

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

**REGULAR MEETING
Monday, November 13, 2023
9:00 A.M.**

AMENDED

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

OCERS Zoom Video/Teleconference information	
<p>Join Using Zoom App (Video & Audio)</p> <p>Join Zoom Meeting https://ocers.zoom.us/j/83680161439</p> <p>Meeting ID: 836 8016 1439 Passcode: 244306</p> <p>Go to https://www.zoom.us/download to download Zoom app before meeting Go to https://zoom.us to connect online using any browser.</p>	<p>Join by Telephone (Audio Only)</p> <p>Dial by your location</p> <p>+1 669 900 6833 US (San Jose) +1 346 248 7799 US (Houston) +1 253 215 8782 US +1 301 715 8592 US +1 312 626 6799 US (Chicago) +1 929 436 2866 US (New York)</p> <p>Meeting ID: 836 8016 1439 Passcode: 244306</p>
<p>A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page</p>	

AGENDA

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

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 October 16, 2023

Recommendation: Approve minutes.

C-3 OUTCOMES FROM THE BUILDING COMMITTEE ON OCTOBER 30, 2023

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

- The **Building Committee Charter** with revisions approved by the Committee.

C-4 RETIREE REQUEST TO BE REINSTATED – RICK RUDD

Recommendation: Reinstate Rick Rudd as an active member under the provisions of Government Code Section 31680.4 and 31680.5

DISABILITY/MEMBER BENEFITS AGENDA

9:00 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. CEO Recommendations:

DC-1: SUSAN KRAUTH

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

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

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

CLOSED SESSION

Government Code section 54957

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

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

OPEN SESSION

REPORT OF ACTIONS TAKEN IN CLOSED SESSION

ACTION ITEMS

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

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

A-2 OCERS’ PROPOSED ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2024

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

Recommendation: Adopt the Proposed Administrative Budget for Fiscal Year 2024 in the amount of \$48,293,043 which includes:

- a) Personnel costs in the amount of \$25,241,475 (excludes additional 2024 staff positions to be presented separately in a revised 2024 Staffing Plan at the December 11, 2023 Regular Board Meeting)
- b) Services and supplies in the amount of \$17,126,568
- c) Capital expenditures in the amount of \$5,925,000

INFORMATION ITEMS

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

I-1 OCERS’ 2024 AND BEYOND STAFFING PLAN- A DISCUSSION

Presentation by Steve Delaney, CEO

WRITTEN REPORTS

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

R-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices
Death Notices

November 13, 2023
November 13, 2023

R-2 COMMITTEE MEETING MINUTES

- June 2023 – Audit Committee Minutes
- July 2023 - Personnel Committee Minutes
- August 2023 - Building Committee Minutes

R-3 CEO FUTURE AGENDAS AND 2023 OCERS BOARD WORK PLAN

Written Report

R-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

R-5 BOARD COMMUNICATIONS

Written Report

R-6 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS

Written Report

R-7 THIRD QUARTER 2023 BUDGET TO ACTUALS REPORT

Written Report

R-8 REPORT OF ATTENDANCE AT CONFERENCE- TRUSTEE PACKARD- 2023 PUBLIC FUNDS FORUM
Written Report

R-9 REPORT OF ATTENDANCE AT CONFERENCE- CEO DELANEY- PRA
Written Report

CLOSED SESSION

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

Adjourn to closed session pursuant to Government Code Section 54957

Position to be evaluated: Chief Executive Officer

Recommendation: Take appropriate action.

E-2 CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO GOVERNMENT CODE SECTION 54957.6

OCERS designated representative: Director Charles Packard

Unrepresented employee: OCERS Chief Executive Officer

Recommendation: Take appropriate action.

E-3 CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION (GOVERNMENT CODE SECTION 54956.9(d)(1))

In re Disability Retirement Application of Jeffrey Gross; SBCERA File No. 19-1244-002PL

Recommendation: Take appropriate action.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

BOARD MEMBER COMMENTS

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

NOTICE OF NEXT MEETINGS

**INVESTMENT COMMITTEE MEETING
November 15, 2023
9:00 A.M.**

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

PERSONNEL COMMITTEE MEETING
November 15, 2023
1:00 P.M. or after the Investment Committee Meeting

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

GOVERNANCE COMMITTEE MEETING
November 16, 2023
9:30 A.M.

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

DISABILITY COMMITTEE MEETING
December 11, 2023
8:30 A.M.

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

REGULAR BOARD MEETING
December 11, 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, October 16, 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; Arthur Hidalgo, Roger Hilton, Chris Prevatt, Jeremy Vallone, Shari Freidenrich Chris Prevatt

Present via Zoom (under Government Code Section 54953(f)): Charles Packard, Richard Oates

Also Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Manuel Serpa, General Counsel; David Kim, Director of Internal Audit; Cynthia Hockless, Director of Human Resources; Anthony Beltran, Audio-Visual Technician; Carolyn Nih, Recording Secretary

Guests: Harvey Leiderman and Maytak Chin, ReedSmith

Absent: Shawn Dewane, Chair; Wayne Lindholm

Ms. Freidenrich arrived at 9:34am.

Mr. Oates attended the meeting remotely in accordance with the Government Code Section 54953(f) due to medical necessity.

Mr. Packard attended the meeting remotely in accordance with the Government Code Section 54953(f) due to medical necessity at 9:38am.

CONSENT AGENDA

BENEFITS

C-1 OPTION 4 RETIREMENT ELECTION

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

- Σ Adkins, Bobbie
- Σ Hernandez, Michael
- Σ Nelson, Richard

MOTION by Mr. Hidalgo, **seconded** by Mr. Hilton, to approve the Consent Agenda item, C-1.

The motion passed **unanimously**.

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes
Strategic Planning Workshop Summary

August 21, 2023
September 13-14, 2023

Recommendation: Approve minutes.

C-3 OCERS 2024-2026 STRATEGIC PLAN

Recommendation: Approve the OCERS 2024-2026 Strategic Plan as modified.

C-4 OCERS 2024 BUSINESS PLAN

Recommendation: Approve OCERS 2024 Business Plan.

C-5 OUTCOMES FROM THE GOVERNANCE COMMITTEE ON AUGUST 24, 2023

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

- Σ Membership Eligibility Requirements Policy
- Σ Board Election Procedures

Ms. Freidenrich pulled C-3 and C-4 for discussion.

MOTION by Mr. Prevatt, **seconded** by Mr. Hilton, to approve the Consent Agenda items, C-2 and C-5.

The motion passed **unanimously**.

ACTION ITEMS

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

C-3 OCERS 2024-2026 STRATEGIC PLAN

Recommendation: Approve the OCERS 2024-2026 Strategic Plan as modified.

C-4 OCERS 2024 BUSINESS PLAN

Recommendation: Approve OCERS 2024 Business Plan.

Ms. Freidenrich had questions and comments associated with the connection between the Strategic Plan, Business Plan, and Performance Plan.

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

The motion passed **unanimously**.

DISABILITY/MEMBER BENEFITS AGENDA

CONSENT ITEMS

A. Disability Committee Recommendations:

DC-1: ALEXANDER ALLUIN

Eligibility Technician, Orange County Social Services Agency (General)

Recommendation: The Disability Committee recommends that the Board:

- ∑ Grant service connected disability retirement.
- ∑ Set the effective date as July 3, 2020.

B. CEO Recommendations:

DC-2: ALESSANDRA DE SOUZA

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

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

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

DC-3: MIRNA ELVIR

Office Specialist, Orange County Community Services Agency (General Member)

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

- ∑ Grant service connect disability retirement.
- ∑ Set the effective date as January 31, 2023.

DC-4: RYAN GENTILE

Correctional Services Assistant, Orange County Sheriff's Department (Safety Member)

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

- ∑ Grant service connect disability retirement.
- ∑ Set the effective date as October 31, 2020.

DC-5: JEFFREY JOHNSON

Fire Captain, Orange County Fire Authority (Safety Member)

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

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

DC-6: IREET KAPLAN

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

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

- ∑ Grant service connect disability retirement.
- ∑ Set the effective date as October 21, 2022.

DC-7: CAREN MARIN

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

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

- ∑ Grant service connect disability retirement.
- ∑ Set the effective date as May 5, 2023.

DC-8: JOHN MATHERS

Fire Captain, Orange County Fire Authority (Safety Member)

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

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

DC-9: ANTHONY SALERNO

Fire Captain, Orange County Fire Authority (Safety Member)

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

- ∑ Grant service connect disability retirement.
- ∑ Set the effective date as November 4, 2022.

DC-10: KENNETH SCHIFFNER

District Attorney Investigator, Orange County District Attorney (General Member)

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

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

DC-11: ROBERT STAMMERJOHAN

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

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

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

DC-12: TOSHA THOMAS

Coach Operator, Orange County Transportation Authority (General Member)

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

- ∑ Grant service connect disability retirement.
- ∑ Set the effective date as November 1, 2022.

MOTION by Mr. Oates, **seconded** by Mr. Packard, to approve items, DC-1-DC-12, on the Disability Consent Agenda, with the single change for DC-11 to the effective date of August 18, 2022.

The motion passed **unanimously**.

ACTION ITEMS

A-2 DESIGNATING OCERS LABOR NEGOTIATOR UNDER GOVT. CODE SECTION 54957.6

Presentation by Cynthia Hockless, Director of Human Resources, OCERS

Recommendation: The Board will appoint a designated representative under Government Code section 54957.6(a) to assist the Board in negotiating compensation with the CEO.

MOTION by Ms. Tagaloa, **seconded** by Mr. Prevatt, to designate Mr. Packard, Chair of the Personnel Committee, as OCERS Labor Negotiator under Government Code Section 54957.6.

The motion passed **unanimously**.

A-3 VOTING DIRECTION FOR SACRS BUSINESS MEETING

Presentation by Manuel Serpa, General Counsel, OCERS

Recommendation: Give voting direction to OCERS' delegates for November 10, 2023 SACRS business meeting.

MOTION by Mr. Hidalgo, **seconded** by Mr. Hilton, to direct OCERS’ delegates to vote on matters at the next SACRS business meeting in a manner consistent with the SACRS Voting Authority Policy, as stated in the memo.

The motion passed **unanimously**.

INFORMATION ITEMS

I-1 LEGAL SERVICES TRANSITION PLAN

Presentation by Harvey Leiderman, Maytak Chin, and Ed Klees, ReedSmith

I-2 2024 BOARD MEETING CALENDAR

Presentation by Steve Delaney, Chief Executive Officer, OCERS

The Board recessed for break at 10:31 a.m.

The Board reconvened from break at 10:48 a.m.

Recording Secretary administered the Roll Call attendance.

The Board adjourned to closed session at 10:50am.

CLOSED SESSION

E-1 CONFERENCE WITH LABOR NEGOTIATOR (GOVERNMENT CODE SECTION 54957.6)

OCERS designated representative as identified in Action Item A-2

Unrepresented employee: OCERS Chief Executive Officer

Recommendation: Take appropriate action.

The Board returned from Closed Session at 11:55 a.m.

The Board recessed for break at 11:55 a.m.

The Board reconvened from break at 12:07 p.m.

Recording Secretary administered the Roll Call attendance.

REPORT OF ACTIONS TAKEN IN CLOSED SESSION- Ms. Maytak Chin from ReedSmith noted there were no reportable actions taken during closed session.

WRITTEN REPORTS

R-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

October 16, 2023

Death Notices

October 16, 2023

R-2 COMMITTEE MEETING MINUTES

- May 2023- Governance Committee Minutes
- June 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 BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN EXERCISE EXECUTIVE SUMMARY

Written Report

R-8 THIRD QUARTER 2023 TRAVEL AND TRAINING EXPENSE REPORT

Written Report

CIO COMMENTS – Ms. Murphy shared that the current world events can drastically change the market outlook, hour by hour. For now, the OCERS portfolio climbed up slightly since start of October— approximately 5% increase year to date. The investments team are monitoring oil prices due to events in Middle East. While the energy sector is doing well, assets fell from June 2023, but OCERS is still auditing September results and will continue to monitor the markets.

CHIEF EXECUTIVE OFFICER - None

COUNSEL COMMENTS – Introduce Kwame Addo, our new Chief Compliance Officer.

STAFF COMMENTS – None.

BOARD MEMBER COMMENTS – Mr. Packard notes that R-7 was an excellent report and glad to see that we are taking these efforts towards preparedness. Mr. Hilton congratulates Mr. Serpa on his promotion to General Counsel.

Meeting **ADJOURNED** at 12:23 pm in memory of active members, retired members, and surviving spouses who passed away this passed month.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Board

Shawn Dewane
Chairman



Memorandum

DATE: November 13, 2023
TO: Members of the Board of Retirement
FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations
SUBJECT: **REVIEW AND APPROVAL OF THE BUILDING COMMITTEE CHARTER - AMENDED**

Recommendation

The Building Committee (Committee) recommends that the Board adopt the following:

1. The **Building Committee Charter** with revisions approved by the Committee.

Background/Discussion

The Building Committee Charter (Charter) was adopted in March 2022 to provide general responsibilities delegated to the Committee related to the OCERS headquarters building. Now that the OCERS Replacement Headquarters Project (Project) is underway, more specific governance is necessary to clearly define authority over actions and decisions for the Project.

At its October 30, 2023 meeting, the Committee reviewed and approved the Charter revisions proposed by staff as to at which stage or decision point should the Project be brought to the Committee or the Board to review/approve as well as the level of duties that should be delegated to staff to maintain Project progress, as set forth in the marked text on the attached.

Except for the constructive comment made by the Committee to better define the terms and abbreviations as they appear in the Charter, which have since been incorporated, no other substantive changes were made by the Committee on the proposed revisions.

Submitted by:

A stamp featuring the OCERS logo and the text "OCERS B.S. - Approved" in a stylized font.

Brenda Shott, CPA
Assistant CEO, Finance and Internal Operations



OCERS Board Charter Building Committee Charter

Introduction

- 1) The OCERS Board of Retirement (Board) has established a Building Committee to assist the Board by reviewing reports and making recommendations with respect to the OCERS Replacement Headquarters ~~p~~Project. The Building Committee is an advisory committee to the Board and its recommendations are subject to final approval by the Board.
- 2) The Board Chair will appoint members to the Building Committee as provided in OCERS' By-Laws and will designate one member of the committee to serve as committee chair and one member of the committee to serve as committee vice chair.
- 3) The Building Committee will be comprised of four (4) members of the Board. As provided in OCERS' By-Laws, two members of the Building Committee constitute a quorum.

Duties and Responsibilities

- 4) The Building Committee will:
 - a) Evaluate options for the future OCERS Headquarters;
 - b) Make a recommendation to the Board for the future OCERS Headquarters;
 - c) Provide guidance to staff as to the scope, schedule and budget for the ~~OCERS Headquarters~~ ~~p~~Project;
 - d) Report regularly to the Board on the Committee's activities; and
 - e) Provide guidance and make recommendations to the Board on other projects related to the current and future OCERS Headquarters as may be necessary or desirable to guide or assist the Board and OCERS staff in carrying out their respective duties and responsibilities.
- 5) The OCERS' Replacement Headquarters Project (Project) governance will be as follows:
 - a) Board of Retirement
 - i) Approve the ~~Designer-Builder Entity (DBE), Predevelopment contract, DBE Development Agreement, and any other project related contract in compliance with the OCERS Procurement and Contracting Policy.~~
 - ii) Approve the City-Review-Ready Site Plan for the project (including building size, shape (# of stories, board room as standalone vs integrated room), amenities, location/placement on lot, parking and property ingress egress plan).
 - iii) Approve the targeted building certification level for both leadership in energy and environmental design (LEED) and human health and well-being design (WELL).
 - iv) Authorize Staff to procure and purchase owner's property liability insurance (construction risk insurance to be included with ~~design build entity (DBE)).~~
 - v) Approve ~~p~~Project Guaranteed Maximum Price (GMP) ~~proposed by the DBE~~, project contingency and project financing.
 - vi) Approve final construction documents.
 - b) Building Committee Authority
 - i) Review quarterly ~~project~~Project status updates throughout the duration of the ~~p~~Project -- provide direction to staff regarding scope, schedule, milestone completion and budget issues that arise.

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- ii) Review results of needs assessment and programming and provide direction for high level inputs into site plan and conceptual design (including amenities to be included), budget and preliminary schedule.
- iii) Recommend to the Board the building permit level for both ~~energy and water~~ (LEED) and ~~water~~ (WELL).
- iv) Review and make recommendation to the Board for the City-Review-Ready Site Plan.
- v) Interview and recommend finalist for ~~Design-Build Entity~~.
- vi) Review and provide direction on schematic design, budget level estimates and schedule update.
- vii) Review and recommend to Board approval of GMP.
- viii) Review and recommend Board approval of final construction documents.

c) Assistant CEO Authority

- i) Approve contracts and change orders in compliance with OCERS Procurement and Contracting Policy or specific authority granted by the Board.
- ii) Provide direction to Owner’s Rep/Project Manager and make decisions as to, design development and detail design elements to incorporate into schematic and final construction documents.
- iii) Day-to-day contract administration, invoice approval and authorized communication responsibilities

Charter Review

~~5)6)~~ The Building Committee will review this Charter at least once every three (3) years or as needed, and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

Charter History

- 7) This Charter was adopted by the Board of Retirement on March 21, 2022.
- ~~6)8)~~ This Charter was amended by the Board of Retirement on November 13, 2023.

Secretary’s Certificate

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



Steve Delaney, Secretary of the Board

03/21/2022-11/13/2023

Date

Building Committee Charter 1-2 of
 Adopted March 21, 2022 1-2
 Amended November 13, 2023



OCERS Board Charter Building Committee Charter

Introduction

- 1) The OCERS Board of Retirement (Board) has established a Building Committee to assist the Board by reviewing reports and making recommendations with respect to the OCERS Replacement Headquarters Project. The Building Committee is an advisory committee to the Board and its recommendations are subject to final approval by the Board.
- 2) The Board Chair will appoint members to the Building Committee as provided in OCERS' By-Laws and will designate one member of the committee to serve as committee chair and one member of the committee to serve as committee vice chair.
- 3) The Building Committee will be comprised of four (4) members of the Board. As provided in OCERS' By-Laws, two members of the Building Committee constitute a quorum.

Duties and Responsibilities

- 4) The Building Committee will:
 - a) Evaluate options for the future OCERS Headquarters;
 - b) Make a recommendation to the Board for the future OCERS Headquarters;
 - c) Provide guidance to staff as to the scope, schedule and budget for the Project;
 - d) Report regularly to the Board on the Committee's activities; and
 - e) Provide guidance and make recommendations to the Board on other projects related to the current and future OCERS Headquarters as may be necessary or desirable to guide or assist the Board and OCERS staff in carrying out their respective duties and responsibilities.
- 5) The OCERS' Replacement Headquarters Project (Project) governance will be as follows:
 - a) **Board of Retirement**
 - i) Approve the Designer-Builder Entity (DBE), Predevelopment contract, DBE Development Agreement, and any other project related contract in compliance with the *OCERS Procurement and Contracting Policy*.
 - ii) Approve the City-Review-Ready Site Plan for the project (including building size, shape (# of stories, board room as standalone vs integrated room), amenities, location/placement on lot, parking and property ingress egress plan).
 - iii) Approve the targeted building certification level for both leadership in energy and environmental design (LEED) and human health and well-being design (WELL).
 - iv) Authorize Staff to procure and purchase owner's property liability insurance (construction risk insurance to be included with DBE).
 - v) Approve Project Guaranteed Maximum Price (GMP) proposed by the DBE, project contingency and project financing.
 - vi) Approve final construction documents.
 - b) **Building Committee Authority**
 - i) Review quarterly Project status updates throughout the duration of Project -- provide direction to staff regarding scope, schedule, milestone completion and budget issues that arise.
 - ii) Review results of needs assessment and programming and provide direction for high level inputs into site plan and conceptual design (including amenities to be included), budget and

preliminary schedule.

- iii) Recommend to the Board targeted building certification level for both LEED and WELL.
 - iv) Review and make recommendation to the Board for the City-Review-Ready Site Plan.
 - v) Interview and recommend finalist for DBE.
 - vi) Review and provide direction on schematic design, budget level estimates and schedule update.
 - vii) Review and recommend to Board approval of GMP.
 - viii) Review and recommend Board approval of final construction documents.
- c) **Assistant CEO Authority**
- i) Approve contracts and change orders in compliance with OCERS Procurement and Contracting Policy or specific authority granted by the Board.
 - ii) Provide direction to Owner's Rep/Project Manager and make decisions as to design development and detail design elements to incorporate into schematic and final construction documents.
 - iii) Day-to-day contract administration, invoice approval and authorized communication responsibilities

Charter Review

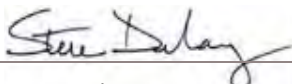
- 6) The Committee will review this Charter yearly or as needed and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

Charter History

- 7) This Charter was adopted by the Board of Retirement on March 21, 2022.
- 8) This Charter was amended by the Board of Retirement on November 13, 2023.

Secretary's Certificate

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



Steve Delaney, Secretary of the Board

11/13/2023

Date



Memorandum

DATE: November 13, 2023
TO: Members of the Board of Retirement
FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations
SUBJECT: **OCERS' PROPOSED ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2024**

Recommendation

Adopt the Proposed Administrative Budget for Fiscal Year 2024 in the amount of \$48,293,043 which includes:

- a) Personnel costs in the amount of \$25,241,475 (excludes additional 2024 staff positions to be presented separately in a revised 2024 Staffing Plan at the December 11, 2023 Regular Board Meeting)
- b) Services and supplies in the amount of \$17,126,568
- c) Capital expenditures in the amount of \$5,925,000

Background/Discussion

The proposed budget was developed based on the 2024 Business Plan approved by the Board of Retirement on October 16, 2023. The Business Plan is directly linked to the 2024-2026 Strategic Plan developed using OCERS' Mission Statement and Vision Statement and Values as its foundation. The goals and initiatives included in the approved Business Plan provided guidance for the proposed Fiscal Year 2024 (FY24) Administrative Budget.

On October 26, 2023, the Personnel Committee met to discuss the 2024 Staffing Plan. Due to the number of positions being requested, the members of the committee directed staff to bifurcate the approval of the additional 2024 staff positions from the proposed administrative budget for FY24. The Personnel Committee will meet on November 15, 2023 for further discussion of the 2024 Staffing Plan; based on the direction that staff receives at this meeting, a revised 2024 Staffing Plan and an amendment to the 2024 Administrative Budget for the related costs will be presented separately for approval at the Regular Board meeting to be held on December 11, 2023.

The proposed budget for personnel costs, excluding additional 2024 staff positions, was developed based on OCERS' Compensation Policy for direct employees; the most recent Memorandum of Understanding between the County of Orange and the Orange County Employees Association applicable to County employees working at OCERS; and the incentive compensation program for eligible investment team members as outlined in the Incentive Compensation Policy.

In accordance with the Compensation Policy, in each year in which salary ranges are not reviewed, the salary ranges will be automatically increased by the amount, if any, of the increase in the Employer Cost Index (ECI) for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics. OCERS direct salaries were not reviewed during 2023; therefore, salary ranges have been adjusted by the ECI index of 4.6% for the 12-month period ended September 30, 2023. See Appendix F – *OCERS' Direct Employees Salary Ranges* for the updated salary ranges.



Memorandum

Attached is the presentation that summarizes the FY24 Proposed Administrative Budget, excluding additional 2024 staff positions, as well as a detailed budget narrative and several detailed appendixes that provide further information about the proposed budget that staff is recommending for approval.

Submitted by:

Handwritten signature of Tracy Bowman in black ink, positioned above a horizontal line.

Tracy Bowman
Director of Finance

Approved by:

Handwritten signature of Brenda Shott in black ink, positioned above a horizontal line.

Brenda Shott
Assistant CEO, Finance & Internal Operations

Approved by:

Handwritten signature of Steve Delaney in black ink, positioned above a horizontal line.

Steve Delaney
CEO

**Appendix F
OCERS Direct Employees**

Salary Ranges Approved by Board, revised by ECI as of September 30, 2023

OCERS Employee Position	Current Annual Minimum	Revised Annual Minimum	Current Annual Midpoint	Revised Annual Midpoint	Current Annual Maximum	Revised Annual Maximum
Chief Investment Officer	\$308,617	\$322,813	\$393,487	\$411,587	\$478,356	\$500,360
General Counsel	\$214,969	\$224,858	\$274,086	\$286,694	\$333,203	\$348,530
Managing Director of Investments	\$214,969	\$224,858	\$274,086	\$286,694	\$333,203	\$348,530
Assistant Chief Executive Officer	\$186,021	\$194,578	\$237,176	\$248,086	\$288,331	\$301,594
Director of Investments	\$173,042	\$181,002	\$220,629	\$230,777	\$268,215	\$280,553
Deputy Legal Counsel	\$149,739	\$156,627	\$190,917	\$199,699	\$232,095	\$242,771
Chief Compliance Officer	\$149,739	\$156,627	\$190,917	\$199,699	\$232,095	\$242,771
Senior Investment Officer	\$149,739	\$156,627	\$190,917	\$199,699	\$232,095	\$242,771
Director *	\$139,292	\$145,699	\$177,598	\$185,767	\$215,903	\$225,835
Investment Officer	\$129,574	\$135,534	\$165,207	\$172,807	\$200,840	\$210,079
Staff Attorney	\$129,574	\$135,534	\$165,207	\$172,807	\$200,840	\$210,079
Automation Developer	\$112,125	\$117,283	\$142,959	\$149,535	\$173,793	\$181,787
Finance Manager	\$112,125	\$117,283	\$142,959	\$149,535	\$173,793	\$181,787
Information Security Manager	\$112,125	\$117,283	\$142,959	\$149,535	\$173,793	\$181,787
Information Technology Manager	\$112,125	\$117,283	\$142,959	\$149,535	\$173,793	\$181,787
Retirement Analyst	\$112,125	\$117,283	\$142,959	\$149,535	\$173,793	\$181,787
Senior Internal Auditor	\$112,125	\$117,283	\$142,959	\$149,535	\$173,793	\$181,787
Senior Manager Operations Support Services	\$112,125	\$117,283	\$142,959	\$149,535	\$173,793	\$181,787
Testing Coordinator	\$112,125	\$117,283	\$142,959	\$149,535	\$173,793	\$181,787
Contracts, Risk & Performance Administrator	\$104,302	\$109,100	\$132,985	\$139,102	\$161,668	\$169,105
Learning and Organization Development Manager	\$104,302	\$109,100	\$132,985	\$139,102	\$161,668	\$169,105
Member Services Manager	\$104,302	\$109,100	\$132,985	\$139,102	\$161,668	\$169,105
Senior Investment Analyst	\$104,302	\$109,100	\$132,985	\$139,102	\$161,668	\$169,105
Internal Auditor	\$87,103	\$91,110	\$113,500	\$118,721	\$139,897	\$146,332
Staff Analyst**	\$83,959	\$87,821	\$102,850	\$107,581	\$121,740	\$127,340

* Director position includes all director level positions, except the Investment Department.

**Staff Analyst position is included in the Finance, Human Resources, Investment, Information Security, Legal and Member Services Departments.



OCERS 2024 Proposed Administrative Budget

**Regular Board Meeting
November 13, 2023**

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Today's Agenda

1. Purpose of Presentation
2. Overview of Budget Process
3. Proposed 2024 Administration Budget





Purpose of Presentation

➤ General review of 2024 Administrative Budget

Recommended action:

1. Adopt the Administrative Budget for Fiscal Year 2024 in the amount of \$48,293,043 which includes:
 - a. Personnel costs in the amount of \$25,241,475¹
 - b. Service and supplies in the amount of \$17,126,568
 - c. Capital expenditures in the amount of \$5,925,000

¹Excludes additional 2024 staff positions to be presented separately in a revised 2024 Staffing Plan at the December 11, 2023 Regular Board Meeting



Overview of Budget Process

- Budget Approval Policy
- OCERS' Mission Statement, Vision and Values, and 3-Year Strategic Plan
- Set Business Plan goals for 2024 and related cost estimates
 - Full OCERS' Leadership offsite meeting prior to Strategic Planning
 - Strategic Planning with Board on September 13-14, 2023
 - 2024 Business Plan approval on October 16, 2023
- Initial budget requests are made by each department head
- CEO, Assistant CEO of Internal Operations and Director of Finance met individually with department heads to discuss and determine necessity of each line item in their budget request





Overview of Budget Process (cont'd)

- Prepare budget with comparisons to prior years' budgets and actuals
- Meeting with the Personnel Committee on October 26, 2023 to discuss 2024 additional staffing
 - Personnel Committee requested a bifurcation of the additional positions being requested from the 2024 Staffing Plan budget to allow for more discussion
 - 2024 Staffing Plan will be further discussed at a Personnel Committee meeting on November 15, 2023
 - Based on direction and recommendation from the Personnel Committee, the 2024 Revised Staffing Plan will be presented separately to the Board on December 11, 2023 for approval and inclusion in the 2024 budget
- Approval of the budget by the Board, excluding additional 2024 staff positions, to be recommended at the November 13, 2023 meeting



Budget Supports Strategic Goals

Fund
Sustainability

Excellent
Service and
Support

Risk
Management

Talent
Management

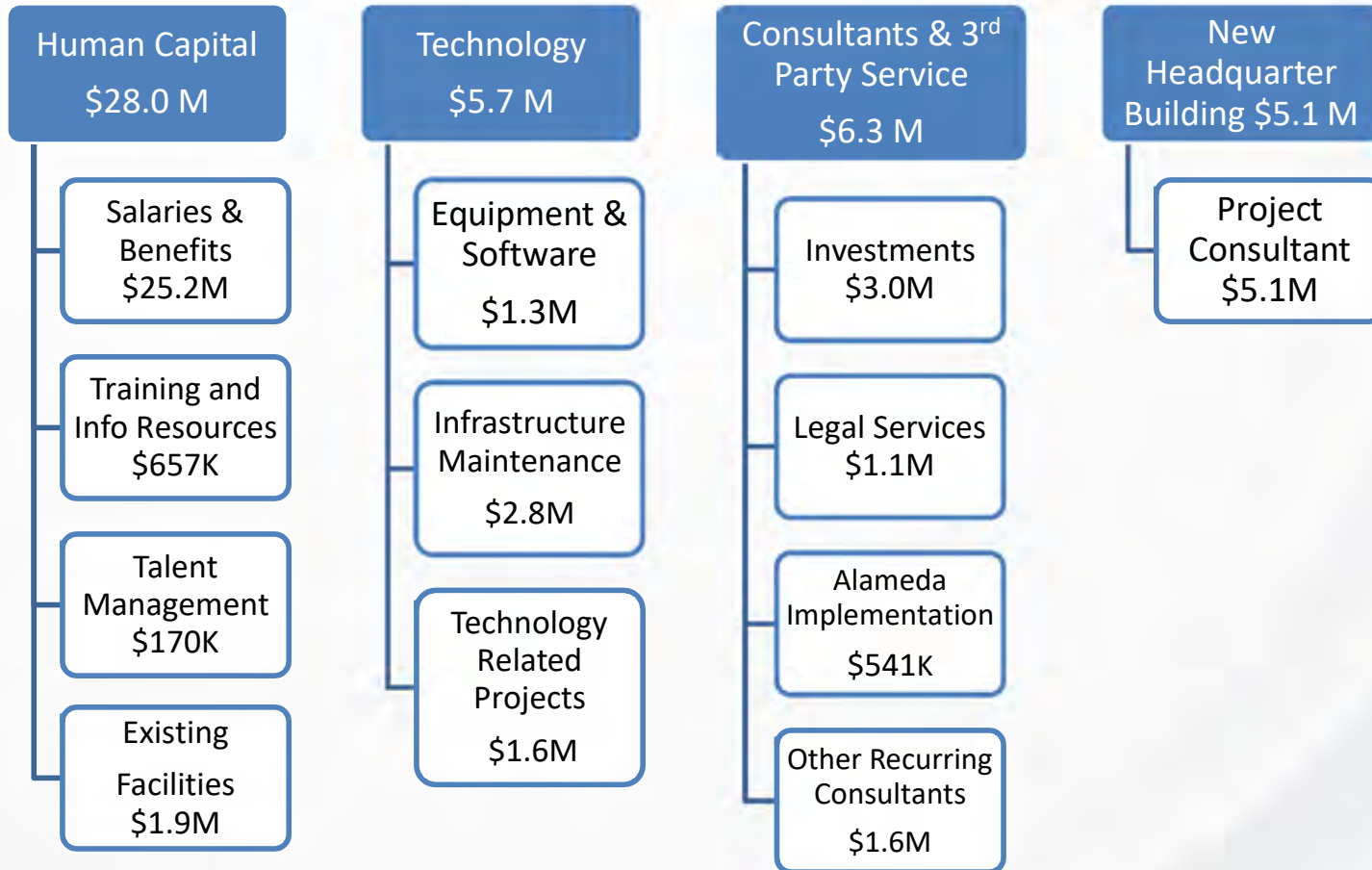
Effective
Governance

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Primary Cost Drivers



The sum of the primary cost drivers noted above represents approximately 93% of the 2024 Administrative Budget



Budget Limitations

Budget Authority

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

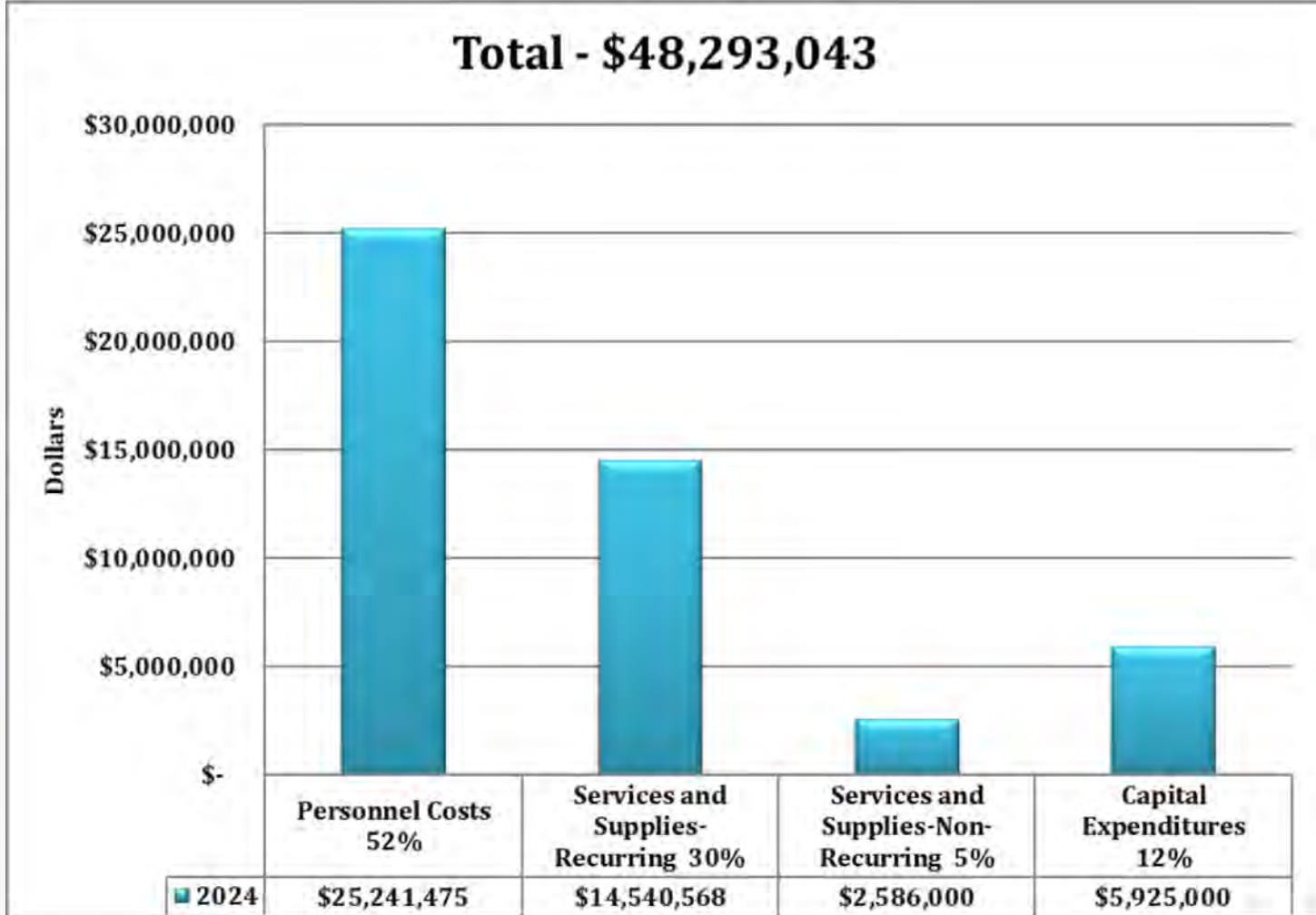
2023 Statutory Budget Limitation is \$55,601,784

2024 Proposed Budget (excluding investment-related costs, applicable IT-related costs and capital expenditures not subject to budget limitation test) is 11.07 basis point of AAL





FY24 Proposed Administrative Budget Summary

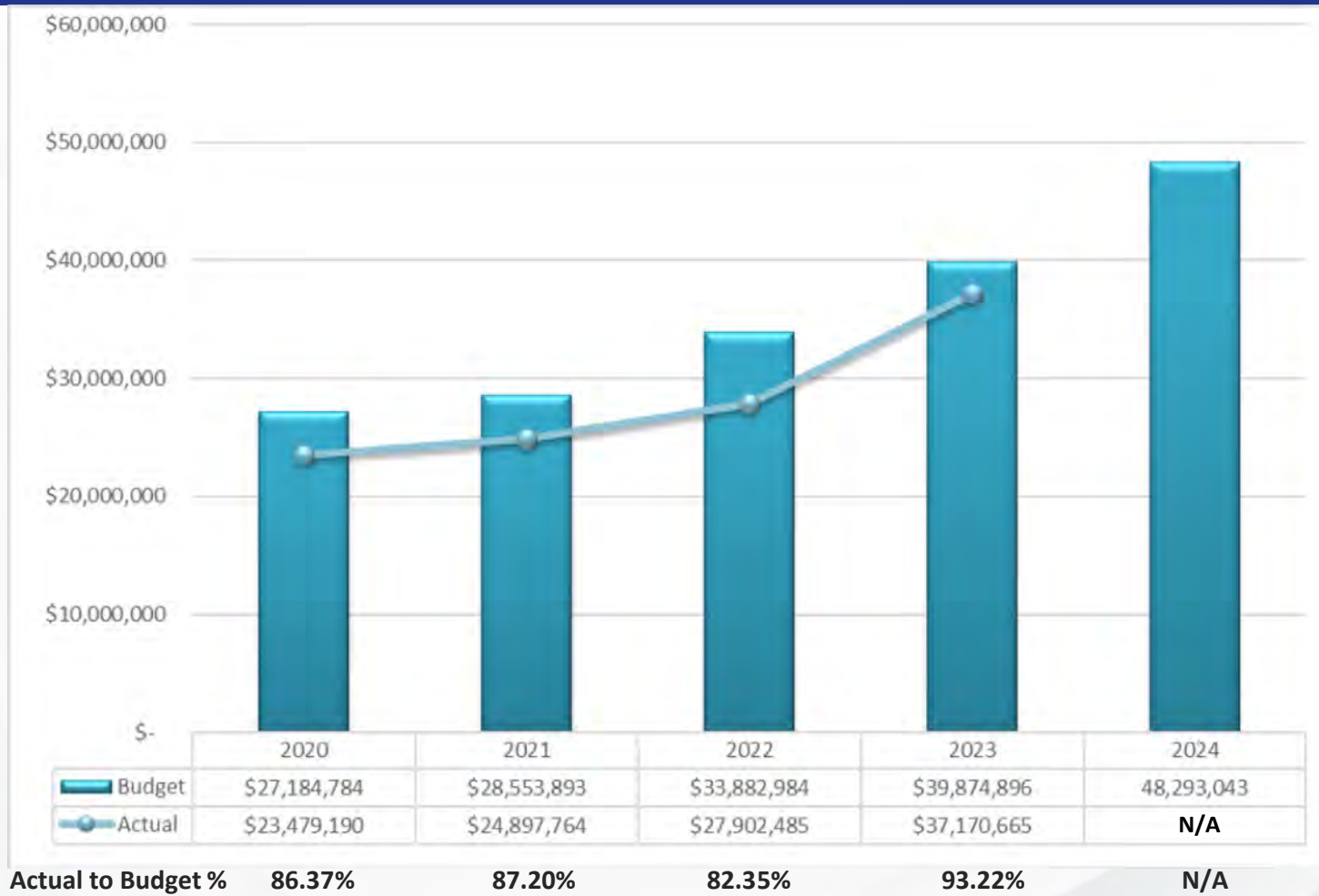


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Budget versus Actuals Trend

Total Budget



Amounts may include immaterial rounding differences

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Summary of Budget Increases

Description of Increase	Amount
Capital Improvements	\$ 5.1M
Existing Staffing Plan, Retirement & Benefit Costs, & Salary Growth	1.5M
Infrastructure Maintenance	0.8M
3 rd Party Consulting	0.8M
Other Cost Increases	0.2M
Total Increase in 2024 Budget over prior year	\$ 8.4M

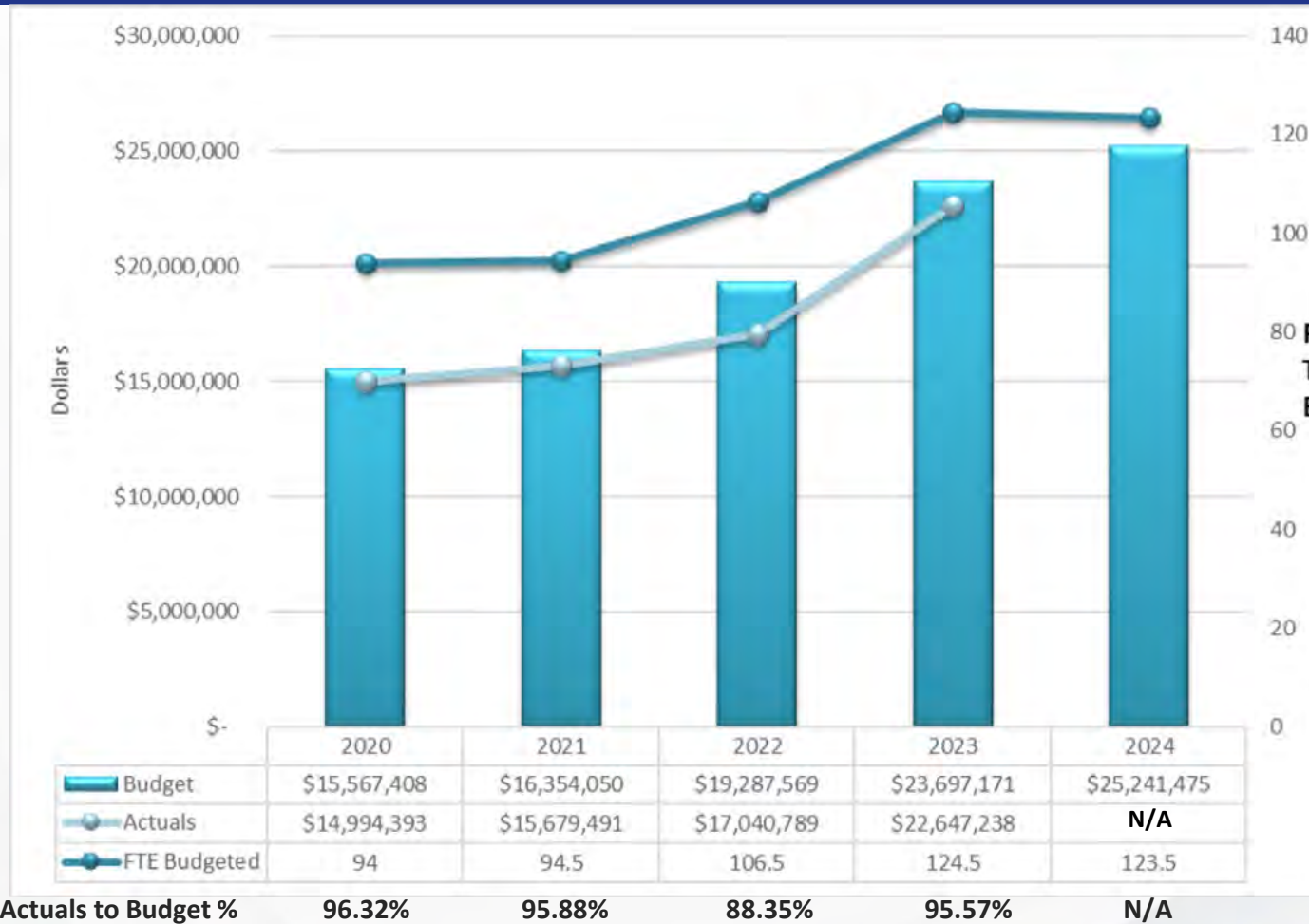
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FY 2024 Existing Staffing Plan \$25,241,475



Budget versus Actuals Trend Personnel Costs and FTE's



Amounts may include immaterial rounding differences

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Increase in Budgeted Personnel Costs

Description	Amount
Salary Growth/Adjustments	\$1.3 M
Increase in Retirement Contribution Rate and Other Personnel Costs (average fringe benefit factor 55%)	\$0.2 M
Total Increase in Budget from Prior Year	\$1.5 M

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Board Compensation Policy

OCERS' Direct

- **Purpose and Background**

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

- **Compensation Program**

- CEO manages salaries within approved salary ranges using the Board approved performance-based system:
 1. Meets Expectations receives salary increase equal to the Employer Cost Index (base increase)
 2. Exceeds Expectations receives base increase plus one Merit Step (Merit Step = 2.75%)
 3. Exceptional receives base increase plus two Merit Steps
- Salary ranges will be reviewed at least every five years to ensure they remain competitive
- Salary ranges are increased annually based on the Employer Cost Index (2024 = 4.6%)



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Investment Incentive Compensation Policy

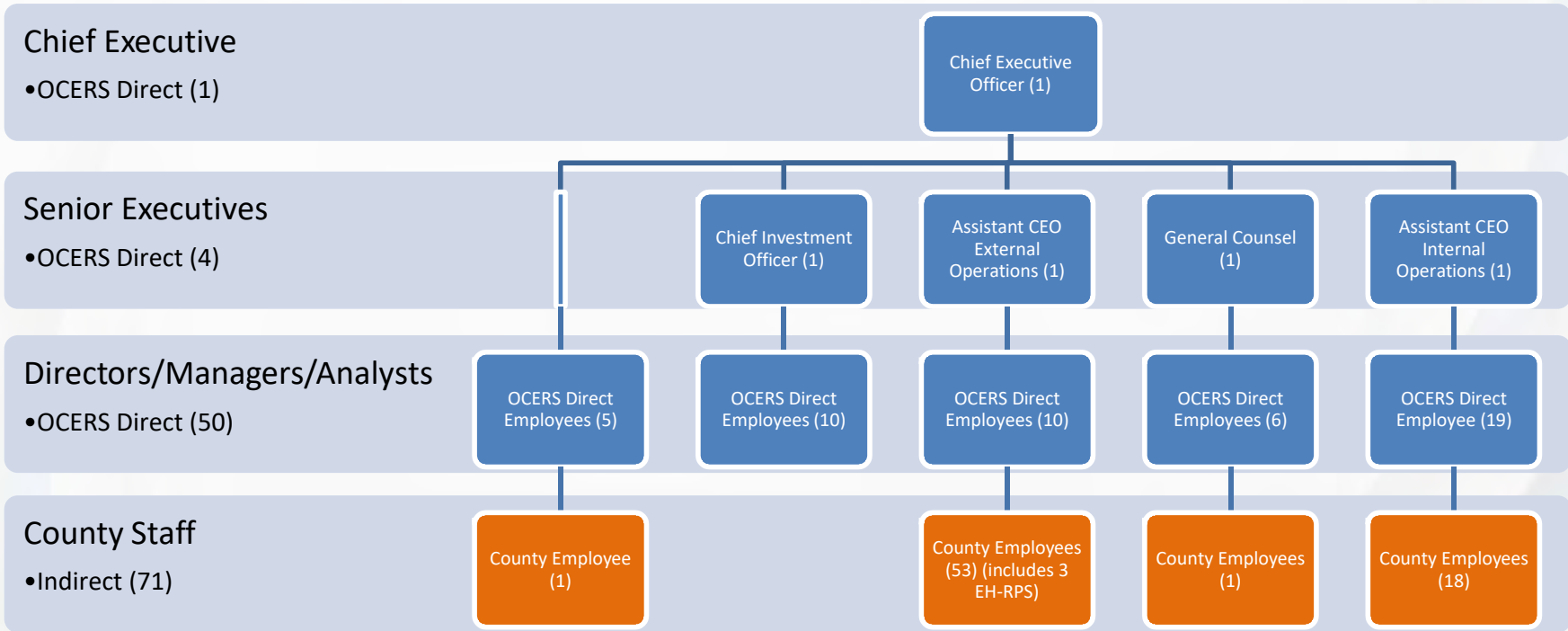
- Purpose and Background
 - Create and maintain a pay structure that attracts, develops and retains strong leaders who achieve results and model and promote OCERS' mission and values
 - Program aims to reward all OCERS Direct employees serving in the Investment Division and depending on the position, can earn incentive pay up to the maximum of base salary ranging from 20% to 75%
- Compensation Program
 - Eligible employees must meet three requirements: 1) Achieve a “Meets Expectations” review in the annual performance evaluation; 2) Serve as a covered employee in the Investment Division for a full calendar year prior to the end of the computation period; and 3) Continue to be employed as a covered employee in the Investment Division at the time of payment
 - Program is designed around three components:
 1. **Portfolio Excess Return vs Benchmark (0-50%):** Employee earns 10% of their maximum payout for each 25 basis points of alpha generated by the OCERS' total portfolio, up to 50% of maximum payout
 2. **Risk-adjusted return (Sharpe Ratio) (0-30%):** Employee earns 10% of their maximum payout if the Sharpe Ratio of OCERS' Total Portfolio exceeds the Benchmark; employee earns 10% of their maximum payout if OCERS Total Portfolio Sharpe Ratio exceeds the median Sharpe Ratio of the public pension group, with an additional 10% credited for a first quartile Sharpe ratio, relative to peers
 3. **Annual Employee Performance Appraisal (0-20%):** Employee earns 0% of maximum payout for “Meets”; 10% of maximum payout for “Exceeds”; and 20% of maximum payout for “Exceptional”
 - Calculated incentive is paid over two payments: Year 1: first 50% of the annual award is paid within 60 days of the calculation; Year 2: remaining 50% of the annual award paid in calendar year following the first payment, prior to March 31 of that year
- Estimated Investment Incentive Pay for 2024 - \$425,000



OCERS

2024 Organization Chart

(125 team members, 123.5 FTE)



Staffing Plan
 125 Budgeted Positions
 (includes 3 Part-time Extra Help in Member Services)



OCERS Direct Employees Salary Ranges, adjusted 4.6% by ECI at 9/30/2023

OCERS Employee Position	Current Annual Minimum	Revised Annual Minimum	Current Annual Midpoint	Revised Annual Midpoint	Current Annual Maximum	Revised Annual Maximum
Chief Investment Officer	\$308,617	\$322,813	\$393,487	\$411,587	\$478,356	\$500,360
General Counsel	\$214,969	\$224,858	\$274,086	\$286,694	\$333,203	\$348,530
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Staff Analyst**	\$83,959	\$87,821	\$102,850	\$107,581	\$121,740	\$127,340

* Director position includes all director level positions, except the Investment Department.

**Staff Analyst position is included in the Finance, Human Resources, Investment, Information Security, Legal and Member Services Departments.

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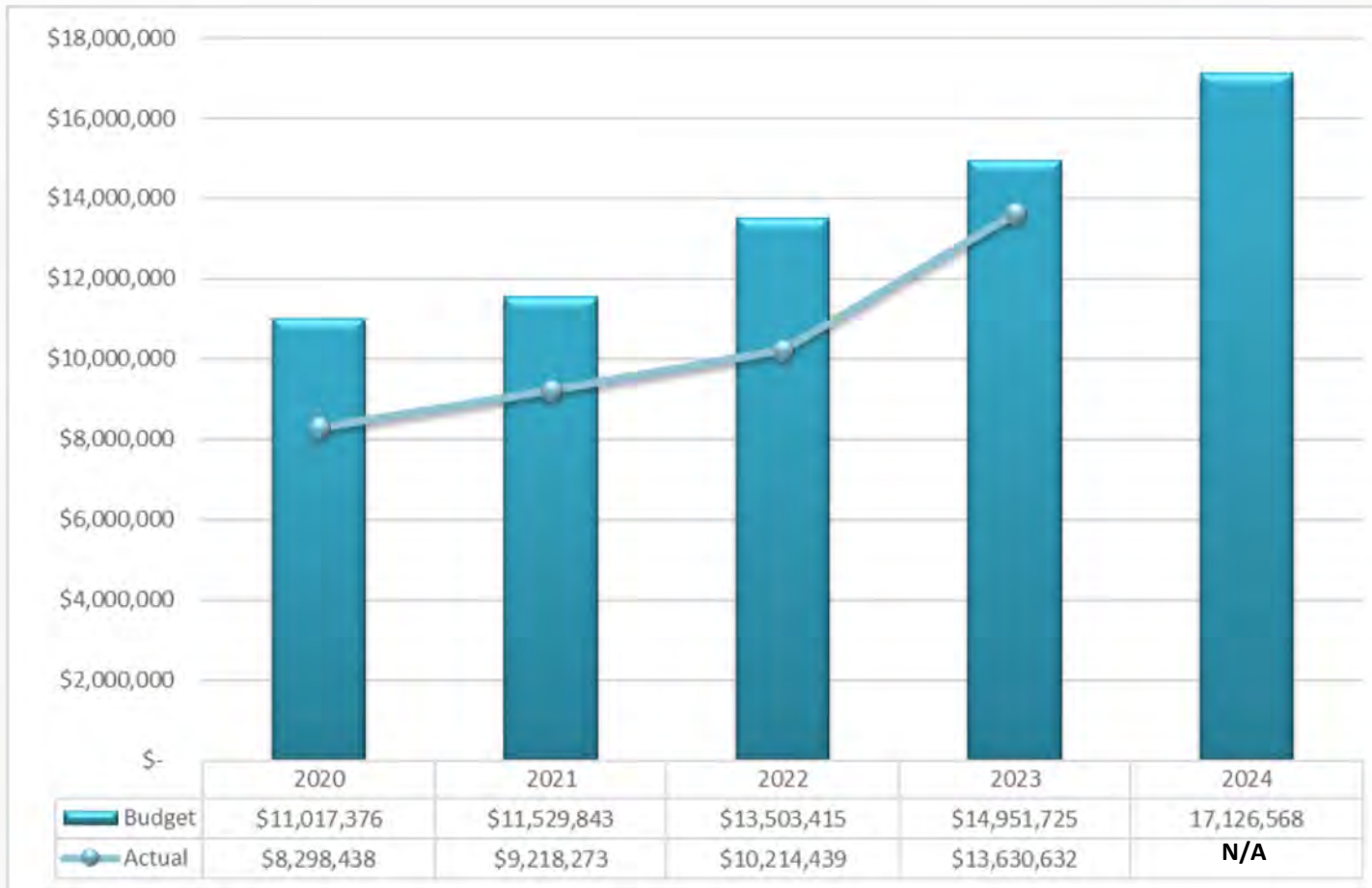


Services and Supplies

\$17,126,568



Budget versus Actuals - Trend Services and Supplies



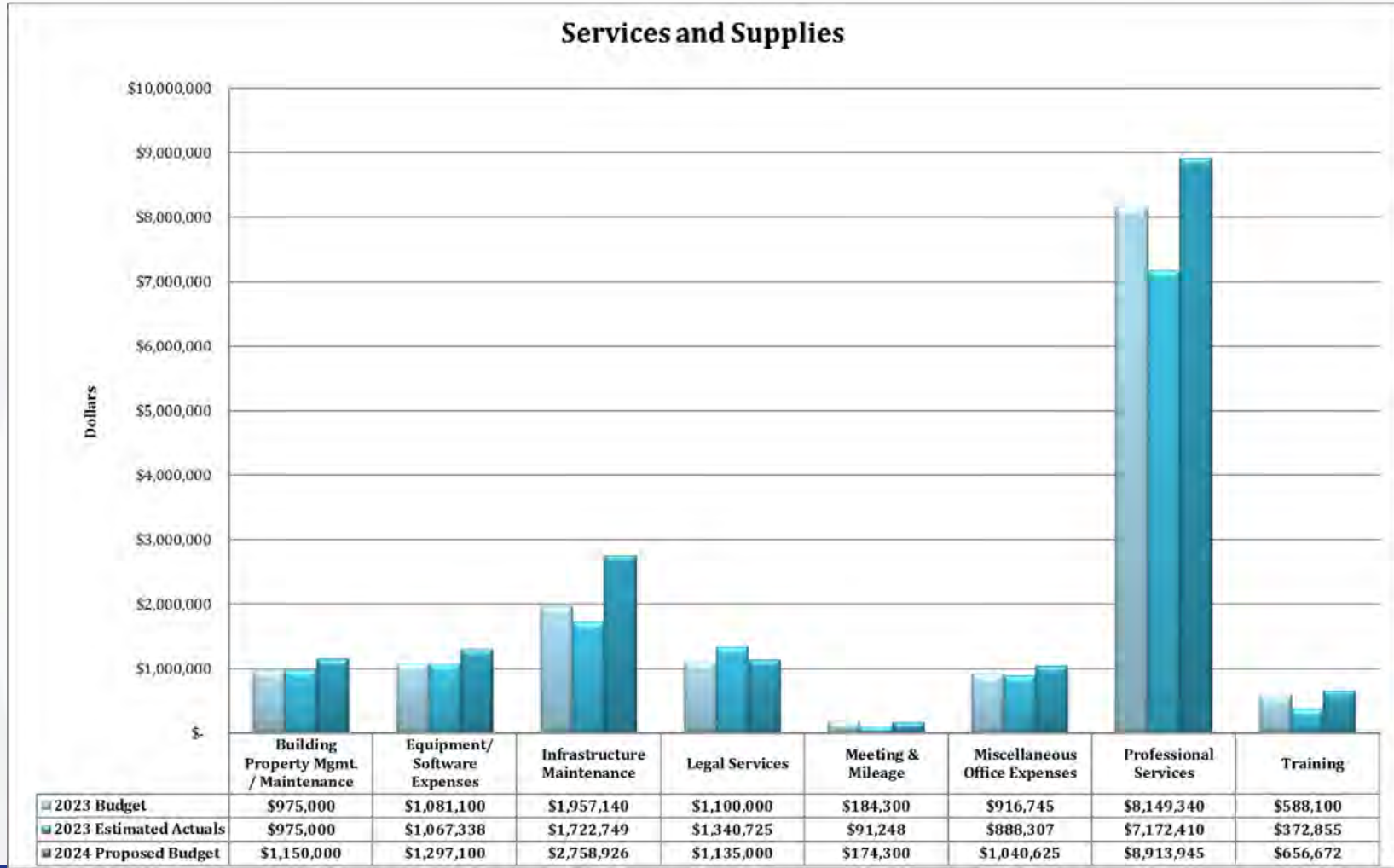
Actual to Budget % **75.32%** **79.95%** **75.64%** **91.16%** **N/A**

Amounts may include immaterial rounding differences

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Services and Supplies Proposed versus Estimated Actuals



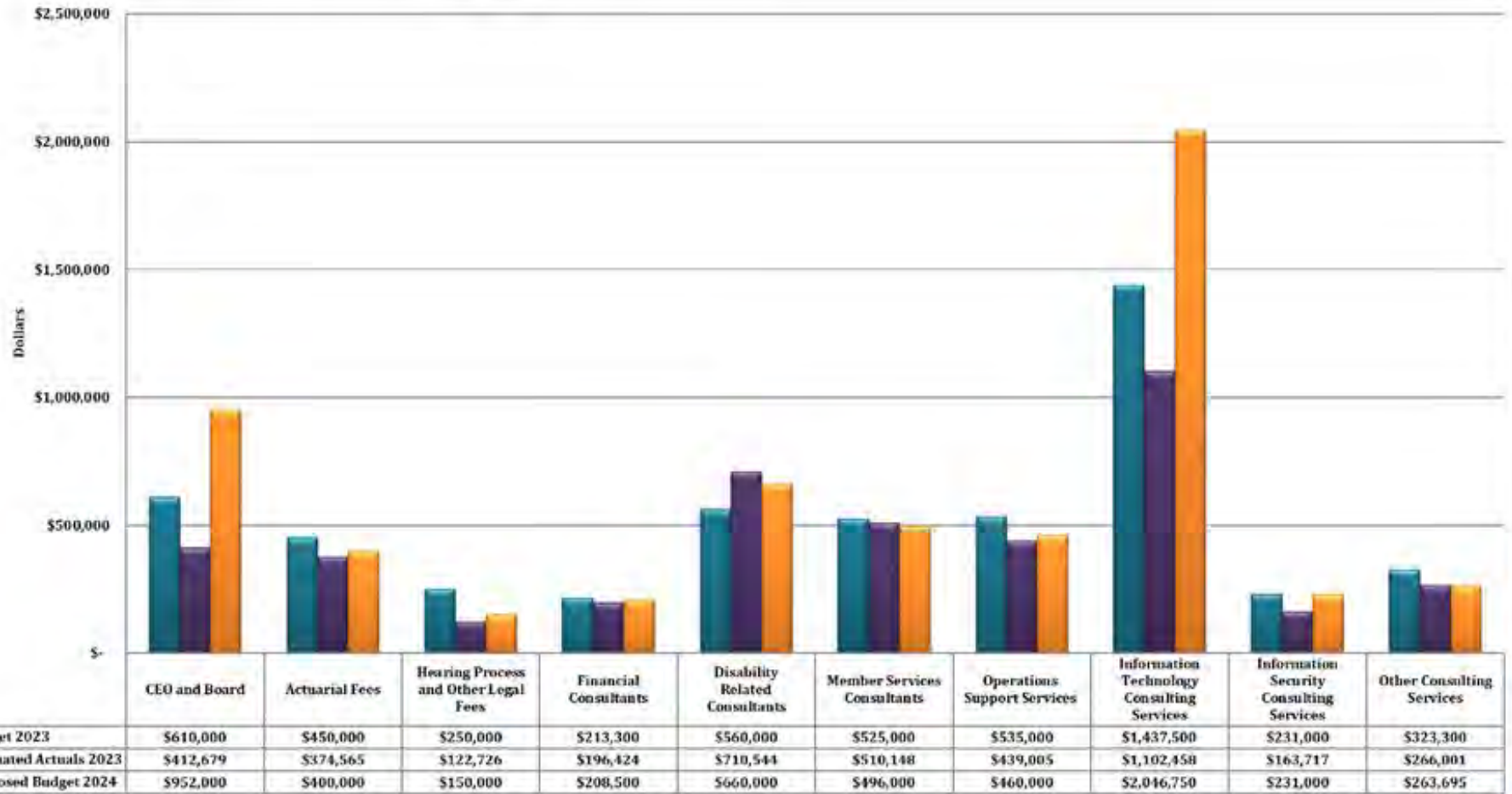
Amounts may include immaterial rounding differences

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Professional Services Administration

Professional Services-Administration (excludes investment services)
\$5,867,945

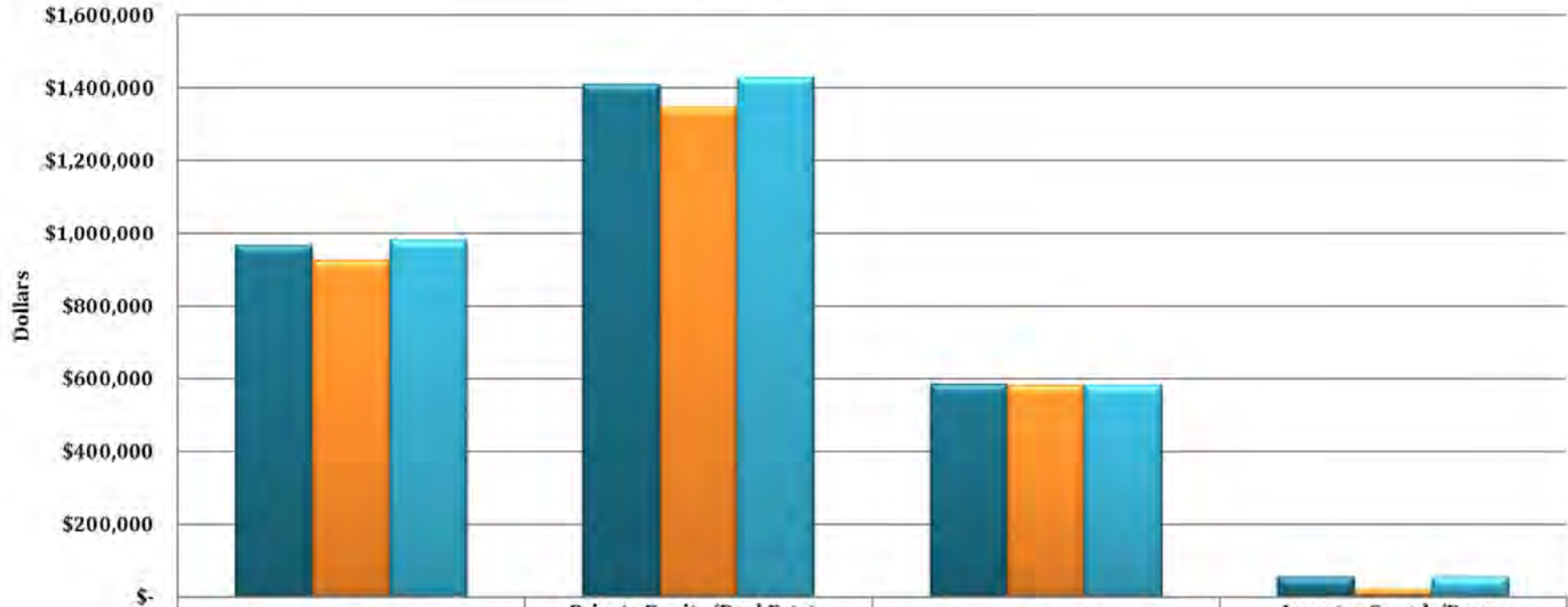


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Professional Services Investments

Professional Services-Investments \$3,046,000

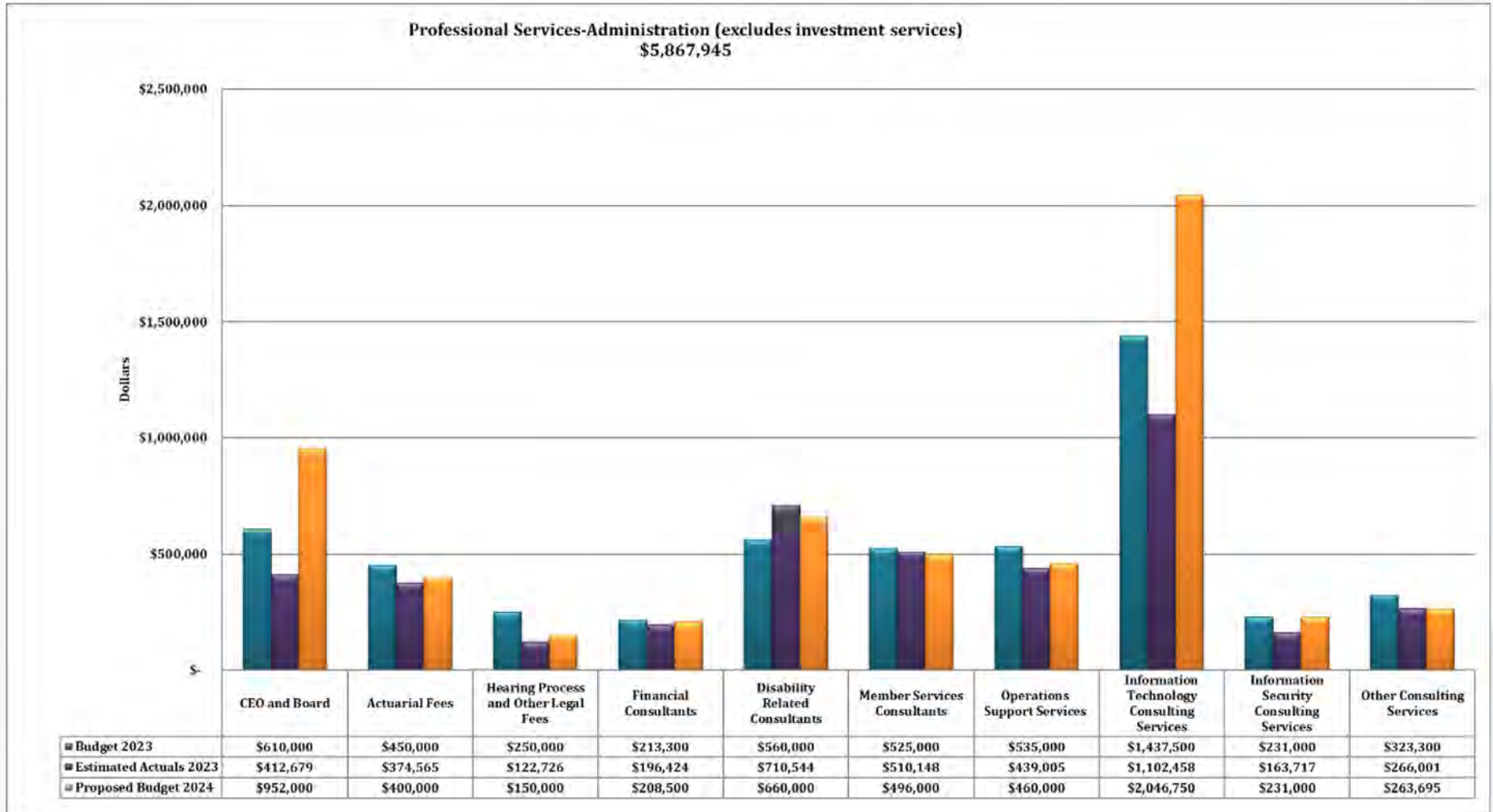


	Investment Consultant	Private Equity/Real Estate Consultants	Custodial Bank Fees	Investor Search/Proxy Services/Other
■ Budget 2023	\$965,650	\$1,408,330	\$585,000	\$55,260
■ Estimated Actuals 2023	\$925,512	\$1,347,613	\$580,000	\$21,018
■ Proposed Budget 2024	\$981,000	\$1,430,000	\$580,000	\$55,000

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Services and Supplies Proposed versus Estimated Actuals



Amounts may include immaterial rounding differences

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Increase in Infrastructure Maintenance

Description	Amount
Departmental Cloud Subscriptions	\$175,000
Infrastructure PAS Maintenance	152,000
Intelligent Automation Research & Development	150,000
Azure Services	100,000
Microsoft Assurance Services	62,000
Data Storage Support	60,000
Various other software, hardware, licensing, maintenance, support and security	103,000
Total increase from 2023 Budget to 2024 Proposed Budget	\$802,000

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Capital Expenditures

\$5,925,000



Budget vs. Actuals Trend Capital Expenditures



Actual to Budget %	31.06%	0%	59.27%	72.82%	N/A
--------------------	--------	----	--------	--------	-----

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Capital Expenditures

➤ New Headquarter Building Costs	\$5,100,000
➤ Current Building and Property Improvements	475,000
➤ Interior Workspaces	300,000
➤ Data Center EOL Server Virtualization (cont'd)	<u>50,000</u>
	\$5,925,000



21 Basis Points Test

Orange County Employees Retirement System 21 Basis Points for Budget Year 2024

Projected actuarial accrued liability as of December 31, 2023	\$26,477,040,000
21 basis points of projected actuarial accrued liability	55,601,784
FY24 proposed budget amount subject to 21 basis points limitation ¹	29,305,535
Amount under 21 basis points	\$26,296,249
Budgeted amount expressed as basis points of projected actuarial accrued liability-FY24	11.07
Budgeted amount expressed as basis points of projected actuarial accrued liability-FY23	10.73

¹ Reconciliation of amount subject to 21 basis points limitation:

Total FY24 Proposed Budget	\$ 48,293,043
Less: Investment Expenses	(8,423,586)
Total FY24 Proposed Administrative Budget	39,869,457
Plus: Depreciation Expense	227,854
Less: Information Technology and Information Security Expenses	(4,866,776)
Less: All Capital Expenditures	(5,925,000)
FY24 proposed budget amount subject to 21 basis points limitation	\$ 29,305,535

21 Basis Point History					
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>
21 Basis Points	9.04	8.86	9.75	10.73	11.07



End of Presentation

Questions?

Brenda Shott, Assistant CEO
Tracy Bowman, Director of Finance

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2024
ADMINISTRATIVE BUDGET

TABLE OF CONTENTS

Section I – Introduction	3
Section II – Budget Policies and Process.....	5
Section III – Executive Summary - 2024 Administrative Budget	6
Section IV –2024 Administrative Budget	9
Appendix	17
A - 2024 Administrative Budget Detail by Department	
B - Current Organization Chart	
2024 Personnel Cost Budget	
C - 21 Basis Points for Budget Year 2024	
D - 5 Year Budget Comparison	
5 Year Actuals Compared to Proposed Budget	
5 Years 2024 Proposed Budget Compared to Actuals by Category	
E - Historical Statistics	
F - OCERS' Direct Employees Salary Ranges	

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

SECTION I – INTRODUCTION

The 2024 Administrative Budget was developed based on the 2024 Business Plan which is directly linked to the 2024-2026 Strategic Plan. OCERS' Mission Statement, Vision Statement, and Values are the foundation for all three documents:

Mission Statement:

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

Vision Statement:

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

Values:

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

The 2024 Administrative Budget reflects OCERS' continued commitment to:

- ∑ Balance the costs of future pension payments with expected future investment risks and returns*
- ∑ Deliver accurate benefits to our members and their beneficiaries ensuring payments are received on time every time*
- ∑ Cultivate compliance and risk management functions throughout the enterprise*
- ∑ Cultivate a collaborative, inclusive, and creative culture where employees are empowered and communicate freely while recruiting and retaining top talent*
- ∑ Improve the effectiveness and efficiency of the Board and staff by clarifying roles and responsibilities, improving oversight, enhancing accountability, and improving decision making*

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

These strategic goals were outlined in the 2024-2026 Strategic Plan and 2024 Business Plan presented to the Board at the Strategic Planning Meeting held on September 13-14, 2023 and formally adopted by the Board at the Regular Board Meeting held on October 16, 2023.

On October 26, 2023, the Personnel Committee met to discuss the 2024 Staffing Plan. Due to the number of positions being requested, the members of the committee directed staff to bifurcate the approval of the additional 2024 staff positions from the proposed Administrative Budget for FY24. The Personnel Committee will meet on November 15, 2023 for further discussion of a revised 2024 Staffing Plan; based on the direction that staff receives at this meeting, a revised 2024 Staffing Plan and an amendment to the 2024 Administrative Budget for the related costs will be presented separately for approval at the Regular Board meeting to be held on December 11, 2023.

The proposed 2024 Administrative Budget being presented was developed to include the funding of business plan initiatives to help OCERS achieve its strategic goals. Many of the business plan initiatives focus on providing excellent service and support with the objective to continuously improve business processes and procedures to be efficient and effective. These initiatives align with the continuation of the long-term strategic goal of 100% benefit accuracy by using some form of intelligent automation such as Robotic Process Automation (RPA), Machine Learning (ML) and Artificial Intelligence (AI). As part of this long-term initiative (referred to as "Vision 2030"), the budget includes funding for the continuation of implementing RPA to streamline routine tasks for identified use cases; continuation of the master repository project to fully develop and document business processes that will lay a foundation for designing a new pension administration system; carry over of costs for procuring a new electronic content and document management system primarily for the purpose of retrieving and viewing stored member documents; and a consultant to assist with the procurement of the next generation pension administration system that will utilize technologies such as RPA, ML and AI.

The budget also includes funding for other business initiatives related to providing excellent service and support with the objective of providing world-class service and support to our employers, members, and payees. These initiatives include the continued implementation of the Alameda decision, as well as finalizing a dedicated call center.

Other business plan initiatives with a budget impact focus on risk management with the objective of providing a safe and secure workspace and public service facility, including designing and building a replacement OCERS headquarters facility. The budget also includes a talent management initiative with an emphasis on recruiting and retaining a diverse high-performing workforce to meet organizational priorities. This includes continuing the classification and compensation study of the County positions at OCERS, in partnership with the County of Orange.

2024 Administrative Budget Summary

Staff recommends a 2024 Administrative Budget of \$48,293,043 which is:

- ∑ \$8.4 million or 21.1% greater than the 2023 Budget
- ∑ \$11.1 million or 29.9% greater than 2023 estimated actuals

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

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

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

OCERS budgeting authority is regulated by California Government Code Sections 31580.2 and 31596.1. A notable provision within the regulations is that OCERS' budget for administrative expenses (which excludes investment-related costs and expenditures for computer software, hardware, and related technology consulting services) is limited to twenty-one hundredths of one percent of the accrued actuarial liability of the retirement system (commonly referred to as the 21-basis point test). The FY24 Administrative Budget represents 11.07 basis points of the projected actuarial accrued liability. See *Appendix C* for the 21-basis point test calculation.

The OCERS' Budget Approval Policy provides the purpose, roles and guidelines related to approving the annual budget for covering the expenses of administering the retirement system including the authority of the Chief Executive Officer, or the Assistant CEO, Finance & Internal Operations, to transfer funds within the three broad categories of the budget: 1) Personnel Costs, 2) Services and Supplies, and 3) Capital Expenditures. Funds may not be moved from one category to another without approval from the Board of Retirement. In addition, any increases to the total approved budget resulting in a budget amendment must be approved by the Board of Retirement.

Budget Process

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

Once the CEO agrees upon the budget requests, any proposed business plan goals/initiatives with a budget impact are incorporated into the Business Plan for the upcoming fiscal year and presented to the Board at its annual Strategic Planning Meeting in September for discussion and feedback. The final version of the Business Plan is approved by the Board in October.

The Personnel Committee meets to consider changes to the OCERS Staffing Plan and compensation-related policies. The Board is provided the opportunity to discuss and take action on the Personnel Committee's recommendations at a regularly scheduled meeting. The Board's actions and any feedback is incorporated into the proposed final version of the administrative budget and submitted for final adoption at the regularly scheduled Board Meeting held in November. If additional time for discussion and consideration is needed, final adoption may be deferred until the regularly scheduled Board Meeting held in December.

SECTION III – EXECUTIVE SUMMARY - 2024 ADMINISTRATIVE BUDGET

The overall administrative budget for 2024 in the amount of \$48,293,043 is summarized by the following categories of expenses:

- ∑ Personnel Costs - \$25,241,475
- ∑ Services and Supplies - \$17,126,568
- ∑ Capital Expenditures - \$5,925,000

The 2024 Administrative Budget is based on estimates of anticipated expenses for personnel costs, services and supplies, and capital expenditures. It includes the costs of carrying out the current level of services, activities, initiatives, and projects approved by OCERS' Board. At the request of the Personnel Committee during the October 26, 2023 Personnel Committee meeting, a revised 2024 Staffing Plan will be presented separately for approval and inclusion in the 2024 Administrative Budget at the December 11, 2023 Regular Board Meeting.

Notable components in the 2024 Administrative Budget include:

Personnel Costs:

- ∑ Salaries are budgeted at \$14,111,000 based on current staffing levels consisting of 125 (123.5 FTE) budgeted positions.
 - If the Board approves a revised 2024 Staffing Plan that results in staffing changes, any budget impact will be added to the 2024 Administrative Budget through an amendment to also be approved by the Board. The approved changes will be added as an appendix to this document.
- ∑ An average fringe benefit rate of 55% of total salaries - \$8,770,000
- ∑ Performance based salary adjustments for OCERS' direct employees eligible to participate in the annual Performance Management Program based on the Board approved Compensation Policy:
 - A base salary increase of 4.6% equal to the increase in the Employer Cost Index for Salaries and Wages for the previous 12-month period ending September 30, 2023, as published by the U.S. Department of Labor, Bureau of Labor Statistics, for employees whose performance meet expectations; a base increase of 4.6% plus a merit increase of 2.75% for employees whose performance exceeds expectations; and a base increase of 4.6% plus two merit increases totaling 5.50% (2.75% x2) for employees whose performance was exceptional. Merit increases are limited to the maximum approved salary range for each position. The estimated annual cost for these salary adjustments is \$668,000
- ∑ Estimated bonuses to be paid to eligible Investment Team Members under an incentive compensation program outlined in the Board approved Incentive Compensation Policy - \$425,000

- ∑ Step increases for approximately 29 County staff not at the top of the established salary range and across the board mid-year 4.25% salary increases for all County staff as dictated by County MOU - \$245,000
- ∑ Accrued Annual Leave - \$524,000
- ∑ Temporary Help - \$218,000
- ∑ Pay item of 5.5% of salary for employees obtaining the designations of Chartered Financial Analyst, Certified Professional Accountant, Certified Information Systems Security Professional, Certified Internal Auditor and SHRM-Senior Certified Professional - \$160,000
- ∑ Overtime - \$105,000
- ∑ Board Allowance - \$16,000

Services and Supplies:

- ∑ New recurring expenses include the following infrastructure expenses:
 - Intelligence Automation Tools - \$150,000
 - Enterprise Project Management Tool - \$50,000
 - Additional Dialpad licenses for AI add-ons for Member Services - \$32,000
 - Disability Case Management System - \$17,000
- ∑ Non-recurring expenses, including 2024 Business Plan Initiatives with an associated implementation cost:
 - Continue the development of RPA to streamline routine tasks for identified use cases - \$650,000
 - Master repository project to fully develop and document business processes that will lay a foundation for designing a new pension administration system - \$650,000
 - Alameda Calculation Consultant - \$441,000
 - Consulting for new pension administration system - \$250,000
 - Electronic content and document management system - \$250,000
 - Alameda Program Manager - \$100,000
 - Review and rewrite where appropriate classification specifications and compensation ranges of County level team members - \$45,000
 - DEI strategies - \$30,000
 - Create a dedicated call center - \$20,000
- ∑ Other non-recurring expenses includes the following software expense:
 - Test automation solution - \$150,000

Capital Expenditures:

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

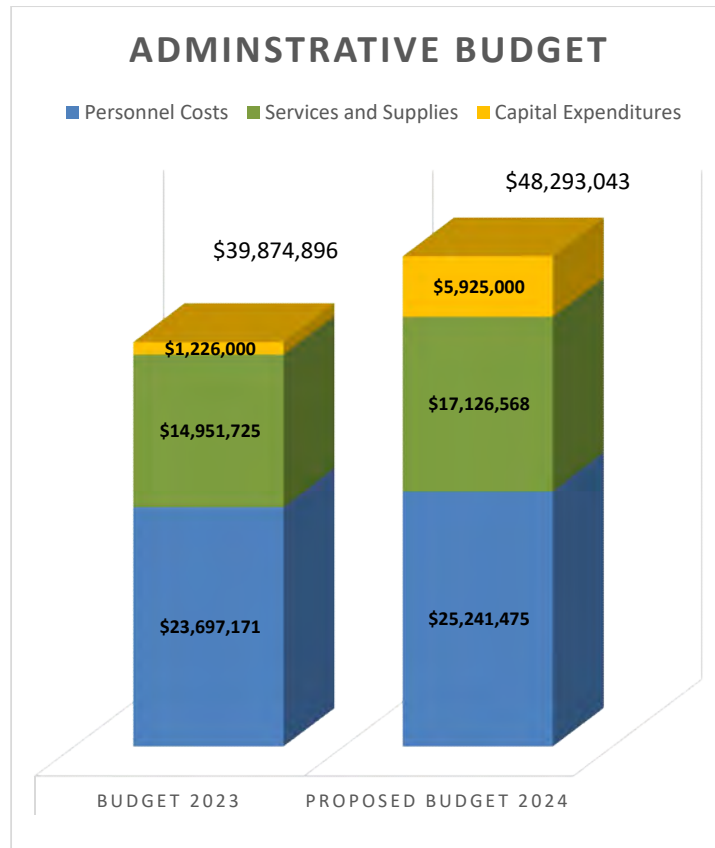
- Σ Design and build a replacement OCERS headquarters facility (year 2 estimated cost) - \$5.1 million
- Σ Scheduled existing building and property improvements - \$475,000
- Σ Interior workspaces - \$300,000

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

- Σ Complete replacement of end-of-life server virtualization platform (year 2 cost) - \$50,000

SECTION IV –2024 ADMINISTRATIVE BUDGET

Comparison to 2023 Administrative Budget



The total administrative budget for 2024 is \$48.3 million, representing a total increase of \$8.4 million or 21.1% from the 2023 Budget of \$39.9 million. The increase can be attributed to an increase in personnel costs of \$1.5 million primarily due to an increase in salaries, employer pension contributions, health care costs and funding for FY24 salary adjustments. Additionally, services and supplies increased \$2.2 million primarily related to professional services and infrastructure maintenance. Capital expenditures increased by \$4.7 million due to costs budgeted for the current year towards the design and building of a new OCERS headquarters facility. A detailed comparison between the FY24 Proposed Administrative Budget and FY23 Administrative Budget, as well as FY23 estimated actuals, are discussed further in the following *Administrative Budget Summary*.

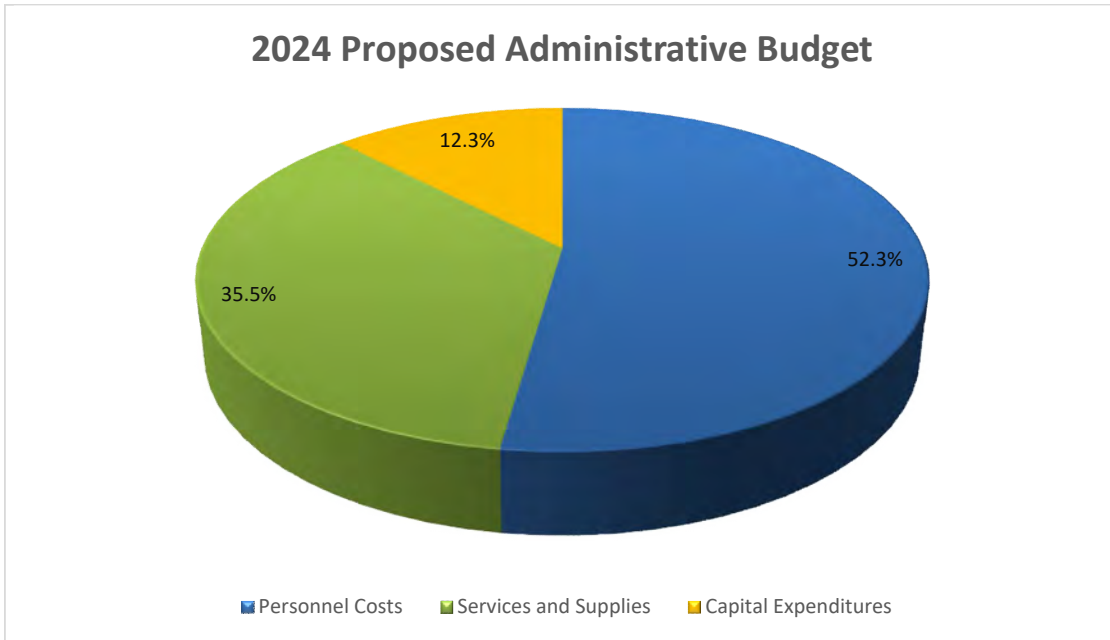
Administrative Budget Summary

The Administrative Budget is prepared in accordance with the limits of Section 31580.2 of the County Employees Act of 1937 which limits the budget to twenty-one hundredths of one percent of the accrued actuarial liability of the retirement system (commonly referred to as the 21 basis point test), excluding from the FY24 Administrative Budget investment-related costs of \$8.4 million; expenditures for computer software, hardware and related technology consulting services totaling \$4.9 million; capital expenditures totaling \$5.9 million, and adding in depreciation for non-technology capital assets of \$228,000. The 2024 Administrative Budget, at 11.07 basis points, is \$26.3 million under the cap limit of \$55.6 million (see *Appendix C – 21 Basis Points for Budget Year 2024*).

A summary of the FY23 Administrative Budget compared to FY23 estimated actuals and the FY24 Proposed Administrative Budget compared to FY23 estimated actuals is provided below:

	Budget 2023	Estimated Actuals 2023	2023 (Over)/Under Budget	Proposed Budget 2024	2024 Proposed Budget vs. 2023 Estimated Actuals	
Personnel Costs	\$23,697,171	\$22,647,238	\$1,049,933	\$25,241,475	\$2,594,237	11.5%
Services and Supplies						
Building Prop Mgmt/Maint	975,000	975,000	0	1,150,000	175,000	17.9%
Due Diligence Meetings	130,000	41,357	88,643	100,000	58,643	141.8%
Equipment and Software	1,081,100	1,067,338	13,762	1,297,100	229,762	21.5%
Infrastructure Maintenance	1,957,140	1,722,749	234,391	2,758,926	1,036,177	60.1%
Legal Services	1,100,000	1,340,725	(240,725)	1,135,000	(205,725)	-15.3%
Meetings and Related Costs	54,300	49,891	4,409	74,300	24,409	48.9%
Miscellaneous Office Expense	916,745	888,307	28,438	1,040,625	152,318	17.1%
Professional Services	8,149,340	7,172,410	976,930	8,913,945	1,741,535	24.3%
Training	588,100	372,855	215,245	656,672	283,817	76.1%
Services and Supplies	14,951,725	13,630,632	1,321,093	17,126,568	3,495,936	25.6%
Capital Expenditures*	1,226,000	892,794	333,206	5,925,000	5,032,206	563.6%
Administrative Expense Total	\$39,874,896	\$37,170,665	\$2,704,231	\$48,293,043	\$11,122,378	29.9%

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



Personnel Costs

A summary of the FY23 budgeted personnel costs compared to FY23 estimated actuals and the FY24 proposed budgeted personnel costs compared to FY23 estimated actuals is provided below:

	Budget 2023	Estimated Actuals 2023	2023 (Over)/Under Budget	Proposed Budget 2024	2024 Proposed Budget vs. 2023 Estimated Actuals	
Personnel Costs:						
Annual Salary	\$13,330,235	\$12,634,483	\$695,752	\$14,110,567	\$1,476,084	11.7%
Fringe Benefits	8,439,028	7,854,424	584,604	8,769,823	915,399	11.7%
Salary Adjustments*	739,414	739,414	0	912,741	173,327	23.4%
Investment Incentive Pay	220,000	478,271	(258,271)	425,000	(53,271)	-11.1%
Leave Payout	379,914	323,674	56,240	524,074	200,400	61.9%
Temp Help	331,682	240,356	91,326	217,800	(22,556)	-9.4%
Overtime	106,000	226,642	(120,642)	105,000	(121,642)	-53.7%
Certification Pay	134,897	139,673	(4,776)	160,475	20,802	14.9%
Board Allowance	16,000	10,300	5,700	16,000	5,700	55.3%
Total Personnel Costs	\$23,697,171	\$22,647,237	\$1,049,933	\$25,241,480	\$2,594,243	11.5%

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

The proposed budget for personnel costs, excluding additional 2024 staff positions, was developed based on OCERS' Compensation Policy for direct employees; the most recent

Memorandum of Understanding between the County of Orange and the Orange County Employees Association applicable to County employees working at OCERS; and the incentive compensation program for eligible investment team members as outlined in the Incentive Compensation Policy.

Personnel Costs for 2024 are \$25.2 million and represent 52.3% of the total Administrative Budget. Personnel costs are detailed by department in *Appendix B - OCERS Personnel Cost Budget 2024* and include salaries, fringe benefits (e.g., health insurances, pension contributions, retiree medical plans, deferred compensation, and tuition reimbursement), salary adjustments, leave payout, temporary help costs, overtime, certification pay for Board approved certifications, and Board allowance for meeting attendance.

The total budget for personnel costs is \$2.6 million or 11.5% higher than the FY23 estimated actuals for personnel costs. The increase is attributed to performance and salary adjustments of \$739,000 that were granted in FY23 being included in annual salary in FY24. In addition, there were vacant positions that took longer to fill than anticipated or remained unfilled for most of FY23, including a Chief Compliance Officer, three Staff Attorneys, Cybersecurity Analyst, Director of Communications, and several positions in Member Services and IT. The increase in personnel costs is also due to higher fringe benefits which increased by \$915,000 primarily due to higher employer pension contribution rates and health care costs, as well as the impact of higher salaries. The increase in staff and higher salaries has also resulted in an increase of \$200,000 for anticipated leave payouts.

Investment incentive pay was over budget in FY23 by \$258,000 due to only the first-year portion of the FY23 incentive payout being budgeted in comparison to estimated actuals which reflects both the first-year payout and the accrual of the second-year payout for FY23, which was earned in 2023, but will be paid in 2024. The budget for this item in FY24 reflects both the estimated first-year and second-year payout for FY24 and is anticipated to be slightly lower than FY23 due to projected lower returns compared to benchmarks used in the incentive compensation calculation. Overtime was also over budget in FY23 by \$121,000 and is attributed to the vacant positions in Member Services.

The FY24 Administrative Budget for personnel costs includes the following components:

- ∑ Salaries are budgeted at \$14,111,000 based on current staffing levels consisting of 125 (123.5 FTE) budgeted positions.
 - If the Board approves a revised 2024 Staffing Plan that results in staffing changes, any budget impact will be added to the 2024 Administrative Budget through an amendment to also be approved by the Board. The approved changes will be added as an appendix to this document.

- ∑ An average fringe benefit rate of 55% of total salaries - \$8,770,000

- ∑ Performance based salary adjustments for OCERS' direct employees eligible to participate in the annual Performance Management Program based on the Board approved Compensation Policy:
 - A base salary increase of 4.6% equal to the increase in the Employer Cost Index for Salaries and Wages for the previous 12-month period ending September 30, 2023, as published by the U.S. Department of Labor, Bureau of Labor Statistics, for employees whose performance meet expectations; a base increase of 4.6% plus a merit increase of 2.75% for employees whose performance exceeds expectations; and a base increase of 4.6% plus two merit increases totaling 5.50% (2.75% x2) for employees whose performance was exceptional. Merit increases are limited to the maximum approved salary range for each position. The estimated annual cost for these salary adjustments is \$668,000

- ∑ Estimated bonuses to be paid to eligible Investment Team Members under an incentive compensation program outlined in the Board approved Incentive Compensation Policy - \$425,000
- ∑ Step increases for approximately 29 County staff not at the top of the established salary range and across the board mid-year 4.25% salary increases for all County staff as dictated by County MOU - \$245,000

- ∑ Accrued Annual Leave - \$524,000

- ∑ Temporary Help - \$218,000

- ∑ Pay item of 5.5% of salary for employees obtaining the designations of Chartered Financial Analyst, Certified Professional Accountant, Certified Information Systems Security Professional, Certified Internal Auditor and SHRM-Senior Certified Professional - \$160,000

- ∑ Overtime - \$105,000

- ∑ Board Allowance - \$16,000

The full list of budgeted positions and the related budgeted costs can be found in *Appendix B - OCERS Personnel Cost Budget 2024*.

Salary Ranges

In accordance with OCERS' Compensation Policy, adopted October 21, 2013 and revised on June 21 2021, the CEO will be responsible for ensuring that the Board-approved salary ranges are reviewed at least every five years to ensure that they remain competitive, and will promptly inform the Board of the results of each such review. The CEO may retain a compensation consultant for purposes of undertaking this review. If the CEO believes adjustments to the salary ranges may be necessary, the CEO will promptly present his or her recommendations to the Board for the Board's approval of any adjustments to the salary ranges. In each year in which

salary ranges are not reviewed, the salary ranges will be automatically increased by the amount, if any, of the increase in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics. Salary adjustments are made through the Performance Management Program as previously discussed. For details of all OCERS' direct salary ranges please refer to *Appendix F – OCERS' Direct Employees Salary Ranges*

Services and Supplies

Services and Supplies costs for 2024 are \$17.1 million, which is 35.5% of the total Administrative Budget. Included in Services and Supplies are administrative and investment professional services, legal services, equipment expenses (other than those that are capitalized on OCERS' as assets that will be depreciated over time and budgeted as a capital expenditure), infrastructure maintenance costs, office expenses, training, and meetings and related costs. These expenses are broken down by department in *Appendix A – 2024 Administration Budget Detail by Department* and summarized below:

- ∑ **Building Management and Maintenance** budgeted at \$1,150,000 represents 2.4% of the overall Administrative Budget and is related to funds provided to the property manager of OCERS' Headquarters building to manage and maintain the building. Expenses include property management fees, security, utilities, property taxes, insurance, and maintenance contracts. The FY24 budget is \$175,000 higher than FY23 estimated actuals due to higher costs for utilities and building maintenance related to persistent high inflation and an increase in OCERS staff working in the headquarters building.
- ∑ **Due Diligence Meetings** budgeted at \$100,000 represent 0.2% of the total Administrative Budget and consist of travel expense for investment related meetings. The FY24 budget has increased \$59,000 or 141.8% from FY23 estimated actuals due to an increase in investment staff and in anticipation that more in-person meetings will continue to increase during 2024.
- ∑ **Equipment/Software Expenses** budgeted at \$1,297,000 represent 2.7% of the total Administrative Budget. The increase of \$230,000 from FY23 estimated actuals or 21.5% is primarily due to costs to procure an electronic content/document management system at an estimated cost of \$250,000. This system is part of the business initiative to provide excellent service and support with the objective to continuously improve business processes and procedures to be efficient and effective. This category also includes \$430,000 for investment related software; information security software/tools of \$186,000; test automation solutions at an estimated cost of \$150,000; and \$120,000 to procure additional equipment, including new laptops for employees and upgrading tablets for Board members.
- ∑ **Infrastructure Maintenance** budgeted at \$2,759,000 represents 5.7% of the total Administrative Budget and has increased from FY23 estimated actuals by approximately

\$1.0 million, or 60.1%. This increase can be attributed to cost increases and the number of licenses for current cloud subscriptions for various software, including subscriptions for Microsoft-related software licensing, accounting and financial management software, and vendor risk management software totaling \$417,000. This budget category also includes increased fees for pension administration system maintenance consisting of V3 licensing and support of \$523,000, other ongoing V3 related costs including support hours of \$298,000 related to additional hours needed for imaging migration, new end user license agreements (EULA) and enhancing options for member communications on the MSS portal, as well as Oracle consulting, licensing, and support of \$197,000. Other items include cloud subscriptions for various other software, including intelligent automation research and development at \$150,000, as well as hardware and mobile device licensing, maintenance, support, and security.

- Σ **Legal Services** budgeted at \$1,135,000 are 2.4% of the total Administrative Budget and consist of fees paid to OCERS' external fiduciary counsel, labor attorney, litigation counsel, tax attorney, and investment related legal services. These fees are budgeted for use on an as-needed basis and in FY23 legal fees came in higher than expected due to various contract negotiations and disability claims, litigation preparation, as well as a negotiated settlement. The FY24 budget is -\$206,000 or -15.3% lower than FY23 estimated actuals due to an expected decrease in potential litigation costs.
- Σ **Meetings and Related Costs** budgeted at \$74,000 represents 0.2% of the total Administrative Budget. The majority of this expenses relates to Board meeting costs. The budget has increased by \$24,000 or 48.9% compared to FY23 estimated actuals primarily due to the resumption of in-person meetings for all committee and board meetings, as well as employee meetings.
- Σ **Miscellaneous Office Expense** budgeted at \$1.0 million represents 2.2% of the total Administrative Budget and consists of routine office expenses such as telephone, memberships, postage, printing costs, equipment leases, office supplies and periodicals. The FY24 budget is higher than the FY23 budget by \$124,000 and increased from FY23 estimated actuals by approximately \$152,000 or 17.1%, primarily due to budgeting for increases due to additional staffing which impacts office supplies, telephones, and memberships, as well as anticipated higher rates for telecom service plans and internet service costs. There is also an anticipated increase in printing costs for in-house printing of building plans related to the new headquarters building and in-house training programs.
- Σ **Professional Services** budgeted at \$8.9 million represents the largest percentage of Services and Supplies and comprises 18.5% of the total Administrative Budget. This category includes investment-related consulting fees, actuarial and audit fees, medical panel reviews, pension administration system consultants, and other IT related consulting and professional services fees. The overall increase of approximately \$1.7 million or 24.3% from FY23 estimated actuals can be attributed to incurring less costs than anticipated for projects that are currently underway or carried over into FY24. The FY24

budget for this category also includes non-recurring costs that support OCERS' strategic goals, including the following implementation costs to enhance excellent service and support: \$650,000 for a consultant to continue with phase 2 of utilizing RPA to streamline routine tasks for identified use cases; \$650,000 for continuation of the master repository project to fully develop and document business processes that will lay a foundation for programming a new pension administration system; and \$250,000 for a consultant to assist with the procurement of a next generation pension administration system that will utilize intelligent automation technologies such as RPA, ML and AI. This category also includes non-recurring expenses that support other business initiatives related to providing excellent service and support with the objective of providing world-class service and support to our employers, members, and payees; \$441,000 for a consultant to assist with Alameda benefit recalculations, and \$100,000 for a program manager to oversee the Alameda project. The budget also includes \$45,000 to review and rewrite classification specifications and compensation ranges of County level team members in support of the talent management business initiative to have 100% of OCERS employees employed under one agency.

- ∑ **Training** budgeted at \$657,000 represents 1.4% of the total Administrative Budget and encompasses training and conferences attended by the Board and staff. The budget for this category is above the FY23 estimated actuals by approximately \$284,000 or 76.1%. During 2023, most conferences returned to in-person training, and this is expected to continue during FY24. The FY24 budget also includes costs to support talent management business initiatives including \$198,000 to continue implementing a comprehensive training program based on individual needs and career goals that embeds a talent management mindset and creates succession plans across the agency, as well as \$30,000 to continue implementing DEI strategies to reduce turnover and meet the objective of cultivating a collaborative, inclusive and creative culture.

Capital Expenditures

Capital Expenditures for 2024 are \$5.9 million and are 12.3% of the total Administrative Budget. The FY24 budget is higher than the FY23 budget by \$4.7 million and approximately \$5.0 million higher than FY23 estimated actuals. The FY24 budget includes \$5.1 million for estimated amount to be incurred in FY24 towards designing and building a new OCERS headquarters building in support of the business plan initiative related to risk management with the objective of providing a safe and secure workspace and public service facility. Another risk management initiative is \$50,000 for the completion of replacing the end-of life server virtualization platform that meets the objective of providing information systems that support the Agency's administration and operational needs. This category also includes \$475,000 to fund various building and property improvements including the replacement of end-of-life HVAC equipment and implementing water conservation measures in landscaping, as well as \$300,000 for interior workspaces.

APPENDIX

Appendix A

OCERS

Five Year Budget - Department and Account

As of Date:

12/31/2023

Account No. & Name	Year Ended December Budget 2020	Year Ended December Budget 2021	Year Ended December Amended Budget 2022	Year Ended December Budget 2023	Year Ended December Proposed Budget 2024
Administrative Expenses					
D0001 Board					
Board Personnel Costs	\$ 18,900	\$ 18,900	\$ 18,000	\$ 16,000	\$ 16,000
Board Services and Supplies					
61000 - Professional Services	15,120	92,000	100,120	10,000	77,000
66100 - Training and Related Costs	114,000	78,400	126,000	120,000	127,500
66150 - Meetings and Related Costs	24,500	17,500	20,000	20,000	25,000
66200 - Memberships	20,000	20,050	20,050	20,500	43,000
Total Board Services and Supplies	173,620	207,950	266,170	170,500	272,500
Total Board	\$ 192,520	\$ 226,850	\$ 284,170	\$ 186,500	\$ 288,500
D0002 Internal Audit					
Internal Audit Personnel Costs					
Salaries and Wages	283,434	312,789	340,816	548,563	609,186
Fringe Benefits	159,187	165,202	186,464	337,418	352,208
Total Internal Audit Personnel Costs	442,621	477,991	527,280	885,981	961,394
Internal Audit Services and Supplies					
61000 - Professional Services	180,000	134,250	161,840	143,000	83,945
66100 - Training and Related Costs	16,400	10,440	13,900	21,280	19,510
66150 - Meetings and Related Costs	1,350	100	100	100	100
66200 - Memberships	1,500	1,295	1,345	2,495	2,304
66400 - Subscriptions and Periodicals	200	200	100	100	100
Total Internal Audit Services and Supplies	199,450	146,285	177,285	166,975	105,959
Total Internal Audit	\$ 642,071	\$ 624,276	\$ 704,565	\$ 1,052,956	\$ 1,067,353
D0010 Executive					
Executive Personnel Costs					
Salaries and Wages	876,529	971,053	1,060,302	1,261,866	1,411,174
Fringe Benefits	510,953	528,598	582,184	739,177	810,729
Total Executive Personnel Costs	1,387,482	1,499,651	1,642,486	2,001,043	2,221,903
Executive Services and Supplies					
61000 - Professional Services	465,000	265,000	440,000	600,000	875,000
61301 - Actuarial Fees	435,000	400,000	375,000	450,000	400,000
66100 - Training and Related Costs	58,200	45,450	51,100	53,000	71,000
66150 - Meetings and Related Costs	15,000	10,500	14,750	12,000	25,000
66200 - Memberships	4,320	6,350	6,540	28,150	30,000
66400 - Subscriptions and Periodicals	1,450	1,750	800	1,200	1,450
Total Executive Services and Supplies	978,970	729,050	888,190	1,144,350	1,402,450
Total Executive	\$ 2,366,452	\$ 2,228,701	\$ 2,530,676	\$ 3,145,393	\$ 3,624,353
D0020 Legal					
Legal Personnel Costs					
Salaries and Wages	997,895	1,012,540	1,079,223	1,299,473	1,336,155
Fringe Benefits	495,246	517,764	580,518	767,489	744,942
Total Legal Personnel Costs	1,493,141	1,530,304	1,659,741	2,066,962	2,081,097
Legal Services and Supplies					
61000 - Professional Services	202,000	202,000	202,000	250,000	150,000
62030 - Legal Services - Investment Related	600,000	600,000	600,000	500,000	500,000
62100 - Legal Services - Tax Advice and General Matters	50,000	35,000	35,000	150,000	185,000
62200 - Legal Services - Board and Fiduciary	125,000	125,000	125,000	0	0
62300 - Legal Services - Other Litigation	250,000	200,000	200,000	450,000	450,000
66100 - Training and Related Costs	29,300	20,000	20,000	20,000	20,000
66150 - Meetings and Related Costs	5,000	2,000	2,000	2,000	2,000
66200 - Memberships	4,200	5,000	5,000	4,000	5,000
66400 - Subscriptions and Periodicals	12,500	12,499	12,500	13,000	15,000
66500 - Postage and Delivery Costs - Regular Postage	0	0	0	0	100
Total Legal Services and Supplies	1,277,999	1,201,500	1,201,500	1,389,000	1,327,100
Total Legal	\$ 2,771,140	\$ 2,731,804	\$ 2,861,241	\$ 3,455,962	\$ 3,408,197
D0030 Investments					
Investments Personnel Costs					
Salaries and Wages	1,415,601	1,663,161	1,810,917	2,093,296	2,642,848

Appendix A

OCERS
Five Year Budget - Department and Account
 As of Date:

12/31/2023

Account No. & Name	Year Ended December Budget 2020	Year Ended December Budget 2021	Year Ended December Amended Budget 2022	Year Ended December Budget 2023	Year Ended December Proposed Budget 2024
Administrative Expenses					
Fringe Benefits	761,073	852,200	960,155	1,160,135	1,194,738
Total Investments Personnel Costs	2,176,674	2,515,361	2,771,072	3,253,431	3,837,586
Investments Services and Supplies					
61300 - Professional Services - Admin. Non 21 Basis Points	135,000	99,999	0	0	0
61500 - Prof Services - Investment Related - Investment Consultant	2,558,000	2,618,502	3,275,000	965,650	981,000
61501 - Prof Services - Investment Related - Other Consultants	0	0	0	1,408,330	1,430,000
61502 - Prof Services - Investment Related - Custodian Services	0	0	0	585,000	580,000
61503 - Prof Services - Investment Related - Other Services	0	0	0	55,260	55,000
64000 - Equipment and Software	7,300	10,000	0	0	0
64030 - Equipment and Software - Investment Related	0	0	25,000	40,000	40,000
66100 - Training and Related Costs	0	8,000	8,000	10,000	0
66130 - Due Diligence Expenses	0	0	100,000	130,000	100,000
66150 - Meetings and Related Costs	16,000	16,000	16,000	10,000	10,000
66200 - Memberships	16,105	16,500	27,000	20,000	25,000
66400 - Subscriptions and Periodicals	3,375	35,000	35,000	40,500	35,000
Total Investments Services and Supplies	2,735,780	2,804,001	3,486,000	3,264,740	3,256,000
Total Investments	\$ 4,912,454	\$ 5,319,362	\$ 6,257,072	\$ 6,518,171	\$ 7,093,586
D0041 Communications					
Communications Personnel Costs					
Salaries and Wages	184,163	197,741	207,790	278,844	221,454
Fringe Benefits	105,811	110,477	123,767	170,258	129,631
Total Communications Personnel Costs	289,974	308,218	331,557	449,102	351,085
Communications Services and Supplies					
61000 - Professional Services	50,000	50,000	25,000	45,000	10,000
64000 - Equipment and Software	1,200	2,500	1,000	0	1,000
66100 - Training and Related Costs	5,000	5,000	5,000	2,500	5,625
66150 - Meetings and Related Costs	300	150	150	150	0
66200 - Memberships	0	0	0	0	550
66300 - Office Supplies	10,000	10,000	10,000	10,000	21,500
66400 - Subscriptions and Periodicals	600	0	0	0	0
66501 - Postage and Delivery Costs - Quarterly Newsletters	60,000	65,000	35,000	76,000	99,000
66502 - Postage and Delivery Costs - Mass Mailings	40,000	40,000	40,000	20,000	20,000
66550 - Printing Costs - Other	0	0	0	0	5,000
66551 - Printing Costs - Quarterly Newsletters	40,000	40,000	25,000	50,000	70,000
66552 - Printing Costs - Brochures	10,000	10,000	17,000	5,000	20,000
66553 - Printing Costs - Annual Report	12,000	12,000	12,000	12,000	10,000
Total Communications Services and Supplies	229,100	234,650	170,150	220,650	262,675
Total Communications	\$ 519,074	\$ 542,868	\$ 501,707	\$ 669,752	\$ 613,760
D0042 Disability					
Disability Personnel Costs					
Salaries and Wages	345,977	368,445	386,192	426,878	487,902
Fringe Benefits	225,602	246,803	277,120	239,444	292,575
Total Disability Personnel Costs	571,579	615,248	663,312	666,322	780,477
Disability Services and Supplies					
61000 - Professional Services	300,000	295,000	510,000	560,000	660,000
66100 - Training and Related Costs	8,255	3,600	7,870	36,320	12,000
66150 - Meetings and Related Costs	450	250	250	250	250
Total Disability Services and Supplies	308,705	298,850	518,120	596,570	672,250
Total Disability	\$ 880,284	\$ 914,098	\$ 1,181,432	\$ 1,262,892	\$ 1,452,727
D0043 Member Services					
Member Services Personnel Costs					
Salaries and Wages	2,610,467	2,901,456	3,790,259	3,969,264	4,177,161
Fringe Benefits	1,422,483	1,554,932	2,164,338	2,495,374	2,519,871
Total Member Services Personnel Costs	4,032,950	4,456,388	5,954,597	6,464,638	6,697,032
Member Services Services and Supplies					
61000 - Professional Services	20,000	20,000	24,000	525,000	496,000
66100 - Training and Related Costs	19,800	18,800	17,000	10,000	10,750

Appendix A

OCERS

Five Year Budget - Department and Account

As of Date:

12/31/2023

Account No. & Name	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	December	December	December	December	December
	Budget 2020	Budget 2021	Amended Budget 2022	Budget 2023	Proposed Budget 2024
Administrative Expenses					
66150 - Meetings and Related Costs	250	250	250	250	2,500
66200 - Memberships	0	0	0	0	1,000
Total Member Services Services and Supplies	40,050	39,050	41,250	535,250	510,250
Total Member Services	\$ 4,073,000	\$ 4,495,438	\$ 5,995,847	\$ 6,999,888	\$ 7,207,282
D0051 Finance					
Finance Personnel Costs					
Salaries and Wages	939,911	958,248	1,009,068	992,345	1,052,159
Fringe Benefits	495,014	506,514	571,638	636,004	624,612
Total Finance Personnel Costs	1,434,925	1,464,762	1,580,706	1,628,349	1,676,771
Finance Services and Supplies					
61000 - Professional Services	193,300	188,410	21,400	22,000	22,000
61010 - Professional Services - Bank Fees	0	0	30,000	36,000	38,000
61020 - Professional Services - External Audit Fees	0	0	129,000	117,300	118,500
61300 - Professional Services - Admin. Non 21 Basis Points	0	0	47,000	38,000	30,000
66100 - Training and Related Costs	13,600	9,000	10,500	10,500	21,000
66150 - Meetings and Related Costs	499	250	250	250	250
66200 - Memberships	3,955	4,300	4,800	4,800	5,200
66400 - Subscriptions and Periodicals	1,000	1,000	1,000	1,000	1,000
Total Finance Services and Supplies	212,354	202,960	243,950	229,850	235,950
Total Finance	\$ 1,647,279	\$ 1,667,722	\$ 1,824,656	\$ 1,858,199	\$ 1,912,721
D0052 Human Resources					
Human Resources Personnel Costs					
Salaries and Wages	1,283,644	643,552	607,155	1,784,754	1,723,950
Fringe Benefits	481,763	362,992	412,203	476,753	532,035
Total Human Resources Personnel Costs	1,765,407	1,006,544	1,019,358	2,261,507	2,255,985
Human Resources Services and Supplies					
61000 - Professional Services	168,500	98,500	145,500	64,000	109,750
61052 - Professional Services - Recruitment Costs	0	0	0	71,300	60,000
65000 - Building Property Management and Maintenance	680,000	0	0	0	0
65100 - Equipment - Rent and Leases	13,500	0	0	0	0
66100 - Training and Related Costs	166,000	191,450	230,850	221,000	224,687
66150 - Meetings and Related Costs	10,500	10,000	10,000	5,600	5,500
66200 - Memberships	10,000	11,400	12,000	6,000	6,421
66300 - Office Supplies	55,000	0	0	0	0
66301 - Office Supplies - Furniture Costs	15,000	0	0	0	0
66302 - Office Supplies - Ergonomics	0	0	0	0	10,000
66500 - Postage and Delivery Costs - Regular Postage	65,000	0	0	0	0
66503 - Postage and Delivery Costs - Pony Mail	2,000	0	0	0	0
66550 - Printing Costs - Other	7,000	0	0	0	0
Total Human Resources Services and Supplies	1,192,500	311,350	398,350	367,900	416,358
Human Resources Capital Expenditures					
69040 - Capital Expenditures - All	450,000	0	0	0	0
Total Human Resources Capital Expenditures	450,000	0	0	0	0
Total Human Resources	\$ 3,407,907	\$ 1,317,894	\$ 1,417,708	\$ 2,629,407	\$ 2,672,343
D0053 Information Security					
Information Security Personnel Costs					
Salaries and Wages	288,143	335,917	363,011	461,058	512,255
Fringe Benefits	158,746	166,057	188,558	268,355	289,720
Total Information Security Personnel Costs	446,889	501,974	551,569	729,413	801,975
Information Security Services and Supplies					
61000 - Professional Services	282,000	115,000	40,000	103,000	118,000
61300 - Professional Services - Admin. Non 21 Basis Points	0	180,000	205,000	128,000	113,000
64000 - Equipment and Software	90,000	196,000	321,000	401,100	186,000
66100 - Training and Related Costs	62,000	49,000	46,000	54,000	54,000
66150 - Meetings and Related Costs	500	500	500	500	500
66200 - Memberships	1,850	1,850	3,000	3,000	3,000
66400 - Subscriptions and Periodicals	500	500	500	500	500

Appendix A

OCERS

Five Year Budget - Department and Account

As of Date:

12/31/2023

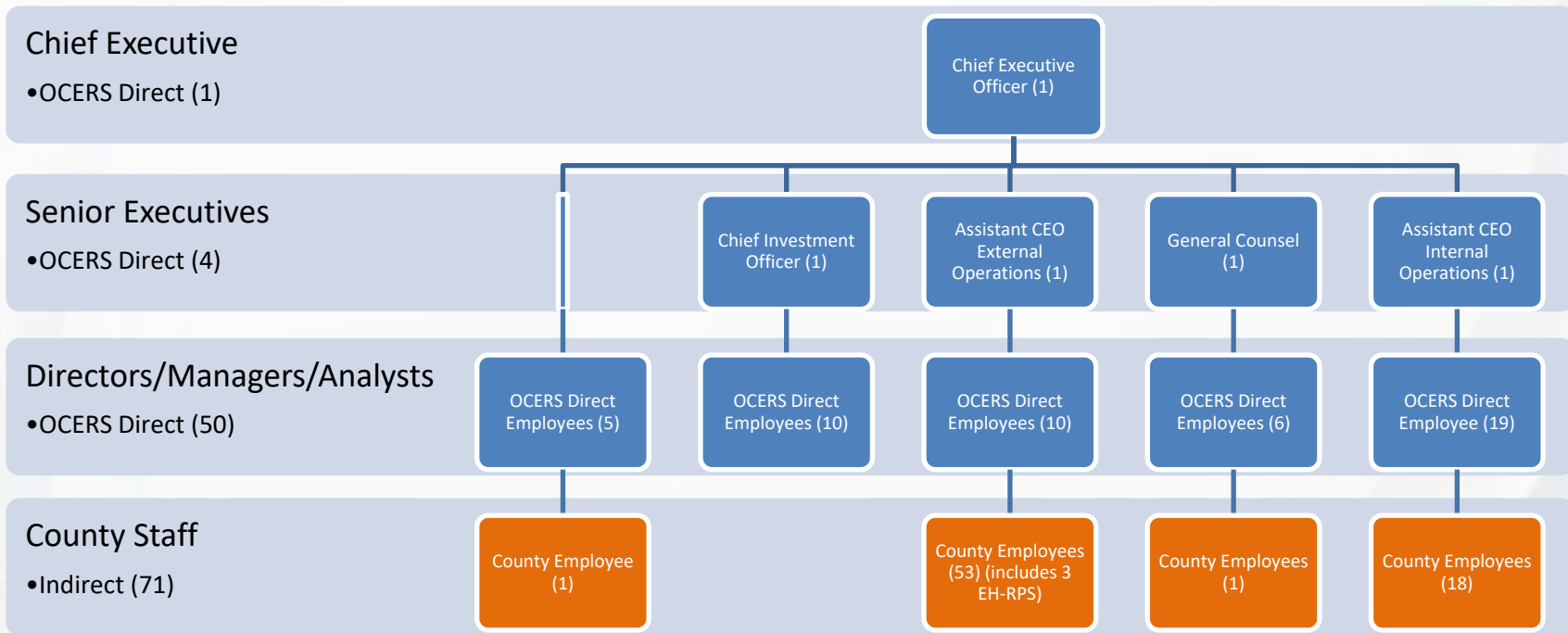
Account No. & Name	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	December	December	December	December	December
	Budget 2020	Budget 2021	Amended Budget 2022	Budget 2023	Proposed Budget 2024
Administrative Expenses					
Total Information Security Services and Supplies	436,849	542,850	616,000	690,100	475,000
Total Information Security	\$ 883,738	\$ 1,044,824	\$ 1,167,569	\$ 1,419,513	\$ 1,276,975
D0054 Information Technology					
Information Technology Personnel Costs					
Salaries and Wages	990,645	1,065,748	1,359,189	1,732,159	1,836,260
Fringe Benefits	516,221	552,702	748,505	966,737	1,013,930
Total Information Technology Personnel Costs	1,506,866	1,618,450	2,107,694	2,698,896	2,850,190
Information Technology Services and Supplies					
61000 - Professional Services	1,330,400	446,000	292,000	172,500	471,750
61300 - Professional Services - Admin. Non 21 Basis Points	0	1,167,400	1,410,000	1,265,000	1,575,000
63000 - Infrastructure Maintenance	835,100	854,700	1,196,300	309,750	436,250
63010 - InfraMte - Cloud Subscriptions	0	0	0	445,250	971,473
63020 - InfraMte - Equipment Maintenance	0	0	0	19,500	11,500
63030 - InfraMte - Software Maintenance	0	0	0	297,985	303,432
63040 - InfraMte - PAS Maintenance	0	0	0	884,655	1,036,271
64000 - Equipment and Software	759,000	878,000	845,000	358,000	640,100
64030 - Equipment and Software - Investment Related	0	0	0	282,000	430,000
65100 - Equipment - Rent and Leases	35,000	35,000	40,000	0	0
65201 - Telephone Expense - Telecom Services	35,000	25,000	32,000	63,600	63,600
65202 - Telephone Expense - Cellular/Mobile Services	45,000	55,000	45,000	60,600	71,400
65203 - Telephone Expense - Phone/VOIP	125,000	125,000	105,000	97,500	151,800
65300 - Internet Services	0	0	125,000	169,500	133,500
66100 - Training and Related Costs	61,000	43,000	38,000	25,500	86,600
66150 - Meetings and Related Costs	5,000	0	2,500	3,000	3,000
66200 - Memberships	1,500	1,500	1,500	1,800	2,500
Total Information Technology Services and Supplies	3,231,999	3,630,600	4,132,300	4,456,140	6,388,176
Information Technology Capital Expenditures					
69040 - Capital Expenditures - All	150,000	600,000	982,000	715,000	50,000
Total Information Technology Capital Expenditures	150,000	600,000	982,000	715,000	50,000
Total Information Technology	\$ 4,888,865	\$ 5,849,050	\$ 7,221,994	\$ 7,870,036	\$ 9,288,366
D0055 Operations Support Services					
Operations Support Services Personnel Costs					
Salaries and Wages	0	227,429	304,738	373,680	445,150
Fringe Benefits	0	112,828	155,459	201,847	264,830
Total Operations Support Services Personnel Costs	0	340,257	460,197	575,527	709,980
Operations Support Services Services and Supplies					
61000 - Professional Services	0	303,050	148,950	255,000	110,000
61001 - Professional Services - Insurance Services	0	0	280,000	280,000	350,000
65000 - Building Property Management and Maintenance	0	680,000	750,000	975,000	1,150,000
65100 - Equipment - Rent and Leases	0	14,500	14,500	50,000	50,000
66100 - Training and Related Costs	0	4,000	4,000	4,000	4,000
66150 - Meetings and Related Costs	0	0	200	200	200
66200 - Memberships	0	199	500	500	500
66300 - Office Supplies	0	55,000	60,000	50,000	55,000
66301 - Office Supplies - Furniture Costs	0	30,000	40,000	40,000	40,000
66500 - Postage and Delivery Costs - Regular Postage	0	75,000	55,000	55,000	25,000
66503 - Postage and Delivery Costs - Pony Mail	0	4,000	4,000	4,000	4,200
66504 - Postage and Delivery Costs - Delivery Services	0	0	0	6,000	3,000
66550 - Printing Costs - Other	0	15,000	7,000	0	10,000
Total Operations Support Services Services and Supplies	0	1,180,749	1,364,150	1,719,700	1,801,900
Operations Support Services Capital Expenditures					
69040 - Capital Expenditures - All	0	70,000	110,000	511,000	5,875,000
Total Operations Support Services Capital Expenditures	0	70,000	110,000	511,000	5,875,000
Total Operations Support Services	\$ 0	\$ 1,591,006	\$ 1,934,347	\$ 2,806,227	\$ 8,386,880
Total Administrative Expenses	\$ 27,184,784	\$ 28,553,893	\$ 33,882,984	\$ 39,874,896	\$ 48,293,043



OCERS

2024 Organization Chart

(125 team members, 123.5 FTE)



Staffing Plan
 125 Budgeted Positions
 136 Approved Classifications
 (includes 3 Part-time Extra Help in Member Services)

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

Appendix B

OCERS
Personnel Cost Budget
2024

Department	Position	Employee Count	Regular Salary	Certification Pay	Fringe Benefits	Salary Adjustments	Overtime	Leave Accrual and Payout	Temporary Help	Grand Total
Board										
	Board Member	-	16,000	-	-	-	-	-	-	-
Board Total			\$ 16,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,000
Internal Audit										
	Director of Internal Audit	1	206,627	11,364	120,170					
	Senior Internal Auditor	1	153,878	8,463	105,352					
	Internal Auditor	2	208,853	-	126,686					
Internal Audit Total		4	\$ 569,358	\$ 19,828	\$ 352,208	\$ -	\$ -	\$ 20,000	\$ -	\$ 961,394
Executive										
	Chief Executive Officer	1	350,002	-	222,770					
	Assistant Chief Executive Officer	2	576,659	15,858	377,533					
	Director of Enterprise Project Management Office	1	190,008	-	112,023					
	Executive Secretary I	1	64,480	-	44,253					
	Executive Secretary II	1	82,430	-	54,150					
	Temporary Help	-	-	-	-				15,000	
Executive Total		6	\$ 1,263,579	\$ 15,858	\$ 810,728	\$ -	\$ 1,000	\$ 115,737	\$ 15,000	\$ 2,221,902
Legal										
	General Counsel	1	255,299	-	155,502					
	Deputy General Counsel	1	228,800	-	116,370					
	Chief Compliance Officer	1	167,000	-	95,691					
	Staff Attorney	3	509,995	-	267,944					
	Executive Secretary I	1	58,282	-	43,122					
	Staff Analyst	1	85,779	-	66,314					
Legal Total		8	\$ 1,305,155	\$ -	\$ 744,943	\$ -	\$ 1,000	\$ 30,000	\$ -	\$ 2,081,099
Investments										
	Chief Investment Officer	1	478,358	26,310	266,068					
	Director of Investments	2	475,613	-	307,241					
	Senior Investment Officer	1	189,738	10,436	103,602					
	Investment Officer	3	469,976	17,104	267,301					
	Investment Analyst	4	416,972	12,327	250,526					
	Performance Incentive					425,000				
Investments Total		11	\$ 2,030,656	\$ 66,176	\$ 1,194,738	\$ 425,000	\$ -	\$ 121,016	\$ -	\$ 3,837,587
Communications										
	Director of Communications	1	144,997	-	83,220					
	Staff Specialist	1	65,957	-	46,413					
Communications Total		2	\$ 210,954	\$ -	\$ 129,633	\$ -	\$ 500	\$ 10,000	\$ -	\$ 351,086
Disability										
	Director of Disability	1	205,254	-	107,560					
	Disability Retirement Investigator	2	155,085	-	92,746					
	Office Specialist	2	116,563	-	92,269					
Disability Total		5	\$ 476,902	\$ -	\$ 292,576	\$ -	\$ 1,000	\$ 10,000	\$ -	\$ 780,478

Appendix B

OCERS
Personnel Cost Budget
2024

Department	Position	Employee Count	Regular Salary	Certification Pay	Fringe Benefits	Salary Adjustments	Overtime	Leave Accrual and Payout	Temporary Help	Grand Total
Member Services										
	Director of Member Services	2	353,779	-	190,497					
	Member Services Manager	3	349,461	-	245,960				-	
	Staff Analyst	2	189,987	-	117,365					
	Executive Secretary I	1	78,083	-	50,704					
	Retirement Benefits Program Supervisor	4	365,082	-	237,653					
	Sr. Retirement Program Specialist	4	320,507	-	182,268					
	Sr. Staff Development Specialist	2	181,272	-	129,446					
	Retirement Program Specialist	23	1,343,181	-	895,577				100,800	
	Retirement Benefits Technician	4	224,557	-	136,937					
	Accounting Technician	5	313,726	-	190,393					
	Office Specialist	1	58,240	-	36,818					
	Office Technician	3	141,877	-	106,255					
	Temporary Help (Employment Services)								50,000	
Member Services Total		54	\$ 3,919,752	\$ -	\$ 2,519,873	\$ -	\$ 50,000	\$ 56,610	\$ 150,800	\$ 6,697,035
Finance										
	Director of Finance	1	214,531	11,799	138,410					
	Finance Manager	2	319,238	8,779	186,061					
	Sr. Accountant / Auditor I	1	99,237	-	54,557					
	Staff Analyst	2	222,747	6,208	158,201					
	Accountant/Auditor I	1	71,822	-	53,027					
	Accounting Technician	1	53,872	-	34,357					
Finance Total		8	\$ 981,448	\$ 26,787	\$ 624,613	\$ -	\$ 1,000	\$ 42,924	\$ -	\$ 1,676,772
Human Resources										
	Director of Human Resources	1	204,984	11,274	124,481					
	Learning and Organization Development Manager	1	120,203	-	59,223					
	Staff Analyst	2	197,662	-	115,994					
	Staff Specialist	1	73,590	-	43,239					
	Staff Assistant	2	112,611	-	89,098					
	Salary Adjustments	-	-	-	-	912,740				
	Temporary Help	-	-	-	-				52,000	
	Tuition Reimbursements	-	-	-	100,000					
Human Resources Total		7	\$ 709,051	\$ 11,274	\$ 532,036	\$ 912,740	\$ 500	\$ 38,385	\$ 52,000	\$ 2,255,987
Information Security										
	Director of Information Security	1	199,888	10,994	121,111					
	Information Security Manager	1	173,784	9,558	100,895					
	Information Security Analyst	1	88,005	-	67,715					
Information Security Total		3	\$ 461,677	\$ 20,552	\$ 289,720	\$ -	\$ -	\$ 30,026	\$ -	\$ 801,975
Information Technology										
	Director of Information Technology	1	200,429	-	114,033					
	Information Technology Manager	3	452,774	-	265,027					
	IT Operations Supervisor	1	133,640	-	88,655					
	IT Supervisor	1	148,429	-	87,962					

Appendix B

OCERS
Personnel Cost Budget
2024

Department	Position	Employee Count	Regular Salary	Certification Pay	Fringe Benefits	Salary Adjustments	Overtime	Leave Accrual and Payout	Temporary Help	Grand Total
	Sr. IT Applications Developer	2	260,042	-	147,105					
	IT Automation Developer	1	150,000	-	83,509					
	IT Systems Technician I	1	69,826	-	33,638					
	IT Network Engineer II	1	113,568	-	79,000					
	IT Systems Engineer II	2	227,136	-	115,002					
Information Technology Total		13	\$ 1,755,843	\$ -	\$ 1,013,931	\$ -	\$ 50,000	\$ 30,418	\$ -	\$ 2,850,192
Operations Support Services										
	Senior Manager Operations Support Services	1	156,000	-	94,628					
	Contracts, Risk & Performance Administrator	1	155,272	-	89,893					
	Staff Specialist	1	61,090	-	44,326					
	Store Clerk	1	53,830	-	35,983					
Operations Support Total		4	\$ 426,192	\$ -	\$ 264,829	\$ -	\$ -	\$ 18,958	\$ -	\$ 709,979
Grand Total		125	\$ 14,126,568	\$ 160,475	\$ 8,769,829	\$ 1,337,740	\$ 105,000	\$ 524,075	\$ 217,800	\$ 25,241,487

Minor differences are due to rounding.

Appendix C

**Orange County Employees Retirement System
21 Basis Points for Budget Year 2024**

Projected actuarial accrued liability as of December 31, 2023	\$26,477,040,000
21 basis points of projected actuarial accrued liability	55,601,784
FY24 proposed budget amount subject to 21 basis points limitation ¹	29,305,535
Amount under 21 basis points	\$26,296,249
Budgeted amount expressed as basis points of projected actuarial accrued liability-FY24	11.07
Budgeted amount expressed as basis points of projected actuarial accrued liability-FY23	10.73

¹ Reconciliation of amount subject to 21 basis points limitation:

Total FY24 Proposed Budget	\$ 48,293,043
Less: Investment Expenses	(8,423,586)
Total FY24 Proposed Administrative Budget	39,869,457
Plus: Depreciation Expense:	227,854
Less: Information Technology and Information Security Expenses	(4,866,776)
Less: All Capital Expenditures :	(5,925,000)
FY24 proposed budget amount subject to 21 basis points limitation	\$ 29,305,535

<u>21 Basis Point History</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>
21 Basis Points	9.04	8.86	9.75	10.73	11.07



Exhibit D

5 Year Budget Comparison

	Budget 2020	Amended Budget 2021	Amended Budget 2022	Budget 2023	Proposed Budget 2024	\$ Variance FY23-24	% Variance FY23-24
Personnel Costs	\$ 15,567,408	\$ 16,354,050	\$ 19,287,569	\$ 23,697,171	\$ 25,241,475	\$ 1,544,304	6.5%
Services and Supplies	\$ 11,017,376	\$ 11,529,843	\$ 13,503,415	\$ 14,951,725	\$ 17,126,568	\$ 2,174,843	14.5%
Capital Expenditures	\$ 600,000	\$ 670,000	\$ 1,092,000	\$ 1,226,000	\$ 5,925,000	\$ 4,699,000	383.3%
Total	\$ 27,184,784	\$ 28,553,893	\$ 33,882,984	\$ 39,874,896	\$ 48,293,043	\$ 8,418,147	21.1%

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



Exhibit D

Actuals Compared to Proposed Budget



	Actuals 2020	Actuals 2021	Actuals 2022	Estimated Actuals 2023	Proposed Budget 2024	\$ Variance FY23-24	% Variance FY23-24
Personnel Costs:	\$ 14,994,393	\$ 15,679,491	\$ 17,040,789	\$ 22,647,238	\$ 25,241,475	\$ 2,594,237	11.5%
Total Services and Supplies:	8,298,438	9,218,273	10,214,439	13,630,632	17,126,568	3,495,936	25.6%
Total Capital Expenditures:	186,359	-	647,257	892,794	5,925,000	5,032,206	563.6%
Total	\$ 23,479,190	\$ 24,897,764	\$ 27,902,485	\$ 37,170,665	\$ 48,293,043	\$ 11,122,378	29.9%

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



Exhibit D 2024 Proposed Budget Compared to Actuals by Category

	Actuals 2020	Actuals 2021	Actuals 2022	Estimated Actuals 2023	Proposed Budget 2024	\$ Variance FY23-24	% Variance FY23-24
Personnel Costs:	\$14,994,393	\$15,679,491	17,040,789	22,647,238	25,241,475	2,594,237	11.5%
Services and Supplies:							
Building Property Mgmt. / Maintenance	602,075	651,173	690,763	975,000	1,150,000	175,000	17.9%
Equipment/ Software Expenses	462,965	707,308	907,910	1,112,353	1,297,100	184,747	16.6%
Infrastructure Maintenance	741,295	884,534	880,033	1,722,749	2,758,926	1,036,177	60.1%
Legal Services	261,551	848,173	878,228	1,340,725	1,135,000	(205,725)	-15.3%
Meeting & Mileage	39,363	11,152	42,198	91,248	174,300	83,052	91.0%
Miscellaneous Office Expenses	541,105	421,813	713,639	843,292	1,040,625	197,333	23.4%
Professional Services	5,523,002	5,500,007	5,843,066	7,172,410	8,913,945	1,741,535	24.3%
Training	127,082	194,113	258,602	372,855	656,672	283,817	76.1%
Total Services and Supplies:	\$8,298,438	\$9,218,273	10,214,439	13,630,632	17,126,568	3,495,936	25.6%
Total Capital Expenditures:	186,359	-	647,257	892,794	5,925,000	5,032,206	563.6%
Total	\$23,479,190	\$24,897,764	\$27,902,485	\$37,170,665	\$48,293,043	\$11,122,378	29.9%

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Appendix E

Historical Statistics

	2019	2020	2021	2022	2023
Number of Full-Time Positions Budgeted	93	93	94.5	106.5	124.5
Number of Retirees - Beginning of Year	17,674	18,420	19,419	19,826	20,678
Number of Additional Retirements ¹	1,203	1,409	958	1,308	1,065
Number Removed from Payroll ¹	(457)	(410)	(551)	(456)	(555)
Payroll \$ (in thousands) * ²	\$ 900,902	\$ 973,325	\$ 1,067,211	\$ 1,139,715	\$ 1,212,149
Number of Members ** ¹	47,197	47,796	49,075	50,633	52,482
Number of New Members ** ¹	1,450	767	1,228	1,451	1,849

¹ 2023 amounts are as of October 2023

² 2023 amounts are annualized estimates based on actuals through September 2023.

* Payroll represents retirement payroll, withdrawals and death benefits

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

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



Memorandum

DATE: November 13, 2023
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: OCERS' 2024 AND BEYOND STAFFING PLAN- A DISCUSSION

Background/Discussion

On October 26, the OCERS team met with the OCERS Board's Personnel Committee to present a request for 19 new positions. With the plus and minus of new positions and position drops, it would raise the OCERS head count total from 127 to 141.

The committee was not prepared to give approval at that meeting and has arranged for a special meeting to be held on Wednesday, November 15, immediately following the Investment Committee meeting.

At the committee's direction, I will share a high-level overview with the full Board on November 13 regarding the 2024 staffing request, the questions the committee raised, and the further research OCERS staff is performing to be shared with the committee on November 15.

The Board is NOT being asked to decide on this request. This is an informational only item. For that reason, the Trustees do need to read all the attached materials, instead the committee hoped to hear what general questions other Trustees may want to have answered by OCERS staff when we meet again with the Personnel Committee on November 15, 2023.

The Staffing Request

The full request is provided in the attached materials for reference. I will briefly summarize here what the requests were, and what questions the Personnel Committee raised regarding each:

For INVESTMENTS:

(2) Investment Officer

Investment Analyst

Indicating that the workload for existing staff was growing, Ms. Murphy referenced her "ten-year plan" as the background for this request. The Committee has asked that Ms. Murphy discuss her ten-year plan with the Investment Committee during the Investment Committee meeting on November 15, and then the Personnel Committee will on that basis take up her request for these three positions when they meet in special session that same afternoon of November 15.

For DISABILITIES:

Retirement Investigator

Staff Assistant

Based on a 30% increase in the number of disability applications being submitted, Ms. McIntosh requested these two additional positions to lessen the workload burden and allow for more timely processing of claims. The Committee was surprised to hear of a growth in claims, understanding that active membership has been fairly static over the past few years. Ms. McIntosh will return with more detail of the actual tasks to be accomplished by each of the two requested positions.

For MEMBER and EMPLOYER RELATIONS:

Member Services Manager

Retirement Program Specialist

With the creation of a dedicated Call Center, Mr. Ardeleanu requested an additional manager to divide the work of the existing manager presently overseeing three supervisors and 20 line staff. The committee was unclear what the new manager would actually do and asked for.

For RETIREMENT OPERATIONS:

Benefit Analyst

(9) Retirement Program Specialist

At Strategic Planning, several trustees raised the challenge of completing more detailed retirement estimates for members earlier in the process. While V3 can create estimates, the delay members often experience is the time required to collect and enter specialized salary data due to Memorandum of Understanding (MOU) directives. The team being requested here would allow OCERS to meet those timing requirements. The committee asked for more metrics to justify this request, and also questioned the need to hire all at once, or if not rather stagger these hirings through the year.

For FINANCE DIVISION:

Finance Manager

The committee asked for more detail as to duties to be assigned to this position.

For IT DIVISION:

IT Programming Intern (Extra Help)

The committee was supportive of our intern program meant to help bring in early stage AI talent from local schools.

The Projects Driving This Request

There are multiple organization-wide projects that, to be successful in a reasonable time frame, require Subject Matter Experts (SMEs) in each department (and particularly in Member Services) to be out of the regular day-to-day operations as much as possible, and have a large majority of their time dedicated to accomplishing these project initiatives in a reasonable time frame. The following are considerations to be shared with the Personnel Committee on November 15th:

1. Master Repository of Policies and Procedures (MRP)

- ∑ Current output (10 documents per month) is slower than hoped for.
- ∑ Unless the documentation workload is distributed among more SMEs, the only way to get to 20 or 25 documents per month is to reallocate each SMEs time (less time on regular work, more time on documentation work)
- ∑ Directors/Managers have not been able yet to develop plans on how to free up 50%, 75%, or 100% of their SMEs time so the SMEs can focus on developing/creating/validating the documentation.
 - a. Because of workload can just add the MRP project tasks to SMEs who are already at 100% capacity with “regular” work
- ∑ It appears a small number of SMEs are responsible for a large number of documents. Just taking Member Services as an example, of the 67 documents identified so far (which is likely to increase by 20%-30% once all needed documents are identified), 23 have a single manager assigned as the SME. For each department where this is the case, we then need to find even more free time for these people to focus on the MRP project.
- ∑ Overall, it may not be possible to simply shift work around to other existing employees to free up the SMEs time to work on the MRP project, new headcount will likely need to be brought in to free up more time for the SMEs to focus on MRP

2. Robotic Process Automations (RPA)

- ∑ The success of the RPA program is going to lie in producing meaningful, time saving automations for Member Services (this is where we’re going to get the biggest benefits)
- ∑ Member Services is where the core of OCERS activities lie and is currently the department with the most manual processes.
- ∑ With a \$650,000 budget in 2024 for RPA (8-12 automations – to show meaningful progress in our core function at least 4 automations should likely be in the Member Services area)
- ∑ This will require taking SMEs out of their normal daily jobs (especially Member Services) so that automations can be developed which will continue to help Member Services moving forward until a new Pension Administration System (PAS) is in place.

3. Other Automations

- ∑ We have discussed other automation opportunities that would greatly benefit Member Services (AI chatbot for website, electronic forms, AI call center enhancements, AI knowledge base, etc.)
- ∑ Each of these projects has a shorter timeline than a new PAS system, the MRP project, and RPA automations, so these are “quick wins” that could be put in place in less time and start benefitting Member Services sooner.
- ∑ Each of these items is likely going to require 2-3 SMEs for 6 to 12 months, depending on how much of their daily workload can be dedicated to each of these projects.
- ∑ With the right staffing situation, we could likely tackle two of these projects in 2024, and the other two in 2025.

In addition, once approved by the Board:

4. New PAS System

Σ 2025

- a. Need SMEs to “dream big” and determine how things “should” work in the new system, not just document how things are working today in the current system
- b. They will be an integral part to the requirements gathering process
- c. They will need to sit through vendor demonstrations
- d. They will be active participants in vendor evaluations

Σ 2026/2027/2028

- a. Begin implementation process
- b. Perform QA testing
- c. Go-live on new system
- d. Troubleshoot any problems
- e. Gain knowledge of how the new system operates

Σ Overall, the backfilling for employees who will be assigned to the PAS project likely needs to start 2025 or even earlier.

Conclusion

The Committee asked that staff return on November 15 to address their questions as outlined above and any additional that may arise from the full Board’s discussion on November 13. Further they asked staff to not limit their staffing vision to just 2024, but to look ahead 3-5-10 years into the future.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Memorandum

DATE: October 26, 2023
TO: Members of the Personnel Committee
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **2024 STAFFING PLAN**

Recommendation

Approve and recommend the Board of Retirement include the following personnel costs in the 2024 OCERS Budget to be presented at the November 13, 2023, Board meeting:

1. APPROVE THE ADDITION OF 19 NEW POSITIONS TO THE 2024 BUDGETED HEADCOUNT

- A. Add three positions to the Investments Division
- B. Add two positions to the Disability Division
- C. Add twelve positions to the Member Services Division
- D. Add one position to the Finance Division
- E. Add one position to the Information Technology Division

2. APPROVE THE CREATION OF THREE CAREER LADDERS (NO CHANGE TO HEADCOUNT)

- A. Information Security Division:
 - i) Information Security Manager to Senior Information Security Manager
- B. Disability Division:
 - i) Two Office Specialists to Staff Assistants

3. APPROVE THE FOLLOWING DROPS

- A. Drop the following Member Services positions:
 - i) Three Retirement Program Specialists - Extra Help
 - ii) One Member Services Manager – Extra Help

The total estimated annual personnel cost for these staffing changes is **\$2,582,820**. The estimated budget impact for 2024 due to mid-year hiring for several positions is **\$2,185,625**.

Background/Discussion

The 2024 budget process is underway with the first review having been presented at the September annual Strategic Planning Workshop. Due to numerous projects that are in progress, I am asking the Personnel Committee to approve the addition of 19 new positions to our budgeted headcount.

If approved, these 19 positions would increase OCERS’ headcount from 127 positions to 141, including 4 positions that will be dropped from the staffing plan and 1 position that will not be budgeted in 2024. A description of each of the 19 requested positions and the circumstances related to each follow. Additionally, for each of the 19 positions, a justification memo from the supervising manager is attached.

1. APPROVE THE ADDITION OF 19 POSITIONS TO THE 2024 BUDGETED HEADCOUNT

1A. ADD THREE POSITIONS TO THE INVESTMENTS DIVISION

As OCERS has expanded into more private markets strategies and added co-investments, the investment team workload has increased dramatically. As a result, a request to add three new Investments Division positions is essential to ensure that investment processes continue with the highest quality and efficiency.

These positions, one Investment Analyst and two Investment Officers, are consistent with the Investments Division’s 10-year staffing plan. Additionally, the position requests align with the current AUM and future AUM growth of plan assets.

Position Title	Department	Position Type	Proposed Budgeted Salary	Annualized Total Personnel Cost (Salary and Benefits)
(2) Investment Officer	Investments	Direct	\$172,807	\$568,768
Investment Analyst	Investments	Direct	\$102,580	\$160,895

1B. ADD TWO POSITIONS TO THE DISABILITY DEPARTMENT

The request of additional staff for the Disability Department will meet the growing demand for application evaluations, which has seen more than a 30% increase over the past five years due to the expansion of OCERS’ membership base. The current team is struggling to maintain the quality and efficiency of work under this increased workload. Additional staff will enable the disability team to conduct more thorough reviews, expedite processing, enhance the intake process, and reduce the risk of errors.

Furthermore, a new review process was recently introduced that is essential to the quality of our evaluations, which streamlines cases and lowers costs by reducing the need for multiple repeat Independent Medical Examiner (IME) reviews. This strategic investment in additional staff not only promises to elevate service quality but also ensures long-term cost savings.

Position Title	Department	Position Type	Proposed Budgeted Salary	Annualized Total Personnel Cost (Salary and Benefits)
Disability Retirement Investigator	Disability	County	\$74,347	\$122,341
Staff Assistant	Disability	County	\$65,319	\$109,695

1C. ADD TWELVE POSITIONS TO THE MEMBER SERVICES DIVISION

The Member Services Retirement Operations (MSRO) Section continues to work on simplification and automation. Over 300 hours have been dedicated to this in the last several months of 2023 which has strained our resources. For 2024, the addition of one Benefit Analyst to support the team with these efforts will allow for separate oversight over the new team responsible for benefit estimate generations. In late 2023, the work performed for the estimate generation process will transition from Member and Employer Relations (MER) Section to MSRO. This transition will help support 100% accuracy goals and fully create a stand-alone call center in the MER Section. With this transition, six additional Retirement Program Specialists (RPS) are being requested to incorporate **full Final Average Salary** benefit estimate generation into the process as requested by the Board in the Strategic Planning meeting in September 2023.

The Quality Assurance and Process Improvement (QAPI) Section is requesting three RPS positions in exchange for dropping two Extra Help RPS positions that were utilized throughout 2023 (see further discussion of dropping positions under Recommendation 3A: Drop Four Positions in the Member Services Department). The three requested RPS team members will assist with providing additional quality assurance (QA) on financial transactions for Service Credit Purchase (SCP)/Buybacks as well as Final Average Salary (FAS) transactions that are not currently performed. These positions will also help perform necessary testing for the Robotic Process Automation (RPA) automation projects with Roboyo, as well as gear up for PAS project development, V3 data cleanup, and regression testing. It takes at least a year to get an RPS fully trained, so bringing the positions on in 2024 is critical to have enough trained staff available when the PAS project is fully underway.

The MER Section requests an additional Member Services Manager (MSM), as currently, there is only one. The current MSM oversees three different teams, consisting of 22 staff, all with varied duties and responsibilities. Adding a manager will assist with more effective oversight and management of the section and allow OCERS to continue pursuing and meeting all our goals. The MER Section is also requesting one RPS. Anticipating a continued high volume of calls, delivering pre-retirement and new-hire seminars and other outreach, and counseling retiring members on an individual basis, an additional RPS will assist the team and members preparing to retire to have a smoother transition into their retirement. There is currently one Extra Help RPS assisting in this role; this Extra Help RPS position will be dropped as further discussed under Recommendation 3A: Drop Four Positions in the Member Services Department.

Position Title	Department (Section)	Position Type	Proposed Budgeted Salary	Annualized Total Personnel Cost (Salary and Benefits)
Benefit Analyst	Member Services (MSRO)	OCERS Direct	\$107,000	\$181,119
(10) Retirement Program Specialist	Member Services (6 – MSRO 3 – QAPI 1 -MER)	County	\$66,296	\$1,106,625
Member Services Manager	Member Services (MER)	OCERS Direct	\$139,000	\$204,679

1D. ADD ONE POSITION TO THE FINANCE DEPARTMENT

Based on previous experience with the implementation of our current PAS, Finance has identified a need to prepare for the back-fill of positions that will be heavily involved in the planning and testing of the new PAS. We anticipate that ultimately, the three-person team that oversees and processes retiree payroll will need to be dedicated to the implementation of the next PAS which will require the back-filling of a Finance Manager, Staff Analyst, and Senior Accountant Auditor. To adequately prepare for the PAS project, we recommend hiring an additional Finance Manager in 2024 as this position will require more training and preparation to learn the job responsibilities that they will be back-filling. The other back-filling positions in Finance can be delayed until 2025.

In addition to back-filling for the PAS project, Finance has identified a need for succession planning for the Finance leadership team. There are currently two management-level team members who are retirement eligible and will probably retire prior to the implementation of the new PAS. An additional Finance Manager will allow a seamless transition in the event of turnover of long-term employees who are considered subject matter experts in various areas of OCERS operations. This request will result in an increase to the current headcount in the Finance Department by one.

Position Title	Department	Position Type	Proposed Budgeted Salary	Annualized Personnel Total Cost (Salary and Benefits)
Finance Manager	Finance	OCERS Direct	\$145,600	\$225,622

1E. ADD ONE POSITION TO THE INFORMATION TECHNOLOGY DEPARTMENT

The IT Programming Intern will participate in creating intelligent process automation. This includes evaluating intelligent automation opportunities and proposing their potential use at OCERS, working on the design and implementation of new intelligence automation solutions, and coordinating with department team leads on the troubleshooting and remediation of existing automation. Their focus would be on ensuring data integrity in systems and adherence to internal and external standards and quality checks. This position may also provide support with automation modernization by learning, and adopting new tools, and technologies that help applications to scale up. The position will work as part of a programming team, communicating progress, technical issue reporting, resolution, and deployment to production of completed code. The internship is planned to be a summer part-time position for a current college student studying in a related field.

Position Title	Department	Position Type	Proposed Budgeted Salary	Annualized Personnel Total Cost (Salary and Benefits)
IT Programming Intern (Extra Help)	Information Technology	County	\$20,160	\$21,706

2. APPROVE THE CREATION OF THREE CAREER LADDERS (NO CHANGE TO HEADCOUNT)

2A. ADD ONE CAREER LADDER POSITION TO THE INFORMATION SECURITY DEPARTMENT

The creation of a career ladder position to promote the current Information Security Manager to the position of Senior Information Security Manager. Over the past seven years, the Information Security Department has grown, and the Information Security program continues to mature. During this time, the existing Information Security Manager has taken on more responsibilities and the complexity of tasks assigned to the position has increased as well. The cost impact of the career ladder is the incremental difference in salary between the Manager level position and the Senior Manager level position. The addition of the career ladder supports OCERS strategic goal of developing and retaining talent and does not increase headcount.

Current Position	Career Ladder Position (new/add classification)	Department	Position Type	Proposed Salary and Benefits	Total Annual Budget Impact (Net)
Information Security Manager	Senior Information Security Manager	Information Security	OCERS Direct	\$330,095	\$28,000

2B. ADD TWO CAREER LADDER POSITIONS TO THE DISABILITY DEPARTMENT

The creation of two career ladder positions is designed to provide incentives for team members to excel in their roles. This initiative will not only boost morale within the Disability Department, but also enhance customer service, ultimately improving overall service quality. Moreover, these career ladder positions are an essential part of our strategy to address the increased workload and ensure the continued success of the Disability Department.

Current Position (existing classification)	Career Ladder Position (new/add classification)	Department	Position Type	Ladder Proposed Salary and Benefits	Total Annual Budget Impact (Net)
(2) Office Specialist	Staff Assistant	Disability	County	\$113,748	\$20,000

3. APPROVE THE FOLLOWING DROPS

3A. DROP FOUR POSITIONS IN THE MEMBER SERVICES DEPARTMENT

Throughout 2023, Member Services has had three Extra Help RPS's who supported QA processes and the call center. In addition, there is currently a vacant Extra Help Manager. If the request to add three RPS positions in the QAPI Section and one RPS to support the call center is approved, these Extra Help positions will be dropped in 2024.

Position Title	Department	Position Type	Current Salary and Benefits	Total Annual Budget Impact (Salary and Benefits)
(3) Retirement Program Specialists - Extra Help	Member Services	County	\$35,000	(\$105,000)
Member Services Manager – Extra Help	Member Services	County	\$61,000	(\$61,000)

Conclusion:

In summary, I am requesting 19 new positions, the creation of three career ladders, and four drops with the 2024 Staffing Plan. The annual cost of each position is listed above with an estimated increase to the personnel cost in the amount of **\$2,582,820**. The estimated budget impact for 2024 due to the timing of hiring several of the requested positions is **\$2,185,625**.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

Attachments:

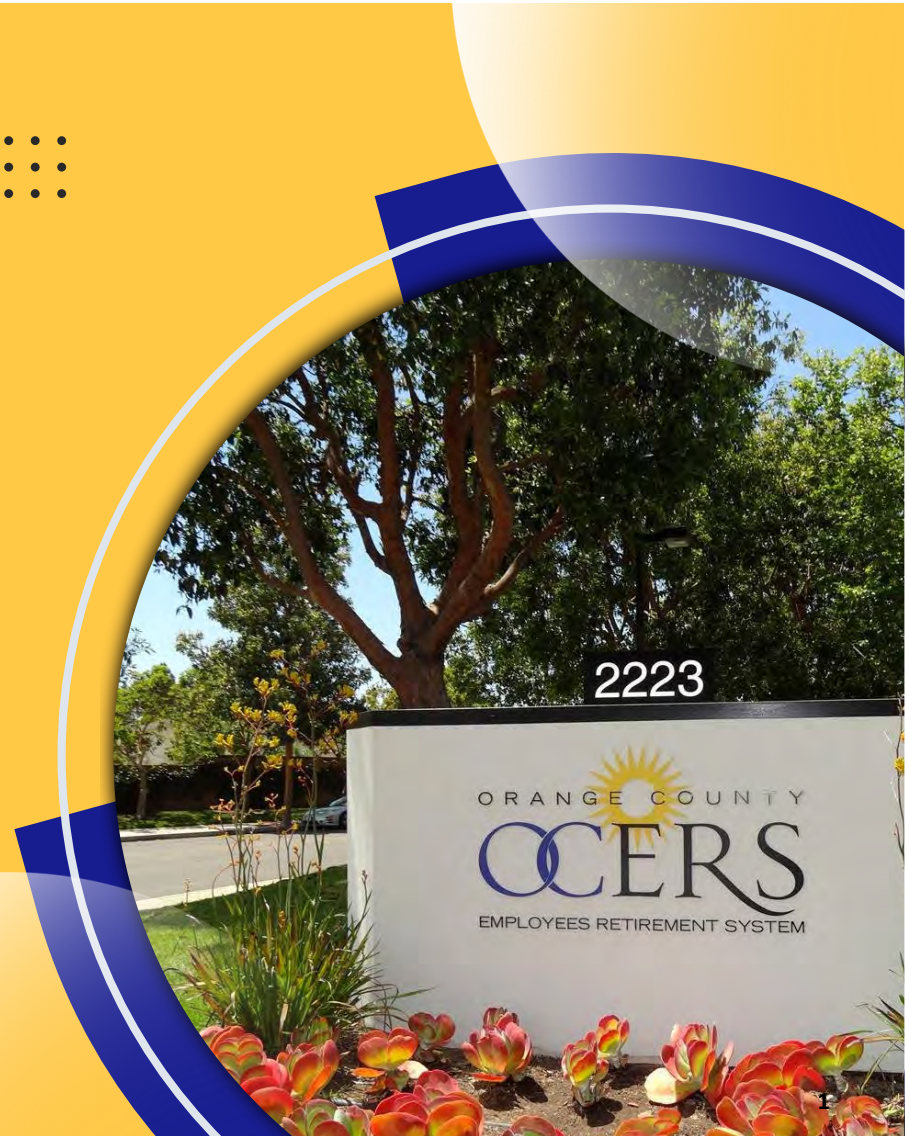
- A - Investments Division
 - Memo
 - Current and Proposed Organization Chart
- B - Disability Division
 - Memo
 - Current and Proposed Organization Chart
- C - Member Services Division
 - Memo – Retirement Operations and QA
 - Memo – Member and Employer Relations
 - Current and Proposed Organization Chart
- D - Finance Division
 - Memo
 - Current and Proposed Organization Chart
- E - Information Technology Department
 - Memo
 - Current and Proposed Organization Chart
- F - Information Security
 - Memo
 - Current and Proposed Organization Chart
- G – Agency Wide Organization Chart
 - Current and Proposed

OCERS 2024 Staffing Plan Personnel Committee Meeting



Steve Delaney, CEO
Cynthia Hockless, Director of Human Resources

OCTOBER 26, 2023



CHALLENGES IN 2024

- Increased oversight work in Investments
- Increasing workload in Disability
- A demand for improved member services
 - Anticipated retirement rush
 - Service credit purchases
 - Final estimates
- Member service duties overly concentrated

BIG PROJECTS

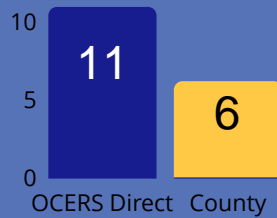
- ALAMEDA
- Master Repository
- Robotic Process Automation
- Construct new Pension Administration System



RETENTION OF NEWLY ADDED POSITIONS

2022

NEWLY ADDED POSITIONS: 12
POSITIONS ADDED MID-YEAR: 5 (17) Total
15

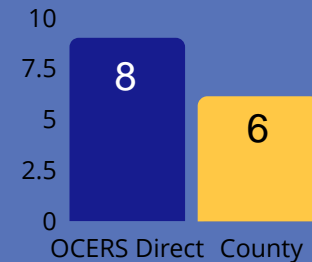


FILLED RATE 100%

Retained - 14
Separated - 3

2023

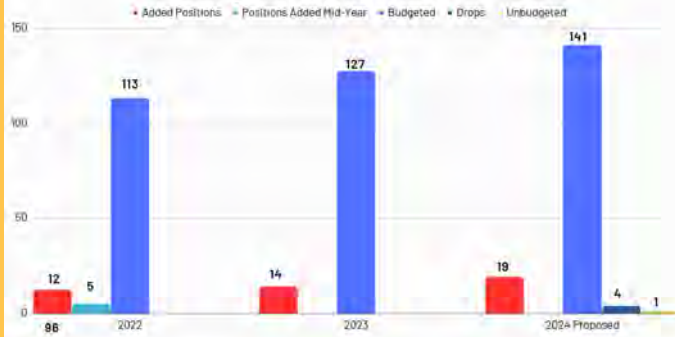
NEWLY ADDED POSITIONS: 14



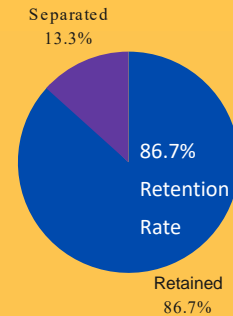
FILLED RATE 85.7%

Unfilled - 2
Retained - 12
Separated - 1

Budgeted Positions



30 HIRES OVER 2 YEARS



2023 Budgeted Headcount



2023	
Total Budgeted Headcount	127
OCERS Direct	54
County	68
Extra Help OCERS Direct	2
Extra Help County	3

2024 Staffing Plan



REQUEST FOR STAFFING CHANGES IN THE FOLLOWING DEPARTMENTS:

19 NEW POSITIONS 3 CAREER LADDERS

Investments (3)
Disability (2)
Member Services (12)
Finance (1)
Information Technology (1)

Information Security (1)
Disability (2)

4 DROPS

Member Services (4)

1. unbudgeted

Recommendations

1. ADD THE FOLLOWING 19 NEW POSITIONS TO THE 2024 BUDGETED HEADCOUNT

1 A. INVESTMENTS

Add three (3) positions to the Investments Department 1. Two (2) Investment Officers 2. One (1) Investment Analyst

1 B. DISABILITY

Add two (2) positions to the Disability Department 1. One (1) Disability Investigator 2. One (1) Staff Assistant

1 C. MEMBER SERVICES

Add twelve (12) positions to the Member Services Department 1. Ten (10) Retirement Program Specialists 2. One (1) Member Services Manager 3. One (1) Benefits Analyst

1 D. FINANCE

Add one (1) Back-fill Finance Manager position to the Finance Department.

1 E. INFORMATION TECHNOLOGY

Add one (1) Extra Help Technical Intern position to the IT Department.

1 A. Investments Department



RECOMMENDATION

- Request 2 Investment Officers + 1 Investment Analyst

JUSTIFICATION

- Need additional positions to adequately cover private markets as co-investment activity has increased investment activity
- In line with 10-year goal planning for the department as part of expected growth of assets under management and investment manager coverage for private markets strategies

Position Title	Position Salary Range	Proposed Budgeted Salary	Annual Budget Impact
(2) Investment Officer	\$135,534 - \$210,079	\$172,807	\$568,768
Investment Analyst	\$87,821 - \$127,340	\$102,580	\$160,895



2023 Investments Organization Chart

Current Investments Org Chart

Total Budgeted Investments Employees
(as of August 25, 2023): **11**
County – **0**; OCERS Direct – **11**
Vacancy: **1**

- OCERS Direct Employees
- County Employees

Chief Investment Officer
Molly Murphy

Director of Investments
Shanta Chary

Director of Investments
David Beeson

Sr. Investment Officer
Tarek Turaigi

Investment Officer
Junyun He

Investment Analyst
Duc Nguyen

Investment Analyst
Vacant (1)

Investment Officer
Stina Walander-Sarkh

Investment Officer
Ada Chen

Investment Analyst
Emma Ji

Investment Analyst
Mitchell Peterson



2024 Proposed Investments Organization Chart

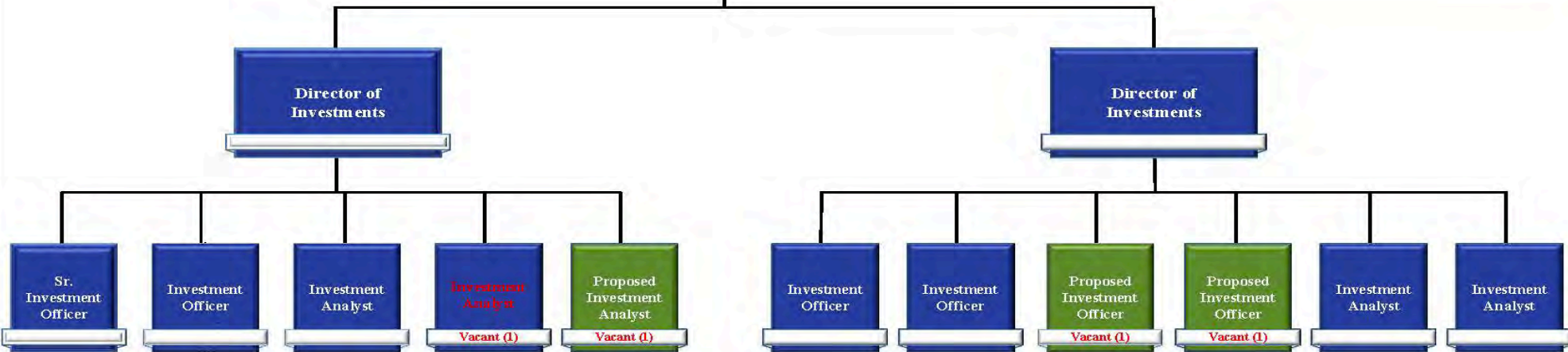
Proposed Org Chart Effective 2024

Total Budgeted Investments Employees (as of August 25, 2023): **11**
OCERS Direct – **11**
Vacancy: **1**

Total Proposed Budgeted Investments Employees (effective 2024): **14**
OCERS Direct – **14**
Vacancies: **4**

- OCERS Direct Employees
- OCERS Direct Employee - Proposed

Chief Investment Officer
Molly Murphy



1 B. Disabilities Department



RECOMMENDATION

- The Disabilities department requests the addition of one (1) Disability Retirement Investigator and one (1) Staff Assistant

JUSTIFICATION

- Due to OCERS' membership growth, the filing of applications is expected to continue to rise.
- Current staff to evaluate applications hasn't kept pace with this growth.
- Thorough Review: Additional staff will enable more comprehensive case reviews, enhancing decision-making and risk identification.
- Faster Processing: More staff will expedite application processing, reducing client waiting times and improving client satisfaction.
- Effective Intake: Additional staff will streamline the intake process, ensuring prompt and thorough handling of applications.
- Reduced Risk of Errors: Additional staff will reduce time constraints, lowering the likelihood of costly mistakes.



Position Title	Position Salary Range	Proposed Budgeted Salary	Annual Budget Impact
Disability Retirement Investigator	\$61,089 - \$81,681	\$74,347	\$122,341
Staff Assistant	\$51,896 - \$69,576	\$65,319	\$109,695

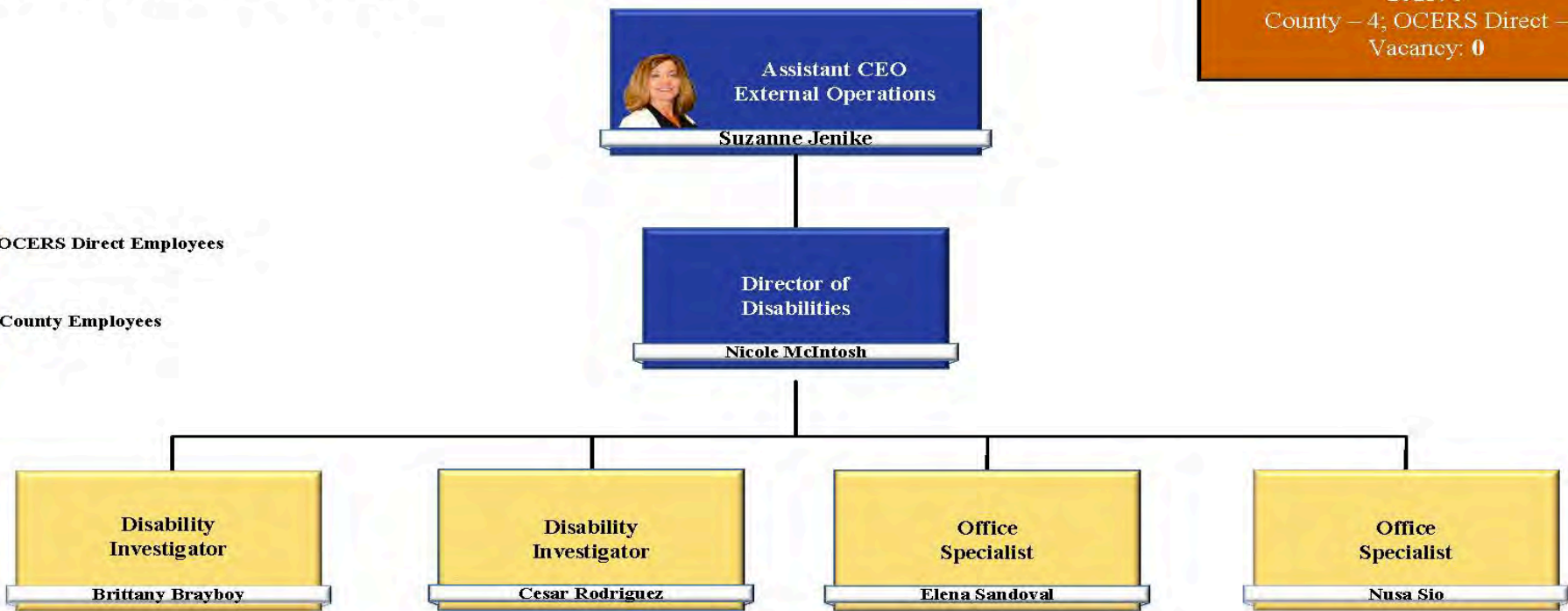


2023 Disabilities Organization Chart

**Current
2023 Org Chart**

Total Budgeted Disabilities Employees
2023: 5
County – 4; OCERS Direct – 1
Vacancy: 0

 OCERS Direct Employees
 County Employees





2024 Proposed Disabilities Organization Chart

Proposed Org Chart 2024

Total Proposed Disabilities Employees 2024: 7
 County – 6; OCERS Direct – 1
 Proposed ADD: 2
 Proposed Career Ladders: 2
 Vacancies: 2

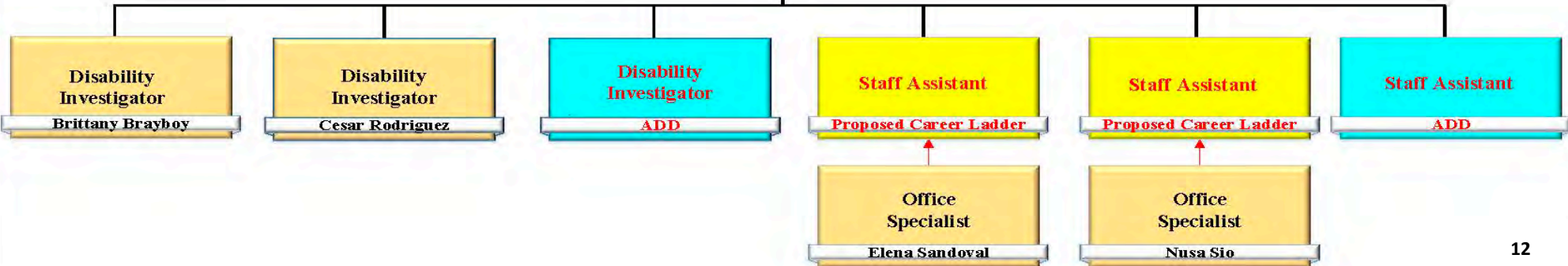
- OCERS Direct Employees
- County Employees
- County Employee – Proposed ADD
- County Employees – Proposed Career Ladder

Assistant CEO
External Operations

Suzanne Jenike

Director of
Disabilities

Nicole McIntosh



1 C. Member Services Department

MEMBER AND EMPLOYER RELATIONS TEAM



RECOMMENDATION

- Request one (1) Member Services Manager and one (1) Retirement Program Specialist

JUSTIFICATION

- Requesting an additional manager for member & employer relations section to support staff, duties, and division-level projects.
- Seeking to increase staffing in the customer service call center to handle high call volume, seminars, counseling sessions, and retirement applications.

Position Title	Position Salary Range	Proposed Budgeted Salary	Annual Budget Impact
Member Services Manager	\$109,100 - \$169,105	\$139,000	\$204,679
Retirement Program Specialist	\$53,643 - \$71,822	\$66,296	\$110,662

1 C. Member Services Department



RETIREMENT OPERATIONS TEAM

RECOMMENDATION

- Requesting one (1) Benefit Analyst and six (6) Retirement Program Specialists

JUSTIFICATION

- Team has dedicated over 300 hours in the last several months of 2023 to simplification and automation.
- Resources have been strained due to the ongoing work.
- New role will provide separate oversight for benefit estimate generation.
- In late 2023, transitioning estimate generation work from the Member and Employer Relations (MER) section to the Retirement Operations team.
- Transition aims to support 100% accuracy goals and create a stand-alone call center in the MER section.
- The additional staffing will incorporate full benefit estimate generation into the process as requested by the board in the strategic planning meeting in September 2023.

1 C. Member Services Department

QUALITY ASSURANCE AND PROCESS IMPROVEMENT TEAM



RECOMMENDATION

- Requesting three (3) Retirement Program Specialists

JUSTIFICATION

- These new team members will assist in Quality Assurance (QA) for additional financial transactions, specifically service credit purchase/buybacks.
- Currently, these transactions are peer-reviewed, not subject to separate calculations like final average salary transactions.
- It takes at least a year to train a Retirement Program Specialist.
- These positions will also support QA on final average salary transactions, testing for Robotic Process Automation projects with Roboyo, and prepare for Pension Administration System project development, data cleanup, and regression testing.
- Two Extra Help Retirement Program Specialist reps supported QA processes in 2023, but they will not be requested for 2024 with the new team members.

Position Title	Position Salary Range	Proposed Budgeted Salary	Annual Budget Impact
Benefit Analyst	\$87,821 - \$127,340	\$107,000	\$181,119
(9) Retirement Program Specialist	\$53,643 - \$71,822	\$66,296	\$995,958

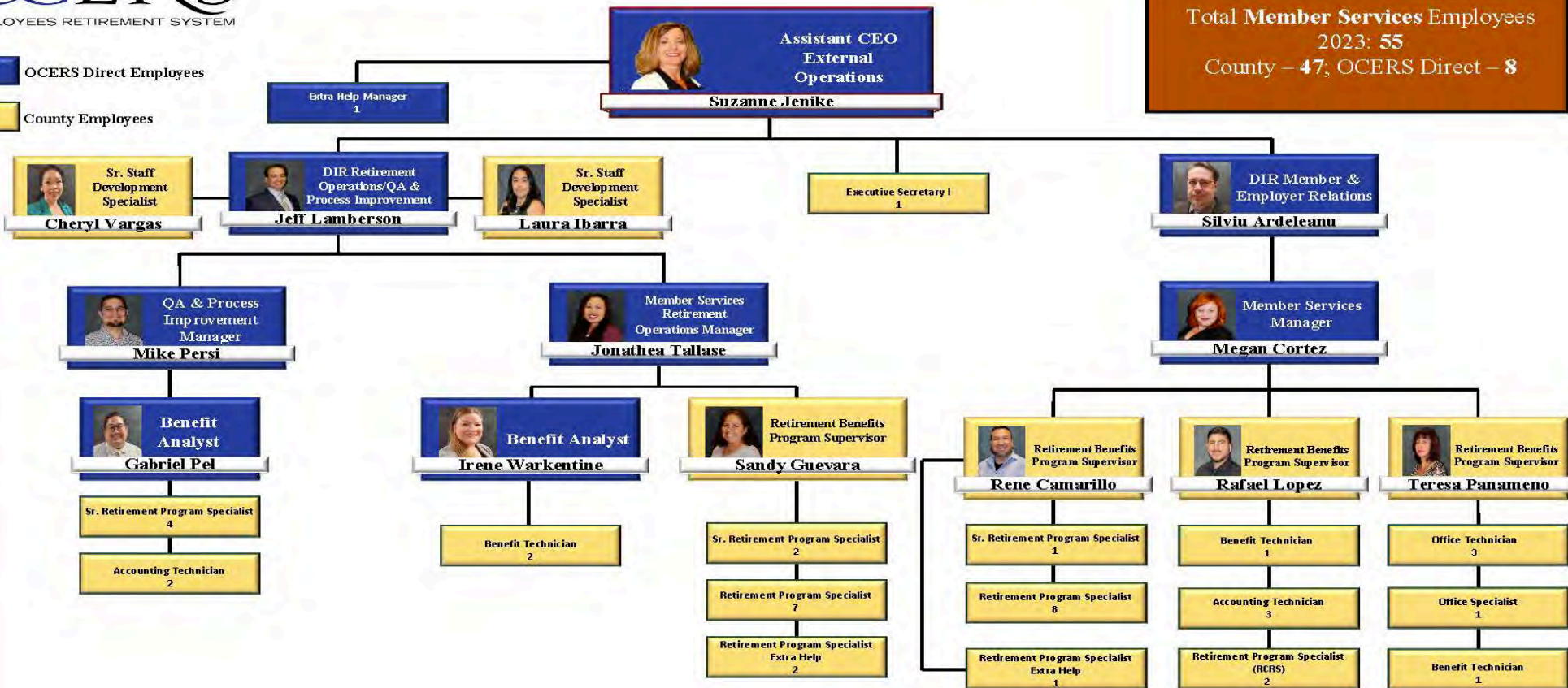


2023 Member Services Organization Chart

Current Org Chart 2023

Total Member Services Employees 2023: 55
 County – 47; OCERS Direct – 8

OCERS Direct Employees
 County Employees



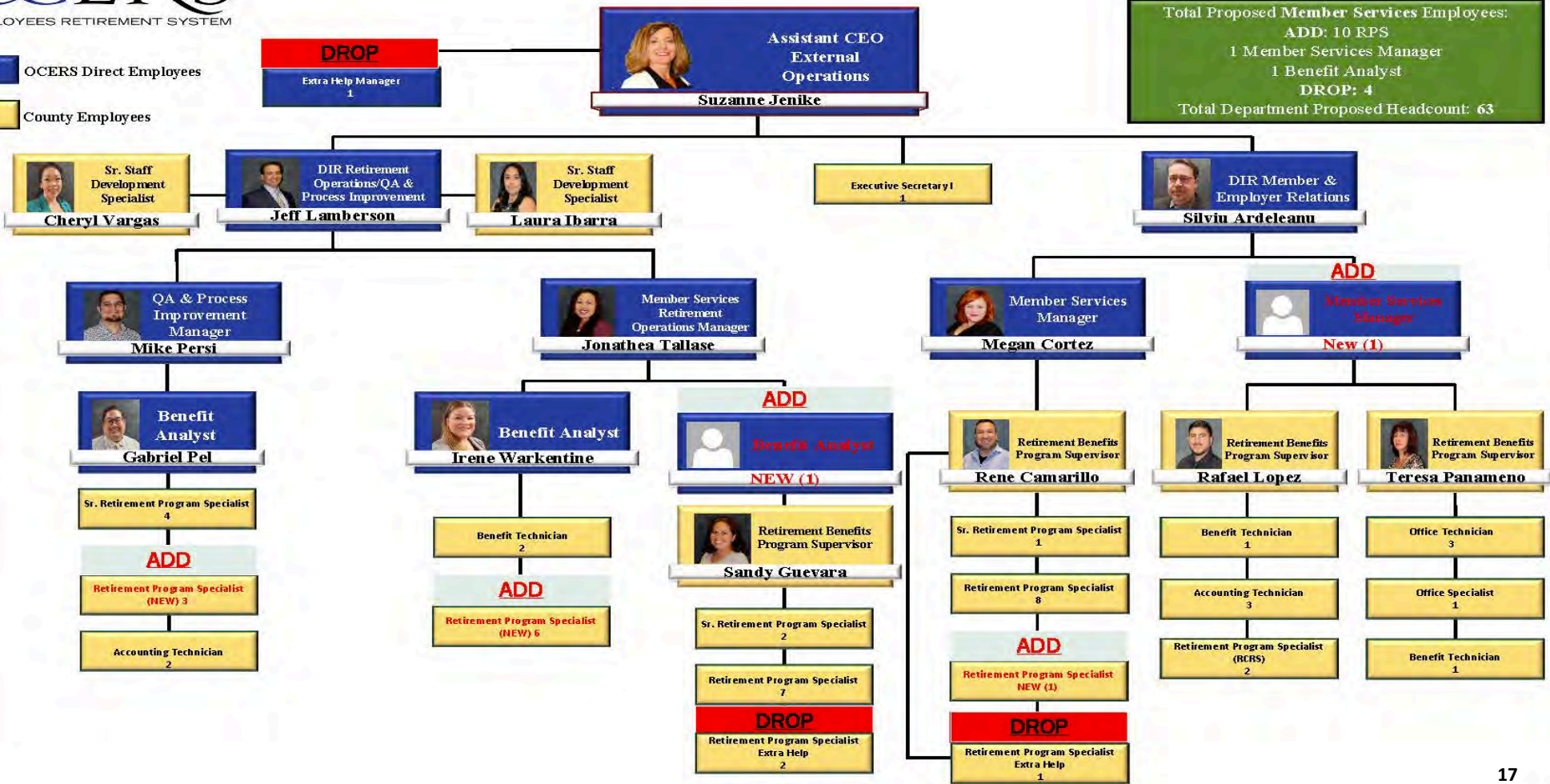


2024 Member Services Proposed Organization Chart

Proposed Org Chart 2024

Total Proposed Member Services Employees:
 ADD: 10 RPS
 1 Member Services Manager
 1 Benefit Analyst
 DROP: 4
 Total Department Proposed Headcount: 63

OCERS Direct Employees
 County Employees



1 D. Finance Department



RECOMMENDATION

- Approve the addition of one Finance Manager in the Finance department

BACK-FILL/SUCCESSION PLANNING

- Allow adequate time for hiring and training back-fill positions for the upcoming PAS project.
- Succession planning for two management-level team members who are retirement eligible and will probably retire prior to the implementation of the new PAS project.

COST IMPACT

- Streamlining process and procedures and high retention rate reduced headcount by two over the past several years.
- First request for an additional headcount position in the Finance department in ten years.

Position Title	Position Salary Range	Proposed Budgeted Salary	Annual Budget Impact
Backfill Finance Manager	\$117,283 - \$181,787	\$145,600	\$225,622

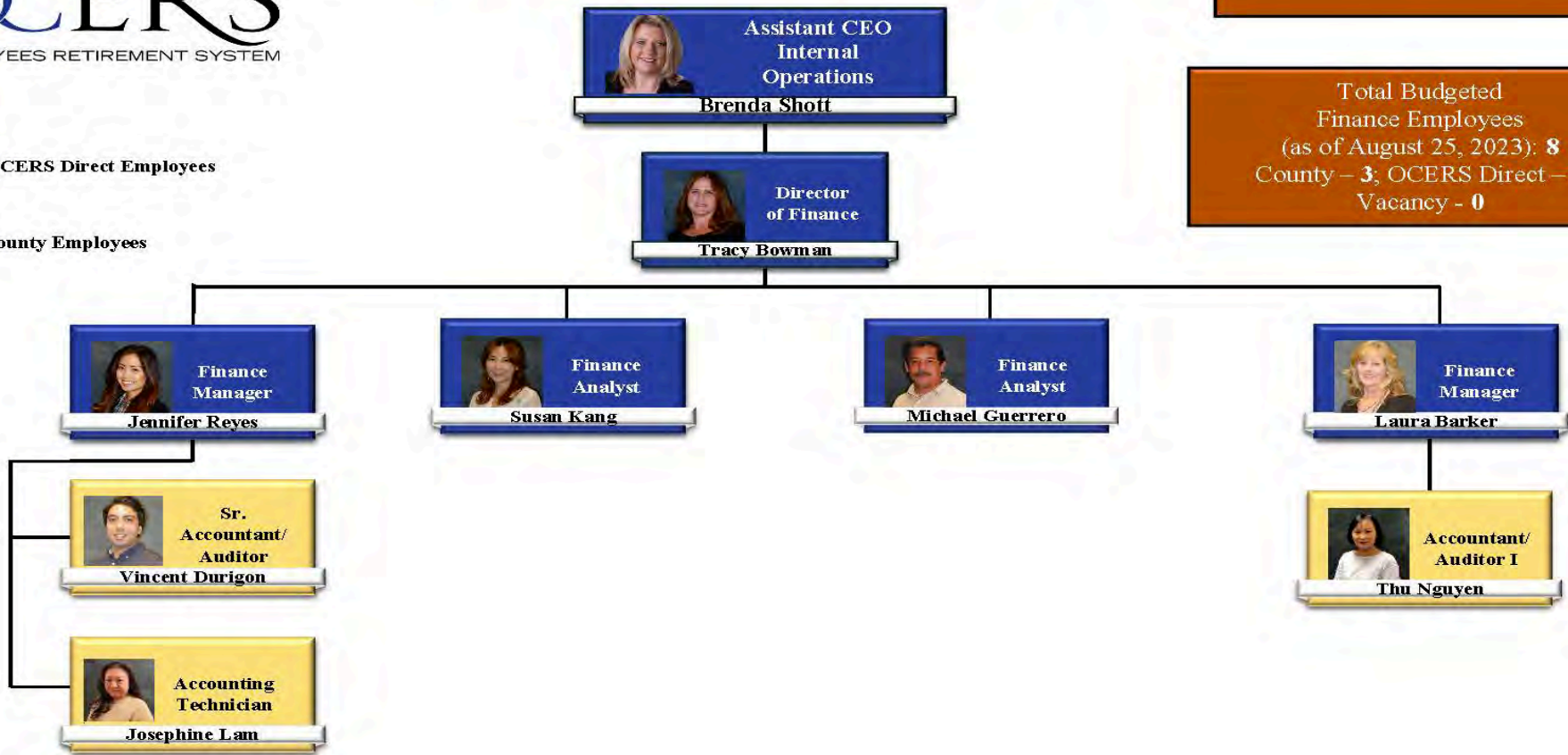


2023 Finance Organization Chart

Current Finance Org Chart

Total Budgeted Finance Employees
(as of August 25, 2023): **8**
County – **3**; OCERS Direct – **5**
Vacancy - **0**

- OCERS Direct Employees
- County Employees



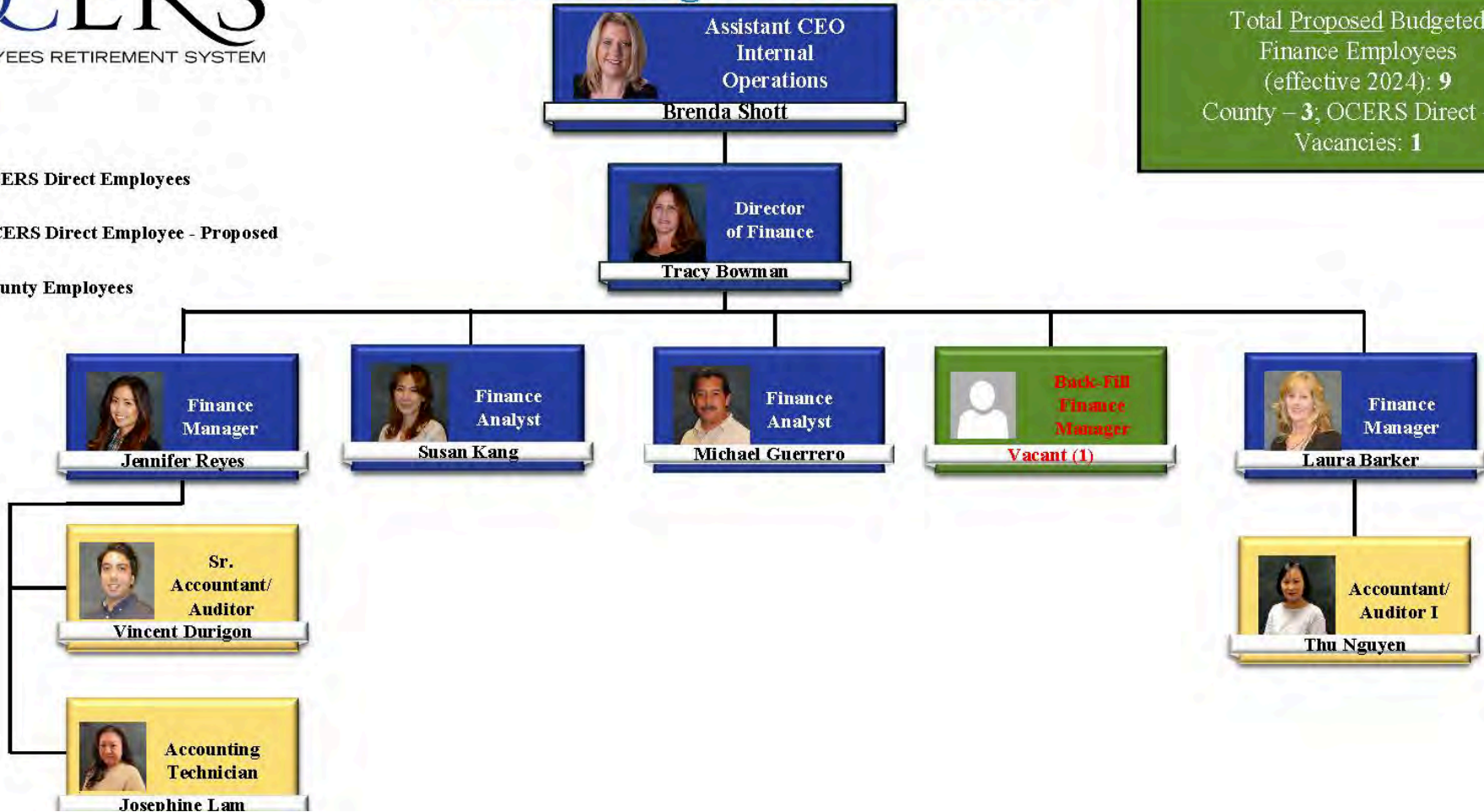


2024 Proposed Finance Organization Chart

Proposed Org Chart Effective 2024

Total Proposed Budgeted Finance Employees (effective 2024): 9
 County – 3; OCERS Direct – 6
 Vacancies: 1

- OCERS Direct Employees
- OCERS Direct Employee - Proposed
- County Employees



1 E. IT Department



RECOMMENDATION

- Approve the addition of one IT Programming Intern in the Information Technology department

JUSTIFICATION

- Our agency is constantly evolving, and our needs are growing in complexity. To stay competitive and innovative, we must ensure that our IT department is well-equipped with the skills and manpower needed to support our operations. Hiring an IT Programming Intern can help us address some of the pressing challenges and opportunities in this regard.

Position Title	Position Salary Range	Proposed Budgeted Salary	Annual Budget Impact
Extra Help Intern	\$21/hour for 960 hours	\$ 20,160	\$21,076

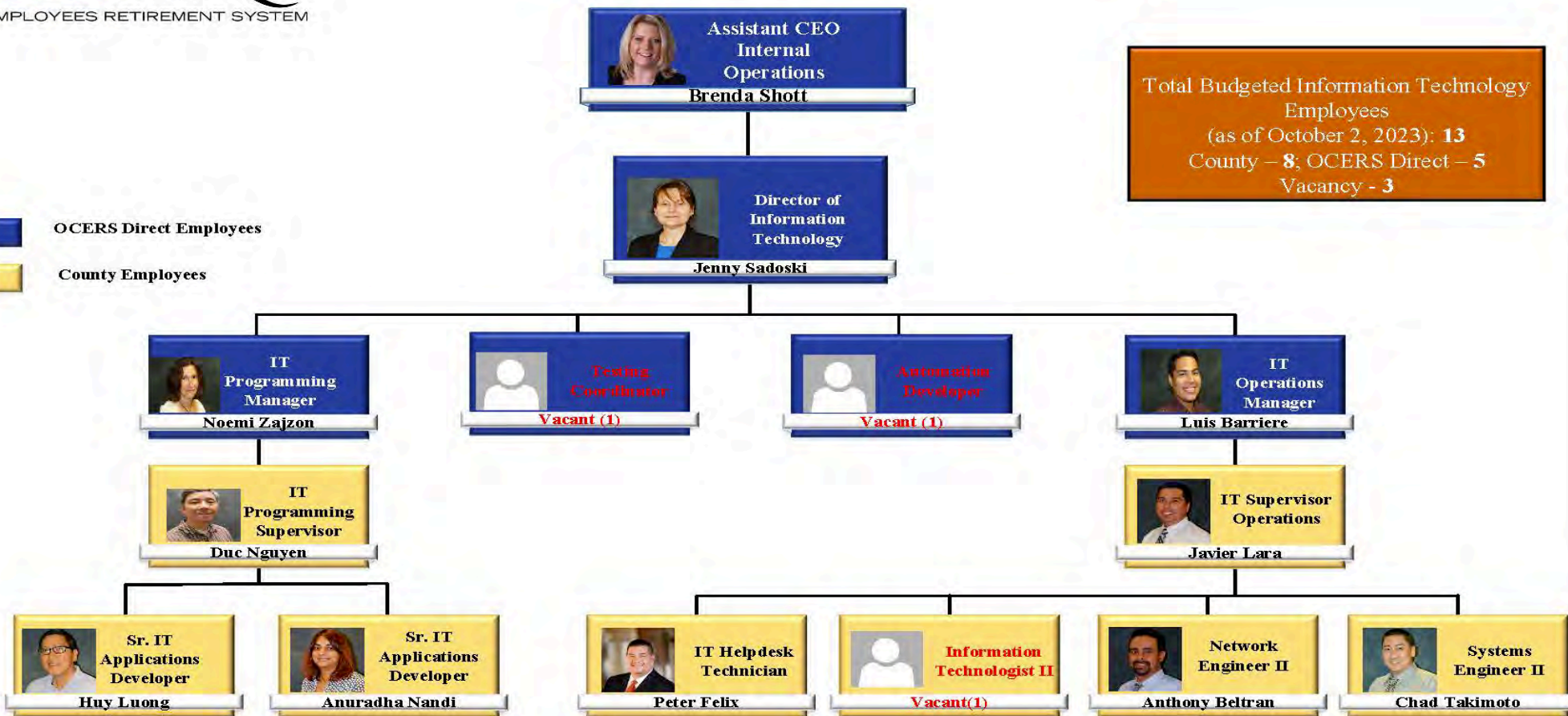


2023 Information Technology Organization Chart

Current Org Chart

Total Budgeted Information Technology Employees
(as of October 2, 2023): **13**
County – **8**; OCERS Direct – **5**
Vacancy - **3**

- OCERS Direct Employees
- County Employees



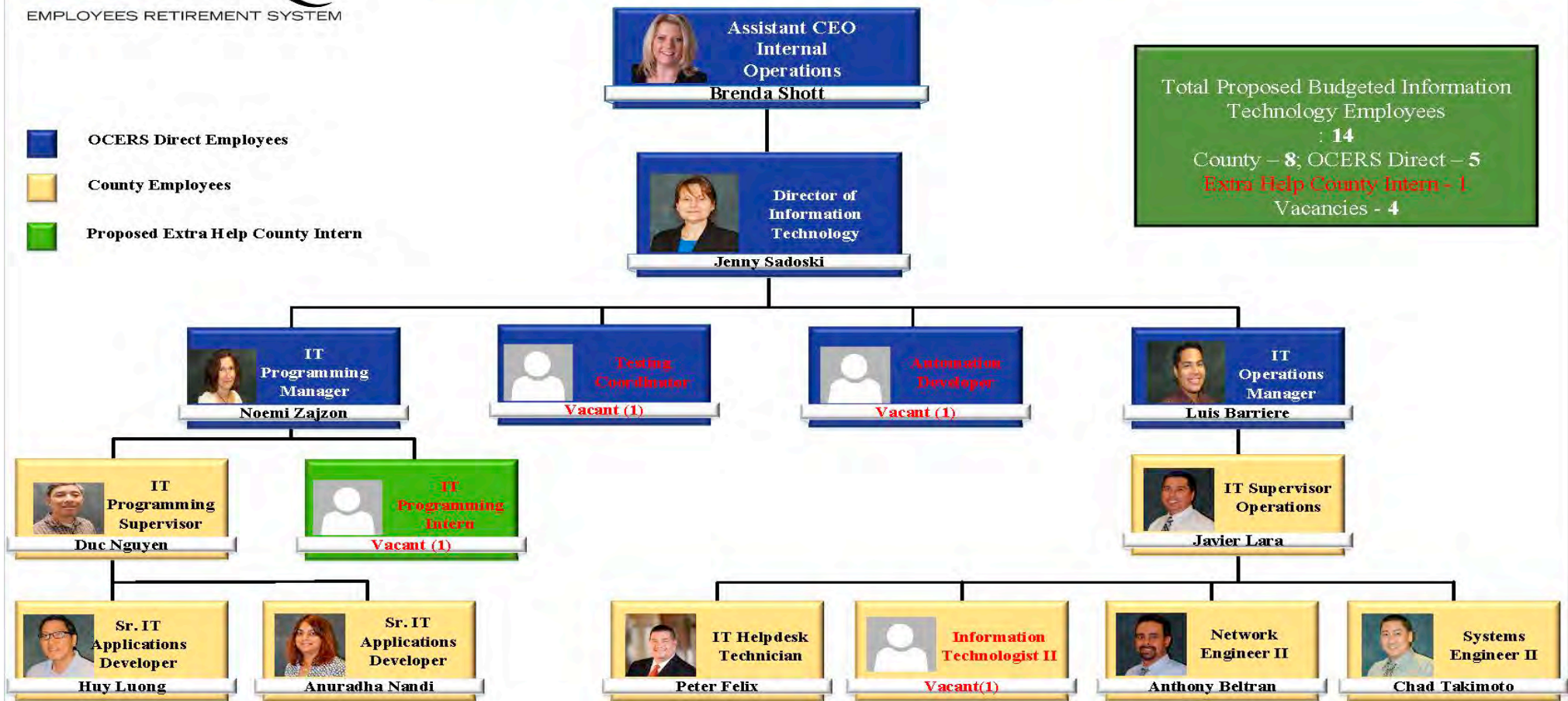


2024 Proposed Information Technology Organization Chart

Proposed Org Chart

Total Proposed Budgeted Information Technology Employees : **14**
 County – 8; OCERS Direct – 5
 Extra Help County Intern - 1
 Vacancies - 4

- OCERS Direct Employees
- County Employees
- Proposed Extra Help County Intern



Recommendations

2 A. APPROVE THE CREATION OF THE FOLLOWING CAREER LADDERS (NO CHANGE TO HEADCOUNT)



DISABILITY

Two (2) Office Specialists to two (2) Staff Assistants



INFORMATION SECURITY

Information Security Manager to Sr. Information Security Manager

2A. Career Ladder Information Security Department



RECOMMENDATION

- Approve the addition of a career ladder position, classified as Senior Information Security Manager in the Information Security department

JUSTIFICATION

- Part of the OCERS strategic plan to recruit and retain a high performing workforce.
- Position is an additional classification but not an increase in headcount.
- Retention tool for the Information Security department.

ADDITIONAL RESPONSIBILITIES

- Assist with the development of the Information Security business plan and strategic plans.
- Plan and manage the implementation of technical security controls.
- Lead and perform highly complex and technical system implementations and assessments.
- Train and mentor new Information Security staff.

Position Title	Position Salary Range	Proposed Budgeted Salary	Total Annual Budget Impact (Net)
Senior Information Security Manager	\$126,079 - \$195,422	\$330,095	\$28,000



2023 Information Security Organization Chart

Current Org Chart

Total Budgeted Information Security Employees
(as of June 16, 2023): **3**
County - **0**; OCERS Direct - **3**
Vacancy - 0

 OCERS Direct Employees

 County Employees








2024 Proposed Information Security Organization Chart

Proposed Org Chart

Total Proposed Budgeted Information Security Employees: 3
County – 0; OCERS Direct – 3

-  OCERS Direct Employees – Proposed Career Ladder
-  OCERS Direct Employees
-  County Employees


**Assistant CEO
Internal
Operations**
Brenda Shott


**Director of
Information
Security**
Matt Eakin

**Senior Information
Security Manager**
Proposed Career Ladder


**Information
Security Manager**
Jon Gossard

Position will go dark


**Cybersecurity
Analyst**
Edwin Sanchez

2B. Career Ladder Disabilities Department



RECOMMENDATION

- Requesting to add two (2) Staff Assistant career ladder positions

JUSTIFICATION

- Increased workload, implementation of new evaluation process, performing duties outside of OS job classification, and employee incentive

BENEFITS TO OCERS

- Cost efficiency
- Quality of evaluation process
- Faster application processing time
- Reduced risk of errors and delays
- Savings of time and resources
- Customer service



Position Title	Position Salary Range	Proposed Budgeted Salary	Total Annual Budget Impact (Net)
(2) Staff Assistants	\$51,896 - \$69,576	\$113,748	\$20,000

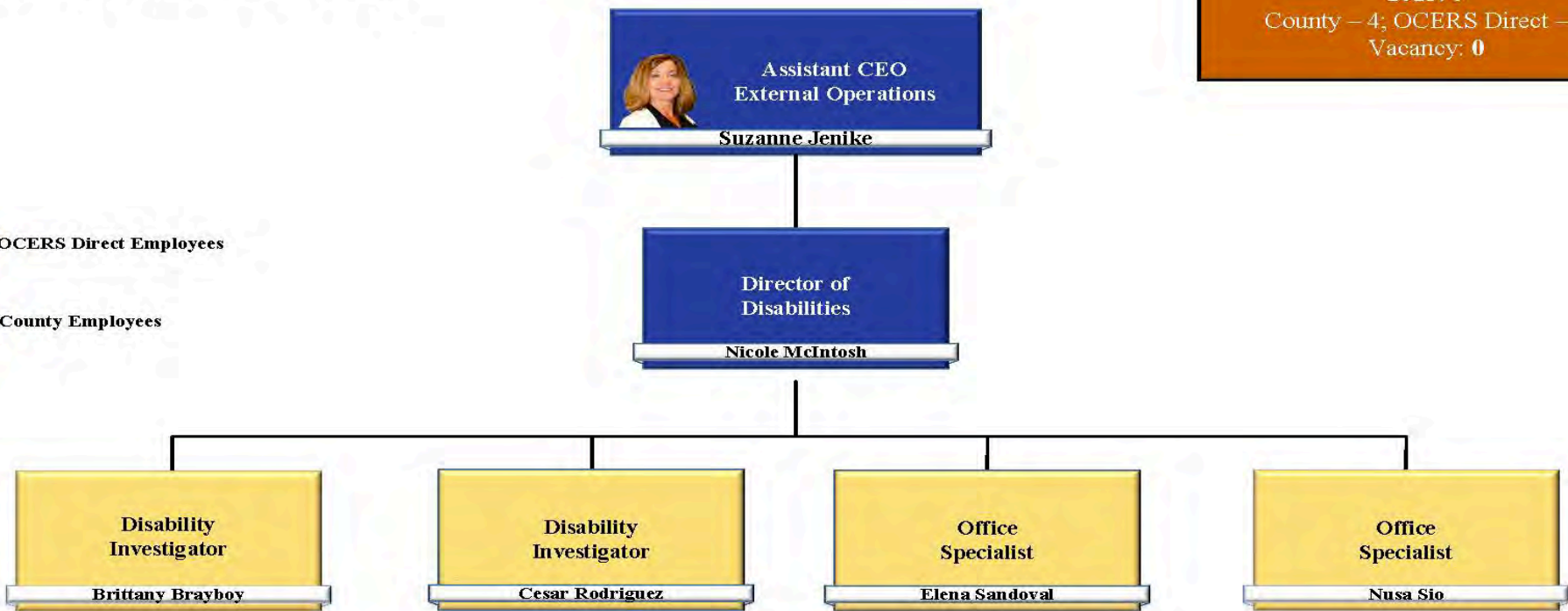


2023 Disabilities Organization Chart

**Current
2023 Org Chart**

Total Budgeted Disabilities Employees
2023: 5
County – 4; OCERS Direct – 1
Vacancy: 0

 OCERS Direct Employees
 County Employees





2024 Proposed Disabilities Organization Chart

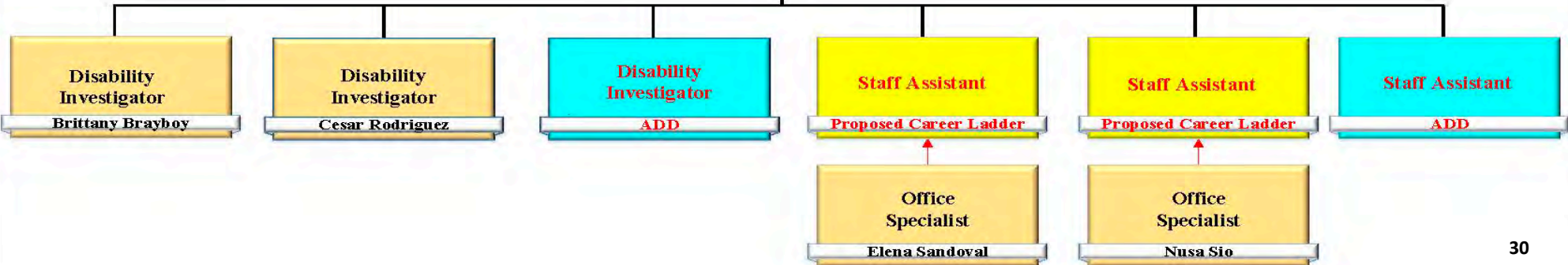
Proposed Org Chart 2024

Total Proposed Disabilities Employees 2024: 7
 County – 6; OCERS Direct – 1
 Proposed ADD: 2
 Proposed Career Ladders: 2
 Vacancies: 2

- OCERS Direct Employees
- County Employees
- County Employee – Proposed ADD
- County Employees – Proposed Career Ladder

Assistant CEO
External Operations
Suzanne Jenike

Director of Disabilities
Nicole McIntosh



Recommendations

3 A. DROP FOUR (4) EXTRA HELP POSITIONS IN THE MEMBER SERVICES DEPARTMENT



\$166,000 12-month annual base salary cost difference

3 A. Approve the Following Drops



RECOMMENDATION

- Drop four (4) positions in the Member Services Department

JUSTIFICATION

- In 2023, Member Services had three Extra Help RPS's supporting QA processes and the call center.
- There is currently a vacant Extra Help Manager position.
- If the request for four RPS positions in the QAIP Section and one RPS for the call center is approved, the Extra Help positions will be eliminated in 2024.

Position Title	Department	Position Type	Current Salary and Benefits	Total Annual Budget Impact (Salary and Benefits)
(3) Retirement Program Specialists - Extra Help	Member Services	County	\$35,000	(\$105,000)
Member Services Manager – Extra Help	Member Services	County	\$61,000	(\$61,000)

2024 Proposed Budgeted Headcount



Proposed 2024	
Total Budgeted Headcount	141
OCERS Direct	60
County	80
Extra Help OCERS Direct	0
Extra Help County (Intern)	1



Recommendations

1A. APPROVE THE ADDITION OF 19 NEW POSITIONS TO THE 2024 BUDGETED HEADCOUNT

- A. Add three positions to the Investments Division
- B. Add two positions to the Disability Division
- C. Add twelve positions to the Member Services Division
- D. Add one position to the Finance Division
- E. Add one position to the Information Technology Division

2A. APPROVE THE CREATION OF THREE CAREER LADDERS (NO CHANGE TO HEADCOUNT)

A. Information Security Division:

- i) Information Security Manager to Senior Information Security Manager

B Disability Division:

- i) Two Office Specialists to Staff Assistants

3A. APPROVE THE FOLLOWING DROPS

A. Drop the following Member Services positions:

- i) Two Retirement Program Specialists - Extra Help
- ii) Member Services Manager – Extra Help

The total estimated Personnel Cost to be added to the 2024 budget is \$2,185,625

Estimated Annual Personnel Cost for these staffing changes is \$2,582,820

³⁴



THANK YOU

Q U E S T I O N S ?



Appendix

Slide 36, 37: Recommendations
Slide 38, 39: 2023 OCERS Org Chart
Slide 40, 41: Proposed 2024 OCERS Org Chart



Recommendations

1. ADD THE FOLLOWING 19 NEW POSITIONS TO THE 2024 BUDGETED HEADCOUNT

1 A. INVESTMENTS

Add three (3) positions to the Investments Department 1. Two (2) Investment Officers [12-months Base Salary \$172,807, w/ Benefits \$284,384, total \$568,768] 2. One (1) Investment Analyst [12-months Base Salary \$102,850, w/ Benefits \$160,895]

1 B. DISABILITY

Add two (2) positions to the Disability Department 1. One (1) Disability Investigator [12-months Base Salary \$74,347, w/ Benefits \$122,341] 2. One (1) Staff Assistant [12-months Base Salary \$65,319, w/ Benefits \$109,695]

1 C. MEMBER SERVICES

Add twelve (12) positions to the Member Services Department 1. Ten (10) Retirement Program Specialists [12-months Base Salary \$66,296, w/ Benefits \$110,662, total \$1,106,625] 2. One (1) Member Services Manager [12-months Base Salary \$139,000, w/ Benefits \$204,679] 3. One (1) Benefits Analyst [12-months Base Salary \$107,000, w/ Benefits \$181,119]

1 D. FINANCE

Add one (1) Back-fill Finance Manager position to the Finance Department. [12-months Base Salary \$145,600, w/ Benefits \$225,622]

1 E. INFORMATION TECHNOLOGY

Add one (1) Extra Help Technical Intern position to the IT Department. [12-months Base Salary \$20,160, w/ Benefits \$21,076]

Recommendations

2 A. APPROVE THE CREATION OF THE FOLLOWING CAREER LADDERS (NO CHANGE TO HEADCOUNT)



DISABILITY

Two (2) Office Specialists to two (2) Staff Assistants



INFORMATION SECURITY

Information Security Manager to Sr. Information Security Manager

3 A. DROP FOUR (4) EXTRA HELP POSITIONS IN THE MEMBER SERVICES DEPARTMENT

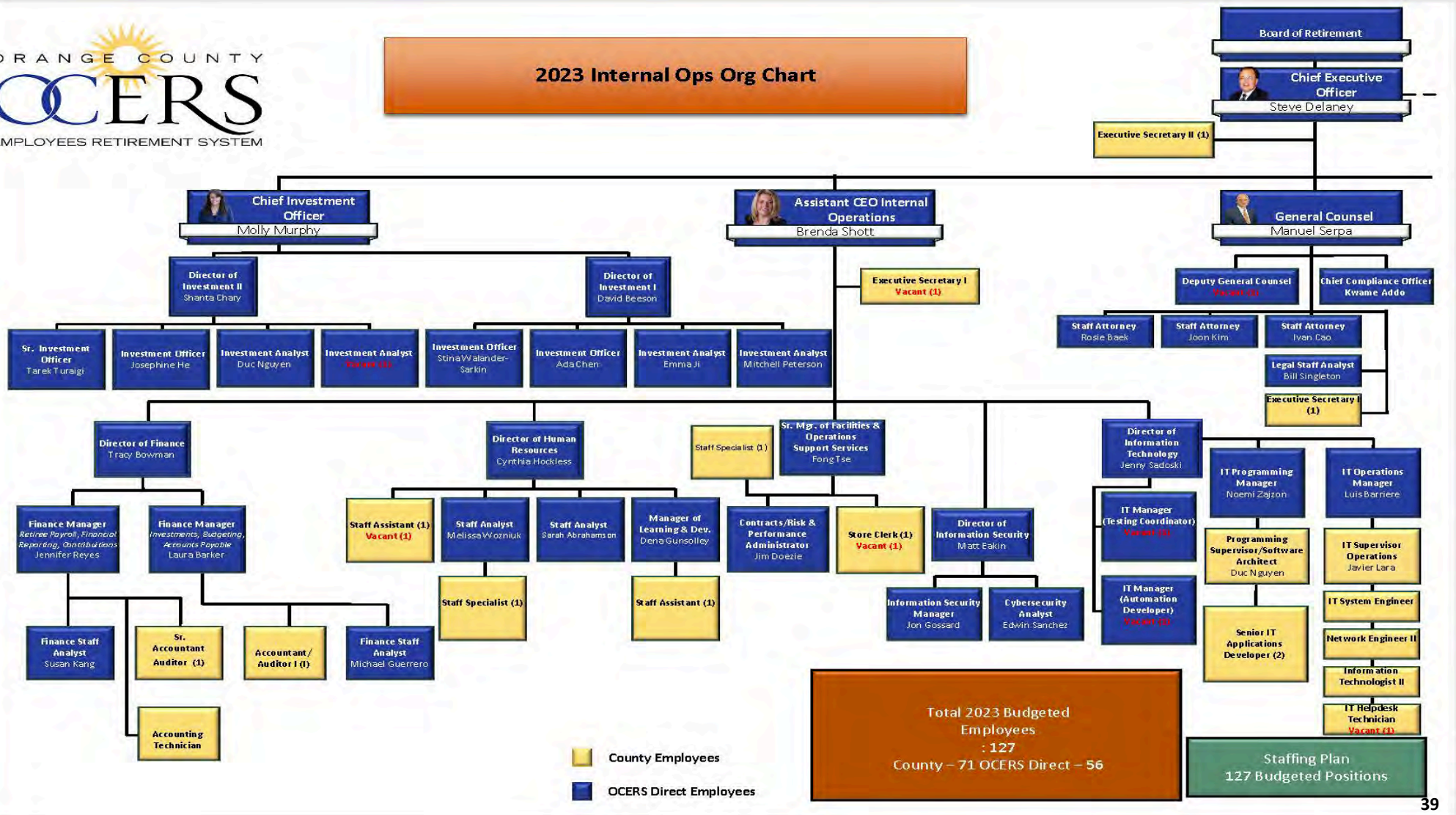


\$166,000 12-month annual base salary cost difference

19 NEW POSITIONS, THE CREATION OF 3 CAREER LADDERS AND 4 DROPS OF A POSITION AT AN ESTIMATED ANNUAL COST OF \$2,582,820



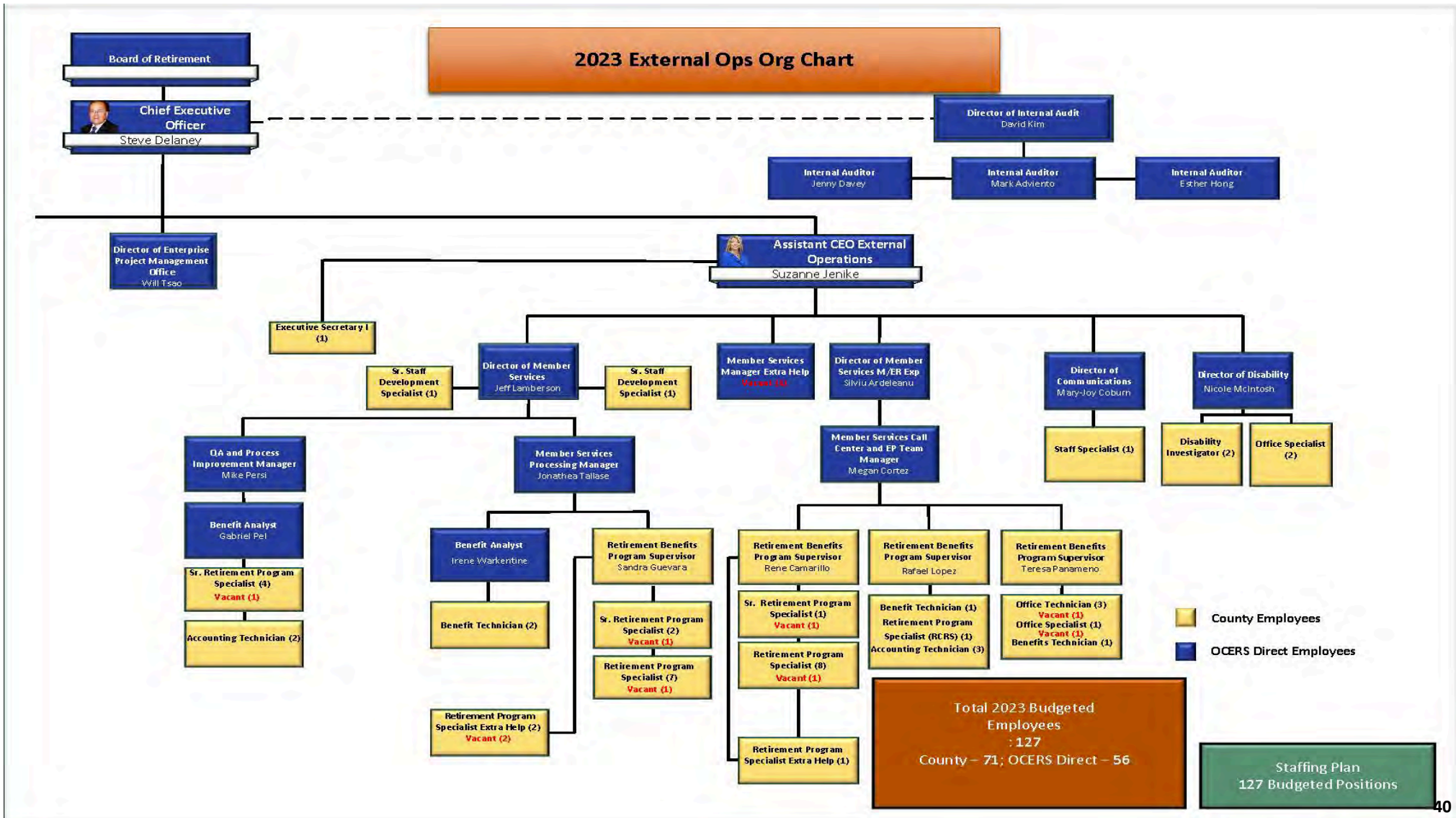
2023 Internal Ops Org Chart

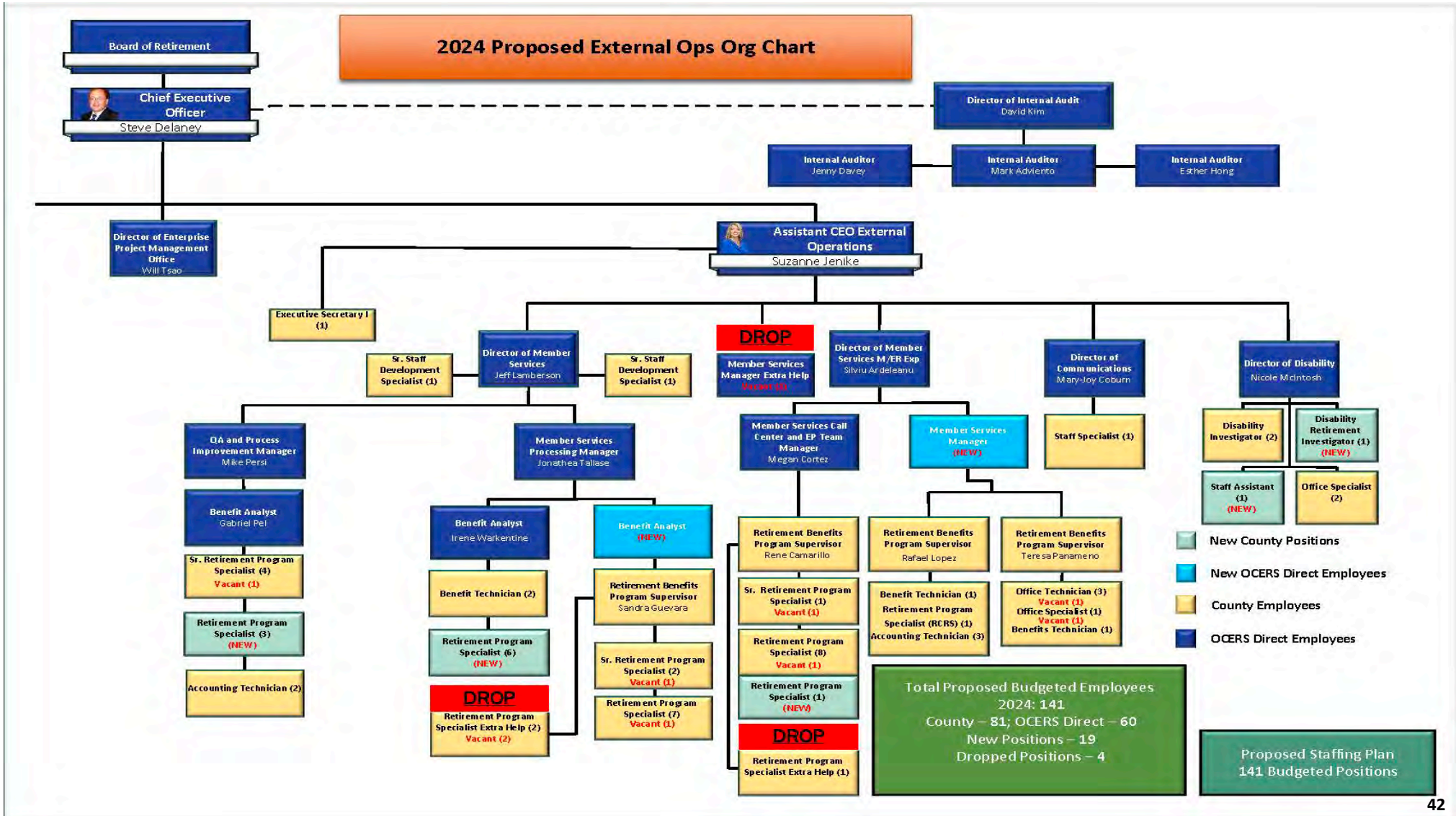


County Employees
 OCERS Direct Employees

Total 2023 Budgeted Employees
 : 127
 County - 71 OCERS Direct - 56

Staffing Plan
 127 Budgeted Positions







Memorandum

DATE: October 26, 2023
TO: Steve Delaney, Chief Executive Officer
FROM: Molly A. Murphy, CFA, Chief Investment Officer
SUBJECT: 2024 STAFFING PLAN - REQUEST FOR NEW INVESTMENTS POSITIONS

Background

As OCERS has expanded into more private markets strategies and added co-investments, the Investments team workload has increased dramatically. As a result, a request to add three new Investments Division positions is essential to ensure that investment processes continue with the highest quality and efficiency.

These positions, one Investment Analyst and two Investment Officers, are consistent with the Investments Division 10-year staffing plan. Additionally, the positions request aligns with current AUM and future AUM growth of plan assets.

Annual Cost Impact

Assuming the positions are filled at the midpoint of OCERS' applicable salary ranges, the annual cost (salary plus benefits) is \$729,663. While we expect to fill the Investment Analyst position promptly, it will take more time to source and fill the Investment Officers positions. The goal will be to have the Investment Analyst in the role for the entire year of 2024, but the Investment Officer positions will likely be filled closer to mid-year (or later), thus a prorated amount of the annual salary would be required during budget year 2024.

The position level budget details, salary plus a 57% benefit load, are as follows:

Investment Analyst = \$160,895

Investment Officer (x2) = \$284,384

Submitted by:



MAM - approved
Molly A. Murphy, CFA
Chief Investment Officer



2023 Investments Organization Chart

Current Investments Org Chart

Total Budgeted Investments Employees
(as of August 25, 2023): 11
County – 0; OCERS Direct – 11
Vacancy: 1

- OCERS Direct Employees
- County Employees

Chief Investment Officer
Molly Murphy

Director of Investments
Shanta Chary

Director of Investments
David Beeson

Sr. Investment Officer Tarek Turaigi	Investment Officer Junyun He	Investment Analyst Duc Nguyen	Investment Analyst Vacant (1)
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Investment Officer Stina Walander-Sarkin	Investment Officer Ada Chen	Investment Analyst Emma Ji	Investment Analyst Mitchell Peterson
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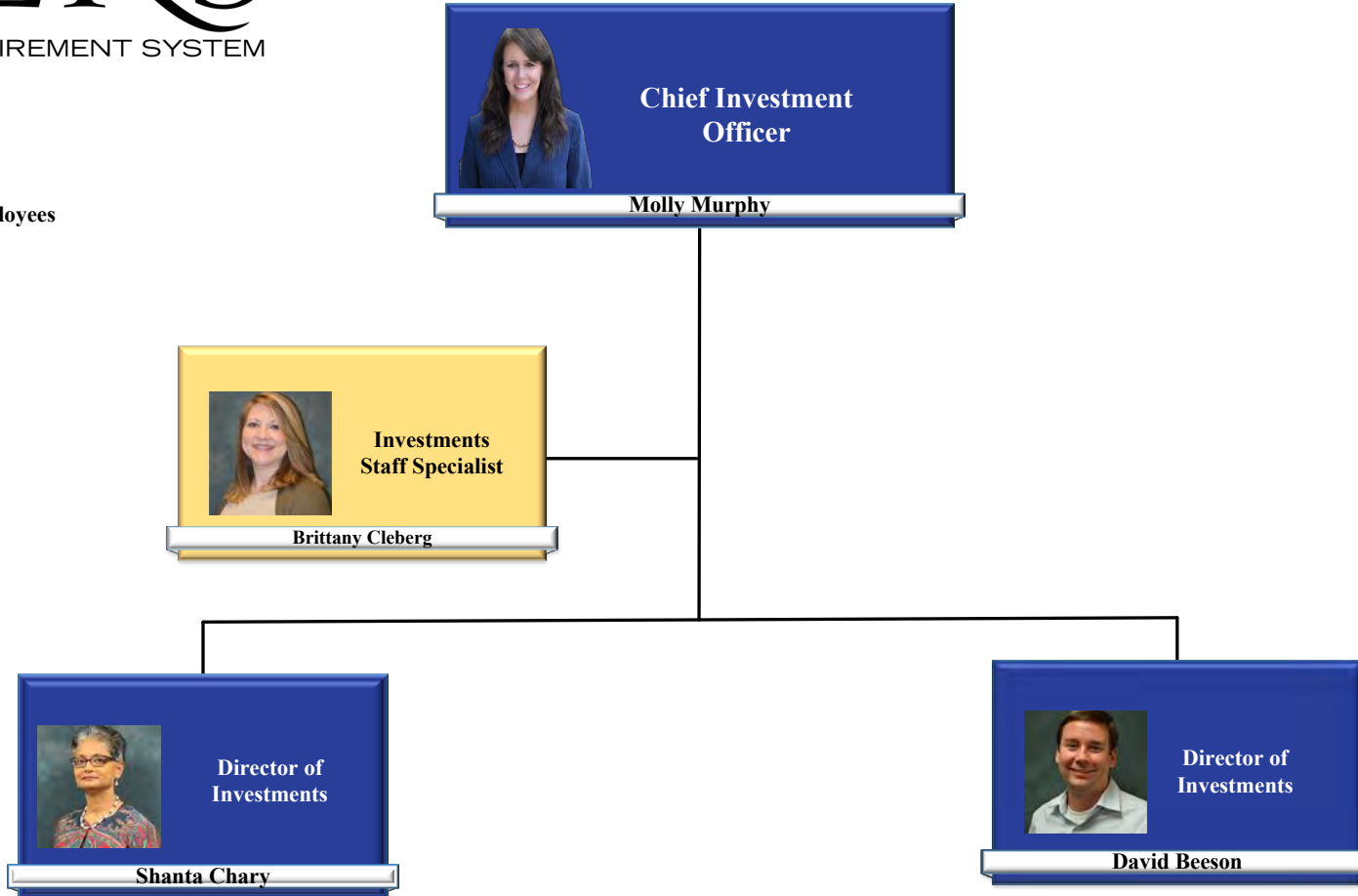


2023 Investments Organization Chart

Org Chart
Effective 12/30/2022

 OCERS Direct Employees



 County Employees





2023 Investments Organization Chart

Org Chart
Effective 12/30/2022

-  OCERS Direct Employees
-  County Employees



Chief Investment Officer
Delegated authority
General oversight

Molly Murphy



Director of Investments
Head of Private Markets
Private Equity Lead
PE: US Markets Lead
Backstop Lead

David Beeson



Investment Officer
Real Assets Lead
PE: European Markets Lead

Stina Walander-Sarkin



Investment Officer
Real Estate Lead
PE: Asia Markets & FOFs Lead

Ada Chen



Investment Analyst
PE Coverage
Real Assets Coverage
Backstop Support

Emma Ji



Investment Analyst
PE Coverage
Real Estate Coverage

Mitchell Peterson



2023 Investments Organization Chart

Org Chart
Effective 12/30/2022

 OCERS Direct Employees

 County Employees



Chief Investment Officer
Delegated Authority
General oversight

Molly Murphy



Director of Investments
Head of Public Markets
RMS Lead
State Street Liaison
Proxy Voting Lead

Shanta Chary



Investment Analyst
RMS Coverage
Public Equity Coverage
Caissa Support

Duc Nguyen



Sr. Investment Officer
Income Strategies Lead
PE: Special Situations Lead
Caissa Lead

Tarek Turaigi



Investment Officer
Public Equity Lead
Cash Overlay Lead

Vacant (1)



Investment Analyst
Income Strategies Coverage
PE: Special Situations Coverage

Ryan Durr



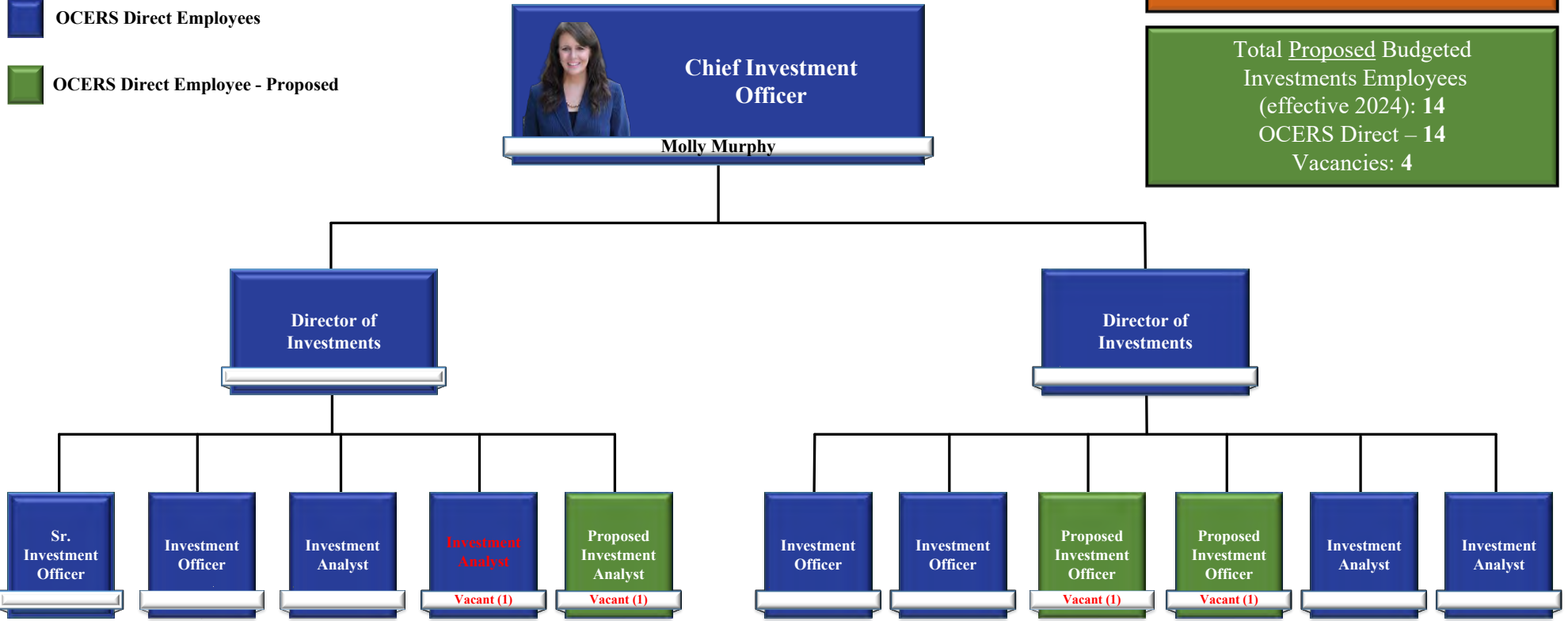
2024 Proposed Investments Organization Chart

Proposed Org Chart Effective 2024

Total Budgeted Investments Employees (as of August 25, 2023): 11
 OCERS Direct – 11
 Vacancy: 1

Total Proposed Budgeted Investments Employees (effective 2024): 14
 OCERS Direct – 14
 Vacancies: 4

- OCERS Direct Employees
- OCERS Direct Employee - Proposed





Memorandum

DATE: October 13, 2023
TO: Steve Delaney, Chief Executive Officer
FROM: Nicole McIntosh, Director of Disability
SUBJECT: **2024 STAFFING PLAN - REQUEST FOR TWO ADDITIONAL POSITIONS; AND TWO CAREER LADDER POSITIONS IN THE DISABILITY DEPARTMENT**

Request

The Disability Department requests the addition of the following positions:

1. **(1) Disability Retirement Investigator**- Existing county position, would add to headcount.
 1. Estimated Hiring Salary- \$72,000.00
 2. Anticipated Start Date- January 2024
2. **(1) Staff Assistant** – Existing county position, would add to headcount.
 1. Estimated Hiring Salary- \$64,000.00
 2. Anticipated Start Date- January 2024
3. **(2) Staff Assistants**- County position, career ladder.
 1. Estimated Hiring Salary- \$64,000.00

Background/Discussion

Request for Additional Staff:

Currently, our disability department consists of four dedicated employees organized into two teams. Each of these teams is composed of one disability retirement investigator and one office specialist, collectively responsible for processing applications with unwavering diligence.

Our application processing workflow is an intricate and comprehensive one. It begins with the acceptance and intake of applications, followed by the demanding task of collecting all relevant medical and personnel documentation. In many instances, these records extend to thousands of pages, necessitating extensive efforts to ensure completeness. The process continues with a meticulous review of the amassed documentation, aiming to assess whether the applicant qualifies for benefits in accordance with the CERL.

Upon completion of this evaluation, a recommendation is made to the OCERS CEO and Board of Retirement, further underlining the gravity of our responsibility in ensuring the highest standards of accuracy, thoroughness, and adherence to the law.

Given the escalating demand for our services and the complexity of the tasks involved, I am hereby requesting the establishment of an additional team within our disability department. You will note that I am requesting a staff

assistant rather than an additional office specialist; the reasons for this are detailed in the second portion of this memorandum.

1. **Increasing Workload:** Over the past five years, we have experienced a more than 30% increase in disability retirement applications, largely due to the growth in OCERS' membership, and this trend is expected to continue. As our membership increases, so does the filing of applications. While the number of applications has increased, our staff to evaluate applications has not kept pace with this growth. This increase in demand for our services has stretched our current manpower to its limits and has highlighted the pressing need for more resources to maintain the quality and efficiency of our work. The workload has reached a level where our current team cannot effectively manage the influx of applications while maintaining our high standards of evaluation.

Year	Cases Processed
2018	82
2022	113
2023 (To Date)	117

2. **Benefits of Additional Staff:**

- ∑ Thorough Review: Having additional staff to evaluate applications will enable us to conduct more thorough and comprehensive reviews of each case. This will result in better decision-making and an enhanced ability to identify and address any potential risks or inconsistencies.
- ∑ Faster Processing: With more hands on deck, we can significantly expedite the processing of applications, reducing the waiting time for our clients. This will improve our reputation and client satisfaction.
- ∑ Effective Intake: Additional staff will help streamline the intake process, ensuring that all applications are handled promptly and with the attention they deserve.
- ∑ Reduced Risk of Errors: The current workload has placed our team under tremendous time constraints, increasing the likelihood of errors. Additional staff will reduce the pressure and the risk of costly mistakes.

3. **Cost Efficiency and New Review Process:**

- ∑ While it may seem counterintuitive to request more staff in light of budget constraints, the truth is that costs will be reduced in the long run. Thoroughly reviewed cases are less likely to result in costly errors or delays, saving both time and resources.
- ∑ The pressure to meet tight deadlines currently forces our team to cut corners at times, which can lead to costly rework. Additional staff will eliminate the need to rush through evaluations, thus reducing the overall cost associated with errors.
- ∑ Our department has recently implemented a new review process that has added to our workload but is vital to the quality of our evaluation process. This process ensures thorough intake, a complete and comprehensive medical record, and comprehensive review and analysis of applications and accompanying records, which can often number in the thousands.

- ∑ This new process enhances cost efficiency by allowing us to streamline cases that do not require review by an Independent Medical Examiner (IME). By identifying cases that can be efficiently processed without IME involvement, we reduce costs associated with additional external evaluations.
- ∑ Furthermore, this process significantly lowers the risk of having to obtain multiple repeat IME reports on a single case, which can be costly and time-consuming.

Request for Career Ladder Positions:

The Current Situation:

Currently, our department has two highly experienced and dedicated office specialists who have been serving as county employees for several years. They have consistently demonstrated their commitment and competence in their roles. However, they have reached their pay maximums according to county guidelines, which has resulted in them not receiving any merit increases for a considerable period. This has created a potential morale issue, as their workload and responsibilities have increased without corresponding financial recognition.

The Need for Staff Assistant Positions:

Incentive To Excel. To address these concerns and provide a clear incentive for our office specialists to excel, I propose the approval of two staff assistant career ladder positions within our department. These positions will come with higher pay scales and represent a significant opportunity for our office specialists to advance in their careers. However, it is important to clarify that these staff assistant positions will remain unfilled unless and until our office specialists demonstrate their readiness and worthiness for promotion.

Improve Customer Service. The proposed solution also addresses OCERS' continuing goal of excellent customer service. Currently, our office specialists are not trained to conduct consultations or answer high-level questions on the spot when members walk in without an appointment. These do not fall within the job duties of an office specialist. This can lead to frustrating wait times for members as they must wait for a trained employee to contact them later. The staff assistant positions will come with increased responsibilities and additional training, enabling them to conduct consultations and provide immediate assistance with high-level questions. This will significantly enhance our customer service, ensuring that members receive prompt and high-quality support during their visits.

The Office Specialists are Currently Performing Staff Assistant Duties:

The role of our office specialists has evolved significantly in recent years, necessitating the inclusion of new responsibilities and duties. Their current duties go beyond providing secretarial and office support. They handle critical tasks, such as intake of applications and meticulous verification of their completeness. Moreover, their expertise extends to obtaining and scrutinizing medical records, ensuring that only pertinent documents are included and forwarded to the disability retirement investigators and the IMEs. They have to have a keen eye for identifying and rectifying discrepancies in template letters. Notably, they serve as the initial point of interaction for employers and members in case of issues, effectively facilitating swift resolutions, showcasing their valuable role as the forefront ambassadors of the organization.

The Staff Assistant Position Will Have Additional Duties and Increased Responsibilities:

The duties of the proposed position will go beyond the typically clerical duties of an office specialist. These additional duties will include conducting intake interviews and providing consultations on issues such as benefits classifications, eligibility requirements, and the proper completion of application documents. These expanded duties will require a staff assistant to have a high level understanding of eligibility requirements and the applicable legal standards, to be able to effectively and accurately discuss those matters with employers and members, and to be responsible for critical steps in our evaluation process. This expanded role is vital for our department's ability to provide comprehensive and effective services to our clients and constituents.

Benefits of the Proposed Solution:

- Σ Provides a clear and achievable goal for our existing office specialists, encouraging them to strive for excellence and take on more responsibility.
- Σ Fosters a sense of purpose and motivation among employees, ensuring their ongoing dedication to our department.
- Σ Aligns their compensation more closely with their increased responsibilities, creating a positive impact on morale.
- Σ Enhances overall job satisfaction and work quality.
- Σ Improved customer service.

In light of these compelling reasons, I kindly request your consideration of our request for additional staff and career ladder positions. We believe that this investment of an additional team will not only improve the quality of our services but also lead to long-term cost savings. The career ladder positions, which will remain vacant until our office specialists prove themselves qualified and dedicated, is a crucial step to prevent potential morale problems and continue our goal of excellent customer service. We are committed to continuing to meet the growing needs of our members while ensuring the highest level of service.

Submitted by:



N.M. – APPROVED

Nicole McIntosh
Director of Disability



2023 Disabilities Organization Chart

2023 Org Chart

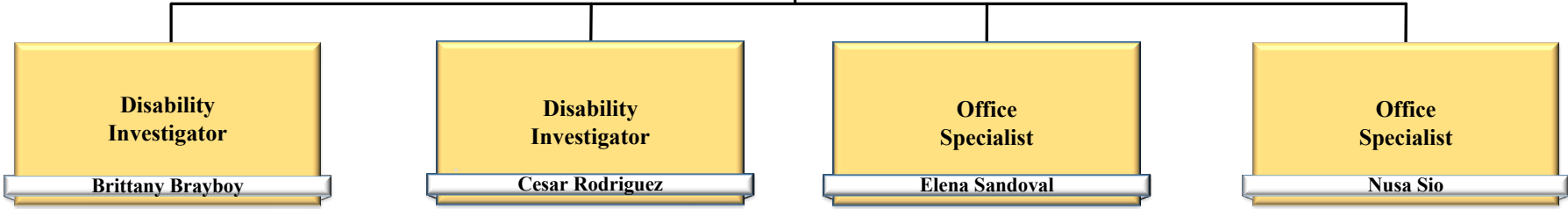
Total Budgeted Disabilities Employees
2023: 5
County – 4; OCERS Direct – 1
Vacancy: 0

Assistant CEO
External Operations
Suzanne Jenike

Director of
Disabilities
Nicole McIntosh

OCERS Direct Employees

County Employees





2024 Proposed Disabilities Organization Chart

Proposed Org Chart 2024

Total Proposed Disabilities Employees 2024: 7
 County – 6; OCERS Direct – 1
Proposed ADD: 2
Proposed Career Ladders: 2
 Vacancies: 2

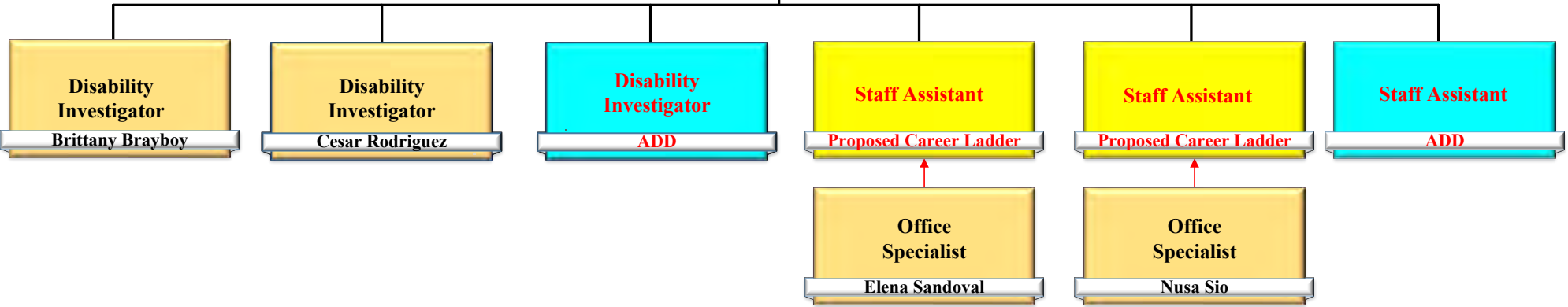
- OCERS Direct Employees
- County Employees
- County Employee – Proposed ADD
- County Employees – Proposed Career Ladder

Assistant CEO
External Operations

Suzanne Jenike

Director of
Disabilities

Nicole McIntosh





Memorandum

DATE: October 12, 2023
TO: Steve Delaney, Chief Executive Officer; Suzanne Jenike, Asst CEO Ext. Operations
FROM: Jeff Lamberson, Director of Member Services
SUBJECT: **2024 STAFFING PLAN REQUEST – RETIREMENT OPERATIONS AND QUALITY ASSURANCE/PROCESS IMPROVEMENT TEAMS**

Request

1. Add a total of (10) new positions to the Retirement Operations and Quality Assurance and Process Improvement teams.
 - a. Add 1 Benefit Analyst (Retirement Operations Processing)
 - b. Add 9 Retirement Program Specialist (RPS) team members (team breakout below)
 - a. (6)-Retirement Operations Processing
 - b. (3)-Quality Assurance and Process Improvement

Background/Discussion

Retirement Operations and Quality Assurance and Process Improvement:

The Retirement Operations and Quality Assurance and Process Improvement teams have five very large initiatives to work through in 2024 that will require a sizable staffing allocation to ensure we meet our aggressive goals. While we are working on implementing automation and applying resources to the Vision2030 goal, we also need to ramp up staffing for several other projects as listed below:

1. The first and most important is our work to continue to meet our 100% Accuracy goal to eliminate errors from the retirement process. One of our big initiatives for the Retirement Operations team 100% Accuracy project for 2024 is to move the Initial Estimate for Retirements from the Member Call Center team to the Retirement Operations team. As part of this initiative, it is our intention to provide all retiring members with a complete benefit estimate. This change requires staffing to perform the full calculations for estimates prior to a members retirement date. This will address the concern about full estimates for members as discussed at Strategic Planning in September.
 2. The second, the continued implementation of our RPA solutions to automate processes within our Member Services division. Implementations of RPA solutions require an initial large increase in workload for our management team as well as staff in Quality Assurance and Process Improvement team to test and process transactions multiple times to ensure the automation works before they are implemented into production. An example of this is our current RPA that we are working on for our team that has required approximately 200 hours in and are about to start User Acceptance Testing. We have many other process automations that we plan to do in 2024 and onward.
 3. The third, completion of our Master Repository and Procedure documentation project. We have begun this project and anticipate completing this in early 2024. This project will require us to pull our SMEs off production in both departments to assist in the documentation project to ensure we are prepared for our New PAS project. To date without even meeting with the vendor we have approximately 100 hours in to this project.
-



Memorandum

4. The fourth, completion of the Alameda response for our OCERS membership. We anticipate completing this project in 2024. This project requires the Quality Assurance and Process Improvement team to review our contractors work on recalculations on top of the normal monthly retiree payroll quality reviews performed by this team each month.
5. And fifth, a longer-term project will be the preparation of an upgrade to our pension administration system (V3). We will need a strong subject matter expert (SME) team up to speed for implementation of our new system. This requires many hours of training and at least a year of experience to prepare our team members for this level of work. These positions will help backfill our current staff to allow them to work on the PAS replacement project while supporting production with the new positions.

The staff additions requested above will be crucial to the success of these projects and implementation of our improvement goals.

(1) Benefit Analyst (BA) – I would like to support our Retirement Operations team by adding in a Benefit Analyst position.

- ∑ This Benefit Analyst would help supervise the technical aspects of running the Retirement Operations estimate generation team which would consist of (6 RPS) and the (2 existing RBT's) in the SCP/Buybacks team in Member Services. This individual would provide a level of organization and processing skills that allow them to break down errors and review processes to determine improvements, training needed and providing team member feedback. This position would allow our current BA in the department to oversee the other (8 existing RPS) on the payroll processing team with a supporting supervisor to focus on personnel supervision and feedback.

Based on the current figures, hiring a Benefit Analyst at the mid-range totals \$181,119 (salary of \$107,000 + fringe of \$74,119). Expected salary range: \$87,281 to \$127,340 (we are assuming direct salary ranges move by the current ECI rate of 4.6%).

(6) Retirement Program Specialist (RPS) - We are requesting to increase our staffing for the Retirement Operations Processing team.

- ∑ This request is to increase our Retirement Processing team by **6 RPS team** members to migrate the estimate process from our Customer Service Call Center (RPS team) to our Retirement Processing team. With this move, we will also work towards the ability to process estimates with the additions of Holiday Comp and Vacation time for members that have filed for retirement. This addition to staff is critical to support the members getting full accurate benefit estimates as well as to support the increased workloads to complete the list of projects for our department as listed on the first page.

(3) Retirement Program Specialist (RPS) - We are requesting to increase our staffing for the Quality Assurance and Process Improvement team.

- ∑ The **3 RPS positions** for this team would account for additional transactions to be audited within the team. Currently Service Credit Purchases (SCP/buy backs) are audited by Accounting Technicians that focus only on SCP auditing. We plan on adding three RPS representatives to the QA team to have them work on audits for retirement payroll during heavy season and audits of SCP's the remainder of the year (or each month when retirement payroll closes). These team members will also be used to help perform regression testing on the patches or system updates provided by ViTech for our V3 system. It is critical that we grow our system QA team as we prepare PAS implementation project. These team members



Memorandum

will also be used to help test and implement our automation RPA projects that will be developed and implemented in 2024 with Roboyo.

Based on current figures, a fully loaded RPS hired at the mid-range totals \$110,662 (salary of \$66,296 and fringe of \$44,366). Expected salary range based on 3.5% increase for County employees: \$55,520 to \$74,335. There will also be a mid-year raise of 4.25% effective June 28, 2024 per County MOU.

Submitted by:

Jeff Lamberson

Director Member Services

Retirement Operations and Quality Assurance Teams



Memorandum

DATE: October 5, 2023
TO: Steve Delaney, Chief Executive Officer; Suzanne Jenike, Asst CEO Ext. Operations
FROM: Silviu Ardeleanu, Director of Member Services
SUBJECT: 2024 STAFFING PLAN - REQUEST FOR MEMBER AND EMPLOYER RELATIONS

Request

1. Add a total of (2) new positions to the Member and Employer Relations (MER) section.
 - a. Add 1 Member Services Manager (Employer Payroll and Support Services)
 - b. Add 1 RPS (Customer Service Call Center)

Background/Discussion

Member and Employer Relations Section:

The Member and Employer Relations section has four large initiatives to work through in 2024, listed below. The three impacted teams, Customer Service Call Center, Employer Payroll, and Support Services, have a large and varied volume of tasks we are responsible for. Being able to focus on the day-to-day work and anticipating and preparing for the significant upcoming initiatives impacting the MER section and OCERS overall, I am requesting to add two positions.

1. Working to continue to meet OCERS' 100% Accuracy goal, the Initial Estimate for Retirements process will move to the Member Retirement Operations Processing Team. This process currently in use calls for the Customer Service RPSs to answer the majority of the Call Center calls coming in, engage with all retiring members to obtain necessary documentation, counsel members on retirement options, and then create an estimate for members prior to their retirement. Moving the estimate creation process will allow current Call Center to become a more traditional Call Center focusing on timely and accurate communication with members and participating employers without the need to rely on extra-help or temp-help staff. In addition to answering the large volume of member and employer calls, the unit will be providing initial consultation and gathering necessary retirement-related documentation for newly retiring members and will be responsible for providing pre-retirement and new employee seminars.
2. The second initiative is completion of the Master Repository and Procedure documentation project. This project will require various Subject Matter Experts (SMEs) to participate in the review, update, and creation of procedures impacting the three MER teams: Customer Service Call Center, Employer Payroll, and Support Services. The Employer Payroll and Support Services teams especially are impacted due to the wide variety of tasks performed and the applicable procedures and the time and knowledge necessary to complete the documentation project and continued need to maintain and create new procedures as needed.
3. The third initiative is the continued implementation of a Robotic Processing Automation (RPA) solution to automate processes within the Member Services Division. Implementation requires an initial increase in workload to create a documented process for the vendor to follow, User Acceptance Testing (UAT), implementation, and continued review of the process being automated.



Memorandum

4. The third large initiative is the preparation for the replacement of V3, the current Pension Administration System (PAS). This will call for review and correction of existing data included in V3 in anticipation of the data being moved to a new PAS. In addition, requirements for the replacement PAS will need to be developed, to ensure the PAS will have more current functionality and integration with other systems. The replacement PAS will also have a user acceptance testing time period, to allow OCERS staff to properly vet the system and ensure it's working as intended. This will require close oversight and tracking of progress, SME-focused support to ensure the data transferred is accurate, and staff will be able to focus on learning and using the new system once it has been implemented.

The staff additions requested above will be important to ongoing operations and future goal implementation.

(1) Member Services Manager (MSM) - I would like to request this position to support the Employer Relations and Support Services Teams. **The current manager will focus on the Customer Service Call Center.**

- Σ Currently, there is only one Member Services Manager in the Member & Employer Relations Section. The manager, formerly assigned to the Disability Department, is gaining on the job training and increasing her knowledge in regards to the various duties and responsibilities that are part of the Member and Employer Relations Section. The manager oversees three teams consisting of 22 staff members, all with varied duties and responsibilities assigned to them. An additional manager will provide more focused support to the staff and varied duties currently under one MSM and assist with division level projects and initiatives.

Based on current figures, a fully loaded Member Services Manager hired at the mid-range totals \$204,679 (salary of \$139,000 and fringe benefits of \$65,679) for a year.

(1) Retirement Plan Specialist (RPS) – I am requesting to increase our staffing for the Customer Service Call Center team.

- Σ Anticipating a continued high volume of calls, outreach pre-retirement and new-hire seminars, retiring member one-on-one counselling sessions, and daily drop-in members, I am requesting an additional RPS to assist in the Call Center. In 2022 and early 2023, the volume of calls necessitated using temp help staff, and one extra help staff member, to assist with the high volume of calls as well as the retirement applications submitted. By adding one RPS to the call center, and transferring the retirement estimate process to the Processing Team, I anticipate having sufficient staffing to meet the demands of the Call Center team.

Based on current figures, a fully loaded RPS hired at the mid-range totals \$110,662 (salary of \$66,296 and fringe of \$44,366). Expected salary range based on 3.5% increase for County employees: \$55,520 to \$74,335. There will also be a mid-year raise of 4.25% effective June 28, 2024 per County MOU.

Submitted by:

Silviu Ardeleanu
 Director of Member Services
 Retirement Operations and Quality Assurance Teams



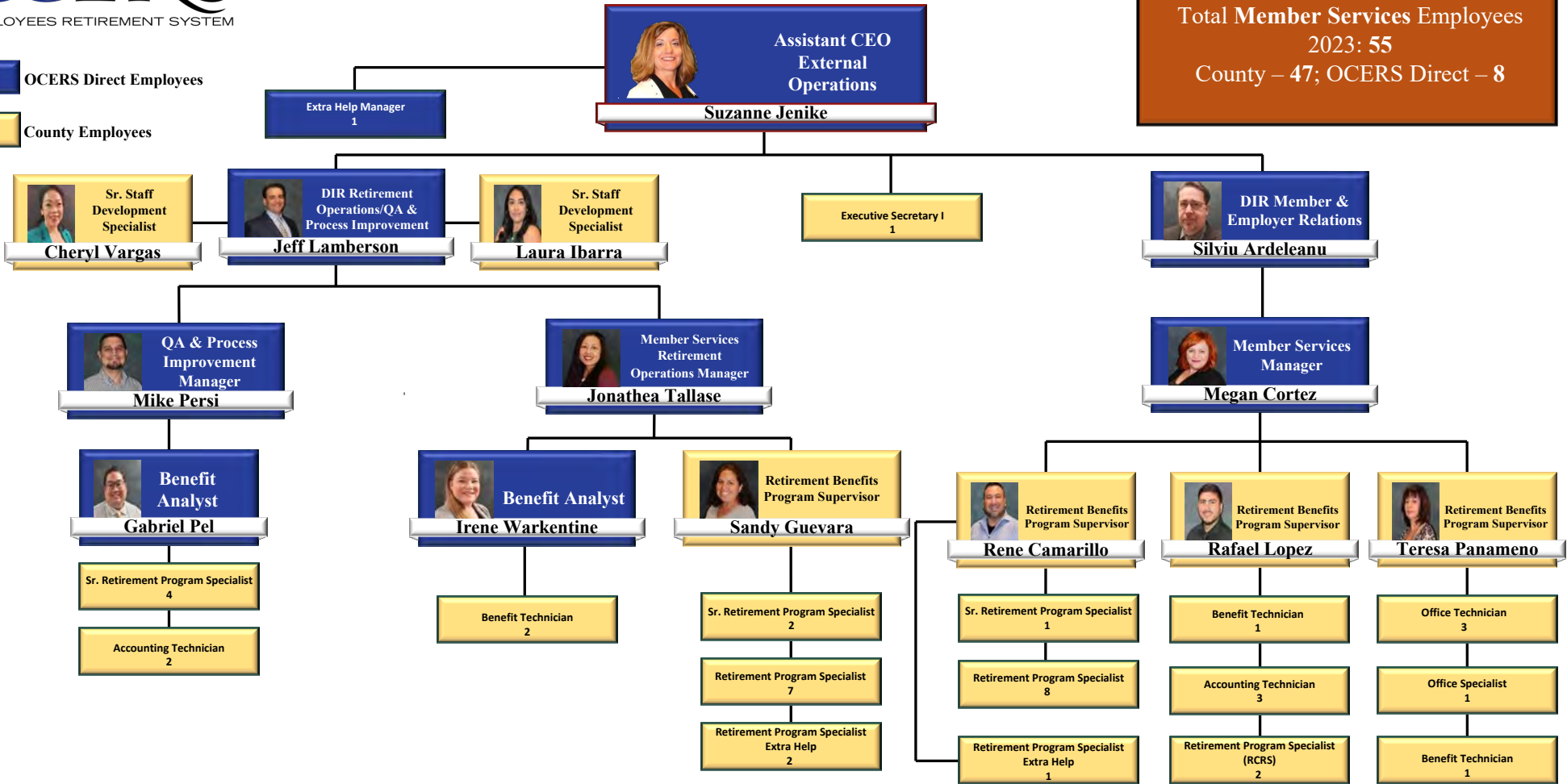
2023 Member Services Organization Chart

**Current Org Chart
2023**

**Total Member Services Employees
2023: 55
County – 47; OCERS Direct – 8**

OCERS Direct Employees

County Employees





2024 Member Services Proposed Organization Chart

Proposed Org Chart 2024

Total Proposed Member Services Employees:
 ADD: 10 RPS
 1 Member Services Manager
 1 Benefit Analyst
 DROP: 4
 Total Department Proposed Headcount: 63

OCERS Direct Employees

County Employees

DROP
 Extra Help Manager
 1

Assistant CEO
 External Operations
Suzanne Jenike

Sr. Staff Development Specialist
Cheryl Vargas

DIR Retirement Operations/QA & Process Improvement
Jeff Lamberson

Sr. Staff Development Specialist
Laura Ibarra

Executive Secretary I
 1

DIR Member & Employer Relations
Silviu Ardeleanu

QA & Process Improvement Manager
Mike Persi

Member Services Retirement Operations Manager
Jonathea Tallase

Member Services Manager
Megan Cortez

ADD
 Member Services Manager
 New (1)

Benefit Analyst
Gabriel Pel

Benefit Analyst
Irene Warkentine

ADD
 Benefit Analyst
 NEW (1)

Retirement Benefits Program Supervisor
Rene Camarillo

Retirement Benefits Program Supervisor
Rafael Lopez

Retirement Benefits Program Supervisor
Teresa Panameno

Sr. Retirement Program Specialist
 4

Benefit Technician
 2

Retirement Benefits Program Supervisor
Sandy Guevara

Sr. Retirement Program Specialist
 1

Benefit Technician
 1

Office Technician
 3

ADD
 Retirement Program Specialist (NEW)
 3

ADD
 Retirement Program Specialist (NEW)
 6

Sr. Retirement Program Specialist
 2

Retirement Program Specialist
 8

Accounting Technician
 3

Office Specialist
 1

Accounting Technician
 2

Retirement Program Specialist
 7

ADD
 Retirement Program Specialist (NEW)
 1

Retirement Program Specialist (RCRS)
 2

Benefit Technician
 1

DROP
 Retirement Program Specialist Extra Help
 2

DROP
 Retirement Program Specialist Extra Help
 1



Memorandum

DATE: October 10, 2023
TO: Steve Delaney, Chief Executive Officer
FROM: Tracy Bowman, Director of Finance
SUBJECT: **2024 STAFFING PLAN – REQUEST FOR AN ADDITIONAL FINANCE MANAGER**

Background/Discussion

Finance has been proactive in streamlining many of its processes and procedures, as well as utilizing career ladders to retain high performing team members. Over the last several years, this has resulted in Finance reducing staff count and transferring two positions to other departments to assist with their staffing needs; however, to proactively prepare for the implementation of a new Pension Administration System (PAS) and identifying a need for succession planning in the near-term, Finance requests the addition of a Finance Manager as part of the 2024 Staffing Plan. This is the first request for an additional position in the Finance Department in ten years.

PAS Back-Fill

Based on previous experience with the implementation of our current PAS, Finance has identified a need to prepare for the back-fill of positions that will be heavily involved in the planning and testing of the new PAS, including a Finance Manager, Staff Analyst and Senior Accountant Auditor who oversee or process retiree payroll. In order to adequately prepare for the PAS project, Finance would like to hire a new Finance Manager in 2024 as this position will require more training and preparation to learn the job responsibilities that they will be back-filling.

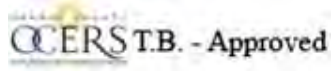
Succession Planning

In addition to back-filling for the PAS project, Finance has identified a need for succession planning. There are currently two management-level team members who are retirement eligible, and an additional Finance Manager will allow a seamless transition in the event of turnover of long-term employees who are considered subject matter experts in various areas of OCERS operations.

Cost Impact

The proposed OCERS Direct Finance Manager has an annual salary range of \$112,125 to \$173,793. This salary range is expected to move in 2024 by ECI of 4.6%, resulting in a revised salary range of \$117,283 to \$181,787. If approved, we anticipate hiring a Finance Manager mid-year in 2024 at the mid-range at a cost of \$72,800, plus fringe of \$40,011, for a total budget impact of \$112,811. The total annual cost would be \$145,600, plus fringe of \$80,022, for a total annual budget impact of \$225,622. This will result in an increase to the current headcount in the Finance Department by one.

Submitted by:



Tracy Bowman
Director of Finance



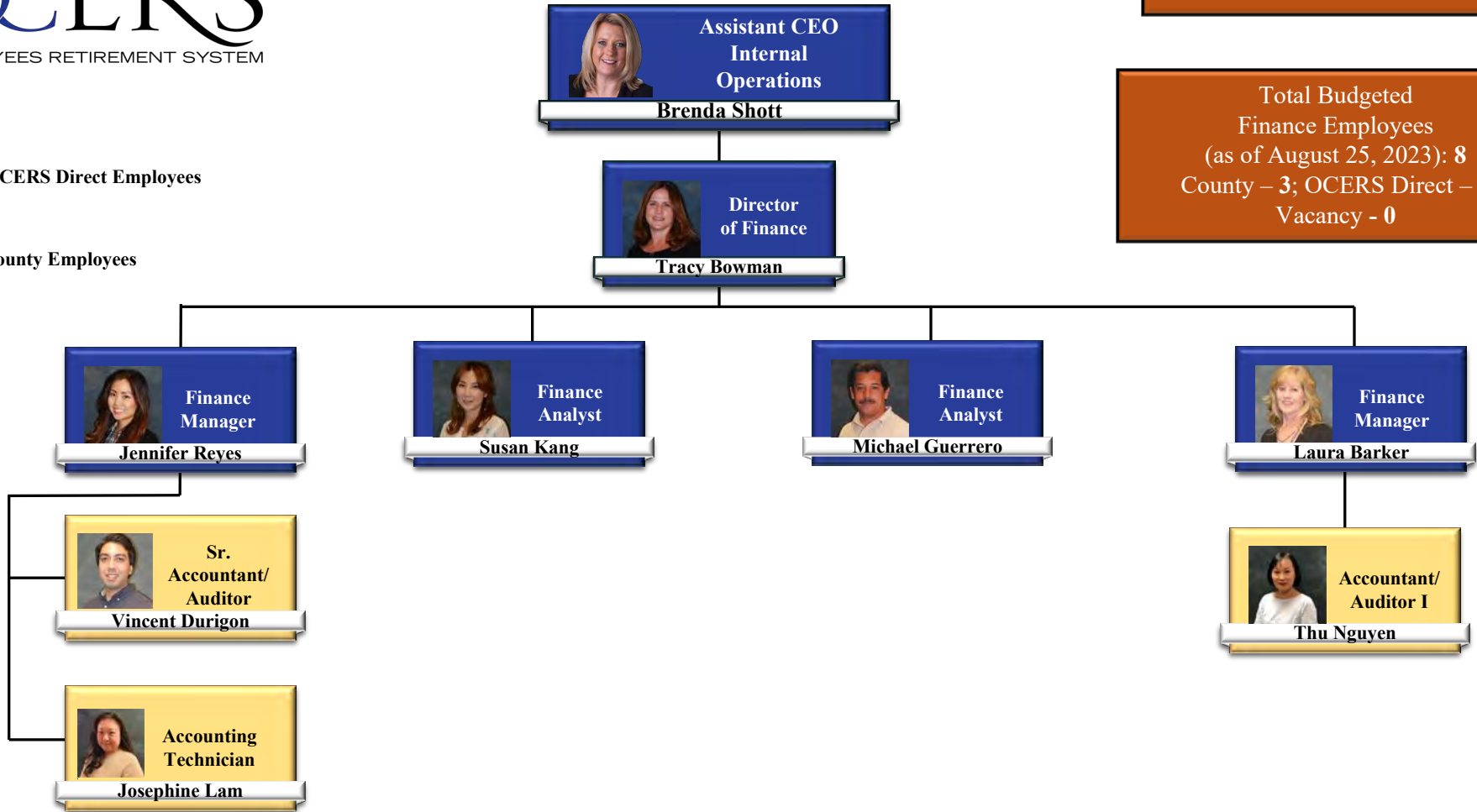
2023 Finance Organization Chart

Current Finance Org Chart

Total Budgeted Finance Employees (as of August 25, 2023): 8
 County – 3; OCERS Direct – 5
 Vacancy - 0

 OCERS Direct Employees

 County Employees



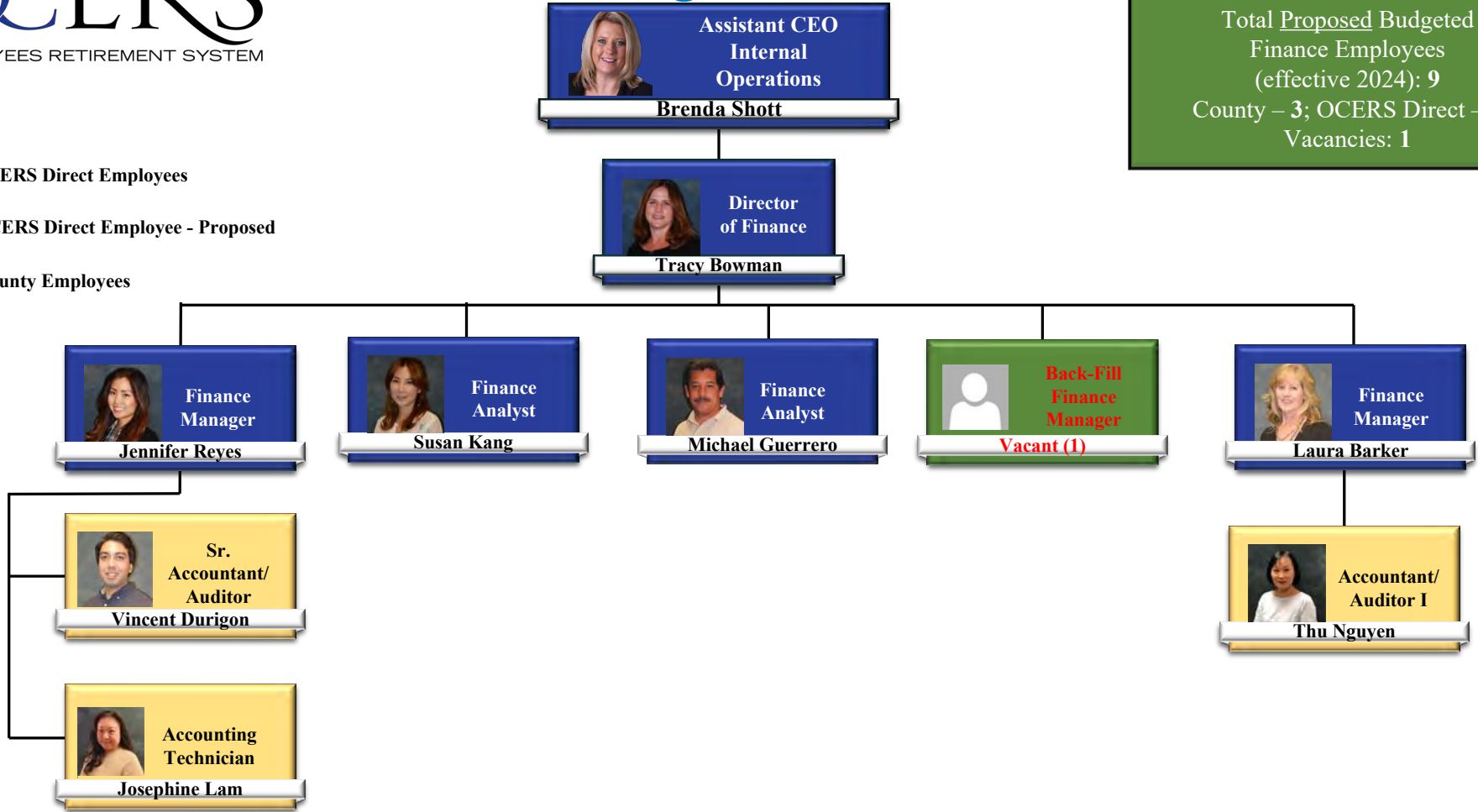


2024 Proposed Finance Organization Chart

Proposed Org Chart Effective 2024

Total Proposed Budgeted Finance Employees (effective 2024): 9
 County – 3; OCERS Direct – 6
 Vacancies: 1

- OCERS Direct Employees
- OCERS Direct Employee - Proposed
- County Employees





Memorandum

DATE: October 13, 2023
TO: Steve Delaney, Chief Executive Officer
FROM: Jenny Sadoski, Director of Information Technology
SUBJECT: 2024 STAFFING PLAN – REQUEST FOR IT PROGRAMMING INTERN

Recommendation

Approve the addition of one IT Programming Intern in the Information Technology department.

New Position Request:

1. **Working Title:** IT Programming Intern (extra help)
 - a) **Position Type:** Extra Help
 - b) **Additional Headcount** will be created if position approved
 - c) **Existing classification:** Extra Help
 - d) **What new work will be done:** The Intern participate in creating intelligent process automations. This includes evaluating intelligent automation opportunities and proposing their potential use at OCERS, working on the design and implementation of new intelligence automation solutions, coordinating with department team leads on the troubleshooting and remediation of existing automations. Their focus would be on ensuring data integrity in systems and adherence to internal and external standards and quality checks. This position may also provide support with automation modernization by learning, adopting new tools, and technologies that help applications to scale up. The position will work as part of a programming team, communicating progress, technical issue reporting, resolution, and deployment to production of completed code.
 - e) **What work currently isn't being done (or done out of class):** The IT programming intern position will serve as a focused resource for intelligent automation activities, allowing them to continue uninterrupted by daily operational tasks. Interns bring a fresh perspective and often have knowledge of the latest programming languages, tools, and trends. This can lead to innovative solutions and improvements in our existing systems.
 - f) **What growth in workload is anticipated:** As we begin to research, acquire, and design new automation solutions, the implementation of the various supporting technologies and process changes is expected to increase OCERS IT maintenance and development responsibilities. Additional resources will be need for each stage of an initiative to ensure a successful outcome.
 - g) **Is there any savings that will be achieved?** Yes, hiring an intern is a cost-effective approach to addressing our IT needs. Interns are typically paid less than full-time employees, making them a budget-friendly solution for supporting our IT department.
 - h) **Will the position do work that will eliminate current risks?** Having an intern work on researching new solutions gives time for OCERS team to work on everyday tasks and focus on higher priority items. Also, when process automation projects are undertaken by full-time staff or external contractors, the agency may need to commit to long-term contractors or hire permanent employees. If the business needs change, this could lead to



Memorandum

workforce-related risks, such as overstaffing or underutilized talent. Interns can be brought in for specific projects or tasks, providing scalability and adaptability to the agency's needs and gives time for the agency to analyse results.

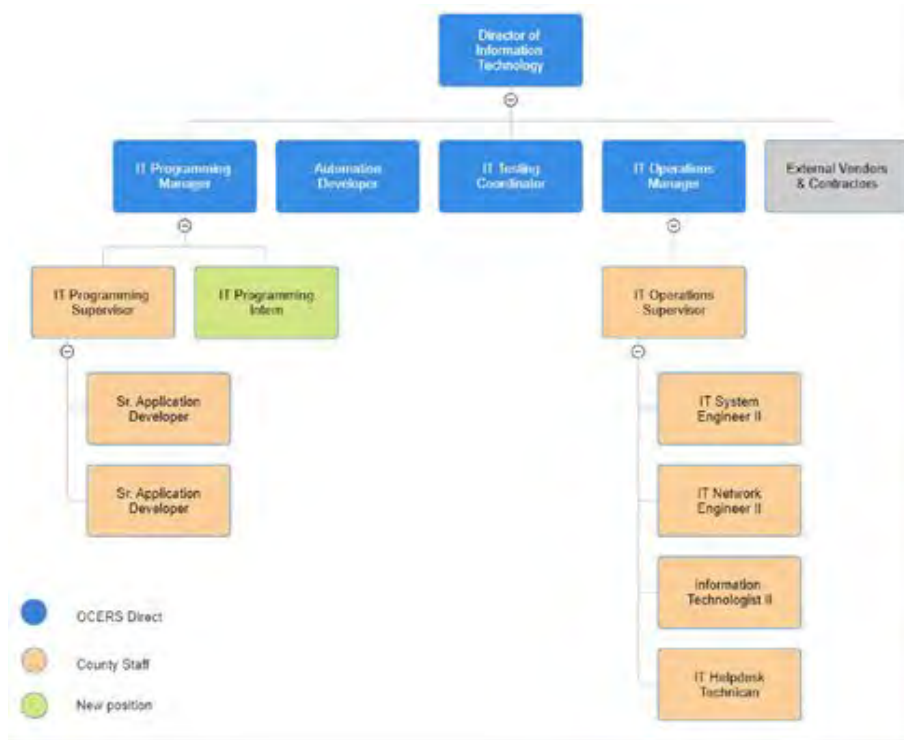
2. **Justification:** Our agency is constantly evolving, and our IT needs are growing in complexity. To stay competitive and innovative, we must ensure that our IT department is well-equipped with the skills and manpower needed to support our operations. Hiring an IT Programming Intern can help us address some of the pressing challenges and opportunities in this regard.

- Σ **Skill Augmentation:** Our IT Programming and Operations teams are stretched thin with ongoing projects and maintenance tasks. An intern can assist our experienced developers in accomplishing more strategic and complex projects and the operational changes needed to implement them.
- Σ **Fresh Perspective:** Interns bring a fresh perspective and often have knowledge of the latest programming languages, tools, and trends. This can lead to innovative solutions and improvements in our existing systems.
- Σ **Cost-Effective:** Hiring an intern is a cost-effective approach to addressing our IT needs. Interns are typically paid less than full-time employees, making them a budget-friendly solution for supporting our IT department.
- Σ **Mentoring Opportunities:** Bringing in an intern provides mentoring opportunities for our senior developers. Mentoring not only helps the intern grow but also enhances the skillset and leadership capabilities of our existing team members.
- Σ **Talent Pipeline:** An internship program can serve as a talent pipeline for future full-time hires. We can identify high-potential candidates during their internship and potentially offer them positions in our agency upon graduation.
- Σ **Increased Productivity:** With additional support from an intern, we can keep up with automation initiatives, leading to increased overall productivity and faster project completion. Interns are often highly motivated and can quickly adapt to new technologies. Their eagerness to learn and prove themselves will enable us to implement process automation solutions in a relatively short timeframe.
- Σ **Diverse Perspectives:** Internships often attract candidates from diverse backgrounds, which can contribute to a more inclusive and innovative work environment.



Memorandum

3. Proposed agency chart:



4. **Estimated hiring salary:** \$21,076 (\$21/hr for 960 hours)

5. **Estimate Hire Date:** Q1 of 2024

Conclusion:

In conclusion, hiring an IT Programming Intern can help reduce risks associated with cost, scalability, knowledge transfer, long-term commitments, innovation, contractor dependence, and external recruitment. While interns may require some initial training and guidance, their presence can ultimately contribute to a more flexible, cost-effective, and resilient workforce, which helps mitigate various agency risks.

I respectfully request your approval for the creation of this intern position and the allocation of resources to support their role within our IT department. Thank you for considering this proposal, and I am happy to provide any additional information or answer any questions you may have regarding this request.

Submitted by:

OCERS J.S. - Approved

Name: Jenny Sadoski



Title: Director of Information Technology

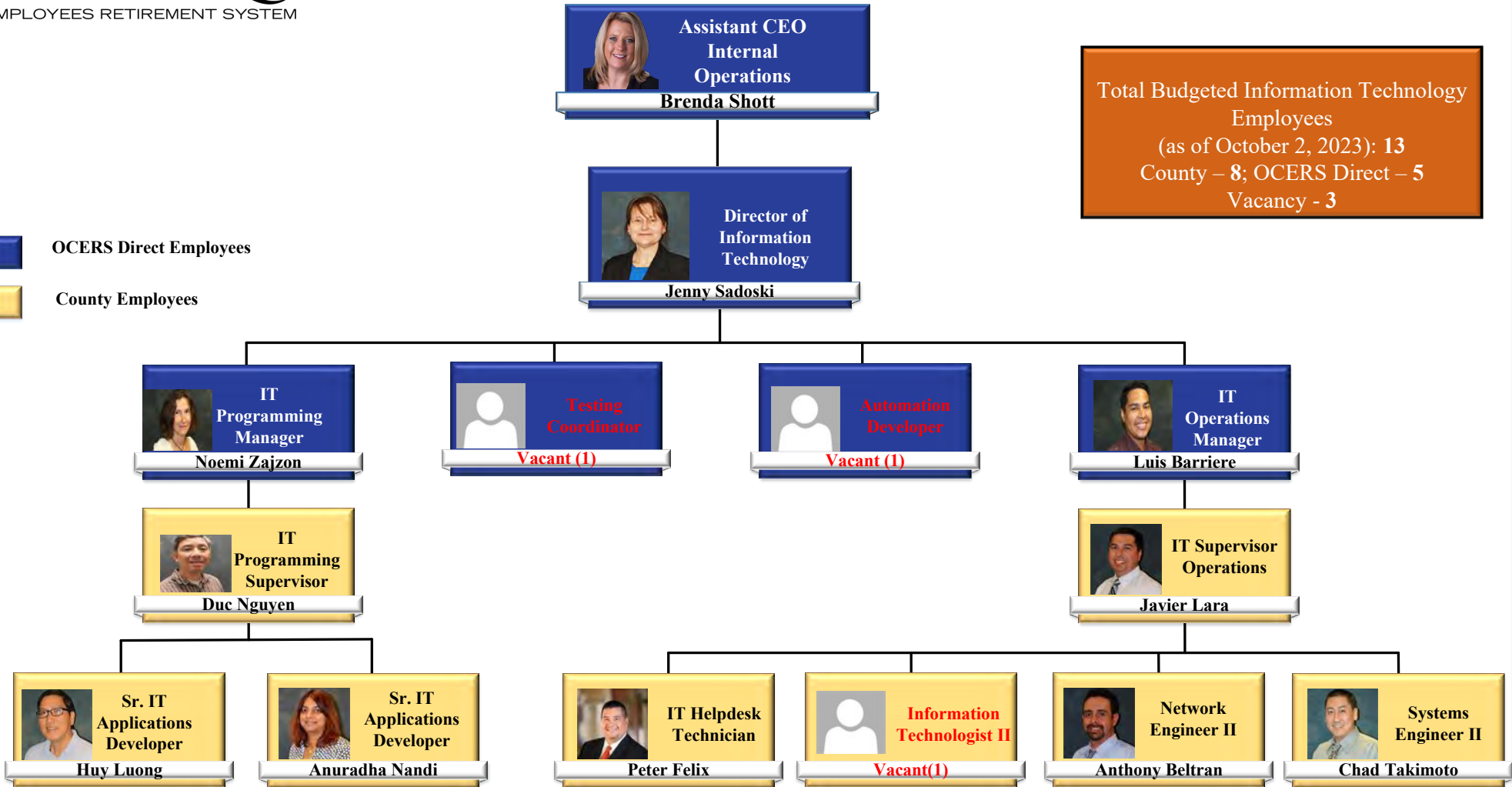


2023 Information Technology Organization Chart

Current Org Chart

Total Budgeted Information Technology Employees
(as of October 2, 2023): 13
County – 8; OCERS Direct – 5
Vacancy - 3

 OCERS Direct Employees
 County Employees



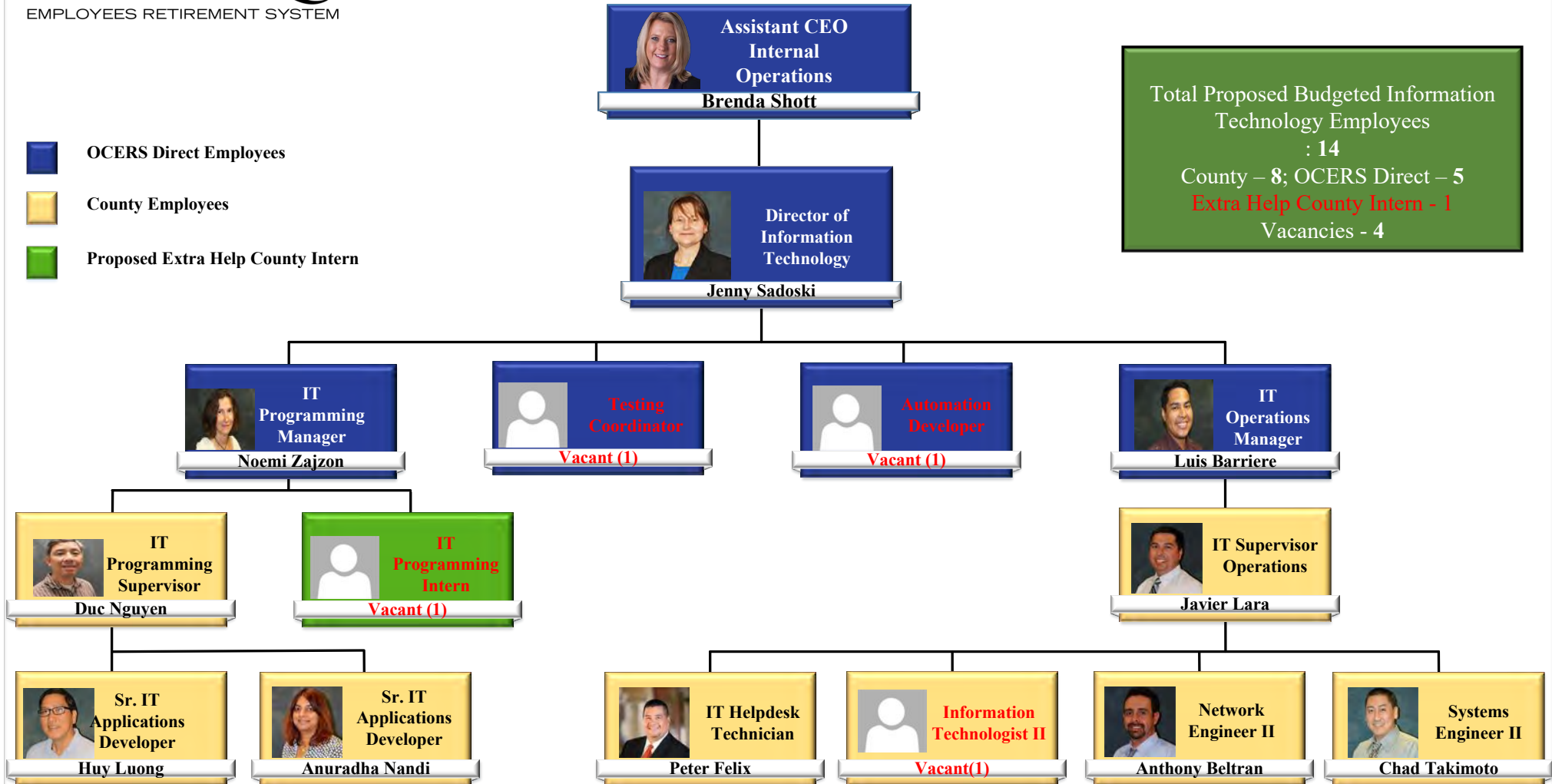


2024 Proposed Information Technology Organization Chart

Proposed Org Chart

Total Proposed Budgeted Information Technology Employees : 14
 County – 8; OCERS Direct – 5
 Extra Help County Intern - 1
 Vacancies - 4

- OCERS Direct Employees
- County Employees
- Proposed Extra Help County Intern





Memorandum

DATE: October 17, 2023
TO: Steve Delaney, CEO
FROM: Matt Eakin, Director of Information Security
SUBJECT: 2024 STAFFING PLAN – SENIOR INFORMATION SECURITY MANAGER

Recommendation

Create a career ladder position to promote the current Information Security Manager to the position of Senior Information Security Manager.

Background/Discussion

Senior Information Security Manager (Career Ladder Position)

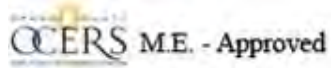
Talent Management is part of the OCERS Strategic Plan with a goal to recruit, retain and inspire a high performing workforce. A strategy that was implemented several years ago was to create career ladder positions that can be utilized as a tool for retention of high performing staff. A career ladder position is created with the approval of an additional classification without an increase in total headcount. The career ladder is used when an employee in the base position has demonstrated consistent performance that exceeds expectations, increased job knowledge and skills, and the ability to progress into the next level of job duties and responsibilities.

The Director of Information Security proposes the creation of a Senior Information Security Manager classification in the Information Security Department as a career ladder for the existing Information Security Manager position. The Information Security Manager position is an OCERS-direct position with an annual salary range of \$112,125 to \$173,793. If approved, the Senior Information Security Manager position would also be an OCERS-direct position with an annual salary range of \$126,079 to \$195,422. The net annual budget impact, assuming a 10% salary increase upon promotion of an Information Security Manager at the top of the Information Security Manager salary range would be \$28,000.

Current Position (existing classification)	Department	Position Type	Career Ladder Position (new/add classification)	Ladder Position Salary Range	2024 Annual Budget Impact (Net)
Information Security Manager	Information Security	OCERS Direct	Senior Information Security Manager	\$126,079 - \$195,422	\$28,000

The proposed organization chart for the Information Security Department is attached.

Submitted by:



Matt Eakin
Director of Information Security

Approved by:

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



Steve Delaney
Chief Executive Officer

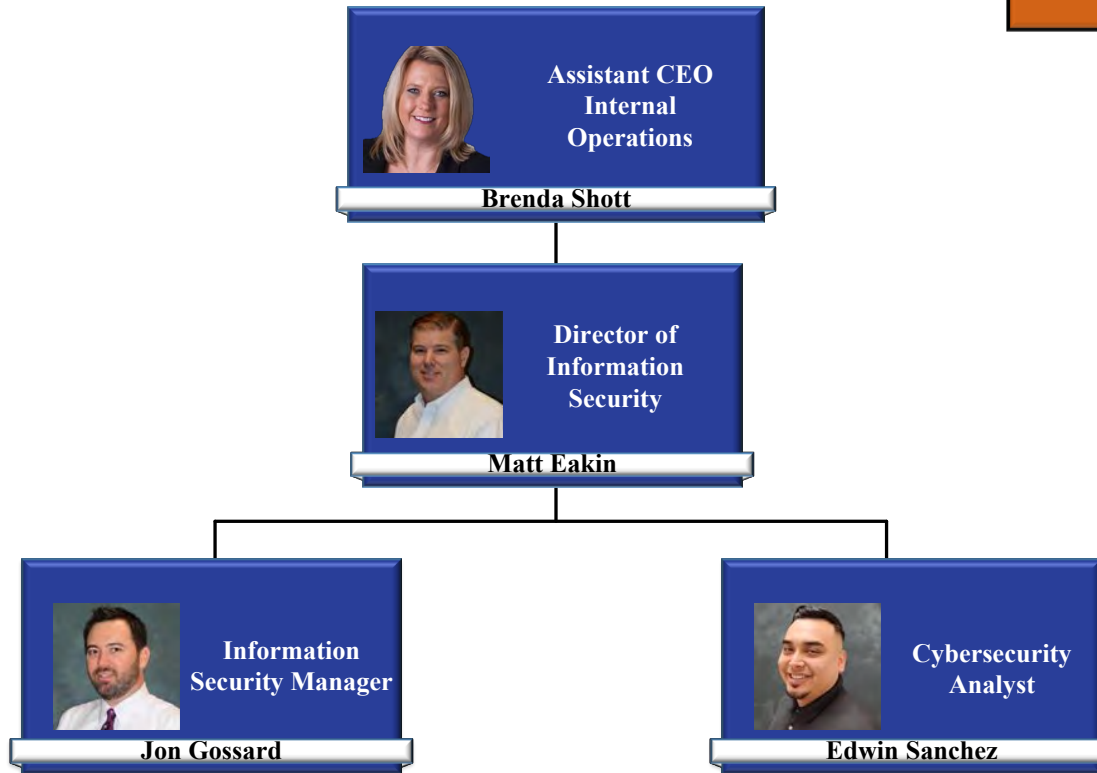


2023 Information Security Organization Chart

Current Org Chart

Total Budgeted Information Security Employees
(as of June 16, 2023): 3
County – 0; OCERS Direct – 3
Vacancy - 0

-  OCERS Direct Employees
-  County Employees



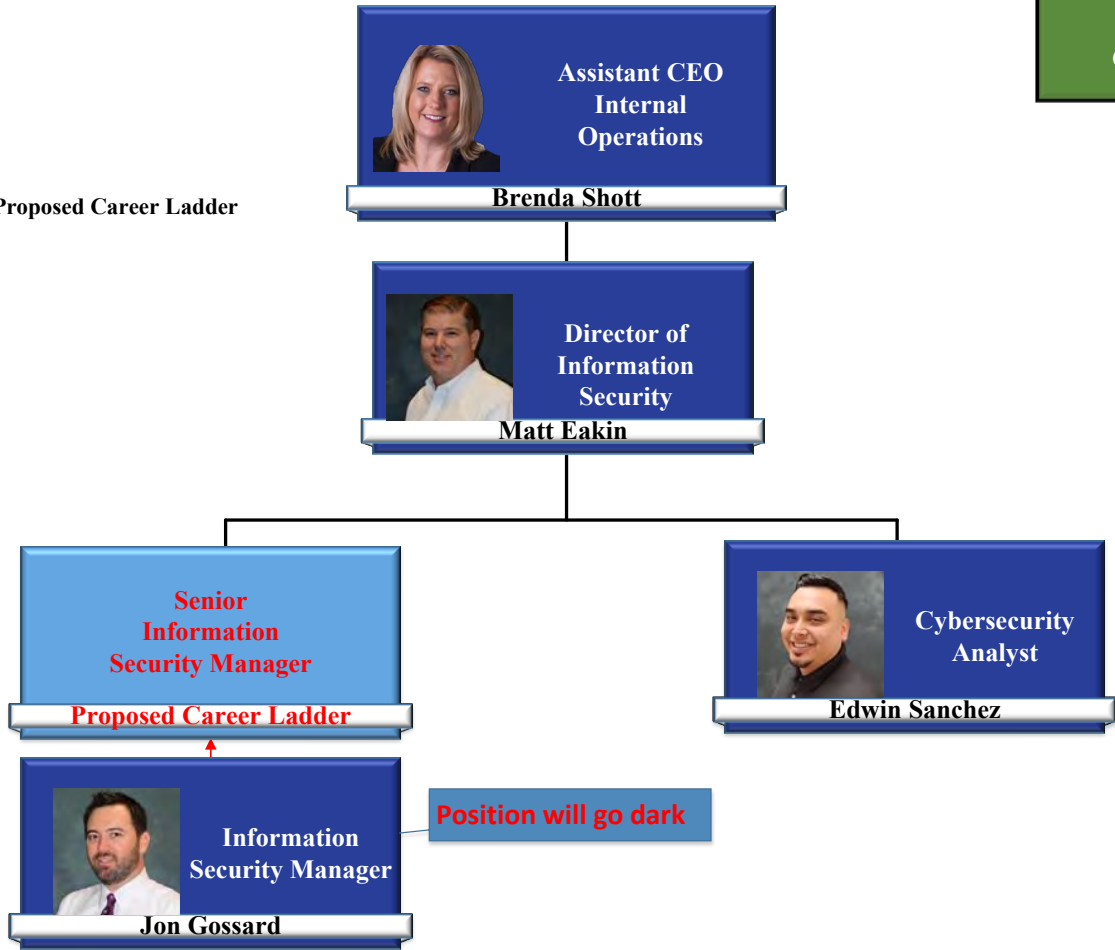


2024 Proposed Information Security Organization Chart

Proposed Org Chart

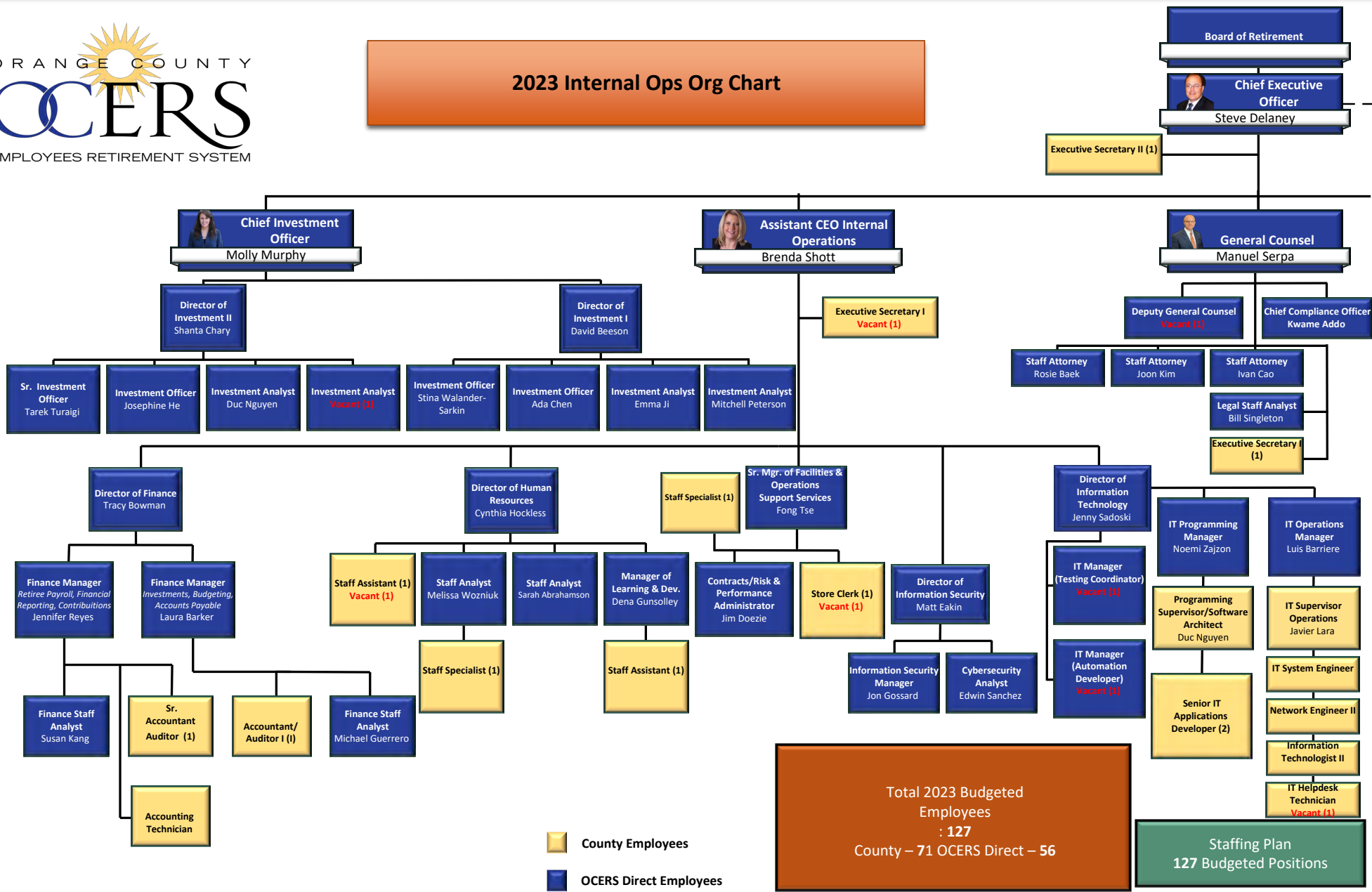
Total Proposed Budgeted Information Security Employees :3
County – 0; OCERS Direct – 3

- OCERS Direct Employees – Proposed Career Ladder
- OCERS Direct Employees
- County Employees





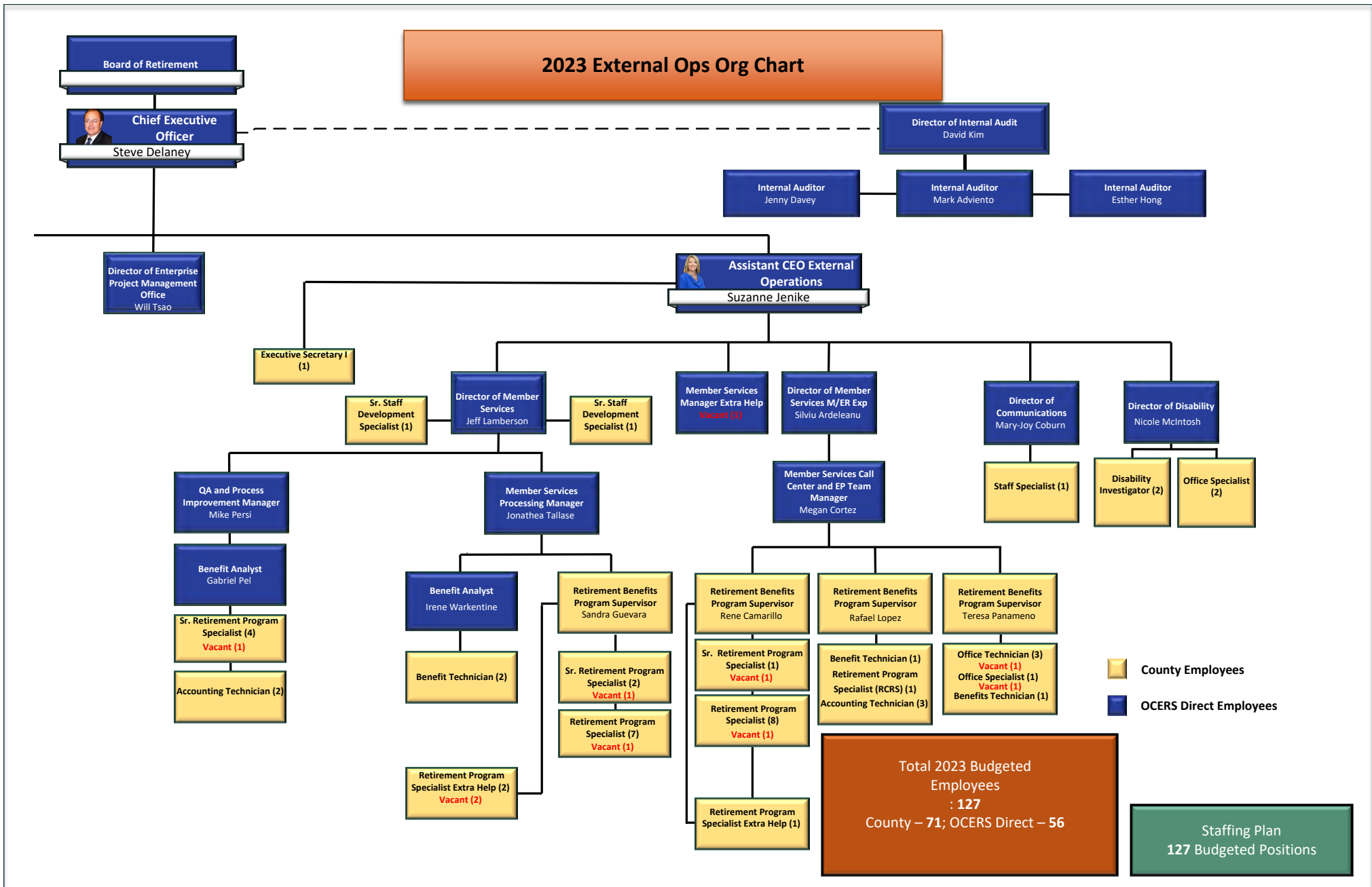
2023 Internal Ops Org Chart



Total 2023 Budgeted Employees
: 127
County – 71 OCERS Direct – 56

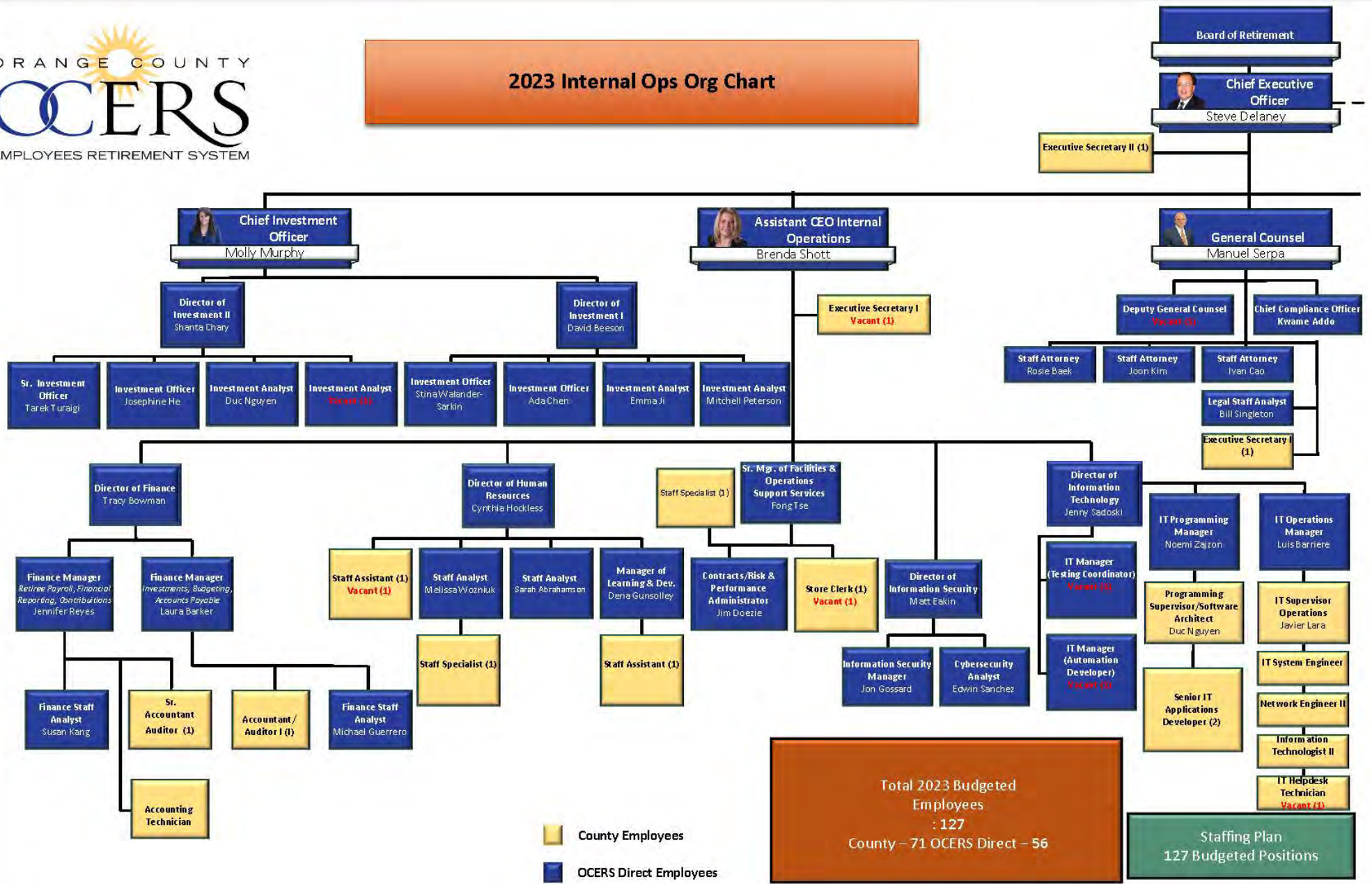
Staffing Plan
127 Budgeted Positions

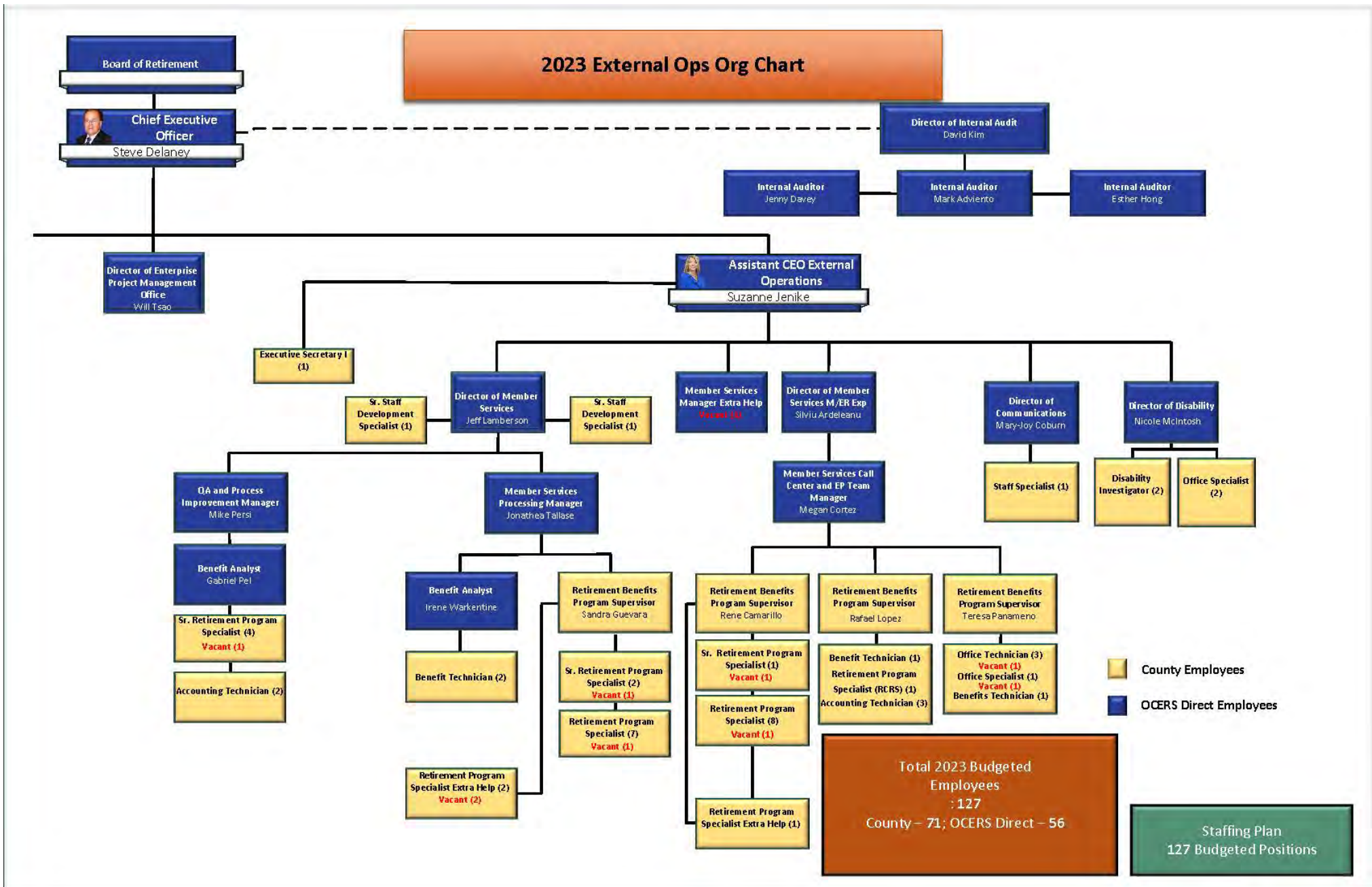
- County Employees
- OCERS Direct Employees





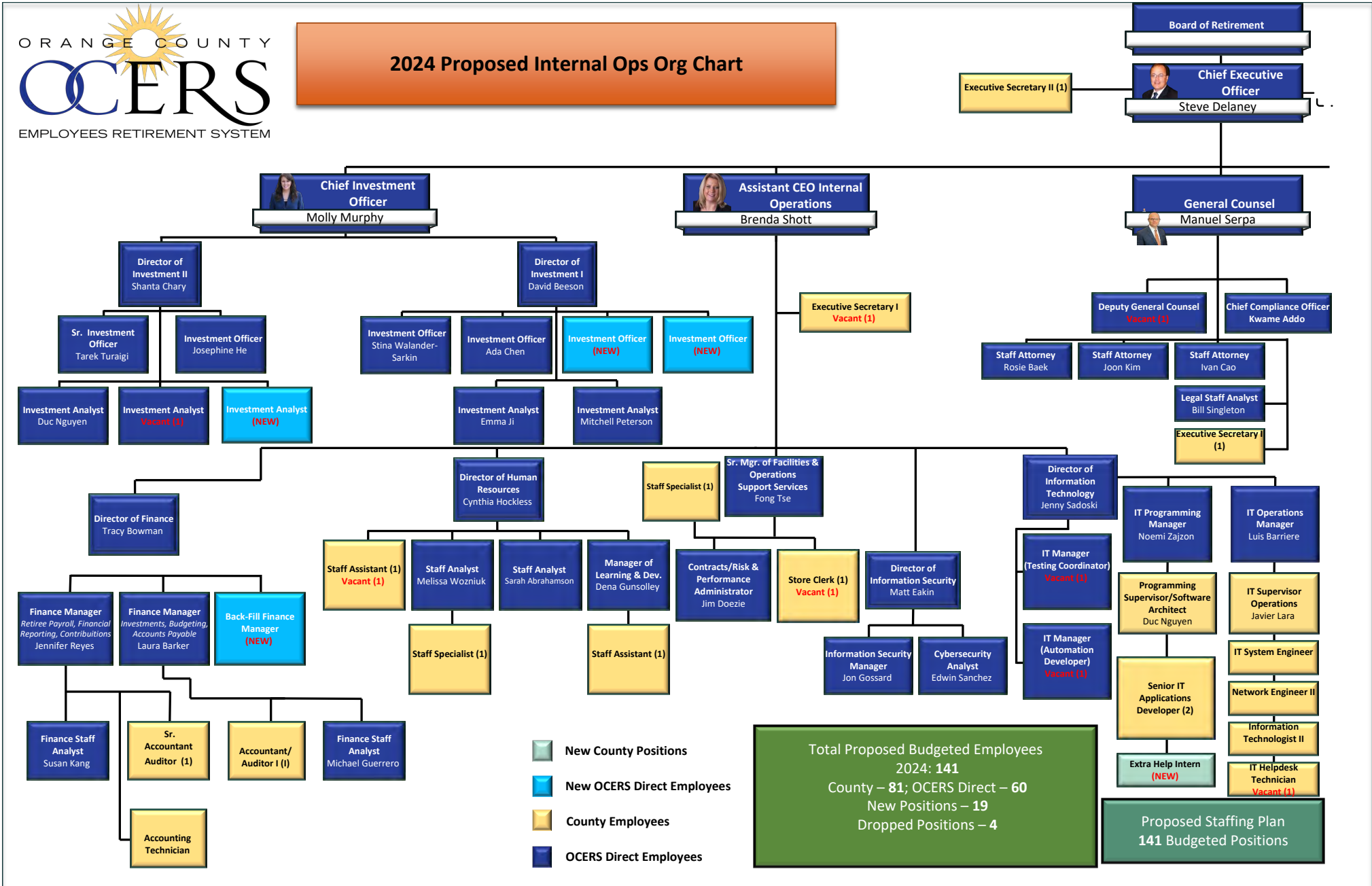
2023 Internal Ops Org Chart







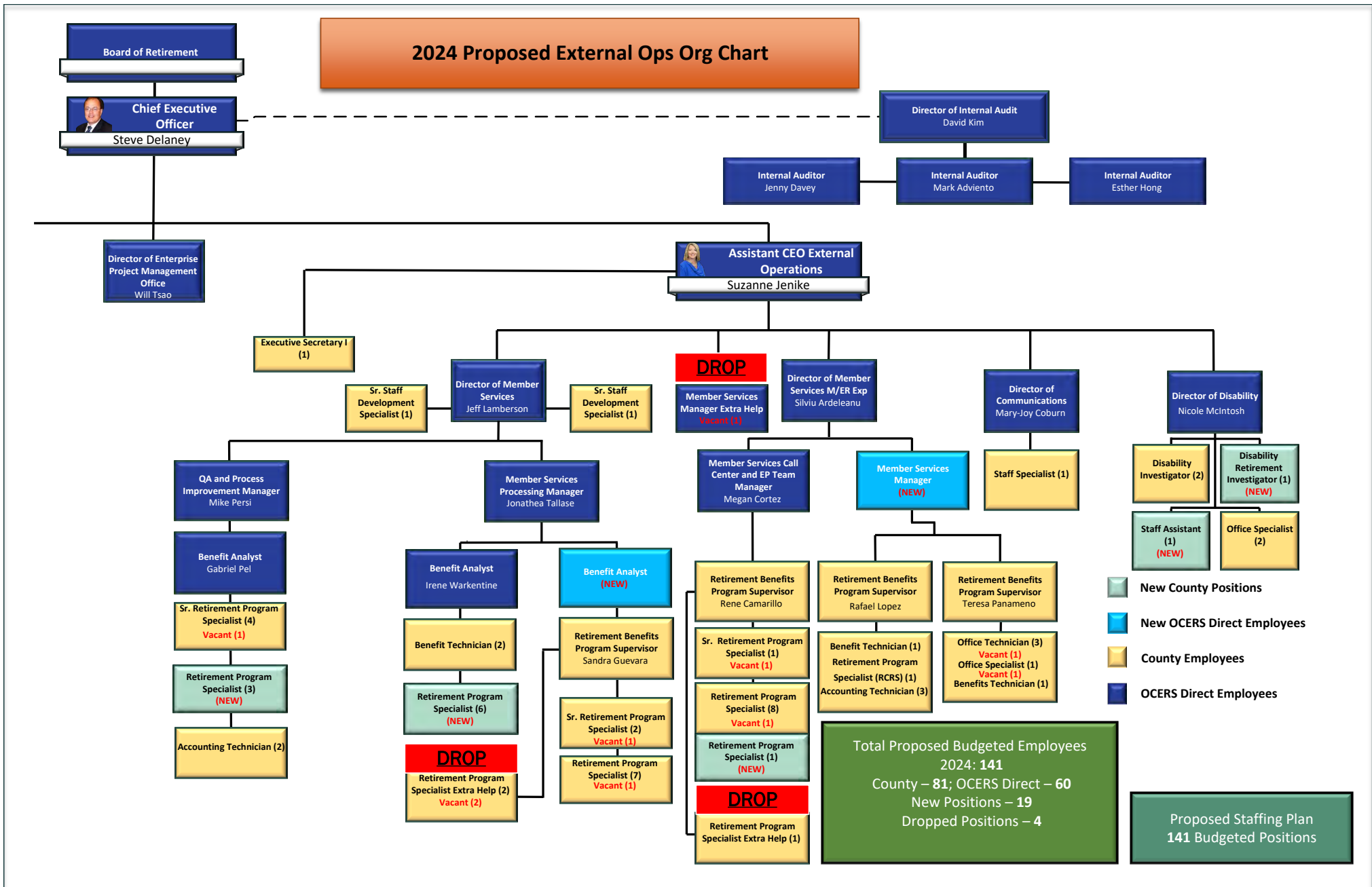
2024 Proposed Internal Ops Org Chart



Total Proposed Budgeted Employees
2024: 141
County – 81; OCERS Direct – 60
New Positions – 19
Dropped Positions – 4

Proposed Staffing Plan
141 Budgeted Positions

- New County Positions
- New OCERS Direct Employees
- County Employees
- OCERS Direct Employees





Retirement Board Meeting

November 13, 2023

Application Notices

MEMBER NAME	AGENCY/EMPLOYER	RETIREMENT DATE
Alkhoja, Ida	Social Services Agency	7/19/2023
Baker, Lynne	Sheriff's Dept	9/22/2023
Baldwin, John	Sheriff's Dept	9/22/2023
Becerra, Gabriel	Sheriff's Dept	9/22/2023
Berumen, Maria	Child Support Services	9/8/2023
Botta, Raymond	Sheriff's Dept	9/15/2023
Brito, Anna	Probation	9/18/2023
Castellanos, Maria	Social Services Agency	9/22/2023
Crowson, Damian	Sheriff's Dept	9/8/2023
Cuervo, Renee	Child Support Services	9/8/2023
Desper, Mariza	OCTA	9/9/2023
Diza, Leo	OCTA	8/27/2023
Douglas, Geraldina	Health Care Agency	7/29/2023
Dupuis, Shohreh	OCTA	9/1/2023
Duszynski, Cheryl	OC Community Resources	9/15/2023
Fairbanks, Todd	OCTA	10/4/2023
Frey, Ada	Health Care Agency	9/5/2023
Fuller, Paul	Health Care Agency	9/22/2023
Galang, Liberacion	Superior Court	9/18/2023
Gutierrez, Mario	Sheriff's Dept	8/26/2023
Hankins, David	District Attorney	9/7/2023
Hawkins, Rodney	OC Public Works	9/8/2023
Hernandez, Michael	District Attorney	9/1/2023
Hightower, Kenneth	OCTA	7/5/2022
Hudson, Mary	Transportation Corridor Agency (TCA)	9/20/2023
Inman, Randy	District Attorney	9/22/2023
Longstreth, Victor	Assessor	9/8/2023
Mahmood, Farzana	Sheriff's Dept	8/25/2023
Martinez, Diana	Health Care Agency	8/25/2023



Retirement Board Meeting

November 13, 2023

Application Notices

Matienzo, Rie	Health Care Agency	8/17/2023
Mccaffrey, Carole	Social Services Agency	9/8/2023
Munoz, Sonia	OC Community Resources	8/25/2023
Nadvornick, Joyce	OCTA	9/10/2023
Naughton, Clare	Social Services Agency	8/31/2023
Ngugi, M	Social Services Agency	9/22/2023
Pham, Hue	Social Services Agency	8/29/2023
Pham, Lien	Social Services Agency	9/22/2023
Popper, William	OCERS	8/26/2023
Puente, Lidia	Social Services Agency	9/20/2023
Richards, Melissa	Treasurer - Tax Collector	9/22/2023
Tovar, Lisa	Social Services Agency	9/8/2023
Westman, Mike	OC Public Works	9/20/2023
Wethmeller, Mary	Social Services Agency	9/8/2023
Wilkins, Elaine	Social Services Agency	9/8/2023
Zabid, Nash	Superior Court	8/25/2023



Retirement Board Meeting

November 13, 2023

Death Notices

ACTIVE DEATHS	AGENCY/EMPLOYER
Little, Tiffany Marqueta	OCTA
Paz, Angela G	Child Support Services

RETIRED MEMBERS	AGENCY/EMPLOYER
Ambriz, Jose J	Sanitation District
Arnold, Petronella F	UCI
Barner, Donald A	District Attorney
Booth, Ronald	OC Public Works
Bridenball, Stuart	OCTA
Buckner, Elizabeth A	Health Care Agency
Cimbaluk, Julian	Superior Court
Clauser, Dion	Sheriff's Dept
Cobb, Judith A	Health Care Agency
Cue, Susan	Health Care Agency
Dowden, Leslie Corinne	Probation
Fung, Brian	Health Care Agency
Gaido, Mary Ann	OC Community Resources
Herrigstad, Carl A	Sanitation District
Higuera, Tamara A	Social Services Agency
Huyn, Tuat V	Social Services Agency
Jacobs, Bradley	Assessor
Kano, Lucy	UCI
Kelly, Joan C	Health Care Agency
Kennedy, Rita E	UCI
Krause, Glenn R	Health Care Agency
Kuyper, Adrian	County Counsel
Lee, Florence Y	Auditor Controller
Mc Auliffe, Michael P	OCTA
Mc Neil, Jan	OC Public Works
Palk, Clyde	Social Services Agency
Paull, Earl	Auditor Controller
Peoples Ronald K	Sheriff's Dept
Phillips, Martha Elizabeth Blakeney	Social Services Agency
Pierce, Charles	Registrar of Voters
Prather, Diana L	Social Services Agency
Rogers, Kathy A	Law Library
Sherwood, Julie A	Health Care Agency
Sloop, Jane G	Probation
Taylor, Ronald L	Health Care Agency
Than, Quang Trong	Health Care Agency
Ulloa, Stella	Superior Court



Retirement Board Meeting
November 13, 2023
Death Notices

SURVIVING SPOUSES	
Chu, Susanna Wenying	
Crow, Sharon	
Davies, William	
Fox, Bruce	
Hinck, Lois	
Pendergraft, Betty M	
Wright, Laura V	
Young, Peter	

 <p>ORANGE COUNTY CCERS EMPLOYEES RETIREMENT SYSTEM</p>	<p>Retirement Board Meeting November 13, 2023 Death Notices</p>
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**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CALIFORNIA**

**AUDIT COMMITTEE MEETING
Thursday, June 1, 2023
9:30 A.M.**

MINUTES

OPEN SESSION

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

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Richard Oates, Chair; Charles Packard, Vice Chair (via Zoom); Adele Tagaloa, Board Member; Shari Freidenrich, Ex-Officio Member

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

Guests: Kory Hoggan, Moss Adams; Matthew Bohdan, Troy Snyder, and Gabrielle Wafer, Plante Moran; Nick Olson and Susan Verghese, The Institute of Internal Auditors Quality Service

The Committee recessed for break at 9:38 a.m.

The Committee reconvened from break at 9:40 a.m.

2. BOARD MEMBER STATEMENT REGARDING PARTICIPATION VIA ZOOM

MOTION by Ms. Tagaloa, **seconded** by Mr. Oates 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**.

3. PUBLIC COMMENT

None

Orange County Employees Retirement System
June 1, 2023
Audit Committee Meeting

CONSENT AGENDA

C-1 APPROVE AUDIT COMMITTEE MEETING MINUTES

Audit Committee Meeting Minutes April 5, 2023

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

The motion passed **unanimously**.

ACTION ITEMS

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

None

A-2 2022 FINANCIAL STATEMENT AUDIT

Introduction by Brenda Shott, Assistant CEO of Finance and Internal Operations, and Tracy Bowman, Director of Finance, OCERS

Presentation by Kory Hoggan, Moss Adams

Recommendations:

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; and
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."

Mr. Packard left at 10:47 a.m.

After discussion, **MOTION** by Ms. Freidenrich, **seconded** by Ms. Tagaloa to adopt staff's recommendations with the recommended changes.

The motion passed **unanimously**.

A-3 GASB 68 VALUATION AND AUDIT REPORT

Presentation by Brenda Shott, Assistant CEO of Finance and Internal Operations

Orange County Employees Retirement System
June 1, 2023
Audit Committee Meeting

Recommendations:

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

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

The motion passed **unanimously**.

The Committee recessed for break at 10:52 a.m.

The Committee reconvened from break at 11:06 a.m.

Recording Secretary administered the Roll Call attendance.

A-4 EXTERNAL QUALITY ASSESSMENT FINALISTS INTERVIEWS

Introduction by David Kim, Director of Internal Audit

Presentations by Plante Moran; and The Institute of Internal Auditors Quality Services

Recommendation: Staff recommends (1) selecting one of the two finalists chosen to make an oral presentation at the June 1, 2023 Audit Committee meeting to perform an external quality assessment (EQA) of OCERS' Internal Audit based on the firm's presentation, responsiveness to the Audit Committee's questions, and the written proposal submitted; and (2) after conducting such interviews, that the Audit Committee select and approve the finalist to award the contract, subject to satisfactory negotiation of terms.

Presentation by Matthew Bohdan, Troy Snyder, and Gabrielle Wafer of Plante Moran.

Mr. Packard returned at 11:17 a.m.

The Committee recessed for break at 11:37 a.m.

The Committee reconvened from break at 11:45 a.m.

Recording Secretary administered the Roll Call attendance.

Mr. Packard provided a statement regarding his Zoom attendance.

Presentation by Nick Olson and Susan Verghese of The Institute of Internal Auditors Quality Service.

Mr. Packard left at 12:00 p.m.

Mr. Packard returned at 12:05 p.m.

Orange County Employees Retirement System
June 1, 2023
Audit Committee Meeting

Mr. Packard left at 12:10 p.m.

The Committee recessed for break at 12:14 p.m.

The Committee reconvened from break at 12:19 p.m.

Recording Secretary administered the Roll Call attendance.

After discussion, **MOTION** by Ms. Freidenrich, **seconded** by Mr. Oates to select The Institute of Internal Auditors Quality Services to perform the External Quality Assessment and request they include at discount or no cost training for OCERS. In addition, if there is a change in Auditors, OCERS request the right to review the resumes.

The motion passed by majority, with Ms. Tagaloa voting in opposition.

A-5 CONTINUOUS AUDIT OF FINAL AVERAGE SALARY CALCULATIONS (Q1 2023)

Presentation by Mark Adviento, Senior Internal Auditor and David Kim, Director of Internal Audit

Recommendation: Receive and file

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

The motion passed **unanimously.**

The Committee recessed for lunch at 12:51 p.m.

The Committee reconvened from lunch at 1:31 p.m.

Recording Secretary administered the Roll Call attendance.

CLOSED SESSION ITEMS

The Committee adjourned to closed session at 1:31 p.m.

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

Adjourn into Closed Session pursuant to Government Code section 54957 to consult with Steve Delaney, CEO, Brenda Shott, Asst. CEO; Suzanne Jenike, Asst. CEO; Gina M. Ratto, General Counsel; Noemi Zajzon, Information Technology Manager; David Kim, Director of Internal Audit; Mark Adviento, Senior Internal Auditor; Jenny Davey, Internal Auditor.

Recommendation: Take appropriate action.

Orange County Employees Retirement System
June 1, 2023
Audit Committee Meeting

E-2 PUBLIC EMPLOYEE PERFORMANCE EVALUATION (GOVERNMENT CODE §54957(b))

Title: Director of Internal Audit

Adjourn pursuant to Government Code section 54957(b) to evaluate the performance of the Director of Internal Audit

Recommendation: Take appropriate action.

E-3 THREAT TO PUBLIC SERVICES OR FACILITIES (GOVERNMENT CODE SECTION 54957)

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

Recommendation: Take appropriate action.

Ms. Freidenrich left at 2:42 p.m.

The Committee reconvened to open session at 3:05 p.m.

REPORT OF ACTIONS TAKEN IN CLOSED SESSION *In the matter of E-1, Threat to Public Services or Facilities (Government Code Section 54957), the Committee voted unanimously to receive and file.*

WRITTEN REPORTS

R-1 MANAGEMENT ACTION PLAN VERIFICATION REPORT

Written Report

R-2 STATUS UPDATE OF 2023 AUDIT PLAN

Written Report

COMMITTEE MEMBER COMMENTS

None

STAFF COMMENTS

None

CHIEF EXECUTIVE OFFICER

None

COUNSEL COMMENTS

None

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Orange County Employees Retirement System
June 1, 2023
Audit Committee Meeting

ADJOURNMENT

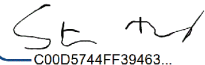
Chair Oates adjourned the meeting at 3:05 p.m.

Submitted by:

DocuSigned by:

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David Kim
Committee Liaison

Submitted by:

DocuSigned by:

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Steve Delaney
Secretary to the Board

Approved by:

DocuSigned by:

9ADAC097666B48E...
Richard Oates
Chair

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

**PERSONNEL COMMITTEE MEETING
Wednesday, July 19, 2023
9:00 A.M.**

MINUTES

OPEN SESSION

Chair Packard called the meeting to order at 9:03 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Charles Packard, Chair; Roger Hilton, Board Member; Chris Prevatt, Board Member

Also Present: Steve Delaney, CEO; Gina Ratto, General Counsel; Brenda Shott, Assistant CEO, Internal Operations; Cynthia Hockless; Director of Human Resources; Marielle Horst, Recording Secretary; Peter Felix, Audio Visual Technician.

PUBLIC COMMENT

None.

CONSENT AGENDA

C-1 COMMITTEE MEETING:

Approval of Meeting and Minutes

Personnel Committee Meeting Minutes

June 19, 2023

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

The motion passed **unanimously**.

ACTION ITEMS

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

A-2 CEO PERFORMANCE EVALUATION POLICY

Presentation by Steve Delaney, Chief Executive Officer

Orange County Employees Retirement System
July 19, 2023
Personnel Committee Meeting

Recommendation:

1. CRITERIA: That the Personnel Committee approve and recommend that the Board adopt revisions to the CEO Performance Evaluation Policy to include criteria principally related to the successful administration of the Board's Strategic Plan goals. [See attached redlined Policy for all changes EXCEPT for Section 14]

Motion by Mr. Prevatt, **seconded** by Mr. Dewane to recommend the Board approve the following criteria for evaluating the CEO's performance, effective for the current performance 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 motion passed **unanimously**.

Motion to Reconsider by Mr. Prevatt, **seconded** by Mr. Dewane to amend the previous motion.

The Motion to Reconsider passed **unanimously**.

Motion by Mr. Prevatt, **seconded** by Mr. Dewane to recommend the Board:

1. Approve the following criteria for evaluating the CEO's performance, effective for the current performance review period:
 - a. Fund Sustainability
 - b. Excellent Service and Support
 - c. Risk Management
 - d. Talent Management
 - e. Effective Governance
 - f. Communications
 - g. Other criteria that the Board determines is appropriate; and
2. Adopt the same rating metrics for evaluating the CEO's performance as the metrics that are used by OCERS in evaluating the performance of OCERS direct employees.

The motion passed **unanimously**.

A-3 CEO PERFORMANCE REVIEW TIME PERIOD ADJUSTMENTS

Presentation by Steve Delaney, Chief Executive Officer

Recommendation: Recommend that the OCERS Board approve the following:

Orange County Employees Retirement System
July 19, 2023
Personnel Committee Meeting

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

Motion by Mr. Prevatt, **seconded** by Mr. Hilton, to recommend the Board approve the following:

1. Change the review period for the Chief Executive Officer's (CEO) performance from a January through December review period to a September through August review period;
2. Make the change to the review period for the CEO's performance effective with a truncated 2023 performance review period of January 2023 through August 2023;
3. Continue to consider the CEO's salary during the months of October and November; and
4. Approve revisions to the Chief Executive Officer Performance Evaluation Policy to effectuate the above.

The motion passed **unanimously**.

INFORMATION ITEMS

I-1 UPDATE ON OCERS COUNTY TO DIRECT EFFORTS

Presentation by Cynthia Hockless, Director of Human Resources

Ms. Hockless gave a status update on the Classification and Compensation study, noting Phase II is in progress. Mr. Delaney commented staff is keeping OCEA informed throughout the project.

COMMITTEE MEMBER COMMENTS

Mr. Packard congratulated Ms. Ratto on her retirement.

STAFF COMMENTS

None.

CHIEF EXECUTIVE OFFICER

Mr. Delaney gave a special thanks to Ms. Ratto for her years of service.

COUNSEL COMMENTS

Ms. Ratto thanked the Committee and staff.

ADJOURNMENT

Chair Packard adjourned the meeting at 10:43 a.m.

Orange County Employees Retirement System
July 19, 2023
Personnel Committee Meeting

Submitted by:

Submitted by:

Approved by:

Cynthia Hockless
Committee Liaison

Steve Delaney
Secretary to the Board

Charles Packard
Chair

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

**BUILDING COMMITTEE MEETING
Tuesday, August 1, 2023
9:30 a.m.**

MINUTES

Chair Lindholm called the meeting to order at 8:31 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Wayne Lindholm, Chair; Arthur Hidalgo, Jeremy Vallone

Also

Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Gina Ratto; General Counsel; Manuel Serpa, Deputy General Counsel; Fong Tse, Sr. Manager of Facilities and OSS; Jenny Sadoski, Director of IT; Anthony Beltran, IT Operations Supervisor; Jim Dozie, Contracts Administrator; Marielle Horst, Recording Secretary; Rebeca Gonzalez-Verdugo, Executive Secretary

Guests: Parke Miller, Sam Quinif, Allie Meister, Meredith Kovach, David Byrd, and Mark Smith from Lincoln Property Company
Roger Torriero, John Hughes, Deryl Robinson, Dustin Alamo, and Cody Roth from Griffin Structures

PUBLIC COMMENT

None.

CONSENT AGENDA

C-1 COMMITTEE MEETING MINUTES:

Building Committee Meeting Minutes

January 31, 2023

Recommendation: Approve minutes.

MOTION by Vallone, **seconded** by Hidalgo, to approve staff's recommendation to approve the minutes.

Orange County Employees Retirement System
August 1, 2023
Building Committee Meeting – Minutes

The motion passed **unanimously**.

ACTION ITEMS

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

A-2 OCERS HEADQUARTERS PROJECT OWNER’S REPRESENTATIVE/PROGRAM MANAGER PROPOSALS REVIEW AND SELECTION

Recommendation:

1. Select one of the two finalist firms to serve as Owners’ Representative/Program Manager for OCERS Headquarters project based on the firm’s presentation, responsiveness to the Building Committee’s interview questions and the written proposal submitted.
2. Direct Staff to negotiate terms of an agreement with the selected firm.
3. Recommend to the Board of Retirement to award a contract with the selected firm and amend the 2023 Administrative Budget (amount to be determined after negotiations) for the scope of services as outlined in OCERS Owner’s Representative/Program Manager Services for OCERS New Headquarters Project RFP, subject to satisfactory negotiation of terms.

Lincoln Property Company and Griffin Structures presented their qualifications to serve as Owners’ Representative/Program Manager for OCERS Headquarters.

After discussion, a **MOTION** by Hidalgo, **seconded** by Vallone, to select Griffin Structures to serve as Owner’s Representative/Program Manager for the OCERS Headquarters project. The motion passed **unanimously**.

Additionally, the Committee directed staff to negotiate the terms of the agreement with Griffin Structures and recommend to the Board of Retirement to award the contract and amend the Administrative Budget, at a future Board meeting.

INFORMATION ITEMS

None

WRITTEN REPORTS

None

COMMITTEE MEMBER/CEO/CONSULTANT/COMMENTS

None

Orange County Employees Retirement System
August 1, 2023
Building Committee Meeting – Minutes

Page 3

STAFF

None

The meeting **ADJOURNED** at 12:37 p.m.

Submitted by:

Submitted by:

Approved by:

Brenda Shott
Staff Liaison to the Committee

Steve Delaney
Secretary to the Committee

Wayne Lindholm
Chair



Memorandum

DATE: November 13, 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

DECEMBER

- Adopt Annual Work Plan
- Election of the Vice-Chair
- List of Next Year's Committee Assignments
- REAOC Annual Update
- CIO Comments

JANUARY 2024

- Annual Disability Statistics
- Annual OCERS Innovations
- Annual Preview of "Year in Review" Communication Plan
- Board Education Report
- Communication Policy Fact Sheet
- Form 700 Filing Requirements
- Annual Information Security Summary (Closed Session)
- Quarterly Travel and Training Expense Report
- CIO Comments

FEBRUARY 2024

- Annual Cost of Living Adjustment
- Initial STAR COLA Posting
- Annual Overpaid and Underpaid Plan Benefits Report
- Annual Policy Compliance Report
- CEM Benchmarking Presentation
- Report Outcome of Prior Year Business Plan
- Annual Report of Contacts > \$100,000

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: November 13, 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

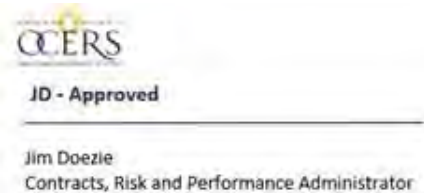
The RFP's noted below are subject to the quiet period until such time as a contract is finalized.

- Σ 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. The vendor **IIA Quality Services** was selected, and a contract has been completed. Work will commence soon.
- Σ 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. Three Proposals were received, and a final vendor was selected. We are currently negotiating a contract.
- Σ A request for Proposal was distrusted in September for a Pension Administration Project Oversight Consultant. This consultant is to help guide OCERS into selecting and implementing a new Pension Administration System. Four Proposals were received that are currently being evaluated.
- Σ An RFP for Oracle Database Administration Services was distributed in September. The current vendor contract will be expiring it's six-year term in December, so this RFP is to review and select a vendor for the needed services. Three Proposals were received with a finalist selected with whom we are currently negotiating a contract.



Memorandum

Submitted by:





Memorandum

DATE: November 13, 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
- ∑ While not a possibility this century, this articles builds on the theme of greatly extended life spans resulting from current research. <https://www.dailystar.co.uk/news/latest-news/humans-will-become-immortal-century-31293715>

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 **SEPTEMBER** 2023.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



OCERS Activities and Update Report September 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 September 2023.

MEMBER SERVICES MONTHLY METRICS

Retirement Applications Received				Customer Service Statistics						
Month	2021	2022	2023	Month	Unplanned Recalculations	Member Satisfaction Approval Rate	Calls Received via Call Center	Calls Direct to Extension	Calls Received by Operator	Total Calls (monthly)
January	117	346	244	January	1	98%	1,840	3,729	859	6,428
February	91	151	152	February	0	98%	1,407	3,570	928	5,905
March	51	120	135	March	0	98%	1,243	4,234	988	6,465
April	39	47	54	April	0	98%	957	3,250	442	4,649
May	52	65	60	May	1	98%	1,063	3,373	646	5,082
June	49	73	45	June	1	98%	997	2,692	482	4,171
July	64	54	28	July	3	98%	1,333	2,241	371	3,945
August	59	58	45	August	0	98%	1,568	2,730	559	4,857
September	70	42	46	September	1	98%	1,415	2,200	589	4,204
October	67	70		October						
November	95	78		November						
December	93	86		December						
Grand Total	847	1190	809	Grand Total	7	98%	11,823	28,019	5,864	45,706

MEMBER SURVEY RESPONSES

“All the representative I have spoken with at OCERS have been awesome, very informative!”

September 2023

“The OCERS customer support representative who helped me was very knowledgeable. I was educated about my retirement and provided with great resources as well. They even followed up after my visit, which was very helpful”

August 2023

“I worked with two customer support representatives, and both were great! They were both kind and made me feel like it was all about me. They were great!”

July 2023



OCERS Activities and Update Report

September 2023

ACTIVITIES

OCERS YEAR IN REVIEW

Ms. Jenike, Ms. Shott and I continued our outreach to both employers and labor groups as part of the annual YEAR IN REVIEW project.

On September 5 we met with the Association of Orange County Deputy Sheriffs. Not surprisingly we spent some time discussing in detail the current status of the Alameda recalc project, especially in light of the County Board of Supervisor's resolution which enables a number of our retired members to retain their on-call pay as part of Final Average Salary.

On September 12 we met with the Orange County Fire Authority team. Some excellent discussion of their ongoing "snowball" prepayment program which is effectively paying down their UAAL in a shorter period than otherwise required.

REAOC LUNCHEON

The quarterly REAOC luncheon, gives the OCERS team a chance to meet with our retirees and respond to their immediate questions. Christine Guerrero, Nicholas Holt, and Mary-Joy Coburn attended the luncheon, and assisted retired REAOC members with any retirement-related questions and information. Our new Communications Director Ms. Mary Joy Coburn reported the following:

Thank you - I enjoyed attending and meeting many new and seasoned retirees. I also had the privilege of sitting at the head of the table next to former trustee Mr. Frank Eley who only had great things to say about OCERS and is looking forward to hearing more about the new building.

The members were very happy to see us loved the OCERS fans that we were giving out.

The meeting ran longer than scheduled but our Retirement Program Specialist stayed until 3:00 pm and provided consultation for any members who requested assistance.

INVESTMENT TEAM

Ms. Walander-Sarkin reports on the Investment Team's activities in the month of September:

As of August 31, 2023, the portfolio year-to-date is up 7.3% net of fees, while the one-year return is up 5.9%. The fund value now stands at \$ 21.5 billion. OCERS' Investments Team closed on two new real assets investments (one infrastructure and one energy) and one new investment within unique strategies in September. OCERS' Investments Team participated in the two-day Strategic Planning Workshop in September with a number of investment topic presentations including: proxy voting, healthcare venture capital, liquidity playbook and capital efficiency, how AI is changing the world of investment management, and investing in a rising interest rate environment. Finally, the OCERS



OCERS Activities and Update Report September 2023

Investments Team issued a Secondary Sale Advisory Services RFP during the month of September. OCERS intends to establish a pool of pre-qualified secondary sale advisory service providers in private markets to utilize on an as-needed basis.

UPDATES

MEMBER SERVICES OUTREACH

Mr. Ardeleanu reports:

September 2023 consisted of the following seminars completed by the Customer Service team:

- Σ 9.7.2023 – The OCEA Health Fair was very well attended by multiple members, as it has in years past. The OCERS team attending, Aileen Dang, Kamron Nahavandi, and Mary-Joy Coburn, engaged with over 850 individuals at the Fair. We also received a thank you email from OCEA, for our participation in the Health Fair and the information provided to our members.
- Σ 9.13.2023 – OCERS in-person pre-retirement seminar.
- Σ 9.20.23 – The AOCDS Health Fair was well attended also, with Ana Lomeli, David Viramontes (shown in photo), and Mary-Joy Coburn engaging with and providing AOCDS/OCERS members retirement information. The team engaged directly and indirectly with nearly 50 members, answering retirement-related questions for some members, and others just stopping by to help



themselves to OCERS material.



OCERS Activities and Update Report September 2023

Σ 9.27.2023 – OCERS virtual pre-retirement seminar.

VISION 2030

On September 7 the AI Multi-Employer Roundtable held on the first Thursday of each month via Zoom was pleased to welcome CalSTRS as our newest participating system. The key note presentation [each month a different system leads off with a 15-20 minute presentation on what they are currently engaged in, followed by a roundtable by all systems] by OC Superior Courts and the work they are doing in natural language response to client phone calls was very impressive and led to many questions. The activity they are undertaking is what we hope to accomplish as well, though we are likely a year or more behind the Courts.



As a reminder, you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the November 13 meeting of the OCERS Board of Retirement.



Memorandum

DATE: November 13, 2023
TO: Members of the Board of Retirement
FROM: Tracy Bowman, Director of Finance
SUBJECT: **THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

Written Report

Background/Discussion

The attached financial statements reflect the unaudited financial activity for the nine months ended September 30, 2023. These statements are unaudited and are not the official financial statements of OCERS. The following statements represent a review of the progress to date for the third quarter of 2023. The official financial statements of OCERS are included in the Annual Comprehensive Financial Report (ACFR) for the year ended December 31, 2022, which is available on our website, www.ocers.org.

Summary

Statement of Fiduciary Net Position (Unaudited)

As of September 30, 2023, the net position restricted for pension, other postemployment benefits and employer is \$21 billion, an increase of \$1.6 billion, or 8%, from September 30, 2022. The change is a result of an increase in total assets of \$1.2 billion and a decrease in total liabilities of \$329.3 million as described below:

The \$1.2 billion increase in total assets can be attributed to increases of \$36.7 million in total receivables and \$1.3 billion in total investments at fair value, offset by decreases of \$78.7 million in total cash and short-term investments and \$2.2 million in capital assets.

The decrease of \$78.7 million in total cash and short-term investments consists of a \$111.1 million decrease in cash and cash equivalents due to the timing of investing employee and employer contributions received during the quarter offset by an increase of \$32.5 million in securities lending collateral driven by a continued demand for the securities lending program.

The increase of \$36.7 million in total receivables consists primarily of contributions, which increased by \$36.6 million. This is attributed to the County of Orange opting to not participate in the FY 2023-2024 prepayment program resulting in a higher accrual for contributions earned, but not yet received.

Total investments at fair value increased \$1.3 billion, or 6.5% from September 30, 2022 to September 30, 2023. The total portfolio reported a net return of 9% for the one-year period ending September 30, 2023, compared to a net loss of -7% for the same one-year period ending September 30, 2022. The one-year return was up compared to the prior year although the total portfolio reported a loss of -1.3% for the quarter due to persistent inflation,

escalating interest rates, and high levels of debt posing risks to the economy. Global public equity increased by \$1.6 billion, private equity increased by \$214.1 million, real assets increased by \$119.7 million and unique strategies increased by \$21.3 million. These increases were offset by decreases in income strategies of \$362.2 million and risk mitigation of \$321.4 million. Global public equity saw slightly stronger returns in the non-U.S. equity portfolio and reported a one-year return of 21.7%, which was over the benchmark of 20.2%. Private equity reported a one-year return of 1.3% for the third quarter in 2023 as investment managers continue to take market-to-market losses in 2023. Income strategies, which is a new investment category that started in July 2023 and combines the core fixed income and credit categories, reported a one-year return of 3.6% as high inflation and aggressive interest rate hikes continue to be a challenge for bonds. Real assets reported a loss of -2.7% for the one-year period. The real estate portfolio has continued to post losses due to the higher interest rate environment posting losses of -9.3% compared to positive returns for its peers in energy and infrastructure of 2.3% and 10.4%, respectively. Risk mitigation, designed to protect the portfolio during down periods, reported a loss of -3.8% for the one-year period. Unique strategies reported a one-year return of 2.6% with a strong contribution from the general partner stake investment.

The decrease in capital assets of \$2.2 million from the prior year represents depreciation expense, which is primarily attributed to the Pension Administration System Solution (PASS).

Total liabilities decreased \$329.3 million, or -36.2%, from September 30, 2022 to September 30, 2023, primarily due to unearned contributions, which decreased \$423.5 million due to the County of Orange opting to not participate in the FY 2023-2024 contribution prepayment program. This decrease was offset by an increase of \$79.1 million related to the timing of securities purchased and an increase in obligations under the securities lending program of \$32.5 million, as previously discussed.

Statement of Changes in Fiduciary Net Position (Unaudited)

The ending net position restricted for pension, other postemployment benefits and employer as of September 30, 2023, increased by \$1.6 billion or 8%, when compared to the same period ending September 30, 2022.

Total additions to fiduciary net position increased 185.8% or \$3.9 billion from the previous year. Net investment income for the nine months ended September 30, 2023, was \$1 billion versus a loss of -\$2.9 billion for the nine months ended September 30, 2022, an increase of \$3.9 billion or 135.3%. The main cause of the increase is due to the net appreciation in fair value of investments, which increased \$4.1 billion from the prior year, slightly offset by a decrease in dividends, interest, and other investment income of \$230.6 million. The third quarter in 2023 reported a year-to-date net return of 5%, compared to a year-to-date net loss of -11.2% for the third quarter in 2022. This can be attributed to stronger year-to-date returns in 2023 compared to year-to-date returns in 2022 across most investment categories, including global public equity and income strategies, which reported positive year-to-date returns in 2023 compared to negative year-to-date returns in 2022. Private equity also reported a slightly higher year-to-date return in comparison to last year. These gains were offset by real assets and risk mitigation, which reported year-to-date losses for the third quarter in 2023 in comparison to year-to-date returns in 2022. Total investment fees and expenses, including securities lending borrower rebates and bank charges, increased by \$17.6 million in September 2023 primarily due to a \$15.8 million increase in other fund expenses, which includes indirect flow-through investment expenses in limited partner structures. Security lending rebate

fees increased \$6.5 million due to increases in the “risk free rate,” such as the Federal Funds Target Range or Overnight Bank Funding Rate (OBFR), that are used to negotiate rebates to borrowers.

Total contributions increased \$30.5 million over the prior year due to employer contributions which increased \$25.4 million and employee contributions which increased \$5.1 million. The increases can be attributed to an increase in contribution rates.

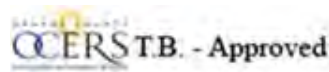
Total deductions from fiduciary net position increased 7.6%, or \$68.4 million, from the previous year. Participant benefits increased by \$66 million, which is expected due to the continued growth in member pension benefit payments, both in the total number of OCERS’ retired members receiving a pension benefit and an increase in the average benefit received. In September 2023, there were 20,917 payees with an average benefit payment of \$4,813 compared to 20,304 payees with an average benefit payment of \$4,624 in September 2022. Administrative expenses increased by \$4.7 million, primarily due to an increase in personnel services and professional services.

Other Supporting Schedules

In addition to the basic financial statements for the nine months ended September 30, 2023, the following supporting schedules are provided for additional information pertaining to OCERS:

- Total Plan Reserves
- Schedule of Contributions
- Schedule of Investment Expenses
- Schedule of Administrative Expenses
- Administrative Expense Compared to Projected Actuarial Accrued Liability

Submitted by:



Tracy Bowman
Director of Finance



Orange County Employees Retirement System

Unaudited Financial Statements

For the Nine Months Ended September 30, 2023

Orange County Employees Retirement System

Unaudited Financial Statements For the Nine Months Ended September 30, 2023

Table of Contents

Statement of Fiduciary Net Position (Unaudited).....	1
Statement of Changes in Fiduciary Net Position (Unaudited).....	2
Total Plan Reserves.....	3
Schedule of Contributions.....	4
Schedule of Investment Expenses.....	5
Schedule of Administrative Expenses.....	6
Administrative Expense Compared to Projected Actuarial Accrued Liability.....	7

Statement of Fiduciary Net Position (Unaudited)

As of September 30, 2023

(with summarized comparative amounts as of September 30, 2022)

(Dollars in Thousands)

	Pension Trust Fund	Health Care Fund- County	Health Care Fund- OCFA	Custodial Fund - OCTA	Total Funds	Comparative Totals 2022
Assets						
Cash and Short-Term Investments						
Cash and Cash Equivalents	\$ 201,164	\$ 4,433	\$ 736	\$ 806	\$ 207,139	\$ 318,254
Securities Lending Collateral	242,904	5,353	889	-	249,146	216,681
Total Cash and Short-Term Investments	444,068	9,786	1,625	806	456,285	534,935
Receivables						
Investment Income	16,565	365	61	-	16,991	15,069
Securities Sales	109,239	2,408	400	-	112,047	115,091
Contributions	54,823	-	-	-	54,823	18,215
Foreign Currency Forward Contracts	223	5	1	-	229	680
Other Receivables	8,015	177	29	-	8,221	6,559
Total Receivables	188,865	2,955	491	-	192,311	155,614
Investments at Fair Value						
Global Public Equity	9,262,272	204,133	33,907	11,920	9,512,232	7,911,639
Private Equity	3,443,399	75,890	12,605	-	3,531,894	3,317,785
Income Strategies	3,006,055	66,251	11,004	5,194	3,088,504	3,450,738
Real Assets	2,891,821	63,733	10,586	-	2,966,140	2,846,396
Risk Mitigation	1,745,134	38,461	6,388	-	1,789,983	2,111,358
Unique Strategies	83,297	1,836	305	-	85,438	64,158
Total Investments at Fair Value	20,431,978	450,304	74,795	17,114	20,974,191	19,702,074
Capital Assets, Net	7,340	-	-	-	7,340	9,533
Total Assets	21,072,251	463,045	76,911	17,920	21,630,127	20,402,156
Liabilities						
Obligations Under Securities Lending Program	242,904	5,353	889	-	249,146	216,681
Securities Purchased	222,720	4,909	815	-	228,444	149,344
Unearned Contributions	56,015	-	-	-	56,015	479,547
Foreign Currency Forward Contracts	-	-	-	-	-	3,465
Retiree Payroll Payable	15,052	5,204	656	-	20,912	20,724
Other	26,363	581	97	-	27,041	41,105
Total Liabilities	563,054	16,047	2,457	-	581,558	910,866
Net Position Restricted for Pension, Other Postemployment Benefits and Employer	\$20,509,197	\$ 446,998	\$ 74,454	\$ 17,920	\$21,048,569	\$19,491,290

Statement of Changes in Fiduciary Net Position (Unaudited)

For the Nine Months Ended September 30, 2023

(with summarized comparative amounts for the Nine Months Ended September 30, 2022)

(Dollars in Thousands)

	Pension Trust Fund	Health Care Fund- County	Health Care Fund- OCFA	Custodial Fund - OCTA	Total Funds	Comparative Totals 2022
Additions						
Contributions						
Employer	\$ 558,456	\$ -	\$ 25,913	\$ -	\$ 584,369	\$ 559,011
Employee	206,531	-	-	-	206,531	201,459
Employer OPEB Contributions	-	-	-	575	575	503
Total Contributions	764,987	-	25,913	575	791,475	760,973
Investment Income						
Net Appreciation/(Depreciation) in Fair Value of Investments	883,484	19,898	2,484	1,259	907,125	(3,207,985)
Dividends, Interest, & Other Investment Income	224,989	4,959	824	15	230,787	461,350
Securities Lending Income						
Gross Earnings	8,703	192	32	-	8,927	2,278
Less: Borrower Rebates and Bank Charges	(8,019)	(177)	(29)	-	(8,225)	(1,700)
Net Securities Lending Income	684	15	3	-	702	578
Total Investment Income/(Loss)	1,109,157	24,872	3,311	1,274	1,138,614	(2,746,057)
Investment Fees and Expenses	(124,017)	(2,733)	(454)	(2)	(127,206)	(116,177)
Net Investment Income/(Loss)	985,140	22,139	2,857	1,272	1,011,408	(2,862,234)
Total Additions	1,750,127	22,139	28,770	1,847	1,802,883	(2,101,261)
Deductions						
Participant Benefits	898,280	27,843	5,304	-	931,427	865,408
Death Benefits	636	-	-	-	636	659
Member Withdrawals and Refunds	10,195	-	-	-	10,195	12,493
Employer OPEB Payments	-	-	-	1,131	1,131	1,096
Administrative Expenses	21,840	18	17	17	21,892	17,220
Total Deductions	930,951	27,861	5,321	1,148	965,281	896,876
Net Increase/(Decrease)	819,176	(5,722)	23,449	699	837,602	(2,998,137)
Net Position Restricted For Pension, Other Postemployment Benefits and Employer, Beginning of Year	19,690,021	452,720	51,005	17,221	20,210,967	22,489,427
Ending Net Position Restricted For Pension, Other Postemployment Benefits and Employer	\$ 20,509,197	\$ 446,998	\$ 74,454	\$ 17,920	\$ 21,048,569	\$ 19,491,290

Total Plan Reserves

For the Nine Months Ended September 30, 2023

(with summarized comparative amounts for the Nine Months Ended September 30, 2022)

(Dollars in Thousands)

	2023	2022
Pension Reserve	\$ 12,902,598	\$ 11,839,638
Employee Contribution Reserve	3,797,361	3,690,953
Employer Contribution Reserve	2,890,481	3,119,374
Annuity Reserve	2,832,438	2,480,661
Health Care Reserve	521,452	475,653
Custodial Fund Reserve	17,920	16,305
County Investment Account (POB Proceeds) Reserve	140,150	138,609
OCSD UAAL Deferred Reserve	14,398	15,643
Contra Account and Actuarial Deferred Return	<u>(2,068,229)</u>	<u>(2,285,546)</u>
Total Net Position Restricted for Pension, Other Postemployment Benefits and Employer	<u>\$ 21,048,569</u>	<u>\$ 19,491,290</u>

Schedule of Contributions

For the Nine Months Ended September 30, 2023

(with summarized comparative amounts for the Nine Months Ended September 30, 2022)

(Dollars in Thousands)

	2023		2022	
	Employee	Employer	Employee	Employer
Pension Trust Fund Contributions				
County of Orange	\$ 153,609	\$ 440,748	\$ 150,619	\$ 424,007
Orange County Fire Authority	23,196	63,187 ¹	22,390	68,269 ¹
Orange County Superior Court of California	11,799	33,575	11,227	30,420
Orange County Transportation Authority	8,836	25,268	8,420	24,770
Orange County Sanitation District	6,346	6,591	6,267	6,441
Orange County Employees Retirement System	1,029	3,399	856	2,679
UCI - Medical Center and Campus	-	2,264 ²	-	2,455 ²
City of San Juan Capistrano	465	1,708	577	1,602
Transportation Corridor Agencies	687	653	604	698
Cypress Recreation and Parks District	-	-	-	596 ³
Orange County Department of Education	-	237 ²	-	288 ²
Orange County Cemetery District	147	207	143	214
Orange County Local Agency Formation Commission	41	175	34	146
Orange County In-Home Supportive Services Public Authority	118	151	108	146
Children and Families Commission of Orange County	130	194	91	143
Orange County Public Law Library	128	97	123	96
Contributions Before Prepaid Discount	206,531	578,454	201,459	562,970
Prepaid Employer Contributions Discount	-	(19,998)	-	(27,610)
Total Pension Trust Fund Contributions	206,531	558,456	201,459	535,360
Health Care Fund - County Contributions	-	-	-	21,081
Health Care Fund - OCFA Contributions	-	25,913	-	2,570
Custodial Fund - OCTA OPEB Contributions	-	575	-	503
Total Contributions	\$ 206,531	\$ 584,944	\$ 201,459	\$ 559,514

¹ Unfunded actuarial accrued liability payments were made in 2023 for \$10.3 million and 2022 for \$8.8 million for the Orange County Fire Authority.

² Unfunded actuarial accrued liability payments have been made in accordance with a separate 20-year level dollar payment schedule to include liabilities for employee benefits related to past service credit.

³ This balance reflects the unfunded actuarial accrued liability obligation payment made in July 2022 to fund the obligations for the ongoing benefits owed to Cypress Recreation & Parks District's retired and disabled employees and their survivors and beneficiaries.

Schedule of Investment Expenses

For the Nine Months Ended September 30, 2023

(with summarized comparative amounts for the Nine Months Ended September 30, 2022)

(Dollars in Thousands)

	2023	2022
Investment Management Fees*		
Global Public Equity	\$ 9,140	\$ 11,024
Income Strategies	10,814	9,155
Real Assets	23,695	25,947
Private Equity	31,795	26,118
Risk Mitigation	7,213	16,065
Unique Strategies	893	734
Short-Term Investments	93	172
Total Investment Management Fees	83,643	89,215
Other Fund Expenses¹	37,959	22,115
Other Investment Expenses		
Consulting/Research Fees	1,697	1,775
Investment Department Expenses	3,093	2,175
Legal Services	361	434
Custodian Services	435	435
Investment Service Providers	16	25
Total Other Investment Expenses	5,602	4,844
Security Lending Activity		
Security Lending Fees	174	147
Rebate Fees	8,051	1,553
Total Security Lending Activity	8,225	1,700
Custodial Fund - OCTA Investment Fees and Expenses	2	3
Total Investment Expenses	\$ 135,431	\$ 117,877

* Does not include undisclosed fees deducted at source.

¹ These costs include, but are not limited to, foreign income tax and other indirect flow-through investment expenses such as organizational expenses in limited partnership structures.

Schedule of Administrative Expenses

For the Nine Months Ended September 30, 2023

(with summarized comparative amounts for the Nine Months Ended September 30, 2022)

(Dollars in Thousands)

	2023	2022
Pension Trust Fund Administrative Expenses		
Expenses Subject to the Statutory Limit		
Personnel Services		
Employee Salaries and Benefits	\$ 13,251	\$ 10,740
Board Members' Allowance	10	10
Total Personnel Services	<u>13,261</u>	<u>10,750</u>
Office Operating Expenses		
Depreciation/Amortization	2,016	1,956
Professional Services	2,610	1,516
General Office and Administrative Expenses	2,034	1,350
Rent/Leased Real Property	<u>567</u>	<u>635</u>
Total Office Operating Expenses	<u>7,227</u>	<u>5,457</u>
Total Expenses Subject to the Statutory Limit	<u>20,488</u>	<u>16,207</u>
Expenses Not Subject to the Statutory Limit		
Information Technology Professional Services	456	274
Information Security Professional Services	90	50
Finance Software Professional Services	6	42
Actuarial Fees	297	236
Equipment/Software	<u>503</u>	<u>359</u>
Total Expenses Not Subject to the Statutory Limit	<u>1,352</u>	<u>961</u>
Total Pension Trust Fund Administrative Expenses	21,840	17,168
Health Care Fund - County Administrative Expenses	18	17
Health Care Fund - OCFA Administrative Expenses	17	18
Custodial Fund - OCTA Administrative Expenses	<u>17</u>	<u>17</u>
Total Administrative Expenses	<u>\$ 21,892</u>	<u>\$ 17,220</u>

Administrative Expense Compared to Projected Actuarial Accrued Liability

For the Nine Months Ended September 30, 2023

(Dollars in Thousands)

Projected Actuarial Accrued Liability (AAL) as of 12/31/23	\$ 26,477,040
Maximum Allowed for Administrative Expense (AAL * 0.21%)	55,602
Actual Administrative Expense ¹	<u>20,488</u>
Excess of Allowed Over Actual Expense	<u>\$ 35,114</u>
Actual Administrative Expense for the nine months ended 9/30/23 as a Percentage of Projected Actuarial Accrued Liability as of 12/31/23	0.08%
Actual Administrative Expense for the nine months ended 9/30/22 as a Percentage of Actuarial Accrued Liability as of 12/31/22	0.06%
¹ Administrative Expense Reconciliation	
Administrative Expense per Statement of Changes in Fiduciary Net Position	\$ 21,840
Less: Administrative Expense Not Considered per CERL Section 31596.1	<u>(1,352)</u>
Administrative Expense Allowable Under CERL Section 31580.2	<u>\$ 20,488</u>



Memorandum

DATE: November 13, 2023
TO: Members of the Board of Retirement
FROM: Tracy Bowman, Director of Finance
SUBJECT: **THIRD QUARTER 2023 BUDGET TO ACTUALS REPORT**

Written Report

Highlights

Third Quarter Target: 75% Used /25% Remaining

	Actuals to Date	Budget	Budget Remaining (\$)	Budget Remaining (%)
Administrative Expenses				
Personnel Costs	\$ 15,965,174	\$ 23,697,171	\$ 7,731,997	32.6 %
Services and Supplies	9,461,080	14,951,725	5,490,645	36.7 %
Capital Expenditures	267,356	1,226,000	958,644	78.2 %
Grand Total	\$ 25,693,610	\$ 39,874,896	\$ 14,181,286	35.6 %

Background/Discussion

The Board of Retirement approved OCERS’ Administrative Budget for Fiscal Year 2023 (FY23) on November 14, 2022, for \$39,874,896 to fund administrative expenses.

OCERS’ budgeting authority, which is regulated by California Government Code Sections 31580.2 and 31596.1, includes a provision that limits the OCERS’ budget for administrative expenses to twenty-one hundredths of one percent of the accrued actuarial liability of the retirement system. This provision (commonly referred to as the 21-basis points test) excludes investment related costs and expenditures for computer software, hardware, and related technology consulting services. The approved FY23 administrative budget represents 10.73 basis points of the projected actuarial accrued liability.

The Chief Executive Officer, or the Assistant CEO, has the authority to transfer funds within the three broad categories of the budget: 1) Personnel Costs, 2) Services and Supplies, and 3) Capital Expenditures. Funds may not be transferred from one broad category to another without approval from the Board of Retirement.

Administrative Summary

For the nine months ended September 30, 2023, year-to-date actual administrative expenses were \$25,693,610 or 64.4% of the \$39,874,896 administrative budget and below the 75% target set for the end of the third quarter budget by approximately \$4.2 million. A summary of all administrative expenses and explanations of significant variances are below:

	Actual to Date	Budget	Budget Remaining (\$)	Budget Used (%)	Prorated Budget*	(Over)/Under Prorated Budget
Administrative Expenses						
Personnel Costs	\$ 15,965,174	\$ 23,697,171	\$ 7,731,997	67.4 %	\$ 17,772,878	\$ 1,807,704
Services and Supplies						
Building Property Management and Maintenance	538,033	975,000	436,967	55.2 %	731,250	193,217
Due Diligence Expenses	25,788	130,000	104,212	19.8 %	97,500	71,712
Equipment - Rent and Leases	28,610	50,000	21,390	57.2 %	37,500	8,890
Equipment and Software	803,865	1,081,100	277,235	74.4 %	810,825	6,960
Infrastructure	1,152,307	1,957,140	804,833	58.9 %	1,467,855	315,548
Legal Services	1,168,906	1,100,000	(68,906)	106.3 %	825,000	(343,906)
Meetings and Related Costs	33,113	54,300	21,187	61.0 %	40,725	7,612
Memberships	82,139	91,245	9,106	90.0 %	68,434	(13,705)
Office Supplies	80,397	100,000	19,603	80.4 %	75,000	(5,397)
Postage and Delivery Costs	81,326	161,000	79,674	50.5 %	120,750	39,424
Printing Cost	51,049	67,000	15,951	76.2 %	50,250	(799)
Professional Services	4,799,277	8,149,340	3,350,063	58.9 %	6,112,005	1,312,728
Subscriptions and Periodicals	41,462	56,300	14,838	73.6 %	42,225	763
Telephone and Internet	264,272	391,200	126,928	67.6 %	293,400	29,128
Training and Related Costs	310,536	588,100	277,564	52.8 %	441,075	130,539
Total Services and Supplies	9,461,080	14,951,725	5,490,645	63.3 %	11,213,794	1,752,714
Administrative Expense - Subtotal	25,426,254	38,648,896	13,222,642	65.8 %	28,986,673	3,560,419
Capital Expenditures**	267,356	1,226,000	958,644	21.8 %	919,500	652,144
Grand Total	\$ 25,693,610	\$ 39,874,896	\$ 14,181,286	64.4 %	\$ 29,906,173	\$ 4,212,563

*Prorated budget represents 75% (9 months/12 months) of annual budget.

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

Personnel Costs

Personnel Costs as of September 30, 2023, were approximately \$16.0 million or 67.4% of the annual budget for this category, under the prorated budget by \$1,807,704. Several of the new positions budgeted for 2023 have been filled as of the third quarter, but additional positions have become available due to attrition and promotions. Open positions continue to be actively recruited. Annual leave expense and liability accounts are adjusted each quarter based on the annual leave balances of OCERS employees. Leave balances are slightly higher at the end of the quarter than at the beginning of the year which increases the personnel costs. Personnel costs are closely monitored and are expected to be remain within budget for the year.

Services and Supplies

Expenditures for services and supplies were approximately \$9.5 million or 63.3% of the annual budget for this category. The variance of \$1,752,714 between the prorated budget and year-to-date actuals in this category is primarily due to the following (note: budget differences that are under budget and less than \$5,000 have been deemed immaterial and are excluded from the discussion below):

- ∑ Building Property Management and Maintenance costs utilized 55.2% of the annual budget, under the prorated budget by \$193,217. The lower-than-expected cost is primarily due to the timing of funding requests from OCERS property manager for operating expenses through the third quarter. Maintenance costs do not occur evenly and will fluctuate throughout the year. This category is expected to remain within budget.
- ∑ Due Diligence Expenses are at 19.8% of the annual budget and lower than the prorated budget by \$71,712. Most of the investment team travel is included in this category. The investment team has

increased their travel to investment conferences and meetings with investment managers from the prior year and more travel is expected as the year progresses.

- Σ Equipment - Rents and Leases expenses are at 57.2% of the budget and under the prorated budget by \$8,890. Equipment rents and lease expense includes the rental and copy usage of the copiers, and rental for the postage meter. Copier usage can vary and they have been set to reduce the amount of unnecessary color printing.
- Σ Equipment and Software expense utilized 74.4% of the annual budget, and lower than the prorated budget by \$6,960. A 2023 business plan initiative was to replace aging Surface tablet computers with upgraded laptops. This project has been ongoing throughout the year and most of our team members are utilizing the new laptops.
- Σ Infrastructure costs are at 58.9% of the annual budget resulting in an unused prorated budget of \$315,548. The lower than budgeted costs are due to the timing of maintenance agreement renewals, which renew throughout the year, the number of licenses that were required at time of renewal, as well as various costs associated with software and hardware support services that are utilized on an as-needed basis.
- Σ Legal Services are at 106.3% of the budget and are higher than the prorated budget by \$343,906. Legal services for investments, litigation, and general and tax counsel are utilized on an as-needed basis. Investment legal services are lower than the prorated budget by approximately \$14,000 at the end of the third quarter. General board, tax counsel and outside counsel services are over the prorated budget by \$108,000 and the annual budget by \$70,000. The overage is due to greater than expected cost related to various contract negotiations. Other litigation costs, including settlements, are over the prorated budget by approximately \$250,000 and the annual budget by \$138,000. The higher-than-expected fees are related to various disability claims and a negotiated settlement. The CEO or Assistant CEO has the authority to move budget dollars within the Services and Supplies category to cover the shortfall and as of the end of the third quarter, there are sufficient dollars available in other Services and Supplies line items to offset this overage.
- Σ Meetings and Related costs are at 61.0% of the annual budget and under the prorated budget by \$7,612. Some meeting attendance continues to be done virtually, resulting in a cost savings.
- Σ Memberships expense is at 90.0% of the annual budget and above the prorated budget by \$13,705. Many of the memberships and periodicals renew at the start of the year. Additionally, payment of one annual membership from two prior years had not been made and was paid during the first quarter of this year. This difference is expected to diminish as the year continues and remain within budget for this category.
- Σ Office Supplies are at 80.4% of the budget and over the prorated budget by \$5,397. During the first half of the year, additional furniture and supplies were purchased for the training room and new team members. This category is expected to remain within budget for the year.
- Σ Postage and Delivery Costs are at 50.5% of the annual budget and under the prorated budget by \$39,424. Postage costs include the mailing of three quarterly newsletters (Winter, Spring and Summer 2023). Also included in the incurred costs is the postage for the mailing of 1099-R Forms to our members, and other Alameda mailings. Postage usage fluctuates based on current needs. This category will be closely monitored for the remainder of the year and is expected to remain within budget.

- ∑ Printing Cost is at 76.2% of the annual budget and slightly over the prorated budget by \$800. The printing of the quarterly newsletters was higher than expected, and there were additional mailings related to Alameda correspondence. This category is expected to be within budget for the year and will be closely monitored.
- ∑ Professional Services utilized 58.9% of the annual budget and are lower than the prorated budget by \$1,312,728. As of the end of the third quarter many departments are under budget for professional services. Consulting and professional services are used on an as needed basis which results in costs fluctuating throughout the year. Some professional services budgeted with less than anticipated or no costs incurred include white board video consulting; information security policy development and cyber security assessment services; pension administrative system consulting; the master repository project and compensation study. Contracts have been executed on several of these initiatives and the projects are now underway. This category is expected to be within budget for the year.
- ∑ Telephone and Internet expenditures were at 67.6% of the annual budget, under the prorated budget by \$29,128. The current year budget was increased over the prior years to accommodate the increase in team members and the increase in the number of OCERS issued phones. OCERS' security provisions only allow access to OCERS email with an authorized OCERS issued device.
- ∑ Training and Related Costs are at 52.8% of the annual budget and lower than the prorated budget by \$130,539. Training costs are trending higher when compared with the prior year. More board members and team members are attending in-person conferences now that the pandemic restrictions are lifted, although virtual training is also being utilized. Several LOD (Learning and Organizational Development) training programs are in process including executive and director coaching, and the launch of the Leadership Edge Program for OCERS mid-level leaders.

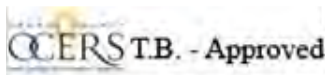
Capital Expenditures

Capital Expenditures incurred as of the end of the third quarter are \$267,356, 21.8% of the annual budget. The costs incurred include \$166,797 for the data center server virtual replacement, which is budgeted at \$250,000, \$22,426 for additional board room audio-visual enhancement which is budgeted at \$215,000 and \$70,323 for the new headquarter project. The capital expenditures budget also includes project costs of \$250,000 for electronic content and document management, and \$511,000 for other building needs and property improvements.

Conclusion:

As of the end of the third quarter, the Administrative budget based on actuals is at 64.4% of the annual budget. As actual administrative expenses are under the annual budget, OCERS complies with the 21-basis point test.

Submitted by:



Tracy Bowman, Director of Finance
 Director of Finance



Memorandum

DATE: November 13, 2023
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: Report of Attendance at Conference-CPackard- 2023 Public Funds Forum

Background/Discussion

Mr. Packard attended the 2023 Public Funds Forum hosted by ValueEdge, from September 5-7, 2023, in Palmetto Bluffs, South Carolina. Attached are his notes from his attendance.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

Wednesday, September 6, 2023 8:06 AM

Session 2: The Great Convergence: Finding Opportunity in a Period of Constant Change Michael Troncoso, Todd Buchholz & Lu Zhang

- AI will transform ALL industries
- Think of AI as employees
- Leaders will need to understand how to deploy AI for the organizations benefit
- Governments (US & EU) will be far behind in understand how to regulate AI
- Technological Innovation is vast and complicated
- There will be more Trillion \$\$ company Valuations in next decade
- Invest in companies which have international business models to take advantage of growing global economies

Session 3: State Treasurers' Roundtable:

Treasurers: Henry Beck (Maine), Dale Folwell (North Carolina), Curtis Loftis (South Carolina), Erick Russell (Connecticut) & Richard Bennett

- No concerns that AI will replace the human emotional interface with Citizens who contact the Treasurer's Office
- Concerned with vicious Politics of Office
- Federal Deficits must be addressed
- Polarization of Economic; decisions made on political basis, not on logic
- In 1960s, music influenced political and economic decisions
- ESG Investing has led to Investment Polarization
- Healthy to avoid "Group Think" in investments
- Best Advice for Employees: Tell them the truth

Session 4: The Hidden Part of the Iceberg: How Pervasive is Corporate Fraud? Professor Alexander Dyck, Rodman School of Management, University of Toronto

- Early 1990s, dissolution of USSR and privatization of USSR state companies
- The Frauds we see are not the Whole Story
- Fraud is: Misrepresentation, Materiality, Intent
- Arthur Andersen Breakup: 2,700 publicly-traded firms were forced to switch auditors
 - 3X Auditor-detected fraud
 - 41% of firms forced to Restate Earnings
- Detected Fraud led to 25% of lost Equity Value
- Best to reveal Bad News early

Session 5: A Wall Street Legend Looks Back on Fifty Years at the Top of Global Finance: A Conversation with Leon Cooperman-Founder Omega Advisors

Leon Cooperman and Darren J Robbins

- Joined Goldman Sachs in 1967
 - Started at the bottom of GS
- Success because: Hard Work, Luck and Intuition
- MBA from Columbia in 1966
 - 16 job offers
- in 1976, made a GS General Partner
- married 59 years
- GS invested in his firm-Omega Advisors
- Grew up in the Bronx-immigrant family
 - 1 Bedroom apartment with family
 - Father was a plumber

- Biggest Risk in the Market today: Executive Compensation; should always pay for performance
- National Debt is a HUGE Problem
- Ken Langone is the finest human-being the Leon Cooperman knows
- Government officials have no control over themselves
- PE ratio of 25X Earnings is too high
- rapid interest rate increases is a problem
- Trump's Economic Policies were better for the Nation than Biden's Economic Policies
- Bernie Sanders is a Communist, wanted a 75% Wealth Tax which would Bankrupt the country
- 2024 wants 2 new candidates for President
- Fears that Trump would be elected
- Next 12 to 18 months a Modest Increase in US Economy

Session 6: Victory through Teamwork and Leadership: A Conversation with Hall of Fame Coach Mike Krzyzewski

Coach K is 76, 47 years as a Coach

- Older Brother is a retired Fire Captain in Chicago
- Coach K is retired without a pension
- Continues to work for Duke
- 10 Grandchildren
- Married 54 years, 4 daughters
- West Point Graduate, served 10 years as an Army Captain
- Received 1,000s of letters upon retirement
- spent 7 weeks responding to the letters, would call 3 people a day to connect
- Mom was a Cleaning Lady in Chicago, 8th grade education
- Has a Charity in Chicago named after his mother to provide meals for poor people
- Charity is funded by Annual Golf Tournament; raises ~ \$10.0 million annually
- Leadership is the Best Profession in the World
- Teams flourish with excellent leadership
- Three A's of Leadership"
 - Agility
 - Adaptability
 - Accountability
 - A Winning Attitude

-What if I asked how do you feel about what we are doing? Unit receives Ownership. Team needs to have Common Ground; Own the Mission
Misses Kobe Bryant immensely; was a close personal relationship

- Value-based Cultures cannot be beaten
- Integrity
- Respect
- Courage
- Selfless Conduct
- Duty
- Loyalty
- Trust

- Take time to celebrate your success!
- Imagine the people who receive the Pension Payments

-Celebrate the Values.

-Always plan your succession; it is the military process.

-People make people better.

-Talent makes talent better.

Session 7. The new Principles of Management Nell Minow and David Wescoe

-Vision: SeaBiscuit the movie is an excellent example

-Strategy: Patton is an excellent example

-Attract Top Talent

-Execution

-Empowerment

-Manage Change

Session 8. Women Leaders in Finance and VC.

Melissa McDonald, Katherine Molnar, Kavita Patel and Shirley Youseri

Moderator: Rohini Kosogl

Katherine-CIO, Fairfax County Police Officers Retirement System;

Kavita Patel, MD, Venture Partner, New Enterprise Associates

Shirley Youseri, Senior Legal Counsel, Phoenix Holding Company

Melissa McDonald, Former Managing Director, MSCI

Session 9. Best Practices in Fund Governance

Mary Beth Foley-Executive Director, Ohio Police & Fire Pension Fund

Janilyn Martha-Executive Director, North Dakota Retirement & Investment Office

Gregory Petzold-Executive Director, Police and Firemen's Retirement System of New Jersey

-Ohio Fund is required to have a Fiduciary Audit every 10 years per Ohio code; cost over \$600,000

Session 10. The Year 2023, AI:What Investors Need to Understand About AI and its Impact. Raina el Kaliouby-Deputy Chief Executive Officer, Smart Eye

-Emotion Ai: How we engage with brand & products.

-How we live, work and play.

-Interactions can be quantified and scaled

-Driver Monitoring Systems

-The car as a Wellness Center

-We are at the curb of a longevity/healthspan revolution



Memorandum

DATE: November 13, 2023
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: Report of Attendance at Conference-SDelaney- PREA

Presentation

Background/Discussion

I attended the Pension Real Estate Association (PREA) conference held October 17-20, 2023. Though a pre-approved conference, which would not require a submitted report, I'm choosing to share this as it was the first time I have attended a PREA conference. I did not encounter any other CEO nor any pension trustees while attending, this was truly a worldwide gathering of real estate managers and real estate pension staff, both public and private. (I say worldwide, as just one example, my first evening at dinner I was seated with a representative of the Malaysian Sovereign Wealth fund to my left, and the Abu Dhabi Sovereign Wealth fund to my right.)

Knowing I would be spending much time discussing OCERS real estate strategy with other systems as well as fund managers, I asked Mr. Dave Beeson to provide me with some talking points. His material was very helpful:

Real Estate Talking Points Summary:

Overall target is 7%

Deploying \$150 million in 2023; have been evaluating non-core strategies that have broader mandates to go between equity and debt positions (based upon market conditions) versus niche strategies that are more uncorrelated to overall economy.

Did not put any new capital to work in core/core plus space with existing portfolios in 2023 because we knew existing assets were still facing downward pressure on valuations as cap rates have been resetting.

Overall strategy is to focus on sectors that still have strongest long-term fundamentals including industrial, multifamily, and niche sectors.

Have maintained a 10% underweight in office versus ODCE benchmark since office is the most uncertain and challenged sector going forward due to the WFH situation.

CONFERENCE HIGHLIGHTS

There were two types of sessions.

Day One was for investors only. A half-day session with perhaps 150 in attendance, it focused on specific real estate issues, such as the challenges faced by investors in attempting to convert office space into apartments. There was also a lot of discussion of ESG and the changed political atmosphere regarding that topic.

Days Two and Three were broader discussions, covering topics such as world geopolitics, the economic outlook, and even the booming growth of AI, though all with some applicability to real estate. There were close to 1,000 attendees at these sessions. Some highlights:

Economist Christina Romer, former Chair of the Council of Economic Advisors, shared her views of the future.

She does not believe we will ever again see interest rates below 2%. She believes in the coming 12-24 months interest rates will settle between 2.5 - 3.5 and remain there permanently, at least for a full generation.

Once homeowners realize that home loans will never return to the lows we experienced, then they will accept that fact, the way our parents accepted 18% home loan rates, and will begin to sell their homes, leading to a lowering in home prices.

She believes inflation will slow to 2% with slow anemic growth. There could be a mild recession - she could see it go either way.

Moderator asking about Bidenomics, wondering with the economy generally doing well why aren't consumers feeling better about their situation?

She suggested that even with unemployment at historic lows, and inflation coming down, the issue is that interest rates are not counted in inflation and interest rates remain high – the consumer on the street does not yet see the improving economic climate.

In a discussion regarding office valuations, the panel shared these thoughts:

The question now is how much further do office real estate prices have to fall before clients feel comfortable investing into a reset market?

Likely going down at least another 10%, depending upon property

The real question then is how long will 20-year Treasuries be stuck north of 4% or 5%

If interest rates remain higher through 2024, then there is chance of a much bigger drop in current office valuations.

In a discussion on the impact of Artificial Intelligence, the panel indicated that there is likely \$1.7 trillion in data center office space construction that will need funding. And a need for vast amounts of additional power will be required. An interesting factoid mentioned – it takes 10X as much power to answer the same question via ChatGPT as it would if one simply used Google.

The final speaker of the event was Jeremy Grantham, of GMO fame:

He cautions “Recession has always followed a bubble in stock prices as we see today. Always.”

Noting that some consider him a Perma Bear, he notes those same individuals are what he would call Perma Bulls.

Asked about what he sees the impact of AI will be on the market, he responded: AI is the most important issue ever to face the market. It is real. It will probably create a bubble, which will eventually break, much like the tech bubble of the last decade, but look at the goliaths created by that bubble that then remained - Amazon went down 92% when the bubble broke, but look at it today. The same will be true of AI.

Asked to give advice on how managers can make sense of markets like this, he said “Be data driven. Every two sigma event has always gone back to trend. Follow the data.”

His closing remarks dealt with climate change, which he feels is more important even than AI. He truly feels mankind is facing its possible end, and every individual should be doing all they can to fight back against climate change.

CONCLUSION

I found the PREA conference well organized and very substantial in the topics discussed. I came away having learned practical applicable facts regarding real estate opportunities for any pension fund. I would recommend attendance for both OCERS staff and Trustees.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

November 2023 Board of Retirement Meeting

CLOSED SESSION ITEMS

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

Adjourn to closed session pursuant to Government Code Section 54957

Position to be evaluated: Chief Executive Officer

Recommendation: Take appropriate action.

E-2 CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO GOVERNMENT CODE SECTION 54957.6

OCERS designated representative: Director Charles Packard

Unrepresented employee: OCERS Chief Executive Officer

Recommendation: Take appropriate action.

E-3 CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION (GOVERNMENT CODE SECTION 54956.9(d)(1))

In re Disability Retirement Application of Jeffrey Gross; SBCERA File No. 19-1244-002PL

Recommendation: Take appropriate action.

Information on the case can be found in the "Closed Session" tab in Diligent.