

Purpose and Background

1. This Compensation Policy applies to all employees employed directly by the Orange County Employees Retirement System (OCERS; OCERS Direct Employee) and not to employees of the County of Orange who are assigned to work at OCERS.
2. The philosophy behind the Compensation Policy is to create and maintain a pay structure that attracts, develops and retains strong leaders who model and promote OCERS' mission and values. This Compensation Policy is a management tool that when aligned with an effective communication plan will support, reinforce, and align OCERS' values, business strategy, operations and financial needs and provide secure retirement benefits to OCERS members with the highest standards of excellence.

The goals of this Compensation Policy are to:

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

In alignment with OCERS' culture, the goals of the agency and the design of the compensation program will be communicated openly to all OCERS Direct Employees. The compensation program is intended to be fair and straightforward so that all OCERS Direct Employees understand the goals of the process.

Compensation Program

3. The OCERS Board of Retirement (Board) will approve a salary range for each OCERS Direct Employee position. Consistent with the goals of this Policy, the salary ranges will be competitive with OCERS' peers and aligned with published market data. The Board may direct the CEO to retain a compensation consultant for purposes of obtaining peer and market data and advice regarding OCERS' compensation program.
4. The CEO will be responsible for ensuring that the Board-approved salary ranges are reviewed at least every three years to ensure that they remain competitive, and will promptly inform the Board of the results of each such review. The CEO may retain a compensation consultant for purposes of undertaking this review. If the CEO believes adjustments to the salary ranges may be necessary, the CEO will promptly present his or her recommendations to the Board for the Board's approval of any adjustments to the salary ranges.

5. In each year in which salary ranges are not reviewed in accordance with Section 4, above, the salary ranges will be automatically increased by the amount, if any, of the increase in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics.
6. The CEO will be responsible for managing salaries of the OCERS Direct Employees within the Board-approved salary ranges. The CEO will use the following process:
 - ▶ In November of each year, or such other time of year as determined by the CEO, each OCERS Direct Employee who was employed by OCERS as of June 1 of that year will receive a written performance evaluation. Each OCERS Direct Employee's performance will be rated as Does Not Meet Expectations; Meets Expectations; Exceeds Expectations; or Exceptional. The CEO must concur in each performance rating.
 - ▶ Employees who receive a performance rating of Meets Expectations or better will be eligible for a salary increase.
 - Employees who receive a performance rating of Meets Expectations will receive a salary increase equal to the increase, if any, in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics (Base Increase).
 - Employees who receive a performance rating of Exceeds Expectations will receive a salary increase equal to the Base Increase plus a merit increase equal to one step (Merit Step) up to the maximum amount of the salary range for the position, after the salary range has been adjusted in accordance with Section 4 or 5, above.
 - Employees who receive a performance rating of Exceptional will receive a salary increase equal to the Base Increase plus a merit increase equal to two Merit Steps up to the maximum amount of the salary range for the position, after the salary range has been adjusted in accordance with Section 4 or 5, above.
 - Each Merit Step is equal to 2.75%.
 - No salaries will exceed the maximum amount of the salary range for the position after the salary range has been adjusted in accordance with Section 4 or 5, above. If an employee's salary increase under this provision would cause the employee's salary to exceed the maximum of the salary range for the position, the employee's salary will be limited to the maximum for the range and there will be no additional payments (by lump sum or otherwise) to the employee to make up the difference.
7. The Board has entered into a Memorandum of Agreement with the County of Orange for providing and administrating employee benefits to OCERS Direct Employees. The agreement with the County calls for OCERS Direct Employees to receive the same benefits offered to County administrative and executive management employees.

History

8. This policy was adopted by the Board of Retirement on October 21, 2013, and revised on October 11, 2017 and June 21, 2021.

Secretary's Certificate

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



JUNE 21, 2021

Steve Delaney
Secretary of the Board

Date