Personnel Committee Charter with revisions approved by the Committee

C-4 OUTCOMES FROM THE GOVERNANCE COMMITTEE MEETING ON MAY 31, 2023

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

1. The Planning Policy with revisions approved by the Committee
2. The Quiet Period Policy with no substantive revisions
3. The Budget Approval Policy with no substantive revisions
4. The Communications Policy with revisions approved by the Committee
5. The OCERS Conflict of Interest Code with revisions approved by the Committee
6. The new OCERS Administrative Procedure Re: Reciprocity

MOTION by Mr. Packard, **SECONDED** by Mr. Hilton, to approve the Consent Agenda items, C-1, C-2, C-3, and C-4.

The motion passed **unanimously**.

****

DISABILITY/MEMBER BENEFITS AGENDA

CONSENT ITEMS

A. Disability Committee Recommendations:

DC-1: **KHALILUR AZMI**
Accounting Assistant II, Orange County Social Services Agency (General Member)

Recommendation: The Disability Committee recommends that the Board:

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

DC-2: **ALDENISE BELCER**
Office Specialist, Orange County Child Support Services (General Member)

Recommendation: The Disability Committee recommends that the Board:

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

DC-3: **JOHN BRYSON**
Firefighter, Orange County Fire Authority (Safety Member)

Recommendation: The Disability Committee recommends that the Board:

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

DC-4: **KENNETH BUCHANNAN**
Fire Apparatus Engineer, Orange County Fire Authority (Safety Member)

Recommendation: The Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as March 24, 2023.

DC-5: **JOHN CHANDLER**
Fire Apparatus Engineer, Orange County Fire Authority (Safety Member)

Recommendation: The Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as March 10, 2023.

DC-6: **ALBERT HALL**
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 day after last day of regular compensation.

DC-7: SHELLY HOWARD
Staff Specialist, Orange County Child Support Services (General Member)

Recommendation: The Disability Committee recommends that the Board:

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

DC-8: RANDY MORPHEW
Deputy Sheriff II, Orange County Sheriff's Department (Safety Member)

Recommendation: The Disability Committee recommends that the Board:

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

DC-9: LISA PEDROZA
Coach Operator, Orange County Transportation Authority (General Member)

Recommendation: The Disability Committee recommends that the Board:

- Deny service connected disability retirement based on insufficient evidence of job causation.

DC-10: JOHN SAHM (DECEASED)
Firefighter, Orange County Fire Authority (Safety Member)

Recommendation: The Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as September 21, 2022.

DC-11: JOSEPH SANDOVAL
Captain, Orange County Sheriff's Department (Safety Member)

Recommendation: The Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as February 24, 2023.

DC-12: VINCENT TRUONG
Deputy Sheriff II, Orange County Sheriff's Department (Safety Member)

Recommendation: The Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as September 10, 2021.

B. CEO Recommendations:

DC-13: JERRY BRENEMAN
Fire Captain, Orange County Fire Authority (Safety Member)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as September 23, 2022.

DC-14: EDWARD DEMARCO
Deputy Sheriff I, Orange County Sheriff's Department (Safety Member)

Recommendation: Steve Delaney, CEO, recommends that the Board:

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

DC-15: MICHAEL MOFFITT
Fire Apparatus Engineer, Orange County Fire Authority (Safety Member)

Recommendation: Steve Delaney, CEO, recommends that the Board:

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

DC-16: MARGIE SHEEHAN
Commander, Orange County Sheriff's Department (Safety Member)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as March 24, 2023.

DC-17: JONATHAN TOMER
Deputy Sheriff II, Orange County Sheriff's Department (Safety Member)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as August 12, 2022.

MOTION by Mr. Prevatt, **SECONDED** by Mr. Packard, to approve all items, DC-1 to DC-17, on the Disability Consent Agenda.

The motion passed **unanimously**.

ACTION ITEMS

A-2 DECEMBER 31, 2022 ACTUARIAL VALUATION- FINAL APPROVAL
Presentation by Segal

Recommendation: Approve the Actuarial Valuation and Review as of December 31, 2022 and adopt contribution rates for Fiscal Year 2024 – 2025 as recommended by Segal Consulting.

MOTION by Mr. Lindholm, **SECONDED** by Mr. Packard, to approve the Actuarial Valuation and Review as of December 31, 2022.

The motion passed **unanimously**.

INFORMATION ITEMS

I-1 ALTERNATIVE ECONOMIC ASSUMPTIONS FOR USE IN 2023 SENSITIVITY ANALYSES
Presentation by Andy Yeung and Molly Calcagno, Segal Consulting

The Board recessed for break at 11:00 a.m.

The Board reconvened from break at 11:13 a.m.

Recording Secretary administered the Roll Call attendance.

ACTION ITEMS

A-3 2022 AUDITED FINANCIAL STATEMENTS AND ANNUAL COMPREHENSIVE FINANCIAL REPORTS
Presentation by Brenda Shott, Assistant Chief Executive Officer, Internal Operations, and Tracy Bowman, Director of Finance, OCERS

Recommendation: Approve the following recommendations presented to the Audit Committee during a meeting held on June 1, 2023:

1. Approve OCERS' audited financial statements for the year ended December 31, 2022
2. Direct staff to finalize OCERS' 2022 Annual Comprehensive Financial Report (Annual Report)
3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2022
4. Receive and file Moss Adams LLP's "OCERS' Report to the Audit Committee for the Year Ended December 31, 2022" and their "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards"

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

The motion passed **unanimously**.

A-4 GASB 68 VALUATION AND AUDIT REPORT

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

Recommendation: Approve the following recommendations from the Audit Committee during a meeting held on June 1, 2023:

1. Approve OCERS' audited Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2022.
2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2022 for distribution to employers.

MOTION by Mr. Hidalgo, **SECONDED** by Mr. Lindholm, to approve staff recommendations.

The motion passed **unanimously**.

Ms. Tagaloa departs the meeting at 11:37am and appoints Mr. Packard to become Acting Board Chair.

A-5 CEO PERFORMANCE REVIEW TIME PERIOD ADJUSTMENTS – PERSONNEL COMMITTEE RECOMMENDATIONS

Presentation by Steve Delaney, Chief Executive Officer and Cynthia Hockless, Director of Human Resources

Recommendation: The Personnel Committee recommends that the Board:

1. Change the period for the Chief Executive Officer's (CEO) performance review from an annual January through December time period, to one that coincides with the OCERS Board's annual September review of the Strategic Plan, by moving the performance review period to September through August;
2. Make the change effective with a truncated 2023 performance review period of January 2023 through August 2023;
3. Do NOT change the related salary consideration, with that process remaining as part of the normal October/November budget consideration and approval; and
4. Approve the revisions to the CEO Performance Evaluation Policy as approved by the Personnel Committee at its meeting on May 24, 2023.

With some concerns raised by some trustees regarding the CEO performance review period being tied to the multi-year Strategic Plan rather than the annual Business Plan, Acting Board Chair, Mr. Packard, directs staff to return item A-5 to Personnel Committee for further consideration.

Adjourn to closed session at 12:06 p.m.

CLOSED SESSION ITEMS

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

Iowa Public Employees' Retirement System, et al. v Bank of America Corporation, et al; US Dist. Court, So. Dist. NY (Case No. 17 Civ. 6221)
Adjourn pursuant to Government Code Section 54956.9(d)(1).

Recommendation: Take appropriate action.

OPEN SESSION

Return to open session at 12:42 p.m.

REPORT OF ACTIONS TAKEN IN CLOSED SESSION- No reportable actions were taken regarding E-1.

WRITTEN REPORTS

R-1 MEMBER MATERIALS DISTRIBUTED
Written Report

Application Notices	June 19, 2023
Death Notices	June 19, 2023

R-2 COMMITTEE MEETING MINUTES
- October 2022- Personnel Committee Minutes
- March 2023- Governance Committee Minutes
- April 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 OCERS 2023 BUSINESS PLAN - MID-YEAR REVIEW
Written Report

R-8 SECOND QUARTER REVIEW OF OCERS 2023-2025 STRATEGIC PLAN
Written Report

R-9 STRATEGIC PLANNING WORKSHOP – PROPOSED AGENDA
Written Report

R-10 GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA) CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING
Written Report

R-11 UPDATE OF STAFF WORK ON THE ALAMEDA IMPLEMENTATION
Written Report

CIO COMMENTS- CIO Murphy shared about the past five weeks of the market being up may indicate a robust second quarter. Employment rates in the US are stronger than most of the world. She is cautiously optimistic, but much is to be determined as her eyes are on the upcoming China/US talks. The OCERS portfolio is up 6.8% year to date.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS- CEO updated the Board that OCERS has reached a new landmark amount in monthly payouts. Assistance CEO Shott updated the Board that the Building Committee just closed an RFP and will report back with potential partners once the evaluation committee makes their selections.

COUNSEL COMMENTS- None

BOARD MEMBER COMMENTS

Meeting **ADJOURNED** at 1:02 pm in memory of active members, retired members, and surviving spouses who passed away this passed month.

Submitted by: Approved by:

__________________________ _____________________________

Steve Delaney Shawn Dewane
Secretary to the Board Chairman

Memorandum

DATE: July 10, 2023

TO: Members of the Board of Retirement

FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations and Molly Murphy, CIO

SUBJECT: **CONSIDERSATION OF EARLY PAYMENT OF EMPLOYER CONTRIBUTIONS FOR FISCAL YEAR 2024-2025**

Recommendation

Approve the terms of a prepayment discount program for the advance payment of employer contributions, including a 7.0% discount rate to be used for contribution year July 2024 through June 2025.

Background

Government Code Section 31582 (b) and (c) (the Code) relates to the advance payment of employer retirement contributions and states:

> (b) "*The board of supervisors may authorize the county auditor to make an advance payment of all or part of the county's estimated annual contribution to the retirement fund, provided that the payment is made not later than 30 days after the commencement of the county's fiscal year. This subdivision does not prevent the board of supervisors from authorizing the county auditor to make an advance payment for the estimated annual county contributions for an additional year or partial year if the advance payment is made no later than 30 days after the commencement of the county fiscal year for which the advance payment is made. If the advance is only a partial payment of the county's estimated annual contribution, remaining transfers to the retirement fund shall be made at the end of each month or at the end of each pay period until the total amount required for the year is contributed. Transfers shall be adjusted at the end of the fiscal year to reflect the actual contribution required for that year.*
>
> *(c) A district subject to Section 31585 may also authorize an advance payment of all or part of the district's estimated annual contribution to the retirement fund, provided that the payment is made no later than 30 days after the commencement of the district's fiscal year. This subdivision does not prevent the governing body of a district from authorizing the district to make an advance payment for the estimated annual district contributions for an additional year or partial year if the advance payment is made no later than 30 days after the commencement of the district fiscal year for which the advance payment is made. If the advance is only a partial payment of the district's estimated annual contribution, payments to the retirement fund shall be made at the end of each month or at the end of each pay period until the total amount required for the year is contributed. This amount shall be adjusted at the end of the fiscal year to reflect the actual contribution required for that year."*

In connection with the Code, OCERS has annually offered plan sponsors the opportunity to receive a discount on their employer contributions if they paid their contributions early with a lump sum payment. The program dates back to 2005 and is brought back to the Board annually for consideration on the program terms to offer for the next year. Timely consideration of the program is appropriate now, to give participating employers adequate time to plan funding for a lump sum payment in January 2024, for the contribution year July 2024 – June 2025.

An early payment program is primarily a tool for participating employers' budget management, rather than a long-term funding technique for the system. Participating employer interest in such a program has historically been high with eleven of the thirteen active employers participating (Superior Court and OCERS are the two who don't typically participate). However, for Fiscal Year 2023-2024 ten employers participated, with the County of Orange deciding not to participate. The County's prepayment of contributions is funded through the issuance of short-term bonds. Their decision to not participate was influenced by short-term borrowing rates being historically high which in turn significantly reduced the savings from the discount offered. Ultimately, the diminished savings was not enough to warrant the bond sale. OCERS received $74 million in prepaid contributions in January 2023 with employers receiving $4.3 million. This is compared to receiving approximately $639M in prepaid contributions and achieving over $36M in discounts for Fiscal Year 2022-2023.

Prepaid contributions allow OCERS to deploy cash on a more concentrated basis and provides liquidity for monthly pension payments; however, they also increase OCERS' short-term cash overlay portfolio risk and challenge the efficiency of dollar cost averaging during periods of volatile markets. The Board approved revised program provisions starting in FY15-16, which reduced short-term investment related risks. The discount rate offered each year is shown below:

Contribution Year	Discount Rate
2014-2015	7.25%
2015-2016	5.8%
2016-2017	5.8%
2017-2018	4.5%
2018-2019	4.5%
2019-2020	4.5%
2020-2021	4.5%
2021-2022	5.8%
2022-2023	5.8%
2023-2024	5.8%

Discussion

Participation in the Contribution Prepayment Program

The Contribution Prepayment Program allows employers to pay their upcoming year's contribution in a lump sum prior to the beginning of the employers' fiscal year. Employers who prepay their contributions in January pay their full year of contributions six months prior to when their first bi-weekly payment would otherwise be due. When an employer who had previously participated in the prepayment program decides to opt out of the program for a year, such as the County did last year, the result is that they will not make any employer contributions from February 2022 through June 2023. This is because they paid their full year of contributions for FY22-23 in January 2022 and the FY23-24 contributions would not be due until after the first pay period in July 2023. OCERS has also allowed the prepayment to be made in July at half the discount rate. This option has not been utilized by employers in the past.

Prepayment Discount Rate

Employer contributions rates are calculated by the System's actuary in the annual actuarial valuation assuming that contributions are collected in bi-weekly installments between July and June of the employer fiscal year for which the rates are effective. Since that means the annual contributions are received, on average, at the middle of that fiscal year, the actuary determines the contribution rates assuming that the current year's contributions will earn only one-half of the investment return assumption (currently 7% per year) during the fiscal year they are received. If instead, for example, an employer pays all estimated employer contributions in July, at the beginning of the fiscal year when installments were assumed to have begun, it would be appropriate to provide a half-year of interest credit because the contributions will be in the fund generating investment income for (on average) an additional one-half year. For purposes of this program, we have termed this interest credit as a "prepayment discount".

The annual rate used for applying a prepayment discount had historically been the annual assumed rate of return used in the applicable actuarial valuation for the system (as this is the rate that the actuary used when calculating the contribution rate). The actual discount amount is calculated as a function of both the prepayment discount rate and the timing of when OCERS receives payment of the contributions (discounted cash flows). For example, payments received in July would be discounted using one-half the approved discount rate in the discounted cash flow calculation because OCERS would have assumed to earn on average one-half year of additional investment income at the assumed earnings rate on contributions received during the period. Prepayments of contributions made in January (which has been the practice at OCERS), would be received a full six months prior to the beginning of the contribution year. Therefore, prepayments made in January would be discounted using the full annual prepayment discount rate because the prepaid contributions would be on deposit for an additional six months prior to the beginning of the fiscal year and so, on average, would be received a full year earlier than if paid in installments during the contribution year.

From an actuarial perspective, the prepayment program and the prepayment discount, using the assumed rate of return as the discount rate for prepayment of contributions results in equivalent mathematical funding into the system. However, from an investment perspective, the prepaid contributions are invested in a derivatives overlay program that will synthetically replicate the OCERS' asset allocation strategy, thus ensuring that all funds are immediately participating in global markets. As benefit payments are paid and investment opportunities are funded, the dollars invested in the overlay program will be drawn down throughout the year. While the prepayment program should not introduce any additional risks to achieving long-term investment assumption of 7%, the prepayment program does present a market timing risk with prepaid contributions coming in one lump sum rather than in installments throughout the year that can then be invested into the market using a dollar cost averaging methodology. This risk should be tolerable in the long-term but should be recognized in the short-term.

To mitigate the short-term market timing investment risk of the prepayment program, OCERS Board has reduced the prepayment discount rate offered to the plan sponsors as described above. Staff's recommendations for the discount rate are made by considering the probability of achieving the selected discount rate over a twenty-year period. Given that changes in the market from last year have increased our assumptions for inflation, our long-term predictive modeling suggests an increase in discount rate can be tolerated. Therefore, staff is recommending increasing the discount rate to 7.0% for the FY2024-2025 Early Payment of Contributions Program.

Conclusion:

Staff recommends that the Board approve the Early Payment of Contributions Program for employer contributions paid by the employer for contribution year July 2023 through June 2024 with the following terms:

a) Use a discount rate of 7.0% when calculating the present value of discounted cash flows if payment is received by January 11, 2024 or 3.5% if payment is received after January 11, 2024 but before July 11, 2024
b) Contributions not paid early must be paid pro rata over the year with no discount being credited
c) OCERS' staff will compare the payroll estimates used to calculate the prepayment amount for each participating plan sponsor to actual payroll each pay period. Should actual payroll be 5% greater than estimated payroll for four consecutive pay periods, the plan sponsor will be required to pay additional contributions each pay period for the additional salary above the projected salary used to calculate the prepayment (no discount would be applied to the additional amount)
d) Plan sponsors that have more than one plan or rate group are required to provide the estimated pensionable salary separately for each plan or group
e) Only employer contributions paid by the employer are eligible for the prepaid discount program (employee pick-ups and reverse pick-ups are ineligible)
f) The application of the prepayment of contributions will be applied to pay periods 2024-15 through 2025-14
g) OCERS will reconcile the prepaid contributions to the actual contributions at the end of the contribution year. Any overpayments will be made available to either apply to the following year's prepayment of employer contributions or to the current year's bi-weekly employer contributions (Note: overpayments cannot be applied to employee contributions). Any under payments will be collected from the employer.

Submitted by:

OCERS B.S. - Approved	OCERS MAM – Approved
Brenda Shott	Molly A. Murphy, CFA
Assistant CEO, Finance and Internal Operations	Chief Investment Officer

Memorandum

DATE: July 17, 2023

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **REVISIONS TO THE CEO PERFORMANCE EVALUATION POLICY – APPOINTMENT OF A DESIGNATED REPRESENTATIVE UNDER GOVERNMENT CODE § 54957.6(a) -- PERSONNEL COMMITTEE RECOMMENDATION**

Recommendation

The Personnel Committee recommends the Board adopt revisions to the CEO Performance Evaluation Policy to allow for the appointment of a designated representative under Government Code § 54957.6(a) to assist the Board in negotiating the CEO's salary, salary schedule and/or compensation in the form of fringe benefits.

Background/Discussion

The Personnel Committee met on May 24, 2023 to consider a suggestion by Board Chair Dewane to modify the CEO Performance Evaluation Policy ("Policy") to allow the Board to appoint a designated representative, as permitted by Government Code section 54957.6(a), to engage with the CEO during the annual review of the CEO's compensation and benefits rather than doing so as a full Board from the dais as has been the practice for the past 15 years. The Committee indicated its willingness to consider the possibility and directed staff to return with proposed revisions to the Policy for this purpose.

On June 19, 2023, the Personnel Committee met, and considered and approved the addition of the following Section 13 to the Policy:

13. In establishing the Chief Executive Officer's salary, the Board will appoint a designated representative under Government Code section 54957.6(a) to assist the Board in negotiating for these purposes. As directed by the Board, the designated representative will negotiate with the Chief Executive Officer the salary, salary schedule and/or compensation paid in the form of fringe benefits that will be paid to the Chief Executive Officer subject to final action by the Board.

The Committee now recommends the Board adopt the aforementioned revision to the Policy. A copy of the Policy with the Committee's recommended revisions noted in marked text is attached.

If the Board approves these revisions to the Policy, the Board will be able to appoint a designated representative for the review of the CEO's compensation that will occur in October/November of this year.

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Board Policy

Chief Executive Officer Performance Evaluation Policy

Background and Objectives

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

Roles

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

Policy Guidelines

Process and Timelines

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

   Other criteria that the Board may determine to be appropriate.

   The Board will attempt to ensure that the criteria:

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

a. Are objective and measurable; and

b. Pertain only to outcomes over which the Chief Executive Officer has a reasonable degree of control.

7. The Chair shall distribute the CEO Evaluation Package to each member of the Board in October of each year. The Evaluation Package will include copies of the Evaluation Form to be completed by each Board member, Business Plan, and the CEO's self-evaluation. The Chief Executive Officer's self-evaluation report is designed to assist the Board in the evaluation process. It should describe the extent to which the CEO believes the evaluation criteria were met over the past year, as well as all relevant supporting data. Supporting data may be confirmed by internal audit material where appropriate. The report may also describe any additional accomplishments during the year.

8. The Board shall treat this material as confidential. Completed individual Evaluation Forms will be returned to the Chair or the designated third party with a copy to the Vice Chair within the time frame specified. The Chair will ensure that all data is tabulated and summarized in a Master CEO Evaluation Form and treated as confidential until released to the Board.

9. Evaluation of the Chief Executive Officer will be completed by November each year. The evaluation process itself will be conducted in executive session. The Chair will distribute a copy of the Master CEO Evaluation Form and invite discussion by the Board. At the conclusion of discussion, the Chief Executive Officer will join the Board for review and discussion of his/her performance along with any suggestions for improvement. The Board may have preliminary discussions in October, but will complete the process by November.

10. Upon completion of the Master CEO Evaluation Form, the Chair and the Chief Executive Officer will sign the Master CEO Evaluation Form and cause it to be placed in the Chief Executive Officer's personnel file.

Documentation

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

Compensation

12. The Board of Retirement will consider the Chief Executive Officer's compensation ~~at the time the performance evaluation is conducted~~during the months of October and November to coincide with the Board's consideration and approval of OCERS' budget.

13. In establishing the Chief Executive Officer's salary, the Board will appoint a designated representative under Government Code section 54957.6(a) to assist the Board in negotiating for these purposes. As directed by the Board, the designated representative will negotiate with the Chief Executive Officer the salary, salary schedule and/or compensation paid in the form of fringe benefits that will be paid to the Chief Executive Officer subject to final action by the Board.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Board Policy

Chief Executive Officer Performance Evaluation Policy

Policy Review

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

Policy History

15. This policy will be implemented in February 19, 2002. This policy was revised May 16, 2005, May 19, 2008, March 22, 2010, January 21, 2014 , November 14, 2016~~, and~~ August 19, 2019 and MONTH DATE, 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 ~~08/19/19~~

Steve Delaney
Secretary of the Board

Date

Memorandum

DATE: July 17, 2023

TO: Members, Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE INVESTMENT RETURN SCENARIOS**

Presentation

Background/Discussion

Segal Consulting annually prepares an Illustration of Retirement Costs, Unfunded Actuarial Accrued Liability and Funded Ratio under Alternative Investment Return Scenarios. The illustrations cover a 20 year period to reflect the current 20 year amortization period. The information contained in the letter are not a guarantee of what rates will actually be in the future as rates are impacted by experience and changes in assumptions and funding policy. Segal will present this information to the Board at the July 17, 2023 meeting and staff will distribute the letter to plan sponsors.

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

Segal

Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary
T 415.263.8283
ayeung@segalco.com

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

Via Email

July 12, 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)
Illustrations of Retirement Costs, Unfunded Actuarial Accrued Liability (UAAL) and Funded Ratio under Alternative Investment Return Scenarios Based on the December 31, 2022 Valuation

Dear Steve:

As requested, we have developed 20-year illustrations of the employer contribution rates for OCERS under three sets of market investment return "scenarios" after December 31, 2022. In this letter, we have also provided the UAAL in dollars and the funded ratio associated with those projected market investment return scenarios. These results have been prepared using the results from the December 31, 2022 valuation[1] approved by the Board at its meeting on June 19, 2023.

The three market rate of return scenarios used in this letter are as follows:

- Scenario #1: 0.0% for 2023 and 7.0% thereafter.
- Scenario #2: 7.0% for all years.
- Scenario #3: 14.0% for 2023 and 7.0% thereafter.

Even though the financial impact is shown under only three hypothetical market investment return scenarios for 2023, the financial impact under other possible short-term market investment return scenarios may be approximated by interpolating or extrapolating using the results from the three scenarios shown.[2]

[1] Any additional UAAL contributions made by the employer subsequent to the valuation date as of December 31, 2022 are not reflected in the projection.

[2] For example, a hypothetical market investment return of 3.50% (i.e., one-half of 7.00%) for 2023 is expected to result in a change in employer's contribution rate of about one-half of the difference between those shown for Scenarios #1 and #2, starting with the December 31, 2023 valuation.

5768885v4/05794.001

The various projections included are as follows:

- The projected contribution rates for the aggregate plan are provided in Attachment A.
- The projected contribution rates for the eleven Rate Groups are provided in Attachment B.
- The projected UAAL and funded ratio for the aggregate plan are provided in Attachment C.
- The projected UAAL and funded ratio for the eleven Rate Groups are provided in Attachments D through N.
- The projected contribution rates for the different plans within the eleven Rate Groups are provided in Attachment O.

The projections also reflect the potential employer savings as current members leave employment and are replaced by new members covered under the tiers required by the California Public Employees' Pension Reform Act of 2013 (CalPEPRA) starting on January 1, 2013 (or January 1, 2015 for Rate Group #5). Please note that some of the changes made by CalPEPRA, such as the sharing of the total Normal Cost on a 50:50 basis, may result in employer savings for current members under the legacy plans. As those changes have not been implemented by the employers and the bargaining parties at OCERS, we have not reflected them in this illustration.

Methods and Assumptions

The methods and actuarial assumptions we used to prepare the employer contribution rates, the UAAL and the funded ratio are as summarized below:

- The illustrations are based on the actuarial assumptions and census data used in our December 31, 2022 valuation report for the System. With the exception of the market rates of return specified above, it is assumed that all actuarial assumptions would be met in the future and that there would be no change in the future for any of the actuarial assumptions adopted by the Board for the December 31, 2022 valuation.
- The detailed amortization schedule for OCERS' UAAL as of December 31, 2022 is provided in the valuation report. Any subsequent changes in the UAAL due to actuarial gains or losses (e.g., from investment returns on valuation value of assets greater or less than the assumed 7.00%) are amortized over separate 20-year periods. Some rate groups would be expected to reach 120% funded within the projection period. However, as the System as a whole is not expected to reach 120% and the requirement that other statutory conditions must be met before the surplus can be amortized, we have not illustrated the potential reduction in the employer's normal cost contribution as a result of amortizing any surplus.
- CalPEPRA prescribes new benefit formulas for members with a membership date on or after January 1, 2013 (or January 1, 2015 for Rate Group #5). In the December 31, 2022 valuation, about 49% of OCERS' total active membership group is made up of members enrolled in the

PEPRA plans. Using a simplified method that does not take into account any difference in demographic profile of the active members covered under the PEPRA and the legacy plans, we have estimated a reduction in all the sponsoring employers' annual normal cost of about 2.7% of payroll or $57 million.

- For Rate Groups #1, #3, #5, #9, #10, #11 and #12, we have estimated the Normal Cost savings[3] associated with the enrollment of those members under the new 2.5% at 67 formula.
- For new members within Rate Group #2, only the County's attorneys, O.C. Superior Court,[4] San Juan Capistrano members[5] and OCERS Management members will receive the 2.5% at 67 formula while all other new members in Rate Group #2 will receive the "new" 1.62% at 65 formulas.[6] We assumed that the proportion of the payrolls for members who will receive the 2.5% at 67 formula, the Plan T "new" 1.62% at 65 formula and the Plan W "new" 1.62% at 65 formula in the future would remain unchanged from that observed at the December 31, 2022 valuation. As of December 31, 2022, payroll for active members in Rate Group #2 under these three formulas represented about 18.31%, 81.64%, and 0.05% of the combined payroll for members under the 2.5% at 67 formula, the Plan T "new" 1.62% at 65 formula and the Plan W "new" 1.62% at 65 formula, respectively. We have estimated the Normal Cost savings[7] associated with the enrollment of new members under the three new formulas.[8]
- For Rate Group #6, #7 and #8 members with a membership date on and after January 1, 2013, we have estimated the Normal Cost savings[6] associated with the enrollment of those members under the new 2.7% at 57 formula.
- We understand that, with the exception of new members who would be covered under the Plan T "new" 1.62% at 65 formula, in the determination of pension benefits under the CalPEPRA formulas the maximum compensation that can be taken into account for new members hired on and after January 1, 2023 is equal to $175,250 in 2023. To the extent this provision will limit covered compensation of the new members, our assumption that the total payroll will increase by 3.00% each year over the projection period (for use in determining the contribution rate for the UAAL) may be overstated somewhat. If so, then there would be an increase in the UAAL contribution rate as the amount required to amortize the UAAL will have to be spread over a somewhat smaller total payroll base.
- In estimating the benefit payments for the open group, we have assumed that the annual payments will increase by 6.50% per annum. This assumption has been developed by

[3] We have estimated the potential employer Normal Cost savings assuming that the payroll for new members who would be covered after the December 31, 2022 valuation under the CalPEPRA tiers could be modeled by: (1) projecting the total December 31, 2022 payroll within each Rate Group using the 3.00% assumption used in the valuation to predict annual wage growth for amortizing the UAAL and (2) subtracting the projected closed group payroll from the current members in the December 31, 2022 valuation using the assumptions applied in the valuation to anticipate salary increases as well as termination, retirement (both service and disability) and other exits from active employment.

[4] Only prospectively for service on or after July 1, 2023.

[5] For San Juan Capistrano members with membership dates on or after January 1, 2016, they will be allowed to elect Plan W (1.62% at 65) in lieu of Plan U (2.5% at 67 formula). As of December 31, 2022, there were two members enrolled in Plan W.

[6] The "new" 1.62% at 65 formula is the CalPEPRA Plan T for non-City of San Juan Capistrano members and the CalPEPRA Plan W for City of San Juan Capistrano members.

[7] Please refer to footnote (3) on how we have estimated the potential employer Normal Cost savings.

[8] The payroll for new members is split between the 2.5% at 67 formula, the Plan T 1.62% at 65 formula and the Plan W 1.62% at 65 formula based on the proportion of payrolls under those formulas as of December 31, 2022.

analyzing the increase in the actual benefit payments over the last 5 to 10 years, combined with the projected benefit payments based on the actuarial assumptions described herein for the next 5 to 10 years.

- On July 30, 2020, the California Supreme Court issued a decision in the case of Alameda County Deputy Sheriffs' Association et al. v. Alameda County Employees' Retirement Association (ACERA) and Board of Retirement of ACERA. Based on actions taken by the Board, our understanding is that the membership data provided in this valuation reflects reduced salary for affected active members and recalculated benefits due to the reduction in salary for a small number of payees. There were also refunds of contributions made to the members. The effect of the Alameda Decision will be reflected as gains and losses as revisions are made to the membership data and financial information provided for this and subsequent valuations. Such impacts, if any, are not reflected in this projection letter.
- It is important to note that this actuarial valuation is based on plan assets as of December 31, 2022. The plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the plan year. Moreover, this actuarial valuation does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after December 31, 2022 due to COVID-19. Segal is available to prepare projections of potential outcomes of market conditions and other demographic experience upon request.

Other Considerations

Projections, by their nature, are not a guarantee of future results. The modeling projections are intended to serve as illustrations of future financial outcomes that are based on the information available to us at the time the modeling is undertaken and completed, and the agreed-upon assumptions and methodologies described herein. Emerging results may differ significantly if the actual experience proves to be different from these assumptions or if alternative methodologies are used. Actual experience may differ due to such variables as demographic experience, the economy, stock market performance and the regulatory environment.

Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

This study was prepared under my supervision and I am a member of the American Academy of Actuaries and meet the qualification requirements to provide the opinion contained herein.

Please let us know if you have any questions.

Sincerely,

Andy Yeung

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

JY/bbf
Enclosures

cc: Tracy Bowman
Brenda Shott

Attachment A

Projected Employer Rates
Aggregate Plan

Valuation Date (12/31)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	38.7%	39.5%	41.3%	43.6%	47.1%	47.8%	47.6%	47.4%	47.2%	47.1%	46.7%	21.0%	21.9%	22.1%	21.6%	18.6%	17.0%	15.7%	16.9%	19.3%
#2: 7.0% for all years	38.7%	38.6%	39.2%	40.3%	42.6%	42.4%	42.2%	42.1%	41.8%	41.7%	41.3%	16.1%	17.0%	17.0%	15.7%	13.5%	11.2%	11.1%	10.9%	10.8%
#3: 14.0% (2023), 7.0% thereafter	38.7%	37.6%	37.1%	37.1%	38.4%	37.3%	37.1%	35.9%	35.4%	35.2%	34.8%	12.2%	11.8%	11.6%	11.4%	11.3%	11.1%	11.0%	10.9%	10.8%

Attachment B

Projected Employer Rates by Rate Group
Scenario 1: 0.0% for 2023 and 7.0% thereafter

Valuation Date (12/31)

General	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
RG #1 - Plans A, B and U (County and IHSS)	13.7%	14.1%	15.0%	16.1%	17.7%	18.1%	18.1%	18.1%	18.1%	18.1%	18.1%	11.2%	12.1%	12.3%	13.2%	11.6%	11.6%	12.2%	12.8%	14.1%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	38.4%	39.1%	40.8%	42.8%	45.8%	46.5%	46.3%	46.1%	45.9%	45.7%	45.3%	17.8%	20.2%	20.5%	20.0%	16.8%	15.1%	13.7%	13.3%	15.3%
RG #3 - Plans B, G, H and U (OCSD)	11.6%	11.5%	11.4%	13.6%	17.5%	18.5%	18.4%	18.3%	18.2%	18.2%	18.1%	18.0%	18.0%	17.9%	17.8%	17.8%	17.7%	17.7%	17.6%	17.6%
RG #5 - Plans A, B and U (OCTA)	30.3%	31.2%	32.9%	35.0%	38.0%	38.8%	38.8%	38.8%	38.8%	38.7%	38.6%	18.9%	20.1%	20.1%	20.9%	18.2%	16.5%	15.6%	17.7%	21.1%
RG #9 - Plans M, N and U (TCA)	12.0%	11.9%	11.8%	13.2%	16.5%	17.3%	17.2%	17.1%	17.0%	17.0%	16.9%	16.8%	16.8%	16.7%	16.7%	16.6%	16.6%	16.5%	16.5%	16.5%
RG #10 - Plans I, J, M, N and U (OCFA)	23.1%	23.9%	25.6%	27.7%	30.7%	31.4%	31.3%	31.1%	31.0%	30.8%	30.5%	11.9%	12.0%	11.9%	11.8%	11.7%	13.2%	13.2%	15.7%	18.1%
RG #11 - Plans M and N, future service, and U (Cemetery)	14.9%	15.6%	17.2%	19.1%	21.8%	22.5%	22.5%	22.5%	22.4%	22.4%	22.3%	22.3%	22.2%	22.1%	22.0%	20.9%	21.8%	19.0%	18.6%	20.1%
RG #12 - Plans G and H, future service, and U (Law Library)	12.8%	12.2%	12.0%	11.8%	13.9%	14.8%	14.7%	14.6%	14.5%	14.4%	14.2%	14.1%	14.0%	14.0%	13.9%	13.8%	13.7%	13.7%	13.7%	13.7%
Safety																				
RG #6 - Plans E, F and V (Probation)	58.3%	59.9%	63.1%	67.1%	72.9%	74.2%	73.8%	73.4%	73.1%	72.7%	72.0%	38.0%	31.4%	32.9%	30.2%	22.8%	21.2%	19.8%	27.3%	33.0%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	60.4%	61.6%	64.4%	67.9%	73.0%	74.1%	73.9%	73.7%	73.4%	73.2%	72.7%	37.9%	35.2%	34.1%	32.5%	28.0%	25.6%	23.2%	27.6%	31.4%
RG #8 - Plans E, F, Q, R and V (OCFA)	35.4%	36.4%	38.8%	41.8%	46.2%	47.1%	46.8%	46.5%	46.1%	45.8%	45.3%	21.0%	20.6%	21.5%	22.0%	21.1%	18.9%	18.6%	24.2%	27.8%

Under this scenario, Rate Group #3 would be expected to use up the entire amount in the O.C. Sanitation District UAAL Deferred Account (that account has a balance of $14,398,000 as of December 31, 2022) by the December 31, 2025 valuation.

Similar to prior projections, we have not taken into account the County Investment Account (that account has a balance of $140,992,000 as of December 31, 2022) in these projections.

For certain rate groups, there is an increase in the projected employer rate in 2041 due to the credit from the 2021 amortization gain layer being fully amortized in the 2040 valuation. Note that for rate groups that achieve 100% funded status at any point, this effect is not seen. We note that in practice, Segal will review with the Board the impact of instability on the employer's rate due to credit from UAAL amortization gain layers dropping off before such change were to happen.

Attachment B (continued)

Projected Employer Rates by Rate Group
Scenario 2: 7.0% for all years

	Valuation Date (12/31)																			
General	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
RG #1 - Plans A, B and U (County and IHSS)	13.7%	13.7%	14.1%	14.7%	15.8%	15.8%	15.8%	15.8%	15.8%	15.8%	15.7%	10.1%	10.1%	10.1%	10.7%	10.1%	10.1%	10.1%	10.1%	10.0%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	38.4%	38.3%	38.8%	39.8%	41.9%	41.7%	41.5%	41.3%	41.1%	40.9%	40.5%	13.1%	15.4%	15.7%	15.3%	12.0%	8.4%	8.3%	8.1%	8.0%
RG #3 - Plans B, G, H and U (OCSD)	11.6%	11.5%	11.4%	11.3%	12.2%	12.1%	12.0%	11.9%	11.8%	11.7%	11.7%	11.6%	11.5%	11.5%	11.4%	11.4%	11.3%	11.2%	11.2%	11.2%
RG #5 - Plans A, B and U (OCTA)	30.3%	30.3%	31.1%	32.2%	34.3%	34.3%	34.3%	34.3%	34.3%	34.2%	34.1%	14.3%	15.6%	15.6%	16.4%	13.7%	11.9%	11.9%	11.9%	11.9%
RG #9 - Plans M, N and U (TCA)	12.0%	11.9%	11.8%	11.7%	12.2%	12.1%	12.0%	11.9%	11.8%	11.8%	11.7%	11.7%	11.6%	11.6%	11.5%	11.5%	11.4%	11.4%	11.4%	11.3%
RG #10 - Plans I, J, M, N and U (OCFA)	23.1%	23.0%	23.6%	24.7%	26.8%	26.7%	26.5%	26.4%	26.2%	26.1%	25.8%	11.0%	10.9%	10.8%	10.7%	10.6%	10.5%	10.4%	10.3%	10.2%
RG #11 - Plans M and N, future service, and U (Cemetery)	14.9%	14.9%	15.6%	16.6%	18.6%	18.6%	18.6%	18.6%	18.5%	18.5%	18.4%	18.3%	18.3%	18.3%	18.2%	17.0%	17.9%	15.1%	14.7%	16.2%
RG #12 - Plans G and H, future service, and U (Law Library)	12.8%	12.2%	12.0%	11.8%	11.6%	11.4%	11.3%	11.2%	11.1%	11.0%	10.9%	10.9%	10.8%	10.8%	10.7%	10.7%	10.6%	10.6%	10.6%	10.6%
Safety																				
RG #6 - Plans E, F and V (Probation)	58.3%	58.2%	59.4%	61.5%	65.6%	65.3%	64.9%	64.5%	64.1%	63.7%	63.1%	29.0%	22.4%	23.9%	17.3%	17.0%	16.8%	16.6%	16.5%	16.4%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	60.4%	60.2%	61.2%	62.9%	66.5%	66.3%	66.0%	65.8%	65.6%	65.4%	64.9%	30.1%	27.3%	26.2%	19.4%	19.2%	19.0%	18.8%	18.7%	18.6%
RG #8 - Plans E, F, Q, R and V (OCFA)	35.4%	35.2%	36.0%	37.5%	40.5%	40.2%	39.9%	39.6%	39.3%	38.9%	38.4%	18.9%	18.6%	18.2%	17.9%	17.6%	17.2%	17.0%	16.7%	16.5%

Under this scenario, Rate Group #3 would be expected to use up the entire amount in the O.C. Sanitation District UAAL Deferred Account (that account has a balance of $14,398,000 as of December 31, 2022) by the December 31, 2026 valuation.

Similar to prior projections, we have not taken into account the County Investment Account (that account has a balance of $140,992,000 as of December 31, 2022) in these projections.

For certain rate groups, there is an increase in the projected employer rate in 2041 due to the credit from the 2021 amortization gain layer being fully amortized in the 2040 valuation. Note that for rate groups that achieve 100% funded status at any point, this effect is not seen. We note that in practice, Segal will review with the Board the impact of instability on the employer's rate due to credit from UAAL amortization gain layers dropping off before such change were to happen.

Attachment B (continued)

Projected Employer Rates by Rate Group
Scenario 3: 14.0% for 2023 and 7.0% thereafter

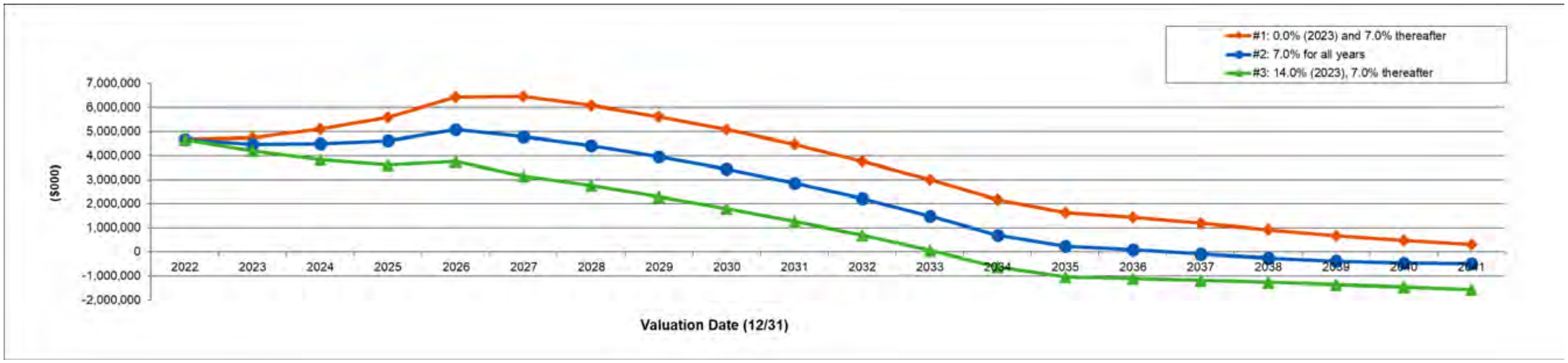
	Valuation Date (12/31)																			
General	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
RG #1 - Plans A, B and U (County and IHSS)	13.7%	13.3%	13.2%	13.3%	13.9%	13.5%	13.5%	13.5%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.0%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	38.4%	37.4%	36.8%	36.9%	38.0%	37.0%	36.8%	36.6%	36.4%	36.2%	35.8%	9.2%	9.0%	8.8%	8.7%	8.5%	8.4%	8.3%	8.1%	8.0%
RG #3 - Plans B, G, H and U (OCSD)	11.6%	11.5%	11.4%	11.3%	11.2%	11.1%	11.0%	10.9%	10.8%	10.8%	10.7%	10.6%	10.6%	10.5%	10.4%	10.4%	10.3%	10.3%	10.2%	10.2%
RG #5 - Plans A, B and U (OCTA)	30.3%	29.5%	29.2%	29.4%	30.6%	29.8%	29.8%	29.8%	29.8%	29.7%	29.6%	12.0%	12.0%	12.0%	12.0%	11.9%	11.9%	11.9%	11.9%	11.9%
RG #9 - Plans M, N and U (TCA)	12.0%	11.9%	11.8%	11.7%	11.7%	11.6%	11.5%	11.4%	11.4%	11.3%	11.2%	11.2%	11.1%	11.1%	11.0%	11.0%	11.0%	10.9%	10.9%	10.9%
RG #10 - Plans I, J, M, N and U (OCFA)	23.1%	22.1%	21.6%	21.7%	22.9%	21.9%	21.8%	21.6%	11.4%	11.3%	11.1%	11.0%	10.9%	10.8%	10.7%	10.6%	10.5%	10.4%	10.3%	10.2%
RG #11 - Plans M and N, future service, and U (Cemetery)	14.9%	14.2%	14.0%	14.2%	15.4%	14.8%	14.8%	14.8%	14.9%	14.9%	14.9%	14.9%	14.8%	14.8%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%
RG #12 - Plans G and H, future service, and U (Law Library)	12.8%	12.2%	12.0%	11.8%	11.6%	11.4%	11.3%	11.2%	11.1%	11.0%	10.9%	10.9%	10.8%	10.8%	10.7%	10.7%	10.6%	10.6%	10.6%	10.6%
Safety																				
RG #6 - Plans E, F and V (Probation)	58.3%	56.6%	55.8%	55.9%	58.3%	56.3%	55.9%	55.5%	55.1%	54.8%	54.1%	18.2%	17.8%	17.5%	17.3%	17.0%	16.8%	16.6%	16.5%	16.4%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	60.4%	58.7%	57.9%	58.0%	60.1%	58.4%	58.2%	58.0%	57.7%	57.5%	57.1%	22.2%	19.7%	19.6%	19.4%	19.2%	19.0%	18.8%	18.7%	18.6%
RG #8 - Plans E, F, Q, R and V (OCFA)	35.4%	33.9%	33.1%	33.1%	34.8%	33.3%	33.0%	20.3%	19.9%	19.6%	19.3%	18.9%	18.6%	18.2%	17.9%	17.6%	17.2%	17.0%	16.7%	16.5%

Under this scenario, Rate Group #3 would be expected to use none of the amount in the O.C. Sanitation District UAAL Deferred Account (that account has a balance of $14,398,000 as of December 31, 2022) by the December 31, 2041 valuation.

Similar to prior projections, we have not taken into account the County Investment Account (that account has a balance of $140,992,000 as of December 31, 2022) in these projections.

Attachment C

Projected UAAL[9] and Funded Ratio for Aggregate Plan



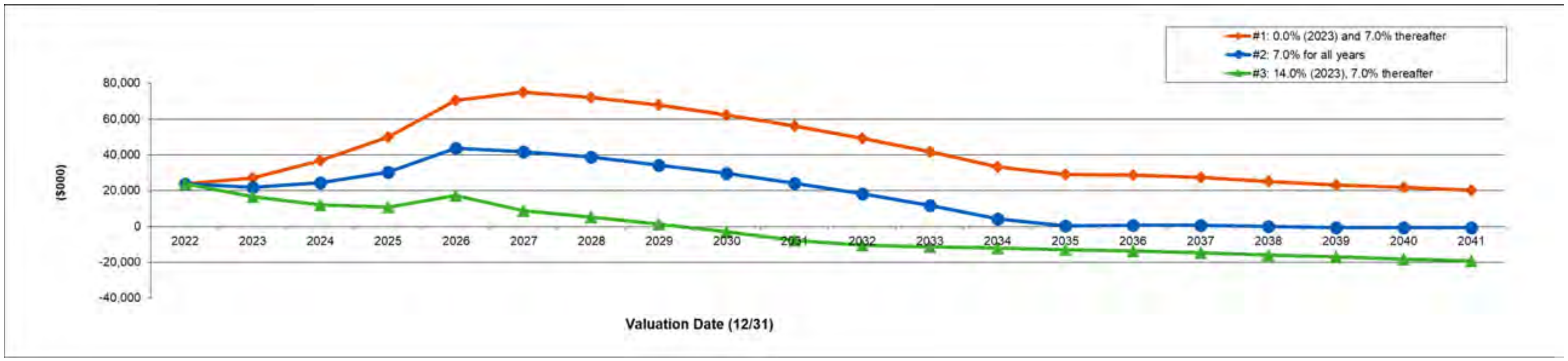
UAAL ($000)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	4,665,845	4,736,844	5,107,894	5,601,534	6,433,275	6,457,225	6,092,772	5,618,023	5,070,073	4,455,537	3,769,169	3,005,093	2,159,795	1,626,585	1,429,760	1,186,629	915,629	670,988	478,805	314,324
#2: 7.0% for all years	4,665,845	4,465,664	4,480,943	4,618,742	5,089,950	4,796,931	4,415,058	3,951,879	3,433,084	2,854,219	2,210,523	1,496,738	709,907	236,296	100,711	-69,801	-240,890	-372,298	-439,674	-472,052
#3: 14.0% (2023), 7.0% thereafter	4,665,845	4,194,482	3,843,680	3,619,868	3,768,015	3,158,547	2,757,287	2,301,836	1,807,448	1,272,705	699,664	71,650	-617,970	-1,022,532	-1,099,176	-1,176,204	-1,258,582	-1,346,683	-1,440,952	-1,541,818

Funded Ratio	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	81.5%	82.0%	81.4%	80.4%	78.3%	79.0%	80.9%	82.9%	85.1%	87.2%	89.5%	91.8%	94.2%	95.7%	96.3%	97.0%	97.7%	98.3%	98.8%	99.2%
#2: 7.0% for all years	81.5%	83.0%	83.7%	83.8%	82.8%	84.4%	86.1%	88.0%	89.9%	91.8%	93.8%	95.9%	98.1%	99.4%	99.7%	100.2%	100.6%	100.9%	101.1%	101.2%
#3: 14.0% (2023), 7.0% thereafter	81.5%	84.1%	86.0%	87.3%	87.3%	89.7%	91.3%	93.0%	94.7%	96.4%	98.0%	99.8%	101.6%	102.7%	102.8%	103.0%	103.2%	103.4%	103.6%	103.9%

[9] Excludes UAALs paid by O.C. Vector Control, Cypress Recreation and Parks, U.C.I. and Department of Education in Rate Group #1. If those amounts have been taken into account, the UAAL for the System would have been $4,695,010 and the funded ratio would remain unchanged at 81.5% as of December 31, 2022.

Attachment D

Projected UAAL[10] and Funded Ratio for Rate Group #1
Plans A, B and U (County and IHSS)



UAAL ($000)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	23,947	26,946	36,828	49,836	70,391	75,063	72,215	67,687	62,291	56,206	49,382	41,765	33,311	29,001	28,683	27,420	25,107	23,016	21,968	20,252
#2: 7.0% for all years	23,947	21,736	24,445	30,233	43,819	41,920	38,712	34,397	29,570	24,194	18,225	11,608	4,334	495	529	551	31	-527	-563	-603
#3: 14.0% (2023), 7.0% thereafter	23,947	16,526	12,065	10,644	17,289	8,860	5,304	1,220	-3,018	-7,682	-10,513	-11,249	-12,037	-12,879	-13,781	-14,745	-15,778	-16,882	-18,064	-19,328

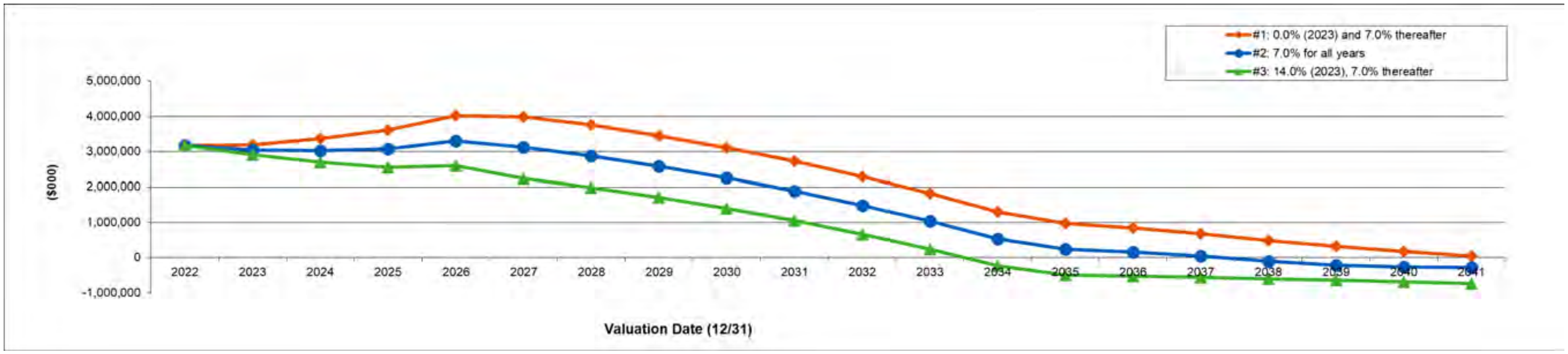
Funded Ratio	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	94.2%	94.0%	92.3%	90.3%	87.2%	87.2%	88.5%	89.9%	91.3%	92.6%	93.9%	95.1%	96.3%	97.0%	97.2%	97.5%	97.8%	98.1%	98.3%	98.5%
#2: 7.0% for all years	94.2%	95.1%	94.9%	94.1%	92.0%	92.9%	93.8%	94.9%	95.9%	96.8%	97.7%	98.6%	99.5%	99.9%	99.9%	99.9%	100.0%	100.0%	100.0%	100.0%
#3: 14.0% (2023), 7.0% thereafter	94.2%	96.3%	97.5%	97.9%	96.9%	98.5%	99.2%	99.8%	100.4%	101.0%	101.3%	101.3%	101.3%	101.3%	101.3%	101.4%	101.4%	101.4%	101.4%	101.4%

Under the return scenarios that give rise to actuarial surplus, the continued growth in that surplus is attributable to the assumption made in preparing these illustrations that no surplus would be amortized to reduce the employer's normal cost until the System as a whole is 120% funded.

[10] Excludes UAALs paid by O.C. Vector Control, Cypress Recreation and Parks, U.C.I. and Department of Education in Rate Group #1. If those amounts have been taken into account, the UAAL for Rate Group #1 would have been $53,112 and the funded ratio would have been 90.5% as of December 31, 2022.

Attachment E

Projected UAAL and Funded Ratio for Rate Group #2
Plans I, J, O, P, S, T, U and W (County et al.)



UAAL ($000)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	3,178,711	3,194,271	3,372,704	3,609,867	4,016,955	3,992,003	3,757,165	3,458,677	3,115,661	2,731,080	2,301,669	1,823,759	1,295,226	967,600	843,654	675,856	487,868	315,521	174,774	50,506
#2: 7.0% for all years	3,178,711	3,050,440	3,034,902	3,080,984	3,308,417	3,117,783	2,874,397	2,582,153	2,254,649	1,889,054	1,482,337	1,031,159	533,660	241,742	158,675	37,368	-98,041	-211,211	-263,907	-282,381
#3: 14.0% (2023), 7.0% thereafter	3,178,711	2,906,608	2,697,094	2,552,145	2,600,022	2,243,718	1,991,794	1,705,884	1,394,072	1,047,579	663,594	239,189	-227,141	-490,887	-525,249	-562,016	-601,357	-643,452	-688,494	-736,689

Funded Ratio	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	77.5%	78.2%	77.8%	77.1%	75.3%	76.2%	78.2%	80.5%	82.8%	85.3%	87.8%	90.5%	93.3%	95.1%	95.7%	96.6%	97.5%	98.4%	99.1%	99.7%
#2: 7.0% for all years	77.5%	79.2%	80.0%	80.4%	79.7%	81.4%	83.4%	85.4%	87.6%	89.8%	92.2%	94.6%	97.3%	98.8%	99.2%	99.8%	100.5%	101.1%	101.4%	101.5%
#3: 14.0% (2023), 7.0% thereafter	77.5%	80.2%	82.3%	83.8%	84.0%	86.6%	88.5%	90.4%	92.3%	94.4%	96.5%	98.8%	101.2%	102.5%	102.7%	102.9%	103.1%	103.3%	103.7%	104.0%

Under the return scenarios that give rise to actuarial surplus, the continued growth in that surplus is attributable to the assumption made in preparing these illustrations that no surplus would be amortized to reduce the employer's normal cost until the System as a whole is 120% funded.

Attachment F

Projected UAAL and Funded Ratio for Rate Group #3
Plans B, G, H and U (OCSD)

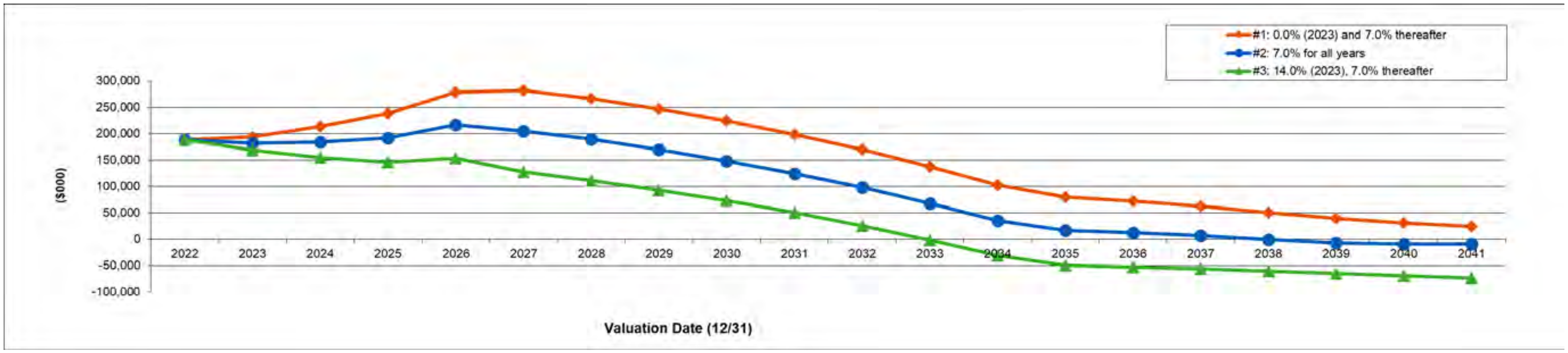
UAAL ($000)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	-25,368	-14,289	0	25,558	72,484	88,265	90,250	89,735	88,447	86,841	84,890	82,561	79,820	76,633	72,959	68,756	63,987	58,603	52,546	45,760
#2: 7.0% for all years	-25,368	-26,234	-17,416	-1,758	11,028	11,800	12,154	12,031	11,871	11,664	11,406	11,098	10,741	10,331	9,857	9,314	8,696	7,997	7,209	6,326
#3: 14.0% (2023), 7.0% thereafter	-25,368	-38,179	-45,153	-45,261	-29,327	-43,127	-46,146	-49,377	-52,833	-56,531	-60,488	-64,723	-69,253	-74,101	-79,288	-84,838	-90,777	-97,131	-103,931	-111,206

Funded Ratio	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	102.8%	101.5%	100.0%	97.4%	93.0%	91.7%	91.8%	92.0%	92.3%	92.7%	93.0%	93.3%	93.6%	93.9%	94.2%	94.6%	94.9%	95.3%	95.7%	96.2%
#2: 7.0% for all years	102.8%	102.8%	101.8%	100.2%	98.9%	98.9%	98.9%	98.9%	99.0%	99.0%	99.1%	99.1%	99.1%	99.2%	99.2%	99.3%	99.3%	99.4%	99.4%	99.5%
#3: 14.0% (2023), 7.0% thereafter	102.8%	104.1%	104.7%	104.5%	102.8%	104.1%	104.2%	104.4%	104.6%	104.8%	105.0%	105.3%	105.6%	105.9%	106.3%	106.7%	107.2%	107.7%	108.4%	109.2%

Under the return scenarios that give rise to actuarial surplus, the continued growth in that surplus is attributable to the assumption made in preparing these illustrations that no surplus would be amortized to reduce the employer's normal cost until the System as a whole is 120% funded.

Attachment G

Projected UAAL and Funded Ratio for Rate Group #5
Plans A, B and U (OCTA)



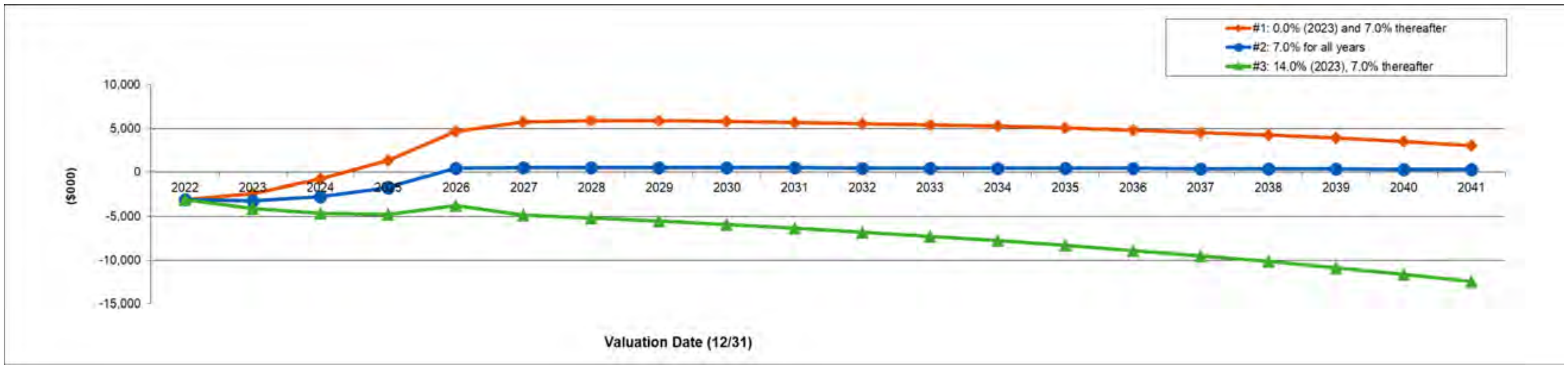
UAAL ($000)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	189,122	194,324	213,916	238,658	278,835	281,718	266,848	247,115	224,239	198,550	169,837	137,852	102,438	80,482	72,675	62,728	50,843	39,471	31,274	24,899
#2: 7.0% for all years	189,122	181,657	184,202	192,177	216,602	204,958	189,344	170,156	148,651	124,639	97,922	68,279	35,585	16,784	12,588	6,718	-554	-6,727	-9,014	-9,645
#3: 14.0% (2023), 7.0% thereafter	189,122	168,989	154,487	145,691	154,351	128,157	111,788	93,143	72,998	50,651	25,924	-1,373	-31,337	-48,851	-52,271	-55,930	-59,845	-64,034	-68,517	-73,313

Funded Ratio	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	83.6%	83.8%	82.9%	81.7%	79.4%	79.9%	81.7%	83.6%	85.6%	87.6%	89.7%	91.8%	94.1%	95.4%	96.0%	96.6%	97.2%	97.9%	98.3%	98.7%
#2: 7.0% for all years	83.6%	84.9%	85.3%	85.2%	84.0%	85.4%	87.0%	88.7%	90.4%	92.2%	94.1%	96.0%	97.9%	99.0%	99.3%	99.6%	100.0%	100.4%	100.5%	100.5%
#3: 14.0% (2023), 7.0% thereafter	83.6%	85.9%	87.7%	88.8%	88.6%	90.9%	92.3%	93.8%	95.3%	96.8%	98.4%	100.1%	101.8%	102.8%	102.9%	103.1%	103.2%	103.4%	103.7%	103.9%

Under the return scenarios that give rise to actuarial surplus, the continued growth in that surplus is attributable to the assumption made in preparing these illustrations that no surplus would be amortized to reduce the employer's normal cost until the System as a whole is 120% funded.

Attachment H

Projected UAAL and Funded Ratio for Rate Group #9
Plans M, N and U (TCA)



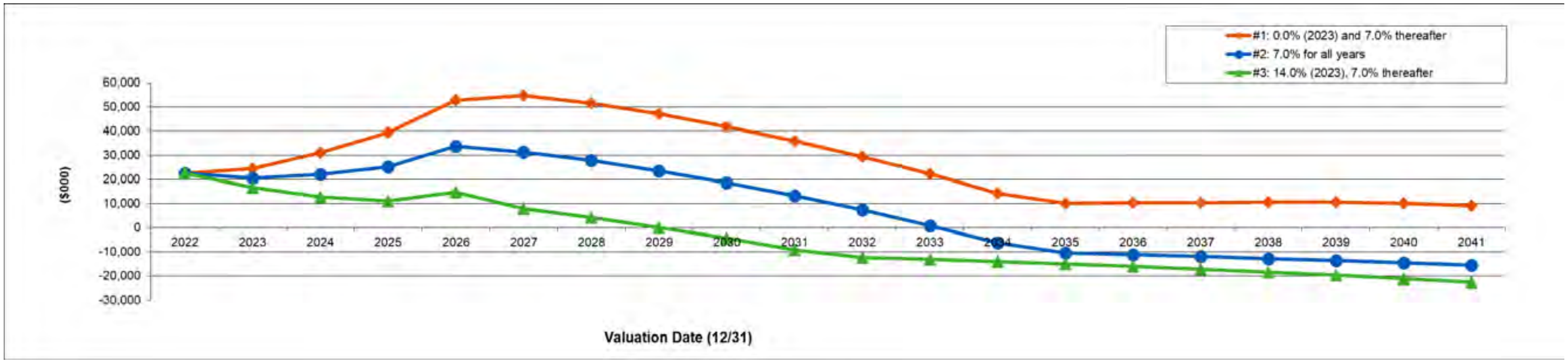
UAAL ($000)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	-3,069	-2,386	-748	1,384	4,677	5,790	5,936	5,906	5,823	5,720	5,595	5,445	5,270	5,065	4,829	4,559	4,252	3,907	3,519	3,086
#2: 7.0% for all years	-3,069	-3,220	-2,695	-1,682	487	522	537	532	525	517	507	496	482	466	449	429	407	382	354	323
#3: 14.0% (2023), 7.0% thereafter	-3,069	-4,054	-4,641	-4,749	-3,708	-4,821	-5,159	-5,520	-5,906	-6,320	-6,762	-7,236	-7,742	-8,284	-8,864	-9,485	-10,148	-10,859	-11,619	-12,432

Funded Ratio	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	105.1%	103.7%	101.1%	98.0%	93.6%	92.4%	92.5%	92.8%	93.2%	93.6%	93.9%	94.3%	94.6%	95.0%	95.3%	95.7%	96.1%	96.5%	96.9%	97.3%
#2: 7.0% for all years	105.1%	105.1%	104.0%	102.4%	99.3%	99.3%	99.3%	99.4%	99.4%	99.4%	99.4%	99.5%	99.5%	99.5%	99.6%	99.6%	99.6%	99.7%	99.7%	99.7%
#3: 14.0% (2023), 7.0% thereafter	105.1%	106.4%	107.0%	106.8%	105.1%	106.3%	106.5%	106.7%	106.9%	107.1%	107.4%	107.6%	107.9%	108.2%	108.5%	108.9%	109.3%	109.8%	110.3%	110.9%

Under the return scenarios that give rise to actuarial surplus, the continued growth in that surplus is attributable to the assumption made in preparing these illustrations that no surplus would be amortized to reduce the employer's normal cost until the System as a whole is 120% funded.

Attachment I

Projected UAAL and Funded Ratio for Rate Group #10
Plans I, J, M, N and U (OCFA)



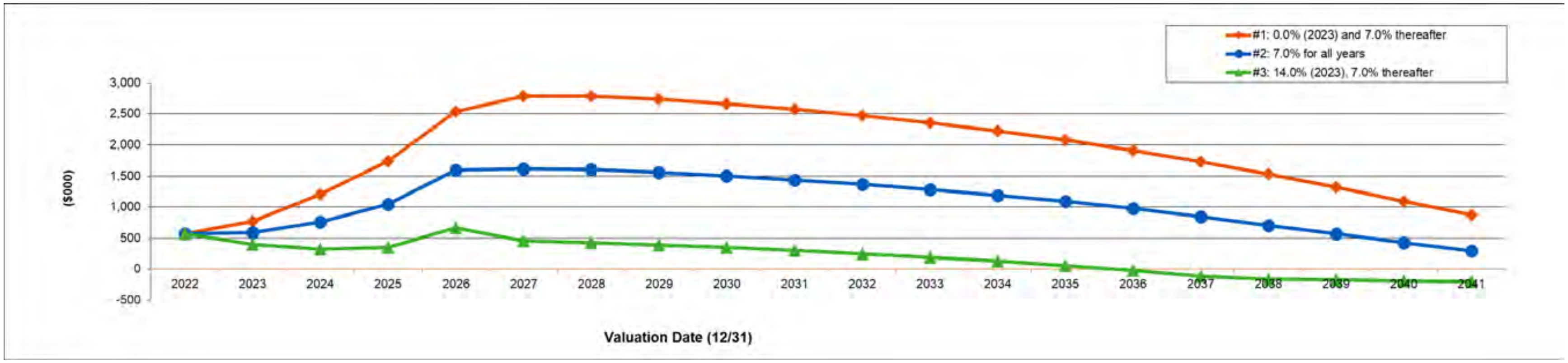
UAAL ($000)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	22,526	24,573	31,138	39,554	52,871	54,921	51,707	47,203	41,956	36,083	29,537	22,265	14,246	10,101	10,289	10,410	10,508	10,605	10,202	9,223
#2: 7.0% for all years	22,526	20,694	22,035	25,312	33,796	31,385	27,940	23,602	18,772	13,409	7,472	918	-6,264	-10,415	-11,144	-11,924	-12,759	-13,652	-14,608	-15,630
#3: 14.0% (2023), 7.0% thereafter	22,526	16,814	12,932	11,067	14,719	7,850	4,177	5	-4,409	-9,262	-12,250	-13,108	-14,026	-15,007	-16,058	-17,182	-18,385	-19,672	-21,049	-22,522

Funded Ratio	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	92.9%	92.6%	91.1%	89.2%	86.2%	86.2%	87.6%	89.1%	90.7%	92.3%	93.9%	95.6%	97.2%	98.1%	98.1%	98.1%	98.2%	98.2%	98.3%	98.5%
#2: 7.0% for all years	92.9%	93.8%	93.7%	93.1%	91.2%	92.1%	93.3%	94.6%	95.8%	97.1%	98.5%	99.8%	101.2%	102.0%	102.0%	102.1%	102.2%	102.3%	102.5%	102.6%
#3: 14.0% (2023), 7.0% thereafter	92.9%	95.0%	96.3%	97.0%	96.2%	98.0%	99.0%	100.0%	101.0%	102.0%	102.5%	102.6%	102.7%	102.8%	102.9%	103.1%	103.2%	103.4%	103.5%	103.7%

Under the return scenarios that give rise to actuarial surplus, the continued growth in that surplus is attributable to the assumption made in preparing these illustrations that no surplus would be amortized to reduce the employer's normal cost until the System as a whole is 120% funded.

Attachment J

Projected UAAL and Funded Ratio for Rate Group #11
Plans M and N, future service, and U (Cemetery)



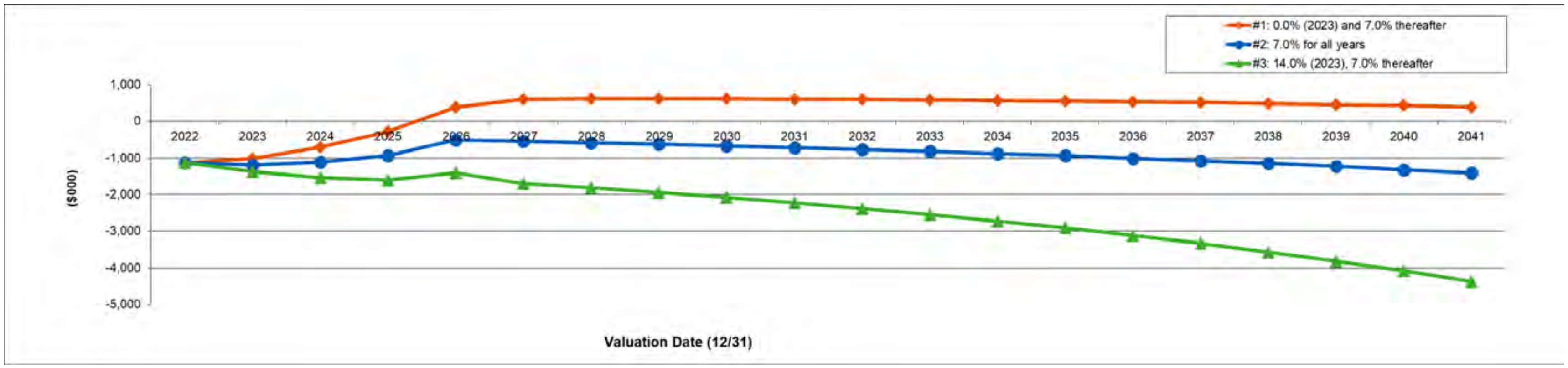
UAAL ($000)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	572	772	1,202	1,736	2,536	2,787	2,785	2,733	2,659	2,573	2,472	2,357	2,226	2,079	1,913	1,729	1,525	1,317	1,089	869
#2: 7.0% for all years	572	586	761	1,040	1,596	1,618	1,602	1,555	1,500	1,436	1,364	1,282	1,190	1,087	973	846	705	570	424	297
#3: 14.0% (2023), 7.0% thereafter	572	399	320	346	660	455	425	384	346	301	250	192	127	55	-25	-112	-164	-175	-187	-200

Funded Ratio	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	96.1%	95.1%	92.9%	90.4%	86.8%	86.4%	87.3%	88.3%	89.3%	90.3%	91.2%	92.1%	93.0%	93.9%	94.7%	95.5%	96.2%	96.9%	97.6%	98.2%
#2: 7.0% for all years	96.1%	96.3%	95.5%	94.2%	91.7%	92.1%	92.7%	93.3%	94.0%	94.6%	95.2%	95.7%	96.3%	96.8%	97.3%	97.8%	98.3%	98.7%	99.1%	99.4%
#3: 14.0% (2023), 7.0% thereafter	96.1%	97.5%	98.1%	98.1%	96.6%	97.8%	98.1%	98.4%	98.6%	98.9%	99.1%	99.4%	99.6%	99.8%	100.1%	100.3%	100.4%	100.4%	100.4%	100.4%

Under the return scenarios that give rise to actuarial surplus, the continued growth in that surplus is attributable to the assumption made in preparing these illustrations that no surplus would be amortized to reduce the employer's normal cost until the System as a whole is 120% funded.

Attachment K

Projected UAAL and Funded Ratio for Rate Group #12
Plans G, H and U (Law Library)



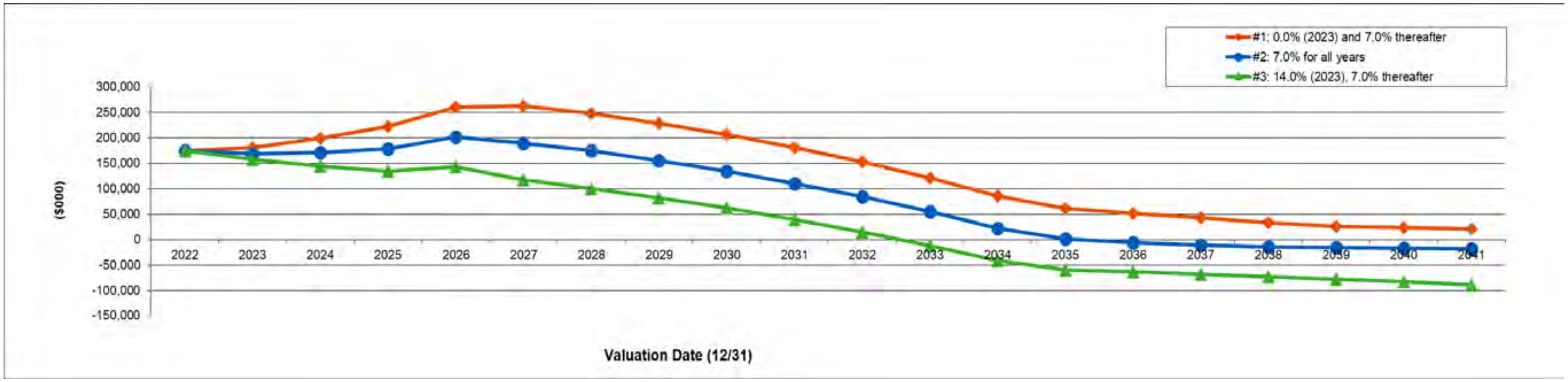
UAAL ($000)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	-1,128	-1,014	-697	-277	389	597	622	624	617	608	597	584	569	552	533	512	487	461	431	397
#2: 7.0% for all years	-1,128	-1,193	-1,116	-936	-511	-546	-585	-626	-669	-716	-766	-820	-877	-939	-1,005	-1,075	-1,150	-1,231	-1,317	-1,409
#3: 14.0% (2023), 7.0% thereafter	-1,128	-1,372	-1,534	-1,594	-1,411	-1,693	-1,812	-1,939	-2,074	-2,219	-2,375	-2,541	-2,719	-2,909	-3,113	-3,331	-3,564	-3,813	-4,080	-4,366

Funded Ratio	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	109.0%	107.7%	105.1%	101.9%	97.4%	96.2%	96.2%	96.3%	96.5%	96.6%	96.8%	97.0%	97.1%	97.3%	97.4%	97.6%	97.7%	97.9%	98.1%	98.2%
#2: 7.0% for all years	109.0%	109.1%	108.1%	106.5%	103.4%	103.5%	103.6%	103.7%	103.8%	104.0%	104.1%	104.3%	104.4%	104.6%	104.8%	105.1%	105.3%	105.6%	105.9%	106.3%
#3: 14.0% (2023), 7.0% thereafter	109.0%	110.4%	111.1%	111.1%	109.4%	110.8%	111.2%	111.5%	111.9%	112.3%	112.7%	113.2%	113.8%	114.4%	115.0%	115.7%	116.5%	117.4%	118.4%	119.6%

Under the return scenarios that give rise to actuarial surplus, the continued growth in that surplus is attributable to the assumption made in preparing these illustrations that no surplus would be amortized to reduce the employer's normal cost until the System as a whole is 120% funded.

Attachment L

Projected UAAL and Funded Ratio for Rate Group #6
Plans E, F and V (Probation)



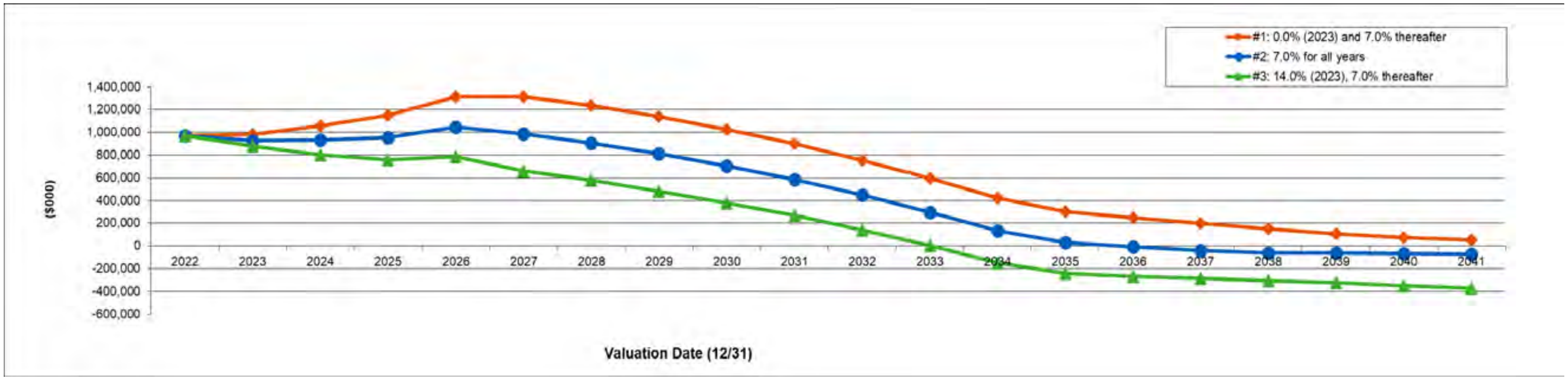
UAAL ($000)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	175,151	181,233	199,811	222,840	261,132	263,604	248,770	229,195	206,557	181,177	152,833	121,283	86,361	61,845	51,846	42,697	32,811	26,336	23,246	21,052
#2: 7.0% for all years	175,151	169,405	171,917	178,967	202,043	190,315	174,731	155,665	134,321	110,521	84,069	54,752	22,428	905	-5,667	-10,923	-14,597	-15,618	-16,712	-17,881
#3: 14.0% (2023), 7.0% thereafter	175,151	157,578	144,024	135,104	142,978	117,082	100,751	82,195	62,151	39,937	15,384	-11,702	-41,427	-59,163	-63,304	-67,736	-72,477	-77,551	-82,979	-88,788

Funded Ratio	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	83.6%	83.9%	83.1%	82.1%	80.0%	80.7%	82.6%	84.7%	86.8%	88.9%	91.0%	93.1%	95.3%	96.8%	97.4%	97.9%	98.4%	98.8%	99.0%	99.1%
#2: 7.0% for all years	83.6%	85.0%	85.5%	85.6%	84.5%	86.1%	87.8%	89.6%	91.4%	93.2%	95.1%	96.9%	98.8%	100.0%	100.3%	100.5%	100.7%	100.7%	100.7%	100.8%
#3: 14.0% (2023), 7.0% thereafter	83.6%	86.0%	87.8%	89.1%	89.0%	91.4%	93.0%	94.5%	96.0%	97.6%	99.1%	100.7%	102.3%	103.1%	103.2%	103.3%	103.4%	103.6%	103.7%	103.9%

Under the return scenarios that give rise to actuarial surplus, the continued growth in that surplus is attributable to the assumption made in preparing these illustrations that no surplus would be amortized to reduce the employer's normal cost until the System as a whole is 120% funded.

Attachment M

Projected UAAL and Funded Ratio for Rate Group #7
Plans E, F, Q, R and V (Law Enforcement)



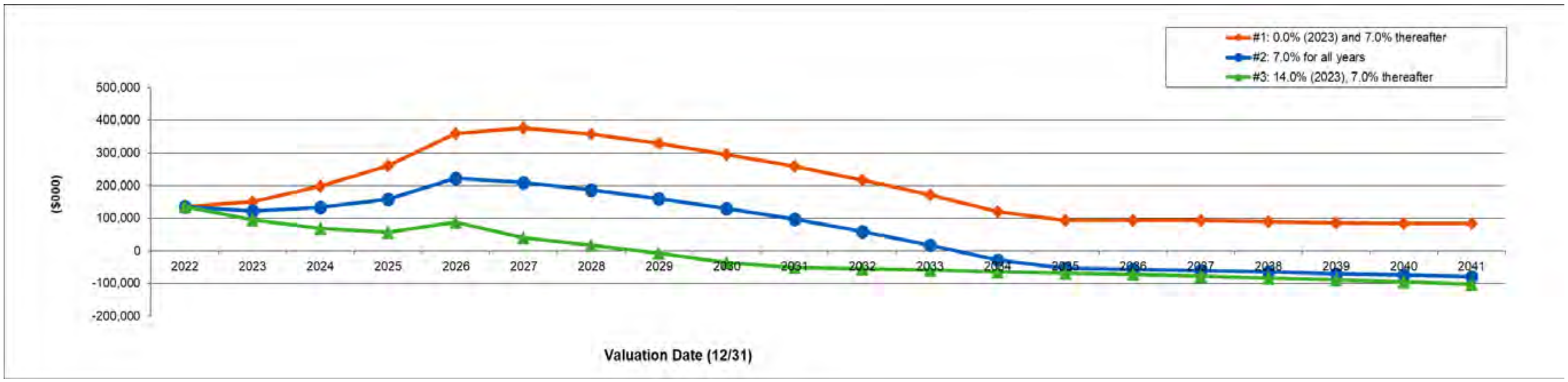
UAAL ($000)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	969,473	982,550	1,055,855	1,151,824	1,313,896	1,315,234	1,238,698	1,139,749	1,025,722	897,918	755,237	596,463	420,803	300,417	248,431	198,451	148,263	106,279	75,877	53,539
#2: 7.0% for all years	969,473	929,353	930,576	955,142	1,049,603	988,202	908,395	811,760	703,554	582,842	448,639	299,853	135,781	28,744	-7,938	-40,535	-58,818	-62,935	-67,341	-72,055
#3: 14.0% (2023), 7.0% thereafter	969,473	876,157	805,303	758,488	785,369	661,265	578,176	483,845	381,447	267,830	142,091	3,254	-149,228	-242,894	-264,881	-283,422	-303,262	-324,490	-347,205	-371,509

Funded Ratio	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	80.6%	81.2%	80.7%	79.8%	77.9%	78.7%	80.7%	82.9%	85.1%	87.4%	89.7%	92.1%	94.6%	96.2%	97.0%	97.6%	98.2%	98.8%	99.1%	99.4%
#2: 7.0% for all years	80.6%	82.2%	83.0%	83.2%	82.3%	84.0%	85.8%	87.8%	89.8%	91.8%	93.9%	96.0%	98.3%	99.6%	100.1%	100.5%	100.7%	100.7%	100.8%	100.8%
#3: 14.0% (2023), 7.0% thereafter	80.6%	83.2%	85.3%	86.7%	86.8%	89.3%	91.0%	92.7%	94.5%	96.2%	98.1%	100.0%	101.9%	103.0%	103.2%	103.4%	103.6%	103.8%	104.0%	104.3%

Under the return scenarios that give rise to actuarial surplus, the continued growth in that surplus is attributable to the assumption made in preparing these illustrations that no surplus would be amortized to reduce the employer's normal cost until the System as a whole is 120% funded.

Attachment N

Projected UAAL and Funded Ratio for Rate Group #8
Plans E, F, Q, R and V (OCFA)



UAAL ($000)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	135,908	149,866	197,885	260,555	359,110	377,242	357,776	329,399	296,101	258,781	217,120	170,760	119,526	92,812	93,949	93,512	89,978	85,473	83,880	84,742
#2: 7.0% for all years	135,908	122,442	133,332	159,261	223,068	208,974	187,831	160,652	130,340	96,659	59,347	18,113	-27,151	-52,904	-56,607	-60,570	-64,810	-69,346	-74,200	-79,394
#3: 14.0% (2023), 7.0% thereafter	135,908	95,018	68,781	57,987	87,073	40,803	17,989	-8,004	-35,325	-51,580	-55,190	-59,053	-63,187	-67,610	-72,343	-77,407	-82,826	-88,623	-94,827	-101,465

Funded Ratio	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
#1: 0.0% (2023) and 7.0% thereafter	93.9%	93.6%	92.0%	90.0%	86.9%	86.9%	88.1%	89.6%	91.0%	92.5%	94.0%	95.5%	96.9%	97.7%	97.8%	97.9%	98.0%	98.2%	98.2%	98.3%
#2: 7.0% for all years	93.9%	94.8%	94.6%	93.9%	91.8%	92.7%	93.8%	94.9%	96.1%	97.2%	98.4%	99.5%	100.7%	101.3%	101.3%	101.4%	101.4%	101.5%	101.6%	101.6%
#3: 14.0% (2023), 7.0% thereafter	93.9%	95.9%	97.2%	97.8%	96.8%	98.6%	99.4%	100.3%	101.1%	101.5%	101.5%	101.6%	101.6%	101.7%	101.7%	101.8%	101.8%	101.9%	102.0%	102.1%

Under the return scenarios that give rise to actuarial surplus, the continued growth in that surplus is attributable to the assumption made in preparing these illustrations that no surplus would be amortized to reduce the employer's normal cost until the System as a whole is 120% funded.

Attachment O

Projected Employer Rates by Plans within each Rate Group
Scenario 1: 0.0% for 2023 and 7.0% thereafter

Valuation Date (12/31)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
General																				
RG #1 - Plans A and B	13.9%	14.3%	15.2%	16.3%	17.9%	18.3%	18.3%	18.3%	18.3%	18.3%	18.3%	11.4%	12.3%	12.5%	13.4%	11.8%	11.8%	12.4%	13.0%	14.3%
RG #1 - Plan U	13.6%	14.1%	15.0%	16.1%	17.7%	18.1%	18.1%	18.1%	18.1%	18.1%	18.0%	11.1%	12.1%	12.2%	13.1%	11.6%	11.6%	12.2%	12.8%	14.1%
RG #1 - Plans A, B and U (County and IHSS)	13.7%	14.1%	15.0%	16.1%	17.7%	18.1%	18.1%	18.1%	18.1%	18.1%	18.1%	11.2%	12.1%	12.3%	13.2%	11.6%	11.6%	12.2%	12.8%	14.1%
RG #2 - Plans I and J (non-Children and Families Comm.)	41.7%	42.6%	44.5%	46.8%	50.0%	50.8%	50.8%	50.8%	50.8%	50.8%	50.6%	23.3%	25.8%	26.2%	25.9%	22.8%	21.3%	20.0%	19.7%	21.8%
RG #2 - Plans I and J (Children and Families Comm.)	19.4%	20.3%	22.2%	24.4%	27.6%	28.5%	28.5%	28.5%	28.4%	28.4%	28.4%	25.8%	25.9%	25.9%	25.9%	22.8%	21.3%	20.0%	19.7%	21.8%
RG #2 - Plans O and P	33.3%	34.2%	36.1%	38.4%	41.6%	42.4%	42.4%	42.4%	42.4%	42.4%	42.2%	14.9%	17.4%	17.8%	17.5%	14.4%	12.9%	11.6%	11.3%	13.4%
RG #2 - Plan S	43.1%	44.0%	45.9%	48.2%	51.4%	52.2%	52.2%	52.2%	52.2%	52.2%	52.0%	24.7%	27.2%	27.6%	27.3%	24.2%	22.7%	21.4%	21.1%	23.2%
RG #2 - Plan T	34.4%	35.4%	37.2%	39.5%	42.7%	43.5%	43.5%	43.5%	43.5%	43.5%	43.3%	16.0%	18.5%	18.9%	18.6%	15.5%	14.0%	12.7%	12.4%	14.5%
RG #2 - Plan U (non-Children and Families Comm.)	36.4%	37.3%	39.2%	41.4%	44.6%	45.5%	45.5%	45.5%	45.5%	45.4%	45.2%	17.9%	20.4%	20.9%	20.6%	17.5%	16.0%	14.7%	14.4%	16.5%
RG #2 - Plan U (Children and Families Comm.)	14.0%	15.0%	16.8%	19.1%	22.3%	23.1%	23.1%	23.1%	23.1%	23.1%	23.1%	20.5%	20.6%	20.6%	20.6%	17.5%	16.0%	14.7%	14.4%	16.5%
RG #2 - Plan W	35.0%	35.9%	37.8%	40.0%	43.2%	44.1%	44.1%	44.0%	44.0%	44.0%	43.8%	16.5%	19.0%	19.5%	19.2%	16.1%	14.6%	13.3%	13.0%	15.1%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	38.4%	39.1%	40.8%	42.8%	45.8%	46.5%	46.3%	46.1%	45.9%	45.7%	45.3%	17.8%	20.2%	20.5%	20.0%	16.8%	15.1%	13.7%	13.3%	15.3%
RG #3 - Plans G and H	13.4%	13.4%	13.4%	15.7%	19.7%	20.8%	20.8%	20.8%	20.8%	20.8%	20.8%	20.8%	20.8%	20.8%	20.8%	20.8%	20.8%	20.8%	20.7%	20.7%
RG #3 - Plan B	12.8%	12.8%	12.8%	15.2%	19.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%
RG #3 - Plan U	10.0%	10.0%	10.0%	12.3%	16.3%	17.4%	17.4%	17.4%	17.4%	17.4%	17.4%	17.4%	17.4%	17.4%	17.4%	17.4%	17.4%	17.4%	17.4%	17.4%
RG #3 - Plans B, G, H and U (OCSD)	11.6%	11.5%	11.4%	13.6%	17.5%	18.5%	18.4%	18.3%	18.2%	18.2%	18.1%	18.0%	18.0%	17.9%	17.8%	17.8%	17.7%	17.7%	17.6%	17.6%
RG #5 - Plans A and B	30.4%	31.4%	33.1%	35.2%	38.3%	39.1%	39.1%	39.1%	39.1%	39.1%	38.9%	19.2%	20.4%	20.5%	21.3%	18.6%	16.9%	16.0%	18.1%	21.5%
RG #5 - Plan U	30.0%	30.9%	32.7%	34.8%	37.8%	38.6%	38.7%	38.6%	38.6%	38.6%	38.5%	18.8%	20.0%	20.1%	20.8%	18.2%	16.5%	15.6%	17.6%	21.1%
RG #5 - Plans A, B and U (OCTA)	30.3%	31.2%	32.9%	35.0%	38.0%	38.8%	38.8%	38.8%	38.8%	38.7%	38.6%	18.9%	20.1%	20.1%	20.9%	18.2%	16.5%	15.6%	17.7%	21.1%
RG #9 - Plans M and N	14.0%	14.0%	14.0%	15.4%	18.8%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%
RG #9 - Plan U	10.8%	10.8%	10.8%	12.3%	15.6%	16.5%	16.5%	16.5%	16.4%	16.4%	16.4%	16.4%	16.4%	16.4%	16.4%	16.4%	16.4%	16.4%	16.4%	16.4%
RG #9 - Plans M, N and U (TCA)	12.0%	11.9%	11.8%	13.2%	16.5%	17.3%	17.2%	17.1%	17.0%	17.0%	16.9%	16.8%	16.8%	16.7%	16.7%	16.6%	16.6%	16.5%	16.5%	16.5%
RG #10 - Plans I and J	25.5%	26.4%	28.3%	30.5%	33.7%	34.6%	34.6%	34.6%	34.6%	34.6%	34.4%	15.9%	16.1%	16.1%	16.1%	16.1%	17.8%	17.8%	20.4%	22.8%
RG #10 - Plans M and N	27.7%	28.7%	30.5%	32.8%	36.0%	36.8%	36.8%	36.8%	36.8%	36.8%	36.6%	18.1%	18.3%	18.4%	18.4%	18.3%	20.0%	20.0%	22.6%	25.1%
RG #10 - Plan U	20.5%	21.4%	23.3%	25.5%	28.7%	29.6%	29.6%	29.6%	29.6%	29.5%	29.4%	10.9%	11.1%	11.1%	11.1%	11.1%	12.8%	12.8%	15.4%	17.8%
RG #10 - Plans I, J, M, N and U (OCFA)	23.1%	23.9%	25.6%	27.7%	30.7%	31.4%	31.3%	31.1%	31.0%	30.8%	30.5%	11.9%	12.0%	11.9%	11.8%	11.7%	13.2%	13.2%	15.7%	18.1%
RG #11 - Plans M and N, future service	15.1%	15.9%	17.5%	19.4%	22.2%	22.9%	22.9%	22.9%	22.9%	22.9%	22.8%	22.8%	22.7%	22.7%	22.6%	21.4%	22.4%	19.6%	19.2%	20.7%
RG #11 - Plan U	14.5%	15.3%	16.9%	18.8%	21.5%	22.3%	22.3%	22.3%	22.3%	22.2%	22.2%	22.2%	22.1%	22.0%	21.9%	20.8%	21.8%	18.9%	18.6%	20.1%
RG #11 - Plans M and N, future service, and U (Cemetery)	14.9%	15.6%	17.2%	19.1%	21.8%	22.5%	22.5%	22.5%	22.4%	22.4%	22.3%	22.3%	22.2%	22.1%	22.0%	20.9%	21.8%	19.0%	18.6%	20.1%
RG #12 - Plans G and H, future service	13.5%	13.5%	13.5%	13.5%	15.8%	16.9%	16.9%	16.9%	16.9%	16.8%	16.8%	16.8%	16.7%	16.7%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%
RG #12 - Plan U	10.5%	10.5%	10.5%	10.5%	12.8%	13.9%	13.9%	13.9%	13.8%	13.8%	13.8%	13.7%	13.7%	13.7%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%
RG #12 - Plans G and H, future service, and U (Law Library)	12.8%	12.2%	12.0%	11.8%	13.9%	14.8%	14.7%	14.6%	14.5%	14.4%	14.2%	14.1%	14.0%	14.0%	13.9%	13.8%	13.7%	13.7%	13.7%	13.7%
Safety																				
RG #6 - Plans E and F	59.1%	61.0%	64.5%	68.7%	74.8%	76.4%	76.4%	76.4%	76.4%	76.4%	76.1%	42.4%	36.2%	38.0%	35.6%	28.4%	27.1%	25.9%	33.5%	39.3%
RG #6 - Plan V	52.6%	54.4%	57.9%	62.1%	68.2%	69.9%	69.9%	69.8%	69.8%	69.8%	69.6%	35.9%	29.7%	31.4%	29.0%	21.9%	20.6%	19.3%	27.0%	32.7%
RG #6 - Plans E, F and V (Probation)	58.3%	59.9%	63.1%	67.1%	72.9%	74.2%	73.8%	73.4%	73.1%	72.7%	72.0%	38.0%	31.4%	32.9%	30.2%	22.8%	21.2%	19.8%	27.3%	33.0%
RG #7 - Plans E and F	64.1%	65.7%	68.8%	72.4%	77.8%	79.2%	79.2%	79.2%	79.2%	79.2%	78.9%	44.2%	41.7%	40.8%	39.4%	35.1%	32.9%	30.6%	35.2%	39.1%
RG #7 - Plans Q and R	62.2%	63.8%	66.9%	70.6%	75.9%	77.3%	77.3%	77.3%	77.3%	77.3%	77.0%	42.4%	39.8%	38.9%	37.5%	33.2%	31.0%	28.7%	33.3%	37.2%
RG #7 - Plan V	55.9%	57.5%	60.6%	64.3%	69.6%	71.0%	71.0%	71.0%	71.0%	71.0%	70.7%	36.1%	33.5%	32.6%	31.2%	26.9%	24.7%	22.4%	27.0%	30.9%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	60.4%	61.6%	64.4%	67.9%	73.0%	74.1%	73.9%	73.7%	73.4%	73.2%	72.7%	37.9%	35.2%	34.1%	32.5%	28.0%	25.6%	23.2%	27.6%	31.4%
RG #8 - Plans E and F	38.9%	40.3%	43.0%	46.3%	50.9%	52.2%	52.2%	52.2%	52.2%	52.2%	52.0%	28.1%	28.0%	29.2%	30.1%	29.5%	27.6%	27.6%	33.4%	37.3%
RG #8 - Plans Q and R	39.4%	40.8%	43.6%	46.8%	51.5%	52.7%	52.7%	52.7%	52.7%	52.7%	52.5%	28.6%	28.5%	29.7%	30.6%	30.0%	28.2%	28.2%	34.0%	37.8%
RG #8 - Plan V	28.9%	30.3%	33.0%	36.2%	40.9%	42.1%	42.1%	42.1%	42.1%	42.1%	41.9%	18.0%	17.9%	19.2%	20.0%	19.5%	17.6%	17.6%	23.4%	27.2%
RG #8 - Plans E, F, Q, R and V (OCFA)	35.4%	36.4%	38.8%	41.8%	46.2%	47.1%	46.8%	46.5%	46.1%	45.8%	45.3%	21.0%	20.6%	21.5%	22.0%	21.1%	18.9%	18.6%	24.2%	27.8%

Rates shown above have <u>not</u> been adjusted for employers with future service only benefit enhancement in Rate Group #2 (i.e., Orange County Employees Retirement System).

Attachment O (continued)

Projected Employer Rates by Plans within each Rate Group
Scenario 2: 7.0% for all years

Valuation Date (12/31)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
General																				
RG #1 - Plans A and B	13.9%	13.9%	14.3%	14.9%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	15.9%	10.3%	10.3%	10.3%	10.9%	10.3%	10.3%	10.3%	10.3%	10.3%
RG #1 - Plan U	13.6%	13.7%	14.0%	14.6%	15.8%	15.8%	15.8%	15.8%	15.8%	15.8%	15.7%	10.0%	10.0%	10.1%	10.7%	10.0%	10.0%	10.0%	10.0%	10.0%
RG #1 - Plans A, B and U (County and IHSS)	13.7%	13.7%	14.1%	14.7%	15.8%	15.8%	15.8%	15.8%	15.8%	15.8%	15.7%	10.1%	10.1%	10.1%	10.7%	10.1%	10.1%	10.1%	10.1%	10.0%
RG #2 - Plans I and J (non-Children and Families Comm.)	41.7%	41.8%	42.5%	43.8%	46.1%	46.0%	46.0%	46.0%	46.0%	46.0%	45.8%	18.5%	21.0%	21.5%	21.2%	18.1%	14.6%	14.6%	14.6%	14.6%
RG #2 - Plans I and J (Children and Families Comm.)	19.4%	19.4%	20.2%	21.4%	23.7%	23.7%	23.7%	23.7%	23.7%	23.7%	23.6%	21.1%	21.2%	21.2%	21.2%	18.1%	14.6%	14.6%	14.6%	14.6%
RG #2 - Plans O and P	33.3%	33.4%	34.1%	35.4%	37.7%	37.6%	37.6%	37.6%	37.6%	37.6%	37.4%	10.1%	12.6%	13.1%	12.8%	9.7%	6.2%	6.2%	6.2%	6.2%
RG #2 - Plan S	43.1%	43.2%	43.9%	45.2%	47.5%	47.4%	47.4%	47.4%	47.4%	47.4%	47.2%	19.9%	22.4%	22.9%	22.6%	19.5%	16.0%	16.0%	16.0%	16.0%
RG #2 - Plan T	34.4%	34.5%	35.3%	36.5%	38.8%	38.8%	38.8%	38.8%	38.7%	38.7%	38.5%	11.2%	13.7%	14.2%	13.9%	10.8%	7.3%	7.3%	7.3%	7.3%
RG #2 - Plan U (non-Children and Families Comm.)	36.4%	36.4%	37.2%	38.4%	40.7%	40.7%	40.7%	40.7%	40.7%	40.7%	40.5%	13.2%	15.7%	16.1%	15.8%	12.7%	9.2%	9.2%	9.2%	9.2%
RG #2 - Plan U (Children and Families Comm.)	14.0%	14.1%	14.9%	16.1%	18.4%	18.4%	18.4%	18.4%	18.4%	18.3%	18.3%	15.7%	15.9%	15.9%	15.8%	12.7%	9.2%	9.2%	9.2%	9.2%
RG #2 - Plan W	35.0%	35.0%	35.8%	37.0%	39.3%	39.3%	39.3%	39.3%	39.3%	39.3%	39.1%	11.7%	14.3%	14.7%	14.4%	11.3%	7.8%	7.8%	7.8%	7.8%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	38.4%	38.3%	38.8%	39.8%	41.9%	41.7%	41.5%	41.3%	41.1%	40.9%	40.5%	13.1%	15.4%	15.7%	15.3%	12.0%	8.4%	8.3%	8.1%	8.0%
RG #3 - Plans G and H	13.4%	13.4%	13.4%	13.4%	14.3%	14.3%	14.3%	14.4%	14.4%	14.4%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%
RG #3 - Plan B	12.8%	12.8%	12.8%	12.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%
RG #3 - Plan U	10.0%	10.0%	10.0%	10.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
RG #3 - Plans B, G, H and U (OCSD)	11.6%	11.5%	11.4%	11.3%	12.2%	12.1%	12.0%	11.9%	11.8%	11.7%	11.7%	11.6%	11.5%	11.5%	11.4%	11.4%	11.3%	11.2%	11.2%	11.2%
RG #5 - Plans A and B	30.4%	30.5%	31.3%	32.4%	34.6%	34.6%	34.6%	34.6%	34.6%	34.6%	34.4%	14.7%	16.0%	16.0%	16.8%	14.1%	12.3%	12.3%	12.3%	12.3%
RG #5 - Plan U	30.0%	30.1%	30.8%	32.0%	34.1%	34.1%	34.1%	34.1%	34.1%	34.1%	34.0%	14.3%	15.5%	15.6%	16.4%	13.7%	11.9%	11.9%	11.9%	11.9%
RG #5 - Plans A, B and U (OCTA)	30.3%	30.3%	31.1%	32.2%	34.3%	34.3%	34.3%	34.3%	34.3%	34.2%	34.1%	14.3%	15.6%	15.6%	16.4%	13.7%	11.9%	11.9%	11.9%	11.9%
RG #9 - Plans M and N	14.0%	14.0%	14.0%	14.0%	14.5%	14.5%	14.5%	14.5%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%
RG #9 - Plan U	10.8%	10.8%	10.8%	10.8%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%	11.2%	11.2%
RG #9 - Plans M, N and U (TCA)	12.0%	11.9%	11.8%	11.7%	12.2%	12.1%	12.0%	11.9%	11.8%	11.8%	11.7%	11.7%	11.6%	11.6%	11.5%	11.5%	11.4%	11.4%	11.4%	11.3%
RG #10 - Plans I and J	25.5%	25.5%	26.3%	27.6%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.7%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
RG #10 - Plans M and N	27.7%	27.8%	28.6%	29.8%	32.1%	32.1%	32.1%	32.1%	32.1%	32.0%	31.9%	17.2%	17.2%	17.2%	17.2%	17.2%	17.2%	17.2%	17.2%	17.2%
RG #10 - Plan U	20.5%	20.5%	21.3%	22.5%	24.8%	24.8%	24.8%	24.8%	24.8%	24.8%	24.6%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
RG #10 - Plans I, J, M, N and U (OCFA)	23.1%	23.0%	23.6%	24.7%	26.8%	26.7%	26.5%	26.4%	26.2%	26.1%	25.8%	11.0%	10.9%	10.8%	10.7%	10.6%	10.5%	10.4%	10.3%	10.2%
RG #11 - Plans M and N, future service	15.1%	15.2%	16.0%	17.0%	19.0%	19.0%	19.0%	19.0%	19.0%	18.9%	18.9%	18.9%	18.8%	18.8%	18.7%	17.6%	18.5%	15.7%	15.3%	16.8%
RG #11 - Plan U	14.5%	14.6%	15.3%	16.4%	18.4%	18.4%	18.4%	18.4%	18.4%	18.3%	18.3%	18.2%	18.2%	18.2%	18.1%	16.9%	17.9%	15.0%	14.7%	16.1%
RG #11 - Plans M and N, future service, and U (Cemetery)	14.9%	14.9%	15.6%	16.6%	18.6%	18.6%	18.6%	18.6%	18.5%	18.5%	18.4%	18.3%	18.3%	18.3%	18.2%	17.0%	17.9%	15.1%	14.7%	16.2%
RG #12 - Plans G and H, future service	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%
RG #12 - Plan U	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
RG #12 - Plans G and H, future service, and U (Law Library)	12.8%	12.2%	12.0%	11.8%	11.6%	11.4%	11.3%	11.2%	11.1%	11.0%	10.9%	10.9%	10.8%	10.8%	10.7%	10.7%	10.6%	10.6%	10.6%	10.6%
Safety																				
RG #6 - Plans E and F	59.1%	59.3%	60.8%	63.1%	67.4%	67.4%	67.4%	67.4%	67.4%	67.4%	67.2%	33.5%	27.3%	29.0%	22.7%	22.7%	22.7%	22.7%	22.7%	22.7%
RG #6 - Plan V	52.6%	52.8%	54.2%	56.5%	60.9%	60.9%	60.9%	60.9%	60.9%	60.9%	60.6%	27.0%	20.7%	22.5%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%
RG #6 - Plans E, F and V (Probation)	58.3%	58.2%	59.4%	61.5%	65.6%	65.3%	64.9%	64.5%	64.1%	63.7%	63.1%	29.0%	22.4%	23.9%	17.3%	17.0%	16.8%	16.6%	16.5%	16.4%
RG #7 - Plans E and F	64.1%	64.2%	65.5%	67.5%	71.3%	71.3%	71.3%	71.3%	71.3%	71.3%	71.0%	36.4%	33.8%	32.9%	26.3%	26.3%	26.3%	26.3%	26.3%	26.3%
RG #7 - Plans Q and R	62.2%	62.4%	63.6%	65.6%	69.5%	69.5%	69.5%	69.4%	69.4%	69.4%	69.2%	34.5%	32.0%	31.0%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%
RG #7 - Plan V	55.9%	56.0%	57.3%	59.3%	63.1%	63.1%	63.1%	63.1%	63.1%	63.1%	62.9%	28.2%	25.6%	24.7%	18.1%	18.1%	18.1%	18.1%	18.1%	18.1%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	60.4%	60.2%	61.2%	62.9%	66.5%	66.3%	66.0%	65.8%	65.6%	65.4%	64.9%	30.1%	27.3%	26.2%	19.4%	19.2%	19.0%	18.8%	18.7%	18.6%
RG #8 - Plans E and F	38.9%	39.0%	40.2%	41.9%	45.3%	45.3%	45.3%	45.3%	45.3%	45.3%	45.1%	25.9%	25.9%	25.9%	25.9%	25.9%	25.9%	25.9%	25.9%	25.9%
RG #8 - Plans Q and R	39.4%	39.6%	40.7%	42.5%	45.8%	45.8%	45.8%	45.8%	45.8%	45.8%	45.6%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%
RG #8 - Plan V	28.9%	29.0%	30.1%	31.9%	35.2%	35.2%	35.2%	35.2%	35.2%	35.2%	35.1%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%
RG #8 - Plans E, F, Q, R and V (OCFA)	35.4%	35.2%	36.0%	37.5%	40.5%	40.2%	39.9%	39.6%	39.3%	38.9%	38.4%	18.9%	18.6%	18.2%	17.9%	17.6%	17.2%	17.0%	16.7%	16.5%

Rates shown above have <u>not</u> been adjusted for employers with future service only benefit enhancement (i.e., Orange County Employees Retirement System) in Rate Group #2.

Attachment O (continued)

Projected Employer Rates by Plans within each Rate Group
Scenario 3: 14.0% for 2023 and 7.0% thereafter

Valuation Date (12/31)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
General																				
RG #1 - Plans A and B	13.9%	13.5%	13.3%	13.4%	14.1%	13.7%	13.7%	13.7%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
RG #1 - Plan U	13.6%	13.3%	13.1%	13.2%	13.9%	13.5%	13.5%	13.5%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
RG #1 - Plans A, B and U (County and IHSS)	13.7%	13.3%	13.2%	13.3%	13.9%	13.5%	13.5%	13.5%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.0%
RG #2 - Plans I and J (non-Children and Families Comm.)	41.7%	40.9%	40.6%	40.8%	42.1%	41.3%	41.3%	41.3%	41.3%	41.3%	41.1%	14.6%	14.6%	14.6%	14.6%	14.6%	14.6%	14.6%	14.6%	14.6%
RG #2 - Plans I and J (Children and Families Comm.)	19.4%	18.5%	18.2%	18.4%	19.8%	18.9%	18.9%	18.9%	18.9%	18.9%	18.9%	17.1%	14.6%	14.6%	14.6%	14.6%	14.6%	14.6%	14.6%	14.6%
RG #2 - Plans O and P	33.3%	32.5%	32.2%	32.4%	33.7%	32.9%	32.9%	32.9%	32.9%	32.9%	32.7%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%
RG #2 - Plan S	43.1%	42.3%	42.0%	42.2%	43.5%	42.7%	42.7%	42.7%	42.7%	42.7%	42.5%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
RG #2 - Plan T	34.4%	33.6%	33.3%	33.5%	34.9%	34.0%	34.0%	34.0%	34.0%	34.0%	33.8%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%
RG #2 - Plan U (non-Children and Families Comm.)	36.4%	35.5%	35.2%	35.4%	36.8%	36.0%	36.0%	35.9%	35.9%	35.9%	35.7%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%
RG #2 - Plan U (Children and Families Comm.)	14.0%	13.2%	12.9%	13.1%	14.5%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	11.8%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%
RG #2 - Plan W	35.0%	34.1%	33.8%	34.0%	35.4%	34.5%	34.5%	34.5%	34.5%	34.5%	34.3%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
RG #2 - Plans I, J, O, P, S, T, U and W (County et al.)	38.4%	37.4%	36.8%	36.9%	38.0%	37.0%	36.8%	36.6%	36.4%	36.2%	35.8%	9.2%	9.0%	8.8%	8.7%	8.5%	8.4%	8.3%	8.1%	8.0%
RG #3 - Plans G and H	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
RG #3 - Plan B	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%
RG #3 - Plan U	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
RG #3 - Plans B, G, H and U (OCSD)	11.6%	11.5%	11.4%	11.3%	11.2%	11.1%	11.0%	10.9%	10.8%	10.8%	10.7%	10.6%	10.6%	10.5%	10.4%	10.4%	10.3%	10.3%	10.2%	10.2%
RG #5 - Plans A and B	30.4%	29.7%	29.4%	29.6%	30.9%	30.1%	30.1%	30.1%	30.1%	30.1%	29.9%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%
RG #5 - Plan U	30.0%	29.2%	29.0%	29.1%	30.4%	29.7%	29.6%	29.6%	29.6%	29.6%	29.5%	11.9%	11.9%	11.9%	11.9%	11.9%	11.9%	11.9%	11.9%	11.9%
RG #5 - Plans A, B and U (OCTA)	30.3%	29.5%	29.2%	29.4%	30.6%	29.8%	29.8%	29.8%	29.8%	29.7%	29.6%	12.0%	12.0%	12.0%	12.0%	11.9%	11.9%	11.9%	11.9%	11.9%
RG #9 - Plans M and N	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
RG #9 - Plan U	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%
RG #9 - Plans M, N and U (TCA)	12.0%	11.9%	11.8%	11.7%	11.7%	11.6%	11.5%	11.4%	11.4%	11.3%	11.2%	11.2%	11.1%	11.1%	11.0%	11.0%	11.0%	10.9%	10.9%	10.9%
RG #10 - Plans I and J	25.5%	24.7%	24.3%	24.6%	25.9%	25.1%	25.1%	25.1%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
RG #10 - Plans M and N	27.7%	26.9%	26.6%	26.8%	28.2%	27.3%	27.3%	27.3%	17.2%	17.2%	17.2%	17.2%	17.2%	17.2%	17.2%	17.2%	17.2%	17.2%	17.2%	17.2%
RG #10 - Plan U	20.5%	19.7%	19.3%	19.6%	20.9%	20.1%	20.1%	20.1%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
RG #10 - Plans I, J, M, N and U (OCFA)	23.1%	22.1%	21.6%	21.7%	22.9%	21.9%	21.8%	21.6%	11.4%	11.3%	11.1%	11.0%	10.9%	10.8%	10.7%	10.6%	10.5%	10.4%	10.3%	10.2%
RG #11 - Plans M and N, future service	15.1%	14.5%	14.3%	14.6%	15.8%	15.2%	15.2%	15.3%	15.3%	15.4%	15.4%	15.4%	15.4%	15.4%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%
RG #11 - Plan U	14.5%	13.9%	13.7%	14.0%	15.2%	14.5%	14.6%	14.7%	14.7%	14.7%	14.8%	14.8%	14.7%	14.7%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
RG #11 - Plans M and N, future service, and U (Cemetery)	14.9%	14.2%	14.0%	14.2%	15.4%	14.8%	14.8%	14.8%	14.9%	14.9%	14.9%	14.9%	14.8%	14.8%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%
RG #12 - Plans G and H, future service	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%
RG #12 - Plan U	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
RG #12 - Plans G and H, future service, and U (Law Library)	12.8%	12.2%	12.0%	11.8%	11.6%	11.4%	11.3%	11.2%	11.1%	11.0%	10.9%	10.9%	10.8%	10.8%	10.7%	10.7%	10.6%	10.6%	10.6%	10.6%
Safety																				
RG #6 - Plans E and F	59.1%	57.7%	57.1%	57.5%	60.1%	58.5%	58.5%	58.5%	58.5%	58.5%	58.2%	22.7%	22.7%	22.7%	22.7%	22.7%	22.7%	22.7%	22.7%	22.7%
RG #6 - Plan V	52.6%	51.2%	50.6%	51.0%	53.6%	52.0%	52.0%	51.9%	51.9%	51.9%	51.7%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%
RG #6 - Plans E, F and V (Probation)	58.3%	56.6%	55.8%	55.9%	58.3%	56.3%	55.9%	55.5%	55.1%	54.8%	54.1%	18.2%	17.8%	17.5%	17.3%	17.0%	16.8%	16.6%	16.5%	16.4%
RG #7 - Plans E and F	64.1%	62.8%	62.3%	62.6%	64.9%	63.5%	63.5%	63.5%	63.5%	63.4%	63.2%	28.5%	26.3%	26.3%	26.3%	26.3%	26.3%	26.3%	26.3%	26.3%
RG #7 - Plans Q and R	62.2%	60.9%	60.4%	60.7%	63.0%	61.6%	61.6%	61.6%	61.6%	61.6%	61.3%	26.7%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%
RG #7 - Plan V	55.9%	54.6%	54.1%	54.4%	56.7%	55.3%	55.3%	55.3%	55.3%	55.3%	55.0%	20.4%	18.1%	18.1%	18.1%	18.1%	18.1%	18.1%	18.1%	18.1%
RG #7 - Plans E, F, Q, R and V (Law Enforcement)	60.4%	58.7%	57.9%	58.0%	60.1%	58.4%	58.2%	58.0%	57.7%	57.5%	57.1%	22.2%	19.7%	19.6%	19.4%	19.2%	19.0%	18.8%	18.7%	18.6%
RG #8 - Plans E and F	38.9%	37.8%	37.3%	37.6%	39.6%	38.4%	38.4%	25.9%	25.9%	25.9%	25.9%	25.9%	25.9%	25.9%	25.9%	25.9%	25.9%	25.9%	25.9%	25.9%
RG #8 - Plans Q and R	39.4%	38.3%	37.9%	38.2%	40.2%	38.9%	38.9%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%
RG #8 - Plan V	28.9%	27.7%	27.3%	27.6%	29.6%	28.4%	28.4%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%
RG #8 - Plans E, F, Q, R and V (OCFA)	35.4%	33.9%	33.1%	33.1%	34.8%	33.3%	33.0%	20.3%	19.9%	19.6%	19.3%	18.9%	18.6%	18.2%	17.9%	17.6%	17.2%	17.0%	16.7%	16.5%

Rates shown above have <u>not</u> been adjusted for employers with future service only benefit enhancement (i.e., Orange County Employees Retirement System) in Rate Group #2.

Memorandum

DATE: July 17, 2023

TO: Members, Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **SENSITIVITY ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE INFLATION AND INVESTMENT RETURN ASSUMPTIONS**

Presentation

Background/Discussion

While the performance of sensitivity analyses under alternative hypothetical economic actuarial assumptions is not a part of Segal's current contract for actuarial services, OCERS management believes the results of the analyses could provide insight for the Board and the other stakeholders. This may be particularly true in advance of Segal presenting their review of economic actuarial assumptions later this year for use in the actuarial valuation as of December 31, 2023.

On June 19, Segal discussed with the Board options of sensitivity analyses that could be performed to meet this contractual requirement.

On July 17, Segal will return to review results of their analyses of the alternative economic assumptions.

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

Segal

Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary
T 415.263.8283
ayeung@segalco.com

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

Via Email

July 12, 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)
Sensitivity Illustrations of Retirement Costs, Unfunded Actuarial Accrued Liability and Funded Ratio under Alternative Inflation and Investment Return Assumptions

Dear Steve:

As requested, we have developed 20-year illustrations of the employer contribution rates for OCERS under five alternative sets of inflation and investment return assumptions as if those assumptions were effective in the December 31, 2022 valuation. In this letter, we have also provided the Unfunded Actuarial Accrued Liability (UAAL) in dollars and the funded ratio associated with those projected employer contribution rates, as well the member contribution rates.

These results have been prepared based on the December 31, 2022 valuation approved by the Board at its meeting on June 19, 2023. The illustrations have been prepared for use in studying how sensitive the projection results are to changes in the economic assumptions used in the December 31, 2022 valuation.

These illustrations are provided for informational purposes only. The next triennial experience study is currently in progress and the assumptions approved by the Board will be used in the December 31, 2023 actuarial valuation, which will determine contribution rates for fiscal year 2025-2026. It is important to note that the above alternatives are not necessarily the assumptions that we would recommend to the Board in that triennial experience study, or that would be adopted by the Board.

The current inflation and investment return assumptions used in the December 31, 2022 valuation are as follows:

- Baseline:[1] 7.00% investment return assumption and 2.50% inflation assumption.

The current and alternative sets of inflation and investment return assumptions used in the illustrations are as follows:[2]

	Inflation[3]	Real Return	Investment Return
Baseline (current assumptions)	2.50%	4.50%	7.00%
Alternative #1	2.25%	4.50%	6.75%
Alternative #2	2.50%	4.25%	6.75%
Alternative #3	2.25%	4.25%	6.50%
Alternative #4	2.75%	4.25%	7.00%
Alternative #5	3.25%	4.50%	7.75%

The various projections included are as follows:

- The projected contribution rates for the aggregate plan are provided in Attachment A.
- The projected UAAL and funded ratio for the aggregate plan are provided in Attachment B.
- The projected member contribution rates for the aggregate plan are provided in Attachment C.

Summary of Results

The changes in the employer contribution rate (including the Normal Cost and UAAL components), the member contribution rate and the UAAL from the baseline to each of the alternatives are summarized below. The impact of the assumption changes is determined as if those assumptions were effective in the December 31, 2022 valuation.

1 The results provided for the baseline is the same as those provided under Scenario #2 for OCERS in total in our letter entitled "Illustrations of Retirement Costs, Unfunded Actuarial Accrued Liability and Funded Ratio under Alternative Investment Return Scenarios Based on the December 31, 2022 Valuation" dated June 30, 2023.

2 On June 19, 2023 the Board approved these five alternative sets of assumptions for use in preparing these illustrations.

3 For the baseline and alternative scenarios #1-4, the COLA assumption would include an additional margin of 0.25% to reflect higher expected CPI for LA-Long Beach-Anaheim Area. For alternative scenario #5, the COLA assumption is 3.0% for all years, which is the maximum allowed by the plan.

Mr. Steve Delaney
July 12, 2023
Page 3

Change in:	Alternative #1	Alternative #2	Alternative #3	Alternative #4	Alternative #5
Inflation[4]	(0.25%)	0.00%	(0.25%)	0.25%	0.75%
Real Return[4]	0.00%	(0.25%)	(0.25%)	(0.25%)	(0.00%)
Investment Return[4]	(0.25%)	(0.25%)	(0.50%)	0.00%	0.75%
Employer Rate					
Normal Cost Rate	0.08%[5]	0.94%	1.03%	0.86%	(0.99)%
UAAL Rate	0.72%	2.65%	3.37%	1.24%	(6.68%)
Total Rate	0.80%	3.59%	4.40%	2.10%	(7.67%)
Member Rate	(0.01%)[6]	0.78%	0.77%	0.79%	(0.79%)
UAAL ($000s)[7,8]	$183,818	$807,296[9]	$997,643[10]	$428,052	$(1,651,592)

Methods and Assumptions

The methods and actuarial assumptions we used to prepare the employer contribution rates, the UAAL and the funded ratio is the same as those used in Scenario #2 in our letter dated June 30, 2023 with the exception of the inflation and investment return assumptions specified above. The following are additional points of note when reviewing the illustrative results:

- It is assumed that all actuarial assumptions used in preparing the illustrative results would be met in the future and that there would be no other changes in the future for any of the actuarial assumptions (such as the mortality tables). In particular, it is assumed that the actual future inflation and investment return experience under each of the four alternatives would follow the corresponding inflation and investment return assumed for that alternative.
- The assumptions that we have used in preparing these illustrations were based on those that we discussed with the Board at its meeting on June 19, 2023. As further discussed and requested at last year's Board meeting, we have continued to include in Attachment D a comparison of the historical CPIs with the inflation assumptions used by OCERS in the actuarial valuations. For the historical CPIs, we have included both the CPI measures used by

[4] Relative to 2.50% inflation assumption, 4.50% real return assumption and 7.00% investment return assumption used in the baseline. Note that in practice, the real return is determined by the inflation and investment return assumptions.

[5] Generally speaking, there will be a slight increase in the employer normal cost rates for both the General and the Safety Rate Groups. The overall increase in the aggregate employer normal cost rate reflects the proportion of payrolls of both General and Safety members.

[6] Generally speaking, there will be no change in the member rates for the General Rate Groups while there will be a slight decrease in the member rates for the Safety Rate Groups. The overall reduction in the aggregate member rate reflects the proportion of payrolls of both General and Safety members.

[7] If the hypothetical assumptions under all the alternatives (except for Scenarios 2 and 3) were applied as of December 31, 2022, no transfer would have been required from the O.C. Sanitation District UAAL Deferred Account to pay off their UAAL. The balance in the O.C. Sanitation District UAAL Deferred Account as of December 31, 2022 would have been $14.4 million.

[8] Excludes UAAL paid by O.C. Vector Control, Cypress Recreation and Parks, U.C.I. and Department of Education in Rate Group #1.

[9] In this hypothetical scenario, $2.0 million would have been transferred from the O.C. Sanitation District UAAL Deferred Account to pay off their UAAL as of December 31, 2022.

[10] In this hypothetical scenario, $9.3 million would have been transferred from the O.C. Sanitation District UAAL Deferred Account to pay off their UAAL as of December 31, 2022.

the Board to set cost-of-living adjustments for retirees/beneficiaries (based on annual-to-annual change in CPIs for Los-Angeles-Long Beach-Anaheim) and the CPI measures that we generally include in our economic assumptions report (based on annual-to-annual change in CPIs for US city average).

- Due to the relatively high change in the Consumer Price Index (CPI) from 2021 to 2022, in the December 31, 2022 valuation we reflected an actuarial loss from the payment of a COLA higher than the assumed 2.75% COLA increase starting on April 1, 2023. Furthermore, as a result of that high CPI and based on the current COLA banks, in the December 31, 2022 valuation 3.00% COLAs are expected to be paid each April 1st starting 2023 and the following 18 years.

  We mention this because, when both the inflation and the COLA assumptions are decreased by 0.25% under Alternatives #1 and #3, the reduction in the Actuarial Accrued Liability (AAL) brought about by the decrease in the COLA assumption for current retirees/beneficiaries is smaller this year when compared to last year's Sensitivity Illustrations because the current COLA banks would in essence continue to provide the maximum 3% COLA for several years. We note however that the opposite is true (i.e., increase in AAL is smaller) when the inflation and the COLA assumptions are increased by 0.25% under Alternative #4.

- The detailed amortization schedule for OCERS' UAAL as of December 31, 2022 is provided in the valuation report. The changes in UAAL due to the changes in the inflation and investment return assumptions used in preparing the illustrative results are amortized over a 20-year period as of December 31, 2022. Any subsequent changes in the UAAL due to actuarial gains or losses (e.g., from investment returns on valuation value of assets greater or less than the assumed rates) are amortized over separate 20-year periods.

- On July 30, 2020, the California Supreme Court issued a decision in the case of Alameda County Deputy Sheriffs' Association et al. v. Alameda County Employees' Retirement Association (ACERA) and Board of Retirement of ACERA. Based on actions taken by the Board, our understanding is that the membership data provided for the December 31, 2022 funding valuation reflects reduced salary for affected active members and recalculated benefits due to the reduction in salary for a small number of payees. There were also refunds of contributions made to the members. The effect of the Alameda Decision will be reflected as gains and losses as revisions are made to the membership data and financial information provided for the December 31, 2022 and subsequent valuations.

- It is important to note that this actuarial valuation is based on plan assets as of December 31, 2021. The plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the plan year. Moreover, these projections do not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after December 31, 2022 due to COVID-19. Segal is available to prepare projections of potential outcomes of market conditions and other demographic experience upon request.

Other Considerations

Projections, by their nature, are not a guarantee of future results. The modeling projections are intended to serve as illustrations of future financial outcomes that are based on the information available to us at the time the modeling is undertaken and completed, and the agreed-upon assumptions and methodologies described herein. Emerging results may differ significantly if the actual experience proves to be different from these assumptions or if alternative methodologies are used. Actual experience may differ due to such variables as demographic experience, the economy, stock market performance and the regulatory environment.

Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

This study was prepared under my supervision. I am a member of the American Academy of Actuaries and meet the qualification requirements to provide the opinion contained herein.

Please let us know if you have any questions.

Sincerely,

Andy Yeung

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

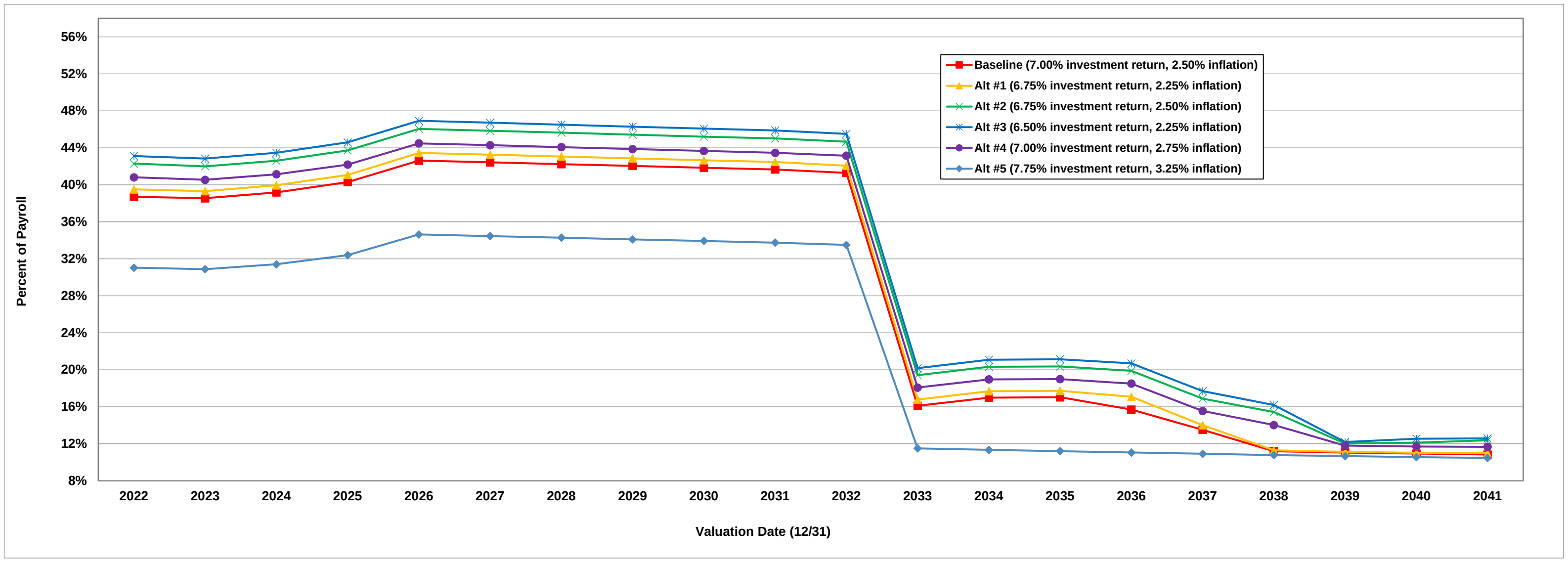
JY/bbf
Enclosures

cc: Tracy Bowman
Brenda Shott

Segal

Attachment A

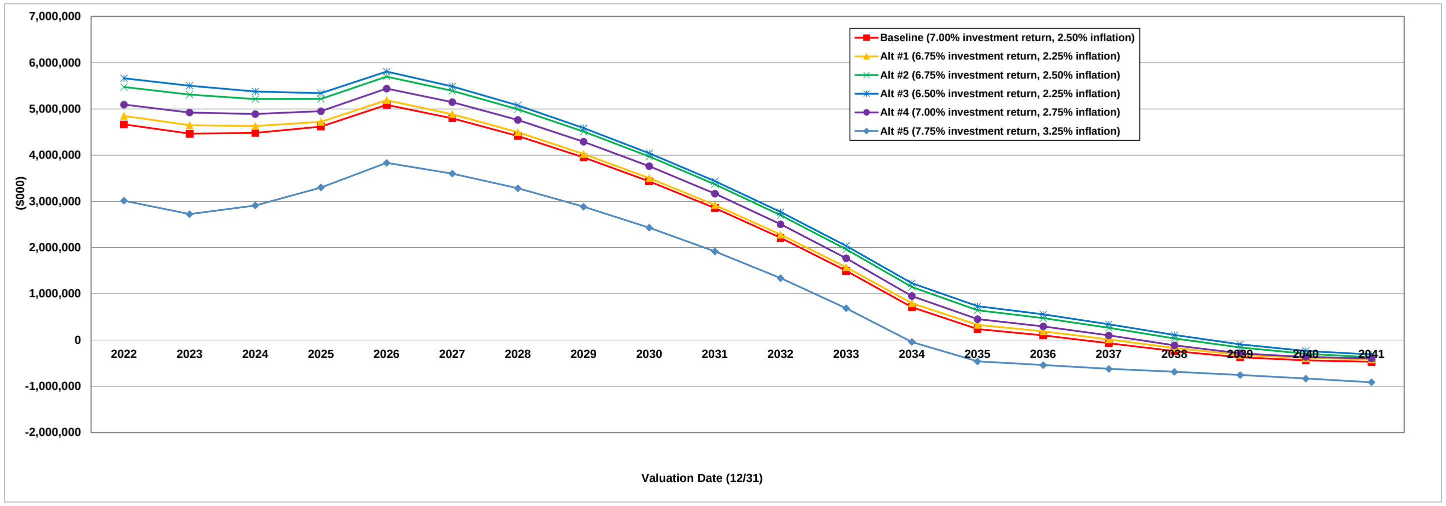
Projected Employer Rates
Aggregate Plan



Valuation Date (12/31)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Baseline (7.00% investment return, 2.50% inflation)	38.7%	38.6%	39.2%	40.3%	42.6%	42.4%	42.2%	42.1%	41.8%	41.7%	41.3%	16.1%	17.0%	17.0%	15.7%	13.5%	11.2%	11.1%	10.9%	10.8%
Alt #1 (6.75% investment return, 2.25% inflation)	39.5%	39.3%	40.0%	41.1%	43.4%	43.3%	43.1%	42.9%	42.7%	42.5%	42.1%	16.8%	17.7%	17.7%	17.1%	14.0%	11.3%	11.1%	11.0%	11.0%
Alt #2 (6.75% investment return, 2.50% inflation)	42.3%	42.0%	42.6%	43.7%	46.1%	45.8%	45.6%	45.4%	45.2%	45.0%	44.7%	19.4%	20.3%	20.4%	19.9%	16.9%	15.4%	12.0%	12.1%	12.4%
Alt #3 (6.50% investment return, 2.25% inflation)	43.1%	42.8%	43.5%	44.6%	46.9%	46.7%	46.5%	46.3%	46.1%	45.9%	45.5%	20.2%	21.1%	21.1%	20.7%	17.7%	16.2%	12.2%	12.6%	12.6%
Alt #4 (7.00% investment return, 2.75% inflation)	40.8%	40.5%	41.1%	42.2%	44.5%	44.3%	44.1%	43.9%	43.7%	43.5%	43.2%	18.1%	19.0%	19.0%	18.5%	15.6%	14.0%	11.8%	11.7%	11.7%
Alt #5 (7.75% investment return, 3.25% inflation)	31.0%	30.9%	31.4%	32.4%	34.6%	34.5%	34.3%	34.1%	33.9%	33.8%	33.5%	11.5%	11.3%	11.2%	11.1%	10.9%	10.8%	10.7%	10.6%	10.5%

Attachment B

Projected UAAL[11] and Funded Ratio for Aggregate Plan



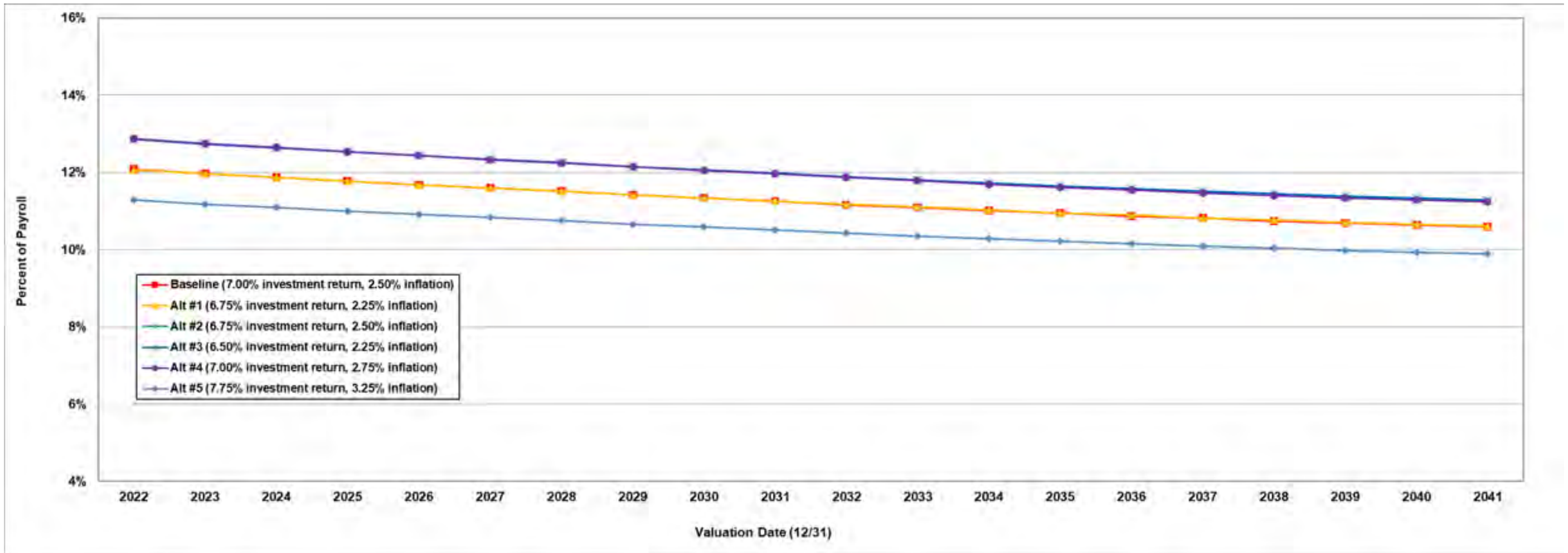
UAAL ($000)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Baseline (7.00% investment return, 2.50% inflation)	4,665,845	4,465,664	4,480,943	4,618,742	5,089,950	4,796,931	4,415,058	3,951,879	3,433,084	2,854,219	2,210,523	1,496,738	709,907	236,296	100,711	-69,801	-240,890	-372,298	-439,674	-472,052
Alt #1 (6.75% investment return, 2.25% inflation)	4,849,663	4,649,287	4,630,886	4,721,413	5,189,363	4,886,137	4,495,500	4,025,445	3,502,369	2,922,173	2,280,579	1,572,855	797,003	328,261	187,983	13,634	-173,052	-320,822	-389,344	-418,940
Alt #2 (6.75% investment return, 2.50% inflation)	5,473,141	5,310,652	5,213,552	5,217,327	5,699,523	5,391,444	4,992,319	4,509,831	3,970,250	3,369,056	2,701,369	1,962,037	1,147,691	643,375	472,901	263,249	34,480	-161,925	-298,152	-372,899
Alt #3 (6.50% investment return, 2.25% inflation)	5,663,488	5,501,671	5,377,622	5,339,382	5,808,761	5,487,804	5,077,859	4,586,941	4,041,494	3,437,459	2,770,491	2,035,935	1,231,343	730,815	554,813	340,778	108,184	-93,518	-235,757	-312,215
Alt #4 (7.00% investment return, 2.75% inflation)	5,093,897	4,922,398	4,890,165	4,951,292	5,440,846	5,146,618	4,761,062	4,290,786	3,761,387	3,168,103	2,505,696	1,768,442	952,011	451,619	294,835	99,117	-115,030	-288,254	-367,376	-398,565
Alt #5 (7.75% investment return, 3.25% inflation)	3,014,253	2,723,859	2,910,469	3,299,363	3,833,365	3,600,845	3,282,823	2,884,882	2,431,600	1,917,953	1,338,332	686,652	-42,214	-462,481	-541,896	-623,612	-687,535	-756,996	-832,446	-914,371

Funded Ratio	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Baseline (7.00% investment return, 2.50% inflation)	81.5%	83.0%	83.7%	83.8%	82.8%	84.4%	86.1%	88.0%	89.9%	91.8%	93.8%	95.9%	98.1%	99.4%	99.7%	100.2%	100.6%	100.9%	101.1%	101.2%
Alt #1 (6.75% investment return, 2.25% inflation)	80.9%	82.4%	83.2%	83.5%	82.5%	84.0%	85.8%	87.6%	89.5%	91.5%	93.5%	95.6%	97.8%	99.1%	99.5%	100.0%	100.5%	100.9%	101.0%	101.1%
Alt #2 (6.75% investment return, 2.50% inflation)	79.0%	80.5%	81.6%	82.3%	81.4%	83.0%	84.8%	86.7%	88.6%	90.6%	92.7%	94.8%	97.0%	98.4%	98.8%	99.4%	99.9%	100.4%	100.7%	100.9%
Alt #3 (6.50% investment return, 2.25% inflation)	78.4%	79.9%	81.1%	81.9%	81.0%	82.6%	84.4%	86.3%	88.3%	90.3%	92.3%	94.5%	96.7%	98.1%	98.6%	99.1%	99.7%	100.2%	100.6%	100.8%
Alt #4 (7.00% investment return, 2.75% inflation)	80.2%	81.7%	82.5%	83.1%	82.1%	83.7%	85.5%	87.4%	89.3%	91.3%	93.3%	95.4%	97.6%	98.9%	99.3%	99.8%	100.3%	100.7%	100.9%	100.9%
Alt #5 (7.75% investment return, 3.25% inflation)	87.2%	89.0%	88.7%	87.8%	86.4%	87.7%	89.3%	90.9%	92.6%	94.4%	96.2%	98.1%	100.1%	101.2%	101.4%	101.6%	101.7%	101.8%	102.0%	102.2%

[11] Under the baseline scenario, excludes UAAL paid by O.C. Vector Control, Cypress Recreation and Parks, U.C.I. and Department of Education in Rate Group #1. If those amounts have been taken into account, the UAAL for the System would have been $4,695,010 and the funded ratio would have been 81.5% as of December 31, 2022.

Attachment C

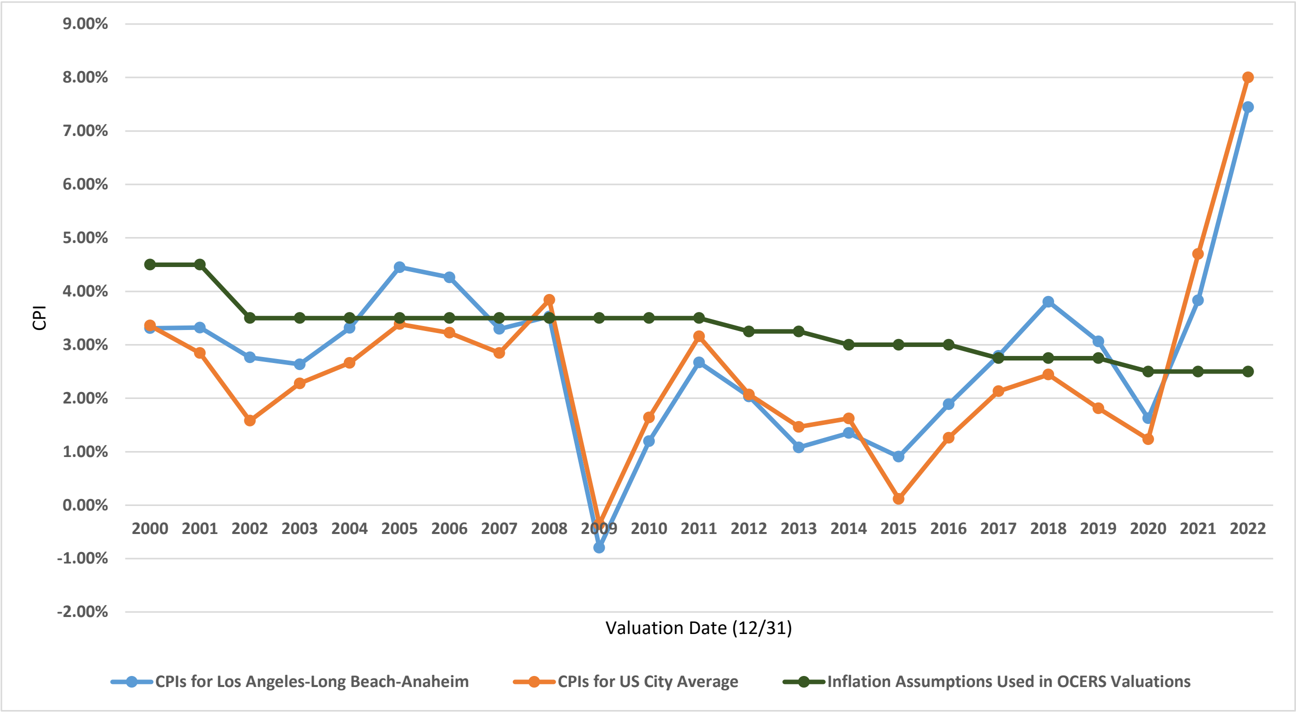
Projected Member Rates
Aggregate Plan



Valuation Date (12/31)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Baseline (7.00% investment return, 2.50% inflation)	12.1%	12.0%	11.9%	11.8%	11.7%	11.6%	11.5%	11.4%	11.3%	11.3%	11.2%	11.1%	11.0%	10.9%	10.9%	10.8%	10.7%	10.7%	10.6%	10.6%
Alt #1 (6.75% investment return, 2.25% inflation)	12.1%	12.0%	11.9%	11.8%	11.7%	11.6%	11.5%	11.4%	11.3%	11.3%	11.2%	11.1%	11.0%	11.0%	10.9%	10.8%	10.8%	10.7%	10.7%	10.6%
Alt #2 (6.75% investment return, 2.50% inflation)	12.9%	12.7%	12.6%	12.5%	12.4%	12.3%	12.2%	12.2%	12.1%	12.0%	11.9%	11.8%	11.7%	11.6%	11.6%	11.5%	11.4%	11.4%	11.3%	11.3%
Alt #3 (6.50% investment return, 2.25% inflation)	12.9%	12.7%	12.6%	12.5%	12.4%	12.3%	12.3%	12.2%	12.1%	12.0%	11.9%	11.8%	11.7%	11.7%	11.6%	11.5%	11.5%	11.4%	11.3%	11.3%
Alt #4 (7.00% investment return, 2.75% inflation)	12.9%	12.7%	12.6%	12.5%	12.4%	12.3%	12.2%	12.1%	12.1%	12.0%	11.9%	11.8%	11.7%	11.6%	11.5%	11.5%	11.4%	11.3%	11.3%	11.2%
Alt #5 (7.75% investment return, 3.25% inflation)	11.3%	11.2%	11.1%	11.0%	10.9%	10.8%	10.8%	10.7%	10.6%	10.5%	10.4%	10.4%	10.3%	10.2%	10.2%	10.1%	10.0%	10.0%	9.9%	9.9%

Attachment D

Comparison of Historical CPIs with Inflation Assumptions Used in OCERS Valuations[12]



	CPIs for Los Angeles-Long Beach-Anaheim	CPIs for US City Average	Inflation Assumptions Used in OCERS Valuations
20-Year Geometric Average	2.71%	2.46%	3.14%
15-Year Geometric Average	2.41%	2.32%	3.02%
10-Year Geometric Average	2.76%	2.46%	2.80%
5-Year Geometric Average	3.94%	3.61%	2.60%

[12] For the inflation assumptions used in the OCERS' valuations as of December 31, 2000 to December 31, 2003, we have relied on the disclosure provided by the prior actuary in their certification letters and included by OCERS in their annual comprehensive financial reports.

Memorandum

DATE: July 17, 2023

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **ACTUARIAL RISK ASSESSMENT BASED ON THE DECEMBER 31, 2022 ACTUARIAL VALUATION**

Presentation

Background/Discussion

Actuarial Standard of Practice (ASOP) No. 51 regarding risk assessment requires actuaries to identify risks that "may reasonably be anticipated to significantly affect the plan's future financial condition".

Segal will review the attached copy of the risk assessment report on July 17th.

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

Orange County Employees Retirement System

Risk Assessment

Based on the Actuarial Valuation and Review as of December 31, 2022

July 12, 2023

Paul Angelo, FSA, MAAA, FCA, EA
Andy Yeung, ASA, MAAA, FCA, EA
Todd Tauzer, FSA, MAAA, FCA, CERA

Segal

Table of Contents

Section 1: Introduction and Executive Summary

Introduction

The purpose of this report is to assist the Board of Retirement,[1] participating employers and members and other stakeholders to better understand and assess the risk profile of the System, as well as the particular risks inherent in using a fixed set of actuarial assumptions in preparing the results in our December 31, 2022 funding valuation for Orange County Employees Retirement System (OCERS).

The results included in our December 31, 2022 funding valuation report for the Plan were prepared based on a fixed set of economic and non-economic actuarial assumptions under the premise that future experience of OCERS would be consistent with those assumptions. While those assumptions are generally reviewed every three years (with the assumptions from the last triennial experience study adopted by the Board of Retirement for use starting with the December 31, 2020 valuation), there is a risk that emerging results may differ significantly as actual experience is fluid and will not completely track current assumptions.

It is important to note that this risk assessment is based on plan assets as of December 31, 2022. The Plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the Plan Year. Moreover, these projections do not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after December 31, 2022 due to COVID-19. Segal is available to prepare projections of potential outcomes of market conditions and other demographic experience upon request.

On July 30, 2020, the California Supreme Court issued a decision in the case of Alameda County Deputy Sheriffs' Association et al. v. Alameda County Employees' Retirement Association (ACERA) and Board of Retirement of ACERA. Based on actions taken by the Board, our understanding is that the membership data provided for the December 31, 2022 funding valuation reflects reduced salary for affected active members and recalculated benefits due to the reduction in salary for a small number of payees. There were also refunds of contributions made to the members. The effect of the Alameda Decision will be reflected as gains and losses as revisions are made to the membership data and financial information provided for the December 31, 2022 and subsequent valuations.

[1] This risk report has been prepared at the request of the Board of Retirement to assist in administering the Plan. This risk report may not otherwise be copied or reproduced in any form without the consent of the Board of Retirement and may only be provided to other parties in its entirety, unless expressly authorized by Segal. The measurements shown in this risk report may not be applicable for other purposes.

Actuarial Standard of Practice on Risk Assessment

The Actuarial Standards Board approved the Actuarial Standard of Practice No. 51 (ASOP 51) regarding risk assessment when performing a funding valuation and it was effective with OCERS' December 31, 2018 actuarial valuation for benefits provided by the Plan. ASOP 51 requires actuaries to identify and assess risks that "may reasonably be anticipated to significantly affect the plan's future financial condition." Examples of key risks listed that are particularly relevant to OCERS are asset/liability mismatch risk, investment risk, and longevity and other demographic risks. ASOP 51 also requires an actuary to consider if there is any ongoing contribution risk to the plan; however, it does not require the actuary to evaluate the particular ability or willingness of contributing entities to make contributions when due, nor does it require the actuary to assess the likelihood or consequences of future changes in applicable law.

The actuary's assessment can be strictly a qualitative discussion about potential adverse experience and the possible effect on future results, but it may also include quantitative numerical demonstrations where informative. The actuary is also encouraged to consider a recommendation as to whether a more detailed risk assessment would be beneficial for the intended user in order to examine particular financial risks. When making that recommendation, the actuary will take into account such factors as the plan's design, risk profile, maturity, size, funded status, asset allocation, cash flow, possible insolvency and current market conditions. This report incorporates a more detailed risk assessment as agreed upon with OCERS.

Plan Risk Assessment

In *Section 2*, we start by discussing some of the historical factors that have caused changes in OCERS' funded status and employer contribution rates. It is important to understand how the combination of decisions and experience has led to the current financial status of the plan.

We follow this with a discussion of the most significant risk factors going forward. Even though we have not included a numerical analysis of all the risk factors, based on our discussions with OCERS, we have provided illustrations that show the impact on the funded status and employer contribution rates using relevant economic scenario tests. These tests illustrate the effect of future investment returns on the portfolio deviating from the current 7.00% annual investment return assumption used in the December 31, 2022 valuation.

ASOP 51 also requires disclosure of plan maturity measures and other historical information that are significant to understanding the risks associated with the Plan and this information is included in this report.

Executive Summary

Historical Funded Status and Employer Contribution Rates

The following table provides a summary of financial changes to the Plan over the last 10 valuations. During this period, there were net decreases in the unfunded actuarial accrued liability (UAAL) and contribution rates despite some increases in those measures[2,3] primarily from strengthening of the actuarial assumptions used in preparing the valuations and unfavorable investment experience in some prior years. Those increases were more than offset by recent favorable investment experience and by minimum and additional contributions made by the employers to pay off the UAAL. These changes are detailed in *Section 2* of this report.

	Market Value Basis		Valuation Value Basis		Total (Aggregate) Employer Contribution Rate (% of Payroll)
Valuation Date	**Funded Status**	**UAAL**	**Funded Status**	**UAAL**	
December 31, 2013	67.7%	$5,105.8 M	66.0%	$5,367.9 M	39.05%
December 31, 2022	76.9%	$5,852.0 M	81.5%	$4,695.0 M	38.71%

Future Funded Status and Employer Contribution Rates

In this report, we highlight key factors besides assumption changes that may affect the financial profile of the Plan going forward. As investment experience in the past 10 years has had a significant impact on the funded status and employer contribution rates, we have also provided deterministic projections (using select scenarios for illustration) under hypothetical favorable and unfavorable future market experience so that the impact of market performance can be better understood.

The total (aggregate) employer contribution rate for the plan is 38.71% of total payroll in the December 31, 2022 valuation. Using a deterministic projection, this report shows the effect of either unfavorable (0.00%) or favorable (14.00%) hypothetical market returns for 2023 on key valuation results. In particular, the changes in the total employer contribution rate (relative to the December 31, 2022 valuation aggregate employer contribution rate of 38.71%) in the

2 For instance, as a result of the two immediately preceding experience studies, the UAAL increased by $854 million and $24 million in the December 31, 2017 and December 31, 2020 valuations, respectively.

3 For instance, as a result of the two immediately preceding experience studies, the employer's total rate (normal cost plus UAAL) increased by 4.81% of payroll and 0.58% of payroll in the December 31, 2017 and December 31, 2020 valuations, respectively.

Section 1: Introduction and Executive Summary

December 31, 2023 valuation and in the December 31, 2027 valuation (when all the investment gains or losses are fully recognized at the end of the five-year asset smoothing period) are as shown in the following table:[4]

Employer Contribution Rate Change	2023 Single Plan-Year Investment Return		
	0.00%	**7.00% (Baseline)**	**14.00%**
December 31, 2023	+0.8% of payroll	-0.2% of payroll	-1.1% of payroll
December 31, 2027	+9.1% of payroll	+3.7% of payroll	-1.5% of payroll

Under the baseline (7.00%) market return scenario for 2023, the System would expect contribution rates to increase 3.7% by 2027. This is primarily due to deferred investment losses of $1.2B as of the December 31, 2022 annual valuation. Under the favorable (14.00%) hypothetical market return scenario for 2023, the System would be expected to reach full funding by December 31, 2034[5] and the total employer contribution rate would be comprised of only normal cost contributions. Furthermore, under the baseline market return scenario for 2023, the System would be expected to have a funded ratio of over 100% in about 15 years (by December 31, 2037), even though the funded ratios of some of the rate groups[6] are still below 100%. The total employer contribution rate would be expected to approach about 11% of payroll after the System becomes fully funded.[7] <u>This means that the Board's funding policy is very effective in achieving the general policy goal of achieving the long-term full funding of the costs of the benefits paid by OCERS.</u>

Plan Maturity Measures

During the past 10 valuations, the System has become more mature as evidenced by an increase in the ratio of members in pay status (retirees and beneficiaries) to active members (as shown in *Section 2, Chart 8* on page 25) and by an increase in the ratios of plan assets and liabilities to active member payroll (as shown in *Section 2, Chart 9* on page 26 and *Chart 10* on page 27, respectively). We expect these trends to continue going forward. This is significant for understanding the volatility of both historical and future employer contribution rates because any increase in UAAL due to unfavorable investment and non-investment experience for the relatively larger group of non-active members would have to be amortized and funded over the payroll of the relatively smaller group of only active members. Put another way, as a plan grows more mature, its contribution rate becomes more sensitive to investment volatility and liability changes. As

4 Assuming no further assumption changes, method changes or experience that differs significantly from assumptions.
5 Note that under the 14% return scenario, full funding for each and every Rate Group would not be attained until the last Rate Group (Rate Group #11) achieves that status in the December 31, 2036 valuation.
6 Note that under the 7% return scenario, full funding for each and every Rate Group would not be attained until the last Rate Group achieves that status beyond the December 31, 2041 valuation.
7 Assuming no further assumption changes, method changes or experience that differs significantly from assumptions.

Section 1: Introduction and Executive Summary

OCERS continues to mature with time, its risk profile will continue to evolve in this way and contributions will grow more sensitive to plan experience.

Section 2: Key Plan Risks on Funded Status, Unfunded Actuarial Accrued Liabilities, and Employer Contribution Rates

Evaluation of Historical Trends

Funded Status and Change in Unfunded Actuarial Accrued Liabilities

One common measure of OCERS' financial status is the funded ratio. This ratio compares the valuation[8] and market value of assets to the actuarial accrued liabilities (AAL)[9] of OCERS. After accounting for contributions made at the Actuarially Determined Contribution (ADC) amount, the overall level of funding of OCERS on a valuation basis has increased as a result of favorable investment experience, offset to some degree by the strengthening of the economic and non-economic assumptions. The funded ratios and UAAL for the past 10 valuations from December 31, 2013 to 2022 measured using both valuation and market value of assets are provided in *Chart 1*.

The factors that caused the changes in the UAAL for each of the past 10 valuations from December 31, 2013 to 2022 are specified in *Chart 2*. *Chart 2(a)* displays the aggregate changes in UAAL by source over the last 10 valuations. The results in *Chart 2* reflect the changes in the investment return assumption from 7.25% to 7.00% in the December 31, 2017 valuation. This reduction, together with the changes in the mortality tables and other assumptions from the two triennial experience studies recommending assumptions used in the December 31, 2017 and 2020 valuations, have had by far the most impact on the UAAL for OCERS.[10]

Chart 2 also shows that, over this period, the impact on the UAAL due to strengthening of assumptions and unfavorable non-investment experience was more than offset by favorable investment experience and minimum and additional contributions made by the employer to pay off the UAAL. The unfavorable non-investment experience includes salary increases received by active members and cost-of-living-adjustment (COLA) increases received by retirees and beneficiaries different than those expected under the actuarial assumptions. The non-investment experience also includes the scheduled 18-month delay in implementing the contribution rates determined in the annual valuation.

---

8 The valuation value of assets is equal to the market value of assets excluding unrecognized market gains and losses from the last few years and any non-valuation reserves. Market gains and losses are equal to the difference between the actual market return and the expected return on the market value, and are recognized over a five-year period.

9 For the actives, the actuarial accrued liability is the value of the accumulated normal costs allocated to the years before the valuation date. For the pensioners, beneficiaries and inactive vested members, the actuarial accrued liability is the single-sum present value of the lifetime benefit expected to be paid to those members.

10 For instance, as a result of the two experience studies, the UAAL increased by $854 million and $24 million in the December 31, 2017 and December 31, 2020 valuations, respectively.

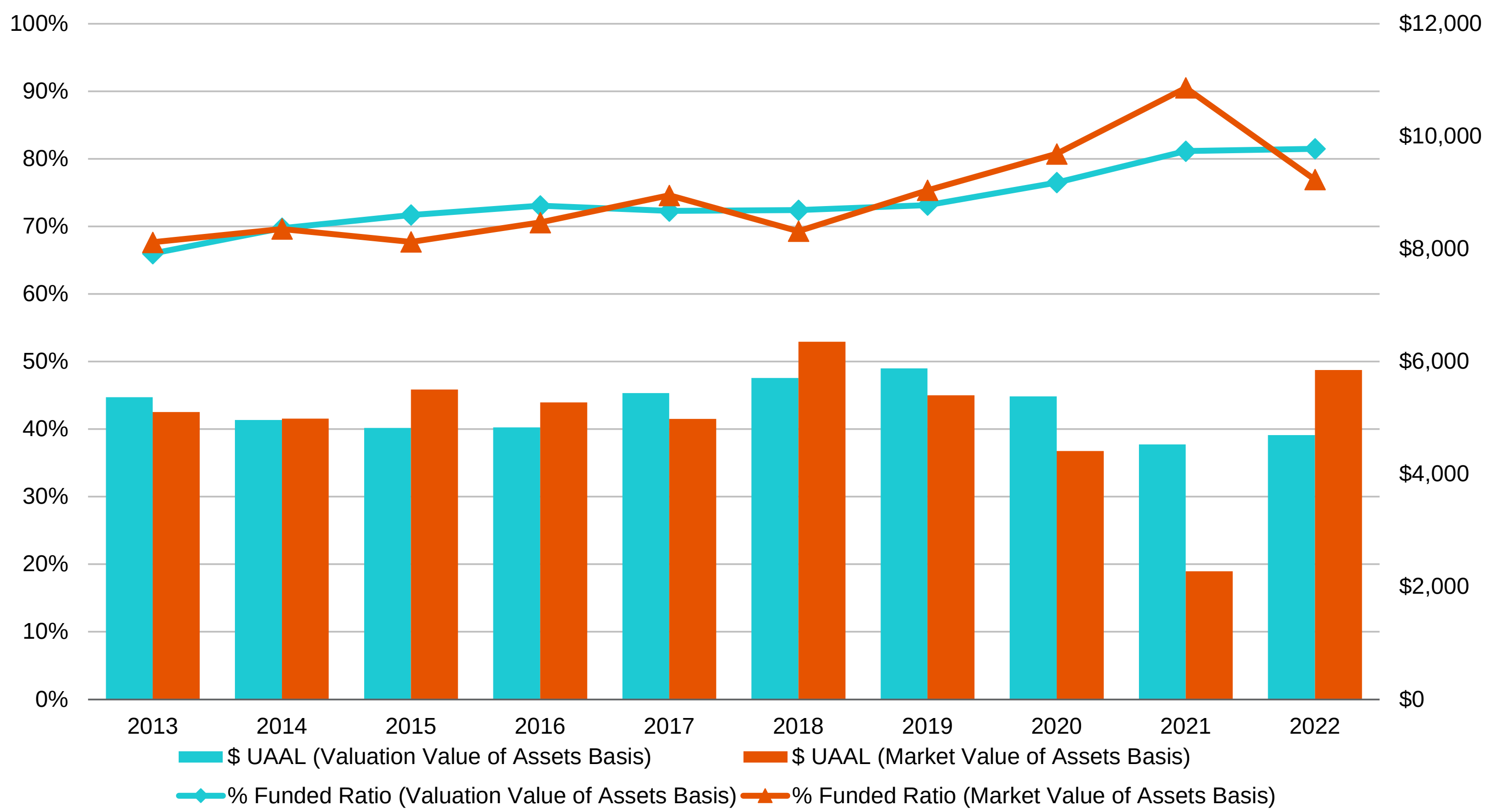
Section 2: Key Plan Risks on Funded Status, UAAL, and Employer Contribution Rates

It is important to note that OCERS has taken significant strides in risk management and resulting long-term plan sustainability. This includes strengthening of assumptions, particularly the expected investment rate of return, and mortality assumption (amount-weighted generational mortality tables), and adopting a funding policy that eliminates negative amortization and promotes intergenerational equity. Assumptions will continue to be reviewed in future experience studies to reflect the Plan's experience as well as future expectations. Those changes may result in higher contributions in the short term, but in the medium to longer term avoid both deferring contributions and allowing unmanaged growth in the UAAL. We believe these actions are essential for OCERS' fiscal health going forward.

Section 2: Key Plan Risks on Funded Status, UAAL, and Employer Contribution Rates

Chart 1

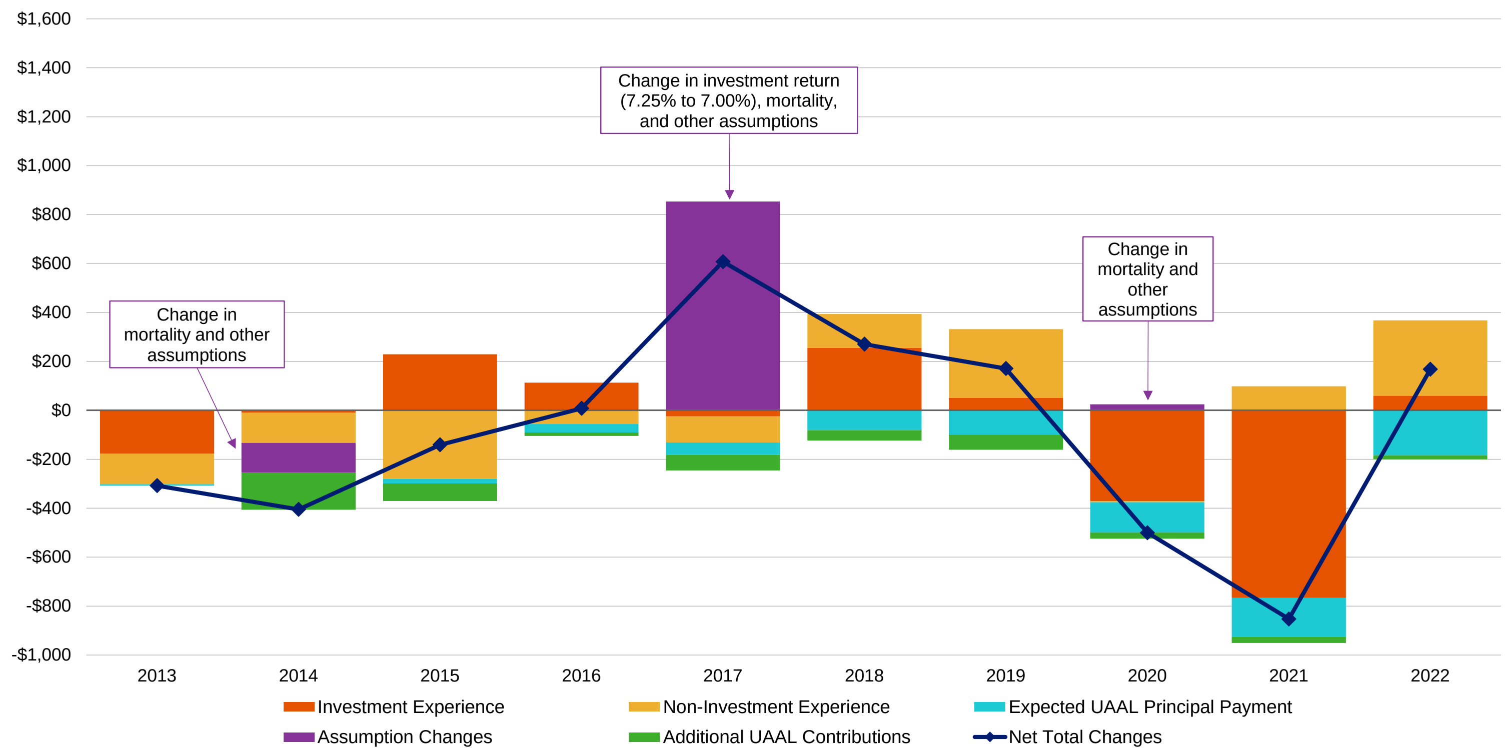
Funded Ratio (Percentages) and Dollar UAAL ($ Millions) in December 31, 2013 to 2022 Valuations



Section 2: Key Plan Risks on Funded Status, UAAL, and Employer Contribution Rates

Chart 2

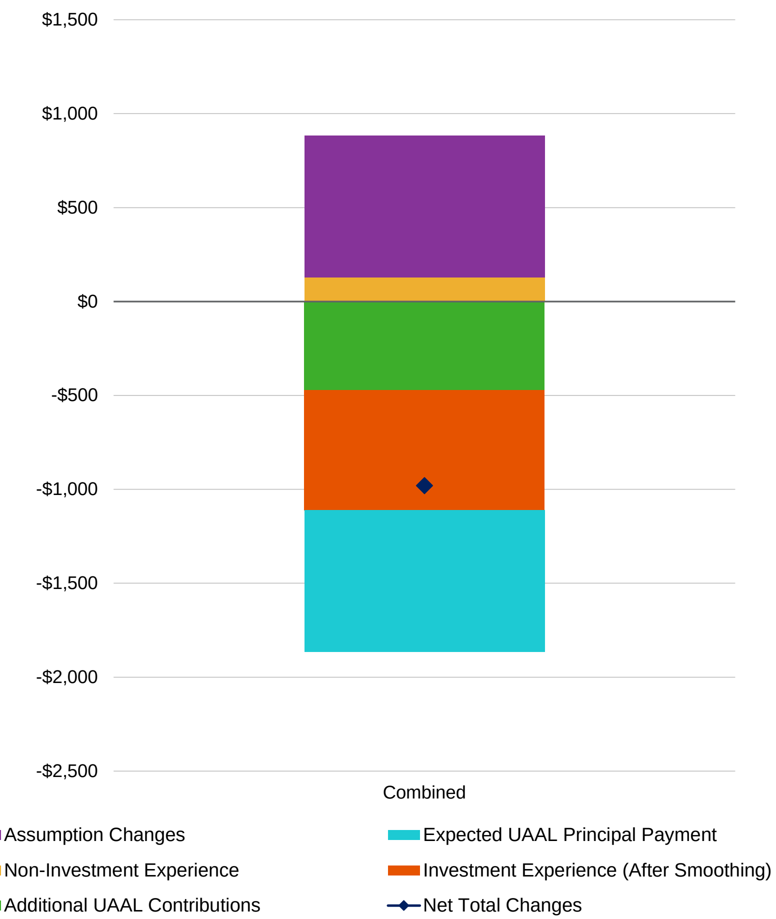
Factors that Changed UAAL in December 31, 2013 to 2022 Valuations ($ Millions)



Section 2: Key Plan Risks on Funded Status, UAAL, and Employer Contribution Rates

Chart 2(a)

Factors that Changed UAAL in December 31, 2013 to 2022 Valuations Combined ($ Millions)



Note: This summation of unfunded liability changes by source does not account for the timing of when they occurred nor any resulting compounding effects.

Section 2: Key Plan Risks on Funded Status, UAAL, and Employer Contribution Rates

Employer Contribution Rates

The total (normal cost[11] plus UAAL payment) employer contribution rates determined in the December 31, 2013 to 2022 valuations are provided in *Chart 3* and the factors that caused the changes in the total aggregate employer rates[12] are provided in *Chart 4*.

The employer's aggregate normal cost rates in *Chart 3* have stayed relatively flat during the last 10 years. While there have been increases in the employer's normal cost rates due to the changes in the actuarial assumptions, those increases were offset to some degree by the plan changes under the Public Employees' Pension Reform Act of 2013 (PEPRA) as new members have been enrolled in the lower cost PEPRA benefit tiers starting on January 1, 2013. In the December 31, 2022 valuation, about 49% of OCERS' total active membership group is made up of members enrolled in the PEPRA plans. Using a simplified method that does not take into account any difference in demographic profile of the active members covered under the PEPRA and the legacy plans, we estimated that the lower cost PEPRA benefit tiers have reduced the average sponsoring employers' normal cost for the December 31, 2022 valuation by about 2.7% of payroll or $57 million per year.

Chart 4 shows that the changes in the investment return (from 7.25% to 7.00% in the December 31, 2017 valuation), mortality tables and other assumptions have had the most impact on increasing the UAAL contribution rates[13] for the employers. Favorable investment and non-investment experience during 2013 to 2022 has decreased the contribution rates.

---

[11] The normal cost is the amount of contributions required to fund the portion of the level cost of the member's projected retirement benefit that is allocated to the current year of service.

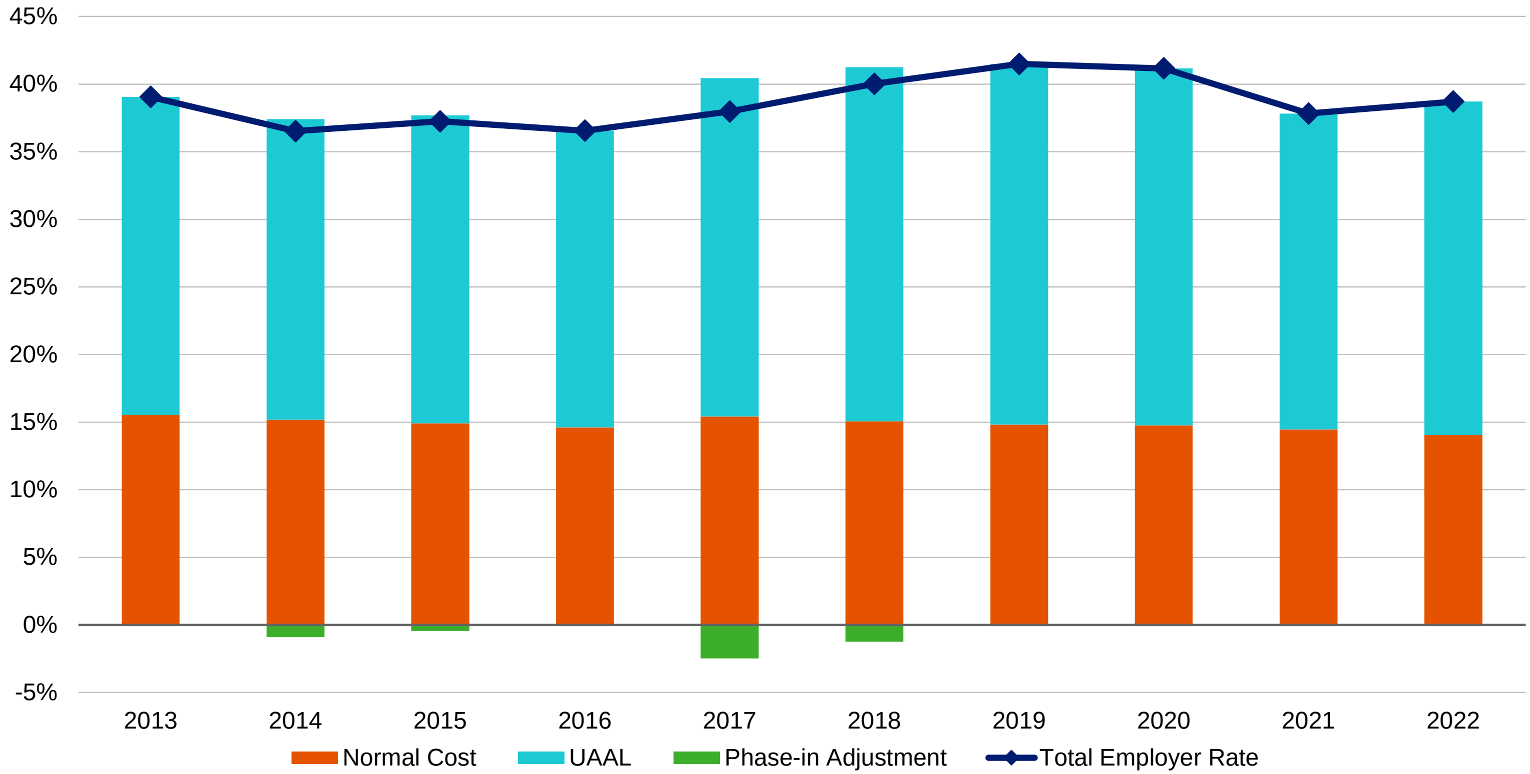
[12] There are separate contribution rates determined in the valuation for the General and Safety membership groups and for the different benefit tiers and employers. The aggregate contribution rates have been calculated based on an average of those rates weighted by the payrolls of the active members reported in those valuations.

[13] For instance, as a result of the experience studies, the employer's total rate (normal cost plus UAAL) increased by 4.81% of payroll and 0.58% of payroll in the December 31, 2017 and December 31, 2020 valuations, respectively.

Section 2: Key Plan Risks on Funded Status, UAAL, and Employer Contribution Rates

Chart 3

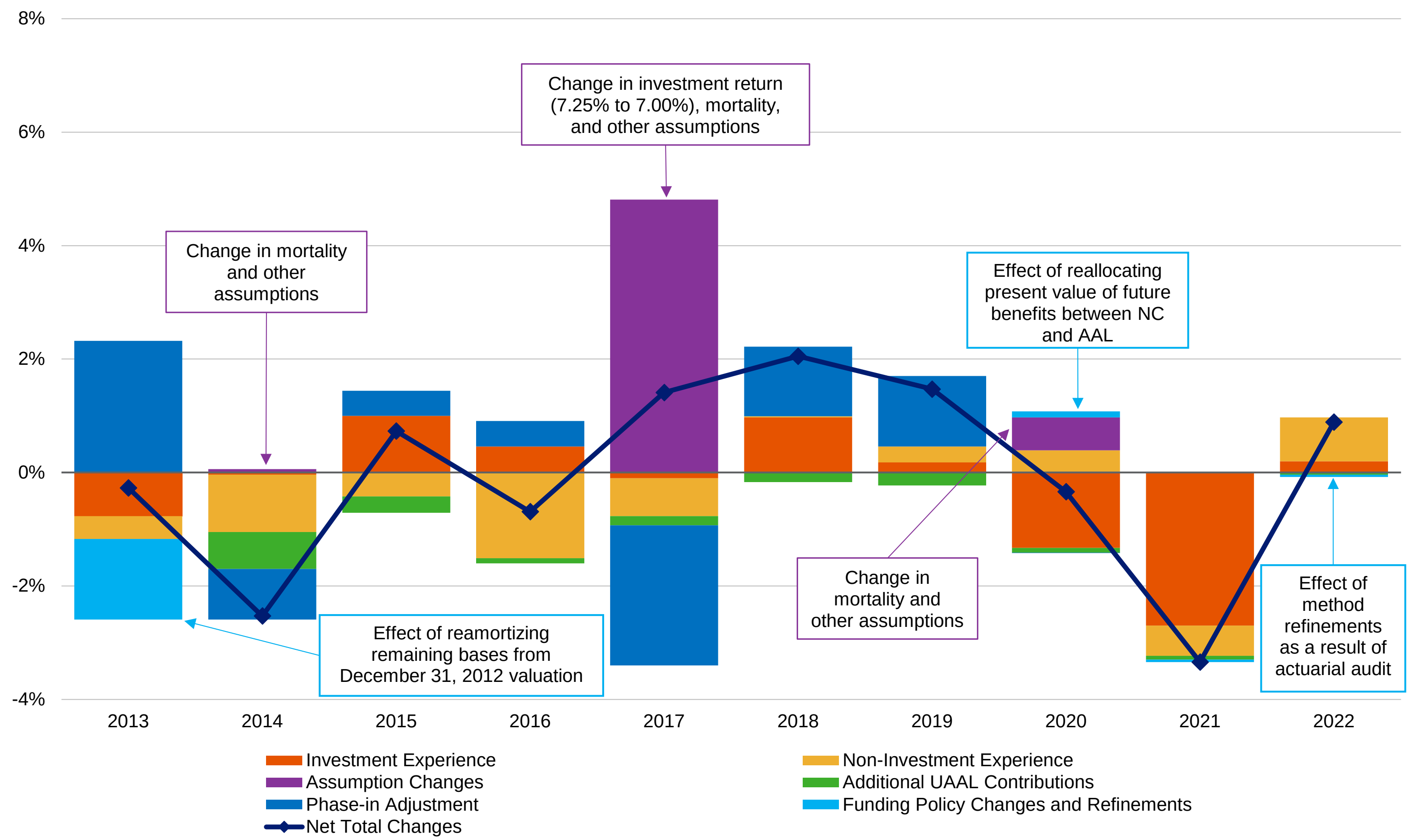
Employer Contribution Rates in December 31, 2013 to 2022 Valuations
(% of Payroll)



Section 2: Key Plan Risks on Funded Status, UAAL, and Employer Contribution Rates

Chart 4

Factors that Affected Employer Contribution Rates in December 31, 2013 to 2022 Valuations (% of Payroll)



Assessment of Primary Risk Factors Going Forward

As discussed in the *Evaluation of Historical Trends* section, in the 2013 to 2022 valuations the funded ratios and the employer contribution rates have changed mainly as a result of changes in actuarial assumptions, investment experience, and non-investment experience.

In general, we anticipate the following risk factors to have an ongoing influence on those financial metrics in our future valuations:

- **Asset/liability mismatch risk** – the potential that future plan experience does not affect asset and liability values in the same way, causing them to diverge.

  The most significant asset/liability mismatch risk to OCERS is investment risk, as defined below. In fact, investment risk has the potential to impact asset/liability mismatch in two ways. The first mismatch is evident in annual valuations: when asset values deviate from assumptions, those changes are essentially independent from liability changes. The second mismatch can be caused when systemic asset deviations from assumptions may signal the need for an assumption change, which causes liability values and contribution rates to move in the opposite direction from any change in the expected experience of asset growth rates.

  Asset/liability mismatch can also be caused by longevity and other demographic assumption risks, which affect liabilities but have no impact on asset levels. These risks are also discussed below.

  It may be informative to use the asset volatility and liability volatility ratios and associated contribution rate impacts provided in the following Plan Maturity Measures section when discussing with the employers the effect of unfavorable or favorable actuarial experience on the assets and the liabilities of OCERS.

- **Investment risk** – the potential that future market returns will be different from the current expected 7.00% annual return assumption.

  The investment return assumption is a long-term, deterministic assumption for valuation purposes even though in reality market experience can be quite volatile in any given year. We have included deterministic scenario tests later in this section so that OCERS can better understand the risk associated with earning either less or more than the assumed rate.

  Also, the Board has a policy of reviewing the investment return and the other actuarial assumptions generally every three years, with the next triennial experience study (recommending assumptions for the December 31, 2023 actuarial valuations) scheduled to be performed in 2023 following the December 31, 2022 valuation.

Section 2: Key Plan Risks on Funded Status, UAAL, and Employer Contribution Rates

- **Longevity and other demographic risks** – the potential that mortality or other demographic experience will be different than expected.

  In the most recent experience study recommending assumptions for the December 31, 2020 valuation, mortality tables were updated to using amount-weighted public sector mortality tables published by the Society of Actuaries. However, the impact of this change resulted in a small net change in liabilities (as the liabilities for the General membership groups increased while the liabilities for the Safety membership groups decreased). Overall, the non-economic assumption changes in the most recent experience study had a relatively small net impact compared to prior experience studies. As can be observed from *Charts 2* and *4*, there has been a relatively small impact on the UAAL and employer contribution rates due to non-investment related experience relative to that assumed in the last 10 valuations.

- **Contribution risk** – the potential that actual future contributions will be different from expected future contributions.

  ASOP 51 does not require the actuary to evaluate the particular ability or willingness of the plan sponsor or other contributing entity to make contributions to the plan when due. However, it does require the actuary to consider the potential for and impact of actual contributions deviating from expected in the future. OCERS' employers have a well-established practice of making the actuarially determined contribution (ADC) determined in the annual actuarial valuations, based on the Board of Retirement's Actuarial Funding Policy. As a result, in practice OCERS has essentially no contribution risk.

  Furthermore, when ADCs determined in accordance with the OCERS Actuarial Funding Policy are made in the future by the employers (and contributions required by the statute are made by the employees), it is anticipated that the System would have enough assets to provide all future benefits promised to the current members enrolled in the System, if all of the actuarial assumptions used in the valuation are met.

ASOP 51 also lists interest rate risk as an example of a potential risk to consider. However, the valuations of your Plan's liabilities are not linked directly to market interest rates so the resulting interest rate risk exposure is minimal.

Scenario Tests: Deterministic Projections

Since the funded ratio, UAAL and employer contribution rates have fluctuated as a result of deviation in investment experience in the last 10 valuations, we have further examined the risk for OCERS associated with assets earning either lower or higher than the assumed rate of 7.00% using projections under a deterministic approach.

To measure such risk, we have included scenario tests to study the change in the funded ratio, UAAL and employer contribution rates if OCERS were to earn a market return that was lower or higher than the assumed rate of 7.00% in the

Section 2: Key Plan Risks on Funded Status, UAAL, and Employer Contribution Rates

year following the December 31, 2022 valuation. In *Charts 5, 6* and *7*, we show the aggregate employer contribution rates, funded ratios, and UAAL respectively assuming that the System's portfolio market return in 2023 will be as follows:

Scenario 1: 0.00% (unfavorable)

Scenario 2: 7.00% (baseline)

Scenario 3: 14.00% (favorable)

The following table summarizes the resulting employer contribution changes (relative to the December 31, 2022 valuation aggregate employer contribution rate of 38.71%) in the next valuation (i.e., December 31, 2023) as well as in the December 31, 2027 valuation when all of the investment gains and losses are fully recognized in the (smoothed) valuation value of assets.

Employer Contribution Rate Change	2023 Single Plan-Year Investment Return		
	0.00%	**7.00% (Baseline)**	**14.00%**
December 31, 2023	+0.8% of payroll	-0.2% of payroll	-1.1% of payroll
December 31, 2027	+9.1% of payroll	+3.7% of payroll	-1.5% of payroll

Under the baseline (7.00%) market return scenario for 2023, the System would expect contribution rates to increase 3.7% by 2027. This is primarily due to deferred investment losses of $1.2B as of the December 31, 2022 annual valuation. Under the favorable (14.00%) hypothetical market return scenario for 2023, the System would be expected to reach full funding by December 31, 2034[14] and the total employer contribution rate would be comprised of only normal cost contributions. Furthermore, under the baseline market return scenario for 2023, the System would be expected to have a funded ratio of over 100% in about 15 years (by December 31, 2037), even though the funded ratios of some of the rate groups[15] are still below 100%. The total employer contribution rate would be expected to approach about 11% of payroll after the System becomes fully funded.[16] This means that the Board's funding policy is very effective in achieving the general policy goal of achieving the long-term full funding of the costs of the benefits paid by OCERS.

While we have not assigned a probability on the 2023 market return coming in at these rates, the Board and other stakeholders monitoring OCERS should still be able to interpolate in order to estimate the funded status and employer contribution rates for the December 31, 2023 and next several valuations as the actual investment experience for the

[14] Note that under the 14% return scenario, full funding for each and every Rate Group would not be attained until the last Rate Group (Rate Group #11) achieves that status in the December 31, 2036 valuation.

[15] Note that under the 7% return scenario, full funding for each and every Rate Group would not be attained until the last Rate Group achieves that status beyond the December 31, 2041 valuation.

[16] Assuming no further assumption changes, method changes or experience that differs significantly from assumptions.

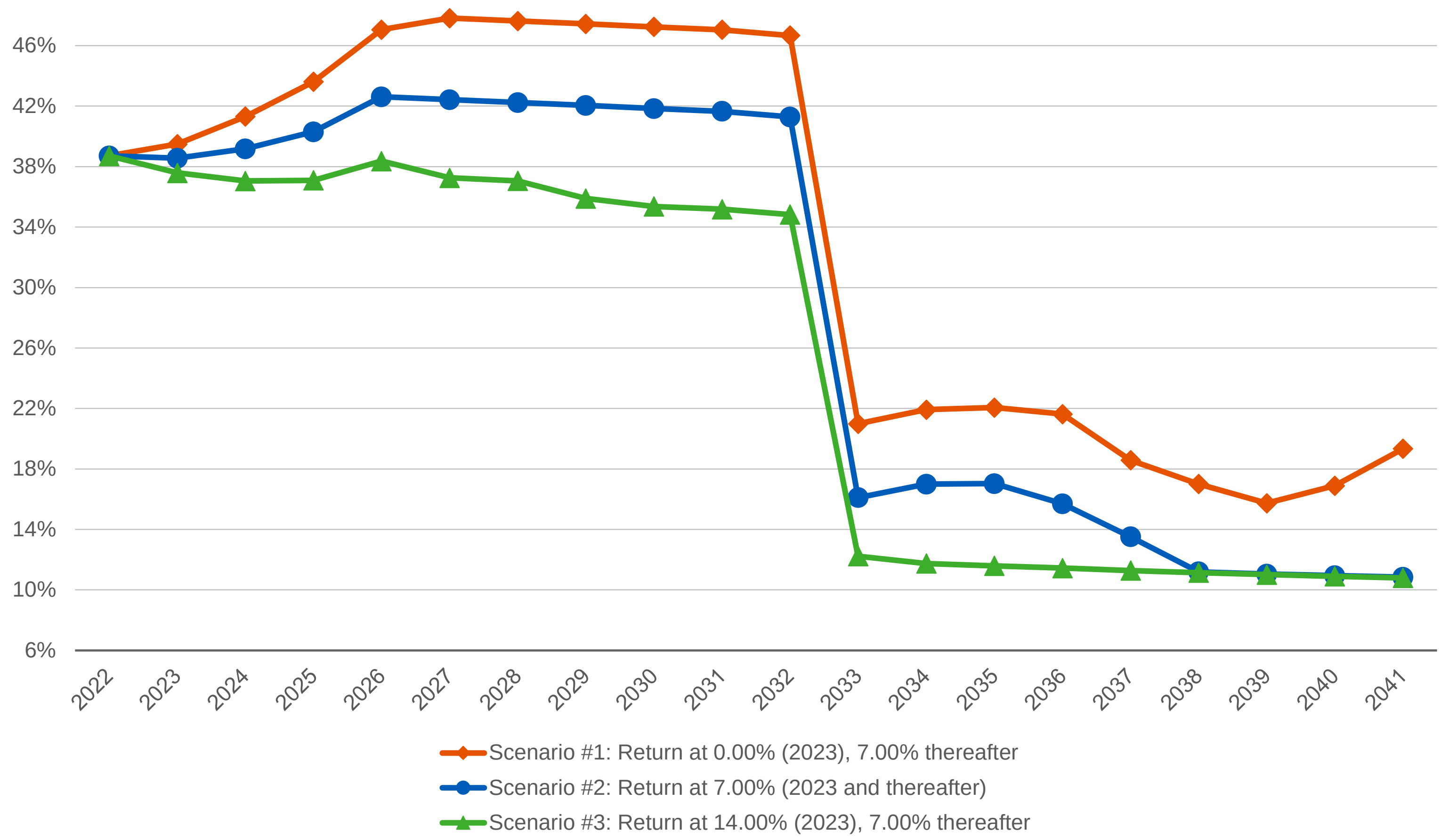
Section 2: Key Plan Risks on Funded Status, UAAL, and Employer Contribution Rates

2023 year becomes available throughout the year. Additionally, comparable experience in upcoming future years is likely to have a similar impact on the System absent any significant plan or assumption changes.

Section 2: Key Plan Risks on Funded Status, UAAL, and Employer Contribution Rates

Chart 5

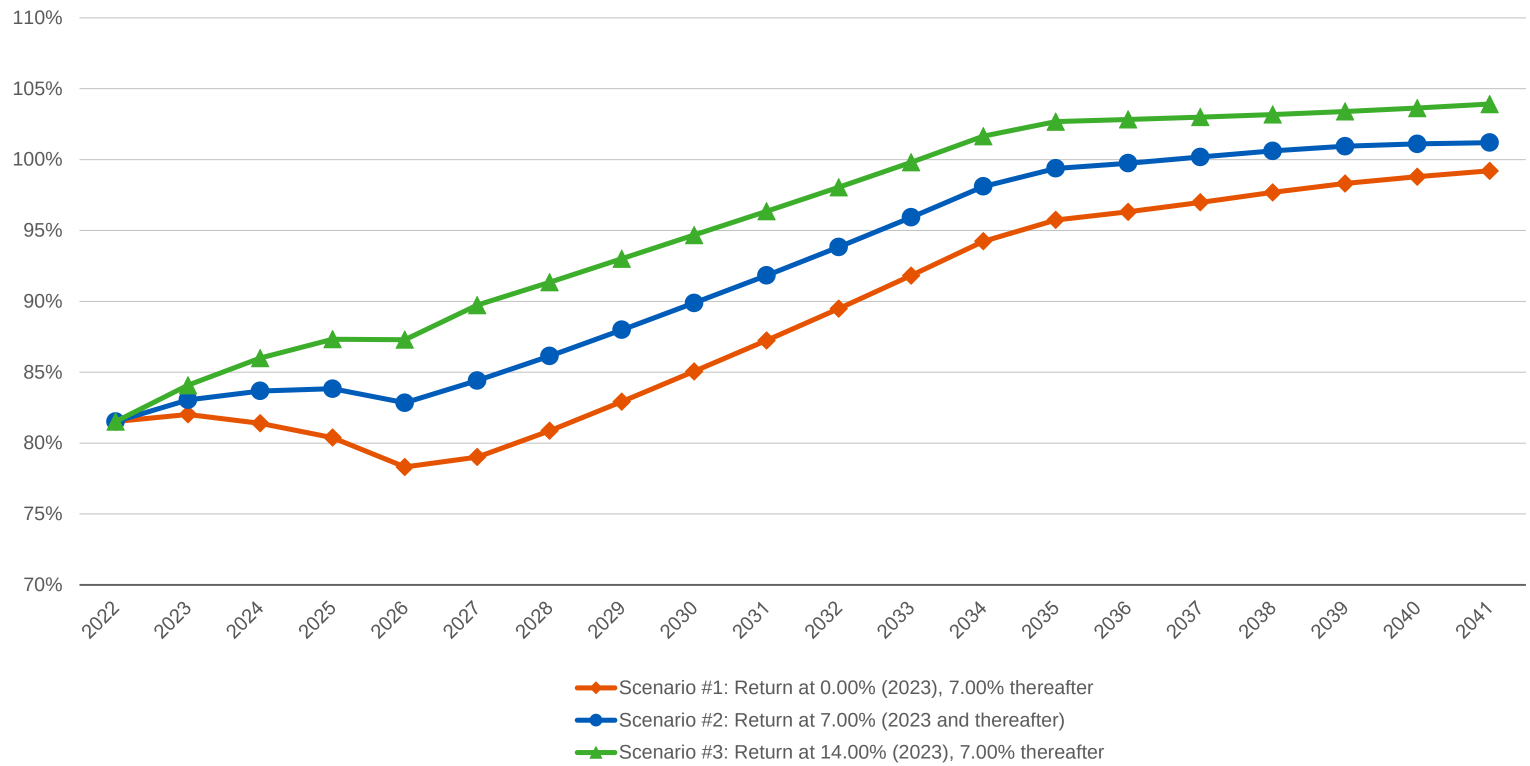
Projected Employer Contribution Rates Under Three Hypothetical Market Return Scenarios for 2023 (% of Payroll)



Section 2: Key Plan Risks on Funded Status, UAAL, and Employer Contribution Rates

Chart 6

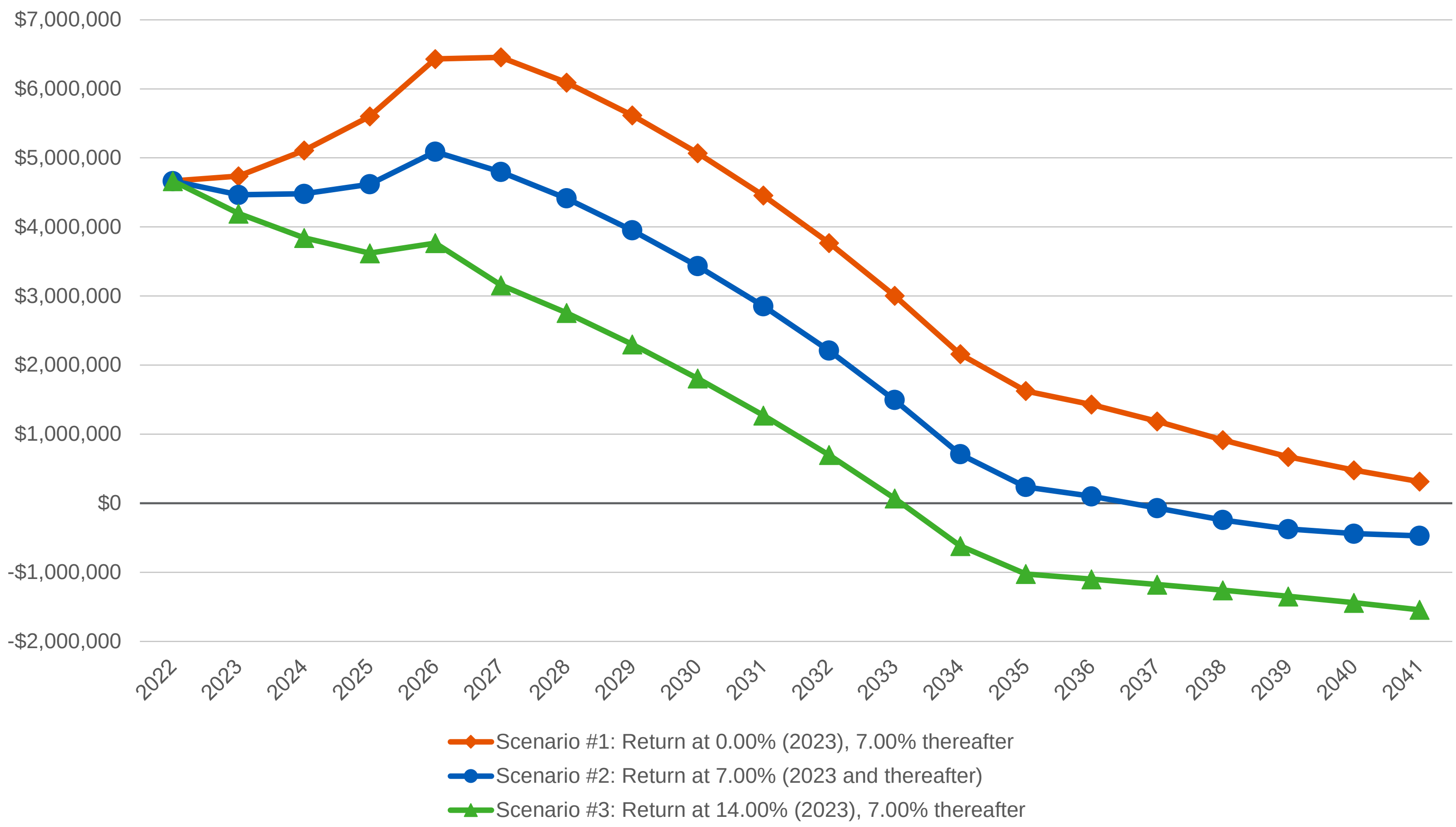
Projected Funded Ratios (on Valuation Value of Assets Basis) Under Three Hypothetical Market Return Scenarios for 2023



Section 2: Key Plan Risks on Funded Status, UAAL, and Employer Contribution Rates

Chart 7

Projected UAAL (on Valuation Value of Assets Basis) Under Three Hypothetical Market Return Scenarios for 2023 ($ 000)



Plan Maturity Measures that Affect Primary Risks

The annual actuarial valuation considers the number and demographic characteristics of covered members, including active members and non-active members (inactive vested, retirees and beneficiaries). In the past 10 valuations from December 31, 2013 to 2022, OCERS has become more mature, indicated by the continued increase in the ratio of non-active to active members covered by the System as shown in *Chart 8*. The Chart also shows the ratio of members in pay status (retirees and beneficiaries) to active members. This ratio excludes the inactive vested members who have relatively smaller liabilities. The increase in the ratios is significant because any increase in UAAL due to unfavorable future investment and non-investment experience for a plan with a relatively larger group of non-active members would have to be amortized and funded using the payroll of a relatively smaller group of active members.

Besides the ratio of members in pay status to active members, another indicator of a more mature plan is relatively large amounts of assets and/or liabilities compared to active member payroll, which leads to increasing volatility in the level of required contributions. The **Asset Volatility Ratio (AVR)**, which is equal to the market value of assets divided by total payroll, provides an indication of contribution sensitivity to changes in the current level of assets and is detailed in *Chart 9*. The **Liability Volatility Ratio (LVR)**, which is equal to the actuarial accrued liability divided by payroll, provides an indication of the contribution sensitivity to changes in the current level of liability and is detailed in *Chart 10*. Over time, the AVR should approach the LVR because when a plan is fully funded the assets will equal the liabilities. As such, the LVR also indicates the long-term contribution sensitivity to the asset volatility, as the plan approaches full funding.

In particular, OCERS' AVR was 9.2 as of December 31, 2022. This means that a 1% asset gain or loss in 2023 (relative to the assumed investment return) would amount to 9.2% of one year's payroll. Similarly, OCERS' LVR was 11.9 as of December 31, 2022, so a 1% liability gain or loss in 2023 would amount to 11.9% of one year's payroll.[17] Based on OCERS' policy to amortize actuarial experience over a period of 20 years, there would be a 0.7% of payroll decrease or increase in the required contribution rate for each 1% asset gain or loss, respectively, and a 0.9% of payroll decrease or increase in the required contribution rate for each 1% liability gain or loss, respectively.

It is also informative to note that the AVR and LVR for OCERS' Safety groups are higher than for the General groups. This means that both investment volatility and assumption changes will have a greater impact on the contribution rates of Safety groups than General groups. This is illustrated in the following table:

[17] The 9.2 and 11.9 are the AVR and LVR, respectively, for the entire System. There are considerable differences in those ratios for the General and Safety membership groups.

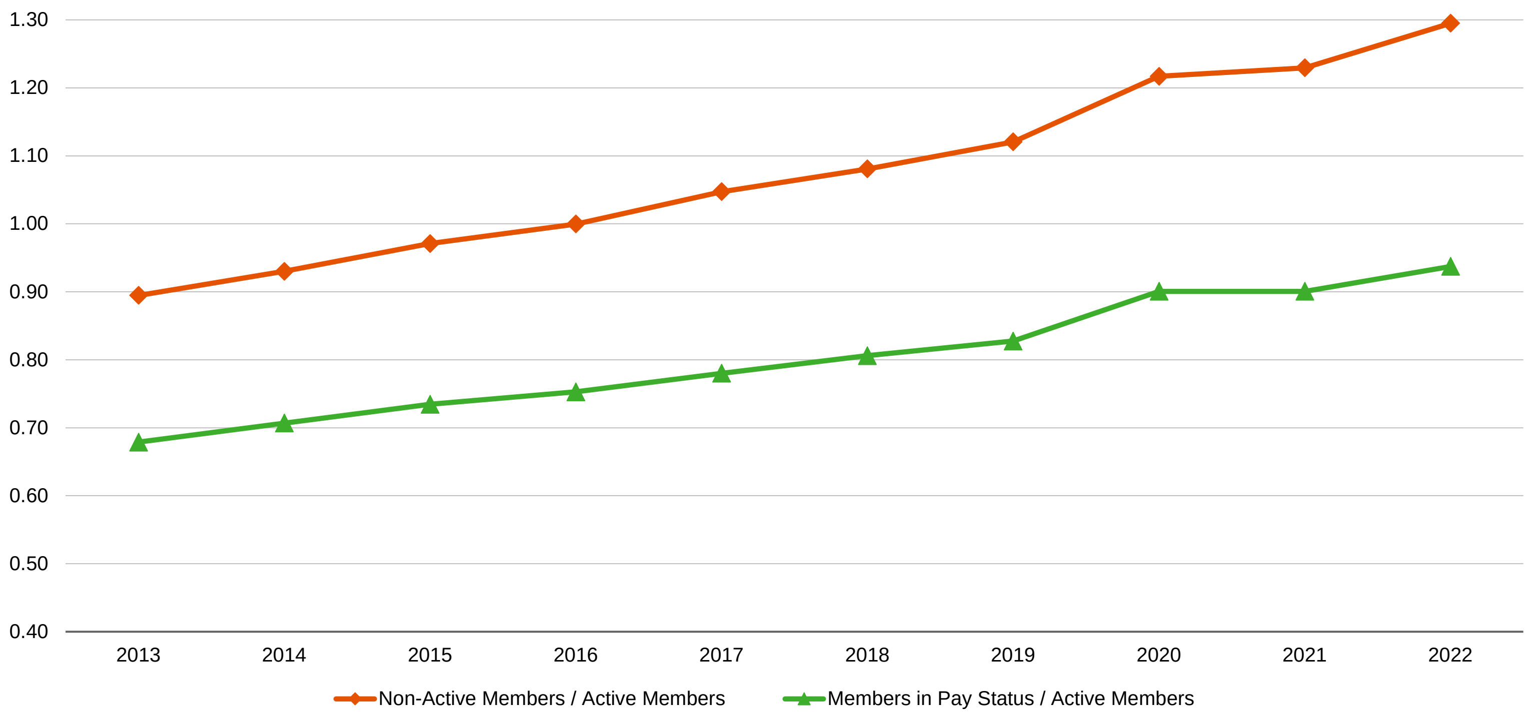
Section 2: Key Plan Risks on Funded Status, UAAL, and Employer Contribution Rates

	December 31, 2022			
Employee Group	**AVR**	**10% Investment Loss Compares to**	**LVR**	**10% Liability Change Compares to**
General	8.0	80% of payroll	10.6	106% of payroll
Safety	12.9	129% of payroll	16.1	161% of payroll
Combined	9.2	92% of payroll	11.9	119% of payroll

Section 2: Key Plan Risks on Funded Status, UAAL, and Employer Contribution Rates

Chart 8

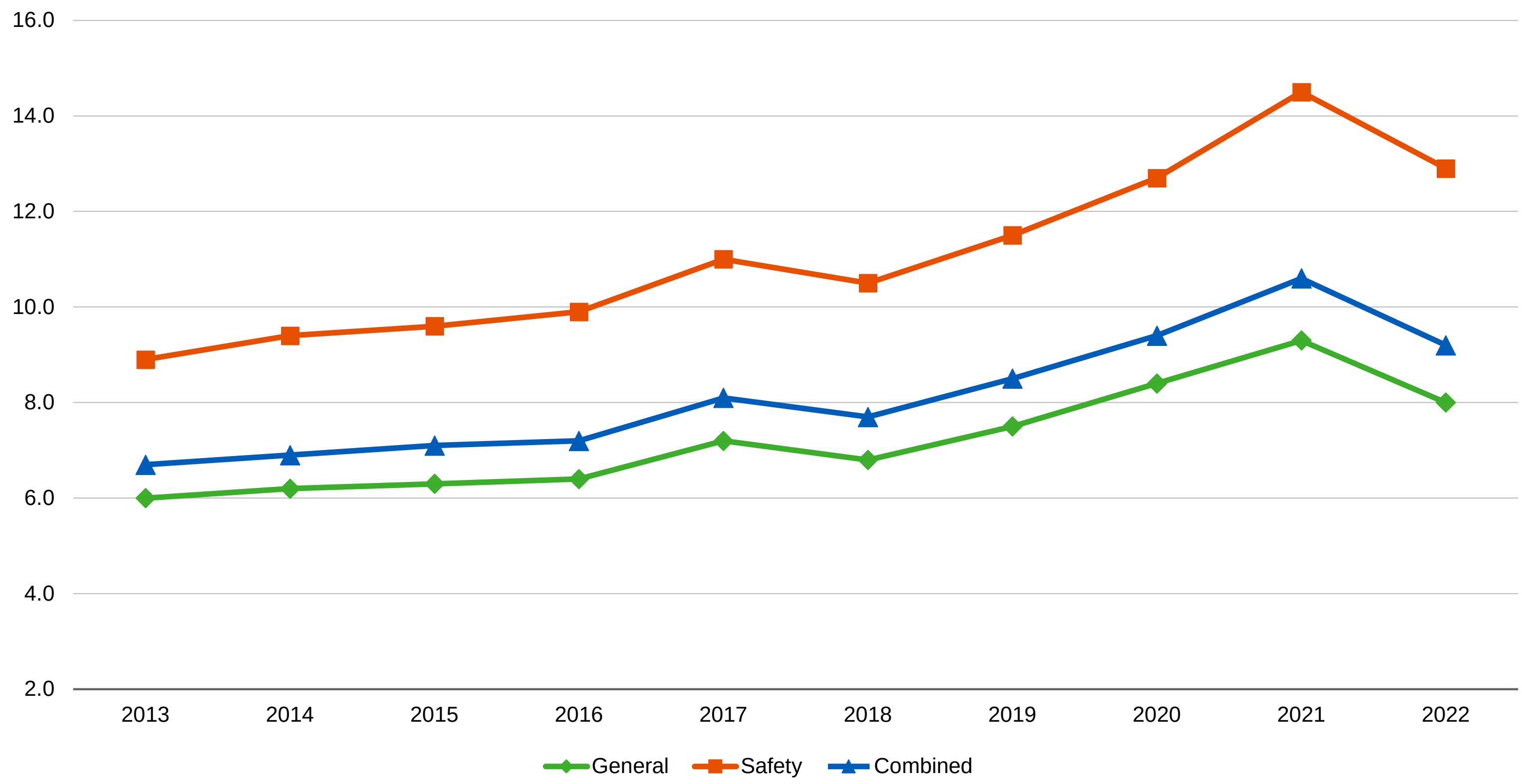
Ratios of Members in Pay-Status (Retirees and Beneficiaries) to Active Members & Non-Active Members (Inactive Vested, Retirees and Beneficiaries) to Active Members in December 31, 2013 to 2022 Valuations



Section 2: Key Plan Risks on Funded Status, UAAL, and Employer Contribution Rates

Chart 9

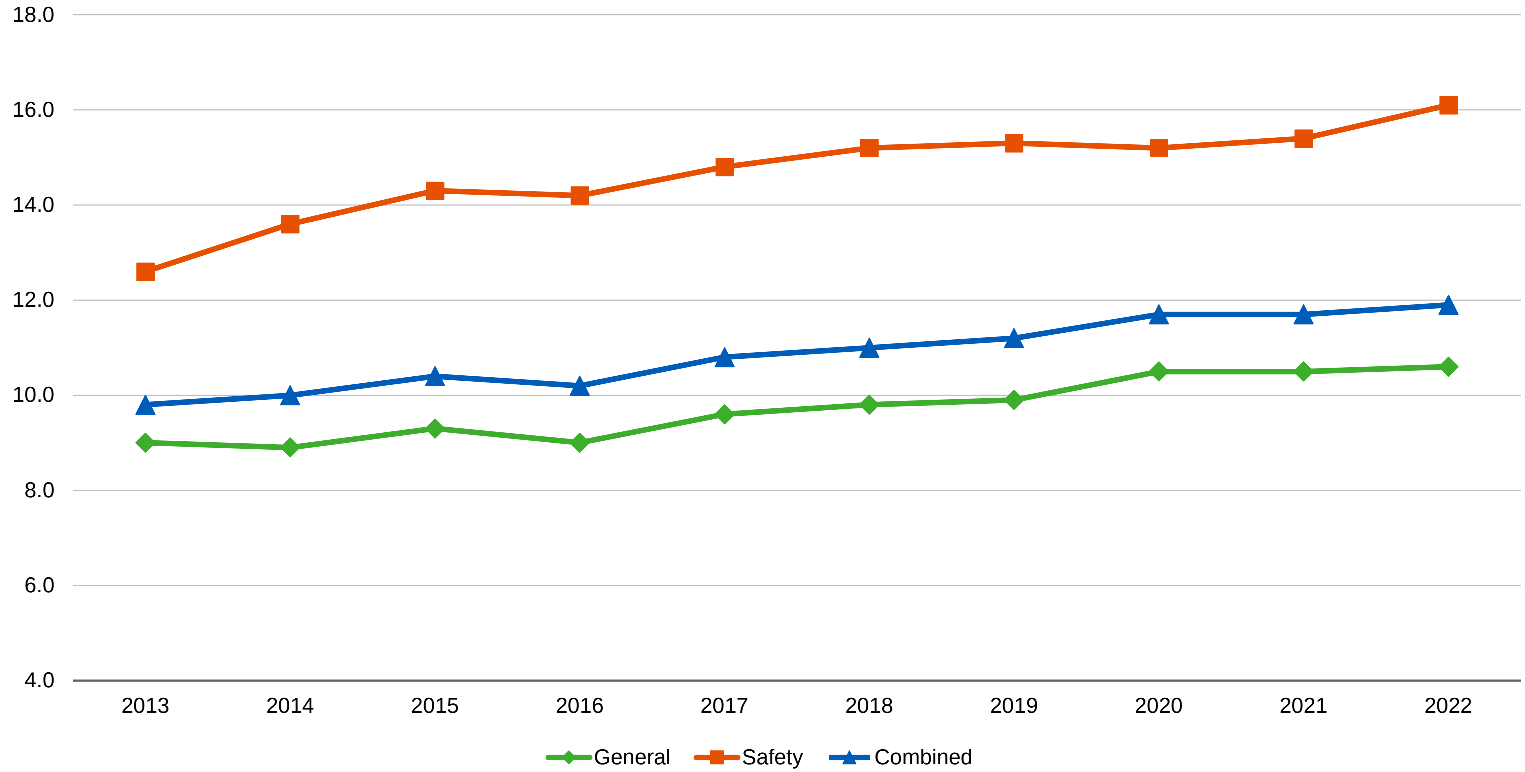
Asset Volatility Ratios in December 31, 2013 to 2022 Valuations



Section 2: Key Plan Risks on Funded Status, UAAL, and Employer Contribution Rates

Chart 10

Liability Volatility Ratios in December 31, 2013 to 2022 Valuations



Section 3: Appendices

Appendix A: Actuarial Assumptions & Methods

Unless otherwise noted, the results included in this report have been prepared based on the assumptions and methods used in preparing the December 31, 2022 valuation.

Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Deterministic Projection

In addition, we have prepared the deterministic projection using the following assumptions and methods applied in the December 31, 2022 actuarial valuation:

- Non-economic assumptions will remain unchanged.
- Retirement benefit formulas will remain unchanged.
- 1937 Act and PEPRA statutes will remain unchanged.
- UAAL amortization method will remain unchanged (i.e., 20-year layers and level percent of pay).
- Economic assumptions will remain unchanged, including the annual 7.00% investment earnings and 3.00% active payroll growth assumptions.
- In estimating the benefit payments for the open group, we have assumed that the annual payments will increase by 6.50% per annum. This assumption has been developed by analyzing the increase in the actual benefit payments over the last 5 to 10 years, combined with the projected benefit payments based on the actuarial assumptions described herein for the next 5 to 10 years.
- Deferred investment gains and losses will be recognized over a five-year period.
- All other actuarial assumptions used in the December 31, 2022 actuarial valuation will be realized.

Other Considerations

The results presented in this report are intended to provide insight into key plan risks that can inform financial preparation and future decision making. However, we emphasize that deterministic projections, by their nature, are not a guarantee of future results. The modeling projections are intended to serve as illustrations of future financial outcomes that are based on the information available to us at the time the modeling is undertaken and completed, and the agreed-upon assumptions and methodologies described herein. Emerging results may differ significantly if the actual experience proves to be different from these assumptions or if alternative methodologies are used. Actual experience may differ due to such variables as demographic experience, the economy, stock market performance and the regulatory environment.

Section 3: Appendices

Appendix B: Actuarial Certification

The actuarial calculations in this report were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary.

The actuarial opinions expressed in this report were prepared by Paul Angelo, FSA, MAAA, FCA, Enrolled Actuary, Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary, and Todd Tauzer, FSA, MAAA, FCA, CERA. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Paul Angelo, FSA, MAAA, FCA, EA	Andy Yeung, ASA, MAAA, FCA, EA	Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary	Vice President and Actuary	Senior Vice President and Actuary

Appendix C: Detailed Scenario Test Results

The following table contains detailed results from each of the three hypothetical market return scenario projections.

- Scenario 1: Return at 0.00% (2023), 7.00% thereafter
- Scenario 2: Return at 7.00% (2023 and thereafter)
- Scenario 3: Return at 14.00% (2023), 7.00% thereafter

	Projected Employer Rates (% of Payroll)			Projected Funded Ratio (Valuation Value Basis)			Projected UAAL ($ Millions)		
	Scenario 1	**Scenario 2**	**Scenario 3**	**Scenario 1**	**Scenario 2**	**Scenario 3**	**Scenario 1**	**Scenario 2**	**Scenario 3**
2022	38.7%	38.7%	38.7%	81.5%	81.5%	81.5%	$4,666	$4,666	$4,666
2023	39.5%	38.6%	37.6%	82.0%	83.0%	84.1%	4,737	4,466	4,194
2024	41.3%	39.2%	37.1%	81.4%	83.7%	86.0%	5,108	4,481	3,844
2025	43.6%	40.3%	37.1%	80.4%	83.8%	87.3%	5,602	4,619	3,620
2026	47.1%	42.6%	38.4%	78.3%	82.8%	87.3%	6,433	5,090	3,768
2027	47.8%	42.4%	37.3%	79.0%	84.4%	89.7%	6,457	4,797	3,159
2028	47.6%	42.2%	37.1%	80.9%	86.1%	91.3%	6,093	4,415	2,757
2029	47.4%	42.1%	35.9%	82.9%	88.0%	93.0%	5,618	3,952	2,302
2030	47.2%	41.8%	35.4%	85.1%	89.9%	94.7%	5,070	3,433	1,807
2031	47.1%	41.7%	35.2%	87.2%	91.8%	96.4%	4,456	2,854	1,273
2032	46.7%	41.3%	34.8%	89.5%	93.8%	98.0%	3,769	2,211	700
2033	21.0%	16.1%	12.2%	91.8%	95.9%	99.8%	3,005	1,497	72
2034	21.9%	17.0%	11.8%	94.2%	98.1%	101.6%	2,160	710	(618)
2035	22.1%	17.0%	11.6%	95.7%	99.4%	102.7%	1,627	236	(1,023)
2036	21.6%	15.7%	11.4%	96.3%	99.7%	102.8%	1,430	101	(1,099)
2037	18.6%	13.5%	11.3%	97.0%	100.2%	103.0%	1,187	(70)	(1,176)
2038	17.0%	11.2%	11.1%	97.7%	100.6%	103.2%	916	(241)	(1,259)
2039	15.7%	11.1%	11.0%	98.3%	100.9%	103.4%	671	(372)	(1,347)
2040	16.9%	10.9%	10.9%	98.8%	101.1%	103.6%	479	(440)	(1,441)
2041	19.3%	10.8%	10.8%	99.2%	101.2%	103.9%	314	(472)	(1,542)

5771749v3/05794.001

Retirement Board Meeting
July 17, 2023
Application Notices

MEMBER NAME	AGENCY/EMPLOYER	RETIREMENT DATE
ADAMS, DESIREE	OCTA	3/31/2023
AFRICANO, TIMOTHY	Sheriff's Dept	3/31/2023
ANDREWS, TERESA	OC Community Resources	3/24/2023
BRANDT, JAMES	Sheriff's Dept	4/28/2023
BRISENO, ANTONIO	Sanitation District	5/19/2023
CAMARENA, ARTHUR	Superior Court	5/5/2023
CARPINO, VINCENT	Fire Authority (OCFA)	3/30/2023
COYLE, JONATHAN	Public Defender	3/24/2023
DECHON, MARK	OC Public Works	5/13/2023
ESPINOZA, ARMANDO	Probation	3/24/2023
EVANS, MARLENE	Sheriff's Dept	6/2/2023
FITZPATRICK, BRIAN	District Attorney	3/31/2023
FREEMAN, CHRIS	Sheriff's Dept	4/6/2023
GUSTIN, CHARLES	County Executive Office (CEO)	5/19/2023
HERNANDEZ, VICTOR	Health Care Agency	5/23/2023
HINKLE, OLIVER	Assessor	4/9/2023
HOM, JENNIFER	OCERS	5/9/2023
HUBBARD, LAURA	Health Care Agency	5/5/2023
KISINO, FLORINA	Child Support Services	3/31/2023
LIU, HUA	Superior Court	4/24/2023
MACQUARRIE, MELYSSA	Superior Court	3/17/2023
MACHTOLF, KURT	Transportation Corridor Agency	3/25/2023
MOORE, MARC	Fire Authority (OCFA)	3/24/2023
NGUYEN, PAULA	Sheriff's Dept	3/24/2023
O'CONNOR, KATHLEEN	OCTA	4/27/2023
PHAM, DANNY	OCTA	3/12/2023
PHILLIPS, CRAIG	Health Care Agency	5/3/2023
RAGEN, LALA	County Executive Office (CEO)	3/24/2023
RODRIGUEZ, DAVID	Sanitation District	3/24/2023

Retirement Board Meeting
July 17, 2023
Application Notices

SAGARNAGA, SANDRA	Health Care Agency	5/1/2023
SAYLES, RICHARD	Sheriff's Dept	4/20/2023
TEBO, DENNIS	OC Public Works	3/31/2023
THOMAS, TOSHA	OCTA	5/22/2023
TURNBAUGH, KAREN	Sanitation District	3/24/2023
WATKINS, JOHN	OCTA	5/17/2023

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Retirement Board Meeting
July 17, 2023
Death Notices

ACTIVE DEATHS	AGENCY/EMPLOYER
WATERS, ALLAN J	Sheriff's Dept
ACUNA, YVETTE C.	Social Services Agency
FRENCH, JOHN W	Sanitation District

RETIRED MEMBERS	AGENCY/EMPLOYER
ABBOTT, LAWRENCE F	Sheriff's Dept
ALFANO, ANTHONY R	District Attorney
BARBULA, FRANK C	OC Public Works
CONSENTINO, JOHN	Superior Court
COTTLE, GEORGE W	Sheriff's Dept
DELAPLANE, ANNE L	Social Services Agency
DEVOLDER FERNANDEZ, SONIA R	OC Public Works
EDISON, SUZANNE R	OC Vector Control District
EVERINGHAM, GARY	OC Vector Control District
FARRELL, THOMAS WAYNE	OCTA
GLORIANO, ANTONIO M	Registrar of Voters
HENNESSY, THOMAS A	OCTA
HERNANDEZ, MARTIN J	Auditor Controller
HILLY, CAROL L	OC Community Resources
KETELL, MARY V	Social Services Agency
LOPEZ, DOLORES T	Health Care Agency
LYNCH, JAMES H	Fire Authority (OCFA)
MENENDEZ, ALLEN W	OC Public Works
NERESON, CHRISTINA E	Health Care Agency
PEDRAZA, BALDOMERO	Registrar of Voters
POWELL, KATHRYN	Child Support Services
RABER, ALBERT S	Social Services Agency
REYNOLDS, THOMAS D	OC Vector Control District
SHATTUCK, ANNE T	Social Services Agency
STEELE, BILL	Probation
STEPHAN, JOHN H	Fire Authority (OCFA)
VANCURA-RILEY, JUDITH	Social Services Agency
WYNBRANDT, FRED H	Sheriff's Dept
ZAYAS, ABIGAIL H	Social Services Agency

SURVIVING SPOUSES	
BETTS, PATRICIA	
DUBLER, STANLEY	
FRAZIER, ADA R	
FRIED, ELLIOT	
HART, MARILYN MARIE	
QUEBENGCO, ARTURO C	

Retirement Board Meeting

July 17, 2023

Death Notices

SHEELY, SHIRLEY R	
STATON, MARY ELIZABETH	
THURSTON, GEORGE R	

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

PERSONNEL COMMITTEE MEETING
Wednesday, May 24, 2023
2:00 P.M.

MINUTES

OPEN SESSION

Chair Packard called the meeting to order at 2:00 p.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Shawn Dewane, Board Member; Roger Hilton, Board Member; Chris Prevatt, Board Member

Also Present: Suzanne Jenike, Assistant CEO, External Operations; Gina Ratto, General Counsel; Brenda Shott, Assistant CEO, Internal Operations; Cynthia Hockless; Director of Human Resources; Manuel Serpa, Deputy General Counsel; Marielle Horst, Recording Secretary; Anthony Beltran, Audio Visual Technician.

Present via Zoom: Charles Packard, Chair; Steve Delaney, Chief Executive Officer

2. COMMITTEE MEMBER REQUEST TO PARTICIPATE VIA ZOOM UNDER "EMERGENCY CIRCUMSTANCES" EXCEPTION
(Government Code section 54953(f))

MOTION by Mr. Dewane, **seconded** by Mr. Hilton to accept Mr. Packard's request to participate in the committee meeting via zoom under the Emergency Circumstances provision of the Brown Act.

The motion passed **unanimously**.

PUBLIC COMMENT
None.

C-1 COMMITTEE MEETING:

Approval of Meeting and Minutes
Personnel Committee Meeting Minutes October 12, 2022

MOTION by Mr. Dewane, **seconded** by Mr. Prevatt, to approve the Minutes.

The motion passed **unanimously.**

ACTION ITEMS

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

A-2 REVIEW OF PERSONNEL COMMITTEE CHARTER

Presentation by Cynthia Hockless, Director of Human Resources

Recommendation: Review, and recommend the Board approve the revisions to the Personnel Committee Charter.

After Committee discussion, **MOTION** by Mr. Prevatt, **seconded** by Mr. Dewane to adopt all of the revisions to the Personnel Committee Charter as recommended by staff, with the following exceptions and addition:

1. Reject the proposed addition of sections 2.c. and 2.g. to the Charter; and
2. Insert the words “Draft the scope of work for and” at the beginning of section 2.i., so that section 2.i. reads as follows:

   i. Draft the scope of work for and oversee selection and hiring process of compensation consultant(s).

The motion passed **unanimously.**

A-3 OCERS CEO PERFORMANCE REVIEW CRITERIA

Presentation by Steve Delaney, Chief Executive Officer

Recommendation: OCERS Board Chair Dewane would like the committee to direct staff to craft language changing the criteria used in judging the CEO’s performance to a process focused on how well the CEO performed in executing the Board’s multi-year strategic plan goals.

After discussion, the chair directed staff to prepare proposed revisions to the CEO Performance Evaluation Policy to reflect that the following criteria will be the criteria used in judging the CEO’s performance commencing with the 2024 review period:

1. Fund Sustainability
2. Excellent Service and Support
3. Risk Management
4. Talent Management
5. Effective Governance
6. Communications
7. Other criteria that the Board determines is appropriate

The chair further directed staff to present the proposed revisions to the policy to the committee at its next meeting.

A-4 CEO PERFORMANCE REVIEW TIME PERIOD

Presentation by Steve Delaney, Chief Executive Officer and Cynthia Hockless, Director of Human Resources

Recommendation: Change the period for the Chief Executive Officer's (CEO) performance review from an annual January through December time period, to one that coincides with the OCERS Board's annual September review of the Strategic Plan, by moving the performance review period to September through August.

Make the change effective with a truncated 2023 performance review period of January 2023 through August 2023.

Do NOT change the related salary consideration, with that process remaining as part of the normal October/November budget consideration and approval.

After Committee discussion, **MOTION** by Mr. Prevatt, **seconded** by Mr. Dewane to adopt, and recommend to the Board at its meeting on June 19, 2023, that the Board approve staff's recommendation.

The motion passed **unanimously.**

INFORMATION ITEMS

I-1 CEO ANNUAL SALARY NEGOTIATIONS

Presentation by Steve Delaney, Chief Executive Officer

Recommendation: OCERS Board Chair Dewane suggests the OCERS Board appoint a designated representative under Government Code §54957.6(a) to negotiate the salary, salary schedule, or compensation paid in the form of fringe benefits of the OCERS CEO.

After discussion by the committee, the chair directed staff to prepare proposed revisions to the CEO Performance Evaluation Policy to reflect that the OCERS Board will appoint a designated representative under Government Code §54957.6(a) to negotiate the salary, salary schedule, or compensation paid in the form of fringe benefits of the OCERS CEO. The chair further directed staff to present the proposed revisions to the policy to the committee at its next meeting.

I-2 OCERS CLASSIFICATION AND COMPENSATION STUDY - UPDATE

Presentation by Cynthia Hockless, Director of Human Resources

Ms. Hockless informed the committee of the status of the Classification and Compensation Study, noting the project is currently on track. Mr. Delaney thanked staff and OCEA for their efforts throughout the study.

COMMITTEE MEMBER COMMENTS

None

STAFF COMMENTS
None

CHIEF EXECUTIVE OFFICER

COUNSEL COMMENTS
None

ADJOURNMENT

Chair Packard adjourned the meeting at 3:10 p.m.

Submitted by:	Submitted by:	Approved by:
____________________	____________________	____________________
Cynthia Hockless	Steve Delaney	Charles Packard
Committee Liaison	Secretary to the Board	Chair

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Memorandum

DATE: July 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

AUGUST

- Employer Employee Contribution Matrix
- OCERS by the Numbers
- The Evolution of the OCERS UAAL
- Triennial Study of Actuarial Assumptions
- Quarterly Unaudited Financial Statements
- Quarterly Budget vs Actual Report

SEPTEMBER (STRATEGIC PLANNING WORKSHOP)

- Employer Annual Report
- Proposed Board Meeting Schedule for 2024
- Quality of Member Services Report
- Current State of OCERS- Annual Report

OCTOBER

- Semi Annual Business Continuity Disaster Recovery Updates
- Quarterly Strategic Plan Review 2023-2025
- Strategic Planning Workshop outcomes
- Quarterly Travel and Training Expense Report
- 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: July 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 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. A vendor has been selected for which we are in contract negotiations.
- 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. Six (6) responses were received. Interviews were conducted and WBCP Inc. was selected. A contract was executed on June 29, 2023.
- A Request for Proposal (RFP) was distributed early May to select a firm that will provide Project Management / Owner's Representation services for building a new OCERS headquarters. We received three Proposals that are currently being evaluated. The Building Committee will interview finalists and make a recommendation to the Board.
- An RFP for Obituary Verification Services was distributed late June. The current vendor contract will be expiring it's six-year term in November, so this RFP is to review and select a vendor for the needed services.

Memorandum

Submitted by:

JD - Approved

Jim Doezie
Contracts, Risk and Performance Administrator

Memorandum

DATE: July 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

From Treasurer Freidenrich:

- An article that Treasurer Freidenrich wanted to ensure was seen by all Trustees.
  "Is CalPERS set to have a Bob Citron moment?" https://www.ocregister.com/2023/06/17/is-calpers-set-to-have-a-bob-citron-moment/

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 MAY 2023.

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

OCERS Activities and Update Report May 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 MAY 2023.

MEMBER SERVICES MONTHLY METRICS

Retirement Applications Received			
Month	2021	2022	2023
January	117	346	244
February	91	151	152
March	51	120	135
April	39	47	54
May	52	65	60
June	49	73	
July	64	54	
August	59	58	
September	70	42	
October	67	70	
November	95	78	
December	93	86	
Grand Total	**847**	**1190**	**645**

Customer Service Statistics						
Month	Unplanned Recalculations	Member Satisfaction Approval Rate	Calls Received via Call Center	Calls Direct to Extension	Calls Received by Operator	Total Calls (monthly)
January	1	98%	2,485	4,582	859	7,926
February	0	98%	2,113	4,396	928	7,437
March	0	98%	1,763	5,314	988	8,065
April	0	98%	1,439	4,125	442	6,006
May	1	98%	1,602	4,305	647	6,554
June						
July						
August						
September						
October						
November						
December						
Grand Total	**2**	**98%**	**9,402**	**22,722**	**3,864**	**35,988**

MEMBER SURVEY RESPONSE

"While I never went to a retiree seminar, I was able to watch a webinar and found it to be self-explanatory. The overall process was very seamless, and I wanted to specifically thank the customer support representative who assisted me as they were phenomenal. They were both caring and accommodating. They went out of their way to walk me through the entire process."

May 2023

OCERS customer support representative received cake and flowers from three separate members. Members had similar statements: "We were so grateful for how easy and smooth our representative made the process."

April 2023

"The customer support representative who helped me has been a pleasure to work with and is amazing."

March 2023

OCERS Activities and Update Report
May 2023

ACTIVITIES

CONFERENCE ATTENDANCE

The month of May is always a busy one when it comes to conferences. OCERS staff, as well as Trustees attended various conferences throughout the month. Conferences that had at least one attendee from OCERS:

CEM BENCHMARKING (Annual)– Vancouver Canada

SACRS (Spring) – San Diego

NCPERS (Annua) – New Orleans

INDIANA PERS

I had the opportunity to visit the Indiana PERS offices at the start of the month, as part of my annual "continuous improvement" outreach. A full report will be included in the Board's JULY Board materials

UPDATES

OCERS NEW HQ BUILDING

Ms. Shott reports:

The Request For Proposal (RFP) for consultant Owner's Representative/Program Manager (OR/PM) services was issued on May 5th. The Proposals were due by COB on June 16th. We expect the Building Committee to meet in July to interview the top candidates and award the contract.

INVESTMENT TEAM UPDATE

Ms. Walander-Sarkin reports:

As of April 30, 2023, the portfolio year-to-date is up 3.9% net of fees, while the one-year return is up 1.0%. The fund value now stands at $ 21.1 billion. OCERS' Investment Team closed on two re-up private equity funds, one new private equity fund, and one re-up energy fund in May. The OCERS Investment Team terminated one emerging market debt manager and one corporate credit manager during May. The OCERS Investment Team and Aksia completed the private equity asset class review and 2023/2024 private equity pacing plan during the month. The private equity pacing plan includes committing up to $750 million annually in 2023 and 2024. As a result of the new asset allocation study approved at the April Investment Committee

OCERS Activities and Update Report
May 2023

meeting, OCERS’ Investment Team worked to update the 2023 pacing plans for real assets and private income strategies. The updated real assets pacing plan includes committing $350-400 million in 2023, and the updated private income strategies pacing plan comprises committing $400 million per year on a rolling three-year basis. During the month, OCERS’ Investment Team and Meketa finalized the asset class level benchmarks and Investment Policy Statement, reflecting the new asset allocation that was approved in April. OCERS' Investment Team, together with the OCERS Finance Team, finalized the Global Custody Services RFP in May, selecting State Street Bank and Trust Company. The Investment Committee approved the selection of State Street Bank and Trust Company for Custody Services at the May Investment Committee meeting, subject to successful contract negotiations. OCERS' Investment Team and Finance Team felt that State Street would be the better fit for OCERS' growth in the future.

OCERS BUILDING MAINTENANCE

Mr. Tse reports:

The Facilities & Operations Support Services Department:

- Completed hedge maintenance trimming surrounding the HQ office building and parking lots.
- Conducted “Wellington” parking lot slurry seal project pre-bid job walk with contractors.
- Replaced uplifted concrete sidewalk panels in front of the HQ building mail room.
- In-filled gap openings between the ground surface brick veneers within the “Tustin” medical office building’s common walk paths.
- Replaced vandal-damaged bollard light lenses at the most westerly portion of the Wellington parking lot.

OCERS Activities and Update Report
May 2023

As a reminder, you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the July 17 meeting of the OCERS Board of Retirement.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Memorandum

DATE: July 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. Bills that moved past the House of Origin deadline on June 2 must have a policy committee hearing in the second house before summer recess beginning on July 14. The Legislature will reconvene from Summer Recess on August 14.

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

SB 885 (Senate Committee on Public Employment and Retirement)
Annual CERL, PERL and Education Code Housekeeping Bill

This bill would amend the Education Code to authorize CalSTRS to collect specified criminal history information in the prescribed manner for employees of CalSTRS and each applicant for employment while a tentative offer is still pending if the position includes specified duties.

The PERL permits the CalPERS board to charge interest on payments due and unpaid by a contracting agency at the greater of the annual return on the system's investments for the year prior to the year in which payments are not timely made or a simple annual rate of 10%. This bill would remove the board's option to charge interest at the annual return on the system's investments for the year prior in which payments are not timely made, and instead require the board to charge interest at a simple annual rate of 10%.

Existing law authorizes a member of CalPERS, who is credited with less than a certain number of years of service and who enters employment as a member of another public retirement system supported by state funds, within 6 months of leaving state service, to elect to leave their accumulated contributions on deposit in the retirement fund. Existing law specifies that a member's failure to make an election to withdraw accumulated contributions is deemed an election to leave the member's accumulated contributions on deposit in the retirement fund. Existing law provides that a member may revoke their election to allow

accumulated contributions to remain in the retirement system, except under specified circumstances. Existing law requires a member who is permanently separated from all CalPERS covered service, who meets specified conditions, and who attains $71^1/_2$ years of age, to be provided with an election to withdraw contributions, or, if vested, an election to either apply for service retirement or to withdraw contributions. This bill would instead require a member permanently separated under the circumstances described above to attain the age specified by federal law before being provided with those election options.

Existing law establishes the Supplemental Contributions Program as a defined contribution plan to supplement the benefits provided under PERL. Existing law establishes the Supplemental Contributions Program Fund as a special trust fund, with moneys in the fund continuously appropriated to the Board of Administration of CalPERS, for purposes of the program. Under existing law, a participant, nonparticipant, spouse, or beneficiary is not permitted to elect a distribution under the plan that does not satisfy federal requirements related to being a qualified pension trust plan. Existing law requires the beginning date of distributions that reflect the entire interest of the participant, for a lump-sum distribution to the participant, to be made not later than April 1 of the calendar year following the later of the calendar year in which the participant attains 72 years of age or the calendar year in which the participant terminates all employment. Existing law requires the beginning date of distributions, if provided in periodic payments, to begin not later than April 1 of the calendar year following the later of the calendar year in which the participant attains 72 years of age or the calendar year in which the participant terminates all employment subject to plan coverage. Existing law also requires, if a benefit is payable on account of the participant's death, and the beneficiary is the participant's spouse, that distributions commence on or before the later of either December 31 of the calendar year immediately following the calendar year in which the participant dies or December 31 of the calendar year in which the participant would have attained 72 years of age. This bill would change the age for required distributions, in the circumstances described above, from 72 years of age to the age specified by federal law.

The California Employers' Pension Prefunding Trust Program and the California Employers' Pension Prefunding Trust Fund allow state and local public agency employers that provide a defined benefit pension plan to their employees to prefund their required pension contributions. Existing law authorizes an employer, upon terms and conditions set by the board, to elect to participate in the prefunding plan by entering into a contract with the board relative to the prefunding plan. This bill would authorize an employer participating in the program, upon terms and conditions established by the board, to request a disbursement of funds from its account in the California Employers' Pension Prefunding Trust Fund and transfer those funds directly into the Public Employees' Retirement Fund. By authorizing the transfer of funds from the continuously appropriated California Employers' Pension Prefunding Trust Fund to the continuously appropriated Public Employees' Retirement Fund, this bill would make an appropriation.

The Judges' Retirement Law prescribes retirement benefits for judges, as defined, who were first elected or appointed to judicial office before November 9, 1994. Existing law also establishes the Extended Service Incentive Program to provide enhanced retirement benefits for those judges who continue in service beyond retirement age, as specified, and directs the Board of Administration of PERS to implement the program. Existing law prescribes that the required beginning date of distributions that reflect the entire interest of the

judge, for a lump-sum distribution, be made not later than April 1 of the calendar year following the later of the calendar year in which the judge attains 72 years of age or the calendar year in which the judge terminates employment. Existing law also requires, if a benefit is payable on account of the judge's death, and the beneficiary is the judge's spouse, that distributions commence on or before the later of December 31 of the calendar year immediately following the calendar year in which the judge dies or December 31 of the calendar year in which the judge would have attained 72 years of age. This bill would change the age for required distributions, in the circumstances described above, from 72 years of age to the age specified by federal law.

Existing law establishes the Judges' Retirement System II, which provides retirement and other benefits to its members and is administered by the Board of Administration of CalPERS. Under the Judges' Retirement System II, a judge is eligible to retire upon attaining both 65 years of age and 20 or more years of service, or upon attaining 70 years of age with a minimum of 5 years of service. Existing law, on and after January 1, 2024, and until January 1, 2029, additionally authorizes a judge who is 60 years of age and has 15 years or more of service or 65 years of age and has 10 years or more of service who is not eligible to retire pursuant to the provisions described above to elect to retire and defer receipt of a monthly allowance, subject to specified formulations. Existing law requires a judge who leaves judicial office before accruing at least 5 years of service to be paid the amount of the judge's contributions to the system. This bill would make various changes to the Judges' Retirement System II to grant a judge who elects to retire under the provisions operative January 1, 2024, benefits and options given to a judge who elects to retire upon attaining both 65 years of age and 20 or more years of service, or upon attaining 70 years of age with a minimum of 5 years of service, as described above, including, among others, authorizing a judge to receive service credit for specified military service and requiring the retirement allowance to be increased for the cost of living. The bill would require a monthly allowance or optional settlement payable to a surviving spouse of a judge who elected to retire under the provisions operative January 1, 2024, and who died before receiving a retirement allowance, to begin the date the judge would have been eligible to receive a retirement allowance until the death of the surviving spouse. The bill would specify that a judge who elects to retire under the provisions operative January 1, 2024, makes that election in lieu of being paid the amount of the judge's contributions to the system. The bill would remove the January 1, 2029, repeal date for the election operative January 1, 2024, and would instead provide that the election only applies to a judge who retires before January 1, 2029.

~~The Judges' Retirement System II, administered by the board of CalPERS,~~ Existing law permits a member of **~~this retirement system~~ the Judges' Retirement System II** to select from various optional settlements for the purpose of structuring their retirement benefits. Existing law, under optional settlement 1, provides for payment of a retirement allowance until death and the payment of any remaining contributions at death to their surviving spouse or estate. Under an optional settlement 1 retirement, this bill would allow, if there is no surviving spouse, for the remaining contributions at death to be paid to a judge's designated beneficiary.

The California Constitution grants the retirement board of a public employee retirement system plenary authority and fiduciary responsibility for investment of moneys and administration of the retirement fund and system. The California Constitution qualifies this grant of powers by reserving to the Legislature the authority to prohibit investments if it is in the public interest and the prohibition satisfies standards of fiduciary care

and loyalty required of a retirement board. Existing law prohibits the boards of administration of CalPERS and CalSTRS from making investments in certain countries and in thermal coal companies, as specified, subject to the boards' plenary authority and fiduciary responsibility for investment of moneys and administration of the systems. Existing law, upon the passage of a federal law that imposes sanctions on the government of Turkey for failure to officially acknowledge its responsibility for the Armenian Genocide, prohibits the boards of administration of CalPERS and CalSTRS from making additional or new investments, or renewing existing investments, of public employee retirement funds in an investment vehicle in the government of Turkey that is issued by the government of Turkey or that is owned by the government of Turkey. Existing law requires these boards to submit a report to the Legislature regarding the above-prescribed divestment action on or before January 1, 2024. This bill would change the January 1, 2024, reporting date to January 1, 2035.

The CERL provides for a defined retirement benefit based upon credited service, final compensation, and age at retirement subject to specified formulas relating to membership classification. This bill would clarify the definition of final compensation for specified members, members who are subject to PEPRA, and members whose services are on a tenure that is temporary, seasonal, intermittent, or part time in the CERL, as described.

CERL prescribes requirements regarding notification of members who have left service and elected to leave accumulated contributions in the retirement fund or have been deemed to have elected deferred retirement, as specified. Existing law requires the retirement system to begin paying an unmodified retirement allowance to a member, or a one-time distribution of all accumulated contributions and interest if the member is otherwise ineligible for a deferred retirement allowance, not later than April 1 following the calendar year in which the member attains 72 years of age, if the member can be located but does not submit a proper application for a deferred retirement allowance, as specified. Existing law prescribes alternate requirements if a member cannot be located and attains 72 years of age. Existing law establishes the Deferred Retirement Option Program, which a county or district may elect to offer and ~~**which**~~ **that** provides an additional benefit on retirement to participating members.

This bill would clarify that the above-described notice shall be provided by the board. The bill would revise the age at which the retirement system is required to either start payment of an unmodified retirement allowance or make a one-time distribution of accumulated contributions and interest to the age specified by federal law. The bill would change the age threshold from April 1 of the calendar year in which the member attains 72 years of age to the age specified by federal law with regard to requirements that apply when members cannot be located and with reference to when distributions are to be made to members who are participating in a Deferred Retirement Option Program. This bill would correct several erroneous references and also make other technical, nonsubstantive changes to these provisions.
(STATUS: Introduced; Read first time on 03/14/23. Referred to Coms. on L., P.E. & R. and PUB S. on 03/22/23. From committee with author's amendments; read second time and amended; re-referred to Com. on L., P.E. & R. on 04/17/23. From committee: Do pass and re-referred to Com. on APPR on 04/20/23**.** Read second time; ordered to consent calendar on 05/09/23. Read third time; passed; ordered to Assembly on 05/11/23. In Assembly, read first time; held at Desk on 05/11/23. Referred to Com. on P.E. & R. on 05/18/23. **From committee with author's amendments; read second time; amended; re-referred to Com. on P.E. & R. on 06/06/23. From committee: Do pass and re-referred to Com. on APPR. on 06/14/23. From committee: Do**

pass; ordered to consent calendar on 06/28/23. Read second time; ordered to consent calendar on 06/29/23. Read third time; passed; ordered to Senate; in Senate, concurrence in Assembly amendments pending 07/03/23.)

Bills That Would Amend the CERL or Other Laws (PEPRA, the Brown Act, etc.) That Apply to OCERS

AB 557 (Hart, Garcia, Pacheco)
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 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.~~** **effect. Those circumstances are that (1) state or local officials have imposed or recommended measures to promote social distancing, (2) the legislative body is meeting for the purpose of determining whether, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees, or (3) the legislative body has previously made that determination.** 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~~** **revise the authority of a legislative body to hold a teleconference meeting under those** abbreviated teleconferencing **~~provisions~~** **procedures** when a declared state of emergency is in **~~effect, or in other situations related to public health, as specified, indefinitely.~~** **effect. Specifically, the bill would extend indefinitely that authority in the circumstances under which the legislative body either (1) meets for the purpose of determining whether, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees, or (2) has previously made that determination.** 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. Coauthors revised; from committee: Do pass on 04/27/23. Read second time; ordered to third reading on 05/01/23. Read third time; passed; ordered to the Senate on 05/15/23. In Senate, read first time on 05/16/23. Referred to Coms. on GOV. & F. and JUD. on 05/24/23. **From committee: Do pass and re-refer to Com. on JUD. Re-referred to Com. On JUD. on 06/07/23. From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on JUD. on 06/19/23. From committee: Do pass. on 06/28/23. Read second time. Ordered to third reading on 06/29/23.**)

AB 739 (Lackey) – This bill was not heard in committee and will not move further this year.
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. on 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) – This bill was not heard in committee and will not move further this year.
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, defined as a legislative body that serves exclusively in an advisory capacity and that is not authorized to take final action on legislation, regulations, contracts, licenses, permits, or any other entitlements, 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. In committee: Hearing postponed by committee on 04/25/23.)

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 require the presumption that the member’s heart trouble arose out of and in the course of employment to be extended following termination of service for a prescribed length of time not to exceed 60 months.

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, skin cancer, lower back impairments, Lyme disease, hernia, pneumonia, and meningitis, if the injury develops or manifests while a member, as defined, is in a specified job classification, or additionally if the injury develops or manifests within a prescribed length of time following the termination of the member’s employment in the specified job classification. With respect to skin cancer, this bill would additionally require the member to have worked for 3 consecutive months in a calendar year in a specified position for the presumption to apply. With respect to lower back impairments, this bill would additionally require the member to have worked at least 5 years in a specified position that required the member to wear a duty belt as a condition of employment for the presumption to apply. 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. The bill would repeal the provisions related to post-traumatic stress disorder on January 1, 2025.

(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. From committee: Do pass on 04/12/23. Read second time; ordered to third reading on 04/13/23. Read third time; passed out of Assembly; ordered to the Senate; read first time in Senate on 04/20/23. Referred to Com. on L., P.E. & R. on 05/03/23. From committee chair, with author's amendments: Amend, and re-refer to committee; read second time; amended; and re-referred to Com. on L., P.E. & R. on 05/30/23. **From committee: Do pass on 06/14/23. Read second time; ordered to third reading on 06/15/23.**)

AB 1379 (Papan) – This bill was not heard in committee and will not move further this year.
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. In committee: Set, first hearing; hearing canceled at the request of author on 04/24/23.)

AB 1637 (Irwin)
This bill, no later than January 1, **~~2027,~~ 2029,** would require a local agency, defined as **a city, county, or city and county**, 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, **~~2027,~~ 2029,** 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, 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; 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. Re-referred to Com. on P. & C.P. on 04/20/23. From committee: Amend, and do pass as amended and re-refer to Com. on APPR. on 04/26/23. Read second time and amended on 04/27/23. Re-referred to Com. on APPR. on 05/01/23. From committee: Amend, and do pass as amended; read second time and amended; ordered returned to second reading on 05/18/23. Read second time; ordered to third reading on 05/22/23. Read third time; passed; ordered to the Senate on 05/31/23. In Senate, read first time on 06/01/23. **Referred to Com. on GOV. & F. on 06/14/23. From committee: Amend,**

and do pass as amended and re-refer to Com. on APPR. on 06/28/23. Read second time; amended; re-referred to Com. on APPR. on 06/29/23.)

SB 411 (Portantino, Menjivar, Assembly Member Rivas)
This bill would amend the teleconference provisions of the Brown Act. The bill was amended on April 24, 2023 to apply only to neighborhood councils that are advisory bodies with the purpose to promote more citizen participation in government and make government more responsive to local needs that is established pursuant to the charter of a city with a population of more than 3,000,000 people that is subject to the Brown Act. (STATUS: Introduced; read first time on 02/09/23. Referred to Com. on GOV. & F. and JUD. 02/22/23. From committee: Do pass as amended and re-refer to Com. on JUD. on 04/20/23. Read second time and amended on 04/24/23. From committee: Do pass. on 05/03/23. Read second time; ordered to third reading on 05/04/23. Read third time; urgency clause adopted; passed; ordered to the Assembly; in Assembly, read first time; held at Desk on 05/15/23. Referred to Com. on L. GOV. on 05/26/23.)

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 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. The bill would authorize the legislative body of a multijurisdictional, cross-county agency, as specified, to use alternate teleconferencing provisions if the eligible legislative body has adopted an authorizing resolution, as specified. The bill would also require the legislative body to provide a record of attendance and the number of public comments on its internet website within seven days after a teleconference meeting, as specified. The bill would require at least a quorum of members of the legislative body to participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction. The bill would require the legislative body to identify in the agenda each member who plans to participate remotely and to include the address of the publicly accessible building from each member will participate via teleconference. The bill would prohibit a member from participating remotely pursuant to these provisions unless the remote location is the member's office or another location in a publicly accessible building and is more than 40 miles from the location of the in person meeting. The bill would repeal these alternative teleconferencing provisions on January 1, 2028. 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. From committee: Do pass as amended and re-refer to Com. on JUD. on 04/20/23. Read second time and amended; re-referred to Com. on JUD. on 04/24/23. From committee: Do pass on 05/03/23. Read second time; ordered to third reading. on 05/04/23. Ordered to the Assembly on 05/30/23. In Assembly, read first time; held at Desk on 05/31/23. **Referred to Com. on L. GOV. on 06/15/23.**)

Other Bills of Interest

AB 331 (Bauer-Kahan, Boerner) – This bill did not pass out of its house of origin by the deadline and will not move further this year.
This bill would, among other things, require a deployer, as defined, and a developer of an automated decision tool, as defined, to, on or before January 1, 2025, and annually thereafter, perform an impact assessment for any automated decision tool the deployer uses that includes, among other things, a statement of the purpose of the automated decision tool and its intended benefits, uses, and deployment contexts. The bill would require a deployer or developer to provide the impact assessment to the Civil Rights Department within 60 days of its completion and would punish a violation of that provision with an administrative fine of not more than $10,000 to be recovered in an administrative enforcement action brought by the Civil Rights Department. "Deployer" is defined as a person, partnership, state or local government agency, or corporation that uses an automated decision tool to make a consequential decision. "Developer" is defined as a person, partnership, state or local government agency, or corporation that designs, codes, or produces an automated decision tool, or substantially modifies an artificial intelligence system or service for the intended purpose of making, or being a controlling factor in making, consequential decisions, whether for its own use or for use by a third party.

The bill would authorize certain public attorneys, including the Attorney General, to bring a civil action against a deployer or developer for a violation of the bill. The bill would require a public attorney to, before commencing an action for injunctive relief, provide 45 days' written notice to a deployer or developer of the alleged violations of the bill and would provide a deployer or developer a specified opportunity to cure those violations, if, among other things, the deployer or developer provides the person who gave the notice an express written statement, under penalty of perjury, that the violation has been cured and that no further violations shall occur. By expanding the scope of the crime of perjury, this bill would impose a state-mandated local program.

This bill would require a deployer to, at or before the time an automated decision tool is used to make a consequential decision, as defined, notify any natural person that is the subject of the consequential decision that an automated decision tool is being used to make, or be a controlling factor in making, the consequential decision and to provide that person with, among other things, a statement of the purpose of the automated decision tool. The bill would, if a consequential decision is made solely based on the output of an automated decision tool, require a deployer to, if technically feasible, accommodate a natural person's request to not be subject to the automated decision tool and to be subject to an alternative selection process or accommodation, as prescribed.

This bill would prohibit a deployer from using an automated decision tool *that results in* algorithmic discrimination, which the bill would define to mean the condition in which an automated decision tool contributes to unjustified differential treatment or impacts disfavoring people based on their actual or perceived race, color, ethnicity, sex, religion, age, national origin, limited English proficiency, disability, veteran status, genetic information, reproductive health, or any other classification protected by state law. The bill would, on and after January 1, 2026, authorize a person to bring a civil action against a deployer or developer for a violation of that provision. This bill would define "deployer" and "developer" to include a local government agency and would thereby 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 with regard to certain mandates no reimbursement is required by this act for a specified reason. With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.
(STATUS: Introduced; Read first time on 01/30/23. Read second time and amended on 03/16/23. From committee chair, with author's amendments: Amend, and re-refer to Com. on P. & C.P. Read second time and amended on 03/30/23. Re-referred to Com. on P. & C.P. on 04/03/23. From committee: Amend, and do pass as amended and re-refer to Com. on JUD. on 04/12/23. Read second time and amended on 04/13/23. Re-referred to Com. on JUD. on 04/17/23. From committee: Amend, and do pass as amended and re-refer to Com. on APPR. on 04/18/23. Read second time and amended on 04/19/23. Referred to suspense file on 05/17/23. Held under submission on 05/18/23.)

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. From committee: Do pass; to Consent Calendar on 04/19/23.

Read second time; ordered to Consent Calendar on 04/20/23. Read third time; passed out of Assembly; ordered to the Senate; read first time in Senate on 04/27/23. Referred to Com. on L., P.E. & R. on 05/10/23. **Re-referred to Com. on APPR. on 06/14/23. From committee: Be ordered to second reading pursuant to Senate Rule 28.8. on 06/26/23. Read second time; ordered to third reading on 06/27/23.**)

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. In committee; Set, first hearing; referred to suspense file on 04/19/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Read third time; passed; ordered to the Senate on 05/31/23. **In Senate, read first time; to Com. on RLS. for assignment on 06/01/23. Referred to Coms. on GOV. & F. and JUD. on 06/14/23. From committee: Do pass and re-refer to Com. on JUD. with recommendation: To Consent Calendar on 06/28/23.**)

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. Re-referred to Com. on APPR. on 04/12/23. In committee: Set, first hearing; referred to suspense file on 04/26/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Read third time; passed; ordered to the

Senate on 05/25/23. In Senate, read first time; to Com. on RLS. for assignment on 05/26/23. **Referred to Com. on L., P.E. & R. on 06/07/23. Re-referred to Com. on APPR. on 06/28/23.**)

SB 265 (Hurtado, Umberg, Archuleta, Min, and Rubio)
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. Cal OES to direct Cal-CSIC to prepare, and Cal OES to submit to the Legislature on or before January 1, 2024, a strategic, multiyear outreach plan to assist the food and agriculture sector and wastewater sector 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, those sectors in their efforts to improve security preparedness.

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. Placed on APPR suspense file on 04/10/23. From committee: Do pass as amended; read second time and amended; ordered to second reading on 05/18/23. Read second time; ordered to third reading on 05/22/23. Ordered to special consent calendar on 05/26/23. Read third time; passed; ordered to the Assembly on 05/30/23. In Assembly, read first time; held at Desk on 05/31/23. **Referred to Com. on E.M. on 06/08/23. From committee with author's amendments; read second time; amended; re-referred to Com. on E.M. on 06/19/23.**)

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. From committee: Do pass and re-refer to Com. on APPR with recommendation: To consent calendar on 04/20/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Ordered to special consent calendar on 05/23/23. Read third time; passed; ordered to the Assembly on 05/25/23. In Assembly, read first time; held at desk on 05/25/23. **Referred to Com. on INS. on 06/08/23. Re-referred to Com. on APPR. on 06/28/23.**)

Bills that Apply to CalPERS and/or CalSTRS Only

AB 621 (Irwin, Cervantes)
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. Referred to suspense file on 04/26/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Read third time; passed; ordered to Senate on 05/31/23. In Senate, read first time on 06/01/23. **Referred to Com. on L., P.E. & R. on 06/14/23. From committee: Do pass and re-refer to Com. on APPR with recommendation: To Consent Calendar; re-referred to Com. on APPR. on 06/28/23.**)

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. 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~~ hired, and elected officials who first served,** 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~~ would require** the City of San Gabriel to provide notice, as prescribed, of the agreement and any additional information necessary to implement these benefits.
(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. From committee: Amend, pass as amended and re-refer to Com. on APPR. on 04/12/23. Read second time and amended on 04/13/23. Re-referred to Com. on APPR. on 04/17/23. From committee: Do pass; to Consent Calendar on 04/26/23. Read second time; ordered to Consent Calendar on 04/27/23. Read third time; passed; ordered to the Senate; in Senate, read first time on 05/04/23. Referred to Com. on L., P.E. & R. on 05/17/23. **From committee chair, with author's amendments: Amend, and re-refer to committee; read second time, amended, and re-referred to Com. On L., P.E. & R. on 06/05/23. From committee: Do pass and re-referred to Com. on APPR. on 06/14/23. From committee: Be ordered to**

second reading pursuant to Senate Rule 28.8. on 06/26/23. Read second time; ordered to third reading on 06/27/23.)

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 also permits a member of PERS who retires on or after January 1, 2018, to elect from among several other optional settlements for the purpose of structuring their 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.**~~ **would, commencing January 1, 2025, permit a member who elected to receive a specified optional settlement at retirement, if the member's former spouse was named as beneficiary and a legal judgment awards only a portion of the interest in the retirement system to the retired member, to elect to add their new spouse as the beneficiary of the member's interest, subject to meeting certain conditions. This bill would authorize a member to elect this option only once and would preclude elections that would be in derogation of the former spouse's interest in the retirement system. The bill would preclude elections that would result in additional costs to the employer.**
(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. From committee: Do pass and re-refer to Com. on APPR. on 04/12/23. In committee: Hearing postponed by committee on 04/26/23. From committee: Do pass; to Consent Calendar on 05/03/23. Read second time; ordered to Consent Calendar on 05/04/23. Read third time; passed; ordered to the Senate; in Senate, read first time; to Com. on RLS. for assignment on 05/11/23. Referred to Com. on L., P.E. & R. on 05/24/23. **From committee chair, with author's amendments: Amend, and re-refer to committee; read second time, amended, and re-referred to Com. on L., P.E. & R. 06/15/23. From committee: Do pass and re-referred to Com. on APPR on APPR. 06/22/23. Referred to APPR suspense file on 07/03/23.**)

SB 300 (Seyarto, Niello, Ochoa-Bogh, and Wilk) – This bill did not pass out of its house of origin by the deadline and will not move further this year.

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. Set for hearing April 26 on 04/13/23. From committee: Do pass as amended and re-refer to Com. on APPR. on 05/02/23. Read second time and amended; re-referred to Com. on APPR. on 05/03/23. Placed on APPR suspense file on 05/15/23. Held in committee and under submission on 05/18/23.)

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. Set for hearing April 26 on 04/13/23. From committee: Do pass and re-refer to Com. on APPR with recommendation: To consent calendar on 04/26/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Ordered to special consent calendar 05/23/23. Read third time; passed; ordered to the Assembly; in Assembly, read first time; held at Desk on 05/25/23. **Referred to Com. on P.E. & R. on 06/08/23.**)

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. **Existing law also requires CalSTRS to annually provide resources that interpret and clarify the applicability of creditable compensation and service pursuant to its laws and regulations. This bill would require CalSTRS to identify and provide those resources on its website. The bill would require those identified resources to be relied upon and used for purposes of audits and other actions related to compliance by employers, unless the resource is revoked or superseded.**

Under existing law, new or different interpretations related to creditable compensation and service **~~are required to~~ do not** take effect **until** after notice is issued to employers and exclusive **~~representatives and are prohibited~~ representatives. Existing law prohibits a new or different interpretation** 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. **This bill would revise the above provision to specify that it applies to new or different interpretations of law, including those that differ from the resources identified by STRS. The bill, with respect to retroactivity, would instead allow for a retroactive interpretation if it is the result of a state or federal law, executive order of the Governor, or final court order.** 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~~ CalSTRS**. Existing law requires that overpayments made due to an error by **~~the system~~ CalSTRS** 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.~~ instead provide that if CalSTRS later determines that compensation reported in accordance with the system's identified resources has been reported in error as a**

result of an error in those resources, the resulting overpayment to the individual member, former member, or beneficiary shall be deemed an error of CalSTRS and subject to that specified recovery process. The bill would require a determination of an amount that has been overpaid be provided in writing by CalSTRS to the party responsible for the overpayment. The bill would further require CalSTRS to identify the error, document its source, and specify the total amount overpaid due to the error. 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 **to the individual member, former member, or beneficiary, as applicable,** 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**~~ **a** written ~~**guidance**~~ **determination issued by CalSTRS for purposes of providing formal written guidance to that employer or representative** relating to the proper reporting of compensation in **a** publicly available ~~**agreement**~~ **agreement,** consistent with laws governing creditable compensation. **Existing law provides that an advisory letter may be superseded by a state or federal law, executive order of the Governor, or rule, as prescribed.** 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.**~~ **delete the above-described reference to an advisory letter being superseded by rule, and would instead provide that it may be superseded by an identified resource, and also by a final court order. The bill would also revise the related reporting provisions to instead provide that if CalSTRS later determines that specific compensation reported in accordance with its advisory letter has been reported in error by the employer identified in the advisory letter as a result of an error in the advisory letter, the resulting overpayment to the individual member, former member, or beneficiary would be deemed an error by CalSTRS. The bill would require notice of determination of an error in compensation reported to the system in accordance with the system's advisory letter to be provided in writing to the individual member, former member, or beneficiary, as applicable. The bill would make other conforming changes to these provisions, including specifying that the advisory letter relates to specific compensation language and only to the employer identified in the advisory letter.**

~~**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.**~~ **Existing law requires CalSTRS, to recover an amount overpaid under the Teachers' Retirement Law or the State Teachers' Retirement System Cash Balance Benefit Program, to correct the benefit, annuity, or refund, and the corrected allowance or annuity benefit payable, by no more than 15% if the amount overpaid was due to inaccurate information or nonsubmission thereof by or on behalf of a recipient of the allowance or annuity. This bill would revise that provision to expressly apply to recovery of an overpayment from a member, participant, former participant or beneficiary. The bill would further provide for recovery under these circumstances due to an untimely submission by or on behalf of a recipient. The bill would also provide that amendments to this provision enacted during the 2nd year of the 2021–22 Regular Session shall apply when the system notifies a member, participant, former member, former participant, or beneficiary of a benefit adjustment on and after January 1, 2023.**
(STATUS: Introduced; read first time on 02/13/23. Referred to Com. on L., P.E. & R. on 02/22/23. From committee: Do pass as amended and re-refer to Com. on APPR with recommendation: To consent calendar on 05/01/23. Read second time and amended; re-referred to Com. on APPR. on 05/2/23. From committee: ordered to second reading pursuant to Senate Rule 28.8 and ordered to consent calendar on 5/15/23. Read second time; ordered to consent calendar on 05/16/23. Read third time; passed; ordered to the Assembly; in Assembly, read first time; held at Desk on 05/18/23. Referred to Com. on P.E. & R. on 05/26/23. **From committee with author's amendments; read second time; amended; re-referred to Com. on P.E. & R. on 06/19/23. From committee: Do pass; re-referred to Com. on APPR on 06/28/23.**)

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 **jointly and** voluntarily, and would prescribe a process for this. **The bill would make the separation of a joint contract irrevocable and would make a county and trial court ineligible to reestablish a joint contract.** 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**~~ **liabilities, within a prescribed time,** for a county and trial court seeking to separate their joint ~~**contract.**~~ **contract after receiving specified information.** 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. From committee: Do pass as amended and re-refer to Com. on APPR with recommendation: To consent calendar on 04/20/23. Read second time and amended; re-referred to Com. on APPR. on 04/24/23. Set for hearing May 1 on 04/25/23. Placed on APPR suspense file on 05/01/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Ordered to special consent calendar on 05/23/23. Read third time; passed; ordered to the Assembly; in Assembly, read first time; held at Desk on 05/25/23. **Referred to Com. on P.E. & R. on 06/08/23. From committee: Do pass as amended and re-refer to Com. on APPR. on 06/28/23. Read second time; amended; re-referred to Com. on APPR. on 06/29/23.**)

SB 660 (Alvarado-Gil) – This bill was held in the Senate Appropriations Committee and will not move further this year

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. From committee: Do pass and re-refer to Com. on APPR. on 04/20/23. Set for hearing May 1 on 04/21/23. Placed on APPR suspense file on 05/01/23. Held in committee and under submission on 05/18/23.)

Divestment Proposals (CalPERS and CalSTRS Only)

SB 252 (Gonzalez, Stern, Weiner, and Portantino) – This is now a two-year bill.

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, 2031. 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. Re-referred to Com. on JUD. on 04/13/23. From committee: Do pass as amended and re-refer to Com. on APPR. on 04/19/23. Set for hearing May 1; placed on APPR suspense file on 04/25/23. From committee: Do pass as amended; read second time and amended; ordered to second reading on 05/18/23. Read second time; ordered to third reading on 05/22/23. Read third time; passed; ordered to the Assembly; in Assembly, read first time; held at Desk on 05/25/23. **Referred to Com. on P.E. & R. on 06/08/23.**)

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.

Attachments:
Legislative Update
2023 Tentative Legislative Calendar

Submitted by:

GMR- Approved

Gina M. Ratto
General Counsel

OCERS BOARD OF RETIREMENT
July 17, 2023 MEETING

LEGISLATIVE UPDATE – ATTACHMENT
2023 - 2024 CALIFORNIA STATE LEGISLATIVE SESSION
BILLS OF INTEREST

New or updated information in bold text

AB 331 (Bauer-Kahan, Boerner)

This bill would, among other things, require a deployer, as defined, and a developer of an automated decision tool, as defined, to, on or before January 1, 2025, and annually thereafter, perform an impact assessment for any automated decision tool the deployer uses that includes, among other things, a statement of the purpose of the automated decision tool and its intended benefits, uses, and deployment contexts. The bill would require a deployer or developer to provide the impact assessment to the Civil Rights Department within 60 days of its completion and would punish a violation of that provision with an administrative fine of not more than $10,000 to be recovered in an administrative enforcement action brought by the Civil Rights Department. "Deployer" is defined as a person, partnership, state or local government agency, or corporation that uses an automated decision tool to make a consequential decision. "Developer" is defined as a person, partnership, state or local government agency, or corporation that designs, codes, or produces an automated decision tool, or substantially modifies an artificial intelligence system or service for the intended purpose of making, or being a controlling factor in making, consequential decisions, whether for its own use or for use by a third party.

The bill would authorize certain public attorneys, including the Attorney General, to bring a civil action against a deployer or developer for a violation of the bill. The bill would require a public attorney to, before commencing an action for injunctive relief, provide 45 days' written notice to a deployer or developer of the alleged violations of the bill and would provide a deployer or developer a specified opportunity to cure those violations, if, among other things, the deployer or developer provides the person who gave the notice an express written statement, under penalty of perjury, that the violation has been cured and that no further violations shall occur. By expanding the scope of the crime of perjury, this bill would impose a state-mandated local program.

This bill would require a deployer to, at or before the time an automated decision tool is used to make a consequential decision, as defined, notify any natural person that is the subject of the consequential decision that an automated decision tool is being used to make, or be a controlling factor in making, the consequential decision and to provide that person with, among other things, a statement of the purpose of the automated decision tool. The bill would, if a consequential decision is made solely based on the output of an automated decision tool, require a deployer to, if technically feasible, accommodate a natural person's request to not be subject to the automated decision tool and to be subject to an alternative selection process or accommodation, as prescribed.

This bill would prohibit a deployer from using an automated decision tool *that results in* algorithmic discrimination, which the bill would define to mean the condition in which an automated decision tool contributes to unjustified differential treatment or impacts disfavoring people based on their actual or perceived race, color, ethnicity, sex, religion, age, national origin, limited English proficiency, disability, veteran status, genetic information, reproductive health, or any other classification protected by state law. The bill would, on and after January 1, 2026, authorize a person to bring a civil action against a deployer or developer for a violation of that provision. This bill would define “deployer” and “developer” to include a local government agency and would thereby 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 with regard to certain mandates no reimbursement is required by this act for a specified reason. With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.
(STATUS: Introduced; Read first time on 01/30/23. Read second time and amended on 03/16/23. From committee chair, with author's amendments: Amend, and re-refer to Com. on P. & C.P. Read second time and amended on 03/30/23. Re-referred to Com. on P. & C.P. on 04/03/23. From committee: Amend, and do pass as amended and re-refer to Com. on JUD. on 04/12/23. Read second time and amended on 04/13/23. Re-referred to Com. on JUD. on 04/17/23. From committee: Amend, and do pass as amended and re-refer to Com. on APPR. on 04/18/23. Read second time and amended on 04/19/23. Referred to suspense file on 05/17/23. Held under submission on 05/18/23.)

AB 557 (Hart, Garcia, Pacheco)
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 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.~~** **effect. Those circumstances are that (1) state or local officials have imposed or recommended measures to promote social distancing, (2) the legislative body is meeting for the purpose of determining whether, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees, or (3) the legislative body has previously made that determination.** 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**~~ **revise the authority of a legislative body to hold a teleconference meeting under those** abbreviated teleconferencing ~~**provisions**~~ **procedures** when a declared state of emergency is in ~~**effect, or in other situations related to public health, as specified, indefinitely.**~~ **effect. Specifically, the bill would extend indefinitely that authority in the circumstances under which the legislative body either (1) meets for the purpose of determining whether, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees, or (2) has previously made that determination.** 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. Coauthors revised; from committee: Do pass on 04/27/23. Read second time; ordered to third reading on 05/01/23. Read third time; passed; ordered to the Senate on 05/15/23. In Senate, read first time on 05/16/23. Referred to Coms. on GOV. & F. and JUD. on 05/24/23. **From committee: Do pass and re-referred to Com. on JUD. on 06/07/23. From committee chair, with author's amendments: Amend, and re-refer to committee; read second time; amended; and re-referred to Com. on JUD. on 06/19/23. From committee: Do pass on 06/28/23. Read second time; ordered to third reading on 06/29/23.**)

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. Referred to suspense file on 04/26/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Read third time; passed; ordered to Senate on

05/31/23. In Senate, read first time on 06/01/23. **Referred to Com. on L., P.E. & R. on 06/14/23. From committee: Do pass and re-referred to Com. on APPR. on 06/28/23.**)

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. 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~~ hired, and elected officials who first served,** 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~~ would require** the City of San Gabriel to provide notice, as prescribed, of the agreement and any additional information necessary to implement these benefits.
(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. From committee: Amend, pass as amended and re-refer to Com. on APPR. on 04/12/23. Read second time and amended on 04/13/23. Re-referred to Com. on APPR. on 04/17/23. From committee: Do pass; to Consent Calendar on 04/26/23. Read second time; ordered to Consent Calendar on 04/27/23. Read third time; passed; ordered to the Senate; in Senate, read first time on 05/04/23. Referred to Com. on L., P.E. & R. on 05/17/23. **From committee chair, with author's amendments: Amend, and re-refer to committee; read second time, amended; and re-referred to Com. On L., P.E. & R. on 06/05/23. From committee: Do pass and re-referred to Com. on APPR. on 06/14/23. From committee: Be ordered to second reading pursuant to Senate Rule 28.8. on 06/26/23. Read second time; ordered to third reading on 06/27/23.**)

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. From committee: Do pass; to Consent Calendar on 04/19/23. Read second time; ordered to Consent Calendar on 04/20/23. Read third time; passed out of Assembly; ordered to the Senate; read first time in Senate on 04/27/23. Referred to Com. on L., P.E. & R. on 05/10/23. **Re-referred to Com. on APPR. on 06/14/23. From committee: Be ordered to second reading pursuant to Senate Rule 28.8. on 06/26/23. Read second time; ordered to third reading on 06/27/23.**)

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, defined as a legislative body that serves exclusively in an advisory capacity and that is not authorized to take final action on legislation, regulations, contracts, licenses, permits, or any other entitlements, 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. In committee: Hearing postponed by committee on 04/25/23.)

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 require the presumption that the member’s heart trouble arose out of and in the course of employment to be extended following termination of service for a prescribed length of time not to exceed 60 months.

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, skin cancer, lower back impairments, Lyme disease, hernia, pneumonia, and meningitis, if the injury develops or manifests while a member, as defined, is in a specified job classification, or additionally if the injury develops or manifests within a prescribed length of time following the termination of the member’s employment in the specified job classification. With respect to skin cancer, this bill would additionally require the member to have worked for 3 consecutive months in a calendar year in a specified position for the presumption to apply. With respect to lower back impairments, this bill would additionally require the member to have worked at least 5 years in a specified position that required the member to wear a duty belt as a condition of employment for the presumption to apply. 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. The bill would repeal the provisions related to post-traumatic stress disorder on January 1, 2025.
(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. From committee: Do pass on 04/12/23. Read second time; ordered to third reading on 04/13/23. Read third time; passed out of Assembly; ordered to the Senate; read first time in Senate on 04/20/23. Referred to Com. on L., P.E. & R. on 05/03/23. From committee chair, with author's amendments: Amend, and re-refer to committee; read second time; amended; and re-referred to Com. on L., P.E. & R. on 05/30/23. **From committee: Do pass on 06/14/23. Read second time; ordered to third reading on 06/15/23.**)

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. In committee; Set, first hearing; referred to suspense file on 04/19/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Read third time; passed; ordered to the Senate on 05/31/23. **In Senate, read first time; to Com. on RLS. for assignment on 06/01/23. Referred to Coms. on GOV. & F. and JUD. on 06/14/23. From committee: Do pass and re-refer to Com. on JUD. with recommendation: To Consent Calendar on 06/28/23.**)

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. Re-referred to Com. on APPR. on 04/12/23. In committee: Set, first hearing; referred to suspense file on 04/26/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Read third time; passed; ordered to the Senate on 05/25/23. In Senate, read first time; to Com. on RLS. for assignment on 05/26/23. **Referred to Com. on L., P.E. & R. on 06/07/23. Re-referred to Com. on APPR. on 06/28/23.**)

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 also permits a member of PERS who retires on or after January 1, 2018, to elect from among several other optional settlements for the purpose of structuring their 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.~~ would, commencing January 1, 2025, permit a member who elected to receive a specified optional settlement at retirement, if the member's former spouse was named as beneficiary and a legal judgment awards only a portion of the interest in the retirement system to the retired member, to elect to add their new spouse as the beneficiary of the member's interest, subject to meeting certain conditions. This bill would authorize a member to elect this option only once and would preclude elections that would be in derogation of the former spouse's interest in the retirement system. The bill would preclude elections that would result in additional costs to the employer.**
(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. From committee: Do pass and re-refer to Com. on APPR. on 04/12/23. In committee: Hearing postponed by committee on 04/26/23. From committee: Do pass; to Consent Calendar on 05/03/23. Read second time; ordered to Consent Calendar on 05/04/23. Read third time; passed; ordered to the Senate; in Senate, read first time; to Com. on RLS. for assignment on 05/11/23. Referred to Com. on L., P.E. & R. on 05/24/23. **From committee chair, with author's amendments: Amend, and re-refer to committee; read second time, amended, and re-referred to Com. on L., P.E. & R. 06/15/23. From committee: Do pass and re-referred to Com. on APPR on APPR. 06/22/23. Referred to APPR suspense file on 07/03/23.**)

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. In committee: Set, first hearing; hearing canceled at the request of author on 04/24/23.)

AB 1637 (Irwin)
This bill, no later than January 1, ~~**2027,**~~ **2029,** would require a local agency, defined as **a city, county, or city and county**, 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, ~~**2027,**~~ **2029,** 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, 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; 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. Re-referred to Com. on P. & C.P. on 04/20/23. From committee: Amend, and do pass as amended and re-refer to Com. on APPR. on 04/26/23. Read second time and amended on 04/27/23. Re-referred to Com. on APPR. on 05/01/23. From committee: Amend, and do pass as amended; read second time and amended; ordered returned to second reading on 05/18/23. Read second time; ordered to third reading on 05/22/23. Read third time; passed; ordered to the Senate on 05/31/23. In Senate, read first time on 06/01/23. **Referred to Com. on GOV. & F. on 06/14/23. From committee: Amend, and do pass as amended and re-refer to Com. on APPR. on 06/28/23. Read second time; amended; re-referred to Com. on APPR. on 06/29/23.**)

SB 252 (Gonzalez, Stern, Weiner, and Portantino)
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, 2031. 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. Re-referred to Com. on JUD. on 04/13/23. From committee: Do pass as amended and re-refer to Com. on APPR. on 04/19/23. Set for hearing May 1; placed on APPR suspense file on 04/25/23. From committee: Do pass as amended; read second time and amended; ordered to second reading on 05/18/23. Read second time; ordered to third reading on 05/22/23. Read third time; passed; ordered to the Assembly; in Assembly, read first time; held at Desk on 05/25/23. **Referred to Com. on P.E. & R. on 06/08/23.**)

SB 265 (Hurtado, Umberg, Archuleta, Min, and Rubio)
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 OES to direct Cal-CSIC to prepare, and Cal OES to submit to the Legislature on or before January 1, 2024, a strategic, multiyear outreach plan to assist the food and agriculture sector and wastewater sector 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, those sectors in their efforts to improve security preparedness.

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. Placed on APPR suspense file on 04/10/23. From committee: Do pass as amended; read second time and amended; ordered to second reading on 05/18/23. Read second time; ordered to third reading on 05/22/23. Ordered to special consent calendar on 05/26/23. Read third time; passed; ordered to the Assembly on 05/30/23. In Assembly, read first time; held at Desk on 05/31/23. **Referred to Com. on E.M. on 06/08/23. From committee with author's amendments; read second time; amended; re-referred to Com. on E.M. on 06/19/23.**)

SB 300 (Seyarto, Niello, Ochoa-Bogh, and 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. Set for hearing April 26 on 04/13/23. From committee: Do pass as amended and re-refer to Com. on APPR. on 05/02/23. Read second time and amended; re-referred to Com. on APPR. on 05/03/23. Placed on APPR suspense file on 05/15/23. Held in committee and under submission on 05/18/23.)

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.
(STATUS: Introduced and read first time on 02/07/23. Referred to Com. on L., P.E. & R. and APPR. on 02/15/23. Set for hearing April 26 on 04/13/23. From committee: Do pass and re-refer to Com. on APPR with recommendation: To consent calendar on 04/26/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Ordered to special consent calendar 05/23/23. Read third time; passed; ordered to the Assembly; in Assembly, read first time; held at Desk on 05/25/23. **Referred to Com. on P.E. & R. on 06/08/23.**)

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. From committee: Do pass and re-refer to Com. on APPR with recommendation: To consent calendar on 04/20/23. Set for hearing May 1 on 04/21/23. Placed on APPR suspense file on 05/01/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Ordered to special consent calendar on 05/23/23. Read third time; passed; ordered to the Assembly on 05/25/23. In Assembly, read first time; held at desk on 05/25/23. **Referred to Com. on INS. on 06/08/23. Re-referred to Com. on APPR. on 06/28/23.**)

SB 411 (Portantino, Menjivar, Assembly Member Rivas)
This bill would amend the teleconference provisions of the Brown Act. The bill was amended on April 24, 2023 to apply only to neighborhood councils that are advisory bodies with the purpose to promote more citizen participation in government and make government more responsive to local needs that is established pursuant to the charter of a city with a population of more than 3,000,000 people that is subject to the Brown Act.
(STATUS: Introduced; read first time on 02/09/23. Referred to Com. on GOV. & F. and JUD. 02/22/23. From committee: Do pass as amended and re-refer to Com. on JUD. on 04/20/23. Read second time and amended on 04/24/23. From committee: Do pass on 05/03/23. Read second time; ordered to third reading on 05/04/23. Read third time; urgency clause adopted; passed; ordered to the Assembly; in Assembly, read first time; held at Desk on 05/15/23. Referred to Com. on L. GOV. on 05/26/23.)

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. **Existing law also requires CalSTRS to annually provide resources that interpret and clarify the applicability of creditable compensation and service pursuant to its laws and regulations. This bill would require CalSTRS to identify and provide those resources on its website. The bill would require those identified resources to be relied upon and used for purposes of audits and other actions related to compliance by employers, unless the resource is revoked or superseded.**

Under existing law, new or different interpretations related to creditable compensation and service **~~are required to~~ do not** take effect **until** after notice is issued to employers and exclusive **~~representatives and are prohibited~~ representatives. Existing law prohibits a new or different interpretation** 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. **This bill would revise the above provision to specify that it applies to new or different interpretations of law, including those that differ from the resources identified by CalSTRS. The bill, with respect to retroactivity, would instead allow for a retroactive interpretation if it is the result of a state or federal law, executive order of the Governor, or final court order.** 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~~ CalSTRS**. Existing law requires that overpayments made due to an error by **~~the system~~ CalSTRS** 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.~~ instead provide that if CalSTRS later determines that compensation reported in accordance with the system's identified resources has been reported in error as a result of an error in those resources, the resulting overpayment to the individual member, former member, or beneficiary shall be deemed an error of CalSTRS and subject to that specified recovery process. The bill would require a determination of an amount that has been overpaid be provided in writing by CalSTRS to the party responsible for the overpayment. The bill would further require CalSTRS to identify the error, document its source, and specify the total amount overpaid due to the error. 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 **to the individual member, former member, or beneficiary, as applicable,** 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~~ a** written **~~guidance~~ determination issued by CalSTRS for purposes of providing formal written guidance to that employer or representative** relating to the proper reporting of compensation in **a** publicly available **~~agreement~~ agreement,** consistent with laws governing creditable compensation. **Existing law provides that an advisory letter may be superseded by a state or federal law, executive order of the Governor, or rule, as prescribed.** 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.~~ delete the above-described reference to an advisory letter being superseded by rule, and would instead provide that it may be superseded by an identified resource, and also by a final court order. The bill would also revise the related reporting provisions to instead provide that if CalSTRS later determines that specific compensation reported in accordance with its advisory letter has been reported in error by the employer identified in the advisory letter as a result of an error in the advisory letter, the resulting overpayment to the individual member, former member, or beneficiary would be deemed an error by CalSTRS. The bill would require notice of determination of an error in compensation reported to the system in**

accordance with the system's advisory letter to be provided in writing to the individual member, former member, or beneficiary, as applicable. The bill would make other conforming changes to these provisions, including specifying that the advisory letter relates to specific compensation language and only to the employer identified in the advisory letter.

~~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.~~ **Existing law requires CalSTRS, to recover an amount overpaid under the Teachers' Retirement Law or the State Teachers' Retirement System Cash Balance Benefit Program, to correct the benefit, annuity, or refund, and the corrected allowance or annuity benefit payable, by no more than 15% if the amount overpaid was due to inaccurate information or nonsubmission thereof by or on behalf of a recipient of the allowance or annuity. This bill would revise that provision to expressly apply to recovery of an overpayment from a member, participant, former participant or beneficiary. The bill would further provide for recovery under these circumstances due to an untimely submission by or on behalf of a recipient. The bill would also provide that amendments to this provision enacted during the 2nd year of the 2021–22 Regular Session shall apply when the system notifies a member, participant, former member, former participant, or beneficiary of a benefit adjustment on and after January 1, 2023.**
(STATUS: Introduced; read first time on 02/13/23. Referred to Com. on L., P.E. & R. on 02/22/23. From committee: Do pass as amended and re-refer to Com. on APPR with recommendation: To consent calendar on 05/01/23. Read second time and amended; re-referred to Com. on APPR. on 05/2/23. From committee: ordered to second reading pursuant to Senate Rule 28.8 and ordered to consent calendar on 5/15/23. Read second time; ordered to consent calendar on 05/16/23. Read third time; passed; ordered to the Assembly; in Assembly, read first time; held at Desk on 05/18/23. Referred to Com. on P.E. & R. on 05/26/23. **From committee with author's amendments; read second time; amended; re-referred to Com. on P.E. & R. on 06/19/23. From committee: Do pass; re-referred to Com. on APPR on 06/28/23.**)

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 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. The bill would authorize the legislative body of a multijurisdictional, cross-county agency, as specified, to use alternate teleconferencing provisions if the eligible legislative body has adopted an authorizing resolution, as specified. The bill would also require the legislative body to provide a record of attendance and the number of public comments on its internet website within seven days after a teleconference meeting, as specified. The bill would require at least a quorum of members of the legislative body to participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction. The bill would require the legislative body to identify in the agenda each member who plans to participate remotely and to include the address of the publicly accessible building from each member will participate via teleconference. The bill would prohibit a member from participating remotely pursuant to these provisions unless the remote location is the member’s office or another location in a publicly accessible building and is more than 40 miles from the location of the in person meeting. The bill would repeal these alternative teleconferencing provisions on January 1, 2028. 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. From committee: Do pass as amended and re-refer to Com. on JUD. on 04/20/23. Read second time and amended; re-referred to Com. on JUD. on 04/24/23. From committee: Do pass on 05/03/23. Read second time; ordered to third reading. on 05/04/23. Ordered to the Assembly on 05/30/23. In Assembly, read first time; held at Desk on 05/31/23. **Referred to Com. on L. GOV. on 06/15/23.**)

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 **jointly and** voluntarily, and would prescribe a process for this. **The bill would make the separation of a joint contract irrevocable and would make a county and trial court ineligible to reestablish a joint contract.** 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~~ **liabilities, within a prescribed time,** for a county and trial court seeking to separate their joint ~~contract.~~ **contract after receiving specified information.** 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. From committee: Do pass as amended and re-refer to Com. on APPR with recommendation: To consent calendar on 04/20/23. Read second time and amended; re-referred to Com. on APPR. on 04/24/23. Set for hearing May 1 on 04/25/23. Placed on APPR suspense file on 05/01/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Ordered to special consent calendar on 05/23/23. Read third time; passed; ordered to the Assembly; in Assembly, read first time; held at Desk on 05/25/23. **Referred to Com. on P.E. & R. on 06/08/23. From committee: Do pass as amended and re-refer to Com. on APPR. on 06/28/23. Read second time; amended; re-referred to Com. on APPR. on 06/29/23.**)

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. From committee: Do pass and re-refer to Com. on APPR. on 04/20/23. Set for hearing May 1 on 04/21/23. Placed on APPR suspense file on 05/01/23. Held in committee and under submission on 05/18/23.)

SB 885 (Senate Committee on Public Employment and Retirement)
This bill would amend the Education Code to authorize CalSTRS to collect specified criminal history information in the prescribed manner for employees of CalSTRS and each applicant for employment while a tentative offer is still pending if the position includes specified duties.

The PERL permits the CalPERS board to charge interest on payments due and unpaid by a contracting agency at the greater of the annual return on the system's investments for the year prior to the year in which payments are not timely made or a simple annual rate of 10%. This bill would remove the board's option to charge interest at the annual return on the system's investments for the year prior in which payments are not timely made, and instead require the board to charge interest at a simple annual rate of 10%.

Existing law authorizes a member of CalPERS, who is credited with less than a certain number of years of service and who enters employment as a member of another public retirement system supported by state funds, within 6 months of leaving state service, to elect to leave their accumulated contributions on deposit in the retirement fund. Existing law specifies that a member's failure to make an election to withdraw accumulated contributions is deemed an election to leave the member's accumulated contributions on deposit in the retirement fund. Existing law provides that a member may revoke their election to allow accumulated contributions to remain in the retirement system, except under specified circumstances. Existing law requires a member who is permanently separated from all CalPERS covered service, who meets specified conditions, and who attains $71^1/_2$ years of age, to be provided with an election to withdraw contributions, or, if vested, an election to either apply for service retirement or to withdraw contributions. This bill would instead require a member permanently separated under the circumstances described above to attain the age specified by federal law before being provided with those election options.

Existing law establishes the Supplemental Contributions Program as a defined contribution plan to supplement the benefits provided under PERL. Existing law establishes the Supplemental Contributions Program Fund as a special trust fund, with moneys in the fund continuously appropriated to the Board of Administration of CalPERS, for purposes of the program. Under existing law, a participant, nonparticipant, spouse, or beneficiary is not permitted to elect a distribution under the plan that does not satisfy federal requirements related to being a qualified pension trust plan. Existing law requires the beginning date of distributions that reflect the entire interest of the participant, for a lump-sum distribution to the participant, to be made not later than April 1 of the calendar year following the later of the calendar year in which the participant attains 72 years of age or the calendar year in which the participant terminates all employment. Existing law requires the beginning date of distributions, if provided in periodic payments, to begin not later than April 1 of the calendar year following the later of the calendar year in which the participant attains 72 years of age or the calendar year in which the participant terminates all employment subject to plan coverage. Existing law also requires, if a benefit is payable on account of the participant's death, and the beneficiary is the participant's spouse, that distributions commence on or before the later of either December 31 of the calendar year immediately following the calendar year in which the participant dies or December 31 of the calendar year in which the participant would have attained 72 years of age. This bill would change the age for required distributions, in the circumstances described above, from 72 years of age to the age specified by federal law.

The California Employers' Pension Prefunding Trust Program and the California Employers' Pension Prefunding Trust Fund allow state and local public agency employers that provide a defined benefit pension plan to their employees to prefund their required pension contributions. Existing law authorizes an employer, upon terms and conditions set by the board, to elect to participate in the prefunding plan by entering into a contract with the board relative to the prefunding plan. This bill would authorize an employer participating in the program, upon terms and conditions established by the board, to request a disbursement of funds from its account in the California Employers' Pension Prefunding Trust Fund and transfer those funds directly into the Public Employees' Retirement Fund. By authorizing the transfer of funds from the continuously appropriated California Employers' Pension Prefunding Trust Fund to the continuously appropriated Public Employees' Retirement Fund, this bill would make an appropriation.

The Judges' Retirement Law prescribes retirement benefits for judges, as defined, who were first elected or appointed to judicial office before November 9, 1994. Existing law also establishes the Extended Service Incentive Program to provide enhanced retirement benefits for those judges who continue in service beyond retirement age, as specified, and directs the Board of Administration of PERS to implement the program. Existing law prescribes that the required beginning date of distributions that reflect the entire interest of the judge, for a lump-sum distribution, be made not later than April 1 of the calendar year following the later of the calendar year in which the judge attains 72 years of age or the calendar year in which the judge terminates employment. Existing law also requires, if a benefit is payable on account of the judge's death, and the beneficiary is the judge's spouse, that distributions commence on or before the later of December 31 of the calendar year immediately following the calendar year in which the judge dies or December 31 of the calendar year in which the judge would have attained 72 years of age. This bill would change the age for required distributions, in the circumstances described above, from 72 years of age to the age specified by federal law.

Existing law establishes the Judges' Retirement System II, which provides retirement and other benefits to its members and is administered by the Board of Administration of CalPERS. Under the Judges' Retirement System II, a judge is eligible to retire upon attaining both 65 years of age and 20 or more years of service, or upon attaining 70 years of age with a minimum of 5 years of service. Existing law, on and after January 1, 2024, and until January 1, 2029, additionally authorizes a judge who is 60 years of age and has 15 years or more of service or 65 years of age and has 10 years or more of service who is not eligible to retire pursuant to the provisions described above to elect to retire and defer receipt of a monthly allowance, subject to specified formulations. Existing law requires a judge who leaves judicial office before accruing at least 5 years of service to be paid the amount of the judge's contributions to the system. This bill would make various changes to the Judges' Retirement System II to grant a judge who elects to retire under the provisions operative January 1, 2024, benefits and options given to a judge who elects to retire upon attaining both 65 years of age and 20 or more years of service, or upon attaining 70 years of age with a minimum of 5 years of service, as described above, including, among others, authorizing a judge to receive service credit for specified military service and requiring the retirement allowance to be increased for the cost of living. The bill would require a monthly allowance or optional settlement payable to a surviving spouse of a judge who elected to retire under the

provisions operative January 1, 2024, and who died before receiving a retirement allowance, to begin the date the judge would have been eligible to receive a retirement allowance until the death of the surviving spouse. The bill would specify that a judge who elects to retire under the provisions operative January 1, 2024, makes that election in lieu of being paid the amount of the judge's contributions to the system. The bill would remove the January 1, 2029, repeal date for the election operative January 1, 2024, and would instead provide that the election only applies to a judge who retires before January 1, 2029.

~~The Judges' Retirement System II, administered by the board of CalPERS,~~ **Existing law** permits a member of ~~this retirement system~~ **the Judges' Retirement System II** to select from various optional settlements for the purpose of structuring their retirement benefits. Existing law, under optional settlement 1, provides for payment of a retirement allowance until death and the payment of any remaining contributions at death to their surviving spouse or estate. Under an optional settlement 1 retirement, this bill would allow, if there is no surviving spouse, for the remaining contributions at death to be paid to a judge's designated beneficiary.

The California Constitution grants the retirement board of a public employee retirement system plenary authority and fiduciary responsibility for investment of moneys and administration of the retirement fund and system. The California Constitution qualifies this grant of powers by reserving to the Legislature the authority to prohibit investments if it is in the public interest and the prohibition satisfies standards of fiduciary care and loyalty required of a retirement board. Existing law prohibits the boards of administration of CalPERS and CalSTRS from making investments in certain countries and in thermal coal companies, as specified, subject to the boards' plenary authority and fiduciary responsibility for investment of moneys and administration of the systems. Existing law, upon the passage of a federal law that imposes sanctions on the government of Turkey for failure to officially acknowledge its responsibility for the Armenian Genocide, prohibits the boards of administration of CalPERS and CalSTRS from making additional or new investments, or renewing existing investments, of public employee retirement funds in an investment vehicle in the government of Turkey that is issued by the government of Turkey or that is owned by the government of Turkey. Existing law requires these boards to submit a report to the Legislature regarding the above-prescribed divestment action on or before January 1, 2024. This bill would change the January 1, 2024, reporting date to January 1, 2035.

The CERL provides for a defined retirement benefit based upon credited service, final compensation, and age at retirement subject to specified formulas relating to membership classification. This bill would clarify the definition of final compensation for specified members, members who are subject to PEPRA, and members whose services are on a tenure that is temporary, seasonal, intermittent, or part time in the CERL, as described.

CERL prescribes requirements regarding notification of members who have left service and elected to leave accumulated contributions in the retirement fund or have been deemed to have elected deferred retirement, as specified. Existing law requires the retirement system to begin paying an unmodified retirement allowance to a member, or a one-time distribution of all accumulated contributions and interest if the member is otherwise ineligible for a deferred retirement allowance, not later than April 1 following the calendar year in which the member attains 72 years of age, if the member can be located but does not submit a proper application for a deferred retirement allowance, as specified. Existing law prescribes alternate requirements if a member cannot be located and attains 72 years of age. Existing law establishes the Deferred Retirement Option Program, which a county or district may elect to offer and ~~**which**~~ **that** provides an additional benefit on retirement to participating members.

This bill would clarify that the above-described notice shall be provided by the board. The bill would revise the age at which the retirement system is required to either start payment of an unmodified retirement allowance or make a one-time distribution of accumulated contributions and interest to the age specified by federal law. The bill would change the age threshold from April 1 of the calendar year in which the member attains 72 years of age to the age specified by federal law with regard to requirements that apply when members cannot be located and with reference to when distributions are to be made to members who are participating in a Deferred Retirement Option Program. This bill would correct several erroneous references and also make other technical, nonsubstantive changes to these provisions.
(STATUS: Introduced; Read first time on 03/14/23. Referred to Coms. on L., P.E. & R. and PUB S. on 03/22/23. From committee with author's amendments; read second time and amended; re-referred to Com. on L., P.E. & R. on 04/17/23. From committee: Do pass and re-referred to Com. on APPR on 04/20/23**.** Read second time; ordered to consent calendar on 05/09/23. Read third time; passed; ordered to Assembly on 05/11/23. In Assembly, read first time; held at Desk on 05/11/23. Referred to Com. on P.E. & R. on 05/18/23. **From committee with author's amendments; read second time; amended; re-referred to Com. on P.E. & R. on 06/06/23. From committee: Do pass and re-referred to Com. on APPR. on 06/14/23. From committee: Do pass; ordered to consent calendar on 06/28/23. Read second time; ordered to consent calendar on 06/29/23. Read third time; passed; ordered to Senate; in Senate, concurrence in Assembly amendments pending 07/03/23.**)

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

Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).

Jan. 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

FEBRUARY						
S	M	T	W	TH	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

Feb. 17 Last day for bills to **be introduced** (J.R. 61(a),(1)(J.R. 54(a)).

Feb. 20 Presidents' Day.

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

Mar. 30 **Spring recess** begins upon adjournment of this day's session (J.R. 51(a)(2)).

Mar. 31 Cesar Chavez Day.

APRIL						
S	M	T	W	TH	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Apr. 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						
S	M	T	W	TH	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

May 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
				1	$\boxed{2}$	3
4	$\boxed{5}$	6	7	8	9	10
11	12	13	14	$\boxed{15}$	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	$\boxed{4}$	5	6	7	8
9	10	11	12	13	$\boxed{14}$	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	$\boxed{14}$	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
					$\boxed{1}$	2
3	$\boxed{4}$	$\boxed{5}$	6	7	$\boxed{8}$	9
10	11	12	13	$\boxed{14}$	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: July 5, 2023

TO: Members of the Board of Retirement

FROM: Tracy Bowman, Director of Finance

SUBJECT: **SECOND 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 Second Quarter 2023 Travel and Training Expense Report that includes all expenses submitted through June 30, 2023.

Submitted by:

OCERS T.B. - Approved

Tracy Bowman
Director of Finance

TRAVEL AND TRAINING EXPENSE REPORT
SECOND QUARTER 2023
Submitted Through June 30, 2023

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2023 YTD Total Expenses	2022 Total*
FREIDENRICH	2/25-2/27/23	NASRA 2023 Winter Round Table & Joint Legislative Conference	Washington DC	Conference	55.02	800.00	42.53	367.20	1,236.88	91.67	-	2,593.30	
Sub Total					55.02	800.00	42.53	367.20	1,236.88	91.67	-	2,593.30	1,034.57
HIDALGO	1/19/23	IREI VIP Conference	Rancho Palos Verdes, CA	Conference	58.95	-	-	-	-	25.00	-	83.95	
	5/30/23	JWPlayer Supervisory Harassment Prevention Training	Online	Training	-	27.00	-	-	-	-	-	27.00	
Sub Total					58.95	27.00	-	-	-	25.00	-	110.95	120.00
HILTON	1/22-1/24/23	NCPERS 2023 Legislative Conference & Communications Summit	Washington DC	Conference	31.44	615.00	-	356.96	1,031.10	132.32	-	2,166.82	
	2/25-2/27/23	NASRA 2023 Winter Round Table & Joint Legislative Conference	Washington DC	Conference	32.10	800.00	42.53	307.97	1,236.88	228.86	-	2,648.34	
	5/9-5/12/23	SACRS Spring 2023 Conference	San Diego, CA	Conference	119.21	120.00	-	-	835.86	30.00	-	1,105.07	
Sub Total					182.75	1,535.00	42.53	664.93	3,103.84	391.18	-	5,920.23	-
OATES	1/22-1/24/23	NCPERS 2023 Legislative Conference & Communications Summit	Washington DC	Conference	-	615.00	35.73	630.40	1,031.10	222.39	-	2,534.62	
	1/29-1/31/23	NAPO 34th Annual Pension and Benefits Seminar	Las Vegas, NV	Conference	339.95	635.00	35.00	-	259.64	-	-	1,269.59	
	3/4-3/7/23	CALAPRS General Assembly 2023	Monterey, CA	Training	-	250.00	122.63	514.30	823.62	175.20	-	1,885.75	
	5/9-5/12/23	SACRS Spring 2023 Conference	San Diego, CA	Conference	96.29	120.00	-	-	835.86	44.98	-	1,097.13	
	5/21-5/24/23	NCPERS 2023 Trustee Educational Seminar (TEDS)	New Orleans, LA	Conference	-	485.00	36.46	745.96	911.88	244.31	-	2,423.61	
Sub Total					436.24	2,105.00	229.82	1,890.66	3,862.10	686.88	-	9,210.70	10,448.74
PACKARD	3/4-3/7/23	CALAPRS General Assembly 2023	Monterey, CA	Training	-	250.00	-	-	549.08	80.00	-	879.08	
Sub Total					-	250.00	-	-	549.08	80.00	-	879.08	-
PREVATT	2/25-2/27/23	NASRA 2023 Winter Round Table & Joint Legislative Conference	Washington DC	Conference	-	800.00	122.45	857.45	1,256.88	186.11	-	3,222.89	
	3/4-3/7/23	CALAPRS General Assembly 2023	Monterey, CA	Training	-	250.00	85.52	286.90	838.62	260.42	-	1,721.46	
	5/9-5/12/23	SACRS Spring 2023 Conference	San Diego, CA	Conference	139.52	120.00	-	-	850.86	30.00	-	1,140.38	
Sub Total					139.52	1,170.00	207.97	1,144.35	2,946.36	476.53	-	6,084.73	7,179.72
TAGALOA	1/22-1/24/23	NCPERS 2023 Legislative Conference & Communications Summit	Washington DC	Conference	-	-	20.43	317.19	1,031.10	109.99	-	1,478.71	
	2/25-2/27/23	NASRA 2023 Winter Round Table & Joint Legislative Conference	Washington DC	Conference	43.24	800.00	42.52	517.81	1,236.88	152.98	-	2,793.43	
	3/4-3/7/23	CALAPRS General Assembly 2023	Monterey, CA	Training	43.24	250.00	22.30	247.10	823.62	21.99	-	1,408.25	
	3/21/23	SACRS BOD Meeting	Sacramento, CA	Meeting	-	-	-	70.00	-	87.75	-	157.75	
	5/5/23	CALAPRS Trustees' Round Table Ticket	Online	Training	-	50.00	-	-	-	-	-	50.00	
	5/9-5/12/23	SACRS Spring 2023 Conference	San Diego, CA	Conference	26.86	120.00	73.31	-	835.86	240.90	-	1,296.93	
	5/21-5/24/23	NCPERS 2023 Trustee Educational Seminar (ACE)	New Orleans, LA	Conference	21.62	1,755.00	126.01	540.95	1,215.83	159.62	-	3,819.03	
	6/20/23	SACRS Executive Meeting SMF	Sacramento, CA	Meeting	-	-	-	247.96	-	-	-	247.96	
Sub Total					134.96	2,975.00	284.57	1,941.01	5,143.29	773.23	-	11,252.06	11,917.65
BOARD Total					1,007.44	8,862.00	807.42	6,008.15	16,841.55	2,524.49	-	36,051.05	30,700.68
DELANEY	1/19/23	IREI VIP Conference	Rancho Palos Verdes, CA	Conference	28.82	-	-	-	-	-	-	28.82	
	2/9/23	CALAPRS Administrators Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
	3/4-3/7/23	CALAPRS General Assembly 2023	Monterey, CA	Training	525.31	250.00	396.58	-	794.63	5.00	-	1,971.52	
	4/10-4/12/23	Roboyo Conference	Atlanta, GA	Conference	-	-	43.47	1,210.00	357.18	67.19	-	1,677.84	
	4/21/23	CALAPRS Trustees' Round Table Ticket	Online	Training	-	50.00	-	-	-	-	-	50.00	
	4/25/23	CRCEA Spring 2023 Conference	Ontario, CA	Conference	98.25	75.00	50.00	-	-	-	-	223.25	
	5/1-5/4/23	Indiana Public Retirement System Visit	Indiana, IN	Meeting	26.20	-	74.88	806.40	399.16	191.24	-	1,497.88	
	5/8-5/13/23	CEM Conference	Vancouver, Canada	Conference	-	-	204.57	1,078.67	1,121.96	93.98	-	2,499.18	
	5/21-5/24/23	NCPERS 2023 Trustee Educational Seminar (ACE)	New Orleans, LA	Conference	-	1,755.00	293.54	642.39	937.60	305.39	-	3,933.92	
	6/23/23	CALAPRS Administration Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
	7/10-7/12/23	OPAL Public Funds Summit East 2023	Newport, RI	Conference	-	-	-	875.90	-	-	-	875.90	
	8/20-8/22/23	NCPERS 2023 Public Pension Funding Forum	Chicago, IL	Conference	-	720.00	-	-	-	-	-	720.00	
Sub Total					678.58	2,950.00	1,063.04	4,613.36	3,610.53	662.80	-	13,578.31	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	
	5/9-5/12/23	SACRS Spring 2023 Conference	San Diego, CA	Conference	119.87	120.00	171.54	-	557.24	20.00	-	988.65	
	8/5/23	NASRA 2023 Annual Conference	Broomfield, CO	Conference	-	1,500.00	-	-	-	-	-	1,500.00	
	8/21-8/22/23	CalPERS Pathways for Women Conference 2023	Anaheim, CA	Conference	-	199.00	-	-	-	-	-	199.00	
Sub Total					119.87	1,819.00	171.54	275.91	1,186.32	455.68	-	4,028.32	6,072.48
NIH	6/20/23	CALAPRS Administratvie Assistants Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
	8/21-8/22/23	CalPERS Pathways for Women Conference 2023	Anaheim, CA	Conference	-	199.00	-	-	-	-	-	199.00	
Sub Total					-	249.00	-	-	-	-	-	249.00	2,345.00
SHOTT	2/27-2/28/23	Gartner CIO Leadership Forum	Phoenix, AZ	Conference	-	-	-	318.95	362.47	40.00	-	721.42	
	3/16-3/17/23	LCW 2023 Annual Conference	San Diego, CA	Conference	-	620.00	-	-	921.53	89.74	-	1,631.27	
	5/9-5/12/23	SACRS Spring 2023 Conference	San Diego, CA	Conference	72.05	120.00	111.30	-	865.86	-	-	1,169.21	
	8/21-8/22/23	CalPERS Pathways for Women Conference 2023	Anaheim, CA	Conference	-	199.00	-	-	-	-	-	199.00	
	10/16-10/19/23	Gartner IT Symposium Xpo 2023	Orlando, FL	Conference	-	-	-	695.20	-	-	-	695.20	
Sub Total					72.05	939.00	111.30	1,014.15	2,149.86	129.74	-	4,416.10	15,869.92
EXECUTIVE Total					870.50	5,957.00	1,345.88	5,903.42	6,946.71	1,248.22	-	22,271.73	41,569.58

TRAVEL AND TRAINING EXPENSE REPORT
SECOND QUARTER 2023
Submitted Through June 30, 2023

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2023 YTD Total Expenses	2022 Total*
BEESON	2/28-3/1/23	Mayfield Annual Meeting	San Jose, CA	Due Diligence/Meeting	-	-	68.79	137.96	774.62	250.91	-	1,232.28	
	3/27-3/29/23	AltsLA 2023 Conference	Los Angeles, CA	Conference	44.54	-	-	-	326.99	-	-	371.53	
	5/1-5/2/23	Milken Institute 2023 Global Conference	Los Angeles, CA	Conference	61.57	-	-	-	1,226.72	135.00	-	1,423.29	
	5/9-5/12/23	SACRS Spring 2023 Conference	San Diego, CA	Conference	-	120.00	-	-	-	-	-	120.00	
Sub Total					106.11	120.00	68.79	137.96	2,328.33	385.91	-	3,147.10	2,600.00
CHARY	2/8-2/9/23	Aksia Palooza 2023	New York, NY	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	Due Diligence/Meeting	-	-	65.09	285.80	330.60	236.70	-	918.19	
	3/7-3/9/23	Women's Private Equity Summit	Coronado, CA	Conference	-	-	102.79	740.80	1,539.54	388.14	-	2,771.27	
	5/10-5/11/23	Quantum 2023 Annual Meeting	Houston, TX	Due Diligence/Meeting	-	-	-	359.20	548.18	146.25	-	1,053.63	
Sub Total					-	-	167.88	1,385.80	2,418.32	771.09	-	4,743.09	1,841.02
DURR	4/23-4/26/23	Institutional Investor Conference - 2023 Public Funds Roundtable	Beverly Hills, CA	Conference	-	-	-	-	577.84	110.00	-	687.84	
	4/28/23	CALAPRS Overview Course	Online	Training	-	100.00	-	-	-	-	-	100.00	
Sub Total					-	100.00	-	-	577.84	110.00	-	787.84	174.00
JI	2/28-3/1/23	Mayfield Annual Meeting	San Jose, CA	Due Diligence/Meeting	-	-	50.23	132.96	615.35	84.94	10.00	893.48	
	3/27-3/29/23	AltsLA 2023 Conference	Los Angeles, CA	Conference	35.37	-	-	-	328.99	-	-	364.36	
Sub Total					35.37	-	50.23	132.96	944.34	84.94	10.00	1,257.84	-
MURPHY	3/7-3/9/23	Women's Private Equity Summit	Coronado, CA	Conference	102.18	-	26.63	-	405.83	18.00	-	552.64	
	3/27-3/29/23	AltsLA 2023 Conference	Los Angeles, CA	Conference	51.75	-	-	-	1,182.62	53.90	-	1,288.27	
	4/23-4/26/23	Institutional Investor Conference - 2023 Public Funds Roundtable	Beverly Hills, CA	Conference	-	-	-	-	577.84	195.00	-	772.84	
	5/1-5/2/23	Milken Institute 2023 Global Conference	Los Angeles, CA	Conference	108.74	-	-	-	1,513.89	195.75	-	1,818.38	
Sub Total					262.67	-	26.63	-	3,680.18	462.65	-	4,432.13	14,640.14
PETERSON	2/8-2/9/23	Aksia Palooza 2023	New York, NY	Due Diligence	-	-	16.28	497.80	957.21	247.80	-	1,719.09	
	4/28/23	CALAPRS Overview Course	Online	Training	-	100.00	-	-	-	-	-	100.00	
Sub Total					-	100.00	16.28	497.80	957.21	247.80	-	1,819.09	226.38
TURIAGI	4/25-4/26/23	Institutional Investor Conference - 2023 Public Funds Roundtable	Beverly Hills, CA	Due Diligence/Conference	62.88	-	71.23	-	866.76	165.00	-	1,165.87	
Sub Total					62.88	-	71.23	-	866.76	165.00	-	1,165.87	77.33
WALANDER-SARKIN	3/7-3/9/23	Women's Private Equity Summit	Coronado, CA	Conference	115.28	-	-	-	369.71	-	-	484.99	
	5/1-5/2/23	Milken Institute 2023 Global Conference	Los Angeles, CA	Conference	62.88	-	-	-	971.55	141.51	-	1,175.94	
Sub Total					178.16	-	-	-	1,341.26	141.51	-	1,660.93	73.08
INVESTMENTS Total					645.19	320.00	435.27	3,032.32	14,045.06	2,542.20	10.00	21,030.04	19,631.95
BAEK	5/26/23	CALAPRS Attorneys Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
	9/8/23	CALAPRS Attorneys Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	100.00	-	-	-	-	-	100.00	-
CAO	6/27-6/30/23	NAPPA Legal Education Conference	San Antonio, TX	Conference	-	1,090.00	-	-	-	-	-	1,090.00	
	9/8/23	CALAPRS Attorneys Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	1,140.00	-	-	-	-	-	1,140.00	-
KIM, J	9/8/23	CALAPRS Attorneys Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	50.00	-	-	-	-	-	50.00	-
RATTO	2/10/23	CALAPRS Attorneys Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
	2/22-2/24/23	NAPPA 2023 Winter Seminar	Tucson, AZ	Conference	-	740.00	62.00	366.96	833.40	56.39	-	2,058.75	
	6/27-6/30/23	NAPPA 2023 Legal Education	San Antonio, TX	Conference	-	990.00	-	768.05	789.00	-	-	2,547.05	
Sub Total					-	1,780.00	62.00	1,135.01	1,622.40	56.39	-	4,655.80	5,586.08
SERPA	2/10/23	CALAPRS Attorneys Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
	3/21/23	CALAPRS Compliance Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
	3/28/23	AWI Workplace Investigations Seminar Series	Online	Training	-	425.00	-	-	-	-	-	425.00	
	5/26/23	CALAPRS Attorneys Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
	9/8/23	CALAPRS Attorneys Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	625.00	-	-	-	-	-	625.00	1,176.39
SINGLETON				Training	-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	648.01
LEGAL Total					-	3,695.00	62.00	1,135.01	1,622.40	56.39	-	6,570.80	7,410.48
ARDELEANU					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	50.00
CORTEZ				Training	-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	1,499.00
FIELDS				Training	-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	2,224.45
GUEVARA				Training	-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	50.00
HORST	8/21-8/22/23	CalPERS Pathways for Women Conference 2023	Anaheim, CA	Conference	-	199.00	-	-	-	-	-	199.00	
Sub Total					-	199.00	-	-	-	-	-	199.00	150.00
LAMBERSON				Training	-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	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
MALDONADO	2/16/23	CALAPRS Benefits Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	50.00	-	-	-	-	-	50.00	-
PANAMENO				Training	-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	50.00
PERSI				Training	-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	50.00
SHARMA-RAMKISHUN	2/16/23	CALAPRS Benefits Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	50.00	-	-	-	-	-	50.00	-
VARGAS	6/22/23	CALAPRS Benefits Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
	Various	Synthesia - AI Video Platform	Online	Training	-	60.00	-	-	-	-	-	60.00	
Sub Total					-	110.00	-	-	-	-	-	110.00	-
MEMBER SERVICES Total					-	459.00	-	-	-	-	-	459.00	8,496.64

TRAVEL AND TRAINING EXPENSE REPORT
SECOND QUARTER 2023
Submitted Through June 30, 2023

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2023 YTD Total Expenses	2022 Total*
BARKER				Training	-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	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 Arrangements	Online	Training	-	35.00	-	-	-	-	-	35.00	
	5/4/23	GFOA Integration of Finance and Procedurement	Online	Training	-	85.00	-	-	-	-	-	85.00	
Sub Total					-	205.00	-	-	-	-	-	205.00	2,628.34
DURIGON				Training	-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	50.00
KANG				Training	-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	1,560.00
LAM	4/28/23	CALAPRS Overview Course	Online	Training	-	100.00	-	-	-	-	-	100.00	
Sub Total					-	100.00	-	-	-	-	-	100.00	-
REYES	4/7/23	CALAPRS Accountants Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					-	50.00	-	-	-	-	-	50.00	344.00
FINANCE Total					-	355.00	-	-	-	-	-	355.00	4,976.99
BRAYBOY	5/9-5/12/23	SACRS Spring 2023 Conference	San Diego, CA	Conference	112.01	120.00	-	-	278.62	10.00	-	520.63	
Sub Total					112.01	120.00	-	-	278.62	10.00	-	520.63	-
MCINTOSH	5/9-5/12/23	SACRS Spring 2023 Conference	San Diego, CA	Conference	-	120.00	73.31	-	-	-	-	193.31	
Sub Total					-	120.00	73.31	-	-	-	-	193.31	1,135.67
RODRIGUEZ	5/9-5/12/23	SACRS Spring 2023 Conference	San Diego, CA	Conference	-	120.00	-	-	-	-	-	120.00	
Sub Total					-	120.00	-	-	-	-	-	120.00	
DISABILITY Total					112.01	360.00	73.31	-	278.62	10.00	-	833.94	1,135.67
DURRAH				Training	-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	1,015.22
GUNSOLLEY				Training	-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	475.00
HOCKLESS	6/11-6/14/23	SHRM Annual Conference & Expo 2023	Las Vegas, NV	Conference	-	2,195.00	-	-	-	-	-	2,195.00	
Sub Total					-	2,195.00	-	-	-	-	-	2,195.00	4,246.49
NGUYEN				Training	-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	100.00
WOZNIUK				Training	-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	1,054.22
HUMAN RESOURCES Total					-	2,195.00	-	-	-	-	-	2,195.00	6,890.93
BARRIERE	4/3/23	ISACA LA Spring Conference 2023	Universal City, CA	Conference	35.20	600.00	-	-	-	-	-	635.20	
	4/14/23	CALAPRS IT Round Table	Online	Training	-	50.00	-	-	-	-	-	50.00	
Sub Total					35.20	650.00	-	-	-	-	-	685.20	934.11
LARA	5/7-5/10/23	PRISM 2023 Conference	Tampa, FL	Conference	-	995.00	57.80	583.18	911.91	74.06	-	2,621.95	
Sub Total					-	995.00	57.80	583.18	911.91	74.06	-	2,621.95	904.59
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	-
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	
	5/7-5/10/23	PRISM 2023 Conference	Tampa, FL	Conference	-	995.00	-	417.18	911.91	116.87	-	2,440.96	
Sub Total					-	1,045.00	-	417.18	911.91	116.87	-	2,490.96	3,988.60
IT Total					35.20	4,668.90	57.80	1,000.36	1,823.82	190.93	-	7,777.01	5,827.30
ADVIENTO	3/13/23	IIA 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	
	7/31/23	IIA Tools for New Auditors	Online	Training	-	1,399.00	-	-	-	-	-	1,399.00	
Sub Total					-	2,994.00	-	-	-	-	-	2,994.00	1,773.95
DAVEY	3/27/23	IIA Tools for New Auditors	Online	Training	-	1,399.00	-	-	-	-	-	1,399.00	
Sub Total					-	1,399.00	-	-	-	-	-	1,399.00	1,228.00
HONG	4/28/23	CALAPRS Overview Course	Online	Training	-	100.00	-	-	-	-	-	100.00	
Sub Total					-	100.00	-	-	-	-	-	100.00	-
KIM	3/13/23	IIA 2023 General Audit Management Conference	Online	Conference	-	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
INTERNAL AUDIT Total					-	6,687.00	-	-	-	-	-	6,687.00	6,506.05
EAKIN	6/5-6/7/23	Gartner Security & Risk Management Summit	National Harbor, MD	Conference	-	-	-	1,383.90	-	-	-	1,383.90	
Sub Total					-	-	-	1,383.90	-	-	-	1,383.90	830.51
GOSSARD	6/5-6/7/23	Gartner Security & Risk Management Summit	National Harbor, MD	Conference	-	3,650.00	19.66	891.00	991.20	-	-	5,551.86	
Sub Total					-	3,650.00	19.66	891.00	991.20	-	-	5,551.86	8,602.83
INFORMATION SECURITY Total					-	3,650.00	19.66	2,274.90	991.20	-	-	6,935.76	9,433.34
Total					2,670.34	37,208.90	2,801.34	19,354.16	42,549.36	6,572.23	10.00	111,166.33	142,579.61

Footnotes:
* 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: July 17, 2023

TO: Members of the Board of Retirement

FROM: Steve Delany, Chief Executive Officer

SUBJECT: **SEPTEMBER 2023 OCERS STRATEGIC PLANNING WORKSHOP**

Written Report

Background/Discussion

Last month, the Board was provided a memo listing possible topics for consideration at its annual Strategic Planning Workshop, to be held at the Westin South Coast Plaza in Costa Mesa, over two days – Wednesday, September 13 and Thursday, September 14, 2023. As has been the Board's preference for many years, that preview allows for adjustments to the agenda, ensuring the Board considers the issues it sees as most important in preparation for the coming calendar year.

We continue to feature Mr. Keith Brainard of the National Association of State Retirement Administrators (NASRA) as our keynote speaker sharing observations regarding the current state nationally of public pension plans. Mr. Brainard will be with us in person.

No individual Board member requests for changes to other proposed topics have been received, so you will find attached staff's initial draft of the OCERS Board Strategic Planning Workshop Agenda. I will work with the Board Chair to make any adjustments to the agenda as we near September.

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

Attachment: Strategic Planning Workshop September 13-14 Agenda

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF RETIREMENT

2023 STRATEGIC PLANNING WORKSHOP
Wednesday, September 13, 2023
8:30 A.M.

Westin South Coast Plaza
686 Anton Blvd.
Costa Mesa, CA 92626

Members of the public who wish to observe and/or participate in the meeting may do so (1) from the Westin South Coast Plaza or (2) via the Zoom app or telephone (information below) from any location.

<table>
<tr><th colspan="2">OCERS Zoom Video/Teleconference information</th></tr>
<tr><td>Join Zoom Meeting
https://ocers.zoom.us/j/81879516452

Meeting ID: 818 7951 6452
Passcode: 119956

Go to https://www.zoom.us/download to download Zoom app before meeting
Go to https://zoom.us to connect online using any browser.</td><td>Join by Telephone (Audio Only)
Dial by your location
+1 669 900 6833 US (San Jose)
+1 346 248 7799 US (Houston)
+1 253 215 8782 US (Tacoma)
+1 312 626 6799 US (Chicago)
+1 929 436 2866 US (New York)
+1 301 715 8592 US (Washington DC)

Meeting ID: 818 7951 6452
Passcode: 119956</td></tr>
<tr><td colspan="2">A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page</td></tr>
</table>

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Agenda

Breakfast	**7:15 - 8:30**
1. WELCOME & INTRODUCTORY COMMENTS	**8:30 – 8:45**
Steve Delaney, CEO, OCERS	
2. HEARING FROM OUR STAKEHOLDERS	**8:45 – 9:30**
For more than a decade we have started each workshop by first hearing from our stakeholders. County of Orange; Orange County Fire Authority; and TBD	
3. VISION 2030 – OCERS AND THE LEVERAGING OF TECHNOLOGY	**9:30 – 10:30**
Steve Delaney, CEO, OCERS	
Guests:	
BREAK	**10:30 – 10:45**
4. OCERS HEADQUARTER STATUS – THE HEADQUARTERS OF OUR FUTURE	**10:45 – 11:15**
Brenda Shott, Assistant CEO, OCERS	
5. INVESTMENT TOPICS (PART 1)	**11:15 – 12:15**
11:00 - 11:30am TBD	
11:30 – 12:00pm TBD	
LUNCH	**12:15 - 1:00**
6. NATIONAL ASSOCIATION OF STATE RETIREMENT ADMINISTRATORS (NASRA)	**1:00 – 2:00**
Keith Brainard, Research Director, NASRA	
7. INVESTMENT TOPICS (PART 2)	**2:00 – 4:00**
2:00 – 3:00pm TBD	
3:00 – 4:00pm TBD	
8. WRAP UP	**4:00 – 4:15**
9. NETWORKING HAPPY HOUR	
ADJOURNMENT	

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF RETIREMENT

2023 STRATEGIC PLANNING WORKSHOP
Thursday, September 14, 2023
8:30 A.M.

Westin South Coast Plaza
686 Anton Blvd.
Costa Mesa, CA 92626

Members of the public who wish to observe and/or participate in the meeting may do so (1) from the Westin South Coast Plaza or (2) via the Zoom app or telephone (information below) from any location.

<table>
<tr><th colspan="2">OCERS Zoom Video/Teleconference information</th></tr>
<tr><td>Join Zoom Meeting
https://ocers.zoom.us/j/86748884515

Meeting ID: 867 4888 4515
Passcode: 761202

Go to https://www.zoom.us/download to download Zoom app before meeting
Go to https://zoom.us to connect online using any browser.</td><td>Join by Telephone (Audio Only)
Dial by your location
+1 669 900 6833 US (San Jose)
+1 346 248 7799 US (Houston)
+1 253 215 8782 US (Tacoma)
+1 929 436 2866 US (New York)
+1 301 715 8592 US (Washington DC)
+1 312 626 6799 US (Chicago)

Meeting ID: 867 4888 4515
Passcode: 761202</td></tr>
<tr><td colspan="2">A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page</td></tr>
</table>

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Agenda

BREAKFAST	**7:15 - 8:30**
1. WELCOME AND INTRODUCTIONS	**8:30 – 8:35**
Steve Delaney, CEO, OCERS	
2. STATE OF OCERS- AN OVERVIEW	**8:45 – 9:30**
Steve Delaney, CEO, OCERS	
3. STATE OF OCERS- ANNUAL QUALITY OF MEMBER SERVICES REPORT	**9:30 – 9:45**
Suzanne Jenike, Assistant CEO, OCERS	
4. STATE OF OCERS- ANNUAL EMPLOYER REPORT	**9:45– 10:00**
Suzanne Jenike, Assistant CEO, OCERS	
BREAK	**10:00 – 10:15**
5. OCERS FUTURE- AN ACTUARIAL VIEWPORT	**10:15– 10:45**
Segal	
6. PROPOSED 2023-2025 STRATEGIC PLAN	**10:45– 11:15**
Steve Delaney, CEO, OCERS	
7. PROPOSED 2023 BUSINESS PLAN	**11:15– 12:00**
Brenda Shott, Assistant CEO, and OCERS Leadership Team	
LUNCH	**12:00 - 1:00**
8. INVESTMENT TOPICS (PART 3)	**1:00 – 4:00**
1:00 – 2:00pm TBD	
2:00 – 3:00pm TBD	
3:00 – 4:00pm TBD	
9. WRAP UP	**4:00 – 4:15**

ORANGE COUNTY
OCERS
EMPLOYEES RETIREMENT SYSTEM

Memorandum

DATE: July 17, 2023

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **INDIANA PUBLIC RETIREMENT SYSTEM VISIT REPORT**

Written Report

With the passing of COVID restrictions I am once again engaging in visiting other public pension systems in person to see what may be applicable at OCERS as part of our culture of always seeking continuous improvement.

On Wednesday, May 3, I had the privilege of spending a full day with the executive team of the Indiana Public Retirement System (INPRS), an independent agency, not a state department, providing the bulk of governmental and teacher pensions throughout the state (see Appendix A).

INPRS routinely ranks in the top percentile of CEM Benchmarking participating systems, and I was interested in seeing them in action.

Having provided a list of areas I wanted to review ahead of my visit (Appendix B), I met first with Steve Russo, INPRS Director, for a broad overview, and later individually with the various executive managers.

I have much to share with the OCERS team. The following are highlights:

COVID 19

INPRS went quickly to a work from home model as did OCERS, and their return to the office model is similar as well. Staff falls into three buckets depending upon job duties:

1. Full time in the office if that is what is required to complete their tasks;
2. 3 days in the office with two days from home(which is the bulk of their 250 staff members);
3. Full time from home if productivity will not be impacted, such as their Call Center.

BENEFIT MANAGEMENT

In FY 2022 INPRS processed approximately 8100 retirement applications.

Members file their applications on line. In 10% of those cases the data is already available and the benefit is calculated and ready for processing in approximately two weeks, with the only human intervention being quality assurance (QA).

65 staff members are in the Benefits unit, with 6 specifically performing QA.

Data management is an ongoing challenge. With Accenture, they are crafting a Master Data Management Strategy, with one goal being an increase in the percentage of electronically filed benefit applications processing without staff assistance.

To that end they are forming a new “Operational Quality Management” unit. While system data cannot presently be trusted, this unit will be reviewing every manual and system calculated benefit, with a goal of reducing their effort to targeted sampling in the near future.

To assist in foundational process and procedure development they have a dedicated technical writer on staff.

INVESTMENT PROGRAM

Similar to OCERS present process, the hiring and firing of managers is delegated to the Investment team.

Using risk parity, the fund is presently 115% leveraged.

INPERS Investment Team does participate in an Incentive Compensation Program paying prorated gains over the assumed rate using a 1, 3, and 5 year horizon.

The team visits every manager (approximately 100 core and 200 private equity) every year.

For Real Estate they have focused on industrial, with only 10% of their real estate allocation presently in offices.

For consultants:

General - Verus
Private Equity - Aksia
Real Assets - Mercer

An interesting aside to their hiring of consultants - they will watch videos of the candidate firms in action with other Boards to get a sense of how well they present and interact.

Submitted by:

OCERS **SD - Approved**

Steve Delaney
Chief Executive Officer

About INPRS

- With $42.5 billion in assets, INPRS serves the retirement needs of 517,000 members and more than 1,300 employers
  - **Eight Defined Benefit Retirement Funds**
    - Public Employees' Defined Benefit Account (PERF DB)
    - Teachers' Pre-1996 Defined Benefit Account (TRF Pre-'96 DB)
    - Teachers' 1996 Defined Benefit Account (TRF '96 DB)
    - 1977 Police Officers' and Firefighters' Retirement Fund ('77 Fund)
    - Prosecuting Attorneys' Retirement Fund (PARF)
    - Judges' Retirement System (JRS)
    - Excise, Gaming and Conservation Officers' Retirement Fund (EG&C)
    - Legislatures' Defined Benefit Fund (LE DB)
  - **Five Defined Contribution Retirement Funds**
    - Public Employees' Defined Contribution Amount (PERF DC)
    - Teachers' Defined Contribution Account (TRF DC)
    - Legislatures' Defined Contribution Fund (LE DC)
    - My Choice: Retirement Savings Plan for Public Employees (PERF MC DC)
    - My Choice: Retirement Saving Plan for Teachers (TRF MC DC)
  - **Two Non-Retirement Funds**
    - Local Public Safety Pension Relief Fund (LPSPR)
    - Special Death Benefit Fund (SDBF)
  - **One OPEB (Other Postemployment Benefits) Fund**
    - Retirement Medical Benefits Account Plan (RMBA)

INPRS

2

Funded Status as of June 30, 2022

Indiana Public Retirement System (INPRS)[1]

(dollars in thousands)

	Actuarial Valuation as of June 30, 2022				Actuarial Valuation as of June 30, 2021			
Pre-Funded Defined Benefit Retirement Plans	**Actuarial Accrued Liability**	**Actuarial Value of Assets**	**Unfunded Actuarial Accrued Liability**	**Actuarial Funded Status**	**Actuarial Accrued Liability**	**Actuarial Value of Assets**	**Unfunded Actuarial Accrued Liability**	**Actuarial Funded Status**
PERF DB	$18,002,194	$15,281,273	$2,720,921	**84.9%**	$17,563,157	$14,577,352	$2,985,805	**83.0%**
TRF '96 DB	8,154,991	7,719,119	435,872	**94.7%**	7,517,702	7,162,958	354,744	**95.3%**
'77 Fund	8,249,493	7,847,136	402,357	**95.1%**	7,598,774	7,331,655	267,119	**96.5%**
JRS	676,859	651,648	25,211	**96.3%**	642,172	615,755	26,417	**95.9%**
EG&C	187,505	177,108	10,397	**94.5%**	180,848	165,179	15,669	**91.3%**
PARF	122,474	82,241	40,233	**67.1%**	117,023	76,897	40,126	**65.7%**
LE DB	2,834	3,185	(351)	**112.4%**	3,034	3,137	(103)	**103.4%**
Total Pre-Funded DB Retirement Plans	**$35,396,350**	**$31,761,710**	**$3,634,640**	89.7%	**$33,622,710**	**$29,932,933**	**$3,689,777**	89.0%
TRF Pre-'96 DB	14,059,122	5,275,288	8,783,834	**37.5%**	14,338,188	4,546,007	9,792,181	**31.7%**
Total DB Retirement Plans	**$49,455,472**	**$37,036,998**	**$12,418,474**	74.9%	**$47,960,898**	**$34,478,940**	**$13,481,958**	71.9%

1. Results are preliminary and subject to change

INPRS

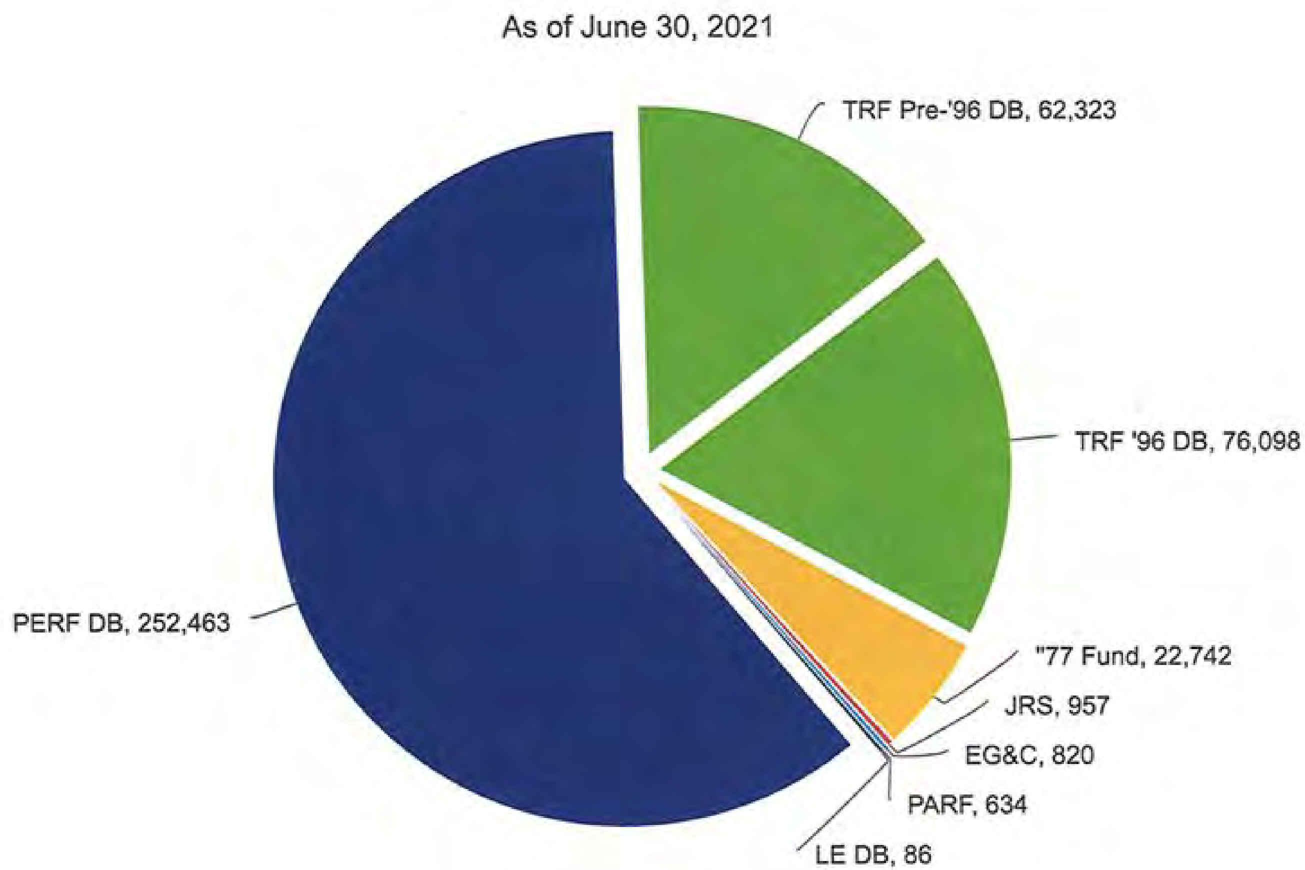
FY22 Year End Performance and Year Over Year Improvement

Portfolio Performance	
DB Rate of Return	→
Fees Below Peer Median	→
Minimum Investment Return	↓
DC - Investment Options	→
Customer and Financial	
Funded Status -- Prefunded plans	↑
Employer Contributions	→
Actuarial Determined Contributions	→
Member Satisfaction: Website	→
Member Satisfaction: Counseling	↓
Member Satisfaction: Workshops	↓
Member Satisfaction: Call Center	↓
Member Satisfaction: Recent Retirees	↑
Benchmark (CEM) Service Score	↑
Process	
Benefits Paid on Time	→
Annual Employer Satisfaction	→
Cost per Member	↑
Performance to Budget	↑
Unmodified Audit Opinion	→
Pending Code Changes	→
Projects on Time	↑
Learning/Growth & Risk	
Employee Engagement	→
Voluntary Turnover	↑
Manage Enterprise Risk	
Audit Remediation Timeframe	→
Compliance	→

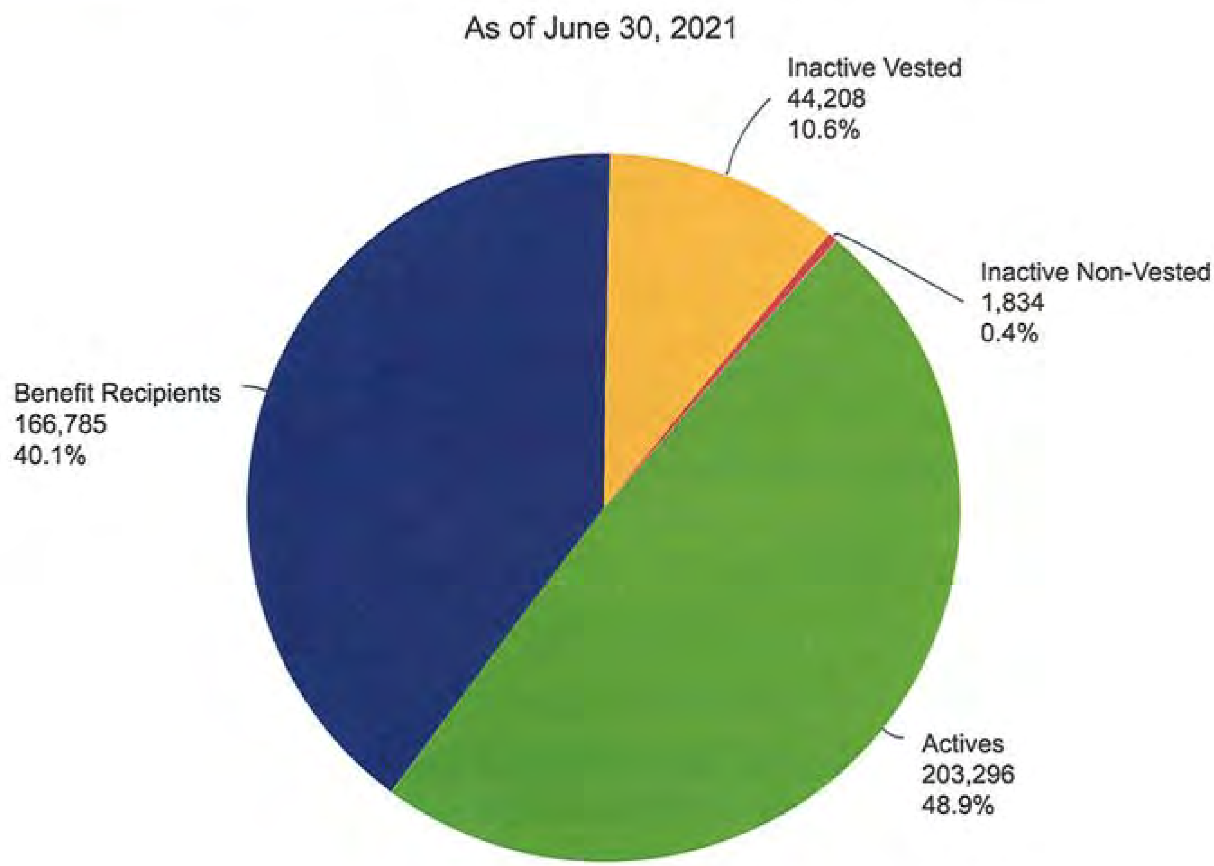
INPRS

41

Defined Benefit Membership By Fund



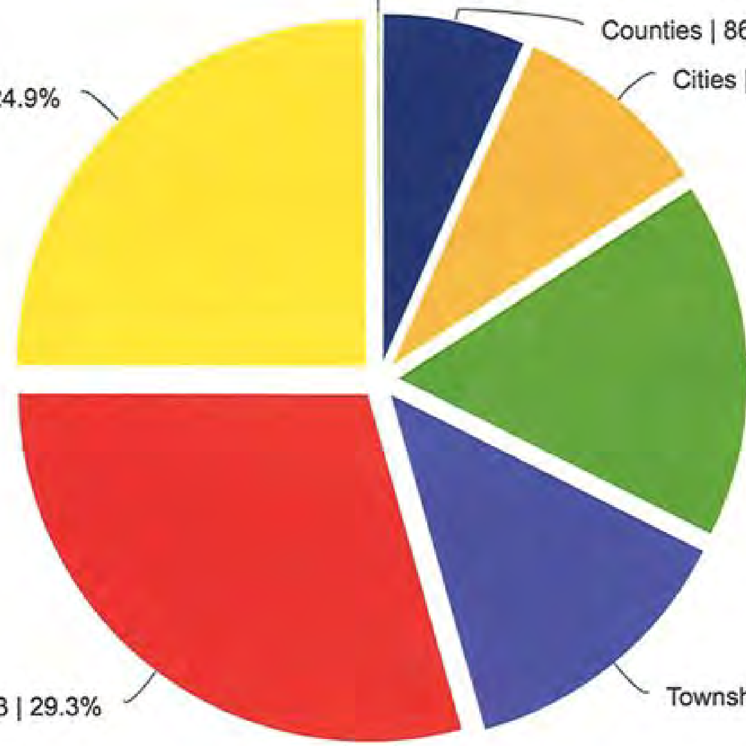
DB Membership by Status



INPRS

Overview - Employer Demographics

1,300+ Employers
As of June 30, 2022



Public Employees' Defined Benefit Account (PERF DB) Fund Overview

(dollars in millions) **Estimate as of June 30, 2022**

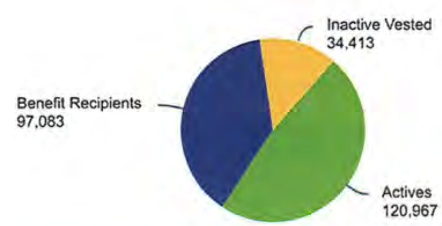
Membership:	Full-time employees of the state and participating political subdivisions	Unfunded Actuarial Accrued Liability:	$2,721
Type:	Hybrid Defined Benefit (DB)	Actuarial Funded Status:	84.9 %

Benefits [1]			
Actual	**Projected Benefit Payments [2]**		
FY2022	FY2023	FY2024	FY2025
$950.0	$1,048.4	$1,090.3	$1,132.0

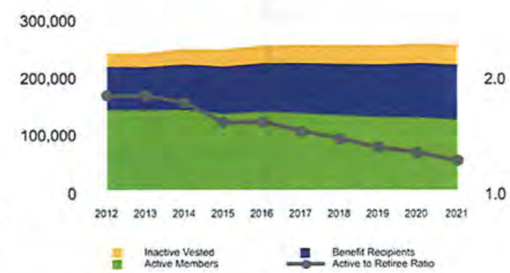
Formula	1.1% X Avg. High 5 Year Salary X Years Service
Vesting	DB - 10 years
Full Retirement	Age 65 with 10 years service, age 60 with 15 years service, or age 55 with Rule of 85
Avg. Annual Retiree Benefit (as of 2021 with ASA)	$9,497

Funding					
Contribution/Appropriation		**Actual**	**Projected Contributions**		
Source	Rate	FY2022	FY2023	FY2024	FY2025
General Fund	N/A				
State of Indiana	11.2%	$209.7	$206.8	$210.4	$213.2
Political Subdivisions	11.2%	$419.5	$413.5	$420.7	$426.4
Total		$629.2	$620.3	$631.1	$639.6

Data as of June 30, 2021



Data as of June 30, 2021



INPRS

[1] Actual and projected benefit payments include ASA annuity payments.
[2] Based on preliminary 6/30/2022 actuarial valuation. Projected amounts could change.

Teachers' 1996 Defined Benefit Account (TRF '96 DB) Fund Overview

(dollars in millions) **Estimate as of June 30, 2022**

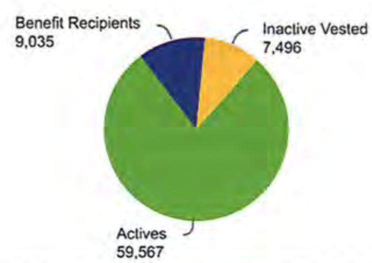
Membership:	Teachers of K12 public schools and certain state universities hired after to 7/1/1995	Unfunded Actuarial Accrued Liability:	$435.9
Type:	Hybrid Defined Benefit (DB)	Actuarial Funded Status:	94.7 %

Benefits [1]			
Actual	Projected Benefit Payments [2]		
FY2022	FY2023	FY2024	FY2025
$168.6	$194.4	$210.9	$229.2

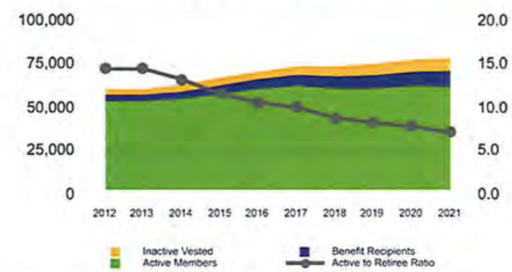
Formula	1.1% X Avg. High 5 Year Salary X Years Service
Vesting	DB - 10 years
Full Retirement	Age 65 with 10 years service, age 60 with 15 years service, or age 55 with Rule of 85
Avg. Annual Retiree Benefit (as of 2021 with ASA)	$17,380

Funding					
Contribution/Appropriation		Actual	Projected Contributions		
Source	Rate	FY2022	FY2023	FY2024	FY2025
Employer	6.0 %	$211.1	$226.4	$232.5	$239.0
General Fund		$0.0	$0.0	$0.0	$0.0
Total		$211.1	$226.4	$232.5	$239.0

Data as of June 30, 2021



Data as of June 30, 2021



[1] Actual and projected benefit payments include ASA annuity payments.
[2] Based on preliminary 6/30/2022 actuarial valuation. Projected amounts could change.

Teachers' Pre-1996 Defined Benefit Account (TRF Pre-'96 DB) Fund Overview

(dollars in millions) **Estimate as of June 30, 2022**

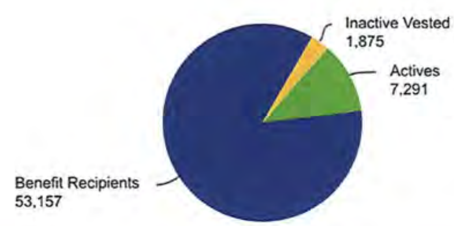
Membership:	Teachers of K12 public schools and certain state universities hired prior to 7/1/1995	Unfunded Actuarial Accrued Liability:	$8,783.8
Type:	Hybrid Defined Benefit (DB)	Actuarial Funded Status:	37.5 %

Benefits [1]			
Actual	Projected Benefit Payments [2]		
FY2022	FY2023	FY2024	FY2025
$1,164.3	$1,198.1	$1,200.5	$1,202.0

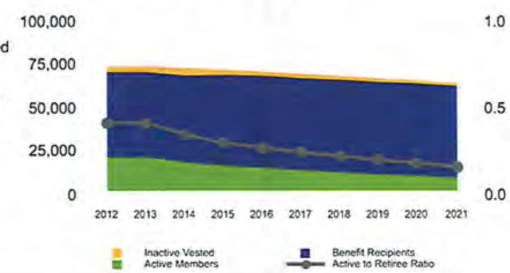
Formula	1.1% X Avg. High 5 Year Salary X Years Service
Vesting	DB - 10 years
Full Retirement	Age 65 with 10 years service, age 60 with 15 years service, or age 55 with Rule of 85
Avg. Annual Retiree Benefit (as of 2021 with ASA)	$21,725

Funding					
Contribution/Appropriation		Actual	Projected Contributions		
Source	Rate	FY2022	FY2023	FY2024	FY2025
General Fund	N/A	$1,520.4	$3,505.0	$1,035.2	$1,066.2
General Fund -13th Check/SRA	N/A	$0.0	$0.0	$0.0	$0.0
Lottery	N/A	$30.0	$30.0	$30.0	$30.0
Employer	N/A	$2.3	$0.0	$0.0	$0.0
Total		$1,552.7	$3,535.0	$1,065.2	$1,096.2

Data as of June 30, 2021



Data as of June 30, 2021



[1] Actual and projected benefit payments include ASA annuity payments.
[2] Based on preliminary 6/30/2022 actuarial valuation. Projected amounts could change.

1977 Police Officers' and Firefighters' Retirement Fund ('77 Fund) Fund Overview

(dollars in millions) **Estimate as of June 30, 2022**

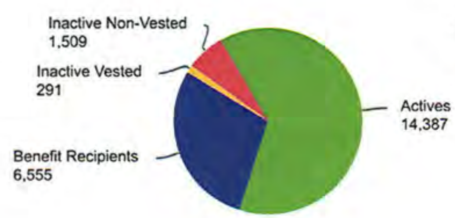
Membership:	Local full-time police and firefighters hired after April 30, 1977	Unfunded Actuarial Accrued Liability:	$402.4
Type:	Defined Benefit (DB)	Actuarial Funded Status:	95.1 %

Benefits			
Actual	Projected Benefit Payments [1]		
FY2022	FY2023	FY2024	FY2025
$249.1	$299.7	$333.2	$379.8

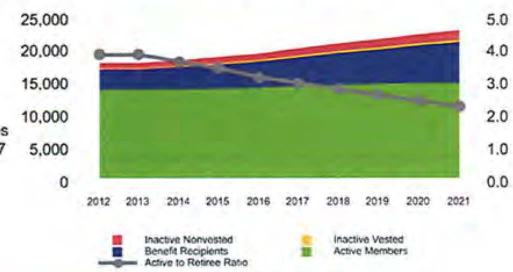
Formula	(52% X First Class Officer Salary) + (1% X each 6 months beyond 20 years); total capped at 76%
Vesting	20 years
Full Retirement	Age 52 with 20 years service
Avg. Annual Retiree Benefit (as of 2021)	$33,165

Funding					
Contribution		Actual	Projected Contributions [1]		
Source	Rate	FY2022	FY2023	FY2024	FY2025
Member (Max 32 years)	6.0 %	$58.9	$60.0	$60.4	$60.9
Employer	18.9 %	$177.1	$180.1	$188.8	$196.6
Total		$236.0	$240.1	$249.2	$257.5

Data as of June 30, 2021



Data as of June 30, 2021



[1] Based on preliminary 6/30/2022 actuarial valuation. Projected amounts could change.

INPRS

Judges Retirement System (JRS) Fund Overview

(dollars in millions) **Estimate as of June 30, 2022**

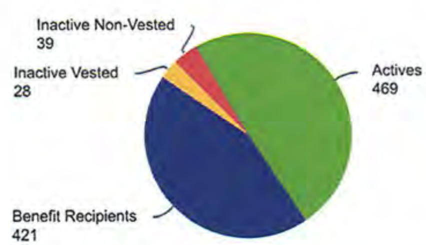
Membership:	Judges and Magistrates of the Supreme Court of Indiana, Court of Appeals, Indiana Tax Court, Circuit Court, or County Courts	Unfunded Actuarial Accrued Liability:	$25.2
Type:	Defined Benefit (DB)	Actuarial Funded Status:	96.3 %

Benefits			
Actual	Projected Benefit Payments [1]		
FY2022	FY2023	FY2024	FY2025
$31.0	$36.5	$38.7	$40.9

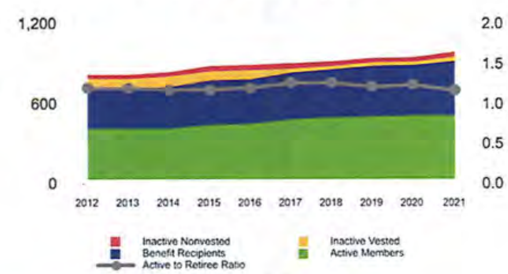
Formula	Final Salary X factor established in IC (24% to 60%) based on service	
Vesting	8 years	
Full Retirement	Age 65 with 8 years service or age 55 with Rule of 85	
Avg. Annual Retiree Benefit (as of 2021)		$71,316

Funding					
Contribution/Appropriation		Actual	Projected Contributions [1]		
Source	Rate	FY2022	FY2023	FY2024	FY2025
Member (max 22 years)	6.0 %	$4.6	$3.9	$4.1	$4.2
General Fund	N/A	$10.4	$10.9	$13.9	$14.5
Docket & Court Fees	N/A	$7.2	$7.2	$7.2	$7.2
Total		$22.2	$22.0	$25.2	$25.9

Data as of June 30, 2021



Data as of June 30, 2021



INPRS

[1] Based on preliminary 6/30/2022 actuarial valuation. Projected amounts could change.

Excise, gaming and Conservation Officers' Retirement Fund (EG&C) Overview

(dollars in millions) **Estimate as of June 30, 2022**

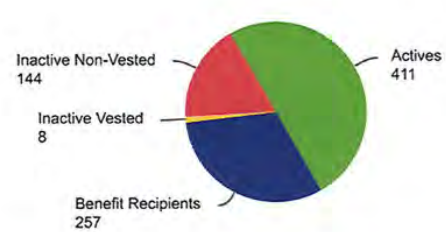
Membership:	State Excise Police, Gaming Agents, Gaming Control Officers, and Conservation Enforcement Officers	Unfunded Actuarial Accrued Liability:	$10.4
Type:	Defined Benefit (DB)	Actuarial Funded Status:	94.5 %

Benefits			
Actual	Projected Benefit Payments [1]		
FY2022	FY2023	FY2024	FY2025
$7.9	$8.3	$8.6	$10.4

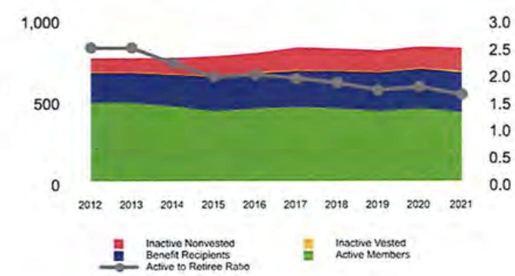
Formula	(25% X Avg. High 5 Year Salary) = (1.67% X Years beyond 10); capped at 75%	
Vesting	DB - 15 years	
Full Retirement	Mandatory at age 65, age 50 with 25 service, or age 55 with rule 85	
Avg. Annual Retiree Benefit (as of 2021)		$28,529

Funding					
Contribution/Appropriation		Actual	Projected Contributions [1]		
Source	Rate	FY2022	FY2023	FY2024	FY2025
Member	4.0 %	$1.4	$1.3	$1.3	$1.3
General Fund	$0.0	$0.0	$0.0	$0.0	$0.0
Employer	20.75 %	$6.7	$6.8	$6.7	$6.7
Total		$8.1	$8.1	$8.0	$8.0

Data as of June 30, 2021



Data as of June 30, 2021



INPRS

[1] Based on preliminary 6/30/2022 actuarial valuation. Projected amounts could change.

Prosecuting Attorneys' Retirement Fund (PARF) Fund Overview

(dollars in millions) **Estimate as of June 30, 2022**

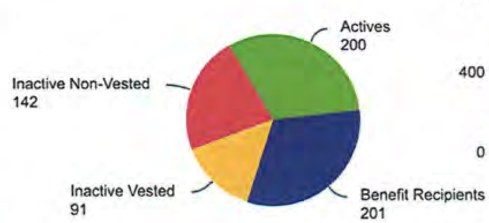
Membership:	Prosecutors or chief deputy prosecutors serving after 12/31/1989, Executive Directors or Assistant Executive Director or Assistant Executive Director of the Prosecutors Council, or state paid deputy prosecuting attorney hired after June 30,	Unfunded Actuarial Accrued Liability:	$ 40.2
Type:	Defined Benefit (DB)	Actuarial Funded Status:	67.1 %

Benefits			
Actual	Projected Benefit Payments [1]		
FY2022	FY2023	FY2024	FY2025
$5.7	$6.6	$6.8	$7.1

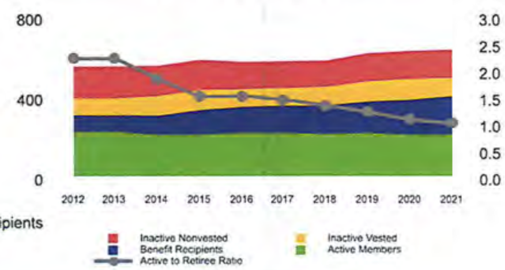
Funding					
Contribution/Appropriation		Actual	Projected Contributions [1]		
Source	Rate	FY2022	FY2023	FY2024	FY2025
Member	6.0 %	$1.5	$1.4	$1.5	$1.6
General Fund		$4.0	$4.2	$4.3	$4.4
Total		$5.5	$5.5	$5.8	$6.0

Formula	Highest Salary X factor established by IC (24% to 60%) based on service
Vesting	8 Years
Full Retirement	Age 62 with 8 years service or age 55 with rule of 85
Avg. Annual Retiree Benefit (as of 2021)	$26,881

Data as of June 30, 2021



Data as of June 30, 2021



[1] Based on preliminary 6/30/2022 actuarial valuation. Projected amounts could change.

INPRS

Legislators' Defined Benefit Fund (LE DB) Fund Overview

(dollars in millions) **Estimate as of June 30, 2022**

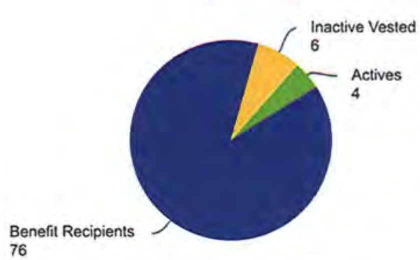
Membership:	Members of the Indiana General Assembly on April 30, 1989 that elected to participate	Unfunded Actuarial Accrued Liability:	$(0.4)
Type:	Defined Benefit (DB)	Actuarial Funded Status:	112.4 %

Benefits			
Actual	Projected Benefit Payments [1]		
FY2022	FY2023	FY2024	FY2025
$0.3	$0.4	$0.3	$0.3

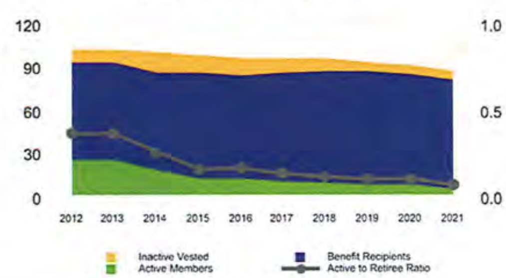
Funding					
Contribution/Appropriation		Actual	Projected Contributions [1]		
Source	Rate	FY2022	FY2023	FY2024	FY2025
General Fund	N/A	$0.2	$0.0	$0.0	$0.0
Total		$0.2	$0.0	$0.0	$0.0

Formula	Lesser of $480 X service before 1989 and average High 3 Year Salary	
Vesting	10 Years	
Full Retirement	Age 65 with 10 years of service, age 60 with 15 years service, or age 55 with Rule of 85	
Avg. Annual Retiree Benefit (as of 2021)		$ 4,411

Data as of June 30, 2021



Data as of June 30, 2021



[1] Based on preliminary 6/30/2022 actuarial valuation. Projected amounts could change.

INPRS

INPRS Defined Contribution Funds Overview

(dollars in millions) **Estimate as of June 30, 2022**

Public Employees' Defined Contribution Account (PERF DC)

Membership:	Full-time employees of the state and participating political subdivisions
Type:	Defined Contribution
Formula:	Hybrid member 3%

Funding:				
Contribution/Appropriation		**Actual**		
Source	Rate	FY2020	FY2021	FY2022
Member	3 %	$ 174.0	$ 178.4	$ 185.7
Total		$ 174.0	$ 178.4	$ 185.7

My Choice: Retirement Savings Plan for Public Employees (PERF MC DC)

Membership:	Full-time employees of the state and participating political subdivisions
Type:	Defined Contribution
Formula:	My Choice members: 3% + variable rate (3.2% for state in FY 22, up to 3.9% for PSD in CY 22)

Funding:				
Contribution/Appropriation		**Actual**		
Source	Rate	FY2020	FY2021	FY2022
Member	see formula	$ 9.0	$ 10.9	$ 12.0
Total		$ 9.0	$ 10.9	$ 12.0

INPRS Defined Contribution Funds Overview

(dollars in millions) **Estimate as of June 30, 2022**

Teachers' Defined Contribution Account (TRF DC)

Membership:	Full-time employees of the state and participating political subdivisions
Type:	Defined Contribution
Formula:	Hybrid Members 3% X salary to member
Funding:	

Contribution/Appropriation		**Actual**		
Source	Rate	FY2020	FY2021	FY2022
Member	3 %	$ 127.0	$ 129.7	$ 135.5
Total		$ 127.0	$ 129.7	$ 135.5

My Choice: Retirement Savings Plan for Teachers (TRF MC DC)

Membership:	Full-time employees of the state and participating political subdivisions
Type:	Defined Contribution
Formula:	My Choice members 5.3% X salary to member
Funding:	

Contribution/Appropriation		**Actual**		
Source	Rate	FY2020	FY2021	FY2022
Member	5.3 %	$ 2.0	$ 4.6	$ 8.0
Total		$ 0.0	$ 4.6	$ 8.0

INPRS Defined Contribution Funds Overview

(dollars in millions) **Estimate as of June 30, 2022**

Legislators' Defined Contribution Fund (LE DC)

Membership:	Full-time employees of the state and participating political subdivisions			
Type:	Defined Contribution			
Formula:	State PERF contribution rate + DC contribution rate			
Funding:				
Contribution/Appropriation		**Actual**		
Source	Rate	FY2020	FY2021	FY2022
Member	14.2 %	$ 1.8	$ 2.0	$ 2.0
Total		$ 1.8	$ 2.0	$ 2.0

Retiree Medical Benefit Account (RMBA)

Membership:	Full-time employees of the state and participating political subdivisions			
Type:	Defined Contribution			
Formula:	Annual contribution amounts of $500, $800, $1,100, or $1,400 dependent on age			
Funding:				
Contribution/Appropriation		**Actual**		
Source	Rate	FY2020	FY2021	FY2022
Total		27.7	28.1	$ 27.4

INPRS

From: Steve Delaney
To: Carolyn Nih
Subject: INPERS REPORTT (Appendix B)
Date: Thursday, July 6, 2023 3:38:06 PM

Subject: A possible visit from the Orange County Employees Retirement System

Good morning Steve –

I have for many years gone to visit on-site other pension plans. I'm always looking for ways to do things better, faster, cheaper where possible, and with more efficiency. I find it helps to see other systems in person, in action.

Generally my visits have been to sister California systems, but I have on a few occasions visited out-of-state systems. I did have a chance to briefly tour INPRS during the CEM conference some years back, and that was a big help, I was impressed with what I saw.

There are a few reasons I want to do a repeat visit, more in depth this time:

1. You folks continue to lead in the CEM Benchmarking report, and I'd like to compare tasks to see where we might improve.

2. I've been touching base with Rick Funston through the years, looking at bringing his team in to work with my Board on improved governance, and in a call this just week he cited some of the work being done with you as an example. I'd like to get a better sense of how you are using Board Smart and their services.

3. Finally, I just yesterday got a report from NASRA in response to a recent inquiry I had sent out. I am looking at expanding our certification pay program – we presently pay an additional 5.5% to those with CPAs and CFAs. The Board has given me leeway to consider adding additional certifications if I can make the case for their value. I see on the report that INPRS has been doing work in this area as well, and I'd like to learn more about standards used, and how effective you have found the program to be.

To give you a sense of what we would like to do while visiting, the following is the list I send out to a system I'm about to visit:

1. A visit with you as CEO, sharing your perspective on current system challenges and where you hope to direct your system over the long term. A review of the strategic plan and the thinking behind each goal. A visit to your Board room, with a discussion of how your Board conducts its meetings. A review of recent Board meeting agendas would be very helpful. How is security handled? Public comments? Differences among the Trustees? What is discussed at the Board's annual strategic planning workshop/retreat – if you have such? A review of those recent agendas would be appreciated as well.

2. A visit with your CIO to review current asset allocation and investment strategies. What is current assumed rate, and do you see that changing in the near future? What authority has the Board delegated to the CIO? How is work between investment staff and the consultant coordinated?

3. A visit with your communications officer. What publications, newsletters, etc. are produced? A review of your website and the tools provided to the membership. Any issues with Public Records requests? Any outreach events with your membership?

4. A visit with the Benefits unit/department. Challenges in calculations? How do you ensure accuracy? What training program/materials do you have for new hires? Current phone stats?

5. A similar visit to the Disability unit/department. How do you develop a disability claim? How much is expected of the member in preparing a claim? Service levels? Timelines? How does your Board handle the Disability claim process?

6. A visit with the Finance Department lead. Review your agency Annual Financial Report. Highlights? Biggest challenges in getting it complete? What challenges do you face in reporting investment returns?

7. Leveraging technology. What pension administration system do you have? Are you satisfied? What is the future outlook? Any early work in Artificial Intelligence, Machine Learning or similar efforts? Do you outsource any activities? Security suggestions?

8. Finally, what about culture? What is INPRS's culture, and how do you as the CEO influence that culture? How does your staff interact. Relationship between management and line staff? Complainers – how do you tackle that?

I'd like to hit all of the above, as well as those items mentioned earlier – Board governance, a walk through the CEM report, and your use of certification pay.

All the best,

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

P: (714) 558-6222| C: (714) 697-8291 | ✉:sdelaney@ocers.org | 2223 E. Wellington Ave., Suite 100 | Santa Ana, CA 92701

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

Memorandum

DATE: July 17, 2023

TO: Members of the Board of Retirement

FROM: Jim Doezie, Contracts, Risk and Performance Administrator

SUBJECT: **CONTRACT STATUS FOR NAMED SERVICE PROVIDERS**

Written Report

Background/Discussion

1. **Performance Reviews**
   The following policy provisions stipulate the terms by which vendor performance reviews will be conducted:
   - The Procurement & Contracting Policy (Section II.E.) specifies that selected vendors will be reviewed every three years. *"The performance of Named Service Providers and Contractors with Contract Values that exceed $100,000 will be reviewed at least every three years. In addition, at least six months before the expiration of the initial term of a contract with a Named Service Provider and Contract Value over $100,000, the continued appropriateness and cost-effectiveness of the Contractor will be assessed. "*
   - The Board of Retirement Charter (Item #21) states that an Actuarial Review is needed every five (5) years. (With coordination by the Internal Audit department.)

2. Pursuant to OCERS policy and charter provisions, the schedule below references the Named Service Provider contracts that are up for renewal, expiration, review, or RFP:

Named Service Provider	Vendor	Contracted	Contract Expiration	Last Review	Next Review	Notes
Fiduciary Counsel	Reed Smith	7/1/2021	6/30/2024	June 2021	Jan 2024	Last review was part of RFP evaluation
Financial Auditor	Moss Adams	3/15/2022	3/15/2025	March 2022	Sept 2024	Last review was part of RFP evaluation
General Investment Consultant	Meketa	4/1/2022	3/31/2027	April 2022	April 2025	Last review was part of RFP evaluation
Private Equity & Real Assets Consultant	Aksia	4/1/2022	3/31/2027	April 2022	April 2025	Last review was part of RFP evaluation
Real Estate Consultant	Townsend	4/1/2022	3/31/2027	April 2022	April 2025	Last review was part of RFP evaluation

Memorandum

Consulting Actuary	Segal	1/1/2023	12/31/2025	Jan 2023	June 2025	Last review was part of RFP evaluation
Custodial Bank	State Street	Pending	Pending	June 2023	Jan 2026	Review part of RFP evaluation. Contract execution in progress
Securities Lending Manager	State Street	Pending	Pending	June 2023	Jan 2026	Review part of RFP evaluation. Contract execution in progress
Actuarial Auditor	Cheiron	7/1/2023	12/31/2023	July 2022	N/A	RFP issued every 5 years by Audit Department

Submitted by:

JD - Approved

Jim Doezie
Contracts, Risk and Performance Administrator