

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

**REGULAR MEETING
Monday, December 11, 2023
9:30 A.M.**

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

| OCERS Zoom Video/Teleconference information | |
|---|--|
| <p>Join Using Zoom App (Video & Audio)</p> <p>Join Zoom Meeting https://ocers.zoom.us/j/81654651069</p> <p>Meeting ID: 816 5465 1069 Passcode: 294973</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: 816 5465 1069 Passcode: 294973</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 November 13, 2023

Recommendation: Approve minutes.

C-3 2024 OCERS BOARD ANNUAL WORK PLAN

Recommendation: Approve 2024 OCERS Board Annual Work Plan.

C-4 2024 OCERS BOARD COMMITTEE APPOINTMENTS

Presentation by Steve Delaney, Chief Executive Officer, OCERS

C-5 OUTCOMES FROM THE GOVERNANCE COMMITTEE ON NOVEMBER 16, 2023

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

- Actuarial Valuation Policy with non-substantive revisions approved by the Committee.

DISABILITY/MEMBER BENEFITS AGENDA

9:30 AM

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

OPEN SESSION

CONSENT ITEMS

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

A. Disability Committee Recommendations:

DC-1: GERMAINE DELGADO

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

Recommendation: Staff recommends that the Disability Committee forward to the Board of Retirement a recommendation to:

- Deny service and non-service connected disability retirement due to lack of substantial medical evidence of permanent incapacity and service connection.

DC-2: RICHARD TRAN

Employment and Eligibility Specialist, Orange County Social Services (General)

Recommendation: Staff recommends that the Disability Committee forward to the Board of Retirement a recommendation to:

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

B. CEO Recommendations:

DC-3: VINCENT CARPINO

Fire Chief, Orange County Fire Authority (Safety)

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

- Grant service connect disability retirement.
- Set the effective date as March 30, 2023.

DC-4: **CHARLES D. JOHNSON**
Deputy Sheriff II, Orange County Sheriff's Department (Safety)

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

- Grant service connect disability retirement.
- Set the effective date as March 29, 2019.

DC-5: **MARTHA MAGCASI**
Data Entry Technician, Orange County Social Services Agency (General)

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

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

DC-6: **ANNEKE SHEROHMAN**
Senior Head Cook, Orange County Sheriff's Department (General)

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

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

DC-7: **MICHAEL THALKEN**
Sergeant, Orange County Sheriff's Department (Safety)

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

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

CLOSED SESSION

Government Code section 54957

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

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

DA-2: PATRICIA HOLLIDAY
Deputy Sheriff I, Orange County Sheriff's Department

Recommendation: Staff recommends that the Board:

- Approve and adopt the findings and recommendations of the Hearing Officer as set forth in the Summary and Analysis of the Evidence and Issue, Proposed Findings of Fact and Conclusion of Law dated November 1, 2023 (Recommendation) wherein the Hearing Officer recommended that the Board **grant** the Applicant (Patricia Holliday) service-connected disability retirement.

DA-3: KELLY LUPRO

Administrative Manager II, Orange County Health Care Agency

Recommendation: Staff recommends that the Board:

- Approve and adopt the findings and recommendations of the Hearing Officer as set forth in the Amended Findings and Decision in an OCERS Service-Connected Disability Retirement Case dated November 27, 2023 (“Amended Recommendations”) wherein the Hearing Officer recommended that the Board **deny** the Applicant (Kelly Lupro) service-connected disability retirement.

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 ELECTION OF OCERS BOARD VICE-CHAIR

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation: Elect a new OCERS Board Vice-Chair for calendar year 2024.

A-3 OCERS’ REVISED 2024 STAFFING PLAN AND BUDGET AMENDMENT

Presentation by Steve Delaney, Chief Executive Officer, & Tracy Bowman, Director of Finance, OCERS

Recommendation: The Personnel Committee recommends the Board of Retirement approve the following revisions to the 2024 Staffing Plan:

1. Approve the addition of 7 new positions to the 2024 budgeted headcount:
 - a. Add three positions to the Investment Division
 - b. Add two positions to the Disability Department
 - c. Add one position to the Finance Department
 - d. Add one position to the Information Technology Department
2. Approve the creation of three career ladders:

- a. Information Security Department:
 - i. Information Security Manager to Senior Information Security Manager
- b. Disability Department
 - i. Two Office Specialists to Staff Assistants

The total cost for the above revisions to the 2024 Staffing Plan is \$859,203, increasing personnel costs from \$25,241,475 to \$26,100,690 and the total approved FY24 Administrative Budget from \$48,293,043 to \$49,152,246. Total budgeted headcount will increase from 125 to 132.

A-4 ANNUAL CEO COMPENSATION

Recommendation: Approve and authorize the Board to execute a salary adjustment for the Chief Executive Officer, effective December 29, 2023, at an annual base salary of \$375,000 which equals a 7.14% increase or \$25,000 and an estimated annual total compensation of \$624,892 including benefits.

INFORMATION ITEMS

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

- I-1 **RETIRED EMPLOYEES ASSOCIATION OF ORANGE COUNTY – ISSUES UPDATE**
Presentation by Linda Robinson and Doug Storm, Co-Presidents, REAOC
- I-2 **NEW RULES ON DISABILITY RETIREMENT PRESUMPTIONS EFFECTIVE JANUARY 1, 2024**
Presentation by Joon Kim & Rosie Baek, Staff Attorney, OCERS
- I-3 **OCERS PENSION ADMINISTRATION SYSTEM (V-3): AN UPDATE**
Presentation by Steve Delaney, Chief Executive Officer, & Jenny Sadoski, Director of IT, OCERS

WRITTEN REPORTS

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

- R-1 **MEMBER MATERIALS DISTRIBUTED**
 Written Report

| | |
|---------------------|-------------------|
| Application Notices | December 11, 2023 |
| Death Notices | December 11, 2023 |
- R-2 **COMMITTEE MEETING MINUTES**
 - October 2023- Personnel Committee Minutes
 - August 2023- Governance Committee Minutes
- R-3 **CEO FUTURE AGENDAS (2024)**
 Written Report
- R-4 **QUIET PERIOD – NON-INVESTMENT CONTRACTS**
 Written Report
- R-5 **BOARD COMMUNICATIONS**
 Written Report

- R-6 PUBLIC PENSION COORDINATING COUNCIL (PPCC) STANDARDS AWARD FOR FUNDING AND ADMINISTRATION 2023**
Written Report

CLOSED SESSION

- E-1 CONFERENCE REGARDING EXISTING LITIGATION (GOVERNMENT CODE SECTION 54956.9(d)(1))**
Adjourn pursuant to Government Code section 54956.9(d)(1).
James B. Morell v. Board of Retirement, OCERS; California Court of Appeal, Second Appellate District, Case No. B331080

Recommendation: Take appropriate action.

CIO COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

BOARD MEMBER COMMENTS

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

NOTICE OF NEXT MEETINGS

AUDIT COMMITTEE MEETING
December 12, 2023
1:00 P.M.

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

DISABILITY COMMITTEE MEETING
January 17, 2024
8:30 A.M.

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

REGULAR BOARD MEETING
January 17, 2024
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, November 13, 2023
9:00 A.M.**

MINUTES

Chair Dewane called the meeting to order at 9:02 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

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

Present via Zoom (under Government Code Section 54953(f)):

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

Guests: Harvey Leiderman and Maytak Chin, ReedSmith

Absent: Arthur Hidalgo

Ms. Freidenrich arrived at 9:07 a.m.

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.

- 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

MOTION by Mr. Oates, **seconded** by Mr. Lindholm, to approve the Consent Agenda items, C-1 and C-4.

The motion passed **unanimously**.

ACTION ITEMS

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

DISABILITY/MEMBER BENEFITS AGENDA
CONSENT ITEMS

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.

MOTION by Mr. Hilton, **seconded** by Ms. Tagaloa, to approve item, DC-1 on the Disability Consent Agenda.

The motion passed **unanimously**.

INFORMATION ITEMS

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

Presentation by Steve Delaney, CEO

CEO Delaney gave background insight into presentation to October 26 meeting of the Personnel Committee. That committee had declined to approve any staffing requests at that time and asked instead that CEO Delaney share with the full Board on November 13, while returning to the committee on November 15. Mr. Vallone offered that members are struggling with the timeline associated with service credit buyback. Trustees discussed the questions that they would like to propose to the staff to justify the staffing requests.

ACTION ITEMS

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

MOTION by Mr. Oates, **seconded** by Ms. Tagaloa, to approve the proposed Administrative Budget for Fiscal Year 2024.

The motion passed **unanimously**.

The Board recessed for break at 10:58 a.m.

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

Recording Secretary administered the Roll Call attendance.

The Board adjourned to closed session at 11:14 a.m.

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: OCERS 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.

The Board returned from Closed Session at 12:53 p.m.

The Board recessed for break at 12:53 p.m.

The Board reconvened from break at 12:55 p.m.

Recording Secretary administered the Roll Call attendance.

REPORT OF ACTIONS TAKEN IN CLOSED SESSION- Mr. Serpa- reported out for E-3- no reportable action.
Ms. Maytak Chin from ReedSmith reported no reportable action for items E-1 and E-2.

WRITTEN REPORTS

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

Orange County Employees Retirement System
November 13, 2023
Regular Board Meeting – Minutes

Page 5

Written Report

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

Written Report

CHIEF EXECUTIVE OFFICER - None

COUNSEL COMMENTS - None

STAFF COMMENTS - None

BOARD MEMBER COMMENTS – None

Meeting **ADJOURNED** at 12:59 p.m. 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: December 11, 2023
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **2024 OCERS BOARD ANNUAL WORK PLAN**

Recommendation

Approve 2024 OCERS Board Annual Work Plan.

Background/Discussion

For nearly a decade, the OCERS Board has in the month of December adopted an annual work plan for the coming calendar year.

The attached 2024 Annual Work Plan outlines known and anticipated OCERS Board tasks in the coming year, allowing for better planning and support by your staff.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

12-11-2023 REGULAR BOARD MEETING - C-3 2024 OCERS BOARD ANNUAL WORK PLAN

OCERS RETIREMENT BOARD - 2024 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 2024 STAR COLA (A) | SACRS Board of Directors Election (A) | Preliminary December 31, 2023 Valuation (I) | Mid-Year Review of 2024 Business Plan Progress (I) | Approve Early Payment Rates for Fiscal Year 2024-26 (A) | Review 2nd Quarter Budget to Actuals Financial Report (I) | Strategic Planning Workshop (I) | Approve 2025-2027 Strategic Plan (A) | Review 3rd Quarter Budget to Actuals Financial Report (I) | |
| | Receive OCERS Innovation Report (I) | Approve 2024 COLA (A) | Quarterly 2024-2026 Strategic Plan Review (A) | Quarterly Travel and Training Expense Report (I) | Quarterly Unaudited Financial Statements (I) | Approve December 31, 2023 Actuarial Valuation & Funded Status of OCERS (A) | Quarterly Travel and Training Expense Report (I) | Receive OCERS by the Numbers (I) | | Annual OCERS Employer Review (I) | Approve 2025 Business Plan (A) | Approve 2025 Administrative (Operating) Budget (A) |
| | Annual Disability Statistics (I) | Annual Overpaid And Underpaid Plan Benefits Report (I) | Quarterly Unaudited Financial Statements (I) | | Quarterly Budget vs Actual Report (I) | Approve 2023 Comprehensive Annual Financial Report (A) | | Receive Evolution of the UJAL (I) | State of OCERS (I) | Employer & Employee Pension Cost Comparison (I) | Annual CEO Performance Review and Compensation (A) | |
| | Quarterly Travel and Training Expense Report (I) | Annual Report of Contracts >\$100,000 (I) | Quarterly Budget vs Actual Report (I) | | | Quarterly 2024-2026 Strategic Plan Review (A) | | Quarterly Unaudited Financial Statements (I) | Quarterly 2024-2026 Strategic Plan Review (A) | SACRS Business Meeting Direction (A) | Quarterly Unaudited Financial Statements (I) | |
| | | | | | | | | Employer Employee Contribution Matrix (I) | Propose 2025 Board Meeting Calendar (I) | Adopt 2025 Board Meeting Calendar (A) | | |
| | | | | | | | | | Receive Quality of Member Services Report (I) | Quarterly 2024-2026 Strategic Plan Review (A) | | |
| | | | | | | | | | | Quarterly Travel and Training Expense Report (I) | | |
| Board Governance | | | | | | | | | | | | Adopt Annual Work Plan for 2025 (A) |
| | | | | | | | | | | | | Vice-Chair Election (A) |
| | | | | | | | | | | | | Receive 2025 Board Committee Appointments (A) |
| Regulation / Policies | Communication Policy Fact Sheet (I) | | | | | | | | | | | |
| Compliance | Status of Board Education Hours for 2023 (I) | Annual Policy Compliance Report (I) | Semi Annual Business Continuity Disaster Recovery Updates (I) | Form 700 Due (A) | | Receive Financial Audit (I) | | | | | Semi Annual Business Continuity Disaster Recovery Updates (I) | |
| | Annual Information Security Summary (closed session) (I) | | | | | | | | | | | |

(A) = Action (I) = Information



Memorandum

DATE: December 11, 2023
TO: Members of the Board of Retirement
FROM: Adele Tagalao, Vice Chair
SUBJECT: **2024 OCERS BOARD COMMITTEE APPOINTMENTS**

To the members of the OCERS Board of Retirement,

I am happy to share my OCERS Board trustee committee appointments for calendar year 2024.

As I indicated in my earlier memo, my goal was to honor your individual requests. Thankfully you made it possible for me in large part to fulfill that commitment as the majority of you asked to continue serving on the same committees you had been appointed to in 2023.

- Met my goal to appoint every Trustee to at least one committee.
- Continued the practice of having each committee composed of an equal number of appointed and elected Trustees in almost every case.
- Continued the practice of appointing a Vice Chair for each committee (should the Chair be absent).

While I also tried to continue the practice of rotating committee chair appointments between appointed and elected Trustees, there were three exceptions:

1. Building Committee - I appointed Trustee Lindholm as Chair once again, in recognition of his unique experience in the construction industry and all the value that brings to us as a Board.
2. Disability Committee - I appointed Trustee Oates as Chair once again, recognizing the limited number of appointed members that are available in any given period to serve on that committee.
3. Governance Committee - I appointed Trustee Prevatt as Chair once again, recognizing that 2024 is his last year on the OCERS Board, and it is important that we capture as much of his institutional knowledge as possible.

| 2023 | | | | |
|--------------------|---------------------|-------------------|--------------------|--------------------|
| Audit | Building | Disability | Governance | Personnel |
| Mr. Oates, Chair | Mr. Lindholm, Chair | Mr. Oates, Chair | Mr. Prevatt, Chair | Mr. Packard, Chair |
| Mr. Packard, Vice | Mr. Prevatt, Vice | Mr. Packard, Vice | Mr. Hidalgo, Vice | Mr. Hilton, Vice |
| Ms. Freidenrich | Mr. Hidalgo | Mr. Hilton | Ms. Freidenrich | Mr. Dewane |
| Ms. Tagalao | Mr. Vallone | Mr. Vallone | Mr. Oates | Mr. Prevatt |
| | | | | |
| 2024 | | | | |
| Audit | Building | Disability | Governance | Personnel |
| Mr. Packard, Chair | Mr. Lindholm, Chair | Mr. Oates, Chair | Mr. Prevatt, Chair | Mr. Hilton, Chair |
| Ms. Tagalao, Vice | Mr. Prevatt, Vice | Mr. Packard, Vice | Mr. Hidalgo, Vice | Mr. Dewane, Vice |
| Ms. Freidenrich | Mr. Hidalgo | Mr. Hilton | Mr. Hilton | Mr. Packard |
| Mr. Prevatt | Mr. Vallone | Mr. Vallone | Mr. Oates | Mr. Oates |
| | | | | |

My sincere gratitude to each of you for your kind words when forwarding your preferences regarding committee appointments, nearly every one of you added the reassurance that you would be happy to serve on whatever committee I ultimately determined was best for this Board and our mission.

Here's to a successful 2024 for our Board of Retirement.

Submitted by:



AT-Approved

 Adele Tagalao
 Vice Chair



Memorandum

DATE: December 11, 2023
TO: Members of the Board of Retirement
FROM: Manuel D. Serpa, General Counsel
SUBJECT: **OUTCOMES OF THE MEETING OF THE GOVERNANCE COMMITTEE HELD ON NOVEMBER 16, 2023**

Recommendation

The Governance Committee recommends that the Board adopt the following:
(1) **Actuarial Valuation Policy** with non-substantive revisions approved by the Committee.

Background/Discussion

The Governance Committee met on November 16, 2023, and reviewed the above-listed policies. The Committee now recommends that the Board adopt the revisions to all the policies, as set forth below.

Non-Substantive Revisions to the Actuarial Valuation Policy

There were non-substantive revisions to the Membership Eligibility Requirements Policy recommended or approved by the Committee. An unmarked version of the policy is attached.

Attachments

Submitted by:



MDS-Approved

Manuel D. Serpa
General Counsel



Memorandum

DATE: November 16, 2023
TO: Members of the Board of Retirement
FROM: Brenda Shott, Assistant CEO Finance and Internal Operations
SUBJECT: **TRIENNIAL REVIEW OF THE ACTUARIAL VALUATION POLICY**

Recommendation

The Governance Committee recommends that the Board of Retirement adopt revisions to the Actuarial Valuation Policy as presented.

Background/Discussion

The Board of Retirement has established a review schedule that requires review of every charter and policy every three years. Pursuant to the Board approved review process, certain of the charters and policies are to be first reviewed by the Governance Committee before presentation to the Board for approval.

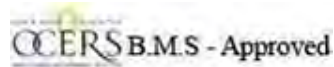
The Actuarial Valuation Policy (Policy) is scheduled for review and approval by the Board, after review by the Governance Committee, in 2023. The Policy sets forth guidelines for performing an annual actuarial valuation in compliance with Section 31453 of the California Employees Retirement Law of 1937. The Policy's current form is consistent with both the CERL requirements and current staff practices.

At the direction of the Governance Committee, Staff has made some administrative clarifications to the policy.

A copy of the Policy, with proposed non-substantive changes indicated in underlined/strikeout text, is attached.

Attachment

Submitted by:



Brenda Shott
Assistant CEO, Finance and Internal Operations

c



OCERS Board Policy Actuarial Valuation Policy

Purpose

1. In compliance with Section 31453 of the California Employees Retirement Law of 1937 ("CERL"), OCERS (the "System") shall conduct an annual actuarial valuation to determine the value of assets and liabilities and the funding requirements of the System. The valuation shall be conducted under the supervision of an actuary and shall cover the mortality, service and compensation experience of the System's members and beneficiaries.

Policy Objectives

2. To ensure compliance with the CERL with regards to conducting annual actuarial valuations that determine the value of assets and liabilities and the funding requirements of the system.
3. Define roles and responsibilities of staff, actuary and Board of Retirement in preparing an annual actuarial valuation.
4. Support the general public policy goals of accountability and transparency by being clear as to the annual valuation process that includes the use of complete and accurate data.
5. Definitions

Actuarial Extract: a set of computer generated files that are compiled by OCERS from its Pension Administration System. It captures individual member data including Gross Salary, Pensionable Salary, Earnable Salary, Pensionable Pay Items, accumulated service, demographic data and contribution data.

Ad Hoc Actuarial Extract Review Committee: an internal OCERS committee consisting of management and line staff which has the primary purpose of reviewing the data used in the final Actuarial Extract submitted to the actuary.

Annual Actuarial Valuation: a report generated by OCERS retained actuary as of December 31st of each year, setting forth plan membership demographics, rate group structure, contributions on deposit, funding obligations of members and participating employers, contribution rates and funding progress.

Earnable Salary: the total salary an OCERS member could have earned during a bi-weekly pay period. This is calculated by multiplying the member's hourly rate by the number of hours the member could have worked in a reported pay period based on their work schedule (full time or eligible part time). The salary, combined with pensionable pay items, that is used to calculate final average salary.

Gross Salary: the total payment made to a member within a reported bi-weekly pay period.

Pensionable Pay Items: the elements of compensation in addition to Pensionable Salary that OCERS members earned during each pay period, that is deemed pensionable and included in the calculation of contributions and final average salary.

Pensionable Salary: the total salary an OCERS member actually earned during a bi-weekly pay period, excluding Pensionable Pay Items. This is calculated by multiplying the member's hourly rate by the number of hours the member actually worked in a reported pay period. The salary that is used to calculate contributions due



OCERS Board Policy Actuarial Valuation Policy

Pension Administration System: the software program OCERS uses to store member and participating employer data, calculate pensions, receive payroll transmittals, calculate benefits, run queries and reports containing contribution and membership demographic data, and communicate with members, participating employers and stakeholders.

Policy Guidelines

6. Annually, the Ad Hoc Actuarial Extract Review Committee-OCERS team will work with the System's actuary to review and produce an Annual Actuarial Valuation.
7. Each year the Ad Hoc Actuarial Extract Review Committee-OCERS team will identify and confirm requested data elements from the actuary and identify any new or additional information to be considered in the annual actuarial valuation.
8. The Ad Hoc Actuarial Extract Review Committee will prepare an Actuarial Extract from the Pension Administration System as well as additional ad hoc supplemental reports as required to provide requested data for active, deferred, and retired members, as well as for other payees such as beneficiaries and domestic relation orders. The data will be collected as of calendar year-end.
9. Once the data is generated, the Ad Hoc Actuarial Extract Review Committee will review and analyze the results and correct information in the Pension Administration System as needed to ensure accuracy and consistency with the data received from Participating Employers. Elements of data to be reviewed and analyzed will include Gross Salary, Earnable Salary, Pensionable Salary and Pensionable Pay Items.
10. The Ad Hoc Actuarial Extract Review Committee will deliver the Actuarial Extract, ad hoc supplemental reports and any other requested information to the actuary in accordance with the agreed upon schedule. OCERS staff will work in conjunction with the actuary to ensure that the data is complete and as accurate as possible. This will entail additional analysis of the data submitted by the actuary and research and response to questions by the Ad Hoc Actuarial Extract Review Committee.
11. The accurate and complete and timely reporting of member demographic, employment, payroll and contribution data is required from all Participating Employers.
12. Under the guidelines of the Actuarial Funding Policy, the actuary will use data provided by OCERS to produce the annual valuation. Annual valuation data and results are the source information for OCERS triennial study.
13. The actuary will present draft annual actuarial valuations to the Board of Retirement in or around May of each year.
14. The Board of Retirement will give final approval of the valuation and contribution rates each year.
15. At least every three to five years an external third-party actuary will conduct an audit of the annual valuation.



OCERS Board Policy Actuarial Valuation Policy

Policy Review

16. The Board of Retirement will review this Policy at least once every three years to ensure that it remains relevant and appropriate.

Policy History

17. The Board of Retirement adopted this policy on June 18, 2012, ~~and~~ amended it on August 17, 2020, and last reviewed it on December 11, 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.

08/17/2020

Steve Delaney
Secretary of the Board

Date



OCERS Board Policy Actuarial Valuation Policy

Purpose

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OCERS Board Policy

Actuarial Valuation Policy

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11. The accurate, complete and timely reporting of member demographic, employment, payroll and contribution data is required from all Participating Employers.
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OCERS Board Policy Actuarial Valuation Policy

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Policy History

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Secretary's Certificate

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

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

Steve Delaney
Secretary of the Board

Date



Memorandum

DATE: December 11, 2023
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: ELECTION OF OCERS BOARD VICE-CHAIR

Recommendation

Elect a new OCERS Board Vice-Chair for Calendar Year 2024.

Background/Discussion

In accordance with OCERS' By-Laws, excerpted below, the election of the Vice-Chair is to take place at the "last regular Board meeting in December," which is our meeting of December 11 this year.

With Ms. Tagaloa, an elected member, serving as 2023 Vice-Chair, the Board's charter directs that she "shall automatically succeed to the office of Chair".

Then the by-laws provide further guidance to the election of Vice-Chair by directing that the Vice-Chair shall be of a different "group" than the Chair; for 2024 that would be one of the appointed members (which includes the Treasurer). Note: While the election will take place in December, the new Chair, Ms. Tagaloa, and the newly elected Vice-Chair will not take office until January 1, 2024.

By-Laws Excerpt:

3. Election of Officers: The Board shall have a Chairperson and a Vice-Chairperson, each of whom will serve a one-year term of office, which corresponds with the calendar year. The person who holds the office of Vice-Chairman on the last day of the Calendar year shall automatically succeed to the office of Chairperson effective the first day of the following calendar year. At its last regular Board meeting in December, the Board shall elect a new Vice-Chairperson, who shall serve in that capacity beginning in January of the following year until the end of that calendar year, at which time he or she shall succeed to the office of Chairperson. The Chairperson and Vice-Chairperson shall both be members of the Board, and shall be from different "groups" as hereinafter defined.

For purposes of this section, all Board Members shall be considered to be members of one of two “groups.” The elected member group shall include those members of the Board who are elected by the members of the Retirement System; i.e., the two general member representatives, the retired member representative, and the safety member representative. The appointed member group shall include the four members appointed by the County Board of Supervisors and the County Treasurer. The alternate member of the Board is ineligible to hold office as Chairperson or Vice-Chairperson of the Board.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Memorandum

DATE: December 11, 2023
TO: Members of the Board of Retirement
FROM: Steve Delaney, CEO
SUBJECT: **OCERS' REVISED 2024 STAFFING PLAN AND BUDGET AMENDMENT**

Background/Discussion

The OCERS Board's Personnel Committee met on November 15 for further consideration of OCERS 2024 staffing requests.

With Committee Chair Packard's approval, I presented 7 out of 17 staffing position requests. Those were approved by the committee and forwarded with their recommendation to the full Board. Ms. Bowman and I will review the attached memo with details regarding those seven positions on Monday, December 11 as Item A-3 of your agenda.

The remaining 10 positions all related to activity in the Member Services Department. As I explained to the committee, I want to take the first half of 2024 to meet with the committee and explain in more detail the work being performed by the Member Services staff and outline the requirements that places on our resources, and then by mid-year 2024 we could revisit the request for the 10 positions. The committee concurred with that approach.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Memorandum

DATE: December 11, 2023
TO: Members of the Board of Retirement
FROM: Steve Delaney, CEO
SUBJECT: **OCERS' REVISED 2024 STAFFING PLAN AND BUDGET AMENDMENT FOR FISCAL YEAR 2024**

Recommendation

The Personnel Committee recommends the Board of Retirement approve the following revisions to the 2024 Staffing Plan:

1. Approve the addition of 7 new positions to the 2024 budgeted headcount:
 - a. Add three positions to the Investment Division
 - b. Add two positions to the Disability Department
 - c. Add one position to the Finance Department
 - d. Add one position to the Information Technology Department
2. Approve the creation of three career ladders:
 - a. Information Security Department:
 - i. Information Security Manager to Senior Information Security Manager
 - b. Disability Department
 - i. Two Office Specialists to Staff Assistants

The total cost for the above revisions to the 2024 Staffing Plan is \$859,203, increasing personnel costs from \$25,241,475 to \$26,100,690 and the total approved FY24 Administrative Budget from \$48,293,043 to \$49,152,246. Total budgeted headcount will increase from 125 to 132.

Background/Discussion

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 fiscal year 2024 (FY24).

On November 13, 2023, the Board of Retirement approved the FY24 Administrative Budget in the amount of \$48,293,043, excluding additional 2024 staff positions. The Personnel Committee met on November 15, 2023 to further discuss the 2024 Staffing Plan and as a result, recommended that the Board of Retirement approve revising the 2024 Staffing Plan to add 7 new positions and 3 career ladders. If approved, the 7 new positions will increase OCERS current budgeted headcount from 125 to 132.

The estimated 2024 budget impact for the revised 2024 Staffing Plan is \$859,203, increasing personnel costs from \$25,241,475 to \$26,100,690 and the total approved FY24 Administrative Budget from \$48,293,043 to \$49,152,246. The proposed amended budget will increase the 21 basis points test from 11.07 to 11.22.

1. APPROVE THE ADDITION OF 7 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.

Note: As these positions are related to the OCERS Board’s Investment Strategy, the Personnel Committee requested that OCERS CIO, Ms. Murphy, provide an overview of her Division’s ten-year Staffing Plan at the November 15, 2023, meeting of the OCERS Board’s Investment Committee (IC). After this meeting was held, the IC recommended approval of the three requested positions to the Personnel Committee, which met immediately after the IC meeting and agreed with the recommendation.

| Position Title | Division | Position Type | Proposed Budgeted Salary | Annual Budget Impact (Salary and Benefits) | 2024 Budget Impact |
|------------------------|-----------------|----------------------|---------------------------------|---|---------------------------|
| (2) Investment Officer | Investments | Direct | \$172,807 | \$568,768 | \$284,384 |
| Investment Analyst | Investments | Direct | \$102,580 | \$160,895 | \$160,895 |

1B. ADD TWO POSITIONS TO THE DISABILITY DIVISION

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. 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 evaluations, which streamlines cases and lowers costs by reducing the need for multiple repeat Independent Medical Examiner (IME) reviews. For that reason, 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 | Annual Budget Impact (Salary and Benefits) | 2024 Budget Impact |
|------------------------------------|-------------------|----------------------|---------------------------------|---|---------------------------|
| Disability Retirement Investigator | Disability | County | \$74,347 | \$122,341 | \$122,341 |
| Staff Assistant | Disability | County | \$65,319 | \$109,695 | \$109,695 |

1C. ADD ONE POSITION TO THE FINANCE DEPARTMENT

Based on previous experience with the implementation of our current Pension Administration System (PAS), Finance has identified a need to prepare for the cross-training of positions that will be heavily involved in the planning and testing of the new PAS, as well as other projects related to the Vision 2030 technological goals. We anticipate that ultimately, the three-person team that oversees and processes retiree payroll will need to be dedicated full-time to the implementation of the next PAS, including a Finance Manager, Staff Analyst, and Senior Accountant Auditor. To adequately prepare for the initial stage of preparing for the PAS project, as well as continue making progress on the Master Repository Project and keeping other Vision 2030 projects on schedule, it is necessary to hire an additional Finance Manager in mid-2024. This position is most impacted by special projects and will take longer to cross-train due to the various complex job duties this job entails, including the compilation of the annual report, acting as a liaison during the external audit, budgeting, financial reporting, and overseeing retiree payroll, investment accounting and accounts payable.

An additional Finance Manager will also 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, but highly likely to retire prior to the implementation of the new PAS. 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 | Annual Budget Impact (Salary and Benefits) | 2024 Budget Impact |
|-----------------------|-------------------|----------------------|---------------------------------|---|---------------------------|
| Finance Manager | Finance | OCERS Direct | \$145,600 | \$225,622 | \$112,811 |

1D. 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 | Annual Budget Impact (Salary and Benefits) | 2024 Budget Impact |
|------------------------------------|------------------------|----------------------|---------------------------------|---|---------------------------|
| IT Programming Intern (Extra Help) | Information Technology | County | \$20,160 | \$21,706 | \$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 five years, the Information Security Division 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 | Current Salary and Benefits | Proposed Salary and Benefits | Total Annual Budget Impact (Net) |
|------------------------------|--|----------------------|----------------------|------------------------------------|-------------------------------------|---|
| Information Security Manager | Senior Information Security Manager | Information Security | OCERS Direct | \$292,094 | \$320,094 | \$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. 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. This initiative will not only enhance customer service, ultimately improving overall service quality, but will also boost morale within the Disability Department.

| Current Position | Career Ladder Position (new/add classification) | Department | Position Type | Current Salary and Benefits | Proposed Salary and Benefits | Total Annual Budget Impact (Net) |
|-------------------------|--|-------------------|----------------------|------------------------------------|-------------------------------------|---|
| (2) Office Specialist | (2) Staff Assistant | Disability | County | \$103,748 | \$113,748 | \$20,000 |

Conclusion:

In summary, I am requesting to revise the 2024 Staffing Plan to include 7 new positions and the creation of three career ladders. The cost of each position is listed above with an estimated 2024 budget impact of \$859,203 and an annual budget impact of \$1,256,397. The revised 2024 Staffing Plan will increase personnel costs from \$25,241,475 to \$26,100,690 and the total approved FY24 Administrative Budget from \$48,293,043 to \$49,152,246. Total budgeted headcount will increase from 125 to 132.

The proposed amended budget still meets the state mandated 21 basis points-test, but will result in an increase from 11.07 basis points of the projected actuarial accrued liability to 11.22 basis points.

Refer to Appendix A for a detailed summary of the proposed revisions to the 2024 Staffing Plan, Appendix B for the updated 2024 Personnel Cost Budget, and Appendix C for revised organizational charts.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

**Appendix A
2024 Staffing Changes**

| 7 New Positions: | | | 2024 Proposed Budgeted Costs | | | Annualized | | |
|------------------------|-------------------------------|------------------|------------------------------|-----------------|----------------------|------------------------|-----------------|----------------------|
| Department | Title | Direct or County | Proposed Budget Salary | Fringe Benefits | Total Personnel Cost | Proposed Budget Salary | Fringe Benefits | Total Personnel Cost |
| Investments | Investment Officer (6 months) | Direct | 86,404 | 55,789 | 142,193 | 172,807 | 111,577 | 284,384 |
| Investments | Investment Officer (6 months) | Direct | 86,404 | 55,789 | 142,193 | 172,807 | 111,577 | 284,384 |
| Investments | Investment Analyst | Direct | 102,850 | 58,045 | 160,895 | 102,850 | 58,045 | 160,895 |
| Disability | Disability Investigator | County | 74,347 | 47,994 | 122,341 | 74,347 | 47,994 | 122,341 |
| Disability | Staff Assistant | County | 65,319 | 44,376 | 109,695 | 65,319 | 44,376 | 109,695 |
| Finance | Finance Manager (6 months) | Direct | 72,800 | 40,011 | 112,811 | 145,600 | 80,022 | 225,622 |
| Information Technology | Intern (Extra Help) | County | 20,160 | 916 | 21,076 | 20,160 | 916 | 21,076 |
| | | | 508,283 | 302,920 | 811,203 | 753,890 | 454,507 | 1,208,397 |

| 3 New Career Ladders: | | | | | Current | 2024 Proposed | Total Annual |
|-----------------------|------------------------------|------------------|------------------------------------|------------------|---------------------|---------------------|---------------|
| Department | Title | Direct or County | Career Ladder (New Classification) | Direct or County | Salary and Benefits | Salary and Benefits | Budget Impact |
| Disability | Office Specialist | County | Staff Assistant | County | 107,446 | 117,446 | 10,000 |
| Disability | Office Specialist | County | Staff Assistant | County | 103,748 | 113,748 | 10,000 |
| Information Security | Information Security Manager | Direct | Senior Info Sec Manager | Direct | 292,094 | 320,094 | 28,000 |
| | | | | | 503,288 | 551,288 | 48,000 |

Total 2024 Budget Impact: \$859,203
Total Annual Budget Impact: \$1,256,397

**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 | 120,097 | | | | | |
| | Senior Internal Auditor | 1 | 153,878 | 8,463 | 105,297 | | | | | |
| | Internal Auditor | 2 | 208,853 | - | 126,612 | | | | | |
| Internal Audit Total | | 4 | \$ 569,358 | \$ 19,828 | \$ 352,006 | \$ - | \$ - | \$ 20,000 | \$ - | \$ 961,192 |
| Executive | | | | | | | | | | |
| | Chief Executive Officer | 1 | 350,002 | - | 222,645 | | | | | |
| | Assistant Chief Executive Officer | 2 | 576,659 | 15,858 | 377,328 | | | | | |
| | Director of Enterprise Project Management Office | 1 | 190,008 | - | 111,955 | | | | | |
| | Executive Secretary I | 1 | 64,480 | - | 44,230 | | | | | |
| | Executive Secretary II | 1 | 82,430 | - | 54,120 | | | | | |
| | Temporary Help | - | - | - | - | | | | 15,000 | |
| Executive Total | | 6 | \$ 1,263,579 | \$ 15,858 | \$ 810,279 | \$ - | \$ 1,000 | \$ 115,737 | \$ 15,000 | \$ 2,221,453 |
| Legal | | | | | | | | | | |
| | General Counsel | 1 | 255,299 | - | 155,411 | | | | | |
| | Deputy General Counsel | 1 | 228,800 | - | 116,289 | | | | | |
| | Chief Compliance Officer | 1 | 167,000 | - | 95,632 | | | | | |
| | Staff Attorney | 3 | 509,995 | - | 267,762 | | | | | |
| | Executive Secretary I | 1 | 58,282 | - | 43,101 | | | | | |
| | Staff Analyst | 1 | 85,779 | - | 66,284 | | | | | |
| Legal Total | | 8 | \$ 1,305,155 | \$ - | \$ 744,479 | \$ - | \$ 1,000 | \$ 30,000 | \$ - | \$ 2,080,635 |
| Investments | | | | | | | | | | |
| | Chief Investment Officer | 1 | 478,358 | 26,310 | 265,898 | | | | | |
| | Director of Investments | 2 | 475,613 | - | 307,072 | | | | | |
| | Senior Investment Officer | 1 | 189,738 | 10,436 | 103,535 | | | | | |
| | Investment Officer | 5 | 642,783 | 17,104 | 378,500 | | | | | |
| | Investment Analyst | 5 | 519,822 | 12,327 | 308,488 | | | | | |
| | Performance Incentive | | | | | 425,000 | | | | |
| Investments Total | | 14 | \$ 2,306,313 | \$ 66,176 | \$ 1,363,492 | \$ 425,000 | \$ - | \$ 121,016 | \$ - | \$ 4,281,997 |
| Communications | | | | | | | | | | |
| | Director of Communications | 1 | 144,997 | - | 83,168 | | | | | |
| | Staff Specialist | 1 | 65,957 | - | 46,389 | | | | | |
| Communications Total | | 2 | \$ 210,954 | \$ - | \$ 129,558 | \$ - | \$ 500 | \$ 10,000 | \$ - | \$ 351,011 |
| Disability | | | | | | | | | | |
| | Director of Disability | 1 | 205,254 | - | 107,487 | | | | | |
| | Disability Retirement Investigator | 3 | 229,445 | - | 141,564 | | | | | |
| | Office Specialist | 2 | 116,563 | - | 92,228 | | | | | |
| | Staff Assistant | 1 | 65,312 | - | 45,142 | | | | | |
| Disability Total | | 7 | \$ 616,574 | \$ - | \$ 386,422 | \$ - | \$ 1,000 | \$ 10,000 | \$ - | \$ 1,013,996 |

**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 | - | 190,372 | | | | | |
| | Member Services Manager | 3 | 349,461 | - | 245,836 | | | | - | |
| | Staff Analyst | 2 | 189,987 | - | 117,297 | | | | | |
| | Executive Secretary I | 1 | 78,083 | - | 50,676 | | | | | |
| | Retirement Benefits Program Supervisor | 4 | 365,082 | - | 237,523 | | | | | |
| | Sr. Retirement Program Specialist | 4 | 320,507 | - | 182,154 | | | | | |
| | Sr. Staff Development Specialist | 2 | 181,272 | - | 129,382 | | | | | |
| | Retirement Program Specialist | 23 | 1,343,181 | - | 895,100 | | | | 100,800 | |
| | Retirement Benefits Technician | 4 | 224,557 | - | 136,857 | | | | | |
| | Accounting Technician | 5 | 313,726 | - | 190,282 | | | | | |
| | Office Specialist | 1 | 58,240 | - | 36,797 | | | | | |
| | Office Technician | 3 | 141,877 | - | 106,204 | | | | | |
| | Temporary Help (Employment Services) | | | | | | | | 50,000 | |
| Member Services Total | | 54 | \$ 3,919,752 | \$ - | \$ 2,518,480 | \$ - | \$ 50,000 | \$ 56,610 | \$ 150,800 | \$ 6,695,642 |
| Finance | | | | | | | | | | |
| | Director of Finance | 1 | 214,531 | 11,799 | 138,333 | | | | | |
| | Finance Manager | 3 | 392,038 | 8,779 | 225,832 | | | | | |
| | Sr. Accountant / Auditor I | 1 | 99,237 | - | 54,522 | | | | | |
| | Staff Analyst | 2 | 222,747 | 6,208 | 158,122 | | | | | |
| | Accountant/Auditor I | 1 | 71,822 | - | 53,001 | | | | | |
| | Accounting Technician | 1 | 53,872 | - | 34,338 | | | | | |
| Finance Total | | 9 | \$ 1,054,248 | \$ 26,787 | \$ 664,148 | \$ - | \$ 1,000 | \$ 42,924 | \$ - | \$ 1,789,107 |
| Human Resources | | | | | | | | | | |
| | Director of Human Resources | 1 | 204,984 | 11,274 | 124,408 | | | | | |
| | Learning and Organization Development Manager | 1 | 120,203 | - | 59,180 | | | | | |
| | Staff Analyst | 2 | 197,662 | - | 115,924 | | | | | |
| | Staff Specialist | 1 | 73,590 | - | 43,213 | | | | | |
| | Staff Assistant | 2 | 112,611 | - | 89,058 | | | | | |
| | Salary Adjustments | - | - | - | - | 964,378 | | | | |
| | Temporary Help | - | - | - | - | | | | 52,000 | |
| | Tuition Reimbursements | - | - | - | 100,000 | | | | | |
| Human Resources Total | | 7 | \$ 709,051 | \$ 11,274 | \$ 531,784 | \$ 964,378 | \$ 500 | \$ 38,385 | \$ 52,000 | \$ 2,307,373 |
| Information Security | | | | | | | | | | |
| | Director of Information Security | 1 | 199,888 | 10,994 | 121,040 | | | | | |
| | Information Security Manager | 1 | 173,784 | 9,558 | 100,833 | | | | | |
| | Information Security Analyst | 1 | 88,005 | - | 67,683 | | | | | |
| Information Security Total | | 3 | \$ 461,677 | \$ 20,552 | \$ 289,556 | \$ - | \$ - | \$ 30,026 | \$ - | \$ 801,811 |
| Information Technology | | | | | | | | | | |
| | Director of Information Technology | 1 | 200,429 | - | 113,962 | | | | | |
| | Information Technology Manager | 3 | 452,774 | - | 264,866 | | | | | |
| | IT Operations Supervisor | 1 | 133,640 | - | 88,607 | | | | | |
| | IT Supervisor | 1 | 148,429 | - | 87,909 | | | | | |

**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 | - | 147,013 | | | | | |
| | IT Automation Developer | 1 | 150,000 | - | 83,456 | | | | | |
| | IT Systems Technician I | 1 | 69,826 | - | 33,613 | | | | | |
| | IT Network Engineer II | 1 | 113,568 | - | 78,959 | | | | | |
| | IT Systems Engineer II | 2 | 227,136 | - | 114,922 | | | | | |
| | IT Intern | 1 | - | - | 916 | | | | 20,160 | |
| Information Technology Total | | 14 | \$ 1,755,843 | \$ - | \$ 1,014,223 | \$ - | \$ 50,000 | \$ 30,418 | \$ 20,160 | \$ 2,870,645 |
| Operations Support Services | | | | | | | | | | |
| | Senior Manager Operations Support Services | 1 | 156,000 | - | 94,572 | | | | | |
| | Contracts, Risk & Performance Administrator | 1 | 155,272 | - | 89,837 | | | | | |
| | Staff Specialist | 1 | 61,090 | - | 44,304 | | | | | |
| | Store Clerk | 1 | 53,830 | - | 35,964 | | | | | |
| Operations Support Total | | 4 | \$ 426,192 | \$ - | \$ 264,678 | \$ - | \$ - | \$ 18,958 | \$ - | \$ 709,828 |
| Grand Total | | 132 | \$ 14,614,697 | \$ 160,475 | \$ 9,069,105 | \$ 1,389,378 | \$ 105,000 | \$ 524,075 | \$ 237,960 | \$ 26,100,690 |

Minor differences are due to rounding.

Appendix C

Updated Organization Charts



2023 Investments Organization Chart

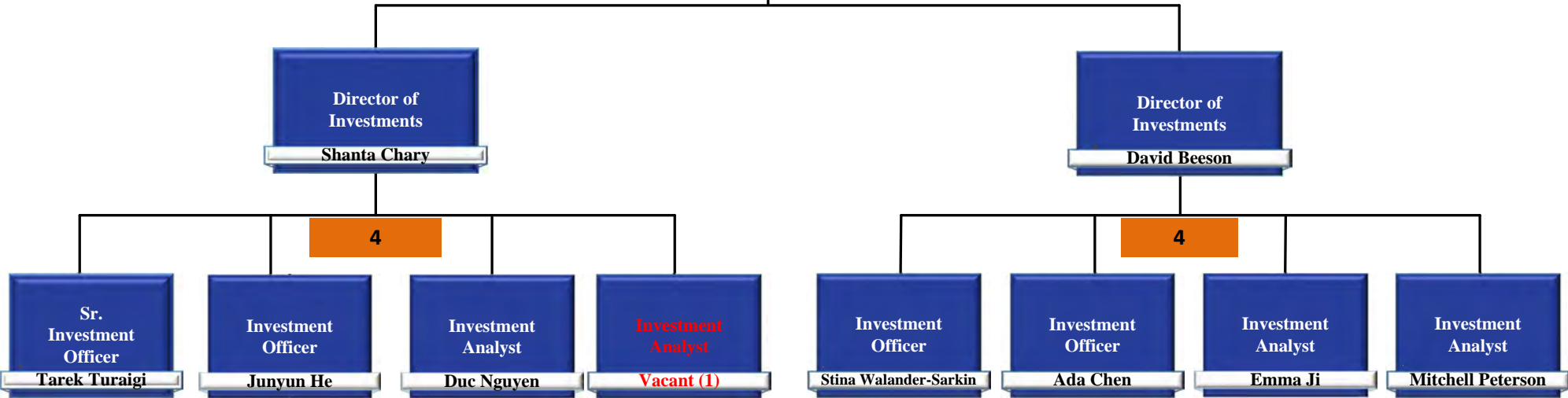
Current Investments Org Chart

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

2





2024 Proposed Investments Organization Chart

Proposed Org Chart Effective 2024

Total Budgeted Investments Employees : 11
OCERS Direct – 11
Vacancy: 1

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

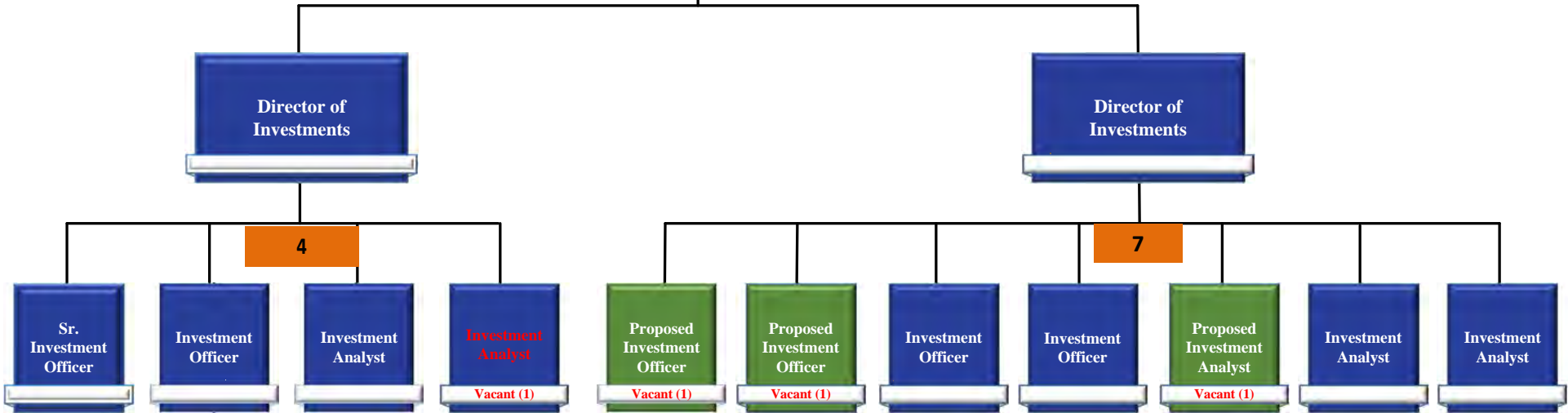
- OCERS Direct Employees
- OCERS Direct Employee - Proposed



Chief Investment Officer

Molly Murphy

2





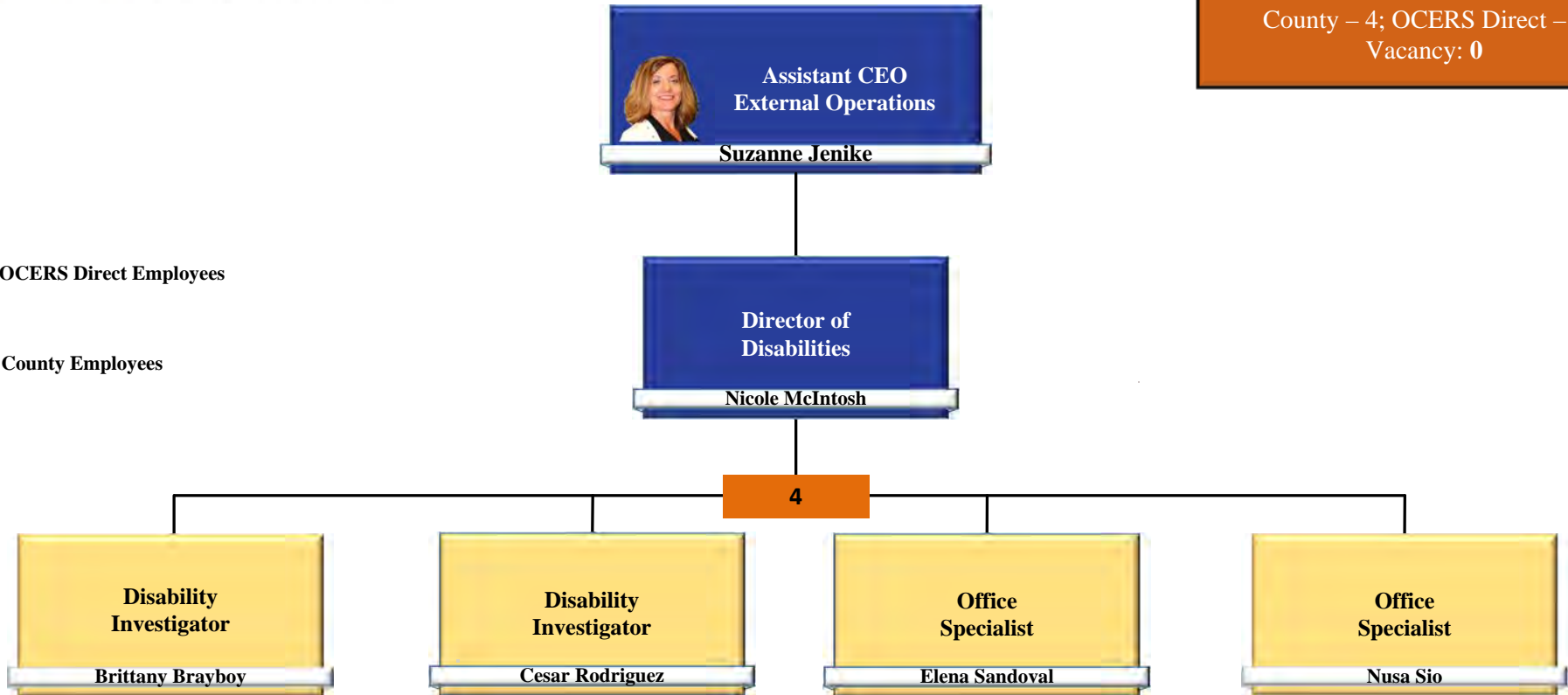


2023 Disabilities Organization Chart

**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

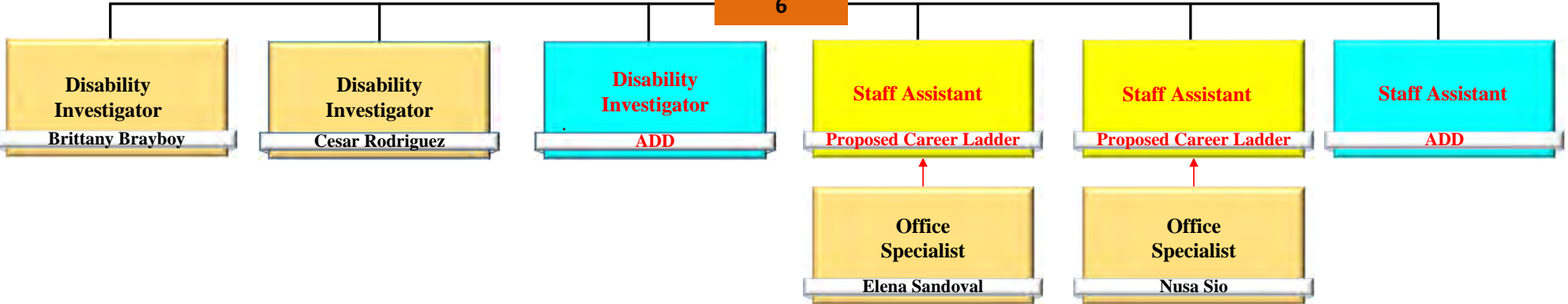
**Assistant CEO
External Operations**

Suzanne Jenike

**Director of
Disabilities**

Nicole McIntosh

6



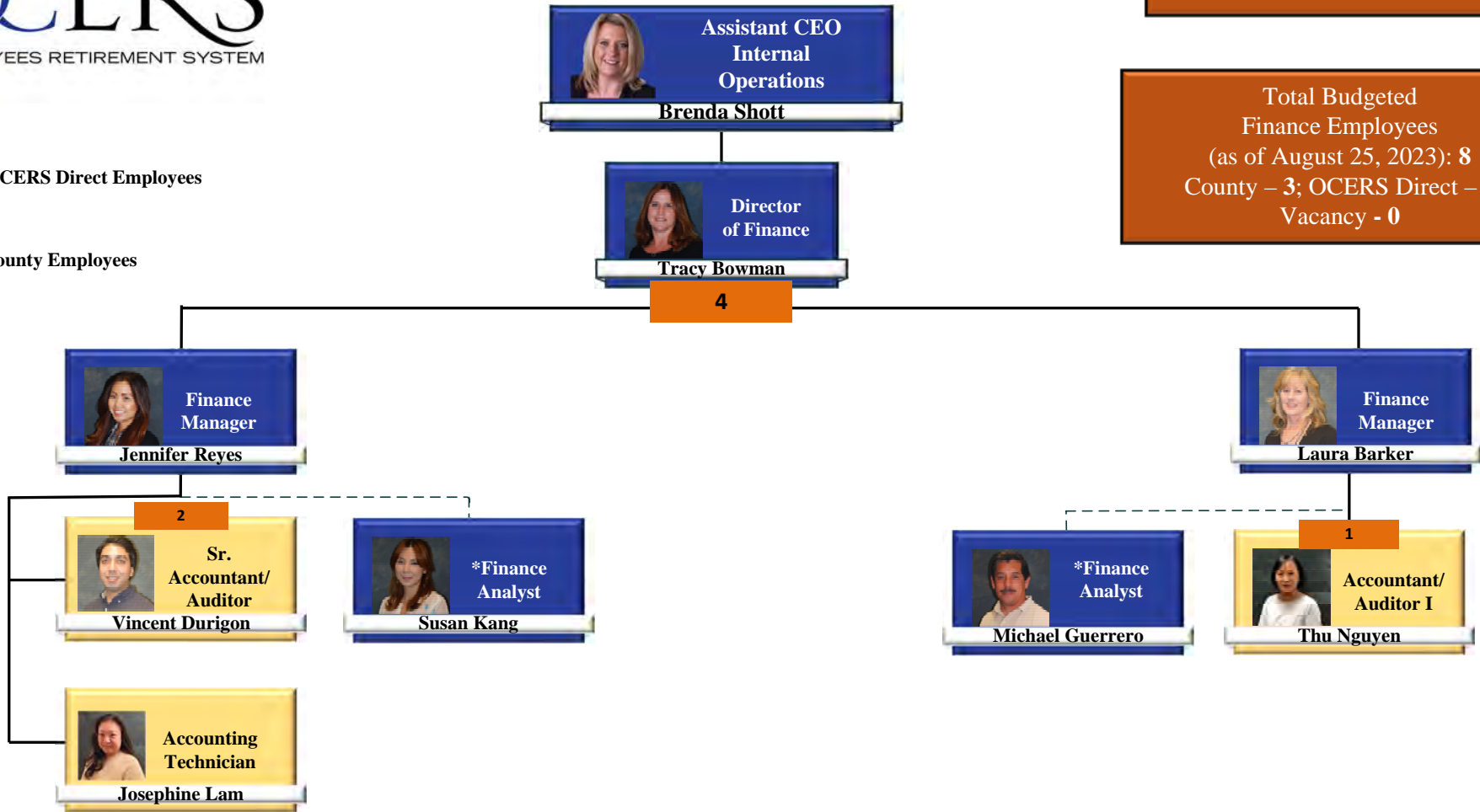


2023 Finance Organization Chart

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



* REPORTS TO DIRECTOR OF FINANCE, BUT OPERATIONALLY TAKES DIRECTION FROM FINANCE MANAGER

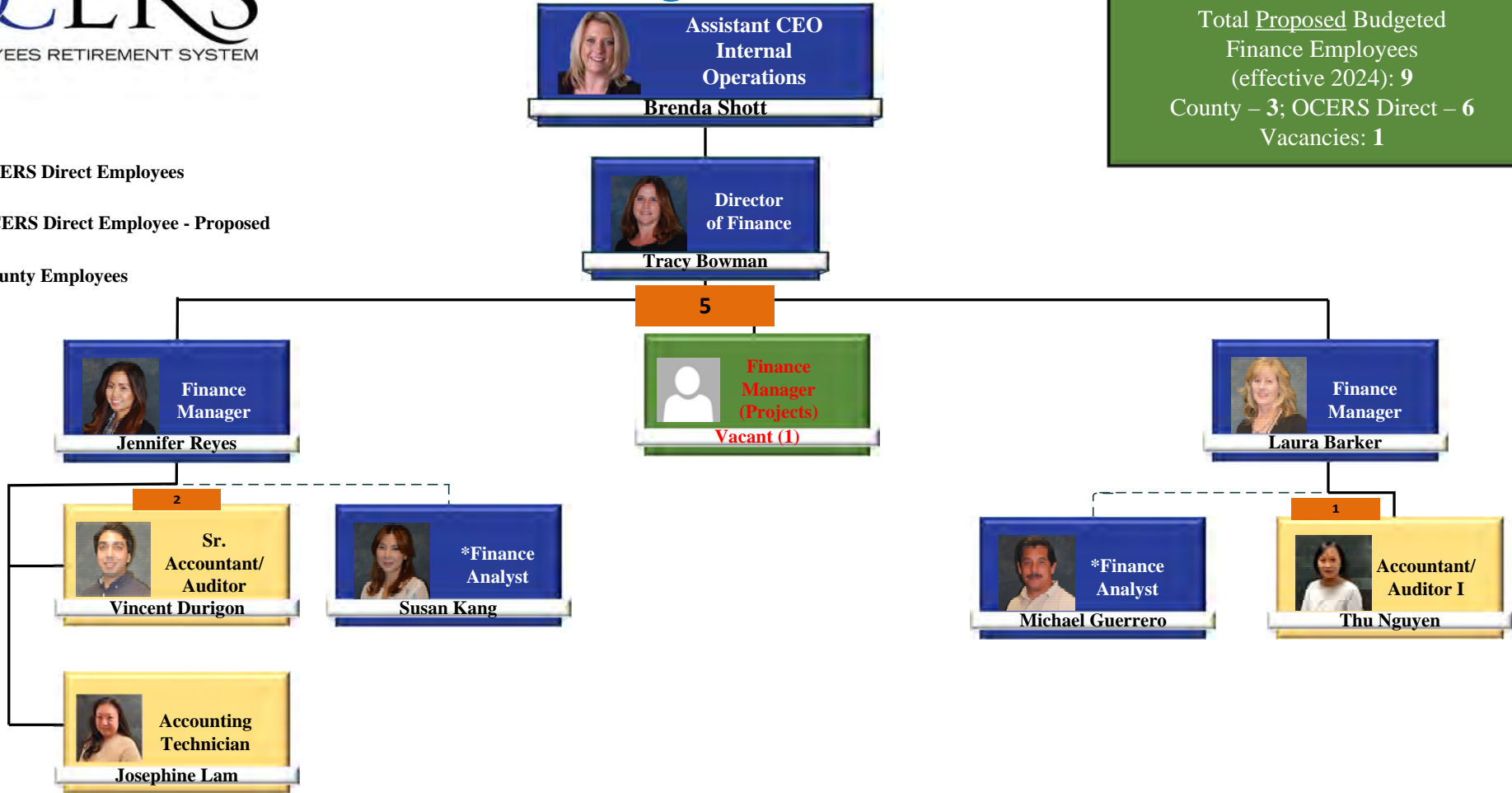


2024 Proposed Finance Organization Chart

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





* REPORTS TO DIRECTOR OF FINANCE, BUT OPERATIONALLY TAKES DIRECTION FROM FINANCE MANAGER

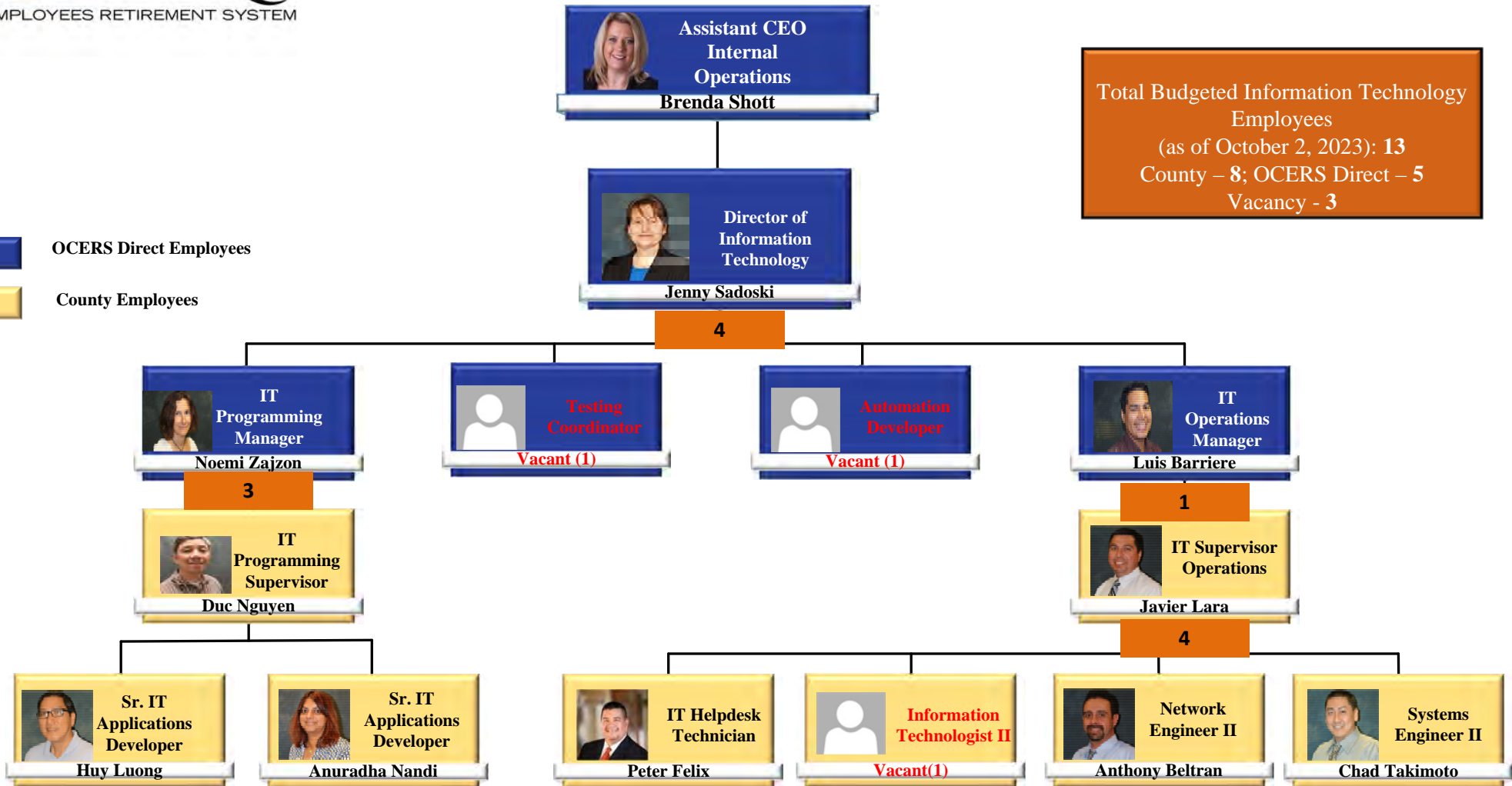


2023 Information Technology Organization Chart

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



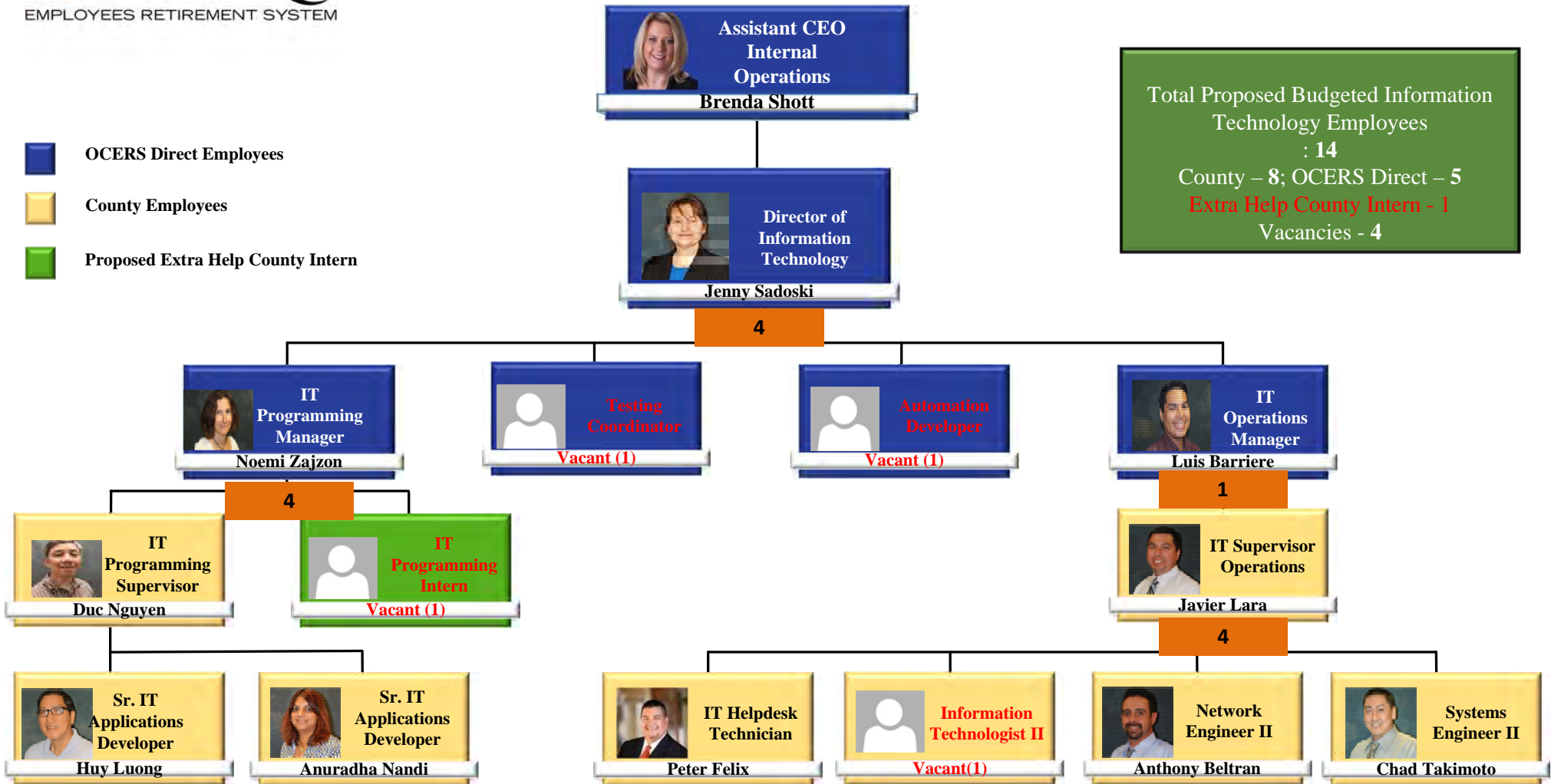


2024 Proposed Information Technology Organization Chart

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







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



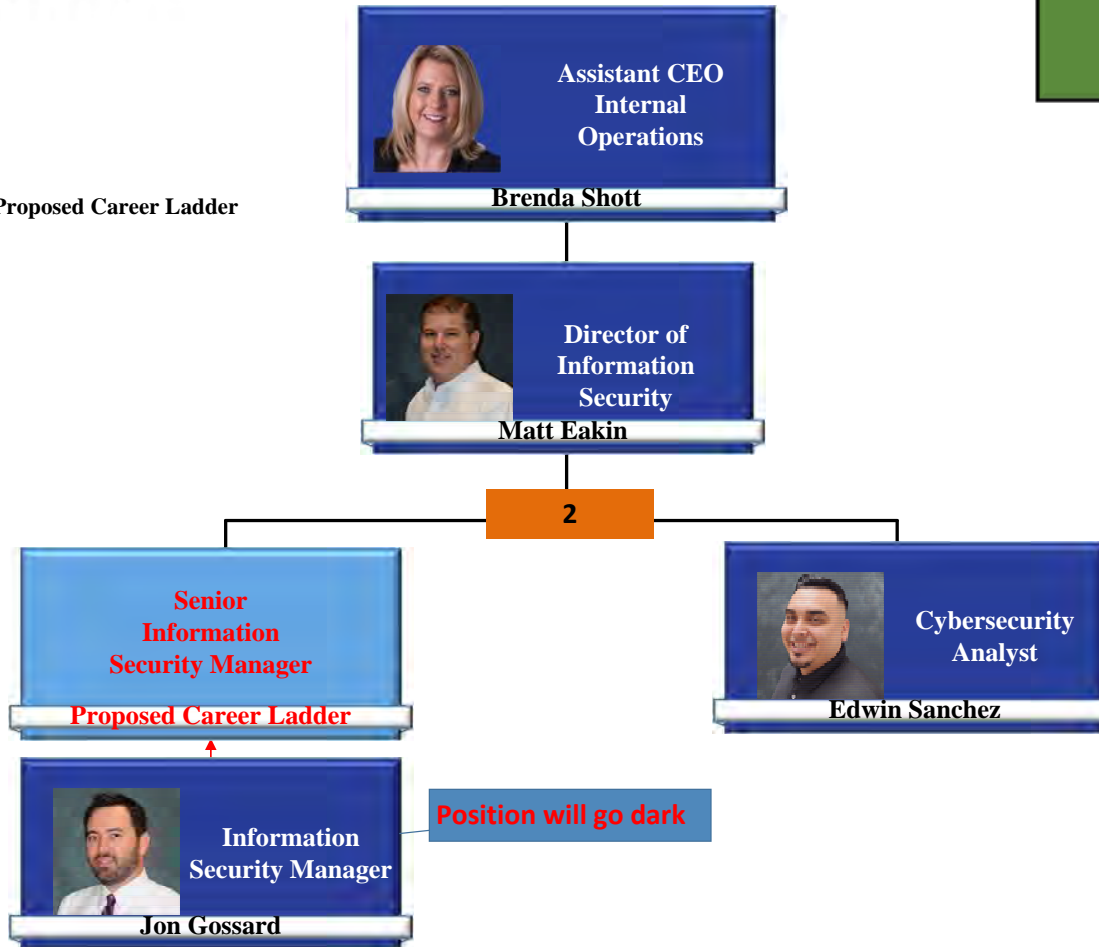


2024 Proposed Information Security Organization Chart

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





Memorandum

DATE: December 11, 2023
TO: Board of Retirement
FROM: OCERS Board Negotiator, Charles Packard
SUBJECT: Annual CEO Compensation

Recommendation

Approve and authorize the Board to execute a salary adjustment for the Chief Executive Officer, effective December 29, 2023, at an annual base salary of \$375,000 which equals a 7.14% increase or \$25,000 and an estimated annual total compensation of \$624,892 including benefits.

Background Information

Formal Board action is needed to approve the proposed salary adjustment to the Chief Executive Officer's compensation.

Financial Impact

The negotiated salary for Steve Delaney is \$375,000. Including the cost of benefits, the total annual cost to OCERS is anticipated to be \$624,892 salary and benefits appropriations are included in the OCERS Budget for 2024.

Attachments:

1. CEO Performance Evaluation Policy
2. CEO Charter



OCERS Board Policy

Chief Executive Officer Performance Evaluation Policy

Background and Objectives

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

Roles

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

Policy Guidelines

Process and Timelines

5. The Chief Executive Officer's performance review period will be September through August.
6. The Chief Executive Officer will discuss the following items with the Chair during the month of November each year:
 - a. Proposed CEO evaluation criteria for the coming year;
 - b. Proposed weights for each of the above criteria; and
 - c. Proposed CEO Evaluation Form for the coming year.
7. In addition, the CEO's performance for the review period will be evaluated using the same rating metrics as are used by OCERS in evaluating the performance of OCERS direct employees, and may be based on the following seven categories based on the goals stated in the OCERS Strategic Plan:
 - a. Fund Sustainability
 - b. Excellent Service and Support
 - c. Risk Management
 - d. Talent Management
 - e. Effective Governance



OCERS Board Policy

Chief Executive Officer Performance Evaluation Policy

- f. Communications
- g. Other criteria that the Board determines is appropriate.

The Board will attempt to ensure that the criteria:

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

Documentation

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

Compensation

13. The Board of Retirement will consider the Chief Executive Officer's compensation during the months of October and November.
14. In establishing the Chief Executive Officer's salary, the Board will appoint a designated representative under Government Code section 54957.6(a) to assist the Board in negotiating for



OCERS Board Policy Chief Executive Officer Performance Evaluation Policy

these purposes. As directed by the Board, the designated representative will negotiate with the Chief Executive Officer the salary, salary schedule and/or compensation paid in the form of fringe benefits that will be paid to the Chief Executive Officer subject to final action by the Board.

Policy Review

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

Policy History

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

8/21/2023

Steve Delaney
Secretary of the Board

Date



OCERS Board Charter CEO Charter

Introduction

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

Duties and Responsibilities

Leadership and Policy Analysis

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

Governance

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



OCERS Board Charter CEO Charter

Investments

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

Benefits Administration

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



OCERS Board Charter CEO Charter

Operations

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

Finance, Actuarial and Accounting

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



OCERS Board Charter CEO Charter

Human Resources

11. The CEO will:
- a. Recommend human resources and compensation policies to the Board;
 - b. Assess the human resources needs of OCERS and its employees and establish and implement appropriate human resources programs, procedures and employee benefits, consistent with the human resources and compensation policies of the Board;
 - c. Hire, manage and terminate senior management, and approve all personnel decisions concerning OCERS staff; and
 - d. Implement and lead agency training, talent development and succession planning.

Legislation and Litigation

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

Communications

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

Appointment of Service Providers

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



OCERS Board Charter CEO Charter

Monitoring and Reporting

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

Emergency Authority

18. In emergency situations, the CEO, after making reasonable attempts to contact the Board Chair and Vice Chair, will have the authority to act on matters not expressly stated within this charter provided that:
 - a. The action is, in the CEO's judgment, necessary to protect the System, its employees, the Fund, or System assets from loss or harm that is reasonably likely to occur if action is delayed for the scheduling of a notices meeting of the Board or its committees; and



OCERS Board Charter CEO Charter

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

Charter Review

- 19. The Governance Committee will review this charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the charter remains relevant and appropriate.
- 20. This charter was adopted by the Board on November 18, 2002, and amended on August 25, 2008, July 20, 2015, April 18, 2018, March 18, 2019, and April 17, 2023.

Secretary's Certificate

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

APRIL 17, 2023

Steve Delaney
Secretary of the Board

Date



Memorandum

DATE: December 11, 2023
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: RETIRED EMPLOYEES ASSOCIATION OF ORANGE COUNTY – ISSUES UPDATE

Background/Discussion

At the OCERS Board’s continued invitation, Ms. Linda Robinson and Mr. Doug Storm, Co-Presidents of the Retired Employees Association of Orange County (REAOC) will be at the December 11th meeting.

With OCERS now returning to full service as COVID begins to recede, they will share thoughts and comments on what challenges our retired members have faced through 2023 as well as comments regarding the services OCERS as an organization provides to those same members.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Memorandum

DATE: December 11, 2023
TO: Members of the Board of Retirement
FROM: Joon Y. Kim, Staff Attorney
SUBJECT: **NEW RULES ON DISABILITY RETIREMENT PRESUMPTIONS EFFECTIVE JANUARY 1, 2024**

Summary

AB 1020 is legislation that was approved in October 2023 and will be effective on January 1, 2024. The new laws expand the scope of presumptions that apply to disability retirement applications. Generally, these apply only to safety members or non-safety members who engage in duties of active law enforcement or active fire suppression.

In an application for service-connected disability retirement, the member-applicant bears the burden of proving service-connection. However, when a presumption applies, the law requires OCERS to assume that the incapacity is service-connected- i.e., arises out of and in the course of employment. The burden shifts to the retirement system to disprove service-connection.

Currently, the County Employees Retirement Law (CERL) provides disability presumptions that apply to heart trouble, cancer, blood-borne infectious disease, methicillin-resistant Staphylococcus aureus (MRSA), biochemical substances, and COVID-19¹. The new presumptions will:

- 1) Add PTSD, tuberculosis, meningitis, skin cancer, Lyme disease, lower back impairment, hernia, and pneumonia as presumptive medical conditions; and
- 2) Extend the time period for applying the heart trouble presumption.

On December 11, 2023, staff will present to the Board an overview of the new presumptions and how they will apply to applications for disability retirement.

Attachments

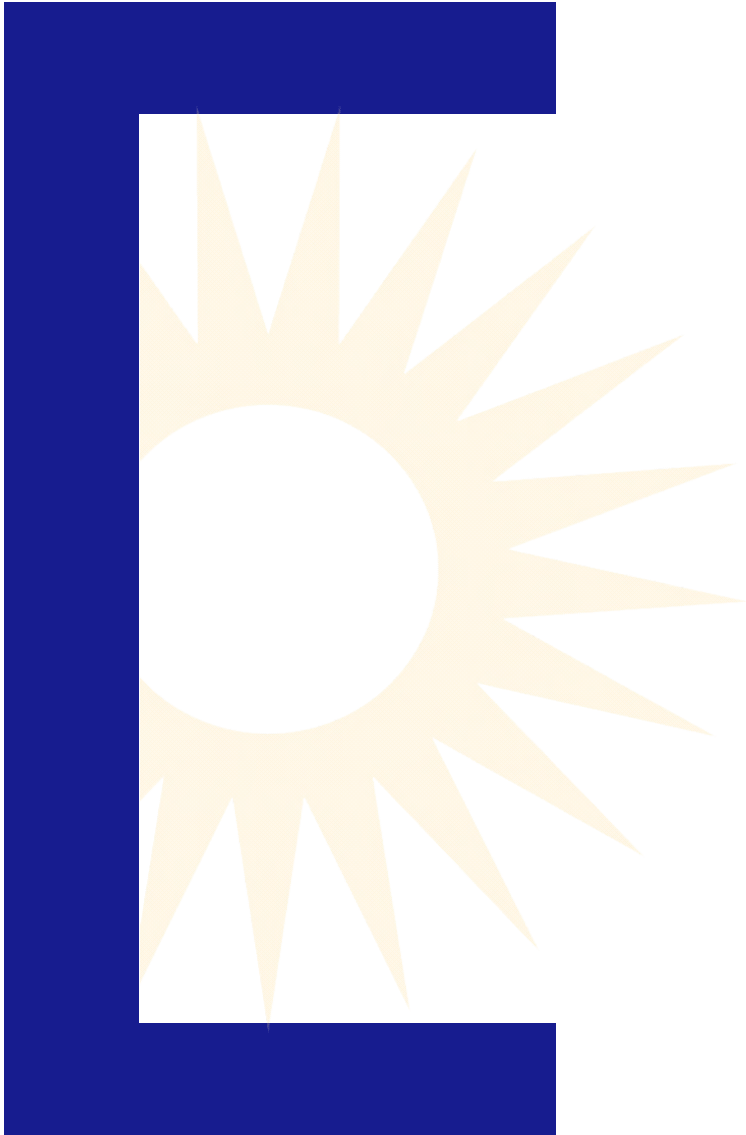
Submitted by:



JYK-Approved

Joon Y. Kim
Staff Attorney

¹ The presumption for COVID-19 is effective until January 1, 2024.



AB 1020 Disability Presumptions

December 11, 2023, Presentation by OCERS Staff Attorneys



AB 1020 – In a Nutshell

- Effective January 1, 2024.
- Purpose is to expand the scope of disability presumptions by:
 - (1) Adding PTSD, Tuberculosis, Meningitis, Skin Cancer, Lyme Disease, Low Back, Hernia, and Pneumonia; and
 - (2) Extending time period for "heart trouble" presumption.



Presumptions – Quick Review

- A "presumption" is an assumption of fact that is required by law to be drawn from one or more other facts already established. (Evid. Code, § 600.)
- Normally, the member bears the burden of proving: (1) Permanent incapacity and (2) Service connection.
- Disability presumption relieves member of burden to prove service connection – i.e., that injury arises out of and in the course of employment.



Presumptions – Quick Review

- "The presumption... may be rebutted by evidence to the contrary, but unless contraverted, the board shall be bound to find in accordance with the presumption."
- Burden shifts to retirement system to *disprove* service connection.
- Member still bears burden to prove permanent incapacity.



Existing CERL Presumptions

- Heart trouble (Gov. Code, § 31720.5.)
- Cancer (Gov. Code, § 31720.6.)
- Blood-borne infectious disease or methicillin-resistant Staphylococcus aureus (MRSA) (Gov. Code, § 31720.7.)
- Biochemical substances (Gov. Code, § 31720.9.)
- COVID-19 (Gov. Code, §§ 7523.1, 7523.2, effective until Jan. 1, 2024.)
- Current presumptions are discussed in OAP – Disability Presumptions.



New Presumptions

- PTSD (Gov. Code, § 31720.91)
- Tuberculosis (Gov. Code, § 31720.92)
- Meningitis (Gov. Code, § 31720.93)
- Skin Cancer (Gov. Code, § 31720.94)
- Lyme Disease (Gov. Code, § 31720.95)
- Lower Back Impairment (Gov. Code, § 31720.96)
- Hernia and Pneumonia (Gov. Code, § 31720.93) and
- Time extension for "heart trouble" presumption (Gov. Code, § 31720.5, subd. (e))



Posttraumatic Stress Disorder (PTSD)

(Gov. Code, § 31720.91)

- **Occupation:** Classification listed in Labor Code § 3212.15 (active firefighting members and certain peace officers).
- **Diagnosis:** Must be diagnosed according to the most recent edition of the DSM (DSM-V-TR).
- "[D]evelops or manifests itself during a period while a member is in the service..."
- **Sunset provision:** Effective until January 1, 2025.
 - New legislation expected in 2024 aimed at extending to January 1, 2029.
- **Time extension after termination:** Three (3) calendar months for each full year of requisite service, but shall not exceed 60 months, and commencing with the last date the member actually worked in the classification.



Tuberculosis (Gov. Code, § 31720.92)

- **Occupation:** Classifications listed in Labor Code § 3212.6
 - Includes: Members of Sheriff's office and Fire Department, DA Investigators, Correctional Officers.
 - Excludes: Members whose principal duties are clerical or do not clearly fall within the scope of active law enforcement, firefighting, or emergency first-aid response.
- **Develops or manifests** "while a member is in the service..."
- **Time extension after termination:** Three (3) calendar months for each full year of requisite service, but shall not exceed 60 months, and commencing with the last date the member actually worked in the classification.



Meningitis (Gov. Code, § 31720.93)

- **Occupation:** Classifications listed in Labor Code § 3212.9
 - Members of Sheriff's Office or Fire Department, DA Investigator, Probation Officer, except when duties are clerical or do not clearly fall within active law enforcement or firefighting.
- **Develops or manifests** "while a member is in the service..."
- **Time extension after termination:** Three (3) calendar months for each full year of requisite service, but shall not exceed 60 months, and commencing with the last date the member actually worked in the classification.



Skin Cancer (Gov. Code, § 31720.94)

- **Occupation:** Active lifeguards (Lab. Code, § 3212.11)
- **Employment Period:** Must be "employed for 3 consecutive months in a calendar year" in requisite classification.
- **Develops or manifests** "while a member is in the service..."
- **Time extension after termination:** Three (3) calendar months for each full year of requisite service, but shall not exceed 60 months, and commencing with the last date the member actually worked in the classification.
- **Current Cancer Presumption** (Gov. Code, § 31720.6)



Lyme Disease (Gov. Code, § 31720.95)

- **Occupation:** Classification listed in Labor Code § 3212.12
 - Certain employees of State agencies: Attorney General, Departments of Justice, Fish & Game, Parks & Recreation, Forestry & Fire Protection.
- **Develops or manifests** "while a member is in the service..."
- **Time extension after termination:** Three (3) calendar months for each full year of requisite service, but shall not exceed 60 months, and commencing with the last date the member actually worked in the classification.



Lower Back Impairment (Gov. Code, § 31720.96)

- **Occupation:** Member of Sheriff's Office of a county employed as a Peace Officer (Lab. Code, § 3213.2)
- **Employed full-time for at least five years.**
- **Required to wear a duty belt** as a condition of employment.
- **Develops or manifests** "while a member is in the service..."
- **Time extension after termination:** Three (3) calendar months for each full year of requisite service, but shall not exceed 60 months, and commencing with the last date the member actually worked in the classification.



Hernia or Pneumonia (Gov. Code, § 31720.93)

- **Occupation:** Classifications listed in Labor Code § 3212
 - Members of a Sheriff's Office or Fire Department, and DA Investigators/Inspectors, whose principal duties fall within active law enforcement or active firefighting.
- **Develops or manifests:** No "in-service" requirement.
- **Time extension after termination:** Three (3) calendar months for each full year of requisite service, but shall not exceed 60 months, and commencing with the last date the member actually worked in the classification.



Heart Trouble – Time Extension

(Gov. Code, § 31720.5)

- **Occupation:** Safety member or non-safety member engaged in active law enforcement or active fire suppression.
- **Five years or more of service.**
- **Develops or manifests:** No "in-service" requirement.
- **Non-attribution provision:** "That heart trouble developing or manifesting itself in those cases shall in no case be attributed to any disease existing prior to such development or manifestation."
- **Newly Added time extension after termination:** Three (3) calendar months for each full year of requisite service, but shall not exceed 60 months, and commencing with the last date the member actually worked in the classification.



Applying the New Presumptions

- **"[D]evelop or manifest...while a member is in the service..."**
 - How do courts define "develop" versus "manifest"?
 - What must develop or manifest "in the service" – the injury/illness or the incapacity for duty?
- **When does the time extension commence?**
 - "Commencing with the last date the member actually worked in the classification specified."
- **What is the statute of limitations for filing application when a presumption applies?**
 - Government Code § 31722: "within four months after the expiration of any period during which a presumption is extended beyond his or her discontinuance of service."





Assembly Bill No. 1020

CHAPTER 554

An act to amend Section 31720.5 of, to add Sections 31720.92, 31720.93, 31720.94, 31720.95, 31720.96, and 31720.97 to, and to add and repeal Section 31720.91 of, the Government Code, relating to county employees' retirement.

[Approved by Governor October 8, 2023. Filed with Secretary of State October 8, 2023.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1020, Grayson. County Employees Retirement Law of 1937: disability retirement: medical conditions: employment-related presumption.

Existing law, the County Employees Retirement Law of 1937, prescribes the rights, benefits, and duties of members of the retirement systems established pursuant to its provisions.

Existing law requires, if a safety member, a firefighter member, or a member in active law enforcement who has completed 5 years or more of service develops heart trouble, that the heart trouble be presumed to arise out of and in the course of employment.

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

Existing law provides that participants in certain membership categories may be entitled to special benefits if the injury that causes their disability arises in the course of their employment. Existing law creates a presumption, for purposes of qualification for disability retirement benefits for specified members, that certain injuries, including, but not limited to, a bloodborne infectious disease or a methicillin-resistant *Staphylococcus aureus* skin infection, arose out of and in the course of employment. Existing law authorizes the presumption to be rebutted by evidence to the contrary, but unless controverted, the applicable governing board of a public retirement system is required to find in accordance with the presumption.

This bill would expand the scope of this presumption to include additional injuries, including post-traumatic stress disorder, tuberculosis, skin cancer, lower back impairments, Lyme disease, hernia, pneumonia, and meningitis, if the injury develops or manifests while a member, as defined, is in a specified job classification, or additionally if the injury develops or manifests within a prescribed length of time following the termination of the member's employment in the specified job classification. With respect to skin cancer, this bill would additionally require the member to have worked for 3 consecutive months in a calendar year in a specified position for the

Ch. 554

— 2 —

presumption to apply. With respect to lower back impairments, this bill would additionally require the member to have worked at least 5 years in a specified position that required the member to wear a duty belt as a condition of employment for the presumption to apply. This bill would authorize the presumption relating to these additional injuries to be rebutted by evidence to the contrary, but unless controverted, the applicable governing board of a public retirement system is required to find in accordance with the presumption. The bill would repeal the provisions related to post-traumatic stress disorder on January 1, 2025.

The bill would, contingent upon the enactment of SB 623 of the 2023–24 Regular Session, as specified, repeal the provisions related to post-traumatic stress disorder on January 1, 2032.

The people of the State of California do enact as follows:

SECTION 1. Section 31720.5 of the Government Code is amended to read:

31720.5. (a) If a safety member, a firefighter member, or a member in active law enforcement who has completed five years or more of service under a pension system established pursuant to Chapter 4 (commencing with Section 31900) or under a pension system established pursuant to Chapter 5 (commencing with Section 32200) or both or under this retirement system or under the State Employees' Retirement System or under a retirement system established under this chapter in another county, and develops heart trouble, that heart trouble developing or manifesting itself in those cases shall be presumed to arise out of and in the course of employment. That heart trouble developing or manifesting itself in those cases shall in no case be attributed to any disease existing prior to such development or manifestation.

(b) The presumption described in subdivision (a) is rebuttable by other evidence. Unless so rebutted, the board is bound to find in accordance with the presumption.

(c) As used in this section, "firefighter member" includes a member engaged in active fire suppression who is not classified as a safety member.

(d) As used in this section, "member in active law enforcement" includes a member engaged in active law enforcement who is not classified as a safety member.

(e) The presumption described in subdivision (a) shall additionally apply to a firefighter member or member in active law enforcement following termination of service for a period of 3 calendar months for each full year of the requisite service, but shall not exceed 60 months regardless of the member's length of service, commencing with the last date that member actually worked as a firefighter member or member in active law enforcement.

SEC. 2. Section 31720.91 is added to the Government Code, to read:

31720.91. (a) For purposes of a member who retires for disability from a system established under this chapter on the basis of being permanently incapacitated from the performance of their usual and customary duties because of an injury, as described in paragraph (1) of subdivision (c), it shall be presumed that the disability arose out of, or in the course of, the member's employment.

(b) The presumption described in subdivision (a) may be rebutted by evidence to the contrary, but unless controverted, the board shall be bound to find in accordance with the presumption.

(c) For purposes of this section:

(1) "Injury" means "post-traumatic stress disorder," as diagnosed according to the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association and that develops or manifests itself during a period while a member is in the service of a department, office, or unit, consistent with paragraph (2).

(2) "Member" means a member of a public retirement system, established under this chapter, whose job classification is listed in Section 3212.15 of the Labor Code.

(d) The presumption described in subdivision (a) shall additionally apply to a member following termination of service for a period of 3 calendar months for each full year of the requisite service, but shall not to exceed 60 months regardless of the member's length of service, commencing with the last date the member actually worked in the classification specified in paragraph (2) of subdivision (c).

(e) This section shall remain in effect only until January 1, 2025, and as of that date is repealed.

SEC. 2.5. Section 31720.91 is added to the Government Code, to read:

31720.91. (a) For purposes of a member who retires for disability from a system established under this chapter on the basis of being permanently incapacitated from the performance of their usual and customary duties because of an injury, as described in paragraph (1) of subdivision (c), it shall be presumed that the disability arose out of, or in the course of, the member's employment.

(b) The presumption described in subdivision (a) may be rebutted by evidence to the contrary, but unless controverted, the board shall be bound to find in accordance with the presumption.

(c) For purposes of this section:

(1) "Injury" means "post-traumatic stress disorder," as diagnosed according to the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association and that develops or manifests itself during a period while a member is in the service of a department, office, or unit, consistent with paragraph (2).

(2) "Member" means a member of a public retirement system, established under this chapter, whose job classification is listed in Section 3212.15 of the Labor Code.

(d) The presumption described in subdivision (a) shall additionally apply to a member following termination of service for a period of three calendar

Ch. 554

— 4 —

months for each full year of the requisite service, but shall not to exceed 60 months regardless of the member's length of service, commencing with the last date the member actually worked in the classification specified in paragraph (2) of subdivision (c).

(e) This section shall remain in effect only until January 1, 2032, and as of that date is repealed.

SEC. 3. Section 31720.92 is added to the Government Code, to read:

31720.92. (a) For purposes of a member who retires for disability from a system established under this chapter on the basis of being permanently incapacitated from the performance of their usual and customary duties because of an injury, as described in paragraph (1) of subdivision (c), it shall be presumed that the disability arose out of, or in the course of, the member's employment.

(b) The presumption described in subdivision (a) may be rebutted by evidence to the contrary, but unless controverted, the board shall be bound to find in accordance with the presumption.

(c) For purposes of this section:

(1) "Injury" means tuberculosis that develops or manifests itself during a period while a member is in the service of a department, office, or unit, consistent with paragraph (2).

(2) "Member" means a member of a public retirement system, established under this chapter, whose job classification is listed in Section 3212.6 of the Labor Code.

(d) The presumption described in subdivision (a) shall additionally apply to a member following termination of service for a period of 3 calendar months for each full year of the requisite service, but shall not exceed 60 months regardless of the member's length of service, commencing with the last date the member actually worked in the classification specified in paragraph (2) of subdivision (c).

SEC. 4. Section 31720.93 is added to the Government Code, to read:

31720.93. (a) For purposes of a member who retires for disability from a system established under this chapter on the basis of being permanently incapacitated from the performance of their usual and customary duties because of an injury, as described in paragraph (1) of subdivision (c), it shall be presumed that the disability arose out of, or in the course of, the member's employment.

(b) The presumption described in subdivision (a) may be rebutted by evidence to the contrary, but unless controverted, the board shall be bound to find in accordance with the presumption.

(c) For the purpose of this section:

(1) "Injury" means meningitis that develops or manifests itself during a period while a member is in the service of a department, office, or unit, consistent with paragraph (2).

(2) "Member" means a member of a public retirement system, established under this chapter, whose job classification is listed in Section 3212.9 of the Labor Code.

(d) The presumption described in subdivision (a) shall additionally apply to a member following termination of service for a period of 3 calendar months for each full year of the requisite service, but shall not exceed 60 months regardless of the member's length of service, commencing with the last date the member actually worked in the classification specified in paragraph (2) of subdivision (c).

SEC. 5. Section 31720.94 is added to the Government Code, to read:

31720.94. (a) For purposes of a member who retires for disability from a system established under this chapter on the basis of being permanently incapacitated from the performance of their usual and customary duties because of an injury, as described in paragraph (1) of subdivision (c), it shall be presumed that the disability arose out of, or in the course of, the member's employment.

(b) The presumption described in subdivision (a) may be rebutted by evidence to the contrary, but unless controverted, the board shall be bound to find in accordance with the presumption.

(c) For the purpose of this section:

(1) "Injury" means skin cancer that develops or manifests itself during a period while a member is in the service of that department, office, or unit, consistent with paragraph (2).

(2) "Member" means a member of a public retirement system, established under this chapter, whose job classification is listed in Section 3212.11 of the Labor Code.

(d) This section shall only apply to a member employed for 3 consecutive months in a calendar year in a job classification listed in paragraph (2) of subdivision (c).

(e) The presumption described in subdivision (a) shall additionally apply to a member following termination of service for a period of 3 calendar months for each full year of the requisite service, but shall not exceed 60 months regardless of the member's length of service, commencing with the last date the member actually worked in the classification specified in paragraph (2) of subdivision (c).

SEC. 6. Section 31720.95 is added to the Government Code, to read:

31720.95. (a) For purposes of a member who retires for disability from a system established under this chapter on the basis of being permanently incapacitated from the performance of their usual and customary duties because of an injury, as described in paragraph (1) of subdivision (c), it shall be presumed that the disability arose out of, or in the course of, the member's employment.

(b) The presumption described in subdivision (a) may be rebutted by evidence to the contrary, but unless controverted, the board shall be bound to find in accordance with the presumption.

(c) For the purpose of this section:

(1) "Injury" means Lyme disease that develops or manifests itself during a period while a member is in the service of a department, office, or unit, consistent with paragraph (2).

(2) “Member” means a member of a public retirement system, established under this chapter, whose job classification is listed in Section 3212.12 of the Labor Code.

(d) The presumption described in subdivision (a) shall additionally apply to a member following termination of service for a period of 3 calendar months for each full year of the requisite service, but shall not exceed 60 months regardless of the member’s length of service, commencing with the last date the member actually worked in the classification specified in paragraph (2) of subdivision (c).

SEC. 7. Section 31720.96 is added to the Government Code, to read:

31720.96. (a) For purposes of a member who retires for disability from a system established under this chapter on the basis of being permanently incapacitated from the performance of their usual and customary duties because of an injury, as described in paragraph (1) of subdivision (c), it shall be presumed that the disability arose out of, or in the course of, the member’s employment.

(b) The presumption described in subdivision (a) may be rebutted by evidence to the contrary, but unless controverted, the board shall be bound to find in accordance with the presumption.

(c) For the purpose of this section:

(1) “Injury” means lower back impairments that develop or manifest itself during a period while a member is in the service of a department, office, or unit, consistent with paragraph (2).

(2) “Member” means a member of a public retirement system, established under this chapter, whose job classification is listed in Section 3213.2 of the Labor Code.

(d) This section shall apply to a member who has been employed for at least five years on a full-time basis in the classification specified in paragraph (2) of subdivision (c) and has been required to wear a duty belt as a condition of employment.

(e) This presumption shall additionally apply to a member following termination of service for a period of 3 calendar months for each full year of the requisite service, but shall not exceed 60 months regardless of the member’s length of service, commencing with the last date the member actually worked in the classification specified in paragraph (2) of subdivision (c).

SEC. 8. Section 31720.97 is added to the Government Code, to read:

31720.97. (a) For purposes of a member who retires for disability from a system established under this chapter on the basis of being permanently incapacitated from the performance of their usual and customary duties because of an injury, as described in paragraph (1) of subdivision (c), it shall be presumed that the disability arose out of, or in the course of, the member’s employment.

(b) The presumption described in subdivision (a) may be rebutted by evidence to the contrary, but unless controverted, the board shall be bound to find in accordance with the presumption.

(c) For the purpose of this section:

(1) “Injury” means hernia or pneumonia.

(2) “Member” means a member of a public retirement system, established under this chapter, whose job classification is listed in Section 3212 of the Labor Code.

(d) This presumption shall additionally apply to a member following termination of service for a period of 3 calendar months for each full year of the requisite service, but shall not exceed 60 months regardless of the member’s length of service, commencing with the last date the member actually worked in the classification specified in paragraph (2) of subdivision (c).

SEC. 9. Section 2.5 of this bill shall become operative only if (1) this bill and Senate Bill 623 of the 2023–24 Regular Session are enacted and become effective on or before January 1, 2024, and (2) Senate Bill 623 of the 2023–24 Regular Session extends the repeal provisions of Section 3212.15 of the Labor Code to January 1, 2032, in which case Section 2 of this bill shall not become operative. Section 2 of this bill shall become operative only if (1) Senate Bill 623 of the 2023–24 is not enacted or does not become effective on or before January 1, 2024, or (2) Senate Bill 623 of the 2023–24 Regular Session does not extend the repeal provisions of Section 3212.15 of the Labor Code to January 1, 2032, in which case Section 2.5 of this bill shall not become operative.

O



Memorandum

DATE: December 11, 2023
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **OCERS PENSION ADMINISTRATION SYSTEM (V-3): AN UPDATE**

Background/Discussion

During the October 26, 2023 meeting of the OCERS Board’s Personnel Committee, questions were raised as to what gains OCERS may have made in improved processing of member benefits with the implementation of the V3 Pension Administration System which went live in 2015. The process had been costly and time consuming, including a need to double the time and the cost mid-way through the process, leaving some Trustees with the impression that V3 had not really accomplished what was intended at the time.

In the past three Strategic Planning Workshops, beginning in 2021, we have begun to discuss the future development of a successor Pension Administration System to V3. With the never-ending advancement of technology, and the need for continuous growth in security measures, Pension Administration System upgrades have become a more-or-less once a decade effort.

On December 11, Ms. Jenny Sadoski, OCERS IT Director and I will share an overview of the V3 project – why we moved from PensionGold to V3, the gains we made by making that move, and a recognition of the challenges as much as the opportunities we see that make the discussion of a PAS upgrade a necessary strategic goal.

We will not be going into detail of a new or upgrade Pension Administration System, that will be agendized early in the coming year. We first wanted to share with the Board the value we have gained over the past eight years by having the V3 system in place.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Pension Administration System Brief

December 2023



PAS: Past, Present, and Future

- **Past**

- Technology changes quickly along with security risks; we can expect a PAS to last approximately 10 years before needing to upgrade or replace
- Each PAS upgrade has been a significant improvement in features, processes, efficiencies, and technology

- **Present**

- Many of the expected improvements moving from PG to V3 have been realized
- OCERS has **successfully used** V3 for the past 8 years to process member benefits

- **Future**

- Our next system will resolve some, but not all, of the challenges we face today
- The “perfect” system doesn’t currently exist, our next system is just one step closer to the perfect system



PensionGold to V3



Major benefits gained:

| Past: PensionGold Issues | Present: V3 Improvements |
|--|--|
| End-of-life / old technology issues | Newer platform on more modern software |
| No opportunities for growth or improvement | Allowed for opportunities for growth and improvement |
| Vendor no longer investing in current version | Current version that vendor was investing in |
| Disparate systems and process with no integration | Incorporated more functions inside the system |
| System navigation was slow and time consuming | Web-based navigation was newer and faster |
| Lengthy processes and turnaround times | Significantly improved processing and turnaround times |
| No integrated imaging system | Included imaging system capabilities |
| No workflow capabilities | Included built-in workflow capabilities |
| No member or employer self-service portals | Included built-in member and employer self-service portals |
| OCERS processed payroll files, adjustments, and errors | Employers process payroll files, adjustments, and errors |



V3 Implementation



2010

- Approval for \$10M for Software with understanding that lifespan is 12-15 years

2013

- OCERS makes conscious decision to extend PAS project by 2+ years and Board approved funding; incorporated personnel costs into the project

2012

- Premium Pay and Asset Reallocation project

2015-2016

- V3 implemented; cost avoidance of \$200k per year
- Total cost was 82% higher than earlier estimates
- \$26,742,880 vs \$14,670,368

• Total Timeline

- 1.8 times longer than original estimate
- 5.5 years actual timeline vs. 3 year estimated timeline





Future: Challenges on the Horizon

- **Current V3 Issues**

- End-of-life / old technology issues (technology conflicts, security issues)
- No opportunities for growth or improvement (not getting new features)
- Vendor no longer investing in current version, continuing to reduce support (wants us to upgrade)
- Lack of integration with other systems (no API) – limits automation opportunities
- Difficult to make changes with current system (costly and time-consuming)
- Lack of required data from employers will continue to limit our capabilities and efficiencies

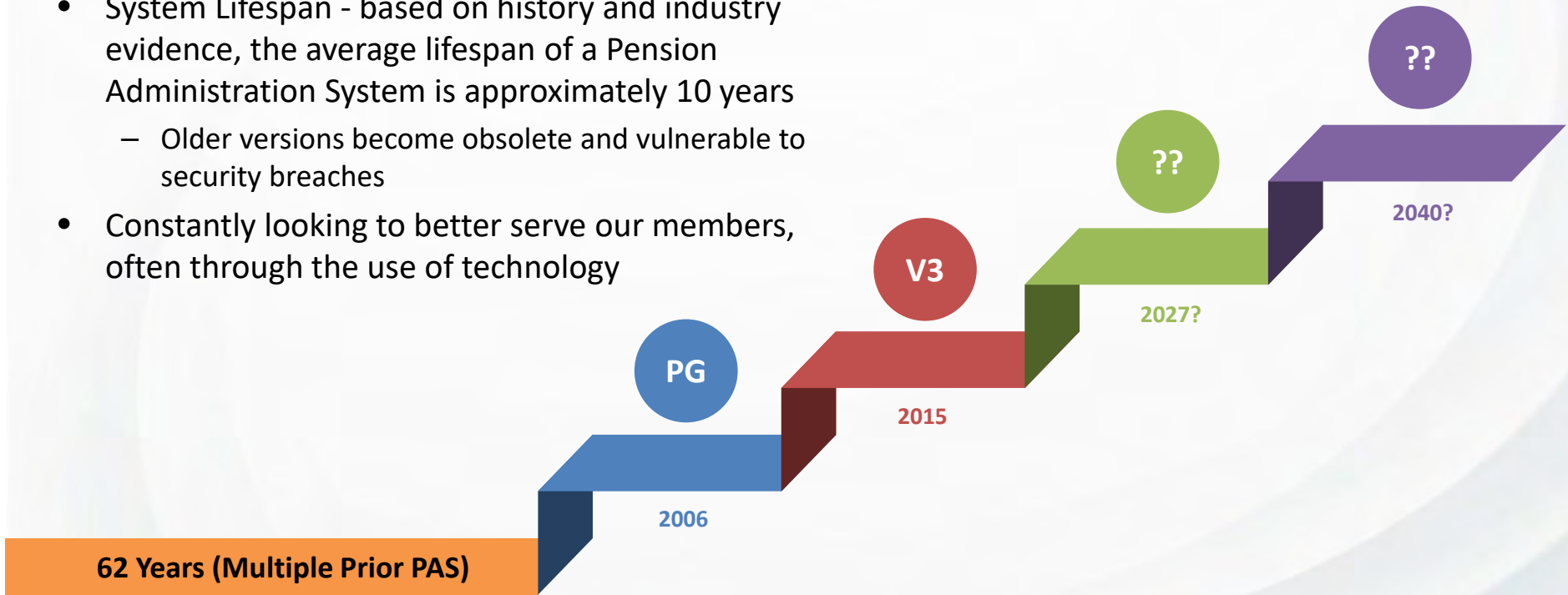
- **Additional Features/Functionality We are Seeking**

- Document Management (Enterprise Content Management System features)
- Electronic Forms and Signatures
- Intelligent Workflows
- Improved Processes
- Data Analytics and Business Intelligence
- Automation, Artificial Intelligence, Machine Learning (system performs the task instead of a human)
- Modular Design (system components can be added or removed without replacing entire system)



PAS: Past, Present, and Future

- Each upgrade/migration brings new improvements
- System Lifespan - based on history and industry evidence, the average lifespan of a Pension Administration System is approximately 10 years
 - Older versions become obsolete and vulnerable to security breaches
- Constantly looking to better serve our members, often through the use of technology





Way Forward

- Continue Simplification efforts
- Finish Master Repository Project
- Data Access and Completeness with Employers
- Continue to engage with Board
 - Start of New PAS process timeline (Mid-year?)



Questions?



Retirement Board Meeting

December 11, 2023

Application Notices

| MEMBER NAME | AGENCY/EMPLOYER | RETIREMENT DATE |
|---------------------|--------------------------------------|-----------------|
| Adams, Pamela | Health Care Agency | 10/6/2023 |
| Area, Kevin | Sheriff's Dept | 10/20/2023 |
| Ayres, Richard | District Attorney | 10/20/2023 |
| Becerra, Guadalupe | Health Care Agency | 10/6/2023 |
| Bermudez, Elizabeth | Treasurer - Tax Collector | 10/6/2023 |
| Black, Natalie | Health Care Agency | 10/8/2023 |
| Boettcher, Ray | Sheriff's Dept | 10/20/2023 |
| Bokosky, Tom | City of San Juan Capistrano | 9/12/2023 |
| Bowles, Claudia | OC Community Resources | 9/27/2023 |
| Castro, Fernando | Fire Authority (OCFA) | 10/2/2023 |
| Castro, Vanessa | Superior Court | 10/20/2023 |
| Cueva, Luis | Assessor | 10/8/2023 |
| Cummins, Joseph | OC Public Works | 10/6/2023 |
| D'aiello, Lisa | OCERS | 10/20/2023 |
| Do, Lisa | County Executive Office (CEO) | 9/29/2023 |
| Dwyer, Gayle | Superior Court | 10/20/2023 |
| Jacobi, Kirk | District Attorney | 9/8/2023 |
| Leviste, Lynette | Health Care Agency | 10/6/2023 |
| Mcfall, Valarie | Transportation Corridor Agency (TCA) | 9/30/2023 |
| Mitchell, Beatrice | OC Sanitation District | 9/15/2023 |
| Munguia, Debora T | OCTA | 9/29/2023 |
| Nguyen, Anhnguyet | Social Services Agency | 10/20/2023 |
| Odom, Marc | Sheriff's Dept | 10/20/2023 |
| Peterson, Ross | District Attorney | 10/6/2023 |
| Qian, Yan | Health Care Agency | 10/21/2023 |
| Rychlik, Amy | Social Services Agency | 10/6/2023 |
| Salisbury, Sally | Superior Court | 10/2/2023 |
| Serur, Ricardo | Superior Court | 10/6/2023 |
| Sexton, Liem | Assessor | 10/6/2023 |



Retirement Board Meeting
December 11, 2023
Application Notices

| | | |
|-----------------|------------------------|------------|
| Soto, Jose | Probation | 10/5/2023 |
| Stokes, Michael | OCTA | 10/6/2023 |
| Sturm, Richard | District Attorney | 10/20/2023 |
| Stygar, Susan | Social Services Agency | 9/22/2023 |
| Thomas, Harry | OCTA | 10/22/2023 |
| Tran, Kandee | Health Care Agency | 10/6/2023 |
| Tuanai, Frank | Auditor Controller | 10/6/2023 |



Retirement Board Meeting

December 11, 2023

Death Notices

| ACTIVE DEATHS | AGENCY/EMPLOYER |
|---------------------|------------------------|
| Delgado, Manuel | OC Public Works |
| Guerra, Grace | Sheriff's Dept |
| Hollenbeck, Matthew | Assessor |
| Ortiz, Yvonne | Child Support Services |
| Ruiz, Maria | Social Services Agency |

| RETIRED MEMBERS | AGENCY/EMPLOYER |
|--------------------------|------------------------|
| Bell, Charles | District Attorney |
| Benson, Jack | Sheriff's Dept |
| Brown, Ronald | OC Public Works |
| Chea, Florita | OC Public Works |
| Clark, Gerald | Fire Authority (OCFA) |
| Czarnecki, Virginia | Auditor Controller |
| Emery, Jerry | Health Care Agency |
| Fraine, Jenee | Superior Court |
| Hall, Ruth | Superior Court |
| Hendrick, John | Social Services Agency |
| Hover, Joann | Auditor Controller |
| Karakash, Stephen | Health Care Agency |
| Mackenzie Louria, Judith | Health Care Agency |
| Mc Coy, Louise | County Counsel |
| Montoya, Sandra | Probation |
| Moore, Helen | Social Services Agency |
| Padron, Maria | Social Services Agency |
| Perlson, Bennet | Health Care Agency |
| Powell, John | Sheriff's Dept |
| Rokes, Robert | OCTA |
| Ruck, Rex | OC Public Works |
| Smith, Laurence | OC Public Works |
| Stowell, Michael | OC Public Works |
| Taylor, Cynthia | Sheriff's Dept |
| Torres, Rudolph | OC Public Works |
| Velasquez, Carmen | Social Services Agency |
| Wilson, Darlene | OC Public Works |

| SURVIVING SPOUSES | |
|-------------------|--|
| Bates, Phyllis | |
| Dent, Dor | |
| Fischer, Frankl | |
| Griffeth, Beverly | |
| Hughes, Hugh | |
| Langdon, Donald | |



Retirement Board Meeting
December 11, 2023
Death Notices

| | |
|------------------|--|
| Minick, Maria | |
| Minniear, Ethel | |
| Schiller, Mary | |
| Woolley, Douglas | |

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

**PERSONNEL COMMITTEE MEETING
Thursday, October 26, 2023
1:00 P.M.**

MINUTES

OPEN SESSION

Chair Packard called the meeting to order at 1:00 p.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

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

Also Present: Steve Delaney, CEO; Manuel Serpa, General Counsel; Suzanne Jenike, Assistant CEO, External Operations; Silviu Ardeleanu, Director of Member Services; Tracy Bowman, Director of Finance; David Beeson, Director of Investments; Matt Eakin, Director of Cyber Security; Cynthia Hockless, Director of Human Resources; Jeff Lamberson, Director of Member Services; Nicole McIntosh, Director of Disabilities; Marielle Horst, Recording Secretary; Anthony Beltran, Audio Visual Technician.

PUBLIC COMMENT

None.

CONSENT AGENDA

C-1 COMMITTEE MEETING:

Approval of Meeting and Minutes

Personnel Committee Meeting Minutes

July 19, 2023

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

The motion passed **unanimously**.

ACTION ITEMS

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

Orange County Employees Retirement System
October 26, 2023
Personnel Committee Meeting

A-2 2024 STAFFING PLAN

Presentation by Steve Delaney, CEO; and Cynthia Hockless, Director of Human Resources

Recommendation: Staff recommend that the Personnel Committee forward to the Board a recommendation to approve the following:

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 Department
 - e. Add one position to the Information Technology Division
2. Approve the creation of three career ladders:
 - a. Information Security Division:
 - i. Information Security Manager to Senior Information Manager
 - b. Disability Division
 - i. Two Office Specialists to Staff Assistants
3. Approve the following drop:
 - a. Drop the following Member Services positions:
 - i. Three Retirement Program Specialist – Extra Help
 - ii. Member Services Manager – Extra Help

After a presentation by staff, a **Motion** by Mr. Dewane, **seconded** by Mr. Prevatt, to approve staff’s recommendation. After discussion, Mr. Prevatt withdrew his **second**, and the motion died.

The Committee directed staff to schedule a Personnel Committee meeting immediately following the Investment Committee meeting on November 15, 2023. During which, staff will provide a three-year staffing forecast for each department. Mr. Delaney will provide an update of the Staffing Plan at the November 13, 2023, Board meeting. The 2024 Budget will also be presented at the November 13, 2023, Board meeting and will exclude the cost of additional employees.

INFORMATION ITEMS

None.

COMMITTEE MEMBER COMMENTS

None.

STAFF COMMENTS

None.

CHIEF EXECUTIVE OFFICER

None.

COUNSEL COMMENTS

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Orange County Employees Retirement System
October 26, 2023
Personnel Committee Meeting

None.

ADJOURNMENT

Chair Packard adjourned the meeting at 3:50 p.m.

Submitted by:

DocuSigned by:
Cynthia Hockless
C3FEC83C3717411
Cynthia Hockless
Committee Liaison

Submitted by:

DocuSigned by:
Steve Delaney
C00D5744FF39463...
Steve Delaney
Secretary to the Board

Approved by:

DocuSigned by:
Charles Packard
CEB4495A5A6D423...
Charles Packard
Chair

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

**GOVERNANCE COMMITTEE MEETING
Thursday, August 24, 2023
9:30 a.m.**

MINUTES

The Chair called the meeting to order at 9:39 a.m.

Recording Secretary administered the roll call.

Attendance was as follows:

Present: Chris Prevatt, Chair; Arthur Hidalgo, Vice-Chair; Shari Freidenrich, Board Member; Richard Oates, Board Member.

Also present: Steve Delaney, CEO; Manuel Serpa, Interim General Counsel; Suzanne Jenike, Assistant CEO, External Operations; Brenda Shott, Assistant CEO, Internal Operations; Cynthia Hockless, Director of Human Resources; Rosie Baek, Staff Attorney; Anthony Beltran, Audio Visual Technician; Bill Singleton, Paralegal; Marielle Horst, Executive Secretary; Carolyn Nih, Executive Secretary; Rebeca Gonzalez-Verdugo, Recording Secretary.

CONSENT AGENDA

C-1 APPROVE GOVERNANCE COMMITTEE MEETING MINUTES

Governance Committee Meeting Minutes

May 31, 2023

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

The motion passed **unanimously**.

ACTION ITEMS

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

No items were trailed from the Consent Agenda.

A-2 TRIENNIAL REVIEW OF MEMBERSHIP ELIGIBILITY REQUIREMENTS POLICY

Presentation by Suzanne Jenike, Assistant CEO, External Operations

Recommendation: Review and recommend the Board of Retirement adopt, the Membership Eligibility Requirements Policy as presented.

After discussion, **MOTION** by Mr. Hidalgo, **seconded** by Mr. Oates to adopt staff’s recommendations.

The motion passed **unanimously**.

A-3 TRIENNIAL REVIEW OF THE BOARD ELECTION PROCEDURES

Presentation by Cynthia Hockless, Director of Human Resources

Recommendation: Approve, and recommend the Board adopt, revisions to the Board Election Procedures as presented.

After discussion, **MOTION** by Mr. Oates, **seconded** by Mr. Hidalgo, to adopt all of staff’s recommended revisions to the Policy, with the addition of moving the footnote definitions to the “Definitions” section in the Policy.

The Committee also provided direction that future policies include hyperlinks to the OCERS website that do not contain specific dates in the hyperlinks.

The motion passed **unanimously**.

A-4 OFF-CYCLE REVIEW OF THE SECURITIES LITIGATION POLICY

Presentation by Manuel Serpa, Interim General Counsel

Recommendation: Approve, and recommend the Board adopt, revisions to the Securities Litigation Policy as presented.

After discussion, Board consensus was to return Policy back to staff for further development.

The Committee also provided direction to staff to include information to the “Retention of Monitoring Firms and Litigation Counsel” section regarding direct communication to the Board, Board recommendation process involvement, and staff provision of RFP drafts to the Board.

The Committee also provided direction to staff to include selection criteria from RFP to #20 in the Policy.

The Committee recommended that the CEO review the staff selection process of Monitoring Firms and Litigation Counsel.

INFORMATION ITEMS

I-1 None.

COMMITTEE MEMBER COMMENTS

None

Orange County Employees Retirement System
August 24, 2023
Governance Committee Meeting – Minutes

Page 3

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

None

COUNSEL COMMENTS

None

ADJOURNMENT

Chair adjourned meeting at 10:58 a.m.

Submitted by:

Approved by:

Manuel Serpa
General Counsel/Staff Liaison

Steve Delaney
Chief Executive Officer/Secretary

Chris Prevatt
Chair



Memorandum

DATE: December 11, 2023
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **CEO FUTURE AGENDAS (2024)**

Written Report

AGENDA TOPICS FOR THE OCERS BOARD OF RETIREMENT

JANUARY

- Annual Disability Statistics
- Annual OCERS Innovations
- Annual Preview of "Year in Review": Communication Plan
- Board Education Report
- Communication Policy Fact Sheet
- Form 700 Filing Requirements
- Receive Quality of Member Services Report (Tentative)
- Annual Information Security Summary (closed session)
- Quarterly Travel and Training Expense Report
- CIO Comments

FEBRUARY

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

MARCH

- STAR COLA Final Approval
- Quarterly 2024-2026 Strategic Plan Review
- Semi Annual Business Continuity Disaster Recovery Updates
- Quarterly Unaudited Financial Statements
- Quarterly Budget vs Actual Report
- CIO Comments

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Memorandum

DATE: December 11, 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

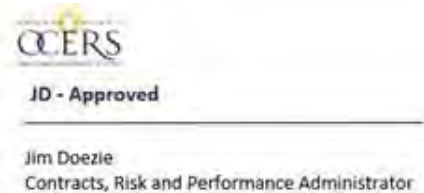
The RFP's noted below are subject to the quiet period until such time as a contract is finalized.

- 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.
- 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.
- 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.
- An RFP for SharePoint Migration Services was distributed in November. These services are needed to help OCERS migrate/upgrade our current SharePoint (OCERS internal Intranet) solution. Five Proposals were received that are currently being evaluated.



Memorandum

Submitted by:





Memorandum

DATE: December 11, 2023
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: BOARD COMMUNICATIONS

Written Report

Background/Discussion

To ensure that the public has free and open access to those items that could have bearing on the decisions of the Trustees of the Board of Retirement, the OCERS Board has directed that all written communications to the entire Board during the interim between regular Board meetings be included in a monthly communications summary.

News Links

The following news and informational item was provided by the CEO for distribution to the entire Board:

From Steve Delaney:

- NASRA News Clips

From Trustee Hidalgo:

- The Secrets to Charlie Munger's Success https://www.wsj.com/finance/investing/charlie-munger-investor-secrets-to-success-41953a7a?st=wojl73qlp7feiq5&reflink=article_email_share

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 OCTOBER 2023.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



OCERS Activities and Update Report

October 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 October 2023.

MEMBER SERVICES MONTHLY METRICS

| Retirement Applications Received | | | | Customer Service Statistics | | | | | | |
|----------------------------------|------|------|------|-----------------------------|--------------------------|-----------------------------------|--------------------------------|---------------------------|----------------------------|-----------------------|
| Month | 2021 | 2022 | 2023 | Month | Unplanned Recalculations | Member Satisfaction Approval Rate | Calls Received via Call Center | Calls Direct to Extension | Calls Received by Operator | Total Calls (monthly) |
| January | 117 | 346 | 244 | January | 1 | 98% | 1,648 | 3,348 | 849 | 5,845 |
| February | 91 | 151 | 152 | February | 0 | 98% | 1,430 | 3,212 | 929 | 5,571 |
| March | 51 | 120 | 135 | March | 0 | 98% | 1,763 | 5,223 | 992 | 7,978 |
| April | 39 | 47 | 54 | April | 0 | 98% | 1,439 | 4,121 | 446 | 6,006 |
| May | 52 | 65 | 60 | May | 1 | 98% | 1,602 | 4,305 | 647 | 6,554 |
| June | 49 | 73 | 45 | June | 1 | 98% | 1,344 | 3,402 | 482 | 5,228 |
| July | 64 | 54 | 28 | July | 3 | 98% | 796 | 1,948 | 254 | 2,998 |
| August | 59 | 58 | 45 | August | 0 | 98% | 1,887 | 3,442 | 561 | 5,890 |
| September | 70 | 42 | 46 | September | 1 | 98% | 1,415 | 2,200 | 589 | 4,204 |
| October | 67 | 70 | 54 | October | 0 | 98% | 1,614 | 2,872 | 651 | 5,137 |
| November | 95 | 78 | | November | | | | | | |
| December | 93 | 86 | | December | | | | | | |
| Grand Total | 847 | 1190 | 863 | Grand Total | 7 | 98% | 14,938 | 34,073 | 6,400 | 55,411 |

MEMBER SURVEY RESPONSES

“I am reaching out as I have had the pleasure of working with your customer support representative who has been assisting me with my recent Service Credit Purchase request. This representative has been very patient in assisting me with my many questions pertaining to purchase requests.”

October 2023

“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



OCERS Activities and Update Report

October 2023

ACTIVITIES

COUNTY OF ORANGE AUDIT OVERSIGHT COMMITTEE

I traveled to the County offices on November 9 and met with the Audit Oversight Committee. I provided my annual status update regarding the OCERS UAAL. My presentation lasted about 30 minutes and was well received. My slide presentation is attached. The committee posed two questions I did not have an immediate answer for, and had to reach out to Segal for a response:

1. What is the impact of moving the OCERS Board's assumed earnings rate of 7% down by a quarter percent to 6.75%?

If the investment return assumption were reduced from 7% to 6.75% and all other economic assumptions remain unchanged, the average employer total normal cost and UAAL contribution rates computed in the 12/31/2022 valuation would go up by 3.59% of payroll.

2. What is the current amount of deferred investment gains/losses? (i.e. are we negative or positive?)

As of 12/31/2022 the current deferred investment LOSS is - \$1,157,000,000.

OCERS YEAR IN REVIEW OUTREACH

Ms. Jenike, Ms. Shott and I held some of our last "Year in Review" meetings with stakeholder groups in October:

Oct 10 - We met with the executive team of the City Employees Association (CEA) of San Juan Capistrano. Due to leadership turnover with CEA we had not had active communication with them for some time. This was a great opportunity to reestablish connection with this labor group.

Oct 10 - We met with the executive team of the Orange County Cemetery District. We learned they are working on adding hundreds of new acres in the coming 3-5 years which extends their financial soundness well into the future.

Oct 31 - We met with the executive team of The City of San Juan Capistrano. Our only participating city, they reaffirmed they are happy to be with OCERS. They appreciate the hands-on customer service from the OCERS staff.



OCERS Activities and Update Report

October 2023

HALLOWEEN

It was nice to have a great costume holiday event post-COVID. For the first time in a very long time staff had a chance to demonstrate their creativity as we held a Halloween Potluck...



For those who remember – Ms. Zaida Miramontes in the red Moo Moo, won Best Costume for her take on Mrs. Roper of “Three’s Company”!

UPDATES

COMMUNICATIONS

National Retirement Security Week

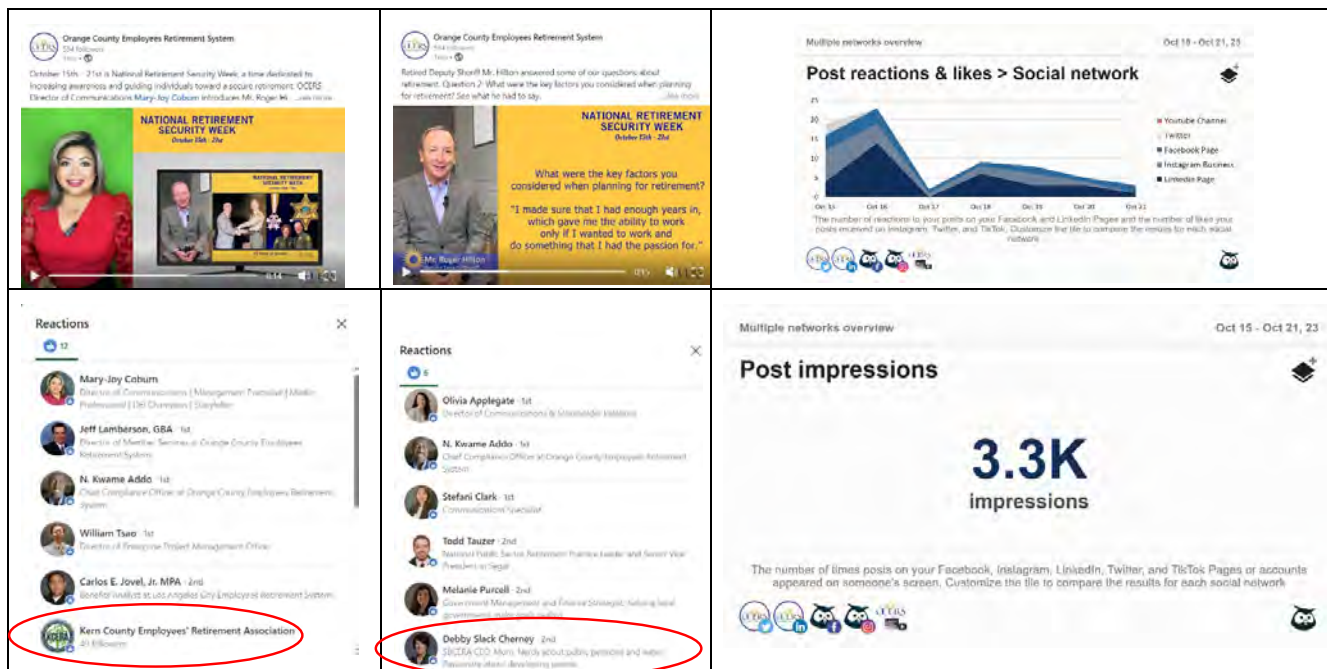
From October 15th to 21st, OCERS actively participated in National Retirement Security Week, promoting the significance of retirement planning and savings. Our initiative included daily 30-second videos featuring Mr. Roger Hilton, who shared insights from his retirement journey. These



OCERS Activities and Update Report

October 2023

videos were posted across our social media platforms, resulting in a notable surge in viewership and engagement. We were also delighted to observe positive reactions from our staff, members, and seniors from other retirement systems as they engaged with and appreciated our posts.



| <p>DIGITAL OUTREACH</p> <p>myOCERS Social Media Chart</p> <table border="1"> <thead> <tr> <th>Platform</th> <th>Number of Subscribers</th> </tr> </thead> <tbody> <tr> <td>LinkedIn</td> <td>590 (↑ 100 since June 2023)</td> </tr> <tr> <td>Twitter (X)</td> <td>600 (↑ 8 since June 2023)</td> </tr> <tr> <td>Instagram</td> <td>131 (↑ 37 since June 2023)</td> </tr> <tr> <td>Facebook</td> <td>191 (↑ 188 since June 2023)</td> </tr> </tbody> </table> | Platform | Number of Subscribers | LinkedIn | 590 (↑ 100 since June 2023) | Twitter (X) | 600 (↑ 8 since June 2023) | Instagram | 131 (↑ 37 since June 2023) | Facebook | 191 (↑ 188 since June 2023) | <p>AT YOUR SERVICE NEWSLETTER</p> <p>Member Quarterly Newsletter</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Number Mailed Out</th> </tr> </thead> <tbody> <tr> <td>September</td> <td>48,942 news mailers</td> </tr> <tr> <td>November</td> <td>49,463 news mailers</td> </tr> </tbody> </table> | Month | Number Mailed Out | September | 48,942 news mailers | November | 49,463 news mailers |
|--|------------------------------|-----------------------|----------|------------------------------|-------------|----------------------------|-----------|-----------------------------|----------|------------------------------|--|-------|-------------------|-----------|---------------------|----------|---------------------|
| Platform | Number of Subscribers | | | | | | | | | | | | | | | | |
| LinkedIn | 590 (↑ 100 since June 2023) | | | | | | | | | | | | | | | | |
| Twitter (X) | 600 (↑ 8 since June 2023) | | | | | | | | | | | | | | | | |
| Instagram | 131 (↑ 37 since June 2023) | | | | | | | | | | | | | | | | |
| Facebook | 191 (↑ 188 since June 2023) | | | | | | | | | | | | | | | | |
| Month | Number Mailed Out | | | | | | | | | | | | | | | | |
| September | 48,942 news mailers | | | | | | | | | | | | | | | | |
| November | 49,463 news mailers | | | | | | | | | | | | | | | | |

MEMBER SERVICES

Mr. Ardeleanu reports:

October 2023 was a very busy month for the Customer Service team, having participated and presented at a total of eight events. Additionally, the Employer Payroll team hosted the annual Employer Workshop using a virtual format during the month of October.



OCERS Activities and Update Report October 2023

Staff report the Seminars and Health Fairs being well attended, with members fully engaged and asking lots of great retirement-related questions. Members were thankful for the information provided during the various events.

- 10.3.2023 – OCTA Health Fair – Erika Gonzales, Christine Guerrero and Mary-Joy Coburn
- 10.9.2023 – OCTA Health Fair – Erika Gonzales, Christine Guerrero and Mary-Joy Coburn
- 10.12.2023 – OCTA Health Fair – Erika Gonzales, Christine Guerrero and Stefani Clark
- 10.11.2023 – OCERS in-person pre-retirement seminar – Kamron Nahavandi and Nicholas Holt
- 10.17.2023 – Orange County Sheriff's Department general membership pre-retirement seminar – Kamron Nahavandi and Nicholas Holt
- 10.24.2023 – AOCDS seminar – Kamron Nahavandi and David Viramontes
- 10.25.2023 – OCERS virtual pre-retirement seminar – Aileen Daag
- 10.25.2023 – Annual Employer Workshop. The Workshop, delivered by the Employer Payroll team, was well attended by staff representing the various employers. Information was shared including an updated Member Affidavit form, Transmittals, Reciprocity, using the Employer Self Services Portal among other topics, as well as a Q & A session at the end.
- 10.26.2023 – AOCDS Seminar – David Viramontes

INVESTMENT

Ms. Walander-Sarkin reports:

As of September 30, 2023, the portfolio year-to-date is up 5.0%, while the one-year return is up 9.0%. The fund value now stands at \$ 21.0 billion. The OCERS Investments Team did not close on any new investments in October. The month of October was an active month of travel for the Investments Team conducting manager due diligence, attending investment managers' annual general meetings, and attending conferences including Global Arc in Boston. The Investments Team has been working on finalizing the Master Repository Project and is about 86% completed. The Team also held second round interviews for its open Investment Analyst position during October.

NEW HEADQUARTERS BUILDING

Mr. Tse reports:

The Project is progressing on schedule with the needs/programming portion to be completed and ready for the Building Committee (Committee) to review/approve within a month. The other subconsultants for parcels and buildings surveys are making good progress.

The Project Team estimates that the site plan should be ready for Committee and Board review and approval around mid first-quarter 2024 for submittal to the City of Santa Ana Planning Department thereafter.



OCERS Activities and Update Report

October 2023



As a reminder, you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the December 11 meeting of the OCERS Board of Retirement.

Audit Oversight Committee

November 9, 2023

Steve Delaney, CEO



About OCERS

- Orange County Employees Retirement System Established as a defined benefit retirement program in 1945
 - 1937 Act
 - California Government Code
 - Regulates County Retirement Systems in CA
- 1 of 20 County Systems in California
- Separate from CalPERS



Who We Serve



- CITY OF SAN JUAN CAPISTRANO
- COUNTY OF ORANGE
- ORANGE COUNTY CEMETERY DISTRICT
- ORANGE COUNTY CHILDREN & FAMILIES COMMISSION
- ORANGE COUNTY DEPARTMENT OF EDUCATION
(CLOSED TO NEW MEMBERS)
- ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
- ORANGE COUNTY FIRE AUTHORITY
- ORANGE COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC
AUTHORITY
- ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION
- ORANGE COUNTY PUBLIC LAW LIBRARY
- ORANGE COUNTY SANITATION DISTRICT
- ORANGE COUNTY TRANSPORTATION AUTHORITY
- SUPERIOR COURT OF CALIFORNIA, COUNTY OF ORANGE
- TRANSPORTATION CORRIDOR AGENCIES
- UCI MEDICAL CENTER AND CAMPUS
(CLOSED TO NEW MEMBERS)

The Current State of OCERS

Total Membership (as of Dec. 2022)

50,633

| | | |
|-------------|---------------|-------------|
| 2022 | 50,633 | 3.1% |
| 2021 | 49,075 | 2.6% |
| 2020 | 47,796 | 1.3% |
| 2019 | 47,196 | 3.4% |
| 2018 | 45,629 | 2.6% |
| 2017 | 44,471 | 2.6% |
| 2016 | 43,485 | 2.3% |
| 2015 | 42,427 | 2.4% |
| 2014 | 41,418 | 2.3% |
| 2013 | 40,486 | 2.2% |

OCERS and the Pension Promise:

As of December 31, 2022:

| | |
|---|------------------|
| ▪ Present Value of Future Benefits | \$30,133,483,000 |
| ▪ OCERS Actuarial Accrued Liability | \$25,386,669,000 |
| ▪ OCERS Assets (Valuation) | \$20,691,659,000 |
| ▪ OCERS Assets (Market) | \$19,534,631,000 |
| ▪ Unfunded Actuarial Accrued Liability (UAAL) | \$4,695,010,000 |
| ▪ Orange County UAAL | \$3,991,588,000* |

* Approximation based on County's proportional payroll

The Unfunded Actuarial Accrued Liability (UAAL)

as of December 31, 2022

Unfunded Actuarial Accrued Liability (\$000) and Funded Ratio

| | December 31, 2022 | December 31, 2021 |
|--|----------------------|----------------------|
| Actuarial Accrued Liability | \$25,386,669 | \$24,016,073 |
| Valuation Value of Assets¹ | 20,691,659 | 19,488,761 |
| Unfunded Actuarial Accrued Liability | 4,695,010 | 4,527,312 |
| Percent Funded on Valuation Value | 81.51% | 81.15% |
| Market Value of Assets¹ | \$19,534,631 | \$21,738,794 |
| Percent Funded on Market Value | 76.95% | 90.52% |

¹ Excludes County Investment Account, prepaid employer contributions, Medicare Medical Insurance Reserve and O.C. Sanitation District UAAL Deferred Account (after transfer), if any. The balance in the Medicare Medical Insurance Reserve is \$0 as of December 31, 2022.

Unfunded Actuarial Accrued Liability (\$000) and Funded Ratio

| Valuation Date | UAAL | Valuation Value Funded Ratio | Market Value Funded Ratio |
|-------------------|-------------|------------------------------|---------------------------|
| December 31, 2007 | \$2,549,786 | 74.1% | 78.4% |
| December 31, 2008 | \$3,112,335 | 71.3% | 57.5% |
| December 31, 2009 | \$3,703,891 | 68.8% | 62.9% |
| December 31, 2010 | \$3,753,281 | 69.8% | 67.3% |
| December 31, 2011 | \$4,458,623 | 67.0% | 62.6% |
| December 31, 2012 | \$5,675,680 | 62.5% | 63.2% |
| December 31, 2013 | \$5,367,917 | 66.0% | 67.7% |
| December 31, 2014 | \$4,963,213 | 69.8% | 69.6% |
| December 31, 2015 | \$4,822,348 | 71.7% | 67.7% |
| December 31, 2016 | \$4,830,483 | 73.1% | 70.6% |
| December 31, 2017 | \$5,438,302 | 72.3% | 74.6% |
| December 31, 2018 | \$5,708,929 | 72.4% | 69.3% |
| December 31, 2019 | \$5,879,861 | 73.2% | 75.4% |
| December 31, 2020 | \$5,379,858 | 76.5% | 80.7% |
| December 31, 2021 | \$4,527,312 | 81.2% | 90.5% |
| December 31, 2022 | \$4,695,010 | 81.5% | 77.0% |

Changes in UAAL since December 31, 2022 Valuation

| | |
|--|--------------------------|
| December 31, 2021 valuation | |
| • Total UAAL | \$4,527 million |
| Changes during calendar year 2022 | |
| • Interest minus expected payments to UAAL | -\$184 million |
| • Difference in actual versus expected contributions | -1 million |
| • Additional UAAL contributions from OCFA, and anticipated payments from Cypress, DOE and U.C.I. | -17 million |
| • Investment losses (after smoothing) | 60 million |
| • Difference in actual versus expected salary increases | 27 million |
| • Effect of higher than expected COLA increases in 2023 ¹ | 261 million |
| • Other losses | <u>21 million</u> |
| • Subtotal | \$168 million |
| December 31, 2022 valuation | |
| • Total UAAL | \$4,695 million |

¹ Actuarial loss from payment of higher than the 2.75% COLA assumption (3.00% expected to be paid starting on each April 1st starting 2023 and the following 18 years).

PROGRESS IN 20 YEAR AMORTIZATION OF UAAL

Projected UAAL⁹ and Funded Ratio for Aggregate Plan



| UAAL (\$000) | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|
| #1: 0.0% (2023) and 7.0% thereafter | 4,665,845 | 4,736,844 | 5,107,894 | 5,601,534 | 6,433,275 | 6,457,225 | 6,092,772 | 5,618,023 | 5,070,073 | 4,465,537 | 3,765,169 | 3,005,093 | 2,155,795 | 1,626,585 | -1,425,760 | 1,186,629 | 915,629 | 670,588 | 478,805 | 314,324 |
| #2: 7.0% for all years | 4,665,845 | 4,465,564 | 4,480,943 | 4,618,742 | 5,089,950 | 4,796,931 | 4,415,058 | 3,951,879 | 3,433,084 | 2,854,219 | 2,210,523 | 1,496,738 | 709,907 | 236,296 | 100,711 | -69,801 | -240,890 | -372,298 | -435,674 | -472,052 |
| #3: 14.0% (2023), 7.0% thereafter | 4,665,845 | 4,154,482 | 3,843,680 | 3,515,868 | 3,768,015 | 3,158,547 | 2,757,287 | 2,301,836 | 1,807,448 | 1,272,705 | 699,664 | 71,650 | -517,970 | -1,022,532 | -1,099,176 | -1,176,204 | -1,258,582 | -1,345,683 | -1,440,952 | -1,541,816 |

| Funded Ratio | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|
| #1: 0.0% (2023) and 7.0% thereafter | 81.5% | 82.0% | 81.4% | 80.4% | 78.3% | 79.0% | 80.9% | 82.9% | 85.1% | 87.2% | 89.5% | 91.8% | 94.2% | 95.7% | 96.3% | 97.0% | 97.7% | 98.3% | 98.8% | 99.2% |
| #2: 7.0% for all years | 81.5% | 83.0% | 83.7% | 83.8% | 82.8% | 84.4% | 86.1% | 88.0% | 89.8% | 91.8% | 93.8% | 95.8% | 98.1% | 99.4% | 99.7% | 100.2% | 100.6% | 100.9% | 101.1% | 101.2% |
| #3: 14.0% (2023), 7.0% thereafter | 81.5% | 84.1% | 86.0% | 87.3% | 87.3% | 89.7% | 91.3% | 93.0% | 94.7% | 96.4% | 98.0% | 99.8% | 101.6% | 102.7% | 102.8% | 103.0% | 103.2% | 103.4% | 103.6% | 103.9% |

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

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



| UAAL (\$000) | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|----------|----------|----------|
| #1: 0.0% (2023) and 7.0% thereafter | 3,178,711 | 3,194,271 | 3,372,704 | 3,609,967 | 4,016,955 | 3,992,003 | 3,757,165 | 3,458,677 | 3,115,661 | 2,731,080 | 2,301,569 | 1,823,759 | 1,295,226 | 967,600 | 843,654 | 675,856 | 487,868 | 315,521 | 174,774 | 90,506 |
| #2: 7.0% for all years | 3,178,711 | 3,050,440 | 3,034,902 | 3,080,984 | 3,308,417 | 3,117,783 | 2,874,397 | 2,582,153 | 2,254,549 | 1,889,054 | 1,482,337 | 1,031,159 | 533,660 | 241,742 | 158,675 | 37,368 | -99,041 | -211,211 | -263,907 | -282,381 |
| #3: 14.0% (2023), 7.0% thereafter | 3,178,711 | 2,906,608 | 2,697,094 | 2,552,145 | 2,600,022 | 2,243,718 | 1,991,794 | 1,705,884 | 1,394,072 | 1,047,579 | 663,594 | 239,189 | -227,141 | -490,867 | -525,249 | -562,016 | -601,357 | -643,452 | -688,494 | -736,689 |

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

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

Unfunded Actuarial Accrued Liability (\$000) and Funded Ratio by Rate Group

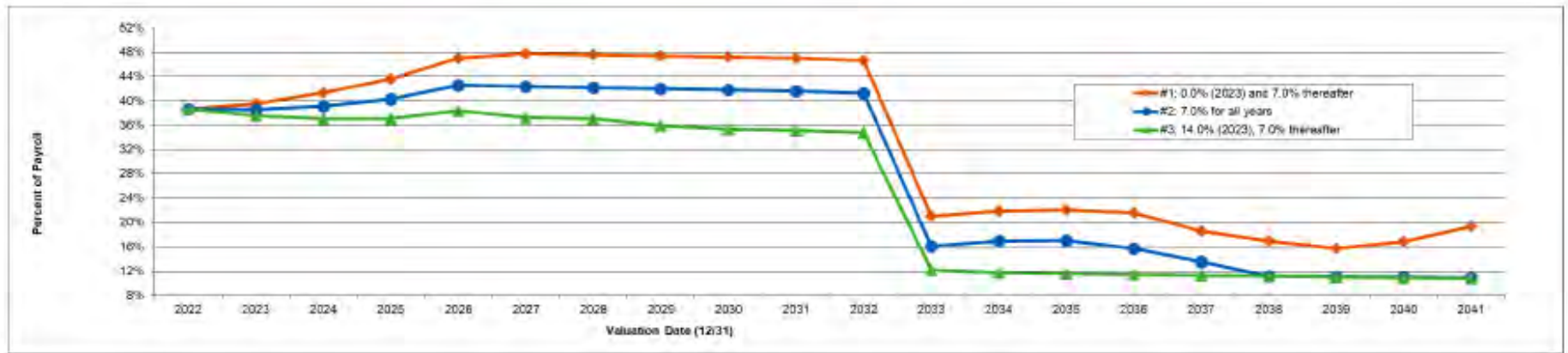
| | UAAL | Funded Ratio |
|---|--------------------|---------------|
| Rate Group #1 General Plans A, B and U (County and IHSS) ¹ | \$53,112 | 90.47% |
| Rate Group #2 General Plans I, J, O, P, S, T, U and W (County et al.) | \$3,178,711 | 77.45% |
| Rate Group #3 General Plans B, G, H and U (OCSD) | -\$25,368 | 102.84% |
| Rate Group #5 General Plans A, B and U (OCTA) | \$189,122 | 83.59% |
| Rate Group #9 General Plans M, N and U (TCA) | -\$3,069 | 105.06% |
| Rate Group #10 General Plans I, J, M, N and U (OCFA) | \$22,526 | 92.90% |
| Rate Group #11 General Plans M and N, future service, and U (Cemetery) | \$572 | 96.10% |
| Rate Group #12 General Plans G, H and U (Law Library) | -\$1,128 | 108.98% |
| Rate Group #6 Safety Plans E, F and V (Probation) | \$175,151 | 83.63% |
| Rate Group #7 Safety Plans E, F, Q, R and V (Law Enforcement) | \$969,473 | 80.60% |
| Rate Group #8 Safety Plans E, F, Q, R and V (OCFA) | \$135,908 | 93.86% |
| Average Total | \$4,695,010 | 81.51% |

¹ Includes payees from Vector Control, Cypress Recreation and Parks, U.C.I. and DOE.

IMPACT ON EMPLOYER CONTRIBUTION RATES

Projected Employer Rates Aggregate Plan

As of Dec 31, 2022



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

Projected Employer Rates
Aggregate Plan

As of Dec 31, 2021



| Valuation Date (12/31) | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| #1: 0.0% (2022) and 7.0% thereafter | 37.8% | 36.2% | 34.2% | 32.3% | 31.8% | 32.5% | 32.2% | 32.0% | 31.8% | 30.9% | 29.9% | 25.5% | 11.8% | 11.6% | 11.4% | 11.2% | 11.1% | 10.9% | 10.8% | 10.6% |
| #2: 7.0% for all years | 37.8% | 35.1% | 31.2% | 29.1% | 26.8% | 26.5% | 26.3% | 23.1% | 22.9% | 12.4% | 12.2% | 12.0% | 11.8% | 11.6% | 11.4% | 11.2% | 11.1% | 10.9% | 10.8% | 10.6% |
| #3: 14.0% (2022), 7.0% thereafter | 37.8% | 34.1% | 29.1% | 25.2% | 21.1% | 13.2% | 13.0% | 12.8% | 12.6% | 12.4% | 12.2% | 12.0% | 11.8% | 11.6% | 11.4% | 11.2% | 11.1% | 10.9% | 10.8% | 10.6% |

Projected Employer Rates
Aggregate Plan

As of Dec 31, 2020



| Valuation Date (12/31) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| #1: 0.0% (2021) and 7.0% thereafter | 41.2% | 40.5% | 40.9% | 40.2% | 40.3% | 41.0% | 40.8% | 40.6% | 40.3% | 40.1% | 39.9% | 39.7% | 37.7% | 13.7% | 14.1% | 11.4% | 11.2% | 11.0% | 10.9% | 10.7% |
| #2: 7.0% for all years | 41.2% | 39.5% | 38.7% | 36.9% | 36.0% | 35.8% | 35.5% | 34.3% | 33.9% | 33.7% | 33.5% | 33.3% | 26.7% | 11.7% | 11.6% | 11.4% | 11.2% | 11.0% | 10.9% | 10.7% |
| #3: 14.0% (2021), 7.0% thereafter | 41.2% | 38.6% | 36.5% | 32.8% | 31.2% | 30.1% | 29.9% | 29.6% | 28.2% | 28.0% | 24.3% | 12.2% | 11.9% | 11.7% | 11.6% | 11.4% | 11.2% | 11.0% | 10.9% | 10.7% |

HOW The OCERS BOARD OF RETIREMENT HAS ACCOMPLISHED IMPROVEMENT IN FUNDING STATUS

History of Return on Assets

| | Market Value Return | Valuation Value Return | Expected Return |
|-----------------------------------|----------------------------|-------------------------------|------------------------|
| December 31, 2013 | 10.73% | 9.11% | 7.25% |
| December 31, 2014 | 4.52% | 7.34% | 7.25% |
| December 31, 2015 | -0.45% | 5.26% | 7.25% |
| December 31, 2016 | 8.72% | 6.33% | 7.25% |
| December 31, 2017 | 14.79% | 7.44% | 7.25% |
| December 31, 2018 | -2.46% | 5.20% | 7.00% |
| December 31, 2019 | 14.79% | 6.66% | 7.00% |
| December 31, 2020 | 12.01% | 9.31% | 7.00% |
| December 31, 2021 | 17.71% | 11.38% | 7.00% |
| December 31, 2022 | -9.71% | 6.69% | 7.00% |
| Annualized 5-Year Average | 5.92% | 7.83% | |
| Annualized 10-Year Average | 6.72% | 7.46% | |

Public Fund Universe Analysis



Orange County Employees' Retirement System

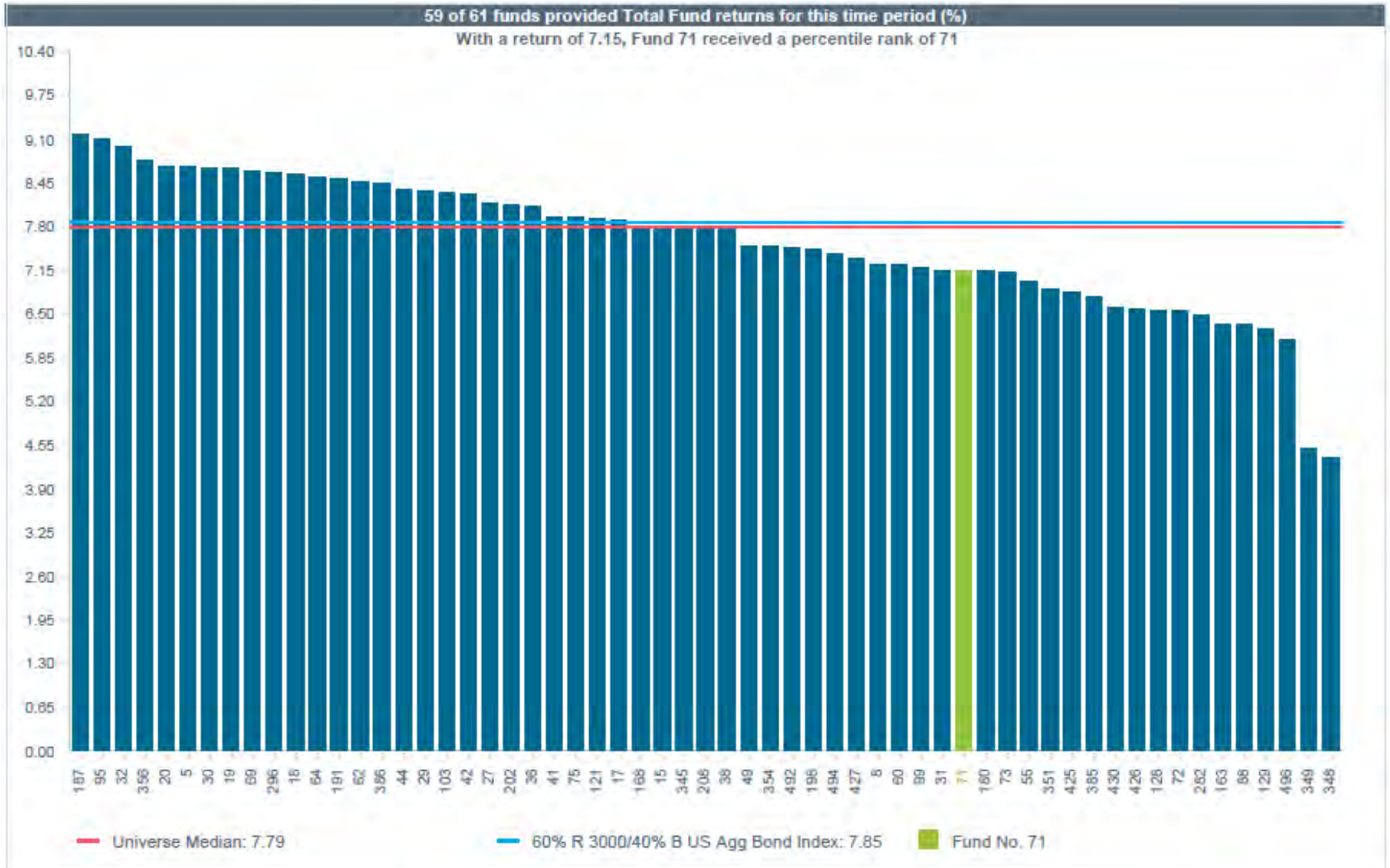
Period Ending December 31, 2022

Fund Number: 71



10 Year Annualized Total Fund Returns

As of December 31, 2022

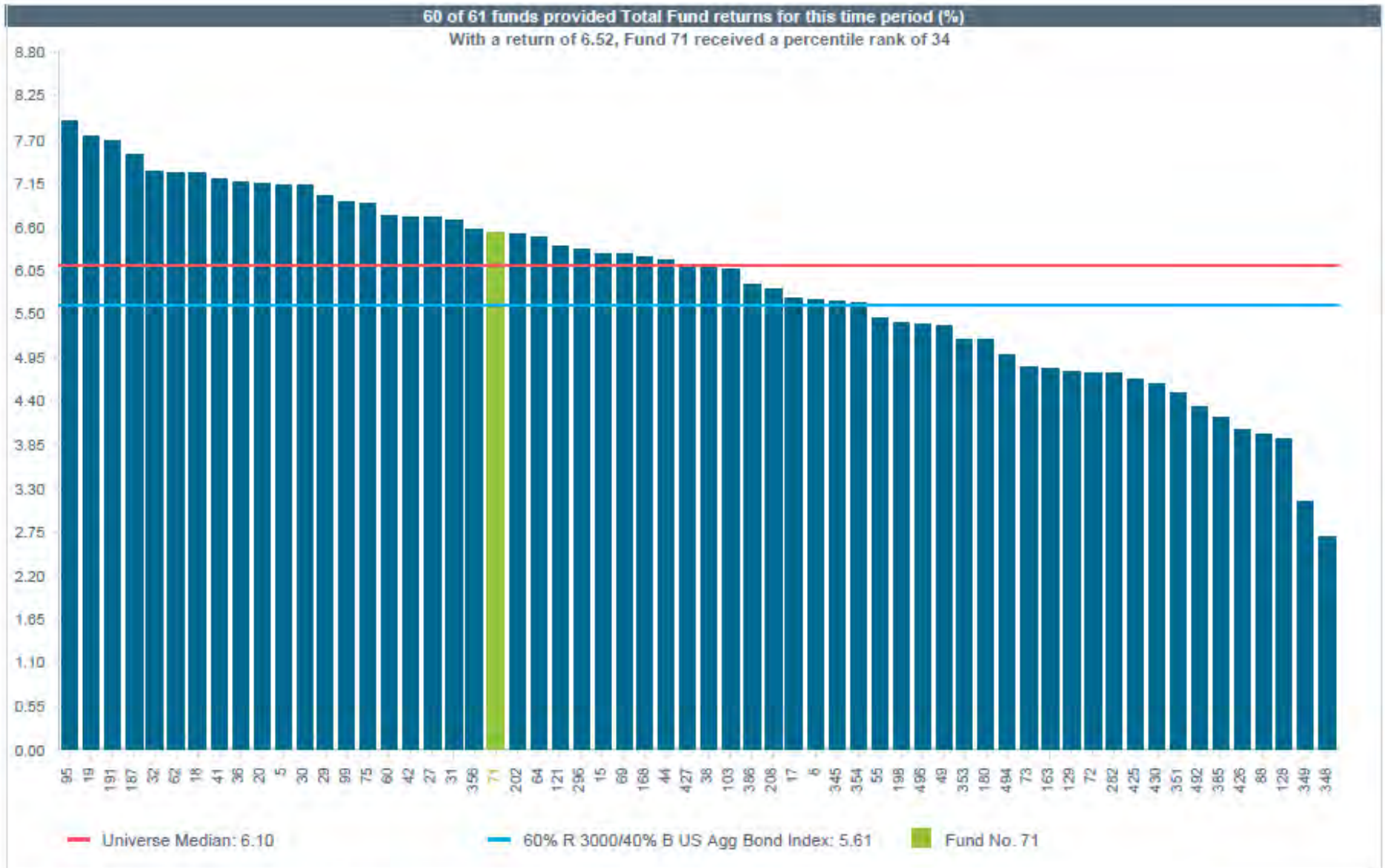


Funds with less history than the specified time period will not appear in the chart.



5 Year Annualized Total Fund Returns

As of December 31, 2022

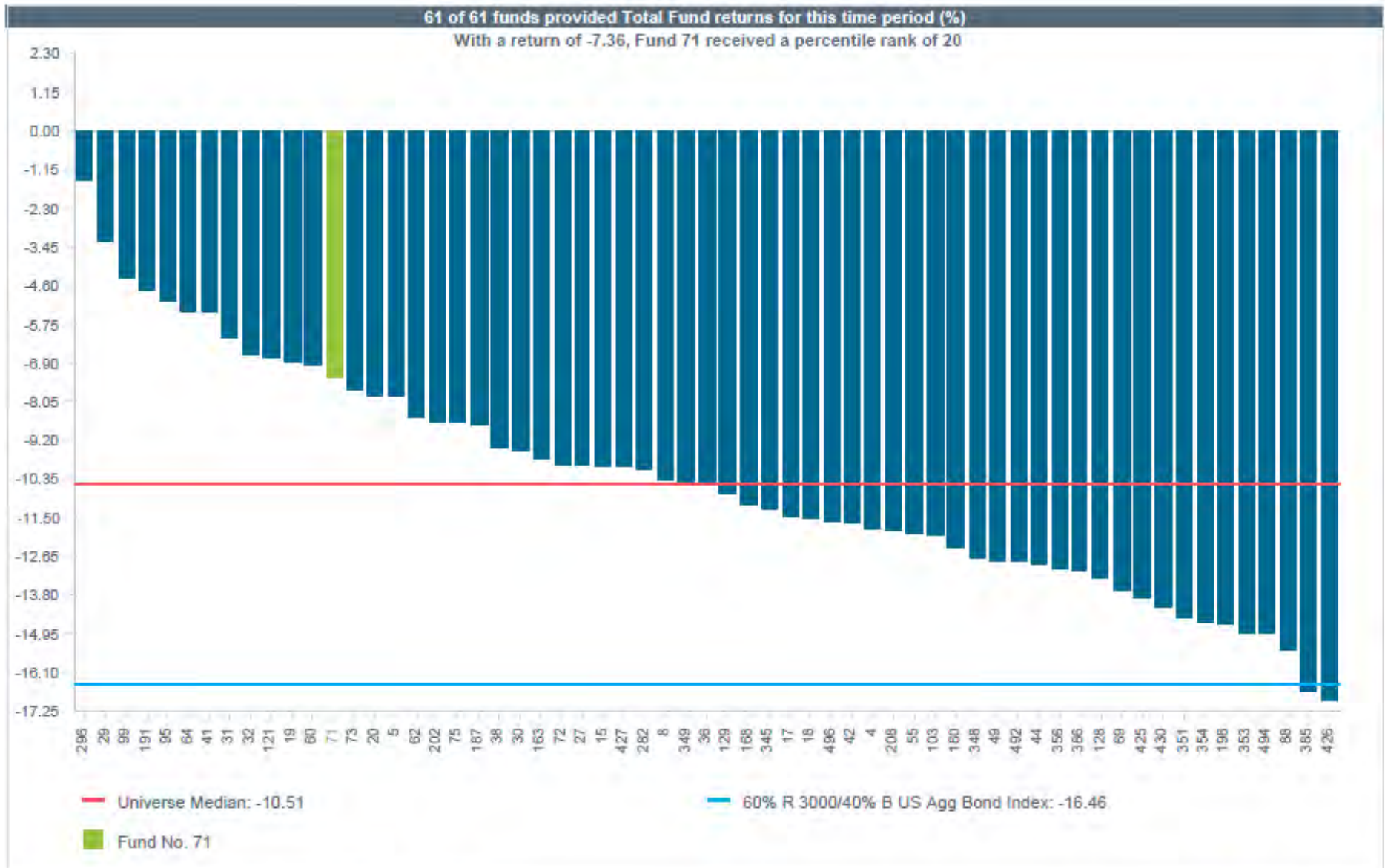


Funds with less history than the specified time period will not appear in the chart.



1 Year Annualized Total Fund Returns

As of December 31, 2022

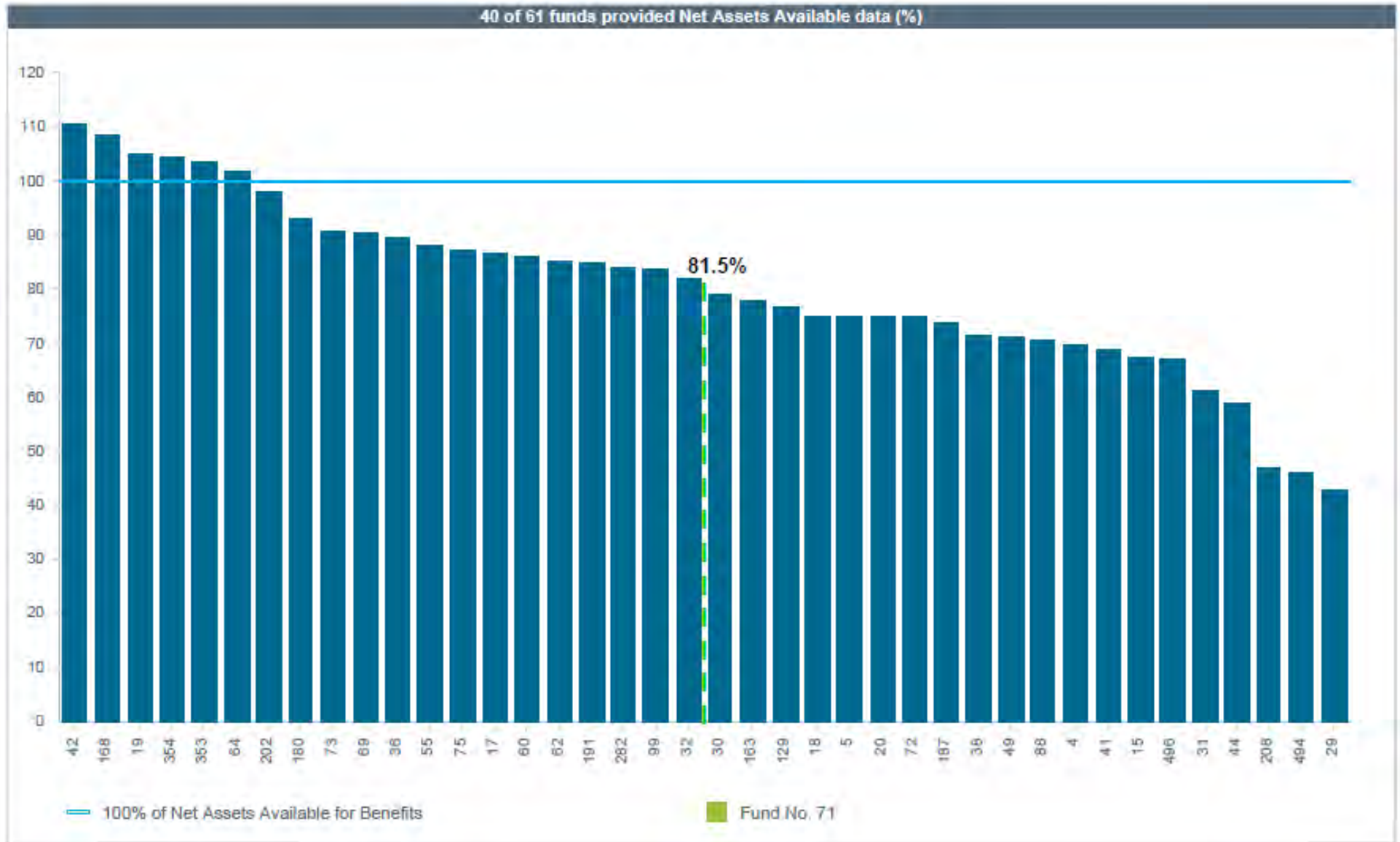


Funds with less history than the specified time period will not appear in the chart.



Net Assets Available For Benefits
Expressed as a Percentage of the Pension Benefit Obligation

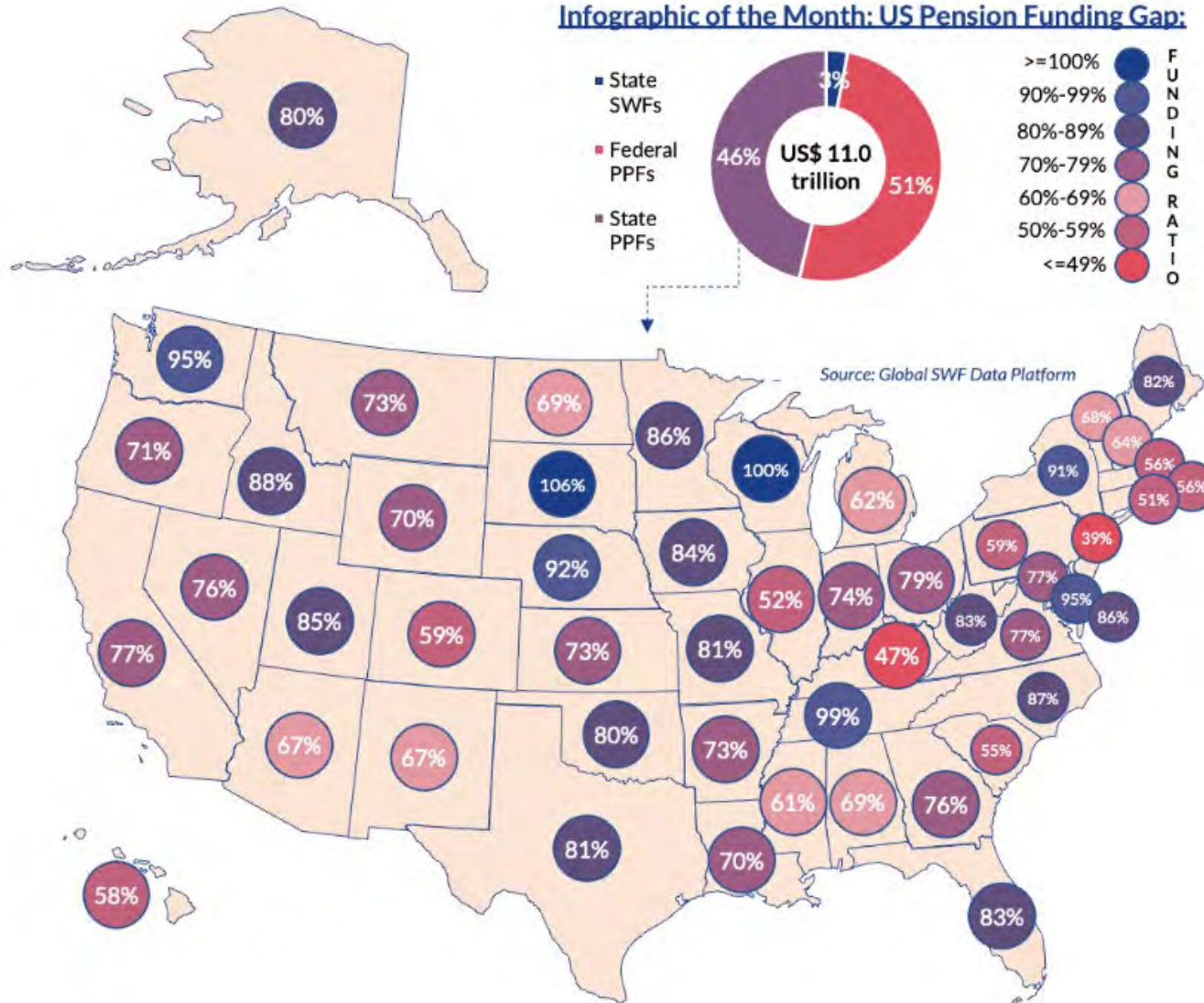
As of December 31, 2022



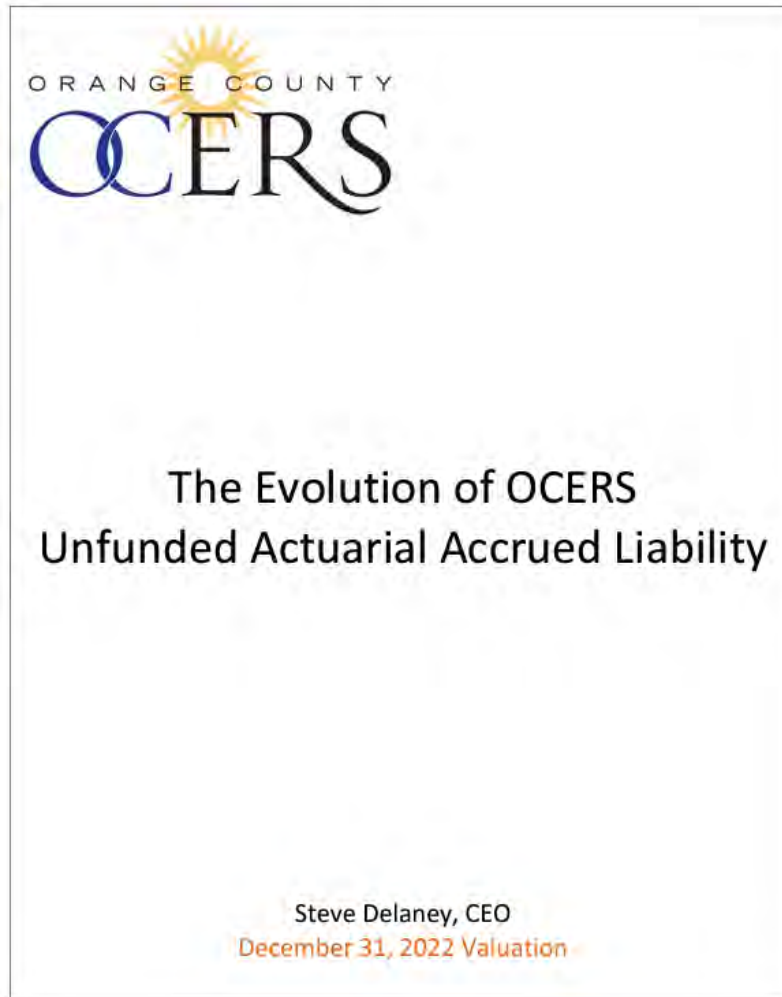
Funds that did not provide data will not appear in the chart.



Infographic of the Month: US Pension Funding Gap:



Additional Reading (www.OCERS.org)





Memorandum

DATE: December 11, 2023
TO: Members of the Board of Retirement
FROM: Tracy Bowman, Director of Finance
SUBJECT: **Public Pension Coordinating Council (PPCC) Standards Award for Funding and Administration 2023**

Written Report

Background/Discussion

The Public Pension Coordinating Council (PPCC) is a coalition of three associations that represent public pension funds who cover the vast majority of public employees in the United States. The associations are the National Association of State Retirement Administrators (NASRA), the National Conference of Public Employee Retirement Systems (NCPERS) and the National Council on Teacher Retirement (NCTR).

The Public Pension Standards are intended to reflect minimum expectations for public retirement system management and administration, as well as serve as a benchmark by which all defined benefit public plans should be measured. The Standards are separated into the Administrative Standards and Funding Standard. A retirement system may qualify and receive a Recognition Certificate for either the Administrative or Funding Standard. A system that qualifies for both certificates will be awarded the PPCC Standards Award.

To qualify for the Recognition Award for Administration, the retirement system is assessed on the following administrative standards:

- Comprehensive Benefit Program
- Audit
- Actuarial Valuation
- Investments
- Communications

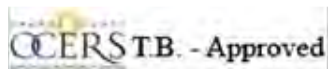
To qualify for the Recognition Award for Funding, the retirement system must meet the Funding Adequacy Standard by demonstrating that actual contribution rates are at a level equal or greater than 100% of the actuarially determined contribution (ADC).

PPCC has deemed OCERS to be proficient in both categories and has awarded OCERS with the Public Pension Standards Award for Funding and Administration in recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards as of December 31, 2022.

Attachment

Public Pension Standards Award for Funding and Administration 2023

Submitted by:



Tracy Bowman
Director of Finance



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2023***

Presented to

Orange County Employees Retirement System

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator

December 2023 Board of Retirement Meeting

CLOSED SESSION ITEMS

- E-1 CONFERENCE REGARDING EXISTING LITIGATION (GOVERNMENT CODE SECTION 54956.9(d)(1))
Adjourn pursuant to Government Code section 54956.9(d)(1).
James B. Morell v. Board of Retirement, OCERS; California Court of Appeal, Second Appellate
District, Case No. B331080**

Recommendation: Take appropriate action.

If available, information on the case can be found in the "Closed Session" tab in Diligent.